

## PRAGATI POWER CORPORATION LIMITED

### BOARD PREAMBLE

#### *PPCL Generation Linked Incentive Scheme*

Power sector in India is passing through massive growth in line with the National Electricity Policy vision to provide electricity to all citizens. As large numbers of power plants are coming up, the demand for qualified manpower is on the rise. Presently PPCL is also facing the dearth of qualified manpower and to restrain the high attrition level in the existing manpower, it is necessary that the company should motivate and compensate the employees in line with other leading power sector companies.

In order to have high level of motivation and improvement in efficiency, ***Generation Linked Incentive Scheme*** is the need of hour. Accordingly a scheme has framed keeping in view the scheme prevalent in other leading CPSUs in Power Sector. A copy of the scheme is enclosed at Annexure A. It is expected that incentive scheme will benefit all the stakeholders of the organization.

The brief features of the ***Generation Linked Incentive Scheme*** are as under -

#### OBJECTIVE OF INCENTIVE SCHEME

- To keep the Generating station in readiness to deliver ex-bus maximum output expressed as % of rated installed capacity.
- To maximize the generation of electrical energy through optimum utilization of installed plant capacity and other allied resources.
- To have competitive per unit cost of energy generated.
- To attract and retain the manpower.
- To motivate the employees to achieve the DERC/CERC targets.
- To promote synergy in the organization.
- To reduce absenteeism

#### APPLICABILITY

The Scheme covers all regular employees of PPCL, employees on deputation in PPCL as well as employees working on project and expansion stage excluding Apprentices under Apprentices Act and Trainees, Casual or daily rated employees, Consultants, Contract employees, Employees engaged on work charged basis.

## RECOMMENDED FACTORS FOR INCENTIVE PAYMENT

FACTOR	INCENTIVE RANGE	DIS-INCENTIVE RANGE
Equivalent Availability Factor (EAF)	7.5% - 30%	Not applicable
Auxiliary Power Consumption (APC)	0.5% - 2.5%	0.5% - 2.5%
Heat Rate (HR)	0.5% - 2.5%	0.5% - 2.5%
Planned Shut Down	1% - 10%	Not applicable

## METHODOLOGY OF INCENTIVE PAYMENT

- Incentive rates shall be calculated as % of Pay. Pay = Basic Pay + Grade Pay.
- Incentive linked with EAF% will be paid monthly & quarterly as per performance payment matrix.
- Target availability factor (EAF) fixed by DERC/CERC, denoted as 'X'.
- Base target for payment of generation incentives shall be 'X'% on monthly & quarterly basis.
- Targets for Heat Rate, Auxiliary Power Consumption shall be based on the norms fixed by the Regulatory body.
- No recovery on Monthly & Quarterly incentive paid earlier period in subsequent period.
- Disincentive on APC, HR, shall not be more than 25% of the incentives payable on EAF (%).
- The incentive for APC (%) and HR (%) will be payable only when the base level of EAF (%) has been achieved.

## CLASSIFICATION OF EMPLOYEES

- **Class-A(1)** : Eligible employees directly and exclusively engaged in Operation & Maintenance of the commissioned unit or units of a particular plant including Auxiliaries.
- **Class-A(2)** : (sub Class of Class-A) Eligible employees who are providing common service to all the plants but considered under Category-A (because of nature of work).
- **Class-B** : Eligible technical & non-technical employees indirectly engaged and not covered under Class A above in respect of particular plant.
- **Class-C** : Eligible technical & non-technical employees who are providing common service to all the plants.

## QUANTUM OF INCENTIVE

- **Class A(1)** :- 100% of amount payable as incentive.
- **Class A(2)** :- The amount of incentive will be on the basis of 100% of average of % incentives for all the plants payable to Class-A(1).

- **Class B** :- 85% of the amount payable as incentive to Class-A(1) of that respective plant.
- **Class C** :- The amount of incentive will be 85% of the average of % incentives for all the plants payable to Class-A(1).
- **Deputationists**: - The employee, opted pay/perks/ benefits of the parent organization except incentives i.e not in CDA scale.
- In case of an employee rendering common service to both the companies (IPGCL & PPCL), the plants referred above, will be in reference to all the plants for both IPGCL & PPCL.

#### **DATE OF APPLICABILITY OF THE SCHEME**

This scheme is proposed to be effective from 1<sup>st</sup> April 2010.

#### **PROPOSAL TO BOARD**

The Board of Directors is requested to approve the "Generation Linked Incentive Scheme" as the scheme submitted before the Board. The following resolution is placed for kind consideration and approval.

**"RESOLVED THAT** the approval of the Board of Directors of the company be and is hereby accorded to the Generation Linked Incentive Scheme as per the draft submitted before the Board and the scheme shall come into operation w.e.f. 01.04.2010."

**PRANAB KUMAR RAY  
GENERAL MANAGER (HR)**

## **“PPCL Generation Linked Incentive Scheme”.**

### **1. TITLE**

The Scheme shall be called **“PPCL Generation Linked Incentive Scheme”.**

### **2. BASIC CONSIDERATIONS**

**2.1** The purpose of any Incentive Scheme is to retain and motivate the employees to give their best in achieving organizational and their personal objectives. It's a WIN- WIN situation for both i.e. organization as well as for employees. For any power plant, the main objective is not only to maximize generation but also to maintain the plant. Both the objectives have to be met in a cost effective and efficient manner. This can only be achieved through committed, motivated, empowered workforce.

A successful incentive Scheme, hence, should strike a balance between short range and long range plant requirements and should achieve a good blend of the two in such a way as to optimize generation on a sustained long range basis. Further, increase in Generation may not lead to desirable results if increased costs are allowed to eat away the substantial surplus as a result of higher generation. From this point of view, it is desirable to build the fuel costs and their impact on the economics of generation into the scheme itself so that reasonable norms of fuel consumption are maintained.

**2.2 The following areas have been considered in designing this incentive scheme-**

- a) To keep the Generating station in readiness to deliver ex-bus output expressed as % of rated installed capacity so that the available resources are optimized based on the merit order operation thereby bringing about an overall economy in generation.
- b) To maximize generation of electrical energy through optimum use of installed power plant capacity and cost effectiveness. The factors recommended for payment of incentive are easily measurable and have a direct co-relation to the extent of achievement of the above objectives.
- c) To ensure easy understanding of the scheme by the employees, smooth implementation and simple unambiguous computations.
- d) The parameters for incentives have been determined to encourage better maintenance for higher availability of plant.
- e) The quantum of incentive offered to employees has to be enough to motivate them to put in extra effort while at the same time, ensuring that payments are consistent in economic terms with the level of performance.

### **3. OBJECTIVES**

With the above as background and apart from the general purpose of promoting motivation and the team spirit among the employees, the followings are the principal objectives of the Incentive Scheme:

- a) To keep the Generating station in readiness to deliver ex-bus maximum output expressed as % of rated installed capacity.
- b) To maximize the generation of electrical energy through optimum utilization of installed plant capacity and other allied resources.
- c) To reduce the cost per unit of energy generated.
- d) To attract and retain the best available talent in the market.
- e) To motivate the employees towards the achievement of targets.
- f) To promote synergy in the organization.
- g) To reduce absenteeism.

### **4. APPLICABILITY**

The Scheme covers all regular employees of PPCL, employees on deputation in PPCL as well as employees working on project and expansion stage.

The Scheme will not be applicable to:-

- a) Apprentices under Apprentices Act and Trainees.
- b) Casual or daily rated employees.
- c) Consultants.
- d) Contract employees.
- e) Employees engaged on work charged basis.

### **5. FACTORS FOR INCENTIVE PAYMENT**

To achieve the twin objectives of availability of plant for generation of power and cost effectiveness, scheme has been designed incorporating the following factors:

## 5.1 Generation Incentive based on Equivalent Availability Factor(EAF) %:-

Payment linked with Equivalent Availability Factor (EAF%) will be paid monthly and quarterly to eligible employees as per Performance Payment Matrix in terms of EAF % given in **Annexure I**. The target availability factor fixed by DERC/CERC for recovery of fixed cost shall be known as 'X' %. The base target of the generation level for eligibility of start of payment of generation incentive shall be 'X' %.

The EAF% for a station shall be worked out as per formula given below:

- (a) The EAF% shall be calculated as under:

**EAF(%) = Availability(%)**, as certified by concerned Authority.

### The capacity for the purpose of computing EAF%

Installed capacity will be taken as the basis for computation of EAF%. When the capacity is de-rated/re-rated, the EAF will be calculated on that basis. ***Review in capacity will be done with the approval of Competent Authority (presently CEA)***. In case of newly commissioned Unit, the capacity to be taken into account for the computation of EAF % will be determined as follows-

i) **Open Cycle Units**

For the first three months from the date of commercial operation, it will be 60% of installed capacity and thereafter, it will be equal to 100% of installed capacity.

ii) **Combined Cycle Unit**

For the first three months, it will be 70% of installed capacity and thereafter, it will be equal to 100% of installed capacity.

**NOTE: The corresponding EAF% computed for newly commissioned unit shall not be considered for calculating cumulative EAF% at the end of quarter for the payment of monthly component.**

- b) For the purpose of calculating incentive rates, the EAF% shall be rounded off to the nearest integer. Decimal of 0.5 and above will be rounded off to the next higher integer while decimals below 0.5 will be ignored.
- c) The responsibility of obtaining the relevant certificate from the above authorities will be of the concerned Project/Station. If capacity declared is found to be wrong and penalty is imposed on PPCL on account of the false declaration, the amount of penalty shall be recovered from the incentive payable to employees in proportion to their pay. The maximum amount of recovery will be restricted to the total amount of Generation Incentive paid in that month.

## 5.2 INCENTIVE/DISINCENTIVE LINKED TO AUXILIARY POWER CONSUMPTION FACTOR

- a) The incentive/ dis-incentive will be calculated and payable/recoverable monthly as per Performance Payment Matrix in terms of Auxiliary Power Consumption (%) as given in **Annexure II**. The normative Auxiliary Power Consumption factor fixed by DERC/CERC shall be known as 'Y' %.
- b) The above referred disincentive for Auxiliary Power Consumption (%) for the month will be subject to a maximum of 25% of incentive payable on EAF (%) basis.
- c) The above incentive on account of Auxiliary Power Consumption (%) shall be payable only when the base level of generation in terms of EAF% prescribed for incentive is achieved. If the EAF% in any month is less than the base level (X) %, there will be no incentive/ disincentive on account of Auxiliary Power Consumption (%)

## 5.3 INCENTIVE/DISINCENTIVE LINKED TO HEAT RATE FACTOR

- a) The incentive/ dis-incentive will be calculated and payable/recoverable monthly as per Performance Payment Matrix in terms of Heat Rate (% of target heat rate Kcal/Kwh) as given in **Annexure III**.
- b) The above referred disincentive for Heat Rate (% of target heat rate Kcal/Kwh) for the month will be subject to a maximum of 25 % of incentive payable on EAF (%) basis.
- c) The above incentive on account of Heat Rate (% of target heat rate Kcal/Kwh) shall be payable only when the base level of generation in terms of EAF% prescribed for incentive is achieved. If the EAF% in any month is less than the base level (X) %, there will be no incentive/ disincentive on account of Heat Rate (% of target heat rate Kcal/Kwh)
- d) The target heat rate (Kcal/Kwh) shall be based on the normative Heat rate (Kcal/Kwh) fixed by the Regulatory body. The weighted average of normative heat rates in Open cycle mode and combined Cycle mode shall be the Target Heat rate .The illustration for computation of Target Heat arte (Kcal/kwh) is given in the **Annexure IV**.

## 5.4 INCENTIVE LINKED TO PLANNED SHUT DOWN PERIOD

- a) An incentive of 1 % of the pay shall be paid for bringing the machine on bar for each day advancement in the scheduled planned shut down.
- b) The maximum incentive payable under this head shall be subject to 10 % of pay.
- c) This incentive shall be payable only once on each occasion as specified in 5.4 (a).

- d) The period for planned maintenance shut down duly certified by Director (Tech) shall be communicated prior to commencement of maintenance activities.

## 6. METHOD OF INCENTIVE PAYMENT

The Pay for the purpose of calculation of incentive is Basic Pay (BP) plus Grade Pay (GP).

The Generation Incentive Scheme will have **monthly and quarterly** components linked with the corresponding performance levels as detailed below.

### 6.1 Monthly Incentive

The monthly incentive /dis-incentive will be based on ***Equivalent Availability Factor (EAF%), Auxiliary Power Consumption, and Heat rate (% of the target heat rate ) as per the annexure enclosed*** achieved during the month.

### 6.2 Quarterly Incentive

- a) The quarterly incentive will be payable once in three months based on the average ***Equivalent Availability Factor (EAF%),*** achieved during corresponding period) ***as per the annexure enclosed.***

- b) The performance period for payment of quarterly incentive will be as under:

1st quarter - April to June  
 2nd quarter - April to September  
 3rd quarter - April to December  
 4th quarter - April to March

**Note:-** No recovery on Monthly & Quarterly incentive paid earlier period in subsequent period.

- 6.3 An illustration showing computation of monthly and quarterly incentive rates is enclosed for reference as per **Annexure V.**

## 7. CLASSIFICATION OF EMPLOYEES FOR THE INCENTIVE SCHEME:-

- a) For the purpose of payment of incentives under this scheme, the employees will be classified into the following Classes:-

- i) **Class-A(1)** : Eligible employees directly and exclusively engaged in Operation & Maintenance of the commissioned unit or units of a particular plant including Auxiliaries
- ii) **Class-A(2)** : (sub Class of Class-A) ;Eligible employees who are providing common service to all the plants but considered under Category-A (because of nature of work) as specified in para 7 (b) (Column-1).
- iii) **Class-B**: Eligible technical & non-technical employees indirectly engaged and not covered under Class A above of particular plant. This Class will include employees as specified in Para 7 (b) (Column-2).
- iv) **Class-C** : Eligible technical & non-technical employees who are providing common service to all the plants as specified in Para 7 (b) (Column-3).

b) Deptt. / Areas under each Class will be as under:-

Deptts./areas under Direct Category (Class-A)	Deptts./areas under Indirect Category (Class-B)	Deptts./areas under Common Services (Class-C)
<p>1. [Class-A(1)]</p> <ul style="list-style-type: none"> <li>• Head of Plant</li> <li>• Operation</li> <li>• Maintenance Planning</li> <li>• Mechanical, Electrical &amp; C&amp;I maintenance</li> <li>• Chemistry</li> <li>• Fuel Handling</li> <li>• Fuel Transportation</li> <li>• O&amp;E</li> <li>• Energy Conservation</li> </ul> <p>2. [Class-A(2)]</p> <p>Deptts. who are providing common services but considered under Direct Category : (Because of nature of work)</p> <ul style="list-style-type: none"> <li>• Protection</li> </ul>	<ul style="list-style-type: none"> <li>• Civil maintenance</li> <li>• Plant Renovation &amp; Modernization</li> <li>• Ash Utilization</li> <li>• All ministerial staff and drivers including those posted in O&amp;M</li> <li>• Erection &amp; civil Construction</li> <li>• Plant HR</li> <li>• Plant Finance</li> <li>• Plant Medical/Para Medical</li> <li>• Plant I.T</li> <li>• Plant Fire fighting staff</li> <li>• Plant Security</li> <li>• Plant Environment</li> <li>• Plant Safety</li> <li>• Plant QA</li> </ul> <p><u>Note:</u></p> <p>Any of the categories covered under Class-C if specifically posted at a specific plant for providing services for the plant only</p>	<ul style="list-style-type: none"> <li>• Corporate Office</li> <li>• HR Medical</li> <li>• Finance</li> <li>• Stores</li> <li>• Material &amp; Contract</li> <li>• For Civil Engg.-office of Head of Civil &amp; Staff connected with that office.</li> <li>• Housing &amp; Township ( civil &amp; electrical maintenance)</li> <li>• Safety</li> <li>• Environment</li> <li>• QA</li> <li>• Fuel Management</li> <li>• Technical Management</li> <li>• Technical Services</li> <li>• EDP</li> <li>• Auto base</li> <li>• Security</li> <li>• Fire fighting staff (PPCL)</li> <li>• All ministerial staff and drivers under Common Services.</li> <li>• Commercial Deptt.</li> </ul>

	will also be considered under this Class. (Class-B)	<ul style="list-style-type: none"> <li>• Official working on projects like Bawana.</li> </ul>
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- c) The clarifications regarding any Department/Area not covered above, its category for the purpose of incentive payment will be obtained from HR department. Till such time, the matter is clarified the concerned employee shall be paid incentive of the indirect category (Class- C).
- d) The department/area of posting will be the basis for category/group for the purpose of incentive. The additional area/function assigned, if any, will not change incentive category/group of an individual employee.
- e) In respect of employee transferred from one plant to another, one class to another class, the incentive rate applicable to the plant or the class shall be payable for the duration of stay in the respective plant/ Class . Efforts should be made to make the transfer w.e.f 1<sup>st</sup> day of any month for avoiding complexities in the calculations.

## 8. QUANTUM OF INCENTIVE

8.1 The maximum quantum of incentive payable to each Class will be as under:-

- A) **Class A(1)** : 100% of amount payable as incentive of that respective plant. (determined in terms of % of Pay).
- B) **Class A(2)** : The amount of incentive will be on the basis 100% of average of % incentives for all the plants payable to Class-A(1) (determined in terms of % of Pay).
- C) **Class B** : 85% of the amount payable as incentive to Class-A(1) (determined in terms of % of Pay) of that respective plant.
- D) **Class C** : The amount of incentive will be 85% of the average of % incentives for all the plants payable to Class-A(1) (determined in terms of % of Pay).
- E) **Deputationists**: - The employee, opted pay/perks/ benefits of the parent organization except incentives i.e not in CDA scale, the following process will be followed:-
- The mean Basic Pay on the scale in which such employee is working shall be considered as Basic Pay plus grade pay on that scale and % of incentive will be fixed based on the above categories.

**NOTE:** *In case of an employee rendering common service to both the companies (IPGCL & PPCL), the plants referred in above para 8.1.D & 8.1.E, will be in reference to all the plants for both IPGCL & PPCL.*

8.2) An illustration showing computation of incentive station wise and employee wise is enclosed for reference as per **Annexure VI & VII** respectively.

## 9. OTHER GENERAL CONDITIONS

- a) No incentive shall be payable for any leave availed other than casual leave and RH.
- b) The amount of Incentive earnings will neither be termed as pay nor allowance, nor wages. Accordingly, this amount would not count for any service benefits i.e. computation of House Rent Allowance, Compensatory Allowance, cash compensation, encashment of leave, pay fixation, Provident Fund, Pension or Gratuity etc. The incentive will be subject to applicable tax laws.
- c) Relevant particulars and data relating to **Generation, APC, Heat Rate, attendance etc.**, will be finalized on the basis of records maintained by the Company.
- d) Board of Directors reserve the right to review/modify the scheme at its own discretion from time to time keeping in view efficiency of the plant being increased/ improved through installation of more or better equipment or by improving the mechanical/ process/ technology/ methods/ systems and procedures.
- e) Relevant computation of incentive will be done by Billing department in consultation with Finance and Commercial department on the basis of certified data from Director (Tech) regarding EAF(%), Heat rate and APC(%) along with leave availed.

Ms. Savinder Kaur  
(Member Secretary)

Mr. B.B Sharma  
(Member)

Mr. S.M Verma  
(Member)

Mr. S.K Bandyopadhyay  
(Chairman)

ANNEXURE-I			
PRAGATI POWER CORPORATION LIMITED			
Performance Payment Matrix for EAF(%)			
EAF (%)	Incentive Payable (%)		
	Monthly	Quarterly	Total
X	5.625	1.875	7.50
X+1	7.313	2.438	9.75
X+2	9.000	3.000	12.00
X+3	10.688	3.563	14.25
X+4	12.375	4.125	16.50
X+5	14.063	4.688	18.75
X+6	15.750	5.250	21.00
X+7	17.438	5.813	23.25
X+8	19.125	6.375	25.50
X+9	20.813	6.938	27.75
X+10 & Above	22.500	7.500	30.00
Remarks			
1	X- denotes the target availability specified by the Competent Authority such as DERC/CERC		
2	X-n denotes the actual availability achieved by the station during the month as certified by Competent Authority such as SLDC		

ANNEXURE-II	
Pragati Power Corporation Limited	
Performance Payment Matrix for Auxiliary Power Consumption	
<b>Aux. Power Consumption (%) for Combined Cycle mode</b>	<b>Incentive as percentage of pay</b>
	<b>Monthly</b>
Below (Y-0.50 )	2.50
((Y-0.49) to (Y-0.40))	2.00
((Y-0.39) to (Y-0.30))	1.50
((Y-0.29) to (Y-0.20))	1.00
((Y-0.19) to (Y-0.10))	0.50
<b>Aux. Power Consumption (%) for Combined Cycle mode</b>	<b>Dis -incentive as percentage of Pay</b>
	<b>Monthly</b>
((Y+0.10) to (Y+0.19))	0.50
((Y+0.20) to (Y+0.29))	1.00
((Y+0.30) to (Y+0.39))	1.50
((Y+0.40) to (Y+0.49))	2.00
Above (Y+0.50)	2.50
<b>There shall be no incentive/dis-incentive for APC in the range of ((Y-0.09) to (Y+0.10))</b>	
<b>For Open Cycle generation, APC shall be considered as only 1%.</b>	
<b>Where 'Y' denotes the normative Auxiliary Consumption as determined by DERC/CERC</b>	

<b>ANNEXURE-III</b>	
<b>Pragati Power Corporation Limited</b>	
<b>Performance Payment Matrix for Heat rate</b>	
<b>Percentage of the corrected normative gross heat rate</b>	<b>Incentive as percentage of pay</b>
	<b>Monthly</b>
Below 98.00 %	2.50
98.00 to 98.50	2.00
98.51 to 99.00	1.50
99.01 to 99.50	1.00
99.51 to 99.99	0.50
<b>Percentage of the corrected normative gross heat rate</b>	<b>Dis- incentive as percentage of pay</b>
	<b>Monthly</b>
101.01 to 101.500	0.50
101.51 to 102.00	1.00
102.01 to 102.50	1.50
102.51 to 103.00	2.00
Above 103 %	2.50
<b>There shall be no incentive/dis-incentives for heat rate in the range of 100.00 % to 101.00 %.</b>	

ANNEXURE-IV			
Pragati Power Corporation Limited			
Computation for Target Heat rate (Kcal/Kwh)			
Generation	Open Cycle	MU	x
	Combined Cycle	MU	y
Normative Gross Heat rate	Open Cycle	Kcal/Kwh	a
	Combined Cycle	Kcal/Kwh	b
Normative Plant Heat rate		Kcal/Kwh	$(x*a+y*b)/(x+y)$
<b>For Pragati Station-I ( as an illustartion for calculation)</b>			
Generation	Open Cycle	MU	25
	Combined Cycle	MU	170
Normative Gross Heat rate	Open Cycle	Kcal/Kwh	2900
	Combined Cycle	Kcal/Kwh	2000
Normative Plant Heat rate		Kcal/Kwh	<b>2115.4</b>
<b>The normative heat rate computed above shall be termed as Target Heat rate (Kcal/Kwh) and will be compared with the actual station heat rate for that month.</b>			

## ANNEXURE-V

## PRAGATI POWER CORPORATION LIMITED

## Illustration for calculation of GI rates Monthly and quarterly components

SNO	Month	Station -I				Station II			
		EAF	GI Rates			EAF	GI Rates		
			Monthly	M+Q	Addl. In Qtr.		Monthly	M+Q	Addl. In Qtr.
		(a)	(b)	(c)	d=(c)-(b)	(a)	(b)	(c)	d=(c)-(b)
1.1	April	93.51 %	22.50 %			53.73 %	0 %		
1.2	May	92.68 %	22.50 %			92.03 %	22.50 %		
1.3	June	87.28 %	16.875 %			91.96 %	22.50 %		
1.4	Total GI Paid (1.1-1.3)		61.875 %				45.00 %		
1.5	1 <sup>st</sup> Qtr. (April-June)	91.17 %		90.0 %	28.125 %	79.38 %		28.50 %	0 %
2.1	July	92.0 %	22.50 %			90.58 %	22.50 %		
2.2	August	92.9 %	22.50 %			83.14 %	10.875 %		
2.3	September	90.01 %	22.50 %			92.44 %	22.50 %		
2.4	Total GI paid (1.1-2.3)						100.875 %		
2.5	2 <sup>nd</sup> Qtr. ( April-September )	91.41 %	157.50 %	180 %	22.50 %	84.06 %		96.0 %	0 %
3.1	October	88.6 %	20.625 %			93.30 %	22.50 %		
3.2	November	76.48 %	6.0 %			97.34 %	22.50 %		
3.3	December	86.1 %	15.0 %			97.3 %	22.50 %		
3.4	Total GI paid (1.1-3.3)		221.625 %				168.375 %	225 %	
3.5	3 <sup>rd</sup> Qtr. (April-December )	88.87 %		247.5 %	25.875 %	88.04 %			56.625 %
4.1	January	79.29 %	7.125 %			73.08	0		
4.2	February	98.13 %	22.50 %			73.83	0		

4.3	March	95.40 %	22.50 %			84.81	13.125		
4.4	Total GI paid 1.1-4.3)		299.625 %				238.125 %	210 %	0 %
5.0	4 <sup>th</sup> Qtr. (April- March)	89.38 %		330 %	30.375 %	85.41 %			
6.0	Avg. inc. in FY				27.50 %				19.84 %

N.B. Quarterly, Incentive will be payable only when total monthly incentive paid in the quarter less than the minimum based EAF% of the quarter. If it is less than zero it will be treated as zero.

The above illustration is in reference to EAF (%) component only. Any incentive and dis-incentive for APC and Heat rate payable/receivable during the month shall not be considered while determining the Quarterly component of incentive.

**PRAGATI POWER CORPORATION LIMITED**

**Illustration showing method of Calculating Station wise Incentive.**

For a month, the following incentive / dis-incentive in respect of plants A (Gas) & B (Gas) from performance payment relationship matrix has been considered:-

- Incentive as % of Pay for achieving 70% (A) & 85% (B) EAF : 7.5 %.
- Dis- incentive as % of Pay for A P C for A : 2.5 %
- Incentive as % of Pay for A P C for B : 1.5 %
- Incentive as % of Pay for HR (%) for A : 1.5 %
- Disincentive as % of Pay for HR (%) for B : 1.5 %

**For Calculating incentive (%) entitlement for plants A (Gas) & B (Gas)**

**For Station A (Gas based)**

1. Incentive for achieving EAF% for that month = 7.5 %
2. Dis-incentive for APC% for that month =2.5%)  
(Dis-incentive will be taken as 1.875 % as 25 % of incentive payable on EAF is 7.5 %, which is lower than 2.5%)
3. Incentive for Heat rate is 1.5 %
4. Total Incentive for Station A (Coal)=7.5+1.5-(1.875)=7.125 %

**For Station B (Gas based)**

1. Incentive for achieving EAF% for that month = 7.5 %
2. Incentive for APC% for that month =1.5%)
3. Disincentive for Heat rate is 1.5 % (Dis-incentive will be taken as 1.5 % as 25 % of incentive payable on EAF is 7.5 % is 1.875 %, which is greater than 1.5 %)
4. Total Incentive for Station B (Gas)=7.5+1.5-1.5)=7.5 %

## PRAGATI POWER CORPORATION LIMITED

Illustration showing method of Calculating Station wise and employee wise Incentive.

Station	Incentive (%) of Pay	Average incentive (%) for Stations	Incentive payable as (%) of Pay for different categories of employees			
			A1	A2	B	C
1	2	3	4= 100% of column 2 for respective station	5= 100% of column 3	6= 85 % of column 2 for respective station	7= 85% of column 3
A (Gas)	9.5 %	(9.5+14.5+24)/3 =16%	9.5 %	16 %	8.075%	13.6 %
B (Gas)	14.5 %		14.5 %		12.325%	
C (Gas)	24 %		24 %		20.4 %	

**Statement depicting comparison of incentive payable vis a vis gain to company on Station Heat rate component.**

**Pragati Power Corporation Limited**

								FY 2007-08
Name of Station	Total Fuel Cost (Rs. Crore)	(% gain in Heat rate)	Gain Fuel Cost Rs. Crore	Incentive( % payable of Pay for Heat rate	Incentive (%)payable for Secondary Fuel Oil @ 2.5%)	Total Incentive (%) payable	Incentive payable	Gain
PPCL	235.62	2.0	4.71	2.50	0.00	2.50	0.30	4.41
	235.62	1.5	3.53	2.00	0.00	2.00	0.24	3.29
	235.62	1.0	2.36	1.50	0.00	1.50	0.18	2.18
	235.62	0.5	1.18	1.00	0.00	1.00	0.12	1.06
	235.62	0.0	0.00	0.50	0.00	0.50	0.06	-0.06
Assumptions:								
1	Maximum incentive payable has been calculated on Heat rate							
2	Pay has been taken as new Basic Pay+ GP							
3	The share of IP and Head quarters has been allocated on Installed Capacity basis including Pragati- I Station.							
4	Actual Fuel Cost has been taken for FY 2007-08							

**Statement depicting comparison of incentive payable vis a vis gain to company on EAF component.**

**Pragati Power Corporation Limited**

**FY 2009-10**

(Figures in Crore)

EAF (%) 'A'	Recovery in FC 'B'	Recovery in FC at precedent EAF 'C'	Gain in FC from 74% 'D=B-C'	Incentive gain @ 25 paise/unit for SG and considering DC=SG 'E'	Total Gain 'F=D+E'	Incentive Payable as (%) of Pay for EAF 'G'	Incentive payable on EAF to employees 'H'	Maximum Incentive payable on APC @ 2.5 % 'I'	Gain 'J=(F-(H+I))'
75	199.4063	196.748	2.659	0.0000	2.6588	7.50	0.90	0.30	1.46
76	202.0650	199.4063	2.659	0.0000	5.3175	8.00	0.96	0.30	4.06
77	204.7238	202.0650	2.659	0.0000	7.9762	8.50	1.02	0.30	6.66
78	207.3825	204.7238	2.659	0.0000	10.6350	9.00	1.08	0.30	9.26
79	210.0413	207.3825	2.659	0.0000	13.2938	9.50	1.14	0.30	11.86
80	212.7000	210.0413	2.659	0.0000	15.9525	10.00	1.20	0.30	14.45
81	212.7000	212.7000	0.000	0.7010	16.6535	11.50	1.38	0.30	14.98
82	212.7000	212.7000	0.000	1.4020	17.3545	13.00	1.56	0.30	15.50
83	212.7000	212.7000	0.000	2.1031	18.0556	14.50	1.74	0.30	16.02
84	212.7000	212.7000	0.000	2.8041	18.7566	16.00	1.92	0.30	16.54
85	212.7000	212.7000	0.000	3.5051	19.4576	17.50	2.10	0.30	17.06
86	212.7000	212.7000	0.000	4.2061	20.1586	20.00	2.40	0.30	17.46
87	212.7000	212.7000	0.000	4.9071	20.8596	22.50	2.70	0.30	17.86
88	212.7000	212.7000	0.000	5.6082	21.5607	25.00	3.00	0.30	18.27
89	212.7000	212.7000	0.000	6.3092	22.2617	27.50	3.29	0.30	18.67
90	212.7000	212.7000	0.000	7.0102	22.9627	30.00	3.59	0.30	19.07

**Assumptions:**

1	Fixed Cost has been taken as per DERC MYT Order dated 14.12.2007 for FY 2009-10.
2	Incentive has been calculated considering Declared Capacity equivalent to Scheduled Generation.
3	Gain in Fixed Cost has been considered from precedent EAF of 74%.
4	Maximum incentive payable has been calculated on EAF & APC for an achieved EAF(%)
5	Pay has been taken as new Basic Pay+ GP
6	The share of IP and Head quarters has been allocated on Installed Capacity basis including Pragati- I Station.
7	EAF range limited to 90%.

