



KELAG Wärme GmbH

Summary

The KELAG Wärme GmbH, a subsidiary of the Carinthian energy utility KELAG-Kärntner Elektrizitäts-AG and supplier of district heating, had, after its expansion in 2009, six domestic and 16 foreign participations in heat and energy production. The majority of the participations had a negative impact on the financial performance of the company. Some of them were bankrupt or subject to an extrajudicial settlement. The capital investment amounted to EUR 31.13 million, as against returns of EUR 3.58 million, losses of EUR 12.15 million and expenses of EUR 1.70 million. Consequently, the KELAG Wärme GmbH liquidated and/or sold 13 foreign participations; two domestic participations had to stop their operations due to persistent losses.

The international involvement planned by the KELAG Wärme GmbH was too extensive. The majority of the projects abroad lacked sufficient preparation and were not aligned with the corporate strategy of the KELAG-Kärntner Elektrizitäts-AG. The losses and liquidations also resulted from the fact that the investment management lacked significant parts with regard to the management of the KELAG Wärme GmbH's participations, such as strategic controlling.

Based on the syndicate agreement concluded in May 2001, the Land of Carinthia and the German RWE-Group, which had purchased a share of 49% in the KÄRNTNER ENERGIEHOLDING BETEILIGUNGS GMBH, took the decisions on the strategic orientation of the KELAG Wärme GmbH, including the growth strategy with projects abroad.

The KELAG Wärme GmbH's approach to treat the building and assembly works and, in individual cases, the consignment of pipes as separate contracts in order to be able to award the contracts in the framework of a negotiation procedure without a prior call for tender resulted in an inadmissible splitting of contracts. As the contract values were added in line with the statutory requirements, the sum indicated that many of the contracts should have been subject to a call for tender in the upper value threshold.

The deficiencies detected by the Austrian Court of Audit in almost all of the audited procurement procedures, services processing and settlement cases by KELAG Wärme GmbH revealed a saving potential of some EUR 3.31 million. Some of the procurement deficiencies would have been classified as substantial and unrectifiable had the contracts been awarded according to the Federal Procurement Act 2006. In these cases, the contractor would have been obliged to eliminate the offers.

Many of the procurement deficiencies affected the transparency of the procurement procedure, the free and fair competition and the equal treatment and non-discrimination of the bidders.

Downloads

- [Bund_2016_02_3.pdf](http://www.rechnungshof.gv.at/fileadmin/downloads/_jahre/2016/berichte/teilberichte/bund/Bund_2016_02/Bund_2016_02_3.pdf)
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