

ODISHA ELECTRICITY REGULATORY COMMISSION
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No.DIR (T)-369/09/13/1179
Dated-22.08.2014

To

The Managing Director,
NESCO,
Januganj, Balasore.

Sub: **Review of Performance of NESCO for FY 2013-14 i.e. from April, 2013 to March, 2014 held on 08.08.2014**

Sir,

In inviting a reference to the above subject, please find enclosed herewith a note on performance of NESCO for FY 2013-14 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.

Notes on Performance Review of NESCO for FY 2013-14 i.e. from April'13 to March'14

Date of Review : 8th August, 2014
Period of Review : FY 2013-14 i.e. from April'13 to March'14
Members Present : Representatives of NESCO, GRIDCO and OPTCL
(List enclosed)

The performance of NESCO for FY 2013-14 i.e. from April'13 to March'14 was reviewed by the Commission on 8th August, 2014 at 11 AM in the presence of senior officials of NESCO, GRIDCO and OPTCL. The key performance indicators of NESCO are as given below:

Table -1

REVENUE PERFORMANCE OF NESCO				
	Actual for FY 2012-13	Actual for FY 2013-14	Improvement over Previous Year	Approval for FY 2013-14
Energy input (MU)	5045.36	5045.29	-0.07	5269.00
SALE TO CONSUMERS (MU)				
EHT	1612.34	1532.46	-79.88	1605.66
HT	452.38	440.54	-11.84	464.52
LT	1218.15	1364.83	146.68	2231.96
TOTAL	3282.87	3337.83	54.96	4302.14
LOSS (%)				
LT	54.98%	51.10%	-3.88%	23.19%
HT & LT	51.34%	48.61%	-2.73%	26.39%
OVERALL	34.93%	33.84%	-1.09%	18.35%
BILLING EFFECIENCY (%)				
HT	92.00%	92.00%	0.00%	92.00%
LT	45.02%	48.90%	3.88%	76.81%
HT & LT	48.66%	51.39%	2.73%	73.61%
OVERALL	65.07%	66.16%	1.09%	81.65%
COLLECTION EFFICIENCY				
EHT	102.25%	100.21%	-2.04%	99.00%
HT	97.55%	98.47%	0.92%	99.00%
LT	74.61%	90.30%	15.69%	99.00%
TOTAL	93.03%	96.85%	3.81%	99.00%
AT & C LOSS (%)				
LT	66.42%	55.85%	-10.57%	23.96%
HT & LT	59.65%	52.19%	-7.46%	27.13%
OVERALL	39.47%	35.93%	-3.54%	19.17%

Commission's observations:

During the review meeting, the Commission observed the following issues and replies of NESCO thereon are recorded.

1) Decline of EHT and HT Sales

The Commission observed that there is a decline in EHT sales from 1612.34 MU during FY 2012-13 to 1532.46 MU during FY 2013-14 even though two EHT consumers were added during the year. It was also noticed that the EHT consumption during February, 2014 was only 90.99 MU as against the average consumption of 127.71 MU during FY 2013-14. The sale in HT has also declined from 452.38 MU during FY 2012-13 to 440.54 MU during FY 2013-14.

The MD, NESCO stated that EHT sales declined by 79.88 MU during F.Y.2013-14 as compared to previous year because consumers like M/s JSPL-Joda, TISCO-Joda, TISCO-Bamnipal and M/s. Rohit Ferrotech drew 167.652 MU of power through open access during this year. Though two new consumers (Railways Tomka & Essar Steel) were added but their consumption is only 5.224 MU. Further, HT sales declined by 11.835 MU during FY 2013-14 compared to previous year on account of industrial slowdown and temporary closure / disconnection of steel / metal making industries.

2) Low Billing Efficiency & action against Spot Billing Agencies for non-performance

It is observed that the overall billing efficiency of NESCO is only 66.16% and that for LT consumers is only 48.90% which is not satisfactory. In the last performance review, it was observed that the main reason for low billing efficiency was the mischievous activities of the meter readers. False and average meter readings were being made by them instead of taking actual meter readings. Therefore, the DISCOMs were directed that the management should keep a strict vigil on the activities of the billing agencies and change/cancel the contract of such meter readers as a measure to improve billing efficiency.

The MD, NESCO stated that the overall billing efficiency for F.Y. 2013-14 has improved by 1.10% in comparison with previous year i.e. from 65.07% to 66.16% inspite of reduced Sales of 91.715 MU in EHT & HT categories. Also the billing efficiency in LT during FY 2013-14 has improved by 3.88% in comparison with previous year i.e. from 45.02% to 48.90% in spite of addition of 1.85 lacs new consumers (mainly BPL category) in the system and rise of LT Input by 3% (85 MU).

For improving billing efficiency, NESCO has started web-based monitoring of billing and performance of meter-readers of the Spot Billing Agencies. GPRS enabled spot billing activity has been started in Baripada circle. Random sample checking is being done by the officials of the Licensee and penalty of Rs.26.91 lacs imposed on spot Billing Agencies for non compliance wherever detected. Photo Meter reading through mobile has been introduced in all Divisions and consequent suppressed reading cases have been detected. He further stated that the contract of Spot Billing Agency, M/s G4S has been cancelled for non-performance. Tender has already been floated for Performance based Billing & Loss Reduction Activities with Incentive for improvement of Billing Efficiency. The division-wise billing efficiency at LT level indicate an overall billing efficiency of 48.90%. The billing efficiency in divisions such as CED, Balasore 42.88%, KED, Kuakhia 44.27%, JTED Jajpur Town 44.02%, TRED Jajpur Road 41.14%, BED Basta 41.13% and JED Jaleswar 43.35% is matter of concern.

3) **Collection Efficiency**

It is observed that the Collection efficiency in respect of EHT has declined by 2.04% during FY 2013-14.

The MD, NESCO stated that there is a decline in Collection Efficiency of 2.04% in respect of EHT consumers, mainly due to collection of Rs 20 Cr in previous year from the past arrear of M/s Balasore Alloys Ltd as per order of Hon'ble High Court of Odisha. The Collection Efficiency during the current year is 100.21%. The Collection Efficiency in respect of HT consumers is increased by 0.92% during the FY 2013-14 in comparison to previous year i.e. from 97.55% to 98.47%. The Collection Efficiency in respect of LT consumers is increased by 15.69% during the FY 2013-14 in comparison to previous year i.e. from 74.61% to 90.30%.

However, NESCO has taken steps for further increase on this. Collection of electricity bills is being made through some post offices and 230 collection centers are operating through ITZ, SUBIDHA. On line collection centers are opened in 23 locations. Collection through different online agencies like ICICI Bank, Atom, Oxigen, Bill Desk and Airtel Money etc. are in operation and about 1,16,781 nos. of consumers are covered through Franchises.

4) **Arrear Collection**

It is observed that arrear collection in EHT and HT is very low even though the licensee has reported an increase in both RPS (Realization Per Sales) and CPI (Collection Per Input). It is still showing Rs.57.59 crores and Rs.34.37 crores as outstanding arrear from EHT and HT consumers respectively.

The MD, NESCO stated Collection of arrear from EHT is low because the arrear shown is against M/s. Balasore Alloys, which is under sub-judice. In Case of HT major part of arrears pertains to consumers whose power supply has been disconnected. Demand charges have been billed to some disconnected consumers as their initial period of agreement is not over. Some consumers are disputing their arrears and under sub-judice in various Forums and Courts. Steps have been initiated for settlement of disputed cases through Disputes Resolution Mechanism.

5) **AT & C Loss**

It is observed that the rate of overall AT & C loss reduction during the year was only 3.54% (overall AT&C loss during 2012-13 was 39.47% and that during 2013-14 is 35.93%) which is not as expected. Moreover, the overall AT&C loss in the CED, Balasore Division has been increased.

The MD, NESCO stated that the Overall AT & C Loss has reduced by 3.54% during F.Y. 2013-14 in comparison to previous year i.e. from 39.47% to 35.93%.

Similarly, AT & C Loss in LT has reduced by 10.57% during F.Y. 2013-14 in comparison to previous year i.e. from 64.38% to 55.85%. Steps are being taken for further reduction of AT & C loss during the current FY 2014-15.

The Overall AT & C Loss of CED Balasore Division is increased by 3.43% during FY 2013-14 in comparison to previous year i.e. from 17.61% to 21.04%.

The main reason is the Collection Efficiency of previous year of EHT category was 111.12% due to collection of past arrear amounting to Rs.20 crs from M/s Balasore Alloys Ltd as per order of Hon'ble High Court, Odisha. But the collection efficiency of EHT category during current year is 100.75%. The AT & C loss of LT category in CED, Balasore Division is reduced by 10.89% during FY 2013-14 in comparison to previous year i.e. from 75.50% to 64.61%.

The Division-wise LT performance of NESCO area during FY 2013-14 is given below:

Table -2
DIVISION-WISE LT PERFORMANCE

Name of Division	2013-14 (April-March)			
	T & D Loss	AT & C Loss	Billing Efficiency	Realisation Per Unit (Rs.)
BSED, Bhadrak	54%	66%	46%	1.28
AED, Anandpur	51%	66%	49%	1.33
CED, Balasore	57%	65%	43%	1.35
BTED, Basta	59%	58%	41%	1.38
JED, Jaleswar	57%	57%	43%	1.42
RED, Rairangpur	51%	61%	49%	1.42
UED, Udla	47%	55%	53%	1.45
JTED, Jajpur Town	56%	61%	44%	1.47
KUED, Kuakhia	56%	63%	44%	1.49
BNED, Bhadrak	51%	59%	49%	1.69
JRED, Jajpur Road	59%	59%	41%	1.74
BPED, Baripada	42%	49%	58%	1.98
SED, Soro	47%	46%	53%	2.1
KED, Keonjhar	43%	42%	57%	2.43
JOED, Joda	46%	46%	54%	2.45
BED, Balasore	38%	36%	62%	3.02
NESCO	51%	56%	49%	1.74

6) **Increase in Kutir Jyoti Sales**

It is reported that there is an increase in Kutir Jyoti consumption from 3.29% to 9.00% during the year under review. The Commission wanted to know about the consequences of such increase. The MD, NESCO stated under RGGVY Scheme 5,98,752 Nos. of BPL households have been charged upto Mar-2014. Some consumers charged during previous year are taken into billing fold during the year under review. They were billed for more than 12 months i.e. some consumption of previous year which were not billed during previous year are billed during this year, for which billing for Kutir Jyoti has increased from 3.29% to 9%.

7) **Installation of prepaid meter**

On installation of prepaid meters in all Govt. offices, MD, NESCO stated that M/s JnJ Powercom System Ltd has been entrusted for installation of prepaid meters in Govt. Offices in Balasore District. 252 Nos. of prepaid meters have already been installed in different Govt. Offices till 07.08.14. An amount of Rs. 5.68 Lacs has been collected from prepaid consumers. Commission desired that other Govt. Offices also be covered and difficulties, if any, faced by consumers be eliminated early.

8) **Energy Audit**

It is observed that despite repeated instructions from the Commission for energy audit in the respective DISCOMs areas, the initiative shown by the licensee is very poor. In this connection, DISCOMs were directed to take up at least one 33 KV feeder and carry out complete energy audit upto the level of DTR and take technical & administrative measures for loss reduction. Energy audit of all 33 KV feeders one by one subsequently need to follow.

In response to the above, MD, NESCO stated that initiative is taken to bring accountability in Billing & Collection system through conversion of binders DTR-wise & monitoring of 11 KV feeder-wise performances. Under NESCO, consumer mapping & tagging of about 1, 34,266 consumers in 49 nos 11kv feeders / 3945 DTRs is completed by manual survey. Energy audit was taken up for 5 nos of 33kv feeders & 46 nos of 11kv feeders in the FY 2013-14. Detail report of same has been submitted to the Commission in March-2014 (for Apr-13 to Sep-13), in May-2014 (for Oct-13 to Jan-14) and in June-2014 (for the FY 2013-14). During 1st Half of FY 2014-15, Energy Audit of additional 5 nos. of 33kv feeders and 68 Nos. of 11kv feeders will be taken up under BSED & BNED Bhadrak, tagging around another 170,000 consumers and 7,721 DTRs. However, as per the direction of the Commission, NESCO has taken up No.III Section under BED, Balasore for Loss Reduction and Improvement of Quality in Power Supply. The detail report on the same is being submitted to SAC Member and OERC soon.

Regarding Smart Metering, he said that Sovarampur 33/11KV S/s under BED Balasore has been taken up for Smart Metering-Pilot Scheme as per scheme-I of Para 214 of RST Order for FY 2014-15. Pilot Project is being taken up for one Balia 11kV Feeder covering 2,604 consumers on leased basis. Specifications for the Smart Metering and AMI are being finalized shortly for implementation by Oct-2014.

9) AMR Activities

Regarding AMR, MD, NESCO stated that 1,816 Nos. AMR have been installed for the consumers having load of more than 20KW. AMR Monitoring Cell has been strengthened at Corporate Office, Balasore. Out of assessment Rs. 63.50 Lacs, an amount of Rs.26.87 Lacs has been realized by dump analysis in FY 2013-14.

10) Energy Police Station and Vigilance Performance

Regarding vigilance performance and Energy Police Station, MD, NESCO stated that they have intensified the vigilance activities through their Vigilance squad with the help of Energy Police Station. Apart from checking of theft of electricity, they will also regularise the un-authorised connection as per rules and also collect the pending bill amount, if any. The achievement of Vigilance squad during the FY 2013-14 is as given below:

Table -3

Particulars		F.Y.-2013-14
Nos. of SVR used		6936
Provisional Assessment	Nos.	6651
	MU	33.874
	Amt (lac)	1888.43
Final Assessment	Nos.	5392
	MU	19.830
	Amt (lac)	1107.76
Collection	Nos.	3986
	Amt (lac)	656.25
NO. of FIR Lodged		161
No. of illegal consumers prosecuted/Initiated in Court		85

11) Action against employees for theft of energy

Regarding administrative actions against the employees involved in theft of electricity, CEO, NESCO stated that 25 Nos. employees are found involved in theft of electricity directly / indirectly. Out of which show cause notice has been issued to 22 Nos. employees and 3 Nos. employees has been charge sheeted. Commission desired that this should be pursued till the logical end as per law

12) System Improvement for Quality Power Supply

On System Improvement, MD, NESCO stated that the following works have been done during FY 2013-14.

Up-gradation & Installation of PTR	- 30 nos.
Load Balancing of DTR	- 281 nos.
Re-earthing of DTR	- 256 nos.
33 KV CKT Breaker Installation	- 28 nos.
11 KV CKT Breaker Installation	- 41 nos.
Overhauling & Filtration of PTR	- 17 nos.

13) Preventive Maintenance & Safety Measures

MD, NESCO stated that new LT Maintenance Wing has been created at Division Level for preventive maintenance of lines and sub-stations. About 106 Kms. AB Cables has been issued to field level for replacement of bare conductor. Safety Materials such as 30 Nos. of Safety Belts, 1519 Nos. of Safety Helmets, 926 Pairs of Hand Gloves, 45 Nos. of Discharge Rods and 241 Nos. of Lightning Arrestors have been issued to Field during FY 2013-14. Efforts on this by MD, NESCO was appreciated by Commission.

14) Action plan for replacement of bare conductor

Regarding replacement of bare conductors, MD, NESCO stated that Circle-wise proposal for replacement bare conductor with AB Conductor for reduction theft is as given below.

Table -4

Name of The Circle	Bare LT Conductor (KM)	Scope of AB Cable (In KM) through CAPEX -I, II			Cost Involved (Rs. Cr.)
		FY 2014-15	FY 2015-16	Total	
Balasore	7082	265	1168	1433	50.16
Bhadrak	4427	143	524	667	24.83
Baripada	3173	256	830	1086	36.65
Jajpur Road	6382	267	511	778	28.14
Keonjhar	4161	296	761	1057	36.58
Total	25225	1227	3794	5021	176.37

Commission desired that targets set must be achieved and losses in such areas needs to be reviewed.

15) Utilization of fund under Capex

Regarding utilization of fund under CAPEX, MD, NESCO stated that during FY 2013-14 Rs.71.0245 cr. has been spent in CAPEX. The entire amount is from the Govt. funding. Activities completed in 2013-14 needs to be sent to the Commission.

16) Outstanding against BST dues

Regarding payment of BST dues, NESCO reported that the current bills towards BSP, Transmission charges and SLDC amounting to Rs.1519.03 cr. during FY 2013-14 has

already been paid. However, no arrear bills towards outstanding dues as on the previous years has been paid during the year under review. Commission desired that arrear collection from consumers must be emphasised, in addition to current dues, so that outstanding dues can be cleared.

17) **Position of Sundry Debtors:**

During discussion, it was pointed out to NESCO that the gross sundry debtors as on 31.03.2013 is Rs.1045.26 Cr. as per Performance Review Report, whereas the same is shown at Rs.852.56 Cr. as per audited accounts for the FY 2012-13. The M.D. was asked to clarify the status.

The all-Odisha performance indicators of all the four DISCOMs for the FY 2013-14 put together are presented in the Table below:

Table -5

PERFORMANCE OF DISCOMS For FY 2013-14						
	Odisha FY 2012- 13	Name of DISCOMs				Odisha FY 2013-14
		CESU	NESCO	WESCO	SOUTHCO	
Input in MU	21768.13	7973.19	5045.29	6623.65	2915.56	22557.68
SALE TO CONSUMERS (MU)						
EHT	4,762.03	1618.28	1532.46	1646.45	404.57	5201.76
HT	2,754.20	921.32	440.54	1161.03	151.75	2674.65
LT	6,035.60	2671.95	1364.83	1393.58	1164.04	6594.40
TOTAL	13,551.84	5211.55	3337.83	4201.06	1720.36	14470.81
DISTRIBUTION LOSS						
LT	53.18%	45.75%	51.10%	59.23%	46.07%	50.39%
HT & LT	48.31%	43.46%	48.61%	48.67%	47.60%	46.59%
OVERALL	37.74%	34.64%	33.84%	36.57%	40.99%	35.85%
BILLING EFFECIENCY (%)						
HT	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%
LT	46.82%	54.25%	48.90%	40.77%	53.93%	49.61%
HT & LT	51.69%	56.54%	51.39%	51.33%	52.40%	53.41%
OVERALL	62.26%	65.36%	66.16%	63.43%	59.01%	64.15%
COLLECTION EFFICIENCY (%)						
EHT	99.63%	106.07%	100.21%	81.68%	100.00%	101.73%
HT	98.09%	97.47%	98.47%	98.73%	97.25%	97.85%
LT	83.91%	84.81%	90.30%	73.15%	85.11%	83.41%
HT & LT	89.36%	88.75%	93.03%	86.19%	87.09%	88.58%
OVERALL	93.34%	94.63%	96.85%	92.28%	90.85%	94.02%
AT & C LOSS (%)						
LT	60.71%	53.99%	55.85%	70.18%	54.10%	58.62%
HT & LT	53.81%	49.82%	52.19%	55.76%	54.37%	52.69%
OVERALL	41.89%	38.15%	35.93%	41.47%	46.39%	39.69%

Directives of the Commission.

1. NESCO should function like a commercial entity and develop a system of control mechanism & cross checking of meter reading data furnished by Meter Readers in order to reduce the gap between billing and input. NESCO should fix month wise revenue target for each division and downwards and monitor it regularly at M.D. level.
2. NESCO should take appropriate actions to pursue the matter pending in different courts for speedy disposal of disputes to avoid further arrear accumulation of arrears.
3. The successful distribution franchisee operation model in CESU should be adopted in NESCO area wherever necessary. NESCO should monitor the performance of existing distribution franchisees operating in its area at least once in each month regularly. NESCO is directed to submit a plan of action of introducing franchisee in their distribution area. The plan should focus in the areas where billing efficiency is less than 60% in order to increase to atleast 80% by beginning of next quarter. Commission directs that by next quarter no area should have less than 80% billing efficiency.
4. Looking at the huge arrears accumulation by NESCO, the Commission directed that there should be a systematic Arrear Analysis by NESCO preferably by deploying some chartered accountants and the report should be submitted to the Commission at the earliest. NESCO should fix responsibility on erring officers for not collecting arrears. Further NESCO should distinguish between collectible and non-collectible arrears and record the same in separate ledger pages. Similarly, NESCO should plan out action to collect the recoverable arrears and intimate the same to the Commission by 15th of September, 2014.
5. The Commission directs NESCO to come up with a plan of action to reduce distribution loss, increase billing efficiency particularly in LT and also enhance Collection Efficiency in the short run as well as long run.
6. NESCO should introduce the established technology available in the market to reduce human interface to increase revenue. Also NESCO should take the help of the local District Administration for collection of revenue and disconnection etc. As and when necessary. A plan of action for introduction of Technological Intervention and adoption of new technology should be furnished within a month. The plan should focus on methods of loss reduction and revenue enhancement mechanism.

7. NESCO should take appropriate action for acceptance of the technology/concept of Smart Meters by the consumers. Proper communication/awareness programmes should be conducted by the DISCOMs prior to its introduction. The consumer should know that it is an additional benefit without paying any extra cost. In any case, consumer's confidence on the system is required for its successful implementation. The monthly progress report against the set target be furnished by 10th of every month.
8. NESCO should maintain a detailed profile of the consumers and have an automatic system of response through SMS. The consumer indexation with GPS is to be completed on a priority basis for which preparatory work should be completed on computerization of all the consumers at the earliest. A plan of action for consumer indexing by tagging it to the feeder and ultimately to the entire system be furnished within a month. Further, a chart on standard safety procedure should be displayed in all the offices of SOUTHCO.
9. The Commission directs NESCO to intimate the action on the 33/11 kV S/S considered for Energy Audit and submit the energy audit report starting from the S/S covering up to the consumer down the line. The monthly progress of such audit be furnished in terms of metering, MU and revenue gain.
10. NESCO is directed to furnish the system data in the format attached in the letter dated 02.07.2014 alongwith the network diagram as on 31.03.2014 showing the existing 33 kV and 11 kV lines and S/S(33/11 kV, 11/0.4 kV) in its area of operation. The database & network should also be sent electronically to the Commission for reference and record.
11. NESCO should prioritize the replacement of AB cable considering the loss in the area. Sub-urban areas (nearby peripheral areas including some villages/slums) should be taken first for such replacement. A detailed area specific plan mentioning the length of available bare conductors and proposal for replacement in each section with a definite time line should be furnished within one month.
12. The Commission directs to reconcile the difference of gross sundry debtors figure as on 31.03.2013 which does not match with the Audited Accounts of NESCO for the FY 2012-13.
13. The licensee should submit an action taken report on all the items mentioned above positively by 15.09.2014.

PERFORMANCE REVIEW - NESCO
ATTENDANCE SHEET
08-08-2014 at 11.00 AM

Organisation	Name & Designation	Signature
NESCO	T. ANSARI, MD - NESCO	
- do -	N.K. Das - AGM (Personnel)	
- do -	B. S. Parida, SE, Balasore	
do	S.P. Mallik GM (O&P)	
- do -	Sambeswar Bhuyan Sr G.M.	
- do -	Mahesh Ch. Mohapatra GM (Gen)	
- do -	S.E. Upadhyaya - GM (Project)	
- do -	P.K. Mohanty GM (F)	
- do -	A.K. Mohapatra DM (F)	
- do -	Niladri Khadanga, DM	
GRIDCO	Madhuludan Sahoo AGM (Elect)	
OPTCL	Bhagabati Prasad Gupta (Man)	
OPTCL	S. Kishore, AGM (EE)	
OPTCL	P.K. Das	
OPTCL	R.N. Panda - DGM (Elect)	
- do -	P. S. Sahu, GM (Elect.)	
- do -	S.K. Mishra DGM (Elect)	
NESCO	Panama Chandramandal AGM	
- do -	Shyamalendu Sena - DGM (F)	
- do -	Ananta Narayan Dasai, EE, JREO, Jaipur	
- do -	Siddhanta S. Nayak - EE, JREO, Bhubaneswar	

