



13. By way of the present Petition, the Petitioner is seeking payment of invoices at the Average Power Purchase Cost ("APPC") of Rs. 3.87/ Unit in terms of Article 2.1 of the PPA. It is stated that the APPC rate of Rs. 3.87/Unit was approved by this Commission for the year of 2017-2018 in Petition No. 1203 of 2017. However, *vide* the Impugned Email dated 28.08.2020, UPPCL directed the Petitioner to raise invoices at the arbitrary rate of Rs. 3.51/ Unit from July 2019 onwards and stopped making payments against the invoices raised at the aforesaid APPC rate of Rs. 3.87/unit.
14. UPPCL has provided the calculation of APPC for FY 2017-18 as Rs. 3.48/kWh. In the computation of Rs. 3.48 per unit as APPC, the cost of power purchase from RE sources, the cost incurred on purchase of RE power from Cogen, solar, NTPC Hydro, Power Singrauli SHP, Belka, Babail, Sheetla, and NTPC Solar and NVVN Solar power have been deducted from the gross power purchase cost. UPPCL has also contended that the Commission has not considered any cost on account of Inter-State Transmission Charges, Intra-State Transmission Charges, Late Payment Surcharge and Rebate.
15. The petitioner has agreed to supply electricity to MVVNL, a subsidiary of UPPCL, from its plant at "average pooled power purchase cost" of UPPCL for FY 2017-18 fixed for the whole tenure of PPA i.e. 10 (ten) years as mutually agreed by both parties under Clause-2.1 of PPA dated 19.2.18.
16. In Table:5-86, of the UPERC Tariff Order dated 30.11.2017, the Commission has provided summary of approved power purchase cost for FY 2017-18. After applying merit order dispatch criteria, the Commission has determined average cost of power purchase from all the sources including captive, co-gen and renewable energy sources as Rs.3.87/unit. The petitioner considered this rate appropriate average cost of power purchase to which he should be entitled to and started raising bills on answering respondent from May,18 onwards.
17. The Central Commission has defined 'Pooled cost of power' as appearing under Regulations-5(c) of CERC REC Regulations-2010 in 'Explanation' provided after Clause-c to the Regulations-5(1). According to the said 'Explanation', 'pooled cost of purchase' means the weighted average pooled price at which distribution licensee has purchased the electricity including cost of self-generation, if any, in the previous year from all the energy suppliers long term and short term but excluding those based on renewable energy sources. Further the explanation made under clause-c of the Regulations-5(1) provides that rate for nth year for supply of electricity, from the plants of generating companies eligible for REC., shall be the 'weighted average pooled price' of distribution licensee corresponding to year (n-1).



18. CERC passed order dated 21.6.18 in petition no.4/SM/2018 in the matter of calculation of average power purchase cost (APPC) at the National level, Para-6 and 7 of the said order is relevant to the issue in present petition and same are reproduced below-

*"6. For the purpose of these regulations, pooled cost of purchase' means weighted average pooled price at which distribution licensee has purchased electricity including cost of self-generation, if any, in the previous year from all energy suppliers long-term and short-term but excluding those based on renewable energy sources."*

*7. Accordingly, APPC at the national level for FY 2018-19 is proposed to be determined by computing average of APPC of all states and Union Territories, weighted by volume of conventional power purchased by respective State/UT. "*

19. Para-9 of the said order states that total power purchase considered for computation of APPC shall exclude following:

- a. Cost of generation of procurement from renewable energy sources, and
- b. Transmission charges

20. The Commission has noted that petitioner has erred in raising bills at rate Rs.3.87/unit determined under the Commission's Tariff Order date 30.11.17 for following reasons"

- a. CERC REC Regulations-2010 provides that rate of supply of power from plant of an eligible generating company shall be the rate determined as 'weighted average pooled price' of power purchase of the distribution licensee from all sources, **in the previous year**, excluding those based on renewable energy sources.
- b. **The rate of Rs.3.87/unit at which the petitioner billed the electricity includes cost of power supplies from cogeneration and RE based generating station**, as such rate Rs.3.87/- unit is not the correct rate at which the petitioner is entitled to be paid for all electricity supplied by it from its plant from the first day.

#### **Commission's View**

21. **The objective of determining APPC is to ascertain 'average cost of power', in previous year, from 'conventional sources' of electricity and with a view to consider energy costs only, transmission charges have been excluded from these calculations.**

22. In the Table 5-9 of Tariff order dated 22.01.2019, in the matter of True up of FY 2016-17, the Commission has approved Power purchase cost @Rs.



3.97 per unit at Generator including renewables and PGCIL charges. Accordingly, after considering transmission losses, BST of Rs. 4.27 per unit at Discom end has been approved by the Commission.

23. UPPCL, in response to the Commission query, vide letter dated 20.07.2022 has submitted details of power purchase cost for the year FY 2016-17 excluding Transmission charges of Rs. 2245 Cr and power purchase of 3812 MUs from renewable sources at Rs. 2020 Cr. Thus, the net electricity purchase, exclusive of renewable energy, comes out to be 1,03,683.43 MU at cost of Rs. 40424.26 Cr. After deducting transmission charges, the cost of power purchase excluding renewables works out to Rs. 38,404.18 Cr.

24. Based on net electricity purchase (exclusive of RE sources) of 1,03,683.43 MU and net power purchase cost (exclusive of RE sources and PGCIL charges) of Rs. 38404.18 Cr., the "average pooled power purchase cost" (APPC) for 2016-17 comes out to be Rs. 3.70 / Kwhr against Trued up Power purchase cost of Rs. 3.97 per Kwhr including renewables and PGCIL charges, as in the following table:

FY 2016-17 (derived from True-up Approved)			
	MUs	Rs. Crs	Rs./kWh
Total Power Purchase (including Renewable) ex Bus	1,07,495.24	42,668.73	3.97
Power Purchase (from Renewable) ex Bus	3812	2020.07	
Transmission Charges		2244.47	
<b>Total Power Purchase (including Renewable and PGCIL charges) ex Bus</b>	<b>1,03,683.43</b>	<b>38,404.18</b>	<b>3.70</b>

25. Therefore, in view of the above, the Commission approves the payment to the Petitioner @Rs. 3.70 per Kwhr i.e., the APPC rate for 2016-17 in terms of CERC REC Regulations 2010.

The Petition is disposed of accordingly.

(Vinod Kumar Srivastava)  
Member

(Kaushal Kishore Sharma)  
Member

(Raj Pratap Singh)  
Chairman

Place: Lucknow

Dated: 02.09.2022

