

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1710

ANSWERED ON:04.12.2012

MOU ON COAL SUPPLY

Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Reddy Shri Magunta Srinivasulu; Yadav Shri Dharmendra; Yaskhi Shri Madhu Goud

Will the Minister of COAL be pleased to state:

- (a) whether the Coal India Limited (CIL) has signed any Memorandum of Understanding (MoU) with the Ministry of Power for supply of coal to power plants commissioned during 2011-12 and 2012-13 (upto June 30);
- (b) if so, the details of coal supplied thereunder;
- (c) the present model of coal supply being followed along with the reasons for not following the 2009 model;
- (d) whether there is a tussle between the Ministry of Coal and the Ministry of Power on the issue of coal supply to power plants; and
- (e) if so, the details and reasons therefor along with the steps being taken by the Government/CIL to resolve the issue?

Answer

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

(a) & (b): Coal India Limited (CIL) has not signed any Memorandum of Understanding (MOU) with Ministry of Power (MoP)/Central Electricity Authority (CEA). However, as an interim arrangement, subsidiary coal companies of CIL have been entering into short-term MOU with power stations commissioned after 31.3.2009, which are unwilling to sign the applicable model Fuel Supply Agreement (FSA), for supply of coal on 'best effort basis' as per the allocation made by CEA. The quantity dispatched through these MOUs from CIL sources is as under:

(In lakh tonnes)

Period	MOU Quantity	Despatch Quantity
2011-12	203.6	150.8
April-June, 2012	58.2	46.1

(c): On the basis of the Presidential Directive, CIL has now offered supply of coal on modified FSA model for power plants commissioned after 31.3.2009 wherein the trigger level for penalty has been set at 80% of the Annual Contracted Quantity (ACQ) and the tenure of the FSA has been modified to 20 years. Only those power stations which have either signed Power Purchase Agreement (PPA) with DISCOMs directly or through power trading companies having back to back agreement with DISCOMs are entitled for coal supplies under the revised FSA model.

Considering the wide gap between the commitment and indigenous availability of coal for supply to power plants and considering the technical difficulties of old power plants to use more imported coal, with the recommendations of the MoP, a dispensation was made in the FSA model for power stations commissioned prior to 31.3.2009. Therefore, the same facility cannot be extended to power stations commissioned after 31.3.2009.

(d) & (e): No, sir. However, a continuous dialogue has been going on between the Ministry of Coal and Ministry of Power for a resolution on some of the clauses of the model FSA.