



Delhi Electricity Regulatory Commission

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi –110 017.

No. F.11(2197)/DERC/2023-24/7994

Petition No. 09/2024

And

Petition No. 35/2024

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 seeking the Commission approval to levy differential Power Purchase Cost Adjustment Charges (PPAC) for the Power Purchase Cost incurred during (i) October' 2023 to December' 2023; and (ii) January' 2024 to March' 2024.**

BSES Yamuna Power Ltd.

.... Petitioner

Coram:

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

Appearance:

Mr. Buddy A Ranganadhan, Advocate, BYPL

Mr. Dushyant Manocha, advocate, BYPL

Mr. Brian Moses, Advocate, BYPL

Ms. Kashish Chhabra, Advocate, BYPL

ORDER

(Date of Order: 20.06.2024)

1. The instant Petitions have been filed by BSES Yamuna Power Ltd. (BYPL) seeking approval to Levy Differential Power Purchase Adjustment Cost (hereinafter called PPAC) for the Power Purchase Cost incurred during the following quarters for the FY 2023-24;

(i) October' 2023 to December' 2023;

(ii) January' 2024 to March' 2024

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.

2. In Petition No. 09/2024 the Petitioner has prays that the Commission may be please to:

i. Take on record that the Petitioner would levy a PPAC of 8.75% for the Quarter October'2023 till December'2023, on the bills of all consumers from the billing

WEAR FACE MASK WASH HANDS REGULARLY MAINTAIN SOCIAL DISTANCING

- cycle with effect from 01.02.2024 for a period of three months in terms of the extant Regulations and the Petitioner's letter dated 01.02.2024;
- ii. Allow the levy of additional PPAC at 10.09% (i.e. 18.84%-8.75%) (as computed on the basis of the Commission's methodology) or 11.30% (i.e. 20.05% - 8.75%) (as computed on the basis of the MoP's methodology) (including 7.43% of PPAC as per Annual Revenue Requirement (ARR) FY 2021-22) for the power purchase cost incurred from October 2023 to December'2023.
3. In Petition No. 35/2024 the Petitioner has prays that the Commission may be please to;
- i. Take on record that the Petitioner is levying a PPAC of 6.15% for the quarter January'2024 till March'2024, on the bills of all consumers from the billing cycle with effect from 01.05.2024 for a period of three months in terms of the extant Regulations and the Commission's email dated 30.04.2024;
- ii. Allow the levy of additional PPAC at 34.09% (i.e. 40.24%-6.15%) (as computed on the basis of the Commission's methodology) or 35.45% (i.e. 41.60% - 6.15%) (as computed on the basis of the MoP's methodology) for the power purchase cost accrued from January'2024 till March' 2024.
4. The subject matter of both the Petitions being similar and seeking similar reliefs for two different periods; both the Petitions are being disposed of by way of the instant common Order.

PETITIONER'S SUBMISSION:

- 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 East and Central areas of Delhi in terms of the distribution license issued by this Commission.
- ii. The Petitioner has calculated the differential PPAC percentage for (i) October' 2023 to December' 2023; and (ii) January' 2024 to March' 2024 in line with the PPAC methodology specified by the Commission, which are as under:

S.No.	Petition No.	Period	PPAC computed by DISCOM as per Commission approved methodology	PPAC computed as per MOP's methodology
1.	09/2024	October' 2023 to December' 2023	10.09%	11.30%
3.	35/2024	January' 2024 to March' 2024	6.53%	7.89%

- Including 7.43% of PPAC (as per ARR FY 2021-22)

- iii. The Commission vide its Tariff Order dated 30.09.2021 provided a mechanism for levy of PPAC by the Petitioner. Further, the Commission vide its Order dated 22.06.2023 had allowed PPAC of 31.60% for the Petitioner to levied till March, 2024.
- iv. On 21.07.2023 the Commission directed DISCOMs to not levy any additional PPAC till March, 2024 except as what was provided in its Order of 22.06.2023.
- v. The Petitioner was in compliance with the Orders of 22.06.2023 and 21.07.2023, the Petitioner filed Petition No. 43/2023 before the Commission seeking its permission to levy additional PPAC of 25.11% (as computed on the basis of the Commission's methodology) or 25.91% (as computed on the basis of the Ministry of Power (MoP) methodology for Quarter 1 of FY 2023-24 i.e. April 2023 till June 2023.
- vi. On 08.12.2023, the Petitioner filed a similar Petition as above for the Second Quarter of FY 2023-24 (Quarter 2) i.e. July 2023 till September 2023, which was calculated 18.05% (as computed on the basis of the Commission's methodology) or 19.83% (as computed on the basis of the MoP methodology).
- vii. Meanwhile, in Petition No. 38/2023 filed by Tata Power Delhi Distribution Ltd. (TPDDL) the Commission passed an order extending the levy of TPDDL's ongoing PPAC till May 2024 (effectively extending it by one Quarter) and further allowing it to levy additional PPAC as per the Regulation 34 of the Business Plan Regulations, 2023. While doing so, the Commission withdrew its Order dated 21.07.2023 qua TPDDL.
- viii. On 17.01.2024, the Petitioner filed an interim application in Petition No. 43/2023 sought that the Petitioner be permitted to continue the levy of PPAC at 31.60% for a further period of 3 months from 22.03.2024. The Petitioner also sought permission to levy an additional PPAC in terms of Business Plan Regulations, 2023 over and above the PPAC as per Order dated 22.06.2023 read with Order dated 21.07.2023 as was permitted by the Commission for TPDDL in its order dated 03.01.2024 passed in Petition No. 38/2023.
- ix. On 19.01.2024, in line with the directions issued vide Order dated 03.01.2024 in Petition No. 38/2023, the Commission withdrew the direction contained in para 2 of the Order dated 21.07.2023 with immediate effect also for Petitioner and other DISCOMs as well. In effect, by virtue of its Order dated 19.01.2024, the Commission permitted the petitioner and other DISCOMs to levy additional PPAC in terms of the Business Plan Regulations, 2023.

- x. Since, the Commission vide its Order dated 19.01.2024 has been pleased to withdrew its direction contained in Order dated 21.07.2023, the Petitioner submits that in accordance with the Business Plan Regulations, the Petitioner will levy a PPAC of 8.75% on the bills of consumer from the billing cycle w.e.f. 01.02.2024 for a period of 3 months. Moreover, in compliance with the Business Plan Regulations, 2023, the Petitioner will also upload the computation of PPAC on its website prior to levying the same on the electricity bills of the consumers.
- xi. The Commission vide a common Order dated 08.03.2024 disposed of Petition No. 43/2023 along with IA No. 2/2024 and Petition No. 53/2023 in terms of which, the Commission allowed the Petitioner to recover PPAC of 31.60% beyond 21.03.2024 for 3 months or till as revised earlier.
- xii. In Petition 35 of 2024, the Petitioner has additionally submitted the following:
 - a) That as per the Commission's own calculation in Order dated 08.03.2024, the actual PPAC to be recovered was more as the Commission vide its Tariff Order dated 30.09.2021 for the Petitioner has considered a PPAC of 7.43% equivalent to Rs. 512.14 Crore for meeting the revenue gap arising in the ARR for FY 2021-22. The entire PPAC of 7.43% has been utilized to meet the fixed cost recovery forming part of ARR of FY 2021-22. In the past, the Commission has allowed PPAC including 7.43% along with quarterly PPAC. Since, the Commission has not considered PPAC of 7.43% while allowing the levy of PPAC of 31.60% in its previous order, this has left the Petitioner with an unrecovered PPAC of 26.28% for Q1 and Q2 of FY 2023-24. The details are as tabulated below:

S.No.	Description	PPAC claimed	PPAC allowed as per Para 8(f) of the DERC Order dated 08.03.2024	PPAC inbuilt in Revenue side in Tariff Order dated 30.09.2021	Total unrecovered PPAC
		(1)	(2)	(3)	(4=2+3)
A	Q-1 FY 2023-24	25.11%	25.04%	7.43%	32.47%
B	Q-2 FY 2023-24	18.05%	17.98%	7.43%	25.41%
C	Total PPAC to be recovered C= A+B				57.88%
D	PPAC Allowed in Order dated 108.03.2024				31.60%
E	Balance PPAC yet to be recovered E=C - D				26.28%

- b) The Petitioner issued a letter dated 25.04.2024 stating that its actual PPAC to recover power purchase cost as per the Commission's methodology is, therefore, calculated at 40.24% (i.e., 6.53% +7.43%+26.28%) and further notified the Commission that in view of the Business Plan Regulations, 2023, it would suo moto levy additional PPAC of 6.15% or 8.75% and would file an appropriate Petition for the balance PPAC.
- c) On 30.04.2024, the Commission issued an email stating that the Petitioner can levy suo-moto PPAC for Q4 as per Regulation 30(4) of the Business Plan Regulations, 2023, i.e., at 6.15% for a period of 3 months.

Commission Analysis

- 5. BYPL vide their above-mentioned Petitions, has submitted the PPAC computation for the Q3 & Q4 of FY 2023-24, summarized as follows:

Quarter	PPAC Computed by DISCOM as per DERC Regulation	PPAC claimed by DISCOM
Q3 FY 2023-24	11.41%	10.09% (11.41%+7.43%*-8.75%**)
Q4 FY 2023-24	6.53%	34.09% (6.53%+7.43%*+26.28%-6.15%**)

*Note: * PPAC @ 7.43% allowed by 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*

- 6. BYPL in the Petitions submitted differential PPAC of Q3 & Q4 of FY 2023-24 of 10.09% & 34.09% respectively. The Commission vide its Interim Order dated 7/06/2024, admitted the above-mentioned PPAC Petitions. Post admittance, Tariff Division conducted a prudence check of PPAC Petition with BYPL on 13/06/2024.
- 7. During the Prudence check session, it was observed that despite lower Imported Coal Blending, the PPAC is on the higher side. It was also observed that huge arrears were raised by Generating Plants during the Quarter. Based on the observation, Tariff Division sought information like CERC Orders resulting arrears, Status of refund from Sasan UMPP, etc. vide email dated 14/06/2024. In reply, BYPL vide its email dated 15/06/2024 submitted the required information.

8. Petitions and Additional Submissions by BYPL have been scrutinized, the summary is as follows:

a) In the Quarters, due to various CERC Orders, arrears of approx. Rs. 69 Crores was paid to Generating Plants and Central Transmission Utility. The summary of major arears are as follows:

Power Plants (Rs. Cr.)	Amount	
	Remarks	
Q3 FY 2023-24		
Rihand-III	29.18	CERC Order dated 13.11.2023
Ncpp-II	5.08	CERC Order dated 25.10.2023
Aravali	4.41	CERC Order dated 19.10.2023
Uri	3.13	CERC Order dated 30.11.2023 & Water Usages charges
Koldam HPS-i	2.38	CERC Order 363/GT/2020 dated 05.10.2023
Sewa 2	1.40	CERC Order dated 30.11.2023 & Water Usages charges
Others	3.94	
Sub-total	49.52	
Q4 FY 2023-24		
Chamera-II	6.16	CERC Order dated 06.01.2024 & water Usages Charges
Uri- II	5.86	CERC Order dated 27.11.2023 & Water Usage Charges
Dulhasti	1.50	Effective Tax Rate Revise FY 22-23 & Water Usage Charges
Aravali	1.39	Energy Charges revision & Compensation energy charges
Unchahar-III	1.06	CERC Order dated 19.01.2024
Others	3.91	
Sub-total	19.88	

b) It is also observed that in most of the Coal-based Power Plants, the ECR of Generating Plants have increased significantly.

9. After Prudence check, the PPAC is computed as follows:

Quarter	PPAC submitted by DISCOM	PPAC computed by Tariff Division
Q3 FY 2023-24	11.41%	11.33%
Q4 FY 2023-24	6.53%	6.46%

10. The Commission has considered the PPAC inbuilt @ 7.43% in revenue side in Tariff Order dated 30.09.2021.

11. With respect to under recovery of PPAC for Q1 & Q2 FY 2023-24, it is observed that the actual under recovery is on account of allowing PPAC recovery in one quarter instead of two quarters, the under-recovery of PPAC is as follows:

Quarter	PPAC submitted by DISCOM	PPAC computed by Tariff Division
Q1 FY 2023-24	25.11%	25.04%
Q2 FY 2023-24	18.05%	17.98%
Applicable PPAC for Q1 FY 2023-24 after considering inbuilt PPAC in Revenue side in Tariff Order dated 30/09/2021		32.47% (25.04%+7.43%)
Applicable PPAC for Q2 FY 2023-24 after considering inbuilt PPAC in Revenue side in Tariff Order dated 30/09/2021		25.41% (17.98%+7.43%)
Total PPAC for Q1 & Q2 FY 2023-24		57.88%
Avg. PPAC		28.94%
Applicable PPAC as per Commission Order dated 22/06/2023		31.60%
Balance PPAC		26.28%

12. In view of above, the Commission accords approval of PPAC for Q3 & Q4 FY 2023-24 as follows:

Sr. No.	Description	PPAC Claimed	PPAC Allowed
A	Q3 FY 2023-24	10.09%	10.01% (11.33%+7.43%-8.75%)
B	Q4 FY 2023-24	34.09%	34.07% (6.46%+7.43%-6.10%+26.28%)
C	Total PPAC to be recovered C= A+B		44.08%
D	Ongoing PPAC as per Commission Order dated 8/03/2024 applicable till 20/06/2024		31.60%
E	PPAC allowed (Lower of (D), (C))		31.60%

13. PPAC of Q3 & Q4 FY 2023-24 to be recovered is more than what is currently being levied to the consumers. It is considered prudent not to allow any additional PPAC to this account, more than what is presently being allowed. Considering that presently ongoing PPAC of 31.60% is applicable till 20.06.2024 and to avoid Tariff shock to consumers, the Petitioner is allowed to recover PPAC of 31.60% beyond 20.06.2024, for 3 months i.e., from 21.06.2024 to 20.09.2024. 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.

14. Ordered accordingly.

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