

4. Coal Capacity Pipeline Declines in India

Prelims Syllabus: Economics

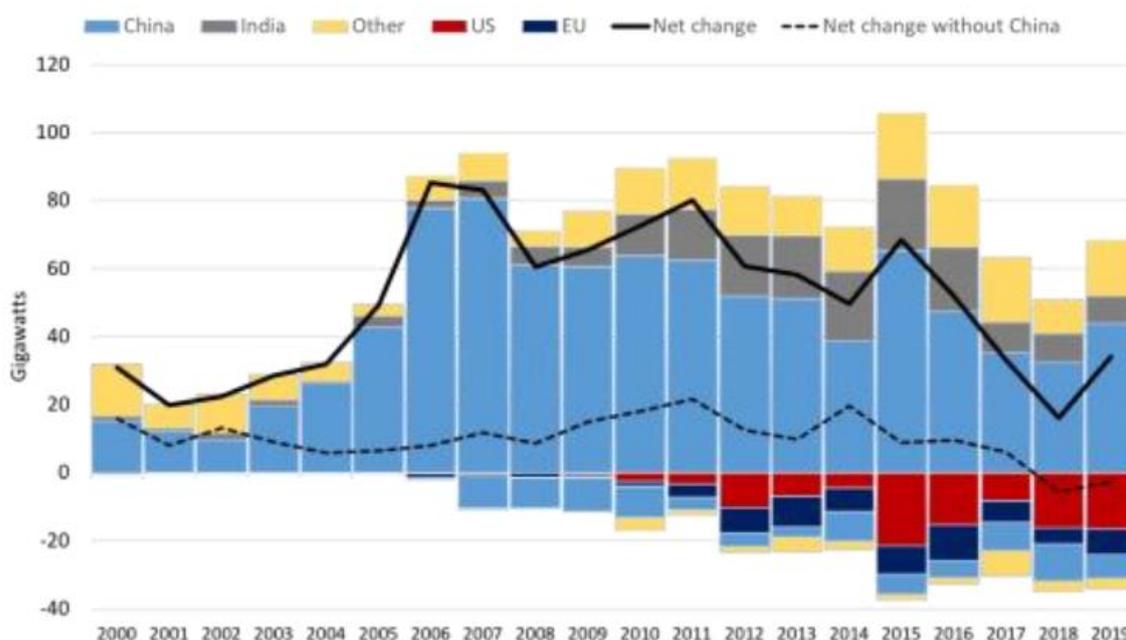
Mains Syllabus: Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System - objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology Missions; Economics of Animal-Rearing.

Why in News?

- **The latest report ‘Boom and Bust 2020: Tracking the Global Coal Plant Pipeline’** which is the fifth annual survey of the coal plant pipeline has been released recently. The report highlights that the capacity of coal power plants in the pre-construction phase fell by half from 2018 to 2019 in the country.
- Jointly released by the Centre for Research on Energy and Clean Air (CREA), Greenpeace International, the Sierra Club and Global Energy Monitor.

Highlights:

- The capacity of coal power plants which was 60.2GW in 2018, saw a sharp fall to 29.3GW last year.
- In India, capacity under construction and in pre-construction phase declined 80% from 311.1GW in 2015 to 66GW in 2019, with only 2.8GW newly proposed in 2019



- The findings state that the biggest growth in construction took place in South Asia in 2019, with India starting construction of 8.8GW of new coal power capacity.

-
- Along with this, 8.1GW coal- based capacity was commissioned in the country last year.
 - The new construction includes four coal plants-Adani Godda, Patratu and Udangudi having 1.6GW each and Yadadri with 4GW.
 - All the 8.8GW of new construction received substantial financing from the Power Finance Corporation or the Rural Electrification Corporation, both of which fall under the jurisdiction of the Ministry of Power and are set to merge this year.
 - The report indicated that the private sector is exiting coal plant development in the country, the public sector is stepping in and footing the bill.

Concerns:

- The shrinking coal pipeline in India, forced by huge over-capacity, subdued demand for electricity, falling utilization factor, falling prices of renewable energy, drying investments, and increasing public resistance due to pollution gives hope for a future with reduced fossil footprint for the country.
- But, at the same time new capacity is being added to the grid, new projects are given clearances and infusion of public money into new projects by the government stresses on the environmental and economic crisis faced by the country.
- A strict policy against building or clearing new coal-based plants with rapid retirement of older units is urgently required.