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**JHARKHAND STATE ELECTRICITY REGULATORY
COMMISSION, RANCHI**

NOTIFICATION

22nd November, 2023

**Jharkhand State Electricity Regulatory Commission (Terms and Conditions for
Determination of Distribution Tariff) (First Amendment) Regulations, 2023**

Notification No.94--In exercise of powers conferred by sub-section (1) of section 181 and clauses (zd), (ze) and (zf) of sub-section (2) of section 181, read with sections 61, 62, and 86, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Jharkhand State Electricity Regulatory Commission hereby makes the following Regulations. To amend the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020 (hereinafter referred to as the '**Principal Regulations**')

1. Short Title and Commencement

- 1.1. These Regulations may be called the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) (First Amendment) Regulations, 2023.
- 1.2. These Regulations shall extend to the State of Jharkhand.

- 1.3. These Regulations shall come into force from the date of their publication in the Jharkhand State Government Gazette and unless reviewed earlier or extended by the Commission, shall remain in force upto March 31, 2026

2. Amendment to Chapter A 3

In the Principal Regulations, under chapter A3 '**Definitions and Interpretation**' the following definition shall be inserted:

30. '**Average Cost of Supply**' or '**ACoS**' shall mean average cost price of supply of one unit of electricity.
31. '**Fuel and Power Purchase Adjustment Surcharge**' or '**FPPAS**' shall mean 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 Commission.

3. Amendment to Clause 10.46

In the Principal Regulations, Clause 10.46 shall be substituted as follows:

- 10.46. Any variation 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 Commission, for reasons beyond the control of the Licensee, shall be allowed to be recovered by way of **FPPAS** as per the mechanism specified from **Clause 10.65 to Clause 10.74E** of these Regulations.

4. Amendment to Clause 10.62

In the Principal Regulations clause 10.62, 1st Proviso shall be substituted as follows:

Cross-Subsidy Surcharge

Provided that the surcharge, determined by the Commission under clause (a) of sub-section (1) of the section 86 of the Electricity Act, 2003 shall not exceed 20% (Twenty Percent) of the Average Cost of Supply (ACoS)

5. Amendment to Clause 10.65 to Clause 10.74

In the Principal Regulations, after clause 10.65 to clause 10.74 shall be substituted as follows:

Fuel and Power Purchase Adjustment Surcharge (FPPAS)

- 10.65 The Fuel and power purchase adjustment surcharge (FPPAS) formula has been provided as specified under sub-section (4) of section 62 of the Act, for recovery/adjustment of increase or decrease in power purchase cost on monthly basis.

10.66 Fuel and power purchase adjustment surcharge shall be calculated and billed by the Distribution Licensee to consumers, automatically, without going through regulatory approval process, on a monthly basis, according to the formula, prescribed 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.

10.67 Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in $(n + 2)^{\text{th}}$ month, on the basis of actual variation, in cost of fuel and power purchase and Inter-state Transmission Charges 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 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.

10.68 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 variable component of approved tariff.

10.69 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.

10.70 In case of carry forward of fuel and power purchase adjustment surcharge, the carrying cost at the Bank Rate plus 150 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.

10.71 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 is more than 5%, 5% fuel and power purchase adjustment surcharge shall be recoverable automatically as per Sub-Regulation (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.

10.72 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 120 days after date of acceptance of Petition by the Commission.

10.73 In case of excess revenue recovered for the year against the fuel and power purchase adjustment surcharge, the same shall be recovered from the Distribution 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.

10.74 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.

10.74A. 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.

10.74B. 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.

10.74C. Computation of Fuel and Power Purchase Adjustment Surcharge: The formula for Computation of Fuel and Power Purchase Adjustment Surcharge (FPPAS) in (%) for nth month is as follows:

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

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 Licensee);

'B' is bulk sale of power 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)th month (₹/kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources (₹/kWh)(from tariff order);

'D' is the Actual inter-state and intra-state Transmission Charges in the (n - 2)th Month, (From the bills by Transmission Licensees to Distribution Licensee) (in ₹);

'E' is the Base Cost of Transmission Charges for (n - 2)th Month = (Approved Transmission Charges/12) (in ₹);

'Z' = [(Actual Power purchased from all the sources outside the State in (n - 2)th Month. (in kWh) * (1 - Inter-state transmission losses in % /100) + Power purchased from all the sources within the State (in kWh)] * (1 - Intra-state losses in % /100) - B] in kWh;

'ABR' is the Average Billing Rate for the year (to be taken from the Tariff Order in ₹/kWh);

'Distribution Loss (in %)' is the Target Distribution Losses (from Tariff Order);

'Inter-state transmission Losses (in %)' is the approved Inter-state transmission Losses as per Tariff Order;

'Intra-state transmission Losses (in %)' is the approved Intra-state transmission Losses as per Tariff Order;

10.74D. The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.

10.74E. 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 though the true-up approved by the Commission.

By Order of the Commission,

Rajendra Prasad Nayak,
Secretary
