

## SBF Project Implementation Monitoring Report

### India: Transmission System Strengthening (Tamil Nadu) Project

#### 1. Project Information

Project ID:	000006	Investment Number:	L0006A
Member:	India	Region:	Southern asia
Sector:	Energy	Sub-sector:	Electricity transmission and distribution
AIIB Financing Type:	Loan: 100 USD million	Co-financier(s):	Parallel Co-financing with ADB
E&S category:	B	Borrower:	Power Grid Corporation of India Limited (POWERGRID)
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Power Grid Corporation of India Limited (POWERGRID)		
Project Team Leader:	Alok Dayal		
Project Team Members:	Ian Nightingale, Procurement Advisor Zhaojing Mu, Senior Operations Management Officer Naveed Ahmed, Social Development Specialist, OSD Liu Yang, Counsel, OGC Caroline de Mariz, Senior Finance Officer, CTL Jackie Jing Cui, Portfolio Management Associate, IMD		
Completed Site Visits by AIIB:	Apr, 2019 Visit by Hongliang Yang Mar, 2020 Visit by Somnath Basu, Zhaojing Mu		
Planned Site Visits by AIIB:	TBD		

#### 2. Project Summary and Objectives

The objective of the Project is to enhance the capacity of electricity supply in the Southern Region of India. The Project covers construction and installation of five transmission lines in Tamil Nadu, including: (i) Pugalur HVDC substation - Pugalur substation (existing) 400kV double-circuit (quad) line; (ii) Pugalur HVDC substation - Arasur substation 400kV double circuit (quad) line; (iii) Pugalur HVDC substation – Thiruvalam substation 400kV double-circuit (quad) line; (iv) Pugalur HVDC substation – Edayarpalayam substation 400kV double-circuit (quad) line; (v) Edayarpalayam substation – Udumulpet substation 400kV double-circuit (quad) line. The total project cost is approximately USD303 million. AIIB has committed USD100 million and ADB has committed USD50 million. The remaining fund is provided by POWERGRID.

#### 3. Key Dates

Approval:	Sep. 27, 2017	Signing:	Dec. 7, 2017
Effective:	Jan. 9, 2018	Restructured (if any):	
Orig. Closing:	Sep. 30, 2020	Rev. Closing (if any):	Mar. 31, 2021

#### 4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	100	b) Cancellation (if any):	0
c) Disbursed:	95.4	d) Most recent disbursement: (amount / date)	1.8, Mar. 29, 2021
e) Undisbursed:	4.6	f) Disbursement Ratio(%) <sup>1</sup> :	95.4

<sup>1</sup> Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e.,  $f = c / (a - b)$

#### 5. Project Implementation Update

Project implementation was originally planned to be completed by Feb. 2020. Due to Right of Way related issues at the early stage of project implementation,

construction has been delayed. The COVID-19 pandemic has further delayed project completion due to lockdown measures implemented by the Government of India. As of 31 December 2020, the overall physical progress was 90% and two transmission lines - the Pugalur HVDC Station - Pugalur (existing) line and the 400kV (Quad) D/C line Pugalur HCDV Station - Arasur have been complete. Based on an earlier request from the Borrower, the loan Closing Date has been extended from 30 September 2020 to 31 March 2021 and the disbursement ratio of 67%:33% for the co-financed Project under the AIIB loan agreement and ADB loan agreement has been waived in order to prioritize the use of AIIB loan balance. Due to prolonged COVID-19 impact, the Borrower could not complete and commission the remaining transmission lines by the current loan Closing Date of 31 March 2021 and according to the Borrower's latest estimation, the remaining transmission lines are expected to be completed and commissioned by June 2021, based on which the Borrower has requested a further loan Closing Date extension through June 2021 so that the AIIB loan balance could be utilized in full. The request is currently being considered by the Guarantor.

Components	Physical Progress	Environmental & Social Compliance	Procurement
400 kV AC Power Transmission system associated with HVDC terminal stations at Pugalur, Tamil Nadu	<p>As of Dec. 2020, the overall physical progress is approx. 90% with 97% of tower foundation completed, 95% of erection completed and 75% for stringing completed.</p> <p>Two transmission lines of 109km have been commissioned. The remaining transmission lines are expected to be completed and commissioned by June 2021.</p>	The Borrower has complied with various environmental and social safeguards as agreed in the loan covenants with AIIB/ADB.	Total ten packages (4 tower packages and 6 conductor packages) covered under the loan has been awarded in 2017 and 2018.

#### Financial Management:

Due to the impacts of the COVID-19 pandemic, the Borrower was facing severe constraints in finalizing the audit report for various projects and requested for extension of the submission deadline of the audit report for the period ending 31 March 2020. In line with ADB's policy, AIIB agreed to extend the submission deadline for 6-month through March 2021. The final audit report was submitted on 31 March 2021 and the auditors issued an unmodified (clean) opinion on the financial statements and have also confirmed the eligibility of expenditures financed by the Bank during the financial year.

## 6. Status of the Grievance Redress Mechanism (GRM)

The Grievance Redress Mechanism is functioning as per design. Grievance Redress Committee (GRC) has been established both at the project/scheme level and at Corporate/HQ level. The project level GRCs have been established include members from POWERGRID, Local Administration, Panchayat Members, Affected Persons representative and reputed persons from the society on nomination basis under the chairmanship of project head. The corporate level GRC functions under the chairmanship of Director (Projects) and includes one representative from corporate ESMD who is conversant with the environment & social issues. Additionally, GRM process is built in the tree & crop compensation process, where affected persons will be given a chance to place their grievances after issuance of notice by revenue officials on the basis of assessment of actual damages.

## 7. Results Monitoring

Based on estimation, the remaining transmission lines will be progressively completed and commissioned by March 2021.

Baseline Year: Dec. 31, 2016 End Target Year: Dec. 31, 2020

#### Project Objective Indicators #1

Capacity of electricity supply added in Southern Region (megawatt)

Year	Target	Actual	Others, if any
Dec. 31, 2017	0	0	
Dec. 31, 2018	0	0	
Dec. 31, 2019	1500	0	Construction has been delayed due to Right of Way related issues and hence no transmission line has been completed by Dec. 2019.
Dec. 31, 2020	4000	1500	Two transmission lines have been completed and commissioned, which has resulted in an augmentation of 1500 MW in Southern Region power transfer capacity. The remaining lines are expected to be completed by June 2021 and further increase the transfer capacity up to 4000 MW.

#### Intermediate Result Indicators #1

## Length of 400 kV transmission lines installed (km)

Year	Target	Actual	Others, if any
Dec. 31, 2017	0	0	
Dec. 31, 2018	0	0	
Dec. 31, 2019	500	0	Construction has been delayed due to Right of Way related issues and hence no transmission line has been completed by Dec. 2019.
Dec. 31, 2020	619	551 (including the length of the completed lines and the length of transmission lines under construction which is calculated proportional to their construction progress).	Two transmission lines of 109km has been installed and commissioned. The remaining transmission lines are expected to be completed by June 2021. As of Dec 2020, the longest transmission line among the five, i.e. the Pugalur HVDC Station - Thiruvalam 400kV (Quad) D/C line (~390 km) is 90% complete; the Pugalur HVDC substation – Edayarpalayam substation 400kV double-circuit (quad) line of 57km is 71% complete; and the Edayarpalayam substation – Udumulpet substation 400kV double-circuit (quad) line of 54km is 96% complete.

## Intermediate Result Indicators #2

## Number of transmission lines constructed (no. of bays)

Year	Target	Actual	Others, if any
Dec. 31, 2017	0	0	
Dec. 31, 2018	0	0	
Dec. 31, 2019	4	0	Construction has been delayed due to Right of Way related issues and hence no transmission line has been completed by Dec. 2019.
Dec. 31, 2020	5	4	Two transmission lines have been completed and commissioned as of 30 Sep. 2020 with extension of two bays completed at each sub-station. The remaining transmission lines are expected to be completed and commissioned by June 2021.

**Remarks:** The Project was originally planned to complete physical construction by Feb. 2020, but construction has been delayed mainly due to issues related to Right of Way at the early stage of implementation and more recently due to COVID-19 pandemic. As of 31 Dec. 2021, two transmission lines of 109 km has been completed and commissioned. The Borrower indicated that the remaining transmission lines are expected to be completed and commissioned by June 2021. The Borrower has requested a further loan Closing Date extension from 31 March 2021 to 30 June 2021, which is currently being considered by the Guarantor.