

F. No. 23025/2/2013 -CPD
Government of India
Ministry of Coal

New Delhi, Dated the 18th July, 2014

Office Memorandum

Subject: Minutes of the fifth meeting of the "Inter-Ministerial Committee" held on 11th June, 2014 to make recommendation on the issues related to supply of coal to certain end-use-plants (EUPs) linked to coal blocks.

The undersigned is directed to forward herewith the minutes of the fifth meeting of the "Inter-Ministerial Committee" held on 11th June, 2014 to make recommendation on the issues related to supply of coal to certain end-use-plants (EUPs) linked to coal blocks for further necessary action.

Encl: as above

19-4-8
18.07.2014
(Pilli Ravi Kumar)

Under Secretary to the Government of India

1. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi
2. Secretary, Ministry of Environment & Forest, New Delhi
3. Secretary, Ministry of Finance, Department of Economic Affairs, North Block, New Delhi.
4. Secretary, Ministry of Finance, Department of Financial Services, North Block, New Delhi.
5. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi
6. Secretary, Department of Industrial Policy and Promotion, Udyog Bhawan, New Delhi
7. Secretary, Ministry of Law & Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi.
8. Secretary, Planning Commission, Yojana Bhawan, New Delhi
9. CMD, Coal India Limited, Kolkata
10. Coal Controller, Coal Controller Organization, 1 Council House Street, Kolkata

Copies also to

1. PS to Minister of State (I/C) for Power, Coal and MNER
2. Sr. PPS to Secretary, Ministry of Coal
3. Sr. PPS to Additional Secretary, Ministry of Coal
4. PS to Joint Secretary(C), Ministry of Coal
5. PS to Joint Secretary (LA), Ministry of Coal
6. PA to ~~Deputy Secretary~~ Director (CPD).

19-4-8
18.07.2014
(Pilli Ravi Kumar)

Under Secretary to the Government of India

✓ Copy to : NIC, MoC for placing the same on the website of this Ministry.

**Minutes of the Fifth Meeting of the Inter-Ministerial Committee (IMC) setup
to consider the issues related to certain End Use Plants (EUPs) linked to coal
blocks held on 11.06.2014.**

The Fifth Meeting of the Inter-Ministerial Committee (IMC) constituted by Ministry of Coal (MOC) vide order No. 23025/2/2013-CPD dated 15.03.2013 was held on 11.06.2014 at 12:00 hrs. List of the participants is at Annexure – A. No representative from the Ministry of Power (MoP) & Ministry of Environment & Forest (MoEF) turned up although notice was given.

2. Additional Secretary (Coal) welcomed the participants and drew attention towards the deliberations during the last meeting held on 28.01.2014. It was briefed that in the previous meeting, Committee had decided that the quantum of coal supplies required by End Use Plants (EUPs) which were already having coal linkages and which were subsequently converted into tapering linkage on allocation of coal blocks but were subsequently de-allocated, needed to be assessed after taking inputs from CEA and CIL.

3. It was informed that the total quantification of FSA / LoA coal required by the EUPs linked with coal blocks which have been de-allocated (36 cases) and delayed due to environmental clearances and other reasons (5 cases) is about 22.14 MT. Out of this quantity, about 6.16 MT is required by the Power Utility Sector (IPP). Further, the coal required by Captive Power Plants (CPP), Sponge Iron Sector and Cement Sector has been assessed to be 6.16 MT, 4.46 MT and 5.36 MT, respectively.

4. It was suggested that first priority in coal supply should be accorded to those plants which were already having coal linkages for their plants but consequent upon the allocation of coal block, their existing linkages were tapered, vis-à-vis those plants who had applied for a coal block for setting up of a new End Use Plant.

5. However, another view emerged that the existing linkage holders who were allocated coal blocks, were made to surrender their existing linkages in anticipation of the coal block catering to their requirement of coal. At the same time, new EUPs made their investment decisions upon assurance that their coal requirements would be met from allocated coal blocks. It was opined that in view of these presumptions, both the categories should be kept at par with each other.

6. Another situation was also pointed out about a different category wherein coal blocks were allocated to a consortium of EUPs and the group leader did not make sufficient efforts to develop the coal block and therefore, other members linked with the coal block suffered unnecessarily. Their cases also needed consideration.

7. Joint Secretary (Steel) suggested that the existing linkage holders should be given topmost priority. The investment already made by these plants should be given due consideration. Director (Marketing) CIL also agreed with this suggestion.

8. EUPs can be grouped in three categories for which decisions need to be taken:-
- (i) The EUPs which were having long term linkages but after the allocation of coal block, their existing linkages were tapered.
 - (ii) The EUPs which were granted tapering linkage ab-initio, keeping in view allocation of a coal block to them.
 - (iii) The EUPs where no linkage has been granted at all.
9. After detailed discussions, the Committee recommended as under:-
- (i) In view of the scarcity situation of coal, prioritization of categories for coal supply be done in the following order:-
 - (a) The EUPs which were already having long term linkages / LoAs but their then existing linkages were converted to tapering linkage consequent upon allocation of coal block.
 - (b) The EUPs which were granted tapering linkages in view of a coal block having been allocated to them.
 - (c) The EUPs which did not have any linkage whatsoever.
 - (d) Within (b) & (c) above, due reference shall also be made to the extent of financial exposure of these EUPs, as assessed and recommended by their sponsoring Ministries, to determine inter se priority among them.
 - (ii) The underlying principle shall be that preference would be given to the running plants. IPP units that come within this list are being treated separately and therefore they would be excluded from this list for the purpose deciding the priority.
 - (iii) Above criteria shall help for ensuring supply of coal to the Sponge Iron Plants and Cement Plants, which have not been granted any fresh coal linkages since 2007.
 - (iv) Keeping in view the fact that 49% of the power generated by CPPs can be sold through open access and captive power plants may purchase power from open market through bidding, the CPP can be excluded from above arrangement.
10. This dispensation shall cease to exist if and when the coal block gets restored to the allocatee. The supply of coal through the above arrangement would automatically be stopped in that case. Upon this restoration, it shall be incumbent on party to inform MOC so that these arrangements may be reviewed accordingly.

The meeting ended with a vote of thanks to chair.

ANNEXURE-A

LIST OF PARTICIPANTS WHO ATTENDED THE FIFTH MEETING OF THE "INTER-MINISTRIAL COMMITTEE" HELD ON 11th JUNE, 2014 TO MAKE RECOMMENDATION ON THE ISSUES RELATED TO SUPPLY OF COAL TO CERTAIN END-USE-PLANTS (EUPs) LINKED TO COAL BLOCKS.

	<u>Ministry of Coal</u>
1)	Dr. A.K. Dubey, Additional Secretary(Coal)
2)	Sh S.K. Singh, Joint Secretary(SKS)
3)	Sh. A.K. Bhalla, Joint Secretary (AKB)
4)	Sh. Vivek Bhardwaj, Joint Secretary (AB)
5)	Sh. D.N. Prasad, Adv (Project)
6)	Sh. J.S. Bindra, Director(CPD)
7)	Sh. Pilli Ravi Kumar, Under Secretary(CPD)
8)	Sh. Deepak Gupta, Section Officer (CPD)
	<u>Ministry of Finance, Department of Economic Affairs.</u>
9)	Sh. Abhijit Phukan
	<u>Ministry of Steel</u>
10)	Sh. S. Abbasi, Joint Secretary
	<u>Ministry of Finance, Department of Financial Services</u>
11)	Sh. Gulab Singh, Deputy Secretary
	<u>Ministry of Law & Justice, Department of Legal Affairs</u>
12)	Dr. R.S. Shrinet, Assistant Legal Adviser
	<u>Department of Industrial Policy & Promotion</u>
13)	Sh. Nand Lal
	<u>Planning Commission</u>
14)	Sh. Somit Dasgupta, Advisor
	<u>Coal India Limited, Kolkata</u>
15)	Sh. B.K. Saxena, Director (Marketing)
	<u>Coal Controller Organization, Kolkata</u>
16)	Dr. Sujoy Majumder, OSD/HR, Kolkata