Delhi Electricity Regulatory Commission

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 110017.

F.11(2336)/DERC/2025-26/8480

Petition No. 31/2025

In the matter of: **Petition under Section 62(4) of the Electricity Act, 2003 read with Regulation 134 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 and Regulation 30 of the Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2023 read with Delhi Electricity Regulatory Commission (Conduct of Business) Regulations, 2001 seeking the Commission to allow Petitioner to levy differential Power Purchase Cost Adjustment Charges (PPAC) pertaining to the period commencing From January'25 and ending in March'25 of FY 2024-25.**

Tata Power Delhi Distribution Ltd. … Petitioner

Coram:
Sh. Ram Naresh Singh, Member
Sh. Surender Babbar, Member

Appearance:
Mr. Buddy Ranganadhan, Ld. Sr. Advocate for the Petitioner
Mr. Anand Srivastava, Ld. Counsel for the Petitioner
Mr. Ravi Nair, Ld. Counsel for the Petitioner
Ms. Janhavi Johar, Ld. Counsel for the Petitioner

ORDER

(Date of Order: 07.08.2025)

1. The instant Petition has been filed by the Petitioner, Tata Power Delhi Distribution Ltd. (TPDDL) seeking approval of the Commission to allow the Petitioner to levy differential Power Purchase Cost Adjustment Charges (PPAC) pertaining to the period commencing from January' 2025 and ending March' 2025, Q4 of FY 2024-25 in accordance with Section 62(4) of the Electricity Act, 2003 read with Regulation 134 of the Delhi Electricity Regulatory Commission (Terms and Conditions for determination of Tariff) Regulations, 2017 (Tariff Regulations 2017), along with Regulation 30 of Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2023 ('Business Plan Regulations 2023').

2. The Petitioner has made the following prayers: -
   a) To allow the Petitioner to levy Power Purchase Adjustment Cost as per present Petition to the tune of 9.76% for a period of three months i.e., from 01.08.2025 till 31.10.2025, in accordance with Regulation 134 of the Tariff Regulations 2017, the principles laid down by the Hon'ble Appellate Tribunal, the applicable statutory

framework, and in the interest of financial sustainability and consumer interest; and/or

b) To exclude any credit from STOA from PPAC calculations.

PETITIONER'S SUBMISSIONS

3. The Petitioner has submitted the following:

   i. The Petitioner is a Distribution Licensee in terms of Section 14 of the Electricity Act, 2003 read with the Delhi Electricity Reforms Act, 2000 (DERA 2000) and is operating in North, Northwest areas of Delhi in terms of the distribution license issued by the Commission.

   ii. The Petitioner has been procuring electricity from various generating sources, including renewable sources through utilization of the State and Central Transmission Network of the Transmission Licensees. The power is then supplied to the consumers at the applicable retail tariff determined/adopted by the Commission. The cost of long-term power being procured from Central generating stations and State generating stations is determined, after following the due process as prescribed under law, by the Ld. Central Electricity Regulatory Commission (CERC) and the Commission, respectively. The cost of such power procurement along with transmission of electricity comprises around 80% of the Annual Revenue Requirement (ARR) of the Petitioner.

   iii. The Power Purchase Cost is an uncontrollable factor and beyond the control of the Petitioner and is dependent on various factors such as fuel prices, imported coal blending, freight charges for fuel transportation, regulatory orders/directives (incentives, O&M costs, etc.), variation between demand and supply due to various macroeconomic factors and weather conditions, and such difficulties have been duly acknowledged by the Commission during past few years in respect of Tariff determination exercise. The factors such as fuel prices, imported coal blending, freight charges for fuel transportation etc. have been statutorily recognized as uncontrollable factors. Hence, due to the nature of such factors being unforeseeable, it becomes difficult to accurately estimate the power purchase costs at the time of annual tariff fixation.

   iv. The Petitioner has submitted that the very purpose of providing PPAC is to timely compensate the Petitioner/Distribution Licensee for the increase in power purchase costs for the particular periods in the year to keep its financial liquidity intact. In practice, a generator has to make payment for the fuel. Any increase in the fuel price will have to be compensated, else the generator will not be in a position to procure enough fuel to generate power. Consequently, the Distribution Licensee who procures power from the generators, in turn, has to immediately bear and pay the increased costs to the generator. If the Distribution Licensee is not compensated at that time, its liquidity gets severely impacted. Any deferral in compensation to the Distribution Licensee on account of additional power purchase expenditure, also results in interest cost (carrying cost), for which, the Distribution Licensee will have to ultimately resort to funding through short-term loans. Such a measure is not in the interest of the consumers as there is an additional burden in terms of higher tariff and carrying cost on the consumers.

v. The Commission acknowledging such issues being faced by the Distribution Licensees introduced the concept of PPAC. The mechanism for levying the same has been specified in Regulation 30 of Business Plan Regulations, 2023.

vi. The Commission has already clearly defined the framework for PPAC including the mechanism, frequency, formulation, process of approval, recovery as well as adjustment, if any, required in terms of the Tariff Regulations, 2017.

vii. Based on the audited Power Purchase Cost and records of the Petitioner for the period commencing from January '2025 and ending March '2025 of FY 2024-25, the Petitioner has calculated the proposed PPAC percentage in line with the PPAC methodology specified by the Commission. Accordingly, the PPAC based on all the bills relating to the said period has been calculated as 10.01%.

viii. It has been submitted by the Petitioner that the Commission had considered PPAC @ 8.50% in the Tariff Order dated 30.09.2021, equivalent to Rs. 626.57 Crore for meeting the Revenue Gap arising in the ARR for FY 2021-22 for the Petitioner. The relevant Table is reproduced herein below for reference:

Table 4. 72: Commission Approved: Revenue (Gap) for FY 2021-22 (Rs. Cr.)

Sr. No.	Particulars	Amount
1	Aggregate Revenue Requirement (ARR)	6939.44
2	Add: Carrying Costs for FY 2021-22	92.25
3	Add: PPAC Cost Subsumed	13.69
4	**Revised ARR (1+2+3)**	**7045.38**
5	Revenue at Revised Tariff	6443.76

6	Add: Revenue from PPAC	626.57
7	**Total Revenue (5+6)**	**7070.33**
8	**Revenue (Gap)/Surplus (7-4)**	**24.95**

ix. Since, the Commission has utilized the entire PPAC @ 8.50% to meet the fixed cost recovery forming part of ARR for FY 2021-22. Therefore, the actual PPAC required by the Petitioner for recovery of Power Purchase Cost for Q4 of FY 2024-25 is 18.51% (i.e. 10.01% + 8.50% PPAC). The Commission has consistently allowed the above ad hoc PPAC of 8.5% to the Petitioner in various order concerning PPAC for various quarters. The Commission was also pleased to allow the above *ad hoc* PPAC of 8.5% in its Order dated 05.05.2025 in Petition No. 23 of 2025, for seeking PPAC pertaining to Quarter 3 of the FY 2024-25.

x. In line with the PPAC mechanism framed by the Commission, the Petitioner has continued levy of *suo-moto* PPAC of 8.75% for the next billing cycle, i.e. for next three months with effect from 23.04.2025. The fact of such levy of 8.75% PPAC on the consumers pertaining to said period of FY 2024-25, has been duly informed to the Commission by way of Communication No. dated 23.04.2025. The Petition is being filed for approval of the balance PPAC i.e 9.76% (i.e. 18.51% - 8.75%). The said details were also uploaded on the Petitioner's website on 23.04.2025 as required by the Commission Regulations/Orders.

xi. The PPAC as claimed above by the Petitioner in the instant Petition has been summarized in the table below:

S.No.	Document	PPAC
1.	PPAC based on all bills *(As per Auditor's Certificate)*	10.01%
2.	PPAC claimed & in force as per levy approved in Tariff Order dated 30.09.2021 for FY 2021-22	8.5%
3.	Provisional PPAC as per Regulation 30 of the Business Plan Regulations, 2023. *The same was duly communicated by Petitioner to the Commission vide letter dated 23.04.2025*	-8.75%
	Actual PPAC for Q4 of FY 2024-25	9.76%

xii. The Petitioner hereby vide the present Petition beseeches the Commission to allow levy of 9.76% PPAC for a period of three months i.e. from 01.08.2025 till 31.10.2025 or such further period as deemed fit by the Commission.

xiii. As per the Tariff Regulations, specified the Commission, PPAC computations are to include only approved long term sources and any power purchase other than long term sources are not part of PPAC calculations. However, the Commission has been considering the credit from Short Terms Open Access (STOA) charges in PPAC calculation (which reduces Petitioner's entitlement of PPAC charges) whereas the corresponding Short Terms power purchase cost is not being included in PPAC calculation by the Commission. Therefore, the Petitioner request the Commission to exclude any credit from STOA from such calculations while finalizing PPAC.

Commission Analysis

4. The Petitioner has submitted PPAC computation for the period from January'2025 to March'2025 (Q4) for FY 2024-25, and prayed before the Commission to allow the differential PPAC of 9.76% (10.01%+8.50%-8.75%).

5. A Meeting was conducted with the officials of the Petitioner on 07.07.2025 wherein Power Purchase Bills as provided by the Petitioner were scrutinized.

6. The Commission has restricted the PPAC to the extent of Fixed Charges, Energy Charges and Transmission Charges only, in line with regulation 134 of the Tariff Regulations, 2017 read with regulation 30 of Business Plan Regulations, 2023. Accordingly, as per the formula approved by the Commission in Tariff Order dated 30.09.2021, the PPAC is computed as follows:

Period	PPAC submitted by the Petitioner	PPAC Computed
Q4 FY 2024-25	9.76% (10.01%+8.50%*-8.75%**)	7.36%(7.61%+8.50%-8.75%)

*Note: * PPAC allowed by the Commission vide Tariff Order dated 30.09.2021 for meeting the Revenue Gap*

*** Suo-moto levy of PPAC as per clause 30(4) of DERC (Business Plan) Regulations, 2023*

7. At present the Petitioner is charging PPAC @10.47% based on the approval of the Commission's Order dated 05.05.2025 in Petition No. 23 of 2025 for Quarter 3 (i.e. October'2024 to December'2024).

8. In view of the above, the Petitioner is hereby allowed to recover PPAC of 7.36% for 3 months from 01.08.2025 to 31.10.2025. Surplus/deficit, if any, will be allowed with carrying cost, on verification of Power Purchase and Transmission Bills, in True-up of relevant Financial Year.

9. Ordered accordingly.

Sd/-
(Surender Babbar)
Member

Sd/-
(Ram Naresh Singh)
Member