

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.578
TO BE ANSWERED ON 22.07.2021**

PROTECTION OF THERMAL POWER PLANTS

578. SHRI KANUMURU RAGHU RAMA KRISHNA RAJU:

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

- (a) whether the Government has taken a decision to protect the thermal power plants in the country and embarking on bringing out a turn-around policy for the said purpose;**
- (b) if so, the details thereof; and**
- (c) the steps being taken by the Government for survival of the power projects and other power using industries to withstand and compete in the international markets?**

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) & (b) : Generation is a delicensed activity and as per Section 7 of the Electricity Act, 2003, “any generating company may establish, operate and maintain a generating station without obtaining a license/permission under this Act, if it complies with the technical standards relating to connectivity with the grid. Accordingly, sanction of the Government is not required for setting up of thermal power projects.”

The Department of Financial Services (DFS) sent a list of stressed projects in the power sector on 22.03.17 to Ministry of Power (MoP). The 34 non-captive coal based power projects mentioned in the DFS list are mostly private and have a total installed capacity of 40,130 MW. Thereafter, a High Level Empowered Committee (HLEC) was constituted by the Govt. on 29.07.18 to address the issues of Stressed Thermal Power Projects, which identified the following major reasons for stress in power sector, in its report dated 12.11.18:

- i) Issues related to Coal supply**
- ii) Slow growth in Power demand**
- iii) Delayed payments by Discoms**
- iv) Inability of the Promoter to infuse the equity and service debt**
- v) Slow implementation of project by the developers**
- vi) Issues related to Banks/ FIs**
- vii) Aggressive tariffs quoted by bidders in competitive bidding process**
- viii) Regulatory and contractual disputes**
- ix) Legal issues related to auctioned coal mines**
- x) Other Operational Issues**

The recommendations of the HLEC were examined by a Group of Ministers (GoM), which in turn made recommendations regarding stressed power projects. On 07.03.2019, the Government approved the recommendations of Group of Ministers (GoM). MoP vide OM dated 08.03.2019, notified the approval of the Government. The recommendations of GoM approved by the Government have been implemented.

Status of 34 thermal power projects of capacity 40,130 MW which are under stress as reported by DFS is as follows:

- (i) 16 projects with a total capacity of 19,090 MW have been resolved.
 - (ii) 10 projects with a total capacity of 12,430 MW are at various stages of resolution.
 - (iii) 8 projects with a total capacity of 8,610 MW are at very initial stage of construction and are totally stalled. Such projects have either been ordered to be liquidated or heading towards liquidation.
- (c) : Steps taken to resolve the stress in thermal power sector are as follows:
- (i) After the cancellation of 204 coal blocks, Govt. of India, Ministry of Coal formulated a transparent policy for reallocation of cancelled coal mines in a fair and transparent method. Government has re-allocated 64 blocks through auction/allotment till date.
 - (ii) Introduction of Transparent Linkage policy: On 22.05.2017, Government introduced SHAKTI Policy for grant of linkage to power sector. Linkages granted under SHAKTI Policy are:
 - a. Shakti Policy Para B(i) (Coal linkage to Central and State Gencos): Linkage granted to 23 nos. Thermal Power Projects (TPPs) totaling 25,340 MW under Central/State Sector category.
 - b. Shakti Policy Para B(ii) So far three rounds of B(ii) auction have been conducted and Linkage of 39.481 MTPA (G13 grade equivalent), has been awarded.
 - c. Shakti Policy Para B(iii) (Coal Linkage to IPPs not having any PPA): One round of such auction has been held in which around 7.15 MTs of coal (G13 grade equivalent) have been awarded by CIL to 7 Thermal Power Projects having an installed capacity of 5995 MW.
 - d. Shakti Policy Para B (viii) (a) (Short term coal linkage 3 months to one year to sell power in Day Ahead Market (DAM) or DEEP portal) Quarterly auctions are held and so far 6 auctions were held and a total quantity of 5.39 MT (G13 grade equivalent) of coal has been awarded.
 - (iii) Pilot project for procurement of 2500 MW power: In order to address the problem of lack of Power Purchase Agreements (PPAs) in the country, the Ministry of Power had 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.

- a. **1st Round (2500 MW):** The tariff discovered was Rs. 4.24/kWh. Letter of Award (LOA) was issued to 7 successful bidders (1900 MW) - PPA signed.
 - b. **2nd Round (2500 MW):** Bids opened on 07.02.2020. The tariff discovered was Rs. 3.26/kWh. There are 12 successful bidders identified.
- (iv) Payment Security Mechanism:** MoP issued an order on 28.06.2019 and subsequent corrigendum thereon dated 17.07.2019. The National Load Dispatch Centre (NLDC) & Regional Load Dispatch Centre (RLDC) have been directed to despatch power only after it is intimated by the Generating Company and /Distribution Companies that a Letter of Credit (LC) for the desired quantum of power has been opened. This has ensured timely payments by Discoms to the generators.
- (v) Payment relief to Discoms under Aatma Nirbhar Bharat Abhiyan:** To alleviate the liquidity problems of DISCOMs, Government of India decided to grant a one-time permission to PFC and REC for extending loans to DISCOMs above the working capital limits of 25% of last year's revenues under UDAY to discharge their liabilities as existed on 30.06.2020 in favour of CPSE Gencos and Transcos, IPPs, and RE generators.
- (vi) Government of India has taken various initiative towards sustainable development and cleaner environment which includes large capacity addition from Renewable Energy (RE) Sources.** However, large-scale integration of Renewable Energy sources would require balancing by the conventional power generators to manage the variability and uncertainty associated with the RE sources.
