



महाराष्ट्र विद्युत नियामक आयोग Maharashtra Electricity Regulatory Commission



Ref. No. MERC/FAC/2020-21/ SBR / 16

Date: 11 October, 2021

To,
The Managing Director,
KRC Infrastructure and Projects Private Ltd.,
Raheja Tower, Level-9, Block G,
Plot No. C-30,
Bandra Kurla Office Complex,
Bandra (E), Mumbai – 400 051

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of KRCIPPL for the months of April 2021, May 2021 and June 2021.

Reference: 1. KRCIPPL's FAC submission for the months of April 2021, May 2021 and June 2021 vide email dated 24 August, 2021.

Sir,

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

Month	April 2021	May 2021	June 2021
Z _{FAC} allowed for recovery (Rs. Crore)	0	0	0

The Commission allows the accumulation of FAC of Rs. 1.31 Crore, 1.39 Crore and Rs. 1.48 Crore in the FAC fund as there is a negative FAC in the months of April 2021, May 2021 and June 2021, respectively. The Commission allows the accumulation of FAC amount of Rs. 1.48 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, KRCIPPL 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 April 2021, May 2021 and June 2021.

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**POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTH OF APRIL 2021,
MAY 2021, AND JUNE 2021**

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of KRCIPPL for the months of April 2021, May 2021 and June 2021.

Reference: 1. KRCIPPL's FAC submission for the months of April 2021, May 2021 and June 2021 vide email dated 24 August, 2021.

1. FAC submission by KRCIPPL:

1.1 KRCIPPL has made FAC submissions for the months of April 2021, May 2021 and June 2021 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by KRCIPPL, the Commission has accorded post facto approval for the FAC amount to be charged in the billing months of June 2021, July 2021, and August 2021.

2. Background

2.1 On 30 March, 2020 the Commission has issued Tariff Order in respect of KRCIPPL (Case No.329 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. Further, vide FAC vetting Report dated 30 September, 2020 the Commission accorded Post-facto approval to the FAC for the months of May and June, 2020. Vide FAC vetting Report dated 08 December, 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 25 March, 2021 the Commission accorded Post-facto approval to the FAC for the months of October 2020, November 2020 and



Approval of FAC Charges for the months of April 2021, May 2021 and June 2021

December 2020. Further, vide FAC Vetting Report dated 10 June, 2021 the Commission accorded Post-facto approval to the FAC for the month of January to March, 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 24 August, 2021 KRCIPPL has filed FAC submissions for the months of April 2021, May 2021, and June 2021 for post-facto approval. The Commission has scrutinized the submissions provided by KRCIPPL 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. 329 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 KRCIPPL 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)		
			April, 2021	May, 2021	June, 2021
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT- I Industrial	30.37	2.53	0.67	0.67	0.69
HT-II Commercial	3.94	0.33	0.12	0.13	0.13
LT Category					
LT-II(A) Commercial (0-20 kW)	-	-	-	-	-
LT-II (B) Commercial (above 20 kW)	3.22	0.27	0.08	0.05	0.06
LT-III (A) Industrial (0-20 kW)	-	-	-	-	-
LT-III (B) Industrial (above 20 kW)	-	-	0.15	0.20	0.18
Total	37.53	3.13	1.02	1.05	1.06

3.3 It can be observed from above Table 1 that the actual sales during the months of April 2021, May 2021, and June 2021 is 1.02 MU, 1.05 MU and 1.06 MU respectively which is 67.41 %, 66.55% and 66.27% lower than approved monthly energy sales of 3.13 MU for these three months in the FY 2021-22. The variation was observed in all categories mainly in the HT-I Industrial as seen in the **Error! Reference source not found.** above, which is due to the continuation of impact of COVID-19.



4. Power Purchase Details

4.1 KRCIPPL is a deemed Distribution Licensee and does not own or operate any generating stations. Accordingly, KRCIPPL is required to procure power from outside sources in order to fulfil the electricity demand of its consumers.

4.2 **Power Procurement from Base Load / Manikaran P. Ltd:** The Commission in its Order dated 23 January, 2021 in Case No 231 of 2020 has approved the combined power procurement of for MBPPL, GEPL and KRCIPPL for FY 2021-22 on short-term basis. The relevant extract is as given below:

“9.6 As far as KRCIPPL is concerned, it is proposing to meet its demand for the period of April to June 2021 through separate short-term contract, before combined power procurement can be started from 1 July 2021. The Commission allows the same.”

4.3 The approval for combined power procurement is for the period from July 2021 to June 2022. April 2021 to June 2021, competitive bidding was carried out and KRCIPPL has entered into contract with M/s Manikaran Power Limited at Rs. 3.39/kWh (MH State Periphery).

4.4 Summary of power purchase of KRCIPPL is as under:

Sr. No.	Particular	Compliance
1	Purchase from Approved Source	Yes. The Commission vide its Order in Case No. No. 231 of 2020 dated 31 January, 2021 approved the combined power procurement of for MBPPL, GEPL and KRCIPPL for FY 2021-22 on short-term basis. Since the approval for combined power procurement is for the period from July 2021 to June 2022. Accordingly, for the period from April 2021 to June 2021, competitive bidding was carried out and KRCIPPL has entered into contract with M/s Manikaran Power Limited at Rs. 3.39/kWh (MH State Periphery). KRCIPPL has met the contingency requirement in the month of June 2021 through procurement of Solar power through G-TAM product on IEX Platform.
2	Merit Order Dispatch	Yes. KRCIPPL 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	KRCIPPL has contributed 0.07 MU to the imbalance pool in the month of April 2021 and KRCIPPL has procured 0.01 MU and 0.05 MU from the imbalance pool in the month of May & June 2021, respectively.
5	Sale of Surplus Power	No surplus power was available for sale.



Approval of FAC Charges for the months of April 2021, May 2021 and June 2021

Sr. No.	Particular	Compliance																																																
6	Power Purchase	Actual Power Purchase for consumers is 1.15 MU, 1.10 MU and 1.11 MU for month of April 2021, May 2021, and June 2021 respectively, as against approved 3.32 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 April 2021 (MU)</th> <th>% share in actual purchase</th> </tr> </thead> <tbody> <tr> <td>Base Load / Manikaran P. Ltd</td> <td>3.32</td> <td>1.15</td> <td>100%</td> </tr> <tr> <td>Total</td> <td>3.32</td> <td>1.15</td> <td>100%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual May 2021 (MU)</th> <th>% share in actual purchase</th> </tr> </thead> <tbody> <tr> <td>Base Load / Manikaran P. Ltd</td> <td>3.32</td> <td>1.10</td> <td>99.10%</td> </tr> <tr> <td>Imbalance Pool</td> <td>-</td> <td>0.01</td> <td>0.90%</td> </tr> <tr> <td>Total</td> <td>3.32</td> <td>1.10</td> <td>100%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual June 2021 (MU)</th> <th>% share in actual purchase</th> </tr> </thead> <tbody> <tr> <td>Base Load / Manikaran P. Ltd</td> <td>3.32</td> <td>1.07</td> <td>95.37%</td> </tr> <tr> <td>Solar & Non Solar RE/REC</td> <td>-</td> <td>0.002</td> <td>0.18%</td> </tr> <tr> <td>Imbalance Pool</td> <td>-</td> <td>0.05</td> <td>4.46%</td> </tr> <tr> <td>Total</td> <td>3.32</td> <td>1.11</td> <td>100%</td> </tr> </tbody> </table>	Source Name	Approved (MU)	Actual April 2021 (MU)	% share in actual purchase	Base Load / Manikaran P. Ltd	3.32	1.15	100%	Total	3.32	1.15	100%	Source Name	Approved (MU)	Actual May 2021 (MU)	% share in actual purchase	Base Load / Manikaran P. Ltd	3.32	1.10	99.10%	Imbalance Pool	-	0.01	0.90%	Total	3.32	1.10	100%	Source Name	Approved (MU)	Actual June 2021 (MU)	% share in actual purchase	Base Load / Manikaran P. Ltd	3.32	1.07	95.37%	Solar & Non Solar RE/REC	-	0.002	0.18%	Imbalance Pool	-	0.05	4.46%	Total	3.32	1.11	100%
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Total	3.32	1.11	100%																																															
8	Power Purchase under Section 63 of Electricity Act, 2003	Monthly power purchase invoices are submitted by KRCIPPL. Power Purchase rates are verified from the PPA signed by KRCIPPL 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.																																																

5. Power Purchase Cost:

5.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of April 2021, May 2021, and June 2021, in order to verify the claim of KRCIPPL 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 April 2021, May 2021, and June 2021 is Rs. 0.40 Crore, Rs. 0.38 Crore and Rs. 0.38 Crore respectively, which is significantly lower than the



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approved Power Purchase cost of Rs. 1.36 Crore by the Commission each for the month of April 2021, May 2021 and June 2021, respectively.

- 5.3 **Base Load / Manikaran P. Ltd:** The Commission in tariff order dated 30 March, 2020 in Case No. 329 of 2019 has approved short-term power procurement upto March 2021. The Commission vide its Order in Case No. No. 231 of 2020 dated 31 January, 2021 approved the combined power procurement of for MBPPL, GEPL and KRCIPPL for FY 2021-22 on short-term basis. Since the approval for combined power procurement is for the period from July 2021 to June 2022 for the period from April 2021 to June 2021, competitive bidding was carried out and KRCIPPL has entered into contract with M/s Manikaran Power Limited at Rs. 3.39/kWh (MH State Periphery).
- 5.4 The Commission notes that the rate discovered through the process is cheaper than the approved source of power (Rs. 3.92 / kWh) by the Commission. KRCIPPL has purchased 1.15 MU, 1.10 MU and 1.07 MU for the month of April 2021, May 2021, and June 2021 respectively at the rate of 3.62/kWh from KEIPL.
- 5.5 **Renewable Sources:** The Commission has also approved Rs. 0.70 crore annually which converts to Rs. 0.06 Crore each for April 2021, May 2021, and June 2021 for purchase of REC to meet Renewable Purchase Obligation. KRCIPPL has met the contingency requirement in the month of June 2021 through procurement of Solar power through G-TAM product on IEX Platform in June 2021. With this procurement, KRCIPPL attempted to satisfy the contingency requirement and at the same time procurement of green power was done for RPO compliance.
- 5.6 **Imbalance Pool:** The Commission observes that KRCIPPL has purchased 0.01 MUs and 0.05 MUs from the imbalance pool for the month of May 2021 and June 2021 respectively 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. The commission also observes that KRCIPPL has contributed 0.07 Mus to the imbalance pool for the month of April 2021.
- 5.7 KRCIPPL has contributed **0.07 MUs** to the imbalance pool for the month of April 2021 to the imbalance pool. The said injection into the pool may be on account of either decrease in demand of consumers than 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.
- 5.8 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



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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 truing-up of the respective year.

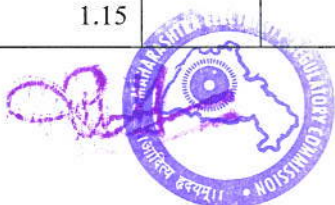
5.9 KRCIPPL has drawn **0.01 MUs** and **0.05 MUs** from the imbalance pool for the month of May 2021 and June 2021 respectively from the imbalance pool. The said drawl from the pool may be on account of either increase in demand of consumers than estimated by the Licensee or due to lower generation than scheduled by the generator. In both the scenarios, power has been drawn by the Licensee 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.

5.10 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 KRCIPPL 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.

5.11 **Approved Cost:** The details of the overall cost approved and actual for the month of April 2021, May 2021, and June 2021 respectively, as per MYT Order is as shown in the Table 2 below:

Table 2: Approved and Actual Power Purchase Cost for KRCIPPL

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 / Manikar	Approved	3.32			1.30	3.92	1.30	3.92
	Actual (April)	1.15			0.40	3.45	0.40	3.45



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an P. Ltd	Actual (May)	1.10			0.38	3.45	0.38	3.45
	Actual (June)	1.07			0.37	3.45	0.37	3.45
Solar & Non-Solar RE/RE C	Approved	-			-	1.00	0.06	1.00
	Actual (April)	-			-	-	-	-
	Actual (May)	-			-	-	-	-
	Actual (June)	0.002			0.002	7.33*	0.002	7.33*
Imbalance Pool	Approved	-			-	-	-	-
	Actual (April)	-			-	-	-	-
	Actual (May)	0.01			0.002	2.86	0.002	2.86
	Actual (June)	0.05			0.01	2.86	0.01	2.86
Total	Approved	3.32			1.30	3.92	1.36	4.10
	Actual (April)	1.15	0.00	0.01	0.40	3.45	0.40	3.46
	Actual (May)	1.10	0.00	0.01	0.38	3.45	0.38	3.46
	Actual (June)	1.11	0.00	0.01	0.38	3.44	0.38	3.44

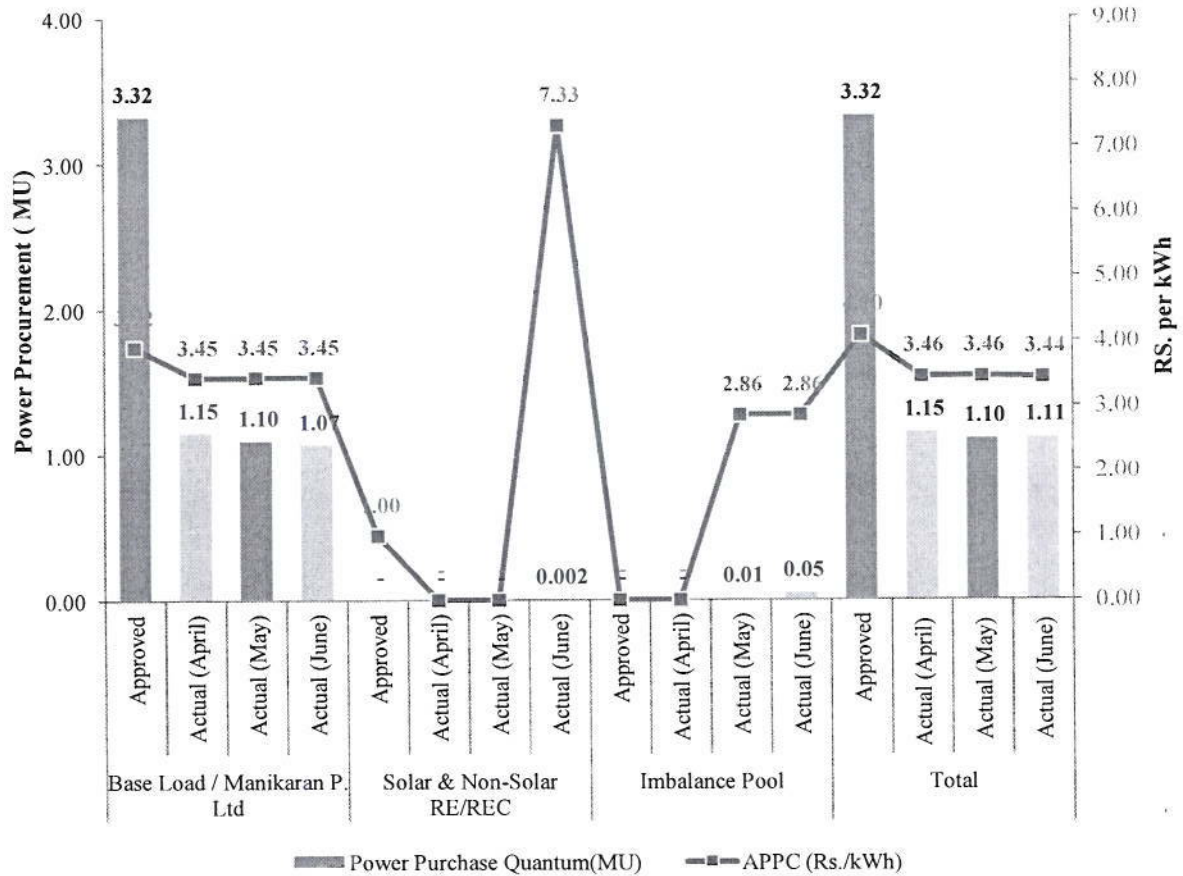
* KRC has to pay fixed short term open access charges irrespective of quantum of power purchase and hence per unit rate is higher

5.12 Source wise approved and actual quantum of power procured and APPC for month of April 2021, May 2021, and June 2021, respectively, is shown in the graph below:



Approval of FAC Charges for the months of April 2021, May 2021 and June 2021

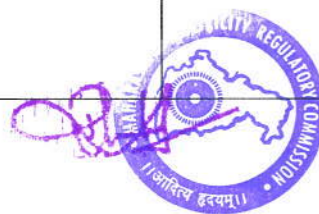
Figure 1: Variation in Power Procurement and Total per unit Cost



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

Table 3: Summary of reasons for rate variation for various power sources

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
1	Base Load / Manikaran P. Ltd	April 2021	3.92	3.45	For the period from April 2021 to June 2021, competitive bidding was carried out and KRCIPPL has entered into contract with M/s Manikaran Power Limited at Rs. 3.39/kWh (MH State Periphery) plus short
		May 2021			
		June 2021			



Approval of FAC Charges for the months of April 2021, May 2021 and June 2021

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
					term open access charges.
2	Solar & Non-Solar RE/REC	April 2021	1.00	-	KRCIPPL met the contingency requirement during the month through procurement of Solar power through G-TAM product on IEX Platform in June 202. KRC has to pay fixed short term open access charges irrespective of quantum of power purchase and hence per unit rate is higher
		May 2021		-	
		June 2021		7.33	
3	Exchange	April 2021	-	-	Power from Imbalance pool is considered at rate of Rs. 2.86 / kWh
		May 2021		2.86	
		June 2021			
4	Total	April 2021	4.10	3.46	Due to above factors
		May 2021		3.46	
		June 2021		3.44	

5.14 Considering the above, the Commission allows the average power purchase cost of Rs. 3.46/kWh, 3.46/kWh and 3.44/kWh for the month of April 2021, May 2021 and June, 2021 respectively, as shown in Table 3 above. **The reduction in power purchase cost is due to tie-up of cheaper power with Manikaran Power Ltd.**

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 month of April 2021, May 2021 and June, 2021 as shown in below Table 4. 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 April 2021, May 2021 and June, 2021, respectively.



Approval of FAC Charges for the months of April 2021, May 2021 and June 2021

Table 4: FAC on account of Power Purchase Cost

Sr. No.	Particulars	Units	April, 2021	May, 2021	June, 2021
1	Average power purchase cost approved by the Commission	Rs./kWh	4.10	4.10	4.10
2	Actual average power purchase cost	Rs./kWh	3.46	3.46	3.44
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.64)	(0.64)	(0.65)
4	Net Power Purchase	MU	1.15	1.10	1.11
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	(0.07)	(0.07)	(0.07)

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

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

9. Holding Cost for FAC Fund

9.1 KRCIPPL has submitted that the Commission in the post facto approval of Fuel adjustment Charges (FAC) for April 2021, May 2021 and June 2021 dated 24 August, 2021, has allowed accumulation of FAC Fund. 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, KRCIPPL 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 KRCIPPL 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. 0.07 Crore for the each month of April 2021, May 2021 and June 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 April 2021, May 2021 and June 2021, respectively. Accordingly, the Commission has calculated holding cost of Rs. 0.008 Crore, Rs. 0.009 and Rs. 0.009 Crore for April 2021, May 2021 and June 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 may be stipulated by the Commission:

Provided further that, where the actual annual sliding distribution losses of the Distribution Licensee exceed the level approved by the Commission, the amount of Z_{FAC} corresponding to the excess distribution losses (in kWh terms) shall be deducted from the total Z_{FAC} recoverable”

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	April, 2021	May, 2021	June, 2021
1	Net Energy input at Distribution Voltages	MU	3.22	1.04	1.07	1.08
2	Energy sales at Distribution voltages	MU	3.13	1.02	1.05	1.06
3	Distribution Loss (1 - 2)	MU	0.09	0.02	0.02	0.02
4	Distribution Loss as % (3/1)	%	2.75%	2.25%	2.16%	2.20%
5	Annual Sliding Distribution Loss (%)	%		2.32%	2.30%	2.29%
6	Excess Distribution Loss = [Annual Sliding Distribution Loss - Distribution loss approved] x Net Energy Input (1)	MU		-	-	-

10.3 For the month of April 2021 to June 2021 the disallowance due to excess distribution loss is nil, because actual annual sliding distribution loss is lesser than the approved Distribution loss in the MYT Order. The Commission has not worked out any disallowance on account of Distribution Loss since actual cumulative distribution loss is lower than approved distribution loss.

11. Summary of Allowable Z_{FAC}



Approval of FAC Charges for the months of April 2021, May 2021 and June 2021

11.1 The summary of the FAC amount as approved by the Commission for the month of April 2021, May 2021 and June 2021 as shown in the Table 6 below.

Table 6: Summary of Allowable ZFAC

Sr. No.	Particulars	Units	April, 2021	May, 2021	June, 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	(0.07)	(0.07)	(0.07)
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	(0.07)	(0.07)	(0.07)
2	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	1.02	1.05	1.06
2.2	Excess Distribution Loss	MU	-	-	-
2.3	Z_{FAC} per kWh	Rs./kWh	(0.72)	(0.67)	(0.69)
3	Recovery of FAC				
3.1	FAC disallowed corresponding to excess Distribution Loss $[((2.1+2.2) \times 2.3)/10]$	Rs. Crore	-	-	-
3.2	Allowable FAC	Rs. Crore	(0.07)	(0.07)	(0.07)
4	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs. Crore	(1.23)	(1.31)	(1.39)
4.2	Holding Cost on FAC Fund	Rs. Crore	(0.008)	(0.009)	(0.009)
4.3	Z_{FAC} for the month (Sr. No. 3.2)	Rs. Crore	(0.07)	(0.09)	(0.11)
4.4	Closing Balance of FAC Fund	Rs. Crore	(1.31)	(1.39)	(1.48)
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 Table 6 above that standalone FAC for the month of April 2021, May 2021, and June 2021 is Rs. (0.07) Crore for all three months. 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. (0.008) Crore, Rs. (0.009) Crore & Rs. (0.009) Crore for April 2021, May 2021, and June 2021 for the negative FAC accrued during the month of April 2021, May 2021, and June 2021. The overall FAC amount for the month till June 2021 is Rs. (1.48) 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: —

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

Where:

Z_{FACcat} = 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 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....”

12.2 The Commission had invoked power of removing difficulties under MYT Regulation, 2019 and made following changes for computation of FAC.

“Distribution Licensee shall undertake computation of monthly FAC as per Regulation 10 of the MYT Regulations, 2019 except for treatment to be given to negative FAC as follows:

- *Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.*



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- *Such carried forward negative FAC shall be adjusted against FAC amount for the next month and balance negative amount shall be carried forward to subsequent month with holding cost.*
- *Such carry forward of negative FAC shall be continued till the accumulated negative FAC becomes 20 % of monthly tariff revenue approved by the Commission in Tariff Order. In case of KRCIPPL such limit shall be Rs.28 Lakh. Any accumulated amount above such limit shall be refunded to consumers through FAC mechanism.*
- *In case such FAC Fund is yet to be generated or such generated fund is not sufficient to adjust against FAC computed for given month, then Distribution Licensee can levy such amount to the consumers through FAC mechanism, upon seeking prior approval from the Commission.”*

12.3 The Commission in the Tariff Order had that negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost till the accumulated negative FAC reaches the limit of Rs. 28 Lakh. KRCIPPL has exceeded FAC Fund from the month of August 2020 and accordingly the additional amount was required to be refunded to consumer as per the MYT Order. However, the Commission has allowed accumulation of FAC Fund up to March 2021 beyond the limit specified in the MYT orders considering the extraordinary situation due to Covid-19 pandemic.

12.4 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.

12.5 Accordingly, in line with the Commission's approval in the post facto approval of Fuel adjustment Charges (FAC) for Q1 of FY 2021-22 dated 24 August, 2021, KRCIPPL has carried forward the negative FAC amount in excess of FAC fund approved in the Order and accumulated in FAC fund along with the holding cost.

12.6 Accordingly, the Commission allows the FAC amount of Rs. (1.48) Crore to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.

12.7 Therefore, no FAC would be levied on consumer in the month of April 2021, May 2021 and June, 2021 and Rs. 1.31 Crore, Rs. 1.39 Crore and 1.48 Crore respectively will be carried forward to next billing cycle with holding Cost as a FAC Fund.

12.8 Accordingly, per unit ZFAC for the month of April 2021, May 2021 and June, 2021 to be levied on consumers of KRCIPPL in the billing month of June 2021, July 2021 and August 2021 is Nil.

