



KERALA STATE ELECTRICITY BOARD LIMITED

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

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Abstract

Execution of Electromechanical works of Bhoothathankettu SHEP (3x8 MW) - Contract with M/s. SSEB-ZHAOYANG Consortium – Extension of period of **E&M contract** - Sanctioned - Orders issued.

Corporate Office (SBU-G/E)

B.O. (FTD)No. 355 /2020 (D(GE)/G2/BTNK /2020-21) Thiruvananthapuram. Dated: 26 -05 - 2020

- Read:-
1. B.O(DB)No.3384/2014 (D(SCM&GE)/G2/BTNK /2014-15) dated 24-12-2014.
 2. Agreement No. CEPED/5/2014-15 dated 18-03-2015 of Chief Engineer (Projects- Electrical Designs).
 3. B.O(FTD) No. 2339/2016 (D(GE)/G2/BTNK/2016-17) dated 11-08-2016.
 4. B.O. (FTD)No. 2798 /2017 (D(GE)/G2/ BTNK/2017-18) dated 10-11-2017.
 5. B.O. (FTD)No.51 /2019 (D(GE)/G2/ BTNK/2018-19) dated 22-01-2019.
 6. B.O. (FTD) No. 899/2019 (D(GE)/G2/BTNK/2019-20) dated 03 - 12 - 2019.
 7. Letter No. 513/AE3/2013/CE(PED)/1257 dated 17-03-2020, No. 04 dated 02-04-2020, No. 98 dated 30-04-2020 and No: 153 dated 13-05-2020 of the Chief Engineer (Generation & PED).
 8. Note No. (D(GE)/G2/BTNK /2020-21) dated 21-05-2020 of the Director (GE&SCM) to Full Time Directors (Agenda Item No. 58/5/20).

ORDER

The contract for the execution of E&M works of Bhoothathankettu SHEP was awarded to M/s. Sree Saravana Engineering Bhavani Pvt. Ltd. - Hunan Zhaoyang Generating Equipment Company Ltd. (M/s. SSEB-ZHAOYANG Consortium) and the Agreement was executed by the Chief Engineer (Projects - Electrical Designs) on 18-03-2015.

The Supply order and work order for the E&M works were issued on 06-01-2015. The Model test report of the proposed turbine had to be submitted within 30 days from the date of work order, which was due on 06-02-2015. But the firm had submitted the same as per their letter dated 25-05- 2015 (after a lapse of 3 months). Also the same was totally against the approved GTP parameters as stipulated in the agreement and was not seen attested by the Embassy. Later the Embassy attested copy was received on 21-08-2015 as per firm's letter dated 19-08-2015, which was also not in line with the agreement. Hence the same had been processed and a lot of communications/discussions including with OEM had been carried out. Later, the model test report was approved on 23-03-2016 (after a lapse of 13 months). The entire delay for submission of model test report is attributable to the contractor only.

As per the Agreement for E&M works, the scheduled period of completion of contract was 18 months which expired on 03-08-2016. Considering the delay in handing over the land to the Civil Contractor M/s. Sree Saravana Engineering Bhavani Pvt. Ltd. - M/s. RPP Infra Projects Ltd., for commencing the works of Power house building and due to various reasons ie; increase in size of powerhouse, additional rock excavation etc. and heavy flooding in the project area during August and September 2017, the period of completion of E&M contract was initially extended up to 22-09-2017 as recommended by PMC held on 29.03.2016 and then up to 31-12-2018 as per B.O read as 3rd and 4th above respectively. Subsequently, considering the heavy flood in the State during August 2018,

the period of completion was extended up to 31- 03-2020 as per B.O. read as 5th above subject to the conditions that 1% penalty as per provisions of contract shall be levied if the 17 milestones are not achieved and the claim for additional amount of Rs. 34,97,74,612/- shall be withdrawn by the contractor as the same does not merit consideration as per contract provisions. It was also resolved that the matter of imposition of liquidated damages will be taken after completion of the project. The conditional acceptance of the said order was furnished by the Contractor on 09.04.2019 subject to the conditions that 5/6 milestones against 17 mile stones given in the B.O can be accepted. It is also informed by the contractor that the order extending time period of contract is acceptable without forgoing firm's right to claim the additional expenditure incurred.

As per the agreement and the supply schedule submitted by the contractor, three numbers of foreign consignments had to be supplied from China. Accordingly, 2 Nos. of foreign consignments were tested and equipment delivered to the site. In order to speed up the delivery process, KSEBL had waived the inspection and test witnessing of 3rd foreign consignment (stator, rotor runner etc), on 16.11.2018 subject to the condition that SSEB engineers would inspect and test witness and furnish the test certificates for approval. However, the 3rd foreign consignment from China is pending due to allegations raised by the consortium partner from China. Subsequently, based on the joint meeting conducted between KSEBL & Consortium partners on 22-10-2019 at the chamber of the Director (GE & SCM), M/s SSEB, as per letter dated 12-11-2019, had requested to furnish the details of KSEBL officials for inspection and test witnessing of the 3rd foreign consignment at China. Accordingly, as per B.O. read as 6th above, sanction was accorded to depute a team of 2 to 3 expert Engineers with a Translator (Chinese) to China for conducting a detailed factory inspection and to inspect and approve for despatch all the balance equipments ready for dispatch if the Consortium Partner is identified and confirmed that he is the genuine supplier, since there is a confusion regarding the Consortium Partner from China due to conflicting mails from the Chinese Partner. Also it was decided to take up the matter with Secretary (Power) to ensure the genuineness of the Consortium Partner in China (M/s. Hunan Zhaoyang Generating Equipment Co. Ltd.) with the help of Indian Consulate, China through the Ministry of External Affairs, Government of India. Accordingly, as per D.O letter dated 13-01-2020 of Secretary (Power), the matter has been taken up with the Foreign Secretary, Ministry of External Affairs. But due to COVID-19 pandemic, the reply in this regard is pending.

The Chief Engineer (Gen.&PED) reported that the E&M contractor had executed erection of EOT crane, Stay ring of all Units and Hatch ring of unit 1 within the schedule duration as per B.O. read as 5th above. The commencement of these activities was delayed due to non completion of inter related civil activities. The matter was discussed in the PMC held on 22-05-2019 and it was opined that the penalty need not be imposed now as specified in the B.O since the delay in starting erection work with the available material at site was not due to the lapse from the E&M contractor. However the penalty may be reconsidered and implemented (if any) after the settlement of the allegation regarding third foreign consignment as there is delay in supply of material after waiver of inspection & test witnessing on 11/2018.

It is reported that the Contractor as per letter No. SSEB-ZHOYANG/KSEB/BSHEP-E&M/256/2019-20/ dated 18-02-2020, has requested for time extension up to 31.12.2020. The matter was discussed in the PMC meeting held on 18-02-2020. As per the approved schedule, the E&M Erection has to be completed within 9 months from date of handing over of Power house by the Civil contractor. Since the proposed completion of critical activities of Civil works was on 31-03-2020, the E&M works could be started on 01-04-2020 only, as dust free atmosphere inside the power house is necessary for erection of machinery. Hence, the PMC has recommended time extension of

9 months from 01-04-2020 ie; up to 31-12-2020. However, due to lockdown imposed subsequent to the COVID 19 pandemic all the activities at site were stopped on 24-03-2020. Based on the progress achieved as on 24-03-2020, there was a delay of 30 days to achieve the specified target of completing all critical Civil activities. It is also informed that due to COVID-19 pandemic and since the contractor and majority of the work force are from outside state, a realistic assessment of the completion of critical Civil work is possible only after the commencement of the critical activities.

As per B.O (FTD)No. 237/2020(No. DGC/AEE-III/BKSHEP/2014) dated 26-03-2020, the period of contract for Civil works was extended up to 31-05-2020 except 3rd stage concreting and grouting subject to the conditions that the Contractor shall complete all critical activities to provide a dust free atmosphere for the commencement of erection work of E&M equipment by 31-03-2020, by accepting the combined micro schedule (both Civil &E&M work) for the balance work and based on the decision of the PMC meeting held on 18-02-2020 and hence time extension for E&M works is also required for the successful completion of the project.

Considering all the above, the Chief Engineer (Generation & PED) as per letter read as 7th above has recommended to extend the period of contract for completion of E&M works of Bhoothathankettu SHEP up to 31-12-2020, subject to the condition that the claims of additional amount of Rs. 34,97,74,612/- shall be withdrawn by the Contractor and the decision regarding imposition of penalty and LD shall be taken up after completion of the project. The penalty for supply portion is to be considered and implemented (if any) after the settlement of the allegation regarding third foreign consignment as there is delay in supply of material after waiver of inspection & test witnessing on 11/2018.

The matter was placed before the Full Time Directors as per Note read as 8th above. Having considered the matter in detail, the Full Time Directors in the meeting held on 22-05-2020, resolved to accord sanction to extend the period of completion of the E&M contract of Bhoothathankettu SHEP awarded to M/s. Sree Saravana Engineering Bhavani Pvt. Ltd - Hunan Zhaoyang Generating Equipment Company Ltd. (M/s SSEB-ZHAOYANG Consortium), up to 31-12-2020, with applicable penalty excluding the period of applicability of force majeure (Flood and Covid) and clear delay on the part of KSEBL which is to be decided by the Chief Engineer (Gen.&PED).

Further resolved to disallow the claim of the contractor for additional amount of Rs. 34,97,74,612/- and subsequent claims in this regard.

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 Deputy Chief Engineer (IT)/ The RCAO/The RAO.
The TA to Chairman & MD/ Director (GE&SCM)/ Director(GC)/ Director
(Trans.,SO &S)/ Director (D,IT&HRM).
The PA to Director (Finance).

Forwarded / By Order

Sunil Kumar
Asst. Exe. Engineer

DESPATCHED

No. 3A

22/5/20