



GM (C&M)

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No. 2937-39 /MD/PEPCO/GM(C&M)/CFLs Dated: 30 /06/2010

→ **Syed Adil Gilani,**
Chairman,
Transparency International Pakistan (TIP),
KARACHI.

Sub: **COMPLAINT ON THE TENDER FOR THE PROCUREMENT OF CONSTRUCTION EQUIPMENT UNDER ADB LOAN NO. 2439-PAK (BIDDING DOCUMENTS, ADB-PEPCO-01-2010.**

Please refer to your letter, dated 27.06.2010 in which (TIP) has referred to a complaint regarding, construction equipment tender of PEPCO. In this connection, it is to clarify that construction equipment is being procured under ADB Loan No. 2438-Pak (Power Distribution Enhancement Project) for eight DISCOs. Tender No. ADB-PEPCO-01-2010 was floated by PEPCO, as procurement agent of DISCOs, on 19.05.2010 after approval of bidding document by ADB. The tender is scheduled to be opened on 5th July, 2010. A pre bid conference was held on 10.06.2010 which was attended by 26 prospective bidders/companies. A PEPCO Committee answered all the queries. Minutes were also issued & sent to all the prospective bidders. As such, the statement that PEPCO did not respond to prospective bidders simply is not correct.

All the issues raised in the complaint to TIP are discussed as follows:

1. The technical specifications of the Truck Mounted Crane (120 Ton Lifting Capacity) are **generic** and have been prepared on **need/requirement** basis. This crane is required by DISCOs for use in 132KV grid stations to unload 40MVA & below Power Transformers from the trailers parked on the transformer ways. The normal transportation weight of these transformers is between 50 to 60 tons (depending upon manufacture). Therefore, the DISCOs do not need to use these cranes on OFF Road Tracks.

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All terrain cranes may be superior to truck mounted but these are 4 to 5 times more expensive than truck mounted cranes, therefore when a product is available at lower price then why PEPCO/DISCOs should go for higher price product. However, PEPCO has no objection if any bidder quotes/offers all terrain cranes which can meet / fulfill the lifting (including boom) requirements of the specifications.

It is not true that this matter is restricting competition, rather 56 firms/companies which include four out of five companies mentioned in the TIP letter, from all over world have purchased the bidding document and more are expected to purchase up to bid opening date 05.07.2010. Therefore a very healthy competition is expected.

2. Further as per ADB guide line and ADB standard Bidding Document (SBD), a partial lot is not acceptable. Moreover, only a four (4) tons crane with a telescopic boom without a truck is of no use to PEPCO / DISCOs. Therefore, it was decided that a complete assembled truck mounted (self loader) crane be procured. It is worth mentioning here that these self loader trucks were procured in the past by different DISCOs, which are working quite satisfactorily. Furthermore, one of the basic requirements of any vehicle to operate satisfactorily during its life span is the easy availability of spare parts and after sale service.

3. Procurement Rules:

The subject tender document has been prepared according to the guide lines of ADB as well as PPRA rules. WAPDA procurement rules are not applicable on tenders/procurement funded by donor agencies. Furthermore, these documents as well as the procurement guide lines of both PPRA and ADB are available on the relevant websites.


4. Evaluation Criteria:

The evaluation criteria to be used for the subject tender are very transparent. These have been clearly mentioned in the tender document itself and are also available on the relevant web-sites.

PEPCO has in place a very robust monitoring system with very checks & balance at all levels of procurement process. Consequently, PEPCO requests TIP that if there is any particular complaint the same may be brought into the notice of PEPCO, rather to make a general statement as to have it published in the press even before the TIP's letter is received by us.

PEPCO assures TIP that procurement of construction equipment under ADB loan is being done on the basis of ICB in a very transparent fair and competitive manner. The bids will be opened on 05.07.2010 publically in the presence of media & representatives of bidders who care to attend.

With Regards


General Manager (C&M) 30/6/10
PEPCO

CC:

- CE/TD/PD (PMU) PEPCO
- SO to MD - PEPCO.
- Master file