



**KERALA STATE ELECTRICITY BOARD Ltd**

(Incorporated under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004

CIN: U40100KL2011SGC027424 Web: www.kseb.in

Phone: (O) +91 471 2514522

Email: dgekseb@kseb.in

**ABSTRACT**

Pazhassi Sagar SHEP (3 x 2.5 MW) - Allocation of space for construction of temporary store and meeting expenses due to delay in completion of project and granting time extension of the E&M works - Sanctioned - Orders issued.

**Corporate Office (SBU-GE)**

B.O. (FTD) No.105/2024 (DGE/G2/AEE3/Pazhassi Sagar/2023)  
Thiruvananthapuram.

Dated:11-03-2024

- Read:
1. B.O. (DB) No.2880/2016 (DGC/AEEVI/PSR/2014) dated 07.10.2016.
  2. B.O. (DB) No.195/2020 (D(GE)/G2/P.Sagar/2019-20) dated 17.03.2020.
  3. B.O. (DB) No.08/ 2021 (496/AEE6/2013/CE (PED) dated 11.01.2021.
  4. Letter No.KBL/Proj/22-23/PZY-18 dated 15.02.2023 of M/s KBL.
  5. Letter No.KBL/Proj/22-23/PZY-22 dated 07.04.2023 of M/s KBL.
  6. Letter No.PZY/EE/E&M Works/2017-18/148 dated 11.04.2023 of Executive Engineer, Pazhassisagar SHEP.
  7. Letter No.KBL/Proj/22-23/PZY-23 dated 13.04.2023 of M/s KBL.
  8. Letter No.KBL/Proj/22-23/PZY-25 dated 11.05.2023 of M/s KBL.
  9. Letter No.KBL/Proj/22-23/PZY-26 dated 04.07.2023 of M/s KBL.
  10. Note No.496/AEE6/2013/CE(PED)/Time Extension (5) dated 02.09.2023.
  11. Note No.496/AEE6/2013/CE(PED)/General (3) dated 29.09.2023.
  12. Letter No KBL/Proj/22-23/PZY-32 dated 07.11.2023 of M/s KBL.
  13. Note No.FA-AT-ST1/2023/82 (1) dated 22.11.2023 of Financial Advisor.
  14. Note No.DGE/G2/AEE3/Pazgassi Sagar/2023/853 dated 11.12.2023 and Direction of Chairman and Managing Director dated 20.12.2023.
  15. Note DGE/G2/AEE3/Pazhassi Sagar/2023 dated 29.12.2023 to Full Time Directors (Agenda No.17-03/2024).

**ORDER**

KSEBL as per the B.O. read as 1<sup>st</sup> above has accorded Administrative Sanction to invite Separate tenders for Civil & E&M works for the implementation of Pazhassi Sagar SHEP and Government Order for NOC and permissive sanction for use of 3.05 Hectare of Irrigation

land in Padiyoor - Kalyad Panchayath of Thaliparamba Taluk, Kannur District was accorded as per the G.O. (Rt) No.404/2017/WRD.

Administrative Sanction was accorded for the revised cost estimate for an amount of Rs.113.02 Crore for the construction of Pazhassi Sagar SHEP with a split up of Civil works - Rs.54.65 Crore, E&M works - Rs.57.87 Crore & Power evacuation - Rs.0.50 Crore. Sanction was also accorded to retender with revised PAC and to modify the turbine type to Horizontal Full Kaplan with 750 rpm Generator through Gear Box and single seal MIV, as per the B.O. read as 2<sup>nd</sup> above.

Work Order No.12/2020-21 dated 25.01.2021 for the execution of Electromechanical works of Pazhassi Sagar SHEP (3 x 2.5MW) was awarded to M/s.Kirloskar Brother Limited, Yamuna, Survey No.98/3-7 Baner, Pune-411045, Maharashtra at their rock bottom rate of Rs.48,26,92,097 (16.59 % below PAC) including taxes and duties as per the B.O. read as 3<sup>rd</sup> above and the Agreement was executed on 08.02.2021 with a completion period of 24 months up to 10.02.2023. An additional time period for 7 months was granted to complete the model test in addition to the original period of 24 months.

The materials like draft tube and gear box are ready at the works of the manufacturers and the MDCC has been issued. Since the site is not ready for erection of the equipment, the contractor has requested to the Project Manager, Pazhassisagar SHEP as per the letters read as 4<sup>th</sup> and 5<sup>th</sup> above for space for storage of materials.

The Contractor M/s. Kirloskar Brothers Limited had further taken up the matter with Director (Generation - Electrical) as per the letters read as 7<sup>th</sup> & 8<sup>th</sup> above and to the Chairman and Managing Director, KSEBL as per the letter read as 9<sup>th</sup> above informing that the monthly charges incurred for storage space taken or lease and related expenses shall be borne by KSEBL.

Based on the report of the Deputy Chief Engineer, Transmission Circle, Kannur the erection team, Kakkayam conducted a joint inspection with M/s. Kirloskar Brothers Limited on 08.08.2023. The Project Manager, Pazhassi Sagar SHEP as per the letter dated 14.08.2023 has reported the possibilities of following locations. (1) Sub Station Yard, Mattannur (2) Sub Station / Vidyuthi Bhavan Yard, Kanhirode (3) 220kV GIS Yard, Thalassery (4) Section / Sub Station Yard, Pinarayi and (5) KINFRA compound, Mattannur (Near KSEB Sub Station). KSEBL has stored distribution transformers in the KINFRA compound for electrification of KINFRA buildings. M/s. Kirloskar Brothers Limited suggested this site to the inspection team than other places.

The Executive Engineer, Pazhassi Sagar SHEP enquired to the Manager, KINFRA Park about their willingness to share the property for KSEBL and reported as per the letter dated 25.09.2023 that they can allot 20 cents of land at their compound with a monthly rent of Rs.687/- per cent + applicable GST up to 30.04.2023 and for this, the application in the prescribed format with DD of Rs.5000/- + GST has to be forwarded to the Park office, KINFRA industrial park, Mattannur.

M/s.Kirloskar Brothers Limited informed as per the letter dated 23.08.2023 that, the space for construction of temporary sheds shall be provided to them by KSEBL free of cost and they agreed that construction of sheds for storage of material is in their scope. They also informed that, out of five locations joint inspection, KINFRA compound is suitable for construction of temporary shed.

The Project Manager, Pazhassi Sagar SHEP also reported as per the letter read as 10<sup>th</sup> above that during the site inspection with M/s. KBL held on 13.09.2023, they found some private properties in a visible distance from Pazhassi Sagar SHEP which are available under lease basis with a monthly rent of Rs.50,000/-. The advantage of these properties is that the contractor can directly transport the materials from vendor to the site using a single Crane. Moreover, they also inspected the available land under Water Resources Department (WRD) and as it comes under reservoir area the land would be submerged under FRL condition. Since the project is getting extended due to delay in civil works, the completion date is now estimated as November 2024 as per the latest schedule submitted by the Civil and E & M contractor.

The remarks on the allocation of space for construction for temporary Store at KSEBL premises was sought from the Financial Advisor, and some queries were raised vide note No. FA-AT-ST1/2023/82/dated 29.10.2023, which was replied vide letter dated 09.11.2023. KBL has been raising the issue of delay in completion and related impacts in various letters from April 2023. In the letter read as 12<sup>th</sup> above, the company has intimated that the delay in the completion period of the project had the following impact on KBL. (a) Price variation on account of extended duration of project, (b) Equipment unloading, additional storage & preservation & refurbishment of equipment, (c) Cost overrun for Erection & commissioning contractor, watch & ward (d) Financial expenses towards extension of BG's & project insurance and (e) Extension in defect liability and project equipment warranties.

The issue of storage space and time extension raised by the contractor was taken up with the Financial Advisor and following remarks were obtained as per note read as 13<sup>th</sup> above. Original agreement for E&M works expired on 10.09.2023 which has not been extended till date and MDCC of various equipment have already been issued. The third time extension

granted to the civil contractor is stated to have involved court proceedings. From the reported facts, there was delay in execution of civil works and because of it, the site is not ready to install the E&M equipment. Also, the progress of the work is lagging schedule. As there is uncertainty in the readiness of site and E&M contract is not yet given time extension, whether it would be ideal to bring E&M equipment and store it by paying rent may be examined both technically and legally. In the meantime, the civil contractor may be asked to mobilize resources to increase the speed of execution. A clear written instruction citing penal provisions as per agreement conditions may be issued to the civil contractor to expedite the work. Whatever obligations under the agreement from our part shall be met on timely basis to aid speedy execution and necessary instructions in this regard shall be issued to field officers.

The Financial Advisor has also reported that the nearby private land taken on lease has been equipped by the civil contractor. As per the agreement, the contractor shall at his own expense provide sheds and yards and the quoted rate is inclusive of the same. The decision on taking private land for storing E&M equipment may be taken considering the above observations and observations made in the earlier remarks. Legal aspects on the subject matter may be taken before putting up proposal to the Board. The gear box for the project has been delivered and is unloaded at Mattannur substation premises.

Time period for the project was only till February 2023. As per the present approved schedule of the civil works, the E & M works may extend till November 2024 provided civil works are completed as per schedule. Since supply has commenced bill payments and fund flow for the project will be affected without time extension and hence it was recommended to approve the same as per the schedule submitted.

The matter was placed before the Chairman and Managing Director as per the Note read as 14<sup>th</sup> above.

The Chairman and Managing Director has directed to place the matter before Full Time Directors. Accordingly, the matter was placed before the Full Time Directors as per the Note read as 15<sup>th</sup> above.

Having considered the matter in detail, the Full Time Directors through circulation has resolved to accord sanction to

1. Grant time extension for the project till November 2024 as per the schedule submitted by the firm .
2. Take 20 cents of land for storage space on lease from KINFRA park compound, Mattannur with a monthly rent of Rs.687/- per cent with applicable GST upto

I/27563/2024

30.04.2024 as per the feasibility forwarded from field and entrust the Project Manager, Pazhassisagar for completing the formalities.

Orders are issued accordingly.

By Order of the Full Time Directors

Signed by

Lekha G

Date: 11-03-2024 16:12:02

LEKHA G

COMPANY SECRETARY

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

Copy to:

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

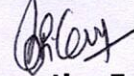
The TA to the Chairman & Managing Director / Director (Generation-Civil) / Director  
(Distribution, Safety, SCM & IT) / Director (Transmission, SO & Planning)/ Director  
(Generation - Electrical, REES, SOURA, Sports & Welfare)

The PA to the Director (Finance & HRM)

The Sr.CA to the Secretary (Administration)

The RAO/ RAO Stock File.

**Forwarded / By Order**



**Assistant Executive Engineer**