



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission



Ref. No. MERC/FAC/2020-21/ 574

Date: 30 December, 2021

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 months of July 2021, August 2021 and September 2021.

Reference: 1. GEPL's FAC submission for the month of July 2021, August 2021 and September 2021 vide email dated 25 November, 2021.

Sir,

Upon vetting the FAC calculations for the months of July 2021, August 2021 and September 2021 as mentioned in the above reference, the Commission has accorded approval for charging FAC to its consumers as shown in the table below:

Month	July 2021	August 2021	September 2021
Z _{FAC} allowed for recovery (Rs. Crore)	-	-	-

The Commission allows the accumulation of FAC amount of Rs. 0.97 Crore which shall form part of FAC Fund and shall be carried forward to next FAC billing cycle with holding cost. Further, as directed in the said Order, GEPL 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.

Yours faithfully,

(Dr. Rajendra G. Ambekar)
Executive Director, MERC

Encl: Annexure A: Detailed Vetting Report for the period of July 2021, August 2021 and September 2021.

Page 1 of 15

ANNEXURE

Detailed Vetting Report
Date: __ December, 2021

**POST-FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF JULY 2021,
AUGUST 2021 and SEPTEMBER 2021**

Subject: Post-facto approval of Fuel Adjustment Charges (FAC) submissions of GEPL for the months of July 2021, August 2021 and September 2021.

Reference: 1. GEPL's FAC submission for the month of July 2021, August 2021 and September 2021 vide email dated 25 November, 2021.

1. FAC submission by GEPL:

1.1 GEPL has made FAC submissions for the months of July 2021, August 2021 and September 2021 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 September 2021, October 2021 and November 2021.

2. Background

2.1 On 30 March, 2020 the Commission has issued Tariff Order in respect of GEPL (Case No. 330 of 2019) for approval of Aggregate Revenue Requirement and Multi Year Tariff for the Control Period from FY 2020-21 to FY 2024-25. Revised Tariff has been made applicable from 1 April, 2020.

2.2 Vide its letter dated 20 April, 2020, the Commission communicated the excel formats and guiding principles for filing of FAC submissions to all Distribution Licensees including SEZs. 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 7 June, 2020 the Commission accorded prior approval to the FAC for the month of April, 2020. Vide FAC vetting Report dated 25 September, 2020 the Commission accorded Post-facto approval to the FAC for the month of May and June, 2020. Vide FAC vetting Report dated 30 November, 2020 the Commission accorded Post-facto approval to the FAC for the months of July 2020, August 2020 and September 2020. Further, vide FAC vetting Report dated 16 March, 2021 the Commission accorded Post-facto approval to the FAC for the months of October 2020, November 2020 and December 2020. Further, vide FAC Vetting Report dated 18 May, 2021 the Commission



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

accorded Post-facto approval to the FAC for the month of January to March, 2021. Further, vide FAC Vetting Report dated 24 August, 2021 the Commission accorded Post-facto approval to the FAC for the month of April to June, 2021.

- 2.4 As per provisions of MYT Regulations, 2019 a Distribution Licensee (SEZ) is required to obtain post-facto approval of the Commission on a quarterly basis for FAC charges within 60 days of close of each quarter. Accordingly, vide its letter dated 25 November, 2021 GEPL has filed FAC submissions for the months of July 2021, August 2021 and September 2021 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 In the MYT Order passed by the Commission in Case No. 330 of 2019, the Commission has approved revised tariffs so as to maintain zero cross subsidy across tariff categories.
- 3.2 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 1 below:

Table 1: Energy Sales approved and Actual in MUs

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (MU)		
			July, 2021	Aug, 2021	Sept, 2021
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT- I Industrial	47.94	4.00	1.07	1.13	1.16
HT-II Commercial	1.86	0.16	0.10	0.23	0.21
LT Category					
LT-II(A) Commercial (0-20 kW)	1.28	0.11	0.01	0.02	0.02
LT-II (B) Commercial (above 20 kW)	0.27	0.02	0.001	0.001	0.002
LT-III (A) Industrial (0-20 kW)	0.12	0.01	0.02	0.02	0.02
LT-III (B) Industrial (above 20 kW)	5.52	0.46	0.13	0.13	0.12
Total	56.98	4.75	1.35	1.53	1.53

- 3.3 It can be observed from above Table 1 that the actual sales during the month July 2021, August 2021 and September 2021 is 1.35 MU, 1.53 MU and 1.53 MU respectively, which is 71.62%, 67.87% and 67.82% lower than monthly approved energy sales of 4.75 MU for the FY 2021-22. The major variation was observed in the primarily observed in all categories except LT III A – Industry (0 - 20 kW). Also, improvement in HT-II Commercial Sales has witnessed marginal growth above approved figures in August and September 2021. However, the major reduction was observed in the HT-I Industrial, LT II



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

A Commercial (below 20 kW) and LT-III (B) Industrial categories, which is due to the continuation of impact of Covid-19 as seen in the Table 1 above.

4. Power Purchase Details

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. Accordingly, GEPL is required to procure power from outside sources in order to fulfil the electricity demand of its consumers.

4.2 **Power Procurement from Kreate Energy (I) Pvt. Ltd.:** GEPL has medium term PPA with GMR Energy Trading Limited approved by the Commission in Case No. 266 of 2018 dated 26 September, 2018 which was valid up to March, 2021. Post that, the Commission in its Order dated 30 June, 2021 in Case No 69 of 2021 has provided the approval of Power Purchase Agreement and Adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power up to 14MW (RTC) for one year starting from 1 July, 2021 to 30 June, 2022 through combined power procurement. In the said order, the quantum estimated for GEPL is up to 4.5 MW (Up to 2 MW RTC and up to 2.5 MW between 0800 and 2300 hours). The relevant extract is as given below:

“Accordingly, the Commission approves PPA dated 27 May 2021 entered between KRC DISCOMs (MindSpace Business Parks Private Limited; Gigaplex Estate Private Limited; KRC Infrastructure and Projects Private Limited) and Kreate Energy (I) Pvt. Ltd. – Power Department of Sikkim.”

4.3 Summary of power purchase of GEPL is as under:

Sr. No.	Particular	Compliance
1	Purchase from Approved Sources	Yes. GEPL has purchase from Kreate Energy (I) Pvt. Ltd. during July 2021, August 2021 and September 2021 which is the approved sources of power as specified in Case No. 69 of 2021, GEPL has entered into agreement with Kreate Energy (I) Pvt. Ltd at Rs. 3.18/kWh for the period from July 2021 to June 2022.
2	Merit Order Dispatch	Yes. GEPL has followed merit order for scheduling of power and preference was given to cheapest power.
3	Fuel Utilization Plan	Not applicable. All the sources of power procurement fall under Section 63 of EA, 2003.
4	Pool Imbalance	GEPL has injected 0.03 MU and 0.04 MU to the imbalance pool for the month of July 2021 and September 2021 by scheduling of higher power. GEPL has purchased 0.04 MU from the imbalance pool for the month of August 2021.
5	Sale of Surplus	No Surplus power was available for sale.



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

	Power																																																																	
6	Power Purchase	Actual Power Purchase is 1.46 MU, 1.62 MU and 1.66 MU for July 2021, August 2021 and September 2021 respectively as against approved 4.96 MU due to lower sales.																																																																
7	Source wise Power Purchase	<table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual July 2021 (MU)</th> <th>Proportion of each Source in Actual Purchase</th> </tr> </thead> <tbody> <tr> <td>Bilateral Purchase (MBPPL)</td> <td>3.72</td> <td>-</td> <td>0.00</td> </tr> <tr> <td>Exchange/ Other Peak Source</td> <td>1.24</td> <td>-</td> <td>0.00</td> </tr> <tr> <td>Kreate Energy Pvt. Ltd.</td> <td>-</td> <td>1.46</td> <td>100.00%</td> </tr> <tr> <td>Total</td> <td>4.96</td> <td>1.46</td> <td>100.00 %</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual August 2021 (MU)</th> <th>Proportion of each Source in Actual Purchase</th> </tr> </thead> <tbody> <tr> <td>Bilateral Purchase (MBPPL)</td> <td>3.72</td> <td>-</td> <td>-</td> </tr> <tr> <td>Exchange/ Other Peak Source</td> <td>1.24</td> <td>0.06</td> <td>3.84%</td> </tr> <tr> <td>Kreate Energy Pvt. Ltd.</td> <td>-</td> <td>1.52</td> <td>93.76%</td> </tr> <tr> <td>Imbalance Pool</td> <td></td> <td>0.04</td> <td>2.39%</td> </tr> <tr> <td>Total</td> <td>4.96</td> <td>1.62</td> <td>100.00 %</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual September 2021 (MU)</th> <th>Proportion of each Source in Actual Purchase</th> </tr> </thead> <tbody> <tr> <td>Bilateral Purchase (MBPPL)</td> <td>3.72</td> <td>-</td> <td>0.00</td> </tr> <tr> <td>Exchange/ Other Peak Source</td> <td>1.24</td> <td>-</td> <td>0.00</td> </tr> <tr> <td>Kreate Energy Pvt. Ltd.</td> <td>-</td> <td>1.66</td> <td>100.00%</td> </tr> <tr> <td>Total</td> <td>4.96</td> <td>1.66</td> <td>100.00 %</td> </tr> </tbody> </table> <p>The Bilateral Purchase from MBPPL is not an approved source in MYT tariff order dated 30 March 2020 in Case No. 330 of 2019 but the Commission has approved source in Case No 231 of 2020 dated 23 January, 2021 due to lower variable cost.</p>	Source Name	Approved (MU)	Actual July 2021 (MU)	Proportion of each Source in Actual Purchase	Bilateral Purchase (MBPPL)	3.72	-	0.00	Exchange/ Other Peak Source	1.24	-	0.00	Kreate Energy Pvt. Ltd.	-	1.46	100.00%	Total	4.96	1.46	100.00 %	Source Name	Approved (MU)	Actual August 2021 (MU)	Proportion of each Source in Actual Purchase	Bilateral Purchase (MBPPL)	3.72	-	-	Exchange/ Other Peak Source	1.24	0.06	3.84%	Kreate Energy Pvt. Ltd.	-	1.52	93.76%	Imbalance Pool		0.04	2.39%	Total	4.96	1.62	100.00 %	Source Name	Approved (MU)	Actual September 2021 (MU)	Proportion of each Source in Actual Purchase	Bilateral Purchase (MBPPL)	3.72	-	0.00	Exchange/ Other Peak Source	1.24	-	0.00	Kreate Energy Pvt. Ltd.	-	1.66	100.00%	Total	4.96	1.66	100.00 %
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8	Power Purchase	Monthly power purchase invoices are submitted by GEPL. Power																																																																



	under Section 63 of Electricity Act, 2003	Purchase rates are verified from the PPA signed by GEPL with each source of power. Monthly power purchase quantum and rate are verified from the invoices, and it is ensured that same has been considered in the FAC calculation.
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5. Power Purchase Cost:

- 5.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of July 2021, August 2021 and September 2021, 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.
- 5.2 The Power Purchase cost incurred in July 2021, August 2021 and September 2021 is Rs. 0.47 Crore, Rs. 0.53 Crore and Rs 0.54 Crore respectively, which is significantly lower than the total approved Power Purchase cost of Rs. 4.19 Crore by the Commission for the month of in July 2021, August 2021 and September 2021.
- 5.3 **Kreate Energy (I) Pvt. Ltd.:** The Commission notes that GEPL has procured power from Kreate Energy (I) Pvt. Ltd. on short-term basis in the month of in July 2021, August 2021 and September 2021. This source was not approved by the Commission in Case No. 330 of 2019 dated 30 March 2020 while determining MYT Tariff however in Case No. 69 of 2021 dated 30 June, 2021, the Commission has approved the source of power purchase. The Power Purchase Agreement and Adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power up to 14 MW (RTC) for one year starting from 1 July, 2021 to 30 June, 2022 through combined power procurement. In the said order, the quantum estimated for GEPL is upto 4.5 MW (Up to 2 MW RTC and up to 2.5 MW between 0800 and 2300 hours). The relevant extract of the Commission Order in Case No 69 of 2021 is as below:
- “Accordingly, the Commission approves PPA dated 27 May 2021 entered between KRC DISCOMs (MindSpace Business Parks Private Limited; Gigaplex Estate Private Limited; KRC Infrastructure and Projects Private Limited) and Kreate Energy (I) Pvt. Ltd. – Power Department of Sikkim.”*
- 5.4 GEPL have to pay short-term open access charges to SLDC and hence effective rate for power purchase from Kreate is higher than approved rate.
- 5.5 GEPL has procured power from MBPPL at a variable cost per unit of Rs. 3.23 / kWh, Rs. 3.23/ kWh and Rs. 3.22/ kWh for the month of in July 2021, August 2021 and September 2021 lower than the approved rate of Rs. 3.92 / kWh from Medium Term Sources - Bilateral. The Commission has verified the bills from the power purchase bills.



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

- 5.6 **Power Procurement from Exchange/Other Peak Sources:** GEPL has also procured minor quantum of 0.06 MUs in August 2021 to meet the peak demand from DAM / RTM product available on IEX platform.
- 5.7 **Renewable Sources:** The Commission has also approved Rs. 0.09 Crore each for in July 2021, August 2021 and September 2021 for purchase of REC to meet Renewable Purchase Obligation. GEPL has not purchased any REC for the months of in July 2021, August 2021 and September 2021. By avoiding purchase of REC, GEPL has reduced power purchase cost but created liability for future months.
- 5.8 **Imbalance Pool:** It is observed that GEPL has injected 0.03 MUs and 0.04 MUs to the imbalance pool in the months of in July 2021 and September 2021, respectively. The said injection into the pool August be on account of either decrease in demand of consumers than that estimated by the licensee or due to higher generation than scheduled by the generator. In both the scenarios, power incremented in the imbalance pool is not supplied to its consumers.
- 5.9 The present FAC mechanism includes any variation in power purchase cost which includes both Fixed Charges and Variable Charges. The imbalance pool settlement is done considering Variable Charges on monthly basis and Fixed Cost Reconciliation on yearly basis. Accordingly, considering monthly surplus imbalance pool quantum at provisional variable cost as per FBSM mechanism will increase the overall average power purchase cost which is computed considering both Fixed and Variable Charges, thereby burdening the consumers with FAC. Further, 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, non-consideration of surplus imbalance pool quantum at the time of FAC computation on monthly basis will not have any adverse impact on licensee as it would have anyway paid the entire fixed cost to the generator even if lower quantum of power was supplied. Further, for FAC computation total energy purchased by the licensee is being considered for FAC Computation. In view of the aforesaid, it would not be prudent to burden the consumers by considering the impact of monthly surplus imbalance pool in FAC computation. Accordingly, to balance overall interest of consumers and licensee, the Commission has not considered the surplus imbalance pool quantum and cost in the monthly FAC computation as it will get adjusted during triung-up of the respective year.
- 5.10 The Commission observes that GEPL has purchased **0.04 MUs** from the imbalance pool for the month of August 2021 and considered associated charges with regards to imbalance pool on provisional basis at the rate of **Rs. 2.86/kWh** as per the rate considered by the Commission in MYT Order
- 5.11 GEPL has drawn **0.04 MUs** from the imbalance pool for the month of August 2021 from the imbalance pool. The said drawl from the pool may be on account of either increase in demand of consumers than estimated by the Licensee or due to lower generation than scheduled by the generator. In both the scenarios, power has been drawn by the Licensee



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

and supplied to its consumers. The said power supplied to the consumers 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.

- 5.12 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 MSLDC, 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 the GEPL 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.
- 5.13 The Commission has noted that GEPL has followed Merit Order Dispatch for scheduling of power and all sources are scheduled according to SLDC instructions.
- 5.14 **Approved Cost:** The details of the overall cost approved and actual for the month of in July 2021, August 2021 and September 2021 as per MYT Order is as shown in the Table 2 below:

Table 2: Approved and Actual Power Purchase Cost for GEPL

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)
Base Load - Medium Term Sources - Bilateral	Approved	3.72	0.55	1.47	0.91	2.45	1.46	3.92
	Actual (July)	-	-	-	-	-	-	-
	Actual (August)	-	-	-	-	-	-	-
	Actual (September)	-	-	-	-	-	-	-
Kreate Energy (I) Pvt. Ltd.	Approved	-	-	-	-	-	-	-
	Actual (July)	1.46	-	-	0.47	3.23	0.47	3.23
	Actual (August)	1.52	-	-	0.49	3.23	0.49	3.23
	Actual (September)	1.66	-	-	0.54	3.22	0.54	3.22
Exchange/Other Peak Source	Approved	1.24	-	-	0.53	4.28	0.53	4.28
	Actual (July)	-	-	-	-	-	-	-
	Actual (August)	0.06	-	-	0.03	4.20	0.03	4.20

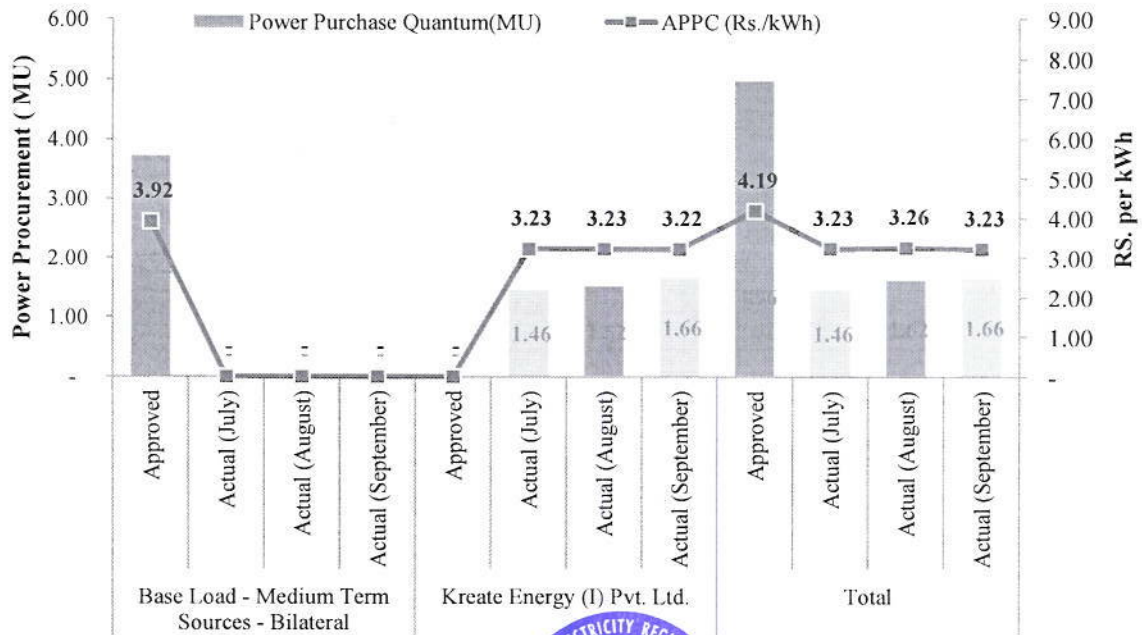


Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

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)
	Actual (September)	-	-	-	-	-	-	-
Imbalance Pool	Approved	-	-	-	-	-	-	-
	Actual (July)	-	-	-	-	-	-	-
	Actual (August)	0.04	-	-	0.01	2.86	0.01	2.86
	Actual (September)	-	-	-	-	-	-	-
SLDC Fee	Approved	-	-	-	-	-	-	-
	Actual (July)	-	0.001	-	-	-	0.00	-
	Actual (August)	-	0.001	-	-	-	0.00	-
	Actual (September)	-	0.001	-	-	-	0.00	-
Total	Approved	4.96	0.55	1.10	1.53	3.08	1.99	4.19
	Actual (July)	1.46	0.001	0.01	0.47	3.23	0.47	3.23
	Actual (August)	1.62	0.001	0.00	0.53	3.25	0.53	3.26
	Actual (September)	1.66	0.001	0.00	0.54	3.22	0.54	3.23

5.15 Source wise approved and actual quantum of power procured and APPC is shown in the graph below:

Figure 1: Variation in Power Procurement and Total per unit Cost



5.16 Reasons for the rate variation for various sources are as shown below:

Table 3: Reasons for Rate Variation for various Sources

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
1	Base Load - Medium Term	July 2021	3.92	-	PPA expired in March 2021.
		August 2021		-	
		September 2021		-	
2	Kreate Energy (I) Pvt. Ltd.	July 2021	-	3.23	Power purchase from Kreate at rate of Rs. 3.18/ kWh and Short term open access charges paid over and above approved rate
		August 2021		3.23	
		September 2021		3.22	
3	Exchange/ Other Peak Source	July 2021	4.28	0.00	Market discovered rate; Short term power purchase from Power Exchange and through day ahead exchange linked contracts.
		August 2021		4.20	
		September 2021		0.00	
4	Imbalance Pool	July 2021	-	-	Power from Imbalance pool is considered at rate of Rs. 2.86 / kWh
		August 2021		2.86	
		September 2021		-	
5	Total	July 2021	4.19	3.23	Due to above factors.
		August 2021		3.26	
		September 2021		3.23	

5.17 Considering the above, the Commission allows the average power purchase cost of Rs. 3.23 /kWh, Rs. 3.26 / kWh and Rs. 3.23 / kWh for the months of July 2021, August 2021 and September 2021 respectively as shown in Table 2 above. **The variation in power purchase cost is mainly on account of availability of power at cheaper rate from Kreate.**

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

6.1 The Commission has worked out the average power purchase costs for the months of July 2021, August 2021 and September 2021 as shown in Table 4 below. The same has been compared with the average power purchase cost approved by the Commission in MYT Order dated 30 March, 2020 to arrive at the differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

6.2 Thus, the following Table 4 shows the Z_{FAC} worked out by the Commission on account of difference in power purchase cost for the month of July 2021, August 2021 and September 2021.

Table 4: FAC on account of Power Purchase Cost

Sr. No.	Particulars	Units	July, 2021	Aug, 2021	Sept, 2021
1	Average power purchase cost approved by the Commission	Rs./kWh	4.19	4.19	4.19
2	Actual average power purchase cost	Rs./kWh	3.23	3.26	3.23



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.95)	(0.93)	(0.96)
4	Net Power Purchase	MU	1.46	1.62	1.66
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	(0.14)	(0.15)	(0.16)

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

7.1 There is no past adjustment for over recovery/under recovery for the month of July 2021, August 2021 and September 2021, respectively since there was a negative FAC in the month of April 2021, May 2021 and June 2021.

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

8.1 There is no past adjustment for over recovery/under recovery and hence no carrying cost for over recovery/under recovery for the month of July 2021, August 2021 and September 2021.

9. **Holding Cost for FAC Fund**

9.1 The Commission in its FAC approval for the month of March 2021 has decided to accumulate the FAC fund arising out of negative monthly FAC up to March 2023 along with the holding cost. Accordingly, as per said principle laid down by the Commission, GEPL has carried forward the negative FAC amount and accumulated in the FAC Fund along with holding cost.

9.2 On the similar principle, the commission has allowed GEPL to carry forward the negative FAC amount in excess of FAC fund approved in the MYT order and accumulate in the FAC fund up to March 2023 along with holding cost.

9.3 The Commission has determined a negative FAC of Rs. 0.14 Crore, Rs. 0.15 Crore and Rs. 0.16 Crore for the month of July 2021, August 2021 and September 2021 respectively which is contributed to the FAC Pool.

9.4 The Commission has considered SBI MCLR rate of the month plus 150 basis points which works out to 8.50% for August 2021 and September 2021, respectively. Accordingly, the Commission has calculated holding cost of Rs. 0.004 Crore, Rs. 0.005 Crore and Rs. 0.006 Crore for July, August and September 2021 respectively to be contributed to the FAC Pool.

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



- 10.1 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 August 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”

- 10.2 The following Table 5 provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss:

Table 5: Disallowance of FAC due to excess Distribution Loss

Sr. No.	Particulars	Units	Approved in Tariff Order	July, 2021	Aug, 2021	Sept, 2021
1	Net Energy input at Distribution Voltages	MU	4.81	1.39	1.57	1.57
2	Energy sales at Distribution voltages	MU	4.75	1.35	1.53	1.53
3	Distribution Loss (1 - 2)	MU	0.06	0.04	0.04	0.04
4	Distribution Loss as % (3/1)	%	1.20%	2.79%	2.65%	2.54%
5	Annual Sliding Distribution Loss	%	1.20%	2.43%	2.46%	2.48%
6	Excess Distribution Loss = [Annual Sliding Distribution Loss - Distribution loss approved] x Net Energy Input (1)	MU	-	0.02	0.02	0.02
7	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	-	-	-

- 10.3 As seen from the above Table 5, distribution loss for the months of July 2021, August 2021 and September 2021 is 2.79%, 2.65% and 2.54% respectively, which higher than the MYT approved distribution loss of 1.20%. The annual sliding distribution loss for the months of July to September, 2021 is also higher than the MYT approved distribution loss of 1.20%.



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

10.4 The Commission observed that GEPL has not worked out disallowance of FAC due to excess Distribution Loss since the standalone FAC for the month July 2021, August 2021 and September 2021 is negative. The Commission considers the same as standalone FAC is negative for the months July to September 2021.

11. Summary of Allowable Z_{FAC}

11.1 The summary of the FAC amount as approved by the Commission for the month July 2021, August 2021 and September 2021 which is allowed to be recovered in the billing month September, October and November 2021 as shown in the Table 6 below.

Table 6: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	July, 2021	Aug, 2021	Sept, 2021
1	Calculation of Z_{FAC}				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.14)	(0.15)	(0.16)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-	-	-
1.5	Z_{FAC} = F+C+B	Rs. Crore	(0.14)	(0.15)	(0.16)
2	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	1.35	1.53	1.53
2.2	Excess Distribution Loss	MU	-	-	-
2.3	Z _{FAC} per kWh	Rs./kWh	(1.03)	(0.98)	(1.05)
3	Recovery of FAC				
3.1	FAC disallowed corresponding to excess Distribution Loss [((2.1+2.2) x 2.3)/10]	Rs. Crore	-	-	-
3.2	Allowable FAC	Rs. Crore	(0.14)	(0.15)	(0.16)
4	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs. Crore	(0.51)	(0.65)	(0.81)
4.2	Holding Cost on FAC Fund	Rs. Crore	(0.004)	(0.005)	(0.01)
4.3	Z _{FAC} for the month (Sr. No. 3.2)	Rs. Crore	(0.14)	(0.15)	(0.16)
4.4	Closing Balance of FAC Fund	Rs. Crore	(0.65)	(0.81)	(0.97)
4.5	Z _{FAC} leviable/refundable to consumer	Rs. Crore	-	-	-
5	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	-	-	-
6	Carried forward FAC for recovery during future period (3.1-3.2-4)	Rs. Crore	-	-	-



11.2 It can be seen from the above Table 6 that standalone FAC for the months of July 2021, August 2021 and September 2021 is Rs. (0.14) Crore, Rs. (0.15) Crore and Rs. (0.16) Crore respectively. As the FAC is negative, the said amount will be accumulated in FAC Fund for stabilisation of FAC in future period. The Commission has also approved a holding cost of Rs. 0.004 Crore, Rs. 0.005 Crore and Rs. 0.006 Crore for July, August and September 2021 for the negative FAC accrued during the month of July 2021, August 2021 and September 2021. The overall FAC amount for the month till September 2021 is Rs. (0.97) Crore. As the FAC is negative, the said amount will be accumulated in FAC Fund for stabilisation of FAC in future and the benefit will not be passed to consumers.

12. Recovery from Consumers:

12.1 Regulation 10.9 of MERC 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 Z_{FAC} per kWh for a particular Tariff category/sub-category/consumption slab shall be computed as per the following formula: —

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

Where:

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

k = Average Billing Rate / ACOS;

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

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



Approval of FAC Charges for the months of July 2021, August 2021 and September 2021

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 August be directed by the Commission....”

- 12.2 The Commission in its FAC approval for the month of March 2021 has decided to accumulate the FAC fund arising out of negative monthly FAC up to March 2023 along with the holding cost. The Commission will continuously monitor the situation as it unfolds along with its impact on power prices and pass appropriate directions in future regarding utilisation of FAC fund.
- 12.3 Accordingly, the Commission allows the FAC amount of Rs. (0.97) Crore to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.
- 12.4 Therefore, no FAC would be levied on consumer in the month of July 2021, August 2021 and September, 2021 and Rs. 0.14 Crore, Rs. 0.15 Crore and 0.16 Crore respectively will be carried forward to next billing cycle with holding Cost as a FAC Fund.
- 12.5 Accordingly, per unit ZFAC for the month of July 2021, August 2021 and September, 2021 to be levied on consumers of GEPL in the billing month of September 2021, October 2021 and November 2021 is Nil.

