



F. No. FU-5/2025-FSC (Part 1)
Government of India
(भारत सरकार)
Ministry of Power
(विद्युत मंत्रालय)

नई दिल्ली, १७ जुलाई, २०२५
New Delhi, 17th July, 2025

To,

1. Secretary, Ministry of Coal, New Delhi
2. The Chairperson, Central Electricity Authority, R.K. Puram, New Delhi
3. The Secretary, CERC, Chanderlok Building, Janpath, New Delhi
4. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs
5. Secretaries of all State Electricity Regulatory Commissions/JERCs
6. Chairman/CMDs of all PSUs under administrative control of Ministry of Power
7. CMDs/MDs of Discoms/Gencos of all State Governments
8. DG, Association of Power Producers (APP), New Delhi
9. DG, Domestic Coal-based Power Producer Association (DCPPA)
10. CEO, PFCCL, New Delhi
11. CMD, CIL, Kolkata
12. CMD, SCCL

Sub: Methodology for allocation/ earmarking of coal linkage under Window I and Window II of Revised SHAKTI Policy, 2025 for Power Sector– Reg

Sir/Madam,

I am directed to refer to the Notification dated 20.05.2025 issued by the Ministry of Coal regarding Revised SHAKTI Policy, 2025 for coal linkages and to forward herewith 'Methodologies for allocation and earmarking of coal linkages under Window I and Window II of the Revised SHAKTI Policy, 2025 for the power sector' approved by the Empowered Committee for information and necessary action.

2. This issues with the approval of competent authority.

Enclosures: As above

Yours faithfully,


(Subhash Chand/सुभाष चंद)

Under Secretary to the Government of India

अवर सचिव, भारत सरकार

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Email: s.chand72@gov.in

@Endorsement

F. No. FU-5/2025-FSC (Part 1)

Copy to:

All JS/CE of Ministry of Power & Economic Advisor, Ministry of Power

Copy for information to: PS to Hon'ble Minister, PPS to Secy.(P), PS to CE(R&R), PPS to AS(Thermal).

Copy to: Technical Director, NIC:- With a request to upload in Ministry of Power website under Current Notices.


(Subhash Chand/सुभाष चंद)

Under Secretary to the Government of India

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Methodology for allocation/ earmarking of coal linkage under Window I of Revised SHAKTI Policy, 2025 for Power Sector

1. The Cabinet Committee on Economic Affairs (CCEA) has approved the Revised SHAKTI (Scheme for Harnessing and Allocating Koyala Transparently in India) Policy for Coal Allocation to Power Sector on 07.05.2025. The Ministry of Coal (MoC) vide letter dated 20.05.2025 has issued the Revised SHAKTI Policy, 2025.
2. The Revised SHAKTI Policy, 2025, provides for two windows for grant of fresh coal linkages to Thermal Power Plants/ Projects (TPPs) as under :
 - a) Window I: Coal linkage to Central GENCOs/ State Governments at Notified Prices.
 - b) Window II: Coal linkage to all GENCOs at a premium above Notified Prices.
3. The Revised Shakti Policy, 2025, provides that the Empowered Committee may finalize methodology (s), timelines etc. for the provisions of the Policy.
4. Greenfield Thermal Power Projects shall be eligible for coal linkages under the Revised SHAKTI Policy, 2025, if they are established near pithead. However, the Empowered Committee may also allow exemption/ relaxation to any Greenfield thermal power projects from the above condition, on a case-to-case basis. The SLC(LT) shall be authorized to grant coal linkage to all such Greenfield power projects which are proposed to be established in the coal source state or in the adjoining state, preferably within a radial distance of 300 kms from coal source, without referring the same to the Empowered committee.
5. Accordingly, methodology for allocation/ earmarking of coal linkage to Central GENCOs/ State Governments has been formulated and given as under:
6. Coal Company(ies) shall formulate Terms and Conditions of Letter of Assurance (LoA)/ Fuel Supply Agreement (FSA) in line with this methodology and subsequent amendments, if any.



7. Coal linkage may be allocated to Central GENCOs including joint ventures¹/ subsidiary(ies), based on recommendation of the Ministry of Power (MoP). Coal linkage can be for 'under planning'/ 'under construction' as well as commissioned TPPs of Central GENCOs.

8. Coal linkages may be earmarked to the State Governments / Group of States (aggregating their power requirement and approach for earmarking of coal linkage for tying up of power through TBCB), based on recommendation of MoP. The earmarked coal linkage can be utilized by the State Government for allocating coal linkage to any of the following TPPs:

a) State-owned Generating Company (GENCO) including joint ventures²/ subsidiaries.

b) Existing IPPs having PPA under Section 62 of the Electricity Act, 2003 for setting up of a new expansion unit limited to expansion permissible in accordance with the Tariff Policy notified by MoP..

c) Successful bidder(s) to be identified for fresh PPAs through Tariff Based Competitive Bidding (TBCB) .

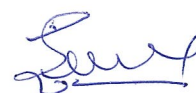
9. State Governments may allocate the earmarked coal linkage to TPPs which are under planning or under construction or commissioned or also to TPPs to be selected through TBCB.

Provided that total thermal power generation capacity for which earmarking of coal linkage is sought by the State Government, should not be more than the additional coal-based capacity requirement indicated under Resource Adequacy study of the State.

Provided further that one or more State Government(s)/ State Designated Agency (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.

¹ 'Joint Venture' shall mean a joint venture formed between or within CPSUs or between CPSUs and State Government/ State PSUs.

² 'Joint Venture' shall mean a joint venture formed between or within CPSUs or between CPSUs and State Government/ State PSUs or within State PSUs.



10. The thermal power plant(s) for which allocation/ earmarking of coal linkage is sought, shall meet the following eligibility conditions:

- a) It should not be linked to any captive coal block.

Provided that in case, such captive coal block is unable to meet full coal requirement of the thermal power plant(s), coal linkage may be allocated/ earmarked only for the remaining capacity keeping in view the approved mining plan.

- b) Before applying for coal linkage for 'under planning' thermal power project, Pre-Feasibility Report (PFR) shall be approved by the Board of the Central GENCO or State GENCO or IPPs/ Existing IPP or successful bidder, as the case may be.

11. Process of Application, Recommendation, Approval and Intimation of Coal Linkage:

- a) Central GENCOs shall apply to Ministry of Power (MoP) for allocation of coal linkages to TPPs along with filled format as attached at **Annexure-I**.

- b) In respect of State GENCOs or IPPs/ Existing IPPs , the State Government/ SDA shall apply to MoP for earmarking of coal linkages along with filled format as attached at **Annexure-II**.

- c) To procure power from thermal power plants to be identified for fresh PPAs through TBCB, State Government/ SDA shall apply to MoP for earmarking of coal linkage along with duly filled format as attached at **Annexure-III**.

- d) After examination of an application for allocation/ earmarking of coal linkage, MoP (in consultation with CEA) may recommend allocation or earmarking of coal linkage, as the case may be, to MoC.

- e) The recommendation of MoP may be considered by the Standing Linkage Committee (Long Term) - SLC(LT) of MoC for allocation or earmarking of coal linkage, as the case may be.

- f) Based on the recommendation of SLC(LT), MoC may decide as regards allocation or earmarking of coal linkage, as the case may be.

- g) After allocation/ earmarking of coal linkage by MoC, the Coal Company(ies) shall identify and intimate coal source to the Central GENCO/ State Government indicating the quantity, likely mode of dispatch and representative quality of coal (GCV/ Grade).

12. Computation of eligible coal quantity against allocated/ earmarked coal linkage shall be based on the prevailing norms of ACQ (annual contracted quantity) issued by CEA.

13. Timelines for commitment guarantee, LoA, FSA and coal drawl:

a) Thermal power projects under Planning/ Under Construction

i) Commitment guarantee shall be submitted by Central GENCO or State GENCO or IPP / Existing IPP as the case may be, to Coal Company within 2 (two) months from the date of allocation/ earmarking of coal linkage by MoC. In case of successful bidder(s) to be selected for fresh PPA through TBCB process, commitment guarantee shall be submitted within 2 (two) months from the date of issuance of Letter of Award by State Government/ SDA.

ii) A Letter of Assurance (LoA) shall be issued by Coal Company within 2 (two) months from the date of receipt of commitment guarantee.

iii) Central GENCO or State GENCO or State IPP, as the case may be, shall place the order of Main Plant (BTG) within 2 (two) years from the date of allocation/ earmarking of coal linkage by MoC. In case of successful bidder(s) to be selected for fresh PPA through TBCB process, successful bidder(s) shall place the order of Main Plant (BTG) within 2 (two) years from the date of signing of PSA with State Government/ SDA. Once orders are placed, the same shall be communicated by Central GENCO or State GENCO or IPP /Existing IPP or successful bidder(s) to the Coal Company as soon as possible.

iv) Fuel Supply Agreement (FSA) between the Coal Company and Central GENCO or State GENCO or IPP / Existing IPP State IPP or successful bidder, as the case may be, may be signed within 2 (two) years from the date of issuance of LoA subject to fulfilment of other conditions of the LoA.

v) Drawl of coal shall begin within 5 (five) years from the date of signing of FSA.

vi) Extension to the above timelines may be mutually agreed between the Central GENCO or State GENCO or State IPP or successful bidder, as the case may be, and Coal Company on case to case basis.

b) Commissioned Thermal Power Plants

i) FSA may be signed within 3 (three) months from the date of allocation/ earmarking of coal linkage by MoC.

Provided that in case of successful bidder(s) to be selected for fresh PPA through TBCB process, FSA shall be signed within 3 months of issuance of Letter of Award to successful bidder(s) by State Government/ SDA.



ii) Drawl of coal may start within 3 (three) months after the signing of FSA.

Provided that in case of successful bidder(s) to be selected for fresh PPA through TBCB process, drawl of coal shall start as per the timelines mentioned in PPA, or within 2 years of signing of FSA, whichever is earlier.

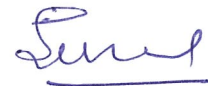
c) Extension to these timelines may be mutually agreed between the Central GENCO or State GENCO or State IPP or successful bidder, as the case may be, and Coal Company on case to case basis.

14. Usage of Electricity generated:

(i) Allocated or earmarked coal linkage, as the case may be, shall be used for generation of electricity for supplying the same to the electricity grid.

(ii) Allocated or earmarked coal linkage shall not be put to captive usage.

(iii) Un-Requisitioned Surplus power generated using allocated/ earmarked coal linkage can be sold in power market.



Annexure I**Information to be submitted by Central GENCO seeking coal linkage under Window I of Revised Shakti Policy**

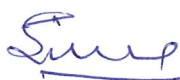
1	Name of Central GENCO	
2	Total Capacity for which coal linkage is sought (MW)	
3	Details of the TPP for which Coal Linkage is Sought	
	Name of the TPP	
	Location of the TPP	
	Capacity of the TPP(MW)	
	Type of Proposed plant (Commissioned/Under Construction/Under Planning)	
	Land availability Status	
	Pre-Feasibility Report Status	
	Application for ToR status/Environmental Clearance Status	
	Details of existing coal linkage/Coal Block (if any)	
4	Estimated cost of the project	
5	Fill the details, wherever applicable	
	Set-up type (Brown field Expansion/ Pit head Green field/Other please specify)	
	Anticipated date of order for Main Plant	
	Anticipated date of COD	
	Anticipated date of start of coal drawl	
6	Preferred coal source	
7	Anticipated mode of coal transportation	

**Signature
(Name & details)**

Annexure II

**Information to be submitted by States seeking coal linkage for its own State GENCO/
existing IPPs having PPA under section 62 under Window I of Revised Shakti Policy**

1	Name of state	
2	Total Capacity for which coal linkage is sought (MW)	
	a) Linkage sought for its own State GENCO	
	b) Linkage sought for existing IPPs having PPA under section 62	
	Whether approval of DISCOM is taken for procuring power from IPP under Section 62 against which linkage is sought by the State.	Yes/No (If yes, copy of approval is to be enclosed)
3	Duration of Power Requirement	Long/Medium Term
4	Details of the TPP for which Coal Linkage is Sought	
	Name of the TPP	
	Location of the TPP	
	Capacity of the TPP(MW)	
	Type of Proposed plant (Commissioned/Under Construction/Under Planning)	
	Land availability Status	
	Pre-Feasibility Report Status	
	Environmental Clearance Status	
	Details of existing coal linkage/Coal Block (if any)	
5	Fill the details, wherever applicable	
	Set-up type (Brown field Expansion/ Pit head Green field/Other please specify)	
	Anticipated date of order for Main Plant	
	Anticipated date of COD	
	Anticipated date of start of coal drawl	
6	Preferred coal source	
7	Anticipated mode of coal transportation	



Signature
(Name & details)

Annexure III

Information to be submitted by States seeking coal linkage under Window I of Revised Shakti Policy for IPPs to be identified through TBCB

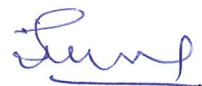
1	Name of state	
2	Total Capacity for which coal linkage is sought (MW)	
3	Duration of Power Requirement	Long/Medium Term
4	Fill the details, wherever applicable	
	Anticipated capacity tie-up (Under Planning/Under Construction/Commissioned)	
	Status of NIT/Tender for identification of Successful bidder/ Power Producer	
	Anticipated date of identification of successful bidder	
	Anticipated date of COD	
	Anticipated date of start of coal drawl	
	Anticipated criteria for geographical location of Successful bidder (Within State/Anywhere in the country)	
5	Preferred coal source	
6	Anticipated mode of coal transportation	



Signature
(Name & details)

Methodology for auction of coal linkage under Window II of Revised SHAKTI Policy, 2025 for Power Sector

1. The Cabinet Committee on Economic Affairs (CCEA) has approved the Revised SHAKTI (Scheme for Harnessing and Allocating Koyala Transparently in India) Policy for Coal Allocation to Power Sector on 07.05.2025. The Ministry of Coal vide letter dated 20.05.2025 has issued the Revised SHAKTI Policy, 2025.
2. The Revised SHAKTI Policy, 2025, provides for two windows for grant of fresh coal linkages to Thermal Power Plants/ Projects (TPPs) as under:
 - a) Window I: Coal linkage to Central GENCOs/ State Governments at Notified Prices.
 - b) Window II: Coal linkage to all GENCOs at a Premium above Notified Prices.
3. Revised SHAKTI Policy, 2025, also provides that there will be two auction mechanisms under Window II as under:
 - a) Short term Auction: Half yearly auction to secure coal linkage for a utilization period of upto 12 months, to cater the short-term power demand.
 - b) Long/Medium term Auction: Yearly auction to secure coal linkage with utilization period of more than 12 months and upto 25 years.
4. As per the Revised SHAKTI Policy, 2025, the detailed methodology for Short term/ Medium term/ Long term auctions to be carried out under Window II, may be finalized by the “Empowered Committee”.
5. Coal companies shall carry out the entire process for short term auction as well as medium/ long term auctions. An Auction Portal shall be developed by the coal company(ies).
6. Greenfield Thermal Power Projects shall be eligible for coal linkages under the Window-II of Revised SHAKTI Policy, if they are established near pithead. However, the Empowered Committee may also allow exemption/ relaxation to any Greenfield thermal power projects from the above condition, on a case-to-case basis. The SLC(LT) shall be authorized to grant coal linkage to all such Greenfield power projects which are proposed to be established in the coal source state or in the adjoining state, preferably within a radial distance of 300 kms from coal source, without referring the same to the Empowered committee.



7. Accordingly, methodologies for auction for Short-Term (upto 12 months) and Medium-Term (7 years)/ Long term (25 years) under Window II has been formulated which are given as under:

A) Methodology for auction of coal linkages for Short-Term (Half yearly auction):

1. Periodicity of auctions:

Auction of coal linkages will be carried out at least once in every 6 (six) months.

2. Identification of coal for Auction:

a) The Coal Companies will earmark areas/ mines and publish the same on the Auction Portal well in advance before each auction.

b) The coal companies shall indicate the representative quality of coal (GCV/ Grade), the quantum of coal available/ proposed for auction along with source, likely mode of dispatch, period for which such coal shall be made available.

3. Eligibility of TPPs for participation in auctions:

a) Any commissioned TPP or unit, whether having PPA or not

Provided that the thermal power capacity as mentioned at paragraph 2 (I) (viii) of the Revised SHAKTI Policy, 2025 shall not be permitted to participate in this window.

b) Imported coal-based plants (ICB) having PPA(s)

Provided that they pass through benefits accrued, if any, to the PPA holder(s).

Provided further that such plants shall submit approved methodology for passing of benefits accrued, by appropriate Regulatory Commission within a period of 1 year from the date of completion of auction.

c) Existing Fuel Supply Agreement (FSA) holders

Provided that they procure 100% of Annual Contracted Quantity (ACQ) under existing FSA. For this purpose, TPPs are required to submit an undertaking of 100% procurement of ACQ quantity and details of procurement of coal under FSA for the previous Financial Year.



Provided further that In case, procurement of such TPP is found to be less than 100% of ACQ for any particular year (for reasons not attributable to TPP), then such quantum will be reduced from its eligible coal quantity for subsequent year.

Note:

- Procurement means advance payment for coal supply.
- In case of Central/ State GENCO, ACQ will be considered at plant level.

d) TPPs having FSAs executed under paragraph B(ii) of erstwhile SHAKTI Policy

Provided that participation in auction shall be to meet the PPA requirement for the linked capacity.

Provided further that TPP shall approach Appropriate Regulatory Commission for determination of applicable discount on tariff for coal secured under this Window.

Provided also that a 'Self Declaration' mentioning that coal is utilized for linked capacity only, in a format prescribed by the Coal Company.

4. Eligible coal Quantity:

Eligible coal quantity = Coal requirement at 100% PLF for total installed capacity -
Existing coal linkages and/or quantity available from
Captive Coal block, if any, as per approved mining plan.

Note: The coal requirement shall be calculated as per prevailing ACQ Norms issued by CEA but at 100% PLF, considering equivalent coal grade.

5. Utilization of coal:

The lifting period for the auctioned coal will be 6 months from the date of signing of FSA, subject to extant railway rules related to non-lapsing of coal. Successful bidders will have to utilize the coal within 6 months from the end of the lifting period or 12 months from the date of signing of FSA, whichever is later.

After the utilization of full coal quantity, successful bidders will submit the Self Certificate (tranche-wise) to Coal Company within one month, confirming that the auctioned coal has been utilized for the specified end use only.



6. Return of Bank Guarantee (BG) and period of BG:

In case of any BG deposited by successful bidder(s), the coal company shall release the same for the utilized coal quantity within 1 month, after the submission of coal utilization certificate by successful bidders.

7. Usage of Electricity generated:

- a) Electricity generated can be supplied against PPAs.
- b) Electricity generated can be sold in Power Market Platforms in accordance with Regulations framed by CERC/ in short term through a transparent bidding process/ DEEP Portal.
- c) The Un-Requisitioned Surplus power generated using linkage coal for serving long term/medium term PPAs can be sold in Power Market Platforms as approved by the CERC.



B) Methodology for auction of coal linkages for Medium /Long term:

1. Periodicity of auctions and duration of FSA:

- a) Auction of coal linkages will be carried out on yearly basis for catering the power sector requirement for Medium/ Long term.
- b) Auction of coal linkages for Medium term will be for a period upto 7 years, whereas auction of coal linkages for Long term will be for a period upto 25 years.
- c) FSA may be signed for a period of more than 12 months and upto 7 years in case of Medium term and for a period of more than 7 years and upto 25 years in case of Long term, as per the request of successful bidders and as per the offer of coal by Coal Companies based on availability.
- d) Yearly auction for any Financial Year (April-March) shall be completed by March of previous FY (including signing of FSA/LoA).

2. Identification of coal for Auction:

The Coal Companies will earmark areas/ subsidiaries , which will be allocated for use as per these guidelines and publish the same on the Auction Portal, well in advance before each auction, indicating the representative quality of coal (GCV/ Grade), the quantum of coal available/ proposed for auction, period for which such coal shall be made available and the schedule for start of supply of coal.

3. Eligibility of TPPs for participation in auctions:

- i. Any TPP (including under construction/ under planning capacity), whether having PPA or not

Provided that the thermal power capacity as mentioned at Para 2 (I) (viii) of Revised SHAKTI Policy, 2025 shall not be permitted to participate in this window.

- ii. Imported coal-based plants (ICB) having PPA(s)

Provided that they pass through benefits accrued, if any, to the PPA holder(s).

Provided further that such plants shall submit approved methodology for passing of benefits accrued, by appropriate Regulatory Commission within a period of 1 year from the date of completion of auction.



iii. Existing Fuel Supply Agreement (FSA) holders

Provided that they procure 100% of Annual Contracted Quantity (ACQ) under existing FSA. For this purpose, TPPs are required to submit an undertaking of 100% procurement of ACQ quantity and details of procurement of coal under FSA for the previous Financial Year.

Provided further that in case, procurement of such TPP is found to be less than 100% ACQ quantity for any particular year (for reasons not attributable to TPP), then such quantum will be reduced from its eligible coal quantity or/and from ACQ of the FSA signed under this Window for subsequent year.

Note:

- Procurement means advance payment for coal supply.
- In case of Central/ State GENCO, ACQ will be considered at plant level.

iv. TPPs having FSAs executed under paragraph B(ii) of erstwhile SHAKTI Policy

Provided that participation in this auction shall be to meet the PPA requirement of the linked capacity.

Provided further that TPP shall approach Appropriate Regulatory Commission for determination of applicable discount on tariff for coal secured under this Window.

Provided also that a 'Self Declaration' mentioning that coal is utilized for linked capacity only, in a format prescribed by the Coal Company.

4. **Eligible coal Quantity:**

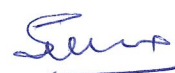
Eligible coal quantity (MTPA) = Coal requirement at 100% PLF for total installed capacity - Existing coal linkages and/or quantity available from Captive Coal block, if any, as per approved mining plan.

Note: The coal requirement shall be calculated as per prevailing CEA Norms but at 100% PLF, considering equivalence coal grade.

5. **Timelines for commitment guarantee, LoA, FSA and Coal drawl:**

a) TPPs Under Planning/ Under Construction

- i) Commitment guarantee shall be submitted by the successful bidder(s) within 2 months from the date of completion of auction process.
- ii) A Letter of Assurance (LoA) shall be issued by Coal Company to the successful bidder(s) within 2 (two) months from the date of receipt of commitment guarantee.



- iii) Successful Bidder(s) shall place the order of Main Plant (BTG) within 2 (two) years from the date of completion of auction process. Once orders are placed, the same shall be communicated by the successful bidder(s) to the Coal Company as soon as possible.
 - iv) FSA may be signed within 2 (two) years from the date of issuance of LoA subject to fulfilment of other conditions of the LoA.
 - v) Drawl of coal shall begin within 5 (five) years from the date of signing of FSA.
 - vi) Extension to the above timelines may be granted by MoP on case to case basis, in consultation with coal companies.
- b) Commissioned TPPs
- i) FSA may be signed within 3 months of completion of auction process
 - ii) Drawl of coal shall start within 3 months after the signing of FSA.
- c) Extension to these timelines may be mutually agreed between the successful bidder and Coal Company on case to case basis.

6. Utilization of coal:

- a) The TPPs shall lift the auctioned coal as per terms and conditions of FSA.
- b) TPPs shall submit an annual certificate to coal company confirming that the auctioned coal has been utilized for the specified end use.

7. Usage of Electricity generated:

- a) Electricity generated can be supplied against PPAs.
- b) Electricity generated can be sold in Power Market Platforms in accordance with Regulations framed by CERC/ in short term through a transparent bidding process/ DEEP Portal.
- c) The Un-Requisitioned Surplus power generated using linkage coal for serving long term/medium term PPAs can be sold in Power Market Platforms as approved by the CERC.

