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Dt.22 /08/2014

To

The Managing Director,
WESCO,
At/P.O. Burla, Dist. Sambalpur

Sub: Review of Performance of WESCO for the FY 2013-14 held in OERC on 07.08.2014.

With reference to the subject mentioned above, I am directed to send herewith the record note on the review of Performance of WESCO for the FY 2013-14 held in OERC on 07.08.2014 for your information and necessary action.

Yours faithfully,

Encl: As above.

Sd/-

SECRETARY

Copy to:

- (i) The Principal Secretary, Department of Energy, Govt. of Orissa, Bhubaneswar alongwith the copy of the enclosure for favour of information.
- (ii) The CMD, GRIDCO, Janapath, Bhubaneswar alongwith the copy of the enclosure for favour of information.
- (iii) The CMD,OPTCL Janapath, Bhubaneswar alongwith the copy of the enclosure for favour of information.

Encl: As above.

SECRETARY

Discussion/Observation of the Commission.

There was a detailed discussion after the presentation made by the M.D., WESCO. The following issues along with other relevant matters as regards to improvement of performance and quality of service etc. were discussed.

1. Billing Efficiency:

The Commission enquired WESCO to explain on abnormally low billing efficiency particularly in case of LT consumers.

In reply to it WESCO responded that overall billing efficiency has improved marginally by 1.66% compared to FY 2012-13. But still more emphasis need to be given on appropriate billing and growth in LT billing. WESCO has started mobile billing in Burla Sub-Division and Sub-Division I of Sambalpur covering 25,000 consumers from Mar-14. This has resulted in detection of excess consumption of 0.70 MU. Further, this shall be replicated in Rourkela circle to cover more than 2 lakhs of consumers. Also WESCO is taking steps for procurement of 1.25 lacs DLMS meters under CAPEX out of which 35,500 Nos are available in stores for replacement of defective 1-Phase meters.

The Commission expressed its displeasure over poor billing efficiency as the same is responsible for the un-accountable operation/monitoring/control mechanism being followed by WESCO management. The Commission observed that WESCO should function like a commercial organization. The need to develop a system of control & cross checking of meter reading data furnished by Meter Readers in order to reduce the gap between billing and input energy. Commission is receiving complaints from consumers on excess billing which is primarily due to suppressed reading by Meter Readers. It is observed from the division-wise LT performance that AT & C Loss in some divisions is alarming. AT & C loss in Bargarh (W) division is 85%, Bargarh 75%, Sonapur 79%, Bolangir 76%, Titlagarh 76%, Nuapada 74%, Sundergarh 71%, Sambalpur East 71% and Deogarh 71%. The overall AT & C Loss at LT level is 70% which is a matter of grave concern leading the organization to unsustainable levels. The Division wise LT level performance as submitted by WESCO is given below:

DIVISION WISE LT PERFORMANCE

DIVISION	2013-14				
	T & D LOSS	Billing Efficiency	COLL EFF	A T & C LOSS	REALISATION PER UNIT
ROURKELA	51%	49%	98%	52%	2.21
ROURKELA-SADAR	52%	48%	89%	58%	1.97
RAJGANGPUR	52%	48%	96%	54%	2.20
SUNDERGARH	64%	36%	81%	71%	1.21
RRKL CIRCLE	55%	45%	92%	58%	1.91
SAMBALPUR	54%	46%	69%	68%	1.45
SAMBALPUR(E)	63%	37%	79%	71%	1.25
JHARSUGUDA	50%	50%	77%	62%	1.67
BRAJRAJNAGAR	57%	43%	77%	67%	1.43
DEOGARH	56%	44%	65%	71%	1.24
BURLA CIRCLE	56%	44%	74%	68%	1.43
BARGARH	65%	35%	70%	75%	0.99
BARGARH(W)	68%	32%	45%	85%	0.61
BGH CIRCLE	66%	34%	60%	80%	0.83
BOLANGIR	66%	34%	69%	76%	1.00
SONEPUR	58%	42%	50%	79%	0.83
TITLAGARH	59%	41%	59%	76%	1.03
BGR CIRCLE	61%	39%	60%	77%	0.96
KEED	55%	45%	70%	69%	1.44
KWED	58%	42%	77%	68%	1.45
NUAPADA	64%	36%	72%	74%	1.13
BH.PATNA CIRCLE	59%	41%	73%	70%	1.34
WESCO	59%	41%	73%	70%	1.30

2. **Arrear in HT & EHT Category and reduction in HT consumption:**

There has been increase in the EHT arrear amounting Rs.3.98 crores although EHT sales increased by 177.79 MU. The Commission sought WESCO's explanation about reason of reduction in HT sales and increase of HT arrear.

WESCO replied that HINDALCO has not paid the penalty amount of Rs. 4 Crs assessed U/S 126 of the Electricity Act 2003 and the matter is pending with Ombudsman. This affected the short realization of Rs.4 crs. in 2013-14. There is decrease in consumption about 67 MU in HT and Power Intensive categories. Due to reduction consumption by Coal & Iron industries, WESCO suffered heavily in HT billing. Large amount of HT arrear is pending as dispute in different Courts, Appellate Tribunal, GRF and Ombudsman etc.

The Commission directed WESCO to pursue the matter in different courts for speedy disposal of disputes and take appropriate actions to avoid further arrear accumulation.

3. Reduction in billing amount and collection of HT category:

In reply to the query raised by the Commission, WESCO said that due to reduction in consumption by 69 MU in HT, the billing value declined by 1.52% and the collection affected by 2.24% due to the non-payment by consumers.

4. Reduction in overall collection efficiency:

The Commission expressed its serious concern about the decrease in collection efficiency by 2.49%. It is quite alarming that the collection efficiency in respect of LT consumers has been declined from 81.68% during 2012-13 to 73.15% during 2013-14. The Commission asked WESCO to explain the reason and the steps taken to avert this.

In reply, WESCO said that lower collection from LT sector by Rs.15 Crores is due to unprecedented advocate strike in Aug-13 & Sep-13 for 42 days and 12 days in Feb-14. Further, WESCO admitted that LT collection is being suffered every month due to low consumer coverage primarily because of shortage of manpower in field offices. To avoid this, WESCO has engaged many payment portals like ATOM, ITZ cash, ICICI Bank and all Post Offices under WESCO to facilitate consumers to make payment easily and increase the consumer coverage. Also responsibilities are fixed on concerned Executive Engineers, SDOs and Section Officers for Revenue collection and their EPR shall be based on the performance in this aspect.

The Commission opined that coverage of LT consumers may be increased by engagement of distribution franchisees and wondered why there is not much engagement of franchisee in WESCO. Further, instead of confining to the main city in Rourkela, WESCO should utilize

its staff to increase the consumer coverage in Koel Nagar, Jhirpani and other suburban areas. Commission observed that the successful distribution franchisee operation in CESU should mutatis mutandis be adopted in WESCO area.

5. **Reduction in AT&C loss:**

It appears from the AT&C loss statistics that no concrete step has been taken by WESCO for its reduction during the FY 2013-14. AT&C loss was reduced by only 0.04% during the current year (from 41.5% during 2012-13 to 41.47% during 2013-14).

In reply, WESCO admitted that AT & C loss could not be improved up to the expectation due to lower collection efficiency mainly in LT sector although there is a marginal reduction in T&D Loss of 1.67% . In order to control the AT&C loss planning has been made to introduce mobile billing in more areas of WESCO. Increase in LT billing for two lakhs consumers by the year end is planned and expected to increase billing by 100MU more in addition to normal billing. Further, AMR billing for all large industrial consumers of HT sector is currently in practice. There is a growth of 5 MU in Apr to Jun 2014 in HT sector as compared to corresponding period of last year and a further growth is expected by the end of current FY. Responsibilities have been fixed on Executives for improving collection efficiency and WESCO is confident of increase in collection particularly in LT sector from 2nd quarter onward. Sr. executives of corporate office have been assigned additional charge of each circle from Aug-14 onwards for overall revenue Improvement.

The Commission stressed for introduction of technology to reduce human interface to increase revenue. WESCO should take the help of the local District Administration for collection of revenue and disconnection etc. as and when required.

6. **Franchisee Operation:**

The Commission asked to explain about slow down activity of franchisee operation. As a result the number of consumers covered under franchisees has declined from 231169 to 74190.

WESCO submitted that the most of the Franchisees are interested only for collection actively from consumer and avoid attending consumer grievances. The performance of the franchisee is not improving and is at same level as that of our staff and sometimes below that level. Further, they have to deal with the issues of statutory compliance relating to Labour license, PF registration, Minimum wages etc. which hinders with the franchisee

engagement. It is observed that franchisees default in timely depositing of collection amount made from the consumer and indulges in manipulation of money receipts affecting consumers and Escrow account arrangement.

The Commission opined that the successful distribution franchisee operation model in CESU should mutatis mutandis be applied in WESCO area. WESCO should monitor the performance of distribution franchisees at least once in each month regularly.

7. **Smart Meter/ Installation of prepaid meters in Govt. offices:**

WESCO has finalized the agreement with meter providers such as JNJ and Secure Meters Ltd. to affix the prepaid meter. JNJ has installed prepaid meters (both 1ph. and 3ph.) in Rourkela Circle from June-14, and the progress made are as under:

- Rourkela-Sadar Division : 135 Nos.
- Rourkela Division : 25 Nos.
- Sundergarh Division : 30 Nos.

For installation of prepaid meters in Sambalpur Circle, agreement with Secure Meters is expected to be signed in 1st week of Aug-14 and thereafter the project will commence immediately.

WESCO said that 'Raw Water feeder' comprising of around 3000 consumers has been considered for introduction of Smart Meter Technology and relevant informations and consumer indexing has been done.

The Commission informed that a special provision has been made in the ARR for the FY 2014-15 for introduction of Smart Meters in WESCO area with provision of Rs.38 crore under special R&M. The critical thing is acceptance of the technology/concept by the consumers, which requires proper interaction by the DISCOMs with them. DISCOMs should take steps for public awareness, intimate the public about its benefit and take all the required steps for building consumers confidence on the system. WESCO should maintain a detailed profile of the consumers and should have an automatic system of response through SMS. As directed in the para 215 of the RST Order for FY 2014-15 the WESCO shall submit monthly progress reports against the set targets for a month to the Commission by 10th of next month.

8. Energy Audit:

Commission observed that the initiatives taken by the licensee as regards to energy audit is 'poor' despite repeated instructions/directions by the Commission in various orders. The Commission in its letter no. 1197 dt.11.11.2013 has directed to carry out energy audit starting from 33/11 kV S/S and covering up to the consumers.

WESCO replied that at present all the consumers' 3-phase as well as 1ph are tagged up to 11kv feeder. Although energy audit is in progress, it is limited only to 33kV feeders and they are unable to conduct audit down the level of 11kV feeder due to either absence of meters or defective meters at feeders and DTRs. WESCO has procured 94 Metering Units which are available in store and further procurement is in the process. As of now WESCO has a stock of 111 nos. of Feeder Energy Meters and further delivery shall be made in Sep-14. WESCO has made schedule for installation of feeder meters and are in the process of hiring outside agencies to carry out detail energy audit up to DTR level in a phased manner.

The Commission directed WESCO to intimate the name of 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 as directed earlier early.

9. Administrative action against theft:

WESCO has submitted that actions are initiated against some employees involved in unauthorized abstraction of electricity, unauthorized supplying power to some consumers in Sundergarh, Sonapur, Sambalpur East Deogarh Division. WESCO has also instructed all its employees to clear the arrear electricity dues by end of Mar-14 and same has been complied.

10. AB Cable replacement:

WESCO has submitted that the suburban and slumps are theft prone areas where the volume of theft are more. The same has been identified section-wise in each and every division. In order to arrest the theft in those areas a detail plan has been worked out to replace the existing bare conductor of around 188 kms by AB Cables under CAPEX-I.

The Commission directed WESCO to replace the AB conductors in loss making areas on priority basis. 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 may be submitted early.

11. System Database & Network diagram:

The Commission while discussing about the DTR metering and Pole indexing has stressed for distribution system database and network diagram. The Commission had asked the DISCOMs vide letter no. 927 dated 02.07.2014 to furnish the same. It therefore directs WESCO to furnish the system data in the format attached in the aforesaid letter 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 immediately.

12. Position of Sundry Debtors:

During discussion, it was pointed out to WESCO that the gross sundry debtors as on 31.03.2013 is Rs.1085.26 Cr. as per Performance Review Report, whereas the same is shown at Rs.998.07 Cr. As per audited accounts for the FY 2012-13. The M.D. was asked to clarify the status and remove the anomaly.

Directives of the Commission.

1. WESCO 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. WESCO should fix month wise revenue target for each division and monitor it regularly at M.D. level.
2. WESCO should take appropriate actions / pursue the matter pending in different courts for speedy disposal of disputes to avoid further arrear accumulation.
3. The successful distribution franchisee operation model in CESU should be applied in WESCO area. WESCO should monitor the performance of existing distribution franchisees operating in its area at least once in each month regularly. WESCO 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 WESCO, the Commission directed that there should be a systematic Arrear Analysis by WESCO preferably by deploying some chartered accountants and the report should be submitted to the Commission at the earliest. WESCO should fix responsibility on erring officers for not collecting arrears. Further WESCO should distinguish between collectible and non-collectible arrears and record the same in separate ledger pages. Similarly, WESCO should plan out action to collect the recoverable arrears and intimate the same to the Commission by 15th September 2014.
5. The Commission directs WESCO 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.
6. WESCO should introduce the proven/tested technology available in the market to reduce human interface to increase revenue. Also WESCO should take the help of the local District Administration for collection of revenue and disconnection etc. as and when required. A plan of action of 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. WESCO 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 only 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. WESCO 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 WESCO.
9. The Commission directs WESCO to intimate the name of 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. WESCO 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.
11. WESCO 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 31.3.2013 which does not match with the Audited Accounts of WESCO 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.

