

# SMART Transformation of Energy Companies is the Future of the Energy Sector

Interview with **Ondrej Safar**, Country Manager - CEZ Group in Romania



**Q: What is your view for the Electric Power industry and what expectations do you have for 2019? As a Country Manager and CEO, which are the main challenges you perceive now in your industry?**

**Ondrej Safar:** We are finding ourselves as a company in the period when changes in the energy sector take place – technology-wise and from the demand - offer perspective. The most important aspect is our clients, who, in the future, alongside good offers for electricity and gas, are going to expect from us additional services, info on how to save consumption or even generate its own energy. For the business clients, we

offer solutions to improve energy efficiency in the private sector through our recently found company - CEZ ESCO Romania. The company offers comprehensive services - from advisory to solutions design, from project management to complex energy sources (heat, cold and/or electricity) projects implementation. In order to consolidate our expertise on the energy efficiency market in Romania, at the end of last year we purchased 100% shares of High Tech Clima. The company is one of the leaders in HVAC on the Romanian market, has a number of international clients and contracts across Europe, including the Czech Republic. It provides also engineering and electrical installation work and it supplies equipment to factories, logistics parks, shopping center offices.

Thus, my position requires an overview and a general direction, oriented towards performance and supporting people to consolidate the knowledge they acquired until now and also to grow and adapt to the new requirements and technologies.

**Q: What has been your company's dynamic for the beginning of 2019? Which is the main news for your clients?**

**Ondrej Safar:** The energy market has undergone a series of regulatory changes. Besides GEO no. 114 which aimed to set consumers fair treatment, the regulatory authority has set the energy price for the household segment, thus householders who had previously chosen to enter the competitive market, now can choose to return to their last resort energy supplier. Also, ANRE is currently proposing an alternative for the household segment, giving them the possibility to choose an optional last resort energy supplier.

At the end of 2018, 30% of the household portfolio choose CEZ on the competitive market. We will see how the changes imposed by ANRE will reflect upon us in the future.

As far as gas supply is concerned, CEZ ended the year with approximately 13 000 household customers. For 2019, we are targeting an increase of 10% -20%, but our targets may be influenced by the specific implementation of GEO 114 in the gas sector.

Regarding the future, I believe that it will be all about end consumers as the most of them will become prosumers due to the technology development.

Soon, it will be cheaper for end consumers to produce energy by themselves and even to store energy. Thus, the energy sector will change significantly.

This is the trend in Europe and CEZ Vanzare has already started implementing a service for future prosumers from its traditional operational area - Arges, Dolj, Gorj, Mehedinti, Olt, Teleorman and Valcea counties, by helping them obtain all the certificates required to submit the file needed for

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# INSIGHTS FROM BUSINESS LEADERS

receiving Government funds. CEZ Vanzare has also established partnerships with experienced companies that offer adequate photovoltaic equipment and know-how on the subject.

In just a month after launching it, the Solar Power Systems campaign launched by CEZ Vanzare reached the maximum number of registrations. CEZ Vanzare's offer includes full consulting services: from the project documentation (completing the financing request for Programs dedicated to the installation of photovoltaic systems for energy generation, obtaining the necessary documents, approvals and certificates) to the whole technology (photovoltaic panels, inverter, connection materials, communication mode, electric panel, etc.) through accredited partners.

CEZ Vanzare's customers benefit from a team of specialists who provide a 25-year warranty for a panel yield of 80% and 2 years for the assembly works.

**Q: What is the impact of the technological transformation on your company, on your industry and in addressing your clients' needs?**

**Ondrej Safar:** CEZ Group in Romania is a strong promoter of new technology in all aspects of its activity. We continue our plans of operational digitization and process optimization started in the previous years when we set the grounds for digitization in all key processes.

Now, we are having significantly more digitalized data than ever before. Our next big challenge is to redefine our way of working using all the data we collected in a smart way in order to engage better customer experience.

SMART Transformation, the project started in 2016 by the distribution operator within the Group is the best example of new technology sustaining the local industry development. The project aims to efficiently manage the extra demands of energy consumers, on one side, and to continue reducing the time of intervention in dealing with an energy outage, from the moment the distribution operator receives the information to the actual solving of the problem, thus enhancing the degree of comfort of its consumers.

The first results of the project came in the first year of its implementation, when the distribution operator within the Group managed to reduce the duration of outages to less than half of the duration of outages in 2012. Also, throughout the implementation of the MWM solution (work mobile

management), the operator improved both operational and environmental aspects of its activity, as the initiative replaces the paperwork electricians have to complete when on field.

Essentially, tablets replace the paperwork load of electricians and help the operational teams to perform their daily activity offering them information on the procedures they have to accomplish, a GIS map that pin points the location of the grid and provides its technical details, and a SCADA platform. Also, the dispatchers are always able to see the exact position of electricians in the field, thus making it possible to allocate the nearest operational team to the location where an energy outage occurs.

The Group's investments will continue to be focused not only on improving the operational parameters like SAIDI, SAIFI and so on, but also on diminishing the grid losses, benefitting directly householders and the activity of economic agents.

**Q: As a manager, you must also lead the transformation process. How do you do it in your company?**

**Ondrej Safar:** In CEZ Group I had the opportunity to work with several cultures contributing to the development of many strategic projects that involved also transformations. Each of these cultures was fundamentally different from the others and brought in its own strong points. Generally, the strength came precisely from people's commitment to deliver their best results. During the process, I focused a lot on the synergies between the transformations that would follow and also on the improvement of work conditions and the development of the company. Each time people identified those synergies, the power to deal with a transformation process, somehow sparked within them. Also, I can truly say that in Romania I found the strongest and most passionate team I have ever worked with and whatever the goal, the team has the drive to reach it.

**Q: How does the workforce crisis and new fiscal regulations affect your business and the industry sector in which you operate?**

**Ondrej Safar:** We are aware that the prepared workforce is a hot issue in this period and we are constantly looking into what is the situation on the labor market especially in the area of technical specialists that is not attractive anymore for young pupils and students.

So with the desire to create the generation of



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electricians of the future and to have the best specialists in the team, Distribuție Oltenia launched in 2016 the Electrician Apprentice program. The program started from the energy distribution operator's desire to offer the proper conditions for children to perform in the energy field. After graduating the three years of professional electrical school, all the Electrician Apprentices trained within the program will have solid knowledge in the electrical field, both theoretical and practical, and they will be ready to be integrated on the labor market. The best of them will also have the opportunity to be employed in Distribuție Oltenia. In the energy sector, an obvious important part is being played by the Regulator's interpretation and implementation of the changes in the legal and fiscal framework.

Within an active consultation and debate process around it, together with ANRE and the players in the sector, the key topics revolved around the clients' and consumers' fair treatment, the investments in the grid and the long-term predictability of the business that would provide us all a favorable business environment.

At this time of the process, I would say we reached a balanced approach that protects the interests of the clients and provides the companies with information to adjust their business plans in Romania.

**Q: What's your "Be careful at..." advice for the managers of large local companies and entrepreneurs in 2019?**

**Ondrej Safar:** Be careful at your clients' requirements and evolution. It is not about what you think and feel they want but about what they want and the way they express it. We take it as mandatory to always confirm that our solutions genuinely

improve the life of our clients and don't end up in a pile of technician-to-technician systems, testing and consuming our skills, but not adding value to our customers' experience.

**Q: Going personal now, how do you prepare for permanent self-improvement as a leader? How do you get out of your comfort zone? How do you find the right work-life balance?**

**Ondrej Safar:** Being an expat requires sacrifices and it is a status that can repeatedly take you out of the comfort zone. When I first came to Romania in 2005, as enthusiastically as I felt about my professional challenge, I was close to making a habit out of spending late afternoons and weekends in the office. I had to discipline myself to keep the right balance that would help me perform at my best. And that may turn out to be quite difficult, especially as an expat, as one is tempted to limit its environment to the expat community. But, throughout the years that followed, I made significant progress in my challenge to live as a local and I became quite dedicated to outdoor activities also. My physical training schedule is a good opportunity for me to clear my thoughts, keep a good shape and still blend in the local landscape.

**Q: Which are, in your view, the main qualities of a good strategist, leader of a top company in Romania?**

**Ondrej Safar:** For me, a top manager is a person who is authentic, that tries to understand first and does not just follow the mainstream, while enjoying whatever one does. And most important it should be a trustworthy person that is able to gather, inspire and guide people in one's team, while giving them the opportunity to shine for their skills and abilities.



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