

## Minutes of Review Meeting on Performance of OPTCL

Date of Review : 25.05.2010 at 4.00PM

Period of Review : FY- 2009-10

Representative of OPTCL Present : Shri K.K.Nath , Director (Engineering)  
Shri U.K.Panda, Director (Finance)  
Shri D.K Choudhury, CGM (Constrection)  
Shri J.P.Dash, CGM (O & M)  
Shri D.Saha, CGM (Finance)  
and other officials of Gridco & OPTCL

The Performance of OPTCL for FY- 2009-10 was reviewed by the Commission on 25.05.2010. During the review the status of ongoing projects, projects completed and projects to be taken up during 11<sup>th</sup> plan as well as financial performance of OPTCL were discussed. During the presentation by the licensee, it was observed that several projects had been delayed for years together.

2. The Commission also reviewed the performance of OPTCL with regard to project implementation in that meeting. It was found that 14 projects (including the projects lagging behind from its scheduled date of completion) have been completed during the FY 2009-10. The delay in charging of 220/132 kV S/S (on 06.05.09) at Paradeep was stated to be mainly due to ROW problem & court cases. The Commission expressed its serious concern regarding the cost overrun & time overrun in most of the projects of OPTCL. OPTCL said that the Karanjia, Basta and Barapalli grid S/Ss have been completed within specified time and the grid S/S at Anandpur will be charged during June, 2010. OPTCL admitted that the delay in execution in some of its projects is due to court cases, ROW problem and contractual problems but OPTCL is now monitoring all the projects regularly and expects that ROW problem/court cases in some of the transmission lines will be solved very soon. The Commission finally wanted OPTCL to furnish a consolidated list of projects so far completed, indicating therein, among other things, the following:

(i) The original cost of the project, (ii) the revised cost of the project, (iii) the actual cost incurred, (iv) the basis of estimation of the original cost & revised cost, (v) Reason of variation in the revised cost and difference between the actual cost and original cost and the revised cost, (vi) original date of completion, revised date of completion and actual date of completion, (vii) the reasons of cost escalation, (viii) the officers responsible for the delay (ix) what steps/safeguards taken for avoid recurrence of such time overrun and cost overrun.

3. OPTCL said that BoD has approved in principle the transmission schemes 2X315 MVA, 400/220 kV S/S at Bolangir (with LILO arrangement on both existing Meramundali-Jeyapore and Indravati- Rengali 400 kV lines.), Keonjhar (with LILO arrangement on both proposed Jamshedpur-Baripada-Mendhasal 400 kV S/C line and existing Rengali-Kolaghat 400 kV S/C line), 2X315 MVA,400/220/33 kV at Uttara with 25 KMs, 400 kV D/c line from Mendhasal and 400kV LILO of Baripada-Mendhasal feeder at existing 400 kV S/S at Duburi for execution by PGCIL under Regional Scheme with cost sharing among Eastern Region constituents. The above schemes have been approved in a special meeting of ERPC held on 30.12.08.
4. In a reply to the queries raised by the Commission regarding the progress of the grid S/S at Bhawanipatna, OPTCL said that the line work had already been started and PGCIL would complete within June, 2012. To address the power supply problem in Kalahandi district OPTCL will install one 40 MVA transformer (expected to be received during June, 2010, for which inspection & testing has already been completed) at Kesinga grid.
5. OPTCL further said that the first phase construction of 3<sup>rd</sup> transformer bay in 24 nos. of 132/33 kV S/Ss would be completed before March 2011 and 2<sup>nd</sup> phase construction in 26 nos. of grid S/Ss within December, 2011.
6. OPTCL has taken up some O&M and Telecom initiatives with reference to provision of SCADA, 3<sup>rd</sup> transformer bays in grid S/Ss and installation of capacitor banks at 23 nos. of grid S/Ss with an aggregate capacity of 275 MVAR for improvement of voltage profile. OPTCL has also furnished the statement on compliance of short term

recommendations and the actions taken on long term recommendations with reference to the recommendations made by the technical enquiry committees.

7. The details of the energy handled, the billed amount and the payment received by OPTCL and also revenue approved by OERC Vis-à-vis actual for the period FY 2009-10 are presented in Table below.

**Revenue Approved for FY 2009-10 vis-à-vis Provisional Status**

Source	ESTIMATE BY OERC FOR 2009-10			ACTUAL FOR 2009-10			
	Energy handled (MU)	Rate P/U	Amount Billed (Rs Cr)	Energy (MU)	Rate P/U	Amount Billed excl. rebate (Rs Cr)	Payment Received incl. rebate (Rs. In Cr.)
CESU	6,045.00	20.50	123.92	6226.78	20.5	127.65	127.65
NESCO	4,285.00	20.50	87.84	4705.46	20.5	96.46	96.46
WESCO	6,430.00	20.50	131.82	6260.40	20.5	128.34	128.34
SOUTHCO	2,161.00	20.50	44.30	2286.87	20.5	46.88	46.88
<b>TOTAL DISTCOs</b>	<b>18,921.0</b>	<b>20.50</b>	<b>387.88</b>	<b>19479.51</b>	<b>20.5</b>	<b>399.34</b>	<b>399.34</b>
CPPs Wheeling	300.00	20.50	6.15	140.07		2.87	
Sale to CPP	10.00	20.50	0.21	274.90		5.64	
Inter State Wheeling & Supervision Cgr.			30.50			10.86	
<b>SUB TOTAL</b>	<b>310.00</b>		<b>36.86</b>	<b>414.97</b>		<b>19.37</b>	
<b>GRAND TOTAL</b>	<b>19,231.0</b>		<b>424.7</b>	<b>19894.48</b>		<b>418.71</b>	

8. OPTCL reported cash inflow of Rs.643.54 crore and a cash outflow of Rs.577.81 crore during the period April,09 to March,10. The closing balance was reported to be a positive figure at Rs.65.73 crore against opening balance of Rs.91.53 crore which shows that OPTCL is consuming the past surpluses in stead of increasing the cash surplus. This is not a desirable state of affairs for the financial health of OPTCL.

9. As on 31.03.2010 OPTCL reported a loan amount of Rs.954.40 crore and an interest outstanding of Rs.285.83 crore. These loan components included Govt. loans, institutional loans, OPTCL bonds, security deposit and employee housing loan.
10. Actual interest paid out by OPTCL towards Govt. loans, institutional loan, secured loan and GRIDCO bonds was of the order of Rs.60.14 crore as against approved figure of Rs.70.53 crore for FY 2009-10. This means as per OPTCL the actual interest payments were in the lower side as compared to the approved figures during the period under review. This is stated to be due to variation in the interest rate.
11. OPTCL reported that an amount of Rs.54.03 crore had been spent in the financial year, 2009-10 on account of R&M as against OERC approval of Rs. 47.00 crore. The Commission desired that repair and maintenance should be given priority and money allowed should be fully and effectively utilized and so also the project construction activities should be regularly monitored for their timely completion.
12. As against approval of Rs.110.43 crore towards depreciation and AAD during 2009-10, OPTCL reported a repayment liability of the order of Rs.146.06 crore for FY 2009-10 implying a gap to the tune of Rs.35.63 crore towards loans considered for depreciation and advanced against depreciation for the said period.
13. Regarding the status of accounts, OPTCL stated that the annual accounts for the year 2008-09 had been audited and audited accounts are expected to be adopted in the AGM by 30.06.2010. Further for the year 2009-10, the compilation of annual accounts, the statutory audit & supplementary audit u/s 619(4) of the Companies Act, 1956 of the said accounts by the C & AG of India are expected to be completed by 31.07.2010, 30.09.2010 & 31.10.2010 respectively and audited accounts are expected to be adopted in AGM by 30.11.2010.
14. **Directions of the Commission:**
  - (i) OPTCL should submit the original estimated cost, schedule date of completion with date of original work order vis-à-vis the actual expenditure and project completion date along with the reason of delay as indicated in para-2.

- (ii) The Commission advised for timely completion of projects to reduce interest burden and time overrun. In this regard, CERC letter dated 27.08.09 (copy enclosed) regarding the time line for completion of transmission projects may please be referred to. The Commission directed the OPTCL authorities to take expeditious steps for augmentation of the power evacuation system to avoid transmission constrains due to load growth as a result of rapid industrialization and implementation of RGGVY & BGJY in the state.
- (iii) OPTCL should intimate the DISCOMs beforehand so that they should be prepared for receiving power from new/augmented grid S/Ss and accordingly build their downstream distribution lines well in advance in consultation with OPTCL so that power from the new grid S/S or augmented S/Ss of OPTCL can be evacuated easily for ultimate benefit to the consumers. This has got revenue implications for OPTCL. There should be a formal discussion with the DISCOMs before finalization of Transmission Plan.
- (iv) Pending finalization of the NPC report on delegation of power, the administrative and financial powers existing at different levels of officers should be enhanced in line with the officers of other similar organizations (PGCIL / Other STUs/ State Govt./ PSUs) to avoid delay in executing the works. Preventive, breakdown & other maintenance related works should not hamper on account of this reason. The powers so delegated should be reviewed and monitored by the Director(Engg.) and Director(Finance) atleast once in every six months.
- (v) OPTCL is required to furnish the actions already taken with reference to the long term recommendations of independent experts as pointed out in the enclosed format in addition to the compliances already complied.
- (vi) All the 132 kV grid S/Ss are to be in RING arrangement to improve reliability of the system.

- (vii) The operation & maintenance issues of DISCOMs are to be sorted out in Power System Operational Coordination Committee meetings. Prior planning with intimation to DISCOMs should be made for maintenance works in order to reduce duration & nos. of interruptions.
- (viii) OPTCL may explain its plan for expansion of transmission system for evacuation of IPP power.
- (ix) At present OPTCL has 95 S/Ss out of which 14 are single-feed radial S/Ss LILO and 81 are LILO double-feed S/Ss. OPTCL may submit a plan to convert 14 single-feed S/Ss to double-feeds wherever necessary.

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