

**IMMEDIATE**

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

**Shastri Bhawan, New Delhi,**  
**March 21<sup>st</sup>, 2022**

To

1. The Chairman-cum-Managing Director,  
Coal India Limited (CIL), Coal Bhawan,  
Plot No-AF-III, Action Area-1A,  
Newtown, Rajarhat, Kolkata - 700156

2. The Chairman-cum-Managing Director,  
Singareni Collieries Company Limited,  
Singareni Bhavan, PB No. 18, Red Hills,  
Khairatabad PO, Hyderabad,  
Telangana

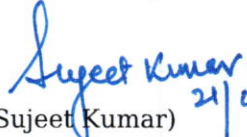
**Subject: Meeting of the Standing Linkage Committee (Long-Term) for Power Sector - SLC (LT) No. 01/22**

Sir,

I am directed to forward herewith the approved minutes of the meeting of the SLC (LT) for Power Sector held on 03.02.2022 to consider the requests for coal linkages to Central / State Sector Power Plants and to review the status of existing coal linkages/ LoAs & other related matters.

*Enclosure as above*

Yours faithfully,

  
(Sujeet Kumar) 21/03/2022

Under Secretary to the Government of India

Copy 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 for Promotion of Industry and Internal Trade, 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 BCCL, CCL, ECL, MCL, NCL, SECL & WCL	Members
12.	Chairman-cum-Managing Director, Central Mine Planning & Design Instt 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:

- (i) Coal Controller, Coal Controller Organization, Kolkata
- (ii) Director (Technical), CIL, Kolkata
- (iii) GM (S&M), CIL, Kolkata
- (iv) CGM (CP), CIL, Kolkata
- (v) GM (S&M), CIL, Delhi

Copy also to -

1. PS to Minister of Coal
2. APS to Minister of State for Coal
3. PSO to Secretary (Coal)
4. PPS to Additional Secretary (Coal)
5. PPS to Nominated Authority
6. PPS to Joint Secretary (CPD)
7. PS to Joint Secretary (P&S-I & II)
8. PS to Director (CPD)
9. NIC, Ministry of Coal - with the request to upload the Minutes of the Meeting in the website of Ministry of Coal

## Annexure

**Minutes of the Meeting of the Standing Linkage Committee (Long Term) [SLC(LT)] for Power Sector held on 03.02.2022 at 11.00 A.M - SLC (LT) No. 1/2022**

**Venue: Coal India Limited, Core 6, 6<sup>th</sup> Floor, Scope Complex, Lodhi Road, New Delhi**

**List of the participants is at the Annexure.**

**Agenda Item No. 1** – Confirmation of the Minutes of the Meeting of the SLC (LT) held on 22.12.2021

**Record of Discussions:** There were no comments from any member.

**Recommendations:** Minutes of the Meeting of the SLC (LT) held on 22.12.2021 are confirmed.

**Agenda Item No. 2** – Extension of timeline for entering into PPA as per Condition Precedent requirement under FSA

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.



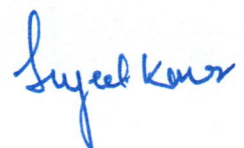


Representations for further extension of timelines for signing of PPA as per CP clause 2.8.2.3 have been received from Association of Power Producers, FICCI as well as a number of IPPs. MoP vide O.M dated 22.12.2021 also requested to extend the timeline for signing of PPA by the power plants getting 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.**

**Record of Discussions:**

The Committee was apprised that MoP vide O.M dated 22.12.2021 had 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 had 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 in the meeting of the SLC (LT) held on 22.12.2021 and it was decided that the matter needs to be examined by Coal India Limited and comments / views of the coal companies may also be required. The Committee was also apprised that Ministry of Coal has also received representations from Associations of Power Producers [representations dated 17.12.2021 & 02.02.2022], FICCI [representation dated 20.12.2021] as well as a number of IPPs [Ideal Energy Projects Ltd. – representation dated 08.12.2021; CESC – representation dated 27.12.2021; D B Power Limited – representation dated





21.12.2021; Dhariwal Infrastructure Limited – representations dated 16.12.2021 & 20.12.2021;] etc for further extension of timelines for signing of PPA as per CP clause 2.8.2.3.

It was discussed that the requirement of a long term PPA came from the decision of the Cabinet Committee on Economic Affairs (CCEA) in 2013 that actual coal supplies would be available when the required long term PPAs are tied up. Thus, Long Term PPA had to be submitted for coal supplies. Coal companies provided a time period of 2 years for furnishing a PPA from the date of signing of Fuel Supply Agreement (FSA). 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.

Representative from MoP requested to extend the timeline for signing of PPA by the power plants by further 2 years to allow the power plants to have sufficient time to execute PPA against the existing LoAs / FSAs. MoP informed that Power Plants of around 5820 MW capacity are having FSAs but no PPAs. Hence, these Power Plants are likely to be benefitted if the timeline for signing of PPA is extended.

Representative of CEA stated that there were genuine reasons because of which the Power Plants could not procure PPAs and therefore, the request for extension of timelines for signing of PPAs may be considered by the SLC (LT).

Representative of NITI Aayog stated that it had recommended for withdrawal of the condition of PPA for coal supplies without forfeiture of Bank Guarantee. However, in the instant matter, NITI Aayog has no objection if extension for signing of PPA is accorded for 2 years.

SCCL informed that it has no linkages where FSA are signed but PPA has not been submitted.

Coal India Limited (CIL) stated that the guidelines for commissioning of the Power Plants under the SHAKTI Policy needs to be adhered to.

*Sujeet Kumar*



It was discussed that SHAKTI Policy, 2017 already prescribes an outer time limit of 31.03.2022 for commissioning of the plants which have been issued LoA by coal companies. SHAKTI Policy mandates fading away of the old regime of LoA-FSA after 31.03.2022. The Power Plants for which extension for signing of PPA is being sought were granted coal linkages on nomination basis and extension beyond 31.03.2022 for signing of PPAs would tantamount to holding on to the old regime. The need of the present day is to move to a transparent mode of coal allocation. The recommendation in the meeting of the SLC (LT) held on 28.05.2020 was on the premises 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. In the eventuality of non-signing of FSA, there are options available under the SHAKTI policy for such power plants to obtain linkages.

MoP opined that timeline for PPA is a part of the FSA of the coal companies, which is a commercial document and it may be extended by the coal companies.

The decision of the CCEA in 2013 required the coal companies to introduce the condition precedent clause. It was discussed that 5 years is a sufficient time period for the Power Plants to comply with the requirements of SHAKTI Policy.

MoP stated that new PPAs may be expected in future and some of the Power Plants may bid for the PPAs and obtain PPAs and become eligible for coal supply.

It was clarified that captive coal blocks allocated by Ministry of Coal are contributing huge amount of coal in the market. It is anticipated that around 144 MT of coal would be produced from the captive coal blocks in the next financial year and the numbers would further increase with more coal blocks coming into production. Ministry of Coal has also allowed the captive coal blocks to sell coal up to 50% of the total coal produced in a financial year after meeting the requirements of end use plants linked with the mine. In addition, there is no prohibitions for the captive coal blocks in revising the Peak Rated Capacity of the coal blocks allocated to it. Hence, the capacity of the coal blocks can be

enhanced, thereby, increasing the coal production. Therefore, ample coal supplies will be there in the market. Hence, the apprehension of the Power Plants that coal may have to be procured at exorbitant rate may be unfounded

CIL also stated that in the near future, around 650 MT of coal would be moved through rail after commissioning of the First Mile Connectivity Projects. Hence, much of the logistics issues would be taken care of. Further, with the 1 BT coal production target of CIL, there would be surplus coal available in the market.

It was also informed that the time line required by the bidders to obtain PPA has been mentioned as 2 years in para B(iii) of SHAKTI policy. Similarly, States are required to conduct PPA auctions for the linkages earmarked to the States within 2 years. Thus, all provisions of SHAKTI policy have given definite timelines for obtaining PPAs or conducting auctions etc. Any extension for obtaining PPA beyond 31.03.2022 would amount not only to reviewing the earlier SLC(LT) recommendation of 28.05.2020 but also of bypassing the provisions of the CCEA approved linkage policy of 2017 which was amended in 2019. It was considered that as per the provisions of SHAKTI Policy, only option available with the SLC (LT) for recommending the extension of timelines for signing of PPA is 3 months i.e. upto 31.03.2022 from 31.12.2021 (as extended last time).

**Recommendations:** In view of the deliberations in the meeting, the Committee recommended that the request for extension of Condition Precedent (CP) Clause for 2 years from 31.12.2021 cannot be agreed to. However, in view of provisions of SHAKTI Policy where timelines have been prescribed and also the guideline on fading away of the old regime of the LoA-FSA, SLC (LT) recommended for extension of timeline for obtaining PPA as per the CP clause under FSA till 31.03.2022.





**List of Participants**

**Ministry of Coal**

1. Shri Vinod Kumar Tiwari, Additional Secretary [In the Chair]
2. Ms Vismita Tej, Joint Secretary (CPD)
3. Shri Anandji Prasad, Advisor (Projects)
4. Shri Mukesh Choudhary, Director (CPD)
5. Shri Sujeet Kumar, Under Secretary

**Ministry of Power**

1. Shri Sanjeev Kumar Kassi, Chief Engineer

**NITI Aayog**

1. Shri Jawahar Lal, Deputy Chief Engineer (Energy)

**Ministry of Steel**

1. Shri Samin Ansari, Under Secretary

**Ministry of Ports, Shipping & Waterways**

1. Shri Parmeshwar Bali, Dy. CCC

**Department for Promotion of Industry & Internal Trade**

1. Shri Arun Kumar, Under Secretary

**Central Electricity Authority**

1. Shri M.P. Singh, Chief Engineer (TPP&D)
2. Shri Naresh Kumar, Director

**Coal India Limited**

1. Shri S.N.Tiwary, Director (Marketing)
2. Shri Tarak Roy, CM (M&S)
3. Shri G.K Vashishth, Advisor (M&S)
4. Ms Sangeeta Goyal, CM (M&S)
5. Shri Bhimsen, CM (M&S)

*Sujeet Kumar*

**Mahanadi Coalfields Limited**

1. Shri D. Kumar, GM

**Central Coalfields Limited**

1. Shri Ajit Singh, GM (M&S)

**Northern Coalfields Limited**

1. Shri Kumar Satvik, Manager (M&S)

**South Eastern Coalfields Limited**

1. Shri C.B Singh, GM

**Bharat Coking Coalfields Limited**

1. Shri U.B Singh, GM (M&S)

**Western Coalfields Limited**

1. George Mathew, GM (M&S)

**Singareni Collieries Company Limited**

1. Dr. J. Allwyn, ED(CM)
2. Shri M. Venkateshwarly, DGM

**NTPC Limited**

1. Shri Dilip Kumar, Executive Director (FM)
2. Shri Ajay Singhal, GM (FM)
3. Shri Yoosuf Ameen, Senior Manager (FM)

