

ADANI TRANSMISSION LIMITED				
Reply to the Queries towards RFP on Input Based Distribution Franchisee				
Sl. No.	Section	Clause No. and Existing provision	Clarification required	Reply
1.	RFP and Distribution Franchisee Agreement	Clause 2.4: Definitions & Abbreviations 5.3 Technical Proposal:	<p>We understand that bidders are allowed to use the technical and financial capabilities / strengths of their affiliate companies; however we could not locate the definition of affiliate in the RFP document.</p> <p>This is to bring to your kind attention that bidders were allowed to use the strength, experience and credentials of their affiliates to fulfill the RFP requirements for "the selection of Successful Bidder for the Central Electricity Supply Utility covering the distribution and retail supply of electricity in the areas of Bhubaneswar, Cuttack, Paradeep and Ohenkanal Electrical Circles in Odisha pursuant to Section 20 of the Electricity Act 2003" published by OERC dated 24 June 2016.</p> <p>Therefore, we request you to confirm that bidders are allowed to use technical and financial capabilities / strengths of their affiliate companies for fulfilling the RFP requirements and propose you to include the following definition of affiliate in the RFP:</p> <p>""Affiliate" shall mean a company that either directly or indirectly</p> <p>i. controls or</p>	Tender Clause Stands.

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			<p>ii. is controlled by or</p> <p>iii. is under common control with a Bidding Company (in the case of a single company) or a Member (in the case of a Consortium) and "control" means direct or indirect ownership by one company, by any Person or by Persons Acting in Concert, of more than fifty percent (50%) of the voting rights of the other company.</p> <p>whereas Persons/ Persons acting in concert are defined as:</p> <p>"Person(s)" shall include any company, partnership, body corporate, sole proprietorship, trust, association of persons, any body of individuals or any other entity, whether incorporated or not;</p> <p>"Persons Acting in Concert" shall mean Persons who, with a common objective of exercising control over a company, pursuant to an agreement or understanding, formal or informal, directly or indirectly, co-operate for exercise of control over a company;</p>	
2.	RFP Section 5	<p>5.2 Proposals by a Bidding Consortium</p> <p>5.2.1 Consortium Bidding is not allowed.</p>	<p>You would appreciate that there are very limited companies which possess experience in electricity distribution sector / retail sector.</p> <p>This is to bring to your kind attention that the consortium was also allowed for the "RFP for the selection of Successful Bidder for the Central Electricity Supply Utility covering the distribution and retail supply of electricity in the areas of Bhubaneswar, Cuttack, Paradeep and Dhenkanal Electrical</p>	Tender Clause Stands.

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			<p>Circles in Odisha pursuant to Section 20 of the Electricity Act 2003"published by OERC dated 24 June 2016.</p> <p>Therefore, in order to enhance the competition, we request you to allow the bidders to make the consortium for meeting the RFP requirements.</p>	
3.	RFP Section 5	<p>5.3 Technical Proposal:</p> <p>The bidder should have experience of handling at least 0.85 lacs consumers in organised retail sector. [40 % of the total number of consumers in the franchisee areas for the year preceding the year in which the bidding is done]</p>	<p>The "Qualification requirement" specified in the RFP document, which being restrictive will distort the competition which will be against the interest of all stakeholders.</p> <p>In this regard, we would like to draw your kind attention towards the intent of Electricity Act 2003, which intends to promote competition by wider participation and therefore, the Generation companies have been allowed to carry out Electricity Distribution business and vice versa.</p> <p>We would also like to draw your kind attention towards various bids for appointment of Franchisee/ Licensee by other states, which do not stipulate any such mandatory condition of prior Electricity Distribution experience with stipulation of minimum no. of Consumers. Delhi is probably one of the most successful PPP initiatives, where there was no such criterion of prior experience in Electricity Distribution with a specified minimum number of Consumers.</p> <p>Moreover, in past RFPs issued by MP</p>	<p>The bidder should have experience of handling at least 40% of the total number of consumers of the franchisee area in metering, billing, collection and consumer services of any public Utility for the year preceding the year in which the bidding is done.</p>

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			<p>Discoms for Ujjain, Gwalior, Guna etc. as well in recent RfPs issued by Rajasthan Discoms for Bikaner and Ajmer, does not contain any clause seeking for experience of handling minimum number of consumers. We request you to amend this as follows: The bidder should have experience of working in utility (I. e. Electricity, Water or Gas). Any of the following may be considered as eligible experience for qualifying for the Distribution Franchisee opportunity</p> <p>(i) Ownership of grid connected power generation project(s) having an aggregate installed capacity of at least one thousand (1000) MW which is either under commercial operation, at least seven (7) days prior to the Bid Deadline,•</p> <p>OR</p> <p>(ii) Power transmission license from an Appropriate Commission under Section 14 of the Electricity Act, 2003 with a minimum of 1000 ckt Km of transmission assets in operation for a period of at least two (2) years, as on seven (7) days prior to the Bid Deadline,.</p> <p>OR</p> <p>(iii) The bidder should have experience</p>	
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			<p>of handling at least 100,000 utility consumers (Electricity or Gas or Water) continuously for last two yeai as on seven (7) days prior to the Bid Deadline</p> <p>OR</p> <p>The Bidder shall have Power Distribution License from an Appropriate Commission under Section 14 of EA'03 for a period of at least three (3) financial years immediately preceding the year in which the bidding is done</p>	
4.	RFP Section 12, Exhibit 5	12. Exhibit 5: Format for Financial Proposal	<p>The minimum benchmark input rate provided by Discom is very high for the first year and very aggressive for subsequent years. You would acknowledge that current per unit realization in DF area is Rs 1.79 and bidders would be required to undertake additional expenditure towards O&M cost, finance charges, interest on working capital etc. which would be quite significant. Thus, we request you to revise the benchmark input rate after considering the bidders' cost towards O&M, interest cost on finance and work capital etc. to make it a win — win proposition for the bidders and Discom</p>	<p>While calculating the RPU/Annualised Input Rate, all expenses like O&M cost, finance charges, interest on working capital etc have been taken into consideration.</p> <p>However, revised benchmark RPU will be uploaded shortly.</p>

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5.	General — Request for extension of bid submission deadline by 3 months		You would acknowledge that bidders would be required to undertake due diligence in the DF area post receiving the clarifications. As this is time consuming activity, we request you to provide at least 3 months for submission of response against RFP from the date of publication of clarifications requested by bidders.	One month time will be allowed from the date of uploading the final Corrigendum covering the query replies and Annualised Input Rate / RPU.
6.	RFP Section 2. General	Clause 2.4: Definitions & Abbreviations of RFP And Article 1: Definition and Interpretation of DFA Expiry Date - Shall mean the fifteenth (15th) anniversary of the effective date.	As per clause 3.4 of RFP, Term of Franchisee, shall be for a period of Fifteen (15) years from the Effective Date with possible extension of ten (10) years in installments of five (5) years each depending upon the performance of DF. We request you to amend the definition of Expiry date in RFP and DFA accordingly.	Clause 3.4 of RFP stands. The expiring date in RFP and DFA is in line with this Clause.
7.	RFP Section 2. General	Clause 2.4: Definitions & Abbreviations: Input Points - Shall mean 33 KV side of 220 KV and 132 KV Sub-stations specified in Clause 2.5 and shall include such other HV substations or feeders, which may feed energy to the Franchise Area at the Effective date or during the term of the Agreement.	We understand that DF is responsible for managing the distribution network for 11 KV and below network, thus we request you to change the input point to 11 kV side of 33/11 kV substations.	Clause 2.4 stands.
8.	RFP Section 2. General	Clause 2.5: Brief description about the Franchise Area of RFP	We could not locate the geographical area (in Sq. Km) of distribution franchisee operations. We request you to kindly specify the same.	May be collected from the Superintendent Engineer during the field visit.
9.	RFP Section 2. General	Clause No. 2.5.3: the distribution infrastructure in the Franchise Area Table 2: Distribution Infrastructure Summary: We could not locate the following technical data ✓ Number of HT (11 kV) and LT feeders in DF area	Before undertaking the due diligence, bidders would require the basic data to assess the network robustness, thus we request you to kindly provide the following details. ✓ Number of HT (11 kV) and LT	May be collected from the Superintendent Engineer during the field visit.

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		<ul style="list-style-type: none"> ✓ Peak Demand of DF area in last five years ✓ Power Transformer, DT loading and line loading details ✓ Details of manned / unmanned 33/11 kV ✓ Substations under DF area. ✓ Installed capacity of 33/11 kV Power transformers (in terms of KVA) ✓ Network length Voltage Level wise (In CKM). RFP have line length data in KM. ✓ DT failure rate ✓ Details of complaints (Nos of complaint and type of complaints) 	<p>feeders in DF area</p> <ul style="list-style-type: none"> ✓ Peak Demand of DF area in last five years ✓ Power Transformer, DT loading and line loading details ✓ Details of manned / unmanned 33/11 kV Substations under DF area. ✓ Installed capacity of 33/11 kV Power transformers (in terms of KVA) ✓ Network length Voltage Level wise (In CKM). RFP have line length data in KM. ✓ DT failure rate ✓ Details of complaints (Nos of complaint and type of complaints) 	
10.	RFP Section 2. General	<p>Clause No. 2.5.5: The loss and collection efficiency for the Franchise Area</p> <p>Table 5: Losses and Revenue Realization</p>	<p>We request you to confirm that billed and collected amount is exclusive of ED and Cess. If billed and collected amount is inclusive of ED & Cess, request you to provide the category wise share of ED & Cess in the total billed and collected amount respectively.</p>	<p>Billed and collection amounts are exclusive of ED & CESS</p>
11.	RFP Section 2. General	<p>Clause No. 2.5.5: The loss and collection efficiency for the Franchise Area</p> <p>Table 5: Losses and Revenue Realization</p>	<p>We request you to provide the subsidy details along with time taken by Govt. to remit the amount in previous years. We suggest that for any subsidy announced by Govt. in the electricity tariff, same shall be adjusted in the monthly invoice raised by Discom for payment towards input energy.</p>	<p>No revenue subsidy has been announced by the Govt. in electricity tariff during last 5 years.</p>
12.	RFP Section 2. General	<p>Clause No. 2.5.5: The loss and collection efficiency for the Franchise Area</p> <p>Table 5: Losses and Revenue</p>	<p>We request you to provide the quantum and aging of arrears along with breakup of temporary and</p>	<p>May be collected from the Superintendent Engineer during the</p>

		Realization	permanent disconnected consumers	field visit.
13.	RFP Section 2. General	Clause No. 2.5.7: Details of employees	We request you to kindly provide the total cost incurred by Discom towards employees working in DF area	May be collected from the Superintendent Engineer during the field visit.
14.	RFP Section 2. General	Clause No. 2.5.5: The loss and collection efficiency for the Franchise Area Table 5: Losses and Revenue Realization	We request you to provide the total cost incurred by Discom towards A&G and R&M in specified DF area	May be collected from the Superintendent Engineer during the field visit.
15.	RFP Section 10, Exhibit 3	10. Exhibit 3: Information Requirement for Technical Proposal Clause b) Bidders should attach the Audited Annual Reports for the last three years of all the corporate entities which would be evaluated under Technical Evaluation in accordance with the information submitted by the Bidder.	You would acknowledge that it takes considerable time for getting the annual reports audited for last financial year i.e FY 17 and Discom shall consider the annual audited reports of previous 3 years (FY 14- FY16) to assess the financial strength of bidders. However, If Discom still wants to evaluate the financial strength of bidders for FY 17, we request that bidder shall be allowed to submit the auditor's certificate w.r.t financial statements in order to fulfil the technical requirements.	10. Exhibit 3: stands
16.	RFP Section 10, Exhibit 3	10. Exhibit 3: Information Requirement for Technical Proposal The Bidder should give an undertaking that it satisfies and shall all the times comply with the conditions of Code of Conduct for grant of Distribution Business License	We request you to share the conditions of "Code of Conduct" for grant of Distribution Business License and as well format in which bidders to provide the undertaking	Code of Conduct provided by OERC through its OERC Regulations-2004 amended time to time is applicable for Business conduct.
17.	Annexure 1: Distribution Franchisee Agreement: Article 2	ARTICLE 2.1: Conditions precedent to be satisfied by the distribution franchisee & [Utility] of DF: 2.1.8 All the conditions precedent stated herein above shall be satisfied within 60 (sixty) days of signing of this Agreement or such further period as may be extended by the parties mutually.	Since most of the activities are joint activities such as audit of baseline parameter, calibration of meters, etc. We request you to increase the timeline to complete these activities to minimum 180 days of signing of this Agreement or such further period as may be extended by the parties mutually.	ARTICLE 2.1 stands

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18.	Annexure 1: Distribution Franchisee Agreement: Article 2	ARTICLE 2.2: conditions subsequent to be satisfied by the distribution franchisee and [UTILITY] 2.2.4 All the conditions subsequent stated above shall be satisfied within thirty (30) days except for condition mentioned in Article 2.2.1.5 which shall be completed within six months time, from the Effective Date or such further time as may be mutually extended by the Parties.	Since most of the activities are joint activities such as opening asset register, opening level of arrears etc. we request you to increase the timeline to complete these activities to minimum 90 days or such further time as may be mutually extended by the Parties.	ARTICLE 2.2: stands
19.	Annexure 1: Distribution Franchisee Agreement: Article 2	5.1.9 If the Distribution Franchisee intends to utilize other services of [Utility] such as Testing facilities for HT/LT metering, switching/substations and Distribution transformers or any other technical assistance, the charges for the same shall be payable to [Utility]. 7.2.9 The Distribution Franchisee shall also timely remit to [Utility] any other charges arising from the execution of the contract such as charges towards use of [Utility] billing facilities, testing facilities, etc. and the adjustments on account of reconciliation as per Article-9 and 10.	We request you to kindly specify the charges for using such services	Charges as prevalent for different services availed by the DF from the Utility shall be payable by DF.
20.	Annexure 1: Distribution Franchisee Agreement: Article 5	5.3 Supply of O&M Spares For the period of first three months from Effective Date, [Utility] may arrange to issue O&M spares to the Distribution Franchisee at its request, subject to availability, and at rates decided by [Utility].	We request you to kindly specify the indicative prices of O&M spares	The landed cost of the O &M spares to the utility plus 5% will be reimbursed by DF.
21.	Annexure 1: Distribution Franchisee Agreement: Article 5	5.4.5 The Distribution Franchisee shall strictly adhere to the planned load regulation of [Utility] based on directives issued by SLDC if situation so arises.	We understand that 33 /11 kV substations would be operated by the Discom staff, therefore the responsibility of load regulation shall not be held with the DF	Agreed

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22.	Annexure 1: Distribution Franchisee Agreement: Article 5	5.5.3 Treatment of Ongoing Contracts: 5.5.3.2 New and Other existing Work in progress for Capital Investments shall be continued by the [Utility].	<p>We request you to provide the following details w.r.t Capex: v. Details of ongoing projects in DF area and DF's responsibilities w.r.t. on-going capex projects</p> <ul style="list-style-type: none"> ✓ Minimum capex commitment by Discom in the DF area for next 5 years (Yearly breakup) and during DF tenure of 15 years. ✓ We request you to also clarify, in the event DF make capital expenditure for loss reduction schemes, would Discom reimburse the same through adjustment in monthly invoices ✓ If DF makes capital expenditure in DF area during their tenure of operations towards system strengthening, loss reduction or customer service improvement schemes, would Discom compensate the DF at the end of DF tenure at depreciated value of assets added by DF. Moreover we request you to specify the depreciation rate of assets which Discom would consider to compensate the DF 	<p>The detail of ongoing project may be collected during field visit.</p> <p>The DF has no responsibility on execution of ongoing capex project. The minimum Capital expenditure of 50% of total revenue billed for base year over a period of seven years by the DF as per corrigendum-V is being factored in determining the revised benchmark annualized input rate / RPU to be uploaded shortly. For further clarification, please refer to Article no. 2.1.4. and 5.2 of Annexure-1: Distribution Franchisee Agreement of Corrigendum-V dated 23.10.2017.</p>
23.	Annexure 1: Distribution Franchisee Agreement: Article 5	5.6.3 Operation & Maintenance 5.6.3.3 Installation of metering devices and carry out meter reading, monitoring all feeders and distribution transformers	We request you to confirm that Discom would provide all the major material such as new meters for replacement of defective meter etc.	As per Corrigendum-V, the DF is to provide new service connection to all consumers (both HT & LT) as per the Regulation. The service connection charge is to be retained by DF for meeting the expenditure for the

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				purpose. Carrying out Energy Audit activity is the responsibility of the DF and hence necessary infrastructure to be provided by DF.
24.	Annexure 1: Distribution Franchisee Agreement: Article 5	5.6.3 Operation & Maintenance 5.6.3.4 Repair and maintenance of distribution transformers as per OERC Supply Code and Standards of Performance.	We request you to confirm that Discom would provide all the major material such as Distribution transformers in the event of DT failure etc.	4 Repair and maintenance of distribution transformers is the responsibility of DF.
25.	Annexure 1: Distribution Franchisee Agreement: Article 5	5.6.5 Consumer Service	We could not locate any details pertaining to channels being used by Discom for providing customer service. Request you to provide details of the customer service channels being used by Discom.	Presently Utilities have adequate fuse call centers at section level for providing all need based customer service. Regarding billing related complaint all sub-divisions / Divisions have a complaint handling cell to redress the grievances.
26.	Annexure 1: Distribution Franchisee Agreement: Article 5	5.6.6 Obligation to Connect Consumers: h) The adjustment against arrears on account of Consumers who are permanently disconnected by the Distribution Franchisee after the Effective Date shall be allowed from the Security Deposit of the respective Consumer after following applicable regulations. However, in case of Consumers existing on the Effective Date, [Utility] shall have the first right on the security deposit.	We understand that Utility shall have the first right on security deposit for the consumers which are permanently disconnected before the effective date, however, if the consumers are disconnected after the effective date, DF shall have the first right on security deposit. Please confirm our understanding is correct.	i. Utility shall have the first on Security deposit for the consumers which are permanently disconnected before the effective date. ii. As regards to consumers permanently disconnected after the effective date, then DF has the right to adjust the SD of new consumer added after the effective date.

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27.	Annexure Distribution Franchisee Agreement: Article 6	1:	<p>ARTICLE 6: Metering and Measurement :</p> <p>6.1.2 Installation and timely replacement of main meters as required to directly measure energy input in the Franchise Area shall be the responsibility of [Utility]/ OPTCL as the case may be</p>	We understand that check meters would also be installed by Discom. Please confirm	Confirmed.
28.	Annexure Distribution Franchisee Agreement: Article 9	1:	<p>ARTICLE 9: PROVISION FOR SUBSIDY:</p> <p>9.1 If any subsidy or grant is notified during the course of Franchisee operation in specified category or group of consumer by Government for specified area, the same shall be passed on to the DF by [Utility] to the extent the subsidy/ grant is availed by the consumer and received from Govt.</p>	We suggest that subsidy / grant notified by Govt shall be adjusted in monthly invoice raised by Discom. Please consider our request	Govt. notified subsidy / grants shall not be adjusted in monthly invoices. However, the same will be adjusted through monthly invoices of the DF only after receipt on back to back arrangement, if any.
29.	Annexure Distribution Franchisee Agreement: Article 10	1:	ARTICLE 10: TREATMENT OF TAXES, DUTIES & LEVIES	Is DF liable to pay any GST on monthly bill raised by Discom for the services being rendered by DF on behalf of Discom or any other tax? Please provide relevant details	Presently Electricity service is coming under 0% GST.
30.	Annexure Distribution Franchisee Agreement: Article 11	1:	<p>ARTICLE 11: PAYMENT SECURITY DEPOSIT AND PERFORMANCE GUARANTEE:</p> <p>As provisioned in the Article-2.1.1 of this Agreement, the Distribution Franchisee shall submit and maintain valid for the term of this Agreement, a security deposit to the satisfaction of [UTILITY] in the form of an irrevocable and unconditional Letter of Credit from any nationalized bank or Scheduled Bank for an amount equivalent to two months' estimated amount payable to *[UTILITY] by Distribution Franchisee based on two months average energy input at</p>	We request you to provide value of stamp paper for signing the agreement with bank for issuance of LC	As applicable under Indian stamp duty act.

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		Input Points in the Franchise Area during Financial Year [FY 2016-17] and Rates quoted by the Distribution Franchisee for first year of Franchisee term.		
31.	Annexure 1: Distribution Franchisee Agreement: Article 11	<p>Collateral Arrangement:</p> <p>11.8 As an additional measure to ensure compliance of [Name of the Franchisee] obligations under this Agreement, [Name of the Franchisee] and the [Utility], on or prior to the Effective Date, shall execute a separate Default Escrow Agreement (referred as "Default Escrow Agreement") for the establishment and operation of the Default Escrow Account in favour of [Utility], through which the entire collection of [Name of the Franchisee] shall be routed and used as per the terms of the Default Escrow Agreement</p>	We request you to provide value of stamp paper for signing the Default Escrow Agreement.	As applicable under Indian stamp duty act.
32.	Annexure 1: Distribution Franchisee Agreement: Article 11	11.8 [Name of the Franchisee] and [Utility] shall also enter into a separate Agreement to Hypothecate Cum Deed of Hypothecation, whereby [Name of the Franchisee] shall agree to hypothecate to [Utility], the amounts to the extent as required for the Letter of Credit as per Article 11.1 and Article 11.4 routed through the Default Escrow Account	As per collateral arrangement, DF to enter into separate Agreement to Hypothecate Cum Deed of Hypothecation with Discom. We could not locate the value of stamp paper on which Agreement shall be signed. Request to provide such detail	As applicable under Indian stamp duty act.
33.	Annexure 1: Distribution Franchisee Agreement:	Clause 14; Indemnification: sub clause 14.1.5 Non- payment of all taxes, duties, and statutory /local levies arising as a result of this commercial	We request you to clarify which all taxes, duties and statutory /local levies are applicable to DF.	At present there are no taxes and duties except Electricity duty on sale / purchase of electricity.

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	Article 14	transaction as required under Article 7.2.15		
34.	Annexure 1: Distribution Franchisee Agreement: Article 14	14.2.2 Third party claims on account of [Utility] Distribution Assets as on Effective Date, for a period of six months from the Effective Date provided the Distribution Franchisee has taken all reasonable care of the Distribution Assets. The aggregate amount of the liabilities to be compensated by [Utility] during the said period of six months in respect of all such claims shall be limited to Rs. 50 Lakhs. However such indemnity shall be limited only to legally established claims.	We request you to compensate the third part claims on actual basis.	All legally established claims within a period of six months from effective date shall be compensated upto Rs 50 Lakhs.
35.	Annexure 1: Distribution Franchisee Agreement: Article 15	ARTICLE 15: INSURANCE: 15.1 The Distribution Franchisee at its own discretion shall insure the assets purchased during the term of this Agreement in its own name.	We understand that all the major assets such as DTs, meters etc. would be provided by the Discom and DF would be responsible for arranging the minor spares. Please confirm	ARTICLE 15: stands
36.	Annexure 1: Distribution Franchisee Agreement	Distribution Franchisee Agreement	We could not locate the value of stamp paper for signing of DF agreement. Request to provide the same.	As applicable under Indian stamp duty act.
37.	General		We understand that existing litigations and pending court cases of the utility under DF area prior to appointment of DF shall remain the responsibility of Discom. Please confirm	Confirmed
38.	General		We understand that existing liabilities related to customers and lenders in DF area are the responsibility of Utility. Please confirm.	Confirmed

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Queries and Reply to the RFPs					
Sl. No.	Page No.	Clause No.	Description of Clause	Views/Query/ Suggestion Requested	Reply
1	7	2.4.1	Definitions	In the definition of "Franchisee" and "Franchisee Area" the DF may be referred to as "representative" in place of "agent".	Tender Clause stands
2	7	2.4.1	Collection Efficiency: Shall mean the ratio of revenue actually realized from consumers and energy amount billed to Consumers), in percentage terms for a particular period and shall be calculated as below: Collection Efficiency = (Revenue realized from Consumers in rupees /Energy Billed to Consumers in rupees)*100	Kindly clarify whether gross collection is inclusive of ED (Electricity Duty) & MR (Meter Rent).	Collection amount is excluding ED and Meter rent.
3	12	2.5.3, Table-2	Cross input points, 3 nos (in case of Baragarh Circle)	Kindly define cross input point. Is it related to Import & Export Points?	Yes
4	20	3.3.3	Utility employees should provide handholding support to the franchisee for the first 3 months for which the DF shall have to bear the cost of salary & allowances payable to the Utility employees involved therein.	This handholding support for first 3 months of take over of franchisee operations should be provided by the Utility (at its own cost) to Franchisee for smooth transition.	[Utility]'s employees shall provide handholding support to the franchisee for the first six (6) months with phased withdrawal after initial three (3) months through mutual discussion between Utility and DF for which the Utility shall bear the cost of salary & allowances payable to the [Utility] employees involved therein
5	21	3.2.11	Collection of arrears as an agent of [WESCO Utility], and remittance of the same as per the terms and conditions of the DFA;	The mention of "agent" may be omitted by amending the clause as "Collection of arrears and remittance of the same as per the terms and conditions of the DFA;"	Tender Clause stands
6	24	5.2.1	Consortium Bidding is not allowed.	Consortium bidding may be allowed, provided the consortium partners are from the same group.	Tender Clause stands
7	25	5.3.1 I.	The bidder should be a limited company meeting the conditions of Code of Conduct for grant of Distribution Business License	Kindly illustrate this clause	The bidder should be a Public / Private limited company (As defined in Companies Act 1956/2013)




ANNEXURE 1

Queries and Reply to the RFPs					
Sl. No.	Page No.	Clause No.	Description of Clause	Views/Query/ Suggestion Requested	Reply
8	25	5.3.1 III.	The minimum Net worth of the Bidder should be equivalent to 50% of Annual Revenue Billed in the franchisee area for the year preceding the year in which the bidding is done [Rs.85 Crs for Jajpur and Baripada each, & Rs 90 Cr.s for Bargarh]	Taking note of the nature of industry, this clause may be relooked upon and suitably amended.	The minimum Net worth of the Bidder should be [Equivalent to 10% of Annual Revenue Billed in the franchisee area for the year preceding the year in which the bidding is done].
9	25	5.3.1 IV.	The Internal Resource Generation of the Bidder should be equivalent to 25% of the Annual Revenue Billed in the franchisee area for the year preceding the year in which the bidding is done. [Rs.43 Crs for Jajpur and Baripada each, & Rs 45 Cr.s for Bargarh]	Considering business economics in this particular industry, this clause may be relooked upon and suitably amended.	The Internal Resource Generation of the Bidder should be [Equivalent to 10% of the Annual Revenue Billed in the franchisee area for the year preceding the year in which the bidding is done].
10	25	5.3.1 V.	The bidder should have experience of handling at least 1.6 lacs consumers in organised retail sector. [40 % of the total number of consumers in the franchisee areas for the year preceding the year in which the bidding is done]	The bidder should have experience of handling at least lacs consumers in organised retail in power distribution sector. [40 % of the total number of consumers in the franchisee areas for the year preceding the year in which the bidding is done]. Priority should be accorded to bidders with experience in handling rural consumers.	The bidder should have experience of handling at least 40% of the total number of consumers of the franchisee area in metering, billing, collection and consumer services of any public Utility for the year preceding the year in which the bidding is done
11	30	Earnest Money Deposit (EMD)	Each Bidder shall submit an Earnest Money Deposit (EMD) of an amount that Should be equivalent to ~ 4% of the Annual Revenue Billed in the Franchisee Area (Circle wise) in the form of a Bank Guarantee or Demand Draft drawn on a Nationalised /Scheduled bank, in favour of Administrator UTILITY Payable at ----- (Rs. 7 Cr. each for Baripada & Jajpur and Rs. 7.2 Cr. for Baragarh)	This clause may be relooked upon and suitably amended.	Each Bidder shall submit an Earnest Money Deposit (EMD) of an amount equivalent to 2% of the Annual Revenue Billed in the Franchisee Area (Circle wise) in the form of a Bank Guarantee or Demand Draft drawn on a Nationalised /Scheduled bank, in favour of Utility

Queries and Reply to the RFPs

Sl. No.	Page No.	Clause No.	Description of Clause	Views/Query/ Suggestion Requested	Reply
12	50	2.1.3	<p>Completion of Audit of Various Parameters The Joint Audit Team of [WESCO Utility] and the Distribution Franchisee shall complete an audit of the parameters listed below:</p> <p>2.1.4.1 Past energy input and amount collected; 2.1.4.2 Opening level of Inventory; 2.1.4.3 Ongoing Contracts as on Effective Date; and 2.1.4.4 Determination of Average Billing Rate for the base year for the purpose of Article-7.</p> <p>Since the baseline parameters of the preceding financial year have already been audited by an independent third party auditor the Average Billing Rate (net of Subsidy) for the Base Year at Rs ----- per unit shall be treated as frozen for the purpose of this agreement for entire period.</p>	<p>In case the joint audit team of DISCOM & Franchisee observe variations in the published commercial data pertaining to Input Energy, Amount Collected or any other critical parameters, then the same should be factored in the benchmark input rates as well as agreed (proposed by Bidder) input rates proportionately. Alternatively, necessary data and time frame needs to be shared prior to submission of bids.</p>	<p>Before finalization of the tender an independent third party Auditor will be appointed by the Utility for completion of audit of various parameters as mentioned in the Clause. The prospective bidders may send their representatives to witness independent third party audit. The prospective bidders shall be informed of the timing of this third party audit at least a week in advance. Except for this change the clause shall be retained.</p>
13	62	6.2.2	<p>Each Meter comprising the metering system shall be sealed by [WESCO Utility], Distribution Franchisee and OPTCL, and shall not be opened, tested or calibrated except in the presence of all the parties.</p>	<p>Requested clause: "Each Meter comprising the metering system shall be sealed by [WESCO Utility], Distribution Franchisee and OPTCL, and shall not be opened, tested or calibrated except in the presence of all the parties. Moreover, during handover of the operations to the DF, Utility and DF to complete CT-injection & ratio-testing for arriving at ratio (MF) and all testing arrangements to be made by and cost to be borne by Utility."</p>	Agreed
14	65	7.1.1	<p>In case of any change in the tariff structure by the OERC during the Distribution Franchisee period, the Tariff adjustment factor will be calculated as below.</p> <p>Tariff Adjustment Factor = $\{(D2/D1 * BAD)/(BAD+BAA+BAND+BAI) + (A2/A1 * BAA/(BAD+BAA+BAND+BAI) + (ND2/ND1 * BAND/(BAD+BAA+BAND+BAI) + (I2/I1 * BAI/(BAD+BAA+BAND+BAI))\}$</p>	<p>The detailed data (consumer wise base year commerce data) taken into account for arriving at base year Average Billing Rate should be shared with Franchisee for calculation of Tariff Indexing Ratios.</p>	<p>Revised Annualized Bench Mark Input Rates or Revenue per Unit (RPU) considering the amendments and the revised Tariff / Sales Mix adjustment factor will be uploaded shortly</p>


ANNEXURE 1

Queries and Reply to the RFPs					
Sl. No.	Page No.	Clause No.	Description of Clause	Views/Query/ Suggestion Requested	Reply
15			Addition/Deletion of HT Consumers	Any addition & deletion of 33kV Consumers should be factored in the Annualized Input Rates quoted by bidders	This has been taken care in the tariff adjustment factor.
16	68	7.2.16	The DF shall be paid 25% of penal collection amount as incentive which is collected under section 126 of EA 2003, rest amount shall be refunded to WESCO Utility.	The DF shall be paid 75% of penal collection amount as incentive which is collected under section 126 of EA 2003, rest amount shall be refunded to WESCO Utility.	The DF shall be paid 75% of penal collection amount as incentive which is collected under section 126 of EA 2003, rest amount shall be refunded to Utility.
17	68-70	8.5, 8.7	Arrears (and its sub-clauses)	The incentive entitled to franchisee in percentage terms towards collection of arrears may be relooked upon and suitably revised.	Arrears shall be collected by the DF from both connected live consumers and permanent Disconnected (PD) consumers which will be retained with them and suitably adjusted in the Annualized Input Rate / Rate per Unit (RPU). The contents of Article 8.1 to 8.14 which are redundant due to this change will be deemed to be deleted.
18	71	11.1	Distribution Franchisee shall submit and maintain valid for the term of this Agreement, a security deposit to the satisfaction of UTILITY in the form of an irrevocable and unconditional Letter of Credit from any nationalized bank or Scheduled Bank for an amount equivalent to two months' estimated amount payable to UTILITY by Distribution Franchisee based on two months average energy input at Input Points in the Franchise Area during Financial Year [FY 2016-17] and Rates quoted by the Distribution Franchisee for first year of Franchisee term. The Letter of Credit shall be provided from the bank which is appointed as Default Escrow Agent under the Default Escrow Agreement. The Security Deposit shall be governed in the manner described in this Article.	Since the entire collections are deposited in an Escrow account, there is no risk of payment default. The franchisee may not need to submit any LC.	Agreed
19	72	11.9	As provisioned in the Article-2.1.2 of this Agreement, the Distribution Franchisee shall submit and maintain valid for the term of this Agreement, a performance guarantee to the satisfaction of UTILITY in the form of an irrevocable and unconditional Performance Guarantee from any nationalized bank or Scheduled Bank for an amount equivalent to 1/5th of the total annual revenue billed in the [FY 2016-17]. The Performance Guarantee shall be governed in the manner described in this Article.	This clause may be relooked upon and the value of Performance Guarantee may be suitably amended.	As provisioned in the Article-2.1.2 of this Agreement, the Distribution Franchisee shall submit and maintain valid for the term of this Agreement, a performance guarantee to the satisfaction of [UTILITY] in the form of an irrevocable and unconditional Bank Guarantee from any nationalized bank or Scheduled Bank for an amount equivalent to 1/10th of the total annual revenue billed in the [FY 2016-17]. The Performance Guarantee shall be governed in the manner described in this Article.

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Queries and Reply to the RFPs

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20	80	15.2	The Distribution Franchisee shall also obtain and keep in effect all Insurances required under laws of India.	Insurance to be arranged by Utility as all the distribution assets belong to the Utility.	Tender Clause stands
21	88	17.2.5	Any dispute arising out of, in connection with or with respect to this agreement, the subject matter hereof, the performance or non performance of any obligation hereunder, which cannot be resolved by negotiation between the Parties and the Dispute Resolution procedure as stated in the foregoing Articles, the parties can go to OERC for mediation .	As per section 86 (1) (f) of Electricity Act, 2003 the regulator has no jurisdiction in settling disputes between DISCOMs and franchisees. Thus, the clause may be amended as "Any dispute arising out of, in connection with or with respect to this agreement, the subject matter hereof, the performance or non performance of any obligation hereunder, which cannot be resolved by negotiation between the Parties and the Dispute Resolution procedure as stated in the foregoing Articles, shall be exclusively submitted to arbitration at the request of either party upon written notice to that effect to the other party. The proceedings shall be conducted subject to the provisions of the Arbitration and Conciliation Act, 1996. "	Tender Clause stands

(India Power Corporation Limited)
Reply to Queries on RFP for Appointment of Input Based Distribution Franchisee in Odisha

Clause No	Description	Suggestion from IPCL	Reply
RFP - 2.5	Brief Description about the Franchisee Area	Please share the sq KM area of Franchisee Area.	May be collected from the Superintendent Engineer during the field visit.
RFP - 2.5.5.	Units Received (MU)	Is this excluding the input energy of dedicated 33 kV Fd and Exported units?	Yes
		Pl share the Audited Report which was submitted before the OERC	Audited report of Input energy received is provided to OERC Utility as a whole. However circle-wise energy input report as submitted before OERC can be collected at the time of field visit.
RFP - 3.1.1	The project encompasses all the activities relating to purchase and distribution of power to the existing / future LT & HT (Except EHT and consumers fed through dedicated 33KV feeders) consumers in the Franchise Area, maintenance of the Distribution Assets 11kv & DOWN LINE and all the related activities subject to the terms and conditions as stipulated from time to time by [Discom] and [Odisha Electricity Regulatory Commission].	Geographical boundary of franchisee area should be distinguished.	Geographical area of Circles has been well defined. Franchisee areas are specific to these circles.
RFP - 3.2.5	Undertaking the distribution and supply of power to the consumers of [Discom] in the Franchise Area except dedicated 33kv consumers;	We, therefore suggest that the project encompasses all the activities relating to purchase and distribution of power to the existing / future LT & HT consumers in the Franchise Area, maintenance of the Distribution Assets 33 kv & DOWN LINE and all the related	The DF is to provide new service connection and power supply to all consumers (both HT-33KV & 11KV and LT) as per the Regulation, except dedicated 33KV supply consumers.
RFP - 3.2.6	Undertaking all Operations and Maintenance, 11kv and below related activities in the Franchise Area;	activities subject to the terms and conditions as stipulated from time to time by [Discom] and [Odisha Electricity Regulatory Commission].	DF has to Undertake all Operations and Maintenance of 11kv and below related network in the Franchise Area.

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RFP - 3.3.3	Utility employees should provide handholding support to the franchisee for the first 3 months for which the DF shall have to bear the cost of salary & allowances payable to the Utility employees involved therein.	We suggest that utility employees should provide handholding support to the franchisee for the first 3 months on request from Distribution Franchisee.	<u>Utility</u> ’s employees shall provide handholding support to the franchisee for the first six (6) months with phased withdrawal after initial three (3) months through mutual discussion between Utility and DF for which the Utility shall bear the cost of salary & allowances payable to the <u>Utility</u> ’s employees involved therein.
RFP - 5.3.1	The Internal Resource Generation of the Bidder should be Rs.----Crs . [Equivalent to 25% of the Annual Revenue Billed in the franchisee area for the year preceding the year in which the bidding is done].	As per format given Exhibit - 3 it asking for the past three years. We suggest for changing accordingly as per requirement.	The Internal Resource Generation of the Bidder should be [Equivalent to 10% of the Annual Revenue Billed in the franchisee area for the year preceding the year in which the bidding is done. Exhibit 3 requirement of Audited Annual Reports for last three years stands for Minimum Annual Average Turnover.
RFP - 6.3.4	Each Bidder shall submit an Earnest Money Deposit (EMD) of an amount Rs.7 Crs (Seven Crs.) [Should be equivalent to ~ 4% of the Annual Revenue Billed in the Franchisee Area (Circle wise) in the form of a Bank Guarantee or Demand Draft drawn on a Nationalised /Scheduled bank,	We would request for sharing the Bank Guarantee Format for EMD	Bank Guarantee Format for EMD will be uploaded shortly.
DFA- 7.1.1	Tariff Adjustment factor	The tariff adjustment factor formula takes the four main categories and selectively takes change in tariff for the sub-category (within each such category) with the largest number of consumers in the last one year. This can unnecessarily skew the tariff adjustment factor. Since the data related to all categories and subcategories anyway need to be compiled to identify which subcategory has the highest number of consumers, it is much more transparent to undertake ABR computation for all the categories as is done in other Distribution Franchisees.	The tariff adjustment factor formulae covers four main categories namely Domestic, Agriculture, Industrial and Non-Domestic. Domestic comprises of all Domestic and Kutir Jyoto consumers. Agriculture comprises of all Irrigation & Pumping, all agro and allied agro activity consumers. Industrial category comprises of SI, MI, LI and all other industrial consumers. Rest of the consumers who are not covered in the above three category are under Non-domestic category. Since above categories are well defined there is no opportunity to selectively take the change in tariff for any particular sub-category.

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