

BANGLADESH RURAL ELECTRIFICATION BOARD
DHAKA, BANGLADESH

PBS Instruction 200 - 32
BREB Instruction 600 - 31

SUBJECT:

Determination of Annual Performance Targets and its Operational Plan under the Annual Performance Agreement (APA) signed between BREB & its Borrower PBSs.

1. Purpose:

The purpose of this Instruction is to set forth BREB's policy to determine its Borrowers' performance targets in line with the guidelines of Power Division of Ministry of Power, Energy and Mineral Resources (MPEMR) and operational plan thereof under the Annual Performance Agreement (APA) signed between BREB and the individual Borrower PBS.

2. Policy:

- BREB will appoint an Annual Performance Agreement (APA) Standing Committee.
- The standing committee will fix the PBS's Performance Indicators & Targets for all PBSs each financial year and review bi-annually for achieving BREB's strategic objectives.
- The committee will review and evaluate the Performance Targets achieved by the PBSs annually.
- The committee will place its recommendation of Incentive bonus/ Penalty for the PBSs to BREB Board, on the basis of evaluation made in line with the guidelines of this Instruction.

3. Procedure:

The detailed procedure for formation of APA standing committee, its overall functions and Operational Plan of APA are discussed in the following attachment of this Instruction.

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(Md. Mozibur Rahman)
Consultant, TAPP, BREB

(Md. Dujidul Islam)
Consultant, TAPP, BREB

(Md. Mozammel Huq)
Consultant, TAPP, BREB

(Md. Abdul Khaleque)
Consultant, TAPP, BREB

(Md. Ahsanul Haque,
Consultant, TAPP, BREB

(Debasish Chakraborty)
PD, TAPP, BREB

(Kamrul Ahsan Mohtak)
Asst. Secy. (Board), BREB.

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PERFORMANCE TARGET

OPERATIONAL PLAN

- I. BREB is authorized and empowered to establish performance Indicators & targets for each individual PBS. In order to implement this, Bangladesh Rural Electrification Board (BREB) will form and appoint one (1) Annual Performance Agreement Standing Committee.

The committee will consist of the following officials:

SL No.	Designation	Position
1.	Member, PBS Management Operation	Chairman
2.	Chief Engineer(P & O)	Member
3.	Controller(Finance & Accounts)	Member
4.	Executive Director	Member
5.	Director, Financial Monitoring	Member
6.	Director, PBS Monitoring & Management Operation	Member
7.	Director, System Operation	Member
8.	Director, PBS Loan & Budget	Member
9.	Superintendent Engineer, Energy Audit and Tariff.	Member-Secretary

The Member, PBS Management Operation shall be responsible and have the authority to co-ordinate and ensure that all information is handled timely. In absence of any member, BREB shall make a replacement.

- II. Under the terms of the Annual Performance Agreement, each PBS will be assigned with specific targets as listed in the Annual Performance Agreement. BREB will determine, if changes are required in future years. The changed Targets for the PBS will be addressed and attached as the Addendum to the Annual Performance Agreement.

- III. The Director, PBS Monitoring & Management Operation shall be responsible to ensure that each PBS signs an Annual Performance Agreement with established and assigned targets, which becomes effective from July 1 to June 30 of the year. He also communicate it to the PBSs.

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(Md. Mozibur Rahman)
Consultant, TAPP, BREB

(Md. Duhidul Islam)
Consultant, TAPP, BREB

(Md. Mozammel Haq)
Consultant, TAPP, BREB

(Md. Abdul Khaletque)
Consultant, TAPP, BREB

(Md. Ahsanul Haque,
Consultant, TAPP, BREB

(Debasish Chakraborty)
PD, TAPP, BREB.

(Kamrul Ahsan Mohtak)
Asst. Secy. (Board), BREB.

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- IV. Each PBS is required to furnish completed 550 forms for the months to Superintendent Engineer, Energy Audit and Tariff by the 10th of the following month. After the 550 forms are received in Energy Audit and Tariff Directorate, the data will be processed and analyzed to determine whether the PBSs have met/achieved the target.
- V. Energy Audit and Tariff Directorate will be responsible to tabulate all information needed for Performance Targets and will place the findings before the APA Standing Committee.
- VI. The Performance Target Standing Committee will sit with the PBSs, before signing APA Agreement between Power Division & BREB of each year, represented by the President of the Samity Board and the General Manager of the PBS to review the last year's performance and to finalize the new Targets for the current year based on the last year's achievement against the targets.
- VII. The Standing Committee shall preliminarily review in the meeting to be held on after ending of FY, which PBSs should be awarded incentive bonus and which be imposed penalty and accordingly prepare a proposal.
- VIII. BREB will consider mid-term review of the yearly targets and re-fix on the basis of six (6) months actual performance and other related situations.
- IX. The committee will submit the performance evaluation of the prior year along with the proposal for incentive bonus and penalty, and new targets of the current year for individual PBSs to BREB for its approval. On approval of BREB Board, the Executive Director shall communicate the respective PBSs regarding incentive bonus/penalty.
- X. The Annual Performance Agreement will be signed by the Secretary, BREB and the President of the Samity Board or a Member of the Executive committee of the Samity duly authorized. In absence of the Samity Board, the concerned PBS Monitoring & Management Operation Directorate will sign on behalf of the Samity. The specimen of the model Agreement is appended herein **(Annexure-01)**
- XI. BREB may waive or relax the performance Targets and its evaluation methods. Provisions of the Agreement may be modified or amended by mutual consent of the PBS and BREB. Natural calamities such as flood, strike or any other disorders that are beyond the control of the PBS will. be considered for waiver or relaxation.
- XII. The Annual Performance Agreement Operational Plan (APAOP) may be modified by BREB, if and when necessary.

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(Md. Mozibur Rahman)
Consultant, TAPP, BREB


(Md. Duhidul Islam)
Consultant, TAPP, BREB


(Md. Mozammel Haque)
Consultant, TAPP, BREB


(Md. Abdul Khaled)
Consultant, TAPP, BREB


(Md. Ahsanul Haque)
Consultant, TAPP, BREB


(Debasish Chakraborty)
PD, TAPP, BREB


(Kamrul Ahsan Moflik)
Asst. Secy. (Board), BREB.

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A. PURPOSE OF ANNUAL PERFORMANCE AGREEMENT

For the purpose of establishing realistic performance targets for each individual PBS, specific guidelines are set to assist and provide guidance in the prudent management of the Palli Bidyut Samity (PBS). The targets will provide the PBSs and BREB with a reliable method for monitoring, and controlling cost and activities of the PBSs, and thus more effectively guide the Borrowers to become financially viable. This will enable each individual PBS to pay its debt service liability (DSL) and provide more reliable electric service to its member-consumers at the lowest possible cost.

This in turn will enable BREB and GOB to receive payment of the debts owed on a timely basis.

B. ESTABLISHMENT OF PERFORMANCE TARGETS

Performance Targets shall be established in a timely manner to meet the PBSs' technical, operational and financial requirements. The targets will be established for each individual PBS.

C. SPECIFIC PERFORMANCE TARGETS

SECTION I:

The PBSs have the primary responsibility to its member-consumers for providing adequate and reliable electric utility service at the lowest possible cost. It is therefore necessary that the PBSs not only manage the operations in a prudent manner, but also maintain the proper equity levels and margins to meet the financial requirements and obligations.

SECTION II:

To attain the goals as mentioned in Section I, the specific targets will be established for the PBSs by BREB. The targets set for the PBSs may be adjusted at any time during enforcement, if such change or adjustment in PBS operations warrants.

SECTION III:

By virtue of the Agreement signed between BREB and the PBSs, the concerned PBS will accept the fixed targets. Each target to be established for the PBSs is detailed in the copy of model Agreement.

SECTION IV:

Upon achievement of the targets, the PBS employees will receive an incentive bonus or penalty as stated below in D. The weight factor shown against each of the targets as listed in the next page will be used to determine the Overall Performance Achievement (OPA) and accordingly, the incentive bonus/penalty to be awarded/imposed on base pay.

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(Md. Mozibur Rahman)
Consultant TAPP, BREB

(Md. Duniaul Islam)
Consultant TAPP, BREB

(Md. Mozammel Haq)
Consultant TAPP, BREB

(Md. Abdul Khaleque,
Consultant TAPP, BREB

(Md. Ahsanul Haque,
Consultant TAPP, BREB)

(Debasish Chakraborty)
PD, TAPP, BREB

(Kamrul Ahsan MoHik)
Asst. Secy. (Board), BREB.

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SECTION V:

Performance Indicators with the Weight Factor

SL No	Name of the Performance Indicators	Weight Factor
1	System Loss without re-sale -(Grid Meter): (Lower the better)	26
2	Accounts receivable without re-sale & rebate (Lower the better)	15
3	Collection- Bill (CB) Ratio (%) (Higher the better)	1
4	Payment of Debt Service Liability: (Higher the better)	7
5	O & M Expense/kWh (Excluding Power cost, Depreciation & Amortization expense, Interest expense and Provision for uncollectible Amount. i.e. 0.5% of sale of electricity) (Lower the better)	4
6	Revenue Per KM of Line without re-sale: (Higher the better)	1
7	Ratio of inspection & maintenance of distribution line (KM) against energized line (KM) (Standard 20%): (Higher the better)	1
8	Ratio of damaged & repairable transformers (Number) against total installed transformers (Number) (Standard 2%): (Lower the better)	1
9	Percentage of Damaged Transformers repaired: (Standard 20%) (Higher the better)	1
10	Store management performance: a) Physical inventory of all stores under the PBS (WF-1) b) Timely close-out of Mini & Force work orders (WF-1) (Higher the better)	2
11	Maintenance and Up-gradation of Equipment Record Card (Higher the better)	2
12	Improvement of Power Factor (Higher the better)	1

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(Md. Mozibur Rahman)
Consultant, TAPP, BREB


(Md. Duniqul Islam)
Consultant, TAPP, BREB


(Md. Mozammel Haq)
Consultant, TAPP, BREB


(Md. Abdul Khaleque)
Consultant, TAPP, BREB


(Md. Ahsanul Haque)
Consultant, TAPP, BREB


(Debashish Chakraborty)
D. TAPP, BREB


(Kamrul Ahsan Moflik)
Asst. Secy. (Board), BREB.

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