

REVENUE PROTECTION INITIATIVES IN NIGERIA

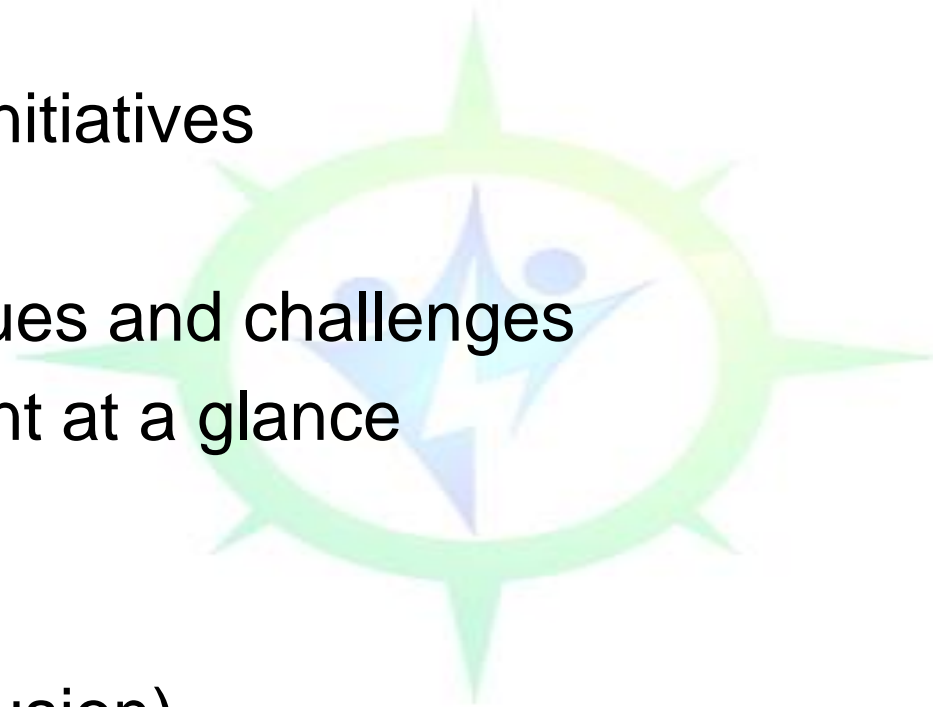


PLUG THE **BLEEDING** **PROJECT**

BY NSIKAK J. UDI
HEAD REVENUE PROTECTION PHED

OVERVIEW

- ▶ Introduction
 - ❖ PHED challenges/commitment
 - ❖ Solution road map
- ▶ Plug the bleeding initiatives
- ▶ Results
- ▶ Field operation issues and challenges
- ▶ Project achievement at a glance
- ▶ Training
- ▶ Lessons learned
- ▶ Way forward(conclusion)



INTRODUCTION

The Nigerian Electricity Utilities currently face a daunting task to reduce commercial losses averaging 45% in the 11 privatized Distribution Companies within a period of only 5 years.

This presentation is focused on the proactive steps taken by PHED's Revenue Protection with regard to making this a reality.

The Eleven Electricity Distribution Companies in Nigeria

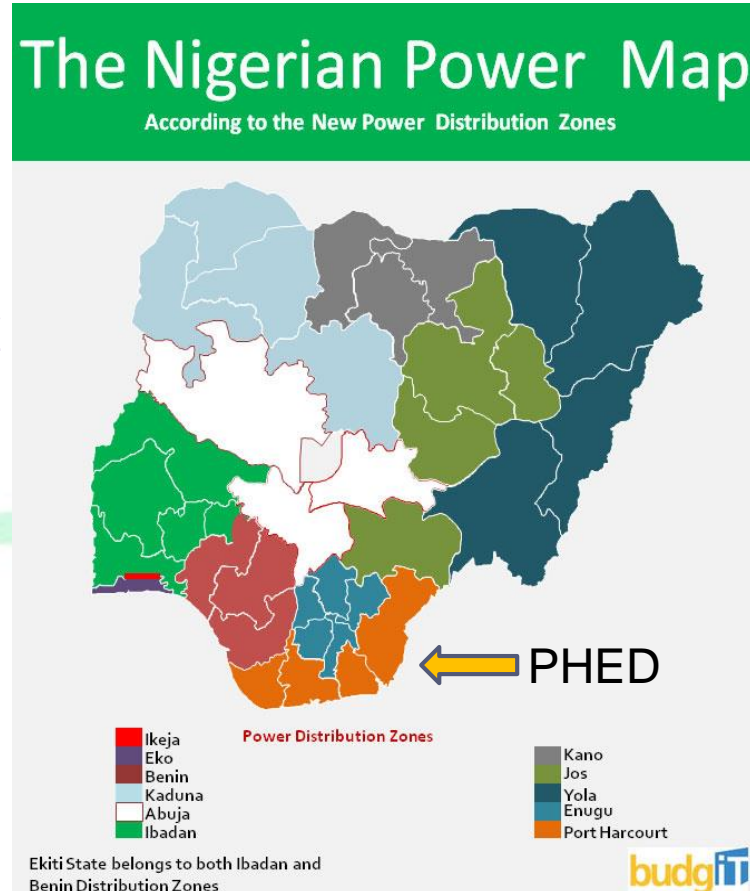
Abuja Electricity Distribution Company

Kaduna Electricity Distribution Company

Benin Electricity Distribution Company

Enugu Electricity Distribution Company

Ibadan Electricity Distribution Company



Jos Electricity Distribution Company

Eko Electricity Distribution Company

Kano Electricity Distribution Company

Yola Electricity Distribution Company

Ikeja Electricity Distribution Company

Port Harcourt Electricity Distribution Company estimated at a land area of 39,206.25sq.km,

Challenges of PHED

- ▶ Poor billing efficiency due to energy theft
- ▶ Collection loss of over 55%
- ▶ Aggregate technical and commercial loss of Over 60%
- ▶ Grid energy insufficiency and instability
- ▶ Network infrastructure challenges (overloaded transformers and feeders, obsolete equipment, limited network etc)
- ▶ Metering challenges (huge metering gap, estimated billing, poor meter maintenance, etc.)
- ▶ Operational challenges (long feeders, quality of workforce, large operational areas, etc.)
- ▶ Funding challenges (absence of long term “patient” capital (equity/debt) to fund CAPEX investment, high cost of borrowing, poor credit history etc

Commitment of PHED

- Make the necessary capital investments in network improvement
- Invest in metering infrastructure to address these losses
- Optimize the operations within her network.

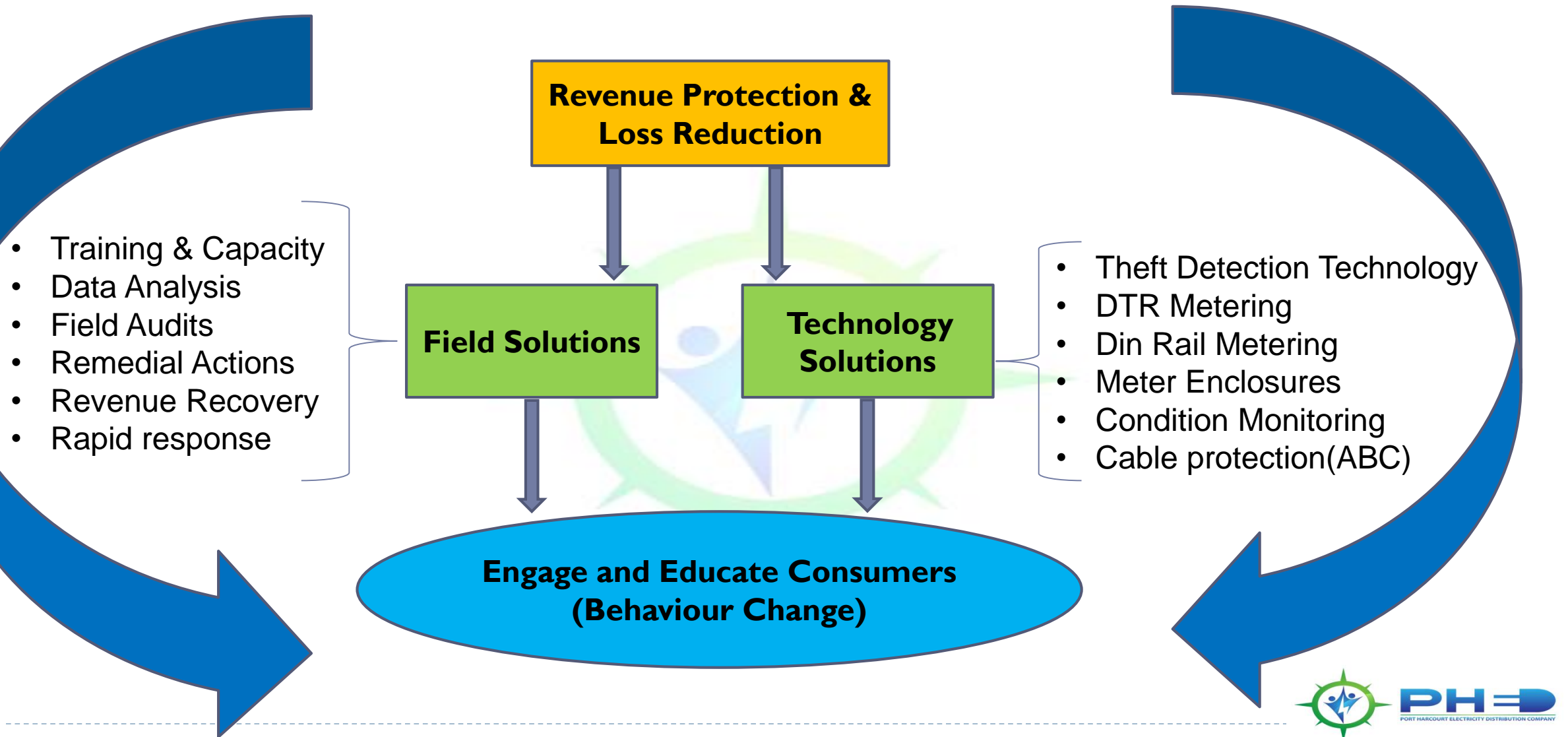
This promise was captured in a Performance Agreement with the BPE.

However

PHED would loose her investment and be given only **one dollar** as compensation, from the government, if it fails to achieve the ATC & C reduction rate or percentage over a five year period, as promised.



Pathway to Success



PROPOSED STRUCTURE FOR REVENUE PROTECTION

Team Composition			
MD		Non-MD	
Engineer/Technician	1	IBC Lead Team Co-ord.	1
Assistant Technician	1	Technician	2
		Auditors	2
Data Capturer			1

Head, Revenue Protection
(1)

Team Composition			
HQ Admin		Field Services	
Management	4	Non MD	58
Support Services	10	MD	8
		Technical team	2
Total			82

Co-coordinator, Operations
(Non-MD)
(1)

Support Services
Legal Officer (1)
•HQ Technical team (2)
•Data Analyst (2)
•Data Capturer (1)
•Investigation Officers (2)
•Admin Officer (1)
•Revenue Recovery Specialist (1)

Co-ordinator, MD Operations
(1)

IBC Non-MD Field Operation
(6 staff Per IBC)x 10 IBCs

HQ/PH
3 MD Teams
(2 per team) for 6 IBCs

Calabar
1 MD Team
(2 per Team) for 4 IBCs

COMMON TERMINOLOGY

1) Recertification

To **renew the certification** of a measuring device / installation / process
– this refers especially to certification given by a licensing board.

2) Inactive meters

Meters installed at a customers premises according to the data system, but for one or other reason is **not been utilized** to provide accurate meter readings

3) Revenue Recovery

The process of investigating the reasons for losses and dealing with issues in a progressive way to find solutions, **determine payback and legal closure**

INITIATIVES

1) PPM Audit project (8490)

- Zero vending and target audits.
- Focus on different findings and addressing all the known issues

2) MD Recertification project (400)

- Audit all installations
- Target repairs / meter replacement actions as soon as possible

3) Inactive MD meters (352)

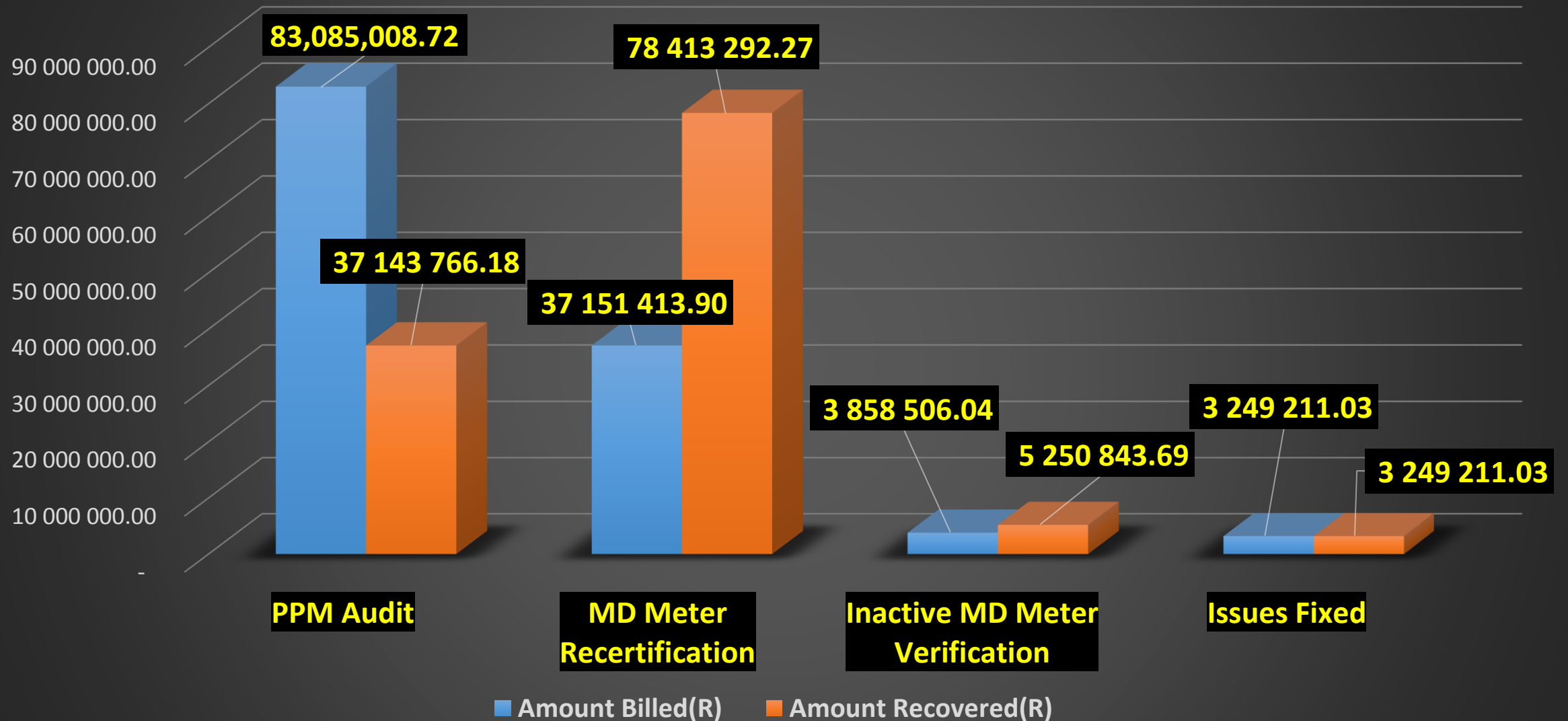
- Audit all installations
- Cleaning the data to identify outstanding issues and installations
- Focus on findings and bring customers back on the system

4) Revenue Recovery / Investigation of incidents

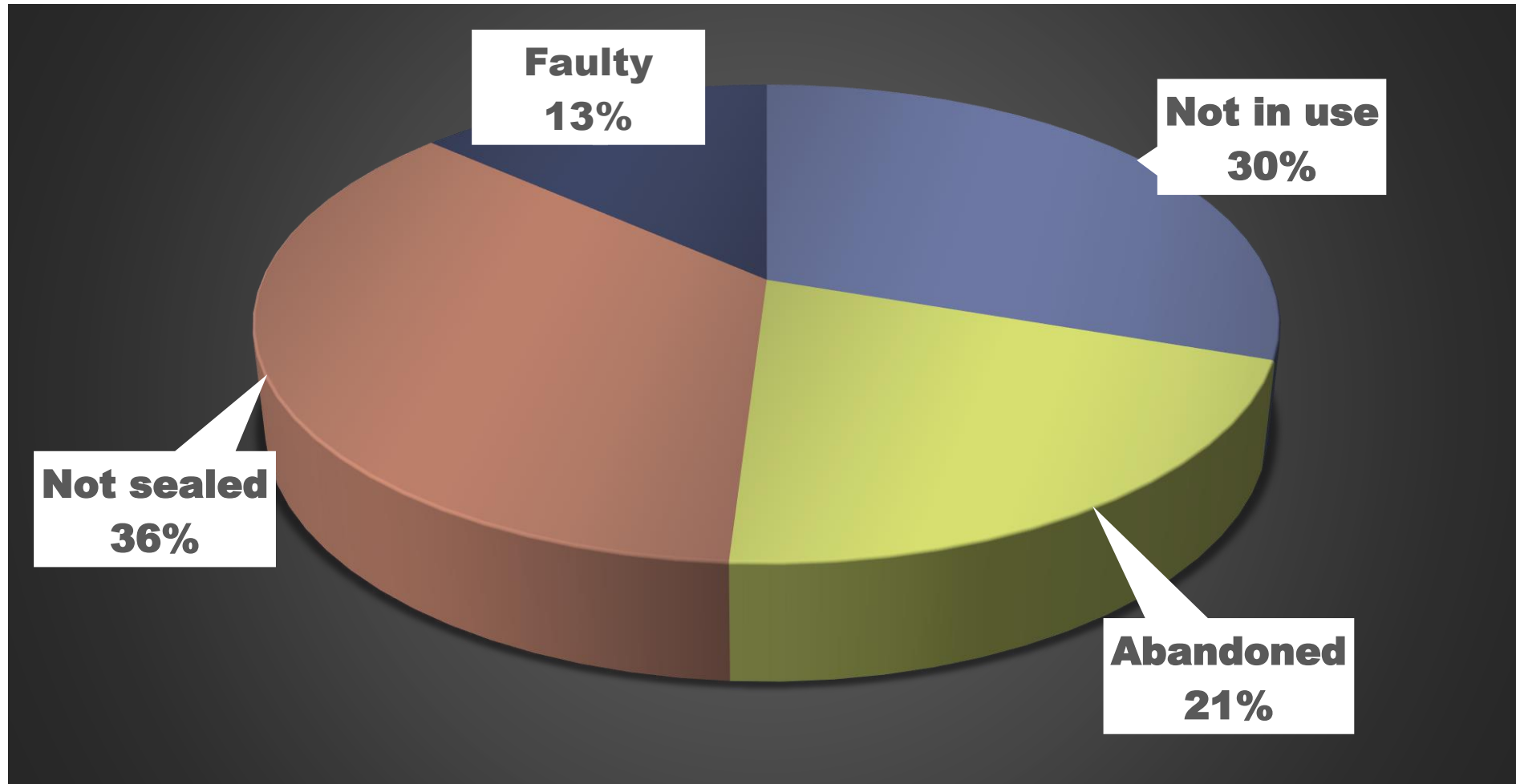
- Performing investigations and defining close-out processes



RECOVERY AGAINST BILLING



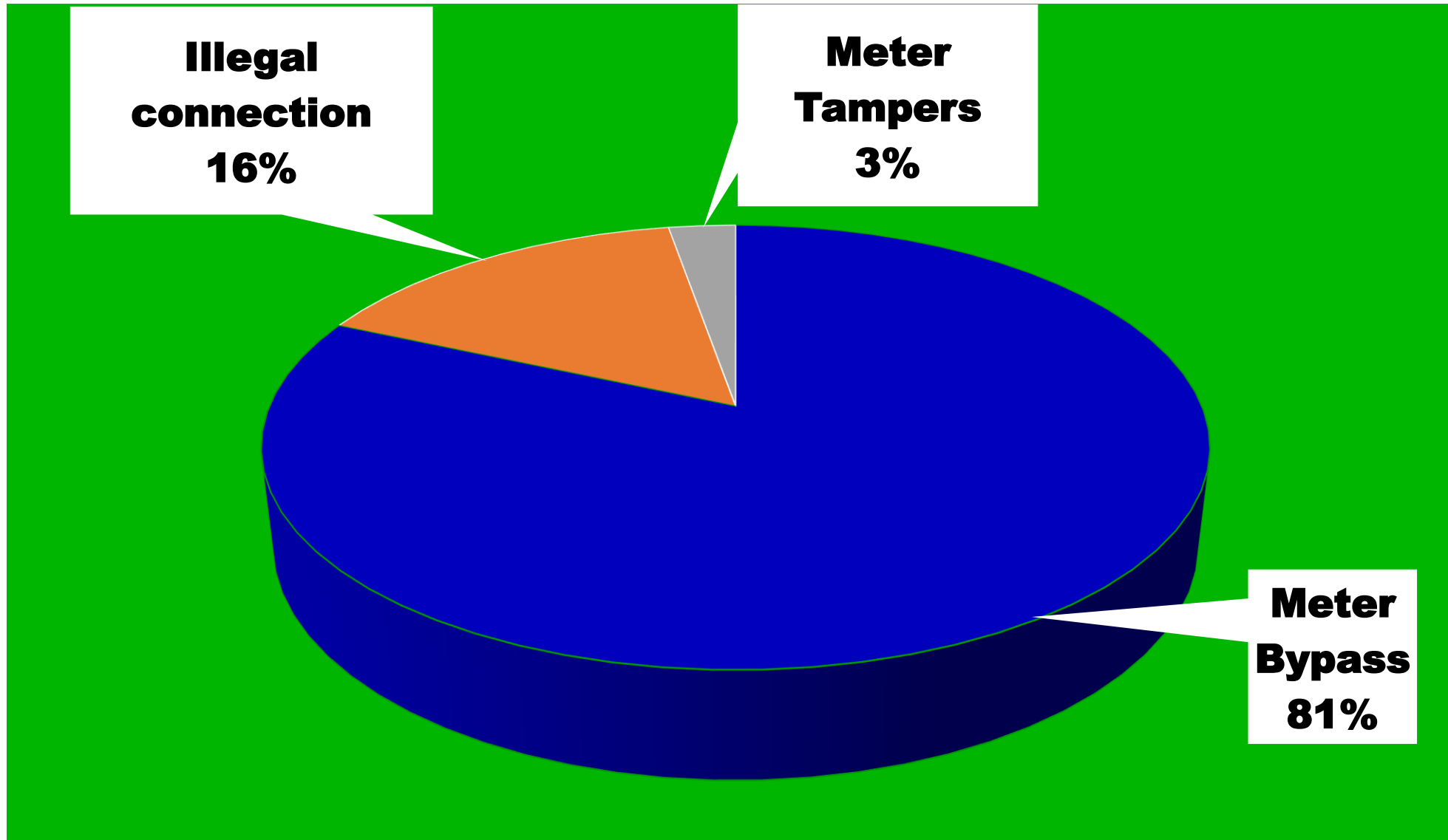
STATUSES OF AUDITED METERS



PPM AUDIT REPORT SUMMARY

PPM AUDIT REPORT SUMMARY				
ITEM	ZERO VEN	OTHER	TOTAL	COMMENTS
Premises Audited	5,068	4,334	8,474	Shortfall of 16
Theft cases	277	566	846	Disconnected all cases, monitoring ongoing
Abandoned Meters	524	389	913	Those who connected to other sources have were disconnected
Bad/Nonfunctional Meters	63	177	240	Customers have been placed on fixed monthly cosumption
No Meters	477	228	705	Customers advised to apply for CAPMI Meters
Wrong Tariff/Upgrade	113	86	199	Actioned by IT, Database update
Reversals to Postpaid	100	48	148	All reconnected back to PPM and Arrears transferred accordingly, Postpaid account closed
Vacant	534	130	664	List intact, retrieval for safe keep recommended
Not Activated	115	53	168	All activated and have commenced vending
Not sealed	138	498	636	All tested and sealed

ANALYSIS OF THEFT TECHNIQUES



MD METER RECERTIFICATION SUMMARY

NO. OF METERS RECERTIFIED	347	All 400 visited but 347 recertified
TOTAL NO. OF DEFAULTERS	27	Disconnected and charged accordingly
FIXTURES	25	Issues fixed and benefits rolling in
METER RE-INSTALLATIONS	1	done
CT REPLACEMENTS	9	done
VOLTAGE / CT REVERSALS CORRECTED	6	done
MISSING VOLTAGE/CURRENT RESTORED	9	done
METER SEALS REPLACED	202	done
METERS REPLACED	16	PMO has replaced
PENDING ISSUES		
OUTSTANDING METERS TO BE REPLACED BY PMO	50	Schedule sent to PMO for action
CTs TO BE REPLACED	14	on
RE-WIRING	7	on

INACTIVE MD METER VERIFICATION SUMMARY

OBSERVATION	COUNT	COMMENT
Total No. Audited	352	All locations Visited, 43 untraceable
Tamper/Bypass	3	All disconnected and awarded charges accordingly,
Account Migration to PPM	91	Untransferred arrears of R 123, 170,450.58 sent to customers service for further verification and necessary action
Illegal reconnection	9	Disconnected and awarded charges accordingly
DNP	46	Still on DNP , Monitoring for illegal reconnectin ongoing
DTR Problem	9	Report made to relevant IBCs for necessary action
Customers willing to Reconnect	26	Negotiation on arrears payment pread and reactivation terms ongoing.
On supply and paying	182	Issues had been resolved prior to visit

FIELD OPERATIONS



THEFT DETECTION TEAM



FIELD CHALLENGES AND RISKS



Armed Loss Reduction | Theft Prevention | Revenue Protection

INSTALLATION - QUALITY MANAGEMENT

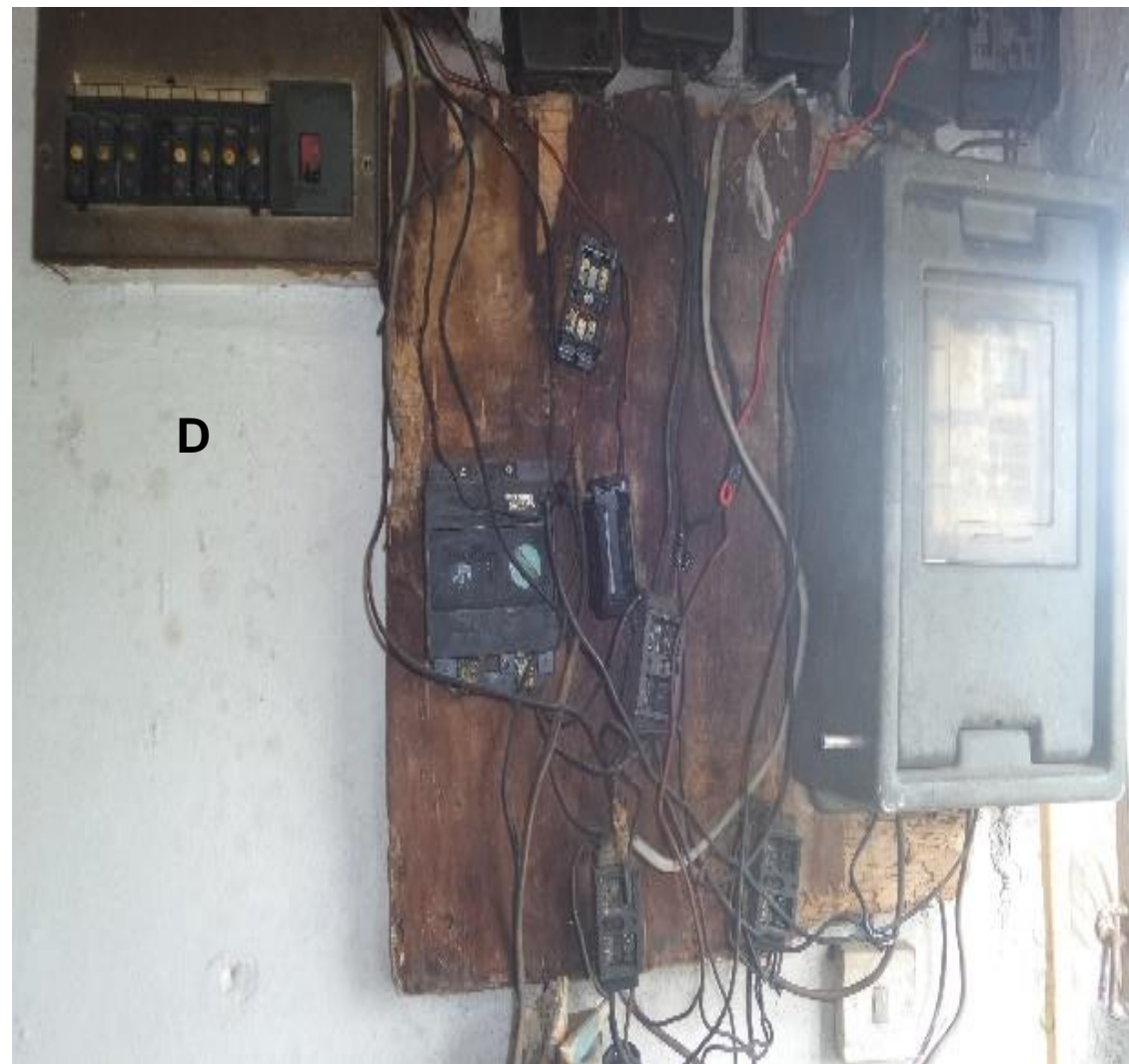


Armese| Loss Reduction| Theft Prevention| Revenue Protection

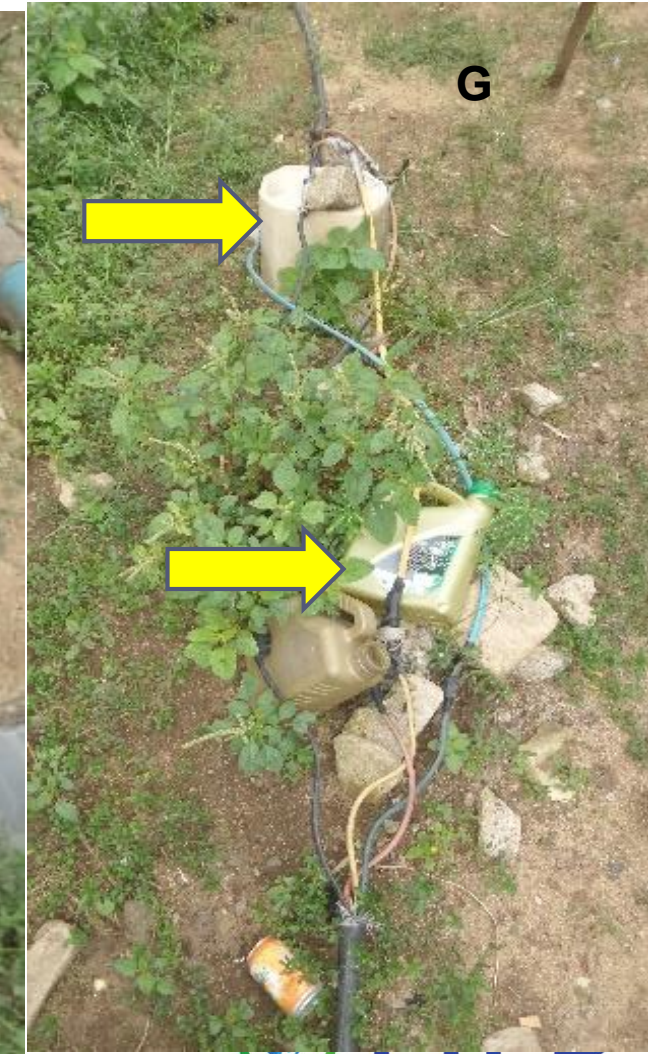


PORT HARCOURT ELECTRICITY DISTRIBUTION COMPANY

QUALITY MANAGEMENT



UNSAFE CONNECTION



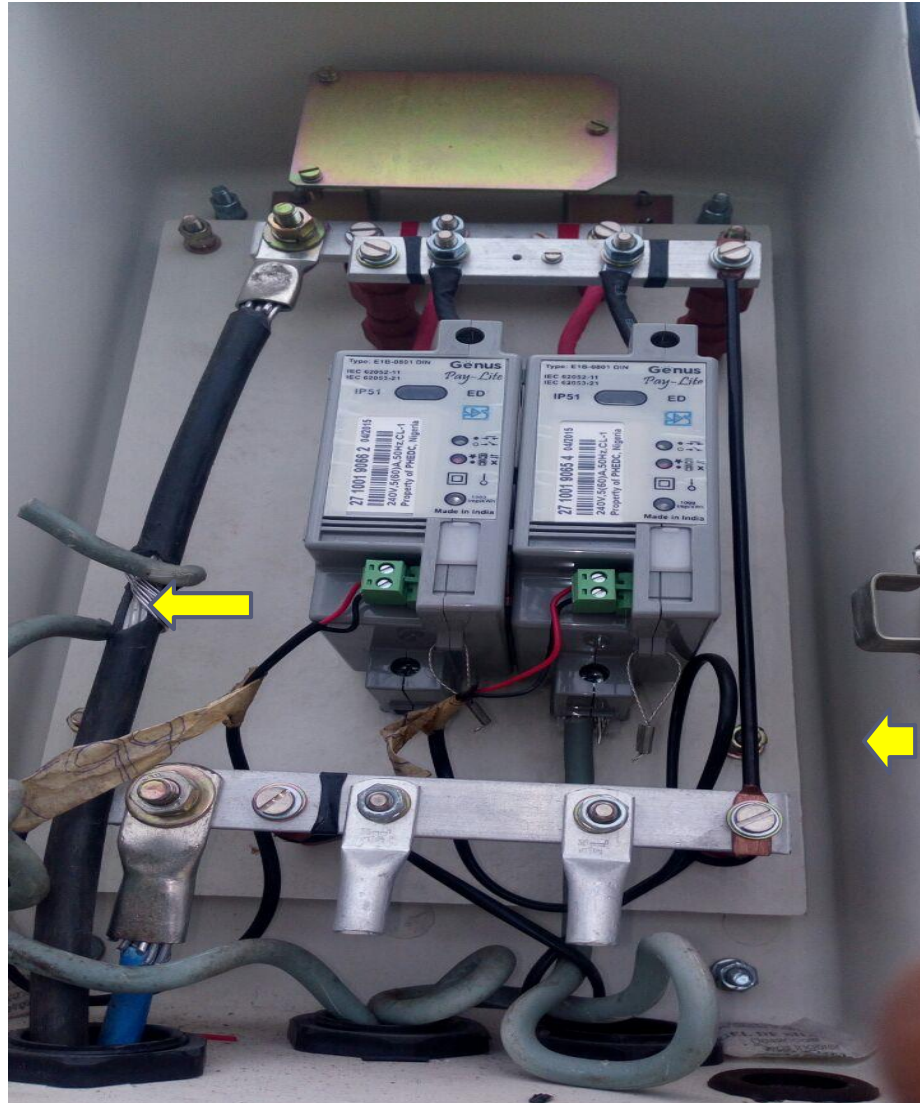
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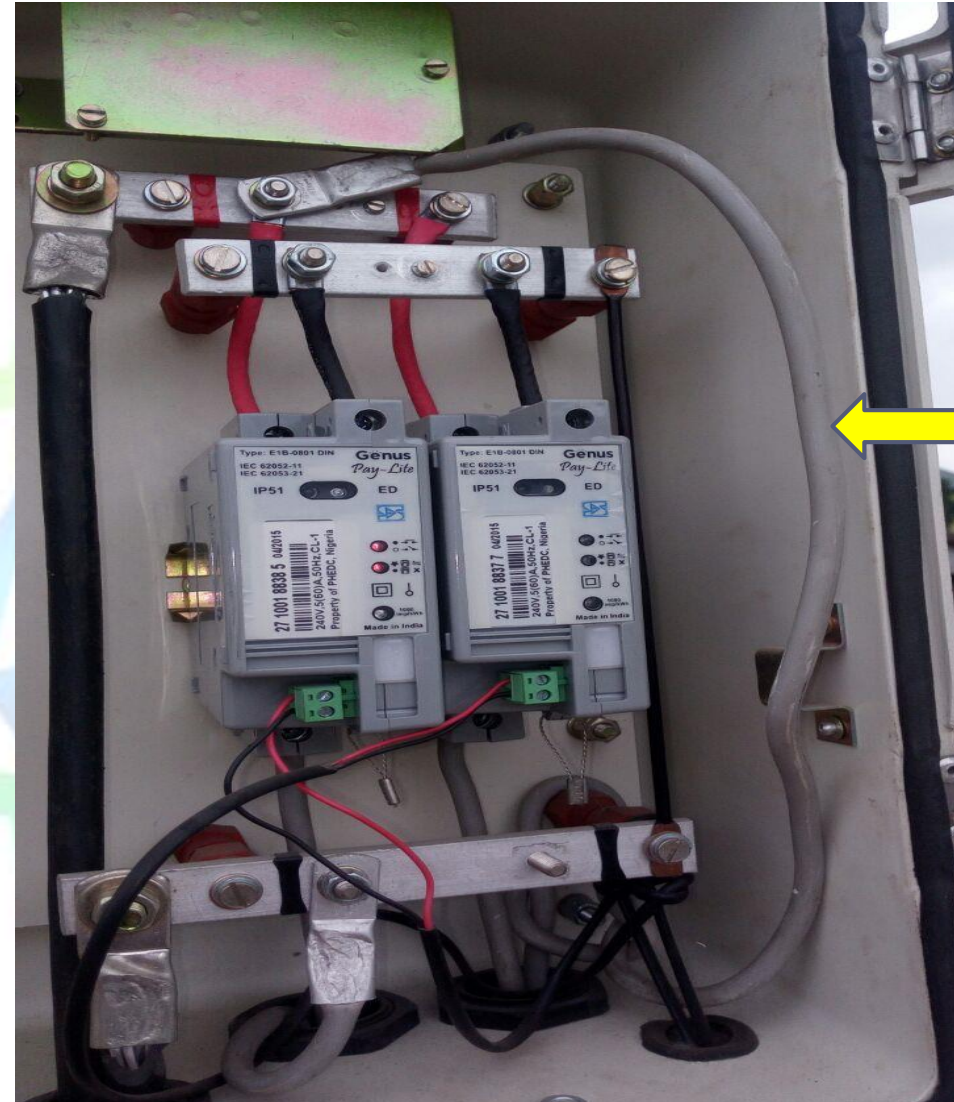
SMART THEFT- AIR CONDITIONER HOLE



SMART THEFT

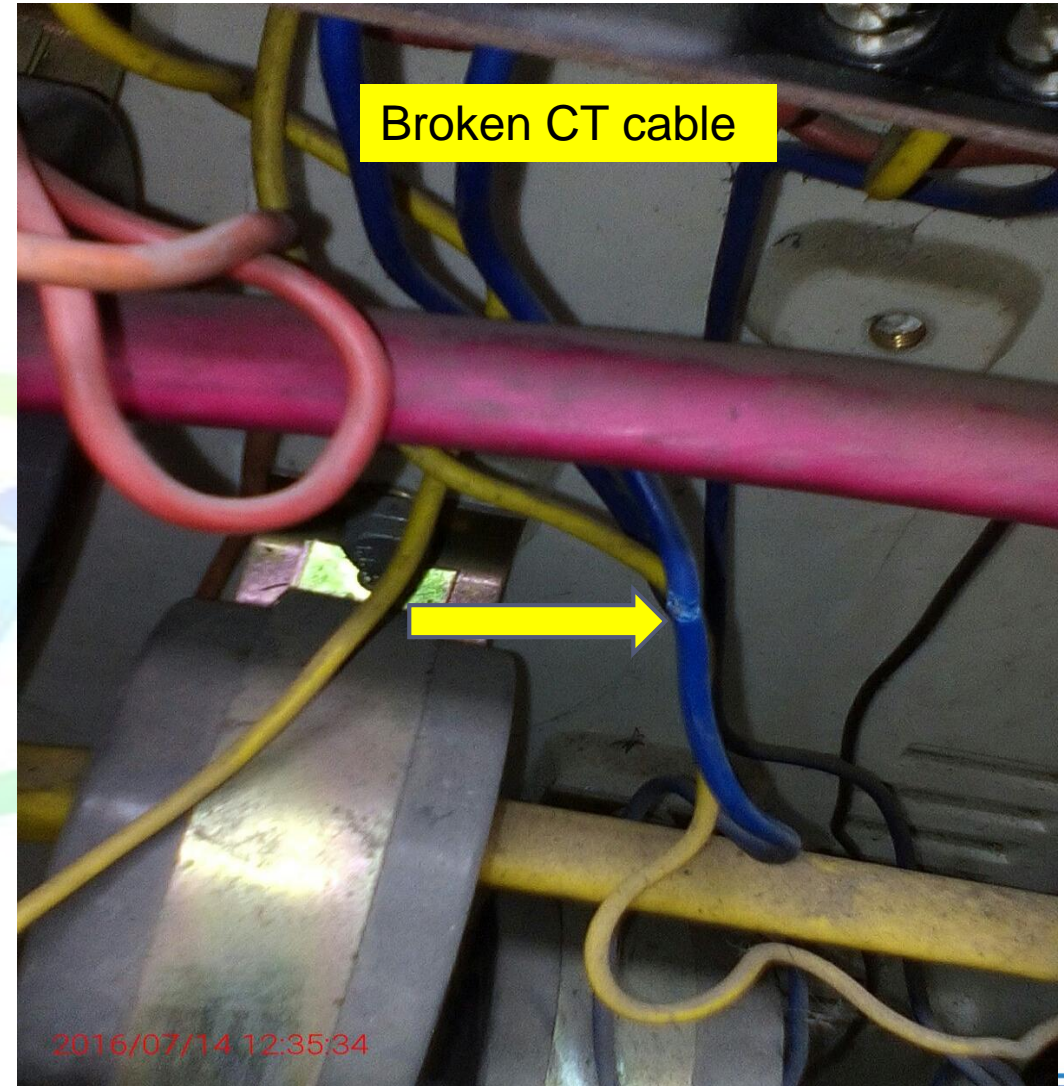
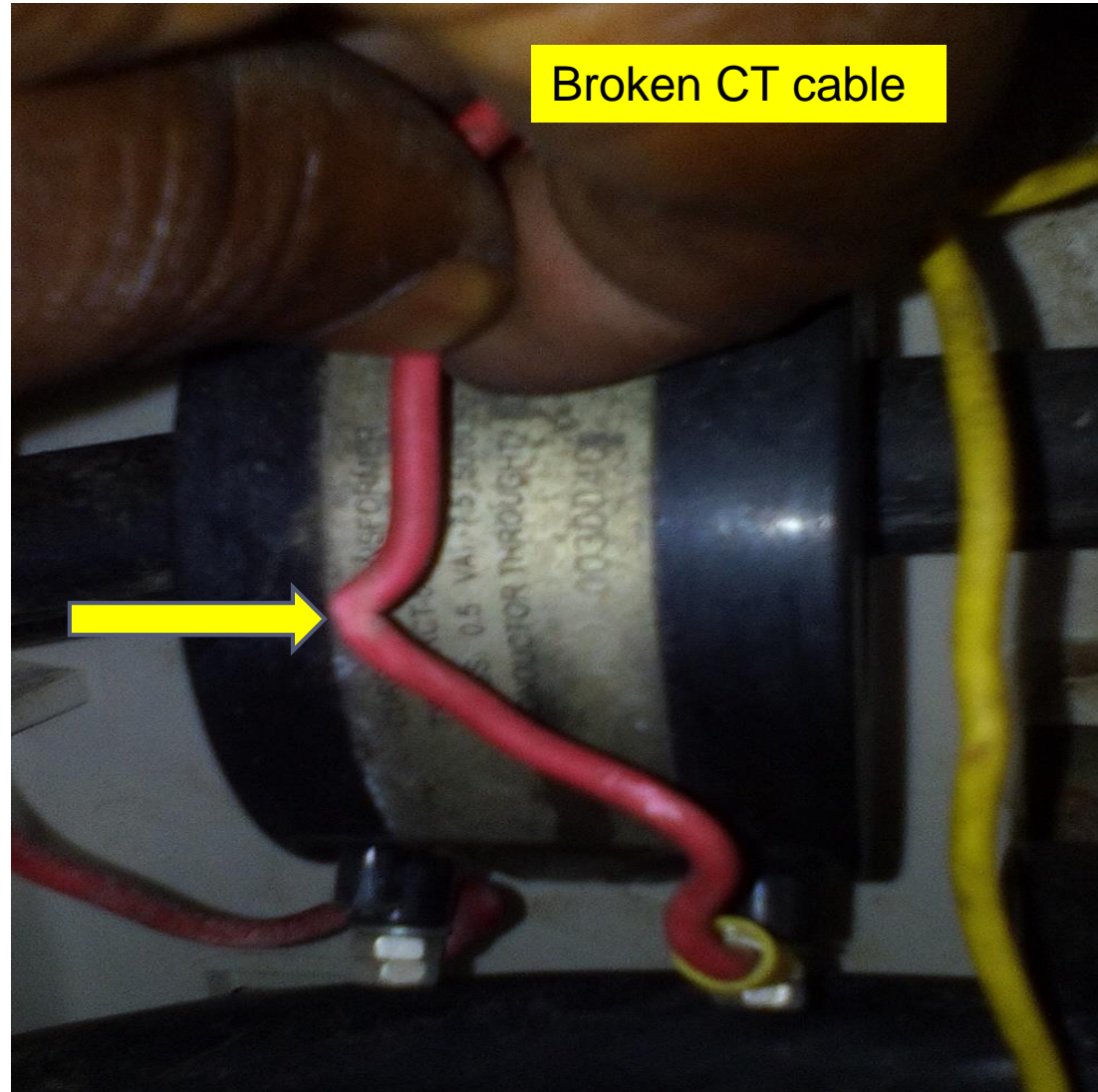


Tapping
directly
from
source
inside
meter
box



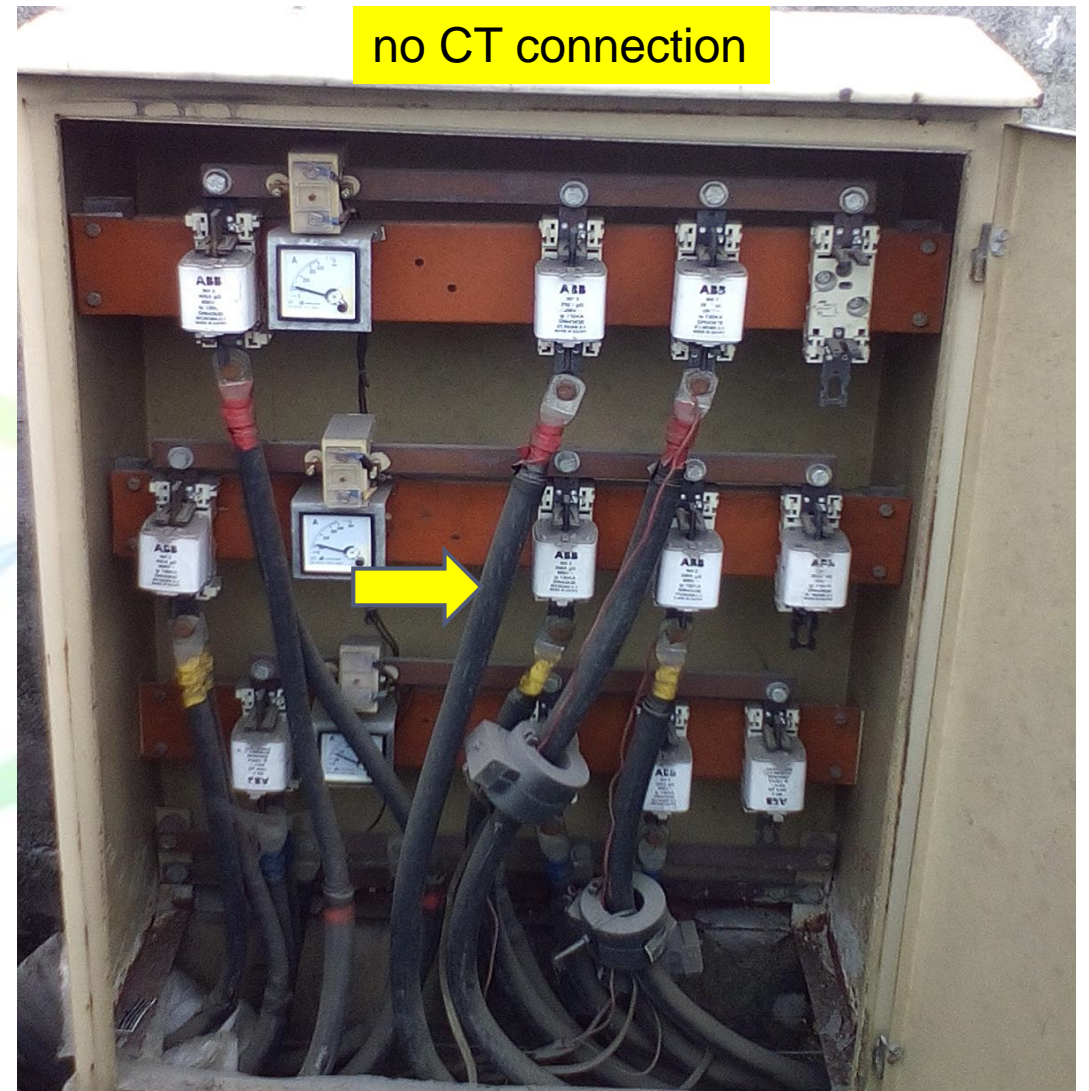
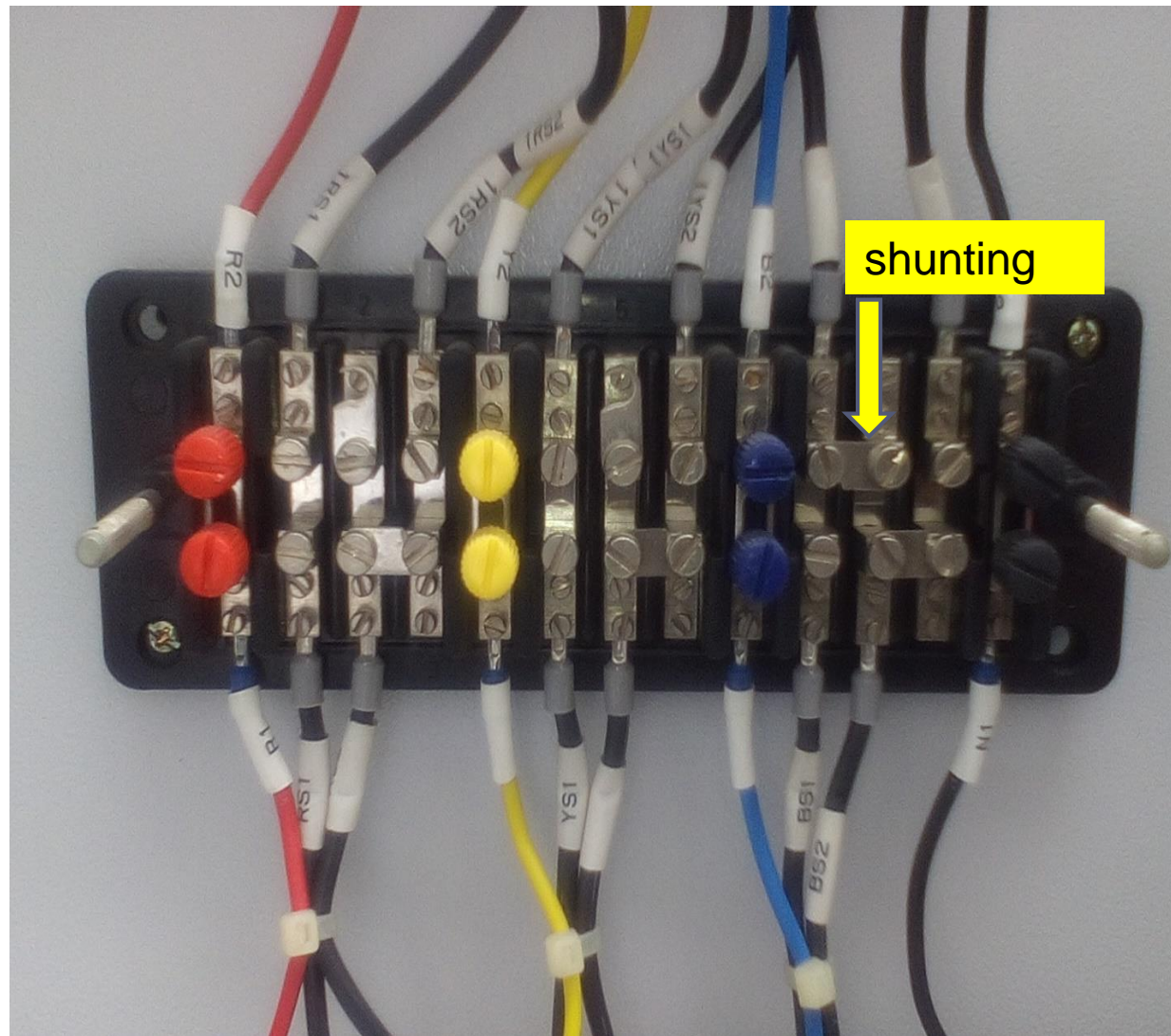
Neatly
cabled
and
tapped
from main
bar

MD METER TAMPERS



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MD METER TAMPERS



SUMMARY OF RECOVERIES APR TO JUN 2016

INITIATIVE	Violation Charges				Post Audit Gains		Total	
	Billed		Recovery		Recovery		Recovery	
	No.	Amount(R)	No.	Amount(R)	No.	Amount(R)	(R)	(KwH)
PPM Audit	846	75,961,592.68	264	25,250,188.78	1,249	8,352,232.40	33,602,421.18	1,181,332.81
MD Recertification	27	30,006,884.20	6	2,182,954.00	207	75,220,731.27	77,403,685.27	1,736,170.41
Inactive MD Audit	9	3,858,506.04	7	2,674,186.90	11	2,446,656.79	5,120,843.69	117,631.31
Fixtures	-	-	-	-	322	3,249,211.03	3,249,211.03	117,750.64
Total	882	109,826,982.92	277	30,107,329.68	1,789	89,268,831.49	119,376,161.17	3,152,885.16

INVESTIGATIONS

TYPE	NUMBER RESOLVED ARRESTS			PROSECUTION ONGOING	
BILLING	87	82	0	0	5
CRIMINAL	32	25	11	3 PENDING	5
ASSAULT	7	7	3	1 PENDING	0
CORRUPT PRACTICE	4	3	1 ON THE RUN	0	0
TOTAL	130	117	15	4	10

OPERATIONAL ETHICS AND SAFETY - BRIEFING



Arnese| Loss Reduction | Theft Prevention | Revenue Protection



RP MANAGEMENT TRAINING FOR SARPA MEMBERS



PORT HARCOURT ELECTRICITY DISTRIBUTION COMPANY

TRAINING OF POLICE PERSONNEL ON INFRASTRUCTURE VANDALISM



Train the trainer training workshop



TEAM BUILDING - CRICKET



TEAM BUILDING- FOOTBALL



LESSONS LEARNED

1. PPM Audit

- ▶ Inconsistences in database lead information
- ▶ Poor power supply reduce payment response to charges

2. MD Meter Recertification

- ▶ Data from previous project is a challenge
- ▶ Need for extra support to cover all MD meters/replacements
- ▶ Supply quality/availability hampers progress

3. Security and Investigation

- ▶ Hotline/cash has increased workload

4. Resources

- ▶ Manpower and equipment inadequacy

5. Process not completed

- ▶ Process for meter recovery/retrieval not yet completed

WAY FORWARD

- ▶ Intensify the revisits to check recidivism- RP
- ▶ Warning notices of arrest/prosecute non- responsive defaulters- Legal
- ▶ Arrest/prosecute recidivists- Police/Legal
- ▶ Flexible payment window to allow payment spread- IT
- ▶ Publicize defaulters(Especially highly placed) in media. – C. comm
- ▶ Propose monetary reward to whistle blowers leading to arrest of touts, recidivist etc.- Management
- ▶ Anti-theft campaign and community engagement- RP/C.comm/Spark Media.
- ▶ Anti-theft Hotline now running- Spark Media/RP

THANK YOU

