



महाराष्ट्र विद्युत नियामक आयोग
Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2021-22/E-Letter

Date: 10 May, 2021

To,
The Chief Executive Officer,
Adani Electricity Mumbai Limited,
Devidas Lane, Off SVP Road,
Borivali (W), Mumbai – 400 092

Subject: Prior approval of FAC submissions of AEML-D for the month of March 2021.

Reference: 1. FAC submission for the month of March 2021 vide email dated 27 April, 2021.

Sir,

Upon vetting the FAC calculations for the month of March, 2021 as mentioned in the above reference, the Commission has accorded approval for adjustment of positive FAC of **Rs. 19.05 Crore** from the accumulated FAC Fund and charging to its consumers as shown in the table below:

Month	FAC Amount (Rs. Crore)
March, 2021	0

The Commission allows the accumulation of FAC amount of **Rs. (338.60) Crore** which shall form part of FAC Fund and shall be carried forward to next FAC billing cycle with holding cost as per the Order dated 30 March, 2020 in Case No. 325 of 2019. Further, as directed in the said Order, AEML-D 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.

AEML-D is directed to file their future FAC submissions taking into consideration data gaps raised in previous months to ensure timely prior approval.

AEML-D is directed to follow weighted average methodology for accounting of imported coal w.e.f. 1 April, 2021.

Yours faithfully,

(Prafulla Varhade)
Director (EE)

Encl: Annexure A: Detailed Vetting Report for the period of March 2021.



PRIOR APPROVAL FOR FAC CHARGES FOR THE MONTH OF MARCH 2021

Subject: Prior approval of Fuel Adjustment Charges (FAC) submissions of AEML-D for the month March 2021.

Reference: 1. AEML-D FAC submission for the month of March 2021 vide email dated 27 April, 2021.

1. FAC submission by AEML-D:

1.1 AEML-D has made FAC submissions for the month of March 2021 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by AEML-D, the Commission has accorded prior approval for the FAC amount to be charged in the billing month of May 2021.

2. Background

2.1 On 30 March, 2020 the Commission has issued Tariff Order in respect of AEML-D (Case No. 325 of 2019) for approval of Aggregate Revenue Requirement and Multi Year Tariff for 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 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 As per Prior Approval of FAC Guidelines dated 20 April, 2020, the Commission directed Distribution Licensee to seek prior approval for monthly FAC computations. Accordingly, vide its email dated 27 April, 2021. AEML-D has filed FAC submissions for the month of March 2021 for prior approval of the Commission. The Commission has scrutinized the submissions provided by AEML-D and has also verified the power purchase bills and other fuel related invoices provided along with its submissions.

3. Energy Sales of the Licensee



Approval of FAC Charges for the month of March, 2021

- 3.1 The net energy sales within licence area as submitted by AEML-D 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

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (March, 2021) (MU)
	(I)	(II=I/12)	(III)
LT Category			
BPL	0.01	-	0.00
LT -I Residential	4,506.33	375.53	302.91
LT II Commercial	2,629.50	219.13	163.95
LT III(A) - LT Industrial up to 20 kW TOD Option	182.89	15.24	26.07
LT III(B) - LT Industrial above 20 kW	388.81	32.40	26.59
LT-V: LT- Advertisements and Hoardings	3.04	0.25	-
LT VI: LT -Street Lights	52.3	4.36	-
LT-VII: LT -Temporary Supply	12.25	1.02	-
LT VIII: LT - Crematorium & Burial Grounds	1.41	0.12	-
LT X: LT -Public Service (A)	30.85	2.57	1.81
LT X: LT -Public Service (B)	171.62	14.3	10.52
LT X (A): LT - Agriculture Pumpsets	0.09	0.01	0.01
LT X (B): LT - Agriculture Others	0.3	0.03	0.02
LTIV - Public Water Works	12.77	1.06	-
LT IX LT – EVCS	-	-	0.00
HT Category			
HT 1 (Industrial)	339.76	28.31	24.17
HT 2 (Commercial.)	304.26	25.36	28.40
HT 3 (Group Housing Soc.)	34.7	2.89	3.09
HT 4 (Temporary Supply)	19.3	1.61	-
HT – Railways	30.84	2.57	1.40
HT - Public Services (A)	6.45	0.54	0.40
HT - Public Services (B)	98.67	8.22	7.34
HT - Public Water Works	8.13	0.68	-
Total	8,834.29	736.19	596.68

*- In Case of AEML-D, the sales is approved on annual basis. Monthly approved sales is derived based on approved annual sales for comparison purpose.



Approval of FAC Charges for the month of March, 2021

- 3.2 It can be observed from above Table 1 that **actual sales during March 2021 is 596.68 MU which is 19% lower than approved energy sales of 736.19 MU per month for the FY 2020-21**. AEML-D submitted that for billing its consumers, AEML-D follows a cycle month billing for LT-Residential, LT-Commercial (a) & (b), LT-Industrial (upto 20 kW) from mid of a month to the mid of the next month i.e. for e.g. March 15, 2021 to April 15, 2021. Accordingly, actual sales would have been available by around 20 April, 2021. This process would have delayed the FAC filing submission. Hence, AEML-D has worked out energy sales as per the bills given to consumers from 01 March, 2021 to 31 March, 2021, from its SAP system, considering bill posting dates. Same approach was also taken in the FAC Return submissions for the months of April 2020 to February 2021.
- 3.3 The total sale of 596.68 MU for the month of March 2021 which is still lower than the usual consumption of the month of March. For instance, in March 2020, the energy sales were 613.97 MU. This lowering of consumption is a result of lower activity in commercial and industrial premises due to low volume of business.
- 3.4 In normal scenario, there is not much variation in the actual sales vis-à-vis approval sale and if there is any variation, then Distribution Licensee provides justification regarding the same. Due to Covid-19 pandemic situation lower activity in commercial and industrial premises due to low volume of business resulted in a variation between the monthly approved and actual sales of FY 2020-21. The monthly and cumulative sales for major consumer categories are shown below in the Table 2 below:

Table 2: Monthly and Cumulative Sales for major Consumer Categories

Year\ Sales (MU)	Residential	Commercial	Industrial	Others	Total (FY 2020-21)	Total (FY 2019-20)
Monthly Approved	378	244	76	37	736	741
Actual – April, 2020	305	233	64	26	629	797
Actual – May, 2020	299	118	46	18	481	830
Actual – June, 2020	499	48	46	21	615	813
Actual – July, 2020	495	98	60	17	669	739
Actual – August, 2020	339	118	62	19	538	734
Actual – September, 2020	348	147	71	20	586	715
Actual – October, 2020	357	168	80	19	624	745
Actual – November, 2020	347	189	83	23	642	715
Actual – December, 2020	323	188	63	21	595	685
Actual – January, 2021	300	197	72	21	589	608
Actual – February, 2021	280	186	73	21	560	621
Actual – March, 2021	306	192	77	21	597	614
Approved - Cumulative till March, 2021	4,541	2,934	911	448	8,834	8,887
Actual - Cumulative till March, 2021	4,199	1,866	785	247	7,097	8,617



3.5 Few observations on the sales till March, 2021 are:

- Sale to commercial category is low as compared to approved level due to shut down of commercial establishments during Covid 19 pandemic and few premises are located under contaminated zone.
- Difference of around 1520 MU between the actual sales in FY 2020-21 (till March, 2021) and those in FY 2019-20 (till March, 2020) is mainly due to lower consumption of commercial and industrial category of consumers.

4. **Power Purchase Details**

4.1 The following are the list of sources from which AEML-D procures power to meet its demand:

- Purchase from Adani Dahanu Thermal Power Station (ADTPS)
- Renewable energy procurement (RPS) including Solar and Non-solar
- Bilateral Contracts and Imbalance pool

Apart from above, there are incidental purchases from Open Access and Rooftop.

4.2 The Commission in its MYT Order dated 30 March, 2020 in Case No. 325 of 2019 had approved the Power Purchase for FY 2020-21 from three major sources i.e. Adani Dahanu Thermal Power Station, Renewable sources and Short-term sources.

4.3 Summary of power purchase of AEML-D is as shown in Table 3 below:

Table 3: Summary of Power Purchase for February, 2021

Sr. No.	Particular	Compliance
1	Purchase from Approved Sources	Yes. AEML-D has procured power from ADTPS, Solar and Non-solar Sources and Bilateral in the month of March 2021, which are approved sources of power purchase.
2	Merit Order Dispatch	Yes. AEML-D had scheduled power as per MoD.
3	Fuel Utilization Plan	Yes. Since there is only one thermal generating station of AEML-G and there is shortage of indigenous coal, hence there is no scope for improvement in optimal fuel utilization.
4	Pool Imbalance	AEML-D has purchased 14.87 MU from the imbalance pool to meet its power purchase requirement.
5	Sale of Surplus Power	There was no sale of surplus of power during March 2021.
6	Power Purchase	Actual Power Purchase is 812.09 MU as against approved 822.47 MU due to lower sales.



Approval of FAC Charges for the month of March, 2021

Sr. No.	Particular	Compliance			
		Source Name	Approved (MU)	Actual (MU)	Proportion of each Source in Actual Purchase
7	Source wise Power Purchase	ADTPS	311.08	319.96	39.40%
		RE Sources	23.36	11.68	1.44%
		Exchange	488.03	465.36	57.30%
		Imbalance Pool & Other	-	15.09	1.86%
		Total	822.47	812.09	100.00%
8	Power Purchase under Section 62 of Electricity Act, 2003	<p>AEML-D is purchasing power from only one source i.e. ADTPS under Section 62 of EA, 2003.</p> <p>As part of verification of fixed cost claimed by AEML-D, the same has been verified from the AEML-G MYT Order in Case No. 325 of 2019.</p> <p>As part of verification of energy charges claimed by AEML-D, verification of operational parameters, fuel cost, GCV etc. vis-à-vis the MYT Order is carried out.</p>			
9	RE Purchase	<p>Monthly power purchase invoices are submitted by AEML-D. Power Purchase rates are verified from the PPA signed by AEML-D 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.</p>			
10	Short Term Power Purchase	<p>Short-term power purchase invoices of March, 2021 are submitted by AEML-D. All the power purchase quantum and rate are verified from the invoices and it is ensured that same has been considered in the FAC calculation.</p>			

- 4.4 **AEML-D has purchased power of 812.09 MUs as against approved 822.47 MUs from the sources approved by the Commission.** The lower Power purchase is due to lower Sales of AEML-D in the month of March 2021.
- 4.5 **Power Procurement from ADTPS:** AEML-D has a PPA with ADTPS (own generation). **The Commission in Case No. 325 of 2019 has approved monthly energy quantum of 311.08 MU. AEML-D has purchased 319.96 MU for the month of March 2021.**
- 4.6 **Power Procurement from Solar and Non-Solar:** AEML-D has an Energy Purchase Agreement (EPA) with Dhursar Solar Power Private Limited (DSPPL). AEML-D also has an EPA with five non-solar sources namely Reliance Innoventures, AAA Sons Enterprise, Vector Green Energy Private Limited, Tembhu Power Private Limited and Reliance Clean



Approval of FAC Charges for the month of March, 2021 Power Private Limited. The Actual energy quantum purchased and approved by the Commission in Case No. 325 of 2019 is as shown in the Table 4 below:

Table 4: Approved and Actual Energy Quantum from Solar and Non-Solar Sources

Source	Contracted Capacity (MW)	Approved (MU)	Actual (MU)
Solar			
DSPPL	40	5.52	4.77
Non-Solar			
Reliance Innoventures	45	6.57	1.48
AAA Sons Enterprise	3.38	0.52	0.13
Vector Green Energy Private Limited	18	2.63	1.17
Vector Green Energy Private Limited	6	0.88	0.38
Tembhu Power Private Limited	4.5	0.99	0.89
Reliance Power Limited	45	6.26	2.86
Total		23.36	11.68

- 4.7 AEML-D has procured 0.75 MU lower than the approved from DSPPL, 5.09 MU lower than the approved from Reliance Innoventures, 0.39 MU lower than approved from AAA Sons Enterprise, 1.96 MU lower than the approved from Vector Green Energy Private Limited, 0.10 MU lower than the approved from Tembhu Power Private Limited and 3.40 MU lower than approved from Reliance Clean Power Private Limited. Further, as the approval by the Commission is on yearly energy quantum, this variation is being accepted provided cumulative power procured for majority of the sources is within the approved energy quantum.
- 4.8 **Power Procurement from Exchange:** AEML-D has purchased power from IEX based on day ahead planning on daily basis. **AEML-D has purchased 465.36 MU from all these sources which is within the monthly approved quantum of 488.03 MU.** The purchase of power is through Power Exchange.
- 4.9 **Power Procurement from Imbalance Pool:** AEML-D has purchased 14.87 MU from the imbalance pool for the month of March 2021.
- 4.10 **Power Procurement from Open Access and Roof Top Solar Consumers:** AEML-D has purchased 0.22 MU from the Open Access and Roof top Solar Consumers for the month of March 2021.



4.11 The Commission has noted that AEML-D has followed Merit Order Dispatch for scheduling of power. As solar and non-solar sources have must run status, they have been scheduled first and all the other sources are scheduled according to SLDC instructions.

5. Power Purchase Cost

5.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of March 2021, in order to verify the claim of AEML-D 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 As submitted by AEML-D, the **Power Purchase cost incurred in March 2021 is Rs. 352.81 Crore** which is higher than **the approved Power Purchase cost of Rs. 337.64 Crore** by the Commission for the month of March 2021. **This is on account of the variation in power purchase rates due to fuel prices variation.** The Commission has examined the submissions made by AEML-D and worked out the actual Power Purchase Cost of Rs. 352.81 Crore with APPC of Rs. 4.34 per Unit. The actual purchase for same month in FY 2019-20 i.e. March 2020 was 667.14 MU and power purchase cost was Rs. 279.45 Crore with APPC of Rs. 4.19/Unit. The approved and actual Quantum of power purchase (MU), Power Purchase Cost (Rs. Crore) and Average Power Purchase Cost (Rs./kWh) for the month of March 2021 is shown in Table 5 below:

Table 5: Approved and Actual APPC and Power Purchase Quantum & Cost

Particulars	Source	Power Purchase Quantum (MU)	Fixed Cost (Rs. Crore)	Fixed Cost (Rs./kWh)	Variable Cost (Rs. Crore)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)	APPC (Rs./kWh)
ADTPS	Approved	311.08	26.15	0.84	117.90	3.79	144.05	4.63
	Actual	319.96	26.08	0.82	119.03	3.72	145.11	4.54
Solar and Non Solar Purchase	Approved	23.36	-	-	15.04	6.44	15.04	6.44
	Actual	11.68	-	-	8.58	7.35	8.58	7.35
Bilateral Purchase	Approved	488.03	-	-	170.81	3.50	170.81	3.50
	Actual	465.36	-	-	195.48	4.20	195.48	4.20
Pool/FBSM	Approved	-	-	-	-	-	-	-
	Actual	14.87	-	-	4.25	2.86	4.25	2.86
OA/RTS	Approved	-	-	-	-	-	-	-
	Actual	0.22	-	-	0.05	2.48	0.05	2.48
Other Charges	Approved	-	-	-	7.74	-	7.74	-
	Actual	-	-	-	(0.67)	-	(0.67)	-
Total	Approved	822.47	26.15	0.32	311.49	3.79	337.64	4.11

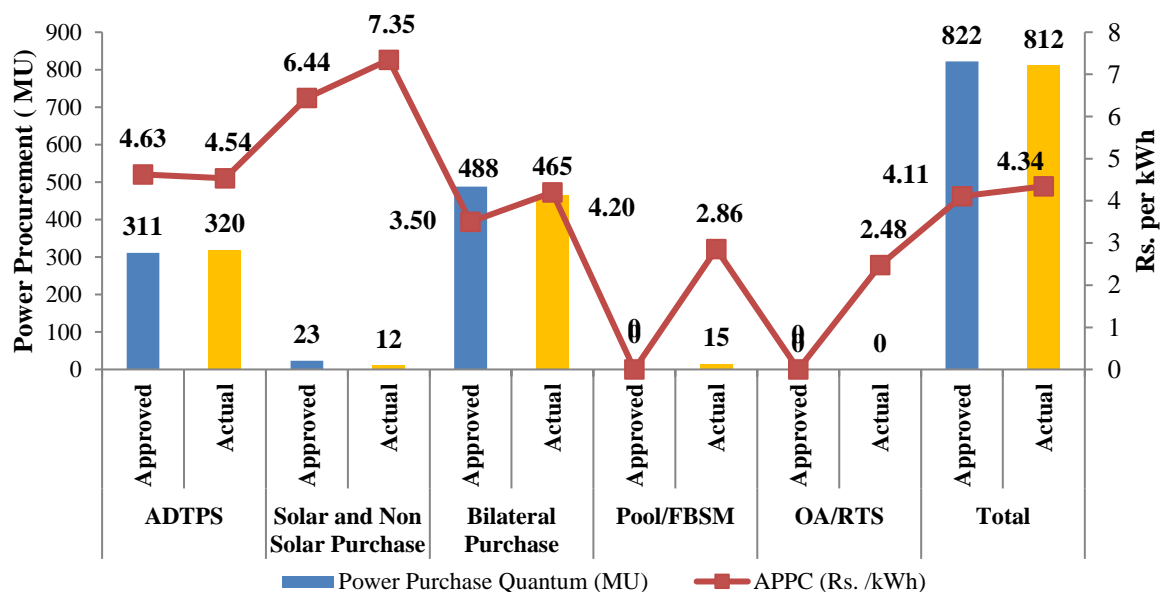


	Actual	812.09	26.08	0.32	326.72	4.02	352.81	4.34
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*- In case of AEML-D, there is no monthly approval for purchases. The monthly approved power purchase is arrived based on annual approved power purchase for comparison purpose.

5.3 The Figure 1 below shows the variation in Approved & Actual Power Purchased Quantum and Approved & Actual APPC for all the power purchase sources of AEML-D.

Figure 1: Approved & Actual Power Purchase and APPC



ADTPS

5.4 The Commission in Case No. 325 of 2019 has approved an energy quantum from ADTPS at the rate of Rs. 4.63/kWh. AEML-D has purchased at the rate of Rs. 4.54/kWh for the month of March 2021. The Commission has also worked out the rate for purchase from AEML-D as Rs. 4.54/kWh for the month of March 2021.

5.5 **Fixed Cost:** The Fixed cost approved for FY 2020-21 in Case No. 325 of 2019 (AEML-D) is Rs. 313.81 Crore whereas the Fixed cost approved for FY 2020-21 in Case No. 298 of 2019 (AEML-G) is Rs. 312.99 Crore. The actual payment of Fixed Cost for the month of March 2021 is to be done according to the entitlement under Case No. 298 of 2019 i.e. Rs. 312.99 Crore, as the payment is to be done according to Generators Tariff Order.

5.6 **The actual PLF of ADTPS in March 2021 was 95.25% as compared to approved PLF of 94.38%.** ADTPS was available for generation, the Plant Availability Factor for the



Approval of FAC Charges for the month of March, 2021 month (PAFM) for both Units of AEML-G was considered to be 100.78%. Since cumulative PAFM for the period (June 20 to September 20 and November 20 to March 21) is more than Normative Plant Availability Factor (NPAF) of 85% (i.e. target for low demand season), AEML-D has considered the monthly fixed charges of Rs. 26.08 Crore as the fixed charges payable to AEML-G for March 2021.

- 5.7 **Due to higher generation, per unit impact on Fixed Cost has decreased by Rs. 0.025 /kWh and accordingly the Fixed Cost per unit has decreased from approved FC rate of Rs. 0.84 /kWh to actual FC rate of Rs. 0.82/kWh.**
- 5.8 **Energy Charges:** AEML-G has met the operational parameters such as PLF, Availability, Auxiliary Energy Consumption (without FGD), Additional Auxiliary Energy Consumption for FGD, Station Heat Rate and Secondary fuel Oil Consumption as approved by the Commission in Case No. 298 of 2019 for the month of March 2021.
- 5.9 AEML-D has submitted documents to verify the quantity of coal purchased and total cost including breakup of all the cost such as washing charges, Coal handling charges, transportation charges and liaisoning charges incurred for Domestic Coal and Imported Coal for the month of March 2021. Analysis of fuel segregated into Washed Coal and Imported Coal.
- 5.10 **Washed Coal:** AEML-D has submitted detailed computation and methodology for booking the coal consumption cost. AEML-D has calculated the total coal consumption cost on the basis of Weighted Average Price Method by adding the purchases during the month in the opening inventory stock. The closing inventory is then obtained by deducting the coal consumed from the total of opening inventory and purchases during the respective month. AEML-D has submitted supporting documents for purchase of 2,05,773 MT Coal from SECL in the month of March 2021. AEML-D has also submitted the breakup and supporting documents for “Other Charges” of Rs. 0.62 Crore. AEML-D has submitted that the booking of cost under the head “Uploading on washed coal inventory” is due to adjustment of the difference in lag in invoices with the provisional booking of cost in previous months. AEML-D has considered the booking of “Input credit of IGST on Sale of Rejected Coal” of Rs. 0.20 Crore as part of the coal cost in the month of March 2021. AEML-D has considered Rs. 9,42,817 which has been included as an adjustment under freight charges for raw coal, Rs 6,00,096 for freight charges for washed coal, Rs. 2,54,800 for coal loading charges Rs (416)/- on account of diesel escalation for March 2021. AEML-D has considered Rs. 4.57 Crore out of which half amount of Rs. 2.29 Crore has been considered in the month of February 2021 and remaining amount of Rs. 2.29 Crore was required to be considered in March 2021. Net debit amount to be passed on as SECL Charges due to the settlement of improved grade of Coal for various months of FY 2019-20 which were received in FY 2020-21. AEML-G has received credit notes pertaining to some of the months of FY 2017-18 and FY 2018-19 in March 2021 amounting to Rs (0.59)



Approval of FAC Charges for the month of March, 2021 Crore. Hence the net amount of Rs. 1.69 Crore is considered under the SECL coal expenses for March 2021. Out of total Input Tax Credit (ITC) of Rs. (62, 00,412) available for period April 2019 to March 2021, Rs. (61,50,118) has been accounted under SECL coal purchase charges and balance Rs. (50,294) has been accounted in other fuel cost. The Commission has examined the invoices and the supporting excel working provided by AEML-D and has found it to be appropriate. The working of the washed coal fuel cost considered for March 2021 is as shown in the Table 6 below:

Table 6: Working of Washed Coal Rate for March, 2021

Particular	Quantity (MT)	Cost (Rs. Crore)	Price (Rs./MT)
Inventory			
Opening (as on 1 st March)	2,01,916.56	111.39	5,516.84
Addition during month	1,88,474.39	104.36	5,537.24
Total	3,90,390.95	215.76	5,526.69
Consumption			
Actual	1,79,930.81	99.44	5,526.69
Other Charges		0.62	
Total	1,79,930.81	100.06	5,561.12

- 5.11 The overall cost approved towards fuel expenses is Rs. 100.06 Crore for the month of March 2021.
- 5.12 **With regards to the washed coal, the landed cost for the month of March 2021 is Rs. 5,561.12/MT as compared to MYT approved Rs. 5,524.04 /MT, which is 0.67% higher than the approved MYT rate.**
- 5.13 AEML-D has considered ‘As billed’ GCV of 4,114 kcal/kg for washed coal and ‘As received’ GCV of 4,141 kcal/kg for March 2021. AEML-D has submitted third party sampling report from Inspectorate Griffith India Pvt Ltd (IGI) for GCV of the washed coal. The GCV of washed coal used for Energy Charge calculation matches with the GCV ‘As received’ submitted by AEML-G. In MYT Order in Case No. 298 of 2019, the Commission has directed to consider the GCV “as received” or “as billed”, whichever is higher. The relevant paragraph is produced below:

“5.4.29 Based on the above analysis and the fact that AEML-G uses washed coal, it is evident that the GCV of coal is being improved due to washing. Thus, the relaxation of transit loss of 300 kcal/kg allowed as per the MYT Regulations, 2019 between GCV ‘as billed’ by supplier and GCV ‘as received’ at generating station” is not applicable in AEML-G’s case. Further, AEML-G itself has submitted that loss in calorific value is much less than 300 kcal/kg.



5.4.30 Considering the washery process undertaken by the AEML-G and having a yield loss of 15%, the burden of which is pass on to the consumers, the Commission is not inclined to provide any actual loss in calorific value of coal between 'as billed' and 'as received'. However, in future, the Higher of GCV at Mine end or ADTPS (washed coal) will be considered for computation of energy charges, whereby GCV will be considered on ARB basis post moisture correction based on the formula as provided by MoP and World council.

5.4.31 However, while calculating the energy charges for the 4th MYT Control Period AEML-G has submitted GCV 'as billed' as 3,990 kcal/kg and GCV 'as received' as 3,912 kcal/kg. However, based on the data provided by AEML-G specified in Table 80 and as per the rationale provided in Para 5.4.29 of this Order, the Commission approves the GCV 'as billed' of 3,990 kcal/kg for computation of energy charges for the 4th MYT Control Period.

5.4.32 However, the Commission shall take a final call on GCV at the time of true-up based on the results of third-party analysis and prudence check by the Commission.”

- 5.14 The transit loss claimed by AEML-D for the month of March 2021 is 0.22%. AEML-D has submitted that raw coal was lifted from SECL during March 2021 and has raised dispute pertaining to grade slippage to the results declared by CIMFR in the month of March 2021. The coal received at ADTPS in March 2021 is the mix of coal dispatched from the washery from the already existing stock at the washery and Raw Coal purchased and washed at washery. Transit loss of washed coal is calculated as the difference between net weight of coal in rakes sent by Indian Railways from washery end and the net weight of coal received at ADTPS railway siding. The net weight of coal sent by Railways is ascertained from Railway Receipts (RR). The net weight of coal at ADTPS railway siding is ascertained by weighment of coal at the time of its unloading through wagon tippler. The difference is reported as the transit loss which is **416.99 MT which is 0.22%** of the total coal received during the month of March 2021.
- 5.15 As submitted by AEML-D, actual stacking loss of washed coal is 63 kcal/kg for month of March 2021.
- 5.16 **Imported Coal: AEML-G had invited bids through International Competitive Bidding in two stages.** Based on evaluation of the lowest evaluated base CIF price per tonne, M/S Taurus Commodities General Trading LLC was selected as the vendor. AEML-G has not purchased any imported coal during March 2021. AEML-G has submitted actual Cost and GCV for arriving at the imported coal consumption as part of submission. AEML-G has submitted actual bills/Invoices and coal indices proof of MV General Guisan vessel from which imported coal has been consumed during the month of March 2021. The Commission has verified the bills/Invoices and has considered the actual cost and actual GCV for further computation.



- 5.17 **For the purpose of computation of cost of coal consumption, AEML-G adopts FIFO method for computation of imported coal cost.** AEML-G has provided imported coal inventory and its consumption detail which is as shown in Table 7 below:

Table 7: Imported Coal Inventory

Sr. No.	Date of Purchase	Vessel Name	Cost (Rs./MT)	Opening Quantity (as on 1 st March, 2021) (MT)	Purchase during Month of March(MT)	Consumption during Month of March (MT)	Closing Quantity (as on 31 st March, 2021) (MT)
1	Jan-21	MV General Guisan	5,736.58	28,633.66	-	15,266.48	13,367.18
2		Total	5736.58	28,633.66	0.00	15,266.48	13,367.18

- 5.18 The Coal Cost and GCV of imported coal is as shown in Table 8 below:

Table 8: Cost and GCV of Imported Coal

S. No.	Vessel Name	Cost (Rs./MT)	Consumption (MT)	Coal Cost (Rs. Crore)	GCV (kcal/kg)
1	MV General Guisan	5,736.58	15,266.48	8.76	4,065
2	Other Expense			0.00	
3	Total	5,736.58	15,266.48	8.76	4,065

- 5.19 With regards to the imported coal, the landed cost considered by ADTPS for the month of March 2021 is Rs. 5,736.58/MT as compared to MYT approved Rs. 5,661.98/MT. The Commission has also observed that AEML-G has entered into new coal supply agreement with Taurus Commodities General Trading LLC on 13 November, 2019 for a period of five years. As per new agreement, the ocean freight price applicable for MV General Guisan is \$17.52/MT.
- 5.20 The Commission has considered the 'As received' GCV of 4,065 kcal/kg based on the GCV from Certificate of Sampling & Analysis Report provided by AEML-D for FAC calculation.
- 5.21 It is observed that ADTPS has consumed imported coal from MV General Guisan in March 2021. It is also observed that no imported coal was purchased during March 2021. The actual landed cost of coal from the above vessel would account for the actual transit loss. The actual transit loss is 114.65 MT which is 0.19%. However, for FAC, normative landed cost is to be computed by considering normative transit losses of 0.2% for imported coal, as Transit loss is a performance parameter. Therefore, in order to arrive at the



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- 5.22 As submitted by AEML-D the actual stacking loss for imported coal is 56 kcal/kg for month of March 2021. The Commission has noted that the stacking loss in case of imported coal is less than the approved stacking loss of 120 kcal/kg.
- 5.23 **LDO:** AEML-D has not purchased Light Diesel Oil for the month of March 2021. The working of the LDO fuel cost considered for March 2021 is as shown in the **Error! Reference source not found.** below:

Table 9: Working of LDO Rate for March, 2021

Particular	Quantity (MT)	Cost (Rs. Crore)	Price (Rs./MT)
Inventory			
Opening (as on 1st March)	457.55	1.98	43,283.89
Addition during month	0.00	0.00	0.00
Total	457.55	1.98	43,283.89
Consumption	0.00	0.00	0.00
Total	0.00	0.00	0.00

- 5.24 As per MYT Regulations, 2019 for calculation of Energy Charge Rate, the Commission has notified the maximum stacking loss allowed in Clause 50.7 as reproduced below:

“Any variation in Price and Gross Calorific Value of coal/lignite or gas or liquid fuel as billed by supplier less actual stacking loss subject to the maximum stacking loss of 85 kcal/kg or 120 kcal/kg, as the case may be, 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 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.”

- 5.25 AEML-D in line with MYT Regulations, 2019 and MYT Order in Case No. 298 of 2019 has considered stacking loss of 62.45 kcal/kg (minimum of actual weighted average stacking loss considering washed coal, raw coal and imported coal of 62.45 kcal/kg or 120 kcal/kg as per Regulation) for calculation of energy charge rate.
- 5.26 AEML-D has submitted that the Stacking loss is the difference between ‘as Received GCV’ and ‘as Fired GCV’, the reporting of “as Received GCV” is based on the coal receipt during the month and “as Fired GCV” is based on Coal fired during the month. As



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- 5.27 Considering the approved rates for Washed Coal and Imported Coal fuel cost, GCV and normative operational parameters, the revised energy charges works out to Rs. 3.72/kWh which is lower than the approved variable cost of Rs. 3.79/kWh.
- 5.28 Variation in power purchase expenses from ADTPS on account of change in quantum and per unit rate is as shown in Table 10 below:

Table 10: Variation in Power Purchase expenses from ADTPS for March, 2021

Source	Approved Quantum (MU)	Approved rate (Rs./kWh)	Actual quantum (MU)	Actual rate (Rs./kWh)	Variation due to quantum (Rs. Crore)	Variation due to rate (Rs. Crore)	Total variation (Rs. Crore)
ADTPS	311.08	4.63	319.96	4.54	4.11	(3.03)	1.08

- 5.29 Based on the above, **APPC for ADTPS works out to Rs. 4.54/kWh as against approved Rs. 4.63/kWh. There is Rs. 0.095/kWh decrease in APPC for month of March 2021. Fixed cost variation is contributing to Rs. 0.025/kWh decrease and variable cost variation is contributing to Rs. 0.075/kWh decrease.**

Revised accounting methodology of Imported Coal accounting to be followed w.e.f. 1 April, 2021:

- 5.30 It is observed that other Generating Stations such as MSPGCL and TPC-G are following weighted average method for coal accounting. AEML is also following same method for accounting of domestic coal. However, for imported coal, it is generally adopting FIFO method. Thus, to that extent, a different methodology is being followed by AEML.
- 5.31 As directed by the Commission, in order to bring uniformity in sales accounting by the Distribution Licensees for FAC submissions, discussions were held with the four major distribution licensees. During discussion with AEML-D, issue related to accounting methodology of Imported coal was also discussed and AEML’s views were sought regarding changing the methodology from FIFO to weighted average method for Imported Coal.
- 5.32 As per views submitted by AEML, it is observed that while AEML is agreeable to adopt the weighted average method instead of FIFO for imported coal accounting, it has also submitted the reasons for generally adopting FIFO method, such as possibility to



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- 5.33 The Commission has analyzed the reasons provided by AEML and feels that similar issues are being handled by other Generating Stations which are following weighted average accounting method. **Hence, to bring uniformity across all the utilities, AEML is directed to follow weighted average methodology for accounting of imported coal w.e.f. 1 April, 2021.**
- 5.34 **Solar Purchase:** The Commission has approved power purchase at the rate of Rs. 10.30/kWh from DSPPL. **AEML-D has purchased at the same rate of Rs. 10.30/kWh as approved in the MYT Order.** The Commission has verified the bills/invoices submitted and found them to be correct.
- 5.35 **Non-Solar Purchase:** The Commission has approved power purchase from non-solar sources. The actual APPC and approved APPC from all the sources is as shown in the Table 11 below:

Table 11: Approved and Actual APPC from Non-Solar Sources

Source	Approved (Rs./kWh)	Actual (Rs./kWh)
Reliance Innoventures	5.00	5.15
AAA Sons Enterprise	5.00	5.15
Vector Green Energy Private Limited	5.00	5.15
Vector Green Energy Private Limited	5.07	5.07
Tembhu Power Private Limited	4.26	4.26
Clean Power Private Limited	5.81	5.81

- 5.36 The Commission has approved power purchase rate at Rs.5.00/kWh for Reliance Innoventures, AAA Sons Enterprise and Vector Green Energy Limited based on the PPA signed by AEML-D with the sources. AEML-D in its MYT Petition had projected the rate of Rs. 5.15 per Unit for these purchases with escalation as per EPA. The Commission in MYT Order of Case No. 325 of 2019 has not considered the annual escalation as specified in PPA on these sources and approved the base rate of FY 2019-20 for FY 2020-21. Therefore, considering the annual escalation as specified in PPA, per unit rate works out to Rs. 5.15/kWh for March 2021. This rate is being considered as approved rate for calculation of FAC as the payments done to the generator is based on PPA.
- 5.37 The Commission has also approved power purchase rate for Vector Green Energy Limited and Reliance Clean Power Private Limited and AEML-D has procured power from these sources at the same rate during March 2021.



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- 5.38 The Commission has scrutinized the bills/invoice submitted for RE sources and found that AAA Sons Enterprise invoices are not available. AEML-D has submitted that invoices are yet to be raised by AAA Sons and hence rate is considered based on the agreement. It is observed that historically AAA Sons has been delaying the raising of bill and as a result provisional numbers are being used. The Commission notes that this delay is not observed with any other sources.
- 5.39 AEML-D has submitted that the bills for the months of December 2020 to March 2021 are not yet received. Thus, the quantum of energy supplied from AAA Sons is proposed to be considered as per the provisional quantum considered in the financial books. Accordingly, the cost of power purchase is worked out provisionally as per the PPA rate.
- 5.40 Variation in power purchase expenses from ADTPS on account of change in quantum and per unit rate is as shown in Table 12 below:

Table 12: Variation in Power Purchase expenses from Renewable Energy Sources for March, 2021

Source	Approved Quantum (MU)	Approved rate (Rs./kWh)	Actual quantum (MU)	Actual rate (Rs./kWh)	Variation due to quantum (Rs. Crore)	Variation due to rate (Rs. Crore)	Total variation (Rs. Crore)
DSPPL	5.52	10.30	4.77	10.30	(0.77)	(0.00)	(0.77)
Reliance Innoventure	6.57	5.00	1.48	5.15	(2.55)	0.02	(2.52)
AAA Sons Enterprise	0.52	5.00	0.13	5.15	(0.20)	0.00	(0.19)
Vector Green Energy Pvt Ltd	2.63	5.00	1.17	5.15	(0.73)	0.02	(0.71)
Vector Green Energy Pvt Ltd	0.88	5.07	0.38	5.07	(0.25)	(0.00)	(0.25)
Tembhu Power Pvt. Ltd.	0.99	4.26	0.89	4.26	(0.04)	-	(0.04)
Reliance Power Ltd.	6.26	5.81	2.86	5.81	(1.98)	(0.00)	(1.98)
Total RE Sources	23.36	6.44	11.68	7.35	(7.52)	1.06	(6.47)

- 5.41 **APPC for renewable sources for the month March 2021 works out to Rs. 7.35/kWh as against approved level of Rs. 6.44/kWh. The increase is on account of lower power purchase from non-solar sources which are cheaper in cost as compared to solar source and escalations provided in EPA to the approved cost which is not reflected in the present approved rates.**



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- 5.42 **Bilateral Purchase:** AEML-D has purchased power from IEX and IEX linked bilateral contracts at the average rate of Rs. 4.20/ kWh which is exceeding the approved rate of Rs. 3.50/ kWh. It is observed that the power prices in the short term market have been increasing steadily over past few months and is evident from the rates discovered on IEX (at regional periphery) which are shown herein below:

Month	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
RTC	2.73	2.73	2.83	3.18	3.39	4.02
Evening (17-23 Hrs)	3.20	3.03	2.99	3.44	3.71	4.91
Day (10-17 Hrs)	2.63	2.81	3.08	3.48	3.44	3.78
Night (0-6, 23-34 Hrs)	2.48	2.26	2.04	2.03	2.37	3.49
Morning (6-10 Hrs)	2.66	2.95	3.52	4.29	4.62	4.02

Due to limited long term tie-up, AEML-D relies significantly on the short term purchase. AEML-D has purchased 465.36 MUs through bilateral purchase which is around 57% of its total power purchase for March 21 which has resulted into a higher purchase rate. AEML-D has also submitted the bill/invoices regarding the purchase of power from exchange and the Commission has verified the energy quantum and power purchase cost and found it to be appropriate. Accordingly, the Commission approves the aforesaid bilateral purchase with APPC of Rs. 4.20/Unit. AEML-D has also considered the STOA fees paid to SLDC towards IEX standing clearance as Rs. 7,500 per application. The Commission approves both the charges as part of bilateral purchase for the month of March 2021.

- 5.43 Variation in power purchase expenses from Bilateral on account of change in quantum and per unit rate is as shown in Table 13 below:

Table 13: Variation in Power Purchase expenses from Bilateral for March, 2021

Source	Approved Quantum (MU)	Approved rate (Rs./kWh)	Actual quantum (MU)	Actual rate (Rs./kWh)	Variation due to quantum (Rs. Crore)	Variation due to rate (Rs. Crore)	Total variation (Rs. Crore)
Bilateral Purchase	488.03	3.50	465.36	4.20	(7.94)	32.61	24.67

- 5.44 **FBSM/ Imbalance Pool:** The Commission observes that **AEML-D has purchased 14.87 MU and considered associated charges with regards to imbalance pool for the month March 2021 on provisional basis at the rate of Rs. 2.86/kWh as per the rate considered by the Commission in MYT Order**
- 5.45 AEML-D has drawn 14.87 MU from the imbalance pool for the month of March 2021. The said drawl from the pool may be on account of either increase in demand of consumers



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5.46 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, the imbalance pool quantum and cost is required to be considered on provisional basis to avoid any adverse impact in future. If the said cost and quantum is not considered, it will not only result in recovering the cost from the consumers as billing has already been done, but also increase the overall power purchase cost for the particular month having positive impact on FAC and burdening the consumers. Also, as and when the final bills are issued by MSLDC, the power purchase cost of the imbalance pool quantum will be levied in future months, thereby burdening the consumers in future in that month when such cost will be levied. Accordingly, to balance the overall interest of consumers and licensee, the Commission has considered imbalance pool quantum as submitted by the AEML-D at provisional rate of Rs. 2.86/kWh as considered in the MYT Order. This provisional consideration of cost for FAC computation will get adjusted during truing-up of the respective year.

5.47 **Power Procurement from Open Access and Roof Top Solar Consumers:** As per MERC (Distribution Open Access) (First Amendment) Regulations, 2019:

“20.5. The unutilised banked energy at the end of the month, limited to 10% of the actual total generation by such Renewable Energy generator in such month, shall be considered as deemed purchase by the Distribution Licensee at a rate equivalent to that stipulated under yearly Generic RE Tariff Order applicable for respective technology...”

...Provided further that provision relating to Banking of the Principal Regulations shall continue to apply for existing Open Access Agreements or contracts as on date of notification of the first amendment of the Principal Regulations, till the expiry of the approved period for such OA transactions, beyond which provision relating to Banking under Regulation 20 of the first amendment of the Principal Regulations shall apply.”

Further, as per MERC (Net Metering for Roof-top Solar Photo Voltaic Systems) Regulations, 2015:

“10.3. The unadjusted net credited Units of electricity as at the end of each financial year shall be purchased by the Distribution Licensee at its Average Cost of Power Purchase as approved by the Commission for that year, within the first month of the following year:”

5.48 The surplus energy of RE Open Access consumers (Non-firm) purchased by AEML-D as per the aforementioned regulations is 0.22 MU at a cost of Rs. 0.05 Crore and is



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- 5.49 **Other Charges:** In the FAC return submission for ‘Prior approval for February 2021’, AEML-D had submitted provisional quantum of purchase from imbalance pool at 37.30 MU. The Pool imbalance continues to vary due to the factor of variation in InSTS Losses between that provisionally considered by AEML-D vis-a-vis the figure determined by SLDC and uploaded on its website later.
- 5.50 The transmission loss considered by AEML-D for February 2021 was 3.18% as approved by the Commission in its InSTS order. Subsequently, MSLDC declared InSTS loss of 3.08% for the month of February 2021. The implication of Cost due to variation in imbalance pool quantum is shown in Table 14 below:

Table 14: Imbalance Pool Quantum for March, 2021

Month	Original Submission	Revised Value	Difference	Rs. Crore
February 2021	37.30	36.65	(0.66)	(0.19)
Total				(0.19)

- 5.51 The Commission has also approved the net adjustment of (Rs. 0.19) Crore for the month of March 2021.
- 5.52 AEML-D has claimed rebate pertaining to payments made to power purchase from contracted generators of Renewable energy, traders from short term power purchase, payment made for InSTS charges. SLDC charges etc. in the month of March 2021. The Commission has scrutinized the bills and has approved Rs. (0.48) Crore as rebate to be considered as part of Power purchase cost for the month of March 2021.
- 5.53 Summarised reasons for the rate variation for various sources are given in Table 15 below:

Table 15: Reasons for the rate variation for various sources for March, 2021

Sr. No.	Source	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
1	ADTPS	4.63	4.54	Fixed charges are lower by Rs. 0.02/ kWh due to higher generation and energy charges are lower by Rs. 0.07 / kWh
2	RE Sources	6.44	7.35	The sources are purchased at approved rate but due lower power purchase from non-solar sources which are cheaper in cost in comparison to solar source and non-



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Sr. No.	Source	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
				consideration of escalation in EPA the approved rate is lesser than actual rate;
3	Power Exchange	3.50	4.20	Market discovered rate; Short term power purchase from Power Exchange and through day ahead exchange linked contracts.
4	Imbalance Pool		2.86	Power from Imbalance pool is considered at rate of Rs. 2.86 / kWh
	Total	4.11	4.34	Variation due to above reasons

5.54 **Considering the above, the Commission allows the actual average power purchase cost of Rs. 4.34/kWh for the month of March 2021 as shown in Table 5 above as compared to approved average power purchase cost of Rs. 4.11/kWh.**

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 March 2021 as shown in Table 5 above. The same has been compared with the average power purchase cost approved by the Commission in MYT Order dated 30 March, 2020 to arrive at the differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

6.2 It is noted that AEML-D has incurred the per unit Power Purchase cost higher than the Approved per unit Power Purchase Cost hence the Z_{FAC} worked out by the Commission on account of difference in power purchase cost for the month of March 2021 is positive as shown in the Table 16 below.

Table 16: FAC on account of Power Purchase Cost

Sr. No.	Particulars	Units	March 2021
1	Average power purchase cost approved by the Commission	Rs./kWh	4.11
2	Actual average power purchase cost	Rs./kWh	4.34
3	Change in average power purchase cost (= 2-1)	Rs./kWh	0.24
4	Net Power Purchase	MU	812.09
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	19.43

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

7.1 The adjustment for over recovery/under recovery has to be done for the (n-4) month as per provisions of MYT Regulations, 2019. As the prior approval of FAC has started from April 2020 and no FAC recovery is till now, there would not be any adjustment for over recovery/ under recovery.



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

- 8.1 As there is no adjustment for over recovery/under recovery as mentioned in para, 7.1 above, there is no carrying cost on account of such adjustment. However, the Commission has determined a negative FAC of Rs. 19.87 Crore, Rs. 24.76 Crore, Rs. 27.75 Crore, Rs. 27.49 Crore, Rs. 23.23 Crore, Rs.28.50 Crore, Rs. 44.67 Crore, Rs. 23.99 Crore, Rs. 46.61 Crore, Rs. 11.91 Crore and 0.48 Crore for the month of April, May, June, July, August, September, October, November, December 2020, January 2021 and February 2021 respectively which is contributed to the FAC Pool. Also, in May, June, July, August, September, October, November, December 2020, January 2021 and February 2021, the Commission has approved the total carrying cost of Rs. 10.45 Crore. The Commission has also approved additional impact of Rs. 5.73 Crore as per AEML-D Review Order in Case No. 103 of 2020. The Commission has also approved cumulative refund of Rs. 59.90 Crore along with holding cost of Rs. 5.64 Crore as part of FAC fund of February, 2021. Thus, the opening balance for FAC fund for March, 2021 is Rs. 355.25 Crore. The Commission has taken into consideration the submission made by AEML-D towards holding cost of Rs. 2.40 Crore to be contributed to the FAC Pool.
- 8.2 AEML-D has computed the holding cost considering the MCLR + 150 basis points. This turns out to be 8.50% for March 2021 and holding cost worked out is Rs. 2.40 Crore.
- 8.3 The Commission has considered MCLR rate of March month plus 150 basis points which works out to 8.50%. Accordingly, the Commission has calculated holding cost of Rs. 2.40 Crore to be contributed to the FAC Pool.

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 may 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 17 provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss, if any:

Table 17: Disallowance of FAC due to excess Distribution Loss

Sr. No.	Particulars	Units	Approved in Tariff Order	Actual for March, 2021	Cumulative up to March, 2021
1	Net Energy input at Distribution Voltages	MU	796.32	797.28	7,799.25
2	Energy sales at Distribution voltages	MU	736.19	596.68	7,096.96
3	Distribution Loss (1 - 2)	MU	60.13	200.61	702.29
4	Distribution Loss as % (3/1)	%	7.55%	25.16%	9.00%
5	Excess Distribution Loss = [Cumulative Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	11.59	-
6	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	0.38	-

9.3 As seen from the above Table 17, distribution loss for the month of March 2021 is 25.16% which is significantly higher than the MYT approved distribution loss of 7.55%. AEML-D submitted that the difference in the periods of energy purchase and energy sold plays a role in variations in distribution losses— energy purchase being that of the calendar month, while energy sold is considered based on bill posting dates as described earlier. AEML-D further submitted that as February was much colder (that too with 28 days), the consumption in February is subdued, whereas March purchase represents the actual consumers' consumption for the month of March (that too with 31 days), which is much hotter.. AEML-D stated that this anomaly can be resolved to an extent if the submission is made considering the billing cycle methodology. The Commission notes that for FAC approval, cumulative Distribution loss is taken into consideration and not the standalone monthly loss. Further, the issue of bringing uniformity in sales accounting is under consideration of the Commission.

9.4 The cumulative Distribution Loss up to March, 2021 is 9.00% which is higher than approved distribution loss of 7.55% as approved in MYT Order. AEML-D has further submitted that consumption mix is also playing a role in influencing distribution losses – consumption mix being unfavorably impacted as a result of slowdown in consumption of industrial and commercial activity, which is impacting the proportion of energy flows on HT and LT network, thereby influencing losses. The Commission has worked out disallowance on account of Distribution Loss of Rs. 0.38 Crore since the standalone FAC for the month of March 2021 is positive.



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- 9.5 AEML-D has stated that this year does not represent business as usual performance for Distribution Licensees as the pandemic has and continue to severely influence various facets of electricity business. AEML-D has requested the Commission for regulatory intervention to recognize these factors as force majeure and appreciate the various financial losses, including the loss of possible efficiency gains on distribution losses.
- 9.6 AEML-D submits that the lowering of consumption in March 2021 is a result of several variables such as lower activity in commercial and industrial premises due to low volume of business.
- 9.7 As part of the analysis, monthly as well as cumulative distribution losses trend is examined with reference to approved by the Commission and similar period of last financial year as shown in Table 18 below:

Table 18: Monthly and Cumulative Distribution Loss trend of AEML-D

Year	FY 2020-21	FY 2019-20
Approved	7.55%	10.66%
Actual – April	4.90%	8.39%
Actual – May	34.41%	8.79%
Actual – June	-1.78%	8.98%
Actual – July	-11.22%	10.53%
Actual - August	6.74%	9.68%
Actual – September	9.78%	5.48%
Actual – October	15.94%	9.95%
Actual – November	2.62%	11.77%
Actual – December	1.10%	11.38%
Actual- January	3.45%	6.47%
Actual-February	4.91%	8.32%
Actual-March	25.16%	9.70%
Actual - Cumulative till March	9.00%	9.18%

- 9.8 As seen from the above Table 17, **disallowance of FAC due to excess distribution loss for the month of March 2021 is Rs. 0.38 Crore since the standalone FAC for the month of March 2021 is positive and actual cumulative distribution losses are higher than approved by the Commission.**

10. Summary of Allowable ZFAC

- 10.1 The summary of the FAC amount as approved by the Commission for the month of March 2021 as shown in the Table 19 below.



Table 19: Summary of Allowable Z_{FAC} for March, 2021

Sr. No.	Particulars	Units	As Claimed March 2021	As Approved March 2021
1	Calculation of Z_{FAC}			
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	19.43	19.43
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-	-
1.4	Z_{FAC} = F+C+B	Rs. Crore	19.43	19.43
2	Calculation of FAC Charge			
2.1	Energy Sales within the License Area	MU	596.68	596.68
2.2	Excess Distribution Loss	MU		
2.3	Z _{FAC} per kWh	Rs./kWh	0.33	0.33
3	Recovery of FAC			
3.1	FAC disallowed corresponding to excess Distribution Loss $[(2.1+2.2) \times 2.3]/10$	Rs. Crore	-	0.38
3.2	Allowable FAC	Rs. Crore	19.43	19.05
4	Utilization of FAC Fund			
4.1	Opening Balance of FAC Fund	Rs. Crore	(355.25)	(355.25)
4.2	Holding Cost on FAC Fund	Rs. Crore	(2.40)	(2.40)
4.3	Z _{FAC} for the month (Sr. No. 3.2)	Rs. Crore	19.43	19.05
4.4	Cumulative refund of FAC upto February, 2020	Rs. Crore	-	
4.5	Holding Cost on Cumulative refund of FAC	Rs. Crore	-	
4.6	Closing Balance of FAC Fund	Rs. Crore	(338.22)	(338.60)
4.7	Z _{FAC} leviable/refundable to consumer	Rs. Crore	(338.22)	(338.60)
5	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	-	-
6	Carried forward FAC for recovery during future period (3.1-3.2-4)	Rs. Crore	(338.22)	(338.60)

This difference is on account of the fact that AEML-D has not considered the disallowance in FAC on account of higher cumulative distribution losses in excess of the approved distribution loss which has been considered in line with the Regulations, as a part of FAC approval.

- 10.2 It can be seen from the above Table 19 that opening FAC fund for month of March 2021 is Rs. (355.25) Crore and standalone FAC for the month of March 2021 approved by the Commission is Rs. 19.05 Crore same as claimed by AEML-D. The Commission has also approved a holding cost of Rs. (2.40) Crore for the negative FAC accrued during the month of April 2020 to February 2021. The overall FAC



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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: —

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

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 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 Z_{FAC} 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 Z_{FAC} on account of such ceiling shall be carried forward and shall be recovered by the Distribution Licensee over such future period as may be directed by the Commission....”

- 11.2 The Commission allows the FAC amount of Rs. 19.05 Crore for the month of March, 2021.



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- 11.3 The Commission in its approval for the month of February, 2021 has directed AEML-D to carry forward the approved FAC amount of Rs. (355.25) Crore to be accumulated as FAC Fund to be carried forward to the next billing cycle with holding cost.
- 11.4 Accordingly, considering the approved opening balance FAC Fund of Rs. (355.25) Crore, standalone FAC amount of Rs. 19.05 Crore for the month of March, 2021, holding cost of Rs. (2.40) Crore, the total amount of Rs. (338.60) Crore is accumulated in the FAC Fund.
- 11.5 The Commission in its FAC approval for the month of July 2020 has decided to accumulate the FAC fund arising out of negative monthly FAC up to March 2021 along with the holding cost.
- 11.6 **However, it is observed that for FY 2020-21, there has been overall reduction in sales of AEML--D by 19% than approved by the Commission due to lower demand in view of Covid-19 pandemic. It is pertinent to note that though there has been marginal reduction in residential sales (7%), the sales of Industrial Category and Commercial Category have significantly reduced by 14% and 36 % respectively. The substantial reduction in sales will lead to lower revenue realisation whereas the fixed costs for running the operations incurred by the Licensee are unlikely to be reduced, thereby creating a revenue gap for FY 2021-22. Further, reduction in sales being that of cross subsidising high end consumers will also have impact on lower cross-subsidy being collected which is built in tariff of high-end consumers. This revenue gap will be claimed by the Licensee at the time of MTR proceedings along with carrying cost thereby impacting the tariff of consumers. The Commission in its FAC approval for July 2020 has allowed FAC Fund to be accumulated up to March 21 along with holding cost considering the peculiar circumstances due to Covid-19 pandemic. As on March 2021, the FAC fund being accumulated is Rs (338.60) Crore. Further, it is observed that there has been an increasing trend in power prices prevailing in the market in the recent months which is likely to have an impact on overall power purchase cost of the Licensee going forward. Also, demand is likely to get affected due to the presumably second wave of Covid-19 pandemic for which the Government has announced various restrictions. This is also likely to reduce the sales of licensee in FY 2021-22 thereby impacting the revenue and creation of revenue gap to be recovered in future along with carrying cost. In view of the likely impact on tariff due to such revenue gap being claimed by the Licensees at the time of MTR proceedings, the Commission is of the view that it is important to take necessary steps so that consumers are not subjected to tariff shock in future. Accordingly, the Commission has decided to accumulate the FAC Fund arising out of negative FAC up to March 2023 along with the holding cost. The FAC Fund so accumulated will not only help in bridging the revenue gap but also help in avoiding the variation in**



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monthly tariff due to positive FAC. The Commission will continuously monitor the
FAC Fund and pass appropriate directions in future regarding its utilisation.

- 11.7 Accordingly, the Commission allows the AEML-D to carry forward the accumulated
FAC fund of Rs. 338.60 Crore to the next billing cycle with holding cost.
- 11.8 In view of the above, per unit Z_{FAC} for the month of March 2021 to be levied on
consumer of AEML-D in the billing month of March 2021 is Nil.

