

## **What are your views on the current state of coal availability at TPPs in the country?**

**Abhishek Nath and Aniket Baregama**

Recently, TPPs across India experienced an acute coal shortage. The shortage was also felt throughout the Asian subcontinent. Many internal and external factors have contributed to the situation and are under investigation. Stakeholders have identified some of the most common causes of this situation.

Power demand in India started reducing during the lockdowns imposed to manage the Covid-19 pandemic, especially the demand from commercial consumers. As the lockdowns continued, the load on TPPs remained low and resulted in low coal consumption rates. However, from July 2021, most of the Covid-19 restrictions were revoked across India, and commercial and industrial activities started recovering rapidly. The overall power demand recovered to the pre-Covid levels and even crossed it. TPPs were not expecting this sudden increase in power demand. The low coal inventory available at plant locations aggravated the problem.

The Central Electricity Authority (CEA) norms mandate that there should be at least 15-30 days of coal available in the inventories of TPPs based on their distance from allocated coal mines. These coal inventories should be utilised in high demand or low coal supply situations. However, many of the TPPs were not maintaining even the minimum quantity of coal required in their inventories. Many stakeholders suggest that distribution companies (discoms) are still operating under high debt, and revival schemes, such as the Ujwal Discom Assurance Yojana (UDAY), have failed on the ground. Therefore, discoms are not making payments to gencos on time. In turn, the gencos are not able to buy large coal stock for their inventories.

India is also facing problems with coal transportation. The majority of domestic coal is mined from the eastern states of Jharkhand, Chhattisgarh and Odisha, and transported to other states via Indian Railways – the foremost mode of coal transportation in the country. The Indian monsoon, from June to September, slows down coal transportation and mining.

Also, high calorific value coal is imported from Indonesia and Australia. These countries are already facing challenges with high coal demand from many dependent countries. Due to this high demand, the cost of coal has increased across the world. Additionally, coal transportation through sea routes takes days to reach India. This situation has led to a 12 per cent decrease in coal imports.

## **What are the steps required to ensure adequate coal at TPPs?**

**Abhishek Nath and Aniket Baregama**

Power plants need to maintain their coal inventories responsibly based on the CEA norms, and regulators need to monitor the inventory status of power plants and provide the required support. In case there is a coal shortage, gencos need to facilitate dialogue with discoms and other utilities for clarity on power offtake in a timely manner. This will create better synchronisation among stakeholders to manage the scheduling more reliably.

A high renewable energy mix is also expected in the long term. Therefore, the spinning reserve needs to be increased in the country.

In order to improve coal supply and transportation efficiency, the rate of coal mining from domestic mines across the country should be increased and external coal dependency should be reduced. The resilience of the system needs to be improved by efficient and faster coal transportation through the development of dedicated railway passages. Additionally, frequent reviews and assessment of coal allocations to individual power plants and their actual costing on a unit tonnage basis should be conducted. The scope of coal reallocation and rerouting needs to be explored based on the long-term coal demand from critical thermal power stations located away from their allocated coal mines and import dockyards.