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CHAPTER



COAL DISTRIBUTION AND MARKETING

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Coal Distribution and Marketing

Marketing division of CIL plan, coordinate and monitor the marketing activities for all of its coal producing subsidiaries. CIL has a network of Regional Sales Offices at State capitals to cater to the needs of the consuming sectors in various regions.

Allocation of coal to power, cement and steel sectors

Allocation of coking coal to steel plants was earlier made by the Coal Controller. However, after deregulation of coking coal, the supplies of coking coal is also being made by the coal companies themselves on the basis of linkages established by the Standing Linkage Committee (Long Term) (SLC (LT)) or on the basis of their existing commitments.

During April-December 2015, CIL has supplied the following quantities of coal to various consumers:

(Prov.) (Fig in Million Tonnes)

Sector	April – December 15			1 st January – 31 st March 16 (Projected data)		
	Targeted off take	Actual Off take	Supply % against Target	Targeted off take	Actual Off take	Supply % against Target
Steel*	004.70	005.05	107%	001.72	001.52	88%
Power (Utilities) **	311.89	298.15	96%	118.11	125.45	106%
Captive Power ***	026.30	025.73	98%	009.88	013.08	132%
Cement	004.91	003.68	75%	001.74	001.59	91%
Sponge Iron	007.14	006.30	88%	002.63	001.44	55%
Others	044.43	050.09	113%	016.18	008.28	51%
TOTAL DESPATCH	399.37	389.00	97%	150.26	151.36	101%
Colliery consumption	000.27	000.27	100%	000.10	00.06	59%
Total	399.64	389.27	97%	150.36	151.42	101%

* : include coking coal feed to washeries, direct feed and blendable to steel plants.

** : include non-coking coal feed to washery and Bina deshaling plant for beneficiation

***: Captive power include dispatches to fertilizer sector (for the period April- December 2015)

Sector wise Coal Off take from SCCL:

Sector-wise coal off-take from SCCL during the year 2015-16 (from April to December 2015) and anticipated for the remaining period (January to March 2016) are as below:

(In Million Tonnes)

Sector	April '15 to Dec.'15	April '14 to Dec.'14	Growth%	Jan.2016 to March-2016 (anticipated)	Total Anticipated
Power (utility & CPP)	37.08	30.00	23.6	09.94	47.02
Steel (Sponge Iron)	00.08	00.27	-70.37	00.06	00.14
Cement	02.89	03.46	-16.47	00.91	03.80
Fertilizer	00.00	00.00	00.00	00.00	00.00
Others	03.51	04.51	-22.17	01.48	04.99
Colly. Cons.	00.04	00.04	0.00	00.01	00.05
Total	43.60	38.28	13.91	12.40	56.00

Power Houses

Off-take of coal by thermal power stations during Apr -Dec' 2015 from CIL was 298.15 MT registering 96 % materialization vis-a-vis target. Compared to same period last year, off take has increased by 17.83 MT, i.e. 6.4 %.

Cement Plants

Despatch to cement plants from CIL during Apr -Dec' 2015 was 3.68 MT (provisional) as against 4.11 MT during the same period last year.

Distribution of coal to small & medium consumers

- Under NCDP, the State Governments/ Union Territories

were entrusted the responsibility for distribution of coal to consumers having requirement up-to 4200 MT per annum. The coal is to be distributed through State Nominated Agencies by the respective States/UTs. A total of 8 MT have been earmarked annually for distribution through the State Nominated Agencies who would be drawing coal after execution of FSA with the concerned coal company.

- The price charged to such agencies is notified price as applicable to other consumers entering into FSA. The agency is entitled to charge actual freight and margin up to 5%, as service charge, over and above the basic price charged by the coal company, from their consumers.

FSA with state agencies under NCDP as on 31.12.15

1	No of States / UTs	36
2	Quantity earmarked (Lakh Tonnes)	80
3	No of States who nominated agencies for 14-15	18
4	Qty allocated to States/ nominated agencies (lakh tonnes)	43.47
5	No of States drawing coal under FSA so far	08.00
6	ACQ covered under FSA (lakh tone)	19.64

E –AUCTION OF COAL
E-Auction in CIL

Coal is also being regularly sold through electronic auction (e-auction) route at a market driven price every month in accordance to the NCDP provision. E auction are of two types- Spot E auction and Forward E Auction. Spot-auction is meant for all categories of buyers. In case of Forward E-auction, only end-users/ actual consumers are eligible to participate and could have assured supply of coal over a longer period, generally one year. Each forward e-Auction shall be for a period of 12 months consisting of 4 following quarters of 3 months each. Consumers will have the flexibility to bid for any one quarter or for up to all the four quarters in one go. Bidders/ consumers are to make bid at or above reserve price. While Spot E Auction has been in operation since Nov' 2007 and Forward E Auction commenced from August 2009. Under e-auction channel coal companies of CIL are entitled to offer around 10% of estimated annual production. Performance of E Auction after implementation of NCDP is given as under :

	Spot E-auction					Forward E-auction				
	Apr'12- Mar'13	Apr'13- Mar'14	Apr'14- Mar'15	Apr'14- Dec'14	Apr'15- Dec'15	Apr'12- Mar'13	Apr'13- Mar'14	Apr'14- Mar'15	Apr'14- Dec'14	Apr'15- Dec'15
No of Bidders	83653	84485	49916	54115	53005	346	354	179	113	142
No of successful bidders	48115	50937	28005	28637	35262	256	239	133	78	103
Total Qty offered (L.Tonnes)	524.32	688.62	501.69	300.53	582.61	86.78	78.80	58.94	26.26	48.19
Total Qty allocated (L.Tonnes)	442.56	581.25	452.11	278.64	410.66	49.61	40.94	35.93	9.94	20.35
Notified Price of Total Allocated Qty (in Cr.)	7436.55	9281.04	6800.85	4290.43	5537.22	656.63	444.46	501.58	225.85	345.39
Bid Price of Total Allocated Qty (in Cr.)	11148.52	12767.06	11133.51	7184.68	7545.00	825.50	621.55	630.58	265.52	453.40
% increase over Notified Price	49.92	37.56	63.71	67.5	36.3	25.72	39.84	25.72	17.57	31.27

Company wise spot E Auction during Apr'15-Dec'15 (provisional) (Fig in lac tonnes)

Company	Offer Qty	Allocation Qty	% increase over notified price
ECL	023.38	012.16	19.51
BCCL	018.42	016.40	56.78
CCL	114.56	062.40	29.92
NCL	044.23	034.23	31.81
WCL	052.99	028.86	28.91
SECL	187.48	133.76	34.09
MCL	138.99	122.26	50.80
NEC	02.55	000.60	09.16
CIL	582.61	410.66	36.26

ADDITIONAL AUCTIONS HELD DURING 2015-16 TILL DEC'15

➤ Special auction for Power:

- o Special E-Auction scheme for Power consumers was launched on the lines of Forward e-auction for a quantity of 10 MT aimed to make coal available for supply through e-auction to the power plants which are stressed or in short supply of coal after taking into account supplies received through FSA/MOU, coal mined/used from captive coal mines, imports and normal e-auction. Two phases i.e. Special and Special Forward auction were held in September-October 2015 and November 2015 respectively. A quantity of 7 MT was booked against 10 MT.

➤ Exclusive auction for Non Power:

- o Exclusive E-Auction scheme for non-power consumers was launched on the lines of Forward e-auction for a quantity of 4 MT in month of October 2015 to provide coal for the balance period of the year 2015-16 to the End Use Plants (EUPs) currently having tapering linkages and those EUPs now drawing coal under MoU route at the existing level on MoU best effort basis up to 30.09.2015. A quantity of 1.2 MT was booked against 4 MT.

Auction	Special auction	Special Forward auction	Exclusive auction
No. of Bidders	32	60	47
No. of Successful bidders	22	41	43
Total Qty offered (in Lakh Tonnes)	100.00	85.00	40.00
Total Qty allocated (in Lakh Tonnes)	15.59	52.68	12.09
Notified Price of Total Allocated Qty (In Rs Crore)	137.88	397.30	124.63
Booking Price of Total Allocated Qty (In Rs Crore)	178.00	577.94	170.51
% increase over Notified Price	29.10	45.47	36.81

➤ **E-Auction of coal in SCCL:**

- o SCCL has started spot e-auction of coal in December, 2007.
- o SCCL is not conducting Forward e-auction.
- o The details of coal sold by SCCL through spot e-auction during the period from April, 2015 to December 2015 are as follows:

Company	Offered Quantity (Tonnes)	Sold Quantity (Tonnes)	% increase over notified price
SCCL	57,88,800	25,20,697	19.27

MODES OF TRANSPORT

• **CIL**

- o Important modes of transport of coal and coal product in CIL are Railways, Road, Merry-Go-Round Systems (MGR), Conveyor Belts and Multi Modal Rail-cum-Sea Route. The share of these modes of transport in the total movement of coal and coal product during April- December 2015 has approximately is as under:

Sl. No.	Modes of Transport	Share %
1	Railways (including Rail –cum-Sea)	55%
2	Road	25%
3	MGR	17%
4	Belt – Conveyors/ Ropeways	02%

• **SCCL**

- o Important modes of transport for coal in SCCL are Railways, Road, NTPC Merry-Go-Round Systems (MGR), and Aerial Ropeway. The share of these modes of transport in the total transport of coal during the said period is approximately as under:

Sl.No.	Mode	Share (%)
1	Railways (including RCR)	70.53
2	Road	14.86
3	MGR	13.77
4	Rope	00.83

PROGRESS MADE UNDER NEW COAL DISTRIBUTION POLICY (NCDP):

Progress made in implementing the provisions of NCDP is summarized below:

➤ **Coal India Limited**

Linkage system was replaced with the system of Fuel Supply Agreement (FSA). After implementation of NCDP in October 2007, FSAs of existing consumers were signed in 2008. Tenure of these FSAs being 5 years, many of the FSAs were expired. Some of them have renewed or in the process of renewal. Till December 2015, there are 725 consumers having FSA with coal companies in categories other than power utilities.

SECTOR-WISE POSITION OF FSAs UNDER NCDP TILL DECEMBER 2015 (PROVISIONAL) IS AS UNDER:

Old existing Consumers (other than Power Utilities)	No of operative FSAs of the consumers with subsidiaries of Coal India
CPP	109
Sponge Iron	153
Cement	033
Paper	037
Aluminum	002
Briquette	015
SSF	044
Cokeries	141
Others	191
Total CIL	725

- o As on date, 124 FSAs pertaining to pre -2009 TPPs have been executed.
- o Out of the SLC (LT) recommendation for issuance of LOA, up to December 2015 a total of 597 new consumers in power, sponge iron, and CPP and cement sector submitted CG & were issued and LOA for completion of necessary milestones, 464 units out of them concluded FSA. However, later on, 12 FSAs of tapering LOAs were declared invalid on account of de-allocation of coal blocks. Thus FSAs as on date are 452, out of which 320 are valid. Other LOAs are cancelled/ terminated/ withdrawn at various stages of completion.

- o For supply of coal to SME sector, 8 MT have been earmarked by CIL for allocation to agencies nominated by the State Government / Union Territories. Till 31st December'2015, 18 states/UTs have sent their nomination for 23 State agencies for the year 2015-16 of which 10 State agencies have signed FSA for an aggregate quantity of 1.964 MT.
- o As per the Presidential directives dated 17.07.2013, CIL was to sign FSAs with 173 TPPs having an aggregate capacity of 78,535 MW. Till 31.12.2015, a total of 162 FSAs have been signed with power plants for an aggregate capacity of 74,225 MW and an annual contracted quantity of 223.52 MT. However, out of the said capacity, TPPs having capacity of 57,730 MW have furnished long term Power Purchase Agreement (PPA) and qualify for commencement of coal supply subject to commissioning etc. However, later, tapering FSAs ceased to exist. Therefore, at present 143 FSAs under regular linkage have been signed for a total capacity of 66,665 MW and an annual contracted quantity of 217.384 MT while PPA capacity is 55160 MW. FSAs in case of 19 units of tapering linkage having an altogether capacity of 9910 MW have ceased in view of deallocation/cancellation of coal blocks.
- o CIL arranged for supply of imported coal under the provisions of FSAs with new power plants in terms of the Presidential directives to the willing TPPs on behalf of the coal supplying companies. Only three TPPs have opted for import supplies through CIL during 2015-16 for a quantity of around 3.5 lakh tonnes.

➤ **SCCL**

SCCL has issued LOAs for 28 units recommended by SLC (LT).

- o LOA converted into FSA with 20 cement units
- o LOA converted into FSA with 13 Captive Power Plants
- o Units not willing for issue of LOA under cost plus - 04 Nos.

SECTOR WISE POSITION OF FSAs UNDER NCDP (UP TO 31-12-2015)

Sector	No. of linked consumers	No. of FSAs signed
Power (Major)	4	4
CPP	23	23
Sponge Iron	21	21
Cement	44	44
Others	364	364

COAL CONSUMERS COUNCIL

- o Regional coal consumer councils have been set up in each coal company for monitoring and redressing consumer grievances/ complaints. Moreover, National Coal Consumer Council set up at CIL (HQ) acts as the apex body in such matters. In case reply for complaints is not received within one month or the complainant is not satisfied with the reply provided by the coal company, the matter may be referred to National Coal Consumer Council. These councils were reconstituted during 2010-11 with induction of many new members
- o In keeping with technological innovations that opened newer methods of communication, On-line Grievance Management System (OLGMS) was introduced by CIL through which complaints can be lodged on-line. Customized Web Site of CIL mandates complainant to get registered before posting of complaints by any individual/ organisation.
- o In case complaints/ grievance relate to coal companies, nodal officer forwards the same to respective coal company for their comments/ action. Soon after receipt of comments/ status, the complainant is suitably informed, thus closing the issue. In case the same relates to working of some other department of CIL, the same is forwarded to the concerned department. Complainant is informed either to take up the matter with respective authorities or is provided with the response of the concerned department in case feedback has been received.
- o Most of the grievances/ complaints received on-line are thus being dealt and disposed off expeditiously and efficiently under the above system.