

**ODISHA ELECTRICITY REGULATORY COMMISSION
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**No.DIR (T)-370/09/13/1158
Dated-19.09.2015**

To

The Authorised Officer,
WESCO, At/P.O. Burla,
Dist. Sambalpur

Sub: **Review of Performance of WESCO for April-March, 2015 held in OERC on 18.08.2015**

Sir,

In inviting a reference to the subject cited above, I am directed to send herewith the performance report of WESCO for FY 2014-15 for your information and necessary action.

Yours faithfully,

Encl : As above.

Sd/-
SECRETARY

Copy to:

- i) The Principal Secretary, Department of Energy, Govt. of Odisha along with copy of the enclosure for favour of information.
- ii) The CMD, GRIDCO, Janpath, Bhubaneswar along with copy of the enclosure for favour of information.
- iii) The CMD, OPTCL, Janpath, Bhubaneswar along with copy of the enclosure for favour of information.

Sd/-
SECRETARY

Record Note of Performance Review of WESCO for April-March, FY 2014-15

Date of Review : 18th Aug, 2015

Period of Review : April-March, 2014-15

Representatives of WESCO, GRIDCO and OPTCL:

The performance of WESCO for the period April-March, 2015 was reviewed by the Commission on 18th Aug, 2015 at 11.00 AM in the presence of senior officials of WESCO, GRIDCO and OPTCL. The key performance indicators of WESCO are as given below:

REVENUE PERFORMANCE OF WESCO				
	Actual 2013-14	Actual for FY 14-15	Improvement over Previous Year	Approval for 2014- 15
Energy input (MU)	6626.87	7053.83	426.96	6820.00
SALE TO CONSUMERS (MU)				
EHT	1646.45	1704.47	58.02	1527.93
HT	1161.03	1186.12	25.09	1313.00
LT	1393.58	1661.61	268.02	2642.35
TOTAL	4201.06	4552.20	351.13	5483.28
LOSS (%)				
LT	59.23%	55.52%	-3.71%	25.69%
OVERALL	36.57%	35.46%	-1.11%	19.60%
BILLING EFFECIENCY (%)				
HT	92.00%	92.00%	0.00%	92.00%
LT	40.77%	44.48%	3.71%	74.31%
OVERALL	63.43%	64.54%	1.11%	80.40%
COLLECTION EFFICIENCY				
EHT	99.62%	102.86%	3.24%	99.00%
HT	98.01%	100.12%	2.12%	99.00%
LT	73.15%	72.57%	-0.58%	99.00%
TOTAL	92.28%	93.76%	1.48%	99.00%
AT & C LOSS (%)				
LT	70.18%	67.72%	-2.46%	26.43%
OVERALL	41.47%	39.49%	-1.98%	20.40%

Commission's observations:

The Commission directed for time-bound action on various issues including energy audit, receivable audit and SoP audit etc. The DISCOMs were reminded earlier in this regard. It is observed that the progress in these areas has not been satisfactory as it appears from the available informations. The Commission had also sent senior officers to different DISCOMs on various dates to meet and discuss on this so that actions spelt out in the Tariff order are completed by assigned time-frame. It is observed that energy audit and receivable audit has started but SoP audit is yet to be taken up. There appears a lack of interest among the DISCOMs to complete these works by the stipulated dates. The Commission is constrained to hold the CEO of CESU and the Authorized officers of NESCO/WESCO/SOUTHCO Utilities responsible for failure to carry out these instructions of the Commission.

The Commission has also reviewed the collection position of the DISCOMs for the period from April to June, 2015. It is seen that in spite of increase in 20 paise average tariff, the RPU has not shown any proportionate improvement.

The key observations from the report submitted by WESCO are as follows:-

1. The number of consumers in the LT & HT segments have grown during the period under review. The total number of consumers as on 31.03.2015 is 11.77 lakhs as against 10.32lakhs on 31.03.2014 an addition of 1.45 lakh consumers.
2. Out of those 11.77 lakhs 2.49 lakhs are urban consumers and 9.28 Lakhs are rural consumers in WESCO.
3. The consumption of power in WESCO utility is given in the table below.

CONSUMPTION PATERN IN WESCO during FY 2014-15					
Total Consumption in MU	EHT Consumption to Toal	HT Consumption to Total	LT Consumption to Total	Domestic Consumption to Total	Kutir Jyoti Consumption to Total
4552.20	39.19%	27.64%	33.17%	62.78%	7.73%

Sales and Loss

4. There has been an increase in EHT sales by 3.52% from 1646.45 MU during FY 2013-14 to 1704.47 MU during FY 2014-15. The HT sale has also been increased marginally from 1161.03 MU during FY 2013-14 to 1186.12 MU during FY 2014-15, a rise of about 2.16%. However, there has been an observed growth in LT sales to the

tune of 8.36% during the period. The total sale during FY 2014-15 is estimated at 4552.20 MU against 4201.06 MU during FY 2013-14, a growth of 8.35% over previous year.

5. The Distribution loss in LT has reduced by 3.71% during the year under review however it has not been reflected in overall distribution loss due to higher percentage of increase in LT consumption. The overall distribution loss reduced marginally from 36.57% during FY 2013-14 to 35.46% during FY 2014-15.
6. It was observed during the review meeting that with increased overall billing efficiency by 1.11% and increased collection efficiency by 1.48%, the overall AT & C Loss has been reduced from 41.47% during FY 2013-14 to 39.49% during FY 2014-15. Commission desires that this should be sustained and improved further.
7. Arrear analysis of WESCO shows that a sum of Rs. 153.34 crore has been added during FY 2014-15 out of the total existing arrear figure of Rs.1441.68 crore as on 31.03.2015. The rise in arrear is reported to be due to the accumulation of LT arrear alone to the tune of Rs.178.68 Cr. Commission expressed concern for rising trend of accumulation of arrear on LT sector in WESCO from Rs.34 Cr. during 2011-12 to Rs.85.75 Cr. during 2012-13, Rs.160 Cr. during 2013-14 and Rs.178.68 Cr. during 2014-15. Management need to address this issue to reduce the arrear accumulation.
8. It is observed that billing efficiency and collection efficiency has shown marginal increase for the period 2014-15 over previous year. But in the 1st quarter of 2015-16 there are signs of depression by over 3%. Effort is to be made to meet the shortfall. Responsibility is to be fixed on the defaulting officers.

Consumer Service

9. It was observed that WESCO has added 1063 numbers of DTRs during FY 2014-15. This has resulted in increased MVA capacity of Transformer from 1426.60MVA to 1687.95 MVA. Out of 7337 numbers of consumers with connected load of more than 10KW, 7337 number of consumers are covered under AMR metering. The success needs to be escalated.
10. On Consumer service provided by the utility, it is observed that number of grievances complied by the licensee was 802 against 1338 numbers of complaint received by the GRFs in the area of the utility. Similarly the number of grievances disposed through CHP mechanism was 19861 against 21962 numbers of grievances received by the utility during FY 2014-15. This should be 100%; backlogs are to be cleared within 2 months time.

Metering and Energy Audit

11. The metering status of WESCO shows a marginal improvement in respect of 33KV and 11KV feeders and also consumer metering position during the period under review. The percentage of working meters reduced to 80.05% as on March 2015 from 80.98% as of March, 2013. The management needs to strive for 100% correct metering and submit a plan for this to the Commission.
12. Regarding Energy audit in the area of the utility, the performance of WESCO is quite poor. Out of 120 (one hundred twenty) numbers of 33 KV feeders in WESCO, energy audit has been carried out in only twenty feeders. Energy audit in 11 KV feeders has been carried out in only 16 numbers of feeders out of existing 593 feeders in the operational area of the utility. Energy audit in DTRs is very poor. Only 25 numbers of DTRs audited against 35998 numbers of DTRs present in the area of the licensee. This shows lack of energy accounting standards leading to poor management of the system. WESCO management is directed to implement energy audit increased by at least 15% of feeders each month. A senior officer shall be assigned to monitor and implement this with report sent to the Commission.

Divisional Performance

13. It is observed that the AT&C loss in case of LT supply has reduced in many of the Divisions during 2014-15 except Jharsuguda where AT&C loss has increased marginally. Concerned officers may be investigated for loss of revenue. The LT AT&C loss in WESCO as a whole has been decreased from 70.13% to 67.72% during the period under review. No reasons have been furnished. WESCO is to enquire into the matter and submit the report to Commission with plans to fill the shortages. So far financial performance of the divisions are concerned only five Divisions namely, Sambalpur(E), Brajaraj Nagar, Jharsuguda, Rourkela and Rairangpur are in cost recovering state. The management need to take all action needed to turn around all Divisions in the area of operation. The officers in concerned division need to be assigned specific monthly targets on HT & LT to monitor their performance and achievement. Management may take administrative action for non-performers as per rules in case of defaulters. Action Plan need to be furnished by October, 2015. The performance of divisions in WESCO is as given below:

DIVISIONAL PERFORMANCE (2014-15)						
Division	Revenue Targeted	Revenue Collected	Exp. Including BSP (Rs Cr.)	Income Ratio	AT&C-Loss - LT-2013-14	AT&C Loss-LT-2014-15
BARGARH	100.02	77.11	169.83	45.40%	75.20%	72.12%
BARGARH(W)	52.66	27.53	118.17	23.29%	85.39%	81.05%
BOLANGIR	52.83	38.45	121.57	31.62%	76.17%	73.87%
TITLAGARH	67.92	45.75	109.02	41.97%	76.12%	74.85%
SONEPUR	46.79	26.17	87.17	30.02%	78.97%	76.17%
NUAPADA	29.01	20.82	67.48	30.86%	74.14%	72.96%
KEED	53.23	41.66	87.92	47.38%	68.62%	64.54%
KWED	29.85	21.86	63.91	34.20%	67.92%	67.40%
SUNDERGARH	53.89	44.18	84.86	52.06%	71.08%	68.60%
DEOGARH	17.73	11.11	36.84	30.15%	71.47%	71.25%
SAMBALPUR	151.45	122.29	136.05	89.88%	68.21%	63.52%
ROURKELA-SADAR	116.31	110.19	113.49	97.09%	57.59%	54.15%
SAMBALPUR(E)	193.47	176.30	171.92	102.55%	71.05%	72.32%
BRAJRAJNAGAR	114.75	108.17	98.22	110.13%	67.27%	66.15%
JHARSUGUDA	428.25	419.49	277.10	151.39%	61.94%	63.52%
ROURKELA	474.86	479.46	298.34	160.71%	52.33%	51.39%
RAJGANGPUR	541.01	533.84	347.47	153.64%	53.85%	46.66%
WESCO	2524.05	2304.38	2389.36	96.44%	70.13%	67.72%

WESCO management need to submit plans for reduction of expenditures in loss making divisions without affecting consumer interest within October, 2015.

Quarterly Performance 2015-16

14. The quarterly performance of WESCO indicates that there has been a reduction in AT&C Loss in LT by 13.17% from 60.64% during first quarter of FY 2014-15 to 47.47% during the same period in the year 2015-16. Due to decrease in collection efficiency in LT from 91.81% to 90.25% compared between the corresponding periods, the net decrease in AT&C loss was just 6.46% from 73.94% in the first quarter of FY 2014-15 to 67.48% in that period of FY 2015-16. This leads to apprehension by Commission that either there is phantom billing or bills have not been delivered to the consumers after preparation. Management shall analyse the situation and furnish a report by October, 2015. However there is a decrease in overall AT&C loss from 43.55% during the first quarter of FY2014-15 to 38.67% during the same period of FY 2015-16. (i.e 4.88%). The effort is to be sustained and further improvement is to be made.

The all-Odisha performance with all the four DISCOMs taken together is presented below:

ALL ODISHA DISCOMS PERFORMANCE						
	FY 2013-14		FY 2014-15 .		Quarterly Performance	
	OERC Approval	Actual for FY 2013-14.	OERC Approval	Actual for FY 2014-15.	Actual 2014-15	Actual 2015-16
DISTRIBUTION LOSS (%)						
CESU	23.00%	34.64%	23.00%	33.90%	35.67%	33.69%
NESCO	18.35%	33.84%	18.35%	31.10%	32.06%	26.42%
WESCO	19.60%	36.57%	19.60%	35.46%	38.51%	32.04%
SOUTHCO	25.50%	40.99%	25.50%	39.00%	40.98%	35.98%
ALL ORISSA	21.29%	35.85%	21.38%	34.46%		
COLLECTION EFFICIENCY (%)						
CESU	99.00%	92.65%	99.00%	94.33%	88.10%	86.11%
NESCO	99.00%	96.85%	99.00%	96.96%	91.60%	89.31%
WESCO	99.00%	92.28%	99.00%	93.76%	91.81%	90.25%
SOUTHCO	99.00%	90.85%	99.00%	90.75%	87.29%	82.55%
ALL ORISSA	99.00%	93.30%	99.00%	94.35%		
AT & C LOSS (%)						
CESU	23.77%	39.44%	23.77%	37.65%	43.31%	42.90%
NESCO	19.17%	35.93%	19.17%	33.19%	37.76%	34.29%
WESCO	20.40%	41.47%	20.40%	39.49%	43.55%	38.67%
SOUTHCO	26.25%	46.39%	26.25%	44.64%	48.49%	47.15%
ALL ORISSA	22.08%	40.14%	22.17%	38.16%		

Directives of the Commission:

1. Due to poor collection efficiency, Commission directs WESCO to adopt alternative collection mechanism to arrest the fall. WESCO can use mass communication medium about such collection modalities for creating awareness among consumers and also to motivate them for early payment.
2. Commission directed WESCO to adopt innovative strategies to reduce the growing arrears. Power disconnection/regulation to defaulting consumers can be an option following due procedures. WESCO shall arrange Division level and Section level meetings and assign responsibility to the concerned officers to ensure full collection of arrears. Their responses and results to be monitored.
3. Commission directs WESCO to submit plans to reduce distribution loss, increase billing efficiency particularly in LT and enhancing Collection Efficiency in the short run as well as long run.
4. The licensee should submit an action taken report on all the items mentioned above positively by 15.10.2015.

5. The Commission expressed displeasure for liberal approach of management towards poor performers involved in billing and collection. The practice of inaccurate billing instead of the actual reading need to be dealt firmly to avoid harassment of consumers and consequential poor collection. Commission directs that the management should keep a strict vigil on such activities in public interest.
6. The status of energy audit in WESCO is observed to be very poor. The Commission directs to fix responsibility on the defaulting officer/staff and proceed as per law.
7. The Commission directs WESCO to identify defaulting consumers consecutively for three months and proceed as per law. WESCO should also take initiative to install pre-paid meters in all Govt. Offices in accordance with the decision of the Govt. of Odisha.
8. The Commission reiterates that WESCO should undertake energy audit in all the feeders along with indexing of its consumers. WESCO has not yet been able to submit any energy audit report in spite of directive from the Commission. Management is directed to take appropriate action on the officers responsible for such default.
9. Consumer indexing and KYC need to be completed within a reasonable period. WESCO shall submit an action plan to the Commission by October, 2015.
10. WESCO should take immediate step to declare feeder managers of all 11 KV feeders. Unscrupulous consumers shall be brought to book in addition to any employee, if found associated with officers and need to be proceeded as per law.
11. WESCO should adopt photographic billing similar to NESCO by the end of December, 2015 after due verification and validation. The readings on AMR meters should be cross checked at a pre determined interval to ensure record deviations, if any.
12. The DISCOMs should prepare a litigation policy for quick settlement orders from GRF/Ombudsman/Commission etc. Appropriate delegation at different levels should be made to settle disputes for convenience of consumers. All levels in official hierarchy should be delegated with authority to settle disputed bills up to a certain limit by management of the utility.
13. In spite of direction of the Commission in para 381 of ARR 2015-16 to frame appropriate service rules for the employees keeping in view the provisions of Electricity Act, 2003 within three months, no action appears to have been taken. This needs to be completed immediately before October, 2015 and copy filed with Commission as a pre requisite to next ARR.

14. WESCO represented that though the current Bulk Supply Bills were paid to GRIDCO within due date during FY 2013-14 and FY 2014-15, no rebate was allowed by GRIDCO for such payment. Since it involves views of GRIDCO as well, and CMD GRIDCO is its Administrator at present, the matter be placed with CMD, GRIDCO for his decision. CMD, GRIDCO shall decide on the issue within one month.

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