

DRAFT TENDER DOCUMENT

RFP No: _____

Date: _____

ANDHRA PRADESH POWER FINANCE CORPORATION LIMITED

(A Govt. of Andhra Pradesh Undertaking)



Request for Proposal

for

**Planning and Implementing Power Supply Efficiency and
Consumer Service Improvement Model in Andhra Pradesh**

May 2020

Andhra Pradesh Power Finance Corporation Limited (APPFCL)

48-12-16, 2nd Floor, East Wing VidyutSoudha, Gunadala, Vijayawada - 520 004

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1. DISCLAIMER

The information contained in this Request for Proposal (“RFP”) document or subsequently provided to Interested Parties, whether verbally or in documentary or any other form by or on behalf of APPFCL or any of its employees or advisers, is provided to Interested Parties on the terms and conditions set out in this RFP and such other terms and conditions subject to which such information is provided.

This RFP is not an agreement and is neither an offer by APPFCL to the Interested Parties or any other person. The purpose of this RFP is to provide Interested Parties with information that may be useful to them in making their Request for Proposal (RFP) pursuant to this RFP. This RFP includes statements, which reflect various assumptions and assessments arrived at by APPFCL in relation to the proposal. Such assumptions, assessments and statements do not purport to contain all the information that each Interested Party may require. This RFP may not be appropriate for all persons, and it is not possible for APPFCL, its employees or advisors to consider the investment objectives, financial situation and particular needs of each party who reads or uses this RFP. The assumptions, assessments, statements and information contained in this RFP, may not be complete, accurate, adequate or correct. Interested Parties should, therefore, conduct their own investigations and analysis and should check the accuracy, adequacy, correctness, reliability and completeness of the assumptions, assessments, statements and information contained in this RFP and obtain independent advice from appropriate sources.

Information provided in this RFP is on a wide range of matters, some of which may depend upon interpretation of law. The information given is not an exhaustive account of statutory requirements and should not be regarded as a complete or authoritative statement of law. APPFCL accepts no responsibility for the accuracy or otherwise for any interpretation or opinion on law expressed herein.

APPFCL, its employees and advisors make no representation or warranty and shall have no liability to any person, including any Interested Party under any law, statute, rules or regulations or tort, principles of restitution or unjust enrichment or otherwise for any loss, damages, cost or expense which may arise from or be incurred or suffered on account of anything contained in this RFP or otherwise, including the accuracy, adequacy, correctness, completeness or reliability of the RFP and any assessment, assumption, statement or information contained therein or deemed to form part of this RFP or arising in any way in this Selection Process.

APPFCL also accepts no liability of any nature whether resulting from negligence or otherwise however caused arising from reliance of any Interested Party upon the statements contained in this RFP. APPFCL may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information, assessment or assumptions contained in this RFP.

The issue of this RFP does not imply that APPFCL is bound to select/appoint an Interested Party and APPFCL reserves the right to reject all or any of the RFPs without assigning any reason whatsoever.

Interested Parties shall bear all their costs associated with or relating to the preparation and submission of their RFPs including but not limited to preparation, copying, postage, delivery fees, expenses associated with any demonstrations or presentations which may be required by APPFCL or any other costs incurred in connection with or relating to their RFPs. All such costs and expenses will remain with the Interested Party and APPFCL shall not be liable in any manner whatsoever for the same or for any other costs or other expenses incurred by any Interested Party in preparation or submission of the RFP.

2. LIST OF ABBREVIATIONS

APEPDCL	Eastern Power Distribution Company of AP Limited
APERC	Andhra Pradesh Electricity Regulatory Commission
APPFCL	Andhra Pradesh Power Finance Corporation Limited
APSPDCL	Southern Power Distribution Company of AP Limited
AT&C	Aggregate Technical and Commercial
EOI	Expression of Interest
GoAP	Government of Andhra Pradesh
RFP	Request for Proposal
T&D	Transmission and Distribution

3. INTRODUCTION

- i. Andhra Pradesh Power Finance Corporation Limited (APPFCL) was incorporated as a Government Company under the Companies Act, 1956, on 12th July 2000 with 100% owned by Government of AP and commenced its business on 13th July 2000. APPFCL has also obtained registration from Reserve Bank of India as a Non-Banking Financial Company on 25th August 2000.
- ii. The main object of the Company is to support/augment the resources for financing the Power Sector Reforms in the State of Andhra Pradesh. As per the guidelines of RBI for Non-Banking Financial Companies net owned funds of Rs. 2.00 crores have been kept in the Fixed Deposit with State Bank of Hyderabad, Gunfoundry Branch, Hyderabad.
- iii. APPFCL has the mandate to raise funds through private placement of bonds. It is also responsible to ensure that timely payment of interest on the bonds as well as principal amount on the due dates. APPFCL follows the principle of financial prudence and exercises the Call Option in respect of bonds which have been raised at higher interest rate as compared to prevailing market rate.

3.1 PURPOSE OF RFP

- i. Power sector in Andhra Pradesh is going through a series of reforms with an objective to ensure affordable and reliable power supply for all. The state government has taken various initiatives like efforts for full capacity utilization & operations of conventional power plants, strengthening the T&D network, implementation of demand side management and energy efficiency measures and improving financial management of power projects including loan swaps, etc.
- ii. These initiatives have resulted in significant improvements in the AT&C losses of the state. However, there are wide variations in the reductions across various regions. As per the seventh integrated rating report of Ministry of Power released in October 2019, the average AT&C losses in one of the AP's Discoms was ~9.4% compared to ~17.4% in the other Discom.
- iii. The reason for such variations could be the demographic profile of the areas, network conditions and effectiveness, collection efficiencies, IT system interventions, etc. For large reforming states like Andhra Pradesh, it is prudent that the capital investments by the state utilities are prioritized.
- iv. Considering the same, APPFCL is planning to implement various initiatives, across APEPDCL and APSPDCL, in identified areas for improving the consumer satisfaction, reliability & quality of supply and simultaneously increasing the capital investments in system strengthening measures without additional investments by the state-owned utilities.
- v. For achieving above, APPFCL wishes to appoint an appropriate agency, having proven experience of achieving power supply efficiency & consumer service improvement, which can advise best suited model for implementation in Andhra Pradesh in selected areas.

3.2 INTERESTED PARTIES

APPFCL welcomes Request for proposal from reputed organizations (Private Limited Company or Public Limited Company)which have demonstrable experiences across various aspects of electricity distribution services including distribution loss reduction, implementation of energy efficiency measures, enhancing efficiency across metering & billing, reducing cost of power procurement, etc. and which can assist APPFCL in providing advisory services for planning and implementing *Power Supply Efficiency and Consumer Service Improvement Model* in identified areas of Andhra Pradesh as per the Terms of Reference mentioned in Chapter No.4 of this RFP.

If there are any queries on this RFP, the Interested Parties could send their queries via e-mail addressed to **appfcl@gmail.com**.

Queries pertaining to this RFP should have the subject line of the email as: *Queries_ Power Supply Efficiency and Consumer Service Improvement Model*, and should be send on or before **20-07-2020**.

APPFCL may or may not chose to respond such queries. Response to queries shall be shared with all the participants without responding to the source of queries.

4. GUIDELINES FOR THE REQUEST FOR PROPOSAL (RFP)

4.1 TERMS OF REFERENCE

APPFCL invites proposal from reputed organizations, operating in power trading, for providing advisory services to APPFCL for planning and implementing *Power Supply Efficiency and Consumer Service Improvement Model* in identified areas of Andhra Pradesh.

4.1.1 SCOPE OF WORK

The scope of work has been broadly divided into two tasks, given as follows:

- Task 1: Exploring probable options and assist in identification of feasible Model along with 'Pilot Area' for implementation of Model
- Task 2: Data Validation and Preparation of Detailed Project Report (DPR) for identified 'Pilot Area'

Task 1: Model Selection and Identification of 'Pilot Area'

(a) Data collection

- Under Task 1, the appointed Consultant shall collect the historical data, as mentioned below, for last five years on a circle/divisional level of one of the distribution company (to be selected in discussion with APPFCL).
 - Input Energy (MUs)
 - Consumer mix
 - Commercial data consisting of - Billed Energy (MUs), Revenue Assessed (in Rs.), Revenue Billed (in Rs.), Revenue Collected (in Rs), Arrears, Distribution Loss (%), Collection Efficiency (%) and AT&C Loss (%), any other relevant/required data.
 - Cost of Power Procurement (on a Discom level)

(b) Pilot area(s) identification

- After collection of data, the appointed Consultant would review & analyse the data and identify 3 priority areas (circles) in which proposed model could be implemented. The selection of areas shall be dependent upon various parameters such as level of losses, collection efficiency, availability of data, and consumer size, etc. For performing the assignment in mandated timelines, areas (circles) with a consumer size, in the range of 10-15 lakh consumers, could be considered.
- The identified areas (circles) shall be discussed with stakeholders including GoAP, APPFCL, and Discoms and one 'Pilot Area' (circle) would be identified for implementation of model.

(c) Model Selection

- Assist in exploring multiple options for achieving the envisaged benefits and selecting the best suitable option.
- Finalizing the targets to be achieved under the model such as consumer price reduction (electricity tariffs), consumer choice enhancement, utility loss reduction, service level improvement etc.

Task 2: Data Validation and Preparation of Detailed Project Report (DPR) for identified 'Pilot Area'

(a) Data validation

- After identification of one circle as a 'Pilot Area', the appointed Consultant shall visit the concerned offices of that Pilot Area to validate the accuracy and effectiveness of the data collected.
- The appointed Consultant would be validating the digital form of data with the hard copies of the data registers/ logbooks, maintained by the divisional or sub-divisional offices, for accounting of energy sales, collection, and billed data.
- Adequate sample size would be validated by the appointed Consultant. The variations as observed shall be extrapolated on the digitalized data to arrive at corrected figures for commercial data related to energy and revenue.
- The appointed Consultant would also be assessing various existing practices, being implemented in the 'Pilot Area' for improving supply efficiency and customer satisfaction.

(b) Finalize Service Level Agreements (SLA)/ Financial Plan

- In consultation with Discom officials and other stakeholders, the appointed Consultant would be assessing the SLAs and other parameters
- Finalize financial plan for DISCOM including the period during which the utility will break-even.
- Prepare a consumer choice and price reduction implementation plan

(c) DPR preparation

- Basis the field visits and interactions with various stakeholders, a Detailed Project Report (DPR) shall be prepared for the 'Pilot Area', detailing the process for implementation, potential benefits of the proposed model, proposed targets, and expected investments etc.
- The DPR shall include following:
 - Validated commercial data sets for identified pilot
 - Target setting
 - Various probable models for implementation and analysis of all models with their pros and cons.
 - Roles and responsibilities - Identification of the technical and commercial activities to be carried out under the Model.
 - Risk sharing. Design of the commercial transaction framework including the risk sharing structure and identification and assessment of various types of risks.
 - KPIs. Identification of key performance parameters under the Model, including Quality of Service & Quality of Supply parameters and development of an MIS linked to this performance parameters.
 - Financial model. Comprehensive financial modelling for performing the cost-benefit analysis for determination of Cash Flows, Net Present Value (NPV) for the stakeholders from the project.
 - Responsibilities of stakeholders.
 - Billing and payment mechanisms.
 - Develop the procedure for maintaining cash & revenue and security thereof to eliminate the pilferage/misuse of the revenue.
 - Tariff Indexation.
 - Human Resource management.
 - Offices and asset management.
 - Audit and Inspection framework.

- Arrear recovery modalities.
- Probable 'To-Be' practices for improving supply efficiency and customer satisfaction.
- Implementation roadmap preparation and framework.

4.1.2 PROJECT TIMELINES

The project timelines, for completing both the tasks, as mentioned above in 4.1.1, is three months from the receipt of Letter of Award (LoA) from APPFCL. Any delay would lead to levy of penalties. This is a lumpsum quote and not monthly values. Any extension beyond the project timelines require specific approval of the APPFCL and the company reserves its right to decide on the payment terms for any extensions so granted.

4.1.3 ELIGIBILITY CRITERIA FOR SUBMISSION OF RFP

Considering this being a strategic assignment, APPFCL wishes to appoint an agency of repute, having relevant experience and proven credentials across various aspects of electricity distribution services including distribution loss reduction, implementation of energy efficiency measures, enhancing efficiency across metering & billing, reducing cost of power procurement, etc., for help achieving the envisaged benefits. No Joint ventures will be permitted. For this, the eligibility criterions w.r.t technical and financial capacities for the Consultants are provided below:

4.1.3.1 TECHNICAL CAPACITY

- i. Regarding improvement in power supply efficiency, the Interested Party should have experience in supporting government utility/ (ies) in the following areas:
 - a. Improvement in quality and reliability of power supply
 - b. Management of power portfolio
 - c. Analysis of power purchase contracts
 - d. Distribution loss reduction studies
 - e. Implementation of energy efficient measures
 - f. Optimum scheduling of power, and
 - g. Implementation of measures for achieving reduction in the cost of power procurement.
- ii. Regarding improvement in customer satisfaction, the Interested Party should have experience in supporting government utility/ (ies) in the following:
 - a. Planning, and establishing customer call centres
 - b. Developing & implementing software(s) for achieving efficiencies across various distribution services such as metering & billing
 - c. Preparation of DPR (s), and
 - d. Management of regulatory compliances including preparation of regulatory petitions for various matters, etc.

4.1.3.2 FINANCIAL CAPACITY

- a) The Interested Party should have a minimum Net-Worth of INR 100/- crores (Rupees Hundred Crores only) in each of the preceding 3 financial years to FY 2019-20.
- b) The Interested Party should have its registered office in India.

The following documents may be used to establish the eligibility: -

- a) To establish Technical Capacity, the Interested Party shall submit the Work Orders/ Completion Certificates/ Client Credentials/ other supporting documents to demonstrate compliance to eligibility criterions.
- b) To establish Net Worth, Interested Party shall submit the Net-Worth Certificate provided by the Statutory Auditor of the Interested Party, format for which is provided in Annexure – 3 of this RFP.
- c) The Interested Party should enclose its Certificate of Incorporation to its RFP.

4.1.4 PROCEDURE FOR SUBMISSION OF RFP

- a) Interested Parties can submit their RFP along with requisite information in the prescribed formats provided in Chapter No. 5 of this RFP in soft copy, via tender.apeprocurement.gov.in, on or before the deadline, which is **24-07-2020**.
- b) Responses to this RFP should have the subject line of the email as: RFP_ Power Supply Efficiency and Consumer Service Improvement Model and should be addressed to **Managing Director/ APPFCL, Vijayawada, Vidyut Soudha, Gunadala, Vijayawada - 520004, Office landline: 0866 - 2429226** and copied to **NIL**. APPFCL reserves the right to accept or reject any RFP at any stage without assigning any reasons thereof.
- c) The RFP should be accompanied with a statement of relevant financial information provided in the form of Audited Annual Financial Statements of the respondent for last three financial years, i.e., FY2018-19, FY2017-18 and FY2016-17.
- d) Language for submission of document shall be English.
- e) Any component of the format provided in Annexure-I, which is not applicable to the respondent, should be written as “Not Applicable”.
- f) All costs incurred by respondents in connection with submission of RFP shall be borne by respondents themselves.
- g) All pages of the RFP should be signed and sealed by authorized signatory of the Interested Party.
- h) APPFCL reserves the right to cross check and confirm the information/ details furnished by the respondents in their RFP.
- i) All information submitted by the Interested Party through RFP will be kept strictly confidential by APPFCL and will not be shared with any other party, however, APPFCL takes no responsibility of any leak of information during the process or otherwise. Interested Parties are requested not to share any propriety information in their RFPs.

- j) APPFCL reserves the right to use information received in the RFPs for further development of the project. Mere fact of submitting an RFP, however, shall not confer any right on the parties to preferential treatment at the subsequent selection stage.
- k) If any of the mandatory information such as Feasibility Report at Annexure-IV or proof documents which is requested as part of this RFP, is not made available to APPFCL by the Interested Party, then that Interested Party's RFP shall be rejected.

4.1.5 AMENDMENTS

At any time prior to the deadline for submission of RFP, APPFCL may, for any reason, whether at its own initiative or in response to clarifications requested by any Interested Party, modify the RFP document by the issuance of addendum/corrigendum.

5. ANNEXURE

5.1 ANNEXURE – I: LETTER OF TRANSMITTAL (to be submitted on applicant’s letterhead)

To,

Andhra Pradesh Power Finance Corporation Limited (APPFCL)
48-12-16, 2nd Floor,
East Wing VidyutSoudha,
Gunadala, Vijayawada – 520 004,
Andhra Pradesh, India

Sub: Submission of Request for Proposal for _____

Sir,

Having examined the details given in the RFP notice for the above-mentioned project, I/We hereby submit our Request for proposal and the relevant information.

1. I/We hereby certify that all the statements made in the information supplied in the enclosed form and the accompanying statements are true and correct.
2. I/We have furnished all the information and details as necessary for RFP and have no further pertinent information to supply.
3. I/We also authorize APPFCL or their authorized representatives to approach individuals, employers, and firms to verify our competence and general reputation.
4. I/We submit the following certificates in support of our suitability, technical know-how and capability along with the prescribed format.
5. We understand that APPFCL will be at liberty to finalize project parameters and issue RFP for the project as may be deemed fit by it.

Signature(s) of Applicant(s)

Seal of Applicant:

Date of Submission:

5.2 ANNEXURE – II: FORM

Name of the Firm (s)									
Address for Communication									
Contact Person (s)									
Company Registration Number (CIN) & Date of Registration									
<p>Status of the firm</p> <p>Central Govt. Undertaking/ State Govt. Undertaking/ State Industrial Govt. Corp./ Cooperative Undertaking/ Joint Sector Undertaking/ Private Sector Undertaking/ Individual Promoter/ Foreign/ NRI/ OCB Company/ Foreign/ NRI individual/ Partnership Firm/ Any other (please specify)</p>									
<p>Business Details</p> <p>(Please attach a write-up on core operation of your business along with information on projects implemented pan India, pertaining to power distribution as applicable)</p>									
<p>Financials of the Firm (in INR crore)</p> <p>(Please attach the copies of the Audited Annual Financial Statements of the applicant for last three years)</p> <p>*Note: The firm should have a minimum Net-Worth of INR 100/- crores (Rupees Hundred Crores only) in each of the preceding 3 financial years to FY 2019-20.</p>	<table border="1"> <thead> <tr> <th>Parameter</th> <th>FY17</th> <th>FY18</th> <th>FY19</th> </tr> </thead> <tbody> <tr> <td>Net Worth</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Parameter	FY17	FY18	FY19	Net Worth			
Parameter	FY17	FY18	FY19						
Net Worth									
Please attach a write-up on your interest and approach for the opportunity under discussion									

5.3 ANNEXURE - III: NET-WORTH CERTIFICATE

NET-WORTH CERTIFICATE
(To be submitted on the letterhead of the Statutory Auditor)

Sl. No.	Financial Year	Net-Worth (in Rs. Crore)
1	2016-17	
2	2017-18	
3	2018-19	

Certificate from Statutory Auditor

This is to certify that (name of the Applicant) had the above net-worth at the close of each of the 3 preceding financial years

Name of the audit firm:

Seal of the audit firm:

Date:

(Signature, name and designation of the authorized signatory of the statutory auditor)

Note: In case the applicant does not have a statutory auditor, it shall provide the certificate from its chartered accountant that ordinarily audits the annual accounts of the Applicant.

EMD-details for rupees 10,000/-

Name of the bank	Instrument number	Date

5.4 ANNEXURE – IV: PRICE BID SUBMISSION

PRICE/ FINANCIAL BID DOCUMENT

PRICE BID UNDERTAKING

From: (Full name and address of the Bidder) _____

To

Managing Director,
Andhra Pradesh Power Finance Corporation Limited

Dear Sir/Madam,

I submit the Price Bid for _____ and related activities as envisaged in the Bid document.

2. I have thoroughly examined and understood all the terms and conditions as contained in the Bid document, and agree to abide by them.
3. I offer to work at the rates as indicated in the price Bid, exclusive of GST.

Yours faithfully

Signature of Authorized Representative

5.5 ANNEXURE – V: UNDERTAKING

UNDERTAKING BY THE BIDDER

1. I/We undertake that my/our firm M/s..... has not been blacklisted by any Govt. Department / Public Sector Undertaking/Autonomous Body.
2. I..... Son/Daughter/Wife of Shri.Proprietor/Partner/Director/Authorized signatory of M/s am competent to sign this declaration and execute this tender document.
3. I have carefully read and understood all the term and conditions of the tender and undertake to abide by them.
4. The information /documents furnished along with the above application are true and correct to the best of my knowledge and belief. I/We,am/are well aware of the fact that furnishing of any false information / fabricated document would lead to rejection of my tender at anystage besides liabilities towards prosecution under appropriate law;
5. I understand that in case any deviation is found in the above statement at any stage, my concern / firm / co . shall be blacklisted and shall not have any dealing with the Department in future.
6. I / We certify that all information furnished by the our Firm is true & correct and in the event that the information is found to be incorrect/untrue or found violated, then your department/ organisation shall without giving any notice or reason therefore or summarily reject the bid or terminate the contract , without prejudice to any other rights or remedy including the forfeiture of the full earnest money deposit absolutely

Yours Faithfully,

(Signature of the Bidder, with Official Seal)