



# COAL DISTRIBUTION AND MARKETING



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## 1. 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 raw coking coal and Washed Coking Coal are being made by the coal companies to Govt. Steel Plants on the basis of their existing MoU commitments. After introduction of Linkage Auction raw coking coal is being allocated through the Linkage Auction.

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

Sector-wise coal off-take from CIL during the year 2021-22 (from Jan'21-Nov'21) is as below:

(In MT)

Sector	AAP Targeted off take	Actual Off take	Supply % against Target
Steel*	9.7	4.2	43
Power ( Utilities) **	495.8	467.5	94
Captive Power ***	45.1	33.8	75
Cement	5.6	3.3	59
Sponge Iron	12.1	6.9	58
Others	100.7	70.2	70
Total Dispatch	668.9	585.8	88
Colliery Consumption	0.2	0.2	98
<b>Total</b>	<b>669.1</b>	<b>586.0</b>	<b>88</b>

\* : 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 dispatches to fertilizer sector

## 3. Sector-wise Coal Off-take from SCCL:

Sector-wise coal off-take from SCCL during the year 2021 are as below:

(In MT)

Sector	AAP Targeted Off take (Apr, 21 to Mar, 22)	Actual off take (Apr - Nov, 2021)	Supply % against Target
Power (Utility)	56.000	35.334	63.10
Power (CPP)	3.506	1.984	56.58
Cement	3.161	1.925	60.89
Sponge Iron/CDI	0.301	0.114	37.84
Others	5.030	3.122	62.06
<b>Total : SCCL</b>	<b>68.000</b>	<b>42.479</b>	<b>62.47</b>

#### 4. Power Houses:

##### Coal India Limited

Off-take of coal to power sector during Jan'21-Nov'21 from CIL was 467.5 MT. Raw coal despatch has increased by about 60.3 MT, with a growth of 14.8%, as compared to same period last year

##### SCCL

Actual Off-take of coal to thermal power stations during Jan'21 - Nov'21 is 49.36 MT as against 35.97 MT during Jan'20 - Nov'20.

#### 5. Cement Plants:

##### Coal India Limited

The dispatch to cement plants from CIL during Jan'21-Nov'21 was 3.3 million tonnes (provisional) as against 4.4 MT during the same period last year. Dispatch has decreased by 1.1 MT, with a decline of 25% as compared to same period last year.

##### SCCL

The actual Off-take of coal by cement plants during Jan'21 - Nov'21 is 2.73 MT as against 1.50 MT during Jan'20-Nov'20.

#### 6. 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' 2021, allocation has been done to 19 SNAs (State Nominated Agencies) of 12 States for the year 2021-22 for the quantity of 6.34 MT, out of which 13 state agencies have signed FSA for an aggregate quantity of 2.091 MT.

#### 7. 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 Nov'07.
- **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.
- **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.
- **Special Spot E-Auction for Import Substitution:** Special Spot e-auction Scheme 2020 for import substitution (only for coal importers) was introduced during 2020-21 with the objective of reducing dependence of country on imports in pursuance to 'Aatma Nirbharta'. Under the scheme any Indian coal importer (including traders) can avail coal with flexible period of lifting

**8. Auctions held during FY 2020-21 & 2021-22 (up to November'21) are as below:**

Auction	Spot	Special Forward for Power	Exclusive for Non-power	Special Spot	Special Spot for Import Substitution	TOTAL
<b>(January 2021-November 2021)</b>						
Total Qty. allocated (in Mill Tonnes)	33.0	40.7	34.7	4.0	2.6	115.1
Total Notified Value (in Crore ₹)	5252	3692	4341	563	561	14410
Total Booking Value (in Crore ₹)	8046	4640	5640	910	815	20052
Increase over Notified Value (in %)	53%	26%	30%	62%	45%	39%
<b>2020-21</b>						
Total Qty. allocated (in Mill Tonnes)	42.5	39.3	31.2	3.4	7.5	124.0
Total Notified Value (in Crore ₹)	6576.5	3494.8	4360.8	548.2	1352.8	16333.1
Total Booking Value (in Crore ₹)	8243.5	3774.9	4910.3	617.8	1590.0	19136.4
Increase over Notified Value (in %)	25%	8%	13%	13%	18%	17%

**9. 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 April-November' 2021 about 24.43 MT of coal was allocated to the power producers.

**10. Exclusive Auction for Non-Power:**

Exclusive E-Auction Scheme for non-power consumers was launched in 2015-16 to make coal available to non-power consumers (including CPPs) & is being continued. During April-November' 2021 a quantity of 23.33 MT of coal was allocated to the non-power sector consumers.

**11. E-auction of coal in SCCL**

SCCL started spot e-auction of coal in December, 2007. Spot Auctions held during 2020-21 and 2021-22 (up to Nov' 21) are as below:

Spot e-Auction	2020-21	2021-22 (Apr. to Nov'21)
Total Qty allocated (in MT)	0.75	1.53
Total Notified Value (in Crore ₹)	19.75	40.17
Total Booking Value (in Crore ₹)	20.64	48.20
Increase over Notified Value (in %)	4	19.99

**12. Modes of Transport**

**Coal India Limited**

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 Jan'21- Nov'21 has been approximately as under:

SI	Modes of Transport	Share %
1	Railways ( including Rail - cum-Sea)	56
2	Road	26
3	MGR	16
4	Belt – Conveyors/ Ropeways	2

### SCCL

Important modes of transport for coal in SCCL are Railways, Road, NTPC Merry-Go-Round Systems (MGR). Small quantity of coal is being transported to Heavy Water Plant by Aerial Ropeway. The share of these modes of transport in the total transport of coal during Jan - Nov, 2021 is approximately as under

Sl. No.	Mode	Quantity Million Tonnes	Share (%)
1	Railways (including RCR)	41.80	70.61
2	Road	10.57	17.85
3	MGR	6.35	10.73
4	Rope	0.48	0.81
	Total	59.20	100.00

### 13. Progress made under new coal distribution policy (NCDP):

Prior to introduction of New Coal Distribution Policy in October, 2007, the consumers were broadly classified in two categories, Core and Non-Core Sector. The basis for earlier classifying consumers was solely based on their role in economic development. However, the erstwhile classification of the consumers under New Coal Distribution Policy has been dispensed with.

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:

- 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 140 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 31<sup>st</sup> Decemeber'20 (Provisional) is as under:

Sector	Existing (Pre NCDP)	Through LOA route	Total
CPP	-	5	5
Sponge Iron	-	1	1
Cement	-	1	1
Others	-	1	1
<b>Total CIL</b>	<b>-</b>	<b>8</b>	<b>8</b>

\*These FSA will be expired by the end of current financial year. The consumers shall have option to secure linkage through NRS linkage auction route.

Apart from the above, linkage of 23 CPSU units for an ACQ of about 14 Mill. Tn is existing which is renewable on five (5) year basis as per NRS policy dated 15.2.2016

- 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
- e. 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.
- f. 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

**14. 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 5th Tranche is under way. The auctions for Steel (coking), Sponge Iron & Cement subsectors have already been completed and a quantity of 8.44 Mt is successfully booked at an average premium of 16% over non power notified price. The auction for CPP subsector is ongoing which will be followed by auctions of Others(non-coking) and Others(coking) subsectors. Till 30.11.2021. a total of 30.8 MT has been booked under the under the ongoing CPP linkage auction Tranche V.

The performance report is placed below.

	Tranche - I	Tranche - II	Tranche - III	Tranche - IV	Total Tranche - I to IV		Tranche - V	
Sub-sector	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
Steel (coking)	--	0.22	0.00	0.65	0.87	0.1%	1.30	0.0%
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%	2.95	25%
CPP	18.07	8.18	4.59	15.90	46.75	18.7%	ongoing	
Others	1.34	1.27	0.67	6.00	9.28	34.2%	To be conducted	
Others (coking)	--	0.04	0.36	2.17	2.57	16.1%	To be conducted	
<b>Total</b>	<b>22.14</b>	<b>14.76</b>	<b>8.28</b>	<b>35.35</b>	<b>80.53</b>	<b>20.2%</b>	<b>39.24</b>	<b>15.7%</b>

### Coal linkages to power sector under SHAKTI

The Government approved the fading away of the existing Letter of Assurance (LoA) - Fuel Supply Agreement (FSA) regime and introduced Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India (SHAKTI), 2017, which was issued by the Ministry of Coal on 22.05.2017. The Government also approved amendments to the SHAKTI Policy, 2017, which was issued by the Ministry of Coal on 25.03.2019. The main features of the SHAKTI Policy (as detailed under its various Paras) are as under:

As of now, coal linkages to the following capacities have been granted under various Paras of the policy: (as on 01.12.21)

- (i) Clearance has been given for signing of Fuel Supply Agreement (FSA) to 9 LoA holders with a total capacity of 7,210 MW under provisions of para A(i) of SHAKTI policy.
- (ii) 23 Thermal Power Plants (TPPs) have been granted linkage for a total capacity of 25340 MW under provisions of para B (i) of SHAKTI policy.
- (iii) First round of linkage auction under B(ii) of SHAKTI policy was conducted in September, 2017, whereby 27.18 Million Tonne Per Annum (MTPA) of annual coal linkage was booked by ten successful bidders for about 9,045 MW capacity. In the second round conducted in May, 2019, quantity of 2.97 MTPA of linkage has been booked by eight bidders for about 874.9 MW capacity. In the third round, auction has been conducted by PFC Consulting Limited (PFCCCL) during May, 2020, where, 2.8 MTPA linkages have been booked by 5 successful bidders. Fourth round of linkage auction has been conducted by PFCCCL in September, 2021, where, 3.20 MTPA linkages have been booked by 5 successful bidders.

- (iv) The linkage auction for SHAKTI B (iii) was conducted in February, 2020, where out of the total offer of 11.8 MTPA, 6.48 MTPA was booked by 7 successful bidders.
- (v) Coal linkage have been earmarked from CIL for the States of Gujarat, Uttar Pradesh and Madhya Pradesh for a capacity of 4000 MW, 1600 MW and 2640 MW respectively for linkage under B(iv) of SHAKTI Policy.
- (vi) Coal linkage earmarked from CIL for a capacity of 2500 MW for linkage under B(v) of SHAKTI Policy.
- (vii) 7 tranches of Linkage Auction have been conducted by Coal India Limited under B(viii) (a) of SHAKTI Policy. Out of total offered quantity of 37.52 MT of Coal, 6.66 MT have been booked by successful bidders

### 15. Import Substitution

An Inter - Ministerial Committee (IMC) has been constituted in the Ministry of Coal on 29.05.2020 for the purpose of coal import substitution. The Representatives from Ministry of Power, Ministry of Railways, Ministry of Shipping, Ministry of Commerce, Ministry of Steel, Ministry of Micro, Small & Medium Enterprises (MSME), Department for Promotion of Industry & Internal Trade (DPIIT), Central Electricity Authority (CEA), Coal Companies and Ports are members of this IMC. 9 meetings of the IMC have been held so far. On the directions of the IMC, an Import Data System has been developed by Ministry of Coal to enable the Ministry to track the imports of coal. Efforts are taken to ensure more domestic supplies of coal. To take the task of coal import substitution to the next level, Coal India Limited has been asked to plan zero coal Import Mission by 2023-24. Thus, the entire substitutable imported coal should be met by the country and no import other than very essential should happen.



Coal Imports by power sector for both domestic and imported coal based power plants has reduced by 32% during the period April- October, 2021 as compared to the same period of the last year.

## 16. Coal Consumer 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. After

successful adaptation of the CPGRAMS, OLGMS was phased out to avoid duplication of work. The link for PG portal has been provided in the web site along with list of nodal officers and their contact details. For ensuring prompt response, a WhatsApp group comprising of nodal officers of each department has been created in which issues and proposed solutions can be discussed. The complaints and its response are regularly monitored/ reviewed by Grievance Redressal Committee (GRC) consisting of key management officials on weekly basis. Action is taken to redress the grievance without delay and the outcome is posted in the portal. Wherever interim reply is required, such reply is also sent to the complainant.

In case complaints/ grievances relate to coal companies, Nodal officer forwards the same to respective coal companies for their comments/ action. Soon after receipt of comments/ status, the complainant is suitably informed, thus closing the issue. In case the same relates to working of some other department of CIL, the same is forwarded to the concerned department. Grievances/ complaints received on-line are thus being dealt and disposed of expeditiously and efficiently under the above system.

