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ELECTRICITY DEPARTMENT OF PUDUCHERRY

Article 5 General Agreement

Not Applicable

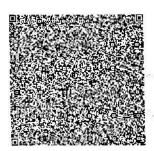
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ELECTRICITY DEPARTMENT OF PUDUCHERRY

GOVERNMENT OF INDIA

ELECTRICITY DEPARTMENT OF PUDUCHERRY

(One Hundred And Fifty only)



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This e-Stamp forms an integral part of the Bipartite Memorandum of Understanding dated 10th August, 2016 executed amongst Ministry of Power, Government of India and Government of Puducherry at New Delhi.



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BIPARTITE MEMORANDUM OF UNDERSTANDING

AMONGST

Ministry of Power, Government of India

AND

The President of India represented by Secretary (Power), Government of Puducherry

For achieving improvement of operational efficiencies in Distribution of Power

This BIPARTITE MEMORANDUM OF UNDERSTANDING (hereinafter referred to as the "Bipartite MOU" is made this 10th day of August 2016.

BY AND AMONGST

Ministry of Power, Government of India, having its Office at Raft Marg, Sansad Marg Area, New Delhi -110 001 which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns, of the FIRST PART:

AND

The President of India represented by Secretary (Power), Government of Puducherry (hereinafter referred to as "Government of Puducherry") which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns, of the SECOND PART

The Government of India and the Government of Puducherry is hereinafter also referred to collectively as the "Parties" and individually as the "Party"

Definitions:

"Effective Date" means the date of signing of the MOU

Preamble:

The Electricity Department of Puducherry has outstanding liabilities of Rs. 41.68 crore at the end of September, 2015. The Average Cost of Supply (ACS) and Annual Revenue Requirement (ARR) gap stands at Rs 0.05 per unit and the AT&C losses stands at 19.88% (Provisional) The Government of India and the Government of Puducherry have entered into a bipartite MOU in order to improve the operational parameters.

NOW, IT IS HEREBY AGREED BY AND AMONG THE PARTIES HERETO as follows:

- Obligations / Commitments: 1.
- The Government of India to take following measures; 1.1
- Facilitating through Ministry of Coal, increase in supply of domestic coal to Government of Puducherry.
- Ensuring rationalization of coal linkages. (b)



- (c) Liberally allowing coal swaps from inefficient plants to efficient plants and from plant situated away from mines to pithead plants;
- (d) Rationalizing coal prices based on Gross Calorific Value (GCV);
- (e) Ensuring correction of coal grade slippages through re-assessment of each mine;
- (f) Directing Coal India to supply 100% washed coal for G10 Grade and above by 1st October 2018.
- (g) Ensuring supply of 100% crushed coal from Coal India by 1st April 2016
- (h) Faster completion of Inter State Transmission (ISTN) lines.
- (i) Allocating linkages to the Union Territory at notified price based on which the Union Territory shall go for tariff based bidding. This help in getting cheaper power and revive stressed assets:
- (j) Additional / priority funding through Deen Dayal Upadhyaya Gram Jothi Yojana (DDUGJY), Integrated Power Development Scheme (IPDS), Power Sector Development Fund (PSDF) or other such schemes of Ministry of Power and Ministry of New and Renewable Energy, will be extended to the Government of Puducherry, on meeting the operational milestones outlined in the Scheme.

1.2 The Govt. of Puducherry to take the following measures:

- (a) All outstanding dues from the Union Territory Government departments for supply of electricity shall be paid by 31.03.17.
- (b) Replacement of street lights with LEDs in all municipal towns through Nagar Nigam /Municipality.
- (c) Improving the efficiency of Union Territory Generating Units.
- (d) The Government of Puducherry shall endeavour to ensure that tariff hikes as reflected in Annexure B are undertaken.
- (e) The Government of Puducherry shall endeavour to ensure that all operational targets as enumerated in section 1.2 (k) are achieved.
- (f) The Government of Puducherry will endeavour to reduce the present intrastate transmission losses of 1% during 2014-15 to 0.95 % by 2018-19.
- (g) Government of Puducherry shall endeavour to reduce Aggregate Technical and Commercial (AT&C) losses from 19.88.% in FY 2015-16 (ending IV Qtr) to 12.00 % by FY 2018-19 as per the following trajectory:

Year	2015-16*	2016-17	2017-18	2018-19
AT&C Loss	19.88	19.00	15.00	12.00

^{*} Provisional

However, if the target in a particular year is not met, then the Government of Puducherry shall strive to achieve the targets in the subsequent years so as to achieve the desired target of below 12.00% AT&C losses by FY 2018-19. The region wise targets have been finalized as indicated in **Annexure -A.**



Government of Puducherry shall increase hours of power supply in areas showing reduction in AT&C losses.

- (h) Government of Puducherry shall eliminate the gap between ACS and ARR by FY 2018-19. Detailed computation of year wise ACS-ARR gap along with financial projections has been attached as **Annexure** – **B.**
- (i) Government of Puducherry shall submit the detailed action plan by 31st August 2016 to achieve the projected trajectory for AT&C loss and ACS ARR gap.
- (j) Government of Puducherry shall achieve operational milestones as specified in DDUGJY & IPDS:
- (k) Government of Puducherry shall take the following measures for Loss Reduction;
 - (i) Undertaking name and shame campaign to control power theft from time to time.
 - (ii) Preparing loss reduction targets at sub-divisions /divisions/ circle /regional level and making concerned officers responsible for achieving the loss reduction targets; the loss reduction targets at the Division level have been attached as Annexure A of MOU.
 - (iii) Implementing performance monitoring and management system MIS for tracking the meter replacement, loss reduction and day to day progress for reporting to top management.
 - (iv) Achleving 100% Distribution Transformer (DT) Metering by March 2017.
 - (v) Achieving 100% feeder metering by March 2017.
 - (vi) Undertaking energy audit up-to 11KV level in rural areas by March 2018
 - (vii) Undertaking Feeder Improvement Program for network strengthening and optimization, to be completed by March 2018.
 - (viii) Installation of Smart Meters for 29 % of the consumers other than agricultural consumers consuming above 500 units/month and for 11 % of the consumers consuming below 500 units month by 31st March 2018. Government of Puducherry will endeavor to install Smart Meters for the balance 60% of consumers other than agricultural consumers by 2021-22.
 - (ix) Providing electricity access to 7948 (figure to be indicated by State) unconnected households as per trajectory finalized in the 24x7 power for all document by March FY19.
 - (x) Implementing ERP system for better and effective inventory management, personnel management, accounts management etc. to reduce costs and increase efficiencies by March, 2018
- (I) Government of Puducherry has already implemented the DSM Based Energy efficient Lighting Programme (DELP) program through Energy Efficiency Services Limited (EESL) for domestic consumers as a measure for Demand Side Management and Energy Efficiency. The Government of Puducherry shall undertake to



- (i) Conduct consumer awareness programs for optimum utilization of resources and to foster long term behavioral changes.
- (ii) Replace at least 10% of existing agriculture pumps with energy efficient pumps by March 2019.
- (iii) Implement Perform, Achieve and Trade (PAT) scheme of Bureau of Energy Efficiency (BEE) for improving energy efficiency in Industries.
- m) Government of Puducherry shall undertake the following tariff measures as per the regulations of Joint Electricity Regulatory Commission (JERC):
 - Quarterly claiming of Fuel and Power Purchase Cost Adjustment (FPPCA) as per the regulations of JERC particularly to offset fuel price increase;
 - (ii) Timely filing of Tariff Petition before the JERC so that Tariff Order may be issued for the year as early as possible.
 - (iii) Timely preparation of Annual accounts of the Electricity Department, Puducherry which shall also enable timely filing of the Tariff Petition.
- (n) Government of Puducherry shall undertake the following measures to increase employee engagement:
 - Initiating capacity building of employees to enhance technical, managerial and professional capabilities at induction level and in subsequent refresher trainings;
 - (ii) Devising Key Performance Indicators (DPIs) for each officer in-charge on areas of AT&C loss reduction and improvement in metering/billing/collection efficiency. The performance of officer in-charge shall be linked to Key Performance Indicators (KPI) achieved and will attract incentive/penalty.
- (o) Government of Puducherry shall implement the following Consumer Service Strategy:
 - Setting up of Centralized Customer Call Centre for timely resolution of complaints related to no current and other technical complaints, harassment by official, reporting of theft and safety related complaints;
 - (ii) Introducing more avenues to consumers for bill payment, which could be in terms of e-payment through net banking, credit/debit card, kiosks at banks and post offices, village panchayats, mobile collection van, etc.
- (p) Government of Puducherry shall procure power through the transparent process of competitive bidding.
- (q) Government of Puducherry shall identify the key personnel for implementing the scheme Ujwal Discom Assurance Yojana (UDAY)
- r) Government of Puducherry shall devise the mechanism to motivate and encourage the staff.
- s) Review of performance of State Power Department shall be done on a monthly basis at Union Territory Government level in the presence of Union Territory finance representative.
- Monthly monitoring formats along with the targets shall be provided by 31-8-2016.

Detailed action plan for implementation of the targeted activities is attached as **Annexure – C** of the MOU.

The Parties agree for making this MOU available in the public domain.



IN WITNESS, whereof, the Parties hereto have executed these presents the day, month and year first herein above written.

SIGNED AND DELIVERED BY	In the presence of
(on behalf of MOP, Govt. of India)	
	1
Signature	Signature
Name & Designation Dr. A K Verma,	12 10 W
Joint Secretary(Distribution)	Name & Designation
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BhaWaft New Delhi410 001	Address
विद्युत मंत्रालय हो। अध्यक्ष of Power	
भारत सरकार / Government of India	
THE PARTY TO SOLVE TO	
to versus constants	In the program of
SIGNED AND DELIVERED BY	In the presence of
(For on behalf of the President of India, represented by	
the Secretary (Power), Government of Puducherry.	P
Signature S-8 ~ A,	Signature
Signature	<i>S</i>
0 1 - 100	
Name & Designation Dr. S Sundaravadivelu, IAS	Name & Designation
Secretary (Power), Govt of	
Puducherry	Address
A LL Chief Counterint Counter Avenue Buducherns	Address
Address Chief Secretariat, Goubert Avenue, Puducherry	A THINANAN BE PODCA.
Dr. S. Sundaravadivelu, I.A.S	
Secretary to Government (Power)	ELECTRICITY DEPOSITION
Government of Puducherry	PUDUCHERRY.
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ANNEXURE - A

Region wise Loss Trajectory

	AT&C Losses				
Name of Region	FY 2016	FY 2017	FY 2018	FY 2019	
PUDUCHERRY	18.46	17.00	14.50	12.00	
KARAIKAL	26.34	23.00	17.00	12.00	
MAHE	21.49	18.00	14.00	12.00	
YANAM	27.68	25.00	18.00	12.00	
UT TOTAL	19.88	19.00	15.00	12.00	



ANNEXURE- B

FINANCIAL PROJECTIONS

Key Assumptions:

TARIFF HIKE:

FY 15*	FY 16	FY 17	FY 18	FY19
3.82%	4.35%	3.00%	3.00%	3.00%
3.82%	4.35%	3.00%		

^{*}Actual as per Tariff Order dated 25-04-2014

Tariff revision for the years from 2017 to 2019 depends on the cost of power purchase from the CGS for which the Tariff is yet to be finalized by CERC for the years 2014-19.

AT&C Loss Trajectory:

FV 17*	FY 18*	FY19*
19.00%	15.00%	12.00%

Billing Efficiency:

EV 17	FY 18	FY19_
86.00%	86.00%	89.00%
	S. C.	I =

Collection Efficiency:

FY 17	FY 18	FY19
95.00%	99.00%	99.00%

^{*}Actual as per Tariff Order dated 10-04-2015



Income Statement- Summary

A Da in Craro	FY 16(prov)	FY 17(proj)	FY 18(proj)	FY19(proj)
Amount in Rs. in Crore Total Income	1198.01	1297.56	1406.74	1499.20
Total Costs	1210.62	1319.18	1410.08	1503.65
Net Income	-12.61	-21.62	-3.34	-4.45
(Without Subsidy) Committed State Govt. Subsidy	2.96	3.00	3.00	4.50
Net Income (With Subsidy)	-9.65	-18.62	-0.34	0.05

Income Statement- Detailed

Amount in Rs. in Crore	FY 16(prov)	FY 17(proj)	FY 18(proj)	FY19(proj)
INCOME				
Revenue from Sale of Power	1191.84	1294.76	1403.81	1440.12
Other Receipts	2.60	2.80	2.93	3.08
Other Income (Including Revenue from trading)	1.23			<u>-</u>
TOTAL INCOME	1198.01	1297.56	1406.74	1443.20
COSTS				
Power Purchase Costs	1035.63	1124.57	1185.47	1251.34
R&M Costs	18.35	20.06	22.66	27.15
Employee Costs	80.32	75.12	81.75	80.32
Administration and General Costs	5.68	5.11	5.56	6.05
Depreciation	35.21	32.24	38.93	46.86
Interest & Finance Cost	24.87	28.80	36.40	45.67
Other Debits	31.25	33.28	39.31	46.26
Sub-total Costs	1210.62	1319.18	1410.08	1443.65
Less: Incidental Expenses	0.00	0.00	0.00	0.00
TOTAL COSTS	1210.62	1319.18	1410.08	1443.65



NET INCOME	-12.61	-21.62	-3.34	-4.45
Committed State Govt. Subsidy to Power Department	2.96	3.00	3.00	4.50
Electricity Duty Retention/ Stamp duty	-	-	•	-
Interest Subsidy on IBRD Loan	-	-	-	-
Cash Subsidy	120	-	-	-
Others (Compounding Charges)	-		-	-
Total Subsidy available(in crs)	2.96	3.00	3.00	4.50
*Net Income with subsidy (in crs)	-9.65	-18.62	-0.34	0.05

ACS - ARR Gap

Amount in Rs. in Crore	FY 16(prov)	FY 17(proj)	FY 18(proj)	FY19(proj)
Cost Components				
Power Purchase Cost	3.47	3.45	3.41	3.39
Cost of Energy Lost	0.66	0.63	0.62	0.60
PP per Unit Sold	4.13	4.08	4.03	3.99
O&M and Estt Cost	0.43	0.36	0.37	0.36
Depreciation Cost	0.11	0.12	0.13	0.15
Interest Cost	0.10	0.10	0.12	0.15
Other Debits	0.05	0.12	0.13	0.15
ACS/unit	4.76	4.71	4.78	4.78
ARR/unit	4.76	4.71	4.78	4.78
Gap/unit	0.00	0.00	0.00	0.00

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DETAILED ACTION PLAN FOR IMPLEMENTATION OF TARGETED ACTIVITIES

Annexure C	Resource in INR	in INR Capital expenditure of around Rs. 1280 Crores is required for achieving the targeted activities.								
	Officer Responsible		Superintending Engineer in charge of the O&M	Superintending Engineer in charge of the O&M	Superintending Engineer in		Superintending Engineer in charge of the O&M			
DETAILED ACTION PLAN FOR IMPLEMENTATION OF TAXOLICE ACTION	. 6	로	%0				100%			
,	FY- 19	두	12.00%				100%			
		H2	9				100%			
	FY- 18	Ŧ	15.00%				%08			
PLAN F		H	%0	100%	100%		1			
AC I I O	FY- 17	두	19.00%	%96	80%	8				
IAILED	Status pendi ng at	end of FY	19.88	%06	250%	?	100%			
5		5	%	%	%	%	%			
	, if	Activity	AT&C reduction trajectory	11 KV Feeder metering functional (21,993)	DT Metering in Urban area (Distt. HQ)	DT Metering in Urban area (Other municipal	11 KV Feeder audit in Rural area			
	Clause	S S	1.2(g)	1.2 (k-v)	1.2	(k-iv)	1.2 (k-vi)			

Superintending Engineer in charge of the O&M		Superintending Engineer in charge of the O&M	Superintending Engineer in charge of the O&M	Superintending Engineer in charge of the O&M		
	ı					
100%	ı	22%	%8			
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30%	100%	100%	100%		7948	
%	%	%	%		Nos (in Lacs)	
Feeder Improvement Program on Feeders	Feeder separation (separation of Ag load) on feeders	Installation of Smart meters/ other than Ag.(Abv. 500 Units)*	Installation of Smart meters/ other than Ag.(Below 500		Domestic connections (in lakhs) under 24X7 PFA	
1.2 (k-vii)	1.2 (k-vii)		(k-viii)		1.2 (k-ix)	

WALD AY YOUNG UNIVERSITY YOUNG

Superintending Engineer-II	Superintending Engineer-III	
	10000	
	10000	
Implem entatio n and Integra tion	14000	
Engaging of Consultant and Award of Contract	13000	
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I	1	
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I	Lacs	
Implementation of ERP System	Providing LED bulbs under	
	160	