

CHAPTER - 4

Targets and Achievements

XI Plan (2007-2012) noted that planning and operation of the transmission system had shifted from regional level to national level necessitating the need for a strong all-India grid. Towards this aim, XI Plan stipulated target of inter-regional transfer capacity of 17000 MW.

4.1 Performance vis-à-vis targets

Against the XI Plan target of 17000 MW, PGCIL achieved 13900 MW of inter-regional capacity and there was a shortfall of 3100 MW. PGCIL prepared an Investment Plan of ₹54,982 crore for constructing inter-state transmission systems during XI Plan which also included inter-regional lines.

MOP stated (March 2014) that the shortfall was due to annulment of South- West HVDC Back-to-Back Project and delay in forest clearance of Ranchi –WR Pooling point 765 kV single circuit line.

The reply regarding delay in forest clearance is to be viewed against the fact that the proposal for forest clearance for Ranchi-WR pooling point, 765 kV Single circuit line⁴⁸ was submitted by PGCIL in August 2010 *i.e.* with a delay of two years from investment approval of the project in August 2008.

4.2 Fixation of Targets in MOU

PGCIL had been signing Memorandum of Understanding (MOU)⁴⁹ with its Administrative Ministry *viz.*, MOP every year and had secured 'Excellent' rating (the highest rating) in each of the five years between 2007-08 and 2011-12.

Examination in audit revealed scope for refinement in the process of fixation of targets for MOU as follows:

(i) MOU Targets for inter-regional capacity addition fixed less than Plan targets

The XI Plan target for inter-regional capacity addition was 17000 MW. Against this, year-wise MOU targets and achievements during XI Plan (2007-08 to 2011-12) are given in Table 4.1

⁴⁸ Ranchi-Sipat (Jharkhand) 756 kV Single circuit line

⁴⁹ Memorandum of Understanding (MoU) as applicable to CPSEs is a negotiated document between the Government of India (*i.e.* the concerned administrative Ministry) and the Management of the CPSE specifying clearly the objectives of the Understanding and the obligations of both parties. MoU is meant to evaluate the operating performance of the CPSE which includes the progress of project implementation through fixation of targets for various parameters.

Table 4.1

MOU targets and achievement during XI Plan

Year	MOU Targets (MW)	MOU Achievements(MW)
2007-08	Nil	Nil
2008-09	3300	3800
2009-10	2600	Nil
2010-11	Nil	Nil
2011-12	4200	5600
TOTAL	10100	9400

It is noted that:

- MOU targets for 2007-12 were fixed less than XI plan target by 6900 MW (17000 MW minus 10100 MW). In two years (2007-08 and 2010-11) MOU targets were fixed at ‘Nil’
- Achievements during 2009-10 were less than MOU target.
- No MOU targets were fixed in the first year (2007-08) of XI Plan indicating delay in initial start-up of projects.

MOP stated (March 2014) that year-wise targets were not envisaged in XI Plan and that at the time of setting targets for MOU, the inter-regional lines which were expected to be commissioned in the coming year, based on readiness of generation project/system requirement, were included.

The reply is to be viewed against the fact that details of XI Plan targets in terms of year-wise MOU targets would have helped PGCIL in ensuring effective monitoring of achievement of XI plan targets.

(ii) Decreasing weightage to Non-Financial Parameters

As per DPE Guidelines, non-financial performance parameters fixed should be SMART (Specific, Measurable, Attainable, Result-oriented, Tangible) and consistent with the Annual Plan/Budget/Corporate Plan of the CPSE. MOU signed by PGCIL included ten⁵⁰ major non- financial parameters. There was dilution of weightage in respect of the following important non-financial parameters related to project implementation and network availability over the years in the MOU signed by PGCIL as given in Table 4.2 (dilution depicted in bold italics):

⁵⁰ *Quality, Customer satisfaction, Business development, R&D for sustained & continuous innovation, Project implementation, Commercial targets, Human resource development, Environment and social management of new projects, Operational targets and Inventory management.*

Table 4.2

Details of MOU parameters where weightage was decreased

Criteria	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Customer satisfaction (no. of trippings)	4	4	2	2	<i>1</i>	<i>0.5</i>
Availability of transmission system	13	13	13	7	<i>6</i>	<i>5</i>
Project implementation	20	20	19	20	<i>10</i>	<i>8</i>

Thus, significant parameters reflecting performance of PGCIL in the core activity relating to availability of transmission systems and implementation of projects were progressively scaled down.

MOP stated (March 2014) that weightage of these parameters were decreased since new parameters were introduced under the category of non-financial parameters and the points had to be re-allocated.

The fact however remains that higher reduction of points was made from the above parameters (which represent the performance of PGCIL in the core areas) as compared to reduction from other parameters. *e.g.* in 2011-12 three new parameters with total weightage of 15 points were introduced. Against this, 12 points were reduced from the above three parameters as indicated in Table 4.2 while balance points were reduced from other eight parameters. (*Annexure.4.1*)