

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN
UNIT - VIII, BHUBANESWAR - 751 012
PBX : (0674) 2393097, 2396117
FAX : (0674) 2395781, 2393306
E-mail : orierc@rediffmail.com
Website : www.orierc.org

**No.DIR (T)-368/09/13/1199
Dated- 27.08.2014**

To

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

Sub: **Review of Performance of CESU for the FY 2013-14 held in OERC on
06.08.2014.**

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.

Encl: As above.

SECRETARY

**Record Note of Performance Review of CESU held on 06.08.2014 at 11:00AM in the
Conference Hall of the OERC in presence of the Commission**

Date of Review : 6th August, 2014

Period of Review : April-March, 2013-14

Representatives of CESU, GRIDCO and OPTCL: list enclosed as Annexure-I.

The performance of CESU for the FY 2013-14 was reviewed by the Commission on 6th August, 2014 at 11 AM in the presence of senior officials of CESU, GRIDCO and OPTCL. Prior to this review, the Commission had prepared a set of queries which was sent to CESU on 24.07.2014 requesting them to prepare their performance presentation in line with the queries raised in the letter. Before we go into the details of the performance of CESU as indicated in its presentation, the key performance indicators of CESU are highlighted below:-

Table-1

REVENUE PERFORMANCE OF CESU, FY 2013-14				
	Actual 2012-13	Actual for FY 13-14	Improvement over Previous Year	Approval for 2013-14
Energy input (MU)	7401.89	7973.19	571.30	7937
SALE TO CONSUMERS (MU)				
EHT	1267.19	1618.28	351.09	1500.94
HT	913.62	921.32	7.70	1181.94
LT	2482.15	2671.95	189.80	3428.63
TOTAL	4662.96	5211.55	548.59	6111.51
LOSS (%)				
LT	47.53%	45.75%	-1.78%	27.65%
HT & LT	39.80%	38.50%	-1.30%	28.36%
OVERALL	37.00%	34.64%	-2.37%	23.00%
BILLING EFFECIENCY (%)				
HT	92.00%	92.00%	0.00%	92.00%
LT	52.47%	54.25%	1.78%	72.35%
HT & LT	55.35%	56.54%	1.19%	71.64%
OVERALL	63.00%	65.36%	2.37%	77.00%
COLLECTION EFFICIENCY				
EHT	96.26%	106.07%	9.81%	99.00%
HT	97.62%	97.47%	-0.15%	99.00%
LT	86.69%	84.81%	-1.89%	99.00%
TOTAL	92.00%	94.60%	2.60%	99.00%
AT & C LOSS (%)				
LT	54.51%	53.99%	-0.5%	28.38%
HT & LT	45.30%	45.00%	-0.3%	29.08%
OVERALL	42.00%	38.20%	-3.9%	23.77%

Commission's Observations:

The key observations are as follows:-

1. The total number of consumers rose to 18.35 lakhs as on 31.03.2014 from 16.71 lakhs as on 31.03.2013 indicating a rise of the order of 9.79%. In tandem with the growth of number of consumers, the connected load went up to 3565 MVA from 3320 MVA during the corresponding period registering a rise of 7.38%.
2. While the total input in MU went up by 7.7% between FY 2012-13 and FY 2013-14, the total sales in MU registered a rise of the order of 11.8% during the same period. During FY 2013-14 there is substantial rise in EHT sales in terms of MU by 27.7% which helped in enhancing the total sales by 11.8%. HT sales grew by a meager 0.9% while LT sales were as usual and rose by 7.6% during the period under review. Commission wanted to know as to why there was slow growth in HT sales notwithstanding the fact that the number of HT consumers went up by 147 during FY 2013-14. The CEO, CESU replied that there was reduction in drawl to the tune of 40 MU by some HT consumers like Soumya Alloys, Khurda, Auro Ispat, Athagarh, Maruti Steel, Athagarh and Global Rebars, Khurda, which was reflected in the overall reduction in sale to HT category during 2013-14.
3. Overall billing efficiency has increased by 2.4% to 65.36% in FY 2013-14. LT billing efficiency increased by 1.78% to 54.25% during the period. Commission observed that this rise in LT billing efficiency could be due to growth of new consumers.
4. The overall collection efficiency increased by 2.6% to 94.6% in FY 2013-14 which was due to more than 100% collection efficiency achieved in EHT category. The HT & LT collection efficiency were down by 0.15% and 1.89% respectively. The overall collection in monetary terms went up by 17.5%.
5. The overall distribution loss came down from 37% in FY 2012-13 to 34.6% in FY 2013-14 registering a fall of 2.4%.
6. The overall AT & C loss went down from 42% in FY 2012-13 to 38.2% in FY 2013-14 indicating a fall of 3.9%.
7. On the Commission's query of low LT billing efficiency, CESU furnished division wise data and said that in almost eleven Divisions LT billing efficiency was more than 50%. Only in nine divisions the LT billing efficiency is less than 50%. CESU further submitted that these low billing efficiency divisions were mostly under M/s RUPL, M/s SUPL and M/s ENZEN. CESU stated that the low billing efficiency divisions were highly rural-urban mixed. The Commission further directed CEO, CESU to monitor the performance of distribution franchisee at least once in every month.

CESU should take steps to create awareness among the consumers about the roles and duties of the franchisees operators. Similarly, franchisees should be capable enough to attend to breakdowns and extend desired services to the consumers. The concerned staffs of distribution franchisee and CESU should attend the GRF hearings to address grievances of the consumers. Accordingly CESU should intimate the GRFs to issue notice to these staffs for a fruitful deliberation and proper redressal of consumer grievances.

8. Analysis of the division wise LT performance reveals that billing efficiency of many divisions is very poor. The billing efficiency is below 50% in divisions such as AED-34%, NEDN-38.2%, TED-32%, DED-36%, AED-37.4%, CED-42.6%, KED-43.2% and PDP-43%. Consequently, the AT&C loss in these divisions is also very high with more than 70% and touching 79.1% in CED, Cuttack. CESU needs to focus its efforts in these divisions on priority basis and co-ordinate with Franchisees to bring down the loss to at least 50% in first attempt. The division wise LT performance is given in the table below:-

Table-2
DIVISION WISE LT PERFORMANCE

Name of Division	2013-14 (April-March)				
	T & D Loss (%)	Billing Efficiency (%)	Collection Efficiency (%)	AT & C Loss (%)	Realisation Per Unit (Rs.)
BCDD - I, BBSR	7.5%	92.5%	100.5%	6.4%	4.89
BCDD - II, BBSR	18.1%	81.9%	97.4%	20.2%	3.92
BED, BBSR	24.0%	76.0%	97.7%	25.7%	3.66
NEDN, NIMAPARA	61.8%	38.2%	59.4%	77.3%	0.99
PED, PURI	48.5%	51.5%	78.0%	59.8%	1.81
NED, NAYAGARH	30.8%	69.2%	77.7%	46.2%	2.26
KED, KHURDA	48.1%	51.9%	83.5%	56.6%	1.94
BEDB, BALUAGAON	47.9%	52.1%	87.7%	54.3%	1.81
CED, CUTTACK	57.4%	42.6%	49.2%	79.1%	0.94
CDD I, CUTTACK	22.5%	77.5%	97.6%	24.3%	3.77
CDD - II, CUTTACK	32.6%	67.4%	91.3%	38.4%	3.09
AED, ATHGARH	65.1%	34.9%	59.5%	79.2%	0.88
SED, SALIPUR	53.2%	46.8%	50.6%	76.3%	1.02
KED - I, KENDRAPARA	47.1%	52.9%	56.4%	54.3%	1.99
KED - II, MARSHAGHAI	56.8%	43.2%	93.5%	59.6%	1.68
PDP, PARADEEP	56.7%	43.3%	79.2%	65.6%	1.56
JED, JAGATSINGHPUR	45.8%	54.2%	80.0%	56.6%	1.83
DED, DHENKANAL	63.6%	36.4%	80.2%	70.8%	1.33
ANED, ANGUL	62.6%	37.4%	58.6%	66.9%	1.62
TED, CHAINPAL	67.4%	32.6%	80.1%	73.9%	1.21
CESU TOTAL	45.7%	54.3%	84.8%	54.0%	2.14

9. CESU submitted that the reasons for poor LT billing efficiency in distribution franchisees are the following:- Unsuccessful implementation of SAP for billing, strike by meter readers, failure of the franchisees to invest in metering technologies and replacing defective meters on account of public resistance etc. CEO, CESU hoped that the situation in the field shall improve and would result in improving consumer coverage under billing fold.
10. CESU stated that the contract of meter reading agencies in 8 sub-divisions have been terminated and meter reading is currently carried out internally.
11. The CEO, CESU said that by gradual replacement of defective meters, bringing all RGGVY & BGJY consumers under billing fold, completing consumer indexation work, removing ghost consumers, organizing new connection camps, check meter reading on monthly basis, laying AB Cable in theft prone areas, resorting to energy audit at 11 KV feeder level, using latest metering technology like RF Meters, Smart Meters and Pre-paid Meters and enhancing enforcement activities etc. LT billing efficiency could be improved.
12. On the Commission's query as to why EHT sales has gone down during FY 2013-14, CESU replied that there was decline in sales in various EHT industries like Bhushan Steels, BRG Iron & Steel, SR Steel, GM Jagannath, MCL, IFFCO etc.
13. On the issue of rise in HT & LT arrear during the period under review, CESU stated that there was poor consumer coverage on money receipts by franchisees like RUPL, SUPL, FEDCO, ENZEN etc. The percentage of money receipts generated against total consumers strength varied from as low as 43% in CED to as high as 75% in CDD-I.
14. On the issue of collection efficiency getting reduced for HT & LT segments during 2013-14, CESU replied that there was poor HT & LT collection efficiency in order of 80% in 14 franchise Divisions as compared to 97% collection efficiency in six non-franchise Divisions. Further, Divisions under RUPL and SUPL were affected due to billing problem, while other Divisions are affected by resistance from various Consumer Groups and Bar Associations.
15. Regarding decrease in energy audit coverage in 33 and 11KV and DTR level, CESU replied that meters became defective in 58 nos. of 11KV feeders which resulted in failure in carrying out energy audit in 33 KV feeders. However, CESU has communicated to the Commission regarding the status of loss levels in one 33KV feeder under Mancheswar grid vide its letter No. 15533 dated 09.06.2014 where

energy audit is being carried out from 33KV to consumer level. A report on defective meters is to be furnished.

16. On increase of the AT&C loss in divisions like CED, AED & SED, CESU replied that these divisions have been facing problems of bill generation and distribution on account of failure to implement SAP by RUPL and SUPL. Public resistance in carrying out meter reading, strike by various SHG groups in CED and meter readers in Athagarh are the reasons which could explain the increase in AT&C loss in these divisions. Commission derived that CESU need to address these issues for early solution.
17. Regarding high distribution loss of 92% in Dashipur feeder under M/s Enzen, CESU clarified that the distribution loss of this feeder was 52% and not 92% as reported earlier. This loss of 52% has been reduced to 37% during April, 2014 for which the energy audit report has been sent to the Commission. CESU further added that meter reading agencies agreement in 8 sub-divisions have been terminated and meter reading is now being carried out internally, except in Paradeep Division.
18. On the query of steps taken for installation of pre-paid meters in Govt. offices, CESU replied that about some 201 Govt. consumers have been identified out of which 40 nos. of Smart Pre-Paid Meters have already been installed under 3 nos. of DTs under BCDD-I in Bhubaneswar. Installation of balance meters will be taken up soon.
19. On the OERC direction vide letter dated 11.11.2013 to take up at least one feeder on project basis for carrying out energy audit upto DTR level, CESU replied that it had chosen 33 KV feeder V under Mancheswar grid for this purpose. The loss level reported between 33 KV to consumers is of the order of 11.24%, loss between 33 KV & 11 KV feeder is 2.73% and the average distribution loss between 11 KV to consumers' level is computed at 8.95%. It was pointed out to CESU regarding discrepancies in the number of consumers, feeder consumptions etc. in two reports. CESU promised to look after the data management correctly and cautiously.
20. In response to the direction of the Commission regarding initiatives and administrative action against erring employees involved in theft related activities, CESU reported that administrative action has been taken in respect of 32 employees as on date concurring this.
21. On the Commission's query on status of AB conductor replacement, CESU has furnished vide its letter No. 20330 dated 28.07.2014 showing details of laying of AB cables in different divisions as on 30.06.2014 under CAPEX Phase-I. Under RAPDRP Scheme, 483.75 Km of AB cable will be replaced in 757 locations in Bhubaneswar at

an estimated cost of Rs.14.52 crore. In addition, 231.69Km of AB cable will be replaced in 783 locations in Cuttack at an estimated cost of Rs.6.2 crore. The proposal to this effect shall be sent to the Commission soon.

22. On the progress of R-APDRP Scheme, CESU stated that there has been fund allocation to the tune of Rs.395.86 crore for development of IT infrastructure, SCADA/DMS and system strengthening work in 12 CESU towns. M/s Tata Power Delhi Distribution Ltd. has been engaged as IT and SCADA consultant. State Distribution Reform Committee has approved the DPR of Rs.395.86 crore and its sanction has been received from MoP, GoI. It is expected that the Scheme will be completed by March 2017 and AT&C loss will be brought down to 15% in those selected 12 towns within 5 years.
23. On the progress of CAPEX work, CESU mentioned that it has completed 7 new primary sub-stations, 39.5 Km of new 33KV line, 51.45 Km of new 11 KV line, upgradation of 102 primary sub-stations, augmentation of 267.4 Km of 33KV line and 381.8 Km of 11 KV line, replacement of 512 Km of AB cables, installation of 279 DTs etc as on 31.07.2014. For the above CAPEX work CESU has submitted bills worth Rs. 202.54 crore to GRIDCO and GRIDCO has released an amount of Rs.199.35 crore to CESU. CESU has further stated that under CAPEX Phase- II, there is requirement of funds to the tune of Rs.529.70 crore which is yet to be approved.
24. Regarding payment of BST bills CESU stated that it had received bills worth Rs.2275.10 crore during the FY 2013-14 out of which it has paid Rs.2237.56 crore to GRIDCO. CESU has paid almost 100% of current bills. However, CESU has not paid any arrear to GRIDCO during FY 2013-14.
25. While discussing about the DTR metering and pole indexing, the Commission stressed for distribution system element data base and network diagram. The Commission vide its letter No. 927 dated 02.07.2014 had requested DISCOMs to furnish the same.
26. During discussion, it was pointed out to CESU that the gross sundry debtors as on 31.03.2013 is Rs.1653.87 Cr. as per Performance Review Report, whereas the same is shown at Rs.2241.91 Cr. as per audited accounts for the FY 2012-13. The CEO was asked to clarify the status.

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

Table-2

PERFORMANCE OF DISCOMS For FY 2013-14						
	All Odisha Fy 2012-13	Performance of DISCOMs, FY 2013-14				All 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%	38.50%	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%	94.56%	81.68%	100.00%	99.98%
HT	98.09%	97.47%	95.81%	98.73%	97.25%	97.39%
LT	83.91%	84.81%	89.36%	73.15%	85.11%	83.25%
HT & LT	89.36%	89.50%	91.54%	86.19%	87.09%	88.32%
OVERALL	93.34%	94.63%	93.18%	92.28%	90.85%	93.18%
AT & C LOSS (%)						
LT	60.71%	53.99%	56.31%	70.18%	54.10%	58.70%
HT & LT	53.81%	45.00%	52.96%	55.76%	54.37%	52.83%
OVERALL	41.89%	38.15%	38.36%	41.47%	46.39%	40.22%

Directives of the Commission :

1. The Commission further directed CEO, CESU to monitor the performance of distribution franchisee at least once in every month. CESU should take steps to create awareness among the consumers about the roles and duties of the franchisee operators. Similarly, franchisees should be capable enough to attend to breakdowns and extend desired services to the consumers. The Commission directed that the agreement with the respective franchisee operators for the nine divisions with low LT billing efficiency should be reviewed forthwith.

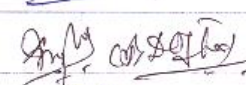
2. It was brought to the notice of the Commission that many of the issues have not been redressed properly due to the absence of officials/employees of distribution franchisees during the hearing conducted by GRF. Since, the concerned franchisee operators are responsible for the issues related to billing and quality of supply etc., the Commission directs that the concerned officials of distribution licensees alongwith distribution franchisees should attend the GRF hearing for a fruitful distribution and redressal of the consumer grievances. The Commission, therefore, directed CESU to intimate the GRF's to issue notice to both the distribution licensee and franchisee for proper redressal of consumer grievance.
3. Looking at the huge arrears accumulation by CESU, the Commission directs that there should be a systematic Arrear Analysis by CESU preferably by deploying some chartered accountants and the report should be submitted to the Commission at the earliest. CESU should fix responsibility on erring officers for not collecting arrears. Further CESU should distinguish between collectible and non-collectible arrears and record the same in separate ledger pages. Similarly, CESU should plan out action to collect the recoverable arrears and intimate the same to the Commission by 15th of September, 2014.
4. The Commission directs CESU 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.
5. CESU should introduce the proven/tested technology available in the market to reduce human interface to increase revenue. Also, CESU should take the help of the local District Administration for collection of revenue and disconnection etc. 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.
6. CESU 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.
7. CESU 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 CESU.

8. The Commission directs CESU 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 up to the consumer down the line. The monthly progress of such audit be furnished in terms of metering, MU and revenue gain.
9. CESU 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.
10. CESU 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.
11. 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 CESU for the FY 2012-13.
12. The licensee should submit an action taken report on all the items mentioned above positively by 15.09.2014.

PERFORMANCE REVIEW - CESU
ATTENDANCE SHEET
06-08-2014 at 11.00 AM

Annexure-1

Organisation	Name & Designation	Signature
CESU	Sudarkshan Nayade CEO	
CESU	P. SWAIN, SGM (IT)	P. Swain
CESU	Jayanta Kumar Das CFO	Jayanta
CESU	Nilambar Jena Sr. G.M. (Safety)	
CESU	P. K. DAS G.M (Com)	(Kumar)
CESU	T. K. Mohanb - G.M (Sec)	(Kumar)
CESU	S. R. Swain AM (MIS)	
CESU	C. R. Debata	6/8/14
CESU	Manoj Kumar Singh Sr. G.M. (MIS)	6/8/2014
CESU	S. K. Sahu DGM (Fin)	S. K. Sahu
GRIDCO	Madhusudan Sahoo AGM (Elect)	M. S. Sahoo
GRIDCO	N. Sahoo GM (F)	
GRIDCO	B. D. OJHA, DGM - ECONOMIST	
OPTCL	P. S. Sahu, GM (Elect)	P. S. Sahu
GRIDCO	A. K. Samantaray, DGM, GRIDCO	
OPTCL (Gen) OPTCL	B. P. Guleri Mayor (Skt)	
OPTCL	J. Krishnan, DGM (Elect)	
OPTCL	R. N. Panda, DGM (Elect)	
OPTCL	S. K. Mohan DGM (Elect)	
OPTCL	S. N. Sahu AGM (El)	S. N. Sahu