

**ODISHA ELECTRICITY REGULATORY COMMISSION
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**No.DIR (T)-369/09/13/48
Dated- 06.01.2014**

To

The Managing Director,
NESCO,
Januganj, Balasore.

Sub: **Review of Performance of NESCO for April-September, 2013 held in OERC on 20.12.2013**

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.

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.

Record Note of Performance Review of NESCO for April-Sept. 2013-14

Date of Review : 20th Dec, 2013

Period of Review : April-Sept. 2013-14

Representatives of NESCO, GRIDCO and OPTCL:

The performance of NESCO for the period April-September, 2013 was reviewed by the Commission on 20th December, 2013 at 11 AM in the presence of senior officials of NESCO, GRIDCO and OPTCL. The key performance indicators of NESCO are as given below:

REVENUE PERFORMANCE OF NESCO			
	Actual for 2012-13	Actual for Apr-Sept-2013	Approval for Apr-Sept 2013 (Prorated)
Energy input (MU)	5045.36	2676.71	2634.50
SALE TO CONSUMERS (MU)			
EHT	1612.34	828.66	802.83
HT	452.38	232.06	232.26
LT	1218.15	697.66	1115.98
TOTAL	3282.87	1758.37	2151.07
LOSS (%)			
LT	54.98%	52.48%	23.19%
HT & LT	51.34%	49.69%	26.39%
OVERALL	34.93%	34.31%	18.35%
BILLING EFFECIENCY (%)			
HT	92.00%	92.00%	92.00%
LT	45.02%	47.52%	76.81%
HT & LT	48.66%	50.31%	73.61%
OVERALL	65.07%	65.69%	81.65%
COLLECTION EFFICIENCY			
EHT	102.25%	100.43%	438.47
HT	97.55%	98.87%	134.61
LT	74.61%	80.06%	412.47
TOTAL	82.92%	86.49%	985.55
AT & C LOSS (%)			
LT	66.42%	61.96%	23.96%
HT & LT	59.65%	56.49%	27.13%
OVERALL	39.47%	38.24%	19.17%

Commission's observations:

The key observations are as follows:-

1. The total number of consumers as on 30.09.2013 is 10.89 lakhs as against 9.86 lakhs as on 31.03.2013.
2. There has been marginal rise in EHT sales from 825 MU during April-Sept. 2012 to 829 MU during April Sept.-2013. The HT sale has also gone up slightly to 232 MU during April-Sept., 2013 from 224 MU during the corresponding period of 2012-13. Similarly, there has been a small rise in LT sales from 625 MU during April-September, 2012 to 698 MU during the corresponding period of 2013-14. The total sale during the first six months of 2013 is estimated at 1758 MU which indicates a marginal rise of 5.02% over the previous corresponding period of 2012.
3. The Distribution loss has been reduced marginally from 35% during April-Sept. 2012 to 34% during April-Sept., 2013 as against the OERC target of 18.35% for the FY 2013-14.
4. It was observed during the review meeting that the overall billing efficiency has been low at 65.69% during April-Sept., 2013 which was as good as 65.07% during 2012-13. The Commission expressed its anguish over the very low billing efficiency of 47.52% in LT during April-Sept., 2013 which was a rise of 2.5 percentage point from corresponding figure of 45.02% during 2012-13 and advised NESCO to improve billing efficiency by adopting several practicable measures.
5. The collection efficiency has increased from 91% during April-Sept., 2012 to 94.02% during April-Sept., 2013. As a result, the overall AT&C loss has gone down marginally from 41% to 38.24% during the period. It may be noted that OERC target for NESCO for 2013-14 in respect of collection efficiency and overall AT&C loss have been of the order of 99% and 19.17% respectively.
6. Arrear analysis of NESCO shows that a sum of Rs. 69.94 crore has been added by Sept., 2013 to the total existing arrear figure of Rs.1045.63 crore as on 31.03.2013. Most part of the arrear accumulation during April-Sept, 2013 has been due to default in LT as well as in HT and also Govt. and PSU

- consumers. The Commission directed NESCO to disconnect Govt. connections with huge arrears and install pre-paid meters in all the cases.
7. It was observed that NESCO has undertaken certain system improvement works and has added to the existing capacity of power transformers. The total number of transformers upgraded and installed was of the order of 29 as on Sept., 2013. Similarly, NESCO has undertaken load balancing of 174 DTRs, re-earthing of DTRs (180 Nos), 33 kv CKT breaker installation (16 Nos), 11 kv CKT breaker installation (13 Nos) etc.
 8. On quality of supply, NESCO has shown all round deterioration as the number of power transformer burnt has been 14 during April-Sept., 2013. Similarly, the failure of distribution transformers has also not reduced as per the expectation of the Commission. Number of interruptions in 33KV and 11 KV feeders has remained very high at 3892 and 11850 respectively during April-Sept., 2013.
 9. The metering status of NESCO exhibited no improvement in respect of 33KV and 11KV feeder metering and also consumer metering position. The percentage of working meters as on September, 2013 was 80% which was the same 80% as on 31st March, 2013.
 10. Coming to LT performance of Divisions, it is observed that the AT&C loss in case of LT segment has gone down in many of the Divisions during 2013-14 excepting SED, Soro where AT&C loss has increased marginally during April-Sept.,2013. Accordingly, the LT realization per LT input for NESCO has increased from Rs.1.29 during April-Sept., 2012 to Rs.1.49 during the corresponding period of 2013.
 11. NESCO reported a positive gap in its cash flow statement during the period April-September, 2013 after having paid Rs.730.69 crore towards BSP bills (93%), out of which GRIDCO has adjusted Rs.379.38 crore against previous year dues and Rs.351.31 crore against current period BSP i.e., for the period April to Sept., 2013.
 12. NESCO detected 2606 number of theft cases and had raised penal bill worth Rs.8.17 crore and realized Rs.2.44 crore from the erring consumers. The total number of FIR lodged was 78 during the period under review out of which 42 accused were forwarded to court.

13. As far as CAPEX work is concerned, NESCO has been very slow and work contract worth Rs.33.92 crore has been awarded during the first half of 2013.

The all-Odisha performance indicators with all the four DISCOMs data put together are presented below:

PERFORMANCE OF DISCOMS For FY 2013-14 Up to September 2013						
	All Odisha Actual Fy 2012-13	Performance of DISCOMs up to Sept 2013				All Odisha Actual for Apr-Sept 2013
		CESU	NESCO	WESCO	SOUTHCO	
Input in MU	21768.13	4330.85	2676.71	3312.05	1565.82	11885.43
SALE TO CONSUMERS (MU)						
EHT	4,762.03	834.06	828.66	814.42	207.97	2685.11
HT	2,754.20	497.52	232.06	588.55	77.30	1395.42
LT	6,035.60	1461.93	697.66	716.75	625.06	3501.40
TOTAL	13,551.84	2793.51	1758.37	2119.72	910.33	7581.93
DISTRIBUTION LOSS						
LT	53.18%	46.24%	52.48%	58.07%	46.66%	50.47%
HT & LT	48.31%	43.96%	49.69%	47.74%	48.27%	46.78%
OVERALL	37.74%	35.50%	34.31%	36.00%	41.86%	36.21%
BILLING EFFECIENCY (%)						
HT	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%
LT	46.82%	53.76%	47.52%	41.93%	53.34%	49.53%
HT & LT	51.69%	56.04%	50.31%	52.26%	51.73%	53.22%
OVERALL	62.26%	64.50%	65.69%	64.00%	58.14%	63.79%
COLLECTION EFFICIENCY (%)						
EHT	99.63%	114.75%	100.43%	101.96%	100.00%	105.16%
HT	98.09%	97.65%	98.87%	98.06%	94.25%	97.83%
LT	83.91%	78.65%	80.06%	68.62%	73.20%	75.97%
HT & LT	89.36%	84.45%	86.49%	84.16%	76.49%	83.70%
OVERALL	93.34%	94.39%	94.02%	92.08%	83.05%	92.41%
AT & C LOSS (%)						

LT	60.71%	57.72%	61.96%	71.22%	60.96%	62.37%
HT & LT	53.81%	52.68%	56.49%	56.01%	60.43%	55.45%
OVERALL	41.89%	39.12%	38.24%	41.07%	51.72%	41.05%

Directives of the Commission:

1. The Commission directed NESCO to identify such consumers (including Govt. connections) whose bills are not paid continuously for the past six months and take proactive action for disconnection of such consumers. Action taken on the matter, Division-wise, be submitted to the Commission. Apart from that NESCO should also take initiative to install pre-paid meters in all Govt. Offices in accordance with the decision of the Govt. of Odisha.
2. To curtail large scale commercial theft especially in commercial organizations and HT consumers, the Commission directed to take punitive measures by suitably applying the relevant provisions of the Electricity Act, 2003 on the influential people who are indulged in theft of electricity. Widespread publication should be made in local newspapers before initiating action on such influential people on their defaulting amount.
3. The Commission expressed its anguish over the very low billing efficiency of 47.52% in LT during April-Sept., 2013 and advised NESCO to improve billing efficiency by adopting several practicable measures. It was observed that the main reason for low billing efficiency is the mischievous activities of meter readers. False and average meter readings are shown for billing purpose instead of the actual reading as indicated in the meter. To stop this practice, the Commission directed that the management should keep a strict vigil on such activities and change/cancel the contract of such meter readers as a measure to improve billing efficiency.
4. Though NESCO has stated that energy audit is being carried out in 46 Nos. of 11KV feeders from April 2013, energy audit in NESCO is still in nascent stage. One of the main reasons for this seems to be the mischievous activities like breaking of distribution transformer meters by unscrupulous consumers in connivance with some of the Discom's employees. The Commission directed to fix responsibility on the linemen in-charge of the DTR and initiate administrative measures on such employees.

5. The Commission directed NESCO to undertake energy audit in massive scale and improve the metering position and submit the Energy Audit report to the Commission as early as possible.
6. To start with NESCO should take at least one 33/11 KV substation, carry out complete energy audit and submit the report within one month.
7. The best practices suggested in the earlier Commission's letter for metering and billing of all HT & LT consumers having contract demand of more than 20KW may be followed by NESCO. Also as directed by the Commission during the recently concluded hearing on Business Plan, NESCO is required to make metering and other allied arrangement necessary for energy audit for all consumers fed from at least one 33/ 11KV substation for each Circle. Action Plan in this context may be forwarded to the Commission by the prescribed format by 31st of Dec. 2013.
8. It has been observed from the review meeting that the support extended by the Energy Policy Stations in the Discoms areas is mostly retrogressive in nature. The Discoms have reported serious lapses in duty by the staff engaged in the Energy Police Stations and some times they themselves are found to be indulging in direct theft of electricity. Hence, there is need for developing a control mechanism on the functioning of the Energy Police Stations. The bills raised on account of A&G Expenses on behalf of Energy Police Stations should be scrutinized by the concerned Discoms and attendance of police officials in duty should be ensured.
9. The Commission directed NESCO to come up with a plan of measures to reduce distribution loss, increase billing efficiency particularly in LT and also enhance Collection Efficiency in the short run as well as long run. A Way Forward Plan may be submitted to the Commission within two weeks time.
10. NESCO is directed to take up the issue of damages during the recent cyclonic storm PHAILIN and cost of restoration of power with Govt. of Odisha to declare the event as force majeure for appropriate treatment of unforeseen expenditure to avoid upfront loading into retail supply tariff.

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