

# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

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## NOTIFICATION

No.-[----]

In exercise of powers conferred under Section 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Maharashtra Electricity Regulatory Commission hereby makes the following Regulations to amend the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011, namely:

### **1. Short title and commencement**

- (1) These Regulations may be called the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) (Third Amendment) Regulations, 2014.
- (2) These Regulations shall come into force with effect from the date of their publication in the Official Gazette.

### **2. Amendment to Regulation 13.1**

Regulation 13.1 of the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011 (hereinafter referred to as the "MYT Regulations, 2011") is proposed to be replaced by the following, namely:

"13.1 The approved aggregate gain or loss to the Generating Company (except the adjustment provided to the Generating Company as per Regulation 49.6 of these Regulations) or Distribution Licensee on account of uncontrollable factors due to variation in fuel and power purchase cost shall be passed through under the FAC component of the Z-factor Charge ( $Z_{FAC}$ ), as an adjustment in the tariff of the Generating Company or Distribution Licensee on a monthly basis, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations."

### **3. Amendment to Regulation 13.2**

Regulation 13.2 of the MYT Regulations, 2011 is proposed to be deleted.

**4. Amendment to Regulation 13.3**

Regulation 13.3 of the MYT Regulations, 2011 is proposed to be deleted.

**5. Amendment to Regulation 13.7**

Regulation 13.7 of the MYT Regulations, 2011 is proposed to be replaced by the following, namely:

“13.7 First Approval of  $Z_{FAC}$  in the second Control Period

The Distribution Licensee shall submit details in the stipulated formats to the Commission along with such details of the variation between expenses incurred and the figures approved by the Commission, and the detailed computations and supporting documents as may be required for verification by the Commission for the first month of the first year of the second Control Period, for prior approval of  $Z_{FAC}$  to be recovered in the second Control Period as stipulated by the Commission:

Provided that the Distribution Licensee shall submit the details of fuel costs relating to power generated from own generation stations and variable cost of power procured for the first month of the first year of second Control Period, after completion of first month:

Provided further that the Commission shall approve  $Z_{FAC}$  for first month of the first year of second Control Period, to be recovered in subsequent months of the second Control Period, subject to prudence check.

**6. Amendment to Regulation 13.8**

Regulation 13.8 of the MYT Regulations, 2011 is proposed to be replaced by the following, namely:

“13.8 Subsequent Approval of  $Z_{FAC}$  in the second Control Period

The Distribution Licensee shall submit details in the stipulated formats to the Commission along with such details of the variation between expenses incurred and the figures approved by the Commission, and the detailed computations and supporting documents as may be required for verification by the Commission for the subsequent months of the second Control Period on a quarterly basis, for post-facto approval of  $Z_{FAC}$ :

Provided that the first quarter of the first year of the Control Period shall include the first month of the first year of the Control Period for which prior approval is required to be obtained:

Provided further that the Distribution Licensee shall submit the details of fuel costs relating to power generated from own generation stations and variable cost of power procured for the subsequent months of the second Control Period, on a quarterly basis after completion of each quarter for post facto approval:

Provided further that the Distribution Licensee shall submit the  $Z_{FAC}$  levied to all consumers for the preceding quarter vis-a-vis the  $Z_{FAC}$  recoverable, along with the detailed computations and supporting documents as may be required for verification by the Commission:

Provided further that the Distribution Licensee shall put up on its internet website such details of the Commission's approval for levy of  $Z_{FAC}$  , from time to time.”

## **7. Amendment to Regulation 13.9**

Regulation 13.9 of the MYT Regulations, 2011 is proposed to be replaced by the following, namely:

“13.9 The formula for the calculation of the FAC component of Z-factor Charge shall be as given under:

$$Z_{FAC}(\text{Rs. Crore}) = F + C + B,$$

Where,

$Z_{FAC}$  = Z-factor Charge – component of FAC for the nth month

F = Change in fuel cost of own generation and variable cost of power purchase

C = Carrying Cost for any under recovery/over recovery on account of Change in fuel cost of own generation and variable cost of power purchase

B = Adjustment factor for under-recovery/over-recovery

The calculation for FAC to be charged for the month “n” shall be as follows:

$$FAC_n (\text{Rs crore}) = F_{n-2} + C_{n-2} + B_{n-2}$$

Explanation I – for the purpose of this Regulation, the term “F” shall be computed in accordance with the following formula:

$F \text{ (Rs. Crore)} = A_{FC, Gen} + A_{FC, PP}$ , Where:

$A_{FC, Gen}$ : Change in fuel cost of own generation. This change would be computed based on the norms and directives of the Commission, including heat rate, auxiliary consumption, generation and power purchase mix, etc.

$A_{FC, PP}$ : Change in energy charges of power procured from other sources. This change would be allowed to the extent it satisfies the criteria prescribed in these Regulations and the prevailing MYT Order, and subject to applicable norms.

Explanation II – for the purpose of this Regulation, the term “C” shall mean carrying cost on account of change in fuel cost of own generation and variable cost of power purchase.

Explanation III – for the purpose of this Regulation, the term “B” shall be computed in accordance with the following formula:

$B_{n-2} \text{ (Rs. Crore)} = Z_{FACn-4} - R_{n-2}$

Where,

$B_{n-2}$  = Adjustment factor for under-recovery/over-recovery for the month “n-2”

$Z_{FACn-4}$  =  $Z_{FAC}$  for the month “n-4”

$R_{n-2}$  =  $Z_{FAC}$  for the month “n-4” actually recovered in the month “n-2”

Provided that the monthly FAC charge shall not exceed 20% of the variable component of tariff, or such other ceiling as may be stipulated by the Commission from time to time:

Provided further that any excess in the FAC charge over and above such stipulated ceiling shall be carried forward by the Distribution Licensee and shall be recovered over such future period as may be directed by the Commission.”

## **8. Amendment to Regulation 13.10**

Regulation 13.10 of the MYT Regulations, 2011 is proposed to be replaced by the following, namely:

“13.10 Other components of Z-Factor Charge ( $Z_{OUC}$ )

The approved aggregate gain or loss to the Generating Company (except the adjustment provided to the Generating Company as per Regulation 49.6 of these Regulations) or Transmission Licensee or Distribution Licensee on account of uncontrollable factors (other than due to variation in fuel and power purchase rates) shall be passed through under the Other Uncontrollable Cost component of the Z-factor Charge ( $Z_{OUC}$ ), as an adjustment in the tariff of the Generating Company or Transmission Licensee or Distribution Licensee on a yearly basis, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations:

Provided that the Generating Company or Transmission Licensee or Distribution Licensee shall submit details of  $Z_{OUC}$  to the Commission for obtaining the Commission's approval for the  $Z_{OUC}$  and, for this purpose, shall submit such details of the variation between expenses incurred and the figures approved by the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.

Provided further that the Generating Company or Transmission Licensee or Distribution Licensee shall submit the variation in cost on account of any other uncontrollable factors as specified in Regulation 12 on a yearly basis:

Provided further that the Commission shall approve the  $Z_{OUC}$  to be recovered in the second Control Period on a yearly basis subject to prudence check in a manner as stipulated by the Commission.”

**9. Amendment to Regulation 49.6**

Regulation 49.6 of the MYT Regulations, 2011 is proposed to be replaced by the following, namely:

“49.6 Adjustment of rate of energy charge (REC) [Fuel Surcharge Adjustment] on account of variation in price of heat value of fuels

Any variation in Price and Gross Calorific Value of coal/lignite or gas or liquid fuel vis-a-vis approved values shall be adjusted on month to month basis on the basis of average Gross Calorific Value of coal/lignite or gas or liquid fuel in stock, received and burnt and weighted average landed cost incurred by the Generating Company for procurement of coal/lignite, oil, or gas or liquid fuel, as the case may be for a power station. In its bills, the

Generating Company shall indicate rate of energy charges at base price of primary and secondary fuel specified by the Commission and the Fuel Surcharge to it separately. The Generating Company shall submit the computation to the Commission on monthly basis for post-facto approval of Fuel Surcharge adjustment in the stipulated formats and shall submit such details of the variation between expenses incurred and the figures approved by the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.”

Mumbai

Date:

Secretary  
Maharashtra Electricity Regulatory Commission