



# KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956) CIN: U40100KL2011SGC027424  
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## Abstract

Execution of Electro and Hydro mechanical works of Poringalkuthu 1 x 24 MW SHEP - Time extension for the Period of the Contract and release of withheld amount - Sanctioned - Orders issued.

### Corporate Office (SBU-G/E)

B.O (FTD) No. 367 /2021(AEE1/PGL24/2015/CE(PED) ) Thiruvananthapuram. Dated: 14 - 05 - 2021

- Read:-
1. Agreement No. CEPED/03/2014-15/dated 10/10/2014 with M/s. Allonward - SSIPL Consortium.
  2. B.O. (FTD)No. 699 /2020 (AEE1/PGL24/2015/CE (PED)) dated 19 - 11 - 2020.
  3. Letter No SSIPL/KSEBL/PGLSHEP/420/2020 dated 11/03/2021 of M/s SSIPL.
  4. Letter No PSHEP/E & M/150/2014-15/576 dated 25/03/2021 of the Project Manager, Poringalkuthu 1 x 24 MW.
  5. Letter No SSIPL/KSEBL/PGLSHEP/264/2021 dated 10/04/2021 of M/s SSIPL.
  6. Note No.AEE1/PGL24/2015/CE (PED)/31 dated 12/04/2021 of the Chief Engineer (Gen. &PED).
  7. Letter No PSHEP/E & M/150/2014-15/37 dated 22/04/2021 of the Project Manager, Poringalkuthu 1 x 24 MW.
  8. Note No. AEE1/PGL24/2015/CE(PED)/77 dated 23-04-2021 of the Chief Engineer (Gen. &PED) to the Full Time Directors (Agenda Item No. 6/5/21)

## ORDER

The agreement for carrying out the E & M works of Poringalkuthu SHEP (1 x 24 MW) was executed as per the Agreement read as 1<sup>st</sup> above with a completion period of 24 months upto 03.10.2016. However the Civil works were not completed as anticipated and the E&M works were delayed as the Power House was not handed over by the Civil Contractor after completing the flooring works. During the course of work, the completion period extended five times (30.11.2017, 31.12.2018, 31.10.2019, 31.12.2020 and 31.03.2021) on various grounds mainly due to the delay in Civil works and the latest extension expired on 31.03.2021.

The Chief Engineer (Gen. &PED) as per Note read as 8<sup>th</sup> above reported the present status of the E & M work of the project and reported that the pending works inside the Power House viz; Fixing of ACs inside control room, Piping works for CO<sub>2</sub> fire fighting system, Fixing of vibration sensors, Commissioning activities of equipments etc. and balance work at Switchyard viz; equipment earthing and cable termination etc can be completed within a period of one month. The remaining works in Valve House ie; control cable laying and control panel erection and Cooling water suction line work can be completed only after the completion of the connected Civil works. The time required for the completion of these works will be around 15 days once the work front is available. For Emergency cooling water and fire hydrant piping works one month time will be required once the connected civil works are completed. Regarding the balance supply of materials like foreign spares for excitation system, spares-Indian parts, Tools – Indian part, AC for control room, Fire hydrant system for Power House & Generator Transformer, transformer oil filter with tank etc., the contractor had informed that the manufacturers are issuing limited warranty and as such if the items are supplied now, the guarantee/ warranty will be expired before commissioning of plant. Hence, they have not supplied the balance materials. However, they had confirmed that the same will be supplied before commissioning of unit and readiness of site.

The E&M contractor has also informed that they require 45 to 60 days for testing and commissioning of the unit (including mechanical spinning) after filling the water conductor system. Hence, in anticipation of completion of Civil works by 15th April 2021 and completion of E & M works by 15<sup>th</sup> June 2021 followed by 45 days for testing and commissioning of the unit (including mechanical spinning), they have requested time extension upto 31.07.2021 without levying LD.

The Project Manager, Poringalkuthu 1 x 24 MW, has also reported that M/s. GVR-GMW (JV) - the contractor for the Civil works of Poringalkuthu SHEP has requested time extension upto 31.07.2021, anticipating the works required for mechanical spinning can be completed by June 2021. Since M/s. SSIPL requires 45 to 60 days more for the testing and commissioning, the contract period of M/s. SSIPL have to be extended upto 31.08.2021.

Considering the above, the Chief Engineer (Gen.&PED) has requested sanction for the time extension of the contract of Poringalkuthu 1 x 24 MW SHEP up to 31.08.2021 without imposing liquidated damages on the contractor and without any additional financial commitment to the Board other than that due to implementation of GST.

The Chief Engineer (Gen.&PED) has also reported that meanwhile, based on the meeting held on 08/04/2021, the E & M contractor as per letter read as 5<sup>th</sup> above had requested for releasing 75% of the stage payment towards 15% of supply portion and 20% of erection portion for the subject project withheld as per the contract agreement citing that the project completion period is already extended for very long time and the commissioning of the project is delayed due to slow progress of Civil works of the project and no fault of the E & M contractor. This in turn affected their cash flow.

As per the agreement conditions, 15% of FOR value of Supplied items and 20% of unit rate of erection items are to be released to the E & M contractor after successful commissioning and taking over of the machine.

It was also reported that as per the details of measured bills for supply and erection part, the amount that can be released after commissioning and taking over of the unit comes to Rs 5,06,71,749/- (15% amount of supply part - Rs. 4,77,35,499.00 and 20% amount of erection part- Rs. 29,36,250.00). After deducting total FOR value of all the remaining supplies and total erection charges of remaining items ie; Rs. 2,06,24,642.00, the balance amount is Rs 3,00,47,107/-.

It was also reported that erection of all the major equipments is completed and the remaining works are minor in nature and can be completed within a short period once the site clearance is available. Considering the fact that releasing the payment of around Rs. 5 Crore is getting delayed for non completion of Civil works, it is suggested to consider favourably the request of the E & M contractor to release part payment and 50% of balance amount of Rs. 3 Crore may be released which comes to 29.60% of the sum of 15% of supply amount and 20% erection amount i.e Rs 5,06,71,749/-.

Considering the request of the E & M contractor and the report from the Project Manager, Poringalkuthu 1 x 24 MW, the Chief Engineer (Gen.&PED) has requested sanction for releasing 50% of the withheld stage payment i.e (Rs. 3 Crore) towards 15% of supply portion and 20% of erection portion withheld for the subject project as per the contract agreement which amounts to Rs 1.5 Crore.

The matter was placed before the Full Time Directors as per Note read as 8<sup>th</sup> above. Having considered the matter in detail, the Full Time Directors in the meeting held on 07-05-2021 resolved to accord sanction for the extension of the time period for the contract for carrying of the E & M works of Poringalkuthu 1 x 24 MW SHEP up to 31.08.2021 without imposing liquidated damages on

the contractor and without any additional financial commitment to the Board other than that due to implementation of GST.

Further resolved to accord sanction for releasing Rs 1.5 Crore which is 50% of the withheld stage payment (i.e Rs 3 Crore) towards 15% of supply portion and 20% of erection portion which is withheld for the subject project.

Orders are issued accordingly.

By Order of the Full Time Directors,  
Sd/-  
Lekha G  
Company Secretary (In charge)

To

The Chief Engineer (Generation & PED), Moolamattom.  
The Deputy Chief Engineer (Projects-Electrical Designs).

Copy to:

The Financial Advisor/ The Chief Internal Auditor/The Company Secretary.  
The Chief Engineer (IT)/ The RCAO/The RAO.  
The TA to Chairman & MD/ Director (GE&SCM)/ Director (GC)/ Director (Trans.&SO)/ Director (D,IT&HRM) /Director (Planning, Safety& REES).  
The PA to Director (Finance).

Forwarded / By Order

*Sunil Kumar*  
Asst. Exe. Engineer

DESPATCHED

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Date 18.05.21