

FAQ – POWER PURCHASE ADJUSTMENT COST

Q.1 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 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.

Q.2 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 depend upon following factors like Price of Fuel (Coal /Gas), Railway/ Road Freight, installation of New transmission lines, weather conditions etc.

Q.3 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 Distribution Licence levies PPAC of 4.5% without going through the Regulatory proceedings. In case the actual PPAC exceeds 4.5%, the Distribution Licensee files an application to DERC for the differential PPAC claim (Actual PPAC % minus 4.5%) and upon receipt of approval from Commission, the differential PPAC is charged in subsequent bills.

Q.4 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.

Q.5 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 finalised 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 further details please visit <https://www.tatapower-ddl.com/regulations-and-compliances/tariff-related/power-purchase-adjustment-charges>