

F.No.FU-9/2009-IPC  
Government of India  
Ministry of Power

.....

New Delhi, dated the 21<sup>st</sup> October, 2009

OFFICE MEMORANDUM

Sub: Coal linkage policy for 12<sup>th</sup> plan projects

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The undersigned is directed to refer to Ministry of Coal's OM No. 23011/27/2008-CPD dated 26.12.2008 regarding the shelf of 12<sup>th</sup> Plan projects and to say that in view of the shortage of coal and a number of power projects proposed for commissioning during 12<sup>th</sup> Plan awaiting linkage, it has been decided in the Ministry to adopt the following methodology for allocating coal linkage for 12<sup>th</sup> Plan projects :-

**A. Sector wise priority :**

Following is the order of priority for allocation of coal linkage :

- i) Power projects of Central Sector CPSUs, state sector and projects to be bid out by states on tariff based competitive bidding ( Case II)
- ii) IPP Projects
- iii) Captive Power Projects .

**B. Prequalification of projects for coal linkage:**

- (i) Water allocation should be available to meet the full requirements of the project and a certificate to this effect issued by the competent authority of the State Government must be produced.
- (ii) The proposed project should have clearly identified the location and the area required for setting up of the power project.
- (iii) Report of the State Government about availability of land for project purposes should be produced along with evidence of initiation of process for procurement of land.
- (iv) The developer of the project should furnish the report of the Expert Appraisal Committee of Ministry of Environment & Forests along with Terms of Reference issued by MOEF.
- (v) The project developer meets the financial pre-qualifications as defined in the Standard Bid Document for procurement of power through tariff based competitive bidding (Case-I).

Authenticated copies of financial documents along with supporting affidavit signed by the authorized representative of the Board or the Chief Promoter(s)

of the Project have to be furnished. The promoter shall remain responsible for the genuineness of the documents.

### C. Weightage for priority :

Ministry of Coal will indicate the availability of coal for the 12<sup>th</sup> Plan. 60% percent of available coal would be earmarked for the Central and State sector projects, including the projects based on tariff based competitive bidding (Case-II). For State sector projects, coal will be allocated based on the projected demand supply gap of the State.

35% of the coal available will be earmarked for the IPPs and balance 5% will be earmarked for the CPPs. Inter-se priority will apply for each category viz. Central and State Sector projects including those to be bid on tariff based competitive bidding (Case II) by the State Governments and IPPs. Prioritisation will be based on points to be allocated as detailed below:

Sl. No.	Parameter	Points allotted to projects which are fulfilling the conditions	Other projects which are not fulfilling the conditions
1	Projects proposing installation of units with supercritical technology	20	0
2	Project at pit-head or in State where no major power projects have been planned in the 11 <sup>th</sup> / 12 <sup>th</sup> Plan shelve	20	0
3	Projects using sea water instead of fresh water*	10	0
4	Progress of land acquisition **		50
(i)	>25% <50% land acquired	20}	0
(ii)	>50% <75% land acquired	30}	0
(iii)	>75% <100% land acquired	40}	0
(iv)	100% land acquired	50}	0
	Total		100

\* Only the IPP projects located within 150 km from the nearest port will be required to meet at least 30% of their coal requirements through import. This is not applicable to SPSUs and CPSUs as Government is already fixing target for import of coal for them

\*\* For weightage for progress of land acquisition, the developer shall submit a certificate from the District Collector or the State Revenue Authority or the authorized agency of the State Government such as Industrial Development Corporation. The

responsibility of correctness of the certificate will rest with the developer as it will not be possible for CEA to verify the land records.

#### **D. Captive Power Projects**

For CPPs, linkage will be recommended for those who are having capacity more than 10 MW.

Following industries for captive use may be given preference :

- i. Steel Industry
  - ii. Aluminium industry
  - iii. Process industries such as cement, textile, sugar etc.
2. Cases of linkage for CPPs/IPP's having unit size less than 200 MW will be considered only if equipment are sourced from reputed domestic manufacturers. However, if the equipment are ordered before 24.07.2008 to others, linkage may be considered.
3. There will be no domestic linkage to power plants based on imported coal in 12<sup>th</sup> Plan.
4. For washery rejects, the ratio of coal and rejects to be considered is 22:78 based on grade of coal. With bio-mass, coal as support fuel upto 15% may be considered.
5. This issues with the approval of the competent authority.

(S.Narayanan)  
Under Secretary to the Govt. of India

Secretary  
Ministry of Coal  
Shastri Bhawan  
New Delhi,

Copy to the Chairperson, Central Electricity Authority, Sewa Bhawan, R.K.Puram, New Delhi with a request to prepare a shelf of 12<sup>th</sup> Plan projects awaiting coal linkage with appropriate marking against those projects.