Emission Standards for Thermal Plants

What is the issue?

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- Thermal power plants failed to comply with new emissions standards notified in 2015, by December 2017 deadline.
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- Implementation remains unclear, even with the new opportunity to comply over a five-year period that ends in 2022.
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Why is it significant?

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- Air quality is no longer a seasonal irritant as a public health crisis is looming.
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- It may adversely impact public and private spending on health care.
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- The health cost borne by society, if the standards are not implemented, far exceeds the implementation cost.
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- It could make India’s cities less attractive for investment.
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- It may also weaken long-term productivity, due to an unhealthy population.
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- So it is crucial that the emission standards are implemented by the power plants.
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What are the directions?

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- The Central Pollution Control Board issued an order in December 2017.
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- It lays out a clear implementation plan for
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i. electrostatic precipitator (ESP) retrofits (components) aimed at particulate matter
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ii. flue-gas desulfurisation (FGD) units for reducing sulphur oxides (SOx) emissions from power plants
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- A successful reduction in emissions from power plants will depend on:
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i. plant operators investing in retrofits
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ii. regulators permitting a full price revision for additional costs
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iii. decline of bulk procurement costs for utilities
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What are the concerns and challenges?

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- Power Utilities currently incur losses to the tune of Rs 700 billion a year from their operations.
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- This is because consumers are either subsidised or given free electricity, due to political pressures.
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- Utilities are thus unable to recover even the cost of supplying power.
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- So they are unlikely to recover higher costs resulting from plant retrofits.
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- The installation and operation of these retrofits could increase the cost of procuring from coal-fired power stations.
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- It could result in an increase of 20% on the average costs of procurement

today.
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- In turn, plant operators are concerned about their capital investment if utilities do not pay up.
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- The pace of implementation of the standards is thus well off the mark and there could be further delays.
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- Another challenge is that India has followed a command and control approach.
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- It does this by setting almost a uniform standard for all plants.
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- The United States had addressed an earlier acid rain issue through a comprehensive cap-and-trade mechanism for SOx emissions.
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- But India has many challenges in rolling out a cap-and-trade regime including:
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i. low levels of monitoring of emissions
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ii. low capacity within state pollution control boards
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iii. lack of a cadre of administrators to monitor
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What is the way forward?

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- Bearing the additional costs of implementation is the first best outcome.
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- Having a cadre of monitors in place to monitor emissions standards is essential.
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- Another way is to implement emissions control in tandem with increasing the efficiency of power plants.
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- Meanwhile, a greater share of renewable electricity will demand a more flexible power system.
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- Some of the older plants could be renovated and modernised.
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Source: Business Standard

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