

COAL is vital for electricity generation, building modern infrastructure, supporting urbanization and better quality of life.

- In a major long awaited reform in the coal sector since its nationalisation in 1973, government has allowed private companies to mine coal for commercial use. Government claimed this reform is expected to bring efficiency into the coal sector by moving from an era of monopoly to competition.
- Coal Consumers Association of India and other stakeholders have welcomed the move to open up the coal sector for commercial mining by private parties that will benefit the mining sector as new technologies would be introduced, create new job opportunities and boost the equipment manufacturing industry. However, as expected, trade unions are not happy over this development.
- Reuters reported that, with CIL failing to meet its production targets and logistic bottlenecks caused by shortage of railway cars leading to constrains in supply, power plants and cement makers may have to face the higher imports prices.
- Jakarta Post reported that Energy and Mineral Resources Ministry plans to introduce a new price formula for domestic coal sales in Indonesia, despite the ongoing disagreement between state electricity firm PLN and local coal miners. The Asian benchmark for Newcastle thermal coal had gradually increased to USD 106.78 per ton by January, after falling to as low as USD 74.52 per ton in May 2017.
- India Ratings and Research says that capacity utilisation of coal-fired power plants is expected to be 60 – 62 % in 2018-19 because of large capacity additions in the past five years. Coal-based thermal power plants operating below 60 percent PLFs would continue to face challenges in meeting their debt service obligations.
- World Coal Association says that world's energy system is changing and there is an international movement to reduce carbon emissions. This assessment supports a number of other independent forecasts that suggest despite the well-documented growth of renewables, fossil fuels, including coal, will remain dominant sources of energy in the global energy mix through to 2040.
- Coal India is reported to have decided against searching coal concessions abroad. However, the option for a minority stake in a company in Queensland, Australia, is under active consideration.
- NTPC is in talks for buying out equity of state utilities in some joint venture projects apart from taking over some of their stressed businesses as part of its drive to augment capacity. The capacity of some of these may not be very high but these projects have potential to expand.
- Damodar Valley Corporation has won bids for sale of 300 MW power to Bangladesh for a period of up to 15 years. The contract was through its power trader NTPC Vidyut Vyapar Nigam Limited. *Source: Economic Times*
- Reuters reported that China plans to increase high-quality coal supply by allowing mines to boost capacity if they shut outdated production processes. Companies that agree to sign long-term contracts with power plants or to set up joint ventures with power companies will be allowed to expand their capacity by 130 percent to 300 percent.
- In order to boost coal supplies to power plants, the government has decided on various steps including the use of dedicated rail transportation and setting up of power projects only within 500 km from coal mines. It has also decided that all power plants within 20 km from pit-head of coal mine will construct elevated closed belt conveyors within next 2 years.
- Shortage of rakes with the Indian Railways is reported to be one of the major reasons behind the lower supply of coal to thermal power plants that eventually resulted in critical and supercritical levels of coal inventories. According to the Ministry of Power, thermal power plants will require 615 million tons of coal and 288 railway rakes per day to transport it during the coming fiscal year. Currently they have 260 rakes and CIL is going to source more rakes to meet the additional demand.

CPSI view: If all coals are washed for supply to thermal power plants, the Railway's carrying capacity will increase by 18-20% without spending any money on additional rolling stock. Therefore, washing of coals is in the overall national interest and must be enforced effectively.

- ET reported that spot power prices in India have increased almost a rupee per unit since April 2017 mainly because of higher e-auction price of coal. Prices at e-auctions rose almost 16% while spot power rates increased 18% in the first nine months of the current fiscal.