

ODISHA ELECTRICITY REGULATORY COMMISSION
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**No.DIR (T)-370/09/
Dated- 27.06.2012**

From
Secretary I/c.

To
The Managing Director,
WESCO, At/P.O. Burla,
Dist. Sambalpur

Sub: **Review of Performance of WESCO for April, 11 to March, 2012 held in OERC on 22.05.2012.**

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.
Attendance Sheet

SECRETARY

Copy to:

- i) The Principal Secretary, Department of Energy, Govt. of Orissa 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.

**Minutes of Performance Review of WESCO
from April, 11 to March 2012 held in OERC on 22.05.2012.**

Date of Review : 22.05.2012 at 16.00 PM

Period of Review : From April, 2011 to March, 2012

Representative of WESCO, GRIDCO and OPTCL present during the review is attached as annexure -1

1. Shri P.Gopal Reddy, MD, WESCO made a presentation before the Commission about the performance of WESCO during the period from April, 2011 to March., 2012 as per the agenda items indicated by the Commission. Commission's Observations on Licensee's Performance in brief are as follows:

Performance of WESCO

2. The Commission noted that during the period under review the energy purchased by the licensee was found to be 6172.46 MU compared to the energy input of 6510.88 MU during the FY 2010-11 resulting a reduction of 338.42 MU compared to the previous year. During the period under review the revenue generated by the licensee was Rs. 1677.64 Crore against Rs. 1422.27 Crore generated during FY 2010-11. During the period under review the AT& C loss has decreased by 2.34% compared to the previous year despite overall billing efficiency remaining more or less same at 61.10%. This is because of the excess collection of Rs. 255.37 Crore including collection under one time settlement (OTS) Scheme. It has also resulted an increased overall and LT Collection Per Input by 53.35 p/u and 25.74 P/U respectively. A brief overview of the revenue and loss parameters of NESCO is as given below:

REVENUE PERFORMANCE OF WESCO				
	Actual 2010-11	Actual for FY 11-12	Improvement over Previous Year	Approval for 2011- 12
Energy input (MU)	6510.88	6172.46	-338.42	6630.00
SALE TO CONSUMERS (MU)				
EHT	1459.62	1345.51	-114.11	1581.33
HT	1363.67	1165.14	-198.53	1317.30
LT	1156.10	1264.36	108.26	2425.26
TOTAL	3978.72	3775.01	-203.71	5323.89
LOSS (%)			0.00	
LT	64.79%	61.40%	-3.39%	
HT & LT	50.12%	49.67%	-0.45%	
OVERALL	38.89%	38.84%	-0.05%	19.70%
BILLING EFFECIENCY (%)				
HT	92.00%	92.00%	0.00%	
LT	35.21%	38.60%	3.39%	
HT & LT	49.88%	50.33%	0.45%	
OVERALL	61.11%	61.16%	0.05%	
COLLECTION RECEIVED (CR.)				
EHT	617.94	736.33	118.38	845.24
HT	552.27	605.54	53.27	672.65
LT	252.05	335.76	83.71	681.40
TOTAL	1422.27	1677.64	255.37	2199.30

AT & C LOSS (%)				
LT	74.04%	65.34%	-8.70%	
HT & LT	55.39%	51.92%	-3.47%	
OVERALL	42.94%	40.60%	-2.34%	20.50%
Collection Per Input-LT	76.76	102.50	25.74	204.78
Collection Per Input-Overall	218.44	271.79	53.35	331.72

BILLING Analysis of WESCO

3. While analyzing the billing pattern of WESCO it is observed that the EHT consumption has decreased from 36.69% to 28.10% and HT consumption has decreased from 34.26 % to 23.50 % during the FY 2011-12 compared to the previous year i.e. FY 2010-11. But in case of LT consumption there is a substantial increase in consumption from 29.06 % to 48.50 % during the same period. WESCO stated that with their effort the revenue flow has been maintained despite a decrease in EHT and HT consumption. The Commission expressed concern for the low billing from BPL consumers at Rs. 09.26 only per month during the current financial year. This is quite inadequate compared to the minimum billing per month of Rs.30 from BPL consumers. The Commission reiterated its earlier direction to bill the BPL consumers at the rate of an ordinary domestic consumer once they exceed consumption from 30 units per unit. Considering the economy of WESCO region of the state the LT general consumption which is only 16.23 % of the total consumption seems to be doubtful. The Commission insisted for strict vigilance measures to analyze the consumption pattern of LT general and high end consumers of the licensee. A brief over view of the consumption of WESCO is as given below:-

CONSUMPTION OF WESCO-As on March-2012						
Category	Consumption (MU)	Billed Amount (Rs.Cr.)	Realization Paise/Kwh	Billing per Consumer Rs per Month	% Consumption for 2011-12	% Consumption for FY 2010-11
Domestic	792.985	160.83	165.71	193.02	63.66%	64.26%
Kutir Jyoti	37.862	4.34	29.69	9.26	3.04%	
L.T. General (Com)	202.187	115.50	550.38	1777.68	16.23%	17.27%
Agriculture	53.927	5.98	82.70	303.05	4.33%	4.62%
Allied-Agro	1.471	0.43	191.23	3125.25	0.12%	0.12%
Agro Industries	2.036	0.20	245.12	14342.67	0.16%	0.13%
Street Lighting	11.891	5.17	496.16	13506.64	0.95%	0.98%
PWW	27.51	14.34	471.61	5017.80	2.21%	2.12%
Small Industry	25.32	13.65	551.06	2837.49	2.03%	2.47%
Medium Industry	67.82	42.32	632.15	27694.84	5.44%	6.04%
Specified Pub. Purpose(P.I.)	22.28	10.86	480.13	2235.57	1.79%	1.95%
General Purpose	0.09	0.07	740.40	56118.14	0.01%	0.01%
Large Industry	0.31	0.24	814.24	70344.66	0.02%	0.03%
TOTAL L.T.	1245.69	373.92	269.54	375.60	100.00%	100.00%
SUMMARY						
E HT	721.74				28.1%	36.69%
HT	603.56				23.5%	34.26%
LT	1245.69				48.5%	29.06%
WESCO TOTAL	2570.99				100.0%	100.00%

Arrear Analysis of WESCO

4. WESCO has an arrear of Rs 978.60 Cr as on 31st March 2012 against Rs 929.06 Cr on 31st March 2011. The licensee has collected Rs 62.31 Cr only against the target of the Commission for collection of arrear by Rs 250 Cr while approving the ARR of NESCO for FY 2011-12 vide para 640 of the RST order. More over the arrear added during the period is Rs 111.85 Cr against the collection of arrear of 62.31 Cr. This has resulted in net increase of arrear by 49.54 % compared to the previous year. The Commission emphasized to focus on LT ghost consumers where a substantial amount of arrear has to be collected. A brief overview of the arrear position of the licensee is as given below:

Category	Arrear as on 31-03-2011	Arrear Added during 1st 6 Months	Billing for the 2011-12 (Rs. Cr.)	Collection against current dues for the FY 2011-12	Collection against arrear for the FY 2011-12	Total Collection for the FY 2011-12	Arrear for the period (Rs. Cr.)	Arrear as on 31.03.12	Arrear Added during Last 12 Months
1	2		3	4	5	6=4+5	7=3-4	8=2-5+7	
EHT	-6.76	36.41	741.81	735.96	0.37	736.33	5.85	-1.28	5.48
HT	16.89	7.83	595.86	586.34	3.99	590.32	9.52	22.43	5.54
LT	841.57	46.81	350.43	264.15	52.28	316.43	86.28	875.57	34.00
Govt. & PSU	16.62	0.63	15.59	14.87	0.35	15.22	0.71	16.99	0.37
Govt.-HT	60.73	5.03	23.49	14.02	5.32	19.34	9.47	64.88	4.15
Grand Total	929.06	96.71	1727.17	1615.33	62.31	1677.64	111.85	978.60	49.54

Performance of WESCO in Upgradation of System

5. Regarding the performance of WESCO in improving the network system, it is observed that through all the 33 KV feeder meters are having metering facility energy audit of 65 No of feeders have been possible by the licensee so far. Despite several instructions in the past the licensee is not showing seriousness to take up energy audits of its feeders. Similarly in 11 KV feeders only 490 No of feeders are metered and the licensee is able to audit 1no of feeder only. The licensee is directed to submit the energy audit report of those 33 KV and 11 KV feeders before the Commission by end of June 2012. The no of 33 KV and 11 KV breakers available with the licensee is only 143 and 340 against the requirement of 91 and 496 respectively. Similarly so far Distribution Transformer system of the licensee is concerned out of 23928 no of DTRs only 12558 nos. are metered and Energy audit for only 64 nos. are so far possible by the licensee. The Commission insisted to speed up the energy audit process for quicker turn around of the industry. Regarding the status of metering as submitted by the licensee the Commission is of opinion that the licensee should carefully assess the metering statistics provided to the Commission. Further the Commission vide para 6 of its letter no Dir(T)-336/08/2544 dated 13.01.2012 has insisted to install AMR with all high valued consumers in steps starting from 20 KW initially. As per the submission of the licensee out of 7569 nos of consumers with 10 KW load, only 1348 nos. are provided with AMR reading facility. The Commission directed to complete the 100% AMR metering for all high value consumers above 10 KW by end of this Financial year. A brief overview of the network system of the licensee is as given below:

PERFORMANCE OF WESCO-SYSTEM UPGRADATION AS ON MARCH-2012				
	As on 31st March 2010 (FY-09-10)	As on 31st March 2011(FY 10-11)	As on 30th Sept 2011	As on 31st March 2012(FY 11-12)
No. of 33 KV feeders (excluding GRIDCO interface)	85	90	91	91
No. of 33 KV feeder metering	85	89	85	89
No. of 33 KV Group & Feeder Breakers Required	-	-	-	91
No. of 33 KV Group & Feeder Breakers Installed	-	-	-	143
Energy Audit Carried Out-33 KV	63	65	56	65
No. of 11 KV feeders	466	491	496	496
No. of 11 KV feeder metering	451	491	472	490
No. of 11 KV Group & Feeder Breakers Required	0	0	0	496
No. of 11 KV Group & Feeder Breakers Installed	0	0	0	340
Energy Audit Carried Out-11 KV	0	0	1	1
No. of distribution transformers (11/0.4 & 33/ 0.4 kv)	18565	21461	22893	23928
No. of distribution transformer metering position	12558	12558	12558	12558
Energy Audit Carried out- No of DTRs covered	0	0	64	64
Total number of meters	549845	623076	697472	745618
No. of working meters	539311	560753	642330	663248
Percentage of working meters	98.08%	90.00%	92.09%	88.95%
No of 3 Phase Consumers	0	28817	29509	30164
No of Consumers with TOD benefit	0	12499	13078	13819
No of Consumers above 10 KW load	0	7025	7351	7569
No of Consumer AMR metering	0	0	1196	1348

Performance of WESCO Vis-Vis the Sector as a whole

6. An insight to the performance of the all distribution companies in the state shows that the overall loss in the sector is found to be 38.55% for the FY 2011-12 against the OERC approval of 21.71%. The loss is highest in SOUTHCO at 46.42% and lowest at NESCO at 34.28%. The input to the energy sector has remained at 21242.59 MU for the period under review against the OERC approval of 22477 MU. The drawal of energy in all DISCOMs except SOUTHCO has remained less compared to the approval of the Commission. This proves that all the companies had tried to reduce loss by reducing the energy input to the system. The revenue generated in the system has remained at Rs.5564.74 cr, against the OERC approval of Rs.7109.57 cr. A brief overview of the overall performance of Odisha is as given below:

Performance of DISCOMs (All Odisha)-Sales-As on March-2012					
	CESU	NESCO	WESCO	SOUTHCO	FY 2011-12
BULK SUPPLY					
<i>Energy input (MU) Annual/ Half Yearly OERC APPROVAL</i>	7,791.00	5,323.00	6,630.00	2,733.00	22,477.00
Energy input (MU)	7,232.60	5,023.40	6,172.46	2,814.13	21,242.59
SALE (MU)					
EHT	1,309.32	1,672.56	1,345.51	383.93	4,711.32
HT	863.46	467.75	1,165.14	162.32	2,658.67
LT	2,297.01	1,161.22	1,264.36	961.42	5,684.02
TOTAL	4,469.79	3,301.53	3,775.01	1,507.68	13,054.01
<i>OERC APPROVAL</i>	5,921.16	4,343.57	5,323.89	2,008.76	17,597.38
LOSS (%)					
LT	49.91%	55.59%	61.40%	53.63%	54.71%
OVERALL	38.20%	34.28%	38.84%	46.42%	38.55%
OERC APPROVAL	24.00%	18.40%	19.70%	26.50%	21.71%
COLLECTION RECEIVED (CR.)					
EHT	640.75	842.76	736.33	195.90	2,415.74
HT	469.02	260.73	605.54	87.62	1,422.92
LT	751.59	354.22	335.76	284.51	1,726.08
TOTAL	1,861.36	1,457.71	1,677.64	568.03	5,564.74
AT & C LOSS (%)					
LT	52.94%	55.67%	65.34%	55.91%	57.23%
HT & LT	48.26%	51.72%	51.92%	55.33%	51.08%
OVERALL	39.97%	33.91%	40.60%	47.60%	39.73%
<i>OERC APPROVAL</i>	24.76%	19.22%	20.50%	27.23%	
Collection Per Input-LT	163.89	135.46	102.50	137.21	137.54
Collection Per Input-Overall	257.36	290.18	271.79	201.85	261.96

COMPLIANCE TO THE DIRECTIVES OF THE COMMISSION

Reduction of Theft

7. The Commission vide para 14 of the minutes of meeting held during the month of December, 2011 had directed to take following measures to reduce theft of electricity
 - i. Verification of load and contract demand of all high valued consumers with CD > 20 KW.
 - ii. Regular cross checking of meter readings to be carried out and penalty should imposed on billing agencies.
 - iii. The target for the number of raids to be carried out by DISCOMs was 720, 540 for CESU and NESCO and 180 each for WESCO and SOUTHCO respectively.
 - iv. The revenue generated by conducting raids etc. with help of Energy Police Stations should be 10 times the expenditure incurred towards the same.

Against the above directives the no. of cases finalized under Section 126 and 135 by WESCO was 4806 nos. and the amount finalized was Rs.2.46 crore during the current financial year. The amount collected by the licensee by regularizing 14562 nos. of connection was Rs.1.52 cr. during the period under review. Similarly the revenue

realized by the licensee by disconnecting unauthorized supplies was Rs.15.88 crore during period under review. A brief overview of the anti-theft activities undertaken by the licensee is given below:

Anti Theft Measures	As on 31st March 2010 (FY 09-10)	As on 31st March 2011 (FY 10-11)	As on 30th Sept 2011	As on 31st March 2012 (FY 11-12)
No of cases Finalized under Section 126 & 135	0	0	2855	4806
Amount Finalized (Rs Cr)	0.00	0.00	1.44	2.46
Amount Assessed during filing of case(Rs Cr)	0.00	0.00	1.43	2.46
No of new connections given	26562	45376	72380	50869
No. of connection Regularised	1859	3975	2926	14562
Amount Collected (Rs Cr)	0.00	0.23	1.26	1.52
No. of FIR lodged	26	97	76	95
No. of illegal consumers prosecuted/Initiated in Court	0	66	47	91
Number of disconnections made	68858	38573	43389	114213.00
Revenue realised (Rs Cr)	7.13	5.84	7.52	15.88

IMPLEMENTATION OF FRANCHISEE

8. While approving the ARR of DISCOMs for FY 2011-12 the DISCOMs were directed vide para 642 of RST order to spread franchisee activities by at least setting up of 3 nos. of Micro Franchisees per section by the end of the FY 2011-12. Thus the target for FY 201-12 was to cover at least 3,75,500 consumers of CESU, 187,500 consumers for WESCO and NESCO and 2,02,500 consumers for SOUTHCO by the end of the FY 2011-12. Against this the total no. of Micro Franchisees, Macro franchisees and Input base Franchisee as on 31.03.2012 operating in respect of WESCO are given in the table below.

Franchisee Activity	As on 31st March 2010 (FY- 09-10)	As on 31st March 2011 (FY 10-11)	As on 30th Sept 2011	As on 31st March 2012 (FY 11-12)
No of Micro-Franchisees	8	8	8	8
No of Consumers Covered	948	960	1089	1135
No of Macro-Franchisees	19	19	7	11
No of Consumers Covered	102168	104334	78590	114206
No of Input Based-Franchisees	0	3	3	2
No of Consumers Covered	0	36487	38400	41872
Total no of consumers covered under Franchisee	103116	141781	118079	157213

CONSUMER SERVICE

9. While analyzing the service provided by the licensee to the consumers, it is observed that the nos. of interruptions in 33 KV and 11 KV feeders are consistently going up. During the period of review the no. of power transformers, nos. of distribution transformers failed are found to be 28 and 2133 nos. respectively against 278 nos. of power transformers and 23928 nos. of DTRs. The performance of WESCO in compliance of GRF orders is found to be poor. It has only complied 1267 nos. of cases so far against 1577 nos. of orders received. The MD, NESCO stated that they

have taken several measures to improve quality of supply to the consumers. With their intense effort the no. of transformers burnt has remained same during last three years despite a significant increase in the number of distribution transformers. A brief overview of the consumers services provided by WESCO is as given below:

QUALITY OF SUPPLY	As on 31st March 2010 (FY 09-10)	As on 31st March 2011 (FY 10-11)	As on 30th Sept 2011	As on 31st March 2012 (FY 11-12)
Failure of Power Transformers	19	13	17	28
No. of transformers burnt	1514	1061	1300	2133
Cost involved (Cr.)	3.028	2.122	2.6	4.27
No of Interruptions in 33 KV Feeders	11016	5293	6020	11466
No of Interruptions in 11 KV Feeders	75306	38140	38255	75598
No. of Grievances received	8971	5325	4373	11804
Disposed through CHP including Bijuli Adalat	7361	4248	3851	10656
Total No. of GRF Orders received for compliance	0	0	863	1577
No. of GRF Orders Complied	0	0	641	1267

SYSTEM IMPROVEMENT

10. While approving the ARR of WESCO for FY 2011-12 the Commission had given following targets vide para 634 of the RST Order.

- 1) Upgradation and installation of new transformers - 800 nos.
- 2) Load balancing in three phases of DTR - 1500 nos.
- 3) Conversion of single phase to three phase line - 100 KMs.
- 4) Strengthening of AB cables - 250 KMs.

Against this target the achievement of WESCO is very poor. A brief overview of the system improvement provided by WESCO is as given below:

SYSTEM IMPROVEMENT WORKS DURING REVIEW PERIOD	As on 31st March 2010 (FY-09-10)	As on 31st March 2011 (FY 10-11)	As on 30th Sept 2011	As on 31st March 2012 (FY 11-12)
Installation of New Transformers	146	102	3	26
Upgradation of Transformers	170	93	26	29
Installation of Pillar Box	63	21	0	0
Length of AB Cable Laid	28.83	11.65	21	31
Conversion of Single Phase to Three Phase Lines	29	20	467	469

DIRECTIVES OF THE COMMISSION IN THE PRESENT REVIEW

Installation of pre-paid meters

11. The Commission while approving the ARR of the DISCOMs for FY 2012-13 has categorically emphasized installation of pre-paid meters vide para 527 of the RST Order. In case any Govt. consumer defaults in payment of electricity bills thrice in a

year, the said consumer has to install pre-paid meters and power supply should not be restored unless pre-paid meters are put in place. However, prior to the installation of pre-paid meters the licensee must adopt all necessary software, hardware and billing measures etc. to cope of with the requirement for installation of pre-paid meters. Apart from that there are many consumers like retired officials who may show interest for installation of pre-paid meters to get benefit of hassle free payment of electricity dues. In order to achieve the same Commission directed WESCO to put place an appropriate advertisement in the Newspapers to get necessary feedback from such consumers.

Implementation of Smart Grid Solution (AMR/AMI) in DISCOMs under Boot Model

12. Adoption of technology is the best solution to avoid theft of electricity. While the franchisee rare is adopted in the rural areas to achieve target Collection Per Input by reducing AT&C loss, Boot model in revenue sharing basis should be extended in semi-urban areas of the State to achieve the same. The Commission has categorically directed to all the DISCOMs vide para 532 of ARR Order of the DISCOMs for FY 2012-13 to handover at least three divisions under their control to be managed by BOOT operators in accordance with the broad principles issued by the Commission in their Lr. No. DIR(T)-390/11/2457 dtd. 30.12.2011. The response by the licensee so far is not encouraging. Except CESU no other DISCOMs has come up with some sort of concrete proposals on progress on this issue. The Commission re-emphasized its decision on wide spread adoption of Smart Grid operation under “Boot Model” in the State for reduction of theft and turn around of the power sector within specified time. Further, the Commission directed that the dump terminals of AMR should be installed starting from the Office of the Executive Engineer to the Head Office of DISCOMs by the end of June, 2012.

Self Assessment of consumption

13. In view of the growing nos. of consumers in urban and semi-urban areas it may not be possible to take meter reading regularly in every month. To cope up with such a situation the distribution companies may initiate billing on the basis of self declaration on consumption of electricity by honest consumers. In such a situation the differential billing between the actual reading on the meter and declared reading by the consumer can be additional billed even once in a year. This will reduce the billing and collection problem of the licensee.
14. The Commission directed that the meter rent should be utilized for purchase of meter only. In case it is not sufficient the balance amount should be invested from the own source of WESCO.
15. The Commission directed that the revenue collection figure from 20th May to 31st May may be submitted week-wise with corresponding figure from last year i.e. 2011-12.
16. Report of progress on installation of meters and smart grid operation should be submitted fortnightly by all DISCOMs.
17. The DISCOMs should identify the name of the sub-stations where excess VAR is drawn and take remedial measures.
18. The Commission directed WESCO to adopt punitive action against non-performing employees of the licensee by fixing responsibility starting from Section level to Circle heads.