

Meghalaya Energy Corporation Limited

**Amended**

Bidding Document

for

Electricity Distribution Franchisee in Rural Areas

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## SECTION 1: INFORMATION TO BIDDERS.

### 1. Introduction.

- 1.1. This is a two-part bid process. All the bidders are requested to prepare their bids in two parts – Expression of Interest (EOI) as per ANNEXURE A, Pre-qualification Application Form as per ANNEXURE B and Schedule of Rate (Price Bid) as per ANNEXURE C. If the Earnest Money Deposit (EMD), in the form of a Bank Draft / Banker's Cheque in favour of "Principal Account, MeECL" payable in SBI, Shillong, is found in order, then the bid will be accepted for evaluation. After the evaluation of pre-qualification criteria, the Price Bids of the qualified bidders will be opened. MeECL will select the franchisee from bidders in accordance with the method detailed in the Terms and Conditions of Distribution Franchisee at Section II.
- 1.2. The bidders shall submit the Expression of Interest (EOI) Form as per ANNEXURE A. A training programme shall be conducted for those bidders who submit the EOI. Pre-qualification Application Form as per ANNEXURE B and Schedule of Rate (Price Bid) as per ANNEXURE C shall be submitted after the training programme. The information submitted shall be the basis for contract negotiations and ultimately for a signed contract with the selected party.
- 1.3. The franchisee shall be implemented in accordance with the scope of work detailed in the Terms and Conditions of Distribution Franchisee at Section II.
- 1.4. To obtain first hand information on the franchise and on the local conditions, bidders are advised to contact the Chief Executive Officer concerned, to obtain all information and to also acquaint themselves with the site conditions. Bidders should ensure that the officer is given prior intimation of the visit to allow him to make appropriate arrangements.
- 1.5. The bidder may note that
  - (i) A THE TRAINING SHALL BE CONDUCTED BY THE MeECL FREE OF COST, WHICH IS MANDATORY FOR ALL BIDDERS. However, TA / DA for attending the training programme shall not be admissible. A pre-bid meeting shall also be organized at the training programme where the bidders may seek any clarification or offer suggestions.
  - (ii) The costs for preparing the bid and for negotiating the contract, including visit to the sites are not reimbursable.
  - (iii) MeECL is not bound to accept any of the bids submitted.
- 1.6. Interested party may bid for any cluster or more than one cluster. The bid for each cluster shall be submitted separately and the each bid shall be separately evaluated. Any bidder who bids for more than one cluster should have the financial and operational capabilities for the total number of clusters.

## 2. Clarification and Amendment of Bid Documents.

If at any time the MeECL for any reason, whether at its own initiative or in response to a clarification requested by any bidder amend the Terms and Conditions of Distribution Franchisee, such amendment shall be issued in writing through Addenda/Corrigenda. Addenda/ Corrigenda shall be sent by mail, facsimile or electronic mail to all bidders and will be binding on them.

## 3. Submission, Receipt and Opening of the Bid.

- 3.1 For each franchise, the bidder shall prepare duplicate copies, marked "ORIGINAL" or "COPY" as appropriate. Should there are any discrepancies between the "Original" and the "Copy of the bid, the original shall prevails.
- 3.2 (i) The original and copy of the ANNEXURE B along with the prescribed Schedules (A, B, C & D) shall be placed in separately sealed envelopes clearly marked "ANNEXURE B".  
(ii) The original and the copy of the ANNEXURE C shall be placed in separately sealed envelopes clearly marked "ANNEXURE C" and "DO NOT OPEN WITH THE ANNEXURE B".  
(iii) Both envelopes **along with Earnest Money Deposit (EMD)** shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address of the Chief Engineer (Distribution), MeECL, Lum Jingshai, Short Round Road, Shillong and be clearly marked, "DO NOT OPEN, EXCEPT IN PRESENCE OF THE EVALUATION COMMITTEE".
- 3.3 The completed bid must be delivered at the submission address on or before the time and date stated in the NIT. Any bid received after the closing time for submission of bids shall be returned unopened.
- 3.4 Each page of the bid documents, on ANNEXURE- B shall be signed and sealed by the duly authorized representative. Bids which do not have the said signature and official seal shall be rejected as being non-responsive.
- 3.5 The Ernest Money Deposit shall be opened on the date of Bid Opening. If the EMD is found to be in order, the bid shall be accepted for evaluation and the Pre-qualification Application Form in ANNEXURE B shall be opened for evaluation. The Schedule of Rate (Price Bid) as per ANNEXURE C shall remain sealed and deposited in a safe location. The Price Bids of only those bids which have been evaluated as technically responsive and qualified shall be opened on a date and time to be notified subsequently to all the bidders. The bidders may attend or depute a representative to attend the bid openings, subject to only one representative.

- 3.6 Any effort by the bidder to influence the bid evaluation, bid comparison or contract award decisions shall result in rejection of the bid.

#### **4. Evaluation of bids.**

- 4.1. The MeECL's evaluation committee shall evaluate the bids in accordance with the method detailed in the Terms and Conditions of Distribution Franchisee. After the evaluation is completed, MeECL shall notify those bidders whose bids are non-responsive and/or not qualified and their price bids (ANNEXURE C) shall be returned unopened. MeECL shall simultaneously notify the bidders that have qualified, indicating the date and time for opening the price bids. The notification shall be sent by registered letter, facsimile or electronic mail.
- 4.2. The Price bids shall be opened in the presence of the bidders' representatives who choose to attend. The name of the bidder and the offered price bids shall be read aloud and recorded when the price bids are opened.

#### **5. Negotiations.**

- 5.1. Negotiations will be held in the office of the Chief Engineer (Distribution) on a date and time to be notified subsequently.
- 5.2. Negotiations will include a discussion of the proposed price bid, work plan, staffing and any suggestions made by the bidder to improve the franchisee and clarification (if any) of the bidder.

#### **6. Award of Contract.**

- 6.1. The contract shall be awarded to the successful bidder.
- 6.2. Handing over of Franchise area to the successful bidder shall be in accordance with the method detailed in the Terms and Conditions of Distribution Franchisee.
- 6.3. The Franchisee Agreement shall be signed on a Rs 100.00 (Rupees One hundred) only non-judicial stamp paper to be procured by the successful bidder.

LETTERHEAD OF DEPUTY COMMISSIONER

Certificate for Franchisee in Electricity Distribution

This is to certify that \_\_\_\_\_ (Name of *Franchisee*) has been actively involved for \_\_\_\_ years (*number of years*) in social development programs, viz. ....  
in the Areas / District / State of.....

The contributions made through the above mentioned social development programs have greatly benefited the society and area/district/State as a whole.

*Signature & Seal of the Deputy Commissioner*

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Schedule- B

Details of Franchisee Area: *Cluster-*

Serial No.	Name of village	Transformer Capacity	No. of consumers

Date:

(Signature & seal of Bidder)

**LETTERHEAD OF VILLAGE / DURBAR AUTHORITY**

No Objection Certificate for Franchisee in Electricity Distribution

This is to certify that the village/Durbar of ..... has No Objection to the granting of Authority to \_\_\_\_\_ (*Name of Franchisee*) for meter reading, billing, collection of revenue and accounting of the electricity consumers in the village/Durbar of ..... under the scheme of Electricity Distribution Franchisee in Rural Areas launched by the Meghalaya Energy Corporation Limited under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

*Signature & Seal of the Authority*

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**Schedule- D**

**Details of proposed staff to be employed:**

Serial No	Name	Qualifications <i>(Attested copies of certificates A-4 size paper to be attached)</i>	Item of work to be engaged	Work experience, if any <i>(Attested copies of certificates A-4 size paper to be attached)</i>

Date:

(Signature & seal of Bidder)

## Section II. TERMS AND CONDITIONS OF DISTRIBUTION FRANCHISEE

### 1. Title

These conditions shall be called the "Terms and Conditions of Distribution Franchisee".

### 2. Definitions

- 2.1. "Distribution" means the supply and conveyance of electricity by means of distribution system.
- 2.2. "Distribution system" means the system of wires and associated facilities, which facilitates connection to the point of connection of the installation of the consumer.
- 2.3. "Distribution system operating standards" means the standards related to the franchisee operation of its distribution system as provided by the MeECL to the Franchisee.
- 2.4. "Document" or "Records" means written or graphic materials, however produced or reproduced, or any other tangible permanent record, including records maintained by computer or other electronic or digital means, maintained by the Franchisee in the ordinary course of conducting its business.
- 2.5. "Franchise" means the right granted by the MeECL to operate and maintain the distribution system within the franchise area for providing power supply to the consumers.
- 2.6. "Franchise Area" means the geographic area within which any activity is allowed to the Franchisee by the MeECL.
- 2.7. "Franchisee" means the entity authorized by the MeECL to carry out franchised business within the franchise area.
- 2.8. "Consumer" means any person who is supplied with electricity for his own use by the Franchisee or the MeECL and includes any person whose premises are for the time being connected for the purpose of receiving electricity.
- 2.9. "Agreement" means this contract and any amendments, exhibits or appendices hereto.
- 2.10. "Electricity Act 2003" means application of its provisions and amendments, if any, thereto and / or rules, guidelines, circulars, instructions issued there under by the Government of India / State Government.

2.11. "MeECL" means the "Meghalaya Energy Corporation Limited"

### 3. Selection of sites

3.1 Franchise area may include distribution transformers / sub-stations in rural areas which are not covered by any Municipal Board / Town Committee, having distribution transformer of up to 500 KVA and covering consumers of any category, excluding EHT, HT and major consumers. Franchisee arrangement could also be for cluster of villages.

3.2 New villages electrified under any scheme shall also be included within the Franchise area. The respective CEO shall amend the LOA, after giving due notice of 14 days to the Franchisee

### 4. Agency for Franchisee

Agency eligible for distribution franchisee can be User's associations, Non-Governmental organizations (NGOs), Village bodies, Co-operative societies, Self Help Groups (SHGs) including Women's group and individual entrepreneur.

### 5. Application for franchisee

5.1. The MeECL shall issue newspaper advertisement circle-wise inviting interested agencies to apply for franchisee.

5.2. Interested agencies should submit application in the prescribed forms at ANNEXURE A of the Bid document, which can be obtained from the office of the respective Chief Executive Officer of the district, MeECL on payment of Rs. 100/- (one hundred) only by Bank Draft / Banker's Cheque in favour of "Principal Account MeECL" payable at Shillong.

5.3. Earnest Money Deposit (refundable) of Rs. 5000.00 (Rupees Five thousand) only is to be deposited along with the Price Bid by Bank Draft / Banker's Cheque in favour of "Principal Account MeECL" payable at Shillong. The bidder may bid for more than one Cluster against the same EMD.

### 6. Criteria for qualification as franchisee

The agency shall have the following qualifications:

6.1. Category A – For User's associations, NGOs, Village bodies, Co-operative societies and SHGs including women's group:-

- (i). Should have been actively involved for at least three years in any social development programme in the franchise area or in the district or in the state with proven credibility to be certified by the District Commissioner.
  - (ii). Should have satisfactory financial and operational capabilities involving in any business operation with annual turnover of not less than Rs 2000/- (two thousand) per KVA of Distribution Transformer capacity in the franchise area, to be supported by the Auditor's certificate. The stipulated annual turnover for different clusters is given in Section- III.
- 6.2. Category B For individual entrepreneur- Should ideally possess adequate financial resources to be supported by a Banker's certificate that validates possession of finances equivalent to at least three months revenue collection projected in the franchise area. The projected three months revenue collection for different clusters is given in Section- III.
- 6.3. For both Category A and B-
- (i) Ability to source skilled / semi-skilled employee for full time work.
  - (ii) Undertaking to undergo the training / capacity building program organized by the MeECL for the franchisee and their employees.
  - (iii) Have adequate infrastructure for keeping the consumer ledger, issuance of bills and receipt of payment and all records connected with the franchise business. The office of the Franchisee shall be located in the vicinity of the cluster and preferably at a central location. The office shall remain open on all working days.

## 7. Selection of Franchisee

- 7.1. The Chief Executive Officer (CEO) of the franchise area shall received applications from interested agencies and shall satisfy himself / herself that the agency is meeting the requirements as mentioned in clause 5.2.
- 7.2. A Committee headed by the Additional Chief Engineer (Eastern Zone / Western Zone) and the officers of the franchise area as members, viz. (i). Chief Executive Officer (ii) Superintending Engineer (Rural Electrification), (iii) Executive Engineer (Distribution) (iv) Executive Engineer (Revenue) (v) Executive Engineer (Rural Electrification) (vi) Assistant Executive Engineer (Distribution) (vii). Assistant Executive Engineer (Revenue) and (viii) Assistant Executive Engineer (Rural Electrification) shall examine the feasibility of the proposal and give its recommendation to the Chief Engineer, Distribution {CE (D)} for approval.
- 7.3. In case there are two or more qualifying applicants for the same Franchise area, selection shall be made on the lowest rate quoted by the Franchisee per bill collected.

7.4 After getting approval from the Chief Engineer (Distribution), the concerned Chief Executive Officer shall notify the proposed scheme to be implemented in the franchise area.

**8. Arrangement for handing over to the franchisee**

8.1. Within one month from the notification by the CEO as per para – 7.4, the selected franchisee would have to execute the agreement (ANNEXURE D) with the CEO concerned. A copy of the agreement should be sent to the concerned Divisions and Sub-divisions (Distribution, Revenue & Rural Electrification).

8.2. The franchisee shall deposit Security by Bank Draft / Banker's Cheque in favour of "Principal Account MeECL" payable at Shillong, within one week of signing the agreement.

8.3. The CEO shall hand over the work to the franchisee within one week of the receipt of security deposit

**9. Security deposit**

The franchisee shall deposit security amount equal to three months billing, to be assessed by the AEE (Revenue) concerned. The amount of security deposit shall be revised every six months, based on average monthly collection.

**10. Contract agreement**

A contract agreement shall be signed between the MeECL and the franchisee for the initial period of 2 (two) years. The contract may be extended further subject to satisfactory performance by the franchisee.

**11. Scope of work of the franchisee**

11.1. (i) Taking of monthly actual meter reading and recording the same in the Meter Reading Sheet (MRS), as per the billing schedule prescribed by the AEE (Revenue) which shall be strictly followed by the Franchisee.

(ii) Submission of the MRS to the office of the MeECL, for preparation of bills by the MeECL.

(iii) Collection of bills from the office of the MeECL for distribution to the consumers.

11.2. (i) Collection of revenue from the consumers, entry of payment in the Collection Sheet and depositing the collected amount in the designated MeECL's office, within five days after the due date.

(ii) The Franchisee shall accept payment only from such consumers who pays the current bills along with the outstanding bills (in part or in full), if any. Payment by cheque, if any, shall be in favour of

the concerned Revenue Sub-division, MeECL. Bank charges, if any, shall be borne by the MeECL.

- (iii) The Franchisee shall deposit the amount collected from the consumers by Bank Draft or Electronic Transfer in favour of the designated MeECL's office. The bank charges, if any, shall be reimbursed by MeECL to the Franchisee.

11.3. Redressal of commercial and billing complaints.

11.4. (i) Provide feedback on status of electrical network in the designated area. The franchise shall not undertake operation and maintenance of the distribution network.

(ii) The Franchisee shall also report the presence of illegal user / unbilled consumers in their area.

(iii) The MeECL shall verify the reports of the Franchisee regarding the presence of unauthorized / unbilled consumers and serve compensation / penalty bills accordingly.

(iv) The Franchisee shall be paid a commission of 5 % on such compensation / penalty bills realized.

11.5. (i) Receive application for new service connection and forward the same to the MeECL.

(ii) The Franchisee shall be paid a commission of Rs 100/- for each new connection given.

11.6. Employ personnel for the activities mentioned in clause 11.1 to 11.5 above.

11.7. The Minimum monthly collection shall be 60% of the amount billed by the Franchisee for the first 6 (six) months and 80 % for the next 6 (six) months. This shall be raised to 90% of the amount billed in the second year of the agreement.

## **12. Scope of work of MeECL**

12.1. Supply electricity to the franchise area and ensure non-discriminatory behavior in case of power shortage.

12.2. Maintain the HT distribution line, the Sub-station, the LT distribution line and provide service connection to new consumers.

12.3. Impart free training to the staff of the franchisee in billing activities at the date, time and place to be mutually agreed.

12.4. Install meter in the distribution transformer and in all the consumer's premises of the franchise area. Consumers shall have the option to arrange for installation of meter tested by MeECL, at their own cost. In case meters are not yet install, the consumers shall be billed on assessed consumption.

12.5. The franchise shall be informed of the new consumer to commence billing.

- 12.6. (i) Supply pre-printed stationeries only, namely, consumer ledger, bill forms and any other forms necessary for the work.
- (ii) Using of stationeries other than those supplied by the MeECL is an offence and the Franchisee is liable to be persecuted under the relevant provision of IPC / CrPC.
- 12.7. Disconnect the power supply to defaulting (non-paying) consumers as reported by the Franchisee.

**13. Tariff of consumers**

The franchisee shall serve bill to the consumers of the franchise area as per the approved tariff of MeECL.

**14. Resolution of dispute**

In case of dispute between the franchisee and the consumer, either party may appeal to the concerned AEE (Revenue). The EE (Revenue) shall be the reviewing authority and the CEO concerned shall be the appellate authority.

**15. Billing and payment of Franchisee to MeECL**

- 15.1. The franchisee shall deposit the revenue collected in the office of the AEE (Revenue) within 5 (five) days from the due date.
- 15.2. If the franchisee fails to deposit the collected amount as detailed above, surcharge shall be levied @ 2.5 % per month or part thereof, for the unpaid amount.
- 15.3 The MeECL shall issue money receipt to the franchisee for all money deposit.

**16. Payment to franchisee**

The Franchisee shall be paid a commission at the quoted rate per bill collected, along with any other commission specified in this Terms & Conditions, provided the Franchisee is not defaulting its full payment to MeECL. The commission shall be paid within 15 (fifteen) days of depositing the collection amount at the MeECL's office.

**17. Collection of arrears dues**

- 17.1 The bill shall include all arrears due from consumer, along with the current bill amount.
- 17.2 The Franchisee shall be paid a commission of 5 % on the arrear amount collected

**18. Dispute arbitration**

In case of any dispute between the franchisee and the MeECL, the matter shall be settled by mutual discussion. Failing this, the dispute shall be referred to arbitration as per Arbitration and Conciliation Act 1996. The arbitrator shall be appointed as mutually agreed upon and the arbitration award shall be final and binding on both parties. The parties to the agreement shall continue their obligations under the agreement during the arbitration proceedings and no payment shall be withheld on this account unless this is a matter of dispute.

**19. Termination of contract**

The MeECL reserves the right to terminate the agreement with the franchisee, if in its opinion, the public interest or the MeECL's interest so requires, in the following cases :-

- 19.1. If it is found that the franchisee is engaged in any practices which are in violation of the agreement or is engaged in any other business which is detrimental to MeECL's interest.
- 19.2. Non-payment – In case the franchise defaults in payment for two consecutive months, the MeECL shall immediately issue a notice terminating the agreement within 15 days time.
- 19.3. If the percentage of monthly minimum collection specified in paragraph 11.8 of this Agreement is not achieved.

The agreement can however be terminated by either parties by giving two months notice.

XXXXXXXXXXXXXXXXXXXXXXX

EXPRESSION OF INTEREST

1. MeECL Revenue Division:
2. MeECL Circle:
3. Name of the Franchisee: \_\_\_\_\_
4. Address of the Franchisee: \_\_\_\_\_  
(including telephone /  
mobile No) \_\_\_\_\_  
\_\_\_\_\_
5. Category of Franchisee *(Please strike out where not applicable)* :
  - (a) User's Associations
  - (b) Non Governmental Organization (NGO)
  - (c) Village bodies
  - (d) Co-operative Societies
  - (e) Self Help Groups (SHGs)
  - (f) Women's group
  - (g) Individual entrepreneur

Date:

Signature & seal of the Franchisee.

## PRE-QUALIFICATION APPLICATION FORM FOR FRANCHISEE

*(Please strike out where not applicable)*

1. MeECL Revenue Sub-division:
2. MeECL Revenue Division:
3. MeECL Circle:
4. Name of the Franchisee: \_\_\_\_\_
5. Address of the Franchisee: \_\_\_\_\_  
\_\_\_\_\_
6. Category of Franchisee *(Please strike out where not applicable)* :
  - (a) User's Associations
  - (b) Non Governmental Organization (NGO)
  - (c) Village bodies
  - (d) Co-operative Societies
  - (e) Self Help Groups (SHGs)
  - (f) Women's group
  - (g) Individual entrepreneur
7. Certificate of financial capability, as applicable: Enclosed- Auditors's / Banker's Certificate
8. For Category A – Certificate *(as prescribed in Schedule- A)* from the District Commissioner that the Franchisee have been actively involved for at least three years in any social development program in the franchise area or in the district or in the state with proven credibility.
9. Franchisee area: *The details are to be furnished as per Schedule- B.*
10. No objection Certificate (NOC) from the village/ local durbar for each of the above mentioned village – *As prescribed in Schedule- C.*
11. Details of Bank Draft / Banker's Cheque:

Serial No NNVN	Purpose	Name of the Bank	Bank Draft No. / Banker' Cheque No. & date	Amount
1.	Application fee			
2.	Earnest Money Deposit (EMD)			

Date:

Signature &amp; seal of the Franchisee.



## FRANCHISEE AGREEMENT

This AGREEMENT entered into on this \_\_\_\_day of \_\_\_\_\_Two Thousand \_\_\_\_\_ between Meghalaya Energy Corporation Limited having its registered office at Lumjingshai, Shillong, (herein after referred to as **MeECL**) which expression shall unless repugnant to the context or meaning thereof include its successors and permitted assigns, as party of the **First part**,

**And**

\_\_\_\_\_ having its registered office at \_\_\_\_\_ (herein after referred to as **Franchisee** which expression shall unless repugnant to the context or meaning thereof include its successors and permitted assigns, as party of the **Second part**.

Whereas, the first party agrees that the second party may bill the consumers for electricity consumed and also collect the amount from the said consumers in a specified area within the jurisdiction of the first party, and, whereas the second party agrees to the above proposition of the first party.

NOW, THEREFORE, IN VIEW OF THE FOREGOING PREMISES AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND CONDITIONS HEREIN SET-FORTH, BOTH PARTIES HEREBY AGREE AS FOLLOWS:

**1. DEFINITION OF TERMS**

For the purpose of this Franchise Agreement, and all Annexures attached hereto, the following terms, phrases, and their derivations shall have the meanings given below unless the context clearly mandates a different interpretation.

- 1.1. "Distribution" means the supply and conveyance of electricity by means of distribution system.
- 1.2. "Distribution system" means the system of wires and associated facilities, which facilitates connection to the point of connection of the installation of the consumer.
- 1.3. "Distribution system operating standards" means the standards related to the franchisee operation of its distribution system as provided by the MeECL to the Franchisee.
- 1.4. "Document" or "Records" means written or graphic materials, however produced or reproduced, or any other tangible permanent record, including records maintained by computer or other electronic or digital means, maintained by the Franchisee in the ordinary course of conducting its business.
- 1.5. "Franchise" means the right granted by the MeECL to operate and maintain the distribution system within the franchise area for providing power supply to the consumers.

- 1.6. "Franchise Area" means the geographic area referred to in this agreement within which any activity is allowed to the Franchisee by the MeECL under this agreement.
- 1.7. "Franchisee" means the entity authorized by the MeECL to carry out franchised business within the franchise area.
- 1.8. "Consumer" means any person who is supplied with electricity for his own use by the Franchisee or the MeECL and includes any person whose premises are for the time being connected for the purpose of receiving electricity.
- 1.9. "Agreement" means this contract and any amendments, exhibits or appendices hereto.
- 1.10. "Electricity Act 2003" means application of its provisions and amendments, if any, thereto and / or rules, guidelines, circulars, instructions issued there under by the Government of India / State Government.
- 1.11. "MeECL" means the "Meghalaya Energy Corporation Limited"

## 2. GRANT OF FRANCHISE

Subject to the terms and conditions of this agreement and the Electricity Act, 2003, the MeECL hereby agrees that the Franchisee may bill the consumers for electricity supplied and also collect the amount from the said consumers in village / area within the jurisdiction of the first party, and, whereas the second party agrees to the above proposition of the first party. For billing of the consumers within the franchise area, this franchise shall not be granted the ownership of the infrastructure, which is provided by the MeECL to facilitate the intended franchise business. The Franchisee shall in no case be treated as a "Licensee".

## 3. EFFECTIVE DATE.

The franchise shall become effective with effect from the date of receipt of Security Deposit by MeECL.

## 4. EFFECT OF ACCEPTANCE.

By accepting the franchise and executing this franchise agreement, the Franchisee:

- (a) Accept and agree to comply with each provision of the "Terms and Conditions of Distribution Franchisee";
- (b) Accept and agree to comply with each applicable provision of this Agreement and, subject to relevant provisions of the Electricity Act, 2003;

- (c) Agree that it would not oppose intervention by the MeECL in the interest of effective power supply system in the franchise area.

**5. FRANCHISE AREA**

- (a) Franchise area shall include the following villages/ area under Cluster- :

Sl No.	Name of village	Census code	Block	Transformer Capacity	No. of consumers

- (b) New villages within a cluster, electrified under any scheme shall also be included within the Franchise area. The respective CEO shall amend the LOA, after giving due notice of 14 days to the Franchisee.

**6 SECURITY DEPOSIT**

The duration of the security is for the full "period" of Franchise, to be revised every six months, based on average monthly collection. The Franchisee shall deposit security by Bank Draft / Banker's Cheque in favour of "Principal Account MeECL" payable at Shillong, for an amount of Rs. ....(Rupees .....) only.

**7. DURATION OF FRANCHISE.**

- (a). The term of this franchise, and all rights, privileges, obligations, and restrictions pertaining thereto, shall be 2 (two) years from the effective date of this franchise, unless the franchise is earlier revoked or its term shortened as provided herein.
- (b). At the instance of the Franchisee, MeECL may consider to renew the duration for such further period or periods and on such terms and conditions as may be considered appropriate by the MeECL, provided the Franchisee applies formally in writing for renewal of franchise six months prior to the expiry of the franchise. The MeECL may at its discretion condone any delay in such application.

**8. SCOPE OF WORK OF THE FRANCHISEE**

Subject to the provision of the Electricity Acts and the Rules framed there under and the applicable Regulations, the Franchisee shall have the power and authority, on behalf of the MeECL, to take appropriate actions for:

- (a). (i) Taking of monthly actual meter reading and recording the same in the Meter Reading Sheet (MRS), as per the billing schedule prescribed by the AEE (Revenue) which shall be strictly followed by the Franchisee.
- (ii) Submission of the MRS to the office of the MeECL, for preparation of bills by the MeECL.
- (iii) Collection of bills from the office of the MeECL for distribution to the consumers.
  
- (b). (i) Collection of revenue from the consumers, entry of payment in the Collection Sheet and depositing the collected amount in the designated MeECL's office, within five days after the due date.
- (ii) The Franchisee shall accept payment only from such consumers who pays the current bills along with the outstanding bills (in part or in full), if any. Payment by cheque, if any, shall be in favour of the concerned Revenue Sub-division, MeECL. Bank charges, if any, shall be borne by the MeECL.
- (iii) The Franchisee shall deposit the amount collected from the consumers by Bank Draft or Electronic Transfer in favour of the designated MeECL's office. The bank charges, if any, shall be reimbursed by MeECL to the Franchisee.
  
- (c). Redressal of commercial and billing complaints.
  
- (d). (i) Provide feedback on status of electrical network in the designated area. The franchise shall not undertake operation and maintenance of the distribution network.
- (ii) The Franchisee shall also report the presence of illegal user / unbilled consumers in their area.
- (iii) The MeECL shall verify the reports of the Franchisee regarding the presence of unauthorized / unbilled consumers and serve compensation / penalty bills accordingly.
- (iv) The Franchisee shall be paid a commission of 5 % on such compensation / penalty bills realized.
  
- (e). (i) Receive application for new service connection and forward the same to the MeECL.
- (ii) The Franchisee shall be paid a commission of Rs 100/- for each new connection given.
  
- (f). The Minimum monthly collection shall be 60% of the amount billed by the Franchisee for the first 6 (six) months and 80 % for the next 6 (six) months. This shall be raised to 90% of the amount billed in the second year of the agreement.
  
- (g) (i) The Franchisee shall have its office for keeping the consumer ledger, issuance of bills and receipt of payment and all records connected with the franchise business.
- (ii) 'The office of the Franchisee shall be located within the vicinity of the cluster and preferably at a central location. The office shall remain open on all working days'.

## 9. SCOPE OF WORK OF MeECL

Subject to the provision of the Electricity Acts and the Rules framed there under, the MeECL shall have the following obligations:

- (a) The MeECL shall maintain the distribution system, provide new service connection and also ensure non-discriminatory supply of electricity in the franchise area.
- (b). The MeECL shall make all necessary arrangements so as to ensure creation of proper awareness and appropriate training facilities for the personnel to be deployed by the Franchisee for its operations free of charge, especially on the following aspects, amongst others, at the date, time and place to be mutually agreed..
  - (i) Safety standards and electricity literacy,
  - (ii) Billing and accounting procedures.
- (c). The MeECL shall install meter in all the consumer's premises of the franchise area. Consumers shall have the option to arrange for installation of meters tested by MeECL, at their own cost.
- (d). (i) Supply pre-printed stationeries only, namely, consumer ledger, bill forms and any other forms necessary for the work.
  - (ii) Use of stationeries other than those supplied by the MeECL is an offence and the Franchisee is liable to be persecuted under the relevant provision of IPC / CrPC.
- (e). Disconnect the power supply to defaulting (non-paying) consumers as reported by the Franchisee.

**10. TARIFF OF CONSUMERS**

The franchisee shall serve bill to the consumers of the franchise area as per the approved tariff of MeECL.

**11. RESOLUTION OF DISPUTE**

In case of dispute between the franchisee and the consumer, either party may appeal to the AEE (Revenue) concerned. The EE (Revenue) shall be the reviewing authority and the CEO concerned shall be the appellate authority.

**12. PAYMENTS.**

- (a). The franchisee shall deposit the revenue collected in the office of the AEE (Revenue) within five days from the due date. If the franchisee fails to deposit the collected amount as detailed hereunder, surcharge shall be levied @ 2.5 % per month or part thereof, for the unpaid amount. The MeECL shall issue money receipt to the franchisee for all money deposit.
- (b). The Franchisee shall be paid a commission at the rate of Rs ..... (Rupees.....) only per bill collected, along with any other commission specified in this Agreement, provided the Franchisee is not defaulting its full payment to MeECL. The commission shall be paid within 15 (fifteen) days of depositing the collection amount at the MeECL's office.

**13. COLLECTION OF ARREARS**

- (a). The bill shall include all arrears due from consumer, along with the current bill amount.
- (b) The Franchisee shall be paid a commission of 5 % on the arrear amount collected.

14. **DISPUTE ARBITRATION.**

- (a) If any difference/dispute arises out of the contract / agreement with regard to the interpretation, meaning and breach of the terms of the contract / agreement, the matter shall be resolved amicably by mutual consultations within 30 days of the reference of difference / dispute by either party failing which, the same shall be resolved / settled in accordance with the provisions of the Arbitration and Conciliation Act 1996, as amended from time to time. The venue of Arbitration shall be at Shillong. The language of Arbitration shall be in English. In case of any litigation, Shillong Bench of the Gauhati High Court shall have the sole and exclusive jurisdiction.
- (b) The Franchisee and the MeECL shall undertake to carry out any decision relating to such dispute without delay.

15. **TERMINATION FOR NON-COMPLIANCE**

- (a) In the event of a material breach of this Franchise by the Franchisee, the MeECL may, without limitation, exercise all rights and remedies provided for herein or otherwise available under the act, including termination of the Franchise. Without limitation, the following shall constitute material breaches of this Franchise:
  - (i) The franchisee is engaged in any practices which are in violation of the agreement or is engaged in any other business which is detrimental to MeECL's interest.
  - (ii) The Franchisee's failure or refusal to pay any required amount payable to the MeECL. In case the franchise defaults in payment for two consecutive months, the MeECL shall immediately issue a notice terminating the agreement within 15 days time.
  - (iii) Gross failure by Franchisee to provide required services desired under this agreement.
  - (iv) If the percentage of monthly minimum collection specified in paragraph 8 (g) above is not achieved.
- (b) In the event the MeECL intends to terminate this Franchise pursuant to the previous subsection, the MeECL shall provide a written notice, identifying the nature of the breach with reasonable specificity, and advising Franchisee of the MeECL's intent to terminate the Franchise.
- (c) Any termination of this Franchise shall be by a written order issued by the MeECL; provided, however, before any such recourse is adopted, the Franchisee must be provided an opportunity to be heard by the MeECL regarding such proposed action before any such action is taken.

16. **TERMINATION OF FRANCHISEE.**

The Franchisee may terminate the agreement by giving two months advance notice.

## 17. ACTIVITIES OF THE FRANCHISEE

17.1 The Franchisee shall not, without the special approval of the MeECL:

- (a) Merge with any other Franchisee; or
- (b) Transfer by sale, lease, exchange or otherwise, the franchise either in whole or any part thereof; or
- (c) Enter into any agreement or arrangement with any other person to get any part of the franchised business undertaken,

17.2 The Franchisee may engage in any other business within the franchise area, provided that:

- (a) The franchised business and the conduct thereof by the Franchisee is not prejudiced and / or adversely affected in any manner;
- (b) The Franchisee shall maintain separate accounts for each such business undertaking and ensure that franchised business neither subsidizes in any way such business undertaking nor encumbers its assets in any way to support such business;
- (c) The Franchisee shall always comply with the guidelines that the MeECL may specify in this regard.

## 18. TECHNICAL CONDITIONS

### 18.1. Compliance with Standards

The Franchisee shall comply with the Regulations specified in the "Electricity Supply Code", "Standard of Performance" and "Redressal of Grievances" as notified by the Meghalaya State Electricity Regulatory Commission (MSERC), from time to time.

### 18.2. Provision of information to the MeECL

- (a) The Franchisee shall reasonably maintain and operate the billing system database and ensure integrity of the system. The Franchisee shall furnish to the MeECL without any delay such information, documents and details related to the agreement business or any other business of the Franchisee, as the MeECL may require for its own purposes.
- (b) The MeECL may, at anytime during the subsistence of this agreement, authorize any person(s) to inspect, verify and audit the performance, records and accounts of the Franchisee and the Franchisee shall extend all cooperation, assistance and facilities, as may be required, to such authorized person(s).

### 18.3. Directions

The Franchisee shall comply with the regulations, orders and directions issued by the MeECL from time to time and shall also act, at all times, in accordance with the terms and conditions of this agreement, except where the Franchisee obtains the prior written approval of the MeECL for any deviation there from.

## 19. AUDIT AND ACCOUNTS

19.1. Audit.

The MeECL reserves the right to conduct audits relating to matters arising under this Franchise or to retain an independent Certified Public Accountant to conduct such audits, in accordance with generally accepted accounting principles. In the event an audit results in a determination that Franchisee has underpaid any amount to the MeECL in accordance with the agreement, Franchisee shall pay the underpaid amount and vice-versa.

19.2. Accounts

The Franchisee shall keep such accounting records as specified by MeECL so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the franchised business are separately identifiable in the books of the Franchisee, from those of other business in which the Franchisee may be engaged;

20. **RECORDS**

Franchisee shall maintain Records of its operations that are open and accessible to the MeECL. The MeECL shall have the right to inspect such Records of the Franchisee as are reasonably necessary. The Franchisee shall be subjected to the provisions of the RTI Act 2005.

21. **INDEMNIFICATION**

The Franchisee shall indemnify, defend and hold the MeECL, its officers, agents and employees, harmless from any claim for injury, damage, loss, liability, cost or expense arising in whole or in part from, incident to or connected with any act or omission of the Franchisee, including any other act done under this franchise, by or for Franchisee or their employees, and including any neglect or omission of Franchisee to keep its system in a safe condition.

22. **OTHER PROVISIONS**

22.1 Force majeure

Neither party shall be responsible or liable for or deemed in breach hereof because of any delay or failure in the performance of its obligations hereunder (except for obligations to pay money due prior to occurrence of force majeure events under this Agreement) or failure to meet milestone dates due to any event or circumstance (a force majeure event) beyond the reasonable control of the party experiencing such delay or failure, including the occurrence of the following:

- (a) Acts of God;
- (b) Typhoons, floods, lightening, cyclones, Hurricanes, draught, famine, epidemic, or other natural calamities;
- (c) Acts of war or Civil Unrest;

- (d) Any requirement, action or omission to act pursuant to any judgment or order of any court or judicial authority;
- (e) Earthquakes, explosions.

22.2 Compliance with Laws

The Franchisee shall comply with all applicable central / state laws and abide by the rules and regulations adopted or established pursuant to the MeECL's lawful authority.

22.3 Severability

If any Section, provision or clause of this Franchise is held by a court of competent jurisdiction to be invalid or unenforceable, or is pre-empted by central or state laws or regulations, the remainder of this Franchise shall not be affected, except as is otherwise provided in this Franchise.

22.4. Rights and obligations

It is the intent of both the parties that each party shall enjoy all rights and be subject to all obligations of this franchise agreement for the entire term of the franchise and to the extent any provisions have continuing effect, after its expiration.

23. **CONTRACT AGREEMENT.**

IN WITNESS THEREOF, the parties hereto have executed and delivered this agreement on the day, month and year first herein above mentioned.

FOR & ON BEHALF OF THE FRANCHISEE.

Of its Authorised Signatory  
Signature  
Name & Designation of seal

FOR & ON BEHALF OF THE MEGHALAYA ENERGY CORPORATION LIMITED.

Of its Authorised Signatory  
Signature  
Name & Designation of seal

WITNESS.

1.

2.

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