

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

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

31st Meeting on May 12, 2011

Record Note of Discussions

The thirty-first meeting of the Empowered Institution (EI), chaired by Additional Secretary & Director General (DoC), Department of Economic Affairs (DEA) was held on May 12, 2011 to consider the proposal from Government of Mizoram for proceeding with short listing of bidders in accordance with Model Request for Qualification (RfQ) document notified by Ministry of Finance for the Tuivai hydro electric project. The State Government proposes to seek viability gap funding (VGF) under the Scheme for Support to PPPs in Infrastructure. The list of participants is annexed.

2. The EI noted that Government of Mizoram, proposes to develop the Tuivai Hydro Electric Project on a tributary of River Barak for an installed capacity of 210 MW in the state of Mizoram on PPP mode at an estimated Total Project Cost (TPC) of ₹ 1750.6 crore. The hydro electric project is proposed to be developed with Viability Gap Funding. It is the first project of its kind in the North Eastern States of the country as well as the first hydro electric project seeking VGF under the Scheme. The Joint Electricity Regulatory Commission (JERC) for Manipur and Mizoram has fixed the tariff for the project. The proposal was considered by the EI in its 30th meeting held on May 10, 2011. During the meeting, *inter-alia*, the representative of Ministry of Power (MoP) informed that the Ministry was examining the proposal in consultation with the Central Electricity Authority (CEA). It was indicated that there were certain queries with respect to the project. The EI requested the representatives of Government of Mizoram to discuss the observations of Ministry of Power/ CEA so that the outstanding issues could be resolved. Subsequently, Ministry of Power, in consultation with the CEA has examined the proposal and recommended it for Viability Gap Funding.

3. Adviser, Planning Commission indicated that approval of the RfQ document is not the mandate of the EI; it may be appropriate that the State Government develops the complete project documents and directly applies for 'in principle' approval for Viability Gap Funding under the Scheme.

4. The Chief Secretary, Mizoram informed that the State Government was keen to commence with the process of bidding at the earliest. The response to the RfQ would help the State to understand the market interest in the project. Based on the response, modifications could also be made in the project structure, if required. The State Government could seek 'in principle' approval for the project after ascertaining the market response to the project. The Principal Adviser, Government of Mizoram reiterated that the JERC for the State had already issued the tariff order, which takes into consideration the VGF for the project proposal. The Engineer-in-Chief, Power and Electricity, Mizoram informed that the project documents were being prepared in accordance with the Model Power Purchase Agreement of Ministry of Power. Hence, the State Government would be in a position to seek 'in principle' approval without loss of time once the bidder interest in the project is established after the issue of RfQ. Hence, the EI may grant approval to the State Government's proposal.

5. Director, DEA stated that the Guidelines of the Scheme provide that the project sponsors obtain approval of the EI before commencing with the bid process. In complex projects, at earlier occasions, the EI has considered similar request for permission for initiating the process of short-listing of bidders while the project documents are being finalized. Illustration was cited of project proposals of Hyderabad Metro Rail, Mumbai Metro Rail (line-2) and Bangalore High Speed Rail Link where a similar request was considered by the EI and permission granted for issue of RfQ.

6. Director, Department of Expenditure informed that the Department had no reservations on the proposal.

7. Director, DEA drew attention to the Appraisal Notes of DEA and observations of CEA. The representatives of Government of Mizoram informed that they were in agreement with the issues highlighted. It was agreed that the State Government would give a written response to the observations.

(Action: Government of Mizoram)

8. Joint Secretary, DEA emphasized that the proposal is the first hydro electric project proposed to be developed on the BoT mode and congratulated the State Government on their initiative. Ministry of Power has supported grant of VGF to the project and the sector is eligible for support under the Scheme. Nevertheless, the State Government at the current instance is not seeking 'in principle' approval for Viability Gap Funding; the proposal is to test the market and developer interest for the project, which is located in a remote location. The State Government proposes to seek 'in principle' approval for VGF support after establishing adequate bidder response. Hence, the proposal may be supported with the understanding that permission to proceed with short listing of bidders does not indicate approval for VGF. The process of seeking 'in principle' approval for VGF with complete

documentation, as prescribed under the Scheme would need to be observed. The EI would consider the proposal for grant of 'in principle' approval after due diligence of the project structure and the documents.

9. The Chief Secretary, Mizoram indicated willingness with the proposed approach. It is accepted that approval for short listing of bidders did not automatically imply the approval for VGF from Government of India.

10. It was suggested that to generate greater developer's interest and participation in respect of the project, the project's RfQ may be given wide publicity in national newspapers; road shows in some of the cities may also be held after the issue of the RfQ. The State Government agreed to document the process and share with DEA.

11. The Chairman advised the State Government to complete the preparation of the bidding and contract documentation of the project and send the comprehensive proposal for grant of 'in principle' approval. He observed that the project was a pioneering initiative of the State Government and suggested that the State Government could undertake consultation with Ministry of Power and other members of the EI on the project documents. This was agreed to.

12. The EI granted permission to the Government of Mizoram to proceed with short listing of bidders for Tuivai Hydro Electric project.

(Action: Government of Mizoram)

13. The meeting ended with a vote of thanks to the Chair.
