

Quote By Davinder Sandhu, Co-founder & Chairman, Primus Partners

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Centre may target 100 GW coal power as demand soars

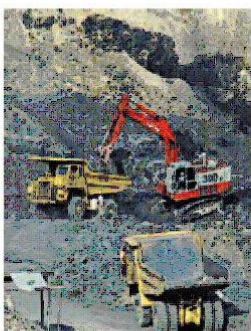
Centre may target 100 GW coal power as demand soars

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The Centre plans to add 100 GW of coal-fuelled power in the next seven years, raising its previous target of 80 GW given India's soaring electricity demand and rising coal production, two people aware of the matter said. The additional capacity plan will entail an extra investment of ₹1 trillion, since every 1 MW of power costs ₹5 crore on average.

Despite the boom in solar and wind power, electricity from thermal and hydro projects remains critical. Every power grid must have a minimum, constant level of power demand called base load, which is typically supplied by coal and hydro projects given their stable output.

"Now, the government is looking at the possibility of adding over 100 GW of thermal capacity. The roadmap is still under consideration. But the vision is to use the vast reserves of domestic coal for power generation and ensure economic growth and adequate base load capacity," one of the two people cited above said on the condition of ano-



India produced a record 1 bn tonne of coal in FY25.

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India's peak power demand has been rising year after year. It is projected to reach 270 GW in 2025, crossing the previous high of 250 GW on 30 May, 2024. The Central Electricity Authority (CEA) expects power demand to hit 446 GW by 2030 and cross 700 GW by 2047.

Alongside, coal production has jumped. India produced a record 1 billion tonne of coal in FY25, and expects to continue the growth momentum, with the country projected to produce 1.5 billion tonne of the mineral by 2030 and the peak rated capacity at 2 billion tonne.

According to the second

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person, the coal ministry would explore ways to raise production further, and provide the power ministry with an estimate of coal availability in the years ahead. Both coal and power ministries are working on this front, the person added.

Queries mailed to the ministries of power and coal remained unanswered.

"Energy transition roadmap in India would be different from rest of the world, primarily from the developed countries. India's energy demand is growing at 6-7% annually, while it has peaked out in several other economies. Further, the per capita energy consumption in FY23 was about 1330 kWh (kilowatt hour) in India, about half of the global average of around 2700 kWh and it is growing at a fast pace. Developed economies have a per capita energy consumption of around 13,000-15,000 kWh," said Anujesh Dwivedi, partner, Deloitte India.



Electricity from thermal, hydro projects is critical. BLOOMBERG

India needs to urgently enhance base load power to ensure that installed renewable capacity can be fully utilized, said Davinder Sandhu, co-founder and managing director at Primus Partners, a management consulting firm, calling the rethink "rooted in energy security, economic growth, and grid stability." He noted that while renewable energy capacity is expanding rapidly, it remains intermittent, with a reduced share in the overall electricity mix, making a stable base load criti-

cal.

"This expansion will safeguard against blackouts and maintain grid frequency, even as renewables like solar and wind are integrated in greater proportions. India remains committed to renewable energy, but a pragmatic approach ensures that the green transition does not compromise growth," Sandhu said.

If the base load is not met, it can lead to a loss of grid frequency, rendering it unstable. In such cases, distributors resort to load shedding to keep the grid stable.

On Monday, Spain and Portugal saw countrywide blackouts after a grid collapse, believed to have been triggered by a failure in Spain's solar projects. Spain is one of Europe's largest producers of renewable energy.

The latest Economic Survey argued against shutting coal plants and called for climate adaptation, rather than mitigation.

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