



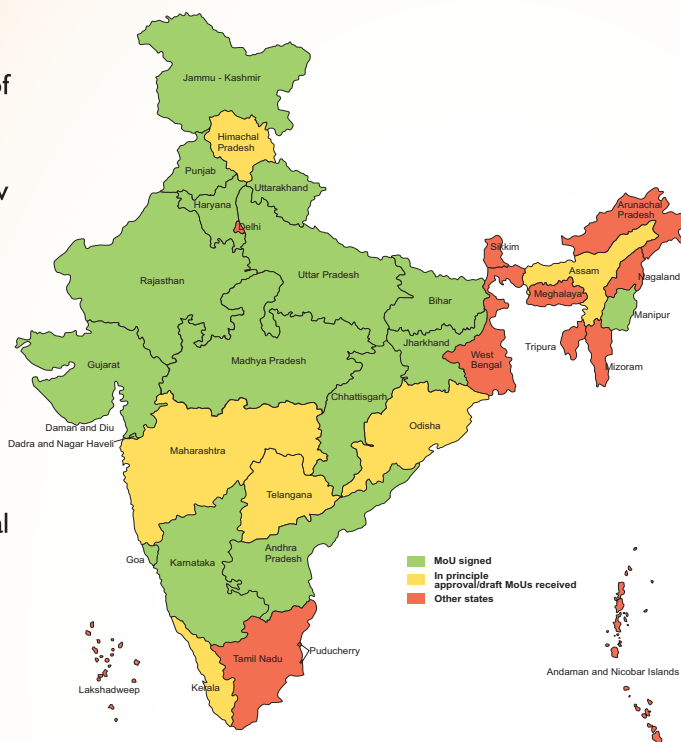
UDAY NEWS

Vol. I, October 2016

GROWING UDAY CLUB

With the joining of Madhya Pradesh and Puducherry, UDAY club is now 16 States/UT & 34 DISCOMs strong.

The States of Maharashtra, Telangana, Assam and Kerala have already given 'in principle' approval and are likely to join soon.



UDAY MoU signing with State of Madhya Pradesh

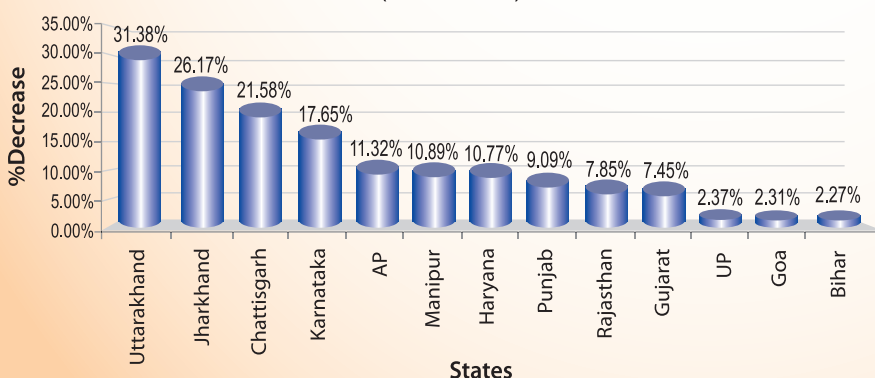
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FINANCIAL RE-ENGINEERING - A GREAT SUCCESS: UDAY has already addressed 62% of DISCOMS debt existing at the end of 2014-15. With the States of Maharashtra, Telangana, Assam and Kerala likely to be on-board UDAY soon, almost 78% of State Sector DISCOM Debt (excluding power depts.) would be covered under UDAY. Bonds to the tune of ₹ 1.68 lakh crore, constituting almost 76% of the Debt, of UDAY States have been issued and successfully subscribed. The ensuing lowering of interest costs have led to savings of approximately ₹ 2,236 crores over Q1 of FY 2016-17 for the states of Rajasthan, UP, Haryana, Punjab, Chhattisgarh & Bihar and also ensures operational sustainability of participating DISCOMS.

AT&C LOSSES: Aggregate Technical & Commercial loss (AT&C loss) reflect the billing and collection efficiency of the DISCOMS. It is a key parameter to improve the financial health of the DISCOMS. UDAY envisages a target of reducing the losses to 15% by March 2019 from Pre-Uday Level of about 26%. Provisional data from a few States indicate that most of the States have made commendable efforts to reduce AT&C Losses, though they have to go a long way.

% decrease in AT&C Losses in FY16 compared to FY15
(Provisional)



Source: As per data received from the states

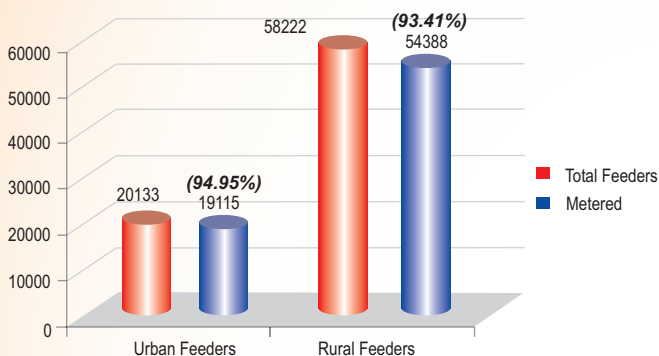
AT&C LOSS % IN FY16 (%)

STATE	AT&C LOSS*
Manipur	49.6
Jharkhand	47
Bihar	44
UP	33.8
Haryana	32.5
Rajasthan	29.3
Chhattisgarh	27.8
Goa	21.6
Uttarakhand	18.8
Karnataka	18.7
Punjab	17.6
Gujarat	16.1
AP	10.6

* Figures are provisional, as provided by the States.

FEEDER METERING AND MONITORING:

Monitoring of 11 KV Urban and Rural Feeders parameters is essential not only for effective supply maintenance but also for focused reduction of AT&C Losses. Out of almost 78,000 Urban and rural feeders of UDAY States (Figures for 11 out of 16 UDAY States), around 73,500 feeders have been metered. Thus, almost 95% of feeder metering work is complete in UDAY States. A renewed emphasis on making meters communicable online in the last nine months has seen almost 24,000 plus feeders, including 18,000 rural feeders of UDAY States/UTS, integrated online to under-development National Power Portal of Ministry Of Power. The progress is shown in the graph below:



Source: As per data received from the states

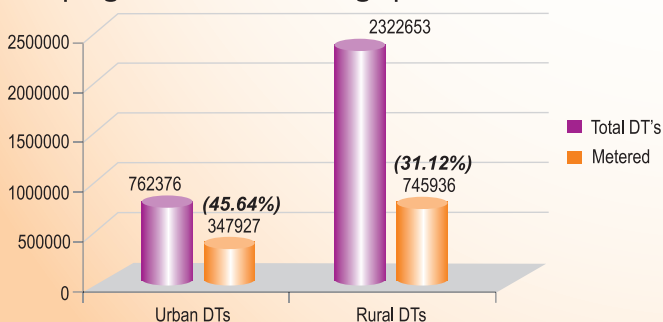
Star Performers

	Urban	Rural	Total
Rajasthan	100%	100%	100%
Punjab	100%	100%	100%
Haryana	100%	100%	100%
Uttarakhand	100%	100%	100%
Andhra Pradesh	100%	100%	100%
Karnataka	100%	100%	100%

DISTRIBUTION TRANSFORMER METERING:

All Distribution Transformers (DT's) in rural and urban areas are to be metered except DT's supplying electricity to private tubewells. The target date is 30th June 2017.

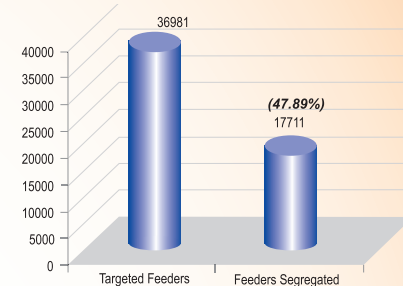
Out of 762376 nos. Urban DTs, a total of 347927 nos. DTs (45.64%) have been metered and out of 2322653 nos. Rural DT's, 745936 nos. rural DTs (31.12%) have been metered (provisional data for 11 UDAY States). The progress is shown in the graph below:



Source: As per data received from the states

FEEDER SEGREGATION:

Feeder Segregation scheme envisages segregation of feeders for electricity supply to tube wells/irrigation pumps from those meant for domestic/commercial supply. It would ensure 24X7 Power Supply in rural areas as well as assured hours of supply to farmers for agriculture. Few States like Gujarat have already carried out the Feeder Segregation program to the benefit of rural population. Rest of the States / Discoms have been sanctioned funds under DDUGJY program of Ministry of Power. Performance so far has been very impressive with almost 17,711



Source: As per data received from the states

segregated out of around 36,981 feeders of 12 UDAY States, achieving almost 48% of the targets.

The target for completion of work under UDAY is given as 31st March 2018.

DEEP PORTAL

DEEP (Discovery of Efficient Electricity Prices) e-bidding portal has been launched for transparent bidding and purchase of short term power. Substantial savings have been observed as prices discovered through portal are significantly lower than prices at which power was procured during the same period, in last year.

NTPC HANDHOLDING OF STATE GENCOS

Under UDAY, NTPC has been providing hand holding support for improving operational efficiency of State GENCOS, thereby leading to reduction in cost of generation.

ENERGY EFFICIENCY - A BIG LEAP

Over 16 crores LEDs (11.71 crores in UDAY States) have been distributed by EESL which will reduce peak load to the extent of 6083 MW (3044 MW in UDAY States) and entail savings to DISCOMs/ Consumers to the extent of ₹ 8631 crores/Year (₹ 4320 crores in UDAY States)

STATES GEARING UP FOR SMART METERS

UDAY States are committed to implement smart meters for targeted and faster reduction of AT&C losses. CEA has already issued commercial specifications and roll out strategy of smart meters on 31st August, 2016 to all States. Ministry of Power has requested Forum of Regulators to sensitise State regulators to provisions of National Tariff policy and UDAY in relation to smart meters.



Honble Minister of State (I/C) for Power, Coal, MNRE & Mines Sh. Piyush Goyal has affirmed his intention of faster rollout of smart meters and expressed the hope that in the next 5-6 years, every home in India shall be Smart.

UDAY WEB PORTAL AND APP

ALL SET FOR LAUNCH OF UDAY WEB-PORTAL & APP

UDAY Web portal www.uday.gov.in for uploading of UDAY parameters by States/DISCOMs and transparent dissemination of States/DISCOMs performance under UDAY, has been developed and is currently under testing. This will enable public disclosure of financial and operational progress made by States and DISCOMS under UDAY, on basis of mutually decided framework.

Improvement barometers and Improvement trends, a crucial feature of portal, will bring out an objective analysis of DISCOMs/States performance under UDAY. Mobile App is also to be launched soon.

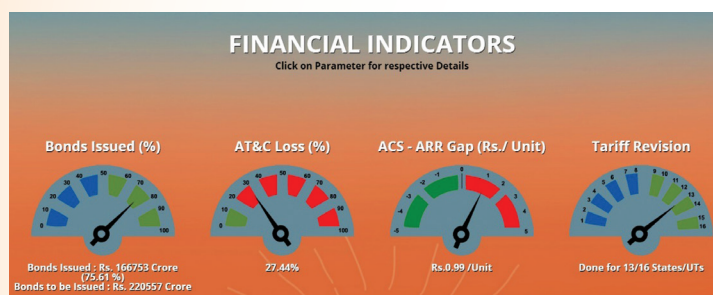


Figure 1: Important Parameters under UDAY

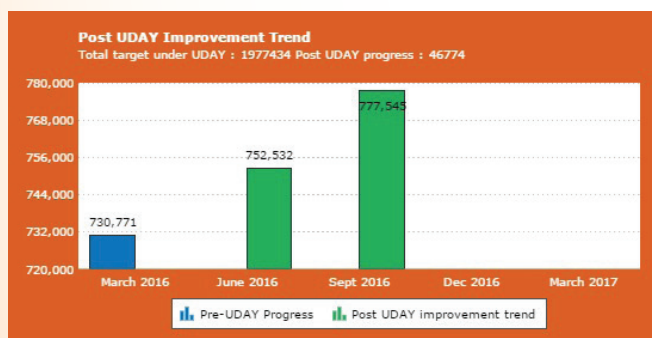


Figure 2: DT Metering (Rural)

STATES COMMITTED TO IMPROVE PERFORMANCE (Tariff filing for FY 2016-17)

UDAY States have shown greater commitment to improve their financial position. Tariff revision orders for the year 2016-17 have been issued in 13 out of the 16 States/UTs (Balance-Rajasthan, Jharkhand and JK). However, the tariff petitions for FY 2016-17 have been filed with the regulator, by the States of Jammu & Kashmir and Jharkhand.

ROBUST MONITORING FRAMEWORK ESTABLISHED

Strong monitoring is crucial to achievement of Operational and financial targets envisaged under UDAY. Hence three layered Committees-Central Inter-Ministrial Committee headed by Secretary Power, GOI, State level Monitoring Committee headed by Chief Secretary/ACS Power of State and DISCOM level Committee headed by MDs of DISCOMS have already been constituted in 8 out of 16 UDAY States/UTs. Appointment of State Nodal Officers for UDAY monitoring has already been done in 13 out of 16 UDAY States. Ministry of Power has constituted an exclusive **UDAY Cell** at Rural Electrification Corporation headed by an ED level official, to coordinate with States for UDAY MoUs drafting and signing, Monitoring on UDAY parameters and effective resolution of Inter-Ministrial/State specific issues etc.

Four meetings of Central Monitoring committee have been held. The 4th meeting was held under the chairmanship of Secretary (Power) in New Delhi on 16th September, 2016. Arrangements were also made to connect with States through VC. Crucial issues such as issuance of Discom Bonds, Loss funding especially in States of UP and Rajasthan, and working capital requirements of DISCOMS were discussed therein.

CHALLENGES

- ♦ RBI's directives on regulatory treatment of 25% balance DISCOM debt poses a challenge in lowering the cost of debt.
- ♦ Monitoring of UDAY through an exhaustive list of parameters poses a challenge of collection and processing of information due to legacy issues.
- ♦ Reduction in cost of power is a major component of UDAY. While NTPC has taken successive initiatives to lower the cost of generation, recent decisions such as Coal price hike, imposition of Clean energy Cess and Railway freight increase calls for appropriate risk allocation for supply of coal amongst Coal India, Railways and power plants.
- ♦ Provision of adequate Working Capital by banks to DISCOMs is also linked to the regulatory treatment of DISCOM debt by RBI. Ministry has already taken up the matter with Banks and RBI.

INITIATIVES

RAJASTHAN INTRODUCES SPOT BILLING

After taking a decision to start urban distribution franchises in the towns of Kota and Bharatpur earlier this year, Rajasthan DISCOMs are now introducing the spot-billing system across the State, for which bids have been called. The spot-billing system, this time to be introduced in the rural areas feeder-wise, will enable a customer to pay the bill amount to the person who takes the meter-reading and prepares a bill immediately.

NTPC BRINGS DOWN COST OF GENERATION

NTPC has taken steps such as minimizing usage of costly imported coal and bilateral MoU coal, enhancement of usage of notified price coals to its stations under FSA, swapping of coal linkage, shifting of FSA coal from Non-pit head to pit-head stations for cheaper power generation. With above measures, NTPC has been able to reduce its average power generation cost by approximately 32 paise per unit in Q1 of FY17 as compared to same period last year. Also the new policy for Flexible utilization of domestic coal shall further optimize coal reallocation with one FSA at company level.

NEWS

COMMUNITY PARTICIPATION IN POWER REFORMS

In Bithur, Rajasthan, women in Villages are driving a movement to curb power transmission and distribution (T&D) losses. The Bithur model, as it has come to be known, is a community driven initiative originated through an appeal from the Chief Minister of Rajasthan and which inspired women in the district to raise awareness against power thefts. Elected representatives hold review meetings and the power department strengthens distribution. Together they cut losses and improve supply. On May 24, 2016, the women made all villagers take an oath against power theft, tampering with meters, payment backlog and turning a blind eye to power thieves. The idea worked. By July 25, T&D loss at Bhimpura feeder, which powers Bhimpura, Devpura, Naya Gaon and Maliyon Ki Dhani, was down to 17%. The loss has remained under 20% since.

Hindustan Times, Sep 26, 2016

Ministry of Power has requested States to support their DISCOMs through adequate guarantees for issue of DISCOM bonds to raise resources to meet their operational funding requirements. Presently some of the DISCOMs have found it difficult to raise Bonds on the strength of their Balance sheet.

Minutes of RPM Meeting (Aug. 2016)

State power distribution companies have sharply reduced commercial losses and interest costs, giving a promising start to Power Minister Piyush Goyal's UDAY scheme that aims to set right electricity distribution, the biggest bottleneck in the sector.

As per Power Ministry sources, the average power generation cost in the country has also come down by 13% to ₹ 2.77 per unit in the three-month period ending June from ₹ 3.19 per unit during April-June of 2015,

Economic Times (Aug. 08, 2016)

UDAY A SUCCESS-INDIA'S POWER DISTRIBUTION SYSTEM SHOWS CLEAR SIGNS OF REVIVAL

- ♦ At least eight of the sixteen states have significantly narrowed gap between average cost of supply (ACS) and average revenue realization (ARR)
- ♦ 12 States have reduced aggregate commercial and technical losses
- ♦ SERCs issued tariff orders in 13 UDAY states.
- ♦ UP & Rajasthan discoms to issue UDAY bonds this month
- ♦ Union Power Ministry's website and APP to monitor progress of UDAY.

Economic Times (October 03, 2016)

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