



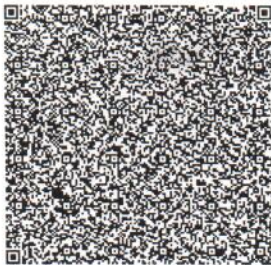
सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	: IN-DL33126050352520P
Certificate Issued Date	: 20-Sep-2017 01:13 PM
Account Reference	: IMPACC (IV)/ dl844003/ DELHI/ DL-DLH
Unique Doc. Reference	: SUBIN-DL84400368015375269628P
Purchased by	: MINISTRY OF POWER GOI
Description of Document	: Article 5 General Agreement
Property Description	: Not Applicable
Consideration Price (Rs.)	: 0 (Zero)
First Party	: MINISTRY OF POWER GOI
Second Party	: UT OF ANDAMAN AND NICOBAR ISLANDS
Stamp Duty Paid By	: MINISTRY OF POWER GOI
Stamp Duty Amount(Rs.)	: 150 (One Hundred And Fifty only)



.....Please write or type below this line.....

This e-stamp paper forms an integral part of Bipartite Memorandum of understanding amongst Ministry of Power, Government of India and, Administration of UT of Andaman & Nicobar Islands executed on 20th November, 2017 for achieving operational efficiencies in Distribution of Power.

BIPARTITE MEMORANDUM OF UNDERTANDING

AMONGST

Ministry of Power, Government of India

AND

Administration of UT of Andaman & Nicobar Islands

**For achieving improvement in operational efficiencies in
Distribution of Power**

This **BIPARTITE MEMORANDUM OF UNDERSTANDING** (hereinafter referred to as the "Bipartite MOU" is made this 10th day of November, 2017.

BY AND AMONGST

Ministry of Power, Government of India, having its Office at Rafi Marg, Sansad Marg Area, New Delhi – 110001 which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns, of the **FIRST PART**:

AND

Administration of UT of Andaman & Nicobar Islands (hereinafter referred to as "**A&N Administration**") which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns, of the **SECOND PART**

The Government of India and the A&N Administration is hereinafter also referred to collectively as the "**Parties**" and individually as the "**Party**"

Definitions:

"**Effective Date**" means the date of signing of the MOU

Preamble:

The Electricity Department of UT of A&N Islands does not have any outstanding liabilities at the end of September, 2015. The Average Cost of Supply (ACS) and Average Revenue Realize (ARR) gap stands at Rs. 17.85 per unit and the AT&C losses stands at 18.61% as on 31/03/2016.

The Government of India and the A&N Administration have entered into a bipartite MOU in order to improve the operational parameters.

NOW IT IS HEREBY AGREED BY AND AMONG THE PARTIES HERETO as follows:

1. Obligations / Commitments:

1.1 The Government of India to take following measures:

- a) Facilitating through Ministry of Coal, increase in supply of domestic coal to A&N Administration.
- b) Ensuring rationalization of coal linkages.

- c) Liberally allowing coal swaps from inefficient plants to efficient plants and from plant situated away from mines to pithead plants;
- d) Rationalizing coal prices based on Gross Calorific Value (GCV);
- e) Ensuring correction of coal grade slippages through re-assessment of each mine;
- f) Directing Coal India to supply 100% washed coal for G10 Grade and above by 1st October 2018.
- g) Ensuring supply of 100% crushed coal from Coal India;
- h) Faster completion of Inter State Transmission Network (ISTN) lines;
- i) Allocating linkages to State at notified price based on which the State will go for tariff based bidding. This help in getting cheaper power and revive stressed assets;
- j) Additional / Priority Funding through Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS), Power Sector Development Fund (PSDF) or other such schemes of Ministry of Power and Ministry of New and Renewable Energy, will be extended to the A&N Administration in meeting the operational milestones outlined in the scheme.

1.2 The A&N Administration to take the following measures:

- a) All outstanding dues from the State Government departments for supply of electricity shall be paid by 31.03.2018.
- b) Replacement of street lights with LEDs in all municipal towns through Nagar Nigam / Municipal Corporations.
- c) Improving the efficiency of State Generating Units.
- d) The A&N Administration shall endeavour to ensure that tariff hikes as reflected in Annexure-B are undertaken.
- e) The A&N Administration shall endeavour to ensure that all operational targets as enumerated in Sub-clause 'k' are achieved.

- f) The A&N Administration will endeavour to reduce the transmission losses – Not applicable for A&N Islands
- g) A&N Administration shall endeavour to reduce AT&C losses from 18.61% in FY 2015-16 to 15% by FY 2019-20 as per the following trajectory:

Year	2015-16	2016-17	2017-18	2018-19	2019-20
AT&C Loss	18.61%	18.42%	16.84%	15.5%	15.0%

However, if the target in a particular year is not met, then the A&N Administration shall strive to achieve the targets in the subsequent years so as to achieve the desired target of 15.00% AT&C losses by FY 2019-20. The AT&C loss targets have been finalized and indicated in **Annexure- A**.

A&N Administration shall increase hours of power supply in areas showing reduction in AT&C losses.

- h) A&N Administration shall eliminate (after Govt. support) the gap between ACS and ARR by FY 2018-19. Detailed computation of year wise ACS-ARR gap along with financial projections has been attached as **Annexure-B (Colly)**.
- i) A&N Administration shall submit the detailed action plan by 31st December, 2017 to achieve the projected trajectory for AT&C loss and ACS-ARR gap.
- j) A&N Administration shall achieve operational milestones as specified in DDUGJY & IPDS:
- k) A&N Administration shall take the following measures for Loss Reduction;
- Undertaking name and shame campaign to control power theft from time to time.
 - Preparing loss reduction targets at sub-divisions / divisions / circle level and making concerned officers responsible for achieving the loss reduction targets; the loss reduction targets at the Circle level have been attached as **Annexure-A** of MOU.
 - Implementing performance monitoring and management system (MIS) for tracking of meter replacement, loss reduction and day to day progress for reporting to top management.

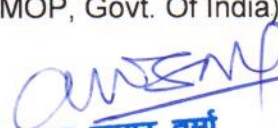
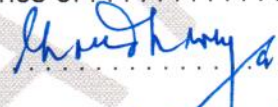

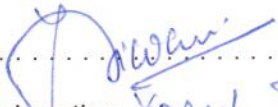
- iv) Achieving 100% Distribution Transformer (DT) Metering by 30 June 2018.
- v) Achieving 100% feeder metering by 30 Dec 2017.
- vi) Undertaking energy audit up-to 11 KV level in rural areas by 30th September, 2019.
- vii) Undertaking Feeder Improvement Program for network strengthening and optimization, to be completed by March 2019;
- viii) Undertaking Physical Feeder Segregation by March 2019.
- ix) Installation of Smart Meters for all consumers other than agricultural consumers consuming above 500 units / month by 31st December 2019 and consumers consuming above 200 units/ month by 31st March 2020.
- x) Providing electricity access to 100% unconnected households as per trajectory finalized in the 24x7 power for all document by FY19 (i.e. any new connections, currently 100% electrified).
- xi) Implementing Enterprise Resource Planning (ERP) system for better and effective inventory management, personnel management, accounts management etc. to reduce costs and increase efficiencies by March 2020.
- l) A&N Administration shall undertake the following measures for Demand Side Management and Energy Efficiency:
 - a) Providing LED for domestic and other category consumers under DELP program through EESL:
 - b) Undertaking consumer awareness programs for optimum utilization of resources and to foster long term behavioural changes:
 - i) Replacing at least 10% of existing agriculture pumps with energy efficient pumps by March 2020.
 - ii) Implementing Performance Achieve & Trade (PAT) scheme of BEE for improving energy efficiency in Industries.
- m) A&N Administration shall undertake the following tariff measures:

- i) Timely filing of Tariff Petition before the JERC so that Tariff Order may be issued for the year as early as possible.
 - ii) Timely preparation of annual accounts of the Electricity Department which shall also enable timely filing of the Tariff Petition.
- iii) A&N Administration shall undertake the following measures to increase employee engagement:
- i) Initiating capacity building of employees to enhance technical, managerial and professional capabilities at induction level and in subsequent refresher trainings;
 - ii) Devising Key Performance Indicators (KPIs) for each officer in-charge on areas of AT&C loss reduction and improvement in metering / billing / collection efficiency. The performance of officer in-charge shall be linked to KPIs achieved and will attract incentive / penalty.
- iv) A&N Administration shall implement the following Consumer Service Strategy:
- i) Setting up of Centralized Customer Call Centre for timely resolution of complaints related to no current and other technical complaints, harassment by official, reporting of theft and safety related complaints;
 - ii) Introducing more avenues to consumers for bill payment, which could be in terms of e-payment through net banking, credit/ debit card, kiosks at banks and post offices, village panchayats, mobile collection vans, etc.
- v) A&N Administration shall procure power through the transparent process of competitive bidding.
- vi) A&N Administration shall identify the key personnel for implementing the scheme (UDAY)
- vii) A&N Administration shall devise the mechanism to motivate and encourage the staff.
- viii) Review of performance of State Power department shall be done on a monthly basis at UT Administration level in the presence of Administration's finance representative.

- ix) Base year data in the UDAY Web-portal and updation of Monthly/Quarterly Progress data shall be submitted w.e.f. 30/09/2017.
- x) Details action plan for implementation of the targeted activities is attached as **Annexure-C** of the MOU.

The Parties agree for making this MoU available in the public domain.

IN WITNESS whereof the Parties hereto have executed these presents the day, month and year first herein above written.

<p>SIGNED AND DELIVERED BY (on behalf of MOP, Govt. Of India)</p> <p>Signature </p> <p>डा. अरुण कुमार वर्मा Dr. ARUN KUMAR VERMA संयुक्त सचिव / Joint Secretary विद्युत मंत्रालय / Ministry of Power भारत सरकार / Government of India नई दिल्ली-110001 / New Delhi-110001</p> <p>Dr. A.K. Verma, Joint Secretary (Distribution), Ministry of Power Address : Ministry of Power, Shram Shakti Bhawan, Rafi Marg, Sansad Marg, New Delhi-110001.</p>	<p>In the presence of</p> <p>Signature </p> <p>Name & Designation A. Choudhary GM (Fin), REC</p> <p>Address UDAY cell Scope Complex, New Delhi</p>
<p>SIGNED AND DELIVERED BY (on behalf of A&N Administration)</p> <p>Signature </p> <p>(Sanjeev Khirwar, IAS) Commissioner-cum-Secretary (Power) Andaman & Nicobar Administration Secretariat, Port Blair Address: Andaman & Nicobar Administration Secretariat, Port Blair- 744101</p>	<p>In the presence of</p> <p>Signature </p> <p>Name & Designation Yogesh Tiwari Asst. Engineers (PL)</p> <p>Address Electricity Dept. A&N Admn</p>

Annexure-A

AT&C Loss Trajectory

Name of Circle	AT&C Losses				
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Electricity Department	18.61%	18.42%	16.84%	15.50%	15.00%
• Division Wise AT&C Losses shall be provided separately.					

Annexure B

Financial Projections

Key Assumptions:

- **Tariff Hike:**

FY 16	FY17	FY18	FY19	FY20
10%	0-25% In different categories	5%	0-30% In different categories	0-30% In different categories

- **AT&C Loss Trajectory:**

FY 16*	FY17*	FY18*	FY19*	FY20*
18.61%	18.42%	16.84%	15.50%	15.00%

- **Billing Efficiency:**

FY 16	FY17	FY18	FY19	FY20*
79.01%	82.4%	84%	85.35%	85.85%

- **Collection Efficiency:**

FY 16	FY17	FY18	FY19	FY20*
103%	99%	99%	99%	99%

Income Statement- Summary

Amount in Rs. Crore	FY16	FY17	FY18	FY 19
Total Income	117.27	138.41	151.71	161.91
Total Costs	656.32	476.79	489.93	494.19
Net Income (Before Govt. support)	-539.05	-338.38	-338.22	-332.28
Support from A&N Administration	539.05	338.38	338.22	332.28
Net Income (After Govt. Support)	0	0	0	0
Unit Sent Out (Input Energy - MU)	302	301.89	302	305
Energy Sold - MU	239	253	267	281

Income Statement- Detailed

Amount in Rs. Crore	FY16*	FY17*	FY18*	FY19*
INCOME				
Revenue from Sale of Power	117.27	138.41	151.71	161.91
Other receipts	0	0	0	0
Other Income (Including Revenue from trading)	0	0	0	0
TOTAL INCOME	117.27	138.41	151.71	161.91
COSTS				
Power Purchase Costs	504.88	339.01	349.07	351.52
(Cost of Fuel + Cost of Power Purchase)	(210.09+294.79)	(122.29+216.72)	(132.35+216.72)	(134.79+216.73)
R & M Costs	41.31	41.31	41.31	41.31
Employees Costs	68.36	55.46	55.61	54.94
Administration & General Costs	1.38	1.75	1.83	1.91
Depreciation	11.64	9.69	10.75	11.73
Interest & Finance Costs	25.81	22.89	23.69	24.21
Other debits	5.51	9.3	10.34	11.3
Sub-total costs	658.89	479.41	492.6	496.92
Less: Incidental expenses	2.57	2.62	2.67	2.73
TOTAL COSTS	656.32	476.79	489.93	494.19
NET INCOME	-539.05	-338.38	-338.22	-332.28

Committed State Govt. Subsidy to Power

Department

Electricity Duty Retention/ Stamp Duty	0	0	0	0
Interest Subsidy on IBRD loan	0	0	0	0
Cash subsidy	0	0	0	0
Others (Compounding charges)	0	0	0	0
Total subsidy available	0	0	0	0
NET INCOME without Govt. support	-539.05	-338.38	-338.22	-332.28
Support from A&N Administration	539.05	338.38	338.22	332.28
Net Income	0	0	0	0
(After Govt. Support)				

ACS - ARR GAP

Rs. Per KWH

Amount in per KWH (On Input energy basis)	FY16*	FY17*	FY18*	FY19*
<i>Power Purchase Cost</i>	16.72	11.23	11.56	11.53
<i>R&M costs</i>	1.37	1.37	1.37	1.35
<i>Employees Costs</i>	2.26	1.84	1.84	1.80
<i>Administration & General Costs</i>	0.05	0.06	0.06	0.06
<i>Depreciation</i>	0.39	0.32	0.36	0.38
<i>Interest & Finance Costs</i>	0.85	0.76	0.78	0.79
<i>Other debits</i>	0.18	0.31	0.34	0.37
<i>Sub-total</i>	21.82	15.88	16.31	16.29
<i>Less: Incidental expenses</i>	0.09	0.09	0.09	0.09
ACS	21.73	15.79	16.22	16.20
ARR				
By sales	3.88	4.58	5.02	5.31
By A&N Administration as a budgetary support	17.85	11.21	11.20	10.90
Total	21.73	15.79	16.22	16.20
Gap (ACS-ARR)	0	0	0	0

* Note:- The ACS & ARR changes as per the variation in the price of Diesel

Annexure C

Detailed Action Plan for implementation of targeted activities

Clause no	Activity	Unit	Status/ pending at the end of FY 16	FY-17		FY-18		FY-19		FY-20		Officer Responsible	Remarks
				H 1	H 2	H 1	H 2	H 1	H 2	H 1	H 2		
1.2 (i)	AT&C loss reduction trajectory	%	18.61	18.42		16.84		15.50		15.0		Executive Engineers of concerned division	
1.2 (k-iv)	DT Metering in Urban area	Nos	814	-		500		314					Total DTs = 980
1.2 (k-v)	DT Metering in Rural area	Nos	12 Pending	-		12		-					Under IPDS – 20
1.2 (k-vi)	11 KV Feeder metering functional	Nos	22	-		4		11		7			Under DDUGJY- 13
1.2 (k-vii)	11 KV feeder audit in Rural area	Nos	0	0		-		28		-			IPDS = 6 Feeder
1.2 (k-viii)	Feeder Improvement Program on Feeders	Nos	0	0		-		28		-			DDUGJY = 22 Feeder
1.2 (k-ix)	Feeder separation (separation of Ag load)on feeders	%	Nil as the agricultural consumers are mere 0.25%										
1.2 (k-ix)	Installation of Smart meters/ other than Ag. (Abv. 500 Units)	Nos	50450	0		450		15,000		20000		IPDS 300 1Ø meters 150 3Ø meters 50000 meters is being provided by BEE	
	Installation of Smart meters/ other than Ag. (Below 500 Units)			0		0		5000		10000			

Clause no	Activity	Unit	Status/ pending at the end of FY 16	FY-17		FY-18		FY-19		FY-20		Officer Responsible	Remarks
				H 1	H 2	H 1	H 2	H 1	H 2	H 1	H 2		
1.2 (k-x)	Domestic connections (in lakhs) under 24X7 PFA	Nos (in Lacs)	0	-	-	-	-	-	-	-	-	Executive Engineers of concerned division	New connection are allotted as per the timeline specified by the JERC
1.2 (k-xi)	Implementation of ERP System	-	-	-	-	-	-	-	-	March, 2020	-	Superintending Engineer	By 2020
1.2 (l-a)	Providing LED bulbs under DELP (Distributed)	Lacs	-	3,10,000	-	90,000	-	-	-	-	-	Executive Engineer (NRSE)	100% distribution of LED bulb has been achieved.
1.2 (l-b-i)	Agriculture pumps	Nos	331	0	-	0	200	-	-	131	-	Executive Engineers of concerned division	