

# ‘India seen facing wider coal crunch, power outage risks’

Local supply to fall 42.5 MT short of demand in Sept. quarter

REUTERS  
NEW DELHI

India is expected to face a wider coal shortage during the quarter ending September over expectations of higher power demand, an internal power ministry presentation seen by Reuters showed, worsening risks of widespread power outages.

The energy-hungry nation expects local coal supply to fall 42.5 million tonnes short of demand in the September quarter, 15% higher than previously projected, due to higher growth in power demand and lower output from some mines.

The grim forecast shows the extent of the fuel shortage in India, at a time when annual power demand is seen growing at the fastest rate in at least 38 years and global coal prices are trading at near-record levels due to a supply crunch resulting from the Russia-Ukraine crisis.

## Pressure on utilities

India has stepped up pressure on utilities to increase imports in recent days, warning of cuts to supply of domestically mined coal if power plants do not build up coal inventories through imports.

However, one of the slides in the presentation showed that most States had yet to award contracts to import coal and that Indian utilities would run out of coal by July if no coal was imported.

Only one State had awarded a contract to import coal as of end-April, a power ministry import status report reviewed by Reuters showed.

India expects domestic coal supply of 154.7 million tonnes, 42.5 million tonnes short of the projected requirement of 197.3 million tonnes in the September quarter, the presentation showed. It previously ex-



**Near nil:** Most states are yet to award contracts to import coal and utilities will go dry by July if imports are not done. ■ AFP

pected a shortage of 37 million tonnes.

The presentation was made on Friday in a virtual meeting in which the federal coal and power ministers were present, with top energy officials from the federal government and the States in attendance, according to two government officials familiar with the matter.

## States cite high global prices and supply challenges to seek aggregated imports

The federal coal and power ministries did not immediately respond to a request seeking comment. Details on the presentation have not been previously reported.

Coal inventories at power plants have declined by about 13% since April, which translates to eight days of coal requirement, the lowest level at this time of the year in at least nine years.

The higher coal demand could also stifle efforts to build power plant inventories.

India now expects the demand for coal from utilities to be 784.6 million tonnes for the year ending March 2023, the presentation showed, 3.3% higher than projected earlier.

The projected annual coal shortage is now 49.3 million tonnes, nearly three times the 17.7 million tonnes projected earlier, the presentation showed.

India reconciled its coal demand projections after higher-than-expected power demand growth in April, when electricity use hit a record high due to soaring temperatures.

## Call for bulk import

Many States on Friday called for the federal government-run Coal India to import coal in bulk and distribute it among the States, the officials said.

States cited high global prices and supply challenges to seek aggregated imports, the officials said, adding that the coal minister had told States the demand would be considered.

Higher imports could put further pressure on State government-owned power distribution companies, which are already saddled with debt and owe billions of dollars to generators as they have historically absorbed higher input costs to keep tariffs steady. Coal India did not immediately respond to a request seeking comment.

The world's largest miner has not imported coal in recent years.