

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.2277
TO BE ANSWERED ON 08.03.2018**

IMPACT OF COAL AND FREIGHT PRICES ON THERMAL POWER PLANTS

**2277. SHRI ADHALRAO PATIL SHIVAJIRAO:
DR. SHRIKANT EKNATH SHINDE:
SHRI VINAYAK BHAURAO RAUT:
DR. PRITAM GOPINATH MUNDE:
SHRI ANANDRAO ADSUL:**

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

- (a) whether the thermal power plants are suffering due to hike in railway freight and thermal grade coal prices, if so, the details thereof along with the percentage of price of thermal grade coal and freight hiked recently and the impact of the aforesaid hikes on the generation cost of thermal power plants;
- (b) whether the thermal plants are operating at lower load due to rising demand for renewable power, if so, the details thereof;
- (c) whether hike in coal and railway freight costs is a blow on the operations of the coal based units and the plants without long-term Power Purchasing Agreements (PPAs) have suffered the most, if so, the details thereof; and
- (d) the extent to which the price of per unit procurement for discoms at all India level has increased and its impact on the consumers?

A N S W E R

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

(SHRI R. K. SINGH)

(a): No, Madam. Indian Railways has rationalized Coal & Coke tariff structure by reducing the freight in the range of -1% to -15% for distances beyond 700 km. The freight rates below 100 km have also been reduced substantially by reducing the minimum distance for charge from 125 km to 100 km for all commodities. Moreover, for the traffic moving for distances between 0-50 km, 51-75 km and 76-90 km, concession of 30%, 10% and 5% respectively, is being granted. There has been only a slight increase in freight in the range of 1% to 9% for the distances between 101-700 km.

Coal India Limited, vide notification dated 01.01.2018, has revised the price of all grades of non-coking coal produced by coal companies of CIL superceding their earlier price notification dated 29.5.2016. The price of higher grade of coal (G1 to G5) has been reduced by 0-5% whereas the price for other grades (G6-G14) has been increased in the range of 3 to 22%. With this increase, the increase in cost of generation is expected to be around 9.0-10.0 paisa/ unit.

(b) : No, Madam. The thermal power plants are operating consistently at Plant Load Factor (PLF) of about 60% during 2016-17 as well as during 2017-18 (April 2017 - January, 2018). However, the generation from thermal power plants is increasing. The low PLF of thermal power plants is primarily due to high growth rate of capacity addition vis-à-vis growth rate of demand. The Compounded Annual Growth Rate (CAGR) of installed capacity during 2012-17 was 10.3% vis-a-vis CAGR of energy met at 5.8% only.

(c) & (d) : The price revision of coal by Coal India Ltd. and the rationalization of tariff by the Railway are based on their operational requirement. The energy charge rate (ECR) of any Thermal Power Station (TPS) is determined based on the landed price of coal, i.e., the price of coal as well as its transportation cost including all taxes, levies, duties etc. The Plants without long term PPAs, purchase coal through e-auction, the price of which is higher than the notified price of coal.

Government of India has taken following initiatives to reduce the cost of Generation:

- (i) Flexibility in utilization of domestic coal for reducing cost of power generation.**
- (ii) Rationalization of coal linkages to optimize cost of transportation.**
- (iii) Third Party Sampling of coal at both loading and unloading ends to reduce the power tariffs to the consumers.**
