

## Minutes of Performance Review of WESCO for FY 2012-13

**Date of Review** : 11<sup>th</sup> June, 2013

**Period of Review** : FY 2012-13

**Representative of NESCO, GRIDCO and OPTCL:**

1. Mr.G. Gopal Reddy, M.D. WESCO
2. Mr. A. K. Bohra, CEO, CSO
3. Mr. Agarwal, G.M.(Finance), WESCO
4. Mr. G. B. Swain, G.M.(Finance), CSO
5. Mr. Khirod Nanda, AGM (Finance), WESCO

**(A) Growth of Consumers :**

Year	EHT Consumers	HT Consumers	LT Consumers	Total No. of consumers
2008-09	21	555	534901	535477
2009-10	23	584	568541	569148
2010-11	23	624	631975	632622
2011-12	24	646	744948	745618
2012-13	29	649	914431	915109

**(B) Sales & Input**

Year	EHT (MU)	HT (MU)	LT (MU)	Total (MU)	Sales (Rs. In Cr.)	Input (MU)
2011-12	1364.19	1165.14	1245.20	3775.01	1776.73	7083.67
2012-13	1468.66	1230.48	1246.20	3945.34	2032.14	6391.47
OERC Target for FY 2012-13	1468.66	1230.48	1246.20	3945.34	2446.74	6496.00

**(C) Efficiency Parameters(Overall)**

Year	Sales (in Cr.)	Collection (Rs. In Cr.)	Distribution Loss (%)	Collection Efficiency (%)	AT&C Loss (%)	Billing Efficiency Overall (%)
2011-12		1677.64	38.84	94.42	42.25	61.16
2012-13		1925.37	38.27	94.75	41.51	61.73
OERC Target for FY 2012-13		2422.27	19.60	99.00	20.40	80.40

**(D) Efficiency Parameters(LT)**

Year	Input (MU)	Sales (MU)	Distribution Loss (%)	Billing Efficiency LT (%)	Collection (Rs. In Cr.)	Collection (Rs. In Cr.)	Collection Efficiency (%)	AT&C Loss (%)
2011-12	3258.47	1245.69	373.92	353.76	61.77	89.80	65.67	38.23
2012-13	3298.07	1246.20	496.34	405.40	62.21	99.16	62.53	37.27
OERC Target for FY 2012-13	3438.32	2569.30	953.61	944.07	25.27	99.00	26.02	74.73

**(E) Division wise performance**

The table below indicates the performance of Divisions which have performed poorly during FY 2011-12 & FY 2012-13 relating to efficiency parameters.

Division	Year	Billing Efficiency (%)		Collection Efficiency (%)		AT&C Loss (%)	
		LT	Overall	LT	Overall	LT	Overall
Baragarh (W)	2012-13	31	30	57	63	82	81
	2011-12	29	28	78	81	78	77
Sonepur	2012-13	34	34	66	74	78	75
	2011-12	31	32	80	85	75	73
Bolangri	2012-13	33	34	72	77	76	74
	2011-12	40	40	63	69	75	73
Baragarh	2012-13	32	36	75	84	76	70
	2011-12	32	34	87	91	72	69
Nuapada	2012-13	29	29	90	92	73	73
	2011-12	29	28	93	93	74	74
KWED	2012-13	34	32	89	89	70	72
	2011-12	36	34	97	96	65	67

**(F) Arrear, Billing and Collection**

**Rs. In Crore**

	FY 2011-12	FY 2012-13
Billing	1727.17	2032.14
Collection	1677.64	1911.12*
Un collected amount	49.53	120.92
Collection Efficiency	97%	94.04%

\* Note – Total collection during FY 2012-13 is Rs.1925.37 crore which includes Rs.14.25 crore pertaining to FY 2011-12. Thus, collection for the year FY 2012-13 would be 1911.12 crore (1925.37- 14.25)

(G) **Bills served to the consumers during FY 2012-13 pertaining to the FY 2011-12 as per the Hon'ble High Court's decision**

		Rs. In crore
1.	Arrear Bill	50.69
2.	Collection	14.25
3.	Special rebate claimed from GOO not received	27.68
4.	Total (2) + (3)	41.93
5.	Uncollected amount	8.76

**Commission's observation and directions**

Commission has analysed the performance of WESCO and the key observations are as follows :-

1. The major concern is that the WESCO has not been able to pay the full BST bill and is the major defaulter among all the distribution companies in this regard. The WESCO has cumulative default of Rs 523.98 crore for FY 2011-12 and 2012-13. The Licensee is to therefore required to immediately augment its efforts to clear the outstanding BST and clear these dues during the current Financial year.
2. There has been no appreciable decrease in overall distribution level of 1% and no decrease of loss in LT level. There has been increase in the RST for last two years which should brought down Loss level to a desirable level.
3. There has also been reduced collection efficiency of 2% over 2011-12. It is pertinent to observe that the collection efficiency only reflects the collection out of the billed amount. The important parameter to gauge efficiency is the Billing efficiency. The review reveals that overall Billing efficiency is 62% and LT Billing efficiency is only 38%. There is about 40% of energy overall and 60% in LT which is not billed. The Commission therefore emphasis to increase the Billing efficiency to about 80% in overall and 60% in LT segment by next review period.
4. The AT&C loss in the LT segment is most alarming with reduction in collection efficiency from 97.1% in 2011-12 to 94.1% in 2012-13. Consequently the AT&C loss rose from 66% to 69% which needs to be stemmed immediately.
5. Division wise performance analysis revealed that AT&C loss in Bargarh (W), Sonapur, Balangir, Nuapada, Brajrajnagar, KWED and Sundergarh have highest losses which are above 70%. Other loss making divisions

which need immediate attention are Sambalpur, Titlagarh, Bhawanipatna and Deogarh which have AT&C loss of above 60%.

Commission in view of such performance directs the licensee to undertake the following activities on urgent basis.

1. WESCO shall complete the entire energy audit programme and submit before the Commission before 20th of July, 2013.
2. There have been number of complaints received by the commission that the bills are not being served to the consumer, especially in semi-urban and rural areas, in spite of the fact that all the consumers of WESCO are covered through spot billing. There have been reports of billing agency colluding with unscrupulous elements to generate frivolous bills without visiting the premises of the consumers.

Commission, therefore, directs that spot billing machines should be upgraded immediately which connects simultaneously to the server when the entry is made. Licensee can also adopt Improved/RF technology to avoid human interference in the meter reading. The technological intervention is the need of the hour to eliminate human error either unintentional or intentional.

3. It is observed that the daily load curve of WESCO is high in spite of the fact that there is reduction in the Industry load. There is no analysis of HT losses which are loaded to LT level. Licensee shall, therefore, analyse and submit the necessary load curve of various categories of last year by 20th July, 2013.
4. The Distribution transformer failure rate is high in areas such as Sambalpur, Bargarh, Balangir and Sonapur. The Licensee should take immediate steps to curb such high DTR failures and bring down to half within next six months. Licensee may also submit an action plan for such activity.
5. Commission in the last RST order for FY 2013-14 has introduced Reliability surcharge for the consumers for ensuring reliable supply of power. Licensee should ensure collection of such surcharge and provide the consumer with dump data along with the bill to ensure the genuineness of such claim.
6. Commission is of the view that a number of cases filed before GRF which could have been otherwise avoided. It is revealed that primary reason for such large cases is that the licensee does not follow the Complaint Handling Procedure (CHP) properly thereby forcing consumers to seek the shelter of GRF.

The licensee shall, therefore,

1. Scrupulously follow the CHP and accountability be fixed on the officers not adhering to such procedure.
  2. Registering/docketing and acknowledgement of every complaint is to be made mandatory either in physical form or through email or SMS.
  3. Consumers should be sensitized about their rights and duties and awareness campaign to be launched for such sensitization.
7. Licensee shall submit the action points and areas where improvements need to be made to reduce AT&C loss.

These action points need to be submitted by 20<sup>th</sup> July, 2013.

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