



No. L-2/2018-IPC(Part-4)
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, dated 08.03.2019

OFFICE MEMORANDUM

Sub: Approval of the Government on the recommendations of Group of Ministers (GoM) constituted to examine the specific recommendations of High Level Empowered Committee (HLEC) constituted to address the issues of Stressed Thermal Power Projects.

In reference to communication received from Cabinet Secretariat vide D.O. No. CCEA/07/2019(ix) dated 07.03.2019, the undersigned is directed to inform that Government has approved the following:

2. Amendments to be made in the SHAKTI Policy issued vide MoC letter no. 23011/15/2016-CPD/CLD dated 22.05.2017:

2.1 The following clause is to be added after clause B(vii) of SHAKTI policy:

“B(viii): Notwithstanding anything in the foregoing paras, it is further provided as follows:

- a) All such power plants including private generators which do not have PPAs, shall be allowed Coal linkage under B(iii) and B(iv) of Shakti Policy for a period of minimum 3 months upto a maximum of 1 year, provided further that the power generated through that linkage is sold in Day Ahead Market (DAM) through power exchanges or in short term through a transparent bidding process through Discovery of Efficient Energy Price (DEEP) portal. A methodology in this regard shall be formulated by Ministry of Power in consultation with Ministry of Coal.***
- b) A generator which terminates PPA in case of default in payment by the DISCOM, may be allowed to use existing linkage coal for sale of power through short-term PPAs using DEEP portal or power exchange for a period of maximum 2 years or until they find another buyer of power under long/medium term PPA whichever is earlier. Adequate safeguards to be put in place.***
- c) The provision of para B(v) of Shakti Policy above shall also be applicable in cases where the nodal agency designated by Ministry of Power aggregates/ procures the power requirement for a group of states even without requisition from such states.***
- d) Central and State generating companies can act as an aggregator of power of such stressed power assets and procure it through transparent bidding process and offer that power to the DISCOM against their existing PPAs to such DISCOMS, till such time their own plants get commissioned. It is proposed that Central and State generating companies may be allowed to use the existing unutilized Bridge Linkages for such***

stressed power assets provided they meet other parameters of tolling guidelines including competitive bidding.

- e) *In all cases where provisions of B(viii)(a)(b)(c) and (d) above are utilized, net surplus after meeting operating expenses generated in this manner shall be entirely used for servicing debt in the first place. MoP will work out in consultation with DFS – a mechanism to ensure this.”*

2.2 Following is to be added at the end of first para of B(ii) of Shakti Policy, after the words “with PPAs”:

- (i) *The power plants which were having valid already concluded Long Term PPA, based on domestic coal on or before 17.05.2017 and who could not participate in the linkage auctions under SHAKTI B(ii) due to any reason, may be allowed to participate in the B(ii) auctions of SHAKTI scheme.*
- (ii) *Bidders who have already participated in SHAKTI B(ii) auctions and could not secure linkage for the full ACQ, may obtain the linkage for the balance quantity also by participating in future auctions at a later stage under B(ii) after benchmarking discount.*

2.3 Following is to be added at the end of para B(iii) of Shakti Policy, after the words “auction process”: ***“Such auctions/ bids shall be held at regular intervals”.***

3. Other Approvals:

3.1 **Approval with regard to increase in quantity of coal for e-Auction for power sector:** Ministry of Coal may earmark more coal for power sector under special forward e-auction by reducing the equivalent quantity from the spot e auction. The Coal India Ltd. may earmark at least 50 percent of the total coal meant for e-auction (including spot auction and special forward e-auction) for power. The increase in supply of coal for forward e-auction will be in addition to regular requirement of linkage coal for the power sector and the requirements of other sectors.

3.2 **Approval with regard to non-lapsing of short supplies of coal:** If the power plant fulfills its obligations limited to making advance payments as due to coal companies, payments to Indian Railways as due and making arrangements for unloading of the rakes at its plants, then, any short supply for that month of coal, either on account of short supply of coal in the coal company or on account of unavailability of rakes, may not lapse and be carried over (without current limitations of 5% or same quarter) to the subsequent months upto a maximum period of 3 months. In this regard, a suitable methodology shall be evolved for implementation.

3.3 **Approval with regard to ACQ based on efficiency:** ACQ per MW entitlements for all thermal power plants, irrespective of their age or technical parameters, shall be calculated based on Normative Station Heat Rate with upper ceiling of 2600 kcal/kwh.

3.4 **Approval with regard to mandatory payment of Late Payment Surcharge (LPS):** Ministry of Power may engage with the Regulators to ensure that LPS is paid in case of delay in payment by DISCOMs as per the provisions of PPA. Appropriate Regulatory Commissions may ensure compliance.

- 3.5 **Approval with regard to cancellation of PPA/FSA/Transmission connectivity/EC/FC/Water etc.:** DISCOMS, CIL, PGCIL, Ministry of Environment and Forests, and appropriate Governments may be advised not to cancel PPA, FSA, transmission connectivity, EC/FC, and all other approvals including water, even if the project is referred to NCLT or is acquired by another entity subject to the provisions of the contracted PPA and/ or applicable rules. All clearances may be linked to the plant and not to the promoter.
- 3.6 **Approval with regard to cancellation of PPA for non-compliance of COD:** If there is any delay in the commissioning of a project for reasons not attributable to the generator, the DISCOMS may be advised not to cancel those PPAs. The PPA may be kept on hold for a certain period, so as to enable removal of impediments in the execution of the project. In the meantime, power can be procured through the mechanism suggested in previous proposals.
4. It is requested to take necessary action to implement the above decisions of the Government. Action taken may be intimated to this Ministry.

Yours faithfully,



(S. Majumdar)

Under Secretary to the Govt. of India
Tel: 2335 6938

To,

1. Secretary, Ministry of Coal
2. Secretary, Dept. of Financial services, Ministry of Finance
3. Secretary, Ministry of Environment, Forestry and Climate Change
4. Secretary, Ministry of Corporate Affairs
5. Chairperson, Central Electricity Authority
6. Chairman, Railway Board
7. Secretary, Central Electricity Regulatory Commission
8. CE, R&R (Ministry of Power)
9. CMD, NTPC
10. Chairman, DVC
11. CMD, PFC
12. CMD, REC
13. CMD, PGCIL
14. CMD, CIL

Copy to: Additional Chief Secretaries/Principal Secretary/Secretary (Energy) of State Govt. (As per list)

Copy to: Technical Director NIC for posting on website of MoP

Additional Chief Secretaries/Principal Secretary/Secretary(Energy) of State Govt.

1. Shri Ajay Jain, Principal Secretary (Power), Room No. 147, Ground floor, 2nd - Block, A.P. Secretariat, Velagapudi, Guntur, Andhra Pradesh-522503
2. Shri P. Ravi Kumar, Addl. Chief Secretary(Energy) Government of Karnataka, Vikasa Soudha, Bangalore-560001
3. Md Nasimuddin, Pr. Secretary(Energy), Government of Tamil Nadu, Fort St. George, Sectt., Chennai-600009
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10. Shri Gaurav Dwibedi, Secretary (Energy), Govt. of Chhattisgarh, Energy Department, R.No.S-2/10, Mahanadi Bhawan, Mantralaya, Naya Raipur, Chhattisgarh
11. Sh. Pankaj Joshi, Principal Secretary (Energy), Energy Deptt, Block-5, 5thFloor, Government of Gujarat, Sachivalaya, Gandhinagar-382010
12. Smt Vandana Dadel, Secretary(Energy) Government of Jharkhand, MDI Campus, Project Bhawan, Dhruwa, Ranchi-834004
13. Sh. I.C.P. Keshari, Additional Chief Secretary (Energy), Government of Madhya Pradesh, Mantralaya, Room No. 312, Bhopal-462004
14. Sh. Hemant Sharma, Commissioner -cum- Secretary (Energy), Department of Energy Government of Odisha, Bhubaneswar-751001
15. Shri Naresh Pal Gangwar, Pr. Secretay (Energy), Government of Rajasthan, R.No.104, VidyutBhawan, Janpath, Jaipur-302005