

Session Name: Policies & Regulations for the Digital Discom

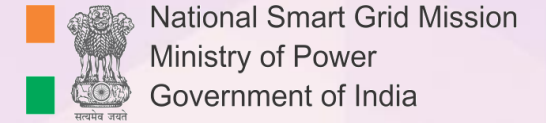
Title of the Presentation: Enhancing Customer Centricity in Electricity Distribution Sector

Presented by

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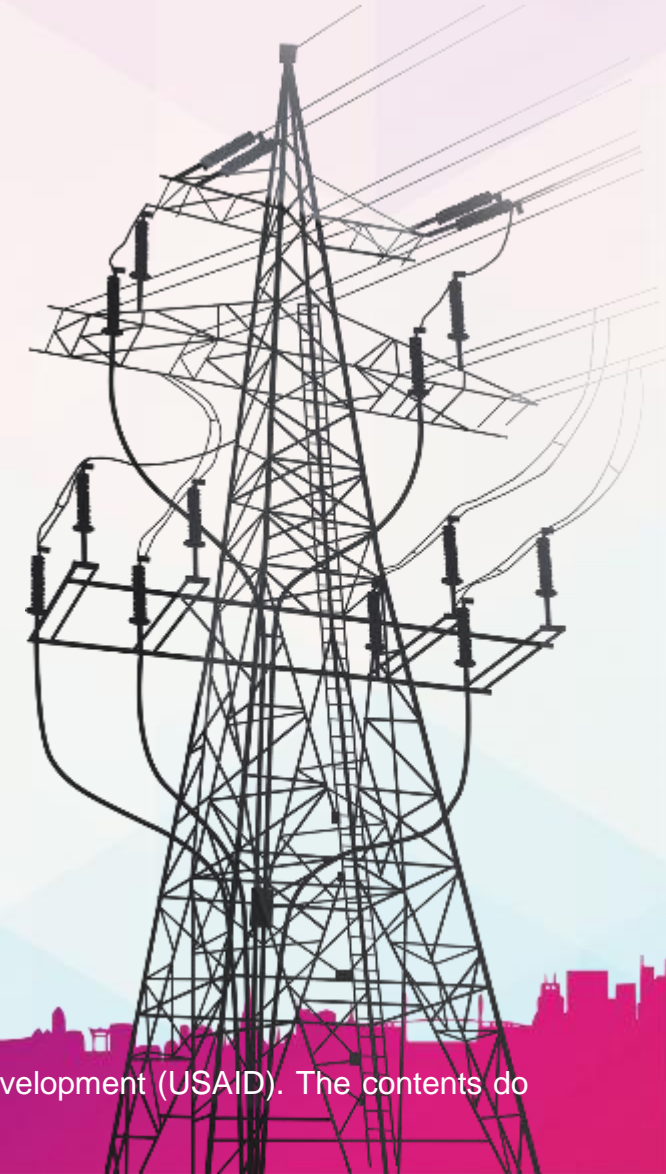
KPMG in India



Enhancing Customer Centricity in the Electricity Distribution Sector

Smart Power for Advancing Reliability and Connectivity (SPARC) Program

November 2020



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Common Disruptions witnessed over the years

The Netflix logo, consisting of the word "NETFLIX" in white, bold, sans-serif capital letters, set against a red rectangular background.

"Netflix did not kill Blockbuster. Ridiculous late fees did"

The Uber logo, consisting of the word "UBER" in white, bold, sans-serif capital letters, set against a dark blue rectangular background.

"Uber did not kill the taxi business. Limited access and control did"



"Apple did not kill the music industry. Being forced to buy full-length albums did"

The Amazon logo, consisting of the word "amazon" in a lowercase, sans-serif font, with a curved orange arrow underneath it, set against a white rectangular background.

"Amazon did not kill other retailers. Poor customer service and experience did"



"AirBNB isn't killing the hotel industry. Limited availability and pricing options are"

Background

Customers today are better informed and have higher expectations from their service providers



“Predict viewing preferences and providing personalized recommendations”



“Provides personalized feeds and updates (news, search results, videos, etc.) to its users.”



“Delivering excellence in the retail customer experience has allowed Apple to achieve loyalty rate of 90%”



“Helps customer in decision making; No question asked return policy”



“Customer First and Quality First” principle – gather feedback through various personalized touch-points”

Underlying attributes

1

Shifting economic power

.. *Increase in middle class segment*

2

Changing demographics

.. *Increasing population of Millennials (15-45 years)*

3

Technology Advancements

.. *Digitization; home-automation; AI*

4

Seamless & personalized services

.. *other sectors like telecom; retail; banking*

5

Decentralization

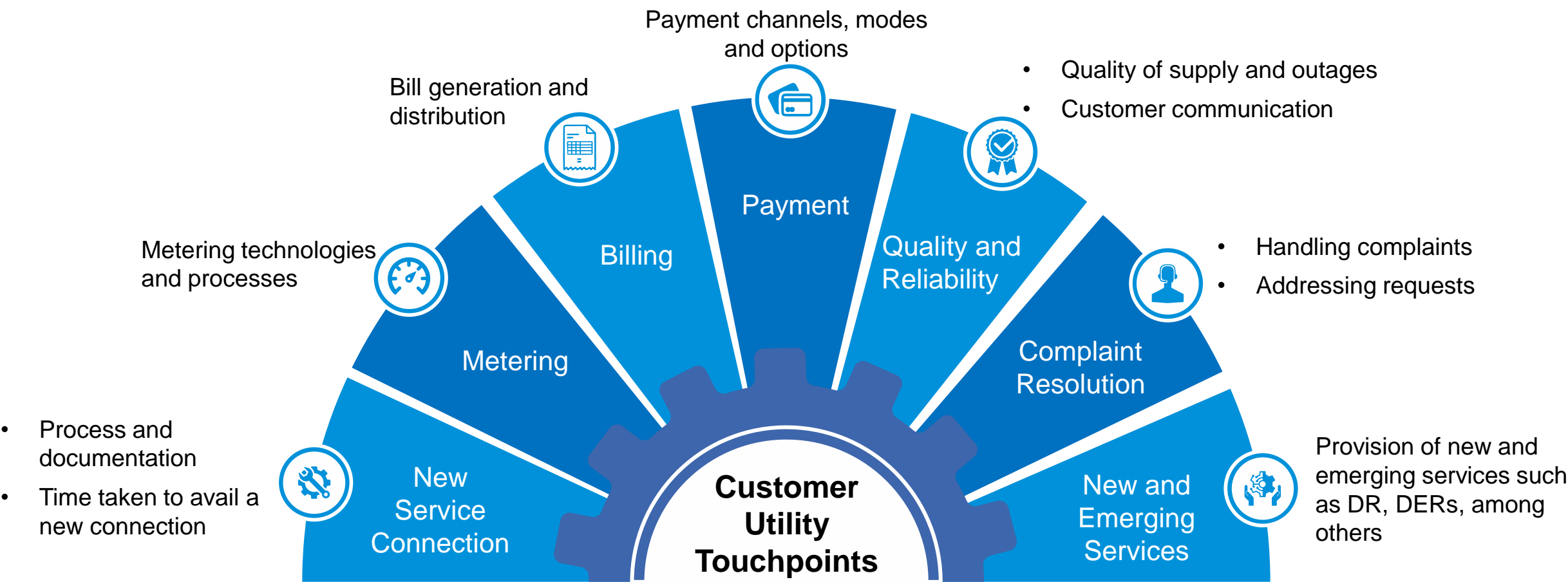
.. *Direct reach to end-user*

While existing initiatives have improved consumer service, utilities need to **respond to the changing market trends** and move towards more **customer-centric business operations**

Enhance customer experience across each touch point

Objectives

Identify interventions to improve customer experience in electricity distribution sector



New Service Connection

First step for customers to join the electricity supply value chain

Key Parameters

1 Time taken to issue new connection
(Linkage with EoDB ranking)

2 Process Convenience
(Internal perception & customer satisfaction)

1 Timely issuance of new connection

Existing scenario

- **30-90 days** for availing a new connection

State	Time-taken for issuing a new connection
U.P.	30-90 Days*
Haryana	30-50 Days*
Punjab	30-90 Days*

Steps involved: Application form + issuance of demand notice + site inspection + release of new connection

Leading Practices

- **Power:** DEWA, Dubai issues a connection in 7 days

Country	Time-taken for issuing new connection
Dubai	7 days
Korea rep.	18 days
Singapore	23 Days

- **Telecom/Banking:** New account/connection within 2 hours

Suggested Interventions

Reduce time taken for issuing new connection (15 days) through efficient planning and enhanced network visibility

New Service Connection

First step for customers to join the electricity supply value chain

2 Process Convenience

Existing scenario

CESCOM, Mysore

Webpages
(number)

8 webpages

Parameters
(number)

70+ inputs

Estimated
time taken

>45 minutes

Input
parameters

Nearest customer ID
, occupation, load
requirement (kW)

Visit
necessary



MSDCL, Maharashtra

>3 webpages

40+ inputs

>30 minutes

Number of
appliances, nearest
pole and DT number



Leading Practices

British Gas, U.K

Single webpage

27 inputs

<10 minutes

Current address,
Number of rooms
and people



Duke Energy, U.S.

5 webpages

29 inputs

<10 minutes

Current address and
contact information



Suggested Interventions

Simplify application forms by minimizing information that can be presumed by utility

Offer door-step assistance

Enable default options in online forms

Metering

Lifeline of the electricity supply business – impacting the revenue stream and operations

Key Parameters

1

Accuracy
(build trust and rev sustainability)

2

Choice for consumption monitoring + pre/post-paid
(personalized services, consumer satisfaction)

Existing scenario

- Customers face **inaccuracy in meter readings**
- A World Bank study revealed that issues related to **bill inaccuracy contributed to the 2nd highest number of grievances**

Leading Practices

Initiatives undertaken by select states

Spot Billing
Bihar



Prepaid metering
Manipur



Self-meter reading
TPDDL (Delhi)*



*Fin. incentive (DERC) for self-meter reading during COVID-19

Suggested Intervention

Deploy AMI solutions to enable remote meter reading and consumption monitoring & analytics

Billing

Electricity bill: An important tool to communicate with customers

Key Parameters

1

Timely Delivery
(↑ collection & ↓ fear of higher bill)

2

Easy to Understand
(↓ disputes & ↑ customer satisfaction)

Existing scenario

Irregular bills

- Study¹ conducted highlighted that 22% of rural customers reported irregular bills (sample size of ~2,200)
- A study conducted by CEEW revealed that about 23% of rural customers mentioned that their billing frequency was >3 months.

KYC details

- Updated KYC details of consumer not available

Leading Practices

- Several utilities across the globe issue digital bills



US: PG&E, SCE,
PSEG Long Island



Australia: Energy
Australia & Horizon
Power

- PSEG Long Island - \$15 gift card for paperless billing

Suggested Interventions

Accelerate adoption of digital bills through effective communication and incentives

Update KYC details – enabling DBT | Digital bill as a default option | Share enrollment numbers related to digital bill adoption amongst peers

Payment

Crucial interaction b/w the customer & utility – direct impact on financial health of DISCOMs

Key Parameters

1

Financing Options
(↓ defaults & ↓ working cap. reqd)

2

Multiple Payment Avenues
(↑ collections & timely payments)

Existing scenario

Financing

- During COVID-19 lockdown period (April 2020), collection efficiency ↓ 20%-40% in few states

Payment Avenues

- Offline payment (77% of total payment):** Limited access to payment centers (time limits to visit centers)
- Online payment (23% of total payment)**

DISCOM	Convenience Fee
KSEB	Debit Card-0.78% (Tech Process PG) / Debit Card-0.84% (PayU PG)
TANGEDCO	INR 5-10/ transaction

Leading Practices

E-commerce

- ✓ Multiple modes of payment at the time of delivery

Banking

- ✓ Providing doorstep payment/collection services through Aadhaar Enabled Payment System (AePS)

Power

- ✓ Utilities in the UK and U.S. provide incentives to customers for enrolling for direct debit (autopay) programs.
- ✓ BSES enables offline payment via kiosks on all 7 days
- ✓ **TPDDL** offers no-cost credit card

Suggested Interventions

Multiple avenues incl. pref. mediums such as 24X7 payment facility, direct debit, payment via ATM

Share numbers on digital bill payment amongst peers

Financial incentives for digital payments

QR code to enable digital payments

Reliability of Supply

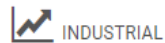
Customer satisfaction hinges upon reliable supply

Timely and relevant outage information

Existing scenario

- Inbound customer call centers
- Outage alert. via website, SMS, emails, etc. by select DISCOMs

Dear Consumer, we regret to inform that you may face power outage from 11-SEP-18 10:25 hrs to 11-SEP-18 16:00 hrs in your area for Con No [REDACTED].MSEDCL



INDUSTRIAL



INSTITUTIONAL

Area Affected	bajaj, Ecotech 2,sarin farm,
From	30/8/2020,10:00 hrs
To	30/8/2020,18:00 hrs

Leading Practices

- U.S. utilities (Ameren, DT Energy etc.) provide alerts before outages & real-time updates during the same
- Compensation to consumers in case power outage is above threshold in Spain, UK, USA and other countries
- First Direct Bank, first faceless bank, UK. Customer churn rate is one of the lowest in the industry.

Suggested Intervention

Proactive communication approach for power outages.

Complaint Resolution

Platform to register complaints, voice their opinion and provide feedback

Key Parameters

1

Convenient Process
(↑ services & ↓ employee cost)

2

Prompt Resolution
(↑ accountability, compliance & trust)

Existing scenario

- Dedicated social media team for complaint registration in few DISCOMs
- Many DISCOMs don't have social media presence
- Multiple steps for complaint resolution

Leading Practices

Power

- Endesa (Spain) , TPDDL and BSES (India) accept complaints through WhatsApp
- MoP, GOI launched dedicated national helpline for complaints



Retail

Bonobos– **100% independence** to customer service team (**Ninjas**) - single-step complaint resolution

Suggested Interventions

- **24/7 consumer care center** equipped with modern technologies (IVRS, CTI, etc.)
- **Multiple options** for complaint registration
- **Transparent monitoring and reporting** of resolution – red. steps in resolution

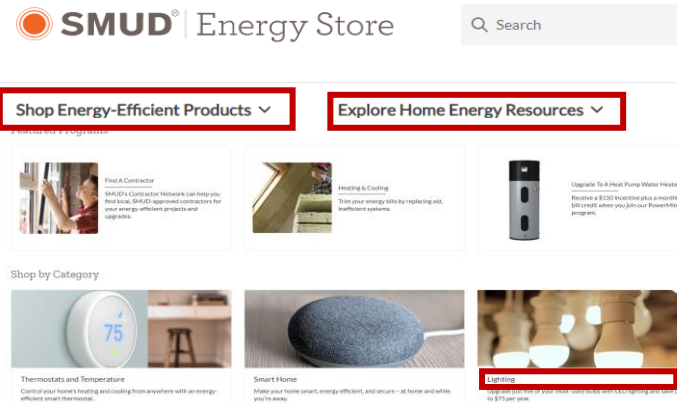
New & emerging services

“Evolving customer expectations is an opportunity for enhanced non-tariff income”

Existing scenario

- Incentives by few SERCs to explore innovative ways to increase non-tariff revenues
- DERC allows retainment of 40% non-tariff revenue earned via reg. assets

Leading Practices



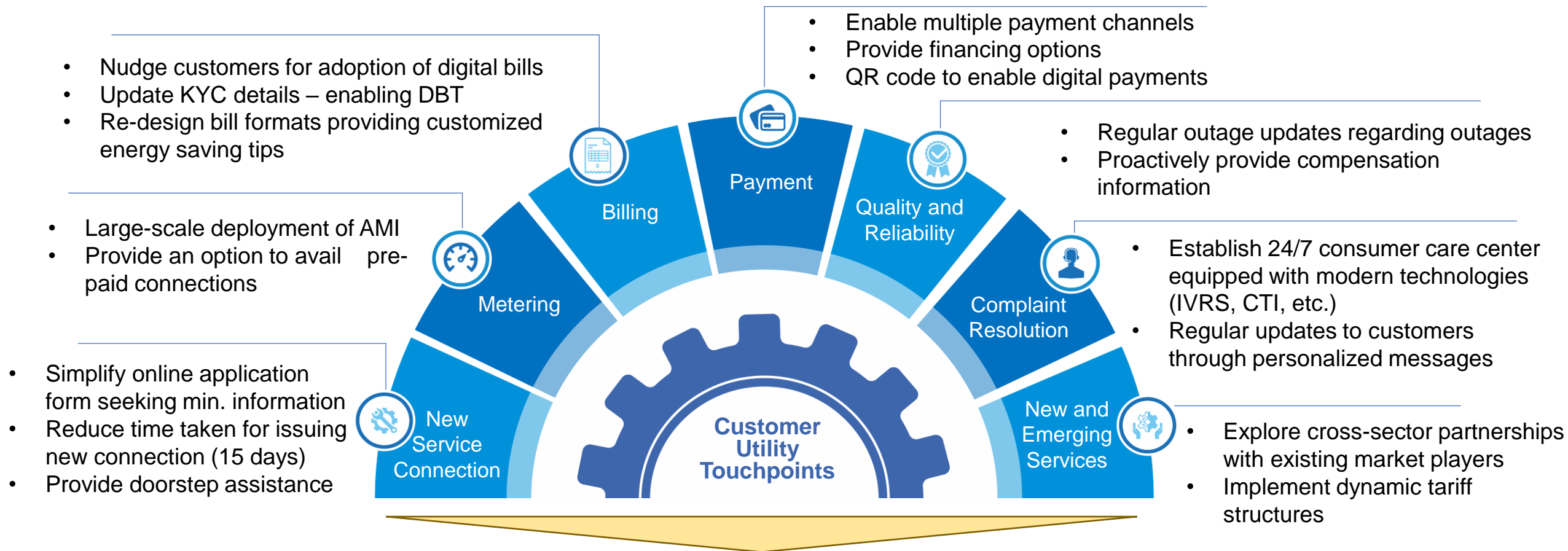
✓ A US electric utility has created an e-commerce marketplace related to energy efficient devices and Home Energy Resources

✓ AC replacement program by TPPDL and BSES

Suggested Interventions

- Additional services to be explored: Utilities are well placed to provide range of customer services by leverage existing relationships and workforce

Summary of interventions



Customer principles need to be embedded within the DNA of core business operations

Establish trust
with consumers

Leadership Commitment
and Training

Leverage Digital
Technologies

Seek Feedback
and Innovate

Thank You

About the Program:

The Smart Power for Advancing Reliability and Connectivity (SPARC) is a three year bi-lateral program of the USAID with the Ministry of Power, Government of India. The objective of the program is to modernize electricity distribution utilities to improve their operational and financial performance. The implementing partner of the SPARC program is KPMG Advisory Services Pvt. Ltd.

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