RESPONSES TO THE RELEVANT QUERIES RAISED DURING THE PRE-BID MEETING HELD ON JUNE 19, 2016 FOR AUCTION OF COAL LINKAGES IN THE CEMENT SUB-SECTOR

June 23, 2016

S. No.	Query	Reply
1.	Sources of Supply as provided needs to be reviewed. Present sources may not attract buyers?	Noted.
2.	What is the mechanism for computation of quantity being allocated to various sub-sectors?	This is internal to CIL.
3.	Quantity put up for allocation is inadequate as compared to the requirement of the Cement sector. Hence the same may be revisited.	Sub sector wise allocation is final.
4.	Auction schedule for the next two years to be provided so that the consumers may optimize their fuel planning.	Noted.
5.	How will CIL ensure availability of Fuel to EUPs for which FSA are expiring after linkage auction date.	For linkages which are due to expire post June 30, 2016, the extant coal supply arrangements from such linkages may continue till the next Tranche of linkage auction.
6.	While computing the Normative Coal Requirement, how will the captive coal mine allocated but not commenced production be treated?	In such a case, the peak rated capacity of the allocated mine (irrespective of the status of production), will be deducted for computing the normative coal requirement of that plant.

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7.	If the secondary source of supply of coal is not suitable to the Bidder(s), in case of an event of supply through such secondary source, Bidder(s) may be allowed to the exit the Agreement or it may be optional for the Bidder to off-take quantity from secondary source.	It may be noted that the supply from secondary sources will be applicable only in case of force majeure situations. In normal circumstances, in case of a force majeure situation standstill provisions apply i.e. no quantity is supplied during such period. However keeping in mind the interest of the consumers, CIL has gone one step further to ensure that the supply is not disrupted even in case of force majeure. Further the Grades of the identified Secondary sources are kept same as of the Primary Source. In addition there is a provision that the Agreement will be terminated in case there is failure of a party to perform its obligations under the Agreement because of a Force Majeure (as defined in the Agreement), for a period beyond 90 (ninety) days in any continuous period of 180 (one hundred eighty) day.
8.	It was mentioned earlier that in case of Grade Variation, there is an exit option in case the grade supplied is two grades higher or lower than the contracted grade and such occurrence happens for 25% of the Annual Contracted Quantity. However the clause has been removed. It is suggested that the clause may be reinstated and an exit option may be provided in case the grade supplied is two grades higher or lower than the contracted grade and such occurrence happens for 10% of the Annual Contracted Quantity	Provisions of the Scheme Document date June 11, 2016 shall apply.

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9.	An option for switching of mode of supply (Rail/Road) to be provided.	Bidders will be allowed to dispatch only through the mode specified for a particular Lot.
10.	There should be some time limitation for delivery of coal through rail like in case of delivery through road it is 45 days. This will ensure regular and timely supply.	It may be understood that Railways is a separate body and is not under the operational control of CIL. Hence, such assurance can't be given. However CIL will make its best efforts to ensure timely delivery under the FSA.
11.	Bidders requested that for North East consumers, Mode of Supply from NEC should be through road as transport infrastructure from railway siding is not available. Further the quantity allocated from NEC is very limited and the same should be increased.	Noted.
12.	Whether both Board Resolution and Power of Attorney is required to be submitted prior to auction?	In case the Board has authorized a person (Individual A) and such person (Individual A) has further given power of attorney to another person (Individual B) for execution of documents, in such a scenario if Individual B is executing the document then both, the Board Resolution authorizing Individual A and the Power of Attorney authorizing Individual B will be required.
13.	Bidders mentioned that the consumption norms provided by CIMFR are not operationally feasible. Hence the same needs to be revisited.	CIMFR is a constituent laboratory under CSIR. CIMFR has provided the coal consumption norms based on scientific analysis and the same has been circulated to various administrative Ministries. Further Ministry of Coal has confirmed the norms may be used for the linkage auction. Thus the norms provided by CIMFR will be considered for the present coal linkage auction.
14.	Bidders requested to mention the siding codes in Annexure VI	Noted.

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15.	In case the bidder is already registered in the forward auction, why can't they be considered deemed registered for linkage auction as well?	Coal Linkage Auction is being done on a separate auction platform hence separate registration is required.
16.	If bidder is unable to participate or is unsuccessful in this Tranche, can he participate in next tranche?	Yes
17.	What is the basis of revision of the notified price on semi-annual basis.	Competent Authority of CIL will review the price based on market dynamics and other relevant factors.
18.	There should be the flexibility to Bidders on the usage of Coal. Bidder should be given flexibility to utilize coal in any of its CPP/Cement Plant falling under the same legal entity.	The coal linkages are being auctioned strictly for consumption by the Specified End Use Plant. Provisions of the Scheme Document dated June 11, 2016 shall apply.
19.	The period of FSA may be considered for 10 years with provision for exit clause without any financial penalty/liability.	Provisions of the Scheme Document date June 11, 2016 shall apply
20.	In the present scenario, there is under supply and over supply of coal affecting the economics of the Bidder. What is the mechanism to deal with the situation under the current auction of coal linkages?	As per Clause 5.4 of the Model FSA uploaded, the Annual Contracted Quantity shall, unless otherwise agreed to in writing between the Parties, be delivered in equal monthly quantities during the Year which shall be calculated as Annual Contracted Quantity/12, provided that during the first Year of the Term, the Scheduled Quantity shall be suitably pro-rated (i.e. the Scheduled Quantity to be delivered shall be computed suitably commencing from the Signature Date till 31st March of the next Year). Further the total variation in the monthly Scheduled Quantity shall, unless otherwise agreed to in writing by the Parties, not exceed 10% (ten per cent.) of the Scheduled Quantity.

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21.	The floor price should be kept 20% lower than the CIL ROM price as auction will automatically discover the market price based on demand supply.	Provisions of the Scheme Document date June 11, 2016 shall apply.
22.	What is the time period for the refund of EMD pertaining to the unsuccessful bid quantity?	It was clarified by MSTC that the EMD will be refunded within 3 working days from the date of request made by Bidder for refund of EMD.