

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

STARRED QUESTION NO:465

ANSWERED ON:06.04.2017

Use of Transferred Coal

Shrirang Shri Chandu Barne;Yadav Shri Dharmendra

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

(a) whether the methodology for use of transferred coal in independent power producer (IPP) generating stations has been finalized so as to bring in further efficiency in utilization of domestic coal and if so, the details thereof;

(b) whether his Ministry has framed new rules for electricity supply from independent power producers in lieu of dry fuel and if so, the details thereof; and

(c) whether as per the new rules any restriction imposed by the Regional Load Despatch Centre/State Load Despatch Centre on scheduling of power due to breakdown of transmission and grid constraints shall be treated as force majeure without any liability on either side and if so, the facts thereof?

**Answer**

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

( SHRI PIYUSH GOYAL )

(a) to (c) : A Statement is laid on the Table of the House.

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STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF STARRED QUESTION NO.465 TO BE ANSWERED IN THE LOK SABHA ON 06.04.2017 REGARDING USE OF TRANSFERRED COAL.

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(a) & (b) : The proposal of the Ministry of Power was approved by the Cabinet on 4th May, 2016 for "Flexibility in utilization of domestic coal for reducing the cost of power generation".

Following Five cases have been envisaged for allowing flexibility in utilization of coal under this arrangement:-

Case-1: Use of coal aggregated with the states in its own State Generating Stations.

Case-2: Use of coal aggregated with the one state in generating stations of other state's utilities.

Case-3: Use of coal aggregated with State in Central Generating Stations and vice versa.

Case-4: Use of coal by any State/Central Generating Company in Private Generating Stations (IPPs).

Case-5: Use of coal assigned to Central Generating Company in their own plants or any other more efficient plants.

Central Electricity Authority in consultation with the stakeholders issued the methodology on 8.6.2016 for transfer of coal amongst Generating Stations of State/Central Gencos.

Under case 4 of "Flexibility in utilization of domestic coal for reducing the cost of power generation", the methodology for use of coal transferred by a State to Independent Power Producer (IPP) generating stations has been issued by Ministry of Power, Govt. of India on 20.02.2017.

As per the methodology, the State can divert their coal and take equivalent power from IPP generating stations selected from the competing IPPs through an e-bidding process. The guiding principle of the methodology is that the landed cost of power from IPP generating station at the State's periphery should be lower than the variable cost of generation of the State generating station whose power is to be replaced by generation from IPP. The landed cost of power is inclusive of the transmission charges and transmission losses. The source of coal, quantity of coal, quality of coal, quantum of power, period for which power is required, delivery point for the receipt of power, has to be indicated upfront by the State.

(c) : As per the methodology, any restriction imposed by Regional Load Despatch Centre (RLDC) /State Load Despatch Centre

(SLDC) in scheduling of power due to breakdown of transmission/grid constraint is to be treated as force majeure without any liability on either side and the contracted power is to be treated as deemed reduced for the period of transmission constraint.

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