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**PART--I-- Orders and Notifications by the Government of Tripura,
The High Court, Government Treasury etc.**

No. F.25/TERC/09/204

Dated, 11th August 2011

TRIPURA ELECTRICITY REGULATORY COMMISSION
NOTIFICATION

In exercise of the powers conferred under Section 61(d),62(4), 86(1)(b) sub-section (1) of section 181 and clause (zp) of sub-section (2) of section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it on that behalf, the Tripura Electricity Regulatory Commission makes the following regulations :-

REGULATIONS

1. Short title, extent and commencement:

- (1) These regulations may be called the Tripura Electricity Regulatory Commission (Fuel and Power Purchase Price Adjustment Formula) Regulations, 2011.
- (2) These regulations shall extend to the whole of the State of Tripura.
- (3) These regulations shall come into force from the date of their publication in the Tripura Gazette.

2. Introduction:

As per Section 62(4) of the Electricity Act 2003, no tariff or part of any tariff may ordinarily be amended more frequently than once in a financial year except in

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respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified. A reference can be drawn to the

provisions of the Tariff Policy notified by the Government of India specifying that the uncontrollable costs be recovered speedily to ensure that the future consumers are not burdened with past costs. The uncontrollable costs include fuel cost, cost on account of inflation, variations in power purchase unit cost including on account of hydrothermal mix in case of adverse natural events etc. The TERC Tariff Regulations, 2004 (Terms and condition for determination of Tariff) also states that “The Commission shall allow the recovery or refund; as the case may be, of additional charge for adjustment of tariff on account of change in fuel related costs of electricity generation and purchase of electricity within the period of a notified tariff order of the Commission.” In this regulation, a fuel surcharge formula is specified in order to recover the additional burden on account of changes in fuel price and power purchase cost. Accordingly, the Commission proposes to introduce the regulations to recover the change in fuel price for the approved quantity of generation and power purchase for the distribution licensee.

3. Definitions:

- (1) In these Regulations, unless the context otherwise requires:
- (a) “**Act**” means the Electricity Act 2003 (36 of 2003);
 - (b) “**Commission**” means the Tripura Electricity Regulatory Commission;
 - (c) “**Current Year**” shall mean the year in which the statement of annual accounts or petition for determination of tariff is filed;
 - (d) “**Ensuing Year**” shall mean the year next following the current year;
 - (e) “**Generating Company**” means any company or body corporate or associating or body of individuals, whether incorporated or not, or artificial juridical person, which owns or operates or maintains a generating station;
 - (f) “**Licensee**” means a person who has been granted a licence under section 14 of the Act, including a person deemed to be a licensee referred to under any of the provisions to Section 14 of the Act;
 - (g) “**Previous Year**” shall mean the year immediately preceding the current year;
 - (h) “**Tariff**” shall mean the schedule of charges for generation and bulk supply, Transmission, wheeling and supply of electricity together with terms and

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Conditions thereof;

- (i) **“Unscheduled Interchange”** (UI) shall mean unscheduled interchanges as defined in Indian Electricity Grid Code;
- (j) **“Year”** shall mean financial year ending on 31st March; and

(k) **"State"** means the State of Tripura

(2) The words of expressions occurring in these regulations and not defined herein but defined in the Act shall bear the same meaning as in the Act.

4. FUEL & POWER PURCHASE PRICE ADJUSTMENT (FPPPA) FORMULA:

- (i) The amount of Fuel & Power Purchase Price Adjustment (FPPPA) shall be computed as under:

$$V = VF + VPP$$

Where,

V = Amount of incremental Cost in a specified period on account of Fuel & Power Purchase (Rs.).

VF = Amount of differential cost on account of fuels on generation by different power stations of the state generators during the specified period (Rs.).

VPP = Amount of differential cost on account of Power purchase during the specified period (Rs.).

- (ii) The FPPPA rate shall be calculated as,
FPPPA Recovery Rate = $\frac{V(Rs.)}{\text{Energy sales(KWH)}} \times 100$
(Paise/kwh)

Where Energy sales consist of,

- (a) Metered sale of Energy.... (ES1)
- (b) Assessment of unmetered sale (ES2)
- (c) Deemed sale of Energy on account of excess T&D losses ... (ES3)
- Less (d) Energy sale to the Exempted categories of consumers.(ES4)

The deemed sale of energy on account of excess T&D losses is equal to actual T&D losses minus losses allowed by the Commission. In case the figure is negative, the same may be ignored.

Now, the Recovery Formula shall be as under; -

$$\text{FPPPA recovery Rate} = \frac{[Q_G(RG_2 - RG_1) + (QO_2 - QO_1) + QPP(RPP_2 - RPP_1)] \times 100}{\text{ES1} + \text{ES2} + \text{ES3} - \text{ES4}} \quad \text{[For Gas Based Station]}$$

(Paise/Kwh)

Where, Q_G = Quantity of Natural Gas consumed as per normative parameters during the period in 1000 SCM. To be evaluated as per Formula.

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(Gas quantity for each Station required to evaluate separately)

$$Q_G = \frac{SHR}{NCV_G} \times \left[\frac{USO}{1-AUX} \right] \times (1+L_G) \times 10^3$$

Where, SHR = Station heat rate as approved by the Commission in kcal/kWh.

NCV_G = Approved calorific value of Gas fired in kcal/SCM.

USO = Unit sent out in MU.

AUX = Auxiliary Consumption approved in percentage.

L_G = Transit & storage losses of Gas as approved by the Commission, if any
SCM

Q_o = Quantity of Oil consumed during the period in KL as per normative
parameter.

RG1 = Average rate of Natural gas as approved by the Commission including
Transportation in Rs. /1000 SCM

RG2* = Actual Average rate of Gas Supplied during the Period including
Transportation in Rs. /1000 SCM.

RO1 = Average rate of Oil Ex. Power Station approved by the Commission for
the period in Rs./KL

RO2 = Average rate of Oil actually supplied Ex. Power Station during the period
In Rs/KL

* If the grade of Gas supplied is inferior or superior to the grade considered in
the last tariff order, then average rate of Gas supplied (RG2*) will be corresponding
to the grade of Gas considered by the Commission in the last tariff order.

[Q_o will have to be calculated station wise.]

QPP = Actual Quantity of power purchased during the period in kWh for sale to
the Distribution Licensee's scheduled consumers.

RPP2 = Actual weighted Average rate of power purchase during the period in Rs.
/kWh.

RPP1 = Average weighted rate of power purchase as approved by the
Commission in Rs./kWh.

LEGENDS:

SCM = Standard Cubic Meter

MU = Million Unit

KCal = Kilo Calorie

Kwh = Kilowatt Hour

N.B: For computation of Power Purchase, the ex-bus cost of energy from generating
stations including associated transmission cost shall be considered.

5. Implementation of the formula :

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- 5.1 The FPPPA will be recovered in the form of an incremental energy charge (Rs/KWh) in proportion to the energy consumption and will be forming a part of the energy bill to be served on monthly or any other periodical basis.
- 5.2 The FPPPA charge shall not exceed 25% of the variable component of tariff or such other ceiling as may be stipulated by the Commission from time to time, where the variable component of tariff is defined as total estimated revenue from energy charges (EC) in a year approved in the last Tariff Order divided by total estimated sales of the year. When FPPPA charges exceed 25% of the variable component of tariff, the Licensee shall make a petition to the Commission for recovery of the charges over the specified cap which shall be recovered after Commission's scrutiny and directives.
- 5.3 The formula will be applied at the end of each quarter by Distribution Licensee without making it necessary to go through the regulatory proceedings. The Distribution Licensee shall, however, be obligated to provide all relevant information to the Commission simultaneously and in any case where the Commission observes any discrepancies, the same will be adjusted during the next quarter. This mechanism will provide administrative and regulatory simplicity.
FPPPA charge is usually incurred by the generating company which is passed on to the distribution utility who in turn recover it from the end consumers. Therefore, the generating company owned by the state shall also provide all relevant details and supporting documents at the end of each quarter to the Commission for reconciliation.
- 5.4 The Fuel and Power Purchase Price Adjustment (FPPPA) charge will be made effective from the date of publication of the Regulations in the official Gazette. Provided further that the FPPPA charge applicable to each tariff category of consumers shall be displayed prominently at the cash collection centers and on the website of the Distribution Licensee.

Provided that the Distribution Licensee shall put up on its website such details of the additional burden on account of changes in fuel price and power purchase cost and the FPPPA charges levied to all consumers for each quarter along with detailed computations.

- 5.5 Each control period shall be a quarter year i.e. 3 months. Accordingly, Distribution Licensee shall compute and adjust the amount as Fuel and Power Purchase Surcharge. Thus FPPPA surcharge for a quarter shall be charged from the first month of next quarter.

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5.6 This fuel surcharge formula shall be applicable to the Distribution Licensee till it is amended either on petition or suo-moto. The FPPPA formula will be applicable for all consumers unless exempted by the Commission.

5.7 Distribution Licensee shall file detailed computation of actual fuel cost in Rs./kWH for each financial year for each of power stations of the state generators as well as cost of power purchase (Fixed and Variable) from each source/station based on audited

accounts and a separate set of calculations with reference to permitted level of parameters as stated in the TERC (Terms and Conditions for determination of Tariff) Tariff Regulations'2004. (Audited and certified by cost accountant / chartered accountant).

5.8 Distribution Licensee shall file with the Commission all information including actual sales data required for calculation of the Fuel Surcharge (audited and certified by Cost Accountant/ Chartered Accountant) within 60 days of the end of the respective quarter failing which it shall forfeit any future claims on this account. It will also be incumbent upon Distribution Licensee to reconcile these figures at the end of the year based on audited accounts.

5.9 Distribution Licensee shall undertake its power procurement during the year in accordance with the power procurement plan for such year approved by the Commission in accordance with TERC Tariff Regulations'2004 (Terms and Conditions for determination of Tariff). Any variation, during any quarter of a financial year, in the quantum or in the cost of power procured and any procurement from a source other than a previously approved source, in excess of five percent (5%) of quantum or cost, as the case may be, of power procurement for such quarter, as approved by the Commission in the power procurement plan of the Distribution Licensee, shall be only with the prior approval of the Commission.

Provided that a variation in the cost of power procured on account of changes in the price of fuel of allocated/approved generators, calculated in accordance with Regulation 4. above shall not be included in determining the need for prior approval of the Commission under this regulation 5.9.

5.10 Distribution Licensee can include a prior period expense for recovery in the subsequent quarters if it can prove to the satisfaction of TERC that the details of the expenses claimed were not available for reasons beyond the control of Distribution Licensee at the time of filing.

5.11 In the application of FPPPA formula, Distribution Licensee shall bear all costs/charges accruing on account of purchases done in contravention of the merit order principles.

5.12 The actual variable costs computed for all generating stations shall exclude transit and handling losses of all types of fuels beyond the limits specified in Commission's relevant Regulation

5.13 Calculation and levy of such charge shall be subject to scrutiny of the Commission. The Commission shall make available the calculations of licensee or generating

company for inspection by any person. The licensee or generating company shall refund or recover, as the case may be, any difference of such charge already recovered by it and approved by the Commission.

5.14 In case of any reduction in power purchase and fuel cost if the licensee or generating company fails to refund the additional charge to the consumers/customers within the stipulated time, the Commission shall suo-moto order the licensee or generating company to refund the same with 10 days notice to the licensee.

5.15 The Commission shall charge a fee in each quarter for verification of all relevant documents pertaining to FPPPA claimed by the Distribution Licensees and Generating Companies.

The amount of fees shall be zero point zero five percent (0.05%) of the claimed amount.

5.16 In case of any dispute, an appropriate petition in accordance with the Tripura Electricity Regulatory Commission (Conduct of Business) Regulations, 2004, as amended from time to time or any statutory re-enactment thereof, shall be made before the Commission.

6. Overriding Effect :

Notwithstanding anything contained contrary -

- a) in the TERC(Terms and Conditions of Open Access) Regulations, 2010; and
- b) in the TERC(Tariff Regulations) 2004; and
- c) in the TERC(Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations 2009; and
- d) in the TERC (Miscellaneous Provisions relating Petitions, Fees) Regulations, 2011, framed by the Commission under section 181 of the Electricity Act 2003; these regulations will have overriding effect.

7. Power to remove difficulties:

- (a) In case of any difficulty in giving effect to any of the provisions of these Regulations, the Commission may by General or special order, direct the Licensee to take suitable action not inconsistent with the provisions of Electricity Act 2003 which appears to be necessary or expedient for the purpose of removing the difficulty.
- (b) The Distribution Licensee may take an application to the Commission and seek suitable orders to remove any difficulty that may arise in implementation of these Regulations.

8. Issue of orders and directions:

Subject to the provisions of the Act and these regulations, the Commission may, from time to time, issue orders and practice directions with regard to the implementation of these regulations and procedure to be followed for such implementation and matters incidental or ancillary thereto.

9. Saving of Inherent Powers of the Commission:

Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission to adopt a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these regulations.

10. Power to Amend:

The Commission may from time to time add, vary, alter, suspend, modify, amend or repeal any provision of these regulations.

11. Interpretation:

All issues arising in relation to interpretation of these regulations shall be determined by the Commission and the decision of the Commission on such issues shall be final.

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(By order of the Commission)



(Sri S. Roy Choudhury)

Secretary,
TERC

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