


F. No. 3/1/2016-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

North Block, New Delhi
Dated 20th May, 2016

OFFICE MEMORANDUM

Subject: 71st Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) – circulation of Record of Discussion regarding.

The Record of Discussion of the 71st Meeting of the Empowered Institution for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) held on May 17, 2016 under the Chairmanship of Additional Secretary (Investment), DEA is enclosed for information and necessary action.


(Mrutyunjay Behera)
Director (Infra)
Phone No. 2309 2528

1. Dr. Arunish Chawla, Joint Secretary, Deptt. of Expenditure, North Block, new Delhi.
2. Shri Praveen Mehto, Adviser (PP, PAMD), NITI Aayog, parliament Street, New Delhi.
3. Shri R.K. Singh, Joint Secretary, MoRTH, Transport Bhawan, New Delhi.
4. Ms. Jyoti Arora, Joint Secretary, MoP, Shram Shakti Bhawan, New Delhi.
5. Shri D.B. Gupta, Principal Secretary, Public Works Department, Government of Rajasthan, Secretariat, Jaipur.
6. Shri Sanjay Malhotra, CMD, RVPN and Principal Secretary, Energy Department, Government of Rajasthan, Vidyut Bhawan, Janpath, Jyoti Nagar, Jaipur - 302005

Copy to:

1. Sr. PPS to AS (Investment),
2. PS to JS (Infra),
3. PS to Director (PPP)
4. DD (PPP) with the request to upload the Minutes on PPPindia.com

**F. No.3/5/2016-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell**

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

71st Meeting on May 17, 2016

Record Note of Discussions

The seventy-first meeting of the Empowered Institution (EI), chaired by Additional Secretary, Department of Economic Affairs (DEA) was held on May 17, 2016. 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 final approval from Government of Rajasthan and one road sector proposal for in-principle approval from Government of Rajasthan.

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. Road sector proposal from Government of Rajasthan

Agenda Item I: Proposal from Government of Rajasthan (GoR) for Development, Operation and Maintenance of Chomu Chandwaji Highway Project comprising SH-8B from km 0 to km 15.450 through Public Private Partnership on DBFOT basis in the state of Rajasthan.



Total length: 15.450 km; Total Project Cost: Rs 40 Crore; Concession Period: 18 years including construction period of 1 year.

Major Development Works / Structures: The existing two-lane shall be upgraded to two-lane *plus* i.e. with paved carriageway 10 m wide. Length of the Project Road is 15.450 km. Out of this 14.066 km would be upgraded to 2-lane with paved shoulder and 1.384 km would be upgraded to 4-lane. Realignment at 3 locations: total 0.330 km length, 11 intersections, RCC Covered drain of 0.900 km length, Culverts: Slab: 1 No. widening, pipe: 3 No.s widening and 2 No.s reconstruction, Causeway: 2 No.s reconstruction with new structure, Toll Plaza: 1 No. at km 5.150, Bus Shelters: 10 No.s, Major Bridges: NIL, Minor Bridges: NIL, Service / Slip Roads: NIL.

VGF Sought: Estimated VGF is Rs 8.60 Crore (21.50% of TPC of Rs 40 Crore). VGF determined through bidding process up to maximum 20% as per provisions of VGF scheme is sought from GoI.

1. Joint Secretary, DEA informed the EI that the project was on the Agenda of 70th meeting of the Empowered Institution. However, the Chair had directed the Empowered Institution to defer the approval of the project as the representatives from Government of Rajasthan / Rajasthan State Highways Authority (RSHA) did not attend.
2. Joint Secretary, DEA further stated that the proposed Project of Development, Operation and Maintenance of Chomu Chandwaji section comprising SH-8B in the State of Rajasthan has total length of 15.450 km and would be upgraded from 2-lane to 2-lane plus i.e. with paved shoulders. Total Project Cost (TPC) is Rs 40 Crore. Projects with TPC below Rs 50 Crore are normally not taken up under PPP Mode due to the high overhead costs in PPP project development however, the instant Project may be considered by the Empowered Institution.
3. Chief Engineer, RSHA, presented the Project details and explained that existing road has 2-lane carriageway in 13.071 km, 2-lane plus in 1 km and dual carriageway in 1.38 km. Instant proposal is to upgrade 14.066 km to 2-lane plus i.e. 2-laning with paved shoulder and 1.384 km to 4-lane. No major structures such as major/minor bridges and ROBs are proposed on the Project Road. TPC is estimated as Rs 40 Crore i.e. Rs 2.58 Crore / km. Estimated VGF requirement is 21.50% of TPC i.e Rs 8.60 Crore.
4. The Chair enquired whether O & M cost has been included in the TPC. Chief Engineer, RSHA explained that the toll revenue would be collected and O & M cost would be incurred by the Concessionaire. It was confirmed that O & M cost is considered

while assessing financial feasibility of the project to estimate the requirement of grant for benchmark Equity IRR of 15%.

5. Executive Engineer, MoRTH stated that while centages have been factored, considered as 25% of TP, the construction period of the Project is just 1 year and hence, centages may not be so high. RSHA may review the centages in specific context of the Project. Chief Engineer, RSHA stated that 25% centages are as per the provision in Article 49 of the MCA. Joint Secretary, DEA suggested that RSHA may still examine the centages and revert. This was agreed to.

(Action: GoR / RSHA)

6. Executive Engineer, MoRTH further suggested that four-laning of the stretches may be provided in 5 built-up areas along the project highway in consonance with the clause 2.1 (ii) of IRC: SP: 73-2015 and the same may be mentioned in Schedule B of the DCA. Chief Engineer, RSHA agreed to review the feasibility of the provision.

(Action: GoR / RSHA)

7. Joint Secretary, DEA also suggested MORTH submit their comments/appraisal in writing before the meetings, in future, as per the laid-down procedures and allow the Authorities take necessary action before consideration by the E.I.

8. The EI granted in-principle approval to the project for Development, Operation and Maintenance of Chomu Chandwaji Highway Project comprising SH-8B from km 0 to km 15.450 through Public Private Partnership on DBFOT basis in the state of Rajasthan with VGF contribution as per the VGF Scheme subject to fulfilment of the following conditions:

a. GoR shall obtain clearances such as environment and forest clearance, before commencing work on the project site.

b. GoR shall obtain prior approval of the EI on any change in TPC, scope of work or project configuration, as noted above.



B. Power sector proposal from Government of Rajasthan for grant of Final Approval

Agenda Item II: 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 (Rs 244.30 crores as per FC); Concession Period: 25 years with extension of 20 years including 21 months of construction period.

Base Unitary Charge: Rs. 29.43 crore per annum.

VGF: VGF quoted by L-1 bidder: Rs. 28.80 crore (11.08% of TPC): VGF from Government of India: VGF from Government of Rajasthan –Nil.

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

2. The representative of Rajasthan Rajya Vidyut Prasaran Nigam Limited (RVPN), Government of Rajasthan (GoR) presented the proposal. The Empowered Institution (EI) was informed that in-principle approval of the VGF support was granted to the project at its 64th meeting held on April 07, 2015 for an amount of Rs. 52 crore (20% of TPC). The RfQ was issued on 30.06.2014 and M/s. KEC International Ltd was selected as the preferred bidder who quoted the lowest grant of Rs. 28.80 crore (11.08% of the TPC), Letter of Award (LoA) was issued on 24.07.2015 and Concession Agreement was signed on 06.11.2015 between RVPN, Govt of Rajasthan & M/s M/s KEC Bikaner-Siker Transmission Pvt Limited (project SPV). Financial Closure has been achieved on 24.03.2016 with project cost of Rs. 244.30 crore comprising Rs. 171 crore as loan from ICICI Bank, Bandra- Kurla

Complex, Mumbai, Rs.44.50 crore as equity from the Concessionaire and Rs. 28.80 crore as Equity Support from Government of India.

3. The Chair sought confirmation regarding status of fulfillment of other Conditions Precedent by the GoR and the Concessionaire. The representative of GoR responded that all the required clearances as per the provisions of the Concession Agreement by the Government and the Concessionaire have been obtained and accordingly the Appointed Date has been fixed on 3.5.2016. The Concessionaire has also submitted Performance Guarantee of Rs. 10 crore valid upto 30.04.2018 and already infused equity of Rs. 23.99 crore. The Concession Agreement has been legally vetted and RVPN vide letter dated 06.05.2016 has submitted the response to the DEA's observations. It was requested to approve the VGF support for the project.
4. All members of the EI were in support to grant final approval for VGF support to the project.
5. **The EI grant final approval to the project "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" for TPC of Rs. 260 crore (with TPC at Financial at Rs 244.30 crores) with total VGF support of Rs. 28.80 crore (11.08% of TPC) from Government of India under the Scheme.**

(Action: GoR/ RVPN)

6. The meeting ended with a Vote of Thanks to the Chair.



**Empowered Institution (EI) for the
Scheme to Support to Public Private Partnerships in infrastructure
71st Meeting held on 17th May 2016**

List of Participants

- I. Department of Economic Affairs
1. Mr. Ajay Tyagi, AS (Investment)
 2. Ms. Sharmila Chavaly, Joint Secretary (Infra)
 3. Mr. Mrutyunjay Behera, Director (Infra)
 4. Ms. Abhilasha Mahapatra, Director (PPP)
- II. NITI Aayog
5. Mr. Praveen Mahto, Adviser
 6. Mr. C.P.S. Reddy, Director
- III. Ministry of Power
7. Mr. Ghanshyam Prasad, Director
- IV. Department of Expenditure
8. Mr. Rajiv Wadhawan, Joint Director
- V. Ministry of Road Transport & Highways
9. Mr. Abhinav Kumar, EE
- VI. Government of Rajasthan
10. Mr. S.N. Vijay
 11. Mr. Shivlahari Sharma, Chief Engineer (NH)
 12. Mr. Somesh Rathi, Ex Engineer (PPP)
 13. Mr. Anoop Kulshreshtha, A.C.E. (PPP)

