

IMMEDIATE

No.CPD-23014/5/2022-CPD

Government of India

Ministry of Coal

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Shastri Bhawan, New Delhi,

November 17th, 2022

To

1. The Chairman-cum-Managing Director,
Coal India Limited (CIL), Coal Bhawan,
Plot No-AF-III, Action Area-1A,
Newtown, Rajarhat, Kolkata - 700156

2. The Chairman-cum-Managing Director,
Singareni Collieries Company Limited,
Singareni Bhavan, PB No. 18, Red Hills,
Khairatabad PO, Hyderabad,
Telangana

Subject: Meeting of the Standing Linkage Committee (Long-Term) for Power Sector - SLC (LT) No. 04/22

Sir,

I am directed to forward herewith the approved minutes of the meeting of the SLC (LT) for Power Sector held on 21.09.2022 to consider the requests for coal linkages to Central / State Sector power plants and to review the status of existing coal linkages / LoAs & other related matters.

Enclosure as above

Yours faithfully,

Sujeet Kumar
(Sujeet Kumar) 07/11/2022

Under Secretary to the Government of India

Copy to -

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|----|--|-------------|
| 1. | Additional Secretary, Ministry of Coal | Chairperson |
| 2. | Principal Advisor (Energy), NITI Aayog, Yojana Bhawan New Delhi | Member |
| 3. | Joint Secretary (Coal), Ministry of Coal | Member |
| 4. | Advisor (Projects), Ministry of Coal | Member |
| 5. | Joint Secretary (Thermal), Ministry of Power, Shram Shakti Bhawan, New Delhi | Member |

| | | |
|-----|---|---------|
| 6. | Joint Secretary (Ports), Ministry of Shipping, Transport Bhawan, New Delhi | Member |
| 7. | Executive Director, Coal, Railway Board, Rail Bhawan, New Delhi | Member |
| 8. | Director (Marketing), Coal India Limited | 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 Road, Ranchi | Member |
| 11. | Chairman, Central Electricity Authority, Sewa Bhawan, RK Puram, New Delhi | Member |
| 12. | Chairman, NTPC, Scope Complex, Lodhi Road, New Delhi-110003 | Member |

Copy to:

- (i) Coal Controller, Coal Controller Organization, Kolkata
- (ii) Director (Technical), CIL, Kolkata
- (iii) GM (S&M), CIL, Kolkata
- (iv) GM (S&M), CIL, Delhi

Copy also to -

1. PS to Minister of Coal
2. APS to Minister of State for Coal
3. PSO to Secretary (Coal)
4. PPS to Additional Secretary (Coal)
5. PPS to Nominated Authority / Additional Secretary (P&S-I & II)
6. PPS to Joint Secretary (CPD)
7. PS to Director (CPD)
9. PS to Director (CPD & NA)
10. NIC, Ministry of Coal - with the request to upload the Minutes of the Meeting in the website of Ministry of Coal

Minutes of the Meeting of the Standing Linkage Committee (Long Term) [SLC (LT)] for Power Sector held on 21.09.2022 at 11.30 A.M - SLC (LT) No. 4/2022

Venue: Coal India Limited, Core 6, 6th Floor, Scope Complex, Lodhi Road, New Delhi

List of the participants is at the Annexure.

At the outset, the participants to the meeting were welcomed. The discussions held on the various agenda items are as under:

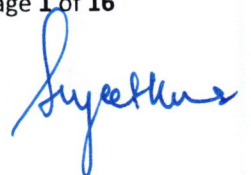
Agenda Item No. 1 – Confirmation of the Minutes of the Meeting of the SLC (LT) held on 08.08.2022.

Record of Discussions: There were no comments from any member.

Recommendations: Minutes of the Meeting of the SLC (LT) held on 08.08.2022 are confirmed.

Agenda Item No. 2 – Long term coal linkage to Ukai TPS Unit- 6 (500 MW) & Wanakbori TPS Unit- 8 (800 MW) of Gujarat State Electricity Corporation Limited (GSECL)

Gujarat State Electricity Corporation Limited (GSECL) vide letter dated 30.08.2022 has requested for long term coal linkage to Ukai TPS Unit- 6 (500 MW) & Wanakbori TPS Unit- 8 (800 MW) under SHAKTI B (i) in view of the acceptance from O/o the Nominated Authority, Ministry of Coal, for surrender of Gare Palma Sector – I coal block of GSECL. Ukai TPS Unit - 6 (500 MW) & Wanakbori TPS Unit - 8 (800 MW) were the End Use Plants (EUPs) of Gare Palma Sector-I coal block which was allotted to GSECL.



Earlier, Ministry of Power vide O.M dated 09.03.2022 had requested to consider the request of GSECL for grant of long term linkage to Ukai TPS Unit - 6 & Wanakbori TPS Unit - 8 of GSECL subject to surrender of Gara Palma-I coal block and delinking of Ukai TPS Unit - 6 & Wanakbori TPS Unit - 8 as EUPs, in order to avoid loss of generation from these units. The matter was taken up in the meeting of the SLC (LT) held on 29.03.2022. SLC (LT) had recommended for continuation of Bridge Linkage of GSECL till cancellation of the Gara Palma-I coal block and post cancellation of the coal block, a grace period of 90 days window was permitted for continuing the Bridge Linkage.

Ministry of Power vide O.M dated 13.09.2022 has requested to consider the request of GSECL for grant of long term coal linkage to Ukai TPS Unit - 6 (1 x 500 MW) and Wanakbori TPS Unit - 8 (1 x 800 MW) for consideration to SLC (LT), in order to avoid the loss of generation from the said units. Ministry of Power has stated that the coal block has been surrendered and GSECL does not have long term linkage for these 2 end use thermal power plants.

Surrender of Gara Palma Sector-I Coal Mine allotted to GSECL has been accepted by Ministry of Coal and the same has been conveyed by O/o the Nominated Authority to GSECL vide letter dated 29.08.2022.

Record of Discussions: Project Proponent (GSECL) informed that surrender of Gara Palma Sector-I coal block has been accepted by Ministry of Coal and therefore, the power plants linked with the coal block may be recommended a long term coal linkage. Coal India Limited stated that it can supply the coal under long term coal linkage to the units of GSECL, however, source of coal would be decided



by it based on availability of coal. Ministry of Shipping recommended that mode of transport of coal to the GSECL units may be preferred through RSR mode.

It was discussed that supply of coal under Bridge Linkage is on best effort basis and it is not binding on the coal companies to supply any minimum quantity of coal under the Bridge Linkage Memorandum of Understanding (MoU). However, a regular linkage to a power plant is a bilateral commercial contract between the coal companies and the coal consumers by way of enforceable Letter of Assurance (LoA)/ Fuel Supply Agreement (FSA). Coal India Limited informed that post grant of linkage, a LoA is issued by the coal companies to the power generator and subject to fulfillment of the milestones specified in the LoA within a certain time period, an FSA is executed between the coal companies and the power generator. In the case of GSECL, surrender of Gare Palma Sector-I coal mine allotted to GSECL has been accepted by Ministry of Coal on 29.08.2022. Therefore, the Bridge Linkage as per the previous recommendation of the SLC (LT) would end on 28.11.2022 i.e. 90 days post cancellation of the coal block. In the eventuality of a delay in grant of linkage and or issuance of LoA / execution of FSA and the expiry of the 90 days' timeline, the coal supplies to the units of GSECL may get impacted. Therefore, it was considered that reasonable additional time for continuation for Bridge Linkage may be allowed. Ministry of Power suggested for an additional one month's time for continuation of Bridge Linkage and recommended coal linkage to the Ukai TPS Unit - 6 (1 x 500 MW) and Wanakbori TPS Unit - 8 (1 x 800 MW) of GSECL under Para B (i) of SHAKTI Policy. CEA also recommended for long term coal linkage to the units of GSECL. In addition, CEA informed that the boilers of the new units of Ukai TPS and Wanakbori TPS of GSECL are designed for intake of any available domestic coal.

Recommendations: In view of the recommendation of Ministry of Power / CEA, SLC (LT) recommended for grant of long term coal linkage under Para B (i) of SHAKTI Policy to Ukai TPS Unit - 6 (1 x 500 MW) and Wanakbori TPS Unit - 8 (1 x 800 MW) of GSECL from Coal India Limited. In view of recommendation of Ministry of Power, SLC (LT) also recommended continuation of existing Bridge Linkage till 31.12.2022 or till execution of Long Term FSA whichever is earlier.

Agenda Item No. 3: Extension of validity of LoA of Singrauli Super Critical Power Project (STPP-III) (2 x 660) MW) of NTPC

SLC (LT) in its meeting held on 10.04.2018 had recommended for coal linkage to the Singrauli Super Critical Power Project (STPP-III) (2 x 660) MW) of NTPC under Para B (i) of SHAKTI Policy. The unit size of the Super Critical Power Project was later on decided to be increased to 2 x 800 MW in order to take advantage of increased quantity of cheaper and efficient power from the 800 MW size units. Coal linkage for the enhanced capacity was taken up in the meeting of the SLC (LT) held on 21.12.2018 and the committee recommended enhancement of coal linkage from Coal India Limited for NTPC's Singrauli STPP-III Expansion Project (2 x 800 MW).

Ministry of Power vide O.M dated 01.09.2022 has stated that pursuant to grant of long term linkage for the 2 x 800 MW capacity of Singrauli Super Critical Power Project (STPP-III) of NTPC, NCL had issued Letter of Assurance (LoA) dated 20.04.2020 for 5.61 MTPA of G8-G11 grade coal, having validity of 24 months. Further, during the period 21.04.2020 to 20.04.2022, NTPC has fulfilled some milestones under the LoA, however, due to Covid-19 pandemic & country wide lockdown, NTPC could not fulfil milestones like investment decision,



commitment of equity investment and Financial Closure. Ministry of Power has also stated that NTPC has extended the validity of the Commitment Guarantee of ₹ 33.66 Crore under the LoA for a further period of 1 year (i.e. upto 04.06.2023) based on the request of NCL.

Ministry of Power has requested for extension of validity of LoA issued by NCL towards long term coal linkage of Singrauli STPP – III for 2 years i.e. upto 20.04.2024 for consideration of SLC (LT), in order to assure the long term coal linkage to upcoming 2 x 800 MW Units at Singrauli STPP-III.

Record of Discussions: Project Proponent (NTPC) informed that progress on project development of Singrauli STPP-III got delayed due the Covid-19 Pandemic situation and country wide lockdown. In addition, the power demand during the Pandemic period was subdued. However, Award of Contract for the project would be done shortly. Further, validity of Commitment Guarantee under the LoA would also be extended further for another 1 year. NTPC requested for extension of validity of LoA of Singrauli STPP – III (2 x 800 MW) for 2 years. Ministry of Power also recommended for extension of validity of LoA issued by NCL towards long term coal linkage of Singrauli STPP – III for 2 years i.e. upto 20.04.2024. CEA stated that Singrauli STPP-III (2 x 800 MW) is a super critical capacity power plant and a project of national importance. Moreover, the recent trends shows that thermal power demand is increasing. Hence, the request of NTPC may be considered.

NCL stated that as the mile stones specified in the LoA are not fulfilled by NTPC within the validity of LoA i.e. 24 months, the Commitment Guarantee will have to be forfeited and a fresh LoA may be issued against the long term coal linkage.

SLC (LT) discussed that the coal linkage for Singrauli STPP-III (2 x 800 MW) is from NCL and the coal reserves in the NCL area will start depleting from 2027-28. Hence, under such an eventuality the coal linkage from NCL may get transferred at a later stage. Therefore, NTPC may have to keep this fact in mind while preparing the Detailed Project Report (DPR) for Singrauli STPP-III.

It was also discussed that the coal linkage to Singrauli STPP-III (2 x 800 MW) has been granted under Para B (i) of SHAKTI Policy. Unlike LoA / FSA holders under Para A of SHAKTI Policy where there is a stipulated timeline of 31.03.2022 for the plant to be commissioned, there is no CCEA approved timeline for commissioning of the power plant having linkage under Para B (i) of SHAKTI Policy.

Recommendations: In view of the recommendations of Ministry of Power / CEA and also keeping in view that that the coal linkage to Singrauli STPP-III (2 x 800 MW) is granted under Para B (i) of SHAKTI Policy, SLC (LT) recommended for extension of validity of LoA for two years from the date of expiry of the original LoA validity period with the provision of review of progress of project development by CEA after 1 year. CEA to also submit the progress report to the SLC (LT) after the review and in case there is no considerable progress, LoA would be terminated. The matter of Commitment Guarantee etc, if any, would be as per the applicable commercial terms and conditions of Coal India Limited / its subsidiaries.

Agenda Item No. 4: Extension of Bridge Linkage of Lara TPS (2 x 800 MW)

Ministry of Power vide OM dated 16.03.2022 had requested for extension of Bridge Linkage for Lara TPS (2 x 800 MW) for 4 years or to achieve 8 MTPA of coal production from Talaipalli coal mine, whichever is earlier.

Ministry of Power had informed that Talaipalli coal block was allocated to NTPC on 08.09.2015. Presently, NTPC is facing issues with MDO assigned for development of coal block. MDO raised disputes over approved mining plan, which was later referred to CMPDI. Matter is sub-judice in Delhi High Court. However, Talaipalli coal block is under production. South pit within coal block is opened and has started production. Target for FY 2021-22 is 0.5 MT while its actual production till December, 2021 is 0.39 MT. NTPC has informed that they have targeted to produce 6.0 MT of coal in 3 years i.e. FY 2022-23 to FY 2024-25.

SLC (LT) in its meeting held on 10.04.2018 had recommended extension of Bridge Linkage for Lara TPS (2 x 800 MW) up to 2022 and shall be on tapering basis from 2019 to 2022 as per approved mining plan.

The matter was taken up in the meeting of the SLC (LT) held on 08.08.2022. SLC (LT) recommended to defer the case and to take up the matter in the next meeting of the SLC (LT).

Record of Discussions: Talaipalli is an operational coal mine having all the required permissions. Hence, all out efforts should be made by NTPC to resolve the issues with MDO to optimize coal production. It was also discussed that allowing any extension of Bridge Linkage in such cases would create a bad precedence.