



Flexibility in Utilization of Domestic Coal amongst Power Generating Stations to reduce the Cost of Power Generation: Shri R.K. Singh

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Minister of State (IC) for Power and New & Renewable Energy, Shri Raj Kumar Singh, in a written reply to a question on coal shortage in efficient power stations, in Lok Sabha today informed that power plants get scheduled based on Merit Order Despatch. Therefore, an efficient plant is likely to be scheduled and consume coal accordingly which may sometime lead to less stock available at the plant.

The Minister stated that Government, in 2016, has introduced flexibility in utilization of domestic coal amongst power generating stations to reduce the cost of power generation. Under the scheme, the Annual Contracted Quantity (ACQ) of each individual coal linkage as per Fuel Supply Agreement is to be aggregated as consolidated ACQ for each State and Company owning Central Generating Stations instead of individual generating station. The State/Central Gencos have the flexibility to utilize their coal in most efficient and cost effective manner in their own power plants as well as by transferring coal to other State/Central Gencos Power plants for generation of cheaper power. Thus, the State/Central Genco utilize their coal as per the efficiency of their plants.

Further, as per the methodology for use of coal transferred by a State to Independent Power Producer (IPP) generating stations under flexibility in utilization of domestic coal for reducing the cost of power generation, the State can divert their coal and take equivalent power from IPP generating stations selected from the competing IPPs through an e-bidding process.

The guiding principle of the methodology is that the landed cost of power from IPP generating station at the State's periphery should be lower than the variable cost of generation of the State generating station whose power is to be replaced by generation from IPP. The landed cost of power is inclusive of the transmission charges and transmission losses, Shri Singh informed.

The Minister explained that during the e-Bidding process for selection of IPP generating stations, a reference will be made by the State notified agency to the Ministry of Railways regarding operational feasibility of the rail transportation of coal to the IPP generating station (shortlisted after opening of the Request for Quotation (RFQ) bids). The details of the quantum of coal to be moved and the time frame during which this transportation is required would be conveyed to Traffic Transportation Directorate of Railway Board (Ministry of Railways) by the concerned State notified agency.

Based on the operational considerations, Ministry of Railways convey their consent or otherwise within 7 days of the receipt of the reference. The IPP, where the transfer of coal is not feasible as conveyed by the Railways, would not be eligible to participate in Request for Proposal (RFP) stage, Shri Singh stated.

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