

No. CPD-23011/24/2024-CPD (Comp. No.360084)

Government of India

(भारत सरकार)

Ministry of Coal

(कोयला मंत्रालय)

Shastri Bhawan,
New Delhi, the 20th May, 2025

To

1. Chairman-cum-Managing Director,
Coal India Limited,
Coal Bhawan, New Town,
Rajarhat, Kolkata – 700156
2. Chairman-cum-Managing Director,
Singareni Collieries Company Limited,
PB No. 18, Khairatabad, Hyderabad, Telangana

Subject: Revised Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India [SHAKTI], 2025

Sir,

I am directed to say that the Cabinet Committee on Economic Affairs (CCEA) had considered the Note of Ministry of Coal on 'Revising SHAKTI (Scheme for Harnessing and Allocating Koyala Transparently in India) Policy for Coal Allocation to Power Sector' on 07.05.2025 and has approved the revised provisions of the SHAKTI Policy. The Revised SHAKTI Policy, 2025 supersedes the provisions of the SHAKTI Policy, 2017 and its subsequent amendments in 2019 and 2023.

2. The SHAKTI Policy, 2025 as under is circulated to all concerned for further action. Coal India Limited and its subsidiaries and Singareni Collieries Company Limited are advised to take further action accordingly.

I. General Provisions:

- i. The coal linkages already allocated under Pre-New Coal Distribution Policy (NCDP), New Coal Distribution Policy (NCDP), 2007 and various paras of the existing SHAKTI policy will continue as per existing contractual terms & agreements.
- ii. Upon expiry of coal linkages secured under old policies, power producers [Central Gencos, State Gencos and Independent Power Producers (IPPs)] may apply under the Revised SHAKTI Policy, as applicable, to secure fresh linkages.
- iii. Sale of power by the Power Producers [Central Gencos, State Gencos and Independent Power Producers (IPPs)] shall be in accordance with concluded Power Purchase Agreements (PPAs) (long-term, medium-term or short-term)

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or as per extant rules notified by Government of India, from time to time. Power generated (un-requisitioned surplus), using linkage coal for serving long term /medium term PPAs, can be sold in the power market. The benefits accrued, if any, shall be shared as per the extant rules notified by Ministry of Power.

- iv. A generator which terminates PPA in case of default in payment by the DISCOM, may be allowed to use existing linkage coal for sale of power through short-term PPAs using DEEP portal or Power Exchange for a period of maximum 2 years or until they find another buyer of power under long / medium term PPA whichever is earlier. Adequate safeguards to be put in place by Ministry of Power.
- v. Rationalization of coal linkages shall be allowed as per the extant guidelines of Ministry of Coal.
- vi. An "Empowered Committee" comprising of Secretary (Power), Secretary (Coal) and Chairperson, CEA shall be constituted to finalize methodology (s), timelines etc. wherever required, for the provisions of "Revised SHAKTI Policy".
- vii. Greenfield Thermal Power Projects shall be eligible for coal linkages under the Revised SHAKTI Policy, if they are established near pithead. However, the Empowered Committee may also allow exemption / relaxation to any Greenfield power projects from the above condition, on a case-to-case basis.
- viii. The remaining capacity (about 1500 MW) which is presently eligible for coal linkage under Para B (ii) of the existing SHAKTI Policy and has not availed this facility till now, even after six auction rounds, would not be eligible for coal / linkages under any Window of the Revised SHAKTI Policy and may secure coal from other available sources.
- ix. Minor changes of operational nature to expand the scope of SHAKTI Policy may be decided at the level of Ministry of Coal and Ministry of Power as and when required. Larger decision points may be taken up for the concurrence of the Cabinet Committee.

II. Provisions of allocation of coal linkages:

For grant of fresh coal linkages to Thermal Power Plants of Central Sector / State Sector / Independent Power Producers (IPPs), there will be following two windows under the Revised SHAKTI Policy:

- A. Coal Linkage to Central Gencos / States at Notified price:**Window-I**
- B. Coal Linkage to all Gencos at a Premium above Notified price:**Window-II**

A. Window-I (at Notified price):

- i. **Central Genco Thermal Power Projects (TPPs):** Existing mechanism for granting of coal linkage to Central Sector Thermal Power Projects (TPPs) including Joint Ventures (JVs) & Subsidiary(ies), from Coal India Limited (CIL) / Singareni Collieries Company Limited (SCCL), shall be continued based upon recommendation from Ministry of Power.
- ii. **States:** Coal linkages may be earmarked to the respective States, as per

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their request and upon recommendation from Ministry of Power, also by the mechanism as mentioned in Para 2 (II) (A) (i) above. This linkage can be utilized by the State for any or all of the following:

- a. Its own State Generating Company (GENCO).
- b. Independent Power Producers (IPPs) {Successful bidder(s) to be identified for fresh PPAs through Tariff Based Competitive Bidding (TBCB)} for long / medium term procurement of Power.
- c. Existing IPPs having PPA under Section 62 of the Electricity Act 2003 for setting up of a new expansion unit having PPA under Section 62, limited to expansion permissible in accordance with the Tariff Policy.
- iii. Joint Ventures (JVs) formed between or within CPSUs and State Government / State PSUs shall be eligible for this window.
- iv. State, using Tariff Based Competitive Bidding (TBCB) route, can either purchase power from the commissioned thermal capacities or it can offer earmarked coal linkage for creation of new thermal capacity.
- v. Two or more States may aggregate their power requirement and approach for earmarking of coal linkage for tying up of the power through TBCB. Procurement of Power can be made by an agency authorized by such States. Coal linkages may be earmarked to the authorized agencies on the recommendation of Ministry of Power also by the mechanism as mentioned in Para 2 (II) (A) (i) above.

B. Window-II (Premium above Notified Price):

- i. Any Power Producer, irrespective of ownership i.e. Central Genco, State Genco and Independent Power Producers (IPPs), including under construction and planned capacity, whether having PPA or untied, may participate in this window to secure coal linkage on auction basis for a period upto 12 months or for the period of more than 12 months upto 25 years by paying premium above the Notified Price.
- ii. Imported Coal Based (ICB) Plants may be allowed to secure coal under the Window-II provided that the benefits accrued, if any, shall be pass through to the beneficiaries through a methodology approved by Appropriate Regulatory Commission.
- iii. Existing Fuel Supply Agreement (FSA) holders may be allowed to secure coal under the Window-II after procuring 100% of the Annual Contracted Quantity (ACQ) coal under existing FSA. Power Plants having FSAs executed under SHAKTI B (ii) will be eligible to participate in this option to meet the PPA requirement of the linked capacity. However, Appropriate Regulatory Commission to determine the applicable discount on tariff for the coal secured under this Window by SHAKTI B (ii) FSA holders. Further, a 'Self Declaration' mentioning that coal is utilized for linked capacity only, in a format prescribed by the Coal Company, shall be submitted by the successful bidders of existing SHAKTI B (ii) linkage holders securing linkage over 100 % ACQ under Window-II.
- iv. There will be following two auction mechanisms under Window -II:

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- a. **Short Term Auction:** Half Yearly auction to secure coal linkage for Short term demand up to 12 months utilization period.
- b. **Long/Medium Term Auction:** Yearly auction to secure coal linkage with a utilisation period of more than 12 months and upto twenty-five (25) years.
- v. The Electricity generated, through coal linkage under Window-II, can be either:
 - a. Sold in Energy Exchange / in short term through a transparent bidding process.
 - b. Supplied through existing PPAs of Domestic Coal Based (DCBs) power plants.
 - c. Supplied through existing PPAs based on imported coal by Imported Coal Based (ICBs) power plants.
 - d. Supplied against fresh Long Term (LT)/Medium Term (MT) PPAs, to be obtained through Tariff Based Competitive Bidding (TBCB) undertaken by the Discoms / States.
 - e. The detailed methodology for Short Term/ Medium Term/ Long Term auctions shall be finalized by the "Empowered Committee".
3. The action taken report shall be sent to Ministry of Coal from time to time.

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(Sudarshan Bhagat)
Deputy Secretary to the Government of India

Copy to:

1. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi
2. Secretary, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi
3. Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi
4. Secretary, Department of Financial Services, Jeevan Deep Building, New Delhi
5. CEO, NITI Aayog, Yojana Bhawan, New Delhi
6. Chairman, Railway Board, Rail Bhawan, New Delhi
7. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi
8. Secretary, Ministry of Law and Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi
9. Secretary, Ministry of Chemicals and Fertilizers, Department of Fertilizers
10. Secretary, Ministry of Mines, Shastri Bhawan, New Delhi

11. Prime Ministers Office, (Kind attn. Sh. Parthiban P, Director), South Block, New Delhi
12. Cabinet Secretariat (Kind attn. Shri. S.G.P. Verghese, Joint Secretary), Rashtrapati Bhawan, New Delhi
13. Secretary, Department for Promotion of Industry and Internal Trade, Udyog Bhawan, New Delhi
14. Chairman, Central Electricity Authority, Sewa Bhawan, R.K Puram, New Delhi
15. CMDs- CMPDIL, ECL, BCCL, CCL, NCL, WCL, SECL, MCL
16. Director (Marketing), Coal India Limited, Coal Bhawan, New Town, Rajarhat, Kolkata
17. ED (Coal Movement), SCCL, PB No. 18, Red Hills, Khairatabad, Hyderabad
18. Coal Controller, Coal Controller's Organisation, SCOPE MINAR 5th Floor, Core - II, Laxmi Nagar, Delhi - 110092

Copy also to:

Chief Secretaries of all States / UTs

Copy for information to:

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3. Sr. PPS to Secretary, Ministry of Coal
4. PPS to Additional Secretary / Nominated Authority, Ministry of Coal
5. PPS to Additional Secretary (SKJ), Ministry of Coal
6. PPS to AS & FA, Ministry of Coal
7. PS to JS (BPP), Ministry of Coal
8. PS to JS (SKK), Ministry of Coal
9. PS to JS (LSC), Ministry of Coal
10. PS to Advisor (Projects), Ministry of Coal
11. PS to DDG, Ministry of Coal
12. PS to DS (CPD), Ministry of Coal

Copy to Director, NIC, Ministry of Coal – with the request to upload it on the website of Ministry of Coal

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