

# Future of Coal and Power

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**What is the present state of the power industry ? According to one estimate 60-70% of the power assets are under stress. A few good stories are on account of power plants which have atleast 80-90% PPAs and also have assured linkages. The other good story is of Ultra Mega Power Plants at the pitheads having their own mines. On the other hand, disaster stories are the Ultra Mega Power Plants based on imported coal or those who do not have PPAs.**

**However, Coal India Ltd. has given us a surprise by increasing its production. 2½ years ago, when the average PLF of the power companies was around 70%, it was said that incase enough coal is made available, PLF could go upto 80%. Coal India Ltd. made sure that the coal was available but to our surprise, the average PLF went down from 70 to 60. This only means there are factors other than coal which are responsible for the stress in the power sector.**

**What is the long term future of coal and coal based power. Is it going to be overrun by a profusion of renewable i.e. solar and thermal. Is the drop in renewable prices going to have material effect on the growth of thermal coal.**

**The National Institution of Transforming India (Niti Aayog) – the think tank of the government has come out with a draft National Energy Policy giving a long term view on coal/energy. The policy is in public domain for comments/suggestions.**

**The suggested strategies are revolutionary.  
Among other suggestions, concerning us are –**

- \* Privatised coal production and letting the market set the prices for coal.**
- \* Removing subsidies on electricity and providing direct benefits to people vulnerable to price rise.**

**✳ Let competition among different resources (both fossil fuel and renewables) decide the energy mix of the country and not policy interventions.**

# India at 2040 ! What will it look like ?

- a) **By 2040 – India’s population is expected to rise to 1.6 billion.**
  
- b) **The share of manufacturing in the country’s GDP will double from its current levels to 30%.**
  
- c) **As of 2017, nearly 25% of the population is still without access to electricity and 40%**

**without access to clean cooking fuel. All villages shall be electrified by 2018 and 24x7 electricity would be provided by 2022.**

- d) The transition shall be towards cleaner source of energy and more domestic resources (like coal) for increased energy security, assuming that the government's target of adding 175 GW of renewable energy by 2022 is met.**



- e) Different energy sources, whether fossil fuel or renewables, could gain a larger share in the future energy mix based on prices that are decided by the market.**
  
- f) Linking prices of coal, other fuels, and electricity on market principles will prevent wasteful use of resources and allow a level playing field for clean energy alternatives.**

**g) This would also allow power-generation companies to price electricity on unsubsidised, genuine costs and consumers could be compensated for any price rise via direct benefit transfers (DBT). This will improve financial performance of electricity distribution companies by reducing the revenue gap, and setting tariffs at cost-reflective levels.**

**THANK YOU**



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