

Minutes of Performance Review of CESU for the year 2007-08 and first quarter of April – June 2008-09 held on 05.08.2008 at OERC

Members present:

- (i) Mr. Swapan Das Gupta, CEO, CESU
- (ii) Mr. Durgaprasad, CCO, CESU
- (iii) Mr. R N Mohanty, COO, CESU
- (iv) Mr. J P Das, CGM (O&M), OPTCL

At the outset CEO, CESU made a presentation on various dimension of CESU's business during the review period. The achievement of various parameters versus targets was been indicated in the Annexure-I. The following points were discussed:

1. During the review period CESU had purchased 1393.75 MU of energy and paid Rs. 167.32 crore to GRIDCO towards BSP bills. At the same time CESU had sold 850.63 MU of electricity and billed Rs. 259.11 crore to the consumers. CESU had collected Rs. 234.13 crore towards energy sold during the above period including arrears. It is revealed that there was a short fall in LT collection of Rs. 26.64 crore during the review period. The Commission directed that CESU should collect at least Rs. 9 crore per month extra in the coming three months to make up the shortfall.
2. The consumers other than Domestic category such as General Purpose, Specified Public Purpose, Irrigation and Public Lighting were main defaulter in paying the electricity bills. The Commission while observing the poor collection in LT, underscored the need for monitoring collection from all the three phase LT consumers and desired that Accounts Officers attached to the division level should be entrusted with the responsibility of revenue collection and JEs/SDOs should be free for maintenance of lines and substations.
3. CEO, CESU submitted that fixing the target for collection of 20% extra revenue is not always prudent because bill amount sometimes vary due to various reasons such as load restrictions. CCO of CESU submitted that March 2008 benchmark for money receipt generation towards incentive scheme was a problem because highest money receipt in a year was generated in the month of March due to socio-economic mindset of the consumers. Commission observed that the above issue could be addressed by increasing collection efficiency both from current and arrear revenue. CCO of CESU submitted that due to problem in billing software the bills for May 2008 could not be served to

consumers. Since the Commission has fixed the minimum benchmark for collection to avail the benefits of incentive, there is no question of diluting the benchmark.

4. Commission attributed low collection efficiency in the present quarter to non-receipt of bill or non-understanding of the same by the consumer and further observed that there was shortfall of around Rs. 7 crore in LT GP category towards revenue collection during the review period. Commission directed that the above Rs. 7.11 crore should be collected within 31.08.2008 and reported to the Commission. The Commission further directed to publish the name of the defaulting urban /rural local bodies in the newspapers before disconnecting their power supply after following relevant regulations in this regard.
5. SE, Dhenkanal submitted that about five industries with a load of 30 MVA are coming up in Angul area and submitted that a 132/33 kV grid should be established in stead of drawing five different 33 kv feeders to the concerned industries. CGM, OPTCL present in the meeting opined that there should be co-ordination from CESU side. Commission observed that idle charging of Meramundali-Mendhasal 400 kv line is essential for improvement in voltage of Cuttack-Bhubaneswar area. SE, Paradeep present in the meeting said that there were two load shedding of two hours duration from Jagatsinghpur grid everyday in Tirtol feeder. SE, Bhubaneswar said that CT in Balugaon grid was frequently giving problem. The Commission observed that OPTCL should perform within the given constraints and the above problems should be addressed in Operation Co-ordination Committee (OCC) and Grid Co-ordination Committee (GCC).
6. CEO further stated that CESU had been doing preventive maintenance works regularly, replaced 15 nos. of LT distribution box and installed 3000 nos. of lightning arrestors in all primary S/S & distribution transformers. As a part of improvement in existing infrastructure, CESU had recently procured 92nos. of VCBs to be installed within a month in the distribution system. CESU had taken steps for procurement of 296 nos. of 33/11 kV Current Transformers (CT)s & Potential Transformers(PT). CESU had assigned the job of Energy Accounting, Consumer Indexing, network Mapping and DT wise loss assessment to M/S PRDC, Bangalore. This project would cover 1,50,000 consumers in Circle-I, Circle-II, Bhubaneswar and electrical circle Cuttack. During consumer indexing, 150 nos. of unauthorized consumers have been identified till now. CESU has created special Loss Control Squad (LCS) in all the sub divisions to take up

meter tampering, Meter bypass, hooking and regularization of cases. As a measure to reduce distribution loss, CESU had purchased 700 KM of AB cable specifically to be used in loss prone areas. In response to OERC's query regarding distribution franchisees, the CEO said that as negotiation with M/S Enzen failed, a fresh EOI was floated during June 08 on asset based input model and revenue based model.

7. To sum up, the Commission directed CESU to take action and comply as follows:
- (i) To step up collection of revenue from LT GP and Public lighting categories.
 - (ii) Those who are entrusted with maintenance work should not be entrusted with collection of revenue. The officers and staff of finance wing should be responsible for 100% billing and 100% of collection of revenue. Monthly target should be fixed employee/officer wise and regularly reviewed. Deterrent action should be initiated against the employee /officers if he/she fails to achieve the prescribed monthly target. This may include stopping of salary for the defaulting employee. The monthly target should not be less than 20% increase over the collection of the corresponding amount of the previous year or the collection of the month of March, 2008 whichever is higher.
 - (iii) The Engineering staff like the SDO (Engineering), / JE should be responsible for day to day operation and maintenance of the lines, substations, ensuring standard of performance, maintaining security standard etc. Employees with certificate of competency granted by the Electrical Inspector only should be employed for lines and substation operation and maintenance.
 - (iv) Power supply may be disconnected in case of all types of defaulting consumers including Govt. offices, urban and rural local bodies, PSUs autonomous bodies etc. after giving proper notice for such disconnection.
 - (v) The replacement and upgradation of 540 nos. transformers including conversion of single phase for should be completed at least on or before 15.10.2008.
 - (vi) On asset maintenance and replacement, the Commission directs that to meet the growing demand there should be at least 10% addition in transformer capacity through upgradation and addition of new substations. Like wise renovation and modernization of the network should be planned and executed during the next 10 years i.e. @ 10% each year. Renovation and Modernization of distribution

substations shall be completed with a minimum period of 5 years i.e. at the rate of 20% each year.

- (vii) Loss prone areas should be identified and such areas may be given to suitable franchisee for maintenance and collection of revenue.
- (viii) District Level Standing Committee meeting may be regularly held under the Chairmanship of Collectors and proceeding of such meetings be forwarded to the Commission as is being done in case of Bargarh district.
- (ix) The booklet “What should you do?” should be made available to all employees of the DISTCOs and consumer awareness campaign be held at different locations. The GRFs should be provided with logistic support for conducting camp courts and reducing consumer complaints at different places in CESU. Sufficient intimation should be given to the consumers through announcement in mike or drum beating and publishing in the newspaper / TV regarding the holding of consumers awareness meeting and receiving the consumer complaints etc.

Table-1

Billing vs Collection								
Period	Billing (Rs. In Cr.)				Collection (Rs. In Cr.)			
	EHT	HT	LT	Total	EHT	HT	LT	Total
2007-08	252.39	253.83	410.17	916.38	241.42	242.86	362.38	846.66
2007-08 (Apr – June)	53.86	63.01	110.48	227.36	50.11	59.96	89.91	199.97
2008-09 (Apr – June)	72.33	66.48	120.30	259.11	75.35	65.13	93.66	234.13

Table-2

Distribution Loss									
Period	Power Purchase (MU)	Energy Sold (MU)				Overall Loss (%)	OERC Target (%)	% LT Loss (Considering HT Loss @ 8%)	OERC Target loss (LT) (%)
		EHT	HT	LT	Total				
2007-08	5203.61	763.29	691.30	1589.05	3043.64	41.5	29.3	53.2	34.4
2007-08 (Apr- June)	1273.32	160.77	172.80	426.61	760.18	40.3	29.3	49.9	34.4
2008-09 (Apr – June)	1393.75	210.08	180.12	460.43	850.63	39	29.3	49.3	36

Table-3

Performance	FY 2007-08			FY 2008-09	
	Actual for 2007-08 (%)	Annual Target fixed by OERC (%)	Actual performance for April-June, 2007	Target fixed by OERC for the whole year	Performance for April-June, 2008 (%)
1. Distribution Loss					
LT	53.2	34.4	49.9	36	49.3
Overall	41.5	29.3	40.3	29.3	39
2. Collection Efficiency					
LT	88		81		78
HT	96		95		98
EHT	96		93		104
Total	92.4	92	88	95	90.4
3. AT &C loss	46	35	47.5	32.8	44.9