



सं. 5/3/2015-ओएम  
भारत सरकार  
Government of India  
विद्युत् मंत्रालय  
Ministry of Power  
श्रमशक्तिभवन, रफीमार्ग, नयी दिल्ली-110 001  
Shram Shakti Bhawan, Rafi Marg, New Delhi-110 001

Dated: 10<sup>th</sup> June, 2016

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 for reducing the cost of power generation**

Sir / Madam,

I am directed to say that the Cabinet approved the proposal of Ministry of Power on 4th May, 2016 for Flexibility in utilization of domestic coal for reducing the cost of power generation. At present, the share of generation from coal based power plants is about 78% of the total generation in the country. These coal based power plants are supplied coal against the plant specific Fuel Supply Agreement (FSA). There are some power plants which generate cheaper power than others. Thus, there is scope for utilisation of coal in such power plants to achieve overall reduction in cost of generation.

2. In this regard, following mechanism for allowing flexibility in utilization of domestic coal amongst power generating stations to reduce the cost of power generation has been approved.

### **2.1 Flexibility in utilization of Coal:**

2.1.1 All the long term coal linkages of individual Thermal Power stations of specific State (State would include Union Territories) to be assigned to respective State or State notified agency. Similarly, all the long term coal linkages of the individual Central Generating Stations shall be assigned to the company owning the Central Generating Stations (CGSs), instead of individual Thermal Power stations to enable efficient coal utilization amongst end use power generating stations;

2.1.2 The Annual Contracted Quantity (ACQ) of the each individual coal linkages (as per respective Fuel Supply Agreements) to be aggregated as consolidated ACQ for each State or the company owning the Central generating stations, as the case may be. A supplementary agreement shall be signed for each State / Company owning the CGS for such consolidated ACQ and the

