

It has take the government a year to even move on capping the gains

It was bad enough that the government decided to allocate coal mines to a chosen few without auctioning them or without having any transparent system of allocation, but once the CAG's Coalgate report came out last year, a flurry of action was promised. So, a CBI probe was ordered and, in the meanwhile, it was decided that a way would be found to cap the benefits to the chosen few who got captive coal blocks. One way, recommended by the power ministry after the CAG report came out was to direct power producers who had captive coal blocks to sell their power only on the basis of competitively-bid long-term PPAs—prices in the short-term merchant power market were higher and a few firms were making a killing. It took the coal ministry, that allocated the blocks, over 3 months to react to this and it issued a circular that said "if any developer does not participate in competitive bidding for power supply, the block will be de-allocated". Fair enough, most assumed, at least the people of the country would benefit with cheaper power now available.

Turns out, this was wishful thinking, of people not conversant with how government works. The circular, it appears, had no validity till the law ministry cleared it. This, as FE reported Thursday, has taken more than a year. And while doing so, the power ministry has opined that the captive coal-based power producers need some time to adjust, to be able to sign up PPAs—so a period of 18 months is to be given for this, a period in which they can continue to sell at higher merchant prices. But since the law ministry's opinion has not yet been notified, it is anyone's guess as to when the chosen few will actually have to sign up long-terms PPAs.