

**Modifications in the FSA provisions (including tapering FSAs) for New Power plants for implementing the Presidential directives dated 17-7-2013.**

Implementing the Presidential directives dated 17-7-2013.		
Clause No.	Existing Provisions	Modified Provisions
Cover Page	Not existing	
(PPU Model)		
(Both for Tapering & Non Tapering Models)		

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Clause No.	Existing Provisions					Modified Provisions				
	If for a Year, the Level of Delivery by the Seller, or the Level of Lifting by the Purchaser falls below ACQ with respect to that Year, the defaulting Party shall be liable to pay compensation to the other Party for such shortfall in Level of Delivery or Level of Lifting, as the case may be (" <b>Failed Quantity</b> ") in terms of the following:					If for a Year, the Level of Delivery by the Seller, or the Level of Lifting by the Purchaser falls below ACQ with respect to that Year, the defaulting Party shall be liable to pay compensation to the other Party for such shortfall in Level of Delivery or Level of Lifting, as the case may be (" <b>Failed Quantity</b> ") in terms of the following:				
	Source	Percentage of Penalty for the failed quantity (at the rate of weighted average of Base Prices of Grades of coal supplied)				Source	Percentage of Penalty for the failed quantity (at the rate of weighted average of Base Prices of Grades of coal supplied)			
3.6.1 (SEB)		Level of Delivery / Lifting of Coal in a Year	2012-13, 2013-14 & 2014-15	2015-16	2016-17 onwards		Level of Delivery / Lifting of Coal in a Year	2012-13, 2013-14 & 2014-15	2015-16	2016-17 onwards
4.6.1 (PPU)	Imported + Domestic Qty	Below 100% but up to 80% of ACQ	NIL	NIL	NIL	Imported + Domestic Qty	Below 100% but up to 80% of ACQ	NIL	NIL	NIL
(Both for Tapering & Non Tapering Models)	Applicable for Imported Coal Only	Below 80% but up to 75% of ACQ	0-1.5	0-1.5	0-1.5	Applicable for Imported Coal Only	Below 80% but up to 75% of ACQ	0-1.5	0-1.5	0-1.5
		Below 75% but up to 70% of ACQ			-		Below 75% but up to 67% of ACQ			-
		Below 70% but up to 65% of ACQ		-	-		Below 67% but up to 65% of ACQ		-	-



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Clause No.	Existing Provisions					Modified Provisions				
	Source	Percentage of Penalty for the failed quantity (at the rate of weighted average of Base Prices of Grades of coal supplied)				Source	Percentage of Penalty for the failed quantity (at the rate of weighted average of Base Prices of Grades of coal supplied)			
		Level of Delivery / Lifting of Coal in a Year	2012-13, 2013-14 & 2014-15	2015-16	2016-17 onwards		Level of Delivery / Lifting of Coal in a Year	2012-13, 2013-14 & 2014-15	2015-16	2016-17 onwards
	Applicable for Domestic Coal	Below 75% but up to 70% of ACQ	-	-	0-5	Applicable for Domestic Coal	Below 75% but up to 70% of ACQ	-	-	0-5
		Below 70% but up to 65% of ACQ	-	0-5	5-10		Below 70% but up to 67% of ACQ	-	-	5-10
		Below 65% but up to 60% of ACQ	0-5	5-10	10-20		Below 67% but up to 65% of ACQ		0-2	
		Below 60% but up to 55% of ACQ	5-10	10-20	20-40		Below 65% but up to 60% of ACQ	0-5	2-7	10-20
		Below 55% but up to 50% of ACQ	10-20	20-40			Below 60% but up to 55% of ACQ	5-10	7-20	20-40
		Below 50% of ACQ	20-40				Below 55% but up to 50% of ACQ	10-20	20-40	
							Below 50% of ACQ	20-40		

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Clause No.	Existing Provisions	Modified Provisions
3.6.2 (SEB)	The penalty payable shall be computed in the same manner as done slab-wise for computation of income-tax. However, unlike income tax, the percentage of compensation shall grow on linear basis within each slab	The penalty payable shall be computed in the same manner as done slab-wise for computation of income-tax. However, unlike income tax, the percentage of compensation shall grow on linear basis within each slab
4.6.2 (PPU)	<i>* Note: For the phasing period the annual coal requirements shall be based on the quantities mentioned by the Purchaser for the initial years under Schedule I of this agreement</i>	<i>* Note: For the phasing period the annual coal requirements shall be based on the quantities mentioned by the Purchaser for the initial years under Schedule I of this agreement</i>
(Both for Tapering & Non Tapering Models)	Note: The Purchaser has to give unconditional acceptance of imported coal and pricing mechanism thereof as would be decided by CIL, by signing the Schedule VII of this agreement. Unless such acceptance is accorded, the penal provision for supply below 80% and up to 65% of ACQ for the years 2012-13, 2013-14 and 2014-15 and below 80% and up to 70% of ACQ for the year 2015-16 shall not be applicable. The penal provision for supply below 80% shall be applicable from the year 2016-17 and onwards. The terms of import and the pricing mechanism shall be as per the provisions of the side agreement.	Note: The Purchaser has to give unconditional acceptance of imported coal and pricing mechanism thereof as would be decided by CIL, by signing the Schedule VII of this agreement. Unless such acceptance is accorded, the penal provision for supply below 80% and up to 65% of ACQ for the years 2012-13, 2013-14 and 2014-15 and below 80% and up to 67% of ACQ for the year 2015-16 shall not be applicable. The penal provision for supply below 75% shall be applicable from the year 2016-17 and onwards. The terms of import and the pricing mechanism shall be as per the provisions of the side agreement.
3.6.4 (SEB)	Not Existing	The Seller shall be entitled to modify/amend the penalty levels as specified at clause 3.6.1 (SEB)/ 4.6.1 (PPU) pursuant to review undertaken by MOC in terms of the clause 2.6(ii)
4.6.4 (PPU)		
(Both for Tapering & Non Tapering Models)		



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Clause No.	Existing Provisions	Modified Provisions
4.1.1 (PPU Model)  For Non Tapering Models	The Annual Contracted Quantity of Coal agreed to be supplied by the Seller and undertaken to be purchased by the Purchaser, shall be [•] lakh tonnes per Year from the Seller's mines and/ or from import, as per Schedule I. For part of Year, the ACQ shall be prorated accordingly. The ACQ shall be in the proportion of the percentage of Generation covered under long term Power Purchase Agreement(s) executed by the Purchaser with the DISCOMs either directly or through PTC(s) who has/ have signed back to back long term PPA(s) with DISCOMs. Whenever, there is any change in the percentage of PPA(s), corresponding change in ACQ shall be effected through a side agreement. Such changes shall be allowed to be made only once in a year and shall be made effective only from the beginning of the next quarter. However, in no case ACQ should exceed the LOA quantity as mentioned in Schedule I.	The Annual Contracted Quantity of Coal agreed to be supplied by the Seller and undertaken to be purchased by the Purchaser, shall be [•] lakh tonnes (against LOA quantity of [•] Lakh Tones) per Year from the Seller's mines and/ or from import, as per Schedule I. For part of Year, the ACQ shall be prorated accordingly. The ACQ shall be in the proportion of the percentage of Generation covered under long term Power Purchase Agreement(s) executed by the Purchaser with the DISCOMs either directly or through PTC(s) who has/ have signed back to back long term PPA(s) with DISCOMs plus an additional 10% of the quantity covered under long term PPA on account of transmission loss and auxiliary consumption within the overall ceiling of LOA quantity. To clarify, if the PPA furnished is 60% the ACQ shall be 66% of the LOA quantity, but, where the PPA furnished is 92% the ACQ shall be limited to the LOA quantity. TPPS already having 100% PPA shall have no scope for any increase beyond LOA quantity Whenever, there is any change in the percentage of PPA(s), corresponding change in ACQ shall be effected through a side agreement. Such changes shall be allowed to be made only once in a year and shall be made effective only from the beginning of the next quarter. However, in no case ACQ should exceed the LOA quantity as mentioned in Schedule I, for which the FSA is executed.
4.1.1 (PPU Model)  For Tapering Models	The Annual Contracted Quantity of Coal agreed to be supplied by the Seller and undertaken to be purchased by the Purchaser till the normative date of production or the actual date of production, whichever is earlier, shall be [•]lakh tonnes per Year from the Seller's mines and/ or from import, as per Schedule I. After the Normative Date of production or the actual date of production , the ACQ shall taper to 75% of the ACQ in the first 12 months (1st year), then to 50% of the ACQ in the next 12 months (2nd year) and 25% of the ACQ in the next 12 months (3rd year) i.e the last year of the tapering linkage period subject to the ceiling of quantities approved by Ministry of Coal/ Coal Controller's Organization as mentioned in Annexure-A and Schedule-I. For part of Year, during the above period the ACQ shall be prorated accordingly. The ACQ shall be in	The Annual Contracted Quantity of Coal agreed to be supplied by the Seller and undertaken to be purchased by the Purchaser till the normative date of production or the actual date of production, whichever is earlier, shall be [•]lakh tonnes (against LOA quantity of [•] Lakh Tones) per Year from the Seller's mines and/ or from import, as per Schedule I. After the Normative Date of production or the actual date of production , the ACQ shall taper to 75% of the ACQ in the first 12 months (1st year), then to 50% of the ACQ in the next 12 months (2nd year) and 25% of the ACQ in the next 12 months (3rd year) i.e the last year of the tapering linkage period subject to the ceiling of quantities approved by Ministry of Coal/ Coal Controller's Organization as mentioned in Annexure-A and Schedule-I. For part of Year, during the above period the ACQ shall be prorated accordingly. The ACQ shall be in the proportion of the percentage of Generation covered under long term Power



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	the proportion of the percentage of Generation covered under long term Power Purchase Agreement(s) executed by the Purchaser with the DISCOMs either directly or through PTC(s) who has/ have signed back to back long term PPA(s) with DISCOMs Whenever, there is any change in the percentage of PPA(s), corresponding change in ACQ shall be effected through a side agreement. Such changes shall be allowed to be made only once in a year and shall be made effective only from the beginning of the next quarter. However, in no case ACQ should exceed the LOA quantity subject to ceiling of quantity entitled during the tapering period.	Purchase Agreement(s) executed by the Purchaser with the DISCOMs either directly or through PTC(s) who has/ have signed back to back long term PPA(s) with DISCOMs plus an additional 10% of the quantity covered under long term PPA on account of transmission loss and auxiliary consumption within the overall ceiling of the LOA quantity for the respective year as per Annexure-A. To clarify, if the PPA furnished is 60%, the ACQ shall be 66% of the applicable LOA quantity for that year, but, where the PPA furnished is 92%, the ACQ shall be limited to the applicable LOA quantity for that year. TPPS already having 100% PPA shall have no scope for any increase beyond applicable LOA quantity for that year. Whenever, there is any change in the percentage of PPA(s), corresponding change in ACQ shall be effected through a side agreement. Such changes shall be allowed to be made only once in a year and shall be made effective only from the beginning of the next quarter. However, in no case ACQ should exceed the LOA quantity subject to ceiling of quantity entitled during the tapering period.
3.3.1 (SEB)  4.3.1 (PPU)  (Both for Tapering & Non Tapering Models)	The Seller shall endeavor to supply Coal from own sources as mentioned in Schedule I. In case the Seller is not in a position to supply the Scheduled Quantity (SQ) of Coal from such sources as indicated in Schedule I, the Seller shall have the option to supply the balance quantity of Coal through import which shall not, unless otherwise agreed between the parties, exceed 15% of the ACQ in the year 2012-13 ,13-14 and 14-15, 10% of ACQ in the year 2015-16 and 5% of the ACQ for the year 2016-17 and onwards. Seller may at its discretion, make such arrangement for supply of imported coal through CIL, and /or other enterprises. Accordingly, the Purchaser has to enter into a Side Agreement with CIL and/or Seller, as the case may be, in addition to this Agreement. The Side Agreement dealing with the terms and conditions for supply of Imported Coal would be an integral part of this Agreement.	The Seller shall endeavor to supply Coal from own sources as mentioned in Schedule I. In case the Seller is not in a position to supply the Scheduled Quantity (SQ) of Coal from such sources as indicated in Schedule I, the Seller shall have the option to supply the balance quantity of Coal through import which shall not, unless otherwise agreed between the parties, exceed 15% of the ACQ in the year 2012-13 ,13-14 and 14-15, 13% of ACQ in the year 2015-16 and 5% of the ACQ for the year 2016-17 and onwards. Seller may at its discretion, make such arrangement for supply of imported coal through CIL, and /or other enterprises. Accordingly, the Purchaser has to enter into a Side Agreement with CIL and/or Seller, as the case may be, in addition to this Agreement. The Side Agreement dealing with the terms and conditions for supply of Imported Coal would be an integral part of this Agreement.

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Clause No.	Existing Provisions	Modified Provisions
Schedule VII (Both for Tapering & Non Tapering Models)	Clause 3.3 (SEB)/ 4.3 (PPU) of the FSA provides that the Seller shall have the option to supply the balance quantity of coal through import not exceeding, unless otherwise agreed between the parties, 15% of the ACQ in the year 2012-13, 13-14 and 14-15, 10% of ACQ in the year 2015-16 and 5% of the ACQ for the year 2016-17 and onwards after meeting the quantity available from domestic production.	Clause 3.3 (SEB)/ 4.3 (PPU) of the FSA provides that the Seller shall have the option to supply the balance quantity of coal through import not exceeding, unless otherwise agreed between the parties, 15% of the ACQ in the year 2012-13, 13-14 and 14-15, 13% of ACQ in the year 2015-16 and 5% of the ACQ for the year 2016-17 and onwards after meeting the quantity available from domestic production.
	<b>Option-B: Confirmation for Surrender of coal through import</b>  iii) The penal provision for supply below 80% and up to 65% of ACQ for the years 2012-13, 2013-14 and 2014-15 and below 80% and up to 70% of ACQ for the year 2015-16 shall not be applicable. The penal provision for supply below 80% shall be applicable from the year 2016-17 and onwards.	<b>Option-B: Confirmation for Surrender of coal through import</b>  iii) The penal provision for supply below 80% and up to 65% of ACQ for the years 2012-13, 2013-14 and 2014-15 and below 80% and up to 67% of ACQ for the year 2015-16 shall not be applicable. The penal provision for supply below 75% shall be applicable from the year 2016-17 and onwards.

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