

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
AIB Financing Type:	Loan: 100 USD million	Co-financier(s):	Stand-alone (Parallel Financing with ADB)
E&S category:	B	Borrower:	Power Grid Corporation of India Limited
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Power Grid Corporation of India Limited		
Project Team Leader:	Alok Dayal		
Project Team Members:	Ilan Nightingale, Procurement Advisor Somnath Basu, Principal Social Development Specialist Zhaojing Mu, Environmental Specialist Liu Yang, Counsel; Jing Cui Caroline de Mariz, Senior Finance Officer		
Completed Site Visits by AIB:	Apr, 2019 Visit by Hongliang Yang Mar, 2020 Visit by Somnath Basu, Zhaojing Mu		
Planned Site Visits by AIB:	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.

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 (USD million)

a) Committed:	100	b) Cancellation (if any):	0
c) Disbursed:	72.9	d) Most recent disbursement: (amount / date)	4.2, Mar. 26, 2020
e) Undisbursed:	27.1	f) Disbursement Ratio(%) ¹ :	72.9

¹ 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. As of June 30, 2020, overall physical progress was 69% and the Pugalur HVDC Station - Pugalur (existing) the 400Kv (Quad) D/C line has been completed. However, the national lockdown introduced by the Indian Government in March 2020 as a result of COVID-19 pandemic has further delayed project completion. It is estimated that the remaining transmission lines will be progressively completed and commissioned by March 2021. The Borrower has requested a loan closing date extension for 6 months from Sep. 2020 to March 2021. In addition, in order to fully utilize both AIIB and ADB committed loan

amount, the Borrower has requested to waive the disbursement ratio of 67%:33% for the co-financed Project under the AIIB loan agreement and ADB loan agreement, whereby the undisbursed balance under AIIB loan would be fully utilized. The extension of loan closing date and the waiver of disbursement ratio would be formalized through an amendment to the AIIB loan agreement and the guarantee agreement; and an amendment to the AIIB and ADB co-financing agreement. The Project Team is currently processing the same.

Components	Physical Progress	Environmental & Social Compliance	Procurement
400 kV AC Power Transmission system associated with HVDC terminal stations at Pugalur, Tamil Nadu	The overall progress is approx. 86% of tower foundation, 71% of erection and 30% stringing.	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

Financial Management:

Due to the impact of COVID-19 pandemic, the Borrower is facing severe constrains in completing the audit report for various project. The submission of the audit report for this project has also been delayed. The Borrower has requested for an extension of 6 months of the submission deadline from Sep. 30, 2020 to March 31, 2021 while endeavoring to make the submission as soon as the audit report is ready. ADB has already provided a 6-months extension of the submission deadline as part of ADB's measure to support the Borrower during COVID-19 pandemic. AIIB has also provided 6-month extension following ADB's approach.

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 in 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: Sep. 30, 2020

Project Objective Indicators	Year	Target	Actual	Others, if any
Capacity of electricity supply added in Southern Region (megawatt)	Dec. 31, 2017	0	0	
Capacity of electricity supply added in Southern Region (megawatt)	Dec. 31, 2018	0	0	
Capacity of electricity supply added in Southern Region (megawatt)	Dec. 31, 2019	1,500	0	
Capacity of electricity supply added in Southern Region (megawatt)	Sep. 30, 2020	4,000	N.A	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
Length of 400 kV transmission lines installed (km)	Dec. 31, 2017	0	0	
Length of 400 kV transmission lines installed (km)	Dec. 31, 2018	0	0	
Length of 400 kV transmission lines installed (km)	Dec. 31, 2019	500	0	
Length of 400 kV transmission lines installed (km)	Sep. 30, 2020	619	N.A.	
Number of transmission lines constructed (no. of bays)	Dec. 31, 2017	0	0	
Number of transmission lines constructed (no. of bays)	Dec. 31, 2018	0	0	
Number of transmission lines constructed	Dec. 31, 2019	4	0	

(no. of bays)				
Number of transmission lines constructed (no. of bays)	Sep. 30, 2020	5	N.A.	

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. The Borrower indicated that the remaining transmission lines will be progressively completed and commissioned by March 2021. The Borrower has requested a loan closing date extension for 6 months from Sep. 2020 to March 2021, which is currently being processed by the Project Team. The Pugalur HVDC substation - Pugalur substation (existing) 400kV double-circuit (quad) line has been completed in Q2 2020. Detailed data on the result indicators is not yet available.