



महाराष्ट्र विद्युत नियामक आयोग Maharashtra Electricity Regulatory Commission



Ref. No. MERC/FAC/2020-21/ ० ।

Date: 05 January, 2022

To,
Mindspace Business Parks Private Limited,
Plot No- C-30, Block 'G',
Opposite SIDBI,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Subject: Post Facto approval of Fuel Adjustment Charges (FAC) submissions of MBPPL for the months of July 2021, August 2021 and September 2021.

Reference: 1. MBPPL's FAC submission for the months of July 2021, August 2021 and September 2021 vide email dated 25 November, 2021.


Sir,

Upon vetting the FAC calculations for the months of July to September, 2021 as mentioned in the above reference, the Commission has accorded approval for charging FAC to its consumers as shown in the table below:

Month	July 2021	August 2021	September 2021
Z _{FAC} allowed for recovery (Rs. Crore)	0.31	0.04	-

The Commission allows the carry forward FAC of Rs. 0.39 Crore for the month of July 2021 and NIL for the month of August 2021 and September 2021. The Commission allows the accumulation of FAC amount of Rs. 0.38 Crore as there is negative FAC in the month of September 2021 which shall form part of FAC Fund and shall be carried forward to next FAC billing cycle with holding cost. Further, as directed in the said Order, MBPPL shall maintain the monthly account of FAC Fund and upload it on its website to maintain transparency of FAC Fund and also for information of all the stakeholders.

Yours faithfully,


(Dr. Rajendra G. Ambekar)
Executive Director, MERC

Encl: Annexure A: Detailed Vetting Report for the period of July to September, 2021.

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**POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF JULY 2021,
AUGUST 2021 AND SEPTEMBER 2021.**

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of MBPPL for the months of July 2021, August 2021 and September 2021

Reference: 1. MBPPL's FAC submission for the months of July 2021, August 2021 and September 2021 vide email dated 25 November, 2021.

1. FAC submission by MBPPL Undertaking:

1.1. MBPPL has made FAC submissions for the months of July 2021, August 2021 and September 2021 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by MBPPL, the Commission has accorded post facto approval for the FAC amount to be charged in the billing months of September 2021, October 2021 and November 2021.

2. Background

- 2.1. On 30 March, 2020 the Commission has issued Tariff Order in respect of MBPPL, (Case No. 328 of 2019) for approval of Aggregate Revenue Requirement and Multi Year Tariff for the Control Period from FY 2020-21 to FY 2024-25. Revised Tariff has been made applicable from 1 April, 2020
- 2.2. Vide its letter dated 20 April, 2020, the Commission communicated the excel formats and guiding principles for filing of FAC submissions to all Distribution Licensees including SEZs. The Commission also directed all Distribution Licensees to submit FAC computations, including details pertaining to variation in fuel cost of generators for the approval of the Commission.
- 2.3. Vide FAC Vetting Report dated 31 May, 2020 the Commission accorded prior approval to the FAC for the month of April, 2020. Further, vide FAC Vetting Report dated 9 October, 2020 the Commission accorded Post-facto approval to the FAC for the month of May and June, 2020. Vide FAC vetting Report dated 8 December, 2020 the Commission accorded Post-facto approval to the FAC for the months of July 2020, August 2020 and September 2020. Vide FAC vetting Report dated 25 March, 2021 the Commission accorded Post-facto approval to the FAC for the months of October 2020, November 2020 and December 2020.



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

Further, vide FAC Vetting Report dated 10 June, 2021 the Commission accorded Post-facto approval to the FAC for the month of January to March, 2021. Further, vide FAC Vetting Report dated 11 October, 2021 the Commission accorded Post-facto approval to the FAC for the month of April 2021, May 2021 and June 2021.

- 2.4. As per provisions of MYT Regulations, 2019 a Distribution Licensee (SEZ) is required to obtain post-facto approval of the Commission on a quarterly basis for FAC charges within 60 days of close of each quarter. Accordingly, vide its letter dated 25 November, 2021 MBPPL has filed FAC submissions for the months of July 2021, August 2021 and September 2021 for post-facto approval. The Commission has scrutinized the submissions provided by MBPPL and has also verified the fuel and power purchase bills provided along with its submissions.

3. Energy Sales of the Licence

- 3.1. In the MYT Order passed by the Commission in Case No. 328 of 2019, the Commission has approved revised Tariffs so as to maintain zero cross subsidy across tariff categories.
- 3.2. The net energy sales within Licence area as submitted by MBPPL in the FAC submission and as approved by the Commission are as shown in the Table 1 below:

Table 1: Energy Sales approved and Actual in MUs

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (MU)		
	(I)	(II=I/12)	Jul-21	Aug-21	Sep-21
HT Category					
HT- I Industrial	74.04	6.17	2.79	2.72	2.74
HT-II Commercial	-	-	-	-	-
LT Category					
LT-II(A) Commercial (0-20 kW)	0.78	0.07	0.01	0.01	0.01
LT-II (B) Commercial (above 20 kW)	0.37	0.03	0.01	0.02	0.02
LT-III (A) Industrial (0-20 kW)	0.01	0.00	0.04	0.04	0.04
LT-III (B) Industrial (above 20 kW)	7.86	0.66	0.45	0.45	0.44
Total	83.06	6.92	3.30	3.24	3.24

- 3.3. It can be observed from the above Table 1 that the actual sales during the months of July, August and September 2021 are 3.30 MUs, 3.24 MUs and 3.24 MUs respectively, which is



52.27%, 53.25% and 53.15% less than the monthly approved energy sales of 6.92 MUs by the Commission for the FY 2021-22. The major variation was which is primarily observed in all categories except LT III A – Industry (0 - 20 kW). However, the major variation was observed in the HT-I Industrial, LT-II (A) and LT-III (B) Industrial categories, which is due to the continuation of impact of Covid-19.

4. Power Purchase Details

- 4.1. MBPPL is a deemed Distribution Licensee notified by the Commission for IT& ITES SEZ located at Airoli, Thane. MBPPL does not own or operate any generating stations. Accordingly, MBPPL is required to procure power from outside sources in order to fulfil the demand of its consumers.
- 4.2. **Power Purchase Agreement:** The Medium Term Power Purchase Agreement of MBPPL with Jindal Power Limited (JPL) and GMR Energy Trading Limited (GMRETL) has expired on 30 June, 2021. MBPPL has purchased power from Kreate Energy (I) Pvt. Ltd. at the rate of Rs. 3.18/kWh as approved by the Commission at Maharashtra State Periphery which is lower than the Power procurement cost of Rs. 3.92/kWh as approved by the Commission in Tariff Order in Case No. 328 of 2019 from the medium term source and Rs. 4.40/Unit from the Short Term sources.
- 4.3. The Commission in its Order dated 30 June 2021 in Case No. 69 of 2021 has provided the approval of Power Purchase Agreement and Adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power up to 14MW (RTC) for KRC discoms for one year starting from 1 July, 2021 to 30 June, 2022 through combined power procurement. In the said order, the quantum estimated for MBPPL is upto 6.5 MW (Upto 5 MW RTC and upto 1.5 MW between 0800 and 2300 hours). The relevant extract is as given below:

“Accordingly, the Commission approves PPA dated 27 May 2021 entered between KRC DISCOMs (MindSPACE Business Parks Private Limited; Gigaplex Estate Private Limited; KRC Infrastructure and Projects Private Limited) and Kreate Energy (I) Pvt. Ltd. – Power Department of Sikkim.”

- 4.4. Summary of power purchase of MBPPL is as under:

Sr. No.	Particular	Compliance
1	Purchase from Approved Sources	Yes. MBPPL has procured power from Kreate Energy (I) Pvt. Ltd at Rs. 3.18/kWh in line with the approval from the Commission and as specified in Case No. 69 of 2021.
2	Merit Order	YES. MBPPL has the only one source of power i.e. Kreate Energy (I)



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

Sr. No.	Particular	Compliance																																															
	Dispatch	Pvt. Ltd., which has been contracted on short term basis.																																															
3	Fuel Utilization Plan	Not applicable. All the sources of power procurement fall under Section 63 of EA, 2003.																																															
4	Pool Imbalance	MBPPL has injected 0.27 MU, 0.12 MU and 0.29 MU to the imbalance pool for the month of July 2021 to September 2021 respectively, by higher scheduling of power.																																															
5	Sale of Surplus Power	There was no sale of surplus power in the month of July to September 2021.																																															
6	Power Purchase	Actual Power Purchase is 3.76 MU, 3.54 MU and 3.72 MU in July, August and September, 2021 respectively, as against approved 7.22 MU due to lower sales.																																															
7	Source wise Power Purchase	<table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual – July 2021 (MU)</th> <th>Proportion in actual Purchase (%)</th> </tr> </thead> <tbody> <tr> <td>Kreate Energy (I) Pvt. Ltd</td> <td>6.17</td> <td>3.76</td> <td>99.89</td> </tr> <tr> <td>Exchange/ Other Peak Sources</td> <td>1.05</td> <td>0.004</td> <td>0.11</td> </tr> <tr> <td>Total</td> <td>7.22</td> <td>3.76</td> <td>100.00</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual – August 2021 (MU)</th> <th>Proportion in actual Purchase (%)</th> </tr> </thead> <tbody> <tr> <td>Kreate Energy (I) Pvt. Ltd</td> <td>6.17</td> <td>3.54</td> <td>100.00</td> </tr> <tr> <td>Exchange/ Other Peak Sources</td> <td>1.05</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>7.22</td> <td>3.54</td> <td>100.00</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual – September 2021 (MU)</th> <th>Proportion in actual Purchase (%)</th> </tr> </thead> <tbody> <tr> <td>Kreate Energy (I) Pvt. Ltd</td> <td>6.17</td> <td>3.72</td> <td>100.00</td> </tr> <tr> <td>Exchange/ Other Peak Sources</td> <td>1.05</td> <td>0.00</td> <td>0.00</td> </tr> </tbody> </table>				Source Name	Approved (MU)	Actual – July 2021 (MU)	Proportion in actual Purchase (%)	Kreate Energy (I) Pvt. Ltd	6.17	3.76	99.89	Exchange/ Other Peak Sources	1.05	0.004	0.11	Total	7.22	3.76	100.00	Source Name	Approved (MU)	Actual – August 2021 (MU)	Proportion in actual Purchase (%)	Kreate Energy (I) Pvt. Ltd	6.17	3.54	100.00	Exchange/ Other Peak Sources	1.05	0.00	0.00	Total	7.22	3.54	100.00	Source Name	Approved (MU)	Actual – September 2021 (MU)	Proportion in actual Purchase (%)	Kreate Energy (I) Pvt. Ltd	6.17	3.72	100.00	Exchange/ Other Peak Sources	1.05	0.00	0.00
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Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

Sr. No.	Particular	Compliance		
		Total	7.22	3.72
8	Power Purchase under Section 63 of Electricity Act, 2003	Monthly power purchase invoices and sale of invoices are submitted by MBPPL. Power Purchase rates are verified from the PPA signed by MBPPL with each source of power. Monthly power purchase quantum and rate are verified from the invoices and it is ensured that same has been considered in the FAC calculation.		

5. Power Purchase Cost:

- 5.1. The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of July to September, 2021, in order to verify the claim of MBPPL regarding Average Power Purchase Cost (APPC). The Commission has verified the actual as well as approved Net Purchase (MUs), Variable Cost (Rs./kWh) and Power Purchase Cost considered in FAC computation from the invoices and applicable MYT Order respectively.
- 5.2. The total Power Purchase Cost incurred in July, August and September, 2021 is Rs. **1.21 Crore**, Rs. **1.13 Crore** and Rs. **1.19 Crore**, respectively which is lower than the monthly approved Power Purchase cost of Rs. **3.01 Crore** by the Commission. This is on account of lower procurement of power due to lower sales in MBPPL area.
- 5.3. **Kreate Energy (I) Pvt. Ltd:** MBPPL has purchased **3.76 MU**, **3.54 MU** and **3.72 MU** for the month of July 2021, August 2021 and September 2021. The Medium Term Power Purchase Agreement of MBPPL with Jindal Power Limited (JPL) and GMR Energy Trading Limited (GMRETL) has expired on 30 June 2021. The Commission in its Order dated 30 June, 2021 in Case No 69 of 2021 has approved Power Purchase Agreement and Adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power up to 14MW (RTC) for KRC discoms for one year starting from 1 July, 2021 to 30 June, 2022 through combined power procurement. In the said order, the quantum estimated for MBPPL is upto 6.5 MW (Upto 5 MW RTC and upto 1.5 MW between 0800 and 2300 hours).
- 5.4. **Exchange and Other Peak Resource:** MBPPL has procured minor quantum of **0.004 MU** for the month of July 2021 to meet the contingency peak demand from DAM product available on IEX platform.
- 5.5. **Imbalance Pool:** MBPPL has injected power to the tune of **0.27 MU**, **0.12 MU** and **0.29 MU** to the Pool in the months of July 2021, August 2021 and September 2021, each on



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

account of higher power procurement. The said injection into the pool August be on account of either decrease in demand of consumers than estimated by the licensee or due to higher generation than scheduled by the generator. In both the scenarios, power incremented in the imbalance pool is not supplied to its consumers.

- 5.6. The present FAC mechanism includes any variation in power purchase cost which includes both Fixed Charges and Variable Charges. The imbalance pool settlement is done considering Variable Charges on monthly basis and Fixed Cost Reconciliation on yearly basis. Accordingly, considering monthly surplus imbalance pool quantum at provisional variable cost as per FBSM mechanism will increase the overall average power purchase cost which is computed considering both Fixed and Variable Charges, thereby burdening the consumers with FAC. Further, due to historical issues of delay in computing imbalance pool quantum and cost of power, for which appropriate orders are already passed by the Commission, non-consideration of surplus imbalance pool quantum at the time of FAC computation on monthly basis will not have any adverse impact on licensee as it would have anyway paid the entire fixed cost to the generator even if lower quantum of power was supplied. Further, for FAC computation total energy purchased by the licensee is being considered for FAC Computation. In view of the aforesaid, it would not be prudent to burden the consumers by considering the impact of monthly surplus imbalance pool in FAC computation. Accordingly, to balance the overall interest of consumers and licensee, the Commission has not considered the surplus imbalance pool quantum and cost in the monthly FAC computation as it will get adjusted during true-up of the respective year.
- 5.7. The Commission has noted that MBPPL has followed Merit Order Dispatch for scheduling of power and all sources are scheduled according to SLDC instructions.
- 5.8. **Approved Cost:** The Commission has noted that MBPPL could not procure the approved quantum of power from its approved sources to the full capacity due to lower demand due to continuation of impact of COVID-19 which has resulted in lower power purchase cost and decreased Average power purchase cost for the month of July 2021 to September 2021. **This decrease has been on account of procurement of power from Kreate Energy (I) Pvt. Ltd for the month of July, August and September 2021 at Rs. 3.18/kWh which is lower than the Power procurement cost of Rs. 3.92/kWh as approved by the Commission in Tariff Order in Case No. 328 of 2019 from the medium term source.** Therefore, actual APPC works out to be lower than the approved APPC in MYT order for the month of July 2021 to September 2021.
- 5.9. The details of the overall cost approved and actual for the month of July to September, 2021 as per MYT Order is as shown in the Table 2 **Error! Reference source not found.** below:



Table 2: Approved and Actual Power Purchase Cost for MBPPL

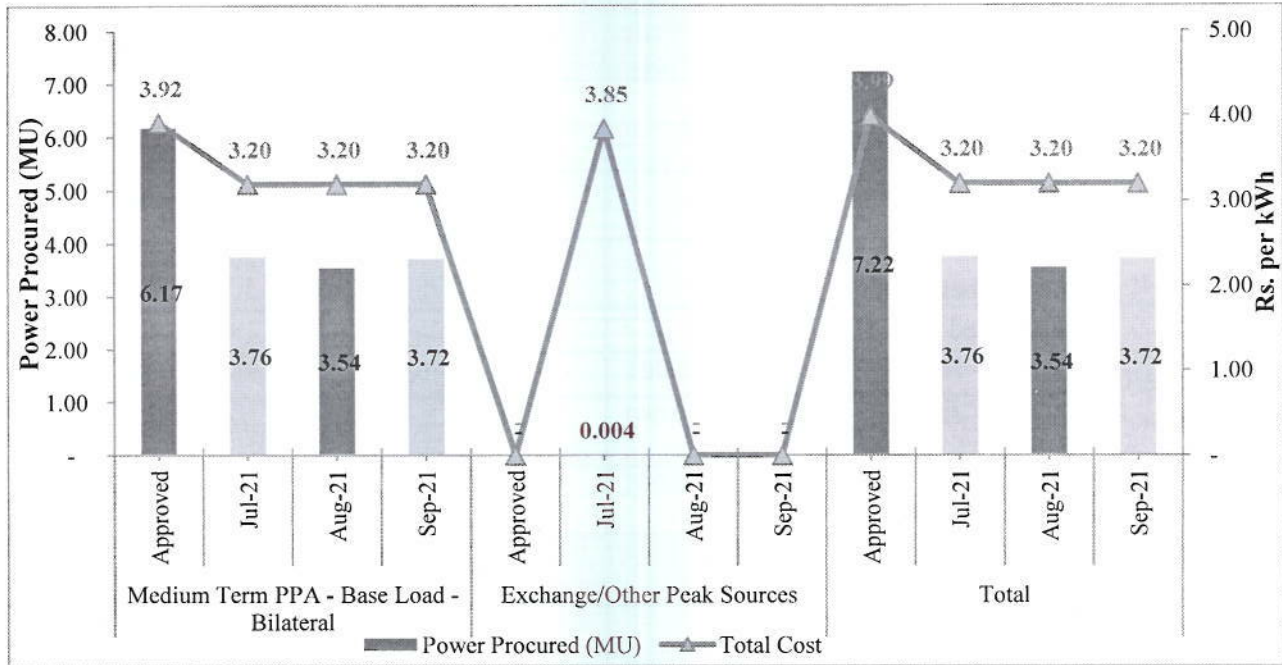
Source		Power Procured (MU)	Fixed Cost (Rs. Crore)	Fixed Cost (Rs./kWh)	Variable Cost (Rs. Crore)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)	Total Cost (Rs./kWh)
Medium Term PPA - Base Load - Bilateral	Approved	6.17	-	-	2.42	3.92	2.42	3.92
	Actual - July 2021	3.76	-	-	1.20	3.20	1.20	3.20
	Actual - August 2021	3.54	-	-	1.13	3.20	1.13	3.20
	Actual - September 2021	3.72	-	-	1.19	3.20	1.19	3.20
Exchange/Other Peak Sources	Approved	-	-	-	-	-	-	-
	Actual - July 2021	0.004	0.001	-	0.002	3.85	0.002	3.85
	Actual - August 2021	-	0.001	-	-	-	0.001	-
	Actual - September 2021	-	0.001	-	-	-	0.001	-
Total	Approved	7.22	-	-	2.88	3.99	2.88	3.99
	Actual - July 2021	3.76	0.001	0.002	1.20	3.20	1.21	3.20
	Actual - August 2021	3.54	0.001	0.002	1.13	3.20	1.13	3.20
	Actual - September 2021	3.72	0.001	0.002	1.19	3.20	1.19	3.20

5.10. The variation in approved and actual quantum of power procured and the APPC is shown the graph below:



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

Figure 1: Variation in Power Procurement Quantum and APPC



5.11. Reasons for the rate variation for various sources are as shown below:

Table 3: Reasons for Rate Variation for various Sources

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
1	Medium Term PPA - Base Load - Bilateral	July	3.92	3.20	MBPPL has purchased power from Kreate Energy (I) Pvt. Ltd. at the rate of Rs. 3.18/kWh plus scheduling charges as approved by the Commission at Maharashtra State Periphery which is lower than the approved Power procurement cost of Rs. 3.92/kWh
		August			
		September			
2	Exchange/Other Peak Sources	July	4.40	3.85	Market discovered rate; Short term power purchase from Power Exchange and through day ahead exchange linked contracts.
		August	-	-	
		September	-	-	
3	Total	July	3.99	3.20	Due to above Reasons
		August			
		September			



5.12. Considering the above, the Commission allows the average power purchase cost of Rs. 3.20 / kWh for the months of July, August and September, 2021 respectively as shown in Table 3 above. The variation in power purchase cost is mainly on account procurement of power from Kreate Energy (I) Pvt. Ltd for the month of July, August and September 2021 at Rs. 3.18/kWh plus scheduling charges which is lower than the Power procurement cost of Rs. 3.92/kWh as approved by the Commission.

6. **FAC on account of fuel and power purchase cost (F)**

6.1. The Commission has worked out the average power purchase costs for the months as shown in Table 2 above. The same has been compared with the average power purchase cost approved by the Commission in MYT Order dated 30 March, 2020 and arrived at differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

6.2. Thus, the following Table 4 shows the rectified ZFAC worked out by the Commission on account of difference in fuel and power purchase cost for the month of July to September, 2021.

Table 4: FAC on account of Fuel and Power Purchase Cost

S. No.	Particulars	Units	Jul-21	Aug-21	Sep-21
1	Average power purchase cost approved by the Commission	Rs./kWh	4.17	4.17	4.17
2	Actual average power purchase cost	Rs./kWh	3.20	3.20	3.20
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.96)	(0.97)	(0.97)
4	Net Power Purchase	MU	3.76	3.54	3.72
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(0.36)	(0.34)	(0.36)

7. **Adjustment for over recovery/under recovery (B)**

7.1. The adjustment factor for over recovery / under recovery (B) is as shown in the Table 5 below:

Table 5 Adjustment for over recovery/under recovery

S. No.	Particulars	Units	Jul-21	Aug-21	Sep-21
1.1	Incremental cost allowed to be recovered in Month n-4	Rs. Crore	0.32	0.31	0.31
1.2	Incremental cost in Month n-4 actually recovered in month n-2	Rs. Crore	0.31	0.31	0.33
1.3	(over-recovery)/under-recovery (=1.2 - 1.1)	Rs. Crore	0.02	(0.01)	(0.02)



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

S. No.	Particulars	Units	Jul-21	Aug-21	Sep-21
2.0	Carried forward adjustment for over-recovery/under-recovery attributable to application of ceiling limit for previous month	Rs. Crore	1.05	0.39	-
3.0	Adjustment factor for over-recovery/under-recovery (1.3+2.0)	Rs. Crore	1.07	0.38	(0.02)

8. Carrying Cost for over recovery/under recovery (C)

- 8.1. Carrying/Holding Cost for under recovery/over recovery has been granted at the approved interest rate for the eligible amount which works out to **Rs. 0.01 Crore, 0.003 Crore and Rs. (0.0001) Crore** for the month of July 2021, August 2021 and September 2021.
- 8.2. Holding cost for the month of July to September, 2021 is calculated by considering MCLR + 150 basis points which turns out to be **8.50%**.
- 8.3. The Commission has computed the holding cost towards the amount over recovered in the month of July to September, 2021 which is as shown in the Table 6 below:

Table 6 Carrying/Holding Cost for over/under recovery

Particulars	Units	Jul-21	Aug-21	Sep-21
Adjustment factor for over-recovery/under-recovery	Rs. Crore	1.07	0.38	(0.02)
Interest rate	%	8.50%	8.50%	8.50%
Carrying cost for over-recovery/under-recovery	Rs. Crore	0.01	0.003	(0.0001)

9. Disallowance due to excess Distribution Loss

- 9.1. Regulation 10.8 of MYT Regulations, 2019 provides for FAC amount to be reduced in case the actual distribution loss for the month exceeds the approved distribution loss. The relevant extract is reproduced as follows.

“10.8 The total Z_{FAC} recoverable as per the formula specified above shall be recovered from the actual sales in terms of “Rupees per kilowatt-hour”:

Provided that, in case of unmetered consumers, the Z_{FAC} shall be recoverable based on estimated sales to such consumers, computed in accordance with such methodology as August be stipulated by the Commission:



Provided further that, where the actual annual sliding distribution losses of the Distribution Licensee exceed the level approved by the Commission, the amount of Z_{FAC} corresponding to the excess distribution losses (in kWh terms) shall be deducted from the total Z_{FAC} recoverable”

9.2. The following Table 7 provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss:

Table 7: Disallowance of FAC due to excess distribution loss

S. No.	Particulars	Units	Approved in Tariff Order	Jul-21	Aug-21	Sep-21
1	Net Energy input at Distribution Voltages	MU	6.99	3.38	3.31	3.32
2	Energy sales at Distribution voltages	MU	6.92	3.30	3.24	3.24
3	Distribution Loss (1 - 2)	MU	0.07	0.08	0.08	0.08
4	Distribution Loss as % (3/1)	%	0.97%	2.35%	2.31%	2.31%
5	Annual Sliding Distribution Loss	%		1.97%	2.04%	2.10%
6	Excess Distribution Loss = [Annual Sliding Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.03	0.04	0.04
7	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	0.007	0.0005	-

9.3. As seen from the above Table 7, annual sliding distribution loss for the months of July to September, 2021 is higher than the MYT approved distribution loss of 0.97%.

9.4. The Commission observed that MBPPL has worked out disallowance of FAC due to excess Distribution Loss based on the Distribution Loss corresponding to the standalone energy input at distribution voltage for the month of July and August, 2021. MBPPL has considered NIL disallowance of FAC due to excess distribution loss for the month of September 2021 since the standalone FAC for the month of September 2021 is negative. The Commission considers the same for disallowance of FAC due to excess distribution loss.

10. Summary of Allowable Z_{FAC}

10.1. The summary of the FAC amount as approved by the Commission for the month of July to September, 2021 is as shown in the Table 8 below.



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

Table 8: Summary of Allowable ZFAC

Sr. No.	Particulars	Units	Jul-21	Aug-21	Sep-21
1	Calculation of ZFAC				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.36)	(0.34)	(0.36)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	0.01	0.00	0.00
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	1.07	0.38	(0.02)
1.4	ZFAC = F+C+B	Rs. Crore	0.00	0.00	0.00
2	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	3.30	3.24	3.24
2.2	Excess Distribution Loss	MU	0.03	0.04	0.00
2.3	ZFAC per kWh	Rs./kWh	2.14	0.14	(1.16)
3.0	Allowable FAC				
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs. Crore	0.01	0.0005	-
3.2	FAC allowable [1.4-3.1]	Rs. Crore	0.71	0.04	(0.38)
4.0	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs. Crore	-	-	-
4.2	ZFAC for the month (Sr. N. 3.2)	Rs. Crore	0.71	0.04	(0.38)
4.3	Closing Balance of FAC Fund	Rs. Crore	-	-	(0.38)
4.4	ZFAC leviable/refundable to consumer	Rs. Crore	0.71	0.04	-
5.0	Total FAC based on category wise and slab wise allowed to be recovered in the billing month of April 2021 for Feb 2021, May 2021 for Mar 2021 and June 2021 for Apr 2021	Rs. Crore	0.31	0.04	-
6.0	Carried forward FAC for recovery during future period (4.4-5.0)	Rs. Crore	0.39	-	-

10.2. It can be seen from the above Table 8 that the standalone FAC for the month of July 2021, August 2021 and September 2021 is **Rs. 0.71 Crore, Rs. 0.04 Crore and Rs. (0.38) Crore** respectively. Based on energy sales and excess distribution loss, FAC per unit has been worked out as **Rs. 2.14 per kWh, Rs. 0.14 per kWh and Rs. (1.16) per kWh** for the months of July 2021, August 2021 and September 2021 respectively as shown above. The Commission has also approved a holding cost of **Rs. (0.0001) Crore** for the negative FAC accrued during the month of September 2021. The overall FAC amount for the month till September 2021 is **Rs. (0.38) Crore**. As the FAC is negative, the said amount will be



accumulated in FAC Fund for stabilisation of FAC in future and the benefit will not be passed to consumers.

10.3. Further, the Regulation 10.9 of MYT Regulations, 2019 specifies as:

Provided that the monthly ZFAC shall not exceed 20% of the variable component of Tariff or such other ceiling as August be stipulated by the Commission from time to time:

10.4. As the FAC per unit computed in the month of July 2021 and August 2021 as shown in Table 8 above is higher than the 20% cap specified in MYT Regulations, 2019, hence, there is restriction triggered with regards to such ceiling.

10.5. Further, due to ceiling limit, the FAC recoverable has been worked out as **Rs. 0.31 Crore, Rs. 0.04** for the month of July and August 2021. Thus, FAC equivalent Rs. 0.39 Crore (i.e., Rs. 0.71 Crore minus Rs. 0.31 Crore) for the month of July 2021 has remained unrecovered which is recovered as part of FAC for the month of September 2021.

11. Recovery from Consumers:

11.1. Regulation 10.9 of MERC MYT Regulations, 2019 provides for methodology of recovery of FAC charge from each category of consumers. The relevant extract is reproduced as below.

“10.9 The Z_{FAC} per kWh for a particular Tariff category/sub-category/consumption slab shall be computed as per the following formula: —

$$Z_{FAC} \text{ Cat (Rs/kWh)} = [Z_{FAC} / (\text{Metered sales} + \text{Unmetered consumption estimates} + \text{Excess distribution losses})] * k * 10,$$

Where:

Z_{FAC} Cat = Z_{FAC} component for a particular Tariff category/sub-category/consumption slab in ‘Rupees per kWh’ terms;

k = Average Billing Rate / ACOS;

Average Billing Rate = Average Billing Rate for a particular Tariff category/sub-category/consumption slab under consideration in ‘Rupees per kWh’ as approved by the Commission in the Tariff Order:

Provided that the Average Billing Rate for the unmetered consumers shall be based on the estimated sales to such consumers, computed in accordance with such methodology as August be stipulated by the Commission:



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ACOS = Average Cost of Supply in 'Rupees per kWh' as approved for recovery by the Commission in the Tariff Order:

Provided that the monthly Z_{FAC} shall not exceed 20% of the variable component of Tariff or such other ceiling as August be stipulated by the Commission from time to time:

Provided further that any under-recovery in the Z_{FAC} on account of such ceiling shall be carried forward and shall be recovered by the Distribution Licensee over such future period as August be directed by the Commission....”

11.2. The Commission has worked out FAC per unit for each category of consumer based on the formula provided in the above Regulations.

11.3. The following Table 9 **Error! Reference source not found.** shows per unit Z_{FAC} for the month of July, August and September, 2021 to be levied on consumers of MBPPL in the billing month of September 2021, October 2021 and November 2021.

Table 9 Category wise FAC Revenue for billing month of September 2021, October 2021 and November 2021

Sr. No	Consumer Category	Slabs	Z _{FAC} computed for the month of July 2021 (Rs. Crore)	Z _{FAC} computed for the month of Aug 2021 (Rs. Crore)	Z _{FAC} computed for the month of Sep 2021 (Rs. Crore)
	HT Category				
1	HT- I Industrial	all units	0.25	0.04	-
2	HT-II Commercial	all units	-	-	-
	LT Category				
3	LT-II(A) Commercial (0-20 kW)	all units	0.001	0.0001	-
4	LT-II (B) Commercial (above 20 kW)	all units	0.001	0.0002	-
5	LT-III (A) Industrial (0-20 kW)	all units	0.004	0.001	-
6	LT-III (B) Industrial (above 20 kW)	all units	0.053	0.01	-
	Total		0.31	0.04	-

11.4. The Commission in its FAC approval for the month of March 2021 has decided to accumulate the FAC fund arising out of negative monthly FAC up to March 2023 along with the holding cost. The Commission will continuously monitor the situation as it unfolds along with its impact on power prices and pass appropriate directions in future regarding utilisation of FAC fund.



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11.5. Accordingly, the Commission allows the FAC amount of Rs. (0.38) Crore to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.

11.6. Therefore, no FAC would be levied on consumer in the month of September, 2021.

11.7. Accordingly, per unit ZFAC for the month of September, 2021 to be levied on consumers of MBPPL in the billing month of November 2021 is Nil.



