



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

F.11(2137)/DERC/2023-24/7876

**Petition No. 38/2023**

**In the matter of: Petition under Section 62(4) of the Electricity Act, 2003 read with Regulation 134 of the Delhi Electricity Regulatory Commission (Terms and Conditions for determination of Tariff) Regulations 2017 and Regulation 30 of DERC Business Plan Regulations, 2023 and the Delhi Electricity Regulatory Commission (Conduct of Business) Regulations, 2001 for allowing the Petitioner to levy Power Purchase Cost Adjustment Charges ('PPAC') pertaining to the period commencing from April 2023 to June 2023 of the Financial Year 2023-24.**

**Tata Power Delhi Distribution Ltd. ('TPDDL')**

**...Petitioner**

**Coram:**

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

**Appearance:**

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

**ORDER**

(Date of Order: 03.01.2024)

1. The instant Petition has been filed by Tata Power Delhi Distribution Ltd. ('TPDDL' for short) for seeking approval of the Commission to allow it to levy Power Purchase Cost Adjustment Charges ('PPAC' for short) for the period commencing from April 2023 to June 2023 of the Financial Year 2023-24, under Section 62(4) of the Electricity Act, 2003 read with Regulation 134 of the Delhi Electricity Regulatory Commission (Terms and Conditions for determination of Tariff) Regulations 2017 ('Tariff Regulations 2017' for short), along with Regulation 30 of Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2023 ('Business Plan Regulations 2023' for short). In sum, the Petitioner has made the following prayer: -

a) Allow the Petitioner to levy legitimate Power Purchase Cost Adjustment Charges pertaining to the period commencing from

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April 2023 and ending in June 2023 of the Financial Year 2023-2024 to the tune of 28.22%.

### **Submissions by the Petitioner**

2. The written submissions made in and the gist of the documents in support of the said submissions to the Petition are summarized as under: -
  - i. The Petitioner is a Distribution Licensee in terms of Section 14 of the Electricity Act, 2003 granted by the Commission. The Petitioner supplies power to North and North-West areas of Delhi in terms of the distribution license issued by this Commission.
  - ii. In order to provide electricity, the Petitioner has been procuring/purchasing the same from various generation sources including from the Renewable Sources by utilizing the State and Central Transmission Network of the Transmission Licensees. The power so procured is then supplied to the consumers at the tariff adopted by the Commission. The cost of such power procurement along with transmission of electricity comprises of around 80% of the Annual Revenue Requirement ('ARR' for short) of the Petitioner.
  - iii. The Power Purchase Cost is an uncontrollable factor and beyond the control of the Petitioner and is dependent on various factors such as fuel prices, freight charges for fuel transportation, regulatory orders/directives (incentives, O&M costs, etc.), variation between demand and supply due to various macroeconomic factors and weather conditions, and such difficulties have been duly acknowledged by the Commission during past few years in respect of Tariff determination exercise. It is noteworthy that the factors such as fuel prices, freight charges for fuel transportation etc. have been statutorily recognized as uncontrollable factors. Hence, due to nature of such factors being unforeseeable, it becomes difficult to accurately estimate the power purchase costs at the time of annual tariff fixation.
  - iv. The very purpose to levy PPAC is to timely compensate the Petitioner/Distribution Licensee for the increase in the costs for power purchase for the particular periods in a year to keep its financial liquidity intact. In practice, a Generating Company has to make payments for the fuel purchased by it. Any increase in the fuel prices, due to the factors as aforementioned, is required to be compensated failing which the Generating Company may not be in a position to procure sufficient fuel to generate power. Consequently, it is the Distribution Licensee has to

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

- v. Based on the audited accounts and the records of the Petitioner for the period commencing from April 2023 and ending in June 2023 of FY 2023-24, the Petitioner has calculated the proposed PPAC percentage in line with the PPAC methodology specified by the Commission in Regulation 30 of DERC (Business Plan) Regulations, 2023. Accordingly, the PPAC based on all the Bills has been calculated @ 19.72%. The Petitioner is not levying any PPAC for Q1 of FY 2023-24 and, therefore, prays before the Commission to allow the PPAC @ 19.72%.
- vi. Earlier, the Commission had considered PPAC @ 8.50% in the Tariff Order dated 30.09.2021, amounting to Rs. 626.57/- Crore for meeting the Revenue Gap arising in the ARR for FY 21-22 for the Petitioner. The relevant Table is reproduced herein below for reference:

**Table 4. 72:**

**Commission Approved: Revenue (Gap) for FY 2021-22 (Rs. Cr.)**

Sr. No.	Particulars	Amount
1	Aggregate Revenue Requirement (ARR)	6939.44
2	Add: Carrying Costs for FY 2021-22	92.25
3	Add: PPAC Cost Subsumed	13.69
4	<b>Revised ARR (1+2+3)</b>	<b>7045.38</b>
5	Revenue at Revised Tariff	6443.76
6	Add: Revenue from PPAC	626.57
7	<b>Total Revenue (5+6)</b>	<b>7070.33</b>
8	<b>Revenue (Gap)/Surplus (7-4)</b>	<b>24.95</b>

- vii. The Commission has utilized the entire PPAC @ 8.50% to meet the fixed cost recovery forming part of ARR for FY 21-22. Therefore, the actual PPAC

required by the Petitioner for recovering the Power Purchase Cost for Q1 is @ 28.22% (i.e., 19.72% + 8.50% PPAC). Also, the quantum of PPAC arrived at is attributed to the recent Coal blending orders passed by the Central Electricity Authority ("CEA") and CERC from time to time.

- viii. On 21.07.2023, the Commission passed Orders whereby the Distribution Licensees were directed to levy no further PPAC than the already approved by it. In due deference of the same, the Petitioner has presently not levied/will not levy provisional PPAC of 8.75% for the next billing cycle i.e. for the next three months with effect from 26.07.2023. The said fact has been duly informed to the Commission by way of communication No. TPDDL/REGULATORY/2023-24/PMG/144 dated 26.07.2023 in continuation of letter dated 24.07.2023 and has also been uploaded on TATA Power-DDL website on 26.07.2023; as required by Commission's Regulations/Orders issued in this behalf.
- ix. The present Petition is being filed *bona fide* and is in the interests of justice. It is stated again that in due reference to the Order dated 21.07.2023 passed by the Commission, the Petitioner has not levied the 8.75% PPAC for Q1 of FY 23-24. Thus, the claim of PPAC ie. 28.22% may be allowed to be levied at the earliest to avoid any deferment in recovery of the variation in Power Purchase Cost and any consequential carrying cost burden on the consumers.

### **Commission Analysis**

3. The Petition contains a prayer to allow the Petitioner to levy legitimate Power Purchase Cost Adjustment Charges pertaining to the period commencing from April'23 and ending in June'23 of FY 2023-24, to the tune of 28.22%.
4. The Commission vide its Order dated 27/09/2023 had admitted the Petition.
5. The Tariff Division conducted a prudence check of PPAC Petition jointly with the TPDDL Officials on 04/10/2023. The Power Purchase and Transmission Bills were 100% verified.
6. Based on the said Prudence Check session, Tariff Division sought further information from the Petitioner with regard to the CERC Orders resulting in arrears, STOA credit, Short-Term Sale and Purchase etc. vide email dated 05/10/2023. The Petitioner replied to the same vide its email dated 11/10/2023.
7. The Commission, while issuing the Tariff Order 30.09.2021, had duly considered all relevant factors and had approved the PPAC @8.50%.

8. Further, the data reveals that in Q-1 FY 2023-24, due to various CERC Orders, the arrears of Rs.169 Crores appx were paid to the Power Plants and Central Transmission Utility, as follows:

Particulars	Units (MU)	Current Quarter Bill (Rs. Cr.)	Arrear paid during the Quarter (Rs. Cr.)	Total bill (Rs. Cr.)	Remarks
<b>Generating Plants</b>					
CTPS - U 7 & 8	12	61	83	143	True-up of FY 2014-19 & ARR of FY 2019-24 (CERC order dated 16.06.2023)
Auraiya Gas Power Station	0	15	22	37	True-up for FY 2014-19 (CERC order dated 15.04.2023)
Tanakpur	0	2	11	13	True-up of FY 2014-19 & ARR of FY 2019-24 (CERC order dated 05.04.2023)
Dadri 1	0	7	9	16	True-up for FY 2014-19 (CERC order dated 04.07.2023)
CLP Jhajjar	19	91	6	96	Deemed Capacity Charge for FY 2018-19 (CERC order dated 23.04.2023)
<b>Transmission</b>					
PGCIL POC BILL 2	0	0	39	39	True-up of FY 2014-19 & ARR of FY 2019-24 (CERC order dated 21.02.2023)
<b>Total</b>	<b>31</b>	<b>176</b>	<b>169</b>	<b>345</b>	

9. Admittedly, most of the Coal-based Power Plants, the Weighted Average Coal Price (Domestic + Imported) had increased significantly with respect to the Weighted Average Coal Price (Domestic + Imported). However, these factors were duly taken into consideration while approving the Power Purchase Cost for FY 2021-22. The summary is as follows: -

<b>Q1FY22</b>					
Power Plants	ECR of Plant approved in TO dated 30/09/2021 (Rs./Unit)	Domestic Coal Price (Rs./MT)	Imported Blending ratio	Imported Coal Price (Rs./MT)	Weighted Average Coal Price (Rs./MT)
FARAKKA	2.69	4,082.77	0.00%	-	4,083.71
RIHAND -I	1.40	2,004.95	0.00%	-	2,004.95
RIHAND -II	1.40	2,004.95	0.00%	-	2,004.95
SINGRAULI STPS	1.44	2,099.15	0.00%	-	2,099.15
UNCHAHAAR-I	2.93	4,300.78	0.00%	-	4,305.81
UNCHAHAAR-II	2.93	4,300.78	0.00%	-	4,305.81
UNCHAHAAR-III	2.92	4,300.78	0.00%	-	4,305.81
KAHALGAON STAGE-I	2.37	2,491.72	0.00%	-	2,491.72
KAHALGAON STAGE-II	2.24	2,491.72	0.00%	-	2,491.72
DADRI II	3.16	4,436.55	5.69%	5,905.62	4,716.80
Aravali Power Corporation Ltd	3.16	4,729.44	8.48%	8,803.41	4,900.18
DVC Meija Unit-6	2.92	3,943.65	0.00%	-	3,943.65
DVC Chandrapur (Ext.-7 and 8)	2.55	3,925.02	0.00%	-	3,925.02

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Q1FY22					
Power Plants	ECR of Plant approved in TO dated 30/09/2021 (Rs./Unit)	Domestic Coal Price (Rs./MT)	Imported Blending ratio	Imported Coal Price (Rs./MT)	Weighted Average Coal Price (Rs./MT)
CLP Jhajjar	3.32	5,337.63	0.00%	-	5,337.63
Maithon Power	2.50	3,397.90	0.00%	-	3,397.90
Q1FY24					
Power Plants	ECR of Plant (Rs./Unit)	Domestic Coal Price (Rs./MT)	Blending ratio	Imported Coal Price (Rs./MT)	Weighted Average Coal Price (Rs./MT)
FARAKKA	3.26	4,282.88	5.24%	13,925.77	4772.01
RIHAND –I	1.54	2,180.21	0.00%	-	2180.21
RIHAND –II	1.54	2,180.21	0.00%	-	2180.21
SINGRAULI STPS	1.45	2,081.71	0.00%	-	2081.71
UNCHAHAAR-I	4.71	4,760.26	21.55%	14,996.01	6965.48
UNCHAHAAR-II	3.50	4,760.26	0.00%	-	4760.26
UNCHAHAAR-III	4.64	4,760.26	20.26%	14,996.01	6834.42
KAHALGAON STAGE-I	3.23	3,654.90	1.98%	14,597.94	3876.88
KAHALGAON STAGE-II	3.07	3,654.90	1.97%	14,597.94	3875.30
DADRI II	4.86	5,266.25	18.35%	15,955.65	6894.73
Aravali Power Corporation Ltd	4.51	5,642.74	4.91%	9,899.12	6298.49
DVC Meija Unit-6	3.65	4,069.99	5.13%	17,244.08	4746.54
DVC Chandrapur (Ext.-7 and 8)	3.15	4,093.35	3.05%	12,210.88	4526.07
CLP Jhajjar	3.79	5,826.35	0.00%	-	5838.31
Maithon Power	2.64	4,282.48	0.00%	-	4282.48

Change in Q1 FY 24 from Q1 FY 22					
Power Plants	ECR of Plant (Rs./Unit)	Domestic Coal Price (Rs./MT)	Blending ratio	Imported Coal Price (Rs./MT)	Weighted Average Coal Price (Rs./MT)
FARAKKA	21%	5%			17%
RIHAND –I	10%	8%			9%
RIHAND –II	10%	8%			9%
SINGRAULI STPS	1%	-1%			-1%
UNCHAHAAR-I	61%	10%			62%
UNCHAHAAR-II	20%	10%			11%
UNCHAHAAR-III	59%	10%			59%
KAHALGAON STAGE-I	36%	32%			56%
KAHALGAON STAGE-II	37%	32%			56%
DADRI II	54%	16%	222%	170%	46%
Aravali Power Corporation Ltd	43%	16%	-42%	12%	29%
DVC Meija Unit-6	25%	3%			20%
DVC Chandrapur (Ext.-7 and 8)	24%	4%			15%
CLP Jhajjar	14%	8%			9%
Maithon Power	6%	21%			26%

10. While computing the percentage of the instant PPAC as prayed for in the Petition, it is noticed that the Petitioner has also taken into consideration the Cosmos Hydro and Tehkhand WTE, which were not part of the base Power Purchase Cost approved in Tariff Order dated 30.09.2021.

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11. The Petitioner's submissions do not take into consideration the credit of Sasan UMPP that was directed by the Hon'ble Supreme Court in the Judgement dated 06.04.2023 in CA No. 11826/2018, *HPPC V/s Sasan Power Ltd. & Ors.* The said Judgement had set aside Hon'ble APTEL's Order dated 20.11.2018 related to "Change in Law" for Sasan UMPP during the current PPAC. Vide email dated 13.10.2023, the officials of the Commission sought the status of the refund received from Sasan Power from the Petitioner. The Petitioner had replied vide email dated 16/10/2023 that Sasan Power had filed a Review Petition before the Hon'ble Supreme Court. The same had, however, been dismissed on 04.10.2023 and, further, that the Petitioner's request for refund is still under consideration with the Sasan.
12. TPDDL is advised to expedite its refund from Sasan UMPP. Further, after considering the above submissions, the Commission has computed the PPAC for Q1FY 24 around 18%.
13. Earlier, the Commission vide its Order dated 07.06.2023 had duly taken into consideration the differential PPAC for three Quarters (Q2, Q3 and Q4 of FY 2022-23) and had allowed TPDDL to levy 29.13% PPAC in the electricity bills of consumers till nine months from issuance of said Order i.e., till 06.03.2024. During the hearing, the Counsel for the Petitioner prayed for extension of levying of the existing PPAC beyond 06.03.2024.
14. Having considered the submissions of the Petitioner, the Commission directs the Petitioner to further extend the levying of the ongoing PPAC of 29.13% till 31.05.2024, as against the Commission's earlier Order dated 07.06.2023 wherein the validity was till 06.03.2024. Further, the Commission, vide its Order dated 21.07.2023, had directed the DISCOMs not to levy any other PPAC unless specifically approved by the Commission. The Commission withdraws the said order dated 21.07.2023 and the Petitioner is allowed to levy PPAC of 8.75% also in terms of Regulation 30(4) of Business Plan Regulations, 2023. In order to avoid tariff shock to the consumers at large, the Commission restricts the ongoing PPAC as above and the balance claims relating to PPAC of the Petitioner will be subsumed appropriately in the ensuing Tariff Order and the difference, if any, will be considered/allowed with Carrying Cost, on verification of Power Purchase and Transmission Bills, in True up.
15. Ordered Accordingly.

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