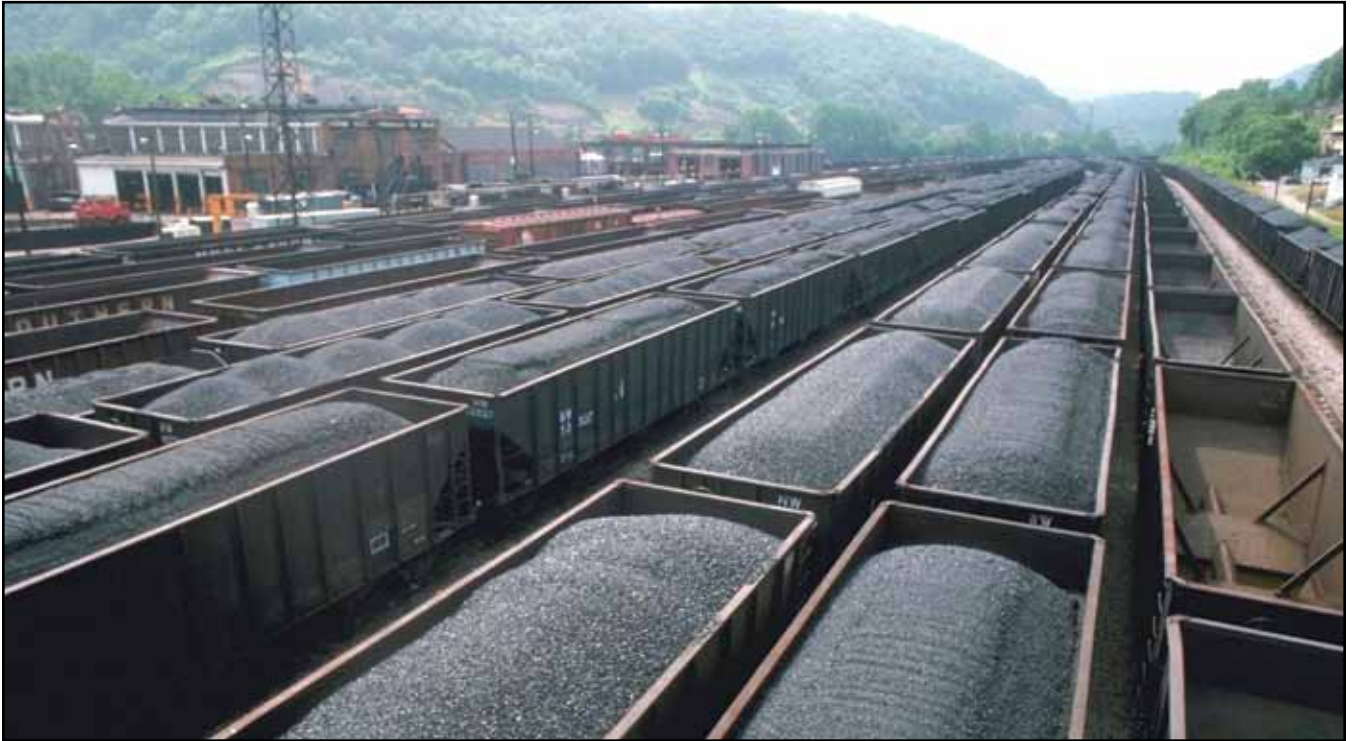


CHAPTER

7



COAL DISTRIBUTION AND MARKETING

ANNUAL REPORT 2019-20

COAL DISTRIBUTION AND MARKETING

Coal Distribution and Marketing

Allocation of coal to power, cement and steel plants

The allocation of coking coal to Steel plants was earlier made by the Coal Controller. However, after deregulation of coking coal, the supplies of coking coal are being made by the coal companies themselves on the basis of linkages established by the SLC (LT) or on the basis of their existing MoU commitments

Sector wise Coal Off-take from Coal India Limited (Provisional)

Sector-wise coal off-take from CIL during the period from January 2019 to December 2019 is as below:

(in MT)

Sector	AAP Targeted off take	Actual Off take	Supply % against Target
Steel*	3.39	2.37	70
Power (Utilities) **	514.53	463.03	90
Captive Power ***	52.80	51.67	98
Cement	5.40	5.32	99
Sponge Iron	12.28	10.14	83
Others	91.44	48.04	53
Total Despatch	643.62	580.57	90
Colliery Consumption	0.19	0.20	106
Total	643.81	580.77	90

* Includes coking coal feed to washeries, direct feed and blendable to steel plants.

** Includes non-coking coal feed to washery and Bina Deshaling Plant for beneficiation and special forward e-auction to power

*** Captive Power includes despatches to fertilizer sector

Sector wise Coal Off take from SCCL

Sector-wise coal off-take from SCCL during the period from January 2019 to December 2019 is as below:

(In Million Tonnes)

Sector	AAP Targeted off-take	Actual	Supply % against target
Power (Utility)	53.14	54.71	103
Power (CPP)	4.30	3.6	83.7
Steel (SI)	0.64	2.47	23.4
Cement	3.27	0.15	75.5
Others	5.55	3.98	71.7
Total	66.90	64.91	97.0

Power Houses

Off-take of coal to power sector during the period from January 2019 to December 2019 against AAP from CIL was 463.03 MT registering 90% materialization of target. Off-take has decreased by 20.3 MT, with a decline of 4.3% as compared to same period last year.

Cement Plants

The dispatch to cement plants from CIL during the period from January 2019 to December 2019 was 4.49 MT (provisional) as against 5.32 MT during the same period last year. Dispatch has decreased by 0.83 MT, with a decline of 15.6 % as compared to same period last year.

Distribution of coal to small, medium and other consumers

For supply of coal to small, medium and other consumers (whose requirement is less than 10,000 tons per annum), 8 MT have been earmarked by CIL for allocation to agencies nominated by the State Govts./ Union Territories. Till 31st December' 2019, 13 states have sent their nomination for 14 State agencies for the year 2019-20 of which 10 state agencies have signed FSA for an aggregate quantity of 2.63 MT.

E-Auction of coal

Coal India Limited

Coal is being regularly sold through electronic auction (e-auction) route at a market driven price in accordance to the NCDP provision. Currently CIL is conducting e-auction under different schemes as below:

- Spot E-Auction: Under this scheme, any Indian buyer can procure coal through a consumer-friendly single window in a simple and transparent manner for their own consumption or for trading. Spot E-auction is in operation from November 2007.
- Special Spot E-Auction: Special Spot E-Auction was introduced during 2015-16. Any Indian buyer including traders can buy coal under Special Spot E-Auction with longer validity period of lifting. During FY 2019-20 for the period April 2019-December 2019 about 0.7 MT of raw coal was allocated to the successful bidders under this scheme.
- Special forward E-Auction: Special forward E-Auction was introduced in the year 2015-16 to make the coal available to the power producers with flexible period of lifting.
- Exclusive E-Auction: Exclusive E-Auction was introduced in the year 2015-16 for non-power consumers including CPP with flexible period of lifting.

Auctions held during FY 2018-19 & 2019-20 (up to December'19) are as below:

Auction	Spot	Special Forward for Power	Exclusive for Non-power	Special Spot	TOTAL
2019-20 (April 2019-December 2019)					
Total Qty allocated (in MT)	21.2	17.5	6.8	0.7	46.2
Total Notified Value (in Crore ₹)	3499.5	2490.8	1261.9	70.6	7322.8
Total Booking Value (in Crore ₹)	5817.9	3288.9	1686.5	91.9	10885.1
Increase over Notified Value (in %)	66	32	34	30	49
2018-19					
Total Qty allocated (in MT)	34.3	30.5	11.4	3.6	79.8
Total Notified Value (in Crore ₹)	5146.3	4170.8	1898.4	403.6	11619.2
Total Booking Value (in Crore ₹)	9902.3	6997.9	3007.4	694.7	20602.1
Increase over Notified Value (in %)	92	68	58	72	77

Special auction for Power

Special Forward E-Auction for Power producers was launched in 2015-16 and is being continued for making the coal available to the power consumers who are in need of coal. During FY 2019-20 (April'19-December'19) a quantity about 17.5 MT of raw coal was allocated to the power producers.

Exclusive auction for Non-Power

Exclusive E-Auction Scheme for Non-Power consumer was launched in 2015-16 to make coal available to non-power consumer including CPPs is being continued. During FY 2019-20 (April'19-December'19) a quantity of 6.8 MT of raw coal was allocated to non-power sector consumers.

E-Auction of coal in SCCL

SCCL started spot e-auction of coal in December, 2007. Spot Auctions held during 2018-19 and 2019-20 (up to Dec'19) are as below:

(In Million Tonnes)

Spot e-Auction	2018-19	2019-20 (up to Dec'19)
Total Qty allocated (in MT)	9.95	9.85
Total Notified Value (in Crore ₹)	474.80	244.48
Total Booking Value (in Crore ₹)	565.37	289.68
Increase over Notified Value (in %)	30	20

MODES OF TRANSPORT

Important modes of transport of coal and coal product in CIL are Railways, Road, Merry-Go-Round Systems (MGR), Conveyor Belts and the Multi Modal Rail-cum-Sea Route. The share of these modes of transport in the total movement of coal and coal product during January 2019 to December 2019 has been approximately as under:

SI	Modes of Transport	Share %
1	Railways (including Rail –cum-Sea)	49
2	Road	32
3	MGR	17
4	Belt – Conveyors/ Ropeways	2

Progress Made Under New Coal Distribution Policy (NCDP)

Under this policy each sector / consumers have been treated on merit, keeping in view the regulatory provisions applicable thereto.

For Power, cement and sponge iron sector the Standing Linkage Committee (long term) is authorized to recommend their coal requirement. On the basis of such recommendation a Committee on letter of Assurance (CLoA) at CIL issues coal company wise allocation of quantity. Coal companies issue letter of Assurance with specified milestones to be achieved by the LoA holder within stipulated period to become entitled for executing Fuel Supply Agreements (FSA) for coal supply. Supply of Coal to all existing valid consumers has been brought under legally enforceable Fuel Supply Agreements.

Progress made by CIL in implementing the provisions of NCDP is summarized below:

Coal India Limited

- a. Linkage system was replaced with a system of Fuel Supply Agreement (FSA). After implementation of NCDP in October 2007, FSAs of existing consumers were signed in 2008. Tenure of these FSAs being 5 years, many of the FSAs expired. Some of them are renewed or in the process of renewal. Out of these FSAs, as on date, about 43 FSAs are existing with coal companies in categories other than Power Utilities.

Sector-wise position of Non-Power FSAs (both under existing and LOA route) executed under NCDP till 31st Decemeber'19 (Provisional) is as under:

Sector	Existing (Pre NCDP)	Through LOA route	Total
CPP	4	16	20
Sponge Iron	1	14	15
Cement	2	4	6
Others	2	-	2
Total CIL	9	34	43

- b. No new FSAs for non-power sector under NCDP executed in the calendar year 2017 however FSA executed under the auction of coal linkages/LoAs to non-regulated sector has been given separately.
- c. For Power Sectors, 121 FSAs under pre-2009 TPPs are valid as on date.
- d. As per the Presidential Directives dated 17.07.2013, CIL was to sign FSAs with 173 TPPs for the aggregated capacity of 78535 MW, out of these, 24 cases were covered under Tapering Linkages ceases to exist as per MOC OM dated 30.06.2015. For 3 cases FSAs could not be signed for the reasons not attributable to CIL. In 2 cases, the category of the units have been changed from CPP to IPP and 1 case have been transferred to SCCL, therefore, as on date, the number of valid FSAs for Post-NCDP Power plants are 143, having an aggregated capacity of 66625 MW for the Annual Contracted Quantity (ACQ) of 227 MT.
- e. No New FSAs has been signed under the Presidential Directive dated 17.07.2013. However due to submission of PPA, the FSA quantity has been increased to 227 MT from the earlier quantity of 218.55 MT

New Policies Further To NCDP

Linkage Auction for Non-Regulated Sector Consumers

CIL has been conducting Auction of Coal Linkages for Sponge Iron, Cement, CPP, 'Others (non-coking)', Steel (coking) and 'Others (coking)' sub-sectors under Non-Regulated Sector in accordance with the policy guidelines dated 15.02.2016 issued by Ministry of Coal. Four tranches of auction have already been concluded whereby about 80.5 MTPA of annual coal linkages

have been booked at an average premium of about 20% over non-power notified price. The Tranche-V is under way, where auctions of, Steel (coking) & Sponge Iron subsectors have already been completed. In the auction for Steel (coking) subsector, coking coal linkage to the tune of 1.3 MTPA was booked by a Steel sector consumer with no premium. The sponge Iron

subsector linkage auction witnessed a booking of 4.19 MTPA coal linkage resulting in about 19.2% average premium over non power notified price.

The performance report is placed below.

Sub-sector	Tranche - I	Tranche - II	Tranche - III	Tranche - IV	Tranche – I- IV		Tranche - V	
	Quantity booked (MTPA)	Quantity booked (MTPA)	Quantity booked (MTPA)	Quantity booked (MTPA)	Quantity booked (MTPA)	% gain over notified price for non-power	Quantity booked (MTPA)	% gain over notified price for non-power
Sponge Iron	2.05	4.29	2.54	6.37	15.25	19.8	4.19	19.2
Cement	0.68	0.77	0.12	4.26	5.83	19.2	To be conducted	
CPP	18.07	8.18	4.59	15.90	46.75	18.7	To be conducted	
Others	1.34	1.27	0.67	6.00	9.28	34.2	To be conducted	
Steel (coking)	--	0.22	0.00	0.65	0.87	0.1	1.30	0.0
Others (coking)	--	0.04	0.36	2.17	2.57	16.1	To be conducted	
Total	22.14	14.76	8.28	35.35	80.53	20.2	5.49	10.4

Coal linkages to power sector under SHAKTI

On 22.05.2017, Ministry of Coal pronounced the SHAKTI [Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India] policy for allocation of future coal linkages in a transparent manner to power plants who became stressed due to want of long term coal linkages.

On 25.03.2019, MoC communicated the approval of the Government on the recommendations of Group of Ministers (GOM) constituted to examine the report of a High Level Empowered Committee (HLEC). Subsequently, an amendment of SHAKTI policy was issued by MoC on 25 March 2019.

The status of implementation of SHAKTI is given below:

- A (i): Clearance has been given for signing of FSA for 10 power plants with a total capacity of 6,550 MW.
- B (i): 23 Thermal Power Plants (TPPs) have been granted linkage for a total capacity of 25340 MW.
- B (ii): First round of linkage auction under B(ii) of SHAKTI policy was conducted in September, 2017, whereby 27.18

MT of annual coal linkage was booked by ten successful bidders for about 9,045 MW capacity. Second round of B (ii) auction has been concluded by CIL on 24.05.2019. During this second round quantity of 2.97 MT of annual linkage has been booked by eight bidders for about 874.9 MW capacity. Based on the recommendations of Inter-Ministerial Committee (IMC) meetings, Power Finance Corporation Limited (PFCCCL) has been directed to conduct the future rounds of auction under para B (ii).

- B (iii): CIL is also in the process of conducting coal linkage auction under para B (iii) of SHAKTI policy dated 22.05.2017 as well as the linkage auction under para B(viii) (a) of SHAKTI policy amendment dated 25.03.2019 issued by MoC
- B (iv): Coal linkage granted from CIL for the States of Gujarat, Uttar Pradesh and Madhya Pradesh for a capacity of 4000 MW, 1600 MW and 2640 MW respectively.
- B (v): Coal linkage granted from CIL for a capacity of 2500 MW.

IMPORT SUBSTITUTION

Ministry of Coal has engaged with other Ministries to discuss the way forward for reducing coal imports by various sectors. Ministry of Power (MoP), Ministry of Steel and DPIIT were requested to provide annual demand projections for domestic coal and to jointly work out strategy with Ministry of Coal for import reduction.

An action plan for import substitution was worked out in a sub-group meeting on 19.09.2018. As per this plan, coal is being lifted by power houses from Coal India Limited (CIL). In 2019-20, CIL has offered 3.375 MT Coal to the Power plants under Import Substitution.

For the financial year 2019-20, MoP has projected domestic coal demand of 530 MT from CIL, 54 MT from Singareni Collieries Company Ltd (SCCL) and 50 MT from Captive coal blocks. MoP has also projected that 47 MT coal is likely to be imported by the power plants that are based on imported coal.

Coal Consumers Council

Regional coal consumer's councils were set up in each coal company for monitoring and redressing consumer's grievances/complaints. Moreover, National Coal Consumer's Council was

set up at CIL (HQ) to act as the apex body in such matters. In case reply on complaints is not received within one month or the complainant is not satisfied with reply provided by the coal company, the matter may be referred to National Coal Consumer's Council. These councils were lastly reconstituted during 2010-11.

In keeping with technological innovations and newer methods of communication, On-line Grievance Management System (OLGMS) was introduced by CIL some years back to facilitate e-filing of complaints. A customized web-site for such purpose was developed. Subsequently, CIL adapted Centralized Public Grievance Redress and Monitoring System (CPGRAMS) which was designed and developed by National Informatics Centre (NIC). PG Portal of CPGRAMS is used as single window for receipt and disposal of grievances in CIL & its subsidiaries. The system generates SMS alert for nodal officers whenever a complaint relating to their department is received. Action is taken to redress the grievance without delay and communication is made to complainant with appropriate response.

In case complaints/ grievance relate to coal companies, Nodal officer forwards the same to respective coal companies for their comments/ action. Grievances/ complaints received on-line are thus being dealt and disposed of expeditiously and efficiently under the above system.