

MOST IMMEDIATE/MEETING NOTICE  
File No.23011/108/2013-CPD(Vol-II)  
Government of India  
Ministry of Coal  
<<>

New Delhi, the 3<sup>rd</sup> October, 2013

OFFICE MEMORANDUM

**Subject:** Meeting of the Standing Linkage Committee (Long-Term) for Power to discuss the issues relating to the projects granted tapering linkage as per MoP's revised list for which a Presidential directive have been issued to CIL for signing of FSA, will be held on 4th October, 2013 at 11.00 A.M.

In continuation to this Ministry's OM No. 23011/108/2013-CPD (Pt) dated 20.09.2013 on the above mentioned subject, the undersigned is directed to forward herewith the agenda items to be discussed in the meeting.

2. The meeting will be held at Bhabha Chamber, Scope Convention Centre, Scope Complex, 7 Lodhi Road, New Delhi-1100 03.

*संजीव भट्टाचार्य*  
(S. Bhattacharya)

Under Secretary to the Government of India  
Tel: 23304285

To

1.	Additional Secretary, Ministry of Coal	Chairperson
2.	Principal Adviser(Energy), Planning Commission, Yojana Bhawan New Delhi. (Attn: Shri I.A.Khan, Joint Advisor (Coal))	Member
3.	Advisor (Projects), Ministry of Coal	Member
4.	Shri I.C.P. Keshari, Joint Secretary(Thermal), Ministry of Power, Shram Shakti Bhawan, New Delhi	Member
5.	Joint Secretary (Ports), Ministry of Shipping, Transport Bhawan, New Delhi	Member
6.	Director (Transport Planning), Ministry of Railways, Rail Bhawan, New Delhi	Member
7.	Chairman-cum-Managing Director, CIL, 10-Netaji Subhas Rd., Kolkata.- 700001	Member
8.	Director(Marketing), Coal India Limited, 15-Park Street, Kolkata	Member
9.	CMD's BCCL, CCL, ECL, MCL, NCL, SECL & WCL	Members
10.	Chairman-cum-Managing Director, Central Mine Planning & Design Instt Ltd., Gondwana Place, Kanke Rd., Ranchi.	Member
11.	Chairman-cum-Managing Director, SCCL, P.O. Kothagudem Collieries, Distt. Khammam-507101	Member
12.	Chairman, Central Electricity Authority, Sewa Bhawan, RK Puram, New Delhi	Member
13.	Chairman, NTPC, Scope Complex,, Lodhi Road, New Delhi-110003	Member

Copy with a request to attend the meeting:

- i) Coal Controller, Coal Controller Organization, 1 Council House Street, Kolkata with the request to attend the meeting alongwith the latest status of Coal Blocks against which Tapering Linkages were granted for the projects covered within 78,000 MW projects

:2:

- ii) Director(Technical), CIL, 10, NS Road, Kolkata
- iii) GM(S&M), CIL, 15-Park Street, Kolkata
- iv) CGM(CP), CIL, 10 NS Road, Kolkata
- v) Shri A.C.Varma, GM(S&M), CIL, Scope Minar, Laxmi Nagar, Delhi

Copy for information and necessary action to:-

1.PS to Minister of Coal, 2. PS to MOS(C), 3.Sr. PPS to Secretary(Coal), 4. PPS to Additional Secretary(Coal), 5. PPS to Joint Secretary(LA), 6. Director(CA-I), 7) Deputy Secretary (CPD)

संजीव भट्टाचार्य  
(S. Bhattacharya)

Under Secretary to the Government of India

Copy to NIC, Ministry of Coal with a request to place it on the Website of this Ministry for information of all concerned.

**MINISTRY OF COAL**

**AGENDA FOR THE REVIEW MEETING OF THE STANDING LINKAGE  
COMMITTEE (LONG TERM) FOR POWER TO BE HELD ON 4<sup>TH</sup> OCTOBER,  
2013**

**ITEM No.1:**

Confirmation of the minutes of the SLC(LT) review meeting held on 13.09.2013.

**ITEM No.2:** Issues relating to the projects granted tapering linkage as per MoP's revised list for which a Presidential directive has been issued to CIL for signing of FSA.

Tapering linkages were provided to a number of coal consumers who were allocated captive coal blocks for meeting the coal requirement of their linked End Use Plants (EUPs) in such cases where the development / production of the blocks allocated for the respective EUP was not synchronized with operation / requirement of the EUP. The coal supplies to such projects with tapering linkage are regulated by the Tapering Linkage Policy issued by Ministry of Coal vide OM No. 23011/39/2008-CPD dated 26.02.2010. Under this Policy, 100% of the normative requirement of the EUP is supplied upto the normative date of production from the date of commissioning of EUP. Thereafter, 75% of normative quantity is supplied during the first year, 50% during second year and 25% for the third year. No supplies are allowed after third year.

2. Requests have been received from many developers for extending coal supplies beyond the scheduled time under the Tapering Linkage Policy. Such requests have been made on the ground that the coal blocks allocated could not develop/ start production as per the schedule due to the delay on account of the blocks falling in no-go areas, delay in clearances like Environment Clearance, Forest Clearance etc.

3. In the meanwhile, CCEA has approved coal supplies to power projects of 78,000 MW capacity, which are commissioned/ to be commissioned during the period from 01.04.2009 to 31.03.2015. Keeping in view the demand and supply position, the domestic coal quantity to be supplied to these projects has been fixed at 65%, 65%, 67% and 75% during the remaining four years of the 12<sup>th</sup> plan for an effective capacity of 60,000 MW. There are 24 units with tapering linkages in the said 78,000 MW plants.

4. Association of Power Producers had requested Ministry of Power (MoP) and this Ministry to modify the guidelines relating to tapering linkage as many of the units covered within the said 78,000 MW power plants could not develop the linked coal blocks within the schedule time for various reasons. The comments of the Ministry of Power were called for in this regard vide this Ministry's letter No.23011/138/2012-CPD-Vol.III dated 31.8.2012 (Annexure-I). In response, Ministry of Power vide OM No. FU-14/2013-IPC dated 11.09.2013 (Annexure-II) stated that the projects with tapering linkages in respect of which coal blocks were allotted, could not be developed in the given time frame due to several reasons beyond their control. It has suggested to extend suitably the 'Normative Date of Commencement of Production' by the time equal to the duration of delay in giving various clearances by the State/Central Agencies for coal blocks. It also suggested that wherever the coal blocks had been denied MoEF clearance due to wildlife or any other reasons, MoC could consider converting the tapering linkages into normal linkages. Subsequently, Ministry of Power vide their OM No. FU-6/2013/IPC dated 25.09.2013 (Annexure-III) reiterated the suggestions mentioned above.

5. MoP had said in its letter dated 11.9.2013 that development of some of the coal blocks could have been delayed for other reasons like demarcation of boundaries, delay in clearance by the State Govt. etc. In these projects, the developers have already made substantial investments in the end use projects. These projects are in advanced stages of construction/ implementation and in some of the cases, projects have been commissioned. However, due to the delay in various clearances, the commencement of production of the linked coal blocks has got delayed which seems to be beyond the control of the developers.

Therefore, without adequate supply of coal, these projects could be stranded including the investment at risk.

6. Any dispensation, for coal supplies beyond the schedule prescribed in the Tapering Linkage Policy dated 26.02.2010 should be applied to all similarly placed projects in all sectors. A rough estimate indicates that additional requirement of coal on this account would be around 20-25 MT. In the present situation, it is not possible to arrange coal supplies for this additional requirement. In this connection, it may be stated that even based on the optimistic scenario, assessed by the Planning Commission, the estimated coal production through CIL sources during the current year is 492 MT. Out of this, 379 is earmarked for the power sector. From this quantity, 275 MT is required to meet the requirements of power plants commissioned prior to 31.03.2009, thus leaving a balance of 104 MT for the power plants commissioned after 01.04.2009.

7. Keeping in view, the tight availability position of coal, there is hardly any scope for any further adjustments to meet the additional demand. There is also no scope for diversion from any other sector. SLC(LT) may consider the matter for appropriate recommendations. The details of tapering linkage cases where coal production from the linked block is delayed are given below at Agenda items at 2 (i) to 2 (xv) for consideration alongwith the status of the blocks provided by the Coal Controller Organization. In this connection it is also stated that the projects at Sl. No. 2(i) to 2(v) were also considered by the Inter-Ministerial Committee (IMC) setup to inter-alia consider coal supplies to certain end use projects linked to coal blocks, development of which were delayed due to delay in Environment/Forest clearance etc. in the meeting held on 20.9.2013. Recommendations of the IMC is at Annexure-IV.

**Item 2(i) Mejia TPS Phase-II, Unit-2 of Damodar Valley Corporation:**

Long term coal linkage for Mejia TPS (Phase-II) (500 MW) of DVC was granted by the SLC(LT) in its meeting held on 29.01.2010. LOA was issued by ECL on 27.05.2011. Khagra Joydev & Barjora North Coal Block was allocated to DVC on 03.03.2005 for Mejia TPS (Phase-II) (500 MW). The power plant has

already been commissioned. The normative date of coal production from the coal block was 03.09.2008. But as per CCO report coal production started in Bajora (North) block from March 2011 and production from Khagra joydev block is expected to be started by Sept., 2013. Bajora (North) coal block is operative and all statutory clearances in respect of Khagra Joydev coal block have been obtained.

**Item 2(ii) Ukai TPS (Extension Unit-6) (500 MW) of Gujarat Electricity Board**

Tapering coal linkage for Ukai TPS (Extension Unit-6) of Gujrat Electricity Board was granted by the SLC(LT) in its meeting held on 29.01.2010. LOA was issued by SECL on 12.08.2011. Mahanadi & Machakata Coal Block was allocated to GSECL on 06.02.2005 (revised to 06.02.2006) for Ukai TPS (Extension Unit-6)(500 MW). The power plant has already been commissioned. The normative date of coal production from the coal block was 06.08.2009. But as per CCO report coal production has not started. Expected date not furnished by the Allocatee Company. Delay due to delay in FC and EC clearance. Previous approval of ML, FC (Stg-II), EMP, ML & LA are pending. Mahanadi is regionally explored block and required to explore by CMPDIL.

**Item 2(iii) Parli Unit-8 250 MW of M/s. Mahagenco**

Tapering coal linkage for MAHAGENCO was granted by the SLC(LT) in it meeting held on 11.5.2006 for Parli TPS Unit-8. LOA was issued by MCL on 6.7.2010. Mahanadi & Machakata Coal Block was allocated to M/s. Mahagenco for their 250 MW TPP (Unit-8) on 6.2.2005 (revised to 6.2.2006). The power plant is likely to be commissioned during 2013-14. The normative date of coal production from the coal block was 6.8.2009. But as per CCO report coal production has not yet started. Expected date not furnished by the Allocatee Company. Delay due to delay in FC and EC clearance. Previous approval of ML, FC (Stage-II) EMP, ML & LA are pending. Mahanadi is regionally explored coal block and required to explore by CMPDIL.

**Item 2(iv) Bellary TPS Unit-2 500 MW of KPCL**

Tapering coal linkage for Bellary TPS Unit-2 500 MW was granted by the SLC(LT) in its meeting held on 2.08.2007. LOA was issued by MCL on 25.9.2008 to M/s. KPCL for their 500 MW TPS (Unit-II). Baranj 1 to IV Kiloni & Manoradeep Coal block was allocated to M/s KPCL on 10.11.2003 (revised date 24.8.2011 as per date of revised Mine Plan approval). The power plant has already been commissioned. The normative date of coal production from the coal block was 10.05.2007. As per CCO report coal production has started since August, 2008. PRC: 2.5 MTPA (revised to 5 MTPA) 2.42 MT coal produced in 2012-13.

**Item 2(v) DB Power Chattisgarh Unit-2 600 MW of M/s. DB Power Limited**

Tapering coal linkage for DB Power Limited was granted by the SLC(LT) in its meeting held on 12.11.2008 for of DB Power Chattisgarh, Unit-2 (600 MW). LOA was issued by SECL on 15.6.2009. Durgapur-II/Sariya coal Block was allocated to DB Power Limited for their 600 MW TPS (Unit-2) on 6.11.2007. The power plant is likely to be commissioned during 2013-14. The normative date of coal production from the coal block is 6.5.2011. But as per CCO report coal production has not yet started. Delay due to delay in FC and EC clearance. EC, EMP clearance ML & LA are pending.

**Item 2(vi)&(vii) Tiroda TPS Phase-I 140 MW and 660 MW Phase-II of M/s. Adani Power Maharashtra Limited.**

Tapering coal linkages for Tiroda TPS, Phase-1(140 MW) and Phase-II (660 MW) were granted by the SLC(LT) in its meeting held on 8.4.2010 and 29.1.2010 respectively. LOA was issued by SECL/WCL on 26.11.2010 for 140 MW and 13.5.2011 for 660 MW by SECL and WCL respectively. Lohara West Exten. Coal Block was allocated to Adani Power Maharashtra Limited for Tiroda TPS Phase-I (140 MW) and Phase-II (660 MW) on 6.11.2007. The Phase-1, 140 MW power plant has already been commissioned and Phase-II 660 MW unit is likely to be commissioned in 2013-14. The normative date of

coal production from the coal block was 06.05.2011. But as per CCO report coal production has not started. Expected date not furnished by the Allocatee Company. Delay due to delay in FC and EC clearance. Forest area of the block is falling within the buffer zone of the Toboda Anderi Tiger Reserve (TATR). EC Environment Appraisal Committee (EAC) of MoEF decided not to consider the aforesaid project for Environment Clearance. Prior approval of FC, EMP, ML & LA are pending. The allottee has also submitted request for grant of MoEF Clearance by redefining the boundary of Lohara Coal blocks.

**Item 2(viii)&(ix) Adhunik Power & Natural Resources Unit-1 & 2 (2x270 MW) of M/s. Adhunik Power & Natural Resources Limited**

Tapering coal linkage for Adhunik Power & Natural Resources were granted by the SLC(LT) in its meeting held on 12.11.2008 and 8.4.2010 for Unit-1 and Unit-II (2x270 MW each) respectively. LOA was issued by CCL on 9.7.2009 and 25.9.2010 respectively. Ganeshpur Coal Block was allocated to M/s. Adhunik Power and Natural Resources Limited for their 2x270 MW TPP (Unit-1 & Unit-II) on 28.5.2009. The power plant has already been commissioned. The normative date of coal production from the coal block was 28.11.2012. But as per CCO report coal production has not started. Expected date not furnished by the Allocatee Company. Delay due to delay in FC and EC clearance. FC (Stage-I) ML & LA are pending.

**Item 2(x) Raghunathpur TPS Unit 1, 500 MW of M/s. DVC**

Tapering coal linkage for DVC was granted by the SLC(LT) in its meeting held on 29.1.2010 for Raghunathpur Unit-1 (500 MW). LOA was issued by CCL on 3.10.2011. Sahapur Jamarpani Coal Block was allocated to M/s. DVC for their 500 MW TPP (Unit-1) on 25.7.2007 (re allocated on 28.2.2013). The power plant is likely to be commissioned during 2013-14. The normative date of coal production from the coal block was 28.11.2018. But as per CCO report coal production has not started. Expected date not furnished by the Allocatee Company. This is a Regionally Explored Block. PL granted but drilling activity could not be undertaken due to local problem.



**Item 2(xi)&(xii) Vandana Vidyut Limited Unit- I and II 2x135 MW of M/s. Vandana Vidyut Limited.**

Tapering coal linkage for Vandana Vidyut Limited was granted by the SLC(LT) in its meeting held on 29.1.2010 for Vandana Vidyut Limited, Unit-I and II (2x135 MW). LOA was issued by SECL on 12.8.2011. Fatehpur East Coal Block was allocated to Vandana Vidyut Limited for their 2x135 MW TPS (Unit-I&II) on 23.01.2008. The power plant is likely to be commissioned during 2013-14. The normative date of coal production from the coal block was 23.10.2013. But as per CCO report coal production has not yet started. Delay due to delay in FC and EC clearance. EC, EMP clearance ML & LA are pending. GR of the block completed in February, 2011.

**Item 2(xiii) Raghunathpur TPS Unit II, 600 MW of M/s. DVC**

Tapering coal linkage for DVC was granted through Bulk tendering for Raghunathpur Unit-II (600 MW). LOA was issued by CCL on 30.12.2010. Sahapur Jamarpani Coal Block was allocated to M/s. DVC for their 600 MW TPP (Unit-II) on 25.7.2007 (re allocated on 28.2.2013). The power plant is likely to be commissioned during 2014-15. The normative date of coal production from the coal block was 28.11.2018. But as per CCO report coal production has not started. Expected date not furnished by the Allocatee Company. RE Block. PL granted by activity could not be undertaken due to local problem.

**Item 2(ivx)&(xv) Uchpinda U-3 and U-4 of M/s. RKM Power Generation Limited**

Tapering coal linkage for RKM Power Generation Limited was granted by the SLC(LT) in its meeting held on 12.11.2008 for Uchpinda Power Limited, Unit-3 and 4, 180 MW and 150 MW respectively, LOA was issued by NCL on 6.6.2009. Fatehpur East Coal Block was allocated to RKM Power Generation Limited for their 180 MW and 150 MW TPS (Unit-3 & 4) on 23.01.2008. The power plant is likely to be commissioned during 2014-15. The normative date of coal production from the coal block was 23.10.2013. But as per CCO report coal production has not yet started. Delay due to delay in FC and EC

clearance. EC, EMP clearance ML & LA are pending. GR of the block completed in February, 2011.

**Item No. 3: Request received from M/s. GVK Power (Goindwal Sabih) Ltd on 09.02.2013 for grant of tapering coal linkage to their 2x270 MW Power Plant.**

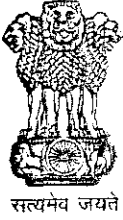
A request was received for grant of tapering coal linkage in respect of their 2x270 MW coal based thermal power project in the State of Punjab on 09.02.2013 from. M/s. GVK power (Goindwal Sabih) Ltd.

As per procedure, the application was to be forwarded to the Ministry of Power for their recommendations. But the same was not done since a decision was pending in the Ministry for acceptance of new applications.

The matter for acceptance of new applications and the existing applications was taken up in the Standing Linkage Committee (LT) for Power in its meeting held on 31.05.2013. The Committee recommended not accepting any new application for next 2 years and to keep all the pending applications of power sector in abeyance for a period of 2 years and deposit the processing fee for the same to the Govt. account. Since the validity of the Draft received from the applicant as processing fee had expired, the same was returned to the applicant on 24.9.2013 with a request to submit it afresh.

Subsequently, a reference was received from Ministry of Power stating that the 1<sup>st</sup> unit of 2x270 MW coal based TPP of M/s. GVK has successfully completed synchronization test on 06.07.2013 and is expected to be commissioned by August 2013. The MoP has further informed that developer has cited several reasons beyond their control in carrying out mining operation from its allocated captive coal mine Tokisud North Block in Hazaribagh District of Jharkhand. Since power plant will be ready before the commissioning of the mine, MoP has requested for allocation of 1.5 MT of coal (05 lac MT of carpet coal and 1.0 lac MT of startup coal) for testing and timely commissioning of their first unit.

In this connection, it is stated that CIL and its subsidiary coal companies are reporting negative coal balance, therefore there is no scope for issue of any new LoA to any power project.



शैलेश कुमार सिंह, आई ए एस  
Shailesh Kumar Singh, IAS  
संयुक्त सचिव  
Joint Secretary

D.O. No. 23011/138/2012-CPD Vol III

ANNEXURE-2

अंशा०/D.O. No.....

Tel. No. : 23384887

Fax : 23384893

e-mail : jsla.moc@nic.in

भारत सरकार

कोयला मंत्रालय

GOVERNMENT OF INDIA

MINISTRY OF COAL

शास्त्री भवन/SHASTRI BHAWAN

नई दिल्ली/NEW DELHI

31.08.2013

दिनांक/Dated.....

Dear Sir,

Kindly find enclosed a representation received from the Association of Power Producers desiring the change of guidelines for project with Tapering Linkage. In this connection, kindly also recall the discussions held at the residence of Hon'ble Minister of State (I.C.) Power on 30<sup>th</sup> August, 2013 with regard to signing of FSAs. In this context, it may be mentioned that the Inter-Ministerial Group set up in the Ministry of Coal of which Ministry of Power is a member has been making a number of recommendations in respect of the coal blocks. Further, as the Ministry of Power is aware that even though FSAs are proposed to be signed for 78000 MW of power, the actual availability of coal would be for 60,000 MW and accordingly, the Presidential Directives have been issued, in the context of the memo no FU-12/2011-IPC(Vol. II) of Ministry of Power dated 14.5.2013 which have been included in the Presidential Directives. This is on the basis of coal production targets set for Coal India Ltd by the Planning Commission and the allocation made for the Power Sector. Further, out of this 78,000 MW, 11000 MW has been earmarked for the cases of Tapering Linkage.

2. In the context of above, we would like to have a detailed views of the Ministry of Power on the representation of the Association of Power Producers. As such the Ministry of Coal/ Coal India Ltd has proposed to these power developers to sign FSAs as per the existing guidelines of Ministry of Coal and our proposal to CCEA was based on this assumption.

With regards,

Yours sincerely,

  
31/8/13  
(Shailesh Kumar Singh)

Encl : As above

Shri Ashok Lavasa,  
Additional Secretary,  
Ministry of Power,  
Shram Shakti Bhawan,  
New Delhi.

No. FU-14/2013-IPC  
Government of India  
Ministry of Power

\*\*\*\*\*

Shram Shakti Bhawan, New Delhi  
Dated: 11<sup>th</sup> September, 2013

**OFFICE MEMORANDUM**

**Sub: Change of guidelines for projects with Tapering Linkage - reg.**

The undersigned is directed to refer to Ministry of Coal's D.O. letter no. 23011/138/2012-CPD.Vol-III dated 31.08.2013 enclosing therewith a representation from the Association of Power Producers (APP) desiring change in the guidelines for projects with Tapering Linkage.

2. APP has brought out the problem being faced by the projects which have got captive mines but could not start producing coal in time due to delay in getting MoEF Clearance. Such projects with captive mines have been given Tapering Linkage, wherein the coal supply shall be for a maximum period of 3 years in a tapered manner corresponding to 75% in the first year, 50% in the second year and 25% in the third year, from the normative date for commencement of production as per the allocation letter. These projects shall not get adequate coal supply, due to delay in getting MoEF clearance for coal blocks, putting the projects at risk of becoming stranded.

3. In this regard, it is stated that all the Coal Blocks allocated to power sector have been reviewed in various meetings of IMG in the last one year. For delayed development of the coal blocks, IMG recommended deduction of bank guarantee / imposition of bank guarantee/ no action based on the merit of the case including the efforts made by developers. During the review, it was also noticed that the development of the blocks got delayed mainly due to delayed forest clearance by MoEF, due to delay in demarcation of the boundaries by CMPDIL, delay by State Governments for granting various clearances and land clearances and also go/no-go policy of MoEF etc. Thus based on the recommendation of IMG, MoC has already taken appropriate action in these cases.


4. Further, in these cases the developers have already made substantial investment in the end use projects. These projects are in advanced stages of construction and in some of the cases, projects are already commissioned. However, due to the delay in various clearances as detailed in Para 3 above, the commencement of development of the linked coal blocks got delayed which seems to be beyond the control of the developers. Therefore, without adequate

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@ 10/19 am

supply of coal, these projects could be stranded and investments may be at risk.

5. In view of the foregoing, it is recommended that MoC may extend suitably the 'normative date of commencement of production' by the time equal to the delay occurred in giving various clearances due to delays by State / Central Agencies for coal blocks, and wherever coal blocks have been denied MoEF clearance due to wild life or any other issues, MoC may consider converting tapering linkage into long term linkages.

This issues with approval of MoS(I/C) Power.

  
(V. Apparao)  
Director  
PH:23711394

Shri S.K. Singh  
Joint Secretary  
Ministry of Coal  
Shastri Bhawan  
New Delhi-110001

No. FU-6/2013-IPC  
Government of India  
Ministry of Power

Shram Shakti Bhawan, New Delhi  
Dated: 25<sup>th</sup> September, 2013

**OFFICE MEMORANDUM**

Subject: Draft Note for CCEA- Supply of coal to TPPs with Tapering Linkages beyond the tapering period of three years after the Normative Date of production-reg.

The undersigned is directed to refer Ministry of Coal O.M dated 20.09.2013 on the above mentioned subject and to furnish the following comments:

- I. Ministry of Power agrees with the proposals at para 9.1 (i) to (iii) of the Draft Note.
- II. The projects proposed in para 9.1 (i) vide Annexure XII covers only a few projects. In the commissioned projects, Adani Power Maharashtra, Tiroda is not included. This project has a tapering linkage for 800 MW with the linked coal block of Lohara West. The clearance (EC) for the linked coal block has been denied by MoEF due to wildlife considerations in February, 2010. The developer requested conversion of tapering linkage to long term linkage. At present, under the tapering linkage for this project, supply period expires in Dec 2013. As the unit is already commissioned and as MoEF has denied clearance, it is proposed to extend the supplies for this plant as proposed for other projects in para 9.1 (i) of the draft CCEA Note, till decision is taken for converting tapering into long term linkage, as this project already figures in the list of projects of 78000 MW.
- III. Ministry of Power vide letter dated 11.09.2013 has already suggested change of guidelines for projects with tapering linkages. It is recommended that Ministry of Coal may extend suitably the 'Normative date of commencement of production' by the time equal to the delay occurred in giving various clearances by the State/Central Agencies for coal blocks, and wherever coal blocks have been denied MoEF clearance due to wildlife or any other issues, MoC may consider converting tapering linkages into long term linkages.
- I. Ministry of Power would also like to add that in the cases mentioned in para 8.4 of the Draft Note, the developers have already made substantial investment in the end use projects. These projects are in advanced stages of construction and in some of the cases, projects are already commissioned. However, due to the delay in various clearances, the commencement of development of the linked coal blocks has got delayed which seems to be beyond the control of the

developers. Therefore, without adequate supply of coal, these projects could be stranded and investment may be at risk. ||

V. Ministry of Power suggests that the principles on which changes are proposed in the tapering policy may be placed before the CCEA for approval. After approval, the same principles can be applied to all the relevant projects in the list of power plants of 78,000 MW approved by CCEA. ||

2. This issues with the approval of Hon'ble Minister of State(I/C) for Power.



(S. Majumdar)

Under Secretary to the Govt. of India

PH:23356938

Ministry of Coal  
(Sh. S. K Singh, Joint Secretary)  
Shastri Bhawan, New Delhi

F. No. 23025/2/2013 -CPD  
Government of India  
Ministry of Coal

New Delhi, Dated the 27<sup>th</sup> September, 2013

Office Memorandum

**Subject: Record of discussions of the third meeting of the "Inter-Ministerial Committee" to consider issues related to supply of coal to certain end-use-plants linked to coal blocks.**

The undersigned is directed to forward herewith the record of discussions of the third meeting of the "Inter-Ministerial Committee" held on 20th September, 2013 to consider issues related to supply of coal to certain end-use-plants linked to coal blocks for further necessary action.

Encl: as above

संजीव भट्टाचार्य  
(S. Bhattacharya)

Under Secretary to the Government of India

1. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi
2. Secretary, Ministry of Environment & Forest, New Delhi
3. Secretary, Ministry of Finance, Department of Economic Affairs, North Block, New Delhi.
4. Secretary, Ministry of Finance, Department of Financial Services, North Block, New Delhi.
5. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi
6. Secretary, Department of Industrial Policy and Promotion, Udyog Bhawan, New Delhi
7. Secretary, Ministry of Law & Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi.
8. Secretary, Planning Commission, Yojana Bhawan, New Delhi
9. CMD, Coal India Limited, Kolkata
10. Coal Controller, Coal Controller Organization, 1 Council House Street, Kolkata

Copies also for information to:

1. PS to Minister of Coal
2. Sr. PPS to Secretary, Ministry of Coal
3. Sr. PPS to Additional Secretary, Ministry of Coal
4. PS to Joint Secretary(C), Ministry of Coal
5. PS to Joint Secretary (LA), Ministry of Coal
6. PA to Deputy Secretary(CPD).
7. Consultant(CPD)

संजीव भट्टाचार्य  
(S. Bhattacharya)

Under Secretary to the Government of India

✓ Copy to : NIC, MoC for placing the same on the website of this Ministry.



**Record of discussions of the 3rd Meeting of the Inter-Ministerial Committee to consider issues related to supply of coal to certain end use plants linked to coal blocks**

3rd meeting of the IMC was held on 20.09.2013 to consider the issues related to supply of coal to certain 'end use plants' with tapering linkage which are covered within the 78,000 MW TPPs approved by the CCEA in its meeting held on 21.06.2013. Additional Secretary (Coal) chaired the meeting. List of participants is at "**Annex-I**".

2. Welcoming the participants, the Chairman explained that the meeting was called to consider the cases of certain power projects with tapering linkage which had been included in the Thermal Power Projects (TPPs) of 78,000 MW capacity approved by the Cabinet Committee of Economic Affairs (CCEA) in its meeting held on 21.06.2013 for providing coal supplies. It was explained that the Cabinet Committee on Investment in its meeting held on 26.08.2013 directed to ensure that timelines should be adhere to for signing of FSAs for power projects of 78,000 MW capacity. It had further been directed that Minister of State (IC) of the Ministry of Power would review the progress on daily basis with the secretaries in the Ministries of Power and Coal. Accordingly, the progress was being reviewed regularly. In the last review meeting taken by MoS (IC) for Power on 17.09.2013, it was decided that the cases of tapering linkage where developers had sought extended coal supplies beyond the periods admissible as per the Tapering Linkage Policy be considered by this IMC. Accordingly the meeting has been called. The units which were to be considered for coal supplies were the following:-

- (i) Mejia TPS unit- 8 of DVC
- (ii) Ukai Unit-6 of Gujarat Electricity Board (GEB)
- (iii) Parli Unit-8 of Mahagenco
- (iv) Bellary TPP unit-2 of KPCL; and
- (v) Unit -2 of DB Power Limited at Champa, Chhattisgarh.

3. It was explained that while the above units with tapering linkages had been approved for coal supplies by the CCEA, they did not sign FSAs as the linked coal blocks could not be developed as per schedule and the coal quantities admissible under the Tapering Linkage Policy of the Ministry of Coal were not sufficient to meet their requirements. As per the said policy, normative date of production is determined on the basis of the zero date (the date of allotment) and periods stipulated as per norms of the Ministry for different situations. After the normative date of production, the tapering of coal supplies would start i.e. 75% during first year, 50% during second year and 25% during third year, whereafter, no supplies would be available.

4. The development of linked coal blocks in respect of the above units was delayed for various reasons like delay in EC/FC, delay in land acquisition, etc. However, their blocks have not been de-allocated so far. Representative of MoP requested that the Committee could consider the request for extending the coal supplies to these projects beyond the periods prescribed under the tapering linkage policy.

5. Representative of Ministry of Steel (MOS) stated that the above projects did not appear to be covered within the TOR of the Committee. He further stated that if these projects had been approved for coal supplies, the approval for the present proposal should also be sought from the appropriate authority. Responding to this, Chairman drew attention to Para 2.I(iii) and 2.II of the TOR, where under, such items could be considered. After this, the Committee considered the cases mentioned in para 2 above as detailed below:-

- (i) Mejia TPS unit- 8 of DVC - MoP representative stated that Khagra Joydev & Barjora North Coal Block allotted to DVC for this project could not start production due to the delay in the land acquisition process. Although more than 90% of the land had been acquired, there were intermittent patches of private

land which were yet to be acquired. This was held up due to local agitation. JS, MOP added that the State Govts. concerned were not providing necessary assistance for clearing the projects. MoP, therefore, requested that coal supplies for the project may be extended for a year and half at full normative quantity before tapering could start for a period of 18 months.

- (ii) Ukai Unit-6 of Gujarat State Electricity Board (GSEB) and (iii) Parli Unit-8 of Mahagenco: Both these units are linked to Mahanadi & Machakata coal block jointly allocated to them. MOP representative stated that land acquisition for the project was yet to begin due to various reasons and it would take about 3 years from now to commence production. He requested that coal supplies be provided for these two projects at least for two years.
- (iv) Bellary TPP unit 2: MoP representative explained that mining plan for the linked coal block Baranj I to IV and Kiloni & Manoradeep had to be revised and the full production as per the revised mining plan would be achieved only by 2016. MoP representative stated that the block had already started production, but at lower level and, therefore, coal supplies be extended for a period of one year.
- (vi) DB Power Limited unit 2: The MoP representative stated that all clearances for this project had been obtained and production was to start in another year. Therefore, it was requested that coal supplies be provided for 1 more year.

6. It was pointed out in course of discussions that the Tapering Linkage Policy as well as the issues relating to determination of normative date of production were involved in these cases. These projects formed part of 78,000 MW list that was approved by the CCEA for coal supplies. There

could be other projects which were within the approved list and might be similarly placed as far as coal supplies under Tapering Linkage Policy was concerned. Even if the request in these cases was for supply of coal for next one or two years, this was a significant departure from the tapering linkage policy followed by the Ministry thus far. The main reason has been that the 'normative date' had never been compromised on any account and the tapering linkage regime emanated from the normative date only. Tapering linkage has been an interim measure for partial supply in timed anticipation of the coal block going to production. Finally, when all the units of 78,000 MW come up as projected, it would necessitate a revisit to the ACQ to reduce it further from 65% for the first year. This was indicated in the Presidential Directive issued after CCEA decision dated 21.06.2013 that it would be subject to review after FSAs for 60,000 MW have been signed. Therefore, it would be appropriate if the issue was referred to the CCEA after ascertaining the status of all the projects with tapering linkages approved for coal supplies. While doing so, the availability position of coal *vis-a-vis* the commitments already made may also be kept in view. In that case, it would be advisable to first have a review of these project by SLC(LT).

The meeting ended with a vote of thanks to chair.

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**ANNEXURE-I**

**LIST OF PARTICIPANTS WHO ATTENDED THE THIRD MEETING OF THE "INTER-MINISTRIAL COMMITTEE" HELD ON 20th SEPTEMBER, 2013 TO MAKE RECOMMENDATION ON THE ISSUES RELATED TO SUPPLY OF COAL TO CERTAIN END-USE-PLANTS (EUPs) LINKED TO COAL BLOCKS.**

	<b><u>Ministry of Coal</u></b>
1)	Dr. A.K. Dubey, Additional Secretary(Coal)
2)	Sh S.K. Singh, Joint Secretary(LA)
3)	Sh. S. Ashraf, Deputy Secretary(CPD)
4)	Sh. Y.P. Dhingra, Consultant(CPD)
5)	Sh. S. Bhattacharya, Under Secretary (CPD)
	<b><u>Ministry of Power</u></b>
6)	Sh. I.C.P. Kesheri, Joint Secretary
7)	Sh. V. Apparao, Director
	<b><u>Central Electricity Authority</u></b>
8)	Sh. Alok Saxena, Chief Engineer
	<b><u>Ministry of Finance, Department of Economic Affairs.</u></b>
9)	Sh. Abhijit Phukan
	<b><u>Ministry of Finance, Department of Financial Services</u></b>
10)	Sh. G.K. Baurai, Under Secretary
	<b><u>Ministry of Law &amp; Justice, Department of Legal Affairs</u></b>
11)	Dr. R.S. Shrinet, Assistant Legal Adviser
	<b><u>Department of Industrial Policy &amp; Promotion</u></b>
12)	Sh. Nand Lal
	<b><u>Ministry of Steel</u></b>
13)	Sh. Anupam Prakash, Director
	<b><u>Planning Commission</u></b>
14)	Sh. M. Vijaya Kumar

**MOST IMMEDIATE  
BY FAX**

No. 23011/108/2013-CPD(Vol-II)  
Government of India  
Ministry of Coal

New Delhi the 3<sup>rd</sup> October, 2013

To

Director(Marketing),  
Coal India Limited,  
15, Park Street, Kolkata

Sub: Meeting of the Standing Linkage Committee (Long-Term) for Power on 4<sup>th</sup> October, 2013 at 11.00 a.m. at Bhabha Chamber, Scope Convention Centre, Scope Complex, 7 Lodhi Road, New Delhi-1100 03 to review the status of existing coal linkages/LoAs in Power Sector and other related matters.

Sir,

I am directed to say that the meeting of the Standing Linkage Committee (Long-Term) for Power to review the status of existing coal linkages/LoAs in Power Sector and other related matters will be held on 4<sup>th</sup> October, 2013 at 11.00 a.m. at Bhabha Chamber, Scope Convention Centre, Scope Complex, 7 Lodhi Road, New Delhi-1100 03. Agenda for the meeting has been uploaded on the website of Ministry of Coal.

2. It is proposed that in those cases in which there are some deficiencies in achieving the milestones, project developers will be heard during the meeting if they wish to do so when their respective cases are discussed. Therefore, it is requested to intimate the LoA holders in whose cases there are deficiencies.

Yours faithfully,

संजीव भट्टाचार्य

(S. Bhattacharya)

Under Secretary to the Govt. of India

Tel: 23384285

Copy to: Sh. G.K. Vashishth, GM (S&M), CIL, Scope Minar, Lakshmi Nagar, Delhi

Copy to NIC, Ministry of Coal with a request to place it on the Website of this Ministry for information of all concerned