

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:164
ANSWERED ON:04.12.2014
BIDDING PROCESS IN POWER SECTOR
Adsul Shri Anandrao ;Patil Shri Shivaji Adhalrao

Will the Minister of POWER be pleased to state:

- (a) whether a number of routes, including the Design-Build-Finance- Operate-Transfer (DBFOT) and the Build-Operate-Transfer (BOT) are available for private players to make investment in power sector, if so, the details thereof;
- (b) the investment ploughed by private players in the sector since Eleventh Plan;
- (c) the details of the norms laid down under various routes, including DBFOT format and the changes proposed in the current set of standard bidding documents;
- (d) whether the private players have objected to the proposed revised format in BOT and DBFOT route, if so, the details thereof along with reasons therefor; and
- (e) the corrective steps being taken by the Government in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL AND NEW & RENEWABLE ENERGY (SHRI PMUSH GOYAL)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 164 TO BE ANSWERED IN THE LOK SABHA ON 04.12.2014 REGARDING BIDDING PROCESS IN POWER SECTOR.

(a) : Yes, Madam. A number of options including DBFOT, DBFOO etc. are available to private players for investment in generation of electricity in power sector. Central Government has notified the following Guidelines & Model Bidding Documents in 2013/2014 for procurement of Electricity under section 63 of the Electricity Act, 2003 by amending the earlier Guidelines/Documents notified in 2005 due to inadequate treatment of fuel risks, termination provisions etc.

1. Guidelines & Model Bidding Documents (RFQ, RFP and PPA) for procurement of electricity from thermal power stations set up on Design Build Finance, Operate and Transfer (DBFOT) basis on 21.09.2013 & 20.09.2013 respectively.
2. Guidelines & Model Bidding Documents(RFQ, RFP and PSA) for procurement of electricity of medium term from thermal power stations set up on Design Build Finance, Own and Operate (DBFOO) basis on 09.11.2013 & 08.11.2013 respectively.
3. Guidelines & Model Bidding Documents (RFQ, RFP and PPA) for procurement of electricity of medium term from power stations set up on Finance, Own and Operate (FOO) basis on 10.02.2014 & 29.01.2014 respectively.
4. Guidelines & Model Bidding Documents (RFQ, RFP and PPA) for procurement of peaking power for medium term from Power Stations set up on Finance, Own and Operate (FOO) basis on 24.02.2014 & 20.02.2014 respectively.

(b) : Based on the information furnished by CEA, the total investment made in power sector during the 11th Plan by Private players is Rs. 283805.44 crores and during the first two years of the 12th Plan is Rs. 117999.21 crores.

(c) : Some of the salient norms laid down in the current bidding documents are given below:-

1. For the DBFOT mode of power procurement, the project assets are required to be handed over to the utilities after successful completion of the concession period. An option has also been given to the developer to take project assets on lease basis up to 99 years on successful completion of contract. For other modes of procurement, the project assets continue to be owned by the developers after completion of contract period.
2. Bidding Framework based on first year tariff as evaluation parameter, instead of multiple parameters coupled with levelised tariff concept used earlier.
3. Concession period for generation project is fixed for a period of 25-30 years, including the construction period, with a provision for

extension at the option of either the Concessionaire or the Utility. Yet another extension can be undertaken if both the parties so agree.

4. Escalation of Fixed and Fuel Charges has been linked to predefined parameters. Further, fuel cost has been allowed as a pass through subject to appropriate safeguards.

5. Technical and operating parameters have been made specific to incentivize better efficiency of plants.

6. Substitution and Termination clauses have been added for more clarity and for specific roles, functions and consequent responsibilities of both the parties.

(d) & (e): While drafting the Model Bidding Documents (MBDs) under DBFOT model, consultations with all stakeholders i.e. State Governments, Discoms, Lenders, Bankers, Private players, Electricity Regulators, Industry fora and various Ministries/Departments of Government of India were undertaken.

Association of Power Producers (APP), a body of private power developers has raised certain issues relating to MBDs, mainly on the DBFOT structure. They have suggested that the earlier set of Standard Bidding Documents may be revised with a view to removing their shortcomings, rather than the introduction of the current new MBDs.