

# BSES

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Date: 28 October 2024

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

Sub: Power Purchase Adjustment Charges (PPAC) for July, August and September, 2024

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

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 extracts of the above Regulation is reproduced 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:

(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

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file an application for prior approval of the Commission for the differential PPAC claim (Actual PPAC% – 8.75%).

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. 107 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 July-September, 2024 (i.e. Q2 of FY 2024 – 2025) is computed at 10.25%. Moreover, in terms of Rule 14 of Electricity Rules, 2005 (as amended by the Electricity (Amendment) Rules, 2022) our computed PPAC is 19.47%. The detailed computations are enclosed as **Annex – 1**. The other details such as the Power Purchase Audited statement and SLDC accounts are enclosed as **Annex – 2**.

Further, the Hon'ble Commission vide its common Order dated 20.09.2024 while approving PPAC for Q-1 of FY 2024-25 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:

"10. In view of above, the Commission accords approval of PPAC for Q1 of FY 2024-25 as follows:

Sr. No.	Quarter	PPAC submitted by DISCOM	PPAC Computed
A	Q-1 FY 2024-25	36.17% (15.35%+7.94%*+21.63%**- 8.75%***)	36.16% (15.34%+7.94%*+21.63%**- 8.75%***)
B	Ongoing PPAC as per Commission Order dated 20/09/2024 applicable till 20/12/2024		27.08%
C	PPAC allowed (Lower of (A), (B))		27.08%

Note: \* PPAC @ 7.94%, as allowed by Commission vide Tariff Order dated 30/09/2021 for meeting the Revenue gap.

\*\* Under-recovery of Q3 & Q4 of FY 2023-24 vide its Order dated 20/06/2024

\*\*\* Suo-moto levy of PPAC as per clause 30(4) of DERC (Business Plan) Regulations, 2023

As evident from the above, even though as per the Hon'ble Commission's own calculations, the PPAC to be actually recovered was more. This eventually left us with an unrecovered PPAC of 9.08% (36.16%-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.)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
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 27.27% (i.e. 10.25%+ 7.94% + 9.08%) in terms of Regulations of the Hon'ble Commission (including BTPS arrears) and 36.49% (i.e. 19.47%+ 7.94% + 9.08%) 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. 01.11.2024 for a period of 3 months.

For the balance/differential PPAC, we shall be filing 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 sincerely,  
**For BSES Rajdhani Power Limited**

  
Rajul Agarwal  
Head- Regulatory Affairs

Encl: As above

## BRPL PPAC % Computation for BRPL for Jul-Sep - 24

Sr No	Parameters	DERC Methodology	As per MOP
1	A (in Kwh)	3574	4776
2	B (in Kwh)	78	111
3	C (in Kwh)	0.75	1.28
4	D (Rs. Cr.)	265	265
5	E (Rs. Cr.)	308	308
6	Z	3401	4536
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)	111	111
14	Gross power Purchase	5037	5037
15	Avg PPC#	5.09	5.49
16	Base	4.34	4.21
16	PGCIL Losses	2.00%	2.00%
17	DTL Losses	0.92%	0.92%
18	Z	3401	4536
19	CGS	3111	4313
20	SGS	463	463
21	PPAC (nth Qtr) %= ((A-B)*C+(D-E)/ ((Z*(1-Distribution Loss in %/100)*ABR)	<b>10.25%</b>	<b>19.47%</b>

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

- 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 LTPP) \*(1- PGCIL loss in % /100) +(PP from Delhi Genco including BTSPS)} \*(1-DTL loss%/100)- B] in KWH
- ABR Average Billing Rate