



F. No.11/86/2017-Th.II (C.No 238797)

Government of India

Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, dated the 16th June, 2023.

To,

1. Principal Secretary/Secretary in-charge of Energy/Power
Departments, All States/UTs
2. Chairman, CEA
3. CMDs of all CGSs/IPPs

**Subject: Modification of Revised Policy for Biomass Utilization for
Power Generation through Co-firing in Coal based Power
Plants dated 08.10.2021- reg.**

Sir/Madam,

I am directed to refer to this Ministry's "Revised Policy for Biomass Utilization for Power Generation through Co-firing in Pulverized Coal Fired Boilers" issued in 08.10.2021 and its Addendum issued on 03.05.2023(copies enclosed).

2. Keeping in view that the supply chain of biomass-based pellets is still in the process of development in the country and to further promote use of biomass pellets in coal based thermal power plants, the above Policy stands further modified as under:

(a) Existing Clause No.3- (i), (ii), (iii) to be replaced by the following clauses:

- 3(i) All coal based thermal power plants of power generation utilities with **bowl mills**, shall on annual basis mandatorily use minimum 5% blend of biomass pellets made, primarily , of agro residue along with coal with effect from FY 2024-25. The obligation shall increase to 7% with effect from FY 2025-26.

3(ii) All coal based thermal power plants of power generation utilities with **ball & race mills**, shall on annual basis mandatorily use 5% blend of biomass pellets(torrefied only) made, primarily, of agro residue along with coal with effect from FY 2024-25. The obligation shall increase to 7% with effect from FY 2025-26.

3(iii) All coal based thermal power plants of power generation utilities with **ball & tube mills**, shall on annual basis mandatorily use 5% blend of torrefied biomass pellets with volatile content below 22%, primarily made of agro residue along with coal with effect from FY 2024-25.

(b) Addition of Para 5, after Para 4 of ibid policy, as under:

A Committee shall be constituted under the leadership of CEA with members from MNRE, MoAFW, MoPNG, Forum of Regulators, SAMARTH, State Governments, Power Utilities etc. for **price benchmarking of biomass pellets** considering the business viability, impact on electricity tariff and efficient & faster pellet procurement by power utilities.

The Price benchmarking would be carried out region-wise for a period of 5 years with the provision for periodic escalation. The benchmark price will not include the transportation cost from the pellet manufacturing unit to the Thermal Power Plants (TPPs). TPPs shall determine the transportation cost from pellets manufacturing units to TPPs in a fair and transparent manner. The procurement of benchmark-priced pellets shall be carried out on a first-come, first-serve basis. If TPPs are unable to procure biomass pellets at the benchmark price, they have the option to go for a short-term tender. However, it is important for TPPs to ensure that the price discovered in the short-term tender is determined in a fair and transparent manner. The price discovered should also be comparable to the benchmarked prices. The recommendation of Price Benchmarking Committee will be effective from 01.01.2024. The existing tendering process shall continue till the implementation of the Benchmarking Committee recommendations. Meanwhile, the power utilities shall go for short term tenders for meeting the immediate requirement of biomass pellets for their TPPs.

(c) Addition of Para 6, after Para 5 of ibid policy, as under

It has been observed that the availability of torrefied biomass pellets is much lower in the market. Therefore, those power plants which can

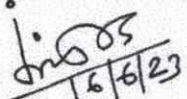


use non-torrefied pellets should utilize the same only. Hence, TPPs having Bowl mill will issue tenders for non-torrefied biomass pellets only, while TPPs having either Ball & Race mill or Ball & Tube mill will issue tenders for Torrefied biomass pellets. This practise will continue till further notification on this issue.

3. This issues with the approval of Hon'ble Minister of Power & NRE.

Encl: as above.

Yours sincerely


16/6/23
(J. Misra)

Under Secretary to the Government of India
Tele: 23063746

Copy to:

- (i) PS to Hon'ble Minister of Power & NRE.
- (ii) PS to Hon'ble MoS for Power
- (iii) Sr PPS to Secretary(Power)
- (iv) PPS to SS&FA ,PPS to AS(AT)
- (v) All Joint Secretaries/EA/Chief Engineer, Ministry of Power
- (vi) In-charge, NIC, Ministry of Power- with a request to upload this document on the website of MoP.