

BEST PRACTICES IN COMMERCIAL OPERATION AND MAINTENANCE - WHITE PAPER

The main purpose of this white paper is to share the new concepts/skills learned from the US commercial exchange visit while highlighting the prospective challenges. The below mentioned challenges are discussed w.r.t. difference made after implementing the learned practices at NTDC.

Challenges for NTDC

Organizational restructuring

NTDC had been following the old methods of organizational reporting and related working patterns i.e. biannual meetings with employees for future improvements. Organizational structure is the base of task allocation, coordination between the departments i.e. linked with project supervision, which is directed towards the organizational goals. NTDC lack in house coordination as compared to the organizational structuring in the US. In US, companies are paying attention to individual goals first and then to the ultimate organizational objectives. Similar to the structure in US, NTDC need to restructure their organizational reporting and decision making approach for better and quick results.

Recommended Solution

After the training, participants had various discussions with the department heads and higher authorities to reshape the organizational structure at NTDC. Following the discussions, NTDC is restructuring the 1 DG, 2 MD, and 7 DM chain of command to a more departmental level decision making approach for quick results. Organizational restructuring will help in organizing the ongoing and future activities much more efficiently.

Human Resource Departmental Issues

Like other organizations in Pakistan, NTDC's HR department is performing the daily tasks, where there are many ongoing issues related to staff hiring, promotions, job descriptions, incentives, health facilities, on the job, in and out of country capacity building trainings, and in house meetings for better results. In US, power companies are focusing in building strong HR policies to take care of all employees and their job performance relate concerns. In US, power companies are motivating their employees by asking for their recommendations w.r.t. their departmental work, incentives, employee job description, and role and responsibilities, health care facilities, and opportunities for more on the job and in/outside country trainings, helping not only the organization but the employees in their personal growth.

Recommended Solution

NTDC HR department forwarded the new HR policy to the higher authorities for approval; HR policy is inspired by rules and regulation of the companies visited during our training. HR policy underlines, incentives, travel and work allowances, better medical and health facilities i.e. NTDC is outsourcing the health insurance to a qualified insurance company for better facilities. New transport policy is also under review by the staff which details the allotment of vehicles under conditions (i.e. specific to the nature of the job). NTDC is also introducing employee of the month policy to recognize extraordinary work performance from each department, departments will forward the nominations to HR for finalization. For capacity building trainings, NTDC is currently in negotiations with NUST, Islamabad to organize similar training as organized by WAPDA Staff College while incorporating changes in the training

content based on commercial operations training content provided by USEA. It will be a twice a year mandatory training for every employee from every department according to the nature of the job and their personal career goals. Supervisors will conduct meetings prior to the training to discuss individual and departmental action plans. As per the promotional policy, NTDC will not adhere to any of the Thermal/Hydro promotions under PEPCO to that of NTDC's gazette/non-gazette posts. Thermal/Hydro promotions will follow the PEPCO promotional policy whereas; NTDC's promotions will be processed by their BODs subjected to only NTDC employees. All these policies are under process and will help NTDC build a strong work environment.

Procurement procedures

During our visit, we went through the detailed procurement policies followed by different power companies in the US. NTDC needs a new procurement policy as major revisions are required in the single state, single envelope, and lowest cost bidder selection strategy. In US, procurement department has a defined policy thorough which they select bidders on the basis of a two envelope bidding process i.e. technical and financial evaluations more weightage given to technical expertise even if they costly.

Recommended Solution

Comparing the procurement policies helped outlining the root cause of delays and required changes in the current policies. After returning, design department discussed the difference to solve the ongoing procurement problems. Previously NTDC was using single state, single envelope, lowest cost bidder options. After the changes made in the procurement policy, design department is now following one state, two envelope policy i.e. technical and financial bidding. NTDC evaluates the technical and financial details as per the requirements of the project and negotiates with the best service provider. Though, NTDC is facing a lot of objections from Grid station staff on the new policy.

Financing issues

NTDC needs to redefine the finances w.r.t daily, monthly and annual payment structures to DISCOs. Online data should be available which will help the organization track the financial performance of grid stations w.r.t. their set and achieved objectives. In US, companies are monitoring their financial details online to reduce cost allocation and payments errors on a daily/monthly basis.

Recommended Solution

Installation of the financial software will help integrate all the financial details across NTDC i.e. budgeting, accruals, payments and disbursement invoices, etc. for better understanding of the allocated budget all to the DISCOs. Moreover, software will help in record maintenance of disbursements invoices for budget analysis. NTDC is planning an installation of software similar to the one being used by KESC i.e. SAP. SAP benefits include: a smaller data footprint, higher throughput, faster analytics and reports. It will help NTDC input all the financial details using cloud platform gives faster access to data (social, text, geo, graph and processing). In addition to the use, NTDC will provide hands on SAP training to the staff for future improvements. In US, companies have their own maintenance plans, NTDC's GSO maintenance plan is in the process to monitor the grid-wise payment disbursements w.r.t their spending; past GSO cost-analysis clearly exposed over spending of many DISCOs. Implementation of the GSO maintenance plan will monitor the budget allocated vs the budget spent. NTDC is planning to introduce a tax department solely to look after the tax related payments, invoices, and other issues. Furthermore, introduction of a regulatory department at NTDC is also in consideration i.e. to ensure

the tax obligations are as per NEPRA's rules and regulation to avoid any discrepancies in project completions.

Risk Assessment Strategy

In US, power companies are using artificial scenario case study approach to predict and overcome possible upcoming risks. Companies are creating artificial situations and testing their risk management strategies. This beforehand risk assessment helps analyzing weak areas and the required working techniques for better organizational performance under emergency situations. In US, we studied cases based on what-can-happen and what-can-be-the-possible-solution approach.

Recommended Solution

NTDC requires a risk assessment strategy to help them analyze upcoming risks and their potential situations based on current scenarios. Studying current scenarios will not only help in assessing what can happen but will lead towards a possible solution. Due to bad risk and cash flow management cash inflow and outflow mismatches all day due to time lags. Introduction of a risk management tool will help identify where and why the lags are occurring. In US, companies are outsourcing expert companies to reconcile their cash flows on the daily basis. By following similar approach and outsourcing, NTDC can save time and effort of calculating lags. Since, NTDC and NPCC are two different entities now; outsourcing will help reconciling the cash flows on individual basis.