



# महाराष्ट्र विद्युत नियामक आयोग

## Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/MBPPL/ 2016-17/01299

Date: 06 January, 2017

To,  
The Mindspace Business Parks Pvt. Ltd.,  
(Formerly Serene Properties Pvt. Ltd.)  
Plot No. C-30, Block 'G',  
Opp. SIDBI, Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051.

**Subject:** Prior approval of Fuel Adjustment Charge (FAC) submission of MBPPL for the month of October 2016.

**Reference:** MBPPL's FAC submission for month of Oct, 2016 vide letter no. M416 dated 16 December, 2016.

Sir,

Upon vetting the FAC calculations for the month of October 2016 as mentioned in the above reference, the Commission has accorded prior approval for charging FAC to its consumers as shown in the table below:

Month	FAC Amount (Rs. Crore)
FAC for October, 2016	(0.25)

MBPPL is hereby allowed to refund the above FAC to its consumers in the billing month of January 2017.

Yours faithfully,

(Dr. Rajendra Ambekar)  
Director (Tariff), MERC

**Encl:** Annexure A: Detailed Vetting Report for the month of October 2016.

**Cc as enclosed:**

**Names and Addresses of Institutional Consumer Representatives**

Prayas Energy Group, Amrita Clinic, Athawale Corner, Lakdipool-Karve Road Junction, Deccan Gymkhana, Karve Road, Pune 411 004	The President, Mumbai GrahakPanchayat, GrahakBhavan, SantDyanyaneshwarMarg, Behind Cooper Hospital, Vile Parle (West), Mumbai 400 056
The General Secretary, Thane Belapur Industries Association, Plot No.P-14, MIDC, Rabale Village, PO Ghansoli, Navi Mumbai 400 701	The President, Vidarbha Industries Association, 1 <sup>st</sup> floor, UdyogBhawan, Civil Lines, Nagpur 440 001
Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 <sup>th</sup> Floor, 12k. DubashMarg, Fort, Mumbai- 400001 (Nashik Branch) Email: <a href="mailto:maccia.nsk@gmail.com">maccia.nsk@gmail.com</a>	Chamber of Marathwada Industries and Agriculture, Bajaj Bhavan, P-2, MIDC Area, Station Road, Aurangabad – 431 005



**PRIOR APPROVAL FOR FAC FOR THE MONTH OF OCTOBER 2016**

**Subject:** Prior approval of Fuel Adjustment Charge (FAC) submission of MBPPL for the month of October 2016.

**Reference:** MBPPL's FAC submission for month of Oct, 2016 vide letter no. M416 dated 16 December, 2016.

**1. FAC submission by MBPPL Undertaking:**

1.1 Mindspace Business Parks Pvt. Ltd. (MBPPL) has submitted FAC submissions for the month of October 2016 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by MBPPL, the Commission has accorded prior approval for the FAC amount of October, 2016 to be charged in the billing month of January 2017.

**2. Background**

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

2.2 Subsequent to above Tariff Order, vide its letter dated 15 November, 2016, the Commission has communicated all Distribution Licensees as follows:

*“Variation in cost of fuel and power purchase of Distribution Licensee is a pass through under FAC component of Z-factor Charge on monthly basis as an adjustment in Tariff. Such FAC levied to consumers is subject to ex-post facto approval of the Commission on a quarterly basis.*

*However, in order to ensure that FAC is being levied correctly, in accordance with the first proviso to Regulation 10.2 of the MYT Regulations, 2015, the Commission in its MYT Orders has directed all Distribution Licensees to take prior approval of FAC for the first month of Tariff Order.”*

2.3 In its letter dated 15 November, 2016, the Commission has also communicated the excel formats for filing of FAC submissions to all Distribution Licensees. The Commission also directed all Distribution Licensees to submit FAC computations, including details pertaining to variation in fuel cost of generation for the approval of the Commission.





2.4 Accordingly, vide its letter dated 16 December, 2016, MBPPL has filed FAC submission for the month of October, 2016 for prior approval. The Commission has scrutinized the submissions provided by MBPPL and has also verified the fuel and power purchase bills provided along with its submissions.

### 3. Energy Sales of the Licensee

3.1 The net energy sales within licence area as submitted by MBPPL in the FAC submission and as approved by the Commission are as shown in the table below.

Consumer Category	Approved for FY 2016-17 (MU)	Approved (MU)	Actual (Oct- 16) (MU)
	(I)	(II=I/4)	(III)
<b>HT Category</b>			
HT – I Industrial	83.41	20.85	6.10
HT – II Commercial	3.73	0.93	-
<b>LT Category</b>			
LT-I General Purpose	0.03	0.01	-
LT-II (A) Commercial (0-20 kW)	0.08	0.02	0.04
LT-II (B) Commercial (above 20 kW)	0.30	0.08	0.05
LT-III (A) Industrial (0-20 kW)	0.30	0.07	0.00
LT-III (B) Industrial (above 20 kW)	6.34	1.58	0.59
<b>Total Energy Sale</b>	<b>94.19</b>	<b>23.55</b>	<b>6.79</b>

### 4. Cost of Power Purchase

4.1 MBPPL does not own or operate any generating stations. Accordingly, MBPPL is required to procure power from outside sources in order to fulfil the demand of its consumers.

4.2 The following table shows the variation in average power purchase cost (Rs/kWh) for the month of October, 2016 as compared to average power purchase cost approved in Tariff Order dated 26 October, 2016:



Particulars	Tariff Order Dated 26.10.2016			Actual for October, 2016		
	Net Purchase	Cost	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	55.90	20.79	3.72	6.83	2.16	3.15
Medium Term PPA (Peak Load)	25.25	9.39	3.72	1.99	0.84	4.22
Short Term Source	20.82	8.08	3.88	-	-	
RE Sources		1.83		-	-	
Surplus Sale	(3.29)	(1.22)	3.72	(1.41)	(0.44)	3.13
FBSM	-	-	-	(0.30)		
<b>Total</b>	<b>98.67</b>	<b>38.86</b>	<b>3.94</b>	<b>7.12</b>	<b>2.56</b>	<b>3.59</b>

4.3 The Commission allows the average power purchase cost of Rs. 3.59/kWh for the month of October 2016 as shown in the table above.

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

5.1 The Commission has worked out the average power purchase cost for the month as shown in above table. The same has been compared with the average power purchase cost approved by the Commission in Tariff Order dated 26 October 2016 and arrived at differential per unit rate of FAC for determining allowable fuel and power purchase cost variation.

5.2 The following table shows the FAC worked out by the Commission on account of difference in fuel and power purchase cost for the month of October, 2016:

S. No.	Particulars	Units	Amount
1	Average power purchase cost approved by the Commission	Rs./kWh	3.94
2	Actual average power purchase cost	Rs./kWh	3.59
3	Change in average power purchase cost (2 -1)	Rs./kWh	(0.35)
4	Net Power Purchase	MU	7.12
<b>5</b>	<b>Change in fuel and power purchase cost (3 x 4/10)</b>	<b>Rs. Crore</b>	<b>(0.25)</b>





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

6.1 The Commission is in the process of providing prior approval of FAC for the first month after issuance of Tariff Order and hence there would not be any adjustment factor for previous months that is to be considered while computing the allowable FAC.

7. **Carrying Cost for over recovery/under recovery (C)**

7.1 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 October 2016.

8. **Disallowance due to excess Distribution Loss**

8.1 Regulation 10.8 of MYT Regulations, 2015 provides for FAC amount to be reduced in case the actual distribution loss for the month exceeds the approved Distribution Loss. The relevant extract is reproduced as follows.

*“10.8 The total  $Z_{FAC}$  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 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”*

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

S. No	Particulars	Unit	Approved	Actual up to Oct-16
1	Net Energy input at Distribution Voltages	MU	94.81	50.77
2	Energy sales at Distribution voltages	MU	94.19	50.38
3	Distribution Loss (1 - 2)	MU	0.61	0.39
4	% Distribution Loss (3/1)	%	0.64%	0.76%
5	Excess Distribution Loss	MU	-	0.01
6	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	-



8.3 As seen from the above table, cumulative Distribution Loss up to the month of October 2016 is 0.76% which is higher than the approved Distribution Loss of 0.64%. However, the Commission has not worked out any disallowance on account of excess distribution loss since the FAC for month of October, 2016 is negative.

## 9. Summary of Allowable Z<sub>FAC</sub>

9.1 The summary of the Z<sub>FAC</sub> amount as approved by the Commission for the month of October 2016 which is allowed to be levied in the billing month of January, 2017 is as shown in the Table below.

S. No.	Particulars	Units	Oct-16
<b>1.0</b>	<b>Calculation of Z<sub>FAC</sub></b>		
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.25)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-
<b>1.4</b>	<b>Z<sub>FAC</sub> = F+C+B</b>	<b>Rs. Crore</b>	<b>(0.25)</b>
<b>2.0</b>	<b>Calculation of FAC Charge</b>		
2.1	Energy Sales within the License Area	MU	6.79
2.2	Excess Distribution Loss	MU	0.01
2.3	Z <sub>FAC</sub> per kWh	Rs./kWh	(0.37)
<b>3.0</b>	<b>Recovery of Z<sub>FAC</sub></b>		
3.1	Allowable Z <sub>FAC</sub>	Rs. Crore	(0.25)
3.2	Z <sub>FAC</sub> disallowed corresponding to excess Distribution Loss	Rs. Crore	-
<b>4.0</b>	<b>Total Z<sub>FAC</sub> based on category wise and slab wise allowed to be levied</b>	<b>Rs. Crore</b>	<b>(0.25)</b>

## 10. Recovery from Consumers:

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

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

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

Where:





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

$k = \text{Average Billing Rate} / \text{ACOS}$ ;

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....”

10.2 The Commission has worked out  $Z_{FAC}$  per unit for each category of consumer based on the formula provided in the above Regulations. The Commission observed that there is an under recovery of  $Z_{FAC}$  in absolute terms on considering category wise per unit FAC worked out and category wise actual sales for the month of October 2016.

10.3 The variation in FAC in absolute terms is due to formula error of  $Z_{FAC}$  computed on per unit basis. The variation however is taken care in the adjustment factor of subsequent months

10.4 The following table shows per unit  $Z_{FAC}$  to be levied to the consumers of MBPPL for the billing month of January 2017.

S. No	Consumer Category	Slabs	$Z_{FAC}$ to be levied in billing month of January, 2017 (Rs/kWh)
	<b>HT Category</b>		
1	HT – I Industrial	all units	(0.37)
2	HT – II Commercial	all units	(0.38)
	<b>LT Category</b>		
3	LT-I General Purpose	all units	(0.37)
4	LT-II (A) Commercial (0-20 kW)	all units	(0.37)
5	LT-II (B) Commercial (above 20 kW)	all units	(0.48)
6	LT-III (A) Industrial (0-20 kW)	all units	(0.35)
7	LT-III (B) Industrial (above 20 kW)	all units	(0.37)

