

**ODISHA ELECTRICITY REGULATORY COMMISSION
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**No.DIR (T)-371/09/13/04
Dated-02.012014**

To

The Managing Director,
SOUTHCO, Courtpeta,
Berhampur.

Sub: **Review of Performance of SOUTHCO for April-Sept. 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 SOUTHCO for April-Sept. 2013-14

Date of Review : 20th Dec, 2013

Period of Review : April-Sept. 2013-14

Representatives of SOUTHCO, GRIDCO and OPTCL:

The performance of SOUTHCO for the period April-September, 2013 was reviewed by the Commission on 20th December, 2013 at 3.30 PM in the presence of senior officials of SOUTHCO, GRIDCO and OPTCL. The key performance indicators of SOUTHCO are as given below:

REVENUE PERFORMANCE OF SOUTHCO			
	Actual for 2012-13	Actual for Apr-Sept-2013	Approval for Apr-Sept 2013 (Prorated)
Energy input (MU)	2929.88	1565.82	1593.50
SALE TO CONSUMERS (MU)			
EHT	413.84	207.97	217.09
HT	157.73	77.30	99.87
LT	1089.10	625.06	870.21
TOTAL	1660.67	910.33	1187.16
LOSS (%)			
LT	49.51%	46.66%	25.40%
HT & LT	50.44%	48.27%	71.17%
OVERALL	43.32%	41.86%	25.50%
BILLING EFFECIENCY (%)			
HT	92.00%	92.00%	92.00%
LT	50.49%	53.34%	74.60%
HT & LT	49.56%	51.73%	70.48%
OVERALL	56.68%	58.14%	74.50%
COLLECTION EFFICIENCY			
EHT	102%	100%	99.00%
HT	98%	94%	99.00%
LT	90%	73%	99.00%
TOTAL	91%	76%	99.00%
AT & C LOSS (%)			
LT	54.67%	60.96%	26.14%
HT & LT	54.81%	60.43%	30.23%
OVERALL	46.45%	51.72%	26.25%

Commission's observations:

The key observations are as follows:-

1. The total number of consumers as on 30.09.2013 is 11.91 lakhs as against 10.79 lakhs as on 31.03.2013.
2. There has been fall in EHT sales by 4.20% to 207.97 MU during April-Sept. 2013 from the OERC estimate of 217.09 MU for the first half of 2013. Similarly, the HT sale has come down to 77.30 MU during April-Sept., 2013 from the OERC estimate of 99.87 MU during the same period of 2013-14. Similar has been the case in case of LT sale. The total sale during the first six months of 2013 is estimated at 910.33 MU which is much lower than the OERC estimate of 1187.16 MU for April-Sept. 2013.
3. The Distribution loss has been reduced marginally from 44% during April-Sept. 2012 to 42% during April-Sept., 2013 as against the OERC target of 25.5% for the FY 2013-14.
4. It was observed during the review meeting that the overall billing efficiency has been low at 58.1% during April-Sept., 2013 which indicated a rise of 1.4 percentage point i.e, from 56.7% during 2012-13. The Commission expressed its anguish over the very low billing efficiency of 53.3% in LT during April-Sept., 2013 which was a rise of 2.8 percentage point from corresponding figure of 50.5% during 2012-13 and advised SOUTHCO to improve billing efficiency by adopting several practicable measures.
5. The collection efficiency has decreased from 89% during April-Sept., 2012 to 83% during April-Sept., 2013. As a result, the overall AT&C loss has gone up from 50% to 52% during the period. It may be noted that OERC target for SOUTHCO for 2013-14 in respect of collection efficiency and overall AT&C loss have been of the order of 99% and 26.25% respectively.
6. Arrear analysis of SOUTHCO shows that a sum of Rs. 95 crore has been added by Sept., 2013 to the total existing arrear figure of Rs.421 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 SOUTHCO to have a special collection

drive from such consumers who have defaulted in payment continuously for last 3 months and if necessary such connection (including Govt. connection) be disconnected with due notice. Monthly Statement of such special collection drive be submitted to the Commission.

7. It was observed that SOUTHCO has undertaken certain system improvement works and has added to the existing capacity of distribution transformers. The total number of transformers installed was of the order of 667 as on Sept., 2013. Similarly, SOUTHCO has upgraded 308 transformers during this period. There also has been laying of AB cables and conversion of single phase to three phase lines.
8. On quality of supply, SOUTHCO has shown no improvement as the number of power transformer burnt has been 6 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 715 and 71204 respectively during April-Sept., 2013.
9. The metering status of SOUTHCO exhibited no improvement in respect of 33KV and 11KV feeder metering and also consumer metering position. The percentage of working meters during April-Sept., 2013 was 94%.
10. Coming to LT performance of Divisions, it is observed that the AT&C loss in case of LT segment has gone up in many of the Divisions during 2013-14. Accordingly, the LT realization per LT input has decreased from Rs.1.61 during April-Sept., 2012 to Rs.1.60 during the corresponding period of 2013.
11. SOUTHCO reported a negative gap in its cash flow statement during April-Sept. 2013 after having paid Rs. 222.49 crore towards BSP bills (79%).
12. SOUTHCO detected abnormality in 6734 number of cases and had raised penal bill worth Rs.272.75 lakhs and realized Rs.236.55 lakhs from the erring consumers. The total number of FIR lodged was 65 during the period under review.
13. As far as CAPEX work is concerned, SOUTHCO has floated tenders worth Rs.149.53 crore and purchase order of Rs. 49.32 crore has been placed for materials and work order of Rs.35.77 crore has been placed on turn key basis for the first phase of CAPEX programme.

Low Voltage in Umarkote, Raigarh and adjoining areas of Nabarangpur District:

14. While replying the queries of the Commission as regards to mitigation of low voltage problem at Umarkote, Raigarh and adjoining areas of Nabarangpur district, SOUTHCO said that tree cutting, phase balancing, checking of earthing works etc. in the Umarkote area as per the short term measure of the Inspection Team had been complied. But the voltage profile has not been improved to the desired level due to low voltage at the 11 kV receiving end. The Commission directed SOUTHCO to furnish the change in the voltage profile condition after its improvement works. OPTCL submitted that the capacity of the 132/33 KV Tentulikhunti s/s has been increased from 37.5 MVA to 45 MVA after up-gradation of one 12.5 MVA transformer to 20 MVA. On the progress of commissioning of 132/33 kV Dabugaon grid s/s, OPTCL representative said that the target date of completion of the s/s was March, 2014, but it may be delayed by some more months due to slow progress made by the contractors and it is expected to be completed by December, 2014. The Commission directed OPTCL to take necessary steps for early completion of the project. Similar action should be taken for early completion of Umarkote grid s/s.
15. The Commission stressed for early compliance of pending short term and medium term measures recommended by SOUTHCO in its letter dt.25.03.2013. In this regard, SOUTHCO should take appropriate steps to receive the special grant under RLTP from the Govt. of Odisha for improvement of power supply system in Umarkote and adjoining areas of Nabarangpur District and simultaneously take appropriate steps for completion of other associated distribution strengthening schemes on priority basis.
16. The Commission directed SOUTHCO to submit a detailed report on compliance on the recommendation of the Fact Finding Team indicating the up-to-date status of the power supply position in Umarkote and adjoining areas of Nabarangpur district.

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 SOUTHCO to have a special collection drive of such consumers including Govt. connections with huge arrears treating them as ordinary consumers. Apart from that SOUTHCO 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 53.3% in LT during April-Sept., 2013 and advised SOUTHCO 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. The status of energy audit in SOUTHCO is observed to be very poor. 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 SOUTHCO 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 SOUTHCO 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 SOUTHCO. Also as directed by the Commission during the recently concluded hearing on Business Plan, SOUTHCO 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 SOUTHCO 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. SOUTHCO 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.
11. SOUTHCO is directed to submit a detailed report on compliance on the recommendation of the Fact Finding Team indicating the up-to-date status of the power supply position in Umarkote and adjoining areas of Nabrangpur district as early as possible.

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