



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/WFH/ SBR/ 17

Date: 19 June, 2020

To,
The Gigaplex Estate Private Ltd.,
K Raheja Corp, Level-9, Raheja Tower
Block 'G', Plot No. C-30,
Bandra Kurla Office
Bandra (E), Mumbai – 400 051

Subject: Post-facto approval of Fuel Adjustment Charges (FAC) submissions of GEPL for the month of January, 2020 to March, 2020.

Reference: GEPL's FAC submission for the month of January, 2020 to March, 2020 vide email dated 18 May, 2020.

Sir,

Upon vetting the FAC calculations for the months of January, 2020 to March, 2020 as mentioned in the above reference, the Commission has accorded post-facto approval for charging FAC to its consumers as shown in the table below:

Month	FAC Amount (Rs. Crore)
January, 2020	0.19
February, 2020	0.21
March, 2020	0.18

In recent approvals in respect of the 4 major Licensees, it has been decided not to permit any levy or refund of FAC amounts for the period of the final true up in 2018-19 as has been finally tried-up and accounts are closed. This post facto approval is for last quarter of the FY 2019-20. The FY 2019-20 is only provisionally tried-up and will be taken up for final true up during upcoming MTR. Further the under and over recovery of the adjustment for Quarter 1,2 & 3 are rolled over in Quarter 4. Since these are post facto approvals, any amount balance for recovery/ refund are rolled over till final quarter of FY 2019-20. Any balance, thereafter, can be considered during the final true up for FY 2019-20 during MTR.

The Commission allows the carry forward FAC of Rs. 0.49 Crore to be recovered as against a claim of Rs. 0.82 Crore by GEPL. This is on account of errors rectified by the Commission and its associated impact as explained in para 7.1 and para 9.5 of this vetting report.

As FY 2019-20 is over and the Commission has also carried over provisional Truing up of the same, any adjustment of FAC revenue and cost allowed under Q1 to Q4 post facto FAC approval of FY 2019-20 will be reconciled and trued up at the time of final truing of FY 2019-20 under the MERC (Multi Year Tariff) Regulations, 2015 during MTR of the 4th Control period.

Yours faithfully,

Sd/-
(Dr. Rajendra Ambekar)
Executive Director,
MERC

Encl: Annexure A: Detailed Vetting Report for the period of January, 2020 to March, 2020.

ANNEXURE
Detailed Vetting Report

Date: 19 June, 2020

**POST-FACTO APPROVAL OF FAC CHARGES FOR THE MONTHS OF JANUARY,
2020 TO MARCH, 2020**

Subject: Post-facto approval of Fuel Adjustment Charges (FAC) submissions of GEPL for the month of January, 2020 to March, 2020.

Reference: GEPL's FAC submission for the month of January, 2020 to March, 2020 vide email dated 18 May, 2020.

1. FAC submission by GEPL Undertaking:

1.1 GEPL has made FAC submissions for the months of January, 2020 to March, 2020 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by GEPL, the Commission has accorded post-facto approval for the FAC amount to be charged in the billing months of February, 2020 to April, 2020.

2. Background

2.1 On 12 March, 2018 the Commission has issued Tariff Order in respect of GEPL, (Case No.149 of 2016) for approval of Aggregate Revenue Requirement and Multi Year Tariff for FY 2016-17 to FY 2019-20. Revised Tariff has been made applicable from 1 April, 2018.

2.2 Vide its letter dated 15 November, 2016, the Commission 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 generators for the approval of the Commission.

2.3 Vide FAC vetting Report dated 2 July, 2018 the Commission accorded prior approval to the FAC for the month of April, 2018.

2.4 In terms of MERC (MYT) Regulations, 2015 the Distribution Licensee is required to obtain post-facto approval of the Commission on a quarterly basis for FAC charges. Accordingly, vide its e mail dated 18 May, 2020, GEPL has made FAC submissions for the months of January, 2020 to March, 2020 for post-facto approval. The Commission has scrutinized the submissions provided by GEPL 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 GEPL in the FAC submission and as approved by the Commission are as shown in the Table below:

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales		
	(I)	(II=I/12)	(Jan-20) (MU)	(Feb-20) (MU)	(Mar-20) (MU)
HT Category					
HT- I Industrial	64.95	5.41	2.15	2.02	1.73
HT-II Commercial	2.04	0.17	0.09	0.09	0.07
LT Category					
LT-I General Purpose	-	-	-	-	-
LT-II(A) Commercial (0-20 kW)	0.06	0.01	0.07	0.07	0.06
LT-II (B) Commercial (above 20 kW)	0.16	0.01	0.01	0.01	0.01
LT-III (A) Industrial (0-20 kW)	0.52	0.04	0.02	0.01	0.01
LT-III (B) Industrial (above 20 kW)	9.19	0.77	0.23	0.22	0.19
Total	76.92	6.41	2.56	2.41	2.06

3.2 It can be observed from above Table that the actual sales during the months of January, February and March, 2020 is 2.56 MUs, 2.41 MUs and 2.06 MUs respectively, which is 50% lower in comparison to the monthly approved energy sales of 6.41 MUs for the FY 19-20. The major variation in actual sales was observed in the HT-I Industrial, LT-II (A) Commercial and LT-III (B) Industrial categories as shown in the Table above.

3.3 In reply to the query sought by the Commission regarding variation in actual sales, GEPL has stated that the projection of sales for FY 2019-20 was done considering the full occupancy of building no. 2 & 3 and partial occupancy of building no. 8 & 9. However, due to partial occupancy of buildings and no occupancy of in Building no. 8 & 9, the actual sales of GEPL is lower in comparison to the approved sales for FY 2019-20.

4. Cost of Power Purchase

4.1 GEPL is a deemed Distribution Licensee notified by the Commission for IT& ITES SEZ located at Airoli, Thane. GEPL does not own or operate any generating stations. GEPL procures its power from outside sources in order to fulfil the electricity demand of its consumers.

4.2 The Commission in its MYT Order dated 12 March, 2018 in Case No. 149 of 2016 had approved the Power Procurement Plan of GEPL to purchase Base Load power through medium-term competitive bidding and Peak Load power through short-term competitive bidding. The Commission had approved the Power purchase rate of Rs. 4.38/kWh for both medium term and short-term power procurement for FY 2018-19 as well as for FY 2019-20. This rate was approved based on the then existing Short-term Power Purchase

Agreement (APP) with GMR Energy Trading Limited (GMRETL). As the said existing short-term Power Purchase Agreement (APP) with M/s GMR Energy Trading Limited (GMRETL) was being valid only up to 30 September, 2018, the Commission also directed GEPL to initiate competitive bidding for Medium Term Power Procurement in accordance with the Guidelines issued by Ministry of Power (MoP), Government of India (GoI).

- 4.3 GEPL initiated bidding and Based on which GMRETL was found to be the lowest bidder (L1). Accordingly, the Commission under Section 63 of the Electricity Act, 2003, had adopted Medium term Power Procurement of 3.5 MW at a price of **Rs 4.94/kWh** on RTC basis for the period from **1 October, 2018 to 31 March, 2021**. Agreement for Procurement of Power (APP) against the aforesaid procurement was approved by the Commission in the Order dated 26 September, 2018 in Case No. 266 of 2018.
- 4.4 Similarly, with regards to the short-term power procurement, GEPL initiated competitive bidding under Section 63 of the EA 2003 up to a quantum of 2 MW. After completion of the competitive bidding GMRETL emerged as the lowest bidder. The Commission adopted short term Power Procurement at a price of **Rs 4.36/kWh** up to a quantum of 2 MW (09:00-23:00 hours on working days) (Weekdays, i.e., Monday to Friday excluding Saturday, Sunday and National holidays). The PPA was signed with GMRETL on 22 August, 2018 for supply of power from for the period from **1 October 2018 to 31 March 2019**.
- 4.5 The above short-term PPA signed on 22 August, 2018 with GMRETL was valid up to 31 March, 2019 as mentioned in para above. GEPL accordingly initiated process for procurement of power up to 2.5 MW (09:00-23:00 hours) (Weekdays, i.e., Monday to Friday excluding Saturday, Sunday and National holidays) for a period of six months from 1 April, 2019 to 30 September, 2019 as per Standard Bidding Guidelines dated 30 March, 2016 issued by the MoP. However, GEPL did not get any response to the tender even after two extensions of tender submission date. Hence, the bidding process was cancelled by GEPL. Under such circumstances, GEPL explored option of extending existing PPA with GMRETL which has been agreed by GMRETL.
- 4.6 In view of the above, GEPL had filed a separate Petition for approval of extension of Power Purchase Agreement (PPA) with GMRETL at a rate of **Rs. 4.36/kWh** for 2.5 MW for a period of one year from **1 April, 2019 to 31 March, 2020** with a delivery point as Maharashtra State periphery. The Commission in its Order dated 26 March, 2019 in Case No. 74 of 2019 has accorded approval on the above.
- 4.7 Based on above, the approved adopted price for Medium term Power Procurement is **Rs 4.94/kWh** and for Short term Power Procurement is **Rs. 4.36/kWh** as against the MYT approved price of **Rs. 4.38/kWh**.
- 4.8 The following Tables show the variation in average power purchase cost (Rs/kWh) for the months of January, 2020 to March, 2020, compared to average power purchase cost approved in the MYT Tariff Order dated 12 March, 2018:

Particulars	Tariff Order Dated 12 March, 2018			Actual for January, 2020		
	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	81.16	35.55	4.38	2.32	1.18	5.09
Short Term PPA				0.61	0.26	4.36
Solar REC	-	0.28	NA	-	0.01	-
Non Solar REC	-	0.93	NA	-	0.05	-
Total	81.16	36.76	4.53	2.92	1.50	5.15

Particulars	Actual for February, 2020			Actual for March, 2020		
	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	2.10	1.08	5.16	1.96	1.08	5.49
Short Term PPA	0.40	0.17	4.36	0.51	0.22	4.36
Solar REC	-	0.14	-	-	0.06	-
Non Solar REC	-	0.10	-	-	0.08	-
Total	2.50	1.50	5.98	2.47	1.43	5.80

4.9 The Commission has scrutinised the bills/invoices submitted for power purchase during the respective months of January, 2020 to March, 2020, in order to verify the claim of GEPL regarding Average Power Purchase Cost (APPC). The Commission has verified the actual as well as approved Net Purchase (MUs), Variable Cost (Rs./kWh) and Power Purchase Cost considered in FAC computation from the invoices and applicable MYT Order, respectively.

4.10 For its base load requirement, GEPL has purchased 2.32 MUs, 2.10 MUs and 1.96 MUs under Medium Term base load arrangement from GMRETL during the month of January, February and March, 2020, respectively. The above power has been procured at a price of Rs. 4.98/kWh (i.e. Rs. 2.19/kWh of Fixed cost and Rs. 2.79/kWh of variable cost) arrived in line with the Commission's Order in Case No. 266 of 2018 dated 26 September, 2018 with applicable rate escalation. Further, the actual availability of GMRETL during all the months of Q4 was above the normative availability of 85%. Hence, GMRETL has claimed full monthly fixed cost as per normative availability and also incentives for higher availability during aforesaid period in line with approved APP.

4.11 Further, considering the variable cost, full normative monthly fixed cost, incentives claimed, rebate and other adjustments; the actual APPC for the base load during the month of January, February and March, 2020 stands at Rs. 5.09/kWh, Rs. 5.16/kWh and Rs. 5.49/kWh, respectively which is higher than the MYT approved rate of Rs. 4.38/kWh. The increase in actual APPC as compared to MYT price is mainly on account of higher adopted base Tariff as the base Tariff discovered under competitive bidding (i.e., Rs. 4.98/kWh arrived for FY 2019-20 with applicable rate escalation) is itself higher than the MYT approved price (i.e., Rs. 4.38/kWh).

4.12 Even though the actual APPC is higher than the MYT approved rate, the actual APPC mainly in the month of January, 2020 is lower as compared to other months of Q4 of FY 2019-20. This is mainly on account of higher quantum of power purchase during the January, 2020 as compared to other months of Q4 of FY 2019-20. The spread of higher quantum in the month of January, 2020 over monthly fixed cost has resulted in lowering of actual APPC during the aforesaid period. {APPC = Quantum of Power Purchase/ (Fixed Cost (as per availability) + Energy Charge)}. Therefore, actual APPC for base load has been worked out to be higher than that of MYT approved price. The Table below shows the sample computation of landed cost of base power for the month of January to March, 2020:

Particular	Units	Basis	January	February	March
Variable Cost Computation:					
Quantum purchase	MUs	a	2.32	2.10	1.96
Approved variable charge	Rs./kWh	b	2.79	2.79	2.79
Variable Cost	Rs. Crore	$c=b*a/10$	0.65	0.57	0.55
Fixed Charge Computation:					
Contracted Capacity	MW	d	3.5	3.5	3.5
Days	Nos	e	31	29	31
Hours	Hr	f	24	24	24
Normative availability	MUs	$g=0.85*d*e*f/1000$	2.21	2.01	2.21
Approved Fixed charge	Rs./kWh	h	2.19	2.19	2.19
Fixed cost	Rs. Crore	$i=h*g/10$	0.48	0.45	0.48
Total Cost of purchase (fixed+variable)	Rs. Crore	j=i+c	1.13	1.04	1.03
Other Charges:					
Incentives/(Rebate)	Rs. Crore	k	0.01	0.00	0.00
Adjustment due to difference in Transmission charges and losses	Rs. Crore	l	0.05	0.04	0.04
Grand Total Payable by GEPL	Rs. Crore	m=j+k+l	1.19	1.08	1.08
APPC for Base load	Rs./kWh	n=m/a*10	5.09	5.16	5.49

4.13 For its Peak Load requirement, GEPL has purchased 0.61 MUs, 0.40 MUs, and 0.51 MUs during the month of January, February and March, 2020, respectively, through short-term arrangements. The Peak load power during the above-mentioned period was procured at a price of Rs. 4.36/kWh, in line with the price adopted by the Commission in Case No. 74 of

2019 dated 26 March, 2019. This adopted peak power price is marginally lower than the price approved by the Commission in its MYT Order (Rs. 4.38/kWh).

- 4.14 With regards to RPO obligation, it was observed that GEPL has purchased 45 Nos. and 243 Nos. of Solar RECs and Non- Solar RECs, respectively during the month of January, 2020. In the month of February 2020, it has purchased 572 Nos. and 486 Nos. of Solar RECs and Non- Solar RECs, respectively. In the month of March, 2020, it has procured 233 Nos. and 767 Nos. of Solar RECs and Non- Solar RECs, respectively. The Commission in MYT Order has approved yearly cost of Rs. 1.21 Crore (approximate Rs. 0.10 Crore monthly) towards RECs purchase, i.e., including both Solar and Non-Solar RECs. However, the aforesaid RECs purchase mainly in the month of February and March, 2020 was observed higher than the monthly approved RECs cost. Due to this the APPC during the month of February and March, 2020 has been higher as compared to other months. The Commission has verified the RECs purchased and its associated cost from obligation report issued by PXIL submitted by GEPL.
- 4.15 Considering the base & peak load power purchase, the total power purchase for GEPL stands at 2.92 MUs, 2.50 MUs and 2.47 MUs during the month of January, February and March, 2020, respectively. The weighted average power purchase cost (including REC cost) has been worked out as Rs.5.15/kWh, Rs.5.98/kWh and Rs.5.80/kWh for the month of January, February and March, 2020, respectively. This purchase price is higher compared to the MYT approved price of Rs. 4.53/kWh. The reasons for such an increase which have already been explained in paras above are again summarised below.
- 4.16 It is to be noted that the Commission has approved the rate of Rs.4.38/kWh for both short and medium-term power procurement for FY 2018-19 and FY 2019-20 in its MYT Order. Further, at the time of issuance of MYT Order dated 12 March, 2018, GEPL had short term PPA with MSEDCL for the contract period of 6 Months from 1 October, 2017 to 31 March, 2018. Since, the short term PPA was ending on 31 March, 2018 and in absence of MYT Order (Case No. 149 of 2016) at that time, GEPL had initiated procurement of 5 MW Round-the-Clock (RTC) power at its periphery at 22kV at Rs. 4.38/kWh (excluding Transmission Charges), based on the price discovered in short-term power procurement under the Competitive Bidding Guidelines, for the period from April to September, 2018. Hence, based on the above and in the absence of any other suitable benchmark, the Commission had considered this discovered price in its MYT Order for FY 2018-19 and FY 2019-20.
- 4.17 However, as already explained in para 4.3 and 4.6 above, GEPL subsequently, entered into medium term and short term PPA through competitive bidding. Also, the resultant Tariff of above-mentioned bidding has also been approved and adopted by the Commission in its respective Orders. The Base Tariff (mainly for medium term) discovered under competitive bidding itself is higher than the MYT approved rate, therefore, the APPC is higher than that of MYT approved rate. Although the same is in line with the base adopted Tariff of Rs. 4.94/kWh for medium term with applicable rate escalation as per PPA and Rs. 4.36/kWh for short term. Further, other adjustment done such as adjustment due to difference in

transmission charges and losses, amount of incentives, rebates, etc. as per approved PPA and cost of RECs purchase during the respective months has also resulted into a variation in actual power purchase price from the approved price.

- 4.18 Apart from above, the share of medium-term power having a higher approved Tariff in the total portfolio of power purchase is almost 80% as that of short-term power. Due to this, the weighted average price of power purchase has driven towards price of medium-term power price and is thus, higher than the MYT approved power purchase price.
- 4.19 Considering the above, the Commission approves the average power purchase cost of Rs.5.15/kWh for the month of January, 2020, Rs. 5.98/kWh for the month of February, 2020 and Rs. 5.80/kWh for the month of March, 2020 as shown in Table above.

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

5.1 The Commission has worked out the average power purchase costs for the months as shown in above Tables. The same has been compared with the average power purchase cost approved by the Commission in MYT Order dated 12 March, 2018 and arrived at differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

5.2 Thus, the following table shows the rectified Z_{FAC} worked out by the Commission on account of difference in fuel and power purchase cost for the months of January, 2020 to March, 2020.

S. No.	Particulars	Units	Jan, 2020	Feb, 2020	Mar, 2020
1	Average power purchase cost approved by the Commission	Rs./kWh	4.53	4.53	4.53
2	Actual average power purchase cost	Rs./kWh	5.15	5.98	5.80
3	Change in average power purchase cost (=2 -1)	Rs./kWh	0.62	1.46	1.27
4	Net Power Purchase	MU	2.92	2.50	2.47
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	0.18	0.36	0.31

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

6.1 The adjustment factor for over recovery/under recovery (B) is as computed as shown in Table below.

S. No.	Particulars	Units	Jan, 2020	Feb, 2020	Mar, 2020
1.1	Incremental cost allowed to be recovered in Month n-1	Rs. Crore	0.23	0.18	0.21

S. No.	Particulars	Units	Jan, 2020	Feb, 2020	Mar, 2020
1.2	Incremental cost in Month n-1 actually recovered in month n	Rs. Crore	0.22	0.18	0.18
1.3	Over-recovery/under-recovery (1.1 - 1.2)	Rs. Crore	0.01	0.01	0.03
2.0	Carried forward adjustment attributable to application of ceiling limit for previous month	Rs. Crore	-	-	0.32
2.1	Refund/Recovery as per previous post-facto FAC approval	Rs. Crore	-	0.16	-
3.0	Net Adjustment factor for over-recovery/under-recovery	Rs. Crore	0.01	0.17	0.36

6.2 The incremental cost actually recovered as considered by GEPL during the respective months of Q4 of FY 2019-20 has been verified from the bill report generated through SAP system submitted by GEPL and found to be in order.

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

7.1 GEPL has not levied any carrying cost for the months of January, 2020 to March, 2020 and the Commission has also not considered the same. However, it was observed that GEPL has inadvertently considered the carry forward adjustment for over-recovery/under-recovery attributable to application of ceiling limit as the carrying cost for the month of March, 2020. The Commission has rectified the said error and accordingly computed the FAC for Q4.

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 ZFAC 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 ZFAC 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 ZFAC corresponding to

the excess distribution loss (in kWh terms) shall be deducted from the total ZFAC 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	Units	Approved in Tariff Order	Actual Cumulative up to		
				Jan-20	Feb-20	Mar-20
1	Net Energy input at Distribution Voltages	MU	19.50	28.59	31.05	33.16
2	Energy sales at Distribution voltages	MU	19.23	28.06	30.47	32.53
3	Distribution Loss (1 - 2)	MU	0.27	0.53	0.58	0.63
4	Distribution Loss as % (3/1)	%	1.37%	1.85%	1.87%	1.90%
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.01	0.01	0.01
6	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	0.00	0.00	0.00

8.3 As seen from the above Table, cumulative distribution loss for the months of January, 2020 to March, 2020 is higher than the MYT approved distribution loss of 1.37%. The Commission has sought reasons for the higher distribution losses. In response to same query raised by the Commission in its previous vetting report, GEPL has stated that, the losses approved by Commission in MYT were the average of FY 2016-17. However, since March, 2017 the occupancy of buildings B#2 & B#3 has increased thereby increasing load losses of the system. Further, these are minimal technical losses of the network and are consistent.

9. Summary of Allowable Z_{FAC}

9.1 The summary of the FAC amount as approved by the Commission for the month of January, 2020 to March, 2020 as shown in the Table below.

S. No.	Particulars	Units	Jan 2020	Feb 2020	Mar 2020
1.0	Calculation of ZFAC				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	0.18	0.36	0.31
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	0.01	0.16	0.36

S. No.	Particulars	Units	Jan 2020	Feb 2020	Mar 2020
1.4	ZFAC = F+C+B	Rs. Crore	0.19	0.53	0.67
2.0	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	2.56	2.41	2.06
2.2	Excess Distribution Loss	MU	0.01	0.01	0.01
2.3	ZFAC per kWh	Rs./kWh	0.75	2.21	3.23
2.4	Cap at 20% of variable component of Tariff	Rs./kWh	0.86	0.86	0.86
2.5	FAC Charge allowable (Minimum of 2.3 and 2.4)	Rs./kWh	0.75	0.86	0.86
3.0	Recovery of FAC				
3.1	Allowable FAC	Rs. Crore	0.19	0.53	0.67
3.2	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.5)/10]	Rs. Crore	0.00	0.00	0.00
4.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	0.19	0.21	0.18
5.0	Carried forward FAC for recovery during future period (3.1-3.2-4.0)	Rs. Crore	-	0.33	0.49

9.2 It can be seen from the above Table that standalone FAC for the months of January, February and March, 2020 is Rs. 0.19 Crore, 0.53 Crore and Rs. 0.67 Crore respectively. Based on energy sales and excess distribution loss, FAC per unit has been worked out as Rs. 0.75/ kWh, Rs. 2.21/ kWh and Rs. 3.23/ kWh for the months of January to March, 2020, respectively, as shown above.

9.3 Further, the Regulation 10.9 of MYT Regulations, 2015 specifies as:

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:

9.4 As the FAC per unit computed mainly in the month of February & March, 2020 as shown in Table above is higher than the 20% cap specified in Regulation. Hence, there is restriction triggered with regards to such ceiling. Accordingly, the allowable ZFAC per unit has been considered as Rs. 0.86/kWh instead of Rs. 2.21/ kWh and Rs. 3.23/ kWh for the month of February & March, 2020, respectively. Accordingly, FAC per unit allowable for the months of January to March, 2020 is Rs. 0.75/ kWh, Rs. 0.86/ kWh and Rs. 0.86/ kWh respectively.

9.5 Also, from the above Table, at the end month of Quarter 4, i.e., March, 2020 Commission has computed the standalone FAC as Rs. 0.67 Crore as against the GEPL's claim of Rs 1.00 Crore. Further, due to ceiling limit, the FAC recoverable has been worked out as Rs. 0.18 Crore. Thus, FAC equivalent 0.49 Crore (i.e., Rs. 0.67 Crore minus Rs. 0.18 Crore) has remained unrecovered. Accordingly, the Commission allows the recovery of Rs. 0.49 Crore as carried forward FAC to be recovered in future period due to application of ceiling as against the Rs. 0.82 Crore as claim by GEPL. The Table below shows the summary of FAC claimed vis-à-vis approved by the Commission for Q4 of FY 2019-20:

Particular	Units	Claimed			Approved			Disallowed
		Jan	Feb	Mar	Jan	Feb	Mar	
FAC	Rs. Crore	0.19	0.21	0.18	0.19	0.21	0.18	(Rs.0.49 Cr – Rs 0.82 Cr)
Carried forward FAC	Rs. Crore		0.33	0.82		0.33	0.49	
Total FAC	Rs. Crore	0.19	0.53	1.00	0.19	0.53	0.67	Rs. 0.33 Cr
FAC Rate	Rs./Unit	0.75	0.86	0.86	0.75	0.86	0.86	-

9.6 Further, as FY 2019-20 is over and the Commission has also carried over provisional Truing up of the same, any adjustment of FAC revenue and cost allowed under Q1 to Q4 post facto FAC approval of FY 2019-20 will be reconciled and trued up at the time of final truing of FY 2019-20 under the MERC (Multi Year Tariff) Regulations, 2015

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 ZFAC per kWh for a particular Tariff category/sub-category/consumption slab shall be computed as per the following formula: —

*ZFAC Cat (Rs/kWh) = [ZFAC / (Metered sales + Unmetered consumption estimates + Excess distribution losses)] * k * 10,*

Where:

ZFAC 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....”

10.2 The Commission has worked out FAC per unit for each category of consumer based on the formulae provided in the above Regulations. The Commission observed that there is a variation of Z_{FAC} in absolute terms on considering category wise per unit FAC worked out and category wise actual sales for the months of January, 2020 to March, 2020.

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} for the months of January, February and March, 2020 to be levied on consumers of GEPL in the corresponding billing month of February, March, and April, 2020, respectively.

FAC for Billing Month, i.e., in February, 2020 to April, 2020

S. No	Consumer Category	Slabs	ZFAC computed for the month of		
			Feb, 2020	Mar, 2020	Apr, 2020
			(Rs./kWh)	(Rs./kWh)	(Rs./kWh)
	HT Category				
1	HT- I Industrial	all units	0.75	0.86	0.86
2	HT-II Commercial	all units	0.75	0.86	0.86
	LT Category		0.75		
3	LT-I General Purpose	all units	0.75	0.86	0.86
4	LT-II(A) Commercial (0-20 kW)	all units	0.75	0.86	0.86
5	LT-II (B) Commercial (above 20 kW)	all units	0.75	0.86	0.86
6	LT-III (A) Industrial (0-20 kW)	all units	0.75	0.86	0.86
7	LT-III (B) Industrial (above 20 kW)	all units	0.75	0.86	0.86

In recent approvals in respect of the 4 major Licensees, it has been decided not to permit any levy or refund of FAC amounts for the period of the final true up in 2018-19 as has been finally trued-up and accounts are closed. This post facto approval is for last quarter of the FY 2019-20. The FY 2019-20 is only provisionally trued-up and will be taken up for final true up during upcoming MTR. Further the under and over recovery of the adjustment for Quarter 1,2 & 3 are rolled over in Quarter 4. Since these are post facto approvals, any amount balance for recovery/ refund are rolled over till final quarter of FY 2019-20. Any balance, thereafter, may be taken care during the final true up for FY 2019-20 during MTR.

As the FY 2019-20 is over and the Commission has also carried over provisional Truing up of the same, any adjustment of FAC revenue and cost allowed under Q1 to Q4 post facto FAC approval

of FY 2019-20 will be reconciled and trued up at the time of final truing of FY 2019-20 under the MERC (Multi Year Tariff) Regulations, 2015.

GEPL may be allowed to carry forward FAC of Rs. 0.49 Crore as against the claim of Rs. 0.82 Crore, notionally for such adjustment against Q4 at the time of final truing of FY 2019-20. Since the FAC amount pertains to FY 2019-20 and since the same being provisionally trued up in the MYT Order for the 4th Control period, the effect of the same, will be reconciled at the time of final True up during MTR.