

F. No. 20/9/2019-IPDS
Government of India
Ministry of Power
Shram Shakti Bhavan, Rafi Marg, New Delhi-110001

Dated, 20th July, 2021

To

1. Chief Secretary of all States and UTs
2. Additional Chief Secretary Principal Secretary/Secretary (Energy/Power) of all States and UTs
3. CMDs/MDs of State Power Distribution Utilities
4. CMD, REC Ltd.
5. CMD, Power Finance Corporation Ltd.

Subject: Revamped Distribution Sector Scheme: A Reforms-Based and Results-Linked Scheme.

Sir,

I am directed to forward herewith Office Memorandum of the Revamped Distribution Sector Scheme - A Reforms-Based and Results-Linked Scheme.

Encl: As above

Yours faithfully,

Srikanth

(M. Srikanth Reddy)
Deputy Director (UR&SI-II)
Tel:011-23319108
Email: srikanthreddy@nic.in

Copy to:

1. The CEO, NITI Aayog, Sansad Marg, New Delhi.
2. Secretary, Ministry of Finance, Department of Expenditure, North Block, New Delhi.
3. Secretary, Ministry of Home Affairs, North Block, New Delhi.
4. Secretary, Ministry of Electronics and IT, CGO Complex, New Delhi.
5. Secretary, Ministry of New & Renewable Energy, CGO Complex, New Delhi.
6. Prime Minister's Office (Shri Rohit Yadav, Joint Secretary), South Block, New Delhi.
7. Cabinet Secretariat (Shri Ashutosh Jindal, Joint Secretary), Rashtrapati Bhawan, New Delhi.
8. Cabinet Secretariat (Shri S.G.P. Verghese, Director), Rashtrapati Bhawan, New Delhi **with reference to their OM No. CCEA/11/2021(i) dated 02nd July, 2021.**
9. Chairperson, CEA, New Delhi
10. CMD, PGCIL
11. DG, Bureau of Energy Efficiency
12. Director, NPMU, NSGM

13. Budget Section/Finance Division, Ministry of Power
14. Controller of Accounts, SevaBhavan, R.K. Puram, New Delhi.
15. Principal Director of Audit, Infrastructure, New Delhi

Copy also to, for information:

- (i) PS to Hon'ble Minister of Power
- (ii) PS to Hon'ble Minister of State for Power
- (iii) Sr. PPS to Secretary (Power).
- (iv) PPS to AS(Distribution)/PPS to AS&FA, Ministry of Power
- (v) PPS to JS(Distribution/Hydro)/JS(R&R and OM)/JS(Trans./IT), Ministry of Power
- (vi) PPS to Director(UR&SI)/ PS to Director(DS), Ministry of Power

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OFFICE MEMORANDUM

Subject: Revamped Distribution Sector Scheme: A Reforms based and Results linked Scheme.

Sanction of the President is conveyed for the implementation of "**Revamped Distribution Sector Scheme - A Reforms based and Results linked Scheme**" with the objective of improving the quality and reliability of power supply to consumers through a financially sustainable and operationally efficient distribution Sector. The Scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25.

2. The Scheme has an outlay of Rs.3,03,758 crore with an estimated gross budgetary support of Rs.97,631 crore from the Government of India.

3. The ongoing approved projects under the Schemes of IPDS, DDUGJY along with PMDP-2015 for the erstwhile State of Jammu & Kashmir would be subsumed in this Scheme and the savings of the associated GBS (Gross Budgetary Support) of 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 31st March, 2022. The funds under these Schemes would be available for the approved ongoing projects under Prime Ministers Development Program (PMDP) for the erstwhile state of J&K launched in 2015 (under IPDS and DDUGJY) and of Ayodhya, Uttar Pradesh (under IPDS) till 31 March, 2023.

4. Scope of Scheme :

4.1 The Scheme has two parts: **Part 'A'** – Financial support for upgradation of the Distribution Infrastructure and Prepaid Smart Metering & System Metering and **Part 'B'** – Training & Capacity Building and other Enabling & Supporting Activities. The details are enclosed at **Annexure – I (Page: 9-10)**.

PART 'A'

4.2 To avail funding under this part, an eligible DISCOM is required to prepare an Action plan for strengthening their distribution system and improving its performance by way of various reform measures, which would result in improvement in their operational efficiency and financial viability as well as improve the quality and reliability of power supply to the consumers. DISCOMs will have the flexibility to draw up their Action plans keeping in view their own context. However, a DISCOM which is making losses will not be able to access funds under this Scheme unless it draws up a plan to reduce the losses, lists out the steps it will take to reduce such losses and the calendar thereof, get their State Government's approval to it, and file it with the Central Government. There will be a prequalification criteria in terms of compliance with best management practices; such as publication of audited accounts on time, not creating Regulatory Assets, accounting and payment of payable subsidy in accordance with Section 65 of the Electricity Act etc. The funding for the works (other than prepaid Smart Metering, Distribution Transformer Metering and Feeder Metering including integration of existing Metering infrastructure) would be contingent upon DISCOMs clearing the pre-qualifying criteria and taking steps in accordance with the loss reduction plan.

4.3 Each DISCOM will prepare an Action Plan, with subcomponents for strengthening its Distribution system , and to improve their performance . The Action Plan will have two parts. The first part will include an analysis of the reasons/root cause for losses, and list out the steps which are required and proposed for reduction of losses and ACS-ARR gap and the time taken for taking these steps. DISCOM will specify the activities and reforms proposed to improve their performance. These activities and reform measures will be finalized on basis of its operational and financial data and will be worked out to address DISCOM-specific problems. An indicative list of reforms/activities is enclosed at **Annexure – II (Page: 11)**.

4.4 There shall be a Results Evaluation Framework which shall be finalized by the Monitoring Committee in respect of each DISCOM after incorporating result parameters and trajectories. It would have two components (i) Pre-qualifying criteria; and (ii) Result Evaluation Matrix. The pre-qualifying criteria need to be mandatorily met with by the DISCOMs before they can be evaluated on the basis of the Result