

**Sub: COMMENTS of WBERC ON NOTIFICATION (DRAFT) OF CERC**

**dtd. 1<sup>st</sup> June 2020**

**(in relation to Determination of Input Price for Integrated Coal Projects)**

I am directed to forward herewith brief comments of WBERC on the related subject.

3.11 A new clause, namely Clause (41a) shall be inserted after Clause (41) of Regulation 3 of the Principal Regulation as under:

“(41a) ‘Loading Point’ in respect of an integrated mine means the location of railway siding or silo for storage of coal or the coal handling plant, whichever is nearest to the mine;”

WBERC’s View:

Loading point may be considered as *the location of final despatch point of coal from the mine premises to destination, either through Rail, Road or any other suitable mechanism.*

(This will be reference point for payment of royalty / cess etc.)

3.14 A new clause, namely Clause (46a) shall be inserted after Clause (46) of Regulation 3 of the Principal Regulations as under:

“(46a) ‘Peak Rated Capacity’ in respect of an integrated mine means the peak rated capacity of the mine, as specified in the Mining Plan;”

WBERC’s View:

Capacity as specified in *in Environment Management Plan* may also be considered. At the end *“as well as approved in Environment Management Plan (EMP), whichever is lower;”* may be added.

14.2 Clauses (2) and (3) of Regulation 36 of the Principal Regulations shall be substituted as under:

“(2) The generating company shall, after the Date of Commercial Operation of the integrated mine till the input price of coal is determined by the Commission under these regulations, adopt the estimated price available in the investment approval, or the notified price of Coal India Limited for the corresponding grade of coal supplied to the power sector, whichever is lower, as the input price of coal for the generating station;

WBERC's View:

- this is proposed to be in line with regulation 7A(a) of the draft : ...in case of coal, the estimated price available in the investment approval, or the notified price of Coal India Limited for the corresponding grade of coal supplied to the power sector, whichever is lower;

#### **Insertion of New Regulations under Chapter 9 of the Principal Regulations**

15.1 The following Regulations (36A to 36P) shall be added after Regulation 36 of the Principal Regulations as under:

WBERC's View:

- A suitable clause for prudence checks for rates quoted by MDO / Contractors may be included.

(.....If coal and OB extraction, crushing, transportation or washing activity and if any other mining activities are outsourced or done through engagement of MDO, the price discovered through the transparent competitive bidding is to be considered after prudence check.)

**36B. Run of Mine (ROM) Cost:**(1) Run of Mine Cost of coal in case of integrated mines allocated through auction under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:

$$\text{ROM Cost} = [(\text{Quoted Price of coal}) + (\text{Fixed Reserve Price})].$$

Where,

- (i) Quoted Price of coal is the Final Price Offer of coal in respect of the concerned coal Block or Mine, along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement:

Provided that additional premium, if any, quoted by the generating company in auction, shall not be considered in the Run of Mine Cost; and

WBERC's View:

- *The term 'additional premium' may be defined/explained*

**36O. Adjustment on account of shortfall in GCV (GCV Adjustment):**

- (a) (ii) Declared GCV of coal shall be the GCV of coal as specified or quoted in the auction.

WBERC's View:

GCV of coal may be considered as the GCV of coal as declared by Coal Controller at the beginning of the start of mining as well as every year.

Secretary

*[Signature]*  
15/7/20