

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:1764  
ANSWERED ON:02.08.2001  
CAPTIVE POWER GENERATION PROJECTS  
NAWAL KISHORE RAI;SUSHIL KUMAR INDORA

**Will the Minister of POWER be pleased to state:**

- (a) whether the Government have allowed certain industries to launch captive power generation projects for meeting their power demand;
- (b) if so, the details thereof;
- (c) the total quantum of power generated through these projects during 2000-2001 and the annual generation capacity thereof;
- (d) whether excess power is being generated as compared to the actual demand under these projects; and
- (e) if so, the estimated additional quantum of power likely to be generated and the scheme formulated by the Government for the utilization thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF POWER ( SHRIMATI JAYAWANTI MEHTA )

(a) & (b): Yes, Sir. The State Governments have been requested to encourage setting up of captive generation plants and to create an institutional mechanism which may allow captive power units an easy entry into the power sector by quickly clearing captive power applications, giving the developers a rational tariff for purchase of surplus power by the grid and third party access for direct sale of power to other industrial units.

(c) to (e): Details regarding the total installed capacity and the quantity of power being generated by captive power plants are not available as under Section 44 of the Electricity (Supply) Act, 1948, the State Electricity Boards give consent to setting up of captive power plants by various industries. However, as per information available with the Central Electricity Authority, as on March 31, 1999, 20 selected industries (having an installed capacity of 1 MW and above) have set up a captive generating capacity of 13,932 MW in the country which generated 48354 GwHr of power. Details are given in the Annexure.

On July 11, 2001 the Ministry of Power has circulated a Captive Power Policy prepared by the Ministry of Power in consultation with the CEA to all the State Governments and Union Territories. In this policy, the following has been reiterated:

? If captive plant is of Hydro or cogeneration, such plant, irrespective of its size, may be permitted liberally.

? If captive power plant is based on coal or liquid fuel or gas such plant may be allowed and capacity of the plant permitted up to 200% of the requirement of industry (If the State is deficit in power).

? Captive power plant may be allowed if State/SEB or successor entity are unable to supply the required power supply. Such a captive power plant can be considered for the uninterrupted power supply to the industry even if the State is surplus in power.

? If the industry requires quality power supply which is not available, the proposal for installation of the captive power plant can be considered.

? If the cost of generation from captive power plant is found to be lower, the proposal may be considered after examining the cost and tariff.

? Units in Special Economic Zones (SEZs) and industrial estates may be allowed to set up captive power plants liberally.

? Banking facilities are proposed to be provided to CPPs. The rates for banking may be determined on mutually agreed terms.

? Prior approval of SEB has to be obtained for wheeling of power. Wheeling will be done to any service (HT or LT). Wheeling charges may be worked out based on pooled rates worked out by Central/State Transmission Utility of that region.

? The tariff for sale of power from thermal CPPs, may be fixed after mutual discussion and could be based on pooled variable charge of thermal power stations operating in the SEB plus some percentage of the pooled variable charges as incentive. Tariff could also be based on the highest variable cost in the system or actual variable cost of CPP, whichever is lower and some percentage of the variable cost as an incentive.

? Third party sale is also permissible with the approval of SEB.

ANNEXURE REFERRED TO IN REPLY TO PARTS (c) to (e) OF UNSTARRED QUESTION NO. 1764 TO BE ANSWERED IN THE  
LOK SABHA ON 2.8.2001.

S.No	Name of Industry	Installed Capacity (MW)	Generation (GWH)	Energy
1.	Aluminium		1742	11182
2.	Automobiles		231	371
3.	Cement		1466	3528
4.	Chemicals, Mineral Oil & Petroleum		1993	7091
5.	Fertilizers		1155	4322
6.	Food		115	60
7.	Heavy & Light Engineering		453	263
8.	Iron & Steel		1686	7416
9.	Mining & Quarrying		38	21
10.	Non-Ferrous Metal		424	1187
11.	Paper		599	2205
12.	Sugar		786	1771
13.	Textile		1884	5161
14.	Sub-Total (1 to 13)		12572	44578
15.	Other Industries		1360	3776
	Total (14 + 15)		13932	48354