महाराष्ट्र विद्युत नियामक आयोग
Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2021-22/E-Letter **Date: 8 April, 2021**

To,
The Managing Director
Tata Power Company Ltd.
Dharavi Receiving Station,
Matunga, Mumbai – 400 019

Subject: Prior Approval of FAC submission of TPC-D for the month of January 2021.

Reference: 1. FAC submission dated 15 February, 2021 for the month of January 2021.
2. Data gaps communicated vide email dated 20 February and 17 March, 2021.
3.TPC-D's response to data gaps on 11 March, 15 March and 19 March, 2021.

Sir,

Upon vetting the FAC calculations for the month of January, 2021 as mentioned in the above reference, the Commission has accorded approval for charging FAC of Rs. (21.95) Crore to its consumers as shown in the table below:

Month	FAC Amount (Rs. Crore)
January, 2021	**0 (Zero)**

The Commission allows the accumulation of total FAC amount of Rs. (208.68) 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 326 of 2019. Further, as directed in the said Order, TPC-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.

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

Yours faithfully,

(Prafulla Varhade)
Director (EE)

Encl: Annexure A: Detailed Vetting Report for the month of January, 2021.

ANNEXURE A

Detailed Vetting Report
Date: 8 April, 2021

PRIOR APPROVAL FOR FAC CHARGES FOR THE MONTH OF JANUARY, 2021

Subject: Prior Approval of Fuel Adjustment Charges (FAC) submission of TPC-D for the month of January, 2021.

Reference: TPC-D's FAC submission dated 15 February and 11, 15 and 19 March, 2021 for prior approval of FAC for the month of January, 2021.

1. FAC submission by TPC-D:

1.1 TPC-D has submitted FAC submissions for the month of January, 2021 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by TPC-D against the data gaps issued, the Commission has accorded prior approval to TPC-D for negative FAC amount of Rs. (21.95) Crore for the month of January, 2021. The approved FAC amount shall be added to the existing 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 326 of 2019 (herein after referred to as "Tariff Order").

2. Background

2.1 On 30 March, 2020, the Commission has issued Tariff Order for TPC-D, (Case No .326 of 2019) for True-up of FY 2017-18 and FY 2018-19, provisional Truing-up for FY 2019-20, and Aggregate Revenue Requirement and Tariff for FY 2020-21 to FY 2024-25. Revised Tariff has been made applicable from 1 April, 2020.

2.2 In the Tariff Order, the Commission has stipulated methodology of levying FAC as follows:

"6.7.15 Stabilising variation in consumer bill on account of FAC

………………

Therefore, using its powers for Removing Difficulty under Regulation 106 of the MYT Regulations, 2019, the Commission is making following changes in the FAC mechanism specified under Regulation 10 of the MYT Regulations, 2019:

a. Distribution Licensee shall undertake computation of monthly FAC as per Regulation 10 of the MYT Regulations, 2019 except for treatment to be given to negative FAC as follows:

(i) Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost;

(ii) Such carried forward negative FAC shall be adjusted against FAC amount for the next month and balance negative amount shall be carried forward to subsequent month with holding cost;

(iii) Such carry forward of negative FAC shall be continued till the accumulated negative FAC becomes 20% of monthly tariff revenue approved by the Commission in Tariff Order. In case of TPC-D, such limit shall be Rs. 50 crore. Any accumulated amount above such limit shall be refunded to consumers through FAC mechanism;

(iv) In case such FAC Fund is yet to be generated or such generated fund is not sufficient to adjust against FAC computed for given month, then Distribution Licensee can levy such amount to the consumers through FAC mechanism.

In order to maintain transparency in management and use of such FAC Fund, the Distribution Licensee shall maintain monthly account of such FAC fund and upload it on its website for information of stakeholders. Further, till date, the Distribution Licensees have been levying FAC up to the prescribed limit of 20% of variable component of tariff without prior approval in accordance with the MYT Regulations, 2015, and submitting the FAC computations on a quarterly basis within 60 days of the close of each quarter, for post facto approval. However, as the Commission has created a FAC fund as stated above to address the increase in fuel prices and power purchase costs, the Commission has modified the FAC mechanism such that the Distribution Licensees shall submit the FAC computations on a monthly basis for prior approval, irrespective of whether FAC is chargeable in a month or whether some amount is accruing to the Fund on account of negative FAC. This will ensure that the FAC mechanism is implemented with the changes as desired by the Commission, and the consumers are not levied FAC without prior approval.

The details of the FAC as per the Regulations, shall be submitted by the 15th of the every month prior to the month in which the FAC is proposed to be levied and the Commission will endeavour to decide on the same within 10 days so that the same can be levied from the 1st of the subsequent month. This prior approval will facilitate the addressing of any difficulties that may arise in giving effect to this fund. All the details will be submitted by the Distribution Licensee as is being done for approval of FAC on post facto basis. Thus, the FAC to the consumers shall now be levied with prior approval of the Commission"

2.3 Vide its letter dated 20 April, 2020, the Commission communicated the excel formats along with the checklist to file FAC submissions for prior approval to all Distribution Licensees. The Commission also directed all Distribution Licensees to file FAC submissions by 15th of every month prior to the month for which the FAC is proposed to be levied for prior approval.

2.4 Accordingly, TPC-D has filed FAC submissions for the month of January, 2021 for prior approval. The Commission has scrutinized the submissions provided by TPC-D 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 TPC-D 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* January 2021 (MU)
	(I)	(II=I/12)	(III)
EHV – Industry	214.59	17.88	42.53
HT I - Industry	827.54	68.96	66.37
EHV- Commercial	106.22	8.85	7.68
HT II - Commercial	401.22	33.44	26.47
HT III - Group Housing Society (Residential)	6.77	0.56	1.09
HT IV – Railways/Metro/Monorail			
-22/33 kV	69.06	5.76	4.43
HT V - Public Services			
a) Govt. Edu. Inst. & Hospitals	13.19	1.10	1.53
b) Others	210.87	17.57	17.34
LT I (A)- Residential (BPL)	0.00	0.00	0.00
LT I (B)- Residential	1884.51	157.04	122.38
LT II - LT Commercial			
(A)- upto 20 kW	228.21	19.02	10.02
(B) >20 kW and <50 kW	112.21	9.35	4.36
(C) - 50 kW	345.66	28.81	17.14
LT III (A) - Industry < 20 kW	32.98	2.75	2.77
LT III (B) - Industry > 20 kW	195.88	16.32	13.23
LT IV - Public Services			
a) Govt. Edu. Inst. & Hospitals	23.37	1.95	0.41
b) Others	6.06	0.50	0.96
LT V - EV Charging Stations	0.10	0.01	0.02
Total	**4678.46**	**389.87**	**338.75**

** - Approved and Actual Sales includes the direct sales and changeover sales of TPC-D*

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

3.2 **It is observed that the total sales for January, 2021 is 338.75 MUs which is 13% lower than approved monthly sales of 389.87 MUs** mainly due to lower sales of LT category. In response to data gaps in respect of higher sales for EHV-Industry, TPC-D submitted that open access purchase by EHV-Industry category consumers was lower as compared to other months and majority of the requirement is met through TPC-D. The Commission notes the submission of TPC-D.

3.3 The comparison of estimated sales and sales based on actual meter reading for the month of April 20 to January 21 is as given below:

Particulars	Actual – MUs	Estimated - MUs	Total	% sales based on Estimated Reading
Apr-20	104.8	150.07	254.87	59%
May-20	118.21	138.31	256.52	54%
Jun-20	255.45	81.36	336.81	24%
Jul-20	371.38	30.71	402.09	8%
Aug-20	359.27	4.8	364.07	1%
Sep-20	359.41	1.05	360.46	0.3%
Oct-20	389.1	1.07	390.17	0.3%
Nov-20	365.17	0.75	365.92	0.2%
Dec-20	365.12	0.57	365.69	0.16%
Jan-21	338.41	0.34	338.75	0.10%

It is observed that the assessed sales percentage has been reducing gradually leading upto just 0.1% in January 21.

3.4 Further, comparison of sales from April 20 to January 21 as compared to last year are as shown below:

Particulars	LT - Residential (MU)	LT Others (MU)	HT (MU)	Total (MU)
Apr-19	171.03	64.24	143.2	378.47
Apr-20	133.52	36.3	85.05	254.87
May-19	182.62	88.7	169.51	440.83
May-20	139.51	21.32	95.69	256.52
Jun-19	207.00	60.46	167.66	435.12
Jun-20	210.41	24.35	102.05	336.81
Jul-19	175.31	70.57	179.41	425.29
Jul-20	236.58	41.81	123.70	402.09
Aug-19	159.3	92.21	172.04	423.55
Aug-20	182.7	47.46	133.91	364.07
Sep-19	158.0	70.34	153.71	382.05
Sep-20	156.65	51.78	152.02	360.46
Oct-19	162.5	87.63	147.32	397.45
Oct-20	166.2	59.56	164.41	390.17
Nov-19	161.27	53.96	135.45	350.68
Nov-20	163.10	53.09	149.72	365.92
Dec-19	153.54	72.04	137.89	363.47
Dec-20	143.14	64.29	158.26	365.69
Jan-20	128.6	74.27	123.65	326.52
Jan-21	122.38	48.91	167.45	338.75
April 19 – Jan 20	**1659.17**	**734.42**	**1529.84**	**3923.43**
April 20 - Jan 21	**1654.20**	**448.87**	**1332.26**	**3435.36**

The Commission observes that overall sales for the month of January 21 are marginally higher than January 19 mainly due to higher HT sales as compared to last year. However, on a cumulative basis from Apr-20 to Jan-21, the total sales are lower by 12% as compared to same period last year.

4. Power Purchase Details

4.1 The Commission has approved following sources in the Tariff Order for power purchase by TPC-D.

a) Tata Power Company Ltd. (TPC-G)
b) Renewable Energy (Solar and Non-Solar)
c) Short Term Sources (Bilateral and Power Exchange).

In addition to the aforesaid, there may be some variation in real time (unscheduled interchange) which will be settled through Balancing and Settlement Mechanism approved by the Commission.

4.2 Summary of Power Purchase for TPC-D is as follows:

<table>
<tr><th>Sr. No.</th><th>Particular</th><th>Compliance</th></tr>
<tr><td>1</td><td>Sources of approved Power Purchase</td><td>TPC-D has purchased power from approved sources.</td></tr>
<tr><td>2</td><td>Merit Order Dispatch</td><td>TPC-D has followed merit order for scheduling of power and preference was given to cheapest power.</td></tr>
<tr><td>3</td><td>Fuel Utilization Plan</td><td>Existing contracts expired in July 2020. TPC-G has entered into new coal contracts for 2.2 MT for 2 years further extendable by 2 years as per directions of the Commission in TPC-G MYT Order through Competitive Bidding.</td></tr>
<tr><td>4</td><td>Pool Imbalance</td><td>TPC-D has drawn 31.51 MUs from the imbalance pool to meet the demand.</td></tr>
<tr><td>5</td><td>Sale of Surplus Power</td><td>TPC-D has sold 1.00 MUs at Rs. 4.72/kWh thereby benefitting its consumers as sale rate is higher than APPC.</td></tr>
<tr><td>6</td><td>Power Purchase</td><td>Actual Power Purchase is 360.52 MUs as against approved quantum of 405.08 MUs</td></tr>
<tr><td>7</td><td>Source wise Power Purchase</td><td>
<table>
<tr><th>Source Name</th><th>Approved (MU)</th><th>Actual (MU)</th><th>Proportion of each Source in Actual Purchase</th></tr>
<tr><td>TPC-G</td><td>316.65</td><td>268.63</td><td>74.51%</td></tr>
<tr><td>RE Sources</td><td>31.15</td><td>11.56</td><td>3.21%</td></tr>
<tr><td>Short Term</td><td>57.28</td><td>49.84</td><td>13.82%</td></tr>
<tr><td>Imbalance Pool & Other</td><td>-</td><td>30.51</td><td>8.46%</td></tr>
<tr><td>Total</td><td>405.08</td><td>360.53</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>8</td><td>Power Purchase: Section 62 of Electricity Act, 2003</td><td>As part of verification of fixed cost claimed by TPC-D, the same has been verified from the TPC MYT Order in Case No. 326 of 2019.
As part of verification of energy charges claimed by TPC-D, verification of operational parameters, fuel cost, GCV etc. vis-à-vis the MYT Order/Tariff Regulations is carried out.</td></tr>
<tr><td>9</td><td>RE Purchase</td><td>Solar Cost and Solar MUs verified as per Invoice except for bilateral solar purchase which is considered based on scheduled energy. Non-Solar MUs considered as submitted by TPC-D based on the meter reading data/scheduled energy (bilateral purchase) with a direction to submit invoice in next FAC submission.</td></tr>
<tr><td>10</td><td>Short Term Power Purchase</td><td>Short-term power purchase by TPC-D has been verified from the invoices of January, 2021 submitted by TPC-D.</td></tr>
</table>

4.3 **TPC-D has purchased power of 360.53 MUs as against approved 405.08 MUs from the sources approved by the Commission.**

4.4 The following table show the variation in average power purchase cost (Rs/kWh) for the month of January, 2021 submitted by TPC-D as compared to average power purchase cost approved in Tariff Order:

Particulars	Tariff Order Dated 30.03.2020 FY 2020-21 Approved			Actual for January, 2021 as submitted by TPC-D		
	Net Purchase – Monthly*	Cost - Monthly	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
TPC-G	316.65	138.03	4.36	268.63	106.40	3.96
RE Sources	31.15	20.54	6.59	11.56	7.03	6.08
Short Term	57.28	20.38	3.56	49.84	15.57	3.12
Unscheduled Interchange	-	-	-	31.51	9.01	2.86
Sale of Power	-	-	-	(1.0)	(0.47)	4.72
Total	**405.08**	**178.95**	**4.42**	**360.53**	**137.54**	**3.81**

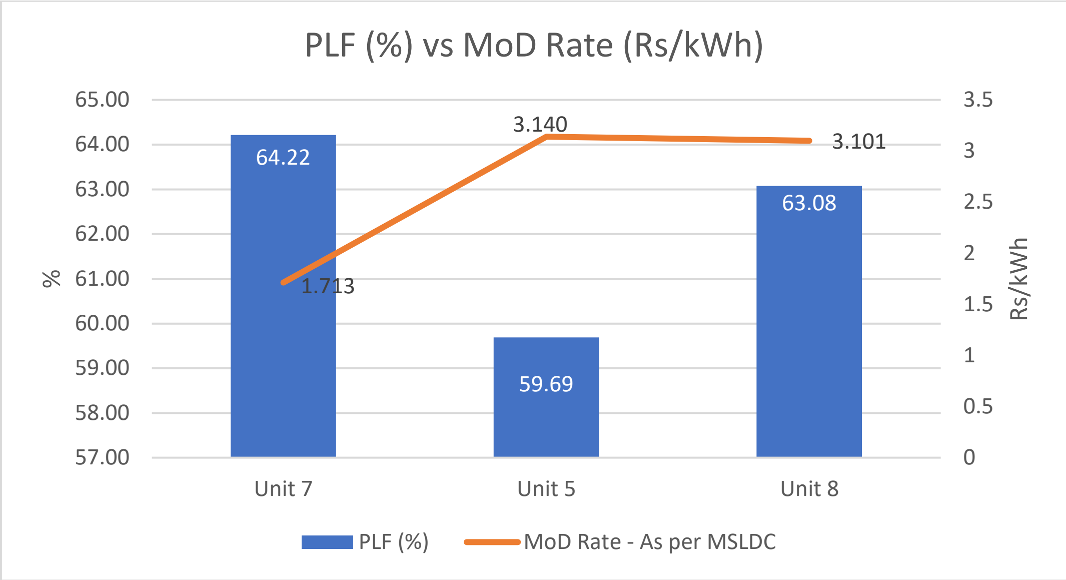
***** *Although, power purchase quantum is not approved on monthly basis, the monthly quantum is arrived at based on yearly approved quantum and shown for comparison purpose only*

5. Power Purchase Cost

5.1 The Commission has sought detailed bills/invoices for all of the power purchase sources in order to verify the claim of TPC-D with regards to average power purchase cost for the month of January, 2021. The Commission has verified the Net Purchase, Variable Cost, Fixed Charge and the Power Purchase Cost from the relevant bills/invoices received for all purchasing sources. TPC-D has purchased power from approved sources as per the Tariff Order.

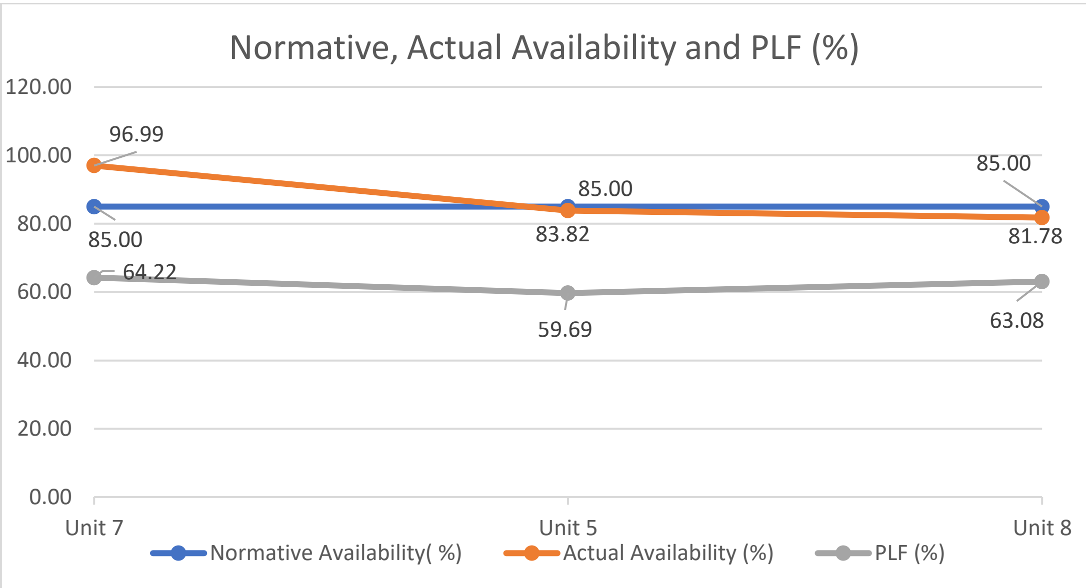
TPC-G

5.2 TPC-G Unit 7 have declared Availability of more than 97%, whereas Unit 5 and Unit 8 have declared lower than normative Availability of 84% and 82% respectively due to forced shut down for 5-6 days during the month of January, 2021. It is observed that Unit-7 having lowest rate in MOD has highest PLF of 64.22%. In response to query raised by the Commission, in respect of lower PLF of Unit 7, TPC-D submitted that it was due to lower availability of APM Gas for the period 2nd to 8th January, 2021. However, RLNG was available but was not used considering the high cost of generation and to optimise the power purchase cost. The graph showing the comparison of Variable Cost in MoD Stack and monthly PLF for TPC-G thermal/gas units is given below:

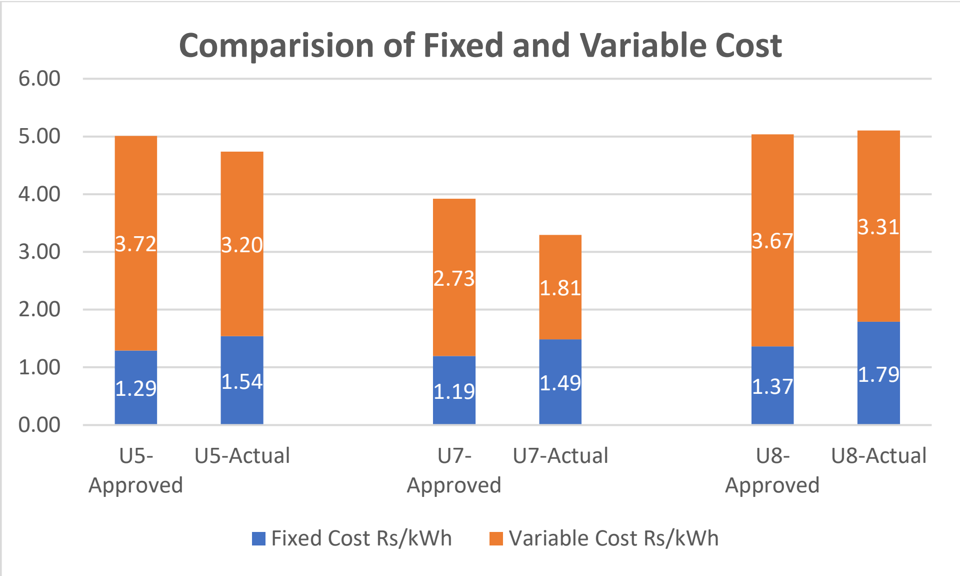


5.3 The Commission has observed that **TPC-D has purchased 268.63 MUs from TPC-G as against monthly approved quantum of 316.65 MUs. It was observed that Unit-7 having lowest rate in MOD has run at highest PLF of 64.22% thereby benefitting the consumers.**

5.4 The graphical comparison of normative availability and actual availability for the month of January, 2021 is as given below:



5.5 The entire monthly fixed cost was payable in line with MYT Regulations, 2019 as the cumulative plant availability was higher than the normative availability of 85%. This has resulted into fixed cost being spread over lower net generation due to lower PLF. **However, the impact of increase in fixed cost is offset by lower variable cost.** The comparison of Actual and Approved Fixed and Variable Cost of Units as shown in the graph below shows the impact of fixed cost due to actual generation.



5.6 The Availability of TPC-G units as compared to last year is as given below:

TPC-G Units	Availability – January 2021	Availability – January 2020
Unit 5	83.82%	100%
Unit 7	96.99%	87.4%
Unit 8	81.78%	100%

5.7 Further, the Commission has verified that the payment of Fixed Charges for all the Thermal/Gas Units as well as Hydro Units have been worked out based on the cumulative availability as per the provisions of MYT Regulations, 2019.

5.8 The Commission in its Order dated 30 March, 2020 in Case No 300 of 2019 in respect of Fuel Utilisation Plan of TPC-G as held as follows:

"7.17.7 Regarding the imported coal, it is submitted that Thermal Generating Station at Trombay needs ultra-low sulphur, low ash and Mid GCV coal to adhere with the stringent environment norms. Since, PPAs were not finalised during the year 2019 and there was uncertainty with respect to future tie-ups, the coal tie-ups were done only for a period of one year. The long term contract with Adaro is valid till 2020. Also, annual contract with Kideco and with Avra are valid upto July 31, 2020.

7.17.8 Regarding further fuel arrangement, the Commission notes the TPC-G's submission that, existing PPAs are valid till March 31, 2024 and hence, it is exploring *the options to tie up Coal on annual basis or on term basis, to get competitive prices for the required quantity in the best interest of consumers.*

7.17.9 As regards Gas Contract, the Commission notes that existing APM gas Contract with GAIL is valid upto December 31, 2020. TPC-G submitted that it will be approaching GAIL for renewal of the contracts for further period as per usual practice.

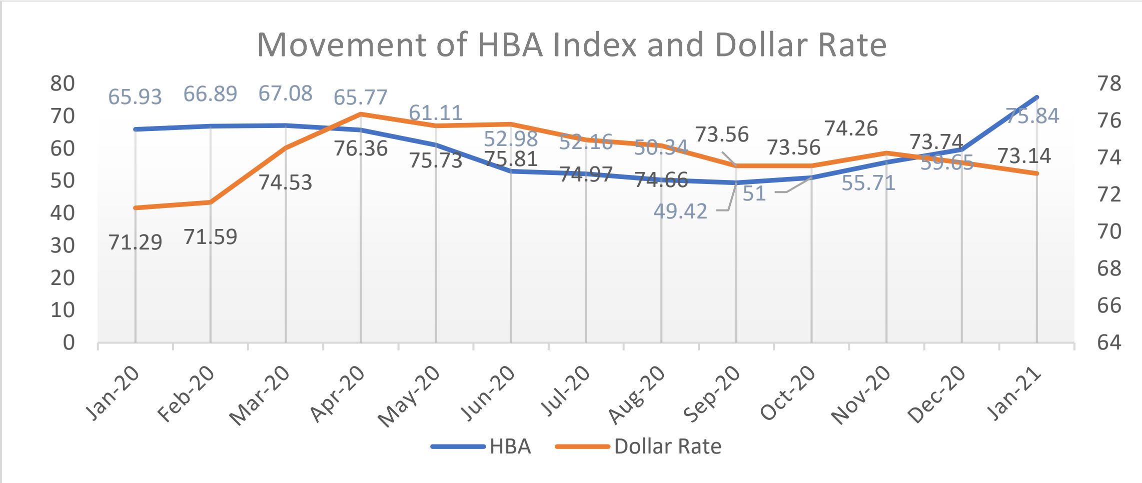
7.17.10 It is the primary responsibility of Generating Companies to ensure supply of fuel for operation of the plant However, the Commission, in the present Order, has reviewed the fuel arrangement to ensure the availability of plant. Further, TPC-G has tied up its capacity with BEST and TPC-D, which are supplying power to Consumers in Mumbai city. The Commission notes that TPC-G has entered into Fuel Supply arrangement for shorter period in view of uncertainty of PPAs. The existing Coal contracts are valid upto July & August 2020 and Gas Contract upto December 2020. There is limited time available for entering into Fuel Supply contract. Hence, the Commission directs TPC-G to enter into fuel supply contracts or arrangement so as to ensure the supply of fuel till the validity of PPA, i.e., upto March 31, 2024 through transparent process of Competitive Bidding. Further, TPC-G is directed to submit its Status report, on arrangement of Fuel Supply for future period, to the Commission within three (3) months from the date of this Order."

5.9 TPC-G's existing contracts for coal purchase expired in July 2020. Vide its letter dated 8 July, 2020, TPC-G informed that it has entered into coal contracts for 2.2 Million MT for two years from 1 August, 2020 onwards and further extendable by two years through competitive bidding. The Commission notes that the purchase of coal has been from the contracts entered into by TPC-G. The existing contracts which were approved by the Commission in the MYT Order as part of Fuel Utilisation Plan have expired and new contract have been entered through Competitive Bidding. Accordingly, the new contracts for purchase of imported coal will now be considered as part of Fuel Utilisation Plan.

5.10 **The APPC for TPC-G, which generates power on Imported Coal, Domestic Natural Gas (under APM mechanism), Oil (LSHS), imported RLNG and hydro has been worked out at Rs. 3.96/ kWh as against the approved rate of Rs. 4.36/kWh.**

5.11 **The variation in APPC is mainly on account of fixed charge payment as explained in paragraph above and also due to lower price of fuel for January, 2021. The landed cost of coal for energy charge computation as claimed by TPC-G is Rs. 5841.91/MT as compared to approved rate of Rs. 6705.91/MT.** It can be seen that the actual landed price is lower as compared to approved rate in the Tariff Order and the same is due to decrease in the imported coal price primarily attributed to demand supply position of the global coal market. It is also observed that there is reduction in price of APM Gas to Rs. 10,676.03/SCM as compared to approved rate of Rs.17,139.56/SCM.

5.12 TPC-G mainly procures imported coal from Indonesian market. As per the Contract, the coal reference price is HBA index i.e., Harga Batubara Acuan for Indonesian coal which is set by Ministry of Energy and Mineral Resources (Indonesia). The Commission has sought for prevailing HBA index during the aforesaid period along with the detailed computation of FOB price at which the coal has been procured by TPC-G. The graph below shows the trend of HBA index which is considered by TPC-G for energy charge calculations. It can be observed that the HBA index has witnessed a increasing trend from October 2020 onwards and substantial increase in month of January, 2021 as compared to December, 2020. Also, the Dollar Exchange rate has witnessed a sharp surge from February 2020 and more or less stabilised since last few months.



* - HBA indices at 6,322 kcal/kg GAR coal with 8% total moisture, 15% ash as received and 0.8% sulphur

$ - Dollar Rate source - www.x-rates.com (Average rate for the month for representation purpose and may not be a reference rate at which Coal is procured)

5.13 The Commission has also sought coal purchase bills considered for January, 2021. The Commission has scrutinised the bills submitted and computed the purchase price of coal for the month of January, 2021 as shown in Table below:

Date	Invoice QTY	GCV	HBA	Correction as per FSA	Invoice Rate	Coal Cost	Freight Rate	BF Correction	Freight Payable	Total Coal Cost	
	MT	kcal/kg	$/MT	$/MT	$/MT	$	$/MT	$/MT	$	$	$/MT
a	b	c	D	e	f	G	h	I	j	k	l
10-12-2020	55305	4870	59.65	15.83	43.82	2423465	10.57	1.63	488597	2912062	52.65
29-12-2020	57210	4853	59.65	16.25	43.40	2482914	10.57	1.44	522327	3005241	52.53
08-01-2021	57180	4865	75.84	22.62	53.22	3043120	10.57	1.20	535777	3578896	62.59
09-01-2021	53904	4845	75.84	22.88	52.96	2854756	10.57	1.12	509662	3364418	62.42
Total	**223599**	**4858**	**67.69**	**19.37**	**48.32**	**10804255**	**10.57**	**1.35**	**2056363**	**12860617**	**57.52**

5.14 TPC-D has submitted the detailed coal computation for the coal purchased in January, 2021 and also the reconciliation of coal cost considered in Form F12 along with each coal invoice. The coal cost is arrived on the basis of Goods Receipt Note (GRN) in the SAP system which is dependent on the rate of coal purchase (in Rs./MT or USD/MT) considered at the time of coal order (PO) booking. However, the coal cost mentioned in the coal invoice is as per the base price of coal purchase (in Rs./MT or USD/MT) arrived on the basis of actual gross calorific value, Moisture content, Ash content, Sulphur content, HBA indices etc. Once the invoice is booked in the SAP system after GRN of full coal quantity of a shipment, the cost as per coal invoice gets booked against each shipment in the SAP system in order to make payment to the supplier. To facilitate this, the difference between coal cost in Goods Receipt Note (GRN) and coal cost in the invoice is booked as adjustment entry in the SAP. Hence, the coal inventory gets valued ultimately at the invoice values and at the coal purchase rate (in Rs./MT or USD/MT) prevailing on the date of billing.

5.15 Further, as the coal purchase during a month is generally not utilised in the same month, hence, there is a variation in above computed coal price vis-à-vis coal price as considered by TPC-G for energy charge calculations. The cost of coal for energy charge computation pertains to coal consumed during the respective months which is arrived based on the actual cost of coal inventory as well as the purchased coal cost received in the coal yard.

5.16 Apart from above, the Commission has also sought for third party sampling report for GCV verifications. TPC-G has submitted the third-party sampling certificate for the respective period. The Commission has verified the document submitted and found to be in order. TPC-G has also considered the stacking loss as per norms approved by the Commission while computing the Energy Charges.

5.17 From the Table above, the basic purchase cost of imported coal including freight during the month of January, 2021 as per bills submitted worked out at USD 57.52/MT. TPC-D has booked Rs. 4321.92/MT (i.e. Rs. 3610.04/MT for Coal and Rs. 711.88/MT for freight). Also, other coal handling charges such as insurance, handling and wharfage charges, taxes and duties, clean energy cess and other miscellaneous charges considered by TPC-D are in line with the average prices approved in the previous quarters and accordingly, the total landed cost of coal arrived is Rs. 6147.01/MT. Accordingly, the break-up of the cost as submitted by TPC-D and as considered by the Commission against the procurement of coal for the month of January, 2021 is as given below:

Sr. No	Particular	Source / Formula	units	As Submitted – Coal Cost	As Approved – Coal Cost
1	Basic Coal cost + Freight in Rs.	As submitted	Rs./MT	4,321.92	4,321.92
2	Excise + Custom Duty + CE Cess+ Insurance	As submitted	Rs./MT	654.46	654.46

Sr. No	Particular	Source / Formula	units	As Submitted – Coal Cost	As Approved – Coal Cost
3	Handling and Wharfage	As submitted	Rs./MT	620.92	620.92
4	Other Fuel Handling Charges	As submitted	Rs./MT	604.30	604.30
5	Other Adjustment	As submitted	Rs./MT	(54.60)	(54.60)
6	**Total as per Form 12**	**Sum(1:5)**	**Rs./MT**	**6,147.01**	**6,147.01**

5.18 It is observed that there is difference in coal cost considered in Form 11 and Form 12. TPC-D submitted that the difference in the cost is due to Foreign exchange variation due to difference in dollar rate at the time of booking of Purchase Order and the actual payment made to vendor and the employee cost. Accordingly, the coal consumption cost considered by the Commission as per Form 11 is as given below:

Particulars	Units	TPC Submission	As Approved
Form F12 - Coal Consumption Cost	Rs/MT	5,836.56	5,836.56
Foreign Exchange Rate Variation	Rs/MT	-31.74	-31.74
Employee Cost	Rs/MT	37.08	37.08
Form F11 - Coal Consumption Cost	Rs/MT	5,841.91	5,841.91

5.19 **In view of the above, the Commission has considered APPC of Rs 3.96/kWh as against approved rate of Rs. 4.36/kWh for power purchased from TPC-G. The APPC is lower mainly due to lower Variable Cost of power purchased from Unit-5,7 and 8.**

5.20 Variation in power purchase expenses from TPC-G can be divided on account of change in quantum and per unit rate as follows:

Month	Increase in Expenses for power purchase from TPC-G (Rs. Crore)		
	On Account of change Quantum of Power Purchase	On Account of change in Per Unit rate of Power Purchase	Total
January 2021	(20.93)	(10.73)	(31.66)

Out of above, variation on account of increased per unit rate is only considered for FAC computation.

Renewable Sources

5.21 TPC-D has tied up non-solar generation (Wind) of 158 MW and 28.06 MW of solar to meet its Renewable Purchase Obligation. The Commission in the Tariff Order has approved the said purchase for non-solar and solar energy at average rate of Rs. 4.98/kWh and Rs. 9.10/kWh respectively. Further, the Commission has also approved non-solar and solar REC's at Floor Price of Rs.1.00/kWh for approximately 391 MUs towards shortfall in meeting RPO.

5.22 TPC-D had purchased non-Solar (7.33 MUs) and Solar RE (4.22 MUs) power during the month of January, 2021. Solar RE Purchase of 4.22 MUs by TPC-D also includes 0.3 MUs bilateral purchase by TPC-D at average rate of Rs 2.84/kWh. The said bilateral purchase is considered as per scheduled solar energy. TPC-D has submitted invoices for balance solar energy purchase and the said solar purchase is as per invoice submitted by TPC-D and accordingly the same is considered by the Commission in FAC computation. In respect of non-solar, it has submitted that TPC-D is yet to receive credit notes (invoices) for the wind power procured from various generators during January, 2021 and accordingly wind power purchase has been considered based on the monthly meter reading data (4.45 MUs) and scheduled energy of 2.88 MUs for bilateral purchase at Rs 3.15/kWh. The Commission has considered the non-solar energy as submitted by TPC-D. However, TPC-D is directed to submit the invoices of non-solar wind energy purchase during the FAC submission of next month for verification.

5.23 The Commission observes that TPC-D has purchased total 11.56 MUs of RE power during the month of January, 2021. **The average power purchase cost from RE sources is Rs. 6.08/kWh as compared to approved rate of Rs. 6.59/kWh mainly due to fact that REC's have not been purchased by TPC-D and Bilateral RE purchase from is at the rate lower than approved rate. Accordingly, the Commission has considered RE purchase as submitted by TPC-D**.

5.24 The Commission has sought reconciliation of Wind Power Purchase considered in FAC as per meter reading data and actual invoice/credit notes for the period April 20 to January 21. TPC-D has submitted the reconciliation for the period April 20 to October 20. As per the said submission, the actual quantum and cost of purchase for the said period is lower by 0.65 MUs and Rs 0.23 Crore respectively than approved by the Commission. Accordingly, the Commission has adjusted the said lower cost in the total power purchase cost for the month of January, 2021 and passed on the benefit to the Consumers.

5.25 Variation in power purchase expenses from RE Sources can be divided on account of change in quantum and per unit rate as follows:

Month	Increase in Expenses for power purchase from RE Sources (Rs. Crore)		
	On Account of change Quantum of Power Purchase	On Account of change in Per Unit rate of Power Purchase	Total
January 2021	(12.91)	(0.58)	(13.49)

Out of above, variation on account of increased per unit rate is only considered for FAC computation.

Short Term Purchase

5.26 With regards to short term purchase, **TPC-D has purchased 49.84 MUs at average rate of Rs. 3.12/kWh as compared to approved rate of Rs. 3.56/kWh**. The said purchase also includes standby purchase of 12.95 MUs from MSEDCL due to emergency outage of TPC Unit 5 and Unit 8. It was also observed that in spite of availability of contracted sources, TPC-D purchased 36.89 MUs from Power Exchange at lower rate of Rs 2.83/kWh to optimise its overall power purchase cost. Accordingly, the Commission has considered the short-term purchase by TPC-D.

5.27 Variation in power purchase expenses from Short Term Sources can be divided on account of change in quantum and per unit rate as follows:

Month	Increase in Expenses for power purchase from Short Term (Rs. Crore)		
	On Account of change Quantum of Power Purchase	On Account of change in Per Unit rate of Power Purchase	Total
January 2020	(2.64)	(2.17)	(4.81)

5.28 **To summarise, TPC-D has optimised its overall power purchase cost by taking following actions:**

(a) Lowest Cost Generator – Unit 7 is run at highest PLF among all the thermal/gas generators

(b) Purchasing cheaper power in short term at Rs 2.83/kWh which is lower than Variable Cost of Unit 5 and Unit 8.

Imbalance Pool

5.29 **It was observed that TPC-D has drawn 31.51 MUs from the imbalance pool during the month of January, 2021**. TPC-D submitted that power purchase from imbalance pool was not planned and was scheduled by MSLDC due to backing down of TPC-G units based on MOD. The power drawn from the imbalance pool is supplied to the consumers and is already billed as per Tariff approved by the Commission. The Energy Charge approved also includes the element of power purchase. It is therefore pertinent that such cost of such power drawn from the pool is considered while computing FAC.

5.30 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 MSDLC, 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 TPC-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.

Sale of Power

5.31 **TPC-D has done sale of surplus power to the extent of 1 MUs during the month at Rs. 4.72/kWh. With such a sale of power TPC-D has earned revenue of Rs. 0.47 Crore**. The Commission has compared the rate of sale of surplus power by TPC-D vis-à-vis the Market Clearing Price (MCP) prices of power traded at IEX. The average MCP prices for January, 2021 prevailed at Rs. 3.18/kWh at Regional periphery which would be approximately Rs. 3.58/kWh at Maharashtra Periphery. Against the above prices prevailing at IEX, TPC-D has managed to sold the surplus power at a higher rate, thus lowering the APPC and benefitting the consumers. Also, the rate of power is higher than marginal cost of TPC-G Unit-5. Hence, based on this the Commission has considered the actual quantum and revenue against surplus sale.

Approved Cost of Power Purchase

5.32 In view of the above, the overall cost approved in the Tariff Order and actual for the month of January, 2020 considered by the Commission is as shown below:

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)
TPC-G	Approved	316.65	39.26	1.24	98.77	3.12	138.03	4.36
	Actual	268.63	39.47	1.47	66.93	2.49	106.40	3.96
Renewable including REC	Approved	31.15	-	-	20.54	6.59	20.54	6.59
	Actual	11.56		-	7.03	6.08	7.03	6.08
Short Term	Approved	57.28	-	-	20.38	3.56	20.38	3.56
	Actual	49.84		-	15.57	3.12	15.57	3.12
Imbalance Pool	Approved	-	-	-	-	-	-	-
	Actual	31.51			9.01	2.86	9.01	2.86
Sale of Surplus Power	Approved	-	-	-	-	-	-	-
	Actual	-1.000		-	-0.47	4.72	-0.47	4.72
Total	**Approved**	**405.08**	**39.26**	**0.97**	**139.69**	**3.45**	**178.95**	**4.42**
	Actual	**360.53**	**39.47**	**1.09**	**98.07**	**2.72**	**137.31**	**3.81**

5.33 Considering the above, **the Commission allows the average power purchase cost of Rs. 3.81/kWh for the month of January, 2021 as shown in Table above. The variation in power purchase cost is mainly on account of lower cost of TPC-G and power purchase in short term market as already explained in para above**. **The actual purchase for same month in FY 2019-20 i.e. January, 2020 was 329.43 MU and power purchase cost was Rs. 148.12 Cr with APPC of Rs. 4.49/kWh**.

FCR claims of TPC-D

5.34 TPC-D in its FAC submission has also claimed Rs 38.23 Crore as payment made towards Fixed Cost Reconciliation for FY 2018-19 along with carrying cost in January, 2021. TPC-D was asked to submit the details and rationale for claiming the said amount in FAC as the Commission has already allowed the amount towards FBSM in MYT order for FY 2018-19 and same was not to be considered as part of FAC. In response to data gaps raised by the Commission, TPC-D submitted that the Commission has allowed following costs towards FBSM bill payment for FY2018-19 to TPC-D:

a. Rs 166.33 Crore towards FBSM payment for FY 2018-19 as per Table 3-23 of Tariff Order
b. Rs 257.94 Crore for FY 2018-19 and FY 2019-20 (Rs 128.97 Crore each year) as FBSM fund for FBSM bill payment

It was further submitted by TPC-D that the Commission in its Order dated 1 July, 2020 in Case No 96 of 2020 has held that expenses towards FBSM bills have been allowed on provisional basis for FY 2018-19 and FY 2019-20 and again allowing expenses of Rs. 257.94 Crore in FY 2020-21 for the same purpose is an error apparent on the face of record. However, it is observed that TPC-D in its reconciliation statement of claims towards FBSM amount paid and approved by the Commission, has considered both the amounts i.e. Rs 166.33 Crore and Rs 128.97 Crore i.e. total amount of Rs. 295.30 Crore.

TPC-D has further submitted that the aforesaid amount of Rs 295.20 Crore is approved towards variable cost component of FBSM, whereas TPC-D is separately claiming fixed cost component of FBSM for FY 2018-19 and not adjusted the same towards the FBSM amount already approved by the Commission in the Tariff Order.

5.35 The Commission in its review order dated 1 July, 2020 in Case No 96 of 2020 has held that impact of double allowance towards FBSM expense for FY 2018-19 and FY 2019-20 shall be claimed at the time of MTR proceedings. The relevant extract of the Order is reproduced herein below:

“

15.2 Thus, the Commission has allowed Rs. 257.94 crore to be included in FY 2020-21 as FBSM fund to TPC-D for payment of unbilled FBSM charges for FY 2018-19 and FY 2019-20.

15.3 However, the Commission notes that for FY 2018-19 and FY 2019-20, it has already allowed Rs. 166.33 crore (Table 3-23 of TPC-D's MYT Order) and Rs. 82.19 crore (Table 4.14 and 4.15 of TPC-D's MYT Order), respectively, towards FBSM payments on provisional basis as claimed by TPC-D.

15.4 Therefore, expenses towards FBSM bills have been allowed on provisional basis for FY 2018-19 and FY 2019-20, ***again allowing expenses of Rs. 257.94 crore in FY 2020-21 for the same purpose is an error apparent on the face of record.***

e. ***Prayer regarding correcting double allowance of expenses towards FBSM expenses for FY 2018-19 and FY 2019-20 is allowed. Impact of the same shall be claimed during upcoming MTR proceedings*** *(para no. 15.4)”*

In line with the aforesaid ruling, the Commission is of the view that the impact of amount of Rs 128.97 Crore which was inadvertently allowed in MYT Order in addition to the approved FBSM amount of Rs 166.33 Crore for FY 2018-19 will be considered at the time of MTR proceedings.

5.36 Further, while adjusting the payments made by TPC-D from the approved FBSM amount, TPC-D has also considered the payment of Rs 25.60 Crore towards provisional Supplementary Variable Charge for FY 2011-12 to FY 2017-18. The Commission notes the said amount does not pertain to FY 2018-19 against which the said adjustment is being sought for by TPC-D. Further, TPC-D itself in its FAC submission for the month

August 2020 has submitted that it will claim the aforesaid amount at the time of MTR proceedings. The relevant extract is as reproduced below:

" With respect to FAC computation for August, 2020, we wish to submit that Tata Power-D has made a payment of ***Rs. 25.60 Crores*** *to MSLDC in August, 2020 towards provisional supplementary variable charges bill raised by MSLDC for the period from FY 2011-12 to FY 2017-18 as per directive of Hon'ble Commission in the Order in Case No. 90 of 2020 dated 20th July, 2020. Tata Power-D has not included this payment in the power purchase cost for August, 2020 for FAC computation in line with the directives of Hon'ble Commission in MYT Order of Tata Power-D in Case No. 326 of 2019 and in Case No. 90 of 2020*

.....

Accordingly, Tata Power-D has not considered the recovery of payment towards provisional supplementary variable charges bill raised by MSLDC for the period from FY 2011-12 to FY 2017-18 in FAC computations. ***This payment would form part of the power purchase cost of Tata Power-D and the net gap/(surplus) of Tata Power-D for FY 2020-21 would be arrived at after factoring such payments made by Tata Power-D during the MTR process****"*
(Emphasis Supplied)

In view of the aforesaid submission of TPC-D and the amount of Rs 25.60 Crore not being for the period FY 2018-19, against which the adjustment is being sought for by TPC-D, the claim made by TPC-D is not being considered and accordingly not being adjusted against Rs 166.33 Crore.

5.37 Further, the Commission has allowed Rs 166.33 Crore towards FBSM for FY 2018-19 in the Tariff Order and the same was computed considering the imbalance pool quantum. TPC-D's submission that the above approved amount was towards variable charges is correct, however, it cannot be ignored that the above amount was approved under truing up for FY 2018-19 even though no FBSM bills were received by TPC-D for FY 2018-19 and hence no payment had been made by TPC-D to MSLDC. Thus, in a way, this amount of Rs. 166.33 Cr. is also a provision made to meet FBSM liabilities. If the FCR amount of Rs. 38.23 is allowed to pass through via FAC mechanism, it would amount to double charging the consumers. Further, the total payment towards FBSM for FY 2018-19 does not exceed Rs 166.23 Crore. Hence, it would be appropriate to meet this FCR liability through this provisional amount of Rs. 166.33 Crore. Accordingly, the Commission has adjusted the amount of Rs 38.23 Crore towards Fixed Cost Reconciliation for FY 2018-19 from Rs 166.33 Crore and not considering it as a part of FAC.

5.38 The summary of the amount claimed by TPC-D and allowed by the Commission is as given below:

Particulars	Claimed by TPC- Rs Cr	Approved Claim - Rs Cr
FBSM Payment for FY2018-19 allowed in Tariff Order (A)	166.33	166.33
FBSM Fund for payment of FBSM Bill Payment of Past Period (FY2018-19) (B)	128.97	0
Total Approved Cost towards FBSM bill payment for FY2018-19 (C=A+B)	295.3	166.33
Payment towards provisional Supplementary Variable Charge for FY 2011-12 to FY 2017-18 (D)	25.6	0
Payment towards provisional Variable Charge of FBSM Pool for FY 2018-19 (E)	106.78	106.78
Total Payment towards FBSM Variable Charges (F=D+E)	132.38	106.78
Balance FBSM Amount with TPC-D (Approved - Payment) (G=C-F)	162.92	59.55
Payment towards Fixed Cost Reconciliation for FY 2018-19 along with carrying cost (H)	38.23	38.23
Balance FBSM Amount with TPC-D after payment of Fixed Cost (I=G-H)	**124.69**	**21.32**

As seen from the above table, TPC-D still has balance amount of Rs 21.32 Crore which is approved by the Commission after making payment towards provisional payment for FY 2018-19.

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

6.1 The Commission has worked out the average power purchase cost for the month of January, 2021 as shown in above table. The same has been compared with the average power purchase cost approved by the Commission in Tariff Order dated 30 March, 2020 and accordingly arrived at differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

6.2 The following table shows the Z_{FAC} worked out by the Commission on account of difference in fuel and power purchase cost for the month of January, 2021.

S. No.	Particulars	Units	January 2021
1	Average power purchase cost approved by the Commission	Rs./kWh	4.42
2	Actual average power purchase cost	Rs./kWh	3.81
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.61)
4	Net Power Purchase	MU	360.53
5	**Change in fuel and power purchase cost (=3 x 4/10)**	**Rs. Crore**	(21.95)

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 FAC levied for the month of September, 2020 was nil, there would not be any adjustment factor for the month of January, 2021 while computing the allowable FAC.

8. <u>Carrying Cost for over recovery/under recovery (B)</u>

8.1 As explained in the above paragraph in absence of any adjustment factor for previous month, there is no carrying cost which is to be allowed in FAC for the month of January, 2021.

9. <u>Disallowance due to excess Distribution Loss</u>

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

S. N	Particulars	Units	Approved in Tariff Order	January 2021- Actual	Actual Cumulative upto January 2021
1	Net Energy Input at Distribution Voltage	MU	3242.49	199.04	1863.55
2	TPC-D Retail Sales (excluding sales at 110/132 kV level)	MU	3209.42	194.54	1825.39
3	Distribution Loss (1 - 2)	MU	33.07	4.49	38.16
4	Distribution Loss as % of net energy input (3/1)	%	1.02%	2.26%	2.05%

S. N	Particulars	Units	Approved in Tariff Order	January 2021-Actual	Actual Cumulative upto January 2021
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	-	19.15
6	**Disallowance of FAC due to excess Distribution Loss**	**Rs. Crore**	**-**	-	-

9.3 It is seen that standalone distribution loss for the month of January, 2021 is higher than approved loss. In response to query raised by the Commission, TPC-D submitted that in monthly distribution loss computation, input energy is considered for calendar month and energy billed in the month (output energy), normally does not correspond to exact calendar month on account of billing cycle spread across consecutive months. However, such variations will be normalised for cumulative losses for the year.

9.4 The Commission notes that estimated sales for the month of January, 2021 is only 0.1% of the total sales i.e. 0.34 MUs. The comparison of Distribution Loss for the April to January, 2021 as compared to last year is as given below:

Particulars	Approved Loss	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Cumulative upto Jan.
FY 2020-21	1.02%	7.46%	14.85%	-1.86%	-2.65%	0.86%	1.53%	-0.48%	0.45%	0.69%	2.26%	**2.05%**
FY 2019-20	1.02%	1.46%	-0.37%	2.12%	5.20%	-5.47%	2.16%	0.33%	4.72%	-0.54%	1.72%	**1.11%**

9.5 The Commission notes that there has been significant variation in Distribution Loss in the previous months. As actual meter reading is done for all the consumers, the cumulative Distribution Loss figure is reaching nearer to approved loss.

9.6 **The Commission has not worked out any disallowance on account of excess Distribution Loss since the standalone FAC for the month of January, 2021 is negative.**

10. Summary of Allowable Z_{FAC}

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

S. No.	Particulars	Units	January 2021 - As per TPC	January 2021– As Approved
1.0	**Calculation of Z_{FAC}**			
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	16.51	(21.95)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	0.00	0.00
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	0.00	0.00
1.4	**Z_{FAC} = F+C+B**	Rs. Crore	16.51	(21.95)
2.0	**Calculation of Per Unit FAC**			
2.1	Energy Sales within the License Area	MU	338.75	338.75
2.2	Excess Distribution Loss	MU	0.00	0.00
2.3	Z_{FAC} per kWh	Rs./kWh	0.00	0.00
3.0	**Allowable FAC**			
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs. Crore	0.00	0.00
3.2	FAC allowable [1.4-3.1]	Rs. Crore	16.51	(21.95)
4.0	**Utilization of FAC Fund**			
4.1	Opening Balance of FAC Fund	Rs. Crore	(185.62)	(185.44)
4.2	Holding Cost on FAC Fund	Rs. Crore	(1.28)	(1.28)
4.3	Z_{FAC} for the month (Sr. N. 3.2)	Rs. Crore	16.51	(21.95)
4.4	Closing Balance of FAC Fund	Rs. Crore	(170.40)	(208.68)
4.5	Z_{FAC} leviable/refundable to consumer	Rs. Crore	0.00	0.00
5.0	**Total FAC based on category wise and slab wise allowed to be recovered in the billing month of March-21**	**Rs. Crore**	0.00	0.00
6.0	**Carried forward FAC for recovery during future period (4.5-5.0)**	**Rs. Crore**	0.00	0.00

10.2 **It can be seen from the above table that standalone FAC for the month of January, 2021 is Rs. (21.95) Crore.** As the FAC is negative, the said amount will be accumulated in FAC Fund for stabilisation of FAC rate over the period.

11. Recovery from Consumers:

11.1 Regulation 10.9 of 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 ZFAC 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} / (Metered sales + Unmetered consumption estimates + 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. (21.95) Crore for the month of January, 2021 to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.

11.3 The Commission in its approval for the month of December, 2020 has directed TPC-D to carry forward the approved FAC amount of Rs. (185.44) Crore to be accumulated as FAC Fund to be carried forward to the next billing cycle with holding cost. The opening balance of FAC fund along with holding cost is Rs. (186.72) Crore.

11.4 **Accordingly, considering the approved standalone FAC amount of Rs. (21.95) Crore for the month of January, 2021 and opening balance FAC Fund of Rs. (186.72) Crore, the total amount of Rs. (208.68) 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. Accordingly, the Commission allows the TPC-D to carry forward the accumulated FAC fund of Rs. (208.68) Crore to the next billing cycle with holding cost.**

11.6 **In view of the above, the per unit Z_{FAC} for the month of January, 2021 to be levied on the consumers of TPC-D in the billing month of March, 2021 is Nil.**