

BSES

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Date: 30 July 2024

To,
The Secretary
Delhi Electricity Regulatory Commission
Viniyamak Bhavan, Shivalik, Malviya Nagar
New Delhi-110017

Sub: Power Purchase Adjustment Charges (PPAC) for April, May and June, 2024

Ref: Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2023 and Tariff Order dated 30.09.2021

Dear Sir,

We refer to Regulation 30 of Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2023, which provides for the mechanism for recovery of Power Purchase Cost Adjustment (PPAC). The relevant extract is as below:

"30. MECHANISM FOR RECOVERY OF POWER PURCHASE COST ADJUSTMENT CHARGES

The mechanism for recovery of Power Purchase Cost Adjustment Charges (PPAC) in terms of the Regulation 134 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2023-24 to FY 2025-26 of the Distribution Licensees shall be as follows:

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- (4) The treatment of PPAC computation as per the specified formula shall be as follows:
- in case PPAC does not exceed 5% for any quarter, the Distribution Licensee may levy PPAC at 90% of computed PPAC with prior intimation to the Commission without going through the regulatory proceedings.
 - in case PPAC exceeds 5% but does not exceed 10% for any quarter, the Distribution Licensee may levy PPAC of 5% and 75% of balance PPAC (Actual PPAC% - 5%) with prior intimation to the Commission without going through the regulatory proceedings.
 - in case PPAC exceeds 10% for any quarter, the Distribution Licensee may levy PPAC as per sub-regulation (a) and (b) as above without going through the regulatory proceedings and shall file an application for prior approval of the Commission for the differential PPAC claim (Actual PPAC% - 8.75%).

Page 1 of 3

d) *The Distribution Licensee shall file Petition only for their claim of PPAC.*

(5) *The Distribution Licensee shall upload the computation of PPAC on its website before the same is levied in the consumers' electricity bills prospectively..."*

In this regard, we would also like to bring to the notice of this Hon'ble Commission that NTPC has billed Rs. 110 Cr. towards past arrears (FY 2014-19) for Badarpur Power Thermal Station (BTPS) to BRPL in terms of CERC's Order dated 14.04.2024. The said station was a part of base cost of PPAC during the past Tariff Orders of the Hon'ble Commission.

Accordingly, the PPAC for the period April – June, 2024 (i.e. Q1 of FY 2024 – 2025) is computed at 15.35%. If the above arrears of BTPS are not considered, our PPAC for the period April – June, 2024 (i.e. Q1 of FY 2024 – 2025) is computed at 10.62%.

Moreover, in terms of Rule 14 of Electricity Rules, 2005 (as amended by the Electricity (Amendment) Rules, 2022) our computed PPAC is 26.29% (with BTPS arrears) and 22.60% (without BTPS arrears) respectively.

The detailed computations are enclosed as **Annex – 1**. Other details like the Power Purchase Audited statement and SLDC accounts are enclosed as **Annex – 2** for reference. The copies of the bills received from NTPC towards the BTPS arrears are enclosed as **Annex – 3**.

Further, the Hon'ble Commission vide its common Order dated 20.06.2024 while approving PPAC for Q-3 and Q-4 of FY 2023-24 had continued the existing PPAC of 27.08% to avoid a tariff shock for the consumers. The relevant extract of the said order is reproduced below:

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

Sr. No.	Description	PPAC Claimed	PPAC Allowed
A	Q-3 FY 2023-24	13.62%	13.62% (14.43%+7.94%-8.75%)
B	Q-4 FY 2023-24	35.04%	35.09% (16.60%+7.94%- 7.94%+19.30%)
C	Total PPAC to be recovered C=A+B		48.71%
D	Ongoing PPAC as per Commission Order dated 8/03/2024 applicable till 20/06/2024		27.08%
E	PPAC allowed (Lower of (D), (C))		27.08%

As evident from the above, even though as per the Hon'ble Commission own calculations, the PPAC to be actually recovered was more. This eventually left us with an unrecovered PPAC of 21.63% (48.71%-27.08%).

Additionally, this Hon'ble Commission vide its Tariff Order dated 30.09.2021 for BRPL had considered a PPAC of 7.94% equivalent to Rs. 1116.30 Cr. for meeting the revenue gap arising in the Annual Revenue Requirement (ARR) for FY 2021-22. The relevant extracts are under:

Table 4. 62: Commission Approved: Revenue (Gap) for FY 2021-22 (Rs. Cr.)

Sr. No.	Particulars	Amount
A	ARR	8814.59
B	Carrying Cost for FY 2021-22	366.16
C	PPAC Cost Subsumed	242.8
D	Revised ARR	9423.55
E	Revenue at Revised Tariff	8325.13
F	Revenue from PPAC	1116.3
G	Total Revenue	9441.43
H	Revenue (Gap)/ Surplus	17.88

As it is evident from the above table, entire PPAC of 7.94% has been utilized to meet the fixed cost recovery forming part of ARR of FY 2021-22. In the past, the Hon'ble Commission has allowed PPAC including 7.94% along with other quarterly PPAC.

In view of the above, the actual PPAC required for recovering of the Power Purchase Cost is 44.92% (i.e. 15.35%+ 7.94% + 21.63%) in terms of Hon'ble Commission (including BTPS arrears) and 55.86% (i.e. 26.29%+ 7.94% + 21.63%) in terms of Rule 14 of Electricity Rules, 2005 (as amended by the Electricity (Amendment) Rules, 2022).


In any event and without prejudice to the above, given that the Hon'ble Commission vide its Order dated 19.01.2024 has withdrawn its directions issued in para 2 of its earlier Order dated 21.07.23 for all DISCOMs including BRPL, BRPL will levy the suo-motto capped PPAC of 8.75% (in terms of DERC's Business Plan Regulations, 2023) on the bills of all consumers from the billing cycle w.e.f. 01.08.2024 for a period of 3 months.

For the balance/differential PPAC, we shall be filling a separate petition before Hon'ble Commission. In view of the above, we shall upload PPAC computation on our website before the same is levied on the consumers' electricity bills.

This is submitted for the kind information of the Hon'ble Commission.

Thanking You,
Yours faithfully,

For BSES Rajdhani Power Limited


Rajul Agarwal
Head- Regulatory Affairs
Encl: As above

Annex-1 BRPL PPAC % Calculation for BRPL for Apr - Jun - 24

Sr No	Parameters	DERC Methodology	As per MOP
1	A (in Kwh)	3805	4877
2	B (in Kwh)	112	151
3	C (in Kwh)	1.13	1.75
4	D (Rs. Cr.)	239	239
5	E (Rs. Cr.)	308	308
6	Z	3597	4598
7	Distribution Loss	7.14%	7.14%
8	ABR	6.77	6.77
9	Avg PPA base	4.34	4.21
10	PGCIL Loss	2.00%	2.00%
11	DTL Loss	0.92%	0.92%
12	Distribution Loss	7.14%	7.14%
13	Total unit sold other than Direct Consumer (Provisional figure)	151	151
14	Gross power Purchase	5122	5122
15	Avg PPC#	5.47	5.96
16	Base	4.34	4.21
16	PGCIL Losses	2.00%	2.00%
17	DTL Losses	0.92%	0.92%
18	Z	3597	4598
19	CGS	3102	4174
20	SGS	703	703
21	PPAC (nth Qtr) %= ((A-B)*C+(D-E)/ ((Z*(1-Distribution Loss in %/100)*ABR)	15.35%	26.29%
22	PPAC (excl. BTPS)	10.62%	22.60%

Excluding the Cost and Quantum of Power Station whose cost is not approved in Base Cost including BTPS

- A Total unit procured in (n-1)th Qtr from power station having Long term PPA (in KWH) -(To be taken from bills of the Genco issued to Discom)
- B Proportionate bulk sale of power from power station having long Term PPA (in Kwh) = Total unit Sold(Other than sold to direct consumer KWH) in (n-1) Qtr/ Gross Power Purchase (Kwh) in (n-1) Qtr X A
- C Actual Avg PPC (n-1) Qtr from bill - Projected avg PPC base from Tariff order
- D Actual Transmission Charges
- E Approved Transmission Charges
- Z {{{Power purchase from CGS having LTTP} *(1- PGCIL loss in % /100) +(PP from Delhi Genco including BTPS)} *(1-DTL loss%/100)- B) in KWH
- ABR Average Billing Rate