

Feasibility Report

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"The companies plan to commission a detailed feasibility report. Work on the project will start after that," an industry official said.

The project is being set up to support the country's National Coal Gasification Mission to achieve a coal gasification and liquefaction target of 100 million tonnes by 2030, said the official cited above.

BPCL aims to produce 1.83 million standard cubic meters of gas per day through coal gasification for both captive and commercial use. Coal gasification converts coal into synthetic natural gas (SNG), offering a cleaner energy alternative.

SNG also helps expand the application of coal beyond conventional usage, such as power generation, heating, and chemical production. Coal gasification can also produce hydrogen that can be used for transportation, electricity generation, industrial processes, etc.

For BPCL, the project will help advance its portfolio toward cleaner energy. For Coal India, it is a step toward diversifying coal utilisation and enhancing energy security.

CIL accounts for more than 80% of the country's coal production. BPCL and Coal India did not respond to ET's mailed request for comment.

The Centre has approved an incentive scheme of Rs 8,500 crore to provide Viability Gap Funding (VGF) for coal gasification projects for both private

and public sector undertakings (PSUs). The VGF is a one-time, or deferred, grant to make a project commercially viable.

VIABILITY GAP FINANCING

"Coal India and BPCL's project in Maharashtra will be eligible for a VGF of Rs 1,350 crore. The project, with a total cost of Rs 12,000 crore, aims for a production capacity of 1.83 MMSCMD of synthetic natural gas," said another industry official.

Earlier this month, the government gave letters of award to CIL-BHEL — a consortium of CIL-GAIL, Coal India, and New Era Cleantech Solution — for availing incentives totaling ₹4,150 crore for setting up coal gasification projects.

State-run Bharat Heavy Electricals Limited (BHEL) and CIL have joined hands to set up an ammonium nitrate plant through coal gasification (SCG), to revolutionise indigenous technology at the Lakhanpur area of Mahanadi Coalfields, Odisha.

The plant's backward integration would help in securing the raw material, reducing the import dependency on ammonium nitrate. CIL and GAIL's joint venture project in Sonepur Bazari, West Bengal, has been awarded ₹1,350 crore in the form of VGF.

This project will be set up at the cost of Rs 13,000 crore, and will also focus on converting coal into synthetic natural gas (SNG) with a production capacity of 1.83 million metric standard cubic meters per day.