



FAQ – POWER PURCHASE ADJUSTMENT COST

Q1. What is Power Purchase Cost?

Ans. Distribution Licensees like Tata Power-DDL procure power from sources approved by Delhi Electricity Regulatory Commission (DERC) and supply power to consumers at retail tariffs determined by DERC. Most of the power is sourced from NTPC stations and Delhi Genco (IPGCL & PPCL stations).

Power Purchase Cost comprising of Generation and Transmission costs accounts for about 80% of the total cost incurred by Distribution Licensees. Most of these costs are paid by Tata Power DDL to NTPC, Delhi Gencos, Delhi Transco Limited and Power Grid Corporation of India Limited.

Q2. What are the factors determining Power Cost & and why does it vary?

Ans. Power Purchase Cost is uncontrollable in nature and is volatile making it difficult to accurately estimate power purchase costs at the time of annual tariff fixation. It is beyond the control of Distribution Licensees and depends upon various factors like Price of Fuel (Coal /Gas), Railway/ Road Freight, installation of New transmission lines, weather conditions etc.

Q3. What is the basis for levy of Power Purchase Adjustment Cost (PPAC) in the bills of consumers?

Ans. PPAC is levied in the bills of consumers as per DERC regulations. The PPAC is levied for recovering the expense over and above estimated at the beginning of year on a quarterly basis so as to avoid carrying cost burden upon the consumers at the end of year. The PPAC becomes applicable mainly due to increase in fuel (gas/ coal) costs, transportation costs; Transmission costs.

Q4. What are the various components of the bill on which PPAC is levied?

Ans. PPAC is applied as a surcharge on Total Energy & Fixed Charges. It excludes Arrears, LPSC, and Electricity Tax etc.

Q5. What are the details of PPAC levied in the bills generated recently?

Ans. Tata Power-DDL files application to DERC for differential PPAC, same is finalized by DERC itself every quarter. Based on the same, the differential PPAC amount is being levied in electricity bills.

Detail of differential amount charged for respective quarter is mentioned in Important Message column on front side of the bill, and the complete table is displayed on the back side of the bill.

For more details [Click Here](#)