

**Minutes of Performance Review of CESU  
from April, 10 to September, 10 held in OERC on 20.12.2010.**

Date of Review : 20.12.2010 at 11.00 AM

Period of Review : From April, 2010 to September, 2010

Representative of CESU and OPTCL present during the review:

- (i) Shri B C Jena, CMD, CESU
- (ii) Shri B K Lenka, COO, CESU
- (iii) Shri Manoj Ku. Singh, GM, CESU
- (iv) Shri H L Ray, GM(Fin), CESU
- (v) Shri N K Behera, DGM (Com), CESU
- (vi) Shri B K Tripathy, GM, CTC, OPTCL
- (vii) Shri A N Sar, GM, EHT (O&M), OPTCL

1. Shri B K Lenka COO, CESU made a presentation before the Commission about the performance of CESU during the period from April, 2010 to September, 2010 as per the agenda items indicated by the Commission. Commission's Observations on Licensee's Performance in brief are as follows:

**(A) PERFORMANCE OF CESU**

**Sales Analysis of CESU**

2. The Commission noted that during the period under review the sales on EHT has increased by 32.34 % and that in LT has decreased by 22 % compared to the target fixed by the Commission however, the commensurate revenue increase has not been noticed. It has been observed that the energy input of the licensee has increased by 12.88% while the collection received has marginally increased compared to the target of the Commission. The collection per unit input –LT has decreased by 35.76 Paise from the target fixed by the Commission i.e. at 138.76 Paise realized against the target of 174.90 paise. The above figure reveals that the billing and collection activity of the licensee, particularly in LT distribution need special attention.

<b>PERFORMANCE OF CESU -sales</b>					
<b>BULK SUPPLY</b>	<b>2009-10 (Actual)</b>	<b>Actual Achievement</b>	<b>OERC Target 2010-11 (Proportionate)</b>	<b>Deviation from target</b>	<b>% Deviation</b>
AVG. DEMAND (MVA)	957.939	1123.136	972	151.136	
Energy input (MU)	6232.67	3623.38	3210	413.38	12.88%
<b>SALE TO CONSUMERS (MU)</b>					
EHT	1059.97	693.92	524.35	169.57	32.34%
HT	826.55	444.44	431.65	12.79	2.96%
LT	1888.61	1122.98	1439.65	-316.67	-22.00%
<b>TOTAL</b>	<b>3775.13</b>	<b>2261.34</b>	<b>2395.65</b>	<b>-134.31</b>	<b>-5.61%</b>
<b>COLLECTION RECEIVED (CR.)</b>					
EHT	337.184	276.52			
HT	288.329	189.71			
LT	435.378	312.27			
<b>TOTAL</b>	<b>1060.89</b>	<b>778.5</b>	<b>759.89</b>	<b>18.608</b>	<b>2.45%</b>
<b>Collection P/U</b>	<b>170.21</b>	<b>214.85</b>	<b>236.73</b>	<b>-21.87</b>	

**Loss Analysis of the CESU**

3. So far the loss performance of CESU is concerned the LT loss has remained high by 20.71% during the period under review compared to the target given by the Commission for FY 2010-11. The overall loss has also been found to be high by 12.22% compared to the target given by the Commission. The Commission expressed

concern for declining trend of overall collection efficiency by 6.53%. It is observed that the increase of AT&C loss is mainly due to decrease in collection efficiency compared to last Financial Year by the licensee. As a result the overall AT&C loss has increased by 16.05% compared to the target set by the Commission for FY 2010-11. The COO, CESU in his reply stated that with their utmost effort the LT distribution loss has decreased by 2 % compared to the performance of the licensee during the year 2009-10. With their best possible effort the billing efficiency has increased and LT AT&C loss has remained same compared to the performance for the FY 2009-10 due to proportionate decrease in collection efficiency. Moreover the CEO expressed his confidence on his own effort to improve the loss performance further by the end of this financial year on their own effort before implementing Capex program. The failure to achieve the AT&C loss target as fixed by the Commission was partly attributed to 10% addition in rural consumers due to RGGVY and BGJY scheme implemented by Govt. of Orissa. The total number of consumers has gone up from 11,43,500 to 12,15,128.

<b>PERFORMANCE OF CESU-LOSS</b>					
	<b>2009-10</b>	<b>Actual Achievement</b>	<b>OERC Target 2010-11</b>	<b>Deviation from target</b>	<b>Change from last year</b>
<b>LOSS (%)</b>					
LT	51.97%	50.10%	29.40%	20.71%	-1.87%
HT & LT	47.51%	46.49%	30.32%	16.17%	-1.02%
OVERALL	39.43%	37.59%	25.37%	12.22%	-1.84%
<b>BILLING EFFECIENCY (%)</b>					
HT	92.00%	92.00%	92.00%	0.00%	0.00%
LT	48.00%	49.90%	70.60%	-20.71%	1.90%
HT & LT	52.50%	53.51%	69.68%	-16.17%	1.01%
OVERALL	60.57%	62.41%	74.63%	-12.22%	1.84%
<b>COLLECTION EFFICIENCY (%)</b>					
EHT	98.67%	98.63%	98.00%	0.63%	-0.03%
HT	96.23%	96.09%	98.00%	-1.91%	-0.14%
LT	87.59%	83.65%	98.00%	-14.35%	-3.94%
HT & LT	90.84%	87.96%	98.00%	-10.04%	-2.88%
OVERALL	93.19%	91.47%	98.00%	-6.53%	-1.71%
<b>AT &amp; C LOSS (%)</b>					
LT	57.93%	58.26%	30.81%	27.45%	0.33%
HT & LT	52.32%	52.94%	31.72%	21.22%	0.62%
OVERALL	43.56%	42.91%	26.86%	16.05%	-0.64%

#### **Performance of Divisions:**

- The divisional performance sheet of CESU shows that overall LT collection to input for all divisions taken together has increased from 122 Paise during the FY 2009-10 to 138.7 paise during the period under review for FY 10-11. The increase in collection per input is around 10% compared to the overall RST rise upto 22.2% during the current financial year. However it is a matter of serious concern that the collection per input in LT has further decreased by around 10% in some divisions like AED Athagarh, JED Jagatsinghpur, SED Salipur. The lowest collection per unit has been found to be 59.1 Paise in AED Athagarh. The CEO must take initiate action against the divisional heads for lack of supervision and field visits. The Commission further notes that there is decrease for collection per unit in industrialized divisions like AED Angul and KED Khurda. The COO, CESU stated that the performance of some divisions has deteriorated due to billing problem posed by the billing agency of those

areas. However, remedial action has already been initiated by the management and this will be reflected in their year-end performance.

**Concrete action taken in this regard should be reported to the Commission by 30.04.2011.**

<b>DIVISIONAL PERFORMANCE OF CESU</b>									
Sl. No.	Name of Division	Energy Input (MU) (Assuming HT Loss 8%)	Energy Sold (MU)	Distribution Loss (%) (Assuming HT Loss 8%)		AT & C Loss (%)		LT Collection to LT Input P/U for 2010-11 (upto Sept,10)	LT Collection to LT Input P/U for 2009-10
		TOTAL	LT	LT	Over All	LT	OVER ALL		
<b>OERC TARGET / APPROVED</b>		<b>6,420.0</b>	<b>1,048.7</b>	<b>29.4%</b>	<b>25.4%</b>	<b>30.8%</b>	<b>26.9%</b>	<b>174.9</b>	
1	A.E.D. Athagarh	220.65	26.67	71%	34%	78.7%	38.0%	59.1	66.1
2	T.E.D. Chainpal	556.11	37.74	68%	17%	77.4%	19.1%	69.8	66.5
3	J.E.D. Jagatsinghpur	91.56	35.42	58%	61%	76.1%	78.0%	67.5	72.0
4	D.E.D. Dhenkanal	261.66	57.24	65%	49%	76.0%	55.8%	74.0	70.5
5	C.E.D Cuttack	202.69	46.14	67%	53%	74.9%	59.2%	75.1	73.4
6	N.E.D. Nimapara	140.35	44.35	65%	68%	74.9%	75.9%	70.7	67.1
7	A.E.D. Angul	142.34	36.34	64%	53%	72.3%	59.1%	96.4	81.7
8	S.E.D. Salipur	70.98	30.31	53%	57%	70.1%	72.6%	82.7	89.9
9	K.E.D.(II) Marsaghai	44.34	15.47	62%	64%	68.6%	70.4%	86.1	84.5
10	P.E.D. Puri	168.08	63.40	57%	58%	68.2%	68.1%	106.2	104.1
11	PDP paradeep	166.26	28.34	56%	26%	67.8%	31.2%	96.4	85.3
12	B.E.D. Balugaon	100.90	34.74	53%	46%	66.3%	54.8%	96.1	105.7
13	K.E.D.(I) Kendrapara	117.76	55.89	48%	52%	62.8%	65.7%	105.2	108.4
14	K.E.D. Khurda	236.93	63.64	54%	38%	62.0%	43.1%	118.7	116.1
15	N.E.D. Nayagarh	102.71	47.34	49%	53%	58.3%	61.1%	116.2	111.2
16	C.D.D - II Cuttack	189.38	73.97	38%	31%	46.1%	38.0%	198.8	169.8
17	C.D.D - I Cuttack	181.91	97.71	36%	38%	41.0%	42.4%	220.8	180.2
18	B.E.D. Bhubaneswar	195.50	108.92	26%	28%	30.7%	31.1%	256.0	212.6
19	B.C.D.D.-II Bhubaneswar	258.70	111.51	27%	24%	29.7%	25.8%	247.7	205.7
20	B.C.D.D.-I Bhubaneswar	174.60	107.84	8%	14%	11.4%	16.3%	354.9	296.9
<b>ACTUAL TOTAL CESU</b>		<b>3,623.4</b>	<b>1,123.0</b>	<b>50.1%</b>	<b>37.6%</b>	<b>58.3%</b>	<b>42.9%</b>	<b>138.7</b>	<b>122.0</b>

#### Arrear Analysis

- The performance of CESU in collection of arrear is found to be dismal. It is not clear how the EHT arrear has allowed to be doubled from Rs.24.56 crore to Rs.50.5 Cr. There was an increase of approximately 10% in arrear of LT consumers. The Commission finds that despite several instructions CESU has not yet been able to collect the Govt. arrears. Finance Dept. has issued instruction for timely payment of electricity dues and the DISCOMs are free to disconnect power supply to Govt. offices, ULBs etc. as sufficient budget is reported to be given by the Finance Dept. to user department for payment of electricity dues. Not a single disconnection has been made in respect of defaulting department/ULBs. The Commission again instructed CESU to treat the Govt. Deptt. as ordinary consumer and disconnect the supply in case of non-payment of bills in time. This is applicable to ULBs, water supply, education, health, lift points etc. For recovery of DPS, DISCOMs may take up with Finance Dept./Dept. of Energy, Govt of Orissa in a consolidated manner with full justification for either consolidated payment by the finance Dept. or to issue clear instruction to the user department to clear the DPS dues. About the increase in EHT arrear the COO, CESU stated that the outstanding EHT arrear increased primarily because of differential tariff during the month of March, 2010 paid in April.

Category	Arrear as on 31-03-2010 (Rs cr)	Billing during review period (Rs cr.)	Collection against current dues (Rs cr.)	Collection against arrear (Rs cr.)	Total collection (Rs cr.)	Arrear for the period (Rs cr.)	Arrear as on 30-09-10 (Rs cr.)	Net arrear added (Rs cr.)
EHT	24.56	227.4	201.12	0.03	201.42	26.28	50.54	25.98
HT	49.92	214.28	186.86	4.97	191.83	27.42	72.37	22.45
LT	1115.82	302.58	220.52	18.3	238.82	82.06	1179.58	63.76
GOVT.& PSU	189.16	139.59	124.04	5.36	129.4	15.55	199.35	10.19
<b>TOTAL</b>	<b>1379.46</b>	<b>883.85</b>	<b>732.54</b>	<b>28.66</b>	<b>761.47</b>	<b>151.31</b>	<b>1501.84</b>	<b>122.38</b>

### Addition of Infrastructure

6. During the period of review the number of 33 KV feeders has gone down from 125 to 111 and their metering position has increased from 109 nos. to 111 nos. The Commission expressed concern for very low level of transformer metering position which is essential in view of the applicability of ABT from next financial year. Despite the increase of no. of distribution transformer their metering position has remained stagnant. Instead of increase in the percentage of working meters the performance statement of the licensee shows a decline of the same. The no. defective meters has also gone up significantly by around 50%. This is unacceptable. It is observed that the no. of transformer burning is more or less the same at 1480 numbers for six months compared to 2911 numbers during the entire FY 2009-10. The COO CESU stated that they are taking all necessary measures to improve quality of supply in their area of operation. The table below shows their effort to improve quality of supply in CESU area.

Description	As on 31st Mar,2010	As on 30th Sept, 2010
<b>CONSUMER STATUS</b>	1,143,500	1215128
<b>FEEDER METERING</b>		
No. of 33 KV feeders (excluding GRIDCO interface)	125	111
No. of 33 KV feeder metering	109	111
No. of 11 KV feeders	601	609
No. of 11 KV feeder metering	601	609
No. of 33 / 11 kv transformers	347	347
No. of 33/11 kv transformer metering position	81	81
No. of distribution transformers (11/0.4 & 33/ 0.4 kv)	22,796	22984
No. of distribution transformer metering position	8,832	8832
Total number of meters	1,107,273	1215128
No. of working meters	999,281	1069094
Percentage of working meters ( % )	90%	88%
No. of defective meters	107,992	146,034
No. of transformers burnt	2,911	1480
Cost involved (Cr.)	7.28	3.65
No. of Hooks Detected	33,513	
No of new Connections given		
No of Connection Regularised	10,508	

### Quality of Supply

7. The COO CESU stated that they have taken several steps to improve the quality of supply to the consumers in their area of operation. The table below shows their effort to improve quality of supply in CESU area. The Commission noted with serious

concern over the achievement of the licensee which is negligible compared to the target set by the Commission vide Para 569 of RST order for FY 2010-11. The COO CESU stated that to improve quick service to the consumers CESU has simplified the new service connection form and made it available in the CESU website. A number of Consumer Mela has been organized to provide new service connection. Initiatives have been taken for replacement of undersized 33 and 11 KV conductors. Regrouping of LT network is in process to minimize the total length of LT lines and to provide an improved voltage profile to the consumers. CEO, CESU opined that to improve the quality of supply to the desired level Capex program is absolutely required. Routine O & M allocation and expenditure is too inadequate for the requirement.

<b>Task</b>	<b>Target for FY 2010-11</b>	<b>Achievement</b>
Up gradation of DTRs	1000	237
Addition of DTRs		107
Addition / Upgradation of Power Transformer		19
Load Balancing	2000	390
Conversion from single phase to three phase	150 KM	35.56
Earthing Checks	1000	458
Construction of boundary wall	100	11
Replacement of GI wire		60 KM
Up gradation of 33 KV Conductor		79 Km

#### **Initiatives to Reduce Loss**

8. CEO, CESU stated that CESU has undertaken all sorts of efforts to reduce theft of electricity. The load verification of all high end consumers above contract demand of 10 KW is under progress. All the divisional Officers are given monthly targets to be achieved and initiated strong administrative measures in case of non-achievement of the same. Check Meters are being installed in high value consumers premises of Bhubaneswar, Cuttack & Puri. To ensure accountability among officers of CESU 35 numbers of new feeder based sections was created and remaining sections are re-organized. The line men of CESU are made transformer wise accountable for their area. Cutting of Trees & Brushes touching hiplines are part of the regular activities undertaken by licensees to reduce technical loss. Regular FIRs are being lodged against consumer involved in power theft in accordance with Section 135. During the period under review, 181 cases are booked & 130 persons involved in power pilferage have been arrested during 2010. The Commission directed that FIR should also be lodged against the concerned employees of CESU who are aiding and abating theft of electricity.

## (B) SECTORAL ANALYSIS

### 9. Performance of CESU vis-à-vis the sector as a whole.

PERFORMANCE OF DISCOMS at a Glance						
	Distribution Loss LT			Distribution Loss Overall		
	2009-10	2010-11		2009-10	2010-11	
	Actual	OERC Approval	Actual Up to Sept.2010	Actual	OERC Approval	Actual Up to Sept.2010
CESU	51.97%	29.40%	50.10%	39.43%	25.37%	38%
NESCO	55.83%	29.40%	54.94%	32.52%	18.46%	32.8%
WESCO	62.49%	29.40%	62.56%	34.68%	19.93%	37.2%
SOUTHCO	56.22%	29.40%	54.52%	48.02%	27.82%	47.8%
ALL ORISSA	56.26%	29.40%	55.04%	37.24%	22.22%	37.5%
AT&C Loss LT			AT&C Loss Overall			
CESU	53.65%	31%	58%	41.20%	27%	43%
NESCO	65.80%	31%	73%	35.73%	20%	43%
WESCO	71.49%	31%	76%	35.74%	22%	44%
SOUTHCO	59.39%	31%	65%	50.16%	29%	56%
ALL ORISSA	61.67%	31%	67%	39.15%	24%	45%
COLLECTION PER INPUT-LT (Paise Per Unit)						
	(2009-10)			(2010-11)		
	Target for 2009-10 in Paise	Achieved for 2009-10	% of Target Realised FY 2009-10	Target for FY 2010-11 in Paise	Achieved UP TO Sept 2010	% of Target Realised
CESU	131.02	122	93.12%	174.90	138.76	79.34%
NESCO	120.05	81.06	67.52%	143.20	81.89	57.19%
WESCO	94.95	66.4	69.93%	130.40	72.78	55.81%
SOUTHCO	135.09	102.02	75.52%	143.70	106.23	73.92%
ALL ORISSA	118.73	95.36	80.32%	154.76	104.61	67.59%
BSP+Trans	142.70			193.75		
COLLECTION PER INPUT-OVERALL (Paise Per Unit)						
CESU	201.72	170.21	84.37%	236.73	214.87	90.77%
NESCO	192.07	189.11	98.45%	260.69	208.84	80.11%
WESCO	203.13	201.73	99.31%	257.15	212.37	82.59%
SOUTHCO	169.44	144.98	85.46%	196.07	155.13	79.12%
ALL ORISSA	196.32	180.89	92.14%	244.37	205.56	84.12%

The performance statement of DISCOMS throws light on so many angles of the licensees. It is observed that the overall-AT&C loss achieved by the licensee falls short of by 16 % (43-27) from the overall loss allowed by the Commission for the year 2010-11. With LT segment only the shortfall is by 27 % (58-31). The AT & C loss in both LT and overall has increased by 4.35% (58-53.65) and 1.80 % (43-41.20) compared to the performance of the previous year. With distribution loss remaining same the main area of concern is billing & collection efficiency. All DISCOMS taken together have achieved the collection per Input (CPI)-LT target up to 80 % in the year 2009-10 (95.36 P/U against the target of 118.73 P/U). But it was a matter of concern that this year CPI LT has again decreased to 67.59 % ( 104.61 P/U against the target of 154.76 P/U). In LT sector the best performing DISCOM is found to be CESU with CPI realization of 79.34% (138.76 P/U against the target of 174.90) of the target set by the Commission followed by SOUTHCO with 73.92% achievement in LT sector (72.78 P/U against the target of 130.40 P/U). The overall achievements of all DISCOMS (both LT and others) have remained more or less same between 80-90 %.

The ratio analysis shows that the consumption of LT to total input is low in WESCO (50%), NESCO (50%) & that in SOUTHCO (74%) & CESU (62 %) is higher by around 10 to 20%. So far the performance in reducing LT loss compared to the overall loss is concerned, performance of SOUTHCO is found to be little better (0.86) which is nearer to the ratio of unit. (CESU-0.74, NESCO-0.58, WESCO-0.57, OVERALL-0.67).

<b>RATIO ANALYSIS OF DISCOMs FOR FY 2010-11 up to Sept 10</b>						
	<b>Total Purchase</b>	<b>Total LT Purchase</b>	<b>% of LT Purchase</b>	<b>AT &amp; C Loss in LT</b>	<b>AT &amp; C Loss-Overall</b>	<b>Ratio of LT Loss</b>
CESU	3,623.38	2,250.66	62%	58%	43%	0.74
NESCO	2,519.73	1,260.77	50%	73%	43%	0.58
WESCO	3,143.09	1,560.39	50%	76%	44%	0.57
SOUTHCO	1,260.51	938.67	74%	65%	56%	0.86
<b>All Orissa</b>	<b>10,546.71</b>	<b>6,010.49</b>	<b>57%</b>	<b>67%</b>	<b>45%</b>	<b>0.67</b>

#### **Collection of Arrear of the Licensee vis-à-vis the sector**

10. The Commission noted that in the review period CESU is able to realize only Rs.28.93 Cr out of the estimated arrear amount of Rs 1379.5 Cr. The management need to take special drive to collect the arrear. Coming to the collection of arrear it is a matter of regret that despite repeated instruction from the Commission, the net arrear added during the review period is about Rs 151.31 Cr. making the total arrear amount about Rs 1501.8 Cr. as on 30.09.2010. Regarding collection of arrear of the State by the DISCOMs it is a matter of regret that despite repeated instruction from the Commission the net arrear added during the period is to the tune of Rs 337.74 Cr and the contribution of all DISCOMs were found to be same except SOUTHCO which is at above 10%. The contributions of all DISCOMs to the addition of net arrears as on 30.9.2010 in the state are found to be 36.23% in case of CESU, 28.82% in case of NESCO, 24.81% in case of WESCO and 34.24% in case of SOUTHCO.

<b>Arrear Contributions in the State</b>									
	<b>Total</b>	<b>CESU</b>	<b>Contribution</b>	<b>NESCO</b>	<b>Contribution</b>	<b>WESCO</b>	<b>Contribution</b>	<b>SOUTHCO</b>	<b>Contribution</b>
Arrear as on 31.03.2010 (Rs Cr)	<b>3267.8</b>	1379.5	<b>42.21%</b>	710.56	<b>21.74%</b>	758.69	<b>23.22%</b>	419.09	<b>12.82%</b>
Collection against Arrear	<b>79.89</b>	28.93	<b>36.21%</b>	25.15	<b>31.48%</b>	14.16	<b>17.72%</b>	11.65	<b>14.58%</b>
Arrear Added during the period	<b>405.98</b>	151.31	<b>37.27%</b>	122.48	<b>30.17%</b>	97.95	<b>24.13%</b>	34.24	<b>8.43%</b>
Arrear as on 30.09.2010	<b>3605.54</b>	1501.8	<b>41.65%</b>	807.89	<b>22.41%</b>	842.48	<b>23.37%</b>	453.33	<b>12.57%</b>
Net Arrear added	<b>337.74</b>	122.38	<b>36.23%</b>	97.33	<b>28.82%</b>	83.79	<b>24.81%</b>	34.24	<b>10.14%</b>

#### **Fixation of Responsibility & Accountability**

11. With regard to the fixing of accountability the Commission feels that the performance of licensee cannot improve without proper fixation of responsibility and accountability. The Commission is of the opinion that the accountability should start from the top & go down the ladder to the lineman of the licensee. The linemen of the licensee should be treated as DTR manager, section officers should be treated as 11 KV feeder managers, similarly a SDO as a 33/11 KV substation manager and 132/33

KV sub station as Divisional Manager. Every body must give account to every unit consumed by the respective unit. Strict administrative action must be taken against errant and callous employees. As provided under service code and relevant rules continuance of the employees attaining the age of 50 years should be reviewed with reference for their performance in the matter of collection of revenue, reduction of AT&C loss and improvement in standard of service. This should be done in April-May every year. Compulsory retirement should be given to the non-performing/poor performing officials.

**Concrete action taken in this regard should be reported to the Commission by 30.04.2011.**

#### **Load Verification of Feeders**

12. Except WESCO none of the DISCOMS have submitted the extent and details of energy Audit carried out in 11KV & 33 KV feeders. The Commission is of opinion that the load verification of all feeders up to 440 V LT network should be carried out. This is to verify the maximum demand in MVA that a licensee is drawing from GRIDCO with the demand at output end of licensees. With development & modernization across all sectors, the consumption of every individual and industry as a whole has increased. The DISCOMS must keep updated about the increase in load in all feeders .Accordingly they can go for upgradation of transformers, load balancing etc to provide qualitative supply to consumers.

**The load verification report should be submitted to the Commission before next review meeting.**

#### **Submission of cost Data**

13. It has been observed that DISCOMs are not serious in submitting the cost data for various deposit work. Till today cost data up to 2007-08 and partially up to 2008- 09 have been approved. Cost data for 2008-09 and for 2009-10 have recently been submitted by SOUTHCO and CESU. All licensees were instructed to submit the cost data regularly to carry out deposit works. The cost data up to 2009-10 must be submitted before 28-02-2011.

**The cost data up to 2009-10 should be submitted before the Commission before 28<sup>th</sup> February, 2011.**

#### **Delegation of Power**

14. Despite repeated instructions the issue of the delegation of power at appropriate level has not been resolved. The Commission vide its letters No OERC/4967 Dtd 21/09/2010 had provided guidelines and a model for effective delegation of power. The GM (Commerce) of Reliance DISCOMS was supposed to submit a delegation structure & finalize it in consultation with CEO CESU. But a little progress has been achieved on this front. This reflects the callous nature of DISCOM authorities to ensure responsibility & accountability.

**The delegation of technical, financial and administrative matter should be finalized before 28.02.2011 in view of the proposed capex program of Govt. of Orissa.**

#### **Preparedness of DISCOMS to utilize capex**

15. The DISCOMS were advised to ring fence project area and finalize base line loss data & strategy to reduce loss to the desired level as envisaged in the letter No.R & R-1-06/2010(p)-9230/En Dated 21-10-2010 read with the stipulations made vide Para-14 of the order dtd. 10-11-2010 in Case No-109,110 and 111 of 2010(Investment proposal



of NESCO, WESCO & SOUTHCO) and read with Para 13 of order dtd 06-10-2010 in Case No 134/2010(Investment proposal of CESU). The COO, CESU presented a brief strategy to take advantage of the capex program as proposed by GOO.

#### Scope of CAPEX Program

- Renovation and Modernization of existing & installation of new 33/11 KV primary sub-stations and 11/0.4 KV distribution substations
- Reconductoring of lines at 33 KV and below
- Load bifurcation
- Feeder separation
- HVDS (11 KV) lines
- Aerial Bunched Conductoring in theft prone areas.
- Replacement of electromagnetic energy meters with tamper proof electronic meters
- Installation of capacitor banks
- Energy audit
- IT system implementation
- Distribution sub-station automation with SCADA System.

#### **(C)Compliance to the action points outlined by the Commission in the performance review meeting for FY 2009-10 on dated 18.05.2010**

##### **Para-12- Reduction of AT&C loss**

16. In the said review meeting the Commission had instructed the following:-
- a) The LT loss reduction for FY 2010-11 should not be less than 10%
  - b) Divisions with LT loss more than 50% should achieve minimum 10% LT loss during FY 2010-11
  - c) Verification of load and contract demand for all high valued consumers with CD>20KW
  - d) Handing over of DTR of loss making 11KV feeders to micro/macro franchisees
  - e) Voluntary declaration of contract demand of residential premises of the DISCOM employees

#### **OBSERVATION**

**During the period under review the AT&C-LT Loss is found to be 58.26% against the OERC target of 30.81 %. There is no sign of decrease in AT& C loss in LT segment by the licensee. Instead of decreasing the AT&C loss by 10% the licensee is just able to maintain its loss figure which is unacceptable. So far the performances of divisions are concerned as observed in **Para 4** above there is no sign of abatement in loss. Rather some more divisions are added of to the list of poor performing divisions LT-AT&C loss is more than 70%. Except city divisions i.e.CCD-1 (41%) & II (46.1%), BED (30.7%), BCDD-1 (11.4%) & 2 (29.7%) the loss all in other divisions found to be in between 70-80%.**

In its reply the COO CESU stated that the licensees have taken some measures towards reducing loss in its areas of operation which are as follows:

#### **Loss Reduction Activities**

1. Loss control Squad Activities (20 MW)
  - Total Checking Identified:4636
  - Penal Amount imposed: Rs. 2.21.cr.

- Penal Amount collected: Rs. 1.10cr
  - No. of Arrests Made: 308
2. MRT Activities(20 KW)
- No. of consumer tasted : 2949
  - No. of consumers identified :20
  - Penal Amount imposed/collected: Rs. 1.2 Cr /Rs. 0.38.cr
3. Use of AB Cable
- 111 KM of AB of AB cable is used

**Para -13 cross checking of meter readings**

17. In this Para the Commission had instructed to go for cross checking of meter readings done by the meter readers in order to stop the practice of meters readers to prepare meter readings with out visiting the premises of the consumers.

**OBSERVATION**

**But the licensee perhaps has not given enough importance to carry out the same for which the billing efficiency in overall as well as LT segment remained more or less same as that of previous year.**

The COO CESU stated that the licensee has created an Analysis wing to verify the correctness of meter readings. The performance of the analysis wing is as tabulated bellow.

<b>Performance of Analysis Wing</b>						
<b>Circle</b>	<b>Total Registers verified</b>	<b>Total suspected Cases</b>	<b>MF Cases</b>	<b>Under Billing Cases</b>	<b>Transf. Loss Cases</b>	<b>Revenue Generated (Rs. In Lakh)</b>
<b>Circle I</b>	47	96	45	51	Nil	20.92
<b>Circle II</b>	17	40	15	25	Nil	25.99
<b>Cuttack</b>	72	153	29	39	85	13.71
<b>Paradeep</b>	23	37	2	11	24	3.22
<b>Dhenkanal</b>	20	35	7	11	17	3.20
<b>Total</b>	179	361	98	137	126	67.05

**Para 14 -LT collection LT input (collection per Input)**

18. The licensees were instructed to increase Collection per Input to match with the **BST** figure. **BST** of NESCO with transmission price fixed at 218.50 paisa for NESCO for 2010-11

**OBSERVATION**

Despite 22% rise in Avg RST by the Commission, the CPI figure of CESU has remained at 138.76 paisa compared to 122.00 P/U in 2009-10 and 106.5 P/U in 2008-09. This implies that the rise of avg RST by the Commission has a little bearing on total revenue of CESU. The CPI- LT for A.E.D. Athagada and T.E.D Chainpal has remained as low as 59 and 69 paise respectively against BST of 180.50 paise and avg cost of supply of 327 paise. It means that the realizations in those divisions are 30% of BST and only 20 % of the Avg. cost of supply. Departmental action should be initiated against the concerned Executive Engineers who do not justify their continuance in service as Divisional heads.

**Para -15 Separate target for collection of Current and Arrear revenue and Improvement of Collection Efficiency.**

19. CESU was instructed to achieve collection efficiency of 98% excluding collection of arrear.

**OBSERVATION**

**On contrary the collection efficiency in LT has decreased to 83.65% from 87.59% during the previous year. The overall collection efficiency has also declined from 93.19 % during FY 2009-10 to 91.47% during the current financial year that too with the collection of arrear. For sustainability of distribution business the licensee needs to achieve the collection target set by the Commission.**

**Para 16 Collection of Arrear**

20. Vide this para the Commission had directed to achieve an arrear collection target Rs 200 Cr out of arrear outstanding of Rs 1379.46 Cr as on 31.3.2010.

**OBSERVATION**

**On the contrary the licensee was able to collect only Rs 28.93 Cr an achievement of 14 % compared to the target set by the commission. While the arrear added by the licensee was Rs 151.31 Cr which is (151.31/1379.46) 10.96 % of the outstanding arrear at beginning of the year within 6 months of operation. The outstanding arrear as on 30th sept is Rs 1501.84 Cr against the 6 month revenue collection of the licensee that is Rs 732.54 Cr against the billing for Rs.883.85 crore. This shows that the licensee is heading for an arrear outstanding equal to one year revenue of the company.**

The COO, CESU stated that the increase in EHT arrear mainly because of two reasons, one is due to differential tariff during the month of April-2010 & second due to inclusion of certain disputed bills of Industries like Jindal Steels. The Commission is not ready to buy such logic.

**Para – 17 Arrear for Govt Dept & PSU**

21. The Commission had instructed to take all sorts of measures including disconnection of govt. offices whenever required to collect the arrear dues of various Departments treating them at par with ordinary consumer.

**OBSERVATION**

**The Commission observed that no effort has been taken by the licensee to collect the arrear. There is no fund crunch in any Govt department but the licensee is unable to collect the same. Unless disconnection is made no body will come forward voluntarily to pay the electricity dues**

**DIRECTIVES OF THE COMMISSION**

The Commission expressed displeasure over the ineffective initiatives of the licensee. There are clear cut guidelines from Govt to disconnect Power Supply vide Ltr No. 1577 dtd 23.02.2010 read with Ltr No.109073 Dtd 08.06.2010 of Dept of energy and Finance Deptt. Ltr No 36933/F Dtd 26.08.2010 and Ltr No 36938/F Dtd 24.08.2010. Moreover the licensee should raise these issues with district authorities in the District Electricity Coordination Committee meetings to pursue the concerned departments for up to date payments of electricity dues. Apart from that they should furnish the list of defaulting Govt. offices, Urban Local bodies, Panchayat-Raj institutions, Co-operatives, autonomous originations to the concerned treasury, special treasury and

sub-treasury not to entertain any bills of such defaulting organizations as advised by Finance Deptt. in their letter Dtd 26.08.2010.

**Para -18 Target for Franchies Opreation**

22. CESU was instructed to introduce 100 Micro and at least 6 Macro Franchisees in its area of operation. The target was again revised during the meeting on performance of franchisees on 25-10-2010. Accordingly the latest target is to introduce at least one micro franchisee per section by end of the year 2010. So with 250 sections, CESU should cover 250 micro franchisees by end of the year. With each micro franchise covering 5 numbers of 100 KVA DTRs and approximately 100 consumers per DTR, the number of consumers covered under micro-franchisee should have been at least 1,25,500.

**OBSERVATION**

However, CESU has engaged 147 Women Self Help Groups in collection based Micro-Franchisee activities. The COO CESU stated that apart from Micro-Franchisees CESU has also engaged Macro-Franchisees in ten (10) sub-divisions and eleven (11) sections and with Franchisees operation the avg. collection has gone up by 70 % in the franchised area. There should be close supervision and coordination between the local officials of CESU and the franchisee operators.

**Para 19-Metering and Energy Audit**

23. The Commission vide above Para had expected DISCOMs to achieve at least 50% of 11 KV feeder metering by end of this year. The number of defective consumer meters should have been reduced to Zero.

**OBSERVATION**

Regarding the efficiency of CESU to regulate power, Commission expressed its concern for unscheduled drawl to the tune of penalty amounting to Rs.125 Cr despite 100 %, 11 KV metering as claimed by the licensee. The achievement in metering of distribution transformer is approximately (8832/22984) 38.4 % which needs to be improved. It is a matter of concern that CESU is still lagging by 10 % in achieving 100 % metering.

**DIRECTIVES OF THE COMMISSION**

Energy audit for at least 50 % of the feeders should be completed by end of the current Financial Year and feeder wise energy transaction report should be submitted before the Commission before next review meeting.

**Para 20 Quality of Supply**

24. CESU was directed to update routine maintenance of power distribution transformers so that the rate of failure of transformers will be reduced by 50 %.

**OBSERVATION**

However, the present data shows that there is no let up in the failure rate of transformers. During the period under review failure of transformers was found to be 1480 during period under review compared to 2911 during the FY 2009-10. Regarding the interruptions in the 33 Kv feeders, the COO, CESU could not categorically present the exact number of interruptions. However it was observed that the interruption is frequent in 33 kV feeders due to relay setting mismatch between CESU and OPTCL network. The Commission advised the officers of CESU and OPTCL to sort out the relay setting matter so as to provide quality supply to the customers.

The CEO, CESU stated that they have taken many measures to provide qualitative supply to the customers. During the period under review 13 nos. of 11 KV breakers, 6 nos. of 33 KV breakers, 28 nos. of lightening arresters and 200 nos. of lighting arrestors were installed. The other routine maintenance work covers replacement of transformer oil, checking of earth resistance lubrication of 33 KV and 11 KV isolators, painting of transformer breaker etc.

**Para 21 Consumer Complaints**

25. CESU was provided with a list of 236 pending consumer complaints/grievances reported in news dailies up to May 2010 forwarded by OERC for disposal vide Commission's letter no Secy/CC/3970 dtd 21.5.10.

**OBSERVATION**

**Compliance reports on 190 of the above are yet to be submitted. Similarly 123 vigilance related complaints were forwarded of which 38 have been addressed & reports submitted up to June 2010. Prompt follow up action should be taken all grievance cases and findings of Vigilance squad. Exemplary punishment should be imposed on utility officials.**

**Para 22-Implementation of GRF Orders**

26. CESU was directed to comply with the orders of GRF in a time bound manner.

**OBSERVATION**

Regarding implementation of GRF orders, as reported by the respective GRFs, 302 orders of GRF Bhubaneswar, 305 disposed and 203 pending for implementation by CESU as on July 2010, 269 cases of GRF Cuttack are registred, 265 disposed and 239 pending for implementation by CESU, 201 cases of GRF Khurda are registred, 194 disposed and 134 pending for implementation by CESU as on July 2010, 140 cases of GRF Dhenkanal are registred, 148 disposed and 67 pending for implementation by CESU as on July 2010, 359 cases of GRF Paradeep are registred, 417 disposed and 55 pending for implementation by CESU as on July 2010.

**Para-23-Inquiry of the Expert Team**

27. The licenses are required to take follpw up pending recommendation /direction with reference to the enquiry conducted by independent expert as regards to maintenance and operation of distribution S/S and lines.

**OBSERVATION**

**Major compliances yet to be completed by the CESU is enclosed as Annexure-I for necessary action .Necessary works of one 33-11 KV S/S in each division selected by CESU to be fully equipped in all respect should be completed in a time bound manner.**

**Para-24- functioning of the police station & Vigilance**

28. The Commission vide this para had directed CESU to conduct raid minimum 30 villages / urban areas per month per energy police station so as to generate revenue at least 20 times the expenditure incurred towards salary and other associated expenses for energy police station. Thus with four Energy Police stations under CESU area there should be at least 120 raids in a month and during 6 month the number of raids should have been 720 and with at least 10 checking per raid the number of checking should have been 7200.

## **OBSERVATION**

The Commission finds that Energy Police Stations are yet to show their effectiveness. In the ARR approved for CESU for FY 2010-11 the cost allowed for maintenance of Energy Police Station is Rs.4.8 Cr, which comes to Rs.2.4 cr for 6 months. So CESU should realize minimum 10 times of these amount by conducting raids in its areas of operation which works out to be nearly Rs.24 Cr. This should be the minimum target to be achieved through Energy Police Stations and initiative must be taken by the concerned SEs/EEs.

However, COO, CESU stated that the Energy Police Stations have not yet been fully operationalized. Vacancies in Energy Police Stations need to be filled up. The Energy Police Stations should act on a dedicated basis in tandem with the DISCOMs under administrative control of Department of Energy. The frequent diversion of police officials of EPS for maintaining law and order situation has been observed. He requested the Commission to take up the matter with Govt. for effective utilization of Energy Police Stations.

### **Para 25 & 26 Action taken with report of EMR ,Vigilance cell & voluntary declaration of load by the employees of DISCOMs**

29. The Commission vide this para had directed CESU to clean up its own house by taking action against the employees of the CESU directly or indirectly indulging in theft of energy. Action should have been initiated against the errant, unscrupulous officers failing to comply target set by the management. All employees were supposed to declare their own electricity consumption & get their own meter reading correct.

### **SUBMISSION OF COO**

The, CEO, CESU in his reply stated that they have created an analysis wing to cross check the defective billings as well as to take action against errant and unscrupulous officials of the licensee. The following table shows the sincerity of the licensee to take punitive action against the non-performing employees:

#### **Action taken against non-performing employees**

- Explanation asked : 13 employees
- Show-cause notice issued : 7 employees
- Proceedings : 27 employees
- Punishment imposed : 5 employees
- Meter readers dismissed : 3 nos.
- Termination of meter reading agencies : M/s. N-soft for Nayagarh Division, M/s. Sterling Transformers for Dhenkanal Electrical Division.

## **OBSERVATION**

The Commission opines that the action taken as per the list provided by the licensee is notional only. Almost all divisions have failed to achieve the collection target but little action has been taken against the officers concerned. The non-performing and poor performing EEs and SEs should be targeted first.

### **COMMISSION DIRECTIVES**

100% verification of meters and load of the employees of CESUWESCO should be made and up to date electricity be collected from all employees of the CESUWESCO for which a special verification squad should conduct the verification and raid. This job should be entrusted to the CVO.

### **Reduction of Loss & Turn around strategy of DISCOMS**

30. The Commission vide this Para had directed DISCOMs to generate sufficient revenue to meet their cost of service & turn around the distribution business.

### **OBSERVATION**

**The Collection Per Unit-LT has increased marginally from 122.00 paise in the FY 2009-10 to 138.50 paise in the current Financial Year so far despite a tariff hike of 22.2 % in the current Financial Year. Apart from that CESU is able to collect only 79.34 % of the CPI-LT target set by the Commission.**

The COO, CESU in his reply stated that they are trying their best to increase revenue & reduce theft. For reducing AT&C Loss of HT & EHT level, AMR modems area being installed at industrial units. Regular load survey analysis from dump report obtained through meter reading instruments is being carried out to detect any possibility of threat of energy pilferage and subsequent remedial actions are being taken in case of detection of any abnormality. Wherever possible technological upgradation like replacement of defective meters , pillar box metering, spot billing, laying of AB cable etc are under taken by the licensee. The actions against the errant officers have just begun & these measures will definitely yield result during coming days.

### **(D)CONCLUSION**

31. **The overall performance of CESU during the 1<sup>st</sup> half of the current FY 2010-11 is not upto the expected level in different aspects. What is disturbing is that the performance in different aspects particularly in the matter of loss reduction, quality of supply and timely compliances of various directions/instructions of the Commission is far lagging behind the target. Unless, the performance of CESU is improved further during the remaining period of the current financial year which the CEO has promised, it will be difficult for the licensee to pay BSP bill as well as to improve the quality of supply in its area of operation. This is a matter of serious concern for the consumers and for the employees of the CESU whose sustenance depends on substantial improvement in its performance particularly in the matter of AT&C loss reduction and collection of arrear and redressal of consumer grievances.**