

MEMORANDUM OF UNDERSTANDING

FOR THE YEAR 2014-2015

BETWEEN

**POWER GRID CORPORATION OF INDIA
LTD.**

AND

MINISTRY OF POWER, GOVT. OF INDIA

Contents

Part-I: Vision, Mission & Objectives

Part-II: Performance Evaluation Parameters & Targets

Part-III: Self-Declaration / Certification

Part-IV: Commitments/ Assistance from the Government

Part-V: Action Plan for Implementation & Monitoring of MoU

Appendix: List of Projects, monitored by MoSPI, expected to complete in 2014-15

MEMORANDUM OF UNDERSTANDING 2014-15

Part-I: VISION, MISSION & OBJECTIVES

VISION:

“World Class, Integrated, Global Transmission Company With Dominant Leadership in Emerging Power Markets, Ensuring Reliability, Safety and Economy”.

MISSION:

“To become a Global Transmission Company with Dominant Leadership in Emerging Power Markets with World Class Capabilities by:

- Setting superior standards in capital project management and operations for the industry and ourselves;
- Leveraging capabilities to consistently generate maximum value for all stakeholders in India and in emerging and growing economies;
- Inspiring, nurturing and empowering the next generation of professionals;
- Achieving continuous improvements through innovation and state of the art technology; and
- Committing to highest standards in health, safety, security and environment.”

OBJECTIVES:

The Corporation has set following objectives in line with its Mission and its status as “**Central Transmission Utility**” to:

- Undertake transmission of electric power through Inter-State transmission system.
- Discharge all functions of planning and coordination relating to Inter-State transmission system with -
 1. State Transmission Utilities;
 2. Central Government;
 3. State Governments;
 4. Generating companies;

MoU 2014-15
Approved by DPET/F
[Signature]
Signed

5. Regional Power Committees;
 6. Authority;
 7. Licensees;
 8. Any other person notified by the Central Government in this behalf.
- To ensure development of an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres.
 - Efficient Operation and Maintenance of Transmission systems.
 - Restoring power in quickest possible time in the event of any natural disasters like super cyclone, flood etc. through deployment of Emergency Restoration Systems.
 - Provide consultancy services at national and international level in transmission sector based on the in-house expertise developed by the organisation.
 - Participate in long distance telecommunication business ventures.
 - Ensure principles of Reliability, Security and Economy matched with the rising/desirable expectation of a cleaner, safer, healthier Environment of people, both affected and benefited by its activities.

MoU 2014-15
Approved by DPET/TF
[Signature]
Signed

MEMORANDUM OF UNDERSTANDING 2014-15

PART-II

Performance Evaluation Parameters and Targets

Performance Evaluation:

For the purpose of performance evaluation of the Corporation for the year **2014-2015**, the scale and the weights assigned to various parameters are shown in the following table.

MoU 2014-15
Approved by DPET/F
[Signature]
5/12/14

(PART - II)

PERFORMANCE EVALUATION PARAMETERS AND TARGETS

S. No.	Parameter	Units	Weights	Parameter Scale for FY 2014-15						Documentary evidence and source/ origin of documents
				Excellent	V.Good	Good	Fair	Poor	10	
1	2	3	4	5	6	7	8	9	10	
1	Static/ Financial Parameters @									
(i)	Growth/ Size/ Activity									
	a) Sales Turnover, excluding interest and other income (Operating Turnover)	(Rs. Crs.)	12	17280	15670	14924	14213	13536		
	b) Gross Operating Margin	(Rs. Crs.)	10	14944	13545	12900	12286	11701		
(ii)	Profitability									
	a) PAT/ Net worth	%	10	11.83	11.33	10.83	10.35	9.88		
(iii)	Cost and Output Efficiency									
	a) PAT per Employee	(Rs. Lacs/ Employee)	10	46.81	44.88	42.55	40.53	38.60		Annual Report (AR)/ Audited Results
(iv)	Efficiency of Asset Use									
	a) Average Collection Period of Trade Receivables (Debtors Turnover Ratio)	No. of Days	8	68	70	72	74	76		Internal documents/ Reports
2	Dynamic/ non-financial Parameters									
(i)	Corporate Social Responsibility and Sustainability Development									
	a) Capacity Building Program on Transmission Line Tower Erection and Stringing, 3 months course (program spanning over 2 years) with technical certification from recognized institution	(No. of persons Non-employee)	1	500	450	400	350	300		Internal documents/ Reports
	b) Construction of night shelter/ Dharamshala at JP Trauma Center, New Delhi (Start in 2014 & completion in 2016); Placement of award	Late	1	31st Oct, 2014	15th Nov, 2014	30th Nov, 2014	15th Dec, 2014	31st Dec, 2014		Internal documents/ Reports
	c) Water shed management program near POWERGRID substation (Start in 2014 & completion in 2019); Appointment of consultant & Start of base line survey	Late	1	31st Oct, 2014	15th Nov, 2014	30th Nov, 2014	15th Dec, 2014	31st Dec, 2014		Internal documents/ Reports
@	1. Transmission charges for 2014-15 have been estimated based on CERC tariff norms for the block period 2014-19.									
	2. POWERGRID is a Transmission Services Company, hence Gross Operating Margin has been calculated as - Revenue from Operations less Operation and maintenance expenses. Details are at Appendix-I.									
	3. FPO proceeds of Rs. 5,321 Crore has been considered in FY 2013-14.									
	4. The No. of Employees against "V. Good" target is considered as "9400 Nos. The same will be considered at the time of evaluation."									

M&U 2014-15
Approved by DPE&F
Signed

(PART - II)
PERFORMANCE EVALUATION PARAMETERS AND TARGETS

S. No.	Parameter	Units	Weights	Parameter Scale for FY 2014-15						Documentary evidence and source/ origin of documents
				Excellent	V.Good	Good	Fair	Poor		
1	2	3	4	5	6	7	8	9	10	
(ii)	Research & Development									
	a) Pollution Mapping in Southern Region – Completion of 2 nd Set of pollution measurements	Date	0.5	28th Feb, 2015	15th Mar, 2015	31st Mar, 2015				
	b) Indigenous development, Testing and Installation of Air Core Reactor in HVDC station	Date	0.5	28th Feb, 2015	15th Mar, 2015	31st Mar, 2015				
	c) High Temperature Superconductor Cable for power transmission, Demonstration project - Floating of NIT/ Eol	Date	0.5	15th Mar, 2015	31st Mar, 2015					
	d) Implementation Commencement of pilot battery energy storage system (about 500kWhr)	Date	0.5	28th Feb, 2015	15th Mar, 2015	20th Mar, 2015	25th Mar, 2015	31st Mar, 2015		Test Reports/Internal documents/ R&D Expert Group Report
(iii)	Initiatives for Growth									
	Physical targets									
	a) Foundation	Nos.	2.5	15000	13636	12987	12369	11780		
	b) Tower Erection	Nos.	2.5	13500	12273	11688	11132	10602		
	c) Stringing	Ckms.	2	7000	6364	6061	5772	5497		
	d) Ckt. Kms commissioning / ready for commissioning	GW-ckms.	2	10000	9091	8658	8246	7853		
	e) Transformation capacity addition/ ready for commissioning	M/A	3	25000	22555	21425	20480	19535		AR
	f) Inter-regional power transmission capacity addition/ ready for commissioning	M/W	3	3700	2100	1600				
(iv)	Project Management & Implementation									
	a) Capital Expenditure of Rs. 20,000 Crore (BE)	(%)	5	100	90	80	70	60		
(v)	Productivity and Internal Processes									
	Customer Satisfaction									
	No. of Trippings per line attributable to POWERGRID #									
	a) Un-Planned	No.	4	1.50	1.80	2.10	2.40	2.70		AR
	Measures taken to increase efficiency and productivity of manpower/ resources									
	a) Implementation of ERP in SR-II region	Date	2	28th Feb, 2015	15th Mar, 2015	31st Mar, 2015				AR/ Internal Documents
#	The no. of trippings (unplanned) do not include those attributable to sub-station bays of POWERGRID, but maintained by other utilities.									

MOU 2014-15
Approved by DPE/TF
[Signature]
Signed

(PART - II)
PERFORMANCE EVALUATION PARAMETERS AND TARGETS

S. No.	Parameter	Units	Weights	Parameter Scale for FY 2014-15						Documentary evidence and source/ origin of documents
				Excellent	V.Good	Good	Fair	Poor	10	
1	2	3	4	5	6	7	8	9	10	
(vi)	Technology, Quality, Innovative practices									
	a) Demonstration of Process-bus architecture in Substation Automation System	Date	1	28th Feb, 2015	15th Mar, 2015	31st Mar, 2015	-	-	-	Expert Group Report
	b) Proto Development and Testing of 400kV Multi Circuit Tower (Type QD with Quad Moose Conductor for Wind Zone 4)	Date	1	30th Nov, 2014	31st Dec, 2014	20th Jan, 2015	28th Feb, 2015	15th Mar, 2015		Test Reports/Internal documents/ R&D
	c) Smart Grid: Creation of Power Quality base line data repository through measurements of power quality at various locations in India	No. of locations	2	25	20	15	10	5		Test Reports/Internal documents/ R&D
	d) Implementation of ISO 50001 for Energy Management System at NER RHQ building	Date	2	31st Dec, 2014	31st Jan, 2015	28th Feb, 2015	15th Mar, 2015	30th Mar, 2015		AR
	e) Implementation of ISO 50001 for Energy Management System at WR-I RHQ building	Date	2	31st Dec, 2014	31st Jan, 2015	28th Feb, 2015	15th Mar, 2015	30th Mar, 2015		AR
(vii)	Human Resource Management									
	a) Attrition as % of total employees	%	0.5	4	5	6	7	8		
	b) Medicare: Medical and health check up camp	Nos	0.5	10	9	8	7	6		
	c) Number of structured meetings with employees' representatives	Number of meetings	0.5	3	2	1	0	0		
	d) Review HR Policy for meeting changing business priorities	Nos.	0.5	2	1	-	-	-		Internal documents/ Reports
	e) Training Days per employee per year	Days/ emp/ year	1	5.5	4.5	3.5	2.5	1.5		
	f) Programme on Leadership Development and Succession Planning (No. of executives at E7 level)	No. of executives	1	70	60	50	40	30		
	g) % fulfillment of training plan for Skill Upgradation/ Multi-skilling of non-executives	%	1	70	60	50	40	30		
	h) Certification of POWERGRID employees in Project Management	Nos	1	33	30	27	25	23		
3	Sector/ Enterprise Specific Parameters									
	a) RGGVY									
	i) Completion of infrastructure of electrification of PE Villages	Nos	0.1	300	270	256	244	231		AR/ Certification by Management
	ii) BPL household connections	Nos.	0.2	18500	16500	15800	15000	14200		
	iii) Energization of Villages	Nos	0.1	15	14	13	12	11		
	b) Development of Green Energy Corridors									
	i) Implementation Commencement of Green Energy Corridor - Issuance of NIT for Part A (Subject to Govt clearances)	Date (%)	0.5	28th Feb, 2015	10th Mar, 2015	20th Mar, 2015	31st Mar, 2015	-		AR/ Internal Documents
	c) Availability of Tr. System *	Date (%)	4	99.20	98.80	98.40	98.00	97.60		AR
	Laying of incremental fiber for connecting Gram Panchayats under Phase-I of the NOFN Project (as per DPE minutes No. M-01/0158/2014-DPE (MoU) dated March 20, 2014)	Nos	0.1	14000	12000	10000	8000	6000		AR/ Internal Documents
	d) Total		100							

* Transmission System availability calculated as per CERC methodology.

Note: Negative marking for non-compliance of guidelines as specified in para 3.2.1 and 3.2.2 of MoU guidelines, 2014-15

14-15
Approved by DPE/TF

Name of PSE - Powergrid Corporation of India Limited

Definition of Gross Operating Margin -

Calculation of Gross Operating Margin	
	Revenue from Operations as per Schedule 2.25
less	Purchases of Stock in Trade
less	Employee Benefits Expense as per schedule 2.27
less	Transmission and other expenses as per schedule 2.30 excluding Miscellaneous expenses and Non-operating expenses
=	Gross Operating Margin

Note : The schedule referred above are forming part of
Annual Report 2012-13.

MoU 2014-15
Approved by DPE/TF
Sd/-
Signed

MEMORANDUM OF UNDERSTANDING 2014-15

PART-III

Self declaration/certification

It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2014-15. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per audited accounts as per MoU Guidelines. POWERGRID has no right of claim in this regard.



Authorised Signatory

MoU 2014-15
Approved by DPE/TF

Sd/-

MEMORANDUM OF UNDERSTANDING 2014-15

PART-IV

Commitment/ Assistance from the Government

- 1.0** MoP would assist POWERGRID in realisation of outstanding dues from the beneficiaries. Presently utilities with major outstanding are Bihar, Odisha, Jharkhand, BRPL, BYPL, J&K, Himachal Pradesh and Meghalaya. However, outstanding dues of the utilities can keep on changing and accordingly assistance of MoP shall be sought.
- 2.0** MoP will take up with The Ministry of Environment and Forest for expeditious clearance of transmission projects of POWERGRID to avoid delays in their timely execution.
- 3.0** MoP shall extend necessary help for resolving the Right-of-Way (RoW) issues of transmission projects of POWERGRID with State Governments to facilitate their timely implementation.
- 4.0** MoP shall assist POWERGRID in issuance of necessary certification required for "Deemed Export" benefits under Foreign Trade Policy of Govt. of India, that may be applicable to the indigenous supplies awarded through International Competitive Bidding for POWERGRID Transmission Projects.
- 5.0** For achieving targets under RGGVY, Ministry of Power shall assist in (a) sanction & timely availability of funds by REC / MoP, (b) directing State Governments / Power Utilities for Forest Clearance, BPL List and land for sub-station prior to start of work, (c) Taking over of executed works by concerned State utility in stipulated timeframe, and (d) Timely availability of work-front, including resolution of ROW issues, for undertaking works.
- 6.0** Gol/ MoP shall assist Corporation through State Governments for safety of Company's personnel as well as the transmission system equipment in the disturbed areas like North-Eastern States, Jammu & Kashmir etc.

MoU 2014-15
Approved by DPE/TF
[Signature]
Signed

MEMORANDUM OF UNDERSTANDING 2014-15

Part-V

Action Plan for Implementation and Monitoring of the MOU

- a) POWERGRID undertakes to submit quarterly reports on various performance areas within 30 days of the end of the quarter.
- b) POWERGRID Management will ensure quarterly internal monitoring of the performance against the MoU targets.



(R. N. Nayak)
Chairman & Managing Director
POWERGRID



(Pradeep Kumar Sinha)
Secretary
Ministry of Power

MoU 2014-15
Approved by DPE/TF

Signed

List of projects (monitored by MoSPI) expected to complete in FY 2014-15

1. Transmission System associated with Rihand – III and Vindhyachal – IV
2. Transmission System for Phase – I Generation Projects in Orissa – Part A
3. Transmission System for Phase – I Generation Projects in Orissa – Part C
4. Northern Region System Strengthening Scheme – XV
5. System Strengthening in Northern Region for Sasan and Mundra UMPP
6. Northern Region System Strengthening Scheme – XXI
7. Southern Region System Strengthening Scheme – XII
8. Transmission System for IPP Generation Projects in Madhya Pradesh (MP) & Chhattisgarh
9. Transmission System for connectivity of MB Power
10. Supplementary Transmission System associated with DVC & Maithon Right Bank Project

MoU 2014-15
Approved by DPE/TF

Signed