

Key Initiatives to Bring Down AT&C Losses of Power Distribution Utilities

AT&C Losses at the National Level Reduced from 21.91 % in FY 21 to 16.16% in FY25

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Government of India has been supporting the power distribution utilities to improve their Aggregate Technical and Commercial (AT&C) losses through various initiatives. Some of the key initiatives taken are as under:

- i. Revamped Distribution Sector Scheme (RDSS) launched with the objective of improving the quality and reliability of power through a financially sustainable and operationally efficient Distribution Sector. The scheme aims at bringing down the AT&C losses to pan-India level of 12-15% and ACS-ARR gap to zero. Under the Scheme, projects worth Rs. 2.83 lakh crore have been sanctioned. These involve distribution infrastructure works worth Rs. 1.53 lakh crore which include replacement of old/frayed conductors, laying Low Tension Aerial Bunched (LT AB) cables, and upgradation/augmentation of Distribution Transformers (DT)/Sub-stations, agriculture feeder segregation etc. The fund release under the scheme has been linked to performance of distribution utilities against various financial parameters, the prominent among them being AT&C losses and ACS-ARR Gap. Execution of these works would also help improve quality of supply of power. Prepaid smart metering is also one of the critical interventions envisaged under RDSS, which would help in improving AT&C losses.
- ii. Additional Borrowing consent of 0.5% of GSDP to State Governments, which is conditional on them undertaking specific reforms in the power sector.
- iii. Additional Prudential Norms for sanctioning of loans to State owned power utilities contingent on the performance of power distribution utilities against prescribed conditions.
- iv. Rules for implementation of FPPCA and cost reflective tariff so as to ensure that all prudent cost for supply of electricity are passed through.
- v. Rules and Standard Operating Procedure issued for proper subsidy accounting and their timely payment.

With collective effort of Centre & States/ UTs and the reform measures undertaken, the AT&C loss of distribution utilities at the national level has reduced from 21.91% in FY 21 to 16.16% in FY25.

This Information was given by the Minister of State for Power, Shri Shripad Yesso Naik, in a written reply in the Rajya Sabha today.

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