



Bihar Electricity Regulatory Commission

Vidyut Bhawan-II, J.L. Nehru Marg, Patna- 800 021

Notice No. 18

Dated- 08.06.2023

PUBLIC NOTICE

In the matter of the Draft Bihar Electricity Regulatory Commission (Multi Year Distribution Tariff) (First amendment) Regulations, 2023

In exercise of powers conferred by section 181 , read with sections 61 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Bihar Electricity Regulatory Commission has made the First Draft Amendment to the Bihar Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2021.

Notice is hereby given under sub-section (3) of Section 181 of the Electricity Act, 2003 inviting written comments/ suggestions/objections on the proposed draft amendment from interested parties, general public and stakeholders on or before 15.06.2023 addressed to Secretary, Bihar Electricity Regulatory Commission, Vidyut Bhawan-II, Nehru Marg (Bailey Road), Patna-800021. Interested persons/organizations/companies may also appear in the Hearing fixed on 28.06.2023 at 11:30 A.M in the Court Room of the Commission.

The draft Bihar Electricity Regulatory Commission (Multi Year Distribution Tariff) (First amendment) Regulations, 2023 alongwith consultative paper is available on the website of the Commission www.berc.co.in and interested person/organisation may obtain a copy of the same free of cost from the office of the Commission on any working day.

The comments/suggestions/objections received after the stipulated date in the Commission's office may not be considered while finalising these Regulations.

**Sd/-
Secretary**

CONSULTATIVE PAPER

1. On 29.12.2022, the Ministry of Power, Government of India, notified the Electricity (Amendment) Rules, 2022 to amend the Electricity Rules, 2005, in which Rule 14 regarding “Timely recovery of power purchase costs by distribution licensee” was inserted. According to the newly inserted Rule 14, the Commission shall specify a price adjustment formula for the recovery of costs arising from variations in the price of fuel or power purchase costs within 90 days of the publication of the Electricity (Amendment) Rules, 2022, and the impact in the cost due to such variation shall be automatically passed through in the consumer tariff on a monthly basis.
2. Meanwhile, the South Bihar Power Distribution Company Limited on behalf of both the DISCOMs of Bihar has filed a Petition dated 21.02.2023 for amendment in BERC Multi Year Distribution Tariff Regulations, 2021, incorporating the provisions of automatic recovery of cost on account of Fuel and Power Purchase Cost Adjustment and enabling the DISCOMs to compute FPPCA within first 50 days of the month end of nth month and charge the incremental cost in the electricity bill of (n+3)th month. The Commission, heard the petition in case no 03/2023 and directed the Secretariat in its order dated 13.04.2023 to publish a draft of amendment to implement Rule 14 of Electricity (Amendment) Rules, 2022 for inviting comments/suggestions/objections from general public and stake holders before 15.06.2023, 5 PM.
3. In order to ensure that the Bihar Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2021 are consistent with the provisions contained in newly inserted Rule 14 through Electricity (Amendment) Rules, 2022, relevant Clause 20 of the Bihar Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations 2021 needs to be modified/repealed inserting new clauses.

Accordingly, the aforementioned clause has been modified in the draft BERC Multi Year Distribution Tariff (First Amendment) Regulations, 2023.

Bihar Electricity Regulatory Commission

(Multi Year Distribution Tariff) (First amendment) Regulations, 2023

In exercise of powers conferred by section 181 read with sections 61 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Bihar Electricity Regulatory Commission referred to as “the Principal Regulations”), hereby makes the following Regulations, to amend Bihar Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2021 (hereinafter:

1. Short Title, Commencement and Extent. -
 - 1.1 These Regulations shall be called the Bihar Electricity Regulatory Commission (Multi Year Distribution Tariff) (First amendment) Regulations, 2023.
 - 1.2 These Regulations shall come into force from the date of their notification in the Official Gazette.
 - 1.3 These Regulations shall extend to the whole of the State of Bihar
2. Amendment of Clause 20 - Clause 20 of the Principal Regulation shall be substituted namely: -

“20. FUEL AND POWER PURCHASE ADJUSTMENT SURCHARGE (FPPAS)

20.1 “Fuel and Power Purchase Adjustment Surcharge” (FPPAS) means the increase in cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the State Commission.

20.2 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, prescribed by the State Commission, subject to true up, on an annual basis. Automatic pass through shall be adjusted for monthly billing in accordance with these rules.

The true-up of FPPAS for any financial year shall be submitted along with actual category-wise sales vis-à-vis approval, and source-wise despatch & cost vis-a-vis approval with a detailed explanation, availability, and PLF of each source, market purchases with detailed break up of segments (RTC, peak) exchange wise, Deep e- bidding portal, swapping, etc, PoC charges break up for scheduled CGS, market purchases and other approved sources, the past claims of any source if any with specific mention, backing down of thermal sources on account of RE and other

reasons if any, loss percentages, etc, by the end of June 30 of next financial year and the Commission will issue a final order within 90 days from the date of filing of such annual true up.

20.3 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 nth 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 recovery the fuel and power purchase adjustment surcharge determined during true-up shall also be forfeited.

20.4 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 the variable component of approved tariff.

20.5 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.

20.6 In case of carry forward of fuel and power purchase adjustment surcharge, the carrying cost at the rate of State Bank of India Marginal Cost of Funds-based Lending 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.

20.7 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 $\leq 5\%$, 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 $> 5\%$, 5% fuel and power purchase adjustment surcharge shall be recoverable automatically as per

20.7(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 State Commission during true up.

20.8 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 within 90 days from the date of filing of such annual true up as per 20.2 above.

20.9 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.

20.10 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 State Commission, during true up of the normal tariff.

20.11 To ensure smooth implementation of the fuel and power purchase adjustment surcharge mechanism and its recovery, the distribution licensee shall ensure that the licensee 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.

20.12 The 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.

20.13 Computation of Fuel and Power Purchase Adjustment Surcharge:

Formula:

$$\text{Monthly FPPAS for nth Month (\%)} = \frac{(A-B)*C + (D-E)}{\{Z * (1 - \text{Distribution losses in\%/100})\} * \text{ABR}}$$

Where,

nth 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 tariff for the power supplied in (n-2)th month.

A is Total units procured in (n-2)th Month (in kWh) from all Sources 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 from all Sources in (n-2)th Month. (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).

C is incremental Average Power Purchase Cost= Actual average Power Purchase Cost (PPC) from all Sources in (n-2) month (Rs./ kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources (Rs./ kWh)- (from tariff order)

D = Actual inter-state and intra-state Transmission Charges in the (n-2)th Month, (From the bills by Transcos to Discom) (in Rs)

E = Base Cost of Transmission Charges for (n-2)th Month. = (Approved Transmission Charges/ 12) (in Rs)

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

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

Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)

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

20.14 The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.

20.15 Other charges which include Ancillary Services and Security Constrained Economic Despatch shall not be included in Fuel and Power Purchase Adjustment Surcharge and adjusted through the true-up approved by the Commission.