

Guidelines for sanction of Cost variation in appointment of ITIA by Utilities

The following guidelines / methodology is to be adopted for dealing the cases of variation in cost during **pre-award stage**:

- a) If the lowest quoted / awarded cost is higher with respect to sanctioned DPR values up to a **maximum variation of 10%**, **State/Utility may go ahead with issue of LOI** and shall intimate such variation to PFC/MoP along with proper justification and due approval of their DRC. Such variation in cost shall be put up in the next steering committee for sanction of additional project cost to the utility.
- b) If the lowest quoted / awarded cost is higher with respect to sanctioned DPR values by **more than 10%**, Utility is required to provide the proper justification of such cost variation / changes in scope, BOQ, etc. to PFC / MoP along with due approval of state DRC. The appraisal of cost escalation shall be carried out by PFC for its reasonability towards any change in BOQ, change in price etc. and shall be put up to the Steering Committee for their consideration. The decision of the steering committee shall be communicated to the utility by PFC/ MoP for further action.

Note: (Sanctioned DPR value of ITIA =Sanctioned PFC cost-Ring fencing and meter cost-ITC cost)

Similarly, the following guidelines/methodology is proposed to be adopted for dealing the cases of variation in Bill of quantity and cost during **post-award stage**:

Variation in quantity and cost are inevitable in such type of complex IT projects during the stage of project implementation. Variation in quantity and cost during implementation stage may be due to any expansion or change in scope in the distribution network of the towns during execution.

The limit of Quantity variation of individual items may be accepted to the extent of +/- 20% of the awarded Bill of quantity subject to 10% of the value of the awarded project cost.

In such cases of variation, Utility is required to provide to PFC/MoP the proper justification of such cost variation for any changes in scope, BOQ, price etc. along with due approval of their DRC (within one year from the LOI). In case the cost increase is found justified, the recommendation of PFC shall be put up to steering committee for their consideration and sanction of additional project cost.