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## Coal shortage: States seek Centre's support to tide over looming power crisis

By: [Anupam Chatterjee](#)

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Amid rising demand and low coal stocks in its power plants, the state has been purchasing around 45 million unit (MU) of power from the spot market exchanges where electricity prices have risen from around Rs 4.6/unit in mid-September to about Rs 15/unit on October 8.



Uttar Pradesh, where 2,395 MW units were under outage due to coal shortage, had recorded power supply deficit of 22.2 MU on October 8. As much as 1,235 MW of these shut units had payment issues with coal companies.

To combat the looming power shortage stemming from low coal stocks, states such as Andhra Pradesh, Delhi and Rajasthan are looking to rope in stranded power assets to ensure uninterrupted supplies and seeking capital support from the Centre to buy expensive spot power and pay coal companies. Some states have already started resorting to power cuts during non-peak hours.

Andhra Pradesh chief minister YS Jagan Mohan Reddy has written to Prime Minister [Narendra Modi](#), urging him to take steps such as increasing coal supplies to the state's power plants and starting operations of pit-head power plants, which are under corporate insolvency resolution process "regardless of the stage of the proceedings at NCLT". He also requested for gas supply from the Reliance-BP and [ONGC](#) deep-water wells off the eastern coast to the stranded gas-based power plants with capacity of 2,300 MW in the state. Reddy further requested Modi to instruct banks to "provide working capital loans liberally to discoms till the crisis is tided over in order to make coal payments and undertake market purchases".

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discoms would deteriorate further if the situation persists," Reddy added. On October 8, the state's electricity shortage was 2.8 MU. Coal supply to the state's 1,760 MW Dr N Tata Rao

plant and the 1,650 MW Rayalseema station has been regulated due to outstanding dues to coal companies.

Request for domestic gas allocation has also been made by Delhi chief minister [Arvind Kejriwal](#) to the Prime Minister to supply to the state's Bawana and Pragati gas power plants to help them run at full capacity. Tata Power Delhi Distribution, one of the private discoms in Delhi, had informed its customers on Saturday that "due to limited coal availability in generation plants across north, power supply scenario between 2 pm to 6 pm is at critical level".

Rajasthan, which is currently the worst-hit state, has resorted to one-hour power cuts in at least 10 districts. Electricity shortage in Rajasthan on October 8 was a massive 37.8 MU, comprising a third of the deficit recorded across the country on that day. As on October 6, as much as 5,520 MW of power generation units in the state were undergoing outages, of which 2,320 MW had cited "coal shortage" as the reason for shutdown.

As per government records, coal supply was earlier regulated to 2,740 MW capacity in the state. According to sources, the state-run power plants were unable to buy coal because of large outstanding payments from its discoms. As at June end, dues of Rajasthan discoms towards the state's own power plants stood at Rs 18,603 crore.

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Out of the 1,36,159 MW power plants in the country with coal stocks for eight days or less, supply has been restricted to 11,939 MW units because of outstanding dues and another 7,650 MW are receiving supply as per payment. Other states with high power supply shortage include Bihar (12.3 MU), Haryana (9.2 MU), Punjab (8.9 MU) and Jharkhand (7.7 MU). As on October 6,

To control the rise in power prices in the spot market, the Union power ministry on Friday said power plants can sell electricity in the exchanges if the discoms with which they have PPAs do not requisition power from the generating station 24-hours in advance. The gains from selling power at higher rates in the exchanges will be shared between the power plant and the tied-up discoms on a 50:50 basis.

Higher coal usage in August and September, power plants not stocking enough and low alternative supply of coal have been attributed to low fuel stock levels. [Coal India](#) aims to ramp up coal supply to power plants to 1.6 MT per day by October end to normalise stocks. Power demand coming down with falling temperatures is also seen to help in coming out of the current crisis. Overall coal production during September was 51.7 million tonnes (MT), registering a year-on-year (y-o-y) growth of 33% and 31% when compared with the corresponding period in 2019. On a cumulative basis, the country's coal production increased by 12% y-o-y to 315.6 MT during April-September 2021, and 5.5% compared with the same period of 2019, analysts at [CARE Ratings](#) said.



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