

## **Fuel and Power Purchase Cost Adjustment (FPPCA) for the month of July'2023**

1) Hon'ble APERC has issued Regulation No.2 of 2023 (4<sup>th</sup> amendment to Regulation No. 4 of 2005) for pass through of FPPCA (Fuel and Power Purchase Cost Adjustment) on monthly basis automatically without regulatory approval.

2) As per clause 3 of Regulation 2 of 2023 *"the Distribution Licensee shall be entitled to recover from or refund to the consumers, as the case may be, the FPPCA (Fuel and Power Purchase Cost Adjustment) according to the formula and other conditions specified in this regulation on a monthly basis automatically from time to time and such monthly automatic adjustment shall be tried up on an annual basis by the Commission"*.

3) Manner of recovery or refund of FPPCA by the Distribution Licensee and conditions as laid in the Clause 4 of the Regulation:

- A. The FPPCA arrived at as per the formula specified shall be recovered from or refunded to the consumers by the Distribution Licensee, as the case may be, on a monthly basis automatically not exceeding 40 paise per unit.

FPPCA surcharge shall be computed and charged by the distribution licensee, in (n+2)<sup>th</sup> month, on the basis of actual variations in the costs of fuel and power purchase and intra & inter-state Transmission Charges for the power procured during the nth month.

For example, the FPPCA 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 (CC bill to be issued in June) of the same financial year.

4) The computation of FPPCA is as follows:

$$\begin{aligned} \text{Actual Weighted average Power Purchase Cost per unit of energy (APPC) :} \\ \text{Actual Power purchase cost / Actual energy dispatch )} \\ = 14442.88 \text{ Rs. Millions /2428.35 MU} \\ = \mathbf{Rs.5.9476/ unit} \end{aligned}$$

$$\begin{aligned} \text{Base Weighted average Power Purchase Cost per unit of energy (BPPC) :} \\ \text{Approved Power purchase cost/Approved energy dispatch)} \\ = 11963.93 \text{ Rs. Millions /2281.28 MU} \\ = \mathbf{Rs.5.2444 / unit} \end{aligned}$$

$$\begin{aligned} \text{Approved T\&D Loss for FY 2023-24} &= 9.51\% \\ \text{Actual loss \% for previous year (FY 2022-23)} &= 10.67\% \\ \mathbf{\text{Lower of the T\&D Loss (above two rows)}} &= \mathbf{9.51\%} \end{aligned}$$

$$\begin{aligned} \text{FPPCA (Rs./Unit)} &= (\text{APPC} - \text{BPPC}) / (1 - (\text{Loss in \%}/100)) \text{ (Rs./Unit)} \\ &= (5.9476 - 5.2444) / (1 - (9.51/100)) \\ &= \mathbf{0.7771} \end{aligned}$$

5) As per the above Regulation, **Fuel & Power Purchase Cost Adjustment (FPPCA) amounting to Rs.0.40 / Unit is being levied** for the consumption month of July'2023 billed in August'2023 in the bill for the month of September'2023 on all categories of consumers.

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