

## Minutes of Review Meeting on Performance of OPTCL

Date of Review : 25.05.2011 at 4.00PM

Period of Review : For the period FY 2010-11

Representative of OPTCL Present : Shri H.K.Sharma , CMD  
Shri K.K.Nath , Director (Engineering)  
Shri S.K.Rath, Director (HRD)  
Shri J.P.Dash, CGM (O & M)  
Shri D.Saha, CGM (Finance)  
Shri P.K. Behura, Sr. GM (SLDC)  
and other officials of SLDC & OPTCL

1. The Performance of OPTCL for the period from October, 10 to March,11 and cumulative for FY 2010-11 was reviewed by the Commission on 25.05.2011. 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 some projects had been completed during FY 2010-11 and several projects had been delayed for years together.
2. The Commission reviewed the performance of OPTCL with reference to the implementation of various transmission projects. It was found that 14 projects (including the partly pending works of earlier completed projects) have been completed during the period under review (i.e. from April, 2010 to March, 2011). This includes 3 nos of 220 KV lines, 1 no of 220 KV S/S, 1 no 132 KV line, 4 nos of 132 KV s/s and 5 nos of installation of 3<sup>rd</sup> transformer, having total cost of Rs.305 Cr. The Commission desires that OPTCL should submit the original estimated cost, revised estimated cost, actual cost on completion, Order No. and date of awarding the work, original date of completion, revised date of completion & the actual date of completion of the project with reasons for such deviation. Henceforth submit the status of completed projects in the said manner to ascertain the cost and time overrun.
3. While reviewing the status of 27 nos. of ongoing projects, the Commission expressed displeasure as regards to non-completion of projects in time and reiterated on creation of a dedicated Project Management Group for effective execution of the projects, with a continuous monitoring by an officer at least in the level of General Manager at the corporate level. OPTCL stated that some of the projects including the grid S/S at Anandpur have been completed within the specified time. OPTCL admitted that delay in execution in some of its projects are due to court cases, severe ROW problems, land disputes and contractual problems etc. OPTCL is now monitoring its ongoing projects regularly and taking up the matter with District Administration, wherever required, to extend necessary support to solve ROW problems, land disputes etc. OPTCL expects that ROW problem/court cases of some of its transmission projects will be solved very soon. OPTCL said that it has developed a frequent monitoring mechanism and bifurcated the responsibilities amongst the officers along with a month-wise expenditure planning mechanism in order to complete the project within the specified time schedule as per PERT chart. CGM (Construction) and Sr.G.M.(TP) are being assigned with direct responsibilities of monitoring some important projects.

4. The Commission directs OPTCL to see that the investment on S/S should not be left idle due to non-completion of inter-linking transmission lines. OPTCL should take timely action and should ensure the completion of transmission line prior to commissioning of grid S/S.
5. The Commission expressed its serious displeasure for delay in execution of three important 400 KV lines i.e. one from Ib to Meramundali, another from Meramundali to Duburi and another from Meramundali to Mendhasal. OPTCL said that the Meramundali-Duburi 400 KV D/C line work handed over to PGCIL, shall be completed within Jan, 2012. As regards Ib-Meramundali 400 KV line, OPTCL said that M/s. Sterlite Energy Ltd. has entered into an agreement on 12.11.2010 for execution of the project under PPP mode. While discussing about the connectivity 400 KV Ib-Meramundali to Sterlite at 400 KV (in future at Lapanga 400 KV), the Commission asked OPTCL to take up the erection of Lapanga 400 KV S/s on top priority for the interest of the state. Further, OPTCL should develop its own expertise for transmission project execution instead of assigning those works to PGCIL, the cost of which may overburden the consumers of the State. M/s.OPTCL should explore the possibility of grouping different projects in suitable package, particularly where evacuation of power from generating plants are involved and offer to execute the projects through Independent Transmission Operator (ITO) route selected through competitive tariff based bidding.
6. OPTCL stated that 27 nos of on-going projects are being monitored regularly and shall be completed within the revised target date. Additionally, OPTCL is also planning to execute 47 new projects with an estimated investment of Rs.1900.37 Cr. during 12<sup>th</sup> plan period. This includes an investment of Rs.506.91 Cr. in 3 nos of 400 KV projects, Rs.782.73 Cr. in 16 nos of 220 KV projects and Rs.610.73 Cr. in 28 nos of 132 KV projects. OPTCL has got approval of 6 nos of the aforesaid projects from OERC and shall approach OERC for the remaining proposed projects with detailed DPR and cost-benefit analysis after BoD's approval & completion of preliminary works.
7. In reply to the queries of the Commission as regards to quality of power supply, OPTCL said that many overloaded grid S/Ss have been upgraded during the FY 2010-11. Specifically 14 nos of 40 MVA transformers have been installed at Kesinga, Nuapatna, Nimapara, Angul, Balugaon, Baripada, Bhanjanagar, Chainpal, Polasponga, Bhadrak, Khariar, Soro, Sundergarh and Joda grid S/S to improve the supply voltage in those areas. In the mean time, 4 nos of 20 MVA transformers at Junagarh, Salipur, Pattamundai and Digapahandi and 1 no of 12.5 MVA transformers at Sonepur have also been installed for improvement of power supply system. OPTCL is also planning for construction of 44 nos of additional transformer bays at 40 nos of grid S/Ss before March, 2012. Further, OPTCL has identified one number of 220 KV line and 8 nos of 132 KV lines for replacement of existing ACSR construction with higher ampacity AAAC and HTLS (High temperature low sag) conductors. As a part of R&M activity, in addition to other works, OPTCL has installed 9 nos of 220 KV breakers, 79 nos 132 KV breakers, 84 nos 33 KV VCBs in place of BOCBs/MOCBs and defective circuit breakers and installed 212 nos of numerical relays in place of electro-magnetic relays. OPTCL submitted that due to effective R&M activities, quality of supply has been substantially improved and shall further improve in the year 2011-12. OPTCL has completed most of the short term recommendations of the independent technical expert terms and in the process of execution of some of the pending long term recommendations.

8. As regards the status of unified load dispatch and communication project, out of 60 RTU locations, OPTCL has already integrated 57 locations with OPTCL system and out of remaining 3 locations, NALCO & Barjamda have been deleted from the scope and integration of RTU at Bolangir (New) is under progress. The Communication link from Jaynagar to Bhubaneswar is made through Optic Fibre (OPGW) cables. Provision of SCADA interface point at all 220 KV grid S/S and integration of another 30 nos of grid S/S under ULDC expansion scheme is under process and initial advance of Rs.7.17 Cr. has already been released to PGCIL for such provision. OPTCL also presented about the IT initiatives and stated that Facility Management Services(FMS) are operational for SLDC & GRIDCO. GRIDCO and SLDC Data Centres shall be fully functional by end of June, 2011.
9. OPTCL presented about the initiatives taken by civil wing for completion of boundary wall, control room & quarter repair etc. The Commission expressed its serious dissatisfaction as regards to poor maintenance of the S/s, control rooms, staff quarters etc., which has already been pointed out by the expert team and even by the Commission earlier. Being aware of the poor maintenance by the civil wing, may be due to lack of functional autonomy/ funds constraint of OPTCL and need for such maintenance, the Commission has allowed Rs.75 cr. in ARR & Tariff Order of OPTCL for FY 2011-12 to be spent towards repair & maintenance, out of which Rs.4.37 Cr. towards special repair & maintenance of staff quarters, office building, guest house etc. The Commission directed OPTCL to take appropriate steps to spend the amount approved on the tariff Order and the C.E.(Civil) to monitor the works on monthly basis and submit a quarterly report to the CMD, OPTCL for his perusal.
10. SLDC has made a separate presentation on its activities and performances during FY 2010-11. G.M. SLDC stated that SLDC Development Fund has already been created under heads of accounts 57.10 with effect from 01.04.2010 with an opening balance of Rs.585.92 Lakh i.e. unspent amount of the revenue collected during FY 2009-10. The Construction of building including required Civil infrastructure has been completed. All the required hardware for functioning of Energy Accounting (EASC) and Settlement cell have been received and in the process of commissioning, which will be completed by end of May, 2011. The Physical functioning of the EASSC is expected by end of June, 2011.
11. Further, GM SLDC stated that OPTCL has posted 15 nos. of newly recruited executives in SLDC and they are undergoing rotational training at various fields. After completion of above process, the executives will be deployed at SLDC. With the available resources, SLDC has successfully implemented the following activities:
  - Intra State ABT-Mock exercise
  - Development of SLDC web Portal and displaying of required information/data
  - Dispatch instruction to all generating stations including CGPs
  - Drawal schedule to Discoms
  - Short Term Inter State Open Access transaction
12. The Commission has gone through the UI statement and stressed for functional autonomy of SLDC and introduction of incentive amongst the personnel of SLDC along with posting of adequate staffs for effective functioning of SLDC.

13. 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 2010-11 are presented in Table below.

**Revenue Approved vis-à-vis Provisional Status for FY 2010-11**

Source	ESTIMATE BY OERC FOR 2010-11			ACTUAL FOR 2010-11			
	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	6,420.00	23.50	150.87	7,076.81	23.50	166.31	166.31
NESCO	5,122.00	23.50	120.37	5,076.94	23.50	119.31	119.31
WESCO	6,244.00	23.50	146.73	6,425.94	23.50	151.01	151.01
SOUTHCO	2,368.00	23.50	55.65	2,555.69	23.50	60.06	60.06
<b>TOTAL DISTCOs</b>	<b>20,154.00</b>	<b>23.50</b>	<b>473.62</b>	<b>21,135.38</b>	<b>23.50</b>	<b>496.69</b>	<b>496.69</b>
CPPs Wheeling	300.00	23.50	7.05	305.67	23.5	7.18	
Sale to CPP	10.00	23.50	0.24	341.68	23.5	8.03	
Inter State Wheeling & Supervision Cgr.			48.30			20.73	
<b>SUB TOTAL</b>	<b>310.00</b>		<b>55.59</b>	<b>647.35</b>		<b>35.94</b>	
<b>GRAND TOTAL</b>	<b>20,464.00</b>		<b>529.2</b>	<b>21,782.73</b>		<b>532.63</b>	

14. OPTCL reported cash inflow of Rs.707.27 crore and a cash outflow of Rs.656.23 crore during the period April,10 to March,11. The closing balance was reported to be a positive figure at Rs.51.04 crore against opening balance of Rs.65.73 crore which shows that OPTCL is consuming the past surpluses instead of increasing the cash surplus. This is not a desirable state of affairs for the financial health of OPTCL.
15. As on 31.03.2011 OPTCL reported a loan amount of Rs.843.88 crore and an interest outstanding of Rs.79.10 crore. These loan components included Govt. loans, institutional loans, OPTCL bonds, security deposit and employee housing loan.
16. Actual interest paid out by OPTCL towards Govt. loans, institutional loan, secured loan and GRIDCO bonds was of the order of Rs.38.59 crore as against approved figure of Rs.53.39 crore for FY 2010-11. 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.
17. OPTCL reported that an amount of Rs.32.13 crore had been spent in the financial year, 2010-11 on account of R&M as against OERC approval of Rs. 60.00 crore for FY 2010-11. 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. It is not understood why OPTCL is not able to spend on R & M particularly in a situation of cash surplus and when OERC approval is very much there. The CMD, OPTCL stated that due to delay in placing the work order the amount approved by OERC could not spent in

time and he assured the Commission that they would achieve the target as set by OERC for FY 2011-12.

18. Regarding the status of accounts, OPTCL stated that the annual accounts for the year 2008-09 had been audited and audited accounts have been adopted in the AGM on 26.06.2010. Further for the year 2009-10, the compilation of annual accounts has been completed and 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 completed and audited accounts are expected to be adopted in AGM by 31.05.2011. For the year 2010-11, the compilation of annual accounts, 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 30.09.2011, 31.12.2011 & 29.02.2012 respectively. The audited accounts are expected to be adopted in AGM by 31.05.2012 subject to receipt of supplementary audit report by 01.05.2012.

19. **Directions of the Commission:**

- (i) OPTCL should submit the original estimated cost, revised estimated cost, actual cost on completion and actual date of completion along with the reason of delay of its transmission projects completed during 2010-11.
- (ii) OPTCL should develop a system of annual inspection by its higher officials to the field to ascertain the exact situation and requirement of maintenance of its grid S/Ss in particular and transmission system as a whole. Random checking/inspection of the ongoing repair/ renovation work by senior officials in the rank of Sr. GM/CGM should be ensured.
- (iii) OPTCL should develop its own expertise for transmission projects execution instead of assigning the projects to PGCIL. Further, OPTCL should explore the possibility of developing the project through competitive tariff based bidding.
- (iv) OPTCL should create a Project Monitoring Cell headed by an officer not below the rank of General Manager to monitor the progress and final execution of all the on-going transmission projects. OPTCL authorities should take up the matter with the concerned District Administration to solve the ROW problems and land disputes etc. Timely intervention by OPTCL is required to see that no investment should be left idle because of some ROW/land dispute etc.
- (v) DISCOMs are to be intimated beforehand so that they should be prepared for receiving power from new/augmented grid S/S and accordingly build their downstream distribution lines for evacuation of power. Hence, prior to submission for the proposal of any transmission project for approval of OERC, OPTCL should discuss about the proposed project with the concerned DISCOM. The investment on S/S should not be left idle due to non-completion of inter-linking transmission lines. OPTCL should take timely action and should ensure the completion of transmission line prior to commissioning of grid S/S.
- (vi) OPTCL should take expeditious steps to comply the recommendations of the independent technical teams still pending for improvement of power supply system in the State.
- (vii) SLDC should take steps for functioning of Energy Accounting and Settlement Centre (EASC) at the earliest and spend the amount allowed in its ARR and Tariff Order for functioning as a System Operator effectively. OPTCL should take

appropriate action for functional autonomy and introduction of incentive amongst the employees of SLDC for efficient system operation.

- (viii) OPTCL should take effective steps so that the total amount of Rs. 75 Cr. including special provision of Rs.4.37 Cr. relating to civil works allowed towards R&M during the FY- 2011-12 should be spent. Civil Wing of OPTCL should develop the Annual Plan for this purpose and prioritise the work before execution. C.E.(civil) should monitor the execution of works on monthly basis and appraise the CMD, OPTCL at the end of each quarter.

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**ORISSA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAVAN**  
**UNIT - VIII, BHUBANESWAR - 751 012**  
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**No. DIR (T)- 367/09/  
Dt. .06.2011**

To

The Chairman-Cum-Managing Director,  
OPTCL,  
Janpath, Bhubaneswar

**Sub: Review of Performance of OPTCL for the period from April, 2010 to March, 2011 held on 25.05.2011.**

Sir,

In inviting a reference to the subject cited above, I am directed to send herewith the aforesaid report for your information and necessary action.

Yours faithfully,

Encl : As above.

**SECRETARY**

**Copy to :**

The Commissioner-cum-Secretary, Department of Energy, Govt. of Orissa along with a copy of the enclosure for favour of information.

A draft on minutes of the review meeting on performance of OPTCL for the period from April, 10 to March, 11 held on 25.05.2011 is placed for kind perusal and necessary approval of the Commission.

**Jt. Director(T-Eng)**

**Director(Tariff)**

**Secretary**

**Member (M)**

**Member (B)**

**Chairperson**