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Institutional Framework for Performance Orientation in Discoms

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Shakti Sustainable Energy Foundation

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Foreword

The Power Sector in India is set for transformational changes with progressive policy and reform measures in place and increased willingness of the Government of India to lead the change. The Distribution sector which has been an eternal problem is now at the centre stage of reform process. The newly implemented UDAY scheme brings some bold and innovative measures to revive the ailing Discoms both on financial and operational front. While the above is underway, key will be to make the underlying reforms long lasting and sustainable, through increased focus on the institutional capabilities within the Discoms. Institutional measures including use of efficient systems/mechanisms to enhance business performance, tool/technologies for performance monitoring and strong people practices have the tendency to transform the Discoms into profitable units.

To contribute to these objectives, Shakti Sustainable Energy Foundation and KPMG have developed an 'Institutional Framework for Performance Orientation in Discoms', comprising process, people and technology related interventions/tools which can help improve the performance in Discoms. This white paper discusses the overall framework along with its constituents. The paper will act as a guide to Discoms for understanding and implementing this framework.

I take this opportunity to commend the entire team for bringing out this paper. I also want to thank the Technical Committee members who have contributed to the development of the Institutional Framework and finalization of this paper.

I hope the framework proves useful to the Discom management for engaging and enhancing the performance of Discom employees and hence achieve Discoms goals and targets.

Acknowledgment

1.
Background and Introduction

1.Background and Introduction

The Power Distribution sector in India is passing through a critical phase. While chronic operational and financial inefficiencies of State Power Distribution Companies (Discoms) is a concern, mitigating these inefficiencies is also at the top of the agenda in the power sector. This is evident from various reform measures/ schemes being undertaken by the Government to improve the health of the Discoms.

While most of these schemes have emphasized on technical[1] & financial measures to improve performance, focus on organizational and institutional measures is also increasing. Reform initiatives can be significantly strengthened through increased focus on human resource development and institutional measures. This is an important ingredient for performance improvement and acts as a thread binding technical/operational and financial measures together (Figure 1).

Figure 1: Key factors contributing to overall performance improvement in Discoms

Technical/Operational Measures

Reform measures focusing on System Strengthening and Operational Improvement

Being addressed through up gradation and strengthening of transformers, cables, substations, metering infrastructure, IT enablement, energy audit etc., under IPDS, DDUGJY, UDAY.

Financial Measures

Financial Restructuring through Bail out schemes and Capital investment

Being addressed through Grants and Loan waivers under IPDS, FRP and UDAY schemes

Organizational Effectiveness & Institutional Measures

Focused on Performance Orientation and Employee Engagement

A critical requirement for success and long term sustenance of operational and financial initiatives. However, inadequately addressed in Discoms

UDAY scheme recognize employee engagement as an important tool, however, a detailed framework is needed for implementation

Given the above need for institutional reforms, Shakti Sustainable Energy Foundation and KPMG undertook a study titled as 'Review of Institutional Structure of Discoms with Human Resource as the Centre Piece'. The objective of the study was to evolve an institutional framework to bring performance orientation and accountability in Discom operation.

The study included the following:

a) Review of the organization structure, roles & responsibilities and people related practices in Discoms

b) Development of an Institutional Framework for Discoms with focus on performance orientation and accountability.

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[1] *Network Strengthening, Capital Expenditure and Operational Improvement*

Figure 2 provides the approach along with desired outcomes of the study.

Figure 2: Approach and desired outcome of the study

Desired Outcome

Review of select discoms in terms of prevailing organizational structure, operations & functions, HR policies & practices.

Identification of areas of performance improvement, reform measures and operational targets for discoms.

Review of industry best practices (national and international case studies) on people parameters.

Interventions for performance management and employee engagement. Developing framework for people management

Developing framework for target setting and measurement/monitoring of performance across the discom.

Identification of key findings and quick wins from the review

Institutional framework

As part of the study, employees at various levels in a Discom (across multiple Discoms) were consulted to obtain formal and informal feedback. The key observations include the following:

1. The existing organization structure in Discoms is not completely suited to bring performance improvement, given the changing business scenario and market needs.

2. Discoms lack sustained leadership, which has hindered successful implementation of new systems and processes

3. There is absence of formal process/mechanism of goal setting. Targets are not adequately spelled out and articulated across various levels and functions

4. Internal control and monitoring of performance across various levels is inadequate.

5. Low level of motivation and ownership among employees resulting in under- performance

In summary, there is a need for a structured approach towards performance orientation. This includes aspects related to goal alignment, accountability, monitoring and employee engagement which collectively create a culture of performance orientation. These aspects needs to be institutionalized within the Discoms and further be aligned with people management initiatives to affect the overall outcome.

Consequently, the study suggests a framework for bringing about "Performance Orientation and Accountability" at the Discoms. This framework comprises process, people and technology related interventions/tools for enabling Discoms to improve the business performance, ensuring a growth oriented and adaptable change in work culture[2].

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[2] *The framework is accompanied with a toolkit comprising: (i) Excel template for Dashboard (ii) KPI template for different levels in Discom (iii) JD template (iv) Performance Management Cycle (v) Reward and Recognition framework; and a Roadmap/Action Plan for implementing the institutional framework in Discoms.*

2.

Institutional Framework for bringing Performance Orientation and Accountability in Discoms

2. Institutional Framework for bringing Performance Orientation and Accountability in Discoms

The constituents of the framework are structured under the 3 pillars of performance orientation namely (A) Process- Presence of robust processes to support business performance improvement; (B) People- Presence of motivated, growth focused and performance oriented people; (C) Technology- Presence of right technology/tools, acting as appropriate enabler for people and processes. Figure 3 summarizes the overall Institutional Framework for Performance Orientation in Discoms.

Figure 3: Institutional Framework for Performance Orientation in Discoms

Process Orientation

Goal setting process
- Discoms Goals and Targets
- Targets at Circle/Division level
- Functional and individual targets

Performance assessment (scorecards)

	AT&C loss	Tx failure	SAIDI
Circle 1			
Circle 2			

Data validation and reporting process
- Feeder level data collection
- Accuracy check and data validation
- Fix accountability
- Timely reporting of data to division office

People Intervention

Enabling Organization structure
- Create specialized functions
- Strengthen existing function
- Identifying skills and recruit
- Sustained Leadership

Create JDs and KPIs
- Standardize Job Description
- Develop KPIs
- Fix Responsibilities

Performance Management System
- Goal setting
- Critical Role identification
- Review and Feedback
- Succession Planning

Rewards and Recognition
- Rewards framework
- Non-monetary /Appreciation
- Monetary benefits

Training and Development
- Training needs analysis
- Align with business objective
- Establish tie up with institutes

Technology Framework

Dashboard for Performance Monitoring
- Monitoring at CMD level
- Monitoring by Monitoring Cell
- Monitoring at Circle/Division level

Functionalities
- KPI updates
- Track milestone
- Issue log
- Accountability

Note: JD- Job description; PMS- Performance Management System; KPI- Key Performance Indicators

The constituents of the framework have been discussed in detail in the following sections.

2.1 Process Orientation

> "If you can't describe what you are doing as a process, you don't know what you're doing."
> *- W. Edwards Deming*

Process orientation focuses on the key processes/activities which are needed to establish goal alignment, accountability and ownership across various level in the Discom, thus enhancing the overall performance. Some of the key areas where Discoms need to focus are discussed below:

I. Goal Setting Process

Currently, in most of the Discoms, goals and the associated targets are embedded in various schemes, regulatory targets and directives and business plans, without being adequately spelled out and articulated across various levels and functions. The root cause of this is the absence of a formal process/mechanism of goal setting wherein targets are cogently documented and communicated.

The process of goal setting also requires devolution of Discom level goals into circle/division/sub-division level goals and targets. Additionally, targets need to be laid out for key support functions such as - IT, Regulatory Affairs, Energy Audit, Material & Stores, Metering and Protection, Vigilance, Planning etc. Figure 4 highlights the process of goal setting.

Figure 4: Process of Goal Setting

Understanding the Goals and Objectives of the Discom

- **Discom's business targets**
- **Regulatory targets**
- **Targets under various schemes**
  - o UDAY
  - o FRP
  - o IPDS
  - o DDUGJY

Devolution of Discom Goals into Circle/Division/Sub-division level targets

Monthly/yearly operational and commercial targets
- Circle
- Division
- Subdivision

Monthly/yearly targets for key support functions

Allocation of Responsibilities across functions and departments

Allocating responsibility across levels
- Chief Engineer
- Superintendent Engineer
- Executive Engineer
- Assistant Engineer

Transparent formulation and clear articulation of the targets, along with allocation of responsibilities has merit and it helps in creating better performance orientation. This may help achieve the goals and strategic objectives of the Discom. The goals and objectives will primarily include the following:

- Achieve financial soundness
- Sustain current loss levels and achieve further loss reduction
- Cost optimization
- Development in emerging areas
- Enhance customer engagement
- Sustain process excellence
- Workforce engagement
- Targets under various schemes and initiatives

The details are provided in Annexure 1: Goals and strategic objectives for a Discom and Annexure 2: Reform measures under various schemes

ii. Designing Balanced Score Cards for monitoring performance

Balanced score card is an effective tool for Discoms to assess the performance at various levels. Much more than a measurement exercise, the balanced scorecard may act as a performance monitoring tool for comparative assessment of various circles, divisions and sub-divisions on the key performance metrics like AT&C loss, quality & reliability, customer service, employee engagement etc. as depicted in Figure 5.

Figure 5: Constructing a balanced scorecard[3]

Identify key business strategy/ objectives	Select indicators for each identified goal	Construct metrics and identify data source	Assign weights and choose targets	Review
• Achieve loss reduction • Sustain process excellence • Enhance customer engagement • Enhance workforce engagement	• AT&C loss level • Quality and Reliability parameters • Customer service levels • Employee satisfaction level	KPIs on loss reduction, customer satisfaction, employee satisfaction, operational improvements etc. Data and information to be verified by SE/EE/AE of each Circle/Division/Sub-division.	Weights to be assigned based on the objective and criticality of metrics Targets to be set internally based on • Annual Plan • Industry best practice	• Monthly/Quarterly review • Linkage with Performance Dashboard

Figure 6 shows some examples of balanced score cards for circles in Discom.

Figure 6: Balanced Score cards for comparative assessment of circles in Discom

Objective: Comparison of operational performance among circles

Name of Circle	Parameters →	AT&C loss	SAIDI	SAIFI	DTR failure rate	Fault Free Feeders
	Weightage (100)					
	Units					
Circle 1						
Circle 2						

Objective: Comparison of consumer service level among circles

Name of Circle	Parameters →	Total commercial complaints/ '000 consumers	Total operational complaints/ '000 consumers	Time taken for new connections	No. of complaints resolved/total no. of complaints registered
	Weightage (100)				
	Units				
Circle 1					
Circle 2					

Objective: Comparison of employee engagement level among circles

Name of Circle	Parameters →	Employee welfare initiatives	Employee engagement index	Development trainings	Attrition rate
	Weightage (100)				
	Units				
Circle 1					
Circle 2					

Note: The above parameters are indicative and not exhaustive.
Discoms to identify the relevant parameters which they want to monitor and accordingly frame the scorecards.

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3. *The performance indicators mentioned above is only indicative. Discoms in general have host of other parameters where comparative assessment is needed including metering level, billing, revenue collection and measures being undertaken in other key areas like energy efficiency, demand side management etc.*

Performance needs to be assessed based on the cumulative score of each circle given the weights assigned to the corresponding parameter. Similar score cards can be developed for divisions and sub-divisions, and can also include various other performance parameters. The selection and finalization of parameters lie with the Discom management.

Use of balanced scorecards improves communication and inculcates ownership at different levels. It also promotes healthy competition, learning of good practices among circles and enables implementation of performance linked incentives schemes and rewards. Constant reinforcement of the mechanism is needed so that it is appreciated and followed at all levels.

iii. Data Collection and Reporting

Lack of accurate data and reporting is a big challenge in Discoms that needs to be addressed. Compilation of baseline data is the starting point for energy accounting and audit. While energy accounting gives the overall picture of energy availability and its use, energy audit enables analysis of data in a meaningful manner. Hence accurate data needs to be established & verified in division wise, sub-division wise and 11 KV feeder wise breakup. Data received from various levels/functions in the Discom can be used to monitor performance and make informed business decisions.

Thus, precise data inputs at the lowest level (typically feeder level at each subdivision) is extremely critical. Standard formats (data sheets) need to be maintained and institutionalized at each sub-division office for collecting input data as given in Figure 7.

Figure 7: Data collection and reporting process

| Timely data input at feeder level | Data verification for reliability | Fixing accountability for data accuracy | Data compilation and reporting to Division office |

Data Input

Operational parameters
• Input energy
• Sales
• Revenue
• Billing efficiency
• Collection efficiency
• AT&C loss

Performance indicators
• Loss reduction targets
• Revenue collection targets
• Energy efficiency/DSM
• Rural electrification targets

Updates on key activities and milestones
• Preparation of project report
• Tendering process
• Award
• Implementation

The above also ensures that other linked activities (e.g. for enabling balanced score card, proper data collection and reporting is essential) are performed efficiently. An indicative data collection and reporting framework is provided in Annexure III.

2.2 People Interventions

> *"I believe the real difference between success and failure in a corporation can be very often traced to the question of how well the organization brings out the great energies and talents of its people"*
>
> *- Thomas J. Watson, Jr*

Discoms need employee engagement measures to enhance performance of employees at all levels. The objective is to engage employees, ensuring that they - are well aligned with the Discoms vision and strategy, are aware of their tasks, and are encouraged to deliver at par or beyond the expectations from them.

I. Organization Structure

It is important for Discoms to align their organizational structure with the changing business needs, enabling the employees to contribute to the wider organizational objectives and market needs. The existing structures at Discoms are not completely suited as enablers of change and entail strengthening in the form of - setting up of new functions, strengthening of existing functions etc. Enabling organization structure, providing focused support to each and every division/department, needs to be created. Additionally, Discoms needs to re-affirm the requirements by assessing employees in terms of number, skill and function. (Figure 8).

Figure 8: Enabling Organization Structure
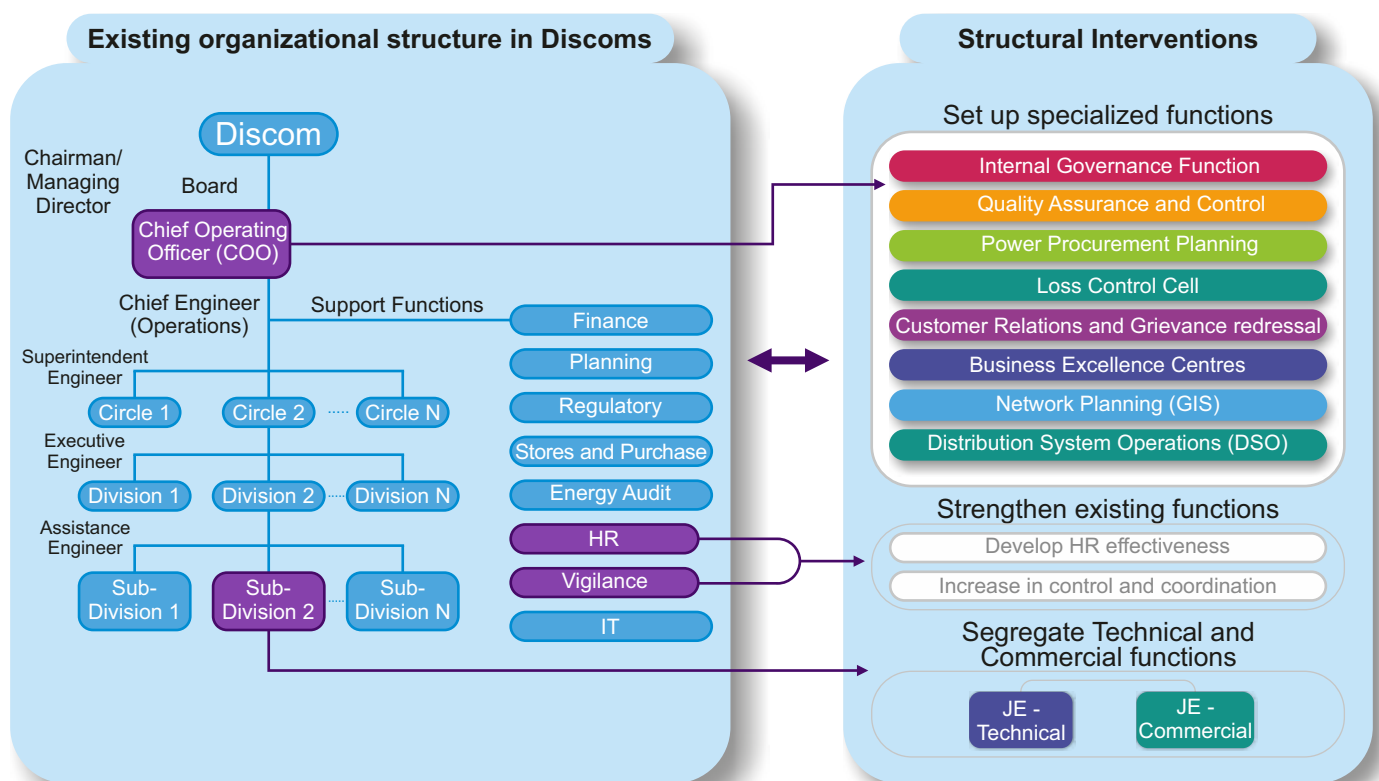
a) **Setting up specialized functions:** It has been observed that most Discoms do not have specific functions for undertaking specialized activities related to quality monitoring, power procurement planning, business excellence, customer relations, internal monitoring etc., resulting in performance gaps. Some of these roles have traditionally not been part of the organizational structure of any of the Discoms, however in the emerging context of the power sector, these roles will become important necessitating dedicated functions. For example, in future, consumers will be more discerning. They will choose their own rate plans and decide when to consume based on visible, real term price signals.

They will sometime sell electricity back to the grid, from their self-generation and storage facilities. Consumption will be remotely managed, feeding back precious information to system managers and operators. In such a scenario, setting up of Distribution System Operators becomes extremely important. Figure 9 shows some of the critical functions that needs to be included. This is not an exhaustive list of functions; there may be other functions that can be included. The Discoms need to evaluate the same.

Figure 9: Specialized functions

Quality Assurance and Control	Business Excellence Centers	Power Procurement Planning	Customer Relations/ Grievance redressal
For monitoring quality aspects in various field works, procurement, consumer services	For designing strategies and action plans on investment, reforms, business plan	For demand forecasting (short term and long term), Power Procurement Optimization	For educating consumers their rights & responsibilities. Acting as the highest forum for grievance redressal
Loss Control Cell	**Network Planning/GIS**	**Internal Governance**	**Distribution System Operations (DSO)**
For detecting pilferage of energy, disconnect/ remove such supplies and booking the offenders u/s 135 to 138 of EA'03	For upgrading network basis load flow studies. Mapping of network at different voltage level, geographically up to the consumer	For review/monitoring of operational processes, compliance and SOPs. Creation and updation of process manuals	For supervision of distribution network to ensure integrated operation, including management of multiple embedded generators

b) **Creating a specialized position for sustained leadership helps in continuity of established frameworks and internal governance:** Lack of continued leadership is a major concern for Discoms as the top leadership (CMD/MD)[4], who are generally bureaucrats, have a fixed job tenure. Moreover, given the nature of their job, they get replaced/ transferred frequently. Such frequent changes in leadership results in adhoc changes in internal structures and frameworks which had been put in place earlier, resulting in sub-optimal performance. In order to avoid this, it is suggested that a specialized position must be created at the top level. The position to be headed by a senior level technocrat - who has sound knowledge of the Discoms' operations, can stay for a longer duration and can work alongside other top officials (CMD, Chief Engineer, functional heads). The selected technocrat can be appointed as a Chief Operating Officer (COO) or a similar new designation could be evolved. The nominated person - COO, suggested above, could also head the internal governance function (introduced under this framework). This is to ensure constant oversight of strategic goals, regulatory compliance, performance of new processes/ mechanisms, people productivity/ accomplishments and day to day operations.

c) **Segregation of Technical and Commercial functions:** It has been found that lack of segregation of technical and commercial function in operations is a critical gap in Discoms. Technical functions (like investment planning, maintenance activities like fuse off call, planned, unplanned maintenance) and commercial functions (like billing, arrear recovery, meter reading, collections) are both carried out by the Junior Engineer (JE). Hence, following needs to be done:
i. High performing JE to be given the opportunity of handling commercial function.
ii. Swapping of roles or job rotation after every 2-3 years to be introduced for skill development of additional JEs for the roles.
iii. Both the above activities to be monitored on a regular basis to increase the efficacy, in terms of employee productivity, result/ goal orientation and satisfaction index.

d) **Lack of adequate staff with required skills is a major issue which the Discoms currently face. Hence an effective manpower planning exercise is needed through:**
i. Manpower Planning/Staffing - There is a need to assess the requirements of right number of people at right places with right skills/ capabilities. This is critical from following perspectives (i) Most of the functions/departments/cells are understaffed resulting in overloading of work on individuals (ii) Addition of new functions and strengthening of existing ones will require additional staff.

[4.] *CMD- Chief Managing Director; MD- Managing Director*

ii. New skillsets for emerging needs - Identification of new roles for emerging business needs (such as Smart Grids, Demand Side Management, Solar Rooftop and Storage, Retail Customer Management etc.) is critical, ensuring scope commitments, quality, capabilities and timelines. Business Excellence function, closely working with the sales, operations and HR, can be allocated the responsibility of identifying such needs from time to time, keeping in mind the emerging power sector dynamics. Additionally, adequate business support teams such as Information Technology (IT) cadre and Analytics unit etc. need to be recruited.

e) **Strengthening of functions:** Functional gaps have been observed in Discoms. Under quick wins following measures needs to be undertaken:

i. **Human Resource Department (HRD) :** Making HRD more effective through increased role of HR in Annual Confidential Reports (ACRs). ACR processes currently are done by the immidiate superior, and are not linked to the job requirement of the employees, making it a subjective exercise. Also, making HRD responsible for connecting employees through several employee engagements and team activities, such as facilitating interactions between the employees and managers on a regular basis.

ii. **Vigilance department :** Exploring possibility of taking police officers on deputation for theft/ enforcement, to bring effectiveness and better coordination with them.

Overall, Discoms need to constantly evaluate the requirements, assess the options and accordingly make changes or introduce new aspects in the organization structure.

II. Job Descriptions and Key Performance Indicators (KPIs)

The Job Descriptions (JDs) for employees need to be clear, comprehensive and goal oriented. Creating individual roles and responsibilities, documenting tasks, constant monitoring and feedback are critical factors in the direction towards improving performance monitoring in Discoms.

However, Discoms currently lack the above aspects, which results in under-performance and lower accountability across various levels, thereby impacting business outcomes. In Discoms, JDs are either not standardized or they do not accurately specify technical, behavioral skills and other capabilities. Also, the JDs are not properly communicated. It has been observed that at some corporate offices, some employees perform multiple responsibilities because of non-availability of manpower and inadequate bifurcation of technical and commercial functions.

Discoms need a holistic framework for including right attributes of roles and responsibilities in a JD. The components of a JD template needs to be defined based on consultation at different levels in the Discom. Figure 10 provides the key components of a JD template and Figure 11 indicates the process of seeking information for the JDs to make them appropriate for a job role.

Figure 10: Components of a Job Description Template

Role Summary
Includes details of the employees Department and Designation

Reporting Relationships
Includes the title of the position to which the role reports to and the titles of jobs reporting to it.

Role Objective
Briefly explains the broad objective of the role to be performed

Key Responsibilities
Includes all the key responsibilities of the of the role to be achieved

Operating Network
Includes the various internal and external contact points the role collaborates with

Job Specifications
Includes the qualifications and competencies (technical and behavioral) required for the roles

Figure 11: Job Description creation process- consultation with key personnel

Functional Leaders/HoDs	Current Job Holders	Past Job Holders	Supervisors	Hiring Managers/HRD
Enable the role to be clearly aligned to the business objectives as leaders are involved in defining the organizational targets to be achieved through that particular role	Enables the employee to understand the most precise scope of work, conditions of work and the job competencies required for the role	Help analyze the entire evolution of the roles and responsibilities and its applicable performance measures	How the position influences functional and organizational objectives. May provide additional information on the skills required for success in that role	Skills required for the position, and the tasks required to be performed for success in the role. This will help the HRD to evaluate the candidate fitment for the role

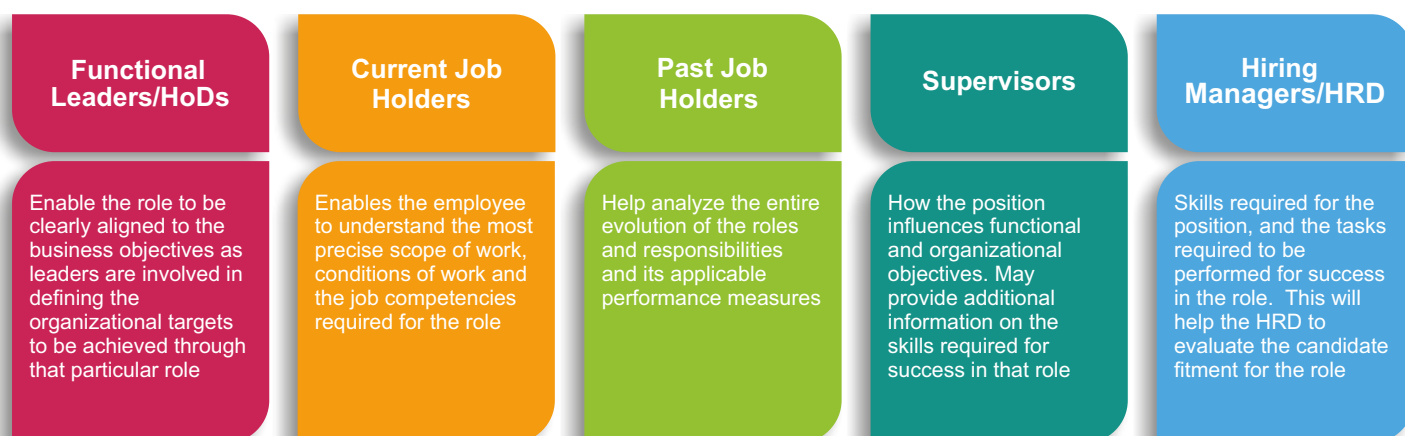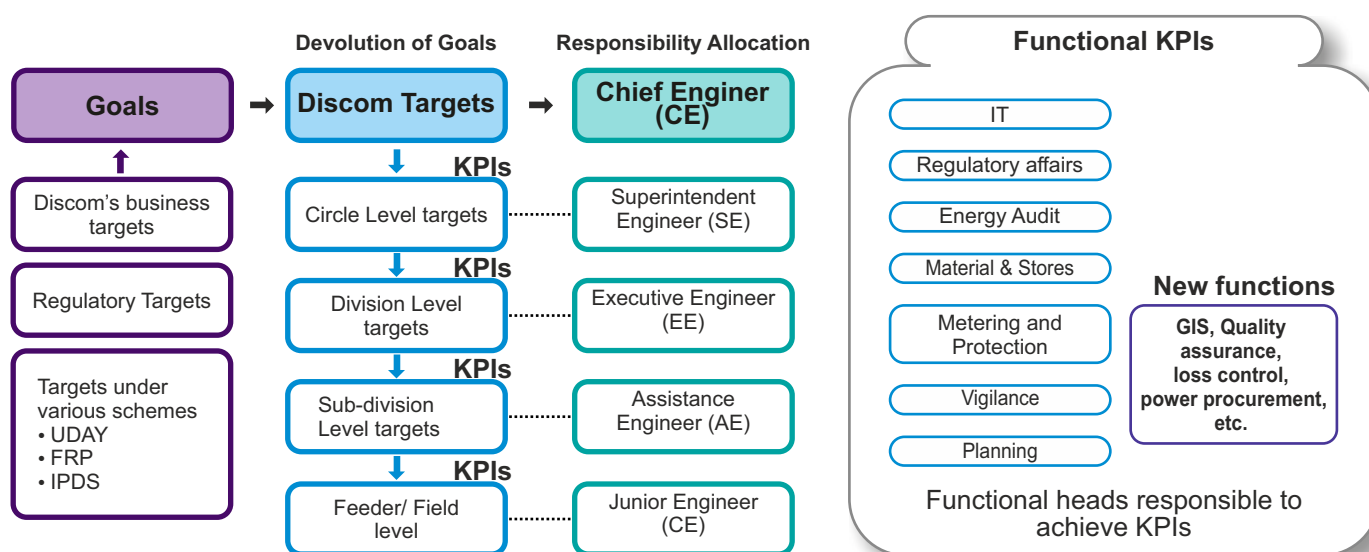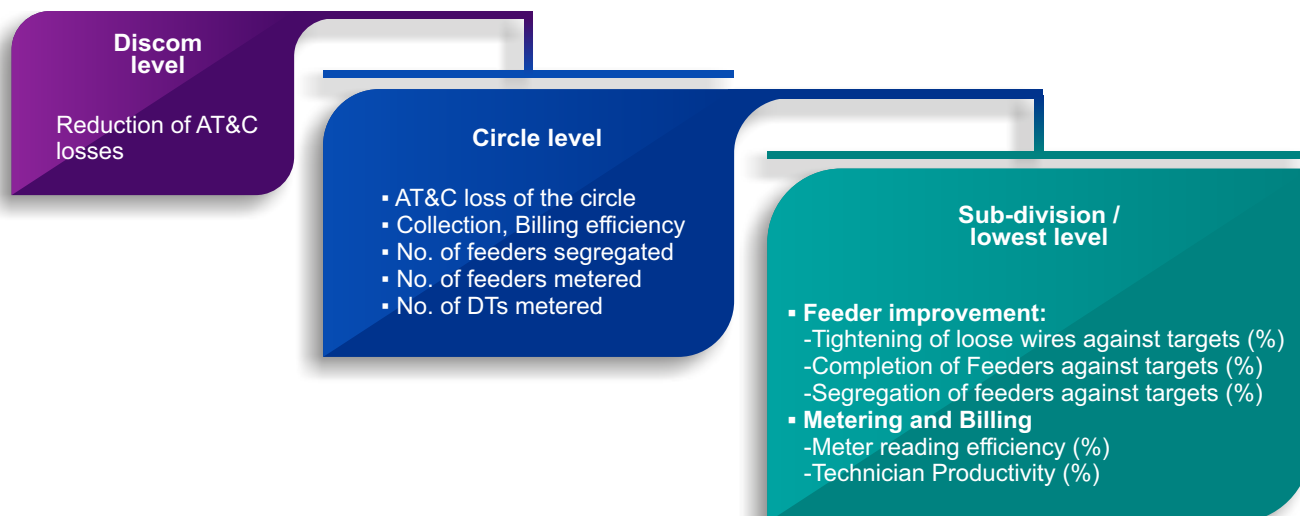Figure 12 indicates the development of KPIs in Discoms.

Figure 12: Development of KPIs in Discoms

As shown above, KPIs need to be designed based on specific objectives and strategy of Discoms. This includes devolution of Discom level targets to circle/ division/ sub-division level targets. For example, AT&C loss reduction target to be broken down into KPIs for different levels (Figure 13).

Figure 13: Devolution of Targets into KPIs

Discom level

Reduction of AT&C losses

Circle level

- AT&C loss of the circle
- Collection, Billing efficiency
- No. of feeders segregated
- No. of feeders metered
- No. of DTs metered

Sub-division / lowest level

- **Feeder improvement:**
  -Tightening of loose wires against targets (%)
  -Completion of Feeders against targets (%)
  -Segregation of feeders against targets (%)
- **Metering and Billing**
  -Meter reading efficiency (%)
  -Technician Productivity (%)

To meet KPIs, its always advisable to give responsibility of achieving these KPIs to key officials, with desired objectivity and highlighted measures. Further, following needs consideration:

a) JDs to mandatorily cover goals /KPIs to be evaluated in the ACRs (Annual Confidential Report). Competencies and skills, both technical and behavioral, to be detailed out for all roles. Overall, a robust ACR to give strength to the employee appraisal process.

b) Discoms to avoid ad-hoc assigning of tasks to ensure job satisfaction by reducing workload and alignment with JDs.

c) KPIs to include targets which are to be set based on Discom annual plans and industry best practices. Targets to be specific and numeric (objective) in nature. Further, weightage to be allocated to each role/ level performing the function.

d) JDs to be translated to local languages, including hindi, so that employees at all level find it easy to read. JDs to be reviewed with managers, human resources department and other incumbents, periodically.

e) Creating contractual roles with documented responsibilities, also providing external advisory and support for initiating and implementing projects.

III. Performance Management Process

Managing performance and driving a performance oriented culture are essential for Discoms to improve productivity and operational efficiencies. Institutionalising goal setting and feedback mechanism are expected to bring in more objectivity to performance reviews leading to minimising bias in performance evaluation if any.

Therefore, it is advisable to establish a performance management framework that combines goal setting, review process, feedback mechanism and subsequent succession planning into an integrated tool. This helps in managing the performance of an individual holistically, and also engaging employees at work by building accountability of tasks performed by both individuals and team. Figure 14 and 15 shows the Performance Management Process and critical role identification for Discoms.

Figure 14: Performance Management Process for Discom

Strategy map → Organization Scorecard → Organization level target setting

MONTH 1 | MONTH 1 | MONTH 1

Functional level target setting

Individual performance and development planning

MONTH 2

Linkage to rewards and training — MONTH 12 ONWARDS

Final rating & communication of PMS result — MONTH 11

Complete year end performance evaluation and discussion with Appraiser — MONTH 11

Interim Review discussion with Appraiser (Half yearly / Quarterly Review)

MONTH 11-12

Circle: Reward, Recognition, Learning & Development | Goal Setting | Interim Review | Year-end Review | Increment & process Promotion

Quarterly Review
•1st Review –Month 4
•2nd Review –Month 8

Half yearly Review
•Month 6

Figure 15: Critical Role Identification Framework

Step 1 : Analyze the list of existing roles and collate necessary documents for analysis

Step 2 : Conduct structured discussions to understand the current state and identify key stakeholders for interactions/ inputs/ validation

Step 3 : Identify and define parameters for assessing criticality of roles on competencies, span of control, role complexity , talent risk, business impact etc.

Step 4 : Validate parameters and create working template to calculate the criticality index (Rating scale 1-3)

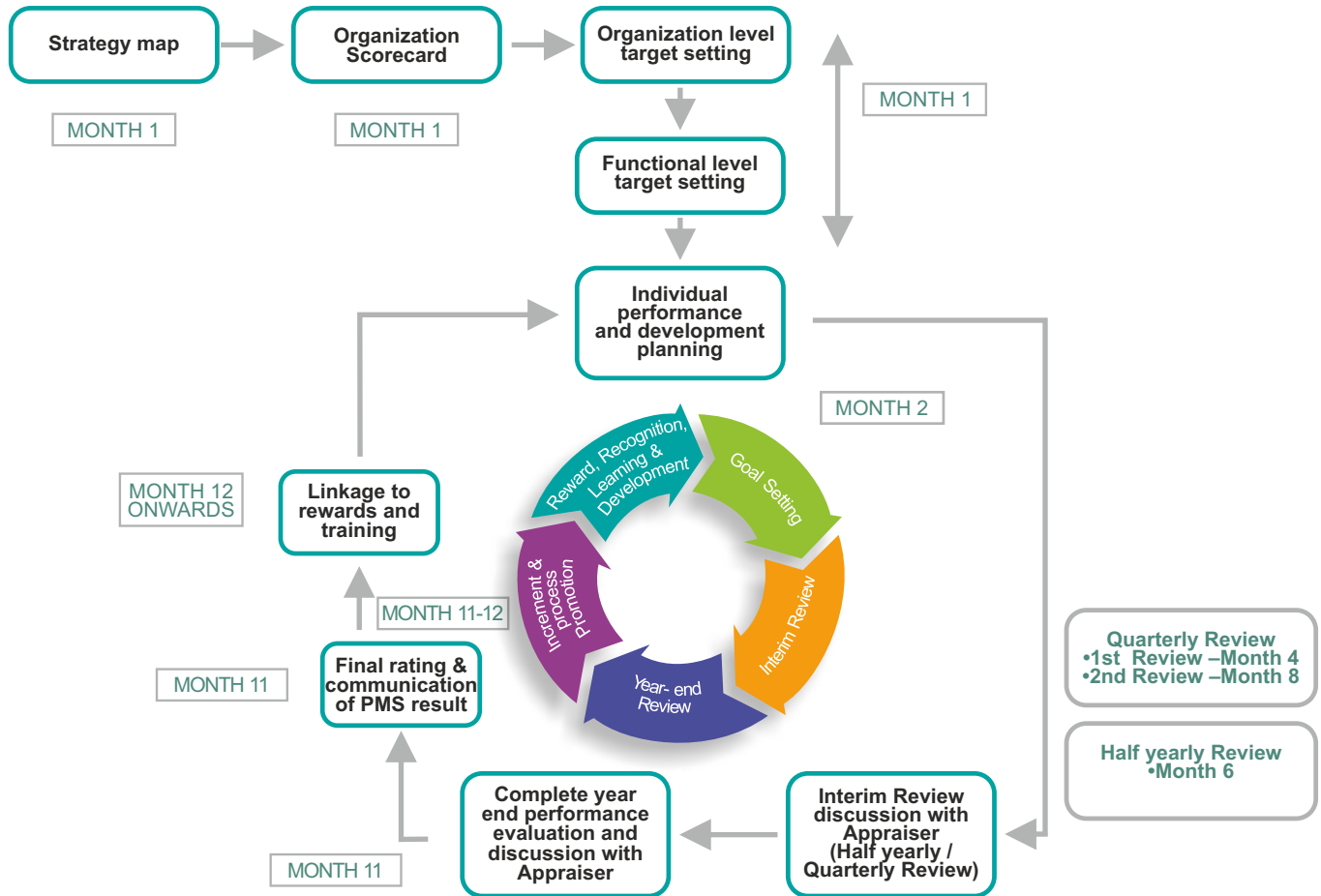**Step 5 :** Rank roles on basis of the criticality index

Step 6 : Validate the identified critical roles

Further, following needs consideration:

a) Goal setting to be formally initiated for all functions at the beginning of a financial year or within 45 days of an employee joining the organization.

b) A regular intervention is required to assess the employee during the year for feedback - It is recommended that employee's evaluation of objectives and targets is an ongoing activity rather than a one time discussion.

c) Performance assessment inputs to be linked to critical role identification and succession planning framework.

d) Introduction of mentoring programs for new and existing employees, where an employee is shadowing a senior official at the Discom.

e) Introduction of job rotation - This is to enable high potential employee to work with various departments on the required expertise.

It is suggested that aforementioned aspects be incorporated in the existing ACR process in Discoms for more effective performance reviews.

IV. Rewards and Recognition

Employee engagement and recognition are key drivers that improves motivation levels at work, and the same is applicable for Discoms as-well. In some Discoms, such measures have been introduced, however, on adhoc basis. For instance, some Discoms have implemented schemes for sharing loss reduction benefits among the employees. However, these are not completely streamlined in the system and lack universal acceptance.

Discoms need standard processes of incentivizing and rewarding employees. This can be done through a diversified set of rewards and recognition schemes, enabling Discoms to provide a culture of recognition throughout the employee network. Figure 16 and 17 indicates reward and recognition process, and initiatives for Discoms.

Figure 16: Rewards and Recognition Process

Step 1 : Immediate supervisor of the employee should send an email or memo to the approving authority (Committee of HoDs to be the authority for reviewing nominations) who would then send it to the Director-HRD with a copy marked to CE/HoD of the concerned department clearly stating the reasons for nominating the concerned employee for the Award

Step 2 : HRD upon receipt of the memo, would get the letter of appreciation signed by the Managing Director/GM/CE (routed through the concerned Directors in the department/function and HRD)

Step 3 : Director HR would then provide the signed letter of appreciation to the functional Director who would subsequently hand it over to the concerned employee during a team meeting

Step 4: HRD shall keep a monthly record of the employees being nominated for the award. Employees with the maximum awards in the year will be nominated for the Employee of the Year Award

Figure 17: Rewards and Recognition Initiatives

Outstanding Achiever Award	Long service Award	Appreciation Letter/ Spot Award	Lunch with the CMD	Providing flexible work hours
Promising New comer Award	Women Employee Award	Best Team Award	Tickets to sports/ cultural events	Membership of health/yoga classes

The objective of the above initiatives is to inculcate a sense of ownership and competitiveness among Discoms staff, improve the learning curve, prepare them against competition, and help them exceed expectations/ goals, resulting in overall performance enhancement.

Further, following needs consideration:

a) Each division to identify and appoint engagement champions (Maximum 2) responsible for organizing monthly or quarterly team activities, such as - Picnics, Birthday celebrations, festivals

b) A internal committee to be formed by the Managing Director in consultation with the HRD of function/division heads to review nominations for all individual and team awards

c) Adequate budget allocation for rewards and recognition activities

V. Training and Development

Capability development has been a critical area of intervention in Discoms. Although there have been varied and ad-hoc training programs organized for employees and teams alike, but they have fallen short of fulfilling the desired skill and competency development needs. It is essential to map the training programs with specified and focused needs of the employees, thereby, helping in strengthening and catalyzing the impact of the training interventions. Figure 18 and 19 showcase the related processes.

Figure 18: Trainings and Development Framework

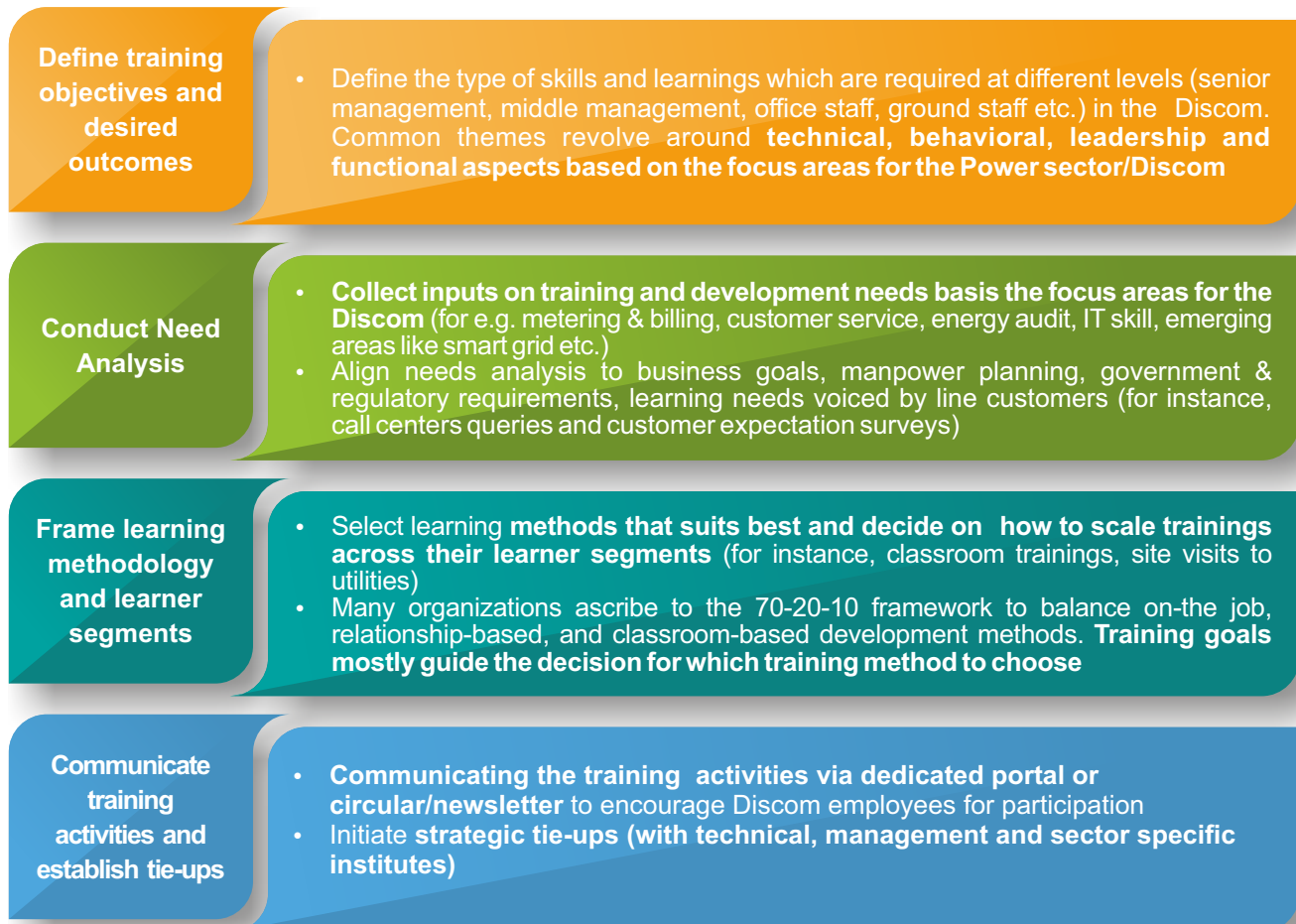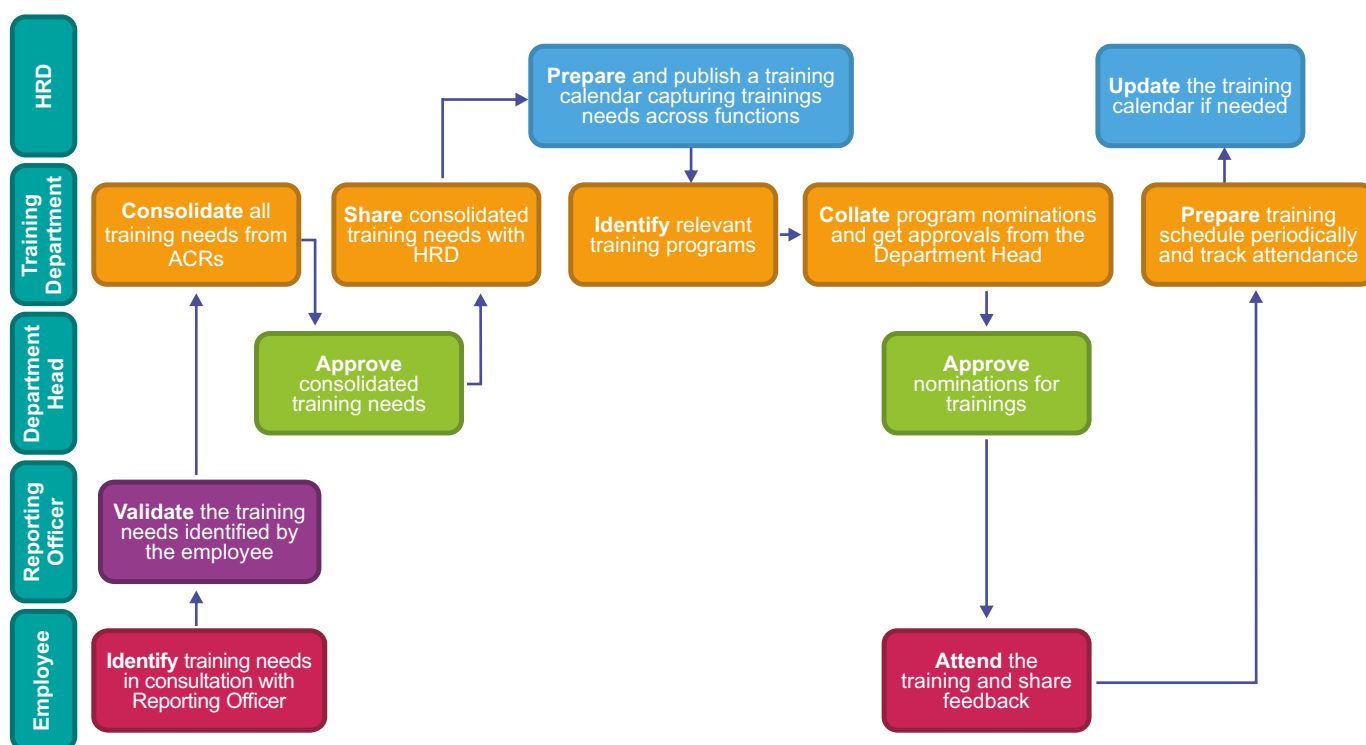| Define training objectives and desired outcomes	• Define the type of skills and learnings which are required at different levels (senior management, middle management, office staff, ground staff etc.) in the Discom. Common themes revolve around **technical, behavioral, leadership and functional aspects based on the focus areas for the Power sector/Discom**
Conduct Need Analysis	• **Collect inputs on training and development needs basis the focus areas for the Discom** (for e.g. metering & billing, customer service, energy audit, IT skill, emerging areas like smart grid etc.) • Align needs analysis to business goals, manpower planning, government & regulatory requirements, learning needs voiced by line customers (for instance, call centers queries and customer expectation surveys)
Frame learning methodology and learner segments	• Select learning **methods that suits best and decide on how to scale trainings across their learner segments** (for instance, classroom trainings, site visits to utilities) • Many organizations ascribe to the 70-20-10 framework to balance on-the job, relationship-based, and classroom-based development methods. **Training goals mostly guide the decision for which training method to choose**
Communicate training activities and establish tie-ups	• **Communicating the training activities via dedicated portal or circular/newsletter** to encourage Discom employees for participation • Initiate **strategic tie-ups (with technical, management and sector specific institutes)**

Figure 19: Trainings Need Identification Process

Further, following needs consideration:

a) Design customized and interactive trainings sessions on the following ;

· Induction trainings

· On the job / off the job trainings

· Technical training

· Behavioral training

b) Design training as per employee category ;

· New Joiners

· Tenured employees

· Hi Potential employees

· Low Performers

c) Improve employee participation in trainings by engaging with seniors on training modules and its relevance for the teams

d) Tie-ups with academic institutions like Technical, Management and Sector related Institutes.

2.3 Technology Framework

> **"Technology is the campfire around which we tell our stories"**
> *- Laurie Anderson*

For Discoms, technology will act as a key enabler in performance improvement, driving people to deliver quality outcomes and providing guiding rails to keep the processes on track.

I. Dashboards[5]

Dashboards are diagnostic tools which enables- regular monitoring and tracking of progress, highlighting the critical path activities, catch up plans, alerts and dependencies, risks and their likelihood of occurrence, responsibility allocation and mapping, and compliance management/reporting. This helps the management in making instantaneous and informed decisions (Figure 20, 21 and 22)
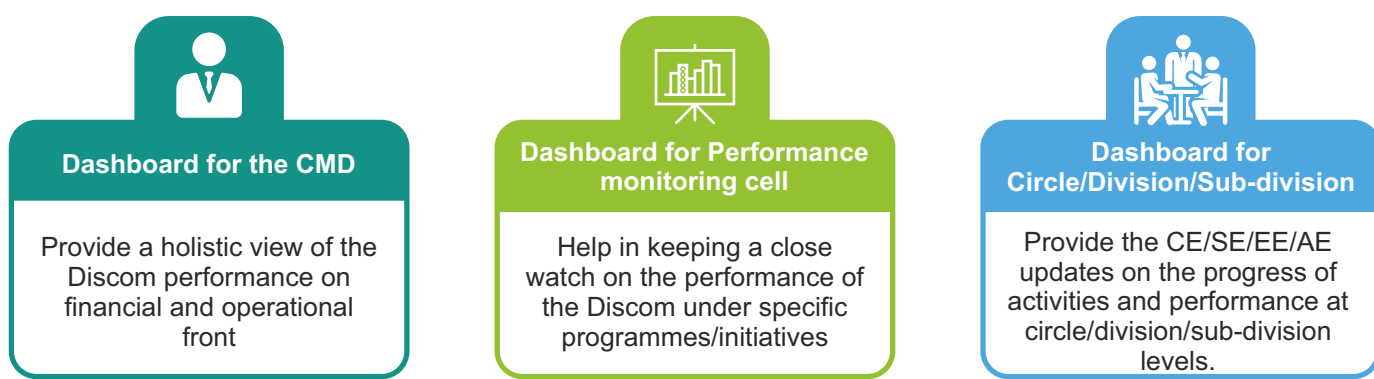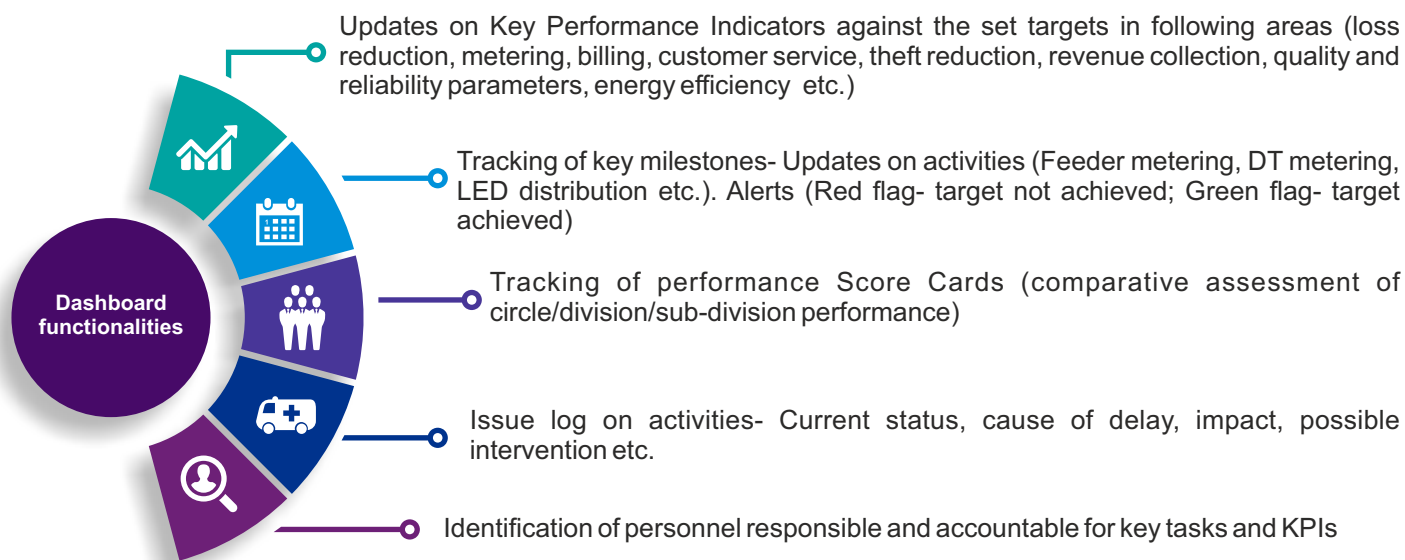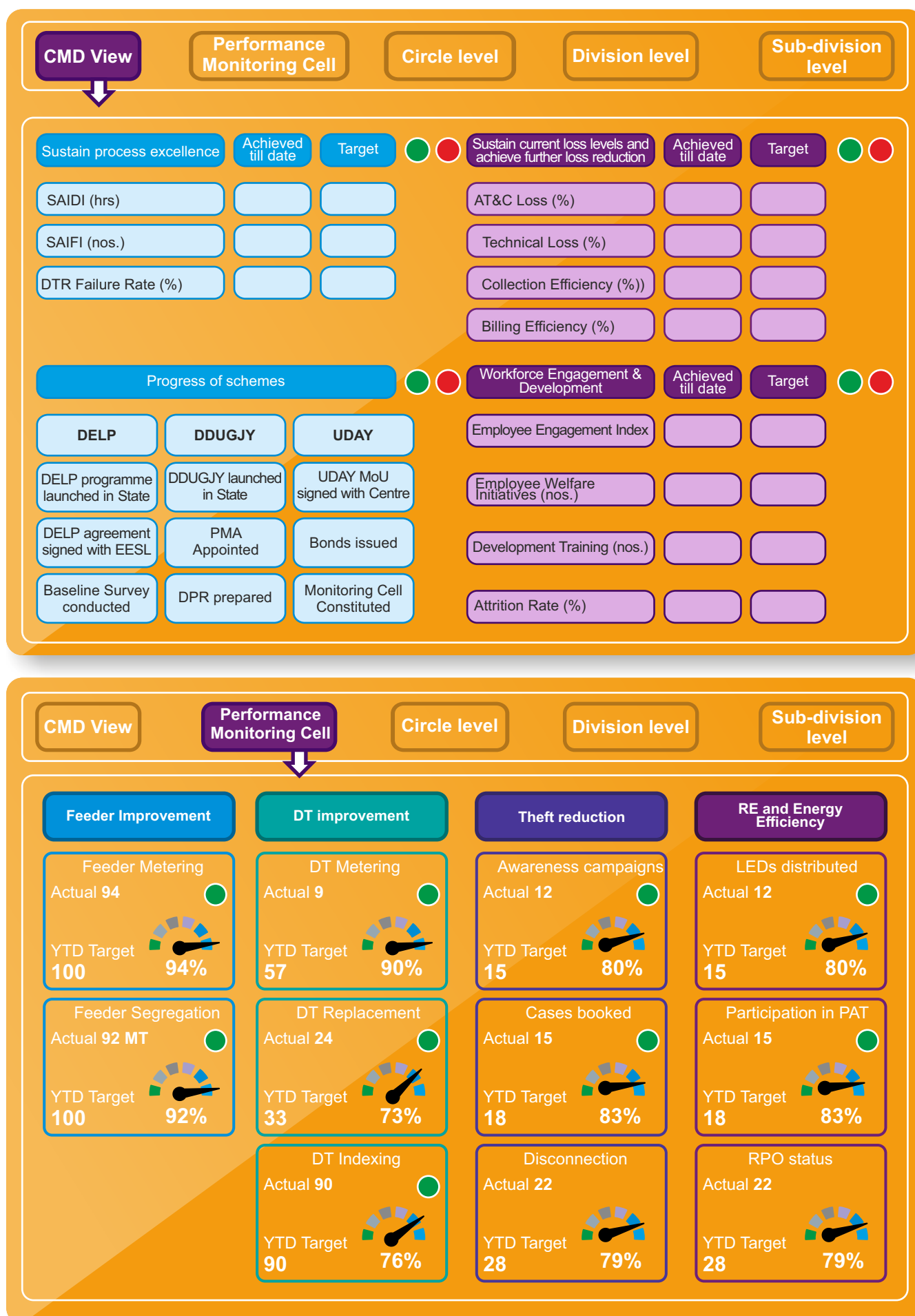
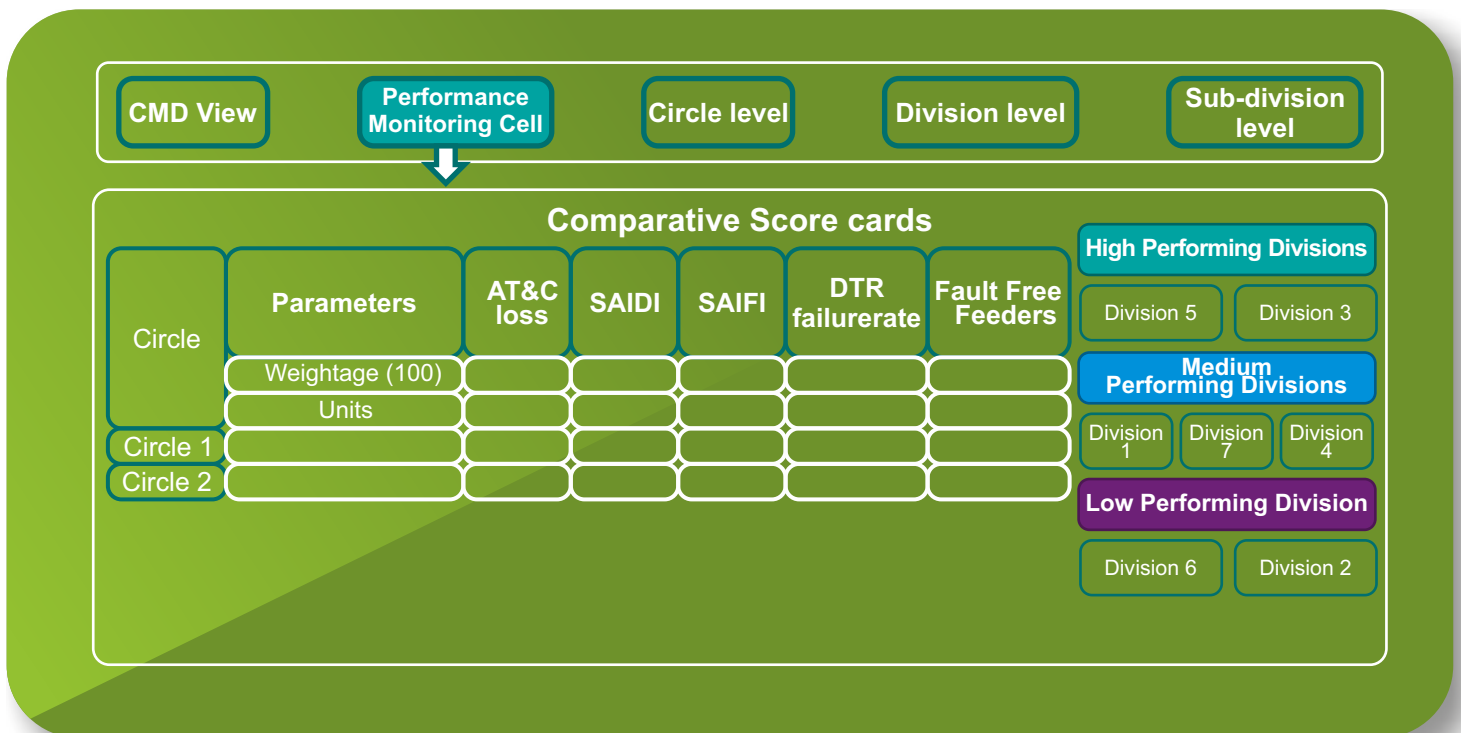### Figure 20: Different types and uses of the Dashboard

Dashboard for the CMD	Dashboard for Performance monitoring cell	Dashboard for Circle/Division/Sub-division
Provide a holistic view of the Discom performance on financial and operational front	Help in keeping a close watch on the performance of the Discom under specific programmes/initiatives	Provide the CE/SE/EE/AE updates on the progress of activities and performance at circle/division/sub-division levels.

Figure 21: Different functionalities of the Dashboard

Updates on Key Performance Indicators against the set targets in following areas (loss reduction, metering, billing, customer service, theft reduction, revenue collection, quality and reliability parameters, energy efficiency etc.)

Tracking of key milestones- Updates on activities (Feeder metering, DT metering, LED distribution etc.). Alerts (Red flag- target not achieved; Green flag- target achieved)

Tracking of performance Score Cards (comparative assessment of circle/division/sub-division performance)

Issue log on activities- Current status, cause of delay, impact, possible intervention etc.

Identification of personnel responsible and accountable for key tasks and KPIs

---

5. *For Discoms, technology deployment is a wide area and there are number of interventions possible, however, the focus of this paper is on performance monitoring & control to bring performance improvement. Hence, technology tools which can help achieve the above objective have been discussed here.*
A performance monitoring cell could be set up for monitoring of specific programmes/initiatives. The cell could be headed by Chief Engineer/Director level official with regular reporting to the CMD.

Figure 22: Dashboards for Discom

Dashboard 1 — CMD View

| CMD View | Performance Monitoring Cell | Circle level | Division level | Sub-division level |

Sustain process excellence	Achieved till date	Target	🟢 🔴
SAIDI (hrs)			
SAIFI (nos.)			
DTR Failure Rate (%)			

Sustain current loss levels and achieve further loss reduction	Achieved till date	Target	🟢 🔴
AT&C Loss (%)			
Technical Loss (%)			
Collection Efficiency (%))			
Billing Efficiency (%)			

Progress of schemes			🟢 🔴
DELP	**DDUGJY**	**UDAY**	
DELP programme launched in State	DDUGJY launched in State	UDAY MoU signed with Centre	
DELP agreement signed with EESL	PMA Appointed	Bonds issued	
Baseline Survey conducted	DPR prepared	Monitoring Cell Constituted	

Workforce Engagement & Development	Achieved till date	Target	🟢 🔴
Employee Engagement Index			
Employee Welfare Initiatives (nos.)			
Development Training (nos.)			
Attrition Rate (%)			

Dashboard 2 — Performance Monitoring Cell

| CMD View | Performance Monitoring Cell | Circle level | Division level | Sub-division level |

Feeder Improvement	DT improvement	Theft reduction	RE and Energy Efficiency
Feeder Metering Actual **94** 🟢 / YTD Target **100** — 94%	**DT Metering** Actual **9** 🟢 / YTD Target **57** — 90%	**Awareness campaigns** Actual **12** 🟢 / YTD Target **15** — 80%	**LEDs distributed** Actual **12** 🟢 / YTD Target **15** — 80%
Feeder Segregation Actual **92 MT** 🟢 / YTD Target **100** — 92%	**DT Replacement** Actual **24** 🟢 / YTD Target **33** — 73%	**Cases booked** Actual **15** 🟢 / YTD Target **18** — 83%	**Participation in PAT** Actual **15** 🟢 / YTD Target **18** — 83%
	DT Indexing Actual **90** 🟢 / YTD Target **90** — 76%	**Disconnection** Actual **22** / YTD Target **28** — 79%	**RPO status** Actual **22** / YTD Target **28** — 79%

Issue Log

CMD View	Performance Monitoring Cell	Circle level	Division level	Sub-division level

Issue Log

	Project	Impact	Issue age	Current Status
🔴	Delay in identification of feeders for segregation			
	Delay in consumer indexing			

Tracing the life of a red flag
Live Issue Register

Stakeholders	Action	Progress	Issue closed
		W1 W2 W3 W4 W5 W6 W7 W8	
🔴	🔴	🔴 🟠 🟢	🟢

CMD View	Performance Monitoring Cell	Circle level	Division level	Sub-division level

Comparative Score cards

Circle	Parameters	AT&C loss	SAIDI	SAIFI	DTR failurerate	Fault Free Feeders
	Weightage (100)					
	Units					
Circle 1						
Circle 2						

High Performing Divisions
- Division 5
- Division 3

Medium Performing Divisions
- Division 1
- Division 7
- Division 4

Low Performing Division
- Division 6
- Division 2

3.

Action Plan for Discoms to adopt the Institutional Framework

3. Action Plan for Discoms to adopt the Institutional Framework

The 'Institutional Framework for Performance Orientation in Discoms' explained above integrates the three critical elements required for performance orientation - Process, People and Technology. Discoms must endeavor to implement the framework in entirety to derive maximum benefits.

For Discoms to implement this framework, following approach is proposed-

	Activity	Action
Process	**1. Goal setting process**	• *Devolve overall goals into targets across the Discom* • *Allocate responsibilities across levels and functions* • *Articulate and communicate the above*
	2. Creating balanced score cards	• *Set the areas of performance indicators* • *Construct metrics and identify data source* • *Assign weights, choose targets and review* Detailed excel template is provided as part of the 'Discom Performance Monitoring Framework'
	3. Data collection & reporting mechanism	• *Timely data input at feeder level (Fill base data sheet)* • *Verify data for reliability* • *Fix accountability for data accuracy* • *Compile data and report to higher level* Detailed excel template is provided as part of the 'Discom Performance Monitoring Framework'
People	**4. Organization structure redesign**	• *Create new cells/departments (e.g. internal governance)* • *Strengthen existing functions (e.g. Vigilance)* • *Create new positions (e.g. Chief Operating Officer for continued leadership at the top and internal governance)* • *Manpower Planning exercise to identify resource and skill requirements (for both existing functions and emerging areas)*
	5. Creating Job Descriptions (JDs) and KPIs	***JDs*** • *Create JD templates (identify roles, reporting, objective, responsibility, operating network and job specifications* • *Consultation with HoDs, job holders, supervisors etc.* ***KPIs*** • *Devolve targets into KPIs. Allocate responsibilities* • *Create KPI template (Discom and level wise)* ***ACR*** • *Make ACRs more comprehensive and aligned with JDs and KPIs* Detailed excel template is provided as part of the 'Discom Performance Monitoring Framework'

	Activity	Action
People	**6. Creating robust performance management system**	● *Establish a performance management framework that combines goal setting, review process and feedback mechanism* ● *Identify critical roles for succession planning*
	7. Creating reward and recognition framework	● *Establish the process for reward and recognition* ● *Create initiatives (including softer measures) to recognize good performance*
	8. Creating training & development framework	● *Create Vision* ● *Conduct training need analysis* ● *Align the need with business objectives* ● *Frame training methodology and learner segment* ● *Communicate activities, establish tie-ups*
Technology	**9. Dashboard**	● *Identify data requirement and source* ● *Identify the functionalities of the dashboard* ● *Identify IT tool/platform for creating the dashboard*

"Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline."

- James C. Collins

4.
Abbreviation

4. Abbreviation

ACS	Average Cost of Supply
ACR	Annual Confidential Report
A&G	Administrative and General
ARR	Average Revenue Requirement
AT&C	Aggregate Technical and Commercial
CAPEX	Capital Expenditure
CE	Chief Engineer
CMD	Chief Managing Director
COO	Chief Operating Officer
DDUGJY	Deendayal Upadhyaya Gram Jyoti Yojana
DELP	Domestic Efficient Lighting Programme
DTR	Distribution Transformer
EE	Executive Engineer
ERP	Enterprise Resource Planning
FRP	Financial Restructuring Plan
GIS	Geographical Information System
HoD	Head of Department
HRD	Human Resource Department
IPDS	Integrated Power Development Scheme
JD	Job Description
JE	Junior Engineer
KPI	Key Performance Indicator
MD	Managing Director
PAT	Profit After Tax
R&M	Repair and Maintenance
RPO	Renewable Purchase Obligation
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SE	Superintendent Engineer
UDAY	Ujwal Discom Assurance Yojana

5.
Annexures

5. Annexures:

1. Annexure I: Goals and strategic objectives for a Discom

Sr.No.	Objective	Key Parameters
1.	Financial Soundness	● Subsidy booked, Subsidy recieved ● CAPEX ● Profitability ● ACC- ARR Gap ● Debt Equity Ratio ● Regulatory Asset
2.	Sustain current loss levels and achieve further loss reduction	● AT&C losses ● Technical Los ●Collection Efficiency ●Billing Efficiency
3.	Cost Optimization	● R&M Cost ● A&G Cost ● Power Purchase Cost
4.	Development in emerging areas	● Installation of Rooftop Solar ● Power Procurement Optimization ● Technology Advancement and Automation
5.	Enhance Customer Engagement	● No. of Commercial and Operational Complaints ● New initiatives to enhance cutomer engagement (consumer surveys to get feedback and views on service standards)
6.	Sustain Process Excellence	● SAIFI ● SAIDI ● DTR Failure Rate
7.	Worforce Engagement and Development	● Employee Engagement Index ● Employee Welfare initiatives ● Attrition Rate ● Training and Development programmes

2. Annexure II: Reform measures under various schemes

Sr.No.	Reform Objective	Key Parameters
1.	Improvement in Energy Accounting Practices	● Feeder metering ● Feeder segregation ● DT metering ● DT replacement
2.	Reduction of AT&C loss	● Consumer meter replacement ● Smart metering ● Consumer Indexing ● GIS Mapping
3..	Energy Effciency	● LED distribution under DELP ● Consumers participating in PAT programme ● Replacement of Agriculture Pumps by EE pumps ● Measures under Demand Side Management
4.	Reduction of Power Theft	● Vigilance ● Consumer Information, Education and Communication campaigns
5.	Tariff Rationalization	● Cost recovery ● Timely tariff filing
6.	IT Implementation	● ERP Implementation
7.	Rural Electrification	● Village Electrification under DDUGJY
8.	RE development	● RPO achievement

3. Annexure III: Data collection and input at the Sub-division level

1.Computation of AT&C loss

Feeder A	Unit	Data filled by - Name of Official	Source of Data-. Name of department/ line function/official	Month 1	Month 2	Total Year
Input energy	MU					
Sales	MU					
Collection	Rs.					
Billed	Rs.					
Billing Efficiency	%					
Collection Efficiency	%					
AT&C Loss	%					

2.Tracking of activities

Parameter	Data filled by - Name of Official	Source of Data Name of Department/ Line Function/ Official	Year 1		Year 2	
11 KV Feeder Segregation			Target Date of Completion	Actual Date of Completion	Revised Date of Completion	Actual Date of Completion
Technical assessment and project report on feeder segregation						
Identification of target feeders for segregation						
Preparation of tender documents						
Release of bid documents						
Evaluation of proposals						
Contract award						

Status of Feeder Segregation	Data filled by - Name of Official	Source of Data Name of Department/ Line Function/ Official	Total No. Feeders to be Segregated	Start Date	End Date			Month 1	Month 2
Phase 1						Target			
						Actual			
						Deviation			
Phase 2						Target			
						Actual			
						Deviation			
Phase 3						Target			
						Actual			
						Deviation			

3.Key Performance Indicators

Performance Indicators	Month 1			Year		
	Target	Actual	% Achieved	Target	Actual	% Achieved
1. Metering and Billing						
● Meter reading efficiency (%)- Total no. of meters where accurate reading was taken/ total no. of meter readings						
● Service level 1 (%)= No. of billing related complaints resolved within (7) days/ total no. of billing related complaints resolved						
● Technician Productivity- No. of meters where accurate reading was taken in a month/ target no. of meters to be read in a month						
2. Feeder Improvement						
● Tightening of loose wires						
● Straightening of tilted poles						
● Insertion of poles in long span						
● Reconditioning of Distribution Transformer						
● Completion of Feeders						

Performance Indicators	Month 1			Year		
	Target	Actual	% Achieved	Target	Actual	% Achieved
3. Revenue Collection						
● Bill Generation Efficiency (%)-No. of Bills generated in a month/no. of meters whose data is received in the system						
● Revenue collected from LT consumer						
● Revenue collected from HT consumer						
● Average level of customer arrears (days/customer)						
● Service Level 2 (%)= No. of collection related complaints resolved within (7) days/total no. of collection related complaints resolved						
4. Theft reduction and awareness						
● Hoardings at public places						
● Coverage by radio for energy saving modes, benefits etc.						
● Other Medium e.g. Social Media etc.						
● Vigilance level (No. Raids/visits made against No. of theft cases reported)						
● Booking of cases under section 135, 138 of EA '03						
● Disconnection Status (%)= No. of connections removed/No. of connection identified with theft cases						
5. Customer Service						
● Time taken for new connections						
● Time taken to respond to complaints						
● Number of complaints resolved						

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SHAKTI
SUSTAINABLE ENERGY
FOUNDATION

Shakti Sustainable Energy Foundation
Capital Court, 104 B/2, 4th Floor
Munirka Phase -III, New Delhi 110067
T : 011 4747 4000   **F** : 011 47474043
W : www.shaktifoundation.in
Facebook/Shakti Shakti Sustainable Energy Foundation
Linkedin/Shakti Shakti Sustainable Energy Foundation
Corporate Identity Number : U93030DL2009NPL194891