



# KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

Registered Office: Vydyuthi Bhavanam, Pattom,

Thiruvananthapuram - 695 004

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TransGrid 2.0 - Turnkey EPC Contract for "Survey, Design, Engineering, Procurement, Construction, Integration of Interfaces, Testing & Commissioning of Transmission Line Projects viz. Quilon Package, North South Inter link Package II A & B and Valluvanad Line Strengthening Package" – Retender – Repealing of the payment conditions in tenders for works above 1 Crore - Sanction accorded – Orders issued

## Corporate Office (SBU-T)

B.O(DB) No. 337/2023(DIRTSO-AE5/2023/2071) Thiruvananthapuram Dated: 05.07.2023

- Read:
1. B.O. (DB) No. 254/2022 (DGC/AEE V/Quoting System /2021) dated 30.03.2022
  2. BID No. CE/TransGrid/01/2022-23 dated 30.05.2022 of the Chief Engineer (TransGrid)
  3. B.O. (DB) No. 744/2022/D(T,SO,P&S)/T6/TG-Gen/2022-23 TVPM dated 01.09.2022
  4. BID No. CE/TransGrid/05/2022-23 dated 06.01.2023 of the Chief Engineer (TransGrid)
  5. Proceedings of the 70<sup>th</sup> meeting of the Board of Directors held on 25.03.2023 on Agenda No. 16-3/2023
  6. Note DB52/CE/TG/NSIP-II/2022-23/Tender Evaluation /122 dated 04.05.2023 of the Chief Engineer, TransGrid
  7. Note No. DIRTSO-AE5/2022/2071(6) dated 13.06.2023 of the Chairman and Managing Director
  8. Proceedings of the 71<sup>st</sup> meeting of Board of Directors held on 22.06.2023 vide Agenda No. 15-06/2023 vide Agenda Item No. 15-06/2023

## ORDER

Tenders were invited by the Chief Engineer, TransGrid as per tender read as 2<sup>nd</sup> above for construction of line portions of the Quilon package, North South Interlink package and Valluvanad lines package together with total PAC of Rs. 188.1 Cr. The conditions specified as per B.O read as 1<sup>st</sup> above, were incorporated in the tender, even though the decisions were taken by the Board while considering the execution of a generation project where the geographical conditions are known. As per the new conditions, item rate tendering shall be used without disclosing the department rate for tenders above Rs.1 cr. subject to the condition that if the quoted rate of any item is greater than 110% of the applicable DSR or LMR, the payment will be limited to 110% of the respective DSR/LMR and the balance will be released only after completion and commissioning. Also, for excess quantity up to 25% more than the agreement quantity, the quoted rate shall prevail. For quantity in excess of 25% of the scheduled quantity, the admissible rates shall be limited to Technical Sanction Estimate Rate modified by overall tender excess/ tender deficit, as the case may be, subject to a maximum of PWD local market rates prevailing at the time of ordering.

Based on the queries raised by bidders regarding the added tender conditions, the matter of revealing the item wise rates in the BoQ for the subject tender was taken up with the Board of Directors and after reviewing the methodology used by other utilities also, the Board of

Directors as per B.O read as 3<sup>rd</sup> above accorded sanction to reveal the item rates in the BoQ of the tender. Accordingly, BoQ rates were published. However, being single bid, the tender was cancelled in compliance with extant Government /Board Orders.

While taking up the matter of disclosing the item rates with the Board of Directors in its meeting held on 27.07.2022, Board observed that at the time when sanction was accorded to adopt item rate tendering without disclosing department rate, it was directed that the pros and cons of the tenders quoted on item rate shall be reported to the Board to take suitable decision in future. It was also observed that the subject tender is the first tender to adopt the decision of the Board as per B.O read as 1<sup>st</sup> above.

Pursuant to the decision of Full Time Directors to rebid another open bid by including the PQ conditions, another E-tender was invited by the Chief Engineer (TransGrid) as per tender read as 4<sup>th</sup> above. Even after extending the date of bid submission many times, while opening the technical bid on 15.03.2023 only one Bid from M/s. RS Infraprojects Private Ltd (RSIPL) was received. In view of single tender received, the Chief Engineer (TransGrid) vide note dated 15.03.2023 requested for sanction to repeal the additional payment conditions introduced as per B.O dated 30.03.2022 and to invite tenders by disclosing the item wise rates and as per approved tender conditions for the TransGrid works.

In view of very poor participation in tenders and the apprehensions of the prospective EPC bidders, the matter of repealing the conditions was taken up with the Board of Directors as per agenda 16-03/2023 in the 70<sup>th</sup> meeting held on 25.03.2023. Considering the matter, the Board decided to open the price bid of the single bidder and to report the outcome of the bid to the Board of Directors. In accordance with the decision of the Board, the price bid was opened on 04.05.2023 and the lone bid received was again from M/s RSIPL with a quoted amount of Rs.320,33,79,665/- which is 70.30% above the PAC of Rs. 188,09,80,879/-.

The Chief Engineer (TransGrid) as per note read as 6<sup>th</sup> above, on requesting sanction for cancelling the tender and to invite fresh tenders by revoking the payment conditions, pointed out that the main reason for the exorbitant quote might be the additional payment clauses incorporated in the bid over and above the existing stringent tender conditions of TransGrid. Considering the limited bidder participation in the bid even after re-tendering and multiple time extensions, the apprehensions raised by many prospective bidders and the exorbitant quote by the single bidder, the Director(Transmission, System Operation, Planning & Safety) recommended to cancel the subject tender and repealing the new payment conditions introduced as per B.O read as 1st above. The Chairman and Managing Director placed the matter before the Board of Directors in the meeting held on 22.06.2023 as per note read as 7<sup>th</sup> above. In the meeting the Director (Transmission & System Operation) in charge stated the necessity for repealing the tender conditions as the front loading in TransGrid project is already addressed. The OSD (Finance resources) stated that the deviation shall also be reported to Government.

After detailed deliberations, the Board of Directors in the meeting held on 22.06.2023,

RESOLVED TO accord sanction to cancel the tender ' - Turnkey EPC Contract for Survey, Design, Engineering, Procurement, Construction, Integration of Interfaces, Testing & Commissioning of Transmission Line Projects viz. Quilon Package, North South Inter link Package II A & B and Valluvanad Line Strengthening Package' floated vide BID No. CE/TransGrid/05/2022-23 dated 06.01.2023 of the Chief Engineer (TransGrid) in view of the poor participation of bidders and the exorbitant quote (70.3% above the PAC) by the lone bidder.

RESOLVED FURTHER TO accord sanction to repeal the new tender conditions introduced as per B.O (DB) No. 254/2022 (DGC/AEEV/Quoting System/2021) dated 30.03.2022 for projects above Rs. 1 crore, viz.

- i. if the quoted rate of any item is greater than 110% of the applicable DSR or LMR, the payment will be limited to 110% of the respective DSR/LMR and the balance will be released only after completion and commissioning,
- ii. for excess quantity up to 25% more than the agreement quantity, the quoted rate shall prevail. For quantity in excess of 25% of the scheduled quantity, the admissible rates shall be limited to Technical Sanction Estimate Rate modified by overall tender excess/ tender deficit, as the case may be, subject to a maximum of PWD local market rates prevailing at the time of ordering.

for tenders of transmission line construction projects.

RESOLVED TO accord sanction to invite fresh tenders by the Chief Engineer, TansGrid for the subject work accordingly.

FURTHER RESOLVED TO accord sanction to invite tenders of transmission line projects above Rs.1 crore by revealing the individual item rates in the BoQ.

Orders are issued accordingly.

By Order of the Director Board,

Sd/-

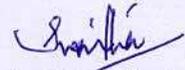
Lekha G

Company Secretary

To: The Chief Engineer (TransGrid), Shornur

Copy to: The Deputy Chief Engineer, TransGrid South/ North  
The Financial Adviser/The Chief Internal Auditor/ The Company Secretary  
The RAO/ RAO  
The TA to CMD/D(T,SO & P)/D(Dis, Safety, IT&SCM)/D(G-C)/D(G-E,REES, Soura, Sports & Welfare)  
The PA to D(F &HRM)  
CA to Secretary (Administration)  
Stock File

Forwarded / By Order



Assistant Engineer