

# कोल इण्डिया लिमिटेड

(महाराष्ट्र कंपनी)

(भारत सरकार उपक्रम)

विपणन एवं विक्रय, विविजन,

कोल भवन,

प्रेमिसिज स.04

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टी आई एन सं. L23109WB1973GOI028844



50 DECADES OF UNEARTHING ENERGY



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(A Govt. of India Undertaking)

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CIN No.L23109WB1973GOI028844

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## NOTICE

Model LOA to be issued to Successful Bidder(s) identified for fresh PPAs through Tariff Based Competitive Bidding(TBCB), for coal linkage earmarked to State Governments/Group of States under Window-I of Revised SHAKTI, 2025 is enclosed for information of all concerned.

This issues with the approval of the competent authority.

Encl.:As above

Yours faithfully,

HoD(M&S/FSA-Linkage)

### Copy to:-

1. ED(M&L), CIL
2. ED(QM), CIL
3. GM(Systems) – *For getting it uploaded on CIL's website*
4. GM/HoD (M&S) – BCCL/CCL/ECL/MCL/NCL/SECL/WCL/NEC

MODEL LETTER OF ASSURANCE (LOA)

TO BE ISSUED TO

PURCHASER (SUCCESSFUL BIDDER(S) TO BE IDENTIFIED FOR FRESH POWER  
PURCHASE AGREEMENTS (PPAs) THROUGH TARIFF BASED COMPETITIVE  
BIDDING (TBCB).)

FOR THERMAL POWER PROJECTS

UNDER PLANNING/UNDER CONSTRUCTION  
AGAINST THE LINKAGE EARMARKED TO STATE  
UNDER WINDOW-I OF REVISED SHAKTI, 2025

To,

[Name & Address of the Assured]

Dear Mr./Ms.[Name],

Subject: Letter of Assurance (LOA)

### **Preamble**

Ministry of Coal (hereinafter referred to as “**MOC**”) has vide its letter dated May 20, 2025 has issued Revised Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India (SHAKTI), 2025. Paragraph 2.II.A.ii. of the policy inter alia provides that coal linkages earmarked to the respective States can be utilized by the State for successful bidder(s) to be identified for fresh PPAs through Tariff Based Competitive Bidding ( hereinafter referred to as “**TBCB**”) for long /medium term procurement of Power.

Subsequently, Ministry of Power vide its letter dated July 17, 2025 has issued Methodology for allocation/earmarking of coal linkage under Window I of Revised SHAKTI Policy, 2025 for Power Sector. As per said Methodology, one or more State Government(s)/State Designated Agency(hereinafter referred to as “**SDA**”) shall identify the successful bidder(s) within 1 (one) year from the date of earmarking of coal linkage by MoC, failing which earmarked coal linkage may lapse. Further, a Letter of Assurance (hereinafter referred to as “**LOA**”) shall be issued by Coal Company in case of Thermal power projects under Planning/Under Construction.

[State name] through [Distribution Company name] (hereinafter referred to as “**DISCOM**”) has {resolved to execute a Power Purchase Agreement/has executed a Power Purchase Agreement (“hereinafter referred to as **PPA**”) dated [date]} to procure power from the [name of the applicant and address of the plant] (hereinafter referred to as “**the Assured**”) that would dedicate a contracted capacity of [contracted capacity] MW from a Power Plant with an Installed Capacity of [installed capacity] MW [developed/to be developed] by the Assured, who emerged as the successful bidder in the TBCB.

In consideration of the request by **the Assured** for issuance of LOA against the linkage earmarked to the state of [State name] under Window-I of Revised SHAKTI , 2025 requiring [tonnes per annum (tpa)] of [Grade] coal against contracted capacity of [MW] from its [MW] Power Plant [to be] located at [name of the location] (hereinafter referred to as “**the Plant**”), from about [time of commencement of coal supplies, as requested by the Assured], [name of the CIL subsidiary] (hereinafter referred to as “**the Assurer**”) hereby provisionally assures to endeavour supply of coal subject to the following terms and conditions:

## 1. Scope of Assurance

### 1.1 *Quantity, Grade and Source of coal*

Subject to satisfactory fulfillment of obligations of the Assured in accordance with Clause 2 within validity of the LOA as per Clause 4 and signing of the Fuel Supply Agreement (hereinafter referred to as “FSA”) within three (3) months thereafter, the Assurer shall endeavour to supply likely through any mode, as per the normative requirement of the Plant, [*million tonnes per annum (mtpa)*] of [*Grade(s)*] (hereinafter referred to as “**the Representative Grade**”) coal to the Assured from [insert Source details] (hereinafter referred to as “**the Source**”), which shall be subject to review and assessment of the actual coal requirement of the Assured by the Assurer as well as the availability of coal from the mines of the Assurer and of imported coal. It is expressly clarified that the Source shall be a coalfield/coal company, as the case may be and the Representative Grade is arrived at considering all mines of the Source. The actual supply pursuant to the FSA may vary between the range of grades, as applicable, in respect of the mines of the Source from which the coal is actually supplied under the FSA and the terms of such supply shall be as set out in the FSA. Further, in the event of incremental coal supplies available with the Assurer (after meeting out the commitments already made) being less than the incremental coal demand, such incremental availability shall be distributed on pro-rata basis and the balance quantity of coal requirement shall be made through imports of coal.

### 1.2 *Price of coal*

The price of coal shall be the sum of notified price of the relevant grade(s) of coal notified by CIL and/or its Subsidiaries and/ or the price of coal from cost plus sources as may be offered by the Assurer as the case may be, other charges (viz. transportation charges, sizing/crushing charges, rapid loading charges, any other applicable charges etc.) and Statutory Charges, as applicable at the time of delivery of Coal. Notwithstanding, in case the quantity of normative requirement, as stated in Clause 1.1 above, necessitates opening of a dedicated mine, then coal shall be priced at the higher of cost plus reasonable return or such notified price , along with other charges and Statutory Charges that shall be payable as listed above. The quantity of imported coal that may be supplied to the Assured, as mentioned in Clause 1.1, shall be charged at the landed cost plus service charge. Such service charge shall be notified by the Assurer from time to time. The Assured shall be liable to pay all applicable taxes and statutory levies.

### 1.3 *Change in law*

In the event of an enactment, promulgation, amendment or repeal of any statute, policy, decree, notice, rule or direction by any government instrumentality that would have an impact on the coal supply terms assured hereof; the Assurer shall be free to amend or

repeal this LOA without any liabilities or damages, whatsoever, payable to the Assured.

#### **1.4 *Force-Majeure affecting the Assurer***

In the event that development of the coal block identified by the Assurer for the purpose of meeting the normative requirement stated in Clause 1.1 is delayed or terminated for reasons including de-allocation of such block by the Government and inordinate delays faced in acquiring land or receiving environmental/forest clearances; Or that imports of coal required for the purpose of meeting the portion of normative requirement stated in Clause 1.1 is reasonably withheld owing to such factors as global shortage or a Force-Majeure event affecting the source(s) of imported coal or logistical bottlenecks faced in transportation and unloading; which are not within the control of and not caused by the negligence or fault of the Assurer; the Assurer shall be free to amend or repeal this LOA without any liabilities or damages, whatsoever, payable to the Assured.

### **2. Fulfillment of Assured's obligations**

#### **2.1 *Time-bound achievement of milestones***

The Assured shall undertake and complete all the activities, as mentioned in Annexure 1 to this LOA, within the validity of the LOA as per Clause 4 and each activity within the time-period mentioned against it unless such completion is affected due to any Force Majeure event provided that such Force Majeure event shall not include inability or failure to obtain financing for the Plant or failure to comply with the existing rules and regulations with respect to statutory clearances applicable to the Plant or any such event resulting from the negligence, omission or default by the Assured; and the Assured notifies in writing within seven (7) of occurrence of any such Force Majeure event along with documentary evidence of the same.

#### **2.2 *Reporting Requirement***

The Assured shall submit the status of each activity/milestone including the documentary evidence within the time-period as mentioned in Annexure 1.

The Assured shall notify the Assurer of any notices under the PPA issued in respect of termination/suspension of the PPA, default under the PPA, change in term of the PPA or any change in the Contracted Capacity under the PPA by the DISCOM within 15 (fifteen) days of the receipt of any such notice. Further, the Assured shall also notify the Assurer of any of the foregoing notices served by the Assured to the DISCOM under PPA within 15 (fifteen) days of the issuance of such notice. Failure to adhere to the terms of this clause shall be considered a breach of this LOA.

#### **2.3 *Verification by the Assurer***

The Assurer reserves the right to verify including physically verify the status of each milestone as mentioned in Annexure 1, and in the event of any significant or reasonable

discrepancy found in the status reported /documentary evidence submitted by the Assured, the Assurer shall notify the Assured forthwith upon which the Assured shall correct the discrepancy so noted by the Assurer within seven (7) days. The Assured shall be liable to submit additional Commitment Guarantee, as per Clause 3.3, in the event the Assured fails to do so.

### **3. Commitment Guarantee by the Assured**

#### **3.1 Amount of Commitment Guarantee**

Prior to the date of issue of LOA, the Assured have provided to the Assurer, a sum of [₹ \_\_\_\_\_ (Indian Rupees \_\_\_\_\_)] equivalent to five percent (5%) of notified price of Representative Grade [ ] Run-of-Mine (ROM) coal of the Assurer prevalent on the date of application for issue of LOA, multiplied by the quantity of coal mentioned in the Preamble, as Commitment Guarantee (hereinafter referred to as “CG”), in cash / bank guarantee; and in no case shall the CG be less than ₹2,50,00,000/- (Indian Rupees Two Crores and Fifty Lakhs only) per MTPA of coal quantities requested by the Assured or part thereof. Such CG shall be non-interest bearing, and in case of it being deposited in the form of bank guarantee it should comply with the format specified by the Assurer and issued by a scheduled bank acceptable to the Assurer.

Further, in case CG has not been provided by the Assured to the Assurer, within two (2) months from the date of issuance of Letter of Award to the Successful Bidder selected for fresh PPA through TBCB process by State Government/SDA, the amount of CG required to be deposited shall be increased by 1/20th for each month of delay or part thereof, subject to a maximum delay of 4 months.

#### **3.2 Validity of Commitment Guarantee**

The Commitment Guarantee (CG) shall be initially valid till thirty one (31) months from the date of Letter of Award to the Successful Bidder selected for fresh PPA through TBCB process by State Government/ SDA plus such additional period corresponding to any delay in submission of the CG, if applicable. On successful completion of all milestones within the validity of LOA, the CG shall stand converted into the Contract Performance Guarantee ( hereinafter referred to as “CPG”) that would be the condition precedent to signing of the FSA, in which case, validity of the CG shall be extended in accordance with the terms of the FSA. For the avoidance of any doubt, the Assured shall be liable to submit the extra guarantee that may result from the difference between the CPG under FSA and the CG under this LOA.

#### **3.3 Additional Commitment Guarantee**

If any activity/milestone is not duly performed or completed by the Assured within the time stipulated against each such activity/milestone, as specified in Annexure 1, then the Assured shall be liable to furnish to the Assurer one third (1/4<sup>th</sup>) of the amount of CG

for each such unperformed or incomplete milestone, as additional CG, within fifteen (15) days from the date such activity/milestone is falling due for completion. For the avoidance of any doubt, such additional CG may need to be deposited multiple times subject to partial/non-fulfillment of any activity /milestone at the end of each half-yearly interval, as mentioned in Annexure 1. The aggregate of additional CG(s), however, in no case shall exceed the amount of CG, as specified in Clause 3.1 above. Further, such additional CG(s) shall become part of the CG and all related provisions of this LOA shall be equally applicable for additional CG.

#### **3.4 *Encashment of Commitment Guarantee***

In the event that the Assured fails to adhere to the terms and conditions of this LOA, including execution of the FSA within the FSA Execution Period, the Assurer/Seller shall have the right, without prejudice to any of its other rights and remedies provided herein or in Applicable Law, to encash the CG including any additional CG submitted by the Assured and also terminate the LOA.

In the event that fulfillment of any of the activities/milestones is delayed beyond the period specified against each such activity/milestone in Annexure 1 and the Assured fails to furnish the additional CG to the Assurer in accordance with Clause 3.3 hereof, or the Assured furnishes additional CG to the Assurer in accordance with Clause 3.3 hereof but fails to fulfill all the activities/milestones within the validity of LOA, as specified in Clause 4, the Assurer shall have the right to encash the CG including any additional CG submitted by the Assured and also terminate the LOA. For the avoidance of doubt, all the milestones, as specified in Annexure 1, shall need to be fully completed and any partial completion with regard to any activity/milestone at the end of validity of the LOA shall entitle the Assurer to encash the CG including any additional CG submitted by the Assured and also terminate the LOA. It is clarified for removal of doubt that this Clause shall survive the termination of this LOA.

Besides, the Assurer shall have the right to encash the CG including any additional CG submitted by the Assured in the event of failure by the Assured to sign the FSA within three (3) months of the expiry of validity of the LOA.

#### **3.5 *Return of Commitment Guarantee***

In case of inability of the Assured to fulfill any activity/ milestone, as specified in Annexure 1, due to any Force Majeure event, the time period for fulfillment of such activity/milestone, shall be extended for the period of such Force Majeure event, subject to a maximum extension period of three (3) months, continuous or non-continuous in aggregate. In no case including a Force Majeure event affecting multiple activities/ milestones shall the validity of LOA be extended by more than three (3) months. Thereafter, this LOA may be cancelled/ withdrawn by the Assurer after duly notifying the Assured in writing at least seven (7) days in advance without any liabilities or

damages, whatsoever, payable by the Assured to the Assurer; and the Assurer shall return the CG submitted by the Assured.

#### **4. Validity of the LOA**

The LOA shall remain valid for a period of twenty-one (21) months from the date of issue of this LOA and shall stand annulled upon expiry of such period unless extended. Such extension may be granted once, for a further period of twenty-one (21) months, on request of the Assured, on a case to case basis. In such event, the existing CG including any additional CG submitted by the Assured, shall be encashed, and the Assured shall be required to submit a fresh CG for the extended period, with revised timelines for completion of the respective milestones from the date of extension of LOA instead of the original date of LOA.

Additionally, LOA can also be extended once for three (3) months in accordance with Clause 3.5 hereof.

#### **5. Assignment of the LOA**

The Assured shall not, without the express prior written consent of the Assurer, assign to any third person the LOA, or any right, benefit, obligation or interest therein or thereunder. Any request for assignment made by the Assured shall include a copy of recommendation/approval of the DISCOM in this regard.

#### **6. End-use of coal**

The total quantity of coal assured pursuant to this LOA is for use at the Plant for the purpose of the Contracted Capacity under the PPA, and the Assured shall not re-sell or trade the coal assured hereof to any third party. If in the reasonable opinion of the Assurer, the Assured has entered into an arrangement for such resale or trade upon commencement of coal supplies at any time during the validity of this LOA, the Assurer shall cancel/withdraw this LOA without any liabilities or damages, whatsoever, payable to the Assured.

**Annexure-1: Milestones to be achieved by the Assured**

S. No.	Activity/ Milestone	Timeline	Document to be submitted by the Assured on achievement of milestone	Issuing Authority
1	Environment Clearance	within 6 months from the date of LOA	Approved Terms of Reference (TOR)	Expert Appraisal Committee (EAC) of MoEF (Central Govt.) for Category 'A' Projects or State Expert Appraisal Committee (EAC) for Category 'B' projects, as applicable
		within 12 months from the date of LOA	Final clearance	MOEF (Central Govt.) for Category 'A' projects or State Environment Impact Assessment Authority (SEIAA) - for category 'B' projects, as applicable
2	Forest Clearance, if applicable	within 12 months from the date of LOA	Recommendation for Forest clearance	State Government
		within 21 months from the date of LOA	Forest Clearance	MoEF (Central Government)
3	Financing of the project / Financial Closure	within 21 months from the date of LOA	Final Sanction letters from Bank(s) /Financial Institution(s) Or Loan Agreement	Bank(s)/ Financial Institution(s)
4	Order of Main Plant (BTG)	within 25 months from date of signing of PSA with State Government/SDA.	Self-Declaration towards Order Placement	-