

Scheme for Procurement of Aggregate Power of 4500 MW

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In news– The Ministry of Power has recently launched a scheme for Procurement of Aggregate Power of 4500 MW for five years under B (v) of SHAKTI Policy.

Key features of the scheme-

- The Ministry of Power has started this scheme on a competitive basis for five years on Finance, Own and Operate (FOO) basis under B (v) of SHAKTI Policy.
- **PFC Consulting Limited** (A wholly owned subsidiary of PFC Ltd) has been **designated as the Nodal Agency** by the Ministry of Power.
- Under the scheme, PFC Consulting Ltd has invited bids for the supply of 4,500 MW. Supply of electricity will commence from April 2023.
- The Ministry of Coal has been requested to allocate around 27 MTPA for this.
- **It is for the first time that bidding is being carried out under B(v) of Shakti scheme.** Also, revised PPA for medium term is being used in this bidding.
- This scheme is expected to help the states that are facing power shortage and also help generation plants to increase their capacities.
- The Ministry of Power had notified the Guidelines for procurement of power on Finance, Own and Operate (FOO) basis under para B (v) of the SHAKTI Policy on 25th October 2022.
- The methodology for coal allocation as per provisions of Para B (v) of SHAKTI policy was issued on 11th May, 2022.

What is SHAKTI policy?

- The SHAKTI (**Scheme for Harnessing and Allocating Koyala Transparently in India**) policy was approved in May 2017 with the intent of better allocation of coal to present and future power plants.
- It aimed to phase out the present Letter of Assurance and Fuel Supply Agreement (FSA)-based regime, and instead introduce a more transparent and competitive coal allocation policy.
- The policy also offered a potential solution to the lack of coal linkages to 17 power plants with a capacity of about 15,000 MW, which were part of the 34 power plants (of about 40,000 MW) declared as stressed.
- The policy was amended in March 2019 specifically to aid stressed projects based on the recommendations of a High-Level Empowered Committee.

Further reading: <https://journalsofindia.com/shakti-policy/>