

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.626
TO BE ANSWERED ON 13.12.2018**

POWER CRISIS

626. SHRI C.N. JAYADEVAN:

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

- (a) whether there is any energy-crisis in the country, if so, the details thereof;**
- (b) whether power producers sit on thousands of megawatts of underutilized capacities and are facing insolvency proceedings and the consumers are facing power cuts and load shedding, if so, the details thereof;**
- (c) the details of the major problems faced by the power producers and remedial measures being taken to solve the problems; and**
- (d) the steps taken by the Government to solve the major problems faced by the power producers?**

A N S W E R

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

(SHRI R. K. SINGH)

(a) : At present, there is sufficient generation capacity to meet the electricity demand in the country. As reported by the States/UTs to Central Electricity Authority, the details of Power Supply position for the current year are given at Annex. It may be seen that the energy required and peak demand have been largely met.

(b) to (d) : Government have reviewed the status of 34 stressed Thermal Power Projects, as per the list provided by Department of Financial Services. Government have identified the major reasons for stress in the Power Sector, which are as follows:

- i. Issues related to Coal supply,**
- ii. Delayed payments by DISCOMs,**
- iii. Inability of the Promoter to infuse equity and service debt,**
- iv. Slow implementation of project by the developers,**

.....2.

- v. **Issues related to Banks/ FIs**
- vi. **Aggressive tariffs quoted by bidders in competitive bidding process,**
- vii. **Regulatory and contractual disputes,**
- viii. **Legal issues related to auctioned coal mines,**
- ix. **Other operational issues such as delay in land acquisitions, inadequate transmission system etc.**

Govt. of India have taken following steps to resolve the issues related to stress in power projects:

- i. **Fuel Linkages under SHAKTI: Government have approved a new coal linkage allocation policy on May 17, 2018 named SHAKTI (Scheme for harnessing & allocating koyla transparently in India). IPPs having PPA but no coal linkages have been granted coal linkage for 11549 MW capacity (10 projects) including five stressed projects of total 8490 MW capacity.**
- ii. **Pilot project for procurement of 2500 MW: In order to address the problem of lack of Power Purchase Agreements (PPAs), the Ministry of Power have 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). This will potentially improve the financial viability of the power projects and help developers in serving the debt obligations.**
- iii. **Rationalization of Coal Escalation Index: Some generators were facing under-recoveries due to anomalies in the coal escalation index published by Department of Industrial Policy and Promotion (DIPP). Now, CERC vide notification dated June 1st, 2018 has amended the guidelines for determination of tariff by bidding process of power procurement by distribution licensee to remove those anomalies and adopt a new series of Wholesale Price Index (WPI) in non-coking coal (G7-G14). On the basis of the new Notification of CERC, w.e.f. April 1, 2017, the generators will be eligible for revised tariff 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. Additional cost implication to meet the new environment norms: The Ministry of Power has issued direction to Central Electricity Regulatory Commission (CERC) under section 107 of The Electricity Act, 2003 on May 30, 2018 stating that the additional cost implications due to installation or up-gradation of various emission control systems and its operational cost to meet new environment norms, after award of a bid or signing of a PPA, as the case may be, shall be considered for being made pass through in tariff.**
- i. Allowing pass-through of any change in domestic duties, levies, cess, and taxes imposed by the government: Tariff policy 2016 provided that any change in domestic duties, levies, cess & taxes imposed by Central/ State/ UTs etc. after award of bids, leading to corresponding changes in cost, may be treated as a change in law and allowed as pass through subject to PPA provisions and approval of appropriate Commission. Further, Ministry of Power vide letter dated August 27, 2018 issued directions to CERC for time bound determination of per unit impact of such change in law in 30 days of filing of petition.**
- ii. 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.**

ANNEX

ANNEX REFERRED TO IN REPLY TO PART (a) OF UNSTARRED QUESTION NO. 626 TO BE ANSWERED IN THE LOK SABHA ON 13.12.2018.

Power Supply Position

Year	Energy Requirement (MU)	Energy Supplied (MU)	Energy not Supplied (%)	Peak Demand (MW)	Peak Met (MW)	Demand not Met (%)
April,2018 - November,2018	870,809	865,476	0.6	177,022	175,528	0.8
