



August 3, 2021

TIP21/0803/1A

Mr. Ali Raza Bhutta  
Federal Secretary,  
Ministry of Energy  
Power Division  
Islamabad.

**Subject: Allegation of Corruption in Contract awarded by LESCO to M/s LS Consortium  
in Tender No. 350/PMU Rs 970 million, Chief Engineer (Development) PMU, LESCO,  
Lahore Tender for HTLS Conductor due to false information supplied to Grievance  
Committee**

Dear Sir,

Transparency International Pakistan has received a complaint of allegation of corruption from M/s CTC Global against Incorrect Evaluation of LESCO Tender No. 350/PMU awarded in February 2020. (Annex-A)

The complainant has the following allegations:

That,

1. A Tender Notice for Capacity Enhancement of existing 132kV Transmission Lines through reconducting with HTLS Conductor was advertised by LESCO in March 2019. High Temperature Low Sag (HTLS) Conductor is new technology introduced in Pakistan and this was first tender in Pakistan for this technology.
2. Three Bidders participated in the tender and the Evaluation of the tender was outsourced by LESCO to Design Department of NTDC. The tender evaluated results were announced in November 2019.
3. LC Cables in their Annual Report for 2018-2019 have mentioned at page 32 that their composite core (Inner Core of LSCC Conductor) has gone through bending tests in 2018. Bending test is a basic test for any conductor material to pass prior to its installation in the field. If this test for LSCC Technology is passed in 2018, it is not possible that this Conductor can be in operation in any utility around the globe. Hence, negating the qualification of LSCC Conductor against operational experience requirement, which is less than one (01) year against at least two years operational experience.
4. Subsequent to above submissions, from M/s. Netracon Technologies, LESCO constituted a grievance committee as per PPRA Rules 2004. The committee held several meetings and called Netracon Technologies to explain their point of view. However, the committee announced its findings by stating that 'LESCO's Grievance Committee is of the opinion that the allegations raised are not found right current in light of the NTDC issued Bid Evaluation Report.
5. Subsequent to their several submissions to all the stakeholders, an Inquiry Committee was constituted by Pakistan Electric Power Company (PEPCO), vide order No. 1809-16 dated 05/09/2020, on the directive of Ministry of Energy to probe/investigate whether or not bidding process and evaluation were conducted in accordance with the tender requirements.





6. The Inquiry Committee, in November 2020 in its report, found that the successful bidder i.e. M/s LS Consortium, does not meet the specific experience criteria of Tender Clause 13.4(a)(ii).
7. The Inquiry Report was kept in abeyance for seven months (reasons unknown), and was finally submitted to the Ministry /Power Division in May 2021, whereafter it was forwarded to the Chairman LESCO BOD for action.
8. Against the Inquiry Committee negative report, the project was awarded to LS Consortium in February 2020, with a completion period of 365 days. However, M/s LS Consortium still did not even provide the 'type test' reports of their offered LSCC Conductor offered for type testing in September 2020, but asking for waiver.
9. PPRA Rule No. 18 states that 'The procuring agency shall disqualify a supplier or contractor if it finds, at any time, that the information submitted by him concerning his qualification as supplier or contractor was false and materially inaccurate or incomplete.'

**TI Pakistan Comments:**

The allegations have been examined by TI Pakistan, and prima facie it appears that the allegations are correct. When the Inquiry Committee constituted by PEPCO found that the successful bidder i.e. M/s LS Consortium, does not meet the specific experience criteria of Tender Clause 13.4(a)(ii), the procurement should have been declared to be mis-procurement.

**TI Pakistan Recommendation:**

TI Pakistan requests, Federal Secretary Ministry of Energy (Power Division) to examine the allegations, and if they are found to be correct, direct LESCO to discharge the tender, reinvoke it, and also take action against officers responsible for violation of PPRA Rules.

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

Justice (Rtd) Nasira Iqbal  
Vice Chair,

Transparency International Pakistan

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

1. PSPM. PM House, Islamabad
2. Chairman, NAB, Islamabad
3. Minister of Energy, Ministry of Energy (Power Division), Islamabad
4. Managing Director, NTDC, Lahore
5. Chief Executive Officer, LESCO, Lahore
6. MD, PPRA, Islamabad

Dated: July 16, 2021

**The Transparency International Pakistan,**  
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Subject: **UPDATE on - Irregularities in Evaluation of LESCO Tender N<sup>o</sup>. 350/PMU, LESCO, Lahore for HTLS Conductor.**

**Reference:**

CTC Global's Letter dated May 21, 2020 (copy enclosed for ready reference please)

**Dear Sir,**

This is in continuation of CTC Global's letter referred above highlighting the commercial irregularities made during bidding process of LESCO Tender No. 350/PMU, for this critical HTLS overhead power line Conductor. The, as subsequently shown unqualified bidder, LS Consortium, then submitted incorrect / misleading information to LESCO / NTDC in an attempt to meet the qualification requirement laid down in Tender Documents (which at that time unfortunately seems to have been accepted by all concerned).

Subsequent to our several submissions to all the stakeholders, an Inquiry Committee was constituted by Pakistan Electric Power Company (PEPCO), vide order No. 1809-16 dated 05/09/2020, on the directive of Ministry of Energy to probe / investigate whether or not bidding process and evaluation were conducted in accordance with the Tender requirements.

The three members Inquiry Committee after thorough investigation made conclusive remarks in their report that the declared Successful Bidder i.e. LS Consortium, does not meet the specific experience criteria of Tender Clause 13.4 (a) (ii) – which remains the main qualification for any bidder.

Tender Clause is being reproduced hereunder for ready reference:

*“Specific Experience*

- i. *The Manufacturer should have been manufacturing offered High Temperature Low Sag (HTLS) conductor for at least five (05) years and should have been successfully completed at least two (02) No. of Contracts of supply of **same offered HTLS** conductor worldwide as per NTDC Specification mention herein.*
- ii. *The offered High Temperature Low Sag (HTLS Conductor must be operating satisfactorily in the field for at least two (02) consecutive years on bid opening date.”*

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This Inquiry Report was kept in abeyance for several months (reasons unknown) and was finally submitted to the Ministry / Power Division in May 2021, whereafter it was forwarded to the Chairman LESCO BOD for action. We await due process on the PEPCO findings. Further though, even after 18 months having elapsed since the incorrect notification of award, LS Consortium still has not even submitted the mandatory conductor 'type test' which it seems LS Consortium are now trying to get a 'waiver' for. This could be as the LS Consortium's offered HTLS conductor technology does not meet the latest ASTM B-987 Standards as required in the Tender Documents.

## Key points:

1. The bidding process evaluation team was given incorrect/misleading information by LS Consortium to qualify them as a bidder when their offering does not meet the qualification experience and/or testing as specified above.
2. The PEPCO Inquiry committee confirmed this assertion in its findings.
3. The LS Consortium offered technology does not comply with the requirements of current International Standard ASTM B987.
4. LS Consortium has never revealed its supplier of 'composite core' as required in this tender process.
5. LS Consortium after 18 months is still trying to change the tender process to get a waiver for the mandatory conductor 'type test'.

This letter is to update Transparency International on the process to date. It is very difficult for foreign companies to invest / consider local production in Pakistan when such tendering process are so opaque.

With best regards,

Your faithfully



Steve Jackman  
SVP – Business Development  
CTC Global Corporation

## Copy to:

1. Minister of Energy, Ministry of Energy (Power Division), Islamabad
2. Federal Secretary, Ministry of Energy (Power Division), Islamabad
3. Managing Director (NTDC), WAPDA House, Lahore
4. Chief Executive Officer (CEO) LESCO, LESCO HQ, Queens Road, Lahore

## Additional Copies to:

1. US Trade Department – Lahore Pakistan
2. US Trade Department – Irvine California

## Enclosures / Attachments:

1. CTC Global letter dated May 21, 2020

Dated: May 26, 2020

The Transparency International Pakistan,  
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Khayaban-e-Ittehad, Phase VII,  
D.H.A., Karachi  
Pakistan.

Telephone: +92 21 35390408-9  
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Email: [ti.pakistan@gmail.com](mailto:ti.pakistan@gmail.com)

Subject: Incorrect Evaluation of LESCO Tender No. 350/PMU, Chief Engineer (Development) PMU, LESCO, Lahore Tender for HTLS Conductor due to false information supplied to Grievance Committee.

Dear Sir,

This is with reference to Evaluation Results of LESCO Tender No. 350/PMU, issued by Chief Engineer (Development) PMU, LESCO. Copy of Evaluation Results is enclosed herewith as **Appendix – 1**.

#### **A Brief Introduction to LESCO Tender No. 350/PMU**

A Tender Notice for Capacity Enhancement of existing 132kV Transmission Lines through re-conductoring with HTLS Conductor was advertised by LESCO in March 2019. Scanned copy of Tender Document is enclosed as **Appendix – 2**. High Temperature Low Sag (HTLS) Conductor is new technology introduced in Pakistan and this was first tender in Pakistan for this technology.

Three Bidders participated in the tender and the Evaluation of the Tender was outsourced by LESCO to Design Department of NTDC. The tender evaluated Results were announced in November 2019 (**Appendix – 1**).

#### **Basis of Evaluation of Tender**

The outcome of Tender Evaluation was largely based on the Qualification Criteria set for HTLS Conductor Manufacturers as defined in Tender Clause IB 13.4 (a) – ii of Instruction to Bidders, which may be re-read as below:

- i. *The Manufacturer should have been manufacturing **OFFERED** High Temperature Low Sag (HTLS) conductor for **at least five (05) years** and should have been successfully completed **at least two (02) No. of contracts of supply of same OFFERED HTLS conductor worldwide** as per NTDC specification mention herein.*
- ii. *The **OFFERED** high temperature low sag (HTLS) conductor must be **operating satisfactorily in the field for at least two (02) consecutive years** on bid opening date.*
- iii. *The documentary evidence of the above clauses (i) and (ii) should be submitted with the bid."*

#### **Evaluation Results of Tender**

Out of three bidders, one bidder, M/s Potential – Transpower (JV), Lahore, was declared Technically Non-responsive and other two bidders, M/s Netracon Technologies and M/s LS Consortium Korea through M/s Associated Commercial Agencies, Lahore were declared Technically and Commercially

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Responsive. Tender was awarded to M/s LS Consortium Korea based on final evaluated bid price (**Appendix – 1**).

## **Concerns raised by M/s Netracon Technologies (Grievance Process)**

After the advertisement of Evaluation Results by Chief Engineer (Development) PMU LESCO, M/s Netracon Technologies decided to follow the Grievance Process in accordance with PPRA Rules. Two fact sheets were submitted to LESCO Grievance Committee vide their letters LESCO/350-PMU-002 dated Dec 02, 2019 and LESCO/350-PMU-003 dated Dec 06, 2019 are enclosed herewith as **Appendix – 3** and **Appendix – 4** respectively.

Following are undisputed facts as pointed out by M/s Netracon Technologies in their submissions to LESCO that M/s LS Cables and System, Korea offered HTLS Conductor (Low Sag Composite Core – LSCC 550mm<sup>2</sup>) does not meet the qualification requirements as stated above.

1. LS Cables in their Annual Report for the year 2017 – 2018 at Page Nos. 47 and 54 of **Appendix – 3**, have mentioned that they have developed LSCC technology in 2017. If the manufacturing experience is calculated accordingly, it comes out to be ***less than two years up to the date of tender opening against the requirement of “at least five (05) years’ experience”***.
2. LS Cables in their Annual Report for 2018 – 2019 have mentioned at page 32 of **Appendix – 4** that their composite core (Inner Core of LSCC Conductor) has gone through bending tests in 2018. Bending test is a basic test for any conductor material to pass prior to its installation in the field. If this test for LSCC Technology is passed in 2018, it is not possible that this Conductor can be in operation in any utility around the globe. Hence negating the qualification of LSCC Conductor against operational experience requirement, which is ***less than one (01) year against at least two years operational experience***.
3. LS Cables in a presentation, publicly available, have included type test certificate for LSCC 520mm<sup>2</sup> (a lower size conductor than LSCC 550mm<sup>2</sup>) from Kinetrics, Toronto, Canada, which was issued in April 2017. Copy of Type Test Certificate is available at Page 62 of **Appendix – 4**. This is a proof that this technology LSCC would have come into operation in any utility after this type test in late 2017 or in 2018. But again, this is for LSCC 520mm<sup>2</sup>, which is a lower size that LSCC 550mm<sup>2</sup> (offered conductor) and the tender documents requires manufacturing experience of offered conductor to be five years and operational experience of offered conductor to be two years, which is negated here.
4. LS Cables have filed a patent in Korean Intellectual Property Office (KIPO) on 14-02-2017, wherein they have applied a patent grant for this technology. This again shows that LS Cables have been acquiring and developing this technology during 2017, hence meeting the qualification criteria of five (05) years manufacturing experience as well as two (02) years operational experience is impossible for LS Cables. Copy of Patent application is available at Page 64 of **Appendix – 4**.

In addition to the reservations above as raised by Netracon Technologies, CTC Global Corporation also informed Chief Executive Officer (CEO) LESCO, regarding the less experience of LS Cables’ Conductor Type LSCC 550mm<sup>2</sup>, vide their letter dated Dec 03, 2019 (copy of letter in enclosed as **Appendix – 5**). CTC Global Corporation of Irvine, California, USA, is the developer, manufacturer and patent holder of Aluminum Conductor Composite Core (ACCC) another type of HTLS Conductor. CTC is the world leading HTLS Manufacture and their conductor is world renowned HTLS technology having 90,000+ kms installed





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at 750 projects in 250+ different utilities around the globe and holding more than 50% share among HTLS Technologies. Being the world leader in HTLS Conductor technology, they have got the details of their competitor's projects and informed the same to LESCO. Pakistan already operates ACCC.

## Findings of Grievance Committee

Subsequent to above submissions from Netracon Technologies, LESCO constituted a grievance committee as per PPRA Procurement Rules 2004. The committee held several meetings and called Netracon Technologies to explain their point of view. However, the committee announced its findings by stating that **"LESCO's Grievance Committee is of the opinion that the allegations raised are not found right and current in light of the NTDC issued Bid Evaluation Report. Clarifications were also sought from NTDC and experience certificates / qualification of M/s LS (Consortium) from Korea Electric Power Company (KEPCO) were also got verified"**. Copy of letter from Grievance Committee is enclosed as Appendix – 6.

## Verifications from KEPCO

Upon issuance of above letter by the Convener of Grievance Committee, a process was initiated by CTC to get the information of experience of LS Cables with KEPCO on the basis of which the grievance committee had rejected the concerns raised by Netracon Technologies. CTC being the global leader in HTLS Technology have in-road in KEPCO as well and KEPCO have confirmed that:

- i) There is no and never been any LSCC type conductor installation within the KEPCO grid.
- ii) **The Certificates from KEPCO issued to LS Cable to be provided to the LESCO Grievance Committee were for a generic statement about 'Aluminum Conductor Composite Core', and mainly referred to the KEPCO use of HVCRC composite core from Mercury Cables which is completely different conductor type from LSCC (LS Cables Offered Conductor), HVCRC not having any micro-gap or having any aluminium encapsulation.**
- iii) KEPCO HQ Contact for confirmation is as below.  
Mr. Ho-Jung, Lee. Senior Manager of Power grid division  
Email : [leehj0312 @kepco.co.kr](mailto:leehj0312@kepco.co.kr)  
Tel : +82 61 345 5073  
Address: 55, Jeollyeok-ro, Naju-si, Jeollanam-do, 58322, South Korea.
- iv) That HVCRC and not LSCC use in the offered LS Cable supplied certificates can also be confirmed by KEPRI the R&D arm of KEPCO (full report available), with Mr. Youn Seok Lim, [seog1129@kepco.co.kr](mailto:seog1129@kepco.co.kr) being the point of contact.

CTC by its letter dated May 09, 2020, again informed the concerned departments i.e. LESCO, NTDC, Ministry of Energy (Power Division) etc., regarding the possible risk of installing a conductor technology which do not fulfil the qualification criteria (QR). They elaborated that **"LS Cables have mis-interpreted the facts to LESCO / NTDC during bidding process as well as during investigation by grievance committee of LESCO**. The certificates they claim as End User Certificate from KEPCO are not for their offered conductor LSCC, but are for another type of composite core conductor HVCRC. LS Cables themselves are they claim the manufacturers of composite core of LSCC, whereas the composite core conductor HVCRC installed in KEPCO, uses the carbon composite core from Mercury Cables. **HVCRC is in fact a near copy of CTC Global ACCC where CTC Global has successfully legally sued Mercury Cables and won court action for patent infringement. There is a strong likelihood that LS Cables is claiming the same Mercury Core as their supply record for LSCC."** Copy of CTC Global Letter to CEO LESCO is



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enclosed herewith as **Appendix – 7**.

Even after all the above submissions showing that LSCC is an unproven technology that does not meet the mandatory LESCO tender 'QR', it seems that LESCO is potentially still proceeding further with the execution of Project with LS Consortium, so also against the Grid and Safety Codes of the Power Grid (run by NEPRA). We will let you draw your conclusion from these facts as to the transparency of this process.

With best regards,

Your faithfully



Steve Jackman  
SVP – Business Development  
CTC Global Corporation

Copy to:

1. Minister of Energy, Ministry of Energy (Power Division), Islamabad
2. Federal Secretary, Ministry of Energy (Power Division), Islamabad
3. Managing Director (NTDC), WAPDA House, Lahore
4. Chief Executive Officer (CEO) LESCO, LESCO HQ, Queens Road, Lahore
5. Chairman BOD, LESCO, LESCO HQ, Queens Road, Lahore

Additional Copies to:

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2. US Trade Department – Irvine California

Enclosures / Attachments:

1. Appendix – 1: Evaluation Results – LESCO Tender No. 350/PMU
2. Appendix – 2: Scanned Copy of Tender Documents – Tender No. 350/PMU
3. Appendix – 3: Netracon Letter to LESCO – Letter No. LESCO/350-PMU-002 dated Dec 02, 2019
4. Appendix – 4: Netracon Letter to LESCO – Letter No. LESCO/350-PMU-003 dated Dec 06, 2019
5. Appendix – 5: CTC Global Letter dated Dec 03, 2019
6. Appendix – 6: Grievance Committee LESCO Letter dated Jan 31, 2020
7. Appendix – 7: CTC Global Letter dated May 09, 2020

