

No. MERC/FAC/20122013/ 00225

Date: April 27, 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-FY12
(From October 2011 To December 2011)

Reference :

- i) BEST's submission dated March 20, 2012 "Submission of FAC calculations from October 2011 To December 2011"

Sir

The FAC submissions of BEST for the period October 2011 To December 2011 submitted to the Commission by BEST vide the letters 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 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
October 2011	19.8010	66.6613
November 2011	18.4303	92.5050
December 2011	16.1070	140.0053

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, for the said quarter. 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 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

Reference :

BEST's submission dated March 20, 2012 "Submission of FAC calculations from October 2011 To December 2011"

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. Vetting for the period from January 2011 to September 2011 has subsequently carried out on the basis of submission by BEST in the approved FAC formats and the audited back-up data 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 quarter, QIII-FY12 of FY 2011-12, i.e. October 2011 to December 2011.

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.QIII-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 October 2011 to December 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 12th December 2010), is Rs 3.01 /kWH BEST has submitted that it has incurred additional variable costs towards power procurement as follows :

Month	Approved Variable cost Rs/kWH	Energy procured MU	Variable Cost of Energy procured Rs Lakh	Variable Cost Rs/kWH
October 2011	3.01	437.41	5095.42	4.15
November 2011	3.01	418.33	4686.15	4.06
December 2011	3.01	405.85	6774.23	4.57

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	October 2011	November 2011	December 2011
(A)	(B)	(C)			
1.0	Adjustment for (over-recovery)/under-recovery ('B')				
1.1	Incremental cost allowed to be recovered in Month j-4	Rs Lakh	1920.66	1970.69	1817.58
			July 11	August 11	September 11
1.2	Incremental cost in Month j-4 actually recovered in j-2	Rs Lakh	1783.34	1951.55	1811.31
			October 11	November 11	December 2011
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	137.32	19.14	6.27
2.0	Carried forward adjustment for (over-recovery)/under-recovery attributable to application of ceiling limit	Rs Lakh	3525.20	6666.13	9250.50
3.0	Adjustment factor for (over-recovery)/under-recovery (1.3+2.0)	Rs Lakh	3662.52	6685.27	9256.77

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	October 2011	November 2011	December 2011
(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	4983.71	4408.26	6354.46
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	3662.52	6685.27	9256.27
1.4	FAC (A) = C + I + B	Rs Lakh	8646.23	11093.53	15611.23
2.0	Calculation of FAC_{kWh}				
2.1	Sale within License Area	MU	382.48	356	311.13
2.2	Excess T&D Loss	MU	0.00	0.00	0.00
2.3	FAC Charge (FAC _{kWh}) without considering cap on monthly FAC Charge	Paise/kWh	226.06	311.61	501.77
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	51.8	51.8	51.8
3.0	FAC (A)				
3.1	FAC (A) considering cap on Monthly FAC Charge	Rs Lakh	1980.10	1843.03	1610.70
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	6666.13	9250.50	14000.53

7. Conclusion :

At the end of QIII-FY12, the FAC carried forward for recovery in future amounts to Rs 140.0053 Crores

8. Slabwise and Categorywise FAC

Rs/kWH

Category	Slabs	ABR Rs/kWh	FAC Cap as per MERC (10% of var.cost)	For Month	Oct- 11	Nov- 11	Dec-11
				Billed in Month	Nov- 11	Dec- 11	Jan-12
BPL	0-30	0.49	0.04		0.04	0.04	0.04
LT-1	0-100	1.66	0.16		0.16	0.16	0.16
	101-300	3.72	0.33		0.33	0.33	0.33
	301-500	5.66	0.53		0.53	0.53	0.53
	>501	7	0.68		0.68	0.68	0.68
LT2(a)	0-300	5.31	0.4		0.4	0.4	0.4
	301-500	6.69	0.6		0.6	0.6	0.6
	501-1000	7.36	0.69		0.69	0.69	0.69
	>1000	7.72	0.76		0.76	0.76	0.76
LT2(b)	all units	8.25	0.73		0.73	0.73	0.73
LT2(c)	all units	8.44	0.76		0.76	0.76	0.76
LT-3	0-300	5.03	0.37		0.37	0.37	0.37
	301-500	6.09	0.55		0.55	0.55	0.55
	501-1000	6.52	0.6		0.6	0.6	0.6
	>1000	6.71	0.64		0.64	0.64	0.64
LT-4(a)	all units	6.93	0.54		0.54	0.54	0.54
LT-4(b)	all units	6.14	0.53		0.53	0.53	0.53
LT-5	all units	12.1	1.14		1.14	1.14	1.14
LT-6	all units	5.91	0.53		0.53	0.53	0.53
LT-7a	all units	2.88	0.29		0.29	0.29	0.29
LT-7b	all units	8.78	0.88		0.88	0.88	0.88
LT-8	all units	2.66	0.27		0.27	0.27	0.27
HT							
HT-I	all units	5.72	0.51		0.51	0.51	0.51
HT-II	all units	5.83	0.54		0.54	0.54	0.54
HT-III	all units	3.61	0.3		0.3	0.3	0.3
HT-IV	all units	8.2	82		0.82	0.82	0.82
Total							