

**GOVERNMENT OF INDIA  
COAL  
LOK SABHA**

STARRED QUESTION NO:349

ANSWERED ON:13.08.2015

Fuel Supply Agreements

Rao (Avnithi) Shri Muthamsetti Srinivasa

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

- (a) whether the Fuel Supply Agreements (FSAs) entered into by Coal India Limited (CIL) with various entities are based on quantity or calorific value of coals, if so, the details thereof;
- (b) whether CIL was urged to sign FSAs with power utilities to the tune of 78,000 MW capacity, if so, the present status of FSAs signed and those remaining along with the reasons therefor;
- (c) whether FSA between CIL and the National Thermal Power Corporation Limited has been kept in abeyance over calorific value of coal and if so, the details thereof;
- (d) the reasons for adopting calorific value measurement for FSAs; and
- (e) whether the Government is taking adequate steps to improve the quality of coal including calorific value and if so, the details thereof?

**Answer**

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER AND NEW AND RENEWABLE ENERGY  
(SHRI PIYUSH GOYAL )

A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Q.No.349 for answer on 13.08.2015 asked by SHRI MUTHAMSETTI SRINIVASA RAO (AVANTHI).

(a): As per New Coal Distribution Policy (NCDP), 2007, Standing Linkage Committee (Long-Term) [SLC (LT)] is authorized to recommend the Letters of Assurances (LOAs) for supply of coal. Based on the SLC (LT)'s recommendation, so far 177 LOAs have been issued to various power plants (Central/State Government Sector) as well as IPPs (Independent Power Producers i.e. private companies) covering capacity of approximately 1,08,000 MW.

For Power Utilities commissioned prior to 2009, FSAs were signed based on the quantity allocated by Central Electricity Authority (CEA) out of 306 Million Tonne. For Pre-NCDP existing consumers other than power utilities, FSAs were signed based on 75% of the Maximum Permissible Quantity (MPQ). For post 2009 Power Utilities, LoA quantity was based on calorific value of coal.

(b): Out of the 1,08,000 MW capacity, the competent authority in 2013 had approved signing of Fuel Supply Agreements (FSAs) in respect of 78,535 MW capacity power plants which were already commissioned by then or were likely to be commissioned by 31.03.2015. Out of the 78,535 MW, FSAs for an aggregate capacity 74,275 MW have been executed by the subsidiaries of CIL. Another 1750 MW are eligible for supply under Memorandum of Understandings (MoUs), FSAs for 2560 MW could not be signed till date due to various reasons such as clarification on tapering linkage, approval for change of name of the Company, refusal of company to sign cost plus agreement and clarification on block allocation.

(c): No, Madam.

(d): Gross Calorific Value for grading and pricing of coal supplied under FSAs was adopted with effect from 01.01.2012 vide Gazette Notification dated 30.12.2011 in order to align the system with the International practices.

(e): As per available information, the subsidiary coal companies of CIL are supplying the requisite quality and quantity of coal to all power stations under FSA. In terms of FSA, Joint Sampling/ Third Party Sampling and analysis facilities at loading ends are provided to the power utilities for assessment of quality of coal jointly by the buyer and the seller and payment is made by the buyers as per the quality of coal so assessed and thereby loading of proper quality coal to the power plants is ensured and taken care of. All other FSA holders, having annual contractual quantity of 4 lakh tonne and above per annum are also provided with the same facility of Joint Sampling/ Third Party Sampling at loading end.

The inherent ash content in coal seams cannot be ruled out. This is due to unique geo-mining factors of coal seams in India. As coal is heterogeneous in nature, some naturally occurring extraneous material may go along with the raw coal being supplied for which provision for compensation is kept in the FSA. The subsidiary coal companies of CIL are also putting their best efforts to segregate / remove the foreign bodies present in the coal seams.

In order to produce better quality of coal and also to improve the quality of coal including the calorific value of coal to satisfy the customers, CIL and its subsidiaries / coal companies are adopting various steps including:-

- i) Participation of consumer representative in Joint Sampling/ Third Party Sampling and analysis of coal with consumers, based on which consumers are provided with the facility of adjustment of payment against coal value.
- ii) Selective mining by Surface Miner in opencast mine and Continuous Miner in underground mine for elimination of bands wherever necessary /feasible.
- iii) Appropriate positioning of OB and coal benches to avoid contamination.
- iv) Scrapping/cleaning of coal benches before blasting.

- v) Installation of metal detectors / magnetic separators over running conveyors before coal loading.
- vi) Crushing arrangement are also provided for supply of sized coal for better consumer satisfaction
- vii) All the major projects having high capacity coal handling plants dispatch sized and uniform quality of coal to suit the requirement of the consumers.
- viii) CIL has planned to set up 15 new washeries.

\*\*\*\*\*