

# Sector Reform and Utility Commercialization | SRUC Human Resource Incentive Study and Design in India

SRUC engaged with a range of power utilities worldwide to conduct a study on human resource incentives (HRI) that can be used to encourage employees to combat non-technical electricity losses. As a follow on to the study, SRUC designed an HRI program with Indian utility, JBVNL, to help the company engage its employees to meet its loss reduction targets.

M&E  
Indicators

- One standard to enhance energy sector governance formally adopted – **An incentive program at JBVNL**

Quantitative  
Impact

Goal of the study was to identify internal loss-reduction approaches to help other utilities facing similar challenges:

- ✓ Sourced inputs from over 18 utilities, exceeding original target.
- ✓ Designed an incentive framework covering activity and outcome based – incentives.

Cooperating  
Partners

SRUC partnered with **USAID India** to design an incentive program for JBVNL

- ✓ At JBVNL, enhanced employee engagement and created mechanisms to improve the financial performance.



## THE CHALLENGE

While customer-facing and technical solutions to improve utility performance are well documented, **there are few global assessments that explore the incentive programs utilities use to reward staff who demonstrate a clear contribution to loss reduction.** This understanding could provide utilities a new avenue to address commercial losses on their networks. Critically:

- The various technical and commercial loss reduction initiatives in a utility need to be complemented with equivalent commitment and motivation from employees.
- Publicly owned power utilities in India have faced challenge in implementing incentive schemes due to lack of reliable baseline information / systems for monitoring achievements.

## APPROACH

SRUC carried out the HRI study/pilot as follows:

- Selected an initial set of utilities and distributed questionnaire to **18 utilities** around the world with different ownership structures, in various geographies, and under different regulatory regimes.
- Finalized the study, then **presented and disseminated findings** to USAID Energy Division and other donors.
- Using key findings from the study, conducted a selection process for an Indian utility with which to **design a HRI program.**
- Designed a program with JBVNL with several phases; work included a **cost benefit analysis**, detailed **formulas for rewards**, and an internal **communications plan**.

## RESULTS & FOLLOW-ON

SRUC's engagement with utilities during execution of the HRI study resulted in the following key impacts and follow-on:

- **Utility companies in India requested follow-on assistance from SRUC** to understand the loss-reduction incentives discussed in the study in more depth and/or to host a pilot project to test some of the methodologies.
- The Board of JBVNL has approved a full adoption of the SRUC-designed HRI program.

“The report is quite comprehensive and offers cutting-edge perspectives on global trends in incentive schemes for utilities that will drive critical strategic deliverables like ATC and C reduction.” – **Aik Alenkhe, Eko Distribution Company Plc. Nigeria**