

**Minutes of Performance of Review of NESCO  
from April'09 to Sept'09 held in OERC on 09.12.2009.**

Date of Review : 09.12.2009 at 11.00 AM

Period of Review : April 2009 to Sept.2009

Representative of NESCO present during the review:

- (i) Mr V.K. Sood MD, Reliance Infra
- (ii) Mr. S K Singh, CEO, NESCO
- (iii) 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 April, 2009 to September, 2009 of FY 2009-10.

Commission's Observations on Licensee's Performance in brief

**Key performance indicators of NESCO**

Description	April. 08 - Sept. 08(Last Half Year)	April. 09- Sept.09(Curr ent half Year)	Actual for FY.2008- 09(Last Year)	OERC Target for FY-09-10
Input(MU)	2272.80	2355.25	4544.98	4285.00
EHT Sales	758.74	746.07	1448.64	1286.56
HT Sales	321.30	324.92	620.46	511.85
LT Sales	444.49	525.00	904.61	1501.04
Total Sales(MU)	1524.53	1595.98	2973.71	3299.75
Sales (Rs.Crore)	448.68	468.67	875.02	839.80
Collection (Rs.Crore)	424.0	424.34	821.09	823.00
Collection efficiency(%)	94	90.54	94.00	98 %
LT collection efficiency(%)	68	60.47	73.00	
Overall Distribution loss(%)	32.9	32.24	34.6	24.54 %
LT Distribution loss(%)	58.5	54.57	59.4	34.53 %
AT&C loss(%)	36.61	38.65	38.60	23.00 %
AT&C loss(%) LT	74	72.53	70.52	33.19 %

2. The Commission noted that though the purchase and sales of energy have been increased proportionately, the collection efficiency is poor compared to the performance during last half year and target set by the Commission in the ARR

2009-10. Due to this the AT&C loss has not decreased compared as per the target fixed by OERC. The CEO attributed the low collection efficiency to reallocation of spot billing agent with stringent conditions during the month of May-June, 2009. However he assured that the collection would improve significantly by the end of the financial year 2009-10. The Commission also expressed grave concern over the staggering AT&C loss which is still more than 70% in LT sector. The CEO attributed the high level of loss to lack of capital infusion to the sector and lack of cooperation either from public or from Govt administration. The Commission observed that these are examples of monumental failure of the top managers of the DISCOMs and are not acceptable to the Commission.

3. The Commission expressed displeasure over the huge arrear amounting to Rs.829.22 cr. as on 30.09.2009. The inability of the licensee to collect opening EHT arrear of Rs.20.32 cr. is a matter of concern. Due to lack of proper follow up action the EHT arrear has accumulated to Rs.42.20 cr. The CEO submitted that the EHT arrears were on account of two main customers namely Balasore Alloys & Ferro Alloys Corporation of Orissa Ltd. The matter is about to be settled and the companies have promised to clear the bills by end of the current financial year. The Commission also expressed displeasure over the huge HT arrear amounting Rs.74.04 cr. as on 30.09.2009 and LT arrear of Rs.712.98 cr. The CEO said that the licensee has stepped up its effort to collect the HT arrear. A Special Vigilance officer has been appointed to carry out the Vigilance activities in the area of operation of the licensee. They had initiated action on some HT consumers to collect the arrear amount. The Hon'ble Member of the Commission Shri Badu stated that the CEO must take action quickly against the officials found responsible for negligence or connivance with the consumers otherwise the impact of vigilance activities cannot be felt. The CEO must exercise his administrative authority for punishing the officers found guilty by the Vigilance Officers.

In respect of electricity bills of Govt. Departments, PSUs etc. the Commission stated that there is a specific budget provision made for in the budget of all Govt. departments, PSUs and Municipality to clear up electricity arrears. There are chances that

these amounts are most likely diverted to other works. So the licensee should keep touch with concerned officials to collect the arrears before they are being diverted.

4. **Performance of Divisions:** The overall LT realization of NESCO is only 65 paise with AT&C loss of 73%. With such a low realization it is difficult to manage the sector. The MD REL submitted that there were so many legal constraints for which it was becoming increasingly difficult to take legal action against the culprits. However, to ease the matter REL has opened a legal cell in each of its three DISCOMs. The Commission expressed displeasure over very low level of LT realization of the order of 32 paise in Anandpur and 43 paise in Jajpur town Division of the licensee. The CEO submitted that with engagement of Enzen as franchisee in Jajpur and Dharmasala AT&C loss has been improved from 78% in the last year to 70% during this period. Things may improve by the end of current financial year. To improve realization in Anandpur Division, Micro Franchise Model is being worked out which is expected to be functional before end of this financial year. Two more sub-divisions namely, Tihidi and Khaira under Bhadrak circle are also at the final stage of having similar franchisee models. The Commission directed to take one Division say Anandpur where LT realization is as low as 32 paise as a model and pinpoint the loss feeders by assigning the job to an efficient officer. The MD, REL submitted that the licensee is having acute shortage of skilled managerial staff. However, they have started the process of recruiting experienced senior officers at higher level to bridge the gap. To this the Commission observed that all these pleas are old and repetition and become stale to accept. Unless sincere and serious efforts are made, things are not going to improve and perhaps it would be advisable for the DISCOM to pack up and leave.

#### **Divisional Performance**

<b>Name of the division</b>	<b>LT Purchase MU (Calculated)</b>	<b>LT Billing MU</b>	<b>Billing Efficiency In %</b>	<b>LT Collection Efficiencies in %</b>	<b>LT Loss in %</b>	<b>LT per Unit Realization in paisa.</b>
AED, Anandapur	61.11	28.42	53.49	28.56	86.72	32.00
JTED, Jajpur Town	128.14	54.41	57.54	48.85	79.26	43.92
BSED, Bhadrak	60.47	31.59	47.76	40.93	78.62	57.79

UED, Udala	34.64	14.68	57.60	56.33	76.12	53.12
RED, Rairangpur	60.56	22.92	62.15	68.68	74.00	65.14
SED, Soro	79.44	39.43	50.36	53.11	73.63	57.64
BTED, Basta	48.68	18.92	61.10	63.01	75.49	50.46
JED, Jaleswar	52.69	26.37	49.95	68.78	70.58	59.29
BNED, Bhadrak	109.28	51.60	52.78	57.13	73.02	46.09

5. **Quality of Supply:** It has been observed that the interruption of 33 KV feeders from grid S/s has come down from 7140 times last period to 3651 times this year. But the number of interruptions at 11 KV feeders has remained as high as 19107 times which is similar to the previous year. The CEO submitted that the high level of 11 KV interruptions is due to the fragile and deteriorated 11 KV feeder systems.

QUALITY OF SUPPLY	As on Mar-09	As on Sept-09
METERING POSITION		
Total no of Meters	526374	542543
No of working Meters	373582	369620
Percentage of working meters	71 %	68 %
No of 33 KV feeders	58	2 added
No of 33 KV metering	55	55
No of 11 KV feeders	427	1 added
No of 11 KV feeder metering	144	nil
No of DTRs	18148	87
No of DTR metered	101	16
	Apr'08 to Sept'08	Apr'09 to Sept'09
Failure of Power Transformer Nos	12	10
Failure of Distribution Transformer	1083	1022
Interruption of 33 KV feeders from grid s/s	7140	3651
Interruption of 11 KV feeders from 33/11 KV s/s	19628	19107

6. The CEO submitted further that during this period 14 nos. of power transformers were upgraded, 87 nos. of new distribution transformers were added and 50 nos. of distribution transformers were upgraded to improve the quality of supply by the licensee. The Commission expressed displeasure over the failure of 1022 distribution transformers within a short span of 6 months. The Commission

directed that emphasis should be laid on periodical maintenance of the transformers and upgradation of protection system of the transformers. The officers incharge of maintenance should be given proper training and exposure at national level to upgrade their maintenance skill. NESCO should track division wise transformer failure data and should fix responsibility on the officer concerned and cost of maintenance should be recovered from such officers found negligent for proper maintenance.

7. The Commission expressed serious concern over the level of non-working of meters which is as high as 32%. It is also a matter of concern that only 112 feeders out of 428 feeders were metered by the licensee as on 30.09.2009. The Commission desired to know why responsibility was not fixed over breakage or damage of 11 KV and DTR meters on the concerned responsible officer. In this connection the Vigilance Chief submitted that the vigilance department had been submitting report on the mischievous activities carried out on the assets of the licensee with the involvement of criminals and corrupt officials. The Commission directed that such officers should be placed under suspension and departmental proceeding be initiated. Action taken on the findings of the Vigilance should be reported to the Commission by 30.01.2010.
8. The CEO submitted that during the period under review phase balancing on 214 nos. of distribution transformers, phase conversion in 18 nos. of cases, Re-earthing of 102 nos. of substations were carried out. The Commission desired that the phase balancing and re-earthing etc. must be carried out as per the standard specification. The CEO further submitted that during the period under review 6 nos. of 33 KV and 7 nos. of 11 KV VCBs were installed. The licensee submitted the feeders with VCBs and availability of KVARH meters as follows.

<b>NESCO</b>	<b>Total</b>	<b>Available</b>
No of VCB in primary s/s -33 KV	441	127
No of VCB in primary s/s -11 KV	695	301
No of HT/LT consumers with CD>70<110 KVA- having meters with KVAH billing facility	254	254

9. The Commission desired that VCBs must be installed on all the 33 KV and 11 KV feeders by end of this financial year for proper implementation of Intra-State

ABT. The Commission further wanted to know whether any reactive drawl analysis was carried out by the licensee. The CEO submitted that data had been collected but no study had been carried out so far. The Commission directed to submit the data within a month for reactive power flow study and its impact on tariff.

10. The CEO submitted that 2 nos. of Energy Police Stations are currently under operation under the licensee at Balasore and Baripada. There are four dedicated Vigilance Cells at Balasore, Bhadrak, Baripada and Jajpur Road Electrical Circles. So far 9 nos. of charge sheets have been served and 14 nos. have been forwarded to the Court of law. The Commission directed follow up action should be taken for trial of the offenders and close liaison should be kept with district police officials and local police stations for effective detection of theft of electricity.
11. In summary, the Commission directed the following to NESCO to be achieved during the current financial year: -
  - (a) Assign the best available officers to the most loss making Division and point out the loss making feeder. Carry out instant raids to minimize loss in the Division.
  - (b) The officers of the licensee should strive hard to improve billing and collection and officer-wise target be fixed. Failure to achieve the target should be dealt firmly.
  - (c) Action must be taken on the Vigilance report submitted to the licensee on the officers identified as responsible. Action taken against such officers identified by Vigilance wing should be reported to the Commission by 30.01.2010..
  - (d) NESCO must pursue the collection of arrear from EHT and HT customers failing which their supply must be discontinued. Similar measures should also be taken up against LT General Purpose customers. Action taken for

collection of such arrears and disconnection made should be reported by 30.01.2010.

- (e) Since the officers of the licensee need to be the motivating agents, the licensee must train them to handle HR and IR problems effectively to improve billing and collections.
- (f) More nos. of distribution transformers must be covered under energy audit and VCBs must be installed on all the 11 KV feeders. The licensee should propel the effective metering of all 11 KV feeders as well as distribution transformers.
- (g) Regarding low voltage problem, interruption on 33 KV feeders etc., OPTCL may be coordinated. Reactive power drawal analysis should be carried out to find out the place of installation of capacitor banks.
- (h) Systematic training programme should be held for Women Self-Help Group which should be engaged to improve billing and collection. The progress of handling over to franchisee at Tihidi and Khaira sub-division should be expedited. Action taken in this regard should be reported to the Commission by 30.01.2010.
- (i) No part of the current amount collected during 2009-10 should be utilized towards revised arrear salary as has been stipulated in the escrow relaxation order of the Commission. Arrear salary may be paid only from the arrear collected out of the arrears outstanding as on 01.04.2009.

**ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAVAN  
UNIT - VIII, BHUBANESWAR - 751 012  
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**No.DIR (T)-369/09/  
Dated- 08.01.2010**

From

P K Swain  
Secretary

To

The Chief Executive Officer,  
NESCO,  
At/Po: Januganj,  
Dist: Balasore

Sub: **Review of Performance of NESCO for the period Apr 09 – Sept. 09 FY 2009-10 taken on 09.12.2009 by OERC**

Sir,

In inviting a reference to the subject cited above, I am directed to send herewith the minutes of review meeting for your information and necessary action.

Yours faithfully,

Encl : As above.

**SECRETARY**

**Copy to:**

- i) The Principal Secretary, Department of Energy, Govt. of Orissa 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.