



Reforms Based and Results Linked Scheme: DISCOMs

Why in News

This Union cabinet has recently approved a [Reforms-based and Results-linked, Revamped Distribution Sector Scheme](#).

- The scheme requires that DISCOMs (Power Distribution Companies) submit **detailed project reports (DPRs)** on how they plan to reduce their operational losses to avail of funding.
- Initially, the preliminary timeline given to discoms was 31st October 2021. It is now **extended to 31st December 2021**.

Key Points

- **Scheme Objectives:**
 - Reduction of **AT&C** (aggregate technical & commercial) losses to pan-India levels of **12-15%** by 2024-25.
 - Reduction of **ACS-ARR gap** (i.e. between the total cost of electricity and revenues generated from supplying power) to zero by 2024-25.
 - Developing **institutional capabilities** for modern discoms.
 - Improvement in the **quality, reliability, and affordability of power supply** to consumers through a financially sustainable and operationally efficient Distribution Sector.
 - Implementation of the Scheme would be based on the **action plan worked out for each state** rather than a “one-size-fits-all” approach.
- **Features:**
 - **Conditional Financial Assistance:** The Scheme seeks to improve the **operational efficiencies and financial sustainability of all DISCOMs** (excluding Private Sector DISCOMs) by providing conditional financial assistance to DISCOMs for strengthening of supply infrastructure.
 - **Subsuming of Various Schemes:** It is proposed that the currently ongoing approved projects under the following Schemes would be subsumed:
 - [Integrated Power Development Scheme \(IPDS\)](#)
 - [Deendayal Upadhyaya Gram Jyoti Yojana \(DDUGJY\)](#)
 - [Ujwal Discom Assurance Yojana \(UDAY\)](#)
 - **Prime Minister's Development Package (PMDP) 2015** for the Union Territories of Jammu & Kashmir (J&K) and Ladakh.
 - **Solarization of Agricultural Feeders:** The Scheme has a major focus on improving electricity supply for the farmers and for providing daytime electricity to them through solarization of agricultural feeders.
 - This Scheme converges with the [PM-KUSUM Scheme](#), which aims to solarize all feeders, and provide avenues for additional income to farmers.
 - **Smart Metering:** A key feature of the Scheme is to enable consumer empowerment by way of prepaid **Smart metering** to be implemented in **Public-Private-Partnership (PPP) mode**.
 - **Smart meters** would allow consumers to **monitor their electricity consumption on a routine basis** instead of monthly basis, which can help them in usage of electricity as per their own needs and in terms of the resources available.

- It is proposed to install approximately **10 crore prepaid Smart Meters by December, 2023 in the first phase.**
- **Leveraging Technology:** [Artificial Intelligence](#) would be leveraged to prepare system generated energy accounting reports.
 - This will enable DISCOMs to take informed decisions on **loss reduction, demand forecasting, Time of Day (ToD) tariff, Renewable Energy (RE)** Integration and for other predictive analysis.

[Source: IE](#)

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