

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1273
ANSWERED ON:13.08.2013
TARIFF BASED COMPETITIVE BIDDING
Kumar Shri P.

Will the Minister of COAL be pleased to state:

- (a) whether it is true that according to the new draft rules, coal/lignite blocks for generation of power will be allocated on tariff based competitive bidding;
- (b) if so, the details thereof
- (c) whether the power plants will have to enter into long term Power Purchase Agreement with the distribution companies; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE FOR COAL (SHRI PRATIK PRAKASHBAPU PATIL)

(a) & (b) : In exercise of the powers conferred by clause (d) of sub-section (2) of Section 13 of the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the Central Government notified the 'Auction by Competitive Bidding of Coal Mine Rules, 2012' on 02.02.2012. As per rule 5 of these Rules, the procedure for allocation of area containing coal to a company or corporation awarded a power project on the basis of competitive bids for tariff is given below :-

(1) The Central Government shall, -

(a) identify area containing coal for allocation to a company or corporation awarded a power project on the basis of a competitive bids for tariff as mentioned in the clause (b) of proviso to section 11A of the Act for the purpose of obtaining reconnaissance permit, prospecting licence or mining lease from the State Government;

(b) fix a reserve price for each area specified in clause (a);

(c) circulate to the State Governments and the Ministry of Power of the Central Government a list of the areas in clause (a) for inviting applications from eligible Government Companies/Corporations for allocation.

(2) The applications received shall be considered in consultation with the concerned State Governments and the Ministry of Power of the Central Government.

(3) The Central Government thereafter shall earmark the area containing coal to the selected State Governments for allocation to the company or corporation awarded a power project on the basis of competitive bids for tariff.

(4) The State Governments shall select a company or corporation on the basis of competitive bids for tariff and recommend for allocation of area containing coal to such company or corporation.

(5) The area containing coal shall be allocated to the selected company or corporation.

(c) & (d) : The Power Purchase Agreements are required to be entered into under and in accordance with the provisions of the Electricity Act, 2003.