Coal and communities

Fighting for survival

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Big picture

- Current national production ~ 570 mn MT
- Of which, CIL produced about ~500 mn MT
- Imports: ~170 mn MT
- Coal Minister’s targets – 1 bn MT by Coal India by 2019 + 500 mn MT by private miners
- Budget 2015 – push for five new UMPPs – 4GW each
- Goal to increase domestic coal prodn to phase out imports by 2019

But coal’s headwinds in India remain…
Supply side constraints

- **Coal shortage** remains, albeit at lower rates. CIL has raised production by ~6% this year. Will still fall short of target by 15-20 mn MT.

- **Transport infrastructure** - cannot support a huge coal build out

- **Reserve uncertainty** – poor quality coal and limited economically extractable coal

- **Costs rising** - Most cheap, good quality coal deposits already being mined – shift to less economical deposits, remote, forested areas

- **Opposition** from land owners and users to both mines and power plants growing

- **Air quality** is becoming an issue – Delhi - Beijing
Opposition to coal growing rapidly

- The majority of new power plants and mines are facing opposition from affected communities and activists
- Legal action has led to the delay or cancellation of several plants in the last 4 years, many more still in courts
- Groups fighting coal in all major coalfields – on grounds of forest loss, livelihood rights, biodiversity, water conflicts
Demand side constraints

• State electricity boards bankrupt – lost $11 bn in 2012/13.
• As a result, boards avoid purchase of costlier power – “load shedding”
• Plant Load Factors ~65%
• Banking sector over exposed to the coal sector
• High NPAs overall, including in the power sector
• Finance for new coal projects hard to come by
What’s the market saying?

Investors are cautious – wait and watch mode

Coal India share sale: Offer oversubscribed 1.2 times
$3.7 billion revenue for Govt of India

“A HUGE SUCCESS”

“SIGN OF GOOD THINGS TO COME FOR THE COAL SECTOR?”
~45% of shares bought by Life Insurance Corporation – controlled by… Govt of India.
As a result…

- Coal pipeline 2012: ~519 GW (WRI)
- Coal pipeline 2014: ~370 GW (Greenpeace)
- Coal pipeline 2015: ~300 GW (CoalSwarm)

~70 GW under construction, most started before 2012

Since 2012, only 10 GW have commenced construction

For ONE coal plant built, SIX shelved or cancelled
• Ambition vastly increased – 160 GW by 2022
• Energy for all via solar = rural electrification/DRE
• $100 billion investment goal
• Coal CoP rising, solar costs still falling
• Grid parity expected within 3-5 years
Big isn’t better

• RE focus on large 4GW utility projects – repeating the mistake of large coal plants –
• Land issues
• Grid stability?
• 4GW projects proposed for Sambhar Lake (eco-sensitive wetland), Ladakh
• Decentralised off grid projects neglected?
State response: Double down on coal

Pushing **new mines in forest** areas – 1.5 bn MT goal will mean large scale forest destruction

**Breaking or changing laws** to speed up clearances, remove requirements for consultation with communities, remove environmental safeguards

**Silencing dissent:**
Energy/infra projects = national interest
Any opposition = anti-national

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In conclusion…

Next few years critical
Land acquisition is set to be a major battleground
Global response on finance for India’s RE and climate axns - huge role
Equally important – deny foreign finance to coal in India
If RE continues to grow and coal continues to flounder the 300 GW pipeline will shrink rapidly