



**COAL INDIA LIMITED  
MARKETING & SALES**

Coal Bhawan, Premises No. 4 MAR, Plot no. AF-III,  
Action Area 1A, New Town, Rajarhat, Kolkata - 700 156  
E-mail: hodfsa.cil@coalindia.in  
Phone: 033 - 2324 6617 | Fax: 033 - 2324 4229

CIL/M&S/Power/224

**Dated: 08.05.2023**

To,  
The General Manager (s),  
ECL/ BCCL/ CCL/ NCL/ MCL/ SECL/ WCL

**Sub: Review of the Policy regarding Inter-Plant Transfer (IPT) of coal  
in terms of letter no. CPD-23011/72/2021-CPD dated 29.11.2022 from MoC**

Dear Sir(s),

Vide letter no. CPD-23011/72/2021-CPD dated 29.11.22, MoC had, inter alia, directed the following-

" ...  
Secondly, methodology dated 15.05.2018 of Ministry of Coal for linkage Rationalization of IPPs having linkages through allotment route provides that the IPPs approaching the coal companies for rationalization of coal linkages shall give an undertaking that the cost savings as calculated based on the formula shall be passed on to the discoms / buyers through a supplementary agreement which shall be approved by the appropriate regulatory commission. Therefore, drawing analogy from the rationalization policy dated 15.05.2018 for IPPs, Coal India Limited is requested to adopt a suitable mechanism to ensure that the benefits accrued to the coal consumers on account of IPT coal is passed on to the discoms / buyers."

The matter was placed before 450<sup>th</sup> meeting of Board of Directors of CIL held on 19.04.2023. Relevant extracts of the MoM of CIL Board meeting, received on 05.05.2023, are attached.

In terms of the same, following modalities for supply of coal under IPT has been approved-

- (i) Continuation of existing modalities for the consumers opting for IPT as below -
  - (a) Signing of an 'Amendment Agreement' between the Purchaser and the respective Coal Company as per CIL's letter dated 05.10.2016.
  - (b) Submission of documents by the Purchaser which establish common ownership amongst 'Transferee, and, Transferor' Plants.
  - (c) Submission of affidavit by the 'Transferee' Plant that coal supply beyond ACQ shall be used for serving long-term PPA(s)
- (ii) The Power Gencos opting for IPT shall be required to pass on the benefit of the reduced landed cost of coal to its discoms/ buyers which are buying power from it. The Power Gencos shall sign a supplementary agreement with the discoms/ buyers to ensure that the benefit of the reduced landed cost of coal is passed on to the consumers and the IPT policy of coal would be implemented only after the appropriate Electricity Regulatory Commission approved the supplementary agreement. Once the proposal is approved, the same shall be circulated for implementation with prospective effect and also Ministry of Coal would be informed about the same and would be requested to provide further advice, if any in the matter.

*Board also directed that 4 (four) months' time period shall be given to the existing Power Gencos for compliance with the above modality. Supplies to new customer under the IPT Policy shall be in line with the above revised modality.*

It is requested that existing Power Gencos availing supplies under IPT policy & new Power Gencos who intend to avail IPT facility, may be suitably notified/ informed by subsidiaries.

Encl.: As above

Yours sincerely,



(Vineet Singh)

CM (M&S) (FSA/ Linkage)

Copy for kind information to:

1. Director (Marketing), CIL
2. ED (M&L), CIL
3. GM (M&S- Commercial), CIL



Coal India Limited  
A MAHARATNA COMPANY  
Coal Bhawan, 3<sup>rd</sup> Floor, Core - 2  
New Town, Rajarhat, Kolkata- 700 156.  
PHONE: 033-2324-6526, FAX:033-2324-6510  
Email – [comsec2.cil@coalindia.in](mailto:comsec2.cil@coalindia.in)  
WEBSITE: [www.coalindia.in](http://www.coalindia.in)  
CIN – L23109WB1973GOI028844

Ref No.CIL:XI(D):04112:2023: 30374

Dated 5<sup>th</sup> May'2023

To  
ED (Marketing),  
Coal India Limited,  
Ground Floor, New Town,  
Rajarhat, Kolkata – 700 156.

Sub: Minutes of 450<sup>th</sup> CIL Board Meeting held on 19<sup>th</sup> April'2023.

Dear Sir,

Reproduced below is the relevant extracts from the minutes of 450<sup>th</sup> meeting of Board of Directors of Coal India Limited held on 19<sup>th</sup> April'2023 at Kolkata duly approved by Chairman, CIL with regard to the following item :

**“ITEM NO.450:4(H)**

**Sub: Review of the Policy regarding Inter-Plant Transfer (IPT) of coal in terms of letter no. CPD-23011/72/2021-CPD dated 29.11.2022 from MOC**

4.8 Director (Marketing) apprised the Board that the captioned proposal seeks review of the policy regarding Inter-Plant Transfer (IPT) of coal in terms of letter no. CPD-23011/72/2021-CPD dated 29.22.2022 from MoC. In this regard, Director (Marketing) apprised the Board as under :-

1. The directions, dated 29.11.22, from Ministry of Coal stated that methodology dated 15.05.2018 of Ministry of Coal for Linkage Rationalization of IPPs having linkages through allotment route provides that the IPPs approaching the coal companies for the rationalization of coal linkages shall give an undertaking that the cost savings as calculated based on the formula shall be passed on to the discoms/buyers through a supplementary agreement which shall be approved by the appropriate regulatory Commission. It further stated that drawing an analogy from the rationalization policy dated 15.05.2018 for IPPs, Coal India Limited is requested to adopt a suitable mechanism to ensure that the benefits accrued to the coal consumers on account of IPT coal is passed on to the discoms/buyers.
2. The relevant paras of the Linkage Rationalization policy of 2018 is as quoted. " .....The IPPs approaching the coal companies shall give an undertaking that the cost savings as calculated based on the formula shall be passed on to the discoms/buyers through a supplementary agreement which shall be approved by the appropriate Electricity regulatory Commission." It also stated "The Fuel Supply Agreement (FSA) of the rationalized source from any coal company would be signed/implemented only after the appropriate Electricity Regulatory Commission approves the supplementary agreement." A similar approach has also been mentioned in SHAKTI B(ii) linkages where the discount in tariff of the existing PPA is to be passed on to the consumer.

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3. It is, therefore, proposed that the existing modalities for the consumers opting for IPT may continue. In addition to the existing modalities, the following may be incorporated. "The power Gencos opting for the IPT shall be required to pass on the benefit of the reduced landed cost of coal to its discoms/buyers which are buying power from it. The Power Gencos shall sign a supplementary agreement with the discoms/buyers to ensure that the benefit of reduced landed cost of coal is passed on to the consumers and the IPT policy of coal would be implemented only after the appropriate Electricity Regulatory Commission approves the supplementary agreement."
4. This is in line with the recommendations of the Committee except that instead of obtaining a certificate on an annual basis from a Regulatory Commission, which the Regulatory Commissions may or may not issue on annual basis. The above proposal is also in line with the Linkage rationalization policy dated 15.05.2018 of Ministry of Coal.

After further deliberations, the Board approved the following modality for supply under IPT policy as brought out in the agenda note as under :-

- i. Continuation of existing modalities as under
- a) Signing of an 'Amendment Agreement' between the Purchaser and the respective coal company as per CIL's letter dated 05.10.2016.
  - b) Submission of documents by the Purchaser which establish common ownership amongst 'Transferee, and, Transferor, plants
  - c) Submission of affidavit by the 'Transferee' Plant that coal supply beyond ACQ shall be used for serving long-term PPA(s).
- ii. The Power Gencos opting for the IPT shall be required to pass on the benefit of the reduced landed cost of coal to its discoms/ buyers which are buying power from it. The Power Gencos shall sign a supplementary agreement with the discoms/ buyers to ensure that the benefit of reduced landed cost of coal is passed on to the consumers and the IPT policy of coal would be implemented only after the appropriate Electricity Regulatory commission approves the supplementary agreement. Once the proposal is approved, the same shall be circulated for implementation with prospective effect and also Ministry of Coal would be informed about the same and would be requested to provide further advice, if any in the matter.

Board also directed that 4 (four) months' time period shall be given to the existing Power Gencos for compliance with the above modality. Supplies to new customer under the IPT Policy shall be in line with the above revised modality."

This is for your information and to take necessary action please.

Yours faithfully,



(B.P. Dubey)

GM (Company Secretary)

C.C. to Director (Marketing), CIL – For information.