



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

F.11(2182)/DERC/2023-24/7972

Petition No. 01/2024

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 DERC Business Plan Regulations, 2023 and the Delhi Electricity Regulatory Commission (Conduct of Business) Regulations, 2001 for allowing the Petitioner to levy Power Purchase Cost Adjustment Charges ('PPAC') pertaining to the period commencing from July 2023 to September 2023 of the Financial Year 2023-24.

Tata Power Delhi Distribution Ltd. ('TPDDL')

...Petitioner

Coram:

Hon'ble Shri Justice (Retd.) Jayant Nath, Chairperson

Appearance:

1. Mr. Buddy A. Ranganadhan, Adv., for Petitioner

ORDER

(Date of Order: 08.03.2024)

1. The instant Petition has been filed by Tata Power Delhi Distribution Ltd. ('TPDDL' for short) for seeking approval of the Commission to allow it to levy Power Purchase Cost Adjustment Charges ('PPAC' for short) for the period commencing from July 2023 to September 2023 of the Financial Year 2023-24, 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 ('Tariff Regulations 2017' for short), along with Regulation 30 of Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2023 ('Business Plan Regulations 2023' for short). In sum, the Petitioner has made the following prayers: -

- a) Allow the Petitioner to levy legitimate Power Purchase Cost Adjustment Charges of 29.13% as allowed by the Commission vide Order dated 07.06.2023 in Petition No. 67/2022, 04/2023 and 19/2023 as well as Order

dated 03.01.2024 in Petition No. 38/2023 for further three months i.e. from 01.06.2024 till 31.08.2024, and

- b) Not to consider STOA credit charges in computation of PPAC of Q2 of FY 23-24.

Submissions by the Petitioner

2. The written submissions made and the gist of the documents in support of the said submissions to the Petition are summarized as under: -
- i. The Petitioner is a Distribution Licensee in terms of Section 14 of the Electricity Act, 2003 granted by the Commission. The Petitioner supplies power to North and North-West areas of Delhi in terms of the distribution license issued by the Commission.
 - ii. In order to provide electricity, the Petitioner has been procuring/purchasing the same from various generation sources including from the Renewable Sources by utilizing the State and Central Transmission Network of the Transmission Licensees. The power so procured is then supplied to the consumers at the tariff adopted by the Commission. The cost of such power procurement along with transmission of electricity comprises of around 80% of the Annual Revenue Requirement ('ARR' for short) 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, 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, freight charges for fuel transportation etc. have been statutorily recognized as uncontrollable factors. Hence, due to 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 very purpose to levy PPAC is to timely compensate the Petitioner/Distribution Licensee for the increase in the costs for power purchase for the particular periods in a year to keep its financial liquidity intact. In practice, a Generating Company has to make payments for the fuel purchased by it. Any increase in the fuel prices, due to the factors as aforementioned, will have to be compensated failing which the Generating Company will not be in a position to procure enough fuel to generate power. Consequently, the Distribution Licensee has to immediately bear and pay the increased costs to the Generating Company. Also, any delay in suitably compensating the Distribution

Company may force it to find other sources of funding through short-term loans required on account of the additional power purchase expenditure so incurred. The same also results in interest cost (carrying cost). All of above put together, ultimately, puts an additional burden on the consumers by way of levy of higher tariff. Therefore, timely and regular pass through of variations in Power Purchase Cost is not only imperative for optimum financial management of the Distribution Licensee but is also imperative from the consumers' standpoint.

- v. Based on the audited power purchase cost and records of the Petitioner for the period commencing from July 2023 and ending in September 2023 of FY 2023-24, 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 has been calculated @ 16.25%.
- vi. Earlier, the Commission had considered PPAC @ 8.50% in the Tariff Order dated 30.09.2021, amounting to Rs. 626.57/- Crore for meeting the Revenue Gap arising in the ARR for FY 21-22 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 Cots 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

- vii. The Commission has utilized the entire PPAC @ 8.50% to meet the fixed cost recovery forming part of ARR for FY 21-22. Therefore, the actual PPAC required by the Petitioner for recovering the Power Purchase Cost for Q2 is @ 24.75% (i.e., 16.25% + 8.50% PPAC).
- viii. In the event the Commission considers extending the current PPAC being allowed in Petition No 38/2023 vide Order dated 03.01.2024 @ 29.13% as alternatively prayed herein, then the said 8.50% *adhoc* PPAC will not be

additionally required since the aforesaid PPAC levy includes the *adhoc* PPAC as the said extension will contribute to early liquidation of revenue gap which is in consumer interest.

- ix. The Commission vide its Order dated 07.06.2023 in Petition No. 67/2022, 04/2023 and 19/2023 filed for approval of Differential PPAC pertaining to period Q2, Q3, and Q4 of FY 2022-23 had duly taken into consideration the PPAC for three Quarters (Q2, Q3 and Q4 of FY 2022-23) and had allowed TPDDL to levy 29.13% PPAC in the electricity bills of consumers till nine months from the date of issuance of said Order i.e. till 06.03.2024.
- x. On 21.07.2023, the Commission passed General Orders whereby the Distribution Licensees were directed to levy no further PPAC than the already approved by it. In due deference of the same, the Petitioner has not levied the provisional PPAC of 8.75% for the next three months with effect from 26.07.2023. The said fact has been duly informed to the Commission by way of communication No. TPDDL/REGULATORY/2023-24/PMG/363 dated 03.01.2024. The said details were also uploaded on the website of the Petitioner on 03.01.2024 as required by the Commission Regulations/Orders.
- xi. The Commission vide Order dated 03.01.2024 withdrew the said General Order dated 21.07.2023 and allowed the Petitioner to levy PPAC of 8.75% in terms of Regulation 30(4) of the Business Plan Regulations, 2023. The Petitioner seeks to highlight that the said Order dated 03.01.2024 does not have any impact on the present Petition qua levy of PPAC in terms of Regulations 30(4) of DERC Business Plan Regulations for Quarter 2 of the FY 2023-24, which was to be recovered in the Quarter 3 of FY 2023-24.
- xii. The Commission vide its Order dated 03.01.2024 in Petition No. 38 of 2023 filed by the petitioner allowing the Petitioner to levy PPAC pertaining to the period commencing from April 2023 to June 2023 (Quarter 1) of the Financial Year 2023-24 allowed the Petitioner to further extend the levying of the ongoing PPAC of 29.13% till 31.05.2024, as against the Commission's earlier Order dated 07.06.2023 wherein the validity was till 06.03.2024.
- xiii. The Commission while computing the PPAC for Q1 of FY 2023-24 had considered the credit of Short Term Open Access ('STOA') charges while computing the PPAC for the Petitioner, which was later modified as: -

- (a) The Commission in its Order dated 07.06.2023 had observed that vide email dated 07.04.2022, it had directed the Distribution Companies to not consider the refund of STOA Transmission charges in the computation of PPAC. The Commission in its Order dated 16.12.2022 in Petition No. 31 of 2022 filed by the Petitioner for

seeking approval of the Levy Differential Charges pertaining to the period commencing from January'2022 and ending in March'2022 ("Quarter 4") of FY 2021-22, has specifically observed that the STOA credit has been erroneously considered in the computation.

- (b) The inclusion of STOA credit in computation of PPAC is against the detailed formula for PPAC devised by the Commission as per Regulation 135 of the Tariff Regulations 2017 read with Regulation 30 of the Business Plan Regulations 2023. Therefore, in light of the aforesaid, the Commission is requested not to include STOA credit charges in computation of PPAC as prayed herein.

- xiv. Due to non-issuance of Tariff Order since FY 21-22, the Petitioner is not able to recover the incremental cost of power purchase from short term and medium term sources. On the basis of Actual Power Purchase Cost from July'23 to September'23 there is under-recovery of Rs. 418.40 crore of power purchase cost from all sources. The calculation of the said under-recovery of power purchase cost is given below for reference:

Particulars		Unit (Mus)	Amount (Rs. Crore)
Actual Power Purchase Cost (Jul'23 – Sep. 23) (Net of Rebate)	A	3427	2163.21
Commission approved Power Purchase Cost @ 5.55 Unit	B =Units x Rs. 5.55	3427	1901.80
Gross under recovery of Power Purchase Cost	C= A- B		261.40
Total PPA Recovery for Q 2 FY 2023-24	D		Nil
PPAC subsumed in Tariff Order dated 30.09.2021	E		157
Net Under Recovery of Power Purchase Cost	F = C+E		418.40

- xv. Under-recovery of legitimate expenses may result in prejudicing the rights and interest accrued in favour of the Petitioner by virtue of the regulations and orders issued by the Commission. Further, under-recovery of legitimate expenses in a time bound manner, may also result in the Petitioner herein being forced to resort to short-term loans/other means of finances, which will consequently increase the carrying cost for such period.
- xvi. In light of the above facts and submissions, the petitioner has prayed that the Commission may allow Petitioner to continue the levy of 29.13% of PPAC as allowed by the Commission vide Order dated 07.06.2023 in Petition No. 67/2022, 04/2023 and 19/2023 as well as Order dated 03.01.2024 in

Petition No. 38/2023 for further three months i.e. from 01.06.2024 till 31.08.2024

Commission Analysis

- 3. The Commission had admitted the instant Petition on 13.02.2024 and it was *inter-alia*, ordered that the Petitioner shall have a meeting with the Officers of the DERC for finalizing the issues concerned.
- 4. In pursuance of the said Orders, a meeting was held on 19.02.2024 and a prudence check of PPAC Petition was carried out jointly. Further, information was sought from the Petitioner with regard to the CERC Orders resulting in arrears, STOA credit, Short-Term Sale and Purchase etc. The Petitioner replied to the same vide its email dated 19.02.2024.
- 5. The data reveals that in Q-2 FY 2023-24, due to various CERC Orders, the arrears of Rs.145 Crores appx were paid to the Power Plants and Central Transmission Utility, as follows:

Particulars	Units (MU)	Current Quarter Bill (Rs. Cr.)	Total Arrear paid during the Quarter (Rs. Cr.)	Total bill (Rs. Cr.)	Remarks
Generating Plants					
Maithon Power	577	230	48	279	Dispute in PPA (CERC order dated 25/06/2023)
Chamera-III	15	6	7	13	True-up for FY 2014-19 & ARR of FY 2019-24 (CERC order dated 9/06/2023)
Farakka Super Thermal Power Station	9	4	2	6	ARR of FY 2019-24 (CERC Order dated 25/08/2023)
Singrauli Super Thermal Power Station	87	22	10	31	ARR of FY 2019-24 (CERC order dated 5/09/2023)
CLP Jhajjar	212	101	6	107	Dispute in PPA (CERC Order dated 1/08/2023)
Uri	24	5	11	16	True-up for FY 2014-19 & ARR of FY 2019-24 (CERC order dated 28/07/2023)
Transmission					
PGCIL POC BILL 2	-	-	61	61	True-up for FY 2014-19 & ARR of FY 2019-24 (Multiple CERC Orders)
Total	924	368	145	513	

- 6. It is observed from the relevant data that in most of the Coal-based Power Plants, the Weighted Average Coal Price (Domestic + Imported) had increased significantly. These factors were duly taken into consideration while approving the Power Purchase Cost for FY 2021-22 in the Tariff Order dated 30.09.2021. The summary is as follows: -

Q1 FY 21-22					
Power Plants	ECR of Plant approved in TO dated 30/09/2021 (Rs./Unit)	Domestic Coal Price (Rs./MT)	Imported Blending ratio	Imported Coal Price (Rs./MT)	Weighted Average Coal Price (Rs./MT)
Aravali Power Corporation Ltd	3.16	4,729.44	8.48%	8,803.41	4,900.18
CLP Jhajjar	3.32	5,337.63	0.00%	-	5,337.63
DADRI II	3.16	4,436.55	5.69%	5,905.62	4,716.80
DVC Chandrapur (Ext.-7 and 8)	2.55	3,925.02	0.00%	-	3,925.02
DVC Mejia Unit-6	2.92	3,943.65	0.00%	-	3,943.65
FARAKKA	2.69	4,082.77	0.00%	-	4,083.71
KAHALGAON STAGE-I	2.37	2,491.72	0.00%	-	2,491.72
KAHALGAON STAGE-II	2.24	2,491.72	0.00%	-	2,491.72
Maithon Power	2.5	3,397.90	0.00%	-	3,397.90
RIHAND -I	1.4	2,004.95	0.00%	-	2,004.95
RIHAND -II	1.4	2,004.95	0.00%	-	2,004.95
SINGRAULI STPS	1.44	2,099.15	0.00%	-	2,099.15
UNCHAHAAR-I	2.93	4,300.78	0.00%	-	4,305.81
UNCHAHAAR-II	2.93	4,300.78	0.00%	-	4,305.81
UNCHAHAAR-III	2.92	4,300.78	0.00%	-	4,305.81

Q2 FY 23-24					
Power Plants	ECR of Plant (Rs./Unit)	Domestic Coal Price (Rs./MT)	Blending ratio	Imported Coal Price (Rs./MT)	Weighted Average Coal Price (Rs./MT)
Aravali Power Corporation Ltd	4.45	5473	0.07	14855	6242
CLP Jhajjar	3.9	5674	0	0	5679
DADRI II	4.17	5512	0.03	10405	5652
DVC Chandrapur (Ext.-7 and 8)	3.11	4083	0.01	9215	4211
DVC Mejia Unit-6	3.58	4335	0.03	15788	4636
FARAKKA	3.57	4426	0.09	13376	5245
KAHALGAON STAGE-I	3.21	3518	0.03	14059	3878
KAHALGAON STAGE-II	3.04	3518	0.03	14059	3878
Maithon Power	2.58	4049	0	0	4049
RIHAND -I	1.58	2307	0	0	2307
RIHAND -II	1.57	2307	0	0	2307
SINGRAULI STPS	1.62	2236	0	0	2236
UNCHAHAAR-I	4.83	4929	0.21	14782	6980
UNCHAHAAR-II	3.82	4929	0.02	9842	5110
UNCHAHAAR-III	4.66	4929	0.15	14782	6659

WEAR FACE MASK

WASH HANDS REGULARLY

MAINTAIN SOCIAL DISTANCING

Change in Q2 FY 23-24 from Q1 FY 21-22					
Power Plants	ECR of Plant (Rs./Unit)	Domestic Coal Price (Rs./MT)	Blending ratio	Imported Coal Price (Rs./MT)	Weighted Average Coal Price (Rs./MT)
Aravali Power Corporation Ltd	41%	16%	-20%	69%	27%
CLP Jhajjar	17%	6%	-	-	6%
DADRI II	32%	24%	-42%	76%	20%
DVC Chandrapur (Ext.-7 and 8)	22%	4%	-	-	7%
DVC Mejia Unit-6	23%	10%	-	-	18%
FARAKKA	33%	8%	-	-	28%
KAHALGAON STAGE-I	35%	41%	-	-	56%
KAHALGAON STAGE-II	36%	41%	-	-	56%
Maithon Power	3%	19%	-	-	19%
RIHAND -I	13%	15%	-	-	15%
RIHAND -II	12%	15%	-	-	15%
SINGRAULI STPS	12%	7%	-	-	7%
UNCHAHAAR-I	65%	15%	-	-	62%
UNCHAHAAR-II	65%	15%	-	-	62%
UNCHAHAAR-III	59%	15%	-	-	55%

- While computing the percentage of the instant PPAC as prayed for in the Petition, it is noticed that the Petitioner has also taken into consideration the Cosmos Hydro and Tehkhand WTE, which were not part of the Power Purchase Cost approved in Tariff Order dated 30.09.2021.
- It is also observed that the Petitioner's submissions do not take into consideration the credit of Sasan UMPP that was directed by the Hon'ble Supreme Court in the Judgement dated 06.04.2023 in CA No. 11826/2018, *HPPC V/s Sasan Power Ltd. & Ors.* The said Judgement had set aside Hon'ble APTEL's Order dated 20.11.2018 related to "Change in Law" for Sasan UMPP during the current PPAC. The officials of the Commission sought the status of the refund received from Sasan Power from the Petitioner. The Petitioner has vide its email dated 19.02.2024 informed that the Credit Note for Rs. 5.62 Crore has been received from Sasan Power Ltd. and has been adjusted in the subsequent bills.
- After Prudence check, the PPAC is computed as follows:

Quarter	PPAC Claimed by TPDDL	PPAC computed by the Commission with STOA credit and SCED Credit
Quarter-2	16.25%	13.71%

- With respect to STOA credit, the Commission, in its Order dated 07.06.2023 and 03.01.2024 (Q1 of FY 2023-24), computed the PPAC after considering Short-term

Open Access (STOA) refund. Further, in Q2 FY 2023-24, TPDDL also got refund from DTL against the Security Constrained Economic Dispatch (SCED), and the same has also been considered while computing the PPAC for the Q2 FY 2023-24. Keeping in view of above, the credit of STOA & SCED has now been taken into consideration.

11. Further, the Commission vide its Order dated 03.01.2024, had approved the PPAC as 29.13% which is applicable till 31.05.2024.
12. The Commission taking into consideration Section 61(d) of the Act, allows the PPAC as follows:

Sr. No.	Description	PPAC Allowed
A	Q2 FY 2023-24	13.71%
B	PPAC inbuilt in Revenue side in Tariff Order dated 30/09/2021	8.50%
C	PPAC allowed (A+B)	22.21%
D	PPAC recovery in 2 months from 1/06/2024 (C*3/2)	33.31%
E	Ongoing PPAC as per Commission Order dated 3/01/2024	29.13%
F	PPAC allowed (Lower of (D), (E))	29.13%

13. Accordingly, the Commission allows the Petitioner to levy PPAC of 29.13% for the period of two months i.e., 1/06/2024 to 31/07/2024.
14. The Surplus/deficit, if any, will be allowed with carrying cost, on verification of Power Purchase Cost and Transmission Bills, in True-up of relevant Financial Year subject to prudence check.
15. Ordered accordingly.

Sd/-
(Justice (Retd.) Jayant Nath)
Chairperson