

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

UNSTARRED QUESTION NO:3269  
ANSWERED ON:11.02.2014  
POWER PURCHASE AGREEMENT  
Ahir Shri Hansraj Gangaram

**Will the Minister of COAL be pleased to state:**

- (a) whether the Government has received any recommendations from the Ministry of Power for a purchase agreement for coal block allocation to it;
- (b) if so, the details thereof;
- (c) the present status of the said recommendations; and
- (d) the time by which the agreement is likely to be finalised between the Ministries?

**Answer**

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

(a) to (d) Based on the suggestion received from Ministry of Power, the Chief Secretaries of Coal/Lignite bearing State Governments have been requested vide Ministry of Coal's letter dated 26.08.2013 to incorporate the condition in the mining lease of coal blocks allocatees of power sector (Independent Power Producers) that they shall sell power from their notified end use plant(s) to the State distribution companies/State nominated agencies through competitive bidding and enter into long term Power Purchase Agreement (PPA) else their coal block may be de-allocated. The following time lines have been prescribed in this regard to be adhered to by the allocatee:-

"(a) The coal block allocatee, whose end use plant is already commissioned or likely to get commissioned in next 18 months' time and where coal production has commenced or likely to commence in near future, need to get into long term PPA with the DISCOMS/ State designated agencies within 18 months from the date of issue of direction in this regard by Ministry of Coal failing which permission to mine the coal block may be withdrawn/ suspended.

(b) The coal block allocatee whose coal block(s) is yet to come into production, should similarly sign long term PPA with the DISCOMS/State designated agencies at least 6 months prior to the commissioning of their notified end use plants, failing which the permission to mine the coal block, if given earlier may be withdrawn/ suspended."

The above directions were issued in consultation with Ministry of Power and Ministry of Law & Justice.