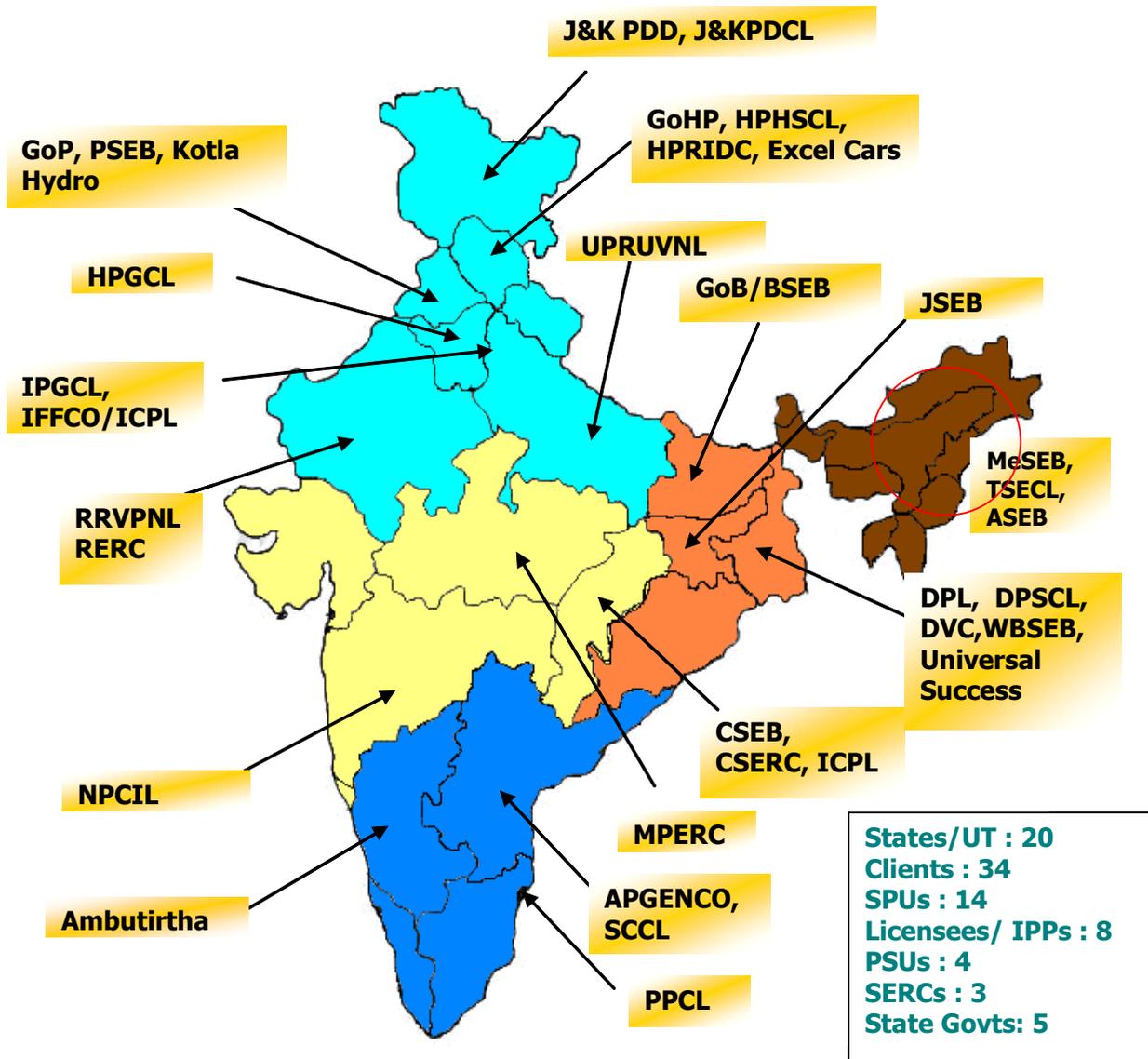


# PFC's Consultancy Presence



*Total No. of Assignments undertaken: 47*

# Highlights of Consultancy Assignments

## A. SELECTION OF DEVELOPERS

### (Through Tariff based Competitive Bidding Guidelines of GoI)

PFC has been appointed as Consultants for assisting in the selection of developers in line with the Tariff Based Competitive Bidding guidelines issued by Ministry of Power by **PSEB** for two thermal power projects (1800 & 1200 MW respectively).

The work Involves:

- Creation of the Special Purpose Vehicles (SPVs) for each project
  
- Undertaking Various Studies for each project inter alia including the following:
  - EIA Studies
  - Topographical Survey
  - Area Drainage Study
  - Socio Economic Survey
  - Geo-technical Survey
  - Hydrographical Studies
  - Techno-economic feasibility report
  - Fuel Transportation Study
  - Ash disposal/ utilization study
  - Demand and Supply analysis for the Region
  - Power evacuation and transmission system study
  - Project Report for the project including the above aspects
  
- Assist in obtaining various clearances, approvals like Pollution Clearance (Water & Air) from Pollution Control Board, Environment Clearance from Ministry of Environment and Forest etc.
  
- Advise and support for selection of developers for both the projects, separately, inter alia including the following:
  - Preparation of EOI, RFQ, RFP documents including bidding procedure, financial and technical specifications, formats etc, and recommend changes as may be considered appropriate for the project.
  - Evaluation of the responses received, organizing conferences at various stages
  - Assist and advise in carrying out detailed evaluation of the RFP received. Preparation of bid evaluation financial model to carry out analysis of bid including sensitivity analysis.
  - Analysis of project risks and advise on Risk Allocation Matrix. Drafting and assisting in finalisation of all project documents/agreements that need to be concluded.

- Assist & advise in selection of successful bidder and participate in negotiations, upto signing of agreement with the developer in consonance with all the relevant guidelines of the Govt of India.
- Preparation of Various agreements including the PPA , Escrow agreement, Land Lease Agreement, Fuel Supply Agreement etc
- Regulatory support in terms of compliance with the Electricity Act 2003, and CERC/SERC regulations. It would also involve approaching the Regulator for approval of deviations, if any, from the competitive bidding process guidelines.
- Organizing and managing media campaigns and other publicity activities required for generating competition and interest from potential global / domestic developers.

## **B. Project Advisory Services**

PFC has been awarded an assignment by M/s. Dishergarh Power Supply Corporation Ltd., one of the oldest licensees in the country, for "Overall Advisory Services" for setting up a new thermal station.

The work involves:

- Recommendation on optimal plant size to ensure competitiveness in the long term
- Assist in preparing the financial modeling and identifying alternative structures evolving optimal transaction structures and financing strategy for the transaction
- Undertaking the Technical and Financial Feasibility study for setting up the power plant (including DPR etc)
- Project Appraisal
- Financial Tie up ( Equity or Debt or both as required)
- Procurements – Contracts Advisory Services, inter-alia including:
  - Packaging
  - Bidding document preparation.
  - Assistance in calling for bids.
  - Evaluation, recommendation
  - Award of Contract(s)
  - EPC contract placement
- Negotiating and deal support for setting up the plant and selling arrangements for surplus power

PFC has also been engaged by IFFCO Chhattisgarh Power Limited (ICPL), a JV between IFFCO and CSEB for advisory and arranging services a 100MW power plant being set up in Chhattisgarh.

The scope of work includes:

- **Coal Mining Company issues**

- Comprehensive analysis of possible SPV structures
  - Information and compliance of various regulatory issues related to coal mining
  - Coal pricing mechanism and related issues
  - Preparation of draft/final Fuel Supply Agreement (FSA)
  - Assistance during discussions/negotiations with various authorities on above mentioned issues/agreements
- **Transmission Company issues**
- Analysis of possible structures for formation of Transmission Company, including BOO/BOOT models.
  - Information and compliance of various regulatory issues related to transmission
  - Assistance in clearance from Regulator
  - Draft/Final agreements to be entered for the purpose including SHA, AOA, MoA etc., if any.
  - Pricing issues, wheeling and other charges
- **Project Appraisal**
- Scrutiny of various approvals obtained for the project
  - Scrutiny of MoUs/Agreements signed/to be signed with various agencies for the project
  - Review of DFR and assessment of its financial implications for the project
  - Developing financial model for structuring of the project
  - Identification of risk and analyze the risk and analyze the risk sharing pattern as envisaged by various parties associated in the project including risk mitigation measures/matrix
  - Evaluation of project documents/agreements and their bankability
  - Preparation of Detailed Financial Appraisal report for Mining Company, Transmission Company and Generation Company from lenders' perspective
- **Loan Syndication**
- Financial tie-up with bankers
  - Finalization of lenders and alignment of terms of all lenders for the purpose of common documentation
  - Final documentation with all lenders with appointment of lead bank, security trustee and TRA account

### **C. Tariff and Regulatory Related**

PFC has an unmatched record of having undertaken 18 assignments on the whole spectrum of tariff and regulatory related aspects. These include assistance to the Utilities in formulation of Tariff Proposals by Power Utilities, to the Regulator in scrutiny of the Tariff Petition and drafting of Tariff orders, to the State Govt. in preparation of objections to the petition as well as assistance to a utility in filing of review petition. Further PFC has advised a Regulatory Commission in formulation of

regulations for introducing Power Trading in a state and Electricity Act 2003 related issues to a Power Utility.

### **Assisting the Power Utilities**

PFC has been associated with **preparation and filing of tariff petitions on behalf of nine clients** namely, Rajasthan Rajya Vidyut Prasaran Nigam Limited (**RRVNL**), Dishergharh Power Supply Company Limited (**DPSCL**), West Bengal State Electricity Board (**WBSEB**), Jharkand State Electricity Board (**JSEB**), Assam State Electricity Board (**ASEB**), Durgapur Projects Ltd. (**DPL**) and Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. (**UPRVUNL**), Damodar Valley Corporation (**DVC**), J&K Power Development Department (**J&KPDD**).

The Work in each assignment involved:

- Formulation of Tariff Philosophy.
- Preparation of Computer based Integrated Tariff Model.
- Preparation of Draft Tariff Petition.
- Filing of Tariff Petition before SERCs.
- Assistance during the Tariff hearings conducted by SERCs.
- Analysis of the Tariff Order issued by the SERCs.

### **Assisting the Regulatory bodies**

PFC worked as Consultants to **MPERC and CSERC** for assisting them **in scrutiny of the tariff petition** submitted by the State Utility.

Examination and Detailed review of Tariff Petition filed by licensees involves:

- Examination of the petition for conformity with the formats and guidelines of the Commission and applicable Acts and directions of the Govt.
- Scrutinizing the Annual Revenue Requirements (ARR)
- Determine the T & D losses including standard level
- To determine components of generation cost
- To assess Agricultural Load and un-metered consumption for other categories of consumers
- To assist in conducting the Tariff hearings, recording and analyzing the feedback from various stakeholders, as also the responses of the licensees
- To assist in preparing the Tariff Order incorporating the comments/ objection received from members of public and Licensees after detailed scrutiny.

### **Other Tariff and Regulatory related assignments**

PFC has provided the Consultancy Services to **Govt. of Punjab** for FY 02-03 to review the tariff petition filed by Punjab State Electricity Board and to **frame objections** thereon.

The Work involved:

- Framing of objections to the tariff petition
- Interacting with PSEB, PERC and consultants of PERC upto award of tariff.

PFC has provided the Consultancy Services to **Govt. of Punjab** to review the tariff petition filed by Punjab State Electricity Board and to frame objections thereon for FY 2003-04 and Review Petition for 2002-03.

The Work involved:

- Framing of objections to the tariff petition
- Interacting with PSEB, PERC and consultants upto award of tariff.

Filing of **Review Tariff Petition** for FY2000-2001 for **Dishergarh Power Supply Company (DPSCL)**.

The Work involved:

- Detailed scrutiny of the Tariff order passed by WBERC
- Cross checking of the data submitted earlier and further refining.
- Framing of suitable arguments to favour a revision of the order

#### **D. Trading**

PFC has advised Rajasthan Electricity Regulatory Commission (**RERC**) on introducing trading in the electricity sector of Rajasthan.

The Work involved recommendations on:

- Infrastructure required for introducing Trading in the State
- Duties of an Electricity Trader
- Discussion on Trading Margin for inter state
- Eligibility Criteria - Technical Criteria, Financial Criteria
- Commission's Fee & rationale
- Pre. Requisite for Market Development
- Framing of detailed regulations along with the background paper
- Attending to Public Hearing on the Draft Regulations
- Framing of Final Regulations.

#### **E. Reforms and Restructuring**

Consultancy Services to **Government of Bihar / Bihar State Electricity Board, Meghalaya State Electricity Board** and **Jammu and Kashmir Power Development Department** to reform and restructure its power sector with the objective of creating the conditions for the sustainable development of the electricity supply industry and improving the efficiency and quality of services in Meghalaya.

The work involves:

- Industry Structure and Creation of New Entity(ies) and Opening Balance Sheets
- Preparation and implementation of financial restructuring plan (FRP)
- Preparation and approval of necessary transfer schemes
- Undertaken a detailed Revenue Accounting Unit wise allocation and clean up of the balance sheet before transfer of assets to dis-aggregated utilities
- Liability restructuring plan including unfounded/contingent liabilities
- Formulation of organization structure for new entity (ies)
- Designing of HR policies , rules and regulations for new entity(ies).
- Reform Management and Co-ordination
- Establishment and capacity building of the Regulatory Affairs Cell in the restructured entity
- ARR and tariff filing for financial year 2004-05
- Cost of service and tariff designing
- Formulation of communication strategy

## **F. MERGERS**

### **Advisory services for Re-organisation of IndraPrastha Power Generation Co. Ltd. with Pragati Power Corporation Ltd.**

The work involves:

- Preparation of Strategic Re-structuring plan
- Assessment of the existing structure of the entities.
- Financial forecasting of separate and merged entities.
- Valuation of entities including swap ratios for merger.
- Financial Due Diligence including diligence of current and past financials, liability profile, schedule of assets, tax benefits etc.
- Legal Due Diligence including diligence of litigations, pending legal issues, terms & conditions of loan agreements, various contracts, loans or liens against assets.
- HR Due Diligence including organization structure, Board constitution, personal policies, employment contracts, current employees, annual pay structure, pension and terminal benefits liability etc.
- Assistance in implementation of Merger.
- Development of an overall integration plan and leadership structure.

## **G. Computerisation of Operations**

PFC is providing consultancy services to J&KSPDCL in computerisation of operations of its offices in Jammu and Kashmir. The objective of the assignment is to bring integration of data/information across the Corporate Headquarters and plants, reduction in redundancy, faster operations and increased efficiency.

The scope of the consultancy assignment is as follows:

- Study the existing systems of working in Finance & Accounts of JKSPDCL and suggest a system compatible with the required provisions of Companies Act 1956, and the Electricity Act, 2003.
- Define System Requirements including recommending specifications of computer systems (hardware), network hardware and associated licensed software.
- Development and implementation of software for various work areas (modules) in the Corporate Offices and all plants/Accounting Offices.

The following are the major work areas (modules), which require computerization:

- Financial Accounting
  - Human Resource Management System
  - Power Generation (Accounts)
  - Material Purchase and Inventory Management
  - Plant Maintenance (Accounts)
- Operationalisation of the computerized systems including integration of these systems across Corporate Offices and all Plants/Accounting Offices
  - Training of Manpower
  - One year software support

## **H. Formulation of Power Policy**

PFC is current advising Singareni Collieries Company Limited on Formulation of power policy of SCCL.

The work involves:

- Review the load scenario in SCCL for the next 20 years
- Generate various options and means available to meet the project demand
- Conduct preliminary feasibility study to assess the overall feasibility of each option
- Conduct a Techno-economic and legal feasibility study of the feasible options
- Financial Modeling for the various options and suggest means of financing to implement the best possible solution

## **I. Organisational Study and HR Reforms**

**PFC is providing** advisory services to Pondicherry Power Corporation Limited in its endeavor to boost morale and satisfaction of the employees of the Corporation.

The work involves:

- Formulation of Organization Structure for the Corporation
- Determination of roles, positions and work relationships
- Assigning functional responsibility and commensurate delegation of powers to each position enabling execution of its role and duties efficiently.

- Integration of the structure at the operational and Corporate level for smooth and better performance of operations as well as respond to future demands.
- Identify Training needs and measures to be taken for capacity building
- Manpower Planning Study for future upgradation/expansion plans of PPCL

## **J. Commercial Aspects and PPA(s)**

**PFC is currently advising** UPRVUNL on Commercial matters and PPA.

The work involves:

- Advise and assist in the formulation of PPAs with UPPCL.
- Assist in negotiations/discussions with UPPCL and in facilitating approval/acceptance of PPAs by UPERC.
- Advise on all issues relating to matters emerging out of the Electricity Act 2003, Open Access, Terms and Conditions of Tariff.

Consultancy Services is being provided to IFFCO in finalization of the PPA for the proposed 1000 MW plant at

The work involves:

- Advise and assist in the formulation of PPAs with CSEB.
- Assist in negotiations/discussions with CSEB and in facilitating approval/acceptance of PPAs by CERC.

## **K. Energy Audit: Assessment of Generation and T&D losses**

Consultancy Services to **Dishergarh Power Supply Company Ltd.** for energy audit of the Thermal power plants, the T&D system and identification of non-serviceable assets.

The work involves:

- Energy Audit of the T&D system for estimation of T&D loss in the system and recommendations on suitable measures for improvement.
- Identification of Non-serviceable Generation and T&D Assets
- Sampling of Raw Coal, Flue Gas, Bottom and Fly Ash and other requirements.
- Undertaking the Boiler Efficiency Test and Turbine Heat Rate tests
- Recommendations for improving the efficiencies of power plants.
- Study of impact on the Annual Revenue requirement of the above recommendations.

## **L. Contract Related Areas**

Consultancy Services in the area of **contractual (commercial and legal) aspects of "Refurbishment contract for Panipat TPS(4X110MW)"** of Haryana Power Generation Corporation Ltd. (HPGCL).

The Work involved:

- Review and Finalisation of Security Package viz. Advance and Performance bank guarantee formats.
- Extended advice on various contractual and legal issues covering issues related to obligations of Contractor vis-à-vis Owner, custom clearance of the materials revival of the work, justification for additional prices etc.
- Drafted Memorandum of Understanding viz. Settlement Agreement for revival of work.
- Extended support to HPGC in the negotiations/discussions held between HPGC, ABB and CEA.
- Apportionment of cost of Unit-II of Panipat TPS from the Multi-unit contracts & per works done by ABB.
- Advice to HPGC on invocation of advance and performance bank guarantees (Domestic as well as International) covering notices for invocation etc. HPGC successfully recovered an amount of Rs.50 crores after invoking the Advance and Performance Bank guarantees.

## **M. Selection of JV Partner**

**Feasibility study for selection of JV Partner for Nuclear Power Corporation India Limited (NPCIL) Kaiga 3 & 4 Atomic Power Project.**

The Work involved

- Review current legal and statutory environment relating to Nuclear Power and to recommend changes in Indian Laws.
- Identification and analysis of ownership patterns for joint venture partnership
- Carrying out risk analysis for proposed JV
- Criteria for selection of JV partners

## **N. Resource Mobilisation related assignments**

Advisors to **Government of Himachal Pradesh** for **three** consultancy assignments:

1. Part-financing Government of Himachal Pradesh's equity in the Nathpa Jhakri Power Corporation Limited by securitisation of its power receivables. Mobilised Rs.778 crores.
2. Resource mobilisation for Himachal Pradesh Health Systems Corporation Ltd. Mobilised Rs.262 crores.
3. Resource mobilisation for Himachal Pradesh Road & other Infrastructure Development Corporation Ltd. Mobilised Rs.180 crores.

The work for each of the Assignments involved:

- Identification of Non-Recourse alternatives.
- Issue Structuring based on projected cash flows accruing from the project.

- Designing Security Structures and Liquidity Measures for the prospective developers.
- Preparation of Information Memorandum and Contractual Agreements; Trusteeship, Escrow, Deed of Hypothecation and Tripartite Agreements.
- Marketing of the Issue

PFC has undertaken the job of **turnkey advisory for rollover/ new issue of bonds** for **APGENCO** totalling Rs.1089.37 crores.

The Work involves:

- Negotiate with the existing developers soliciting subscription to a roll-over issue and Structure the roll over issue taking into account the funds requirement of the company, the expectations of the existing and prospective developers and other relevant factors.
- Prepare the Information Memorandum and assist the utility in the credit rating process.
- Arrange commitments from Developers of Last Resort by approaching financial institutions, commercial banks, and brokers or by PFC itself.
- Finalise the Information Memorandum in consultation with the solicitors, credit rating agency(ies), prospective developers, and others.
- Assist APGENCO in the selection of trustees, bankers to the issue, etc.
- Coordinate the efforts of merchant bankers, bankers to the issue, registrars, printers and others.
- Develop the strategy for marketing of the issue.
- Monitor the issue during the subscription period,
- Help in finalizing the basis of allotment.

PFC has also been engaged by IFFCO Chhattisgarh Power Limited (ICPL), a JV between IFFCO and CSEB for advisory and arranging services a 100MW power plant being set up in Chhattisgarh.

The Work includes:

- **Loan Syndication**
  - Financial tie-up with bankers
  - Finalization of lenders and alignment of terms of all lenders for the purpose of common documentation
  - Final documentation with all lenders with appointment of lead bank, security trustee and TRA account

## **O. Action Plan for power sector development of a state**

Study and Action Plan to promote and develop **Chhattisgarh as the Power Hub** of the Country.

The Work involves:

- Study of the Coal reserves in the State of Chhattisgarh
- Study the socio-economic scenario for the state as a whole and its conduciveness for setting up of pithead power stations
- Alternatives for evacuation of power and its transmission and distribution methodology.
- Study and recommend the provisions for consumption of power within the state as well as export of power to other states particularly neighboring states and others of the country.
- Recommend optimal sizing of units and power stations along with locations for the same.
- Lay down criteria for pre-qualification of developers desirous of investing in power stations in the state.
- Study alternative structures of equity holding etc.
- Financial sensitivity analysis for various options of debt equity ratios and their impact on the overall pricing of the electricity.
- Strategies to be adopted to attract investment and reduce procedural delays, minimize clearances, so as to procedural delays, minimize clearances, so as to accelerate investment in the power sector/power stations by developers.
- Impact on economic upliftment of the people of the state
- The factors which would encourage competition, efficiency, economical use of resources, good industry practices and optimal investments.
- Similar policies, if any, to encourage investments and incentives offered in neighboring states.

## **P. Accounting Systems for unbundled entities**

Accounting System as per Co.'s Act '56 for newly formed entities in Rajasthan.

The Work involves:

- Studying and understanding the existing accounting systems and policies.
- Identifying output requirements for Genco, Transco, & Discoms as per Companies Act, 1956.
- Developing reports as per Companies Act for Genco, Transco, & Discoms.
- Modifying the existing software systems & the programming logic have output reports as per Companies Act 1956

## **Q. Project Appraisal**

Consultancy Services to **Ambuthirtha Power** for 20MW MGHE Tail Race HEP, **Kotla Hydro Power** for 1.75 MW Hydro Power Plant, Excel Cars for **Rakhchand Small HEP (5 MW)** in Himachal Pradesh and **IFFCO Chhattisgarh Power Limited (ICPL)**, a JV between IFFCO and CSEB

The Work involves:

- Scrutiny of various approvals obtained for the project
- Scrutiny of MoUs/Agreements signed/to be signed with various agencies for the project

- Review of DFR and assessment of its financial implications for the project
- Developing financial model for structuring of the project
- Identification of risk and analyze the risk and analyze the risk sharing pattern as envisaged by various parties associated in the project including risk mitigation measures/matrix
- Evaluation of project documents/agreements and their bankability
- Appraisal of project and preparation of appraisal report