

# Executive summary



## How does the power and utilities sector respond to the COVID-19 disruptions?

#### What do we do?

- Continue to serve communities: Can we do more than just supply?
- Minimize disruptions and adverse impact in the short term
- Build greater resilience to minimize impacts in the longer term



#### What more can we do?

- Minimize: non-critical repairs and replacements, debt burden and costs
- Introduce: customer relief schemes, new/simplified business processes
- Engage: with consumers using social media, regulators and government
- Prioritize: contracts/work orders, outsourcing and revenue sources



## SURAKSHA is about running the usual business operations in an unusual way... State Utilities Readiness Against Known Serious Hazards

Policy What policies need a relook to help business continuity? Are there any business processes that could be modified/simplified-across functions? Operations What are the critical business functions which need to be operational at any point of time? People How do I plan the staff's availability while also ensuring their wellbeing? What would be the status of cash flows during the critical period and how to minimize **Finances** disruptions? What facilities need to be operational at any cost? Infrastructure How can the IT system usage be maximized across all functions?



# Business Continuity Planning



# **Generation** is likely to be impacted due to 21 days of nation wide lockdown resulting in reduced peak demand.

#### Business actions

#### **Immediate**

#### Next

## Beyond

# Policies and processes

People

- Manage generation backdown due to low peak demand
- Optimize coal and consumable inventory pileup
- Address high working capital costs and disallowances
- Dedicated hotline for employee communication
- Identify critical/non-critical workforce and working guidelines
- Familiarize workforce with available tools and resources
- Changes in SOPs

- Preparedness for future three to five week lockdowns plan
- Identify stations at the risk of dispatchability and prepare the action plan
- Working capital impact
- Skill-based digital trainings
- Voluntary self reporting scheme
- Establish health screenings for people returning to work/home
- Process walkthroughs
- Enforce regular office sanitization

- Identify areas on relaxation of coal supply norms in the FSA (interim COVID-19 relief)
- Identify areas to improve dispatch in reduced peak demand scenario

## Employee incentive scheme

- Perform org-redesign to accommodate changes
- Personal and professional counselling support
- Impact assessment on people/ staff costs due to COVID-19

### **Systems**

- Assess the preventive and shutdown maintenance strategies
- Inventory (spares and consumables) management strategy
- Impact on the supply of bill of materials/ commodities to the project site and on project delays
- Developing operating systems to help sustain the COVID-19 like impact in the long run

Janta curfew had a peak demand reduction of 25% to 30%\* on an individual state's peak demand

<sup>\*</sup> Public sources

## Availability of transmission networks is essential for value chain continuity...

**Business actions** Beyond **Immediate** Next Review existing BCP and equip it with Emergency operations strategy Working groups/SPOC (consumers, LDC, pandemic situations technical and operations) Critical spare sourcing strategy Policies and Discuss BCP with partners -System recovery plan Engaging regulators on emergency suppliers/customers/regulators processes spend Recalibration of O&M practices Identify functional red flags Institute a crisis management exception Digital communication policy Minimize third party dependencies approval process Dedicated hotline for employee Skill-based digital trainings Employee incentive scheme communication Voluntary self reporting scheme Perform org-redesign to accommodate Identify critical/ non-critical workforce and changes Establish health screenings for people People working guidelines returning to work/home Personal and professional counselling Familiarize workforce with available tools and support Process walkthroughs resources Impact assessment on people/ staff costs Enforce regular office sanitization Changes in SOPs due to COVID-19 Enhance automation-infrared cameras. Restrict control room access Alternate load flow studies sensors and drones Enhancing network health and security Temporary camping at critical network System operations in quarantine mode centres Review and prioritize non-essential pro **Systems** sustaining with minimum interventions Update spares availability active maintenance schedule and breakdowns location/quantity Digital system operations, e-office and

A single day disruption in a 400 kV transmission line can impact approximately 1 million lives\*

Page 7



**O&M** strategy

Secure all single points of failure

<sup>\*</sup> Public sources

## Supply reliability and quality is key for distribution and retail utilities......

**Business actions** Beyond **Immediate** Next Billing and collection continuity Critical procurement plan Debts and recoveries Revenue and expense management Power portfolio review Critical projects Power procurement rationalization Stakeholder communications Loss management Policies and Complaint resolutions

### People

processes

- Dedicated hotline for employee communication
- Identify critical/ non-critical workforce and working guidelines
- Familiarize workforce with available tools and resources
- Changes in SOPs

Skill based digital trainings

Regulatory approvals

- Establish health screenings for people returning to work/home
- Process walkthroughs
- Enforce regular office sanitization

- Tariff review
- Data mirroring

## **Systems**

- Reliability
- Demand-supply mismatch
- Breakdown management
- Maintaining spares
- Slow progress of projects

- Voluntary self reporting scheme

- Employee incentive scheme
- Perform org-redesign to accommodate changes
- Personal and professional counselling support
- Impact assessment on people/ staff costs due to COVID-19

- Demand-supply optimization Ensuring availability of essential
  - equipment/ spares
    - Health monitoring of assets to ensure improved reliability of and better O&M
- Mitigating risk related to time and cost overrun of uncompleted projects
- Enhancing dependency on IT and automation (e-office) for monitoring and controlling

In India, eliminating power shortages would prevent an estimated US\$22.7 billion a year in business losses#

# WB report "In the Dark: How Much Do Power Sector Distortions Cost South Asia"



# **Regulators:** policy intervention, training and moving to digital appears to be the

#### need of the hour **Business actions Immediate** Next Beyond Evaluate the impact of pandemic on Review of existing regulations Suo motto directions to utilities for utility business assessment of Force majeure Revisit on normative parameters Devise business encouraging Policy and conditions Review of classification into controllable mechanisms for utilities Assess the critical and non-critical / uncontrollable processes Strategic review of the financial health petitions in hand of utilities viz liquidity position, asset Devise disposing strategy quality review Employee incentive scheme Promote digital decentralized working Identify needs for deploying extended Perform org-redesign to accommodate Appoint extended staff and enable digital staff (third parties) working changes Create sub-function wise working People Voluntary self reporting scheme Personal and professional counselling groups support Establish health screenings Dedicated hotline for employee Impact assessment on people/ staff Enforce regular office sanitization communication costs due to COVID-19 Waiver for hard copy submissions in Move towards paperless system of Leverage technology to organize next ongoing cases / tariff flings functioning - concept of e-courts scheduled hearings via video Provisions for authorization via digital conferencing Set up virtual e-offices **Systems** signatures



**Financing Institutions** form the backbone of the entire power value chain while ensuring their own credibility...

**Business actions Immediate** Next Beyond Checking the PDC and disbursement Loss assessment Product development schedule Closing on-going negotiations Fund raise Policies and NPA reporting Sanctions and monitoring Data protection Communication with co-lenders and processes Recoveries and resolution ► Learning, development and appraisals clients Skill-based digital trainings Employee incentive scheme Dedicated hotline for employee Voluntary self reporting scheme Perform org-redesign to accommodate communication Establish health screenings for people changes Identify critical/ non-critical returning to work/home workforce/working guidelines People Personal and professional counselling Process walkthroughs support Familiarize workforce with available tools and resources Enforce regular office sanitization Impact assessment on people/ staff costs Changes in SOPs ► Integrated ERP module ERP system governing ALM ERP system governing disbursement Monitoring systems ▶ In house portal for discussion and feed Compliance and reporting systems Closure module back Payrolls and other business processes Systems Remote monitoring Mobility and data protection

Discom's aggregate dues to generating companies at any point is ~INR85,000 Cr. which is largely funded by working capital facility



## Starting early is the key to minimize impact...

#### Management structuring

- Define critical functions/activities
- Sub-teams for off-line functional monitoring
- Define reporting protocols and revise KRAs and KPIs for this period

#### Financial positioning

- Assess the revenue and cost requirements for the next two to three months
- Identify all sources of revenue and possible impacts due to lockdown
- Identify unplanned, planned, critical and non-critical cost heads
- Assess overall position and need for funds-scenario analysis

#### Operational stream lining

- Prepare operational guidelines for all essential services
- ► Risk assessments for breakdowns in service and mitigation plans
- Define KPIs for the essential services

#### Staffing and welfare

- Sub-teams for off-line functional monitoring
- Conduct on-call/on-line trainings for all critical operations staff
- Develop periodic health check plans for onsite staff and their families

#### Inform-Educate-Communicate (IEC) strategy and roll-out

- What, when and how to communicate with stakeholders especially with consumer and employees
- Team and individual incentive policy for moral upkeep

# How can EY support you?

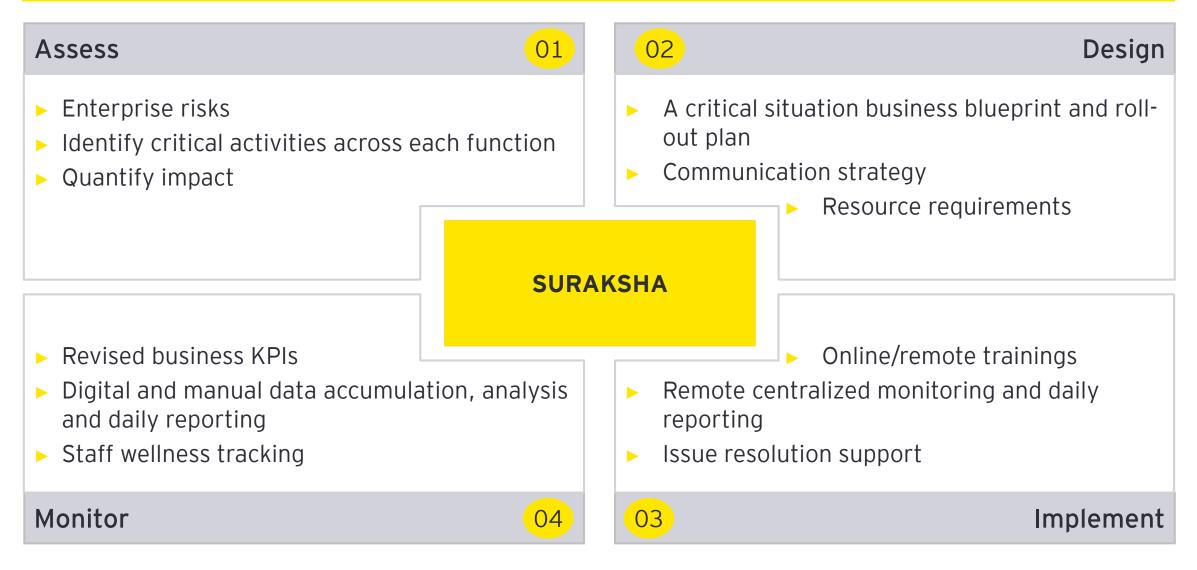
- Support in monitoring KPIs to enhance employee productivity
- Support in developing a IEC strategy and roll-out
- Monitoring cash flow: revenue/portfolio analytics
- Ensuring the health and safety of employees
- Connectivity and communication with consumers
- Increasing operational efficiency







# Our team of 100+ P&U professionals are there to support you in this transition





# How we can support you immediately $(1/3)^*$ ....

#### Support area

#### Need in existing context

### EY's capability

# Financial plan for business continuity

1. Business disruptions impacting revenue inflows

- 2. Costs may still need to be incurred
- 3. Short-term revised cash-flow projections to assess revenue and hence business impact
- 4. Strategy/Action points to minimize the impact

Dedicated financial advisory team in P&U practice to develop business plans and financial projections

### Power cost optimization

- 1. Janta curfew brought down peak demand by 25%-30% in most states; same trends to continue
- 2. Power portfolio and scheduling needs to be relooked to optimize costs in current scenario

EY is currently supporting MoP, GoI to develop a power market roadmap for future

# Critical procurement support

- 1. Global and national business disruptions have impacted supply chain
- 2. For essential services there would be critical procurement required to continue
- 3. Timely bid process including vendor reach out and supply chain management is extremely critical

We are supporting a large north Indian state in all procurement aspects resulting in improved efficiencies



<sup>\*</sup> Subsequent section provides business specific detailed action points across Immediate, Next and Beyond time horizon

# How we can support you immediately (2/3)\*....

#### Support area

### Need in existing context

### EY's capability

Remote monitoring of assets

1. Banks need to monitor RE assets whom they have financed and happens through manual intervention

- 2. Similarly FIs and also PEs need such a solution
- 3. Recovery and loss projections may be impacted if the monitoring does not happen on regular basis

Dedicated solutions both for central utility such as NISE and state utilities have been built and ready for deployment

Remote support for contract/project management

- 1. Supply chains and lockdowns have severely impacted RE projects in the country in terms of supply chains and also construction and generation
- 2. Remote handling of contracts and projects is the need of the day

Existing dedicated team to clients on contracts handling and for project management digital solutions such as modified EY Vault will be utilized

Design of Emergency response measures

1. Traditional utilities have never witnessed a WFH instructions in the past and the work force managing the G-T-D functions will need to stay healthy, response swiftly and operate thrifty

Standard templates for emergency responses as part of business plans have been rolled out to utilities. We will implement through webinars to start with



<sup>\*</sup> Subsequent section provides business specific detailed action points across Immediate, Next and Beyond time horizon

# How we can support you immediately (3/3)\*....

## Support area

### Need in existing context

### EY's capability

E-office deployment

1. Lesser manual intervention required

- 2. Online approval
- 3. Physical presence is not required
- 4. Fast approval process

EY implemented the e-office solution in the past but is looking for cloud-based solution for prompt deployment

Visitor management portal

- 1. Physical monitoring will be avoided
- 2. Digital logs for all visitors
- 3. Lesser manual intervention required

EY is looking at implementing this solution across all sectors and can be customized for P&U

OCR-based meter reading: consumer initiated

- Revenue assurance
- 2. Customer satisfaction
- 3. Correct meter reading

EY Utilitywave tool has this capability and can be leveraged



<sup>\*</sup> Subsequent section provides business specific detailed action points across Immediate, Next and Beyond time horizon

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