

Ref. No. MERC/MSEDCL/FAC/0420

24<sup>th</sup> February, 2006

**The Managing Director,**  
Maharashtra State Electricity Distribution Company Ltd.,  
5<sup>th</sup> Floor, Prakashgad, Plot No. G-9,  
Bandra (East),  
Mumbai – 400 051.

**Sub : Levy of Fuel Adjustment Charges (FAC) by MSEDCL  
for the month of September, 2005.**

- Ref : 1) MERC / FAC formats / 2005 /1684 dated 22.08.2005  
2) MSEDCL Letter No. SE/TRC/39038 dated 23.12.2005  
3) MERC Letter No. MERC/Case No. 15 of 2000/0019  
dated 3.1.2006  
4) MSEDCL Letter No. SE/TRC/574 dated 6.1.2006  
5) SICOM Letter No. MERC/MSEDCL/FAC-Sept. 05 dated 11.1.2006  
6) MSEDCL letter No. SE/TRC/2257 dated 25.1.2006  
7) MSEDCL letter No. SE/TRC/2909 dated 2.2.2006  
8) SICOM Letter No. IAG/MERC/2005-06 dated 7.2.2006  
9) MERC letter No. MERC/Case 15 of 2000/FAC-MSEDCL/0293 dated  
8.2.2006 on computation of FAC charges for the month of September,  
2005.  
10) MSEDCL Circular No. PR-3/Tariff/02254 dated 25.1.2006 received by  
MERC on 8.2.2006

Sir,

With reference to your letters dated 6<sup>th</sup> January, 2006 and 25<sup>th</sup> January, 2006 and in pursuance of the directions in the Tariff Order dated 10<sup>th</sup> March, 2004 and MERC (Terms and Condition of Tariff) Regulations 2005 and subsequent correspondence on the above subject, the Commission vide its letter dated 8<sup>th</sup> February, 2006, has permitted to levy the FAC charge of 20 paise/kWh for metered sale pertaining to the month of September, 2005 considering cap on monthly charge @ 10% of the variable component of tariff to be levied in the month of February, 2006. Similar method of pass through with respect to the month of October 05 FAC, based on your working was also conveyed.

I am directed to forward herewith the detailed vetting and approval of the Commission on FAC charges for the month of September, 2005, for further necessary action, and hosting it on your website.

Further, with reference to MSEDCL Circular No. PR-3/Tariff/02254 dated 25.01.2006, the Commission would like to inform you that as per the MERC (terms and Conditions of Tariff) Regulation, 2005, the distribution licensee shall pass on adjustment, due to changes in the cost of power generation and power procured due to changes in **fuel cost** only, through the FAC formula, and **not** **'Other'** costs as indicated.

With regards,

Yours faithfully,

Sd/-  
**(Ms. Malini Shankar)**  
**Secretary, MERC**

Encl : As above.

Cc: Shri A.D. Mahajan / Shri M.N. Bapat,  
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## ANNEXURE TO MERC LETTER DATED 24<sup>TH</sup> FEBRUARY, 2006

**Sub : Tariff order dated 10<sup>th</sup> March, 2004, (Case No. 2 of 2003), MERC(Terms and Conditions of Tariff) Regulations 2005 – Vetting and approval of FAC charges proposed by MSEDCL for September, 2005 – accompaniment to Commission’s letter dated 24<sup>th</sup> February, 2006.**

### 1) Approved FAC Formula

In terms of the MERC (Terms and Conditions of tariff )Regulations 2005, with effect from the 1<sup>st</sup> day of September, 2005, the distribution licensee shall pass on adjustments, due to changes in the cost of power generation and power procured due to changes in fuel cost, through the fuel adjustment cost (FAC) formula as specified below :

**FAC (Rs. Crores) = C + I + B where**

FAC = Fuel Adjustment Cost

**C = Change in cost of own generation and power purchase due to variation in the fuel cost**

**I = Interest on Working Capital**

**B = Adjustment Factor for over-recovery / under-recovery**

Explanation 1

The Terms C shall be computed in accordance with the following formula ;

**C( Rs. Crores) =  $A_{FC, gen} + A_{FC, pp}$  where**

$A_{FC, gen}$  = Change in Fuel cost of own generation. This change would be computed based on the norms and directives of the Commission, including Heat Rate, Auxiliary Consumption, Generation and Power Purchase Mix. etc.

$A_{FC, pp}$  = Change in Energy Charges of Power procured from other sources.

Explanation 2

The term I shall mean change in interest on working capital on account of change in fuel cost.

### Explanation 3

The term B shall be computed in accordance with the following formula.

$B_{j-2}$  (Rs. Crores) =  $A_{j-4} - R_{j-2}$  where

$A_{j-4}$  = Incremental cost in month  $j-4$

$R_{j-2}$  = Incremental cost on month  $j-4$  actually recovered in month  $j-2$

The monthly FAC charge shall not exceed 10% of the variable component of tariff or such other ceiling as may be stipulated by the Commission from time to time. Any excess in FAC over and above the ceiling shall be carried forward and shall be recovered over such future period as may be directed by the Commission.

The calculation of FAC to be charged for the month 'J' shall be as follows :-

$$FAC_j \text{ (Rs Crores) } = C_{j-2} + I_{j-2} + B_{j-2}$$

FAC would be applicable from the month following the month in which the additional costs are calculated.

Calculation of FAC per kWh shall be as per the following formula :-

**FAC**

$$FAC_{Rs/kWh} = \frac{\text{FAC}}{(\text{Metered Sales} + \text{Unmetered Consumption Estimates} + \text{Excess Distribution Loss})} \times 10$$

## **2. Approach of the Commission for Vetting of FAC charge for September, 2005:**

In terms of the MERC (Terms and Conditions of tariff )Regulations 2005, where the FAC is charged for the first time subsequent to the notification of these regulations, the Distribution Licensee shall obtain the approval of the Commission prior to levying the FAC charge. Accordingly, MSEDCL sought approval of the FAC rate of 24 paise/kWh vide its submission dated 6<sup>th</sup> January, 2006 and revised the same to 35.23 paise/kWh vide its submission dated 25<sup>th</sup> January, 2006.

As mandated by the Commission, its consultants held detailed discussion with MSEDCL officials to clarify certain aspects and to understand the computations / assumptions used by MSEDCL. The Commission has validated FAC and  $FAC_{kWh}$  by:

- Verification of Fuel Price with fuel inventory accounting and sample verification of invoices towards purchase of fuel.
- Verification of power purchase costs with invoices of the suppliers
- Justification for material variations from the estimates of variable fuel cost of generation and power purchase in the Tariff Order.

The Commission in its Tariff order dated 10<sup>th</sup> March, 2004 (Case No.2 of 2003) applicable to various categories of consumers of erstwhile MSEB has approved variable cost of generation inclusive of other charges and adjustment component. **As per the MERC (Terms and Conditions of Tariff), Regulations 2005, the distribution licensee shall pass on adjustments, due to changes in the cost of power generation and power procured due to changes in fuel cost, through the fuel adjustment cost (FAC). Accordingly, the Commission has bifurcated the fuel cost and other charges and adjustment component of the variable cost of generation for each station of Maharashtra State Energy Generation Company Ltd. (MSEGCL) and the same are as detailed below:**

Station	Approved VC per unit as per the Tariff Order dated 10.3.2004 (Rs/kwh) (a)	Approved variable fuel cost (Rs/kwh) (b)	Other charges and adjustment component (Rs/kwh) (a) - (b)
Khaparkheda	0.9239	0.9162	0.0076
Paras	1.2299	1.2063	0.0236
Bhusawal	1.1525	1.0721	0.0804
Nashik	1.4164	1.3188	0.0976
Parli	1.2836	1.2278	0.0558
Koradi	1.2205	1.1695	0.0510
Chandrapur	0.7237	0.7023	0.0213
Uran (Gas)	0.6742	0.6742	-

**The Commission directs MSEDCL to ensure timely passing on adjustments due to changes in the cost of power generation and power procured due to changes in fuel cost only, through the fuel adjustment cost (FAC) in future.**

The vetting of the claim is broadly divided in two parts. The first part elaborates on the methodology used by MSEDCL for making the claim of FAC and the second part comprises of the Commissions analysis and it's decision on the claim of FAC by MSEDCL. The general observations of the Commission on the claim of FAC by MSEDCL are given at the end of the vetting of FAC.

### **3. Variable Cost of Generation:**

#### **Claim by MSEDCL:**

- (i) Actual variable cost of power generation of each station are certified by CA. MSEDCL has informed that MSEGCL does not have the practice of certifying fuel analysis (actual calorific value) from an Independent Agency.
- (ii) The inventory of the fuel is taken on an annual basis and the stocks are adjusted for any variation (The fuel inventory details are as per Table 2.2).
- (iii) MSEDCL has worked out the consumption of coal on the basis of the coal factor of the plant instead of actual coal fed to the station on the plea that there is no provision for measurement of coal fed into the boilers.
- (iv) MSEDCL has included Rs.1490.38 lacs in variable cost of generation on account of coal handling charges (Rs.328.94 lacs), ash handling charges (Rs.209.75 lacs), storage charges (Rs.27.45 lacs), establishment charges (Rs.464.67 lacs) and maintenance charges of plant (Rs.459.57 lacs).
- (v) MSEDCL has considered the inventory loss at 1% of the cost of the coal in monthly variable cost of generation.
- (vi) **Other Adjustments** - MSEDCL has considered other adjustments of Rs.2826.57 lacs. These adjustments include payment to coal companies against umpire and post umpire award (Rs.479.12 lacs) for Khaparkheda unit, coal related diff. in reconciliation between FOCA & books of accounts during 2004-05 (Rs.15.60 lacs), transfer of oil demurrage charges, coal sampling charges and coal monitoring for Bhusawal Plant (Rs.12.61 lacs), water charges including chemical consumption for water treatment (Rs.230.03 lacs) in Nashik Station, ash water consumption of Parli (Rs.1.99 lacs), Coal washing charges of Koradi (Rs.38.26 lacs) & Chandrapur (Rs.777.08 lacs) and provisional difference on account of enhancement pay during 2004-05 for

Chandrapur (Rs.19.10 lacs) (Other Coal related charges for the month of September, 2005 are as per Table 2.2 c).

- (vii) **Auxiliary consumption** –MSEDCL has taken auxiliary consumption at each unit at normative levels for calculation of variable cost of generation. MSEDCL has also taken the number of net units generated on normative basis for arriving at weighted average normative variable cost of generation.
- (viii) **Heat Rate** - MSEDCL has worked out the variable cost of generation considering actual heat rates of each station where the actual heat rate is lower than the normative heat rate, otherwise normative heat rate.
- (ix) **Transit Loss** – MSEDCL has worked out the variable cost of generation considering normative transit loss and actual transit loss (where the actual transit loss is lower than the normative transit loss). In addition to the transit loss indicated in the cost of the coal statement, MSEDCL has also made adjustments to transit loss amount in other charges. Thus, MSEDCL has considered transit losses at two places one in the cost of coal including transit loss and second as adjustment to transit loss. MSEDCL has submitted that the total transit loss of coal cannot be computed initially when the coal is received at the thermal power station (TPS) due to non availability of railway receipt weight. The difference between the railway receipt weight and TPS end weight is treated as provisional transit loss. The correction to provisional transit loss quantity is under taken at a later stage due to :-
  - 1. Difference between quantity admitted for payment and railway receipt weight
  - 2. Difference between provisional receipt rate of coal and actual receipt weight (on the basis of actual analysis results of the coal loading end which takes at least one month).

However, while arriving at the normative variable cost of generation, only the first transit loss has been considered.

#### **Commission's vetting:**

As indicated in Point No.2 under Approach of the Commission for vetting of the FAC charges, the Commission has indicated the approved variable fuel cost of generation for each station of MSEGCL as per the Tariff Order. Accordingly, the Commission has not considered cost on account of coal handling charges, ash handling charges,

storage charges, establishment charges, maintenance charges and Inventory Shortages and Other Adjustments (except adjustment to transit loss) as part of the variable fuel cost of generation.

The Commission has assessed station wise variable fuel cost of generation and weighted average variable fuel cost of generation considering the normative operating parameters (heat rate, auxiliary consumption and transit loss) as set out in the tariff order (in case No.2 of 2003) dated 10<sup>th</sup> March 2004.

(i) **Merit Order Despatch :**

The Commission has noted that the net estimated generation as per the tariff order dated 10<sup>th</sup> March 2004 for Koradi station is indicated as 3918 MUs in Table at page 186, which is a typographical error. The Commission confirms that net estimated generation from Koradi station is to be taken as 5901 MUs.

The Commission has carried out a broad assessment of adherence to the principles of merit order dispatch by comparing stationwise monthly net generation with the levels considered in the Tariff order. The Tariff Order monthly net generation figures for each station have been arrived at based on the yearly figures as per the Tariff Order. The State demand and supply for the month of September 2005 was 10563 MW and 8419 MW respectively. The average load shedding was 1508 MW in the morning peak hours for 20 days and 150 MW in the evening peak hours for 19 days (The energy availability details are as per Table 1.3)

The net generation of MSEGCL in September, 2005 was 3491 MUs as against 3707 MUs as per the tariff order.

(ii) **Actual fuel price**

The Commission has assessed fuel price in terms of its heat content (i.e. in Rs./MKcal) by considering actual fuel price based on the audited statement of fuel cost submitted by MSEDCL and sample verification of invoices towards purchase of fuel and the calorific value submitted by MSEDCL. The Commission directs MSEDCL to obtain and submit fuel analysis report of representative monthly samples



of fuels certified by an independent certification agency in support of actual fuel calorific value along with its quarterly FAC submissions in future.

The Commission's Consultant has observed during its visit to Nashik Station that the thermal generating stations of MSEGCL do not have facilities for measurement of the coal fed into the boilers and the cost of the coal is arrived at based on the coal factor which in turn is derived from heat rate and calorific value of the coal (Calorific values are as given in Table 2.1a). Hence, the Commission directs MSEDCL to submit data about the parameters used for calculation of heat rate and forward certificates towards cost of the coal consumed worked on the basis of heat rate and calorific value till installation of coal measuring devices by MSEGCL in future submissions.

The Commission further directs to MSEGCL to install volumetric / gravimetric feeders in its thermal generating stations where coal is used as raw material, immediately. The cost of this installation will be considered in ARR. In 2006-07, FAC proposals will be vetted based only on actual measurements of the coal measure device.

**(iii) Normative operating parameters :**

The Commission has considered station-wise approved heat rate, auxiliary consumption and transit loss as per the tariff order dated 10<sup>th</sup> March 2004 for computing station-wise normative variable fuel cost of generation. The normative parameters as per the Tariff Order are listed below:

<b>Sr. No.</b>	<b>Generating Station</b>	<b>Auxiliary Consumption (%)</b>	<b>Heat Rate (kcal/kWh)</b>	<b>Transit Loss (%)</b>
1	Khaparkheda	8.5	2725	1.45
2	Paras	9.7	3200	2.58
3	Bhusawal	10.0	2735	0.98
4	Nashik	9.0	2663	0.96
5	Parli	9.7	2649	2.40
6	Koradi	9.8	2996	1.47
7	Chandrapur	7.6	2502	1.72
8	Uran (Gas)	2.4	1966	--

The Commission has considered adjustment to transit losses of Rs.284.40 lacs for all stations as part of the transit losses for calculating FAC on normative basis. The details of the transit loss reworked by the Commission are detailed in Table 2.5 and are also summarized below :

<b>Sr. No.</b>	<b>Generating Station</b>	<b>Transit Loss as per Order (%)</b>	<b>Transit Loss as per MSEDCL (%) (a)</b>	<b>Revised transit loss after adding the adjustment to transit loss* (Rs. in lacs) (b)</b>	<b>Revised Transit Loss as per Commission (%) (a + b)</b>
1	Khaparkheda	1.45	3.21	323.18	6.52
2	Paras	2.58	2.60	8.36	1.64
3	Bhusawal	0.98	4.03	205.98	9.70
4	Nashik	0.96	2.42	111.30	2.42
5	Parli	2.40	3.25	172.62	3.25
6	Koradi	1.47	-0.84	-31.05	-0.84
7	Chandrapur	1.72	0.59	55.17	0.59

\* The figures are as reported by MSEDCL

The variable fuel cost of generation is worked out at 1.18 Rs./unit which is substantially higher than the Tariff Order rate of 0.93 Rs. /unit (increase of 27%) (The details are given in Table 3.3).

#### **4. Variable cost of power purchase –**

##### **Claim by MSEDCL:**

There were discrepancies in the power purchase calculations submitted by MSEDCL in the original proposal dated 6<sup>th</sup> January 2006. MSEDCL submitted the revised calculations for the power purchase along with certification by Chartered Accountant for the power purchase cost and sample bills for the power purchase and revised variable cost of power purchase to 1.3992 Rs / unit as against the earlier cost of 1.2642 Rs / unit.

MSEDCL did not consider unscheduled interchange cost of power purchase of Rs. 44 crores while calculating variable cost of power purchase as per the Tariff Order.

**Commission's vetting:**

In the tariff order, power purchase cost includes cost of unscheduled interchange of Rs.44 crore and accordingly, the variable cost of power purchase as per the tariff order would be 1.3 Rs./unit. MSEDCL has not considered this cost in the power purchase cost and has arrived at variable cost of power purchase as per the Tariff Order as 1.27 Rs./unit. The Commission directs MSEDCL to consider variable cost of power purchase as per the Tariff Order after including the cost of unscheduled interchange.

The Commission has noted that MSEDCL had to purchase more power to meet the demand and shortfall in own generation of power. MSEDCL has purchased 1736 MU's as against the 1349 MUs as per the Tariff Order.

The Commission has accepted actual variable cost of power purchase at 1.40 Rs./unit which is an increase of 7.7% over the Tariff Order (The details are as per Table 4.1).

**5. Interest on working capital****Claim by MSEDCL:**

MSEDCL had not considered interest on working capital in its original proposal dated 6<sup>th</sup> January 2006. However, it has considered the same at Rs.75 lacs in its revised proposal submitted vide letter dated 25<sup>th</sup> January 2006. Actual incurred interest for the period 6<sup>th</sup> June 2005 to 30<sup>th</sup> September, 2005 has been informed as Rs.3 crore and the interest for the month is taken as Rs.75 lacs. However, MSEDCL has not forwarded the details of the working of working capital interest.

**Commission's vetting:**

As per MERC (Terms and Conditions of Tariff), Regulations 2005, the interest on working capital on account of change in fuel cost is allowed. As MSEDCL has not forwarded the details of working of the Working Capital, the interest is not considered in the FAC calculations for the month of September 2005.

## **6. Adjustment factor for over recovery / under recovery**

### **Claim by MSEDCL:**

MSEDCL had not considered adjustment factor for over recovery / under recovery in its original proposal for the month of September 2005. However, it has considered the adjustment factor for under recovery of Rs.12.96 crores in its revised proposal. MSEDCL has also submitted cumulative under recovery of Rs.356 crs. for the period December 2003 till July 2005.

### **Commissions vetting:**

As the FOCA submissions in respect of the past periods are yet to be vetted and given formal approval, the Commission has not considered the under recovery of the FOCA charge of Rs.12.96 crores in the FAC calculations for the month of September 2005. Further, after vetting of FOCA submissions for the period December, 2003 to July, 2005, the Commission may allow MSEDCL to recover the cumulative under recovery of FOCA, if any (informed by MSEDCL vide its letter dated 25<sup>th</sup> January, 2006) over suitable period.

## **7. Excess T & D Loss:**

### **Claim by MSEDCL:**

MSEDCL has reported T&D Loss of 27.71 % for the month of September, 2005. However, it has not considered disallowance of FAC corresponding to excess T&D loss for arriving at FAC per unit.

### **Commission's vetting:**

The Commission has considered allowable T & D Loss at the normative T & D Loss rate of 26.87% stipulated in the tariff order. The excess T & D Loss has been assessed at 44 MUs and accordingly disallowed an amount of Rs.1.43 crores corresponding to excess T&D loss.

## **8. Calculation of FAC per unit:**

### **Claim by MSEDCL:**

MSEDCL had claimed an amount of Rs.91.46 crs. as FAC charge initially which was revised to Rs.134.68 crs vide its submissions dated 25<sup>th</sup> January, 2006. The FAC

charge claimed as per the revised proposal is 35.23 paise/kWh and MSEDCL did not apply CAP on monthly FAC charge while arriving  $FAC_{kWh}$  for September 2005.

**Commission's vetting:**

Fuel Adjustment Cost (FAC) for the month of September, 2005 has been arrived at Rs.106.58 crore.

As per MERC (Terms and Conditions of Tariff), Regulations 2005, the monthly FAC charge shall not exceed 10% of the variable component of tariff or such other ceiling as may be stipulated by the Commission from time to time. The FAC per unit for MSEDCL for the month of September, 2005 has been worked out to 27.88 paise / kWh. The Commission has considered the cap on monthly charge @ 10% of the variable component of the tariff. As per the tariff order, the variable component was Rs.7899 crores and considering estimated annual consumption of 39711 MUs, the variable component has been worked out to 198.91 paise per unit. Accordingly the cap on monthly charge @ 10% has been taken as 20 paise / kWh which works out to FAC amount of Rs. 75.57 crore. The Commission directs MSEDCL to consider and observe cap of 20 Paise / kWh on monthly charge (till next tariff order) while charging FAC in future.

**9. FAC charge carried forward:**

**Claim by MSEDCL:**

MSEDCL has claimed entire FAC without considering cap on monthly charges and hence has not carried forward any under recovery of FAC charge for future period.

**Commission's vetting:**

The total FAC is Rs.106.58 crore. The FAC charge considering cap on monthly charge comes to Rs.75.57 crore. After considering disallowed FAC corresponding to excess T & D loss, (Rs.1.23 crore) the carried forward FAC for recovery during future period is Rs.29.78 crore.

The detailed calculations of composite variable fuel cost of generation and power purchase, changes in variable fuel cost of generation and power purchase and calculation of per unit FAC charge are as per Tables 6.1, 6.2, 7.1 & 8.1.

**10. Summary of Results:**

The summary of the Total Fuel Adjustment Cost, FAC per unit and recovery of FAC (A) considering the cap on monthly FAC charge for the month of September, 2005 is given below :

Sr. No.	Parameter	Units	As claimed by MSEDCL	As approved by the Commission
	<b>Calculation of FAC</b>			
1	Normative Variable Fuel Cost of generation	Rs./kWh	1.32	1.18
2	Normative Variable Cost of power purchase	Rs./kWh	1.40	1.40
3	Normative Variable fuel cost of generation and power purchase	Rs./kWh	1.35	1.26
4	Variable fuel cost of generation and power purchase as per the Tariff Order	Rs./kWh	1.09	1.03*
5	Change in Variable fuel cost of generation and power purchase	Rs./kWh	0.26	0.23
6	Net Generation + Net power purchase	MUs	4641	4624
7	Change in Variable fuel cost of generation and power purchase	Rs. Crore	120.98	106.58
8	Working capital interest (I)	Rs. Crore	0.75	0.00
9	Adjustment of over recovery/ under recovery (B)	Rs. Crore	12.96	To be adjusted
	Total FAC (7+8+9)	Rs. Crore	134.68	106.58
	<b>Calculation of FAC liable sale</b>			
	Sale within License Area	MUs	3779	3779
	Excess T & D losses	MUs	44	44
	<b>Recovery of FOCA</b>			
	FAC Charge without considering cap on monthly charge (10% of the variable component of tariff)	paise/kWh	35.23	27.88
	Cap on monthly charge (10% of the variable component of tariff)	Paise/kWh	0.00	20.00
	FAC Charge after considering cap on monthly charge	Paise/kWh	35.00	20.00
	FAC rate (metered sale)	paise/kWh	35.00	20.00
	FAC rate (un-metered sale)			
	LT – AG (>1300 hrs/year)	Rs./HP/month	32	18
	LT – AG (<1300 hrs/year)	Rs./HP/month	26	15
	FAC(A) after considering cap on monthly charge	Rs. Crore	0.00**	75.57
	FAC(A) disallowed corresponding to excess loss	Rs. Crore	0.00**	1.23
	Carried forward FAC (A) for recovery during future period	Rs. Crore	0.00**	29.78

\*- After modifying net generation of Koradi, considering cost of UI & only fuel cost of generation

\*\* - No cap is considered

**11. General Observations:**

- a) MSEDCL is yet to enter into Power Purchase Agreement with Maharashtra Generation Co. Ltd. (MSEGCL).
- b) MSEDCL has not provided reasons for material variation at all places in FAC claim for the month of September, 2005
- c) Cumulative figures at the end of the month (last column) have not been given in any of the table in FAC claim for the month of September, 2005. MSEDCL has informed that the same would be submitted in next submissions of FAC, as it would require actual workings from April to August, 2005.

Commission directs MSEDCL to take effective steps in respect of a) and b) above.

**d) Charging of FAC :**

As per the tariff regulations, the FAC would be applicable from the month following the month in which additional cost are calculated. However, the commission has observed that MSEDCL is charging the FAC charge calculated for the month of September, 2005 in the month of January, 2006. It has been submitted by MSEDCL that this is the practice followed by it due to unavailability of the information, which in the opinion of the Commission is not cogent reason. Therefore, MSEDCL in its own interest should see that FAC recovery is made as per the regulations and in time.

This is issued with the approval of the Commission.

Sd/-  
**(Ms. Malini Shankar)**  
**Secretary**

Dated : 24<sup>th</sup> February, 2006

- Encl.: 1) Table Energy Availability  
2) Table Fuel Calorific Value  
3) Table Fuel Inventory  
4) Table Supplementary sheet showing other Coal Related Charge for Sep2005  
5) Table Transit loss on fuel  
6) Table Calculation of Station/Unit-wise variable cost of generation  
7) Table Variable cost of power purchase  
8) Table Composite variable cost of generation and power purchase & change in the same.  
9) Table Calculation of per unit FAC/FOCA Charge  
10) Table Summary of FAC (a) and FAC<sub>kWh</sub>

