



DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.
F.11(2174)/DERC/2023-24/7948

Petition No. 19/2024

In the matter of: Petition for approval of true-up for FY 2022-23.

Pragati Power Corporation Ltd.
Through its : Director (Tech.)
Himadri, Rajghat Power House Complex
New Delhi 110 002

...Petitioner

Coram:

Sh. Ram Naresh Singh, Member and Sh. Surender Babbar, Member

ORDER

(Date of Order: 31.12.2025)

M/s Pragati Power Corporation Limited (PPCL) has filed the instant Petition for approval of True-up of expenses for FY 2022-23. The Petition was admitted by the Commission vide Order dated 07.06.2024. The Petition along with Executive summary was uploaded on the website of the Commission and publicised through advertisement in newspapers for seeking response of the stakeholders.

The comments/suggestions of the stakeholders including the submissions made during the public hearing held on 27.03.2025 and the arguments advanced by the Petitioner have been duly considered by the Commission.

In exercise of the powers conferred under the Electricity Act, 2003 and considering Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 & DERC (Business Plan) Regulations, 2019, this True-up Order is hereby passed and issued on this 31st day of December' 2025.


(Surender Babbar)
Member


(Ram Naresh Singh)
Member

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ABBREVIATIONS

Abbreviation	Explanation
ARR	Aggregate Revenue Requirement
A&G	Administrative and General
AAD	Advance Against Depreciation
ABT	Availability Based Tariff
ACD	Advance Consumption Deposit
AEEE	Alliance for an Energy Efficient Economy
AMR	Automated Meter Reading
APDRP	Accelerated Power Development and Reforms Program
AT&C	Aggregate Technical and Commercial
ATE	Appellate Tribunal for Electricity
BEE	Bureau of Energy Efficiency
BEST	Brihanmumbai Electric Supply and Transport
BHEL	Bharat Heavy Electricals Limited
BIS	Bureau of Indian Standards
BPTA	Bulk Power Transmission Agreement
BRPL	BSES Rajdhani Power Limited
BST	Bulk Supply Tariff
BTPS	Badarpur Thermal Power Station
BYPL	BSES Yamuna Power Limited
CAGR	Compounded Annual Growth Rate
CCGT	Combined Cycle Gas Turbine
CEA	Central Electricity Authority
CER	Centre for Energy Regulation
CERC	Central Electricity Regulatory Commission
CFL	Compact Fluorescent Lamp
CGHS	Cooperative Group Housing Societies
CGS	Central Generating Stations
CIC	Central Information Commission
CISF	Central Industrial Security Force
CoS	Cost of Supply
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CPSUs	Central Power Sector Utilities
COVID	Corona Virus Disease
CSGS	Central Sector Generating Stations
CWIP	Capital Work in Progress
DA	Dearness Allowance
DDA	Delhi Development Authority
DERA	Delhi Electricity Reform Act
DERC	Delhi Electricity Regulatory Commission
DESL	Development Environenergy Services Limited

Abbreviation	Explanation
DIAL	Delhi International Airport Limited
DISCOMs	Distribution Companies (BRPL, BYPL, TPDDL & NDMC)
DMRC	Delhi Metro Rail Corporation
DPCL	Delhi Power Company Limited
DTL	Delhi Transco Limited
DVB	Delhi Vidyut Board
DVC	Damodar Valley Corporation
EHV	Extra High Voltage
EPS	Electric Power Survey
FBT	Fringe Benefit Tax
FERV	Foreign Exchange Rate Variation
FPA	Fuel Price Adjustment
GFA	Gross Fixed Assets
GIS	Geographical Information System
GoNCTD	Government of National Capital Territory of Delhi
GTPS	Gas Turbine Power Station
HEP	Hydro Electric Power
HPSEB	Himachal Pradesh State Electricity Board
HRA	House Rent Allowance
HT	High Tension
HVDS	High Voltage Distribution System
ICAR	Indian Agricultural Research Institute
IDC	Interest During Construction
IEX	Indian Energy Exchange
IGI Airport	Indira Gandhi International Airport
IPGCL	Indraprastha Power Generation Company Limited
JJ Cluster	Jhuggi Jhopadi Cluster
KSEB	Kerala State Electricity Board
LED	Light Emitting Diode
LIP	Large Industrial Power
LT	Low Tension
LVDS	Low Voltage Distribution System
MCD	Municipal Corporation of Delhi
MES	Military Engineering Service
MLHT	Mixed Load High Tension
MMC	Monthly Minimum Charge
MoP	Ministry of Power
MTNL	Mahanagar Telephone Nigam Limited
MU	Million Units
MYT	Multi Year Tariff
NABL	National Accreditation Board for Testing and Calibration of Laboratories
NAPS	Narora Atomic Power Station

Abbreviation	Explanation
NCT	National Capital Territory
NCTPS	National Capital Thermal Power Station
NDLT	Non Domestic Low Tension
NDMC	New Delhi Municipal Council
NEP	National Electricity Policy
NGO	Non Government Organisation
NHPC	National Hydroelectric Power Corporation
NPCIL	Nuclear Power Corporation of India Limited
NRPC	Northern Regional Power Committee
NTI	Non-Tariff Income
NTP	National Tariff Policy
O&M	Operations and Maintenance
OCFA	Original Cost of Fixed Assets
PGCIL	Power Grid Corporation of India
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement / Power Purchase Adjustment
PPCL	Pragati Power Corporation Limited
PTC	Power Trading Corporation
PWD	Public Works Department
R&M	Repair and Maintenance
RAPS	Rajasthan Atomic Power Station
REA	Regional Energy Account
RoCE	Return on Capital Employed
ROE	Return on Equity
RRB	Regulated Rate Base
RTI	Right to Information
RWA	Resident Welfare Associations
SBI	State Bank of India
SDMC	South Delhi Municipal Corporation
SERC	State Electricity Regulatory Commission
SIP	Small Industrial Power
SJVNL	Satluj Jal Vidyut Nigam Limited
SLDC	State Load Despatch Centre
SPD	Single Point Delivery
SPUs	State Power Utilities
SVRS	Special Voluntary Retirement Scheme
TERI	The Energy and Resources Institute
THDC	Tehri Hydro Development Corporation
ToD	Time of Day
TOWMCL	Timarpur Okhla Waste Management Company (P) Limited
TPDDL	Tata Power Delhi Distribution Limited

Abbreviation	Explanation
TPS	Thermal Power Station
UI	Unscheduled Interchange
UoM	Unit of Measurement
WACC	Weighted Average Cost of Capital
WC	Working Capital
WPI	Wholesale Price Index

CHAPTER-1 INTRODUCTION

1.1 This Order relates to the Petition filed by PRAGATI POWER GENERATION COMPANY LIMITED (PPCL) (hereinafter referred to as 'PPCL' or the 'Petitioner') for True-Up of FY 2022-23 for Generation Business in terms of *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017* (hereinafter referred to as 'Tariff Regulations, 2017') and *Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2019* (hereinafter referred to as 'Business Plan Regulations, 2019').

PRAGATI POWER GENERATION COMPANY LIMITED (PPCL)

1.2 PPCL, wholly owned by the Government of National Capital Territory of Delhi, is Generating Company that operates the Pragati Power Station-I (330 MW) power generating station, which has two gas turbine units of 104 MW each and one steam turbine unit of 122 MW.

DELHI ELECTRICITY REGULATORY COMMISSION

1.3 Delhi Electricity Regulatory Commission (hereinafter referred to as the 'DERC' or the Commission') was constituted by the GoNCTD on 3/03/1999 and became operational from 10/12/1999.

1.4 The Commission's approach to regulation is driven by the Electricity Act, 2003, the National Electricity Plan, the National Tariff Policy, and the Delhi Electricity Reform Act 2000 (hereinafter referred to as 'DERA'). The Electricity Act, 2003 mandates the Commission to take measures conducive to the development and management of the electricity industry in an efficient, economic, and competitive manner, which inter alia includes the formulation of Tariff Regulations and Tariff determination.

MULTI YEAR TARIFF REGULATIONS

1.5 The Commission issued Tariff Regulations, 2017 vide Gazette notification dated 31/01/2017 specifying Terms and Conditions for Determination of Tariff for Generation of Electricity under the Multi Year Tariff (MYT) framework. Further the

operational norms for Generating Stations have also been approved by the Commission in Business Plan Regulations, 2017 under Tariff Regulations, 2017 for the period FY 2017-18 to FY 2019-20, and, in Business Plan Regulations, 2019 under Tariff Regulations, 2017 for the period FY 2020-21 to FY 2022-23.

FILING OF PETITION FOR TRUE-UP OF FY 2022-23

FILING AND ACCEPTANCE OF PETITION

- 1.6 PPCL filed its Petition for approval of Truing up of the Expenses upto FY 2022-23 before the Commission on 7/12/2023.
- 1.7 The Commission admitted the Petition for Truing-up of FY 2022-23 vide its Order dated 7/06/2024, subject to clarifications/additional information, if any, which would be sought from the Petitioner from time to time. Copy of the Admission Order dated 7/06/2024 is enclosed as *Annexure I* to this Order.
- 1.8 The complete copy of the Petition filed by the Petitioner along with additional information was uploaded on the website of the Commission (www.derc.gov.in) and the Petitioner.
- 1.9 The Executive Summary of Tariff Petition, was also uploaded on Commission's website at www.derc.gov.in.

INTERACTION WITH THE PETITIONER

- 1.10 The Order has referred at to various actions taken by the "Commission" at numerous places. For the sake of clarity, it may be mentioned that the term "Commission" in most of the cases refers to the officers of the Commission for carrying out due diligence on the Petition filed by the Petitioner for obtaining and analyzing information/clarifications received from the Petitioner and submitting all issues for consideration by the Commission.
- 1.11 The Commission relied on the analysis conducted by various concerned Divisions of the Commission for the preparation of the Order.
- 1.12 A preliminary scrutiny/analysis of the Petition submitted by the Petitioner was

- conducted. Additional information/clarifications were sought from the Petitioner as and when required. The Commission and the Petitioner discussed key issues raised in the Petition, which included details of O&M expenses, Assets Capitalization, Depreciation, Working Capital Requirement, return on Capital Employed (RoCE), etc.
- 1.13 The Commission also conducted multiple validation sessions with the Petitioner during which discrepancies in the Petition and additional information, as required by the Commission, were sought. Subsequently, the Petitioner submitted replies to the issues raised and provided details and documentary evidence to substantiate its claims regarding various submissions.
- 1.14 The Commission decided to conduct a Public Hearing for issuance of the Tariff Order related to True up of FY 2022-23 and communicated the same through a Public Notice published on 8/03/2025 and uploaded the same on the Commission's website. Stakeholders were given a time-period until 27/03/2025 for submitting comments/suggestions on the Tariff Petition filed by the utilities.
- 1.15 A soft copy of the Petition was made available in CD form on payment of Rs. 25/- per CD or a copy of the Petition was also made available for purchase from the respective Petitioner head-office on all working days till 27/03/2025 between 11 A.M. to 4 P.M. on payment of Rs.100/- either by Cash or by Demand Draft/Pay Order.
- 1.16 To help the stakeholders understand the Petition and file their comments, officers of the Commission, viz. Executive Director (Engineering/Tariff), Joint Director (Tariff-Engineering), Joint Director (Tariff-Finance), Joint Director (Engineering), Deputy Director (Tariff-Economics) and Deputy Directors (Tariff-Engineering) were nominated for discussion on the Petition. This was duly mentioned in the Public Notices published by the Commission.
- 1.17 The Commission decided to conduct a Public Hearing on 27/03/2025 on Tariff Petitions for the True-Up of FY 2022-23.
- 1.18 Accordingly, the Commission scheduled a Public Hearing on Tariff Petitions for True-Up of FY 2022-23 on 27/03/2025 to take a final view with respect to various issues

concerning the principles and guidelines for Tariff determination.

- 1.19 The Commission received written comments from the stakeholders. The comments of the stakeholders were also forwarded to the Petitioner, who responded to the comments of the stakeholders with a copy of its replies to the Commission.
- 1.20 The Commission examined the issues and concerns raised by various stakeholders. The major issues raised by the stakeholders, the responses of the Petitioner thereon, and the views of the Commission, are summarized in Chapter 2.
- 1.21 The Commission has therefore considered the inputs/comments received from various stakeholders, along with the due diligence conducted by the officers of the Commission, in arriving at its final decision.

PUBLIC NOTICE

- 1.22 The Commission published Public Notice in the following newspapers inviting comments/suggestions from stakeholders on the Tariff Petition filed by the Petitioner latest by 16/12/2024 or the date of Public Hearing, whichever is later:

(a)	Hindustan Times (English)	:	3/12/2024
(b)	The Times of India (English)	:	3/12/2024
(c)	Indian Express (English)	:	3/12/2024
(d)	Millennium Post (Hindi)	:	3/12/2024
(e)	Navbharat Times (Hindi)	:	3/12/2024
(f)	Punjab Kesari (Hindi)	:	3/12/2024
(g)	Taasir (Urdu)	:	3/12/2024
(h)	Qauami Patrika (Punjabi)	:	3/12/2024

- 1.23 Public Notice was also uploaded on the Commission's website www.derc.gov.in.
- 1.24 The Commission issued Public Notice in the following newspapers (*on dates mentioned alongside*), indicating the date and time of Public Hearing scheduled on 27/03/2025, for comments by stakeholders on the Tariff Petition filed by the Petitioner, latest by 27/03/2025 ;

(a)	Hindustan Times (English)	:	8/03/2025
(b)	The Times of India (English)	:	8/03/2025
(c)	Indian Express (English)	:	8/03/2025

(d)	Millennium Post (Hindi)	:	8/03/2025
(e)	Navbharat Times (Hindi)	:	8/03/2025
(f)	Punjab Kesari (Hindi)	:	8/03/2025
(g)	Taasir (Urdu)	:	8/03/2025
(h)	Qauami Patrika (Punjabi)	:	8/03/2025

1.25 Public Notice related to the process for the Public Hearing PH was also uploaded on Commission's website. The platform for VPH was as follows:

Dates	27/03/2025
Timings	11:30 AM onwards
Last date for registration	24/03/2025 at 05:00 PM
Platform	Google Meet
Email ID for Registration	dercpublichearing@gmail.com

LAYOUT OF THE ORDER

1.26 This Order is organised into Three (3) Chapters:

- a) **Chapter 1** provides details of the Tariff setting process and the approach of the Order.
- b) **Chapter 2** provides brief overview of the comments of various stakeholders, the Petitioner's response and Commission's views thereon.
- c) **Chapter 3** provides details/analysis of the True up of FY 2022-23 and impact of past period True up based on judgement of Hon'ble Supreme Court & Hon'ble APTEL, if any, Review Order of the Commission, if any, and its directives on the matter.

1.27 The Order contains the following Annexures, which are an integral part of the Tariff Order:

- a) **Annexure I** - Admission Order.
- b) **Annexure II** - List of stakeholders who submitted their comments on True-up of expenses for FY 2022-23.
- c) **Annexure III** – List of Stakeholders/consumers who attended the public hearing.

APPROACH OF THE ORDER

APPROACH FOR TRUE UP OF FY 2022-23

1.28 The Commission, in its Business Plan Regulations, 2019, has indicated that the Regulations shall remain in force for a period of three (3) years, as follows:

“1(2) These Regulations shall remain in force for a period of 3 (three) years i.e., for FY 2020-21, FY 2021-22 and FY 2022-23, unless reviewed earlier.”

1.29 The Commission in its Tariff Regulations, 2017, has specified that Regulations shall be deemed to have come into effect from 1st February, 2017, as follows:

“(4) These Regulations shall be deemed to have come into force from 1st February, 2017 and shall remain in force till amended or repealed by the Commission.”

1.30 Accordingly, the ARR for FY 2022-23 has been Trued up as per Tariff Regulations, 2017, and Business Plan Regulations, 2019.

CHAPTER 2: RESPONSE FROM THE STAKEHOLDERS, PETITIONER'S SUBMISSIONS AND COMMISSION'S VIEWS

- 2.1 In pursuance of the invitation of comments by the Commission from the stakeholders, the Comments were received from the stakeholders in respect of True-up Petition for FY 2022-23 as well as ARR Petition for FY 2024-25. However, as the Commission in this Order is only Truing-up for FY 2022-23, the comments related to the True-up Petition for the FY 2022-23 only have been dealt with in this Chapter.
- 2.2 Summary of Objections/ suggestions from stakeholders, the response of PRAGATI POWER CORPORATION LIMITED (PPCL) and Commission's view.

INTRODUCTION

- 2.3 Section 64(3) of the Electricity Act, 2003, stipulates that the Commission shall determine Tariff under Section 62 of the Electricity Act, 2003, for the Generating Company, after consideration of all suggestions received from the public and the response of the Generating Company to the objections/suggestions of stakeholders, and will issue a Tariff Order accepting the Petition with such modifications or such conditions as may be specified in the Order.
- 2.4 The Commission examined the issues, taking into consideration the comments/suggestions offered by various stakeholders in their written statements and the response of the Petitioner thereon.
- 2.5 The Commission endeavours to issue Tariff Orders as per the provisions of the Electricity Act, 2003.
- 2.6 The Commission decided to conduct the Public Hearing, for the issuance of the True-up Order of FY 2022-23 and communicated the same through Public Notice published in leading newspapers and uploaded the same on the Commission's website.
- 2.7 The Commission, vide its Public Notice dated 8/03/2025 scheduled Public Hearing on True-up Petition of FY 2022-23 on 27/03/2025 to take a final view on various issues concerning the principles and guidelines for Tariff Determination.

- 2.8 Accordingly, all stakeholders were given additional time-period upto 27/03/2025 to submit comments/suggestions on additional information filed by the utilities.
- 2.9 The comments/suggestions of various stakeholders, the replies/responses by the Petitioner and the views of the Commission are summarized under various subheads below.

ISSUE 1: AUXILIARY POWER CONSUMPTION (APC) AND STATION HEAT RATE (SHR)

STAKEHOLDERS' VIEW

- 2.10 PPCL has requested in its petition for True-up FY 22-23 to consider SHR on actual basis which is 1992 Kcal/kwh against the allowed value of 2000 Kcal/kwh in Combined Cycle (CC) as per Business Plan Regulations. Lower SHR achieved for FY 22-23 should be considered for True-up FY 22-23. Further, PPS-I has requested to consider SHR as 3094 Kcal/kwh in Open Cycle for FY 22-23 against Normative SHR 2900 Kcal/kwh in Open Cycle. PPCL needs to achieve Normative parameters specified by the Hon'ble Commission & no relaxation on account of SHR shall be allowed. Hence, SHR as claimed by PPCL should be rejected.
- 2.11 PPCL has requested in its petition for True-up FY 22-23 to consider APC of 3.01% (CC). PPCL needs to achieve Normative Parameters specified by the Commission in its Business Plan Regulations & no relaxation on account of APC be allowed.

PETITIONER'S SUBMISSION

- 2.12 Regarding the SHR, the Commission allowed the operating parameters @ NAPLF of 85%. However, the PLF of the station during FY 2022-23 was only 29.59%. It is pertinent to note that the normative heat rate is achieved only when the scheduled generation of the plant is at the normative NAPLF i.e. 85% or in the cases of continuous running of the full module without frequent starts/stops and backing down.
- 2.13 At 85% PLF, the station can generate 2457.180 MUs. However, the PPS-I station generated only 855.426 MUs during FY 2022-23. The NAPLF was only 29.59%. Thus,

it is clear that the station was operating at part load in FY 2022-23 resulting in a higher Station Heat Rate. Therefore, the Commission is requested to allow the Heat Rate as per actual as the deviation is due to less scheduling resulting in part load operation.

2.14 The CEA has also recognized that the heat rate and other performance parameters of a Thermal Power Station depend on a number of factors, which can be broadly classified as under:

- Technology and equipment
- Ambient Conditions
- Fuel Quality
- Plant operation and maintenance practices.
- Unit Sizes

2.15 As per clause (f) of the National Tariff Policy, 2005, relaxed norms are to be provided for below par old stations. The relevant extracts of the policy is reproduced as under

“In case where operations have been much below the norms for many previous years, the SERC’s may fix relaxed norms suitably and draw a transition path over the time for achieving the norms notified by the Central Commission.”

2.16 Further, the CERC in its tariff regulations for FY 2019-24 has fixed a Heat Rate of 2050 kCal/kWh in combined cycle mode and 3010 kCal/kWh in open cycle mode for similar Kawas GPS gas based station of NTPC, which consists of a similar class of gas turbines as PPS-I.

2.17 In view of above, Commission is requested to relax the operational norms for the PPS-I station during FY 2022-23.

2.18 Auxiliary Consumption refers to the energy used by the plant’s own equipment and systems (such as pumps, fans, and control systems) to operate. It is usually expressed as a percentage of the total energy generated.

2.19 The target norm of 2.75% for Auxiliary Consumption has not been fixed for any Gas based plant in the Country in combined cycle mode. As per the CERC norms, the Auxiliary Consumption allowed for gas-based plant is 2.75%. In FY 2022-23, the

actual Auxiliary Consumption of the station was 3.00% (approx.).

- 2.20 It is a basic concept that when a plant operates at part load, the efficiency of the auxiliary systems decreases, leading to higher Auxiliary Consumption because the equipment may still be consuming energy designed for full-load operations.
- 2.21 Since the plant was operating at part load, it is clear that the actual Auxiliary Consumption will likely be higher than the target norm of 2.75%. The Commission is being requested to approve the Auxiliary Consumption based on the actual consumption rather than the fixed target.
- 2.22 In view of above, the Commission is requested to relax the norms for APC.

COMMISSION'S VIEW

- 2.23 The Commission has considered the Auxiliary Power Consumption and Station Heat Rate as approved in the Business Plan Regulations, 2019, for the respective periods.

ISSUE 2: O&M EXPENSES

STAKEHOLDERS' VIEW

- 2.24 O&M expenses claimed by PPCL is much higher than the normative O&M approved as per Business Plan Regulations which are Rs. 24.82 lacs per MW for FY 22-23 allowed for the PPS-I plants & the same should only be considered and any amount above the normative O&M should not be allowed. The PPS-I claimed special allowance in form of cost for the DLN burner and STP. Normative O&M is already on higher side and all the related cost should be covered under normative O&M and no special allowance to be allowed.

PETITIONER'S SUBMISSION

- 2.25 As per the DERC BPR, 2019, the Commission makes a provision that the Additional Repair & Maintenance expenses on account of Dry Low NOx (DLN) burners and Sewage Treatment Plant (STP), if any, shall be allowed on actual basis during the

Control Period after a prudence check at the time of True Up submission of documentary evidence. The Petitioner has submitted that they have sent all the relevant details i.e. purchase order, invoices along with auditor certificate to the Hon'ble Commission for expenditure on account of the DLN burner and STP. The Commission is requested to allow the expenditure on account of DLN burner and STP in FY 2022-23 as the expenditure on these heads was incurred in the FY 2022-23.

COMMISSION'S VIEW

- 2.26 The Commission has considered the provisions of Tariff Regulations, 2017 along-with Business Plan Regulations, 2019 while considering the O&M and R&M Expenses for the Petitioner for the respective period.

ISSUE 3: ENERGY CHARGE RATE (ECR) & FUEL COST

STAKEHOLDERS' VIEW

- 2.27 PPS-I is claiming total RLNG gas as 179.59 MMSCM and total cost of fuel as Rs. 1326.88 Cr. for the True-up FY 22-23. Further, while calculating the requirement of working capital, PPS-I has considered fuel expenses for 1 month as Rs. 318.88 Cr. and fuel cost for the year as Rs. 3826.60 Cr. It is submitted that the data submitted by PPS-I is contradictory and needs to be re-verified with all the supporting documents.
- 2.28 PPS-I has procured fuel from expensive sources of fuel like R-LNG, Spot-R-LNG throughout the period. PPS-I failed to show any efforts to procure APM gas or cheaper gas. PPS-I needs to relook at their procurement strategy and manage the ECR in competitive manner.

PETITIONER'S SUBMISSION

- 2.29 PPCL have submitted the actual fuel cost as Rs 1326.88 Crs incurred during the FY 2022-23. The details have already provided to beneficiaries along with energy bills and also published on the web page of the petitioner as per Form-15.

2.30 While calculating the working capital, PPCL considered fuel expenses for the year as Rs 3826.60 Crs on normative generation, in this regard it is submitted that it cannot be predicted that the plant will run either at lower PLF or at Normative PLF. For the purpose of computation of working capital requirement, the regulation 107 of DERC Tariff Regulations, 2017 states as under: -

“The landed fuel cost of primary fuel and secondary fuel for tariff determination shall be based on actual weighted moving average cost of respective fuel before the start of the tariff period for existing and new generating stations.”

2.31 Therefore, Petitioner has computed the working capital in terms of above said regulation.

2.32 Further, the DISCOMs including TPDDL are aware of existing contract of Gas, its quantum of availability and government orders from time to time. The supply of cheaper domestic gas though contracted, to meet out the full requirement of the station of the petitioner company has reduced due to prioritization of allocation of domestic gas to other sectors and placing gas-based station at low priority. Further, w.e.f 16.06.2021 due to Tauktae cyclone at Gujarat port on reduction of compressing capacity, as per directive of Ministry of Petroleum & Natural Gas, GOI, GAIL has applied 100% cut in supply of domestic gas to Delhi Power Generating Stations.

2.33 In order to ensure continued generation and minimize cost impact, the plant is being operated on long-term RLNG, which is more economical than spot RLNG.

COMMISSION'S VIEW

2.34 ECR is determined in the Tariff Order based on the prices of fuel during the applicable period as per the provisions of Tariff Regulations, 2017 along with Business Plan Regulations, 2019 for the respective period. The Commission has appropriately considered the prices of the fuel in the relevant section of this Order.

ISSUE 4: WORKING CAPITAL**STAKEHOLDERS' VIEW**

2.35 It is pertinent to mention that on account of vague data submitted by PPS-I, interest on working capital and further total AFC needs to be revised as per actual figures for FY 22- 23.

PETITIONER'S SUBMISSION

2.36 It is submitted that as per the Regulation 84 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, the requirement of working capital for generating stations is to be determined on a normative basis, not on the basis of actual past data.

2.37 Regulation 84 (2) of DERC Tariff Regulations, 2017 states as under:

(2) Open-cycle Gas Turbine/Combined Cycle thermal generating stations as follows :

(a) Fuel Cost for 30 days corresponding to the Normative Annual Plant Availability Factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel;

(b) Liquid fuel stock for 15 days corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel, cost of main liquid fuel duly taking into account mode of operation of the generating stations of gas fuel and liquid fuel;

(c) Maintenance spares @ 30% of Operation and Maintenance expenses specified in this Regulation;

(d) Receivables equivalent to two months of capacity charge and energy charge for sale of electricity calculated on normative plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel; and

(e) Operation and maintenance expenses for one month”

2.38 In view of above, the request for revision of working capital (and related interest or AFC) based on “actuals” for FY 2022-23 should be rejected, and normative computations as per Regulation 84 should be applied instead.

COMMISSION'S VIEW

2.39 The Commission has determined the Working Capital for the Petitioner in line with the provisions of Tariff Regulations, 2017 along with Business Plan Regulations, 2019.

CHAPTER-3: TRUE UP OF FY 2022-23**INTRODUCTION**

3.1 Regulation 9 & 10 of the Tariff Regulations, 2017, specifies the following:

“9. The Commission shall issue Annual Tariff Order for each year of the Control Period based on the principles laid down in these Regulations read with Business Plan Regulations for the respective Control Period notified by the Commission.

10. The Commission shall true up various components of the ARR of the Generating Entity and Transmission Licensee at the end of the Financial Year as detailed out in these Regulations.”

3.2 Regulation 62 of the Tariff Regulations, 2017, specifies the following:

“62. In case of the existing projects/scheme, the Generating Entity or Transmission Licensee, as the case may be, shall be allowed tariff by the Commission based on the admitted capital cost as on 1st April of the relevant year and projected additional capital expenditure for the respective years of the Control Period in accordance with the Regulation: Provided that:

(i) The Generating Entity or Transmission Licensee, as the case may be, shall continue to bill the beneficiaries at the existing tariff approved by the Commission for the period starting from 1st April of new Control Period till approval of tariff by the Commission for new Control Period in accordance with these Regulations;

(ii) where the capital cost considered in tariff by the Commission on the basis of projected capital cost as on COD or the projected additional capital expenditure submitted by the Generating Entity or Transmission Licensee, as the case may be, exceeds the actual capital cost incurred on year to year basis by more than 5%, the Generating Entity or Transmission Licensee, as the case may be, shall refund to the beneficiaries/consumers, the excess tariff recovered corresponding to excess capital cost, as approved by the Commission along

with interest at 1.20 times of the bank rate as prevalent on April 1 of respective year;

(iii) The Generating Entity or Transmission Licensee, as the case may be, shall file a true up Petition to the Commission, along with all supporting documents for consideration of any upward revision in the tariff, where the capital cost considered in tariff by the Commission on the basis of projected capital cost as on COD or the projected additional capital expenditure falls short of the actual capital cost incurred on year to year basis by more than 5%. The Generating Entity or Transmission Licensee, as the case may be, shall be entitled to recover from the beneficiaries for the shortfall in tariff corresponding to addition in capital cost, as approved by the Commission along with interest at 0.80 times of bank rate as prevalent on 1st April of respective year.”

3.3 Regulation 146 of the Tariff Regulations, 2017, specifies the following:

“146. The Commission shall carry out truing up of tariff based on the performance for generating stations and taking into account of the following Uncontrollable parameters:

- i) Force Majeure;*
- ii) Change in Law;*
- iii) Re-financing of Loan; and*
- iv) Primary Fuel Cost.”*

3.4 Therefore, in accordance with the Tariff Regulations, 2017 and the Business Plan Regulations, 2019, the Commission Trued-up the expenses for the Petitioner for FY 2022-23.

TRUE UP FOR FY 2022-23

3.5 The Petitioner vide its emails dated 18/02/2025 & 13/06/2025 has submitted the Audited Books of Accounts and Cost Audit Report for FY 2022-23 of PPS-I respectively. Accordingly, the Commission has considered Audited Books of Accounts and Cost Audit Report of the Petitioner for True-up of FY 2022-23.

NORMS OF OPERATION**PLANT AVAILABILITY****PETITIONER'S SUBMISSION**

3.6 The Petitioner has submitted that the Commission has fixed the norm of 85% availability factor for full fixed cost recovery. However, the station availability during FY 2022-23 is 91.06%. Petitioner has making its best effort to make the plant available for generation of power on its full capacity. Therefore, Petitioner has an agreement with GAIL for supply of 0.20 MMSCMD RLNG gas to PPS-I in May 2009 for 20 years, subject to Take or Pay clause and also Petitioner has time to time signed the GSPN for SPOT Gas in case of shortage of gas.

3.7 The Petitioner has requested the Commission to allow the availability for FY 2022-23 is as follows:

Table 3. 1: Petitioner Submission - Plant Availability for FY 2022-23

Sr. No.	Particulars	UoM	FY 2022-23
1	Plant Availability	%	85

COMMISSION ANALYSIS

3.8 The Commission in its Business Plan Regulations, 2019, has approved the availability of 85% for PPS-I Station for FY 2020-21 to FY 2022-23 as follows:

"8. NORMS OF OPERATION FOR GENERATING STATIONS:

(1) Normative Annual Plant Availability Factor and Normative Annual Plant Load Factor for existing generating stations of Delhi shall be as follows:

I. Normative Annual Plant Availability Factor (NAPAF): 85%

II. Normative Annual Plant Load Factor (NAPLF): 85%

3.9 Further, the Petitioner vide its email dated 30/06/2025 has provided the SLDC Certificate for Plant Availability Factor for True-up of PPS-I for FY 2022-23 and the Commission has considered the same for the purpose of True-up of Plant Availability Factor for FY 2022-23 as follows:

Table 3. 2 Commission Approved - Plant Availability for FY 2022-23

Sr. No.	Station	UoM	FY 2022-23	
			Actual as submitted by Petitioner	Approved as per Norms
1	PPS-I	%	91.06%	85%

STATION HEAT RATE (SHR)**PETITIONER SUBMISSION**

- 3.10 The Petitioner has submitted that the Commission has allowed the Station Heat Rate of 2000 kCal/kWh in combined cycle mode and 2900 kCal/kWh in open cycle mode in DERC Business Plan Regulations, 2019 for FY 2022-23. The station has been barely able to achieve the target of heat rate in combined cycle mode during FY 2022-23. The heat rate in open cycle mode could not be achieved. The Petitioner has further submitted that the Heat Rate achieved by the station is on higher side as compared to the target norms set by the Commission. The deterioration in Heat Rate is due to frequent start/stops and part load operation of the units. Hence, the Petitioner has requested the Commission to relax the norms of SHR and allow the Heat Rate on actual basis for FY 2022-23.
- 3.11 Further, the Petitioner has submitted that from the past record it has been observed that there has been substantial gap between Availability and PLF of the station which has adversely affected the heat rate of the station. The Central Electricity Regulatory Commission in its latest the Tariff Regulations for FY 2019-24 has fixed a Heat rate of 2050 kCal/kWh in combined cycle mode and 3010 kCal/kWh in open cycle mode for similar Kawas GPS gas based station of NTPC which consists of similar class of gas turbines as of PPS-I. Therefore, PPCL has requested the Commission to relax the norms of SHR and allow the heat rate for FY 2022-23 as shown under:

Table 3. 3: Petitioner Submission - Station Heat Rate (kCal/kWh)

Particulars	UoM	FY 2022-23
Station Heat Rate (CC)	(kCal/kWh)	2,000
Station Heat Rate (OC)	(kCal/kWh)	3,094

COMMISSION ANALYSIS

- 3.12 The Commission has specified the Station Heat Rate (SHR) for existing generating stations of Delhi in Business Plan Regulations, 2019 and relevant extract is as follows:

“8. NORMS OF OPERATION FOR GENERATING STATIONS:

...

...

(2) GROSS STATION HEAT RATE (GHR)

Gross Station Heat Rate for existing generating stations of Delhi shall be as follows:

Gross Station Heat Rate (GHR)

Sr. No	Generating Station	Combined Cycle	Open Cycle
		(kCal/ kWh)	
1	Gas Turbine Power Station (GTPS)	2450	3125
2	Pragati Power Station I (PPS-I)	2000	2900

.....”

- 3.13 The Commission approves the normative Gross Station Heat Rate for PPS-I Station for True-up of FY 2022-23 as per the approved norms in Business Plan Regulations, 2019 as follows:

Table 3. 4: Commission Approved – Gross Station Heat Rate

Sr. No	Station	Mode of Operation	UoM	FY 2022-23	
				Actual as submitted by Petitioner	Approved as per Business Plan Regulations, 2019
1	PPS-I	Combined Cycle	kCal/kWh	2000	2000
2		Open Cycle	kCal/kWh	3094	2900

AUXILIARY POWER CONSUMPTION (APC)

PETITIONER’S SUBMISSION

- 3.14 The Petitioner has submitted that the Plant has to maintain its auxiliary whether it is running on half capacity or full capacity. However, the actual APC achieved by the station for the period FY 2022-23 is on higher side in comparison to Normative APC of 2.75% approved in BPR, 2019 due to partial operation of the units and non-scheduling of plants up to available generation. Actual Auxiliary Power Consumption (APC) achieved for PPS-I during FY 2022-23 as submitted by the Petitioner is as under:

Table 3. 5: Petitioner Submission - Auxiliary Power Consumption

Sr. No.	Particulars	UoM	FY 2022-23
1	Auxiliary Consumption (CC)	%	3.01
2	Auxiliary Consumption (OC)	%	1

COMMISSION ANALYSIS

3.15 The Commission has specified the Auxiliary Energy Consumption for existing generating stations of Delhi in Business Plan Regulations, 2019 as follows:

“8. NORMS OF OPERATION FOR GENERATING STATIONS:

...

...

(3) AUXILIARY ENERGY CONSUMPTION

Auxiliary Energy Consumption for existing Gas based Generating Stations of Delhi shall be as follows:

Auxiliary Energy Consumption (%)

S.No	Mode of operation	Percentage
1	Combined Cycle	2.75%
2	Open Cycle	1.00%

3.16 The Commission approves the Auxiliary Power Consumption for PPS-I Station for True-up of FY 2022-23 as per the approved norms in Business Plan Regulations, 2019 as follows:

Table 3. 6: Commission Approved - Auxiliary Power Consumption

Sr. No	Station	Mode of Operation	UoM	FY 2022-23	
				Actual as submitted by Petitioner	Approved as per Business Plan Regulations, 2019
1	PPS-I	Combined Cycle	%	3.01	2.75
2		Open Cycle	%	1.00	1.00

PLANT LOAD FACTOR (PLF)**PETITIONER'S SUBMISSION**

3.17 The Petitioner has submitted the Gross and Net Generation of PPS-I for FY 2022-23 on the basis of PLF and APC as under:

Table 3. 7: Petitioner Submission - Gross and Net Generation

Sr. No.	Description	UoM	FY 2022-23	Remarks
A	Plant Capacity	MW	330	
B	NAPLF	%	29.59	
C	No. of days	No.	365	
D	Gross Generation	MU	855.426	$C=A*B*C*24/1,00,000$
E	Aux. Consumption	%	2.99	Table 3-3
F	Aux. Consumption	MU	25.60	$E = C*D$
G	Net Generation	MU	829.827	$F = C - E$

COMMISSION ANALYSIS

3.18 The Petitioner has submitted the Plant Load Factor (PLF) of 29.59% for FY 2022-23 and accordingly, the Commission has considered the same for FY 2022-23 as follows:

Table 3. 8: Commissions Approved: Plant Load Factor for FY 2022-23

Year	UoM	PLF as per Regulation	Actual PLF
2022-23	%	85%	29.59

3.19 Accordingly, as per above discussion, the summary of Operational Norms of the Petitioner for FY 2022-23 are as follows:

Particulars	UoM	As per Business Plan Regulations, 2019	Actual as per Petitioner
Plant Availability	%	85	91.06
Gross Station Heat Rate – Combined Cycle	kCal/kWh	2000	2000
Gross Station Heat Rate – Open Cycle	kCal/kWh	2900	3094
Auxiliary Consumption – Combined Cycle	%	2.75	3.01
Auxiliary Consumption – Open Cycle	%	1.00	1.00

3.20 Regulation 148 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* states that:

“148. The financial gains to a generating company or the transmission licensee, as the case may be, on account of normative parameters shall be shared between generating company/transmission licensee and the beneficiaries on monthly basis with annual reconciliation.”

3.21 Regulation 149 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* states that:

“149. The financial gains in case of generating station or transmission licensee, as the case may be, on account of operational parameters shall be shared in the ratio as specified by the Commission in the Business Plan Regulations.”

3.22 Regulation 10 of *DERC (Business Plan) Regulations, 2019* states that:

“10. INCENTIVE SHARING MECHANISM WITH RESPECT TO OPERATIONAL PARAMETERS (1) The incentive sharing mechanism with respect to operational parameters in terms of Regulation 149 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 shall be applicable on controllable parameters viz. Gross Station Heat Rate (GHR) and Auxiliary Energy Consumption. (2) The Net Gain shall be calculated as under - Net Gain = (Normative ECR– Actual ECR) x Actual Generation Where, Normative Energy Charge rate shall be computed on the basis of norms specified for Station Heat rate and Auxiliary Energy Consumption, Actual Energy Charge rate shall be computed on the basis of actual Station Heat rate and Auxiliary Energy Consumption.

(3) The Net Gain shall be computed as above on annual basis and shall be shared in 50:50 ratio between the Generating Entity and the beneficiaries.”

3.23 Accordingly, the financial gains, if any, on account of normative and operational parameters as stipulated in Regulation 148 and 149 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* shall be shared with the beneficiaries taking into cognizance of Regulation 10 of *DERC (Business Plan) Regulations, 2019*. However, any financial loss consequent upon not meeting the Target Technical parameters shall be borne by the Petitioner.

ENERGY CHARGES FOR PPS-I

FUEL CONSUMPTION

PETITIONER’S SUBMISSION

3.24 The Petitioner has submitted that Pragati Power Station-I has a long-term existing

agreement with Gas Authority of India Limited (GAIL) for supply of Gas. Earlier, PPS-I was having contracted quantity of 1.75 MMSCMD of APM Gas. This gas was sufficient to run both the Gas Turbines on base load. However, w.e.f 16-06-2021, there is 100% cut to Domestic Gas supply to all the Gas based Power Plants in India including PPS-I on direction of MOP&NG due to Tauktae Cyclone in Gujarat. Further, PPCL had an agreement signed with GAIL for supply of 0.2 MMSCM of R-LNG gas on take and pay basis. To meet the short fall in gas supply, the Petitioner has time to time signed the GSPN for SPOT Gas. Therefore, until domestic gas becomes available to PPS-I plant, the station will use imported gas to generate power.

3.25 Further, the Petitioner has requested the Commission to take the note of the above and direct Delhi SLDC to run the PPS-I station to consume atleast 90% of contracted RLNG gas so as to avoid Take or Pay Liability on DISCOMs.

3.26 Based upon the allocation, the consumption of R-LNG and SPOT gas for FY 2022-23 is shown as under:

Table 3. 9: Petitioner Submission - Total Gas Consumption

Particulars	Unit	FY 2022-23
R-LNG Gas	SCM	116926.11
SPOT Gas	SCM	62662.01
Total Gas	SCM	179588.12

Table 3. 10: Petitioner Submission - Energy Charge Rate and Fuel Cost

Particulars	Unit	FY 2022-23
Total Gas Consumption	MMSCM	179.59
Avg. Landed price of fuel	Rs./SCM	73.884
Weighted Average GCV	kCal/SCM	9488.696
Total Gas Cost	Rs. Crore	1326.88
Net Generation	MU	829.827
Variable Cost-CC	Rs./kWh	15.990

COMMISSION ANALYSIS

3.27 The Commission in its Business Plan Regulations, 2019, has specified the norms of operation for generating stations for FY 2020-21 to FY 2022-23. The norms of operation as applicable as per Business Plan Regulations, 2019 determine the Fuel

Cost and Energy Charge Rate.

- 3.28 As the Commission had not issued any ARR for FY 2022-23 and billing for the period was done on the basis of Annual Fixed Charges available for FY 2021-22, the Commission has considered Fuel Cost for FY 2022-23 is as follows:

Table 3. 11: Commission Approved - Energy Charge Rate and Fuel Cost

Sr. No.	Particulars	UoM	Petitioner Submission	Approved Value
1	Net Generation	MU	829.827	829.827
2	ECR	Rs./kWh	15.990	15.990
3	Fuel Cost	Rs. Cr.	1326.88	1326.88

FIXED COST

OPERATION & MAINTENANCE (O&M) EXPENSES

PETITIONER'S SUBMISSION

- 3.29 The Petitioner has submitted that the Commission has specified Normative Operation and Maintenance expenses in Business Plan Regulations, 2019 as per the table below for plant PPS-I:

Table 3. 12: Petitioner Submission - O&M Expenses

Year	2020-21 (Rs. Lakh/MW)	2021-22 (Rs. Cr.)	2022-23 (Rs. Cr.)
PPS-I	23.02	23.90	24.82

- 3.30 Further, the Commission in Business Plan Regulations, 2019, allowed the additional Repair & Maintenance expenses on account of Dry Low NOx (DLN) burners and Sewage Treatment Plant (STP) on actual basis during the Control Period after Prudence Check at the time of True-up on submission of Documentary Evidence.
- 3.31 Accordingly, PPS-I has incurred the expenditure of Rs. 0.20 Cr. and Rs. 3.84 Cr towards DLN burner and STP respectively during FY 2022-23. The Commission is therefore, requested to allow expenditure on account of DLN burner & STP as additional R&M in addition in normative O&M for FY 2022-23 in line with provisions of Business Plan Regulations, 2019.
- 3.32 Accordingly, the O&M expenses for FY 2022-23 is as under:

Table 3. 13: Petitioner Submission - O&M Expenses

Sr. No.	Particulars	UoM	FY 2022-23
A	Base O&M expenses	Rs. Cr.	81.91
B	DLN Burner for the period	Rs. Cr.	0.20
C	STP	Rs. Cr.	3.84
D	Total O&M Expenses	Rs. Cr.	85.95

COMMISSION ANALYSIS

3.33 The Commission has specified the normative Operation and Maintenance Expenses for existing generating stations in Business Plan Regulations, 2019 as follows:

“6. OPERATION AND MAINTENANCE EXPENSES

(1) Normative Operation and Maintenance expenses in terms of Regulation 4(3) and Regulation 92 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the Generating Entity shall be as follows:

O&M Expenses (Rs. Lakh/ MW)

Station	2021-22	2021-22	2022-23
Gas Turbine Power Station (GTPS)	29.45	30.58	31.75
Pragati Power Station (PPS-I)	23.02	23.90	24.82

(2) Additional Repair & Maintenance expenses on account of Dry Low NOx (DLN) burners and Sewage Treatment Plant (STP), if any, shall be allowed on actual basis during the Control Period after prudence check at the time of True Up on submission of documentary evidence.

(3) The impact of difference of amount on account of actual implementation of Seventh Pay Revision and Interim Relief already considered for determination of norms for O&M Expenses, if any, shall be allowed separately in line with the methodology adopted for computation of norms for O&M Expenses, at the time of True up of ARR for relevant Financial year subject to prudence check.”

3.34 The normative O&M expenses for FY 2022-23 as per Business Plan Regulations, 2019 works out to be Rs. 81.91 Cr. by multiplying the norm of Rs. 24.82 Lakh/MW with

- installed capacity of 330 MW of the plant and the same is approved by the Commission.
- 3.35 During the prudence check, the Commission vide its email dated 10/10/2024 sought the details of the Audited Book of Accounts 2022-23, additional O&M expenses for FY 2022-23, Auditor's Certification for Seventh Pay Commission, Capitalization, De-capitalization and Depreciation Rate.
- 3.36 It is observed from the Petition that the DLN burner Expenses was claimed as Rs. 0.20 Cr. and STP expense as Rs. 3.84 Cr. Further, the Petitioner vide letter no. PPCL/Comml./F.12/2024-25/152 dated 14/11/2024 has submitted that the actual amount paid w.r.t. DLN and STP for FY 2022-23 is Rs. 0.20 Cr. and Rs. 4.11 Cr. in which Energy Charges of Rs. 1.13 Cr. was included in the STP Expenses. As per Regulation 6(2) of Business Plan Regulations, 2019 "Additional Repair & Maintenance expenses on account of Dry Low NOx (DLN) burners and Sewage Treatment Plant (STP), if any, shall be allowed on actual basis during the Control Period after prudence check at the time of True Up on submission of documentary evidence." Accordingly, only Repair & Maintenance Expenses on account of STP are allowed as Additional O&M Expenses. Since, the Energy Charges of STP are the part of Energy consumed for supply of power to housing colony and other facilities, therefore, the Commission has disallowed the amount of Rs. 1.13 Cr. Accordingly, the Commission has allowed an amount of Rs. 0.20 Cr. & Rs. 2.98 Cr. (*Rs. 4.11 Cr. – Rs. 1.13 Cr.*) w.r.t. DLN & STP Expenses respectively after deducting the Energy Charges as per the documents/letters submitted by the Petitioner.
- 3.37 The Petitioner vide its letter no. PPCL/Comml./F.12/2024-25/152 dated 14/11/2024 has not submitted any details w.r.t. implementation of 7th Pay revision. Therefore, the Commission has not considered any amount under the head of 7th Pay revision.
- 3.38 Accordingly, the Commission approves the O&M Expenses for PPS-I for FY 2022-23 as follows:

Table 3. 14: Commission Approved - O&M Expenses for FY 2022-23

Sr. No.	Particulars	UoM	FY 2022-23
			Amount
A	Base O&M Expenses as per BPR, 2019	Rs. Cr.	81.91
B	Diff. of amount on account of actual implementation of 7 th Pay Revision	Rs. Cr.	-
C	DLN Burner Expenses	Rs. Cr.	0.20
D	STP Expenses	Rs. Cr.	2.98
E	Total	Rs. Cr.	85.09

CAPITAL EXPENDITURE**PETITIONER'S SUBMISSION**

3.39 The Petitioner has submitted that the Commission has approved the opening Gross Fixed Asset of Rs. 1,054.87 Cr. for FY 2021-22 in DERC Tariff Order dated 30/09/2021. The Petitioner has made capitalization of Rs. 2.48 Cr during FY 2021-22 which has been submitted in true-up Petition before the Commission. Accordingly, Petitioner has considered the closing GFA of Rs. 1057.35 Cr. for FY 2021-22.

3.40 The Petitioner has stated that the Commission in its Business Plan regulation, 2019 has allowed the Capital expenditure for the control period FY 20-21 to FY 22-23 as under:

"7. CAPITAL INVESTMENT PLAN

(1) The tentative Capital Investment plan for the Generation Entity for FY 2021-22 to FY 2022- 23 is as follows:

Table

Sr. No.	Description	2020-21	2021-22	2022-23
1.	Gas Turbine Power Station (GTPS)	17.33	16.10	-
2.	Pragati Power Station (PPS-I)	2.82	51.81	-

3.41 The Petitioner has submitted that the Commission has approved the CAPEX schemes of Rs. 51.81 Cr. during FY 2021-22. However, the Petitioner has incurred an expenditure of Rs. 2.48 Cr towards Capex in FY 2021-22, the details of which has been submitted vide Petition no. 74 of 2022. Out of total CAPEX amounting to Rs. 51.81 Cr., some of the schemes have been spilled over to FY 2022-23 for execution after approval from the Board. The details of the Schemes implemented during FY 2022-

23 are shown as under:

Sr. No.	Item/ Scheme	Amount claimed inclusive of tax for FY 2022-23 (Rs. In Cr)	Purchase order No.	Remarks
1.	Procurement of LP rotor free standing blades (7 th and 8 th row) for 122 MW steam turbine and Minor overhauling including replacement of blades	14.40	4010005257 & 4020005240	The work has been completed in FY 2022-23
Total		14.40		

3.42 In addition to above, the station has made the capitalization of Rs. 4.20 Cr towards Capital Spare during FY 2022-23. Petitioner has considered this amount in the additional capitalization for FY 2022-23.

3.43 Further, out of capitalization of assets for Rs. 0.72 Cr for Head Quarter, Rs. 0.14 Cr has been allocated to PPS-I as its share. Therefore, the Commission is requested to approve the total capitalization of Rs. 18.74 Cr during FY 2022-23. Also an amount of Rs. 4.59 Cr. has been de-capitalized for the period FY 2022-23.

3.44 Accordingly, the details of the Gross Fixed Assets of PPS-I for FY 2022-23 is calculated as under:

Table 3. 15: Petitioner Submission - Capital Expenditure

Sr. No.	Particulars	Unit	FY 2021-22
A	Opening GFA	Rs. Cr.	1,057.35
B	Addition	Rs. Cr.	18.74
C	Deletion	Rs. Cr.	4.59
D	Closing GFA	Rs. Cr.	1,071.50
E	Average GFA	Rs. Cr.	1,064.42

COMMISSION ANALYSIS

3.45 The Commission has considered the Opening GFA as on 1/04/2022 amounting to

Rs. 1015.71 Cr. (as per True-up Order dated 25/10/2025) based on the True-up of FY 2021-22.

- 3.46 The Petitioner in its Petition has submitted the Capitalization of assets for FY 2022-23 as Rs. 14.40 Cr. In addition to that, the station has made the capitalization of Rs 4.20 Cr. towards capital spares. Further, out of capitalization of assets for Rs. 0.72 for Head Quarters, Rs 0.14 Cr. has been allocated to PPS-I as its share. During the prudence check, the Petitioner, vide letter no. PPCL/Comml./F.12/2024-25/152 dated 14/11/2024, submitted that the actual capitalization for FY 2022-23 is Rs. 13.29 Cr. (inclusive of taxes). Additionally, an amount of Rs. 4.20 Cr. has been capitalized towards capital spares. Out of the capitalization of assets amounting to Rs. 0.72 Cr. for the Head Quarters, Rs. 0.14 Cr. has been allocated to PPS-I as its share (= Rs. 0.72 * 330 / 1701.2) which includes computers and office equipment. Therefore, the Commission has considered the actual capitalization of Rs. 13.29 Cr. for FY 2022-23 and Rs. 4.20 Cr. towards capital spares and Rs. 0.14 Cr. under the head of A&G expenses (Base O&M Expenses) as it includes office equipment and desktops.
- 3.47 Accordingly, the GFA approved by the Commission for FY 2022-23 is as follows:

Table 3. 16: Commission Approved - Capital Expenditure

Sr. No.	Particulars	UoM	FY 2022-23	
			Petitioner Submission	Commission Approved
A	Opening GFA	Rs. Cr.	1057.35	1015.71*
B	Addition	Rs. Cr.	18.74	13.29
C	Deletion	Rs. Cr.	4.59	4.59
D	Closing GFA	Rs. Cr.	1071.50	1024.41
E	Average GFA	Rs. Cr.	1064.42	1020.06

*As per True-up Order dated 25/10/2025

DEPRECIATION

PETITIONER'S SUBMISSION

- 3.48 The Petitioner has submitted that since the cumulative depreciation has reached 70% of the total depreciation, the Petitioner has spread the remaining depreciable value over the remaining life of the asset, in accordance with the DERC Tariff Regulations, 2017. The Commission has approved the closing accumulated

depreciation of Rs. 864.24 Cr for FY 2021-22 in DERC tariff order dated 30/09/2021. However, Petitioner vide Petition No. 74 of 2022 submitted the true-up Petition for FY 2021-22 and determined the closing accumulated depreciation of Rs. 864.40 Cr. for FY 2021-22. Accordingly, the Petitioner has calculated the depreciation for FY 2022-23 as below:

Table 3. 17: Petitioner Submission - Depreciation

Sr. No.	Particulars	Unit	FY 2022-23
A	Average GFA	Rs. in Cr	1,064.42
B	Opening Accumulated Depreciation	Rs. in Cr	864.40
C	Balance Depreciation	Rs. in Cr	93.58
D	Balance Useful Life	Years	6
E	Current Year Depreciation	Rs. in Cr	15.60
F	Depreciation on account of retired assets	Rs. in Cr	3.87
G	Closing Accumulated Depreciation	Rs. in Cr	876.13
H	Average Accumulated Depreciation	Rs. in Cr	870.26
I	Average Net Fixed Asset	Rs. in Cr	194.16

COMMISSION ANALYSIS

- 3.49 The Commission has approved the Accumulated Depreciation of Rs. 859.28 Cr. at the closing of FY 2021-22 in the True-up Order dated 25/10/2025. It is observed that PPS-I Station was commissioned in FY 2002-03 and shall complete its useful life by year 2027-28.
- 3.50 The Commission vide its email dated 7/05/2025 sought details related to accumulated depreciation against the de-capitalized assets during FY 2022-23. The Petitioner vide its email dated 13/06/2025 submitted that the accumulated depreciation against the decapitalized amount is Rs. 3.87 Cr. Accordingly, the Commission has considered an amount of Rs. 3.87 Cr. towards adjustment of Depreciation for FY 2022-23.
- 3.51 The Commission has spread the remaining depreciable value over the remaining life of the asset and has computed depreciation for FY 2022-23.
- 3.52 Accordingly, the Depreciation approved by the Commission for true up for FY 2022-23 is as follows:

Table 3. 18: Commission Approved - Depreciation

Sr. No.	Particulars	Unit	FY 2022-23	
			Petitioner Submission	Commission Approved
A	Average GFA	Rs. Cr.	1064.42	1020.06
B	Opening Accumulated Depreciation	Rs. Cr.	864.40	859.28*
C	Adjustment of De-capitalization	Rs. Cr.	3.87	3.87
D	Balance Depreciation [90% of A- (B+C)]	Rs. Cr.	93.58	54.90
E	Balance Useful Life	Years	6	6
F	Current Year Depreciation	Rs. Cr.	15.60	9.15
G	Closing Accumulated Depreciation	Rs. Cr.	876.13	868.43
H	Average Accumulated Depreciation	Rs. Cr.	870.26	863.86
I	Average Net Fixed Asset	Rs. Cr.	194.16	156.20

*As per True-up Order dated 25/10/2025

WORKING CAPITAL

PETITIONER'S SUBMISSION

3.53 The Petitioner has calculated the Interest on Working Capital as per DERC Tariff Regulations, 2017 which reads as under:

“(2) Open-cycle Gas Turbine/Combined Cycle thermal generating stations as follows:

(a) Fuel Cost for 30 days corresponding to the NAPAF duly taking into account mode of operation of the generating station on gas fuel and liquid fuel;

(b) Liquid fuel stock for 15 days

(c) Maintenance spares @ 30% of Operation and Maintenance expenses specified in this Regulation;

(d) Receivables equivalent to two months of capacity charge and energy charge for sale of electricity calculated on normative plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel; and

(e) Operation and maintenance expenses for one month.”

3.54 Since the Commission has not approved the working capital for FY 2022-23, the Petitioner has calculated the same at normative parameters by considering the weighted average landed price of gas of 73.884 Rs./SCM and weighted average GCV

of 9488.696 kCal/SCM.

- 3.55 Accordingly, the working capital arrived for FY 2022-23 which the Petitioner has requested the Commission to consider is shown as under:

Table 3. 19: Petitioner Submission - Requirement of Working Capital

Sr. No.	Particulars	Unit	FY 2021-22	Remarks
A	Fuel expenses for 1 month	Rs. Cr.	318.88	
B	Maintenance spares @ 30% of O&M	Rs. Cr.	25.78	
C	O&M expenses for 1 month	Rs. Cr.	7.16	
D	Annual Fixed Cost for the year	Rs. Cr.	216.84	
E	Fuel Cost for the year	Rs. Cr.	3826.60	
F	Receivables equivalent to 2 months of capacity and energy charge	Rs. Cr.	673.91	
G	Total Working Capital	Rs. Cr.	1025.74	H=A+B+C+D+G

COMMISSION ANALYSIS

- 3.56 The Commission in Tariff Order dated 30/09/2021 for FY 2021-22 has determined the Working Capital of PPS-I Station based on the provisions of DERC Tariff Regulations, 2017.
- 3.57 As the Commission had not issued any ARR for FY 2022-23 and billing for the period was done on the basis of Annual Fixed Charges available for FY 2021-22.
- 3.58 Further, it is observed that the Petitioner has actually spent Rs. 1326.88 Cr. on account of Fuel Cost for FY 2022-23. PPCL vide its letter dated 30/12/2025 has submitted that:

“In the said Petition, the Interest on Working Capital has been claimed in accordance with the provisions of Clause 84(2) of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 (hereinafter referred to as “the Tariff Regulations, 2017”) read with the relevant provisions of the Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2019 (hereinafter referred to as “the Business Plan Regulations, 2019”).

As per the Business Plan Regulations, 2019, a normative Plant Availability Factor (PAF) of 85% has been prescribed for PPCL. In line with the said normative parameters, all components of working capital, including employee expenses, security expenses, O&M spares, insurance, fuel stock and fuel-related payments,

etc., have been determined and claimed on normative basis. It is respectfully submitted that, in order to achieve and maintain generation corresponding to the normative availability of 85%, it is imperative for the generating station to continuously deploy the requisite manpower, engage security staff, maintain adequate O&M spares and insurance coverage, and comply with the binding obligations under the Fuel Supply Agreement. These obligations include, inter alia, maintenance of an irrevocable Letter of Credit in favour of the fuel supplier, M/s GAIL (India) Limited, to secure uninterrupted supply of natural gas insure generation up to Normative availability. The said Letter of Credit has been opened by PPCL strictly in accordance with the quantum permitted by the Hon'ble Commission based on normative availability.

The aforesaid components of working capital are fixed and recurring in nature and are necessarily incurred irrespective of the actual plant availability or actual generation achieved during the year. These expenses and obligations do not vary with the actual level of plant operation below the normative availability and are essential for ensuring readiness of the plant to generate up to the prescribed normative level.

Accordingly, the fuel cost component for the purpose of computation of Interest on Working Capital has also been considered on the basis of normative generation parameters as stipulated in the Regulations, rather than on actual gas consumption.”

- 3.59 Accordingly, in view of above submission of PPCL, the Commission has approved the following Working Capital requirement of the Petitioner for FY 2022-23 as claimed:

Table 3. 20: Computation of Fuel Cost on Normative Basis

Sr. No.	Particulars	Unit	FY 2022-23
A	Capacity	MW	330
B	Gross Generation	MU	2457.18
C	Aux. Consumption	MU	67.57
D	Net Generation	MU	2389.61
E	Weighted Average LPPF	Rs./SCM	73.884
F	Weighted Average GCV	kCal/SCM	9488.70
G	Energy Charge Rate	Rs./kWh	16.014
H	Total Fuel Cost	Rs. Cr.	3826.60

- 3.60 Accordingly, the Commission has approved by the Working Capital requirement of the Petitioner for FY 2022-23 as follows:

Table 3. 21: Commission Approved - Requirement of Working Capital

Sr. No.	Particulars	Unit	FY 2022-23
A	Fuel expenses for 1 month	Rs. Cr.	318.88
B	Maintenance spares @ 30% of O&M	Rs. Cr.	25.53
C	O&M expenses for 1 month	Rs. Cr.	7.09
D	Annual Fixed Cost for the year	Rs. Cr.	161.72
E	Fuel Cost for the year	Rs. Cr.	3826.60
F	Receivables equivalent to 2 months of capacity and energy charge	Rs. Cr.	664.72
G	Total Working Capital	Rs. Cr.	1016.22

REQUIREMENT OF LOAN AND EQUITY**PETITIONER'S SUBMISSION**

3.61 The Petitioner has submitted that since accumulated depreciation is greater than the 70% of Gross Fixed assets during FY 2021-22, the remaining value is treated as 100% equity. Accordingly, the Petitioner has determined the requirement of Loan and Equity as follows:

Table 3. 22: Petitioner Submission - Requirement of Loan & Equity

Sr. No.	Particulars	Unit	FY 2022-23	Remarks
A	Average Net Fixed Assets	Rs. Cr.	194.16	Table 5-5
B	Average Equity	Rs. Cr.	194.16	
C	Average CAPEX Loan	Rs. Cr.	0.00	
D	Working Capital Loan	Rs. Cr.	1025.74	Table 5-6
E	Total Loan Requirement	Rs. Cr.	1025.74	E = C+D
F	Average RRB	Rs. Cr.	1219.90	F = B+E

3.62 The Petitioner has filed an Appeal No. 393 of 2019 and 14 of 2021 in APTEL for adjudication of disputes against not treating the balance GFA as equity, in absence of any outstanding loan (all Capital Loans are already paid), rather dividing it in the ratio of 30:70 of equity and loan.

COMMISSION ANALYSIS

3.63 Regulation 63 of the Tariff Regulations, 2017, deals with financing of the capital cost in Debt Equity ratio to be allowed for existing project or scheme and the relevant extract is as follows:

"63. For determination of Tariff, the debt-equity ratio for any project or scheme under commercial operation shall be considered as 70:30:

Provided that:

(i) Where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff;

(ii) Where equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as notional loan;

(iii) The equity invested in foreign currency shall be designated in Indian rupees on the date of each investment;

(iv) Any grant/contribution/deposit obtained for the execution of the project/scheme shall not be considered as a part of capital structure for the purpose of debt: equity ratio.”

- 3.64 The Commission has determined the requirement of Loan & Equity in terms of above stated Regulation pending the order of the APTEL judgment in Appeal Nos. 393 of 2019 and 14 of 2021 filed by the Petitioner, which is as follows:

Table 3. 23: Commission Approved - Requirement of Loan & Equity

Sr. No.	Particulars	Unit	FY 2022-23	
			Petitioner Submission	Commission Approved
A	Average Net Fixed Asset	Rs. Cr.	194.16	156.20
B	Average Equity	Rs. Cr.	194.16	46.86
C	Average CAPEX Loan	Rs. Cr.	-	109.34
D	Working Capital Loan	Rs. Cr.	1025.74	1016.22
E	Average Total Loan Requirement	Rs. Cr.	1025.74	1125.56
F	Average RRB	Rs. Cr.	1219.90	1172.42

RETURN ON CAPITAL EMPLOYED

PETITIONER'S SUBMISSION

- 3.65 The Petitioner has submitted that Commission has specified the methodology for allowing Return on Capital Employed in Tariff Regulations, 2017 as follows:

“65. Return on Capital Employed shall be used to provide a return to the Utility, and shall cover all financing costs except expenses for availing the loans, without providing separate allowances for interest on loans and interest on working capital.

66. The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) and Working Capital. Capital work in progress (CWIP) shall not form part of the RRB. Accumulated Depreciation, Consumer Contribution, Capital Subsidies / Grants shall be deducted in arriving at the RRB.

67. The RRB shall be determined for each year of the Control Period at the beginning of the Control Period based on the approved capital investment plan with corresponding capitalisation schedule and normative working capital.”

69. Return on Capital Employed (RoCE) for the year “i” shall be computed in the following manner:

$$RoCE = WACCI * RRB_i$$

Where, WACCI

is the Weighted Average Cost of Capital for each year of the Control Period;

RRBi – Average Regulated Rate Base for the ith year of the Control Period.

70. The WACC for each year of the Control Period shall be computed at the start of the Control Period in the following manner:

$$WACC = [D/(D+E)] * r_d + [E/(D+E)] * r_e$$

Where, D is the amount of Debt derived as per these Regulations;

E is the amount of Equity derived as per these Regulations;”

- 3.66 The Petitioner has considered the rate of interest on loan by considering the Bank Rate as Marginal Cost of Fund based Lending Rate (MCLR) of SBI as notified by the State Bank of India and margin as approved in Business Plan Regulations, 2019. The Petitioner has taken the loan on cash credit basis time to time from SBI @ 8.55% during FY 2022-23 upto 29/03/2023 and @9.25% w.e.f. 30/03/2023. Therefore, the Petitioner has requested to consider the same as per applicable Business Plan Regulations, 2019.
- 3.67 Further, the Petitioner has considered the base rate of return on equity at 14% and the same has been grossed up with rate of income tax at 17.454%. Accordingly, grossed up rate of return on equity has been computed at 16.96% for FY 2022-23.

- 3.68 Accordingly, the Petitioner has computed Weighted Average Cost of Capital (WACC) and Return on Capital Employed (RoCE) for FY 2022-23 as follows:

Table 3. 24: Petitioner Submission - WACC and RoCE (Rs. Cr.)

Sr. No.	Particulars	Unit	FY 2022-23	Remarks
A	Average RRB	Rs. Cr.	1219.90	
B	Total Loan	Rs. Cr.	1025.74	
C	Average Equity	Rs. Cr.	194.16	
D	Cost of Debt, Rd	%	8.55	
E	Return on Equity, Re	%	16.96	
F	WACC	%	9.89	As per DERC Regulation 2017
G	RoCE	Rs. Cr.	120.63	G = A*F

COMMISSION ANALYSIS

- 3.69 Regulation 3 and 4 of Business Plan Regulations, 2019 deal with Return on Equity (RoE) and Tax on Return on Equity as follows:

“3. RATE OF RETURN ON EQUITY

Return on Equity in terms of Regulation 4(1) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for Generating Entity shall be computed at the Base Rate of 14.00% on post tax basis.

4. TAX ON RETURN ON EQUITY

The base rate of Return on Equity as allowed by the Commission under Regulation 3 of these Regulations shall be grossed up with the Minimum Alternate Tax or Effective Tax Rate of the respective financial year in terms of Regulation 72 and 73 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, as per the following formula:

$$\text{Rate of Return on Equity} = 14 / [(100 - \text{Tax Rate}) / 100]$$

where, Tax Rate is Minimum Alternate Tax (MAT) or Effective Tax Rate, as the case may be.”

- 3.70 Regulation 77 of Tariff Regulations, 2017 deal with interest on Loan as follows:

“77. The rate of interest on loan shall be based on weighted average rate of interest for actual loan portfolio subject to the maximum of bank rate as on 1st April of the year plus the margin as approved by the Commission in the Business

Plan Regulations for a Control Period: Provided that in no case the rate of interest on loan shall exceed approved rate of return on equity:

Provided further that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided also that if the Utility does not have actual loan then the rate of interest shall be considered at the bank rate plus margin, as specified by the Commission in the Business Plan Regulations, for the notional loan of the relevant control period:

Provided also that the loan availed through open tendering process (Competitive Bidding) among Scheduled Banks, Financial Institutions etc., shall be considered at the rate discovered through open tendering process.”

- 3.71 Further, for Margin for Interest on Loan, Business Plan Regulations, 2019 is to be followed. Relevant extract of Business Plan Regulations, 2019 is as follows:

“5. MARGIN FOR RATE OF INTEREST ON LOAN

The rate of interest on loan for a financial year shall be Marginal Cost of Fund based Lending Rate (MCLR) of SBI as on 1st April of that financial year plus the Margin. The Margin, in terms of Regulation 4(2) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the Generating Entity, is allowed as the difference between the weighted average rate of interest on actual loan portfolio and the MCLR as on 1st April of that financial year:

Provided that the Margin shall not exceed 5.00%, 4.25% and 3.50% for the first, second and third year of the control period, respectively:

Provided further that the rate of interest on loan (MCLR plus Margin) in any case shall not exceed approved base rate of return on equity i.e. 14.00%.”

- 3.72 During the prudence check, it was submitted by the Petitioner that PPCL doesn't have any actual loan remaining, thus, SBI MCLR rate as on 1/04/2022 i.e. 7.00% has considered by the Commission in terms of Tariff Regulations, 2017 and Business Plan Regulations, 2019 for the period FY 2022-23.

- 3.73 Regulation 85 and 86 of Tariff Regulations, 2017 deal with the Interest on Working Capital and the relevant extract is as follows:

“85. Rate of Interest On Working Capital shall be considered as the bank rate as on 1st April of the year plus margin as specified by the Commission for the Control Period and shall be trued up on the basis of prevailing bank rate as on 1st April of the respective financial year:

Provided that the rate of interest availed through open tendering process (Competitive Bidding) among Scheduled Banks, Financial Institutions etc., shall not be trued up.

86. Interest on working capital shall be payable on normative basis notwithstanding that the Utility has availed any loan for the working capital.”

- 3.74 Further, the Commission has specified the methodology for allowing Return on Capital Employed in Tariff Regulations, 2017 as follows:

“65. Return on Capital Employed shall be used to provide a return to the Utility, and shall cover all financing costs except expenses for availing the loans, without providing separate allowances for interest on loans and interest on working capital.

66. The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) and Working Capital. Capital work in progress (CWIP) shall not form part of the RRB. Accumulated Depreciation, Consumer Contribution, Capital Subsidies / Grants shall be deducted in arriving at the RRB.

67. The RRB shall be determined for each year of the Control Period at the beginning of the Control Period based on the approved capital investment plan with corresponding capitalisation schedule and normative working capital.

68. The Regulated Rate Base for the i^{th} year of the Control Period shall be computed in the following manner:

$$RRBi = RRB_{i-1} + \Delta ABi / 2 + \Delta WCi;$$

Where,

“i” is the i^{th} year of the Control Period;

RRBi: Average Regulated Rate Base for the i^{th} year of the Control Period;
ΔWCI: Change in working capital requirement in the i^{th} year of the Control Period from $(i-1)^{\text{th}}$ year;

ΔABi: Change in the Capital Investment in the i^{th} year of the Control Period;

This component shall be arrived as follows:

$$\Delta ABi = Invi - Di - CCI - Reti;$$

Where,

Invi: Investments projected to be capitalised during the i^{th} year of the Control Period and approved;

Di: Amount set aside or written off on account of Depreciation of fixed assets for the i^{th} year of the Control Period;

CCi: Consumer Contributions, capital subsidy / grant pertaining to the *ΔABi* and capital grants/subsidies received during i^{th} year of the Control Period for construction of service lines or creation of fixed assets;

Reti: Amount of fixed asset on account of Retirement/ Decapitalisation during i^{th} Year;

RRB i-1: Closing Regulated Rate Base for the Financial Year preceeding the i^{th} year of the Control period. For the first year of the Control Period, Closing *RRB i-1* shall be the Opening Regulated Rate Base for the Base Year i.e. *RRBO*;

$$RRBO = OCFAO - ADO - CCO + WCO;$$

Where;

OCFAO: Original Cost of Fixed Assets at the end of the Base Year;

ADO: Amounts written off or set aside on account of depreciation of fixed assets pertaining to the regulated business at the end of the Base Year;

CCO: Total contributions pertaining to the *OCFAo*, made by the consumers, capital subsidy / grants towards the cost of construction of distribution/service lines by the Distribution Licensee and also includes the capital grants/subsidies received for this purpose;

WCO: working capital requirement in the $(i-1)^{\text{th}}$ year of the Control Period.

69. Return on Capital Employed (RoCE) for the year " i " shall be computed in the following manner:

$$RoCE = WACC_i * RRB_i$$

Where,

WACC_i is the Weighted Average Cost of Capital for each year of the Control Period;

RRB_i – Average Regulated Rate Base for the *i*th year of the Control Period.

70. The WACC for each year of the Control Period shall be computed at the start of the Control Period in the following manner:

$$WACC = \left[\frac{D}{D + E} \right] * r_d + \left[\frac{E}{D + E} \right] * r_e$$

Where,

D is the amount of Debt derived as per these Regulations;

E is the amount of Equity derived as per these Regulations;

Where equity employed is in excess of 30% of the capital employed, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as notional loan. The amount of equity in excess of 30% treated as notional loan. The interest rate on excess equity shall be the weighted average rate of interest on the actual loans of the Licensee for the respective years. Where actual equity employed is less than 30%, the actual equity and debt shall be considered;

Provided that the Working capital shall be considered 100% debt financed for the calculation of WACC;

r_d is the Cost of Debt;

r_e is the Return on Equity.”

- 3.75 Based on the information submitted by the Petitioner, the Commission has approved the Income Tax Rate as 17.454% for FY 2022-23.
- 3.76 Accordingly, the Commission Trued-up the Return on Capital Employed (RoCE) for FY 2022-23 as follows:

Table 3. 25: Commission Approved - WACC and RoCE

Sr. No.	Particulars	Unit	FY 2022-23	
			Petitioner Submission	Commission Approved
A	Average RRB	Rs. Cr.	1219.90	1172.42

Sr. No.	Particulars	Unit	FY 2022-23	
			Petitioner Submission	Commission Approved
B	Average Capex loan	Rs. Cr.	-	109.34
C	Loan for Working Capital Requirement	Rs. Cr.	1025.74	1016.22
D	Total Loan	Rs. Cr.	1025.74	1125.56
E	Average Equity	Rs. Cr.	194.16	46.86
F	Cost of Debt, Rd	%	8.55	7.00
G	Return on Equity, Re	%	16.96	16.96
H	WACC	%	9.89	7.40
I	RoCE	Rs. Cr.	120.63	86.74

NON-TARIFF INCOME

COMMISSION ANALYSIS

3.77 Para 94 of the Tariff Regulations, 2017, specifies the following about Non-Tariff Income (NTI):

“94. The Utility shall submit forecast of Non-Tariff Income to the Commission, in such form as may be stipulated by the Commission from time to time, whose tentative list is as follows:

- (i) Income from rent of land or buildings;*
- (ii) Net Income from sale of de-capitalised assets;*
- (iii) Net Income from sale of scrap;*
- (iv) Income from statutory investments;*
- (v) Net Interest on delayed or deferred payment on bills;*
- (vi) Interest on advances to suppliers/contractors;*
- (vii) Rental from staff quarters;*
- (viii) Rental from contractors;*
- (ix) Income from Investment of consumer security deposit;*
- (x) Income from hire charges from contractors and others, etc.*

95. The Non-Tariff Income shall be reduced from ARR.”

3.78 The Commission has considered the component of NTI based on the Audited Books of Accounts and Cost Audit Report for FY 2022-23. Further, the Petitioner vide its email dated 13/06/2025 has submitted bifurcation of Plant-wise component for NTI. Accordingly, the amount of component of NTI for FY 2022-23 considered by the

Commission is as follows:

Table 3. 26: Commission Approved - Computation of LPSC (Rs. Cr.)

Sr. No.	LPSC for FY 2022-23	Amount
A	LPSC amount collected	31.33
B	Principal amount @ 18%	174.07
C	LPSC Amount allowed for retention @7.00% (Rate of Interest on Loan-SBI MCLR rate as on 1/04/2022)	12.18
D	LPSC amount considered as NTI	19.15

Table 3. 27: Commission Approved - Computation of NTI (Rs. Cr.)

Sr. No.	Component of NTI for FY 2022-23	Amount
A	Rent Income	0.01
B	Sale of Scrap	0.02
C	Miscellaneous Income	0.01
D	LPSC amount considered as NTI	19.15
E	Liquidated Damages recovered	0.07
F	Total NTI	19.26

SUMMARY OF FIXED COST

PETITIONER'S SUBMISSION

3.79 Annual Fixed Cost for FY 2022-23 submitted by the Petitioner is as under:

Table 3. 28: Petitioner Submission - Annual Fixed Cost

Sr. No.	Particulars	Unit	FY 2022-23	Remarks
A	Return on Capital Employed	Rs Cr	120.63	Table 5-8
B	Depreciation	Rs Cr	15.60	Table 5-5
C	Operation and Maintenance Expenses	Rs Cr	85.95	Table 5-2
D	Annual Fixed Cost	Rs Cr	222.18	E = A+B+C
E	Net Generation	MU	829.827	Table 3-4
F	Fixed Cost Per Unit	Rs/ kWh	2.68	G = E/F*10

COMMISSION ANALYSIS

3.80 Regulation 99 of Tariff Regulations, 2017 provides components to be considered for computation of Annual Fixed Cost for a Generating Entity and relevant extract is as follows:

"99. The annual fixed cost (AFC) of a Generating Entity shall consist of the following components as specified in these Regulations:

(a) Return on Capital Employed;

(b) Depreciation; and
(c) Operation and Maintenance expenses.”

3.81 Accordingly, the Commission has trued up the AFC for FY 2022-23 as follows:

Table 3. 29: Commission Approved - Annual Fixed Cost

Sr. No.	Particulars	UoM	Petitioner Submission	Commission Approved
A	Return on Capital Employed	Rs. Cr.	120.63	86.74
B	Depreciation	Rs. Cr.	15.60	9.15
C	Operation and Maintenance Expenses	Rs. Cr.	85.95	85.09
D	Annual Fixed Cost	Rs. Cr.	222.18	180.97
E	Less: Non-Tariff Income (NTI)	Rs. Cr.	-	19.26
F	Annual Fixed Cost (Net of NTI)	Rs. Cr.	222.18	161.72
G	Net Generation	MU	829.83	829.83
H	Fixed Cost per unit	Rs./kWh	2.677	1.949

3.82 In line with above discussions, the Petitioner is allowed to Recover/Refund based on the True-up of Annual Fixed Cost for FY 2022-23 as per Regulation 151 of Tariff Regulations, 2017.

Annexure-I



DELHI ELECTRICITY REGULATORY COMMISSION

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

F.11(2174)/DERC/2023-24/7948

Petition No. 19/2024

In the matter of: **Petition under section 62 of the Electricity Act, 2003 for truing up of tariff for FY 2022-23 and determination of Annual Revenue Requirement (ARR) for FY 2024-25 for PPS-I Station.**

Pragati Power Corporation Ltd.

....Petitioner

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

Appearance:
Mr. Sehendra Singh, General Manager, PPCL

Record of Proceedings

(Date of Hearing: 07.06.2024)

(Date of Order: 07.06.2024)

Heard. Admitted.

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

Annexure II**LIST OF RESPONSES RECEIVED FROM STAKEHOLDERS ON TRUE UP OF FY 2022-23**

Sr.	Name	Address	Category	Company / Licensee	Date of Receipt
1	Pankaj Gupta	Delhi Metro Rail Corporation Ltd. Metro Bhawan, Fire Brigade Lane, Bharakhamba Road, New Delhi 110 001	Govt.	BRPL, TPDDL	13-Dec-24
2	Pradeep Khullar	All India Cold Storages Association Plot No. C-5, Lawrence Road Industrial Area, Delhi 110005	RWA & industry associations	TPDDL	14-Dec-24
3	Gyan Chand Dhamija	Ugyog Nagar Factory Owner's Association Z-101, (Opp. H-18), Udyog Nagar, Rohtak Road, Delhi 110 041	RWA & industry associations	BRPL	14-Dec-24
4	Sanjay Kumar	Association of Manufacturers of Ayurvedic Medicines T-10, Okhla Industrial Area, Phase-2, New Delhi 110 020	RWA & industry associations	BRPL	16-Dec-24
5	Navdeep Varshneya	Mohan Estate Welfare Association J-3, Block B-1, Mohan Co-operative Industrial Estate New Delhi 110 044	RWA & industry associations	BRPL	16-Dec-24
6	Nishchal Pandey	GNA Energy Private Limited 706, Palm Spring Plaza, Sector-54 Gurugram, Haryana 122 009	Commercial	Generating and Transmission Licensee	16-Dec-24
7	Arun Popli	Plot No. B-19 Okhla Industrial Area, Phase II, Delhi 110 002	Industrial area	BRPL	14-Dec-24
8	Harvinder Singh	Basera Engineering Works Plot No. 86 Pocket C, Sector-2 DSIDC Industrial Area, Bawana, Delhi	Industrial area	TPDDL	16-Dec-24
9	P.D. Kabeer	Municipal Corporation of Delhi Dr. S.P.M Civic Centre, Minto Road, New Delhi 110 002	Govt.	BRPL, TPDDL	16-Dec-24
10	Ajay Aggarwal	Jan Seva Welfare Society (Regd.) Office No. 17, Saraswati Vihar, DDA Market A-Block, Pitampura, Delhi 110 034	RWA & industry associations	BRPL BYPL TPDDL	17-Dec-24
11	Nikita Gupta	Nikita.gupta@powerfoundation.org.in	Govt.	DISCOMs	3-Jan-25

Sr.	Name	Address	Category	Company / Licensee	Date of Receipt
12	K.K. Verma	Delhi Transco Ltd. General Manager (Commercial & Regulatory Affairs) 33kV Grid S/Station Building, I.P. Estate, New Delhi 110 002	Govt.	BYPL, TPDDL & NDMC	30-Jan-25
	K.K. Verma	Delhi Transco Ltd. General Manager (Commercial & Regulatory Affairs) 33kV Grid S/Station Building, I.P. Estate, New Delhi 110 002	Govt.	BRPL	23-Jan-25
13	Abhishek Roy	Bharti Airtel Limited Airtel Center, Plot No. 16 Udyog Vihar, Phase – IV Gurugram 122015	Public Ltd. Co.	Discoms, Gencos & Transco	26-Mar-25

Annexure-III

**STAKEHOLDERS WHO HAVE REGISTERED AT THE VIRTUAL PUBLIC HEARING FOR THE PETITION
FILED BY DISCOMs, GENCOs, AND TRANSCO ON THE APPROVAL PETITION FOR TRUING UP OF
EXPENSES UPTO FY 2022-23**

Sr. No.	Name	Organisation/Category
1	Balram Chawla	Maitreyi Federation of RWA
2	Satwan Singh	Domestic Consumer
3	Ritu Gupta	TPDDL
4	Nikhil kumar	DMRC
5	Somya Tripathi	DMRC
6	Shubham Kumar	DMRC
7	Vikas Dixit	DISCOM
8	Amarjeet Singh	DISCOM
9	Brajesh Kumar	DISCOM
10	Naveen Vats	DISCOM
11	Garima Belwal	DISCOM
12	Sameer Singh	DISCOM
13	Rajeev Chowdhury	DISCOM
14	Jaya Rathi	DISCOM
15	Gaurav Thapan	DISCOM
16	Kanishk Khettarpal	DISCOM
17	Amal Sinha	DISCOM
18	Akash Gupta	DISCOM
19	Shweta Chaudhary	DISCOM
20	Rajul Agarwal	DISCOM
21	N D Arora	RWA
22	Sanket Sharma	TPDDL
23	RajKumar	RWA
24	Amar Ramanuj Yadav	RWA
25	Narender Kumar	RWA
26	Abhishek Roy	Industrial
27	Dr. Anu Chhakara	Domestic Consumer
28	Suresh Goyal	RWA
29	Rajeev Kumar	Industrial
30	Suranjit Mishra	TPDDL
31	Harmeet Singh	Koshish RWA
32	Dr. Kunal Tanwar	RWA
33	Manisha	TPDDL
34	Deepak Patel	NDMC
35	Prachi Mishra	NDMC
36	Tarun Manik	DERC
37	Buddhidev Shastri	DTL
38	Brij Mohan Garg	Industrial
39	Ashok Bhasin	North Delhi Residents Welfare Federation
40	Chetan Garg	Bharti Airtel
41	Raj Kumar Garg	Domestic Consumer