

**GOVERNMENT OF INDIA  
MINISTRY OF POWER**

**LOK SABHA  
UNSTARRED QUESTION NO.1695  
TO BE ANSWERED ON 20.12.2018**

**REFORMS IN POWER SECTOR**

**1695. SHRI RAMSINH RATHWA:**

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

- (a) whether the Government has set up any advisory committee to discuss the issues relating to power sector and to suggest reforms;**
- (b) if so, the details thereof;**
- (c) whether this initiative would solve the problems of the sector including the problem of fuel shortage threatening the viability of the sector; and**
- (d) if so, the details thereof?**

**A N S W E R**

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

**( SHRI R. K. SINGH )**

**(a) to (d): There is no advisory committee set up to discuss issues relating to power sector or to suggest reforms. However, a High Level Empowered Committee (HLEC) was constituted by the Government on 29.07.2018 to address the issues of Stressed Thermal Power Projects, headed by Cabinet Secretary with representatives from Ministry of Railways, Ministry of Finance, Ministry of Power, Ministry of Coal and the lenders having major exposure to the power sector. The HLEC has made following recommendations in their report:**

**1. Recommendations for Coal allocation/supply**

**1.1. Coal Linkage for short-term PPA: Linkage coal may be allowed to be used against short term PPAs and power be sold through Discovery of Efficient Energy Price (DEEP) portal following a transparent bidding process.**

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**1.2. Coal Supply in case of termination of PPAs due to Payment default by DISCOMs: A generator should be able to terminate PPA in case of default in payment from the DISCOM with the facility to use linkage coal for short term PPAs for a period of maximum of 2 years or until they find another buyer of power under long/medium term PPA, whichever is earlier.**

**1.3. Procurement of bulk power by a nodal agency against pre-declared linkages: A nodal agency may be designated which may invite bids for procurement of bulk power for medium term for 3 to 5 years in appropriate tranches, against pre declared linkage by Coal India Limited (CIL).**

**1.4. PSU to act as an aggregator of power: NTPC can act as an aggregator of power, i.e., procure power through transparent competitive bidding process from such stressed power plants and offer that power to the DISCOMs against PPAs of NTPC till such time as NTPC's own concerned plants/units are commissioned.**

**1.5. Increase in quantity of coal for special forward e-auction for power sector: Ministry Of Coal may earmark for power, at least 60 per cent of the e-auction coal, and this should be in addition to the regular coal requirement of the power sector.**

**1.6. Linkage to be provided at notified prices without bidding: The generator should be required to bid only once, for the procurement of PPA and linkage should be granted at notified price without any further bidding, to the extent of incremental coal production.**

**1.7. Non-lapsing of short supplies of coal: If there is a shortfall in the supply of coal and it is attributable to the Ministry of Coal or Railways; such shortfall need not lapse and be carried over to the subsequent months up to a maximum of three months.**

**1.8. ACQ to be determined based on efficiency: Upper ceiling for the ACQ/MW may be prescribed by the CEA on the basis of efficiency parameters and irrespective of the capacity and actual consumption of that plant, the coal may be supplied on that basis.**

## **2. Recommendations to facilitate sale of power of the stressed power plants**

**2.1. Retirement of old and inefficient Plants: Old and high heat rate plants not complying with new environment norms may be considered for retirement in a phased and time bound manner at the same time avoiding any demand/supply mismatch.**

**3. Recommendations on Regulatory & DISCOM payment issues:**

**3.1. Mandatory payment of Late Payment Surcharge (LPS):** Late Payment Surcharge be mandatorily paid in the event of delay in payment by the DISCOM.

**3.2. Payment Security mechanism for IPPs:** PFIs providing the Bill Discounting facility may also be covered by TPA i.e. in case of default by the DISCOM, the RBI may recover the dues from the account of States and make payment to the PFIs.

**4. Other Recommendations**

**4.1. Cancellation of PPA/FSA/LTOA post NCLT scenario:** PPAs, FSA and LTOA for transmission of power, EC/FC clearances, and all other approvals including water, be kept alive and not cancelled by the respective agencies even if the project is referred to NCLT or is acquired by any other entity. All of these may be linked to the plant and not the Promoter.

**4.2. Cancellation of PPA for non-compliance of COD:** In case there is a delay in the commissioning of a project, the DISCOMs may be advised not to cancel the PPAs signed with the Generator and the same be kept on hold for a certain period of time.

**4.3. Low utilization of Gas plant capacity due to paucity of natural gas:** In order to revive gas based power plants, Ministry of Power and Ministry of Petroleum & Natural Gas may jointly devise a scheme in line with the earlier e-bid RLNG Scheme (supported by PSDF).

**Report has been circulated by the Government to all members. It has also been published on the website of the Ministry.**

**It is believed that with the implementation of the recommendations outlined in the report, issues affecting many of the stressed thermal power projects are likely to get resolved and the investments made can be put to productive use.**

**Govt. of India has taken following steps so far to resolve the issues related to stress in Thermal Power Projects:**

- I. Fuel Linkages under SHAKTI;** The government has approved a new coal linkage allocation policy on May 17, 2018 named SHAKTI (Scheme for harnessing & allocating koyla transparently in India). Under the scheme, auction of coal linkages for Independent Power Producers (IPPs) with

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- II. PPAs based on domestic coal has been conducted on September 12, 2017. IPPs having PPA but no coal linkages have participated in the auction and linkages have been granted to 11549 MW capacity (10 projects) including five stressed projects of total 8490 MW capacity, and these projects have been resolved. Under B(i) provision of SHAKTI scheme, linkages have been granted to States/ Central Gencos for 8870 MW for 10 projects.**
- III. Pilot project for procurement of 2500 MW; In order to address the problem of lack of Power Purchase Agreements (PPAs) in the country, the Ministry of Power has notified a scheme for procurement of 2500 MW on competitive basis for a period of 3 years from the generators with commissioned projects having untied capacity. Under the scheme, PFC Consulting Ltd. invited bids for 2500 MW of power wherein PTC India Limited acted as an aggregator of demand for purchase of power from the power projects and sell that power to states utilities. Bids have been received from 7 (seven) projects for aggregate power of 1900 MW. Letter of Award (LOA) has been issued to all the successful bidders (1900 MW).**
- IV. DISCOM Payment Monitoring App PRAAPTI: A new App PRAAPTI (Payment Ratification and Analysis in Power Procurement for Bringing Transparency in Invoicing of generators) has been launched by the Ministry of Power to bring more transparency in the payment system by DISCOMs. The generators are being actively encouraged to feed in their invoicing and payments data in the portal.**
- V. Steps taken to reduce the cost of generation: Reduction in the generation cost is likely to improve the ability of DISCOMs to purchase more power and thus create more demand for power generators. The government has taken various steps to reduce the cost of generation, which are as under:-**
- a. The introduction of third party sampling by Central Institute of Mining and Fuel Research (CIMFR): The Government has started third party sampling of coal at both loading and unloading end of coal supply from CIL to Generators.**
  - b. Coal linkage rationalization:**
    - Ministry of Power vide letter no 5/3/2015-OM dated 10th June, 2016 issued the policy on flexibility in utilization of domestic coal for reducing the cost of power generation for central generating companies and state power utility.**
    - MoP vide letter no 5/3/2015-OM dated 20th February, 2017 issued the methodology for use of coal by state in private generating stations.**

