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LEGAL RECOURSE State power utility Kowepo moves Singapore court for lapse in supply of gas to its Raigad plant
Korean Co starts Arbitration against India

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New Delhi: South Korean state-owned power utility Kowepo has begun international arbitration proceedings against India in Singapore for not honouring a fuel supply commitment to its Maharashtra power plant.

The development comes about a year after the company issued notices to the government seeking gas supplies within six months. It also comes on the back of the Centre seeking to end the impasse over executed contracts between renewable energy companies and the Andhra Pradesh government in order to safeguard clean energy investments.

Korea Western Power Co (Kowepo) owns a majority stake in Pioneer Gas Power Plant Ltd (PGPL), which operates a 388 MW project in Maharashtra's Raigad district. It's covered by the India-South Korea bilateral investment treaty (BIT) and the Comprehensive Economic



Partnership Agreement (CE-PA). Kowepo has sought about \$400 million in compensation for loss and damages, a government official said. PGPL didn't respond to queries.

After the arbitration notice was issued by the South Korean firm, the Centre set up an inter-ministerial group. The Cabinet secretariat had in July asked the panel to seek resolution of the matter. The 42nd standing parliamentary committee, in its report on gas-based plants,

had also recommended allocation of fuel to the project. "However, Kowepo filed for international arbitration on November 29 after the government could not reach any consensus on project revival," the official said.

The South Korean government, through various communications to the Indian side, had sought resolution of the issue to restore investor confidence. As per South Korea's carbon-reduction programme, power generation companies such as Ko-

wepo are obligated to cut emissions by investing in renewable projects in the country and in carbon-neutralisation projects of developing nations.

In its arbitration notice, Kowepo said the plant's commissioning had initially been delayed due to lack of gas allocation, and that it could not participate in the government's scheme for stranded gas-based plants as GAIL did not complete its pipeline in time.

The notice of arbitration has

been sent to the Prime Minister's Office and cabinet secretariat besides the ministries of finance, commerce, oil and gas and power.

Kowepo has said its 2012 India investment decision had been based on the legal and policy framework at the time as well as statements and notifications made by the Centre and Maharashtra government, apart from entities such as the Directorate General of Hydrocarbons, power and petroleum ministries, Central Electricity Authority, Gas Authority of India, Petroleum and Natural Gas Regulatory Board and standing parliamentary committee reports that painted a healthy picture of the Indian natural gas sector and called for investments through public statements.

An empowered group of ministers on natural gas had identified gas-based power generation as one of the priorities for domestic gas utilisation. This was substantiated by the 12th Five Year Plan.