BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION GANDHINAGAR

Order in Suo-Motu Petition No. 2646 of 2026

In the matter of:

Computation and Recovery of Fuel and Power Purchase Adjustment Surcharge (FPPAS) for the FY 2026-27

CORAM

Pankaj Joshi, Chairman
Hiren Shah, Member
Jatin N. Thakkar, Member

Date: 29/05/2026

ORDER

1. The Commission initiated Suo-Motu proceedings under Regulations 23 and 24 of the GERC (Conduct of Business) Regulations, 2004 in the matter of Computation of Fuel and Power Purchase Adjustment Surcharge (FPPAS) for FY 2026-27 by issuing Public Notice dated 24.04.2026 inviting comments and suggestions from the stakeholders for relaxing the provisions related to computation and recovery of FPPAS during FY 2026-27 under the GERC (MYT) Regulations, 2024.

2. In the aforesaid public notice, it is also stated that envisaging certain practical challenges, the Commission has proposed to compute and recover the FPPAS charges on quarterly basis during FY 2026-27. It is specified in the Public Notice that the stakeholders/interested persons may file their comments/suggestions on the aforesaid Suo-Motu Petition to the Secretary, GERC on or before 15th May 2026. It is also stated that

the public hearing in the aforesaid matter was scheduled on 19.05.2026 at 11:30 Hours at the Office of the Commission.

3. The Commission in exercise of the powers conferred by sub-section (2) of section 181 read with Section 36, Section 39, Section 40, Section 41, Section 51, Section 61, Section 62, Section 63,Section 64, Section 65 and Section 86 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, and under Section 32 of the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003 (Gujarat Act No. 24 of 2003) and all powers enabling it in that behalf, has prepared and notified the GERC (MYT) Regulations, 2024 on 06.08.2024 for the 4th Control Period i.e. from FY 2025-26 to FY 2029-30.

4. Section 62 of the Electricity Act, 2003 provides that-
"(4) No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified.;"

5. The Ministry of Power, Government of India, vide Rule 14 of Electricity (Amendment) Rules, 2022 notified on 29 December, 2022 and through subsequent amendments have issued detailed formula for computation of FPPAS (Fuel and Power Purchase Adjustment Surcharge). Subsequently, the Commission notified the GERC (MYT) Regulations, 2024 wherein the Regulation 115 provides for the computation and recovery of FPPAS Charges in line with the MoP Electricity (Amendment) Rules, as stated below;

"115. Fuel and Power Purchase Adjustment Surcharge (FPPAS)

115.1. Computation of FPPAS:

(a) *For these Regulations "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 Commission.*

(b) *FPPAS 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 Commission in these Regulations, 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;

Provided further that the Distribution Licensee shall make quarterly submissions of the detailed FPPAS computations, duly supported by the documentary evidences, justifying such computations, along with details its charging and recovery from the consumers.

(c) *FPPAS 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 Interstate Transmission Charges for the power procured during the nth month. For example, the FPPAS 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 FPPAS within this time line, except in case of any force majeure condition, its right for recovery of costs on account of FPPAS shall be forfeited and in such cases, the right to recover the FPPAS determined during true-up shall also be forfeited.

(d) *The Distribution Licensee may decide, FPPAS 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 FPPAS shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total FPPAS for a Billing Month, including any carry forward of FPPAS over the previous month exceeds twenty per cent of variable component of approved tariff.*

(e) *The carry forward shall be recovered within one year or before the*

next tariff cycle whichever is earlier and the money recovered through FPPAS shall first be accounted towards the oldest carry forward portion of the FPPAS followed by the subsequent month.

(f) In case of carry forward of FPPAS, the carrying cost calculated on simple interest basis at the rate of one year SBI MCLR or any replacement thereof by SBI from time to time being in effect applicable for 1 year period, as applicable prevailing during the relevant year shall be allowed till the same is recovered through tariff and this carrying cost shall be trued up in the year under consideration.

(g) Depending upon quantum of FPPAS, the automatic pass through shall be adjusted in such a manner that,

i. *If FPPAS ≤ 5%, 100% cost recoverable of FPPAS by Distribution Licensee shall be levied automatically using the formula.*

ii. *If FPPAS > 5%, 5% FPPAS shall be recoverable automatically as per item (i) of sub-paragraph (g) above. 90% of the balance FPPAS shall be recoverable automatically using the formula and the differential claim shall be recoverable after approval by the Commission during true up.*

(h) The revenue recovered on account of pass through FPPAS 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.

(i) In case of excess revenue recovered for the year against the FPPAS, 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 FPPAS shall be allowed during true up, to be billed along with the automatic FPPAS amount.

***Explanation:-** For example in the month of July, the automatic pass through component for the power supplied in May and FPPAS, if any, recoverable after true up for the month of April in the previous financial year, shall be billed.*

(j) The Distribution Licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and FPPAS recovered, and the detailed computations and supporting documents,

as required by the Commission, during true up of the normal tariff.

(k) To ensure smooth implementation of the FPPAS 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.

(l) The Distribution Licensee shall publish all details including the FPPAS formula, calculation of monthly FPPAS and recovery of FPPAS (separately for automatic and approved portions) on its website and archive the same through a dedicated web address.

(m) Formula for Computation of FPPAS:

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

Where,

Nth month means the month in which billing of FPPAS component is done. This FPPAS 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 (including the change of fuel 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 as approved by the Commission (in Rs/kWh)

Distribution Losses (in %) = Target Distribution Losses as approved by the Commission

Inter-state transmission Losses (in %) as approved by the Commission

Note:

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

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

6. The Commission through Tariff Orders dated 25th March 2026 directed all the Distribution Licensees to implement the above-mentioned methodology of FPPAS computation and recovery on monthly (n+2 month) basis and further the Commission has also provided detailed formats for submission of FPPAS on monthly basis.

7. Gujarat Urja Vikas Nigam Limited (GUVNL) has requested the Commission vide its letter dated 13.04.2026 and stated as under:

" as per the Regulations, Distribution Licensees are required to undertake monthly FPPAS computation with supporting documentary evidence and CA certification, with recovery in the (n+2) month. However, the State Energy Account (SEA) and transmission loss data are made available by SLDC only by the 25th of the subsequent month, leaving a limited time of about 4–5 working days for data collation, computation, internal approvals and certification. In view of this constraint, timely compliance with the stipulated monthly FPPAS timelines is practically challenging.

The prescribed FPPAS formats require extensive data and detailed supporting information, making accurate and complete submission within the limited timeline operationally difficult. It has also highlighted that the predominance of a bi-monthly billing cycle poses challenges in implementing monthly FPPAS recovery. Further, the Hon'ble Commission, vide its suo motu Order dated 30.05.2025,

had recognized such constraints and permitted quarterly computation of FPPAS for FY 2025-26.

In view of the above, it is respectfully submitted that the Hon'ble Commission may kindly consider the following:

Allow computation and submission of FPPAS on a quarterly basis in line with prevailing practice, rationalization of the prescribed formats by retaining only essential formats, and permitting true-up of FPPAS along with the ARR true-up of the respective financial year. This shall ensure procedural efficiency, facilitate accurate and reliable data submission, reduce operational burden, and maintain regulatory compliance, while also balancing consumer interest and the financial health of the Distribution Licensees."

8. The Commission is of the view that small consumers are currently billed on a bi-monthly basis. This creates challenges in both implementing and comprehending the recovery of monthly FPPAS (Fuel and Power Purchase Adjustment Surcharge) within a bi-monthly billing framework. To ensure clarity and facilitate smooth implementation, it is recommended that the computation and recovery of FPPAS be done on Quarterly basis. Adopting this approach will simplify the process for both consumers and the utility, promoting transparency and operational efficiency.

9. The Regulations 1.3, 7 and 12 of the GERC (MYT) Regulations, 2024 have stipulated, as follows:

"1.3 These Regulations shall be applicable to all existing and future Generation Companies supplying power under section 62 of Electricity Act 2003, Transmission Licensees, Distribution Licensees, State Load Despatch Centre (SLDC), and their successors, if any, for determination of Aggregate Revenue Requirement, Tariff, and Fees and Charges of SLDC in

all matters covered under these Regulations from April 01, 2025 up to March 31, 2030, unless otherwise reviewed/extended.

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7. Saving of Inherent Power of the Commission

7.1 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice or to prevent the abuse of the process of the Commission.

7.2 Nothing in these Regulations shall bar the Commission from adopting in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

7.3 Nothing in these Regulations shall, expressly or by implication, bar the Commission to deal with any matter or exercise any power under the Acts for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it deems fit.

……..

12. Power of Relaxation

12.1 The Commission, for reasons to be recorded in writing, may relax any of the provisions of these Regulations on its own motion or on an application made before it along with affidavit and supporting documents by an interested person."

10. Further, it is also necessary to refer to Regulations 23 and 24 of the GERC (Conduct of Business) Regulations, 2004 which provide power to the Commission to initiate the proceedings and issue appropriate orders. The said Regulations are reproduced below"

"23. The Commission may initiate any proceedings suo moto or on a Petition filed by any affected person.

24. The notice of the initiation of the proceedings may be issued by the Commission, and the Commission may give such orders and directions as may be deemed necessary, for services of notices to the affected parties, the filing of Reply in opposition or in support of the Petition in such form as it may direct.

The Commission may, if it considers appropriate, issue orders for publication of the Petition and/or Reply inviting comments on the issues involved in the proceedings in such form as the Commission may direct."

From the aforesaid, it is clear that the Commission has power to initiate Suo-Motu Proceedings in any matter. Further, Provisions at 7 and 12 of the GERC MYT Regulations, 2024 confers the Power to the Commission to relax the Regulations on its own motion or on an application made before it.

11. The Commission has invited comments / views from the stakeholders by issuing Public Notices in the following newspapers:

Sr. No.	**Name of the Newspaper**	**Language**	**Date of Publication**
1	MINT	English	29.04.2026
2	Sandesh	Gujarati	30.04.2026
3	Divya Bhaskar	Gujarati	30.04.2026

The said public notices and the Petition were also placed on the Commission's website (www.gercin.org) for inviting comments / views on the Petition. The interested persons / stakeholders were asked to file their comments / suggestions/ views regarding Suo Motu Petition to the Secretary, GERC on or before 15th May, 2026.

12. In response to the aforesaid Public Notice, the Commission has received comments/suggestions from Gujarat State Electricity Corporation Limited (GSECL), Gujarat Urja Vikas Nigam Ltd. (GUVNL), Torrent Power Limited (TPL), Prayas Energy Group (PEG) and Gujarat Krushi Vij Grahak Seva Sangha (GKVGSS).

Submission of GSECL

12.1 It has submitted that the Commission through the Suo Motu petition has initiated proceedings to amend the Regulation No. 115.1 as per the request submitted by Gujarat Urja Vikas Nigam Limited (GUVNL) to allow computation and submission of FPPAS quarterly basis and rationalization of the prescribed format , which will provide sufficient time for data compilation, validation, internal approvals and certification so as to ensure, regulatory compliance and operational feasibility.

12.2 It has further submitted that Regulation 57.14 of the GERC (MYT) Regulations, 2024 states as under:-

"Adjustment of Energy Charge Rate (ECR) [Fuel Price Adjustment] on account of variation in price or heat value of fuels shall be computed and charged on monthly basis as stipulated by the Commission from time to time."

Whereas Regulation 58.12 of the MYT Regulations 2016, stipulated that the adjustment of Energy Charge Rate (ECR) [Fuel Price Adjustment] on account of variation in price or heat value of fuels was required to be computed and charged as stipulated by the Commission from time to time. Accordingly,

GSECL has been computing the claiming Fuel Price Adjustment charges on quarterly basis.

12.3 It has further submitted that the Commission vide Order dtd. 30.05.2025 in Suo Motu Petition No. 2485 of 2025 related to computation of Fuel and Power Purchase Adjustment Surcharge (FPPAS) for the FY 2025-26 exercised power under Regulation 12 to relax the Regulation and decided utilities should compute the FPPAS on quarterly basis and levy it in the next billing quarter of FY 2025-26.

12.4 It has further submitted that it has now become mandatory for GSECL to compute and claim the adjustment of Energy Charge Rate (ECR) [Fuel Price Adjustment] on account of variation in price or heat value of fuels on monthly basis as per Regulation 57.14 of the GERC (MYT) Regulations, 2024.

12.5 It has further highlighted and submitted the practical difficulties/issues with regard to monthly submission viz. change in blending ratio of Indigenous/washed/imported coal periodically, timely calculation of FPA claims while deriving the actual rate of coal consumed during the month, preparation for different types of Monthly Coal Abstracts (MCAs) for indigenous coal, washed coal and imported coal considering opening stock, receipts during month, consumption and closing stock.

12.6 It has further submitted that delays in receipt of coal analysis reports, washery invoices, coal bills from Coal India subsidiaries and contractor bills make monthly cost determination impractical and may affect accuracy of monthly FPPPA claims.

12.7 It has further submitted that due to practical difficulties , over which GSECL does not have much control, it will be extremely difficult to compute accurate FPPPA claim on monthly basis. It has further submitted that it has proposed to continue with the existing modality of working & claiming Fuel Price Adjustment charges on quarterly basis.

12.8 It has requested the Commission to consider the relaxation of Regulation No. 57.14 of the GERC (MYT) Regulations, 2024, as under:-

"*Adjustment of Energy Charge Rate (ECR) [Fuel Price Adjustment] on account of variation in price or heat value of fuels shall be computed and charged on quarterly basis as stipulated by the Commission from time to time.*"

Submission of GUVNL

12.9 It has supported the proposal for computation and recovery of Fuel and Power Purchase Adjustment Surcharge (FPPAS) on quarterly basis instead of monthly basis. It has submitted that the existing billing systems and IT infrastructure of the Distribution Licensees are primarily aligned with non-monthly cycles, particularly bi-monthly billing cycles for a large segment of consumers. Further, critical inputs such as State Energy Accounts (SEA) become available only towards the end of the subsequent month, leaving very limited time for computation, validation, certification and billing. It has further submitted that quarterly computation would provide tariff stability by averaging

seasonal and market-driven power purchase cost variations and avoiding frequent fluctuations in consumer bills.

12.10 It has submitted that the detailed formats prescribed for FPPAS computation require submission of extensive and granular data such as source-wise Fuel Supply Agreement details, fuel availability, fuel inventory position and category-wise as well as slab-wise computations. Compilation, validation and documentation of such information across multiple departments imposes a significant operational burden on the utilities. It has further submitted that in respect of power procurement arrangements under Section 63 through competitive bidding, several operational and cost-related details are not readily available with the Distribution Licensees. Accordingly, it has requested rationalization of the prescribed formats and proposed that only those formats which are essential for computation and regulatory scrutiny of FPPAS may be retained for quarterly submission, while non-essential operational fuel-related formats may be discontinued or simplified.

12.11 It has further submitted that third proviso to Regulation 115.1(c) provides that failure of the Distribution Licensee to compute and charge FPPAS within the prescribed timeline—unless due to force majeure—shall result in forfeiture of the right to recover the cost, including during true-up. In this regard, It has contended that the penal provision is inconsistent with the very intent behind the FPPAS framework as prescribed under Regulation 115 and Rules notified by Ministry of Power (MoP) in this regard, which aim to ensure timely and efficient recovery of legitimate power purchase and fuel cost variations.

12.12 It has further submitted that a strict forfeiture clause, even in the absence of any material default may discourage timely submissions and prompt recovery, particularly in cases where technical or administrative delays might occur despite bona fide intent. It has further submitted that the Commission may consider either removing or suitably relaxing the proviso under Regulation 115.1(c). It is further requested that, in cases of inadvertent delays, recovery of legitimately admissible FPPAS may be permitted in subsequent quarters and/or appropriately considered during the truing-up exercise, subject to prudence check by the Commission.

12.13 It has submitted that FPPAS already forms part of the revenue requirement of the Distribution Licensees and is subject to prudence check during ARR and annual truing-up proceedings. Therefore, undertaking a separate FPPAS true-up exercise would lead to duplication of regulatory scrutiny and increased administrative complexity. It has requested the Commission to clarify that truing-up of FPPAS may be undertaken as part of the annual ARR truing-up process instead of through a separate parallel mechanism.

Submission of TPL

12.14 TPL supports the proposal for the quarterly computation and recovery of FPPAS instead of monthly basis. It has submitted that the power purchase cost varies on month to month basis due to number of factors including variation in power purchase rate, past period recovery by Generator/Transmission licensees,

demand supply scenario etc. Thus, same leads to variability in Power Purchase cost and in turn FPPAS. It has further submitted that under these circumstances it is preferable to compute FPPAS for average power purchase cost for entire quarter to address the above issues to a large extent.

12.15 It has submitted that the Regulations also specifies that failure to comply with the timeline will result in forfeiture of the right to recover such FPPAS both immediately and during the true-up. In this regard, it has requested the Commission to clarify in that case, if distribution licensee decides to recover/bill FPPAS at a rate lower than actual FPPAS or on Quarterly basis so as to avoid tariff shock/ variability, the right of distribution licensee's will not get forfeited for the unrecovered FPPAS and distribution licensee can recover the unrecovered FPPAS in subsequent quarters or claim it in true up of respective year.

12.16 It has further submitted that in certain months of any Financial years, demand would remain subdued and power purchase cost would be lower whereas in few months Power purchase cost and resultant FPPAS would be higher. Though, on annual basis, impact may be lower, but month-to-month variation would always be there. In order to ensure full recovery and also to avoid tariff shock, it has suggested to continue with FPPAS rate prevailing in last quarter (if the same is higher than FPPAS recoverable for the Quarter) in order to create a Stabilization Fund which can be used to offset higher FPPAS requirement to the extent of amount available with the licensee in such fund during the Financial Year. Balance over-recovery/under-recovery shall be addressed in True-up exercise for such Financial Year.

12.17 It has submitted that Regulation 115 already provides for true-up of FPPAS by 30th June of the succeeding financial year, while the Distribution Licensees are also required to furnish FPPAS details during the Annual Truing-up Exercise and tariff determination proceedings. Thus, submission of detailed formats on monthly/quarterly/half yearly basis and separate true-up by 30th June would result in duplication of regulatory processes and increased effort for all stakeholders, including the Commission. Therefore, it has requested that submission of detailed FPPAS formats and separate FPPAS true-up exercise may be reviewed and that true-up of FPPAS may instead be undertaken as part of the Annual Truing-up Exercise.

12.18 It has submitted that the Commission, vide Suo Motu Order dated 30.05.2025, had duly acknowledged the aforesaid practical constraints associated with monthly computation and recovery of FPPAS and, accordingly, permitted computation of FPPAS on quarterly basis for FY 2025-26. It has further submitted that the Commission had also clarified that any unrecovered FPPAS pertaining to a particular quarter shall not be forfeited and may be recovered in subsequent quarters or claimed during the truing-up exercise of the respective financial year. It has further submitted that the Commission decided to undertake the true-up of FPPAS as part of the Annual Truing-up Exercise for FY 2025-26 in order to avoid duplication and streamline the regulatory process. In view of the above, it has requested that the same dispensation may be continued for FY 2026-27 as well.

Submission of PEG

12.19 It has submitted that while quarterly rationalisation of FPPAS submissions may be continued, the Commission may clearly specify the formats, documents and data required to be submitted on quarterly and half-yearly basis. It has observed that earlier Orders did not clearly identify the required formats and that several submissions were not available in the public domain. Referring to Regulation 115.1(l) of the GERC (MYT) Regulations, 2024, it has requested that all FPPAS related data, computations and recovery details should be published by Distribution Licensees on their websites in a timely and accessible manner to ensure transparency and accountability.

12.20 It has submitted that although GERC has introduced significant innovations in the FPPAS framework, the existing GERC (MYT) Regulations, 2024 do not comprehensively reflect the actual FPPAS practices followed in the State. It has observed that Regulation 115.1(b) provides for automatic monthly FPPAS computation and billing; however, in practice, FPPAS is levied on Energy Charge plus Base FPPAS and Fixed/Demand Charges, whereas the Regulations only prescribe methodology for computation of monthly FPPAS component. It has submitted that the concept and treatment of Base FPPAS are not clearly incorporated in the Regulations, which creates regulatory ambiguity and may affect transparency and accountability.

12.21 It has further submitted that although quarterly computation and recovery of FPPAS has been allowed through annual exercise of "power to relax", the same should be formally incorporated into the Regulations considering prevailing billing

cycles and operational realities in Gujarat. It has pointed out that several other State Commissions, including Maharashtra ERC, have already adopted quarterly computation systems. Accordingly, it has requested amendment of Regulation 115 of the GERC (MYT) Regulations, 2024 to reflect the actual practice of FPPAS in Gujarat and to make quarterly computation and recovery applicable for the entire FY 2025-2029 control period.

12.22 It has submitted that while the existing practice of charging projected Base FPPAS aims to reduce tariff volatility and facilitate timely recovery of power purchase cost, however, there is lack of clarity regarding regulatory treatment of the pre-emptively collected Base FPPAS. It has highlighted that approved Base FPPAS has increased substantially over the years whereas monthly FPPAS has reportedly remained zero since October 2023, which raises concerns regarding treatment of variations in actual power procurement cost and corresponding impact on consumer tariff.

12.23 It has further submitted that although FPPAS details are published on GUVNL's website, the reporting presently reflects only percentage computation of FPPAS without disclosing details regarding Base FPPAS or variable FPPAS charged to consumers or the impact of the FPPAS levied on the tariff of each category consumers. It has requested the Commission to provide clarity on the treatment of Base FPPAS through appropriate amendment of Regulation 115 and mandate Distribution Licensees to publicly disclose detailed information relating to Base FPPAS, actual FPPAS and impact on consumer tariff on quarterly basis.

12.24 It has requested the Commission to undertake a detailed study of FPPAS practices in Gujarat to assess effectiveness of the mechanism, contribution of generators to FPPAS, effectiveness of power purchase cost recovery and impact on consumer tariffs. It has also suggested that Distribution Licensees should be directed to maintain and report key metrics such as Base FPPAS, monthly variation in FPPAS, generator-wise procurement variations and tariff volatility to improve transparency, planning and stakeholder understanding of the FPPAS mechanism.

Submission of GKVGSS

12.25 It has submitted that while the present proceedings relate to relaxation in computation and recovery mechanism of FPPPA, the paramount consideration of the Commission should remain consumer protection, transparency in billing and prevention of arbitrary recovery. It has further submitted that administrative convenience of utilities should not dilute consumer safeguards or transparency obligations.

12.26 It has submitted that the FPPPA charges should not be permitted to exceed Rs. 1.80 per unit at the present stage. Continuous and unchecked increase in fuel surcharge places a significant financial burden on consumers, particularly domestic, agricultural and small commercial consumers. Therefore, the Commission may consider prescribing a reasonable annual ceiling on recoverable FPPPA in the interest of consumer protection and tariff stability.

12.27 It has submitted that fuel charges and power purchase charges are distinct expenditure heads and should be separately

disclosed, computed and recovered instead of being merged into a composite formula. According to GKVGSS, consumers have a right to know the amount recovered towards fuel cost and power purchase cost separately and the justification for such recovery.

12.28 It has submitted that the present mechanism disproportionately favours DISCOMs and lacks adequate transparency, resulting in automatic pass-through of inefficiencies. It has contended that the Commission should ensure that the recovery mechanism does not become a tool for unquestioned recovery of utility inefficiencies.

12.29 It has submitted that conventional and renewable power purchase should be separately accounted and disclosed, considering that renewable procurement involves different tariff structures, Renewable Purchase Obligations (RPOs), incentives and exchange mechanisms. It therefore requested to prescribe a separate formula/mechanism for Renewable Energy Power Purchase Adjustment instead of clubbing renewable and conventional power under a common adjustment formula.

12.30 It has submitted that DISCOMs/GUVNL derive various commercial benefits from renewable procurement such as Carbon Credits, Renewable Energy Certificates (RECs), green incentives and environmental subsidies, while consumers continue to bear higher renewable procurement costs through FPPPA. Accordingly, GKVGSS sought complete transparency regarding such benefits and requested that corresponding gains should be proportionately passed on to consumers through tariff reduction or adjustment in FPPPA. It specifically requested inclusion of Carbon Credit benefits in the FPPPA formula.

12.31 It has requested disclosure of electricity exchange transactions including excess power purchase, surplus power sale, purchase/sale rates and adjustment of gains to consumers. It contended that revenue earned from sale of surplus electricity should necessarily be adjusted against FPPPA recovery and consumers should not bear only the losses while utilities retain trading gains.

12.32 It has submitted that despite Regulation 115(l) already mandating publication of FPPPA details on utility websites, however, adequate consumer-friendly disclosures are presently lacking. Accordingly, it requested the Commission to prescribe additional disclosure formats and ensure greater transparency and accessibility of FPPPA related information.

13. The matter was kept for hearing on 19.05.2026. On that day following stakeholders and their representatives remained present during the hearing:

Sr No.	**Name of Stakeholders**	**Name of the Representative**
1	Gujarat State Electricity Corporation Limited	Smt. S. K. Pandey
2	Gujarat Urja Vikas Nigam Ltd. (GUVNL)	Shri Sanjay Mathur
3	Torrent Power Ltd. (TPL)	Shri Jignesh Langalia

14. During the hearing, the representatives of the GSECL, GUVNL and TPL have reiterated the facts as stated above. Heard the parties.

15. We note that GUVNL has recognized certain issues on computation and recovery of FPPAS Charges as per the Regulation 115 of the

GERC (MYT) Regulations, 2024 and requested the Commission to consider their representation. Envisaging certain practical challenges, the Commission has proposed to initiate Suo Motu Proceedings to simplify the process for both consumers and the utility, promoting transparency and operational efficiency.

16. We also note that it has been proposed to relax the existing Regulations for the Computation and Recovery of FPPAS charges and also rationalizing the formats for the FY 2026-27 as under:

" as per the Regulations, Distribution Licensees are required to undertake monthly FPPAS computation with supporting documentary evidence and CA certification, with recovery in the (n+2) month. However, the State Energy Account (SEA) and transmission loss data are made available by SLDC only by the 25th of the subsequent month, leaving a limited time of about 4–5 working days for data collation, computation, internal approvals and certification. In view of this constraint, timely compliance with the stipulated monthly FPPAS timelines is practically challenging.

The prescribed FPPAS formats require extensive data and detailed supporting information, making accurate and complete submission within the limited timeline operationally difficult. It has also highlighted that the predominance of a bi-monthly billing cycle poses challenges in implementing monthly FPPAS recovery. Further, the Hon'ble Commission, vide its suo motu Order dated 30.05.2025, had recognized such constraints and permitted quarterly computation of FPPAS for FY 2025-26.

In view of the above, it is respectfully submitted that the Hon'ble Commission may kindly consider the following:

Allow computation and submission of FPPAS on a quarterly basis in line with prevailing practice, rationalization of the prescribed formats by retaining only essential formats, and permitting true-up of FPPAS along with the ARR true-up of the respective financial year. This shall ensure procedural efficiency, facilitate accurate and reliable data submission, reduce operational burden, and maintain

regulatory compliance, while also balancing consumer interest and the financial health of the Distribution Licensees."

17. Computation and Recovery of Fuel and Power Purchase Adjustment Surcharge (FPPAS)

17.1 In this regard, GUVNL has submitted that it has supported the proposal of the Commission as specified in Suo Motu Petition No. 2646 of 2026 for computation and recovery of Fuel and Power Purchase Adjustment Surcharge (FPPAS) on quarterly basis instead of monthly basis. It has further submitted that the existing billing systems and IT infrastructure of the Distribution Licensees are primarily aligned with monthly and bi-monthly billing cycles. Further, critical inputs such as State Energy Accounts (SEA) become available only towards the end of the subsequent month, leaving very limited time for computation, validation, certification and billing. It has further submitted that quarterly computation would provide tariff stability by averaging seasonal and market-driven power purchase cost variations and avoiding frequent fluctuations in consumer bills.

17.2 TPL has submitted that the power purchase cost varies on month to month basis due to number of factors including variation in power purchase rate, past period recovery by Generator/Transmission licensees, demand supply scenario etc. Thus, same leads to variability in Power Purchase cost and in turn FPPAS. It has further submitted that under these circumstances it is preferable to compute FPPAS for average power purchase cost for entire quarter to address the above issues to a large extent. It has requested to allow computation and recovery of FPPAS on quarterly basis so as to address the issue of variability of FPPAS.

17.3 PEG has submitted that the rationalisation on quarterly basis for computation and recovery of FPPAS charges may be continued instead of monthly as decided in Suo Motu Order in case No. 2485 of 2025 dtd. 30.05.2025.

17.4 We note that one of the important concerns for the distribution utilities is to compute the FPPAS in the prescribed time limit. We also note that the FPPAS charges are towards adjustment due to increase or decrease in actual power purchase cost during the year vis-a-vis power purchase cost approved by the Commission. Since, FPPAS is an adjustment charge towards variation in power purchase cost due to various uncontrollable factors viz. variation in fuel prices, past period recovery by Generator/Transmission licensees, demand supply scenario and seasonal fluctuations in fuel and power purchase costs. We also note that the Regulation 115 of the GERC (MYT) Regulations, 2024 has prescribed the methodology of FPPAS computation i.e. on monthly basis. We also note that in this Suo Motu Petition, to simplify the process for both consumers and the utility, promoting transparency and operational efficiency, the computation of FPPAS has been proposed on quarterly basis.

17.5 We observe that in the Suo-Motu proceedings, all stake holders have agreed with the background and views expressed in the Suo Moto Petition. In this regard, GUVNL has proposed to continue with the quarterly mechanism for FPPAS computation and TPL has also proposed to compute the average power purchase cost for FPPAS for entire quarter. PEG has also submitted that the FPPAS computation on quarterly basis may be continued.

17.6 After careful consideration, and for ease of implementation, operational feasibility, prevailing practice and familiarity of the existing mechanism, as well as the larger interest of the Distribution Utilities and consumers, the Commission, in exercise of its powers under Regulations 7 and 12 to relax the provisions of the Regulations and issue necessary directions, hereby decides to continue computation of FPPAS on quarterly basis instead of monthly basis for FY 2026-27 in accordance with the formula stipulated under the proviso to Regulation 115.1(m) of the GERC (MYT) Regulations, 2024.

17.7 We note that another important concern for the distribution utilities is to recover the FPPAS Charges against the recoverable FPPAS charges from the consumers. We also note that the provisions of National Tariff Policy and the framework of Ministry of Power (MoP) has prescribed that to ensure timely and efficient recovery of legitimate power purchase and fuel cost variations which needs to be recovered from consumers through FPPAS framework in a prescribed time limit. We also note that Regulation 115 of the GERC (MYT) Regulations, 2024, has stipulated the recovery of FPPAS on (n+2) month basis. We also note that in this Suo Motu Petition, the recovery of FPPAS has been recommended on quarterly billing cycle.

17.8 It is observed that GUVNL has submitted to continue with the prevailing recovery mechanism i.e. the quarterly billing cycle and so also the M/s TPL. The mechanism of recovery of FPPAS charges for F.Y. 2025-26 vide Suo Motu Order dated 30.05.2025 is narrated as below:

".....the Commission hereby decides that the Distribution utilities shall compute the FPPAS on quarterly basis and levy it in the next billing quarter in accordance with the formula stipulated in the Proviso of 115 (m) of the GERC (MYT) Regulations, 2024 for FY 2025-26".

17.9 We note that the quarterly recovery mechanism of FPPAS has been in practice for a considerable period, i.e. for the State-owned DISCOMs from FY 2005-06 onwards and for TPL from FY 2007-08 onwards, and therefore consumers are well accustomed to the prevailing quarterly billing cycle. Accordingly, with a view to ensuring administrative simplicity, operational continuity and avoiding ambiguity amongst consumers, the Commission hereby decides to allow quarterly recovery mechanism of FPPAS during FY 2026-27. Accordingly, any increase or decrease in power purchase cost over and above the base power purchase cost, in accordance with the formula stipulated under the proviso to Regulation 115.1(m) of the GERC (MYT) Regulations, 2024, shall be passed through by way of FPPAS and recovered from consumers in the subsequent quarter.

[Illustration: the recoverable FPPAS charges of April to June is to be recovered from the consumers in the subsequent quarter i.e. in the billing cycle of July to September]. Further, the Distribution Licensees are hereby directed to host the details of leviable FPPAS charges as per the GERC (MYT) Regulations, 2024, on their respective websites prior to commencement of billing to consumers.

18. Rationalization of Format w.r.t. FPPAS Submissions

18.1 On perusal of the Second proviso to Regulation 115.1(b) of the GERC (MYT) Regulations, 2024 which is mandated as under:

"Provided further that the Distribution Licensee shall make monthly submissions of the detailed FPPAS computations, duly supported by the documentary evidences and certified by a practicing Chartered Accountant, justifying such computations, along with details its charging and recovery from the consumers."

18.2 It's fact that the Second proviso to Regulation 115.1(b) mandates to submit the detailed FPPAS computations, duly supported by the documentary evidence and certified by a practicing Chartered Accountant, justifying such computations, along with details its charging and recovery from the consumers on monthly basis. It's also fact that Office of the Commission has circulated a set of detailed formats vide e-mail dtd. 19.04.2025 for FPPAS computation and submissions.

18.3 On perusal of the formats regarding FPPAS computation and submissions, which has been circulated vide e-mail dtd. 19.04.2025, it is observed that the forms to be filled by the distribution licensees with the following details such as Summary sheet of FPPAS Submission/FPPAS Computation on a periodic basis along with Contracted Capacity, Sation wise normative vs actual availability, Station wise Fuel Availability, Implementation of Fuel Utilization Plan, MoD Operations of Contracted Sources, Generator wise Schedule Vs Actual Energy and Justification for deviation, Details of efforts taken to sale surplus power, Generation Summary, Energy Charge, Fuel Cost Details for Thermal Generation, Fuel Inventory, Transit Loss, Energy Sales –

Metered, Energy Sales – Unmetered, Energy Availability, Losses, Power Purchase Cost, Change in Power Purchase Cost, Apportionment of change in Power Purchase Cost to Licence Area, Adjustment for over-recovery/under-recovery and carrying cost, Total Fuel Cost and Power Purchase Adjustment, Calculation of FPPAS Charge, Category wise and slab wise FPPAS, Calculation of FPPAS Charge for unmetered categories, Recovery of FPPAS Charge and FPPAS Summary, etc.

18.4 GUVNL has requested rationalization and reduction of the prescribed formats by retaining only such formats as are essential for computation and regulatory scrutiny. Subsequently, in this Suo motu proceedings, the Commission has sought comments and suggestions from stakeholders on the adequacy, scope and practicality of the existing FPPAS formats, including the need for rationalization, if any.

18.5 In this regard, GUVNL has submitted that the detailed formats prescribed for FPPAS computation require submission of extensive and granular data such as source-wise Fuel Supply Agreement details, fuel availability, fuel inventory position and category-wise as well as slab-wise computations. Compilation, validation and documentation of such information across multiple departments imposes a significant operational burden on the utilities. It has submitted that in respect of power procurement arrangements under Section 63 through competitive bidding, several operational and cost-related details are not readily available with the Distribution Licensees. Accordingly, GUVNL requested rationalization of the prescribed formats and proposed that only those formats which are essential for computation and regulatory

scrutiny of FPPAS may be retained, while non-essential operational fuel-related formats may be discontinued or simplified.

18.6 TPL has submitted that Regulation 115 already provides for true-up of FPPAS by 30th June of the succeeding financial year, while the Distribution Licensees are also required to furnish FPPAS details during the Annual Truing-up Exercise and tariff determination proceedings. Thus, submission of detailed formats on monthly/quarterly/half yearly basis and separate true-up by 30th June would result in duplication of regulatory processes and increased effort for all stakeholders, including the Commission.

18.7 PEG has submitted that the Commission may clearly specify the formats, documents and data required to be submitted on quarterly and half-yearly basis. It has observed that earlier Orders did not clearly identify the required formats and that several submissions were not available in the public domain. Referring to Regulation 115.1(l) of the GERC (MYT) Regulations, 2024, it has requested that all FPPAS related data, computations and recovery details should be published by Distribution Licensees on their websites in a timely and accessible manner to ensure transparency and accountability.

18.8 GKVGSS has submitted that despite Regulation 115(l) already mandating publication of FPPPA details on utility websites, however, adequate consumer-friendly disclosures are presently lacking. Accordingly, it requested the Commission to prescribe additional disclosure formats and ensure greater transparency and accessibility of FPPPA related information. It has requested disclosure of electricity exchange transactions including excess power purchase, surplus power sale, purchase/sale rates and

adjustment of gains to consumers. It contended that revenue earned from sale of surplus electricity should necessarily be adjusted against FPPPA recovery and consumers should not bear only the losses while utilities retain trading gains.

18.9 We note the submissions made by the parties. We observe that the formats circulated vide e-mail dated 19.04.2025 were intended to facilitate uniformity in submissions, verification of FPPAS computation and prudence check of variation in power purchase cost. We hereby decide that Distribution Licensees are required to submit detailed Quarterly calculations of the FPPAS. These submissions must adhere to the stipulated formats, be accompanied by calculations, relevant supporting documentations and certified by a practicing Chartered Accountant.

18.10 Further, in order to ensure transparency and consumer awareness, the Distribution Licensees are hereby directed to host complete details on their respective websites, as per Regulation 115.1(l) of the GERC (MYT) Regulations, 2024.

19. Forfeited FPPAS/Right to recover the FPPAS

19.1 In this regard, GUVNL submitted that third proviso to Regulation 115.1(c) provides that failure of the Distribution Licensee to compute and charge FPPAS within the prescribed timeline—unless due to force majeure—shall result in forfeiture of the right to recover the cost, including during true-up. In this regard, It has contended that the penal provision is inconsistent with the very intent behind the FPPAS framework as prescribed under Regulation 115 and Rules notified by Ministry of Power (MoP) in

this regard, which aim to ensure timely and efficient recovery of legitimate power purchase and fuel cost variations.

19.2 It has further submitted that a strict forfeiture clause, even in the absence of any material default may discourage timely submissions and prompt recovery, particularly in cases where technical or administrative delays might occur despite bona fide intent. It has further submitted that the Commission may consider either removing or suitably relaxing the proviso under Regulation 115.1(c). It is further requested that, in cases of inadvertent delays, recovery of legitimately admissible FPPAS may be permitted in subsequent quarters and/or appropriately considered during the truing-up exercise, subject to prudence check by the Commission.

19.3 TPL has submitted that the Regulations specifies that failure to comply with the timeline will result in forfeiture of the right to recover such FPPAS both immediately and during the true-up. In this regard, it has requested the Commission to clarify that in such case, if distribution licensee decides to recover/bill FPPAS at a rate lower than actual FPPAS or on Quarterly basis so as to avoid tariff shock/ variability, the right of distribution licensee's will not get forfeited for the unrecovered FPPAS and distribution licensee can recover the unrecovered FPPAS in subsequent quarters or claim it in true up of respective year.

19.4 We note the submissions made by the parties. On perusal of the third proviso to Regulation 115.1(c) of the GERC (MYT) Regulations, 2024 which is mandated as under:

"Provided that in case the Distribution Licensee fails to compute and charge FPPAS within this time line, except in case of any force majeure

condition, its right for recovery of costs on account of FPPAS shall be forfeited and in such cases, the right to recover the FPPAS determined during true-up shall also be forfeited."

The Proviso specifies that the failure of the Distribution Licensee to compute and charge FPPAS to the consumers within the prescribed timeline—unless due to force majeure—shall result in forfeiture of the right to recover the cost in the subsequent periods of the year and also during true-up exercise. It is a fact that the power purchase cost varies on periodic basis due to various uncontrollable factors viz. variation in fuel prices, past period recovery by Generator/Transmission licensees, demand supply scenario and seasonal fluctuations in fuel and power purchase costs and which ultimately impact on FPPAS. It is also a fact that if the price increase is substantial that would also lead to tariff shock in subsequent periods to the consumers. Therefore, to protect the interest of the consumers from the tariff volatility and also to protect the financial health of the Distribution Utilities, the unrecovered FPPAS will not be forfeited. In case, if distribution licensee decides to recover/bill FPPAS at a rate lower than actual FPPAS on their billing cycle so as to avoid tariff shock/balanced approach, the right of distribution licensee's will not get forfeited for the unrecovered FPPAS. They may recover in subsequent quarters or claim it in true up of respective year i.e. during FY 2026-27. In view of the above, the Commission decides that since the unrecovered FPPAS amount accumulated at the end of the year shall not be forfeited, no carrying cost on such unrecovered amount would be considered or allowed during the Truing-up exercise. The Commission opines that such approach adequately balances the spirit and intent of the Electricity Act, 2003, the framework prescribed by the Ministry of Power (MoP).

20. Concern regarding Separate FPPAS True-up under Regulation 115.1(h)

20.1 GUVNL has submitted that FPPAS already forms part of the revenue requirement of the Distribution Licensees and is subject to prudence check during ARR and annual truing-up proceedings. Therefore, undertaking a separate FPPAS true-up exercise would lead to duplication of regulatory scrutiny and increased administrative complexity. It has requested the Commission to clarify that truing-up of FPPAS may be undertaken as part of the annual ARR truing-up process instead of through a separate parallel mechanism.

20.2 TPL has submitted that Regulation 115 provides for true-up of FPPAS by 30th June of the succeeding financial year, while the Distribution Licensees are also required to furnish FPPAS details during the Annual Truing-up Exercise and tariff determination proceedings. Thus, submission of detailed formats on monthly/quarterly/half yearly basis and separate true-up by 30th June would result in duplication of regulatory processes and increased effort for all stakeholders, including the Commission. Therefore, it has requested that submission of detailed FPPAS formats and separate FPPAS true-up exercise may be reviewed and that true-up of FPPAS may instead be undertaken as part of the Annual Truing-up Exercise.

20.3 We note the submission made by the parties. On perusal of the proviso to Regulation 115.1(h) of the GERC (MYT) Regulations, 2024 which is mandated as under:

"The revenue recovered on account of pass through FPPAS 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."

20.4 It is observed that Regulation 115.1(h) provides for true-up of FPPAS by 30th June of the succeeding financial year. At the same time, the Distribution Licensees are also required to file their Tariff Petitions for Annual Truing-up and Tariff Determination on or before 30th November of the same financial year in accordance with the provisions of the Electricity Act, 2003 read with the GERC (MYT) Regulations, 2024. Therefore, upon due consideration and with a view to avoiding duplication and streamlining the regulatory process, the Commission hereby decides that the true-up of FPPAS for FY 2026-27 shall be undertaken as part of the Annual Truing-up Exercise of the Distribution Utilities.

Miscellaneous Issues

21 TPL has submitted that in certain months of any Financial years, demand would remain subdued and power purchase cost would be lower whereas in few months Power purchase cost and resultant FPPAS would be higher. Though, on annual basis, impact may be lower, but month-to-month variation would always be there. In order to ensure full recovery and also to avoid tariff shock, it has suggested to continue with FPPAS rate prevailing in last quarter (if the same is higher than FPPAS recoverable for the Quarter) in order to create a Stabilization Fund which can be used to offset higher FPPAS requirement to the extent of amount available with the licensee in Stabilization Fund. Balance over-recovery/under-recovery shall be addressed in True-up exercise for such Financial Year.

21.1 It is a fact that the Commission has initiated the Suo-Motu Proceedings to address the concerned/difficulties as represented by the Distribution licensee regarding computation and recovery of FPPAS. The Commission is of the view that creation of a Stabilization Fund, if any, under the FPPAS mechanism pertains primarily to policy considerations and extends beyond the scope of the present Suo Motu Proceedings.

22 GSECL has submitted that the Commission through the Suo Motu petition has initiated proceedings to amend the Regulation No. 115.1 as per the request submitted by Gujarat Urja Vikas Nigam Limited (GUVNL) to allow computation and submission of FPPAS on quarterly basis and rationalization of the prescribed formats which will provide sufficient time for data compilation, validation, internal approvals and certification so as to ensure, regulatory compliance and operational feasibility.

22.1 It has submitted that Regulation 57.14 of the GERC (MYT) Regulations, 2024 mandates computation and charging of Fuel Price Adjustment (FPA) on monthly basis, whereas Regulation 58.12 of the GERC (MYT) Regulations, 2016 did not prescribe monthly computation and accordingly GSECL had been computing and claiming FPA on quarterly basis. It has further submitted that the Commission, vide Order dated 30.05.2025 in Suo Motu Petition No. 2485 of 2025 pertaining to FPPAS for FY 2025-26, had exercised powers under Regulation 12 and permitted utilities to compute FPPAS on quarterly basis and levy the same in the subsequent billing quarter. However, pursuant to Regulation 57.14 of the GERC (MYT) Regulations, 2024, GSECL is now required to compute Fuel Price Adjustment on monthly basis.

22.2 Pursuant to the above, it has highlighted various practical difficulties in monthly computation of FPPPA such as periodic variation in blending ratio of indigenous, washed and imported coal, timely determination of actual coal consumption cost and preparation of Monthly Coal Abstracts (MCAs) considering opening stock, receipts, consumption and closing stock for different categories of coal. It also submitted that delays in receipt of coal analysis reports, washery invoices, coal bills from Coal India subsidiaries and contractor bills make monthly cost determination difficult and may affect accuracy of monthly FPPPA claims. Accordingly, it has submitted that due to such practical difficulties, which are beyond its control, accurate monthly computation of FPPPA may not be feasible and therefore requested continuation of the existing practice of quarterly computation and recovery of Fuel Price Adjustment charges.

22.3 It has requested the Commission to consider the relaxation of Regulation No.57.14 of the GERC (MYT) Regulations, 2024, as under:-

> "*Adjustment of Energy Charge Rate (ECR) [Fuel Price Adjustment] on account of variation in price or heat value of fuels shall be computed and charged on quarterly basis as stipulated by the Commission from time to time.*"

22.4 The Commission has initiated the Suo-Motu Proceedings under Regulations 23 and 24 of the GERC (Conduct of Business) Regulations, 2004 and intends to exercise the power under Regulations 12 of the GERC (MYT) Regulations, 2024 to relax the Regulations and issue necessary guidance to ensure smooth implementation of FPPAS mechanism for FY 2026-27 after

receiving the representation from M/s GUVNL highlighting their concerns and difficulties regarding computation and recovery of FPPAS. Therefore, the Commission observes that GSECL has wrongly interpreted the scope of the present Suo Motu Proceedings.

22.5 It is a fact that GSECL now needs to compute and claim the adjustment of Energy Charge Rate (ECR) [Fuel Price Adjustment] on account of variation in price or heat value of fuels on monthly basis as per Regulation 57.14 of the GERC (MYT) Regulations, 2024. Whereas Regulation 58.12 of the GERC (MYT) Regulations, 2016, has not stipulated any time period. The Commission, vide its Order dated 30.05.2025 in Suo Motu Petition No. 2485 of 2025, decided that GSECL may compute and claim the fuel price adjustment charges on quarterly basis from their beneficiaries. Accordingly, GSECL had been computing the claiming Fuel Price Adjustment charges on quarterly basis. It is pertinent to mention here that the FPPAS mechanism is transaction between the last two end players of the value chain of the power sector i.e. between the Distribution utilities and end users or retail consumers. However, looking at their genuine concern and after thoughtful consideration, the Commission decides that GSECL may compute and claim the Fuel Price Adjustment charges on quarterly basis from their beneficiaries.

23 PEG has raised various issues/suggestions during the present Suo Motu proceedings viz. (a) amendment of the GERC (MYT) Regulations, 2024 to streamline and clarify the FPPAS computation and levy mechanism, (b) providing clarity regarding treatment and applicability of Base FPPAS and (c) undertaking a study/analysis of the FPPAS mechanism, as narrated above. The Commission has

noted the submissions. In this regard, the Commission observes that the methodology, rationale and applicability of Base FPPAS, including its treatment in the computation of periodic FPPAS and recovery through tariff, have already been elaborately dealt with in the Tariff Orders dated 25th March, 2026 issued in the matter of Truing-up of FY 2024-25, Approval of ARR and Determination of Tariff for FY 2026-27 for the Distribution Licensees. The Commission further observes that the existing FPPAS framework, including consideration of Base FPPAS, has been evolved keeping in view the prevailing billing practices, recovery mechanism and operational requirements of the Distribution Utilities in the State.

24 GKVGSS has raised various issues/suggestions during the present Suo Motu proceedings viz. (a) cap of FPPPA recovery at Rs. 1.80 per Unit, (b) separate disclosure and accounting of fuel charges and power purchase charges, (c) prescribe separate formula/mechanism for renewable energy adjustment, (d) pass on earning from the carbon credit to the consumers, as narrated above. We are of the view that FPPPA charges are adjustment charges arising due to variation in the actual power purchase cost incurred by the Distribution Licensee vis-à-vis the power purchase cost approved by the Commission. Since such variation is attributable to uncontrollable factors, the FPPPA charges may increase or decrease depending upon the actual power purchase cost during the relevant period. The FPPPA mechanism enables recovery of variation in fuel and power purchase cost through incremental charges (Rs./kWh) in accordance with the methodology approved by the Commission from time to time. Further, the Electricity Act, 2003 and the National Tariff Policy provide for safeguarding consumer interest while ensuring reasonable recovery of electricity cost, and Section 62 of the Electricity Act, 2003 also permits

periodic tariff adjustment to account for variation in fuel and power purchase cost.

25 We further observe that the Ministry of Power, Government of India, vide Rule 14 of Electricity (Amendment) Rules, 2022 notified on 29 December, 2022 has issued detailed formula for computation of FPPAS (Fuel and Power Purchase Adjustment Surcharge). Further, Ministry of Power, Government of India vide Electricity (Amendment) Rules, 2023 in notification dated 30 June 2023 has notified amendment in above state formula. Accordingly, following this formula with detailed description about the nomenclature is incorporated in the GERC (MYT) Regulations, 2024 at Regulation 115 which governs the computation and recovery of FPPAS Charges. We further observe that the Distribution Utilities have displayed the FPPAS charge and the related amount in the electricity bills of the consumers. We further observe that the Distribution utilities are directed to host the information of computation of FPPAS charges and recovery thereon on their website.

ORDER

26 By exercising power under Regulation 12 of the GERC (MYT) Regulations, 2024, to relax the Regulation and issue necessary guidance, the Commission hereby decides that the Distribution utilities shall compute the FPPAS on quarterly basis and levy it in the next billing quarter in accordance with the formula stipulated under the Regulation 115 (m) of the GERC (MYT) Regulations, 2024 for FY 2026-27.

27 The Commission decides that the true-up for F.Y. 2026-27 shall be undertaken as part of the annual true-up exercise of the distribution utilities.

28 The Commission hereby decides that in cases where a Distribution Licensee, with a view to avoiding tariff shock and adopting a balanced recovery approach, opts to recover/bill FPPAS at a rate lower than the actual admissible FPPAS during a billing cycle, the right of such Distribution Licensee to recover the unrecovered FPPAS amount shall not be forfeited. The unrecovered amount may be recovered without any carrying cost in subsequent quarters or claimed during the truing-up exercise for FY 2026-27.

29 Distribution Licensees are required to submit detailed Quarterly calculations of the FPPAS. These submissions must adhere to the stipulated formats, be accompanied by calculations, relevant supporting documentations and certified by a practicing Chartered Accountant. Distribution licensees shall publish all details on their websites as per Regulation 115.1(l) of the GERC (MYT) Regulations, 2024.

30 We Order accordingly.

Sd/-	**Sd/-**	**Sd/-**
[Jatin N. Thakkar]	**[Hiren Shah]**	**[Pankaj Joshi]**
Member	**Member**	**Chairman**

Place: Gandhinagar
Date: 29/05/2026