

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.1406
TO BE ANSWERED ON 26.07.2018**

REVIEW ON STRESSED POWER PROJECTS

1406. SHRI KONAKALLA NARAYANA RAO:

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

- (a) whether the Government has taken a decision to meet the power project companies to take stock of the situation of stressed power projects in the country;
- (b) if so, the details thereof;
- (c) the details of the difficulties and views exchanged by stressed power project companies and the Government in case the meeting has already taken place between the two sides; and
- (d) the remedial measures being taken by the Government and sops being given to safeguard the stressed power projects in the country?

A N S W E R

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

(SHRI R. K. SINGH)

(a) & (b) : Government has been meeting with the Power Producing Companies on a regular basis to sort out the issues affecting the power sector. The last meeting in this regard was held in the Department of Financial Services on 21.06.2018.

(c) : During the interaction with the stakeholders, following were stated to be the major reasons for stress in power sector:

- 1) Non-availability of fuel/Coal/Gas
- 2) Lack of Power Purchase Agreement (PPA) due to Inadequate Demand
- 3) Delayed payments by Discoms
- 4) Inability of the Promoters to infuse the equity and service debt
- 5) Aggressive tariffs quoted by bidders in PPAs leading to under recovery
- 6) Regulatory and contractual disputes
- 7) Other financial issues like non-compliance of Joint Lender Forum (JLF) decisions, Reserve Bank of India restrictions on funding of cost overrun, etc.

(d) : Following remedial measures have been taken by the Government for reducing stress in power sector:-

I. Fuel linkages under SHAKTI:- Govt. on 17.05.17 approved SHAKTI (Scheme for Harnessing & Allocating Koyala (coal) Transparently in India). Under the scheme, coal linkages have been granted to Central & State Gencos at a notified price under B(i) provision of SHAKTI policy. Under B(ii) of Shakti, linkages to Independent Power Producers (IPPs) with PPAs based on domestic coal have been granted after bidding discount on tariff.

II. Pilot project for procurement of 2500 MW power:- In order to address the problem of lack of Power Purchase Agreements (PPAs) in the country, Government notified the Guidelines and Standard Bidding documents (SBDs) for Procurement of Aggregate Power of 2500 MW on competitive basis under medium term for 3 (three) years from Generators with commissioned projects having untied capacity. Under the scheme, PFC Consulting Ltd. invited bids for 2500 MW of power wherein PTC India Limited will act as Aggregator of demand for purchase of power from the power projects and sell that power to State Utilities. Under the above scheme, all the coal based power projects in the country with untied capacity were eligible to participate.

Bids have been received from 7 projects for aggregate Power of 1900 MW.

Revenue earned from sale of power by the projects shall be used to service the debts owed by such projects.

III. Under recovery due to anomalies in Coal Escalation Index:- Central Electricity Regulatory Commission vide Notification dated June 1st, 2018 has amended "Guidelines for determination of tariff by bidding process of power procurement by distribution licensee" to remove anomalies in cost escalation index published by Department of Industrial Policy and Promotion (DIPP) and adopt a new series of Wholesale Price Index (WPI) in non-coking coal (G7-G14) w.e.f. April 2012. On the basis of the new Notification of Central Electricity Regulatory Commission (CERC), the generators will be eligible for revised tariff w.e.f. 1st April, 2017 calculated on the basis of new series of WPI for non-coking coal (G7 - G14). This will largely take care of the issues of under recovery of the generator's dues.

IV. Ministry has issued direction to Central Electricity Regulatory Commission (CERC) under 107 of The Electricity Act, 2003 on 30th May, 2018 to allow pass through of increase in the cost of generation due to installation of Flue-gas desulfurization (FGDs).

V. A new App "PRAAPTI" (Payment Ratification and Analysis in Power Procurement for bring in the transparency in payment of Generators) has been launched by the Ministry to bring more transparency in the system of payment of DISCOMS. The Generators are being actively encouraged to feed in their invoicing and payments data. This portal would be expanded to include Transmission as well as Renewable Generators as well.

VI. Other measures

- 1) A meeting was held with various States to impress upon them to make use of the policy of flexibility in utilization of domestic coal (TOLLING) i.e. transfer of coal linkages to IPPs in return for the power generated from such coal. Gujarat and Maharashtra has already tied up 500 MW and 400 MW, respectively, of power through Tolling. This will help boost the demand of power from IPPs who can commence generation of power.**

- 2) "Saubhagya" is likely to increase demand for electricity in the country. Energy demand is growing at a healthy basis, i.e., approx 6%.**
