

Ref. No P-Com/Accts/ **No 08787**
Commercial Circular No. 285

Date : **18 APR 2017**

Sub: - Calibrated actions in respect of Collection Efficiency and Billing Efficiency.

Ref :- 1) Approved Office Note- P-Com/Accts/Calibrated Action/60 dtd.25.01.17
2) Approved Office Note- P-Com/Accts/Calibrated Action/291 dtd.21.03.17

MSEDCL is purchasing electricity from the generator and selling it to various classes of consumers as per MERC rate. The important duty of each MSEDCL office is to issue the accurate energy bills and recover the same. Therefore, distribution loss must be at lowest level. If employee fails to deliver his prime duty then he must be liable for punishment automatically. For the same, calibrated actions in respect of Collection & Billing efficiency is proposed.

Details of Arrears, Collection Efficiency and Billing Efficiency :

Total arrears has touched to Rs. 29,906 Crs upto Nov-16. Wherein, live consumer outstanding arrears is Rs. 23,470 Crs. & PD consumer is Rs.6436 Crs.

Collection Efficiency is decreasing from 94.71%, 94.28% to 94.09% for FY 2014-15, 15-16 & 16-17 (upto Nov-16) respectively.

Billing Efficiency is 85.73%, 85.23% to 84.61% for FY 2014-15, 15-16 & 16-17 (upto Nov-16) respectively.

In view of above, it is decided to propose Calibration action parameters for improvement in Collection & Billing Efficiency.

Calibrated Action Criteria :

The detail statement of Calibrated action like responsibility centres, criteria for action and ultimate action thereon is given as under:

| NON-AG AT&C LOSS | | | | |
|------------------|---|--|---|---|
| Parameters | Responsibility | Activities | Criteria for Action | Action |
| Non-AG AT&C Loss | A) Section Office - Section Officer / PC Holder | Recovery of Demand & Arrears. | 1) If Non-AG AT&C Loss is greater than Last year's quarter- April to June period + Additional Non-AG AT & C. Loss Reduction Target | Explanation call up by C. A. |
| | B) Sub-Division - SDO / Billing In charge of subdivision | Accurate Billing of Consumer. Arresting theft activities. | | |
| | C) Division - EE / Dy. Manager (F&A) Division office | Reduction in Technical Loss. | 2) If Non-AG AT&C Loss is greater than Last year same period April to Sept + Additional Non-AG AT & C. Loss Reduction Target | Punishment of 1/3 Basic Salary amount by C. A. |
| | D) Circle - SE/ EE Admin / Circle Office Account In Charge | | 3) If Non-AG AT&C Loss is greater than Last year same period April to Dec + Additional Non-AG AT & C. Loss Reduction Target | Punishment of One Increment, Non-cumulative for 1 year. |
| | | | 4) If Non-AG AT&C Loss is greater than previous financial year April to March + Additional Non-AG AT & C. Loss Reduction Target | Stoppage of Promotion of concern for One year. |

| Non-AG AT&C Loss Reduction Target : | | | | |
|---|-------|-------|-------|------|
| Particulars | % | | | |
| Concerned Office Non-AG AT&C Loss of last year for same quarterly period | 60-80 | 40-59 | 20-39 | 1-19 |
| Concerned Office Target for Non-AG AT&C Loss Reduction for same quarterly period | 10 | 7 | 5 | 3 |
| If Non-AG Sale is increased in proportion to Increase in LT-Input then incentive of 3% of rise in [(Non-AG Sale/LT Input)] multiplied by ABR of that concerned office will be allowed subject to Non decrease in collection efficiency and non increase in distribution loss. | | | | |
| e.g. If Non-AG AT&C Loss for the same quarter of last year is 60%, then Target for Loss reduction for same quarter of this year will be 10% of 60 i.e. 6% | | | | |

Where, **Non-AG AT&C Loss** can be calculated as follows:

$$\text{Non-AG AT\&C Loss (\%)} = 100 - \left\{ \text{Collection Efficiency} \times \frac{\text{Non-AG Sale}}{\text{LT-Input}} \right\}$$

Note : Collection Efficiency taken above is excluding Agriculture Category

- There are two parameters namely **Collection Efficiency** in which agriculture collection is not considered and other is **ratio of Non-Ag sale to LT Input**.
- Calibrated Action is proposed on the basis of target of Non-AG AT&C Losses. Target of Non-AG AT&C Loss is given as previous period Non-AG AT&C Loss plus additional target for Non-AG AT&C Loss reduction. If this Non-AG AT&C Loss target is not achieved then punishment as proposed will be imposed, whereas incentives are also provided in this automated Calibrated Action program.

Incentive :

If a particular office achieves Non-AG AT&C Loss Reduction Target then incentive of 3% of rise in Non-AG sale multiplied by ABR of that concerned office will be allowed, subject to ratio of (Non-AG Sale/LT Input) must be increased, collection efficiency should not be decrease and distribution loss should not be increase.

Distribution of Incentive :

This incentive will be distributed in the ratio of 5%,10%,15%,30% & 40% to zone, circle, division, sub-division & section respectively subject to concerned reporting office should fulfill collection efficiency and distribution loss target criteria. If they fail to fulfill above condition then whatever incentive earned by sub-division/section will be distributed among themselves only upto eligible reporting office.

The distribution and AT&C losses will be calculated by the IT System automatically for base year 2016-17 and subsequently for 2017-18 as well. This calibrated action will be auto-generated through IT System only.

16/04/17
Chief Engineer (Commercial)

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