As a follow up to the new policy called Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India (SHAKTI), Coal India Limited (CIL) CIL perhaps for the first time in India provided Priority to the Bidder(s) in choosing its preferred sources.

The exercise is expected to result in an annual generation of over 47 billion units per annum from the linkage coal and a savings in tariff of approx 125cr / annum for period up to 25 years.

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On May 17, 2017, Cabinet Committee on Economic Affairs (CCEA) approved a new policy for allocation of future coal linkages in a transparent manner for power sector. This policy was christened as **S**cheme for **H**arnessing and **A**llocating Koyala (Coal) **T**ransparently in **I**ndia (SHAKTI). The policy was an important initiative in alleviating one key challenge in power sector, viz. lack of coal linkage and is expected to positively contribute in resolution of a number of stressed assets. As a part of this policy, CIL/SCCL is to grant coal linkages on notified price on auction basis for I***ndependent Power Producers (***IPPs) having already concluded domestic coal based ***Power Purchase Agreement*** (PPAs), with the bidding parameter being levellised discount on existing tariff that the IPP is willing to provide. This was expected to result in a win-win situation of IPPs having a long term supply security of coal from a source of their choice while consumers will benefit from a lower tariff.

Accordingly, Coal India Limited (CIL), a PSU of Ministry of Coal, Government of India, invited expressions of interest from potential bidders by 19 August 2017. A total of 31 applications were received. These were scrutinized by Central Electricity Authority (CEA) and finally a total of 14 bidders were found to be eligible.

Subsequently, CIL conducted the auction for IPPs with PPA between 11 and 12 September 2017 as per the approved methodology which, perhaps for the first time in India, used a right to choose technique wherein the Bidder quoting a higher discount to its existing tariff would have a priority in choosing its preferred source(s).

Out of 14 Eligible Bidders, 10 participated in the auction representing a cumulative capacity of approx 9044 MW and booked from 8 available sources a cumulative quantity of ~27.18 million ***Tonnes Per Annum*** (TPA) with tariff discounts going up to 4 paise / unit. This is expected to result in an annual generation of over 47 billion units per annum from the linkage coal and a savings in tariff of approx 125cr / annum for period up to 25 years.

Maximum Allocable Quantity, which was 39.97 MT, is 80% of the Maximum Eligible Quantity (calculated in terms of weighted average of the Source Grades) of all the Eligible Bidders who have submitted the Initial Public Offering (IPO) Discount.

Maximum Eligible Quantity was given by CEA in G13 grade. As the Weighted Average of all the sources was G11, the Maximum Eligible Quantity was converted from G13 into G11 which resulted in the maximum eligible quantity of 33.97 million tonne per annum (MTPA). Therefore, the Maximum Allocable Quantity was 80% of 33.97 = 27.18 MTPA.

i. A summary of booked quantity and levellised discount is in the table below:

Levellised Discount (paise / kWH)	Qty booked (MTPA)
4p	6.00
3p	9.07
2p	9.22
1p	2.89
	27.18