



MCL

महाप्रबंधक (विपणन और विक्रय) का कार्यालय

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क्रमांक/No: एमसीएल/एसबीपी/जीएम(एमएंडएस)/2022-23/

393

दि.20.08.2022

नोटिस

विषय: Incentive/Compensation guidelines for Power Houses lifting coal under flexi agreement and order booking of Monthly Scheduled Quantity specifying the FSA/contract particulars

This is for the information of Power Houses having Flexi Agreement signed with MCL that the modalities for computation of Compensation/Incentive have been finalized and circulated by CIL for raising of invoices and settlement of claims (copy enclosed).

As the FSA/Contract particulars are required to be identified at the time of order booking for computation of Compensation/Incentive, all consumers lifting coal under FSA/MoU are hereby requested to henceforth mention the FSA/Contract particulars in the Sponsorship Numeric Code field in the Annexure-C of FOIS screen for order booking in rail mode and the same may also be confirmed in writing to the office of the undersigned each month. In case, the order booking is done under flexi agreement/ import substitution, the FSA/contract code of the transferor FSA is to be intimated in FOIS programme and also in writing to MCL. For customers booking coal against FSA with the other subsidiaries of CIL, the contract code issued by that subsidiary is to be informed and also to be mentioned in FOIS. The list of particulars and contract code for Power Houses having Flexi Agreement is enclosed herewith for ready reference.

If any customer fails to follow the above mentioned guidelines, then MCL may at its sole discretion, allocate coal against any of the contract of MCL or any other subsidiary of CIL, pertaining to that customer.

Handwritten signature
20.8.22
महाप्रबंधक (विपणन और विक्रय)
Handwritten initials

प्रतिलिपि सूचनार्थ:-

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कोल इण्डिया लिमिटेड

Coal India Limited

भारत सरकार का उपक्रम

A Government of India Undertaking

एक महारत्न कंपनी A Maharatna Company

COAL INDIA LIMITED

MARKETING AND SALES

DEPARTMENT

COAL BHAWAN, PREMISE NO- 04
MAR

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CIN: L23109WB1973GO1028844

Ref: CIL/M&S/GM(F)/ 1229

Date: 19.05.2022

To,

The General Manager (M&S)

BCCL / CCL / ECL / MCL / NCL / SECL / WCL

Sub. Modality of calculation of PI and Compensation (LL/LD) for Genecos covered under Flexibility in utilization of domestic coal policy of GOI

Dear Sir,

Union Cabinet on 4.5.2016 approved the proposal of Ministry of Power for "Flexibility in utilization of domestic coal for reducing the cost of power generation". Methodology in this regard issued by CEA vide letter 08.06.2016 was communicated to CIL vide the letter bearing number 23011/71/2014-CPD dated 13.07.2016.

In order to implement the above, Supplementary Agreements for Flexibility in utilization of domestic coal are executed with State/Central Gencos. Pursuant to this, coal company-wise Annual Contracted Quantity (ACQ), of each individual coal linkages (as per FSA) is summed up as Aggregated Consolidated Contracted Quantity (AACQ) for each state/central Gencos. The PI / Penalty provisions of coal company wise FSA are applicable on the Aggregated Annual Contracted Quantity (AACQ).

In the above supplementary agreement, under the point 4: Compensation for short lifting and Performance Incentive (PI), stated the formula for calculation of Cut-off level of delivery (CLD)/Cut-off level of lifting (CLL) on the basis of AACQ, which was as under:

$$\text{CLD/CLL} = \frac{(\text{ACQ of Pre 2009 CSAs} \times 0.90 + \text{ACQ of Post NCDP CSAs} \times 0.80)}{\text{AACQ}}$$

However, it was also stated that this supplementary agreement being an interim arrangement, the parties agree to adopt the formula for calculation of compensation at a later date for lifting below CLD/CLL or incentive for dispatches as would be decided and accepted in the revised agreement through deliberation amongst the stakeholders and the formula so agreed and accepted shall be applicable from 1.4.2017. As reported by coal companies, the claims for PI / Penalty are being disputed by the Government Power Utilities, under AACQ concept, since 2017-18 on the plea that the above formula is yet to be finalized. Coal Companies also seem to be adopting different methods to calculate PI / Penalty and in some cases the claims also have not been raised.

In order to settle the issues, the ECFD of CIL has kindly approved in its 280th meeting, held on 2nd May'2022 the following modality of calculating PI / Compensation (LL / LD) to be effective from 1st April 2017 –

(A) For calculation of PI –

1. Plant wise ACQ and DQ (Delivered Quantity) of the particular year will be ascertained.
2. Plant wise percentage of DQ (i.e Actual Quantity) against ACQ will be calculated.
3. Plant wise qualifying quantity, i.e quantity dispatched over 90% of ACQ, if any, will be calculated,
4. Now overall Qualifying Quantity (OQQ) will be calculated using the formula -
Overall QQ = Total Actual Dispatch for the year – 90% of AACQ
5. This overall QQ will be apportioned among Plants, who have positive QQ, in the ratio of plant wise qualifying quantity.
6. Plant wise PI will be calculated as apportioned qualifying quantity as per modality given in the FSA of that particular plant.

(B) Calculation of LL and penalty thereof under Flexi system

1. Plant wise ACQ, DDQ and LL Quantity for the particular year will be ascertained.
2. Aggregated Trigger Tonnage is calculated which is the sum of multiplication of Unit wise ACQ with its trigger level (%).
3. DDQ of each unit will be determined.
4. Aggregate LL (Level of Lifting) quantity is calculated which is the sum of LL quantity of each plant. LL quantity is based on LL % of each plant which will be calculated as per given formula in FSA,
i.e, $LL = (ACQ - DDQ) / ACQ$
5. The difference between Aggregated Trigger quantity and Aggregate LL quantity is failed quantity if latter is less than former. If former is less than latter than there will be no penalty.
6. This Aggregate Failed Quantity will be apportioned amongst plants in the ratio of plant wise failed quantity, where the LL% is less than the trigger level percentage.

(C) Calculation of LD and penalty thereof under Flexi system

1. Plant wise ACQ, DQ, RF, FM and DDQ and LL Quantity for the particular year will be ascertained.
2. Aggregated Trigger Tonnage is calculated which is the sum of multiplication of Unit wise ACQ with its trigger level (%).
3. Aggregate LD (Level of Delivery) quantity is calculated which is the sum of LD quantity of each plant. LD quantity is based on LD % of each plant which will be calculated as per given formula in FSA,
i.e, $LD = (DQ+RF+FM+DDQ) / ACQ$
4. The difference between Aggregated Trigger quantity and Aggregate LD quantity is failed quantity if latter is less than former. If former is less than latter than there will be no penalty.
5. This Aggregate Failed Quantity will be apportioned amongst plants in the ratio of unit wise failed quantity, where the LL% is less than the trigger level percentage.

In order to illustrate the methodology, examples are given in the enclosed sheet as annexure.


It may be seen that the modalities as mentioned above have been developed for the computation keeping in view the compliance of AACQ concept as per directives of MOC as well as individual FSAs with sound rationale, thereby mitigating the possibility on non-acceptance by Genecos and to break the impasse.

In view of the above, subsidiary companies are advised to take following actions –

1. Compute the amount for the Government Power Utilities, coming under the scope of AACQ concept, since 2017-18 against PI and / or Penalty, as applicable based on above methodology.
2. The details of claims to be conveyed to the Power Utilities mentioning that there is no justification for withholding settlement of claims on the plea of non-finalization of formula as explained above.
3. Wherever some claim has already been raised on this account, the differential amount to be computed and conveyed.
4. Any counter claim of the customer of short delivery may also be dealt on above principle.

Action taken may please be conveyed to CIL HQ on priority.

Yours faithfully,


19/5/22
HOD (F), M&S, CIL

Copy –

Director (T), CIL

T.S to D(M), CIL

GM(M&S)(QC/Sales Policy), CIL

GM (Operation) / GM (Commercial) / HOD (FSA) / HOD (Legal), M&S, CIL

HOD(F), M&S - BCCL / CCL / ECL / MCL / NCL / SECL / WCL

Annexure

Examples-

(A) For calculation of PI -

Plant	ACQ (Est)	Trigger level In %	Trigger level in Qnty	DQ	% of DQ in comparison to ACQ	Plant wise QQ for PI	Apportionment of Overall QQ
1	2	3	4 (2*3)	5	6	7	8
A	1000	90	900	1250	125.00	350	307.14
B	900	90	810	750	83.33	0	0.00
C	880	90	790	930	105.68	140	122.86
D	1200	90	1080	1080	90.00	0	0
Total	3980		3580	4010		490	430

Overall QQ for PI = Total DQ - AACQ = 4010-3580 = 430

(B) For calculation of LL and penalty thereof under Flexi system

Plant	ACQ	Trigger level (%)	Trigger (Tonnage)	DDQ	LL (%)	LL Quantity	Unit wise failed quantity	Apportionment of failed qnty
1	2	3	4 (2*3)	5	6	7	8 (7-4)	9
A	1000	90	900	150	85.00	850	50.00	11.54
B	900	90	810	220	75.56	680	130.00	30.00
C	880	75	660	300	65.91	580	80.00	18.46
D	1200	75	900	100	91.67	1100	0.00	0.00
Total	3980		3270			3210	260.00	60.00
ATL (%)		82.16		ALL (%)	80.65			
Aggregate Failed Quantity			60.00					

C) For calculation of LD and penalty thereof under Flexi system

Plant	ACQ (Est)	Trigger level (%)	Trigger Level (Tonnage)	DQ	RF	FM	DDQ	Total	Unit wise failed quantity	Apportionment of failed quantity
1	2	3	4 (2*3)	5	6	7	8	9 (5 to 9)	10	11
A	1000	90	900	700	60	88	50	898	2	1
B	900	90	810	600	0	100	0	700	110	44
C	880	75	660	430	50	90	20	590	70	28
D	1200	75	900	880	0	100	30	1010	0	0
Total	3980	82.16	3270					3198	182	72
Aggregate Failed Quantity			72							

Contract-wise Power Sector Consumers List

Contract Code	CUSTOMER_NAME	Sector	Old FSA_CODE	ACQ
3030000231	APGENCO, Rayalseema Thermal Power Project (RTPP) (Unit- 1 & 2)	Power- Pre NCDP	300010A01PN, 220805	870000
3030000232	APGENCO, Dr. Narla Tata Rao Power Station (Dr. NTTPS) (Unit- 1-6)	Power- Pre NCDP	300012A01PN, 220877	3000000
3030000233	Durgapur Projects Limited	Power- Pre NCDP	300035A01PN	303000
3030000234	DVC, Durgapur TPS (Unit I&II)	Power- Pre NCDP	300206A01PN	278000
3030000235	DVC, Mejia TPS (Unit I to VI)	Power- Pre NCDP	300205A01PN	500000
3030000237	MAHAGENCO, Khaperkheda Thermal Power Station (Unit-1-4)	Power- Pre NCDP	300099A01PN	3067000
3030000238	MAHAGENCO, Koradih Thermal Power Station (Unit- 1-7)	Power- Pre NCDP	300095A01PN	745000
3030000239	NTPC, Simhadri Super Thermal Power Station (Unit-1 & 2)	Power- Pre NCDP	300113A01PN	3700000
3030000240	NTPC, Talcher Super Thermal Power Station (Kaniha)	Power- Pre NCDP	300110A01PN	14400000
3030000241	NTPC, Talcher Thermal Power Station	Power- Pre NCDP	300114A01PN	2418000
3030000243	TANGEDCO, METTUR TPS (Unit I to V)	Power- Pre NCDP	300166A01PN, 300166A02PN	3697000
3030001186	TANGEDCO, N.CHENNAI TPS (Unit I to IV)	Power- Pre NCDP	300203A01PN	2542000
3030000244	TANGEDCO, TUTICORIN TPS (Unit I to III)	Power- Pre NCDP	300202A01PN	4640000
3030000245	WBPDL, Bakreswar TPP (Unit I to V)	Power- Pre NCDP	300018A01PN, 220852	500000
3030000246	WBPDL, Bandel TPS	Power- Pre NCDP	300020A01PN, 220852	242000
3030000247	WBPDL, Kolaghat TPS	Power- Pre NCDP	300076A01PN, 220852	2950000
3030000258	APGENCO, Dr. NTTPS, Vijayawada(U-VII)	Power- Post NCDP	300012P01PN	2312000
3030000259	APGENCO, Rayalseema TPS (U-V)	Power- Post NCDP	300010P01PN, 221041	1010000
3030000260	APPDCL, Sri Damodaram Sanjeevaiah TPS (U-I&II)	Power- Post NCDP	221067, 221058	7143000
3030000261	HPGCL, Rajiv Gandhi TPP (U-I&II)	Power- Post NCDP	300130P01PN	900000
3030000263	MAHAGENCO, Khaperkheda TPS (Unit-V)	Power- Post NCDP	300099P01PN	812000
3030000265	NTECL, Vallur TPP (Unit-I&II)	Power- Post NCDP	300224P01PN	3760000
3030000266	NTPC, Simhadri STPS (Unit-III&IV)	Power- Post NCDP	300113P01PN	4620000
3030000267	NTPC-TECL, Vallur TPP (Unit-III)	Power- Post NCDP	300224Q01PN	2143000
3030000268	TANGEDCO, Mettur TPS	Power- Post NCDP	300166P01PN	2315000
3030001181	TANGEDCO, N. Chennai TPS (Unit -I&II)	Power- Post NCDP	300203P01PN	4630000
3030000269	Durgapur Steel TPS, DVC (Unit - I)	Power- Post NCDP	300315P01PN	1413000
3030001182	NTPC Limited, SOLAPUR TPS (Unit - I)	Power- Post NCDP	300325P01PN	2833000
3030001180	APGENCO, Stage IV, Unit-VI	Power- Post NCDP	300010Q01PN	2778000
3030005573	NTPL	NA	NA	2400000
3030006271	Rajasthan Vidyut (Chhabra)	NA	NA	862875
3030006637	Rajasthan Vidyut (Kalisindh)	NA	NA	2071125
3030006272	Rajasthan Vidyut (Suratgarh)	NA	NA	4315875