

# Delhi lights up

North Delhi Power's transformation from a loss-making State Electricity Board to a profitable, reliable supplier of energy within a very short span of time has led to international recognition and a satisfied customer base

When North Delhi Power (NDPL) was established in 2002, it was a herald for change, a representation of a new order, where privatised power utilities were expected to bring in much-needed efficiencies to the beleaguered power sector in India. Set up as a joint venture between the state government of Delhi and Tata Power, what NDPL inherited from the Delhi Vidyut Board (DVB) was a representation of the old order — two computers, one million consumers in the northern and north-western regions of Delhi, and a power distribution operation where more than half the distributed power was not earning a paisa.

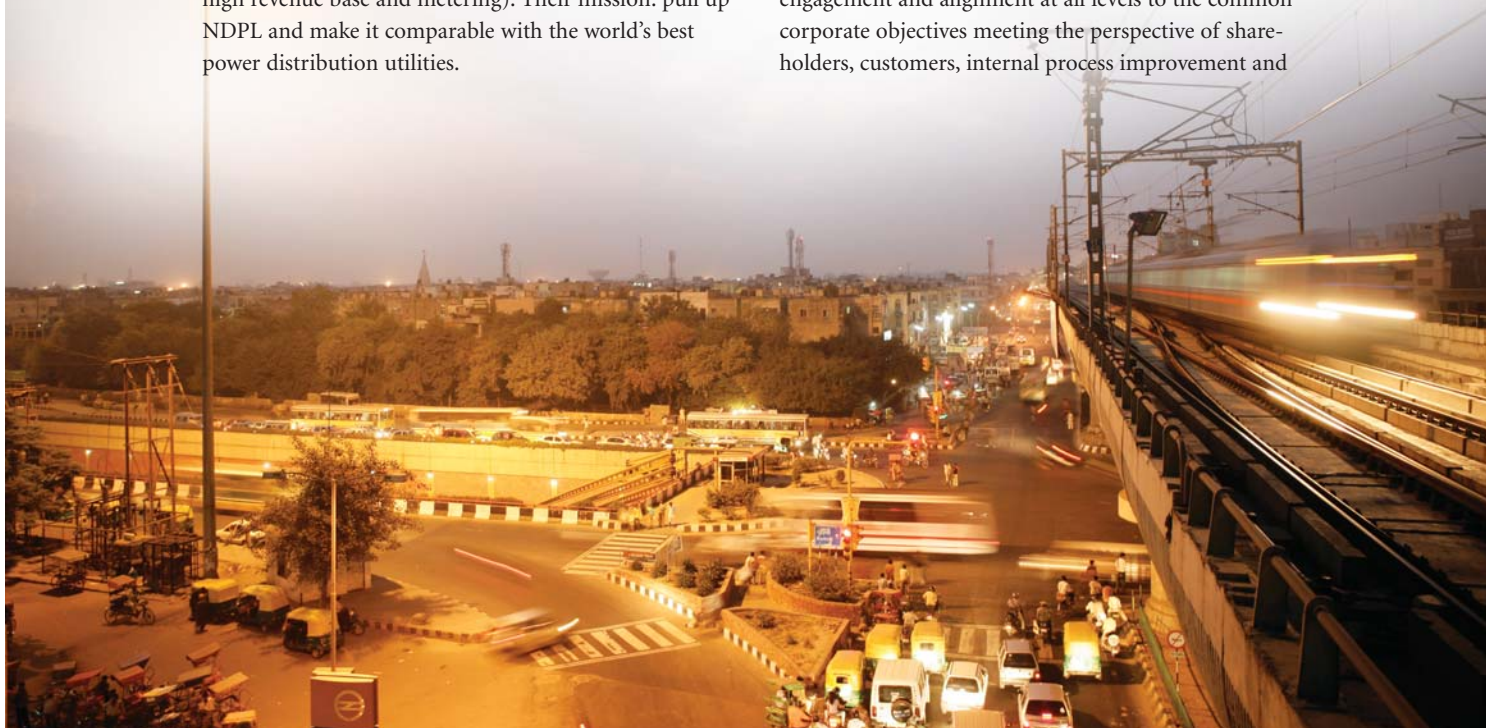
The task was enormous: to bring down energy losses, institute financial and personnel reforms and bring in 21<sup>st</sup> century technology and mindsets. To accomplish this, a team was handpicked comprising Anil Sardana as CEO (now heading Tata Teleservices), Sunil Wadhwa as CFO (now at the helm of NDPL), VC Mathur, head, operations (now principal executive officer and chief mentor), and RC Kher, head, commercial (now head, high revenue base and metering). Their mission: pull up NDPL and make it comparable with the world's best power distribution utilities.

## The need for reforms

The team quickly realised that the biggest challenge was plugging the unit's aggregate technical and commercial (AT&C) losses that were at highly unviable levels — 53-60 per cent. In effect, the company was losing revenue on more than half the power that it distributed, a loss that could be attributed to three main factors: poorly maintained equipment, poor bill collection and power theft. A complete change in the company's business model was required.

NDPL crafted a reform strategy that targeted multiple fronts. One of the early changes at NDPL was technology and network upgradation, a transformation that has cost the company capital expenditure of over Rs1,700 crore in the last six years. The company invested in a smart distribution network where most of its 52 grid stations are fully remote controlled, ensuring drastically enhanced safety, reliability and less cost.

NDPL deployed strategy across the organisation using Balanced Scorecard (BSC) that resulted in effective performance management, high level of employee engagement and alignment at all levels to the common corporate objectives meeting the perspective of shareholders, customers, internal process improvement and





The new electricity meters



One of the several NDPL consumer centres

learning and growth of its people. The key results achieved through BSC include reduction in AT&C losses, reduction in connection installation and complaints resolution time, reduction in commercial complaints and improvement in reliability. For its BSC implementation, NDPL won the Palladium Balanced Scorecard Hall of Fame Award 2008 conferred by Robert S Kaplan in South Korea.

NDPL also introduced a Geographical Information System (GIS) that mapped the entire network and mapped customers to the distribution transformers supplying them. This system was dovetailed into the customer relationship management system so that customer requests could be processed more efficiently. Another investment was the Centre for Network Management comprising state-of-the-art electrical automation systems like SCADA (supervisory control and data acquisition), EMS (energy management system), DMS (distribution management system), and even a GSM based street lighting system.

A huge boost for revenues came through the automatic meter reading (AMR) system NDPL developed in-house for its industrial customers. The system registers energy usage through remote sensing and reduces the need for manual intervention; it has done away with former problem areas of billing errors, tampering of meters by unscrupulous consumers and fudging of meter readings, thus easing revenue flows from big ticket customers that comprised 60 per cent of NDPL's consumer base.

### Concentrating on customers

Apart from internal reforms, a key area that was crying for change was the customer interface. Here the firm defined its role as not just a power supplier, but as an 'extended product plus service provider'. In the last six years, it has used IT extensively to enhance the consumer's experience. Where earlier, there were only 19 payment centres for one million consumers, NDPL has set up 1,200 payment avenues including an online billing and payment site, and established consumer centres and call centres. Other consumer convenience and outreach initiatives include:

- ▶ **Doorstep delivery of new connections:** A NDPL representative visits the consumer's premises and completes all formalities; getting a new connection is now hassle-free.
- ▶ **Gifting of energy:** NDPL has introduced energy coupons called Urja that can be gifted.
- ▶ **Privileged consumer scheme:** Regular-paying consumers are encouraged through offers and discount schemes at Tata Indicom, Westside, and other Tata company outlets.
- ▶ **Customer relationship management:** NDPL organises regular meetings with consumer representative groups such as resident welfare associations, industrial welfare associations, etc once every month in each of its 12 districts.
- ▶ **Automated bill payment kiosks:** ATM-like kiosks have been set up that are operational 365 days a year and accept both cash and cheque payment towards electricity bills.
- ▶ **Fault management:** The company has set up an SMS based fault management system that helps improve reliability of power supply.

### People make the company

The economic and financial aspects of the new business model were imperative, but an equally important factor that governed the speed of change was employee morale. Integrating all employees, former and new recruits, into the Tata fold was a very big challenge and called for several HR-focused initiatives.

- ▶ **Pruning the workforce:** A voluntary retirement scheme was announced that was adopted by 30 per cent of the workforce, leaving only 3,600 on board.
- ▶ **Organisational revamp:** The new organisational structure was designed to be functional and process oriented with a clearly laid out span of control.
- ▶ **Performance reviews:** From top management down, processes were set up to map performances and settle issues.
- ▶ **Parivartan:** An initiative that focused on employee

development, customer orientation and identification of training needs.

### The Tata way

Along the way, the NDPL leadership took a key decision: to embed the Tata way of doing business in the organisational culture. The company has adopted the Tata Business Excellence Model and the Tata Code of Conduct that govern the company's ethics and value system. As a result, corporate sustainability is a prime consideration at this energy utility. With a significant part of its customers residing in low-income housing (known as *jhuggi-jhopadpatti* clusters), NDPL runs medical aid, health, sanitation and awareness programmes in these areas. A unique scheme has been launched that provides free life insurance policies of Rs1 lakh, to consumers residing in these clusters in NDPL's distribution area, taking legal electricity connections.

The company is also working on climate change and energy conservation issues. It is committed to introduce energy efficient and greener technologies, and identification of the mitigation and offset opportunities in a cost effective manner.

An awareness programme called NDPL Energy Club was started in 2003 through which more than 200,000 school children have been sensitised to the message of energy conservation. NDPL is the first Indian utility to join hands with IBM to become a member of the global Intelligent Utility Network (IUN). IUN solutions are designed to enhance the efficiency and reliability of power distribution and to increase the ability of consumers to manage and use energy in a more cost-effective and energy-efficient way.

### The turnaround

In the past few years, NDPL's transformation has paid off. It has exceeded its set targets year-on-year and has earned post tax return on investment of 27 per cent average per annum. For FY08, profit after tax registered at Rs281.58 crore, with revenues showing an increase of 11.45 per cent at Rs2,287 crore. AT&C losses have shown a record decline: in 2008 the losses stood at just 18.5 per cent, a drop of over 65 per cent since 2002.

CEO Sunil Wadhwa sums up the past six years saying, "I feel a collective sense of pride when I look at several pioneering concepts which have been introduced to improve network, reliability, billing efficiency and redressal of consumer grievances. Our significant strides in AT&C loss reduction and implementation of advanced technology have stemmed from our underlying commitment to deliver the best service experience to our consumers."

### Deserved applause

The company's transformation has been recognised in India and overseas. It has won several national and international awards for its pioneering work in the field of power distribution. It has the rare distinction of being the first power distribution utility from India to have received the 2008 Edison Award in recognition of its operational excellence in the electric industry.

NDPL is the youngest company and the first power utility in India to receive the prestigious CII EXIM Award for 'Strong Commitment to Excel'. It is also the only distribution utility to receive the ISO 9001, ISO 14001 and OHSAS 18001 certification. NDPL has also been conferred the 'National Award for Meritorious Performance' by the Ministry of Power, Government of India in 2007 and 2008. Recently it won the Asian Utility of the Year 2008 award from Asian Power Singapore, with an added merit for Mr Wadhwa who was adjudged the Most Inspirational CEO of the Year in the Asian power sector.

### New challenges

Not content to rest on its laurels, the company has set tough goals for itself. NDPL's vision is to be the most trusted and admired provider of reliable and competitive power, and to be the company of choice for all stakeholders.

It is currently working on improving its ability to meet full unrestricted consumer demand, reliability of supply, and providing value added services. The company also hopes to bring down AT&C losses to 15 per cent over the next couple of years.

In the long term, the company aims to build its own captive generation capacity. As a step towards this, NDPL has commenced work on establishing a 108MW gas based combined cycle power generating facility at Rithala, North Delhi, in its distribution network. The facility, expected to be complete by end 2009, aims at augmenting power supply to NDPL's consumers and bridging the demand-supply gap at peak times.

NDPL is now exploring opportunities to replicate its experience of distribution reforms in other places by taking consulting assignments for electricity boards in other states, as well as overseas. NDPL has recently been empanelled as IT consultant along with the likes of Infosys, Accenture and Wipro by Power Finance Corporation for assisting other electricity boards in India.

The NDPL transformation has worked wonders and in a remarkably short time. The company stands as a shining example of the merits of privatisation as a means for improving power efficiencies and reliability in India. ●

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