

**No. 05/03/2015-OM**  
**Government of India**  
**Ministry of Power**

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Shram Shakti Bhawan, Rafi Marg,  
New Delhi, the 13<sup>th</sup> April, 2022

**To**

1. Secretary, Ministry of Coal, New Delhi
2. The Chairperson, Central Electricity Authority, R. K. Puram, New Delhi.
3. The Secretary, CERC, Chanderlok Building, Janpath, New Delhi.
4. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs.
5. Secretaries of all State Electricity Regulatory Commissions/JERCs
6. Chairman/CMDs of all PSUs under administrative control of Ministry of Power.
7. CMDs/MDs of Discoms/Gencos of all State Governments.
8. DG, Association of Power Producers (APP), New Delhi
9. DG, DCPA
10. CEO, PFCCL, New Delhi
11. CMD, CIL/SCCL,

**Sub: Amendment on Methodology for use of coal allocated to States by Private Generating Stations (IPPs) (Case-4) – Reg.**

Sir / Madam,

I am directed to refer to this Ministry's letter of even number dated 20-02-2017 forwarding therewith a methodology for use of coal allocated to states by Private Generating Stations (IPPs) (Case-4) and subsequent amendments issued on 15-06-2018, 25-10-2018 and 18-11-2020 ( copy enclosed).

2. In this regard, the following amendments are hereby made in the above said methodology:-

(i) Proposed Amendments in the timeliness of bidding process (i.e. Clause 5 of existing methodology).

**“ 5. TIMELINES FOR BIDDING PROCESS**

| <b>S.N</b> | <b>Event</b>  | <b>Timeline</b> |
|------------|---|-----------------|
| 1.         | Notice inviting RFQ/RFP Bids  | Zero date       |
| 2.         | Submission of RFQ/RFP Bids  | 30 Days         |
| 3.         | Opening of RFQ Bids   | 31 Days         |
| 4.         | Announcement of successful Bidders for RFP Stage  | 38 Days         |
| 5.         | Simultaneously, intimating the names of successful bidders at RFQ stage to the Railways and getting the consent of the Railways for feasibility of transportation of coal | 45 Days         |
| 6.         | Opening of RFP Bids   | 46 Days         |
| 7.         | Announcement of Successful Bidders  | 53 Days         |
| 8.         | Issuance of Letter of Award to successful Bidders   | 60 Days         |
| 9.         | Signing of Power Purchase Agreement   | 67 Days         |

*Provided, the above mentioned timelines are indicative timelines. The State Utilities may modify / alter the timelines while inviting tender depending upon their requirements.”*

**This may be read as**

**“5. TIMELINES FOR BIDDING PROCESS**

| <b>S. N</b> | <b>Event</b>  | <b>Timeline</b> |
|-------------|---|-----------------|
| 1.          | Notice inviting RFQ/RFP Bids  | Zero date       |
| 2.          | Submission of RFQ/RFP Bids  | 21 Days         |
| 3.          | Opening of RFQ Bids   | 22 Days         |
| 4.          | Announcement of successful Bidders for RFP Stage  | 26 Days         |
| 5.          | Simultaneously, intimating the names of successful bidders at RFQ stage to the Railways and getting the consent of the Railways for feasibility of transportation of coal | 30 Days         |
| 6.          | Opening of RFP Bids   | 31 Days         |
| 7.          | Announcement of Successful Bidders  | 34 Days         |
| 8.          | Issuance of Letter of Award to successful Bidders   | 35 Days         |
| 9.          | Signing of Power Purchase Agreement   | 37 Days         |

*Provided, the above mentioned timelines are indicative timelines. The State Utilities may modify / alter the timelines while inviting tender depending upon their requirements.”*

(ii) Proposed Amendments in Clause 13.2 (ii) (a) Reconciliation of Coal Quantity.

*“13.2. Reconciliation of Coal Quantity*

*(ii)(a) Any excess/shortfall quantity of coal transferred to the Seller shall be adjusted in the next month. The quality of coal at loading end shall be as vetted by Third Party sampler. The result of Third Party sampler shall be used for issuance of debit/credit notes.”*

*Further, for reconciliation of Coal, equilibrated GCV so arrived by third party sampler may be corrected for moisture loss to arrive at GCV at unloading point as per formula given as under:*

$$GCV_{ARB} = GCV_{ADB} X (1-TM)/(1-M_{eq})$$

*Where,  $GCV_{ARB}$  = Gross Calorific value of coal after moisture correction,*

*$GCV_{ADB}$  = Gross Calorific Value at Equilibrated Condition (60% RH and 40° C),*

*TM = Total Moisture*

*$M_{eq}$  = Equilibrated Moisture at 60% RH and 40° C.”*

**This may be read as**

*“13.2. Reconciliation of Coal Quantity*

*(ii)(a) Any excess/shortfall quantity of coal transferred to the Seller shall be adjusted in the next month. The quality of coal at loading end shall be as vetted by Third Party sampler. Third party Coal sampling may be done through Central Institute of Mining and Fuel Research (CIMFR) or any other third party agency empanelled in accordance with*

*Guidelines issued by the Central Government in this regard. The result of Third Party sampler shall be used for issuance of debit/credit notes.*

*Further, for reconciliation of Coal, equilibrated GCV so arrived by third party sampler may be corrected for moisture loss to arrive at GCV at unloading point as per formula given as under:*

$$GCV_{ARB} = GCV_{ADB} X (1-TM)/(1-M_{eq})$$

*Where,  $GCV_{ARB}$  = Gross Calorific value of coal after moisture correction,*

*$GCV_{ADB}$  = Gross Calorific Value at Equilibrated Condition (60% RH and 40° C),*

*TM = Total Moisture*

*$M_{eq}$  = Equilibrated Moisture at 60% RH and 40° C."*

3. This issues with the approval of Hon'ble Minister of Power & NRE.

Yours faithfully,



( Ghanshyam Prasad )

Joint Secretary to the Govt. of India

Email: g.prasad67@nic.in

Ph: 011-2371 0389

Encl:- As above

Copy to:

All ASs, JSs,/CE/Economic Adviser, Ministry of Power

Copy for information to: PS to Hon'ble Minister, Sr. PPS to Secy.(P), Sr.PPS to JS(R&R, OM), PPS to Dir(R&R).

Copy to: Technical Director, NIC- With a request to upload in Ministry of Power website under New Notices.



सं.5/3/2015-ओएम

भारत सरकार

Government of India

विद्युत मंत्रालय

Ministry of Power

श्रम शक्ति भवन, रफी मार्ग, नई दिल्ली-110001

Shram Shakti Bhawan, Rafi Marg, New Delhi - 110001

टेलीफैक्स संख्या 23719229

Telefax No. 23719229

dated 20<sup>th</sup> February, 2017

To,

1. Chairperson, Central Electricity Authority, New Delhi
2. Principal Secretary/Secretary (Energy) of State Govts./UTs
3. Chairman, State Power Utilities/SEBs
4. Chairman, CPSUs under Ministry of Power.
5. Member Secretary, Regional Power Committees

**Subject:- Flexibility in utilization of domestic coal and other measures for reducing the cost of power generation – reg.**

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Sir/Madam,

In continuation to this Ministry's letter of even number dated 10<sup>th</sup> June, 2016 wherein it was suggested that the methodology for use of transferred coal in Independent Power Producers (IPPs) Generating Stations will be done separately (Page-8 of previous methodology issued on 10<sup>th</sup> June, 2016). The same has now been finalized after detailed discussion with all the stakeholders to bring in further efficiency in utilisation of domestic coal. The same is enclosed.

All the stakeholders are requested to take necessary action in this methodology.

Yours faithfully,

(D. Guha)

Under Secretary to Govt. of India

Encl: As above.

Copy to:

1. CEO, NITI Aayog, New Delhi.
2. Secretary, Department of Economic Affairs, North Block, New Delhi
3. Secretary, Ministry of Home Affairs, North Block, New Delhi
4. Secretary, Ministry of Coal, Shastri Bhawan, New Delhi
5. Secretary, Ministry of Railways, Rail Bhawan, New Delhi
6. Secretary, Department of Atomic Energy, Anushakti Bhawan, Chatrapati Shivaji Maharaj Marg, Mumbai-400001
7. Secretary, CERC, Chanderlok Building, 36, Janpath, New Delhi
8. Secretary, State Electricity Regulatory Commissions
9. Director General, Association of Power Producers, 501-502, 5<sup>th</sup> Floor, Mohan Dev Building 13, Tolstoy Marg, New Delhi-110001

**METHODOLOGY FOR**  
**USE OF COAL BY STATE IN PRIVATE GENERATING STATIONS**  
**(IPPS)**

Under Case-4, the State (“**Buyer**”) supplying coal will invite Tariff Bids from the prospective IPP Generating Stations (“**Seller**”) for use of domestic coal out of aggregated coal allocated to respective State and supplying power in lieu of transfer of such coal. The methodology as finalized after consultation with stakeholders is as under:-

**1. GENERAL PRINCIPLES**

- i. The energy generated under this arrangement would be treated as transfer of coal.
- ii. The landed cost of power from IPP generating station at the Buyer’s periphery should be lower than the variable cost of generation of the State generating station whose power is to be replaced by generation from IPP. The landed cost of power shall be inclusive of the transmission charges (injection and drawl charges as amended from time to time by the appropriate commission) and transmission losses.
- iii. The IPP will make their own assessment about the availability of transmission corridor for the quantum of power offered and the period of supply before submitting their price bids during e-reverse bidding.
- iv. A reference will be made by the Buyer to the Ministry of Railways regarding operational feasibility of the rail transportation of coal to the IPPs (shortlisted after opening of the RFQ bids). The details of the quantum of coal to be moved and the time frame during which this transportation is required would be conveyed to Traffic Transportation Directorate of Railway Board (Ministry of Railways) by the concerned State notified agency. Based on the operational considerations, Ministry of Railways would convey their consent or otherwise within 7 days of the receipt of the reference. The IPP where the transfer of coal is not feasible as conveyed by the Railways, would not be eligible to participate in RFP stage. The tariff will be charged by the Railways as per the prevalent tariff rates of the Railways. The Bidder may also assess the transportation charges from the Freight Operations Information System of the Railways ([www.fois.indianrail.gov.in](http://www.fois.indianrail.gov.in)).
- v. Techno-commercial feasibility for such an arrangement may be worked out before-hand subject to transmission system availability. This need to be examined by IPP generating company. For power transfer across the region, an early decision is required to be taken. As STOA are granted three months in advance, such an arrangement should be finalized at least 3 months in advance.
- vi. State notified agency shall be nodal agency to coordinate all the activities related to implementation of the scheme.
- vii. Buyer would transfer coal to Seller only after ensuring that there is no transmission constraint for power transfer.
- viii. Use of coal by Central Generating Company in Private Generating Stations (IPP) would be taken up separately.

## Case-4: Flexibility in utilization of coal in IPP Stations

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### 2. E-BIDDING PROCESS

- i. The Buyer(s) shall procure power in lieu of domestic coal using the e-Bidding portal (or through an Authorized Representative (AR)). The link for the e-Bidding portal shall be available on the website of Ministry of Power ([www.powermin.nic.in](http://www.powermin.nic.in)).
- ii. The Buyers shall publish a NIT notice in at least two national newspapers and upload the same on the portal and on their website to accord it wide publicity. The bidding shall necessarily be by way of e- reverse bidding.
- iii. The prospective Bidders and Buyers or their AR shall have to be registered with the e-Bidding portal to create their own user id and password. For registration, Bidders shall pay onetime non-refundable registration fee as applicable.
- iv. All the Bidders would be able to participate in the e-Bidding events on making payment of the requisite fees of Rs. 500 per MW for the maximum capacity; a bidder is willing to bid, to Buyer/ AR. The requisite fee plus applicable taxes shall be deposited through the portal by e-Payment Gateway to the company assigned to carry out the bidding process. After the completion of the bidding process, only successful Bidder(s) will have to pay these charges for the quantum allocated to each bidder. The balance amount will be refunded within ..... working days without any interest. The fee deposited by non-Selected Bidder(s) will also be refunded within ..... working days of completion of the event without any interest.
- v. All the users of the e-Bidding portal shall require valid digital signatures to have access to the portal.
- vi. Buyers shall provide only written interpretation of the tender document to any Bidder/participant and the same shall be made available to all other Bidders. All parties shall rely solely on the written communication. In addition, the same shall be uploaded in the e-Bidding portal.
- vii. The successful bidder shall be selected through a reverse bidding process. The Bidding process shall consist of Request for Qualification (RFQ) and Request for Proposal (RFP). Both the RFQ and RFP Bids shall be invited at the same time under two envelopes in one stage bidding. RFP Bids of only those Bidders who have qualified in RFQ Stage shall be opened. Bidders qualified in RFQ stage shall be eligible to participate in next stage of bidding which is e-reverse auction.

### 3. BIDDING REQUIREMENT

While inviting the Bids from prospective Bidders, the Buyer shall specify the following information:

#### 3.1. Power Requirement

- i. Quantum of Power required: ....MW
- ii. Duration of power required: .....Months\*  
(Minimum duration: One Month, Maximum Duration: One year, which shall be reviewed based on experience gained.)
- iii. Hours of supply: Round the Clock (RTC) or from ...-... Hrs to ..-.. Hrs
- iv. Delivery point: Procuring State Periphery
- v. Commencement of Supply: From .././.... (DD/MM/YYYY)

## Case-4: Flexibility in utilization of coal in IPP Stations

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### 3.2. Coal Availability

- i. Source of coal: .....(Name of Coal company) with probable sources (coal mine)
- ii. Estimated quantity of coal available for transfer : .....MT
- iii. Estimated quality of coal (loading end):
  - a. GCV: .....(Kcal/Kg) ( Grade Range)
  - b. Ash content (range): ..... (%)
  - c. Moisture (range): ..... (%)
  - d. Sulphur (range): ..... (%)
  - e. Carbon (range): .....(%)
- iv. Price band of coal at FOR/FOB( excluding coal transportation charges): ..... (Rs/Ton)

### 3.3. Ceiling Tariff

- i. Quoted Tariff (Rs/kWh) to be less than ceiling tariff.

The ceiling tariff shall be the variable cost of generation of the State generating station whose power is to be replaced by generation from IPP.

## 4. PREPARATION OF BIDS

The Bidding process shall consist of Request for Qualification (RFQ) and Request for Proposal (RFP). Both the RFQ and RFP Bids shall be invited at the same time under two envelopes in one stage bidding. RFP Bids of only those Bidders who have qualified in RFQ Stage shall be opened. Bidders qualified in RFQ stage shall be eligible to participate in next stage of bidding which is e-reverse auction.

### 4.1. RFQ Bids

The Bidders shall fulfill the following qualifying criteria during RFQ stage:

#### 4.1.1. Technical:

- a) Bidder must be an IPP Generating Company and shall own a coal based Thermal Power Generating Station which has achieved commercial operation at the time of Bidding.
- b) The available operating capacity of the Thermal Plant must be equal to or more than the required quantum of power as requisite by the Buyer. The available operating capacity shall be either:
  - i) Capacity (MW) with no firm Power Purchase Agreements; or
  - (ii) Unutilized capacity (with the consent of original Beneficiaries) for which PPA exists.
- c) The Installed Capacity of the operating Units from which power is proposed to be generated, shall be equal to or more than 200 MW.