

**MOST IMMEDIATE/MEETING NOTICE**

File No.23011/61/2012-CPD

Government of India

Ministry of Coal

<>

New Delhi, the 4<sup>th</sup> January, 2013

**OFFICE MEMORANDUM**

**Subject: 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.**

The undersigned is directed to refer to Ministry of Coal's OM of even number, dated 26.12.2012 on the above mentioned subject and to forward herewith additional agenda items to be discussed in the meeting of the Standing Linkage Committee (Long-Term) for Power to be held on Monday the 7<sup>th</sup> January, 2013 at 11.00 AM.

2. With reference to item No. 2 of the main agenda earlier circulated vide the letter dated 26.12.2012, it is clarified that Annexure-1 indicating the updated status of the existing LOAs is as per CIL's message dated 26.12.2012 whereby the status has been updated as on 30.11.2012. Further, in respect of item No. 4 of the main agenda, para 2, for the words "MoP has sent a list of 15 LoA holders", the words "there is a list of 15 LoA holders" are substituted.

3. The meeting of the Committee will take place at Bhabha Chamber, SCOPE Convention Centre, SCOPE Complex, 7 Lodhi Road, New Delhi-1100 03.

  
(A.K.Das)

Under Secretary to the Government of India

Tele: 23384285

Encl: as above

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. Director (Transport Planning), Ministry of Railways, Rail Bhawan, New Delhi   | Member      |
| 6. Joint Secretary (Ports), Ministry of Shipping, Transport 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:
- Director(Technical), CIL, 10, NS Road, Kolkata
  - GM(S&M), CIL, 15-Park Street, Kolkata
  - CGM(CP), CIL, 10 NS Road, Kolkata
  - 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. PPS to Joint Secretary(Coal), 7) Deputy Secretary (CPD)

  
(A.K.Das)

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.

## **Additional Agenda Items for the meeting of SLC(LT) for Power to be held on 7/1/2013**

### **Item No.1: Transfer of coal linkage of Indraprastha Thermal Power Station to Indira Gandhi Super Thermal Power Station at Jhajjar (Haryana).**

A request has been received from Govt. of National Capital Territory of Delhi that Govt. of Delhi had to close down the and decommission the thermal power station operating in Delhi due to adoption of stringent environmental norms. Indraprastha Thermal Power Station has also been decommissioned in 2009. To compensate the power loss, Delhi Govt acquired a stake in IGSTPS promoted by NTPC where State of Haryana is another partner. Delhi Government has acquired 25% stake of this project though their share of power from this plant is 42.6%. The cost of generation at this plant is quite high as it relies on imported coal. Govt. of Delhi has therefore, requested for transfer of coal linkage of their Indraprastha Plant to Indira Gandhi Super Thermal Power Station, Haryana.

Comments of CIL were sought for in the matter. They have informed that coal allocation for 248 MW Indraprastha power station was last done by SLC(ST) during 2008-09 for a quantity of 1.110 mt, against which the supply was 1.028 mt. CEA did not however, include the name of this plant in the list of TPPs as existing on 31.3.2009 for whom 306 mtpa quantity has been allocated, due to its decommissioning. No FSA was therefore, concluded with this plant. Indira Gandhi STPPS was issued pre NCDP LoA in 2007 for 3x500 MW and the linked quantity is 6.94 mt of F grade coal from MCL, which is 100% of the normative requirement of the plant. Presently, IGSTPS is drawing coal for 2 units under MoUs. Their 3<sup>rd</sup> unit is yet to be commissioned. CIL has commented as follows in the matter:-

- i) the prevailing policy does not permit the transfer of coal linkage
- ii) no extra coal is available with CIL on account of decommissioning of IP TPS as the same was not included in the CEA list of existing TPPs ( as on 1.4.2009) for whom 306 mtpa coal has been earmarked.
- iii) The linkage quantity issued to IGSTPS is already 100% of the normative requirement of the plant, which can not be exceeded as per MoP norms.

**SLC(LT) may take a view.**

**Item No.2: Request of Adani Power for restoration of the decision of SLC(LT) taken in their meeting held on 29.1.2010 for grant of 30% linkage for their imported coal based power plant at Mundra**

A representation has been received from M/s. Adani Power requesting for the restoration of the decision of SLC(LT) taken in their meeting held on 29.1.2010 for grant of 30% linkage for their imported coal based power plant at Mundra. 30% linkage granted by SLC(LT) in 2010 for import based power plants was reviewed by the SLC(LT) meeting held on 18-4-2011 wherein CIL had informed that 6 million tonnes of coal for such power stations had not been included in the estimates of the Planning Commission; therefore, CIL may not be able to meet this commitment. During this meeting, MoP reiterated their views and informed that as per their policy of October 2009, they will not be recommending indigenous coal for imported based power plants coming up during 12th Plan but the earlier decision may be implemented keeping in mind that one of the reason subsequently stated by MoP for recommending this case was that there are uncertainty in supply of imported coal. The matter again came up before the SLC(LT) in their meeting held on 14.2.2012. The Committee after deliberation felt that MoP needs to clarify the change in situation, with appropriate technical details, which justifies any change in the decision taken in the SLC(LT) meeting held on 18.4.2011. MoP has now informed that M/s. Adani Power Limited has since got conducted an depth study on this issue with due support and inputs from some technical experts. A letter of M/s. Adani alongwith the technical reports has been forwarded and Ministry of Power has once again recommended for restoration of 30% coal linkage granted to 100% import based power plants during the SLC(LT) meeting held on 29.1.2010. The technical report inter-alia states that the boiler and other auxiliary equipments of the plant at Mundra are designed to use blended coal with a minimum 30% of indigenous coal. One of the reason for low PLF at this plant is due to heavy slagging and boiler temperature excursions being faced due to usages of 100% imported coal. In their opinion, use of Indian coal in blending to the extent of 30% would meet various parameters such as heat generation and absorption in the furnace and reduction in super heater and reheater spray within design range. The specific range of their boilers with reference to GCV, ash contents etc. would also thus be met.

**SLC(LT) may take a view.**

### **Item No.3: Request of Abhijeet MADC Nagpur Energy Private Limited for coal supply.**

A request has been received from Abhijeet MADC Nagpur Energy Private Limited for inclusion of the MIHAN Power Plant in the list of MoC's letter dated 17.2.2012 whereby a list of identified power projects of 60,000 MW capacity for coal supply during the 12<sup>th</sup> Plan period was sent to CIL. Maharashtra Airport Development Company Ltd (MADC) had submitted a request for grant of coal linkage for 100 MW CPP. At a later stage, capacity of the plant was enhanced from 100 MW to 240 MW(4x60 MW) at Special Economic Zone area at Nagpur. On the request of the company, the name of the company was also changed from M/s. Maharashtra Airport Development Company Ltd (MADC) to its SPV " Abhijeet MADC Nagpur Energy Private Limited (AMNEPL). SLC(LT) in its meeting held on 29-1-2010 recommended for issuance of LoA for 4x60 MW by WCL in the category of CPP. On the request of the applicant Company and the recommendation of the Ministry of Power thereon, the category of the Power Plant was changed from CPP to IPP in 2012 after the MoC's above stated letter dated 17.2.2012 had been issued. The company has informed that all the units of their plant are running but do not figure in the list of MoC for the power projects eligible for signing of FSA upto 2015 as their plant was still categorized as a CPP when the list of 60,000 MW capacity power projects was finalized. It has been stated that had the category of their plant changed from CPP to IPP in time, it would have also figured in that list as all the four units of the plant were in operation before that. The applicant has also informed that the power generated from this plant is being supplied to MIHAN area on priority under a long term PPA and to Maharashtra DISCOM under a short-term PPA as the latter invite only short-term bids.

M/s.Abhijeet MADC Nagpur Energy Private Limited had come up with a request on 11.2.2012 for change in the status of their power plant from CPP to IPP. The reason adduced for this change was the economic recession whereby hardly any units were coming up in the SEZ and the captive character of the plant could not be maintained. MoP was consulted and with their recommendation, the status of the plant was changed from CPP to IPP on 27.2.2012. By that time, however, the list of 60,000 MW power project had been finalized and communicated. Consequently, despite their

having achieved LoA milestones and commissioning, Abhijeet MADC was not included in that list. MoP has recommended signing of FSA with them.

The request of Abhijeet MADC Nagpur Energy Private Limited is to be considered in the context that it was a 11<sup>th</sup> Plan power project, all their 4 units have been commissioned in 2011 and necessary PPAs are also in place.

**SLC(LT) may take a view.**

**Item No.4: Request for extension of time for submission of CG- case of M/s. Kanishk Steel Industries Limited- 12 MW CPP.**

A request was received from M/s. Kanishk Steel Industries Limited for grant of long term coal linkage for their proposed 12 MW Co-generation Power Plant to be set up at S.R. Kandigai Post, Gummidipoondi Taluk, Thiruvallur District, Tamil Nadu. The SLC(LT) for Power in its meeting held on 29.1.2010 recommended issuance of LoA for this project. Accordingly, MCL sent a notice to the applicant to furnish CG within one month vide their letter dated 26.4.2010 through speed post. M/s. Kanishk however, informed that the notice was not received by them and they could not therefore, deposit the CG within the stipulated period. Later on, in July 2010, when the applicant approached MCL for depositing the CG, MCL refused to accept it. M/s. Kanishk then approached MoC for condonation of delay thus caused inadvertently, as they pleaded that the MCL's notice was not received by them. The matter was placed before the SLC(LT) on 18-4-2011 and the committee advised MCL to verify the claim made by the applicant and inform the factual position. MCL furnished a certificate of Superintendent of Post Office where it has been mentioned that the Article had been delivered on 5.5.2010.

The applicant company has also submitted a certificate from the local Post Office intimating non-delivery of the aforesaid notice. The company has also brought to notice that as per the standard letter of CIL, all such communications require to be delivered at the registered offices of the parties concerned and has stated that had this procedure been followed, they would have complied with the requirements within the stipulated period. M/s. Kanishk has also pleaded that theirs is only a small plant for which they have been trying to get linkage for a long time and with all earnestness. They have also submitted a Bank certificate which indicates that at the relevant part of time, they had a sufficient Bank Guarantee limit to deposit the required amount of CG. They have,

therefore, requested for acceptance of Commitment Guarantee at this stage so that an FSA could straightaway be signed as their plant is already in operation.

**SLC(LT) may take a view.**

**Item No.5: Request of Vedanta Aluminum Limited (VAL) for reinstatement of LoA for two units of the 2<sup>nd</sup> phase of CPP**

On the recommendation of SLC(LT) for Power, MCL had issued LoA on 5.6.2008 for Phase-II CPP of M/s.VAL for 4 units of 135 MW each. VAL achieved milestones for units 1 & 2 and FSAs were concluded by MCL for these 2 units. In respect of Units 3 & 4, due to non receipt of "consent to operate" from the State Pollution Control Board, VAL did not approach MCL for signing of FSA within the validity period. Meanwhile, as a general principle, the condition relating to consent to operate was deleted from the list of milestones by all coal companies and the decision was placed on the website. Since, however, FSA was not signed for units 3 & 4 in this case and the milestones were reportedly not achieved, MCL forfeited the proportionate CG for these 2 units. M/s. VAL then made a representation to MoP against the action of MCL.

The matter was placed before the SLC(LT) in their meeting held on 18.4.2011 and the Committee recommended that MCL may take a legal opinion and based on that, may take further necessary action. In pursuance of this, MCL informed that they had obtained legal opinion from the then Attorney General of India who had opined that MCL was justified in invoking the Bank Guarantee. M/s. VAL again made a representation and enclosed a copy of the legal opinion obtained by them from former ASG to the effect that action of MCL was not in accordance with law and was arbitrary. MCL was again asked to seek legal opinion from Attorney General of India, which again confirmed the action taken by MCL. This position was placed before the SLC(LT) on 14.2.2012 when the Committee noted the development and decided that it is a legal matter and can not be opined upon by the Committee.

M/s. VAL has once again come up with their request, with the plea that MCL had suppressed the facts while seeking legal opinion that VAL had not approached them for signing of FSA for their two units. They have contended that they have in fact approached

MCL twice in the matter in July and August, 2009. They had also got their BG extended. M/s. VAL have therefore, requested to have a relook into their matter.

**SLC(LT) may take a view.**

**Item No.6: Request of Athena Chhattisgarh Power Limited (ACPL) for correction of their unit size from 660 MW to 600 MW**

Athena Chhattisgarh Power Limited had applied for 2x660 MW power project in 2007. As the company had a coal block which could cater to 550 MW, SLC(LT) recommended authorization of LoA for one unit of 660 MW in their meeting held on 12.11.2008. Before the said SLC(LT) meeting, ACPL had **informed** the change in the unit size but as also confirmed by CEA, LoA was authorized for 660 MW. As per procedure, ACPL had not sought approval for reduction in capacity, which they finally did only in January 2012 when the LoA issued in this case had already expired in August, 2011. M/s. ACPL had represented that they have informed of the reduction in the capacity of their project well in time to MoP, CEA as well as MoC. It is however, also a fact that they had not formally sought MoC's approval for reduction in capacity which would have been examined as per the relevant instructions. Now that the coal companies have been delegated the powers to decide the requests relating to enhancement/reduction /change in unit size within the overall capacity by ensuring that the relevant conditions for doing so are met, the present case falls short of the condition that they were to **apply** for reduction within the LoA validity period, ACPL has requested for approval of reduction in their unit size after expiry of the LoA validity period. The matter is to be considered in the light of the fact that M/s. ACPL had only informed MoC of reduction and had not formally applied for the same.

**SLC(LT) may take a view.**

**Item No.7: Consideration of cases where the LoA milestones are not achieved within the validity period due to reasons beyond the control of LoA holders.**

While approving the recommendation of SLC(LT) for Power made in the meeting held on 18.4.2011, the Competent Authority had also decided that in case of project developers whose blocks fell in no-go area and they were unable to develop the blocks

due to non receipt of Forest/Environment clearance, they were not be blamed for such situations and should be given a dispensation. In the same meeting SLC(LT) had also recommended to consider such cases where LoA milestones could not be met due to delay in obtaining Forest/Environment clearance within the stipulated period.

Instances have been brought to notice that there are many other contingencies where LoA holders have not been able to achieve the milestones for reasons which are beyond their control. In one case, Consent for Establishment has not been received from the State Pollution Control Board. In another case, a LoA holder has been unable to get water connection from the concerned State Govt. within the stipulated period. In yet another case, one LoA holder has been unable to achieve the milestone relating to land acquisition even though he has deposited the entire amount for land with the State Government. In this case, the land owners have gone to the court against acquisition of their land and the matter is sub-judice. The LoA holder has no option but to wait for the court's decision even though he has optimized the land requirement for the plant with the advanced technology. There could be some more instances of this type where the LOA milestones are not achieved within the stipulated period for one reason or another which is beyond the control of the LoA holder.

Such matters have been considered in MoC and it has been felt that these cases merit consideration on case to case basis, depending upon the circumstances and factual position obtaining in each such case. It is suggested in this regard that an inter-ministerial committee may be constituted to examine all such cases and framing a view, so that MoC may consider their recommendations for taking suitable action in these cases.

**SLC(LT) may take a view.**