
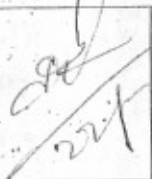


Dated the 22nd July, 2008

 Chairman CIL 10, N.S.Road Kolkata	 CMD SCCL, Red Hills Khairatabad Hyderabad
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**Sub: Norms for Biomass and bagasse cogeneration Power Plants--
reg**

I am directed to refer to the minutes of the Standing Linkage Committee (LT) on Captive Power Plants held on 6th September, 2007 circulated vide this Ministry's O.M. No.23011/68/2007-CPD dated 14.1.2008 on the above subject and to say that with regard to Biomass Power Plants, the Committee considered the request for grant of LOA to Biomass Power Plants consumers for generation process and recommended for grant of LOA subject to norms, in terms of the initiative of the Government to encourage alternative source of energy.

2. The issue relating to normative quantity in respect of biomass power plants has been examined by this Ministry in consultation with Ministry of Power and Ministry of New and Renewable Energy(MN & RE). Ministry of Power had recommended that use of fossil fuels to be considered to the extent of 25% of the total fuel requirement of the projects.

3. According to the guidelines issued by MN&RE for 2003-04, 25% usage of coal for biomass power projects was allowed. However, the new administrative approval conveyed by MN&RE vide letter No.3/19/2006-CPG dated 26.12.2006 wishing to seek capital subsidy for biomass power projects (IPP) mentions that the use of coal shall be limited upto 15% of the fossil fuel of the total energy consumption in KCals or as per DPR, whichever is less. MN& RE has now intimated that provisions of guidelines issued by them vide letter No.3/19/2006-CPG dated 26.12.2006 should be applied for those biomass and bagasse cogeneration projects commissioned after the date of issue of order i.e. 26.12.2006.

3. Keeping in view the comments of Ministry of Power and Ministry of N & RE, Competent Authority has now approved that the normative quantity of biomass power and bagasse cogeneration plants would be fixed at 15% of the total energy consumption in K.cals or as per the

DPR, whichever is less at 100% satisfaction level, as they can be considered as Independent Power Plants . This order will be applicable in respect of all biomass and bagasse cogeneration projects commissioned after 26.12.2006.

4. CIL/SCCL are requested to take further necessary action for issue of LOA and conclude FSAs with consumers of Biomass and bagasse cogeneration plants accordingly.

Yours faithfully

G. Srinivasan

(G.Srinivasan)

Under Secretary to the Govt. of India

Copy to: CMD, MCL/CCL/NCL/ECL/BCCL/WCL/SECL/CPDIL for information and necessary action.

Copy for information to:

1. Shri V.P.Joy, Joint Secretary, Ministry of Power, Shram Shakti Bhawan, N.Delhi
2. Dr.J.R.Meshram, Director, Ministry of New & Renewable Energy, Block No.14, CGO Complex, Lodhi Road, New Delhi-110003
3. Director(M), CIL, 15, Park Street, Kolkata
4. Coal Controller, Coal Controller Organisation,1,Council Street, Kolkata
5. CEA (Sh.S.H. Khan,Chief Engineer (OMD),Sewa Bhawan,R.K.Puram, New Delhi
6. GM(S&M),CIL Scope Complex,Lodhi Road, New Delhi
7. Shri P.C.Diwakar, Project Executive (PG-II), Maharashtra Energy Development Agency, MHADA commercial complex, 2nd Floor, opposite Tridal Nagar, Yerwada, Pune-411 006

Handwritten signature/initials on the left margin.

Copy to: NIC for placing the same on the website of ministry of coal.

Dt. 22.7.08

(P.K. Sulta)
section officer

DIR (NIC)