

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3669
ANSWERED ON:11.12.2009
FREE SUPPLY OF POWER FROM POWER PROJECTS
Mahant Dr. Charan Das

Will the Minister of POWER be pleased to state:

- (a) whether 12 per cent of power generated from the Kol Dam Project of the National Thermal Power Corporation Limited (NTPC) in Himachal Pradesh is being provided to the State free of cost to compensate the environment loss;
- (b) if so, the details thereof;
- (c) whether various State Governments have put forth similar demands on the basis of environmental damages due to the thermal power projects as well; and
- (d) if so, the details thereof and the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRI BHARATSINH SOLANKI)

(a) & (b): Government of India has allocated 12% of power from Kol Dam Hydro Electric Project (800 MW) of NTPC to be supplied free of cost to the Himachal Pradesh being host State. However, the project is under construction and power generation is yet to start from the project.

(c) & (d): The coal bearing States have raised similar demands from time to time and the issue has been discussed at various forum. However, it is felt that such a policy would be a retrograde step and would adversely affect the economics of power generation. Rehabilitation and Resettlement (R&R) in thermal power project is in no way comparable to hydroelectric projects. Further, the host States is given 10% home state allocation from thermal power stations.

Also a number of benefits accrue to the home State on account of setting up of thermal power projects viz.

Full compensation for the land acquired for setting up of the plants and townships.

Gains by way of receipt of taxes i.e. octroi, trade tax or vat, excise etc., on the import of plant/equipments and coal used for power generation.

Receipt of royalty on coal extracted from the mines within States.

In case of thermal stations, the generators are required to pay royalty for use of coal for power generation, whereas water used for hydro stations is made available to the generators free of cost.

Direct and indirect employment generation due to setting up of the project.

Therefore, under current policy there is no dispensation for free power from thermal power stations.