

Coal stock norms likely to be revised amid power crisis

Coal stock limits set for thermal power plants may come down close to the levels fixed in 2020

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The government is likely to lower the minimum coal stock requirements for power stations to "realistic" levels in order to reduce the financial burden on gencos as they grapple with fuel shortages that have triggered a power crisis.

Two people aware of the development said the power ministry is looking to reduce coal stock limits set for thermal power plants close to the levels fixed in 2020 when lower power demand pushed gencos to cut fuel consumption and reduce power generation. The limits were raised again in 2021.

"While the situation is reverse of 2020 as power demand now has reached its highest levels, a cut in coal stocking requirements is expected to help gencos plan better on fuel management while reducing the extra expenditure required in maintaining high levels of coal stock at power plants that also poses risk of catching fire," said one of the people cited above.

Though the number of days of coal stock at power plants is still being discussed, the two people cited above said it may be brought down to 10 days of coal stock for pit head power plants running at 85% of capacity and around 14 days for non-pit head plants running at same capacity.



Currently, pit head power plants are required to maintain coal stock sufficient to run power stations at 85% of their capacity for 12-17 days.

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A similar norm was followed prior to the pandemic, before it was moved to distance-based differential stocking limits.

Currently, as per the distance-based

for 12-17 days. For non-pit head power plants, the limit varies from 20 days to 26 days depending on the distance of the plant from coal source.

Queries sent to the coal and power ministries remained unanswered at press time.

"This (current) limit is too high and will require power plants to maintain at least 65 million tonnes of coal to meet the coal stocking norm set by Central Electricity Authority

(CEA). The maximum coal stock at power plants till date has reached 45 million tonnes. So, the current norms are unrealistic and that is one of the reasons most power plants have critical coal

stocks (less than 25% of the stipulated levels) even though the fuel situation may not be that critical with them," said a government official aware of the deliberations to review and reduce coal stocking norms.

Besides posing risks of burning at stocking sites (coal starts to burn if kept in the open for more than 45 days), over 60 million tonne coal stock at an average price of ₹7,000-8,000 per tonne will need power plants to spend close to ₹48,000 crore with more expenditure required in subsequent years. A lower stocking limit is also expected to enable more coal supplies to projects with "extremely depleted stocks" as coal companies will be left with surpluses after all the needs of power plants.

Experts, however, have suggested more steps need to be taken to improve the coal availability and avert more power crises in the future.

"The revision in the coal stock norms need not be the solution for addressing the current situation. Because more importantly, the point is the adequacy of coal availability, both for the domestic coal as well as imported coal," said Girish Kumar Kadam, Senior Vice-President and Co-Group Head, ICRA.

He said that the current overall coal stock level is at 8-9 days, much lower than the normative requirement. As of 18 May, total coal stock at thermal power plants under the CEA's ambit stood at 20.77 million tonnes, less than a third of the required 66.49 million tonnes.

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SHEDDING LOAD ON GENCOS

THE move will reduce the financial burden on gencos as they grapple with fuel shortages

A person in the know said the number of days of coal stock at power plants is still being discussed

EXPERTS have suggested more steps need to be taken to improve the coal availability

differential stocking norms, pit head power plants (power plants that are close to coal bearing areas) are required to maintain coal stock sufficient to run power stations at 85% of their capacity