



Sikkim becomes 22nd State to join UDAY

State to derive an Overall Net Benefit of approximately Rs. 356 crores through UDAY

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The Government of India and the State of Sikkim signed a Memorandum of Understanding (MOU) under the Scheme Ujwal DISCOM Assurance Yojana (UDAY) today, for operational improvement of the State's Power Distribution Department. With the signing of MoU, the total number of States covered under UDAY has reached twenty-two. Sikkim would derive an **Overall Net Benefit of approximately Rs. 356 crores through UDAY** by way of cheaper funds, reduction in AT&C and transmission losses, interventions in energy efficiency, etc. during the period of turnaround.

The MoU paves way for improving operational efficiency of the Power Distribution department of the State. AT&C losses and transmission losses would be brought down through compulsory distribution transformer metering, consumer indexing & GIS mapping of losses, upgrade/change transformers, meters etc., smart metering of high-end consumers, feeder audit etc., besides eliminating the gap between cost of supply of power and realisation. **The reduction in AT&C losses and transmission losses to 15% and 3.50% respectively is likely to bring additional revenue of around Rs. 328 crores.**

Demand Side interventions in UDAY such as usage of energy-efficient LED bulbs, agricultural pumps, fans & air-conditioners and efficient industrial equipment through PAT (Perform, Achieve, Trade) would help in reducing peak load, flatten load curve and thus help in reducing energy consumption in the State of Sikkim. **The gain is expected to be around Rs.25 crores.**

While efforts will be made by the Power Distribution Department of the State to improve their operational efficiency, and thereby reduce the cost of supply of power, the Central government would also provide incentives to the State Government for improving Power infrastructure in the State and for further lowering the cost of power. The Central schemes such as DDUGJY, IPDS, Power Sector Development Fund (PSDF) or such other schemes of Ministry of Power and Ministry of New & Renewable Energy are already providing funds for improving Power Infrastructure in the State and additional/priority funding would be considered under these schemes, if the State/DISCOMs meet the operational milestones outlined in the scheme. Further, with improved efficiency, the State Power department would be in a better position to borrow funds at cheaper rates for Power infrastructure development/improvement in the State.

The ultimate benefit of signing the MOU would go to the people of Sikkim. Reduced levels of transmission and AT&C losses would mean lesser cost per unit of electricity to consumers. Further, financially and operationally healthy State Power Distribution department would be in a position to supply more power. Higher demand for power would mean higher PLF of generating units and therefore, lesser cost per unit of electricity which would again mean lesser cost per unit of electricity to the consumers. The scheme would also allow speedy availability of cheaper power to households in the State that are still without electricity. Availability of 24*7 power to hitherto unconnected villages/households etc. would boost the economy, provide more employment opportunities for the people of the State and thereby, improve the standard of living of the people of the State.

RM/VM

