



Despatch of Coal to consumer through auto wagon loading system

COAL DISTRIBUTION AND MARKETING

ANNUAL REPORT 2018-19

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Coal Distribution and Marketing

Allocation of coal to power, cement and steel plants.

The 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 are being made by the coal companies themselves on the basis of linkages established by the SLC (LT) or on the basis of their existing MoU commitments.

Sector wise Coal Off-take from Coal India Limited (Provisional)

Sector-wise coal off-take from CIL during the year 2018-19 (from Jan'18-Mar'19) is as below:

(in MT)

Sector	AAP Targeted off Take	Actual Off take	Supply % against Target
Steel*	7.20	2.84	39
Power (Utilities) **	603.76	608.82	101
Captive Power ***	53.04	50.55	95
Cement	8.25	6.48	79
Sponge Iron	13.94	12.93	93
Others	91.44	83.81	92
Total Dispatch	777.63	766.73	99
Colliery Consumption	0.27	0.22	81
Total	777.90	766.95	99

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

** includes non-coking coal feed to washary and Bina Deshaling Plant for beneficiation and special forward e-auction to power

*** Captive Power includes dispatches to fertilizer sector

Sector wise Coal Off take from SCCL

Sector-wise coal off-take from SCCL during the year 2018-19 (from Jan'18-Mar'19) is as below:

(In Million Tonnes)

Sector	Jan'18-Mar'19	Jan'17-Mar'18	Growth (%)
Power (utility)	70.09	68.19	2.79
Power (CPP)	4.57	3.54	29.10
Steel (SI)	0.24	0.25	-4.00
Cement	3.61	3.21	12.46
Others	7.10	7.46	-4.83
Total : SCCL	85.61	82.65	3.58

Power Houses

Off-take of coal to power sector during Jan'18-Mar'19 against AAP from CIL was 608.82 million tonne registering 102% materialization of target. Compared to same period last year, off take has increased by 37.2 million tonne, with a growth of 6.5%.

Cement Plants

The dispatch to cement plants from CIL during Jan'18-Mar'19 was 6.48 million tonne (provisional) as against 5.81 million tonne during the same period last year. Compared to same period last year, dispatch has increased by 0.67 million tonne, with a growth of 11.5%.

Distribution of coal to small, medium and other consumers

For supply of coal to small, medium and other consumers (whose requirement is less than 10,000 tons per annum), 8 million tonne have been earmarked by CIL for allocation to agencies nominated by the State Govts. / Union Territories. Till 31st March' 2019, 11 states have sent their nomination for 12 State agencies for the year 2018-19 of which 07 state agencies have signed FSA for an aggregate quantity of 1.47 million tonne.

E-Auction of coal

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Coal is being regularly sold through electronic auction (e-auction) route at a market driven price in accordance to the NCDP provision. Currently CIL is conducting e-auction under different schemes as below:

- Spot E-Auction: Under this scheme, any Indian buyer can procure coal through a consumer friendly single window in a simple and transparent manner for their own consumption or for trading. Spot E-auction is in operation from Nov'07
- Special Spot E-Auction: Special Spot E-Auction was introduced during 2015-16. Any Indian buyer including traders can buy coal under Special Spot E-Auction with longer validity period of lifting.
- Special forward E-Auction: Special forward E-Auction was introduced in the year 2015-16 to make the coal available to the power producers with flexible period of lifting.
- Exclusive E-Auction: Exclusive E-Auction was introduced in the year 2015-16 for non-power consumers including CPP with flexible period of lifting.

Auctions held during 2017-18 to 2018-19 (up to March'19) are as below:

Auction	Spot	Forward	Special Forward for Power	Exclusive for Non-power	Special Spot	TOTAL
2018-19						
Total Qty. allocated (in MT)	34.3	Discontinued	27.1	11.4	3.6	76.4
Total Notified Value (in Crore ₹)	5146		3627	1898	404	11075
Total Booking Value (in Crore ₹)	9902		6228	3007	695	19832
Increase over Notified Value (in %)	92.4		71.7	58.4	72.1	79.1
2017-18						
Total Qty. allocated (in MT)	55.2	Discontinued	28.9	11.1	0.7	95.9
Total Notified Value (in Crore ₹)	7830		3403	1762	120	13114
Total Booking Value (in Crore ₹)	12975		4317	2245	166	19703
Increase over Notified Value (in %)	65.7		26.9	27.4	38.7	50.2

Special auction for Power

Special Forward E-Auction for Power producers was launched in 2015-16 which is continued in 2018-19 for making the coal available to the power consumers who are in need of coal. For the period April'18-March'2019, around 27.1 MT coal was booked by Power consumers under this scheme.

Special Spot E-auction

Under the scheme, about 0.35 MT coal was allocated for the period April-December 2017.

Exclusive auction for Non-Power

Exclusive E-Auction Scheme for non-power consumers was launched in 2015-16 to make coal available to non-power consumers (including CPPs). The scheme has been continued in the year 2018-19 wherein a quantity of 11.4 MT has been booked during the period April 2018-March 2019.

Performance of different E-Auction schemes in 2018-19 is as below:

2018-19 (April-March)			
Auction	Special Forward for Power	Exclusive for Non-power	Special Spot
Total Qty. allocated (in Mill Tonne)	27.1	11.4	3.6
Total Notified Value (in Crore ₹)	3627	1898	404
Total Booking Value (in Crore ₹)	6228	3007	695
Increase over Notified Value (in %)	72	58	72

E-Auction of coal in SCCL

SCCL started spot e-auction of coal in December, 2007. The details of coal sold by SCCL through spot e-auction during the period from Jan'18-Mar'19 are as follows:

Company	Offered Quantity (Tonne)	Sold Quantity (Tonne)	% increase over notified price
SCCL	12371850	4364696	28

MODES OF TRANSPORT

Important modes of transport of coal and coal product in CIL are Railways, Road, Merry-Go-Round Systems (MGR), Conveyor Belts and the Multi Modal Rail-cum-Sea Route. The share of these modes of transport in the total movement of coal and coal product during Jan'18- Mar'19 has been approximately as under:

SI	Modes of Transport	Share %
1	Railways (including Rail –cum-Sea)	49
2	Road	32
3	MGR	17
4	Belt – Conveyors/ Ropeways	2

Progress Made Under New Coal Distribution Policy (NCDP)

Prior to introduction of New Coal Distribution Policy in October, 2007, the consumers were broadly classified in two categories, Core and Non-Core Sector. The basis for earlier classifying consumers was solely based on their role in economic development. However, the erstwhile classification of the consumers under New Coal Distribution Policy has been dispensed with.

Under this policy each sector / consumers have been treated on merit, keeping in view the regulatory provisions applicable thereto.

For Power, cement and sponge iron sector the Standing Linkage Committee (long term) is authorized to recommend their coal requirement. On the basis of such recommendation a Committee on letter of Assurance (CLoA) at CIL issues coal company wise allocation of quantity. Coal companies issue letter of Assurance with specified milestones to be achieved by the LoA holder within stipulated period to become entitled for executing Fuel Supply Agreements (FSA) for coal supply. Supply of Coal to all existing valid consumers has been brought under legally enforceable Fuel Supply Agreements.

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

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- Linkage system was replaced with a 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 expired. Some of them are renewed or in the process of renewal. Out of these FSAs, as on date, about 140 FSAs exists with coal companies in categories other than Power Utilities.

Sector-wise position of Non-Power FSAs (both under existing and LOA route) executed under NCDP till Mar'19 (Provisional) is as under:

Sector	Existing (Pre NCDP)	Through LOA route	Total
CPP	8	29	37
Sponge Iron	14	65	79
Cement	2	14	16
SSF	1	-	1
Cokeries	5	-	5
Others	2	-	2
Total CIL	32	108	140

- No new FSAs for non-power sector under NCDP executed in the calendar year 2017 however FSA executed under the auction of coal linkages/LoAs to non-regulated sector has been given separately.
- For Power Sectors, 121 FSAs under pre-2009 TPPs are valid as on date.
- As per the Presidential Directives dated 17.07.2013, CIL was to sign FSAs with 173 TPPs for the aggregated capacity of 78535 MW, out of these, 24 cases were covered under Tapering Linkages ceases to exist as per MOC OM dated 30.06.2015. For 3 cases FSAs could not be signed for the reasons not attributable to CIL. In 2 cases, the category

of the units have been changed from CPP to IPP and 1 case have been transferred to SCCL, therefore, as on date, the number of valid FSAs for Post-NCDP Power plants are 143, having an aggregated capacity of 66625 MW for the Annual Contracted Quantity (ACQ) of 227 MT.

- e. No New FSAs has been signed under the Presidential Directive dated 17.07.2013. However due to submission of PPA, the FSA quantity has been increased to 227 MT from the earlier quantity of 218.55 MT

New Policies Further to NCDP

Linkage Auction for Non-Regulated Sector Consumers

CIL has been conducting Auction of Coal Linkages for Sponge Iron, Cement, CPP, 'Others (non-coking)', Steel (coking) and

'Others (coking)' sub-sectors under Non-Regulated Sector in accordance with the policy guidelines dated 15.02.2016 issued by Ministry of Coal. The auction has been envisaged as a transparent system of linkage allocation which is based on competitive bidding. Various consumer friendly measures such as 3rd party sampling, exit option, no performance incentive, delivery from specified mine/siding, back-up mine in the event of Force Majeure, etc. have also been introduced. The tenure of the FSA is 5 years which can be further extended by another 5 years on mutual agreement. Three tranches of auction have already been concluded whereby 45.18 MT of annual coal linkages have been booked at an average premium of 9.64% over non-power notified price. The 4th Tranche is under way, where auctions of Sponge Iron, Cement, CPP, others & Steel(coking) subsectors have already been completed with a booking of coal linkage to the tune of 33.18 MTPA with 32.7% gain over non power notified price. The performance report is placed below.

Sub-sector	Tranche – I (Jun'16 to Oct'16)		Tranche – II (Jan'17 to Jun'17)		Tranche –III (Sep'17 to Nov'17)		Tranche –IV (Jun'18 - under progress)		Tranche – I- IV	
	Quantity booked (MTPA)	% gain**	Quantity booked (MTPA)	% gain**	Quantity booked (MTPA)	% gain**	Quantity booked (MTPA)	% gain**	Quantity booked (MTPA)	% gain**
Sponge Iron	2.05	0.51	4.29	10.10	2.54	7.20	6.37	38.93	15.25	19.82
Cement	0.68	0.16	0.77	0.90	0.12	0.00	4.26	26.72	5.83	19.19
CPP	18.07	8.97	8.18	14.85	4.59	22.05	15.90	27.87	46.75	18.73
Others	1.34	0.76	1.27	5.14	0.67	10.60	6.00	53.92	9.28	34.19
Steel (coking)	--	--	0.22	0.00	0	--	0.65	0.14	0.87	0.11
Others (coking)	--	--	0.04	0.00	0.36	2.97	Yet to be conducted	0.39*		2.68%
Total	22.14	6.95	14.76	10.60	8.28	13.37	33.18	32.68	78.36	20.26

*Others(coking) data till Tranche-III ** % gain over non-power notified price

Coal linkages to power sector under SHAKTI

On 22.05.2017, Ministry of Coal came out with a new policy for allocation of future coal linkages in a transparent manner for such power sector consumers. This policy is known as 'Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India' (SHAKTI). With the approval of CCEA, SHAKTI Policy, 2017 has been amended and the same has been issued by Ministry of Coal on 25.03.2019. The policy is expected to positively contribute in resolution of a number of stressed assets. The status of implementation of SHAKTI is given below:

- Till 31.3.2019, 5 FSAs have been signed under A(i) of SHAKTI Policy, and under B(i) 5 FSA has been signed.
- Linkage auction under para B(ii) of SHAKTI policy has been conducted in Sep'17 whereby 27.18 MT of annual coal linkage has been booked by 10 successful bidders. FSAs have been signed with 9 bidders for an annual quantity of 26.28 Mill. Tonne.
- A 2nd round of SHAKTI B(ii) linkage auction has been initiated as per competent direction and the process is under progress.
- CIL has been requested to earmark coal linkage under Para B (iv) & B (v) of SHAKTI Policy.

IMPORT SUBSTITUTION

Regular meetings are held with the concerned Administrative Ministries viz. Power, Steel, DIPP, Fertilizer etc. to discuss the way forward on reducing the imports of coal by various entities. During these meetings, user ministries have been requested to present their coal requirement which is being imported and suggestions are worked out to replace the imported coal component with the domestic coal component and to work out a strategy jointly with Ministry of Coal for reducing coal import.

Under the guidance of Ministry of Coal, CIL has taken initiative for substitution of imported coal with domestic coal. Coal India, in this pursuit, organized one-to-one interactions with Power Generators to devise customized solutions as per suitability of each Power Station.

In order to reduce import bill on account of coal import in 2018-19, a meeting was held at MoP on 19.09.2018 which was attended by MOC, CIL and State/Central Gencos and IPPs. Accordingly, an action plan was prepared and the same was reviewed by the Sub Group (constituted by the Infrastructure Constraints Review Committee) with one to one interaction with the power plants and planned to supply additional coal to the several power plants, against the ACQ which is being monitored by CIL on regular basis. During 2018-19, about 4 MT of coal have been supplied to these plants to substitute import.

Coal Consumers Council

- Regional coal consumer's councils have been set up in each coal company for monitoring and redressing consumer's grievances/ complaints. Moreover, National

Coal Consumer's Council set up at CIL (HQ) acts as the apex body in such matters. In case reply on complaints is not received within one month or the complainant is not satisfied with reply provided by the coal company, the matter may be referred to National Coal Consumer's Council. These councils were reconstituted during 2010-11 with induction of many new members.

- In keeping with technological innovations and newer methods of communication, On-line Grievance Management System (OLGMS) had been introduced by CIL some years back to facilitate e-filing of complaints. A customized web-site for such purpose was developed. Subsequently, CIL adapted Centralized Public Grievance Redress and Monitoring System (CPGRAMS) which was designed and developed by National Informatics Centre (NIC). PG Portal of CPGRAMS is used as single window for receipt and disposal of grievances in CIL & its subsidiaries. After successful adaptation of the CPGRAMS, OLGMS was phased out to avoid duplication of work. The link for PG portal has been provided in the web site along with list of nodal officers and their contact details. The complaints and its response are regularly monitored/reviewed by Grievance Redressal Committee (GRC). The system also generates SMS alert for nodal officers whenever a complaint relating to their department is received. Action is taken to redress the grievance without delay and communication is made to complainant with appropriate response. Wherever interim reply is required, such reply is also sent to the complainant.
- In case complaints/ grievance relate to coal companies, Nodal officer forwards the same to respective coal companies 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. Grievances/ complaints received on-line are thus being dealt and disposed off expeditiously and efficiently under the above system.