

A photograph of an electrical substation. In the foreground, a worker wearing a white hard hat and a high-visibility yellow safety vest is seen from behind, looking towards the substation equipment. The substation features several large metal structures with insulators and a red letter 'R' on a horizontal beam. The background shows more of the substation under a clear blue sky.

Power Distribution Outlook in India- 2017

Evaluating the Current Dynamics and
Future Outlook

E-REP Trends & Outlook Series

May 2017

Why enincon's report upon "Power Distribution Outlook in India -2017 ? "

PILED UP LOSSES , SCORES OF REFORMS , INCREASING NON PAYMENTS , AN OFFLATE UDAY SCHEME – WHAT FUTURE HOLDS FOR ALREADY BATTERED POWER DISTRIBUTION UTILITIES

POWER DISTRIBUTION NETWORK CAPACITY INHERENT OPERATIONAL CHALLENGES AND FINANCIAL SUSTAINENCE : WAY FORWARD FOR DISCOMS

With power distribution reforms gained momentum soon after the application of EA 2003 (where it was believed to be coined in mid 90's) , Indian power distribution utilities came along way since then. With, introduction of reforms and multiple cognitive steps undoubtedly the power distribution sector stands improved by leaps from the erstwhile levels. Having said that, it indeed still represents the weakest link of the power generation, transmission and distribution chain. With, India having most of the discoms run as state authorities the pedigree for operational efficiencies and achievement of targeted revenue remains a seldom site. Barring Gujarat and few discoms of southern states the degree of AT&C loss levels decline over the past decade remains elusive. For sure, states like Rajasthan , Madhya Pradesh and Maharashtra have depicted remarkable improvement but still owing to the large area of operations and the consumer handled thereof consistently tests the revenue cycle for the utilities.

With India's generation portfolio turning gradually to renewable preferred one , the existence of very business case for efficient operational and financial performance remains to be the biggest challenge addressable. Honouring the power purchase agreement based upon long term may evolve as the biggest risk for the discoms owing to the falling tariff observed in renewable portfolio and gaining parity with thermal sources. In this regard the pace of network capacity addition track and the billing & metering efficiency track and holistic approach to uncover the other key operations and finances for the discoms for each state with an imperative of outlook assessment was long felt industry need.

Exhibit 01: UDAY Scheme for Discoms – An Infographic View (For Selective Discoms)

Legend



Cost of Supply Savings Variance



States planned for less than 15% AT&C loss levels by 2018-19

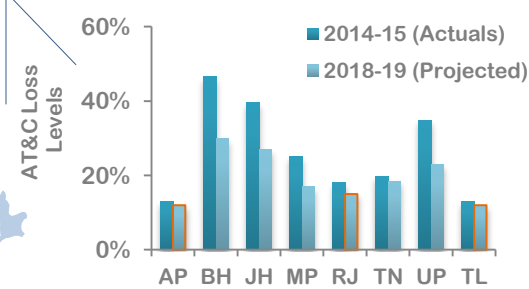


Key States opted for UDAY scheme

Of INR. 4 Trillion of estimated staggering losses, close to 2/3rd of contribution comes from selective 8 states opted for UDAY

60-70%

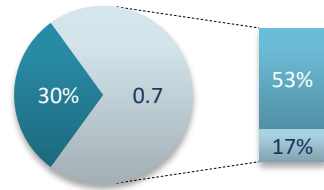
States of Andhra Pradesh, Rajasthan and Telangana plan to reduce AT&C loss levels below 15% by 2018-19



Total 22 states have opted for UDAY as on 2017



Tamil Nadu, Rajasthan, Uttar Pradesh and Haryana to have best savings in the range of INR.1 -1.80 for cost of supply. Rest of the states would have a benefit of 80p/unit



Exposure of Debts for Public Sector Banks in Percentage – Discoms have 30% share

■ Discoms ■ IPPs ■ Non-Stressed ■ Stressed

Hence, enincon consulting llp is coming up with a research report covering the current dynamics and future outlook of power distribution sector in India for major states. The report broadly covers government and private utility wise structural overview of power distribution sector in India, analyses business case for private players and futuristic scope of franchisee model in the country. Further, it highlights past trends and upcoming capacity expansion in intra state network length, trends in the billing efficiency , metering status and AT&C losses , impact of UDAY on ailing situation of Indian discoms. Additionally, it also focuses on consumer wise power demand and supply scenario and the revenue collected against each consumer category and much more detailed coverage about existing situation and the improvements anticipated in terms of operational and financial efficiencies of Indian discoms in coming years.

BUSINESS CASE FOR POWER DISTRIBUTION SECTOR IN INDIA

- Sterlite power and Vedanta to work in line to set up power distribution lines worth INR 10,000 crores
- Sikkim is the 22nd state to join the UDAY scheme . The state is projected to drive an overall net benefit of INR 356 crores through UDAY by way of cheaper funds , reduction in AT&C and transmission losses, interventions in energy efficiency etc
- Government of Jharkhand keen on raising investments into the power distribution & supply, power transmission and generation segments. The state is looking for electrifying all villages by end of 2017 and providing electric connection to all houses by December 2018. The state wants private players to join the power mission and their participation is solicited in rural distribution network franchisee
- Tata power plans to increase the distribution network capacity by 4GW
- India, likely to project an investment of USD 21.6 Billion in smart grid infrastructure within coming 9-10 years down the line

REPORT INSIGHTS

- Evaluating opportunity for private players and franchising business into the Indian power distribution segment
- Examining state wise transformation capacity outlook in India till 2022
- Intra state capacity expansion plans for states in India till 2022
- Evaluating future case for power demand in India till 2022
- Tracking open access transaction outlook in India till 2022
- Studying impact and compatibility analysis of UDAY scheme on Indian power distribution sector
- Examining current dynamics of power distribution sector in India

KEY HIGHLIGHTS

- Structural overview of power distribution segment in terms of SEB's and private utilities
- Tracking peak power demand-supply estimation and challenges thereof
- Tracking power distribution capacity trends
- Evaluating past trends and outlook in power distribution network , operations and financial set up for different states in India
- Consumer category wise break up of power demand and revenue
- Energy Efficiency Practices and Outlook
- Tracking future outlook of sub-station capacity

PRESS EXCERPTS

State –run banks will be able to free up about INR 20,000 crore of capital infusion for ongoing reforms under the UDAY scheme

The Economic Times

Government of Jharkhand keen on raising investments into the power distribution & supply, power transmission and generation segments. The state is looking for electrifying all villages by end of 2017 and providing electric connection to all houses by December 2018. The state wants private players to join the power mission and their participation is solicited in rural distribution network franchisee

The Hindustan Times

KEY QUERIES ADDRESSED

- What would be the impact of UDAY scheme on ailing DISCOM's situation in India ?
- What is the status of power distribution tariff structure in India ?
- What is the current status and trends in intra – state network length ?
- What would be the region wise status of capacity addition in the substations, transformation capacity in India ?
- What would be the region wise status on metering and billing efficiency in India ?
- What would be the region wise status of feeder segregation and demand & revenue breakup as per the consumers ?
- What would be the outlook of power distribution sector in India till 2022 ?

MUST BUY FOR

- Government Power Distribution Companies
- Private Power Distribution Companies
- Power Distribution Franchisee
- State Electricity Boards
- Transmission Utilities
- Power Generation Companies
- Renewable Power Developers
- Power Research Institutes
- Other Research Firms
- Research Firms/Bodies/Institutes
- Industry Associations / Technical Consulting Group
- Financial Institutes
- Key Governing Bodies

WHAT YOU CAN LEARN ? A SNAPSHOT

- Structural overview of power distribution in India
- Current dynamics of power distribution sector in India
- Region wise track of power distribution capacity – network operations and finances
- Status of power tariff structure , specifically focusing on CSS, network charge and other related surcharge
- AT&C losses and trends
- Business opportunity in power distribution segment and the outlook status till 2022
- Smart grid opportunity and outlook
- Capacity outlook of substations
- Transformation capacity outlook
- Billing and metering efficiency outlook
- UDAY's impact and compatibility
- Privatization outlook and franchising business case for likely discoms and states