TRANSPARENCY INTERNATIONAL-PAKISTAN

4-C, Mezzanine Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21) 35390408, 35311897-8,
Fax: (92-21) 35390410
E-mail: ti.pakistan@gmail.com
Website: www.transparency.org.pk

12 April 2022 TIP22/0412/1A

Syed Asif Hyder Shah,
Federal Secretary,
Ministry of Energy Power Division
Room No. 201-2042 ‹ 2nd Floor, A Block
Pak Secretariat Red Zone,
Islamabad.

Subject: Complaint of violation of PPRA Rules 2004 in SEPCO Tender No. NCB-S-13/2021 for the Procurement of Energy Meters Accuracy Class 0.2S at 100% higher prices then the lowest bidder, causing a loss of PKR 18.4m to Exchequer

Dear Sir,

Transparency International Pakistan has received a complaint from M/s JZ International Ref: JZ/SEPCO/PMU/NCB-S-13/04 dated 08 April 2022 against the violation of PPRA Rules 2004 in SEPCO Tender No. NCB-S-13/2021 for the Procurement of Energy Meters Accuracy Class 0.2S. **(Annex-A)**

This procurement was also previously reported by TI Pakistan to CEO SEPCO on the complaint of M/s JZ International vide letter TIP22/0311/1A dated 11-03-2022. The CEO SEPCO was forwarded TIP comments and recommendations quoted below. **(Annex-B)**

TI Pakistan Comments:

a) PPRA Rules does not allow procuring agency to accept technical bids of equipment which are almost 100% costlier and causes a huge loss to Exchequer on false grounds.
b) Prima facia, SEPCO did not comply with the Rule 35 of PPRA Rules 2004, by not providing the evaluation report to all the bidders. Posting the evaluation report on PPRA website is a subsequent action under PPRA Ordinance 2002, which cannot overrule the content of the Rule 35, that the announcement of the evaluation report has to be made to all the participating bidders.
c) SEPCO was also required to announce the Technical Evaluation Report to all the bidders under Rule 33(3) and Rule 35 of PPRA Rules 2004 before opening of the financial proposals.

TI Pakistan Recommendations:

TI Pakistan requests Chief Executive Officer SEPCO to examine the complaint and if the complaint is found to be correct, please order cancellation and re-advertisement of this tender according to the PPRA rules, and also take action against the officers found responsible to any violation of PPRA Rules, Integrity Pact and NAB Ordinance, 1999.

The latest complaint indicates that SEPCO Grievance Committee has not addressed any of the TI Pakistan's comments/recommendation, nor they have replied to TI Pakistan since 11-03-2022.

The Secretary is requested to investigate the alleged non-compliance of PPRA Rules by SEPCO, and reason why SEPCO is purchasing goods worth PKR 21.6 million in PKR 40 million causing 100% loss (PKR 18.4 million) to the exchequer, as it is the duty of Principal Accounting Officer to ensure transparency in all procurements.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve against Zero tolerance against corruption.

Regards

Ms. Yasmeen Lari
Sitara-e-Imtiaz, Hilal-e- Imtiaz
Chairperson
Transparency International Pakistan

Justice (Rtd) Nasira Iqbal
Vice Chair, Sitara-e-Imtiaz
Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. PSPM. PM House, Islamabad
2. Chief Executive Officer, SEPCO, Old Sukkur
3. Registrar, Supreme Court of Pakistan, Islamabad
4. MD, PPRA, Islamabad
5. Complainant (Please follow the PPRA Rules, which allow you to file a complaint with PPRA against the procuring agency' Grievance Committee decision by paying a certain amount of fee which is a legal remedy of the problem).

Annex-A

JZ international

Ref: JZ/SEPCO/PMU/NCB-S-13/04
Dated: 08-04-2022

Chief Executive Officer, SEPCO Sukkur,
Thermal Power Station, Old Sukkur.

SUBJECT: SEPCO TENDER NO. NCB-S-13/2021 FOR THE PROCUREMENT OF ENERGY METERS ACCURACY CLASS 0.2S OPENED ON 13.01.2022 - MINUTES OF MEETING OF GRC HELD ON 04-04-2022.

Ref: i- Our letter No. JZ/SEPCO/PMU/NCB-S-13/03 dated 04-03-2022.- Letter of Grievance.
ii- SEPCO letter No. CEO/SEPCO/SUK/CCO/251-56 dated 24-03-2022.

Dear Sir,

With reference to above referred letter at ref-ii, we appeared before the Grievance Redressal Committee on 04-04-2022 as called against subject tender. GRC consists of three members namely;

i) Chief Commercial Officer SEPCO Sukkur,
ii) Regional Manager (M&T) SEPCO Sukkur,
iii) Manager (S&I) SEPCO Sukkur.

Chief Commercial Officer SEPCO, Mr Bashir apologized to preside over the meeting because he was the Convener of the SEPCO Evaluation committee who conducted the bid evaluation of subject tender in their previous post/position in SEPCO and taken over the charge of this post on the same day. Manager (S&I) SEPCO Sukkur did not attend the meeting. Mr. Mushtaq Ahmed Regional Manager (M&T) SEPCO Sukkur was the Only Single member of the GRC committee who conducted the GRC meeting in the presence of others officers. Following was briefed in detail to the honorable member;-

1- The following bidders participated in the subject tender;
   i- M/s JZ international Lahore, total Quoted Price PKR: 21,600,000 without sales tax.
   (PKR: 25,272,300 with 17% sales tax)
   ii- M/s Engineering Technics Lahore, Quoted Price PKR 40,000,000 without sales tax.
   (PKR:46,800,000 with 17% sales tax)

2- SEPCO have not issue any notice of Bid evaluation results to us as per PPRA rule 33(3), as evident from Summary of Bid Evaluation report that there is no copy to JZ International. PPRA rule 33 (3) clearly states that;
"Notice of the rejection of all bids or proposal shall be given promptly to all suppliers or contractors that submitted bids or proposal".

However, on uploading the result on PPRA website, we submitted the Grievance vide our letter at ref-i above. Copy of PPRA rule was handed over to member of GRC.

Address: Office No. 6A (basement), 6-Sumbla Complex, 11- Durand Road, Lahore-54792 Pakistan Ph/Fax: +92-42-36362021 Email: info@jzinternational.net
Web: www.jzinternational.net

It may pointed out that transparency international Karachi vide letter no. TIP22/0311/1A dated 11-03-2022 addressed to your good office with copy to us also given their comment on PPRA rules, copy of same was also handed over to member of GRC.

3- SEPCO have not mentioned the justification for acceptance of bid of our competitors as per requirements of PPRA rule 35 which clearly states that;
"Procuring agencies shall announce the results of bid evaluation in the form of **a report giving justification for acceptance** or rejection of bids at least ten days prior to the award of procurement contract".

4- SEPCO Evaluation Committee has declared our lowest bid non responsive in uploaded Summary of Bid Evaluation Report stating reason of rejection as ;

" KWH Energy Meters quoted by M/s JZ International Lahore make Microstar electric company Ltd China are only recommended by NTDC Lahore to be install only on 11kV Switchgear Panels and AC/DC Panels whereas GSO information requires KWH Energy meter to be install on 132/66kV Transmission line and power transformers in order to reduce T&G Losses".

5- It was explained that SEPCO evaluation committee has accepted all the documents available in our submitted bid but announced our bid non-responsive on the single uploaded reason that is biased just to favor their favorite bidder and to procure the material at almost 100% high prices resultantly loss to public taxpayer money.

6- We explained the brief history of previous tender SEPCO tender No NCB-S-15/2020 opened on 03-12-2020 for energy meters accuracy class 0.5s (170 Nos) and 0.2s (Only 2 nos) that was scraped on 11-10-2021 on receipt of SEPCO report of GRC issued in favor of JZ International. Copy of previous reports of GRC in which technical deviations in the energy meter of M/s Engineering Technic was mentioned but these has been conceived by the evaluation committee of subject tender evaluation resulting a favoritism/biasness was handed over to Mr. Mushtaq Ahmed Regional Manager (M&T) SEPCO Sukkur being a member of GRC conducting Grievance alone.

7- It has been conveyed that all over the world none of the manufacturer is manufacturing any meter that is directly install on 11kV, 66kv, 132kv or higher line directly. None of meter is installed directly on 132kv/66kv transmission lines and power transformers. All Meters are installed in panels available in control rooms and at 110volts supply having facility of CT and VT ratios. As per clause 5.1.5 of the NTDC specification P-202;2012, all meters should be bi-directional that are being used for grid metering. As per clause 6.1.1 meter should be suitable for operation in junction with 110V as per electrical requirements

JZ international

Honorable member of GRC, admits that there is no 132kV or 66kV or 11kV Energy meter in the world. Energy meters have programmable CT/VT ratios that are capable to be use for metering purpose either for 11kV Grid station line or 132kV or any higher rating transmission line/transformers by changing the CT/VT ratio through software easily and installed in Panels operated at 110Volt.

8- It was conveyed that our offered energy meter 100% compliance with NTDC specification P-202:2012 that meets the requirements of SEPCO for measurement of losses of transmission line and power transformers. The same is being procured by MEPCO and FESCO.

9- It was explained that all DISCOs in Pakistan including SEPCO, material are to be procured on the basis of specifications issued by NTDC regardless of any particular region/manufacturer. NTDC specification P-202;2012 does not specify any region or make in the specification. All 500KV, 220kV, 132kV, 66kV grid materials like Circuit Breakers, Isolators, Current & voltage transformers and Power transformers, etc are being procured from Chinese manufacturers by NTDC & DISCOs including SEPCO since last many years and working satisfactory.

From the above, it can easily be assessed that SEPCO evaluation committee has deliberately concealed the defects available in the bid of our competitors in terms of type test report, Power consumption etc as evident from SEPCO Grievance committee vide SEPCO letter No. 3027-30 dated 30-04-2021 against SEPCO Tender NCB-S-15 (for same energy meters) that was scraped by SEPCO after GRC report. The said GRC report was also presented to Honorable member of GRC. Any kind of Type Test report issued by Local Pakistani Lab is also not acceptable as per clause 8.1.1 of NTDC specification P-202;2012 that requires "Lab should be KEMA Holland And CESI Lab Italy or any Independent world Renowned accredited lab or any lab approved by NTDC" for the energy meters to be procure under NTDC specification P-202;2012.

It is requested to intervene in the matter so that fair GRC report shall be issued as per PPRA rule 48 (6) on merit to save SEPCO to procure the material at almost 100% high price by using Public tax payer money otherwise we have no option to lodge Grievance to PPRA as per rule 48 being third party.

Thanking you, we remain

Junaid Iqbal
M/s JZ International Lahore
Cell: 0323-4202920

Cc;-

- Ministry of Energy, Power Division , Room No. 201-204, 2nd Floor, A Block, Pak Secretariat, Red Zone, Islamabad, Islamabad Capital Territory, Pakistan

JZ international

- Chairman BOD SEPCO through company secretary SEPCO, Head Office Thermal Power Station Old Sukkur.
- Chief Commercial Officer SEPCO Sukkur, Thermal Power Station, Old Sukkur.
- Chief Engineer (Development) PMU, SEPCO Sukkur , Room # 201 Al-Sehra Building, Minara Road, Near Session Court, Sukkur
- Regional Manager, (M&T) SPECO Sukkur. SEPCO M&T office, Local board Near AC office, Sukkur
- Manager (S&I) SEPCO Sukkur. SEPCO office, RO Rohri CEO near CEO Office SEPCO sukkur
- Managing Director, PPRA 1st floor FBC Building G-5/2 Islamabad **with reference to your letter no 03(47)/PPRA/A&RP/2021 dated 1-03-2-22**. Email: mdppra@ppra.org.pk.
- Transparency International Pakistan Plot 72F/2, Floor 1, 9th Street, Jami Commercial Street 11, D.H.A. Phase 7 Phase 2 Commercial Area Defence Housing Authority, Karachi **with reference to your letter no TIP22/0311/1A dated 11-03-2022.** Email: ti.pakistan@gmail.com
- Mr. Nadeem Ahmed Sheikh, Advocate Supreme Court of Pakistan.

Address: Office No. 6A (basement), 6-Shimla Complex, 11-Durand Road, Lahore Pakistan Ph/Fax: +92-42-36362921 Email: info@jzinternational.net
Web: www.jzinternational.net

Annex-B

TRANSPARENCY INTERNATIONAL - PAKISTAN

Plot 72-F/2, 1st Floor, 9th Street, Jami Commercial,
Phase VII, Defence Housing Authority, Karachi
Phone: +92-21-35390408, 35311898
Fax: +92-21-35390410
Email: ti.pakistan@gmail.com
Website: www.transparency.org.pk

11 March 2022 TIP22/0311/1A

Chief Executive Officer,
SEPCO
SEPCO Head Office,
Thermal Power Station
Old Sukkur

Subject: Complaint of violation of PPRA Rules 2004 in SEPCO Tender No. NCB-S-13/2021 for the Procurement of Energy Meters Accuracy Class 0.2S at 100% higher prices then the lowest bidder

Dear Sir,

Transparency International Pakistan received a complaint from M/s JZ International Ref: JZ/SEPCO/PMU/NCB-S-13/03 dated 04 March 2022 against the violation of PPRA Rules 2004 in SEPCO Tender No. NCB-S-13/2021 for the Procurement of Energy Meters Accuracy Class 0.2S. **(Annex-A)**

The complainant has made the following allegations/objections:

That,

1. Tender was advertised and issued for procurement 250 Nos of Energy Meters accuracy class 0.2s as per NTDC specification P-202;2012 (Energy Meters for Grid Metering) as per description mentioned in the Bid Schedule of Prices.
2. The following bidders participated in the subject tender;
   I. M/s JZ International Lahore, quoted price PKR 21,600,000
   II. M/s Engineering Technics Lahore, quoted price PKR 40,000,000
3. SEPCO has declared the lowest bid of M/s JZ International Non-Responsive
4. As per clause 5.1.5 of the NTDC specification P-202;2012, all meters should be bi-directional that are being used for grid metering.
5. Evaluation is carried out by ignoring the contents of specification P-202;2012 because of the following reasons:
   I. As per clause 6.1.1 meter should be suitable for operation in junction with 110V as per electrical requirements.
   II. These energy meters have programable CT/PT ratios that are capable to be used either at 132kv/66kv transmission line is just for misleading as 132kv is not mentioned in the tender specification P-202;2012.
   III. In all over the world none of the manufacturer is manufacturing any meter that is directly installed on 11kv, 132kv or higher line. None of the meters is installed in 132kv/66kv transmission lines and power transformers. All meters are installed in panels available in control rooms and at 110volts supply having facility to CT/PT ratios.
6. M/s JZ International has recently supplied the same 0.2s accuracy class meters to MEPCO for installation in 132kv lines. Therefore, the offered meter fulfills the requirements of 132kv as well. However, SEPCO did not ask M/s JZ International to explain this technical point in order to save SEPCO from a substantial loss.
7. M/s JZ International demands to constitute a Grievance Redressal Committee (GRC) under Rule 48(4) of the PPRA Rules 2004.

TI Pakistan has examined the complaint, and following are its comments and recommendations.

TI Pakistan Comments:

a) PPRA Rules does not allow procuring agency to accept technical bids of equipment which are almost 100% costlier and causes a huge loss to Exchequer on false grounds.
b) Prima facia, SEPCO did not comply with the Rule 35 of PPRA Rules 2004, by not providing the evaluation report to all the bidders. Posting the evaluation report on PPRA website is a subsequent action under PPRA Ordinance 2002, which cannot overrule the content of the Rule 35, that the announcement of the evaluation report has to be made to all the participating bidders.
c) SEPCO was also required to announce the Technical Evaluation Report to all the bidders under Rule 33(3) and Rule 35 of PPRA Rules 2004 before opening of the financial proposals.

TI Pakistan Recommendations:

TI Pakistan requests Chief Executive Officer SEPCO to examine the complaint and if the complaint is found to be correct, please order cancellation and re-advertisement of this tender according to the PPRA rules, and also take action against the officers found responsible to any violation of PPRA Rules, Integrity Pact and NAB Ordinance, 1999.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption, and achieve against Zero tolerance against corruption.

Regards

Ms. Yasmeen Lari
Sitara-e-Imtiaz, Hilal-e- Imtiaz
Chairperson
Pakistan
Transparency International Pakistan

Justice (Rtd) Nasira Iqbal
Vice Chair, Sitara-e-Imtiaz
Transparency International

Copies forwarded for the information with request to take action under their mandate to:

1. PSPM. PM House, Islamabad
2. Chairman PAC, National Assembly of Pakistan, Islamabad
3. Chairman, NAB, Islamabad
4. Registrar, Supreme Court of Pakistan, Islamabad
5. MD, PPRA, Islamabad
6. Complainant

JZ international

Annex-A

Ref:JZ/SEPCO/PMU/NCB-S-13/03
Dated: 04-03-2022

Chief Engineer (Development) PMU, SEPCO Sukkur
Room # 201 Al-Sehra Building, Minara Road, Near Session Court, Sukkur

SUBJECT:SEPCO TENDER NO. NCB-S-13/2021 FOR THE PROCUREMENT OF ENERGY METERS ACCURACY CLASS 0.2S OPENED ON 13.01.2022.-GRIEVANCE AS PER PPRA RULES

Ref: i- Our bid Ref No. JZ/SEPCO/PMU/NCB-S-13/01 dated 13-01-2022.
ii- Our letter No. JZ/SEPCO/PMU/NCB-S-13/01 dated 28-02-2022.
iii- Uploaded Result on PPRA website

Dear Sir,

First of all, it is important to highlight that its prime responsibility of the SEPCO to intimate us(bidder) the decision of the Evaluation report as per PPRA rule 35 but SEPCO did not intimate us deliberately to avoid any grievance from our side. However, as per evaluation result uploaded on PPRA website, we are pleased to submit the grievance as per PPRA rule 48 Redressal of grievances by the procuring agency. Our Grievances are submitted below;

1- Tender was advertised and issued for procurement 250 Nos of Energy Meters accuracy class 0.2s as per NTDC specification P-202;2012 (Energy Meters for Grid Metering) as per description mentioned in the Bid Schedule of Prices.

2- The following bidders participated in the subject tender ; i- M/s JZ international Lahore, Quoted Price PKR 21,600,000 ii- M/s Engineering Technics Lahore, Quoted Price PKR 40,000,000.

3- It is astonishing to note that SEPCO has declared our lowest bid (more than 40%) non responsive as compare to the price offered by our competitor on the following ground

" KWH Energy Meters quoted by M/s JZ International Lahore make Microstar electric company Ltd China are only recommended by NTDC Lahore to be install only on 11kV Switchgear Panels and AC/DC Panels whereas GSO information requires KWH Energy meter to be install on 132/66kV Transmission line and power transformers in order to reduce T&G Losses".

4- It is important to submit to that tender was advertised as per NTDC specification P-202;2012 which is applicable for 0.2s accuracy class energy meters as well. In DISCOs/NTDC, all the energy meters have to be procured as per aforesaid specification instead of any discrimination for 11kV or 132kV.

Address: Office No. 6A (basement), 6-Shimla Complex, 11-Durand Road, Lahore Pakistan Ph/Fax: +92-42-36362921 Email: info@jzinternational.net
Web: www.jzinternational.net

5- It is important to highlight here that as per clause 5.1.5 of the NTDC specification P-202;2012, all meters should be bi-directional that are being used for grid metering. As per clause 6.1.1 meter should be suitable for operation in junction with 110V as per electrical requirements.

Plz note that these energy meters have programable CT/PT ratios that are capable to be use either on 11kV Grid station line or at 132kV or higher rating transmission line by changing the CT/PT ratio through software.

Hence the emphasis/impression that these are 132kV meters and to use the meters for installation at 132kV/66kV Transmission Line is just for misleading as the word 132kV is not mentioned in tender specification P-202;2012.

Plz note all over the world none of the manufacture is manufacturing any meter that is directly install on 11kV, 132kv or higher line directly. None of meter is installed in 132kv/66kv transmission lines and power transformers. All Meters are installed in panels available in control rooms and at 110volts supply having facility of CT And Pt ratios. From the above, it can easily be assessed that evaluation is not carried out by a technical person who did not know the contents of specification P-202:2012.

6- It is important to submit here that NTDC has issued the permission for installation of Energy Meter 11kV Switchgear panels vide letter No.20983 dated 02-11-2012. However NTDC accepted the Type test report of accuracy class 0.2s vide their letter No.4162 dated 16-04-2020. Hence our offered meter 100% compliance with NTDC specification P-202:2012 that meets the requirements of SEPCO for measurement of losses of transmission line and power transformers.

7- Plz note that recently we have supplied the same 0.2s accuracy class meters to MEPCO for installation in 132kV lines. Hence, the offered meter fulfill the requirements of 132kV as well. Further, MEPCO has also awarded the order of energy meters for accuracy class 0.2s accuracy class which they have to use in 132kV line as per P-202;2012.

In case, SEPCO officials are unware of this technical point which is very easy to understand, they could have asked clarification from us as per tender documents to save SEPCO from loss of millions of PKR in case of procurement at exorbitantly high prices.

From the above, it has been assessed that evaluator has concealed the factual positions deliberately and declared our bid non responsive due to lack of their technical knowledge about the specification P-202:2012.

Further, SEPCO evaluators has deliberately concealed the defects available in the Type test Report of our competitor that was highlighted by SEPCO Grievance committee vide SEPCO letter No. 3027-30 dated 30-04-2021 against SEPCO Tender NCB-S-15 (for same energy meters) that was scraped by SEPCO after GRC report after the issuance of LOI.

Keeping in view above, it is requested to constitute a committee as per PPRA rule 48 (1) which is reproduced below;

JZ international

"The procuring agency shall constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract."

Further to above, apply PPRA Rule 48 (4) in the procurement process which is reproduced below;

"In case, the complaint is filed against the technical evaluation report the GRC shall suspend the procurement proceedings".

It is requested to suspend the procurement process and give us time of meeting in GRC to explain the same in person for fair evaluation and to save SEPCO to procure the material at 40% high prices by using Public tax payer money.

Thanking and assuring our best services.

JZ INTERNATIONAL Lahore

Junaid Iqbal
M/s JZ International Lahore Cell:
0323-4202920

Cc;-

- Ministry of Energy, Power Division , Room No. 201-204، 2nd Floor، A Block، Pak Secretariat، Red Zone, Islamabad, Islamabad Capital Territory, Pakistan
- Chairman BOD SEPCO through company secretary SEPCO, Head Office Thermal Power Station Old Sukkur.
- Managing Director PEPCO, WAPDA House Lahore
- Chief Executive Officer (CEO) SEPCO Sukkur, Thermal Power Station, Old Sukkur.
- Chief Engineer (Technical Services) SEPCO, Water Works Bunder Road , Sukkur.
- PPRA Managing Direction PPRA Islamabad, Email: mdppra@ppra.org.pk.
- Transparency International Pakistan Plot 72F/2, Floor 1, 9th Street, Jami Commercial Street 11, D.H.A. Phase 7 Phase 2 Commercial Area Defence Housing Authority, Karachi, Email: ti.pakistan@gmail.com
- Competition commission of Pakistan. 7th Floor South , ISE Towers 55-B, Jinnah Avenue, Islamabad, Pakistan
- Mr. Nadeem Ahmed Sheikh, Advocate Supreme Court of Pakistan.