

GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.634
ANSWERED ON 25.07.2023

INCREASE IN POWER PRICES

634 SHRI SUSHIL KUMAR GUPTA:

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

- (a) whether it is a fact that power prices have been increased by Government;
- (b) if so, the reasons therefor; and
- (c) the reasons for forcing power companies to buy imported coal which costs ten times more than the coal produced locally?

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY
(SHRI R.K. SINGH)

(a) & (b) : As per the provisions of Sections 61 to 64 of the Electricity Act, 2003, the Electricity Regulatory Commissions determine the electricity tariff for supply of electricity by a generating company to a distribution licensee, for transmission of electricity, wheeling of electricity and retail sale of electricity. Section 61 of the Electricity Act, 2003 and the tariff policy provide the guiding principles and the terms and conditions for determination of tariff by the Commissions.

(c) : Coal is under Open General Licence (OGL) and thus is imported by the consumers themselves considering their requirement and commercial prudence. There are power plants designed for using high calorific value imported coal, they cannot use domestic coal. Cement, Sponge Iron, Aluminium industries utilise high calorific value low ash imported coal. The coal requirement for such category of consumers cannot be substituted by domestic coal. In addition, thermal power plants have been importing coal for blending purpose from 2009 onwards. With the increase in electricity demand, and the supply of coal to the power plants not being commensurate with the requirement, coal is imported for blending. The gap between daily coal consumption and daily arrival of domestic coal ranged from 0.26 Million Tonnes to 0.05 Million Tonnes between the months of September, 2022 and January, 2023 (The monthly details of gap is at **Annexure**). If the imports for blending had not been made, the coal stocks in thermal power plants would have reduced to zero in September, 2022 and would have continued so, leading to widespread power cuts and black outs. 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 price of the imported coal is not comparable with the price of the domestic coal due to difference in calorific value. This leads to change in price of electricity generated.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF UNSTARRED QUESTION NO. 634 ANSWERED IN THE RAJYA SABHA ON 25.07.2023

Summary of Receipt of Domestic Coal and Consumption in DCB Plants				
Month	Total Eqv. Consumption (Dom + 1.4 x Imp) (MT)	Receipt of domestic coal (MT)	Gap (Receipt - Consumption) (MT)	Gap (Receipt - Consumption) (MT/day)
Sep-22	61.4	53.5	-7.9	-0.26
Oct-22	58.2	55.9	-2.3	-0.07
Nov-22	60.4	60.6	0.3	0.01
Dec-22	65.5	65.0	-0.5	-0.02
Jan-23	68.3	66.8	-1.5	-0.05

MT: Million Tonnes
