



HIMACHAL PRADESH POWER CORPORATION LIMITED

(A State Government Undertaking)

Himfed Building, BCS, New Shimla, Himachal Pradesh-171009.

Website: www.hppcl.gov.in CIN:U40101HP2006SGC030591

"Office Order"

Subject: Implementation of Decision Regarding Removal of Arbitration Clause and Adoption of Three-Tier Dispute Resolution Mechanism in Tenders for Civil & HM Works.

Whereas, during a meeting related to energy sector held on 19.01.2023 the proceedings of which were circulated by the Directorate of Energy on dated 08.02.2023, a matter regarding Arbitration & Bidding process was deliberated and it was decided that PWD process of 3 tier resolution mechanism shall be adopted instead of referring the matters to arbitration.

Whereas, the Special Secretary (Power) to the GoHP, vide letter no. MPP-C(17)-3/2022 dated 09.03.2023 further conveyed the instructions of GoHP regarding removal of Arbitration Clause from the Tenders of Government Contract.

Whereas, after detailed deliberation at appropriate levels, a Memorandum for removal of Arbitration Clause & adoption of the three tier dispute resolution mechanism for Civil & HM Works was placed in the 92nd BODs meeting held on 08.12.2025 vide agenda item no 92.06.

Whereas, the said agenda item has been approved during the 92nd BoDs and as such, HPPCL will henceforth adopt the Three-Tier Dispute Resolution Mechanism as enclosed as per **Annexure-A**.

In view of above, it is hereby conveyed that provision of the Arbitration clause/reference to arbitration shall be removed from the all future contracts/bidding documents related to Civil & HM Works (except the external aided projects/Contracts funded by the external agencies where the agencies prescribe their own SBD).

This is issued with the approval of the Competent Authority.

Handwritten signature: 26.12.2025
General Manager (Civil Contracts)

No. HPPCL/CCPC/Tender/ Misc. /2025- 816-29

Dated: 26. 12. 2025

Copy forwarded to the following:

1. The Managing Director, HPPCL, Himfed Building, BCS, Shimla, HP-171009 for kind information please.
2. The Director (Personnel)/ Director (Finance) / Director (Electrical) / Director (Civil) HPPCL, Himfed Building, BCS, Shimla, HP-171009 for kind information please.
3. The General Manager (Generation)/ General Manager (Corporate Planning)/ General Manager (Electrical Contracts)/ General Manager (RE), HPPCL, Himfed Building, BCS, Shimla, HP-171009 for information and necessary action please.
4. The General Manager (Designs) HPPCL, Sundernagar, HP for information and necessary action please.
5. All the Head of Project(s) for information and necessary action please.
6. The Chief Environment-cum-R&R Specialist, HPPCL, Himfed Building, BCS, Shimla, HP-171009 for information and necessary action please.

Corporate Civil Contracts Procurement Cell

Himfed Building, BCS, New Shimla, Himachal Pradesh-171009.

Ph. +91 177 2671915, 2671921 Email: gm_contracts@hppcl.in



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Annexure-A

HPPCL THREE-TIER DISPUTE RESOLUTION MECHANISM

Tier-I:

1. **Dy. General Manager and/or Engineer-in-Charge (EIC) in HPPCL shall serve as dispute resolution (1st Tier).**

Procedure to be adopted during Tier-I:

In the event of any dispute or difference arising out of or in connection with the Contract or the execution of Works therein under, whether before its commencement or during the progress of Works or after the termination, abandonment or breach of the Contract, it shall, in the first instance, shall be referred to Dy. General Manager/ EIC of the work for settlement within forty-five (45) days of arising of the dispute or difference or in such reasonable time as notified to the Contractor.

Such decisions in respect of each matter so referred shall, subject to review as hereinafter provided, be final and binding to the Contractor. In case, the Work is already in progress, the Contractor shall not delay, slow down, or discontinue the progress of works due to dissatisfaction with decision. The works shall proceed according to the agreed construction programme / contractual provision until further resolution.

Tier-II:

2. **If the contractor disagrees with the decision at Tier-I, the concerned Dy. General Manager/ EIC of the work shall refer the matter to Departmental Grievance Redressal Committee constituted as follows:**

- | | |
|---|------------------|
| 1. General Manager/ Head of Project (concerned) | Chairman |
| 2. Dy. General Manager (concerned) | Member Secretary |
| 3. Sr. Manager (other than concerned) | Member |
| 4. Head of Finance wing at concerned Project. | Member |
| 5. Head of (P&A) wing at concerned Project | Member |

Procedure to be adopted during Tier-II:

The ibid Committee shall thoroughly examine the matter and if the Contractor's claim found genuine, in such eventuality, the Department Grievance Redressal Committee shall recommend the claim through concerned General Manager/ HoP with clear cut recommendations, including financial implications, to the concerned Director. The above Committee shall submit the case to concerned Directorate within a period of forty-five (45) days or in such reasonable time as notified

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May 2



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to the Contractor.

Tier-III:

3. At Tier-III, the recommendation of Department Grievance Redressal Committee shall be placed before the Whole Time Directors (WTDs) of HPPCL for consideration and decision.

Procedure to be adopted during Tier-III:

On the receipt of matter in concerned Directorate, the matter be vetted/concurred by Corporate Finance wing and Corporate Legal cell on the recommendations of the concerned Directorate. After concurrence/comments in the matter, the same shall be placed before the Standing Empowered Committee comprising of WTDs for consideration and final decision. The General Manager/ HoP (concerned) shall remain present during WTD meeting for any clarification.

The Standing Empowered Committee shall deliver its decision within a period of sixty (60) days or in such reasonable time as notified to the Contractor. The Contractor may accept or reject the decision. Upon agreeing to decision, the Contractor will sign a statement acknowledging receipt of the payment as "*full and final settlement of all claims*". In case Contractor is not satisfied with the decision, he retains the right to seek resolution in the court of law within the jurisdiction of Himachal Pradesh.

The "arbitration clause" and "any reference to arbitration" in all the contracts/bidding documents related to Civil & HM Works in HPPCL, which are to be executed in future for which budget is being provided by State Govt./HPPCL itself at its own sources shall be replaced with adoption of three tier resolution mechanism of resolving disputes in future contracts except for the Projects/Contracts granted by the funding agency, where they prescribe their own SBD is excluded / deleted with immediate effect.

This is issued with the approval of the Competent Authority.

11/01/25
26.12.2025
General Manager (Civil Contracts)

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