



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2018-2019/681

Date: 30 August, 2019

To,
The Mindspace Business Parks Pvt. Ltd.,
(Formerly Serene Properties Pvt. Ltd.)
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 MBBPL for the month of January, 2019 to March, 2019

Reference: MBBPL's FAC submission for the month of January, 2019 to March, 2019 vide letter no. M 722 dated 13 June, 2019.

Sir,

Upon vetting the FAC calculations for the months of January, 2019 to March, 2019 as mentioned in the above reference, the Commission has accorded post facto approval for charging FAC to its consumers as shown in the Table below:

Month	FAC Amount (Rs. Crore)
January, 2019	(0.73)
February, 2019	(0.61)
March, 2019	(0.33)

MBPPL is allowed to recover Rs.0.08 Crore along with interest from the consumers in next FAC billing cycle. This is on account of errors done during the month of January, 2019 to March, 2019 as specified in para 4.4, para 4.9, para 6.2 and para 9.3 of this vetting report.

The above approval of FAC is subject to final true up of FY 2018-19 under the MERC (Multi Year Tariff) Regulations, 2015.

Yours faithfully,

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

Encl: Annexure A: Detailed Vetting Report for the period of January, 2019 to March, 2019.

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ANNEXURE
Detailed Vetting Report

Date: 30 August, 2019

**POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF JANUARY,
2019 TO MARCH, 2019**

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of MBBPL for the month of January, 2019 to March, 2019.

Reference: MBBPL's FAC submissions for the month of January, 2019 to March, 2019 vide letter noM 722 dated 13 June, 2019.

1. FAC submission by MBBPL Undertaking:

1.1 MBBPL has submitted FAC submissions for the months of January, 2019 to March, 2019 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by MBBPL, the Commission has accorded post facto approval for the FAC amount to be charged in the billing months of February, 2019 to April, 2019.

2. Background

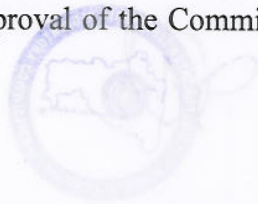
2.1 On 26 October, 2016, the Commission has issued Tariff Order in respect of MBPPL, (Case No.10 of 2016) for provisional Truing-up for FY 2015-16, and Aggregate Revenue Requirement and Tariff for FY 2016-17 to FY 2019-20. Revised Tariff has been made applicable from 1 October, 2016.

2.2 On 12 September, 2018, the Commission has issued Tariff Order in respect of MBPPL, (Case No.194 of 2017) for Truing-up for FY 2015-16 and FY 2016-17, Provisional Truing-up for FY 2017-18 and revised estimates of Aggregate Revenue Requirement for FY 2018-19 to FY 2019-20. Revised Tariff has been made applicable from 1 September, 2018.

2.3 Vide its letter dated 15 November, 2016, the Commission communicated the excel formats for filing of FAC submissions to all Distribution Licensees. 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.

2.4 Vide FAC vetting Report dated 6 January, 2017, the Commission accorded prior approval to the FAC for the month of October, 2016.

2.5 In terms of MERC (MYT) Regulations, 2015 a Distribution Licensee is required to obtain post facto approval of the Commission on a quarterly basis for FAC charges. Accordingly,



vide its letter dated 13 June, 2019. MBPPL has filed FAC submissions for the months of January, 2019 to March, 2019 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 Licensee

3.1 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 below.

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales		
			(Jan-19) (MU)	(Feb-19) (MU)	(Mar-19) (MU)
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT- I Industrial	79.62	6.64	5.36	4.94	5.64
HT-II Commercial	5.00	0.42	-	-	-
LT Category					
LT-I General Purpose	-	-	-	-	-
LT-II(A) Commercial (0-20 kW)	0.64	0.07	0.06	0.07	0.07
LT-II (B) Commercial (above 20 kW)	0.38	0.04	0.03	0.03	0.04
LT-III (A) Industrial (0-20 kW)	0.01	0.00	0.00	0.00	0.00
LT-III (B) Industrial (above 20 kW)	7.20	0.61	0.58	0.72	0.61
Total	92.85	7.74	6.07	5.60	6.46

3.2 The Commission observed that the actual sale for the individual months of January, 2019 to March, 2019 was lower than that of approved by the Commission. The major variation was observed in the HT-I Industrial and HT-II Commercial categories as shown in the Table above.

4. Cost of Power Purchase

4.1 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. MBPPL purchases power as per Medium-Term PPA for 10 MW with M/s. Jindal Power Limited (JPL) for meeting the Base Load demand and for 10 MW with M/s. GMR Energy Trading Limited (GMRETL) to meet the Peak load demand for a period of 5 years from 1 July, 2016 to 30 June, 2021. The Commission has approved both the PPAs and adopted the lowest tariff as a result of the process of competitive bidding followed by MBPPL.

4.2 The following Tables show the variation in Average Power Purchase Cost (APPC) (Rs/kWh) for the months of January, 2019 to March, 2019 as compared to APPC approved in Tariff Order dated 12 September, 2018:



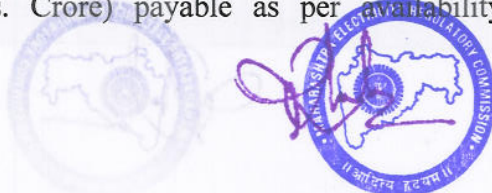
Particulars	Tariff Order Dated 12.09.2018			Actual for Jan, 2019		
	Net Purchase	Cost	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	74.46	29.24	3.93	5.57	2.25	4.05
Medium Term PPA (Peak Load)	34.30	14.01	4.08	3.13	1.19	3.80
RE Sources		1.34		-	-	-
Surplus Sale	(11.87)	(4.72)	3.98	(2.14)	(0.87)	4.20
Additional Power	-	-	-	-	-	-
FBSM	-	-	-	-	-	-
Total	96.89	39.87	4.11	6.56	2.57	3.93

Particulars	Tariff Order Dated 12.09.2018			Actual for Feb, 2019		
	Net Purchase	Cost	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	74.46	29.24	3.93	5.16	2.11	4.08
Medium Term PPA (Peak Load)	34.30	14.01	4.08	2.71	1.03	3.80
RE Sources		1.34			0.22	
Surplus Sale	(11.87)	(4.72)	3.98	(1.94)	(0.71)	3.78
Additional Power	-	-	-			
FBSM						
Total	96.89	39.87	4.11	5.94	2.65	4.46

Particulars	Tariff Order Dated 12.09.2018			Actual for Mar, 2019		
	Net Purchase	Cost	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	74.46	29.24	3.93	5.16	2.11	4.08
Medium Term PPA (Peak Load)	34.30	14.01	4.08	2.71	1.03	3.80
RE Sources		1.34			0.22	
Surplus Sale	(11.87)	(4.72)	3.98	(1.94)	(0.71)	3.78
Additional Power	-	-	-			
FBSM						
Total	96.89	39.87	4.11	5.94	2.65	4.46

Particulars	Tariff Order Dated 12.09.2018			Actual for Mar, 2019		
	Net Purchase	Cost	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	74.46	29.24	3.93	5.81	2.29	3.94
Medium Term PPA (Peak Load)	34.30	14.01	4.08	2.70	1.04	3.87
RE Sources		1.34			0.32	
Surplus Sale	(11.87)	(4.72)	3.98	(1.74)	(0.61)	3.61
Additional Power	-	-	-			
FBSM						
Total	96.89	39.87	4.11	6.77	3.05	4.50

- 4.3 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the respective months of January, 2019 to March, 2019 in order to verify the claim of MBPPL regarding Average Power Purchase Cost (APPC). The Commission has verified the Net Purchase (MUs), Variable Cost (Rs./kWh) and Power Purchase Cost. The Commission has also verified the payment of monthly Fixed Charge based on the availability as per the norms specified in the applicable contract.
- 4.4 JPL - With regards to JPL, it was observed that MBPPL in the month of February has not grossed up the net purchase with the transmission losses applicable during the said month as per PPA. The Commission has sought for clarification against the same, in response to which, MBPPL stated that it has inadvertently committed the aforesaid error. The Commission has rectified the said error and accordingly computed the FAC. Accordingly, MBPPL has purchased net quantum of 5.57 MUs, 5.16 MUs and 5.81 MUs during the months of January, February and March, 2019 respectively.
- 4.5 The above power has been procured by MBPPL at a rate of Rs 3.89/kWh (consisting of fixed charge Rs.1.39/kWh and variable charge Rs.2.50/kWh) at MBPPL periphery, derived based on approved PPA after applicable escalation. Further, this rate also includes the transmission charges (STU charges) for State Transmission network as per PPA. However, STU charges were paid directly by MBPPL to STU in accordance with the InSTS Tariff Order. Therefore, the power purchase bills were raised by JPL after deducting the STU charges from the total power purchase cost, as the quoted tariff included the STU charges. Accordingly, the effective average power purchase cost from JPL as per the bills submitted during the months of January, 2019 to March, 2019 are Rs. 4.05/kWh, Rs. 4.08/kWh and Rs. 3.94/kWh respectively as compared to MTR approved rate of Rs. 3.93/kWh as shown above. The variation is mainly on account of difference in Fixed Cost (Rs. Crore) payable as per availability during the respective months,



adjustment for incentives, rebate and deduction of STU/CTU charges and other adjustments as per approved PPA.

- 4.6 With regards to GMRETL, MBPPL has purchased a quantum of 3.13MUs, 2.71MUs and 2.70MUs during the months of January, 2019 to March, 2019 respectively. The power purchase price from GMRETL for FY 2018-19 at STU periphery as per approved PPA with rate escalation is Rs. 4.04/kWh (i.e., fixed charge Rs.1.62/kWh and variable charge Rs.2.42/kWh). Out of the total power purchased from GMRETL i.e., 8.54 MUs (3.13 MUs +2.71 MUs + 2.70 MUs), MBPPL has consumed total approx. 2.73 MUs at a variable price of Rs. 2.42/kWh, which is around 32% of total purchase during the above period. The remaining power of 5.81 MUs (8.54 MUs – 2.73 MUs) i.e., the surplus power of around 68% has been sold through either through power exchange and bilateral contract for which MBPPL had paid a variable price of Rs 2.04/kWh, Rs.2.05/kWh and Rs 2.05/kWh during the month of January, February and March, 2019 respectively at Western Region Periphery. This variable price at Western Region Periphery has been arrived after deduction of PoC charges and losses as the same was included in the quoted (PPA approved) price
- 4.7 Accordingly, the net average power purchase cost from GMRETL during the month of January to February 2019 is Rs.3.80/kWh, Rs.3.80/kWh and Rs.3.87/kWh respectively which is lower than the MTR approved rate of Rs. 4.09/kWh. The variation is mainly on account of difference in Fixed Cost (Rs. Crore) payable as per availability during the respective months, other adjustments such as difference in transmission charges, incentives & rebate etc. as per approved PPA.
- 4.8 Further, with regards to surplus available power as mentioned above it is to be noted that the Commission in the MYT Order had approved the power purchase quantum of 20 MW with an observation that the licensee is allowed to sell any surplus power till it reaches the load requirement of 20 MW, and to the extent required considering demand variations thereafter arising from the nature of operations in its License area. Furthermore, the Commission in its MTR Order has considered the rate for sale of surplus power as Rs. 3.98/kWh for determination of power procurement cost. In line with the above, MBPPL has done surplus power sale either through the power exchange or bilateral contract to reduce the burden of fixed cost on the consumers. The surplus quantum which was available due to low demand in SEZ area has been sold to third party through power exchange or through bilateral contract.
- 4.9 The Commission has scrutinise the surplus sale invoices and found that MBPPL has inadvertently reduced bilateral sale revenue of Rs. 0.16 Crore twice in the month of March, 2019. The Commission has rectified this error in its computation. MBPPL has sold a total surplus power of around 2.14MUs, 1.94MUs and 1.74MUs during the months of January, 2019 to March, 2019respectively. In the month of January out of total surplus power of 2.14MUs as stated above, MBPPL has sold 1.71MUs through IEX at a rate of Rs.4.05/kWh and remaining power i.e., 0.43MUs through bilateral contract at rate of Rs.4.17kWh. In the month of February out of total surplus power, i.e., 1.94MUs, MBPPL



has sold 1.53MUs through IEX at a rate of Rs.3.52/kWh and remaining power 0.41 MUs through bilateral contract at rate of Rs.4.18/kWh. Further, during the month of March, MBPPL has sold 1.34MUs through IEX at a rate of Rs.3.31/kWh and remaining power through bilateral contract at rate of Rs.4.17/kWh.

4.10 Further, as per the PPA, the fixed Charges for JPL and GMRETL as already explained in above para are Rs. 1.39/kWh and Rs. 1.62/kWh, respectively, for FY 2018-19. However, the total sale of 5.81 MUs (2.14MUs+1.94MUs+1.74MUs) of surplus power during the Q4 was made at an average rate of Rs. 3.76/kWh. Thus, the sale of surplus power was not only able to recover the Fixed Charges paid to GMRETL, but also had additional revenue lowering the power purchase cost for the respective months. Hence, the transaction of sale of surplus power was found beneficial. Further, the Commission has also compared the rate of sale of surplus power by MBPPL vis-à-vis the Market Clearing Price (MCP) prices of power traded at IEX. The average MCP prices prevailed at Rs. 3.33/kWh, Rs. 3.08/kWh and Rs.3.12/kWh for the months of January, February and March, 2019 respectively. MBPPL has managed to sell the surplus power at a rate higher than these MCP rate as already mentioned above. Considering that the price at which MBPPL has sold the surplus power is higher than the MTR approved rate and also higher than the MCP price at the IEX, it has resulted into lowering the overall cost of purchase and thus benefitting the consumers. Therefore, the Commission has considered the actual quantum and revenue against the same as submitted by MBPPL.

4.11 Further, in order to fulfil its RPO obligation MBPPL has purchased 1375 non-solar REC at a cost of Rs. 0.22 Crore during the month of February and in the month of March it has purchased 717 solar REC and 1385 non-solar REC at a cost of Rs. 0.12 Crore and Rs. 0.20 Crore respectively. No RECs were purchased during the month of January. The Commission in its MTR Order has approved the cost towards REC purchase as Rs. 0.27 Crore for solar REC and Rs. 1.07 Crore for non-solar REC. Accordingly, the monthly approved cost arrived at Rs.0.02 Crore for solar and 0.09 for non-solar REC. The actual REC purchase cost for respective months is higher than that of monthly approved, which has resulted into an increase in total power purchase cost thus contributed in increase in APPC mainly in the month of February and March, 2019. The Commission has verified the said purchase from certificates and the obligation report issued by power exchange stating the total cost of purchase which was submitted by MBPPL.

4.12 Accordingly, on overall basis the average power purchase cost in the month of January, 2019 is lesser than that of MTR approved mainly due to absence of any REC purchase and also due to revenue deduction on account of higher selling price of surplus power as compared to other months. In the month of February and March, 2019 the average power purchase cost is higher than MTR approved cost which can be contributed to the higher REC purchase cost during aforesaid period and lesser revenue impact from surplus sale due to comparatively lower selling prices. Apart from this, the impact of error rectification towards bilateral revenue deduction which was inadvertently done by MBPPL has also resulted into an increase in overall purchase cost and hence, APPC for the said month.



4.13 After complete scrutiny of relevant documents submitted, the Commission allows the average power purchase cost of **Rs. 3.93/kWh** for the month of January, 2019, **Rs. 4.46/kWh** for the month of February, 2019, **Rs. 4.50/kWh** for the month of March, 2019 against the MTR approved rate of **Rs. 4.11/kWh** as shown in the Tables above.

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

5.1 The Commission has worked out the Average Power Purchase Costs for the months as shown in above Tables. The same has been compared with the Average Power Purchase Cost approved by the Commission in Tariff Order dated 12 September, 2018 for the respective months and arrived at differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

5.2 The following Table shows the Z_{FAC} worked out by the Commission on account of difference in fuel and power purchase cost for the months of January, 2019 to March, 2019.

S. No.	Particulars	Units	Jan 2019	Feb 2019	Mar 2019
1	Average power purchase cost approved by the Commission	Rs./kWh	4.11	4.11	4.11
2	Actual average power purchase cost	Rs./kWh	3.93	4.46	4.50
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.19)	0.34	0.38
4	Net Power Purchase	MU	6.56	5.94	6.77
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(0.12)	0.20	0.26

6. Adjustment for over recovery/under recovery (B)

6.1 After adjustment for over-recovery/under recovery (B), the adjustment factor to be added / reduced is as below:

S. No.	Particulars	Units	Jan 2019	Feb 2019	Mar 2019
1.1	Incremental cost allowed to be recovered in Month n-1	Rs. Crore	(0.72)*	(0.73)	(0.61)
1.2	Incremental cost in Month n-1 actually recovered in month n-1	Rs. Crore	(0.51)	(0.52)	(0.62)
1.3	Over-recovery/under-recovery (1.1 - 1.2)	Rs. Crore	(0.21)	(0.21)	0.01
1.4	Already accounted for refund in future periods (as per approved vetting report of Q2 FY 2018-19)	Rs. Crore	(0.20)	-	-
1.5	Incremental over-recovery/under recovery (1.3-1.4)	Rs. Crore	(0.007)	-	-
2.0	Carried forward adjustment attributable to application of ceiling limit for previous month	Rs. Crore	0.00	0.00	0.00



S. No.	Particulars	Units	Jan 2019	Feb 2019	Mar 2019
2.1	Adjustment pertaining to previous post facto FAC approval	Rs. Crore	(0.61)	(0.61)	(0.61)
3.0	Net Adjustment factor for over-recovery/under-recovery (1.5+2.0+2.1)	Rs. Crore	(0.61)	(0.81)	(0.59)

**Corrected as per the Commission approved post facto FAC approval of Q3 of FY 2018-19.*

- 6.2 The Commission observed that the value of incremental cost allowed to be recovered has been erroneously taken by MBPPL as Rs. (0.51) Crore based on their computation of FAC of previous quarter, i.e., Q3 of FY 2018-19. However, the Commission has approved the respective amount as Rs. (0.72) Crore in its previous post facto FAC approval, i.e., for Q3 of FY 2018-19. The Commission has rectified this error and accordingly considered the approved values as per previous approved report.
- 6.3 Further, the incremental cost actually refunded by MBPPL for the month of January, 2019 is Rs. (0.51) Crore as against an approved refund of Rs. (0.72) Crore as shown above. Accordingly, the net difference of Rs.(0.2098) Crore i.e., (Rs.(0.72) Crore minus Rs.(0.51) Crore) needs to be adjusted. However, in previous post facto approval for Q3 of FY 2018-19, an amount of Rs. (0.2028) Crore as had already been directed to refund in the future period and MBPPL has initiated a refund against the same in the present quarter. Therefore, the incremental adjustment has been computed by the Commission as Rs.0.07 Crore (i.e., Rs.(0.2028) Crore minus Rs.(0.2098) Crore) for the month of January 2019 as shown above.
- 6.4 The Commission has also sought for supporting documents related to incremental cost actually recovered/refunded in the respective months. In response to this MBPPL has submitted the detailed excel sheet of Bill report for the months of January to March, 2019 showing FAC recovered. The Bill report has been generated through SAP billing system. The Commission has verified the amount taken and accordingly has considered the respective amount as submitted by MBPPL.
- 6.5 Further, the Commission in its previous post facto approval for April to June, 2018 has directed MBPPL to recover Rs. 0.67 Crore and also for post facto approval of July to August, 2018, has directed MBPPL to refund Rs. (4.31) Crore in future billing period. Considering the recovery and refund as stated above, MBPPL has worked out a net total refund of Rs. (3.64) Crore (i.e., Rs. 0.67 Crore + Rs. (4.31) Crore). Out of this total return MBPPL has already refunded approx. Rs. (1.213) Crore in its previous quarter FAC i.e., Q3 FAC calculations. In this quarter MBPPL has initiated a total refund of Rs. (1.82) Crore (i.e., 3 instalments of Rs. (0.61) Crore). The Commission has verified the computations and considered the refund as initiated by MBPPL

7. Carrying Cost for over recovery/under recovery (B)

- 7.1 MBPPL has not levied any carrying cost for the months of January, 2019 to March, 2019.



8. Disallowance due to excess Distribution Loss

8.1 Regulation 10.8 of MYT Regulations, 2015 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 ZFAC 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 ZFAC shall be recoverable based on estimated sales to such consumers, computed in accordance with such methodology as may be stipulated by the Commission:

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

8.2 The following Table provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss if any.

S. No.	Particulars	Units	Approved in Tariff Order	Actual up to		
				Jan 2019	Feb 2019	Mar 2019
1	Net Energy input at Distribution Voltages	MU	93.69	72.01	77.70	84.26
2	Energy sales at Distribution voltages	MU	92.84	71.01	76.61	83.06
3	Distribution Loss (1 - 2)	MU	0.85	1.00	1.09	1.20
4	Distribution Loss as % (3/1)	%	0.91%	1.39%	1.40%	1.42%
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.35	0.39	0.43
6	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	-	-	-

8.3 As shown in the Tables above, the cumulative distribution loss for the months of January 2019, to March 2019 is higher than the MTR approved distribution loss of 0.91% as shown above. In response to clarification sought against such an increase in distribution losses MBPPL in its earlier submission stated that there are three buildings B#2, B#10 & B#12 in its SEZ area which were supplied at HT point of supply till March, 2018. However, it has now been supplied at LT level, hence, transformer losses have come into picture & thus the losses have increased.



8.4 Further, it was observed that MBPPL has worked out disallowance of FAC due to excess Distribution Loss based on the cumulative Distribution Loss corresponding to the standalone energy input at distribution voltage for the respective months. However, the Commission has recomputed the disallowance based on the cumulative Distribution Loss corresponding to the cumulative energy input at distribution voltage for the respective months since the excess distribution loss assessment needs to be done on cumulative basis. Accordingly, the commission has worked out excess distribution loss of 0.35 MU for the month of January, 2019, 0.39 MU for the month of February, 2019 and 0.43 MU for the month of March, 2018.

8.5 However, as the stand alone FAC for the month of January to March, 2019 is negative. Therefore, disallowance on account of excess distribution loss has not been computed for the aforesaid months.

9. Summary of Allowable Z_{FAC}

9.1 The summary of the FAC amount as approved by the Commission for the month of July, 2018 to September, 2018 as shown in the Table below.

S. No.	Particulars	Units	Jan 2019	Feb 2019	Mar 2019
1.0	Calculation of ZFAC				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.12)	0.20	0.26
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	(0.61)	(0.81)	(0.59)
1.4	ZFAC = F+C+B	Rs. Crore	(0.73)	(0.61)	(0.33)
2.0	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	6.07	5.60	6.46
2.2	Excess Distribution Loss	MU	0.35	0.39	0.43
2.3	ZFAC per kWh	Rs./kWh	(1.20)	(1.09)	(0.52)
2.4	Cap at 20% of variable component of tariff	Rs./kWh	1.14	1.14	1.14
2.5	FAC Charge allowable (Minimum of 2.3 and 2.4)	Rs./kWh	(1.20)	(1.09)	(0.52)
3.0	Recovery of FAC				
3.1	Allowable FAC [(2.1 x 2.5)/10]	Rs. Crore	(0.73)	(0.61)	(0.33)
3.2	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.5)/10]	Rs. Crore	-	-	-
4.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	(0.73)	(0.61)	(0.33)



S. No.	Particulars	Units	Jan 2019	Feb 2019	Mar 2019
5.0	Carried forward FAC for recovery during future period (3.1-3.2-4.0)	Rs. Crore	0.00	0.00	0.00

9.2 It can be seen from the above Table that standalone FAC for the months of January to March, 2019 is Rs. (0.73) Crore, Rs. (0.61) Crore and Rs. (0.33) Crore respectively. Based on energy sales, FAC per unit has been worked out as Rs. (1.20)/ kWh, Rs. (1.09)/ kWh and Rs. (0.62)/ kWh for the months of January to March, 2019. Further, the Regulation 10.9 of MYT Regulations, 2015 specifies as:

Provided that the monthly ZFAC 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:

9.3 As the FAC per unit computed is already lower than the 20% cap specified in Regulation as shown in Table above, hence, there is no restriction triggered with regards to such ceiling for all the months in Q4 of FY 2018-19. Further, MBPPL has to refund a cumulative sum of Rs. (0.33) Crore at the end of March, 2019 against which MBPPL has refunded an amount of Rs. (0.42) Crore due to an error as specified in para 4.4, 4.9 and 6.2. The Commission, hence, allows MBPPL to recover the differential amount of Rs. 0.08 Crore (i.e., Rs. (0.33) Crore minus Rs. (0.42) Crore) along with interest from consumers in next FAC billing cycle.

10. Recovery from Consumers:

10.1 Regulation 10.9 of MERC MYT Regulations, 2015 provides for methodology of recovery of FAC charge from each category of consumers. The relevant extract is reproduced as below.

"10.9 The ZFAC per kWh for a particular Tariff category/sub-category/consumption slab shall be computed as per the following formula: —

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

Where:

ZFAC Cat = ZFAC 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 may be stipulated by the Commission:

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

Provided that the monthly ZFAC 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 under-recovery in the ZFAC on account of such ceiling shall be carried forward and shall be recovered by the Distribution Licensee over such future periods as may be directed by the Commission....”

- 10.2 The Commission has worked out FAC per unit for each category of consumer based on the formula provided in the above Regulations. The Commission observed that there is a variation of Z_{FAC} in absolute terms on considering category wise per unit FAC worked out and category wise actual sales for the months of January, 2019 to March, 2019.
- 10.3 The variation in FAC in absolute terms is due to formula error of Z_{FAC} computed on per unit basis. The variation however is taken care in the adjustment factor of subsequent months.
- 10.4 The following Table shows per unit Z_{FAC} to be charged to the consumers of MBPPL during the billing month in February, 2019 to April, 2019.

FAC for Billing Month of February, 2019 to April, 2019

S. No	Consumer Category	Slabs	ZFAC to be levied in billing month of		
			Feb'19	Mar'19	Apr'19
			(Rs./kWh)	(Rs./kWh)	(Rs./kWh)
	HT Category				
1	HT- I Industrial	all units	(1.20)	(0.96)	(0.64)
2	HT-II Commercial	all units	(1.20)	(0.96)	(0.65)
	LT Category				
3	LT-I General Purpose	all units	-	-	-
4	LT-II(A) Commercial (0-20 kW)	all units	(1.20)	(0.96)	(0.64)
5	LT-II (B) Commercial (above 20 kW)	all units	(1.31)	(1.15)	(0.77)
6	LT-III (A) Industrial (0-20 kW)	all units	(1.19)	(0.95)	(0.64)
7	LT-III (B) Industrial (above 20 kW)	all units	(1.20)	(0.96)	(0.64)

