

Minutes of Review Meeting on Performance of OPTCL

Date of review	:	31.07.2008
Period of Review	:	FY- 2007-08 & April 2008 to June 2008
Persons present	:	Shri C J. Veenugopal., CMD, OPTCL Shri U K Panda, Director (Fin) Shri A.C. Mallick, Director (Com.), GRIDCO, & other officials of GRIDCO & OPTCL.

The performance review of OPTCL was taken up by the Commission on 31.07.2008. 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 28.01.2008, 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 their 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 the cost over run of the projects due to delay in completion of projects.

2. It was found that nearly 13 projects undertaken by OPTCL, which were lagging behind from its scheduled date of completion, have been completed during the FY 2007-08. It was observed that many important lines including Kuchei-Balasore, Ib-Budhipadar, Indravati-Therubali, Balugaon-Chandaka via Mendhasal, Budhipadar-Burla, Bhanjanagar-Chandaka 220 KV lines at Mendhasal, Nayagarh-Chandaka 220 KV line at Mendhasal have been completed during the last financial year.
3. As a part of Master Up-gradation Plan OPTCL has planned for installation of 3rd power transformer with construction of associated bays in 50 substations to obviate the problem of maintenance and to meet the future load growth.
4. OPTCL has taken up IT initiatives as regards to functioning of three independent data centers at SLDC, OPTCL, GRIDCO and Zonal IT centers at Berhampur, Bhubaneswar, Mancheswar, Jeypore. The Commission observed that OPTCL should have the connectivity of all the three data centers to OERC server through

- RIMS. OPTCL is also in the process to introduce ERP for smooth flow of information and for better professional management of the system.
5. The Commission advised for timely completion of projects to reduce interest burden. The Commission directed the OPTCL authorities to take expeditious steps for augmentation of the power evacuation system to avoid transmission constraint which may arise due to rapid industrialization of the state. OPTCL should have a well structured project management group with identified responsibility. The projects under implementation should be completed within the dateline as mentioned in the schedule.
 6. CMD, OPTCL pointed out that R.O.W. problem in and around Bhubaneswar has created problem for completion of the 132 KV Ring system for Bhubaneswar city as Mancheswar-Badagada-Uttara-Sijua link is held up due to rapid urbanization and RoW problems which they are trying to sort out. The Commission desired early commissioning of Meramundali-Mendhasal 400 KV line and Burla-Bolangir line for voltage improvement.
 7. Regarding reported emergency load shedding in different areas of the State the Commission directed that GRIDCO should try its best to source power from different generators to meet the ever increasing demand of the State and not to resort to load shedding except in case of technical constraint. It has been further directed that in accordance with the provision under Section 23 of the Electricity Act, 2003, no load shedding should be undertaken without prior permission of the Commission.
 8. The Commission expressed its serious concern over OPTCL not achieving the targeted R&M expenditure during 2007-08. It was seen that only Rs25.62cr had been spent in the year 2007-08 on account of R&M as against OERC approval of Rs 47 crore. Even in the first quarter of the current financial year, 2008-09 OPTCL has spent only Rs.2.97 crore on R&M work as against Rs.53.88 crore approved 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.
 9. The details of the energy handled, the billed amount and the payment received by OPTCL are presented in Table-I for 2007-08 and in Table-II for 2008-09 (Annexure).

10. The OPTCL reported cash inflow of Rs.599.03 crore and a cash outflow of Rs.550.07 crore during the FY 2007-08. The closing balance was reported to be a positive figure at Rs.48.96 crore. Similarly OPTCL enjoyed a closing balance of Rs.69.38 crore during the first quarter of 2008-09. The inflows and outflows of cash were reported to be Rs.176.86 crore and Rs.107.49 crore respectively.
11. As on 30.06.2008 OPTCL reported a loan amount of Rs.1103.54 crore and an interest outstanding of Rs.269.27 crore. These loan components included Govt. loans, institutional loans, OPTCL bonds, security deposit and employee housing loan.
12. Actual interest paid out by OPTCL towards Govt. loans, institutional loan, secured loan and GRIDCO bonds was of the order of Rs.71.35 crore as against the approval of Rs.60.87 crore by the Commission during 2007-08. Similarly, during the first quarter of 2008-09 interest paid out towards these loans was Rs.31.07 crore as against a prorated approved figure of Rs.19.86 crore for the period. 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.
13. As against an approval of Rs.82.16 crore towards depreciation and AAD during 2007-08, OPTCL reported a repayment liability of the order of Rs.184.82 crore implying a gap to the tune of Rs.102.66 crore towards loans considered for depreciation and advanced against depreciation. As per OPTCL the corresponding gap was of order of Rs.19.21 crore during the first quarter of 2008-09.
14. Regarding the status of accounts, OPTCL stated that the annual accounts for the year 2005-06 had been audited and adopted in the AGM held on 23.07.2007. Further the compilation of annual accounts for 2006-07 along with statutory audit has been completed. The audited accounts are expected to be adopted during August, 2008. The compilation of annual accounts for the year 2007-08 is expected to be completed by 31.08.2008.

Annexure

Table-I (Financial Year 2007-08)

Source	ESTIMATE BY OERC FOR 2007-08 (Revised)			ACTUAL FOR 2007-08				
	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	5,163.30	22.00	113.59	5,203.86	22.00	114.48	114.48	0.00
NESCO	4,601.00	22.00	101.22	4,654.43	22.00	102.40	102.40	0.00
WESCO	5,300.20	22.00	116.60	5,377.10	22.00	118.30	118.30	0.00
SOUTHCO	1,957.40	22.00	43.06	1,975.17	22.00	43.45	43.45	0.00
TOTAL DISTCOs	17,021.90	22.00	374.48	17,210.56	22.00	378.63	378.63	0.00
CPPs Wheeling	300.00	22.00	6.60	599.55	22.00	13.19		
Sale to CPP	10.00	22.00	0.22					
Inter State Wheeling			3.00	135.31	17.50	2.37		
Short Term OA				4,694.73	5.85	27.46		
SUB TOTAL	310.00		9.82	5,429.59	7.92	43.02	41.76	1.26
GRAND TOTAL	17,331.90		384.30	22,640.15	18.62	421.65	420.39	1.26

Table-II (Financial Year 2008-09 up to June,08)

Source	ESTIMATE BY OERC FOR 2008-09			Prorating energy for 3 months (MU)	ACTUAL FOR 2008-09 (April – June, 2008)				
	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	1,325.00	1,393.74	21.00	29.27	29.27	0.00
NESCO	4,660.00	21.00	97.86	1,165.00	1,129.47	21.00	23.72	23.72	0.00
WESCO	5,680.00	21.00	119.28	1,420.00	1,498.46	21.00	31.47	31.47	0.00
SOUTHCO	1,980.00	21.00	41.58	495.00	528.75	21.00	11.10	11.10	0.00
TOTAL DISTCOs	17,620.00	21.00	370.02	4,405.00	4,550.42	21.00	95.56	95.56	0.00
CPPs Wheeling	300.00	21.00	6.30	75.00	105.06	21.00	2.21	-	
Sale to CPP	10.00	21.00	0.21	2.50					
Inter State Wheeling			1.00	-	0.56	17.50	0.01		
SUB TOTAL	310.00		7.51	77.50	105.62	20.98	2.22	1.23	0.99
GRAND TOTAL	17,930.0		377.53	4,482.50	4,656.04	21.00	97.78	96.79	0.99

