

File No.23011/81//2007-CPD
Government of India
Ministry of Coal

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New Delhi, the April 9, 2008

OFFICE MEMORANDUM

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Subject: Minutes of Standing Linkage Committee (Long-Term) on Cement Plants (Cement CPPs) held on 20th March, 2008 at Fazal Conventional Hall, Scope Complex, Lodhi Road, New Delhi.

The undersigned is directed to forward herewith the Minutes of the meeting of the Standing Linkage Committee (Long-Term) on Cement Plants held on 20th March, 2008 for information and necessary action.

G. Srinivasan

(G.Srinivasan)

Under Secretary to the Govt. of India.

Tele: 23384285

1	Additional Secretary, Ministry of Coal	Chairman
2	Additional Secretary (IA), Ministry of Coal	Member
3	Principal Adviser (Energy), Planning Commission, Yojana Bhawan New Delhi.	Member
4	Adviser (Projects), Ministry of Coal	Member
5	Director (Transport Planning), Ministry of Railways, Rail Bhawan, New Delhi. (Shri. Mukul Saran Mathur, Director (TP))	Member
6	Joint Secretary (Ports), Ministry of Shipping, Transport Bhawan, New Delhi.	Member
7	Joint Secretary, Ministry of Commerce & Industry, Deptt. Of Industrial Policy and Promotion, Udyog Bhawan, New Delhi.	Member
8	Chairman, CIL, 10-Netaji Subhas Rd., Kolkata - 700001	Member
9	CMDs of BCCL, CCL, ECL, MCL, NCL, SECL & WCL and GM, NEC	Member
10	Chairman-cum-Managing Director, Central Mine Planning & Design Instt Ltd., Gondwana Place, Kanke Rd., Ranchi.	Member
11	Chairman-cum-Managing Director, SCCL, P.O. Kothagudem Collieries, Distt. Khammam-507101	Member

Copy for information and necessary action to:-

- 1) PS to MOS (Coal)
- 2) Sr. PPS to Secretary (Coal)
- 3) Director (CPD), Ministry of Coal.
- 4) Director (Marketing), CIL, 15-Park Street, Kolkata
- 5) Director (Technical), CIL, 10, Netaji Subhas Road, Kolkata
- 6) Chief General Manager (CP), CIL, 10-Netaji Subhas Rd., Kolkata.
- 7) Shri Krishan Kumar, CGM, CIL, Scope Complex, Lodi Road, New Delhi.

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Copy also to NIC, Ministry of Coal with the request to placing the same on the Website of Ministry of Coal for wider publicity.

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(1)

Minutes of the meeting of Standing Linkage Committee(LT) on Cement captive power plants held at 2.00 P.M. on 20.3.2008

Shri Rajiv Sharma, Addl. Secy.(LA), Ministry of Coal welcomed the members of the SLC(LT) and other participants from Coal companies. At the outset, he informed that the Committee would take up the proposals contained in the Agenda items in accordance with the New Coal Distribution Policy, which has been notified recently.

He also pointed out that as some applicants have either been granted coal blocks or may be acquiring coal blocks at a later date, the LOA to be granted to them would be converted into tapering linkage because the allocation has already been made or it would get converted into tapering linkage, as and when coal block is allocated. The exact modalities for tapering linkage and quantity of tapering linkage would be worked out separately by the coal companies in consultation with Coal Controller and Ministry of Coal, if required, as per the extant Policy/Guidelines relating to Tapering Linkage.

AS(LA) also informed that as per new practice introduced after notification of New Coal Distribution Policy, the Committee would only authorize Coal India Ltd./Singareni Collieries Company Limited to issue Letter of Assurance (LOA) and subsequent action for issuance of LOA and other related activities would be carried out by CIL/SCCL/ concerned coal companies in accordance with the provisions of the new Coal Distribution Policy and other Guidelines, instructions issued from time to time in that regard.

He recalled that in the SLC (LT) meeting for Cement held on 20.11.2007, it was decided that DIPP in consultation with Ministry of Power would finalise norms for cement CPPs and convey the same to the Ministry of Coal. He also noted that while considering the norms, DIPP was to keep in view the normative power requirement of cement plants and its installed capacity. However, the recommendations of Ministry of Power on revised norms did not address the issue of cement CPPs. Therefore, they were requested to participate in this meeting as Special invitee. Though the representative of MOP did not attend, the representative of DIPP informed that since cement CPPs are a part of cement industry, LOA/coal allocation to such plants, irrespective of capacity, need to be considered by the Committee. The Committee noted the recommendations of DIPP and directions of Competent Authority to consider cases of cement CPPs for issue of LOA.

G. Jeyaraman

Dr. S.P. Seth, Additional Secretary (Coal), and Chairman of the Committee, endorsed the views of AS(LA) and also advised coal companies to ensure that coal is consumed by such units in most efficient manner and all relevant data of supply and consumption should be available on the website.

Director(Mktg.), Coal India Ltd.: He placed a copy of letter from Chairman, CIL informing that Coal India Limited is committed and would strive for giving effect to the New Coal Distribution Policy and is taking appropriate steps for implementing the policy and other related guidelines. He apprised the Committee about coal availability position. He, inter alia, informed that taking into consideration the existing LOA/linkage commitment of CIL and present production estimates, CIL would be constrained to meet new LOAs. It was clarified that all authorization on issue of LOAs are as per NCDP and coal companies are required to take necessary action pursuant thereto in accordance with provisions contained therein.

DIPP/Ministry of Commerce & Industry - The representative of DIPP informed that linkage for cement CPPs need to be considered, as they are part of the cement industry. In view of expected increase in demand as a result of economic growth, the cement sector is likely to witness a major growth. Since coal is a major input cost in determining cement prices, he requested that the pending cases of cement CPPs may be cleared during the present meeting.

SCCL: Director(Mktg.), inter-alia, informed that SCCL does not have any grade of coal from existing projects, it would come only from new projects which are yet to be commissioned, for allocation to cement plants. Therefore, for exploiting such projects, consumers would be required to pay "cost plus price" for such allocations.

Further, while considering the agenda, the Committee noted that DIPP was requested by Ministry of Coal to examine the new cement capacities and corresponding capacity of cement CPPs to be added vis-à-vis capacities for which linkage/LOA already granted/recommended and thereafter make comprehensive recommendations commensurate with likely capacity addition. DIPP has, so far, not furnished any specific recommendations to that effect. Therefore, it was decided by the Committee that while Agenda Item No.1 pertaining to deferred cases of the SLC (LT) meeting of 29.11.2007 in respect of Greenfield projects of cement CPPs may be taken up for consideration, the other agenda items on deferred enhancement cases of cement CPPs, other cases of cement CPPs

G. Srinivasan

recommended by DIPP and new cases of cement CPPs which were not on the agenda of 20.11.2007 may be deferred and would be taken up for consideration in its next meeting. Representative of DIPP agreed to furnish comprehensive report in this regard at the earliest.

The Committee, thereafter, discussed each agenda item and gave its recommendations. Recommendations of the Committee are given in **Annexure.**

G. Srinivas

Annexure

Item No. I: Greenfield Projects of Cement CPPs

S. No.	Name of Cement Co.	Capacity	Source preferred by the applicant
1	Sanghi Industries Ltd. Daica Village, Gurajala, Guntur Dt(AP)	15 MW	SCCL

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **15 MW CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

2	UltraTech Cement Ltd. (AP Cement Works), Tadpatn, Anantpur (AP)	2 x 25 MW (50 MW)	SCCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **2X25 MW (50 MW) CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

3	Madras Cements Ltd Jayanthipuram, Tamil Nadu	2 x 18 MW (36 MW)	SCCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **2X18 MW (36 MW)** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

4	Madras Cements Ltd Aathur Works, Tamil Nadu	2 x 18 MW (36 MW)	SCCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **2X18 MW (36 MW) CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

5	J. K. Cement Ltd Nimbarera Cement Works, Rajasthan	22 MW	SECL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry. **SECL** recommended issue of LOA for **22 MW CPP**. **SECL** would issue LOA as per the provisions of the New Coal Distribution Policy.

G. Srinivasan

6	ACC Limited, Bargarh Cement Works, Cement Nagar, P. O. Bardoi, District Bargarh (Orissa)	30 MW	MCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLCILTI recommended issue of LOA for **30 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

7	M/s Jaykaycem Ltd Village Mudhapur, Tehsil Modhol, District Bagalkot (Karnataka)	50 MW	SCCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **50 MW CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

8	Jaypee Himachal Cement Plant, Tikri, Solani (H.P.)	25 MW	NCL/COI SECL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLCILTI recommended issue of LOA for **25 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

9	Jaypee Sishi Cement Plant, Majhgawan, Sishi (MP)	35 MW	NCL SECL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SECLTI recommended issue of LOA for **35 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

10	M/s Jaiprakash Associates Ltd (Dalla Cement Plants), Sonbhadra, UP	27 MW	NCL/COI/SECL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLCILTI recommended issue of LOA for **27 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

11	M/s Jaiprakash Associates Ltd, Onunar Cement Plants, Mirzapur, UP	38 MW	NCL/COI SECL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLCILTI recommended issue of LOA for **38 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

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12 Ambuja Cements Ltd Marwar Mundwa 50 MW SECL
District Nagaur (Rajasthan)

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LOA for **50 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

13 Murl Industries Ltd 50 MW WCL
Korpana/Rajura Chandrapur, Maharashtra (2x25 MW)

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LOA for **2x25 MW (50 MW) CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

14 Ambuja Cements Ltd 90 MW SECL
Ambuja Nagar, District Junagadh (Gujarat)

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LOA for **90 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

15 Mrs. Vasavadatta Cement 27.5 MW SCCL
CPP at Sedam Guiberga, Karnataka 9.5 MW
+ 18 MW

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended for grant of LOA for capacity of **9.5 - 18 MW (27.5 MW) CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. SCCL would issue LOA as per the provisions of the New Coal Distribution Policy.

16 Grasim Industries Ltd Kotputli, Jaipur (Raj) 46 MW SECL
(2x23 MW)

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LOA for **2x23 MW (46 MW) CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

17 Grasim Industries Ltd 7.5 MW SECL
Bira White, Kharia Khangan (Rajasthan)

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LOA for **7.5 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

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18	Ultra Tech Cement Ltd (Awarpur Cement Works), Maharashtra	33 MW	WCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LOA for **33 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

19	Deccan Cements Ltd Bhavanipuram, Neruducharla Mandal, Janpahad (PO), Nalgonda, AP	15 MW CPP	SCCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **15 MW CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

20	Lemos Cement Ltd Khalari Cement Plant, Ranchi, Jharkhand	4 MW	CC
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LOA for **4 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

21	Raghuram Cements Ltd Vil Naraingayaballi, Kamiapuram Mandal, Cuddapah Dist. AP	70 MW	SCCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **70 MW CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

22	Vasavadatta Cement Unit IV, Secam, Dist. Gulbarga, Karnataka (new plant)	18 MW	SCCL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **18 MW CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

23	Diamond Cements Birapur PO Narsingam Distt. Damoh, Madhya Pradesh.	15MW	SECL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LOA for **15 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

G. Srinivasan

24 Prism Cement Ltd. 32MW SECL
Village Manahari, Rampur, Bagheian, Dist:
Satna, MP

SLC (LT), keeping in view the recommendations of the Department of Industrial Policy and Promotion (DIPP), **rejected the request of the consumer.**

25 Penna Cement Ind. Ltd. 60MW SCCL
Ganesnabad(V), Damarchela(M),
(2x30 MW)
Nalgonda, Dist (AP)

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **2x30 MW(60 MW) CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

26 Manglam Cement Ltd. 7.5 MW Not applicable
PO Aditya Nagar Morak, Dist: Kota
(Rajasthan)

DIPP informed that they have not received any formal application from the applicant. Therefore, SLC (LT) keeping in view the recommendations of the Department of Industrial Policy and Promotion (DIPP), **rejected the request.**

27 Zawar Cement Ltd. 10.5 MW SCCL
Sarabai
Dist Gulbarga, Karnataka

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **10.5 MW CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

28 Sagar Cement Limited, 25 MW SCCL
Maitam Palli Vill. Mangal, Nalgonda, Andhra
Pradesh

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry recommended for grant of LoA for capacity of **25 MW CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

29 J.K. Cements Ltd. 22 MW SECL
Nimnnera Chintorgani, Rajasthan

Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies and also Department of Industry, SLC(LT) recommended issue of LoA for **22 MW CPP**. CIL would issue LOA as per the provisions of the New Coal Distribution Policy.

G. Srinivas

30	Dalmia Cements (Bharat Ltd, Vill. Kallakudi, Ilanganatham Distt. Perambalur, TN)	27 MW	SCCL/WCL, SECL
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Keeping in view of the recommendations of the Ministry of Industry and the inputs provided during the meeting by the coal companies, and also Department of Industry recommended for grant of LOA for capacity of **27 MW CPP** on normative basis on "Cost Plus Basis" to be settled between consumer and the coal company. **SCCL** would issue LOA as per the provisions of the New Coal Distribution Policy.

II. Enhancement cases – Cement CPPs - SLC (LT) recommended deferment of these cases and these would be taken up in its next meeting.

III. Other cases of cement CPPs recommended by DIPP - SLC (LT) recommended deferment of these cases and these would be taken up in its next meeting.

Agenda Item No. 2 – cases of cement CPPs – new cases recommended by DIPP – cases which were not in the agenda of 20.11.2007

SLC (LT) recommended deferment of these cases and these would be taken up in its next meeting.

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