

AUCTION OF COAL MINES FOR SALE OF COAL

(20TH TRANCHE OF AUCTION UNDER THE COAL MINES (SPECIAL PROVISIONS) ACT, 2015)

(10TH TRANCHE OF AUCTION UNDER THE MINES AND MINERAL (DEVELOPMENT AND REGULATIONS) ACT,
1957)

Queries & Responses

Pursuant to Standard Tender Document dated June 21, 2024

August 14, 2024

Nominated Authority

Ministry of Coal, Government of India

A. Queries and Responses to Standard Tender Document dated June 21, 2024

The following clarifications are applicable to the Standard Tender Document dated June 21, 2024 as well as to mine-specific Tender Documents dated June 21, 2024 pursuant to auction under 20th Tranche of auction under the CMSP Act 2015 & auction under 10th Tranche of auction under the MMDR Act 1957.

Sl. No.	Query	Response
1.	<p>Clause 3.8 – Schedule of the Tender Process</p> <p>a. The date of tender purchase and bid submission shall be extended by 2 weeks</p> <p>b. Earlier the PRC for the bundu coal block was 5 MT(Notification-15706_bundu summary-R1-10th Tranche), we planned all the process accordingly, Now it has been changed to 1 MT(Notification-16265-bundu summary-R2) which has been uploaded recently on the website. This change of PRC will result in a change in all the calculations, now we need to do all the calculations from scratch which itself is a lengthy process to be completed.</p> <p>We have raised some of the queries regarding the bid process to the concerned authority and the response has been uploaded on 6 August 2024 on the website for our queries and other bidders queries. Now the question raised over here is, the last date of bidding is 27 August 2024. Keeping in mind the impact of responses on the bid preparation, we feel that prospective bidders need more time.</p> <p>Therefore, In order to increase the competition and get better price realization, we request you to increase the timeline by 45 days from 27 August 2024 to 11 October 2024.This additional time will allow us to refine our proposal and submit the most competitive bid.</p>	<p>a&b. One month extension has been approved. The revised schedule will be uploaded on the MSTC website. Bidders are requested to regularly visit MSTC for updates.</p>
2.	<p>Clause 5.2 – Change in Control and Transfer</p>	<p>Change in control shall be as per clause 5.2 of the Standard Tender Document</p>

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	Change in Control or transfer subsequent to determination of Successful Bidder. Transfer within Group companies shall be allowed during Lock in Period.	
3.	<p>Clause 7 – Performance Security</p> <p>a. Performance Security (PS) should be capped similar to Upfront Amount. For Fully Explored Mine, the Performance Security shall be an amount which is 65% of aggregate of: (a) one year royalty computed on the basis of peak rated capacity of the Coal Mine as per the approved Mining Plan and (b) one year revenue (in accordance with Clause 9.1.1). There shall be a maximum capping of INR 500 Crore in the performance security</p> <p>b. It may be noted that for the coal mines where method of mining has been mentioned as Underground at the time of launch of auction process, then the Performance Security amount shall be calculated at 50% of the applicable Performance Security amount as calculated for a Fully Explored coal mine, basis the above-mentioned methodology. In case, the method of mining is not provided at the time of launch of auction process or other methods of mining except Underground is provided, the rebate of 50% on the Performance Security shall not be applicable and the Performance Security shall be calculated as per Clause 7.1.1 (A) of the Tender Document. In case where mining method is not mentioned, rebate of 50% shall be given on the Performance Security if the mining method is underground post determination. Underground mines required significant additional capex than open cast.</p> <p>c. Upon grant of mine opening permission, basis the difference in the i) National Coal Index or National Lignite Index, as applicable, at the time of grant of mine opening permission and ii) National Coal Index or National Lignite Index,</p>	<p>a&b. Performance Security shall be as per clause 7 of the Standard Tender Document.</p> <p>c. The revision of Performance Security shall be calculated as per clause 7.1.3 of the Standard Tender Document.</p>

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	<p>as applicable, basis which the Performance Security was first estimated in accordance with Clause 7.1.1 above.</p> <p>Revision annually basis on the National Coal Index. Mine Opening takes 3-4 years thus downward revision in the National Coal Index shall be considered.</p>	
4.	<p>Clause 9.1 - Mandatory Work Program for Partially Explored Mines</p> <p>The Mandatory Work Program for Partially Explored Mines shall be phased manner approach. That if with bidder deploys 2D seismic survey technology and finds that in the block coal is not available, then shall not be required to carry out entire drilling exploration. Also with efficiency improvement exploration expenses can be optimized, therefore Mandatory Work Program for Partially Explored Mines shall not be linked with expenses more than the estimated exploration expenses.</p> <p>Basis on the phased work if bidder established that the coal is not technically and economically feasible to extract then bidder shall be allowed to relinquish the mine and no performance security shall be appropriated.</p> <p>Mandatory Work Program for Partially Explored Mines can not be measured basis on the estimated exploration expenses</p>	<p>The Mandatory Work Program shall be as per Clause 9.1 of the Standard Tender Document</p>
5.	<p>Clause 9.4 – Flexibility in Production</p> <p>In case of mix mine i.e. both OC and UG is the 65% and 75% rule applicable on combined capacity or individual capacity of each OC and UG?</p>	<p>The clause 9.4 of the standard agreement is related to production only and there is no distinction between OC and UG.</p>
6.	<p>CMDPA Clause 10- Efficiency Parameters</p> <p>Efficiency Parameter- time for submission of GR is 15 months from date of vesting/allocation order.</p> <p>Considering significant time required for obtaining PL/ NoC from Forest. 15 months is less. It shall be increased to 24 months</p>	<p>The Efficiency Parameters shall be as per Schedule D- Efficiency Parameters of Standard Agreement.</p>
7.	<p>CMDPA Clause 26.3 – Termination</p> <p>In case the Successful Bidder faces severe impediment in mining operation owing to factors beyond its control such as difficult mining conditions arising out of</p>	<p>The Termination clause shall be as per Clause 26.3 of the Standard Agreement.</p>

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	<p>geological features, issues in land acquisition including law and order issues and protests against land acquisition, finalization of R&R package, declaration of national parks, wildlife sanctuaries, eco-sensitive zones, high conservation value areas, environmental constraints due to specific conditions in Environment Clearance / Forest Clearance, operating conditions such as deviation in the actual grade of the coal, stripping ratio in case of fully explored mines where exploration is done prior to auction, delay in receipt of Environment Clearance/Forest Clearance then the request for surrender for the Coal Mine and termination of the Agreement shall be examined on a case to case basis. In case Nominated Authority elects to terminate this Agreement under this clause, then i) the Performance Security submitted by the Successful Bidder shall not be forfeited; ii) the balance Upfront Amount, if any, after adjustment of Monthly Payments in accordance with Clause 9.4 and compensation to Prior Allottee shall not be refunded for operationalized mines whereas if mine is not operationalized due to reasons mentioned aforesaid Upfront amount and fixed amount shall be returned fully; and (iii) any pending show-cause notices issued by Nominated Authority shall stand withdrawn. The Successful Bidder shall not be entitled to any other benefits under this Agreement but would continue to be liable towards any antecedent liability, all obligations accrued before the effective date of the surrender/ termination and also for the obligations that must be fulfilled after termination</p>	
8.	<p>GST Cess: a. Reducing GST compensation cess of INR 400 per tonne. GoI is having aggressive plans for renewable thus in order to be competitive with renewable power as well globally it is necessary that MoC reduces the GST compensation cess.</p>	Noted
9.	<p>Land: CA Land:- Availability of CA land is a challenge in state of Chhattisgarh and Odisha. This delays entire EC/FC process. MoC shall allow closed/abandoned mines to be used as CA land develop afforestation.</p>	The allottee has to take EC/FC Clearance as per applicable laws.
10.	<p>Fixed Amount: Fixed Amount for Gare Palma IV/5-Has the prior allottee submitted entire fixed cost?</p>	Yes, the prior allottee has submitted the entire fixed amount, However, fixed amount will be subject to clause 3.3.2 h(ii) of the standard tender document.

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11.	<p>CMDPA: Any policy reform or changes CMDPA post publication of NIT or receipt of vesting/allocation order by MoC. IF MoC introduces any policy reform or changes CMDPA post publication of NIT or receipt of vesting/allocation order, then same shall be applicable for mines auctioned in tranche 10</p>	Terms & Conditions will be in accordance with Standard Tender Document, Standard Agreement or Corrigendum ,if any, of Tranche 10 of the commercial coal mine auction.
12.	<p>Tax: States have the power to levy tax on mineral rights. Referring to Honorable Supreme Court’s judgement that allows States to levy taxes on mineral, it will put additional burden on coal based power plants. Therefore it is requested to reduce the GST compensation cess as well take up with State Governments to not put any additional tax.</p>	Noted
13.	<p>Landed Cost of Coal In the ongoing auction of coal blocks, the bidding parameter is “revenue share” which starts from 4% and is subsequently determined in the forward auction. Implications for the landed cost of coal, if bidder bids for a coal block and wins it with final revenue share of 20%(Say) and intends to use this coal block for its own captive purposes.</p> <p>Specifically, the landed cost of coal for bidder will include the sum of cost of coal at the respective thermal power plant (which incorporates the annual extraction cost) plus the revenue share payable on the notional coal price on the National Coal Index. For tariff determination under the existing regulations, the complete landing cost of coal including the costs associated with CIL/FSA/MOU/coal blocks allotted through the Allotment Route is typically considered.</p> <p>It may kindly be clarified whether the revenue share, calculated on the notional coal price based on NCI, will be included in the tariff determination for captive use of coal?</p>	Not related to auction process

B. Mine Specific Queries and Responses

Sl. No.	Name of Mine	Query	Response
1.	Senduri	<p>1. GR Report:</p> <p>a. The overall borehole density in the block is around 4 bhs/sq.km. When the overall borehole density is 4 bhs/sq.km only, how the CMPDI has declared that this block is explored at G2 Level Kindly clarify.</p> <p>b. The reserves assessment has been done considering that the seams will be worked by underground method. The physical and chemical parameters of these seams including estimation of reserves described in this report are as per norms applicable for underground mining and deal with only the workable thickness of the seams. When the reserve estimates are based on norms for underground method of Mining why the block has been declared in the tender in the opencast category. As per the sequence depth of the coal seams, the top most seam IV is encountering at a roof depth of 25 m from the surface and the max depth is 235 m. with the gentle slope 2-3 degrees' dip direction we can extract the resources by opencast method but the reserves assessment was worked out by UG method. Kindly clarify</p> <p>2. Census Report:</p> <p>a. Tentatively estimated households within the block is 1551 (As per Census 2011). Kindly provide the tentative updated list of households if available.</p>	<p>1. GR Report:</p> <p>a. As per ISP norms, the level of exploration for Senduri block is G2.</p> <p>b. The reserve assessment is done considering G2 level of exploration and 'Gross indicated' resources are given in Regional GR. The resources are estimated considering underground mining method as the Coal: Overburden ratio (Stripping Ratio) is very high as per preliminary assessment, which may not be suitable for OC mining method. Since the block is regionally explored, mining method may be decided only after detailed exploration in the block.</p> <p>2. Census Report</p> <p>2a. Tentative number of households has been provided in the mine summary is as per census 2011. Additional information in this regard may be collected by the interested bidder.</p>
2.	Bicharpur South	<p>1. Census Report:</p> <p>a. Tentatively estimated households within the block is 222 (As per Census 2011). Kindly provide the tentative updated list of households if available</p>	<p>1a. Tentative number of households has been provided in the mine summary is as per census 2011. Additional information in this regard may be collected by the interested bidder.</p>