

**ODISHA ELECTRICITY REGULATORY COMMISSION  
PLOT NO. 4, CHUNUKOLI, SAILESHREE VIHAR,  
CHANDRASEKHARPUR,  
BHUBANESWAR-751021**

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**Present:**        **Shri U. N. Behera, Chairperson**  
                      **Shri A. K. Das, Member**  
                      **Shri S. K. Parhi, Member**

**Case No. 66/2017**

CESU	.....	Petitioner
Vrs.		
DoE, GoO & Others	.....	Respondents

**In the matter of:**        **An application under Condition 11 of the License conditions for approval of Detailed Project Report (DPR) for procurement of 1,50,000 single-phase meters for 100% metering Programme with an approximate cost of Rs.11.12 Cr. during FY 2017-18.**

**For Petitioner:**        **Shri Manoj Kumar Singh, Sr. GM (RT & C).**

**For Respondents:**    **Shri Upendra Nath Mishra, CGM (PP), GRIDCO Limited, Shri S. K. Puri, Sr. GM (Elect.), OPTCL & Ms. Sonali Pattnaik, Dy. Manager (Legal).**

**ORDER**

**Date of Hearing: 12.12.2017**

**Date of Order:19.03.2018**

The present petition has been filed by CESU for approval of the Detailed Project Report for 100% metering programme in its area under condition 11.1 of its license conditions which is effective from 1<sup>st</sup> November, 2006. The said license conditions require prior approval of the Commission if the investment exceeds Rs. 5 Crore.

2. The CESU has submitted that 100% metering is one of the key strategies to reduce distribution loss. In CESU area 14 divisions out of 20 divisions are under Franchisee operations. The Committee for Franchisee Operations (CFFO) of CESU has decided that as per the Franchisee Agreement 100% metering of the consumers in all the 14 Franchisee divisions shall be done failing which necessary deduction must be made from the payments of the respective Distribution Franchisee. CESU has accordingly deducted about Rs.10.32 Cr. from two franchisee M/s Enzen and M/s FEDCO working in 10 Nos. of Electrical Divisions of Dhenkanal Circle, Paradeep Circle and Circle II of CESU. There are about 1, 66, 552 consumers in these franchise area who have either defective meters or no meter
3. Therefore, CESU in their petition has proposed to procure 1,50,000 meter with approx. cost of Rs.11.12 Cr to cover consumers who have either defective or no

meters in these two franchisee area. In the Detailed Project Report, CESU has proposed to procure Static Energy meter of class 1.0 accuracy, with optical port and LCD Display. The CESU has proposed to fund the procurement of meter by deduction of Rs.10 Cr. from franchisee payment and Rs.1.2 Crore from the meter rent amount collected. The payback period has been estimated as 19 months with benefits of Rs.7.25 Crore/year. The project shall be completed in 12 months.

4. The Commission has gone through the petition of the CESU and also have heard the petitioner for approval of the procurement of 1,50,000 meters with approx. cost of Rs.11.12 cr. for the franchisee operation area of covering 10 Nos. of Electrical Divisions of Dhenkanal circle, Paradeep circle and Bhubaneswar, Circle-II of CESU. CESU proposes to undertake the investment through deduction of Rs.10 Crore from franchisee payments and balance through meter rent.
5. The Commission analysed the proposal along with the DPR submitted with the petition. Metering is the primary prerequisite for success of any electricity distribution business. Metering, billing and collection form the essential value chain of the entire process and any weak link adversely affects the revenue. Moreover, Commission is concerned that still so many consumers are availing power either through defective or no meters. This quantum of energy is never assessed or gets collected and is also adding to the losses. The process of metering of the DISCOMs is therefore of paramount importance which has been neglected because of the lack of any capital expenditure.
6. The overriding importance therefore is to get all the consumers with the meters as early as possible in order to arrest further losses. We find that CESU plans to fund the capital expenditure through franchisee payment deductions and meter rent. The CESU has assessed the benefits of Rs.3.6 Cr. in the 1<sup>st</sup> year and Rs.7.25 Cr. from 2<sup>nd</sup> year onwards with a payback period of 19 months. This investment proposal in our opinion merits consideration and we approve the same with following observation:-
  - a. A plan of action with timelines of achievements for completion of the project must be submitted to the commission from the two weeks of the passing of this order.
  - b. A monitoring committee with Chairmanship of CEO must be formed in CESU to monitor the entire plan of action.
  - c. The money already deducted from the franchisees for the purpose must be utilized for procurement of meters only.

- d. Any deviation from the plan action shall be dealt firmly.
  - e. The progress of the implementation of this programme must be reported in the quarterly performance review of the Commission.
7. In view of the effectiveness of smart meters in improving the metering performance and cutting down distribution losses, CESU should eventually switch over to smart meters as early as possible. The cost of smart meters are also coming down gradually. In future procurements, comparative cost benefit analysis of smart meters vis-a-vis normal meters may be taken into consideration, and if normal meters are procured care should be taken to avoid large inventory of such meters. That will help in smooth transition to smart meters.
8. Adoption of smart meters requires supporting infrastructure in terms of hardware, software and communication network. Some of the infrastructure including a data centre required for integration of smart meters has already been taken up under the Centrally sponsored project R-APDRP. The project is nearing completion. CESU is directed to prepare an action plan for providing smart meters to all their consumers. The action plan should cover the technology, time line and cost estimates for the smart meters along with the supporting infrastructure, complete in all respect, and be submitted to the Commission within six months.
9. The case is accordingly disposed of.

Sd/-  
**(S. K.Parhi)**  
**Member**

Sd/-  
**(A. K. Das)**  
**Member**

Sd/-  
**(U. N. Behera)**  
**Chairperson**