Revised SHAKTI Policy

Why in News?

The Cabinet Committee on Economic Affairs has approved grant of fresh coal linkages to Thermal Power Plants of Central Sector/State Sector/ Independent Power Producers (IPPs) through revised SHAKTI policy.

- **SHAKTI** - Scheme for Harnessing and Allocating Koyala Transparently in India.
- **Introduced in** – 2017.
- **Aim** – To allocate ***coal linkages through an auction / tariff-based bidding*** instead of nomination-based allocation.

> *Central Sector Thermal Power Projects (TPPs) shall continue to get coal linkage on nomination basis on the recommendation of Ministry of Power, whereas, the linkages earmarked to the States on nomination basis on the recommendation of Ministry of Power may be utilized by the States in the State Generating Company.*

- **Revised SHAKTI policy** – *2 windows* have been proposed for coal linkages with thermal power plants.
  - **Window-I -** Coal linkage at notified price
  - **Window-II -** coal linkage at premium above notified price
- **Expenditure** – It would *not involve any additional cost* to the coal companies.
- **Number of beneficiaries** – Thermal Power Plants, Railways, Coal India Limited / Singareni Collieries Company Limited, End Consumers and State Governments would be benefitted.
- **Implemented by** - Coal India Limited (CIL)/ Singareni Collieries Company Limited (SCCL).
- **Advantages**
  - Simplification of the linkage process
  - Caters to the dynamic coal requirement of the Power Sector
  - Providing the power plants the flexibility to sell the electricity as per their choice.
  - Enabling Independent Power Producers (IPPs)/Private Developers for thermal capacity addition
  - *Promote Coal Import Reduction*/Substitution
  - Preference to 'Pithead' power plants

> *The revised SHAKTI Policy, besides supporting Brownfield expansion, will promote setting up of Greenfield Thermal Power Projects primarily at* ***pithead sites*** (nearer to the coal source).

- *Reduce tariff for electricity consumers*.
- Provides for *delegation of powers* for enabling minor changes, in the policy, at the level of concerned Ministries.

Reference

PIB| Notification of Revised SHAKTI Policy

