

Coal and communities

A woman in a blue and white striped sari stands at a podium, speaking into a microphone to a large, diverse crowd of people. The event is held outdoors under a large yellow and blue tent. The crowd consists of men, women, and children, many sitting on the ground. The background shows a rural landscape with trees and hills under a clear sky.

Fighting for survival

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



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