

TPDDL/REGULATORY/2023-24/PMG/26
Apr 19, 2023

Office of the Chief (Regulatory, Legal & PM)

The Secretary

Delhi Electricity Regulatory Commission,
Viniyamak Bhawan, C-Block, Shivalik,
Malviya Nagar,
New Delhi –110 017.

Subject: Submission of proposal for levy of Power Purchase Cost Adjustment Charges (PPAC) pertaining to Q4 of FY 2022-23.

Dear Sir,

This is with reference to the directions contained in the DERC (Business Plan) Regulations, 2019 notified by the Hon'ble Commission, towards levy of Power Purchase Adjustment Charges, as per Regulation 30.

Based on the power purchase bills for the period Quarter 4 (Jan 2023 to Mar 2023) of FY 2022-23, we have calculated the PPAC applicable in line with the PPAC methodology specified by the Hon'ble Commission. **Accordingly, the PPAC based on all bills works out to 20.86%.**

The calculations have been detailed in **Annexure-1** enclosed with the letter.

Tata Power-DDL is presently levying PPAC at 27.64% as per Hon'ble Commission's Order dated 16.03.2023.

We draw the kind attention of the Hon'ble Commission to the Tariff Order dated 30.09.2021 wherein Hon'ble Commission had considered PPAC @ 8.50%, equivalent to INR 626.57 Cr for meeting the Revenue Gap arising in the Annual Revenue Requirement (ARR) for FY 21-22 for Tata Power-DDL. Please find below the relevant table for your review please:

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 Cost for FY 2021-22	92.25
3	Add: PPAC Cost Subsumed	13.69
4	Revised ARR (1+2+3)	7045.38
5	Revenue at Revised Tariff	6443.76
6	Add: Revenue from PPAC	626.57
7	Total Revenue (5+6)	7070.33
8	Revenue (Gap)/Surplus (7-4)	24.95

As evident, entire **PPAC @ 8.50%** has been utilized to meet the fixed cost recovery forming part of ARR for FY 21-22.

Therefore, the actual PPAC required to Tata Power-DDL for recovering of Power Purchase Cost is 29.36% (i.e. 20.86% + 8.50% PPAC).



Further on the basis of Actual Power Purchase Cost from **Apr'22 to Mar'23, there is under recovery of Rs 764.59 crore of power purchase cost** after considering the recovery from allowed PPAC. The calculation of under recovery of power purchase cost is given below for reference:

Parameters		Units (MUs)	Amount (Rs Crore)
Actual Power Purchase Cost (Apr'22-Mar'23) (Net of Rebate)	A	10621	7449.33
Hon'ble Commission Approved Power Purchase Cost @ Rs 5.55 Unit	B = Units*5.55	10621	5894.65
Gross under recovery of Power Purchase Cost	C=A-B		1554.68
Total PPAC Recovery in FY 2022-23	D		1416.66
PPAC Subsumed in Tariff Order dated 30.09.2021	E		626.57
Net PPAC available to recover Power Purchase Cost	F=D-E		790.09
Net Under Recovery of Power Purchase Cost	G=C-F		764.59

Tata Power-DDL has already filled Petition with the Hon'ble Commission for Allowance of PPAC for Q2 and Q3 of FY 2022-23, which is yet to be adjudicated by the Hon'ble Commission. Therefore, the total PPAC to be allowed by the Hon'ble Commission is as follows:

Quarter	PPAC to be Allowed	Remarks
Q2 of FY 2022-23	31.92%	Petition filed on 18.11.2022
Q3 of FY 2022-23	35.96%	Petition filed on 03.02.2023
Q4 of FY 2022-23	29.36%	Present request.
Total	97.24%	Average – 32.41%

It has to be noted that the Hon'ble Commission vide order dated 16.03.2023, agreed that various Short-term Power Purchase and Medium-term Power Purchase cost approved by the Hon'ble Commission for FY 2023-24, have not been factored in the ongoing Tariff Order dated 30.09.2021.

Also, the current scenario on account of impact of blending of imported coal and high Cost Short-term Power Purchase for maintaining 24x7 supply of Power to the consumers of Delhi in coming summer months is not accounted in current applicable tariff. The relevant portion of Hon'ble Commission order dated 16.03.2023 is produced below for reference:

"3) It is noted that the Commission has approved various Short-term Power Purchase and Medium-term Power Purchase for Delhi DISCOMs vide Orders dated 7/02/2023, 23/02/2023 and 10/03/2023 in Petition No. 2/2023, 7/2023 & 6/2023 respectively whose total cost has not been factored in ongoing Tariff Order dated 30/09/2021. In Tariff order dated 30/09/2021 the Short Term rate approved by the Commission was Rs. 2.82/unit.



4) Keeping in view, the current scenario on account of impact of blending of imported coal and in order to make timely payments of Short-term Power Purchase for maintaining 24x7 supply of Power to the Consumers of Delhi, the Commission has considered it prudent to continue the PPAC applicable as on 15/03/2023 till 30/06/2023 which may be reviewed thereafter. No other PPAC, unless specifically approved by the Commission, shall be levied by NDMC, BRPL, BYPL, TPDDL."

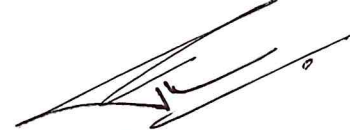
Thus, the under recovery of Rs 764 Cr for FY 2022-23 despite levy of PPAC allowed by Hon'ble Commission along with impact of imported coal blending / high cost short term power purchase has made our cashflow problem precarious and may impact the payment of power procurement or other O & M activities.

Accordingly, in order to address the cash flow issue and avoid addition to regulatory assets, Tata Power-DDL humbly requests the Hon'ble Commission to kindly allow the following:

1. Additional PPAC of **32.41% (Average of Q2, Q3 and Q4 Pending PPAC)** from 01.05.2023 till further Order of Hon'ble Commission.
2. Allow the levy of **8% Surcharge(DRS)** on PPAC as already requested vide letter no. TPDDL/Regulatory/2023-24/03/13 dated 12-Apr-2023 attached as **Annexure-2**.

We hope the Hon'ble Commission finds the above in order and approves the above request to ensure 24 X 7 Power to consumers of Tata Power-DDL.

Yours Sincerely,
For Tata Power Delhi Distribution Ltd.



Peyush Tandon
Chief (Regulatory, Legal & Power Management)

Encl: As mentioned above.

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Annexure-1

Power Purchase Adjustment Charges (PPAC) (in %age) for Jan 2023 to Mar 2023:

	Particulars	UoM	Values	Remarks
Actual	Long Term ISGS	Mus	2318.2	
Actual	Long Term Genco	Mus	174.9	
Actual	CSGS	Rs. Cr.	1209.23	
Actual	Genco	Rs. Cr.	247.42	
Actual	Transmission amount	Rs. Cr.	254.63	
Actual	Short term sales	Mus	-267.2	
Actual	Short term purchase	Mus	49.4	
Approved	PGCIL losses	%age	2.00%	Page no. 333, Tariff Order FY 21-22.
Approved	DTL losses	%age	0.92%	Page no. 333, Tariff Order FY 21-22.
Approved	Distribution Losses	%age	7.70%	Page 17, Business Plan Regulations, 2019
Approved	Power Purchase Cost	Rs./kWh	4.57	Page no. 328, Tariff Order FY 21-22.
Approved	Average Billing Rate	Rs./kWh	7.04	Approved Total Sales for FY 21-22 is 9205 MUs in Table 4.18 page 312 and Total Revenue of Rs. 6476 Crores in Table 5.7 page no. 364 of Tariff Order FY 21-22.
Calculation	Actual Power Purchase cost from Long Term Sources	Rs./kWh	5.84	
A	Total units procured from long term PPAs	Mus	2493	
B	Proportionate Bulk Sale of Power	Mus	-262.1	
C	Difference in base and actual PPC	Rs./kWh	1.27	
D	Actual Transmission Cost	In Rs. Cr	254.6	
E	Base Transmission charges	In Rs. Cr	245.7	Total Transmission Charges of Rs. 982.97 Crores on page no. 333, Tariff Order FY 21-22.
Z	Units on which PPAC shall be applicable	Mus	2162.16	
PPAC		%age	20.86%	



ANNEXURE-2



TATA POWER-DDL

TPDDL/REGULATORY/2023-24/03/ 13
Apr 12, 2023

Office of the Chief (Regulatory, Legal & PM)

The Secretary

Delhi Electricity Regulatory Commission,
Viniyamak Bhawan, C-Block, Shivalik,
Malviya Nagar,
New Delhi -110 017.

Subject: Request to allow the levy of 8% Deficit Revenue Surcharge (DRS) on Power Purchase Adjustment Cost (PPAC)

Dear Sir,

The Hon'ble Commission in its Tariff Order dated 13.07.2012 on True Up for FY 2010-11 & Multi Year Tariff Order for FY 2012-13 to FY 2014-15, had introduced a surcharge @ 8%, now known as Deficit Recovery Surcharge (DRS), for meeting the carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap (or regulatory asset). The relevant para is reproduced below for ready reference:

"5.10 For meeting carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap, the Commission has decided to introduce a surcharge of 8% over the revised tariff."

Thus, the surcharge was introduced over the entire tariff applicable for the year which include Fixed and Variable Charge at that time.

Further, DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 provides for the following which are relevant in the present context:

"129. The recovery of ARR for supply of electricity to be billed by the Distribution Licensees shall comprise of:

- (1) Fixed Charge, and;*
- (2) Variable Charge*

130. The Fixed Charge of the Distribution Licensee shall consist of the following components:

- (a) Capacity Charges of Generating Stations as approved/adopted by the appropriate Commission;*
- (b) Capacity Charges of Transmission Licensee including Load Dispatch Charges Stations as approved/adopted by the appropriate Commission;*
- (c) Fixed Cost of Distribution Licensee;*
 - (i) Return on Capital Employed;*
 - (ii) Depreciation; and,*
 - (iii) Operation and Maintenance Expenses*

131. The Variable Charge of a Distribution Licensee shall consist of the following components:

- (a) Energy Charges (Power Purchase Cost excluding Capacity Charges);*
- (b) Trading Margin, if any; and*
- (c) Open Access Charges, if any.*

TATA POWER DELHI DISTRIBUTION LIMITED

(A Tata Power and Delhi Government Joint Venture)

Corporate Office : NDPL House Hudson Lines Kingsway Camp Delhi - 110 009

Website : www.tatapower-ddl.com CIN No. : U40109DL2001PLC111526

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132. The Commission shall design the Tariff Schedule, indicating Tariff for various categories of consumers in the area of the Distribution Licensee, in the relevant Tariff Order in order to enable recovery of ARR.:"

Now the Hon'ble Commission vide its Tariff Order dated 30.09.2021 has subsumed the revenue of Rs 626.57 Crore from PPAC for meeting the ARR requirement for the FY 2021-22. Thus, the PPAC has been subsumed in the Tariff Charges by the Hon'ble Commission.

The PPAC subsumed by the Hon'ble Commission for FY 2021-22 has been depicted in the following table of Tariff Order dated 30.09.2021:

Table 4. 72: Commission Approved: Revenue (Gap) for FY 2021-22 (Rs. Cr.)

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Therefore, the Hon'ble Commission utilized the Revenue from PPAC listed at srl no. 6 of the above table to meet the Annual Revenue Requirement (ARR) for FY 2021-22.

PPAC is levied to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year. However, it becomes apparent from the above submissions that the Hon'ble Commission has notified the Tariff for various consumer categories by utilizing this PPAC amount in revenue of ARR. Hence, PPAC has already become part of Fixed Charge or Variable / Energy Charge as the revenue is considered against both as a whole.

In other words, PPAC has become part of base Energy Charge and Fixed Charge Tariff (excluding Taxes surcharges etc) and DRS should be Applicable on PPAC Charges.

Therefore, the Hon'ble Commission is requested to allow recovery of DRS on applicable PPAC since DRS is levied on basic tariff as per the following provision of Tariff Order dated 30.09.2021:

*"7. The above Tariff Rates shall be subject to following Additional Surcharges to be applied only on the **basic** Fixed Charges and Energy Charges excluding all other charges e.g., LPSC, Arrears, Electricity Tax/Duty, PPAC, Load Violation Surcharge, etc. for the consumers of BRPL, BYPL & TPDDL:*

- (a) 8% towards recovery of accumulated deficit, and,*
- (b) 7% towards recovery of Pension Trust Charges of erstwhile DVB Employees/ Pensioners as recommended by GoNCTD."*



Accordingly, the Hon'ble Commission is requested to allow recovery of DRS on applicable PPAC from 1st April 2023 onwards.

We hope the Hon'ble Commission will find the above in Order.

Thanking You.

Yours Sincerely,
For Tata Power Delhi Distribution Ltd.


Peyush Tandon
Chief (Regulatory, Legal & Power Management)



