

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1733
ANSWERED ON:04.12.2012
FUEL SUPPLY AGREEMENT
Deo Shri Kalikesh Narayan Singh;Kumar Shri P.

Will the Minister of COAL be pleased to state:

- (a) the details of power plants that have signed Fuel Supply Agreement (FSA) with Coal India Limited (CIL), so far;
- (b) the total quantity of coal that CIL is obliged to supply through FSAs;
- (c) the rate of production growth that CIL would have to achieve in order to meet the estimated demand without incurring penalty and diversion of e-auction coal;
- (d) whether this projection is not realistic considering that CIL's production growth rate between 2010-12 was 1%;
- (e) whether the diversion of e-auction coal to meet FSA requirements would reduce CIL's profitability; and
- (f) if so, the estimated loss at various production growth rates and if not, the reasons therefor?

Answer

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

(a): The power station-wise details of Fuel Supply Agreements (FSAs) signed by the subsidiary coal companies of Coal India Limited (CIL) with the Thermal Power Plants (TPPs) commissioned upto 31.3.2009 and with the TPPs commissioned after 31.3.2009 are at Annexures I & II respectively.

(b): As on 30.09.2012, the total obligation of coal supply under FSA from CIL sources is 303.810 MTPA in respect of TPPs commissioned upto 31.3.2009 and 107.69 MTPA in respect of other than power utility sectors. Besides this, as on date, Letters of Assurance (LOAs) have been issued to the extent of 426 MTPA for power utilities to be commissioned after 31.3.2009 and 8.4 MTPA for other than power utility sectors which could be ultimately culminating to FSA.

Ministry of Coal (MOC) vide its letter dt.17.02.2012 had conveyed directions to CIL regarding conclusion of FSA in respect of TPPs commissioned on or after 31.3.2009 and upto 31.3.2015, alongwith the list of such TPPs as furnished by Central Electricity Authority (CEA), for coal supply during the 12th Plan period. Under this dispensation, the obligation of coal supply under FSA from CIL sources works out to 280.03 MT for 2016-17.

Based on the above, the total obligation of CIL for supply under FSA works out as under:

Scenario-A : 699.93 MT, assuming that LOAs of only those TPPs listed in MOC letter dt.17.02.2012 fructify into FSA and all existing LOAs fructify for other than power utility sector.

Scenario-B : 845.90 MT, assuming that all the existing LOAs fructify into FSAs in due course of time, both for power utility as well as other than power utility sectors.

(c)&(d): The Compounded Annual Average Growth Rate (CAGR) in production of CIL over their production in 2011-12 works out to 7.5% for Scenario-A and 11.6% for Scenario-B. CIL has informed the Planning Commission that the optimistic production possible from CIL sources in 2016-17 based on timely statutory clearances and land acquisition for various upcoming coal projects would be 615 MT with a CAGR of 7.1% over their production in 2011-12. Under the revised FSA model agreement, CIL has proposed to meet the deficit through imports which is as per the provisions of New Coal Distribution Policy.

(e)&(f): Yes, sir. However, the question of estimation of loss does not arise as the price of coal sold under e-auction is market-driven and varies with every auction whereas coal is supplied under FSA at the notified prices of CIL. The same needs also to be viewed from the prospective of higher power generation on account of additional coal being supplied under FSA.