



India: Assam Power Sector Investment Program - Tranche 2

Project Name	Assam Power Sector Investment Program - Tranche 2				
Project Number	47101-003				
Country	India				
Project Status	Active				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3327-IND: Assam Power Sector Investment Program - Tranche 2</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 48.00 million</td> </tr> </table>	Loan 3327-IND: Assam Power Sector Investment Program - Tranche 2		Ordinary capital resources	US\$ 48.00 million
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Ordinary capital resources	US\$ 48.00 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 Equity and Mainstreaming	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 un-sustainability 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	

Implementation Progress

Description of Project Outputs	Distribution system expanded and upgraded. Institutional capacity of APDCL strengthened.
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The Environmental Categorization Form (Category B) was confirmed by RSES on 5 November 2014. An IEE has been prepared to comply with ADB's SPS 2009. The EMP prepared under the IEE for project implementation provides adequate mitigation measures to ensure minimal impact of construction. Loan covenants are in place to ensure environmental safeguards compliance. Implementation capacity at the PMU and the PIU is sufficient to manage environmental impacts through consultant support as they have been implementing previous loans under the MFF provided by ADB very successfully. The IEE and EMP will be supplemented / updated and will be incorporated into bidding and contract documents to be implemented by contractors and monitored by the PMU. Environmental reporting to ADB from the PMU will be done on a semi-annual basis.
Involuntary Resettlement	The IR categorization form (Category B) was confirmed by SDES on 5 November 2014. There will be partial temporary impact of 30 mobile vendor shops during underground cabling work in Guwahati city. There will be no impacts on residential and commercial structures other than possible temporary access disruptions during underground cabling work. No structures/buildings will be affected therefore no physical displacement is foreseen. The updated resettlement framework and the resettlement plan provide adequate mitigation measures. Loan covenants are in place to ensure social safeguards compliance. The resettlement plan will be updated during implementation in case of unanticipated impacts.
Indigenous Peoples	The IP categorization form (Category C) was confirmed by SDES on 5 November 2014. The tranche does not envisage any physical displacement. An updated IPPF has been approved by RSES. In case of any unanticipated impacts on IPs during implementation an IPP will be prepared by EA in accordance with the IPPF and approved by ADB prior to further implementation of the tranche.

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. All affected people were consulted on a one-to-one basis through questionnaire surveys. Additionally, focus group discussions were conducted within the project influence areas.
During Project Implementation	Consultations will continue during the entire project cycle according to a stakeholder participation plan.

Responsible Staff

Responsible ADB Officer	Banerjee, Jyotirmoy
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission
Executing Agencies	<i>Assam Power Distribution Company Ltd. PMU_ASEB@REDIFFMAIL.COM Assam State Electricity Board , 4th Floor Bijuleen Bhawan Paltan Bazar, Guwahati-781001</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	25 May 2015
Approval	23 Nov 2015

Last Review Mission

-

Last PDS Update

28 Feb 2017

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	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	60.00	Cumulative Contract Awards			
ADB	48.00	23 Nov 2015	33.68	0.00	70%
Counterpart	12.00	Cumulative Disbursements			
Cofinancing	0.00	23 Nov 2015	2.21	0.00	5%

Project Page

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

Request for Information

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

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