

Chapter 2. Objectives, Eligible Works and Eligible Entities

2.1 Objectives

2.1.1 The objectives of the scheme are to:

- Improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient Distribution Sector.
- Reduce the AT&C losses² to pan-India levels of 12-15% by 2024-25.
- Reduce ACS-ARR³ gap to zero by 2024-25.

The state-wise targets for each year will depend on their current levels of AT&C losses and ACS-ARR gap.

2.2 Parts of the Scheme

2.2.1 The Scheme has the following parts -

- **Part A**
 - Component I: Metering
 - Component II: Distribution Infrastructure Works
 - Component III: Project Management
- **Part B:** Training, Capacity Building and other Enabling & Supporting Activities.

2.3 Eligible Works and Activities under Part A - Metering

2.3.1 Under this part, Prepaid Smart metering for consumers, and System metering at Feeder and Distribution Transformer level with communicating feature along with associated Advanced Metering Infrastructure (AMI) will be done in TOTEX mode through PPP, to facilitate reduction of Distribution losses and enable automatic measurement of energy flows and energy accounting as well as auditing.

2.3.2 Funding under this Part will be available only if the DISCOM agrees to the operation of smart meters in prepayment mode for consumers, and in accordance with the uniform approach indicated by the Central Government, with implementation in TOTEX mode. Under this mode, a single agency will be contracted for supplying, maintaining and operating the metering infrastructure for the purpose of meter related data and services to the DISCOM. It will make both capital and operational expenditure under DBFOOT (Design Build Fund Own Operate & Transfer) or similar modes and will be paid for a portion of its capital expenditure initially and the remaining payment over the O&M period.

² AT&C losses will be calculated by Power Finance Corporation as per the latest approved formula.

³ ACS-ARR gap for the purpose will be calculated by Power Finance Corporation on subsidy received basis duly adjusted for UDAY grants, and regulatory income, if any.

- 2.3.3 Pre-paid smart metering works carried out after 1st January, 2020 will be eligible for funding, if they were carried out in TOTEX mode, after obtaining approval from Monitoring Committee in this regard.

2.4 Eligible Works and Activities under Part A- Distribution Infrastructure Works

- 2.4.1 Under this component, DISCOM can take up works related to loss reduction and system strengthening. 33kv level and below will be eligible under this component. In areas, where 33kv system does not exist, 110 kV/66kV shall be permitted. A list of indicative works is given below:

- i. Construction of new substations, augmentation of substations
- ii. Provision of Armoured / Aerial bunched Cables (ABC) or High Voltage Distribution System in high loss areas.
- iii. Segregation / Bifurcation of feeders and other allied works
- iv. Replacement of conductors, which are old/frayed
- v. Additional HT lines to improve quality of supply
- vi. IT/OT works
- vii. Supervisory Control and Data Acquisition (SCADA) and Distribution Management System (DMS) in urban areas
 - SCADA/DMS in 100 towns (approx.) with eligibility of towns having population ≥ 1 Lacs in special category states and towns having population ≥ 2.75 Lacs in other states as per Census 2011 data, as well as all Capital/DISCOM HQ towns, if not covered earlier.
 - Basic SCADA in 3875 towns based on district-wise or Circle-wise common control centres in all other statutory towns
- viii. Works like new feeders, capacitors, etc for loss reduction
- ix. Under-ground cabling works
- x. Any other works required for system strengthening and loss reduction

- 2.4.2 Segregation of feeders dedicated only for supply of power for agricultural purpose, which are proposed to be solarized under Kisan Urja Suraksha Evam Utthan Mahabhiyan (KUSUM) scheme will be sanctioned on priority under the scheme. Further, agricultural feeders once segregated will not be used for serving other non-agricultural consumers.

2.5 Scope of Work under Part A- Project Management

- 2.5.1 One or more Project Management Agency (PMA) shall be appointed by each DISCOM for project formulation and project management, based on their requirement to cover different phases of the project. The scope of PMA may include preparation of plan, DPR, tender documents, awarding, monitoring, quality assurance, material inspection, results evaluation or any other related works. (excluding signing of Joint Measurement Certificate).