

Clarification 1 (Dated 16.02.2018) to RfS (NVVN-RE-CM-2017-009) for Purchase of 10 MW Power to Electricity Department at IPP Complex Bambooflat, Andaman & Nicobar Islands.

Sr. No.	Page #	Clause No. of RFS	Provision of RFS	Query of bidder	Response
1		1.1, 3.5.1 and 5.11 (a)	<p>1.1 : This document is for selection of Power Generator for setting up DG sets based power plant of capacity of 10 MW on the land to be provided by Andaman & Nicobar Administration at IPP COMPLEX BAMBOOFLAT in A&N Islands</p> <p>3.5.1 The DG sets based power plant of 10 MW capacity selected through this RfS shall be set up at IPP COMPLEX BAMBOOFLAT in Andaman & Nicobar Islands. The land for setting up the DG sets based power plant of 10 MW capacity shall be provided by the End Procurer which is the Electricity Department of Andaman & Nicobar Administration</p> <p>5.11 (a) Land: Land identified by A&N Electricity Department at IPP COMPLEX BAMBOOFLAT as marked on Layout Plan shall be made available on the date of issuance of Letter of Award free from all encumbrances. A&N Electricity Department has confirmed that land at plant site is owned by it.</p> <p>Any site preparation / development work if so required shall be carried out by the contractor.</p>	<p>The land wherein the power plant being located is stated as in the IPP complex, Bambooflat where already a 20MW Power Plant is operating. It is learnt that the above land has already been leased to the company i.e. M/s Suryachakra Power Corporation Limited for establishing and running the power plant for a period of 20 years from the date of the land lease agreement i.e. upto August 2019 by entering a registered land lease agreement between M/s Suryachakra and Electricity Department with the consent of A&N Administration and later mortgage to the Lender State Bank of India, I.F.Branch, Kolkata and M/s SREI, Kolkata. The Electricity Department blatantly offering the space within the existing power house premises to third parties under the NIT against all industrial norms. The lease of land hold rights rests with the above company till the expiry of Land Lease Agreement. The Electricity Department action appears to be illegal.</p>	<p>Please refer clause 3.5.1 and 5.11 (a) of RfS Document</p>

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2	14	3.8 A	<p>Technical Qualifying Requirements</p> <p>The bidder shall provide Experience certificate for having been successfully completed grid connected operation/delivery of power to the Electricity Grid of States/UT's with MW size DG Set/DG Power Plant for at least 18 months</p>	<p>Clause 3.8 A of the RfS which States that "experienced certificate of 18 months successfully completed Grid connected operation of MW size DG sets / DG Power Plant". It is pertinent inform here that there is no cut-of-date for Judging 18 months track record. Further more the requirement is for 10 MW continuous Power supply, as per the above criteria a Tenderer who has completed Grid connection for even 1 MW project for 18 months at any time may be even 50 years back would qualify for the RfS. On account of this vague condition some firms which may not be currently in the business may also get qualified. The relevant provisions of the office Memorandum No.12-02-1-CTE-6 dated 17-12-2002 titled "Pre-qualification criteria (PQ) issued by the CVC has not been found followed</p> <p>The Pre-Qualification criteria is a yardstick to allow or disallow the firms to participate in the bids. A vaguely defined PQ criteria results in stalling the process of finalizing the contract or award of the contract in a non-transparent manner. It is necessary to fix in advance the minimum qualification, experience and number of similar works of minimum magnitude satisfactory executed in terms of quality and period of execution</p>	<p>The bidder shall provide Experience certificate for having been successfully completed grid connected operation / delivery of power to the Electricity Grid of States UT's with MW size DG Set / DG Power Plant for atleast 18 months, of having successfully completed works during last 15 years ending last day of month, previous to the one in which applications are invited.</p> <p>The amendment to this clause has been issued</p>

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3		3.10.1 and 5.7	<p>3.10.1 : The bidders will have to submit bids quoting a fixed tariff for entire project duration of 3 years extendable up to one (1) year</p> <p>5.7 : Fuel Supply and Operating Conditions (a) HSD supply- HSD will be supplied free of cost by A&N Electricity Department through IOCL oil tankers (available grade BS IV) at power plant site and to the HSD storage tank established by the contractor as per clause 5.1.16 above. However, for inefficient operation of DG sets i.e. less than 3.7 kWh/Ltr (equivalent to 0.270Ltr/kWh), 100% cost of excess fuel (HSD) along with transportation charges (based on actuals), if any shall be recovered. However, if the SFC is better than 0.270</p>	<p>As per the tender the Fuel Supply is carried out by the Electricity Department. The tender document specify 3.7 units per Ltr. for Fuel consumption (SFC). While in operation it is specified that fuel consumption in excess of 3.7 units per Ltr. is to the bidders account and any savings in the above is to the Electricity Department Account. However, in evaluation of bids, this is not considered. This discourages someone who wants to improve efficiency of operations. Suppose a bidder offer Rs.1 as fixed cost considering 3.7 units per Ltr. while other bidder may offer Rs.1.1 as fixed tariff component considering 3.9 units per Ltr. and if NVVN prefers first bidder then NVVN likely to lose 0.2 units per Ltr. On 10MW supply requirement NTPC may lose one million Ltr (apprx. Rs.0.7 per Kwh generation).</p>	As per the RfS Document

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			<p>recovered. However, if the SFC is better than 0.270 Ltr./Unit the HSD will be accounted as per actual and no incentive will be paid on the account of HSD saved as the HSD will be supplied by the A&N Electricity Department.</p>	<p>In the tender non-consideration of variable cost for bid evaluation is un-heard of in bidding process for procurement of Electricity using fuel. Either the cost of fuel or the Plant efficiency is always a criteria to arrive at the actual cost to the purchaser. Only the lowest cost power is to be selected among the qualified bidders.</p> <p>Why merit order dispatch of the power is not being considered</p>	
4		3.23 (ii)	<p>Bank Guarantees The Bidder shall provide the following Bank Guarantees to NVVN from any of the Banks listed at Annexure - 1 as detailed hereunder</p> <p>i) Performance Bank Guarantee: Performance Bank Guarantee (PBG) of Rs. 2,78,00,000/- (Rupees Two Crore Seventy Eight Lakh only) is to be submitted to NVVN within 5 days from the date of issue of Letter of Award and before signing of PPA as per Format 6.2 B</p>	<p>The tender requires the bidder to submit about Rs.2.78 Cr. as performance Bank Guarantee. This requires establishment of Bank Guarantee limits by the Bank with generally takes minimum of 1 to 2 months to sanction the same. However, the tender demands 5 days time to furnish BG which is almost impractical. You may please appreciate that this time of 5 days is very meager and more time to be given.</p>	<p>Clause 3.23 (ii) is as per modified RfS Document</p>

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5		2	<p>Definitions “Act” or “Electricity Act, 2003” shall mean the Electricity Act, 2003 and include any modifications, amendments and substitution from time to time</p>	<p>1. Firstly, the Electricity act provides for two modes of power procurement, which are as under</p> <p>(a)Section 61, 62 and 64: The tariff is determined based on the costs and expenses of the generator, which is determined by the Appropriate Commission in terms of the Regulations framed and after following the due procedure for determination of tariff.</p> <p>(b)Section 63: Wherein the tariff is determined by a bidding process, which is to be undertaken in a transparent manner in terms of the competitive bidding guidelines notified by the Government of India under Section 63 of the Electricity Act. The tariff discovered through the bidding process is adopted by the Appropriate Commission</p> <p>2. In case there are any deviations from the Government of India bidding documents and guidelines, the prior approval of the Appropriate Commission is required for the bidding process to be undertaken</p> <p>3. It is evident in the present case that the power procurement is neither in terms of Section 62 of the</p>	<p>Refer to our PPA Document which is part of RfS Document</p>

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				<p>Electricity Act, nor is the tender in terms of the Government of India guidelines issued. There is no basis for the tender documents issued by the NVVN</p> <p>4. The RfS floated is not as per EA 2003 i.e, NVVN is not comparing the total delivered cost.</p>	
6		Format 6.5	<p>Format of financial bid quoting tariff for purchase of Power through DG sets to deliver 10 MW power---</p> <p>“Cost per unit energy (KWh) to be delivered to 33 KV grid of Electricity Department of A&N Admin. in terms of RfS and PPA.”</p>	<p>Is the quote requested cost per unit energy to be delivered to the 33KV grid is only a fixed cost or this is fixed cost plus variable cost as HSD is being supplied by the ED to the tenderer. Delivery cost is to be considered for the quote.</p>	As per tender document