

No. MERC/FAC/20112012/ 1586

Date: October 4th, 2011

To
The General Manager
The Brihan Mumbai Electric Supply &
Transport Undertaking
BEST Bhavan, BEST Marg
Post Box No. 192
Mumbai 400 001

Subject : FAC Vetting of BEST submission for QIII-FY 2011 (From October 2010 To December 2010)

Reference :

FAC submission of BEST vide letter No. ESO/DGMES/2213/2011 of 11 July 2011

Sir

The FAC submissions for October 2010, November 2010 and December 2010 (QIII-FY11) submitted to the Commission by BEST vide the letter under reference above has been approved by the Commission. The detailed report of the same has been attached herewith.

The total FAC allowed to be recovered / (refunded) by BEST from its consumers is. Rs. (5.1332) Crores (Refund) for October 2010, Rs. (18.6525) Crores (Refund) for November 2010 and Rs. 15.3627 Crores for December 2010. That is, BEST is allowed to refund to consumers the FAC in October 2010 at paise 13.3 per kWh, refund in November 2010 at paise 54.4 /kWh and charge to consumers in December 2010 at paise 51.8/kWh

Yours Faithfully

Sd/-
(Kuldip.N.Khawarey)
Secretary, MERC

Encl : Annexure : Detailed Vetting Report

Cc: Authorised Consumer Representatives as per list

Names and Addresses of Consumer Representatives authorized as per Section 94 (3) of the Electricity Act 2003

Prayas Energy Group, Amrita Clinic, Athawale Corner, Lakdipool-Karve Road Junction, Deccan Gymkhana, Karve Road, Pune 411 004.	The President, Mumbai Grahak Panchayat, Grahak Bhavan, Sant Dnyaneshwar Marg, Behind Cooper Hospital, Vile Parle (West), Mumbai 400 056.
The General Secretary, Thane Belapur Industries Association, Plot No.P-14, MIDC, Rabale Village, PO Ghansoli, Navi Mumbai 400 7001	The President, Vidarbha Industries Association, 1 st floor, Udyog Bhawan, Civil Lines, Nagpur 440 001.
Shri N.Ponarathnam 25, Majithia Industrial Estate Waman Tukaram Patil Marg Deonar, Mumbai 400 088	Shri Rakshpal Abrol Bhartiya Udhami Avam Upbhokta Sangh Madhu Compound, 2 nd Floor 2 nd Sonawal Cross Road Goregaon (E), Mumbai 400063
Prof Dr G H Barhate Organiser, Grahak Panchayat Shrirampur Chairman, Research Centre C D Jain College of Commerce Shrirampur, Dist Ahmednagar	Shri Sandeep Ohri A-74, Tirupati Tower Thakur Complex Kandivali (E) Mumbai 400101

ANNEXURE

Detailed Vetting Report

Date: October 4th, 2011

Subject : FAC Vetting of BEST submission for QIII-FY 2011 (From October 2010 To December 2010)

Reference :

FAC submission of BEST vide letter No. ESO/DGMES/2213/2011 of 11 July 2011

1. Background :

In terms of the MERC's Conditions of Tariff Regulations, 2005, a Distribution Licensee is required to obtain post facto approval of the Commission on quarterly basis for the FAC charges. After due vetting by the submissions, the utility is permitted to bill the FAC charge to its consumer upto a cap of 10% of its average variable component of tariff.

BEST is a Power Distribution Utility based in Mumbai and it does not own or operate any power generating stations. The entire power requirement for distribution to its consumers is procured by BEST through,

- a) Purchases from Tata Power company Ltd. (TPC-G)
- b) Renewable energy procurement (RPS)
- c) Bilateral contracts and decrements to the imbalance pool
- d) Unscheduled Interchanges (Interstate UI)

BEST had submitted its FAC submission for the months October 2010 to December 2010 referred as item (a) above, under Regulation 82.6 of the MERC (Terms and Conditions of Tariff) Regulations, 2005 giving details of the Power purchases and sales for the period October 2010 to December 2010, along with the copies of all the supplementary statements, bills etc.

The Commission has assessed FAC charge of BEST for the said period based on the FAC formula approved in the Tariff Regulations. The methodology adopted for vetting the FAC computations is as follows:

The FAC claim made by BEST is for charging difference in averaged out "change in the variable cost of power" every month, arising out of the difference between the "rate approved by the Commission" in the tariff order applicable for the concerned period and the "rate actually paid by the Utility". The submissions prepared on the above basis have been scrutinized and vetted with due consideration to excessive Distribution loss, if any.

2. Change in variable cost of power purchase:

The variable cost of power procurement approved by the Commission for the months October, November, and December 2010, as per the Tariff Order for FY 2010-11 (in the matter of approval of Truing Up for FY 2008-09, Annual Performance Review for FY 2009-10 and

determination of ARR and Tariff for FY 2010-11 – Case 95 of 2009, issued on 12th December 2010), is Rs 3.01 /kWH

BEST has submitted that it has incurred additional variable costs towards power procurement as Rs. 6.4977 Crores in October 2010, Rs. (11.6152) Crores in November 2010 and Rs 2.3436 Crores in December 2010. With the additional cost incurred, spread out on the MUs sold the in the resp. months, the variable cost for power purchase in October 2010 is Rs 3.15/kWH, for November 2010 it is Rs 2.72/kWH and for December 2010 it is Rs. 3.07/kWH. The change in variable costs for the said months, accordingly is for October 2010 Rs. 0.1454/kWH, for November 2010 it is Rs (0.2875)/kWH and for December 2010 it is Rs. (0.0666)/kWH. This is approved.

3. Adjustment for over recovery / under recovery

BEST has submitted the details regarding under recovery / over recovery of the variable charges for the said months as given below :

Sr. No.	Parameter	Unit	October -10	November -10	December -10
(A)	(B)	(C)	(D)	(E)	(F)
1.0	Adjustment for (over-recovery)/under-recovery ('B')				
1.1	Incremental cost allowed to be recovered in Month j-4	Rs Lakh	757.63	1281.18	-867.09
			Jul-10	Aug-10	Sep-10
1.2	Incremental cost in Month j-4 actually recovered in j-2		1920.72	1984.90	-2681.19
			Oct-10	Nov-10	Dec-10
1.2.1	Prior Period adjustments of FAC arising out of amendment cases	Rs Lakh	0.00	0.00	0.00
1.3	(Over-recovery)/under-recovery (1.1-1.2)	Rs Lakh	(1163.1)	(703.73)	1814.11
2.0	Carried forward adjustment for (over-recovery)/under-recovery attributable to application of ceiling limit	Rs Lakh	0.00	0.00	0.00
3.0	Adjustment factor for (over-recovery)/under-recovery (1.3+2.0)	Rs Lakh	(1163.1)	(703.73)	1814.11

4. Excess Distribution Loss

In the Tariff Orders applicable, the Commission had approved allowable Distribution loss at 9.5% for the months October, November and December 2010. The Commission has already approved the submission made by BEST to allow calculation of excess Distribution Loss on the basis of Cumulative loss incurred upto the specific month, on lines similar to those followed by MSEDCL. On this basis, there is no excess Distribution Loss for October, November, December 2010

5. The total FAC allowed to be recovered / (refunded) by BEST from its consumer is. Rs. (5.1332) Crores for October 2010, Rs. (18.6525) Crores for November 2010 and Rs. 15.3627 Crores for December 2010. That is, BEST is allowed to charge to consumers the FAC in October 2010 at paise -13.35 per kWh, in November 2010 at paise -54.4 /kWh and in December 2010 at paise 51.8/kWh.

At the end of December 2010, Rs. 5.1219 Crore are carried forward for recovery in future.

Table: Summary of FAC (A) and FAC_{kWh}

Sr. No.	Parameter	Unit	Oct-10	Nov--10	Dec--10
(A)	(B)	(C)	(D)	(E)	(F)
1.0	Calculation of FAC (A)				
1.1	Apportionment of change in variable cost of power purchase to License Area (C)	Rs Lakh	649.77	(1161.52)	234.36
1.2	Working Capital Interest (I)	Rs Lakh	0.00	0.00	0.00
1.3	Adjustment for (Over Recovery)/Under Recovery (B)	Rs Lakh	(1163.10)	(703.73)	1814.11
1.4	FAC (A) = C + I + B	Rs Lakh	(513.32)	(1865.25)	2048.46
2.0	Calculation of FAC_{kWh}				
2.1	Sale within License Area	MU	384.56	342.88	296.75
2.2	Excess T&D Loss	MU	0.00	0.00	00
2.3	FAC Charge (FAC_{kWh}) without considering cap on monthly FAC Charge	Paise/kWh	(13.35)	(54.40)	69.03
2.4	Cap on monthly FAC Charge	Paise/kWh	51.8	51.8	51.8
2.5	FAC Charge (FAC_{kWh}) considering cap on monthly FAC Charge	Paise/kWh	(13.3)	(54.4)	51.8
3.0	FAC (A)				
3.1	FAC (A) considering cap on Monthly FAC Charge	Rs Lakh	(513.32)	(1865.25)	1536.27
3.2	FAC (A) disallowed corresponding to excess T&D loss	Rs Lakh	0.00	0.00	0
3.3	Carried forward FAC (A) for recovery during future period	Rs Lakh	0.00	0.00	512.19