

**Minutes of Performance Review of CESU for the year 2008-09 held on
25.05.2009 at OERC**

Members present:

- (i) Mr. Swapan Das Gupta, CEO, CESU
- (ii) Mr. Durgaprasad, CCO, CESU
- (iii) Mr. J P Das, CGM, OPTCL

1. At the outset CEO, CESU made a presentation on various dimension of CESU's business during the review period. The following are the important parameters of billing, collection and distribution loss.

Key performance indicators

Description	Actual for FY.2007-08	Actual for FY.2008-09	OERC Target for FY-08-09
Input(MU)	5203.61	5672.61	5300.00
EHT Sales	763.29	904.08	886.81
HT Sales	691.30	720.29	723.68
LT Sales	1589.05	1759.93	2136.35
Total Sales(MU)	3043.64	3384.30	3746.84
EHT bill raised in (Rs. Crore)	252.39	302.06	303.93
HT bill raised in (Rs. Crore)	253.83	264.45	264.47
LT bill raised in (Rs. Crore)	410.17	460.94	526.65
Sales (Rs.Crore)/Bills raised	916.38	1027.46	1095.05
Collection (Rs.Crore)	846.66	943.23	1040.30
Collection efficiency (%)	92.39	91.8	95.0
LT collection efficiency (%)	58.63	59.38	-
Overall Distribution loss(%)	41.5	40.3	29.3
LT Distribution loss (%)	53.2	52.0	36.0
AT&C loss(%) overall	45.96	45.23	32.84
AT & C Loss(%) in LT	58.63	59.38	39.17

(Details can be seen from the Annexure-I attached)

2. The Commission took note of the sales figures of CESU at different voltage level during the review period. The CEO, CESU submitted that the effect of recession in economy was felt by less energy drawal by HT and EHT industries during the month of October to March in the last financial year. OPTCL had also restricted drawal from their Grid sub-stations at Dhenkanal and Angul due to inadequate transformer capacity. The representative of OPTCL assured CESU about lifting of load restrictions after installation of a 40 MVA transformer at Dhenkanal Grid sub-station within the coming two months. The Commission observed that lower sales to different voltage categories than what was approved has resulted in lean cash inflow to CESU.

3. The Commission wanted to know the reason for lower payment of arrear BSP to GRIDCO in comparison to last financial year when there was more surplus available during the review period. The CEO, CESU submitted that although his utility had a surplus of Rs.262.27 crore as against Rs.216.82 crore of FY 2007-08 they paid Rs.41 crore towards BSP against Rs.118 crore approved in the tariff order during FY 2008-09. The Commission wanted to know the reason behind reduction of LT GP category collection efficiency from 90% during FY 2007-08 to 87% during FY 2008-09 although their number is less and they are located mostly in urban areas. The Commission noted with concern the reduction in overall LT collection efficiency from 88% to 85% in the review period which has resulted in huge cash deficit in meeting other obligations of the utility. The CEO, CESU submitted that the introduction of new billing agency during the review period have resulted in the negative trend of the collection efficiency in the LT segment. The Commission underscored the need of enhancing the collection efficiency as lots of low end consumers will be added to the network due to rural electrification.
4. The Commission reviewed the quality of supply in the licensed area of the utility. It was observed that although the failure of Power transformer had decreased during the review period at the same time the failure of distribution transformer had increased. The interruption level of 11 KV feeder had also taken an upward trend during FY 2008-09. CEO submitted that in compliance to the observations of the Enquiry Committees additional transformation capacity of 96.67 MVA (Power transformer) had been added to the distribution system during the last financial year. At the same time there had been upgradation of 429 nos. and addition of 325 nos. of distribution transformers. He informed the Commission that boundary wall works of 107 nos. of sub-station had been completed. CESU has assigned the job of energy accounting, consumer indexing, network mapping and DT-wise loss assessment in Bhubaneswar to M/s PRDC, Bangalore. The Commission emphasized the need of better quality of supply to the consumers which will facilitate collection of revenue. The Commission also pointed out that the poor power quality is one of the reasons for poor collection efficiency. The Commission further opined that after complete handing over of RE asset by the State Government there will not be any problem for its O&M works as these assets for all practical purpose would belong to the DISCOM.

5. There had been a marginal decrease in overall distribution loss from 41.5% in 2007-08 to 40.3% in FY 2008-09 against the OERC target of 29.3%. The Commission wanted to know the action plan of CESU to arrest massive LT loss. The CCO, CESU submitted that they had area specific plan in this regard. Input based franchisees like Enzen Global in their utility were performing less than collection based franchisee, he reported. The Commission advised them to use collection based franchisee in RGGVY area. The CCO, CESU further submitted that due to pillar box metering there had been 30% increase in billing. The Commission directed that pillar box metering should be adopted in time bound manner in different localities. CESU should submit its action plan for installation of pillar box metering in the current financial year which will be reviewed by the Commission from time to time. The Commission further wanted to know the utilization of AB cable in theft prone areas. CESU was directed to submit the cost-benefit analysis of introduction of AB cable and accelerate the stringing of the said cable wherever necessary.
6. The delegation of financial power at different level was also reviewed by the Commission. The Commission advised that there should be clear cut distinction between the work assigned to circle, division and sub-divisions. The concerned Engineering in charge should have enough financial power to sanction for breakdown/preventive maintenance to ensure uninterrupted supply. CESU should decentralize the financial power from corporate office to sub-ordinate offices. CESU should discuss the philosophy, the concept of O&M, detailed nature of delegation of power with SEs/EEs and submit a proposal within 10 days to the Commission for approval. The Commission opined that the performance of technical and commercial wings should be reviewed separately after proper delegation of power.
7. In summing up the review of the performance of CESU for the FY 2008-09 the Commission observed that even after inducting experienced professional at the executive level such as CEO, CCO, COO, CFO as well as at the middle level i.e. Sr. GM (HR), GM (Finance) and GM (AT&C) the performance of CESU in different aspects have not yet improved to desired level. The Commission, therefore, has taken a serious view about the poor performance and categorically stated that if there is no perceptible improvement in the matter of collection of revenue, reduction of loss and quality of supply of power, personal responsibility is to be fixed and the non-performing/poor performing officers shall be taken to task in future.

8. In conclusion of the review the Commission directed CESU to carryout the following activities on priority basis and report compliance by 30.09.2009.
- (a) Appropriate legal and police action against power thieves and erring consumers and the officials conniving with the dishonest consumer.
 - (b) There should be co-ordination between OPTCL and CESU authority for resolving system constraint. There should not be power restrictions particularly for high value industrial consumers which may affect the utility's financial health.
 - (c) The Commercial establishment should be targeted for load verification, meter checking in a regular manner. The defaulting consumers should be disconnected after issuing prior notice. Connivance of the staff with the power swindlers should be investigated and exemplary punishment should be meted out to the guilty.
 - (d) All the distribution sub-stations should be provided with switch gears and protection in a time bound manner. This should be done on priority basis to reduce transformer burning and incidental power interruption.
 - (e) CESU should use 1500 Kms. of AB cables during the current financial year.
 - (f) Pillar box metering should be extended to all urban areas having commercial consumers. The progress in this regard should be submitted to the Commission for review.
 - (g) CESU should formulate a strategy to carry out the short-term and long-term recommendations of the Enquiry Committees for proper operation and maintenance of the distribution sector. Compliance on action taken on each points of the enquiry team should be submitted to the Commission by 31.08.2009.
 - (h) CESU should delegate the administrative and financial powers to its field officials upto the section level to carry out hassle free maintenance work for preventive/breakdown maintenance.