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



Sub: Power Purchase Adjustment Charges (PPAC) for January – March, 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:

....
(4) *The treatment of PPAC computation as per the specified formula shall be as follows:*

- a) *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.*
- b) *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.*
- c) *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%).
- 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 accordance with Regulation 30 (4)(c) above, we would like to inform the Hon'ble Commission that our PPAC for the period January – March, 2024 (i.e. Q4 of FY 2023 – 2024) is computed at 16.55%. Moreover, in terms of Rule 14 of Electricity Rules, 2005 (as amended by Electricity (Amendment) Rules, 2022) our computed PPAC is 22.26%. The detailed computations are attached as **Annex-1**. Other details like the Power Purchase Audited statement and SLDC accounts are attached as **Annex-2** for reference.

Further, the Hon'ble Commission vide its Order dated 08.03.2024 while approving PPAC for Q-1 and Q-2 of FY 2023-24 had continued the existing PPAC of 27.08% to avoid a tariff shock for consumers. However, 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 19.13%. The details are tabulated below:

| S.No. | Description | PPAC Claimed | PPAC Allowed as per Para 8(f) of the DERC Order dated 08.03.24 | PPAC inbuilt in Revenue side in Tariff Order dated 30/09/2021 | Total PPAC |
|-------|--|--------------|--|---|---------------|
| | | (1) | (2) | (3) | (4=2+3) |
| A | Q-1 FY 23-24 | 17.72% | 17.77% | 7.94% | 25.71% |
| B | Q-2 FY 23-24 | 12.61% | 12.73% | 7.94% | 20.67% |
| C | Total PPAC to be recovered C=A+B | | | | 46.38% |
| D | PPAC Allowed in Order dated 08.03.2024 | | | | 27.08% |
| E | Balance PPAC yet to be recovered E = C - D | | | | 19.30% |

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 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 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 43.79% (i.e. 16.55% + 7.94% + 19.30%)

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 additional capped PPAC of 8.75% on the bills of all consumers from the billing cycle w.e.f. 01.05.2024 for a period of 3 months.

For the balance 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 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 Jan - Mar - 24

| Sr No | Parameters | DERC Methodology | As per MOP |
|-------|---|------------------|---------------|
| 1 | A (in Kwh) | 2953 | 3404 |
| 2 | B (in Kwh) | 515 | 604 |
| 3 | C (in Kwh) | 1.19 | 1.51 |
| 4 | D (Rs. Cr.) | 263 | 263 |
| 5 | E (Rs. Cr.) | 308 | 308 |
| 6 | Z | 2361 | 2710 |
| 7 | Distribution Loss | 7.30% | 7.30% |
| 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 | 7.30% | 7.30% |
| 13 | Total unit sold other than Direct Consumer (Provisional figure) | 604 | 604 |
| 14 | Gross power Purchase | 3463 | 3463 |
| 15 | Avg PPC [#] | 5.53 | 5.72 |
| 16 | Base | 4.34 | 4.21 |
| 16 | PGCIL Losses | 2.00% | 2.00% |
| 17 | DTL Losses | 0.92% | 0.92% |
| 18 | Z | 2361 | 2710 |
| 19 | CGS | 2526 | 2977 |
| 20 | SGS | 427 | 427 |
| 21 | PPAC (nth Qtr) %= ((A-B)*C+(D-E)/ ((Z*(1-Distribution Loss in %/100)*ABR) | 16.55% | 22.26% |

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 $\{[(\text{Power purchase from CGS having LTPP}) * (1 - \text{PGCIL loss in \% / 100}) + (\text{PP from Delhi Genco including BTPS})] * (1 - \text{DTL loss \% / 100}) - B\}$ in KWH
- ABR Average Billing Rate