

**F.No. CLD-23028/10/2018-CLD-Part(1)**

**Government of India**

**Ministry of Coal**

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**Shastri Bhawan, New Delhi**

**Dated the 25<sup>th</sup> March, 2019**

To

I. Chairman-cum-Managing Director,  
Coal India Limited,  
Coal Bhawan, New Town,  
Rajarhat, Kolkata - 700156

II. Chairman-cum-Managing Director,  
SCCL, PB No. 18,  
Khairatabad, Hyderabad,  
Telangana

**Subject: Signing of Fuel Supply Agreement (FSA) with Letter of Assurance (LoA) holders of Thermal Power Plants - Fading Away of the existing LoA - FSA Regime and Introduction of a New More Transparent Coal Allocation Policy for Power Sector, 2017 - SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)**

Sir,

I am directed to say that the Cabinet Committee on Economic Affairs (CCEA) on 07.03.2019 had considered the Note from the Ministry of Power on the recommendations of Group of Ministers (GoM) constituted to examine the specific recommendations of High Level Empowered Committee (HLEC) constituted to address the issues of Stressed Thermal Power Projects and has approved the following amendments in the Policy on 'Signing of Fuel Supply Agreement (FSA) with Letter of Assurance (LoA) holders of Thermal Power Plants - Fading Away of the existing LoA - FSA Regime and Introduction of a New More Transparent Coal Allocation Policy for Power Sector, 2017 - SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)' issued by Ministry of Coal vide letter no. 23011/15/2016-CPD/CLD dated 22.05.2017:

I. Following is added at the end of first para of B (ii) of Shakti Policy, after the words "with PPAs".

(i) The power plants which were having valid already concluded Long Term PPA, based on domestic coal on or before 17.05.2017 and who could not participate in the linkage auctions under SHAKTI B (ii) due to any reason, may be allowed to participate in the B (ii) auctions of SHAKTI scheme.

(ii) Bidders who have already participated in SHAKTI B (ii) auctions and could not secure linkage for the full ACQ, may obtain the linkage for the balance quantity also by participating in future auctions at a later stage under B (ii) after benchmarking discount.

**II.** At the end of para B (iii) of Shakti Policy, after the words 'auction process', following words are added: "Such auctions/bids shall be held at regular intervals".

**III.** The following clause is added after clause B (vii) of SHAKTI Policy:

B (viii): Notwithstanding anything in the foregoing paras, it is further provided as follows:

a) All such power plants including private generators which do not have PPAs, shall be allowed Coal linkage under B (iii) and B (iv) of Shakti Policy for a period of minimum 3 months upto a maximum of 1 year, provided further that the power generated through that linkage is sold in Day Ahead Market (DAM) through power exchanges or in short term through a transparent bidding process through Discovery of Efficient Energy Price (DEEP) portal. A methodology in this regard shall be formulated by Ministry of Power in consultation with Ministry of Coal.

b) A generator which terminates PPA in case of default in payment by the DISCOM, may be allowed to use existing linkage coal for sale of power through short-term PPAs using DEEP portal or power exchange for a period of maximum 2 years or until they find another buyer of power under long/medium term PPA whichever is earlier. Adequate

*Sujeet Kumar*

safeguards to be put in place.

c) The provision of para B(v) of Shakti Policy above shall also be applicable in cases where the nodal agency designated by Ministry of Power aggregates / procures the power requirement for a group of states even without requisition from such states.

d) Central and State generating companies can act as an aggregator of power of such stressed power assets and procure it through transparent bidding process and offer that power to the DISCOM against their existing PPAs to such DISCOMS, till such time their own plants get commissioned. Central and State generating companies may be allowed to use the existing unutilized Bridge Linkages for such stressed power assets provided they meet other parameters of tolling guidelines including competitive bidding.

e) In all cases where provisions of B(viii)(a)(b)(c) and (d) above are utilized, net surplus after meeting operating expenses generated in this manner shall be entirely used for servicing debt in the first place. MoP will work out in consultation with DFS – a mechanism to ensure this.

2. The above amendments in SHAKTI Policy, 2017 is circulated to all concerned for further action. CIL and its subsidiaries and SCCL are advised to take further action accordingly.

Yours faithfully,

*Sujeet Kumar 25/2/19*  
(Sujeet Kumar)

Under Secretary to the Government of India

Copy to:

1. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi
2. Secretary, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi
3. CEO, NITI Aayog, Yojana Bhawan, New Delhi
4. Chairman, Railway Board, Rail Bhawan, 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 and Justice, Department of Legal Affairs, Shastri Bhawan, New Delhi
8. Secretary, Ministry of Chemicals and Fertilizers, Department of Fertilizers
9. Secretary, Ministry of Mines, Shastri Bhawan, New Delhi
10. Secretary, Department of Financial Services, Jeevan Deep Building, New Delhi
11. Prime Ministers Office, South Block, New Delhi
12. Cabinet Secretariat (Kind Attention: Shri S. G. P. Varghese, Director), Rashtrapati Bhawan, New Delhi
13. Director (Marketing), Coal India Limited, Coal Bhawan, New Town, Rajarhat, Kolkata
14. ED/Coal Movement, SCCL, PB No. 18, Red Hills, Khairatabad, Hyderabad, Telangana
15. CMD, CMPDIL, Gondwana Place, Kanke Road, Ranchi, Jharkhand
16. Chairman, Central Electricity Authority, Sewa Bhawan, R.K Puram, New Delhi

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