



Tata Power 2.0

Distribution Business - Changing Gears

12th January 2021

Lighting up Lives!



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CLEAN GENERATION

- 3.9 GW of Solar, Wind, Hydro & waste heat gas based
- 1.2 GW Solar Project Pipeline



SOLAR SOLUTIONS

- 5 GW utility scale EPC executed – ₹ 10,000 cr order book
- 425 MW rooftop installed – ranked no 1 in last 6 years
- 25,000 solar pumps installed till date
- >100 microgrids already installed



NEW AGE BUSINESSES

- EV Charging
- Home Automation
- ESCO Services

THERMAL GENERATION

- 8.8 GW including 2 GW thru Platform
- Imported Coal Based generation



TRANSMISSION

- 3,531 ckt km lines under regulated business model



DISTRIBUTION

- 9.5 Mln Customers
- Advisory to states & international discoms
- Smart grid solutions




TATA
TATA POWER

**Transforming Future
for a Sustainable
Tomorrow**



Tata Power Distribution

Creating an

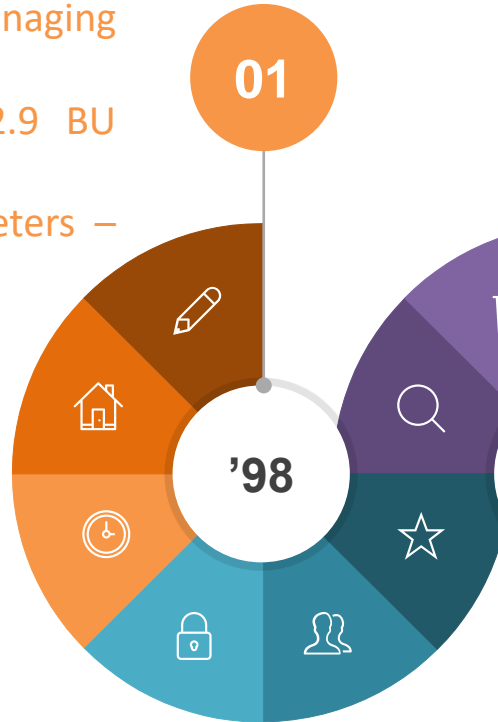
'Utility of the Future'

Three decades of experience in 'Lighting up Lives'



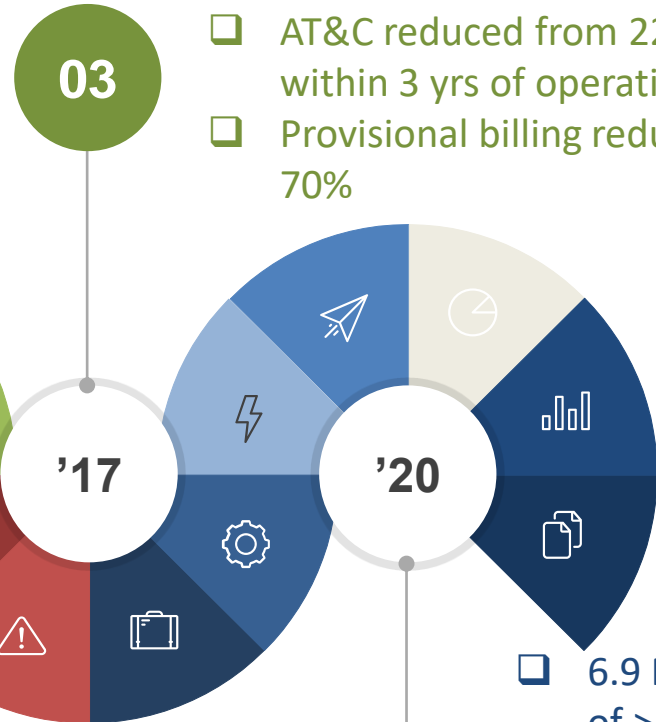
MUMBAI LICENSE AREA

- 30 yr experience of managing dynamic license area
- 0.7 Mln customers; 2.9 BU handled
- Best operation parameters – lowest SAIDI of 19.4 minutes across India



AJMER FRANCHISEE

- AT&C reduced from 22% to <10% within 3 yrs of operation
- Provisional billing reduced by 70%



- Most successful PPP – AT&C reduced from >53% to <8%
- Multiple awards & recognition for best-in-class processes

NORTH DELHI LICENSE AREA



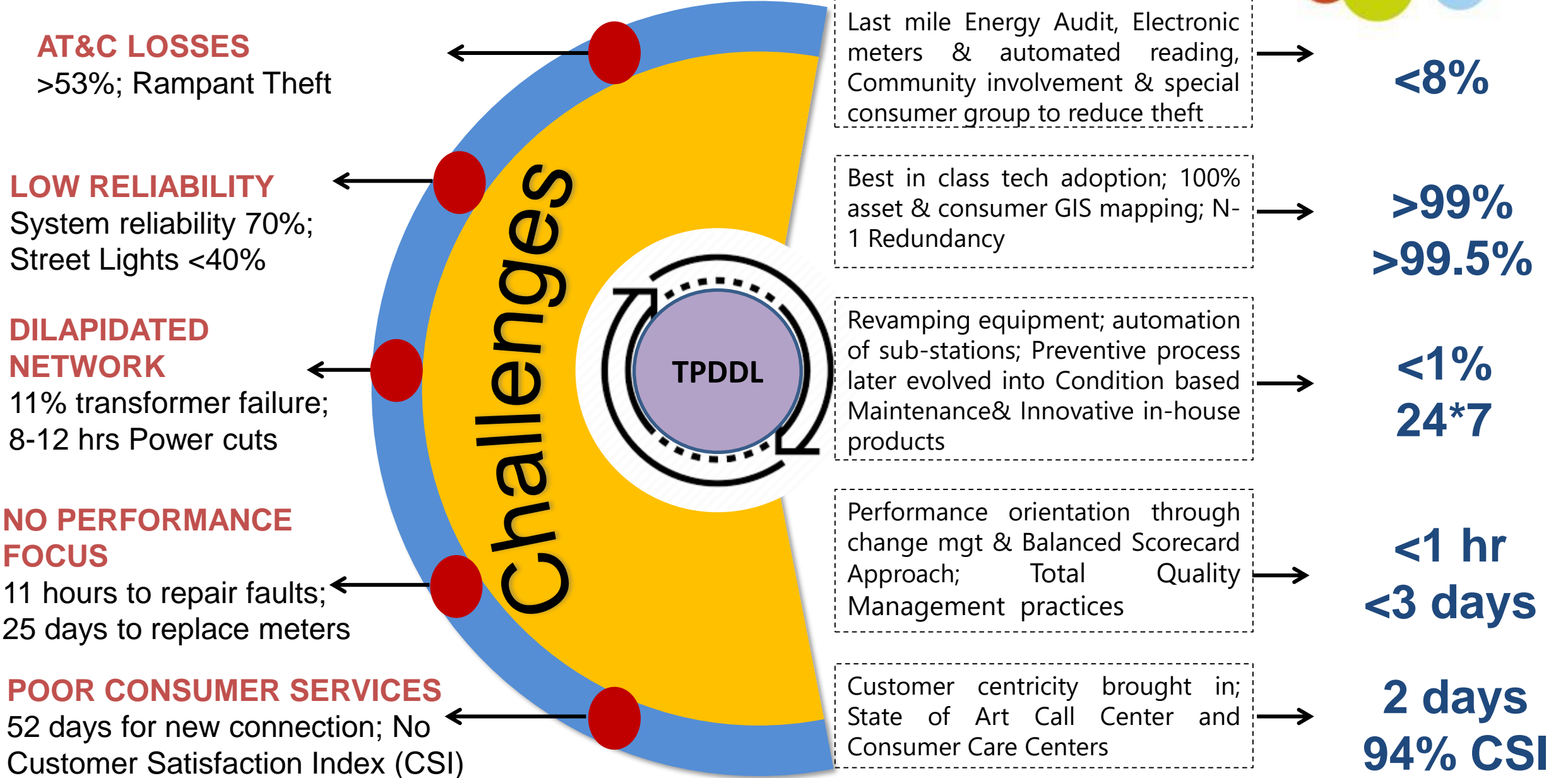
ODISHA LICENSE AREAS



- 6.9 Mln customers; Annual revenue of > ₹ 7,500 crore
- TPCODL AT&C losses reduced from 40% for the month of June to less than 32% YTD Dec

Integrated 'Advanced Distribution Management System' for advanced, real time monitoring & control of operations

Creating success stories in distribution

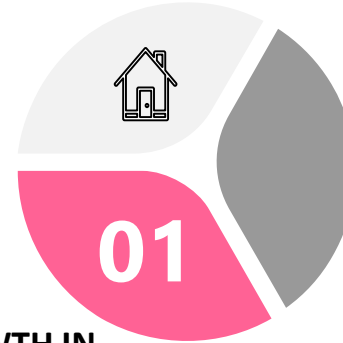
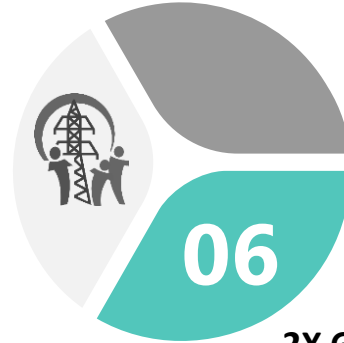


And multi-faceted growth aspirations

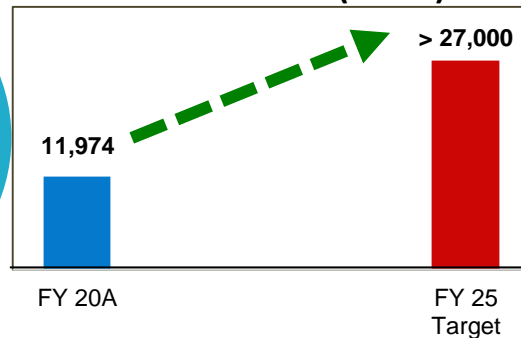


Expanding Transmission Biz

- Expand beyond Mumbai thru TBCB and M&A opportunities
- ₹ 6,000 cr regulated capex in Mumbai – ₹ 1,300 cr already approved; rest on case-to-case basis



2X GROWTH IN T&D REVENUE (₹ CRS)



9.5 Mln to 20 Mln Customers

- Expand operations thru 3-4 privatization opportunities across select states & UT

New Age Solutions

- End to end smart metering solution
- Energy Storage

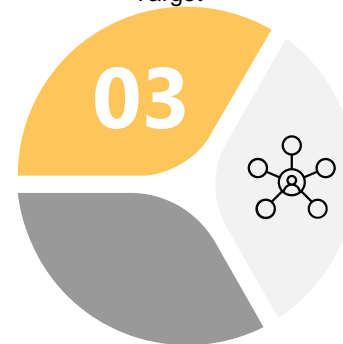
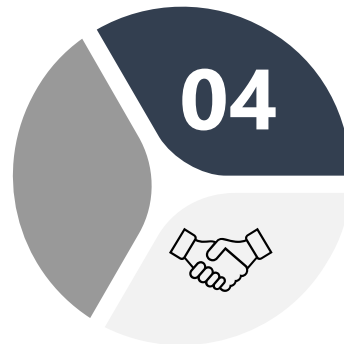


Turnaround new licenses

- Reduce AT&C losses below the trajectory in 15-18 months

Energy as a Service

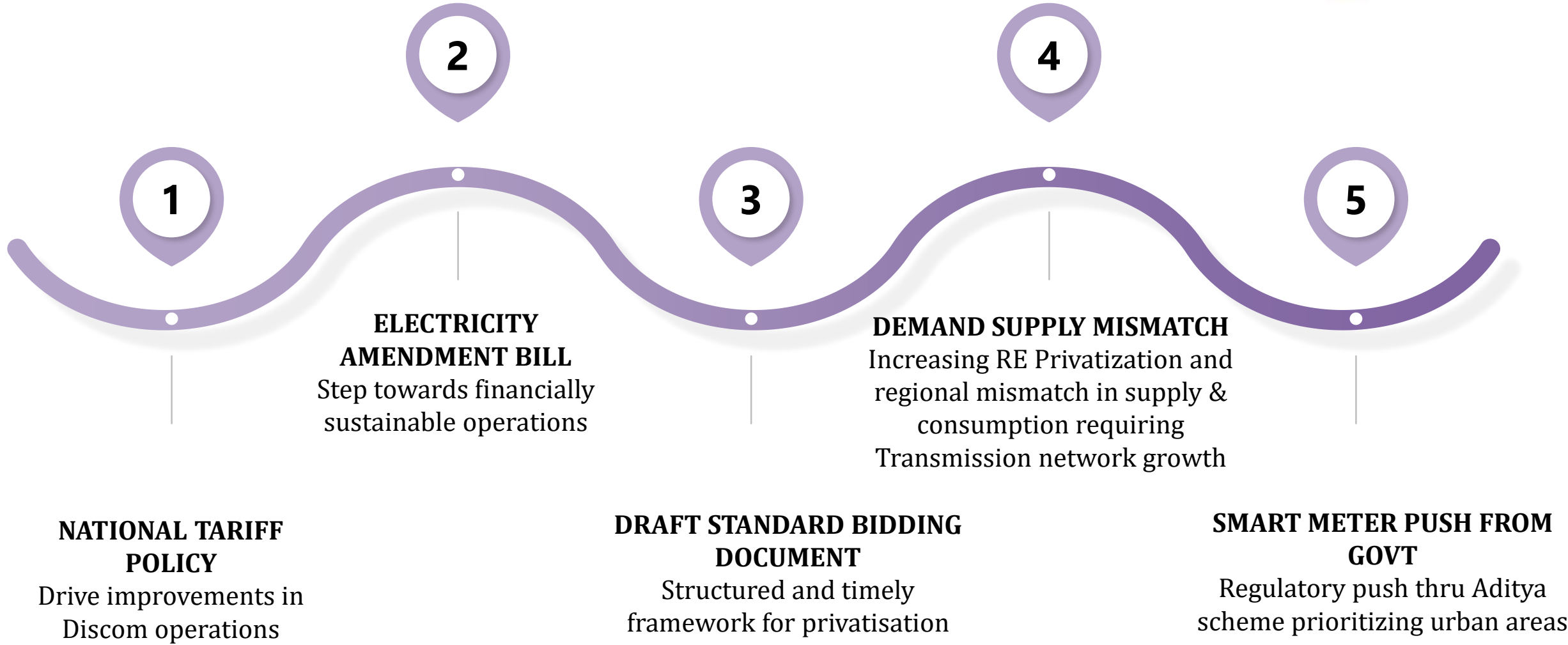
- System integration, business process outsourcing and technology implementation



Expand Regulated Network

- Network upgradation capex of ₹ 2,500 cr in Mumbai & Delhi
- Capex of ₹ 5,000 cr in 3 Odisha licenses

New business areas complementing distribution under evaluation

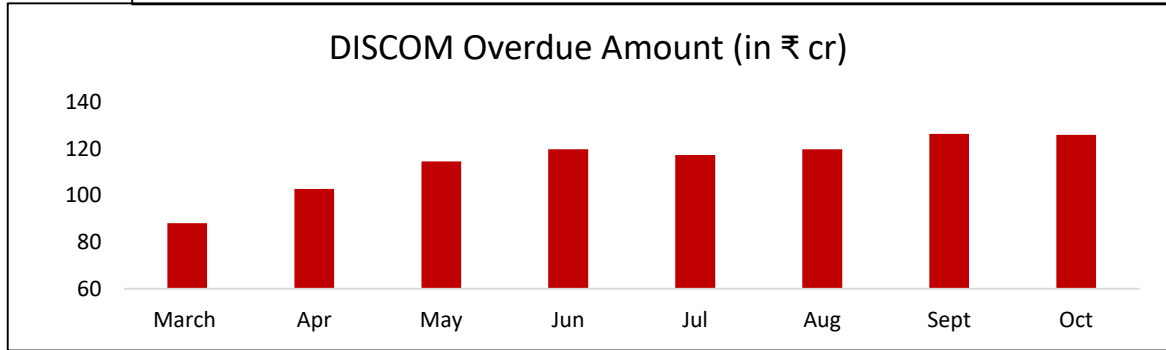




CHRONIC DISCOM ISSUES LIKELY TO PRECIPITATE REGULATORY REFORM IMPLEMENTATION



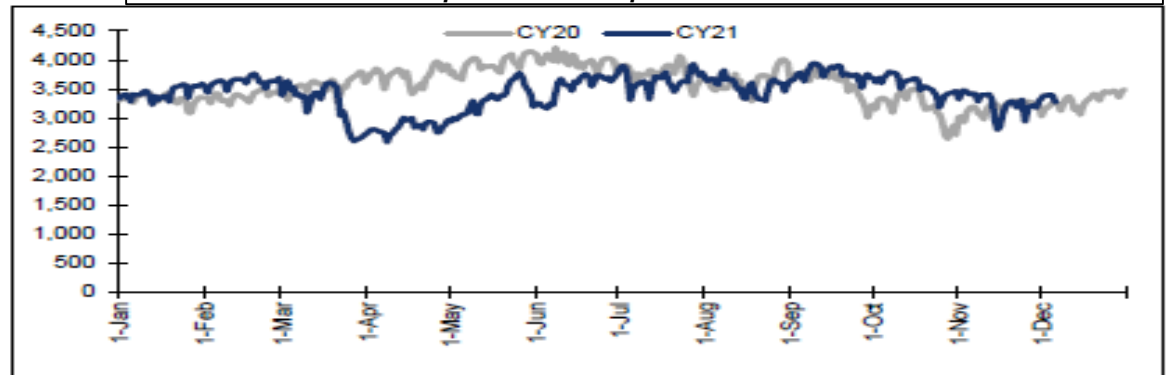
DISCOM due jumps from 5.9x in Mar to 8.2x monthly bill in Oct



Source: PRAAPTI, JM Financial Research Monthly Report



Economic uptick and minimum service requirements to test Discoms' financials further



Source: CEA, I-Sec Research

SUCCESS STORIES TO TRIGGER MORE DISCOMS UNDERTAKING PRIVATIZATION



Mumbai



Kolkata



Delhi



Agra
Bhiwandi

POTENTIAL 45 MILLION PLUS CUSTOMERS TO BE ACQUIRED

States

- Uttar Pradesh,
- Rajasthan,
- Jharkhand, Madhya Pradesh, Bihar,
- Punjab, Haryana, Maharashtra

UTs

- Chandigarh, D&D/DNH,
- Puducherry, J&K, Andaman & Nicobar,
- Lakshadweep, Ladakh

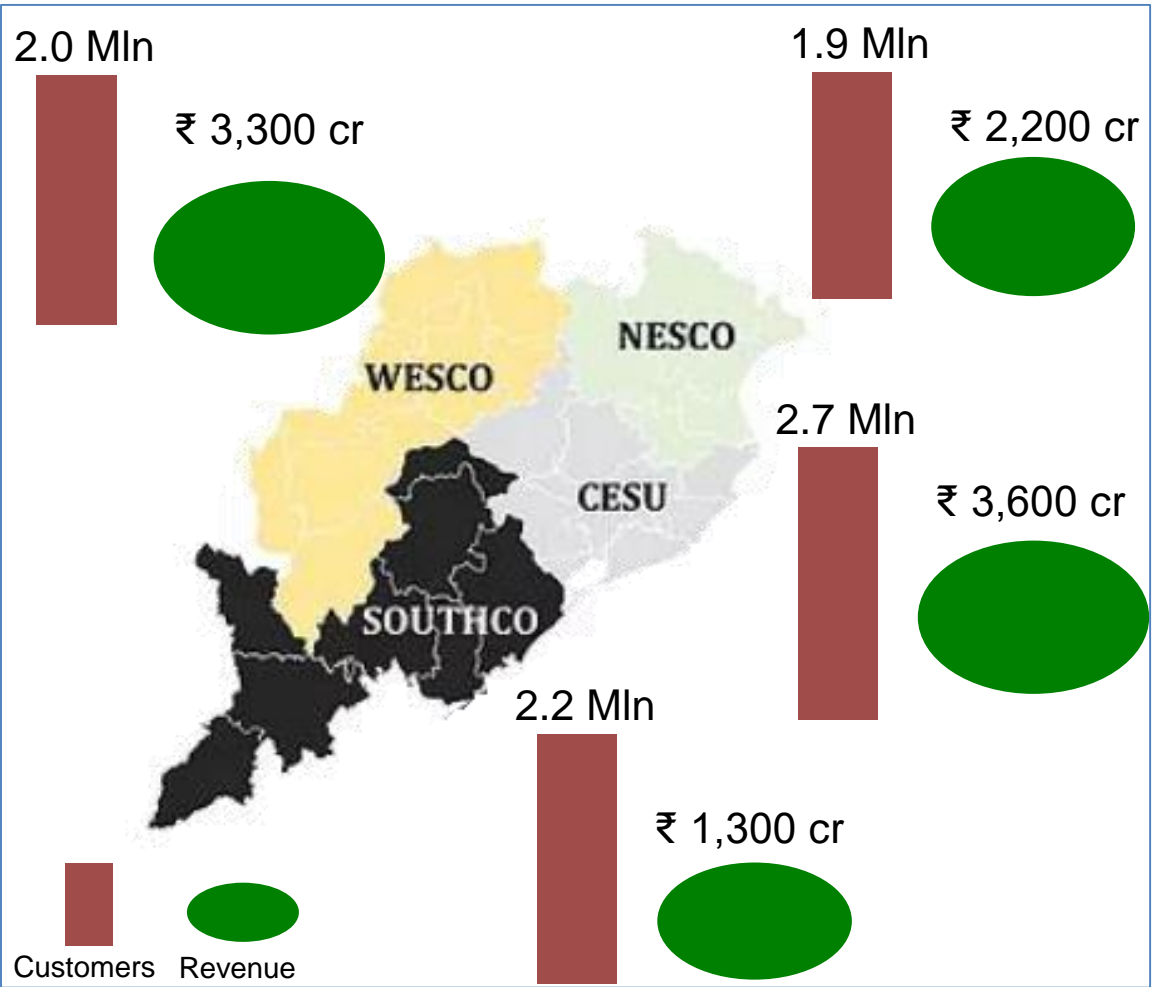
Odisha Distribution Landscape



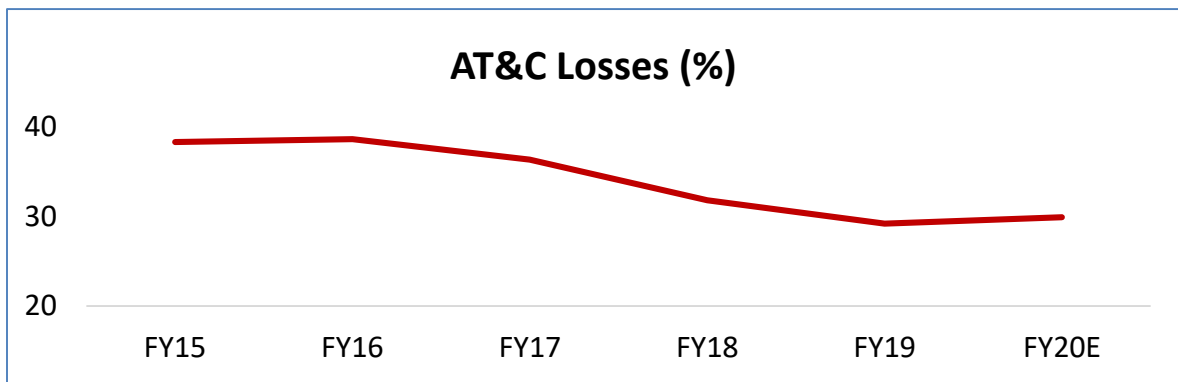
Odisha – Endorsing Distribution reforms



8.8 MLN CUSTOMERS; ₹ 10,000 CR REVENUE IN FOUR CIRCLES



AT&C LOSSES HAVE REMAINED A PERENNIAL PROBLEM – MUCH ABOVE NATIONAL TARGET OF 15%



Source: OIERC; Internal Analysis

PRESENTING SIGNIFICANT OPPORTUNITIES

- 2019 Per Capital Consumption - 1,628 units (Source: PIB)
- Frequent disruptions affecting power supply due to weak technical monitoring
- With low customer care footprints and large areas of operation, customer service is an improvement area
- Growth likely to be driven by domestic consumers with improvement in lifestyle & increased reliability

Economies of scale and cross-learning possible with operation across circles

Details of three licenses won by Tata Power



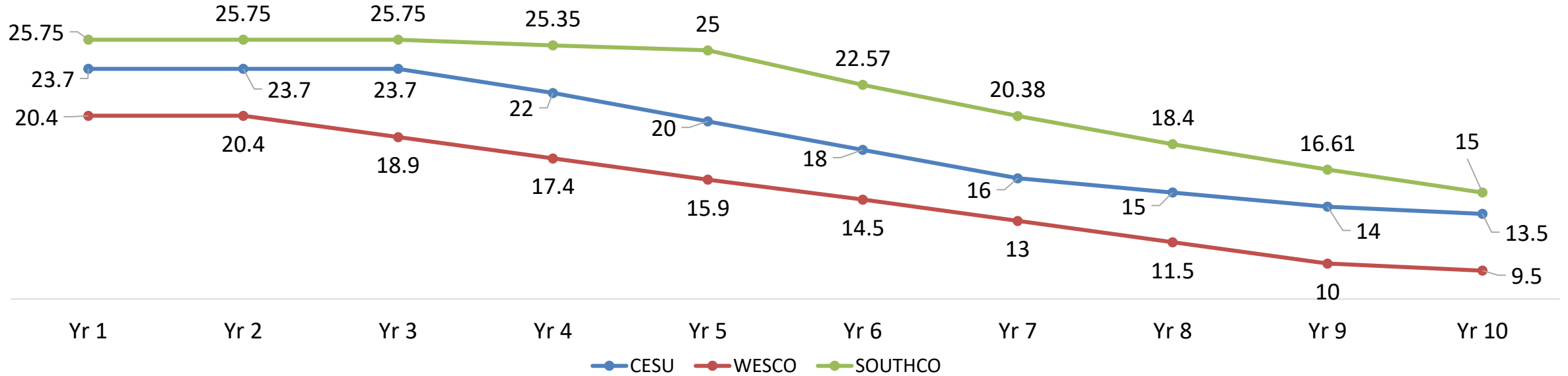
Particulars	CESU	WESCO	SOUTHCO
Area (sq kms)	29,354	48,000	47,000
No of Customers (Million)	2.69	1.96	2.28
Input Energy (MUs)	8,160	7,523	3,469
Sales (MUs)	6,271	6,114	2,620
EHT & HT consumers (as % of annual Sales MUs)	37%	57%	29%
Annual revenue billed in FY 20 (Rs crs)	3,599	3,310	1,279
Power Purchase Cost (Rs p.u.)	2.86	3.29	2.11
Initial regulated equity (Rs crs)	300	300	200
Price to be paid for 51% stake (Rs crs)	178.5	255	127.5
Minimum capex in first five years (Rs crs)	1,541	1663	1166
Arrear Receivables (Rs crs)	1,700	4,016	1,350
Date of start of operations	1 st June 2020	1 st Jan 2021	

Biz Model: RoE on initial equity & incremental equity on capex plus AT&C led savings or losses

AT&C related terms of takeover



AT&C Trajectory for Tariff Determination



Particulars	CESU	WESCO	SouthCO
FY 20 AT&C Losses (%)	30.44	28.56	36.29
AT&C Loss related penalty for every 1% shortfall	Rs 50 cr	Rs 50 cr	Rs 30 Cr
- 3 rd Year target	23.76%	22.5%	32.8%
- 5 th Year target	20.19%	18.5%	26.75%

CESU VESTING ORDER LINK

WESCO VESTING ORDER LINK

SOUTHCO VESTING ORDER LINK

ENHANCE RELIABILITY

- PSCC & SCADA for real time monitoring & dynamic power management
- Feeder level surveys and rehabilitation
- Cutting edge tech adoption
- Power Quality Management

IMPROVE CUSTOMER ENGAGEMENT

- Provide grievance channels thru call & customer care centres
- Standards of Performance and feedback
- Client Manager for large customers
- Ease of Payment, self-service, chatbots

UPGRADE IT INFRASTRUCTURE

- End-to-end GIS mapping of assets
- Digitize processes thru ERP
- App based meter reading, collection & operational processes
- Decentralized billing and propagate of digital payments

SAFETY

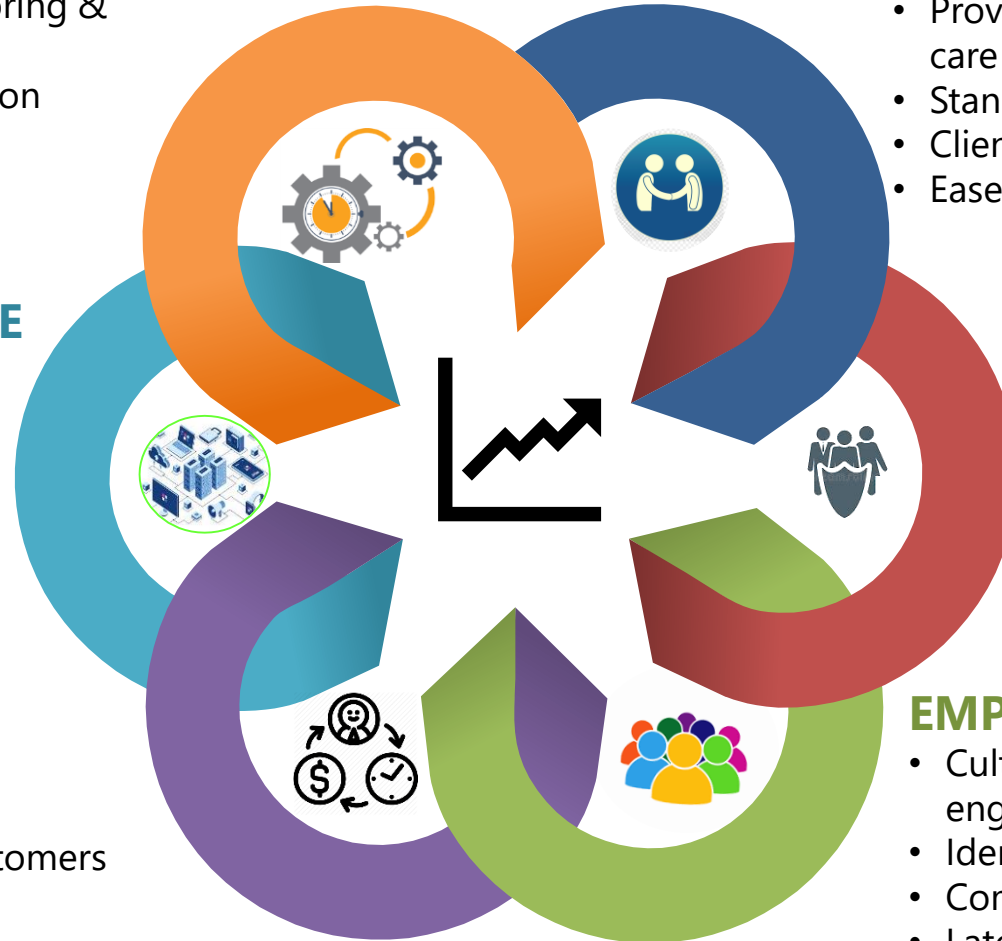
- Pro-active safety audits
- Technology interventions and adoptions for monitoring and reporting
- Last mile Public safety awareness

EXPAND FOOTPRINTS

- Network expansion to reach out to rural customers
- SHGs to increase connect with rural customers
- Upgrade network systems
- Regularise meter connections

EMPOWER EMPLOYEES

- Cultural and process integration with max employee engagement
- Identify and develop talent pool from local employees
- Comprehensive training and re-skilling
- Latest technology adoption for employee processes



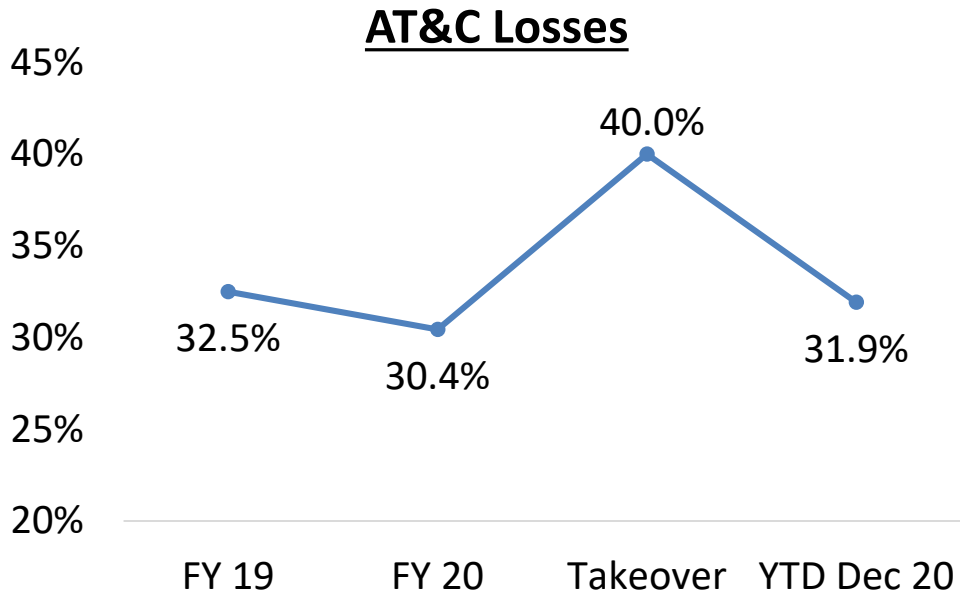
Green shoots in CESU reinforce turnaround target of 12-18 months



CESU TAKEOVER AMIDST COVID-19

- Seamless integration of ~4,500 employees and rollout of policies and systems
- Transitioned from franchisees to agencies with direct monitoring

INCREASED AT&C LOSSES DUE TO COVID 19



TARGETED AREAS OF IMPROVEMENT SHOWING TRACTION

- Power System Control Centre (PSCC) started since July for real time monitoring and centralized operations
- 200 meter teams operational – 1.35 Lac defective meters replaced there by reducing provisional billing
- 24 * 7 Call Centre started and Customer Care Centres launched in Bhubaneswar & Cuttack
- 33 kV & 11 KV– significant reduction in interruptions there by enhancing reliability
- Revamped TPCODL Website and Connect Consumer App with enhanced features
- On the spot billing and collection app launched
- Schemes to promote digital payments launched – enhancing digital payment by 40 %
- SAP ISU implemented for all high end customers
- Collection efficiency improved from 78% to 98%

TPCODL already showing significant improvements in customer service and power supply reliability



1st Phase: 7.5 crore Smart Meters – ₹ 45,000 cr

- Out of 26 cr smart meter target, Urban areas to be prioritized in first 5 yrs – 7.5 cr meters
- ADITYA scheme to address funding; SBD issued



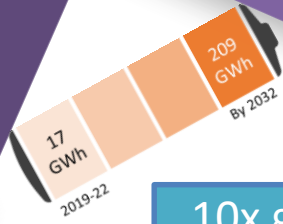
Potential Domestic Service Revenue – ₹ 150 – 200 cr p.a.

- Technology Implementation – Project Mgt, System Integration, O&M
- Process Outsourcing – Commercial Outsourcing, high value consulting



International Market Size – > ₹ 1 lac cr across select geographies

- Advisory projects in SE Asia, MENA, Central Asia & Africa
- Repeat contracts and multi-lateral backed projects focus areas



10x growth in Energy Storage reqt for grid support*

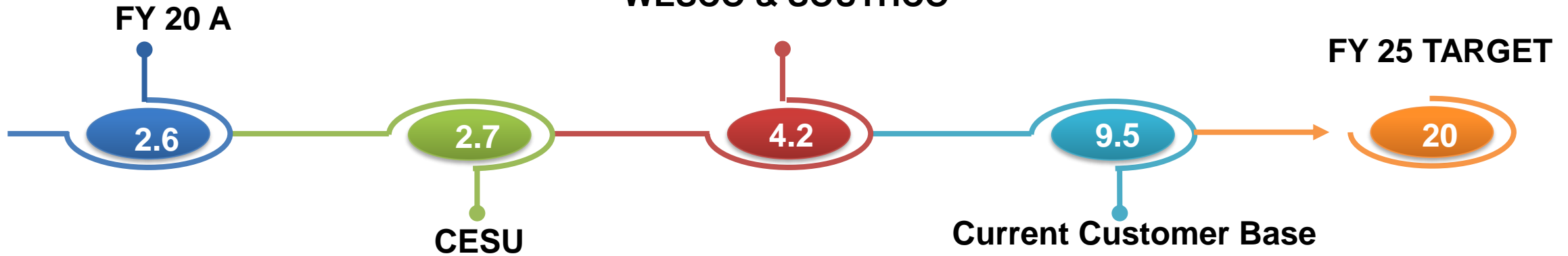
- Grid Support reqt to grow from 17 GWh to 209 GWh by 2032
- Tata Power has piloted Storage Project in Delhi

*Source: ISGF report on Energy Storage System Roadmap for India



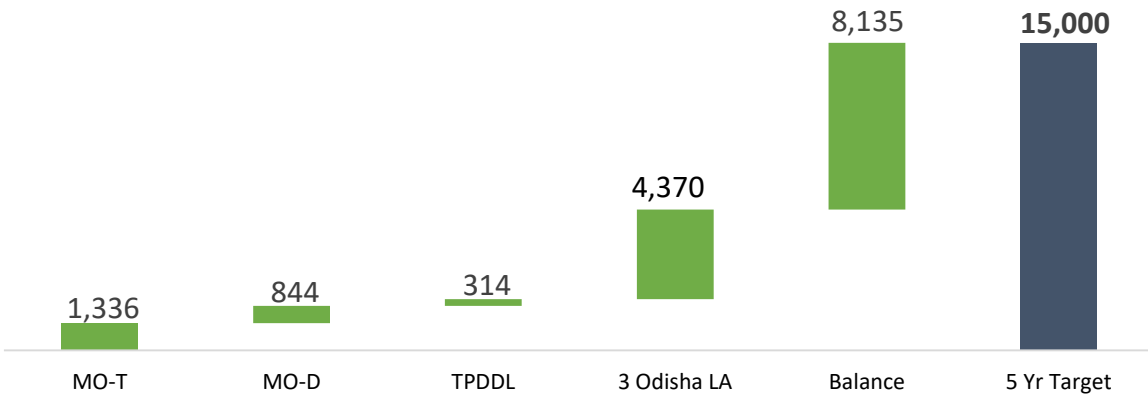
REACHED 9.5 MLN CUSTOMER BASE WITH ACQUISITION OF 3 LICENSE AREAS IN ODISHA

WESCO & SOUTHCO



APPROVED CAPEX OF ₹ 7,000 CR OUT OF ₹ 15,000 CR

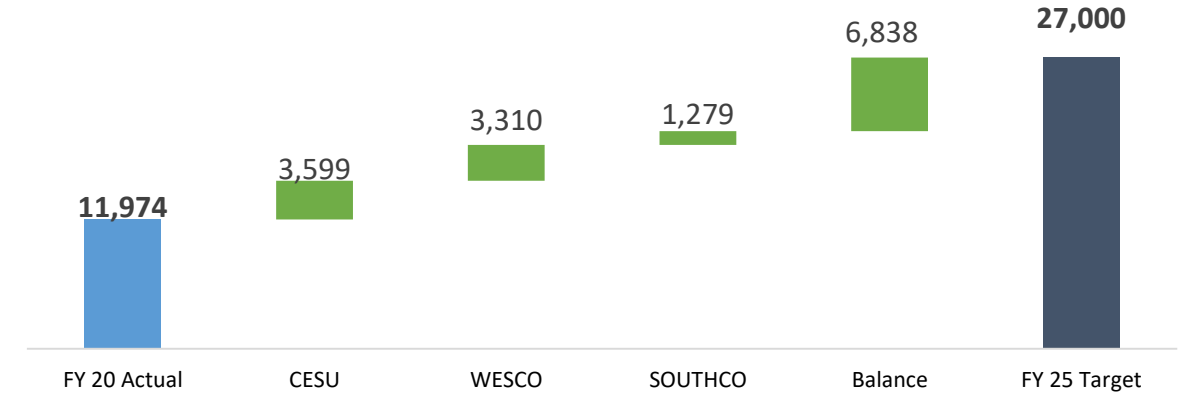
MYT & Vesting Orders provide capex visibility



Note: While all capex nos are for 5 year period, TPDDL is only for 1 year based on FY 21 tariff order

₹ 8,000 CRORE REVENUE ADDITION FROM 3 LICENSE AREAS IN ODISHA

T&D Revenue already close to ₹ 20,000 crore with 3 licenses



Note: Revenue of 3 Odisha license is for FY 20



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