



महाराष्ट्र विद्युत नियामक आयोग
Maharashtra Electricity Regulatory Commission

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

Date: 19 May, 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 March, 2021

Reference: 1. FAC submission dated 15 April, 2021 for prior approval of March, 2021.

2. Data gaps communicated to TPC-D vide email dated 20 April, 2021.

3. TPC-D's response to data gaps on 24 April, 2021 and 29 April, 2021.

Sir,

Upon vetting the FAC calculations for the month of March, 2021 as mentioned in the above reference, the Commission has accorded approval for charging FAC of Rs. (16.86) Crore to its consumers as shown in the table below:

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

The Commission has also considered the amount of Rs 25.60 Crore paid by TPC-D towards provisional variable charges for the past period and the same is being adjusted from the FAC fund. The Commission accordingly allows the accumulation of total FAC amount of Rs. (209.97) Crore which 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 March, 2021.



**PRIOR APPROVAL FOR FAC CHARGES FOR THE MONTH OF
MARCH, 2021**

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

Reference: TPC-D's FAC submission dated 15 April, 2021, 24 April, 2021 and 29 April, 2021 for prior approval of FAC for the month of March, 2021.

1. FAC submission by TPC-D:

1.1 TPC-D has submitted FAC submissions for the month of March, 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. (16.86) Crore for the month of March, 2021 and also adjusted Rs 25.60 Crore paid by TPC-D towards FBSM related payment for the past period from the FAC Fund. 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 March, 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*	Monthly Approved*	Actual Sales*
	(MU)	(MU)	March 2021 (MU)
	(I)	(II=I/12)	(III)
EHV – Industry	214.59	17.88	54.02
HT I - Industry	827.54	68.96	69.99
EHV- Commercial	106.22	8.85	8.72
HT II - Commercial	401.22	33.44	29.55
HT III - Group Housing Society (Residential)	6.77	0.56	1.28
HT IV – Railways/Metro/Monorail			
-22/33 kV	69.06	5.76	5.32
HT V - Public Services			
a) Govt. Edu. Inst. & Hospitals	13.19	1.10	2.09
b) Others	210.87	17.57	16.97
HT VI – EV Charging Stations			0.28
LT I (A)- Residential (BPL)	0.00	0.00	0.00
LT I (B)- Residential	1884.51	157.04	139.02
LT II - LT Commercial			
(A)- upto 20 kW	228.21	19.02	12.08
(B) >20 kW and <50 kW	112.21	9.35	7.27
(C) - 50 kW	345.66	28.81	24.43
LT III (A) - Industry < 20 kW	32.98	2.75	3.58
LT III (B) - Industry > 20 kW	195.88	16.32	15.44
LT IV - Public Services			
a) Govt. Edu. Inst. & Hospitals	23.37	1.95	0.52
b) Others	6.06	0.50	1.49



LT V - EV Charging Stations	0.10	0.01	0.04
Total	4678.46	389.87	392.07

* - 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 **It is observed that the total sales for March, 2021 is 392.07 MUs which is marginally higher than approved monthly sales of 389.87 MUs** mainly due to lower sales of LT category due to seasonal impact and lower number of days in the month. 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 March 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%
Feb-21	342.34	0.26	342.6	0.08%
Mar-21	391.86	0.22	392.08	0.06%

It is observed that the assessed sales percentage has been reducing gradually leading upto just 0.06% in March 21.

3.4 Further, comparison of sales from April 20 to March 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
Feb-20	121.9	67.18	129.15	318.23
Feb-21	125.05	53.92	163.63	342.6
Mar-20	134	76.87	119.09	329.96
Mar-21	139.02	64.84	188.21	392.08
April 19 – Mar 20	1915.07	878.47	1778.08	4571.62
April 20 – Mar 21	1918.27	567.63	1684.10	4170.04

The Commission observes that overall sales for the month of March, 21 are higher than March, 20 mainly due to higher HT sales as compared to last year. However, on a cumulative basis from Apr-20 to Mar-21, the total sales are lower by 9% as compared to same period last year.

- 3.5 On a yearly basis for FY 2020-21, the actual sales as compared to approved sales in the Tariff Order are as given below:

Particulars	LT - Residential (MU)	LT Others (MU)	HT (MU)	Total (MU)
Approved	1884.51	944.48	1849.47	4678.46
Actual	1918.27	567.63	1684.10	4170.04



% Difference	2%	-40%	-9%	-11%
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It is observed that there is overall reduction in sales by 11% as compared to approved by the Commission in the Tariff Order. The major reduction was in sales of LT except residential by 40% whereas HT sales were lower by 9%.

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 2 years as per directions of the Commission in TPC-G MYT Order through Competitive Bidding.												
4	Pool Imbalance	TPC-D has drawn 38.88 MUs from the imbalance pool to meet the demand.												
5	Sale of Surplus Power	TPC-D has sold 1.06 MUs at Rs. 5.12/kWh thereby benefitting its consumers as sale rate is higher than APPC.												
6	Power Purchase	Actual Power Purchase is 440.56 MUs as against approved quantum of 405.08 MUs												
7	Source wise Power Purchase	<table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual (MU)</th> <th>Proportion of each Source in Actual Purchase</th> </tr> </thead> <tbody> <tr> <td>TPC-G</td> <td>316.65</td> <td>285.82</td> <td>64.88%</td> </tr> <tr> <td>RE Sources</td> <td>31.15</td> <td>19.18</td> <td>4.35%</td> </tr> </tbody> </table>	Source Name	Approved (MU)	Actual (MU)	Proportion of each Source in Actual Purchase	TPC-G	316.65	285.82	64.88%	RE Sources	31.15	19.18	4.35%
Source Name	Approved (MU)	Actual (MU)	Proportion of each Source in Actual Purchase											
TPC-G	316.65	285.82	64.88%											
RE Sources	31.15	19.18	4.35%											



Sr. No.	Particular	Compliance			
		Short Term	57.28	97.74	22.19%
		Imbalance Pool & Other	-	37.82	8.59%
		Total	405.08	440.56	100%
8	Power Purchase: Section 62 of Electricity Act, 2003	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.			
9	RE Purchase	Solar Cost and Solar MUs verified as per Invoice. 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.			
10	Short Term Power Purchase	Short-term power purchase by TPC-D has been verified from the invoices of March, 2021 submitted by TPC-D.			

4.3 **TPC-D has purchased power of 440.56 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 March, 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 March, 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	285.82	118.16	4.13
RE Sources	31.15	20.54	6.59	19.18	10.73 [#]	5.60
Short Term	57.28	20.38	3.56	97.74	38.29	3.92
Unscheduled Interchange	-	-	-	38.88	11.12	2.86
Sale of Power	-	-	-	(1.06)	(0.54)	5.12
Total	405.08	178.95	4.42	440.56	177.76	4.03



* 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

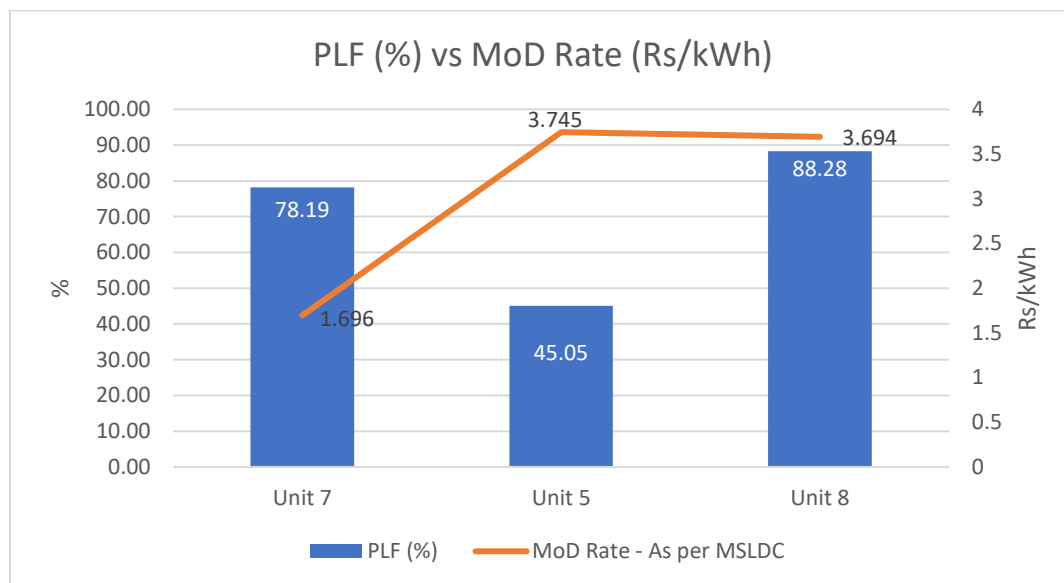
Includes REC Purchase cost of Rs 0.38 Crore

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 March, 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.

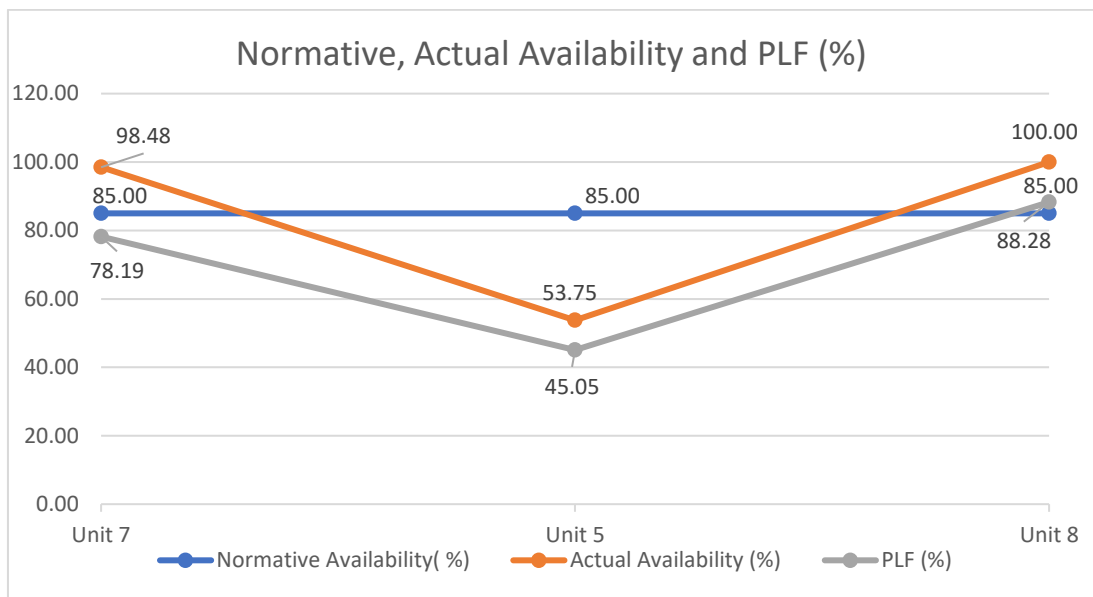
TPC-G

5.2 TPC-G Unit 7 and Unit 8 have declared Availability of more than 98% and 100%, whereas Unit 5 has declared Availability of 54% due to planned outage for annual overhauling upto 14 March, 2021. It is observed that Unit-7 having lowest rate in MOD has lower PLF than Unit 8 having higher MOD rate. In response to data gaps raised by the Commission, TPC-D submitted that PLF of Unit-7 was lower due to lower APM gas availability. The graph showing the comparison of Variable Cost in MoD Stack and monthly PLF for TPC-G thermal/gas units is given below:



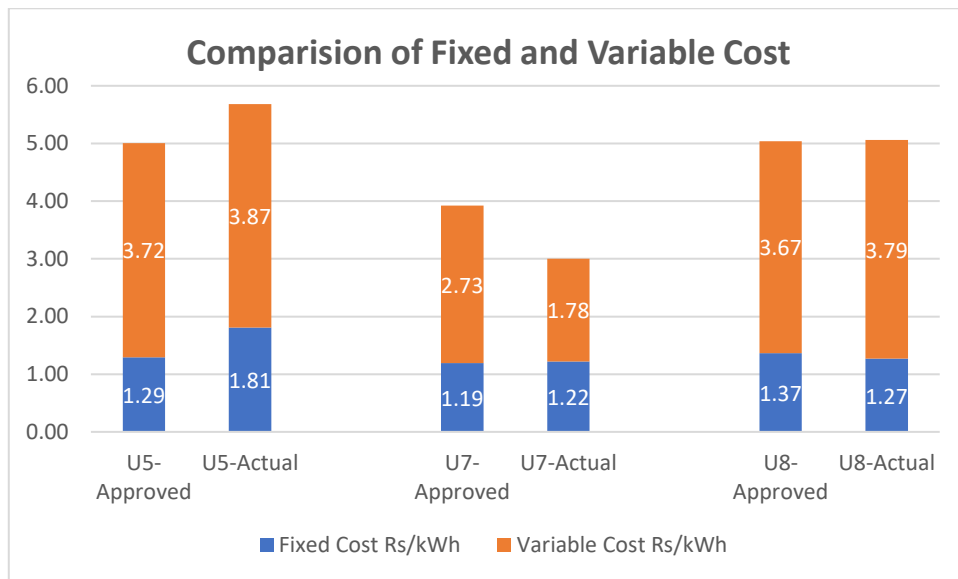
5.3 The graphical comparison of normative availability and actual availability for the month of March, 2021 is as given below:





Note: Unit 5 under planned outage for Annual Overhauling upto 14 March, 2021

5.4 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 of Unit 5 and Unit 7. **However, the impact of increase in fixed cost of Unit 5 and Unit 7 is offset by lower variable cost for Unit 7 and lower fixed cost of Unit 8.** 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.



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

TPC-G Units	Availability – March 2021	Availability –March 2020
Unit 5	53.75%	99%



Unit 7	98.48%	100%
Unit 8	100%	100%

- 5.6 The Commission has observed that **TPC-D has purchased 285.82 MUs from TPC-G as against monthly approved quantum of 316.65 MUs.** 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.
- 5.7 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.”

- 5.8 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

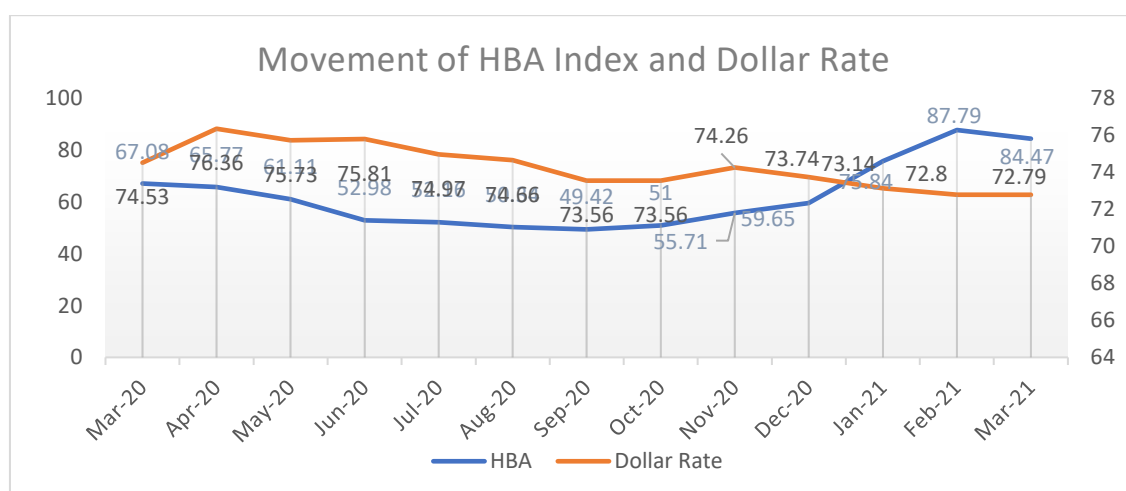


two years from 1 August, 2020 onwards and further extendable by two years through competitive bidding. The Commission notes that the purchase of coal has been from the contracts entered into by TPC-G. The existing contracts which were approved by the Commission in the MYT Order as part of Fuel Utilisation 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.

5.9 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. 4.13/ kWh as against the approved rate of Rs. 4.36/kWh.

5.10 The landed cost of coal for energy charge computation as claimed by TPC-G is Rs. 6780.17/MT as compared to approved rate of Rs. 6705.91/MT. It can be seen that the actual landed price is higher as compared to approved rate in the Tariff Order and the same is due to increase in the imported coal price primarily attributed to demand supply position of the global coal market which is reflected in the HBA index for the month of February, 21 and March, 21 i.e 87.79 and 84.47 respectively. HBA index was the highest in the said months during the FY2021-22. It is also observed that there is reduction in price of APM Gas to Rs. 10,564.52/SCM as compared to approved rate of Rs.17,139.56/SCM.

5.11 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 an increasing trend from October 2020 onwards and substantial increase in month of February, 2021 and March, 2021. 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)

5.12 The Commission has also sought coal purchase bills considered for March, 2021. The Commission has scrutinised the bills submitted and computed the purchase price of coal for the month of March, 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
a	b	c	D	e	f	g	h	I	j	k	l
15-02-2021	61300	4851	87.79	27.61	60.18	3689034	10.57	0.44	620969	4310003	70.31
21-02-2021	66000	4827	87.79	28.32	59.47	3925020	10.57	0.49	665280	4590300	69.55
07-03-2021	62202	4955	84.47	22.5	61.97	3854658	10.57	0.17	646901	4501559	72.37
16-03-2021	63111	5061	84.47	24.16	60.31	3806224	10.57	0.35	644994	4451219	70.53
Total	252613	4923	86.14	25.68	60.47	15274936	10.57	0.36	2578144	17853081	70.67

5.13 TPC-D has submitted the detailed coal computation for the coal purchased in March, 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.

5.14 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.

5.15 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.

5.16 From the Table above, the basic purchase cost of imported coal including freight during the month of March, 2021 as per bills submitted worked out at USD 70.67/MT. TPC-D has booked Rs. 5228/MT (i.e. Rs. 4442.62/MT for Coal and Rs. 785.48/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. 7118.42/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 March, 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	5,228.10	5,228.10
2	Excise + Custom Duty + CE Cess+ Insurance	As submitted	Rs./MT	593.70	593.70
3	Handling and Wharfage	As submitted	Rs./MT	639.38	639.38
4	Other Fuel Handling Charges	As submitted	Rs./MT	696.25	696.25
5	Other Adjustment	As submitted	Rs./MT	(39.01)	(39.01)
6	Total as per Form 12	Sum(1:5)	Rs./MT	7,118.42	7,118.42

5.17 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	6784.90	6784.90
Foreign Exchange Rate Variation	Rs/MT	(46.26)	(46.26)
Employee Cost	Rs/MT	41.53	41.53
Form F11 - Coal Consumption Cost	Rs/MT	6780.17	6780.17

5.18 In view of the above, the Commission has considered APPC of Rs 4.10/kWh as against approved rate of Rs. 4.36/kWh for power purchased from TPC-G for the



month of March, 2021. The APPC is lower mainly due to lower Variable Cost of power purchased from Unit-7.

5.19 For FY 2020-21, TPC-D has purchased power from TPC-G at average rate of Rs 4.05/kWh as against approved rate of Rs 4.36/kWh.

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
March 2021	(13.44)	(6.45)	(19.89)

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 (13.82 MUs) and Solar RE (5.36 MUs) power during the month of March, 2021. Solar RE Purchase of 5.36 MUs by TPC-D also includes 0.98 MUs also includes 0.73 MUs of Roof top solar (net metering) unadjusted banking units considered at Rs 4.14/kWh and 0.25 MUs of Open Access unadjusted banking units considered at Rs 2.87/kWh. TPC-D has submitted invoices for balance solar energy purchase of 4.38 MUs from long term sources and the said solar purchase is as per invoice submitted by TPC-D. Accordingly, the total purchase of 5.36 MUs at the rate of Rs 8.75/kWh 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 March, 2021 and accordingly wind power purchase has been considered based on the monthly meter reading data (8.25 MUs) and scheduled energy of 3.49 MUs for bilateral purchase at Rs 3.19/kWh. In addition, Open Access unadjusted banking units (2.08 MUs) of wind power are also considered by TPC-D as per provisions MERC (Distribution Open Access) Regulations. The Commission has considered the total non-solar energy of 13.82 MUs at the rate of Rs 4.10/kWh 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 In addition to the aforesaid purchase of RE, TPC-D has also considered Non-Solar RECs equivalent to 3.67 MUs as per REC Certificates issued by MEDA towards self-retention. TPC-D has considered such retention at Rs 1/kWh. In response to query raised by the Commission in respect of basis for considering Rs 1/kWh for REC, TPC-D submitted that last traded Weighted Average Market Clearing price of REC in Power Exchanges for the Month of June, 2020 was Rs. 1,000/REC (Rs 1/kWh) and accordingly same has been considered as the rate of REC under Self retention. Further, TPC-D has considered GST rate of 12% has been considered only for REC's procured from plants outside Maharashtra state and is not considered for Nivade plants located in Maharashtra state. REC trading is currently stayed by the Hon'ble APTEL in view of the revision of REC Floor and Forbearance Price by the Hon'ble CERC. In absence of any price discovery of REC trading for the month of March, 2021, TPC-D has considered price discovered in June 2020. Further, the Commission has also considered REC purchase at the rate of Rs 1/kWh in the Tariff Order. In the absence of REC Trading, the Commission is of the view that it is provisionally considering REC rate as submitted by TPC-D as per REC rate for June 2020 and as approved by the Commission in the Tariff Order, thus considering the total REC Cost of Rs 0.38 Crore. However, the Commission will consider the final rate of REC based on the outcome of the appeal pending before Hon'ble APTEL and approve the appropriate rate at the time of truing-up of FY2020-21 in the MTR proceedings. TPC-D is directed to submit all the details at the time of MTR proceedings.
- 5.24 The Commission observes that TPC-D has purchased total 19.18 MUs of RE power and 3.67 MUs equivalent of RECs during the month of March, 2021. **The average power purchase cost from RE sources and REC purchase is Rs. 5.60/kWh as compared to approved rate of Rs. 6.59/kWh mainly due to fact that REC's have been considered by TPC-D. Accordingly, the Commission has considered RE/REC purchase as submitted by TPC-D.**
- 5.25 **For FY 2020-21, TPC-D has purchased renewable power at average rate of Rs 5.65/kWh as against approved rate of Rs 6.59/kWh.**
- 5.26 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
March 2021	(7.89)	(1.90)	(9.79)



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

Short Term Purchase

5.27 With regards to short term purchase, **TPC-D has purchased 97.74 MUs at average rate of Rs. 3.92/kWh as compared to approved rate of Rs. 3.56/kWh.** The said purchase also includes standby purchase of 0.22 MUs from MSEDCL due to emergency outage of TPC Bhira Unit and lower gas availability of Unit 7. The aforesaid purchase of 97.74 MUs also includes bilateral purchase of 36.86 MUs at Rs 3.43/kWh and balance quantum of 60.66 MUs is purchased from Power Exchange at Rs 4.25/kWh. It is observed that power was purchased through short term market mainly due to planned outage of Unit 5. Further, it is observed that short term power purchase rate is higher than approved rate in the Tariff Order. The power prices in the short term market have been increasing steadily over past few months and is evident from the rates discovered on IEX (at regional periphery) which are shown herein below:

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

TPC-D has purchased power from exchange as well as in bilateral market through competitive bidding as well day ahead contract linked to exchange prices. It is observed that power is purchased from bilateral contract with exchange linked prices at Rs 3.61/kWh which is lower than the exchange purchase price of Rs 4.25/kWh. Accordingly, the Commission has considered the short-term purchase by TPC-D.

5.28 In addition, to the aforesaid, TPC-D has also included past period adjustment Rs (0.42 Cr) towards standby charges based on invoice received from MSEDCL, payment towards standing clearance fees of Rs 90000 for FY 2020-21 and adjustment of error in incentive computation of Rs 0.01 Cr in respect of TPC-G. The Commission has considered the overall adjustment of Rs (0.23) Crore in the power purchase cost.

5.29 **For FY 2020-21, TPC-D has purchased short term power at average rate of Rs 2.98/kWh as against approved rate of Rs 3.56/kWh.**

5.30 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
March 2021	14.40	3.49	17.89

Imbalance Pool

- 5.31 **It was observed that TPC-D has drawn 38.88 MUs from the imbalance pool during the month of March, 2021.** In response to query raised by the Commission in respect of higher UI purchase, TPC-D submitted that actual UI during the month of March, 2021 would be actually much lower as against submitted of 39 MUs. The difference is primarily because of difference in open access sales. The open access sales considered for FAC calculation is based on credit notes received which is significantly lower than the actual open access sales resulting in corresponding higher UI requirement.
- 5.32 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.
- 5.33 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

- 5.34 **TPC-D has done sale of surplus power to the extent of 1.06 MUs during the month at Rs. 5.12/kWh. With such a sale of power TPC-D has earned revenue of Rs. 0.54 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 March, 2021 prevailed at Rs. 4.02/kWh at Regional periphery which would be



approximately Rs. 3.60/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.

5.35 For FY 2020-21, TPC-D has sold power at average rate of Rs 4.54/kWh which is higher than the marginal cost of TPC- G Unit 5 thereby benefitting the consumers.

Approved Cost of Power Purchase

5.36 In view of the above, the overall cost approved in the Tariff Order and actual for the month of March, 2021 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	285.82	38.18	1.34	79.98	2.80	118.16	4.13
Renewable including REC	Approved	31.15	-	-	20.54	6.59	20.54	6.59
	Actual	19.18		-	10.73	5.60	10.73	5.60
Short Term	Approved	57.28	-	-	20.38	3.56	20.38	3.56
	Actual	97.74		-	38.29	3.92	38.29	3.92
Imbalance Pool	Approved	-	-	-	-	-	-	-
	Actual	38.88			11.12	2.86	11.12	2.86
Sale of Surplus Power	Approved	-	-	-	-	-	-	-
	Actual	-1.060		-	-0.54	5.12	-0.54	5.12
Total	Approved	405.08	39.26	0.97	139.69	3.45	178.95	4.42
	Actual	440.56	38.18	0.87	139.58	3.17	177.76	4.03

5.37 Considering the above, the Commission allows the average power purchase cost of Rs. 4.03/kWh for the month of March, 2021 as shown in Table above. The variation in power purchase cost is mainly on account of lower cost of TPC-G and RE Power purchase. The actual purchase for same month in FY 2019-20 i.e. March, 2020 was 341.46 MU and power purchase cost was Rs. 152.79 Cr with APPC of Rs. 4.47/kWh.

5.38 For FY 2020-21, average power purchase rate of TPC-D is Rs 3.93/kWh as against approved rate of Rs 4.41/kWh thereby substantially lowering the power purchase cost. The same is also reflected in the FAC fund accumulated by TPC-D for FY 2021-22.



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 March, 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 March, 2021.

S. No.	Particulars	Units	March 2021
1	Average power purchase cost approved by the Commission	Rs./kWh	4.42
2	Actual average power purchase cost	Rs./kWh	4.03
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.38)
4	Net Power Purchase	MU	440.56
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(16.86)

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 November, 2020 was nil, there would not be any adjustment factor for the month of March, 2021 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 March, 2021.

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	March 2021-Actual	Actual Cumulative upto March 2021
1	Net Energy Input at Distribution Voltage	MU	3242.49	227.56	2281.51
2	TPC-D Retail Sales (excluding sales at 110/132 kV level)	MU	3209.42	221.47	2233.64
3	Distribution Loss (1 - 2)	MU	33.07	6.09	47.87
4	Distribution Loss as % of net energy input (3/1)	%	1.02%	2.67%	2.10%
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	-	24.60
6	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	-	-

9.3 It is seen that standalone distribution loss for the month of March, 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. In respect of yearly cumulative distribution loss higher than approved loss, TPC-D submitted that the approved distribution loss target of 1.02% has not been revised since FY 2014-15. However, there has been growth in terms of network, consumer base and sales which has resulted in the higher cumulative distribution loss for TPC-D. Following factors are impacting the increase in distribution loss for TPC-D:

- LT network addition from FY 2014-15 to FY 2020-21.



- Increase in ratio of LT sales with respect to total sales since past 4 years

The Commission notes the submission of TPC-D and directs TPC-D to submit all the details at the time of MTR proceedings.

- 9.4 The Commission notes that estimated sales for the month of March, 2021 is only 0.06% of the total sales i.e. 0.22 MUs. The comparison of Distribution Loss for the April, 2020 to March, 2021 as compared to last year is as given below:

Particulars	FY2020-21	FY2019-20
<i>Approved Loss</i>	1.02%	1.02%
April	7.46%	1.46%
May	14.85%	-0.37%
June	-1.86%	2.12%
July	-2.65%	5.20%
August	0.86%	-5.47%
September	1.53%	2.16%
October	-0.48%	0.33%
November	0.45%	4.72%
December	0.69%	-0.54%
January	2.26%	1.72%
February	1.90%	4.19%
March	2.67%	3.37%
Cumulative Upto March	2.10%	1.03%

- 9.5 **The Commission has not worked out any disallowance on account of excess Distribution Loss since the standalone FAC for the month of March, 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 March, 2021 is as shown in the Table below:



S. No.	Particulars	Units	March 2021 - As per TPC	March 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	8.74*	(16.86)
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	8.74	(16.86)
2.0	Calculation of Per Unit FAC			
2.1	Energy Sales within the License Area	MU	392.07	392.07
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	8.74	(16.86)
4.0	Utilization of FAC Fund			
4.1	Opening Balance of FAC Fund	Rs. Crore	(217.22)	(217.22)
4.2	Holding Cost on FAC Fund	Rs. Crore	(1.49)	(1.49)
4.3	Z _{FAC} for the month (Sr. N. 3.2)	Rs. Crore	8.74	(16.86)
4.4	Closing Balance of FAC Fund	Rs. Crore	(209.97)	(235.57)
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 May-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

* TPC-D has included past period payment of Rs 25.60 Crore towards FBSM in the monthly FAC of March 21. The same is being considered separately by the Commission.

10.2 It can be seen from the above table that standalone FAC for the month of March, 2021 is Rs. (16.86) Crore. As the FAC is negative, the said amount will be accumulated in FAC Fund for stabilisation of FAC rate over the period.

10.3 TPC-D has claimed Rs 25.60 Crore paid in August 2020 towards Provisional Supplementary Variable Charge for FY 2011-12 to FY 2017-18. TPC-D initially has not claimed the said amount in August 2020 and subsequently claimed the said amount in the FAC submission for the month of January 2021 and sought to adjust the said amount in



the FAC amount approved for FY 2018-19, which was not considered by the Commission as the said amount pertains to past period and not for FY 2018-19. However, the Commission in its Order dated 21 January, 2020 in Case No 312 of 2019 had allowed decrementing State Pool Participants (SPPs) to claim the said amount in FAC after the same is paid to SLDC and not wait upto MTR proceedings so as to avoid the burden of carrying cost on account of deferred recovery. Accordingly, as per Order in Case No 312 of 2019, the Commission has considered the said amount for Rs 25.60 Crore paid by TPC-D to SLDC and adjusted the same from the FAC Fund.

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: —

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

Where:

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

k = Average Billing Rate / ACOS;

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

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

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

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

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



- 11.2 The Commission allows the FAC amount of Rs. (16.86) Crore for the month of March, 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 February, 2021 has directed TPC-D to carry forward the approved FAC amount of Rs. (217.22) 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. (218.71) Crore.
- 11.4 **Accordingly, considering the approved standalone FAC amount of Rs. (16.86) Crore for the month of March, 2021 and opening balance FAC Fund of Rs. (218.71) Crore, the total amount of Rs. (235.57) Crore is accumulated in the FAC Fund. Further, as mentioned above in para 10.3, the Commission has allowed TPC-D to adjust the payment of Rs 25.60 Crore towards FBSM from the FAC Fund. Accordingly, the total FAC Fund after adjustment of Rs 25.60 Crore is Rs (209.97) Crore. The Commission allows the TPC-D to carry forward the accumulated FAC fund of Rs. (209.97) Crore to the next billing cycle with holding cost.**
- 11.5 It is observed that for FY 2020-21, there has been overall reduction in sales of TPC-D by 11% than approved by the Commission due to lower demand in view of Covid-19 pandemic. It is pertinent to note that though there has been marginal increase in residential sales (2%), the sales of HT Category and LT-Others have significantly reduced by 9% and 40 % respectively. The substantial reduction in sales will lead to lower revenue realisation whereas the fixed costs for running the operations incurred by the Licensee are unlikely to be reduced, thereby creating a revenue gap for FY 2021-22. Further, reduction in sales being that of cross subsidising high end consumers will also have impact on lower cross-subsidy being collected which is built in tariff of high-end consumers. This revenue gap will be claimed by the Licensee at the time of MTR proceedings along with carrying cost thereby impacting the tariff of consumers. The Commission in its FAC approval for July 2020 has allowed FAC Fund to be accumulated up to March 21 along with holding cost considering the peculiar circumstances due to Covid-19 pandemic. As on March 2021, the FAC fund being accumulated is Rs (209.97) Crore. Further, it is observed that there has been an increasing trend in power prices prevailing in the market in the recent months which is likely to have an impact on overall power purchase cost of the Licensee going forward. Also, demand is likely to get affected due to the presumably second wave of Covid-19 pandemic for which the Government has announced various restrictions. This is also likely to reduce the sales of licensee in FY 2021-22 thereby impacting the revenue and creation of revenue gap to be recovered in future along with carrying cost. In view of the likely impact on tariff due to such revenue gap being claimed by the Licensees at the time of MTR proceedings, the Commission is of the view that it is important to take



necessary steps so that consumers are not subjected to tariff shock in future. Accordingly, the Commission has decided to accumulate the FAC Fund arising out of negative FAC up to March 2023 along with the holding cost. The FAC Fund so accumulated will not only help in bridging the revenue gap but also help in avoiding the variation in monthly tariff due to positive FAC. The Commission will continuously monitor the FAC Fund and pass appropriate directions in future regarding its utilisation.

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

