



**KARNATAKA POWER TRANSMISSION CORPORATION LTD.,**

Corporate Identity Number (CIN): U40109KA1999SGC025521

No:B19/345/85-86  
E.O.No.73842

Corporate Office,  
Kaveri Bhavan,  
Bengaluru -560 009.

Dated: 27 SEP 2023

**CIRCULAR**

**Sub: Amendment to the relevant clauses of Price Variation in tender documents of KPTCL.**

- Ref:** 1. Corporate Order No.: KPTCL/B37/6426/2005-06 Bangalore dated:05.10.2005.  
2. Corporate Order No. KPTCL/B37/5966/2006-07/82 dated 05.03.2009.  
3. Corporate Circular No.KPTCL/B8/2344/09-10(13) dated 06.11.2012.  
4. Corporate Circular No:B19/345/85-86 dated:19.12.2018.  
5. Corporate Circular No:B19/345/85-86 dated:21.03.2019.  
6. Corporate Circular No:B19/345/85-86 dated:15.11.2022.  
7. 140<sup>th</sup> Board of Directors meeting held on dated:19.07.2023.  
8. Corporate Circular No:B19/345/85-86 dated:10.08.2023.  
9. Note approved by the Managing Director, KPTCL on 27.09.2023.

Corporate Circular dated 19.12.2018 was issued in the subject matter wherein amendment to Price Adjustment clauses were issued to incorporate in the tender documents of KPTCL in respect of Turnkey works restricting the applicability of Price Variation to the following 'Own Manufactured' equipments/materials supplied by the EPC contractor.

1. Power Transformers
2. Circuit Breakers.
3. Conductors & Ground Wires.
4. Lightning Arresters.
5. Transformer Oil.
6. Tower Parts, equipment mounting/Station Structures.
7. Control Cables.
8. HT/EHT UG Cables
9. Conductor Hardware.
10. Battery & Battery Chargers.
11. Instrument Transformers.
12. Insulators
13. 11kV Switchgears
14. Transmission line Towers & Accessories

Standard Bidding document-K/W-4 stipulates "Price Adjustment"- *Contract price shall be adjusted for increase or decrease in rates and prices of labour, materials, fuels and lubricants...."*

Further, the Finance Department has accorded approval for Standard Bidding Documents inline with KW-4 along with a few modifications to suit KPTCL requirement, as per which the Price Adjustment for Civil portion in respect of Turnkey Project involving Civil Works shall be as per relevant formula as per KW-4 and annexure to GO No. FD 59 PROCELL 2004, BANGALORE Dated 26.11.2004.

The issue of present Price Variation Clause adopted in KPTCL Tenders was discussed during 140<sup>th</sup> Board of Director's meeting held on 19.07.2023. Board noted that, with the present PV clause in KPTCL Tenders, any turnkey bidder who is not a manufacturer has to absorb the additional burden as the time limit for completion of big tenders will be more than a year and rate of materials may vary during this period due to volatile global/domestic market conditions. It was opined that, there is a need to revisit PV clause so as to encourage more participation in tenders which will result in competitive rates for the Tenders. Accordingly, it was suggested for suitable modification in PV clause of KPTCL Tender documents in-line with other State Transmission Utilities.

It is observed by the management that consequent to the removal of the price variation clause on Bought out items, in order to cover the risk factor and to be on the safer side the Turnkey contractors are quoting substantially high resulting in higher Tender Premiums.

To receive reasonably fair quotes by the bidders and to eliminate the speculated and pseudo pricing it would be appropriate to reincorporate the Price Variation clause to 'Bought out' items also in addition to the existing 'Own Manufactured' items only in the standard bidding documents of the KPTCL.

Hence the following Amendment shall be incorporated in the relevant clauses of the standard tender documents of KPTCL with immediate effect by all the tender inviting authorities as approved in the note cited under reference.

As Existing	As Amended
<p><b>Price Adjustment:</b></p> <p>I. The Prices, only for the following items, quoted by the Bidder which are his <b>"Own manufactured"</b> shall be VARIABLE in accordance with the relevant IEEMA/ CACMAI Price Variation Formula and Indices without ceiling during the contractual <b>delivery</b> period. Price Variation is not admissible for other Items. The base date applicable for Price Variation is one month prior to the last date of Bid</p>	<p><b>Price Adjustment:</b></p> <p><b>The Price Variation is applicable in respect of works contract wherein estimated cost is more than Rs.50 Lakhs and the completion period is 12months or more.</b></p> <p>I. The Prices, only for the following items, quoted by the Bidder which are Own manufactured / <b>Bought Out</b> shall be VARIABLE in accordance with the relevant IEEMA/ CACMAI Price Variation Formula and Indices without ceiling during the contractual period. Price Variation is not admissible for other Items. The base date applicable for Price Variation is one month prior to the last date of Bid Submission date</p>

As Existing	As Amended
<p>Submission date as notified (either original or extended) as per IEEMA/CACMAI Circulars.</p> <p>Equipments / Materials:</p> <ol style="list-style-type: none"> <li>1) Power Transformers</li> <li>2) 11kV Switchgears.</li> <li>3) Conductors &amp; Ground Wires.</li> <li>4) Lightning Arresters.</li> <li>5) Transformer Oil.</li> <li>6) Tower Parts, equipment mounting/ Station Structures.</li> <li>7) Control Cables.</li> <li>8) HT/EHT UG Cables</li> <li>9) Conductor Hardware.</li> <li>10) Battery &amp; Battery Chargers.</li> <li>11) Instrument Transformers.</li> <li>12) Insulators</li> <li>13) Transmission line Towers &amp; Accessories</li> <li>14) Circuit Breakers</li> </ol>	<p>as notified (either original or extended) as per IEEMA/CACMAI Circulars.</p> <p>Equipments / Materials:</p> <ol style="list-style-type: none"> <li>1) Power Transformers</li> <li>2) 11kV Switchgears.</li> <li>3) Conductors &amp; Ground Wires.</li> <li>4) Lightning Arresters.</li> <li>5) Transformer Oil.</li> <li>6) Tower Parts, equipment mounting/ Station Structures.</li> <li>7) Control Cables.</li> <li>8) HT/EHT UG Cables</li> <li>9) Conductor Hardware.</li> <li>10) Battery &amp; Battery Chargers.</li> <li>11) Instrument Transformers.</li> <li>12) Insulators</li> <li>13) Transmission line Towers &amp; Accessories</li> <li>14) Circuit Breakers</li> </ol>
<p>II. In respect above Electrical goods covered under works contract / procurement shall be in accordance with the relevant IEEMA / CACMAI Price Variation formulae and indices.</p>	<p>II. In respect of above Electrical goods covered under works contract / procurement shall be in accordance with the relevant IEEMA / CACMAI Price Variation formulae and indices.</p>
<p>III. In respect of Turnkey Projects involving <b>Civil Works and</b> Erection Portion shall be as per relevant Formulae as evolved by IEEMA. However, as far as admissibility of price variation towards erection and civil works is concerned, the same would be restricted to below appended activities only.</p> <ol style="list-style-type: none"> <li>a) Concreting (With or without steel reinforcement)</li> <li>b) Steel reinforcement and structural steel.</li> <li>c) Any other civil works where rates are individually/ independently indicated for concreting (with or without reinforcement) and Steel reinforcement and structural steel.</li> </ol>	<p>III. In respect of Turnkey Projects involving Erection Portion shall be as per relevant Formulae as evolved by IEEMA.</p>

As Existing	As Amended
	IV. Price variation towards Civil works shall be as per Annexure to GO No. FD 59 PROCELL 2004, BANGALORE Dated 26.11.2004.
The quoted price for all the remaining items <b>including bought out items of the above category</b> shall remain fixed during the Performance of the contract and shall not be subject to variation on any account save for change in quantity	The quoted price for all the remaining items shall remain fixed during the Performance of the contract.

Note: Quoted price is Ex-Works price (excluding F&I Charges as indicated in the tender document, Taxes and Duties)

All other terms and conditions of Price Adjustment clauses remains unaltered.

This Circular supersedes the earlier Circular dated 19.12.2018 and 10.08.2023. The above instructions shall be followed scrupulously.

  
**General Manager (Tech)**  
**KPTCL**

Copy to:

1. All Chief Engineers, Electricity, KPTCL.
2. All Financial Advisors, KPTCL.
3. All Superintending Engineers, Elecl., KPTCL.
4. All Controllers of Accounts, KPTCL.
5. All Executive Engineer, Ele., KPTCL.
6. All Deputy Controllers of Accounts, KPTCL.

Copy for information to:

1. SPS to MD/DT/DF/D(A&HR), KPTCL, Kaveri Bhavan, Bengaluru.
2. The Superintending Engineer (Ele.), IT & MIS, with a request to arrange to upload in KPTCL website.