

IMMEDIATE

**No. CPD-23014/1/2022-CPD
Government of India
Ministry of Coal
<<>**

*Shastri Bhawan, New Delhi
27th January , 2022*

OFFICE MEMORANDUM

Subject: Meeting of the Standing Linkage Committee (Long-Term) for Power Sector – SLC/LT No. 1/2022

The undersigned is directed to say that the meeting of the Standing Linkage Committee (Long-Term) for Power Sector (SLC/LT No. 1/2022) to consider the requests for linkages to Central / State Sector Power Plants and to review the status of existing coal linkages / LoAs and other related matters is scheduled to be held on **03.02.2022** at **11.00 A.M** through **Video Conference**. Agenda item for discussion in the meeting is enclosed herewith.

2. It is, therefore, requested to make it convenient to attend the meeting through Video Conference. Webroom link for the meeting shall be shared.

Encl. as above

Sujeet Kumar
(Sujeet Kumar) 27/1/2022

Under Secretary to the Government of India

To

1.	Additional Secretary, Ministry of Coal	Chairperson
2.	Principal Advisor (Energy), NITI Aayog, Yojana Bhawan, New Delhi	Member
3.	Joint Secretary (Coal), Ministry of Coal	Member
4.	Advisor (Projects), Ministry of Coal	Member
5.	Joint Secretary (Thermal), Ministry of Power, Shram Shakti Bhawan, New Delhi	Member
6.	Joint Secretary (Ports), Ministry of Shipping, Transport Bhawan, New Delhi	Member

7.	Joint Secretary, Ministry of Steel, Udyog Bhawan, New Delhi	Member
8.	Joint Secretary, Department of Industrial Policy & Promotion, Udyog Bhawan, New Delhi	Member
9.	Executive Director, Coal, Railway Board, Rail Bhawan, New Delhi	Member
10.	Director (Marketing), Coal India Limited	Member
11.	CMD's SCCL, BCCL, CCL, ECL, MCL, NCL, SECL & WCL	Members
12.	Chairman-cum-Managing Director, Central Mine Planning & Design Institute Ltd., Gondwana Place, Kanke Road, Ranchi	Member
13.	Chairman, Central Electricity Authority, Sewa Bhawan, RK Puram, New Delhi	Member
14.	Chairman, NTPC, Scope Complex, Lodhi Road, New Delhi-110003	Member

Copy to (with the request to attend the meeting):

Coal Controller, Coal Controller Organization, Kolkata

Copy also to:

- (i) Director (Technical), Coal India Limited, Kolkata
- (ii) GM (S&M), Coal India Limited, Kolkata
- (iii) CGM (CP), Coal India Limited, Kolkata
- (iv) GM (S&M), Coal India Limited, Delhi

Copy for information to:

- 1. PSO to Secretary (Coal)
- 2. PPS to Additional Secretary (Coal)
- 3. PPS to Joint Secretary (CPD)
- 4. PS to Director (CPD)
- 5. NIC, Ministry of Coal - with the request to place it in the website of Ministry of Coal for information of all concerned and also make necessary arrangements for the meeting through Video Conference.

Enclosure

Agenda for the meeting of the Standing Linkage Committee (Long Term) [SLC (LT)] – 1/2022

The Condition Precedents (CPs) as per clause 2.8.2 of Fuel Supply Agreement (FSA) are as below:

2.8.2.1 The Purchaser shall have obtained from the lawful authority all necessary clearances, authorizations, approvals and permissions required for construction, commissioning, operation and maintenance of the Plant.

2.8.2.2 The purchaser shall have completed the construction and the completion of such construction along with readiness of the power plant for lighting up has been certified by an Independent Engineer within the Condition Precedent Period.

2.8.2.3 [Applicable to Purchaser who has signed FSA without entering into long term PPA]

The Purchaser shall have to furnish the long term Power Purchase Agreements (PPA) either directly with Distribution Companies (DISCOMs) or through Power Trading Company (ies) (PTC) who has/have signed back to back PPA(s) (long term) with DISCOMs within the Condition Precedent (CP) period as per clause 2.8.3.1.

Clause 2.8.3.1 of the FSA states "The Conditions Precedents shall be fulfilled/achieved within a period of twenty four (24) months from the Signature Date or such further period (up to a maximum of 180 days) as may be extended on account of Force Majeure under Clause 17 of this Agreement ("Condition Precedent Period")

The CPs set out in Clause 2.8.1 above shall be fulfilled to the satisfaction of Seller or waived by the Seller at its sole discretion in accordance with the option to be exercised by the Purchaser in the letter as per Schedule VII with regard to acceptance/ surrender of supply of imported coal without affecting in any way the Seller's obligations under this agreement. Within fifteen (15) days of achieving or waiving the CPs set out in Clause 2.8.1 as the case may be, the Seller shall issue a notice of satisfaction and notify to the Purchaser in writing. The Purchaser within fifteen (15) days from receipt of such notification shall issue a letter accepting the same."

Thus, as per the CP clause 2.8.2.3 of the FSA, the purchaser has to furnish PPA, entered directly with the Distribution Companies (DISCOMs) or through power trading companies who have back to back PPAs with DISCOMs within 24 months from the date of signing of FSA.

Based on the recommendation of Ministry of Power (MoP), SLC (LT) in its meeting held on 29.06.2017 had recommended that the CP clause 2.8.2.3 of the FSA may be extended upto 31.03.2020 for all TPPs having FSAs. The recommendation of MoP was on the fact that sufficient PPAs were not available in the market. Again, based on the recommendation of MoP / CEA, SLC (LT) in its meeting held on 28.05.2020 recommended for extension of timelines for entering into PPA as per CP clause under FSA till 31.12.2021. The premises of the decision was that SHAKTI Policy prescribes a timeline of 31.03.2022 for commissioning of the power plants under Para A (i), A (iv) & A (v) and MoP had recommended the date of 31.12.2021 for entering into PPA which is three months prior to the commissioning timeline.

Representations for further extension of timelines for signing of PPA as per CP clause 2.8.2.3 have been received from Association of Power Producers, FICCI as well as a number of IPPs. MoP vide O.M dated 22.12.2021 also requested to extend the timeline for signing of PPA by the power plants getting commissioned by 31.03.2022 by further 2 years to allow the power plants to have sufficient time to execute PPA against the existing LoAs / FSAs. MoP also stated that though the SHAKTI Policy provides for the outer time limit for commissioning of all the existing LoA holders till 31.03.2022, but, there is no clarity regarding the timelines within which the PPAs are required to be signed by already commissioned power plants. The request of Ministry of Power was taken up as Table Agenda Item No. 1 in the meeting of the SLC (LT) held on 22.12.2021. It was discussed that the matter needs to be examined by Coal India Limited and comments / views of the coal companies may also be required. Hence, in view of the deliberations, the matter was not considered by the SLC (LT) in its meeting held on 22.12.2021. Competent Authority in the Ministry of Coal has now decided that the matter be considered by the SLC (LT).

SLC (LT) to take a view in the matter.