

National Franchisee Training Program

Course design and execution

This time –resource schedule of the National Franchisee training program is for implementation by all the power utilities in their respective areas for training of the franchisees. This is designed for a three day program. The time table and training syllabus are attached to this. This can be modified to the extent 20% to suit local conveniences. Special preference may be given to the local case studies and inter-active meetings of the utility officials and franchisees. The discussion and action points emerged in each course may be documented; and used in the subsequent program/s, consider giving Prizes given to the 1st, 2nd and 3rd rankers in the course with evaluative scores for discussions, quiz, and involvement in suggestion of action points.

The objectives of the program are:

- i) To familiarize and equip the franchisee organizations with the skills necessary to develop as a successful business enterprises in the power distribution management.
- ii) To provide an interactive forum to the power utilities and franchisees to discuss the problem- dynamic and help strengthen their business relationship.

Role of the power utilities /training institutions for continuous improvement

The training program organization should be based on the principle of continuous improvement. The power utilities / training institutions imparting these programs may send additional material, modifications to the existing material, case studies, quiz, exercises, any video clippings, modifications to the feedback form given to you, methodology of evaluating the participating franchisees to decide the best franchisees among them on a given scale of say 25 or 50 points etc This contribution is mandatory, in the sense that in MIS to CIRE after completion of the training program, when they there is no contribution on these aspects, they may specifically say the same.

On feedback from the completed training programs received from various power utilities CIRE bring out suitable modifications if required periodically.

The training calendar

The training calendar proposed by the power utilities which have signed MOU with REC may be sent to CIRE for approval along with the dates. This is part of the MIS and mandatory instrument for implementation by all the partner power utilities.

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Time Table of Franchisee Training Day 1		
Time	Sessions No. and Topics	Resource faculty (S/Shri)
9.30-10.00	<i>Registration</i>	
	Session-1	
10.00-10.30	<i>Introduction of the participants, course design, and group formation,</i>	
10.30-10.45	<i>Tea Break</i>	
	Session-2	
10.45-1.00	<i>Introduction to RGGVY, Electricity Distribution Franchisee, Government Framework and Electricity act.</i>	
1.00-2.00	<i>Lunch Break</i>	
	Session-3	
2.00-3.30	<i>Nature and characteristics of electricity distribution business. Issues and challenges of the state and region. (power distribution company)</i>	
3.30-3.45	<i>Tea Break</i>	
	Session-4	
3.45-4.30	<i>Game/Quiz, Understanding Principles of doing Business with broad focus on-Business Administration, Accounting, Risk Analysis etc.</i>	
4.30-5.30	<i>Interactive session on "Issues that must be addressed for making the franchisee scheme a success."</i>	
5.30-6.00	<i>Case Study Presentation, Summing up of Day's sessions and Next Day's Schedule.</i>	

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Time Table of Franchisee Training: Day 2		
Time	Sessions and Topics	Resource faculty (S/Shri)
9.00- 9.30	Recap of Day 1 and Sharing of Experiences in Electricity Franchising	
	Session 1	
9.30- 11.00	<p><u>Understanding Various franchisee options (As Required)</u></p> <ul style="list-style-type: none"> • Revenue Franchisee: Collection based (Model A) • Revenue Franchisee: Input based (Model B) • Input Based Franchisee (Model C) • O&M Franchisee (Model D) • Rural Electric Cooperative Societies (Model E) <p>Model E with Operations management through contracting</p>	
11.00 – 11.15	Tea Break	
11.15 – 1.00	<p><u>Roles and Responsibility of various Stakeholders under various models (As Required)</u></p> <ul style="list-style-type: none"> • Roles & Responsibility of Franchisees • Roles & Responsibility of the Utility/Franchiser • Roles & Responsibility of the State Government <p>Roles & Responsibility of the State Regulatory Commission</p>	
1.00 - 2.00	Lunch Break	
2.00-3.45	<p><u>Franchisee Business planning (For Collection Based & Input Based Model)</u></p> <ul style="list-style-type: none"> • How to carry out various activities and their respective costs • Assess manpower requirement to carry out the business operations • Maximum price for purchase of electricity at which the operation becomes viable (For Input Based Only) • Understanding Incentive Structure (Collection Based) • Identify the prospective consumers, their estimated demand, and the price they can afford to pay for electricity. • Estimate franchisee’s own cost <p>Estimated surplus revenue that can be generated</p>	
3.45-4.00	Tea Break	
4.00 – 5.00	<p><u>Management Information System</u></p> <p>Understanding Need and Reporting Formats</p>	

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Time Table of Franchisee Training : Day 3		
Time	Sessions No. and Topics	
	Session 1	
9.00- 9.30	Recap of Day 2 and Sharing of Experiences in Electricity Franchising.	
9.30- 11.30	Presentation of the Participants. Preparing action points by the franchisees for improvement- both from utility and franchisee perspective	
11.30 – 11.45	Tea Break	
	Session 2	
11.45 – 1.00	Understanding Best Practices for metering billing and collection process, safety and accident prevention, customer service care etc.	
1.00 – 2.00	Lunch	
2.00 – 3.00	Various Techniques for outreach to consumers by the franchisee.- I Understanding customer profile, customer service, attending to redressal of customer grievances, customer management leading to customer delight.	
3.00 – 4.00	Various Techniques for outreach to consumers by the franchisee. -II Understanding customer profile, customer service, attending to redressal of customer grievances, customer relations management leading to customer delight.	

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TRAINING SYLLABUS

Definition

“*Franchisee* means a person authorized by a distribution licensee to distribute electricity on its behalf in a particular area within his area of supply.” [Electricity Act 2003: Clause 2 (Definitions): Sub-clause 27].

- **RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA (RGGVY)**

Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched in April-05 by merging all ongoing schemes. Under the program 90% grant is provided by Govt. of India and 10% as loan by REC to the State Governments. REC is the nodal agency for the program. The RGGVY aims at electrifying all villages and habitations as per new definition, providing access to electricity to all rural households, providing electricity Connection to Below Poverty Line (BPL) families free of charge.

- **ENTREPRENEURSHIP**

Entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities. Entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. Many "high-profile" entrepreneurial ventures seek venture capital or angel funding in order to raise capital to build the business. Angel investors generally seek returns of 20-30% and more extensive involvement in the business.

- **OBJECTIVES OF FRANCHISING AND IT'S APPLICABILITY**

Objectives of Franchisees and it's applicability to electricity distribution sector, Key Role of Electricity in Economy, Electricity for All, Supply –Demand Gap and Quality of Power Supply, Revenue Sustainability and Need for Reform, How does distribution franchising differ from franchising in other sectors, Distribution Franchisee: Rural.

- **MANAGEMENT, TECHNICAL AND COMMERCIAL FEATURES OF ELECTRICITY DISTRIBUTION BUSINESS**

Characteristic of electricity, The Power System, Generation system, Transmission system, Distribution system, Single-phase system, Three-phase system, Transmission and Distribution Losses, Revenue management, Billing and collection process: Consumer numbering and the bill numbers, Meter number and billing, Meter rent and other charges, Billing Cycle, Late payment surcharge and Maintaining consumer billing database.

- **LAWS/ REGULATION/ DIRECTIVES OF THE APPROPRIATE ELECTRICITY REGULATORY COMMISSION**

The law, regulations and directives of the appropriate electricity regulatory commission, Electricity Supply Code, Consumer Complaint Handling, Obligation to Connect Consumers, Compliance with standards.

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- **EVALUATION VARIOUS FRANCHISEE AND CHOOSING THE MOST APPROPRIATE OPTION**

Model A: Collection-Based Revenue Franchisee, Model B: Input-Based Revenue Franchisee, Model C: Input-Based Franchisee, Model D: Operation and Maintenance Franchisee, Model E: Rural Electric Co-operative Societies, Model F: Electric Co-operative Society-Operations Management through Contracting.

- **REGULATORY INTERFACE AND RESPONSIBILITY OF VARIOUS PARTIES UNDER DIFFERENT FRANCHISEE MODELS**

Franchisee, Franchiser, Consumers, Regulator, Panchayati Raj Institution (PRI's), Government – Central/State, Stakeholders of Franchisee Arrangement, Role and Responsibilities under Franchisee Arrangement, Disconnection/Reconnection activities, Complaint Management, Revenue Management including reduction in AT&C Losses, Recovery of Arrears, Enforcement Activities, Energy Accounting & Audit, Operation of 66/33/11 KV Sub-station and Maintenance of Distribution System (Under Model D), Transformers, Lines, Materials & Resources, Improvement Works, DSM Activities, Panchayat Raj Institutions (PRIs) /Cooperative societies, Regulators, Consumers.

- **FRANCHISEE SELECTION PROCESS**

The broad principle of franchisee selection shall be competitive bidding based on the most favorable BST for the utilities subject to supply of power at previous year's level. The same has also been stipulated under RGGVY guidelines.

- **DUE DILIGENCE OF THE FRANCHISEE AREA AND BID PREPARATION**

Objective, Approach & Methodology, Interaction at different levels Risk Profiling, Operational Risk, Supply Security, External Power Purchase, Distribution Loss Target, Investment plan, Modern Metering Implementation, Administration of Employees, Financial Risk-Reliability of baseline data, Collection Efficiency, Load Growth, Other Risks, Bid Preparation-Preparation of Technical bid, & Preparation of Financial bid.

- **BUSINESS PLAN OF FRANCHISEE AND CONSUMER SERVICE, MIS**

Franchisee Model, Revenue Based Franchisee, Energy Purchase, Sale, Billing and Collection Franchisee, O&M Franchisee, Business Parameters, Sensitivity Analysis, Estimation of Demand, Formulation of Business Plan. Customer Service Centre, Electricity Call Centre, Collection through Banks, Post Offices and Camps. MIS Formats.

- **FRANCHISEE AGREEMENT**

Principles of Input Based Franchisee Agreement, Legal Structure of the Franchisee, Legal Status of the Franchisee, Term of the DFA, Performance Guarantee, Exclusivity, Dispute Resolution, Supply of Energy, Distribution Assets, Current Assets (Optional in case of O&M activities as part of scope), Capital Investment, Personnel, Responsibilities of Franchisee, Technical, Commercial, General, Duties and Responsibilities of DISCOM, Payment and Collection, Service Connection Charges, Service Line Charges: Security Deposit (SD), Indemnification, Penalty, DF Event of Default, DISCOM Event of Default, Force Majeure, Termination, Termination Payment, Termination due to DF's Event of Default, Step in Rights, Governing Law, Miscellaneous.

- **UTILITY SUPPORT TO FRANCHISEE**

Areas to be covered under franchisee development, Capacity building of the prospective and existing franchisee, Awareness of distribution system, Commercial Activities including metering, billing and collection.