



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/BEST/ 20152016/01606

Date: 3 March, 2016

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

Subject: Post Facto approval of BEST Undertaking's Fuel Adjustment Charges (FAC) for the period of October, 2012 to March, 2013

Reference: a) BEST's submission vide letter dated 16 August, 2013 for post facto approval of FAC for the period October, 2012 to December, 2012.
b) BEST's submission vide letter dated 20 August, 2013 for post facto approval of FAC for the period January, 2013 to March, 2013.

Sir,

Upon vetting the FAC calculations for the months of October, 2012 to March, 2013 submitted vide letters under above reference, the Commission has accorded post facto approval to BEST for charging to its consumers the FAC amount (net of excess T&D loss), as detailed below:

Month	FAC Allowed to be recovered / (Refunded) (Rs. Crore)
October 2012	Rs. 8.92 Crores
November 2012	Rs. 23.89 Crores
December 2012	Rs. (5.43) Crores
January 2013	Rs. 45.37 Crores
February 2013	Rs. (27.05) Crores
March 2013	Rs. 53.68 Crores

The Commission has notified on 28 November, 2011 the Amendment Regulations for recovery of Fuel Adjustment Cost charges from the consumers in a proportionate manner. Accordingly, the Commission has also approved the category wise and slab wise tabulation for recovery of the said FAC charges by BEST from its consumers.

The summary of the FAC claim for the months of October, 2012 to March, 2013 as approved by the Commission is shown in the Table below.

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Sr. No.	Particulars	Unit	Oct. 12	Nov. 12	Dec. 12
1	FAC (A) without considering cap on Monthly FAC Charge	Rs. Lakh	892.28	2388.99	(542.79)
2	FAC (A) disallowed corresponding to excess Distribution Loss	Rs. Lakh	0	0	0
3	FAC (A) considering cap on Monthly FAC Charge	Rs. Lakh	892.28	2388.99	(542.79)
4	FAC to be recovered from the Consumers in the month of November 2012 to January, 2013	Rs. Lakh	892.28	2388.99	(542.79)
5	FAC rate in the billing month of November 2012 to January, 2013	Paise/kWh	Proportionate. See Appendix II attached with this letter.		
6	Carried forward FAC (A) for recovery during future period	Rs. Lakh	0.00	0.00	0.00

Sr. No.	Particulars	Unit	Jan. 13	Feb. 13	Mar. 13
1	FAC (A) without considering cap on Monthly FAC Charge	Rs. Lakh	4810.93	(2704.74)	6957.49
2	FAC (A) disallowed corresponding to excess Distribution Loss	Rs. Lakh	0	0	0
3	FAC (A) considering cap on Monthly FAC Charge	Rs. Lakh	4537.19	(2704.74)	5367.79
4	FAC to be recovered from the Consumers in the month of February 2013 to April 2013	Rs. Lakh	4537.19	(2704.74)	5367.79
5	FAC rate in the billing month of February 2013 to April 2013	Paise/kWh	Proportionate. See Appendix II attached with this letter.		
6	Carried forward FAC (A) for recovery during future period	Rs. Lakh	273.73	0.00	1589.70

Yours faithfully,



(Dr. Rajendra Ambekar)
Director (Tariff), MERC

Encl: Annexure: Detailed Vetting Report for the months of October, 2012 to March, 2013.



Cc as enclosed:

Names and Addresses of Institutional Consumer Representatives:

Prayas Energy Group, Amrita Clinic, Athawale Corner, Lakdipool-Karve Road Junction, Deccan Gymkhana, Karve Road, Pune 411 004	The President, Mumbai GrahakPanchayat, GrahakBhavan, SantDyanyaneshwarMarg, 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 400 701	The President, Vidarbha Industries Association, 1 st floor, UdyogBhawan, Civil Lines, Nagpur 440 001
Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12k. DubashMarg, Fort, Mumbai- 400001 (Nashik Branch) Email: maccia.nsk@gmail.com	



ANNEXURE

Detailed Vetting Report

Date: 3 March, 2016

Post Facto approval of FAC Charges for the months of October, 2012 to March, 2013 submitted by BEST Undertaking

Subject: Post Facto approval of BEST Undertaking's Fuel Adjustment Charges (FAC) for the period of October, 2012 to March, 2013

Reference: a) BEST's submission vide letter dated 16 August, 2013 for post facto approval of FAC for the period October, 2012 to December, 2012.
b) BEST's submission vide letter dated 20 August, 2013 for post facto approval of FAC for the period January, 2013 to March, 2013.

1. FAC submission by BEST:

- 1.1 In terms of the MERC (Terms and Conditions of Tariff) Regulations, 2005 as amended from time to time, 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 up to a cap of 10% / (20% with effect from September 2012) of its average variable component of tariff.
- 1.2 Further the Commission has issued an Order in Case No. 171 of 2011 dated 16 May 2012 for Approval of BEST's Aggregate Revenue Requirement and Tariff Determination for the FY 2011-12. In the said Order the Commission has revised the Tariff which is applicable from 1 June 2012.
- 1.3 In the said Order the Commission has stated that,

"The existing Fuel Adjustment Cost (FAC) Charge has been equated to zero, on account of the adoption of the existing fuel costs for projection of the fuel expenses. In case of any variation in the fuel prices with respect to these levels, BEST will be able to pass on the corresponding increase to the consumers through the existing FAC mechanism in accordance with the MERC Tariff Regulations, 2005 subject to the stipulated ceiling of 10% of average variable charges, which works out to average of 72.29 paise/KWh and is to be considered in proportion to the variable charges of each category/consumption slab. The FAC will be charged on a monthly basis in proportion to the variable charges of each category/consumption slab, and the details of the computation and recovery from



the same will have to be submitted to the Commission for post facto approval, on quarterly basis.”

- 1.4 Further, the Commission had passed an Order in Case No. 63 of 2012 dated 26 August 2012, for Revision in the ceiling for Levy of Fuel Adjustment Cost (FAC) Charges by Distribution Licensees in the State of Maharashtra under Regulation 82 of the Maharashtra Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2005 as amended from time to time.
- 1.5 As per the above mentioned Order, the Commission has revised the average FAC Ceiling to 20% of Variable Tariff for all the Distribution Licensees in the State of Maharashtra, to be recovered as per the respective consumer category wise/ slab wise tariff. The revised FAC Ceiling is came into effect for the FAC (to be charged to consumers) from the month of September 2012 onwards.
- 1.6 Accordingly, BEST has submitted its FAC submissions along with the supporting documents, for the Quarters, QIII & Q IV of FY 2012-13, i.e. October 2012 to March 2013 and has also furnished adequate replies to the queries raised by the Commission.

2. Power Procurement by BEST:

- 2.1 BEST does not own or operate any 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)
- 2.2 BEST has submitted its FAC submission for the two quarters , under regulation 82.6 of the MERC (Terms and Conditions of Tariff) Regulations, 2005 as amended from time to time giving details of Power Purchase and Sales for the said period, along with the copies of all supplementary statements, bills etc.
- 2.3 FAC charge of BEST for the said period has been assessed based on FAC formula approved in 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 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 submission prepared on the above basis has been scrutinized and vetted with due consideration to excessive distribution loss, if any.

3. Change in variable cost of power purchase:

- 3.1 The variable cost of power procurement approved by the Commission from the month of June 2012 as per Tariff Order for FY 2011-12 (in the matter of approval of Aggregate Revenue Requirement and Tariff for FY 2011-12, Case No. 171 of 2011, issued on 16 May 2012), is Rs. 3.87/kWh. As explained in Tabulation below:

Source	Approved Annual (MU)	Variable Cost (Rs. Crore)	Rate Rs/kWh	Monthly MU	Monthly Variable Cost (Rs. Crore)
TPC-G (Including Unit-8)	5039.48	2027	4.02	419.96	168.97
RPS Power	239.56	116.44	4.86	19.96	9.70
Bilateral Purchase(as per SLDC)	77.23	30.88	4.00	6.44	2.57
UI Purchase (as per SLDC)	(476.37)	(284.85)	5.98	(39.70)	(23.74)
Total Power Purchase	4879.90	1890.13	3.87	406.66	157.51

**Note the approved annual variable cost for purchases from TPC-G is derived by deducting the Approved annual Fixed cost Rs. 381.57 Crore from Total Annual cost Rs. 2409.23 Crore.*

- 3.2 BEST has submitted that it has incurred additional variable costs towards power procurement. The actual variable cost incurred by the BEST Undertaking for the Quarter III & Quarter IV is as follows:

Sr. No	Parameter	Unit	Oct.12	Nov.12	Dec.12
1	Weighted Average variable cost of power purchase considered by the Commission	Rs/kWh	3.87	3.87	3.87
2	Weighted Average Normative Actual variable cost power purchase for Month	Rs/kWh	4.67	4.75	4.74
3	Change in variable cost of power purchase	Rs/kWh	0.7926	0.8798	0.8619
4	Net Power Purchase	MU	430.69	376.46	374.39
5	Change in variable cost of power purchase	Rs Lakh	3413.47	3311.97	3226.81



Sr. No	Parameter	Unit	Jan.13	Feb.13	Mar.13
1	Weighted Average variable cost of power purchase considered by the Commission	Rs/kWh	3.87	3.87	3.87
2	Weighted Average Normative Actual variable cost power purchase for Month	Rs/kWh	4.93	3.31	4.87
3	Change in variable cost of power purchase	Rs/kWh	1.0590	(0.5587)	1.0014
4	Net Power Purchase	MU	319.84	331.87	413.15
5	Change in variable cost of power purchase	Rs Lakh	3387.29	(1854.04)	4137.23

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 following table

Month	Adjustment Factor (Rs. Lakh)
October 2012	(2,521.20)
November 2012	(922.99)
December 2012	(3769.60)
January 2013	1,423.63
February 2013	(850.70)
March 2013	2,820.26

5. **Distribution Loss:**

In the Tariff Order applicable for the months April and May 2012, the Commission had approved the allowable Distribution loss at 9.5% and from June month onwards as per New Tariff Order (Case No. 171 of 2011) the Commission has approved allowable Distribution loss at 9%. The Commission has already approved the submission made by BEST to allow calculation of excess Distribution Loss on the basis of Cumulative loss incurred up to the specific month. On this basis, there is no excess Distribution Loss for the said months.

Month	Cumulative Distribution Losses
October 2012	6.6%
November 2012	6.8%
December 2012	7.2%
January 2013	6.9%
February 2013	6.3%
March 2013	6.2%



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

Sr. No.	Parameter	Unit	Oct.12	Nov.12	Dec.12
1.0	Calculation of FAC (A)				
1.1	Change in variable cost of power purchase (C)	Rs Lakh	3413.47	3311.97	3226.81
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	(2521.20)	(922.99)	(3769.60)
1.4	FAC (A) = C + I + B	Rs Lakh	892.28	2388.99	(542.79)
2.0	Calculation of FAC _{kWh}				
2.1	Sale within License Area	MU	402.10	335.73	318.08
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	22.19	71.16	(17.06)
2.4	Cap on monthly FAC Charge	Paise/kWh	144.58	144.58	144.58
2.5	FAC Charge (FAC _{kWh}) considering cap on monthly FAC Charge	Paise/kWh	22.19	71.16	(17.06)
3.0	FAC (A)				
3.1	FAC (A) considering cap on Monthly FAC Charge	Rs Lakh	892.28	2388.99	(542.79)
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	0.00	0.00	0.00

Sr. No.	Parameter	Unit	Jan.13	Feb.13	Mar.13
1.0	Calculation of FAC (A)				
1.1	Change in variable cost of power purchase (C)	Rs Lakh	3387.29	(1854.04)	4137.23
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	1423.63	(850.70)	2820.26
1.4	FAC (A) = C + I + B	Rs Lakh	4810.93	(2704.74)	6957.49
2.0	Calculation of FAC _{kWh}				
2.1	Sale within License Area	MU	313.82	319.29	371.27
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	153.30	(84.71)	187.40
2.4	Cap on monthly FAC Charge	Paise/kWh	144.58	144.58	144.58
2.5	FAC Charge (FAC _{kWh}) considering cap on	Paise/kWh	144.58	(84.71)	144.58



	monthly FAC Charge				
3.0	FAC (A)				
3.1	FAC (A) considering cap on Monthly FAC Charge	Rs Lakh	4537.19	2704.74	5367.79
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	273.73	0.00	1589.70

7. Carried forward FAC:

At the end of QIV –FY 2012-13, the FAC to be carried forward for recovery in future months amounts to Rs. 15.90 Crores.

8. Recovery of FAC

BEST has been charging FAC to its consumers based on the difference between the cumulative amount of FAC allowed to be recovered and cumulative recovery made from the Consumers. The following table shows the cumulative FAC that is to be recovered as per the formula and the cumulative FAC that is recovered from consumers for the billing months of November 2012 to April 2013. The difference of these has been charged by BEST in the subsequent billing month

Particulars	Nov.12	Dec.12	Jan.13
Cumulative FAC amount up to the month	33571.18	36358.75	37940.45
Cumulative FAC amount recovered from consumers up to the month	29734.28	33739.92	38537.92
FAC to be charged in the month	3836.90	2618.84	(597.47)

Particulars	Feb.13	Mar.13	Apr.13
Cumulative FAC amount up to the month	41422.59	38171.29	42040.03
Cumulative FAC amount recovered from consumers up to the month	37742.92	41488.70	38005.04
FAC to be charged in the month	3679.67	(3317.41)	4035.00

The corresponding month FAC is levied to consumers on sales of the previous month to arrive at FAC per unit to be charged for the current month for each category of consumer.



9. Slab wise and Category wise FAC for the month of October 2012 to March 2013 to be recovered in billing month of November 2012 to April 2013:

Category	Slabs	FAC to be recovered in billing month (Rs/kWh)					
		Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013
LT Category							
BPL	0-30	0.07	0.06	(0.01)	0.09	(0.08)	0.08
LT-I	1-100	0.33	0.26	(0.06)	0.42	(0.39)	0.38
	101-300	0.61	0.49	(0.11)	0.77	(0.72)	0.71
	301-500	0.86	0.69	(0.16)	1.09	(1.01)	1.00
	>501	1.10	0.88	(0.21)	1.39	(1.29)	1.28
LT-II(a)	0-500	0.88	0.71	(0.16)	1.12	(1.03)	1.02
	>500	1.31	1.05	(0.24)	1.66	(1.54)	1.52
LT-II(b)	all units	1.28	1.03	(0.24)	1.62	(1.50)	1.49
LT-II(c)	all units	1.30	1.04	(0.24)	1.64	(1.52)	1.50
LT-III	0-500	0.83	0.67	(0.16)	1.06	(0.98)	0.97
	>500	1.17	0.94	(0.22)	1.48	(1.37)	1.35
LT-IV(a)	all units	1.04	0.84	(0.20)	1.32	(1.23)	1.21
LT-IV(b)	all units	1.02	0.82	(0.19)	1.30	(1.20)	1.19
LT -V	all units	1.88	1.51	(0.35)	2.38	(2.21)	2.18
LT-VI	all units	0.91	0.73	(0.17)	1.15	(1.06)	1.05
LT-VII(a)	all units	0.52	0.42	(0.10)	0.66	(0.61)	0.60
LT-VII(b)	all units	1.50	1.21	(0.28)	1.91	(1.77)	1.75
LT-VIII	all units	0.50	0.40	(0.09)	0.63	(0.58)	0.58
LT-IX(a)	all units	1.09	0.88	(0.20)	1.38	(1.28)	1.26
LT-IX(b)	all units	1.09	0.88	(0.20)	1.38	(1.28)	1.26
HT Category							
HT -I	all units	0.95	0.76	(0.18)	1.20	(1.11)	1.10
HT -II	all units	1.02	0.82	(0.19)	1.29	(1.20)	1.18
HT -III	all units	0.54	0.44	(0.10)	0.69	(0.64)	0.63
HT -IV	all units	1.39	1.11	(0.26)	1.76	(1.63)	1.61
HT-V	all units	0.90	0.72	(0.17)	1.14	(1.05)	1.04

