

Interview with Ganesh Srinivasan

“We have been at the forefront of implementing new technologies”

The privatisation of discoms and the implementation of the proposed amendments to the Electricity Act, 2003 pertaining to Tariff Policy, particularly with respect to cross subsidy, sub-licensing provision and Contract Enforcement Authority, among other things, are crucial for improving the performance of the power distribution segment believes Ganesh Srinivasan, chief executive officer, Tata Power Delhi Distribution Limited (Tata Power-DDL). In a recent interview with *Power Line*, he shares his views on the power distribution segment in light of Covid-19, and Tata Power-DDL's performance and future plans. Excerpts...

How will you assess the impact of Covid on the power distribution segment?

Covid has had a major impact on the power distribution segment. The power demand from commercial and industrial (C&I) customers dropped drastically during the lockdown months of April, May and mid-June. As all of us are aware, since the C&I segments cross subsidise the residential segment, any shortfall in revenues from these segments puts a tremendous financial burden on a discom. In addition, as a fallout of the lock down, collections and payments from all segments of customers were hit substantially. While both demand and payment are picking up now, we have a long way to go before we achieve normalcy. The second area of concern is the health and safety of employees and customers. We have to re-organise operations so that adequate social distancing can be maintained. Besides this, we need to maintain buffer teams so that we can continue to supply 24x7 power even if a few people in the team get impacted. Furthermore, when the customers visit our premises for payments, requests or other queries, we need to take proper care and precautions. These steps will remain till the Covid-19 is active.

What has been the impact on Tata Power-DDL's revenue collection and load profile following the lockdown?

In the first two months (April and May 2020), the power demand went down by close to 50 per cent; however, it has now gradually recovered. Currently, the power demand is at about 90 per cent of that in the previous year, in terms of overall de-



mand and peak load. However, the consumer mix, which is a crucial determinant of discom finances is still not the same. Usually, we have 50 per cent of the power demand from the domestic and C&I segments, respectively. However, currently, 65 per cent of the demand is from domestic consumers and 35 per cent C&I consumers, which means the C&I power demand has not picked up fully yet. In terms of revenue collection, the first two months were very tough. We witnessed a 40 per cent shortfall in collection, and now it is recovering slowly. In July and August 2020, there has been a shortfall of about 10 per cent in revenue collection.

What are the strategies implemented by Tata Power-DDL to address the challenges faced during the lockdown?

From the financial perspective, we deferred some amount of payments to the generators. Earlier, we used to avail the

rebates when we paid within a stipulated time of five days. Although we do not get the benefit of rebate now, we are trying to make all our payments to gencos and transcos by due date so that we don't have to pay late payment charges. Further, we have availed bill discounting from gencos and transcos. Bill discounting has helped us to postpone payments by three to six months, varying from generator to generator. This has reduced the immediate impact on the cash outflow of the discom. We have also re-looked at our capital expenditure plans. We are pursuing only what is essential and have postponed/deferred some of the capital expenditure that we had planned.

We have implemented all-stop gap measures, which have helped us in the short term. However, in the long term, revenue collection has to improve, on the back of increase in demand from C&I consumers. We have also applied for the PFC/REC Rs 900 billion liquidity infusion loan scheme announced by the government though it is still in process.

What is your take on the Rs 900 billion infusion scheme for the discoms?

It is a necessary and well conceptualised scheme. Fortunately, we did not have any pending payments till March 2020. Our challenges started April 2020 onwards, following the lockdown. However, many discoms were already in a bad shape even to start with and this package was necessary to help generators survive and ensure that transmission companies get their payment. If the generators do not get money, then coal

companies' payments will not be made and power supply will get disrupted. It is only hoped that during this time, discoms will take necessary actions to improve their operational and commercial performance so that they can repay the loan amount and do not get back to the same situation in the future.

What is your view on the privatisation of power distribution in union territories?

We have always believed that discoms have to be privatised in the long term in order to improve their performance. In the last two decades, the central government has made multiple attempts and has launched several schemes to reform the distribution sector, which have not given the intended results. We welcome the move of privatising power distribution in UTs, which will improve the financial and operational performance of the discoms as well as benefit the consumer. It is a good start and from here it should be extended to larger state-owned discoms. In Delhi, privatisation has brought about a sea change for customers and has saved a lot of government funds by reducing the aggregate technical and commercial (AT&C) losses from 53 per cent to 7.88 per cent in 2019-20 (in Tata Power-DDL's licensed area).

What have been some of the financial and operational highlights for Tata Power-DDL in the past six to eight months?

Our biggest achievement is that we have ensured uninterrupted power supply during this challenging time, even during the critical "lights off" moment in April 2020, when the load went down substantially and after 15 minutes went up again. I would like to acknowledge the contribution of various individuals and teams at Tata Power-DDL who have ensured that as an essential service we are playing our role in fighting this pandemic by providing uninterrupted supply to hospitals, homes, other essential services etc. The other significant initiative has been that we have scaled up our digital offerings to customers significantly. For supply complaints, customers do not need to call the call centre, they can just give a missed call from their registered mobile number and

the system automatically recognises that the power supply has been disrupted. Customers can even register their complaints via WhatsApp. A complaint registration number is given to the customer and simultaneously a message is sent to the concerned team to start the work at the backend. We have also started self-meter reading in containment zones to ensure that customers get a glimpse of their real consumption.

Financially, like every year, we have made a dividend contribution to the Delhi government, which would be helpful to the government in its fight against corona. Overall, both on the operational side and the customer service front, our performance has been good in the past six to seven months.

Most importantly, I am very proud of the role played by Tata Group and Tata Power in supporting the Delhi government and the people through the corporate social responsibility initiatives specifically focused on fighting Covid-19.

What are your plans for the procurement of renewable energy to meet the RPO targets?

We have already tied up around 650 MW of renewable energy capacity, which is currently under different stages of commissioning. Our total power portfolio is about 2,400 MW, of which 200 MW is renewables. Based on our trajectory for renewable energy procurement, about 16-20 per cent of our power should come from renewable sources. We will be procuring around 500 MW out of 650 MW tied up renewable power in the next 12-18 months, which will help us further reduce the cost of power to customers and make our procurement greener.

What are some of the new technologies being adopted by Tata Power-DDL? What has been the experience in deploying drones for network maintenance?

We have been at the forefront of implementing new technologies in power distribution. One of the key technologies that we have adopted is smart meters. We have already installed close to 200,000

smart meters at customers premises, representing over 10 per cent of our 1.75 million customer base. With the information from smart meters, the customers can track their consumption trends on a daily basis. We are also deploying forecasting and artificial intelligence tools to predict the customer bill at the end of the month or the end of the billing cycle based on consumption trends in the past six to seven days. We intend to add 100,000-150,000 smart meters in the next three years or so.

Another technology that we have adopted is drones for inspection and maintenance purposes in containment zones and in areas that are difficult to access. With the help of drones that have thermal vision or infrared cameras, we can tell the state of the network and decide whether any specific augmentation or maintenance is required. We also have state-of-the-art cyber security architecture, which is very crucial in this period when everything is interconnected and cyber security threats are increasing day by day. Therefore, cyber security-related technologies have been a major focus area for us.

From a customer perspective, another technology we have deployed is meter reading based on optical character recognition (OCR). This will help us automate and reduce errors of punching in meter readings by customers or meter readers.

What is the outlook for the sector based on the current situation?

The distribution segment is the most critical part of the power sector value chain, which actually pays for generation and transmission. Therefore, the health of the distribution sector is critical for the whole power sector. We are looking forward to the implementation of proposed amendments to the Electricity Act, including several key features pertaining sub-licensing, tariff policy especially related to cross-subsidy, which will help reform the sector in a big way. We are also looking forward to the privatisation of power distribution, not only in UTs but in various states as well. ■