



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

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ABSTRACT

Issues pertaining to the execution of Electro Hydro Mechanical works of Vilangad SHEP (3x2.5 MW), Vellathooval SHEP (2x1.8 MW) and Perunthenaruvi SHEP (2x3 MW) executed by M/s. Flovel Energy Private Limited - Sanctioned - Orders issued.

Corporate Office (SBU-GE)

B.O. (DB) No.168/2024 (DGE/G2/AEE3/Flovel issues - Vilanad - Dated:22-04-2024
Vellathooval - Perunthenaruvi/2024) Thiruvananthapuram.

- Read:
- A1. Work order No. CECCN/DB/8/VLD/2005-06/3429 dated 23.02.2010 and Agreement No. CECCN/24/2009-10 dated 05.03.2010 of the Chief Engineer (Civil Construction-North).
 - A2. Letter No. 28/AE5/2013/CE (PED)/1177 dated 24.02.2020 of the Chief Engineer (Generation and PED).
 - A3. Letter No. CECCN/DB/08/VLD/2005-06/1134 dated 20.12.2022 of the Chief Engineer (CC-North)
 - A4. Letter No. GCK/DB2/Vilangad SHEP/2023-24/698 dated 12.09.2023 of the Deputy Chief Engineer, Generation Circle, Kozhikode.
 - A5. Letter No. P0910-07-PM-GM-CWC-OG-1177 dated 27.09.2023 of M/s. FEPL to the Chief Engineer (Civil Construction) North.
 - A6. Letter No. CECCN/DB-08/VLD/2005-06/1151 dated 21.10.2023 of the Chief Engineer (CC) North.
 - A7. Letter No. CECCN/DB/08/VLD/2005-06/1348 dated 21.11.2023 of the Chief Engineer (Civil- Construction) North.
 - A8. Note No. FA-AT-ST1/2023/104 dated 01.01.2024 of the Financial Advisor.
 - B1. Modified Minutes of Meeting dated 11.09.2012 of Chief Engineer (PED)
 - B2. Minutes of the Technical meeting convened on 10.11.2016 with M/s. FEPL.
 - B3. Letter No. EDK/VSHEP-GEN/2016-17/123 dated 22.11.2016 of the Executive Engineer, Erection Division, Kallarkutty.
 - B4. Note No. D (GE)/G2/Vella/2017-18 dated 28.03.2018 of the Office of the Director (Gen-Ele)
 - B5. Letter No. 67/AE4/2021/CE (PED)/526 dated 05.08.2021 of the Chief Engineer (Generation and PED).
 - B6. Letter No. CCM/FO/Flovel-VSHEP/2021-22/505 dated 15.09.2021 of the Deputy Chief Engineer & Project Manager, Pallivasal Extension Scheme, Meencut.
 - B7. File No. DCIDK/2518/2020-E9 dated 18.04.2023 of the District Collector, Idukki.
 - B8. Minutes of the meeting convened by Director (Generation Electrical) dated 20.10.2023.
 - B9. Note No. E 10579/FA/Tender-I/I/2024 dated 06.01.2024 of the Financial Advisor.

B10. Revised Generation loss calculation.

C1. Letter No. DCE-MZR/AE-2/TB-38/2022-23/735 dated 15.09.2022 of the Deputy Chief Engineer, Generation Circle, Moozhiyar.

C2. Letter No. 29/AE1/2018/CE (PED)/483 dated 29.12.2022 of the Deputy Chief Engineer with FPO of CE (PED).

C3. Letter No. CCP/AB1/PSHP/BG-releasing/2022-23/20 dated 04.03.2023 of the Deputy Chief Engineer & Principal Team Leader, Civil Circle, Pallom.

C4. Letter No. PED/AE3/2023/866 dated 15.03.2023 of the Deputy Chief Engineer with FPO of CE (PED).

C5. Letter No. 29/AE5/2013/CE (PED)/Bank Guarantee dated 24.03.2023 of the Deputy Chief Engineer with FPO of CE (PED).

C6. Note No. FA-AT-ST1/2023/100 dated 21.12.2023 of the Financial Advisor.

C7. Note No. LA&DEO/R/10/2024 dated 20.02.2024 of Senior Law Officer.

C8. Note No. DGE/G2/AEE3/Vilangad, Vellathooval & Perunthenaruvi/2024 dated 06.03.2024 of the Chairman and Managing Director submitted to Director Board.

C9. Proceedings of the 76th Meeting of Board Directors held on 13.03.2024 vide Agenda 13-03/2024.

ORDER

The execution of Electro Hydro Mechanical works of Vilangad SHEP (3x2.5MW), Vellathooval SHEP (2x1.8MW) and Perumthenaruvi SHEP (2x3MW) were completed by M/s. Flovel Energy Private Limited, Faridabad, Haryana (M/s. FEPL). The Vilangad SHEP was commissioned on 14.07.2014, Vellathooval SHEP on 08.09.2016 and Perumthenaruvi SHEP on 23.10.2017. However, the final settlement of the contractor M/s. FEPL could not be carried out as there are issues pending to be solved under the above contracts.

A. Vilangad SHEP (3x2.5MW)

The Contract for the execution of Vilangad SHEP (3x2.5MW) was awarded to M/s. FEPL, for a contract amount of Rs. 59,48,88,089/- as per the Work order and Agreement read as A1 above. The machines were synchronized with grid on 14.07.2014 and handed over by the contractor on 12.08.2014. The defect liability period was up to 11.08.2017. There are three pending issues in this project namely (a) penalty for short fall in efficiency (b) Generation loss during Defect Liability Period and (c) pending spares to be supplied by M/s. FEPL. As per the contract terms, the responsibility of conducting the performance guarantee testing of the machines is with the contractor and penalty for the short fall in efficiency has to be recovered from the contractor. The penalty for the shortfalls occurred in efficiency of the machines installed was calculated as Rs.15,90,681/- and intimated to the agreement authority, Chief Engineer (CC) North, as per the letter read as A2 above. In the meeting convened by the Director (Generation-Electrical) on 23.12.2022, it was decided that the above assessment arrived on account of efficiency loss is conclusive and final. During the defect liability period there were machine shutdowns due to various defects which resulted in generation loss and hence penalty for generation loss also has to be recovered from the contractor. The assessment for the generation loss was initially calculated as Rs.31,46,482.85/- (Energy loss for 8,98,995.19 units @ Rs.3.5/units). In the meeting convened by the Director (Generation- Electrical) on 23.12.2022, it was noticed that reasonable period for the completion of the work was not considered and loss calculation is not as per agreement condition. Hence it was decided to revise the penalty calculation for generation loss as per agreement condition for total duration of outage days after allowing reasonable time of completion for the restoration work

considering the intimation time, time required to arrange the spares and execution time, etc. The Deputy Chief Engineer, Generation Circle, Kozhikode as per the Letter dated 03.12.2022 has reported that the total outage of machines after considering reasonable time of completion of the work is 42 days for penalty calculation. Accordingly, the Chief Engineer (CC-North) as per the letter read as A3 above has reported that penalty for generation loss is finalized as Rs.10,50,000/- (42x25,000). The revised details were intimated to the contractor as per the letter read as A6 above and as per the letter dated 26.10.2023, the contractor replied that the matter had not communicated them earlier or during DLP and they cannot entertain any new issues as the DLP is over in 2017.

In the internal meeting convened by the Director (Generation-Electrical) dated 23.12.2022, it was decided to revise the list of spares pending to be supplied to KSEBL on account of spares not supplied so far and to be replenished (used during the defect liability period) after correcting duplicate entries if any. Accordingly, the Deputy Chief Engineer, Generation Circle, Kozhikode has updated and reported 11 numbers of items of spares pending to be supplied to KSEBL as per the letter read as A4 above. The matter has been taken up with the contractor finally on 20.09.2023 for supply of pending spares for issuing NOC. But the contractor, as per the letter read as A5 above, has intimated that they have completed the supply of all the spares and acknowledged by KSEBL as per the minutes of meeting of the Assistant Engineer dated 25.09.2019 and also the contractor has submitted copy of receipt dated 11.11.2015 and 13.06.2016 for some spares.

The cost of pending spares to be supplied has been evaluated as Rs.4,75,540 /- and intimated to the contractor as per the letter read as A7 above. The contractor as per the letter dated 25.11.2023 has denied the same. The total amount due from the contractor for the above three pending issues is Rs.31,16,221/- (Rs.15,90,681/- towards Penalty for Efficiency Loss + Rs.10,50,000/- towards Generation loss + Rs.4,75,540/- towards pending supply of spares). The remarks of the Financial Advisor regarding the above mentioned issues were obtained as per the Note read as A8 above. The Retention Amount with KSEBL on Balance Supply Payment is Rs. 1, 50, 000/-. In addition, Bank guarantees No. 0995021BG0000127 (SBI) for Rs.8,50,000/- valid up to 30.06.2026 is also available. The total security available with KSEBL is amounting to Rs.10,00,000/- only, which is insufficient to meet the liabilities (Rs.31,16,221/-) as above. Hence the project could not be closed even though the DLP was completed on 11.08.2017.

It is to be decided whether the account of M/s. FEPL, the contracts for the execution of Electro Hydro Mechanical works of Vilangad SHEP (3X2.5) MW may be settled taking into account, the total amount due from the contractor for the three pending issues as Rs.31,16,221/- (Rs.15,90,681/- towards Penalty for Efficiency Loss + Rs.10,50,000/- towards Generation loss + Rs.4,75,540/-towards pending supply of spares). The total security available with KSEBL is amounting to Rs.10,00,000/- only. Hence there is a short of Rs.21,16,221/-. The Director (Generation-Electrical, REES, SOURA, Sports and Welfare) has recommended to recover the balance amount of Rs.21,16,221/- from other contracts of M/s. FEPL.

B. Vellathooval SHEP (2x1.8MW)

The Contract for the execution of Electro-Mechanical works of Vellathooval SHEP (2x1.8MW) was awarded to M/s Flovel Energy Private Limited, Faridabad, Haryana (M/s. FEPL), for a contract amount of Rs. 11.66 Cr (Supply - Rs. 11.13 Cr, Service- Rs.0.52 Cr) as per the B.O (FB) No.314/2013 (M(T&GO)/ G3/ Vellathooval/2012-13) dated 12.02.2013 and Work order No. 04/2012-13 dated 25.02.2013. An agreement was executed with M/s. FEPL by the Chief Engineer (Projects-Electrical Designs) as per the Agreement No. CE (PED)/10/2012-13 dated 07.03.2013. Unit No.1 was synchronized on 15.06.2016 and Unit No.2 on 17.06.2016. Vellathooval SHEP was commissioned on 08.09.2016, after the satisfactory completion of commissioning tests the project was taken over by KSEBL on 03.11.2016. This project was handed over to the Generation wing on 19.01.2017. The defect liability of the project is 3 years from the date of taking over the project by KSEBL, till 03.11.2019. There are three issues remaining to be settled (a) Generation loss due to forced shut down of Unit No.1 and Unit No.2 (b) Pending supply of spares and (c) Performance testing and outstanding payments. During the defect liability period, Unit No. 1 and Unit No. 2 were stopped and put into forced

shutdown from 22.07.2017 and 27.09.2017 due to water mixing in TLOP (Turbine Lubricating Oil Plant) and the incidents were informed to the contractor on the same day. The rectification work of Unit No. 2 machine started on 06.02.2018 by M/s. FEPL and completed on 28.03.2018. The rectification of Unit No. 1 was started on 31.03.2018 by M/s. FEPL and completed on 08.05.2018.

M/s. FEPL was informed many times of possible penalties/ loss that will be imposed upon them, if the defects are not rectified in reasonable time. But, M/s. FEPL failed to complete the work within reasonable time. A generation loss based on availability of water at the weir of Vellathooval and the possible generation was calculated. During non-monsoon season the calculated monthly river flow is reflected as negative also. Hence for taking realistic value on these dry months, tail race water of Sengulam Power House is considered for generation of Power in Vellathooval SHEP. Generation loss based on water availability at the weir of Vellathooval was calculated as Rs. 80, 53, 707/- for the forced shutdown period from October 2017 to May 2018 and informed M/s. FEPL to remit the amount within 15 days as per the letter read as B5 above. M/s. FEPL vide letter dated 09.08.2021 denied the claims made in the above letter. M/s. FEPL filed a case WP (C) No. 16515/2021 in the Honorable High Court of Kerala on 11.08.2021, that the Bank Guarantee shall not be encashed. The High Court passed an interim order restraining the respondent from encashing/ releasing the bank guarantee until further orders. Vide letter dated 18.02.2022, M/s. FEPL has requested to review the KSEBL's decision on generation loss. In the meeting convened by the Director (Generation Electrical) on 23.11.2022, M/s. FEPL was informed that generation loss was calculated providing adequate reasonable time for rectification and hence there is no possibility of reassessment of generation loss.

The pending spares to be supplied by M/s. FEPL are one set of Runner blade, Auto sequencer, Disturbance recorder, software for digital governor and user manual for governor. In the list of spares offered by the firm corresponding to the supply of one set of runner, M/s. FEPL has mentioned as "not required". But in the reply to the pre bid queries dated 29.11.2011 raised by another bidder regarding the supply of one set of runner as spare, KSEBL had clarified that one set of Runner blade is required. The minutes of the meeting, convened by the Chief Engineer (PED) with M/s. FEPL dated 11.09.2012 was modified, read as B1 above, as "The firm will provide an extended guarantee for a period of one year after the three-year guarantee period for the runner blades of two units, since the firm had not offered any runner blades as spares. The list of spares as offered by the firm, as per section 3.10 of their offer will be reviewed again and will be finalized during the approval of drawings/documents".

As per the work order dated 25.02.2013 issued to M/s. FEPL, the modified minutes of the meeting dated 11.09.2012 of Vellathooval SHEP has been made a part of the agreement for the work. However, specific sanction for excluding the supply of runner blades as spare with corresponding financial implication is not seen obtained from the Board. During the review meeting held on 11.01.2018 and 27.02.2018, M/s. FEPL was in the view that since the tender authority as per minutes dated 11.09.2012 had decided for one-year extended guarantee over and above the defect liability period for the runner in lieu of spare runner blades, they requested to exempt them from the supply of spare runner blade. In view of the fact that the pre bid clarification is to be made equally applicable to all bidders unless specific sanction of the Board with financial implication is obtained, the Chief Engineer (PED) as per the letter dated 27.03.2018, sought clarification from Director (Generation Electrical). The office of the Director (Generation Electrical) as per the note read as B4 above has directed to ask the contractor to supply one set of runner blade as spare for the subject work in line with the decision taken in Pre bid meeting. Accordingly, Chief Engineer (PED) vide letter dated 09.04.2018 directed M/s. FEPL to supply one set of Runner blade as spare as per the clarification given in the pre bid meeting. Reminder letters dated 11.05.2018, 23.06.2018, 09.08.2019 and recently on 03.11.2023 were given to M/s. FEPL directing them to supply the spares.

In the taking over certificate dated 03.11.2016, it is clearly mentioned that the Vellathooval SHEP is taken over subject to one of the condition (Point No. 5) - Tools, tackles and spares shall be supplied as per agreement. In the minutes of meeting, read as B2 above, convened by the Chief Engineer (PED) to discuss the issues with supply of Auto sequencer and Disturbance recorder, Assistant Engineer,

Vellathooval, was directed to conduct a joint inspection with M/s. FEPL and to furnish a report regarding the spares to be supplied by M/s. FEPL as per agreement. But in the joint inspection report submitted by the Executive Engineer, Erection Division, Kallarkutty, read as B3 above, nothing is seen clearly mentioned about the supply of Auto sequencer and Disturbance recorder. In the letters dated 13.03.2017 and 08.10.2021 of the Assistant Executive Engineer, Panniar and the Deputy Chief Engineer, Generation Circle, Meencut respectively, the supply of Auto sequencer and Disturbance recorder is mentioned as one of the punch points. But the Auto sequencer and Disturbance recorder is not clearly mentioned in the spare list. The details regarding Disturbance recorder is present in the technical specifications Volume III (page 468) of the tender documents. In the meeting convened by Director (Generation Electrical) on 20.10.2023, read as B8 above, it was decided that the contractor has to supply the Auto sequencer and Disturbance recorder as per tender conditions. If not supplied that amount shall be deducted from the contractor after collecting budgetary offer. Hence, steps are being taken to obtain offers from reputed firms for the above items to arrive the amount to be recovered towards non supply of pending spares.

The Vellathooval SHEP was severely damaged due to the devastating floods on 15.08.2018 and the Powerhouse was totally submerged in flood water and the equipment at the site was damaged. KSEBL had requested M/s. FEPL's offer for restoration work. As the rates quoted by M/s. FEPL was high, KSEBL executed rehabilitation works part by part by arranging local contractors. As per the letter dated 06.10.202, Chief Engineer (PED) reminded M/s. FEPL to conduct the Performance test of both the machines which is mandatory as per agreement. The test reports are essential for claiming the final 10% grant from MNRE. It was also informed that the retention amount as per agreement conditions can be released only after the completion of performance test. This letter was sent in continuation to the letters already sent to the firm dated 17.03.2018, 21.03.2018 and 28.04.2018.

Meanwhile, M/s. FEPL vide letter dated 13.09.2021, informed that as per their records and final reconciliation of accounts, the following dues are pending against the electro- mechanical works of Vellathooval SHEP. (a) Cash retention amounting to Rs.10,00,000/- (b) 5% Retention on Supply and Services amounting to Rs. 50,99,817/- (c) Taxes and duties reimbursable to M/s. FEPL amounting to Rs.25,29,668/-. The Deputy Chief Engineer, Civil Circle, Meencut as per the letter read as B6 above has informed M/s. FEPL that the retention amount withheld from the bills is Rs.68,71,995/-. No retention amount of Rs.10,00,000/- and taxes and duties of Rs.25,29,668/- claimed by M/s. FEPL is pending. M/s. FEPL vide letter dated 22.09.2021 requested to release the withheld amount of Rs. 68, 71, 995/- and release the bank guarantees amounting Rs.58,30,000/- and Rs. 48,39,067/-. M/s. FEPL also informed that as per their book of accounts Rs.25,29,668/- is still outstanding and has not been reimbursed to M/s. FEPL out of the total taxes and duties invoiced to them till date.

As per the letter dated 26.10.2021, the Chief Engineer (PED) asked the Deputy Chief Engineer, Generation Circle, Meencut to arrange for Performance testing with the support of HRED, Roorkee so as to fix the liability of M/s. FEPL including the cost of testing. As per the letter dated 30.10.2021, M/s. FEPL remarked that the post flood repairs, replacements and reconstruction of the damaged equipment, machinery and powerhouse was done by KSEBL directly through other contractors and hence they cannot give quality assurance of the machinery and plant. M/s. FEPL has no further obligations under the said agreement to get the performance testing of the project done now. KSEBL may get the same done at their own cost. As per the letter dated 18.02.2022, M/s. FEPL informed that the amount paid by KSEBL to HRED, IIT Roorkee (Rs.6,50,000/-) for performance test can be adjusted against their payable amount. Regarding the BGs, M/s. FEPL requested to release the two BGs and proposed to submit a fresh BG for the differential amount of Rs.18,31,712/- (Rs.80,53,707 + Rs.6,50,000- Rs.68,71,995). The offer collected from IIT Roorkee was Rs.14,16,000/-.

Sanction was accorded as per B.O. (FTD) No. 573/2022(67/AE4/2022) TVPM dated 04.07.2022 to conduct performance test on both machines at Vellathooval SHEP by IIT Roorkee for an estimate amount of Rs.14,16,000/- in order to claim the final grant of MNRE and to deduct the cost from the payments to be made to M/s. FEPL. As per the letter dated 09.12.2022, the Deputy Chief Engineer,

Generation Circle, Meencut, informed that the water handling capacity of the Vellathooval weir has reduced since the flood due to accumulation of silt, sand and debris, blockage of sluice gate & trash rack. Hence even a single machine cannot be run at its full capacity. The performance test of the machines is possible only after clearing the blockage of sluice gate and removal of silt, sand and debris. Sanction was obtained from the District Collector, Idukki as per the letter read as B7 above for removing the slit, sand and debris from the weir. The Dam Safety Wing, Pambla is authorized to perform the dredging process and remove the sand and debris from the weir. The removal of sand and debris from the weir is still pending. A reminder letter was sent to the Executive Engineer, Dam Safety Wing, Pambla on 18.12.2023 and 14.02.2024 highlighting the necessity of completing the dredging process urgently. The remarks of the Financial Advisor regarding the above-mentioned issues were obtained as per the Note read as B9 above. On further scrutiny of the approved calculation of Generation Loss, few typo errors were observed and eliminated. The revised generation loss based on water availability will amount to Rs.75,49,967/- (Rupees Seventy five Lakhs Forty nine Thousand Nine Hundred and Sixty seven only) Calculation is read as B10 above.

It is to be decided whether the amount due from M/s. FEPL, the contractor for the execution of Electro Hydro Mechanical works of Vellathooval SHEP (2X1.8) MW towards generation loss be confirmed as Rs.75,49,967/-, towards performance test for 2 machines as Rs.14,16,000/- and the amount to be recovered towards non supply of pending spares (including the cost of runner blades if the request of the contractor to exempt the supply of runner blade is not accepted). The cost of pending spares can be arrived based on the offers to be obtained from reputed firms. It is to be decided the total amount then calculated be deducted from the available amount with KSEBL. The amount available with KSEBL is Rs.1,75,41,062/- (Rs.68,71,995/- as cash retention and Rs.1,06,69,067/- as Bank Guarantee). There is a possible shortage if cost of spares including the cost of runner blade exceeds Rs.85,75,095/-.

It is also to be decided whether the amount due from the contractor M/s. FEPL under Vellathooval SHEP (2X1.8) MW arrived, as above, if short from the amount available with KSEBL under this contract, short amount may be recovered from the balance available with other contracts of M/s. FEPL with KSEBL. If there is excess amount with the contractor's account under this project, the same shall be released only after considering other contracts being executed by M/s. FEPL, where there is short of amount with contractor, subject to final disposal of the WP(C) No.16515/2021.

The Director (Generation-Electrical, REES, SOURA, Sports and Welfare) has recommended that the request of the contractor for exempting one set of Blade be accepted. The amount for generation loss, performance test and cost of spares based on the offers be deducted from the pending payments. As per tender condition it is possible to recover from the balance available with other contracts of M/s FEPL with KSEBL.

C. Perumthenaruvi SHEP (2x3 MW)

The Contract for the execution of Electro-Mechanical works of Perumthenaruvi SHEP (2x3MW) was awarded to M/s Flovel Energy Private Limited, Faridabad, Haryana (M/s. FEPL), for a contract amount of Rs.13,33,84,973/- as per Work order No. 01/2011-12 dated 09.08.2011 and agreement was executed by the Chief Engineer (Projects-Electrical Designs) as per the Agreement No. CEPED/02/2011-12 dated 22.08.2011. The project was commissioned on 23.10.2017 and was taken over from the contractor with effect from 01.08.2018. The defect liability period for this project was completed on 31.07.2021.

M/s. FEPL filed a writ petition in Honourable High Court of Kerala against KSEBL vide WP (C) No. 17155/2021, that the Bank Guarantee submitted to KSEBL for the execution of Electro Mechanical Works of Perumthenaruvi SHEP (2x3 MW) shall not be encashed. The pending issue under Perumthenaruvi SHEP (2x3 MW) work is regarding the penalty on generation loss. The Deputy Chief Engineer, Generation Circle, Moozhiyar as per the letter read as C1 above has reported that due to the

generation loss, a penalty for an amount of Rs.12,00,000/- (Rupees Twelve Lakhs only) was imposed to the contractor M/s. FEPL as per the article XI of the contract agreement for the delay in completing the defects and rectification works during the performance guarantee period. There are no punch points / pending works at Perumthenaruvi SHEP to be attended by the firm and the supply of materials (spares, defective components etc) are completed. It was also informed that the performance bank guarantee and the retention bank guarantee may be released only after recovering the penalty amount of Rs.12,00,000/- from the contractor.

As per the decision taken in the meeting convened by the Director (Generation - Electrical) on 23.11.2022, the Performance Bank Guarantee No. 0083BG00013312 dated 20.08.2011, last amended on 17.08.2022, amounting to Rs.66,70,000/- was released on 28.12.2022. This matter was intimated to the Deputy Chief Engineer & Principal Team Leader, Civil Circle, Pallom as per the letter read as C2 above. It was also informed to them that, the retention bank guarantee under their safe custody may be released after recovering the penalty amount of Rs.12,00,000/- from the contractor towards the generation loss during the DLP. The Deputy Chief Engineer & Principal Team Leader, Civil Circle, Pallom as per the letter read as C3 above, has reported that on verification of their office records, an amount of Rs.35,21,511/- (Rupees Thirty Five Lakhs Twenty One Thousand Five Hundred and Eleven only) was retained from the various CC bills as retention money. Clarification requested whether the recovery of generation loss can be made from the Bank Guarantee (Retention Bank Guarantee No. 0083BGR0002719/ 17.05.2018 amended on 30.08.2022 for Rs.56,70,000/-) or from the amount retained from the CC bills. Also, clarification was requested whether the balance amount of retention money can be released to the contractor.

As per the letter read as C4 above, it was informed M/s. FEPL that the 18 MW Unit No.3 & Unit No.1 Machines at Sholayar Power House are under shut down for rectification works due to stator winding failure from 28.12.2022 & 09.02.2023 respectively. Even though the machine Unit No.3 was put into service on 23.12.2022 after repairing, it became faulty again on 28.12.2022. Because of the non-availability of these two machines, KSEBL was incurred huge generation loss. Also, as the quantity of water after power generation which can be utilized for Poringalkuthu Power station has been substantially reduced due to the failure of the above two machines, KSEBL was not in a position to discharge sufficient quantity of water to Chalakkudy river basin as per PAP agreement conditions. KSEBL forced to release additional quantity of water to Chalakkudy River without generation from 01.03.2023 which results in heavy revenue loss to KSEBL. In this situation, KSEBL was forced to withhold the release of bank guarantees/ payments till the completion of the rectification works of both machines of Sholayar HEP. The Deputy Chief Engineer & Principal Team Leader, Civil Circle, Pallom was also intimated as per the letter read as C5 above that the bank guarantee/ the amount retained from various CC bills as retention money from the contractor may be kept pending for the time being. Unit No.1 & Unit No.3 is back in service only from 15.05.2023 and 20.06.2023 respectively after the rectification works. This causes the delay for releasing the retention bank guarantee to the contractor. The total liability from M/s. FEPL including generation loss incurred to KSEBL from Sholayar is estimated to be Rs.11,51,79,782/- whereas the amount available with KSEBL (Retention amount + Bank Guarantee) is only Rs. 8,76,61,000.00/-. There is a short of Rs. 2,75,18,782/-. Board Order has been issued in this regard as per B.O. (DB) No. 144/2024 (DGE/G2/AEE3/SHOLAYAR-RMU/2023) TVPM dated 09.04.2024 for the details in respect of the Renovation & Modernizing (R&M) work of (3x18MW) Sholayar Power House, executed by M/s. FEPL. Due to the above reason the BG and retention money available with Deputy Chief Engineer & Principal Team Leader, Civil Circle, Pallom has not been released and the validity of BG has been extended by the firm till 30.11.2024. It has instructed to retain the Bank Guarantee until finalization of liability in respect of Sholayar HEP by KSEBL. The remarks of Financial Advisor have been obtained as per the Note read as C6 above. The remarks of the LA&DEO have been obtained as per the note read as C7 above.

It is to be decided whether the total amount Rs. 79,91,511/- (total of BG and retention money – liability) available with Deputy Chief Engineer & Principal Team Leader, Civil Circle, Pallom under

I/36294/2024

Perumthenaruvi SHEP work may be released only along with the settling of accounts of M/s. FEPL in respect of other projects executed by the contractor under Vilangad, Vellathooval and Sholayar, subject to final disposal of the WP (C) No.17155/2021 (Perumthenaruvi) and WP (C) No.16515/2021 (Vellathooval) filed before the Honorable High Court of Kerala.

The Director (Generation-Electrical, REES, SOURA, Sports and Welfare) has recommended that on finalization of the penalty in respect of Sholayar HEP is made, decision on release of the BG/ encashment can be made as the performance security of Sholayar HEP is less than the amount due from the contractor, if the contractor withdraw court cases.

The matter was placed before the Director Board as per the Note read as C8 above for a decision .

After detailed discussion, the Board of Directors

RESOLVED to authorize Director in charge of (Generation Electrical) to arrive at the settlement amount in respect of the projects pending closure based on the agreement conditions, decisions in the minutes, examining the contentions raised by the Agency and issue project specific detailed notices with rationale to the contractor specifying the amount to be recovered so as to take further actions in a time bound manner.

RESOLVED ALSO THAT the officers responsible for delays and incorrect decisions and improper contract management to be identified and disciplinary action to be initiated.

Orders are issued accordingly.

By Order of the Director Board

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LEKHA G
COMPANY SECRETARY

To: The Deputy Chief Engineer (PED) with full powers of Chief Engineer

Copy to:

The Company Secretary / Chief Engineer (IT,CR&CAPS) / Financial Advisor / LA&DEO / Chief Internal Auditor / Chief Vigilance Officer

The TA to the Chairman & Managing Director / Director (Generation-Civil) / Director (Distribution, Safety, SCM & IT) / Director (Transmission, SO & Planning) / Director (Generation - Electrical, REES, SOURA, Sports & Welfare)

The PA to the Director (Finance & HRM)

The Sr.CA to the Secretary (Administration)

The RCAO/ RAO

Stock File.

Forwarded / By Order

[Signature]

Assistant Executive Engineer