

CHAPTER

9



COAL DISTRIBUTION AND MARKETING

COAL DISTRIBUTION AND MARKETING

1. Allocation of coal to power, cement and steel plants

The allocation of coking coal to Steel plants was earlier made by the Coal Controller. However, after deregulation of coking coal, the supplies of raw coking coal and Washed Coking Coal are being made by the coal companies to Govt. Steel Plants on the basis of their existing MoU commitments. After the introduction of

Linkage Auction raw coking coal is being allocated through the Linkage Auction.

2. Sector wise Coal Offtake from Coal India Limited (Provisional)

Sector-wise coal offtake from CIL during the year 2020-21 (from Jan'20-Dec'20) is as below

(Fig. in MT)

Sector	AAP Targeted Offtake	Actual Offtake	Supply % against Target
Steel*	8.66	1.50	17
Power (Utilities) **	527.06	445.94	85
Captive Power ***	60.50	45.88	76
Cement	5.44	4.76	87
Sponge Iron	14.75	9.48	64
Others	79.92	66.30	83
Total Despatch	696.33	573.86	82
Colliery Consumption	0.19	0.20	106
Total	696.51	574.05	82

* : Includes coking coal feed to washeries, direct feed and blendable to steel plants.

** : Includes non-coking coal feed to washery and Bina Deshaling Plant for beneficiation and special forward e-auction to power

***: Captive Power includes despatches to fertilizer sector

3. Sector-wise Coal Offtake from SCCL:

Sector-wise coal offtake from SCCL during the year 2020 are as below:

(Fig. in Million Tonne)

Sector	AAP Targeted Offtake	Actual Offtake	Supply % against Target
Power (Utility)	55.91	40.48	72.40
Power (CPP)	3.71	2.56	68.98
Cement	3.23	1.72	53.25
Sponge Iron/CDI	0.30	0.05	16.87
Others	5.22	3.10	59.34
Total : SCCL	68.37	47.91	70.07

4. Power Houses:

Coal India Limited

Off-take of coal to the power sector during Jan'20-Dec'20 from CIL was 445.94 MT. Raw coal despatch has decreased by about 7.3 MT, with a decline of 1.2% as compared to the same period last year.

SCCL

Actual Off-take of coal to thermal power stations during Jan'20-Dec'20 is 40.48 MT as against 54.70 MT during Jan'19-Dec'19.

5. Cement Plants:

Coal India Limited

The dispatch to cement plants from CIL during Jan'20-Dec'20 was 4.76 MT (provisional) as against 5.43 MT during the same period last year. Dispatch has decreased by 0.67 MT, with a decline of 12% as compared to the same period last year.

SCCL

The actual Off-take of coal by cement plants during Jan'20-Dec'20 is 1.72 MT as against 2.47 MT during Jan'19-Dec'19.

6. Distribution of coal to small, medium and other consumers

For supply of coal to small, medium and other consumers (whose requirement is less than 10,000 tons per annum), 8 MT have been earmarked by CIL for allocation to agencies nominated by the State Govts. / Union Territories. Till 31st December' 2020, allocation has been done to 14 SNAs (State Nominated Agencies) of 10 States for the year 2020-21 for the quantity of 4.74 MT, out of which 7 state agencies have signed FSA for an aggregate quantity of 1.52 MT

7. E-Auction of coal

Coal India Limited : Coal is being regularly sold through electronic auction (e-auction) route at a market driven price in accordance to the NCDP provision. Currently CIL is conducting e-auction under different schemes as below:

- **Spot E-Auction:** Under this scheme, any Indian buyer can procure coal through a consumer-friendly single window in a simple and transparent manner for their own consumption or for trading. Spot E-auction is in operation from Nov'07.

- Special Spot E-Auction: Special Spot E-Auction was introduced during 2015-16. Any Indian buyer including traders can buy coal under Special Spot E-Auction with a longer validity period of lifting.
- Special forward E-Auction: Special forward E-Auction was introduced in the year 2015-16 to make the coal available to the power producers with a flexible period of lifting.
- Exclusive E-Auction: Exclusive E-Auction was introduced in the year 2015-16 for non-power consumers including CPP with flexible period of lifting.
- Special Spot E-Auction for Import Substitution: Special Spot e-auction Scheme 2020 for import substitution (only for coal importers) was introduced during 2020-21 with the objective of reducing dependence of the country on imports in pursuance to 'Aatma Nirbharta'. Under the scheme any Indian coal importer (including traders) can avail coal with flexible period of lifting

8. Auctions held during FY 2019-20 & 2020-21 (up to December'20)

Auction	Spot	Special Forward for Power	Exclusive for Non-power	Special Spot	Special Spot for Import Substitution	Total
2020-21 (April 2020-December 2020)						
Total Qty. allocated (in Mill Tonnes)	29.0	23.0	19.8	2.3	7.3	81.4
Total Notified Value (in Crore ₹)	4435.6	2017.6	2742.5	389.4	1282.0	10867.1
Total Booking Value (in Crore ₹)	5475.7	2111.3	2992.3	440.4	1512.0	12531.7
Increase over Notified Value (in %)	23	5	9	13	18	15
2019-20						
Total Qty. allocated (in Mill Tonnes)	29.8	27.1	8.0	1.0		66.0
Total Notified Value (in Crore ₹)	4759.7	3393.0	1381.6	114.6		9648.8
Total Booking Value (in Crore ₹)	7774.3	4387.4	1839.2	149.8		14150.7
Increase over Notified Value (in %)	63	29	33	31		47

9. Special Auction for Power:

Special Forward E-Auction for Power producers was launched in 2015-16 and is being continued for making the coal available to the power consumers who are in need of coal. During FY 2020-21, (April' 20-December'20) about 23 MT of coal was allocated to the power producers.

10. Exclusive Auction for Non-Power:

Exclusive E-Auction Scheme for non-power consumers

was launched in 2015-16 to make coal available to non-power consumers (including CPPs) & is being continued. During FY 2020-21 (April' 20-December'20) a quantity of 19.8 MT of coal was allocated to the non-power sector consumers.

11. E-auction of coal in SCCL

SCCL started spot e-auction of coal in December, 2007. Spot Auctions held during 2019-20 and 2020-21 (up to Dec 20) are as below:

(Fig. in MT)

Spot e-Auction	2019-20	2020-21 (Apr. to Dec'20)
Total Qty allocated (in MT)	1.615	0.47
Total Notified Value (in Rs. crore)	306.22	119.14
Total Booking Value (in Rs. crore)	361.50	125.39
Increase over Notified Value (in %)	18.05	5.24

12. Modes of Transport

Coal India Limited

Important modes of transport of coal and coal products in CIL are Railways, Road, Merry-Go-Round Systems

(MGR), Conveyor Belts and the Multi Modal Rail-cum-Sea Route. The share of these modes of transport in the total movement of coal and coal product during Jan'20-Dec'20 has been approximately as under:

S. No.	Modes of Transport	Share %
1	Railways (including Rail-cum-Sea)	56
2	Road	23
3	MGR	19
4	Belt-Conveyors/Ropeways	2

SCCL

Important modes of transport for coal in SCCL are Railways, Road, NTPC Merry-Go-Round Systems

(MGR). Small quantity of coal is being transported to the Heavy Water Plant by Aerial Ropeway. The share of these modes of transport in the total transport of coal during Jan-Dec, 2020 is approximately as under

Sl. No.	Mode	Quantity Million Tonnes	Share (%)
1	Railways (including RCR)	33.47	69.86
2	Road	7.08	14.79
3	MGR	7.02	14.66
4	Rope	0.33	0.70
	Total	47.91	

13. Progress made under new coal distribution policy (NCDP):

Under this policy each sector / consumers have been treated on merit, keeping in view the regulatory provisions applicable thereto.

For the Power, cement and sponge iron sector the Standing Linkage Committee (long term) is authorized to recommend their coal requirement. On the basis of such recommendation a Committee on letter of Assurance (CLOA) at CIL issues coal company wise allocation of quantity. Coal companies issue a letter of Assurance with specified milestones to be achieved by the LoA holder within stipulated period to become entitled for executing Fuel Supply Agreements (FSA) for coal supply. Supply of Coal to all existing valid consumers has been brought under legally enforceable Fuel Supply Agreements.

Progress made by CIL in implementing the provisions of NCDP is summarized below:

Coal India Limited

- Linkage system was replaced with a system of Fuel Supply Agreement (FSA). After implementation of NCDP in October 2007, FSAs of existing consumers were signed in 2008. Tenure of these FSAs being 5 years, many of the FSAs expired. Some of them are renewed or in the process of renewal. Out of these FSAs, as on date, about 140 FSAs are existing with coal companies in categories other than Power Utilities.

Sector-wise position of Non-Power FSAs (both under existing and LOA route) executed under NCDP till 31st Decemeber'20 (Provisional) is as under:

Sector	Existing (Pre NCDP)	Through LOA route	Total
CPP	-	5	5
Sponge Iron	-	1	1
Cement	-	1	1
Others	-	1	1
Total CIL	-	8	8

Linkage of 23 CPSU units for an ACQ of about 14 MT is existing which is renewable on five (5) year basis as per NRS policy dated 15.2.2016

- No new FSAs for non-power sector under

NCDP executed in the calendar year 2017 however FSA executed under the auction of coal linkages/LoAs to non-regulated sector has been given separately.

- c. For Power Sectors, 121 FSAs under pre-2009 TPPs are valid as on date.
- d. As per the Presidential Directives dated 17.07.2013, CIL was to sign FSAs with 173 TPPs for the aggregated capacity of 78535 MW, out of these, 24 cases were covered under Tapering Linkages ceases to exist
- e. The number of valid FSAs for Post-NCDP Power plants are 143, having an aggregated capacity of 66625 MW for the Annual Contracted Quantity (ACQ) of 227 MT.
- f. No New FSAs has been signed under the Presidential Directive dated 17.07.2013. However due to submission of PPA, the FSA quantity has been increased to 227 MT from the earlier quantity of 218.55 MT.

CIL has been conducting Auction of Coal Linkages for Sponge Iron, Cement, CPP, 'Others (non-coking)', Steel (coking) and 'Others (coking)' sub-sectors under Non-Regulated Sector in accordance with the policy guidelines dated 15.02.2016 issued by Ministry of Coal. Four tranches of auction have already been concluded whereby about 80.5 MTPA of annual coal linkages have been booked at an average premium of about 20% over non-power notified price. The 5th Tranche is under way, where auctions of Steel (coking) & Sponge Iron subsectors have already been completed. In the auction for Steel (coking) subsector, coking coal linkage to the tune of 1.3 MTPA was booked by a Steel sector consumer with no premium. The sponge Iron subsector linkage auction witnessed a booking of 4.19 MTPA coal linkage resulting in about 19.2% average premium over non power notified price.

The performance report is placed below.

New policies further to NCDP

Linkage Auction for Non-Regulated Sector Consumers

Sub-sectors	Tranche-I	Tranche-II	Tranche-III	Tranche-IV	Total Tranche - I to IV		Tranche - V	
	Quantity booked (MTPA)	Quantity booked (MTPA)	Quantity booked (MTPA)	Quantity booked (MTPA)	Quantity booked (MTPA)	% gain over notified price for non-power	Quantity booked (MTPA)	% gain over notified price for non-power
Sponge Iron	2.05	4.29	2.54	6.37	15.25	19.8	4.19	19.2
Cement	0.68	0.77	0.12	4.26	5.83	19.2	To be conducted	
CPP	18.07	8.18	4.59	15.90	46.75	18.7	To be conducted	
Others	1.34	1.27	0.67	6.00	9.28	34.2	To be conducted	
Steel (coking)	--	0.22	0.00	0.65	0.87	0.1	1.30	0.0%
Others (coking)	--	0.04	0.36	2.17	2.57	16.1	To be conducted	
Total	22.14	14.76	8.28	35.35	80.53	20.2	5.49	10.4

Coal linkages to power sector under SHAKTI

On 22.05.2017, Ministry of Coal pronounced the SHAKTI [Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India] policy for

allocation of future coal linkages in a transparent manner to power plants who became stressed due to want of long term coal linkages.

On 25.03.2019, MoC communicated the approval of the Government on the recommendations of the Group of Ministers (GOM) constituted to examine the report of a High Level Empowered Committee (HLEC). Subsequently, an amendment of SHAKTI policy was issued by MoC on 25 March 2019.

The status of implementation of SHAKTI is given below:

A (i): Clearance has been given for signing of FSA for 10 power plants with a total capacity of 7210 MW.

B (i): 23 Thermal Power Plants (TPPs) have been granted linkage for a total capacity of 25340 MW.

B (ii): First round of linkage auction under B (ii) of SHAKTI policy was conducted in September, 2017, whereby 27.18 Million Tonne (MT) of annual coal linkage was booked by ten successful bidders for about 9,045 MW capacity. Second round of B (ii) auction has been concluded by CIL on 24.05.2019. During this second round quantity of 2.97 MT of annual linkage has been booked by eight bidders for about 874.9 MW capacity. Power Finance Corporation Limited (PFCCCL) has been directed to conduct the future rounds of auction under paraB(ii). Auction has been conducted by PFCCCL during May, 2020. 2.8 MTPA linkages have been booked by 5 successful bidders.

(iii): The linkage auction for SHAKTI B (iii) Long/medium term was conducted in February, 2020. Out of the total offer of 11.8 MTPA, 6.5 MTPA was booked by 7 successful bidders. The average premium gained was 8.5%.

B (iv): Coal linkage granted from CIL for the States of Gujarat, Uttar Pradesh and Madhya Pradesh for a capacity of 4000 MW, 1600 MW and 2640 MW respectively.

B (v): Coal linkage granted from CIL for a capacity of 2500 MW

B (viii) (a): Auction for April - June, 2020 was

completed on 19.03.2020. Out of 5.77 MT of coal offered by CIL, 1.34 MT was booked by 9 successful bidders at notified price.

Auction for July - September, 2020 was completed on 13.07.2020. Out of 4.9L MT of coal offered by CIL, 0.63 MT coal was booked by 8 successful bidders at notified price.

Auction for October - December, 2020 has been completed on 15.09.2020. Out of the 5.89 MT offered by CIL, 0.35 MT coal has been booked by 6 successful bidders at notified price.

Auction for January - March, 2021 has been completed on 21.12.2020. Out of the 5.97 MT offered by CIL, 0.64 MT coal has been booked by 7 successful bidders at notified price.

14. Import Substitution

The Ministry of Coal has engaged with various other Ministries to discuss the way forward for reducing coal imports by various sectors. An Inter-Ministerial Committee (IMC) was constituted in the Ministry of Coal on 29.05.2020 for the purpose of coal import substitution. The IMC has representations from Ministry of Power, Ministry of Railways, Ministry of Shipping, Ministry of Commerce, Ministry of Steel, Ministry of MSME, DPIIT, CEA, Coal Companies, Ports. 8 meetings of the IMC have been held so far. The IMC provides a platform for discussions on a larger forum with the Administrative Ministries so as to guide them to encourage the coal consumers of their respective sector to eliminate imports of coal. IMC has recommended that the Administrative Ministries would engage with the coal importers of their Sector on a regular basis along with coal supplier companies, coal transporters as well as the Ministry of Coal to resolve issues, if any, in the coal import substitution. These meetings provide an opportunity to understand and resolve the sector specific coal related issues and target the individual coal consumers by providing them with domestic coal.

In the financial year 2020-21, coal imports for the power sector have reduced by 33% during the period April – December, 2020 as compared to the same period of the last financial year. In addition, coal imports by the

power sector for the purpose of blending has reduced by 55% during the period April – December, 2020 as compared to the same period of the last financial year.

15. Coal Consumer Council

Regional coal consumer's councils were set up in each coal company for monitoring and redressing consumer's grievances/ complaints. Moreover, the National Coal Consumer's Council was set up at CIL (HQ) to act as the apex body in such matters. In case a reply on complaints is not received within one month or the complainant is not satisfied with a reply provided by the coal company, the matter may be referred to the National Coal Consumer's Council. These councils were lastly reconstituted during 2010-11.

In keeping with technological innovations and newer methods of communication, On-line Grievance Management System (OLGMS) was introduced by CIL some years back to facilitate e-filing of complaints. A customized web-site for such purpose was developed. Subsequently, CIL adapted Centralized Public Grievance Redress And Monitoring System (CPGRAMS) which was designed and developed by National Informatics Centre (NIC). PG Portal of CPGRAMS is used as a single window for receipt and

disposal of grievances in CIL & its subsidiaries. After successful adaptation of the CPGRAMS, OLGMS was phased out to avoid duplication of work. The link for PG portal has been provided in the web site along with a list of nodal officers and their contact details. For ensuring prompt response, a WhatsApp group comprising nodal officers of each department has been created in which issues and proposed solutions can be discussed. The complaints and its response are regularly monitored/ reviewed by Grievance Redressal Committee (GRC) consisting of key management officials on a weekly basis. Action is taken to redress the grievance without delay and the outcome is posted in the portal. Wherever an interim reply is required, such reply is also sent to the complainant.

In case complaints/ grievances relate to coal companies, Nodal officers forward the same to respective coal companies for their comments/ action. Soon after receipt of comments/ status, the complainant is suitably informed, thus closing the issue. In case the same relates to working of some other department of CIL, the same is forwarded to the concerned department. Grievances/ complaints received on-line are thus being dealt and disposed of expeditiously and efficiently under the above system.
