

Minutes of Review Meeting on Performance of OPTCL

Date of review	:	27.11.2008 at 4.00 PM
Period of Review	:	1 st half of the FY- 2008-09
Persons present	:	Shri C J. Veenugopal., CMD, OPTCL Shri U K Panda, Director (Fin), Shri K.K Nath , Director(Engg.) Shri A.C. Mallick, Director (Com.), GRIDCO, & other officials of GRIDCO & OPTCL.

The performance review of OPTCL was taken up by the Commission on 27.11.2008. During the review, the matters relating to ongoing projects of OPTCL and financial performance of the licensee were discussed. It was found that compared to the last review taken on 31.07.2008, there has been very little progress in the implementation of the projects. During the presentation by the CMD, OPTCL it has come to the notice of the Commission that some of the ongoing projects of OPTCL have been delayed for years together. The Commission expressed grave anxiety on the way project implementations were being handled in OPTCL. Most of the projects were far away from their scheduled date of commissioning as envisaged earlier. The Commission apprehended severe cost overrun of the projects due to delay in completion of projects. The Commission made it clear that such cost overrun cannot be allowed to burden the consumers due to inefficient functioning of OPTCL.

2. While reviewing the status of projects under execution by OPTCL, it was found that out of 28 projects undertaken by OPTCL, work of the 3 projects completed during the 2nd quarter of 2008-09. Regarding other projects, which were lagging behind from their scheduled date of completion, OPTCL stated that the progress of 21 projects were good and were expected to be completed by March, 2009. OPTCL is also taking expeditious steps to solve the ROW problems for which other projects are mainly delayed. OPTCL has also taken up 27 new projects to be implemented during the 11th Plan period. The Commission expressed its concern for the delay in execution of the project and directed OPTCL to give specific date of completion of the project considering all the ground realities.

3. The 220 KV Mendhasal-Bidanasi DC line is expected to be completed nearly 10 years after its initial schedule. This not only causes time overrun but also cost overrun.
4. The Regional Schemes like 400/220 KV S/S at Bolangir, 400/220 KV S/S at Keonjhar, 400/220 KV S/S at Sundargarh and LILO of 400 KV at Duburi S/S of Baripada-Mendhasal feeder have been approved by the CEA in the Standing Committee. Participating states have agreed to share except Bihar and Jharkhand. The Commission directed that if the participating states did not agree, then the schemes should be converted to State sector projects and may be started early.
5. During the review, OPTCL said that there were 291 executives against 666 of sanctioned post in 21 divisions including E&MR division and 1346 non-executives against sanctioned strength of 1525. OPTCL said that 154 nos. of engineering resources personnel and 20 nos. of non-executives have been deployed on contractual basis. To attract best talent for quality output, the Commission opined that OPTCL should raise the monthly remuneration of the Management Trainees from existing Rs.12,500/- to Rs.18,000/- per month. The financial package must be linked to output which should be regularly monitored and assessed. OPTCL also requested the Commission to convene a meeting at the level of the Chief Secretary, Orissa to sort out the recruitment problem.
6. OPTCL has recently approved the TA limit of its staff to cover maximum 8 days in a month for O&M activities. The Commission feels that poor staff strength and technical/logical support to E & MR group is one of the factors leading to deterioration of the transmission system to its present state. The Commission directed that minimum 15 to 20 days movement of the E&MR people should be ensured by OPTCL for better functioning and effective maintenance of the system. CMD, OPTCL should make necessary arrangement to that effect by 28.11.2008.
7. Regarding decentralization of activities, OPTCL said that some fresh notifications have already been issued for decentralization of financial & administrative powers. Further decentralization of power and delegation of financial powers to the field officers will be finalized and issued within next two months. The Commission expects OPTCL should be flexible & dynamic. Too much concentration of power at Corporate level not only delays some urgent works but also wastes the valuable time of higher level officers at corporate level. The

Commission directed to delegate the authority required for the field officers to avoid delay and ensure that the delegation should be properly utilized.

8. The Commission noted that as part of Master Up-gradation Plan, OPTCL has floated a tender for 3rd transformer bay with associated construction to obviate the problem of maintenance and to meet the load growth and the same shall be opened on 01.12.2008. The procurement initiatives for R &M materials have already been started.
9. As a part of telecom initiative and as per the direction of GOI, present microwave links to be vacated and switched over to optical fibre link in future for utilization as data concentrator points as these links are situated in close proximity with proposed Special Economic Zone(SEZ).
10. 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 April,08 to September,08 are presented in Table below.

Revenue Approved for FY 2008-09 vis-à-vis Provisional Status

Source	ESTIMATE BY OERC FOR 2008-09			Prorating energy for 6 months (MU)	ACTUAL FOR 2008-09 (upto Sept,08)				
	Energy handled (MU)	Rate P/U	Amount Billed (Rs Cr)		Energy (MU)	Rate P/U	Amount Billed (Rs Cr)	Payment Received incl. rebate (Rs. In Cr.)	Balance to be Received (Rs in Cr.)
CESCO	5,300.00	21.00	111.30	2,650.00	2,828.16	21.00	59.39	59.39	0.00
NESCO	4,660.00	21.00	97.86	2,330.00	2,272.80	21.00	47.73	47.73	0.00
WESCO	5,680.00	21.00	119.28	2,840.00	3,084.23	21.00	64.77	64.77	0.00
SOUTHCO	1,980.00	21.00	41.58	990.00	1,074.14	21.00	22.56	22.56	0.00
TOTAL DISTCOs	17,620.00	21.00	370.02	8,810.00	9,259.33	21.00	194.45	194.45	0.00
CPPs Wheeling	300.00	21.00	6.30	150.00	331.86	21.00	6.97	-	
Sale to CPP	10.00	21.00	0.21	5.00					
Inter State Wheeling			1.00	-	5.03	17.50	0.09		
SUB TOTAL	310.00		7.51	155.00	336.89	20.95	7.06		7.06
GRAND TOTAL	17,930.00		377.53	8,965.00	9,596.22	21.00	201.51	194.45	7.06

11. The Commission expressed its serious concern over OPTCL not achieving the targeted R&M expenditure during 2008-09. It was seen that only Rs11.68cr had been spent in the first half of the current financial year, 2008-09 on account of R&M as against OERC approval of Rs 53.88 crore for 2008-09. 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. OPTCL reported cash inflow of Rs.315.83 crore and a cash outflow of Rs.224.34 crore during the period April,08 to Sept,08. The closing balance was reported to be a positive figure at Rs.91.50 crore.
13. As on 30.09.2008 OPTCL reported a loan amount of Rs.1076.28 crore and an interest outstanding of Rs.270.93 crore. These loan components included Govt. loans, institutional loans, OPTCL bonds, security deposit and employee housing loan.
14. Actual interest paid out by OPTCL towards Govt. loans, institutional loan, secured loan and GRIDCO bonds was of the order of Rs.51.43 crore as against a prorated approved figure of Rs.39.72 crore for the 1st half of the FY 2008-09. This means as per OPTCL the actual interest payments were in the higher side as compared to the approved figures during the period under review.
15. As against a prorated approval of Rs.37.11 crore towards depreciation and AAD during 2008-09, OPTCL reported a repayment liability of the order of Rs.77.62 crore for the 1st half of the FY 2008-09 implying a gap to the tune of Rs.40.52 crore towards loans considered for depreciation and advanced against depreciation for the said period.
16. Regarding the status of accounts, OPTCL stated that the annual accounts for the year 2006-07 had been audited and adopted in the AGM held on 15.09.2008. Further the compilation of annual accounts for 2007-08 has been completed along with statutory audit. The supplementary audit u/s 619(4) of the Companies Act,1956 of the said accounts by the C & AG of India is expected to be completed by 31.12.2008 and audited accounts is expected to be adopted in AGM by 31.01.2009.

Action Points

1. For each project a time line should be fixed for different activities, cost overrun and time overrun should be avoided .
2. Grid substation should be constructed in areas where low voltage problem is acute.
3. There should be sufficient internal delegation of financial, technical & administrative power for quick completion of O&M work.
4. Normally the technical persons in charge of construction of lines and grid substation should not be transferred/disturbed unless that line/substation is tested and line is charged.