

ODISHA ELECTRICITY REGULATORY COMMISSION
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No.DIR (T)-369/09/13/1162
Dated- 21 .09.2015

To

The Authorised Officer,
NESCO,
Januganj, Balasore.

Sub: **Review of Performance of NESCO for FY 2014-15 i.e. from April, 2014 to March, 2015 held on 19.08.2015**

Sir,

In inviting a reference to the above subject, please find enclosed herewith a note on performance of NESCO for FY 2014-15 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.

Sd/-

SECRETARY

Notes on Performance Review of NESCO for FY 2014-15 i.e. from April'14 to March'15

Date of Review : 19th August, 2015
Period of Review : FY 2014-15 i.e. from April'14 to March'15
Members Present : Representatives of NESCO, GRIDCO and OPTCL
(List enclosed)

The performance of NESCO for **FY 2014-15 i.e. from April'14 to March'15** was reviewed by the Commission on 19th **August, 2015** 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 2013-14	Actual for FY 14-15	Improvement over Previous Year	Approval for 2014-15
Energy input (MU)	5045.29	5015.30	-29.99	5330.00
SALE TO CONSUMERS (MU)				
EHT	1532.46	1513.62	-18.84	1542.83
HT	440.54	395.16	-45.38	449.20
LT	1364.83	1546.76	181.94	2359.92
TOTAL	3337.83	3455.55	117.72	4351.95
LOSS (%)				
LT	51.10%	45.27%	-5.83%	22.24%
OVERALL	33.84%	31.10%	-2.74%	18.35%
BILLING EFFECIENCY (%)				
HT	92.00%	92.00%	0.00%	92.00%
LT	48.90%	54.73%	5.83%	77.76%
OVERALL	66.16%	68.90%	2.74%	81.65%
COLLECTION EFFICIENCY				
EHT	100.21%	100.11%	-0.10%	99.00%
HT	98.47%	99.83%	1.36%	99.00%
LT	90.30%	91.11%	0.81%	99.00%
TOTAL	96.85%	96.96%	0.12%	99.00%
AT & C LOSS (%)				
LT	55.85%	50.14%	-5.71%	23.02%
OVERALL	35.93%	33.19%	-2.74%	19.17%

Commission's observations:

The Commission directed time bound action on improving performances including energy audit, receivable audit, SoP audit etc. The DISCOMs were reminded on this earlier. It is observed that the progress in these areas is far from being satisfactory. The Commission has also sent its senior officers to different DISCOMs on various dates to meet and discuss with their senior officers so that energy audit, receivable audit and SoP audit spelt out in the Tariff order are completed by a particular date. It is observed that even though energy audit and receivable audit work has commenced but SoP audit is yet to be take up and it has not met the time lines. There appears to be lack of interest among the DISCOMs to complete these works by the stipulated dates. The Commission is constrained to hold the CEO of CESU and the Authorized officers of NESCO/WESCO/SOUTHCO Utilities responsible for continuance of failures to carry out these instructions of the Commission.

The Commission has also reviewed the collection position of the DISCOMs for the period from April to June, 2015. It is seen that in spite of an increase in tariff, the RPU has not shown proportionate improvement over the previous corresponding period and also in spite of rise in input expenditures.

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 1532 MU during FY 2013-14 to 1514 MU during FY 2014-15. It was also noticed that during the 1st quarter FY 2015-16 (April-June) the EHT sales has picked up to 438 MU against the same corresponding quarter for FY 2014-15 (April-June) when it was 396 MU. The HT sales have also registered an increase from 99 MU to 104 MU for the quarter under review. The same was only 90.99 MU as against the average consumption of 127.71 MU during FY 2013-14. Therefore, the decline in EHT and HT sales which was seen in 2014-15 vis-a-vis 2013-14 has again shown signs of recovery.

In reply, NESCO has stated that due to problem in mining sector reduction in sales was 54 MU compared to the target. This is to be compensated in current FY 2015-16. There was also reduced sale of 19 MU in EHT.

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

An improvement of 3% in overall billing efficiency has been observed mainly due to increase in LT billing efficiency of 6%. During the first quarter of 2015-16 (April to June) there is an improvement in overall billing efficiency of 5% and LT Billing efficiency of 8%. Commission observes that the trend is to be sustained and effort need to be made for further improvement.

3) **Collection Efficiency and arrear collection**

It is observed that the Overall collection has remained static at 97% and LT collection efficiency was at 91%. There has been marginal increase in HT arrear but LT arrear has increased from 868.19 cr. to 916.45 crore. This needs to be arrested through increased effort by management and staff of the organisation. The arrear with Govt. and PSU are a cause of concern and is to be addressed by management. The Govt. & PSU LT arrear is Rs.48.20 crore as on 31.3.2015.

In reply to a query regarding improvement in monthly collection and arrear collection, NESCO stated that collection drive for arrear collection has been initiated through delegation of authorities. Arrear above Rs.1 lakh would be dealt by corporate office, arrear between Rs.50,000 to Rs.1 lakh by Executive Engineer, SDO would deal arrear from Rs.10,000 to Rs.50,000 and JE from 2000 to Rs.10,000. There has been delegation of power at various levels towards bill revision and resolution of disputed arrears.

Alternate mode of collection is in place including online collection to improve the collection efficiency. On advice from Commission, Authorised Officer NESCO and CMD, GRIDCO agreed for extending facility of bill collection and consumer complaints at all 144 primary substations. The time of bill collection beyond office hours to facilitate consumers was also agreed upon.

4) **AT & C Loss**

It is observed that the rate of overall AT & C loss reduction during the year was only 3% (overall AT&C loss during 2013-14 was 36% and that during 2014-15 is 33%).

The analysis LT level of division wise performance of AT&C loss show wide variation in the performance among divisions. The highest AT&C loss of 75% is in Anandpur division. The AT&C loss about 65% continues to be in divisions such as Bhadrak, Anandpur, Basta, Rairangpur, Jajpur town, Kukhia, Jajpur Road, Jaleswar and CED Balasore. The AT&C loss of about 50% is in divisions such as Keonjhar, Baripada, Soro, and Joda. The average LT AT&C loss of NESCO stands at 60.22%. NESCO authority needs to initiate measures including administrative on the divisions performing poorly beyond DISCOM average. An analysis for cause and remedial action shall be placed with Commission by October 2015. There shall be a half-yearly review by management and results reported to Commission for further instructions.

The Division-wise LT performance of NESCO area during FY 2014-15 is given below:

Table -2
DIVISION-WISE LT PERFORMANCE

Name of Division	2014-15 (April-March)			
	T & D Loss	AT & C Loss	Billing Efficiency	Realisation Per Unit (Rs.)
BSED, Bhadrak	43.35%	67.95%	56.65%	1.91
AED, Anandpur	48.67%	74.27%	51.33%	0.98
CED, Balasore	57.80%	67.69%	42.20%	1.29
BTED, Basta	60.87%	65.98%	39.13%	1.12
JED, Jaleswar	54.77%	59.46%	45.23%	1.34
RED, Rairangpur	44.55%	64.58%	55.45%	1.42
UED, Udla	37.31%	57.08%	62.69%	1.41
JTED, Jajpur Town	53.28%	63.79%	46.72%	1.28
KUED, Kuakhia	56.27%	64.51%	43.73%	1.43
BNED, Bhadrak	41.96%	64.94%	58.04%	1.48
JRED, Jajpur Road	54.87%	64.65%	45.13%	1.57
BPED, Baripada	39.90%	52.87%	60.10%	1.94
SED, Soro	43.22%	51.01%	56.78%	1.85
KED, Keonjhar	31.82%	48.85%	68.18%	2.18
JOED, Joda	39.59%	52.47%	60.41%	2.17
BED, Balasore	38.44%	41.12%	61.56%	2.75
NESCO	46.98%	60.22%	53.02%	1.60

5) **Energy Audit**

The NESCO has 516 Nos. of 11 KV feeders out of which 236 Nos. are metered and balance 280 are yet to be metered. The Administrator, NESCO submitted that all the unmetered 280 feeders would be metered by March 2016 including consumer tagging. The 110 Nos. of feeders are under Energy Audit and 94 out of such feeders are in complete shape of energy audit. It was further submitted that energy audit has been taken up to assess losses in 59 Nos. of 33 KV feeders. In order to ascertain micro level assessment 1630 Nos. of DTR are going to be metered by September, 2015, it was reported. Monthly progress shall be commensurate with above and shall be reported to Commission by 7th of each month.

6) **Energy Police Station and Vigilance Performance**

Administrator, NESCO stated that they have intensified the vigilance activities through their Vigilance squad. However, adequate support is not available from the Energy Police Stations. The personnel of EPS continue to be under the control of the District Superintendents of Police and are deployed in Law and Order duties which is a major impediment in ensuring accountability from officials of Energy Police Station. The achievement of Vigilance squad during the FY 2014-15 is as below:

Table -3

	2013-14	2014-15
No. of theft cases detected	6651	10935
Amount assessed	1107.76	1530.91
Amount collected	656.25	963.63
No. Of checking conducted	2693.6	42716
No. Of FIR lodged	161	174
No. Of accused person forwarded to court	85	66

7) **Utilization of fund under Capex**

Regarding utilization of fund under CAPEX, Administrator, NESCO stated that during FY 2013-14 Rs.71.0245 cr. has been spent under the scheme and during 2014-15 another Rs.33.10 crore was also spent. The major activities under Capex are installation of Breakers (33 KV, 46 Nos. 11 KV-63 Nos., Distribution transformers (369 Nos.), Reconductoring (33 KV-118, 11 KV-414), consumer metering (94760 Nos.), System metering (2900) and AB cable MVDS (660). The Commission directs that the Capex works shall be completed within the deadline set by Govt.

8) **Status of Receivable Audit**

The receivable audit for the period from 2005-06 to 2014-15 would be conducted and the appointment letters to the audit firms have already been issued. As per the terms and conditions of appointment the audit of receivable shall be completed by 15.12.2015.

Table -4

ALL ODISHA DISCOMS PERFORMANCE						
	FY 2013-14		FY 2014-15 .		Quarterly Performance	
	OERC Approval	Actual for FY 2013-14.	OERC Approval	Actual for FY 2014-15.	Actual 2014-15	Actual 2015-16
DISTRIBUTION LOSS (%)						
CESU	23.00%	34.64%	23.00%	33.90%	35.67%	33.69%
NESCO	18.35%	33.84%	18.35%	31.10%	32.06%	26.42%
WESCO	19.60%	36.57%	19.60%	35.46%	38.51%	32.04%
SOUTHCO	25.50%	40.99%	25.50%	39.00%	40.98%	35.98%
ALL ORISSA	21.29%	35.85%	21.38%	34.46%		
COLLECTION EFFICIENCY (%)						
CESU	99.00%	92.65%	99.00%	94.33%	88.10%	86.11%
NESCO	99.00%	96.85%	99.00%	96.96%	91.60%	89.31%
WESCO	99.00%	92.28%	99.00%	93.76%	91.81%	90.25%
SOUTHCO	99.00%	90.85%	99.00%	90.75%	87.29%	82.55%
ALL ORISSA	99.00%	93.30%	99.00%	94.35%		
AT & C LOSS (%)						
CESU	23.77%	39.44%	23.77%	37.65%	43.31%	42.90%
NESCO	19.17%	35.93%	19.17%	33.19%	37.76%	34.29%
WESCO	20.40%	41.47%	20.40%	39.49%	43.55%	38.67%
SOUTHCO	26.25%	46.39%	26.25%	44.64%	48.49%	47.15%
ALL ORISSA	22.08%	40.14%	22.17%	38.16%		

Directives of the Commission

1. There has been substantial growth in the number of LT consumers with addition of about 1.40 lakh consumers in the year 2014-15. NESCO shall ensure that all such consumers are brought into the regular billing fold so as to improve the billing efficiency by November 2015. Apart from present arrangement applications for all types of new connections can also be received at sub division level. Further NESCO

shall make arrangement for online receipt of consumer complaints and application for new connection etc. for benefit of consumer.

2. There has been growth of EHT consumers during the quarter 2015-16 (April to June). The NESCO shall accordingly give a revised projection of the EHT growth.
3. In spite of increase in the LT consumers the Input energy during the current quarter 2015-16 (April to June) has decreased. The reasons for such distortion shall be explained. Power supply to best performing areas on billing and collection need to be improved.
4. The division wise LT performance shows high AT&C loss in most of the divisions. A timely action plan shall be submitted in order to reduce at least 15% AT&C loss within six month period. An analysis for cause and remedial action shall be placed with Commission by October 2015. There shall be a half-yearly review by management and results reported to Commission for further instructions.
5. In order to complete the Energy Audit Programme by March 2016, the unmetered 11 KV feeders (280 Nos.) be metered including consumer tagging. Monthly progress shall be commensurate with above and shall be reported to Commission by 7th of each month.
6. The energy audit in complete shape including feeder, DTR, consumer metering and consumer tagging be completed by March 2016.
7. Feeder managers shall be designated for owning up feeder(s) with proper accountability and monthly targets of improvement as soon as the feeders are metered.
8. All the primary substation areas be additionally converted to customer care centre for bill collection, receipt of grievances and other ancillary services with enhanced working hours as promised.
9. NESCO shall take steps to reduce the accumulation of arrears with the consumers out of the monthly current dues. At least 8.5% of the arrears upto 31.3.2015 outstanding with the consumers shall be collected by divisions each month.
10. The Capex works shall be completed within the deadline set by Govt.
11. A copy of the Employees Service Conditions prepared as directed in the ARR shall be placed with Commission by October, 2015.
