

Shastri Bhawan, New Delhi,  
Dated the 13<sup>th</sup> February, 2014

**OFFICE MEMORANDUM**

**Subject: Record Note of discussions of the Meeting to discuss on Request for Proposal and Model Coal Mine Development and Production Agreement for detailed explored blocks under 'Auction by Competitive Bidding of Coal Mines Rules, 2012'.**

The undersigned is directed to forward herewith the Record Note of discussions of the Meeting held under the Chairmanship of Secretary (Coal) on 30-1-2014, on the above mentioned subject for information and necessary action.



(Kishore Kumar)

Under Secretary to the Government of India  
Ph. No. 23382188

Encl.: as above.

To:

1. Shri Anupam Prakash, Director, Min. of Steel, Udyog Bhawan, New Delhi.
2. Shri V. Appa Rao, Director, Min. of Power, Shram Shakti Bhawan, New Delhi.
3. Dr. R.S. Shrinet, Asstt. Legal Adviser, M/o law & Justice, Shastri Bhawan, New Delhi.
4. Shri K. Srinivasu, US, DIPP, Udyog Bhawan, New Delhi.
5. Shri A.K. Debnath, CMD, CMPDIL, Gondwana House, Ranchi, Jharkhand.
6. Shri T.K. Samanta, GM (BD), CMPDIL, Gondwana House, Ranchi, Jharkhand.
7. Shri A.K. Rana, GM, CMPDIL, Gondwana House, Ranchi, Jharkhand.
8. Shri Amit Kumar, Manager, CRISIL, Gurgaon.

Copy to:

- i. Sr. PPS to Secretary (Coal)
- ii. PPS to JS(AKB), MoC
- iii. PS to Adviser (P), MoC
- iv. Director (CA-III), MoC
- v. TD, NIC, MoC – with the request to upload on the website of this Ministry.
- vi. Guard Folder.

**Record Note of discussion of the Meeting held under the chairmanship of Secretary (Coal) to discuss the comments of the stakeholders and finalize the Request for Proposal (RFP) and Model Coal Mining Development and Production Agreement for detailed explored blocks held on 30-01-2014**

A meeting was held under the Chairmanship of Secretary (Coal) on 30-01-2014 to finalise the Request For Proposal (RFP) and Model Coal Mine Development and Production Agreement for detailed explored blocks. List of Participants is enclosed at Annexure. It was briefly informed by JS, Ministry of Coal that he had reviewed the matter on 28-01-2014 with the representatives of Ministry of Steel, DIPP, Ministry of Law and Justice, CMPDIL and CRISIL to discuss in detail the comments of various stakeholders on Request for Proposal (RFP) and Model Coal Mine Development and Production Agreement for detailed explored coal blocks which was uploaded on website of Ministry of Coal. Based on the discussions on the issues in the meeting held on 28-01-2014, CRISIL would make a presentation today (30/01/2014).

2. The issues relating to R F P were discussed and following was decided:
  - i. On the issue whether a bidder can bid for the coal block aggregating the requirement of its multiple end-use plants, it was decided that this will be allowed on the condition that it will be for similar end uses only.
  - ii. On the issue whether a bidder will be allowed to include the coal requirement of such end use plants whose linked coal block has either not come into production or has been deallocated and matter is sub-judice, it was decided that if the bidder wins the bid for a new coal block, he will have to surrender the previous allocated/deallocated block.

- iii. On the issue whether the requirement of end use plant with respect to a linked coal block which could not be developed due to non-receipt of various clearances, will be accounted as unmet requirement or not, it was decided that the unmet requirement will be calculated after taking into account linked coal capacity of all the previous blocks allocated to the allocatee irrespective of the fact that he has been able to obtain clearances /approvals or not.
- iv. It was decided in the meeting that as the number of blocks for auction under Rule 3 of the Auction by Competitive Bidding of Coal Mines Rule, 2012 are not many, therefore in this round of bidding there is no consideration for CPPs attached to the end use plant.
- v. For calculating the unmet requirement the existing fuel supply linkages will not be allowed to be surrendered and the quantum of coal will be determined based on the average materialisation rate during the last 3 years duration. Further, it was decided that if the bidder wins the bid for a coal block, any upward revisions in the existing FSA's quantity, on the basis of which un-met requirement would have been calculated, shall not be permissible.
- vi. Regarding the standardisation of formula for calculation of unmet/total coal requirement for the end use plant, it was decided to consult the Ministry of Steel, DIPP and Planning Commission for obtaining the norms, which shall be taken into account for calculation of the requirement keeping in view of the best and most fuel efficient technology.
- vii. Regarding the technological details and cost estimates to be considered for arriving at NPV, it was decided that the principles used for calculation will be discussed with the bidders in the pre-bid meeting.

- viii. It was decided that withdrawal of bid before the bid opening due date will only be allowed in totality, i.e. the bidder will have to withdraw the complete bid and resubmit it completely and the part withdrawal/part modification will not be allowed.
  - ix. It was observed that if the washing of coal is required then utilisation/disposal of middlings and rejects will be as per the applicable laws and suitable clause will be incorporated accordingly in the CMDPA.
3. The issues related to CMDPA were discussed and following was decided:
- i. On the issue that 'Term' is limited to the development period, it was clarified that upon grant of Mining Lease, the State Government will suitably incorporate the relevant clauses of the agreement, in the terms and conditions of the Mining Lease.
  - ii. Regarding the provision about termination of the agreement, even if delay is for any of the EUP in case of group of EUPs, it was decided that quantity belonging to defaulting EUPs shall be dealt with as per Applicable Law.
  - iii. With regard to issue that change in law can affect the viability of the Mining operations it was clarified that it is already provided that the Ministry of Coal will not provide any compensation upon any adverse impact on account of change in law.

Meeting ended with vote of thanks to and from the Chair.

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## ANNEXURE

Meeting held under the chairmanship of Secretary Coal to discuss the comments of the stakeholders and finalize the Request for Proposal (RFP) and Model Coal Mining Development and Production Agreement for detailed explored blocks held on 30-01-2014

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### LIST OF PARTICIPANTS

1. Shri S.K. Srivastava, Secretary, MoC -- In Chair
2. Shri A.K. Bhalla, JS, MoC
2. Shri D.N. Prasad, Adviser (Projects), MoC
3. Shri Anupam Prakash, Director, Ministry of Steel
4. Shri V. Apparao, Director, Ministry of Power
5. Dr. R.S. Shrinet, Asst. Legal Advisor, Ministry of Law and Justice
6. Shri K. Srinivasu, Under Secretary, DIPP
7. Shri A.K. Debnath, CMD, CMPDIL
8. Shri A.K. Rana, GM, CMPDIL
9. Shri T.K. Samanta, GM, CMPDIL
10. Shri Amit Kumar, Manager, CRISIL
11. Shri Rupin Pawha, Juris Legal
12. Shri Arpit Katiyar, Juris Legal
13. Shri Anurag Kapil, Director, MoC