Chhattisgarh State Electricity Regulatory Commission
Irrigation Colony, Shanti Nagar, Raipur,

Raipur, Dated _____________

No. /CSERC/2023

In exercise of powers conferred under Section 61 read with Section 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Chhattisgarh State Electricity Regulatory Commission hereby makes following regulations, to amend Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2021 (hereinafter referred to as "the Principal Regulations"), namely:

1. Short title and commencement:

(1) These Regulations may be called the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) (First amendment) Regulations, 2023.

(2) These Regulations shall be effective from 1st April, 2023.

2. Amendment of Clause 2.2 -Clause 2.2 of the Principal Regulation shall be substituted namely: -

"*This Regulation will not apply to*

(i) Stand-alone generators, bulk consumers and captive users.

Provided, that the stand-alone generators who avail services of SLDC for energy metering or accounting for the purpose of Renewable Energy Certificates or any other such purposes as may be mandated by the Commission from time to time shall be required to pay fee & charges as specified under this regulation.

(ii) *Generating Stations and Transmission System whose tariff has been discovered through a transparent process of competitive bidding in accordance with the competitive bidding guidelines notified by the Central Government and adopted by the Commission under section 63 of the Act after prudence check."*

3. **Addition of Clause 3.10A – The following Clause shall be added after Clause 3.10 of the Principal Regulations namely:**

"*3.10A "****base rate of Late Payment Surcharge****" means the marginal cost of funds based on lending rate for one year of the State Bank of India, as applicable on the 1st April of the financial year in which the period lies, plus five per. Cent and in the absence of marginal cost of funds based lending rate, any other arrangement that substitutes it, which the Central Government may, by notification, in the Official Gazette, specify: Provided that if the period of default lies in two or more financial years, the base rate of Late Payment Surcharge shall be calculated separately for the periods falling in different years ;"*

4. **Addition of Clause 3.24A – The following Clause shall be added after Clause 3.24 of the Principal Regulations namely:**

"*3.24A* ***"due date"*** *means the date by which the bill for the charges for power supplied by the generating company or electricity trading licensee or for the transmission service provided by a transmission licensee are to be paid, in accordance with the agreement , as the case may be, and if not specified in the agreement , forty-five days from the date of presentation of the bill by such generating company, electricity trading licensee or transmission licensee: Provided that if due date for payment of any invoice falls on a bank non-working day, the next bank working day shall be considered as due date for payment."*

5. **Addition of Clause 3.54A – The following Clause shall be added after Clause 3.54 of the Principal Regulations namely:**

*"3.54A **"outstanding dues"** means the dues of a generating company, electricity trading licensee, or a transmission licensee, not stayed by a competent court or Tribunal or dispute resolution agency as designated in the Power Purchase Agreement, which remains unpaid by the beneficiary beyond the due date and includes the amount of instalment not paid after the re-determined due date under rule 5."*

6. **Amendment of Clause 15 – Clause 15 of the Principal Regulation shall be substituted namely: -**

"15. ADHERENCE TO TARIFF ORDER

All tariff orders passed under this regulation shall be in force till issue of next tariff order. No tariff or part of any tariff may be ordinarily amended, more frequently than once in any Financial year, except adjustment on account of fuel cost and power purchase based on Fuel and Power Purchase Adjustment Surcharge (FPPAS) formula approved by the Commission."

7. **Amendment of Clause 26.1(a) – Para (vi) of Clause 26.1(a) of the Principal Regulation shall be substituted namely: -**

"Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor."

8. **Amendment of para (c) of proviso of Clause 26.1(a) – Para (c) of proviso of Clause 26.1(a) of the Principal Regulations shall be substituted namely: -**

"Receivables equivalent to 45 days of supplementary capacity charges and Supplementary energy charges for sale of electricity calculated on the normative annual plant availability factor."

9. **Amendment of sub clause (iii) of Clause 26.1(b) –- Sub clause (iii) of Clause 26.1(b)of the Principal Regulations shall be substituted namely: -**

"*Receivables equivalent to 45 days of fixed cost."*

10. **Amendment of sub clause (iii) of Clause 26.1(c) –- Sub clause (iii) of Clause 26.1(c) of the Principal Regulations shall be substituted namely: -**

"*Receivables equivalent to 45 days of fixed cost."*

11. Amendment of Clause 26.1(–) - Clause 26.1(e) of the Principal Regulations shall be substituted namely: -

"*For Retail Supply of Electricity:*

i. O&M expenses for 15 days; plus

ii. Maintenance spares @ 20% of Maintenance and General expenses specified in Regulation 92.6.2; plus

iii. Receivables equivalent to 15 days of the revenue from sale of electricity at the prevailing tariffs within state;

12. Amendment of sub clause (iii) of Clause 26.1(f) - Sub clause (iii) of Clause 26.1(f) of the Principal Regulations shall be substituted namely: -

"Receivables equivalent to 45 days of system operation charges and market operation charges as approved by the Commission."

13. Amendment of Clause 26.2 - Clause 26.2 of the Principal Regulations shall be substituted namely: -

"At the time of True-Up, the receivables for the computation of working capital requirement of the generating company, STU/transmission licensee and SLDC will be determined equivalent to 45 days of actual revenue billed and the receivables for the computation of working capital requirement of the distribution licensee will be determined equivalent to 15 days of actual revenue billed."

14. Amendment of Clause 26.4 - The following Clause shall be added after Clause 26.4 of the Principal Regulations namely:

*"**26.5** Notwithstanding the provisions of these regulations, the receivables to be considered for computation of working capital for the generating company, STU/transmission licensee and SLDC, shall be considered for such number of days as may be prescribed in the rules, related to payment of surcharge, notified by the Central or State Government under Section 176 or Section 180, as the case may be, in accordance with the Act".*

15. Amendment of Clause 29 - Clause 29 of the Principal Regulations shall be substituted namely: -

"29.1 *In case the payment of any bill for charges payable under this Regulation is delayed by a beneficiary/ intra-state entity beyond a period of 45 days from the date of billing, a late payment surcharge at the base rate for the period for the first month of default on outstanding amount, shall be levied by the generating company or the STU/transmission licensee or the SLDC/ system operator. At the time of true-up, the late payment surcharge paid received by the beneficiary/licensee shall not be considered as an expense/ revenue, as the case may be.*

The rate of Late Payment Surcharge for the successive months of default shall increase by 0.5 percent for every month of delay provided that the Late Payment Surcharge shall not be more than three percent higher than the base rate at any time.

Provided that the rate, at which Late Payment Surcharge shall be payable, shall not be higher than the rate of Late Payment Surcharge specified in the agreement, if any.

Provided that as and when the Central Government or the State Government make any rule under the Section 176 or Section 180, as the case may be, of the Electricity Act 2003 related to payment of surcharge, to the extent, scope and applicability prescribed under such rules, notwithstanding the provisions of the regulations, the provisions of such rule shall prevail.

29.2 All payments by a Distribution Licensee to a Generating Company for power procured from it or by a user of a transmission system to a Transmission Licensee shall be first adjusted towards Late Payment Charge and thereafter, towards monthly charges, starting from the longest overdue bill.

29.3 In case the Distribution Licensee has communicated, in writing, to the Generating Company or Transmission Licensee, as the case may be, the outstanding dues and number of instalments in which, the outstanding dues would be paid, within thirty days of the notification of the Late Payment Surcharge Rules, 2022, the following conditions shall be applicable:

(a) The Distribution Licensee may make payment in a month more than the equated monthly instalment for the month;

(b) The payment of instalment shall be done to all the concerned Generating Companies and Transmission Licensees, as the case may be, on pro-rata basis, depending upon the proportion of their individual outstanding dues.

29.4 Notwithstanding anything contained in Regulation 29.1, if the Distribution Licensee agrees to payment of the arrears dues as per the instalment fixed under the Late Payment Surcharge Rules, 2022, and makes timely payment of these instalments, then the Delayed Payment Charge shall not be payable on the outstanding dues.

29.5 In case of delay in payment of an installment under Regulation 29.1, Delayed Payment Charge shall be payable on the entire outstanding dues as on the date of notification of the Late Payment Surcharge Rules, 2022.

29.6 All the bills payable by a Distribution Licensee to a Generating Company or a Transmission Company shall be time tagged with respect to the date and time of submission of the bill and the payment made by the Distribution Licensee shall be adjusted first against the oldest bill and then to the second oldest bill and so on, so as to ensure that payment against a bill is not adjusted unless and until all bills older than it have been paid for:

Provided that any adjustment towards Late Payment Charge shall be done in the manner as specified in Regulation 29.2."

16. Amendment of Clause 37.1 – Insertion of para 5 after para 4 of NOTE in Clause 37.1 of the Principal Regulations namely: -

"5. The Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 notified by Central Government as amended from time to time, shall be applicable to generating company."

17. Addition of Clause 45.3 A – The following Clause shall be added after Clause 45.3 of the Principal Regulations namely:

"In case of fuel shortage in a thermal generating station, the generating company may propose to deliver a higher MW during peak-load hours by saving fuel during

off-peak hours. The State Load Despatch Centre may then specify a pragmatic day-ahead schedule for the generating station to optimally utilize its MW and energy capability, in consultation with the beneficiaries. DCi in such an event shall be taken to be equal to the maximum peak-hour ex- power plant MW schedule specified by the State Load Despatch Centre for that day."

18. Amendment of Clause 45.6 - Clause 45.6 of the Principal Regulation shall be substituted namely: -

"Secondary fuel cost shall be part of variable cost and same shall also be recoverable through fuel and other expenses adjustment surcharge."

19. Amendment of Clause 45.8 - Clause 45.8 of the Principal Regulation shall be substituted namely: -

"Secondary fuel cost shall be part of variable cost and same shall also be recoverable through fuel and other expenses adjustment surcharge."

20. Amendment of Clause 45.11 - Clause 45.11 of the Principal Regulations shall be substituted namely: -

"The monthly variation in fuel and other expenses shall be recoverable as per the mechanism detailed in Regulation 93 of this Regulation."

21. Amendment of Clause 72 - Clause 72 of the Principal Regulation shall be substituted namely: -

"The transmission licensee shall submit a capital investment plan in the manner specified in Chapter-2 of this Regulation.

Provided that all new Intra-State transmission system costing above a threshold limit Rs. 250 Crores and meeting other conditions as laid out below shall be developed through Tariff Based Competitive Bidding and shall be adopted by the Commission under section 63 of the Electricity Act' 2003 after prudence check in accordance with the relevant Guidelines (and its amendments) issued by the Ministry of Power, Government of India.

The entire Intra-State independent transmission system including any upstream/downstream project shall be designed as single project for inviting bids for development of project through Tariff Based Competitive Bidding.

In case the State Govt/STU intends to develop any Intra-State Transmission System above the threshold limit through cost plus approach due to some specific reasons such as project is of critical nature or Project may lead to ownership or interface issues, the State Govt/STU shall obtain prior approval of the Commission for the same."

22. Amendment of Clause 73.1 – Insertion of para 5 after para 4 of NOTE in Clause 73.1 of the Principal Regulations namely: -

"5. The Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 notified by Central Government as amended from time to time, shall be applicable to transmission licensee."

23. Amendment of Clause 92.4.4 - Clause 92.4.4 of the Principal Regulations shall be substituted namely: -

"The monthly Fuel and Power Purchase Adjustment Surcharge (FPPAS) shall be recoverable as per the mechanism detailed in Regulation 93 of this Regulation."

24. Amendment of Clause 93 – Clause 93 of the Principal Regulations shall be substituted namely: -

*"93. **FUEL AND POWER PURCHASE ADJUSTMENT SURCHARGE (FPPAS)***

93.1 Amount on account of variation in actual tariff of (n-2)th month (due to variation in the Gross Calorific Value of primary fuel on the basis of certificate/test report issued by reputed third party agency after prudence check etc.) vis-à-vis tariff of (n-2)th month as approved in tariff order shall be determined on monthly basis by generating stations which are situated within the State and supplying power to distribution licensee of the State and the same shall be recovered through regular monthly bills as a line item namely fuel and other expenses for (n-2)th month .

93.2 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.*

93.3 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 respective the State Commission, subject to true up, on an annual basis, as decided by the State Commission:

Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these rules.

93.4 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 and Inter-state Transmission Charges 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.

93.5 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.

93.6 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.

93.7 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.

93.8 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≤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 6(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.

93.9 The revenue recovered on account of passthrough 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 by 30th June of the next financial year.

93.10 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 State 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 passthrough 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 financial year, shall be billed.

93.11 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.

93.12 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.

93.13 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.

93.14 Computation of Fuel and Power Purchase Adjustment Surcharge:

Formula:

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

Where, N^{th} 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(inter-state 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 = [{Actual Power purchased from all the sources outside the State in (n-2)th Month (in kWh) (1 – Interstate transmission losses in % /100) + Power purchased from all the sources within the State(in kWh)}*(1 – Intra state losses in %) – B]/100 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

93.15 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 State Commission.”

By order of the Commission

(S. P. Shukla)
Secretary