

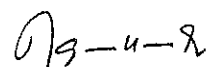
No 23011/1/2015-CPD  
Government of India  
Ministry of Coal  
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Shastri Bhavan, New Delhi 110 001  
Dated the 20<sup>th</sup> January, 2015

**OFFICE MEMORANDUM**

**Subject: Minutes of the First meeting of the Inter-Ministerial Committee for proposed auction of coal linkages/LoAs through competitive bidding held on 13.01.2015.**

The undersigned is directed to forward herewith a Minutes of the First meeting of the Inter-Ministerial Committee for proposed auction of coal linkages/LoAs through competitive bidding held on 13.01.2015, under the Chairmanship of Shri A. K. Bhalla Additional Secretary, Ministry of Coal at 3<sup>rd</sup> floor, Shastri Bhawan, New Delhi.



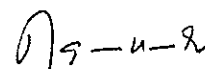
(Pilli Ravi Kumar)

Under Secretary to the Govt. of India  
Ph. No.23384285

1. Secretary, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi,
2. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
3. Secretary, NITI Ayog, Yojana Bhawan, New Delhi.
4. Chairman, Railway Board, Rail Bhawan, New Delhi
5. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
6. Secretary, Department of Industrial Policy and Promotion, Udyog Bhawan, New Delhi.
7. Secretary, Ministry of Law and Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi
8. Chairman, Coal India Ltd. Kolkata
9. Chairman, SCCL, PB No. 18, Red Hills, Khairatabad, Hyderabad, AP
10. CMD, CMPDIL, Ranchi, Jharkhand
11. Chairman, Central Electricity Authority, Sewa Bhawan, R.K. Puram, New Delhi

Copy to:

1. PS to MoS (I/C), Coal, Power & MNRE.
2. Sr. PPS to Secretary, Ministry of Coal
3. PPS to Additional Secretary, Ministry of Coal
4. PPS to Additional Secretary (AKB), Ministry of Coal
5. PPS to JS(VB), Ministry of Coal
6. PPS to JS(SKS), Ministry of Coal
7. PS to JS & FA, Ministry of Coal
8. PS to Adviser (Projects), Ministry of Coal
9. PS to Director, CPD, Ministry of Coal



(Pilli Ravi Kumar)

Under Secretary to the Govt. of India

Copy to: NIC

**Minutes of the 1<sup>st</sup> meeting of the Inter-Ministerial Committee (IMC) constituted for proposed auction of coal linkages/LoAs through competitive bidding, held on 13.01.2015 in the Chamber of AS(AKB), Ministry of Coal**

At the outset, AS (AKB) welcomed all the participants. JS (SKS) informed the participants that the IMC has been constituted to examine the feasibility of allocation of coal linkages/LoAs through a market based mechanism. The need for the same has been felt in view of proposed auction of coal blocks through competitive bidding and the desirability of providing a level playing field for supply of coal to different stakeholders.

2. Following points emerged after detailed deliberations:-

- (i) Representatives of Ministry of Power pointed out that there is already a backlog of LoAs, which have been issued to the power sector for which FSAs are yet to be signed. These include 4,000 MW (out of 78,000 MW) capacity. In addition for 30,000 MW capacity LoAs have already been issued. These are prior commitments which need to be fulfilled before any fresh linkages can be granted.
- (ii) Representatives of Ministry of Power further suggested that since Power sector is a regulated sector, the allocation mechanism should be such that the benefits of such coal linkage is passed on to the consumers. As initial views, one of the options could be to use tariff based competitive bidding for allotment of coal linkages. Ministry of Power would send detailed comments subsequently.
- (iii) Representative of Ministry of Steel suggested that for any competitive bidding of linkages, the source and grade of coal have to be declared beforehand so that the prospective bidders are aware of the transport and other related costs. Further, a separate allocation of coal linkages may be made for non-regulated sectors like iron & steel, cement, CPPs etc.
- (iv) It was also opined that the tenure of any competitive linkages could be 20 years for the power sector and 5 years for non-regulated sector. Fresh process of allocation should start at least a year before the expiry of the period of 5 years to ensure continuity.
- (v) Representative of DIPP suggested that the tenure of linkages could be up to 7 years for cement sector and captive power plants.

3. The Committee suggested that an external consultant may be appointed to suggest methodology for different sectors. The Terms of Reference could be to examine various structures and implementation models for auction of coal linkages/LoAs or other such market based mechanisms and to recommend the optimal structure that would meet the requirements of all the stakeholders. It was decided that CIL be requested to engage such an external Consultant at the earliest.

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

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## ANNEXURE

LIST OF PARTICIPANTS WHO ATTENDED THE FIRST MEETING OF INTER-MINISTERIAL COMMITTEE (IMC) CONSTITUTED FOR PROPOSED AUCTION OF COAL LINKAGES/LOAs THROUGH COMPETITIVE BIDDING HELD ON 13TH JANUARY, 2015 UNDER THE CHAIRMANSHIP OF SHRI A.K. BHALLA, ADDITIONAL SECRETARY, MINISTRY OF COAL.

	<b><u>Ministry of Coal, Shastri Bhawan, New Delhi</u></b>
1	Sh. A.K. Bhalla, Additional Secretary, Ministry of Coal
2	Sh S.K. Singh, Joint Secretary(SKS)
3	Sh. J.S. Bindra, Director(CPD)
	<b><u>Ministry of Power, Shram Shakti Bhawan, New Delhi.</u></b>
4	Sh. A.K. Singh, Joint Secreary
5	Sh. Harpreet Singh Pruthi, Director
	<b><u>Central Electricity Authority, Sewa Bhawan, R.K. Puram, New Delhi</u></b>
6	Sh. P.D. Siwal, Chief Engineer
7	Sh. Alok Saxena, Consultant
	<b><u>Ministry of Steel, Udyog Bhawan, New Delhi</u></b>
8	Shri S. Abbasi, Joint Secretary
	<b><u>Ministry of Law and Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi</u></b>
9	Dr. R.S. Shrinet, ALA
	<b><u>NITI Ayog, Yojana Bhawan, New Delhi.</u></b>
10	Sh. Somit Dasgupta, Advisor
	<b><u>Deptt of Industrial Policy and Promotion, Udyog Bhawan, New Delhi</u></b>
11	Sh. Mohan Chutani, Eco Adviser
	<b><u>CMPDIL, Ranchi, Jharkhand</u></b>
12	Sh. R.K. Chopra, Director T/PRD
	<b><u>Singareni Collieries Company Ltd (SCCL) PB No. 18, Red Hills, Khairatabad, Hyderabad, AP</u></b>
13	Sh. B. Nagya, ED/Coal Movement
14	Sh. K.J. Amarnath, CGM (CP & P)
	<b><u>Coal India Limited, Kolkata</u></b>
15	Sh. S. Bhattacharya, Chairman, CIL, Kolkata
16	Sh. B.K. Saxena, Director (Marketing)), CIL, Kolkata
17	Sh. G.K. Vashishtha, General Manager (S&M), CIL Office, New Delhi