

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:416
ANSWERED ON:24.08.2004
USE OF FUEL IN POWER GENERATION
Nitish Kumar Shri ;Suman Shri Ramji Lal

Will the Minister of POWER be pleased to state:

- (a) the details of the fuel used in power generation in the country at present;
- (b) the estimated average cost of power generation during 2003-2004 in respect of various projects in the country as a result of using each kind of fuel;
- (c) whether the Government have explored the possibilities of lowering the cost of power generation in the country; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF POWER (SHRI P.M. SAYEED)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 416 TO BE ANSWERED IN THE LOK SABHA ON 24.08.2004 REGARDING USE OF FUEL IN POWER GENERATION.

(a) & (b) : Coal, lignite, Natural gas, Liquefied Natural Gas and liquids fuels (LSHS, HFO, Naptha, HSD etc) are different types of fuels used in India for power generation.

The cost of generating power varies from station to station depending upon the capital cost, technology used, fuel, size of plant, location etc. The average cost of generation for NTPC plants from different fuels in 2003-2004 is given in Annexure.

(c) & (d) : A number of steps have been taken for reducing the cost of power generation. The Electricity Act, 2003 creates a competitive framework for generation which should exert a downward pressure on costs. The following fiscal concessions have been provided with the objective of lowering the cost of generation:

(i) Exemption in Customs Duties for setting up Mega Power Plants.

(ii) Exemption on Central Excise Duty/Counter Vailing Duty (CVD) on Naphtha used as fuel for generation in respect of 12 power projects. Exemption on Central Excise Duty / CVD on Low Sulphur Heavy Stock and other specified liquid fuels used for power generation.

(iii) The Government has recently reduced custom duty on coal from 25% to 15%.

Captive coal mining for thermal power projects is being encouraged with a view to lowering the cost of fuel for coal fired stations.

ANNEXURE

ANNEXURE REFERRED TO IN PARTS (a) & (b) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 416 TO BE ANSWERED IN THE LOK SABHA ON 24.08.2004 REGARDING USE OF FUEL IN POWER GENERATION.

Cost of Electricity from different fuels

The average cost of Electricity for NTPC plants from different fuels in 2003-2004

Sl. No.	Station	Cost of energy Rs/Kwh
1.	Coal Stations-Pit Head	1.16
2.	Coal Stations-Non Pit Head	1.75
3.	Average cost for Coal Station	1.27
4.	Gas Based Generation	2.30
5.	Naphtha Based Generation	3.64

Source: NTPC