India: MFF - Himachal Pradesh Clean Energy Transmission Investment Program (Facility Concept)

Project Name	MFF - Himachal Pradesh Clean Energy Transmission Investment Program (Facility Concept)
Project Number	43464-013
Country / Economy	India
Project Status	Closed
Project Type / Modality of Assistance	Loan Technical Assistance
Source of Funding / Amount	MFF Facility Concept 0062-IND: MFF - Himachal Pradesh Clean Energy Transmission (Facility Concept) Ordinary capital resources — US$ 350.00 million TA 7875-IND: Himachal Pradesh Power Sector Capacity Development and Implementation Support Technical Assistance Special Fund — US$ 600,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development
Sector / Subsector	Energy /
Gender	No gender elements
Description	The Himachal Pradesh Clean Energy Transmission Investment Program will fund electric transmission system upgrades and expansion in the state of Himachal Pradesh, India in order to increase transmission system capacity. Outputs will be new transmission substations and high voltage transmission lines. A capacity development component will benefit Himachal Pradesh Power Transmission Company Ltd. (HPPTCL), the state's transmission utility, which will assist the state to achieve its power sector reform objectives including the formation and an independent transmission utility.
Project Rationale and Linkage to Country/Regional Strategy	1. To ensure energy security for the country, India has decided to fully develop all domestically available energy options, including hydropower. India is endowed with enormous economically viable hydropower potential , but only about 21% of India's hydroelectric potential has been harnessed to-date and another 15% is under development. The Government recognizes the importance of increasing the share of hydropower generation in the energy mix and introduced the "50,000 MW Hydropower Initiative" in 2003. Under this initiative, the hydro-rich states, including Himachal Pradesh, are given special incentives to promote hydropower development. 3. Himachal Pradesh, a small mountainous state with a population of slightly over 6 million, has abundant water resources in the five major rivers flowing through the state from the western Himalayas. The power generation potential of Himachal Pradesh is about 23,000 MW, which is about one-fourth of the total hydropower potential of India. In its hydropower policy (2006) , the Government of Himachal Pradesh (GOHP) targets its comparative advantage in hydropower with the goal to become the "hydropower state" of the country. The state's hydropower development roadmap includes planned investments in installed capacity by the state, central government, and private sectors, as well as enabling infrastructure such as road access and transmission interconnections to facilitate hydropower development. The state's transmission system master plan aggregates hydropower capacity on a river-basin basis and designs least-cost solutions to transmit the power within the state and to the national grid. 4. In addition to developing its hydropower resources, it is critical that Himachal Pradesh commensurately build out its electric transmission infrastructure so that the additional power can be efficiently transmitted within the state and exported to the national grid. The entity responsible for the state's transmission system is the Himachal Pradesh Power Transmission Company Ltd. (HPPTCL). As the state's transmission utility company, HPPTCL was established in 2009 as part of the unbundling of the former state integrated utility company, Himachal Pradesh State Electricity Board (HPSEB). HPPTCL thus retains staff and considerable transmission system planning and operational experience from HPSEB. As per the Electricity Act, 2003, integrated utility companies are required to be unbundled into separate generation, transmission and distribution entities. In 2006, the Government of Himachal Pradesh formed the Himachal Pradesh Power Corporation Ltd. (HPPCL) as state's generating company , and the erstwhile HPSEB will remain the state's distribution utility. The state also has an independent regulator, Himachal Pradesh Electricity Regulatory Commission, that overseas tariff matters and regulates these new entities as per regulatory guidelines from the Central Electricity Regulatory Commission.
Impact	Himachal Pradesh power sector transmits clean energy to end users in Himachal Pradesh and India.

Project Outcome	
Description of Outcome	HPPTCL has sufficient assets and capacity to support its mandate as the state transmission utility company.
Progress Toward Outcome	Through capacity development and institutional strengthening components under the MFF, capacity of HPPTCL is enhanced. Total 27 sub-projects comprising of transmission lines and substations are developed/being developed through this MFF.
Implementation Progress	
Description of Project Outputs	New transmission system assets are operational. HPPTCL's management capacity enhanced. HPPTCL manages implementation of the MFF tranches on time and within budget.
Status of Implementation Progress (Outputs, Activities, and Issues)	Out of total 15 sub-stations/switching stations and 13 transmission lines, 11 sub-stations/switching stations and 9 transmission lines are completed. Remaining works are also substantially completed, and scheduled to achieve 100% completion by June 2022. HPPTCL PMU and PIU are adequately staffed with competent staffs and their capacity has been enhanced significantly.
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects	The tranche 1, 2 and 3 projects are environment category B. The civil construction work is limited to building foundations for the transmission towers, and substations, and the subprojects do not come within any environmentally sensitive area. Based on the environmental assessment and surveys, associated potential adverse environmental impacts are minimal and can be mitigated through implementation of the EMP. An adequate budgetary provision in all three-tranche project covers the environmental mitigation and monitoring requirements, and the EMP is part of the construction contracts. The EA will supervise the construction contracts and EMP implementation, and quarterly progress reports of its implementation will be submitted to ADB. Overall, the major social and environmental impacts associated with the tranche 1 project are limited to the construction period and can be mitigated to an acceptable level by implementation of recommended engineering measures and environmental practices.
Involuntary Resettlement	The tranche 1, 2, and 3 project are involuntary resettlement category B. Census surveys and consultations were undertaken in accordance with ADB's Safeguard Policy Statement. All three Tranches will entail minimum private land acquisition. There are no structures or buildings to be affected and no physical displacement is foreseen. Regarding gender issues, the loan agreements include a standard assurance related to core labor standards for contractors (including equal pay for equal type of work), and an awareness program on HIV and sexually transmitted diseases and human trafficking.
Indigenous Peoples	The tranche 1, 2, 3 projects are indigenous peoples category C.
Stakeholder Communication, Participation, and Consultation	
During Project Design	During the preparatory stages of each tranche under the Facility, consultations were carried out with various stakeholders and government officials concerned. Local communities, especially all the affected persons, were consulted as part of the social and resettlement studies and surveys. Public consultations as per Indian laws and regulations as well as ADB's Safeguards Policy Statement, 2009 were conducted for each subproject.
During Project Implementation	Environmental Management Plans and Resettlement Plans devised for each loan tranche are followed during project implementation.

Business Opportunities	
Consulting Services	The TA will require the services of individual consultants in the fields of transmission system engineering, transmission system planning, environment and social safeguards, financial management, economic and financial analysis, and human resource management. Detailed terms of reference (TOR) are covered in Appendix 2. ADB will recruit the consultants in accordance with its Guidelines on the Use of Consultants (2007, as amended from time to time). The Government of Himachal Pradesh, through HPPTCL, will provide office accommodate and transport as required, as well as counterpart office staff to be made available. Disbursements will be made in accordance with ADB's Technical Assistance Disbursement Handbook (May 2010, as amended).
Procurement	HPPTCL has a procurement unit with a full-time staff of eight personnel, headed by a procurement professional with 20 years of procurement experience. Its tender committee, which will evaluate bids and make recommendations for award, consists of one representative each from (i) the Contract Services Department; (ii) the Materials Management Services, Engineering, Erection, and Construction Department; and (iii) the Finance Department. Proper record-keeping procedures are in place, and HPPTCL's board of directors grants final approval of all procurement transactions. HPPTCL staff have participated in ADB-sponsored procurement seminars, and ADB provided support to HPPTCL in preparing bidding documents in accordance with ADB's Procurement Guidelines (2010, as amended from time to time).

Responsible ADB Officer	Bhatt, Jigar Arvindbhai
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission (INRM)

Timetable	
Concept Clearance	14 Jan 2011
Fact Finding	04 May 2011 to 13 May 2011
MRM	17 Jun 2011
Approval	30 Sep 2011
Last Review Mission	-
Last PDS Update	17 Dec 2021

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Financing Plan		Loan Utilization			
	Total (Amount in US$ million)	Date	ADB	Others	Net Percentage
Project Cost	437.85	Cumulative Contract Awards			
ADB	350.00	-	0.00	0.00	%
Counterpart	87.85	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

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Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
30 Sep 2011	17 Nov 2011	17 Nov 2011	31 Dec 2016	31 Mar 2018	31 May 2018

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
600,000.00	0.00	50,000.00	0.00	0.00	0.00	650,000.00	05 Feb 2023	443,910.45

Project Page	https://www.adb.org//projects/43464-013/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=43464-013
Date Generated	08 March 2024