

GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.793
ANSWERED ON 29.07.2024

BLENDING OF DOMESTIC AND IMPORTED COAL

793 **SHRI K.R.N. RAJESHKUMAR:**

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

- (a) whether Government is considering increasing the per centage of blending domestic coal with imported coal-based (ICB) power plants and if so, details thereof;
- (b) whether Government is considering blending domestic coal with imported coal-based (ICB) power plants, if so, details thereof and if not, reasons therefor;
- (c) whether Government received any representation regarding the supply chain shortages and pricing impact of imported or blended coal in the Indian power sector, if so, details thereof; and
- (d) the measures taken by Government to ensure supply chain stability and reduce the import dependency on coal in the Indian power sector?

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a) & (b): Imported coal-based power plants are specifically designed to match the properties of imported coal, which differ from domestic coal in terms of calorific value, moisture content, ash content, and other characteristics. Blending domestic coal with imported coal in these plants can lead to significant technical challenges, such as reduced boiler efficiency, slagging, fouling, and increased maintenance needs. The configuration of the boiler, including its design parameters and operational settings, may not be suitable for handling the differences in coal quality, leading to operational inefficiencies. Therefore, taking into account all the techno-commercial issues, Respective Gencos take decision regarding blending of domestic coal with imported coal in their Imported coal based plants.

(c) : The cost of generation of electricity from coal based power plant is dependent upon the price of coal and cost of freights and in case of blending also the price of the blended imported coal. The price of imported coal is linked with International Indices, source of origin and factors like ocean freight, insurance etc. which vary with international demand supply scenario. Further, every generating company consumes imported coal as per its requirement.

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Average Power purchase cost has increased by 71 Paise only between FY 22 and FY 23. This is because of increase in various costs – including increase in Transmission cost.

(d) : The measures taken to ensure supply chain stability and reduce the import dependency on coal are given as under:

- (i) Major initiatives taken to increase domestic production of coal include Single Window Clearance, amendment of Mines and Minerals (Development and Regulation) Act, 1957 to allow captive mines to sell up to 50% of their annual production after meeting the requirement of the end use plant, production through MDO model, increasing use of modern technologies such as surface miner, continuous miner etc., taking up new projects and expansion of existing projects, and auction of coal blocks to private companies/PSUs. 100% Foreign Direct Investment is allowed for commercial mining.
- (ii) Ministry of Coal has launched Coal Logistics Policy and Integrated Coal Evacuation Plan to address the issue of coal transportation amidst rising demands. The Government has planned to address the issue of coal transportation through construction of New Railway Lines and capacity augmentation of railway network, First Mile Connectivity (FMC) Projects, Rail Connectivity projects and Railway Sidings.
- (iii) To address the issues of coal supplies to power sector, an Inter-Ministerial Sub Group comprising of representatives from Ministry of Power, Ministry of Coal, Ministry of Railways, Central Electricity Authority (CEA), Coal India Limited (CIL) and Singareni Collieries Company Limited (SCCL) meet regularly to take various operational decisions to enhance supply of coal to thermal power plants as well as for meeting any contingent situations relating to Power Sector including to alleviate critical coal stock position in power plants.
- (iv) The Annual Contracted Quantity (ACQ) has been increased upto 100% of the normative requirement, in the cases where the ACQ was either reduced to 90% of normative requirement (non-coastal) or where the ACQ was reduced to 70% of normative requirement (coastal power plants). Increase in the ACQ would result in more domestic coal supplies, thereby, reducing the import dependency.
- (v) Government has decided in 2022 that the coal to meet the full Power Purchase Agreement (PPA) requirement of all the existing linkage holders of Power Sector shall be made available by the coal companies irrespective of the trigger level and Annual Contracted Quantity levels. Thus, decision of the Government of meeting the full PPA requirement of the linkage holders of the Power Sector shall reduce the dependence on the imports.
- (vi) As per Ministry of Railways, during 2022-23, the net induction of coal carrying rolling stock was about 150 rakes. During 2023-24, about 200 rakes were further inducted, which increased annual coal transportation by 70 Million Tonnes (MT). Similarly, in FY 2024-25, another 250 rakes are likely to be inducted. With this induction, additional 60 rakes/day would be available for coal loading and coal transportation capacity would further go up by 85 Million Tonnes.
- (vii) Railways have identified 40 number of projects for augmentation of coal evacuation. Out of 40 projects, 17 projects have already been completed and 23 projects are in progress. Out of 23 projects, it is expected that about 18 projects would be completed by 2026-27.
