

Sasan ultra mega coal power project (UMPP) India

Sectors: Coal Electric Power Generation

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[Project website](#)

Sectors	Coal Electric Power Generation
Location	
Website	http://www.reliancepower.co.in/business_areas/power_projects/coal_based_projects/sasan/factsheet.htm

About Sasan ultra mega coal power project (UMPP)

The Sasan project, also known as the Sasan Ultra Mega Power Project (UMPP), is a 3,960 megawatt (6x660 megawatt) coal-fired project, located in Sasan, Madhya Pradesh in India. This initiative of the Government of India is run by Reliance Power. UMPPs are coal based power plants that produce around 4,000 megawatt, making them some of the largest sources of greenhouse gas emissions in the world. Sasan was the first UMPP awarded in India. As of March 2015, the sixth and last unit was commissioned, bringing the total capacity of the plant to 3,960 megawatt. The total investment amounts to USD four billion.

Sasan UMPP is a pit-head power project, which has been allocated three captive coal mine blocks: Moher, Moher Amlori extension and Chhatrasal. Reserves are in excess of 750 million tonnes. Plans for development of these mines were prepared and approval was obtained in a record period of seven months. Together, the mines will produce 25 million tonnes of coal each year, making these mines among India's largest. Coal production has commenced from the Moher and Moher Amlori mines.

The project achieved financial closure in April 2009. The lenders for the project are a consortium of banks led by State Bank of India, the country's largest bank. The lending was done on a project finance basis and with an estimated project cost of around INR20,000 crores (USD four billion) with a debt-equity ratio of 75:25, making it the largest debt on project finance basis across industries in India.

Latest developments

Sasan plant may shut down in March for lack of coal

Jan 24 2018

Reliance Power Sasan mine allocation cancelled

May 12 2015

What must happen

As the Sasan plant will be responsible for emitting large amounts of CO₂, financial institutions should withdraw their project fundings and instead relocate these investments into renewable energy sources.

Impacts

Social and human rights impacts

Environmental, social, and economic impacts have been outlined in the ESIA:

- **The ESIA mention** that 1,000 households will be displaced. In reality more people have been impacted. About 6,000 people have lost their land and homes. Issues surrounding displacement are critical due to the stark poverty of the area which has just one or two pakka (permanent) houses. A fact finding mission in 2014 has **found** that residents were not compensated, or compensated below the legally required levels. It also found that housing at resettlement colonies was not made available to all those facing eviction. The resettlement colonies were lacking in basic amenities such as water pumps and schools.
- The ESIA also show a general lack of planning and preparation for the social and economic impacts that will accompany the boom in construction in the project area.
- They also gloss over the potentially severe impacts of water pollution and water scarcity in the project area that is heavily dependent on rain-fed agriculture and has water supplies which the ESIA describes as only "generally potable." The Rihund Dam was built in 1962 for hydroelectric and irrigation purposes, but now the water is mostly used as cooling water for thermal power plants.
- Valuable irrigated agricultural land is being diverted to be used for the power plant, the ash pond or for mining overdumping, as happened around the **Amroli** village and with the Baiga people. Locals have **complained** that their drinking water is unfit for consumption due to material from the ash pond that is seeping into the groundwater supply.

The entire process of land acquisition has been marred with false promises and coercion. Procedures on land acquisition on the part of the company have been completely disregarded. Community's property has been destroyed before the clearance and acquisition processes were complete, as has happened in the village of **Harrahaawa**.

Land has been acquired from Adivasi, Dalit and "backward" communities at low prices. Families protesting the acquisition were arrested by the police to force the selling of land. The affected families have not been adequately rehabilitated. There has been a violation of Madhya Pradesh Rehabilitation Policy 2002 which stipulates mandatory employment in the project for one person of every displaced family. The rights of people were not recognised according to the Forest Rights Act 2006. There has been acquisition of land without proper consent from gram sabhas (local village communities).

Many families are still located in temporary housing and are still waiting to be moved to a permanent location.

Environmental and climate impacts

Reliance is applying for carbon credits through the United Nations Clean Development Mechanism (CDM), because it is "employing more efficient super critical coal technology." This represents a serious misuse of the CDM which is meant to stimulate investments in clean energy for sustainable development. The CDM Executive Board rejected a similar application for the first UMPP, the Tata Mundra in India. Clearly demonstrating that these projects are not the investments in sustainable development that are so desperately needed.

Although this project has been officially registered with UNFCCC's Clean Development Mechanism Executive Board, there are many environmental impacts attached to this project. **Ex-Im's initial hesitancy** was the first sign of the environmental concerns. As stated by one Exim official: "the board felt that the environmental impact of the facility is such that they could not support it." And went on to say, "we were just looking at the size and scale of this particular transaction and the board feels it is not in good faith to proceed, given the projected adverse environmental impact it would have." There are a range of environmental concerns: from its contribution to climate change through the green house gas emitted through its outdated technological, to the local pollution it will cause:

- **Green house gas emissions:** As stated before, UMPPs are coal based power plants that produce around 4,000 megawatt, compared to an average coal plant which produces 500 megawatt, making them some of the largest sources of greenhouse gas emissions in the world. Annual emissions are between 26-27 million tonnes of carbon dioxide for both the mine and local refinery. The plant will emit 832 grams carbon dioxide per kilowatt hour.
- **Local environmental impacts:** the pollution from production is likely to affect local water supply which will also have severe impacts on local wildlife. A fact finding mission carried out in 2014, **found** that plants near the coal conveyor belt contained a thick layer of coal dust. Material from the ash pond is seeping into the soil, contaminating the drinking water supply. Residents in the region have also been complaining of coal dust and coal ash being carried by the wind, affecting their health.
- **Deforestation:** over 7,000 acres of forest land have been diverted for the mines.

Governance

Applicable norms and standards

1972 Convention on the Prevention of Marine Pollution by Dumping Wastes and other Matters

Alliance for responsible mining

Extractive Industries Transparency Initiative

ILO Safety and Health in Coal Mines

ILO Safety and health in opencast mines

International Council on Mining and Minerals (ICMM)- 10 Principles

OECD Guidelines for Multinational Enterprises

Safety and Health in Mines Convention

United Nations Declaration on the Rights of Indigenous Peoples

Universal Declaration of Human Rights

Updates

Sasan plant may shut down in March for lack of coal

Jan 24 2018

The shutdown of the Sasan plant may be imminent. The operation of Reliance Power's 3,960 megawatt power project in Madhya Pradesh may need to shut down if it is not allowed to mine coal in excess of the cap set by the Centre, the company told [Delhi High Court today](#).

Reliance Power Sasan mine allocation cancelled

May 12 2015

[NEW DELHI](#): The government has issued a gazette notification to cancel allocation of one of the coal mines attached to Reliance Power's Sasan ultra mega power project (UMPP) and withdrawn the permission to use excess coal in two other mines to fire another power plant of the company.

Last 660 megawatt unit of Sasan now operational

Mar 30 2015

The Sasan UMPP is now the world's largest integrated coal power plant and coal mining project in a single location in the world. Its sixth and last unit went [operational](#) at the end of March, adding another 660 megawatt to bring the total capacity of the power plant to 3,960 megawatt.

Ex-Im Bank investigation financing of Sasan UMPP

Oct 21 2014

The Inspector General of the U.S. Ex-Im Bank has announced that the bank is investigating its financing of the Sasan UMPP. The project has received USD650 million in 2010 from the Ex-Im bank. The announcement comes after the release of a report titled "The U.S. Export-Import Bank's Dirty Dollars" on October 20 by the Sierra Club and 350.org amongst other groups.

Violence and Intimidation Continue to Plague Opponents of U.S. Supported Indian Coal Plant

Sep 20 2013

[According to Sierra Club](#): the toll coal makes on communities across India is staggering: 100,000 premature deaths annually, a USD33 billion "coal-gate" scandal, and financial collapse that is pushing plants to the brink of bankruptcy, but only after families have been forcibly evicted to make way for deadly projects. From the outside, Reliance Energy's 4,000 megawatt coal-fired power plant, under construction in Singrauli, appears no different than any other risky coal project in the country. But Sasan received over USD900 million in financing from the U.S. government through the U.S. Export-Import Bank, despite opposition from grassroots groups in India and the U.S.

First unit of 3,960 megawatt project completed in India

Mar 13 2013

The Sasan Ultra Mega Power Project has had its first unit commissioned at Madhya Pradesh in India. Reliance Power commissioned the unit as part of the 3,960 megawatt Sasan Ultra Mega Power Project (UMPP).

The Chhatrasal mine denied permission for mining

Jan 31 2012

The Chhatrasal mine was [denied](#) permission for mining in January 2012 by a committee of the MoEF as over 965 hectare of land of the proposed mine were "good quality forests" and the mine fell within MoEF's No - Go"" 30 or inviolate list.

Sasan UMPP eligible for carbon credits

Jul 12 2011

The United Nations has ruled that the Sasan UMPP project is eligible for carbon credits (worth at around USD165) under the UN's Clean Development Mechanism.

Sasan UMPP registered with CDM-EB

Feb 3 2011

Reliance Power announced that its Sasan Ultra Mega Power Project has been registered with the Clean Development Mechanism Executive Board (CDM-EB) of United Nations Framework Convention on Climate Change (UNFCCC).

Tata Power challenges use of surplus coal Sasan mines for other projects

May 28 2009

Early 2009, the Tata Power Company challenged the use of surplus coal from the captive coal mines for other projects of Reliance Power which would allow Reliance to save INR960 crore (USD208 Million) each year due to the INR240 crore (USD52 million) saved for every 1,000 megawatt capacity. Ex-Im financing for this project is therefore subsidizing this illegal use of coal. The Delhi High Court dismissed a petition on April 14 2009. However Tata Power has said the company will appeal the decision in the Supreme Court.

Financiers

After a reversal of an earlier decision to follow its low carbon policy US Ex-Im bank gave approval for USD600 million in loan guarantees. The reversal came with a "compromise" between Reliance and Ex-Im to generate 250 megawatt of renewable energy on site to address low carbon policy concerns.

Other lenders include the State Bank of India, Power Finance Corporation, Rural Electrification Corporation, Punjab National Bank, Life Insurance Corporation, Axis Bank, Union Bank, IDBI, India Infrastructure Finance Company-India, Bank of Baroda, Andhra Bank, Corporation Bank, United Bank, India Infrastructure Finance Company-UK.

Related companies

Reliance Power India

In 2006 Sasan Power Limited (SPL) was incorporated as a wholly owned subsidiary of Power Finance Corporation Limited . The intention was to build, own, operate and maintain the Sasan Ultra Megawatt Power Project at Sasan, Madhya Pradesh. It was transferred to Reliance Power under the provisions of a share purchase agreement dated August 7, 2007 and is now a fully owned subsidiary of Reliance Power.