

Responses to Bidders' Queries - Part 2
Auction of Coal Linkages to IPPs having already concluded long term PPAs {(SHAKTI B(ii))}

S.No.	Query	Response												
1	Kindly clarify that whether Annual Contracted Quantity (ACQ) will also change according to the actual grade supplies?	No												
2	<p>Annexure VIII of Scheme document takes into consideration GCV measured on equilibrated basis (GCV-EB) i.e. at 5% equilibrated moisture. This GCV-EB doesn't reflect the total moisture content in coal and thus is higher than (and not representative) of the GCV-ARB of coal. There remains a mismatch of -300 kcal/kg amongst them.</p> <p>Due to this difference in energy, the quantity computed at GCV-EB is not representative of the actual normative coal requirement of a plant. The CERC Tariff Regulations also considers GCV-ARB while calculating tariff.</p> <p>CEA may please be requested to review its norms taking into account above facts; and apply such reviewed norms for this auction process.</p> <p>The computation of 'CEA Approved Quantity', 'Maximum Eligible Quantity' and 'Maximum Allocable Quantity' under Scheme document is as per the formula: -CEA Approved Qty. / Maximum Eligible Qty. = 90% x 85%; -Maximum Allocable Qty. = 80% x (90% x 85%)</p> <p>It is learnt that the above computation is suggested to keep parity with existing linkages for plants to be commissioned after 2009. The said linkages were granted in Nov 2008 and at that point in time Normative Availability as per CERC norm as well as SBD was 80%. However said normative availability norm has increased under the SBD as well as CERC tariff norms to 85%/90%.</p> <p>The normative availability norms under SBD & CERC regulations are as under:</p> <table style="margin-left: 20px;"> <tr> <td>Year</td> <td>2004</td> <td>2009</td> <td>2014</td> </tr> <tr> <td>SBD</td> <td>80%</td> <td>85%</td> <td>90%</td> </tr> <tr> <td>CERC Regulations</td> <td>80%</td> <td>85%</td> <td>85%</td> </tr> </table> <p>Therefore unless entitlement for linkage under auction is increased, it create artificial situation of coal shortage; and as a result, pass on the discount to consumers on higher quantum of generation.</p> <p>The competition can still be generated by keeping 10% gap between Max Eligible Qty and Max allocable Qty, as suggested. May kindly request CEA / MoP to review and accept this suggestion in view of the above merits.</p>	Year	2004	2009	2014	SBD	80%	85%	90%	CERC Regulations	80%	85%	85%	The provisions of the Scheme Document are in line with presently applicable CEA norms. Methodology of auction including maintaining parity with post 2009 FSAs as well as supply / demand ratio has been approved by Competent Authority.
Year	2004	2009	2014											
SBD	80%	85%	90%											
CERC Regulations	80%	85%	85%											
3	We understand that the capacity considered in the formula will be the gross capacity having PPA and no coal linkage. Kindly confirm.	CEA Approved Quantity of all Eligible Bidders has already been uploaded. Bidders have also been given a window of 2 days to approach CEA for any feedback.												
4	We understand that in case actual grade of coal is lower than G13 grade then applicable adjustment to the Maximum Eligible Quantity will be made accordingly. Kindly clarify.	This understanding is incorrect. The Maximum Eligible Quantity shall be capped at G13 equivalent.												
5	<p>(a) Kindly clarify the definition of "Source" in this clause as well as in the Clause 1 "Definition"?</p> <p>(b) Whether the IPO discount has to be quoted grade wise for each Source?</p>	<p>(a) Query is not clear. Please refer to Annexure VII for Source details.</p> <p>(b) No</p>												
6	IPO discount for different source should be left open to bidders' choice. It should not be mandatory to quote different IPO discount for different Sources.	Provisions of Scheme Document shall apply.												
7	What will be the Rationale for Starting Discount and when it will be informed to bidders?	Rationale of Starting Discount is not a necessary information for Bidding. Starting Discount will be advised at the time of commencement of SPO stage.												
8	Clause 3.6.3.4 (c) (ii) - The bidder should have "Right to Choose" in between the two Source or more Sources	Provisions of Scheme Document shall apply.												

S.No.	Query	Response
9	It is requested to consider submission of the sole discount quoted i.e. IPO/SPO Discount, for the entire tenure instead of Y-o-Y computation.	The YoY computation does not need to be submitted during SPO. It needs to be submitted within 24 hours post conclusion of SPO. In case Bidder wants to quote a flat discount every year, he can do so during this submission.
10	It is requested that Coal supplies under FSA may be started as soon as amended/supplemented PPA is submitted, while the process for approval from Regulatory commission shall be conducted simultaneously.	Please refer to the response to Question No. 14 in Part 1 of Q&A
11	The clause 3.6.5 (b) may be amended as under: Auction to continue till one of the conditions i.e. 'Balance Maximum Eligible Quantity' under 'Conclusion of auction' is equal to "zero" i.e. upto the full eligibility of the bidder.	Provisions of Scheme Document shall apply.
12	Model FSA after incorporating the terms of the scheme document should be provided before submission of IPO discount.	Model FSA has already been uploaded
13	Flexibility in the Mode of Dispatch with an option to choose for Road/Road-cum-Rail may be provided.	Model FSA has already been uploaded; Provisions of the same shall apply.
14	When will the FSA be uploaded on the electronic platform.	Model FSA has already been uploaded
15	Kindly provide the methodology to compute the scheduled generation from coal supplied. The formula to compute the same should take into consideration GCV (ARB) certified by the Third Party Sampling Agency and SHR as per CERC norms.	Whatever power the IPPs generate and supply under the long term PPA with DISCOM from the use of linkage coal under this policy would be considered as "Scheduled Generation". Further details such as methodology of calculation of the same will need to be worked out between DISCOM and IPP while amending the PPA.
16	It has been desired by CIL that the discount should be quoted by the bidder on the existing tariff for each year of the balance period of the PPA. The same is practically not possible unless CIL confirms the following well in advance :- A) Source, Mode & quality of Coal: The tariff discount is desired to be given for the entire balance period of PPA. The same shall have to be calculated based on sources, quality and mode of dispatch of coal, so all these should remain same throughout contract period. B) Price of Coal: The current offer for tariff discount shall be applicable on current notified price but in case of change in notified price during subsequent period, how the tariff discount will be changed?	The SHAKTI Policy and auction methodology has been approved by the Competent Authority and CIL is merely implementing the same. Source, mode and quality may vary in line with FSA provisions (as is the case with current FSAs as well). There will be no change in tariff discount on account of change in Notified Price. The Bidder may factor these in while bidding.
17	Since each PPA has different characteristic, offering tariff discounts cannot be measured on same parameters for all considering the asymmetrical price of power as prevailing in various power purchase agreements. Hence, there should be a base price below which the obligation of discount should be exempted from this purview.	The SHAKTI Policy and auction methodology has been approved by the Competent Authority and CIL is merely implementing the same.
18	Discount offered on Tariff/Unit should be compared on the basis of a base rate of Tariff, in such a way that while benefit goes to DISCOM but the GENCOs having low tariff are not so deprived that they face problem in getting allocation of coal under Shakti Linkage Scheme.	The SHAKTI Policy and auction methodology has been approved by the Competent Authority and CIL is merely implementing the same.
19	In case of Regulatory Tariff (u/s 62 of Electricity Act, 2003) PPA, any change in landed cost of coal on account of coal price and in associated taxes, duties, cess and freight etc. is duly taken care of by the built in pass through provision of the tariff structure approved by competent electricity regulatory commission in accordance with fuel cost adjustment formula or through truing up. If further tariff discount is given to get the coal under this scheme, it would entail double benefit to pass on to the consumer on same account and cause loss to IPPs. This needs clarity.	The SHAKTI Policy and auction methodology has been approved by the Competent Authority and CIL is merely implementing the same.
20	In case of fixed tariff particularly (u/s 63 of Electricity Act, 2003) there is no such built in provision of adjustment required owing to change in landed coal cost as pass through therefore it is necessary to know whether discount rate offered to a Discom will be modified or their will be any compensatory tariff mechanism in the event of any upward revision either in notified price of coal on account of modification in the notified price of coal or any revision and/or addition/alteration in associated taxes, duties, cess and freight etc.	There will be no modification in the YoY discount on account on change in Notified Prices and/or taxes, duties, cess and freight etc.
21	It is requested that there should not be any process fee or should be equal to or lower than process fee of Rs.2.5 Per tonne charged under Non Regulated Sector.	Provisions of Scheme Document shall apply.
22	It is requested that Bid security may be reduced to 6% of notified price as it used to be in FSA earlier.	Provisions of Scheme Document shall apply.

S.No.	Query	Response
23	Kindly get the FSA be uploaded on the electronic platform.	Already uploaded
24	Whether there will be a provision of Joint sampling or CIL/Subsidiary will issue the credit note or tariff discount will be reduced accordingly.	Sampling provisions have been detailed in the Model FSA uploaded on the electronic platform. There will be no change in YoY tariff discount
25	Are there any penal provisions in case of not meeting the delivery as per schedule. Whether any alternative sources shall be provided by CIL for supply of coal.	Please refer to the Model FSA already uploaded
26	In order to mention the gross capacity corresponding to concluded PPAs it is not clarified how will the same be computed. Assume the auxiliary consumption is 9% i.e. 48.6 MW on full capacity of the Power Plant and the concluded PPAs executed is for supply of 388.85 MW at Delivery Point.	CEA Approved Quantity of all Eligible Bidders has already been uploaded. Bidders have also been given a window of 2 days to approach CEA for any feedback.
27	We have a concluded PPA and have already submitted the Supplementary Agreement to the existing PPA for execution, which is under process. The additional supply of power has already commenced. What will be the treatment of such PPA.	CEA Approved Quantity of all Eligible Bidders has already been uploaded. Bidders have also been given a window of 2 days to approach CEA for any feedback.
28	The eligibility conditions under notice inviting EOI mentions that only PPAs executed under Section 62 and 63 of the Electricity Act 2003 are eligible for participating in the auction. What will be the treatment of the PPA/PSA executed on negotiated route	CEA Approved Quantity of all Eligible Bidders has already been uploaded. Bidders have also been given a window of 2 days to approach CEA for any feedback.
29	Whether the verification certificate needs to be specifically signed by the Discom or the sign of only the Trader would suffice.	It needs to be specifically signed by DISCOM.
30	How will the balance requirement of coal for PPAs not considered as of now, will be met? Will there be any further auction scheme for such balance quantity? What will be the coal linkage scheme for the balance of power not tied up so far, i.e. in case the capacity is being tried to be linked under medium/short term PPA.	This is a one time auction. CIL is not in a position to comment on policy related matters.
31	In case CEA does not approve any / part quantity to any interested bidder who has submitted EOI, will the CEA assign reason to that and the bidders will be given any opportunity to provide clarification.	CEA Approved Quantity of all Eligible Bidders has already been uploaded. Bidders have also been given a window of 2 days to approach CEA for any feedback.