Ministry of Railways

# Indian Railways accomplishes major savings in its ‘ElectricTraction Energy Bill’
# The total cumulative savings from April, 2015 to October, 2017 reaches ₹5636crores.

## Cumulative savings in 10 years time (2015-2025)likely to be to the tune of ₹41,000crores.

## The feat was achieved by adopting innovative strategy of procuring power under open access arrangements.

## Power is presently being sourced through Open Access route in 7 states namely Maharashtra, Gujarat, M.P, Jharkhand, Rajasthan, Haryana and Karnataka and DVC area.

## Five more states namely Bihar, Uttar Pradesh, West Bengal, Tamil Nadu and Telangana have also agreed to permit Railway for flow of power though Open access route which is likely to start by next year.

## The talks of Indian Railways with remaining states are going on for procuring power through open access route.

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In a major strategy to reduce the cost of its electrictraction energy bill, Indian Railways (IR) has succeeded in achieving a cumulative saving of ₹5636 cr. from April, 2015 to October, 2017against the “Business As Usual” (BAU) mode by procuring power directly under **Open Access** arrangements. This cumulative figure is likely to further go up to ₹6927 cr. by the end of the current financial year i.e. by March, 2018, which is around ₹thousand crores more than the stipulated target.

The estimated savings on these accounts indicates that in ten years (2015-’25), these initiatives can generate a cumulative saving of about ₹41,000 cr. in electric traction bill, which has been named as **IR’s Mission 41K.**

With a view to effect savings in its huge energy bill, Indian Railways took lot of innovative initiatives in arranging procurement of power under open access. It may be pointed out that the Electricity Act 2003 conferred Deemed Licensee status on IR due to its involvement in generation, transmission & distribution of energy from the time electricity came to India. Accordingly, IR had been working to get this provision of Electricity Act operational; however it didn't come through for quite some time due to various factors.

Later, however, Minister of Railways, took up this task with fresh impetus and subsequently a strategy was drawn. In line with this, Indian Railway approached Central Electricity Regulatory Commission (CERC) for issue of necessary guidelines to all State Transmission Utilities (STUs) and State Load Dispatch Centers (SLDCs) to facilitate Open Access to Indian Railways on existing transmission network as Deemed Licensee.

Finally, IR's vision of drawing electrical energy as deemed licensee was realized on 26$^{th}$ Nov.'15 when it started drawing about 200 MW power on Central Railway from Ratnagiri Gas Power Pvt. Ltd. {RGPPL - Gas based power plant} in Maharashtra. This was for the first time that IR had drawn energy under open access as a distribution licensee using state distribution network. IR contracted about 500 MW from RGPPL for consumption in the states of Maharashtra, Gujarat, M.P., and Jharkhand for meeting its electric traction power requirement. The flow of power in all these four States was completed by 22$^{nd}$ Jan.'16. IR also contracted 50 MW through open tender for taking power on its own transmission network from Dadri to Kanpur, which started flowing from 1$^{st}$ Dec.'15. Further in the current year flow of power started in the state of Rajasthan from 1$^{st}$ Jan'2017, in Damodar Valley Corporation (DVC) area from Aug'17 and in the states of Haryana and Karnataka from Oct'17.

With continuous efforts from Ministry of Railways and the support provided by Govt. of India including PMO office, on date Electric traction power is presently being sourced through Open Access route in 7 states (Maharashtra, Gujarat, M.P, Jharkhand, Rajasthan, Haryana and Karnataka) and DVC area.Moreover, the states of Bihar, Uttar Pradesh, West Bengal, Tamil Nadu and Telangana have also agreed to permit Railway for flow of power though Open access route which is likely to start by next year. The talks of Indian Railways with remaining states are going on for procuring power through open access route.

As on date out of total requirement of about 2000MW of IR for Electric traction power more than 1000MW is flowing under Open Access. This has reduced the average cost of power in these states where power is flowing under Open Access to about ₹5.00 from earlier cost of more than ₹7.00 per unit.

Immediate benefits that will accrue to Indian Railways by procuring energy as a distribution licensee, and its impact in improving financial performance of IR were enumerated in IR's Mission 41K document.The estimated savings on these accounts indicates that in ten years (2015-'25), these initiatives can generate a cumulative saving of about ₹41,000 cr. in electric traction bill, which has been named as **IR's Mission 41K.**

These savings will be utilized for taking up Electrification of balance Rail network as part of Mission Electrification. This will further reduce the diesel bill and multiply the savings in energy bill, taking it to about ₹10,500 Cr. per annum in next few years on 100% electrification of IR network.

With success in reducing electric traction bill substantially, mission of bringing down operational cost of Railways has already started taking shape. In due course of time, this will also give shape to the directive of Hon'ble Prime Minister that Railways should play a dominant role in meeting transport needs of the nation in an economical manner, de-congest highways, create more jobs with expansion of rail network and reduce India's dependence on imported fuel.

This humble beginning with cutting input costs will strengthen financial resilience of Railways, improve its resource mobilization, and enable shifting of traffic from road to rail by making it more attractive. Making these savings happen by 2025 will be a real tribute to Indian Railways when it will be celebrating its centenary year of electric traction on Indian Railways.

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AKS/MKV/PM