Govt frames PPP norms for State transmission assets

GENERATING FUNDS. Brownfield transmission will be monetised to build infrastructure

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INVESTOR APPETITE. Long-term institutional investors are keen on seasoned transmission assets

The Power Ministry has floated guiding principles for State governments to identify and monetise brownfield transmission assets in a bid to scale up power sector infrastructure.

The rationale is that States have significant potential for asset monetisation by leveraging brownfield transmission projects and mobilising the proceeds for more infrastructure projects, boosting their economic prospects. It has suggested an Acquire, Operate, Maintain and Transfer (AOMT) based Public Private Partnership.

This comes after the Centre monetised five of Power Grid's (PGCIL) transmission projects in May last year, raising more than ₹7,700 crore. For this, PGCIL had set up an InvIT (PowerGrid Infrastructure Investment Trust, or PGInvIT) in January 2021. In FY22, PGCIL raised ₹8,370 crore through monetisation. It is targetting ₹6,860 crore in FY23.

INVIT SUCCESS

As of March 2020, India's total transmission line length network stood at around 7,13,400 circuit kms (66 kV). "Brownfield seasoned transmission assets in particular have demonstrated significant investor appetite from long-term institutional investors owing to underlying asset characteristics and availability-based business model as evidenced by successful InvIT-based monetisation for transmission assets in public as well as private sector," the Power Ministry said.

Under the AOMT model, the SPV, which will own the transmission asset, is bought by the selected investor for a prescribed time with associated rights and duties against payment of upfront lump sum amount. The investor would be selected through a competitive bidding process.

For Regulated Tariff Mechanism assets, the sponsoring Transco shall identify assets which can be clearly ring-fenced, have identifiable revenue stream and clear from all litigations, preferably with vintage of up to 10 years from the date of commercial operation.