

Cir. No.: 145/PVC/CLAR/02

20<sup>th</sup> October 2014

To Members of Conductor division, Subscribers of PV Circulars  
All SEBs, Utilities and other listed Purchasing Organizations

**Sub: Publishing of New Conductor PV formula – based on Daily LME Aluminium prices**

Users may recall that from August 2013, IEEMA had started publishing LME Average price of Aluminium in required IEEMA PV circulars including Conductors. The same was notified vide Cir. No. 135/PVC/CLAR/02 dated 1<sup>st</sup> August 2013 with the background and recommendation to use this price for price variation calculations for future contracts.

After one year of providing LME Average Aluminium prices as an alternative, Conductor manufacturers have further deliberated internally and with some users and decided to move towards Daily LME Aluminium prices.

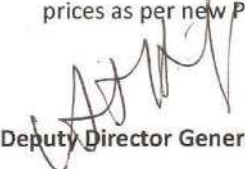
The Draft PV clause of Conductor was circulated vide cir. No. 127/PVC/CLAR/02 dated 12<sup>th</sup> September 2014 to all stakeholders for their review and comments. Since no comments were received, we are now making it operational and make it effective from 1<sup>st</sup> September 2014. The new PV clause is enclosed for your perusal.

The salient points of the same are as under:

- LME prices are transparent, hedge-able and highly credible.
- Consumers of Aluminium Conductors & cables and other Aluminium based products are linking their Purchase Orders with the LME.
- Frequent changes in domestic Aluminium prices is creating volatility and posing difficulties for buyers; since domestic suppliers follow pricing based on LME price trend on ad-hoc basis.
- The Daily LME Aluminium price will be worked out by adding Premium charges for Aluminium.

We recommend incorporating this new PV clause in all future tenders. We recommend following methodology to arrive at price variation for all the pending contracts having old IEEMA PV clause of Conductors (effective from 1<sup>st</sup> April 2012)

1. Calculate 'P' from the date of tendering /base date of the contract as per old IEEMA PV clause of Conductors up to September 2014 i.e. considering prices of 1<sup>st</sup> September 2014 as per old PV clause of Conductors at the denominator
2. Treat the above calculated 'P' and 'P<sub>0</sub>' and calculate final price variation using new IEEMA PV clause for Conductors from September 2014 i.e. considering prices of 1<sup>st</sup> September 2014 as per new PV clause of Conductors at the numerator up to the date of delivery i.e. by considering appropriate prices as per new PV clause of Conductors.

  
Deputy Director General

Encl: IEEMA PV clause of Conductors ref. IEEMA(PVC)/Coductors\_LME effective from 1<sup>st</sup> September 2014

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**MATERIAL PRICE VARIATION CLAUSE FOR AAC/AAAC/ACSR CONDUCTORS**

The price quoted/confirmed for Aluminium Conductor is based on the input cost of raw materials as on the date of quotation. It is deemed to be related to the prices of raw materials, as specified in the price variation clauses given below. In case of any variation in these prices, the prices payable shall be subject to adjustment up or down in accordance with the following formulae.

**1. AAC/AAAC Conductors**

$$P = P_o + WA (AL - ALo)$$

**2. ACSR Conductors**

$$P = P_o + WA (AL - ALo) + WF (FE - FEo)$$

Wherein,

P = Ex-works price payable in Rs. per km as adjusted in accordance with the price variation clause

P<sub>o</sub> = Ex-works price quoted/confirmed in Rs. per km.

WA = Weight of Aluminium in AAC/AAAC/ACSR Conductor in MT per Km. as per the type of conductor (Refer the enclosed annexure – A giving this factor for various types of conductors)

ALo = Price of Daily LME Cash SELLER Settlement price of Aluminium  
This price is applicable prevailing as on 30 days prior to the date of tender opening.

WF = Weight of Steel Content in ACSR Conductor in MT per Km. as per the type of conductor  
(Refer the enclosed annexure – A giving this factor for various types of conductors)

FEo = Price of High Tensile Galvanized Steel Wire in Rs./MT of appropriate size  
This price is applicable prevailing as on 30 days prior to the date of tender opening.

For example, if tender is opened on 31<sup>st</sup> October 2014, the applicable raw material prices (ALo and FEo) would be those, prevailing as on the 1<sup>st</sup> day of October 2014.

AL = Price of Daily LME Cash SELLER Settlement price of Aluminium  
This price is applicable prevailing as on 30 days prior to the date of delivery.

FE = Price of High Tensile Galvanized Steel Wire in Rs./MT of appropriate size  
This price is applicable prevailing as on 30 days prior to the date of delivery.



For example, if the date of delivery is 31<sup>st</sup> December 2014, the applicable raw material prices (AL and FE) would be those prevailing as on the 1<sup>st</sup> day of December 2014.

The above prices and indices are as published by IEEMA vide circular reference IEEMA(PVC)/AL Conductor-LME/-


The date of delivery is the date on which the Conductor is notified as being ready for inspection/dispatch (in the absence of such notification, the date of manufacturer's dispatch note is to be considered as the date of delivery) or the contracted delivery date (including any agreed extension thereto), whichever is earlier.

**Notes:**

1. All domestic prices of raw materials applicable to excise duty units are exclusive of modvatable excise/CV duty amount and exclusive of any other central, state or local taxes, octroi etc.
2. Price of Daily LME Cash SELLER Settlement price of Primary Aluminium in US\$ per MT is as published by London Metal Bulletin (LME). Premium for Aluminium Ingot in US\$ per MT is added in this Daily LME price and converted in Indian Rs./MT using exchange rate and adding appropriate customs duty.

Monthly price circular will contain daily prices of Aluminium during the month as announced by LME.

3. The price of High tensile Galvanized Steel Wire (in Rs./MT) for different sizes in mm is the price as quoted by a primary producer; which is normally valid for the entire month. Further revisions in prices; if any; as quoted by the primary producer will also be published.



**Authorised Signatory**

## Annexure - A

## Weight Factors for various types of Conductors as per IS: 398

Sr. No.	Conductor types	A / AA Strands	Steel Strands	Aluminium EC Grade/ Alloy kg / km	HT GS Steel kg / km	Total kg / km
1	AAC - GNAT	7/2.21	-	74.00	0.00	74.00
2	AAC - ANT	7/3.10	-	145.00	0.00	145.00
3	AAC - WASP	7/4.39	-	290.00	0.00	290.00
4	AAC - PEONY	19/3.18	-	415.00	0.00	415.00
5	AAC - SPIDER	19/3.99	-	654.00	0.00	654.00
6	AAC - BUTTER FLY	19/4.65	-	888.00	0.00	888.00
7	ACSR - MOLE	6/1.50	1/1.50	29.00	14.00	43.00
8	ACSR - ROSE	6/1.96	1/1.96	50.00	23.00	73.00
9	ACSR - SQUIRREL	6/2.11	1/2.11	58.00	27.00	85.00
10	ACSR - WEASEL	6/2.59	1/2.59	87.00	41.00	128.00
11	ACSR - RABBIT	6/3.35	1/3.35	145.00	69.00	214.00
12	ACSR - RACCOON	6/4.09	1/4.09	216.00	103.00	319.00
13	ACSR - DOG	6/4.72	7/1.57	288.00	106.00	394.00
14	ACSR - WOLF	30/2.59	7/2.59	437.00	289.00	726.00
15	ACSR - PANTHER	30/3.00	7/3.00	586.00	388.00	974.00
16	ACSR - KUNDAH	42/3.50	7/1.96	1,116.00	165.00	1,281.00
17	ACSR - ZEBRA	54/3.18	7/3.18	1,185.00	436.00	1,621.00
18	ACSR - MORKULLA	42/4.13	7/2.30	1,553.00	228.00	1,781.00
19	ACSR - MOOSE	54/3.53	7/3.53	1,465.00	539.00	2,004.00
20	ACSR - BERSIMIS	42/4.57	7/2.54	1,909.00	278.00	2,181.00
21	ACSR - SNOWBIRD	42/3.99	7/2.21	1,447.00	210.00	1,657.00
22	ACSR - LAPWING	45/4.78	7/3.18	2,231.00	436.00	2,667.00
23	ACSR - CYNX	30/2.79	7/2.79	507.00	335.00	842.00
24	ACSR - DRAKE	26/4.44	7/3.45	1,116.00	512.00	1,628.00
25	ACSR - COYOTE	26/2.54	7/1.91	365.00	156.00	521.00

## Annexure - A

## Weight Factors for various types of Conductors as per IS: 398

Sr.	Conductor types	A / AA	Steel	Aluminium	HT GS	Total
No.		Strands	Strands	EC Grade/ Alloy	Steel	
				kg / km	kg / km	kg / km
21	AAAC - MOLE	3/2.50	-	40.15	0.00	40.15
22	AAAC SQUIRREL	7/2.00	-	60.16	0.00	60.16
23	AAAC - WEASEL	7/2.50	-	94.00	0.00	94.00
24	AAAC - RABBIT	7/3.15	-	149.20	0.00	149.20
25	AAAC - RACCOON	7/3.81	-	218.26	0.00	218.26
26	AAAC - DOG	7/4.26	-	272.86	0.00	272.86
27	AAAC - DOG - UP	19/2.89	-	342.51	0.00	342.51
28	AAAC - COYOTE	19/3.15	-	406.91	0.00	406.91
29	AAAC - WOLF	19/3.40	-	474.02	0.00	474.02
30	AAAC - WOLF - UP	19/3.66	-	549.40	0.00	549.40
31	AAAC - PANTHER	19/3.94	-	636.67	0.00	636.67
32	AAAC - PANTHER - UP1	37/3.15	-	794.05	0.00	794.05
33	AAAC - PANTHER - UP2	37/3.45	-	952.56	0.00	952.56
34	AAAC - KUNDAH	37/3.71	-	1,101.63	0.00	1,101.63
35	AAAC - ZEBRA	37/4.00	-	1,280.50	0.00	1,280.50
36	AAAC - ZEBRA - UP	61/3.31	-	1,449.38	0.00	1,449.38
37	AAAC - MOOSE	61/3.45	-	1,573.71	0.00	1,573.71
38	AAAC - MORKULLA	61/3.55	-	1,666.00	0.00	1,666.00
39	AAAC - MOOSE UP	61/3.66	-	1,771.36	0.00	1,771.36
40	AAAC - MORKULLA - UP	61/3.81	-	1,919.13	0.00	1,919.13
41	AAAC - BERSIMIS	61/4.00	-	2,115.54	0.00	2,115.54