

GOVERNMENT OF MEGHALAYA
POWER DEPARTMENT

EXPRESSION OF INTEREST (E.O.I) ON POWER PROJECTS

NO.POWER.34/2010.

DATE_____

The Government of Meghalaya invites proposals from eligible Power Project Developers for the implementation of the Hydro-Electric Projects in Private Sector on Build, Own, Operate and Transfer (BOOT) basis. The details of the Hydro Projects are appended at Annexure:

- 1(a) Below 2 MW
- 1(b) 2 – Below 10 MW
- 1(c) 10 – Below 25 MW
- 1(d) 25 – 100 MW

A. GENERAL CONDITIONS

1. Bidders shall be required to submit ‘Technical-Bids’ and ‘Price-Bids’ on the Format appended in the Bid Document in two separate envelopes super-scribed “Technical-Bid” and “Price-Bid”.
2. In the ‘Price-Bid’, the Bidders would be required to accept to pay a fixed upfront charges as defined below per Mega Watt capacity of the Project and ‘Additional Free Power’ at a uniform percentage rate of the deliverable energy in all three time-bands of Royalty charges during the operation period of the Project to the Government of Meghalaya over and above the royalty charges of (12%+1%), (18%+1%) & (30%+1) of the deliverable energy upto 12 years(1st time-band), next 18 years(2nd time-band) and balance 10 years(3rd time-band),

| SL No. | Category | Capacity in MW | Upfront Payment (lakh)/MW | Local participation |
|--------|----------|----------------|---------------------------|---------------------|
| 1 | I | Below 2 | 1 | 50% share |
| 2 | II | 2 – Below 10 | 3 | 26% share |
| 3 | III | 10 – Below 25 | 5 | Not Required |
| 4 | IV | 25 – below 100 | 10 | Not Required |

Note:

- i). Additional Free Power Royalty of 1% from the Hydel Power Projects would be provided and earmarked for a Local Area Development Fund(LADF) as per the notification issued by the Government of Meghalaya.
- ii). The tariff would be determined by the appropriate Regulatory Commission in accordance with the rules and guidelines prevailing at that time. As on today only (12%+1%) free power is allowed to pass through tariff. Therefore

additional free power/upfront premium would have to be paid for from earning out of merchant sale or own resources of the developer.

3. The Bidders shall deposit a Financial Bid Security equivalent to 5% of the total upfront premium payable for the project as marked in the table at Sl No.2 above in the form of Demand Draft/Banker's Cheque pledged in favour of Under Secretary, Power Department, Government of Meghalaya, subject to a maximum of Rs.10.00 Lakh per project, to be deposited along with the Technical Bids. This amount shall be returned without any interest to all those Bidders who will be found non-eligible for participation in second stage before opening of the Financial Bids. However, the Pre-qualified Bidders except the highest bidder, who wish not to participate in further process can also seek refund after opening of Financial Bids. The amount shall be returned to the Bidders without any interest immediately after the project is allotted. In case of the successful bidders, the amount deposited on this account shall be adjusted in the first instalment of upfront premium payable at the time of signing of Preliminary Agreement for the allotted Project.
4. After Evaluation of Bids, a Letter of Intent (LoI) shall be issued to the successful Bidder inviting him to deposit the fixed upfront premium as defined above in two installments as under:-
 - i. First Installment comprising 50% (less 5% amount deposited as Bid Security) of total fixed upfront premium payable for the project shall be deposited within 30 days from the date of issuance of Letter of Intent.
 - ii. Immediately after deposit of first installment, a Letter of Allotment shall be issued to the successful Bidders asking them to sign a Preliminary Agreement with the Government of Meghalaya for achieving various benchmarks and submission of final DPR. The draft Preliminary Agreement is attached at Appendix-II of the details terms and conditions of the Bid Documents.
 - iii. Second Installment comprising balance 50% of total fixed upfront premium shall be deposited within a period of 3 months from the date of issuance of Letter of Allotment.
5. In case two or more firms equal in their offers (i.e. H1) as per Bid requirements, their rankings will be based on their Technical & Financial strength. If the highest bidder fails to deposit the full amount of 1st installment of the upfront premium within the stipulated time period or if the highest bidder willfully withdraws his application, the Government will be free to offer the project to the other applicants as follows:
 - i). The offer will be sent to other applicants who have been prequalified for allotment of the projects to match the bid given by the highest Bidder.
 - ii). If one or more of the prequalified applicants agree to match the highest bid in writing, the project will be offered to that bidder whose original Financial bid was the highest. This bidder will be given 30 days time to deposit the full amount of 1st installment of the fixed upfront premium.

- iii). If the successful bidder fails to deposit this amount within the time allowed, the offer will be made to the next highest bidder in the original bid if he has offered to match the Highest Financial bid and again 30 days time will be given to deposit the full amount of the 1st installment of the upfront premium. This process will be continued till the 1st installment of the upfront premium is received or till all those who offered to match H-1 are covered.
 - iv). If H-1 does not deposit the 1st installment of the upfront premium and none agree to match H-1 or no one actually deposits the 1st installment of the upfront premium, the Government of Meghalaya shall have right to cancel the bid/tender and may take decision to re-advertise or otherwise as it may deem fit.
 - v). Any bidder who is offered the project for allotment but does not deposit the 1st installment of the upfront premium within the stipulated time period will face forfeiture of Bid-security deposited by him.
6. The 'Price-Bid' shall not be opened with the 'Technical-Bids'. All the envelopes containing the "Price-Bids" shall be placed in a separate envelope which shall be sealed and then signed by the Bid Opening Committee in the presence of the Bidders or their authorized representative who may wish to be present.
 7. The 'Technical-Bids' of the Bidders shall be scrutinized and evaluated for pre-qualification and the 'Price-Bids' of only those bidders who have been qualified shall be opened.
 8. The 'Technical-Bids' in response to the advertisement should be accompanied by a non-refundable processing fees @ Rupees fifty thousand (Rs 50,000/-) per MW subject to maximum of Rupees Ten Lacs (Rs 10,00,000/-) per Project applied for. The payment shall be made in the form of Demand Draft/Bankers Cheque pledged in favour of the Under Secretary, Power Department, Government of Meghalaya, drawn at any schedule bank at Shillong. Bids not accompanied by processing fee are liable to be rejected.
 9. The amount of fixed upfront premium payable by the successful bidder and the processing fee shall not form part of the project cost in the DPR, which shall be borne by the Developer.
 10. The Bidders should have strong financial and technical base with adequate free investible reserves and surpluses and requisite technical capability necessary for the development of the above Hydro Electric Projects.
 11. A Bidder who has purchased a Bid Document in one Company's name and submits the Bid Document in other Company's name will not be considered. Similarly a person or a Consortium who has purchased a Bid Document for one Project and submits the Bid Document for another Project will not be considered.

12. The Bidder, who has purchased a Bid Document and submits the Bid Document in Consortium/Joint Venture, must be the lead partner in the Joint Venture/ Consortium with the highest equity stake not less than 26% failing which their Bid will not be considered.
13. Interested parties can submit Bids for one or more Projects. One Bid Document purchased will hold good for submission of Bid for only one Project. The Bids as well as the Processing Fee shall be submitted separately for each Project applied for.
14. The selection process will be in two stages. In the first stage the Technical Bids submitted by the Bidders shall be scrutinized and evaluated for Pre-qualification. The Bids shall be assessed on the basis of following two criteria viz. Financial Strength & Technical Strength.. The following shall be the qualifying parameters for eligibility-

1. Financial Strength:-

For evaluation purpose, the Net Worth of a Bidder as a Company or a Consortium/ Joint Venture of Companies or a Corporation, shall be assessed on the basis of proportionate equity participation by each constituent members in accordance with the following two parameters by considering financial position as depicted in the duly audited Balance Sheets and Profit & Loss accounts for the FY 2008-2009,2009-2010 & 2010-2011 in original/ certified copies submitted in original/ certified true copies of the respective Companies.

Note:- All eligible bidders who are not registered as companies under the Companies Act 1956 are also required to submit their audited Financial Statements in same manner and same formats required under the act for a registered Company.

- i) **Net Worth** = Equity (paid share-capital) (+) Reserves & Surplus (excluding Re-evaluation Reserves) (-) Intangible assets like, patents, deferred revenue expenditure, preliminary expenses or the operative expenses not written off, losses including past losses etc.)

The Net-worth should not be less than 25 % of the total cost of the Project:-

(assuming per MW cost of the project = Rs. 8.00 crores)

Illustration:-

For a 10 MW Project the Net-Worth should be at least Rs. 20 crore.

ii). **Profit after Tax:**

For evaluation purpose, the Profit after Tax of a Bidder as a Company or a Consortium/ Joint Venture of Companies or a Corporation, shall be assessed on the basis of proportionate equity participation by each constituent members in accordance with the following parameters by considering financial terms as depicted in the duly audited Balance

Sheets/audited financial statements, for above defined three consecutive years submitted in original/ certified true copies by the respective Companies.

Only such bidders will be eligible to be considered for second stage of bidding process who possess a cumulative profit after tax (in crore) for the last three consecutive years totaling to at least 'p' crore, where 'p' shall be equivalent to 25% of the installed capacity in mega-watt, of the Project applied-for.

***Illustration:-** For a 10 MW Project the cumulative Profit After Tax for last three years should be at-least Rs.2.50 Crore.*

2. Technical Strength:-

Only such Bidders will be eligible to be considered for second stage of bidding process who possess any of the following three technical strength criteria:-

a). In case of Bidders who are in the business of Power Generation:

i. Developer/ Owner of 'x' no of megawatts;

(OR)

ii. Contractor with 'y' amount of turnover;

(OR)

iii. Consultant in 'z' no of megawatts.

'x' shall be equivalent to the one fifth of the installed capacity in mega-watt of the Project applied for.

'y' shall be equivalent to two times the installed capacity in mega-watt of the Project applied-for in crores in INR.

'z' shall be equivalent to two times the installed capacity in mega-watt of the Project applied for.

(OR)

b). Those in consortium with partner having not less than 26% equity stake meeting above criteria.

(OR)

c). Those with MOU with consultants meeting double of criteria as per (a) (iii) above i.e. twice the 'z' no of megawatts.

A Bidder, who has the above financial and technical strength, will be considered as pre-qualified/eligible for participation in second stage of the bidding process.

In the second stage, Price Bids of the Pre-qualified Bidders will be opened on specific date (which shall be intimated to all pre-qualified bidders) in presence of the eligible bidders or their authorized representative(s) who are willing to be present.

- 15.** The Government of Meghalaya reserves the right of equity participation upto 49% on selective basis, in the above Projects.
- 16.** The Developer shall be free to dispose of such power after meeting commitments of royalty in the shape of Free Power and Additional Free Power, upto maximum of forty percent (40%) of deliverable energy through merchant sale. The State Government shall have right of first refusal on sale of such power after meeting commitments of royalty in the shape of Free Power, Additional Free Power and Merchant sale of power, on the tariff to be determined by an appropriate Regulatory Commission. The State Government's right of first refusal shall be decided and conveyed within 20 days after grant of Techno-Economic Clearance.
- 17.** Incentive for early commercial operation of the project and disincentive for delayed commercial operation of the project will be applicable as per the Terms & Conditions mentioned in the Bid Document.
- 18.** The developer will enter into a separate agreement for water sharing with other Projects downstream. The State Government's final decision on the matter shall be governed in the interest of all State holders.
- 19.** The scope of the work will be from concept to commissioning and operation thereafter, including survey and investigations, identification of transmission system for the evacuation of power and preparation of Detailed Project Report (DPR). The transmission system for evacuation of power shall form part of the Project and shall be included in the DPR in consultation with State's Utility, keeping in view the integrated system requirements. The DPRs for all the projects shall be prepared by the IPPs themselves.
- 20.** For setting up the HEPs, concurrence of the competent Authority(ies) and statutory clearances shall be obtained as per the procedure applicable from time to time.
- 21.** The operation period of the Projects shall be forty (40) years from the Scheduled Commercial Operation Date (SCOD) of the Projects. Thereafter, the Project shall revert to the State Government free of cost and free from all encumbrances on 'as is where is basis'.
- 22.** The Company shall provide employment to bonafide residents of the State in respect of all the unskilled/skilled staff and other non-executives as may be required for execution, operation and maintenance of the Project. At least 80% employment for the bonafide residents of the State in the Group 'C', Group 'D'

posts shall be provided. Preference in employment for bonafide residents of the State in other categories of posts shall also be assured.

- 23.** The Developer shall make a provision of 1% of final cost of the Project (this cost will include IDC) towards Local Area Development. A Committee to be constituted by the Government will monitor the developmental activities to be taken up in the area.
- 24.** The Bidder shall be required to comply with all the provisions stipulated in the Power Policy-2007 and its subsequent amendments issued by the Government of Meghalaya from time to time. The same can be obtained from the Website www.meghalaya.nic.in
- 25.** The Project developers will be required to follow the quality control and project safety norms specified by CEA/CWC or Government of Meghalaya from time to time and allow access to conduct the inspection of the projects or supply information as may be required by the Power Department, Government of Meghalaya or its authorised representative from time to time.
- 26.** Additional Free Power of one percent(1%) from Hydel Power Projects shall be provided and earmarked for a Local Area Development Fund(LADF)aimed at providing regular stream of revenue for income generation and welfare schemes, creation of additional infrastructure and common facilities etc. on a sustained and continued basis over the life of the Project. This fund would be available in the form of an annuity over the entire life of the Project.
- 27.** "For a period of 10 years from the date of commissioning of the Project, 100 units of electricity per month would be provided by the Project Developer to each Project Affected Family through the relevant distribution company. It is expected that the PAF will consume atleast the minimum consumption of 1unit per day and the cost of balance of unused electricity, if any, could be made available to PAF in cash or kind or a combination of both, at rates to be determined by the State Electricity Regulatory Commission".
- 28.** "The Project authorities would involve themselves in the implementation of Rajeev Gandhi Grameen Vidyutikaran Yojana (RGGVY) Scheme within a radius/surface distance of 2 KM from the Power House/Dam Site as per requirement. Since the RGGVY is being funded on 90:10 (90% grant and 10 % loan) basis by the Government of India. The Project authorities should bear the State Government's share of 10 % of Rajeev Gandhi Grameen Vidyutikaran Yojana (RGGVY) within the above surface distance of the Power House/Dam".
- 29.** The Projects will be allotted on the basis of tentative installed capacity as mentioned in the E.O.I on the Power Projects. However, in case the capacity of the Project increases/decreases upon firming up of the potential which will be finalized at the time of grant of TEC by the competent authority, the Company will be required to sign fresh/revised PA/IA with the Government as the case may be.

In all such cases, the royalty, upfront premium and other charges shall be levied accordingly.

The Full Reservoir Level (FRL) + 2m and the Tail Water Level (TWL) + 5m fixed at the time of project allotment will not be altered and any increase or decrease in capacity will be subject to the developer remaining within these boundaries. In exceptional cases like difficult terrain/ environmental reason/ poor geological conditions, the boundaries may be shifted by upto 10m with the prior approval of the Government.

- 30.A** Pre-Bid-conference well before the opening/submission of Bids shall be conducted for responding to the queries of the Bidders, if any. The schedule of Pre-Bid Conference shall be intimated to all those Bidders who have purchased Bid document(s) for the above listed projects.

OTHER INSTRUCTIONS:

1. The Bid Documents containing the details of terms and conditions regarding Bidding & Project Implementation, Bid Application Formats, questionnaire etc. will be made available to the interested Bidders from the Office of Under Secretary Power Department, Government of Meghalaya, on payment of Rupees twenty five thousand (Rs. 25,000/-) only per Project through a Bank Draft/Bankers Cheque pledged in favour of Under Secretary Power Department, Government of Meghalaya.
2. For any queries or clarifications, the following Officers may be contacted:
 - i. Under Secretary Power Department, Government of Meghalaya
Contact No – 0364-2224201---2646 (EXTENSION)
Fax No. – 0364-2224721
Email I.D – cmsyiem@yahoo.com
 - ii. Principal Chief Engineer (C), MeECL , Shillong
Contact No – 098560-02118, 0364-2591406, 0364-2590691
Email I.D – pce_meecl@yahoo.in
3. The sale and submission of Bids thereof to the interested Bidders from the office of the Under Secretary Power Department, Government of Meghalaya, Additional Secretariat, Room No. 505 will be as under :-
 - (i). Last date for sale of Bid Documents: 30 days from the date of issue of the E.O.I in the National News papers,
upto 1600 Hrs
 - (ii). Pre-Bid conference: within 7 days after the date as per Sr no (i),

(iii). Last date of submission of Bids: 15 days after the date as per Sr no. (ii),
upto 1600Hrs

(iv).Date of opening of Bids: 1 days after the date as per Sr no. (iii),
at 1100 Hrs

Note:-

- i. If the last date for submission of Bids or the date of opening of bids happens to be a holiday declared by the Government of Meghalaya in Shillong, the Bids will be submitted and opened on the next working day in the same order and at the same time.
- ii. The list of Projects in category wise is available in ANNEXURE 1(a), 1(b), 1(c) & 1(d) of the Bid Documents.
- iii. The Details Documents can be had from the Office of the Under Secretary Power Department, Government of Meghalaya on payment of Rs. 25,000/- as detailed in Sl No.1, above (Other Instructions).

Under Secretary to the Government of Meghalaya
Power Department