

F. No.367-11/3/2019-GEC
Government of India
Ministry of New and Renewable Energy
Green Energy Corridor Division

Block-14, CGO Complex, Lodhi Road,
New Delhi-110003; Date: 14th December 2021

Subject: Procedure for examination of requests/proposals of State Transmission Utilities regarding ‘Quantity Variation’ for the projects approved under Green Energy Corridor.

1. Introduction

1.1 The Cabinet Committee of Economic Affairs (CCEA) approved the creation of intra-state transmission system under Green Energy Corridor (GEC) scheme in the state of Andhra Pradesh, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Tamil Nadu at a total estimated cost of Rs 10141.68 crore with central financial assistance (CFA) @ 40% of project cost, i.e. Rs.4056.67 crore. The implementing agencies are the respective State Transmission Utilities (STUs).

1.2 The CFA is given to the States @ 40% of DPR Cost or Awarded Cost whichever is lower – calculated for each package separately. The CFA is released in two instalments: (i) 70% advance on award of work and (ii) 30% after commissioning. As per the Scheme guidelines, the STUs submit their grant claims to CEA which appraise the proposals and submits its recommendation report to MNRE. The proposal of STU for release of CFA is considered in the Project Appraisal Committee (PAC) constituted by MNRE based on CEA’s recommendation. The PAC recommends the grant cases to MNRE for release of funds and also the time extension proposals of the States.

1.3 It has been noted that there have been cases of quantity variation in the projects as seen from the grant claims submitted by the STUs to CEA for balance 30% CFA component after commissioning of the projects. Therefore, it was decided in the meeting of PAC held on 22.07.2021 in MNRE to frame a procedure for the approval of quantity variation in the transmission projects under GEC scheme.

2. Procedure for Quantity Variation:

2.1 The rule no. 141 of GFR-2017 states that:

“Review of Projects. After a project costing Rs. 100 crore or above is approved, the Administrative Ministry or Department will set up a Review Committee consisting of representative each from the Administrative Ministry, Finance (Internal Finance Wing) and the Executing Agency to review the progress of the work. The Review Committee shall have the powers to accept variation within 10% of the approved estimates. For works costing less than Rs. 100 crore, it will be at the discretion of the Administrative Ministry/Department to set up

a suitable mechanism for review and acceptance of variation within 10% of the approved estimates.”

2.2 Accordingly, quantity variation and new items upto 10% of the approved cost (i.e. the cost at which the CFA has been calculated, i.e. DPR cost or Awarded cost: whichever is lower) may be allowed, for each package separately, subject to the following:

- a. The quantity variation will be considered for the same transmission element as per the sanction of MNRE, i.e. quantity variation at the sanctioned substation or increase in length of sanctioned transmission line, etc.
- b. The items considered for quantity variation should be the same as per the sanctioned project's bill of quantities i.e. BOQ (example: if a transformer has been sanctioned, it cannot be replaced by a reactor).
- c. The proposal for quantity variation must be submitted by STUs with detailed technical justification.
- d. The approval of the Board of the STU must have been accorded before submission of the quantity variation proposal to CEA/MNRE.
- e. The project cost due to quantity variation would be capped at the DPR cost of the package, i.e.
 - (i) if the DPR cost is lower than the Awarded cost, no quantity variation would be allowed beyond the DPR cost of the package; and
 - (ii) if the Awarded Cost is lower than the DPR Cost, quantity variation of up to 10% would be allowed subject to the upper ceiling of DPR cost of the package.

2.3 It may be mentioned that with quantity variation of all packages in a State, the total CFA for a particular State shall be limited to the CFA as approved by the CCEA for that particular State and indicated in the Ministry's sanction order dated 30.09.2015. Any additional costs shall be borne by STUs.

2.4 The proposal for quantity variation must be submitted by the STUs for each package separately, to Chief Engineer (PSPA-I), CEA with copy to Joint Secretary/Scientist 'G' (Green Energy Corridor), MNRE.

2.5 CEA would examine the proposals on case to case basis and submit its recommendation report to MNRE. All such requests from STUs would be disposed off within six (6) weeks of receipt of the quantity variation proposal by CEA.

2.6 The PAC (Project Appraisal Committee) recommends the grant cases to MNRE for release of funds. Therefore, the CEA's recommendation report for quantity variation would also be considered in the PAC for its recommendation. A representative from Integrated Finance Division (IFD) of MNRE would be invited to the meetings of the PAC.

2.7 Thereafter, the proposal would be considered in MNRE based on the recommendations of CEA and PAC.

3. As the preparation of proposals take time, the STUs shall inform MNRE and CEA regarding the quantity variation (for each package) immediately after its Board's approval. Further, all the quantity variations done by the STUs till date, must be informed to MNRE and CEA within 1 week of the issue of this procedure (package-wise).
