



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under Companies Act, 1956)

CIN: U40100KL2011SGC027424

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ABSTRACT

KFON Project – Bill Measurement Procedure & Payment Modalities for Package B – Sanctioned - Orders issued.

CORPORATE OFFICE (IT&CR)

B.O.(FTD) No.754/2021 (CE-IT/RITU/KFON/MoU/2021-22) TVPM. Dated 08-10-2021

- Read:-
1. MoU No.01/KSITIL-KFON/2020-21 dtd.18.05.2020 between KSITIL & KSEBL
 2. BO (FTD) No. 395/2019(RITU/LMC/2014-15/K-FON/) dated 16.05.2019.
 3. BO (DB) No. 398/2020 /D(T,SO&S)/T6/Rel. comm./2019-20 dated 10/06/2020
 4. OO No. D(T&SO)No.985/2020 (CE-IT/RITU/KFON/2020-21) dated 13.7.2020
 5. E-mail dated 23.09.2020 of Dy.CE, Trans. Circle, Thiruvananthapuram, submitting the report of the subcommittee
 6. BO(FTD) No. 426/2021(CEIT/RITU/K-FON/MoU/2021-22) dated 04.06.2021
 7. Letter no: 41/KSITIL/KFON/KSEBL/2021/4854 dated 27.08.2021 of KSITIL
 8. Letter No. CESO/Tech/Reliable Communication/OPGW-part/21-22/1505 dtd.14-09-2021 of the Chief Engineer (T-SO).
 9. BO(FTD) No. 665/2021 (CEIT/RITU/KFON/MoU/2021-22) dated 17.09.2021
 10. Note No: CEIT/RITU/KFON/MoU/2021-22/435 of the Chief Engineer (IT,CR & CAPs) submitted to the Full Time Directors(Agenda 4/10/21).

ORDER

Implementation of KFON Project is progressing at a fast pace. KSEBL as per order read as 2nd above, authorized the Chief Engineer (System Operation) as the Single Point of Contact for the drawal of OPGW under PSDF funded project and for formulating the modalities for bill measurement and invoice processing, coordinating the activities with M/s. BEL (System Integrator) for drawing the fibre.

The KFON meeting held on 19.05.2020 recommended to constitute a Sub Committee for the preparation of bill measurement procedure and payment modalities including representatives from the O/o the Financial Advisor. KSEBL, as per Office Order read as 4th above, constituted a Sub Committee of 6 members with the Deputy Chief Engineer, Transmission Circle, Thiruvananthapuram as Chairman. The sub-committee as per email read as 5th above, submitted their report recommending Bill measurement procedures of Package B (OPGW Part of KSEBL Reliable Communication Project) of KFON Project. The report includes bill preparation at field level, Procedure for bill audit at Transmission Circle offices, Accounting & approval for payment, the recoveries from the bill and its remittance and procedure to be followed in the SARAS software. The

subcommittee had proposed that the payments shall be limited to the expenditure incurred for the supply and installation of 24Fibre OPGW OFC as per order read as 3rd above.

Subsequently, KSEBL as per Order read as 6th above, accorded sanction to limit the payments to KSITIL by KSEBL against package-B of KFON project, to the PSDF approved DPR rate of Rs. 2.94 Lakh/km and if there is any reduction in PSDF sanction/grant amount with regard to package-B, the difference also has to be borne by KFON/KSITIL. The matter was informed to KSITIL vide letter dated 21.06.2021.

Meanwhile, KSEBL, as per order read as 9th above, accorded sanction to proceed with the execution of Tripartite Agreement between KSITIL, KSEBL and BEL to facilitate BEL to raise invoice directly to KSEBL so as to avoid double taxation. The Chief Engineer (Transmission-System Operation), as per letter read as 8th above, remarked that, consequent to the tripartite agreement, some changes need to be made in the Bill Measurement Procedure for Package B (OPGW Part of KSEBL Reliable Communication Project) of KFON Project and the required changes are proposed. The Chief Engineer (Transmission-System Operation) also suggested that, as the Sub Committee is no more existing, the modifications may be incorporated in the report of the Sub Committee prior to its submission before the Board. KSITIL also furnished its remarks as per letter read as 7th above. The changes as proposed by the Chief Engineer (Transmission-System Operation) are incorporated and the Revised Bill Measurement procedure and payment modalities are prepared.

The Chief Engineer (IT, CR & CAPs) as per note read as 10th above, placed the matter before the Full Time Directors recommending to approve the procedure for bill measurement and payment modalities, incorporating the changes/modifications suggested by the Chief Engineer (Trans.- System Operation).

Having considered the matter in detail, the Full Time Directors, in the meeting held on 01.10.2021, resolved to approve the Bill measurement Procedure & Payment modalities for Package-B (OPGW Part of KSEBL Reliable Communication Project) of KFON project (attached as Annexure), as recommended by the Chief Engineer (Trans.- System Operation).

Orders are issued accordingly.

By Order of the Full Time Directors

SD/-
LEKHA . G
COMPANY SECRETARY

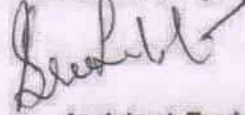
To

1. The Chief Engineer (Transmission-System Operation)
2. The Chief Engineer (IT, CR& CAPs)

Copy to:

1. The Chief Engineer (Transmission- South/North).
2. The Chief Engineer (Transgrid).
3. The Financial Adviser/ Chief Internal Auditor.
4. All Deputy Chief Engineers (Transmission/System Operation).
5. The Deputy Chief Engineer, Transgrid (South/North).
6. The T.A. to (Chairman & Managing Director / Director (D&IT) / Director (T&SO)/ Director (Finance&G-E) / Director(G-C) / Director(Planning, Safety & SCM)/ Director(REES, SOURA, Sports & Welfare)).
7. The P.A. to Director (Finance)/ Senior CA to Secretary (Admn.).
8. The Company Secretary
9. The Fair Copy Superintendent/ Library/ Stock File.

Forwarded / By Order



Assistant Engineer

Annexure to B.O.(FTD) No.754/2021 (CE-IT/RITU/KFON/MoU/2021-22)
TVPM. Dated 08-10-2021

**PROCEDURE FOR BILL MEASUREMENT AND PAYMENT MODALITIES OF
PACKAGE-B (OPGW PART OF KSEBL RELIABLE COMMUNICATION PROJECT)
OF KFON PROJECT**

1. **Observations**

1.1. KSITIL is the implementing agency of the OPGW part of the Reliable Communication Project of KSEBL funded under PSDF Scheme of Government of India. MOU dated 18-05-2020 has been executed between KSEBL and KSITIL for setting out the terms and conditions in relation to the setting up of the Reliable Communication project of KSEBL by leveraging the proposed 24 core fibre for PSDF project to 48 core fibre for the mutual benefits of KSEBL and KFON.

A Tripartite Agreement dated _____ has been entered into between KSEBL, KSITIL and BEL to incorporate the changes in payment modalities to avoid the double taxation issues. MOU dated 18-05-2020 has been amended to incorporate the provisions regarding raising of tax invoice by BEL and payment by KSEBL directly to BEL.

1.2. The committee constituted for the preparation of bill measurement procedure and payment modalities observed that the payment conditions set forth in MoU have some differences with the payment terms of MSA (Master Service Agreement) executed by KSITIL. As per MSA mobilization advance is 10% of the supply value of materials against submission of Bank Guarantee of equivalent amount valid till 60 days beyond implementation period and the first stage payment is 40% of the material delivery cost against supply/delivery of 100% Material (fibre & accessories) for the entire milestone. As KSITIL/BEL has not insisted for mobilization advance from KSEBL, the First stage payment as per MoU is seen provided as 50% against supply/delivery of 100% material (fibre & accessories) after Pre installation tests (SAT Phase-1).

- 1.3. The committee further observed that as per para 23 of the MoU, all the terms and conditions of the MSA dated 09-03-2019 executed between KSITIL and BEL and tender No. KSITIL/MD/KFON/18/1852 published by KSITIL in 14-06-2018 shall, mutatis mutandis, be applicable to this MoU also. In case of any conflicts between the clauses in the MoU and that of MSA, clauses mentioned in the MoU shall prevail.
- 1.4. The term "milestone" is not defined in the MoU. As per MSA, "milestone" for payment are the following:
- i. Core Rings + Associated Institutions
 - ii. NOC
 - iii. Aggregation Ring + Associated Institutions for each district
 - iv. Pre-aggregation Rings + Associated institutions for each district
 - v. Spur Connectivity + Associated institutions for each district.
- 1.5. The above milestone is for the payment as per the contract between KSITIL and BEL. But as far as KSEBL is concerned, the claim for PSDF grant (stage wise) is to be put up with PSDF authorities based on the progress of the work and timelines permitted for PSDF grant for ensuring smooth flow of the fund to KSEBL. Hence the above milestones are not applicable for payment between KSEBL and BEL.
- 1.6. Proposal:
- a) As per the Tripartite agreement dated and amended MoU dated , BEL shall raise B2B invoice to KSEBL Circle wise. Statutory recoveries such as income tax, welfare fund, GST-TDS etc., shall be made.
 - b) BEL shall raise claim in CC bill as per the existing procedure in KSEBL accompanied by the original invoice. Tax invoice shall be raised by BEL though KSITIL in respect of the actual quantity executed under Package B project @ Rs.2.94 lakhs/km which is the effective rate for supply, installation, and commissioning of 24 fibre OPGW works approved/sanctioned by the PSDF authority. The invoice rate of each item claimed to KSEBL shall be = (BOQ rate as per the agreement

between KSITIL and BEL) x (2.94/3.25) [in compliance to Board Order No. BO(FTD) No.426/2021(CEIT/RITU/KFON/MoU/2021-22) dated 4.06.2021].

c) Payment:

The whole amount of the CC bill for supply of material may be passed for payment as soon as satisfactory supply/delivery and satisfactory completion of Pre-installation tests (Phase I SAT) of 100% material (fibre & all associated accessories for a complete communication link from FODP (Fibre Optic Distribution Panel) to FODP) for each of the following activities under each Transmission Circle is completed:

- i. Entire core ring under each Transmission Circle
- ii. Entire Aggregation ring under each Transmission Circle
- iii. Entire Pre-aggregation ring under each Transmission Circle
- iv. Entire Spur connectivity under each Transmission Circle

Payment will be given for link length only. Link length means Gantry to Gantry distance (as per RFP). Deputy Chief Engineers of the concerned Transmission Circle shall take special care to see that payment corresponding to link length (route length) only is admitted for each link. 50% of the material cost and taxes and duties (as per link length) can be paid and the remaining 50% of the material cost and taxes and duties may be retained. Out of retained amount 40% of the material cost and taxes and duties may be released after installation and completion of post installation tests (Phase II SAT) and commissioning of the entire fibre and accessories for the circle. Balance 10% of the retained amount may be released after issue of Go-Live certificate.

- d) The whole amount of the CC bill for the work/installation may be passed for payment after installation and post-installation tests of the fibre and accessories for the Circle. Payment will be given for link length. Link length as per RFP means Gantry to Gantry distance. 10% of the installation cost and taxes and duties will be retained and released after issue of Go-Live certificate.

2. Bill measurement procedures and bill preparation at field level

Pre-Installation Tests (Phase I SAT): shall be done by a team comprising of Assistant Executive Engineer/ Assistant Engineer from the respective line maintenance wing and the Assistant Executive Engineer/ Assistant Engineer of the respective communication subdivision/ section. The role of Line Maintenance wing and Communication wing will be as designated in the SAT formats in the approved SAT procedure document. After entering the test values in the SAT formats, the Executive Engineers of the concerned wing shall sign for approval in the designated space.

Receipt of materials shall be measured by the Assistant Engineer of the respective Line Maintenance wing after Pre-Installation Tests (SAT Phase-1) by the team proposed above.

As the work is of turnkey nature, there is no need of preparing material documents such as GRN and MRCI.

Post-Installation Tests (Phase-II SAT): On completion of the installation of each link, the testing shall be done by the Assistant Engineers/Assistant Executive Engineers of Line Maintenance wing and communication wing. The role of Line Maintenance wing and Communication wing will be as designated in the SAT formats in the approved SAT procedure document. After entering the test values in the SAT formats, the Executive Engineers of the concerned wing shall sign for approval in the designated space.

The link length (item Nos 1,2,8,9) and the material consumption statement for the remaining items, for the actual used quantity of materials shall be prepared by the respective Line Maintenance Section and attached along with the claim for installation charges so as to avoid the possibility of payment for unused quantity of materials.

Check Measurement and Submission of bills: Check measurement shall be done by Assistant Executive Engineer, Line Maintenance Sub division for 100% items

The duly certified/countersigned bill shall be submitted to the transmission circle by the Executive Engineer of the respective transmission division as usual for audit.

The bills shall accompany the certified Pre-Installation Tests (Phase- I SAT) / Post-Installation Tests (Phase- II SAT) documents.

As the process involves the offices of communication wing and transmission wing, the time frame for measurement and countersignature needs to be fixed.

The whole process shall be completed within 15-20 days from the date of completion of supply (in case of Phase-I SAT)/declaration of completion of each link by KSITIL/BEL (in case of Phase-II SAT).

3. **Procedure for bill audit at Transmission Circle offices**

Details of MOU, Amendment to MoU and bill details shall be entered in SARAS software at Transmission Circle on receipt of duly countersigned bills. Bill shall be audited (including pre-check whenever required) and approved within 10-15 days of receipt. Account code allocated for the project is 14.02. Deputy Chief Engineer of Transmission wing shall forward the Measurement Book and audited bill to the office of Chief Engineer (TSO). The bill shall be forwarded through SARAS for passing the bill. Budget provision is allocated to the O/o Chief Engineer (TSO) for meeting the expenditure of the work.

4. **Accounting and Approval for payment**

- 4.1. The Chief Engineer (TSO)/Deputy Chief Engineer (Grid) shall **approve** the bill **received** from transmission circles, pass the bill and forward to FA, KSEBL through SARAS for payment within 5 working days. Scanned Copy (Soft copy) of the relevant page containing pass order/Memorandum of payment is to be sent through SARAS, facility for which shall be provided by the IT wing. The responsibility of the particulars contained in the duly passed bills/invoices forwarded as "system IUTN" through SARAS to the O/o the Financial Adviser lie with the ARUs concerned.

4.2. Payment:

Financial Adviser, KSEBL shall effect the payment to BEL through PFMS portal of GoI within 3 days on priority basis *as per the report generated from the SARAS programme through system IUTN acceptance process.* Separate dedicated bank account has been opened as per the guidelines of the project in State Bank of India, KSEB Administrative Complex branch in the name of Financial Adviser, KSEBL for receiving the fund for the project and also disbursement to the contractor. Chief Engineer (TSO) shall have the facility to view the bank account.

The guidelines of PSDF mandates the payment to contractor through PFMS system for which bank account details and contractor ID are to be mapped in PFMS system. The same shall be done at ARU (transmission Circle) after collecting the details such as PAN No, GST Registration Number, bank details, address etc from the contractor.

The payment details (viz., transaction id and approval date in PFMS portal) shall be entered in the SARAS software so as to have the details of payments to the ARU. IT wing shall make necessary provision in the SARAS software for entering the above details.

4.3. Material Accounting

4.3.1. Receipt and Issue of materials

BEL is considered as the contractor for Package B of the KFON Project. The works is to be carried out on turnkey work basis. Safe custody of the material shall be the responsibility of KSITIL/BEL. As such material documents such as GRN, MRCI etc., need not be prepared by KSEBL.

Receipt of material shall be measured in M-Book with proper attestation. Separate M Books stamped RCADA-PSDF are to be issued from the concerned transmission circles for measuring the works of package B of the KFON project.

As a measure to avoid excess payment of material cost the Assistant Engineer in charge of supervision of the work shall prepare a statement in the same format as that of Register of Materials (RoM). While submitting the claim for installation charges a statement in the same format as that of Material Consumption Statement (MCS) is also to be prepared and attached along with the bill except for item numbers 1,2,8 and 9 of BOQ of MSA.

4.3.2. Recoveries from the bill and its remittance

Since all payments are to be effected from the dedicated bank account maintained at the o/o Financial Adviser, all the remittance of statutory recovery like Income tax, contribution to workers welfare fund, GST-TDS etc., recovered from the work bill of this project need to be made from the O/o Financial Adviser. All statutory formalities in this connection are also to be fulfilled at the O/o the Financial Adviser including filing of returns concerned, issue of statutory certificates. Provision for transferring the amount recovered from the work bills by the Chief Engineer (TSO) and accounted under account code 46.9XX with respect to this project, to the o/o Financial Adviser is to be provided in the SARAS software by the IT wing.

5. Procedure to be followed in SARAS

- 5.1. Amount received for the project. The dedicated bank account for the project shall be entered in the SARAS by the Office of the Financial Adviser.
- 5.2. The details of the supplier/contractor shall be entered in SARAS by the transmission ARUs. Provision for mapping these suppliers and contractors shall be given in the SARAS application.
