CHAPTER - 7

Monitoring Mechanism and Impact Assessment

7.1 Monitoring Mechanism

Performance of the projects was continuously monitored in NHPC, SJVNL as well as in THDC through progress review meetings (PRMs) held every month at project level. In addition Board of directors of the CPSEs also reviewed the progress of the projects regularly.

Audit observed that though these progress review meetings were held regularly, these did not have the desired impact. Despite identification of responsibility centres for removing the project impediments, action taken by these centres was not deliberated in the subsequent meetings. Even regular meetings at the senior Management level were not effective in containing the delays as they did not specifically address the controllable factors like delay in handing over of access roads to contractors, issuance of construction drawings, incorrect assessment of Bill of Quantities, etc. In NEEPCO, the Monitoring Committee also failed to ensure that all risk insurance policy taken by the contractor included extra items as well.

Regular meetings by the MOP also did not help in ensuring the timely action on the identified problem areas in execution.

Ministry/NHPC and SJVNL Managements stated (March 2012) that effective monitoring mechanism was being followed and major reasons for delay were adverse geology, natural calamities, etc.

The reply is not tenable as the action taken by the responsibility centres was not followed up in the subsequent meetings. Monitoring mechanism established by CPSEs as well as the MOP could not accelerate the progress of the projects and delays remained a major constraint in achieving the targets. Even the controllable issues were not resolved in time resulting in delayed completion of the projects.

7.2 Impact due to loss of opportunity

Augmentation of hydel power capacity addition was taken up to bridge the gap between the supply and the demand of power. Progress of capacity addition of 6274 MW by March 2012 has been delayed; of which 1030 MW was commissioned with delay ranging from 14 to 84 months and 5244 MW would be commissioned beyond March 2012 and with delays ranging from 20 to 115 months from the scheduled date of commissioning. This has led to loss of opportunity of generating 26,282.97 million units[65] (Annexure VIII) of electricity annually (as per the DPRs). Further, as per CERC (Terms and Conditions of Tariff) Regulations, 2009, for projects commissioned within the scheduled timeline from April 2009 to March 2014, an additional Return on Equity at the rate of 0.50 per cent is allowed over the life of the project of 35 years. Due to delays, the CPSEs would also forgo this additional return on equity which works out to ₹1,474.57 crore (details given in **Annexure IX**) over the life of projects from the date of scheduled commissioning.

[65] ***Worked out on the basis of annual energy generation (after auxiliary consumption & transformer loss) envisaged in the DPR. The annual energy generation of Tuirial project (60 MW) of NEEPCO has been calculated based on 60 per cent load factor and after deducting auxiliary consumption & transformer loss.***