

**Minutes of Performance of Review of
WESCO, NESCO & SOUTHCO
from April'08 to Sept'08 held in OERC on 21.11.2008.**

Date of Review : 21.11.2008 at 3.30 PM

Period of Review : April 2008 to Sept.2008

Persons present on behalf of NESCO, SOUTHCO, WESCO

1. Mr. P.K.Pradhan, CEO, WESCO
2. Mr. S. K.Singh, CEO, NESCO
3. Mr. A.K.Bohra, CEO, SOUTHCO

The Commission took a review of performance of WESCO, NESCO & SOUTHCO on 21.11.2008. The CEOs of above distribution licensees made a power point presentation before the Commission about key performance indicators and other issues relating to the said period.

2. Commission's Observations on Licensee's Performance in brief

Key performance indicators of WESCO

| Description | April. 07- Sept.07 | April. 08- Sept.08 | Actual for FY.2007-08 | OERC Target for FY-08-09 |
|---------------------------------|-----------------------|-----------------------|--------------------------|-----------------------------|
| Input(MU) | 2575.87 | 3085.007 | 5377.09 | 5680.0 |
| EHT Sales | 563.67 | 924.70 | 1189.98 | 1542.0 |
| HT Sales | 684.44 | 686.09 | 1391.71 | 1475.0 |
| LT Sales | 429.53 | 466.15 | 852.92 | 1243.26 |
| Total Sales(MU) | 1677.64 | 2076.94 | 3434.61 | 4260.26 |
| Sales (Rs.Crore) | 520.15 | 661.96 | 1073.29 | 1251.08 |
| Collection (Rs.Crore) | 486.39 | 611.59 | 1022.82 | 1208.04 |
| Collection efficiency(%) | 93.51% | 92.39 | 95.30 | 96.56 |
| LT collection efficiency(%) | 71% | 65 | 78 | - |
| Overall Distribution loss(%) | 34.9 | 32.7 | 36.1 | 25 |
| LT Distribution loss(%) | 63.2 | 64.2 | 65.3 | 46.7 |
| AT&C loss(%) | 39.1 | 37.80 | 39.13 | 27.58 |
| AT&C Loss (%) LT | 73.80 | 76.83 | 72.99 | 48.52 |

Key performance indicators of NESCO

| Description | April. 07 - Sept. 07 | April. 08- Sept.08 | Actual for FY.2007-08 | OERC Target for FY-08-09 |
|-------------|-------------------------|-----------------------|--------------------------|-----------------------------|
| Input(MU) | 2180.21 | 2272.80 | 4654.93 | 4660.0 |
| EHT Sales | 769.835 | 758.74 | 1683.38 | 1617.51 |
| HT Sales | 336.542 | 321.30 | 687.95 | 678.10 |
| LT Sales | 419.78 | 444.49 | 832.44 | 1176.09 |

| | | | | |
|------------------------------|----------|---------|---------|---------|
| Total Sales(MU) | 1526.157 | 1524.53 | 3203.78 | 3471.70 |
| Sales (Rs.Crore) | 421.43 | 448.68 | 892.82 | 939.94 |
| Collection (Rs.Crore) | 386.84 | 424.0 | 857.26 | 892.94 |
| Collection efficiency(%) | 92 | 94 | 96 | 95 |
| LT collection efficiency(%) | 60 | 68 | 73 | - |
| Overall Distribution loss(%) | 30 | 32.9 | 31.2 | 25.5 |
| LT Distribution loss(%) | 60 | 58.5 | 59.3 | 44.5 |
| AT&C loss(%) | 36 | 36.61 | 33.92 | 29.23 |
| AT&C loss(%) LT | 76 | 74 | 70.42 | 47.32 |

Key performance indicators of SOUTHCO

| Description | April. 07-Sept.07 | April. 08-Sept.08 | Actual for FY.2007-08 | OERC Target for FY-08-09 |
|------------------------------|--------------------------|--------------------------|------------------------------|---------------------------------|
| Input(MU) | 966.64 | 1069.92 | 1975.17 | 1980.0 |
| EHT Sales | 104.08 | 109.92 | 215.19 | 207.66 |
| HT Sales | 109.16 | 125.96 | 228.96 | 249.83 |
| LT Sales | 329.35 | 332.93 | 633.44 | 920.14 |
| Total Sales(MU) | 542.59 | 568.80 | 1077.59 | 1377.63 |
| Sales (Rs.Crore) | 158.24 | 165.76 | 316.98 | 331.76 |
| Collection (Rs.Crore) | 137.10 | 148.48 | 298.48 | 311.85 |
| Collection efficiency (%) | 87 | 89.58 | 94.16 | 94 |
| LT collection efficiency(%) | 77 | 81 | 88 | - |
| Overall Distribution loss(%) | 44 | 46.8 | 45.4 | 30.4 |
| LT Distribution loss (%) | 55 | 56.0 | 54.4 | 33.4 |
| AT&C loss (%) | 51 | 52.38 | 48.63 | 34.60 |
| AT&C loss (%) LT | 65.5 | 67.3 | 59.81 | 37.36 |

3. WESCO

The CEO of WESCO submitted that although SMD of 874 MVA had been allowed by the Commission, they had crossed the approved limit in the month of Sep and Oct, 08 due to additional load of M/s. Bhusan Limited which had not been considered in the last ARR. As a result over drawl penalty has been charged by GRIDCO. The Commission observed that the billing and collection formats had not been prepared as per the requirement of performance review of OERC. The Commission directed that the collection figures should be shown in the format against the billing of the month in which it has been made. It came to the notice of

the Commission that although overall distribution loss has reduced marginally during the review period in comparison to last year there has not been proportional reduction in LT distribution loss. The collection efficiency during the review period has also decreased. The Commission further directed that the distribution transformer metering should be taken up at the right earnest. The Commission emphasized the need of metering of all LI points. Consumer indexing as a part of energy audit should be completed early. The Commission expressed his function about the high level of interruption at 11 KV feeder levels which shows no sign of relenting.

4. NESCO

In case of NESCO, the Commission observed with concern that both overall distribution loss had increased during the review period in comparison to the corresponding period of last year. The Commission felt that the billing agency in NESCO area should be changed due to laxity on its part. The collection efficiency in comparison to last year has marginally increased during the review period. The Commission expressed its concern over high rate of failure of distribution transformers. It came to the notice of the Commission that overloading of transformer was the main reason behind the failure. The licensee reported that villagers were operating the distribution transformers due to shortage of staff. The CEO further submitted that in compliance to the last tariff order of the Commission they have already added 80 numbers of distribution transformers and have upgraded 139 numbers. They have a plan of adding 75 new distribution transformers and up-gradation of 349 numbers in near future. The CEO submitted that the distribution franchisee activities have started in Jajpur Town and Dharmasala sub-divisions of NESCO and input based assured revenue model of franchisee for Tihidi and Khaira sub-divisions under Bhadrak circle was in final stage. In the first six months, NESCO's total revenue from franchisee area has shown an increase of 32% over corresponding period of previous year.

5. SOUTHCO

During the presentation of SOUTHCO it came to the notice of the Commission that both overall distribution loss and LT distribution loss have increased during the review period over the corresponding period of the last financial year. The Commission noted with concern that billing in LT sector had also reduced during the review period. The CEO submitted that SOUTHCO had introduced franchisee on input based assured revenue model in Rambha and Khalikote sub-divisions since April, 2008 and in the process of introducing the same in Buguda and Belguntha sub-division. The commercial and O&M activities have been segregated on pilot basis in two sub-divisions of Berhampur City Circle. The other sub-divisions will be taken up shortly as per direction of the OERC. The CEO submitted that SOUTHCO was in the process of implementation of lighting energy efficiency project to have benefit of carbon credit as per UNFCCC.

The Commission expressed its concern over failure of a large number of distribution transformers. The Commission directed SOUTHCO to replace and upgrade distribution transformers in their area in war footing as directed by OERC in the last tariff order.

6. The Commission desired that system improvement review would be done separately in a future date.
7. In summing up, the Commission directed that personal responsibility and accountability should be fixed at each level starting from CEO to lineman for improvement in collection, timely maintenance and to meet grievances of the consumers. One of the major parameter for judging the performance in the billing and collection efficiency should be the LT category. All the DISTCOs should focus on improving LT collection efficiency and reducing LT loss.