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Date: 19/06/2013

To,
GM (S&M),
ECL/ BCCL/CCL/MCL/WCL/NCL/SECL/NEC

Dear Sir,

**Sub: Modification in Model FSA applicable for New Power plants in respect of
"Interplant transfer of coal"**

A proposal for allowing inter power plant transfer of coal from one Power Plant to another under the modified FSA applicable for New Power Plants (for both PSU/Govt. PUs and Private PUs) was placed before the 298th CIL Board in its Meeting held on 27.5.13.

The CIL Board while approving to the proposal allowed such dispensation subject to the following conditions which stand as below after legal vetting.

- 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 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.
- 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.
- 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.
- Transfer of coal will not be allowed to those plants who are allotted coal blocks under this arrangement.
- In case of change in the ownership and no environmental clearance of the plant this facility shall stand withdrawn, and
- Penalty/Incentive under this arrangement would be considered in terms of (a) above.

A statement showing the modification in the FSA models applicable for New Power plants (for both PSU/Govt. PUs and Private PUs) is enclosed.

This is for your taking further necessary action in this regard.

Encl: As above

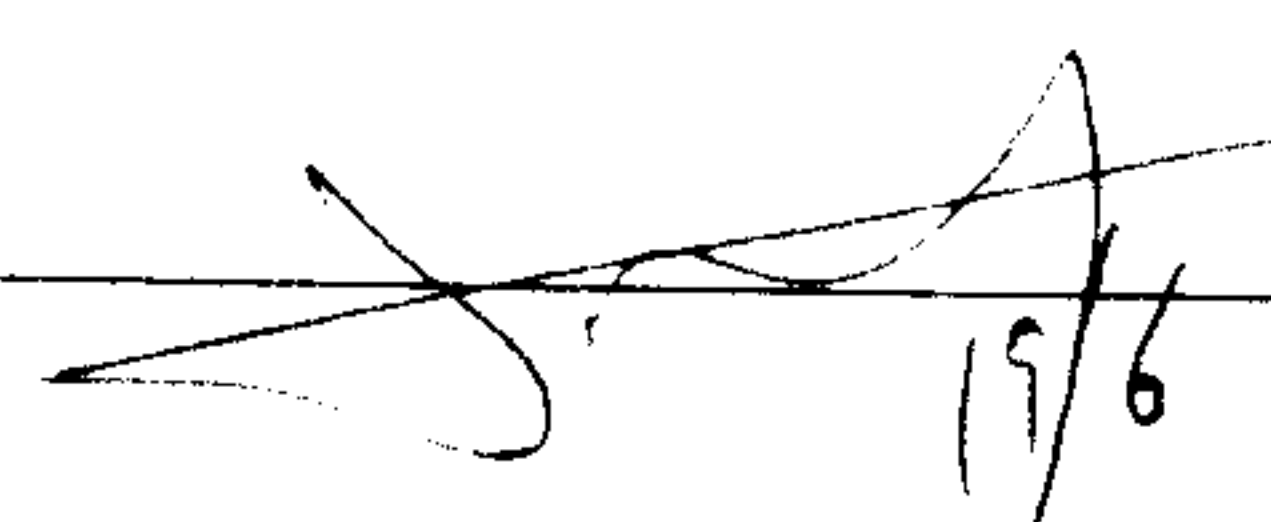
Yours faithfully

19/6/13
General Manager (S&M)

CMD ECL/ BCCL/CCL/MCL/WCL/NCL/SECL/NEC
Director (Technical), Director (Marketing), CIL
TS to Chairman, CIL
GM (S&M/ Commercial), GM (SO/LOA), CIL
GM (S&M), CIL-Delhi

Modification in the FSA Provision applicable for New Power Plants (SEB/Govt and IPPs)

FSA Clause No	Existing Provision	Amended Provision
<p>FSA Model for Govt/PSU PUs clause 3.2</p> <p>FSA Model for PPU Clause 4.2</p>	<p>End-use of Coal</p> <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.</p>	<p>End-use of Coal</p> <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.</p> <p>However, interplant transfer of coal may be considered provided:</p> <ol 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.


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