



**THE SINGARENI COLLIERIES COMPANY  
LIMITED**

***WELCOME***



# **AUCTION OF LINKAGES OF NON-REGULATED SECTOR**

## **PRE-BID MEETING TRANCHE - VIII**

**29-12-2022 , SINGARENI BHAVAN, HYDERABAD**

# **NRS customer groups**

1. CEMENT SUB SECTOR
2. CAPTIVE POWER SUB SECTOR
3. SPONGE IRON SUB SECTOR
4. “OTHERS” SUB SECTOR

## OTHERS SUB SECTOR CUSTOMER GROUPS:

1. AGRO-PRODUCTS
2. BIO-MASS POWER
3. BRICKS
4. CERAMICS & REFRACTORIES CHEMICALS
5. CIGARETTES
6. CONTRACTORSCRUCIBLES
7. DAIRY
8. DISTILLERIES
9. DYEING & PRINTING
10. ELECTRICALS & ELECTRONICSGINNING & PROCESSING GLASSLAMINATION
11. LEATHER
12. LIME
13. METALS & ALLOYS
14. MINERAL PROCESSING & PULVERISATION

CONTD....

# OTHERS SUB SECTOR .....

- 16. OILS & SOLVENT
- 17. EXTRACTIONS PACKING & PAPER PRODUCTS PAPER & PULP
- 18. PHARMACEUTICALS & DRUGS
- 19. RUBBER & FOAM PRODUCTS
- 20. SANDALWOOD & ESSENTIAL OIL
- 21. SIZING
- 15. SMITH AND FOUNDRY
- 16. SODIUM SILICATES
- 17. STEEL RE-ROLLING
- 18. STRAW & WOOD PRODUCTS SUGAR & KHANDASARI
- 19. SURGICAL COTTON
- 20. TEXTILE TILES
- 21. TOBACCO
- 22. REDRYING
- 23. TYRE MFG & RETREADING

# NEW COAL ALLOTMENT POLICY

Ministry of coal Govt. of India has announced a new coal allotment policy called ***“AUCTION OF LINKAGES OF NON-REGULATED SECTOR” vide no. NO.23011/51/2015-CPD(Pt1), dt:15-02-2016.***

# PREVIOUS COAL ALLOTMENT SYSTEM

## MINISTRY OF COAL (SLC –LT)

- POWER
- CEMENTS
- CAPTIVE POWER
- SPONGE IRON
- FERTILIZER
- DEFENCE
- RAILWAYS

## STATE GOVT RECOMMENDATIONS

- COMMISSIONER OF INDUSTRIES OF  
TELANGANA & OTHER STATES .  
*(AGRO,TOBACCO,PAPER,CERAMIC  
DAIRY,PHARMACUTICALS,OIL, STEEL  
ROLLING etc.)*
- NRED TS/AP/ FOR **BIOMASS** BASED  
POWER PLANTS

ACQ below 10000 tonnes/year will be considered for allotment against the recommendation of Industries department/NREDC.

**POLICY GUIDELINES OF**  
**“AUCTION OF LINKAGES OF**  
**NON-REGULATED SECTOR”**  
**(New Policy)**



# 1. Policy guide lines of AOL

- The proposal of competitive bidding for auction of **coal linkages/LoAs to non-regulated sector** has been approved by **Cabinet Committee on Economic Affairs (CCEA)/GOI** & certain policy guidelines for auction of linkages of Non-Regulated Sector have been decided.

# Policy guidelines contd....

- Proportion of coal allocation between power and non-power sectors may be continued at the same level as average production of the last five years i.e. **75% Power and 25% Non-power**. The Ministry of Coal may review the proportion as and when required.
- All allocations of linkages/LoAs for non-regulated sector viz. Cement, Steel/Sponge Iron, Aluminum and others excluding Fertilizer (Urea sector), including their CPPs, **shall henceforth be auction based**.
- The tenure of new Fuel Supply Agreements (FSAs) is fixed up to 15 YEARS. However CIL and SCCL fixed FSA period up to 5 years and extendable by another 5 years on mutual acceptance. **For successful bidders of Tranche VIII, FSAs will be valid up to 31-03-2027 (FOUR YEARS THREE MONTHS).**

# Policy guidelines contd...

- The existing FSAs with CPSEs may continue to be renewed on expiry. However, in case **CPSEs require linkages over and above the existing linkages**, they may participate in auction of linkage.

# Policy guidelines contd....

- For auction of linkages, **separate quantities** shall be earmarked for sub-sectors of Non-Regulated sector.
- The sub-sectors **shall compete within themselves**.  
The sub-sectors could be Cement, Sponge Iron/Steel, CPP and others.

## 2. Methodology of auction

- SCCL will allocate/earmark coal from mines/CHPs.
- The methodology for auction of linkages shall be **Non-Discriminatory Ascending Clock Auction**, where the Auctioneer increments the price (premium) on the electronic platform till demand-supply equilibrium is established.
- In this methodology, prices shall be directed by the supplier coal company through algorithmic iteration.

## 2. Methodology of auction contd...

- The **initial floor price** shall be set at the **relevant SCCL basic notified non-power price** and bidders shall bid for premium above this price for the relevant grade and for a particular 'link quantity'.
- If bids are received for quantity **greater than 'link quantity' offered**, then the premium is increased in steps.
- **Auction stops when bids are received for exact quantity i.e. 'link quantity' offered.** Each successful bidder pays the same price.

# The auction method is illustrated below:

Link quantity offered	1 MT
<b><u>Bidding Round 1</u></b>	
Premium over SCCL Notified price	Rs.0/Tonne
Bids received for	3 MT
<b><u>Bidding Round 2</u></b>	
Premium over SCCL Notified price	Rs.25/Tonne
Bids received for	2.5 MT
<b><u>Bidding Round 3</u></b>	
Premium over SCCL Notified price	Rs.50/Tonne
Bids Received for	1.5 MT
<b><u>Bidding Round 4</u></b>	
Premium over SCCL Notified price	Rs.100/Tonne
Bids Received for	1 MT

**RESULT: 1 MT quantity awarded @ Rs.100/Tonne over SCCL Notified Price**

## **Activities on MSTC portal**

- ✓ Registration as a Bidder.
- ✓ RFP Submission.
- ✓ Registration of DSC.
- ✓ Payment of Bid Security.
- ✓ Bid Submission.



## **Important point related to auction process**

- 1. Auction will be held on rounds. First round will be of 15 Minutes.**
- 2. Subsequent round will be of 8 minutes.**
- 3. Next round takes place only when there is over booking in the present round.**
- 4. To participate in the subsequent round a buyer had to participate in the present round.**
- 5. In case a bidder don't bid in the present round , then that bidder is not allowed to bid in the next round.**
- 6. In every round you can bid only once.**
- 7. You have to bid only for the quantity you want to book**
- 8. You are permitted to bid within the limited of either EMD submitted or coal required in you EUP which ever lower.**
- 9. A Bidder can not increase his bid in the next round i.e. the bidder have the option to either quote for same quantity or decrease the quantity.**

# Other Important points

- The **Notified price to be paid shall be suitably indexed** by SCCL for subsequent years.
- **Maximum bid quantity** by a particular bidder shall not exceed the **normative requirement** of the End Use Plant.
- For auction of linkages, SCCL shall chalk out annual or **6-monthly auction calendar**.
- There shall be provision for **Third Party Sampling of coal** supplied.

# Advantages of the Policy

1. Transparent coal allotment system.
2. It is a customer choice of selecting despatch point & Grade.
3. 100% of normative requirement can be procured as against 75% earlier, as per NCDP - 2007 of MOC/GOI.
4. Provision for Third party sampling for all customers.
5. Sector wise demarcation of auctioned quantity which result in continuous delivery of coal.
6. New units who are not having coal linkage or allotment at present are also eligible. Valid CFO is required.
7. FSA will be valid up to 31-03-2027.

# AOL STATUS IN SCCL

1. SCCL conducted “Auction of linkages of non-regulated sector” in 7 TRANCHES (Tranche-1, Tranche-2 , Tranche-3 , tranche 4, tranche-5 tranche-6 & tranche-7) from October 2016 to 2021-22.
2. A total quantity of **12.81 million tonnes** was sold in the above auctions and **179 E-FSAs** were signed with the successful bidders of cement, CPP, Sponge and others sectors.
3. The coal supplies were commenced from 01-04-2017 against this new AOL policy.

## PERFORMANCE OF AOL OF NRS IN S.C.C.L.(Qty.in M.Ts.)

<b>Tranche No.</b>	<b>Financial Year</b>	<b>Sold Qty.</b>
TRANCHE I	2016-17	1.486
TRANCHE II	2016-17	5.509
SUPPL. TRANCHE	2016-17	0.818
TRANCHE III	2017-18	1.951
TRANCHE IV	2018-19	0.908
TRANCHE V	2019-20	0.168
TRANCHE VI	2020-21	0.028
TRANCHE VII	2021-22	1.939
<b>TOTAL</b>		<b>12.807</b>

# IMPORTANT FSA CONDITIONS

- FSAs will be valid for Tranche VIII customers up to
- 31-03-2027.
- The lock in period of FSA will be 2 years from the date of signing FSA.
- The performance security is 5% of ACQ value in the form of BG or CG.
- Trigger level of ACQ of FSA is 75% of ACQ. For the defaulted qty, penalty will be imposed @ 10% of basic value of the grade.
- There is a provision for third party sampling .

# IMPORTANT POINTS

- Existing NRS E-FSA customers of SCCL can participate for procuring additional quantities as per their eligibility.
- Required documents as per the Annexure –VIII of Scheme Document needs to be submitted before participating in AOL.

1. The scheme documents and model FSAs are uploaded in SCCL & MSTC website.
2. The PPTs of SCCL & MSTC will be also uploaded in SCCL website today after this meeting.

[www.scclmines.com/e-auction/auction of linkages](http://www.scclmines.com/e-auction/auction%20of%20linkages) and  
also on MSTC website ([mstcecommerce.com](http://mstcecommerce.com))

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