

New Delhi, the 7<sup>th</sup> November 2014.

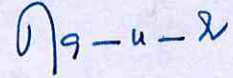
**OFFICE MEMORANDUM**

Subject : Meeting of the IMC to formulate a policy on coal rejects allocation for washery reject based power plants – reg.

The undersigned is directed to forward herewith the minutes of the IMC meeting held on 08<sup>th</sup> October, 2014 to formulate a policy on coal rejects allocation for washery rejects based power plants,

2. This issues with the approval of Additional Secretary (Coal).

Encls. As above.



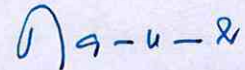
(Pilli Ravi Kumar)  
Under Secretary to the Govt. of India.

To

1. Joint Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
2. Joint Secretary, Ministry of Environment & Forests, CGO Complex, Lodi Road, New Delhi.
3. Adviser, Planning Commission, Yojana Bhawan, New Delhi.
4. Coal Controller, Office of Coal Controller Organisation, 1, Council house, Street, Kolkata.
5. Director (Marketing), Coal India Ltd., 15, Park Street, Kolkata.
6. Director (Technical), Coal India Ltd., 10-Netaji Subhas Road, Kolkata.
7. General Manager (CMP), CMPDIL, Gondwana Place, Kanke Road, Ranchi.

Copy to :-

- i) Sr. PPS to Secretary, Ministry of Coal
- ii) Sr. PPS to Additional Secretary, Ministry of Coal
- iii) PPS to Joint Secretary (Coal), Ministry of Coal
- iv) PPS to Joint Secretary (SKS), Ministry of Coal
- v) PS to Adviser (Projects), Ministry of Coal
- vi) PS to Director (CPD)



(Pilli Ravi Kumar)  
Under Secretary to the Govt. of India.

Copy also to : Director, NIC, Ministry of Coal with the request to place the same on the website of this Ministry.



**Minutes of the IMC meeting to review the issues related to formulation of policy on coal rejects allocation for washery rejects based power plants held on 08.10.2014**

AS (Coal) welcomed the participants and drew their attention to the decisions taken by the Committee in the second meeting on 29.01.2014.

2. An Inter-Ministerial Committee (IMC) was constituted by Ministry of Coal (MoC) vide order no. 23011/69/2013-CPD dated 17.06.2013 for formulating a policy on allocation of coal rejects to washery-rejects based power plants. The Committee met on 06.12.2013 and 29.01.2014. It had noted that the quantity of rejects was not sufficient to consider any linkages for such rejects and the question of linkages for rejects could be considered, if, at a later stage, the planned washeries of CIL came into operation and substantial quantities of washery rejects were generated.

3.1 JS (LA) stated that this meeting had been called to discuss the specific issues related to the coal rejects generated by the washeries of CIL / SCCL. He also informed that new washeries were being planned by CIL and these were expected to come up earlier than anticipated. Therefore, the time was apt to finalise a policy in respect of the rejects generated by these washeries.

3.2 Director (Marketing) CIL informed that the rejects generated from coal washeries of CIL were currently being disposed of through e-auction. At present, there was no policy for grant of linkages of coal rejects.

3.3 It was pointed out by Adviser (Projects) that after adoption of the GCV based classification of coal, the concept of 'rejects' needed to be clearly understood. He

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suggested that 'rejects' should be classified as low grade coal based on the GCV range and a suitable price band assigned to this category of fossil fuel.

3.4 The representative of Ministry of Environment & Forest (MoEF) was asked to explain the environmental issues related to washery rejects. He stated that the primary concern of MoEF was related only to the transportation and utilization of rejects. He stated that the rejects could be transported in covered containers/wagons from washeries to the power plants through road/rail transport. Such transportation did not have any impact on environmental issues, since it was not transported in open trucks/wagons. Moreover, coal rejects should be disposed of in an environment friendly manner viz., in FBC boilers etc.

3.5 The representative of Ministry of Power (MoP) stated that at present there were six washery reject based power plants which needed only 0.5 MT of ROM coal as sweetener. He suggested that at present, the request of these six plants for coal linkages could be considered. However, when the new plants would come up in future, their requests would also have to be taken care of accordingly. Other participants suggested that mandate of this meeting is not to grant linkage of ROM coal to such plants but to consider linkage of coal rejects generated from CIL/SCCL washeries. On this, representative of the Ministry of Power did not have any specific view but he suggested that reject based power plants was a technically viable option. And such plants would be of smaller capacity.

3.6 Director (Marketing) CIL informed that the present quantum of rejects generated from CIL washeries was only 1.3 MT. Therefore, at this point of time, CIL was not in a position to grant long term linkages of the washery rejects. It was also informed that quantum of rejects was expected to increase to 18-19 MT by 13<sup>th</sup>

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Plan, when the new washeries of CIL would get commissioned. Accordingly, requests for grant of long term linkage of washery by-products could be considered in line with expected increase in the quantum of washery rejects from CIL washeries in the near future.

3.7 Additional Secretary (Coal) enquired as to whether NTPC would be in a position to develop rejects based power plants which could be given long term linkages of the rejects generated by CIL. MoP informed that although NTPC could develop such power plants but due to small capacities of these power plants, it would not be economically viable. MoP suggested that the allocation of available rejects could be granted to six reject based power plants. But it was pointed out that it would be premature to grant any linkage of available rejects to these six power plants, since there could be other plants also, which were willing to take such rejects. In any case, any procedure to grant linkage of coal rejects had to be transparent and non-discriminatory. As and when rejects based linkages are considered, applications with prescribed fees will have to be called from all willing customers and considered on merits, in a fair and transparent way. If SLC (LT) is to be entrusted with this responsibility, the mandate of SLC (LT) has to be amended through a gazette notification to extend it to washery rejects also.

3.8 Representative of CCO informed that the reject generated from the CIL washeries may be categorized as washery by-products and may be classified under bands named R1 to R4, based on the calorific value of the rejects. Following bands were accordingly suggested:-

R1 – 1901 Kcal/Kg. to 2200 Kcal/Kg.

R2 – 1601 Kcal/Kg. to 1900 Kcal/Kg.

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R3 – 1301 Kcal/Kg. to 1600 Kcal/Kg.

R4 – 1000 Kcal/Kg. to 1300 Kcal/Kg.

It was also suggested to finalize the price of washery by-products on the basis of above mentioned GCV bands.

4. In view of the discussions held in the meeting, the Committee made following recommendations:-

- I. Coal rejects generated from the washeries should be categorized as 'washery by-products' and should be graded based on the calorific value of the rejects. CMPDIL will undertake gradation of the coal rejects (washery by-products) between the GCV of 1000 Kcal/Kg to 2200 Kcal/Kg.
- II. At present the washery rejects generated by CIL were approximately 1.3 MT per annum. These could continue to be sold through e-auction. However, as and when new CIL washeries came up and commissioned and more rejects were generated, applications for grant of long term linkages of coal rejects (washery by-products) generated by CIL/SCCL washeries would be invited.
- III. MoP and CIL may encourage setting up of washeries along with rejects based power plants so that the rejects could be consumed *in-situ*, obviating the need to transport them for long distances.
- IV. The long term linkage of coal rejects (washery by-products) would be considered only for the washery rejects based power plants, based on FBC technology.
- V. The long term linkage of the coal rejects (washery by-products) of CIL/SCCL washeries will be granted through the SLC (LT) route. For this purpose,

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necessary amendment in Gazette notification regarding mandate of SLC (LT)  
would need to be done.

The meeting ended with a vote of thanks to the chair.

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**LIST OF PARTICIPANTS WHO ATTENDED THE THIRD MEETING OF THE INTER-MINISTERIAL COMMITTEE HELD ON 8<sup>TH</sup> OCTOBER, 2014 TO FORMULATE POLICY ON COAL/REJECTS ALLOCATION FOR WASHERY REJECT BASED POWER PLANTS.**

	<b>Ministry of Coal, Shastri Bhawan, New Delhi</b>
1.	Dr. A.K. Dubey, Additional Secretary (Coal)
2.	Sh. A.K. Bhalla, Joint Secretary(AKB)
3.	Sh S.K. Singh, Joint Secretary(SKS)
4.	Sh. J.S. Bindra, Director(CPD)
	<b>Ministry of Power, Shram Shakti Bhawan, New Delhi</b>
5.	Sh. P.D. Siwal, Chief Engineer
	<b>Ministry of Environment and Forest, CGO Complex, Lodi Road, New Delhi</b>
6.	Sh. Manoranjan Hota, Director
	<b><u>Planning Commission, Yojana Bhawan, New Delhi</u></b>
7.	Shri Harendra Kumar, Jt. Advisor
	<b><u>Coal Controller Organization, 1 Council House Street, Kolkata</u></b>
8.	Sh. A Acharya, Coal Controller
	<b><u>CMPDIL, Godwana Place, Ranchi, Jharkhand</u></b>
9.	Sh. S.K. Jha, GM (CMP)
	<b><u>Coal India Limited, 15, Park Street, Kolkata</u></b>
10.	Sh. B.K. Saxena, Director (Marketing)), CIL