

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:2571

ANSWERED ON:22.07.2009

FUEL SUPPLY AGREEMENT

Ponnam Shri Prabhakar; Rao Shri Sambasiva Rayapati

Will the Minister of COAL be pleased to state:

(a) whether the Coal India Limited (CIL) has signed any Fuel Supply Agreement(FSA) with the power utilities during the last three years and the current year;

(b) if so, the details thereof including the salient feature of the Agreement?

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL (INDEPENDENT CHARGE) AND MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (SHRI SRIPRAKASH JAISWAL)

(a) & (b): Coal India Limited/coal companies are required to conclude Fuel Supply Agreements with all consumers under the provisions of New Coal Distribution Policy notified by the Government in October, 2007. Coal companies under Coal India Ltd have concluded Fuel Supply Agreements with some existing power utilities and are in the process of concluding Fuel Supply Agreements with the remaining existing power utilities. The salient features of the Fuel Supply Agreements are given below:

(a) the Fuel Supply Agreements to be made effective from 1.4.2009;

(b) the tenure of Fuel Supply Agreement will be for a period of 20 years or till the life of the power stations, whichever is earlier, with a provision for review after every 5 years;

(c) the committed supply by coal companies/lifting by consumers has been fixed at 90% of Annual Contracted Quantity (ACQ). Supplies beyond 90% of ACQ are to get incentives in slabs from 90% to 95%, 95% to 100% and beyond 100%. Similarly, equal penalties are to be imposed on coal companies for supplies below 90% in slabs from 90% to 85%, 85% to 80% and below 80%.