

Power · 6 Min Read

How Discoms can leverage leadership, talent and technology solutions to energize themselves

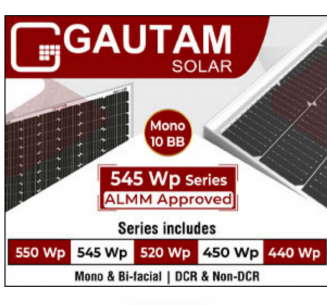
Delhi is among the most successful examples of distribution reform, and a similar story is now emerging on the east coast in Odisha.



Sanjay Banga · ETEnergyWorld
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New Delhi: From a country with a power deficit at the time of independence, India today is a power-surplus country with every household on its way to being electrified. The country's power sector operates under one nation-one grid-one frequency, and is one of the most complex power systems in the world. National power demand is set to peak at around 230+ GW this summer. If there is one indicator we can single out to gauge demand, it is the rising power demand in the National Capital -- projected to peak at 8,000 MW this summer. Despite this high demand, the Delhi Discoms are well-prepared to meet this challenge and are doing so with ease, year after year.



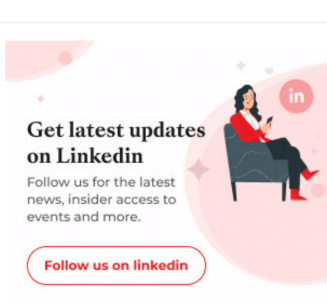
Ridden with high AT&C losses and poor recovery, in 2002, Delhi was among the first states in the country to experiment with a Public-private partnership (PPP) model and indeed, it is among the most successful examples of distribution reform. By industry estimates, considering the subsidy that would have been required to offset losses at present tariffs, the Delhi government has saved around Rs 70,000 Cr by adopting this model.

A similar story is emerging on the east coast in Odisha, where the state government, despite initial setbacks, has once again made a bold move to revamp the state's distribution sector, following the successful model implemented in Delhi. Unlike the discoms in Delhi or Mumbai, those in Odisha exhibit a characteristic urban-rural consumer blend. In a relatively short time, they have achieved remarkable results by utilizing technology and establishing a performance-driven culture, all while implementing an efficient change management program. Based on their performance in reducing AT&C losses by approximately 10 per cent, all the four Odisha Discoms have recently been upgraded in the Integrated Ratings announced by the Power Ministry. Two of the four discoms are category. In the next evaluation, it is anticipated that all these discoms will be ranked in the A/A+ category. There are several important lessons to be learned from the success of the Delhi and Odisha models. State governments should prioritize these insights in order to guarantee the sustainability of their respective discoms. These include the following.

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Hands-On Leadership

State Discoms must transition from an authoritarian to an authentic leadership style, capable of fostering a vision and building trust, so that each employee takes ownership of the vision, discovers their purpose, and works towards achieving business objectives with a sense of mission. Leadership should energize the team by acting as first among equals and leading by example. They must ensure that strategies are formulated and cascaded down the line in the form of key action plans, executed with regular review mechanisms. This enables the team to make real-time decisions and provides a safety net in case of errors. Leadership can promote agility in discoms by fostering transparency, accountability, and rewarding good performance. This was effectively implemented using tools like Balanced Scorecards in Delhi and Odisha Discoms.



Unfortunately, most state-owned discoms lack such mechanisms to connect employees and leadership. The short tenures and frequent department changes for leaders in these discoms often leave them with insufficient time to understand the complexities of the job. It is crucial for discoms to be treated as business units and have competent leadership in place. Introducing industry experts is essential, as discom operations have become specialized fields due to the evolving technology and regulatory landscape.

Talent Management

State Discoms must cultivate a culture centred on learning and development. They should create abundant learning opportunities for all employees by partnering with academic institutions for joint research programs and collaborating with global utilities for cross-learning. It is essential to incorporate fresh talent by recruiting a new cadre every year to maintain an ideal employee mix. This infusion of young executives not only helps organizations stay relevant in changing times but also fosters a positive work culture, offering fair career progression as seen in leading public and private companies.

In Delhi, institutions like the Centre for Power Efficiency in Distribution (CENPEID) provide training for power sector employees to enhance their skills and address commercial and operational challenges in distribution operations. In Odisha, recognizing the need to prioritize safety, numerous hands-on training centres have been established for skill development, ensuring work safety and quality execution by technical staff. Middle management executives are also given access to prestigious management institutions for various courses on managerial effectiveness. These training programs not only improve skill sets but also promote better team alignment to achieve business objectives.

It has been observed that, due to financial constraints, state discoms have halted regular recruitment and become overly reliant on contract employees, leading to stagnation at various levels and a lack of new learning opportunities.

Technological Intervention

Significant improvements in operational efficiency and customer service have been observed in sectors such as banking and telecom due to technological advancements. The power distribution sector has also experienced similar progress. Smart grid technology enables the optimization of power flow, better integration of renewable energy sources, and overall enhancement of grid resilience, thus making operations more efficient. Advanced Metering Infrastructure (AMI) allows for real-time monitoring of energy consumption, facilitating a better understanding of customer behaviour and helping to reduce discoms' expenses, power purchase costs, and ultimately lowering overall tariffs.

The use of advanced and robust technologies like ADMS comprising grid and distribution automation enables remote operations and monitoring of critical delivery assets to ensure uninterrupted power supply to the end consumer.

With increased reliance on renewable energy, utilization of power trading for green power, distributed energy resources, behavioural demand response, field force automation, and battery storage, discoms must embrace a mix of technologies to be prepared for upcoming challenges, such as the uncertainty of demand forecasting, shift to electric mobility etc. Widespread digitalization of processes aids in bringing transparency and agility to organizations, as seen in numerous government services like passport seva, Direct Benefit Transfer, and overall e-governance practices. A classic example of this would also be the use of AI and other solutions which help in better demand forecasting. And, implementation of 5 lakh smart meters across Delhi, Mumbai and Odisha Discoms which provides insights, increases operational efficiency and improves revenue protection.

Despite encouragement from the central government, state discoms have yet to implement basic technologies that make data related to supply reliability, employee productivity, and material consumption readily available. It is clear that without access to data, it is arduous to make informed, unbiased decisions in the day-to-day operation of discoms.

State-owned discoms should methodically address the aforementioned areas to enhance their operational efficiency, ultimately leading to improved financial viability. The Delhi and Odisha models, which have demonstrated their effectiveness, can serve as instructive examples for other state-owned discoms to learn from.

[This piece was written by **Sanjay Banga**, President T&D, Tata Power]