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CIL:S&M:47252(NewPol) 1117

Date: 5.10.2016

To
The General Manager(S&M)
ECL/BCCL/CCL/MCL/SECL/WCL/NCL/NEC

Dear Sir(s),

Sub : Decision of 332nd CIL Board held on 13.9.2016 on Interplant Transfer of coal beyond the ceiling of ACQ of the transferee plant

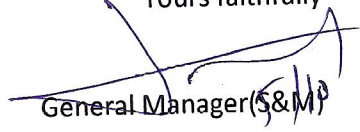
CIL Board after detailed deliberations and in view of the details brought in the agenda note, accorded its approval to the following: -

- A) Allow Inter-Plant Transfer of coal beyond ceiling of ACQ of the Transferee Plant (taking together its own ACQ and quantum of the transferred coal) subject to furnishing an affidavit by the transferee plant affirming that the additional coal supply beyond ACQ shall only be used for generating power for distribution under long term PPAs with DISCOMs.
- B) Enabling such dispensation through execution of an amendment agreement between Purchaser and relevant coal supplying subsidiary. And
- C) Modification in the relevant FSA clauses as placed in the Annexure (enclosed)

This is for your information and taking necessary action please.

Encl: As above

Yours faithfully


General Manager(S&M)

CC: GM(System): for uploading in the website

The comparative of modified clause of the FSA for new power plants

Existing Provision [clause 3.2 for SEB Model/4.2 for IPP Model]	Modified Provision [clause 3.2 for SEB Model/4.2 for IPP Model]
<p>The total quantity of Coal supplied pursuant to this Agreement is meant for use at the [[•] name & location of the Plant(s)] as listed in Schedule I. The Purchaser shall not sell/divert and/or transfer the Coal to any third party for any purpose whatsoever and the same shall be treated as material breach of Agreement, for which the Purchaser shall be fully responsible and such act shall warrant suspension of coal supplies by the Seller in terms of clause 14.1(b).</p> <p>However, interplant transfer of coal may be considered provided:</p> <ul style="list-style-type: none"> a) Transfer of coal shall be allowed only between the power plants wholly owned by the Purchaser or its wholly owned subsidiary. No transfer of coal shall be allowed for a Joint Venture (JV) company of the Purchaser. The supply of coal, shall for all commercial purpose under the FSA remain unchanged and on account of the original Power Plant. b) Both the Power Plants should have executed FSA in the modified FSA Model applicable for new power plants and not having any supplies linked to coal blocks. In case of IPPs both the plants must have valid long term PPAs with DISCOMS. c) In no case the transferred quantity to a plant together with the quantity supplied under the applicable FSA shall exceed the ACQ of the transferee Plant for a particular year which is proportional to the long term PPA with DISCOMS. d) Transfer of coal will not be allowed to those plants who are allotted coal blocks under this arrangement. e) In case of change in the ownership and no environmental clearance of the plant this facility shall stand withdrawn, and f) Penalty/Incentive under this arrangement would be considered in terms of (a) above. 	<p>The total quantity of Coal supplied pursuant to this Agreement is meant for use at the [[•] name & location of the Plant(s)] as listed in Schedule I. The Purchaser shall not sell/divert and/or transfer the Coal to any third party for any purpose whatsoever and the same shall be treated as material breach of Agreement, for which the Purchaser shall be fully responsible and such act shall warrant suspension of coal supplies by the Seller in terms of clause 14.1(b).</p> <p>However, interplant transfer of coal may be considered provided:</p> <ul style="list-style-type: none"> a) Transfer of coal shall be allowed only between the power plants wholly owned by the Purchaser or its wholly owned subsidiary. No transfer of coal shall be allowed for a Joint Venture (JV) company of the Purchaser. The supply of coal, shall for all commercial purpose under the FSA remain unchanged and on account of the original Power Plant. b) Both the Power Plants should have executed FSA in the modified FSA Model applicable for new power plants and not having any supplies linked to coal blocks. In case of IPPs both the plants must have valid long term PPAs with DISCOMS. c) Transfer of coal will not be allowed to those plants who are allotted coal blocks under this arrangement. d) In case of change in the ownership and no environmental clearance of the plant this facility shall stand withdrawn, and e) Penalty/Incentive under this arrangement would be considered in terms of (a) above. <p>Note: In addition to the above conditions, the transferee plant would also require to provide an affidavit to CIL(Supplying coal company) affirming that the additional coal supply beyond the ACQ shall only be used for generating power for distribution under long term PPAs with DISCOMS.</p>