



KERALA STATE ELECTRICITY BOARD Ltd

(Incorporated under the Companies Act, 1956)

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ABSTRACT

KDPP -Scheduling of KDPP machines for meeting the power crisis in the State - Purchase of LDO (Light Diesel Oil),HSD and Lube Oil - Ratified - Orders issued.

SBU/G-E

BO (FTD)No.396/2022(DGE/G1/KDPP/LSHS/2022-23)

Thiruvananthapuram,Dated: 12.05.2022

- Read: 1.Minutes of the online meeting held on 27.04.2022 by the Director (Generation Electrical).
2.Letter No.CEG/AEE-3/GC/Kozhikode/KDPP/2022-23/207 dated 06.05.2022 of the Chief Engineer (Generation).
3.Note No. DGE/G1/KDPP/Gnl./2022-23/96 dated 06.05.2022 of the Director (Generation-Electrical) to the Full Time Directors (Agenda Item No.14/5/22).

ORDER

The last commercial operation at Kozhikode Diesel Power project was done on 5th February 2021.The machines are in running condition and all the auxiliary units are also ready to function. The Chief Engineer (Generation) as per the letter read as 2nd above reported that based on the decisions taken in the meeting held on 27.04.2022, it was decided to take necessary steps to run the DG sets at Kozhikode Diesel Power Project (KDPP) for meeting power crisis in the state due to the coal crisis all over India. As there is no stock of the operating fuel LSHS, HSD and lube oil, the same has to be purchased for scheduling the machines.

Since LSHS is no more refined in refineries, procurement of LSHS was not possible.Hence sought for the purchase of an alternate operating fuel LDO (Light Diesel Oil) for scheduling KDPP machines to overcome the present power crisis in the State. M/s Wartsila, the OEM also recommended to use the proposed fuel LDO for their W46 machine at KDPP. As such for meeting the power demand in the current scenario as well as for the trial running of machines with LDO at KDPP, it was directed to procure 420 KL of LDO and 12 KL of HSD along with 24 barrels of Lube oil.

Offers were invited for the procurement of LDO (Light Diesel Oil) & HSD from reputed suppliers such as M/s BPCL, IOC and HPCL but only BPCL responded for the request. Since M/s BPCL is not a new entrant and considering the Fuel Supply Agreements executed with M/s BPCL in the past, the offer from BPCL was accepted for the procurement. Similarly, offers are collected from M/s OSCON,the authorized supplier of M/s Shell India Limited who is the OEM recommended lube oil Shell Argina S5 40 supplier, for the procurement of lube oil. Both the firms M/s BPCL and M/s OSCON submitted their offer with the condition of advance payment.Based on the offers collected from M/s BPCL and M/s OSCON, an estimate was prepared for the purchase of 420 KL of LDO @ ₹94,568/KL amounting to ₹3,97,18,870/-, ₹12,35,593/- for the purchase of 12KL of HSD @1,02,966/KL along with 5.016 KL Lube oil @2,73,760/-/KL amounting ₹13,73,180/-. Considering the urgency and as per the direction in the meeting, the estimate was sanctioned by the Deputy Chief

Considering the urgency of fuel, the tendering procedure as per delegation of Powers was not possible and hence the single offer received from M/s BPCL was considered for issuing purchase order for LDO & HSD. M/s BPCL, in their offer mentioned that the rates/taxes may change without notice and the rates/taxes prevailing on the date of billing shall be applicable. Based on the sanctioned estimate, Purchase order amounting ₹3,97,18,870/- for 420 KL LDO and ₹12,35,593/- for 12 KL HSD was placed with M/s BPCL by the Deputy Chief Engineer, Generation circle, Kozhikode. Also, Purchase Order amounting ₹13,73,180/- for 5.016 KL lube oil @ 273760/-/KL was placed with M/s OSCON Industrial Supplies Private Limited by the Deputy Chief Engineer, Generation circle, Kozhikode, with advance payment as per their offer, for meeting the present situation. Based on the Proforma Invoices submitted by M/s BPCL and M/s OSCON Suppliers, payments were effected on 04.05.2022.

Subsequently, M/s BPCL, as per e mail dated 03.05.2022 informed that there has been a revision in the rate of LDO & HSD with effect from 01.05.2022 and forwarded revised rates for the supply of LDO & HSD. As per the revised rate, the rate of LDO is ₹1,00,949/- per KL and that of HSD is ₹1,09,143/- per KL with concessional VAT @4%. Since LDO is not available in retail market and is the only OEM approved alternate fuel, readily available, the only option for running the DG sets at KDPP was to purchase LDO at the rate offered by BPCL. Also, 420 KL being the fuel required for running 5 machines @ 4 hours for 7 days, the quantity of fuel also cannot be changed. This necessitated the revision of purchase amount in the purchase of LDO. Since the retail market price of HSD was lower than the rate offered by M/s BPCL for the bulk supply, it was decided to purchase HSD locally. The total financial commitment as per offer dated 03.05.2022 of M/s BPCL for the purchase of 420 KL LDO @ ₹100949/- per KL was ₹4,23,98,750/- which is 6.7% higher than the sanctioned amount of ₹3,97,18,870/- for LDO as per offer dated 28.04.2022. Hence the Purchase order dated 29.04.2022 issued to M/s BPCL was amended with new rate for LDO on 04.05.22 excluding the supply of HSD as it could be easily procured from open market at a lower rate. This is enough for generating approximately 2 MU.

The Chief Engineer (Generation) requested that considering the urgent requirement of scheduling KDPP machines, the actions taken by the Deputy Chief Engineer, Generation Circle, Kozhikode in having issued Purchase Order for the purchase of LDO and Lube Oil for running KDPP machines to overcome the power crisis in the State and for effecting Advance payment to the above firms may be ratified.

The matter was placed before the Full Time Directors as per Note read as 3rd above.

Having considered the matter in detail, the Full Time Directors meeting held on 07.05.2022 resolved to ratify the the action taken by the Deputy Chief Engineer, Generation Circle, Kozhikode in having issued sanction for the following for running KDPP.

1. Issuing Purchase Order for a total estimate amounting ₹4,23,27,644/- for the purchase of 420 KL LDO, 12KL HSD & 5.016 KL Lube oil.
2. Amendment of purchase order for LDO @ a revised rate of ₹1,00,949/- per KL for LDO with a total financial commitment of ₹4,23,98,750/- instead of the original cost of ₹3,97,18,870/- to M/s BPCL.
3. Purchase of HSD through retail outlet as per actual requirement.

M/s OSCON Industrial Supplies Pvt. Ltd the authorized supplier of M/s Shell India Ltd.

5. Effecting the Advance Payment for the purchase of 420 kL LDO and 5.016 KL Shell Argina Lube oil to M/s BPCL and M/s OSCON respectively as per their Proforma Invoice.

Orders are issued accordingly.

**By Order of the
Full Time Directors**

**Sd/-
LEKHA G**

Company Secretary

To:

The Chief Engineer (Generation), Moolamattom.

The Deputy Chief Engineer, Generation Circle, Kozhikode.

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)/ Director(GC)/ Director (Trans.& SO)/Director (D&IT) /

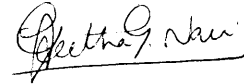
Director (Planning, Safety & SCM) /Director (REES, Soura, Sports &Welfare)}

The PA to Director (Finance)

The CA to Secretary (Admn.)

Stock file

Forwarded / By Order



Assistant Executive Engineer