GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.2231
TO BE ANSWERED ON 01.01.2019

NPAS IN COAL POWER PLANTS

2231. SHRIMATI VANDANA CHAVAN:

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

(a) whether there are high amount of Non-Performing and Stressed Assets in Thermal Power Sector, particularly in Coal Power Plants;

(b) the steps Government has taken in order to reduce NPAs and Stressed Assets in Thermal Power Sector;

(c) in what manner average per unit cost of coal-based energy differs from the per- unit cost of wind and solar energy; and

(d) whether Government plans to expand or reduce the number of coal-based thermal power plants and reasons for the decision?

A N S W E R

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

(SHRI R.K. SINGH)

(a) & (b) : Government has reviewed the status of 34 stressed Thermal Power Projects, as per the list provided by Department of Financial Services.

Govt. of India has taken following steps to resolve the issues related to stress in power projects:

I. **Fuel Linkages under SHAKTI**; The government has approved a new coal linkage allocation policy on May 17, 2018 named SHAKTI (Scheme for harnessing & allocating koyla transparently in India). Under the scheme, auction of coal linkages for Independent Power Producers (IPPs) with PPAs based on domestic coal has been conducted on September 12, 2017. IPPs having PPA but no coal linkages have participated in the auction and linkages have been granted to 11549 MW capacity (10 projects) including five stressed projects of total 8490 MW capacity, and these projects have been resolved. Under B(i) provision of SHAKTI scheme, linkages have been granted to States/ Central Gencos for 8870 MW for 10 projects.

II. **Pilot project for procurement of 2500 MW**; In order to address the problem of lack of Power Purchase Agreements (PPAs) in the country, the Ministry of Power has notified a scheme for procurement of 2500 MW on competitive basis for a period of 3 years from the generators with commissioned projects having untied capacity. Under the scheme, PFC Consulting Ltd. invited bids for 2500 MW of power wherein PTC India Limited acted as an aggregator of demand for purchase of power from the power projects and sell that power to states utilities. Bids have been received from 7 (seven) projects for aggregate power of 1900 MW. Letter of Award (LOA) has been issued to all the successful bidders (1900 MW).

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III. **DISCOM Payment Monitoring App PRAAPTI:** A new App PRAAPTI (Payment Ratification and Analysis in Power Procurement for Bringing Transparency in Invoicing of generators) has been launched by the Ministry of Power to bring more transparency in the payment system by DISCOMs. The generators are being actively encouraged to feed in their invoicing and payments data in the portal.

IV. **Steps taken to reduce the cost of generation:** Reduction in the generation cost is likely to improve the ability of DISCOMs to purchase more power and thus create more demand for power generators. The government has taken various steps to reduce the cost of generation, which are as under:-

a. **The introduction of third party sampling by Central Institute of Mining and Fuel Research (CIMFR):** The Government has started third party sampling of coal at both loading and unloading end of coal supply from CIL to Generators.

b. **Coal linkage rationalization:**

- Ministry of Power vide letter no. 5/3/2015-OM dated 10.06.2016 had issued the policy on flexibility in utilization of domestic coal for reducing the cost of power generation for central generating companies and state power utility.

- MoP vide letter no. 5/3/2015-OM dated 20.02.2017 issued the methodology for use of coal by state in private generating stations.

A High Level Empowered Committee (HLEC) was constituted by the Government on 29.07.2018 to examine the issues of Stressed Thermal Power Projects, headed by Cabinet Secretary with representatives from Ministry of Railways, Ministry of Finance, Ministry of Power, Ministry of Coal and the lenders having major exposure to the power sector. The HLEC have given their recommendations. The report of the HLEC has also been published on the website of the Ministry.

(c) : Determination of the per-unit cost for the Coal based Thermal Power Project is entirely different for the Renewable Energy Sources. Tariff in the coal based TPPs is comprises (i) Fixed charges comprising mainly of Capex cost and Operational expenses etc. and (ii) Variable Charges i.e. Coal Cost which plays a significant role and largely depends on the availability and sourcing of coal. Coal based TPP can work as the 'Base Load Power Stations'.

The renewable energy systems, such as solar and wind are most suitable for intermediate load plants, with their output depending on weather conditions. So, they cannot be relied upon to meet constant electricity supply needs, nor can they be immediately deployed to respond to peak demands. However, as intermediate sources, solar and wind systems can be efficient and can help reduce dependence on fossil fuels. In recent times, the tariff for Solar/Wind has significantly reduced. In view of the above, the comparison between Coal based TPPs and Solar/Wind Power Projects is practically not possible.

(d) : After the enactment of Electricity Act, 2003; power generation activity has been delicensed. Therefore, the decision to set up generating station is left to the judgement/wisdom of the developers/investors.

Decision to retire units are taken by respective power utility after due consultation with various stake holders such as DISCOMS, Transmission utilities etc. keeping in view grid stability, alternative source of power among other aspects. There is no shortage of generating capacity in the country.

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