

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1146
ANSWERED ON:05.08.2011
SASAN ULTRA MEGA POWER PROJECT
Singh Shri Sushil Kumar

Will the Minister of POWER be pleased to state:

(a) whether due to mis-representation of facts the Sasan Ultra Mega Power Project (UMPP) earlier awarded to consortium was cancelled and allotted to next bidder; and

(b) if so, to details thereof alongwith the action taken by the Government to invoke the bid bond and initiating criminal action against the defaulting consortium, its officials and the Auditors for alleged misrepresentation of facts and concealment of information?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

(a) : Yes, Madam. Due to misrepresentation of facts by Globeleq-Lanco consortium, the Sasan Ultra Mega Power Project earlier awarded to the consortium was cancelled.

(b) : The Empowered Group of Ministers (EGoM) set up for facilitating expeditious decisions in all cases concerning Ultra Mega Power Projects (UMPPs) examined the matter relating to the award of 4000 MW Sasan Ultra Mega Power Project in Madhya Pradesh. Keeping in view the overall public interest and after examination of various clauses of the bid documents, the EGoM inter-alia decided that the procurer should cancel the Letter of Intent (LOI) issued to the Globeleq-Lanco consortium, as the consortium was not qualified even at the RFQ stage and its response to the Request for Qualification (RFQ) was void ab-initio. It was also decided that the procurer should return the Bid Bond of the consortium after deducting a sum of Rs.1 crore, and hold negotiations with the remaining bidders and seek their final bid(s) for levelised tariff.

Accordingly, Letter of Intent (LOI) issued to Globeleq-Lanco consortium was cancelled and the bid bond of the consortium was returned after deducting a sum of Rupees 1 crore. Further, Sasan Power Limited (SPL), the Special Purpose Vehicle (SPV) for the project received revised offers from the remaining valid bidders, of which the bid of M/s. Reliance Power Limited, offering a levelised tariff of Rs.1.19616 per kilo watt hour was the lowest and the SPV was transferred to the successful bidder on 07.08.2007.

Further, Power Finance Corporation (PFC), the nodal agency for UMPPs, has informed that an outstanding amount of Rs.51,20,000/- has been forfeited and an amount of Rs.76,80,000/- has also been claimed by PFC from M/s. Ernst & young. PFC has also debarred M/s. Ernst & Young from future assignment of PFC for a period of three years. A complaint has also been filed by PFC with Institute of Chartered Account of India (ICAI) against the Chartered Accountant M/s. RPVS and Associates who signed/certified the computation sheets related to RfQ.