

No. 599 / MPERC 2023: In exercise of powers conferred under Section 181(2)(zd) read with Sections 45 and 61 of the Electricity Act, 2003 (No. 36 of 2003), the Madhya Pradesh Electricity Regulatory Commission makes the following Regulations to amend Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 {RG-35(III) of 2021} herein after referred to as “the Principal Regulations” namely :-

First Amendment to Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) (1st Amendment) Regulations, 2021{ARG-35(III)(i) of 2023}

1. Short title and commencement

- 1.1. These Regulations shall be called the Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) (1st Amendment) Regulations, 2021{ARG-35(III)(i) of 2023}
- 1.2. These Regulations shall extend to the whole of Madhya Pradesh
- 1.3. These Regulations shall be in force from date of notification of these Regulations till 31st March 2027.

2. Amendment to Regulation 4

In Principal Regulations, under Regulation 4 “Definitions” the following definition shall be inserted:

(ze) (A) “Fuel and Power Purchase Adjustment Surcharge(FPPAS)” shall mean the increase in cost of power, supplied to consumers, due to change in Fuel cost and power purchase cost with reference to cost of supply approved by the Commission.

3. Amendment to Regulation 9

In Principal Regulations, Regulation 9 shall be substituted as follows:

9.1 The Fuel and power purchase adjustment surcharge (FPPAS) formula has been specified in terms of Section 62(4) of the Act.

9.2 Fuel and power purchase adjustment surcharge shall be calculated and billed to consumers, automatically, without going through regulatory approval process, on a monthly basis, according to the formula, specified by the Commission, subject to true up, on an annual basis:

Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these Regulations :

Provided also that the Distribution Licensee shall submit the necessary details with relevant documents within 7 days of FPPAS computation on monthly basis for information to the Commission which may call for additional information as and when required.

9.3 Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the Distribution Licensee, in $(n + 2)^{th}$ month, on the basis of actual variation, in cost of fuel and power purchase for the power procured during the n^{th} month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year:

Provided that in case the Distribution Licensee fails to compute and charge fuel and power purchase adjustment surcharge within this time line, except in case of any force majeure condition, its right for recovery of costs on account of fuel and power purchase adjustment surcharge shall be forfeited and, in such cases, the right to recover the fuel and power purchase adjustment surcharge determined during true-up shall also be forfeited.

9.4 The Distribution Licensee may decide, fuel and power purchase adjustment surcharge or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to consumers, but the carry forward of fuel and power purchase adjustment surcharge shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total fuel and power purchase adjustment surcharge for a Billing Month, including any carry forward of fuel and power purchase adjustment surcharge over the previous month exceeds twenty per cent of Energy charge of approved tariff.

9.5 The carry forward shall be recovered within one year or before the next tariff cycle whichever is earlier and the money recovered through fuel and power purchase adjustment surcharge

shall first be accounted towards the oldest carry forward portion of the fuel and power purchase adjustment surcharge followed by the subsequent month.

9.6 In case of carry forward of fuel and power purchase adjustment surcharge, the carrying cost at the base rate plus one hundred and fifty basis points shall be allowed till the same is recovered through tariff and this carrying cost shall be trued up in the year under consideration.

9.7 Depending upon quantum of fuel and power purchase adjustment surcharge, the automatic pass through shall be adjusted in such a manner that,

(i) If fuel and power purchase adjustment surcharge is up to 5%, 100% cost recoverable of computed fuel and power purchase adjustment surcharge by Distribution Licensee shall be levied automatically using the formula.

(ii) If fuel and power purchase adjustment surcharge exceeds 5%, 5% fuel and power purchase adjustment surcharge shall be recoverable automatically as per Sub-Regulation 9.7(i) above. 90% of the balance fuel and power purchase adjustment surcharge shall be recoverable automatically using the formula and the differential claim shall be recoverable after approval by the Commission during true up.

9.8 The revenue recovered on account of pass-through fuel and power purchase adjustment surcharge by the Distribution Licensee, shall be trued up later for the year under consideration and the true up for any financial year shall be completed by 30th June of the next year.

9.9 In case of excess revenue recovered for the year against the fuel and power purchase adjustment surcharge, the same shall be recovered from the licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the Commission and the under recovery of fuel and power purchase adjustment surcharge shall be allowed during true up, to be billed along with the automatic Fuel and Power Purchase Adjustment Surcharge amount.

Explanation:-For example in the month of July, the automatic pass through component for the power supplied in May and additional Fuel and Power Purchase Adjustment Surcharge, if any, recoverable after true up for the month of April in the previous year, shall be billed.

9.10 The Distribution Licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and the fuel and power purchase adjustment surcharge recovered,

and the detailed computations and supporting documents, as required by the Commission, during true up of the normal tariff.

- 9.11 To ensure smooth implementation of the fuel and power purchase adjustment surcharge mechanism and its recovery, the distribution licensee shall ensure that its billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open-source software as available.
- 9.12 The Distribution Licensee shall publish all details including the fuel and power purchase adjustment surcharge formula, calculation of monthly fuel and power purchase adjustment surcharge and recovery of fuel and power purchase adjustment surcharge (separately for automatic and approved portions) on its website and archive the same through a dedicated web address.
- 9.13 **Computation of Fuel and Power Purchase Adjustment Surcharge:** The formula for Computation of Fuel and Power Purchase Adjustment Surcharge (FPPAS) for n^{th} month is as follows:

$$\text{Monthly FPPAS for } n^{\text{th}} \text{ Month (\%)} = \frac{(A-B)*C}{\left\{Z \left(1 - \frac{\text{Distribution losses in \%}}{100}\right)\right\} * ABR} * 100$$

Where,

“ n^{th} ” month means the month in which billing of fuel and power purchase adjustment surcharge component is done. This fuel and power purchase adjustment surcharge is due to changes in fuel and power purchase cost for the power supplied in $(n - 2)^{\text{th}}$ month;

A is total units procured from all sources in $(n - 2)^{\text{th}}$ Month (in kWh) including Long-term, Medium-term and Short-term Power purchases (To be taken from the bills issued to Distribution Licensees);

B is bulk sale of power out of total units procured (as per A) in $(n - 2)^{\text{th}}$ Month (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre in each month);

C is incremental Average Power Purchase Cost in Rs/kWh= D – E

D is Actual average Power Purchase Cost (PPC) for procurement of A-B units in $(n - 2)^{\text{th}}$ month (Rs./kWh) (computed)

E is Projected Average Power Purchase Cost (PPC) from all Sources (Rs. /kWh) (from Retail Supply Tariff Order of respective year);

(Note: $D = (\text{Power purchase cost of A} - \text{Income from power sale of B}) / (A - B)$)

$Z = [\{\text{Actual Power purchased from all the sources outside the State in } (n - 2)^{\text{th}} \text{ Month (in kWh)} * (1 - \text{Inter-state transmission losses in \% /100}) + \text{Actual Power purchased from all the sources within the State (in kWh)}\} * (1 - \text{Intra-state losses in \% /100}) - B]$ in kWh

ABR = Average Billing Rate for the year (to be taken from the Tariff Order in Rs/kWh)

Distribution Losses (in %) = Normative Distribution Losses as given in table under Regulation 26.1.

Inter-state Transmission Losses (in %) = As per Tariff Order.

- 9.14 The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.
- 9.15 Other charges which include Ancillary Services and Security Constrained Economic Despatch shall not be included in Fuel and Power Purchase Adjustment Surcharge and shall be adjusted through the true-up of normal tariff by the Commission.
- 9.16 The power purchase cost shall exclude any charges billed through supplementary bills and that supplementary bills along with details shall be submitted by the Distribution Licensee along with true up petition of normal tariff.

4. Amendment to Regulation 47

In Principal Regulations, Regulation 47 shall be substituted as follows:

A consumer situated within the area of supply of a Distribution Licensee availing Open Access as per the provisions of Madhya Pradesh Electricity Regulatory Commission(Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2021 as amended from time to time, shall be liable to pay Cross-Subsidy Surcharge as determined by the Commission.

Provided that the surcharge, determined by the Commission under clause (a) of sub-section (1) of section 86 of the Electricity Act,2003 shall not exceed twenty per cent of the Average Cost of Supply.

By order of the Commission,
UMAKANTA PANDA, Commission Secy., MPERC.