

**CENTRAL ELECTRICITY REGULATORY COMMISSION (CERC)**  
**3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building, 36, Janpath,**  
**New Delhi-110 001**  
**Tel. : 23753920 / Fax : 23753923**

Ref.No.: 2/2(61)/2011-Hydro-A/CERC

Date: 17<sup>th</sup> Oct, 2011

**Sub: Quotation for empanelment of additional "Designated Independent Agencies/ Institutions for Vetting the Capital Cost of Hydro Electric Projects."**

1. Central Electricity Regulatory Commission (CERC), a statutory organization constituted under an Act of Parliament proposes to engage corporate consultants on the above subject. The Terms of Reference (TOR) for the proposed assignment including format of application are enclosed.

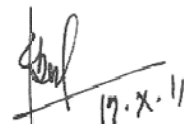
2. Sealed bids clearly marked as **"Technical"** are required to be submitted, which may be placed in an envelope clearly mentioning in bold letters on top of the envelope **"QUOTATION FOR EMPANELMENT OF DESIGNATED INDEPENDENT AGENCIES/ INSTITUTIONS FOR VETTING THE CAPITAL COST OF HYDRO ELECTRIC PROJECTS"**. The bids may be addressed to **Secretary, CERC, New Delhi**, so as to reach by 1500 hours on 30<sup>th</sup> November 2011. Bids will be opened by the Tender Opening Committee, CERC on 30<sup>th</sup> November 2011 at 1515 hours for preparing the list of bidders. Bidders may send their authorized representative to note the names and number of bidders. Secretary, CERC reserves right to modify/change the date and time of the receiving/opening of bids.

3. Each agency shall have to work out the capital cost of a test project provided by the Commission. The CD of test project report may be obtained from the Secretary, CERC, New Delhi on payment of **Rs 500.00 in cash or DD** in favour of the **Assistant Secretary (P&A) CERC New Delhi**. The evaluation of this test project report shall form the part of the technical bid.

4. It may be noted that the proposal would be evaluated by a committee to be constituted by CERC. Selection of the agency will be based on the technical evaluation done by the committee based on the parameters as mentioned in the TOR.

Encl. as above.

Yours faithfully,



**(Rajiv Bansal)**

**Secretary, CERC**

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**TERMS OF REFERENCE**

**ASSIGNMENT FOR DESIGNATING THE INDEPENDENT AGENCIES/  
INSTITUTIONS FOR VETTING THE CAPITAL COST OF HYDRO ELECTRIC  
PROJECTS**

**1.0 Introduction**

1.1 CERC regulates tariff for hydro electric projects in terms of section 79(1)(a) and (b) read with section 61 and 62 of the Electricity Act, 2003. For ascertaining reasonableness of the capital cost of hydro electric projects, CERC carries out prudence check.

1.2. Govt. of India had formulated a new ‘Hydro Power Policy-2008’, leading to certain amendments to the ‘Tariff Policy’ vide notification dated 31<sup>st</sup> March, 2008. Under the provisions of amended Tariff Policy, in case the site of a hydro generating station is awarded to a developer (not being a State controlled or owned company) by a State Government by transparent process of bidding, such a developer has the option to sell 40% of its power by merchant sale and remaining 60% through long terms PPAs for which tariff will be determined by the Appropriate Commission.

1.3 Pertinently, Section 8 of the Act envisages concurrence of the scheme by CEA from technical angle. So far as capital cost of the project/scheme is concerned, scrutiny of its reasonableness for tariff determination remains the responsibility of the Appropriate Commission. As per the tariff policy as amended on 31<sup>st</sup> March, 2008, the Appropriate Commission has also to approve the time period of commissioning of hydro projects before commencement of the construction.

1.4 Thus, the Central Commission has the following two specific responsibilities in the context:

1.4.1 To ascertain the reasonableness of the capital cost of a hydro electric project – private or public.

1.4.2 To scrutinize and approve the commissioning schedule of the private hydro-electric projects of a developer not being a state owned/controlled as per the tariff policy as amended on 31<sup>st</sup> March, 2009.

1.5 With due regard to the above, CERC in its tariff regulations for the period 2009-14 has, under regulation 7 (2), provided as follows :

*“Commission may issue guidelines for vetting of capital cost of hydro-electric projects by an independent agency or expert and in that event the capital cost as vetted by such agency or expert may be considered by the Commission while determining the tariff of hydro generating station.*

*Provided also that the Commission may issue guidelines for scrutiny and approval of commissioning schedule of the hydro-electric projects of a developer, not being a State controlled or owned company as envisaged in the amended tariff policy dated 31<sup>st</sup> March, 2008.”*

*The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff.*

1.6 In order to meet one of the requirements of the regulation as quoted in para 1.5 above, CERC had invited quotation in July 2009, and December 2010 for empanelment of “Designating the Independent Agencies/ Institutions for Vetting the Capital Cost of Hydro Electric Projects” and has empanelled four agencies for the purpose, three vide its order dated 14th Sept 2010 and one vide order dated 27.09.2011. The details of these agencies are available at CERC website.

1.7 CERC has issued guidelines for vetting of the capital cost of hydro electric projects by Designated Independent Agencies or Institutions or Experts and other related matter vide CERC Order dated 2<sup>nd</sup> August 2010. These guidelines are available at CERC web site

1.8 Some agencies have approached the commission for the empanelment for Vetting the Capital Cost of Hydro Electric Projects. In order to enhance the panel, fresh quotations are invited from the Independent Agencies/ Institutions.

## **2.0 Scope of work expected to be carried out by the Independent agencies / institutions**

The scope of work shall be governed by the CERC guidelines for vetting of the capital cost of hydro electric project by designated independent agency and institutions or experts and other related matter dated 02.08.2010

### **2.1 Eligibility Criteria:**

2.1.1 The Agencies/institutions should have been associated with preparation

and/or scrutiny of hydro electric projects - medium (up to 100 MW) and large hydro electric schemes (more than 500 MW), out of which at least two projects in the last five years. The agencies/institutions should have knowledge and experience (preferably international experience also) in the field of:

- Preparation & scrutiny of detailed project reports of Hydro Power Stations or Cost Auditing of Hydro Power Stations.
- Awareness of components of Hydro Power Stations, time schedule of setting up of the same.
- Preparation of cost estimates of medium (up to 100 MW) and large hydro electric schemes (more than 500 MW). The agency/institution may associate other individuals / agencies so as to meet the requirement.

**2.1.2 The agency/institution has to be a company, a body corporate or an academic/research institution.**

**2.2 Conflict of interest**

The Agencies/institutions empanelled by the Commission shall be debarred from vetting the capital cost of a project with which they have been associated in the past and shall also be debarred from associating with such project developer in future on the matters which may cause any conflict of interest.

**2.3 Evaluation Criteria:**

- 2.3.1 The agencies/institutions are required to submit only Technical bid, duly sealed in envelope;
- 2.3.2 “**Technical**” evaluation will be done by an Evaluation Committee based on the parameters as mentioned below and the decision of the Committee shall be final. Those bidders who qualify in “**Technical**” evaluation will be empanelled by CERC as independent agencies or institutions to whom a project developer – public or private, can approach for vetting of capital cost. The capital cost as vetted by such agency or institution shall be considered by the Commission while determining the tariff of hydro generating station;
- 2.3.3 Each agency shall have to work out the capital cost of a test project provided by the Commission. **The CD of test project report may be obtained from the Secretary, CERC, and New Delhi on payment of Rs 500.00 in cash or DD payable in favour of Assistant Secretary (P&A) CERC New Delhi.** This test project report shall form part of the technical bid.

2.3.4 Score will be assigned in the following manner for different technical parameters:-

Parameter	Weight age (%)
Qualification/Experience of the key staff of the agency/institution	30
Past relevant Experience of the Agency /Institution in India and outside India	30
Test project report evaluation	20
Presentation on proposal	20
<b>Total</b>	<b>100</b>

*(Minimum qualifying marks would be 50% score on aggregate bases)*

2.4 **Fee for the independent agency/institution:** The designated agency/ institution/ expert shall charge fee as given in the guidelines of the CERC

2.5 **The Validity of empanelment :** Empanelment shall remain valid for two years from the date of such empanelment and can be renewed by the Commission for such period as may be decided by the Commission after ascertaining the technical capability as per para 2.3 above. The Commission will reserve the right to cancel the empanelment if it is satisfied that any of the eligibility conditions based on which an agency/institution has been empanelled, has been violated. The Commission may, at its discretion, add or delete the names of the designated Agencies/ Experts for the reason to be recorded in writing. Breach of confidentiality as referred to in para 8(9) of the CERC guidelines would be one such reason.

### **3.0 Format of Application:**

#### **Form-A (Technical)**

**DETAILED PROPOSAL FOR ASSIGNMENT**

**(TECHNICAL)**

Four copies of the proposal along with project summary to be submitted to Secretary, CERC

**I. GENERAL INFORMATION:**

1. Title of the Assignment :
2. Name and address of the Agency/  
Institution :
3. Name & Designation of the Key Persons :
04. Contact address of the Key Person :  
(e-mail / fax / telephone)
05. Net-worth/Turnover of the Agency/  
Institution :

**II. TECHNICAL SPECIFICATIONS:**

6. Qualification/Experience of key staff proposed in the field of preparation of cost estimates of medium (up to 100 MW) and large hydro electric schemes (more than 500 MW). Evaluation would be done based on the commitment made in the proposal towards the man-days to be devoted by each of the key staff for the proposed study.
7. Past relevant Experience of the Institution/Agency in India and outside India
8. Broad approach / Methodology for the assignment
9. Evaluation of the capital cost of given Hydro Electric Project.