

**Minutes of Performance Review of NESCO for the year 2008-09 held on
26.05.2009 at OERC**

Representative of NESCO present during the review:

- (i) Mr. S K Singh, CEO, NESCO
- (ii) Mr. S D Bhanja, AGM, Regulatory Affairs
- (iii) Mr. K.B. Ray, AGM, OPTCL

1. Mr S K Singh, CEO, NESCO made a presentation before the Commission about the performance of NESCO during the period 2008-09.

Key performance indicators

Description	Actual for FY.2007-08	Actual for FY.2008-09	OERC Target for FY-08-09
Input(MU)	4654.93	4544.98	4660.00
EHT Sales	1683.38	1448.64	1617.51
HT Sales	687.95	620.46	678.10
LT Sales	832.44	904.61	1176.09
Total Sales(MU)	3203.78	2973.71	3471.70
EHT bill raised in (Rs. Crore)	469.54	441.22	480.74
HT bill raised in (Rs. Crore)	235.17	226.36	229.32
LT bill raised in (Rs. Crore)	188.11	207.44	229.88
Total Sales (Rs. Crore)/Bills raised	892.82	875.02	939.94
Collection (Rs. Crore)	857.26	821.09	892.94
Collection efficiency (%)	96.00	94.00	95.00
LT collection efficiency (%)	73.00	73.00	-
Overall Distribution loss(%)	31.2	34.6	25.5
LT Distribution loss (%)	59.3	59.4	44.5
AT&C loss(%) overall	33.92	38.60	29.23
AT & C Loss(%) in LT	70.42	70.52	47.32

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

2. The Commission noted that both energy purchase and sales have decreased in 2008-09 in comparison to 2007-08. The CEO attributed the lower sales in EHT and HT level to recession of world economy. Though the sales in LT has increased it has fallen short of the target fixed by OERC in this regard. All these have resulted in overall higher distribution loss of 34.6% in comparison to 31.2% in 2007-08. The Commission expressed its concern over the LT loss which is as high as 59.4% in FY 2008-09 and has been showing no sign of decrease (rather increased marginally) in comparison to the level of FY 2007-08 (i.e. 59.3%).

3. The Commission reviewed the BSP billing and billing to the consumers division-wise. The following divisions have shown very poor billing to the consumers in comparison to BSP billing of the respective divisions.

Name of the division	Overall loss (%)	LT loss (%)	BSP billing (Rs. cr.)	Billing to consumer (Rs. cr.)	Collection received	Collection efficiency
AED, Anandapur	67.4	69	22.13	12.51	7.60	61
JTED, Jajpur Town	66.3	64	42.82	20.48	12.20	60
BED, Bhadrak (S)	57.1	54	19.22	12.15	5.68	47
UED, Udala	66.1	63	11.55	5.92	3.98	67
RED, Rairangpur	62.8	64	20.83	14.75	12.47	85
SED, Soro	59.1	56	24.19	15.22	9.79	64
BTED, Basta	65.6	63	14.68	6.75	5.04	75
JED, Jaleswar	54.8	63	21.4	17.76	16.60	93
BED, Baripada	57.4	57	35.40	26.72	22.05	83

The Commission directed NESCO to initiate appropriate action against those who are responsible for poor billing in the above divisions and highlighted the necessity of viewing every the divisions as an independent profit centres. The CEO, NESCO submitted that though nos. of consumers covered under spot billing has increased, the billing efficiency has decreased to the contrary. He attributed the low billing efficiency to the manipulation of billing data by the billing agency. Tender has been floated by NESCO for appointment of new billing agency. CEO, NESCO submitted that due to paucity of staff, they were unable to cover all the customers for door to door billing and collection. He further submitted that the separation of O&M and commercial activities had already started in NESCO as per the instruction of OERC. The Commission observed that the licensee could not collect an amount of Rs.56.82 crores from LT consumers during FY 2008-09. The Commission advised NESCO to explore possibility of alternative mode of collection agency including Women Self Help Groups (SHGs) for billing and collection from the consumers of cluster of transformers. The Commission instructed NESCO to go overdrive on disconnection of power supply to defaulting consumers after proper notice. NESCO is further directed to submit an action plan for collection of arrears as well as current dues in full.

4. Commission noted that 22 nos. of power transformers have been purchased out of which 18 nos. have been installed during the review period. Similarly 480 nos. of distribution transformers have been installed including upgradation. The Commission

noted that rate of failure of distribution transformer in case of NESCO was 10.56% whereas the all India average is of the order of 8%. The Commission further highlighted that the absence of protection system and regular maintenance had been leading to high rate of transformer failure. The Commission desired that NESCO should fix the responsibility on the staff where the incidence of transformer failure is high. The Commission further underscored the need of tracking the division-wise transformer failure data for better preventive maintenance. NESCO has to find out the rate of transformer failure and target area where failure rate is high. There should be special investigation for alleged transformer repair and high expenditure of such repair. The Commission wanted to know the reason of low voltage in different areas of NESCO particularly in Joda-Badbil. It was concluded that high reactive power drawal and non-installation of capacitor banks might be the reasons behind low voltage problem. CEO, NESCO submitted that GM(Operation) of the utility would visit the site to find out the solution to this chronic problem and steps taken in this regard would be conveyed to the Commission within a week. Then the Commission fixed the following targets for NESCO to be achieved during FY 2009-10 for a better quality of supply.

Phase balancing of distribution transformer	-	2000 nos.
New/re-earthing of substations	-	1200 nos.
Phase conversion	-	100 locations
Installation of 33 KV VCB	-	85 nos.
Installation of 11 KV VCB	-	100 nos.
Replacement of AB conductors	-	500 Kms.

The Commission further directed to conduct a public hearing on the action taken by NESCO on quality of supply issues.

5. NESCO submitted that 228 Automatic Meter Reading (AMR) arrangements have been introduced for HT consumers. Rest of the HT consumers would be covered by the end of FY 2009-10. CEO submitted that 90 nos. of pillar box metering had been completed and they expect to complete 1000 nos. by this year end.
6. NESCO submitted that only one energy police station at Balasore was functioning within the licensee's area. As per Govt. notification additional five nos. of police

stations are to be started in NESCO area. The existing police stations have different shortcomings. The foremost among them is the lack of cooperation from the police personnel stationed in the said energy police stations. The Commission directed NESCO to chalk out a plan for vigilance/enforcement raids and submit the same to the police. If this arrangement fails the Commission will take up the issue with the Home Department of the Govt. of Orissa.

7. NESCO submitted that M/s. ENZEN Global Solutions Ltd. has been entrusted with franchisee work in Jajpur Town and Dharmasala Subdivision on input based assured revenue model with effect from 01.04.2008. Tihidi and Khaira Subdivisions would be shortly brought under franchisee operation on the basis of same model. CEO submitted that they had a proposal to extend franchisee system to whole of the Jajpur Circle.
8. The Commission wanted to know the delegation of power to officials at different level. CEO further submitted that all the O&M estimates were sanctioned at Corporate level. Materials are released by GM(Works). The Commission observed that officials at different level should have authority for technical and administrative approval for emergency O&M work. NESCO is directed to discuss the principle of delegation of power, the O&M concept to be deployed and the extent of delegation of technical and financial power at each level, with the EEs/SEs and submit a comprehensive note on delegation of power to Commission within ten days. The Commission would take a separate meeting on the delegation of power on later date.
9. In summary, the Commission directed the following to NESCO to be achieved during the current year: -
 - Identify the divisions/subdivisions/sections where billing and collection efficiencies are low. Loss making feeders should be identified and maintenance and load regulation should be prioritized accordingly. NESCO is to submit an action plan for collection of arrears as well as current dues to Commission within 15 days.
 - Fixing of responsibility on the person who are responsible for low billing and collection.

- More nos. of distribution transformers should be covered under Energy Audit. The Commission would review the status of energy audit time to time. Licensee must work towards each 11 KV feeders/ distribution transformer as individual profit centre.
- SHG may be engaged for billing and collection work.
- Low voltage problem should be analysed along with OPTCL wherever necessary and capacitor bank should be installed wherever there is more reactive power drawal by the consumers.
- AB cable pillar box metering should be laid in theft prone area.
- The following targets are to be achieved during FY 2009-10

Phase balancing of distribution transformer	-	2000 nos.
New/re-earthing of substations	-	1200 nos.
Phase conversion	-	100 locations
Installation of 33 KV VCB	-	85 nos.
Installation of 11 KV VCB	-	100 nos.
Bare LT conductors be replaced by AB cables	-	500 Kms.