



ग्रिड कंट्रोलर ऑफ इंडिया लिमिटेड  
(भारत सरकार का उद्यम)  
**GRID CONTROLLER OF INDIA LIMITED**  
(A Government of India Enterprise)



[formerly Power System Operation Corporation Limited (POSOCO)]

केन्द्रीय कार्यालय : 61, आई एफ सी आई टावर, 8वां और 9वां तल, नेहरू प्लेस, नई दिल्ली -110019  
Corporate Office : 61, IFCI Tower, 8th & 9th Floor, Nehru Place, New Delhi - 110019  
CIN : U40105DL2009GOI188682, Website : www.grid-india.in, E-mail : gridindiacc@grid-india.in, Tel.: 011- 40234672

Ref. No.: GRID-INDIA/Fees & Charges/144

Date: 4<sup>th</sup> June 2024

To,

Secretary,  
Central Electricity Regulatory Commission (CERC),  
7<sup>th</sup> Floor, Tower-B, World Trade Centre,  
Nauroji Nagar, New Delhi- 110029.

**Sub: Submission of addl. Comments on draft CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2024**

Sir,

The Hon'ble Commission has issued draft (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2024 on 4<sup>th</sup> April 2024 (<https://cercind.gov.in/>). These regulations, upon notification, shall be applicable for a five-year control period starting from 1<sup>st</sup> April 2024. A public notice was concurrently issued on 4<sup>th</sup> April 2024, inviting feedback from stakeholders and interested parties. GRID-INDIA vide its letter dated 20.05.2024 submitted the suggestions/comments on draft regulations to Hon'ble Commission.

In this regard, a public hearing was held on 30<sup>th</sup> May 2024, wherein representative from GRID-INDIA presented the important comments submitted by GRID-INDIA. It was enquired about the suggestion regarding de-linking of performance of RLDCs & NLDC against CERC KPIs with the team rating component of Performance Related Pay (PRP) as per DPE Guidelines. In view of this, the additional comments from GRID-INDIA are enclosed as Annexure-I for kind consideration of the Hon'ble Commission.

Thanks & Regards,

Encl: A/a

Yours Sincerely,

Alok Kumar  
Sr. GM (ET&S)

**Additional Comments/ Suggestions from GRID-INDIA on draft CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2024**

**1. De-linking of team rating from performance approved by CERC against the KPIs as prescribed in draft regulations (*Regulation 28 (6)*)**

GRID-INDIA has been established for independent and neutral operation of the power system of the country through National Load Despatch Centre (NLDC) and five Regional Load Despatch Centres (RLDCs). Special dispensation has been sanctioned to GRID-INDIA through Cabinet approval so that it's employees will get parity of Pay Scales and Allowances, Performance Related Pay (PRP), Medical benefits, etc with a Schedule 'A' government Company as per DPE guidelines. Further, the DPE Office Memorandum No. W-02/0028/2017-DPE (WC)-GL-XIII/ 17 dated 3.8.2017 also mentioned that the PRP shall form part of revenue stream. The relevant extracts are quoted below:

Quote

*Annexure II (Para 5)*

*Affordability to certain types of CPSEs:*

.....

*(c) There are also certain CPSEs which have been formed as independent Government Companies under a statute to perform a specific agenda/ regulatory functions. The revenue stream of such CPSEs are not linked to profits from the open market in a competitive scenario but are governed through fees & charges, as prescribed and amended from time to time by the Government. There is no budgetary support provided by the Government to such CPSEs. In consideration that the impact of the revised compensation structure (including Performance Related Pay) would supposedly form part of revenue stream for such CPSEs, the affordability condition shall not be applicable to these CPSEs;*

.....

Unquote

Accordingly, the CERC approved performance against the KPIs prescribed in the fees & charges regulations provides the mechanism for recovery of incentive for disbursement of PRP unlike the other CPSEs wherein PRP kitty is directly linked to the profit. The last two regulations (notified in 2015 and 2019 respectively) had the KPIs for determining the performance of RLDCs & NLDC thereby allowing certain percentage of annual LDC charges as incentive (Performance Linked Incentive (PLI)).

As outlined above, CERC KPI framework provides for recovery of PLI. However, PRP is being disbursed to the employees strictly in accordance with the applicable DPE

guidelines and after obtaining the approval of Board of GRID-INDIA. The disbursement of PRP to employees depend on three components of performance viz. Company rating (derived from MoU framework), team rating (derived from CPSEs MoU parameters as well as the nature of operations) and individual rating (derived from performance against specific tasks assigned to the individuals). The team rating is being determined in accordance with the performance of RLDCs and NLDC against the Key Performance Indicators (KPIs) defined under the GRID-INDIA's team performance evaluation framework. However, Regulation 28 (6) of the draft CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2024 mandates that the team performance component for disbursement of Performance Related Pay (PRP) as per DPE OM No. W-02/0028/2017-DPE (WC)-GL-XIII/ 17 dated 3.8.2017 shall be taken as the performance approved by Hon'ble Commission for each RLDC or NLDC against the Key Performance Indicators (KPIs) specified at Appendix-IV of the draft Regulations. The relevant clauses are quoted below:

***"The incentive payable to individual employee of all RLDCs and NLDC (including Corporate Centre) shall be in accordance with Performance Related Pay (PRP) as per DPE Office Memorandum No. W-02/0028/2017-DPE (WC)-GL-XIII/ 17 dated 3.8.2017: Provided that "Team's Performance Component" under Annexure-IV of DPE Office Memorandum No. W-02/0028/2017-DPE (WC)-GL-XIII/ 17 dated 3.8.2017 for each RLDC or NLDC shall be taken as Performance approved by the Commission for each RLDC or NLDC as per Appendix-IV of these Regulations:"***

The referred DPE Memorandum assigns the responsibility for identifying team performance indicators to the CPSE, tailored to its specific operations and MoU parameters. The relevant provision from the DPE office memorandum on Team Performance Rating is as follows:

**"The team rating shall be linked to individual Plant/Unit's productivity measures and operational/ physical performance, as primarily derived from CPSEs' MoU parameters and as identified by CPSE depending upon the nature of the industry/business..."**

Accordingly, GRID-INDIA's team performance evaluation framework has been developed in alignment with the DPE provisions, incorporating MoU parameters, CERC Key Performance Indicators, and other relevant parameters related to its various business operations. Majority of the KPIs in the internal performance evaluation framework have been derived from the responsibilities assigned to RLDCs/ NLDC under various CERC regulations as well as other statutory guidelines to be followed

Thus, limiting the team performance indicators exclusively to those identified by CERC might not capture the performance in a comprehensive manner. Ideally the DPE MoU framework, CERC KPI framework and the internal framework for evaluating team performance should comprehensively capture the overall contribution of Grid-India

through its RLDCs/NLDC. The internal KPI framework for team performance essentially attempts to capture this. Further, the disbursement of PRP (provisional or final) to the employees is carried out with the approval of Board of the Company in strict adherence to the DPE guidelines. Accordingly, linking of team rating with the performance approved by CERC (for the KPIs specified in the Appendix-IV of the draft Regulations) may not be appropriate considering the functional autonomy of GRID-INDIA Board.

Therefore, it is proposed that the proviso under Regulation 28 (6) quoted below may be deleted:

***“Provided that “Team’s Performance Component” under Annexure-IV of DPE Office Memorandum No. W-02/0028/2017-DPE (WC)-GL-XIII/ 17 dated 3.8.2017 for each RLDC or NLDC shall be taken as Performance approved by the Commission for each RLDC or NLDC as per Appendix-IV of these Regulations”***

**2. Provision for payment of PRP based on previous year’s performance (Regulation 28 (6))**

The Regulation 28 (6) also provide for provisional payment of PRP based on the previous year’s performance approved by Hon’ble Commission. The relevant clauses are quoted below:

***“Provided further that provisional payment of Performance Related Pay may be made based on 95% of the previous year’s Performance approved by the Commission for each RLDC or NLDC if the Performance is not approved by the Commission for the year, subject to final adjustment as per the approved performance for each RLDC or NLDC for the year.”***

It appears that the aforesaid provision is inserted considering that the team rating shall be taken as performance approved by CERC. However, as submitted in point no. 1 above, the team rating for the purpose of PRP disbursement is proposed to be delinked from CERC KPIs. The disbursement of PRP (provisional/final) shall be subject to the approval of Board of Company as recommended by Board-level Nomination & Remuneration Committee/ the financial advisor of administrative ministry. Accordingly, it is proposed to delete this provision.

It is proposed that, instead of one-time billing of PLI after the end of the financial year, monthly provisional billing of PLI at 12% of annual LDC charges (i.e. at 90% performance level) may be allowed for RLDCs & NLDC in order to streamline the cash flow to both the users as well as NLDC & RLDCs. The provisionally recovered PLI on monthly basis is subject to the final order issued by Hon’ble Commission. Accordingly, the following clause may be incorporated suitably under chapter-9 of draft regulations:

***“Provided that RLDCs and NLDC shall be allowed to provisionally recover PLI on monthly basis considering 90% performance subject to the final adjustment after the approval of performance by Commission for the financial year”***

In case, the aforementioned proviso under Regulation 28 (6) to be continued, since filing a petition and obtaining subsequent approval of performance by the commission for any financial year typically takes more than a year, instead of the previous year's performance, it may be allowed to disburse PRP provisionally on the basis of **last available year's** performance approved by Hon'ble Commission.

**3. Submission of revised KPI procedure every year starting from FY 2025-26 onwards (Regulation 28 (4))**

As per Regulation 28 (4), revised KPI procedure with revised KPIs and weightages shall be submitted by NLDC by the end of December in each year starting from December 2024. The relevant clauses are quoted below:

**"The key performance indicators and their weightages specified in Appendix-IV shall be applicable for period 2024-2025. For year 2025-26 onwards, NLDC shall submit revised key performance indicators and their weightages, as required, with revised procedure by end of December in each year starting from December 2024, for the proposed KPIs for next financial year, which shall be reviewed and approved by the Commission. Unless revised by the Commission, key performance indicators and their weightages approved for last Financial Year shall be applicable for next Financial year till 2028-2029."**

The exercise of annual KPIs being approved by Commission every year would be a time consuming process. Instead, there could be a section with certain weightage for Innovation/ R&D activity done every year by RLDCs & NLDC. The Appendix-IV of the draft regulations had KPIs related to R&D/ new technology adoption and knowledge dissemination by the way of data intensive reports under the category "Learning & Growth". The weightage of these KPIs may be increased by adjusting the weightages of other categories. Accordingly, the regulation 28 (4) may be modified as mentioned below:

**"The key performance indicators and their weightages specified in Appendix-IV shall be applicable for period 2024-2025. For year 2025-26 onwards, NLDC shall submit new performance indicators related to Innovation/ R&D activity, as required, by end of December in each year starting from December 2024, for the proposed KPIs for next financial year, which shall be reviewed and approved by the Commission. Unless revised by the Commission, key performance indicators and their weightages approved for last Financial Year shall be applicable for next Financial year till 2028-2029."**

.....XXXXXXXXXX.....