

Executive Summary on review of performance of CESU

Date of review: 04.05.2007
Period of review: April, 2006 to March, 2007
Persons present: Mr.Debaraj Biswal, CEO (Finance)
Mr.G.P Sarkar, CEO (O&M)

Commission's observations on licensee's performance

1. PURCHASE OF POWER FROM GRIDCO AND PAYMENT OF BSP BILLS

Name of DISTCOs	OERC's Estimate for 2006-07	Actual for 2006-07			
	Energy input (MU)	Energy input (MU)	BSP bill of GRIDCO (Cr.)	Payment made to GRIDCO (Cr.)	% Payment of BSP bill
CESU	4,164.00	4,623.63	653.33	625.36	95.7%
NESCO (including drawal from TSIL)	4,169.00	3,991.77	520.93	580.76	111%
WESCO	4,600.00	4670.561	693.21	739.37	107.00%
SOUTHCO	1,750.00	1832.24	229.30	229.30	100.00%
ALL ORISSA	14,683.00	15118.2	2096.8	2174.8	103.70%

The Commission observed that CESU has purchased 459.6 MU more than the target fixed by the Commission for the FY 2006-07.

2. SALE TO CONSUMERS (MU)

Name of DISTCOs	Voltage	OERC's Estimate for 2006-07	Actual for 2006-07	Target for 2007-08
CESU	EHT	395.9	494.87	636
	HT	589.8	636.51	723
	LT	1,804.20	1480.01	2064.1
	TOTAL	2,789.90	2611.39	3423.1
NESCO	EHT	1,320.00	1330.09	1752
	HT	568	580.11	666
	LT	967.5	759.51	909.3
	TOTAL	2,855.50	2669.71	3327.3
WESCO	EHT	1,000.00	950.21	1690
	HT	1,286.00	1234.37	1446
	LT	761.7	784.32	986.2
	TOTAL	3,047.70	2968.90	4122.2
SOUTHCO	EHT	192.7	191.76	185
	HT	247	226.35	229
	LT	732.8	616.13	850.9
	TOTAL	1,172.50	1034.25	1264.9
ALL ORISSA	EHT	2,908.60	2966.90	4263
	HT	2,690.80	2677.30	3064
	LT	4,266.20	3640.00	4810.5
	TOTAL	9,865.60	9284.20	12137.5

As far as CESU is concerned, the targeted sale at LT has not been achieved. Failure to reach the targeted sale at LT compared to OERC approval is very glaring. Power purchase has gone up by 459.6 MU but at same time EHT sale has gone up by only 145MU. Obviously balance power has gone to LT. Even LT sale has gone down by 324.2 MU with reference to OERC target. Lower sale, particularly at LT implies increase in distribution loss which CESU has failed to arrest. The Commission observed that in spite of increase in nos. of LT consumers the sale has decreased.

3. Billing and Collection

Name of DISTCOs	Voltage	Shortfall between Billing and Collection (Cr.)	Billing (Cr.)	Collection (Cr.)	Shortfall (Cr.)	Billing (Cr.)	Collection (Cr.)	Shortfall (Cr.)
		2004-05	2005-06			2006-07 (Actual)		
CESU	LT	92.56	395.38	325.52	69.86	384.36	341.33	43.00
	Overall	112.92	713.06	631.78	81.28	782.59	732.84	49.75
NESCO	LT	33.78	152.78	119.81	32.97	177.06	121.51	49.60
	Overall	42.07	590.22	525.65	64.57	743.37	680.62	62.75
WESCO	LT	46.91	176.84	130.19	46.65	182.96	140.71	42.30
	Overall	58.53	795.62	748.79	46.83	913.52	866.78	46.70
SOUTHCO	LT	21.25	151.64	130.4	21.24	155.50	135.36	20.14
	Overall	26.07	301.18	274.6	26.58	304.43	282.09	22.34

4. Collection Efficiency:

Name of Distcos	Voltage	Collection Efficiency (%)		Target for 2007-08 (%)
		OERC's Estimate for 2006-07	Actual for 2006-07	
CESU	LT	89.0	89.00	
	Overall	89.0	93.6	92.0
NESCO	LT	94.0	69.00	
	Overall	94.0	92.00	94.0
WESCO	LT	94.0	77.00	
	Overall	94.0	95.00	96.0
SOUTHCO	LT	93.0	87.00	
	Overall	93.0	93.00	94.0

The Commission expressed their displeasure over non-collection of even the current revenue. Against a monthly billing of Rs.32 crore for LT consumers the monthly shortfall in collection is Rs.3.6 crore or nearly 11% of the amount billed for LT is not being collected. LT Performance particularly in AED, Athagarh, AED, Anugul, TED, Chainpal, KED-II, Marsaghai, DED, Dhenkanal, BED, Balugaon, CED, Cuttack etc are a matter of considerable concern. Thus, arrears have been accumulating month after month. This kind of inefficiency is seriously affecting the financial viability of the utility. The Commission also directed that a copy of the HT/EHT bills should be posted in the website of the licensee at the end of every month.

5. Distribution Loss:

Name of DISTCOs	Voltage	Distribution Loss (%)		Target for 2007-08 (%)
		OERC's Estimate for 2006-07	Actual for 2006-07	
CESU	LT	37.3%	53.2%	34.4
	Overall	33.0%	43.5%	29.3
NESCO	LT	52.9%	59.4%	51.1
	Overall	31.5%	33.1%	26
WESCO	LT	62.4%	64.20%	52.0
	Overall	33.7%	36.4%	25.0
SOUTHCO	LT	38.2%	52%	33.2
	Overall	33.0%	43.6%	30.4

The Commission necessarily must record their extreme displeasure over the high distribution loss at 43.5% during the year 2006-07 as against the target of 33% set forth by the Commission. Even LT loss in the same period has shown no sign of relenting. Against 49.7% LT loss in 2005-06 and OERC target of 37.3% in 2006-07, CESU has recorded a high LT loss of 53.2%. This constitutes a major failure on the part of the licensee. In spite of repeated directions of the Commission, they have not taken effective steps for reduction of T&D loss.

6. AT & C Loss:

The Commission can not but express their total and absolute dis-satisfaction over the AT&C loss achieved during 2006-07 at 47.1% as against the target of 40.37% and reminded them they must take positive and serious steps towards achieving the objective of reducing the AT&C losses.

Name of DISTCOs	Voltage	AT & C LOSS (%)		Target for 2007-08 (%)
		OERC's Estimate for 2006-07	Actual for 2006-07	
CESU	LT	44.2%	58.4%	58.4
	Overall	40.4%	47.1%	35.60
NESCO	LT	55.7%	72.0%	72.1
	Overall	35.6%	38.8%	33.26
WESCO	LT	64.7%	72.0%	72.4
	Overall	37.7%	39.7%	28.00
SOUTHCO	LT	42.5%	58%	58.2
	Overall	37.7%	47.7%	34.20

The extremely high AT&C loss of 58.4% in the LT category against the target of 44.18% for 2006-07 is a matter of serious concern. **The Commission directed that CESU should concentrate on consumers particularly the LT GP category. To achieve targeted AT&C loss parameters, it is desirable that engineering and commercial functions of the Utility should be separated.** The Commission wanted to know the LT loss reduction action plan of the utility. The Commission also desired to know why analysis has not been made for sustained high LT loss. To this, CESU submitted that the manpower shortage is the only bottleneck in their endeavour for loss reduction. The Commission directed CESU to submit an action plan for recruitment of staff in phase manner and suggested that at least 1/3rd of the total requirement should be inducted immediately after taking due approval of the Board. The Commission impressed upon CESU to make a master plan for loss reduction in urban centres like Cuttack, Bhubaneswar, Dhenkanal and Puri. **The Commission directed that the pillar box for metering should immediately be installed through the outsourcing method in urban clusters within three months.**

7. Energy Audit

The Commission desired to know the plan and progress of energy audit of CESU in order to bring down distribution loss. CESU in their reply stated that as per direction of the Commission during last review meeting, energy auditing has been taken up in a grand way. During the review, the Commission observed that out of 17405 nos. of DTRs only 5118 DTRs have OK meters. The Commission expressed their displeasure over such a state of metering of distribution transformers. The Commission once again advised CESU to expedite transformer wise and feeder wise energy audit in the divisions where the LT losses are quite high.

The Commission also directed CESU that, energy audit will not be fruitful unless regular periodical monitoring is taken up. It is observed that even after 100% metering of grid s/s, distribution transformers, consumers loss level could not be reduced to the desirable extent. Hence, the solution to the distribution loss reduction lies in energy audit (by regular monitoring). The Commission also directed to fix AB cable in theft prone areas with high concentration of loads like urban slums and bastes where hooking is rampant

On the whole it is felt that, although, money and materials were available, energy audit could not be conducted successfully mainly because of administrative, technical and commercial failure.

8. ABT Metering:

The Commission reiterated fixation of ABT compliant meter on HT & EHT consumers as ABT regulations is going to come into effect shortly. To this, CESU replied that ABT compliant meters have been installed in all EHT/HT large industrial consumers. The Commission desired to know the frequency of monitoring of the functioning of the meters at regular intervals.

9. Spot billing:

To the Commission's query, CESU submitted that spot billing is working successfully in entire jurisdiction of CESU. CEO submitted that spot billing is presently carried out through outsourced personnel. **Commission directed that spot collection should start in rural areas also to improve collection efficiency by prior announcement and sending collection staff periodically**

10. Maintenance of Quality of Supply:

The Commission expressed concern regarding failure of a large no. of power transformers. The Commission wanted to know the reason for failure of large number of power transformer which are very costly pieces of equipment. The Commission further directed that there should be regular analysis to find out the reason for failure of such large number of transformer. The Commission directed in the last review that the licensee should have adequate no. of circuit breakers and the existing circuit breakers should be maintained in order that they function smoothly and properly. The Commission also directed that adequate no. of power and distribution transformers should be kept as spares. The licensee should upgrade the capacity of the transformers from time to time according to the rise in contract demand instead of repairing the burnt transformer. The Commission desired that there should be interaction between consumers particularly HT category in the division level. It is learnt during review that out of 51206 application for new connection only 46205 cases have been given connection. The commission observed that CESU has not furnished the list of applicants for new connection in certain divisions which should be submitted immediately. During review, it is found that regularization of hooks detected is very small. The Commission directed that detailed list of regularization vis-à-vis hooks detection should be furnished to the Commission by 15.06.2007. The Commission further directed that there should be special drive for hook regularization. To the query of the Commission regarding automatic compensation for failure to meet guaranteed standard of performance. CESU submitted that no such payment has been made so far. **The Commission directed that, legitimate compensation should be paid to the affected consumer and the same should be publicized for consumer awareness.**

11. Arrear Collection and Auditing of receivables:

The Commission expressed their concern over the mounting of the receivables especially in LT category of consumers. The LT arrears as on 31.03.2007 amounts to Rs.1088.18 crore out of which Rs.585.06 crore pertains to the period from 01.04.1999 to 31.03.2007. The dues of State Govt. and PSUs have also reached an amount of Rs.75.10 by 31st March, 2007. The Commission wanted to know the genuineness of those arrears and directed to submit a list of such defaulting departments. The Commission directed that Govt. arrears should be reconciled as Govt. is ready to pay. The Commission wanted to know the status of receivable audit. CESU submitted that the receivable audit has been started in Nimapara and Kendrapada divisions. The Commission directed that the receivable audit at any cost should be completed before the time schedule stipulated in the tariff order for FY 2007-08.

12. Induction of Franchise in loss prone areas

The Commission observed that the increase in input, reduction in billing and also reduction in collection taken together accounted for the poor performance of CESU. Therefore, the Commission directed the licensee to gradually introduce franchises and gradually switch over to an appropriate form of the franchises in loss prone rural areas preferably with public participation. Besides franchise system may be tried in semi-urban feeders as well.

13. Grievance Redressal

A large number of complains/allegations are coming out in the print media regarding unsatisfactory service and lack of prompt response to such complains. The Commission observed that these news items should be very carefully examined and each case be promptly attended to and remove the genuine complaints under intimation to OERC. Prompt compliance should also be ensured when report is being called for from the Commission. The list of the cases reviewed on 03.05.2007 (Annexure-II) in the OERC and action suggested thereon is enclosed for immediate compliance on each of the news items and should be submitted to the Commission by 05.06.2007 at the latest.

14. Miscellaneous: The Commission observed that Energy police station has become non-starter in CESU area. The Commission directed CEO to highlight the issue in the Govt. level.

15. Action Points

In conclusion, the Commission observed and directed that CESU should take effective steps in a time bound manner to achieve the following parameters for its very survival (Annexure-I).

- i) Reduction of Distribution Loss for which the target for 2007-08 has been fixed at 29.3% as overall loss and 34.4% for distribution loss on LT.
- ii) Improvement of collection efficiency, the target for which has been fixed at 92% for 2007-08.
- iii) Realization of huge outstanding arrears which amounts to Rs.1088.29 crore as on 31.03.2007.
- iv) Satisfactory consumer service with specific complains highlighted in the print media as listed in the Annexure-II.
- v) To carry out energy audit, receivable audit and take follow up action for realization of arrears.
- vi) Legitimate compensation should be paid to the affected consumer for not achieving guaranteed standard of performance and the same should be published for consumer awareness.
- vii) The Commission directed that irrespective of accumulation of arrears due to some consumers the licensee should replace the burnt transformer with a new or repaired transformer so that genuine consumers are not harassed.
- viii) CESU should put the copy of HT/EHT bills in their website.
- ix) CESU should start spot collection in rural areas to improve collection efficiency.
- x) The pillar box for metering should immediately be installed through the outsourcing method in urban clusters within three months.
- xi) To achieve targeted AT&C loss parameters, it is desirable that engineering and commercial functions of the Utility should be separated.
- xii) CESU should submit an action plan for recruitment of staff in phased manner and at least 1/3rd of the total requirement should be inducted immediately after taking due approval of the Board.
- xiii) Directions given during periodic review for improvement of licensee's performance is not having any impact as the licensee continues to perform in a lackadaisical manner. The licensee must concentrate on efficiency improvement and deliver.
- xiv) The discussion in the next review meeting will be held with special emphasis such as (1) Introduction of Pillar box (2) Franchise system (3) Energy Audit (4) Arrear Collection and compliance on each of the points mentioned above.

PERFORMANCE OF LICENSEES

	2005-06		2006-07		2007-08
	OERC Approval	Actual	OERC Approval	Actual	OERC Approval
A. OVERALL DISTRIBUTION LOSS (%)					
CESU	36.0%	42.8%	33.0%	43.5%	29.3%
NESCO	35.0%	37.1%	31.5%	33.1%	26.0%
WESCO	31.0%	37.8%	33.7%	36.4%	25.0%
SOUTHCO	36.0%	41.1%	33.0%	43.6%	30.4%
ALL ORISSA	34.2%	39.6%	32.8%	38.6%	27.1%
B. LT LOSS (%)					
CESU	41.3%	49.7%	37.3%	53.2%	34.4%
NESCO	52.5%	60.2%	52.9%	59.4%	51.1%
WESCO	54.1%	64.7%	61.4%	64.2%	52.0%
SOUTHCO	43.3%	49.3%	38.2%	52.0%	33.2%
ALL ORISSA	47.5%	55.8%	47.6%	57.2%	42.3%
C. COLLECTION EFFICIENCY (%)					
CESU	86.0%	88.6%	89.0%	93.6%	92.0%
NESCO	93.0%	89.1%	94.0%	91.6%	94.0%
WESCO	92.0%	94.1%	94.0%	94.9%	96.0%
SOUTHCO	91.0%	91.2%	93.0%	92.7%	94.0%
ALL ORISSA	90.4%	90.9%	92.5%	93.4%	94.1%
D. OVER ALL AT & C LOSS (%)					
CESU	45.0%	49.4%	40.4%	47.1%	35.0%
NESCO	39.6%	44.0%	35.6%	38.8%	30.4%
WESCO	36.5%	41.5%	37.7%	39.7%	28.0%
SOUTHCO	41.8%	46.3%	37.7%	47.7%	34.6%
ALL ORISSA	40.5%	45.1%	37.9%	42.7%	31.4%
E. AT & C LOSS FOR LT (%)					
CESU	49.5%	58.6%	44.2%	58.4%	39.6%

NESCO	55.8%	68.8%	55.7%	72.1%	54.0%
WESCO	57.8%	74.0%	63.7%	72.4%	53.9%
SOUTHCO	48.4%	56.4%	42.5%	58.2%	37.2%
ALL ORISSA	52.6%	64.4%	51.5%	64.8%	45.7%

NB : Based on overall collection efficiency, AT& C Loss for LT(OERC approval) has been calculated .

**MINUTES OF NODAL OFFICERS MEETING OF OERC & DISTCOS HELD ON
03.05.2007 REGARDING CONSUMER GRIEVANCES REPORTED IN
NEWSPAPERS**

As per the Commission's directions a meeting of representatives from four Distcoms dealing with consumer complaints was convened in room 305. It was presided over by the Secretary I/c and PAO was Convenor of the meeting. Shri A. Swain, attended the meeting on behalf of Southco, Shri G.C. Mohanty, DGM, (HT-Maintenance) attended the meeting on behalf of Wesco, Shri Lingaraj Padhi, Manager (Comm) for Cesu and Shri S.D. Bhanj, AGM (RAU) attended for Nesco.

The following consumer grievances published in newspapers/forwarded to Distcos were discussed.

CESU - 22 cases were on the agenda

1. News report in Samaj dtd.17.2.2007 regarding accident caused due to unsafe 11kv line over domestic house. The CESU representative said that reply had been submitted to OERC vide letter No.659 dated.14.03.07. As per the Electrical Inspector's report required horizontal clearance was not maintained between the house and the 11KV line leading to the accident. CESU was directed to take action against officers responsible for the same and submit action taken report within 15 days.
2. News report in Dharitri dtd.21.2.2007 regarding unsafe HT wires in Cuttack city. The CESU representative said that steps are being taken to repair damaged poles, replace faulty lines and fence substations. They were asked to submit detailed action taken report within 15 days.
3. News report in Sambad dtd.21.2.2007 regarding power supply to Kendutaila village of Parjung block which is yet to be electrified. The CESU representative said that the village has been brought under MNP Scheme and work would be taken up soon. They were asked to submit detailed action taken report within 15 days.
4. News report in Samaj dtd.23.2.2007 regarding unnotified power cut in Khurda. The CESU representative said that no unscheduled cuts had occurred and that only authorized persons were entering consumer premises for meter checking. The Commission may send an officer for inspection to verify the claim.
5. News report in Samaj dtd.24.2.2007 regarding meter scam in Choudwar Electrical Division. The CESU representative said that action had been taken in the matter and reply submitted to OERC on 04.05.2007.
6. News report in Samaj dtd. 1.3.2007 regarding no power supply to Mundalbasi village of Salipur block. The CESU representative said that decision had been taken to install 1 63 KVA 11/0.4KV sub-station within 1.8 km of the 11 KV line under MLA LAD Scheme. Work could be taken up after the same is sanctioned.
7. News report in Dharitri dtd.07.3.2007 regarding accident caused due to unsafe 11kv line over domestic house killing 11 cattles in Naba Laulai village under Gandia Police Station. The CESU representative said that action taken report would be within 15 days.
8. News report in Samaj dtd.10.3.2007 regarding report on power theft due to corrupt practices of the employees of CESU. The CESU representative said that the MRT Cuttack & Bhubaneswar had conducted raid on Durga Rice Mill and Floor Mill and found meter performance to be OK. Action taken report would be submitted after dump analysis report is submitted.

9. News report in Samaj dtd.15.3.2007 regarding non-functioning of installation at Nagaspur of Nichhintkoili. The CESU representative said that the 100 KVA 11/04 KV transformer in the village had already been replaced.
10. News report in Samaj dtd.15.3.2007 regarding no power supply at Bachhuribanka since last 2 years. The CESU representative said that this was due to theft of conductor but required materials had been released by the head office and restoration would be taken up soon. Action taken report would be submitted within 15 days.
11. News report in Samaj dtd.19.3.2007 regarding low voltage power supply to Nilachakranagar. The CESU representative said that this was due to long LT line. Decision had been taken to make it 3 phase. Action taken report would be submitted within 15 days.
12. News report in Samaj dtd.19.3.2007 regarding non-functioning of simulator at Harihar Cancer Research Centre Cuttack since two months. The CESU representative said that the matter pertains to GED and may be referred to them.
13. News report in Samaj dtd.24.3.2007 regarding consumers facing difficulties for new power connections due to irregularity by JE in Balikuda. The CESU representative said that enquiry had been conducted and it was found that out of 115 applications for new connection the said officer had sanctioned 110 since 1.11.06.
14. News report in Sambad dtd.27.3.2007 regarding no power supply to Kanhupur village of Tirtol block since the super cyclone. The CESU representative said that Action taken report would be submitted within 15 days.
15. News report in Samaj dtd.30.3.2007 regarding manipulation of meters by M/s.Shiva Mettallick. The CESU representative said that joint raid had been taken by MRT Cuttack and Bhubaneswar and assessment bill raised after meter testing. The case is now with the GRF,Cuttack.
16. News report in Samaj dtd.03.04.2007 regarding consumer dissatisfaction among 11 section of Bhubaneswar Circle. The CESU representative said that 86 out of 966 existing transformers have failed in BED,Bhubaneswar. 10 bills have been revised at division levels and 466 at sub-division levels. No other complaints have been received in this period. The Commission has ordered to enquire into the allegations.
17. News report in Samaj dtd.9.04.2007 regarding Rampage at Athagarh CESU office by irate mobs due to power cuts. The CESU representative said that due to breakdown of 33KV Nuapatna Atthagarh feeder, the area covered under it did not get power supply from 650 PM to 11.52 PM on 07.04.07 power supply was restored after rectifying the defect. FIR has been lodged against miscreants who ransacked the Atthagarh Substation.
18. News report in Dharitri dtd.11.04.2007 regarding no power supply to 500 villagers under Nimapara Section. The CESU representative said that the village has been included in RGGVY Scheme and would be electrified shortly.
19. News report in Samaj dtd.12.04.2007 regarding power supply hit by regular theft of oil from the transformer. The CESU representative said that Action taken report would be submitted within 15 days.
20. News report in Dharitri dtd.13.04.2007 regarding consumer dissatisfaction and loss of CESU due to illegal hooking. The CESU representative said that Action taken report would be submitted within 15 days.
21. News report in Samaj dtd.16.04.2007 regarding theft of several electric poles under Talcher Division. The CESU representative said that Action taken report would be submitted within 15 days.
22. News report in Samaj dtd.17.04.2007 regarding difficulties faced by consumers due to burning at Pikol village. The CESU representative said that the burnt transformer had already been replaced on 23.04.07 and power supply resumed to the village.