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## India: Assam Power Sector Investment Program - Tranche 2

### Project Name

Assam Power Sector Investment Program - Tranche 2

### Project Number

47101-003

### Country / Economy

- India

### Project Status

Closed

### Project Type / Modality of Assistance

- Loan

### Source of Funding / Amount

Loan 3327-IND: Assam Power Sector Investment Program - Tranche 2

#### Source

#### Amount

Ordinary capital resources US\$ 29.56 million

### Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth

### Drivers of Change

- Governance and capacity development

### Sector / Subsector

- **Energy** / Electricity transmission and distribution - Energy efficiency and conservation

### Gender

No gender elements

### Description

Tranche 2 will finance the expansion and upgrading of power distribution system in the state of Assam, and strengthen institutional capacity of Assam Power Distribution Company Limited (APDCL). It covers part of the state's power sector road map for enhancing the sub-transmission and distribution capacities to improve operational efficiency and electricity service to end users. Output 1 includes: (i) one new 33 kV/11 kV substation and associated lines; (ii) 137 km of 33 kV lines; (iii) 33 kV railway line and river crossings; (iv) 7 km of 11 kV lines; (v) installation of seventeen 33 kV bays; (vi) re-conductoring and refurbishing of 955 km of 33 kV lines; (vii) 1,000 km of 11 kV lines; (viii) 1,555 km of low voltage lines; (ix) replacement of 204 distribution

transformers; and (x) replacement of 14 km 11 kV overhead lines with underground cables. Output 2 includes: (i) establishing two area load dispatch centers; (ii) setting up of an independent meter testing laboratory; (iii) establishing one IT module to expand the centralized uniform revenue billing system for 1.2 million customers; and (iv) project management, supervision and implementation support.

#### Project Rationale and Linkage to Country/Regional Strategy

Despite governments efforts and ADB's support, Assam's power sector faces serious challenges including: (i) only about 37% of the households having access to grid-supplied electricity; (ii) power cuts of about 5 hours per day; (iii) peak demand-supply gap of about 22%; (iv) only about 30% of demand is currently met by in-state generation; (v) high distribution losses of about 25.% (FY2013); (vi) financial unsustainability of power companies, particularly Assam Power Distribution Company Limited (APDCL); and (vi) limited capacity of the power sector agencies to use modern technology and management systems. Financial losses of the APDCL are mainly due to two reasons: inability to meet the targeted loss reductions prescribed by the Assam Electricity Regulatory Commission (AERC), and purchase of about 15% of power from the spot market at very high costs.

APDCL has had some success in reducing losses: distribution losses decreased from about 40% in FY2001 to 25.2% in FY2013. However, loss reduction has stagnated due to the provision of new power connections without system upgrades, inadequate investment, and poor management and metering practices. APDC's inability to meet the loss reduction targets approved by the AERC has resulted in revenue shortfalls. APDC petitioned for a distribution loss allowance of 23% for FY2014 and 22% for FY2016, while the allowed losses for this period were below 18.8% to 17.5% , respectively. Achieving these targets is a challenge for APDC, and it requires capital investment and improvements in distribution system management.

#### Impact

Enhanced quality and expanded service delivery of electricity in Assam.

### **Project Outcome**

#### Description of Outcome

Increased efficiency and capacity of power distribution system in Assam.

#### Progress Toward Outcome

Physical progress Complete.

### **Implementation Progress**

#### Description of Project Outputs

Distribution system expanded and upgraded.

Institutional capacity of APDCL strengthened.

## Status of Implementation Progress (Outputs, Activities, and Issues)

All packages under this loan complete by December 2019. The physical verification will measure actual achievement against target.

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All packages under this loan complete by December 2019. The physical verification will measure actual achievement against target.

All packages under this loan are expected to be complete by December 2019. The physical verification will measure actual achievement against target.

All packages under this loan complete by December 2019. The physical verification will measure actual achievement against target.

Physical progress advance stage of completion.

Physical progress advance stage of completion.

Physical progress advance stage of completion.

## Geographical Location

Barpeta, Bongaigaon, Cachar, Dibrugarh district, Golaghat, Jorhat, Kamrup Metropolitan, Kokrajhar, Mangaldai, Marigaon, Nagaon, Nalbari, North Lakhimpur, Sibsagar, Sonitpur, Tinsukia

## Safeguard Categories

Environment

B

Involuntary Resettlement

B

Indigenous Peoples

C

## Summary of Environmental and Social Aspects

Environmental Aspects

Being Complied

Involuntary Resettlement

Being Complied

Indigenous Peoples

Being Complied

## Stakeholder Communication, Participation, and Consultation

### During Project Design

The executing agency and the project management unit consulted with stakeholders, including affected communities, during the design stage. During the preparatory stages, consultations were carried out with various stakeholders and government officials concerned. Local communities were consulted as part of the social and resettlement study to gather their views on the proposed projects.

### During Project Implementation

Being complied.

## Contact

Responsible ADB Officer

Horiguchi, Kazuhiro

Responsible ADB Department

South Asia Department

Responsible ADB Division

Energy Division, SARD

Executing Agencies

*Assam Power Distribution Company Ltd.*

## Timetable

Concept Clearance

-

Fact Finding

-

MRM

25 May 2015

Approval

23 Nov 2015

Last Review Mission

-

Last PDS Update

02 Mar 2020

## Funding

### Loan 3327-IND

Milestones

| Approval    | Signing Date | Effectivity Date | Closing     |                |             |
|-------------|--------------|------------------|-------------|----------------|-------------|
|             |              |                  | Original    | Revised Actual |             |
| 23 Nov 2015 | 07 Nov 2016  | 21 Dec 2016      | 31 Dec 2019 | -              | 07 Aug 2020 |

Financing Plan

**Total (Amount in US\$ million)**

|              |       |
|--------------|-------|
| Project Cost | 41.56 |
| ADB          | 29.56 |
| Counterpart  | 12.00 |
| Cofinancing  | 0.00  |

## Loan Utilization

|                            | <b>Date</b> | <b>ADB</b> | <b>Others</b> | <b>Net Percentage</b> |
|----------------------------|-------------|------------|---------------|-----------------------|
| Cumulative Contract Awards | 12 Jan 2023 | 24.97      | 0.00          | 100%                  |
| Cumulative Disbursements   | 12 Jan 2023 | 24.97      | 0.00          | 100%                  |

## Status of Covenants

| <b>Category</b> | <b>Sector</b> | <b>Safeguards</b> | <b>Social</b> | <b>Financial</b>    | <b>Economic</b> | <b>Others</b>  |
|-----------------|---------------|-------------------|---------------|---------------------|-----------------|----------------|
| <b>Rating</b>   | Satisfactory  | Satisfactory      | Satisfactory  | Partly satisfactory | -               | Unsatisfactory |

Project Page <https://www.adb.org/projects/47101-003/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=47101-003>

Date Generated 19 June 2024

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