

GOVERNMENT OF INDIA  
MINISTRY OF POWER

**RAJYA SABHA**  
**UNSTARRED QUESTION NO.1114**  
**ANSWERED ON 12.12.2023**

**PRICING OF IMPORTED COAL FOR POWER PLANTS**

**1114 SHRI JAWHAR SIRCAR:**

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

- (a) whether Government mandates that thermal power plants compulsorily mix imported coal with domestic coal and cross-check the claimed costs of imported coal with international prices of those grades;
- (b) if not, whether Government is party to sheer profiteering by importers who deliberately overcharge, by claiming imports are under Open General License;
- (c) whether overcharging has come to the notice of Government;
- (d) who is responsible for the additional outgo of precious foreign exchange due to over invoicing; and
- (e) the additional cost per unit in electricity bills of customers in Ahmedabad in August,2022, because of such import overcharging?

**A N S W E R**

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) to (e) : Coal, whether domestic or imported, is procured by Thermal Power Plants as per their requirements. There are some plants based exclusively on imported coal, while domestic coal based plants have been importing coal for blending. Coal is under open general licence (OGL) since 1993, and domestic coal based thermal power plants/generators have been regularly importing coal as per their preference (imported coal has high GCV value) for blending as per their commercial consideration. The imports for blending varied between a peak of 47.6 MT in 2015-16 to 23.8 MT in 2019-20.

The import of coal by the thermal Power Plants during last 14 years and in the current year (up to Oct 2023) is as follows:

<b>Import of coal by power sector</b>			
<b>Fig in Million Tonnes</b>			
<b>Year</b>	<b>Import for Blending</b>	<b>Import by Imported coal based plants</b>	<b>Total Import</b>
2009-10	18.8	4.4	23.2
2010-11	21.1	9.4	30.5
2011-12	27.3	17.6	44.9
2012-13	31.1	31.6	62.7
2013-14	38.6	40.9	79.5

2014-15	47.6	42.5	90.1
2015-16	37.1	44.0	81.1
2016-17	19.8	46.3	66.1
2017-18	17.0	39.4	56.4
2018-19	21.4	40.3	61.7
2019-20	23.8	45.5	69.3
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 (Apr-Oct)	13.6	21.7	35.3

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 power demand increased and the supply of domestic coal on a daily basis was less than consumption which resulted in depletion of coal stock and stocks at Plants 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. Therefore, in December 2021, Ministry of Power advised State GENCOs and IPPs to import @4% and Central GENCOs @10% of their requirements during 2022-23. During the month of April, 2022, the Power Demand and the coal consumption in power plants grew 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, Ministry of Power on 28.04.2022 advised States and IPPs to import coal @ 10% of their requirement in order to maintain sufficient coal stock during the monsoon season. The gap between receipt of domestic coal and consumption continued and shortages were met through Imported Coal. 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). **The gap between supply of domestic coal and consumption of coal was about 1.6 lakh tonnes/day during this period.**

The gap between daily coal consumption and daily arrival of domestic coal ranged between 2.65 Lakh Tonnes to 0.5 Lakh Tonnes between the months of September'2022 and January'2023. **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 blackouts.** Therefore, Ministry of Power advised Central, State Gencos and Independent Power Producers (IPPs) on 09.01.2023 to import coal @ 6% by weight through a transparent competitive procurement for blending so as to have sufficient coal stocks at their power plants for smooth operations till September' 2023. As indicated above; the letters issued by MoP were advisories - not statutory orders – and the Gencos took their own decision to import. Apart from the imported coal based plants-the plants which can run only on imported high GCV coal, the list of State Gencos and IPPs which imported coal for blending is given at **ANNEXURE**.

**During April-October'23, the growth in coal based generation, was 8.6% as compared to the corresponding period last year and the depletion in DCB plants stocks was 15.3 MT (Month wise position is shown in table):**

Summary of, Growth in Coal Based Generation, Receipt of Domestic Coal and Consumption in DCB Plants during 2023-24(up to Oct' 2023) is as under:

<b>Summary of Growth in Coal based generation, receipt of Domestic Coal and consumption in DCB Plants</b>						
<b>Month</b>	<b>% Growth coal based generation w.r.t FY23</b>	<b>Receipt of domestic coal (MT)</b>	<b>Consumption of Domestic Coal (MT)</b>	<b>Consumption of Imported coal for blending (MT)</b>	<b>Total Consumption (Dom + 1.4 x Imp) (MT)</b>	<b>Gap (Receipt - Consumption) (MT)</b>
Apr-23	0%	65.4	66.4	2.2	69.5	-4.1
May-23	2%	67.5	66.3	2.2	69.4	-1.9
Jun-23	3%	63.9	64.7	2.2	67.7	-3.9
Jul-23	8%	63.0	63.2	1.6	65.4	-2.4
Aug-23	14%	61.8	66.1	2.0	68.9	-7.1
Sep-23	12%	59.9	65.5	1.9	68.1	-8.3
Oct-23	25%	65.5	68.8	2.3	72.0	-6.5
<b>2023-24 (Till Oct 2023)</b>	<b>8.6%</b>	<b>447.0</b>	<b>460.9</b>	<b>14.4</b>	<b>481.1</b>	<b>-34.2</b>
<b>On Per-day basis</b>						
<b>Summary Growth in coal based generation, receipt of domestic coal and consumption in DCB Plants</b>						
<b>Month</b>	<b>% Growth in coal-based generation w.r.t FY23</b>	<b>Receipt of domestic coal (MT/day)</b>	<b>Consumption of Domestic Coal (MT/day)</b>	<b>Consumption of Imported coal for blending (MT/day)</b>	<b>Total Consumption (Dom + 1.4 x Imp) (MT/day)</b>	<b>Gap (Receipt - Consumption) (MT/day)</b>
Apr-23	0%	2.18	2.21	0.07	2.32	-0.14
May-23	2%	2.18	2.14	0.07	2.24	-0.06
Jun-23	3%	2.13	2.16	0.07	2.26	-0.13
Jul-23	8%	2.03	2.04	0.05	2.11	-0.08
Aug-23	14%	1.99	2.13	0.06	2.22	-0.23
Sep-23	12%	2.00	2.18	0.06	2.27	-0.28
Oct-23	25%	2.11	2.22	0.07	2.32	-0.21
	<b>8.6%</b>					

Every generating company imports coal as per its requirements through open transparent bids. DISCOMs procure power from generators on tariff fixed by the SERCs/CERC under section 62 of the Electricity Act. The Regulator fixes the tariff after examining all input costs – fuel / transport / O& M costs / administrative costs etc according to norms laid down. If any cost which is claimed by the generator is found to be excessive by the SERCs/CERC they do not allow it to be passed through in tariff. Therefore, if any generator inflates the fuel cost, the Regulator – SERCs/CERC – will not pass it in tariff. The issue of the fuel costs and the resultant tariff is between the GENCO, the DISCOM(s) and the CERC/SERC. Government of India has no role to play. If a DISCOM or GENCO is aggrieved by the order of a Regulator, they can appeal to the APTEL – Appellate Tribunal for Electricity.

The other methodology for procurement of power by DISCOMs from GENCOs is under Section 63 – by an open competitive bid. The Regulator will adopt the tariff if the bid has been competitive and transparent. The DISCOMs can sign the Power Purchase Agreement only after the tariff has been concurred in and adopted by the Regulator.

The third option for the Generator is sale through the exchange – which functions on the basis of open competition. In case of open competition input costs are irrelevant – if some generator's power cost is high it will not sell.

State Government of Gujarat have informed that the impact on retail tariff due to blending of imported coal works out to around Rs. 0.20/unit for Uttar Gujarat Vij Company Limited (UGVCL) area. However, the State Regulatory Commission has approved the additional cost per unit to be recovered, from the electricity bills of customers in Ahmedabad ( UGVL area) Rs. 0.03/unit as of now. The balance unrecovered cost per unit shall be considered by the State Regulatory Commission at the time of True up exercise.

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## ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (e) OF UNSTARRED  
QUESTION NO. 1114 ANSWERED IN THE RAJYA SABHA ON 12.12.2023

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<b>List of GENCOS and IPPs Importing Coal</b>	
<b>GENCOS</b>	
	RRVUNL
	GSECL
	MAHAGENCO
	APGENCO
	TANGEDCO
<b>IPPs</b>	
	SGPL TPP
	PAINAMPURAM TPP
	SABARMATI (D-F STATIONS)
	DAHANUTPS
	BALCO TPS
	RAJPURA TPP
	TALWANDI SABO TPP
	ADANI POWER LIMITED KAWAI TPP
	PATHADI TPP
	TAMNAR TPP
	ANUPPUR TPP
	VIZAG TPP
	MAHADEV PRASAD STPP
	DERANG TPP
	KAMALANGA TPS
	ADANI POWER LIMITED RAIGARH TPP
	OP JINDAL TPS
	ADANI POWER LIMITED RAIPUR TPP
	MAHAN TPP

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