

# Reforms-based and Results-Linked, Revamped Distribution Sector Scheme

August 2, 2021

## In news

The Union Cabinet has approved a Reforms-based and Results-linked, Revamped Distribution Sector Scheme recently.

## About Revamped Distribution Sector Scheme

- The Scheme seeks to improve the operational efficiencies and financial sustainability of all DISCOMs/ Power Departments excluding Private Sector DISCOMs.
- It provides conditional financial assistance to DISCOMs for strengthening of supply infrastructure.
- The assistance will be based on meeting pre-qualifying criteria as well as upon achievement of basic minimum benchmarks by the DISCOM evaluated on the basis of agreed evaluation framework tied to financial improvements.
- **Implementation** of the Scheme would be based on the action plan worked out for each state rather than a **“one-size-fits-all” approach**.
- It will have an outlay of Rs.3,03,758 crore with an estimated GBS from Central Government of Rs.97,631 crore.
- **Duration of the scheme:** The Scheme would be available till the year 2025-26.
- **Nodal agencies:** REC Limited (formerly Rural Electrification Corporation Limited) and Power Finance Corporation Ltd. have been nominated as nodal agencies for facilitating implementation of the Scheme.

## Scheme Objectives

- Reduction of AT&C losses to pan-India levels of 12-15% by 2024-25.
- Reduction of ACS-ARR gap to zero by 2024-25.
- Developing Institutional Capabilities for Modern DISCOMs
- Improvement in the quality, reliability, and affordability of power supply to consumers through a financially sustainable and operationally efficient Distribution Sector.

### **Subsuming some schemes**

It is proposed that the currently ongoing approved projects under the Schemes of IPDS, DDUGJY along with PMDP-2015 for the Union Territories of Jammu & Kashmir (J&K) and Ladakh would be subsumed in this Scheme, and the savings of their GBS (approx. Rs. 17000 crore) would be part of the total outlay of the Revamped Distribution Sector Scheme under the existing terms and conditions till their sunset on 31<sup>st</sup> March, 2022.

Along with the time-bound implementation of prepaid Smart metering for consumers, it is also proposed to take up **System metering at Feeder and Distribution Transformer (DT) level with communicating feature** simultaneously in **PPP mode**.

### **Other key Features of the scheme**

- The Scheme provides for annual appraisal of the DISCOM performance against predefined and agreed upon performance trajectories including AT&C losses, ACS-ARR gaps, infrastructure upgrade performance, consumer services, hours of supply, corporate governance, etc.
- DISCOMs have to score a minimum of **60% of marks and clear a minimum bar in respect to certain parameters to be eligible for funding against the Scheme** in that year.
- The Scheme has a major **focus on improving electricity supply for the farmers and for providing daytime electricity to them** through solarization of agricultural feeders.

- Under the scheme, works of separation of 10,000 agriculture feeders would be taken up.
- This **Scheme converges with the Pradhan Mantri Kisan Urja Suraksha Evam Utthan Mahabhiyan (PM-KUSUM) Scheme**, which aims to solarize all feeders, and provide avenues for additional income to farmers.
- Scheme is to enable consumer empowerment by way of prepaid Smart metering to be implemented in Public-Private-Partnership (PPP) mode.
- It is proposed to install approximately 10 crore prepaid Smart Meters by December, 2023 in the first phase.