

CLARIFICATION OF PRE-BID QUERIES ON 02-04-2019

of Work: Request for Proposal for appointment of Input Based Distribution Franchisee for Loss making Divisions/Areas under TSECL.

NIT No. GM.Tech/TSECL/2018-19/24 Dt. 08.03.2019

Sl. No.	Clause No.	Stipulation as per NIT	Clarification wanted by prospective bidder	Remarks/Clarification/Amendment/TSECL reply
1	2.3.2. (Page no 12)	Term of Contract: 5-Years (60 months) with commitment of performance	The term of the contract is 5 years with capex and minimum bench mark rate commitment. The Input based franchisees are generally for 15 years period tenure for making any return on investment and reduce losses. Even if Capex is to be done by Discom, considering the business transformation of distribution processes related to commercial, technical and consumer related services expected out of DF and the investment thereof, apart from operational improvements, we request that the tenure of DF should be for a minimum of 10 years. An enhanced tenure will also give added incentive to prospective bidders to look at the agreement in a different light, considering that the number of consumers and its related parameters are not too much	Revised term of Contract is 10 years(120 Months) with commitment of performance.
2	Annexures of RFP (Page no 48 & 49)	Annexure-2:Minimum benchmark rates Annexure-3: List of input points of each DF area	No data available in these annexures. Requesting for this data as these are important for the bidders to quote input prices.	Under finalization.
3	13.2 13.2.1 (Page no 82)	Audit (DFA) Distribution Franchisee will allow for yearly audit of assets, inventories, billing data including the system, database and consumer service centers operated within the scope of the Franchise area by <DISCOM>. The scope of the audit shall also include the following	Audit to be done by third Party auditor and not by Licensee to avoid dispute/biasness.	SBD of MoP, GoI
4	16.6.2 (Page no 90)	Step-in Rights in the Event of Abandonment by the Distribution Franchisee d) All Current Assets of the Distribution Franchisee in the Franchise Area shall stand transferred to <DISCOM>	The Current assets needs to be specified like any FD of DF that cannot be transferred. Requesting you to define current assets that are to be transferred.	TSECL intends to keep the provision unchanged


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5	5.3.5. of RFP (Page No 25)	The bidder shall be required to deposit earnest money of Rs. 1,18,37,892.00 in the shape of demand draft / Bank guarantee from any scheduled bank guaranteed by Reserve Bank of India favoring Tripura State Electricity Corporation Limited payable at Agartala along with the bid in a separate sealed envelope clearly marked as Earnest Money Deposit on it, along with qualification Proposal. Earnest Money Deposit in any other form or amount will not be accepted. The Earnest Money Deposit is adjustable with Contract Performance Guarantee.	EMD amount should be below INR 20 lacs for this tender. Contract Performance Guarantee will be provided by the successful bidder during the time of agreement.	The amount of Earnest Money shall be @Rs.25.00 Lacs for each division as per revised provision in 5.3.5 of RFP(vide annexure-b).
6	11.1 of DFA (Page no 77)	Security Deposit: 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 <DISCOM> in the form of an irrevocable and unconditional BG from any nationalized bank or Scheduled Bank, for an amount equivalent to two months' estimated amount payable to <DISCOM> by Distribution Franchisee based on two months average energy input at Input Points in the Franchise Area during Financial Year [Base Year] and Rates quoted by the Distribution Franchisee for first year of Franchisee term. The BG 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	Security deposit amount should be 1 month instead of 2 months. Under 2.2.1. of RFP (Page No 55) it is already mentioned that the security deposit will be equivalent to one month's estimated amount payable to TSECL.	The revised Security Deposit: 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 <DISCOM> in the form of an irrevocable and unconditional BG from any nationalized bank or Scheduled Bank, for an amount equivalent to one months' estimated amount payable to <DISCOM> by Distribution Franchisee based on two months average energy input at Input Points in the Franchise Area during Financial Year [Base Year] and Rates quoted by the Distribution Franchisee for first year of Franchisee term. The BG 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
7	18.1 of DFA (Page No 95)	Force Majeure	Force Majeure events need to be defined properly.	TSECL intends to keep the provision unchanged
8		Default ESCROW agreement	A draft default escrow agreement to be shared	Attached
9	4.2. (2) of RFP (Page No 18)	Qualification Criteria (General) The bidder should have Valid Electrical Contract License (of any state)	The bidders having Distribution Franchisee experience, electrical contractor licence to be relaxed.	The DF need not have Electrical license. but will have to engaged license electrical contractor.

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10	5.4. of RFP (Page No 26)	Last date of submission of bid is 20.04.2019	We are requesting the to extend the bid submission date for 2 weeks	Has been extended suitably.
11			Further we require data for: 1) Month wise data for IE, BE, BA & CA for FY 16-17, FY 17-18 and FY 18-19. 2) Breakup of Billing and Collection between HT, 3Ph and LT. 3) Breakup of Collection between cash and subsidy.	Under finalization.
12	Project Description 2.3 Objectives, Salient Features & Framework of Franchisee Proposal 2.3.2 Page No. 13	Term of Contract: 5-Years (60 months) with commitment of performance	Term of Contract: Minimum 10-Years (120 months) with commitment of performance, Reason/justification: 60 months period is very small for the feasibility of project for any bidder.	Revised term of Contract is 10 years(120 Months) with commitment of performance.
13	4.1 Qualification criteria Page No. 18	Not available at present	The Net worth of the Bidder shall be at least Rs.10 crores in the financial year prior to bid submission. Reason/justification: Since this project requires a lot of investment on the part of the franchise in the initial period, therefore the bidder must have sufficient financial resources.	TSECL intends to keep the provision unchanged.
14	4.1 Qualification criteria Page No. 18	Not available at present	The minimum average annual turnover for the past three financial years of the bidder must be Rs.50 crores. Reason/justification: Since this project requires a lot of investment on the part of the franchise in the initial period, therefore the bidder must have sufficient financial resources.	TSECL intends to keep the provision unchanged.
15	4.1.1 Page No. 20	The bidder has to submit his bid for all areas as specified in this bid. Failing which bid will be liable for rejection.	The bidder has to submit his bid for any or all of the DF areas. Reason/justification: This will ensure better management of each DF area and will improve the efficiency leading to higher revenues.	The bidder may submit his bid for one or more or all electrical division separately for each division specified in the RFP.

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16	4.2.2.3 Page No. 21 & 22	The Bidder, whose sum total score for all 5 DF area is maximum amongst the bidders in terms of the Net Present Value(NPV) of the revenue derived based on the annualized input rate at a discounted factor of 11 % and the estimated energy input for the period of 5 years provided in the exhibit 5, shall be selected as per the calculation given in the table below.	The Bidder, whose sum total score for the respective DF area is maximum amongst the bidders in terms of the Net Present Value(NPV) of the revenue derived based on the annualized input rate at a discounted factor of 11 % and the estimated energy input for the period of 10 years provided in the exhibit 5, shall be selected for that respective DF area as per the calculation given in the table below. Reason/justification: Since different bidders may quote better rates for different areas, this will increase the overall revenue for TSECL. Also this will provide a chance for more than one bidder to work in different areas, which will result in improved performance due to competition between the firms.	The revised stipulation under this clause will be "The bidder whose sumtotal score for each division is maximum/highest amongst the bidders for a division in terms of the Net Present Value(NPV) of the revenue derived based on the annualized input rate at a discounted factor of 11 % and the estimated energy input for the period of 10 years provided in the exhibit 5, shall be selected for that division as per the calculation given in the table below".
17	5.3.5 Page No. 25 & 26	The bidder shall be required to deposit earnest money of Rs. 1,18,37,892.00 in the shape of demand draft/ Bank Guaranty from any schedule bank guaranteed by Reserve Bank of India favoring TRIPURA STATE ELECTRICITY CORPORATION LIMITED payable at Agartala along with the bid in a separate sealed envelope clearly marked as Earnest Money Deposit on it, along with the Qualification Proposal.	The bidder shall be required to deposit earnest money of Rs. 25 lacs in the shape of demand draft/ Bank Guaranty from any schedule bank guaranteed by Reserve Bank of India favoring TRIPURA STATE ELECTRICITY CORPORATION LIMITED payable at Agartala along with the bid in a separate sealed envelope clearly marked as Earnest Money Deposit on it, along with the Qualification Proposal. Please allow submission of partial EMD depending on the number of DF areas quoted.	The amount of Earnest Money shall be @Rs.25.00 Lacs for each division as per revised provision in 5.3.5 of RFP(vide annexure-b).
18	Exhibit 5 Page No. 38	Format for Financial Proposal	Minimum benchmark input rates to be provided by TSECL.	Under finalization.
19	ANNEXURE 3 Page No. 49	List on Input Points for each <DF Area>	List of input points to be provided by TSECL.	Under finalization.
20	11.1 Page 77	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 <DISCOM> in the form of an irrevocable and unconditional BG from any nationalized bank or Scheduled Bank, for an amount equivalent to two months' estimated amount payable to <DISCOM> by Distribution Franchisee based on two months average energy input at Input Points in the Franchise Area during Financial Year [Base Year] and Rates quoted by the Distribution Franchisee for first year of Franchisee term.	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 <DISCOM> in the form of an irrevocable and unconditional BG from any nationalized bank or Scheduled Bank, for an amount equivalent to one month's estimated amount payable to <DISCOM> by Distribution Franchisee based on one month average energy input at Input Points in the Franchise Area during Financial Year [Base Year] and Rates quoted by the Distribution Franchisee for first year of Franchisee term.	TSECL intends to keep the provision unchanged.

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21			Along with this, we request you to extend the bid submission date as bidders will require time to visit DF areas and prepare their bids accordingly. In addition, due to general elections scheduled to take place later this month, it will be difficult to access all the areas and get relevant information from concerned officials. Hence, we request you to extend this bid submission by at least 6 weeks	Has been extended suitably.
22	Project Description 2.3.1 (i) Page 12	Reduction of AT&C Losses to 15% or less in the DF area within 5 years' time horizon on a sustainable basis	Reduction of AT&C Losses by 20% in the DF area within 5 years' time horizon on a sustainable basis. Reason/justification: Instead of 15% loss target, it is recommended that target may be fixed according to the Abraham Committee Report, as explained below. Annual AT&C loss reduction of 5%, 4% and 3% if AT&C loss is greater than 50%, between 40-50% and between 30-40%, respectively.	The revised Reduction of AT&C Losses to 12% or less in the DF area within 10 years' time horizon on a sustainable basis
23	Project Description 2.3.2 Page 13	The franchisee area starting from 11kV feeder input points to LT consumer level	The franchisee area starting from 33kV feeder input points (comprising of districts amongst: West Tripura including Agartala, Sepahijala, Gomati, South Tripura, North Tripura, Khowai, Dhalai, Unakoti) to LT consumer level. Reason: The Franchisee area starting from 33 kV feeder input points results in establishing a consolidated geographical & electrical boundary and therefore helpful in strategizing effectively for loss reduction.	TSECL intends to keep the provision unchanged.
24	Term of the Franchisee 2.6 Page -15	The term of the franchisee shall be for a period of five years (sixty months) from the effective date.	The term of the franchisee shall be for a period of twenty years (three hundred months) from the effective date. Instead, PPP mode (or) Deemed Licensee may be provided for a period of 25 years. Reason: Given the present scenario of prevailing very high loss levels in each division, it is recommended that the grant of DF operation should be for a period of at least 25 years in order to provide financial sustainability to the business. Furthermore, carving of deemed licensee through PPP mode for high loss making areas would yield better result in terms of loss reduction and improving consumer's service.	The revised term of the franchisee shall be for a period of ten years (one hundred twenty months) from the effective date.

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25	Qualification Criteria 4.1 (3) Page -18	The average net profit of the Bidder for the last three years shall be at least Rs.1 Cr. The Gross Cash Accruals of the Bidder shall be at least Rs.1 Cr. for last 3 financial years.	The turnover of the bidder shall be equivalent to at least one year of revenue of total franchisee area. The Bidder should have a minimum working capital of Rs. 25 Cr. during financial year ending on 31-Mar-2018. Reason/justification: It is pertinent that the prospective bidders should be financially capable to undertake such assignment. Working Capital as 30-40% of annual revenue of Company or 3 months of generated revenue is assumed to be ideal composition.	TSECL intends to keep the provision unchanged.
26	Financial Criteria 4.2.2.3 Page -22	The bidder, whose sum total score for all 5 DF area is maximum amongst the bidders in terms of the NPV of the revenue derived based on the annualized input rate at a discounted factor of 11 % and the estimated energy input for the period of 5 years provided in the Exhibit 5, shall be selected.	The exhibit-5 shows NPV calculation for 10 years, whereas, the term period of DF operation as specified as 5 years. Please clarify. Also, data for year wise estimated energy input is not provided in the RFP. Please provide Reason: Clarity on years of engagement and year wise approximate energy input is essential to arrive at the NPV figure	The revised stipulation under this clause will be "The bidder whose sumtotal score for each division is maximum/highest amongst the bidders for a division in terms of the Net Present Value(NPV) of the revenue derived based on the annualized input rate at a discounted factor of 11 % and the estimated energy input for the period of 10 years provided in the exhibit 5, shall be selected for that division as per the calculation given in the table below".
27	Format for Financial Proposal Exhibit 5 Page -38	The bidders are not allowed to quote annualised input rate below the minimum bench specified for each of the year by the TSECL in Exhibit 5.	Benchmark input rate is not provided in the RFP. This is essential for quoting the input rate appropriately by the bidders.	TSECL intends to keep the provision unchanged.
28	Event of Abandonment 3.3 Page -60	An event of abandonment shall not have been set to occur, if the cessation of operation has resulted from (i) an event of Force Majeure	If the contract is terminated due to any Force majeure event, TSECL shall pay to the agency for the outstanding debt and 100% of equity. Additionally, if the contract is terminated due to direct political Force Majeure (including but not limited to events such as expropriation/ takeover by the Government), an additional compensation to the extent of 20% of the equity should be provided to the vendor Reason/justification: Force Majeure clause should be adequately captured in RFP to enhance bankability of the project	TSECL intends to keep the provision unchanged.