

80-Twenty of Industry



Will smart metering be the vital vaccine for ailing Indian power distribution utilities?



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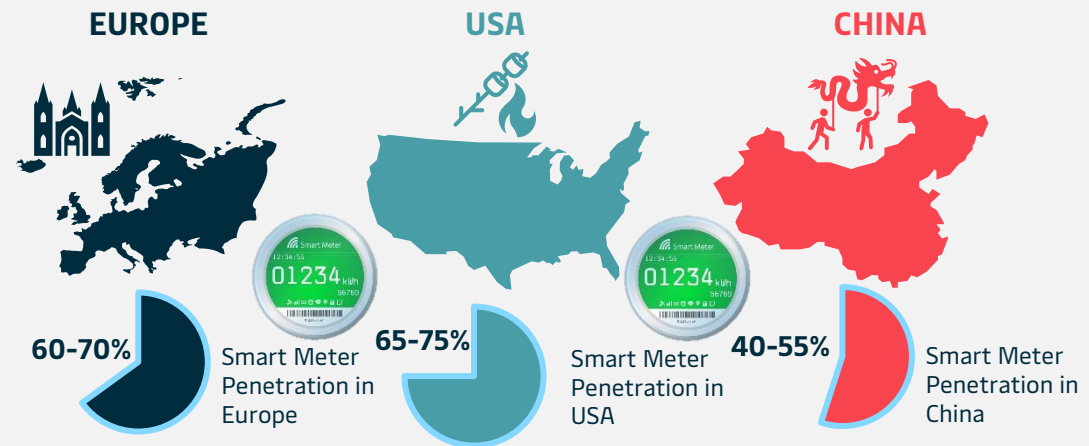
Will smart metering be the vital vaccine for ailing Indian power distribution utilities? Market analysis post Union Budget 2021 with COVID 19 Impact

INDIA BUDGET 2021 has given a certain fillip to ailing power distribution sector with ₹ 3.05 Lakh Crore planned outlay

The application of smart meters to Indian power distribution utilities may prove to be as vital as the vaccine during COVID 19 times in order to improve upon their ailing financials

Smart meter market across the globe has seen fair bit of development but penetration in India has been still in the nascent phase. With growing per capita electricity consumption in India and higher ingress of renewable energy coupled with concept of prosumers breaking grounds in India, going smart meter way remains the imperative. This shall serve a big milestone for Indian power distribution utilities in departing from legacy of interoperability issues of MBC (i.e., metering, billing & collection) which has led to massive commercial losses for them. Along with, the launch of SMNP (Smart Meter National Programme) the gaining impetus for promoting smart cities shall augur well smart meter's being infused at all application levels. The key shall be enthusing penetration in the residential consumers category for smart meters to replace the conventional meters. Further, the scenario-based market assessment shall be pivotal in the post COVID 19 market evolvments in sync with the intent to push domestic manufacturing in the country as data security sticks being a cause of concern as well.

Smart Meter Penetration in India & World – Opportunity for 270 Mn Smart Meters Installation in India



INDIA



Smart Metering Market Size in India by FY 22

US \$19.98 Bn



Market Position -
Only 3 Million Smart Meters Operational of **270 Mn** conventional meters

Improvement –

- 95% efficient billing in Q1 2020
- ~ US\$ 14 Billion Additional Revenue for discoms post smart meter application

Anticipated Growth –

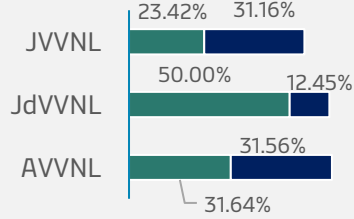
- ₹ 1.38 Trillion Revenue Additional Revenue from installation **25 Crore Smart Meters** in India by 2025



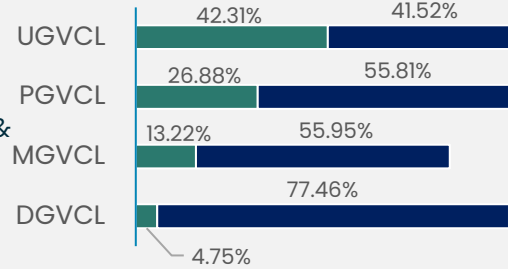
SMNP (Smart Meter National Programme) to push 250 million smart installations in the country in coming few years which shall be duly aided with Budget 2021 planned outlay for discoms being bailed out financially.

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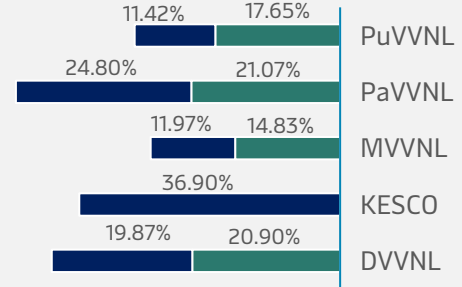
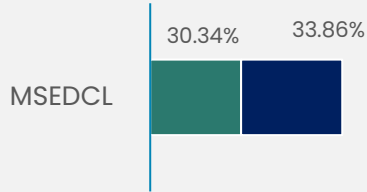
Discom wise share of agricultural & industrial consumers



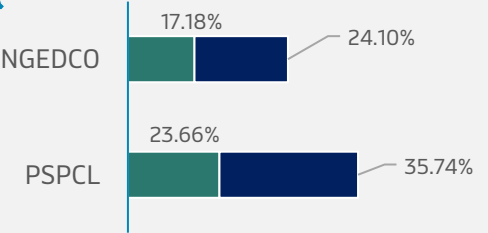
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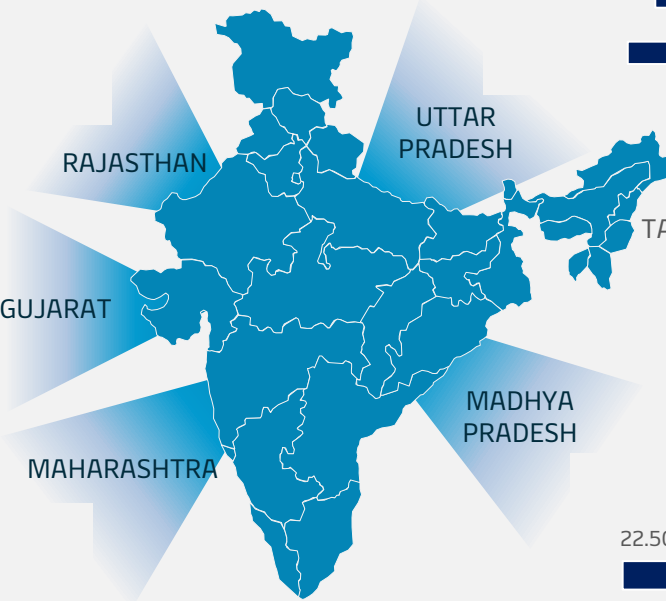
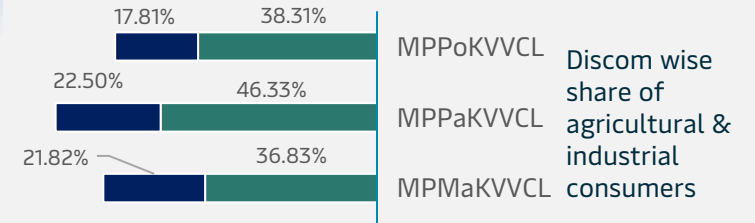
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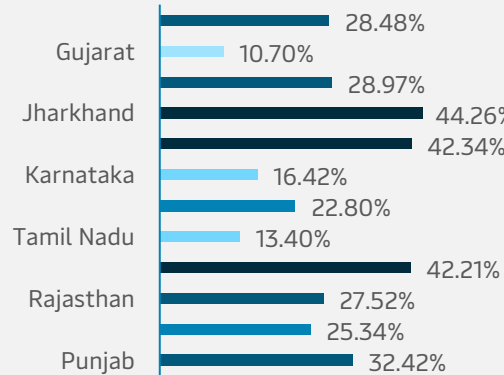
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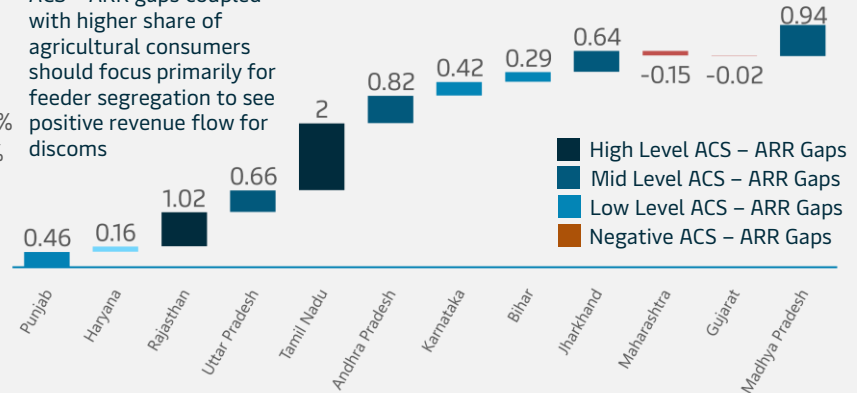
Discom wise share of agricultural & industrial consumers



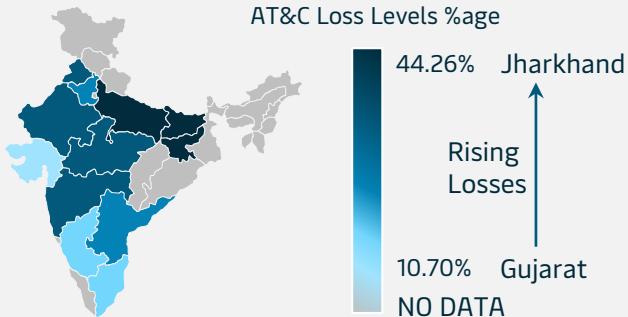
AT&C Loss Levels %age



For state's having higher ACS – ARR gaps coupled with higher share of agricultural consumers should focus primarily for feeder segregation to see positive revenue flow for discoms



- High Level ACS – ARR Gaps
- Mid Level ACS – ARR Gaps
- Low Level ACS – ARR Gaps
- Negative ACS – ARR Gaps





Key Signpost – Feeder segregation though touted as a long mile solution to counter the legacy issue of commercial losses and cross-subsidization, but does India need a blind approach splitting them?

Post the Union Budget 2021 and announcement of heavy duty roll out of funds planned to pull out discoms from disarray and augment them to attain financial sustainability two areas are of particular focus apart from allied push to RE. These are feeder segregation and adaptation of smart meters so as the revenue flow for the discoms become prudent. Although, smart metering penetration in India is at very nascent stage the results are very positive for the utilities who have piloted for it and the market is anticipated to gain momentum for installation under SMNP. Further, domestic manufacturing shall also pick up courtesy the need of data security which saw the contracts awarded to Chinese firms got cancelled. But a similar approach for feeder segregation may not augur well purely for the fact that it is not required everywhere in the country. So, the follow-up question naturally becomes as to “what should be the approach of the country” for adapting the feeder segregation model? Well, the answer lies in giving a deep dive onto the spread of agricultural consumers for each power distribution utilities and what’s their share in revenue contribution. Also, the status of input into such feeders in case of agricultural consumers to cover for any surplus from micro/mini grid solar plants shall be interesting to push the business case for feeder segregation in the country.

About Eninrac Consulting

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We at Eninrac put clients at the centre of our business and transform their risks into high rewarding opportunities through our innovative solutions.

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Truth is ever to be found in the simplicity, and not in the multiplicity and confusion of things

- Sir Isaac Newton

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