

No. 23/13/2021-R&R (Pt-1)
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 5th May, 2022

To,

All Imported Coal Based Plants
(As per list attached)

Subject: Directions to generating companies under Section 11 of the Electricity Act, 2003 – regarding.

Sir,

The demand for power has gone up by almost 20% in energy terms. The supply of domestic coal has increased but the increase in the supply is not sufficient to meet the increased demand for power. This is leading to load shedding in different areas. Because of the mismatch between the daily consumption of coal for power generation and the daily receipt of coal at the power plant, the stocks of coal at the power plant has been declining at a worrisome rate. The international price of coal has gone up in an unprecedented fashion. It is currently around 140 US Dollars per tonne. As a result of this, the import of coal for blending, which was of the order of 37 Million Tonnes in 2015-16 has gone down, leading to more pressure on domestic coal. The imported coal based generation capacity is around 17,600MW. The PPAs for imported coal based plants do not have adequate provision for pass through of the entire increase in the international coal price. At the present price of imported coal, running of imported coal based plants and supply of power at the PPA rates will lead to huge losses to the generators and therefore the generators were not willing to run those plants.

2. Looking at the emergency situation; all States and all Gencos based on domestic coal have been directed to import at least 10 percent of their requirement of coal for blending.

3. In order to ensure that all power plants based on imported coal start functioning; the States have been advised that the price of coal should be a pass through. Most states have done that and about 10,000 MW out of 17,600 MW imported coal based generation capacity has started operating. However some imported coal based capacity is still not operating.

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4. In the light of the present emergent circumstances, the following directions are issued under Section-11 of the Electricity Act:

- a. All imported coal based power plants shall operate and generate power to their full capacity. Where the imported coal based plant is under NCLT, the Resolution Professional shall take steps to make it functional.
- b. These plants will supply power in the first instance to the PPA holders. Any surplus power left thereafter or any power for which there is no PPA will be sold in the Power Exchanges.
- c. Where the plant has PPA with multiple DISCOMs then in such cases, if one DISCOM does not schedule any quantity of power according to its PPA, that power will be offered to other PPA holder(s) and any remaining quantity thereafter will be sold through the Power Exchanges.
- d. Considering the fact that the present PPAs do not provide for the pass through of the present high cost of imported coal, the rates at which the power shall be supplied to PPA holders shall be worked out by a Committee constituted by the Ministry of Power (MoP) with representatives from MoP, CEA and CERC. This Committee shall ensure that bench mark rates of power so worked out meets all the prudent costs of using imported coal for generating power, including the present coal price, shipping costs and O&M costs etc and a fair margin.
- e. Where the generators / group companies own coal mines abroad, the mining profit will be set off to the extent of the shareholding of the generating / group company in the coal mine.
- f. The PPA holders shall have an option to make payment to the generating company according to the bench mark rate worked out by the Group or at a rate mutually negotiated with the generating company.
- g. Payment at the above rates shall be made to the Generating Company on a weekly basis.
- h. Where any DISCOM / State is not able to enter into mutually negotiated rates with the generating company and is also not willing to procure power at the bench mark rate worked out by the Committee; or is not able to make weekly payment then such quantity of power shall be sold in the Power Exchanges.

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