

# Four Rounds of Rationalization of Coal Linkages Covering 73 Thermal Power Plants Result in Rationalizing 92.16 MT of Coal with Annual Potential Saving of around Rs. 6420 Crore

Posted On: 01 SEP 2023 2:28PM by PIB Delhi

Ministry of Coal has initiated a policy initiative called rationalization of Coal Linkages to reduce the distance in transportation of coal from Coal Mines to consumers, thereby decreasing transportation costs and increasing efficiency in coal-based power generation. Coal linkage rationalization in power sector has resulted in decrease in transportation cost from the mines to the power plants leading to more efficient coal-based power generation. The exercise helps in reducing the load on the transportation infrastructure, easing the evacuation constraints as well as reduction in landed cost of coal.

Linkage rationalization for State/Central PSUs was implemented initially, based on the recommendation of Inter-Ministerial Task Force (IMTF) which was constituted in June, 2014. Another IMTF was constituted in July, 2017 to rationalize the linkages of the Independent Power Producers (IPPs). The methodology for rationalization of coal for IPPs/Private sector plants was also issued on 15.05.2018. An IMTF was also constituted in October, 2018 to examine the possibility of further rationalization of coal linkages, including Swapping of imported coal being transported to hinterland with domestic coal transported near coastal areas.

So far, four rounds of rationalization of linkage have taken place, covering 73 Thermal Power Plants (TPPs), out of which 58 belong to State/Central Gencos and 15 to IPPs. The rationalization of linkage has resulted in the rationalizing of total 92.16 million tonnes (MT) of coal, with annual potential saving of around Rs. 6420 crores.



As part of the Ministry of Coal's comprehensive strategy for the rationalization of coal linkages, Coal India Limited has taken a significant step by inviting Expression of Interest (E.O.I) from both Independent Power Producers (IPPs) and Generating Companies (Gencos). This visionary policy aims to substantially reduce transportation costs thereby curbing fuel expenses, delivering tangible benefits to consumers.

Through the Rationalization of Coal Linkage, Coal PSUs are not only optimizing operational efficiency but also driving down costs and fostering a more sustainable energy ecosystem. This policy demonstrates our commitment to balance economic growth along environmental sensitivity. The Ministry of Coal's innovative policy initiative continues to shape a future where efficiency, affordability, and environmental responsibility harmonize seamlessly.

\*\*\*

**BY**

(Release ID: 1953997)