



सत्यमेव जयते

No. FU-8/2015-IPC(Vol-V)  
Government of India  
(भारत सरकार)  
Ministry of Power  
(विद्युत मंत्रालय)

नई दिल्ली, १५ मार्च, २०२४  
New Delhi, 15<sup>th</sup> March, 2024

To,

1. Secretary, Ministry of Coal, New Delhi
2. The Chairperson, Central Electricity Authority, R.K. Puram, New Delhi
3. The Secretary, CERC, Chanderlok Building, Janpath, New Delhi
4. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs
5. Secretaries of all State Electricity Regulatory Commissions/JERCs
6. Chairman/CMDs of all PSUs under administrative control of Ministry of Power
7. CMDs/MDs of Discoms/Gencos of all State Governments
8. DG, Association of Power Producers (APP), New Delhi
9. DG, DCPA
10. CEO, PFCCL, New Delhi
11. CMD, CIL, Kolkata
12. CMD, SCCL
13. MD/CEO, IEX Ltd, New Delhi
14. MD/CEO, PXIL, Mumbai

**Subject : Methodology for allocation of coal as per provisions of Para B(viii)(a) of SHAKTI Policy of Ministry of Coal – regarding.**

Sir/Madam,

I am directed to refer to the subject mentioned above and to say that Ministry of Coal vide order no. CLD-23028/10/2018-CLD-Part(1) dated 08.11.2023 (copy enclosed) has amended Para B(viii)(a) of SHAKTI Policy, as under:

*“All such power plants including private generators which do not have PPAs, shall be allowed coal linkage under **SHAKTI** Policy for a period of minimum 3 months and upto a maximum of 1 year, provided further that the power generated through that linkage is sold through **any product in** power exchanges or in short term through a transparent bidding process through Discovery of Efficient Energy Price (DEEP) portal. A methodology in this regard shall be formulated by Ministry of Power, in consultation with Ministry of Coal.”*

2. In light of above, the methodology dated 06.04.2022 is modified and enclosed.

3. This issues with the approval of Hon'ble Minister of Power & NRE.

Encl: As above

Yours faithfully,

  
(Subhash Chand/सुभाष चंद)

Under Secretary to the Government of India  
अवर सचिव, भारत सरकार  
Ph./फोन: 23356938  
Email: s.chand72@gov.in

**@Endorsement**

No. FU-8/2015-IPC(Vol-V)

**Copy to:**

All JS/CE of Ministry of Power & Economic Advisor, Ministry of Power

**Copy for information to:** PS to Hon'ble Minister, PPS to Secy.(P), PS to JS(R&R), PS to JS(Thermal).

**Copy to: Technical Director, NIC:-** With a request to upload in Ministry of Power website under Current Notices.

  
(Subhash Chand/सुभाष चंद)

Under Secretary to the Government of India  
अवर सचिव, भारत सरकार  
Ph./फोन: 23356938  
Email: s.chand72@gov.in

**Methodology for allocation of coal as per provisions of Para B(viii)(a) of SHAKTI Policy of Ministry of Coal as per para 2.1(a) of MoP OM dated 08.03.2019**

- i. This methodology has been prepared by Ministry of Power in consultation with Ministry of Coal for allocation of coal to power plants for short term use as per the provision of Para B(viii) (a) SHAKTI policy.

**ii. Auction of Coal Linkages:**

Auction of coal linkages shall be carried out under three separate windows for auction of coal linkage under Para B(viii)(a) of SHAKTI Policy for delivery period of 3 months, 6 months and 12 months.

**iii. Identification of coal for auction:**

The Coal Companies (CIL/SCCL) will earmark areas/mines within their subsidiaries, which will be allocated for use as per these guidelines and publish the same on the e-auction websites, sufficiently in advance before each auction, indicating the quality of coal (GCV/Grade), the quantum of coal available/proposed for auction, period for which such coal shall be made available and the schedule for start of supply of coal.

**iv. Periodicity of auctions:**

Auctions for coal linkage under this methodology shall be carried out in three separate windows having a term period of 03 months, 06 months and 12 months to cater to the dynamic requirements and demand variations in short term and any product in power exchanges. Auctions under these three windows are required to be carried out at regular intervals. An annual calendar shall be published on Coal Companies website showing the months in which the auctions will be held. The expenses for conducting such auctions will be recovered by CIL.

**v. *Eligibility of Power plant for participation in auctions:***

All such power plants:

- i) which do not have Power Purchase Agreements (PPAs); or
- ii) having PPA(s) which is expiring within one month of date of EoI publication; or
- iii) having a PPA which has been signed but is not effective on the date of EoI publication and also not likely to be effective during the duration of coal supply,

shall be allowed to participate for auction of Coal Linkage for short term period (maximum upto one year) with conditions specified in this methodology.

Further, it is clarified that, the effective date of PPA, shall be the date of PPA adoption by appropriate Regulatory Commission or the date of commencement of power supply as per PPA, whichever is later.



**vi. Quantity of coal linkage to a power plant:**

*The quantity of Coal linkage which a plant may bid will be decided as per the heat rate, which shall not be more than 2600 kCal/kWhr for the untied capacity of the plant. The CEA will call for applications and publish a list of eligible plants/their heat rate/capacity. Coal linkage shall correspond to a quantity not exceeding the quantity of coal required to operate the untied capacity of the power plant at 85% PLF for the duration of coal linkage.*

**vii. Duration of coal linkage:**

CIL/SCCL may grant future coal linkages to Power Producers/ IPPs, eligible as per para(v) above, having commissioned capacities. Coal linkage shall correspond to the consumption of coal by the power plant for its running for a period of 3 months, 6 months and 12 months. Accordingly, the duration for which the coal would be available is given below:

<i>Auction Window</i>	<i>Lifting Period</i>	<i>Utilization Period</i>
<i>3 months</i>	<i>3 months</i>	<i>9 months</i>
<i>6 months</i>	<i>6 months</i>	<i>12 months</i>
<i>12 months</i>	<i>12 months</i>	<i>18 months</i>

*There are model FSA already available for various SHAKTI B(viii)(a) auction. The above duration may be captured in the model FSA suitably by CIL/SCCL. CIL/SCCL will upload model FSA which will be uniformly adopted across all coal companies and CIL/SCCL shall follow uniform practices across its coal subsidiaries.*

**viii. Allocation of coal linkage:**

The coal linkage shall be given under SHAKTI Policy dated 22.05.2017 issued by the Ministry of Coal and its subsequent amendments for the quantum of power for which capacity has already been commissioned and eligible as per para(v) above.

**ix. Methodology for Bidding:**

All such power producers/IPP's may participate in auction and bid for a premium above the notified price of coal by the coal companies. The methodology for bidding of linkages shall be similar to the bidding methodology in the policy on auction of linkages of Non-Regulated Sector dated 15.02.2016. As the coal is for short term and for sale of power through any product in the power exchange, the base price of coal should be the notified price of the coal by the coal companies.

**x. Agreement for coal supply:**

An agreement for supply of coal for sale of power in short term or power exchange shall be signed with the successful bidders after completion of the auction process.



**xi. Drawl of coal & Reconciliation:**

The generating station shall send monthly signed statements to CEA showing the quantum of coal drawn as per these rules along with the power generated and sold, and the balance coal stocks. In case, it is found that the coal has been diverted, the said generating station shall not be given coal under any policy for a period of three years. The generating company shall send a monthly financial statement to the principal debtors with a copy to CEA showing that the net surplus generated after meeting its operating expenses are being used for remitting its debt.

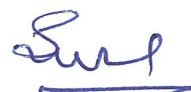
**xii. Use of power generated through allocated coal linkage:**

The power generated through use of the above coal linkage is to be sold as below:-

- a. Through any product, in power exchanges, set up as per regulations issued by Central Electricity Regulatory Commission or
- b. In Short Term through a transparent bidding process as per the Guidelines issued by Ministry of Power through Discovery of Efficient Energy Price (DEEP) portal. Ministry of Power vide OM dated 30.03.2016 had issued Guidelines for Procurement of Power for Short Term (i.e. for a period more than one day to one year) by Distribution Licensees through Tariff based bidding process using National e-Bidding portal. The same guidelines, as amended from time to time, shall be followed by Distribution Licensees for procurement of short term power under this methodology.

- xiii.** The mechanism issued by Ministry of Power vide OMs dated 05.08.2019 and as per the provision of B (viii) (a) of amended SHAKTI policy (i.e. net surplus after meeting the operating expenses generated in this manner shall be entirely used for servicing debt in the first place), shall be complied.

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No. CLD-23028/10/2018-CLD-Part(1)

Government of India

(भारत सरकार)

Ministry of Coal

(कोयला मंत्रालय)

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Shastri Bhawan,  
New Delhi, the 8<sup>th</sup> November, 2023

To

- i. Chairman-cum-Managing Director,  
Coal India Limited,  
Coal Bhawan, New Town,  
Rajarhat, Kolkata – 700156
- ii. Chairman-cum-Managing Director,  
Singareni Collieries Company Limited (SCCL),  
PB No. 18, Khairatabad, Hyderabad,  
Telangana

**Subject: Signing of Fuel Supply Agreement (FSA) with Letter of Assurance (LoA) holders of Thermal Power Plants – Fading Away of the existing LoA – FSA Regime and Introduction of a New More Transparent Coal Allocation Policy for Power Sector, 2017 – SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)**

Sir,

I am directed to refer to Ministry of Power O.M No. FU-8/2015-IPC (Vol-V) dated 27.09.2023 forwarding therewith Cabinet Secretariat O.M No. 521/1/9/2023-Cab dated 15.09.2023 vide which Cabinet Secretariat has advised Ministry of Power on its Note for the Cabinet Committee on Economic Affairs (CCEA) dated 17.08.2023 that the changes proposed in SHAKTI Policy Para B (viii) (a) are operational in nature, and therefore, the instant proposal does not require fresh consideration by the CCEA. Considering the advice of the Cabinet Secretariat and the request of Ministry of Power, Para B (viii) (a) of SHAKTI Policy stands amended as under:

"All such power plants including private generators which do not have PPAs, shall be allowed coal linkage under SHAKTI Policy for a period of minimum

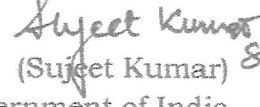


3 months and upto a maximum of 1 year, provided further that the power generated through that linkage is sold through any product in power exchanges or in short term through a transparent bidding process through Discovery of Efficient Energy Price (DEEP) portal. A methodology in this regard shall be formulated by Ministry of Power, in consultation with Ministry of Coal".

2. The above amendment in SHAKTI Policy is circulated to all concerned for further action. Coal India Limited and its subsidiaries and SCCL are advised to take further action accordingly.

This issues with the approval of Hon'ble Minister of Coal.

Yours faithfully,

  
(Sujeet Kumar) 8/11/2023

Under Secretary to the Government of India  
Tele. No. 011-23384112 / email - sujeet.kmr@nic.in

Copy to:

1. Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi
2. Secretary, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi
3. CEO, NITI Aayog, Yojana Bhawan, New Delhi
4. Chairman, Railway Board, Rail Bhawan, New Delhi
5. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi
6. Secretary, Department for Promotion of Industry & Internal Trade, Udyog Bhawan, New Delhi
7. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi
8. Secretary, Ministry of Chemicals and Fertilizers, Department of Fertilizers
9. Secretary, Ministry of Mines, Shastri Bhawan, New Delhi
10. Secretary, Department of Financial Services, Jeevan Deep Building, New Delhi



11. Prime Ministers Office, South Block, New Delhi
12. Cabinet Secretariat (Kind Attention: Shri S. G. P. Varghese, Joint Secretary), Rashtrapati Bhawan, New Delhi
13. Director (Marketing), Coal India Limited, Coal Bhawan, New Town, Rajarhat, Kolkata
14. ED/Coal Movement, SCCL, PB No. 18, Red Hills, Khairatabad, Hyderabad, Telangana
15. CMD, CMPDIL, Gondwana Place, Kanke Road, Ranchi, Jharkhand
16. Chairman, Central Electricity Authority, Sewa Bhawan, R.K Puram, New Delhi

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Chief Secretaries of all States / UTs

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4. PPS to Nominated Authority / AS (MN), Ministry of Coal
5. PPS to Additional Secretary, Ministry of Coal
6. PPS to Joint Secretary (CPD), Ministry of Coal
7. PPS to Joint Secretary & FA, Ministry of Coal
8. PS to Joint Secretary (BPP), Ministry of Coal
9. PS to Advisor (Projects), Ministry of Coal
10. PS to DDG, Ministry of Coal
11. PS to DS (CPD), Ministry of Coal

Copy to Director, NIC, Ministry of Coal – with the request to upload it on the website of Ministry of Coal

Surya