Is your business COVID19 proof ?

SURAKSHA

**State Utilities Readiness Against
Known Serious Hazards**

EY
Building a better
working world

EXECUTIVE SUMMARY

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

How the COVID-19 has impacted our business?

What do we do?

- **Continue to Serve Communities** Can we do more than just supply

- **Minimise disruptions and adverse impact** in the short term

- **Build greater resilience** to minimise impacts in the longer term

Business Continuity Planning

What more can we do?

- **Minimize:** non critical repairs & replacements; debt burden; costs

- **Introduce:** customer relief schemes, new/simplified business processes

- **Engage:** with consumers using social media, regulators and government

- **Prioritize:** contracts/work orders, outsourcing, revenue sources

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SURAKSHA is about running usual business operations in an unusual way......

State Utilities Readiness Against Known Serious Hazards

Policy

► What POLICIES do I need to relook to help business continuity ?

Operations

► Are there any business PROCESSES that would be modified/simplified-across functions ?

► What are my CRITICAL business functions which need to be functional at any point of time ?
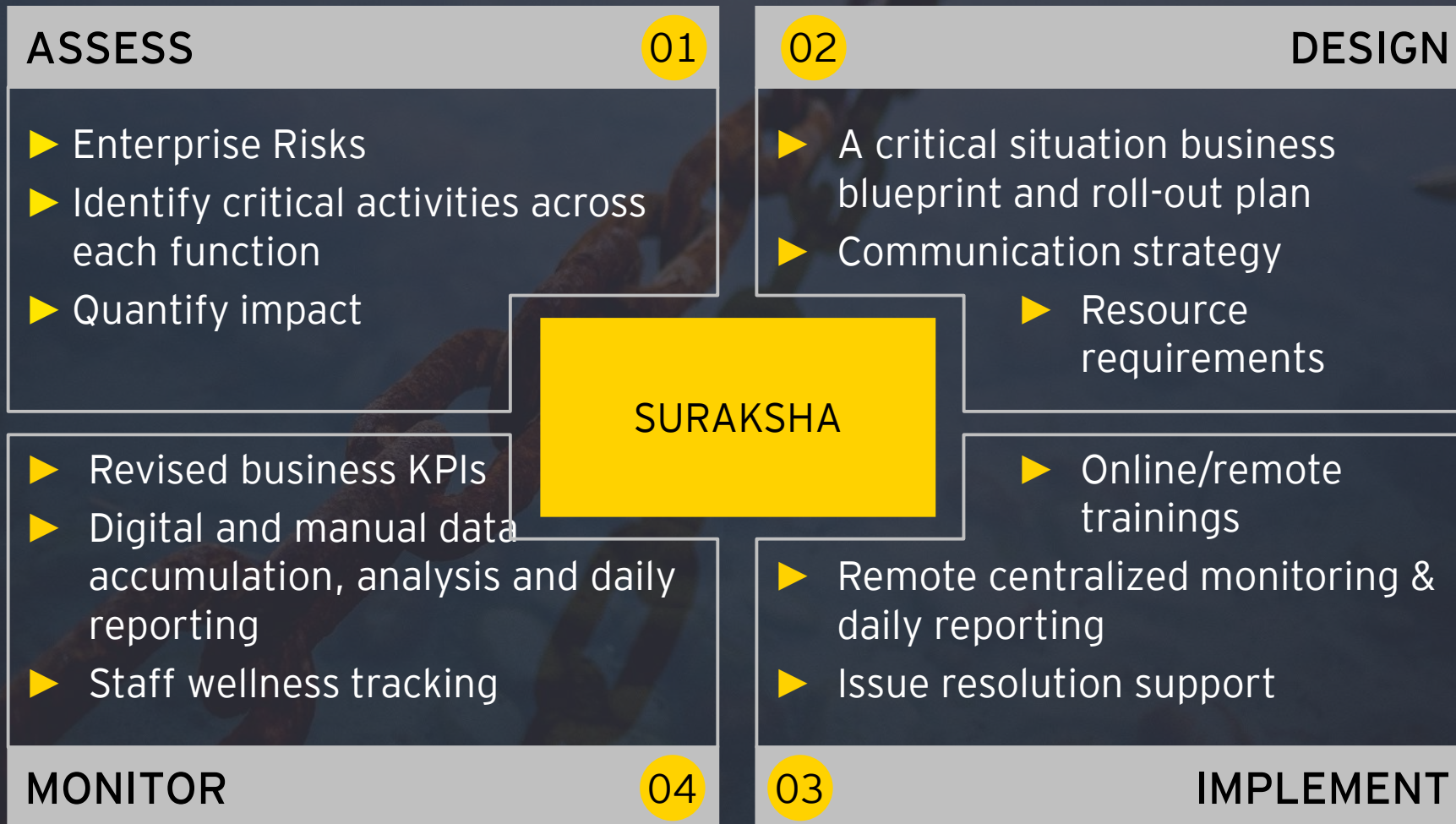
People

► How do I plan my staff AVAILABIITY while also ensuring well being ?

Finances

► What would be the status of my CASH FLOWS during the critical period and how do I minimize disruptions?

Infrastructure

► What FACILITIES need to be operational at any cost ?

► How do I maximize my IT system usage across all functions

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

ASSESS — 01

- ► Enterprise Risks
- ► Identify critical activities across each function
- ► Quantify impact

02 — DESIGN

- ► A critical situation business blueprint and roll-out plan
- ► Communication strategy
- ► Resource requirements

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MONITOR — 04

- ► Revised business KPIs
- ► Digital and manual data accumulation, analysis and daily reporting
- ► Staff wellness tracking

03 — IMPLEMENT

- ► Online/remote trainings
- ► Remote centralized monitoring & daily reporting
- ► Issue resolution support

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

SUPPORT AREA	NEED IN EXISTING CONTEXT	EY 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

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

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

SUPPORT AREA	NEED IN EXISTING CONTEXT	EY 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 utilised
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

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

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SUPPORT AREA	NEED IN EXISTING CONTEXT	EY CAPABILITY
E-office deployment	1. Lesser manual intervention required 2. Online approval 3. Physical presence is not required 4. Fast approval process	EY implemented E-Office solution in past but looking for cloud based solution for prompt deployment
Visitor management portal	1. Physical monitoring will be avoided 2. Digital logs for all visitor 3. Lesser manual intervention required	EY is looking for implementation this solution across all sectors and can be customized for P&U
OCR based meter reading- consumer initiated	1. Revenue assurance 2. Customer satisfaction 3. Correct Meter Reading	EY Utilitywave tool is having this capability and can be leveraged

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

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BUSINESS CONTINUITY PLANNING

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

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 & PROCESSES	► Manage generation backdown due to low peak demand ► Optimize coal and consumable inventory pileup ► Address high working capital costs and disallowances	► Preparedness for future 3-5 week lockdowns plan ► Identify stations at the risk of dispatchability and prepare the action plan ► Working capital impact	► Identify areas on relaxation of coal supply norms in the FSA (Interim COVID relief) ► Identify areas to improve dispatch in reduced peak demand scenario
PEOPLE	► Dedicated hotline for employee communication ► Identify critical/ non-critical workforce & working guidelines ► Familiarize workforce with available tools and resources ► Changes in SOPs	► Skill based digital trainings ► Voluntary self reporting scheme ► Establish health screenings for people returning to work/home ► Process walkthroughs ► Enforce regular office Sanitization	► Employee incentive scheme ► Perform org-redesign to accommodate changes ► Personal and professional counselling support ► Impact assessment on people/ staff costs due to COVID 2019
SYSTEMS	► Assess the preventive and shutdown maintenance strategies ► Inventory (Spares & 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- like impact in the long run

Janta-Curfew had a peak demand reduction of 25% to 30% on an individual state's peak demand

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

	IMMEDIATE	NEXT	BEYOND
POLICIES & PROCESSES	▶ Working groups/SPOC (Consumers, LDC, technical & operations) ▶ System recovery plan ▶ Recalibration of O&M practices ▶ Digital communication policy	▶ Emergency Operations strategy ▶ Critical spare sourcing strategy ▶ Engaging regulators on emergency spend ▶ Institute a crisis management exception approval process	▶ Review existing BCP and equip it with pandemic situations ▶ Discuss BCP with partners – suppliers/customers/regulators ▶ Identify functional red flags ▶ Minimize 3rd party dependencies
PEOPLE	▶ Dedicated hotline for employee communication ▶ Identify critical/ non-critical workforce & working guidelines ▶ Familiarize workforce with available tools and resources ▶ Changes in SOPs	▶ Skill based digital trainings ▶ Voluntary self reporting scheme ▶ Establish health screenings for people returning to work/home ▶ Process walkthroughs ▶ Enforce regular office Sanitization	▶ Employee incentive scheme ▶ Perform org-redesign to accommodate changes ▶ Personal and professional counselling support ▶ Impact assessment on people/ staff costs due to COVID 2019
SYSTEMS	▶ Restrict control room access ▶ Temporary camping at critical network centres ▶ Update spares availability – Location/quantity ▶ Secure all single points of failure	▶ Alternate load flow studies ▶ Enhancing network health & security ▶ Review and prioritise non essential pro active maintenance schedule	▶ Enhance automation-Infrared cameras, sensors and drones ▶ System operations in quarantine mode – sustaining with minimum interventions and breakdowns ▶ Digital system operations, e-office and O&M strategy

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

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Supply reliability and quality is key for **Distribution & retail utilities......**

BUSINESS ACTIONS

	IMMEDIATE	**NEXT**	**BEYOND**
POLICIES & PROCESSES	▶ Billing & collection continuity ▶ Revenue & expense management ▶ Power procurement rationalisation	▶ Critical procurement plan ▶ Power portfolio review ▶ Stakeholder communications ▶ Complaint resolutions ▶ Regulatory approvals	▶ Debts & recoveries ▶ Critical projects ▶ Loss management ▶ Tariff review ▶ Data mirroring
PEOPLE	▶ Dedicated hotline for employee communication ▶ Identify critical/ non-critical workforce & working guidelines ▶ Familiarize workforce with available tools and resources ▶ Changes in SOPs	▶ Skill based digital trainings ▶ Voluntary self reporting scheme ▶ Establish health screenings for people returning to work/home ▶ Process walkthroughs ▶ Enforce regular office Sanitization	▶ Employee incentive scheme ▶ Perform org-redesign to accommodate changes ▶ Personal and professional counselling support ▶ Impact assessment on people/ staff costs due to COVID 2019
SYSTEMS	▶ Reliability ▶ Demand-Supply Mismatch ▶ Breakdown Management ▶ Maintaining Spares ▶ Slow progress of projects	▶ 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 $22.7 billion a year in business losses[#]

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

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Regulators – Policy intervention , Training and moving to Digital appears to be the need of the hour

Business Actions

	IMMEDIATE	NEXT	BEYOND
POLICY & PROCESSES	▸ Suo motto directions to utilities for assessment of Force majeure conditions. ▸ Assess the critical and non critical petitions in hand ▸ Devise disposing strategy	▸ Review of existing regulations ▸ Revisit on normative parameters ▸ Review of classification into controllable / uncontrollable	▸ Evaluate the impact of pandemic on utility business ▸ Devise business encouraging mechanisms for utilities ▸ Strategic review of the financial health of utilities viz Liquidity position, Asset Quality Review
PEOPLE	▸ Identify needs for deploying extended staff (3rd parties) ▸ Create sub function wise working groups ▸ Dedicated hotline for employee communication	▸ Promote digital decentralized working ▸ Appoint extended staff and enable digital working ▸ Voluntary self reporting scheme ▸ Establish health screenings ▸ Enforce regular office Sanitization	▸ Employee incentive scheme ▸ Perform org-redesign to accommodate changes ▸ Personal and professional counselling support ▸ Impact assessment on people/ staff costs due to COVID 2019
SYSTEMS	▸ Waiver for hard copy submissions in ongoing cases / tariff flings ▸ Provisions for authorization via Digital Signatures	▸ Leverage technology to organize next scheduled hearings via video conferencing	▸ Move towards paperless system of functioning - Concept of E courts ▸ Set up virtual e offices

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

BUSINESS ACTIONS

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

Discom's aggregate dues to generating companies at any point is ~85,000 Cr. which is largely funded by working capital facility

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Starting early is the key to minimise impact …

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

Financial positioning
- Assess the revenue and cost requirements for the next 2-3 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 & Roll-out
- Monitoring Cash flow – Revenue/Portfolio analytics
- Monitoring Health & Safety of Employees
- Connectivity and communication with consumers
- Increasing Operational efficiency

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