

# Revival Scheme for Gas Projects Shelved

**THE REASONS** Low global gas prices and unwillingness of states to forego taxes; stressed plants can pool bids with RE projects

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New Delhi: The government has shelved a proposed revival scheme for the country's 24,000 MW gas-based projects due to low global gas prices and unwillingness of states to forego taxes, but will allow the stressed plants to put in pooled bids with renewable energy projects.

Power and renewable energy minister R K Singh told ET that the government will allow all conventional sources in the next tender to support renewable plants supply round-the-clock electricity.

"One bid for 5,000 MW round-the-clock supply is out where 49% is coal-based and 51% is renewable energy. We had thought of allowing gas-fired power plants in this, but it was pointed out that we import natural gas. This time, we have not done it, but in the next bid, we may open it up. We can make it source-neutral," he said.

Sources said the power ministry has decided to shelve an earlier plan to procure power from gas-based plants to revive them.

"I don't feel it is reasonable to ask states to accept renewable energy, which is in-

## Support Needed

**Industry insiders welcome move but said gas-fired power plants need working capital support**

**Gas prices in international spot markets are at a record low of less than \$2 per mmbtu**

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**RK SINGH, Power & Renewable Energy Minister**



**CAPACITY SHORTFALL**

**24,987 MW** Total installed capacity of gas-based power plants

**117 mmscmd** Gas required to run these plants

Total supply of domestic gas is less than a-fifth of the required capacity

**The projects operated at 23% in Sept against 21% in year-ago period**

intermittent, because in that case, discoms have to spend twice the amount. Now, future bids should be balanced so that states need not have to look for alternatives when the sun sets or when the wind does not blow," Singh said.

Industry insiders welcomed the move but said the gas-fired power plants needed working capital support. "Gas-ba-

sed power plants are a better choice to complement renewable energy projects because they are cleaner and flexible to switch-on and switch-off. However, the government needs to ensure that lenders come forward and lend working capital support to these projects," an industry observer said.

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kets are at a record low of less than \$2 per mmbtu.

ET had on January 7 reported that the Union power ministry has finalised two schemes to procure 4,000 MW from gas-based power plants to rescue the stranded plants. The schemes included procuring 2,000 MW from gas-based plants through auction and bundling it with an equal ca-

capacity of solar power. Another 2,000 MW was to be procured through online reverse auction.

A senior government official said the scheme has been dropped due to lack of approval from state governments on waiver of taxes.

The proposed scheme required waiver of state and central taxes on imported LNG, waiver of GST on regasification and transportation of the fuel, reduction of pipeline tariff charges and marketing margin by state-run gas transporter Gail.

The total installed capacity of gas-based power plants in the country is 24,987 MW. The quantity of gas required to run these plants is 117 mmscmd. However, the total supply of domestic gas is less than a-fifth of the required capacity. The projects operated at 23% in September this year against 21% in the same month last year.

Solar Energy Corporation of India had in March issued a 'request for selection' document for selection of renewable energy power developers for supply of 5 GW of round-the-clock power from renewable energy projects, to be supported with coal-based power projects.