

GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.1439
ANSWERED ON 01.08.2023

IMPORTED COAL FOR THERMAL POWER PLANTS

1439 SHRI JAWHAR SIRCAR:

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

- (a) what shortage of coal for thermal power is making it imperative to import more expensive coal to blend in thermal power plants in the last five years;
- (b) the rise in power costs due to imported coal in thermal power plants in that period and estimated for current year;
- (c) the reasons which prevent building up adequate stocks of domestic coal at power plants; and
- (d) whether there is profiteering by certain dominant private players in 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) & (b) : Coal, whether domestic or imported, is procured by Thermal Power Plants (DCBs or ICBs) separately and as per their requirements. As Coal is under open general licence (OGL) since 1993, thermal power plants/generators have been regularly importing coal as per their preference (imported coal has high GCV value and therefore is of better quality) and needs based on their commercial prudence. There are a number of Power Plants based exclusively on imported coal. In the Domestic Coal Based plants blending of imported coal varied between 26.5 Million Tonnes in 2011-12 to 48.5 Million Tonnes in 2014-15. Information regarding coal imports by DCBs and ICBs is regularly collected and monitored by CEA.

The import of coal by power plants during the last 5 FYs and the first quarter of the current FY is as under:

All figures in Million Tonnes

Imported Coal Receipt at Coal based Power Plants			
Year	Domestic Coal based Plants (Blending)	Imported Coal based Plants	Total
2018-19	21.4	40.3	61.7
2019-20	23.8	45.5	69.2
2020-21	10.4	35.1	45.5
2021-22	8.1	18.9	27.0
2022-23	35.1	20.5	55.6
2023-24 (April-June)	6.5	7.7	14.2

The above table clearly shows that import of coal, for DCBs, was on decline since 2019-20 primarily due to increased availability of domestic coal on account of various policy measures taken to increase domestic coal production. Accordingly, the Ministry of Power, in FY 2020-21, gave advisory to GENCOS to reduce their imports as Ministry of Coal informed that sufficient domestic coal was available. However, from July, 21 onwards the consumption of coal in Thermal Power Plants increased because of increased demand and the supply of domestic coal on a daily basis was less than consumption such that the stocks at Plants end came down from 28.7 Million Tonnes (MT) as on 30.06.2021 to about 8.1 Million Tonnes (MT) as on 30.09.2021. This was only three and half days stock. During this period (Q2 of FY 2021-22), the gap between consumption and supply of domestic coal has been about 2.38 Lakh Tonnes/day. The Ministry of Power, while observing the trend of domestic coal supplies viz-a viz consumption and to ensure non repetition of the situation of critical domestic stocks at the end of Q2, advised all the States Gencos & IPPs, in December 2021, to import coal @4% (by weight) and NTPC/DVC @ 10% (by weight) for meeting their requirements during 2022-23. During the month of April, 2022, the Power Demand and the coal consumption in power plants have grown by about 12 % as compared to April, 2021. In view of the high demand for power and receipt of coal being less than consumption leading to depletion of coal stock, MOP on 28.04.2022 advised States and IPPs to import coal @ 10% (by weight) of their requirement in order to meet the requirements of power generation.

The procurement and payment of the imported coal is done by each Genco separately.

During April-Sep, 2022 (Q1, Q2 of FY 2022-23) the receipt of domestic coal was about 355 MT against the consumption of 385 MT (Dom: 359 MT +Imp: 1.4 x 18.9 MT). If there would have been no import for blending purpose, the coal stock available at the domestic coal based plants, which was about 24 MT at the beginning of the FY 2022-23 would have reduced to ZERO during September, 2022. The gap between supply of domestic coal and consumption of coal was about 1.6 lakh tones/day during first half of FY 2022-23. On the improvement of the situation MOP advised GENCOs on 01.08.2022 to take decision regarding blending at their level taking into account the domestic coal supply and stock position (need based blending) with continuous monitoring of stock levels. However, during September, 2022 to January, 2023, the gap between daily coal consumption and daily arrival of domestic coal ranged from 0.26 Million Tonnes to 0.05 Million Tonnes. Therefore Ministry of Power advised Central, State Gencos and Independent Power Producers (IPPs) on 09.01.2023 to import coal through a transparent competitive procurement for blending so as to have sufficient coal stocks at their power plants for smooth operations till September, 2023.

The cost of generation of electricity is dependent upon the price of coal and cost of freights and in case of blending also the price of the blended 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. Further, every generating company consumes imported coal as per its requirement.

(c) & (d) : Because of blending, the coal stocks at plants have improved. The coal stock available at 165 Domestic Coal Based (DCB) plants, as on 17.07.2023, was 33.4 MT which is sufficient to run these plants for an average of 13 days at 85% Plant Load Factor (PLF). 41.5 Million Tonnes (MT) of imported coal was used for blending between 01.04.2022 and 22.07.2023. This is equivalent to 58.1 Million Tonnes (MT) of domestic coal. If this blending had not happened the stock would have been zero around September, 2022 and remained at zero levels because the gap between supply and consumption continued.

Government has taken following steps to ensure smooth coal supply to power plants for unhindered power generation: -

- I. To address the issues of coal supplies to power sector, an Inter-Ministerial Sub Group comprising of representatives from Ministries of Power, Ministry of Coal, Ministry of Railways, Central Electricity Authority (CEA), Coal India Limited (CIL) and Singareni Collieries Company Limited (SCCL) meet regularly to take various operational decisions to enhance supply of coal to thermal power plants as well as for meeting any contingent situations relating to Power Sector including to alleviate critical coal stock position in power plants.
- II. An inter-ministerial Secretary-level meeting is held regularly to monitor coal stocks.
- III. As per Railways, during 2022-23, the net induction of coal carrying wagons was about 8800 (about 150 rakes). During 2023-24, the likely net induction of coal carrying rakes would be about 200 rakes, which could provide additional 50 rakes/day for coal loading. The expected increase in annual coal transportation capacity on account of wagon induction would be about 70 Million Tonnes (MT). Similarly, likely net induction of coal carrying rakes in 2024-25 is about 250 rakes, which could provide additional 60 rakes/day. The expected increase in annual coal transportation capacity on account of wagon induction would be about 85 MT.
- IV. Railways have identified 40 number of project for augmentation of coal evacuation. Out of 40 projects, 17 number of projects have already been completed and 23 projects are in progress. Out of 23 projects, it is expected that about 18 projects would be completed by 2026-27.
- V. According to Railways, likely increase in coal transportation capacity during 2023-24 and 2024-25 is about 185 MT.

Coal is imported by the Gencos themselves considering their requirement.
