

*[This MoA is to be executed on Non-Judicial Stamp Paper of Rs 200/-]*

**TRIPARTITE MEMORANDUM OF AGREEMENT**

**AMONGST**

**Power Finance Corporation Limited, the Nodal Agency on  
behalf of Ministry of Power, Government of India**

**AND**

**State Government,**

**AND**

**Power Utility**

**For Implementation of Integrated Power Development Scheme**

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**This TRIPARTITE MEMORANDUM OF AGREEMENT** (hereinafter referred to as the  
“Tripartite Agreement”) is made this ..... day of .....20....

**BY AND AMONGST**

Power Finance Corporation Limited, A Government of India Undertaking, having its  
Registered Office at Urjanidhi, 1, Barakhamba Lane, Connaught Place, New Delhi -  
110001 (hereinafter referred to as “**Nodal Agency**” or “**PFC**”) part on behalf of Ministry  
of Power, Government of India, which expression shall unless it be repugnant to the

subject or context thereof, include its successors and assigns, of the **FIRST PART**;

**AND**

State Government of ..... (hereinafter referred to as "**State Government**") which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns, of the **SECOND PART**

**AND**

..... [*Power Utility*] having its Head/Registered Office at ..... (hereinafter referred to as "**Power Utility**") which expression shall unless repugnant to the context or meaning thereof includes its successors and assigns) of the **THIRD PART**.

The Nodal Agency, the State Government, and the Utility are hereinafter also referred to collectively as the "**Parties**" and individually as the "**Party**".

WHEREAS the **Central** Government has launched **Integrated Power Development Scheme** (hereinafter referred to as "**IPDS**") as a Central Sector Scheme to strengthen Sub-transmission and Distribution network in urban areas (Statutory Towns as per Census 2011); metering of distribution transformers / feeders / consumers in urban areas; continuing IT enablement of distribution sector and distribution network strengthening for ongoing RAPDRP scheme in accordance with Order No.26/1/2014-APDRP dated 8<sup>th</sup> July 2013 regarding continuation of R-APDRP in 12<sup>th</sup> and 13<sup>th</sup> Plan and applicable guidelines by subsuming the same in IPDS and provisioning of solar panels on Govt. buildings including Net-metering under IPDS (hereinafter referred to as the "**Project**") on the terms & conditions contained in the Order No.26/1/2014-APDRP dated 3<sup>rd</sup> Dec. 2014 and IPDS Guidelines issued by Ministry of Power on 31<sup>st</sup> Dec 2014.

AND WHEREAS the Beneficiary Utility/State Power /Energy Department undertakes to seek full authorization by way of its Resolution passed in subsequent meeting of its Board /State Govt. order to implement the said Project / IPDS on the said terms and conditions to the satisfaction of the Government of India /Nodal Agency.

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO as follows:

**1.0** This **Tripartite Agreement** signed between (a) Power Finance Corporation Limited, the Nodal Agency on behalf of Ministry of Power, Government of India; (b) State Government and (c) Power Utility for implementation of Integrated Power Development Scheme shall be implemented by the Utility in letter and

spirit. The Central Government will monitor implementation of the precedent conditions agreed to upon in this Tripartite Agreement before releasing funds through Nodal Agency.

- 1.1 This Tripartite Agreement shall be read in accordance with the provisions of IPDS Guidelines issued by Ministry of Power on 31<sup>st</sup> Dec 2014 including any further amendments, notifications etc. thereto, and on the Terms and Conditions herein set out. The said IPDS Guidelines shall form an integral part of this agreement as Annexure – 'A' as if fully set forth hereunder and all the terms and conditions set out in the said Integrated Power Development Scheme Guidelines shall be binding on the Parties hereto.
- 2.0 The **Central Government** has designated Power Finance Corporation as the **Nodal Agency** vide Order of Ministry of Power dated 3<sup>rd</sup> Dec 2014, for implementation of IPDS programme, under the guidance of Ministry of Power (MoP).
- 2.1 The **Central Government** shall issue the guidelines and modalities of formulating/ implementing projects under the programme from time to time.
- 2.2 The **Central Government** through Ministry of Power / Monitoring Committee is empowered to:
  - a) Approve operational guidelines including scope of work and to take necessary policy decisions for operationalization of various components of the scheme and amendments thereof, within the framework approved by CCEA.
  - b) Sanction of DPRs/ Projects, monitoring and review of implementation of scheme.
  - c) Grant extension of time for project execution due to circumstances beyond control based on merit in exceptional cases, on a case to case basis, provided there is no cost overrun.
  - d) Approve modalities and guidelines for implementation of data hub at CEA.
  - e) Approve additional grant to States on achievement of specified outcomes.
  - f) Exercise powers vested with the Steering Committee constituted in terms of OM No. 14/3/2008-APDRP dated 24.09.2008, in respect of issues pertaining to the implementation of R-APDRP Scheme now subsumed under IPDS.
  - g) Approve guideline for payment of fee to Nodal Agency as well as for supporting/ enabling activities.
  - h) Make necessary provision in respective annual budgets and Release Grants to Nodal Agency as per IPDS Guidelines for onward release to beneficiary utilities upon compliance of conditionalities.
  - i) Recall the grant (if not recovered otherwise) by way of deduction from Central Plan Allocation of the State in case of non-compliance of IPDS guidelines/this agreement or poor progress resulting to short-closure/cancellation

### **3.0 Nodal Agency**

PFC will act as a single window service under IPDS for operationalization and thus will assist the Utilities in implementation of the scheme and achieving scheme objectives.

- 3.1** PFC will appraise the projects and duly recommend the same for approval of the Monitoring Committee chaired by Secretary (Power), Ministry of Power, Govt. of India.
- 3.2** Issue guidelines, formats, advisories, Best Practices, Procurement Policy, Standard Bidding Document and Technical Specifications etc. required for implementation of the project from time to time
- 3.3** Coordinate with the main stakeholders such as MoP, Monitoring Committee, Central Electricity Authority, utilities and consultants, if any
- 3.4** PFC shall release the GOI grant under IPDS to beneficiary utilities following IPDS guidelines, administer the Grant Component.
- 3.5** PFC will monitor the implementation of projects sanctioned under the scheme by periodic review with utility against identified milestones & deliverables including physical and financial progress and generate exception reports for the consideration of MoP.
- 3.6** The GoI funds under the programme will be provided to the State Power Utility/ Distribution Company/Other agency through PFC, the Nodal Agency. Budget provision for the requisite funds shall be made annually by MoP, GoI.
- 3.7** Based on Utility's request, PFC will be providing counterpart funding of the schemes covered under IPDS. Release of additional grant shall be examined by PFC irrespective of source of loan funding on achievement of identified milestones.
- 3.8** PFC shall make arrangements for Monitoring Committee meetings, workshops / seminars etc. under guidance of MoP for capacity building of utilities and for disseminating information on best practices in electricity distribution and arranging publicity of the scheme etc.
- 3.9** In case the utility fails to refund the grant in case of Pre-closure as per Guidelines, the Nodal Agency shall have the right to adjust the already released grant against future releases of grant pertaining to other approved projects under the scheme. If there are no such eligible future releases, the same shall be adjusted against the Central Plan Assistance for the state by Govt. of India.
- 3.10** PFC will develop a dedicated web portal for submission of DPRs and for maintaining the MIS of the projects
- 3.11** PFC may engage Consultants/Consulting agencies for some or all of the activities, as and when required for effective and smooth implementation of the

scheme. Nodal agency shall engage Third Party Concurrent Evaluation Agency (TPCEA) for Concurrent and post implementation Evaluation of the scheme.

- 3.12** PFC shall carry out IPDS enabling activities under the guidance of MoP viz. creating awareness through workshops, seminars, interaction with stakeholders, program publicity and promotion/ inauguration, Consultancy, legal services, Consumer engagement, New technologies on experimental basis, evaluation studies, experience sharing/ study tours, Webinar/ knowledge sharing Forum, Third Party Concurrent Evaluation Agency (TPCEA-quality monitoring of works, field inspections) etc. , all expenses towards such enabling activities shall be reimbursed by MoP to PFC out of the provision of 0.5% of project cost. In addition, expenses towards IPDS and R-APDRP related monitoring visits, auditors visits to states (Internal Audit Wing of MoP), Functions/Publicity Campaign/ Project Inauguration/Consumer Interaction/VIP visits /meetings, expenses, office equipment /software/storage media, vehicle hire charges, printing, hiring of temporary secretarial staff, reimbursement of travel expenses of Utility officials by entitled class /mode from NER region and J&K for attending review meetings /seminars /conferences/ workshops /experience sharing etc. shall also be reimbursed by MoP to PFC out of the aforesaid provision of 0.5% of project cost.
- 3.13 Training and Capacity Building:** With a view to improve upon the competency and efficiency of Utility personnel training and capacity building shall be undertaken by Nodal Agency for which details will be issued separately by Nodal Agency. Broad thrust area for Training & Capacity Building shall be Technical, Behavioral, Management, Commercial, Efficiency improvement, IT, Solar etc. Awareness Workshops on IPDS, Best Practice Workshops/ Conferences etc. shall also be instruments for dissemination of knowledge. Stakeholders shall also be exposed to latest developments and global best practices in sub-transmission & distribution, metering, SCADA, loss reduction, theft and pilferage control etc. in India and abroad for effective implementation of the scheme. Nodal Agency shall also develop methodology for operationalization of training & capacity building.
- 3.14** PFC will continue to publish utility wise AT&C loss data in “Report on Performance of State Power Utilities” and submit the same to MoP annually as per practice. PFC will assess reduction in AT&C losses as per Utility wise loss reduction trajectory finalized in consultation with State Governments.
- 3.15** PFC shall compile the data for upfront release of grant by state government to Utilities against admissible subsidy.
- 3.16** PFC shall open a separate Bank account (IPDS Account) for release of funds by Ministry of Power and for onward release to the beneficiary utilities /State Governments. Refunds (if any) by utilities /State Governments shall also be made in this account.

**4.0** The **funding mechanism** under the scheme shall be as per IPDS Guidelines.

**5.0** The **grant support from budget** of Ministry of Power and the additional grant shall be released as per the IPDS Guidelines.

## **6.0 Obligations/ Commitments of State Govt. & Utility**

### **6.1 The State Govt. undertakes to comply the following**

- a) to extend the role of the existing DRC for R-APDRP projects to empower the committee for recommendation of projects under IPDS after ensuring that there is no duplication / overlapping of works with any other Gol scheme like R-APDRP, RGGVY, DDUGJY, NEF etc.;
- b) To facilitate the utility to bring in own contribution as well as loan from lenders as per the financing plan of the scheme and arrange the Minimum contribution to Utility(s) @ 10% (5% in case of Special Category States) as per phasing in IPDS Guidelines in case the utilities are not able to bring the fund.
- c) To commit for adjusting any excess release made earlier (to limit the subsidy amount to 60% of the completed project cost), in case utility fails to refund
- d) To make upfront release of admissible revenue subsidy annually based on metered consumption.
- e) To provide support on policy issues on distribution of power in the state;
- f) To provide required land for sub stations and facilitate in obtaining other statutory clearances (ROW, forest etc.)
- g) To submit details regarding coverage of optic fibre missing links as per the provision of the scheme and ensure implementation of NOFN component
- h) Commit to refund grant component released to Utility in case of non-compliance of IPDS guidelines/this agreement or poor progress resulting to short-closure/cancellation, MoP, *Gol/PFC reserves the right to recall the grant (if not recovered otherwise) by way of deduction from Central Plan Allocation of the State'* and by signing this Agreement State Government unconditionally agrees for such deduction from Central Plan Assistance of the State.
- i) To fund cost overrun /cost escalation due to price variation of projects, if Utilities fail to arrange funding for the same from own/other sources.
- j) All obligations /terms and conditions and amendments /modifications from time to time of R-APDRP (now subsumed in IPDS) Quadripartite Agreement, MoAs, guidelines.

- k) All obligations /terms and conditions and amendments /modifications from time to time of IPDS guidelines.

## **6.2 The Utility undertakes to comply the following**

- a) Preparation of NAD/DPRs for Distribution works/ERP/NOFN etc and online submission of bankable DPRs duly recommended by the Distribution Reforms Committee (DRC) to the Nodal Agency;
- b) Implementation of the scheme within the scheduled completion period as per guidelines;
- c) Establishment of a dedicated project implementation cell at field & HQ levels
- d) To Appoint a Project Management Agency (PMA) through open bidding as per their policy/guidelines or CPSUs for various activities including monitoring of projects and ensuring timely implementation of the project (common PMA for IPDS and DDUGJY projects being implemented by them may be appointed for coordination, operational efficiency and cost optimization).
- e) To bear expenditure on PMA beyond Grant funding for PMA i.e. 0.5% of cost of work approved by Monitoring Committee
- f) To Consult with the public representatives including Member of Parliament while formulating the DPRs and shall furnish a certificate to this effect while submitting DPRs to Nodal Agency.
- g) In case the award cost is more than the project cost approved by Monitoring Committee, the concerned state/utility should exercise the option to raise additional funds from its own resources or through commercial borrowing to complete the work.
- h) To nominate a senior officer, normally of the rank of Chief Engineer/General Manager/Superintending Engineer or above, as the Nodal officer. The Nodal officer shall be responsible for providing all necessary information including physical & financial progress related to the projects, arrange to get relevant orders/clearances from the state Govt. enhance level of awareness and redress grievances of public & public representatives in the project areas. In addition to the Nodal officer, Utility shall also designate a senior officer from Finance discipline at its headquarter to oversee the implementation of the accounting system.
- i) To arrange for 30% (10% in case of Special Category states) of the project cost as loan /from own sources and the remaining 10% (5% in case of Special Category States) of project cost from own sources as per phasing in IPDS Guidelines.

- j) Opening of a designated programme account in nationalized bank having E-banking facility for IPDS, where in all the funds from Govt. of India, shall be routed. The nature of Programme account shall be current account with CLTD (Corporate Liquid Term Deposit) facility. All project related payments to the contractors/agencies by Utility shall be done directly from the dedicated bank account and in no case Utility shall open any other bank account under IPDS. MoP/PFC shall have the view right of Utility account.
- k) To formulate a comprehensive Quality Assurance (QA) and Inspection Plan with an objective to build a quality infrastructure under IPDS works as per IPDS Guidelines. The Utility shall ensure that the quality of material/equipment supplied at site and field execution of works under the project is in accordance with Quality Assurance & Inspection Plan. The implementation of the scheme in a particular district will be reviewed periodically during meeting of District Vigilance and Monitoring Committee.
- l) To furnish a Project Completion Certificate as per guidelines signed by Head of Discoms /Secretary (power/energy) in case of Power Dept., which shall contain the information regarding date of completion, details of major items of works approved and completed, justification for non-completion or shelving of any project component, expenditure against the project with item wise breakup certified by a practicing Chartered Accountant (CA) etc.
- m) Utilities receiving funds under IPDS are to be registered / mapped in PFMS. PFC/Programme Division of Ministry of Power may ensure that all utilities to which funds are to be released are properly registered/ mapped in PFMS.
- n) To enter details like receipts, expenditures, etc in Public Fund Management System (PFMS) portal. In case of non-entering desired details in PFMS portal, banks may not consider release of funds to Contractors.
- o) To submit utilization certificates (UC) for the funds released during the financial year and the utilization thereof in prescribed format, latest by 30<sup>th</sup> April of succeeding year. Release of further fund to the state utilities will be subject to submission of UC in the prescribed format. The UC shall provide the physical progress/achievements also apart from financial utilization.
- p) To ensure that IPDS fund shall not be invested in any other bank/branch, whether for short term or medium term, including fixed deposits and any interest earned on IPDS capital subsidy/grant shall be remitted to Ministry of Power's bank account on regular basis and at least once in a quarter
- q) All obligations /terms and conditions and amendments /modifications from time to time of R-APDRP (now subsumed in IPDS) Quadripartite Agreement, MoAs, guidelines.



- r) All obligations /terms and conditions and amendments /modifications from time to time of IPDS guidelines.
- s) Metering of all Sub-stations, Feeders, Distribution Transformers and Consumers
- t) Ring fencing of Statutory Towns with population more than 5000
- u) Submission of updated progress of the project, financial details etc to the Nodal Agency including its periodic updation on the web portal;
- v) Submission of any other related information to the Nodal Agency, as and when required.

## **7.0 General terms and conditions**

- i. The projects shall be awarded and implemented within the time frame as per guidelines on turn-key basis through e-tendering in accordance with the prescribed Procurement Policy, Standard Bidding Document and Technical Specifications.
- ii. Projects under the scheme shall be completed within a period of 24 months from the date of issue of Letter of Award (LoA) by the utility. For execution on partial turnkey/departmental basis, approved by the Monitoring Committee, project needs to be completed within 30 months (24 months for implementation and 6 months for placement of awards for supply and services i.e. erection) from date of communication of the approval of the Monitoring committee.
- iii. No cost escalation shall be admissible for the schemes sanctioned under IPDS. Any additional cost on any account whatsoever to complete the project shall not be eligible for any grant and shall be borne by utility/ respective State Government.
- iv. In case the utility fails to award the project within nine months of release of 1<sup>st</sup> tranche i.e. 10% the project will be deemed as closed/ cancelled and the grant component released shall be refunded by the utility within three months.
- v. The funds under the programme will be provided to the State Power Utility/ Distribution Company through PFC, the Nodal Agency. Budget provision for the funds shall be made annually by MoP, GoI.
- vi. IPDS being a Government of India program, the fund flow shall be done through Public Fund Management System (PFMS).
- vii. PFC / Utilities shall submit status of unspent Capital subsidy/grant lying with them to Ministry of Power on quarterly basis.
- viii. State Governments and Utility will work with the concerned regulator to ensure that a part of the financial benefits arising out of the AT&C loss

reduction are also passed on to the consumers of the project area.

- ix. The Utility agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by the Central Govt./ Nodal Agency at any time during the pendency of this Agreement, more fully and effectively securing the moneys due and payable or to become due and payable by the Beneficiary Utility to the Central Govt. in terms of these presents. Monitoring Committee's sanction of projects under IPDS communicated by the Nodal Agency through Sanction Letter(s) shall be accepted by the Utility /Department and shall form part of this Tripartite Agreement.
- x. Funds provided to the Utility under IPDS shall not be diverted for any other scheme or purpose.
- xi. In the event of a default on the part of the Utility or any breach of the terms and conditions of these presents between the parties to these presents, the Utility shall be liable to pay through Nodal Agency, all costs, charges and expenses incurred/to be incurred by the Central Govt./ Nodal Agency in connection with the negotiations and execution for the Agreement including legal expenses incurred for realization/recovery of the outstanding dues.

**8.0** Release of Grant component linked to submission of Recommendation of **Third Party Concurrent Evaluation Agency (TPCEA)** appointed by Nodal Agency supported by a report on expenditure, progress and constraints if any for timely completion of project.

**9.0** The Nodal Agency shall without prejudice to its other rights and remedies be entitled to recall the grant, if the Utility fails to fulfill its obligations under this Agreement and/or in the event of its committing a breach of any of the terms thereof including short-closure of the scheme/project. The decision on whether a breach of the terms, of this Agreement has been committed by the Beneficiary Utility or not, shall be decided - by the nodal agency/ MoP.

**10.0** In the event of non-compliance of this agreement by State Govt. or Utility further approval of Projects and subsequent release of grants under IPDS shall be stopped; short closure procedure may be initiated including recovery from Central Plan Assistance of the State.

**11.0** In case of any inconsistency between the Terms and Conditions of this Tripartite Agreement and the provisions of IPDS Guidelines, the latter shall prevail.

**12.0** Any dispute arising out of this Agreement/interpretation of any clause may be referred to Secretary (Power), Govt. of India whose decision shall be final and binding on all parties. The mailing address and Fax number of the Utility, State Govt. and PFC for purposes shall respectively be:

for the **Utility** : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Fax No.** .....

for **Power Finance Corporation Ltd.**

The Nodal agency (IPDS)

Urja Nidhi, 1, Barakhamba Lane,

Connaught Place, New Delhi-01

**Fax No. : 011-23412545**

for **State Govt. of** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Fax No.** .....

In case there is any change in the mailing address the same shall be notified by the authorized signatory of these presents

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### **13.0 Effective date and validity**

This Agreement shall come into force for all purpose and intents w.e.f. the date of execution of these presents and shall remain valid up-to completion of the scheme or 31.03.2022, whichever is earlier or any extended period as decided by Central Govt./ Nodal agency.

**14.0** Any amendment or modification of this Agreement shall be made in writing by the parties to these presents or their authorized signatories on the terms & conditions mutually agreed between the parties.

### **15.0 Termination of this Agreement**

This Agreement may be terminated at any time by any party after giving three months' notice from either side subject to repayment of entire grant/loan/ interest liability etc. by the Utility under IPDS

### **16.0 Governing Laws & Jurisdiction**

This Agreement shall be governed by Indian Laws and the Courts in Delhi/New

Delhi alone shall have jurisdiction to entertain any suit or matter arising out of this Agreement.

IN WITNESS whereof the Parties hereto have executed these presents the day, month and year first herein above written.

<p>SIGNED AND DELIVERED BY (on behalf of <b>STATE GOVT. OF</b> .....)</p> <p><b>Signature</b> .....</p> <p><b>Name &amp; Designation</b> .....</p> <p><b>Address</b> .....</p> <p>.....</p>	<p>in the presence of .....</p> <p>Signature .....</p> <p>Name &amp; Designation .....</p> <p>Address .....</p> <p>.....</p>
<p>SIGNED AND DELIVERED BY (on behalf of <b>UTILITY</b>.....)</p> <p><b>Signature</b> .....</p> <p><b>Name &amp; Designation</b> .....</p> <p><b>Address</b> .....</p> <p>.....</p>	<p>in the presence of .....</p> <p>Signature .....</p> <p>Name &amp; Designation .....</p> <p>Address .....</p> <p>.....</p>
<p>SIGNED AND DELIVERED BY <b>Power Finance Corporation Ltd</b> (on behalf of <b>Ministry of Power, Govt. of India</b>)</p> <p><b>Signature</b> .....</p> <p><b>Name &amp; Designation</b> .....</p> <p><b>Address</b> .....</p> <p>.....</p>	<p>in the presence of .....</p> <p>Signature .....</p> <p>Name &amp; Designation .....</p> <p>Address .....</p> <p>.....</p>