

No. MERC/FAC/20122013/ 00222

Date: April 27, 2012

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 QIV- FY 11 , Q1-FY12 and QII-FY12  
(From January 2011 To September 2011)

**Reference :**

- i) BEST's submission dated January 18, 2012 "Submission of FAC calculations from January 2011 to June 2011 (QIV- FY 11 and Q1-FY12)
- ii) BEST's submission dated January 27, 2012 ""Submission of FAC calculations from July 2011 to September 2011 (QII-FY12)

Sir

The FAC submissions of BEST for the period January 2011 to September 2011 submitted to the Commission by BEST vide the letters under reference (i) and (ii) 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 and the amount allowed to be carried forward at the end of the said month for recovery in future is as tabulated below:

Month & year	FAC allowed to be recovered/(Refunded) Rs Crore	FAC allowed to be carried forward for recovery in future Rs Crore
January 2011	3.9743	0
February 2011	(4.4651)	0
March 2011	19.1477	40.0116
April 2011	20.0546	8.2876
May 2011	(2.1508)	0
June 2011	20.1392	7.9934
July 2011	19.2066	17.8226
August 2011	19.7069	6.8465
September 2011	18.1758	35.2520

The Commission observes that in compliance with the MERC Tariff Regulations, Amendment 2011, the FAC has been charged to the consumers Categorywise/slab wise as per the specified formula, with effect from February 2011. The Commission hereby approves the FAC submission as above.

Yours Faithfully

Sd/-  
(K.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 <sup>st</sup> 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 <sup>nd</sup> Floor 2 <sup>nd</sup> Sonawal Cross Road Goregaon (E), Mumbai 400063

**Reference :**

- iii) BEST's submission dated January 18, 2012 "Submission of FAC calculations from January 2011 to June 2011 (QIV- FY 11 and Q1-FY12)
- iv) BEST's submission dated January 27, 2012 ""Submission of FAC calculations from July 2011 to September 2011 (QII-FY12)

**1. Background :**

The Commission, vide its Order in Case 162 of 2011, issued on February 8, 2012, in the matter of Petition of BEST undertaking of the Municipal Corporation of Greater Mumbai seeking permission to recover FAC for the period from April, 2011 to October, 2011 incurred by BEST in excess of 10% cap and to allow recovery of FAC levied by TPC.

In support of the said Petition, BEST in the absence of audited back-up documents, had furnished the back-up information on affidavit. Now vetting for the period as above has been carried out herein on the basis of scrutiny of audited backup documents furnished by BEST.

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.

Accordingly, BEST has submitted its FAC submissions along with supporting documents, for the three quarters, QIV- FY 11 of FY2010-11; and QI-FY12, QII-FY12 of FY 2011-12

**2. Power procurements by BEST:**

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)

**2.1** BEST has submitted its FAC submission for the following quarters ,under Regulation 82.6 of the MERC (Terms and Conditions of Tariff) Regulations, 2005 giving details of

the Power purchases and sales for the said period, along with the copies of all the supplementary statements, bills etc.

- a) QIV- FY 11 of FY2010-11;
- b) QI-FY12 of FY 2011-12;
- c) QII-FY12 of FY 2011-12 ;

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.

### **3. Change in variable cost of power purchase:**

The variable cost of power procurement approved by the Commission for the months April 2011 to October 2011 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 12<sup>th</sup> December 2010), is Rs 3.01 /kWH BEST has submitted that it has incurred additional variable costs towards power procurement as follows :

<b>Month</b>	<b>Approved Variable cost Rs/kWH</b>	<b>Energy procured MU</b>	<b>Variable Cost of Energy procured Rs Lakh</b>	<b>Variable Cost Rs/kWH</b>
January 2011	3.01	330.99	7958.50	2.40
February 2011	3.01	325.22	9082.81	2.79
March 2011	3.01	417.75	13634.51	3.26
April 2011	3.01	427.86	13086.29	3.06
May 2011	3.01	454.20	13408.41	2.95
June 2011	3.01	430.52	13735.48	3.19
July 2011	3.01	425.03	14230.62	3.35

Month	Approved Variable cost Rs/kWH	Energy procured MU	Variable Cost of Energy procured Rs Lakh	Variable Cost Rs/kWH
August 2011	3.01	412.70	14779.72	3.58
September 2011	3.01	426.62	17418.88	4.08

#### 4. 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 in the following table :

Sr. No.	Parameter	Unit	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
(A)	(B)	(C)	(D)	(E)	(F)	(D)	(E)	(F)
<b>1.0</b>	<b>Adjustment for (over-recovery)/under-recovery ('B')</b>							
1.1	Incremental cost allowed to be recovered in Month j-4	Rs Lakh	(513.32)	(1865.25)	1536.27	397.43	(446.51)	1914.77
			<b>Oct 10</b>	<b>Nov10</b>	<b>Dec10</b>	<b>Jan 11</b>	<b>Feb 11</b>	<b>Mar 11</b>
1.2	Incremental cost in Month j-4 actually recovered in j-2	Rs Lakh	(2397.15)	(2119.37)	(3312.13)	(2221.69)	342.07	(114.1)
			<b>Jan11</b>	<b>Feb 11</b>	<b>Mar11</b>	<b>Apr 11</b>	<b>May 11</b>	<b>Jun 11</b>
1.2.1	Prior Period adjustments of FAC arising out of amendment cases	Rs Lakh	0.00	0.00	0.00	0.00	0.00	0.00
1.3	(Over-recovery)/under-recovery (1.1-1.2)	Rs Lakh	1883.83	254.12	4848.40	2619.13	(788.57)	2028.87
<b>2.0</b>	<b>Carried forward adjustment for (over-recovery)/under-recovery attributable to application of ceiling limit</b>	Rs Lakh	0.00	828.76	0.00	0.00	828.76	0.00
<b>3.0</b>	<b>Adjustment factor for (over-recovery)/under-recovery (1.3+2.0)</b>	Rs Lakh	2396.02	254.12	4848.40	2619.13	40.19	2028.87

Sr. No.	Parameter	Unit	July 2011	August 2011	September 2011
(A)	(B)	(C)			
<b>1.0</b>	<b>Adjustment for (over-recovery)/under-recovery ('B')</b>				
1.1	Incremental cost allowed to be recovered in Month j-4	Rs Lakh	2005.46	(215.08)	2013.92
			<b>April 11</b>	<b>May 11</b>	<b>Jun 11</b>
1.2	Incremental cost in Month j-4 actually recovered in j-2	Rs Lakh	546.44	1267.49	1940.61
			<b>Jul 11</b>	<b>Aug 11</b>	<b>Sep 11</b>
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	1459.01	(1491.57)	73.31
<b>2.0</b>	<b>Carried forward adjustment for (over-recovery)/under-recovery attributable to application of ceiling limit</b>	Rs Lakh	799.34	1782.26	684.65
<b>3.0</b>	<b>Adjustment factor for (over-recovery)/under-recovery (1.3+2.0)</b>	Rs Lakh	2258.35	290.69	757.97

## **5. Excess Distribution Loss**

In the Tariff Orders applicable, the Commission had approved allowable Distribution loss at 9.5% for the months under reference above.. 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 the said months

## **6. The summary of FAC recoverable and carried forward for recovery in future is as follows :**

**Summary - QIV FY11 & QI FY12**

Sr. No.	Parameter	Unit	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
(A)	(B)	(C)	(D)	(E)	(F)			
<b>1.0</b>	<b>Calculation of FAC (A)</b>							
1.1	Apportionment of change in variable cost of power purchase to License Area (C)	Rs Lakh	(1998.59 )	(700.63)	1067.53	215.09	(255.27)	784.39
1.2	Working Capital Interest (I)	Rs Lakh	0.00	0.00	0.00	0.00	0.00	0.00
1.3	Adjustment for (Over Recovery)/Under Recovery (B)	Rs Lakh	2396.02	254.12	4848.40	2619.13	40.19	2028.87
<b>1.4</b>	<b>FAC (A) = C + I + B</b>	Rs Lakh	397.43	(446.51)	5915.93	2834.22	(215.08)	2813.26
<b>2.0</b>	<b>Calculation of FAC<sub>kWh</sub></b>							
2.1	Sale within License Area	MU	296.45	309.09	369.86	387.38	399.90	389.01
2.2	Excess T&D Loss	MU	0.00	0.00	0.00	0.00	0.00	0.00
2.3	FAC Charge (FAC <sub>kWh</sub> ) without considering cap on monthly FAC Charge	Paise/kWh	13.41	(14.45)	159.95	73.16	(5.38)	72.32
2.4	Cap on monthly FAC Charge	Paise/kWh	51.8	51.8	51.8	51.8	51.8	51.8
<b>2.5</b>	<b>FAC Charge (FAC<sub>kWh</sub>) considering cap on monthly FAC Charge</b>	Paise/kWh	13.4	(14.4)	51.8	51.8	(5.4)	51.8
<b>3.0</b>	<b>FAC (A)</b>							
3.1	FAC (A) considering cap on Monthly FAC Charge	Rs Lakh	397.43	(446.51)	1914.77	2005.46	(215.08)	2013.92
3.2	FAC (A) disallowed corresponding to excess T&D loss	Rs Lakh	0.00	0.00	0.00	0.00	0.00	0.00
3.3	Carried forward FAC (A) for recovery during future period	Rs Lakh	0.00	0.00	4001.16	828.76	0.00	799.34

## Summary - QII FY12

Sr. No.	Parameter	Unit	July2011	August 2011	September 2011
(A)	(B)	(C)	(D)	(E)	(F)
<b>1.0</b>	<b>Calculation of FAC (A)</b>				
1.1	Apportionment of change in variable cost of power purchase to License Area (C)	Rs Lakh	1444.57	2364.65	4584.82
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	2258.35	290.69	757.97
<b>1.4</b>	<b>FAC (A) = C + I + B</b>	Rs Lakh	3702.92	2655.34	5342.78
<b>2.0</b>	<b>Calculation of FAC<sub>kWh</sub></b>				
2.1	Sale within License Area	MU	371.00	380.66	351.09
2.2	Excess T&D Loss	MU	0.00	0.00	0.00
2.3	FAC Charge (FAC <sub>kWh</sub> ) without considering cap on monthly FAC Charge	Paise/kWh	99.81	69.76	152.18
2.4	Cap on monthly FAC Charge	Paise/kWh	51.8	51.8	51.8
<b>2.5</b>	<b>FAC Charge (FAC<sub>kWh</sub>) considering cap on monthly FAC Charge</b>	Paise/kWh	51.8	51.8	51.8
<b>3.0</b>	<b>FAC (A)</b>				
3.1	FAC (A) considering cap on Monthly FAC Charge	Rs Lakh	1920.66	1970.69	1817.58
3.2	FAC (A) disallowed corresponding to excess T&D loss	Rs Lakh	0.00	0.00	0.00
3.3	Carried forward FAC (A) for recovery during future period	Rs Lakh	1782.26	684.65	3525.20

### **7. Conclusion :**

At the end of QIV-FY11, the FAC carried forward for recovery in future amounts to Rs 40.0116 Crores

At the end of QI-FY12, the FAC carried forward for recovery in future amounts to Rs 7.9934 Crores

At the end of QII-FY12, the FAC carried forward for recovery in future amounts to Rs 35.2520 Crores



