



Dear Readers, Colleagues and Friends...

We are thankful for your support in the activities of ITMA and hope your patronage will continue for further growth in the Business of Transformer and Allied Industries. Besides, Readers, Colleagues and Friends are requested to share with us any News/Report or suggestions they may consider appropriate for printing in the Newsletter.

(Signature)
(B. LAL) Director General





BIS SEMINAR ON STANDARDIZATION, CERTIFICATION AND QUALITY CONTROL OF DISTRIBUTION TRANSFORMERS AT CHENNAI ON 27TH NOVEMBER 2015

ITMA and ICAI jointly with Bureau of Indian Standards organized a Seminar on standardization, certification and quality control of distribution transformers, on 27th November 2015 in Chennai.

This half day Seminar is first of its kind, specific to bring & support all stakeholders (BIS, transformer testing agencies, Power utilities, & Manufacturers) at one platform to discuss & resolve the issues related to certification process of distribution transformers as per IS1180 through an interactive seminar, which will be helpful to all manufacturers of that region to get certified before mandatory date -01st February 2016.

The Second seminar in the series of 8 seminars was held in Chennai on 27th November 2015 in the TANGEDCO (Tamil Nadu Generation and Distribution Company) Chennai.

Around 45 Participant's including BIS officials, manufacturers of Distribution Transformers and representatives from ERDA and Power Utilities of TANGEDCO attended the Seminar.

BIS is the apex body under the Ministry of Consumer Affairs, entrusted to ensure that quality products duly ISI marked are made available to the consumers. The Department of Heavy Industry has issued a Quality Control Order on 27th January 2014 for Electrical Transformers up to 100KVA at 11KV for certification, which has been amended upto 2500 KVA three phase and single phase up to 25 KVA rating of Distribution Transformers as per the revised IS:1180 Part I/2014 vide amendment order dated 14th November 2014. The Order shall come in to force on 1st February 2016.

Presentations pertaining to Energy efficiency and reliability, Certification Process in BIS, Distribution Transformers Testing, Power Utilities Perspective on adoption of IS1180 in their procurement specifications and Manufacturers Perspective with respect to the implementation of the Quality Control Order were made during the Seminar. And during interactive panel discussion various issues with respect to certification process & testing were clarified by the BIS officials and representative of ERDA.

Senior officials at SE and CE levels from TANGEDCO viz: Purchase, Betterment, and Maintenance participated in the above seminar and assured for implementation of IS 1180 Part 1 2014 standards from 1st February 2016.

MEETING OF ITMA DELEGATION ON 22ND DECEMBER 2015 WITH SECRETARY, MOS, Ms. ARUNA SUNDARARAJAN, IAS ON THE FOLLOWING AGENDA POINTS.

- i) With the implementation of the Quality Control Order dated 12th March 2012 on Steel and Steel products, including Electrical Steel CRGO as per IS:3024 together with the internal directions issued to the Chief Commissioners/Commissioners of Customs and Central Excise by Department of Revenue, Ministry of Finance vide F. No. 450/71/2014-Cus IV, dated 09.07. 2014, the only prime quality BIS certified/ marked CRGO material is required to be imported from manufacturers/ exporters.
- ii) As per the Quality Control Order dated 12th March 2012 it is obligatory for the manufacturer to obtain licence from BIS for manufacture and supply of prime CRGO material to the Indian market whereas the authorized subsidiary/company/dealer is not required to obtain separate BIS licence to store for sale, sell or distribute BIS certified /marked material.

The import of Electrical Steel CRGO shall be allowed only from the foreign mills manufacturing CRGO who are having valid BIS certified licence or from their authorized subsidiary/company/ dealer which is a

duly BIS certified material supported with the test certificates from the original manufacturer, there shall not be any violation of the Quality Control Order. It has been reported by the original manufacturers of CRGO that they supply BIS marked/ certified material to Indian market through their authorized subsidiary/company/dealer as a policy and not directly.

These authorized subsidiary/company/dealer needs to be part of the BIS licence of the foreign mills.

- iii) Import of used/ scrap CRGO, from the dismantled transformers should not be allowed.
- iv) Import of Mill rejects/off cuts of CRGO should not be allowed.
- v) Import of CRGO in SEZs under CTH 8504, should be ensured to be re-imported and not sold in the Indian market.
- vi) Some unscrupulous manufacturers have setup processing units in the neighbouring countries and are importing the processed seconds/used CRGO as transformer laminations/ parts under CTH 8504, which also should not be allowed.

REC REQUESTED FOR AN AMENDMENT IN TECHNICAL SPECIFICATIONS OF DISTRIBUTION TRANSFORMERS ON 1ST FEBRUARY 2016. IN CONTINUATION OF LETTER DATED 14TH JANUARY 2016.

1. The letter dated 14th January 2015 to General Manager(RECL) for clarifications is reproduced below:-

"ITMA" is thankful to you for sparing your valuable time for listening to the proposed clarifications/amendment in the technical specifications in one of the major high value materials i.e distribution transformers given in Annexure-V of the report of Committee A, as brought out by our Dy. Director General on 13th January 2016.

You were kind enough to consider the proposal for clarifications/ amendments of the following issues/items before calling the price bid from the empanelled vendors.

- i) **Clause 6.2 at Page No.121 and Clause 11.3 at Page No.142** that "The utility can evaluate offers with losses lower than the maximum allowable losses on total owning cost basis in accordance with methodology given in Annex-I."

In the Annexure-I methodology for computing total owning cost/loss capitalization factor A & factor B are to be worked out which has one of the, only variable component as cost of energy (electrical tariff). Since these bids are being called for the works/projects for entire nation the components of cost of energy would vary with states/discoms, as such the factor A & factor B needs to be fixed for uniformity of prices.

PFC is calculating the Long Run Marginal Cost (LRMC) which is available for country as a whole and could be considered for calculating the factor A & factor B for the capitalization/ total owning cost.

- ii) **Clause 4.3 at page No. 120- Insulation levels for 11 KV** has been stated as 95 KV (Peak) against 75 KV(Peak) as per IS:1180 Part 1/2014, may be due to typing error. This needs to be corrected.
- iii) **Clause 23.2 at Page 128 and Clause 32.2 at page 152 i.e.** Type test to be conducted on one unit, it has been stated that impulse voltage test for 11KV shall be at 95 KV peak instead of 75 KV peak. This needs to be corrected as the BIL of the DTs asked for is 75KV .

The relevant documents on the above were handed over personally for you perusal and further necessary action. It was learnt that REC had calculated the A & B derivatives wrongly and accordingly detailed calculations with various points was made and sent to REC as under:-

2. "This is in continuation to our Letter No.ITMA/11/2016/504 dated 14th January 2016 and subsequent `telephonic discussions regarding fixing



of the derivatives A & B in the formula given in Annexure 1, the methodology for computing total owning cost/ capitalization in DTs before calling the price bids from the empanelled vendors for DDUGJY/IPDS. It was given to understand that the same would be finalized and shall be intimated to the vendors before calling for the price bid.

In this regard we hope you might have worked out these derivatives A & B as per the stipulation given in the technical specification of the DTs. We have also attempted to compute/arrive at these derivatives as per the Annexure- I, given in the technical specifications as finalized by Committee A as under:-

For Rural Areas

1. Considering rate of interest /PLR – 8% (normally considered by REC), load factor as 0.5 for rural areas and energy cost as Rs. 4.5 per KWh at 11/ 33 KV levels
 - A factor – Rs. 403.50 per Watt.
 - B factor – Rs. 131.14 per Watt.
1. Considering rate of interest /PLR – 9.5%, load factor as 0.7 for urban areas and energy cost as Rs. 4.5 per KWh at 11/ 33 KV levels
 - A factor – Rs. 356.74 per Watt.
 - B factor – Rs. 115.94 per Watt.

For Urban Areas

2. Considering rate of interest /PLR – 8% (normally considered by REC), load factor as 0.7 for rural areas and energy cost as Rs. 4.5 per KWh at 11/ 33 KV levels.
 - A factor – Rs. 403.50 per Watt.
 - B factor – Rs. 223.14 per Watt.
3. Considering rate of interest /PLR – 9.5%, load factor as 0.7 for urban areas and energy cost as Rs. 4.5 per KWh at 11/ 33 KV levels
 - A factor – Rs. 356.74 per Watt.
 - B factor – Rs. 197.28 per Watt.

Detailed working sheet is attached (Annexure A) for reference, in which various scenarios of rate of interest and energy costs have been considered (including supporting documents for energy cost and PLR).

Considering the fact that load factor for DTs is about less than 50% on an overall basis based on 24 hour loading cycle, and for the sake of uniformity, it is suggested to take the load factor as 0.5 for both rural as well as urban areas and the PLR as 8% (which is normally considered by REC)."

The copy of the letter was also sent to Director (Projects) PGCIL, Gurgaon.

ISSUES DISCUSSED IN THE MEETING HELD BY DG, BIS WITH ITMA DELEGATION ON 21ST DECEMBER 2015 REGARDING BIS CERTIFICATION FOR ISSUE OF LICENCE TO THE TRANSFORMER MANUFACTURERS UNDER QUALITY CONTROL ORDER DATED 7TH MAY 2015 OF DHI, EFFECTIVE FROM 1ST FEBRUARY 2016.

The various issues were discussed in the meeting held with DG, BIS on 21st December 2015, who along with officers gave patient hearing for resolution of the issues cropped up due to BIS certification for issue of licence, in order to get the quality control order on electrical transformers implemented. On some of the issues DG, BIS requested the delegation to point out the details of the same so that these could be considered and resolved. Accordingly the issues which needs to be resolved on priority for smooth implementation of the quality control order on electrical transformers as given in below which was sent to BIS for consideration:-

"i) Revised Guidelines for certification of outdoor type distribution transformers as per IS:1180 Part 1/2014 vide BIS circular dated CMD-3/16:IS1180 dated 30th November 2015.

As discussed during the meeting the revised guidelines have been issued just 2 months before implementation of the quality control order, with

major changes in the selection criteria, scope of licence, grant & operation of licence, which are resulting in much confusion among all the stakeholders. The representations from M/s Toshiba T&D Systems (India) Pvt. Ltd and M/s Uttam (Bharat) Electricals Pvt. Ltd elaborates the scope of testing of transformers as per the existing guidelines (4.2.2015/3.3.2015) and the revised guidelines (30.11.2015). The scope has increased from 23 samples to 92 samples besides it has been made obligatory to get type tests done on all the ratings of various varieties specified in IS:1180 Part 1/2014, which has result in huge financial burden to the members as there would be 636 samples to be tested (details are given in the enclosed representations of the members). Looking at the huge amount of work involved besides financial burden the additional clauses given/mentioned in the revised guidelines dated 30th November 2015 may be considered to be removed modified as given below:

Clause No. Content to be deleted

- L(1)(c)Separate sample shall also be required for change in the core material (CRGO/Amorphous) and winding material (Aluminium /Copper).
- 5whenever it undertakes manufacturing of these ratings after GOL, on the first instance of manufacturing of such ratings/varieties, it would test them for routine & type test requirements from a BIS recognized laboratory/ Group-2 category of Laboratory, for ensuring their conformity, before applying the standard mark on them. Such test reports of conformity shall be produced to BIS for records. The manufacture is required to submit an undertaking to this effect.....
- 6(e) Aluminium/Copper wound
- 6(f) CRGO/Amorphous core
- II (1)During surveillance inspections, it shall be verified that, all those ratings/varieties which were covered in the scope of the licence as per the grouping guidelines (without testing), have been got tested for the type test requirements from a BIS recognized laboratory on the first instance of production, as per the undertaking submitted while grant of licence.
- ii) Effective date of implementation of the quality control order on DTs has been amended from 1st August 2015 to 1st February 2016 by DHI vide its OM dated 7th May 2015 and accordingly the marking fee for already issued and under issue licence holders should be charged w.e.f. 1st February 2016.
- iii) Follow up meeting to be convened for the meeting held on 15th June 2015 on implementation of the directions issued by Hon'ble Union Power Minister in a conference of ITMA at Mumbai on 5th June 2015."

PRESIDENT ITMA MET HON'BLE UNION MINISTER POWER ON 5TH JANUARY 2016, AND APPRISED HIM THE ISSUES CONCERNING TRANSFORMER INDUSTRY AND HANDED OVER LATTER DATED 5TH JANUARY 2016 TO HON'BLE MINISTER ON THE ISSUES AS UNDER:-

various issues concerning transformer industry which needed personal attention to get them resolved, are as under:

- i) With the implementation of the Quality Control Order dated 12th March 2012 on Steel and Steel products, including Electrical Steel CRGO as per IS:3024 together with the internal directions issued to the Chief Commissioners/Commissioners of Customs and Central Excise by Department of Revenue, Ministry of Finance vide F.No.450/71/2014-Cus IV, dated 09.07. 2014, the only prime quality BIS certified/marked CRGO material is required to the imported from manufacturers/exporters.

The Import of used/ scrap CRGO, from the dismantled transformers Mill rejects/off cuts, the processed seconds/used CRGO as transformer laminations/ parts under CTH 8504 besides in SEZs should not be allowed. The brief on CRGO is attached as Annexure I.

- ii) As per the Quality Control Order dated 12th March 2012 it is obligatory for the manufacturer to obtain licence from BIS for manufacture and supply of prime CRGO material to the Indian market whereas the authorized subsidiary/company/dealer is not required to obtain separate BIS licence to store for sale, sell or distribute BIS certified /marked material.

The import of Electrical Steel CRGO shall be allowed only from the foreign mills manufacturing CRGO who are having valid BIS certified licence or from their authorized subsidiary/company/ dealer which is a duly BIS certified material supported with the test certificates from the original manufacturer, there shall not be any violation of the Quality Control Order. It has been reported by the original manufacturers of CRGO that they supply BIS marked/ certified material to Indian market through their authorized subsidiary/company/dealer as a policy and not directly.

These authorized subsidiary/company/dealer needs to be part of the BIS licence of the foreign mills. Reference in this regard was made to Dr. HasmukhAdhia, Secretary Revenue, Department of Revenue, Government of India, Ministry of Finance, vide ITMA's Letter No.ITMA/11/2015/452 dated 7th December 2015.

- iii) The empanelment of the suppliers/contractors and the rate contract for high value materials /equipments for IPDS & DDUGJY projects, which includes Power and Distribution Transformers is under process by PGCIL. The offers with losses lower than the maximum allowable losses, as per the technical specifications, should be **evaluated on total owning cost/ loss capitalization basis** for level playing field.
- iv) In the technical specifications for DTs for IPDS & DDUGJY projects, provision of internal **LT Circuit Breaker** needs to be provided as protection for minimizing the pre-mature failure of DTs thus reducing the failure rate of Distribution Transformers considerably.
- v) Distribution Transformer, being capital goods item used by discoms/ utilities & project authorities and not by the domestic consumers as household appliance, as such BEE's star rating should not be applicable. Since this task has now been entrusted to BIS with the notification of the Quality Control Order on transformers dated 7th May 2015 as such **only one agency BIS should deal with the DTs for ensuring quality and energy efficiency**. It is becoming difficult for transformer manufacturers to deal with two agencies (BEE & BIS) for the same set of requirements.
- vi) Another issue is the lack of standardized specifications. Different state Utilities have different sets of specifications, making it difficult for manufacturers to match up to requirements. Utilities need to firm up ratings and technical specifications for Distribution Transformers as per IS:1180-Part-I (2014).

THE REVISED GUIDELINES AND STI ISSUED BY BIS ON 30TH NOVEMBER 2015 WERE FORWARDED TO THE MEMBERS VIDE OUR CIRCULAR DATED 11TH DECEMBER 2015 FOR INFORMATION AND WITH A REQUEST TO SUBMIT APPLICATION FOR REGISTRATION WITH BIS IMMEDIATELY TO GET THE LICENCE BEFORE THE DATE OF IMPLEMENTATION i.e. 1ST FEBRUARY 2016.

THE COMPLIANCE OF QUALITY CONTROL ORDER ON ELECTRICAL TRANSFORMERS WAS SENSITIZED BY SENDING THE DETAILS TO POWER SECRETARIES, CMD'S OF PSUS, UTILITIES/DISCOMS AND THE STATE REGULATORS ON 23RD DECEMBER 2015.

Utilities/PSUs & DISCOMS etc. were requested to take up with the concerned authorities i.e. DHI/BIS for the issue of the running contracts/ contracts under award for DTs whose delivery/supply shall be continuing after the date of implementation of the quality control order that is 1st February 2016. As the manufacturers would not be in a position to manufacture/supply/store without BIS certified transformers after 1st February 2016 which may result in non- availability of DTs after 1st February 2016.

JT. SECRETARY, HEAVY INDUSTRIES MR. R.K. SINGH WAS REQUESTED TO TAKE IMMEDIATE ACTION BY RESOLVING THE CRITICAL ISSUE OF THE SUPPLY/EXECUTION OF THE RUNNING CONTRACTS OF DTs BEYOND THE DATE OF IMPLEMENTATION OF THE QUALITY CONTROL ORDER ON THE TRANSFORMERS VIDE LETTER DATED 23RD DECEMBER 2015 , 1ST JANUARY AND 19TH JANUARY 2016 ON THE FOLLOWING:-

- i) Allowing all the pending/running contracts of DTs issued by discoms/utilities to be supplied outside the purview of the quality control order dated 7th May 2015.

- ii) Issue press release for awareness amongst the utilities/discoms and the transformer manufacturers about the implementation of the quality control order w.e.f. 1st February 2016 mandating manufacture/ supply/use of DTs duly ISI marked as per IS:1180 Part 1/2014 only.
- iii) DHI and BIS may call the joint meeting with the CMD's and MD's of Discoms and Utilities on awareness and implementation of the quality control order on DTs.

Our members felt that the revised guidelines issued by M/s BIS on 30th November 2015 needs certain clarifications as otherwise these would call for major changes in this selection criteria ,scope of licence, grant and operation of licence. The scope of selection with the revised guidelines has increased to 92 samples which was 23 only as per the guidelines dated 4th February 2015/3rd March 2015.BIS was accordingly requested on 30th December 2015 for deletion of some contents from various clauses of revised guidelines.

BIS TECHNICAL COMMITTEE ET 16 MEETING HAS BEEN FIXED FOR 2ND FEBRUARY 2016 FOR VARIOUS ISSUES INCLUDING AMENDMENT/ REVISION IN VARIOUS CLAUSES OF IS:1180 PART 1/2014.

ITMA's NEWSLETTER

To keep abreast with the activities, having been taken up by the ITMA for the benefit of its members, a communication is the only way to keep them updated. President ITMA took the initiative to issue 1st such letter in January 2011 and till date, which was well appreciated by all.

In order to keep ITMA Secretariat up-to-date with the latest information of the utilities and Transformer Manufacturers in the State, all the office bearers/members of the association as well as the SEBs/Utilities and PSUs may forward the following information to ITMA secretariat, which shall be printed in the forthcoming News Letter for the information of all.

- 1) Any important event in respective areas along with transfer/posting of senior officers of the utilities in the state.
- 2) Any achievement of the ITMA members.
- 3) Invitation of tenders for transformers etc. by the Utilities.
- 4) Any other important news/Notifications/Circulars for the benefit of the transformer industry.

Kindly do the needful and hope to receive favorable response immediately so that we may publish the same in our forthcoming Newsletters.

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