



**COAL INDIA LIMITED  
MARKETING & SALES**

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Ref. No.: CIL/M&S/Bridge Linkage/314

01.07.2023

To,  
The General Manager /HOD(M&S),  
ECL/ BCCL/ CCL/ NCL/ WCL/ SECL/ MCL

**Sub: Pricing of coal under Bridge Linkage/Extended Period of Bridge Linkage**

Dear Sir,

In terms of the recommendation of 283<sup>rd</sup> meeting of CIL CFDs, CIL Board in its 443<sup>rd</sup> meeting held on 15<sup>th</sup> June, 2022 had accorded approval regarding price to be applicable for the plants where coal is being supplied under Bridge Linkage/ Extended Period of Bridge Linkage, as under: -

1. 40% flat premium over and above notified price across all grades may be charged in all the cases of Bridge Linkages/Extension of Bridge Linkages both for power and non-power sectors.
2. This premium is applicable for all existing as well as future cases of Bridge Linkages/extension of Bridge Linkages.
3. This premium is applicable from the 1<sup>st</sup> June 2022.

Board had further desired that an analysis of such supplies under bridge linkage system, premium to be levied etc. may be placed for its review and consideration after 4 months period.

The recommendations made during 310<sup>th</sup> meeting of CIL CFDs held on 26.6.2023 {circulated vide letter dated 27.6.2023 (copy enclosed)} were placed before the meeting of 454<sup>th</sup> CIL Board held on 28.6.2023 (Copy of the minutes circulated on 30.06.2023 attached). The operating part of the decision of CIL Board dated 28.6.2023 is reproduced below:

**Quote:**

***After further deliberations and taking into considerations the recommendations of the CFDs, the Board accorded approval for the following proposal as brought out in the agenda note:***

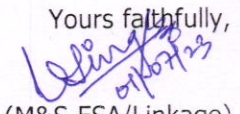
- I. The premium under Bridge Linkage be aligned with other types of linkages and kept at 40% flat without any add-on year on year.***
- II. The above flat premium of 40% is also to be applicable to the supply of commissioning coal under bridge linkage to the power plants.***
- III. The above principles for charging the premium shall be effective from 01.06.2022 as approved by 443<sup>rd</sup> CIL Board at its meeting held on 1<sup>st</sup> June '22.***

**Unquote:**

Therefore, in supersession to earlier guidelines issued in respect of the captioned issue, subsidiaries are requested to ensure compliance of the aforesaid decision taken in the 454<sup>th</sup> CIL Board meeting held on 28.6.2023.

Encl.: As above

Yours faithfully,

  
HoD/Chief Manager (M&S-FSA/Linkage)

Copy to:

1. Director (Marketing)
2. Director (In Charge M&S), ECL / BCCL / CCL / NCL / WCL / SECL / MCL
3. Executive Director (Co-Ord), TS to Chairman, CIL
4. Executive Director (Marketing & Logistics), CIL
5. General Manager (M&S/Sales Operation), CIL
6. HOD/F (M&S), CIL



Coal India Limited  
A MAHARATNA COMPANY  
Coal Bhawan, 3<sup>rd</sup> Floor, Core - 2  
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CIN – L23109WB1973GOI028844

Ref No.CIL:XI(D):04112:2023: 30672

Dated 30<sup>th</sup> June'2023

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

Sub: Minutes of 454<sup>th</sup> CIL Board Meeting held on 28<sup>th</sup> June'2023.

Dear Sir,

Reproduced below is the relevant extracts from the minutes of 454<sup>th</sup> meeting of Board of Directors of Coal India Limited held on 28<sup>th</sup> June'2023 at Kolkata duly approved by Chairman, CIL with regard to the following item :

**“ITEM NO.454:4(J)**

**Sub: Pricing of coal under bridge linkage/extended period of bridge linkage**

- 4.10 In respect of the captioned proposal, Director (Marketing) informed that the Board at its 443<sup>rd</sup> Meeting held on 15<sup>th</sup> June'22 inter alia, had accorded approval for the following recommendations of the CFDs meeting:
- 40% flat premium over and above notified price across all grades may be charged in all the cases of Bridge Linkages/Extension of Bridge Linkages both for power and non-power sectors.
  - This premium is applicable for all existing as well as future cases of Bridge Linkages/extension of Bridge Linkages.
  - This premium is applicable from 1<sup>st</sup> June 2022.

Board also desired that an analysis of such supplies under bridge linkage system, premium to be levied etc. may be placed for its review and consideration after 4 months period.

In this regard, Director (Marketing) further informed the Board as under:-

- As per the directions of 443<sup>rd</sup> Board, an analysis of supplies under bridge linkage system, premium to be levied etc. was to be placed for its review & consideration after 4 months. Pending review by CIL Board, implementation of CFDs decision is still pending.

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- ii. For the FY 2022-23 and 2023-24, premium is 90% and 100% respectively in most of the cases while up to FY 2021-22, it was 40%.
- iii. The maximum ceiling for charging premiums under various types of linkage schemes are as under:

Scheme	Maximum Premium / Performance Incentive
Power Sector FSAs (except auction route FSA)	40%
Non-linked plant of GENCOs under FLEXI mechanism	40%
Premium Linkage	40%
Auction route FSAs {NRS, B(ii), B(iii) & B(viii) (a)}	Not applicable, supplies limited only up to 100% of ACQ.

- iv. Therefore, in case of coal supplies to power sector, higher premium increases the cost of coal which is ultimately passed on to the consumers in terms of increased energy rate. After the decision of 283<sup>rd</sup> CFDs to charge 40% premium on bridge linkage had been conveyed, several representations from consumers like Mahagenco etc were received stating that is causing an increase in generating cost and putting burden on the consumers on account of increase in energy rate and requesting not to levy 40% premium to safeguard the interests of electricity consumers.
- v. In FY 22-23, as per directions of MoC, CIL supplied coal to WBPDC under the Premium Linkage scheme. The premium linkage is for plants that were allotted coal blocks and the blocks have started production. These plants do not have any eligible quantity of coal to be supplied as per FSAs with CIL. In a similar manner, coal is being supplied under bridge linkage (when there is no eligible quantity under linkage FSAs of CIL) to State/ Central Govt. plants for producing electricity. It thus appears that bridge linkage cases are similarly placed to those under Premium linkage where the premium being charged is 40%.

After further deliberations and taking into considerations the recommendations of the CFDs, the Board accorded approval for the following proposal as brought out in the agenda note:

- i. The premium under Bridge Linkage be aligned with other types of linkages and kept at 40% flat without any add-on year on year.
- ii. The above flat premium of 40% is also to be applicable to the supply of commissioning coal under bridge linkage to the power plants.

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- iii. The above principles for charging the premium shall be effective from 01.06.2022 as approved by 443<sup>rd</sup> CIL Board at its meeting held on 1<sup>st</sup> June' 22."


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.

<p>कोल इण्डिया लिमिटेड कंपनी सचिवालय 3 तल्ला, कोर-2, प्रेमिसेस-04-एमआर, प्लॉट-ए एफ-III, एक्शन एरिया-1A, न्यूटाउन, रजरहट, कोलकाता-700156, फोन 033-23246526, ईमेल: comsec2.cil@coalindia.in वेबसाइट: <a href="http://www.coalindia.in">www.coalindia.in</a> सी आई एन - L23109WB1973GOI028844</p>	 एक महारत्न कंपनी <b>A Maharatna Company</b>	<p><b>Coal India Limited Company Secretariat</b>  Regd. Office: 3rd floor, Core-2  Premises no-04-MAR, Plot no-AF-III,  Action Area-1A, Newtown,  Rajarhat, Kolkata-700156  PHONE: 033-2324-6526.  E-MAIL: <a href="mailto:comsec2.cil@coalindia.in">comsec2.cil@coalindia.in</a>  WEBSITE: <a href="http://www.coalindia.in">www.coalindia.in</a>  CIN- L23109WB1973GOI028844</p>
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Ref. No.CIL:XI(D):04135:2023: 30626.

Dated 27<sup>th</sup> June'2023

To  
Shri Sujay Halder,  
GM(M&S)  
Coal India Limited,  
Ground Floor, New Town,  
Rajarhat, Kolkata-700156.

Sub: -Minutes of 310<sup>th</sup> CFDs Meeting held on 26<sup>th</sup> June'2023

Dear Sir,

Reproduced below is the relevant extracts from the minutes of 310<sup>th</sup> Committee of Functional Directors Meeting of Coal India Limited held on 26<sup>th</sup> June'2023 at CIL (H/Q), Kolkata with regard to the following item:

**ITEM NO.310.32**

**Sub: Pricing of coal under Bridge Linkage/ extended Period of Bridge Linkage.**

310.32 Director (Marketing) informed the CFDs as under:

1. The pricing of coal supplied under Bridge Linkage/Extended Period of Bridge Linkage was deliberated in the 443<sup>rd</sup> Meeting of the CIL Board held on 15<sup>th</sup> June 22.
2. As recommended by Standing Linkage Committee (Long Term) was put up before 283<sup>rd</sup> CIL CFDs meeting held on 7<sup>th</sup> June 2022. CFDs after detailed deliberations, recommended the following for consideration of the Board: -

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- a. 40% flat premium over and above notified price across all grades may be charged in all the cases of Bridge Linkages/Extension of Bridge Linkages both for power and non-power sectors.
- b. This premium is applicable for all existing as well as future cases of Bridge Linkages/extension of Bridge Linkages.
- c. This premium is applicable from the 1st June 2022.

Board during the course of deliberations observed that there is a need to keep a high premium for such supplies under bridge linkage system so that the said customers are incentivized to operationalize the coal mines/blocks allocated to them.

In view of the above, Board after detailed deliberations accorded its approval to the proposal as recommended by CFDs as above. Board also desired that an analysis of such supplies under bridge linkage system, premium to be levied etc. may be placed for its review and consideration after 4 months period.

Director (Marketing) further informed the CFDs that after receiving feedback from subsidiaries/ stakeholders, the following points have come to the notice:

- a. As per the directions of 443<sup>rd</sup> board, an analysis of supplies under bridge linkage system, premium to be levied etc. was to be placed for its review & consideration after 4 months. Pending review by CIL Board, implementation of above CFDs decision is still pending.
- b. Bridge linkage(s) are provided based on recommendations of SLC (LT) to the specified end-use plants of State and Central Gencos to whom coal block have been allotted. Hence, the beneficiaries are State/Central entities only.
- c. Extensions of bridge linkages is considered/ approved by SLC (LT) based on representations by Project Proponent of the coal block. Under Allotment Agreement, parameters such as conditions beyond Project Proponents' control as also issues such as notification of prospecting license, delay in preparation of GR, mining lease application/ notification, mining plan and its approval, forest/ environment clearance application and its approval, application/ grant of opening permission, schedule of

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production/ reaching rated capacity and synchronization with EUP is considered to arrive at percentage of appropriation of Performance Security in proportion to the failure/ delay in completion of the timelines mentioned under Efficiency Parameters. Efficiency parameters of allotted coal mines have relaxed timelines for land acquisition, escrow account, opening permission. It may thus be seen that to incentivize operationalization of coal block, provisions are already in place in the mine allotment agreement.

- d. It may be noted that for FY 2022-23 and 2023-24, premium is 90% and 100% respectively in most of the cases while up to FY 2021-22, it was 40%.
- e. The maximum ceiling of premium under different schemes is as below:

Scheme	Maximum Premium/ Performance Incentive
Power Sector FSAs (other than auction route FSA)	40%
Non-linked plant of GENCOs under FLEXI mechanism	40%
Premium Linkage	40%
Auction route FSAs {NRS, B(ii), B(iii) & B(viii)(a)}	Not applicable, supplies limited only up to 100% of ACQ

- f. Therefore, in case of coal supplies to power sector, higher premium increases the cost of coal which is ultimately passed on to the consumers in terms of increased energy rate. It may be pointed out that after the decision of 283<sup>rd</sup> CFDs to charge 40% premium on bridge linkage had been conveyed, several representations from consumers like Mahagenco were received stating that it is causing an increase in generating cost & putting a burden on the consumers on account of increase in energy rate & requesting not to levy 40% premium to safeguard the interests of Electricity Consumers.

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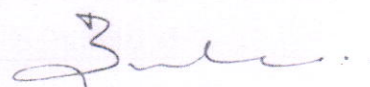
- g. It is also pertinent to mention that in FY 22-23, as per directions of MoC, CIL supplied coal to WBPDCCL under the Premium Linkage scheme. The premium linkage is for plants that were allotted coal blocks and the blocks have started production. These plants do not have any eligible quantity of coal to be supplied as per FSAs with CIL. In a similar manner, coal is being supplied under bridge linkage (when there is no eligible quantity under linkage FSAs of CIL) to State/ Central Govt. plants for producing electricity. It thus appears that bridge linkage cases are similarly placed to those under Premium linkage where the premium being charged is 40%.

After detailed deliberations, CFDs recommended the proposal as brought out in the agenda note for consideration & approval of CIL Board:

- i. The premium under Bridge Linkage be aligned with other types of linkages and kept at 40% flat without any add-on year on year.
- ii. The above flat premium of 40% is also to be applicable to the supply of commissioning coal under bridge linkage to the power plants.
- iii. The above principles for charging the premium shall be effective from 01.06.2022 as approved by 443<sup>rd</sup> CIL Board in its meeting held on 15<sup>th</sup> June'22.

This is for your information and taking necessary action please.

Yours faithfully,



(B.P. Dubey)  
Company Secretary

CC to:-Director (Marketing), CIL.