

F. No. 3/2/2015-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

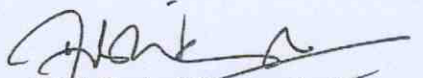
New Delhi the, February 6, 2015

OFFICE MEMORANDUM

Subject: Record of Discussions of the 63nd Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme).

Please find enclosed the Record of Discussions of the 63nd Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme), held on **February 3rd, 2015**, under the **Chairmanship of Additional Secretary (EA)**.

Encl: as stated


(Abhilasha Mahapatra)
Director (PPP)
9/2/15

1. Dr. Arunish Chawla, Joint Secretary, Department of Expenditure, North Block, New Delhi.
2. Shri Praveen Mehto, Adviser (Infrastructure), NITI Aayog, Yojana Bhawan, New Delhi.
3. Smt. Jyoti Arora, Joint Secretary, Ministry of Power, Shram Shakti Bhavan, New Delhi.
4. Shri R.P. Sisodia, Joint Secretary, Department of Higher Education, Shastri Bhavan, New Delhi.
5. Shri Sanjay Malhotra, Pr. Secretary (Energy), Energy Department, Government of Rajasthan, Jaipur 302 004
6. Shri Alok Kumar, Director General/Joint Secretary, Ministry of Labour & Employment, Director General of Employment & Training, Shram Shakti Bhavan, New Delhi.

Copy to:

1. Sr. PPS to Additional Secretary (EA)
2. PS to JS (Infra), DEA

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**Empowered Institution for the Scheme for Financial Support to Public Private
Partnerships in Infrastructure**

63rd Meeting on February 03, 2015

Record Note of Discussions

The sixty-third meeting of the Empowered Institution (EI), chaired by Additional Secretary, Department of Economic Affairs (DEA) was held on February 03, 2015. The list of participants is attached.

The EI noted that there were two (2) proposals for consideration for viability gap funding (VGF) under the Scheme. Of these proposals, one power sector proposal is for in-principle approval from Government of Rajasthan and one proposal for in-principle approval for Development of 12 Advanced Training Institutes (ATIs) from Ministry of Labour and Employment, Government of India, Directorate General of Employment and Training.

The EI noted that the Scheme for Support to PPPs in Infrastructure prescribes that VGF up to Rs. 100 crore for each project may be sanctioned by the EI, proposals for VGF up to Rs. 200 crore may be sanctioned by the EC, and amounts exceeding Rs. 200 crore may be sanctioned by the EC, with the approval of the Finance Minister.

A. Power sector proposal from Government of Rajasthan (GoR) for grant of In-Principle Approval of VGF : Request to reconsider and revise the Concession Period

Agenda Item I: Development of a 400 kV Bikaner-Sikar D/C Power Transmission line project for evacuation of power from wind and solar power in Rajasthan on Design, Build, Finance, Operation and Transfer (DBFOT) basis.



Total length of transmission line: 169 km; Total Project Cost: Rs. 260 crore; Concession Period: 25 years with extension of 10 years including 21 months of construction period.

Major development works/ structures: Development of the 169 Km long Transmission Line Project i.e. 400 KV Bikaner-Sikar DCDS twin Moose ACSR Transmission Line for evacuation of wind and solar power in Rajasthan. The design capacity to transfer electricity would be equivalent to 1066 MW. The scope of work includes:

- (i) "MOOSE" ACSR conductor with maximum permissible DC resistance calculated at 20o C shall be 0.05552 Ohm/km;
- (ii) number of conductors in each phase shall be two;
- (iii) maximum operating conductor temperature shall be 75o C;
- (iv) 12.54 MVA and 1066 MW at 0.85 (zero point eighty five) power factor; and
- (v) Two earth wires – one of GSW minimum size 7/3.66 mm and other of OPGW size 24/2.34 mm

2. Director, DEA informed the Empowered Institution (EI) that the project was earlier granted in-principle approval at the EI's 61st meeting held on December 19, 2014. Now, Government of Rajasthan (Energy Department) has vide letter dated January 08, 2015 stated that the Draft Concession Agreement submitted for the project by Government of Rajasthan had proposed a Concession Period for of 25 + 20 years, however the EI has advised to reduce this to 25 + 10 years. It was stated in the letter , that the matter has been reconsidered by GoR and the EI is requested to consider the Concession Period of 25 + 20 years for the project.

3. The Chair requested the representative of Government of Rajasthan to present the case and justification on why the EI should accept the Concession Period for the project as 25+20 years. Representative of Rajasthan Rajya Vidyut Prasaran Nigam Limited (RVPN) stated that :

- (i) The Standard Bidding Document notified by the Ministry of Power under section 63 of the Electricity Act, 2003 enables the State Government to fix the Concession Period of 25+20 years, therefore, the provision in the DCA is in conformity with the SBD notified by the Central Government.
- (ii) Concession Period of 25+20 years has been approved by the State Government and Rajasthan Electricity Regulatory Commission.
- (iii) Reduction of Concession Period is likely to increase the VGF by more than 1.5% of the TPC. This would be an unnecessary drain on the financial resources of the State.
- (iv) GoR further indicated that Concession Period of 35 years includes two years construction period, thus remaining 33 years operation life. If the assets are maintained well life of transmission system would be more.
- (v) GoR has issued an Addendum indicating that at any time after 35 years, concessionaire may exit the project by giving a six month notice.

Accordingly, it was requested to keep the Concession Period of 25 + 20 years as Bid Due Date is February 19, 2015.

4. Joint Secretary, DEA stated as regards the VGF, financial analysis did not show substantial change in the VGF numbers by increasing the Concession Period; however the Ministry of Power may give their views on the Concession Period.
5. Director, Ministry of Power (MoP) stated that it was unclear which Standard Bidding Document (SBD) documents are being referred to as in the SBD notified by the Ministry of Power and the earlier Draft Transmission Agreement (DTA) approved on PPP, the Concession Period has been kept as 25+10 years. The life of transmission systems is generally 35 years and this is also as per the CERC guidelines, no evidence has been provided by the RVPN, GoR to justify that the Concession Period for the project should be 45 years. Ministry of Power supports a Concession Period of 25+10 years for the project.
6. The Chair inquired whether any project has been approved with Concession Period of 25 + 20 years earlier. Director, DEA responded that there were two transmission projects, one from Government of Madhya Pradesh and the other from Government of Haryana approved for VGF support where the Concession Period was 35 years.
7. Joint Secretary, DEA stated that the Addendum issued by Government of Rajasthan post the EI Meeting held on December 19, 2014 states that at any time after the 35 years, the Concessionaire may exit the project by giving six months' notice. This gives an unfair advantage to the Concessionaire at the cost of the authority and this supports the need to keep the Concession Period at 35 years.
8. Joint Advisor, NITI Aayog also indicated that Concession Period should not exceed 35 years (25 +10) based on the life of the transmission system.
9. Since all members of the EI were of the view that the Concession Period should be 25+ 10 years (35 years), the representative Government of Rajasthan was further asked to state whether there were any other compelling reasons to extend the period, e.g unwillingness of the bidders to participate, expressed in any pre-bid conference. The representative of RVPN confirmed that it was not so and agreed to keep the Concession Period of 25+10 years.
10. **For the above stated reasons, the EI noted that in-principle approval granted in its 61st EI meeting held on December 19, 2014 to the project need not be changed.**

B. Ministry of Labour and Employment, Government of India, Directorate General of Employment and Training

Agenda Item II: Proposals from Ministry of Labour and Employment, Government of India (MoLE), Directorate General of Employment and Training (DGET) for grant of in-principle approval for Development of 12 Advanced Training Institutes (ATIs) on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

Total Project Cost: 1. Bihar (Dighaghat)– Rs. 17.82 crore, 2. Assam (Nalbari) – Rs. 11.31 crore, 3. Chhattisgarh (Durg) – Rs. 20.15 crore, 4. Goa (ITI, Farmagudi) – Rs. 19.12 crore, 5. Gujrat (Tarasali) – Rs. 18.04 crore, 6. Jharkhand (ITI, Hehal) – Rs. 17.99 crore, 7. Karnataka (Bellary) – Rs. 19.65 crore, 8. Keraka (Ettumanur) – Rs. 18.92 crore, 9. MP (Bhopal) – Rs. 18.02 crore, 10. Odisha (Jatni) – Rs. 18.52 crore, 11. Punjab (Doraha) – Rs. 18.47 crore 12. Rajasthan (Jaipur) – Rs. 18.22 crore. Total for 12 projects: 216.23 crore, Concession Period: 30 years including 2 years construction period.

Major development works: The minimum capacity of the ATI would be 800 trainees, of which 50% would be reserved as per State Government norms. ATI would have to run on NCVT approved instructor training courses for at least four trades (two mandated – welder and carpenter). Concessionaire will also be responsible for providing infrastructure such as buildings, workshops, equipment and a hostel for 100 trainees, management and operations of the ATIs, including the provisions of training.

11. Joint Secretary, DEA informed the EI that the proposals were earlier granted in-principle approval by the EI at its 59th meeting held on September 29, 2014. Director General, MoLE, vide letter dated 13th January, 2015 subsequently informed DEA that during the pre-application meeting held on 17.12.2014, requests were received to allow Consortiums to bid for the projects. After analyzing the requests, MoLE has now proposed to allow single entities as well as Consortiums to bid for the projects in line with the provisions in the Model RfQ documents issued by Department of Expenditure, Ministry of Finance, the matter is therefore being brought for information of the EI . All members of the EI supported the proposal of MoLE.
12. The Empowered Institution noted the changes as discussed above in the RfQ documents approved in its 59th meeting held on September 29, 2014.

Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

Empowered Institution for the
Scheme to Support Public Private Partnerships in Infrastructure
63rd Meeting on February 03, 2015

List of Participants

- I. **Department of Economic Affairs**
 1. Shri Dinesh Sharma, Additional Secretary (In Chair)
 2. Ms. Sharmila Chavaly, Joint Secretary
 3. Smt. Abhilasha Mahapatra, Director
 4. Shri V. Srikanth, Deputy Director

- II. **NITI AAYOG**
 5. Shri Amitabh Ray, Joint Advisor
 6. Shri K. Ranga Reddy

- III. **Department of Expenditure**
 7. Smt Saheli Ghosh Roy, Director (PF-II)

- IV. **Ministry of Power**
 8. Shri Ghanshyam Prashad, Director

- V. **Rajasthan Rajya Vidyut Prasaran Nigam Limited (RVPN)**
 9. Shri D.C.Gupta, SEN, RVPN

- VI. **Ministry of Labour and Employment, Government of India, Directorate General of Employment and Training**
 10. Shri Alok Kumar, DG/ JS
 11. Shri V.K. Shukla, JD (T)

