

IMMEDIATE

No. CPD-23014/6/2023-CPD

Government of India

(भारत सरकार)

Ministry of Coal

(कोयला मंत्रालय)

Shastri Bhawan,
New Delhi, the 20th October, 2023

To

- (i) The Chairman-cum-Managing Director,
Coal India Limited,
Coal Bhawan, Plot No-AF-III, Action Area-1A,
Newtown, Rajarhat, Kolkata – 700156
- (ii) 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. 04/23

Sir,

I am directed to forward herewith the approved minutes of the meeting of the SLC (LT) for Power Sector held on 19.09.2023 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.

Yours faithfully,

Sujeet Kumar
20/10/2023
(Sujeet Kumar)

Under Secretary to the Government of India
Tele. No. 011-23384112 / email – sujeet.kmr@nic.in

Encl: (1)

Copy to -

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 SCCL, 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, Delhi
- (ii) Director (Technical), CIL, Kolkata
- (iii) GM (S&M), CIL, Kolkata
- (iv) GM (S&M), CIL, Delhi

Copy also to –

1. APS to Minister of Coal
2. PS to Minister of State for Coal
3. Advisor to Secretary (Coal)
4. PPS to Additional Secretary (Coal)
5. PS to Nominated Authority
6. PPS to Joint Secretary (CPD)
7. PS to DS (CPD)
8. 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) No. 4/2023] on 19.09.2023

Agenda Item No. 1: Confirmation of the Minutes of the Meeting of the SLC (LT) held on 16.06.2023:

Record of Discussion: There were no comments from any member on the Minutes of the Meeting of the SLC(LT) held on 16.06.2023.

Apart from the above, it was informed that SLC (LT) in its meeting held on 16.06.2023 had confirmed the Minutes of the Meeting of the SLC (LT) held on 21.04.2023. In the meeting of the SLC (LT) held on 21.04.2023, SLC (LT) had recommended at Agenda Item No. 3 for grant of coal linkage to Chhattisgarh State Power Generation Corporation Limited (CSPGCL) Hasdeo Thermal Power Station (HTPS) Unit 1 & 2 (2x 660 MW) under Para B (i) of SHAKTI Policy from Coal India Limited. Ministry of Coal has received a letter dated 16.06.2023 from Chhattisgarh State Power Generation Company Limited requesting for correction in the name of the company from 'Chhattisgarh State Power Generation Corporation Limited' to 'Chhattisgarh State Power Generation Company Limited (CSPGCL)'. Ministry of Power confirmed that Chhattisgarh State Power Generation Corporation Limited may be corrected to Chhattisgarh State Power Generation Company Limited (CSPGCL).

Recommendations: Minutes of the Meeting of the SLC(LT) held on 16.06.2023 are confirmed. Minutes of the Meeting of the SLC(LT) held on 21.04.2023 stands modified to the above extent.

Agenda Item No. 2: Enhancement in Annual Contracted Quantity (ACQ) of coastal power plants:

The Annual Contracted Quantity (ACQ) of power plants was increased upto 100% of the normative requirement, in the cases where the ACQ was reduced to 90 % of normative requirement (non-coastal) or where the ACQ

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was reduced to 70 % of normative requirement (coastal power plants). The decision to increase the ACQ upto 100 % of the normative requirement for the coastal power plants was taken in the meeting of the SLC (LT) held on 04.02.2021. SLC (LT) had also recommended that such coastal power plants whose ACQ is increased to 100 % would have to sign FSA with the coal companies within 3 months from the date of issue of the SLC (LT) recommendations. In addition, in the case of coastal power plants having existing long term PPAs under Section 63 of the Electricity Act, Ministry of Power shall work out a methodology to ensure that the benefits accrued to the power plants as a result of increase in ACQ are passed on to the consumers.

The recommendation of SLC (LT) for increasing the ACQ up to 100 % of the normative requirement for the coastal power plants where ACQ was restricted to 70 % of the normative requirement has not been implemented so far by Coal India Limited in the case of Section 63 PPA(s) for want of the methodology from Ministry of Power as per the recommendation of the SLC (LT).

Ministry of Power vide O.M dated 12.05.2023 had recommended a methodology for the Section 63 PPAs of Sembcorp Energy India Limited (SEIL) to ensure that the benefits due to change in ACQ from 70 % to 100 % are passed on to the consumers.

While increasing the ACQ of the coastal power plants, SLC (LT) had also recommended for signing of FSAs with the coal companies within 3 months from the date of issue of the SLC (LT) recommendations. The recommendations of the SLC (LT) after the approval were issued on 01.03.2021. Therefore, the timeline of 3 months for signing of FSA has lapsed. The methodology recommended by Ministry of Power was discussed in the meeting of the SLC (LT) held on 16.06.2023. During the meeting, SLC (LT) had recommended that Ministry of Power may take a final view on the methodology recommended by it for the case of coastal power plants having existing long term PPAs under Section 63 of the Electricity Act.

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In reference to the recommendations of the SLC (LT) held on 16.06.2023, Ministry of Power vide O.M dated 16.08.2023 has stated that pass through of benefits is implicit in the two PPAs of SEIL with Telangana Discom (570 MW) and AP Discom (625 MW) under DBFOO and no specific methodology is required in these cases. Ministry of Power has requested for enhancement of the ACQ to 100 % for the two power plants of SEIL.

Record of Discussion: Ministry of Power stated that the pass through of benefits already exists in the two PPAs of SEIL with Telangana Discoms (570 MW) and AP Discoms (625 MW) under DBFOO and therefore, in case the ACQ is increased to 100% of the normative requirement, a separate methodology for pass through of benefits is not required in the case of these two PPAs. CEA also stated that a methodology already exists in the two DBFOO PPAs of SEIL for pass through mechanism on the fuel cost in the case of increase in domestic supplies of coal.

Coal India Limited stated that though matters of PPA etc are within the domain of CEA/Ministry of Power however it was observed that in the DBFOO PPAs of SEIL, it has been mentioned that the generator shall have signed an FSA for the PPA quantity. But as per the decision in 2008 to reduce the ACQ to 70 % of the normative requirement (coastal power plants), the generator was having an FSA for 70 % only. Further, the PPA has a provision that in case coal is not available for the full PPA quantity, then Additional FSA (AFSA) has to be arranged by the generator and the rate of coal under AFSA shall not be more than the notified price FSA coal. Thus, the generator was already aware that further 30 % coal would have to be procured from the market but the rates admissible would be only notified price FSA coal rates. The Return on Equity / Return on Investment would have been accordingly adjusted by the bidder while quoting for the PPA bids. Now, any provision of supplying the remaining 30 % coal at notified price would mean providing a gain to the generator without passing on this gain to the customer.

CEA stated that this aspect in the PPA needs to be examined further.

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Ministry of Power agreed to get the matter re-examined and therefore, suggested that the issue raised by Coal India Limited may be re-examined by CEA.

Recommendations: In view of the discussions held and the suggestion of the Ministry of Power, SLC (LT) recommended that Ministry of Power / CEA may examine on whether the DBFOO PPAs of SEIL have a mechanism of pass through of the entire benefits accrued /accruing on account of the usage of 100 % domestic coal, so as to ensure that the entire benefits accrued to the Power Plants as a result of increase in ACQ is passed on the discoms/consumers.

Agenda Item No. 3: Extension of Bridge Linkage for Mejia TPS Unit 7 & 8 (2 x 500 MW) and Chandrapura TPS Unit 8 (1 x 250 MW) of DVC:

Ministry of Power vide D.O letter dated 16.06.2023 has requested to extend the validity of the existing Bridge Linkage of Mejia TPS Unit 7 & 8 (2 x 500 MW) and Chandrapura TPS Unit 8 (1 x 250 MW) linked with Tubed coal mine allocated to DVC for a further period of two years. Tubed coal mine has been allocated to DVC vide Allotment Order dated 07.10.2016. Ministry of Power has informed that Tubed coal mine has started coal production in FY 2022-23 and as per the mining plan, the coal production from Tubed coal mine in the FY 2023-24 would be 2.15 MT and the PRC is expected to be achieved in FY 2025-26. Therefore, for maintaining sustained generation, Bridge Linkage is required for Mejia TPS Unit 7 & 8 (2 x 500 MW) and Chandrapura TPS Unit 8 (1 x 250 MW) on tapering basis.

SLC (LT) in its meeting held on 18.11.2019 had recommended for the extension of the Bridge Linkage for Mejia TPS Unit 7 & 8 (2 x 500 MW) and Chandrapura TPS Unit 8 (1 x 250 MW) of DVC for another one year i.e. upto 06.10.2021. SLC (LT) in its meeting held on 22.12.2021 had further extended the Bridge Linkage for Mejia TPS Unit 7 & 8 (2 x 500 MW) and Chandrapura TPS Unit 8 (1 x 250 MW) of DVC for 2 years from the date of

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extension of Bridge Linkage. SLC (LT) had also recommended that the Bridge Linkage would be proportionately reduced by the quantity that comes into production from Tubed coal mine. Bridge Linkage for Mejia TPS Unit 7 & 8 (2 x 500 MW) and Chandrapura TPS Unit 8 (1 x 250 MW) is valid upto 06.10.2023.

Record of Discussions: Project Proponent (DVC) informed that the production has started in the Tubed coal mine and the target of coal production for FY 2023-24 is 2.5 MT. However, achieving the target for the FY 2023 - 24 would be difficult and it is expected that only 1.15 MT of coal would be produced from Tubed coal mine in this financial year. DVC also informed that production and evacuation are major constraints in the coal mine. DVC requested for extension a Bridge Linkage for a further period of 3 years.

Representative from Nominated Authority (NA) informed that as per the efficiency parameters, Tubed coal mine was scheduled for production from June, 2020. However, mine opening permission has been obtained by DVC for the coal mine in April, 2022 only. Representative of NA also informed that the committed coal production of DVC from Tubed coal mine for this financial year is 2.1 MT and the coal production from Tubed coal mine as on 16.09.2023 is 3.29 LMT against the pro-rata coal production of 7.42 LMT.

Niti Aayog stated that since Tubed coal mine is in production, the Bridge Linkage may be on Tapering basis and accordingly, recommended for extension of Bridge Linkage of DVC.

Ministry of Power recommended for extension of Bridge Linkage of DVC for maintaining sustained generation in the Mejia TPS Unit 7 & 8 (2 x 500 MW) and Chandrapura TPS Unit 8 (1 x 250 MW) of DVC.

Coal India Limited stated it can offer coal from its sources as per availability

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and does not have any issues in supplying Bridge Linkage coal to the plants of DVC.

Recommendations: In view of the discussion held and the recommendation of the Ministry of Power, SLC (LT) recommended for extension of Bridge Linkage for the Mejia TPS Unit 7 & 8 (2 x 500 MW) and Chandrapura TPS Unit 8 (1 x 250 MW) of DVC for a period of 1 year. SLC (LT) also recommended that the Bridge Linkage would be proportionately reduced by the quantity that comes into production from Tubed coal mine. The rate of coal supplies against the extended Bridge Linkage would be decided by Coal India Limited.

Additional Agenda Item No. 1 – Extension of Bridge Linkage of Barauni TPS (2 x 250 MW) of NTPC:

Ministry of Power vide O.M dated 16.06.2023 has requested to consider the request of NTPC for extension of Bridge Linkage for Barauni TPS-II (2 x 250 MW). Ministry of Power has informed that Badam coal block linked with Barauni TPS-II (2 x 250 MW) is under development and the issues / constraints in development of this block are pending Forest Clearance, issues related to land acquisition and appointment of MDO. Badam coal block is expected to start production from FY 2024-25 and the mine is expected to attain PRC of 3 MTPA in FY 2027-28.

Badam coal block has been transferred to NTPC on 02.09.2019. SLC (LT) in its meeting held on 18.11.2019 had recommended for grant of Bridge Linkage for 3 years from the date of allotment / transfer of Badam coal block for Barauni TPS (2 x 250 MW) to NTPC as per the extant policy. SLC (LT) in its meeting held on 08.08.2022 extended the Bridge Linkage for Barauni TPS (2 x 250 MW) for a further period of 1 year. Bridge linkage of Barauni TPS (2 x 250 MW) was valid upto 01.09.2023.

Record of Discussion: Project Proponent (NTPC) informed that the Bridge

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