

## 'NEED STRATEGIC RESERVES OF COAL AND GAS'

Relevant for: Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

High wire: India's 17,000 MW based on imported coal, 24,000 MW of gas-fired plants get hit when prices rise. K. K. Mustafah MUSTAFAH KK

The Centre has asked States to lift their hydropower output in a bid to conserve scarce coal supplies, Power Secretary Alok Kumar said on Thursday, stressing the need to build strategic reserves of imported coal and gas as was being done for petroleum products.

"At least in the foreseeable 10 years or so, all the countries, especially major economies, will be dependent on fossil fuel supplies for base load and for grid balancing," Mr. Kumar noted. "We will never be able to insulate ourselves from these supply shocks of imported fuel," he added, referring to the major supply disruptions due to the soaring global prices of coal, gas and oil.

"Let us start discussing about keeping a strategic reserve of these fuels — gas, oil, imported coal... so that economies are able to adjust and tide over these supply shocks for about a month or so. That will be a small cost vis-à-vis the cost of these disruptions," he said at the South Asia Power Summit hosted by the Confederation of Indian Industry (CII).

Noting that even China, U.K., Europe and Singapore had faced supply challenges, Mr. Kumar said high prices made energy security challenging. India, he pointed out, had 17,000 MW of power plants based on imported coal and 24,000 MW of gas-fired plants, which virtually go out of play when prices rise too high.

### 'Crunch time'

"Many countries have started keeping strategic reserves, because when it comes to a crunch, every country will meet its needs first. Russia has curtailed gas supply to Europe because they want more gas to be consumed within their country," he said, making a case for South Asian countries to build up similar reserves.

Mooting the need to diversify the energy basket to cope with the fossil fuels' supply crunch, the official said: "For the last one week, we are generating extra hydropower on off-peak days to conserve our coal. We have talked to States and said wherever you have water reservoir, or higher water levels, please generate more hydropower so that we can save coal."

A surge in power demand combined with a fall in imports due to high global coal prices have led to supply disruptions and power cuts lasting up to 14 hours a day despite record supplies from state-run Coal India. Most of India's 135 coal-fired power plants have fuel stocks of less than three days. Coal accounts for more than 70% of India's power generation.

India, the world's second largest coal importer with the world's fourth largest reserves, must also compete for supplies with China.

"High prices will make energy security very challenging if we don't have a well thought out strategy," Mr. Kumar said.

( With inputs from Reuters )

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