



TATA POWER-DDL

TPDDL/REGULATORY/2022-23/PMG/546
Jan 23, 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 Q3 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 3 (Oct 2022 to Dec 2022) 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 27.46%.**

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

Tata Power-DDL is presenting levying PPAC at **27.64%** as per various Hon'ble Commission's Orders as below:

Line item	PPAC Rates	
	Applicability Period	%
PPAC vide Commission Order dated 31.08.2022	01.09.2022 till further Order	19.25%
Hon'ble Commission Order dated 16.12.2022 for Differential PPAC of Q4, FY 2021-22	16.12.2022 to 15.03.2023	5.55%
Hon'ble Commission Order dated 09.01.2023 for Differential PPAC of Q1, FY 2022-23	09.01.2023 to 08.04.2023	2.84%
Total		27.64%

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:

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

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% is has been utilized to meet the fixed cost recovery forming part of ARR for FY 21-22. Hon'ble Commission's PPAC Order dated 31.08.2022 allowing PPAC @ 19.25% includes this PPAC @ 8.50%.

Therefore, the actual PPAC required to Tata Power-DDL for recovering of Power Purchase Cost is 35.96% (i.e. 27.46% + 8.50% PPAC).

Further on the basis of Actual Power Purchase Cost from Apr'22 to Dec'22 and estimated power purchase cost from Jan'23 to Mar'23, **there will be under recovery of Rs 794 crore of power purchase cost** after considering the recovery from allowed PPAC till date. 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-Dec'22) (Net of Rebate)	A	8562	5908
Estimated Power Purchase Cost (Jan'23-Mar'23) (Net of Rebate)	B	2060	1571
Total Power Purchase Cost for FY 2022-23	C	10622	7479
Hon'ble Commission Approved Power Purchase Cost @ Rs 5.55 Unit	D = Units*5.55	10622	5895
Gross under recovery of Power Purchase Cost	E=C-D		1584
PPAC Billed from Apr'22 to Dec'22	F		1026
Estimated PPAC to billed from Jan'23 to Mar'23	G		390
Total PPAC Recovery in FY 2022-23	H=F+G		1416
PPAC Subsumed in Tariff Order dated 30.09.3021	I		626.57
Net PPAC available to recover Power Purchase Cost	J=H-I		789.43
Net Under Recovery of Power Purchase Cost	K=E-J		794



Thus, due to such drastic under recovery of power purchase cost, the cash flow position of Tata Power-DDL is deteriorating day by day. We would also like to highlight the cash flow issue though the summary of the monthly reports being submitted to the Hon'ble Commission highlighting the shortfall met through short term loans or by deferring the power purchase payments.

Month	Cumulative Shortfall (Rs. Crores)
April'22	429.92
May'22	399.01
June'22	199.20
July'22	754.20
Aug'22	653.51
Sep'22	391.73
Oct'22	497.17
Nov'22	509.29
Dec'22	664.17

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 additional PPAC of 35.96% over and above the already levied PPAC from 01.02.2023 for the next 3 months.

We hope the Hon'ble Commission finds the above in order.

Yours Sincerely,
For **Tata Power Delhi Distribution Ltd.**



Peyush Tandon
Chief (Regulatory, Legal & Power Management)

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Annexure-1

Power Purchase Adjustment Charges (PPAC) (in %age) for Oct 2022 to Dec 2022:

	Particulars	UoM	Values	Remarks
Actual	Long Term ISGS	Mus	2155.96	
Actual	Long Term Genco	Mus	165.71	
Actual	CSGS	Rs. Cr.	1132.30	
Actual	Genco	Rs. Cr.	212.65	
Actual	Transmission amount	Rs. Cr.	357.06	
Actual	Short term sales	Mus	-134.52	
Actual	Short term purchase	Mus	87.51	
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	5.79	
A	Total units procured from long term PPAs	Mus	2321.67	
B	Proportionate Bulk Sale of Power	Mus	-129.63	
C	Difference in base and actual PPC	Rs./kWh	1.22	
D	Actual Transmission Cost	In Rs. Cr	357.06	
E	Base Transmission charges	In Rs. Cr	245.74	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	2127.96	
PPAC		%age	27.46%	

