

BY SPEED POST

F.No.13011/3/2007-CA-I (Vol.-II)
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi,
Dated : the 20th June, 2016


OFFICE MEMORANDUM

Subject : Policy formulation on disposal of washery rejects/ middlings/ surplus coal
- regarding

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I am directed to refer to this Ministry's Meeting Notice of even number dated 03.06.2016 on the subject mentioned above and to forward herewith the minutes of meeting held on 08.06.2014 at 11.00 Hrs. under the Chairmanship of Special Secretary, Ministry of Coal for your information and necessary action.

2. In case of any comments, participant members are requested to furnish the same to this Ministry within a week from the date of issue of this OM, failing which it would be presumed that participant members have nothing to say and the minutes would be deemed confirmed.



[RISHAN RYNTATHIANG]

Under Secretary to the Government of India
Tel : 23073936

o/c

To,

1. Secretary, Ministry of Environment, Forest & Climate Change, Indira Paryavaran Bhawan, Jor Bagh, New Delhi.
2. Shri S. Bhattacharya, CMD, Coal India Ltd., Coal Bhawan, Premises No.04 MAR, Plot No.AF-III, Action Area-1A, Newtown, Rajarhat, Kolkata-700156.
3. Shri Aniruddha Kumar, Joint Secretary, Ministry of Power Shram Shakti Bhawan, New Delhi.
4. Shri H.S. Pruthi, Director, Ministry of Power Shram Shakti Bhawan, New Delhi.
5. Dr. R.S. Shrinet, ALA, Ministry of Law & Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi.
6. Shri Anjani Kumar, Coal Controller, 1, Council House Street, Kolkata-1.
7. Shri Shekhan Saran, CMD, CMPDIL, Gondwana Place, Kanke Road, Ranchi.
8. Shri N. Kumar, Director (Technical), CIL, Coal Bhawan, Premises No.04 MAR, Plot No.AF-III, Action Area-1A, Newtown, Rajarhat, Kolkata-700156.
9. Shri S.N. Prasad, Director (Marketing), CIL, Coal Bhawan, Premises No.04 MAR, Plot No.AF-III, Action Area-1A, Newtown, Rajarhat, Kolkata-700156.
10. Shri N.S. Mandal, Director, Central Electricity Authority, Sewa Bhawan, R.K. Puram, Sector-1, New Delhi - 110 06.6.
11. Shri P.D. Siwal, Chief Engineer, Central Electricity Authority, Sewa Bhawan, R.K. Puram, Sector-1, New Delhi - 110 066.

Copy for information to:-

OSD to Hon'ble MoS (I/c) for Coal, PSO to Secretary (Coal)/PPS to Special Secretary (Coal)/JS (RPG)/JS (RKS)/ JS (VB)/JS (SKS)/ Advisor (P)/Director (T)

Technical Director (NIC) with the request to upload this OM on the website of MoC.



[RISHAN RYNTATHIANG]

Under Secretary to the Government of India

Tel : 23073936

MINUTES OF THE MEETING FOR FORMULATION OF POLICY ON DISPOSAL OF WASHERY REJECTS, MIDDLING, SURPLUS COAL UNDER THE CHAIRMANSHIP OF SPECIAL SECRETARY (COAL) ON 08.06.2016 AT 11.00 HRS. IN ROOM NO.330, A-WING, 3RD FLOOR, SHASTRI BHAWAN, NEW DELHI-110001.

A list of participants is enclosed as Annexure.

2. Welcoming the participants, Special Secretary (Coal) informed that in the last meeting held on 22.02.2016, it was decided that there was no requirement for finalization of a separate policy in respect of captive coal blocks as there was no surplus coal from the coal blocks which had not been cancelled by Supreme Court and also in view of the fact of judgement of Hon'ble Supreme Court disallowing the diversion of coal from UMPPs for which the coal blocks were allocated. Hence, this meeting had to confine to the subject of washery rejects. Further, there are already provisions in Standard CMDPA/Standard Allotment Agreement which provide for disposal of surplus coal, washery rejects, middlings, etc. by the successful bidder/allottee of the captive coal blocks allocated through CM (SP) Act, 2015 and the amended provisions of MMDR Act, 1957.

3. On the issues, the following views emerged :-

- (i) As far as coal sold through e-auction to non-regulated sector (Iron & Steel, Cement, etc.) was concerned, the coal purchased by the consumer was at market/discovered price and therefore, there was no requirement of any separate policy in respect of this coal and any rejects/middlings generated through washery.
- (ii) In respect of coal being sold by CIL/its subsidiaries as part of linkages to regulated sector (power), it was considered that the linkage holder should provide data to the respective power regulator relating to quantity of raw

and washed coal, quantity of washery rejects generated, cost of washing, value of washery rejects got by the linkage holder, etc. The data so received by the power regulator may be made a factor in determining the tariff of power. Hence, it was decided to consult Ministry of Power on this issue. Accordingly, Ministry of Power was requested to furnish comments in the matter but no comments have been received so far. Hence, it was decided to explore option foregoing the option of Power Regulatory Commission taking it as a factor in tariff determination.

4. It was observed that policy is only required in respect of coal being sold by CIL/its subsidiaries as part of linkages at the notified price which is perceived as less than the market/discovered price. It was also clarified that the policy in respect of coal coming from CIL consisted of only washery rejects/middlings. It was noted that there appeared to be no legal impediment regarding ownership and disposal of washery rejects, middlings, etc. by the successful bidder for coal sold through e-auction. However, apprehensions were raised that the successful bidders in e-auction might sell coal under the garb of washery rejects in order to achieve higher returns over and above the successfully quoted price during bidding process. In respect of coal given to regulated sector (i.e. power) in the form of linkages, the price of coal will be lower than the market/discovered price, and hence there is always the possibility of disposal of some coal showing it as washery rejects, middlings, etc. by the linkage holder. Therefore, the purpose of e-auctioning of coal and granting linkages for regulated sector at a price below market/discovered price will get defeated.

5. The issue was deliberated upon in great detail. During the discussion, it was observed that washery reject was the product of washing the raw of mine (ROM) coal. It would be called washery reject only when its Gross Calorific Value (GCV) is less than the GCV value of lowest grade of coal determined from time to time [currently it is 2200 Kcal/Kg].

6. The question arose as to how to monitor the quantity of washery rejects generated by a washery. It was explained and discussed that there were certain parameters which could be kept in mind while selecting a technology for washing coal such as desired ash percentage, moisture percentage, yield percentage etc. These data would be specific to a particular coal quality. As per the extant practice, washability test is done before designing a washery to develop a "washability curve" for that quality of coal. The washability curve gives an idea assuming 100% efficiency of operation of washery which is never achieved in practice. Thus, a performance guarantee test is done before the actual start of operation of a washery to ensure that washery when it runs, delivers the desired percentage of ash, moisture and yield of washed coal and also determines percentage of rejects to be generated during washing. The results of performance guarantee test can be considered as a parameter for fixing a particular yield, ash and moisture percentage for a particular washery for a particular grade of coal which can be converted into targets for minimum percentage of washed coal to be produced of desired ash percentage, the quality and quantity of rejects produced keeping the mass balance. Once the parameters are fixed, it can be considered as a parameter for monitoring.

7. In view of the above, it was decided that for each washery, washability test and performance guarantee test would be carried out in the presence of representatives of CIL and CCO and appropriate norms for appropriate grade of coal would be determined. These norms would have to be followed i.e. the percentage of rejects should not exceed and conversely the percentage of washed coal should not be less than that determined during the performance guarantee test. If the successful bidder/linkage holder intimates generation of quantity of washery rejects higher than the fixed normative limits, it will not be allowed to dispose of washery rejects. Enquiry will be conducted and if it is found that linkage holder / successful bidder has done some manipulation,

penalty would be imposed on successful bidder and in case of linkages, the same will be cancelled.

8. If over a period of time, performance of washery deteriorates and percentage of washery rejects increases, the washery operator and link owner of CIL can request for a revised washability test/performance guarantee test to reset the norms. However, these tests cannot be carried out before a period of 5 years is over.

9. The linkage holder/successful bidder and washery operator will submit a monthly as well as annual returns pertaining to quantum of coal washed, quantum of percentage of washed coal produced as well as quantum of percentage of washery rejects to CCO and CIL. CCO would be responsible for scrutinizing those returns and to check, at any point of time, the percentage of washery rejects if the same exceeds the norms set for the washery. In case the washery rejects are more than normative limits, CCO will intimate CIL for taking necessary action.

10. This policy would apply to all linkages at nominated price (for regulated as well as non-regulated sector) and for linkage auctioned for power sector.

11. In case the washery rejects are within the normative limits, the linkage holder/ successful bidder can dispose of the same in any manner and for any purpose. However, the said disposal shall strictly be subject to the rules and regulations framed by Ministry of Environment, Forest & Climate Change from time to time.

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

ANNEXURE

MEETING FOR POLICY FORMULATION ON DISPOSAL OF WASHERY REJECTS, MIDDLING, SURPLUS COAL UNDER THE CHAIRMANSHIP OF SPECIAL SECRETARY (COAL) ON 08.06.2016 AT 11.00 HRS. AT ROOM NO.330, A-WING, 3RD FLOOR, SHASTRI BHAWAN, NEW DELHI.

LIST OF PARTICIPANTS

S. No.	Name & Designation	Ministry / Department / Organization/Company	Signature & Telephone No.
1	Dr. A.K. Dubey	In the Chair	-
2	Shri R.P. Gupta, Joint Secretary	Ministry of Coal	-
3	Shri Rajesh Sinha, Joint Secretary	Ministry of Coal	-
4	Shri S.K. Shahi, Joint Secretary	Ministry of Coal	-
5	Shri Aniruddha Kumar, Joint Secretary	Ministry of Power	-
6	Shri Anjani Kumar, Coal Controller	Coal Controller Office, Kolkata	-
7	Shri Shekhar Saran, CMD	CMPDI	7781003083
8	Shri Peeyush Kumar, Director (Technical)	Ministry of Coal	-
9	Shri Harpreet Singh Pruthi, Director	Ministry of Power	-
10	Dr. R.S. Shrinet, Asstt. Legal Adviser	Ministry of Law & Justice, Department of Legal Affairs	-
11	Shri N. Kumar, Director (Technical)	Coal India Limited	9830556002
12	Shri S.N. Prasad, Director (Marketing)	Coal India Limited	-
13	Shri N.S. Mandal, Director	Central Electricity Authority	-
14	Shri P. D. Siwal, Chief Engineer	Central Electricity Authority	-
15	Shri Partha Mazumder, G.M. (Coal Mining)	National Thermal Power Corporation Limited	-

16	Shri Alok Saxena, Consultant (PPPA)	Central Electricity Authority	-
17	Dr. Sujoy Majumdar, OSD/M	Coal Controller Office, Kolkata	-
