

IMMEDIATE

**File No. CPD-23014/1/2021-CPD
Government of India
Ministry of Coal**

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Shastri Bhawan, New Delhi,
Dated the 01st March, 2021

To

1. The Chairman-cum-Managing Director,
Coal India Limited, Coal Bhawan,
Premise No-04 MAR, Plot No-AF-III, Action Area-1A,
Newtown, Rajarhat, Kolkata - 700156

2. The Chairman-cum-Managing Director,
Singareni Collieries Company Limited,
18, Red Hills, Khairatabad PO, Hyderabad,
Telangana.

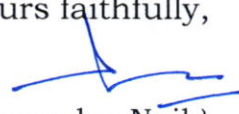
**Subject: Meeting of the Standing Linkage Committee (Long-Term) for
Power Sector – SLC (LT) No. 01/21**

Sir,

I am directed to forward herewith the approved minutes of the meeting of the SLC (LT) for Power Sector held on 04.02.2021 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,


(Byasadev Naik)
Deputy Director

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.	Joint Secretary, Ministry of Steel, Udyog Bhawan, New Delhi	Member
8.	Joint Secretary, Department of Industrial Policy & Promotion, Udyog Bhawan, New Delhi	Member
9.	Executive Director, Coal, Railway Board, Room No. 261, Rail Bhawan, New Delhi	Member
10.	Director (Marketing), Coal India Limited.	Member
11.	CMD's BCCL, CCL, ECL, MCL, NCL, SECL & WCL	Members
12.	Chairman-cum-Managing Director, Central Mine Planning & Design Instt Ltd., Gondwana Place, Kanke Road, Ranchi.	Member
13.	Chairman, Central Electricity Authority, Sewa Bhawan, RK Puram, New Delhi	Member
14.	Chairman, NTPC, Scope Complex, Lodhi Road, New Delhi-110003	Member
15.	Nominated Authority, Ministry of Coal	
16.	Joint Secretary, (P&S), Ministry of Coal	

Copy to:

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

Copy also to –

1. PS to Minister of Coal
2. PSO to Secretary (Coal)
3. PPS to Additional Secretary (Coal)
4. PS to JS (VT)
4. PS to Director (CPD)

Annexure

Minutes of the Meeting of the Standing Linkage Committee (Long Term) [SLC (LT)] for Power Sector held on 04.02.2021 at 3.30 P.M through Video Conference - SLC (LT) No. 1/2021

List of the participants is at the Annexure

Agenda Item No. 1: Confirmation of the Minutes of the Meeting of the SLC (LT) held on 27.07.2020.

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

Recommendations: Minutes of the Meeting of the SLC (LT) held on 27.07.2020 are confirmed.

Agenda Item No. 2: Enhancement of ACQ of coastal power plants

In view of the negative coal balance at Coal India Limited during the period, SLC (LT) in its meeting held on 12.11.2008 had recommended as under:

- i. All the recommended projects considered as coastal projects will have an import component of 30% for which developer has to tie up sources directly. LOA will be for 70% of the recommended capacity only.
- ii. In case of projects other than coastal, the normative quantities for only 90% of the recommended capacity would be met through Coal India Limited sources including coal to be imported by Coal India Limited and remaining 10% is to be tied up by the project developers themselves through direct import or any other source(s).

In line with the above decision, LoAs were issued to power utilities by Coal India Limited to non-coastal plants at 90% of their normative requirement and to coastal plants at 70% of their normative requirement.

Considering the request dated 13.07.2020 of Coal India Limited to enhance the ACQ upto 100% of normative requirement for the year 2020-21 in view of their comfortable coal stock position, the matter was taken up in the meeting of the SLC (LT) held on 27.07.2020. In view of the request of CIL and recommendations of Ministry of Power / CEA, SLC (LT) recommended to increase the ACQ upto 100% of the normative requirement in the cases where the ACQ was reduced to 90% of normative requirement based on the SLC (LT) decision of 12.11.2008 and this increase shall be for all regular linkages granted/recommended through SLC

(LT). Also, in case of linkages obtained through auction mechanism, the entitled quantity shall be revised based on the new norms and the consumers shall have to participate in auctions to obtain the linkages for the increased entitlements of ACQ.

With regard to the increase in ACQ of the coastal power plants, representative of CEA had informed during the meeting of the SLC (LT) held on 27.07.2020 that the 5 coastal power plants may not require 100% ACQ based on domestic coal because of the boiler design which may be built on a mix of imported as well as domestic coal and the future coal requirement of these power plants can be worked out if changes are carried out in the boiler design of the power plants. Further, terms and conditions of the PPA of these 5 coastal power plants will have to be examined and CEA could give suitable recommendations only after examining it.

Considering the comments of CEA, it was suggested that recommendations in the case of coastal power plants can be made after examination of the issue by Ministry of Power and CEA and after receipt of suitable recommendations from Ministry of Power. Therefore, in case of the increase of ACQ of coastal power plants, SLC (LT) in its meeting dated 27.07.2020 had recommended that Ministry of Power / CEA would examine the issues involved and matter would be taken up in SLC (LT) after receipt of recommendations from Ministry of Power.

In reference to the above decision in the case of enhancement of ACQ of coastal power plants, Ministry of Power vide O.M dated 15.10.2020 has informed that out of 5 coastal power plants under this category (70% domestic: 30% imported), 3 have expressed their willingness to substitute imported coal with domestic coal if domestic coal meets the boiler design values of GCV & ash content, whereas, inputs / comments of 1 TPS is awaited. Ministry of Power has requested to increase the ACQ upto 100% of the normative requirement in the cases where the ACQ was reduced to 70% of normative requirement for the coastal plants based on the SLC (LT) decision of 12.11.2008, so that TPPs can maximize their domestic coal intake as per their need.

Record of Discussions: It was discussed that SLC (LT) in its meeting held on 12.11.2008 had recommended that all the recommended projects considered as coastal projects will have an import component of 30% for which developer has to tie up sources directly and the LOA will be for 70% of the recommended capacity only. In the case of projects other than coastal, the normative quantities for only 90% of the recommended capacity would be met through CIL sources including coal to be imported by CIL and remaining 10% is to be tied up by the project developers themselves through direct import or any other source(s). Further, SLC (LT) in its meeting held on 27.07.2020 had recommended to increase the ACQ upto 100% of the normative requirement in the cases where the ACQ was reduced to 90% of normative requirement.

It was stated that Ministry of Power vide O.M dated 15.10.2020 has informed that out of 5 coastal power plants (based on 70% domestic: 30% imported), 3 have expressed their willingness to substitute imported coal with domestic coal if domestic coal meets the boiler design values of GCV & ash content, whereas, inputs / comments of 1 Power Plant was awaited. Ministry of Power has requested to increase the ACQ upto 100% of all these coastal power plants which have been allocated linkage upto 70% of the normative coal requirement.

During the meeting, representative from Ministry of Power stated that there are 5 coastal power plants, out of which 1 power plant has some issues and 3 power plants have expressed their willingness to substitute imported coal with domestic coal. Hence, full 100% quantity should be offered to these coastal power plants. In addition, the representative also stated that high grade of coal should be provided for the balance 30% quantity increase in the ACQ.

CIL stated that the likely impact of the increase in ACQ would be about 8-10 MT of coal. Ministry of Power was of the view that signing of FSA by such coastal power plants should be voluntary. It was agreed that a 3 month window for signing of FSA may be provided to such coastal power plants who had been allocated 70% of normative requirement and whose ACQ would be increased to 100% of normative requirement. It was discussed that the ACQ of the power plants having Cost Plus PPAs under Section 62 of Electricity Act can be increased straightaway. However, the PPAs under Section 63, where the tariff is determined based on bidding, Ministry of Power shall work out a methodology to ensure that the benefit of low cost domestic coal is passed on to the consumer. The representative from Ministry of Power agreed to work out a methodology to ensure that the benefits to the Power Plants having PPA under Section 63 are passed on to the consumers.

Recommendation (s): In view of the recommendations of Ministry of Power and the discussions held during the meeting, SLC (LT) recommended to increase the ACQ upto 100% of the normative requirement for the coastal power plants in the cases where the ACQ was restricted to 70% of normative requirement based on the SLC (LT) decision of 12.11.2008. SLC (LT) 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.

Agenda Item No. 3: Extension of Bridge Linkage of NALCO CPP Unit 9 & 10 (120 MW each)

NALCO vide letter dated 28.11.2020 has requested for extension of Bridge Linkage to NALCO Unit 9 & 10

(120 MW each) for a further period of 3 years w.e.f 01.04.2021.

Earlier, SLC (LT) in its meeting held on 01.09.2016 had granted Bridge Linkage from CIL to Unit 9 & 10 (120 MW each) of CPP of NALCO based on the allotment of Utkal D & Utkal E coal mines to NALCO vide order dated 02.05.2016.

NALCO vide application dated 27.09.2018 informed that due to unavoidable circumstances, it could not stick to the commencement plan for the allotted coal blocks like forest clearances and environment clearances, non transfer of Railway siding land to NALCO by IDCO etc. The matter was taken up in the SLC (LT) meeting held on 21.12.2018 and extension of Bridge Linkage was recommended to NALCO CPP Unit 9 & 10 (120 MW each) up to March' 21 or from the actual date of start of production, whichever is earlier. Extension MoU was signed with MCL on 04.05.2019.

Now, NALCO has informed that due to unavoidable circumstances, it could not stick to the commencement plan for the allotted blocks and in view of delay in obtaining approval of mining plan of Utkal D & Utkal E coal block, due to bounding coordinates issue, finalization of lease boundary of Utkal D, requirement of Forest Clearance of Safety zone of Utkal D and delay in acquisition of balance land in Utkal E, Nalco submitted a revised commencement plan to Ministry of Coal on 12.11.2020.

NALCO has requested to consider extending the period of Bridge Linkage for another period of 3 years i.e. from 01.04.2021 to 31.03.2024 so that sustainable production and rated capacity utilization of Aluminium Smelter plant as well as CPP units can be achieved.

Comments of Nominated Authority (NA), CBA-II and M/o Mines are as under:

NA: Utkal D & Utkal E coal mine was allotted to M/s NALCO vide order dated 02.05.2016 for Units 9 & 10 (120 MW each) and Unit 11 & Unit 12 (proposed units, 250 MW each). NALCO was the prior allottee of Utkal E coal mine. Even though the allotment of the merged mine was made to allottee by allotment order dated 02.05.2016, the Act and the Rules, the rights and obligations of the respective prior Allottees and the Allottee vis-a-vis the mines, transition and vesting were to be considered separately for each of Utkal D & Utkal E coal mine. The separate mining plan and mining lease was vested to the allottee along with Allotment order. Allottee has submitted that the combined mining plan is under preparation at CMPDI for Utkal D & Utkal E coal mine. With regard to Efficiency parameters, schedule date of operationalization of coal mine was

Jan'2020 for which show cause notice has already been issued.

CBA-II: Under the provisions of CM(SP) Act, 2015, Utkal D & Utkal E coal blocks located in Odisha has been allotted to M/s NALCO for Unit 9 to Unit 12 of CPP.

M/o Mines: As on date, due to delay in obtaining approval of Mining plan of Utkal D & E (combined) coal block, due to bounding coordinates issue, finalization of lease boundary of Utkal D, requirement of Forest clearance of safety zone of Utkal D and delay in acquisition of balance land in Utkal E, the allotted coal mines has not yet been made operational for the reasons not attributable to NALCO. In the absence of Bridge Linkage coal from 01.04.2021, there shall be uncertainty in coal availability to CPP for meeting the sustainable power supply to its smelter units, which will result in idling of huge investment and there will be huge loss to the national exchequer as well as to company on account of under capacity utilization.

M/o Mines has requested to consider the proposal of NALCO to continue with Bridge Linkage coal (0.98 Million MT per annum) to CPP for its unit 9 & 10 for another period of 3 years from 01.04.2021 till Utkal D coal block reaches near its rated capacity.

Record of Discussions: It was informed that SLC (LT) in its meeting held on 21.12.2018 had extended the Bridge Linkage to CPP Unit 9 & 10 of NALCO subject to the condition that Performance Guarantee, coal blocks development milestones etc. as agreed with the Nominated Authority shall be followed by NALCO and that these shall not be adversely affected due to Bridge Linkage extension recommendation. However, NALCO has again stated that due to unavoidable circumstances, it could not stick to the commencement plan for the allotted coal mines.

NALCO informed that because of multiple issues like finalization of bounding co-ordinates of the allotted coal mines, transfer of land etc., they were unable to achieve the coal mine development schedule. However, Utkal-D coal mine would get the Mine Opening Permission by 03.06.2021 and by December, 2022, 0.5 MT of coal production is estimated from the Utkal-D coal mine. Further, the mine would achieve the production of 2 MT in 2024.

Nominated Authority stated that the Project Proponent has delayed in commencement of production from the allotted coal mines, but, the bounding co-ordinates issue have been resolved now. Nominated Authority recommended for extension of Bridge Linkage.

Representative of Ministry of Mines recommended to continue with the Bridge Linkage coal to Unit 9 & 10 of NALCO for another period of 3 years from 01.04.2021 and also stated that this has already been communicated to Ministry of Coal.

CIL informed that the requirement of CPP Unit 9 & 10 of NALCO is 1.19 Million Tonne (MT) and considering 75% supplies under Bridge Linkage, the requirement of coal supply is about 8.9 Lakh Tonne (LT). It was discussed that though Utkal D coal mine would be operational in 2022 and would be able to meet a part of the requirement of the CPP units, but NALCO has to ensure that the entire coal quantity offered under Bridge Linkage has to be lifted. It was also discussed that as production from Utkal-D coal mine would start in December, 2022 and production from the coal mine would be around 2 MT of coal in 2024, hence, the Bridge Linkage may not need to be extended till 2024.

Recommendation (s): In view of the recommendation of the Administrative Ministry and keeping in view the production schedule from Utkal-D coal mine, SLC (LT) recommended extension of Bridge Linkage to NALCO Unit 9 & 10 (120 MW each) upto 31.03.2023.

Agenda Item No. 4: Extension of Bridge Linkage for further 3 years for Chandrapur Unit 8 & 9 (2 x 500 MW), Koradi Unit 8, 9 & 10 (3 x 660 MW) and Parli Unit 8 (250 MW) of Mahagenco

CMD, Mahagenco vide letter dated 06.01.2021 has requested for extension of Bridge Linkage period for further 3 years i.e. up to August' 2024 for Chandrapur Unit 8 & 9, (2 x 500 MW), Koradi Unit 8, 9 & 10 (3 x 660 MW) and Parli Unit 8 (250 MW).

SLC (LT) in its meeting held on 18.03.2016 granted Bridge Linkage to Chandrapur Unit 8 & 9, (2 x 500 MW), Koradi Unit 8, 9 & 10 (3 x 660 MW) and Parli Unit 8 (250 MW) for a period of 3 years from the date of allotment of coal block i.e. 31.08.2015.

In 2018, Mahagenco had requested for extension of Bridge Linkage for further 3 years up to August, 2021 considering delay in start of coal production from Gare Palma-II due to delay in getting approval of EC & FC incorporating modified bounding coordinates. The matter was taken up in the SLC (LT) meeting held on 27.06.2018 and Bridge Linkage was extended for a further period of 3 years i.e. 31.08.2018 to 30.08.2021.

Now, Mahagenco has informed that due to change in Bounding Coordinates of Gare Palma-II, Mahagenco

restarted procedure of revised approval application, EC & FC by incorporating modified bounding co-ordinates, which delayed in FC & EC. Recently, the Expert Appraisal Committee recommended the proposal of Mahagenco for grant of EC subject to compliance of certain terms & conditions / specific conditions. FC certificate is expected shortly, however granting of Mining lease and land Acquisition processes have been hampered. Considering above mentioned constraints and time required to complete above milestones, production from Gare Palma-II is expected to start in Oct' 2023. Full production shall be within the span of 6-7 years from commencement of mine in Oct' 2023. The extended Bridge Linkage is expiring in August' 2021. It has been requested to extend Bridge Linkage coal supply for a further period of 3 years up to August' 2024 for Mahagenco's Chandrapur TPS - Units 8 & 9 (2 x 500 MW), Koradi TPS Units 8, 9 & 10 (3 x 660 MW), Parli TPS - Unit 8 (1 x 250 MW).

CBA-II Section, Ministry of Coal had informed that under the provisions of CM(SP) Act, 2015, Gare Palma Sector-II was allotted to MAHAGENCO for Chandrapur Unit 8 & 9 (2 x 500 MW), Koradi TPS Unit 8, 9, 10 (3 x 660 MW) and Parli Unit 8 (1 x 250 MW).

Record of Discussions: It was informed that Bridge Linkage to the units of Mahagenco have been allotted against Gare Palma Sector II coal mine. Further, the Bridge Linkage to Chandrapur Unit 8 & 9 (2 x 500 MW), Koradi Unit 8, 9 & 10 (3 x 660 MW) and Parli Unit 8 (250 MW) of Mahagenco was earlier extended till 31.08.2021. Further, Project Proponent has stated that production from Gare Palma Sector-II coal mine is expected to start in October, 2023.

Project Proponent stated that grant of EC has been recommended for the coal mine subject to compliance of certain terms & conditions / specific conditions. However, they are having problems with grant of Mining lease and land Acquisition processes. Further, the peak rated capacity of the coal mine would be achieved in 6-7 years from the start of production from the coal mine.

Ministry of Power stated that the delay in operationalization of the Gare Palma Sector II coal mine was due to change in bounding co-ordinates of the coal mine. Ministry of Power recommended for Bridge Linkage to the units of Mahagenco.

It was discussed that Gara Palma Sector II coal mine is a large coal mine and therefore, reaching the peak rated capacity would take some time. CIL stated that Mahagenco should not insist for coal supplies under Bridge Linkage from a particular subsidiary of CIL and coal would be made available based on availability.

Recommendation (s): In view of the recommendations of Ministry of Power,SLC (LT) recommended for extension of Bridge Linkage to Chandrapur Unit 8 & 9 (2 x 500 MW), Koradi Unit 8, 9 & 10 (3 x 660 MW) and Parli Unit 8 (250 MW) of Mahagenco till 31.08.2024.

List of the participants

Ministry of Coal

1. Vinod Kumar Tiwari, Addition Secretary – in the chair
2. Shri M.Nagaraju, Additional Secretary
3. Ms Vismita Tej, Joint Secretary
4. Shri Bhabani Prasad Pati, Joint Secretary
5. Shri Mukesh Choudhary, Director

Ministry of Power

1. Shri Sanjeev Kumar Kassi, Chief Engineer
2. Shri Pawan Kumar Kalarwal, Director

Ministry of Railways

1. Shri A K Shamsi, ED, Coal

Ministry of Mines

1. Shri A R Sengupta, Deputy Secretary

Coal India Limited

1. Shri S N Tiwary, Director (Marketing)
2. Shri A P Singh, General Manager
3. Shri G K Vashishtha, Advisor (M&S)
4. Shri Tarak Roy, Chief Manager
5. Shri Bhimsen, Chief Manager

Eastern Coalfields Limited

1. Shri K Battula, General Manager

Bharat Coking Coal Limited

1. Shri U B Singh, HoD

Central Coalfields Limited

1. Ajit Singh, HoD

Northern Coalfields Limited

1. Shri Sunil Marwah, HoD

Western Coalfields Limited

1. Shri Dhananjay Kumar, HoD

South Eastern Coalfields Limited

1. Dr. Anurag Garg, General Manager

Mahanadi Coalfields Limited

1. Shri A K Gupta, General Manager

Singareni Collieries Company Limited

1. Shri J Allwyn, ED (Coal)

Central Electricity Authority

1. Shri M P Singh, Chief Engineer

Coal Controller Organization

1. Shri Kingshuk Mukhopadhyay, OSD (MC&P)

NALCO

1. Shri Amiya Kumar Swain, ED (P) I/C
2. Shri K K Panda, ED (Project –Mines)
3. Shri Suresh Chandra Mishra, GM (Environment)

MAHAGENCO

1. Shri Raju P Burde, Executive Director (Coal & GP)