

Competitive Bidding Guidelines
(amended as on 09 October 2009)

The Distribution and Retail Supply of Electricity Licence given to the Distribution Companies inter alia contains the procedure and manner in which the Capital Investments and Project implementation shall be undertaken. Clause 10.5 of the License states as follows:

"The Licensee shall invite and finalise tenders for procurement of equipment, material and/or services relating to such major investment, in accordance with a transparent, competitive, fair and reasonable procedure as may be specified by the Commission from time to time."

Accordingly, the Commission has decided to specify the following broad guidelines for competitive bidding to ensure that the procurement of material, equipment and/or services relating to major investments has been made by the licensee in a transparent, competitive, fair and reasonable manner. These guidelines shall not be construed as exhaustive, and may be amended / modified by the Commission from time to time.

- (a). (i). In case the estimated cost of scheme and/or procurement of equipment/ material/services is up to Rs.25 lacs, the Distribution licensee shall be free to resort to any mode of procurement.

- (ii). In case the estimated cost of scheme and/or procurement of equipment/ material/services is more than Rs. 25 lacs and upto Rs. 1 crore, the Distribution licensee may resort to open tendering. However, they have the option of procuring it from the registered vendors. The registration of such vendors shall be done through open tendering process and the list of such vendors shall be reviewed and updated on regular basis by following the open tendering process atleast once in two years.

(iii). In case the estimated cost of scheme and/or procurement of equipment/ material/services is more than Rs. 1crore, the Distribution licensee shall resort to open tendering in all the cases.

In all the above cases, the requirements of the schemes/projects should not be split into small quantities for the sole purpose of avoiding the open tendering.

(b). Advertisement in the form of a Tender Notice should be given in at least two national dailies having wide circulation and be posted on the web site of the Distribution Licensee and other reputed Tendering web sites. Tender notice may also be published in the Trade Journals or Newspapers having International circulation in case of Global Tender Enquiry. Minimum time to be allowed for submission of Bids should be three weeks (four weeks in case of Global Tender enquiry) from the date of availability of the bidding document for sale. The deadline for submission of bids may be extended by the Distribution licensee if less than 3 bids are received.

(c). Tender Notice should contain description and specification of the goods and quantity; period and terms of delivery; cost of the tender/bidding document; place(s) and timing of sale of tender documents; place and deadline for receipt of tenders; place, time & date for opening of tenders; amount & Form of bid security / earnest money deposit; any other important information.

(d). Tender document should clearly mention the eligibility criteria to be met by the tenderers such as qualifications, minimum level of experience, past performance, technical capability, manufacturing facilities, financial position, ownership or any legal restriction etc., as applicable.

(e). The procedure for preparing and submitting the tenders; deadline for submission of tenders; date, time & place of public opening of tenders; requirement of earnest money and performance security guarantee; parameters for determining responsiveness of tenders; evaluating and ranking of tenders and criteria for full or

partial acceptance of tender and conclusion of contract should be incorporated in the tender enquiry in clear terms.

- (f).Tender document shall be issued with bifurcation of receipt of quotations in two parts. The first part is to contain the relevant technical specifications and allied commercial details as required in terms of the tender documents and the second part should contain only the price quotation. The first part is commonly known as 'Technical Bid' and the second part 'Financial Bid'. The technical bid and the financial bid should be sealed by the tenderer in separate covers duly superscribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly superscribed as explained above. First, the technical bids are to be opened at the prescribed time & date and the same will be scrutinized and evaluated by the committee of officers/competent authority of the Distribution Licensee with reference to parameters prescribed in the tender documents and the offers received from the tenderers. Thereafter, in the second stage, the financial bids of only the technically qualified bidders are to be opened for further scrutiny, evaluation, ranking and placement of contract.
- (g).Where the price has several components like price of the goods, costs for installation & commissioning, operators' training etc. the tenderers should be asked to furnish the cost break-up indicating the applicable prices for each such component (as specified and desired in the tender document) along with overall price. The tender documents are to specify the currency (currencies) in which the tenders are to be quoted (priced).
- (h).In order to obviate delays, a committee of officers of the Distribution Licensee representing finance, Stores, Purchase, Indenting department etc. may be constituted at levels appropriate to the value of the procurement, which will open, process, evaluate and give its detailed recommendations to the competent authority within the Distribution Licensee.
- (i). Tenders should be opened immediately after the deadline of receipt of tenders with minimum time gap in between in the presence of the representatives of the

tenderers, if they present themselves. Quotations sent by e-mail, telex, cable or facsimile are to be ignored and rejected. Minimum three bids should be considered for the purposes of technical evaluation.

- (j). All the tenders are to be evaluated strictly on the basis of the terms & conditions incorporated in the tender enquiry document (based on which offers have been received) and the terms, conditions etc. stipulated by the tenderers in their tenders. No new condition should be brought in while evaluating the tenders.
- (k). Important events connected with the tendering process and the selection of the bidder shall be immediately uploaded on the notice board/web site, for eg., the bidders who qualify in Part – 1 (i.e. technical bid in case of two-part bid), the successful tenderer to whom the contract is awarded, etc. After placing the Order with the successful bidder, the Purchase Order shall be posted on the web site of the Distribution Licensee.
- (l). Negotiations with the tenderers are to be avoided. However, where considered necessary, price negotiations may be resorted to, but only with the lowest evaluated responsive tenderer, and that too with the approval of the competent authority of the Distribution Licensee, after duly recording the reasons for such action.
- (m). Retendering may be resorted to if there is no adequate response to the Tender advertisement or the L1 prices are substantially higher in comparison to the estimated cost and negotiations have not met with positive results and/or in case of suspicion of cartel formation after receipt of quotations.
- (n). Single Tender Enquiry should be resorted to only in unavoidable situations with the approval of the competent authority of the Distribution Licensee and the reasons for arriving at such decision are to be recorded in cases where:
 - (i). It is known that only a particular firm is the manufacturer of the required goods.

- (ii). A Proprietary Article Certificate may be provided before procuring the goods from a single source indicating the reasons for resorting to such type of purchase, the financial concurrence and approval of competent authority of the Distribution Licensee obtained etc.
