

MOST IMMEDIATE

File No.23011/61/2012-CPD
Government of India
Ministry of Coal
<>>

New Delhi, the April 12, 2013

To

1. The Chairman,
Coal India Limited,
10, NS Road,
Kolkata.
2. The Chairman-cum-Managing Director
Singareni Collieries Company Limited,
18, Red Hills, Khairatabad PO,
Hyderabad AP.

Subject: Minutes 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.

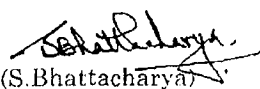
Sir,

I am directed to forward herewith the minutes of the Standing Linkage Committee (Long-Term) for Power held on 7th January, 2013 to review the status of existing coal linkage/LoAs in Power Sector, as approved by the Competent Authority.

2. It has been decided that once these minutes are issued, there would be no necessity to issue separate order in cases individually taken up by the Committee in the above said meeting and CIL/SCCL and Ministry of Power will ensure that the recommendations, as indicated in the approved minutes, are implemented in full.

3. CIL/SCCL and Ministry of Power are accordingly requested to take follow up action to ensure that the directions/recommendations of SLC(LT) are implemented urgently. The status report on action taken may be intimated to this Ministry, from time to time.

Encl: as above.


(S. Bhattacharya)

Under Secretary to the Government of India
Tele: 2338 1285

To

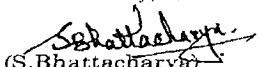
To	Chairperson
1. Additional Secretary, Ministry of Coal	Member
2. Principal Adviser(Energy), Planning Commission, Yojana Bhawan New Delhi. (Attn: Shri I.A.Khan, Joint Advisor (Coal))	Member
3. Advisor (Projects), Ministry of Coal	Member
4. Shri I.C.P. Keshari, Joint Secretary(Thermal), Ministry of Power, 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:

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

Copy for information and necessary action to:-

- i) PS to Minister of Coal (ii) PS to MOS(C) (iii) Sr. PPS to Secretary(Coal) (iv) PPS to Additional Secretary(Coal)
- v) PPS to Joint Secretary(LA) (vi) PPS to Joint Secretary(Coal) (vii) Deputy Secretary (CPD)


(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

**Minutes of the Review meeting of the Standing Linkage Committee
(Long Term) for Power held at 11.00 A.M. on 07.01.2013**

List of the participants is at Annexure-I.

Item No. 1: **Confirmation of the minutes of the SLC (LT) review meeting held on
14.2.2012**

At the outset, the Chairperson, Additional Secretary (Coal) welcomed the participants. The minutes of the previous meeting were taken up for confirmation and certain clarifications sought in the last meeting were also taken up for review of the current status as a part of the ATR on the minutes of the last meeting. The following agenda items pertaining to the meeting held on 14.2.2012 were discussed:-

(i) **Item No. 3 (i) -Submission ofCoD for Power Plants.**

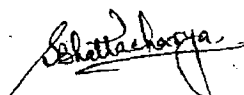
CEA was to indicate the project-wise expected date of CoD for the plants already commissioned within a week's time and information in respect of other projects was to be provided within a month after CEA holds discussions with the power developers. Chairperson expressed concern that the required information is still not received after considerable elapse of time. JS(Power) had some reservations on the issue. It was decided that the matter would be further deliberated upon in detail under regular agenda item 3(i).

(ii) **Item No. 3(viii)**

In respect of the 'location change' and forest clearance pertaining to LancoBabandh Power Ltd., it was informed that details/comments from MoP have been received and are under process in the Ministry. Chairperson desired that the matter be expedited as it is still pending since the last meeting.

(iii) **Item No. 3 (ix)**

The status of the 1x300 MW IPP of Emco Energy Ltd. as minuted, was clarified by CEAMoP. MoP informed that the project would be commissioned in the 1stquarter of this year.



(iv) Item No. 3 (x)

As per the minutes of the 14.2.2012 meeting of SLC(LT), the status of the case for change in configuration from 2x12 MW to 1x24 MW in respect of the proposed CPP of MSP Metalics Ltd. was clarified by CIL/MCL. It was informed that the matter is still sub-judice and further action would be taken by the concerned coal company as per the court's directions in this case. The coal company was directed to apprise the updated position in the matter.

(v) Item No. 3 (xi)

In the matter of enhancement of capacity of Meenakshi Energy Pvt. Ltd., it was decided in the meeting dated 14.2.2012 of the Committee that the LoA holder would be allowed 3 months from the date of issue of the minutes for submitting all the relevant documents in support of achievement of milestones and if found in order, the matter will be processed accordingly. CIL/MCL informed that the applicant company has submitted the relevant documents in support of achievement of all the milestones except synchronization and CoD. However, the project is not appearing in the MoP list of 60,000 MW, which has been frozen for the 12th Plan period.

(vi) Item No. 3(xviii)

The issue of conversion from CPP to IPP was to be re-examined by ECL if required after award of lease for running of power plant. The matter of award of lease is still pending and may be expedited.

(vii) Issues raised by NTPC

It had been informed in the meeting on 14.2.2012 that CCL is not accepting certified copy of the investment decision of the Board of Directors as achievement of milestone. CCL/CIL had been advised to examine the request in view of the circumstances explained by NTPC. The Committee was informed that CCL has now accepted the same.

Recommendation:

The minutes of the SLC(LT) review meeting held on 14.2.2012 were confirmed. The Committee recommended that action still pending on recommendations of the meeting dated 14.2.2012 may be expedited.

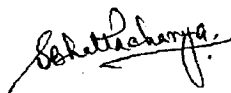
Item No.2 : **Review of existing linkages/LoAs**

It was decided that the general review would be taken up after agenda items pertaining to general issues impacting on many cases and the other cases approved by competent authority for discussion in the SLC(LT) are considered. Later, however, due to paucity of time, the agenda item was deferred and **it was recommended that another meeting of the Committee may be held shortly, when a general review of the status of achievement of the milestones and signing of FSAs in individual cases may be taken up and further course of action recommended.** Item no. 4 and additional items no. 7&8 were accordingly taken up first.

Item No.4: **Projects which have reportedly achieved the milestones within the validity period but are not included in CEA/MOP list for supply of coal during 12th Plan period**

The Committee was informed that some project developers who have reportedly achieved the milestones, except COD and synchronization, within the validity period of LOA, have represented to the Ministry of Coal for signing of FSA. The committee in its meeting held on 14.2.2012 had decided that "in respect of other projects not included in the lists (CEA/MOP list) and where the milestones other than special milestones have been achieved by the LOA holders, the matter would be reviewed by the SLC (LT) in its next meeting."

The committee noted that there is a list of 15 LoA holders with the capacity of 12,635 MW with coal requirement of 58 MTPA, who are outside the MoP/CEA's list of 60,000 MW identified for coal supplies during the 12th Plan period but have achieved the LoA milestones and have become eligible for signing of FSAs. There is another list of 15 projects which have been given tapering linkage, with the capacity 10,765 MW and coal requirement of about 18 MTPA, for whom MoP has recommended allocation of coal. Both these categories of projects have come up or are likely to come up by 31st March 2015 and are deserving cases for supply of coal but the availability of coal has necessitated restriction of capacity of 60,000 MW only for supply to power plants upto 2015.



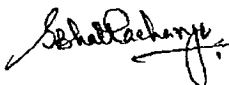
The Committee noted that there would be LoA holders who have achieved or would achieve the LoA milestones within the validity period. In addition, there are also cases of tapering linkage, who have achieved milestones or where reasons for non achievement of milestone are beyond their control. As such there is a need to plan for future coal supplies for such categories which have achieved milestones but are not included in the frozen list of 60,000 MW capacity which includes power plants which are to be supplied coal as per current coal availability.

The Committee noted that the scope of the SLC(LT) includes making plans for coal supply to consumers. As such a first step towards coal planning could be preparation of priority list of deserving cases which are not included in the frozen list of 60,000 MW and are already commissioned or about to be commissioned in order of their date/expected date of commissioning. Once additional coal is made available by CIL or if the plants in the frozen list fail to achieve CoD or long term PPAs, execution of FSAs can be considered with plants placed in the priority list. It was also brought to the notice of the Committee that as per information available with CIL/MoC, some of the plants in the list of 60,000 MW may not have completed necessary formalities for drawal of coal.

JS(Power) stated that all the power plants included in the list for 2012-13 would definitely be commissioned. In respect of power plants included in the list which are likely to come up by 31.3.2015, MoP would review the entire position and reconsider the priority list in the month of April, 2013 on the basis of the latest status of the plants.

CMD, WCL suggested that in case of additional availability of coal, deserving cases which are not included in the list of 60,000 MW could be provided coal through yearly MoUs in case of availability of coal.

Director(Technical), CIL expressed the view that the coal requirement of the power plants, as mentioned above, should be treated subsidiary-wise and any decision regarding coal supply needs to be taken keeping in view the coal availability at the subsidiary level vis-à-vis the requirements of linked consumers. He also reiterated that the yearly demand at agreed ACQ for the identified power projects of



60,000 MW capacity can be maintained only if any new categories are not included for supply of coal.

Recommendations:

- (i) CEA/CIL will prepare a list of all LoA holders who have achieved milestones but are not included in the frozen list of 60,000 MW, tapering linkage holders and other consumers to whom coal supply was envisaged as well as other cases of LoA extension and deserving cases approved by SLC(LT) which are not included in the frozen list of 60,000MW.
- (ii) The frozen list of 60,000 MW will be reviewed and reprioritized according to date/expected date of commissioning by MoP in April, 2013.
- (iii) In case of additional coal availability, for reasons such as lag between FSAs and actual signing of PPAs by plants in the approved list, import of coal or otherwise, deserving cases of LoA holders especially those in which power plants are ready for commissioning may be considered for supply of coal depending on availability provided all milestones have been achieved and PPA signed by the LoA holders.
- (iv) LoAs of consumers who have achieved all milestones but are not included in the list of 60,000MW may be extended by one year from the date of expiry of LoA. Further extensions if any may be considered on case to case basis.
- (v) The meeting of SLC(LT) should be held more frequently once in every quarter for taking up cases on regular basis.
- (vi) No coercive action may be taken under para 6.4 of NCDP in matters which are approved by competent authority to be placed before the SLC(LT). Appropriate amendment to para 6.4 of NCDP may also be



considered to prevent automatic termination of LoA and forfeiture of CG.

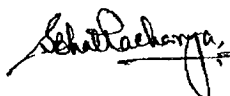
Addl. Item No. 8: Grant of extension in LoA validity for achieving the milestones relating to obtaining environment / forestry clearance to power projects.

A note on this issue was circulated during the meeting as Issue No. 1 under Item No. 6 (Other matters with the permission of the Chair). However, the Committee noted that this is an agenda item approved by competent authority for discussion in the meeting and took it up as additional item No. 8.

The Committee noted that there are genuine difficulties in achieving milestones relating to EC/FC within the prescribed time limit. The force majeure clause of LoA provides a relaxation of 3 months only in such cases on depositing additional Commitment Guarantee. The committee considered that in view of the genuine difficulties which are beyond the control of the LoA holders, a general dispensation could be given for such cases provided extension is applied for with adequate justification within the validity period of the LoA instead of decision on case to case basis as decided in the SLC(LT) meeting of 18.4.2011.

Recommendations:

- (i) The LoAs may be extended upto one year from the date of expiry of LoA in all cases where all milestones except Environment/Forestry clearance have been achieved within the normal validity period of LoAs provided the same is applied for with adequate justification before expiry of the LoA.
- (ii) Cases where dispensation for more than one year is justified may be considered on case to case basis by SLC(LT).
- (iii) Additional CG as applicable may be taken for extended period.



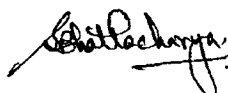
Item No.7: **Consideration of cases where the LoA milestones are not achieved within the validity period due to reasons beyond the control of LoA holders.**

The case of M/s PEL Power Ltd. was brought to the notice of SLC(LT) in which consent for establishment could not be received from T.N. Govt. Other cases were cited where LoA milestones are not achieved by the project developers due to reasons which are beyond their control. The need for a general policy approach was found in these cases as in the cases where the milestones of EC/FC are not achieved within the stipulated period and for which a general dispensation has been recommended in additional agenda item No. 8. The proposal placed before the Committee was to constitute an Inter-Ministerial Committee for examination of such cases and framing a view so that MoC could consider the recommendations of such Inter-Ministerial Committee for taking further suitable action.

The members of the Committee observed that the mandate of SLC(LT) is, inter-alia, to also examine such cases and make suitable recommendations. As such constitution of a separate inter-ministerial committee for considering such matters is therefore not required. Wherever necessary, such cases can be brought before SLC(LT) for consideration. For this the meetings of the SLC(LT) should be held more frequently in a structured manner once in every three months, so that examination of cases which come up in the interim are regularly decided. The Committee also observed that it is in this context that para 6.4 of NCDP issued vide MoC's OM dated 18th October, 2007 also requires an amendment to the effect that if such a situation arises where the LoA holder is not in position to achieve a particular milestone because of reasons beyond his control, the LoA should not terminate automatically alongwith forfeiture of CG but coercive action should be kept in abeyance till reasonable opportunity is given for consideration by SLC(LT) and decision by the competent authority.

Recommendations:

- i) **Cases where milestones cannot be achieved for reasons beyond the control of a LoA holder may be brought before SLC(LT) for making suitable recommendation.**



- ii) The meetings of SLC(LT) should be held more frequently- preferably once in every quarter for taking a view on all such matters on a regular basis.
- iii) MoC may consider a modification in para 6.4 of the NCDP so that LoA should not terminate automatically along with forfeiture of CG before a reasonable opportunity is given for consideration by SLC(LT) and decision by the competent authority on the recommendation of the SLC(LT).

Item 3: Cases approved by the competent authority to be placed before the SLC(LT) for taking a view on their requests

3 (i): Submission of CoD in respect of power plants

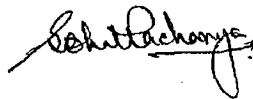
It was mentioned by the representative of MoP in the last meeting that since CEA monitors only the commissioning of plants, the CoD need not be insisted upon. However, it was decided in the meeting of the SLC (LT) held on 14.02.2012 that since achievement of CoD is the basis for starting regular supply of coal; therefore, CoD has to be monitored in all cases and insisted upon as one of the major milestones. Some penalties were also prescribed. MoP has again made a reference that CoD should not be insisted upon for the IPPs and if it is done, CIL should also be penalized for short delivery.

After deliberations it was agreed that for proper coal planning, CoD has to be monitored however imposition of the penalty as earlier recommended by the Committee could be kept in abeyance at this stage. However, the LoAs would have to be cancelled in case CoD is not achieved on time after following due process for cancellation and issue of notice.

Recommendations:

The course of action recommended in SLC(LT) meeting dtd. 14.2.2012 was reiterated and the following recommendations made:-

- (i) The project wise CoD dates as per estimation of CEA-MoP may be intimated to the Ministry of Coal. Achievement of CoD within the stipulated time would be mandatory for all the power projects to avoid cancellation of linkages/LoAs.



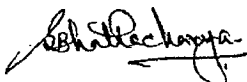
- (ii) MoP was to provide the details of estimated CoDs project-wise in respect of plants commissioned during 2009-10, 2010-11 and to be commissioned during 2011-12 within a week from the date of the last meeting. The same may be provided along with information of plants commissioned/to be commissioned during 2012-13 within 10 days.
- (iii) Imposition of penalty in case of non-achievement of CoD may be kept in abeyance at this stage. However, action for initiation of cancellation of LoA would be initiated after following due process in case of non-achievement of CoD.
- (iv) Coal requirement for carpeting will be provided by CIL.
- (v) Request of Ministry of Power to reconsider the charging of 30-40% higher price for carpeting may be considered by CIL on receipt of proposal from MoP.

3 (ii)(i): Grant of coal linkage for the proposed 2x800 MW Power Plant at Basundhara Coalfields by MCL

A proposal was received from MCL for setting up of a 2x800 MW power project at Basundhara Coalfields, requesting for coal linkage for the same. MCL has stated that they have huge coal reserves at Basundhara Coalfields and they can be utilized for meeting the power shortage of the Country.

MCL informed that during the financial year 2010-11, it had produced around 12.5 Million tones of coal from various projects of Basundhara-GarjanBahal Area located in Sundargarh District of Odisha, which is expected to enhance to 34 million tonnes by the terminal year of 13th Five Year Plan. It was informed by MCL representative that it is not possible to lift the entire coal available from BasundharaGarjanBahal Area because of infrastructure constraints. However, they have taken steps to lay railway track from Basundhara Coalfields to Jharsuguda by awarding the job to SE Railway, which will take considerable time. Kulda SILO and Basundharawashery are also to be constructed, which will also take time.

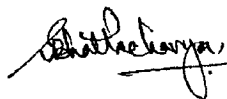
The proposed power plant would require 9 Million Tonnes of coal per Annum. The Power Plant would be set up through a JV and the JV partner would be selected



through Case-2 Tariff based International Competitive Bidding process. Availability of linkage will provide greater clarity for the bidding process. The power produced by the plant would cater to the power requirement of MCL, CIL and the country as a whole. The application for seeking long term coal linkage has however not been submitted by MCL in the prescribed proforma along with processing fee, pending MoC's in-principle approval for considering proposal for fresh linkage.

Recommendations:

- (i) In view of the evacuation constraints the grant of linkage for this project of MCL may be considered as a special case as the coal can only be extracted if it is consumed at pithead.
 - (ii) The linkage may be considered as a special case after application is duly submitted by MCL along with necessary processing fee.
 - (iii) MCL, in the meanwhile, may also invite applications from the existing LOA holders for lifting coal from Basundhra Mines on "as is where is" basis, by making their own arrangements. A reasonable time about one year, may be given for this so as to facilitate the LoA holders to make proper arrangements.
- 3(ii)(ii) The request of Odisha Power Generation Corporation Limited (OPGCL) for the grant of interim linkage for their expansion TPP at Jharsuguda was also placed in continuation of the request of MCL: OPGCL has requested for the grant of interim coal linkage for three years(4 MT, 8 MT and 4 MT during 2016-17, 2017-18 and 2018-19 respectively) for their upcoming 2x660 MW expansion TPP, whereby they have proposed to lift the coal from Basundhra Mines where MCL has been facing acute problems in coal evacuation. OPGCL has been allocated two captive coal blocks for their additional proposed capacity but development of the coal blocks has been affected due to their falling in the erstwhile "no-go" category. These blocks have since been re-classified as "go" category but production from these blocks has got delayed. Coal production from



these blocks is likely to commence from 2018-19 but as the two units of 660 MW each of their expansion TPP are likely to come up in the years 2016-17 and 2017-18 respectively, OPGCL has requested for the above said quantity of coal from the Basundhra Mines for the interim period to meet their requirements.

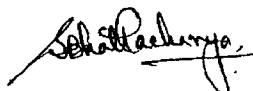
Both MoP and MCL supported the request. It was also reported by MCL that about 8 MT coal would be surplus in Basundhra - Garjanbahal area during the period 2016-17 to 2019-20 due to evacuation constraints and the stock would be building up. till adequate rail and road connectivity is made available. The Committee observed that there is no policy to grant "interim coal linkage" to any entity. The request from a private coal block holder appears to be in the category of a tapering linkage and application for the same could be made under tapering linkage policy. Other similarly placed consumers could also apply.

Recommendation:

As this request was not included in the approved agenda for the meeting, no recommendation is to be made in this regard at this stage.

Item No.3 (iii):2x300 MW TPP of M/s. BPL Power Projects (AP) Pvt Ltd Karimnagar, Andhra Pradesh

SLC (LT) for Power had authorized issuance of LoA for 2x300 MW TPP of M/s. BPL Power Projects (AP) Pvt Ltd Karimnagar, Andhra Pradesh. In December 2011, MoP had recommended cancellation of this authorization, as BPL had not deposited the commitment guarantee with the coal company before issuance of LoA. The matter was discussed by the SLC in their meeting held on 14.02.2012 and it was decided to withdraw the authorization in this case. It was also decided that if the project developer wishes to apply for LoA, he may apply afresh as per the extant procedure. After this decision, MoP has come back with the recommendation for deference of cancellation of the linkage authorization for the said TPP in view of the status of the project submitted by the developer. MoC requested MoP to give detailed justification for considering the



matter again. MoP has provided the following justification for the same in October, 2012:

- (i) The land for the project had been acquired.
- (ii) Water allotment with Environment clearance and Consent to establish obtained.
- (iii) MOU and subsequent Detailed Term of Engagement (TOE) has been signed between BPL Power and M/s Tata Projects Ltd. on 12.4.2012 and 18.6.2012 respectively w.r.t. EPC Works.
- (iv) The project could not make sufficient progress as revised PPA (for revised capacity) was pending with Andhra Pradesh Electricity Regulatory Commission (APERC) since 14 months for their confirmation.
- (v) Being a Long term PPA based, the final bankable PPA was essential without which EPC contract and project financing could not be commenced.
- (vi) APERC has given its approval to PPA amendment agreement on 21.9.2012.
- (vii) M/s BPL has now expressed confidence of paying the Commitment Fees to SCCL by 31.1.2013 and to execute the FSA soon thereafter. Financial closure will be achieved in 3 months from the issue of LoA for Coal. Further EPC works would also be commenced by that time so that the Construction Schedule of 30 and 33 months for COD of Unit 1 & 2 respectively can be achieved.

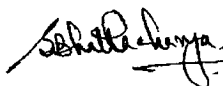
SCCL informed that the authorization for LoA has not yet been cancelled and the request can be considered for supply of coal on cost plus basis.

Recommendation:

The Committee recommended that the proposal of SCCL for supply on cost plus basis may be considered as per the extant guidelines of 2008.

Item No.3 (iv): Enhancement in the capacity of the CPP of M/s. Shree Sidhbalilspat Ltd - action to be taken as per the directions of the Hon'ble High Court, Bombay

Shree Sidhbalilspat Ltd (SSIL) made a request to enhance the capacity of their 1x12 MW CPP located in District Chandrapur, Maharashtra to 12.8 MW after the validity



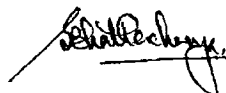
of their LoA had expired. The matter was taken up by SLC (LT) in their meeting held on 18.04.2011 when it was informed that the unit was setting up 20 MW CPP, of which 7.2 MW would be generated from WHRB and the remaining 12.8 MW from CFBC/AFBC. The EC given by the concerned department of Maharashtra is for 20 MW and the order for the main plant and equipment is also for 20 MW STG turbine generator. Since the LoA was issued in this case for 12 MW capacity but the documents submitted were for 20 MW capacity, the unit was considered as having failed to achieve the milestones as per the LoA issued for 12 MW. The case for enhancement of capacity was therefore turned down. SSIL then approached the Bombay High Court with the contention that SLC (LT) has agreed to a similar dispensation to another company in their meeting held on 14.02.2012 and their case should also be considered likewise. The Hon'ble High Court has passed interim directions in this case, directing the respondents not to forfeit the CG alongwith the additional CG till a decision is taken by SLC (LT), provided the petitioner keeps the Bank Guarantee alive till the Committee takes a decision.

The Committee noted that in the matter of the proposed IPP of EMCO Energy Ltd., the request for enhancement of capacity though received after expiry of the LoA validity was accepted as the representatives of CEA and MoP had informed that the project was scheduled to be commissioned in 2012-13 and was included in the list of identified power projects of 60,000 MW capacity for whom commitment of coal supply during the 12th Plan period was made and therefore, there was a need for taking a positive view in the matter. The request of EMCO was thus accepted with the conditions that no additional coal would be supplied for the enhanced capacity, the project developer would deposit penalty amount equal to 6% of the annual coal value for delay in submission of the request and the matter would be processed further on receipt of unconditional acceptance of these conditions by the project developer.

MoP reiterated the position taken by them in the case of EMCO and viewed the same as the right approach required to be taken in the given circumstances.

Recommendations:

- i) **Since the milestones for a higher capacity (20 MW in this case) have been achieved, the achievement of milestones for a lower capacity (12 MW in this case) may also be accepted.**




- ii) A report may be sought from MoP regarding the status of power plant likely date of commissioning etc. and also on the question whether the case of Shree Sidhbalispat Ltd. is exactly similar to the case of EMCO where a dispensation has been given.
- iii) The report of MoP will be considered for appropriate recommendation in the next meeting of the Committee.

Item No. 3 (v):

- (i) M/s. Gupta Energy Private Limited (GEPL)
(ii) NTPL (JVC of NLC and TANGEDCO)

M/s. Gupta Energy Pvt. Ltd has requested on 19.5.2013 for extension in the validity of LoA in respect of their 540 MW IPP (4x135 MW IPP) at Usegaon, Dist. Chandrapur, Maharashtra State. LoA in this case was issued on 14.6.2010 by WCL and was valid upto 13.06.2012. GEPL has informed that they have achieved all the LoA milestones except the milestone of Environmental Clearance. This milestone could not be achieved due to the fact that MoEF has imposed temporary moratorium for issuing Environment Clearance and the moratorium is being extended by MoEF from time to time. Presently, the moratorium is extended till further orders. The applicant has stated that as the achievement of this milestone is beyond their control, it should be treated as a case of Force Majeure and the validity of their LoA be extended till the moratorium is lifted and they get EC. The request for extension has been made within the validity period

NTPL has also approached MoC to extend the validity of their LoA beyond 23.9.2012 by which time they were to achieve all the milestones including Forest Clearance. As per their submission, they have been making efforts for getting Forest Clearance from the State Administration since April, 2012 but since various agencies of the State Governments are involved, they have not been able to get FC for their 2x500 MW proposed TPP at Tuticorin in Tamilnadu. The two units of the TPP are expected to be commissioned in December, 2013 and March, 2014 respectively. They have also requested to extend the LoA validity in their case by one year. The request has been made within the validity period.

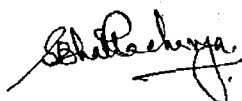


Recommendations:

- (i) In accordance with the general recommendation made for extension of validity in respect of additional agenda item No. 8, GEPL may be allowed additional extension of one year (including the 3 months permissible under NCDP) from the expiry of their LoA on 13.6.2012.
- (ii) NTPL may also be allowed extension of one year (including the 3 months permissible under NCDP) after expiry of validity of their LoA, which was 23.9.2012, for achieving the remaining milestone of Forest clearance.
- (iii) Dispensations allowed in these cases would be subject to the condition that these LoA holders have achieved all other milestones within the validity of their LoA.
- (iv) In case EC/FC is obtained by them before expiry of one year from the date of expiry of their LoAs, this relaxation would be limited to the date of EC/FC.

Item No. 3 (vi): **Conversion of 800 MW tapering linkage granted to Tiroda power project of Adani Power Maharashtra Ltd (APML)**

APML, for their TPP of 3x660 MW(2x660 MW Phase-1 and 1x660 MW Phase-II) proposed to be set up near Village-Tiroda, Gondia, Distt. Maharashtra was granted LoA on long-term basis for meeting the requirement of 1180 MW of this project. For the remaining 800 MW capacity, they were given LoA for tapering linkage due to the fact that they have been allocated Lohara West and Lohara Extension coal blocks. On achieving the milestones of long-term LoA and completing other formalities, they have since signed FSA for 1180 MW capacity of this project. In respect of the LoA granted on tapering basis for 800 MW capacity, for which they have been allocated coal blocks, they have represented that MoEF has withdrawn the ToR of the blocks due to their close proximity to the buffer zone of TadobaAndheri Tiger Reserve. MoEF has recommended MoC to grant alternate coal block involving no/minimal forest area and outside any ecologically sensitive area. It has been reported by the developer that even if alternate coal block is allocated, it will take



minimum 4 to 5 years to develop the same for supply of coal to Tiroda power project. The applicant has, therefore, requested that as the first unit of their power project is on the verge of commissioning and pending allocation of alternate coal block, the tapering linkage be converted to long term coal linkage.

Out of 1980 MW for which LoA exists (1180 MW on normal basis and 140+ 660 MW on tapering basis), as per the approved list of CEA/MOP, 1st unit of 660 MW and 2nd Unit of 660 MW was/is likely to be commissioned during 2011-12 and 2012-13 respectively. The 3rd Unit of 660 MW does not appear in the approved list.

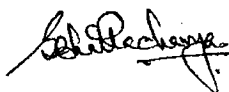
The Committee noted that there is no policy for allocation of alternate coal blocks in any contingency. It was also noted that the coal blocks allotted to APML have neither been de-allocated nor cancelled and they had again applied to the State Government concerned for clearance in April 2012. JS, MOP informed that APML has since got the cancellation letter in this regard from the State Government and observed that in such cases where coal blocks are not coming up for any reason whatsoever but their end use plants have either come up or are at an advanced stage, such cases should be considered favorably- particularly if the project developers have a long-term PPA with DISCOMs, which has been laid down as a pre condition for coal supply to the power projects during the 12th Plan Period.

Recommendations:

It will not be possible to give any specific recommendation in the matter by the SLC(LT) at this point of time, as it will have implications for many other similarly situated power plants. A decision may be taken by MoC on such a category of the power plants after laying down general principles in this regard.

Item No. 3 (vii): **Requests for issuance of Letters of Assurances for Washery reject based power plants**

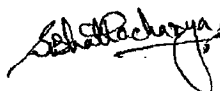
The washery reject based power plants need 22% raw coal for blending purposes. Washery rejects constitute the remaining coal requirement for running



these plants. The matter under consideration is to issue LoAs for long-term coal linkage to the extent of 22% of the requirement of such power plants and also to consider making rejects from CIL washeries available against long term linkage for operation of such rejects based plants.

The Committee noted that the matter of grant of long term coal linkage for washery rejects based power plants had come up before the SLC (LT) for Power in its meeting held on 29.1.2010. The Committee had, inter-alia, noted that a policy on utilization of washery rejects and guidelines for grant of LOA for CPPs/IPP's based on washery rejects which was envisaged earlier, had not yet been firmed up so far. Keeping this in view, the Committee decided that all cases based on washery rejects may be deferred and a decision in this regard still remains to be taken. CIL was requested to prepare a discussion paper for extending LOA to reject based power plants which would be examined and discussed further in the next SLC (LT) meeting. CIL has since submitted the discussion papers in the matter but the issue has not been discussed since then. CIL have concluded that they are not in favour of authorization of LOA to reject based power plants, particularly because of additional raw coal requirements of these plants for blending purposes. They have stated that even the existing LOA holders of power sector are not able to get sufficient coal and the capacity of power plants to be given coal has been frozen for the 12th Plan period. Therefore, it appears difficult to add a new category of power sector consumers under the LOA ambit and such plants can source their raw coal requirement through e-auction or other available sources. MoP was however, in favour of grant of LoAs to such power projects for the reason that using low quality rejects with the GCV as low as 1000-2000 Kcal/Kg require blending with ROM coal and the total requirement is also as little as 0.55 mtpa.

MoP reiterated their position and stated that as the total requirement of raw coal for such power plants is meager, which would not make any considerable impact on the overall availability of coal and its supply, the requests could be considered favourably. CIL expressed the view that there has been no commitment on this account in the past and this category is outside the frozen capacity of 60000



MW for which commitments for coal supplies during the 12th Plan Period have been made and there is already a negative coal balance with the coal companies.

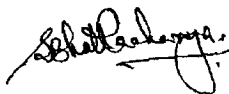
The Committee observed that though the washery rejects based power plants have a case for seeking coal supply, it would be difficult to consider their request in the present scenario of negative coal balance for supply of raw coal. The long-term linkage for washery based rejects can however be considered in case such a reject-based power plant requires it since such rejects are presently being e-auctioned by CIL and are not linked to committed supplies.

Recommendations:

- (i) The demand of washery rejects based power plant which involves a thin requirement of coal and was earlier envisaged (through not committed) may be considered by MoC for issue of linkages for which suitable guidelines may be developed in consultation with CIL.
- (ii) MoC may consider issue of linkages for supply of rejects where requested to meet the requirement of reject based power plants. The rejects may be supplied against linkage by the coal companies/CIL under a policy to be put in place by MoC in consultation with CIL.

Item No. 3 (viii): Proposal of WCL to shift existing linkage/LOA/FSA holders from "notified price" to "cost plus price"

The linkage/LoA authorized by SLC(LT) entitles the linkage/LoA holders to get coal from WCL or any other coal company on "notified price". Most of the existing mines of WCL have been exhausted and they are required to open new mines to meet the production target/ existing consumer requirements. Keeping in view the need for obtaining Internal Rate of Return (IRR) on the investment to be made by WCL, the company has found that existing notified price would not be sufficient to take care of the required investment returns. This position is mainly obtaining in WCL and SCCL which are offering coal to new consumers on "cost plus projects", where the notified price from cost plus projects will be higher vis-à-vis notified price of existing



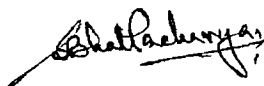
WCL/SCCL mines. As per the guidelines of Ministry of Coal of 2008, WCL has informed that they have obtained the willingness of existing linkage/LoA holders for shifting their coal allocation to "cost plus linkage", for which approval is sought. WCL has also sent details of cases, where they have obtained willingness of the existing linkage/LoA holders for shifting from notified price to cost plus mines.

WCL has proposed in their letter dated 20.4.2012 to shift the following existing linkage/LoA/FSA holders to the extent shown against each from notified price to cost plus price basis, for the quantities shown against each:-

S No	Consumer	Type of Linkage	Total Quantity of linkages from WCL (Grade "E" in Million Tonne/year)	Proposed shifting from Notified price to cost plus (in Million Tonne/Year)
1	MAHAGENCO	Existing Linkage	22.701	1.955 MT of Grade "E"
2	Indrajeet Infrastructures	FSA	0.385	0.3424 MT of Grade "D" or 5130 GCV
3	Llyods Metals	FSA	0.171	0.171 MT of Grade "D" or 5130 GCV
4	Llyods Metals	LoA	0.144	0.144 MT of Grade "D" or 5130-5230 GCV
5	Purti Power	FSA	0.110	0.046 MT of Grade "C" or 5690 GCV

WCL has informed vide their letter dated 20.4.2012 that Adani Power who had initially applied for shifting of their linkage from notified to cost plus price had withdrawn their application and therefore their case may not be considered.

CMD, WCL explained the case in detail and informed that the total coal quantity sought to be shifted to cost plus category come to only 2 mtpa for which the concerned consumers have given their consent. He mentioned that while doing so, the relevant instructions issued in 2008 have been followed and this was also agreed to in principle in a meeting taken by Secretary(Coal) on 5.11.2012.



Chairperson mentioned that the following position has been brought to the notice of the Ministry and desired that the committee may be apprised of the factual position:

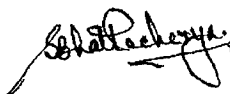
"As the shifting of linkage from notified to cost plus basis will be detrimental to the interest not only of MAHAGENCO but also cause increase in the tariff and harm interest of people at large. This move shall be opposed. This type of shift is for the benefit of private players." CMD, WCL informed that the shifting of linkage is for the benefit of WCL to improve its internal rate of return. WCL has obtained the consent of MAHAGENCO in writing however Mahagenco is always free to opt out from the planned shifting to the supply of coal on cost plus coal.

Recommendations:

- (i) The proposed linkages may be shifted from "notified price" to "cost plus price" in view of the low IRR of WCL mines, subject to the consent of the consumers.
- (ii) MOC in consultation with CIL may consider authorizing coal companies to take such decisions for shifting from "notified price" to "cost plus price" in the Board of the concerned subsidiary company in future.

Item No. 3 (ix)- **Revival of LoA issued in respect of North Chennai Thermal Power Project, Stage-II-Unit-I.**

Based on the recommendations of the SLC(LT) for Power in 2010, MCL had issued 2 LoAs in respect of 2 Units of 600 MW each of North Chennai Thermal Power Project, Stage-II of TNEB (now TANGEDCO). LoAs were issued on 17.7.2010 and 29.10.2010 respectively, with validity upto 16.07.2012 and 28.10.2012 respectively. This case was reviewed alongwith other cases by SLC(LT) in their meeting held on 14.2.2012 when it was noticed that there were certain deficiencies in achievement of LoA milestones and MoP had assured that they would take it up with TNEB for necessary action. Both the units of this project are included in the identified list of 6000 MW for which coal supply has been assured during the 12th Plan Period. It has now been informed that MCL has cancelled the LoA for Unit-I of the North Chennai TPP. This has presumably been done for want of Environmental Clearance, which was



perhaps not submitted within the validity period of 16.7.2012 of the LoA for this Unit. Govt. of Tamil Nadu has also informed that the Environmental Clearance for the project has since been issued by MoEF on 27.11.2012 and have requested for revocation of the cancelled LoA.

MoP supported the request and opined that this being a Government project within the list of 60,000 MW, it should be considered as a special case. This is also because there is power congestion in South India and this is a case ready for imminent commissioning of both units of this project. MCL informed that they have not yet cancelled the LoA for one unit of this project as being stated by TANGEDCO but have only issued a notice for cancellation of LoA for one unit because of non achievement of EC milestone.

Recommendation:

As per the general recommendation made in item 3(v) above for grant of extension in LoA validity upto one year in cases where only EC/FC milestone is not achieved, the LoA validity in respect of both the units of this project may be extended as it is in the list of 60,000 MW and ready for imminent commissioning.

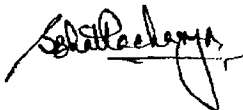
Item No.5: Withdrawal of authorization granted to CPPs and IPPs by SLC (LT)

Vide item No.4 (ii) of the minutes of the SLC (LT) review meeting held on 14.2.2012, the Committee had recommended that in respect of 2 power utilities and 60 CPPs where authorization for issuance of LOA was made but the applicant (s) did not submit Commitment Guarantee within the stipulated period, the authorization would be withdrawn. Accordingly, CIL vide their letter No. CIL/S&M/LOA/47252(New Pol)/389 dated 1st/5th June 2012 has circulated the list of all such cases for information of all concerned.

The Committee noted the action taken by CIL/Coal companies and observed that the same is in accordance with the relevant procedure.

Recommendation

No recommendation is required.



ADDITIONAL AGENDA

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

Indraprastha Thermal Power Station was last allocated coal in 2008-09 for a quantity of 1.110 MT. Due to adoption of stringent environmental norms, the TPS was de-commissioned in 2009. Government of Delhi later acquired a stake in Indira Gandhi Super Thermal Power Station promoted by NTPC alongwith the Government of Haryana. Its stake in the project is 25% and share of power is 42.6%. As the cost of generation at IGSTPS is high, Govt. of Delhi has requested for transfer of coal linkage of their de-commissioned ITPS to IGSTPS. The latter has also been issued pre-NCDP LOA in 2007 for 3x500 MW and the linked quantity is equal to 100% normative requirement of the plant.

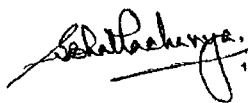
CIL was consulted in the matter and they informed that FSA was not concluded with ITPS as it had been de-commissioned in 2009. They have further commented that there is no policy to permit transfer of coal linkage of one plant to another, no coal has been earmarked for ITPS on its de-commissioning and the linkage quantity of IGSTPS is already 100% of the normative requirement which can not be exceeded. The Committee agreed with the view point of CIL as there is no case for recommending above 100% of normative quantity. Also, there is no precedent where such an action for transfer of linkage has been taken in any case.

Recommendation:

The request made by Govt. of Delhi is not recommended.

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

SLC(LT) for Power had agreed to the grant of 30% linkage of domestic coal to the import based power plant M/s Adani Power in their meeting held on

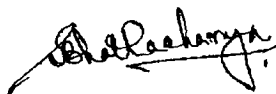


29.1.2010. On expressing of serious reservations by CIL in this regard, the matter was reconsidered by the Committee in the meetings held on 18.4.2011 in which CIL informed that it may not be able to meet the additional commitment as it was not included in estimates of the Planning Commission. MoP reiterated the earlier decision of the committee and informed that they will not recommend indigenous coal for import based power plants coming up during 12th Plan. Keeping in mind that one of the reasons stated by MoP for recommending the case of Adani Power was that there is uncertainty in supply of imported coal, the Committee felt that to cover such risks is not an appropriate reason for issue of LoA. The Committee therefore recommended that the authorization given to CIL for issuance of LoA for all such cases of imported coal based plants may be withdrawn.

The matter was again brought before the Committee on 14.2.2012 on the recommendation of MoP. The Committee desired MoP to clarify the change in situation, with appropriate technical details, which justifies a change in the decision of the Committee taken on 18.4.2011. MoP has since sent the technical details in support of the proposal to grant 30% linkage to such plants on the basis of in-depth study got conducted by M/s Adani Power by technical consultants and requested MoC to restore the 30% linkage granted to power plants during SLC(LT) meeting held on 29.1.2010 without any delay so as to enable the plants to achieve optimum PLF and continue to supply contracted power under long term PPA signed at competitive tariff.

The committee noted that in the technical reports it has been emphasized that the boiler and other equipments of the import based plant of Adani Power are designed to use blended coal with a minimum 30% of domestic coal. It has also been opined that one of the reasons for low PLF at this plant is due to heavy slagging and boiler temperature excursions being faced due to usage of 100% imported coal.

MoP supported the proposal and informed that the Mundra Power Plant of Adani Power requires only 4 mtpa of domestic coal in case of grant of 30% linkage and it has since been commissioned and is also having a long-term PPA. CIL opposed any additional commitment and informed that other import based power plants could also demand 30% linkage, in which case the total requirement of




domestic coal would be 6 MTPA which is quite substantial and cannot be spared in the present circumstances. MoP reiterated that their recommendation pertains to plants commissioned during the 11th Plan which have PPA. MOP further stated that they have already made the criteria for 12th Plan linkages in which they have indicated that there will be no domestic coal linkage available for imported coal based plant. The recommendation in respect of 11th Plan projects was made to compensate the slippage capacity addition in 11th Plan supply and indigenous coal therefore needs to be considered for plants commissioned during 11th Plan specially in view of the fact that linkage was once agreed to in the meeting of January, 2010 and needs to be honoured.

Recommendation:

The present scenario of domestic coal availability does not allow grant of any further linkages at this stage. The position may however, be reviewed when the domestic coal availability improves. In the meanwhile, CEA may send a technical report on the desirability of grant of coal linkage in this case from this perspective and implications for similarly placed cases, if any.

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

MIHAN Power Plant (4x60 MW) of Abhijeet MADC Nagpur Energy Private Limited (AMNEPL), which was a CPP, was agreed to be converted as an IPP in February, 2012. The plant has already been commissioned and the power generated is being supplied to MIHAN area on priority under a long-term PPA and to Maharashtra DISCOM under a short-term PPA. The list of identified power projects of 60,000 MW capacity, which have been committed coal supplies during the 12th Plan period, had already been prepared by MoP, by then with the result that the project of AMNEPL was not included in that list. The company has requested for coal supplies and signing of FSA as all the units of their plant are running and supplying power under the PPAs. It is a 11th Plan Power Project.



It was confirmed by MoP that the 4x60 MW Power plants of AMNEPL is not included in the list of identified power projects of 60,000 MW capacity as it was still a CPP when the list was prepared. It is however, a fact that the power plant has since been converted as an IPP, is already commissioned as an 11th Plan Project and the necessary PPAs are also in place. CIL was however not in favour of accepting any commitments beyond those made for the identified power plants of 60,000 MW capacity.

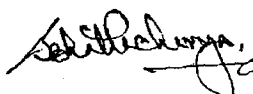
Recommendations:

The case falls in the category of LoA holders who have completed all milestones and decision in respect to item 4 of the main agenda would be applicable in this case also.

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

Kanishk Steel Industries Limited was authorized LoA for their CPP by SLC(LT) in their meeting held on 29.1.2010. MCL had sent them a notice on 26.4.2010 to submit CG within a period of one month. KSIL however, did not do so and approached MCL with CG in July 2010 with the contention that they had not received MCL's notice. The coal company refused to accept CG and no LoA was issued. KSIL approached McC with the request for acceptance of CG and the matter was brought to SLC(LT) in their meeting of 18.4.2011. The committee advised MCL to verify the claim of the applicant and inform the factual position. MCL furnished a certificate of Supdt. of Post Office which confirmed that the notice was delivered to the party. KSIL also submitted a certificate from the local post office, informing the non delivery of the said notice.

The Committee was informed that besides the contention of KSIL that they had not received the notice for depositing CG before issuance of LoA by MCL, the company has also pleaded that all such communications require to be delivered at the Registered Offices of the prospective LoA holders whereas the said letter in their case was sent at the plant address, which they did not actually receive. The Bank certificate obtained by them from SBI also indicates that KSIL had sufficient



amount in their amount at the relevant point of time, against which CG could have been paid. The representative of CIL admitted that the relevant instructions require such communications to be sent to the Registered Offices of the parties concerned but the practice generally followed is to send communications at the addresses as intimated in the SLC(LT) minutes. The Committee noted that the point at issue before the SLC(LT) in the meeting of 18.4.2011 was delivery/non delivery of notice and this is an afterthought.

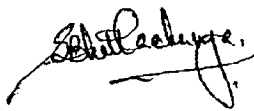
Recommendation:

The postal authority, higher than both the Supdt. of Post Office who has confirmed delivery of the said notice, and local post office which has informed non-delivery of notice may be addressed by MCL to verify the position and send a report. The case can be considered further on the basis of the report.

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

In respect of 2 of the 4 units of phase-II CPP of VAL, MCL had forfeited the proportionate CG on account of their non fulfilment of milestones. It was found that the condition related to "consent to operate" earlier placed in the milestones had been removed and VAL had not approached MCL for signing of FSA within the validity period of LoA. The matter had come up before SLC(LT) on 18.4.2011 when MCL was advised to take legal opinion and based on that, take further necessary action. The legal opinion obtained was in favour of MCL's stand. VAL also took legal opinion, which supported their position. The matter again came up before the Committee on 14.2.2012 when the Committee noted the development and decided that as it is legal matter, it cannot be opined upon by the Committee. VAL again represented the matter and contended that the actual facts were suppressed by MCL while seeking legal opinion and their case required a re-look.

It was observed by the Committee that the matter has already been gone into in detail on two occasions and legal opinion was also obtained by MCL, which supports the action taken by them. During the last meeting the Committee was also informed about the different legal opinion obtained by VAL, which was in their favour



and took the view that it is a legal matter and cannot be opined upon by the Committee. In respect of the present reference also, the SLC(LT) reiterated the stand that it is a legal matter which cannot be opined upon by the Committee.

Recommendation:

As it is a legal matter it may not be opined upon by the Committee. MCL may take appropriate action as per law. If necessary MCL may refer the matter to MoC for seeking opinion of Ministry of Law, Department of Legal Affairs, for further legal advice in the light of the conflicting legal opinions obtained by both the parties.

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

Certain guidelines have been laid down for considering the requests relating to enhancement/reduction in capacity of power plants, whereunder such requests are examined. One of the conditions for considering such cases is that the project developer has to apply for enhancement/reduction within the validity period of LoA. The applicant in this case had however informed MoC of the reduction in the capacity of his plant but did not formally apply for the same. This was done before the SLC(LT) met to consider authorization of LoA in this case. He has now formally applied for reduction, but after expiry of LOA validity.

It was observed by the Committee that though ACPL had not formally applied for reduction in capacity, they have given information regarding the same even before the meeting of SLC(LT) to consider authorization of LoA. On subsequent occasions also, ACPL has been informing the concerned Ministries of the reduced capacity of their plant. However, the technical issue that arose is that though they have informed earlier, they have formally applied for the same only after the LoA validity has expired. After due consideration it was decided that the case should be treated as one of reduction, and not correction in capacity as requested by ACPL. CIL will accordingly require to consider the request in accordance with the relevant instructions under the powers delegated to them as per the decision of SLC(LT) in their meeting held on 18.4.2011.

Recommendation:

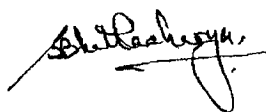
Reduction in the unit size of ACPL's 2x660 MW power projects to 2x600 MW may be accepted. Action in regard to CG may be taken accordingly.

Item No. 9: **Request of M/s. Jinhuvish Power Generation(P) Limited (JPGL) for grant of extension of LoA validity**

A note on this item was circulated in the meeting as Issue No. 2 under Agenda Item No. 6 (any other matters with the permission of Chair) however the Committee noted that this is an agenda approved by the competent authority and took it up as additional agenda No. 9.

On the recommendation of SLC(LT) for Power, JPGL was issued LoA on 8.6.2010 for 2x250 MW IPP in Distt. Yavatmal, Maharashtra, valid till 7.6.2012. In August, 2010, they had applied for enhancement of capacity from 2x250 MW to 2x300 MW which was to be examined in MoC under the relevant instructions. In the SLC(LT) meeting held on 18.4.2011, powers to consider enhancement/ reduction in capacity etc. have been delegated to the coal companies and they are themselves to decide such cases in accordance with the relevant instructions, including comments of Ministry of Power received in such cases. The concerned coal company (WCL) accordingly sought MoP's comments in the matter in August, 2011. These comments were however, received only on 1.8.2011 by when the LoA validity in this case was over. The case of enhancement was therefore not processed further by WCL. Though milestones other than EC were achieved for enhanced capacity, as per WCL, JPGL had not achieved many milestones for their 2x250 MW IPP and a notice was therefore issued for forfeiture of BG. JPGL moved the court against this notice but subsequently withdrew the case and requested for non forfeiture of BG and to instruct WCL for signing FSA, besides agreeing to the enhancement in capacity. They contended that EC was the only milestone yet to be achieved in time.

The matter was examined and it was decided to seek WCL's comments, besides advising them not to take any coercive action in this case in the meanwhile. CMD, WCL informed the Committee that EC has since been achieved on 30.7.2012 and other milestones stated to have not been achieved pertain to lower capacity



whereas they stand achieved for the higher capacity. This is due to the reason that their request for enhancement in capacity could not be considered before the expiry of validity by WCL, though they had made their request within the validity period of LoA.

The Committee noted that this case falls within the category approved for extension in the LoA validity for a period upto one year in cases where all milestones other than EC/FC milestone have been achieved within the stipulated time. As such LoA in this case can be considered for extension by one year beyond 7.6.2012. As regard the request made for enhancement in capacity from 2x250 MW to 2x300 MW, as the LoA holder had submitted his request within the validity of LoA. The Coal company should take necessary action for enhancement.

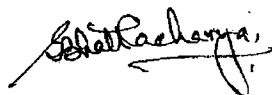
Recommendations:

- (i) The validity of LoA may be extended by one year or till the time the LoA holder achieve the EC milestone, whichever is earlier.
- (ii) The request for enhancement in capacity from 2x250 MW to 2x300 MW may also be approved at the level of the Coal company and the milestones submitted for 2x300 MW be also accepted, however, no additional coal on this account would be admissible, as per the general instructions on the subject.

Agenda No. 10: Any other items with the permission of the Chair

Ministry of Power have sent an Office Memorandum dated 4th January, 2013, requesting MoC to include a total of 15 additional issues for discussion in the meeting of SLC(LT) for Power (Annexure-I). After having gone through the 15 items sent for discussions, the following position emerged:-

- i) Some items viz. item 1 have already been deliberated upon and further action is being taken.
- ii) Items No. 11 and 15 are already included in MoC's agenda/ additional agenda.
- iii) Items 3, 4 etc related to pricing of coal are outside the purview of SLC(LT) for Power and are within the domain of CIL. As such no recommendation is required.



- iv) Items No. _____ need processing and examination in MoC in consultation with CIL and the coal companies before they can be taken up for discussions in SLC(LT).

The following issues were taken up for deliberation by the Committee and recommendation made as below:-

i) **Request for revision of linkage for Durgapur Steel TPS of DVC-**

DS STPS has been issued LoA by ECL for 3.73 mmt coal of C-E grades but ECL is insisting for supply of A-E grades coal due to negative balance of lower grades of coal. DVC is not agreeable for the same as their costs would go up and the project would become unviable. DVC has therefore requested to change their linkage from ECL to CCL/MCL/BCCL.

Recommendation:

CIL would consider alternative allocation if feasible while keeping in view the recommendations made separately by the Task Force on Rationalization of Sources.

ii) **Request for conversion of tapering linkage to long-term linkage in case of Meija TPS Phase-II (Units 7 & 8)-**

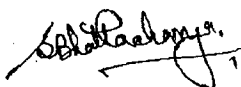
The request has been made as the allocated coal blocks linked to these units are delayed due to land acquisition problems.

Recommendations:

This case is similar to the case of Tiroda power project of Adani Power Maharashtra Limited discussed as item no 3(vi) of the main agenda above. The decision taken in that case may apply equally in the present case.

iii) **Requests for fresh long-term linkage/additional linkage for Chandrapur TPS/Muzaffarpur TPP and Barauni TPP-**

The general position being followed in such cases was explained, that it does not seem possible to consider any such requests due to inadequate availability of coal and the fact that the power plants of about 50,000 MW



capacity would still be waiting for coal supplies during the 12th Plan period after commitments for the identified power plants of 60,000 MW capacity are met. MoP can however, keep these requests in mind while preparing the revised priority list of power plants for supplies during the 12th Plan period

Recommendation:

In view of negative coal balance, the request for fresh long term linkage is not recommended.

- iv) Pithead stock lying with the coal companies may be allowed to be evacuated by the existing LoA holders on "as is where is" basis, over and above their FSA quantities.

This was a fresh suggestion made by MoP in the meeting. It was also requested that such an offer may be made for lifting on long-term basis so that the FSA holders could make necessary arrangements for lifting coal.

Recommendations:

- 1) The request for the offer for lifting pit head stocks to be made for long term may be considered by CIL.
- 2) Coal evacuation by the LoA holders over and above their FSA quantities is not recommended at this stage of negative coal balance and any coal lifted from pithead would continue to be supplied against ACQ.

The meeting ended with a vote of thanks to the Chair.

