

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 185/MP/2020**

**Coram:**

**Shri P. K. Pujari, Chairperson**

**Shri I.S.Jha, Member**

**Shri Arun Goyal, Member**

**Date of Order: 27<sup>th</sup> January 2021**

**In the matter of**

Petition under sub-section (4) of section 28 of Electricity Act 2003 read with Regulation 6 & Regulation 29 of Central Electricity Regulatory Commission (Fees & charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 for approval of Performance Linked Incentive for NRLDC for the financial year 2018-19 with reference to NRLDC Charges for the control period 1.4.2014 to 31.3.2019.

**And**

**In the matter of**

Northern Regional Load Despatch Centre,  
Power System Operation Corporation Ltd. (POSOCO),  
(A Govt. of India undertaking),  
Registered office: B-9, Qutub Institutional Area, 1st Floor,  
Katwaria Sarai, New Delhi -110016

**...Petitioner**

**Versus**

1. Chairman, UPPCL, Uttar Pradesh Power Corporation Limited, Shakti Bhawan, 14-Ashok Marg, Lucknow-226001
2. Principal Secretary, Government of J&K, Civil secretariat, Srinagar, J&K.
3. CMD, Rajasthan Rajya Vidyut Prasaran Nigam Limited, Vidyut Bhawan, Vidyut Marg, Jaipur-302005
4. Chairman, RUVNL, Vidyut Bhawan, Janpath, Jyoti Nagar, Jaipur- 302005, Rajasthan



5. CMD, Punjab State Transmission Corporation Limited, PSEB Head Office The Mall, Patiala-147 001
6. Managing Director, Haryana Vidyut Prasaran Nigam Limited, Shakti Bhawan, Sector-6, Panchkula-134109
7. Chief Engineer, Haryana Power Purchase Center, Room No-308, Shakti Bhawan, Sector-6 Panchkula-134109, Haryana
8. CMD, Delhi Transco Limited, Shakti Sadan, Kotla Road, New Delhi-110 002
9. Chairman, Himachal Pradesh State Electricity Board Ltd., Kumar House, Vidyut Bhawan, Shimla-171004
10. SE SLDC, Himachal Pradesh Load Society, Totu, Shimla-171 011, Himachal Pradesh
11. Managing Director, Power Transmission Corporation of Uttarakhand Limited, 7-B, Lane No-1, Vasant Vihar Enclave, Dehradun - 248 001.
12. Managing Director, Uttarakhand Power Corporation Ltd., Kanwli Road, Urja Bhawan, Dehradun-248001, Uttarakhand
13. Chief Engineer, Electricity Department, UT Chandigarh, Sector 9-D, UT Chandigarh-160019
14. Chief Electrical Engineer, North Central Railway General Manger Office, Subedarganj, Uttar Madhya Railway, Allahabad, UP- 211011.
15. The DGM, Electrical, National Fertilizers Limited, District:- Ropar, Naya Nangal 140124, Punjab
16. Chief General Manager, PGCIL Kurukshetra ( $\pm 800$  KV HVDC Inter Connector Project) V.P.O. Bhadson, Opp Piccadily Sugar Mill, Tehsil INDRI, District Karnal-132117 (Haryana)
17. Senior DGM, PGCIL Bhiwadi HVDC ( $\pm 500$  KV), 4<sup>th</sup> Km Mile Stone, Bhiwadi-Alwar Bye-Pass Road, P.O. Khijuriwas, Distt. Alwar, (Rajashtan)-301018.
18. General Manage, PGCIL, Dadri HVDC ( $\pm 500$  KV), PO-Vidyut Nagar, Distt: Gautambuddh Nagar (U.P.)-201008.



19. Senior GM, PGCIL, Agra HVDC Terminal 765/400/220 KV, Sub-Station, 6 KM, Mile Stone, Shamshabad Road, P.O. Shyamo, Agra-283125 (U.P.)
20. Senior DGM, PGCIL, Ballia HVDC ( $\pm 500$  KV) Sub-Station, Village & Post: Ibrahimpatti, (via Krihirapur), Tehsil: Belthra Road, Distt: - Ballia (U.P.) Pin-221716.
21. General Manager, PGCIL Rihand HVDC Station, Inside NTPC Rihand Plant Premises, P.O-Bijpur Distt: Sonebhadra, (U.P.) Pin-231223.
22. General Manager, Singrauli Super Thermal Power Station, NTPC, Shakti Nagar, UP-231222
23. General Manager, Singrauli Solar PV Power Project, NTPC, Shakti Nagar, UP-231222
24. General Manager, Singrauli Small Hydro Power Project, NTPC, Shakti Nagar, UP-231222
25. General Manager, Rihand Super Thermal Power Station-I, NTPC, Rihand Nagar, UP-231223
26. General Manager, Rihand Super Thermal Power Station-II, NTPC, Rihand Nagar, UP-231223
27. General Manager, Rihand Super Thermal Power Station-III, NTPC, Rihand Nagar, Dist-Sonbhadra, UP – 231223
28. General Manager, Dadri, National Capital Power Project, Dadri Dhaulana Road, Distt. Gautam Buddh Nagar, UP-201008
29. General Manager, Dadri – Stage - II, National Capital Power Project, NTPC, Dadri Dhaulana Road, Distt. GautamBuddh Nagar, UP-201008
30. General Manager, Firoz Gandhi Unchahar Thermal Power Project-I, NTPC, P.O. Unchahar, Distt. Raibareilly, UP-229406
31. General Manager, Firoz Gandhi Unchahar Thermal Power Project-II, NTPC, P.O. Unchahar,,Distt. Raibareilly, UP-229406
32. General Manager, Firoz Gandhi Unchahar Thermal Power Project-III, NTPC, P.O. Unchahar, Distt. Raibareilly, UP-229406



33. General Manager, Firoz Gandhi Unchahar Thermal Power Project-IV, NTPC, P.O. Unchahar, Dist.: Raibareilly, UP-229406
34. General Manager, Firoz Gandhi Unchahar Solar PV Power Project, NTPC, Unchahar, Distt. Raibareilly, UP
35. General Manager, Dadri Gas Power Project, NTPC, Dhaulana Road, Distt. Gautam Buddh Nagar, UP-201008
36. General Manager, Dadri Solar PV Power Project, NTPC, Dhaulana Road, Distt. Gautam Buddh Nagar, UP-201008
37. General Manager, Auraiya Gas Power Project( Gas Fired, RLNG Fired, Liquid Fired), NTPC, Dibiyapur, Distt Etawah, UP-206244
38. General Manager, Anta Gas Power Project (Gas Fired, RLNG Fired, Liquid Fired), NTPC, Distt. Baran, Rajasthan-325209
39. General Manager, Koldam HPP, NTPC, Post- Barman, Dist- Bilaspur, Himachal Pradesh 174013
40. Station Director, Narora Atomic Power Station, NPCIL, Narora, Distt. Bulandshahar, UP-202389
41. Station Director, Rajasthan Atomic Power Station-B, NPCIL, Rawatbhata, PO-Anu Shakti Vihar, Kota, Rajasthan-323303
42. Station Director, Rajasthan Atomic Power Station-C, NPCIL, (RAPS-5&6) NPCIL Rawatbhata, PO-Anushakti Vihar, Kota, Rajasthan-323303
43. General Manager, Bairasiul Hydro Electric Project, NHPC Ltd., Surangini, Distt. Chamba, HP-176317
44. General Manager, Salal Hydro Electric Project, NHPC Ltd, Jyotipuram, Distt. Udhampur, J&K-182312
45. General Manager, Tanakpur Hydro Electric Project, NHPC Ltd., Banbassa, Distt. Champawa, Uttrakhand-262310
46. General Manager, Chamera-I Hydro Electric Project, NHPC Ltd., Khairi, Distt. Chamba, HP-176310



47. General Manager, Uri Hydro Electric Project, NHPC Ltd., Mohra, Distt. Baramulla, J&K-193122
48. General Manager, Chamera-II Hydro Electric Project, NHPC Ltd., Karian, Distt. Chamba, HP-176310
49. General Manager, Chamera-III Hydro Electric Project, NHPC Ltd., Dharwala, Distt.- Chamba, HP-176311
50. General Manager, Dhauliganga Hydro Electric Project, NHPC Ltd., Tapovan, Dharchula, Pithoragarh, Uttrakhand-262545
51. General Manager, Dulhasti Hydro Electric Project, NHPC Ltd., Chenab Nagar, Distt. Kishtwar, J&K-182206
52. General Manager, Uri-II Hydro Electric Project, NHPC Ltd., Nowpura, Distt. Baramulla, J&K-193123
53. General Manager, Parbati HE Project Stage-III, NHPC Ltd., Behali, P.O- Larji Kullu 175122 Himachal Pradesh
54. Chief Engineer, Sewa-II Power Station, NHPC Ltd. Mashke, post Bag no-2, P.O- Khari, Dist: Kathua, Jammu and Kashmir -176325
55. The Chief Engineer (Electrical), Kishanganga HEP, NHPC Ltd., Office cum Residential colony, Kralpora, Distt: Bandipora, Jammu and Kashmir-193502
56. The General Manager, Parbati-II, HEP, NHPC Ltd., E&M Complex, Sainj, Distt. Kullu 175134, Himachal Pradesh
57. General Manager, Naptha Jhakhri HEP, Satluj Jal Vidyut Nigam Ltd. Power Project, Jhakhri, Rampur, Distt. Shimla, HP-172201
58. General Manager, Rampur HEP, Satluj Jal Vidyut Nigam Ltd. Power Project, Jhakhri, Rampur, Distt. Shimla, HP-172201
59. General Manager, Tehri Hydro Development Corporation Ltd., Bhagirath Puram, Tehri, Uttrakhand-249001
60. General Manager, Koteshwar HEP, THDCIL, Koteshwerpuram, Post Office- Pokhari Tehri Garwal, Uttarakhand - 249146



61. General Manager, ADHPL, Village- Prini, PO -Jagat Sukh, Tehsil - Manali, Distt- Kullu (H.P) India.
62. General Manager, Indra Gandhi Super Thermal Power Project, APCPL, PO - Jharli, Tahsil Matanhail, Dist – Jhajjar, (Haryana)-124125
63. General Manager, Karcham Wangtoo HEP, Himachal Baspa Power Company Limited, Sholtu Colony, PO- Tapti, Dist-Kinnaur -172104 (HP).
64. Director, Malana – II, Everest Power Pvt. Ltd, Hall-A/ First Floor Plot No-143-144, Udyog Vihar, Phase -4, Gurgaon, Haryana 122015
65. Company Secretary, Shree Cement Thermal Power Project, Bangunagar, Beawar , Dist -Ajmer, Rajasthan -305901
66. Company Secretary, Greenco Budhil HPS Ltd, Plot No. 1367 Road No- 45, Jubilee Hills, Hyderabad- 500033
67. Project General Manager, Himachal Sorang Power Limited, D-7, Lane-I, Sector-I, New Shimla, Shimla, H.P.-171009.
68. Director (Power Regulation), Bhakra Power House, BBMB, SLDC Complex , 66 KV Substation, Industrial Area Phase-I, Madhya Marg, BBMB Chandigarh
69. Superintending Engineer, Dehar HEP, BBMB, PW, Solapper, Tehsil Sundernagar, District: Mandi Himachal Pradesh-175017
70. Superintending Engineer, Pong Power House Circle, Power wing BBMB Talwara, District: Hoshiarpur, Punjab 144216
71. General Manager, Sainj HEP, HPPCL, Larji, District - Kullu, Himachal Pradesh, 175122
72. Executive Director, PGCIL, NRTS-I, Power Grid Corporation of India Ltd., B-9, Qutab Institutional Area, New Delhi-110016.
73. Director, Operations, Powerlinks Transmission Ltd., 10<sup>th</sup> Floor, DLF Tower-A, District Centre, Jasola, New Delhi-110044
74. Executive Director & CEO, Jaypee POWERGRID Ltd. F-Block, Sector -128 Noida- U.P



75. Director, Adani Transmission India Ltd, Business Development, Achalraj, Opp Mayor Bungalow, Law Garden, Ahmedabad 380009.
76. Managing Director, Parbati Koldam Transmission Company LTD., 5<sup>th</sup> Floor 1A, JMD Galleria, Sec-48, Sohna Road, Gurgaon, Haryana 122018.
77. General Manager, Indira Gandhi Super Thermal Power Project, Aravali Power company Private Limited, P.O.: Jharli, Dist-Jhajjar
78. The Vice President, NRSS XXIX Transmission Limited, F-1, Mira Corporate Suite, Ishwar Nagar, Mathura Road, New Delhi – 110065.
79. The DIRECTOR, Patran Transmission Company Limited, 400 KV 220KV GIS Substation, Village-Banwala, Tehsil-Patran, District: Patiala 147105 Punjab.
80. The Vice President, RAPP Transmission Company Ltd, F-1, Mira Corporate Suite, Ishwar Nagar, Mathura Road, New Delhi – 110065
81. The Vice President, NRSS XXXI (B) Transmission Ltd. 503, windsor off CST Road, Kalina, Santacruz (E), Mumbai 400098
82. The Vice President, NRSS XXXVI Transmission Ltd. Essel Infra projects Ltd. 06th Floor, Plot No. 19, Film City, Sec-16 A, Gautam Buddha Nagar, Noida U.P. – 201301
83. CEO, POWERGRID Unchahar Transmission Ltd. 765/400/220kV Substation, Village Chauferava, Post & Dist Fatehpur, Uttar Pradesh, 212601
84. The CEO, POWERGRID KALA AMB Transmission Ltd., 400/220 KV GIS Sub Station, Vill. Meerpur Kotla, PO. Trilokpu Tehsil. Nahan, Distt. Sirmour 173030, Himachal Pradesh
85. The Vice President, Gurgoan Palwal Transmission Ltd., F-1, Mira Corporate Suite, Ishwar Nagar, Mathura Road, New Delhi – 110065
86. CMD, Punjab State Power Corporation Ltd. The Mall, Patiala-147001, Punjab

...Respondents

**The following parties were present:**

Shri Rakesh Kumar, NRLDC  
Shri Ankur, NRLDC  
Shri Shiv Sharma, NRLDC  
Shri Aditya Das, WRLDC



**ORDER**

The Petitioner, Northern Regional Load Despatch Centre (hereinafter referred to as "NRLDC"), has filed the present petition under Section 28(4) of the Electricity Act, 2003 (hereinafter referred to as 'the Act') read with Regulations 6 and 29 of Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 (hereinafter referred to as the "Fees and Charges Regulations 2015") for approval of Performance Linked Incentive (hereinafter referred to as "PLI") for NRLDC for the financial year 2018-19 of the control period 1.4.2014 to 31.3.2019.

2. The Petitioner has made the following prayers:

- (a) Approve the proposed performance linked incentive based on the KPIs computed by NRLDC for the year ending 31.03.2019 given at para 5, the KPI score given at para 6 and PLI percentage of Annual Charges of the year 2018-19 as per para 8 above;*
- (b) Allow the Applicant to recover the fund for PLI from the users for the year 2018-19 as approved by the Hon'ble Commission and*
- (c) Pass such other order as the Hon'ble Commission deems fit and appropriate in this case and in the interest of justice.*

**Submissions of the Petitioner**

3. The Petitioner, Northern Regional Load Despatch Centre (NRLDC) has submitted as under:

- a) NRLDC is a statutory body set up under Section 27 of the Act and performs the functions specified in Section 28 of the Act. The NLDC (National





Load Despatch Centre) and RLDCs (Regional Load Despatch Centers Centres) are being operated by Power System Operation Corporation Limited (herein after referred as POSOCO) w.e.f. 1.10.2010 in accordance with the Gazette Notification dated 27.9.2010 and 19.12.2016 of Ministry of Power, Government of India. The working/ functions of NRLDC are governed by provisions of the Act, Regulations of this Commission and of the Central Electricity Authority issued from time to time.

b) As per clauses 29(1), 29(2) and 29(3) of the Fees and Charges Regulations 2015, recovery of performance linked incentive by NLDC and RLDCs shall be based on the achievement of Key Performance Indicators (in short, "KPIs") as specified in Appendix V of the Fees and Charges Regulations 2015 or other such parameters as specified by the Commission.

c) As per clause 29(6) of the Fees and Charges Regulations 2015, RLDCs or NLDC are required to compute the KPIs on annual basis for the previous year ending 31st March and submit to the Commission for approval as per Appendix-V & VI of the Fees and Charges Regulations 2015.

d) As per the methodology specified in Appendix-V and VI of Fees and Charges Regulations 2015, NRLDC has computed the Key Performance Indicators for the financial year (FY) 2018-19 ending 31st March 2019 and the total marks for KPIs has been claimed as 98.807.

e) As per the methodology provided in the Regulation 29(5) of the Fees and Charges Regulations 2015, NRLDC is allowed to recover 7% of annual charges for aggregate performance level of 90%. The incentive is increased by 1% of annual charges for every 5% increase of performance level above 90%.

f) Further, the Commission in its Order dated 10.06.2019 in Petition No. 344/MP/2018 has provided as under:

"62.

.....

*in exercise of provisions of "Power to Relax" under Regulation 35 of Fees and Charges Regulations, 2015 we hereby relax Regulation 29(5) of Fees and Charges Regulations, 2015 and direct that RLDCs or NLDC, as the case may*



*be, shall be allowed to recover incentive of 15% of annual charges post implementation of pay revision w.e.f 1.1.2017 subject to ceiling as per DPE Guidelines in place of 7%, keeping other provisions of Regulation 29(5) same. In case of shortfall as per DPE Guideline, the balance amount shall be paid from the LDCD fund”*

g) Accordingly, recovery of PLI comes at 16.761% as in the following table (For 90-95% additional 1% and for 95% to 98.807% additional 0.761%) of the Annual charges for the year 2018-19.

Slabs	Score		
	>85%	90-95 %	95-98.807 %
% age Incentive (Slab wise)	7	1	0.761
As Per Order in 344/M/2018	15	1	0.761
Net Incentive as %age of Annual Charges	<b>16.761</b>		

#### **Proceedings before the Commission**

4. The Petition was admitted on 25.2.2020 and the Commission issued notices to the Respondents to file their replies. However, none of the Respondents filed any reply. Vide Record of Proceedings of hearing dated 25.2.2020, the Commission directed the Petitioner to submit the following information:

- (a) Detailed note on methodology followed by POSOCO as per DPE Guidelines, for yearly Performance Linked Incentive claimed/recovered from users;
- (b) As per above methodology, detailed calculations showing limiting amount as per DPE OM and its annexures, with audited actual data for 2014-18 period for Performance Linked Incentive; and
- (c) Annual Reports/Financial Statements for the year 2018-19.

5. The Petitioner vide affidavit dated 16.3.2020 has submitted the aforementioned information. Petitioner has submitted the PRP (performance related pay) as paid and PRP payable as per OM (office memorandum) dated 3.8.2017 of the Department of Public Enterprises, Government of India (DPE) for the FY 2016-17 and FY 2017-18. Further, Petitioner has submitted that POSOCO commenced



functioning as a separate Schedule-A CPSE (Central Public Sector Enterprise) with effect from 03.01.2017. Prior to that, POSOCO was a wholly owned subsidiary of Powergrid Corporation of India Ltd. (in short, PGCIL). During the financial years 2014-15 and 2015-16, when POSOCO was a subsidiary of PGCIL, all the calculations of performance linked incentive/ performance related pay (PLI/PRP) and approvals thereof from the competent authority were being taken by PGCIL. As no calculation was made by POSOCO for PRP/PLI payment for these years, same is not available with POSOCO and is, therefore, not submitted.

6. The Petitioner has submitted following figures of PLI/ PRP for NRLDC:

(Rs. in lakhs)

<b>NRLDC</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Maximum PRP payable as per DPE OM	-	-	237.44	467.39
PLI actually disbursed/ paid to employees	110.90	155.48	203.02	433.55
PLI recovered from users	245.15	209.43	218.11	491.29

7. Vide aforementioned affidavit dated 16.3.2020, the Petitioner has submitted the Financial Statements for the year 2018-19 for NRLDC. The Annual Report for POSOCO for the year FY 2018-19 is available at <https://posoco.in/about-us/annual-reports/>.

#### **Hearing dated 20.5.2020**

8. The Commission directed the Petitioner, to submit copy of Board approval on PRP/PLI payments disbursement for each year (2014-15 to 2018-19) paid to the employees and reserved the Order in instant Petition.

#### **Reply of Respondent, UPPCL**



9. The Respondent, UPPCL vide affidavit dated 23.5.2020 has filed its reply.

Respondent has submitted that:

a) The Petitioner has sought incentive at the rate of 15% of annual charges post implementation of pay revision w.e.f. 01.01.2017 in pursuance of Order dated 10.06.2019 issued by the Commission in Petition No. 344/MP/2018. The Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 (hereinafter referred to as "the Fees and Charges Regulations 2019") has been notified by the Commission on 5<sup>th</sup> April 2019 for the control period from 01.04.2019 to 31.03.2024. Accordingly, the Fees and Charges Regulation 2015 has ceased to exist from a day before 5.4.2019. The Order in petition No. 344/MP/2018 was issued by the Commission on 10.06.2019, much after expiry of the Fees and Charges Regulation 2015. Thus, Order of the commission dated 10.06.2019 in Petition No. 344/MP/2018 cannot have any effect on Regulation 29(5) after expiry of Fees and Charges Regulations 2015 as on the day of passing the said order, Fees and Charges Regulations 2015 was not in existence. Therefore, the Petitioner is not entitled for recovery of incentive at the rate of 15% of annual charges in place of 7% as was originally provided under Regulation 29(5) of the Fees and Charges Regulations 2015.

b) The Petitioner has provided details of human resource expenses from 01.04.2014 to 31.03.2019, which includes, among others, productivity linked incentive and pay revision expenses as regular expense. The Petitioner has not submitted details of human resource expenses as allowed to it in determination of annual charges for control period 01.04.2014 to 31.03.2019.

c) Mere perusal of Annexure-1 to additional submission made by the Petitioner, suggests that performance related pay is in the nature of routine performance evaluation of the employees by the employer. However, the Fees and Charges Regulations 2015 allows this expense to be recovered from the incentive available to the Petitioner under Regulation 29. Since incentive available under the said Regulation is on yearly basis depending on the



performance level on the basis of key performance indicators, this amount would vary from year to year based on actual performance. As such, this expense cannot be considered as a regular ingredient of the human resource expenses. Therefore, this expense may be deleted under the head of human resource expenses, if any, from computation of the annual charges for control period 01.04.2014 to 31.03.2019.

### **Rejoinder of the Petitioner to reply of UPPCL**

10. The Petitioner has, vide affidavit dated 5.6.2020, filed its rejoinder to the reply of Respondent UPPCL and submitted that:

a) In line with the provisions of the Regulations 21 and 29(5) of the Fee and Charges Regulations 2015, RLDCs and NLDC have been filing petitions with the Commission to claim the amount payable to the employees towards Performance Related Pay (PRP) computed in accordance with the Guidelines issued by the Department of Public Enterprises (DPE) from time to time.

b) Subsequent to 3rd pay revision w.e.f 1.1.2017, quantum of Performance Related Pay component of the salary of the CPSE employees has increased. With the quantum allowed in the Fees and Charges Regulations 2015 (7-9% of the Annual Charges), there was a substantial shortfall in the funds required to pay the Performance Related Pay computed in accordance with the DPE Guidelines. Ministry of Power vide their letter no. 18/2/2015-PG dated 17.3.2016 had also desired suitable amendments/modifications in the Regulations in order to quantify the kitty available to POSOCO for payment of PRP benefits to its employees. As per the Wage Revision Guidelines dated 3.8.2017 and dated 4.9.2017 issued by DPE, for companies like POSOCO, impact of wage revision including PRP would form part of revenue stream of the company. In accordance with the aforementioned DPE Guidelines, quantum of PLI/ PRP depends mainly upon the Company's performance on the targets prescribed in the Memorandum of Understanding (MoU) signed between the CPSE and administrative Ministry.



In case of POSOCO, MoU is signed with Ministry of Power and performance against the targets set in the MoU is evaluated at the end of the year by DPE.

c) Accordingly, the Commission vide order dated 10.6.2019 in Petition No. 344/MP/2018 has increased the kitty of PRP to 15%-17% of annual charges, so that the shortfall in the funds required to pay PRP be met.

d) For computation of HR expenses for the control period 2019-24, PRP/PLI incurred during the control period 2014-19 have not been considered as part of Human Resource Expenses. PLI shown in HR expenses during FY 2018-19 is actually provision made towards Certificate Linked Incentive (hereinafter referred as "CLI").

11. In compliance with directions of the Commission vide RoP of hearing dated 20.5.2020, the Petitioner vide affidavit dated 8.6.2020 has submitted Minutes of Meetings of the "Nomination and Remuneration Committee" of Petitioner's Board for the PLI/ PRP disbursal for control period 2014-19.

### **Analysis and Decision**

12. The Petitioner has filed the instant Petition for claiming the performance linked incentive based on the KPIs computed by the Petitioner for the FY 2018-19 ending on 31.3.2019, which is also the end of control period FY 2014-19, and allow the Petitioner to recover the said incentive from the users for FY 2018-19.

13. We have considered the submissions of the Petitioner and the Respondent UPPCL. Following are the key issues which need our consideration:

- a) **Whether order of the Commission dated 10.6.2019 in Petition No. 344/MP/2018 can relax Clause 29(5) of the Fees and Charges Regulations 2015 after expiry of the control period 2014-19?**
- b) **Whether PLI can be considered as a component of HR Expenses?**



**c) Allowable PLI depending upon the KPIs worked out for the Petitioner.**

14. The above mentioned issues are dealt in the succeeding paragraphs one by one.

**a) Whether order of the Commission dated 10.6.2019 in Petition No. 344/MP/2018 can relax Clause 29(5) of the Fees and Charges Regulations 2015 after expiry of the control period 2014-19?**

15. UPPCL has submitted that the Commission vide Order dated 10.06.2019 in Petition No. 344/MP/2018 has changed the rate of recovery of incentive under Regulation 29 of the Fees and Charges Regulation 2015 to 15% compared to earlier provision of only 7%. It has submitted that the Fees and Charges Regulation 2019 had come into existence on 5.4.2019 and that from this date (5.4.2019), the Fees and Charges Regulations 2015 ceased to have effect. It has, therefore, submitted that after expiry of validity of the Fees and Charges Regulation 2015, provisions of Regulation 29(5) cannot be relaxed by the Commission through passing its Order dated 10.6.2019 in Petition No. 344/MP/2018. As per UPPCL, the Fees and Charges Regulations 2015 was not in existence.

16. We have considered the submissions of the Respondent UPPCL. The submissions of the Respondent imply that the order of the Commission dated 10.6.2019 in Petition No. 344/MP/2018 is illegal. UPPCL has argued that the Fees and Charges Regulations 2015 was not valid on the date of the order i.e. on 10.6.2019. In view of UPPCL, once the Fees and Charges Regulations 2019 came into force on 5.4.2019, the Fees and Charges Regulations 2015 ceased to exist. We observe that the Petitioner i.e. NRLDC had approached the Commission vide Petition No. 344/MP/2018 that was filed on 8.11.2018 for change in the rate of



incentive allowable, post pay revision effective from 3.1.2017 for balance period within 2014-19 control period. The Commission vide Order dated 10.6.2019 allowed such change in the rate of incentive from 7% to 15%, for period starting from 3.1.2017 till end of control period (2014-19).

17. Relevant provisions of the Fees and Charges Regulations 2015 related to its validity are extracted as under:

***"1. Short title and commencement.***

*(2) These regulations shall come into force from the date of their publication in the Official Gazette, and unless reviewed earlier or extended by the Commission, shall be applicable during the control period from 1.4.2014 to 31.3.2019.*

***3. Definitions.***

*(11) 'Control period' means a period of five years starting from 1.4.2014;*

***6. Application for determination of fees and charges:***

*(8) During pendency of the application, the applicant shall continue to bill the users on the basis of fees and charges approved by the Commission during previous control period and applicable as on 31.3.2014, for the period starting from 1.4.2014 till approval of the Fees and Charges by the Commission, in accordance with these Regulations*

18. Similarly, relevant provisions of the Fees and Charges Regulations 2019 related to its validity are extracted as under:

***1. Short title and commencement***

*(2) These regulations shall come into effect from the date of their publication in the Official Gazette, and unless reviewed earlier or extended by the Commission, shall be applicable during the control period from 1.4.2019 to 31.3.2024.*

***3. Definitions: In these regulations, unless the context otherwise requires:***

*(13) 'Control Period' means a period of five years starting from 1.4.2019;"*

***10. Application for determination of fees and charges***

*(8) During pendency of the application, the applicant shall continue to bill the users on the basis of fees and charges approved by the Commission during previous control period and applicable as on 31.3.2019, for the period starting from 1.4.2019 till approval of the Fees and Charges by the Commission, in accordance with these Regulations. This shall be subject to true up as approved by the Commission for the Control Period 2019-2024.*

19. We note that the Fees and Charges Regulations 2015 and the Fees and Charges Regulations 2019 are similarly worded as regards control period and applicability of regulations. While the former deals with 2014-19 control period, the





latter is for 2019-24 control period. Thus, the Fees and Charges Regulations 2015 is applicable for the years, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19. And for this period, the Fees and Charges Regulations 2019 has no applicability. There is no overlap in period of applicability of the two regulations and the date of notification of regulations has no bearing on the period for which they are applicable.

20. The Order dated 10.6.2019 in Petition No. 344/MP/2018 was issued by the Commission for year 2017-18 onwards of the 2014-19 control period. Irrespective of the Fees and Charges Regulations having been notified on 5.4.2019, it is the Fees and Charges Regulations 2015 that would be applicable for 2017-18 and 2018-19. Therefore, the contention of UPPCL that after notification of the Fees and Charges Regulations 2019, the issuing of order dated 10.6.2019 in Petition No. 344/MP/2018 under the Fees and Charges Regulations 2015 is incorrect, is without any basis and is, therefore, rejected.

21. Also, if the Respondent UPPCL was not satisfied with the order dated 10.6.2019 in Petition No. 344/MP/2018, it could have taken recourse to legal remedies available to it such as review of the order or appeal against the order. Not having done so, it cannot raise this issue now in this Petition.

**b) Whether Performance Linked Incentive (PLI) can be considered a component of HR Expenses?**

22. UPPCL has submitted that the details of human resource (HR) expenses for year 2018-19 provided by the Petitioner also include, among others, productivity linked incentive and that according to the auditor's certificate dated 18.10.2019, the Petitioner has incurred expenditure of Rs. 90.30 lakh under this head. As per UPPCL, productivity linked incentive cannot be covered under HR expenses.



23. In response, the Petitioner has submitted that the Productivity Linked Incentive shown in the HR expenses during FY 2018-19 is actually a provision made towards Certificate Linked Incentive and it is not Performance Linked Incentive (PLI).

24. In view of the clarification of the Petitioner, it is clear that Performance Linked Incentive (PLI) is not a part of HR Expenses of the Petitioner.

**c) Allowable Performance Linked Incentive (PLI) depending upon the KPIs worked out for the Petitioner.**

25. The present petition has been filed under Regulations 6 and 29 of the Fees and Charges Regulations 2015 for approval of Performance Linked Incentive for the financial year 2018-19. Regulations 6 and 29 of the Fees and Charges Regulations 2015 are extracted as under:

*“6. Application for determination of fees and charges:*

*(1) The RLDCs and NLDC shall make application in the formats annexed as Appendix I to these regulations within 180 days from the date of notification of these Regulations, for determination of fees and charges for the control period, based on capital expenditure incurred and duly certified by the auditor as on 1.4.2014 and projected to be incurred during the control period based on the CAPEX and the REPEX.*

*(2) The application shall contain particulars such as source of funds, equipments proposed to be replaced, details of assets written off, and details of assets to be capitalized etc.*

*(3) Before making the application, the concerned RLDC or NLDC, as the case may be, shall serve a copy of the application on the users and submit proof of service along with the application. The concerned RLDC or NLDC shall also keep the complete application posted on its website till the disposal of its petition.*

*(4) The concerned RLDC or NLDC, as the case may be, shall within 7 days after making the application, publish a notice of the application in at least two daily newspapers, one in English language and one in Indian modern language, having circulation in each of the States or Union Territories where the users are situated, in the same language as of the daily newspaper in which the notice of the application is published, in the formats given in Appendix II to these regulations.*



(5) The concerned RLDC or NLDC, as the case may be, shall be allowed the fees and charges by the Commission based on the capital expenditure incurred as on 1.4.2014 and projected to be incurred during control period on the basis of CAPEX and REPEX duly certified by the auditor in accordance with these Regulations:

*Provided that the application shall contain details of underlying assumptions and justification for the capital expenditure incurred and the expenditure proposed to be incurred in accordance with the CAPEX and REPEX.*

(6) If the application is inadequate in any respect as required under Appendix-I of these regulations, the application shall be returned to the concerned RLDC or NLDC for resubmission of the petition within one month after rectifying the deficiencies as may be pointed out by the staff of the Commission.

(7) If the information furnished in the petition is in accordance with the regulations and is adequate for carrying out prudence check of the claims made the Commission shall consider the suggestions and objections, if any, received from the respondents and any other person including the consumers or consumer associations. The Commission shall issue order determining the fees and charges order after hearing the petitioner, the respondents and any other person permitted by the Commission.

(8) During pendency of the application, the applicant shall continue to bill the users on the basis of fees and charges approved by the Commission during previous control period and applicable as on 31.3.2014, for the period starting from 1.4.2014 till approval of the Fees and Charges by the Commission, in accordance with these Regulations.

(9) After expiry of the control period, the applicant shall continue to bill the users on the basis of fees and charges approved by the Commission and applicable as on 31.3.2019 for the period starting from 1.4.2019 till approval of fees and charges under the applicable regulations.”

**“29. Performance linked incentive to RLDCs and NLDC:**

(1) Recovery of incentive by the Regional Load Despatch Centre shall be based on the achievement of the Key Performance Indicators as specified in Appendix V or such other parameters as may be prescribed by the Commission.

(2) Each Regional Load Despatch Centre shall submit its actual performance against each of the key performance indicators to the Commission on annual basis as per the format specified in Appendix V.

(3) NLDC shall submit the details in regards to each Key Performance Indicator in the format specified in Appendix V along with the methodology for approval of the Commission.

(4) The Commission shall evaluate the overall performance of the RLDCs or NLDC, as the case may be, on the basis of weightage specified in Appendix V. The Commission, if required, may seek advice of the Central Electricity Authority for evaluation of the performance of system operator.



(5) The RLDCs or NLDC, as the case may be, shall be allowed to recover incentive of 7% of annual charges for aggregate performance level of 85% for three years commencing from 1.4.2014 and for aggregate performance level of 90% from 1.4.2017. The incentive shall increase by 1% of annual charges for every 5% increase of performance level above 90%: Provided that incentive shall be reduced by 1% of annual charges on prorata basis for the every 3% decrease in performance level below 85%.

(6) The RLDCs or NLDC, as the case may be, shall compute the Key Performance Indicators on annual basis for the previous year ending on 31st March and submit to the Commission along with petitions for approval of the Commission as per Appendix V and Appendix VI of these Regulations:

Provided that the key performance indicators of previous year ending on 31st March shall be considered to recover incentive on each year and shall be trued up at the end of the control period.”

26. As per methodology specified in Appendix-V of the Fees and Charges Regulations 2015, KPI score for NRLDC for the year 2018-19 ending 31.3.2019 has been submitted by petitioner as under:

Sl. No	Key Performance Indicators	Weightage	Previous Year (2017-18)	Current Year (2018-19)
1	Reporting of Interconnection meter error	10	10.00	10.00
2	Reporting of Grid Incidents and Grid Disturbance	10	10.00	10.00
3	Average processing time of shut down request	10	10.00	10.00
4	Availability of SCADA System	10	10.00	9.999
5	Voltage Deviation Index (VDI)	10	10.00	10.00
6	Frequency Deviation Index (FDI)	10	10.00	10.00
7	Reporting of System Reliability	10	10.00	10.00
8	Availability of Website	10	9.97	9.981
9	Availability of Standby Supply	5	5.00	5.00
10	Variance of Capital expenditure	5	4.476	4.863
11	Variance of Non Capital expenditure	5	5.00	4.979
12	Percentage of Certified Employee	5	4.577	3.985
	Total	100	99.022	98.807



27. We have considered the Petitioner's claim for Performance Linked Incentive (PLI). The Petitioner has submitted that the Commission has notified the various performance indicators and their weightage for the determination of fees and charges in the Fees and Charges Regulations 2015 and performance on these KPIs has been quantified to make it measurable. The Petitioner has submitted KPI-wise details which have been dealt with in the succeeding paragraphs:

#### **KPI-1: Reporting of Interconnection metering error**

28. The Petitioner has submitted that meter readings are processed on weekly basis and an error could only be detected after processing the same and after going through the validation process. RLDCs are reporting the meter errors on weekly basis. These are made available on RLDC websites as per the provisions in the Regulations. Hence the possible no. of reports in a year is 52 which has been converted to percentage based on the actual reporting. The percentage performance has been proportionately converted to marks scored.

29. Further it is submitted by the Petitioner that as per Regulation 2.3.2 of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 (herein after referred as "the Grid Code"), RLDCs are responsible for meter data processing. Regulations 2.3.2 of the Grid Code is reproduced below:

- "2.3.2 The following are contemplated as exclusive functions of RLDCs*
- (a) System operation and control including inter-state transfer of power, covering contingency analysis and operational planning on real time basis;*
  - (b) Scheduling / re-scheduling of generation;*
  - (c) System restoration following grid disturbances;*
  - (d) Metering and data collection;*
  - (e) Compiling and furnishing data pertaining to system operation;*
  - (f) Operation of regional UI pool account, regional reactive energy account and congestion Charge Account, provided that such functions will be undertaken by any entity (ies) other than RLDCs if the Commission so directs.*
  - (g) Operation of ancillary services."*



30. Accordingly, problems related to meters including those installed at inter-regional/ international tie points are reported by concerned RLDCs to the utilities for corrective action. As per the Regulation 6.4.22 of the Grid Code, computations on metering data are to be made available to the regional entities for checking/ verifications for a period of 15 days. Relevant extract is reproduced below:

*“..... All computations carried out by RLDC shall be open to all regional entities for checking/verifications for a period of 15 days. In case any mistake/omission is detected, the RLDC shall forthwith make a complete check and rectify the same....”*

31. Accordingly, the data on interconnection meter error is made available in public domain on regular basis for checking/ verifications of regional entities. This information on interconnection meter error is published on the website on weekly basis on web-links (<https://nrlcdc.in/commercial/discrepancy-report/> and <https://nrlcdc.in/commercial/sem-data/>). The discrepancy reports are discussed in detail in the different fora at Regional Power Committee (RPC) level.

32. The total weightage given for this parameter is 10.

33. We have considered the submission of the petitioner. The petitioner has complied with the provisions of the Regulation 6.4.22 of the Grid Code. As per Appendix VI of the Fees and Charges Regulations 2015, the weightage factor for reporting of inter-connection meter error is considered 10 out of 10.

## **KPI – 2 Reporting of Grid Incidents and Grid Disturbance**

34. The Petitioner has submitted that grid incidents and grid disturbances are reported by the RLDCs to NLDC on monthly basis. The same are then compiled and independently verified by National Load Despatch Center (NLDC). Subsequently, the



same is reported to the Commission on monthly basis as a part of the monthly operational report issued by NLDC in accordance with the Grid Code. As the reporting on grid incidences and grid disturbances are generated on monthly basis, target reports to be generated have been considered to be twelve (12). Percentage performance has been measured based on the actual number of reports generated, which has been proportionately converted to marks scored. A copy of the report is also available in public domain on POSOCO website (<https://posoco.in/reports/monthly-reports/monthly-reports-2018-19/>).

35. The petitioner has submitted that as against the total weightage of 10 for parameter reporting of grid incidents and grid disturbances, actual incidents of such events during the financial year 2018-19 are as under:-

<b>Grid Incidents and Grid Disturbances for FY-2018-19</b>			
Category*	Count (Nos.)	Recovery Period (HH:MM:SS)	Loss of Energy (MUs)
GI-1	8	24:58:00	0.00
GI-2	161	398:38:00	0.00
GD-1	139	780:34:00	23.15
GD-2	0	0:00:00	0.00
GD-3	0	0:00:00	0.00
GD-4	0	0:00:00	0.00
GD-5	0	0:00:00	0.00
<b>All</b>	<b>308</b>	<b>1204:10:00</b>	<b>23.15</b>

36. The Petitioner has submitted performance-wise details as under:

Performance during FY 2018-19 (In %)*=	100.00
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Marks Scored (In proportion of the %age performance above)	10.00
<b>*Formula for performance calculation:</b>	<b>(No. of monthly reports issued / 12)*100</b>

37. We have considered the submissions of the Petitioner. Perusal of the above reveals that the Petitioner is reporting incidents of grid disturbance every month to the Commission. Accordingly, as per Appendix VI of the Fees and Charges Regulations 2015, the weightage factor for reporting of grid incidents and grid disturbance is considered 10 out of 10.

**KPI-3: Average processing time of shut down request (NRLDC)**

38. The Petitioner has submitted that shutdown coordination process, uniform across all the RLDCs, has been discussed and approved at RPC level. Time allowed to NLDC for approval of shut-down requests is 26 hours and that for RLDCs is 50 hours (including time of 26 hours for NLDC). This methodology has been devised considering primarily the planned outages approved in the monthly Operation Coordination Committee (OCC) meetings of RPCs which are processed by RLDCs on D-3 basis (3-day ahead of actual day of outage) based on confirmation from the shutdown requesting agency and the then prevailing grid conditions.

39. The Petitioner has submitted that procedure to streamline the process of transmission outage coordination between SLDCs, RLDCs, NLDC, RPCs and Indenting Agencies was developed by NLDC in 2013 and approved in meetings of OCC for different RPCs. As per the approved process, RLDC approves the shutdown requests of inter-State transmission lines and NLDC approves the shutdown requests for inter-regional and all 765 kV transmission lines. RLDCs after





processing the shut down requests at regional level, forward the list to NLDC for impact assessment at national level. After clearance from NLDC, the final list of cleared shut down requests are intimated by respective RLDCs to the requesting agencies on D-1 (i.e. one day ahead of the proposed date of outage).

40. As per above outage planning procedure, shutdown processing time for NLDC/RLDCs is as tabulated below:

SN	Activity	Day*	Time (hrs)
1	Request of shutdown from indenting agency to concerned RLDC.	D-3	10:00
2	Forwarding request of shutdown requiring NLDC approval from RLDC to other concerned RLDCs and NLDC (along with the recommendations and study result)	D-2	10:00
3	Comments of other RLDCs or NLDC	D-2	16:00
4	Approval or Rejection of Request	D-1	12:00

(\*D is date of availing the proposed shut down as approved in OCC meeting)

Shutdown Processing Time for NLDC is Calculated as: Sr. No (4) - Sr.No. (2) = 26 hours

Shutdown Processing Time for RLDC is Calculated as: Sr. No (4) - Sr.No. (1) = 50 hours

41. As per the formula used for calculating KPI score for this parameter, performance will be considered 100%, if the time taken for processing shut down requests is less than the prescribed time i.e. 26 hours for NLDC and 50 hours for RLDCs. If the time taken is more than the prescribed time, the performance will come down in the same proportion. Percentage performance has been proportionately converted to marks scored.



42. The total weightage for the parameter “average processing time of shut down” request is 10. The petitioner has submitted average processing time of shut down request during the financial year 2018-19 as under:

S. No.	Month	Total No of shutdown requests in a month(B)	Total time (in hrs) taken to approve the shutdown in a month (A)	Total time (hrs)taken to approve the shutdown in a month /Total No of shutdown requests in a month (C=A/B)
1	April'18	1117	34893.42	31.24
2	May'18	1010	34971.45	34.63
3	June'18	1120	39060.27	34.88
4	July'18	1031	30132.26	29.23
5	August'18	1040	31561.46	30.35
6	September'18	1109	39462.27	35.58
7	October'18	1255	42040.84	33.50
8	November'18	1289	43628.12	33.85
9	December'18	1441	46946.33	32.58
10	January'19	1521	47634.91	31.32
11	February'19	1289	41783.21	32.42
12	March'19	1196	37762.98	31.57
	Total	14418	469877.52	32.59

43. The formula for calculation of performance is as follows:

Performance during FY 2018-19 (In %)*:	<b>100</b>
Markes Scored (In proportion of the %age performance above)	<b>10</b>
<b>*Formula for performance calculation:</b>	$IF((A-B*50)>0, (1-(A-B*50)/(B*50))*100,100)$



44. We have considered the submission of the Petitioner. As per Appendix VI of the Fees and Charges Regulations 2015, the weightage for average processing time of shut down request is considered 10 out of 10.

#### **KPI-4: Availability of SCADA**

45. The Petitioner has submitted that SCADA systems installed in RLDCs and NLDC is a collection of software and hardware modules which provide essential functions like (i) real time data reporting from field, (ii) real time data exchange between various Load Despatch Centres, (iii) historical data archiving & retrieving, (iv) network analysis studies, (v) grid dispatcher training, (vi) document management system, and (vii) MIS reporting.

46. SCADA system at NLDC acquires real time data from RLDCs through dedicated communication links either on ULDC communication network or through POWERTEL (communication network provided by the CTU).

47. The Petitioner has submitted that the SCADA system at RLDC acquires real time data from Remote Terminal Unit (RTU)/ Sub-Station Automation System (SAS) for central sector stations and IPP stations installed in respective Region through ULDC communication network (in case ULDC link is not available, POWERTEL is used). Real time data from various SLDCs of the Region is fetched through ICCC protocol on dedicated communication links provided through ULDC network with redundancy and POWERTEL. Main reasons of outages of real-time data are a) failure of critical SCADA servers (hardware level); b) failure of critical SCADA applications (software level); and c) communication failure.



48. The Petitioner has submitted that critical infrastructure of SCADA is redundant at server and network level to ensure standby operation and availability in case of any contingency. In case data at Main control centre is not available, Back-up control centre is utilized to visualize the real-time data. SCADA systems are covered under long term maintenance contract by System Integrator/ OEM having financial implications in case of outages even at the component level. The System Integrator is required to attend the issues as per timelines defined in the maintenance contract, failing which a portion of the maintenance charges can be deducted as penalty. Records of all incidences are maintained along with resolution details. Measures for maintenance contract have been kept stringent so that it does not affect the overall SCADA system availability to the grid operators. The records for KPI are generated in line with above philosophy.

49. The Petitioner has submitted that both Main and Back-up SCADA systems have two SCADA servers working in redundant mode with one of the servers in master role and the other in standby role. Consequently, services of SCADA system is considered available when at least one of the redundant servers is up. In the event of failure of both the SCADA servers at Main control centre (CC), monitoring of regional grid can be done through SCADA system of Backup. Accordingly, for the purpose of computation of SCADA availability, the status of main and standby SCADA servers at Main and Backup control centres is checked. If any one of the servers is working at any instant and real time SCADA data is available to the control room, SCADA system is considered to be available.

50. The SCADA system at Main and Backup control centres is checked for healthiness on daily basis based on server logs and system alarms of SCADA

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system in hardware and software levels. Daily check on healthiness of SCADA system components such as servers, networks, and processes etc. is made by the System Integrator and kept in record. As communication networks are provided by the ULDC/ POWERTEL/ third party lease lines, RLDC does not have direct control over the availability of each links. As such, the data outage due to communication network is not considered under SCADA availability calculation. The downtime for all such incidents reported in a month are accumulated to arrive at the total system downtime in that month based on the status of servers stored in SCADA database, month-wise percentage availability in terms of hours and percentage is calculated. The same is compiled for computation of monthly/ quarterly availability of SCADA system.

51. The weightage for this parameter is 10. The Petitioner has submitted availability of SCADA during the financial year 2018-19 as under:

SI no	Month	% Availability
1	April'18	100.00
2	May'18	100.00
3	June'18	100.00
4	July'18	100.00
5	August'18	100.00
6	September'18	100.00
7	October'18	100.00
8	November'18	100.00
9	December'18	100.00
10	January'19	100.00
11	February'19	99.98
12	March'19	100.00
	Average of 12 months	99.99
Performance during FY 2018-19:		<b>99.990</b>



Marks Scored (In proportion of the %age performance above)	9.999
* Average of 12 months	

52. We have considered the submission of the petitioner and verified its claims. Accordingly, as per Appendix VI of the Fees and Charges Regulations 2015, the weightage for availability of SCADA is allowed as 9.999 out of 10.

**KPI-5: Voltage Deviation Index (VDI):**

53. The Petitioner has submitted that VDI is calculated in line with the methodology specified in Appendix VI of the Fees and Charges Regulations 2015. Voltage Deviation Index of important substations is calculated on daily, weekly as well as monthly basis and the same is intimated to utilities via daily, weekly and monthly reports. VDI for each important station is calculated as percentage of time the voltage was outside the range specified in the Grid Code (i.e. 380-420 kV at 400 kV level, 728-800 kV at 765 kV level). For this purpose, data recorded by SCADA is used. The percentage (%) of samples lying outside the Grid Code specified range constitutes VDI for the station. A sample calculation for a 765 kV node (substation) and a 400 kV node is given below.

Sub-Station	%age of time Voltage below 728/200 kV	%age of time Voltage between 728/380 kV & 800/400 kV	%age of time Voltage above 800/420 kV	Voltage deviation index (%age of time voltage is outside IEGC band)
Aligarh	0.00%	100.00%	0.00%	0.00%

54. The Petitioner has submitted that the number of hours the voltage remained out of the range stipulated in the Grid Code in a month are being reported by NRLDC



vide its monthly report. Further, in compliance to the KPI-5 w.r.t the Appendix-VI of the Fees and Charges 2015, NRLDC uploads the information on Voltage Deviation Index (VDI) on its website on daily, weekly and monthly basis as a part of its daily, weekly and monthly reports at weblink <https://nrlcdc.in/reports/vdi/>.

55. The Petitioner has submitted that corrective actions are being taken in real time grid conditions by NRLDC. Apart from these, based on feedback from RLDCs, region-wise persistent high voltage and low voltage issues are being reported in 'NLDC Operational feedback' every quarter. The web link for NLDC operational feedback for quarter Jul'18-Sept'18 is available at <https://posoco.in/download/nldc-operationalfeedback%20october%202018%20o2%2021?wpdmdl=20373>.

56. The total weightage for the parameter Voltage Deviation Index (VDI) is 10. The Petitioner has submitted the formula for measurement of performance and calculated the performance as under:

<b>Performance during FY 2018-19 (In %)*:</b>	100.00
<b>Markes Scored (In proportion of the %age performance above)</b>	10.00
<b>*Formula for performance calculation:</b>	$\frac{(((\text{No. of daily reports issued} / 365 (\text{Total no. of days in FY2018-19})) * 100) + (\text{No. of weekly reports issued} / 52 (\text{Total no. of weeks in FY2018-19})) * 100) + (\text{No. of monthly reports issued} / 12) * 100)}{3}$

57. We have considered the submissions of the Petitioner and verified its claims. Accordingly, as per Appendix VI of the Fees and Charges Regulations 2015, the weightage for Voltage Deviation Index (VDI) is considered 10 out of 10.

#### **KPI-6: Frequency Deviation Index (FDI)**



58. The Petitioner has submitted that FDI is calculated in line with the methodology specified in Appendix VI of the Fees and Charges Regulations 2015. FDI is calculated as the percentage of time frequency is outside band prescribed in the Grid Code. Ten second synchro-phasor data is used for the calculation. The percentage of samples lying below 49.90 Hz or above 50.05 Hz constitutes FDI. A sample calculation for a typical day is shown below:

Date	Percentage of time frequency is			Freq. Deviation Index (FDI)	Average Frequency (Hz)
	<49.90 Hz	49.90 - 50.05 Hz	>50.05 Hz		
01-06-2018	5.4	73.2	21.4	26.8	50.005

59. The Petitioner has submitted that in compliance to the KPI-6 w.r.t the Appendix-VI of the Fees and Charges Regulations 2015, NRLDC uploads the information on Frequency Deviation Index (FDI) on its website on daily, weekly and monthly basis as a part of its Daily, Weekly and Monthly reports. The relevant web links are as under:

KPI-6 (FDI)	Web Link on NRLDC website
Daily FDI	<a href="http://nrldc.in/reports/daily-reports/daily-regional-power-supply-position/">http://nrldc.in/reports/daily-reports/daily-regional-power-supply-position/</a>
Weekly FDI	<a href="http://www.nrldc.in/reports/weekly-reports/">http://www.nrldc.in/reports/weekly-reports/</a>
Monthly FDI	<a href="http://www.nrldc.in/reports/monthly-reports/">http://www.nrldc.in/reports/monthly-reports/</a>

60. The Petitioner has submitted that the frequency deviation indices are being reported on daily basis for the critical nodes along with weekly and monthly reporting as per regulation. The possible no. of reports which could be generated (365 for daily, 52 for weekly and 12 for monthly) has been converted to KPI scores based on the actual reporting.





61. The total weightage for the parameter Frequency Deviation Index (FDI) is 10. The Petitioner has submitted that it has issued daily, weekly and monthly reports for the months of April 2018 to March 2019.

<b>Performance during FY 2018-19 (In %)*=</b>	100.00
<b>Marks Scored (In proportion of the %age performance above)</b>	10.00
<b>*Formula for performance calculation:</b>	$\frac{(((\text{No. of daily reports issued} / 365 (\text{Total no. of days in FY 2018-19})) * 100) + (\text{No. of weekly reports issued} / 52 (\text{Total no. of weeks in FY 2018-19})) * 100) + (\text{No. of monthly reports issued} / 12) * 100)}{3}$

62. We have considered the submission of the Petitioner and verified its claims. Accordingly, as per Appendix VI of the Fees and Charges Regulations 2015, the weightage for Frequency Deviation Index (FDI) is considered 10 out of 10.

### **KPI 7- Reporting of System Reliability**

63. The Petitioner has submitted that the deviation indices with reference to system reliability are being reported on daily basis for the critical nodes along with weekly and monthly reporting as per the Fees and Charges Regulation 2015. The possible no. of reports which could be generated (365 for daily, 52 for weekly and 12 for monthly) has been converted to KPI scores based on the actual reporting.

64. The Petitioner has submitted that the Appendix-VI of the Fees and Charges Regulations 2015 has specified 3 metrics viz. (a) percentage violation of N-1 criteria, (b) percentage violation of ATC, (c) violation of angular difference between important buses. These are being reported by NRLDC by web-hosting on daily, weekly and monthly basis. The relevant web links are given under:



Description	Link of Report
Daily	<a href="https://nrlDC.in/reports/daily-reports/daily-regional-power-supply-position/">https://nrlDC.in/reports/daily-reports/daily-regional-power-supply-position/</a>
Weekly	<a href="https://nrlDC.in/reports/weekly-reports/">https://nrlDC.in/reports/weekly-reports/</a>
Monthly	<a href="https://nrlDC.in/reports/monthly-reports/">https://nrlDC.in/reports/monthly-reports/</a>

65. The weightage for the parameter 'Reporting of System Reliability' is 10. The Petitioner has submitted that it has reported (a) (N-1) violations; (b) ATC violations; and (c) Angle difference between important buses through daily, weekly and monthly reports for the months of April 2018 to March 2019. The Petitioner has submitted the following reports of system reliability:

a) Reporting of (N-1) violations (to be reported to CERC)

X*	<b>100</b>
*Formula	$\frac{(((\text{No. of daily reports issued} / 365 (\text{Total no. of days in financial year 2018-19})) * 100) + (\text{No. of weekly reports issued} / 52 (\text{Total no. of weeks in financial year 2018-19})) * 100) + (\text{No. of monthly reports issued} / 12) * 100)}{3}$

b) Reporting of ATC violations (to be reported to CERC)

Y*	<b>100</b>
*Formula	$\frac{(((\text{No. of daily reports issued} / 365 (\text{Total no. of days in FY 2018-19})) * 100) + (\text{No. of weekly reports issued} / 52 (\text{Total no. of weeks in FY 2018-19})) * 100) + (\text{No. of monthly reports issued} / 12) * 100)}{3}$

c) Reporting of angle difference between important buses (to be reported to CERC)

Z*	<b>100</b>
*Formula	$\frac{(((\text{No. of daily reports issued} / 365 (\text{Total no. of days in FY 2018-19})) * 100) + (\text{No. of weekly reports issued} / 52 (\text{Total no. of weeks in FY 2018-19})) * 100) + (\text{No. of monthly reports issued} / 12) * 100)}{3}$



<b>Performance during FY 2018-19 (In %)*=</b>	100.00
<b>Marks Scored (In proportion of the %age performance above)</b>	10.00
<b>* Formula</b>	$(X+Y+Z)/3$

66. We have considered the submissions of the Petitioner and verified its claims. Accordingly, as per Appendix VI of the Fees and Charges Regulations 2015, the weightage claimed for reporting system reliability is allowed as 10 out of 10.

#### **KPI-8: Availability of Website**

67. The Petitioner has submitted that different type of network monitoring tools have been deployed at different control centres to capture outages of websites, some of those are PRTG, Trend Micro Anti-APT Deep Discovery etc. This network management software generates comprehensive reports. Similarly, with the internet service provider (ISP) user interface, user can see the availability of the ISP links which is commercially linked also. Depending upon the availability data, month-wise percentage availability has been calculated. Then, percentage average availability of 12 months, has been proportionately converted to marks scored.

68. The weightage for the parameter “Availability of Website” is 10. The Petitioner has submitted the percentage of availability of website for each of the months of year 2018-19 as under:

<b>Sl. No</b>	<b>Month</b>	<b>% Availability</b>
1	April'18	99.92
2	May'18	99.76
3	June'18	99.85



4	July'18	100.00
5	August'18	99.99
6	September'18	100.00
7	October'18	100.00
8	November'18	100.00
9	December'18	98.93
10	January'19	100.00
11	February'19	100.00
12	March'19	99.28
	Average of 12 months	99.81
Performance during FY 2018-19*:		<b>99.81</b>
Marks scored (in proportion of the %age performance above)		<b>9.981</b>
* Average of 12 months		

69. We have considered the submissions of the petitioner and verified its claims. The weightage claimed for availability of website is allowed as 9.981 out of 10.

**KPI-9: Availability of standby power supply**

70. The Petitioner has submitted that powers to all the critical infrastructures are supplied through redundant UPS system and battery system. Inputs to these UPS/ battery system are being supplied either through incoming feeders or DG sets (in case of failure of main inputs). These auxiliary systems are also under annual maintenance contracts (AMC) and are being checked/ tested on regular basis. Trial runs are carried on weekly basis to check the DG set availability. Daily records are being maintained at each of the locations. The corresponding data is used to calculate the availability of standby power supply. Depending upon the availability of data, month-wise percentage availability has been calculated. Then, percentage average availability of 12 months, has been proportionately converted to marks scored.



71. The weightage for the parameter “Availability of Standby Power Supply” is 5. The Petitioner has submitted availability of standby power supply as under:

Performance during FY 2018-19*:	100.00
Marks Scored (in proportion of the %age performance above)	5.0
* Average of 12 months	

72. We have considered the submission of the Petitioner and verified its claims. Keeping in view 100% availability of standby supply submitted by petitioner, the weightage for availability of Standby power supply is considered as 5 out of 5.

**KPI 10: Variance of Capital expenditure**

73. The Petitioner has submitted that while calculating the performance, the figures as per the earlier orders of the Commission regarding fees and charges for the control period 2014-19 have been considered as targets and the figures as per the auditor certificate have been taken as actual performance.

74. The total weightage for the parameter “Variance of capital expenditure” is 5. The petitioner has submitted the details of Variance of Capital Expenditure as under:

*(in Rs. Lakhs)*

Capital Expenditure allowed by CERC (A)	Actual Expenditure incurred (B)	% Variation $C=ABS((A-B)/A)*100$
110.00	130.03	18.21

75. The Petitioner has submitted that upto 10% variation has been considered for claiming 100% performance and for any additional 3% variation beyond initial 10%, performance shall decrease by 1% in line with the methodology of the incentive calculation prescribed in Regulation 29(5) of the Fees and Charges



Regulations 2015. The Petitioner has submitted that percentage performance has been proportionately converted to marks scored. The calculations regarding KPI-10 is as mentioned below:

Performance during FY 2018-19*:	<b>97.26</b>
<b>* Formula</b>	<b>IF(C&gt;10, 100-(C-10)/3,100)#</b>
Marks Scored (in proportion of the %age performance above)	4.863
<i>* Average of 12 months</i>	
<i>#Upto 10% variation, performance is proposed to be considered 100% and for any additional 3% variation beyond initial 10%, performance shall decrease by 1% in line with the methodology of the Incentive calculation prescribed in the Regulation 29(5) of the Fees and Charges Regulations 2015</i>	

76. We have considered the submission of the Petitioner. The weightage allowed for variance of capital expenditure is considered as 4.863 out of 5.

**KPI 11: Variance of Non-Capital expenditure**

77. The Petitioner has submitted that while calculating the performance against variance of non-capital expenditure, the approved figures as per various orders of the Commission for the control period 2014-19 including order dated 10.06.2019 in petition no 344/MP/2018 along with IA 26/2019, have been considered as targets and the figures as per the auditor certificate have been taken as actual performance.

78. The Petitioner has submitted that up to 10% variation has been considered for claiming 100% performance and for any additional 3% variation beyond initial 10%, performance decreases by 1% in line with the methodology of the incentive calculation prescribed in the Regulation 29(5) of the RLDC Fees and Charges Regulations 2015. Percentage performance has been proportionately converted to marks scored.



79. The weightage for the parameter “variance of non-capital expenditure” is 5. The Petitioner has submitted the details of variance of non-capital expenditure as under:

(in Rs. Lakhs)

Non-Capital Expenditure allowed by CERC (A)	Actual Expenditure incurred (B)	% Variation $C=ABS(((A-B)/A)*100)$
3144.96	2790.62	11.27

80. The calculations regarding the KPI-11 is as mentioned below:

Performance during FY 2018-19*:	<b>99.58</b>
<b>* Formula</b>	<b>IF(C&gt;10, 100-(C-10)/3,100)#</b>
Marks Scored (in proportion of the %age performance above)	4.979
<i>* Average of 12 months</i>	
<i># Upto 10% variation, performance is proposed to be considered 100% and for any additional 3% variation beyond initial 10%, performance shall decrease by 1% in line with the methodology of the Incentive calculation prescribed in the Regulation 29(5) of the Fees and Charges Regulations 2015</i>	

81. We have considered the submission of the petitioner. The weightage for variance of non-capital expenditure is allowed as 4.979 out of 5.

#### **KPI 12: Percentage of certified employees**

82. The Petitioner has submitted that certification framework was introduced in 2011 based on recommendations of G.B. Pradhan Committee Report which called for *“Introduction of a system of ‘certification’ of System Operators by an independent body such as the NPC/NPTI”* and *“Establishment of an Institute for training of system operators....National Power Training Institute (NPTI) may be entrusted with the responsibility of training initially”*



83. Accordingly, a framework was developed for system operators from the States and POSOCO for Training and certification, with NPTI as the certifying agency. The framework provides for Basic Level, Specialist Level and Management Level Courses. Till date 7 (seven) Basic Level certification and 6 specialist level certifications have been conducted (three on Regulatory framework in power sector, two on power system reliability and one on power system logistics). The examinations are held online on an all India basis. Basic Level Certification is a foundation level exam where all eligible system operators in the country can appear, whereas, specialist level exams focus on a particular area of expertise. Validity of both these certificates is three years. System Operators are required to have at least one valid certificate to be qualified as certified. “No. of Employees Certified”- is number of eligible employees who have at least one valid certificate (either basic level or specialist level) on the date specified. The term “Eligible” in the preceding paragraph includes all executives who are deployed in Technical Functions in the respective RLDC/ NLDC on the cut-off date i.e. (excluding HR, Finance, Legal, Company Secretariat, Executive Secretaries etc.).

84. The Petitioner has submitted that while evaluating, performance is considered 100% if the percentage of certified employees at the RLDC is 85%. When the percentage of certified employees at the RLDC falls below 85%, the performance decreases by 1% for every 3% decrease in certification in line with the methodology of incentive calculation prescribed in the Regulation 29(5) of the RLDC Fees and Charges Regulations 2015. Percentage performance has been proportionately converted to marks scored.





85. The weightage for the parameter “percentage of certified employees” is 5. The Petitioner has submitted the details of variance of percentage of certified employees as under:

Name of NLDC / RLDC:	Northern Regional Load Despatch Centre	
No. of Eligible Employees for Certification as on 31.3.2019 (A)	No. of Employees Certified as on 31.3.2019 (B)	%age of Employees Certified as on 31.3.2019 (C=B/A*100)
54.00	13.00	24.07
Performance during FY 2018-19*:	<b>79.69</b>	
<b>* Formula</b>	<b>IF(C&lt;85, (100-(85-C)/3),100)#</b>	
Marks Scored (in proportion of the %age performance above)	3.985	
* Average of 12 months		
# Upto 85% certification, performance is proposed to be considered 100% and for certification below 85%, performance shall decrease by 1% for every 3 % decrease in the certification in line with the methodology of the Incentive calculation prescribed in the Regulation 29(5) of the RLDC Fees and Charges Regulations 2015		

86. We have considered the submissions of the Petitioner. The weightage for percentage of certified employees is allowed as 3.985 out of 5.

**Overall Achievement of KPIs:**

87. We have considered the submissions of the Petitioner with regard to KPI. The following KPIs are allowed as per the methodology specified in Appendix-V of the Fees and Charges Regulations 2015:

Sl. No	Key Performance Indicators	Weightage	Claimed (2018-19)	Allowed (2018-19)
1	Reporting of Interconnection meter error	10	10.00	10.00
2	Reporting of Grid Incidents and Grid Disturbance	10	10.00	10.00
3	Average processing time of shut down request	10	10.00	10.00



Sl. No	Key Performance Indicators	Weightage	Claimed (2018-19)	Allowed (2018-19)
4	Availability of SCADA System	10	9.999	9.999
5	Voltage Deviation Index (VDI)	10	10.00	10.00
6	Frequency Deviation Index (FDI)	10	10.00	10.00
7	Reporting of System Reliability	10	10.00	10.00
8	Availability of Website	10	9.981	9.981
9	Availability of Standby Supply	5	5.00	5.00
10	Variance of Capital expenditure	5	4.863	4.863
11	Variance of Non Capital expenditure	5	4.979	4.979
12	Percentage of Certified Employee	5	3.985	3.985
	Total	100	98.807	98.807

Perusal of the above table reveals that the Petitioner has achieved 98.807% in Key Performance Indicators out of possible achievement of 100%.

88. The Commission, under sub-clause (1) of Regulation 21 of the Fees and Charges Regulations 2015 has allowed Performance Related Pay to be met from the incentive allowed in accordance with sub-clause (5) of Regulation 29 of the Fees and Charges Regulations 2015 that provides as follows:

*“(5) The RLDCs or NLDC, as the case may be, shall be allowed to recover incentive of 7% of annual charges for aggregate performance level of 85% for three years commencing from 1.4.2014 and for aggregate performance level of 90% from 1.4.2017. The incentive shall increase by 1% of annual charges for every 5% increase of performance level above 90%: Provided that incentive shall be reduced by 1% of annual charges on pro rata basis for the every 3% decrease in performance level below 85%.”*

89. The Commission, in its Order dated 10.06.2019 in Petition No. 344/MP/2018, has held as under:

*“62. ....in exercise of provisions of “Power to Relax” under Regulation 35 of Fees and Charges Regulations, 2015 we hereby relax Regulation 29(5) of Fees and Charges Regulations, 2015 and direct that RLDCs or NLDC, as the case may be, shall be allowed to recover incentive of 15% of annual charges post implementation of pay revision w.e.f 1.1.2017 subject to ceiling as per DPE Guidelines in place of 7%,*



*keeping other provisions of Regulation 29(5) same. In case of shortfall as per DPE Guideline, the balance amount shall be paid from the LDCD fund.”*

90. In view of Regulation 29(5) of the Fees and Charges Regulations 2015 read with Order dated 10.06.2019 in Petition No. 344/MP/2018 and aggregate KPI level of 98.807% for 2018-19, the Commission hereby allows the Petitioner to recover 16.761% of annual charges for the financial year 2018-19 to meet the Performance Related Pay for the financial year 2018-19 as detailed below:

Aggregate Performance Level	% of Annual charges
90%	15%
90%-95%	+1%
95% - 98.807%	+0.761 %
Total - 98.807%	Total - 16. 761%

91. As provided in Regulation 21(1) of Fees and Charges Regulations 2015, the Commission directs that the Performance Related Pay be computed in accordance with DPE guidelines and shall be met from the incentive allowed above.

92. The Commission observes that Regulations 29(6) of the Fees and Charges Regulations 2015 provides as below:

*“The RLDCs or NLDC, as the case may be, shall compute the Key Performance Indicators on annual basis for the previous year ending on 31st March and submit to the Commission along with petitions for approval of the Commission as per Appendix V and Appendix VI of these Regulations:*

*Provided that the key performance indicators of previous year ending on 31st March shall be considered to recover incentive on each year and shall be trued up at the end of the control period.”*

93. Accordingly, the Petitioner is directed to file true up petition for control period 2014-19 within three months of issue of this order, taking into account the amount recovered from users and actual pay-out to the employees.



94. We further observe that the Board approvals submitted by the Petitioner cover only the executives and supervisors for payment of PRP. However, as per the details submitted by Petitioner, it is observed that the Petitioner has disbursed PRP to workmen also. The Petitioner is, therefore, directed to submit appropriate Board approval for same with the true up petition.

95. The Petition No. 185/MP/2020 is disposed of in terms of the above.

**sd/-**

**(Arun Goyal)**  
**Member**

**sd/-**

**(I. S. Jha)**  
**Member**

**sd/-**

**(P.K. Pujari)**  
**Chairperson**

