

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3684
ANSWERED ON:11.12.2009
POWER POLICY
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Will the Minister of POWER be pleased to state:

(a) whether the Government proposes to formulate a balanced power policy so as to reduce the country's dependence on import of oil and maximize the use of coal, available in abundance in the country; and

(b) if so, the details thereof?

Answer

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

(a) & (b): In compliance with Section 3 of the Electricity Act, 2003, the Central Government has notified National Electricity Policy (NEP) in 2005. NEP states that maximum emphasis would be laid on full development of the feasible hydro potential in the country. Even with full development of the feasible hydro potential in the country, coal would necessarily continue to remain the primary fuel for meeting future electricity demand. Use of gas as a fuel for power generation would depend upon its availability at reasonable prices. New power generation capacity could come up based on indigenous gas findings, which can emerge as a major source of power generation if prices are reasonable. A national gas grid covering various parts of the country could facilitate development of such capacities. NEP also states that imported LNG based power plants are also a potential source of electricity and the pace of their development would depend on their commercial viability. The existing power plants using liquid fuels should shift to use of natural gas/LNG at the earliest to reduce the cost of generation. For thermal power, economics of generation and supply of electricity should be the basis for choice of fuel from among the options available. It would be economical for new generating stations to be located either near the fuel sources e.g. pit head locations or load centres. NEP further states that thermal generating companies may enter into medium to long term fuel supply agreements, specially with respect to imported fuel for commercial viability and security of supply.

NEP also mentions that share of nuclear power in the overall capacity profile will need to be increased significantly. Economics of generation and resultant tariff will be, among others, important considerations. Public Sector investment to create nuclear generation capacity will need to be stepped up.

On non-conventional energy sources, NEP states that feasible potential of non-conventional energy resources, mainly small hydro, wind and bio-mass would also need to be exploited fully to create additional power generation capacity. It also states that with a view to increase the overall share of non-conventional energy sources in the electricity mix, efforts will be made to encourage private sector participation through suitable promotional measures.

While formulating the capacity addition programme for 11th Five Year Plan, capacity addition based on imported oil has been accorded least priority and emphasis has been laid on capacity addition based on domestic coal.