

GOVERNMENT OF INDIA  
MINISTRY OF POWER  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO.2392**  
ANSWERED ON 21.03.2023

**IMPORTED COAL FOR BLENDING IN POWER PLANTS**

**2392 SHRI JAWHAR SIRCAR:**

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

- (a) whether it was absolutely essential to issue the order to utilise imported coal at 8 to 10 times higher cost to blend in thermal power plants;
- (b) the rise in power costs for using imported coal in thermal power plants and discoms in Financial Year 2023 and the costs estimated to be in Financial Year 2024;
- (c) the reasons as to why adequate stocks of domestic coal were not maintained and stored in the lean months; and
- (d) whether Government can ensure that there is no profiteering by or undue enrichment of certain private players in the business of imported coal and its transport or handling?

**A N S W E R**

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

**(a) to (d) :** Blending of imported coal by power plants have been undertaken since year 2009. Post-Covid, the power demand increased rapidly while at the same time, there was less generation from imported coal based plants and there was some interruption in supply of coal from domestic coal companies due to heavy rains. As a result, the coal stocks at power plants depleted drastically from September, 2021 onwards. In Dec, 2021, Ministry of Power advised state GENCOs and IPPs to import coal @ 4% (by weight) and central GENCOs @ 10% (by weight) of their requirement during 2022-23. During the month of April, 2022 the coal consumption in the power plants grew by about 12% as compared to April, 2021 leading to depletion of coal stock in Domestic Coal Based (DCB) plants. In view of high demand and depletion of coal stock, Ministry advised States and IPPs in April, 2022 to import coal at 10% (by weight) on their requirements in order to maintain sufficient coal stock during the monsoon season.

The gap between daily coal consumption and daily arrival of domestic coal ranged from 2.21 Lakh Tonnes to 0.5 Lakh Tonnes between the month of April 2022 and January 2023. If there would have been no import for blending purpose, the coal stock available at DCB plants would have reduced to zero by September, 2022. The average depletion was about 1.6 lakh tonne/day during first half of FY 2022-23. Subsequently, with the coal stock showing sign of recovery, Ministry advised GENCOs on 01.08.2022 to take a decision regarding blending at their level taking into account overall supply and stock position (need based blending) with continuous monitoring of stock level.

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During 2022-23 (April, 22 to January, 2023), CIL has despatched 485.99 MT (provisional) coal to power sector as compared to 440.05 MT during same period last year, registering a growth of about 10%. However, due to increase in electricity demand, the increase in supply of coal was not commensurate with the domestic coal requirement of the thermal power plants. To build sufficient stock of coal at the domestic coal based, Ministry of Power vide letter dated 09.01.2023 directed Central, State Gencos and IPPs to take necessary action and plan to import coal through a transparent competitive procurement for blending at the rate of 6% by weight so as to have coal stocks at their power plants for smooth operations till September 2023.

As on 14.03.2023, the total coal stock at Thermal Power Plants in the country is 33.3 MT (Million Tonnes) which is only 49% of the Normative Stock Requirement.

The coal stocking norms of Central Electricity Authority mandates the power plants to maintain coal stock which varies from month to month basis. The stocking norms are 20 to 26 days in non-pithead plants and 12 to 17 days in pithead plants so as to ensure sufficient coal stock at power plants to meet demand.

The cost of generation of electricity is dependent upon the quantity of imported coal used and the price of imported coal. The price of imported coal is linked with International Indices, source of origin and factors like ocean freight, insurance etc. which vary with international demand supply scenario.

As per the current import policy, coal is kept under Open General License (OGL) and consumers are free to import coal from the sources of their choice as per their contractual prices on payment of applicable duty. Generating Companies have been advised to procure coal through transparent competitive process.

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