



KARNATAKA POWER TRANSMISSION CORPORATION LIMITED
CIN No. U40109KA1999SGC025521

Corporate Office
Kaveri Bhavan, K.G Road,
Bengaluru-560 009

- Sub** : Amendment to Clause No. 24.2 of GCC of Vol-I of the Tender Document for inclusion of Freak Rate clause in tender documents, admitting rates towards freak rate items - reg.
- Ref** : 1. Proceedings of 125th Board of Directors Meeting of KPTCL held on 24.06.2021 - Subject No. 125/29.
2. I.O. Note No. KPTCL/B37/125th BM/2021-22/270-75 dated 23.07.2021 of the Company Secretary, KPTCL.

B) N. S. (L. 100-1)
R. S. / J. S.
10/10/21

PREAMBLE:

Construction of Sub-stations, Transmission Lines and other system improvement works in KPTCL is being carried out by inviting tenders on Turnkey basis. Bidders are required to quote their unit rate along with F&I and applicable taxes against each material required for the project. The total contract price is being computed based on quantities stipulated and rates quoted by the Bidders duly de-loading excess tax component/F&I, arithmetic errors if any etc.

As the works of KPTCL are dynamic in nature, the quantities initially assessed while inviting tender may vary while the works are under execution. The prevailing tender condition as per Clause No. 24.2 of GCC, Vol-I, calls for payment towards additional quantities over and above the awarded quantities at the awarded rates only which is quoted by the Bidder.

Of late, it is observed that there is a tendency among the Bidders to quote either abnormally high or abnormally low (Freak Rate) rates for some of the materials. As such with the higher Freak Rates, if there is any increase in the quantities over and above the DWA quantities, then KPTCL is bound to pay at the DWA rates which are abnormally high without any ceiling limit. Hence, it is observed that, wherever the rates are abnormally high, there will be excess payment from KPTCL.

Therefore, with an intention to safe guard the interest of KPTCL, it is proposed to define "Freak Rate" under section GCC of Vol-I of the Tender document as "the unit rate of an item over and above 25% of the Schedule of Rates applicable at the time of according approval to award of contract".

In the above background, it is proposed to issue amendment to Clause No. 24.2 of GCC of Vol-I of the Tender document.

The subject proposal was placed before the 125th Board of Directors Meeting of KPTCL held on 24.06.2021 seeking approval to modify Clause No. 24.2 of GCC of Vol-I of the Tender document.

Board after detailed deliberations, approved the proposal for *modifying the rates admissible for the quantities over and above the DWA quantities for freak rates quoted by the Bidder* in future works of KPTCL with the following resolution:

"RESOLVED THAT approval be and is hereby accorded for the amendment to Clause No. 24.2 of GCC of Vol-I of the Tender Document and the same shall be adopted in the Tenders for future works in KPTCL".

Hence this order.

Order No. KPTCL/B19/1672/90-91

Dated: 09.08.2021

Approval is here by accorded to incorporate the following:

1. To include the definition of **Freak Rate** under section GCC of Vol-I of the Tender document as below:

Freak Rate: The unit rate of an item over and above 25% of the Schedule of Rates applicable at the time of according approval to award of contract is defined as "Freak Rate".

2. Amendment in respect of Clause No. 24.2 of GCC of Vol-I of the Tender document and the same shall be adopted in the Tenders for future works in KPTCL as below :

As Existing	As Amended
<p>For Supply / Erection works:</p>	<p>For Supply / Erection works:</p>
<p>During the execution of the Contract, the Owner reserves the right to increase the Quantities of items without any ceiling limit under the Contract without any change in <u>unit rate or other terms and condition of the contract.</u></p>	<p>A. <u>During non-freak rates:</u></p> <p>No change</p> <p>B. <u>During freak rates:</u></p> <p>During the execution of the Contract, the Owner reserves the right to increase the Quantities of items without any ceiling limit under the Contract without any change in other terms and conditions of the contract except the unit rate of such freak item.</p> <p>The unit rate applicable shall be as detailed below:</p> <p>(1) For DWA (awarded) quantities, the contractor shall be paid/admitted at unit rate quoted (or as awarded) by the Bidder.</p> <p>(2) For quantities exceeding DWA (awarded) quantities, <u>without any ceiling limit, the contractor shall be paid / admitted at the rate entered in the Major Works Schedule of Rates (SR) (applicable at the time of according approval to award of contract) plus or minus the overall percentage of the original tendered rates over the updated estimate cost prevalent at the time of according approval to award of contract OR the unit rate quoted (or as awarded) by the Bidder as the case maybe, whichever is lower.</u></p>
<p>For Civil works:</p>	<p>For Civil works:</p>
<p>During the execution of the Contract, the Owner reserves the right to increase the Quantities of items under the Contract with a ceiling limit of 25% for each of the individual items without any change in unit rate or other terms and condition of the contract.</p>	<p>A. <u>During non-freak rates:</u></p> <p>No Change</p>

As Existing	As Amended
<p>For Civil works:</p>	<p>For Civil works:</p>
<p>For quantities exceeding 25% of the tendered quantity of an item in the DWA, the contractor shall be paid at the rate entered in the Schedule of Rates (applicable for the area of the work & prevailing SR at the time of award of contract) plus the overall percentage of the original tendered rates over the updated estimate cost prevalent at the time of award of the contract OR the unit rate quoted by the bidder as the case maybe, whichever is lower without any Ceiling limit.</p>	<p>No Change</p> <p>B. <u>During freak rates:</u></p> <p><u>Wherever, the awarded unit rate of an item is Freak Rate, then the payment will be made as below:</u></p> <p>(1) For DWA (awarded) quantities shall be admitted at <u>unit rate quoted (or as awarded) by the Bidder.</u></p> <p>For quantities exceeding DWA (awarded) quantities, <u>without any ceiling limit, the contractor shall be paid / admitted at the rate entered in the Major Works Schedule of Rates (SR) (applicable at the time of according approval to award of contract) plus or minus the overall percentage of the original tendered rates over the updated estimate cost prevalent at the time of according approval to award of contract OR the unit rate quoted (or as awarded) by the Bidder as the case maybe, whichever is lower.</u></p>

Note :

Freak rate shall be determined based on the following:

1. **Schedule of Rates (SR) for supply portion** includes KPTCL Major Works Schedule of Rates or updated Major Works Schedule of Rates updated as per IEEMA/CACMAI and including all loading factors as per component abstract, as applicable at the time of according approval to award of contract.

Note: For materials which are not covered in KPTCL MWSR, the SR at the time of award shall be the same as DPR rates (approved rates) considered while arriving at the amount put to tender.

2. Schedule of Rates (SR) for erection portion includes KPTCL Major Works Schedule of Rates including all loading factors as per component abstract as applicable at the time of according approval to award of contract.

Note: For materials which are not covered in KPTCL MWSR, the SR at the time of award shall be the same as DPR rates (approved rates) considered while arriving at the amount put to tender.

3. Schedule of Rates (SR) for civil portion includes KPWD SR of the respective jurisdiction as applicable at the time of according approval to award of contract.

Note: For materials which are not covered in KPWD SR / KPTCL MWSR, the SR at the time of award shall be the same as DPR rates (approved rates) considered while arriving at the amount put to tender.

4. Tender premium (TP) is arrived at by comparing contract amount with Updated Estimated cost arrived by computing Major Works Schedule of Rates or updated MW SR as per IEEMA/CACMAI and KPWD SR of the respective jurisdiction and including all loading factors as per component abstract as applicable at the time of according approval to award of contract.

This order shall come into effect immediately.

Approved by
Managing Director

B.R. H. 9/18/21
General Manager (Tech)
KPTCL

To:

1. All Chief Engineers, Electy., KPTCL.
2. The Financial Advisor (Accounts & Resources) / (Internal Audit), KPTCL, Bengaluru.
3. All Superintending Engineers (El.), KPTCL.
4. All Controllers, KPTCL.
5. All Executive Engineers (Ele), MW / TL&SS Division, KPTCL.
6. All Deputy Controller of Accounts, KPTCL.
7. Company Secretary, KPTCL, Bengaluru.
8. SPS to Managing Director / Director (Transmission) / Director (Finance) / Director (Admin & HR), KPTCL, Bengaluru with a request to place it before the Directors.
9. TA to Managing Director, KPTCL, Bengaluru.

Copy to:

SEE, IT&MIS, Kaveri Bhavan, Bengaluru with a request to arrange to upload the Order in KPTCL website.