

No. 23/13/2021-R&R (Pt-1)

Government of India

Ministry of Power

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Shram Shakti Bhawan, Rafi Marg,  
New Delhi, 26<sup>th</sup> May, 2022

To,

1. Generating companies  
(As per list enclosed)

**Subject: Direction under Section 11 to the Generating Companies having Domestic Coal Based Plants Supplying Electricity under Section 63 of the Electricity Act, 2003– regarding**

Sir,

It has been observed that due to sharp increase in electricity demand some areas, in the country, are facing power shortage. With soaring power demand, the generation needs to be maximised. Efforts have been made to increase the supply of domestic coal; however, there is still a gap between the requirement of coal and the supply of coal, because of which the coal stock at the generating stations are depleting at a worrisome rate. The gap in demand and supply of domestic coal is anticipated to continue in next few months.

2. Looking into the emergent situation due to rise in demand and non-adequate supply of domestic coal, all States and Gencos based on domestic coal have been directed vide letter dated 28<sup>th</sup> April, 2022 (copy enclosed at **Annexure-I**) to import at least 10 percent of their requirement of coal for blending. The States were advised to give timely clearance to IPP's, wherever required in the PPA for blending of imported coal. It was also mentioned in the letter that procurement of coal must be done in a transparent manner to obtain competitive rates.

3. However, it has been observed that import of coal has not been at the required level. Some generating companies are not willing to import coal for blending

due to lack of clarity on compensation on account of blending with imported coal. Vide letter dated 13<sup>th</sup> May, 2022, (copy enclosed at **Annexure-II**) the States Governments and the SERCs were requested to ensure that all generating stations under them take immediate action for importing coal for blending.

4. Ministry of Power (MoP) have also issued the direction under Section 107 of the Electricity Act, 2003 on 18.05.2022 (copy enclosed at **Annexure-III**) to CERC to take suitable action to allow higher amount of blending with imported coal. Copy of this direction was sent to all state governments and SERCs/JERCs with the request to take similar appropriate action.

5. Government have taken note of the fact that the blending of imported coal to the extent of ten per cent is not happening as stipulated, and the reserve stocks of coal are continuing to dip, MoP issued direction to all Gencos vide letter dated 18-05-22 (copy enclosed at **Annexure- IV**) that if the orders for import of coal for blending are not placed by Gencos by 31.05.2022 and if the imported coal for blending purpose do not start arriving at the power plants by 15.06.2022, the defaulter Gencos would have to import coal for blending purpose to the extent of 15% (in order to meet shortfall of imported coal for blending purpose in Quarter1 i.e. Apr-June 2022) in the remaining period upto 31.10.2022.

6. Domestic coal based power plants, whose tariff has been determined under Section 63 of the Act have raised concerns about the pass through of the increased cost in tariff if imported coal is used and have requested for a suitable methodology to determine the impact on tariff of mandatory blending of imported coal. Their request has been examined in detail and a methodology has been finalized in consultation with Central Electricity Authority (CEA), which was discussed in the meeting held on 20.05.2022 with the stakeholders. Based on the discussion, the methodology has been revised to make it in line with the existing methodology being adopted by the CERC. A copy of the methodology is enclosed at **Annexure-V**.

7. In the light of the present emergent circumstances, and in continuation of the directions to import coal for blending, using the powers under Section 11 of the Act, it is hereby directed that :

- a) The methodology referred to in Para 6 above shall be used by the Generating companies supplying power under Section 63 of the Electricity Act, 2003 and State Governments/Discoms to calculate the compensation due to blending with imported coal.
- b) The mechanism for billing and payment for these plants shall be as per PPA. However, to enable Gencos importing coal with adequate cash flow, the provisional billing shall be done by the Gencos on weekly basis. Payment of at least 15 % of the provisional bill shall be made by the procurers within a week from the date of receipt of bill. This provisional billing and payment shall be subject to reconciliation during final billing and payment on monthly basis as per the PPA.
- c) In case of default of payment of 15 % of the weekly provisional bill, the generating company shall be free to sell 15 % power in the power exchange. The generating companies shall ensure blending with imported coal and maintain coal stock as per extant norms and the directions issued by the MoP from time to time.
- d) This direction is for coal imported for blending by such domestic coal based power plant up to 31.03.2023.



(Ghanshyam Prasad)

Joint Secretary to the Govt. of India

Tel: 2371 0389

**Copy to with a request to take appropriate action:**

Secretary, CERC/FOR, New Delhi

Secretary (Energy/Power), all State Governments/UTs

Secretary, SERCs

**Copy for information to:**

PS to Hon'ble Minister for Power & NRE

APS to Hon'ble MoS for Power

Sr. PPS to Secretary (Power)

All Additional Secretaries/Joint Secretaries/CE/EA, Ministry of Power

No. FU-21/2020-FSC; CN:253974

Government of India  
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,  
New Delhi, dated 28.04.2022

To,

1. Principal Secretaries/Secretaries (Power/Energy) of State Governments and UTs.
2. CMDs, Thermal Generating Stations (State GENCOs/PPs) (As per the list)

**Sub: Revised Import of Coal for blending purposes – reg.**

Please refer to Ministry of Power's (MoP) letter dated 07.12.2021 regarding the import of coal for blending purpose during 2022-23 estimated @ 4% for Pithead and Non-Pithead stations.

2. The status of materialization of domestic coal, status of imported coal for blending purpose as well as coal stocks at Thermal power plants was reviewed by Hon'ble Minister of Power, New & Renewable Energy on 12.4.2022, in a meeting with Gencos.

3. In continuation to this Ministry's letter of even number dated 7.12.2021 and in view of the increasing demand and consumption of electricity, it has been decided that the thermal power plants owned by State Gencos and IPPs must import the coal for blending purpose to meet requirement at 10% of the total requirement, and ensure continuous power supply in the respective states.

4. To ensure minimum required coal stocks in power plants before onset of monsoon, it is necessary that placement of awards for importing coal for blending purpose is completed by 31.5.2022. All Gencos shall ensure delivery of 50% of allocated quantity by 30.06.2022, 40% by 31.08.2022 and remaining 10% by 31.10.2022. The requirements for blending at 10% is placed at Annexure-I for each of the Gencos.

(i.) State Gencos: 22.049 MT

(ii.) IPPs : 15.936 MT

5. States are also required to timely give clearance to IPPs, wherever required in PPA, for blending imported coal.

6. Procurement of imported coal must be done in a transparent manner to obtain competitive rates.

7. All the State Gencos and IPPs must also submit weekly Management Information System (MIS) report by every Friday to CEA and MoP about port wise indents placed, arrival and delivery of imported coal plant wise.

8. This issues with the approval of Hon'ble Minister of Power & New and Renewable Energy.



(S. Majumdar)

Under Secretary to the Government of India  
Tel-Fax: 23356938

**Copy to:**

1. Secretary, Ministry of Coal
2. Chairman, Railway Board
3. Chairman, Central Electricity Authority
4. Chairman, Coal India Limited
5. DG, Association of Power Producers(APP)

Estimated Quantity of Imported Coal for Blending-State and IPPs		
I. State Gencos		
Utility	Capacity (MW)	Expected Req-Imported Qty (@10%) (TT)
<b>NON-PITHEAD STATIONS</b>		
HPGCL	2510	904
PSPCL	1760	594
RRVUNL	3240	966
UPRVUNL	3499	1286
CSPGCL	1500	544
GSECL	4010	1345
MPPGCL	5190	1875
MAHAGENCO	9540	3464
APPDCL	1600	521
APGENCO	3410	1297
KPCL	5020	1591
TANGEDCO	4320	2194
TSGENCO	4080	1227
TVUNL	420	156
WBPDCCL	4810	1586
<b>TOTAL-STATE-NON-PITHEAD STATIONS</b>	<b>54909</b>	<b>19551</b>
<b>PITHEAD STATIONS</b>		
UPRVUNL	2630	853
CSPGCL	1340	519
MPPGCL	210	68
TSGENCO	1162.5	337
OPGCL	1740	721
<b>TOTAL-STATE-PITHEAD STATIONS</b>	<b>7083</b>	<b>2498</b>
<b>TOTAL-STATE GENCOS</b>	<b>61992</b>	<b>22049</b>