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Government of India

(भारत सरकार)

Ministry of Coal

(कोयला मंत्रालय)

Shastri Bhawan,
New Delhi, the 23rd August, 2024

Subject: Public consultation on the amendment to the Non-Regulated Sector (NRS) Linkage Auction Policy, 2016 & 2020

Government is contemplating to enable long-term coal linkages to any domestic buyer of coal for own consumption, sale or for any other purpose. This would entail amendment to the NRS linkage Auction Policy of 2016 & 2020. Ministry of Coal has held stakeholders' consultation in this regard and based on the feedbacks received, broad modalities for proposed amendments to the NRS Linkage Auction Policy, 2016 & 2020 have been prepared. An Approach Paper on the broad modalities for the proposed amendments is enclosed herewith for public consultation.

Views / comments from the members of the public and the stakeholders' concerned is solicited on the proposed amendments. Comments / views may be sent in MS-Office Word Format at email id. socpd.moc@nic.in within 7 days.

The subject of the email should clearly mention 'Comments / suggestions on the proposed Amendments to the Non-Regulated Sector Linkage Auction Policy'



(Sudarshan Bhagat)

Deputy Secretary to the Government of India

**Approach Paper on the proposed amendments to the Non-Regulated Sector
Linkage Auction Policy**

**Government of India
Ministry of Coal**

Subject: Proposed amendment to the Non-Regulated Sector Linkage Auction Policy

1. Distribution of coal produced by Coal India Limited / SCCL in the country is broadly made under two channels i.e. either through a coal linkage or through e-auctions. Coal is also distributed to the Micro, Small & Medium Enterprises (MSME) Sector through the State Nominated Agencies (SNAs). Coal linkages to the Power Sector are granted under the provisions of SHAKTI Policy and to Non-Regulated Sector (NRS) under the Policy of 2016 & 2020 for Auction of linkages for NRS. Coal through e-auctions (Single e-auction window), and distribution through SNAs are governed under the provisions of New Coal Distribution Policy (NCDP), 2007.
2. Single e-auction window caters to all the sectors, whereas, SHAKTI Policy is specifically to the Power Sector and the Policy for Auction of coal linkages for the NRS is meant for the NRS coal consumers. Coal supplied under the SHAKTI Policy and the NRS linkage auction policy are for specified end uses, while, there is no end use restriction for the coal supplied through e-auctions.
3. Ministry of Coal is contemplating a proposal to provide long-term coal linkages to any domestic buyer of coal for own consumption, sale or for any other purpose. Long term coal linkages for own consumption, sale or for any other purpose may not be possible under the ambit of present NRS Linkage auction Policy. This would entail amendment to the NRS linkage Auction Policy of 2016 & 2020.
4. Based on the stakeholders' consultation, broad modalities for proposed amendments to the NRS Linkage Auction Policy, 2016 & 2020 may be as under:

Proposed Amendment to the Non-Regulated Sector (NRS) Linkage Auction Policy, 2016

(A) Creation of a New window under the NRS Linkage Auction Policy:

- (a) Allocation of coal linkages on auction basis for sectors without the requirement of any specified end use by adding a separate window in the NRS Linkage Auction Policy of 2016 wherein any domestic buyer requiring coal can participate in the linkage auction. This new window shall be termed as **“Coal linkage for own consumption, sale or for any other purpose”**. The present auction for the specified end-user sub-sectors, as per the NRS Linkage

Auction Policy, 2016, shall continue. The specified end-user (s), can also participate in this window.

- (b) The broad modalities proposed for the new window are as under:
- i. Auction under the proposed window to be held after conducting auctions of end-use specific sub-sectors (as per the NRS Linkage Auction Policy of 2016) in a specific tranche of NRS linkage auction.
 - ii. The base / floor price of any source for the auction of the proposed window to be fixed at reserve price not below the notified price, as may be decided by the coal company. The reserve price for the NRS linkage auctions shall be suitably indexed by Coal India Limited / SCCL for subsequent years, however, the bid premium shall remain constant over the contract period.
 - iii. The source-wise offered quantity for the new window to be fixed considering the lowest of all the residual quantity of the concerned source in the end use specified sub-sectors of concerned tranche of NRS Linkage auction.
 - iv. Coal to be allocated from area or mine within a subsidiary.
 - v. The tenure of the Fuel Supply Agreements may be for a maximum period of 15 years.
 - vi. Auctions shall be conducted by Coal India Limited / SCCL and the details of the procedure including a transparent auction methodology, which would induce adequate competition and prevent cartelization, shall be devised by Coal India Limited / SCCL.
 - vii. Coal linkage under the new window shall be for own consumption, sale or for any other purpose.
 - viii. Coal offered through this auction shall be subject to Coal India Limited / SCCL meeting the coal linkage requirements against existing linkages for the specified end users viz. Power and NRS, and also the future linkages to these specified end use sectors.
- (B)** Administrative Ministries shall finalize the normative requirement, i.e. norms for coal consumption of the Industries / sub- sector under their Administrative Control and communicate the same to Ministry of Coal. In the event of norms for coal consumption not provided by the Administrative Ministries, the norms finalized by the coal companies shall be considered for the purpose of assessment of normative requirement. Coal companies viz. Coal India Limited / SCCL, to supply coal to the NRS specified end user coal consumers under the

specified end-use sub-sector linkage auctions to meet their full requirement as per the contractual terms & conditions of the coal companies.

Disclaimer: This document is not an agreement and is neither an offer nor invitation by the Ministry of Coal to the prospective bidders or any other person. The purpose of this document is to invite / solicit views or comments of the general public and stakeholders’.