

Printed from

## Power plants can save Rs 6,000 crore by coal linkage swap

Ashish Roy & Shishir Arya | Feb 7, 2015, 03:36 AM IST

NAGPUR: Coal ministry is expected to swap the coal linkages of nineteen power plants so that the cost of transportation goes down by over Rs1,000 crore per year for these government-run utilities.

The total expenses of four power plants in the state - Bhusawal, Khaparkheda, Parli and Mouda - will reduce by Rs270 crore per year. This is part of government's move to rationalize coal linkages. It means coal supply to power plants can be procured from mines that are closer to them. The savings will be on transportation of coal and it could even lead to reduction of tariff.

The government task force, comprising senior officers of different ministries, has recommended that the stage 1 of implementation of the reshuffling plan be put in place. Once all the three stages are covered, as much as Rs6,000 crore is expected to be saved on transportation costs each year.

The task force, has calculated that Bhusawal plant will save Rs56 crore, Khaparkheda Rs42 crore, Parli Rs123.5 crore and NTPC Mouda Rs45 crore under the first phase of the new system.

There are 119 power plants for which the reshuffling plan has been mooted. If implemented, expenses of 20 power plants will increase while that of 94 will decrease.

The report has stressed that the 20 plants will have to be compensated otherwise their owners may turn down the new arrangement. It has also made it clear that the arrangement will have to be implemented in a phased manner.

Presently Bhusawal gets maximum supply from Mahanadi Coalfields Limited (MCL) and remaining from Western Coalfields Ltd (WCL). The report recommends that half of the MCL supply should be provided by South Eastern Coalfields Limited (SECL). In case of Khaparkheda, the MCL supply should be reduced by increasing that of SECL and WCL. Parli plant should not get coal from MCL and it should be given more from WCL. Mouda should get entire coal from SECL instead of MCL.

In the second phase, the task force has recommended that power generation companies should swap linkages to reduce transportation cost. Power plants located in seven states - Maharashtra, Punjab, Uttar Pradesh, Tamil Nadu, Gujarat, Rajasthan and Haryana - have been chosen for this exercise. They will swap linkage with NTPC, Damodar Valley Corporation (DVC) and NTPC-SAIL Power Co. Ltd. (NSPCL).

This kind of arrangement exists in Gujarat between state-run GSECL and NTPC for domestic and imported coal. The swap in other states will be done on Gujarat model. Rest of power plants and states will be covered under the third phase. In this phase, power plants will be divided in clusters for swapping mechanism.

When the arrangement is implemented for all the targeted 114 power plants the average transport distance of coal for these plants will reduce from 597km to 416km - a change of 180km. One of the outcomes will be that more imported coal - about 25% -- will be used in plants that are closer to ports and it will reduce for interior power stations - about 20%. The arrangement is such that the plant load factor (PLF) of interior plants will not reduce beyond the standard value.

The other outcomes are: Pithead plants won't get imported coal while some coast plants may receive up to 50% imported coal. Some modification in boilers of such plants will be needed for which a shutdown of three months will be required.

Stay updated on the go with Times of India News App. Click [here](#) to download it for your device.

Post a comment