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Date: 27-5-13

To
General Manager (S&M)
ECL/BCCL/CCL/MCL/WCL/NCL/SECL/NEC

Dear Sir,

Sub : Modification of Model FSA applicable for New Power Plants in respect of
'Power Purchase Agreement' clause

A decision at the level of PMO was taken regarding signing of FSA with the new Power Plants without waiting for PPA subject to condition that supply of coal will commence only after the plant is commissioned and long term PPA is signed. It was further decided that the supply of coal will be restricted to the quantity required for generating electricity to meet the commitment as per PPA.

A proposal to this effect along with enabling FSA provisions was placed before the CIL Board in its 297th Meeting held on 20.5.2013 for consideration. The Board, vide decision item 297:6(F), inter alia, decided that 'Board agreed with the views that with those power stations whose name appeared in the MOC letter dated 17-2-2012, coal companies might sign FSA without insisting for long-term PPAs. However, commencement of coal will be subject to the satisfaction of the "condition precedent" regarding furnishing long-term PPA with DISCOMS. Board also advised that the same should be indicated in the FSA clearly under the headline "FSA subject to PPA"

A statement showing the modifications in the FSA provisions approved by the Board for enabling execution of FSA without long term PPA is also enclosed.

You are requested to take necessary action in this regard. While signing such FSAs please also highlight in the cover of the FSA that "Coal Supplies under the FSA to commence subject to submission of Long term Power Purchase Agreement"

Encl: Statement of modified FSA provisions

Yours faithfully


General Manager(S&M)

Copy to:-
CMD ECL/BCCL/CCL/MCL/WCL/NCL/SECL
Dir (Technical), Director (Marketing),CIL
TS to Chairman, CIL
GM(Commercial)/GM(SO/LOA), S&M

The proposed modification in the FSA Models applicable for New Power Plants in both SEB and IPP/PPU Sector and for the corresponding models applicable for Plants ‘Not having Tapering Linkages’ as well as Plants ‘Having Tapering Linkages’

Sl	Existing provision	Proposed Modification
1	<p><u>Recital of FSA</u> Whereas the Purchaser has entered into long term Power Purchase Agreements (PPA) either directly with Distribution Companies (DISCOMs)) or through Power Trading Company (ies) (PTC) who has / have signed back to back PPA(s) (long-term) with DISCOMs and have commissioned or would get commissioned after 31.3.2009 and on or before 31st March 2015, and</p>	<p><u>Recital of FSA</u> Whereas the Purchaser has entered into or is yet to enter into long term Power Purchase Agreements (PPA) either directly with Distribution Companies (DISCOMs)) or through Power Trading Company (ies) (PTC) who has / have signed back to back PPA(s) (long-term) with DISCOMs and have commissioned or would get commissioned after 31.3.2009 and on or before 31st March 2015, and</p>
2	<p>2.8.2 Purchaser’s Condition Precedent</p> <p>2.8.2.1 The Purchaser shall have obtained from the lawful authority all necessary clearances, authorisations, approvals and permissions required for, construction, commissioning, operation and maintenance of the Plant</p> <p>2.8.2.2 The Purchaser shall have completed the construction and the completion of such construction along with readiness of the power plant for lighting up has been certified by an Independent Engineer within the Condition Precedent Period</p> <p>2.8.2.3 : Not Existing</p>	<p>2.8.2 Purchaser’s Condition Precedent</p> <p>2.8.2.1 No change 2.8.2.2 No change</p> <p>Add 2.8.2.3 <u>[APPLICABLE TO PURCHASER WHO HAS SIGNED FSA WITHOUT ENTERING INTO LONG TERM PPA]</u> The Purchaser shall have to furnish the long term Power Purchase Agreements (PPA) either directly with Distribution Companies (DISCOMs)) or through Power Trading Company (ies) (PTC) who has / have signed back to back PPA(s) (long-term) with DISCOMs within the Condition Precedent (CP) period as per clause 2.8.3.1.</p>

Note: Applicable to Model FSA for New Power Plants in both SEB/PSU and Private/IPP sector and corresponding tapering models.