



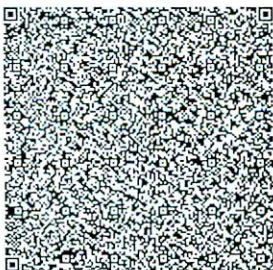
सत्यमेव जयते

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This e-Stamp forms an integral part of the Bipartite Memorandum of Understanding dated 15th March, 2016 executed amongst Ministry of Power, Government of India, and Government of Jammu & Kashmirat New Delhi.

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BIPARTITE MEMORANDUM OF UNDERSTANDING

AMONGST

Ministry of Power, Government of India

AND

Government of Jammu & Kashmir

**For achieving improvement in Financial and operational
efficiencies in Distribution of Power**

This **BIPARTITE MEMORANDUM OF UNDERSTANDING** (hereinafter referred to as the "Bipartite MOU" is made this 15th day of March, 2016.

BY AND AMONGST

Ministry of Power, Government of India, having its Office at Rafi Marg, Sansad Marg Area, New Delhi – 110001 which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns, of the **FIRST PART:**

AND

Government of Jammu & Kashmir (hereinafter referred to as "Government of Jammu & Kashmir") 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 Jammu & Kashmir 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:

Jammu and Kashmir State has started the unbundling process and shall be completed in due course of time. Both the distribution and transmission activities are being carried out by Jammu and Kashmir Govt. through its Power Development Department. Power Development Department has a huge Revenue Deficit during Financial Year 2014-15 amounting to Rs. 3913.50 crore. The outstanding liabilities of CPSU have reached to Rs.3537.55 crore (provisional) at the end of Sept. 2015;

The Govt. of India and Govt. of Jammu and Kashmir has entered into a bipartite MOU in order to improve the operational and financial efficiency of the distribution utility which is Power Development Department in Jammu and Kashmir and special dispensation has been granted under OM NO .06/12/2015-NEF/FRP of 20th Nov. 2015 to State of Jammu and Kashmir under clause 7.4 of UDAY Scheme to borrow the provisional outstanding dues of various CPSUs as on 30.09.2015, which has reached at Rs. 3537.55 crore (Provisional) during 2015-16 or 2016-17.

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

1. Obligations / Commitments:

1.1 The Government of India to take following measures:

- a) Facilitating through Ministry of Coal, increase in supply of domestic coal to Government of Jammu and Kashmir.
- b) Ensuring rationalization of coal linkages.
- 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 ISTN lines:
- i) Allocating linkages to State at notified price based on which the State will go for tariff based bidding. This help in getting cheaper power and revive stressed assets;

1.2 The Govt. of Jammu and Kashmir to take the following measures:

- a) The borrowings made by the State during under UDAY Scheme to clear outstanding dues of CPSUs shall be utilized by Government of Jammu and Kashmir solely for the purpose of payment of dues outstanding towards various CPSUs.
- b) The borrowings made by the State towards CPSU dues of Rs. 3537.55 crores during 2015-16 or during 2016-17 shall not be reckoned against normal permissible borrowing ceilings of state determined by department of Expenditure Ministry of Finance under recommendations of 14th Finance Commission.
- c) For the borrowings made by the state towards outstanding CPSU dues, Government of Jammu and Kashmir shall take prior permission of Department of Expenditure, Ministry of Finance under Article 293 of the Constitution of India before approaching Reserve Bank of India to raise loans.
- d) The Government of Jammu and Kashmir shall issue non-SLR bonds to raise funds for meeting the outstanding CPSU dues.
- e) The discharge of the dues shall be in the order of dues already due, followed by dues with highest cost on account of interest/surcharge levied by CPSUs.
- f) All outstanding dues from the State Government departments for supply of electricity shall be paid expeditiously.
- g) Henceforth, Banks / FIs shall not advance short term debt to Government of Jammu and Kashmir for financing losses.
- h) Replacement of street lights with LEDs in all municipal towns through Nagar Nigam / Municipal Corporations.
- i) Improving the efficiency of State Generating Units.
- j) The Government of Jammu and Kashmir shall endeavour to ensure that tariff hikes as reflected in **Annexure-B** are undertaken.
- k) The Government of Jammu and Kashmir shall endeavour to ensure that all operational targets as enumerated in Section 1.3 are achieved.
- l) The Government of Jammu and Kashmir will endeavour to reduce the transmission losses from 4.31% in 2014-15 to 4% by 2019.
- m) Government of Jammu and Kashmir shall endeavour to reduce AT&C losses from 61.3% in FY 2014-15 to 15% by FY 2019-20 as per the following trajectory:

Year	2015-16	2016-17	2017-18	2018-19	2019-20
AT&C Loss	56%	46%	35%	25%	15%

However, if the target in a particular year is not met, then the Government of Jammu and Kashmir shall strive to achieve the targets in the subsequent years so as to achieve the desired target of 15.00% AT&C losses by FY 2019-20. The Division wise targets have been indicated in **Annexure- A**.

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

- n) Government of Jammu and Kashmir shall eliminate the gap between ACS and ARR by FY 2019-20. Detailed computation of year wise ACS-ARR gap along with financial projections has been attached as Annexure-B.
- o) Government of Jammu and Kashmir shall submit the detailed action plan by 31.03.2016 to achieve the projected trajectory for AT&C loss and ACS-ARR gap.
- p) Government of Jammu and Kashmir shall achieve operational milestones as specified in DDUGJY & IPDS:
- q) Government of Jammu and Kashmir 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/ zonal 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) Achieving 100% Distribution Transformer (DT) Metering by 30 June 2017.
 - v) Achieving 100% feeder metering by 30 June 2016.
 - vi) Undertaking energy audit up-to 11 KV level in rural areas by 31.03.2017
 - vii) Undertaking Feeder Improvement Programme for network strengthening and optimization, to be completed by March 2017;
 - viii) Undertaking Physical Feeder Segregation by March 2018.
 - ix) Installation of Smart Meters for all consumers other than agricultural consumers consuming above 500 units / month by 31st December

2017 and consumers consuming above 200 units/ month by 31st December 2019.

- x) Providing electricity access to 3.56 lacs unconnected households as per trajectory finalized in the 24x7 power for all document by FY19.
- xi) Implementing ERP system for better and effective inventory management, personnel management, accounts management etc. to reduce costs and increase efficiencies by March 2017.

1.3 Government of Jammu and Kashmir shall undertake the following measures for Demand Side Management and Energy Efficiency:

- i) Providing LED for domestic and other category consumers under DELP program through EESL:
- ii) Undertaking consumer awareness programs for optimum utilization of resources and to foster long term behavioural changes:
- iii) Replacing at least 10% of existing agriculture pumps with energy efficient pumps by March 2019.
- iv) Implementing PAT scheme of BEE for improving energy efficiency in Industries.

1.4 Government of Jammu and Kashmir shall undertake the following tariff measures:

- i) Quarterly tariff revision particularly to offset fuel price increase;
- ii) Timely filing of Tariff Petition before the SERC so that Tariff Order may be issued for the year as early as possible.
- iii) Timely preparation of annual accounts/Annual Plan of the Power Department which shall also enable timely filing of the Tariff Petition.

1.5 Government of Jammu and Kashmir shall undertake the following measures to increase employee engagement:

- i) 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 (KPIs) 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 KPIs achieved and will attract incentive / penalty.

- 1.6 Government of Jammu and Kashmir shall implement the following Consumer Service Strategy:
- i) 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 vans, etc.
- 1.7 Government of Jammu and Kashmir shall procure power through the transparent process of competitive bidding.
- 1.8 Government of Jammu and Kashmir shall identify the key personnel for implementing the scheme (UDAY)
- 1.9 Government of Jammu and Kashmir shall devise the mechanism to motivate and encourage the staff.
- 1.10 Review of performance of State Power department shall be done on a monthly basis at State Government level in the presence of State finance representative.
- 1.11 Monthly monitoring formats along with the targets shall be provided by 31.03.2016.

1.12 Detailed action plan for implementation of the targeted activities as attached at **Annexure-C** of the MOU shall be submitted by 31.03.2016.

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.

<p>SIGNED AND DELIVERED BY (on behalf of MOP, Govt. Of India)</p> <p>Signature</p> <p>Name & Designation <i>Arun</i></p> <p>Address डॉ. अरुण कुमार वर्मा Dr. ARUN KUMAR VERMA संयुक्त सचिव / Joint Secretary विद्युत मंत्रालय / Ministry of Power, भारत सरकार / Government of India नई दिल्ली-110001 / New Delhi-110001</p>	<p>In the presence of</p> <p>Signature <i>Narender Singh</i></p> <p>Name & Designation <i>Narender Singh</i> <i>US-MOP</i></p> <p>Address</p>
<p>SIGNED AND DELIVERED BY (on behalf of State Govt.)</p> <p>Signature <i>Dheeraj Gupta</i></p> <p>Name & Designation DHEERAJ GUPTA <i>Comm / Secy, PDD, TN</i></p> <p>Address</p>	<p>In the presence of</p> <p>Signature <i>Asghar Ali Majaz</i></p> <p>Name & Designation <i>ASGHAR ALI MAJAZ</i> <i>SECRETARY TECHNICAL</i> <i>(J&K)</i></p> <p>Address</p>

Annexure A

Loss Reduction Targets at the Divisional Level (in%)

Discom: Jammu & Kashmir Power Development Department (JKPDD).

Division	FY 2014-15			2015-16	2016-17	2017-18	2018-19	2019-20
	Distt. Loss	Collection Efficiency	AT&C	AT&C	AT&C	AT&C	AT&C	AT&C
JKPDD	51.77%	80.2%	61.3%	56.0%	46.00%	35.00%	25.00%	15.0%

Jammu Division

Annexure -A: Loss Reduction Targets at Divisional Level (in%)

Discom: Jammu & Kashmir Power Development Department (JKPDD) **Annexure- A**

S No.	Name of EM & RE Divisions	FY 2014-15			2015-16	2016-17	2017-18	2018-19	2019-20
		Distribution Loss (%)	Collection Efficiency (%)	AT&C (%)	AT&C (%)	AT&C (%)	AT&C (%)	AT&C (%)	AT&C (%)
1	ED-I Jammu	37.15	81.91	49.14	37.43	30.78	22.48	19.83	15.00
2	ED-II Jammu	41.79	88.29	48.82	45.44	39.65	32.41	25.73	15.00
3	ED-III Jammu	42.14	65.96	62.14	48.27	42.77	35.91	27.79	15.00
4	ED-Vijaypur	31.81	80.29	45.92	36.38	29.62	21.19	18.49	15.00
5	ED-Kathua	38.88	88.78	46.15	35.76	28.93	20.42	17.69	15.00
6	ED-Rajouri	41.06	94.15	36.36	41.28	35.05	27.26	24.77	15.00
7	ED-Poonch	31.74	78.52	48.82	33.09	25.98	17.11	15.80	15.00
8	ED-Udhampur	32.89	93.39	31.82	32.83	25.70	16.79	15.48	15.00
9	ED-Reasi	36.46	97.83	39.77	38.71	32.20	24.07	21.47	15.00
10	ED-Batote	40.06	90.14	49.43	40.33	33.99	26.08	23.55	15.00
11	ED-Doda	46.95	65.00	68.12	46.94	41.31	34.27	28.38	15.00
12	ED-Kishtwar	45.90	98.98	50.77	45.52	39.73	32.50	26.45	15.00

LOSS REDUCTION TARGETS AT THE DIVISIONAL LEVEL (in %) **Annexure- A**

Kashmir Division

S#	Name of EM&RE Division	FY 2014-15			2015-16	2016-17	2017-18	2018-19	2019-20
		Distt Loss %	Collection Efficiency %	AT&C Loss %	AT&C Loss %	AT&C Loss %	AT&C Loss %	AT&C Loss %	AT&C Loss %
1	ED-Ist	58	98	58	53	40	32	23	15
2	ED-II	59	99	59	54	40	30	22	15
3	ED-III	68	92	70	65	55	45	30	15
4	ED-IV	73	98	73	68	57	46	31	15
5	ED-Budgam	72	96	74	70	58	46	32	15
6	ED-Ganderbal	74	91	77	72	59	47	32	15
7	ED-Sumbal	72	88	75	70	60	48	33	15
8	ED-Bandipora	65	96	67	63	50	38	25	15
9	ED-Baramulla	63	96	65	61	48	34	23	15
10	ED-Sopore	69	97	70	65	52	46	32	15
11	ED-Kupwara	67	95	68	65	52	46	32	15
12	ED-Handwara	69	88	73	69	55	46	30	15
13	Spl.Sub-Div.Tangmarg	65	98	66	61	50	38	25	15
14	ED-Pulwama	64	95	66	61	51	39	25	15
15	ED-Shopian	67	97	68	64	54	45	30	15
16	ED-Awantipora	63	99	64	59	50	38	25	15
17	ED-Anantnag	66	89	69	65	54	45	30	15
18	ED-Kulgam	70	91	73	68	58	46	31	15
19	ED-Bijbehara	67	95	68	62	50	38	24	15
20	ED-Leh	40	77	54	50	40	30	20	15
21	ED-Kargil	37	92	62	59.7	45	35	25	15

Other Key Assumptions

Annexure -B

Tariff Hike				
*FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
0%	15%	17%	19%	19%
	*Actual as per TO dated August 2015			
AT&C Loss Trajectory				
FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
56.00%	46.00%	35.00%	25.00%	15.00%
Billing Efficiency				
FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
49.40%	58.70%	69.10%	78.10%	87.70%
Collection Efficiency				
FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
89%	92%	94%	96%	98%

Income Statement- Summary

Annexure -B

Amount in Rs Crores	FY16-17	FY17-18	FY18-19	FY19-20
Total Costs	5993.34	6504.45	7194.08	7943.89
Net Income (Without Subsidy)	3368.21	4420.68	5905.37	7943.28
Committed State Govt. Subsidy	1705.00	1125.24	567.03	130.00
Net Income(with subsidy)	5073.21	5545.91	6472.41	8073.28
Operational Funding Requirement (OFR)- Summary				
Amount in Rs Crores	FY16-17	FY17-18	FY18-19	FY19-20
OFR	920.13	958.54	721.67	0.00

Income Statement Detailed

Amount in Rs Crores	FY16-17	FY17-18	FY18-19	FY19-20
INCOME				
Revenue from Sale of Power	3368.21	4420.68	5905.37	7943.28
Other receipts				
Other Income(including Revenue from trading)				
TOTAL INCOME	3368.21	4420.68	5905.37	7943.28
COSTS				
Power purchase cost	4470.1604	4809.0516	5306.56995	5863.76567
Water Usage Charges	584.23	625.39	655.27	655.27
Intra State Transmission Charges	174.18	188.92	217.78	256.91
R&M	37.72	42.23	48.82	58.25
Employees costs	601.03	697.82	806.77	929.27
Adminstration & General Costs	42.06	47.82	54.14	63.67
Depreciation	6.27	6.57	7.08	7.82
Interest & Finance costs	77.69	86.65	97.65	108.93
Other Debits				
Sub-total costs				
Less: Incidental Expenses				
TOTAL COSTS	5993.34	6504.45	7194.08	7943.89
NET INCOME W/o Subsidy	3368.21	4420.68	5905.37	7943.28
Committed State Govt Subsidy	1705.00	1125.24	567.03	130.00
Electricity Duty Retention/Stamp duty				
Interest Subsidy on IBRD loan				
Cash subsidy				
Others(Compounding Charges)				
Total subsidy available	1705.00	1125.24	567.03	130.00
NET INCOME with Subsidy	5073.21	5545.91	6472.41	8073.28
OperationalFunding Requirement(OFR)/Non-commital subsidy	920.13	958.54	721.67	0.00
Total Income with subsidy /OFR	5993.34	6504.45	7194.08	8073.28

ACS-ARR Gap
Annexure -B

	(Rs/KWH)				
Amount in Rs Crores	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Cost Components					
Power Purchase Cost	3.99	4.10	4.05	4.00	3.85
Cost of Energy Lost	2.03	1.72	1.25	0.88	0.53
PP unit per unit Sold(Ratio)	2.04	1.73	1.36	1.28	1.16
O&M and Est Cost	0.45	0.53	0.59	0.65	0.72
Depreciation Cost	0.00	0.005	0.005	0.005	0.005
Intrest on Long Term Capital Loans	0.01	0.01	0.01	0.01	0.01
Intrest on Working Capital Loans	0.05	0.06	0.06	0.07	0.07
ACS(cost per unit)	7.80	7.07	6.75	6.50	6.00
ARR	5.39	6.39	6.04	6.01	6.09
Gap	-2.41	-0.68	-0.71	-0.49	+0.09

Annexure C: Detailed Action Plan for Implementation of targeted activities

Clause No	Activity	Unit	Pending at FY 15-16	FY16-17		FY17-18		FY18-19		FY19-20		Officer Responsible	Resources in INR Cr.
				H1	H2	H1	H2	H1	H2	H1	H2		
1.2(m)	AT&C Loss Reduction Trajectory	%	56%	55%	46%	40%	35%	30%	25%	20%	15%	Dev. Commissioner (Power)	-
1.2(q-v)	11kV Feeder Metering Functional	%	70%	100%								Dev. Commissioner (Power)	
1.2(q-iv)	DT Metering in Urban areas (Distt HQ)	%	35%	100%								Dev. Commissioner (Power)	
	DT Metering in Urban areas (Other municipality town)	%	100%	20%	70%	100%						Dev. Commissioner (Power)	
1.2(q-vi)	11kV feeder audit in Rural area	%	100%	50%	100%							Dev. Commissioner (Power)	
1.2(q.vii)	Feeder Improvement Programme on Feeders	%	100%	50%	100%							Dev. Commissioner (Power)	

Clause No	Activity	Unit	Status Pending at FY 15-16	FY16-17		FY17-18		FY18-19		FY19-20		Officer Responsible	Resources in INR Cr.
				H1	H2	H1	H2	H1	H2	H1	H2		
1.2(q-viii)	Feeder Separation (Separation of Agriculture Load) on Feeders	%	100%	20%	50%	100%						Dev. Commissioner (Power)	
1.2(q-ix)	Installation of Smart meters/other than Ag.		100%	20%	40%	60%	100%					Dev. Commissioner (Power)	
1.2(q-x)	Domestic connections (in lakhs) under 24x7 PFA	Nos	1491678	1531967	1,572,257	1648726	1725195	1,802,258	1879322	1956996	2034669	Dev. Commissioner (Power)	
1.2(q-xi)	Implementation of ERP System	-		Nil	Contract to be awarded	Customization	Implementation	Regular Updation		Regular Updation		Dev. Commissioner (Power)	
1.3(i)	Providing LED bulbs under DELP	Lacs	80 lacs	15%	45%	75%	100%	-	-	-	-	Dev. Commissioner (Power)	

• The Figures includes 3.56 lac. Unconnected householders as per trajectory finalized in 24X7 power for all and an annual growth of consumers.

Monthly Monitoring format for States participating in UDAY



Name of the State:

Status as on :

A Financial Parameters

1	Total outstanding debt of DISCOMs as on 30.09.2015 (Rs. Crore)	
2	Amount of unpaid overdue interest and penal interest waived off by Banks/FIs (Rs. Crore)	
3	Eligible outstanding debt of DISCOMs as on 30.09.2015 (Rs. Crore)	
4	50% of outstanding debt to be taken over in 2015-16 (Rs. Crore)	
5	25% of outstanding debt to be taken over in 2016-17 (Rs. Crore)	
6	Bonds issued by the State (Rs. Crore)	
7	Bonds issue date (Date)	
8	Rate of interest on bonds (%)	
9	Debt taken over by State transferred to DISCOMs in form of Grant (Rs. Crore)	
10	Debt taken over by State transferred to DISCOMs in form of Loan (Rs. Crore)	
11	Debt taken over by State transferred to DISCOMs in form of Equity (Rs. Crore)	
12	Operational Funding Requirement (OFR) support provided to the DISCOMs (Rs. Crore)	
13	Outstanding electricity dues from the State Govt departments to DISCOMs (Rs. Crore)	
14	Outstanding electricity dues from the State Govt departments to DISCOMs paid on (Date)	
15	Previous Year's DISCOM losses taken over by the State (Rs. Crore)	

Monthly Monitoring format for States participating in UDAY

Name of the State:

Status as on :

B Operational Parameters

1. AT&C loss (%)

Target
Actual

2. Billing Efficiency (%)

Target
Actual

3. Collection Efficiency (%)

Target
Actual

4. Gap ACS-ARR (Rs. Per unit)

Target
Actual

5. Distribution loss (%)

Target
Actual

6. Total number of unmetered Feeders

7. Number of Feeders metered in the current month

8. Total number of unmetered Distribution Transformers (DTs)

9. Number of Distribution Transformers (DTs) metered in the current month

10. Total number of Smart Meters to be installed

11. Number of Smart Meters installed in the current month

12. Total number of LED Lamps to be replaced

13. Number of LEDs lamps replaced in the current month

14. Total number of Ag pumps to be replaced

15. Number of Ag pumps replaced in the current month

Monthly Monitoring format for States participating in UDAY

Name of the State:

Status as on :

C Other Managerial/Monitoring Activities

1	Detailed action plan to achieve the projected trajectory for AT&C loss and ACS-ARR Gap submitted or not?
2	Energy Audit at 11 KV level started or not
3	Key person for implementing UDAY identified or not?
4	No of awareness campaigns done for energy efficiency and theft prevention
5	Date of Review taken by CMD/MD of DISCOMs
6	Date of Review taken at State Level