

Minutes of Performance Review of NESCO for FY 2012-13

Date of Review : 10th June, 2013

Period of Review : FY 2012-13

Representative of NESCO, GRIDCO and OPTCL:

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2. Mr. A. K. Bohra, CEO, CSO
3. Mr. P. K. Mohanty, G.M.(Finance), NESCO
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5. Mr. G. B. Swain, G.M.(Finance), CSO

(A) Growth of Consumers :

Year	EHT Consumers	HT Consumers	LT Consumers	Total No. of consumers
2008-09	20	313	577893	578226
2009-10	23	333	607321	607677
2010-11	28	348	680654	681030
2011-12	31	386	806739	807156
2012-13	32	400	985645	986077

(B) Sales & Input

Year	EHT (MU)	HT (MU)	LT (MU)	Total (MU)	Sales (Rs. In Cr.)	Input (MU)
2011-12	1673	468	1161	3302	1450	5023
2012-13	1612	452	1218	3283	1608	5045
OERC Target for FY 2012-13	1813	483	2036	4332	2015	5336

(C) Efficiency Parameters(Overall)

Year	Sales (in Cr.)	Collection (Rs. In Cr.)	Distribution Loss (%)	Collection Efficiency (%)	AT&C Loss (%)	Billing Efficiency Overall (%)
2011-12	1450	1458	34	101	34	66
2012-13	1608	1496	35	93	39	65
OERC Target for FY 2012-13	2015	1995	18	99	19	-

(D) Efficiency Parameters (LT)

Year	Input (MU)	Sales (MU)	Sales (in Cr.)	Collection (Rs. In Cr.)	Distribution Loss (%)	Collection Efficiency (%)	AT&C Loss (%)	Billing Efficiency LT (%)
2011-12	2615	1161	355	354	56	100	56	44
2012-13	2706	1218	489	365	55	75	66	45
OERC Target for FY 2012-13		2036	759	751	25	99	26	-

(E) Division wise performance

The table below indicates the performance of Divisions which have performed poorly during FY 2011-12 & FY 2012-13 relating to efficiency parameters.

Division	Year	Billing Efficiency (%)		Collection Efficiency (%)		AT&C Loss (%)	
		LT	Overall	LT	Overall	LT	Overall
BSED, Bhadrak	2012-13	41	38	45	49	82	82
	2011-12	44	41	74	77	68	68
AED, Anandpur	2012-13	45	44	48	54	78	76
	2011-12	46	45	87	89	61	60
UED, Udala	2012-13	41	38	63	64	74	76
	2011-12	37	34	106	106	61	64
BTED, Basta	2012-13	35	35	71	73	73	74
	2011-12	34	34	119	118	57	60
RED, Rairangpur	2012-13	42	41	61	67	75	73
	2011-12	37	38	98	98	63	63
JTED, Jajpur Town	2012-13	42	39	80	80	66	69
	2011-12	40	37	140	140	43	48

(F) Arrear, Billing and Collection**Rs. In Crore**

	FY 2011-12	FY 2012-13
Billing	1531.68	1607.59
Collection	1439.55	1488.48*
Un collected amount	18.13	119.11
Collection Efficiency	93.99%	92.59%

* Note – Total collection during FY 2012-13 is Rs.1495.61 crore which includes Rs.7.13 crore pertaining to FY 2011-12. Thus, collection for the year FY 2012-13 would be 1488.48 crore (1495.61- 7.13)

(G) Bills served to the consumers during FY 2012-13 pertaining to the FY 2011-12 as per the Hon'ble High Court's decision

		Rs. In crore
1.	Arrear Bill	Rs.60.91
2.	Collection	Rs. 7.13
3.	Special rebate claimed from GOO not received	Rs.35.01
4.	Total (2) + (3)	Rs.42.14
5.	Uncollected amount	Rs.18.77

Commission's observation and directions

Commission has analyzed the performance of NESCO and the key observations are as follows :-

1. The increase in overall distribution level of 1% though attributed to the reduced sales in EHT does not augur well for the company. There has been concomitant increase in the RST for last two years which should have offset the reduced EHT sales.
2. There has also been reduced collection efficiency of 8% explained due to poor response of OTS scheme and Human resources issues. It is relevant to mention here that licensee themselves had asked for extension of OTS scheme for 2012-13 and Commission granted such extension on their request. The explanation on reduction in collection efficiency is therefore, not acceptable and licensee has to go extra mile to improve its collection efficiency through adoption of better management practices and technological intervention.
3. The AT&C loss in the LT segment is most alarming with glaring reduction in collection efficiency from 100% in 2011-12 to 75% in 2012-13. Consequently the AT&C loss rose from 55% to 66% which needs to be stemmed immediately.
4. Division wise performance analysis revealed that AT&C loss in BSED, Bhadrak (S), AED, Anandpur and UED, Udala has highest losses which are nearly 80%. Other loss making divisions which need immediate attention are BTED, Basta, BPED, Baripada and SED, Soro which have AT&C loss of above 60%.

Commission in view of such performance directs the licensee to undertake the following activities on urgent basis.

1. NESCO shall complete the entire energy audit programme and submit before the Commission before 20th of July, 2013.
2. There have been number of complaints received by the Commission that the bills are not being served to the consumer, especially in semi-urban and rural areas, in spite of the fact that all the consumers of NESCO are covered through spot billing. There have been reports of billing agency colluding with unscrupulous elements to generate frivolous bills without visiting the premises of the consumers.

Commission, therefore, directs that spot billing machines should be upgraded immediately which connects simultaneously to the server when the entry is made. Licensee can also adopt Intra ray/ RF technology to avoid human interference in taking meter readings. The technological intervention is the need of the hour to eliminate human error either unintentional or intentional. The licensee may also initiate smart metering implementing Advanced Metering Infrastructure(AMI) with two way communication for remote switch off facility at least in one pilot area covering all consumers in one or two distribution transformers or preferably one 11 KV feeder.

3. It is observed that the daily load curve of NESCO is high in spite of the fact that there is reduction in the Industry load. Licensee shall, therefore, analyse and submit the necessary load curve of various categories of last year by 20th July, 2013.
4. Commission in the last RST order for FY 2013-14 has introduced Reliability surcharge for the consumers for ensuring reliable supply of power. Licensee should ensure collection of such surcharge and provide the consumer with dump data along with the bill to ensure the genuineness of such claim. The collection of reliability surcharge till June 30th 2013 shall be provided by 1st July, 2013.
5. Commission on review of the GRF has found that in NESCO area the number of cases filed before GRF far exceeds than the other distribution areas. It is revealed that primary reason for such large cases is that the licensee does not follow the Complaint Handling Procedure (CHP) properly thereby forcing consumers to seek the shelter of GRF.

The licensee shall, therefore,

1. Scrupulously follow the CHP and accountability be fixed on the officers not adhering to such procedure.
2. Registering/docketing and acknowledgement of every complaint is to be made mandatory either in physical form or through email or SMS.
3. Consumers should be sensitized about their rights and duties and awareness campaign to be launched for such sensitization.

6. Licensee shall submit the action points and areas where improvements need to be made to reduce AT&C loss.

These action points need to be submitted by 20th July, 2013.

Critical Parameters for Performance Review of NESCO

1. Input to the NESCO system is 5045.36 MU against 5306.00 MU approved.
2. Annual sales is 3282.87 Mu against 4332.35 MU approved.
3. Overall distribution loss is 34.93% against 18.35% approved.
4. AT&C loss 39.47% as against 19.17% approved.
5. LT arrear of Rs.754.80 Cr. as of 31.03.2012 increased to Rs.873.91 crore as of 31.03.2013.
6. Actual collection in Kutir Jyoti category is Rs.4.30 crore as against billing of Rs.15.64 crore.
7. Total nos. of consumers under franchisee scheme of 190442 as of 31.03.2012 decreased to 161156 as of 31.03.2013.
8. Increase in AT&C loss is alarming (between 4.01% to 23.15%) in all divisions except KED, Keonjhar (-10.97%)