

No.13016/49/2009-CA-I
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated : the 21st June, 2016

To,

Shri A.N. Sethuraman,
Group President,
M/s. Reliance Power Ltd./JIPL,
2nd Floor, Reliance Centre,
19, Walchand Hirachand Marg,
Ballard Estate,
Mumbai-400001.

Subject : Show Cause Notice to M/s. Reliance Power Ltd.(RPL) / M/s. Jharkhand Integrated Power Ltd. (JIPL) in respect of Kerandari B & C coal blocks – reg.

Sir,

I am directed to refer to this Ministry's letter No.13016/4/206-CA-I dated 20.07.2007 conveying allocation of Kerandari B & C coal block to JIPL, a subsidiary of Power Finance Corporation (PFC) subject to certain conditions. Further, RPL acquired JIPL from PFC on 07.08.2009 after emerging as the lowest bidder in the International Competitive Bidding process for Tiliaya UMPP conducted by Ministry of Power/PFC. Subsequently, vide letter dated 01.05.2015, RPL communicated that it had terminated the PPA dated 10.09.2008 and relinquished Tiliaya UMPP for the reason that Procurers have failed to fulfill principal development period obligations under conditions of PPA even after lapse of 5 ½ years of handing over of JIPL (SPV created by PFC for development of Tiliaya UMPP) to RPL. Hence, RPL requested this Ministry for release of bank guarantee (BG) submitted by it for Kerandari B & C coal block.

2. RPL/JIPL was allocated Kerandari B & C coal block for using coal captively in the Tiliaya Ultra Mega Power Porject (UMPP), however, RPL has relinquished Tiliaya UMPP project. 'Agree to Terminate' option was exercised and accepted voluntarily by RPL and the Procurers. This act, though authorized, is extraneous to the course of development of coal block. Accordinlgy, Tiliaya UMPP project has received a huge setback rendering the country deprived of power to be produced from the said project. Hence, RPL/JIPL cannot be absolved of its responsibility of paying damages for non-achievement of milestones set for development of Kerandari B&C coal block.

3. It has been decided to place the matter of deduction/release of BG submitted by RPL for Kerandari B&C coal block before the Inter-Ministerial Group for making recommendations to the Government.

4. Under the above circumstancs, you are hereby called upon to show cause, on each milestone separately to this Ministry (copy of milestones chart enclosed) within a period of 15 days from the date of issue of this show cause notice as to why the delay in the development of the coal block should not be held as violation of the terms and conditions of the allocation of Kerandari B&C coal block and why the BG

submitted by you should not be deducted for non-achievement of milestones stipulated for development of coal block. In case no reply is received from your end within 15 days, it would be presumed that your company has no explanation to offer and action, as appropriate, would be taken against your company. You are also directed to send a copy of your reply to Coal Controller Organisation.

Yours faithfully,



[RISHAN RYNTATHIANG]

Under Secretary to the Government of India

Tel : 23073936

Copy to :-

1. The Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
2. Shri Anjani Kumar, Coal Controller, Coal Controller Organisation, 1, Council House Street, Kolkata -700 001.
- 3 ✓ The Director [Technical], NIC, Ministry of Coal for uploading this letter on the web-site of Ministry of Coal.

MILESTONES CHART

Sl.No.	EVENT	TIME LIMIT IN MONTHS (FROM THE DATE OF ALLOCATION)
1.	PROSPECTING LICENSE	3
2.	COMPLETION OF EXPLORATION AND PREPARATION OF GEOLOGICAL REPORT (GR)	27
	EVENTS AFTER PREPARATION OF GR	TIME LIMIT IN MONTHS AFTER PREPARATION OF GR
3	MINING LEASE APPLICATION	3
4	SUBMISSION OF MINING PLAN	6
5	MINING PLAN APPROVAL	8
6	PREVIOUS APPROVAL APPLICATION	11
7	PREVIOUS APPROVAL	11
8	FOREST CLEARANCE APPLICATION	12
9	ENVIRONMENT CLEARANCE	18
10	GRANT OF MINING LEASE	24
11	LAND ACQUISITION BEGIN	9, 19
12	LAND ACQUISITION	30, 36
13	OPENING PERMISSION APPLICATION	34, 40 (FOR OC) 46, 52 (FOR UG)
14	GRANT OF OPENING PERMISSION	35, 41 (FOR OC) 47, 53 (FOR UG)
15	PRODUCTION	36, 42 (FOR OC) 48, 54 (FOR UG)
16	REACHING RATED CAPACITY	