MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Ref. No. MERC/FAC/2020-21/E-Letter **Date: 5 December, 2020**

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

Subject: Prior Approval of Fuel Adjustment Charges (FAC) submission of TPC-D for the month of August 2020.

Reference: 1. TPC-D's FAC dated 22 October, 2020 for the month of August 2020.

2. Discussion with TPC-D on 23 October, 2020 and TPC-D's response to data gaps on 24 October, 2020 and 27 October, 2020

Sir,

Upon vetting the FAC calculations for the month of August, 2020 as mentioned in the above reference, the Commission has accorded approval for charging FAC of Rs. (13.88) Crore to its consumers as shown in the table below:

Month	FAC Amount (Rs. Crore)
August, 2020	**0 (Zero)**

The Commission allows the accumulation of total FAC amount of Rs. (77.78) 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 pass on the disallowance of TPC-G cost, if any, to TPC-D and BEST by way of separate supplementary bills in the next monthly FAC bill.

Yours faithfully,

Sd/-
(Prafulla Varhade)
Director (EE), MERC

Encl: Annexure A: Detailed Vetting Report for the month of August, 2020.

ANNEXURE A

Detailed Vetting Report
Date: 5 December, 2020

PRIOR APPROVAL FOR FAC CHARGES FOR THE MONTH OF AUGUST, 2020

Subject: Prior Approval of Fuel Adjustment Charges (FAC) submission of TPC-D for the month of August, 2020.

Reference: TPC-D's FAC submission dated 22 October, 23 October and 27 October, 2020 for prior approval of FAC for the month of August, 2020.

1. FAC submission by TPC-D:

1.1 TPC-D has submitted FAC submissions for the month of August, 2020 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. (13.88) Crore for the month of August 2020. 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 August, 2020 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* August 2020 (MU)
	(I)	(II=I/12)	(III)
EHV – Industry	214.59	17.88	27.17
HT I - Industry	827.54	68.96	54.81
EHV- Commercial	106.22	8.85	7.35
HT II - Commercial	401.22	33.44	22.08
HT III - Group Housing Society (Residential)	6.77	0.56	1.04
HT IV – Railways/Metro/Monorail			
-22/33 kV	69.06	5.76	3.52
HT V - Public Services			
a) Govt. Edu. Inst. & Hospitals	13.19	1.10	1.76
b) Others	210.87	17.57	16.18
LT I (A)- Residential (BPL)	0.00	0.00	0.00
LT I (B)- Residential	1884.51	157.04	182.71
LT II - LT Commercial			
(A)- upto 20 kW	228.21	19.02	8.70
(B) >20 kW and <50 kW	112.21	9.35	5.04
(C) - 50 kW	345.66	28.81	17.80
LT III (A) - Industry < 20 kW	32.98	2.75	1.93
LT III (B) - Industry > 20 kW	195.88	16.32	12.49
LT IV - Public Services			
a) Govt. Edu. Inst. & Hospitals	23.37	1.95	0.26
b) Others	6.06	0.50	1.21

LT V - EV Charging Stations	0.10	0.01	0.00
Total	**4678.46**	**389.87**	**364.07**

** - 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 Due to spread of Covid-19 pandemic, the Commission had issued Practice Directions on 26 March, 2020 providing certain relaxations in the Supply Code to all the Distribution Licensees in respect of Meter Reading etc. **It is observed that the total sales for August, 2020 is 364.07 MUs which is lower by 7% as compared to the approved monthly sales of 389.87 Mus.** The major variation was observed across all categories in view of lower demand due to Covid-19 pandemic except for LT Residential category. In response to data gaps in respect of increase in LT Residential sales, TPC-D submitted that AMR is not in place for most of the LT-Residential consumers and accordingly billing for these consumers was done on estimated basis. **Meter reading activities for some of the consumers have been resumed in the month of June, 2020 and July, 2020 and hence, incremental sales as per actual meter reading for previous period have been billed in the month of August, 2020 for some Residential consumers. Accordingly, there is increase in LT Residential sales as compared to approved sales.** 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 August 20 is as given below:

Particulars	**Apr-20**	**May-20**	**Jun-20**	**Jul-20**	**Aug-20**	**April-Aug 20**
Actual – MUs	104.80	118.21	255.45	371.38	359.27	1209.11
Estimated - MUs	150.07	138.31	81.36	30.71	4.8	405.25
Total	254.87	256.52	336.81	402.09	364.07	1614.36
% sales based on Estimated Reading	59%	54%	24%	8%	1%	25%

It is observed that the assessed sales percentage has been reducing gradually leading upto 1% in August 20.

3.4 Further, comparison of sales from April to August 20 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
April – Aug 19	**895.26**	**376.18**	**831.82**	**2103.26**
April - Aug 20	**902.72**	**171.24**	**540.4**	**1614.36**

The Commission observes that sales for LT Residential were lower in April/May as compared to last year. This was mainly due to lower estimated readings due to pandemic. However, the LT Residential sales have increased in since June 2020 onwards, as compared to last year and is due to the fact that estimated units billed in the previous months were on lower side and with actual meter reading, it has resulted in incremental sales of previous period being billed in the month of June to August 2020. It is further observed that sales of LT others and HT Categories is lower as compared to 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:

Sr. No.	Particular	Compliance
1	Sources of approved Power Purchase	TPC-D has purchased power from approved sources.
2	Merit Order Dispatch	TPC-D has followed merit order for scheduling of power and preference was given to cheapest power.
3	Fuel Utilization Plan	Existing contracts expired in July 2020. TPC-G has entered into new coal contracts for 2.2 MT for 2 years further extendable by

<table>
<tr><th>Sr. No.</th><th>Particular</th><th>Compliance</th></tr>
<tr><td></td><td></td><td>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 35.69 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 0.79 MUs at Rs. 5.11/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 372.69 MUs as against approved 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>229.13</td><td>61.48%</td></tr>
<tr><td>RE Sources</td><td>31.15</td><td>61.94</td><td>16.62%</td></tr>
<tr><td>Short Term</td><td>57.28</td><td>46.72</td><td>12.54%</td></tr>
<tr><td>Imbalance Pool & Other</td><td>-</td><td>34.90</td><td>9.36%</td></tr>
<tr><td>Total</td><td>405.08</td><td>372.69</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. Non-Solar MUs considered as submitted by TPC-D based on the meter reading data as the purchase is from approved sources 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 invoices of August, 2020 are submitted by TPC-D. All the power purchase quantum and rate are verified from the invoices</td></tr>
</table>

4.3 **TPC-D has purchased power of 372.69 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 August, 2020 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 August, 2020 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	229.13	95.80	4.18
RE Sources	31.15	20.54	6.59	61.94	32.61	5.26
Short Term	57.28	20.38	3.56	46.72	12.53	2.68
Unscheduled Interchange	-	-	-	35.69	10.21	2.86
Sale of Power	-	-	-	-0.79	-0.40	5.11
Total	**405.08**	**178.95**	**4.42**	**372.69**	**150.75**	**4.04**

***** *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 August, 2020. 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 In view of lower demand due to Covid 19 pandemic, TPC-G Unit-8 was under Zero Schedule, whereas Unit-5 was running at technical minimum. Based on MOD rates submitted by TPC-D, it was observed that Unit-8 having lower MOD rate of Rs 3.19/kWh than Unit-5 (Rs 3.236/kWh) was kept under Zero schedule. In response to data gaps, TPC-D submitted that Unit-5 was in service in view of operational reasons as mentioned below:

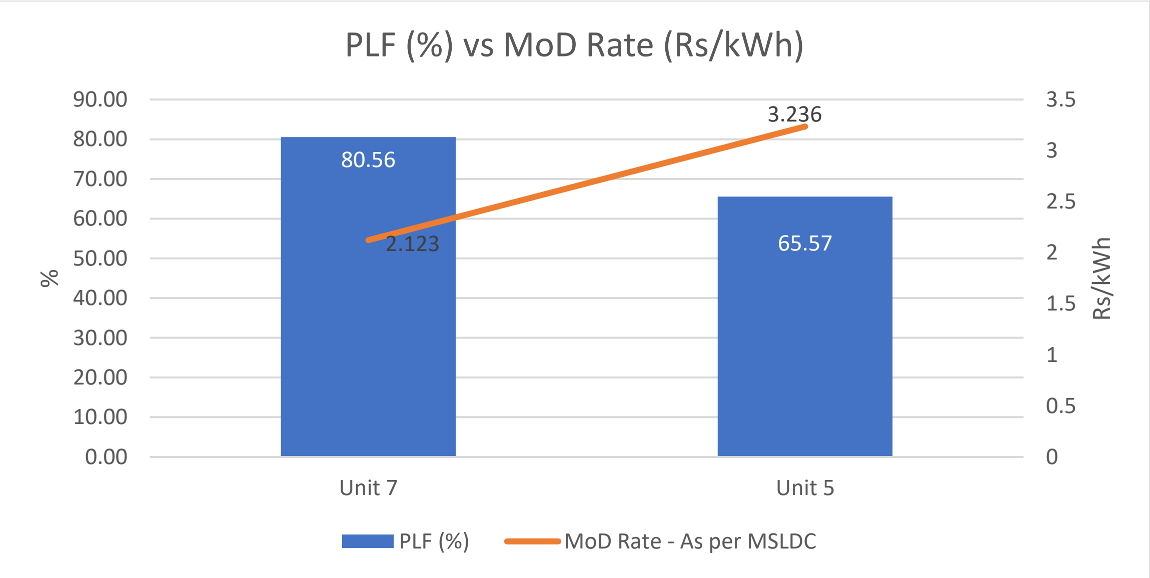
- Available capacity of Unit-5 is more to meet any emergency demand as compared to Unit-8.
- In case of excess availability of APM Gas from supplier, it's utilization in Unit-5 is possible.

- Unit-5 helps in voltage control by absorbing @ 100 MVAR more reactive power as compared to Unit-8, in high voltage condition due to reduction in load.

The Commission notes the submission of TPC-D. It is also observed that TPC-D has been using excess APM gas available during lockdown in Unit-5 in the previous months thereby reducing the cost of Unit-5.

Under MERC (State Grid Code) Regulations, 2020 (which is effective from 2 September 2020), Guidelines for Zero Schedule of Intra-State Generating Stations have been specified wherein for zero scheduling of the Generating Units, consultation with MSLDC is necessary. Though, TPC-G has cited operational reasons to justify the zero scheduling of Unit 8 instead of Unit 5 (which is costlier than Unit 8 by about Rs. 0.04 per Unit), TPC-G is directed to adhere to the MERC (Grid Code) Regulations, 2020 for future zero scheduling decisions.

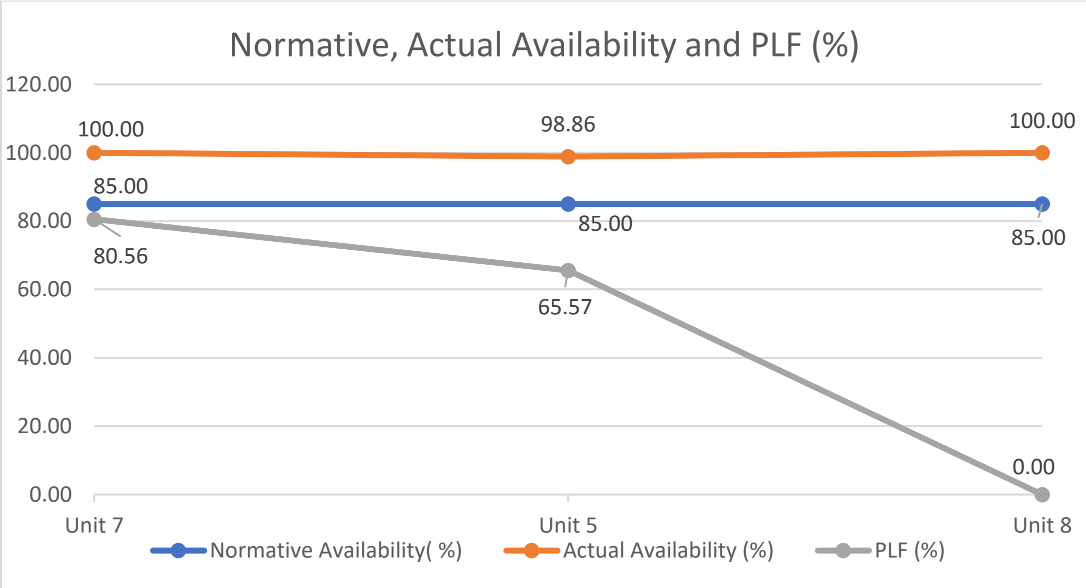
5.3 It was further observed that Unit-7 having lowest rate in MOD has highest PLF. The graph showing the comparison of Variable Cost in MoD Stack and monthly PLF for TPC-G thermal/gas units is given below:



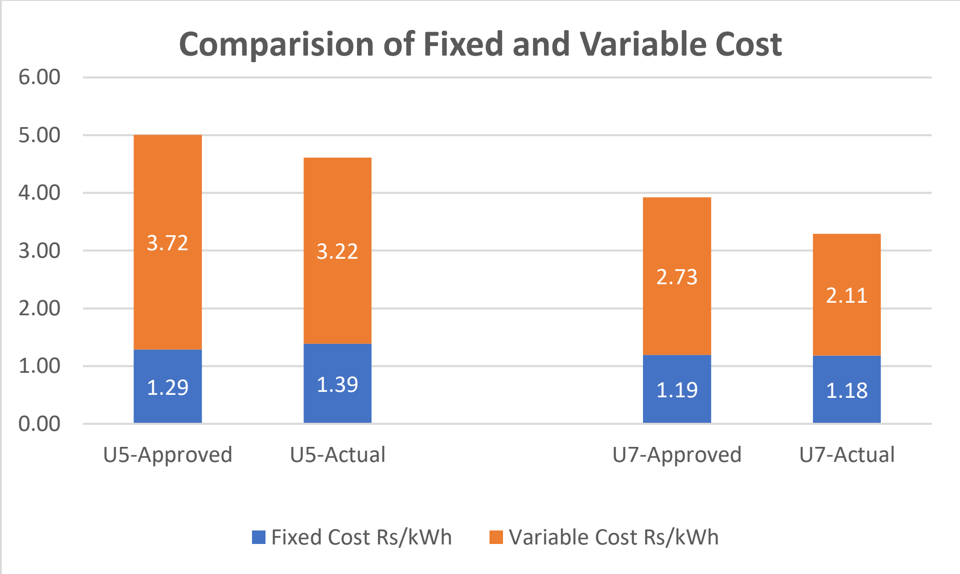
Note: Unit 8 is not considered in aforesaid graph as it was under Zero Schedule for entire month.

5.4 The Commission has observed that **TPC-D has purchased 229.13 MUs from TPC-G as against monthly approved quantum of 316.65 MUs.** The total overall generation was lower during the month leading to low overall PLF mainly due to lower system demand**. It was observed that Unit-7 having lowest rate in MOD has run at PLF of 80.56% thereby benefitting the consumers.**

5.5 All the Units of TPC-G were available during the given period, above normative availability. However, due to lockdown in Mumbai on account of COVID-19 pandemic, demand of TPC-D has reduced drastically in its distribution licence area. **Therefore, to optimize power purchase cost and balance the reduced demand vis-a-vis supply, TPC Unit-8 was kept under "Zero Schedule" from 11 April, 2020 and the same was continued in the month of August 2020**. The graphical comparison of normative availability and actual availability for the month of August 2020 is as given below:



5.6 Even though the PLF for the Unit-5 was lower and Unit-8 was under Zero Schedule for the aforesaid month, 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. **However, the impact of increase in fixed cost for Unit-5 is offset by lowering variable cost due to reduced purchases.** The comparison of Actual and Approved Fixed and Variable Cost of Units 5 and 7 as shown in the graph below shows the impact of fixed cost due to actual generation.



Note: Unit 8 is not considered in aforesaid graph as it was under Zero Schedule for entire month. Fixed Cost payable was Rs.11.74 Crore

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

TPC-G Units	Availability - August 2020	Availability – August 2019
Unit 5	98.86%	80.73%
Unit 7	100%	99.18%
Unit 8	100%	90.05%

5.8 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.

5.9 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."

5.10 TPC-G's existing contracts for coal purchase expired in July 2020. Vide its letter dated 8 July, 2020, TPC-G has 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. TPC-D in response to data gaps for submission of copy of Fuel Supply Agreement (FSA) entered into by TPC-G, submitted that as per the requirement of contractual agreement of TPC-G with coal suppliers, these contractual documents are not to be made available in public domain. It further submitted that post improvement in the Covid-19 pandemic situation and normalization of services, the copies of FSA will be produced to the Commission in person. However, TPC-D has submitted the non-confidential summary of FSA with PT Adaro, PT Kideko and Avra Commodities giving details of pricing of coal.

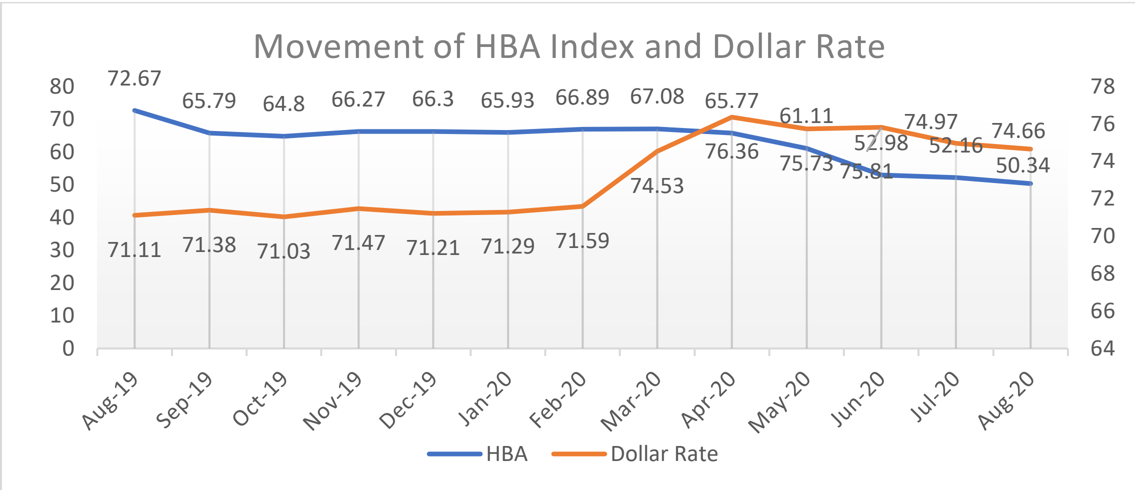
5.11 The Commission notes that the purchase of coal has been from the contracts entered into by TPC-G. The existing contracts which were approved by the Commission in the MYT Order as part of Fuel Utilisation Plan have expired and new contract have been entered through Competitive Bidding. Accordingly, the new contracts for purchase of imported coal will now be considered as part of Fuel Utilisation Plan.

5.12 **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. 4.18/ kWh as against the approved rate of Rs. 4.36/kWh.**

5.13 **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 August 2020. The landed cost of coal for energy charge computation as claimed by TPC-G is Rs. 5762.49/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. 13,226.79/SCM as compared to approved rate of Rs.17,139.56/SCM.

5.14 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 downward trend from August 2019 to August 2020 and in the range of around 50.34 to 72.67 which has resulted in lower imported coal price procured in July/August 2020. However, the Dollar Exchange rate has witnessed a sharp surge from February 2020.



* - 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)

5.15 The Commission has also sought for coal purchase bills considered for August 2020. The Commission has scrutinised the bills submitted and computed the purchase price of coal for the month of August 2020 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
06-07-2020	51750	4856	52.16	13.03	39.13	2024978	12.07	2.15	513360	2538338	49.05
22-07-2020	48568	4955	52.16	11.02	41.14	1998088	12.07	2.00	489080	2487167	51.21
29-07-2020	49080	5096	52.16	11.84	40.32	1978906	12.07	2.05	491782	2470687	50.34
13-08-2020	51457	4920	50.34	10.51	39.83	2049532	12.07	2.04	516114	2565646	49.86
Total	**200855**	**4955**	**51.69**	**11.61**	**40.09**	**8051503**	**12.07**	**2.06**	**2010335**	**10061838**	**50.10**

5.16 TPC-D has submitted the detailed coal computation for the coal purchased in August 2020 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. As sought for by the Commission, TPC-D has also submitted ship wise coal cost reconciliation for the period April to August 2020 in respect of forex rate variation claimed by TPC-D for the said months.

5.17 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.

5.18 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.

5.19 From the Table above, the basic purchase cost of imported coal including freight during the month of August 2020 as per sample bills submitted worked out at USD 50.10/MT. TPC-D has booked Rs. 3796.52/MT (i.e. Rs. 3012.23/MT for Coal and Rs. 784.29/MT for freight) resulting in conversion rate of Rs. 75.79 per dollar. 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. 5,499.45/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 August 2020 is as given below:

Sr. No	Particular	Source / Formula	units	As Submitted – Coal Cost	As Approved – Coal Cost
1	Coal cost including Freight	As computed above	USD $/MT	50.10	50.10
2	Dollar exchange rate	As an average	USD/Rs.	75.79	75.79
3	Basic Coal cost + Freight in Rs.	1 X 2	Rs./MT	3,796.52	3,796.52
4	Excise + Custom Duty + CE Cess+ Insurance	As submitted	Rs./MT	627.97	627.97
5	Handling and Wharfage	As submitted	Rs./MT	613.50	613.50
6	Other Fuel Handling Charges	As submitted	Rs./MT	471.28	471.28
7	Other Adjustment	As submitted	Rs./MT	(9.81)	(9.81)
8	**Total as per Form 12**	**Sum(3:7)**	**Rs./MT**	**5,499.45**	**5,499.45**

5.20 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	5,712.02	5,712.02
Foreign Exchange Rate Variation	Rs/MT	-2.64	-2.64
Employee Cost	Rs/MT	53.11	53.11
Form F11 - Coal Consumption Cost	Rs/MT	5,762.49	5,762.49

5.21 **In view of the above, the Commission has considered APPC of Rs 4.18/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 and Unit-7.**

5.22 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
August 2020	(38.14)	(4.09)	(42.23)

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

5.23 The Commission in the previous months from April to July 2020 while approving the FAC has disallowed certain costs as the same were claimed by TPC-D on provisional basis. However, the same were subsequently allowed based on the invoice submitted by TPC-D. This has resulted in mismatch of opening/closing inventory cost of coal in respect of TPC-D's submission and approved by the Commission. Accordingly, the Commission in its FAC approval for the month of July 2020 had directed TPC-D to comply with the earlier FAC approvals of the Commission and also communicate to TPC-G to consider the coal cost as approved by the Commission and also raise appropriate credit/debit note to the beneficiaries as per prior FAC approvals given by the Commission from April 2020 to June 2020 and report the compliance of the same in the FAC submission for the month of August 2020. TPC-D has made following submissions in the month of August 2020 in respect of the said direction:

a. The coal consumption cost for the month and closing inventory of coal is automated in SAP system of Tata Power-G with no manual intervention and it leads to the computation of the Moving Average Price (MAP) and the closing inventory

b. The approved coal closing inventory value occasionally becomes available through FAC approval after the next month has started. By this time, the accounts for the month for which changes may be required are closed.

c. Further, it is pertinent to note the following regarding the past period from April:

- Tata Power-G has closed books of Accounts for the Period from April, 2020 to September, 2020

- MAP cannot be re-worked as Financial Results for Q1 FY 2020-21 have already been published
- For September, 2020 consumption is also booked and soon Q2 FY2020-21 results too would be published.

d. The difference in power purchase cost of every month (as submitted of TPC-G Vs as approved by the Commission) would be reconciled and corresponding supplementary bills for this difference will be raised by TPC-G to its beneficiaries (TPC-D and BEST) along with next FAC bills to be issued in the subsequent month.

e. Once such supplementary bills are issued to the beneficiaries, there would be no need for changing the opening inventory in the subsequent month to match with the FAC approved by the Commission, hence, going forward, the opening / closing inventory as per TPC-G books/System would continue as per TPC-D submissions

5.24 The Commission notes the difficulty expressed by TPC-D in respect of post facto changes required to be done in coal cost approved by the Commission in the FAC approval after the closure of books of accounts. The intent of FAC approval is that any variation in cost approved by the Commission shall be passed onto consumers. **As TPC-D in its submission has suggested that any difference will be passed on by TPC-G to TPC-D and BEST by raising corresponding supplementary bills in the next FAC bill, the Commission directs to implement the same and pass on the differential cost, if any as per previous approvals of the Commission by raising appropriate supplementary bills and report the compliance in the next FAC submission.**

5.25 As the differential cost, if any approved by the Commission will be passed on to by TPC-G by raising appropriate **supplementary bills**, there is no need for adjustment in opening/closing inventory in the month of August 2020 and accordingly the same is considered as submitted by TPC-D.

Renewable Sources

5.26 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.

5.27 TPC-D had purchased non-Solar (58.63 MUs) and Solar RE (3.31 MUs) power during the month of August 2020. Solar RE Purchase of 3.31 MUs by TPC-D also includes the small quantum of 0.24 MUs purchased by TPC-D from TPTCL/IEX at average rate of Rs 2.90/kWh. TPC-D has submitted invoices for solar energy purchase and the solar purchase considered 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 August, 2020 and accordingly wind power purchase has been considered based on the monthly meter reading data. In view of the purchase of non-solar energy being from an approved source as per Tariff Order, 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.

5.28 The Commission observes that TPC-D has purchased total 61.94 MUs of RE power during the month of August, 2020. **The average power purchase cost from RE sources is Rs. 5.26/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. Accordingly, the Commission has considered RE purchase as submitted by TPC-D**.

5.29 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
August 2020	20.28	(8.20)	12.08

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

Short Term Purchase

5.30 With regards to short term purchase, **TPC-D has purchased 46.72 MUs at average rate of Rs. 2.68/kWh as compared to approved rate of Rs. 3.56/kWh**. It was observed that in spite of availability of contracted sources, TPC-D purchased power from Power Exchange at lower rate to optimise its overall power purchase cost. Accordingly, the Commission has considered the power purchased from Power Exchange by TPC-D.

5.31 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
August 2020	(3.76)	(4.10)	(7.86)

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

(a) Zero Schedule to Unit 8 under Zero Schedule for entire month and Running Unit 5 at Technical Minimum for entire month

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

(c) Purchasing cheaper power from Power Exchange at Rs 2.67/kWh which is lower than Variable Cost of Unit 5 and Unit 8.

Imbalance Pool

5.33 **It was observed that TPC-D has drawn 35.69 MUs from the imbalance pool during the month of August 2020.** In response to the query raised by the Commission for such high quantum of drawl from the imbalance pool, TPC-D submitted that UI is a balancing figure between the InSTS requirement of TPC-D and Total Power Purchase for a particular month. The Commission notes that there was lot of variation in imbalance pool quantum during the pandemic period when actual meter readings were not available and sales were billed on estimated basis. It is observed that only 1% of the billing is done by TPC-D on estimated basis. Considering the same, the Commission is of the view that imbalance pool quantum is high and TPC-D should be vigilant to restrict the drawl from imbalance pool by adequate purchase of power.

5.34 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.

5.35 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

5.36 **TPC-D has done sale of surplus power to the extent of 0.79 MUs during the month at Rs. 5.11/kWh. With such a sale of power TPC-D has earned revenue of Rs. 0.25 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 August 2020 prevailed at Rs. 2.43/kWh at Regional periphery which would be approximately Rs. 2.83/kWh at Maharashtra Periphery. Against the above prices prevailing at IEX, TPC-D has managed to sell 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

5.37 In view of the above, the overall cost approved in the Tariff Order and actual for the month of August, 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	229.13	39.96	1.74	55.85	2.44	95.80	4.18
Renewable including REC	Approved	31.15	-	-	20.54	6.59	20.54	6.59
	Actual	61.94		-	32.61	5.26	32.61	5.26
Short Term	Approved	57.28	-	-	20.38	3.56	20.38	3.56
	Actual	46.72		-	12.53	2.68	12.53	2.68
Imbalance Pool	Approved	-	-	-	-	-	-	-
	Actual	35.69			10.21	2.86	10.21	2.86
Sale of Surplus Power	Approved	-	-	-	-	-	-	-
	Actual	-0.7924		-	-0.40	5.11	-0.40	5.11

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)
Total	**Approved**	**405.08**	**39.26**	**0.97**	**139.69**	**3.45**	**178.95**	**4.42**
	Actual	**372.69**	**39.96**	**1.07**	**110.79**	**2.97**	**150.75**	**4.04**

5.38 Considering the above, **the Commission allows the average power purchase cost of Rs.4.04/kWh for the month of August, 2020 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. August 2019 was 422.77 MU and power purchase cost was Rs. 187.17 Cr with APPC of Rs. 4.43/kWh**.

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 August, 2020 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 August, 2020.

S. No.	Particulars	Units	August 2020
1	Average power purchase cost approved by the Commission	Rs./kWh	4.42
2	Actual average power purchase cost	Rs./kWh	4.04
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.37)
4	Net Power Purchase	MU	372.69
5	**Change in fuel and power purchase cost (=3 x 4/10)**	**Rs. Crore**	(13.88)

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 May 2020 was nil, there would not be any adjustment factor for the month of August 2020 while computing the allowable FAC.

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

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 August, 2020.

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 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	August 2020-Actual	Actual Cumulative upto August 2020
1	Net Energy Input at Distribution Voltage	MU	3242.49	183.85	853.81
2	TPC-D Retail Sales (excluding sales at 110/132 kV level)	MU	3209.42	182.27	824.38
3	Distribution Loss (1 - 2)	MU	33.07	1.58	29.42
4	Distribution Loss as % of net energy input (3/1)	%	1.02%	0.86%	3.45%
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	-	20.72

S. N	Particulars	Units	Approved in Tariff Order	August 2020-Actual	Actual Cumulative upto August 2020
6	**Disallowance of FAC due to excess Distribution Loss**	**Rs. Crore**	-	-	-

9.3 It is seen that standalone distribution loss for the month of August 2020 is lower than approved loss. In response to query raised by the Commission, TPC-D submitted that the meter reading activities for distribution consumers were restricted in the month of April, 2020 and May, 2020 due to lockdown on account of Covid-19 pandemic. Meter reading activities have been resumed since June, 2020. The difference between estimated consumption and actual consumption for the past months have been billed for some of the consumers in the month of August, 2020. Hence, the distribution sales for the month of August, 2020 are higher than actual without any corresponding power purchase. The Commission notes that with normalisation of meter reading activity the standalone loss for the month of August 2020 is almost equal to the loss approved by the Commission.

9.4 TPC-D has submitted the details of energy consumption calculated on actual basis and on estimated basis for each category of consumers as is shown in the table below:

Consumer Category	Units	Actual Sales	Estimated Sales	Total Sales in the month of August-2020
EHV - Industry	MUs	27.17	0.00	27.17
HT I - Industry	MUs	54.81	0.00	54.81
EHV- Commercial	MUs	7.35	0.00	7.35
HT II - Commercial	MUs	22.08	0.00	22.08
HT III - Group Housing Society (Residential)	MUs	1.04	0.00	1.04
HT IV - Railways				
-22/33 kV	MUs	3.52	0.00	3.52
HT V - Public Services				
a) Govt. Edu. Inst. & Hospitals	MUs	1.76	0.00	1.76
b) Others	MUs	16.18	0.00	16.18
LT I (A)- Residential (BPL)	MUs	0.00	0.00	0.00
LT I (B)- Residential	MUs	177.99	4.71	182.70
LT II - LT Commercial				
(A)- upto 20 kW	MUs	8.67	0.05	8.72
(B) >20 kW and <50 kW	MUs	5.04	0.01	5.05

Consumer Category	Units	Actual Sales	Estimated Sales	Total Sales in the month of August-2020
(C) - 50 kW	MUs	17.79	0.01	17.80
LT III (A) - Industry < 20 kW	MUs	1.92	0.01	1.93
LT III (B) - Industry > 20 kW	MUs	12.48	0.01	12.49
LT IV - Public Services				
a) Govt. Edu. Inst. & Hospitals	MUs	0.26	0.00	0.26
b) Others	MUs	1.21	0.00	1.21
LT V - EV Charging Stations	MUs	0.00	0.00	0.00
Total	**MUs**	**359.27**	**4.80**	**364.07**

As seen from the above table, only 4.80 MUs i.e. 1.3% of total sales are billed on estimated basis

9.5 The comparison of Distribution Loss for the April to August 20 as compared to last year is as given below:

Particulars	Approved Loss	April	May	June	July	August	Cumulative upto August
FY 2020-21	1.02%	7.46%	14.85%	-1.86%	-2.65%	0.86	**3.45%**
FY 2019-20	1.02%	1.46%	-0.37%	2.12%	5.20%	-5.47	**0.59%**

9.6 The Commission notes that there has been significant variation in Distribution Loss in the previous months. Therefore, as actual meter reading is done for all the consumers, the actual Distribution Loss figure is likely to reach near approved loss.

9.7 **The Commission has not worked out any disallowance on account of excess Distribution Loss since the standalone FAC for the month of August, 2020 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 August, 2020 is as shown in the Table below.

S. No.	Particulars	Units	August 2020 - As per TPC	August 2020 – 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	(13.88)	(13.88)
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	(13.88)	(13.88)
2.0	**Calculation of Per Unit FAC**			
2.1	Energy Sales within the License Area	MU	364.07	364.07
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	(13.88)	(13.88)
4.0	**Utilization of FAC Fund**			
4.1	Opening Balance of FAC Fund	Rs. Crore	(63.45)	(63.45)
4.2	Holding Cost on FAC Fund	Rs. Crore	(0.45)	(0.45)
4.3	Z_{FAC} for the month (Sr. N. 3.2)	Rs. Crore	(13.88)	(13.88)
4.4	Closing Balance of FAC Fund	Rs. Crore	(77.78)	(77.78)
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 Jun-20**	**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 August, 2020 is Rs. (13.88) 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. (13.88) Crore for the month of August, 2020 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 July, 2020 has directed TPC-D to carry forward the approved FAC amount of Rs. (63.45) 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. (63.90) Crore.

11.4 **Accordingly, considering the approved standalone FAC amount of Rs. (13.88) Crore**

for the month of August, 2020 and opening balance FAC Fund of Rs. (63.90) Crore, the total amount of Rs. (77.78) 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. (77.78) Crore to the next billing cycle with holding cost.**

11.6 **Accordingly, the Commission allows the TPC-D to carry forward the accumulated FAC fund of Rs. (77.78) Crore to the next billing cycle with holding cost.**

11.7 **In view of the above, the per unit Z_{FAC} for the month of August, 2020 to be levied on the consumers of TPC-D in the billing month of October 2020 is Nil.**