

ආයතනයේ නම : විදුලිබල හා බලශක්ති අමාත්‍යාංශය (119)

පාර්ලිමේන්තුවේ රජයේ ගිණුම් පිළිබඳ කාරක සභාව විසින් සභාගත කරන ලද වාර්තා සම්බන්ධයෙන් ස්ථාවර නියෝග අංක 119(4) යටතේ ගරු අමාත්‍යවරයාගේ නිරීක්ෂණ හා ගනු ලබන පියවර පාර්ලිමේන්තු වෙත ඉදිරිපත් කිරීම

நிறுவனத்தின் பெயர் : மின்சக்தி மற்றும் எரிசக்தி அமைச்சு (119)
பாராளுமன்றத்தின் அரசு கணக்குக் குழுவினால் முன்வைக்கப்பட்ட அறிக்கை தொடர்பாக நிலையியற் கட்டளை இலக்கம் 119(4) இன் கீழ் கௌரவ அமைச்சரின் அவதானிப்புக்களும் மற்றும் அது தொடர்பாக எடுக்கப்படும் நடவடிக்கைகளும் பாராளுமன்றத்திற்கு சமர்ப்பித்தல்.

Name of the Institution: Ministry of Power and Energy (119)

Submission of observations of Hon. Minister and steps taken with regard to the reports tabled by the Committee on Public Accounts in terms of Standing Order

No. 119(4)

Observations of Lanka Coal Company (Pvt.) Ltd. regarding the Special Audit Report and the matters investigated by the Committee on Public Enterprises regarding the Special Audit Report on the evaluation of the coal procurement process for the period of 2022-2025 to Lakvijaya Coal Power Plant at Norochcholai.

	Recommendations presented by the Committee on Public Enterprises	Observations by the Lanka Coal Company (Pvt.) Ltd.
01	Ensuring that all the parties that are involved in the coal procurement process fulfill their responsibilities properly adhering to the government Procurement Guidelines, and emphasizing the need for taking appropriate action against the parties that deviate from that process	Relevant parties have been advised to perform their responsibilities accurately and in compliance to prescribed Procurement Guidelines when performing procurement activities. Only in cases where exceptional situations encountered, the approval of the Cabinet of Ministers would be obtained when there are deviations. After conducting several rounds of discussion with the relevant parties in this regard, the instructions have been provided to accomplish responsibilities accurately and in compliance to Procurement Guidelines in future, having identified the relevant situations.
02	Paying attention to relax the bidder registration process to an acceptable level and to maximize competitiveness while ensuring that it is not prejudicial to the objectives set out in paragraph 1.2 of the Procurement Guidelines and 20 Parliamentary Series No 223 that the basic requirements such as the financial feasibility and the experience of the supplier, quality of the supplies, and adequate legal obligations are maintained.	Necessary arrangements have already been taken in this regard. The Gross Calorific Value (GCV) limit of 5,900 kcal/kg which was related to the registration of the suppliers has been removed, by bringing an amendment so as not to prejudice the objectives mentioned in Paragraph 1.2 of the Procurement Guidelines and to secure the basic requirements of the suppliers. This has increased the competitiveness by allowing any coal supplier with 03 years of experience to participate, and the registration process has been eased to an acceptable level, and if there is an experience of supplying coal to other countries without limiting only to Sri Lanka, such situations have also been taken into consideration.
03	When amendments are made to the bid documents, such amendments should be made after verifying the legality of the amendments so that no prejudice is caused to the relevant verifications and obligations, and it should be ensured that the other sections in the bid documents and the agreements are amended accordingly. It should be ensured that, as far as possible, no	Attention has been drawn to this and accordingly to give reasonable time to all bidders and to avoid making such amendments in the procurement as per the provisions of 5.3.15 of the Procurement Guidelines whenever possible and in case of making such amendments to the tender documents, reasonable time will be provided to all the suppliers to comply with the said amendments.

[Handwritten signature]
05/03

[Handwritten signature]
05/03

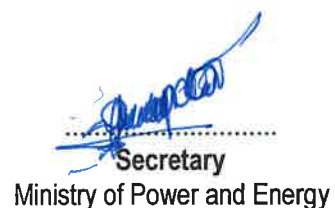
	major amendments are made to the bid documents after bids have been invited. If amendments are made in the bid documents later, all the bidders should be given some reasonable period of time to get adapted to such amendments.	
04	In the procurement of coal, the procurement plan, which should be prepared in terms of the Procurement Guidelines, should be prepared perfectly and correctly and should be approved, and action should be taken adhering to the approved plan, and attention should be paid towards the possibility obtaining prior concurrence regarding financial provisions so that timely supply of coal is ensured.	In general, previously when coal is supplied, actions have been taken to make exact agreements on the financing. However, during the period under review of this query, due to the Covid-19 pandemic situation, the depraved financial position in the country, and the income generated by the tariff of Ceylon Electricity Board not been sufficient to cover the cost, it was difficult to reach a prior agreement regarding the financial situation similar to the previous season, since rupee and foreign exchange were significantly scarce. The adverse liquidity situation and the foreign exchange shortage that prevailed in Sri Lanka contributed largely to this situation and it was beyond any ones control. Nevertheless, the financial condition of the country is getting better and revenue collection on recent tariff revision is being reported healthy financial position, more attention has been paid to the possibility of getting prior agreement on financing to ensure timely supply of coal in future procurements.
05	If arrangements for the procurement are made by a collection of more than one supplier, it should be ensured that such collection has legal personality, and bid documents and agreements should be strengthened so that the feasibilities and legal obligations are strongly adhered to, and timely receipt of quality coal consignments should be ensured.	After paying attention in this regard, when initiating an International Competitive Bidding (ICB) process, the minimum basic qualifications considered by the Lanka Coal Company in the registering process of a supplier to evaluate the supplier's financial and technical feasibility, have been included in bidding documents as the criteria for evaluating bidders. This does not affect when bids are invited from the registered suppliers. By now, this has already been included as an Eligibility Criteria in Section 2.8 of the Bidding document used in ICB process by the LCC.
06	When determining composite indices relating to procurement of coal, action should be taken to reconsider on a timely basis the regional indices that are used to prepare the composite indices so that the government gets the maximum advantage.	The concerned parties have been informed to pay attention to this. Also, the Lanka Coal Company has arranged to obtain further observations from the Department of Census and Statistics regarding the use of the most favorable indices for the country in case of uncertainty. Furthermore, the University of Colombo has also been requested to submit observations in this regard, and by reviewing all the regional indices in a timely manner, it has been arranged to carry out the procurement

05/03

05/03

		activities based on the most appropriate and favorable coal indices for Sri Lanka.
07	Approval had been granted through the decision of the Cabinet of Ministers dated 22.09.2022 to commence the procurement process by adopting the open international tender process and by giving the opportunity for the already registered suppliers as well to participate in the procurement, and accordingly, when commencing an open international bidding process, the basic minimum qualifications that are currently used by the Coal Company to evaluate the financial and the technical feasibility for registering a supplier should be included in the bid documents as the bidder evaluation criteria.	Answers have been given in Item No. 05 in this regard.
08	The relevant officials should be directed to submit accurate information without any delay so that the Cabinet of Ministers get adequate time to carry out the necessary studies and to obtain information in order to enable them to grant more optimal approvals relating to procurement of coal.	Measures are being taken, to perform accordingly in the future procurements.


Chairman
Lanka Coal Company Pvt. Ltd.


Secretary
Ministry of Power and Energy


05/03