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No. 13/7/2008-OM
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 4th November, 2008

Secretary (Power / Energy) of all the States
Secretary of all the State Electricity Regulatory Commissions
Chairman & Managing Director, Powergrid Corporation of India Limited
CMD / MD of all the State Transmission Utilities
ED / GM of NLDC / RLDCs
In-charge of all the SLDCs
Secretary, Forum of Regulators, 36, Janpath, New Delhi – 110001
Director General, NPTI, NPTI Office Complex, Sector-33, Faridabad-122003

Subject: Implementation of the Report of the Committee on “Manpower, Certification and Incentives for System Operation and Ring Fencing Load Despatch Centres”

Sir,

A Committee on “Manpower, Certification and Incentives for System Operation and Ring Fencing Load Despatch Centres” headed by Shri Gireesh B. Pradhan, Additional Secretary, Ministry of Power was set up by the Ministry of Power on 4th February, 2008. The Committee submitted its report on 18th August, 2008. The implementation of the recommendations of the Committee was considered in a meeting chaired by Secretary, Ministry of Power, Government of India on 7th October, 2008 which was inter-alia attended by the representatives of the State Governments, State Power Utilities and State Electricity Regulatory Commissions.

2. During the meeting it was inter-alia decided to constitute a Task Force headed by Shri V. Ramakrishna, Member (Power Systems), CEA with representatives from Ministry of Power, Government of Uttar Pradesh, Bihar, Madhya Pradesh, Assam and Tamil Nadu, CEA and PowerGrid for implementation of the recommendations of the Committee. Record of discussions of the aforementioned meeting have already been forwarded to Secretary (Power / Energy) of all the States and Chairman of State Electricity Regulation Commissions vide letter No. 6/2/2008-Trans. dated 13th October, 2008. A copy of the order of the Ministry of Power dated 13th October, 2008 constituting the Committee is enclosed at **Annex-I** for ready reference.

3. The action plan for implementation of recommendations of the Committee as discussed in the meeting held on 7th October, 2008 is enclosed at **Annex-II** for ready reference.

4. The action plan chalked out by the concerned organizations and its progress may please be communicated to us latest by **12th November, 2008** by fax at Tele / Fax No. 23716674 and e-mail to akumar.saxena@nic.in.

Yours faithfully,

Encl: As above

(A.K. Saxena)
Director (OM) &
Member Secretary of the Task Force

Copy for information to Members of the Task Force :

1. Member (Power Systems), CEA, New Delhi
2. Joint Secretary (OM), Ministry of Power, New Delhi.
3. Chief Engineer (Grid Management), CEA, New Delhi
4. Executive Director (System Operation), PowerGrid, New Delhi.
5. Secretary(Power), Government of Uttar Pradesh
6. Secretary(Power), Government of Bihar
7. Secretary(Power), Government of Madhya Pradesh
8. Secretary(Power), Government of Assam
9. Secretary(Power), Government of Tamil Nadu

Copy also to :

1. Chairman, CEA, New Delhi
2. Director (Transmission), Ministry of Power, New Delhi

No. 6/2/2008-Trans
Government of India
Ministry of Power

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Shram Shakti Bhawan, Rafi Marg,
New Delhi, the 13th October, 2008

ORDER

Sub : Creation of Task Force to oversee the implementation of the recommendations of the Committee on “Manpower, Certification and Incentives for System Operation and Ring Fencing Load Despatch Centres”.

A Committee on “Manpower, Certification and Incentives for System Operation and Ring Fencing Load Despatch Centres” was set up under the chairmanship of Shri Gireesh B. Pradhan, Additional Secretary, Ministry of Power on 4th February, 2008. The Committee submitted its report to the Government on 18th August, 2008. Secretary, Ministry of Power, chaired a meeting of State Regulators, State Power Secretaries, State Utilities and representatives from CPRI and NPTI to consider the implementation of the Report of the Committee on 7th October, 2008. Based on the discussions in this meeting, it has been decided to constitute the following Task Force under the chairmanship of Member (Power System), CEA to oversee the implementation of the recommendation of the Report of the Committee and submit its Report to the Ministry:

1. Member (Power System), CEA	.....	Chairman
2. Joint Secretary (O&M), Ministry of Power	.....	Co-Chair
3. Chief Engineer (GO&D), CEA	.....	Member
4. * Executive Director (SO), PowerGrid	.....	Member
5. Secretary (Power), UP,	.....	Member
6. Secretary (Power), Bihar	.....	Member
7. Secretary (Power), MP	.....	Member
8. Secretary (Power), Assam	.....	Member
9. Secretary (Power), Tamil Nadu	.....	Member
10. Director (OM), Ministry of Power	.....	Member Secretary

2. The Chairman of the Task Force may co-opt any expert/person on the Task Force as and when required, depending on the issue under consideration. The Task Force may meet as often as required.

(Lokesh Chandra)
Director
Tel: 2371 5250

To

1. Chairperson, CEA, New Delhi.
2. CMD, PGCIL, Gurgaon.
3. Officers concerned.
4. Chairman, State Electricity Regulatory Commission (all).
5. Secretary (Power/Energy) (all States).

* Corrigendum dated 24th October, 2008

Action points for implementation of the recommendations of the Committee**Recommendation 1**

6.1a “The Appropriate Government should take suitable steps to facilitate independent functioning of the Load Despatch Centres in line with the Electricity Act 2003 and National Electricity Policy. To begin with, the State Governments are urged to create a separate representative board structure for governance of LDCs on the lines of wholly owned subsidiary being created for the independent System Operation of RLDCs and NLDC.”

6.1b “The financial accounts should be separated for all LDCs by 31st March 2009 with the appropriate Electricity Regulatory Commissions (ERC) specifying the fees and charges payable.”

SNo	Actions to be taken	Action by	Target
1	Valuation of assets at the LDC and identify O&M expenses. Apportion all the LDCs expenses under suitable heads – System Operation, Market Operation, Logistics and Services.	STUs, SLDCs	30 th Nov 08
2	Prepare audited Balance Sheet, Profit & Loss Account	STUs, SLDCs	31 st Mar 09
3	Prepare the budget for LDC for the next financial year	STUs, SLDCs	31 st Mar 09

6.1c: “Capital Expenditure (CAPEX) plans for modernization of all LDCs during 2009-12 should be submitted and the approval of the respective Electricity Regulatory Commission (ERC) should be obtained by 31st March 2009. The Central Transmission Utility (CTU) and Regional Load Despatch Centres (RLDCs) should extend the necessary assistance to SLDCs in this area.”

6.1d “In the next stage, rolling 5-year CAPEX plans should be prepared by each LDC and got approved by the respective ERCs to take care of the system expansion, associated real-time data requirements as well as technological innovations and obsolescence of control centre equipment. ERCs may examine *CAPEX proposal* considering a shorter life cycle of 7-10 years for such equipment.”

S.No	Actions to be taken	Action by	Target
1	Prepare a plan(including future requirements) for installing and commissioning RTUs and Communication System in consultation with CTU/ STU	SLDC/ RLDC STU/ CTU	30 th Nov 08
2	Identify capital expenses required for LDC augmentation in terms of IT hardware and software, renovation & modernization activities at the LDC and expenses such as Interest on loans, Depreciation, O & M expenses, Interest on Working Capital	SLDC/ RLDC/ NLDC	31 st Dec 08
3	File a petition for approval of CAPEX	SLDC/ RLDC/ NLDC	31 st Mar 09

4	Yearly review of activities listed above for preparation of rolling five year plans	CTU/STUs, RLDCs/NLDC/SLDCs	30 th June every year
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Recommendation 2:

“For making LDCs financially self-reliant, the Electricity Regulatory Commissions (ERCs) should recognize the three distinct revenue streams

(a) Fees and charges for system operation.

(b) Tariff for decision support system and IT infrastructure (currently only ULDC tariff)

(c) Operating charges for scheduling, metering and settlement for market players.

All Generating Companies and licensees using the services of the LDCs would make all the above payments. In addition the LDCs could provide value added services (studies, manpower development, reports, access to data archives etc), on chargeable basis.”

S.No	Actions to be taken	Action by	Target
1	Develop the general principles and philosophy for funding LDCs, sharing of expenditure. Identify revenue streams such as Fees and charges, ULDC tariff, Open Access, Consultancy services, Other income	FOR	31 st Dec 08
2	Work out the annual revenue requirement and the amounts payable by entities like generating stations, transmission licensees and load serving entities who have to share the LDC expenditure as per the ERC order.	SLDCs/ RLDCs/ NLDC	31 st Dec 09
3	File a petition before the Appropriate Commission for segregation of revenue streams for LDCs into fees and charges; ULDC tariff, Open Access, Consultancy charges and other income	CTU, RLDCs STUs, SLDCs	31 st Dec 09

Recommendation 3:

6.3a “Introduction of a system of certification of System Operators by an independent Central body, similar to the system followed in case of Air Traffic Controllers.

6.3b “Establishment of a Central Institute for training of System Operators. Initially the National Power Training Institute (NPTI) may be entrusted with the responsibility of training and certification.”

6.3c “Within the next one year, all the course material, systems and procedures required for administering a “basic level” of training and certification should be developed.”

6.3d “All LDCs must ensure that all the personnel of LDCs undergo this ‘basic level’ training and certification and only certified personnel staff the LDCs within two years from the release of this report. The appropriate Electricity Regulatory

Commissions would be furnished with an Annual Compliance Report of this requirement. Subsequently advanced level training and certification programme must be introduced.”

S.No	Actions to be taken	Action by	Target
1	Constitution of committee for the training of System Operators	CEA	31st Oct 08
2	Formation of a committee for Certification Procedure	CEA	31st Oct 08
3	Notification to assign the responsibility of Training and Certification of System Operators to NPTI	CEA	31 st Oct 08
4	Proposal from NPTI regarding course layout and time duration	NPTI	30 th Nov 08
5	Identification of other institutes for training of System Operators	CEA	31 st Mar 09
6	Finalization of basic level training course material	NPTI,CEA	31 st Aug 09
7	Finalization of the Online system for Certification	NPTI,CEA	31 st Dec 09
8	Completion of basic level training by NPTI	NPTI	31 st Aug 10
9	Compliance report filed by all LDCs in appropriate commission	SLDC NLDC RLDC	31 st Mar 11

6.3e “Fresh recruitment at regular intervals for lowering the average age of the work force in the LDCs.”

6.3f “Introduction of suitably designed courses in the Indian Institutes of Technology and National Institutes of Technology for ensuring availability of skilled manpower.”

6.3g “Active collaboration of LDCs with educational institutes for research and development related to Indian power system and electricity market operation.”

S.No	Actions to be taken	Action by	Target
1.	Formation of a committee to design suitable course at IITs, NITs, IIMs etc. for sponsored candidates from LDC. The committee may also explore possibilities of grant from multilateral institutions to fund these initiatives	CEA	30 th Nov.08
2.	Prepare a MoU for collaboration of LDCs and educational institutes in research and higher studies	NLDC	31 st March 09
3.	MoU signing between LDC and educational institutes	SLDC RLDC NLDC	31 st Dec. 09

Recommendation 4

- 6.4a** “The highly specialized and technical nature of LDC function necessitates a suitable compensation structure to attract and retain talent. The compensation structure for LDC personnel should be substantially higher than comparable companies in the power sector both in the public as well as private.
- 6.4b** “Apart from the compensation structure, innovative incentive schemes, such as sabbaticals for higher learning and opportunities for Professional Engagement (PE) in the form of attending seminars/workshops and conferences both in India and abroad must be provided.”
- 6.4c** “Once the certification system is introduced, monetary incentives similar to Air Traffic Controllers can be provided to the System Operators based on their ratings.”

S.No	Actions to be taken	Action by	Target
1	Formation of a committee to study existing compensation structure in different SLDCs, at RLDCs/NLDC and in other public/private organizations in power sector, identify good practices, develop bench marks, identify deficiencies and give recommendations. The committee may also suggest ways in which incentives could be developed for LDC personnel	MoP	31 st March 09

Recommendation 5

- 6.5a** “For standardizing and harmonizing the LDCs work, the committee recommends
The NLDC in consultation with CEA, would lay down the “Standard Operating Procedures” (SOPs) which would be adopted by the SLDCs. Suitable Quality Standards and an Integrated Management System (IMS) may also be implemented.”
- 6.5b** “A ‘Forum of Load Despatch Centres’ with the secretariat provided by National Load Despatch Centre must be established. This Forum could take up issues of common interest and also formulate a Code of Ethics for the LDC personnel.”

S.No	Actions to be taken	Action by	Target
1.	Preparation of SOP	NLDC, CEA	31 st March 09
2.	RLDCs obtain ISO 9001 certification	RLDC	31 st March 09
3.	ISO certification of SLDCs	SLDCs	31 st March 10
4.	Formation of FOLD	FOR	30 th Nov. 08
5.	Draft Statement of Objectives of Forum of Load Dispatchers(FOLD),Drafting a Charter for FOLD and Creation of website	FOLD	31 st March 09
6.	Preparation of a list of opportunities for Professional Engagements in India and abroad.	FOLD	31 st March 09
7.	Awards for - best LDC (state) - best LDC (RLDC/NLDC) - best Load Dispatcher (individual)	CEA	31 st June 09

6.5c At a future date, if all the State Governments agree, an umbrella structure of SLDCs integrated with RLDCs and NLDC may be considered.