
US-India Coal Working Group

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India's Coal Washing Business

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India's Coal Washing Business

■ MAIN POINTS

□ COMMERCIAL ISSUES

- INCREASING DEMAND
- WEAKENING PRICES
- SHORT TERM ORDERS

□ TECHNICAL CONCERNS

- REJECT DISPOSAL OR USAGE
- QUALITY DEMANDS NOT CONSISTENT WITH THE PRICING STRUCTURE

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COMMERCIAL ISSUES

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- **INCREASING DEMAND**
 - **POWER PLANTS >1000KM MUST USE 34% ASH WASHED COAL**
 - **CEMENT AND OTHER NON-POWER USERS**
 - **INCREASED AWARENESS OF VALUE IN WASHED COAL**

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■ PRICING

- ❑ MARKET IS DRIVEN BY COAL TRADERS NOT PERFORMANCE
- ❑ LOW PRICES INADEQUATE TO COVER CAPEX

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- **CONTRACTS**

- STATE ELECTRICITY BOARD (SEB's) ORDERS HAVE BEEN SHORT TERM AND DO NOT SUPPORT LONG TERM INVESTMENT

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TECHNICAL CONCERNS

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- REJECTS DISPOSAL
 - LAND IS A PREMIUM AND DISPOSAL OF REJECTS IS GROWING CONCERN
 - BURNING OF REJECTS IN CFB BOILERS IS CRITICAL TO MAXIMIZING ENERGY USE

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- **QUALITY SPECIFICATIONS**
 - **QUALITY AND YIELD SPECIFIED BY END USERS ARE BASED ON USE OF HIGH EFFICIENCY DEVICES**
 - **LOW PRICE AND CERTAIN PENALTIES RESULT IN LOWER STANDARDS OF TECHNOLOGY TO BE USED**

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SUGGESTIONS

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- HEAT BASED PRICING FOR DELIVERED FUEL
- ADJUSTMENT OF UTILITY RATES TO REWARD THE USE OF BEST TECHNOLOGY
- REDUCE OR REMOVE DUTY ON COAL PROCESSING EQUIPMENT IMPORTS
- MINING PLANS DESIGNED TO USE REJECTS AND FLYASH IN FILLING MINE VOIDS

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THANK YOU