

Sub:- Proposal of setting up of 7.5 MW windfarm by March, 2006 and another 15 MW windfarm by September, 2006 (total 22.5 MW capacity).

As per our company policy, we are in the process of setting up of 22.5 MW capacity through various Wind Energy Generators (WEGs) in the western Rajasthan, i.e. Jaisalmer district.

According to our internal cost estimation, expenditure to the tune of Rs.108 crores is expected in the project. The State Govt. of Rajasthan has agreed to execute power purchase agreement with us @ Rs.3.32/unit with Rs.0.06 increase per unit per year upto 2012-13 and thereafter at a fixed price of Rs.3.92/unit for the balance period of project of 20 years. This is as per the Policy of GOR issued vide Energy Department letter no. F.20 (3)Energy/98/III dated 20.4.2003.

We expect 22% capacity utilisation factor with wind pattern of western Rajasthan, thus, estimated yearly generation for 22.5 MW project shall be 433.62 lacs per year.

The area proposed for this windfarm is located near Bharamsar village, distt Jaisalmer.

It is requested to kindly provide your opinion for the said project before taking final decision regarding the project by the Management.

Submitted,

G. Gandhi
23/7/03.

(G. Gandhi)
Sr. Manager (Elect)
23.7.2003

General Manager (MIS)
C.O, Udaipur

*Provide opinion & comments
as per above.*

DGM(P)

As per information available with Projects Division, the wind pattern in western Rajasthan has been changed drastically since the year 2000 and I am afraid we may not be able to achieve the Capacity Utilisation Factor (CUF) of 22% for the proposed project of 22.5 MW, which is scheduled for commissioning in 2006 in two phases. In our earlier wind power projects of 2 x 4.9 MW installed in August, 2001 and May, 2002, respectively, the achieved CUF is not more than 16%, i.e. drop of 6% in CUF, which makes the project totally un-viable. Further, it is submitted that our's core business being of mining, if we invest same amount in our mining sector, then the financial returns would be much higher than that of green energy project of windfarm.

[Signature]
Dy. General Manager (Proj)
14.8.2003

GM (MIS)

