

No. 3/7/2017-Trans-Pt(6)
Government of India
Ministry of Power
Shram Shakti Bhawan, Rafi Marg, New Delhi- 110001

Dated, 25th March, 2021

To
Chairperson,
Central Electricity Authority,
Sewa Bhawan, RK Puram,
New Delhi.

Subject: Reduction in Contract Performance Guarantee for Tariff Based Competitive Bidding (TBCB) transmission projects in line with Department of Expenditure's OM dated 12.11.2020 reg.

Sir,

In order to address the acute financial crunch among many commercial entities and contractors due COVID-19 pandemic, Department of Expenditure (DoE), Ministry of Finance has issued an Office Memorandum dated 12.11.2020 inter-alia stipulating reduction in Performance Security in all kinds of government procurements from existing 5-10% to 3% of the value of the contract for all existing tender/contracts as well as tenders/contracts to be issued/concluded till 31.12.2021 (copy enclosed).

2. Representation has been received from Transmission Developers Association to reduce the Contract Performance Guarantee (CPG) for TBCB transmission projects in line with above DoE's OM dated 12.11.2020.

3. In view of above, it has been decided that CPG for the TBCB transmission Projects for (a) Projects under construction where CPG is valid, (b) Projects where Letter of Award has been issued but CPG is yet to be submitted, (c) projects where Request for Proposal (RfP) has been issued but bids are yet to be submitted, and (d) For projects where RfP is not yet issued, but to be issued till 31.12.2021, may be revised as under:-

	Existing	Proposed
CPG Value	@ Rs. 13.5 lakh per km for the total Transmission Line length and @ Rs. 1.125 lakh per MVA for substations	@ Rs. 5.25 lakh per km for the total Transmission Line length and @ Rs. 0.45 lakh per MVA for substations

4. The above reduction in CPG is subject to following conditions:

- (i) It should not be given in the contracts under dispute wherein arbitration/ court proceeding have already been started or are contemplated.
- (ii) The reduced Performance Security shall continue for the entire duration of the contract and there would not be subsequent increase of Performance Security even beyond 31.12.2021.

- (iii) Whenever, there is compelling circumstances to ask for CPG in excess of reduced value, as stipulated in para 3 above, the same should be done only with the approval of the next higher authority to the authority competent to finalise the particular tender, or the Secretary of the Ministry/ Department, whichever is lower. Specific reasons justifying the exception shall be recorded.
5. The Standard Bidding Documents for procurement of Transmission Services on Tariff Based Competitive Bidding stand amended to the above extent.
6. This issues with the approval of Secretary (Power).

Encl.: As above

Yours faithfully,


25/3/2021
(Bhari Lal)

Under Secretary to the Govt. of India

Copy to

1. CEO, RECPDCL.
2. CEO, PFCCL.
3. PS to Hon'ble MoSP (IC) / Sr PPS/ PPS/ PS to Secretary (Power) / AS (SKGR) / AS (VKD) / AS&FA / Sr Advisor/ All JSs/ CE(Th), MoP
4. Technical Director, NIC, Ministry of Power- with the request to host this letter on the website of Ministry of Power

No. F.9/4/2020-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

512, Lok Nayak Bhawan, New Delhi
Dated the 12th November 2020

OFFICE MEMORANDUM

Subject: Performance Security.

As per Rule 171 of General Financial Rules (GFRs) 2017, Performance Security is to be obtained from the successful bidder awarded the contract for an amount of five to ten percent of the value of the contract to ensure due performance of the contract. Similar provisions also exist in the Manual for Procurement of Works 2019 and Manual for Procurement of Consultancy & other Services 2017 issued by this Department.

2. The Government is in receipt of many representations that on account of slowdown in economy due to the pandemic, there is acute financial crunch among many commercial entities and contractors, which in turn is affecting timely execution of the contracts. It has also been represented that this may affect the ability of contractors to bid in tenders and hence reduce competition. Requests are being received for reduction in quantum of Security Deposits in the Government contracts.

3. In view of all above, it is decided to reduce **Performance Security from existing 5-10% to 3% of the value of the contract** for all existing contracts. However, the benefit of the reduced Performance Security will not be given in the contracts under dispute wherein arbitration/ court proceedings have been already started or are contemplated.

4. Further, all tenders/ contracts issued/ concluded till 31.12.2021 should also have the provision of reduced Performance Security.

5. In all contracts where Performance Security has been reduced to 3% in view of above stipulations, the reduced percentage of Performance Security shall continue for the entire duration of the contract and there should be no subsequent increase of Performance Security even beyond 31.12.2021.

Similarly, in all contracts entered into with the reduced percentage of Performance Security of 3%, there will be no subsequent increase in Performance Security even beyond 31.12.2021.

6. Wherever, there is compelling circumstances to ask for Performance Security in excess of three percent as stipulated above, the same should be done only with the approval of the next higher authority to the authority competent to finalise the

particular tender, or the Secretary of the Ministry/ Department, whichever is lower. Specific reasons justifying the exception shall be recorded.

7. These instructions will be applicable for all kinds of procurements viz. Goods, Consultancy, Works, non-consulting Services etc and are issued under Rule 6(1) of the GFRs 2017.


(Kotluru Narayana Reddy)

Deputy Secretary to the Govt. of India

Tel: 24621305

Email: kn.reddy@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

Copy to: Secretary, Department of Public Enterprises with a request to issue the same instructions to Central Public Sector Undertakings (CPSUs).