

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:3981
ANSWERED ON:05.09.2012
FUEL SUPPLY AGREEMENT
Thamaraiselvan Shri R.

Will the Minister of COAL be pleased to state:

- (a) whether independent directors of Coal India Limited (CIL) have felt that adequate safeguards would need to be put in place before CIL undertakes imports to meet its commitment of supplying 80 per cent of the annual contracted quantity;
- (b) if so, the details thereof;
- (c) whether linkages were on the basis of 85 per cent Plant Load Factor (PLF); and
- (d) if so, the responsibility of CIL in the event of a shortfall on account of spurt in PLF?

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL (SHRI PRATIK PRAKASHBAPU PATIL)

(a)&(b): The Coal India Limited (CIL) has reported that the Board of Directors of CIL, while acknowledging the need for import of coal in order to meet the supply commitments at the trigger level of 80% of the Annual Contracted Quantity (ACQ) for power utilities, has observed that the following safeguards need to be put in place before undertaking imports:-

(i) power utilities using imported coal should agree for back to back arrangement with importing agencies and deposit 100% of the payable amount in advance against the requisitioned quantity

(ii) the FSA model should incorporate a suitable clause to the effect that any failure on the part of the Railways, Ports and/or power utilities in respect of import of coal would be considered as Force Majeure.

(c): Yes, Sir. The normative requirement of the power plants is being worked out on the basis of the coal requirement norms suggested by Ministry of Power (MOP), wherein Plant Load Factor (PLF) is considered to be 85%. The linkage/letters of assurance (LOAs) are issued for the quantity of coal worked out on the basis of such normative requirement.

(d): The responsibility of CIL is limited to supply coal to the extent of the quantity mentioned in the linkage/LOA, which becomes ACQ in the Fuel Supply Agreements.