

**ODISHA ELECTRICITY REGULATORY COMMISSION
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**No.DIR (T)-368/09/14
Dated-02.01.2014**

To

The Chief Executive Officer,
CESU, 2nd Floor, IDCO Tower
Janpath, Bhubaneswar

Sub: **Review of Performance of CESU for April-September, 2013 held in OERC on 19.12.2013.**

Sir,

In inviting a reference to the subject cited above, I am directed to send herewith the aforesaid report 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.

Record Note of Performance Review of CESU for April-Sept. 2013-14

Date of Review : 19^h Dec, 2013

Period of Review : April-Sept. 2013-14

Representatives of CESU, GRIDCO and OPTCL:

The performance of CESU for the period April-September, 2013 was reviewed by the Commission on 19th December, 2013 at 11 AM in the presence of senior officials of CESU, GRIDCO and OPTCL. The key performance indicators of CESU are as given below:

REVENUE PERFORMANCE OF CESU			
	Actual for 2012-13	Actual for Apr-Sept-2013	Approval for Apr-Sept 2013 (Prorated)
Energy input (MU)	7401.89	4330.85	3968.5
SALE TO CONSUMERS (MU)			
EHT	1267.19	834.06	750.47
HT	913.62	497.52	590.97
LT	2482.15	1461.93	1714.315
TOTAL	4662.96	2793.51	3055.755
DISTRIBUTION LOSS (%)			
LT	47.53%	46.24%	27.65%
HT & LT	44.65%	43.96%	28.36%
OVERALL	37.00%	35.50%	23.00%
BILLING EFFECIENCY (%)			
HT	92.00%	92.00%	92.00%
LT	52.47%	53.76%	72.35%
HT & LT	55.35%	56.04%	71.64%
OVERALL	63.00%	64.50%	77.00%
COLLECTION EFFICIENCY			
EHT	96.26%	114.75%	99.00%
HT	97.62%	97.65%	99.00%
LT	86.69%	78.65%	99.00%
TOTAL	90.21%	84.45%	99.00%
AT & C LOSS (%)			
LT	54.51%	57.72%	28.38%
HT & LT	50.07%	52.68%	29.08%
OVERALL	42.05%	39.12%	23.77%

Commission's observations:

The key observations are as follows:-

1. There has been growth of the number of consumers in the LT segments during the period under review. The total number of consumers as on 30.09.2013 is 17.60 lakhs as against 16.71 lakhs as on 31.03.2013.
2. There has been rise in EHT sales by 32.3% from 630.32MU during April-Sept. 2012 to 834.06MU during April Sept.-2013. Similarly, there has been rise in LT sales to the tune of 9.3% and HT sales of the order of 5.4% during the period. The total sale during the first six months of 2013 is estimated at 2793.51 MU which indicates a rise of 14.5% over the previous corresponding period of 2012.
3. The Distribution loss has been reduced marginally from 36.72% during April-Sept. 2012 to 35.50% during April-Sept., 2013 as against the OERC target of 23.77% for the FY 2013-14.
4. It was observed during the review meeting that the overall billing efficiency has been low at 64.5% during April-Sept., 2013 which indicated a rise of 1.5 percentage point i.e, from 63% during 2012-13. The Commission expressed its anguish over the very low billing efficiency of 53.8% during April-Sept., 2013 which was a rise of 1 percentage point from correspondent figure of 52.5% during 2012-13 and advised CESU to improve billing efficiency by adopting several practicable measures.
5. The collection efficiency has increased from 89.2% during April-Sept., 2012 to 94.39% during April-Sept., 2013. As a result the overall AT&C loss has come down from 43.56% to 39.12% during the period. It may be noted that OERC target for CESU for 2013-14 in respect of collection efficiency and overall AT&C loss have been of the order of 99% and 23% respectively.
6. Arrear analysis of CESU shows that a sum of Rs. 95.51 crore has been added by Sept., 2013 to the total existing arrear figure of Rs.1826.99 crore as on 31.03.2013. Most part of the arrear accumulation during April-Sept, 2013 has been due to default in LT as well as in Govt. and PSU consumers. The Commission directed CESU to disconnect Govt. connections with huge arrears and install pre-paid meters in all the cases.

7. It was observed that CESU has undertaken certain system improvement works and has added to the existing capacity of power transformers as well as distribution transformers. Also CESU has added to the length of 33KV, 11KV and LT lines during the period under review. There also have been installation of new transformers, upgradation of existing transformers, laying of AB cable and conversation of single phase to three phase lines. CESU said that most of the additions in transformer and line capacity has been due to the ongoing CAPEX Programme.
8. On quality of supply, CESU has shown some improvement as the number of power transformer burnt has been reduced during April-Sept., 2013. However, the burning of distribution transformers has not reduced as per the expectation of the Commission. Number of interruptions in 33KV and 11 KV feeders has been reduced during April-Sept., 2013. There has also been improvement in the compliance of GRF orders by CESU.
9. The metering status of CESU exhibited some improvement in respect of 33KV and 11KV feeder metering and also consumer metering position. The percentage of working meters during April-Sept., 2013 worked out to 89% as against 88% as on March, 2013. The Commission observed that CESU can undertake energy audit in massive scale with this level of metering.
10. Coming to LT performance of Divisions, it is observed that the AT&C loss in case of LT segment has gone up in all the Divisions during 2013-14 as compared to 2012-13. Only the divisions namely- BCDD-I, BCDD-II and BED have achieved the OERC target of AT&C loss at 28.4% for 2013-14. Rests of the divisions have faltered continuously. Accordingly, the LT realization per LT input has been very low in all these low performing divisions.
11. CESU reported a surplus of Rs.9.78 crore in its cash flow statement generated as on 30.09.2013 for the first time after paying fully the BST bills of GRIDCO & OPTCL.
12. Under loss reduction activities CESU has finalized 3204 cases under Section 126 & 135 and realized Rs. 4.88 crore. CESU has regularized 1132 connections and provided 89,111 new connections to consumers. After regularizing connections, CESU has realized Rs.1.31 crore. CESU has lodged 238 FIRs under the relevant Sections of Electricity Act, 2003.

13. It is observed that CESU has expedited CAPEX works under Phase-I and floated tenders worth Rs.406.49 crore as on 30.11.2012. CESU has given turn key contract order of Rs. 192.116 crore, material order of Rs.181.94 crore and meter procurement order of Rs.9.16 crore. CESU has submitted bill worth Rs.119 crore to GRIDCO for release of funds under CAPEX programme and GRIDCO has released in turn Rs.113.30 crore for procurement of materials, payment of turn key contract and other related expenses.

The all-Odisha performance indicators with all the four DISCOMs data put together are presented below:

PERFORMANCE OF DISCOMS For FY 2013-14 Up to September 2013						
	All Odisha Actual Fy 2012-13	Performance of DISCOMs up to Sept 2013				All Odisha Actual for Apr-Sept 2013
		CESU	NESCO	WESCO	SOUTHCO	
Input in MU	21768.13	4330.85	2676.71	3312.05	1565.82	11885.43
SALE TO CONSUMERS (MU)						
EHT	4,762.03	834.06	828.66	814.42	207.97	2685.11
HT	2,754.20	497.52	232.06	588.55	77.30	1395.42
LT	6,035.60	1461.93	697.66	716.75	625.06	3501.40
TOTAL	13,551.84	2793.51	1758.37	2119.72	910.33	7581.93
DISTRIBUTION LOSS						
LT	53.18%	46.24%	52.48%	58.07%	46.66%	50.47%
HT & LT	48.31%	43.96%	49.69%	47.74%	48.27%	46.78%
OVERALL	37.74%	35.50%	34.31%	36.00%	41.86%	36.21%
BILLING EFFECIENCY (%)						
HT	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%
LT	46.82%	53.76%	47.52%	41.93%	53.34%	49.53%
HT & LT	51.69%	56.04%	50.31%	52.26%	51.73%	53.22%
OVERALL	62.26%	64.50%	65.69%	64.00%	58.14%	63.79%
COLLECTION EFFICIENCY (%)						
EHT	99.63%	114.75%	100.43%	101.96%	100.00%	105.16%

HT	98.09%	97.65%	98.87%	98.06%	94.25%	97.83%
LT	83.91%	78.65%	80.06%	68.62%	73.20%	75.97%
HT & LT	89.36%	84.45%	86.49%	84.16%	76.49%	83.70%
OVERALL	93.34%	94.39%	94.02%	92.08%	83.05%	92.41%
AT & C LOSS (%)						
LT	60.71%	57.72%	61.96%	71.22%	60.96%	62.37%
HT & LT	53.81%	52.68%	56.49%	56.01%	60.43%	55.45%
OVERALL	41.89%	39.12%	38.24%	41.07%	51.72%	41.05%

Directives of the Commission :

1. The Commission had desired a note from CESU on the pro-active action for disconnection of such consumers whose bills are not paid continuously for last 6 months (including Govt Connections). Action taken report division-wise may be submitted to the Commission. Apart from that CESU should also take initiative to install pre-paid meters in all Govt. Offices in accordance with the decision of the Govt. of Odisha.
2. To curtail large scale commercial theft especially in commercial organizations and HT consumers, the Commission directed to take punitive measures by suitably applying the relevant provisions of the Electricity Act, 2003 on the influential people who are indulged in theft of electricity. Widespread publication should be made in local newspapers before initiating action on such influential people on their defaulting amount.
3. The Commission expressed its anguish over the very low billing efficiency of 53.8% in LT during April-Sept., 2013 and advised CESU to improve billing efficiency by adopting several practicable measures. It was observed that the main reason for low billing efficiency is the mischievous activities of meter readers. False and average meter readings are shown for billing purpose instead of the actual reading as indicated in the meter. To stop this practice, the Commission directed that the management should keep a strict vigil on such activities and change/cancel the contract of such meter readers as a measure to improve billing efficiency.
4. The status of energy audit in CESU is observed to be very poor. One of the main reasons for this seems to be the mischievous activities like breaking of

distribution transformer meters by unscrupulous consumers in connivance with some of the Discom's employees. The Commission directed to fix responsibility on the linemen in-charge of the DTR and initiate administrative measures on such employees.

5. With the improvement in metering status in respect of 33KV and 11KV feeders and with a healthy percentage of working meters in CESU as at present, the Commission directed CESU to undertake energy audit in massive scale with this level of metering and submit the Energy Audit report to the Commission as early as possible.
6. To start with CESU should take at least one 33/11 KV substation, carry out complete energy audit and submit the report within one month.
7. The best practices suggested in the earlier Commission's letters for metering and billing of all HT & LT consumers having contract demand of more than 20KW may be followed by CESU. Also as directed by the Commission during the recently concluded hearing on Business Plan, CESU is required to make metering and other allied arrangement necessary for energy audit for all consumers fed from at least one 33/ 11KV substation for each Circle. Action Plan in this context may be forwarded to the Commission by the prescribed format by 31st of Dec. 2013.
8. It has been observed from the review meeting that the support extended by the Energy Policy Stations in the Discoms areas are mostly retrogressive in nature. The Discoms have reported serious lapses in duty by the staff engaged in the Energy Police Stations and some times they themselves are found to be indulging in direct theft of electricity. Hence, there is need for developing a control mechanism on the functioning of the Energy Police Stations. The bills raised on account of A&G Expenses on behalf of Energy Police Stations should be scrutinized by the concerned Discoms and attendance of police officials in duty should be ensured.
9. The Commission directed CESU 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. A Way Forward Plan may be submitted to the Commission within two weeks time.
10. CESU is directed to take up the issue of damage during the recent cyclone storm and cost of restoration of power post Phailin with Govt of Odisha to

declare the event as Force Majeure for appropriate treatment of unforeseen expenditure to avoid the upfront loading into RST.

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