

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:4789

ANSWERED ON:15.12.2016

Dependency on Imported Coal

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**Will the Minister of POWER be pleased to state:**

(a) whether there is a 60% rise in imported coal prices between April and October 2016;

(b) if so, the details thereof and the reasons therefor;

(c) whether the regulatory commissions are considering to allow a pass-through of such costs, by way of power purchase and fuel cost adjustment, since power purchase cost is an uncontrollable expenditure for the discoms, if so, the facts thereof;

(d) whether most of the State regulatory commissions are not considering to allow for such adjustments on an actual and timely basis, if so, the steps taken by the Union Government to reduce the dependency on the import coal; and

(e) whether the country has surplus power with adequate domestic coal availability, the details thereof and the reasons for import of coal?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,  
COAL, NEW & RENEWABLE ENERGY AND MINES

( SHRI PIYUSH GOYAL )

(a) & (b) : A statement containing information related to imported coal during the period from April, 2016 to October, 2016 is given at Annex.

(c) & (d) : As per Section 86 of the Electricity Act, 2003, tariff for retail sale of electricity for different consumer categories is determined by the Appropriate State Electricity Regulatory Commission (SERC) / Joint Electricity Regulatory Commission (JERC). Section 61 of the Act, mandates that the Appropriate Commission, while determining tariff to not only ensure safeguarding of consumer's interests but also the recovery of the cost of electricity in a reasonable manner. Section 62 of the Act further provides for periodic tariff adjustment during a year to take care of the variation in fuel price, as may be specified.

As per Section 63 of the Electricity Act, 2003, determination of tariff, by bidding process, the Appropriate Commission shall adopt the tariff, if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.

Further, provisions as contained in Section 8.2.1 (7) of the Tariff Policy, 2016 provide for the Appropriate Commission to specify an appropriate price adjustment formula for recovery of the costs, arising on account of the variation in the price of fuel, power purchase etc. on monthly/quarterly basis for recovery of all prudent costs of the generating company and the licensee.

All the SERCs are required to take action as per the provisions mentioned above in the Electricity Act and the Tariff Policy.

(e) : The energy and peak shortage in country, during the period April-Nov, 2016 was only 0.7% and 1.6% respectively as against 2.3% and 3.2% during the corresponding period last year (2015-16). Due to enhanced supply of domestic coal, during the current year, there is no loss of generation in coal based power plants due to shortage of coal.

However, there are some power plants based on imported coal. The import of coal is being done for such imported coal based plants. However, efforts are being made to substitute imported coal by domestic coal to the extent it is technically feasible to further reduce its use.

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