

## Minutes of Review Meeting on Performance of OPTCL

Date of Review	:	15.12.2009 at 11.00 AM
Period of Review	:	1 <sup>st</sup> half of the FY- 2009-10
Representative of OPTCL Present	:	Shri C.J. Venugopal, IAS, CMD Shri D.K Choudhury, CGM (Constrction) Shri J.P.Dash, CGM (O & M) Shri D.Saha, CGM (Finance) and other officials of Gridco & OPTCL

The Performance of OPTCL for 1<sup>st</sup> half of the FY- 2009-10 was reviewed by the Commission on 15.12.2009. 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. It was found that 11 projects undertaken by OPTCL, which were lagging behind their scheduled date of completion had been completed during the first six months of FY 2009-10. The Commission expressed its displeasure on account of cost overrun & time overrun in all most all the projects of OPTCL. OPTCL admits that there are some hard cases but OPTCL is monitoring all the projects regularly and expects that ROW problem in some of the transmission lines will be solved very soon. OPTCL is also experiencing difficulties in execution of some of its projects due to naxalite activities. OPTCL has made an agreement with the PGCIL for execution of 132/33 kV S/Ss at Nuapara, Dabugaon, Padmapur, Kuchinda, Bhawanipatana & Boudh. OPTCL informed that PGCIL is in the process of awarding the S/S work to L&T and has awarded line work to M/s Utkal Galvanisers and the work should be completed within December, 2011. The Commission expressed its dissatisfaction as more than one year has already been passed from the date of approval without any physical progress. Further, it emerged from OPTCL that the vendors had bid around 30% below the estimated value of the line works. Hence, it was apprehended that either the projects were over estimated or the scope of work put to tender has been reduced/modified compared to the original

estimates. In such a case there is scope of undue benefit accruing to the contractor. This should be properly analysed.

3. OPTCL has taken up some O&M and IT initiatives along with S/S automation and ERP implementation.. The Condition Monitoring and Diagnostic Testing of 220/132 kV Auto Transformers at 11 grid S/Ss has been completed. Diagnostic Testing of Auto Transformers at Joda Grid Substation along with Power Transformers CT, PT & CVT also completed. The testing at Meramundali Grid S/S is continuing. With regard to the recommendation of the enquiry committee set up by the Commission, OPTCL stated that the actions on most of the short-term recommendations have been taken and activities on some long-term recommendations were underway.
4. Further, OPTCL stated that LOA has been placed on two firms for construction of 26 nos. of 3<sup>rd</sup> Transformer bays in 24 grid S/Ss and 2<sup>nd</sup> phase of award is under progress. 226 nos. of Numeric Relays have been procured for phasing out of Electro Magnetic Relays. OPTCL said that the Grid S/Ss i.e. Meramundali, Mendhasal, Chandaka, Bidanasi, Budhipadar & Ranasinghpur were under scrutiny for ISO certification. Regarding ULDC project, installations of RTU, cabling & powered up has been completed at 58 locations.
5. OPTCL said that the proposed Ib-Meramundali 400kV line should be the link from the Western to Central part of the State. Although, the quantum of power flow may be less due to the commissioning of proposed 765 kV pooling S/Ss by the CTU & delay in execution of IbTPS project, but this connectivity shall help OPTCL for evacuation of power from the CGPs around Angul (as the proposed 765 kV S/S at Angul will come later). OPTCL has incurred an expenditure of more than Rs.100 crore in this project & expects that the project shall earn revenue in future as many users are coming up in the Central part of Odisha.
6. With regard to other projects currently under execution, OPTCL admits that there are 8 hard cases, where the projects are in-ordinately delayed due to ROW problem or Court Cases. OPTCL is taking up the matter with the Police Commissionerate and District Administration for early settlement of the pending issues. Mendshasal 400/220 KV S/S is ready and only two days shut down is required to charge it at 400 KV. At present due to no hydro generation in South, OPTCL is planning to do the work during January, 2010.

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 April,09 to September,09 are presented in Table below for proper appreciation.

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

Source	ESTIMATE BY OERC FOR 2009-10			ACTUAL FOR 2009-10 (Upto Sept,09)			
	Energy handled (MU)	Rate P/U	Amount Billed (Rs Cr)	Energy (MU)	Rate P/U (with rebate)	Amount Billed excl. rebate (Rs Cr)	Payment Received with rebate (Rs. In Cr.)
CESU	6,045.00	20.50	123.92	3,192.13	20.09	64.13	64.13
NESCO	4,285.00	20.50	87.84	2,355.45	20.09	47.32	47.32
WESCO	6,430.00	20.50	131.82	3,144.58	20.09	63.17	63.17
SOUTHCO	2,161.00	20.50	44.30	1,143.86	20.09	22.98	22.98
<b>TOTAL DISTCOs</b>	<b>18,921.0</b>	<b>20.50</b>	<b>387.88</b>	<b>9,836.02</b>	<b>20.09</b>	<b>197.60</b>	<b>197.60</b>
CPPs Wheeling	300.00	20.50	6.15	249.82	20.5	5.12	
Sale to CPP	10.00	20.50	0.21				
Inter State Wheeling & Supervision Cgr.			30.50	96.71		1.69	
<b>SUB TOTAL</b>	<b>310.00</b>		<b>36.86</b>	<b>346.53</b>	<b>19.65</b>	<b>6.81</b>	
<b>GRAND TOTAL</b>	<b>19,231.0</b>		<b>424.7</b>	<b>10,182.55</b>	<b>20.07</b>	<b>204.41</b>	

8. OPTCL reported cash inflow of Rs.347.46 crore and a cash outflow of Rs.284.99 crore during the period April,09 to Sept,09. The closing balance was reported to be a positive figure at Rs.62.47 crore.
9. As on 30.09.2009 OPTCL reported a loan amount of Rs.971.17 crore and an interest outstanding of Rs.298.20 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.27.21 crore as against a prorated approved figure of Rs.35.27 crore for the 1<sup>st</sup> half of the FY 2009-10. This means as per OPTCL the actual interest payments were in the lower side compared to the approved figures during the period under review.
11. As against a prorated approval of Rs.55.22 crore for April to September, 2009 towards depreciation and AAD during 2008-09, OPTCL reported a repayment liability of the order of Rs.80.70 crore for the 1<sup>st</sup> half of the FY 2008-09 implying a gap to the tune of Rs.25.49 crore towards loans considered for depreciation and advanced against depreciation for the said period.
12. Regarding the status of accounts, OPTCL stated that the annual accounts for the year 2007-08 had been audited and adopted in the AGM held on 19.08.2009. Further the compilation of annual accounts for 2008-09 has been completed .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 15.12.2009 & 31.01.2010 respectively and audited accounts are expected to be adopted in AGM by 10.03.2010.
13. **Directions of the Commission:**
  - (i) OPTCL should furnish the exact process of award to PGCIL and the sequence of activities thereafter in case of all the projects being executed through PGCIL and clearly spell out the zero dates. Project and Contract management group should be toned up and the periodic review of the identified milestones of the project with respect to the scheduled cost and timeline be made so as to avoid time & cost over-run. OPTCL should have a well structured project management group with identified responsibility. The projects under implementation should be completed within the date line as mentioned in the schedule. As the project management is in bad shape, OPTCL may hire experts/consultants with proper compensation package to avoid time & cost over-run. Executives of OPTCL should be associated with them in order to develop in-house competency.
  - (ii) OPTCL should strengthen its project implementation cell with recruitment of experienced professional with contract and project management skills on contract basis. A specialized dedicated unit is to be created with adequate powers

for monitoring the progress, fixing accountability of the key personnel and for release of funds for the project so that transmission system should be ready by the time of requirement for evacuation of power.

- (iii) Each of the projects which have been approved by OERC should be closely monitored by OPTCL. There should be sufficient delegation of power and authority and specific officers should be entrusted with specific responsibility to ensure completion of projects in time. The concern officer shall be personally responsible for the cost over run and time over run if there is delay in completion and commissioning of projects as per the schedule fixed by the Commission while approving the investment proposal of the OPTCL.
- (iv) OPTCL should fix the standard design criteria & update the same as per the technology available & adopted by the Central transmission Utility & other State Transmission Utilities. The cost difference of the six nos. of projects being awarded to PGCIL namely Nuapada, Dabugaon, Padmapur, Kuchinda, Bhawanipatna and Boudh etc. may be analyzed and furnished to the Commission.
- (v) OPTCL should standardize the equipments for better coordination, timely maintenance and easy inventory management. As OPTCL is planning to procure only 132/33 KV 40 MVA transformers in future as per its standardization process, transformer deployment plan should be furnished to the Commission. Transformers and other associated equipments should be directly off-loaded at the site to avoid delay.
- (vi) OPTCL should furnish a detailed statement on the availability of existing SCADA interface points with the existing and proposed RTU connection points and also intimate the future installation of its SCADA interface points in next 3 years with likely RTU connections.
- (vii) The Commission expressed its serious concern regarding cost overrun in case of the Meramundali-Duburi 400 KV line and directed OPTCL to take all appropriate actions to complete the line at the earliest. In the context of discussion on the 8 hard projects facing inordinate delay in execution, the Commission cautioned OPTCL that it may not any more be possible to allow

cost escalation and time over-run on their account be borne by the consumers, and such cost escalation may be disallowed at the time of capitalization. It was directed that (a) all the statutory clearance be the part of the pre-tender exercise must be obtained before awarding the contract (b) in the detailed survey of the lines, RoW issues must be identified before taking up the actual execution work.

- (viii) The Commission directed that repair and maintenance should be given priority and the grid substation (132/33 KV) which are persisting low input voltage should be identified. Action may be taken for reactive compensation on installing of 33 KV capacitor under R&M work. In case the low voltage are still persisting the R&M work and 132 KV line upgradation work be taken up. A detailed action plan of identified substation be submitted to the Commission within a month's time. The fund allowed for R&M work should be fully and effectively utilized and so also the project construction activities should be regularly monitored for their timely completion.
- (ix) OPTCL should furnish the progress achieved so far in case of the transmission projects submitted during the Review of Performance with reference to Commission's office Letter No. DIR(T)-336/08/2519 dt.10.11.2009.

A draft on minutes of the review meeting on performance of OPTCL for the period FY 2009-10 (April, 2009 to September, 2009) taken up on 15.12.2009 is placed for kind perusal and necessary approval of the Commission.

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

**Director(Tariff)**

**Secretary**

**Member (M)**

**Member (B)**

**Chairperson**

**ORISSA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAVAN**  
**UNIT - VIII, BHUBANESWAR - 751 012**  
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**No. DIR (T) - 367/09**  
**Dated. .12 .2009**

From

P.K.Swain  
Secretary

To

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

Sub: Review of Performance of OPTCL for the period from April, 09 to September, 09 held on 15.12.2009.

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 copy of the enclosure for favour of information.