

**PRESS RELEASE**

**New Delhi | October 12, 2022**

**India's current environmental, land and labour laws are inadequate to deal with decommissioning of industries, and thermal power plants, says a new study by iFOREST.**

- **iFOREST released a report on 'Just Transition of coal-based power plants in India: A policy and regulatory review' in a webinar.**
- **More than 50,000 MW of coal-based capacity in India is expected to retire by 2030 due to techno-economic reasons, but there is little guidance on TPP end-of-life management.**
- **Central and state laws and regulations on the environment, labour, land and finance are silent or ambiguous on industrial decommissioning.**
- **Comprehensive redesigning of the existing legal, policy and regulatory frameworks needed to achieve a 'just decommissioning'.**

**New Delhi:** The International Forum for Environment, Sustainability and Technology (iFOREST) released its latest report that assesses the adequacy of existing environmental, land and labour laws in India to deal with the decommissioning of a coal-based thermal power plant (TPP) and other industries. Titled 'Just Transition of coal-based power plants in India: A policy and regulatory review', the report was released at a webinar attended by representatives from pollution control boards, the thermal power industry, labour unions, researchers and NGOs.

At the webinar, Chandra Bhushan, President and CEO, iFOREST said, "If the Ministry of Power's advisory to retire coal-based generation units of over 25 years of age is implemented, then as much as 50,000-60,000 MW capacity will have to retire by 2030. Therefore, it is important to ask if the country is prepared to decommission such large capacities and ensure a just outcome for the environment, labour and dependent communities."

The report finds that there are no laws in India that mandate decommissioning, remediation and repurposing of a coal TPP after its retirement. "A power plant site can remain 'as-it-is', as there are no laws that can force a plant owner to dismantle the plant, clean up the site and set up a new facility. Unlike the mining sector, power plants and industries are not required to prepare decommissioning plans. The existing laws and regulations related to the environment, labour, land and finance are either ambiguous or are silent on decommissioning, leaving enough space for nonstandard approaches," explained Mandvi Singh, Programme Lead, iFOREST and the lead writer of the report.

Speaking on occasion, **Mr D.V. Lakshmi pathy, CGM (Badarpur), NTPC Limited**, shared the experience of the Badarpur thermal power station closure, and stated, "As the retirement of power plants are likely to increase in the future, clear guidance on financial aspect is needed. Financing is a concern as power purchase agreements do not have provisions for decommissioning costs. A clear directive from CERC in this context is needed."

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Also speaking at the release Mr **Nazimuddin, Scientist F at the Central Pollution Control Board (CPCB)**, said, “CPCB is working towards finalizing the draft environmental guidelines on the closure of thermal power plant as per the directions of the National Green Tribunal (NGT). We are happy to have received comments from iFOREST and invite comments from all other organizations with expertise on the issue.”

On land issues, **Dr Namita Wahi, Founding Director, Land Rights Initiative / Senior Fellow, Centre for Policy Research** highlighted the importance of involving communities in deciding the fate of the land after closure. “It is important to engage local community in the land repurposing decision, especially in context of forest land. They must be included in any formal mechanism developed for deciding on the fate of the decommissioned power plant land, because these lands were initially taken away from them,” said Dr. Wahi.

Meanwhile, **Mr Subhagya Pradhan, General Secretary, Indian National Trade Union Congress (INTUC)**, Odisha highlighted the plight of informal and sub-contract workers during plant closures. Sharing the experience of Talcher thermal power plant which was decommissioned in 2021, he stated that “Contract workers and local businesses suffered the most due to the power plant closure as they were left without any compensation and alternate opportunity. We need legal safeguards for informal workers.”

### **Key findings of the report**

- **Environment:** Current environmental statutes do not mandate a time-bound clean-up and remediation of the site after retirement. For example, the EIA notification and the Water and Act are silent on decommissioning. There is an opportunity to modify existing laws or enact a new law that mandates, guides and simplifies decommissioning.
- **Land:** Land for power plant construction has mainly been acquired through the Land Acquisition Acts, which are silent on return of the land and the requirement for remediation and redevelopment at the time of decommissioning. There is no guidance or formal mechanism at the central or state level to decide on repurposing/redevelopment.
- **Labour:** Existing labour laws and upcoming Codes are not designed for dealing with large-scale closure of industrial facilities. The compensation and social security mechanisms are weak and inadequate, especially for the large informal and contract workforce employed in the sector. For large-scale decommissioning, a legal framework that enables peaceful and systematic closure is essential.
- **Financing:** Decommissioning cost is not explicitly considered in financial calculations or liability disclosures. Presently, the salvage value from the sale of scraps is assumed to be sufficient to enable decommissioning. However, experience from India and abroad shows that it might not be adequate. If decommissioning and repurposing are financially unviable, plant owners will likely leave the plant ‘as-it-is’.

“A just transition means that the plant site is fully remediated, the workforce is compensated or reemployed, the economic loss of dependent communities is compensated, and new economic opportunities and environmental outcomes are created for communities to benefit from. However, our current laws do not ensure a just transition. It is, therefore, important to modify our existing laws or enact a new law to ensure a just transition for the environment, labour and communities”, said Chandra Bhushan.

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## **About iFOREST**

International Forum for Environment, Sustainability & Technology (iFOREST) is an independent non-profit environmental research and innovation organisation. Set up by a group of renowned scientists and environmentalists, it seeks to find, promote and scale-up solutions for some of the most pressing environment–development challenges. It endeavours to make environmental protection a people’s movement by informing and engaging the citizenry in critical issues and programs.

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