

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5766
ANSWERED ON:02.05.2013
BIDDING FOR POWER PROJECTS
Adhi Sankar Shri ;Gaddigoudar Shri P.C.

Will the Minister of POWER be pleased to state:

(a) whether an Advisory Group of power sector players constituted by the Government has sought changes in the draft Standard Bidding Documents (SBD) for the power projects;

(b) if so, the details thereof;

(c) whether the Group expressed concern over the proposed design-build finance-operate-transfer model for power projects and pointed out that the SBDs lack the flexibility to account for factors such as fuel prices hikes and clearance delays that are beyond the control of developers; and

(d) if so, the details thereof and the steps proposed to be taken by the Government thereon?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF POWER (SHRI JYOTIRADITYA M. SCINDIA)

(a) to (c) : Yes, Madam. The Advisory Group in its meeting held on 6th March 2013 made following comments/suggestions on the draft Standard Bidding Documents (SBD) for the procurement of power by distribution licensees for location specific projects-

The present document is based on the DBFOT Model which is a departure from the existing BOO Model and it may not provide sufficient security on project assets to the lenders, and therefore, there may be associated risks which may result in increased tariff.

Some of the technical and operating parameters were not aligned with operating realities e.g. availability at 90%, auxiliary consumption at 5%, Net Station Heat Rate of 2350kcal/kwh, etc. and were difficult to implement and therefore practical norms in line with those of CERC/CEA were required to be adopted.

There were stringent termination and takeover provisions and that transferability of assets would be difficult and therefore funding by foreign bankers may be limited.

In the case of bidding of projects based on mines on indigenous or imported coal, the SBD provided for incomplete pass-through in fuel cost thereby loading fuel risk on developer.

The clauses relating to the role of Independent Engineer and Safety Consultant were intrusive.

Certain modifications in the existing BOO document may only be made rather than creating a new document.

(d) : Most of the concerns/issues raised by the Members of the Advisory Group were clarified/discussed during the meeting. The draft Standard Bidding Documents (SBD) for location specific power projects has not yet been approved by the Empowered Group of Ministers (EGoM).