

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE

ON

**PUBLIC UNDERTAKINGS
(2023-26)**

.....14th..... REPORT

(Presented on01.02..... 2024)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2024

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On

The action taken by the Government on the Recommendations contained in the Fortieth Report of the Committee on Public Undertakings (2016-19) relating to Kerala State Electricity Board Limited, based on the Report of the Comptroller and Auditor General of India for the year ended on 31st March 2007, 2008 and 2012

CONTENTS

| | <i>Page</i> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Composition of the Committee | .. |
| Introduction | .. |
| Report | .. |
| Chapter I : Replies furnished by the Government on the recommendations of the Committee which have been accepted by the Committee without remarks | .. |
| Chapter II: Reply furnished by the Government on the recommendation of the Committee which has been accepted by the Committee with remarks | .. |

COMMITTEE ON PUBLIC UNDERTAKINGS (2023-26)

COMPOSITION

Chairman:

Shri E. Chandrasekharan

Members:

Shri A.P. Anilkumar

Shri Anwar Sadath

Shri Ahammed Devarkovil*

Shri T. V. Ibrahim

Shri P. Mammikutty

Shri K. P. Mohanan

Shri D. K. Murali

Shri P. Nandakumar

Shri Kadakampally Surendran

Shri P. Ubaidulla

Legislature Secretariat:

Shri Shaji C Baby, Secretary in charge

Shri Venugopal R, Joint Secretary

Smt. Jayasree. M, Deputy Secretary

Shri Mohanan. O, Under Secretary

* In the vacancy of Shri. K.B Ganesh Kumar sworn in as Transport Minister w.e.f. 16-01-2024

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2023-26) having been authorised by the Committee to present the Report on their behalf, present thisth Report on the Action Taken by Government on the Recommendations contained in the Fortieth Report of the Committee on Public Undertakings (2016-19) relating to Kerala State Electricity Board Limited, based on the Report of the Comptroller and Auditor General of India for the year ended 31st March 2007, 2008 and 2012.

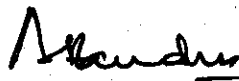
The Statement of Action Taken by the Government included in this Report was considered by the Committee at its meeting held on 07.12.2021.

This Report was considered and approved by the Committee at its meeting held on 26.08.2023.

The Committee place on record their appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala, officials of Power Department and Kerala State Electricity Board Limited, who were present during the examination of the Action Taken Statements included in this Report.

Thiruvananthapuram,

..01..02: 2024.


E.CHANDRASEKHARAN,
Chairman,

Committee on Public Undertakings.

REPORT

This Report deals with the action taken by Government on the recommendations contained in the Fortieth report of the Committee on Public Undertakings (2016-19) relating to Kerala State Electricity Board Limited based on the report of the Comptroller and Auditor General of India for the year ended 31st March 2007, 2008 and 2012.

The Fortieth Report of the Committee on Public Undertakings (2016-19) was presented to the House on 18th May, 2017.

The Report contained fifteen recommendations and the Government furnished replies to all the recommendations.

The Committee considered the replies received from the Government at its meeting held on 07.12.2021.

The Committee accepted the replies to all the recommendations except in Para No. 4 according to the explanation by the officials from Power Department and Kerala State Electricity Board Limited without remarks. These recommendations and the replies furnished by the Government form Chapter I of this Report.

The Committee accepted the reply to the recommendation in Para No. 4 with remarks. This recommendation, the reply furnished by the Government and remarks of the Committee forms Chapter II of this Report.

CHAPTER - I

REPLIES FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE WHICH HAVE BEEN ACCEPTED BY THE COMMITTEE WITHOUT REMARKS

| Sl. No. | Para No. | Department Concerned | Conclusions/Recommendations | Action Taken by the Government |
|---------|----------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1 | 1 | Power Department | <p>The Committee observes that in 2008 all power grids in India except Southern Grid became power surplus as expected in the Electricity Plan of Central Electricity Authority and the Southern grid turned highly power deficient. The Committee finds that it was due to the laxity in formulating the plan according to the Central Electricity Plan and its improper implementation. The situation indicates the limitation of the plan of KSEB and the Committee therefore recommends that the power plan adopted here in this regard should be re-examined with respect to the change of situation and it should be upgraded from time to time.</p> | <p>Though it was expected to add 610.15 MW during the 11th plan period in the generation sector, the achievement was 133.55 MW only. However the shortfall in capacity addition by 476.60 MW has not incapacitated KSEB in meeting the demand in the said period. Moreover even if all of the envisaged capacity in generation was achieved in full, that too would not have been sufficient to the additional demand evolved during the same period. KSEB hence imported a major part of the energy consumed during this period. The national grid having becoming a reality and as it gains more and more operational flexibility, it provides freedom to the State to procure energy from anywhere in the country in an economical manner vis - a - vis self generation. Though it is important to exploit the resources available in the State fully, within the constraints of forest and environmental laws, KSEBL attempts to make use of all the avenues in energy market to attain energy sufficiency.</p> |

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| 2 | 2 | Power Department | <p>The Committee is of the observation that the Board failed to prepare State Electricity Plan (SEP) forecasting demand and generation, power purchase, transmission and distribution. The Committee further notes that the Board lacked a perspective plan based on load and energy forecasts for the next 10 years despite SERC directions for the preparation of a perspective plan.</p> | <p>In order to improve the Transmission network, provide long term stability and to ensure quality and reliable power transmission, Board has prepared Trans grid 2.0 plan for strengthening the power network throughout the State. This plan was based on the demand expected during various time frame considering the projections in the 18th EPS survey after suitably modifying of the same to account for the increase in demand observed in the past ten years along with the node wise load additions expected in future. In addition to this, downstream works for optimal utilization of the EHT strengthening schemes envisaged in Trans Grid 2.0 are also planned upto 2021-22. Further a perspective transmission plan upto the period 2031-32 was also developed and submitted to the Central Electricity Authority.</p> |
| 3 | 3 | Power Department | <p>The Committee observes that there exists a shortage of transmission infrastructure in the northern districts of Kerala like Kasaragod and Kannur. The Committee directs to furnish a detailed report to the Committee regarding major problems faced by the Northern districts of Kerala such as lengthy feeding circuits, weak transmission network, poor inter-state connectivity, etc.</p> | <p>Kasaragod District</p> <p>The very old SC line from Mylatty to Manjeswar and then to Konaje (in Karnataka) is under renovation and making it Double Circuit. The Vidyanagar ± Kubanoor portion is completed and the balance up to state border is under construction. The Mylatty ± Vidyanagar portion will be completed by 5/2018, ensuring a DC line from Mylatty to Manjeswar in double circuit.</p> <p>The 50MW solar plant is commissioned with a 220kV S/S at Ambalathara and another 50MW plant is about to start at Paivalika near Manjewaram. Then the supply to Kasaragod District will be made stable.</p> <p>There are proposals of 110kV S/S at Seethangoli, Kuttikol in addition to ongoing 33kV substation Rajapuram. The</p> |

revenue land allocation from Govt is awaited. 33kV Kanhangad and Kasargod stations are commissioned in last year.

The 2nd phase of 220kV solar S/S at Ambalathara, and interconnecting with existing Thaliparamba ± Mylatty portion of 110kV line in multi (4) circuit will provide additional source to the substations under the district.

In the transgrid project a 400kV S/S at Cheemeni and a MCMV link from Kanhirode to Mylatty is also proposed with KIIFB funding. Another 400kV linkage with Udappi Mega Power Project is sanctioned by CEA. All the projects have expected gestation period of 5 years.

Kannur District

In Kannur at present the earlier SC line (part of very old Kozhikode Kannur line) from Orkattery to Panoor was doubled and the balance work of Panoor ± Thalassery ± Mundayad is under process. Koothuparamba ± Nedumpoyil 110kV line upgradation work is half the way and upgradation work of Nedupoyil S/S to 110kV is commenced. Along with this the exclusive S/S to Valiyavelicham Industrial area of KSIDC with line is at its final stage and to be completed within 2 months. This will be a boost to the industrial sector.

The work of new 33kV station at Kelakam is started and expected to complete within an year. Capacity enhancement of various stations are continuing and some of them have completed.

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| | | | <p>In transgrid additional MCMV 220/110kV line to Kanhirode and from Kanhirode to North is under tendering stage. A new 220kV station at Thalassery is also planned.</p> <p>The upgradation of Sreekandapuram and extending line to Chemberi is also under construction within a target of one year.</p> <p>If the transgrid is completed within 5 years both Kannur and Kasaragod district benefit a lot with better feeding transmission infrastructure.</p> <p>Extending the connectivity to Udupi/Manglore area through either 220 or 400 or 400/220 level ISTS is to be fulfilled to get a stable back bone network to that district along with the green corridor 400kV from Mysore line.</p> |
| 4 | 5 | Power Department | <p>The Committee notices that about one-third of the capacitors installed at various substations were non working and also notes that alternative sources of feeding were not arranged at sub-stations to maintain supply/avoid failure of the stations in case of failure of one source. The Committee understands that one of the main reasons for the malfunctioning of capacitors and substations was that their quality were not up to the mark. Therefore, the Committee directs that the Board should refrain from installing</p> <p>Forty Nine Capacitor Banks with a total capacity of 990MVAR is presently available in our system out of which 155MVAR is faulty during the month of August 2017. Continuous Monitoring of the same is being done. It may be noted that the purchase of capacitor banks in various substations is done after observing all formalities and based on the Technical Specification.</p> |

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| | | | substations, including capacitor banks, that are substandard. | |
| 5 | 6 | Power Department | The Committee considers transformer failures a serious issue and directs the Board to take effective action to reduce the rate of occurrence of transformer failures and also remarks that quality should also be made a parameter along with the price while procuring transformers through tender process. | Top priority is being given to the maintenance of power transformers. Testing of transformers by PET and Relay Wing are carried out at frequent intervals. Leak rectification, overhauling and replacement of oil are done frequently to keep the transformer healthy. It is seen that transformer failure decreased due to these actions. Also the transformer loading and load flow is analyzed and additional transformer or uprating capacity where ever necessary is installed to reduce the loading to optimum limits thereby reduce the stress on transformer. The specifications are made stringent and manufacturing process / stage inspection were made more stringent. |
| 6 | 7 | Power Department | The Committee is concerned about the deficiencies noted in the maintenance wings in KSEB. The Committee is also worried to note instances of accidents which resulted in loss of life and also notes with concern the delay in repairs due to delay in procurement of spare parts. The Committee also noticed that supplier's service engineers were not available for prompt repairs as they were not bound to do the service because suitable clauses for subsequent | In order to avoid accidents, serious efforts are taken to supply necessary safety equipments to field offices. Also special sessions are being arranged regularly to increase the awareness and precautions to be taken during the execution of works. Directions are given to field engineers to report the requirement of spare parts for arranging timely procurement. Rate contract is given to major suppliers. Also Power Equipment Testing teams are frequently visiting substations for condition monitoring of equipments. Based on their reports immediate maintenance/replacement are done for the maintenance of Circuit Breakers. A detailed maintenance plan is prepared annually and maintenance process is made systematic. The essential spares are made available. The service support is made mandatory in orders |

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| | | | repairs after installation were not included in the purchase order of equipments. | and essential spares are processed from OEM. |
| 7 | 8 | Power Department | <p>The Committee views all these lapses seriously and sternly directs the Board to take precise steps to avoid delay in maintenance, make sure to replace equipments which is beyond repair, make available service engineers in time by incorporating suitable clauses to that effect in the purchase order/agreement and thus ensure proper maintenance of transformers. The Committee directs the Board to upgrade technology and acquire modern equipments required for the maintenance wings of the Board necessary for the better functioning of the present system in KSEB.</p> | <p>Power Equipment Testing teams are frequently visiting substations for condition monitoring of equipments. Based on their reports, immediate maintenance/replacement of deteriorated equipments depending on priority are being arranged.</p> <p>In the case of transformer repairs, the two Power Transformer Repairing Units (PTRUS), one at Kalamassery and other at Kozhikode became more efficient to take up the repairs of transformers/failed transformers. Last financial year to till date, 6 nos of transformers were repaired at Kozhikode PTRU and 14 Nos were repaired at Kalamassery PTRU and a lot of onsite maintenance is done by inhouse/hired technicians and Engineers. Thus transformer failure is comparatively reduced.</p> <p>Also efforts are taken to avail Central Government funds (PSDF) for replacement of old equipments. Up to 220kV level most of the old equipments were replaced under PSDF recently. Another R & M DPR for funding is under preparation.</p> <p>The existing electromechanical relays are being replaced with modern numerical relays for reliable protection of equipments. Old mechanical Energy meters are replaced by electronic Meters for accuracy.</p> <p>Modern technology and equipments are also introduced wherever possible. EHV UG cables, GIS, ABC lines, Covered conductor, Polymer composite insulators, bushings,</p> |

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| | | | | LA etc, innovative RoW reducing techniques using Narrow based Towers, Monopoles, HTLS high performing conductors are some of the modern technologies made into use. |
| 8 | 9 | Power Department | <p>The Committee recommends that adequate training in latest technology should be provided to the existing staff. The Committee observes that a payment to the tune of 13.69 crore was forced on the KSEB as compensation towards unavailed power allocation. The Committee views this as a very unfair practice to compel KSEB to pay to PGCIL/ SRPC for the power it has not utilised. Since this is not an issue that could be solved internally, Committee is of the view that this matter must be brought to the notice of the Centre and discussed during general Plan.</p> | <p>The committee observes that adequate training on latest technology is to be imparted to the existing staff. KSEBL is having its own training centers for giving refresher and management training to the staff as well as officers. PETARC at Moolamattom in Idukki district is a training center for the Officers Training. There are three other training centers, viz, RPTI s for giving training to the staff. NPTI and PSTI are arranging specialist training programs for officers in load dispatch, grid security, power system protection, communication systems, SCADA, etc. These institutions are also empowered to issue certification at different levels of competency to manage the power system. As per CERC regulation, certification is mandatory for the operators and security management officers of power systems. On advanced and specialized topics, for the staff employed on such fields are even given trainings in foreign countries.</p> <p><u>Compensation for unavailed Power - Rs . 0.41 crore .</u></p> <p>The 135MW of ER power allocated to TNEB for pooling with the costly RGCCPP power was rejected by TNEB along with RGCCPP power. On 14-09-2011 MOP allocated this quantity to Kerala with effect from 15.9.11. This intimation was received only on 14-09-2011. KSEB had intimated the non - acceptance of this allocation of power on</p> |

the same day itself. But the MoP notification for the reallocation of this power to AP came only on 22-09-11, after 6 days. This resulted in charging the transmission charges to KSEB. KSEB had taken prompt action in this regard and the billing of transmission charges were beyond the control of KSEB.

Share in capitalization of idle infrastructure.

PGCIL notified the commercial operation of the transmission system for the evacuation of power from Koodankulam project w.e.f 1 Jan 2012, before the commissioning of the project. KSEB accepted its monthly share of transmission charge due to following reason.

1) The transmission lines constructed for the evacuation of power had enhanced the import capability of Kerala as well as southern region. SRPC meeting had decided that the transmission charges are to be paid by the beneficiaries in view of the benefits accrued, interest on deferred capitalization by PGCIL etc.

2) Being Nuclear plant KKNP is out of the ABT regime and is not bound to bear the transmission cost for the period of delayed COD

Transmission charges for the third transformer at TVM

PGCIL had installed a third transformer in 2010. KSEB initially assessed that this transformer would not be utilized effectively for a period of ten years. But by 2015 the transformer loading has increased nearly 3 times. The initial proposal is to have 3rd ICT at Thiruvananthapuram should have been taken with the assumption of load growth as

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| | | | | perceived at that time. The second assessment that there will be no utilization for next 10 years could have been on the basis of revised assessment, but by that time the procurement of transformer would have been completed. In this context it is also worth noting that KSEB had proposed shifting of third ICT temporarily to Madakkathara in view of the heavy loading there prior to the commissioning of 400 kV Palakkad substation. The revised assessment is to be viewed in this context also to enable shifting of third ICT to Madakkathara temporarily. The third ICT has become essential as per transmission planning criteria from 2013-14. |
| 9 | 10 | Power Department | The Committee expresses dissatisfaction at the Board's delay in finalisation of tenders within the stipulated period which resulted in an avoidable expenditure of 30.01 lakh. The Committee directs the Board to be vigilant and avoid delay in tender processes in future. | The delegation of powers of officers are revised in order to speed up the tendering process and finalization at lower level. The revision of tender / purchase manuals are under process and this will again reduce the delay. |
| 10 | 11 | Power Department | The Committee expresses its apprehension over the reduction in the number of shifts at KSEB substations and observes that increased duration of shifts adversely affects the efficiency and quality of performance and monitoring. The Committee suggests that the Board should | Shift duty of 8 hours duration is followed in substations. The circular PS1(A)/3393/2016 dated 19/08/2016 is strictly complied with to avoid continuous duty in substations except in exigencies. |

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| | | | either enforce the approved duty time or formulate shift duty of 8 hour durations. |
| 11 | 12 | Power Department | <p>The Committee remarks that the decision with regard to unbundling of KSEB into separate profit centres for the 3 functional areas of generation, transmission and distribution should be taken by the Board itself.</p> <p>Section 131 to 134 of Electricity Act 2003 governs the provisions relating to the re-organization of Board. As per Section 131 (2) the assets and liabilities of State Electricity Board shall be re-vested by the State Government in a Government Company, or in a Company, or companies in accordance with the transfer schemes published by the State governments.</p> <p>The Government vide G.O.(MS)28/2006/PD dated 18.11.2006 accepted the proposal of the Committee constituted by Government of Kerala for restructuring of KSEB to retain it in the Public Sector under one umbrella. The Government vide G.O(MS)No.29/08/PD dated 25.08.2008, decided to restructure K.S.E.B as per Companies Act in principle and to retain it in the Public Sector. As per the Government notification No. GO (MS) 37/2008/PD dated 25.09.2008, the undertakings, assets and liabilities officers and employees of KSEB shall be re-vested in 'a Company' by the State Government in accordance with sub - Clause (2) of Section 131.</p> <p>Government vide re-vesting Order dated G.O (P) / 46 / 2013 / Pd dated 31.10.2013 has implemented Strategic Business Unit (SBU) concept in the place of profit centre concept and named SBU of Generation, Transmission, Distribution as SBU - G , SBU - T , SBU - D under the single umbrella of KSEB.</p> |

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| 12 | 13 | Power Department | <p>The Committee observes that the Internal Audit Wing of the Board was not functioning properly in the transmission sector. The Committee suggests that the Board should take necessary steps to strengthen the audit wing.</p> | <p>The Internal Audit in KSEB Ltd covers audit functions in expenditure as well as revenue areas even though the focus has so far been mainly on revenue side to detect revenue leakages. The expenditure audit covers audit of work/purchase bills, establishment claims, pay roll, pension, GPF, administrative and general expenses, etc. Pre-check functions are carried out in respect of work/ purchase bills pertaining to ARUs in Civil, transmission, System Operation and IT areas where the amount of the bill is more than rupees ten lakh. The pre - check function is headed by a Resident Concurrent Audit (RCA) Officer who is on deputation from the Office of C & AG and there are three decentralized Pre-Check Units in different locations in addition to RCA Office in the corporate Office, RCA Office and the pre check Units while clearing bills ensure compliance of provisions of relevant statutes in addition to contractual terms and related Board orders. Audit has recently been extended to cover power purchase and related transactions also on post audit basis.</p> <p>Measures have been taken to strengthen and streamline internal audit functions in KSEB Ltd. With this end in view, a comprehensive restructuring plan is envisaged in liaison with Indian Institute of Management (IIM), Kozhikode, and the proposal is expected to be finalized in a couple of months. Other steps taken in this regard are as follows:</p> <ol style="list-style-type: none"> 1. Continuous Internal training programs have been arranged for all officers and audit staff in Regional Audit Offices to increase their knowledge and competency levels in audit and related areas. Also intensive training sessions have been |
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| | | | | <p>arranged for enabling the Audit Teams to audit in computerized environment.</p> <p>2. Instead of having different types of audits at the unit level (like monthly Bills audit, bi monthly Bills audit, MASA audit etc.) it is decided to have a comprehensive single audit covering all functions of the Unit (e.g. comprehensive audit of Sections, Division and Circles).</p> <p>3. Steps have been taken to address the issue of staff shortages especially in Regional Audit Offices in the Northern Regions where vacancies remain unfilled for long periods.</p> <p>4. Steps are under way to ensure that in- service candidates with professional qualifications (CA, ICWA etc) are posted in Internal Audit wing to the extent possible.</p> <p>5. Comprehensive annual audit plans are framed to ensure that all units are covered in audit once in a year .</p> <p>6. Steps have been taken to constitute Special Audit Teams in Head Office to carry out performance audit, software audit and other special audit assignments like audit for assessing risk and cost on suppliers/contractors, fixing liabilities on delinquent officers, special investigations etc. as per requirement.</p> <p>7. Steps have been taken to develop necessary audit modules in the respective software to carry out pre-check and pre - audit functions through software.</p> |
| 13 | 14 | Power Department | The Committee observes that the transmission system improvement scheme of the Board could not achieve its aims due to belated | Delay for land acquisition has got substantially reduced as the decision can be taken by a committee for negotiated purchase at district level. New designs are being adopted for reducing the right of way issues. New towers like monopole |

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| | | | <p>decisions, deficiency of proper contract and delay in acquisition of land required for substations and transmission lines.</p> | <p>and Narrow base towers etc are being started to be used in order to reduce objections in construction of transmission lines. Upgrading the lines in the existing right of way is also adopted in many cases.</p> <p>As an additional measure replacement of existing ACSR conductor with HTLS conductor is being done for transmitting more power instead of upgradation of lines. In order to avoid delay in decisions especially in land acquisition issues, strict follow up is exercised. Prompt and active co - ordination with respective departments and offices are undertaken to avoid delays.</p> |
| 14 | 15 | Power Department | <p>The Committee points out that the failure of the Board to provide uninterrupted better quality power supply to targeted consumers was on account of lack of adequate planning, monitoring, co-ordination and abnormal delay in commissioning and completion of scheme.</p> | <p>KSEB is one of the best performing power utilities in the country in terms of wider network, deeper reach, low urban - rural disparity, lower technical losses etc.</p> <p>Transmission and distribution losses (T&D loss) of KSEB during the year 2011-12 was 15.29 % only which is one of the lowest in the country given the size of the utility.</p> <p>Utility could meet the demand without resorting to load shedding & Power cut during the year.</p> <p>Despite all the above, there is lot of room for improvement and is now thriving to raise the quality of service to global standards by revamping the planning process and reorganizing the distribution sector.</p> |

CHAPTER - II

REPLY FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATION OF THE COMMITTEE WHICH HAS BEEN ACCEPTED BY THE COMMITTEE WITH REMARKS

| Sl. No. | Para No. | Department Concerned | Conclusions/ Recommendations | Action Taken by the Government |
|---------|----------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1 | 4 | Power Department | <p>The Committee pointed out the inexcusable lapses that occurred in Kattakkada, Ranni-Perinad and Punnappra-Mavelikkara Projects. The committee directs that KSEB should immediately submit the details of the officers responsible for such serious lapses so as to fix liability upon them.</p> | <p><u>Ranni Perunad substation</u></p> <p>Administrative sanction was accorded vide B.O. dtd 21.04.1999 for the construction of five 33kV substations in Pathanamthitta district including Ranni Perunad, associated 33kV line and 110/33kV bay at Pathanamthitta under REC aid. Subsequently a new Transmission Construction Division was formed at Pathanamthitta under Transmission Circle, Alappuzha and was entrusted with the work. 1.5 Acres of private land was purchased during November 2000 for S/s at Ranni Perunad .</p> <p>The works were</p> <ol style="list-style-type: none"> 1. Construction of 110 / 33kV bay at Pathanamthitta substation which was awarded to M/s. BSES Ltd., Kochi on 10-07-2000 on turnkey basis. The same was completed and handed over to KSEB on 3-12-2003. 2. Construction of 18.6km 33kV Single Circuit Overhead line from Pathanamthitta substation to Ranni Perunad and, 3. Construction of 33/11kV substation at Ranni Perunad <p>B.O., dtd 15-03-2001 was issued for awarding both works 2 and 3 above to M/s. ARM Ltd, Hyderabad on turnkey basis. Order was issued</p> |

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| | | | | <p>to the firm on 06-04-2001 for completing the work within six months. The land purchased for S/s was handed over to the contractor in 04/2001. The trees along the entire right of way was cleared departmentally and the line route handed over to the contractor for the construction of line. But the firm had completed only 2 % of the agreed works within the stipulated time even with continuous follow ups and earnest efforts from KSEB.</p> |
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The work was at standstill for approximately 2 years from 10/2001 violating the contract agreement. Meanwhile the company has changed the name as ICOMM in February 2004 and executed supplementary agreement to continue the work on 16-02-2004. The pace of progress was slow and poor though time extension was granted twice up to 31-03-2005. After completing 25 % of the total work the contractor again stopped the work. The repeated attempts to restart the work turned futile and finally the contractor abandoned the site completely from 22-07-2006. Consequently, the work was terminated at the risk and costs of the contractor vide B.O No.(FB) No.17822007 (TC1/S1/REC/2001/5) dated Tvm 01-08-2007 with a direction to restart the work departmentally.

After termination of the turnkey contract, the procurement of materials was to be arranged for carrying out the work of which the line materials were procured initially. The main line material 12M and 14M A Poles were fabricated after procuring the steel. These works were carried out departmentally under TC Division, Pathanamthitta.

In the mean time line work was tendered and finally awarded in October 2009 after ensuring the availability of line materials. The substation works were arranged on different contracts and finally substation and line works had been completed and commissioned on 16-02-2012.

approved for 44 locations during 6/2012. The Kallayam area was cleared during 10/2013 and the profiles for these 10 locations were approved during 2013. So many cases were pending before various forums such as Hon'ble ADM, Hon'ble High Court of Kerala and Hon'ble Supreme Court. All the cases were settled and full right of way clearance obtained during 2013 only. i.e. 4 years after issue of work order. Details of cases shown below.

| Sl. No. | Description | Case No / Court | Date of issue of clearing |
|---------|---------------------------------------------------------|---------------------------------------------------------------|---------------------------|
| 1 | Maruthoor Mythri Nagar - 3Km , Locations AP 53 to AP 59 | 1. S1-22399 / 2006 of Hon'ble District Collector , Trivandrum | 05.05.2010 |
| | | 2. WP (C) No 16306/2010 of Hon'ble High Court | 21.06.2012 |
| 2 | Kallayam 1.5Km Locations AP 46 - AP 50 | No DDIs 48562 / 09 / S1 of the Hon'ble ADM , Trivandrum | 19/12/11 |
| | | SLP Civil 16338/2012 of Hon'ble Supreme Court | 16/09/13 |
| | | SLP Civil 212/2013 of Hon'ble Supreme Court | 04/10/13 |
| 3 | Terminal tower and multi circuit tower | No D Dis 69568 / 12 / S1 of the Hon'ble ADM, Trivandrum | 31/05/13 |
| | | WP (C) No 15042/2013 of Hon'ble High Court | 15/11/13 |

All the work sites were cleared and handed over to the contractor during 2013 and based on the request of the contractor the time period was extended up to 28.02.2015 without imposing penalty. Even after clearing all the sites, the progress of the work was poor. Several

Considering the aforesaid facts it is submitted that the inordinate delay in commissioning the substation was due to delay in accomplishing the work awarded to M/s BSES. In case of 33 kV Ranni Perunad Substation the turnkey contractor failed to accomplish the work in time for reasons beyond the control of KSEB. The 18.6km Line route was through difficult terrain and as the contractor was not equipped with works in similar terrain due to failure in anticipation of bottlenecks in execution of the work. There was no deliberate attempt in delaying the completion of the project from the part of KSEB officials. There were so many procedural formalities to be completed for terminating the work, awarding new contracts, implementation of works, procurement and fabrication of line materials which in turn delayed the timely completion of the project. Hence KSEB officials are not responsible for the delay in the execution of the work.

Kattakada Substation

Board vide order No BO dtd 29.10.09 had accorded sanction to award the work of construction of 30km of 220kV DC line from Pothencode to 220kV S/s Kattakkada including supply of materials to M/s Utkal Galvanisers Ltd Orissa at their quoted rate of Rs 54.96 Crore.

While awarding the work 4.5Km from Maruthoor to Kallayam area were under dispute and tree cutting in these areas were not completed. Hence, initially profile of only 40 locations were approved during May 2010. Out of this, foundation work in 12 locations could not be started in time due to the objection of the land owners in the right of way. Thereafter by the end of Dec 2010 profile of another 14 locations were approved but foundation work in 4 locations could not be started in time due to the objections of the land owners in the right of way. The Maruthoor area was cleared during Feb 2011 and profiles were

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| | | | <p>meetings were convened to sort out the issues so as to enable the firm to implement the work as per the revised schedule. Repeated directions and all possible support from the part of KSEBL was given to the contractor. But the contractor failed to adhere to the agreed schedule. Hence a show cause notice was issued to the firm on 10.10.2014 for the slippage in the work schedule accepted by the firm. As the reply to the show cause notice was not adequate and since performance of the contractor was not satisfactory termination notice was issued to the contractor on 24.10.2014 as per tender conditions. The reply furnished by the firm on 30.10.2014 which was not satisfactory.</p> |
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After obtaining remarks from Financial Adviser and opinion from the LA & DEO the matter was placed before the Board. Considering the facts Board has accorded sanction vide BO dt 16.02.2015 to terminate the turn key contract entered into with M/s Ukal Galvanisers Ltd for the construction of 220kV line from Pothencode to Kattakkada including supply of materials. And also decided to arrange work at their risk and cost.

Accordingly two part tenders were invited for execution of the balance work after preparing the estimate for the balance work. Since no firms participated in the tender re tendered on 28.09.2015 and only one firm participated in the tender and quoted 635 % above PAC which was reduced to 499 % above PAC after negotiation. As the quoted rate was exorbitant tender was cancelled. The matter was reported to FTB and the Board decided to invite tenders from among the contractors having prior experience in constructing 220kV lines. Two bidders participated in the tender. After evaluation the matter was placed before the FTB. Based on the FTB decision, one bidder was disqualified and the price bid of the one pre qualified bidder was opened on 10.02.2016 and the quoted rate was 417.5 % above PAC and was reduced to 398 %

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| | | | | <p>above PAC. Meanwhile the disqualified bidder challenged Board's decision before the Hon'ble High Court of Kerala and the Hon'ble H/C upheld the decision of the Board by dismissing the petition. Considering the urgency in completing the work and also as the Hon'ble H/C did not find any fault with the decision of PQ bids, the matter was placed before the Board and the Board vide BO dt 06.05.2016 has decided to cancel the tender and also decided to invite fresh tender on all India basis from EPC contractor/firms having experience of completing at least 28Km 220kV or higher voltage lines including supply of balance materials. On the basis of this decision fresh tender was invited on 20.05.2016 and work order for the Balance work of the construction of 220 kV DC Transmission line from Pothencode to Kattakada including supply of materials was issued on 17.08.2016 and the work completed on 06.07.2017. Considering the above facts the delay occurred after issue of the first work order is not from the part of the officials of KSEB and is purely due to litigations and from the part of the first contractor. Hence, the reply furnished may be considered and kindly drop the queries raised. Kattakada 220kV substation commissioned on 27.07.2017. The work was delayed due to the delay in completion of Pothencode -Kattakada 220kV line. The said line is commissioned on 08.11.2017.</p> |
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Punnapra - Mavelikara Reconductoring work

The work of Punnapra - Mavelikara 66kV circuit double circuit line with ACSR Dog conductor after replacing the existing copper conductor was awarded as per W.O. dtd. 2.3.2009 of Asst.Exe.Engineer, Transmission Sub Division, Punnapra for an amount Rs 1397864/-. The work started on 20.3.2009 and was completed on 5.2.2010. No delay has occurred in the execution of the work. As per the terms of the contract, the contractor is bound to return

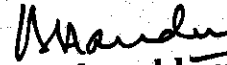
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the entire scrap taken out on reconductoring to KSEB Ltd. But the entire copper replaced was not returned by the contractor. Departmental action was initiated along with filing of civil case OS.No.123/2012 before the Hon'ble Sub Court Alappuzha to realize the loss sustained to KSEB. A criminal petition is also under investigation with crime branch (Case No.330/CR /OCW2/EKM/12)

Remarks:

The committee expresses its dissatisfaction over the reply furnished by the Government and directs to furnish a detailed report within two months after examining the matter relating to the non-recovery of the bank guarantee of ₹ 57.12 lakh for the Ranni-Perunad substation work even after its expiration in 2008.

Thiruvananthapuram
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E.Chandrasekharan
Chairman
Committee on Public Undertakings