



Delhi Electricity Regulatory Commission

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi –110 017.

F.11(2249)/DERC/2024-25/8192

Petition No. 43/2024

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 SEEKING THIS HON'BLE COMMISSION'S APPROVAL TO LEVY DIFFERENTIAL POWER PURCHASE COST ADJUSTMENT CHARGES (PPAC) FOR THE POWER PURCHASE COST INCURRED DURING APRIL'2024 TILL JUNE'2024**

BSES Yamuna Power Ltd.

.... Petitioner

Coram:

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

Appearance:

1. **Mr. Buddy A Ranganadhan, Advocate, BYPL**
2. **Mr. Dushyant Manocha, advocate, BYPL**
3. **Mr. Brian Moses, Advocate, BYPL**
4. **Ms. Kashish Chhabra, Advocate, BYPL**

ORDER

(Date of Order: 20.09.2024)

1. The instant Petition has been filed by BSES Yamuna Power Ltd. (BYPL) seeking approval to levy Differential Power Purchase Adjustment Cost (hereinafter called PPAC) for the Power Purchase Cost incurred during April'2024 to June'2024 for the Q1 of FY 2024-25, in accordance with 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.
2. The Petitioner has made the following prayers:
 - i. Take on record that the Petitioner is levying a PPAC of 8.75% for the Quarter April 2024 till June 2024, on the bills of all consumers from the billing cycle with effect from 01.08.2024 for a period of three months in terms of the extant Regulations and the Petitioner's letter dated 30.07.2024;
 - ii. Allow the levy of differential PPAC at 30.41% (i.e., 39.16% - 8.75%) (as computed on the basis of the Commission's methodology) or 32.64% (i.e., 41.39% - 8.75%) (as computed on the basis of the MoP's methodology) which is inclusive of – (i) 7.43% of PPAC (as per ARR FY 2021-22), (ii) 12.48% of PPAC representing unrecovered PPAC for Q3 and Q4 of FY 2023-24; and (iv) the BTPS arrears for the power purchase costs accrued from April 2024 to June 2024.

PETITIONERS' SUBMISSIONS:

3. The Petitioner has submitted the following:
- 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 the Commission.
 - ii. The present Petition is being filed claiming the additional PPAC for the first Quarter of FY 2024-25 (hereinafter "**Q1**") computed at 39.16% (as computed on the basis of the Commission's methodology) or in the alternative, at 41.39% (as computed on the basis of the Ministry of Power's (hereinafter "**MoP**") methodology).
 - iii. The Commission vide its Tariff Order dated 30.09.2021 provided a mechanism for levy of PPAC by the Petitioner. Further, the Commission vide its Para 2 of the Order dated 21.07.2023 directed DISCOMS to not to levy any additional PPAC till March 2024 except as was provided in its Order of 22.06.2023.
 - iv. That on 19.01.2024, in line with the directions issued by the Commission vide Order dated 03.01.2024 in Petition No. 38/2023, the Commission withdrew the directions contained in Para 2 of the Order dated 21.07.2023 with immediate effect for Petitioner and other DISCOMS as well. In effect, by virtue of its Order dated 19.01.2024, the Commission permitted the Petitioner and other DISCOMS to levy additional PPAC in terms of the Business Plan Regulations, 2023.
 - v. That vide a common Order dated 08.03.2024, the Commission disposed of Petition No. 43/2023 along with the I.A. No. 02/2024 and Petition No. 53/2023 in terms of which, the Commission *inter alia* allowed the Petitioner to recover PPAC of 31.60% beyond 21.03.2024 for 3 months.
 - vi. That on 20.06.2024, the Commission disposed of Petition No. 9/2024 and Petition No. 35/2024 wherein the Commission recognized that the PPAC for Q3 and Q4 of FY 2023-24 exceeds the amount currently being charged to consumers. However, to avoid a tariff shock, it was decided not to increase the PPAC beyond the then current rate of 31.60%, which was then effective until 20.06.2024. It was further held that this rate would be extended for three months, from 21.06.2024 to 20.09.2024. The Commission was of the view that any surplus or deficit will be adjusted, with carrying costs, based on verification of Power Purchase Cost and Transmission Bills during the True-up of the relevant Financial Year, subject to a prudence check. It is submitted that as per Commission's own calculation in Order dated 20.06.2024, the actual PPAC claimed for Q3 and Q4 of 2023-24 was 44.08%, however, since the Commission allowed PPAC of 31.60%, this left the Petitioner with an unrecovered PPAC of 12.48%.
 - vii. It is submitted that during Q1 of FY 2024-25, the Petitioner has also paid arrears of Rs. 119 Crores to National Thermal Power Corporation ("**NTPC**") for Badarpur

Power Thermal Station ("**BTPS arrears**") in terms of Order dated 14.04.2024 passed by the Hon'ble Central Electricity Regulatory Commission ("**CERC**"). It is pertinent to mention that the said station was part of the base cost of PPAC during the past Tariff Orders passed by the Commission. Accordingly, considering the BTPS arrears, the PPAC for Q1 of FY 2024-25 is calculated at 19.25%, and without the BTPS arrears, it is 10.81%, following the Commission's methodology. As per the Ministry of Power's methodology, the PPAC is calculated at 21.48% with BTPS arrears and at 13.26% without considering the BTPS arrears.

- viii. Pertinently, the Commission *vide* its Tariff Order dated 30.09.2021 has considered a PPAC of 7.43% equivalent to Rs. 512.14 Crore for meeting the revenue gap arising in the Annual Revenue Requirement (ARR) for FY 2021-22. The entire PPAC of 7.43% has been utilized to meet the fixed cost recovery forming part of ARR of FY 2021-22. In the past, the Commission has allowed PPAC including 7.43% along with quarterly PPAC. Since the Commission has not considered PPAC of 7.43% while allowing the levy of PPAC of 31.60% in its previous order, this has left the Petitioner with an unrecovered PPAC of 7.43% as well.
- ix. In view of the above, the Petitioner issued a letter dated 30.07.2024 stating that its actual PPAC to recover power purchase cost as per the Commission's methodology is, therefore, calculated at 39.16% (i.e., 19.25% + 7.43% + 12.48%) (as computed on the basis of the Commission's methodology inclusive of BTPS arrears) and at 41.39% (i.e., 21.48% + 7.43% + 12.48%) (as computed on the basis of the MoP's methodology inclusive of BTPS arrears). It was further stated that in view of the Business Plan Regulations, 2023 and the Commission's Order dated 19.01.2024, the Petitioner would *suo-motu* levy additional PPAC of 8.75% on the bills of consumers from the billing cycle from 01.08.2024 and would file an appropriate Petition for the balance PPAC.
- x. That since the Commission *vide* its Order dated 19.01.2024 has been pleased to withdraw its direction contained in Order dated 21.07.2023, the Petitioner has been levying a PPAC of 8.75% on the bills of consumers from the billing cycle w.e.f. 01.08.2024 for a period of 3 months as intimated *vide* letter dated 30.07.2024. Moreover, in compliance with the Business Plan Regulations, 2023, the Petitioner also uploaded the computation of PPAC on its website prior to levying the same on the electricity bills of the consumers.
- xi. Further, for the differential, i.e., 30.41% (i.e., 39.16% - 8.75%) (as computed on the basis of the Commission's methodology) or 32.64% (i.e., 41.39% - 8.75%) (as computed on the basis of the MoP's methodology) which is inclusive of 7.43% of PPAC (as per ARR FY 2021-22), 12.48% of PPAC representing unrecovered PPAC for Q3 and Q4 of FY 2023-24 and the BTPS arrears, for the power purchase costs accrued from April 2024 to June 2024, the Petitioner is filing the present Petition seeking approval of the Commission. The Petitioner submits that the

calculations have been done by the Petitioner in accordance with the methodology specified by the Commission and the MoP. Moreover, in support of the same, the Petitioner is also placing on record of the Commission, the Power Purchase Audited statement.

Commission Analysis

4. BYPL vide their abovementioned Petition, has submitted the PPAC computation for the Q1 of FY 2024-25, which is summarized as follows:

Quarter	PPAC Computed by DISCOM as per DERC Regulation		PPAC claimed by DISCOM	
	With BTPS arrear	Without BTPS arrear	With BTPS arrear	Without BTPS arrear
Q1 FY 2024-25	19.25%	10.81%	30.41% (19.25%+7.43%*+12.48%**-8.75%***)	21.97% (10.81%+7.43%*+12.48%**-8.75%***)

Note: * PPAC @ 7.43%, 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 Order dated 20/06/2024

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

5. Tariff Division sought information from the Petitioner vide email dated 06/09/2024 w.r.t CERC Orders resulting in arrears, Coal based Power Plants Blending Ratio details, STOA bills, etc. In reply, BYPL vide its email dated 12/09/2024, submitted the required information. A prudence check of PPAC Petition was also conducted with BYPL on 12/09/2024.
6. During the prudence check session, it was observed that on account of CERC Orders, huge arrears were raised by Generating Plants mainly by BTPS during the Quarter which was paid by the BYPL.
7. The Commission vide its Record of Proceedings dated 18/09/2024, admitted the above-mentioned PPAC Petition.
8. The Petition and Additional Submissions by BYPL have been scrutinized, the summary is as follows:

- a) In the Quarter, due to various CERC Orders, arrears of approx. Rs. 163.75 Crore was paid to Generating Plants and Central Transmission Utility. The summary of major arrears are as follows:

Power Plants	Amount (Rs. Cr.)	Remarks
BTPS	118.98	CERC Order in Petition no. 221/GT/2020 dated 14/04/2024
NCPP (Dadri I)	6.95	CERC Order in Petition no. 439/GT/2020 dated 14/04/2024
KAHALGAON-I	2.64	Incentive Energy Charges
DHAULIGANGA	2.61	CERC order in Petition no. 294/GT/2020 dated 19/05/2024
SALAL	1.92	Energy charges revision
Others	9.37	
Total	142.49	

b) It is also observed that the impact of Blending of imported coal in Coal-based Power Plants is almost negligible.

9. It is observed that the actual under recovery is on account of allowing PPAC recovery in one quarter instead of two quarters, the under-recovery of PPAC is as follows:

Quarter	PPAC submitted by DISCOM	PPAC computed
Q3 FY 2023-24	10.09%	10.01%
Q4 FY 2023-24	34.09%	34.07%
Total PPAC for Q3 & Q4 FY 2023-24		44.08%
Applicable PPAC as per Commission Order dated 20/06/2024		31.60%
Balance PPAC		12.48%

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

	Quarter	PPAC submitted by DISCOM	PPAC computed
A	Q1 FY 2024-25	30.41% (19.25%+7.43%*+12.48%** -8.75%***)	30.34% (19.18%+7.43%*+12.48%** -8.75%***)
B	Ongoing PPAC as per Commission Order dated 20/06/2024 applicable till 20/09/2024		31.60%
C	PPAC allowed (Lower of (A), (B))		30.34%

Note: * PPAC @ 7.43%, 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

11. PPAC of Q1 of FY 2024-25 to be recovered as computed above is less than what is currently being levied to the consumers. Therefore, Petitioner is allowed to recover PPAC of 30.34% beyond 20/09/2024, for 3 months i.e., from 21/09/2024 to 20/12/2024. The Surplus/deficit, if any, will be allowed with carrying cost, on verification of Power Purchase Cost and Transmission Bills, in True-up of relevant Financial Year subject to prudence check.

12. Ordered accordingly.

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