



Power Sector DISCOMs and RDSS

This editorial is based on [“Plugging Power Reforms”](#) which was published in Indian Express on 07/02/2022. It talks about the challenges of the power sector DISCOMs and the Revamped Distribution Sector Reform Scheme (RDSS).

For Prelims: Power Sector DISCOMs, Aggregate Technical and Commercial (AT&C) Losses, Revamped Distribution Sector Reform Scheme (RDSS), PM SAUBHAGYA, Smart Consumer Metering.

For Mains: Challenges faced by power sector DISCOMs in India, Analysis of Revamped Distribution Sector Reform Scheme (RDSS) and the issues arising out of its design & implementation,

Distribution serves the most vital function in India’s power supply chain, yet it is also possibly the weakest link. The [Power sector DISCOMs](#) in India continue to suffer from issues like AT&C Losses, lack of adequate investments and metering issues.

The [Revamped Distribution Sector Reform Scheme \(RDSS\)](#) was launched to specifically overcome the operational deficiencies and financial constraints of the discoms, but the scheme itself suffers from implementation issues.

To leverage various opportunities offered by the RDSS, the states must emphasize the **need for flexibility in prioritizing investments in their action plans**. This effort also needs to be accompanied by fulfilled commitments towards accelerated but deliberate implementation.

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What are the Challenges Faced by the Power Sector DISCOMs?

- The discoms suffer **Aggregate Technical and Commercial (AT&C) Losses**.
 - **Technical Loss:** It is due to the **flow of power in transmission** and distribution systems.
 - **Commercial Loss:** It is due to the **theft of electricity, deficiencies in metering**, etc.
- In the past decade, more than Rs 50,000 crore has been invested in rural networks, however, **actual investments have been much less than planned**.
- Moreover, the **transformer and substation capacities** in these areas were **designed to meet this minimal demand of 250 or 500 watts** assuming the consumption of only lights, fan and TV and not of appliances like refrigerators and mixers.
- About **25% of electricity sales is too highly subsidized**, agricultural consumers also receive erratic, poor quality supply.
- Despite efforts, **unmetered consumers and non-functional meters** at the consumer and feeder level persist.
 - Without functioning meters, accurate energy accounting and **loss monitoring is a challenge**.

What Initiatives have been launched for Power Sector DISCOMs?

- The **Revamped Distribution Sector Reform Scheme (RDSS)**, launched in July 2021, is the latest central government grant-based programme towards electricity distribution network investments.
- Earlier, schemes like [Accelerated Power Development Programme](#) (an urban loss reduction scheme), [PM SAUBHAGYA](#) (rural connections and network expansion focussed scheme), **Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)** and **Ujwal Discom Assurance Yojana (UDAY)** have played a significant role in increasing access and improving performance of power sector DISCOMs of India.

Revamped Distribution Sector Reform Scheme (RDSS)

What is the RDSS?

- It **aims to improve the operational efficiencies and financial sustainability** of discoms (excluding Private Sector DISCOMs).
 - It will provide **conditional financial assistance** to strengthen the supply infrastructure of discoms.
- Half of the outlay is for better feeder and transformer metering and pre-paid [smart consumer metering](#). The remaining half, **60% of which will be funded by central government grants**, will be spent on power loss reduction and strengthening networks.
- It is an umbrella programme merging all the existing power sector reforms schemes - [Integrated Power Development Scheme](#), [DDU Gram Jyoti Yojana](#), and **Pradhan Mantri Sahaj Bijli Har Ghar Yojana** will be merged into this umbrella program.
- **Rural Electrification Corporation** and **Power Finance Corporation** are the nodal agencies for the implementation of this programme.

What are the Issues Associated with RDSS?

- RDSS has inherited several design issues from its predecessors including **complex processes and conditions for fund disbursement**.
 - Only 60% of the total Rs 2.5 lakh crore grants allocated in past schemes were disbursed.
- **Lack of public review** and **regulatory oversight** in states is another issue. The prescriptive approach of the scheme design impedes effective implementation.
 - The scheme emphasizes loss reduction investments over system strengthening.
 - However, high losses are typically connected to sustained poor quality service which, in turn, is affected by inadequate investment in system strengthening.
- RDSS **stipulates universal pre-paid metering** but **post-paid options may be more suitable** in many contexts.

What is the Way Forward?

- **Strengthening Rural Networks:** It is important to strengthen rural networks to meet the growing demand. **Increased supply hours, appliance usage** and the needs of rural enterprises will need **more network investment**.
 - Without this, the risk of power outages is high. The RDSS system's strengthening plans can focus on this challenge.
- **Fulfilling the Requirements of Agricultural Consumers:** Under the [PM-KUSUM scheme](#), **day-time, low-cost supply can be provided** to a large number of farmers by installing megawatt scale solar plants, which supply eight hours of quality power directly to dedicated agricultural feeders.
 - This would address farmers' demand for reliable supply and **almost halve the discom's cost and subsidy requirements**.
 - RDSS prioritizes investments and grants towards dedicated agricultural feeders to accelerate feeder solarisation. This **grant support can provide reliable supply** and reduce subsidy requirements.
- **Automatic Metering of Distribution Feeders:** Often, discoms under-estimate losses by over-

estimating unmetered consumption in a bid to demonstrate loss reduction.

- For greater veracity, all feeders must be equipped with **meters capable of communicating readings without manual intervention**. States should leverage **RDSS's emphasis on automatic meter** reading for this.
- **Role of States:** States shall identify implementation issues and adopt suitable strategies for metering and evolve frameworks for assessing benefits vis-a-vis the costs.
 - In their action plans, states should **emphasize the need for flexibility** and allow the discoms to make an **informed choice between prepaid and postpaid** metering.
 - Also, the state regulator must stipulate a framework to evaluate cost reduction and performance improvement due to smart meters and **protect consumers from undue tariff impacts** due to such investments.
 - Central government agencies should also be **flexible in the monitoring, tracking and fund disbursement** mechanisms.

Drishti Mains Question

Discuss the issues faced by the power sector DISCOMs in India and how reforms in the Revamped Distribution Sector Reform Scheme (RDSS) can improve the present condition of the former.