

# CIL may sell 90 mt coal through e-auction route

**Shobha Roy**  
Kolkata

Coal India Ltd is expecting to sell close to 80-90 million tonnes (mt) of coal through e-auction platform this year at an average premium of around 300 per cent over the notified price backed by higher demand and surge in international coal prices.

While in volume terms, it may be marginally lower than the total sales through e-auction registered last year, the realisations are expected to be much higher due to the huge premium over notified price.

The state-owned miner has been earning close to ₹4,400-4,500 a tonne on sale through e-auction route this year as compared to the average realisation of around ₹1,400-1,500 a tonne through FSA (fuel supply agreement) route. It had earned a premium of around 30 per cent over the notified price (or close to ₹1,570 a tonne) same period last year.

## BETTER PROFITABILITY

It is to be noted that a higher sale through auction route would help the company garner better profitability as



**OTHER AVENUE.** Coal India is allowed to auction up to 20% of its production through e-auction

the average price realisation on e-auction is usually better than the sale through FSA route.

According to Pramod Agarwal, Chairman and Managing Director, CIL, sale through e-auction route might get curtailed if the demand of power increases substantially.

However, as production starts picking up in the coming months and the anticipated drop in demand from power sector moving forward would help push up e-auction volumes.

"E-auction price in the first quarter was around

₹4,340 and we sold close to 20 million tonnes. I don't have a figure right now, what is the quantity we have auctioned in Q2, but I presume that this trend of about 20-25 million tonnes will continue throughout the year and we will end the year with about 80-90 million tonnes of e-auction coal.

"But this depends how the demand for the power comes up. If the demand of the power increases substantially, our ability to do the e-auction reduces to that extent. Price as of now is still very high, and in certain cases, we are getting about

4,500 or even 300 per cent of premium. So, about this range will be maintained if it does not increase further. But at least this range will be maintained for e-auction price as well," Agarwal said in the latest analyst transcript.

## MODERATE DEMAND

CIL is allowed to auction up to 20 per cent of its coal production through e-auction and it typically sells close to 16-18 per cent of the volume as it has to give priority to the power sector. Whenever demand from power sector goes up, its sale through e-

auction platform reduces. However, Agarwal was hopeful that the e-auction volume will increase in coming months with the demand of the energy sector going down as has been the trend usually.

The demand for power goes down in October, November and December months and with that, requirement of coal also goes down. The average stock at power houses has also improved to close to 28-29 mt as compared to same period last year when it was around 10-12 mt.

"This extra 16 mt will give them a lot of leverage and this will help us in giving coal to non-power sector also and this is not likely for next few days, perhaps the stock may go down. But after that, in October onwards or after 20<sup>th</sup> of September, the stocks of the power houses are unlikely to go down.

"That's whatever the trend we have seen, but nobody can say or confirm because it depends a lot on the monsoon condition and the temperature also. So, that is the situation. So, e-auction volume should increase in the coming months," he said.

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## **CIL to ink pacts with BHEL, IOCL and GAIL to Set Up Four Coal Gasification Projects**

**New Delhi:** State-owned CIL will sign agreements with three public sector enterprises – Bharat Heavy Electricals Ltd (BHEL), Indian Oil Corporation Ltd (IOCL) and GAIL (India)– in order to set up four surface gasification projects. Through gasification process, coal is converted into syngas – a fuel gas – which can be used in downstream production of value added chemicals.

The government aims to achieve 100 million tonnes of coal gasification in the next eight years in order to reduce the import of crude oil which is otherwise used to produce syngas.

“Coal India Limited (CIL), under the aegis of Ministry of Coal, will be inking three major Memorandum of Undertaking (MoU) on September 27,” the coal ministry said in a statement.

The proposed projects would reduce forex outgo and create around 23,000 jobs, it said. The government had earlier said that the target to gasify 100 million tonnes of coal by 2030 will entail an investment of over Rs 4 lakh crore.

—PTI

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PTI ■ NEW DELHI

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This 100 MT coal gasification will happen in three phases, the government had said.

In the first phase from 2020-2024, 4 million tonnes (MT) of coal will be gasified and around ₹20,000 crore will be invested for the same.



# 'Coal to stay as main energy source'

'Renewable energies complement but can not compete with coal, at least for now'

**RAKESH KUMAR** @ New Delhi

India was facing an 'unprecedented' coal crisis a few months ago, and now as the situation has eased a bit, the talks of unavailability of coal to power and non-power sectors were died down for now. **Pramod Agarwal**, Chairman of Coal India, the country's largest coal producer, in an interaction with **Rakesh Kumar**, talks about the country's coal availability situation, future and of coal green energy efforts.

**Last year, there were reports of coal shortage in the country post monsoon. What is the situation this year?**

The recurrence of such a situation is highly unlikely this year as current coal supply is at a higher growth trajectory and stock position is relatively much more comfortable. Our production has hit a historic high of 253 million tonnes (MT) till August with 21% growth. The 44.6 MT rise in absolute terms in just 5 months and 4 days of the ongoing fiscal outdid the previous best of 44.5 MT of FY16, which was for the entire year. Also, better loading by CIL and logistics management by railways saw the rake loading to power sector going up by 14% during the period. These moves would avert any annual monsoon crisis at power plants.

**What is the status of CIL's coal supply right now?**

On the back of the improved production, our supplies also peaked to record levels. Supply to the power sector has grown by nearly 40 MT till the first fortnight of September this fiscal. To a level of 264.7 MT from 224.8 MT of last year. Total offtake has increased to 308 MT, which is a year-on-year (YoY) jump of nearly 24 MT. Pitheads of Coal India are stocked with 29 MT. Coal inventory at power plants was close to 27 MT (including im-



Pramod Agarwal, Chairman, CIL

ported coal) with Coal India accounting for a major portion of it. Additionally, 7.8 MT was awaiting shipment at private washery sidings, goods sheds, ports and CIL's own sidings. With sufficient coal available in the system, there is no cause for shortage apprehension.

**How is Coal India gearing up to meet the increased coal demand of thermal power plants with festive season round the corner?**

Like I said earlier, if you look at our production and offtake surge to thermal power plants till August, the growth is in the high double digits. Production hike is 21%. Power plants have received 18% more coal than they did last year. Improved production gives us a launching pad to increase our supplies. Adequate coal stocks are within reach. We also have an on-tap coal import pact for 8 MTs in place with a scalable option to 12 MTs.

**What is the status of the coal import order placed on Indonesia's Bara Daya Energi? How much coal has arrived in the country and who all have procured the coal?**

Based on the indents and advances received from state gencos and independent power plants, CIL has placed the schedule for delivery of 2.83

lakh tonnes (LTs) of coal from overseas. Of this, three vessels of 2.13 LTs have reached the Indian shores and one vessel carrying 70,000 tonnes is in transit and expected to reach the country's port by the month-end. Destination is ports on the eastern coast of the country. State gencos of Tamil Nadu and Karnataka have procured the coal so far. Coal imports depend on how the coal demand pans out.

**Given that the coal crisis has emerged in the country in the past two years, do you think India will be able to quickly switch to renewable energy for power? Will coal continue to be the main source of power in India for the next decade or so?**

Coal outweighs renewables by five-fold in the country's power generation. It is still long way ahead and continues to fuel India's energy needs for at least two decades more. Entry of renewables doesn't portend the end of the road for coal. Renewables complement but can't compete with coal, at least for now. The switch over will be a gradual and long process. Till then both these fuel sources must co-exist.

In a positive sign renewable energy is, it is steadily expanding. By August-end of this fiscal, the share of renewables in the country's power generation leapt by 16.6% YOY to 96.28 billion units (BU). In contrast, out of India's total power generation of 709.36 BU, coal-based generation was 485.49 BU during this period. Of this, 96% or 466.28 BU was generated through domestic coal where the bulk of supplies were from CIL. Coal can't be erased from the country's energy canvas abruptly.

**What are the new technologies or eco-friendly techniques Coal India is adopting for mining?**

Our focus is to be minimally invasive on environment and land, with availability of land being a persistent problem. The focus is on increased deployment of eco-friendly surface miners, which entail blast-free selective mining with minimal damage to the environment. We are planning to strengthen fleet by 50 more in addition to existing 21.

In-pit crushers, already in use, help reduce movement of dumpers, minimising diesel exhaust and lessening air pollution. OB cutting technology curtails noise and air pollution. Reviving environmentally clean underground production, we are adopting a slew of green mining technologies like high wall mining and powered support long wall. Mineable coal assets can be extracted at a low cost with a low gestation period. Paste fill technology is another environment-friendly frontier.

**There have been calls for privatisation of coal sector as a solution to India's coal crisis. A section of people think privatisation would improve performance and efficiency of CIL. What's your views on the same?**

Coal India's operational efficiency and belt tightening measures in cost of production have already improved over the years. Competition from private players is not a worrying factor for CIL. Their role will be complementary as they replenish additional quantities of domestic coal into the supply chain reducing the import burden. What makes Coal India retain its energy leadership is decades of core competence, large human resource pool of skilled manpower, multi-disciplinary professionals, established infrastructure, streamlined operations, uniform coal quality and reliable timely delivery of supplies. Our mines have a favourable stripping ratio making our coal highly cost-competitive.



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Based on orders and advances received from state gencos and independent power plants, Coal India has placed import orders for 2.83 lakh tonnes of coal. Of these imported coals, three vessels of 2.13 LTs have reached the Indian shores

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## **कोल इंडिया चार कोयला गैसीकरण परियोजनाओं के लिए करेगी समझौते**

नई दिल्ली। सार्वजनिक क्षेत्र की कंपनी कोल इंडिया लिमिटेड (सीआईएल) चार सतह गैसीकरण परियोजनाओं की स्थापना के लिए तीन सार्वजनिक उपक्रमों- वीएचईएल, आईओसी और गेल इंडिया के साथ समझौता करेगी। गैसीकरण प्रक्रिया के जलिये कोयले को एक ईधन गैस (सिनगैस) में बदला जाता है जिसका इस्तेमाल मूल्य-वर्धित रसायनों के उत्पादन में किया जाता है। सरकार अगले आठ साल में 10 करोड़ टन कोयले का गैसीकरण करना चाहती है ताकि कच्चे तेल के आयात में कटौती की जा सके। कोयला मंत्रालय ने एक बयान में कहा मंत्रालय के अधीन कार्यरत सीआईएल 27 सितंबर को तीन प्रमुख समझौता ज्ञापन पर हस्ताक्षर करेगी। उन्होंने बताया कि यह समझौता ज्ञापन भारत हेवी इलेक्ट्रिकल्स लिमिटेड (वीएचईएल), इंडियन ऑयल लिमिटेड (आईओएल) और गेल इंडिया लिमिटेड के साथ किया जाएगा। मंत्रालय ने कहा कि इन समझौता ज्ञापनों के तहत गैसीकरण परियोजनाएं लगाए जाने से विदेशी मुद्रा का प्रवाह रुकेगा और करीब 23,000 रोजगार अवसर भी पैदा होंगे। सरकार ने पहले कहा था कि वर्ष 2030 तक 10 करोड़ टन कोयला गैसीकरण के लक्ष्य को हासिल करने पर चार लाख करोड़ रुपए का निवेश करना होगा। सरकार ने इस परियोजना को तीन घरणों में पूरा करने की बात कही थी।