



Is your utility
COVID-19 proof?

SURAKSHA

State Utilities Readiness Against
Known Serious Hazards



The better the question. The better the answer.
The better the world works.



Building a better
working world



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



Business Continuity Planning

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?

Operations

- ▶ Are there any business processes that could be modified/simplified-across functions ?
- ▶ 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?

Finances

- ▶ What would be the status of cash flows during the critical period and how to minimize disruptions?

Infrastructure

- ▶ What facilities need to be operational at any cost?
- ▶ How can the IT system usage be maximized across all functions?



Business Continuity Planning

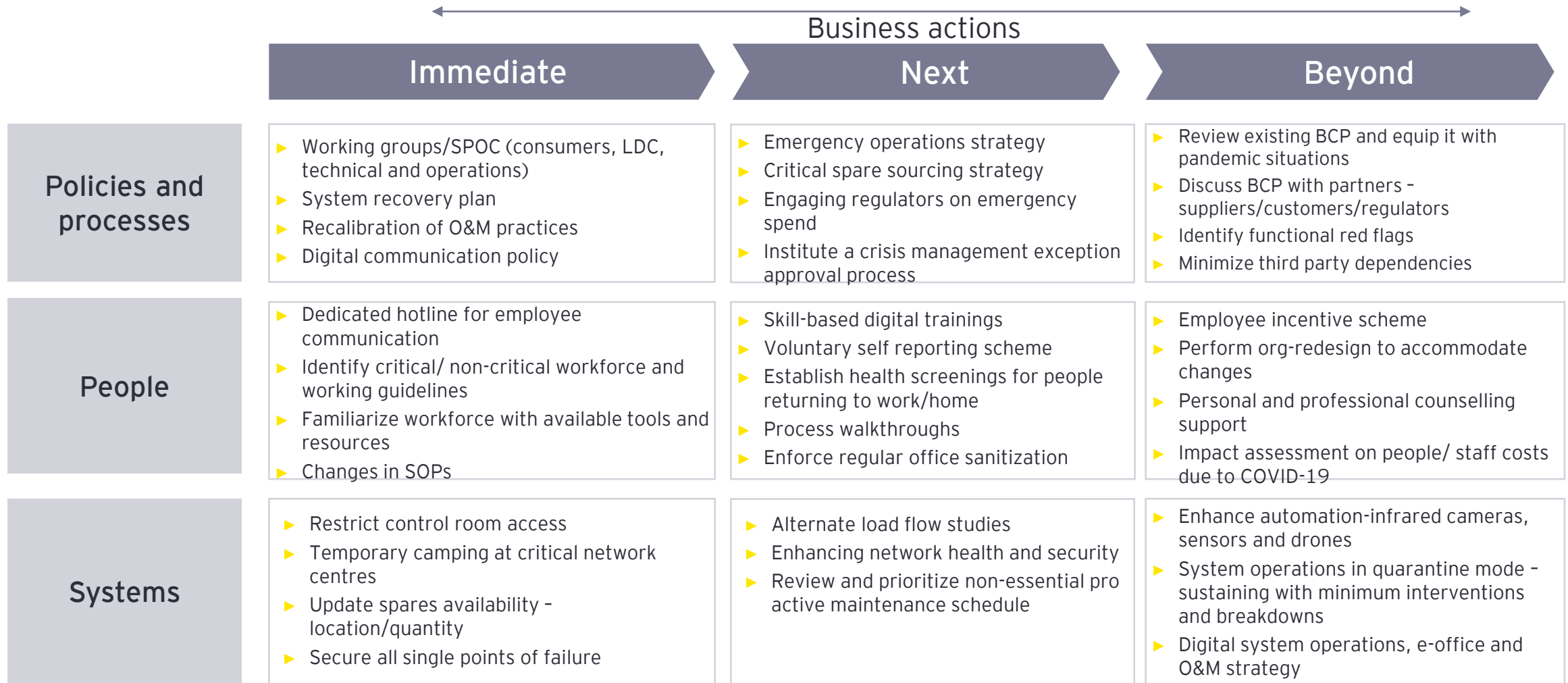
Generation is likely to be impacted due to 21 days of nation wide lockdown resulting in reduced peak demand.

				← Business actions →		
				Immediate	Next	Beyond
Policies and processes	<ul style="list-style-type: none"> ▶ Manage generation backdown due to low peak demand ▶ Optimize coal and consumable inventory pileup ▶ Address high working capital costs and disallowances 	<ul style="list-style-type: none"> ▶ Preparedness for future three to five week lockdowns plan ▶ Identify stations at the risk of dispatchability and prepare the action plan ▶ Working capital impact 	<ul style="list-style-type: none"> ▶ 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 			
People	<ul style="list-style-type: none"> ▶ Dedicated hotline for employee communication ▶ Identify critical/non-critical workforce and working guidelines ▶ Familiarize workforce with available tools and resources ▶ Changes in SOPs 	<ul style="list-style-type: none"> ▶ Skill-based digital trainings ▶ Voluntary self reporting scheme ▶ Establish health screenings for people returning to work/home ▶ Process walkthroughs ▶ Enforce regular office sanitization 	<ul style="list-style-type: none"> ▶ 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	<ul style="list-style-type: none"> ▶ Assess the preventive and shutdown maintenance strategies ▶ Inventory (spares and consumables) management strategy 	<ul style="list-style-type: none"> ▶ Impact on the supply of bill of materials/ commodities to the project site and on project delays 	<ul style="list-style-type: none"> ▶ 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

* Public sources

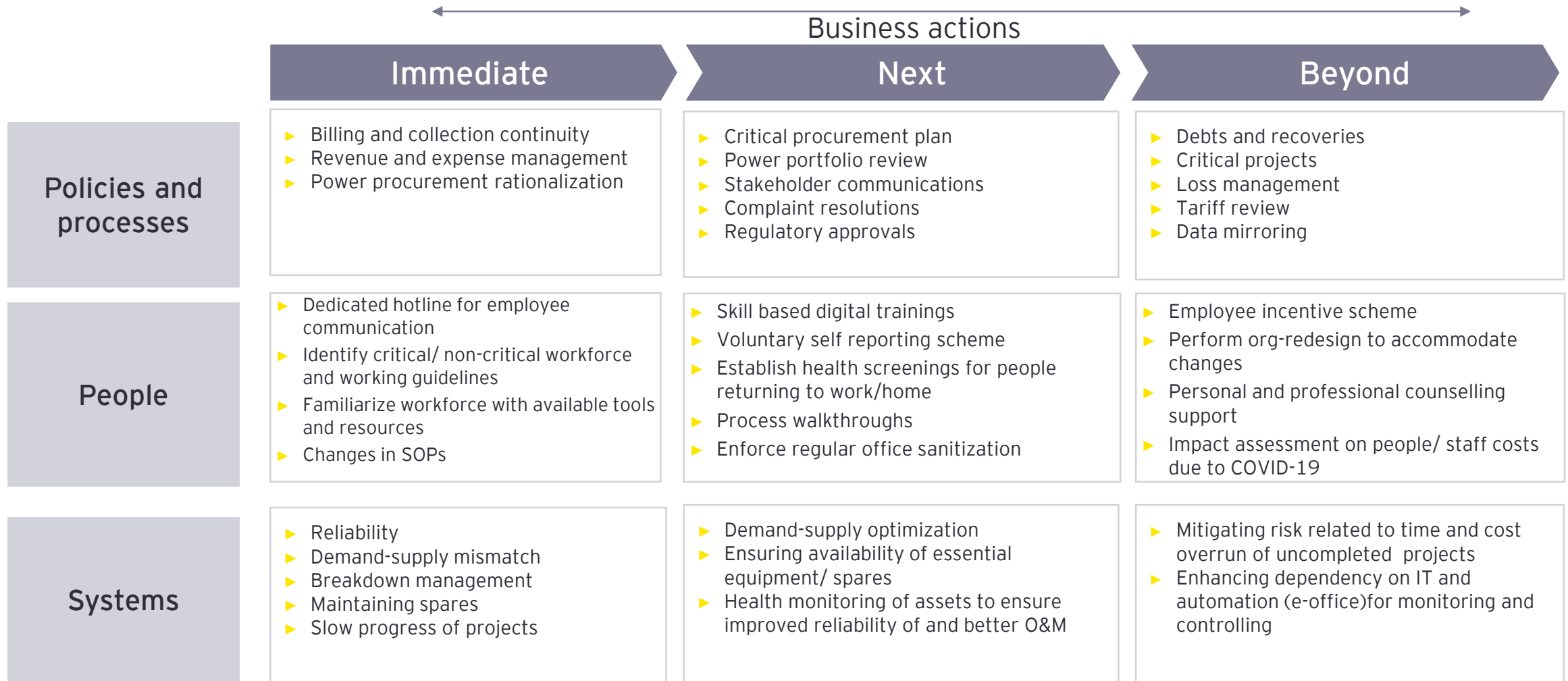
Availability of transmission networks is essential for value chain continuity...



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

* Public sources

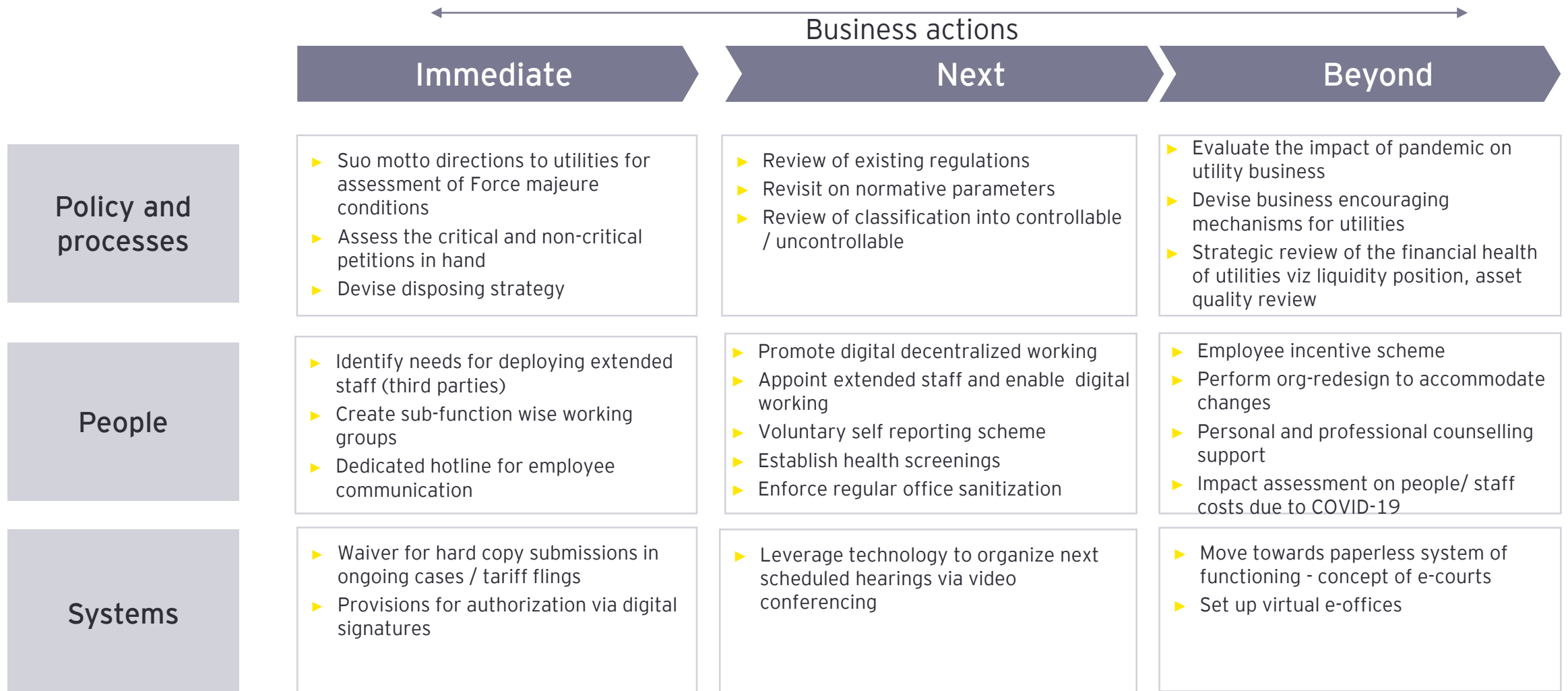
Supply reliability and quality is key for **distribution and retail utilities**.....



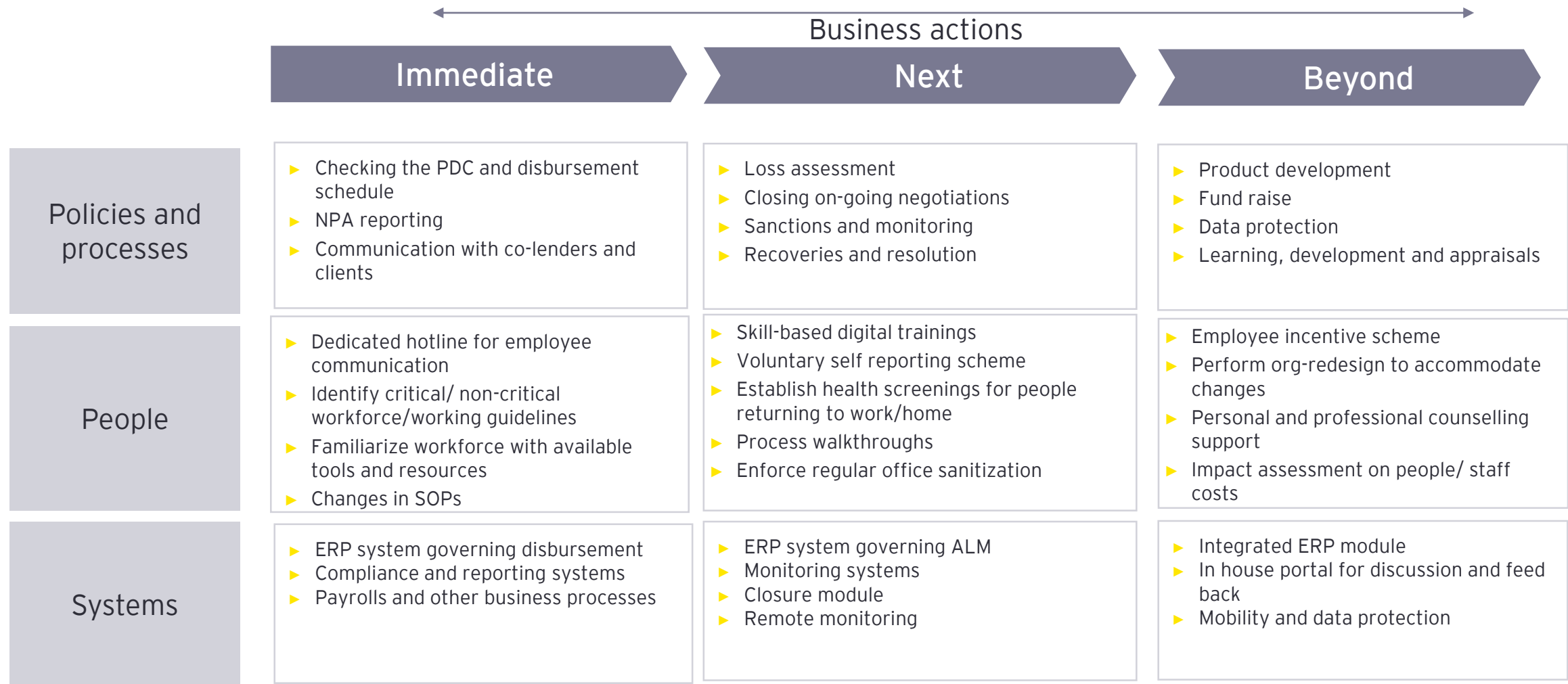
In India, eliminating power shortages would prevent an estimated US\$22.7 billion a year in business losses#

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



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



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

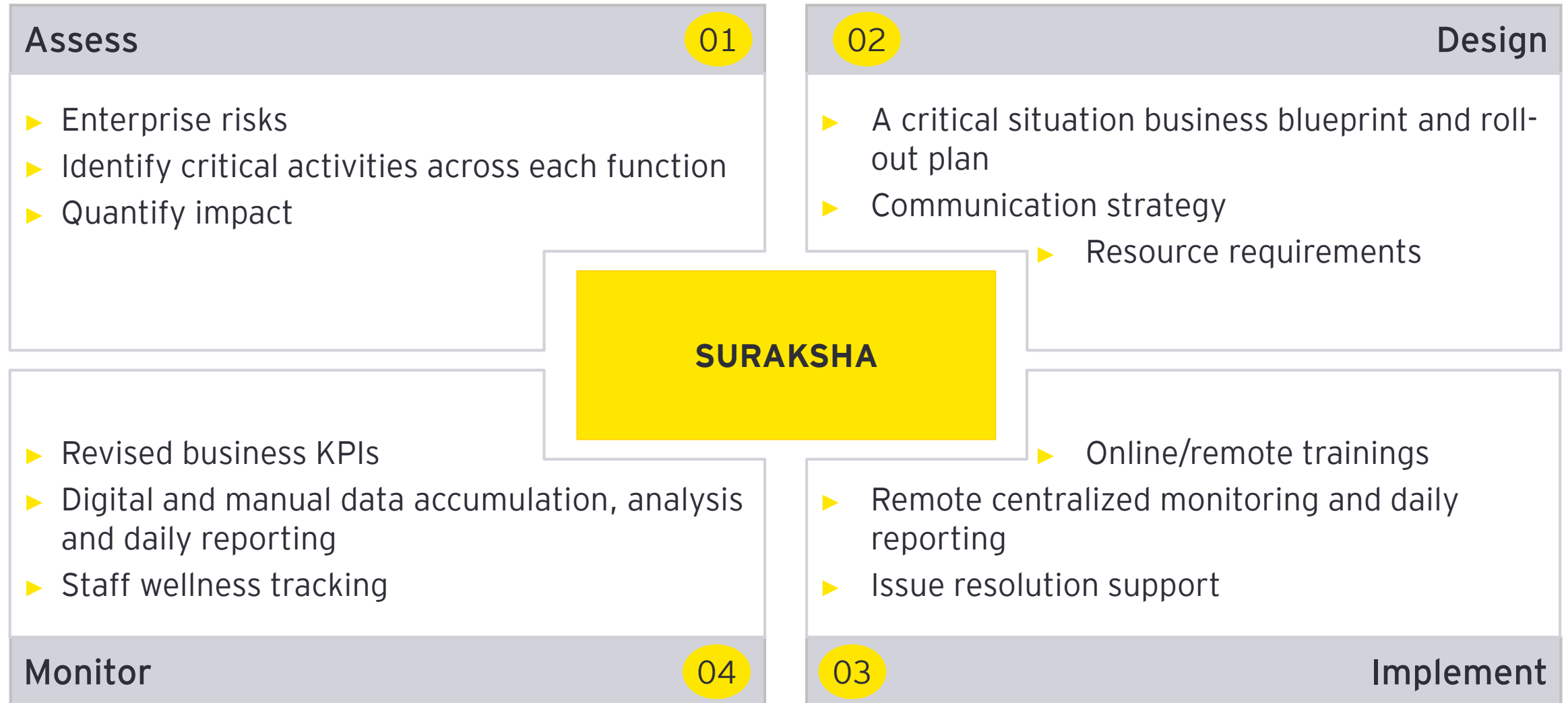
How can EY support you?

- ▶ 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



How EY can help now?

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	<ol style="list-style-type: none">1. Business disruptions impacting revenue inflows2. Costs may still need to be incurred3. Short-term revised cash-flow projections to assess revenue and hence business impact4. 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	<ol style="list-style-type: none">1. Janta curfew brought down peak demand by 25%-30% in most states; same trends to continue2. Power portfolio and scheduling needs to be relooked to optimize costs in current scenario	EY is currently supporting MoP, Gol to develop a power market roadmap for future
Critical procurement support	<ol style="list-style-type: none">1. Global and national business disruptions have impacted supply chain2. For essential services there would be critical procurement required to continue3. 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

* 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	<ol style="list-style-type: none">1. Banks need to monitor RE assets whom they have financed and happens through manual intervention2. Similarly FIs and also PEs need such a solution3. 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	<ol style="list-style-type: none">1. Supply chains and lockdowns have severely impacted RE projects in the country in terms of supply chains and also construction and generation2. 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	<ol style="list-style-type: none">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

* 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	<ol style="list-style-type: none">1. Lesser manual intervention required2. Online approval3. Physical presence is not required4. 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	<ol style="list-style-type: none">1. Physical monitoring will be avoided2. Digital logs for all visitors3. 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	<ol style="list-style-type: none">1. Revenue assurance2. Customer satisfaction3. Correct meter reading	EY Utilitywave tool has this capability and can be leveraged

* Subsequent section provides business specific detailed action points across Immediate, Next and Beyond time horizon

Our Offices

Ahmedabad

22nd Floor, B Wing, Privilon,
Ambli BRT Road, Behind Iskcon Temple,
Off SG Highway,
Ahmedabad - 380 015
Tel: + 91 79 6608 3800

Bengaluru

6th, 12th & 13th floor
"UB City", Canberra Block
No.24 Vittal Mallya Road
Bengaluru - 560 001
Tel: + 91 80 6727 5000

Ground Floor, 'A' wing
Divyasree Chambers
11, O'Shaughnessy Road
Langford Gardens
Bengaluru - 560 025
Tel: + 91 80 6727 5000

Chandigarh

Elante offices, Unit No. B-613 & 614
6th Floor, Plot No- 178-178A,
Industrial & Business Park, Phase-I,
Chandigarh - 160002
Tel: + 91 172 671 7800

Chennai

Tidel Park, 6th & 7th Floor
A Block, No.4, Rajiv Gandhi Salai
Taramani, Chennai - 600 113
Tel: + 91 44 6654 8100

Delhi NCR

Golf View Corporate Tower B
Sector 42, Sector Road
Gurgaon - 122 002
Tel: + 91 124 443 4000

3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B
Tower 2, Sector 126
NOIDA - 201 304
Gautam Budh Nagar, U.P.
Tel: + 91 120 671 7000

Hyderabad

THE SKYVIEW 10
18th Floor, "Zone A"
Survey No 83/1, Raidurgam
Hyderabad - 500032
Tel: + 91 40 6736 2000

Jamshedpur

1st Floor, Shantiniketan Building
Holding No. 1, SB Shop Area
Bistupur, Jamshedpur - 831 001
Tel: + 91 657 663 1000

Kochi

9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata

22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: + 91 33 6615 3400

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000

Pune

C-401, 4th floor
Panchshil Tech Park
Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

Ernst & Young LLP

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit www.ey.com/in.

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at 22, Camac Street, 3rd Floor, Block C, Kolkata - 700016

© 2020 Ernst & Young LLP. Published in India.
All Rights Reserved.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

ey.com/en_in

[@EY_India](#) [EY](#) [YouTube](#) [EY India](#) [EY Careers India](#) [@ey_indiacareers](#)



For more information, please contact:



Somesh Kumar

EY LLP

Partner & Leader - Power & Utilities

+91 9250008879

Somesh.kumar@in.ey.com