

File No.23011/66/2008-CPD
Government of India
Ministry of Coal

<<>>

New Delhi, the 27th November, 2008

To

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

Shri Narsing Rao
Chairman-cum-Managing Director
SCCL
P. B. No. 18, Red Hills
Khairatabad, Hyderabad, AP

Subject: Minutes of SLC(LT) for power held on 22nd and 23rd October 2008

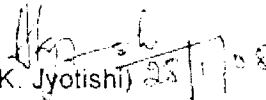
I am directed to forward herewith the minutes of the meeting of the Standing Linkage Committee (LT) for Power held on 22nd and 23rd October 2008 at New Delhi.

While approving the minutes of the meeting, the competent authority has observed that the recommendation in respect of item No. 2 – Review of cases of CPPs having linkages where coal drawal has not yet commenced nor FSA has been signed, may be amended to the extent that instead of "cancellation of linkage", in respect of 40 cases of CPPs, the matter may be revisited for further review. Accordingly, the recommendations of SLC(LT) for cancellation of linkage of 40 cases of CPPs would be reviewed and the decision taken in the matter would be communicated to CIL/SCCL in due course of time.

The competent Authority has approved that once minutes as approved by the competent authority have been issued, there should not be any necessity to issue individual orders and CIL/SCCL must ensure that the recommendations, as indicated in the approved minutes are implemented in full. Henceforth, this procedure will be followed, unless otherwise notified.

CIL/SCCL is now requested to take follow-up action to ensure that directions / recommendations of SLC(LT) are implemented urgently and status report on action taken may be intimated to this Ministry, till all recommendations are implemented in toto.

Yours faithfully,


(A. K. Jyotishi) 25/11/08
Director
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Copy to :

1	Special Secretary, Ministry of Coal
2	Additional Secretary (LA), Ministry of Coal
3	Shri Anil Kumar, Additional Secretary, Ministry of Power, Shram Shakti Bhavan, New Delhi
4	Principal Adviser (Energy), Planning Commission, Yojana Bhawan New Delhi. (Attn: Dr. Surya S. Sethi.)
5	Advisor (Projects), Ministry of Coal
6	Shri Rakesh Srivastava, Joint Secretary (Ports), Ministry of Shipping, Parivahan Bhawan, New Delhi.
7	Director (Transport Planning), Ministry of Railways, Rail Bhawan, New Delhi. [Shri Priya Ranjan Parhi, Joint Director (TP).]
8	CMD's of BCCL, CCL, ECL, MCL, NCL, SECL & WCL
9	Chairman-cum-Managing Director, Central Mine Planning & Design Instt Ltd., Gondwana Place, Kanke Rd., Ranchi.
10	Chairman-cum-Managing Director, SCCL, P.O. Kothagudem Collieries, Distt. Khammam-507101
11	Chairman, Central Electricity Authority, R.K. Puram, New Delhi (Attn: Shri S. Seshadri, Chief Engineer)
12	Chairman, NTPC, Scope Complex, New Delhi

Copy also to :

- i) PS to MOS(Coal)
- ii) Sr. PPS to Secretary (Coal)
- iii) PS to JS(Coal)
- iv) Director (CPD), Ministry of Coal
- v) Director (Technical), CIL, 10, Netaji Subhas Road, Kolkata.
- vi) CGM (S&M), CIL, 15-Park Street, Kolkata
- vii) Chief General Manager (CP), CIL, 10-Netaji Subhas Rd., Kolkata.
- viii) GM (S&M), CIL, Scope Complex, Lodi Road, New Delhi.


(A. K. Jyotishi)
Director

✓ Copy to NIC, Ministry of Coal with a request to place it on the website of this Ministry for information of all concerned.

MINISTRY OF COAL

MINUTES OF THE MEETING OF THE STANDING LINKAGE COMMITTEE(LONG-TERM) HELD ON 22ND AND 23RD OCTOBER,2008

List of participants who attended the meeting on 22nd and 23rd October,2008 is at **Annexure-I and II** respectively.

2. Initiating the discussions, AS (LA) welcomed Special Secretary(Coal), the Chairman of SLC(LT) and other participants. He noted that the present meeting has been convened to discuss agenda items circulated by Ministry of Coal and is primarily to address the issue of linkage of 11th Plan Projects. He recalled that it has been decided that LOA for power projects which are to come up during 11th Plan and also start drawing coal before last quarter of 2011-12, are to be considered for grant of LoA on priority and about 7500 MW capacity could be considered for the same keeping in view the existing commitment and projected production. He noted that even though as per the New Coal Distribution Policy (NCDP), the coal companies are required to meet the coal requirement of genuine consumers, while considering LoA to power projects, SLC(LT) should consider only those cases which are coming up during 11th Plan, so that coal companies can plan their production and revise their production plan if required. This approach will also help in achieving best and optimum use of evacuation capacity. He observed that there is a necessity to increase thermal efficiency of power plants, with a view to encourage efficient use of coal, as envisaged in the NCDP. Further, with a view to provide coal to projects having no other sources and to encourage expeditious development of captive coal blocks, generally no tapering linkage should be considered for projects covered by captive blocks allocated by the Government.

3. SS (Coal) and Chairman of the SLC(LT) welcomed all the participants. He once again reiterated the need for bringing transparency in coal distribution by putting all relevant information by the linkage holders/consumers and also by coal companies indicating details of supplies, planned information, production, coal allocation etc. on the websites of CIL/coal companies. He also felt that in coming days SLC(LT)'s role may witness transformation and be more of an arbitrator and facilitator rather than merely dealing

with long-term linkage issues. He also emphasized the need for expeditious signing of FSA.

4. The representative of Ministry of Power desired that all serious developers must be accorded long-term assurances for supply of coal if India is to substantially add coal based thermal capacity so as to enhance the power generation and per capita consumption of energy in the country. He further informed that MoP has consolidated the list of proposals aggregating about 130000 MW. The list along-with enclosures (FU-16/2008-IPC dated 22nd October, 2008) was submitted to the committee in the course of the meeting. He informed that the priority list furnished by MoP vide letter dated 30th September, 2008 has been further extended and these additional projects (Annexure II & III) are to be considered along-with the respective priority list already sent to MOC vide letter 30th September, 2008. The total additional capacity in the addendum to the priority list I is 9264 MW and in priority (II) 1910 MW taking the total capacity of the projects in the priority list to about 35,333 MW. He was of the view that the all the projects covered in the priority list should be granted LoA.

5. Representatives of the Planning Commission, inter-alia, recalled that in the past the capacity addition target set by Ministry of Power has never been achieved and because of mismatch between capacity addition programme of coal companies based on projected capacity addition programme of MoP and the actual capacity addition in the past, coal companies are not comfortable with planning coal production for the entire capacity projected for addition by MoP. He further observed that due to various constraints and gestation period involved in mines development, import will continue to be a crucial component of overall availability in the country and therefore, there is need to plan import. He was, however, in favour of extending LoAs to such projects who have reached financial closure or made substantial investments in the projects, as this would expedite capacity addition programme in power sector.

6. Director (Technical), CIL informed the Committee that as per the present level of commitment in terms of linkages, LoAs and the recommendations for issuing LoAs pending Commitment Guarantee, CIL is already having a commitment much beyond the projected level of production during the 11th Plan. He urged the

Committee to consider this aspect while considering issue of new LoAs.

Thereafter, the agenda items were discussed and the gist of discussion/decision taken by the committee are given below under each agenda item.

Item No. 1: Review of old cases of thermal power plants(TPPs)/ Independent Power Producers (IPPs) having linkage where coal drawl has not yet commenced nor FSA has been signed.

Decision: The Committee noted that there were a number of TPPs/IPPs who were granted Long-term coal linkage in the past but have still not started drawing coal. With a view to update the status of development of these projects, CEA/MoP was requested to indicate the status of each project. The representative of CEA informed that except in the case of North Karanpura STPS (NTPC) (Sl. No. 8 of the list), and 2nd Unit of Mauda TPS (NTPC) (Sl No. 21 of the list), all other projects have either been commissioned or are being commissioned, including COD, during the 11th Plan period. It was also noted that Rosa TPS (IPP) (Sl. No. 10 of the list) and Lanco Amarkantak (IPP) (Sl. No. 15 of the list) have already concluded Fuel Supply Agreement with CCL/SECL respectively. It was noted that Bhilai CPP-II (NTPC &SAIL- 500 MW) is likely to be commissioned by October/November,2008 and they have already approached SECL for signing of FSA.

After discussions, the committee recommended the following course of action:-

- (i) In respect of North Karanpura STPS-2000 MW and 2nd Unit of Mauda TPS -500 MW, which are likely to come up during 12th Plan, the existing linkage be cancelled and the project developers be advised to approach for seeking Letter of Assurance as and when cases of 12th Plan projects are taken up and these two cases would be considered for grant of LOA keeping in view recommendations of MOP.
- (ii) In respect of cases where these linkage holders have already approached coal companies for signing FSA or have already signed FSA in the interim, coal companies will proceed with signing or modification of FSA, as the case may be, in accordance with the provisions of New Coal Distribution Policy.

(iii) In respect of those cases where either the projects are about to be commissioned or have made substantial progress and likely to commission their plants, including COD, in next 6 months, they may immediately approach coal companies and within one month FSA as per provisions of NCDP should be concluded.

(iv) in respect of those cases where projects are likely to be commissioned beyond 6 months but before January, 2012, Coal India Limited will issue letters, within 10 working days of issue of minutes, the amount of Commitment Guarantee (CG) required to be submitted by such project developers and within 45 days of issue of that letter, CG should be submitted and LOA be immediately issued by CIL. If commitment guarantee is not furnished within stipulated time such cases will be reported to SLC(LT) and the Committee may take a view on cancellation/deferment of such linkages. After issue of LOA, such project developers would be required to achieve milestones as per provisions of LOA and thereafter approach CIL for conclusion of FSA.

It was informed to the Committee that M/s. Hinduja National Power Corporation Limited (HNPCL) was granted long term coal linkage for setting up 2X500 MW power project at Vishakapatnam, Andhra Pradesh and they had entered into CSA with MCL, which was subsequently terminated by MCL invoking provisions of CSA, due to non-fulfilment of certain conditions of CSA. However, the long term linkage has not been cancelled by SLC (LT) so far. Therefore, this case was included in the list of pending linkages (Annexure-I of the agenda) for the consideration of the Committee and the decision taken at Sl.No. (iv) as above would also be applicable to this case.

Item No.2: Review of old cases of CPPs having linkages where coal drawal has not yet commenced nor FSA has been signed

Decision: The representatives of CIL informed that barring a few, most of these CPPs have neither progressed nor have approached concerned coal companies for signing FSAs. It was agreed that except for those cases (S.No.35,43,47) where the CPPs have already approached coal companies for signing FSA, rest of the linkages should be cancelled. In some cases, there were some doubts about the status of the project and hence it was decided to examine these cases on file and decision taken would be brought to the notice of SLC (LT) in its next meeting. The cases appearing at S.No. 3, 13,

18, 24 to 27 are to be examined on file and decision conveyed to CIL. The case of Hindalco at SI.No.50 was also reviewed and it was observed that as they have been allocated a captive block subsequent to grant of long term linkage, their linkage may be cancelled. In respect of S.No.35,43 and 47, the coal companies will conclude FSA within one month in accordance with the provisions under NCDP, provided they have already met all the milestones meant for CPP under the new policy. Linkage in respect of rest of the cases (40 cases) may be cancelled.

Item No. 3: Review of TPPs/IPP cases having Letter of Assurance (LOA) with validity of 30 months and drawing coal nor approached coal companies for signing FSAs after meeting the milestones.

Decision: The committee noted that there were 30 cases in power sector who were issued LoA and such project developers were required to meet all the milestones as per provision of LOA, within a period of 30 months. It was also noted that the expiry of such LoAs will be during February,2009 to October,2009. Considering the facts that their validity period is still not over and some of them have approached coal companies for signing of FSA after meeting of the milestones, it was decided that :

i) In all such cases where LoA holder has approached for signing FSA, after meeting the milestones, CIL should conclude FSA within one month

(ii) In all other cases where projects are likely to be commissioned beyond 6 months, Coal India Limited will issue letters, within 10 working days of issue of minutes, the amount of Commitment Guarantee (CG) required to be submitted by such project developers and within 45 days of issue of that letter, CG should be submitted. If commitment guarantee is not furnished within stipulated time such cases will be reported to SLC(LT) and the Committee may take a view on cancellation/deferment of such linkages. Those submitting commitment guarantee may thereafter, within validity period of 30 months as per the original LoA and meeting the milestones as per the provision of original LoA, approach CIL/Coal companies for conclusion of FSA.

Item No. 4: Review of cases having Letter of Assurance (LOA) and with validity of 24 months period for meeting the milestones.

Decision: The committee noted that a large number of consumers in power sector have been issued LoA recently, where they are required to meet all the milestones within a period of 24 months. The Committee decided that the progress of such projects should be monitored by CEA/MoP closely and a monthly status report on progress indicating their likely commissioning status may be furnished to Ministry of Coal. This monitoring will continue till validity of LoA or signing of FSA whichever is earlier.

Item No.5: Review of cases of consumers in power sector who were recommended for issuance of LoA by the SLC(LT)

Decision: The Committee reviewed the cases where commitment guarantee(CG) has not been furnished within the stipulated period. MOP was of the view that in large number of cases the notice seeking commitment guarantee had not reached in time resulting in non-submission of CG. CIL informed that they have reviewed some of the cases where representations have been received and allowed submission of CG in some cases. However, considering the fact that this was the first time when procedure for seeking CG has been introduced it was decided that CIL would put a notice on its website indicating that if CG is not furnished within one month from the date of notice by the existing LOA recommendees who have not furnished CG so far, the recommendation of the SLC(LT) for granting LOA will stand withdrawn immediately thereafter. A list of such recommendees whose recommendation is subject to aforesaid decision would be put up to SLC(LT) by CIL for information.

Item No. 6 and 7: Consideration of applications of power sector (TPPs/PPs/CPs) for long-term coal linkage/LOA.

Decision: AS(LA). Ministry of Coal informed that MOP has furnished a list of projects vide letter dated 30.9.2008. The aggregate capacity comes to 24,159 MW. He pointed out that as agreed earlier a total capacity of about 7500 MW could only be considered for LOA on priority as 11th Plan Projects. Further, as the MOP has not furnished a consolidated list of such projects the Committee should endeavour to identify and clear such projects within the available limit of 7500 MW which will have COD before January, 2012. Representative of

MOP indicated that LOA be accorded to all the recommended cases as they all stand on same footing in terms of preparedness. Considering the fact that the list could not be further modified as it needed some consultations and examination, it was decided to adjourn the meeting to the next day with a request to MOP to furnish revised consolidated list.

The meeting resumed on 23.10.2008 at 11.00 A.M. At the very outset representative of MOP informed that they are not in a position to give a comprehensive list of recommended case aggregating about 7500 MW. They however, proposed that only one unit of all these recommended projects may be considered as it would facilitate financial closure. Representative of Ministry of Coal again reiterated that as agreed upon the first priority is to identify those projects within the limit of 7500 MW who should be accorded LOA on priority. Moreover it was also pointed out that on the one hand MOP is recommending giving LOAs for the remaining units in respect of LOA holders who have been given LOA only for part capacity in the past, this stand now would tantamount to their taking a different stand and hence may not be appropriate to consider. Therefore, it was felt that a comprehensive review may be undertaken by MOP keeping in view cases where part linkages have been granted and other pending applications from developers commissioning their projects within 11th Five Year Plan and furnish a revised and consolidated list aggregating to about 7500 MW for consideration as 11th Plan project by SLC(LT). In view of this Committee did not take up Agenda Item No 6 and 7 for consideration.

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ANNEXURE-I

NAMES OF THE PARTICIPANTS WHO ATTENDED THE MEETING OF
THE STANDING LINKAGE COMMITTEE (LONG TERM) ON POWER
HELD ON 22nd OCTOBER, 2008

Ministry of Coal

1. Dr. S.P. Sethi, Special Secretary (Coal) and Chairman SLCC-I
2. Dr. Rajiv Sharma, Additional Secretary (L.A)
3. Sh. A.K. Tyotishi, Director (CPD)
4. Sh. K.V. Samuria, Director (CA-I)
5. Sh. G. Srinivasan, Under Secretary (CPD)
6. Sh. V.S. Rana, Under Secretary (CA-I)
7. Sh. P.K. Datta, Section Officer (CPD)

Ministry of Power

8. Sh. Anil Kumar, Addl. Secretary,
9. Sh. A.P. Joy, Joint Secretary
10. Sh. Preet K. Goel, Director
11. Sh. S. Narayanan, Under Secretary

Planning Commission

12. Sh. M. Satyamurthi, Joint Adviser

Ministry of Railways

13. Sh. P. Parhi, Joint Director, Ptg.

Central Electricity Authority

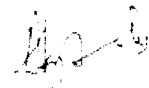
14. Sh. S. Seshadri, Chief Engineer
15. Sh. A.K. Mishra, Director
16. Sh. Saray Jain, AD
17. Sh. Rakesh Bhadur, Deputy Director

Department of Shipping

18. Sh. Rakesh Srivastava, Joint Secretary

Coal India Limited and Coal Companies

19. Sh. D.C. Garg, CMD, WCL,
20. Sh. R.K. Saha, CMD, UCL
21. Sh. S. Chakrabarti, CMD, ICL
22. Sh. A.K. Singh, CMD, CMPDL
23. Sh. N.C. Jha, Director Techn, CIL
24. Sh. A.K. Singh, Dir Techn, MCL
25. Sh. Niranjan Das, Dir Techn, NCL
26. Sh. Rakesh Sinha, Dir P&P, BCCI
27. Sh. J.K. Bhatnagar, GM, MCL



28. Sh. Jyotibar Goel, CGM(S&M), Marketing Division
29. Sh. H.K. Vaidya, CGM(S&M-Opn), Marketing Division
30. Sh. Gauram Dhan, CGM(CP)
31. Sh. R.L.P. Gupta, GM(S&M), SI/CL
32. Sh. T.K. Mukherjee, Dy. GM(CP)
33. Sh. K.S. Nanyam, GM(S&M), WCL
34. Sh. V. Raghunathan, SM,CH, Kolkata.
35. Sh. V.B. Saha, GM(S&M), CCI
36. Sh. P.K. Roy Choudhary, CGM(P&P), SI/CL
37. Sh. M.L. Gupta, GM(S&M), New Delhi
38. Sh. P.P. Gupta, CME, BCCI
39. Sh. S. Roy Choudhary, CSM, NCL
40. Sh. V.K. Talwar, CSM, CH, RSO, New Delhi
41. Sh. Sanjay Chavla, SI, CH, New Delhi

SCCL

42. Sh. D.L.R. Prasad, Director
43. Sh. Durga Vani Prasad, RO

NTPC

44. Sh. R.L. Maroo, Dy.
45. Sh. C. Janarthan, DGM
46. Sh. S.K. Jais, AGM
47. Sh. N.K. Malik, AGM
48. Sh. D. Sharma, GM
49. Sh. G. Bisal, AGM
50. Sh. G. Krishnan Moorti, DGM

NSPC

51. Sh. D.K. Chandra

(Handwritten signature)

ANNEXURE-1

NAME OF THE PARTICIPANTS WHO ATTENDED THE MEETING OF
THE STANDING LINKAGE COMMITTEE (LONG TERM) ON POWER
HELD ON 23rd OCTOBER, 2008

Ministry of Coal

1. Dr. S.P. Sethi, Special Secretary(Coal) and Chairman, SLC (I)
2. Dr. Rajiv Sharma, Additional Secretary(I.A)
3. Sh. A.K. Jyotishi, Director(CPD)
4. Sh. K.C. Samaria, Director(CA-I)
5. Sh. G. Srinivasan, Under Secretary(CPD)
6. Sh. A.S. Rana, Under Secretary(CA-I)
7. Sh. P.K. Datta, Section Officer(CPD)

Ministry of Power

8. Sh. A.P. Jogi, Joint Secretary
9. Sh. Puneet K. Goel, Director

Ministry of Railways

10. Sh. P. Parhi, Joint Director, Ptg.

Central Electricity Authority

11. Shri S. Seshadri, Chief Engineer

Coal India Limited and Coal Companies

12. Sh. Jyvalkar Goel, CGM(S&M), Marketing Division
13. Sh. H.K. Vaidya, CGM(S&M-Opn), Marketing Division
14. Sh. V. Ragnanathan, SMLCIL, Kolkata
15. Sh. M.L. Gupta, GM(S&M), New Delhi

SCCL

16. Sh. D.L.R. Prasad, Director
17. Sh. Durgam Prasad, RO

NTPC

18. Sh. R.L. Maroo, I.
19. Sh. C. Jamarthan, DGM
20. Sh. S.K. Jain, AGM
21. Sh. N.K. Malik, AGM

