



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956) CIN: U40100KL20115GC027424

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Abstract

Pallivasal Extension Scheme (2x30MW) – Erection of Supplied Electro Hydro Mechanical Equipment and Supply and Erection of eBOP Equipment - Revision of E&M estimate - Sanctioned - Orders issued.

Corporate Office (SBU-G/E)

B.O. (DB)No. 221 /2020 (D(GE)/G2/PES /2019-20) Thiruvananthapuram. Dated: 19 - 03 - 2020

- Read:-
1. B.O (FTD) No.1932/2018 (DGC/AEE V/PES-Balance works/2018) dated 19-11-2018.
 2. B.O(DB) No.2033/2018(DGC/AEE V/PES-Balance works/2018) dated 22-12-2018.
 3. B.O(FTD)No.113/2019(D(GE)/G2/PES/2018-19) dated 06-02-2019.
 4. B.O(DB) No.172/2019(DGC/AEE V/PES-Balance works/2018) dated 26-02-2019.
 5. B.O. (DB)No. 366 /2019 (D(GE)/G2/PES /2019-20) dated 06- 05- 2019.
 6. B.O. (FTD) No.12/2020 (D(GE)/G2/PES/2019-20) dated 07-01-2020.
 7. Letter No. 25/AE2/2014/CE(PED)/1188 dated 28-02-2020 of the Chief Engineer (Generation & PED).
 8. Note No. D(GE)/G2/PES/2019-20 dated 28-02-2020 of the Director (GE&SCM) to the Full Time Directors (Agenda No. 3/3/20).
 9. Note No. D(GE)/G2/PES/2019-20 dated 29-02-2020 of the Chairman and Managing Director to the Board of Directors.
 10. Proceedings of the 52nd Meeting of the Board of Directors held on 04-03-2020 vide Agenda No. 40-03/2020.

ORDER

The work for construction of Pallivasal Extension Scheme (2x30MW) was tendered by the Chief Engineer (Civil Construction South) with both the Civil and E&M works as a single package. The contract was awarded to M/s. ESSAR-DEC-CPPL Consortium at their quoted amount of Rs. 268.0189 Crore as per LOA dated 18.09.2006 and agreement was executed by the Chief Engineer (Civil Construction South) on 31-01-2007. The Contract Amount for E&M works was Rs. 85.47 Crore (supply - Rs. 77,34,34,324/- and Erection, testing and commissioning - Rs. 8,13,27,930/-). The date of completion as per the Agreement was 01.03.2011. But the work could not be completed in time due to several reasons.

When the project ran into trouble, the Government as per G.O.(MS)No.7/2016/PD dated 04.03.2016 accorded sanction to KSEBL to foreclose the contract without any risk and cost liability of the present contractor and permitted KSEBL to rearrange the balance works through open tender or through Government approved agencies like Uralungal Labour contract Cooperative society, Vatakara at the estimated PAC for balance works based on the current CPWD schedule of rates. But as per G.O. (Ms)No.01/2017/PD dated 16/01/2017 the Government excluded the Pallivasal Extension Scheme from the purview of G.O. dated 04.03.2016.

The Chief Engineer (Generation & PED) reported that for continuing the work, the contractor as per letter dated 07-04-18 submitted their demand for a revised rate of supply of 2 times of the existing rate and 4 times of the existing contract rate for erection with hike in supervision component at actual plus 25% towards other cost and incidentals for the E&M portion.

As per schedule to the original agreement, KSEBL would have to pay an amount of Rs.27,52,65,610/- to M/s. ESSAR for balance supply (Rs.19,62,41,961/-) and Erection

(Rs.7,90,23,649/-). As per the demand of M/s. ESSAR the approximate cost for supply was worked out to Rs. 41,92,97,849.60 and that for Erection (considering hike of 25% on the rates for foreign service part as per original schedule since actual are not known) was worked out to Rs. 32,27,86,038.80 totaling to an amount of Rs. 74,20,83,888.40 which causes a financial burden of Rs. 46,68,18,278.40 which is a substantial amount. As the demand by the contractor would cause a huge liability to KSEBL, the Government as per G.O(Ms)No.10/2018/PD dated 10.07.2018 directed to retender the balance works of Pallivasal Extension Scheme at the risk and cost of the Contractor M/s. ESSAR-DEC-CPPL Consortium. Subsequently as per B.O, read as 1st above, KSEBL accorded sanction for an amount of Rs.85.60 Crore including GST (Rs.73 Crore for Civil works and Rs.12.60 Crore for E&M works) for completing the balance works of Pallivasal Extension Scheme and for inviting tenders for the execution of balance Civil &E&M works together. The estimate of Rs.12.60 Crore was prepared considering the rates available for projects under execution, approved transmission data and the latest offer received from M/s.MKS engineering company, Gwalior. Also sanction was accorded to delink the supply and execution of communication systems of PES and to entrust the same with the Chief Engineer (Trans-System Operation).

Accordingly, the Deputy Chief Engineer &Project Manager with full powers of Chief Engineer, Civil Circle, Meencut invited tender for the balance Civil &E&M works together as per e-tender No.CCM/DYCE/01/2018-19 dated 22-11-2018. But no bids were received. Meanwhile a Technical Committee was constituted as per B.O read as 3rd above, for evaluating the condition of the E&M Equipment already supplied by the E&M contractor at Pallivasal Extension Scheme.

As per B.O read as 4th above, sanction was accorded to re-tender the balance works of Pallivasal Extension Scheme as two separate tenders for balance Civil and E&M works. Subsequently, as per B.O. read as 5th above, KSEBL accorded sanction for the revised cost estimate of Rs.93.275 Crore for the balance works of Pallivasal Extension Scheme considering the report of the technical committee with a split up of Civil works-Rs.73.00 Crore and E&M works - Rs. 20.275 Crore and the work was tendered on 27-05-2019, with a PAC of Rs.18.94 Crore., excluding communication portion. The tender was cancelled on 25/09/2019 due to lack of competition and being single tender and retendered vide e-Tender No. CEPED/04/2019-20 dated 27-09-2019 (tender ID: 2019_KSEB_303973_1). The PQ bid was opened on 01.11.2019 and one no. of bid from M/s. Allonward- SSIPL Consortium(Bid ID 767202) was received.

As per the decision of the PQ committee held on 19.11.2019 the lone bidder M/s. Allonward- SSIPL Consortium was prequalified and subsequently their price bid was opened on 22.11.2019. The bidder had quoted an amount of Rs. 77,92,34,846.37 (Supply - Rs. 543136490.42 & Service - Rs. 236098355.95). After negotiations, they reduced their quoted amount to Rs. 49.04 Cr. (which is 158.9% above PAC) by offering a discount of Rs. 1.36 Crore and by excluding the items which were not envisaged in the estimate, which amounts to Rs. 27.5162 Crore, included in quoted supply and service amount.

The FTD in the meeting held on 01-01-2020 discussed the matter in detail and as per B.O. read as 6th above, it was directed to cancel the tender and to retender the work. It was also resolved to re-constitute the technical committee and to revise the E&M estimate by convening a vendor meeting if found necessary.

Subsequently, a technical committee was formed (Proceedings of Chief Engineer (Gen.&PED) dated 13-01-2020), for the revision of estimates for the works of (1) Execution of balance E&M works of Pallivasal Extension Scheme (2x30MW). (2) Erection, Testing and Commissioning of supplied Hydro mechanical & Electromechanical Equipment in the Power House

of (1x30+1x10)MW Thottiyar HEP.

The Chief Engineer (Gen.&PED) as per letter read as 7th above, reported that on 18.01.2020 a meeting was conducted with the prospective bidders to get budgetary offers and suggestions for carrying out the subject work. In the meeting, the bidders opined that the estimate amount is meager and has to be revised as the work is of complex nature including refurbishment of many of the already erected equipment. They also opined that for the assessment of the condition of the supplied equipments, detailed study is essential and then only they can submit the budgetary offers. They also opined that unless the commercial and financial conditions are modified at least for this project, they will not show much interest in this project.

Subsequently, the technical committee has prepared a revised estimate amounting to **Rs.71,00,00,000/-** for the subject work.

The Chief Engineer (Generation &PED) reported that the balance amount required to complete the E&M works is Rs. 27,52,65,610/- as per the original agreement in 2007. Considering the fact that 13 years has been elapsed, it is recommended that the revised estimate of Rs.71 Crore may be sanctioned for successfully carrying out the E&M works of the project. The total estimate including Civil portion becomes Rs.144 Crore for the balance work of Pallivasal Extension Scheme with a split up of Civil Works Rs.73 Crore and E&M works Rs.71 Crore (against Rs.20.275 Crore sanctioned earlier).

It is also reported that in the meeting held with the prospective bidders to revise the estimate of PES, the bidders opined that some of the tender conditions prevailing in KSEBL are preventing them from participating in KSEBL E&M tenders. In order to get more participation from the bidders, it is essential that the following modifications proposed in the financial & PQ conditions as followed in other utilities like NHPC and UJVN to be incorporated in the tender conditions.

Modification Requested on	Existing Clause	Recommendations for PES
1. payments 5.2 of vol 2 and 1.1.2 of Vol 4	<p>Supply</p> <p>a.80% of the FOR value of materials together with 100% value of taxes & duties (including statutory variations) and freight and insurance shall be paid on prorata basis against receipt of materials at site as certified by the concerned Engineer-incharge.</p> <p>b.20% of the FOR value of materials shall be paid unit wise on completion of erection,testing and commissioning of each unit to the satisfaction of the engineer in charge after clearing of all punch</p>	<p>Supply</p> <p>a.90% of the value of materials together with 100% value of taxes & duties and freight and insurance shall be paid on prorata basis against receipt of materials at site in good condition as certified by the Engineer in charge.</p> <p>b. Balance 10% value of materials shall be paid as follows</p> <p>i. On completion of erection, testing and commissioning of each unit in case of unit 1 and 2 including auxiliary of each unit and on submission of the concerned "As built" drawings.</p>

	<p>points, if any.</p> <p>Service</p> <p>a) 80% of the erection charges together with 100% taxes and duties (including statutory variations) prescribed for each item shall be paid on prorata basis on completion of erection of such item.</p> <p>b) Balance 20% of the erection charges shall be paid unit wise on completion of erection, testing and commissioning of each unit to the satisfaction of the engineer in charge after clearing of all punch points, if any.</p>	<p>ii. On completion of erection, testing and commissioning of each equipment/system in the case of other equipment and common auxiliary system and on submission of the concerned "As built" drawing</p> <p>Service</p> <p>a. 90% of the cost of work carried out together with 100% value of taxes shall be paid on prorata basis on completion of erection of each equipment as certified by the Engineer-in-charge.</p> <p>b. Balance 10% cost of services shall be paid as follows:</p> <p>i. On completion of testing, commissioning and taking over of each unit in every respect in case of unit 1&2 and on submission of the concerned "As built" drawing.</p> <p>ii. On completion of testing, commissioning and taking over of each equipment/System in every respect in the case of other equipment and auxiliary system and on submission of the concerned "As built" drawings.</p>
2. Bid security	<p>Bid security forms part of the bid. Bids without bid security will be rejected. The amount of bid security shall be Rs 25,00,000/- (Rupees Twenty Five lakh only) and the same shall be remitted as prescribed here under.</p> <p>An amount of INR. 5/- lakh (Rupees Five Lakh only) as part of the bid security amount shall be remitted online to the account number given in the remittance form provided by the e-procurement system for this particular tender. Only SBI Multi Option Payment System (MOPS) gateway remittance is</p>	<p>Bid security forms part of the bid. Bids without bid security will be rejected. The amount of bid security shall be Rs 25,00,000/- (Rupees Twenty Five lakh only) and the same shall be remitted as prescribed here under.</p> <p>The bid security amount of Rs. 25,00,000/- (Rupees Twenty Five lakh only), shall be furnished in the form of a Bank Guarantee from any bank specified in item No. 5. of Part I of Volume 2 in the format (Clause 6.6 Annexure 6) specified by KSEBL with a validity period as per clause 4.7 which may</p>

	<p>allowed. Account to Account transfers or cash payments are not allowed. (Bidder should ensure that tender document fees including VAT and EMD are remitted as one single transaction and not separate. Separate or split remittance will be treated as invalid transactions). Please See Clause 6.7 Annexure 7 of Volume 2 for further clarification.</p> <p>AND</p> <p>The balance bid security amount of Rs 20,00,000/-(Rupees Twenty lakh only), shall be furnished in the form of a Bank Guarantee from any bank specified in item No. 5. of Part I of Volume 2 in the format (Clause 6.6 Annexure 6) specified by KSEBL with a validity period as per clause 4.7 which may be extended on request. The scanned copy of the BG shall be uploaded by the bidder in Cover 1. The bidder shall ensure that the BG in original reaches the bidding authority after the last date of bid submission, but on / before the due date of opening of the PQ bid, failing which the bid is liable to be rejected.</p>	<p>be extended on request. The scanned copy of the BG shall be uploaded by the bidder in Cover 1. The bidder shall ensure that the BG in original reaches the bidding authority after the last date of bid submission, but on / before the due date of opening of the PQ bid, failing which the bid is liable to be rejected.</p>
<p>2.2.3 scope of work & 2.2.6 salient features of Vol II</p>	<p>Refurbishment has to be done in such a way that it can be utilized for commissioning and shall ensure guarantee for three years from the date of completion.</p> <p>The equipment which was already supplied from China and which was not refurbished and used as such does not require guarantee.</p> <p>But the equipment refurbished/ replaced or parts refurbished/ replaced need guarantee as per tender conditions. Also the work for executing the project will draw guarantee as per tender conditions.</p>	<p>New equipment supplied shall draw guarantee for three years. Refurbishment has to be done in such a way that it can be utilized for commissioning and shall ensure guarantee for one year from the date of completion. The equipment which was already supplied from China and which was not refurbished and used as such does not require guarantee. Also the work for executing the project will draw one year guarantee.</p>

2.29.1 of Vol 1

For Hydro Electric projects with installed capacity of and above 25MW.

The bidder must be an established contractor having experience in Planning, Engineering, supply, erection, testing and commissioning of complete Electro Mechanical & Hydro mechanical Equipment of hydro Electric projects. The bidder shall either himself (if he is a hydro turbine manufacturer), or by engaging an experienced manufacturer of hydro machines of similar capacity shall ensure proper supervision of the erection, testing and commissioning of the supplied equipment as per Appendix 1 consisting of turbine, generator and associated equipment and shall also ensure supply of the balance imported spares in the list at Appendix 2 and any other imported item required for successful commissioning of the project and shall provide guarantee as required in the tender conditions. The bidder should have satisfactorily completed similar works of at least two hydroelectric projects of capacity not less than 50% of the total station capacity proposed for the project as a bidder during the last **seven years** as on the date of notice inviting bid and the same are in successful operation for a minimum period of two years. In case of Consortium, all partners combined need to meet the requirement. However a consortium partner's experience/

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	<u>capability in his specific area of work/service will be considered only if it is in his scope of work as per the consortium agreement.</u>	<u>per the consortium agreement.</u>
General	Refurbishment of already available equipment including runner	The bidder has the freedom to either refurbish the existing system and reuse the same or supply and erection of the new system if desired by them. However the PAC is limited to conduct refurbishment and reuse the same.

The matter was considered by the Full Time Directors as per Note read as 8th above and resolved to place the matter before the Board of Directors. Accordingly, the matter was placed before the Board of Directors as per Note read as 9th above.

The Board considered the proposal for revised estimate and decided to invite tender through reverse bidding keeping Rs. 71 Crore as the cap. After discussion, the Board

Resolved to accord sanction for the revised cost estimate of Rs. 144 Crore (Rupees One hundred and forty four Crore only) for the balance works of Pallivasal Extension Scheme with a split up of Civil works - Rs. 73.00 Crore and E&M works - Rs. 71 Crore.

Resolved to accord sanction to the Chief Engineer (Gen. & PED) to invite tender with modified commercial and PQ conditions on reverse bidding basis taking Rs. 71 Crore as the cap for the balance E&M works of Pallivasal Extension Scheme, excluding amount for execution of PLCC system (Rs. 1.335 Crore).

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 Deputy Chief Engineer & Project Manager(PES) with full powers of Chief Engineer.
The Chief Engineer (Transmission-System Operation)
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

Sanku Kurian
Asst. Exe. Engineer

DESPATCHED

No. A02

30.02.00