

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3815

ANSWERED ON:27.04.2012

REPRESENTATIONS OF PRIVATE POWER PRODUCERS

Ananth Kumar Shri

Will the Minister of POWER be pleased to state:

- (a) whether the major private producers of power in the country have recently expressed to the Government issues faced by them in policy and supply of fuel causing problems in power generation;
- (b) if so, the details of the issues faced by them along with the response of the Government thereto;
- (c) whether the public sector power producing companies and other companies having captive power plants have also made similar representations to the Government; and
- (d) if so, the details thereof and the response of the Government thereto?

Answer

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

(a) & (b): A delegation of Association of Power Producers met the Prime Minister and Ministers of Power, Coal, Petroleum & Natural Gas, Environment & Forests and Finance and raised various issues related to power sector which inter-alia includes:

Shortage of coal and gas affecting power producers.

Signing of Fuel Supply Agreement (FSA).

Speedy disposal of forest and environment clearance.

Removal of customs duty on import of coal.

(c): Public sector companies have also raised the issues like less coal supply, delay in FSA, pricing of coal based on Gross Calorific Value (GCV) system without putting in place the proper sampling, etc.

(d): (i) As no FSA has been signed since April, 2009, in order to supply coal to power projects commissioned in the 11th Plan and getting commissioned upto 2014-15 in 12th Plan, Ministry of Power has been requesting the Ministry of Coal to expedite signing of FSAs for power projects. Ministry of Power worked very hard in the Inter-Ministerial group for quick signing of FSA. The efforts bore fruits and Coal India Limited (CIL) has been directed to sign FSAs for full quantity of coal mentioned in the Letter of Assurances (LOAs) for 20 years, to be renewed after every five years with trigger level of 80% for levy of disincentives and 90% for levy of incentives, with power plants that have entered into long-term PPAs with discoms. For projects that have been commissioned up to 31st December, 2011, CIL will sign FSAs before 31st March, 2012. To meet its commitment CIL may reduce coal meant for e-auction from 10% to 7% till the end of 12th Plan. Since the signing of FSA were being delayed, Ministry of Coal has issued Presidential Directive on 04.04.2012 to CIL to implement the decision on FSA within 15 days. In case of any shortfall in fulfilling its commitment under the FSAs from its own production, CIL will arrange for supply of coal through imports or through arrangement with State/Central PSUs who have been allotted coal blocks for power plants and/or with State mining/industrial corporation and Central PSUs allocated coal blocks for commercial mining.

(ii) As per the information made available by Ministry of Petroleum and Natural Gas, no additional domestic gas is likely to be available till 2015-16.

(iii) Ministry of Environment & Forests (MOEF) has agreed for Forest Advisory Committee (FAC) clearance on merits of all projects even in No-Go area

(iv) Customs duty on imported coal has been removed in this year's Budget.