



Delhi Electricity Regulatory Commission

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 110017.

F.11(2303)/DERC/2024-25/8355

Petition No. 05/2025

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 the Commission approval to levy differential Power Purchase Cost Adjustment Charges (PPAC) for the Power Purchase Cost incurred from October' 2024 till December' 2024.

BSES Rajdhani Power Ltd.

.... Petitioner

Coram:

**Justice Umesh Kumar, Former Judge, Chairman, DERC
Sh. Ram Naresh Singh, Member
Sh. Surender Babbar, Member**

Appearance:

Mr. Dushyant Manocha, Learned Counsel, BRPL

ORDER

(Date of Order: 09.05.2025)

1. The instant Petition has been filed by BSES Rajdhani Power Ltd. (BRPL) seeking approval to levy differential Power Purchase Adjustment Cost (hereinafter called PPAC) for the Power Purchase Cost incurred from October'2024 to December'2024 for the Q3 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 7.49% for the Quarter October' 2024 till December' 2024, on the bills of all consumers from the billing cycle with effect from 01.02.2025 for a period of three months in terms of the extant Regulations and the Petitioner's letter dated 29.01.2025;
 - ii. Allow the levy of differential PPAC at 8.76% (i.e., 8.31% - 7.49% + 7.94%) (as computed on the basis of the Commission's methodology) or 12.08% (i.e., 11.63% - 7.49% + 7.94%) (as computed on the basis of the MoP's methodology) which is inclusive of 7.94% of PPAC (as per ARR FY 2021-22).

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. The Petitioner is involved in the business of the distribution and supply of electricity in the licensed area which is exclusively under the jurisdiction of the Commission.
 - ii. The present Petition is being filed claiming the additional PPAC for the third Quarter of FY 2024-25 (hereinafter "Q3") computed at 16.25% (as computed on the basis of the Commission's methodology) or in the alternative, at 19.57% (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. Thereafter, the Commission notified the Business Plan Regulations, 2023. 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 what was provided in its Order of 22.06.2023.
 - iv. That on 19.01.2024, in line with the directions issued 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 Order dated 20.09.2024, the Commission while considering Petition No. 42/2024 filed for seeking approval for levying additional PPAC for Q1 of FY 2024-25 had observed that PPAC computed by the Commission exceeded the current amount being charged to consumers i.e., 36.16%. Therefore, to prevent any sudden increase in tariffs for consumers, the Commission yet again extended the recovery of the 27.08% PPAC for an additional three months, covering the period from 21.09.2024 to 20.12.2024. It was further stated that any resulting surplus or deficit will be addressed, with applicable carrying costs, upon verification of Power Purchase Costs and Transmission Bills during the True up process for the relevant financial year, subject to prudence checks. As per Commission's own calculation in Order dated 20.09.2024, the actual PPAC claimed for Q1 of FY 2024-25 was 36.16%. However, since the Commission allowed PPAC of 27.08%, this left the Petitioner with an unrecovered PPAC of 9.08%. (i.e. 36.16% - 27.08%).
 - vi. That on 12.11.2024, the Petitioner filed a Petition for second Quarter of FY 2024-25 (hereinafter "Q2") i.e., July 2024 till September 2024 being Petition No. 55 of

2025, wherein the PPAC was calculated at 18.52% (as computed on the basis of the Commission's methodology) or 27.74% (as computed on the basis of the MoP's methodology).

- vii. Upon examining the Order dated 20.12.2024 in regard to PPAC for Q2 for the Petitioner, the Petitioner observed that there was certain error apparent on the face of the record. Therefore, on 26.12.2024, the Petitioner filed a Review Petition, being Review Petition No. 66 of 2024 ("Review Petition") before the Commission, seeking review/rectification of the Order dated 20.12.2024 passed in Petition No. 55 of 2024 with respect to approval of differential PPAC for Q2 of FY 2024-25 at 18.25%.
- viii. That, on 21.01.2025, while disposing of the Review Petition, the Commission clarified that the Order dated 20.12.2024 did not in any manner, precluded or inhibited the Petitioner from raising any issues with respect to the claimed 9.08% as and when the True-up Order for FY 2024-25 shall be taken up.
- ix. Accordingly, the Petitioner issued a letter dated 29.01.2025 stating that its actual PPAC to recover power purchase cost as per the Commission's methodology is, therefore, calculated at 16.25% (i.e., 8.31% + 7.94%) (as computed on the basis of the Commission's methodology) and at 19.57% (i.e. 11.63% + 7.94%) (as computed on the basis of the MoP's methodology). In view of the Business Plan Regulations, 2023 and the Commission's Order dated 19.01.2024, the Petitioner would *suo-moto* levy additional PPAC of 7.49% on the bills of consumers from the billing cycle from 01.02.2025 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, in accordance with the Business Plan Regulations, 2023, the Petitioner has been levying a PPAC of 7.49% on the bills of consumers from the billing cycle w.e.f. 01.02.2025 for a period of 3 months as intimated vide letter dated 29.01.2025. 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., differential PPAC at 8.76% (i.e., 8.31% - 7.49% + 7.94%) (as computed on the basis of the Commission's methodology) or 12.08% (i.e., 11.63% - 7.49% + 7.94%) (as computed on the basis of the MoP's methodology) which is inclusive of 7.94% of PPAC (as per ARR FY 2021-22), the Petitioner is filing the present Petition seeking approval of the Commission. 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.

- xii. The Power purchase costs constitute a substantial portion of the ARR of the Petitioner. In such a scenario, if there is a significant time lag in recovery of the actual power purchase cost, it would act as an impediment to the Petitioner in discharging its statutory function enshrined under the 2003 Act. Further this unrecovered amount shall also have carrying cost implication during the true-up process for FY 2024-25.

Commission Analysis

- 4. Petitioner has submitted PPAC computation for the period from October'2024 to December' 2024 (Q3) for FY 2024-25, and has prayed before the Commission to allow the differential PPAC as follows:

Period	PPAC as per the DERC Formula	PPAC claimed by the Petitioner
Q3 FY 2024-25	8.31%	8.76% (=8.31% +7.94%* -7.49**)

Note: * PPAC allowed by the Commission vide Tariff Order dated 30/09/2021 for meeting the Revenue Gap.

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

- 5. Officers of the Commission vide email dated 11.03.2025 sought information like CERC Orders resulting in arrears, Coal based Power Plants Blending Ratio details, STOA bills, etc. In response, the Petitioner vide its email dated 14.04.2025 submitted the required information. Meetings were conducted with the Officials of the Petitioner on 17.03.2025 and 06.05.2025 wherein the Power Purchase and Transmission Bills as provided by the Petitioner were scrutinized. It was observed that there was negligible blending of imported coal and there were no major arrears during the quarter.
- 6. The Commission has restricted the PPAC to the extent of Fixed Charges, Energy Charges and Transmission Charges only, in line with Regulations 134 of the Tariff Regulations, 2017 read with Regulation 30 of Business Plan Regulations, 2023. Accordingly, as per the formula approved in Tariff Order dated 30.09.2021, the PPAC is computed as follows:

Period	PPAC submitted by the Petitioner	PPAC calculated by the Commission
October'2024 to December' 2024 (Q3) for FY 2024-25	8.31%	6.80%

7. The Submission of the Petitioner with respect to the claim of PPAC for the preceding quarter is not relevant, and creates no merits for calculating PPAC for the 3rd quarter. Further calculation of PPAC based on the MoP Formula as referred by the Petitioner is not admissible as the grant of PPAC by the Commission is governed by the Delhi Electricity Regulatory Commission (Terms and Conditions for determination of Tariff) Regulations, 2017.
8. In view of the above, the Commission accords approval of PPAC for Q3, FY 2024-25 as follows:

Period	PPAC claimed by the Petitioner	PPAC approved by the Commission
October'2024 to December' 2024 (Q3) for FY 2024-25	8.76% (=8.31% +7.94%* - 7.49%**)	7.25% (=6.80%+7.94%-7.49%)

Note: * PPAC considered by the Commission vide Tariff Order dated 30/09/2021 for meeting the Revenue Gap

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

9. In view of above, the Petitioner is hereby allowed to recover PPAC of 7.25% for one quarter with immediate effect i.e. from 09.05.2025 to 08.08.2025. Surplus/deficit, if any, will be allowed with carrying cost, subject to prudence check of Power Purchase and Transmission Bills, in True-up of relevant Financial Year.

10. Ordered accordingly.

Sd/-
(Surender Babbar)
Member

Sd/-
(Ram Naresh Singh)
Member

Sd/-
(Justice Umesh Kumar)
Former Judge
Chairman DERC