

No.23022/14/2008-CPD
Government of India
Ministry of Coal

Dated the 7th October, 2008

Shri P.S.Bhattacharyya Chairman CIL 10, N.S.Road Kolkata	Shri S.Narsing Rao CMD SCCL, Red Hills Khairatabad Hyderabad
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Sub: Guidelines relating to supply of coal on "cost plus basis" by coal companies

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Sir,

The issue relating to supply of coal on "cost plus basis" by coal companies to various consumers has been examined by this Ministry and with the approval of Competent Authority, the following guidelines are being issued for implementation by CIL/SCCL:-

(a) In respect of existing LOA holders who have been authorised LOA by SLC(LT) on "cost plus basis" .

The concerned coal company to identify blocks from where coal is to be allocated and inform Coal India Limited (CIL) of the cost of such coal. Coal companies/SCCL will put this information on their website so that existing LOA/linkage holders can apply.

(b) Future projects on cost plus basis

(i) All the coal companies, including SCCL, who are proposing to open cost plus mines should identify such mines and thereafter work out the cost of coal, to be supplied from that mine.

(ii) Such information, mine-wise, should be placed on the website of the subsidiaries or SCCL.

(iii) All the existing linkage holders/LOA holders/FSA holders should be provided an opportunity, to make their choice. In case there are no takers in first go, the information can be used by those who are issued LOAs at a later stage.

(v) some consumers may have requested prior to issue of these guidelines, they may be considered as per the date of request.

(iv) CIL/SCCL would process such requests and decide on allocation of coal to these consumers, keeping in view the estimated production schedule and production pattern.

(v) If the estimated production from such cost plus mines matches with the request(s) for coal allocation from such mines, CIL/SCCL, can take a view immediately.

(vi) Preference should be given by CIL/SCCL to power sector including IPPs, fertilizer, cement, sponge iron, in the order indicated as per the priority in New Coal Distribution Policy (NCDP)

(vii) If the request(s) are less than the estimated production, then, the balance quantity can be offered by the concerned coal company on long term E-auction and the reserve price for such auction can be fixed keeping in view the cost of production from such mines.

(viii) in case "cost plus mines" are developed for meeting tapering linkage/LOA by a coal company, for a specific consumer or consumers, they should simultaneously also take action for identifying new consumers willing to take such coal. Once the existing consumer's (s) tapering requirement is over as per the extant policy/FSA, such coal may also be pooled for supply to existing consumers. In any case, keeping in view the growing demand for coal, it is unlikely that such a situation may arise. Moreover, option as at (vii) above is also available to deal with such coal.

(viii) While according preference/priority, due consideration should be given by coal companies to the proximity of the plant to the mine and also willingness of the consumer to evacuate coal by setting up facilities on his own or through road mode, with a view to reduce pressure on Railways and coal companies.

Yours faithfully



(G.Srinivasan)

Under Secretary to the Govt. of India

Copy to: CMDs of MCL/CCL/NCL/ECL/BCCL/WCL/SECL for information and necessary action.

Copy to CMD, CMPDIL – for information

Copy also for information to:

1. CGM (S&M)(Ops.), CIL, 15, Park Street, Kolkata
2. Coal Controller, Coal Controller Organisation, 1, Council Street, Kolkata
3. GM(S&M), CIL Scope Complex, Lodhi Road, New Delhi

✓ Director, NIC, Ministry of Coal for placing it on the website of the Ministry.

Immediate

No.23011/5/2008-CPD

Government of India

Ministry of Coal

12th February, 2008

Shri Partha S.Bhattacharyya, Chairman, Coal India Limited, 10 N.S.Road, Kolkata	Shri Narsing Rao, CMD, SCCL, Hyderabad
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Subject: Milestones to be achieved by LOA holders before concluding FSAs with concerned coal companies - Power sector consumers

Sir,

Please recall the provisions in para 5 and 6 of the New Coal Distribution Policy (N.C.D.P.) of 18.10.2007 elucidating policy for new consumers. The NCDP provides that LOA would be issued by CIL and the recipient of LOA would be required to meet certain stipulated conditions and achieve the milestones within the validity period and thereupon approach coal companies for entering into FSA. Such FSA would be completed within four weeks.

2. You may also recall that due to non-finalisation of milestones to be indicated in the LOA, CIL has not been able to issue LOAs in compliance with the decisions of SLC (LT) taken in the meeting held on 2.8.2007. Further, the minutes of SLC (LT) meetings for CPPs, Sponge Iron and Cement Plants held in November, 2007, have also been approved and minutes issued on 14.1.2008. CIL/SCCL are now required to take further action for issue of LOA in respect of all recommended applicants.

3. Meetings were held in this Ministry on 31.12.2007 and 10.1.2008 with the concerned Ministries/CIL to finalise "milestones" to be achieved by units before concluding FSAs with concerned coal companies. Subsequent to these discussions, the competent authority has now approved, inter-alia, the milestones for ~~concerned~~ ^{power} sector. A copy of the same is at **Annexure-I.**

..2/-

4. Since the SLC (LT) now deals with applicants of power, cement and Sponge iron units only, milestones for these sectors have been finalized and are being intimated to you. In respect of other sectors/consumers, CIL/SCCL are required to take action for finalizing the milestones.

5. Further, while issuing LOA indicating "milestones" and subsequent action for entering into FSA, CIL/SCCL may keep in view the following :-

(a) CIL/SCCL shall finalise discharge of suitable obligations on the part of the LOA holder, linked to EMD, in case of non-performance/delay in achieving "intermediate milestones" within the overall validity period.

(b) While issuing LOA, it shall be made clear that in case stipulated milestones are not achieved, EMD shall be forfeited and LOA shall automatically lapse. The applicant, would, however be free to apply afresh.

(c) If CIL/SCCL feel that any other additional milestone is required to be achieved by applicant in the facts and circumstances of case unique to such applicants, such conditions may be considered for inclusion as one of the "conditions precedent to coming into effect of FSA clauses" and made part of FSA provisions. Certain common conditions/recomendations have been indicated along with milestones which may be inserted in FSA.

(d) Since coal is no longer an essential commodity and the new policy provides that coal supplies shall not be misused or diverted by FSA holder, suitable provisions shall have to be included in LOA and FSA that in case of misuse or diversion of coal or violation of related conditions of FSA, such FSAs shall be liable to be suspended/terminated and an appeal mechanism shall also be separately set up in coal companies/SCCL/CIL to deal with such matters. In all such cases, it shall have to be ensured that sufficient deposits are with the coal companies for forfeiture to deter any consumer-party to the FSA from profitable diversion of coal.

(e) CIL/SCCL shall also make a provision in FSAs that consumers shall be required to produce documentary evidence, on an annual basis, to prove that entire coal released to them had been used for the purpose, for which it

was released. The consumers shall be required to put such relevant information concerning their production and the consumption of coal on the website of CIL, by suitably uploading the information as prescribed by CIL, for which CIL/SCCL shall devise formats/form etc. to ensure that diversion of coal is highly discouraged/prevented.

(f) FSAs shall incorporate effective penal provisions for timely offtake of coal.

(g) coal companies shall also hold consultation with LOA holders on the terms and conditions of FSA, well in time, after satisfying themselves about the seriousness of the applicants in achieving milestones, so that FSAs are executed within 4 weeks of the LOA validity period or the discharge of terms and conditions/achievement of milestones, whichever is earlier.

6. You are requested to issue appropriate instructions to all concerned to take further necessary action in the matter and action taken may be intimated to this Ministry.

Yours faithfully,


(A.K.Jyotishi)
Director

Copy with a copy of enclosure for information and necessary

action to :

- i) Shri K.Ranganath, Director (Marketing), CIL, 15 Park Street, Kolkata
- ii) Shri T.R.K.Rao, ED, SCCL, Hyderabad

Copy also forwarded for information to:

- i) Shri V.P.Joy, Joint Secretary, Ministry of Power, Shram Shakti Bhavan, New Delhi
- ii) Shri Shashi Ranjan Kumar, Director, DIPP, Udyog Bhavan, New Delhi
- iii) Shri N.R.Dash, Director, Ministry of Steel, Udyog Bhavan, New Delhi

Copy to Director, NIC, Ministry of Coal - **with a request to place this letter on the website of the Ministry for wider publicity**

ANNEXURE-I**MILESTONES FOR UNITS IN POWER SECTOR TO BE ACHIEVED BY LOA HOLDERS BEFORE CONCLUDING FUEL SUPPLY AGREEMENTS**

Time limits as from From the date of LOA	Targeted Activities as milestones	Supporting documents
6 months	In principle approval by the Board of Directors of investment decision In principle water Allocation Land Acquisition Notification (Section 6)	Certified copy of the decision of the Board Relevant letter from Appropriate State Authority Relevant notification
12 months	Firm water allocation In-principle environmental clearance Recommendation for Forest clearance from State Government	Relevant letter from Appropriate State Authority Relevant letters from State/Central Government Departments Relevant letters from State/Central Government Departments
18 months	Final environmental Clearance Land in possession for Main plant and coal Handling plant	Relevant letters from State/Central Government Departments Possession certificate from the competent revenue authority
24 months	Forest clearance Financial closure (for Private sector projects only) Land in possession 90%	Letter from the competent authority Letter from Bank/ Financial Institution Possession certificate from the competent revenue authority

- ii) Order for main plant within 6 months of signing FSA, to be made part of FSA, in respect of both public and private sector power projects.
- iii) in respect of Captive Power Plants, all the LOA Milestones applicable for the main CPP plant would also be made applicable to the End Use plant, for which L.OA for CPPs would be issued. This condition would be applicable for all CPPs.

Immediate

No.23011/6/2008-CPD

Government of India

Ministry of Coal

...

12th February, 2008

Shri Partha S.Bhattacharyya, Chairman, Coal India Limited, 10 N.S.Road, Kolkata	Shri Narsing Rao, CMD, SCCL, Hyderabad
--	--

Subject: Milestones to be achieved by LOA holders before concluding FSAs with concerned coal companies – Cement sector consumers

....

Sir,

Please recall the provisions in para 5 and 6 of the New Coal Distribution Policy (N.C.D.P.) of 18.10.2007 elucidating policy for new consumers. The NCDP provides that LOA would be issued by CIL and the recipient of LOA would be required to meet certain stipulated conditions and achieve the milestones within the validity period and thereupon approach coal companies for entering into FSA. Such FSA would be completed within four weeks.

2. You may also recall that due to non-finalisation of milestones to be indicated in the LOA, CIL has not been able to issue LOAs in compliance with the decisions of SLC (LT) taken in the meeting held on 2.8.2007. Further, the minutes of SLC (LT) meetings for CPPs, Sponge Iron and Cement Plants held in November, 2007 have also been approved and minutes issued on 14.1.2008. CIL/SCCL are now required to take further action for issue of LOA in respect of all recommended applicants.

3. Meetings were held in this Ministry on 31.12.2007 and 10.1.2008 with the concerned Ministries/CIL to finalise "milestones" to be achieved by units before concluding FSAs with concerned coal companies. Subsequent to these discussions, the competent authority has now approved, inter-alia, the milestones for cement sector. A copy of the same is at **Annexure-I**.

4. Since the SLC (LT) now deals with applicants of power, cement and Sponge iron units only, milestones for these sectors have been finalized and are being intimated to you. In respect of other sectors/consumers, CIL/SCCL are required to take action for finalizing the milestones.

..2/-

5. Further, while issuing LOA indicating "milestones" and subsequent action for entering into FSA, CIL/SCCL may keep in view the following :-

(a) CIL/SCCL shall finalise discharge of suitable obligations on the part of the LOA holder, linked to EMD, in case of non-performance/delay in achieving "intermediate milestones" within the overall validity period.

(b) While issuing LOA, it shall be made clear that in case stipulated milestones are not achieved, EMD shall be forfeited and LOA shall automatically lapse. The applicant, would, however be free to apply afresh.

(c) If CIL/SCCL feel that any other additional milestone is required to be achieved by applicant in the facts and circumstances of case unique to such applicants, such conditions may be considered for inclusion as one of the "conditions precedent to coming into effect of FSA clauses" and made part of FSA provisions. Certain common conditions/recomendations have been indicated along with milestones which may be inserted in FSA.

(d) Since coal is no longer an essential commodity and the new policy provides that coal supplies shall not be misused or diverted by FSA holder, suitable provisions shall have to be included in LOA and FSA that in case of misuse or diversion of coal or violation of related conditions of FSA, such FSAs shall be liable to be suspended/terminated and an appeal mechanism shall also be separately set up in coal companies/SCCL/CIL to deal with such matters. In all such cases, it shall have to be ensured that sufficient deposits are with the coal companies for forfeiture to deter any consumer-party to the FSA from profitable diversion of coal.

(e) CIL/SCCL shall also make a provision in FSAs that consumers shall be required to produce documentary evidence, on an annual basis, to prove that entire coal released to them had been used for the purpose, for which it was released. The consumers shall be required to put such relevant information concerning their production and the consumption of coal on the website of CIL, by suitably uploading the information as prescribed by CIL, for which CIL/SCCL shall devise formats/form etc. to ensure that diversion of coal is highly discouraged/prevented.

..3/-

- (f) FSAs shall incorporate effective penal provisions for timely offtake of coal.
- (g) coal companies shall also hold consultation with LOA holders on the terms and conditions of FSA, well in time, after satisfying themselves about the seriousness of the applicants in achieving milestones, so that FSAs are executed within 4 weeks of the LOA validity period or the discharge of terms and conditions/achievement of milestones, whichever is earlier.
6. You are requested to issue appropriate instructions to all concerned to take further necessary action in the matter and action taken may be intimated to this Ministry.

Yours faithfully,


(A.K.Jyotishi)
Director

Encl: Annexure-I

Copy with a copy of enclosure for information and necessary action to :

- i) Shri K.Ranganath, Director (Marketing), CIL, 15 Park Street, Kolkata
- ii) Shri T.R.K.Rao, ED, SCCL, Hyderabad

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- iii) Shri V.P.Joy, Joint Secretary, Ministry of Power, Shram Shakti Bhavan, New Delhi
- iv) Shri Shashi Ranjan Kumar, Director, DIPP, Udyog Bhavan, New Delhi
- v) Shri N.R.Dash, Director, Ministry of Steel, Udyog Bhavan, New Delhi

Copy to Director, NIC, Ministry of Coal - **with a request to place this letter on the website of the Ministry for wider publicity**

ANNEXURE-I

MILESTONES FOR UNITS IN CEMENT SECTOR TO BE ACHIEVED BY LOA HOLDERS BEFORE CONCLUDING FUEL SUPPLY AGREEMENTS

I. Greenfield Projects:

S.No.	Milestones to be achieved within 12 months (validity of LOA period)
1	IEM acknowledgement letter
2.	Sanction letter for Mining lease for the entire capacity
3.	Financial closure
4.	Acquisition of land (50% of land) (a) Govt. Land: Documentary evidence (b) Private land: Possession/Award letter from State Authority.
5.	Water allocation –Sanction letter from State Water Board etc
6.	Power-Sanction letter from State Govt.
7.	Environment clearance – Receipt of Terms of Reference (TOR) from Ministry of Environment & Forests and Application for "Consent to Establish" to the State Environment Authorities
8.	Finalisation of Draft Project Report

II. Brown field projects:

S.No.	Milestones to be achieved within 12 months (validity of LOA period)
1	IEM acknowledgement letter
2.	Sanction letter for Mining lease
3.	Financial closure
4.	Acquisition land
5.	Water allocation – Sanction letter from State Water Board etc
6.	Power – Sanction letter from State Government
7.	Environment clearance – Receipt of Terms of Reference (TOR) from Ministry of Environment & Forests and application for "Consent to Establish" to State Environment Authorities
8.	Finalisation of Project Report

III. **Restoration cases:**

FSA to be signed immediately.

III. **Environmental clearance** : A total period of two years (24 months) could be prescribed for cement sector also for obtaining environmental clearance. This provision could be part of FSA conditions for cement projects.

iv. **Cement CPPs**: In respect of cement Captive Power Plants, all the LOA Milestones applicable for the main CPP plant would also be made applicable to the End Use plant, for which LOA would be issued.

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18
No.23011/8/2008-CPD
Government of India
Ministry of Coal

New Delhi dated March 12, 2008

To,
Shri Partha S.Bhattacharyya,
Chairman,
Coal India Limited,
10 N.S.Road, Kolkata

Shri Narsing Rao,
CMD, SCCL,
Hyderabad

Subject: **Milestones to be achieved by LOA holders before concluding FSAs with concerned coal companies - Sponge Iron sector consumers**

Sir,

Please recall the provisions in para 5 and 6 of the New Coal Distribution Policy (N.C.D.P.) of 18.10.2007 elucidating policy for new consumers. The NCDP provides that LOA would be issued by CIL and the recipient of LOA would be required to meet certain stipulated conditions and achieve the milestones within the validity period and thereupon approach coal companies for entering into FSA. Such FSA would be completed within 4 weeks.

2. You may also recall that due to non-finalisation of milestones to be indicated in the LOA, CIL has not been able to issue LOAs in compliance with the decisions of SLC (LT) taken in its meeting held on 2.8.2007. Further, the minutes of SLC (LT) meetings for CPPs, Sponge Iron and Cement Plants held in November, 2007 have also been approved and minutes issued on 14.1.2008. CIL/SCCL are now required to take further action for issue of LOA in respect of all recommended applicants.

3. Meetings were held in this Ministry on 31.12.2007 and 10.1.2008 with the concerned Ministries/CIL to finalise "milestones" to be achieved by units before concluding FSAs with concerned coal companies. Subsequent to these discussions, the competent authority has now approved inter-alia, the milestones for sponge iron sector. A copy of the same is at **Annexure-I.**

4. Since the SLC (LT) now deals with applicants of power, cement and Sponge iron units only, milestones for these sectors have been finalized and are being intimated to you. In respect of other sectors/consumers, CIL/SCCL are required to take action for finalizing the milestones.

5. Further, while issuing LOA indicating "milestones" and subsequent action for entering into FSA, CIL/SCCL may keep in view the following :-

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- (b) While issuing LOA, it shall be made clear that in case stipulated milestones are not achieved, EMD shall be forfeited and LOA shall automatically lapse. The applicant, would, however, be free to apply afresh.
- (c) If CIL/SCCL feel that any other additional milestone is required to be achieved by applicant in the facts and circumstances of case unique to such applicants, such conditions may be considered for inclusion as one of the "conditions precedent to coming into effect of FSA clauses" and made part of FSA provisions. Certain common conditions/recommendations have been indicated along with milestones which may be inserted in FSA.

G. S. Srinivasan

- (d) Since coal is no longer an essential commodity and the new policy provides that coal supplies shall not be misused or diverted by FSA holder, suitable provisions shall have to be included in LOA and FSA that in case of misuse or diversion of coal or violation of related conditions of FSA, such FSAs shall be liable to be suspended/terminated and an appeal mechanism shall also be separately set up in coal companies/SCCL/CIL to deal with such matters. In all such cases, it shall have to be ensured that sufficient deposits are with the coal companies for forfeiture to deter any consumer-party to the FSA from profitable diversion of coal.
 - (e) CIL/SCCL shall also make a provision in FSAs that consumers shall be required to produce/submit documentary evidence, on an annual basis, to prove that entire coal released to them has been used for purpose, for which it was released. The consumers shall also be required to put such relevant information concerning their production and the consumption of coal on the website of CIL, by suitably uploading the information as prescribed by CIL, for which CIL/SCCL shall devise formats/form etc. to ensure that diversion of coal is highly discouraged/prevented.
 - (f) FSAs shall incorporate effective penal provisions for timely offtake of coal.
 - (g) coal companies shall also hold consultation with LOA holders on the terms and conditions of FSA, well in time, after satisfying themselves about the seriousness of the applicants in achieving milestones, so that FSAs are executed within 4 weeks of the LOA validity period or the discharge of terms and conditions/achievement of milestones, whichever is earlier.
6. You are requested to issue appropriate instructions to all concerned to take further necessary action in the matter and action taken may be intimated to this Ministry.

Yours faithfully,

Encl: Annexure-I.


(A.K. Jyotishi)
Director

Copy with a copy of enclosure for information and necessary action to :

1. Shri K.Ranganath, Director (Marketing), CIL, 15 Park Street, Kolkata
2. Shri T.R.K.Rao, ED, SCCL, Hyderabad

Copy also forwarded for information to:

1. Shri N.R.Dash, Director, Ministry of Steel, Udyog Bhavan, New Delhi
2. Shri V.P. Joy, Joint Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
3. Shri Shashi Ranjan Kumar, Director, DIPP, Udyog Bhawan, New Delhi.

✓ Copy to: Director, NIC, Ministry of Coal – with a request to place this letter on the website of Ministry of Coal for wider publicity.

Milestones to be achieved by sponge iron units before concluding Fuel Supply Agreements

A. Existing and commissioned sponge iron units

- (i) Certificate from the Chartered Engineer certifying the installed capacity of sponge iron and the certificate should be on the letter head of the Chartered Engineer mentioning the name, designation and registration of the signatory.
- (ii) certificate from Chartered Accountant certifying the investment incurred in the installation of the sponge iron plant, latest Balance of Accounts statement and month-wise production data since inception of the additional sponge iron kilns, in case of addition in capacity.
- (iii) documentary evidences regarding Central Excise duty/Sales Tax/Electricity Bill paid during last one year.

B. Sponge Iron Plants yet to be commissioned

- (i) copy of IEM issued by DIPP, Ministry of Commerce and Industry for the proposed sponge iron capacity or additional sponge iron capacity;
- (ii) copy of documents in respect of land possession (private or Government) and certificate of change of land use, if any, from the concerned State Authority;
- (iii) copy of letter regarding power connection/arrangement/bill paid to concerned authority;
- (iv) copy of letter for No Objection Certificate (NOC) issued by State Pollution Control Board for the proposed sponge iron or additional sponge iron capacity or copy of application submitted to the State agencies for NOC for pollution clearance alongwith a copy of fee deposited in this connection,
- (v) copy of placement of orders for major plant and machineries with specifications including Rotary Kiln and Cooler for the proposed sponge iron capacity or additional sponge iron capacity and acceptance of the same from the supplier.;
- (vi) original certificate from Engineering consultant regarding implementation of the project, planned capacity and targeted date of commissioning with PERT chart. The certificate should be in original on the letterhead of the Consultant with name, designation and registration particulars certifying the capacity being implemented, present status of the project and likely date of commissioning of the proposed or additional sponge iron capacity;
- (vii) copy of letter from Commercial Bank/Financial Institutions regarding financial tie up or evidence regarding details of funding from own resources.
- (viii) source and requirement of iron ore for the project.

In addition, documentary proof regarding resourcing of iron ore may be insisted upon as a precondition for signing of Fuel Supply Agreement.

They may also be asked at the time of renewal of FSA to submit documentary proof of actual production during the period under agreement.

No.23021/144/2005-CPD
Government of India
Ministry of Coal

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--
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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/CMPDIL 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

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

Dt. 22.7.08

(P.K. Dutta)
section officer

DIR (NIC)

New Delhi dated 11th August 2008

To

Shri J.Goel
CGM (S&M) (Ops.)
Coal India Limited,
15 Park Street
Kolkata.

Subject: Allocation of coal and FSA for release of coal for process requirement.

Sir,

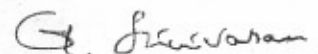
I am directed to refer to CIL's letter No. CIL/S&M/Contract/408 dated 18/07/2008 on the above subject. CIL has taken a stand in the case of M/s. Pasupati Acrylon Limited that as there is no applicable MPQ for 2008, the quantity for process can not be allocated and this stage and that they should apply on the basis of notice to be issued by CIL. M/s. Pasupati Acrylon Limited, even though had a NCLC linkage, however, they were drawing coal through SLC(ST) for a number of years and therefore, the concept of MPQ applicable in the case of erstwhile non-core sector consumers can not be applied in the case of M/s. Pasupati Acrylon.

2. The matter has been examined in this Ministry. It is seen that in respect of 7 cases of co. generation plants the SLC (LT) had given clear directions that CIL should consider coal allocation to the tune of 100% satisfaction level of power need and 75% of satisfaction level for process etc. The minutes of the SLC (LT) duly approved by the Competent Authority was sent to CIL for implementation.

3. All these units were drawing coal, for both process and power requirements, till May 2005, through SLC (ST), **on ad-hoc basis**. It is also seen from this Ministry's order No. 23011/24/2005-CPD dated 4th May, 2005 that these units were fixed/allocated coal quantity, for meeting both power and process requirements, based on recommendations of a technical Committee headed by CIL. While the SLC (LT) in its meeting held on 2.6.2005 recommended regularization of coal in respect of "Power" requirements only, the SLC (LT) in its meeting held on 6.11.2007 had approved allocation of both power requirement to the extent of 100% satisfaction and 75% of process requirement to these companies.

4. The competent authority has now approved that based on quantities allocated to these seven units as per MOC order No.23011/24/2005-CPD dated 4.5.2005, you are now requested to advise the concerned coal companies to workout the coal quantity applicable in respect of "Process" requirement (75% satisfaction level) also in respect of these cases already approved by SLC (LT) and conclude FSAs accordingly. Action taken in the matter may be intimated to this Ministry at the earliest.

Yours faithfully,



(G.Srinivasan)

Under Secretary to the Government of India

Contd..2/-

Copy to:

1.	Director(Marketing), Coal India Limited, 15-Park Street, Kolkata.
2.	CGM(S&M) Coal India Limited, 15- Park Street, Kolkata.
3	GM (S&M) of ECL, WCL and SECL ,
4	Harihar Poly Fibres, Kumarpatnam Siding, Harihar, Karnataka
5	Pasupati Acrylon Ltd
6	Shriram Rayons Kota
7	Raymond UCO ,Denim Private Limited, formerly known as Raymond Yavatmal, Maharashtra,
8	Grasim Industries Ltd,(Chemical Divn.)Nagda(MP)
9	Grasim Industries Ltd,(Staple-Fibre Divn), Nagda(MP)
10	Murli Agro Products

Copy also to: NIC, Ministry of Coal for placing the same in website.

No. 23021/ 367/2008-CPD

Government of India

Ministry of Coal

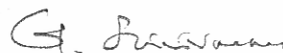
New Delhi the 4th Sept., 2008

OFFICE MEMORANDUM

Sub: Procedure to be followed in respect of surrender of coal linkage for which "Letter of Assurance"(LoA) has already been recommended by the Standing Linkage Committee(Long Term)-reg.

The undersigned is directed to say that if an applicant has been recommended for "grant of "Letter of Assurance"(LoA) under New Coal Distribution Policy (NCDP) by Standing Linkage Committee(Long Term) and the applicant wishes to surrender the recommendation for "Letter of Assurance"(LoA), such request for surrender will be accepted subject to the following conditions:

1. In future, if the applicant wishes to seek "Letter of Assurance"(LoA) the applicant will have to apply afresh with processing fee as per details placed in the Ministry of coal Website at: <http://www.coal.nic.in>
2. Processing fee will not be refunded.



(G. Srinivasan)

Under Secretary to the Govt. of India

Copy to:

1. Chairman, Coal India Limited, 10, N.S. Road, Kolkata
2. Chairman-cum-Managing Director, SCCL, PB No . 18, Hyderabad, AP.

Copy to: NIC for placing the same on the website of Ministry of Coal

No. 23011/7/2007-CPD
Government of India
Ministry of Coal

New Delhi, the December 4, 2007

**GUIDELINES ON TAPERING LINKAGE - FOR INSERTION IN
MINISTRY OF COAL WEBSITE.**

**Subject: Guidelines relating to issue of LoA/allocation of coal on
"Tapering basis" to various consumers**

This relates to regulation of supply of coal to the consumers, who have been allocated coal blocks but coal mining of which is yet to commence and have to be provided coal to sustain production of the end use plant. The Tapering linkage is being considered by the Standing Linkage Committee (Long-term) to facilitate the working of end use plant in case the development of coal blocks allocated to such consumers does not synchronize with operation of end use plant. Normally, tapering linkage would be co-terminus with the opening of the mines, keeping in view the conditions as stipulated in the coal block allocation letter.

Issue of formulating guidelines, relating to issue of LOA/allocation of coal to consumers, who have either been allocated coal blocks or will be allocated coal blocks in future, but coal mining is yet to commence, has been engaging the attention of this Ministry. After due examination in this Ministry, the Competent Authority has approved that the following procedure/guidelines may be followed for issue of LOA/allocation of coal on "Tapering basis:"-

(i) Procedures for granting tapering linkage would be similar to the procedure being followed for grant of normal linkage. The applicant has to submit an application, in triplicate, alongwith prescribed processing fees. The prescribed application fee should be made through a Demand Draft in favour of **"PAY AND ACCOUNTS OFFICER, MINISTRY OF COAL"** payable at New Delhi. The application fees/processing fees once remitted and deposited is **"NON -REFUNDABLE"**, whether the application/request is accepted or rejected by the Competent Authority for grant of LoA for Tapering linkage. After receipt of application the existing procedure of getting reports from concerned Ministries and companies etc. similar to the normal procedure for the linkage would be followed by this Ministry.

(ii) Tapering linkages would be considered by the Standing Linkage Committee (Long Term) and approved by the competent authority.

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(iii) Year-wise allocation of coal on tapering linkage basis would be based on the Letter of allocation of the blocks and the approved mining plan. It will be based on the difference between year-wise requirement and the year-wise production of coal as per the approved mine plan and subject to such quantitative or other restrictions as may be prescribed in this regard. Coal Controller would be requested to do this exercise of working out the year-wise requirement of tapering linkage and communicate the same to Coal India Limited and the Ministry of Coal.

(iv) Normally, the validity period for tapering linkages would not be extended. This means that after the period of the tapering linkage is over, it will be deemed to have been terminated. However, in some rare cases, if there are strong justifiable reasons for extension of tapering linkage, the allocatee company should move a fresh application for a fresh tapering linkage to the Standing Linkage Committee (Long Term). It would be considered taking into account all the relevant facts and approval of competent authority would be obtained in this regard.

This supersedes all existing instructions on Tapering Linkage to the extent of their repugnancy with these guidelines.



(G.Srinivasan)

Under Secretary to the Government of India

Copy to:

1. **Shri P.S.Bhattacharyya, Chairman, CIL, 10, N.S. Road, Kolkata**
2. **Shri Narsing Rao, CMD, SCCL, P.B. No. 18, Red Hills, Hyderabad**
3. **Coal Controller, 1, Council House Street, Kolkata**

The above guidelines will be implemented with immediate effect. CIL/SCCL is requested to keep these guidelines in view, while deciding allocation/extension etc. of tapering linkage cases, including the existing tapering linkages, in consultation with Coal Controller.




(G.Srinivasan)

Under Secretary to the Government of India

Copy for information to:

1. **Shri V.P.Joy, Joint Secretary, Ministry of Power, Shram Shakti Bhavan, New Delhi**
2. **Shri N.R.Dash, Director, Ministry of Steel, Udyog Bhavan, New Delhi**
3. **Shri Shashi Ranjan Kumar, Director, DIPP, Ministry of Commerce & Industry, Udyog Bhavan, New Delhi**

Copy also to :  **Director, NIC, Ministry of Coal – with a request to place this letter on the website of this Ministry, for wider publicity.**