



DELHI ELECTRICITY REGULATORY COMMISSION

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

F.11(2057)/DERC/2022-23/7604

Petition No. 74/2022

In the matter of: Petition for True up of expenses for FY 2021-22.

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

...Petitioner/Licensee

Coram:

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

ORDER

(Date of Order: 25.10.2025)

M/s Pragati Power Corporation Limited (PPCL) has filed the instant Petition for approval of True-up of expenses upto FY 2021-22. The Petition was admitted by the Commission vide Order dated 19.01.2023. 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 virtual public hearing held on 08.10.2024 & 09.10.2024 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 Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, this True-up Order is hereby passed and issued on this 25th day of October 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	Jhugghi 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 2021-22 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 2021-22**FILING AND ACCEPTANCE OF PETITION**

- 1.6 PPCL filed its Petition for approval of Truing up of the Expenses upto FY 2021-22 before the Commission on 1/12/2022.
- 1.7 The Commission admitted the Petition for Truing-up of FY 2021-22 vide its Order dated 19/01/2023, subject to clarifications /gap / additional information, if any, which would be sought from the Petitioner from time to time. Copy of the Admission Orders dated 19/01/2023 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 various 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 Public Hearing for issuance of the Tariff Order related to True up of FY 2021-22 and communicated the same through a Public Notice published on 10/09/2024 and uploaded the same on the Commission's website. Stakeholders were given a time-period until 9/10/2024 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 working day till 9/10/2024 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 in understanding of the Petition and to 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 mentioned in the Public Notices published by the Commission.

- 1.17 The Commission decided to conduct a Virtual Public Hearing on 8/10/2024 & 9/10/2024 on Tariff Petitions for the True-Up of FY 2021-22.
- 1.18 Accordingly, the Commission scheduled a Virtual Public Hearing on Tariff Petitions for True-Up of FY 2021-22 on 8/10/2024 & 9/10/2024 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 10/07/2023 or the date of Public Hearing, whichever is later:

(a)	Hindustan Times (English)	:	13/06/2023
(b)	The Times of India (English)	:	13/06/2023
(c)	The Hindu (English)	:	13/06/2023
(d)	Dainik Jagran (Hindi)	:	13/06/2023
(e)	Navbharat Times (Hindi)	:	13/06/2023
(f)	Punjab Kesari (Hindi)	:	13/06/2023
(g)	Jadid-In-Dinon (Urdu)	:	13/06/2023
(h)	Jan Ekta (Punjabi)	:	13/06/2023

1.23 Public Notice was also uploaded on Commission's website www.derc.gov.in.

1.24 The Petitioner also published a Public Notice indicating salient features of its Petition for inviting comments from the stakeholders and requesting to submit response on the Petition latest by 10/07/2023 or the date of Public Hearing, whichever is later, in the following newspapers on the respective dates mentioned alongside:

(a)	The Hindu (English)	:	7/07/2023
(b)	The Statesman (English)	:	7/07/2023
(c)	Dainik Jagran (Hindi)	:	7/07/2023
(d)	Roaznama Rashtriya Sahara (Urdu)	:	7/07/2023
(e)	The Educator (Punjabi)	:	7/07/2023

1.25 The Commission issued Public Notice in the following newspapers (*on dates mentioned alongside*), indicating the date and time of Virtual Public Hearing scheduled on 8/10/2024 & 9/10/2024 for comments by stakeholders on the Tariff Petition filed by the Petitioner latest by 9/10/2024 and also indicated the conducting of Virtual Public Hearing.

(a)	Hindustan Times (English)	:	16/09/2024
(b)	The Times of India (English)	:	16/09/2024
(c)	The Hindu (English)	:	16/09/2024
(d)	Navbharat Times (Hindi)	:	16/09/2024
(e)	Punjab Kesari (Hindi)	:	16/09/2024
(f)	Dainik Jagran (Hindi)	:	16/09/2024
(g)	Jadid-In-Dinon (Urdu)	:	14/09/2024
(h)	Jan Ekta (Punjabi)	:	16/09/2024

1.26 A Public Notice related to the process for the Virtual Public Hearing (VPH) was also uploaded on Commission's website. The platform for VPH was as follows:

Dates	8/10/2024 & 9/10/2024
Timings	11:00 AM to 02:00 PM
Last date for registration	4/10/2024 at 05:00 PM
Platform	Google Meet
Email ID for Registration	dercpublichearing@gmail.com

LAYOUT OF THE ORDER

1.27 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 the Commission's views thereon.
- c) **Chapter 3** provides details/analysis of the True up of FY 2021-22 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.

1.28 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 2021-22.
- c) **Annexure III** – List of Stakeholders/consumers who attended the virtual public hearing.

APPROACH OF THE ORDER**APPROACH FOR TRUE UP OF FY 2021-22**

1.29 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."

1.30 The Commission in its Tariff Regulations, 2017, 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."

- 1.31 Accordingly, the ARR for FY 2021-22 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 2021-22 as well as ARR Petition for FY 2023-24. However, as the Commission in this Order is only Truing-up for FY 2021-22, the comments related to the True-up Petition for the FY 2021-22 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 the 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 application 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 Virtually (through Google-Meet), for the issuance of the True-up Order of FY 2021-22 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 10/09/2024 scheduled Public Hearing

on True up Petitions of FY 2021-22 on 8/10/2024 & 9/10/2024 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 until 9/10/2024 for submitting 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 AND STATION HEAT RATE (SHR)

STAKEHOLDERS' VIEW

- 2.10 The Petitioner claimed the Station Heat Rate(SHR) for Combined Cycle as 1976 kcal/kWh and Open Cycle as 3099 kcal/kWh for FY 2021-22, whereas the norm for the same is 2000 kcal/kWh and 2900 kcal/kWh for Combined Cycle and Open Cycle respectively as per *Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2019* for FY 2021-22. The Petitioner further sought relaxation in the SHR in Combined Cycle mode. The heat rate achieved by the station in the Open Cycle mode is on the higher side due to partial loading by the beneficiaries. The same is not accepted and such relaxations are not justified at all as the new plants of similar configuration are all able to operate well within norms.
- 2.11 The Auxiliary consumption of 2.75% is the ceiling limit as per BPR 2019 and the actual auxiliary consumption may be less than 2.75%. Commission is requested to conduct periodic energy audit for auxiliary consumption in consultation with the beneficiaries.
- 2.12 The Commission is requested to direct the Gencos to share the incentive with respect to operational parameters such as SHR & Auxiliary Consumption in terms of Regulation 10 of the *Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2019*.

PETITIONER'S RESPONSE

- 2.13 Regarding SHR, the Commission allowed the operating parameters @ NAPLF of 85%. However, the PLF of the station during FY 2021-22 was only 52.70%. 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.
- 2.14 At 85% PLF, the station can generate 2457.180 MUs. However, the PPS-I station generated only 1523.39 MUs during FY 2021-22. The NAPLF was only 52.70%. Thus, it is clear that the station was operating at part load in the FY 2021-22 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.
- 2.15 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 follows:
- Technology and equipment
 - Ambient Conditions
 - Fuel Quality
 - Plant operation and maintenance practices.
 - Unit Sizes
- 2.16 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."*
- 2.17 Further, 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.

- 2.18 In view of above, the Commission is requested to relax the operational norms for the PPS-I station during FY 2021-22.
- 2.19 The target Auxiliary Consumption for the plant was set at 2.75%, however, the actual Auxiliary Consumption was 2.24% which is within the norms specified by the Commission. The Commission is requested to approve the auxiliary consumption in line with the *Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017* and *Business Plan Regulations, 2019*.

COMMISSION'S VIEW

- 2.20 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**

- 2.21 The petitioner has submitted the expenses of DLN Burner & STP as Rs 65.54 & Rs. 3.97 Cr. respectively. DLN work is cyclic in nature which is for 4 years. Hence the cost to be allowed only after prudence check of purchase order and payment voucher and its impact to be spread in 4 years. Further, the Commission is requested to disallow the O&M cost for the DLN Burner over and above the cost approved in the Tariff Order FY 2021-22.

PETITIONER'S RESPONSE

- 2.22 As per 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 an 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 2021-22 as the

expenditure on these heads was incurred in FY 2021-22.

- 2.23 Capital expenditures have already been approved by the Commission in Business Plan Regulations, 2019 and are implemented in various financial years after approval from the Board.

COMMISSION'S VIEW

- 2.24 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

- 2.25 ECR billed by PPCL-I to BRPL is 8.97 Rs/Kwh. Hence, we request Hon'ble to direct PPCL to revise its billing as submitted in its Petition.
- 2.26 The Petitioner has claimed the Energy Charge Rate to be Rs.8.731/ kWh against the approved Energy Charge Rate (ECR) of Rs.6.274/ kWh which is substantially high as compared to approved charges. It is pertinent to note that high cost of power is not falling under MOD and increasing the power purchase cost for the Discoms.
- 2.27 As per the petitioner, increase in ECR is due to the fuel cost. The average fuel cost claimed is Rs.40.187/SCM against the approved rate of Rs.31.65/SCM. Stating shortage of APM gas, other expensive sources of fuel like R-LNG, Spot R-LNG, PMT were also procured which is expensive when compared to the APM. The petitioner needs to relook at their procurement strategy and manage within the approved figures. No concrete steps have been demonstrated by the petitioner for arranging economical gas.
- 2.28 Further, the petitioner has mentioned that the contract with GAIL is on Take or Pay Basis which the Commission has never given go – ahead for. Accordingly, such high cost of fuel and ECR should not be allowed and take or pay charges also should not be allowed.

PETITIONER'S RESPONSE

- 2.29 As per the direction of MoPNG, GOI GAIL has curbed 100% cut in supply of domestic gas which impacted the fuel supply for various industries including power plants that rely on domestic gas. In response to the domestic gas cut, the petitioner has used Re-gasified Liquefied Natural Gas (RLNG) which is cheaper than spot gas.
- 2.30 Further, the 'Take or Pay' provision is a standard contractual term imposed by the gas suppliers, possibly due to the nature of gas supply arrangements and their own risk management needs. This suggests that the gas suppliers are legally or commercially bound to include this clause.
- 2.31 It is pertinent to note that the direction of the Commission not to link 'Take or Pay' clause with FSA is for future agreements.

COMMISSION'S VIEW

- 2.32 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: CAPEX**STAKEHOLDERS' VIEW**

- 2.33 The petitioner has claimed the Capital expenditure of Rs. 2.48 Cr., which is not utilized for any life extension of plant, hence it should not be a part of capital expenditure as they are in nature of Capital Spares and these should be covered under normative O&M. Further, the Commission is requested to consider such claims in terms of Regulation 43 of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017.

PETITIONER'S RESPONSE

- 2.34 The petitioner has submitted that capital expenditure was already approved by the Commission in Business Plan Regulations, 2019 and was implemented in various

financial years after approval from the Board.

COMMISSION'S VIEW

2.35 The Commission has considered the CAPEX for the Petitioner in line with the provisions of Tariff Regulations, 2017 along with Business Plan Regulations, 2019.

ISSUE 5: WORKING CAPITAL

STAKEHOLDERS' VIEW

2.36 The PLF of last 2 years are in the range of 53.21% (20-21) 52.70 % (21-22) and fuel cost is incurred on the basis of actual operation of gas. Therefore it is requested to the Commission to consider actual gas consumption for the purpose of computation of working capital requirement which will reduce the margin of working capital in the interest of Delhi Consumers.

PETITIONER'S RESPONSE

2.37 The Petitioner has 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 the 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."

2.38 Therefore, the Petitioner has submitted the working capital in terms of the Regulation.

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 2021-22**INTRODUCTION**

3.1 Regulation 9 & 10 of 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 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 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 Tariff Regulations, 2017 and Business Plan Regulations, 2019, the Commission Trued-up the expenses for the Petitioner for FY 2021-22.

TRUE UP FOR FY 2021-22

3.5 The Petitioner vide its emails dated 18/06/2024 & 20/06/2024 have submitted the Audited Books of Accounts and Cost Audit Report for FY 2021-22 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 2021-22.

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

3.6 The Petitioner has submitted that PPS-I has achieved availability over and above Normative Availability as provided in Tariff and Business Plan Regulations, 2019.

3.7 Actual Availability for PPS-I during FY 2021-22 submitted by the Petitioner is as follows:

Table 3. 1: Petitioner Submission - Plant Availability for FY 2021-22

Sr. No.	Particulars	UoM	FY 2021-22
1	Plant Availability	%	93.83

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 28/10/2024 has provided the SLDC Certificate for Plant Availability Factor for True-up of PPS-I for FY 2021-22 and the Commission has considered the same for the purpose of True-up of Plant Availability Factor for FY 2021-22 as follows:

Table 3. 2: Plant Availability for FY 2021-22

Sr. No.	Station	UoM	FY 2021-22	
			Norm	Actual as submitted by Petitioner
1	PPS-I	%	85	93.83

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

3.10 The Petitioner has submitted that the heat rate achieved by the station in open cycle

mode is on the higher side due to part load operation of the units. Accordingly, the Petitioner has requested the Commission to relax the norms of SHR in open cycle mode and allow the heat rate on actual basis for FY 2021-22.

3.11 The actual heat rate achieved by the Petitioner for PPS-I for FY 2021-22 is as follows:

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

Particulars	UoM	FY 2021-22
Station Heat Rate (CC)	(kCal/kWh)	1,976
Station Heat Rate (OC)	(kCal/kWh)	3,099

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 2021-22 as per the approved norms in Business Plan Regulations, 2019 as follows:

Table 3. 4 : Gross Station Heat Rate

Sr. No	Station	Mode of Operation	UoM	FY 2021-22	
				Business Plan Regulations, 2019	Actual as submitted by Petitioner
1	PPS-I	Combined Cycle	kCal/kWh	2000	1976
2		Open Cycle	kCal/kWh	2900	3099

AUXILIARY POWER CONSUMPTION (APC)**PETITIONER SUBMISSION**

- 3.14 Actual Auxiliary Power Consumption (APC) achieved for PPS-I during FY 2021-22 as submitted by the Petitioner is as under:

Table 3. 5: Petitioner Submission - Auxiliary Power Consumption

Sr. No.	Particulars	UoM	FY 2021-22
1	Auxiliary Consumption	%	2.24

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 (%)

Sr.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 2021-22 as per the considered norms in Business Plan Regulations, 2019 as follows:

Table 3. 6: Auxiliary Power Consumption

Sr. No	Station	Mode of Operation	UoM	FY 2021-22	
				Business Plan Regulations, 2019	Actual as submitted by Petitioner
1	PPS-I	Combined Cycle	%	2.75	2.24
2		Open Cycle	%	1.00	

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

- 3.17 The Petitioner has submitted the Gross and Net Generation of PPS-I for FY 2021-22 on the basis of PLF and APC as under:

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

Sr. No.	Description	UoM	FY 2021-22	Remarks
A	Plant Capacity	MW	330	
B	NAPLF	%	52.70	
C	No. of days	No.	365	
D	Gross Generation	MU	1,523.39	$C=A*B*C*24/1,00,000$
E	Aux. Consumption	%	2.24	Table 3-3
F	Aux. Consumption	MU	34.12	$E = C*D$
G	Net Generation	MU	1,489.27	$F = C - E$

COMMISSION ANALYSIS

- 3.18 The Petitioner has submitted the Plant Load Factor (PLF) of 52.70% for FY 2021-22 and accordingly, the Commission has considered the same for FY 2021-22 as follows:

Table 3. 8 : Plant Load Factor for FY 2021-22

Year	UoM	PLF as per Regulation	Actual PLF
2021-22	%	85%	52.70%

- 3.19 Accordingly, as per above discussion, the summary of Operational Norms of the Petitioner for FY 2021-22 are as follows:

Particulars	UoM	As per Business Plan Regulations, 2019	Actual as per Petitioner
Plant Availability	%	85	93.83
Gross Station Heat Rate – Combined Cycle	kCal/kWh	2000	1976
Gross Station Heat Rate – Open	kCal/kWh	2900	3099

Particulars	UoM	As per Business Plan Regulations, 2019	Actual as per Petitioner
Cycle			
Auxiliary Consumption – Combined Cycle	%	2.75	2.24
Auxiliary Consumption – Open Cycle	%	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 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, due to depleting gas reserves of ONGC, GAIL has been imposing cuts on its supply on day to day basis. Further, MoP&NG allocated 0.02 MMSCMD of non-APM gas. To meet the short fall in gas supply, an agreement has been signed with GAIL for supply of R-LNG gas on take and pay basis. 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. Hence, PPS-I plant run mostly on imported gas in FY 2021-22.
- 3.25 Based upon the allocation, the consumption of APM, NAPM, R-LNG and SPOT gas for FY 2021-22 is shown as under:

Table 3. 9: Petitioner Submission - Total Gas Consumption

Particulars	Unit	FY 2021-22
APM Gas	MMSCM	15.07
NAPM Gas	MMSCM	3.4775
R-LNG Gas	MMSCM	277.641
SPOT Gas	MMSCM	27.409
Total Gas	MMSCM	323.597

3.26 The Petitioner has submitted that the prices of the domestic gases are determined by the GoI whereas the price of imported gas is driven by market fundamentals in the LNG market worldwide and is varying every year. Therefore, Petitioner has considered the actual gas consumption for FY 2021-22.

3.27 The Petitioner has further submitted that the details of total gas consumption, rate per SCM and total cost of the gas for FY 2021-22 is calculated as under:

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

Particulars	Unit	FY 2021-22
Total Gas Consumption	MMSCM	323.597
Avg. Landed price of fuel	Rs./SCM	40.187
Weighted Average GCV	kCal/SCM	9,301.846
Total Gas Cost	Rs. Crore	1,300.36
Net Generation	MU	1,489.27
Variable Cost-CC	Rs./kWh	8.731

COMMISSION ANALYSIS

3.28 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. Accordingly, the Energy Charges as claimed by the Petitioner from the beneficiaries in monthly bills don't need any True-up by the Commission unless any variation has been reported by them.

3.29 Further, the Commission vide its e-mail dated 30/08/2024 & 28/10/2024 sought the verification of Energy Charge Rate billed by PPS-I from the beneficiary DISCOMs. In response, the beneficiary DISCOMs (*BRPL vide email dated 13/11/2024, BYPL vide email dated 13/11/2024 and TPDDL vide Email dated 2/09/2024*) submitted that the

computation of Energy Charge Rate billed by PPS-I during FY 2021-22 is as per the provisions of Tariff Regulations, 2017 and Business Plan Regulations, 2019.

- 3.30 Hence, no impact on account of Fuel Consumption has been considered by the Commission.

FIXED COST

OPERATION & MAINTENANCE (O&M) EXPENSES

PETITIONER SUBMISSION

- 3.31 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 for FY 2021-22:

Table 3. 11: Petitioner Submission - O&M Expenses (Rs. Lakh/MW)

Year	2020-21	2021-22	2022-23
PPS-I	23.02	23.90	24.82

- 3.32 Further, the Petitioner has submitted that the Commission while framing the Business Plan Regulation 2019 has considered the escalation factor of 3.83% in calculating O&M expenditure norms & stated that the expenses on account of implementation of the Seventh Pay Commission will be given additionally on actual basis. Hence the Petitioner requests the Commission to consider the impact of the 7th Pay Commission and allow additionally to normative O&M.

- 3.33 Further, the Petitioner has stated that the State Commission in Business Plan Regulation, 2019 regarding the additional Repair & Maintenance expenses on account of Dry Low NOx (DLN) burners and Sewage Treatment Plant (STP) has quoted as under:

“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.”

- 3.34 The Petitioner has stated PPS-I has incurred the expenditure of Rs. 65.54 Cr. and

Rs. 3.97 Cr. towards DLN burner and STP for FY 2021-22 respectively. The same may be allowed as additional R&M to normative O&M for FY 2021-22 in line with provisions of Business Plan Regulation, 2019.

3.35 Accordingly, the O&M expenses for FY 2021-22 is as under:

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

Sr. No.	Particulars	UoM	FY 2021-22
A	Base O&M expenses	Rs. Cr.	78.87
B	DLN Burner for the period	Rs. Cr.	65.54
C	STP	Rs. Cr.	3.97
E	Total O&M Expenses	Rs. Cr.	148.38

COMMISSION ANALYSIS

3.36 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	2020-21	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.”

- 3.37 The normative O&M expenses for FY 2021-22 as per Business Plan Regulations, 2019 works out to be Rs. 78.87 Cr. by multiplying the norm of Rs. 23.90 Lakh/MW with installed capacity of 330 MW of the plant and the same is approved by the Commission.
- 3.38 During the prudence check, the Commission vide its email dated 8/08/2024 sought the details of the Audited Book of Accounts 2021-22, Cost Audit Report for FY 2021-22, bill vouchers and Auditor's certification in respect of DLN Burners STP expenses for FY 2021-22, Auditor's Certification for Seventh Pay Commission, capitalization, De-capitalization and Depreciation Rate.
- 3.39 It is observed from the Petition that the DLN burner Expenses was claimed as Rs. 65.54 Cr. and STP expense as Rs. 3.97 Cr. The Petitioner in the meeting held at DERC dated 3/09/2024 and also vide its letter no. IPGCL/Comml./F.12/2024-25/122 dated 11/09/2024 has submitted that the actual amount paid w.r.t. DLN and STP for FY 2021-22 is Rs. 65.58 Cr. and Rs. 3.97 Cr. in which Energy Charges of Rs. 1.01 Cr. was included in the STP 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. 1.01 Cr. Accordingly, the Commission has allowed an amount of Rs. 65.58 Cr. & Rs. 2.96 Cr. (Rs. 3.97 Cr. – Rs. 1.01 Cr.) w.r.t. DLN & STP Expenses respectively after deducting the Energy Charges as per the documents/letters submitted by the Petitioner.
- 3.40 The Petitioner in its Petition has not claimed and mentioned any amount w.r.t. implementation of 7th Pay revision. Further, the Petitioner in the meeting held at DERC dated 3/09/2024 and also vide its letter no. IPGCL/Comml./F.12/2024-25/122 dated 11/09/2024 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.

- 3.41 Accordingly, the Commission approves the O&M Expenses for PPS-I for FY 2021-22 as follows:

Table 3. 13 : Commission Approved - O&M Expenses for FY 2021-22

Sr. No.	Particulars	UoM	FY 2021-22
			Amount
A	Base O&M Expenses as per BPR, 2019	Rs. Cr.	78.87
B	Diff. of amount on account of actual implementation of 7 th Pay Revision	Rs. Cr.	-
C	DLN Burner Expenses	Rs. Cr.	65.58
D	STP Expenses	Rs. Cr.	2.96
E	Total	Rs. Cr.	147.41

CAPITAL EXPENDITURE

PETITIONER SUBMISSION

- 3.42 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. Accordingly, the Petitioner has considered the same GFA for FY 2021-22.
- 3.43 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:*

"7. CAPITAL INVESTMENT PLAN

- (1) The tentative Capital Investment plan for the Generation Entity for FY 2021-22 for 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	-

- 3.44 In view of the above, the Petitioner has implemented certain CAPEX schemes in FY 2021-22 after approval from the Board and as per Business Plan Regulation, 2019

to the amount of Rs. 2.48 Cr. The details of the Schemes implemented during FY 2021–22 are shown as under:

Sr. No.	Item/ Scheme	PO Value inclusive of Tax (Rs in Lacs)	Amount claimed inclusive of tax for FY 2021-22 (Rs. In Lacs)	Purchase order No.	Remarks
1.	Up-gradation of Bentley Nevada make Vibration Monitoring System of HPBFP & CEP of Bentley make	43.46	43.46	4010005251	Scheme was approved in BPR 2019. The Capex scheme got implemented in FY 2021-22.
2.	Upgradation/Replacement of 2*50 KVA UPS at PPS-I	23.67	23.67	4010005557	Scheme was approved in BPR 2019. The Capex scheme got implemented in FY 2021-22.
3.	Upgradation of vibration system of GT#1 and GT#2	66.69	66.69	401005468	Scheme was approved in BPR 2019. The Capex scheme got implemented in FY 2021-22.
4.	Implementation of FGMO/RGMO operation	158.58	114.62	4020004051	GT#2 & GT#1 RGMO implementation completed by M/s BHEL on 29.02.2020 and 26.02.2021 respectively. However, STG RGMO implementation is pending. No work was carried out in FY 2021-22 and same got done during shut down of STG. Thus, Petitioner has claimed partial

Sr. No.	Item/ Scheme	PO Value inclusive of Tax (Rs in Lacs)	Amount claimed inclusive of tax for FY 2021-22 (Rs. In Lacs)	Purchase order No.	Remarks
					amount of Rs 114.62 Lacs as per the invoice and Rs 43.96 Lacs will be claimed after the completion of work.
Total (Rs in Lacs)		292.40	248.44		

3.45 Accordingly, the Petitioner has requested to allow the expenditure of Rs. 2.48 Cr. for FY 2021-22 and allowed to recover the pending cost of Rs. 43.96 Lacs mentioned at Sr. No.4 above after completion of work. The details of the GFA of PPS-I for FY 2021-22 is calculated as under:

Table 3. 14: Petitioner Submission - Capital Expenditure

Sr. No.	Particulars	Unit	FY 2021-22
A	Opening GFA	Rs. Cr.	1,054.87
B	Addition	Rs. Cr.	2.48
C	Deletion	Rs. Cr.	0.00
D	Closing GFA	Rs. Cr.	1,057.35
E	Average GFA	Rs. Cr.	1,056.11

3.46 In addition to the above due to the applicability of IND AS the Petitioner has to maintain many O&M spare as capital spare which are not a part of GFA. In FY 2021–22 PPCL issued capital spares for an amount of ₹1.42Cr. As this amount is neither allowed in normal O&M expenditure neither in capital expenditure, it is requested to allow expenditure on account of capital spare in line with CERC Regulation, 2019.

COMMISSION ANALYSIS

3.47 The Commission has considered the Opening GFA as on 1/04/2021 amounting to Rs. 1052.70 Cr. (as per True-up Order dated 19/07/2024) based on the True-up of FY 2020-21.

- 3.48 The Petitioner in its Petition and during the Prudence Check, has submitted the Capitalization of assets for FY 2021-22 as Rs. 2.48 Cr. The Commission has considered the same Capitalization of Rs. 2.48 Cr. for FY 2021-22 as per Petitioner Submission. The Commission has not allowed the Capital Spares amounting to Rs. 1.42 Cr. as the same was not claimed in Trued-up Petition by the Petitioner.
- 3.49 Further, the Petitioner in its Petition has not claimed any De-capitalization of assets for FY 2021-22 but during prudence check, PPCL in the meeting held at DERC dated 3/09/2024 and vide its letter no. IPGCL-PPCL/Comml./F.12/2024-25/121 dated 11/09/2024 has submitted that in FY 2021-22, there was de-capitalization of assets of Rs. 48.47 Cr. in PPS-I. Out of Rs. 48.47 Cr., Rs. 9.00 Cr. are the capital spares which was not initially capitalised as part of GFA by DERC. Since these capital spares of Rs. 9.00 Cr. were not part of GFA, the same is not deducted from GFA. Therefore, the Commission has considered the de-capitalization of Rs. 39.47 Cr. (Rs. 48.47 Cr. – Rs. 9.00 Cr.) for FY 2021-22.
- 3.50 Accordingly, the GFA approved by the Commission for FY 2021-22 is as follows:

Table 3. 15: Commission Approved - Capital Expenditure

Sr. No.	Particulars	UoM	FY 2021-22		
			Projected in T.O. dated 30/09/2021	Petitioner Submission	Commission Approved
A	Opening GFA	Rs. Cr.	1054.87	1054.87	1052.70*
B	Addition	Rs. Cr.	-	2.48	2.48
C	Deletion	Rs. Cr.	-	-	39.47
D	Closing GFA	Rs. Cr.	1054.87	1057.35	1015.71
E	Average GFA	Rs. Cr.	1054.87	1056.11	1034.21

*As per True-up Order dated 19/07/2024

DEPRECIATION

PETITIONER SUBMISSION

- 3.51 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 opening accumulated depreciation considered by the Commission for FY 2021-22 in DERC tariff order dtd. 30/09/2021 was of Rs. 850.05 Cr.

3.52 Accordingly, Depreciation for FY 2021-22 is calculated as below:

Table 3. 16: Petitioner Submission - Depreciation

Sr. No.	Particulars	Unit	FY 2021-22
A	Average GFA	Rs. in Cr	1,056.11
B	Opening Accumulated Depreciation	Rs. in Cr	850.05
C	Balance Depreciation	Rs. in Cr	100.45
D	Balance Useful Life	Years	7
E	Current Year Depreciation	Rs. in Cr	14.35
F	Closing Accumulated Depreciation	Rs. in Cr	864.40
G	Average Accumulated Depreciation	Rs. in Cr	857.22
H	Average Net Fixed Asset	Rs. in Cr	198.89

COMMISSION ANALYSIS

3.53 The Commission has approved the Accumulated Depreciation of Rs. 850.30 Cr. at the closing of FY 2020-21 in the Tariff Order dated 19/07/2024. It is observed that PPS-I Station was commissioned in FY 2002-03 and shall complete its useful life by year 2027-28.

3.54 The Commission vide its email dated 6/11/2024 sought details related to accumulated depreciation against the de-capitalized assets during FY 2021-22. The Petitioner vide its email dated 8/11/2024 submitted that the accumulated depreciation against the decapitalized amount is Rs. 17.59 Cr. Accordingly, the Commission has considered an amount of Rs. 17.59 Cr. towards adjustment of Depreciation for FY 2021-22.

3.55 The Commission has spread the remaining depreciable value over the remaining life of the asset and has computed depreciation for FY 2021-22.

3.56 Accordingly, the Depreciation approved by the Commission for true up for FY 2021-22 is as follows:

Table 3. 17: Commission Approved - Depreciation

Sr. No.	Particulars	Unit	FY 2021-22		
			Projected in T.O. dated 30/09/2021	Petitioner Submission	Commission Approved
A	Average GFA	Rs. Cr.	1054.87	1056.11	1034.21
B	Opening Accumulated Depreciation	Rs. Cr.	850.05	850.05	850.30*
C	Adjustment of De-capitalization	Rs. Cr.	-	-	17.59
D	Balance Depreciation [90% of A- (B+C)]	Rs. Cr.	99.33	100.45	62.89
E	Balance Useful Life	Years	7	7	7
F	Current Year Depreciation	Rs. Cr.	14.19	14.35	8.98
G	Closing Accumulated Depreciation (B+F)	Rs. Cr.	864.24	864.40	859.28
H	Average Accumulated Depreciation	Rs. Cr.	857.15	857.22	854.79
I	Average Net Fixed Asset (A-H)	Rs. Cr.	197.72	198.89	179.41

*As per True-up Order dated 19/07/2024

WORKING CAPITAL

PETITIONER SUBMISSION

3.57 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.”*

- 3.58 As per DERC Tariff Regulation 2017, the landed fuel cost for Tariff determination is to be based on moving average cost of respective fuel before start of the tariff period. The relevant extract is reproduced as under:

“107. Landed Fuel Cost for Tariff Determination: 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”.

- 3.59 However, State Commission in its Tariff order dated 30/09/2021 has considered landed fuel cost parameters for the period Feb-21 to Jul-21 while arriving working capital for FY 2021-22 which is contrary to the regulation 107 of DERC Tariff Regulation, 2017. Accordingly, Petitioner has considered the landed fuel cost parameters for the period from Jan-21 to Mar-21 as per regulation 107 above for calculating working capital for FY 2021-22 and find that there is no huge difference between the Commission approves ECR and Fuel Cost for FY 2021-22. Accordingly, Petitioner has considered the same working capital as approved by DERC in tariff order dated 30/09/2021 for FY 2021-22.
- 3.60 Accordingly, the working capital arrived for FY 2021-22 which the Petitioner has requested the Commission to consider is shown as under:

Table 3. 18: Petitioner Submission - Requirement of Working Capital

Sr. No.	Particulars	Unit	FY 2021-22	Remarks
A	Fuel expenses for 1 month	Rs. Cr.	124.94	
B	Maintenance spares @ 30% of O&M	Rs. Cr.	30.07	
C	O&M expenses for 1 month	Rs. Cr.	8.35	
D	Annual Fixed Cost for the year	Rs. Cr.	152.85	
E	Fuel Cost for the year	Rs. Cr.	1,321.49	
F	Receivables equivalent to 2 months of capacity and energy charge	Rs. Cr.	245.72	
G	Total Working Capital	Rs. Cr.	409.08	H=A+B+C+D+G

COMMISSION ANALYSIS

- 3.61 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.
- 3.62 Further, the Petitioner has requested to consider the Working Capital requirement for FY 2021-22 in line with the Projection done in Tariff Order dated 30/09/2021. Accordingly, the Commission has kept the working capital for FY 2021-22 as approved by the Commission vide its Order dated 30/09/2021 which is as follows:

Table 3. 19: Commission Approved - Requirement of Working Capital

Sr. No.	Particulars	Unit	FY 2021-22	Reference
A	Fuel expenses for 1 month	Rs. Cr.	124.94	As per Submission of the Petitioner
B	Maintenance spares @ 30% of O&M	Rs. Cr.	30.07	
C	O&M expenses for 1 month	Rs. Cr.	8.35	
D	Annual Fixed Cost for the year	Rs. Cr.	152.85	
E	Fuel Cost for the year	Rs. Cr.	1321.49	
F	Receivables equivalent to 2 months of capacity and energy charge	Rs. Cr.	245.72	
G	Total Working Capital	Rs. Cr.	409.08	

REQUIREMENT OF LOAN AND EQUITY**PETITIONER SUBMISSION**

- 3.63 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. 20: Petitioner Submission - Requirement of Loan & Equity

Sr. No.	Particulars	Unit	FY 2021-22	Remarks
A	Average Net Fixed Assets	Rs. Cr.	198.99	Table 5-5
B	Average Equity	Rs. Cr.	198.99	Para 46
C	Average CAPEX Loan	Rs. Cr.	0.00	Para 46
D	Working Capital Loan	Rs. Cr.	409.08	Table 5-6
E	Total Loan Requirement	Rs. Cr.	409.08	E = C+D
F	Average RRB	Rs. Cr.	607.97	F = B+E

- 3.64 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. Therefore, Petitioner is filing present true up petition without prejudice to its submission in existing case on above matter.

COMMISSION ANALYSIS

3.65 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:

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

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

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

(viii) 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.”

3.66 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. 21: Commission Approved - Requirement of Loan & Equity

Sr. No.	Particulars	Unit	FY 2021-22		
			Projected in T.O. dated 30/09/2021	Petitioner Submission	Commission Approved
A	Average Net Fixed Asset	Rs. Cr.	197.72	198.89	179.41
B	Average Equity	Rs. Cr.	59.32	198.89	53.82

Sr. No.	Particulars	Unit	FY 2021-22		
			Projected in T.O. dated 30/09/2021	Petitioner Submission	Commission Approved
C	Average CAPEX Loan	Rs. Cr.	138.41	-	125.59
D	Working Capital Loan	Rs. Cr.	409.08	409.08	409.08
E	Average Total Loan Requirement	Rs. Cr.	547.49	409.08	534.67
F	Average RRB	Rs. Cr.	606.81	607.98	588.50

RETURN ON CAPITAL EMPLOYED

PETITIONER SUBMISSION

3.67 The Petitioner has submitted that 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.”

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;

RRB_i – 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;”

- 3.68 The Petitioner has considered the rate of interest on loan by considering the Bank Rate as Marginal Cost of Fund based Lending Rate (MCLR) as notified by the State Bank of India and margin as approved in Business Plan Regulations, 2019. Accordingly, rate of interest on loan for FY 2021-22 has been calculated on the basis of SBI MCLR of 7.00% as on 1st April, 2021.
- 3.69 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 17.472%. Accordingly, grossed up rate of return on equity has been computed at 16.96% for FY 2021-22.
- 3.70 Accordingly, the Petitioner has computed Weighted Average Cost of Capital (WACC) and Return on Capital Employed (RoCE) for FY 2021-22 as follows:

Table 3. 22: Petitioner Submission - WACC and RoCE (Rs. Cr.)

Sr. No.	Particulars	Unit	FY 2021-22	Remarks
A	Average RRB	Rs. Cr.	607.97	
B	Total Loan	Rs. Cr.	409.08	
C	Average Equity	Rs. Cr.	198.99	
D	Cost of Debt, Rd	%	7.00	
E	Return on Equity, Re	%	16.96	
F	WACC	%	10.26	As per DERC Regulation 2017
G	RoCE	Rs. Cr.	62.37	G = A*F

COMMISSION ANALYSIS

- 3.71 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, 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."

3.72 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."

3.73 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%."

3.74 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 1/04/2021 i.e. 7.00% has been considered by the Commission in terms of Tariff Regulations, 2017 and the Business Plan Regulations, 2019 for the FY 2021-22.

3.75 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."

3.76 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)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 ΔAB_i 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 $(i-1)$ 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;

rd is the Cost of Debt;

re is the Return on Equity."

- 3.77 The Commission vide its email dated 04/10/2023 has sought the acknowledgement and calculation of Income Tax Return filed by PPCL for FY 2021-22. The Petitioner vide its email dated 10/10/2023 has submitted the copy of Income Tax Return acknowledgement for FY 2021-22. Based on the information submitted by the Petitioner, the Commission has approved the Income Tax Rate as 17.547% for FY 2021-22.
- 3.78 Accordingly, the Commission Trued-up the Return on Capital Employed (RoCE) for FY 2021-22 as follows:

Table 3. 23: Commission Approved - WACC and RoCE

Sr. No.	Particulars	Unit	FY 2021-22		
			Projected in T.O. dated 30/09/2021	Petitioner Submission	Commission Approved
A	Average RRB	Rs. Cr.	606.81	607.98	588.50
B	Average Capex loan	Rs. Cr.	138.41	-	125.59
C	Loan for Working Capital Requirement	Rs. Cr.	409.08	409.08	409.08
D	Total Loan	Rs. Cr.	547.49	409.08	534.67
E	Average Equity	Rs. Cr.	59.32	198.89	53.82
F	Cost of Debt, Rd	%	7.00	7.00	7.00

Sr. No.	Particulars	Unit	FY 2021-22		
			Projected in T.O. dated 30/09/2021	Petitioner Submission	Commission Approved
G	Return on Equity, Re	%	16.96	16.96	16.96
H	WACC	%	6.33	10.26	7.91
I	RoCE	Rs. Cr.	38.42	62.37	46.56

NON-TARIFF INCOME**COMMISSION ANALYSIS**

3.79 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.”

3.80 The Commission has considered the component of NTI based on the Audited Books of Accounts and Cost Audit Report for FY 2021-22. Further, the Petitioner vide its email dated 17/09/2024 has submitted bifurcation of Plant-wise component for NTI. Accordingly, the amount of component of NTI for FY 2021-22 considered by the Commission is as follows:

Commission Approved - Computation of LPSC (Rs. Cr.)

Sr. No.	LPSC for FY 2021-22	Amount
A	LPSC amount collected	25.45
B	Principal amount @ 18%	141.39
C	LPSC Amount allowed for retention @7.00% (Rate of Interest on Loan-SBI MCLR rate as on 1/04/2021)	9.90
D	LPSC amount considered as NTI	15.55

Table 3. 24: : Commission Approved - Computation of NTI (Rs. Cr.)

Sr. No.	Component of NTI for FY 2021-22	Amount
A	Rent Income	0.05
B	Sale of Scrap	0.31
C	Miscellaneous Income	0.07
D	LPSC amount considered as NTI	15.55
E	Total NTI	15.99

SUMMARY OF FIXED COST

PETITIONER SUBMISSION

3.81 Annual Fixed Cost for FY 2021-22 submitted by the Petitioner is as under:

Table 3. 25: Petitioner Submission - Annual Fixed Cost

Sr. No.	Particulars	Unit	FY 2021-22	Remarks
A	Return on Capital Employed	Rs Cr	62.37	Table 5-8
B	Depreciation	Rs Cr	14.35	Table 5-5
C	Operation and Maintenance Expenses	Rs Cr	148.38	Table 5-2
D	Annual Fixed Cost	Rs Cr	225.10	E = A+B+C
E	Net Generation	MU	1,489.27	Table 3-4
F	Fixed Cost Per Unit	Rs/ kWh	1.511	G = E/F*10

COMMISSION ANALYSIS

3.82 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:

Return on Capital Employed;

Depreciation; and

Operation and Maintenance expenses.”

3.83 Accordingly, the Commission has trued up the AFC for FY 2021-22 as follows:

Table 3. 26: Commission Approved - Annual Fixed Cost

Sr. No.	Particulars	UoM	FY 2021-22			Ref.
			Projected in TO dated 30/09/2021	Petitioner Submission	Commission Approved	
A	Return on Capital Employed	Rs. Cr.	38.42	62.37	46.56	Table 3.23
B	Depreciation	Rs. Cr.	14.19	14.35	8.98	Table 3.17
C	Operation and Maintenance Expenses	Rs. Cr.	100.23	148.38	147.41	Table 3.13
D	Annual Fixed Cost	Rs. Cr.	152.85	225.10	202.95	A+B+C
E	Less: Non-Tariff Income (NTI)	Rs. Cr.	-	-	15.99	Table 3.24
F	Annual Fixed Cost (Net of NTI)	Rs. Cr.	152.85	225.10	186.97	D-E
G	Net Generation	MU	2389.61	1489.27	1489.27	
H	Fixed Cost per unit	Rs./kWh	0.640	1.511	1.255	F/G*10

IMPACT OF TRUE-UP OF FY 2021-22:

3.84 In line with above discussions, the Petitioner is allowed to recover an amount of Rs. 34.12 Cr. (Rs. 186.97 Cr. – Rs. 152.85 Cr.) based on the True-up of Annual Fixed Cost for FY 2021-22 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(2057)/DERC/2021-22

Petition No. 74/2022**In the matter of: Petition for True up of expenses for FY 2021-22.**

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

...Petitioner/Licensee

Coram:
Hon'ble Dr. A. K. Ambasht, Member

Appearance:
Mr. Amit Kansal, PPCL.

INTERIM ORDER

(Date of Hearing: 19.01.2023)
(Date of Order: 19.01.2023)

1. Mr. Amit Kansal, appeared on behalf of IPGCL. He has submitted that the instant Petition has been filed for true up of expenses for FY 2021-22. The Petition has been scrutinised and found generally in order as per the DERC Comprehensive (Conduct of Business) Regulations, 2001. The Counsel has further stated that the revised details will be submitted by the Petitioner as and when the accounts will be finalized.
2. On due consideration, the True Up Petition is admitted by the Commission. Further, the Petitioner shall have to furnish clarifications/ additional information, as and when required by the Commission.

Sd/-
(Dr. A.K. Ambasht)
Member

Annexure IILIST OF RESPONSES RECEIVED FROM STAKEHOLDERS ON TRUE UP OF FY 2021-22

Sr. No.	Name	Address	Category	Company/ Licensee	Date of Receipt
1.	Sh. B.S. Sachdev	Elderly People's Forum B-2/13A Keshav Puram Delhi 110 035	RWA	DISCOMs	13/06/2023 23/06/2023 28/06/2023 23/06/2023 13/12/2023
2.	Sh. Arun Kumar Datta	222, Pocket-E, Mayur Vihar Phase II Delhi 110 091	RWA	DISCOMs	21/06/2023 26/07/2023 3/09/2023 25/07/2023
3.	Sh. Anil Sood Hony President – SPCHETNA	A 414-415, Somdutt Chamber-15 Bhkajicama Place, New Delhi	RWA	DISCOMs	23/06/2023 12/07/2023
4.	Satya Prakash Times	A-71, Shashtri Nagar, Delhi – 110052	Industrial	TPDDL	23/12/2023
5.	Sh. Pankaj Gupta Gen. Manager	Delhi Metro Rail Corporation Ltd. Metro Bhawan, 13, Fire Brigade Lane, Barakhamba Road, New Delhi 110 001	Industrial	BYPL BRPL TPDDL	06/07/2023
6.	Sh. Pawan Kr. Garg Sh. Ashish Garg	Narula Industrial Complex Welfare Association F-1999, DSIIDC Industrial Complex, Narela, Delhi – 110040	Industrial	TPDDL	30/11/2023
7.	Sh. K.K. Verma General Manager (C&RA)	Delhi Transco Ltd. General Manager (Commercial & Regulatory Affairs) 33kV Grid S/Station Building, I.P. Estate, New Delhi 110 002	Govt.	DISCOMs IPGCL	7/07/2023 19/12/2024
8.	Sh. Saurabh Gandhi Gen. Secretary	United Residents of Delhi (URD) C6/7 Rana Pratap Bagh, Delhi 110 007	RWA	DISCOMs	6/07/2023 11/09/2023 1/08/2023
9.	Sh. Harvinder Singh Basra	Basra Engg. Works C-86, Sec-2, Bawana Industrial Area, New Delhi – 110039	RWA	DISCOM	17/11/2023
10.	Sh. Rajiv Kakria Convener	rkakria3@gmail.com	RWA	DISCOMs	6/07/2023
11.	Sh. A.K. Singh General Manager	Bharti Airtel Limited Head L&R Delhi LSA	Industrial	DISCOMs GENCOs TRANSCO	10/07/2023

Sr. No.	Name	Address	Category	Company/ Licensee	Date of Receipt
		Anuj.Singh@airtel.com			
12.	Sh. Avdhesh Kumar Upadhyay	Flat A-1, Plot A333, Street 35, Chattarpur Enclave Phase II, New Delhi – 110074	Industrial	DISCOM	-
13.	CA Sanjay Gupta General Secretary	C-4/15, Model Town-3, Delhi 110 009	RWA	DISCOMs	10/08/2023
14.	Sh. V.K. Malhotra General Secretary	DVB Engineers' Association D-3, Vikas Puri, New Delhi 110 018	Association	DISCOMs	10/07/2023 28/07/2023
15.	Sh. Rajeev Kumar	IGL Bhawan, Plot No. 4, Community Centre, Sector-9, R.K. Puram, New Delhi – 110022	Govt.	IPGCL	1/08/2023
16.	Sh. Y.K. Anand President	Babar Road Colony Lease Holders Association 58, Babar Road, Bengal Market Ykanand62@gmail.com	Domestic	NDMC	11/07/2023
17.	Sh. Ashok Bhasin	Delhi Pradesh Congress Committee Cell Camp Office Bhagidari, 1618, Chandrawal Road, Clock Tower, Delhi 110007	Domestic	DISCOMs	7/02/2024
18.	Sh. Sachin Gupta	Public News BU-54, SFS Flats, Pitampura, New Delhi – 110034	Domestic	DISCOMs	22/01/2024
19.	Sh. Sahendra Singh	IPGCL, Himadri, Rajghat Power House Complex, New Delhi – 110002	IPGCL	DISCOMs	18/07/2023 12/09/2023 8/11/2024 10/12/2024 16/12/2024
20.	Sh. Anurag Bansal	TPDDL, NDPL House, Hudson Lines, Kingsway Camp Delhi – 110009	TPDDL	PPCL DTL IPGCL	26/03/2023 26/07/2023 28/07/2023
21.	Sh. Atul Bhardwaj	NDTA	Association	NDMC	10/07/2023

Sr. No.	Name	Address	Category	Company/ Licensee	Date of Receipt
22.	Sh. Anant Trivedi	trivadianant@gmail.com	RWA	BYPL	7/08/2023
23.	Sh. Lalit Mohan Sharma	10/117, University Road, Vishshwas Nagar, New Dlehi 110 032	RWA	BYPL	4/08/2023
24.	Sh. Harmeet Singh President	2462, Basti Punjabiyan, Subzi Mandi, Roshanara Road, Delhi 110 007	RWA	TPDDL	15/09/2023
25.	Sh. B.B. Tiwari Secretary	sarwasharpan@gmail.com	RWA	TPDDL	22/09/2023
26.	Sh. K.C. Jain	198, Dr. Kukherjee Nagar, Delhi 110 009 kcjgcd@gmail.com	RWA	TPDDL	21/09/2023
27.	Sh. H.M. Sharma	146(FF), Vinobapur, Lajpat Nagar-2 New Delhi 110 024	RWA	DISCOMs	20/09/2023
28.	Sh. Hariram Bhardwaj	DVB Pensiones Association, Rajghat Power House, New Delhi – 110002	RWA	DISCOMs	18/12/2024
29.	Sh. Rakesh Bansal	East Delhi Manufacturers Association B-17, Jhilmil Industrial Area, Behind Jhilmil Metro Station, Delhi – 110095	RWA	DISCOMs	26/12/2023
30.	Sh. Sushil Goel	North-West Industrial Federation 118, SMA, Co-opwerative Indl. Estate, G.T. Karnal Road, Delhi – 110033	RWA	DISCOMs	14/03/2024
31.	Sh. Virendra Sachdeva	Bhartiya Janta Party 14, Pt. Pant Marg, New Delhi – 110001	RWA	DISCOMs	14/07/2024
32.	Sh. Rajesh Nilkanth Shinde	Airports Authority Of India Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003	Govt.	DISCOMs	17/05/2024
33.	Sh. Sanjeev Kumar	Airports Authority Of India Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi - 110003	Govt.	DISCOM	20/02/2024
34.	Sh. Sameer Singh	BSES Rajdhani Power Ltd. BSES Bhawan, Nehru Place, New Delhi 110 019	DISCOM	DTL	9/10/2024

Sr. No.	Name	Address	Category	Company/ Licensee	Date of Receipt
35.	Sh. Shiva Suman	In individual Capacity, Citizen of India	Industrial	DISCOM/SLDC /IPGCL/PPCL/ DTL	12/07/2023
36.	Ms. Monika Dhyani	BSES Rajdhani Power Ltd. BSES Bhawan, Nehru Place, New Delhi 110 019	DISCOM	DTL	9/10/2024

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 2021-22**

Sr. No.	Name	Organisation
1	Amarjeet Singh	Domestic Consumer
2	Kamal Kishore Verma	DTL
3	Lalit Chopra	NDMC
4	Chandra Mohan Jain	NDMC
5	Surendranath Amalakanti	NDMC
6	A.W. Ansari	NDMC
7	Adarsh Kumar Handa	Domestic Consumer
8	Somya Tripathi	DMRC
9	Shubham Kumar	DMRC
10	Mukesh Kumar Goel	DMRC
11	Anurag Bansal	TPDDL
12	Saurabh Gandhi	URD, RWA
13	Amit Sharma	URD, RWA
14	Amit Kansal	IPGCL/PPCL
15	Manmohan Verma	URD, RWA
16	Sandeep Kapoor	Apex Chamber of Commerce & Industry
17	Harvinder Singh Basra	Bawana Industrial Area
18	Bhagwat Prasad Agarwal	MCD, Advocate, High Court Bar Association
19	Arun Kumar Rathore	MCD
20	Arun Kumar Datta	URD, RWA
21	Vishnu Kumar	DISCOM
22	Chirag	DISCOM
23	Akash Gupta	DISCOM
24	Shweta Chaudhary	DISCOM
25	Rajul Agarwal	DISCOM
26	Monika Dhyani	DISCOM
27	Kanishk Khettarpal	DISCOM
28	Amal Sinha	DISCOM
29	Vikas Dixit	DISCOM
30	Rajeev Chowdhury	DISCOM
31	Sameer Singh	DISCOM
32	Gaurav Thapan	DISCOM
33	Naveen Vats	DISCOM
34	Brajesh Kumar	DISCOM
35	Prachi Jain	DISCOM
36	Parul Prasad	DISCOM
37	Jaya Rathi	DISCOM
38	Garima Belwal	DISCOM
39	Gurmeet Singh	DISCOM
40	Sanjay Srivastav	DISCOM
41	Man Mohan Mehra	Association
42	Sanjay Gaur	Patparganj Industrial Area
43	CA Sanjay Gupta	Model Town, RWA
44	Hemanta Sharma	RWA

Sr. No.	Name	Organisation
45	Bharti Airtel	Industrial
46	Manish Jain	TPDDL
47	Sanket Sharma	TPDDL