

10 THINGS YOU NEED TO KNOW ABOUT

Electricity in Uttar Pradesh

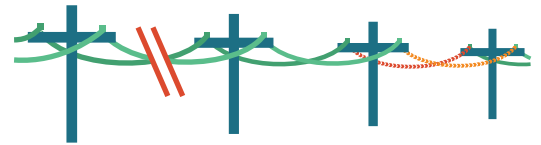
Uttar Pradesh, India's most populous state, is home to 14.6 million households that are yet to be electrified. Among those who do have an electricity connection, many receive poor quality service, with limited hours of supply and frequent blackouts and voltage fluctuations.

The state's public electricity distribution companies are also not financially sustainable—they do not collect enough revenue from their consumers or subsidies from the government to recover their costs.

The revenue gap has been increasing in recent years. GSI has highlighted the situation, with suggestions on how to address the growing challenge of energy access while closing the revenue gap.

Millions of households still do not have access to electricity. Those with electricity access experience significant problems including **limited hours, blackouts and voltage changes**.

1



2

Over 80% of the power generation in UP comes from coal, which also has negative impacts on health and the environment.



3

25% of rural households have a meter installed compared to 85% of urban households, leading to **low cost recovery from existing revenue base**.



4



There is a growing revenue gap in the electricity sector, where **cost of service outpaces revenues**. This gap has now reached 17,042 crores (\$2.6 billion in FY 2015).

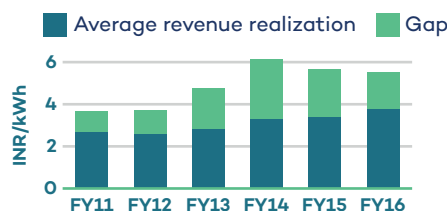
5

Discom losses are covered by state government taking over discom debt and issuing bonds under UDAY scheme.



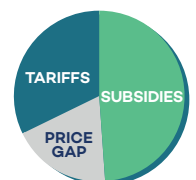
6

The gap between revenues and costs has been consistent, and grown considerably since 2011.



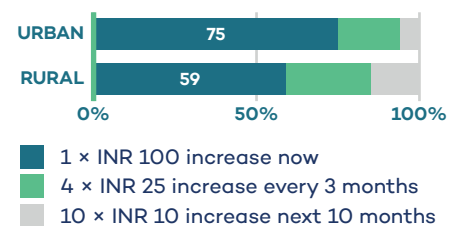
7

Subsidies cover 49% of the costs, tariffs cover 32% and the price gap between cost and revenue is 19%.



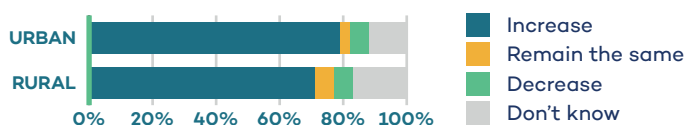
9

Households would prefer an immediate price increase over one phased in over time.



8

Many tariff payers already **expect prices to increase** over the next few years.



10

Consumers would be more accepting of price increases if they came hand-in-hand with service and infrastructure improvements.

