



# Kenya Power

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Our Ref: KP1/9AA-2/PT/13/14-15/dn

7<sup>th</sup> October, 2014

M/s \_\_\_\_\_  
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**RE: ADDENDUM NO. 2 TO TENDER NO. KP1/9AA-2/PT/13/14-15 FOR PROVISION OF DISTRIBUTION TRANSFORMER REPAIR SERVICES**

Please refer to the above Tender.

We make the following clarifications and amendments to the Principal Request for Proposal Document (*hereinafter abbreviated as the PTD*) for the supply of transformer repair services dated September, 2014.

**1. RELATIONSHIP WITH THE PRINCIPAL TENDER DOCUMENT**

Save where expressly amended by the terms of this Addendum, the PTD shall continue to be in full force and effect. The provisions of this Addendum shall be deemed to have been incorporated in and shall be read and construed as part of the PTD.

**2. CLARIFICATIONS HAVE BEEN SOUGHT AS FOLLOWS:**

**Table of Questions and Answers**

No.	Question	Response
1	<p><b>Addendum 1 item 2 (I) Section III – Appendix to Instructions to Tenderers</b></p> <p><b>Type Test Certificates</b></p> <p>Type Test Certificates are issued as a confirmation that transformer manufactured under a specific design meets the requirements as stipulated in the IEC standard. Only the original manufacturer/designer of the transformer can provide the type test certificate for the transformers. The organization repairing the transformer is limited in terms of design options and will end up replicating what the original manufacturer designed. Recommendation: For transformer repair, certificates of routine tests should be submitted when delivering the transformers.</p>	<p>Type Test certificate(s) and accreditation certificate(s) are required as per the tender document.</p> <p>Routine tests on repaired Transformer shall be submitted to confirm functionality of the unit.</p>

2	<p><b>SECTION III – Instruction to tenderers</b>  <b>Subsection 3.16.2 on warranty</b>  Recommendation: Since there will be a joint inspection between Kenya Power and the transformer repairer on the scope of works for each transformer to be repaired; the warranty given for a transformer should cover only those parts which have been agreed in the scope works.</p>	Warranty will be for work executed on the transformer.
3.	<p><b>SECTION XX – Detail of Service</b>  <b>Item 9: Rejection of transformers exceeding stipulated total losses</b>  The transformer repairer is limited by the original manufacturer’s design and does not have many options in changing the original designer’s losses. In most cases, the repairer will end up with the losses that the original manufacturer’s designed.  Recommendation: There is need to have a means of checking and proving that the original manufacturer had actually met the stipulated losses. Once this is established, then the repaired transformer will have to be checked using the same means to verify that its total losses are not exceeding what the original manufacturer achieved.</p>	In cases of winding repairs, the losses will be limited to the original manufacturer’s design, and checked against the name plate, and should be within a 15% variation from name plate values.
4	<p><b>SECTION XX – Detail of Service</b>  <b>Section II: Proposal Implementation plan</b>  <b>Item 2: Financial plan</b>  Request: Please clarify and indicated which details need to be provided in the financial plan.</p>	The Tenderer’s financial capability to undertake the repair works shall be ascertained. The Tenderer shall demonstrate how they plan to finance the putting up of the repair plant/workshop locally as well as finance the repair works. To this end, it is expected that the Tenderer should demonstrate that they have the financial resources or facilities to satisfactorily execute the Tender. Copies of the audited financial statements and/or bank statements shall be used to corroborate the assertion.
5	<p><b>SECTION XX – Detail of Service</b>  <b>Section II: Proposal Implementation plan</b>  <b>Item 4. Logistics plan</b>  Recommendation: To simply logistics of inspecting the transformers and taking them to the repair facility, we recommend that Kenya Power establishes one central point in Nairobi where defective transformers collected from all over the country will be stationed. Joint inspections will be carried at this central point</p>	The tender already provides for this. The central point shall be KPLC Roysambu Stockyard at Kasarani, Nairobi.

	before transformers are taken to the repairer facility. This will simplify the process and improve management of transport costs for both parties.	
6	<p><b>Contract Duration</b></p> <p>Tender document has no information on the Contract Duration. Is it only for 6,344 lot 1 and 4,200 lot 2 faulty transformers or is it for all the faulty transformers that are currently lying with Kenya Power and also the transformers that may get faulty in times to come.</p> <p>It is requested to make it for at least 5 years. As to put up a facility, dedicated resources are to be deployed and it can only be done if there is a long term commitment on business.</p>	The contract will be limited to the quantities specified in the tender to be repaired within a period of 3 years.
7	<p><b>Data of faulty transformers</b></p> <p>It is requested to provide actual data on the following:</p> <ol style="list-style-type: none"> <li>1. Quantity of each rating type.</li> <li>2. Most common faults.</li> <li>3. Standard No Load Loss, Load Loss data for each type of rating.</li> </ol>	<ol style="list-style-type: none"> <li>1. The quantity of each rating type has been provided in the tender.</li> <li>2. Most common causes of faults are lightning strikes, vandalism of oil, broken bushings, burnt/broken rods, oil leakage and overload</li> <li>3. In cases of winding repairs, the losses will be limited to the original manufacturer's design, and checked against the name plate, and should be within a 15% variation from name plate values.</li> </ol>
8	<p><b>Price Variation</b></p> <p>All the items that are to be repaired / replaced are being internationally traded at various metal exchanges and their prices vary from time to time.</p> <p>It is requested to kindly incorporate the price variation clause so as to be at par with the international prices and make it a win-win situation for both the parties. We propose for a price variation to be carried out once a year to ensure that any change in commodity prices eg. Copper are adjusted for.</p>	<p>The price will be fixed for the first year.</p> <p>Any variation after the first year shall be negotiated as per the LME price variation formula and/or applicable price indices.</p>

9	<b>Replacement of Coils</b> While repairing the HV / LV Coils, in case there is any faulty (burnt or damaged) in any of the HV/LV Coils, all the HV/LV Coils should be replaced to ensure the performance. The replaced coils shall be of similar material / number of turns / weight appropriately as per the design.	The repair shall be for the damaged coils or limb.
10	<b>Tax applicability</b> Please elaborate more on the taxes that are applicable.  It is requested to elaborate more details on the taxes and deduction applicable on this project. Incase an overseas repairer enters into a Joint Venture with a Kenyan company, how would it impact the deductions / billing.	Withholding tax is chargeable to contractual services at 3% for residents and 20% non-residents. VAT is also chargeable on the contractual services at 16%. Import VAT can be claimed back by local Consignee if registered, foreign company shall not charge VAT on invoices raised in Kenya, however reverse VAT will apply. If the contract duration exceeds 6 months and is performed in Kenya then one is considered to have a permanent establishment (PE) in Kenya and hence becomes a resident.  If in a JV with a local company, the features of the JV are considered i.e. does the local partner invoice and receive payment on behalf of JV? Or Does the foreign company invoice and receive payment on behalf of JV?  If invoice is to be raised by the local co. then VAT should be charged by the Contractor. It will be the responsibility of the contractor to file the tax returns. If the foreign company shall be invoicing and receiving payment, then NO VAT should be charged. It is expected that the Contractor shall absorb the tax element.
11	Value addition during repairing 1. During repairing, Tap Changer of the faulty transformer is proposed to remove as that becomes one of the major reasons of faults. 2. Oil drain valve shall be removed so that theft is thwarted. 3. Protection mechanisms / sensors can be added so that failure is restricted but that should be at extra cost.	1. No. Tap changer to be maintained in working condition after repairs 2. Yes, if the transformer has a drain valve. 3. Not applicable in this case.

12	<b>Salvage</b> It is confirmed that the salvage/scrap of damaged/replaced parts and burnt coils and other removed material such as Caps, Vales, including other items shall be the repairer's property.	Yes.
13	<b>Clause no. 3.11.2:</b> Prices indicated on the price schedule shall be of all costs for the services including transportation, insurances, duties, levies, Value Added Tax (VAT) and other taxes payable. No other basis shall be accepted for evaluation, award or otherwise. <b>Kindly clarify in detail:</b> <b>(a) The percentage (%) of all applicable taxes, VAT&amp; duties, etc.</b> <b>(b) Scope (charges &amp; responsibility) of loading &amp; unloading the transformers at KPLC stores / depot.</b>	The taxes applicable are as per item No. 10 above.  Unloading at Loading and unloading of the transformers at KPLC Stores/depot shall be the responsibility of KPLC.
14	<b>Gasket Change</b> Do we need to change all gaskets (like top cover, HV bushings, LV bushings, oil seals, gaskets for valves, etc?	The decision to change or not all gaskets will depend on the nature of repairs.
15	<b>Oil change</b> – Will the transformers sent for repair is supplied with oil or without oil. Should all transformers be filled in with new EHV grade transformer oil?	Basic tests shall be performed on the oil in the transformer to confirm usability
16	<b>Complete bushing and rod change per phase (HV):</b> Normally several manufacturers might have used different models for HV bushings. Do we have to replace with the same type of HV bushing & rod or can we use standard makes as per IEC. We need the various types of bushings that have been used to access the cost.	IEC standards will prevail where discrepancies arise.
17	<b>Complete bushing and rod change per phase (LV):</b> Normally several manufacturers might have used different models for LV bushings. Do we have to replace with the same type of HV bushing & rod or can we use standard makes as per IEC. We need the various types of bushings that have been used to access the cost.	IEC standards will prevail where discrepancies arise.
18	<b>Replacement of tank:</b> Can we replace a tank suitable for the existing core-coil assembly as per our design or will KPLC provide the drawing? What if the tanks have to be only repaired / welded? What if only the radiators have to be replaced?	The average repair price is supposed to take care of that.

19	<b>Rewinding of HV coil (per coil):</b> For HV reinsulating in normally not possible. Kindly confirm the scope in detail. Weight of HV coil varies from manufacturer to manufacturer, design and specification. It would be better to change the unit from piece (PC) to Kg.	You are required to quote an average per transformer rating and size as per price schedule.
20	<b>Item no. 12&amp; 17: Rewinding of LV coil (per coil):</b> For paper covered rectangular strips, re-insulation & rewinding can be done. For small round LV wire, reinsulating in normally not possible. For super enamel covered conductors, we can only replace with new winding wire. Kindly confirm the scope in detail. Weight of HV coil varies from manufacturer to manufacturer, design and specification. It would be better to change the unit from piece (PC) to Kg.	You are required to quote an average per transformer rating and size as per price schedule.
21	<b>Item no. 14: Re-insulation using paper sleeves:</b> For paper covered rectangular strips, re-insulation & rewinding can be done. For small round HV & LV wire, reinsulating in normally not possible. For super enamel covered conductors, we can only replace with new winding wire. Kindly confirm the scope in detail.	As part of the repair works, the contractor shall be responsible for carrying out all the necessary repairs deemed necessary in rehabilitating the faulty transformer.
22	<b>Item no. 15: Replacement of core:</b> It is mentioned that unit of measure is PC. Kindly confirm whether it should be in Kg. Core dimensions & weights will vary for each manufacturer, design & specification.	The replacement shall be similar to the existing core in both design and size. You are required to quote an average per transformer rating and size as per price schedule.
23	<b>Replacement of core coil assembly:</b> Can we make our design meeting the losses and fitting into the existing tank.	As part of the repair works, the contractor shall be responsible for carrying out all the necessary repairs deemed necessary in rehabilitating the faulty transformer
24	Transformers to be repaired might have been supplied several years ago by several manufacturers. Normally the design would be different for each specification and each manufacturer. It would be easy for the repairer if the various specifications and GTP be provided to the repairer for easy assessment of materials required for repair. <b>Kindly confirm whether the specifications &amp; GTP would be provided for all transformers.</b>	The KPLC specification for distribution transformers are already provided in the tender document.
25	<b>In Section XX – Details of service, clause no. 14: Electrical materials to be used for HV/LV coils:</b> The contractor shall state the electrical material for winding HV and LV coil; copper or aluminium. As repairers, we can use similar electrical material	Agreed.

	(copper / aluminium) as in the original transformer as the core & tank would be suitably designed. Hence we can mention that copper / aluminium would be used as per requirement as in original transformer. Kindly confirm.	
26	We would like to confirm that the repair facility will be created only after the work is awarded and the contract is signed. Please confirm the status of KPLC on this.	Yes, the repair facility is expected to be in operation within 6 months after the contract is signed.
27	What will be scope of joint inspection at the KPLC stockyard? Visual Inspection or detailed testing. If detailed testing to be done in the joint inspection, will KPLC provide the testing facility at the stockyard to assess the extent of damage in the transformer?	There will be no joint inspection.
29	Please give bifurcation of how many number of transformers based on Aluminium and copper windings.	Almost 100 % are copper.
30	Please specify how many number of transformers are coil winding & how many are foil winding?	100% are coil winding
31	Since you have asked only price per unit of transformer rating wise and not based on separate prices for each spare component for repair and maintenance, we would like to know how the extent of damage can be accessed eg. Missing core, oil, bushing, coil etc not clearly mentioned in tender.	The average price of repair is supposed to take care of that.
32	<p>In case of JV between newly established Local Kenyan company and foreign party who is having technical and financial credentials as per QR form.</p> <p>a) Can local party become a lead bidder or lead partner, if not then</p> <p>b) Can local party submit the bid bond &amp; performance security after becoming successful bidder on the behalf of JV?</p> <p>c) Can contract be signed with only local company of JV or can local party be power of attorney holder for all tender performing activities like submission, invoicing, financial transactions and execution of entire contract. We can mention all these provisions in JV contract itself.</p>	<p>A JV can bid and appoint the local party to be the lead partner through the JV and power of attorney will identify an individual who will execute the documents on behalf of the JV.</p> <p>We recommend that both parties should execute the contract but the lead partner should manage all tasks assigned in the jv.</p>

**3. CHANGE OF CLOSING DATE**

The closing date has been changed from 9<sup>th</sup> October, 2014 to 30<sup>th</sup> October, 2014 at 10.00am.

All other terms and conditions remain as per the Principal Tender Document (PTD).

Yours faithfully,

**FOR: THE KENYA POWER & LIGHTING COMPANY LIMITED**

A handwritten signature in black ink, appearing to read 'Eng. John Ombui', is written over a horizontal line.

**Eng. JOHN OMBUI**  
**GENERAL MANAGER SUPPLY CHAIN**