

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2873

ANSWERED ON:30.03.2012

SHORTAGE OF COAL

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Will the Minister of POWER be pleased to state:

- (a) whether power plants including those run by the National Thermal Power Corporation Limited (NTPC) were left with very low stocks of coal, as per the data provided by the Central Electricity Authority, in the end of October through mid-November, 2011;
- (b) if so, the details of coal stocks with State-run power companies/utilities from September, 2011 to March, 2012;
- (c) whether this Ministry has offered to divert coal meant for e-auction to the NTPC, which rejected offer due to quality and logistics issues;
- (d) if so, whether short supply of coal and rising import cost is likely to adversely affect power utilities including the Ultra Mega Power Projects;
- (e) if so, the details thereof and the steps taken to address the issue; and
- (f) the estimated shortage in demand and supply of coal for power generation sector over the next three years?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

(a) & (b) : Coal stock position of state run power companies/utilities including those run by NTPC Limited at the end of each month from September, 2011 to February, 2012 and as on 26th March, 2012 is given at Annex-I.

(c) : Ministry of Coal had advised Coal India Limited that the quantity of coal earmarked for sale under e-auction during October, 2011 by the coal companies may be offered to the Power Utilities on `as is where is basis`, giving them 15 days to confirm the quantity to be lifted, by making their own arrangements. According to NTPC, the coal offered by Coal India Limited was Run-of-Mine (ROM), uncrushed and lying on mine- mouth and Coal India Limited did not agree to crush and transport the coal to railway sidings.

(d)& (e) : Due to inadequate availability of domestic coal, domestic coal companies are not in a position to supply full quantity of coal as per Linkage/ LOA to power plants. As a result of this, Power Utilities are required to use imported coal to bridge the short fall. Use of imported coal and rise in cost of imported coal has impacted electricity generation as well as its cost. Generation loss of 8.7 Billion Unit has been reported by the Power Utilities during April, 2011 to February, 2012 due to inadequate availability of coal. Increase in cost of generation due to blending of imported coal with domestic coal depends on the quality / grade of imported and domestic coal, origin of country transportation from port to power station, etc.The Ultra Mega Power Plants based on imported coal have also been affected due to increase in cost of imported coal.

Coastal Gujarat Power Limited (CGPL), a TATA Power Company and the developer of Mundra Ultra Mega Power Project (UMPP), approached Ministry of Power for its intervention to address the issues of increase in Indonesian coal price from where the company is sourcing its coal for Mundra UMPP.

A team of officers of Central Electricity Authority, Ministry of Power and Andhra Pradesh Power Generation Company (APGENCO) visited the site of Krishnapatnam UMPP and has observed that the work has been stopped by the developer inter-alia due to the increase in the prices of Indonesian coal. The State Government has also raised the issue and requested for this Ministry's intervention.

Power Purchase Agreement (PPA) being a legally binding document exclusively between the procurer and the developer this Ministry has advised the lead procurers i.e. Government of Andhra Pradesh for Krishnapatnam UMPP and Government of Gujarat for Mundra UMPP that any issues arising therein is to be settled within the provisions of PPA by the contracting parties for which lead procurer may taken necessary action.

Following steps have been/are being taken by the Government to mitigate shortage of coal for the thermal power plants in the country :

Ministry of Coal/Coal India Ltd. are being insisted upon to enhance production of domestic coal in the country.

Power Utilities have been advised to import coal to the extent technically feasible to bridge the gap between requirement of coal and its availability from domestic sources.

The coal supply position to thermal power stations is regularly reviewed in Ministry of Coal, Ministry of Power and Cabinet Secretariat with participation from the concerned Ministries, Central Electricity Authority, Coal India Limited and NTPC.

Reduction in e-auction by CIL from 10% to 7% of its production progressively till the end of 12th Plan, if required, to meet its commitment to power sector.

(f) : The estimated requirement & availability of coal as well as shortage for Power Utilities during the next three years as per Report of the Working Group on Power for 12th Plan submitted by Ministry of Power to Planning Commission is given at Annex-II.