

**Abstract**

Erection of supplied Electro Hydro Mechanical Equipment and Supply and Erection of BOP Equipment of Thottiyar (1x30+1x10MW) HEP - Evaluation of Price Bid and methodology for execution of balance works - Sanctioned - Orders issued.

Corporate Office (SBU-G/E)

B.O. (DB)No. 681/2019 (D(GE)/G2/Thottiyar/2019-20) Thiruvananthapuram. Dated: 05 - 09 - 2019

- Read:-
1. B.O.(DB)No. 3269/2016(DGC/AEIII/THYR/2014) dated 19-11-2016.
 2. B.O (DB)No. 1201/2018 (12/AE3/2012/CE(PED)) dated 08-05-2018.
 3. B.O. (FTD)No. 1431 /2018 (12/AE3/2012/CE(PED)) dated 04-06-2018.
 4. B.O.(FTD) No.1819/2018 (D(GE)/G2/ Thottiyar/2018-19) dated 04-10-2018.
 5. Office Order (DCP,GE,SCM&S) No.1281/2019 (D(GE)/G2/Thottiyar/2019-20) dated 20-07-2019.
 6. Letter No. 12/AE3/2012/CE(PED)/492 dated 19-08-2019 of the Chief Engineer (Generation &PED).
 7. Note No. D(GE)/G2/Thottiyar/2019-20 dated 20-08-2019 of the Director (CP,GE,SCM&S) to Full Time Directors (Agenda No. 65/8/19).
 8. Note No. D(GE)/G2/Thottiyar /2019-20 dated 20-08-2019 of the Chairman and Managing Director to the Board of Directors.
 9. Proceedings of the 48th Meeting of the Board of Directors held on 22-08-2019 vide Agenda No. 23-08/2019.

ORDER

The contract for construction of Thottiyar HEP (1x30MW+1x10MW) was awarded to M/s. Coastal Projects Limited - Chongqing Longsheng Xin'an Joint Venture (M/s CPL-Chongqing JV) at their quoted amount of Rs. 144 Crore and Agreement was executed by the Chief Engineer (Civil Construction South) on 22-12-2008. M/s. CPL was responsible for all Civil works and M/s.Chongqing Longsheng Xinan Hydro electric Equipments Manufacturing Co. Ltd., China was responsible for the E&M works including design, supply of E&M equipment and deputing specialists for erection, testing and commissioning. The Contract Amount for E&M works was Rs. 75.68 Crore.

But the work could not be completed in time as envisaged in the agreement due to various reasons. Subsequently, the contract was foreclosed as per B.O read as 1st above and revised Administrative Sanction was accorded for the project with an estimated amount of Rs. 280 Crore. The estimated cost for balance E&M works was Rs. 101.1327 Crore. Sanction was also accorded to invite separate tenders for the execution of balance Civil and Electrical works of the project.

Accordingly, foreclosure agreement was executed by the Chief Engineer (Civil Construction South) with M/s CPL on 28-04-2017. As per the foreclosure agreement, M/s CPL shall ensure the future participation of the OEM,M/s Chongqing in the erection and commissioning of the already supplied E&M equipment and CPL shall release the payment of USD 3,40,000 to M/s. Chongqing upon release of amount by Board. But, M/s. CPL did not abide by the Agreement conditions. Subsequently, as per B.O read as 2nd above, sanction was accorded to invite tender for the balance E&M works of Thottiyar HEP including supply, erection, testing and commissioning of Balance of Plant equipment and erection of imported items as a single package with revised estimated amount of Rs. 2688.67 lakh inclusive of taxes (excluding communication systems) at the risk and cost of M/s. CPL as they have breached the terms of the foreclosure agreement.

Accordingly, the tender for balance E&M works was invited by the Chief Engineer (Projects-Electrical Designs) on 05-06-2018 and was cancelled as only a single bid was received.

After that flood had occurred and stored items like fire extinguishers, pipes, pumps etc. were lost/damaged in flood. Considering the request of the prospective bidders for detailed inspection of E&M equipment and due to low participation of bidders in the tender, Board had accorded sanction as per B.O read as 4th above, to invite tender with a provision for detailed inspection of the stored equipment by the prospective bidders. Accordingly, re-tender was invited on 05-11-2018. Though two bidders participated in the tender, they were not prequalified for the work and as per the decisions of PQ committee meeting held on 01-03-2019, the tender was cancelled.

The Chief Engineer (Generation & PED) as per letter read as 6th above has reported that, as per E-tender No. CEPED/08/2018-19 dated 07.03.2019 re-tender (3rd tender) was invited, with PQ bid opening date as 04-05-2019. But considering the request of the prospective bidders the bid opening date was extended up to 10-06-2019. In response, only a single Bid from M/s. Voith Hydro Private Ltd was received. As decided in the PQ meeting held on 04-07-2019, the lone bidder M/s. Voith Hydro Private Ltd was prequalified so that after opening of price bid and based on the offered price, it can be ascertained whether the bidder has envisaged for complete replacement of items as suggested by them in deviation statement. It was also decided that after financial bid opening, opinion of a technical committee may be obtained giving due consideration to all aspects.

Subsequently the price bid was opened on 09-07-2019. The bidder quoted Rs. 111.805 Crore (Supply - Rs. 89.916 Cr, Service - Rs. 21.889 Cr) including taxes. As decided in the meeting held on 18-07-2019, a technical committee was formed as per Office Order read as 5th above, to assess the condition of the equipment supplied as per the previous contract. The technical committee was authorized to prepare detailed report and estimate including balance supply of equipment, fresh supply of damaged equipment, refurbishment, if required, and erection of equipment, provision for 220 kV cable for power evacuation from GT to yard so that execution of balance E&M works can be decided based on the report and estimate. Subsequently the committee has prepared an estimate of Rs. 37.556 Crore (Supply - Rs. 31.313 Cr, Service- Rs.6.243 Cr) including taxes.

Meanwhile the bidder was requested to submit the split up details of each item quoted in BOQ which were considered consequent to technical deviations indicated by the bidder. In the meeting convened by the Chief Engineer (Generation & PED) on 08.08.19, the bidder had emphasized that they cannot carry out the work using the available turbine runner and shaft supplied by the Chinese manufacturer considering safety and performance. The bidder has submitted the split up details of each item and the total of the mandatory items comes to Rs. 93.309 Crore (Supply - Rs.72.954 Crore, Service - Rs.20.355 Cr) and the optional items, Rs. 16.329 Crore (Supply- Rs.14.795Cr, Service - Rs. 1.534 Cr). They have also offered a discount of 5% on the total price of mandatory supply and services. It is reported that even if the prices of considered mandatory items alone are taken and with 5% discount, the total offered price becomes Rs. 88.643 Crore which is exorbitantly high compared to the revised estimate of Rs. 37.556 Crore as prepared by the technical committee. Hence it will not be beneficial to KSEBL to proceed with this tender.

It is reported that even in the third tender only a single bidder has participated. The reluctance for participation of competitive bidders is mainly due to the apprehension about the already supplied equipment from China including turbine, MIV and Generator. Hence, the bidders will try to replace the available equipment with the new equipment of their own and thus increase the prices and also will make the already supplied equipment redundant which is not advisable as huge payment has been made for the same. Hence KSEBL may not be in a position to award the work, even if new tender is invited with the present conditions.

The Chief Engineer (Generation & PED) reported that it will be beneficial to carry out the work departmentally through experienced E&M erection contractors and arranging supply of

required materials departmentally through normal procedure. Hence it was suggested to purchase required balance items as per the technical committee report, departmentally by inviting tenders. The electrical BOP equipment like Generator transformers, Unit Auxiliary transformers, transformer control panel, bus bar protection panel, feeder panels, 220 kV SF6 Breakers, 220kV CTs, PTs, LAs, 220kV cable, 220V battery bank and charger etc, which are centrally procured can be arranged by the Chief Engineer (SCM) and the balance equipment by the Chief Engineer (Generation & PED). The erection of all the above items can be carried out departmentally by inviting tenders for erection through experienced E&M erection contractors so that the entire work can be carried out for the satisfactory commissioning of the project in line with requirement of progress of civil works.

The matter was considered by the Full Time Directors as per Note read as 7th above and resolved to place the matter before the Board of Directors for a decision. Accordingly, the matter was placed before the 48th meeting of the Board of Directors held on 22-08-2019. After discussion the Board

- 1) Resolved to accord sanction to cancel the tender floated by the Chief Engineer (Generation & PED) for balance E&M works of Thottiyar HEP (1x30+1x10MW) vide Tender ID No.2019_KSEB_273937_1, as the lone bidder M/s. Voith Hydro Private Limited (Bid ID 679547) has quoted exorbitant rates.
- 2) Resolved further to accord sanction to carry out the balance E&M works of Thottiyar HEP departmentally through experienced E&M erection contractors, including purchasing required equipment departmentally.
- 3) Resolved also to arrange the procurement of electrical BOP equipment for Thottiyar HEP like Generator transformers, Unit Auxiliary transformers, transformer control panel, bus bar protection panel, feeder panels, 220 kV SF6 Breakers, 220 kV CTs, PTs, LAs, 220kV cable and 220V battery bank and charger etc., in which the centrally procured items by the Chief Engineer (SCM) and the balance equipment by the Chief Engineer (Generation & PED).
- 4) Further resolved to carry out the erection of all the above items departmentally through experienced E&M erection contractors by inviting tenders for erection, so that the entire work can be carried out for the satisfactory commissioning of the project in line with requirement of progress of civil works.

Orders are issued accordingly.

By Order of the Director Board,

Sd/-
Lekha G
Company Secretary (In charge)

To

The Chief Engineer (Generation & PED), Moolamattom.
The Deputy Chief Engineer (Projects-Electrical Designs).

Copy to:

The Financial Advisor/ The Chief Internal Auditor/The Company Secretary.
The Deputy Chief Engineer (IT)/ The RCAO/The RAO.
The TA to Chairman & MD/ Director (GE&SCM)/ Director(GC)/ Director (Trans.,SO&S)/ Director (D,IT&HRM).
The PA to Director (Finance).

Forwarded / By Order

Suresh Kumar
Asst. Exe. Engineer

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