



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2018-2019/122

Date: 26 April, 2019

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

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of MBBPL for the month of October, 2018 to December, 2018.

Reference: MBBPL's FAC submission for the month of October, 2018 to December, 2018 vide letter no. MBPPL/Power/ 2018-19/ M675 dated 18 February, 2019.

Sir,

Upon vetting the FAC calculations for the months of October, 2018 to December, 2018 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)
October, 2018	(0.60)
November, 2018	(0.63)
December, 2018	(0.72)

MBPPL is directed to refund Rs. (0.20) Crore along with interest to the consumers in next FAC billing cycle. This is on account of errors done during the month of October, 2018 to December, 2018 as specified in para 4.4, para 4.11 para 4.12, para 6.2 and para 9.3 of this vetting report.

The above approval of FAC is subject to final true up of FY 2018-19 under the MERC (Multi Year Tariff) Regulations, 2015.

Yours faithfully,

(Dr. Rajendra Ambekar)
Executive Director, MERC

Encl: Annexure A: Detailed Vetting Report for the period of October, 2018 to December, 2018.

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ANNEXURE

Detailed Vetting Report

Date: 26 April, 2019

**POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF OCTOBER,
2018 TO DECEMBER, 2018**

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of MBBPL for the month of July, 2018 to September, 2018.

Reference: MBBPL's FAC submission for the month of October, 2018 to December, 2018 vide letter no. MBPPL/Power/ 2018-19/ M675 dated 18 February, 2019.

1. FAC submission by MBBPL Undertaking:

1.1 MBBPL has submitted FAC submissions for the months of October, 2018 to December, 2018 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by MBBPL, the Commission has accorded post facto approval for the FAC amount to be charged in the billing months of November, 2018 to January, 2018.

2. Background

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

2.2 On 12 September, 2018, the Commission has issued Tariff Order in respect of MBPPL, (Case No.194 of 2017) for Truing-up for FY 2015-16 and FY 2016-17, Provisional Truing-up for FY 2017-18 and revised estimates of Aggregate Revenue Requirement for FY 2018-19 to FY 2019-20. Revised Tariff has been made applicable from 1 September, 2018.

2.3 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.

2.4 Vide FAC vetting Report dated 6 January, 2017, the Commission accorded prior approval to the FAC for the month of October, 2016.



2.5 In terms of MERC (MYT) Regulations, 2015 a Distribution Licensee is required to obtain post facto approval of the Commission on a quarterly basis for FAC charges. Accordingly, vide its letter No. MBPPL/Power/ 2018-19/ M675 dated 18 February, 2019, MBPPL has filed FAC submissions for the months of October, 2018 to December, 2018 for post facto approval. The Commission has scrutinized the submissions provided by MBPPL and has also verified the fuel and power purchase bills provided along with its submissions.

3. Energy Sales of the Licensee

3.1 The Net Energy Sales within licence area as submitted by MBPPL in the FAC submission and as approved by the Commission are as shown in the Table below.

Consumer Category	Approved by the Commission (MU) (I)	Monthly Approved (MU) (II=I/12)	Actual Sales		
			(Oct-18) (MU) (III)	(Nov-18) (MU) (IV)	(Dec-18) (MU) (V)
HT Category					
HT- I Industrial	79.62	6.64	6.81	6.14	5.43
HT-II Commercial	5.00	0.42	-	-	-
LT Category					
LT-I General Purpose	-	-	-	-	-
LT-II(A) Commercial (0-20 kW)	0.64	0.05	0.07	0.07	0.07
LT-II (B) Commercial (above 20 kW)	0.38	0.03	0.04	0.03	0.03
LT-III (A) Industrial (0-20 kW)	0.01	0.00	0.00	0.00	0.00
LT-III (B) Industrial (above 20 kW)	7.20	0.60	0.68	0.62	0.60
Total	92.85	7.74	7.60	6.86	6.13

3.2 The Commission observed that the actual sale for the individual months of October, 2018 to December, 2018, was lower than that of approved by the Commission. The major variation was observed in the HT-I Industrial and HT-II Commercial categories as shown in the Table above.

4. Cost of Power Purchase

4.1 MBPPL does not own or operate any generating stations. Accordingly, MBPPL is required to procure power from outside sources in order to fulfil the demand of its consumers. MBPPL purchases power as per Medium-Term PPA for 10 MW with M/s. Jindal Power Limited (JPL) for meeting the Base Load demand and for 10 MW with M/s. GMR Energy Trading Limited (GMRETL) to meet the Peak load demand for a period of 5 years from 1 July, 2016 to 30 June, 2021. The Commission has approved both the PPAs and adopted the lowest tariff as a result of the process of competitive bidding followed by MBPPL.



- 4.2 The following Tables show the variation in Average Power Purchase Cost (APPC) (Rs/kWh) for the months of October, 2018 to December, 2018 as compared to APPC approved in Tariff Order dated 12 September, 2018:

Particulars	Tariff Order Dated 26.10.2016			Actual for Oct, 2018		
	Net Purchase	Cost	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	74.46	29.24	3.93	6.57	2.30	3.49
Medium Term PPA (Peak Load)	34.30	14.01	4.08	2.91	1.11	3.82
RE Sources		1.34		-	0.21	-
Surplus Sale	(11.87)	(4.72)	3.98	(1.88)	(1.13)	5.97
Additional Power	-	-	-	-	-	-
FBSM				-		
Total	96.89	39.87	4.11	7.59	2.49	3.28

Particulars	Tariff Order Dated 26.10.2016			Actual for Nov, 2018		
	Net Purchase	Cost	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	74.46	29.24	3.93	6.45	2.24	3.48
Medium Term PPA (Peak Load)	34.30	14.01	4.08	2.60	1.01	3.87
RE Sources		1.34		-	0.15	-
Surplus Sale	(11.87)	(4.72)	3.98	(1.54)	(0.62)	4.01
Additional Power	-	-	-	-	-	-
FBSM				-		
Total	96.89	39.87	4.11	7.52	2.78	3.70

Particulars	Tariff Order Dated 12.09.2018	Actual for Dec, 2018
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	Net Purchase	Cost	Average Power Purchase Cost	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	74.46	29.24	3.93	5.80	2.31	3.98
Medium Term PPA (Peak Load)	34.30	14.01	4.08	2.77	1.05	3.80
RE Sources		1.34		-	0.45	-
Surplus Sale	(11.87)	(4.72)	3.98	(1.77)	(0.70)	3.96
Additional Power	-	-	-	-	-	-
FBSM				-		
Total	96.89	39.87	4.11	6.80	3.11	4.57

- 4.3 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the respective months of October, 2018 to December, 2018, in order to verify the claim of MBPPL regarding Average Power Purchase Cost (APPC). The Commission has verified the Net Purchase (MUs), Variable Cost (Rs./kWh) and Power Purchase Cost. The Commission has also verified the payment of monthly Fixed Charge based on the availability as per the norms specified in the applicable contract.
- 4.4 It was observed that, while computing the 'F' component of total ZFAC i.e., change in power purchase cost for all the Q3 months of FY 2018-19, MBPPL has considered the approved power purchase cost, quantum as well as average power purchase cost from the MYT Order which was issued on dt. 26 October, 2016 (Case No. 10 of 2016). However, the Commission has now issued MTR Order for MBPPL in which the power purchase cost, quantum and hence, the average power purchase cost has been revised for FY 2018-19 and for FY 2019-20. Therefore, all the approved figures for computing the FAC for FY 2018-19 and FY 2019-20 shall be considered from the MTR Order. The Commission has rectified the above error and accordingly computed the FAC in this vetting report.
- 4.5 With regards to JPL, MBPPL has purchased net quantum of 6.57 MUs, 6.45 MUs and 5.80 MUs during the months of October, November and December, 2018 respectively. This power has been procured by MBPPL at a rate of Rs 3.89/kWh (i.e., fixed charge Rs.1.39/kWh and variable charge Rs.2.50/kWh) at MBPPL periphery, derived based on approved PPA after applicable escalation. Further, this rate also includes the transmission charges (STU charges) for State Transmission network as per PPA. However, STU charges were paid directly by MBPPL to STU in accordance with the InSTS Tariff Order. Therefore, the power purchase bills were raised by JPL after deducting the STU charges from the total power purchase cost, as the quoted tariff included the STU charges. Accordingly, the effective average power purchase cost from JPL as per the bills submitted during the months of October to December, 2018 are Rs. 3.49/kWh, Rs.



3.48/kWh and Rs. 3.98/kWh respectively as compared to MTR approved rate of Rs. 3.93/kWh as shown above. The variation is mainly on account of difference in Fixed Cost (Rs. Crore) payable as per availability during the respective months, adjustment for incentives, rebate and deduction of STU/CTU charges as per PPA.

4.6 With regards to GMRETL, MBPPL has purchased a quantum of 2.91MUs, 2.60MUs and 2.77MUs during the months of October to December, 2018 respectively. The power purchase price from GMRETL for FY 2018-19 at STU periphery as per approved PPA with rate escalation is Rs. 4.04/kWh (i.e., fixed charge Rs.1.62/kWh and variable charge Rs.2.42/kWh). Out of the total power generated during the above months under this contract, MBPPL has consumed approximately an average of 38% of power at a variable price of Rs. 2.42/kWh at STU periphery. The remaining power i.e., the surplus power of around 68% has been sold through either through power exchange and bilateral contract for which MBPPL had paid a variable price of Rs 2.11/kWh, Rs.2.09/kWh and Rs 2.04/kWh during the month of October, November and December, 2018 respectively at Western Region Periphery. This variable price at Western Region Periphery has been arrived after deduction of PoC charges and losses as the same was included in the quoted (PPA approved) price.

4.7 Accordingly, the net average power purchase cost from GMRETL during the month of October to December 2018 is Rs.3.82/kWh, Rs.3.87/kWh and Rs.3.80/kWh respectively which is lower than the MTR approved rate of Rs. 4.09/kWh. The variation is mainly on account of difference in Fixed Cost (Rs. Crore) payable as per availability during the respective months,

4.8 Further, with regards to surplus available power as mentioned above it is to be noted that the Commission in the MYT Order had approved the power purchase quantum of 20 MW with an observation that the licensee is allowed to sell any surplus power till it reaches the load requirement of 20 MW, and to the extent required considering demand variations thereafter arising from the nature of operations in its License area. Furthermore, the Commission in its MTR Order has considered the rate for sale of surplus power as Rs. 3.98/kWh for determination of power procurement cost. In line with the above, MBPPL has done surplus power sale either through the power exchange or bilateral contract to reduce the burden of fixed cost on the consumers. The surplus quantum which was available due to low demand in SEZ area has been sold to third party through power exchange or through bilateral contract.

4.9 Further, MBPPL has sold a total surplus power of around 1.88MUs, 1.54MUs and 1.77MUs during the months of October to December, 2018 respectively. In the month of October out of total surplus power of 1.88MUs as stated above, MBPPL has sold 1.44MUs through IEX at a rate of Rs.6.52/kWh and remaining power i.e., 0.44MUs through bilateral contract at rate of Rs.4.18/kWh. In the month of November out of total surplus power, i.e., 1.54MUs, MBPPL has sold 1.09MUs through IEX at a rate of Rs.3.94/kWh and remaining power through bilateral contract at rate of Rs.4.19/kWh.



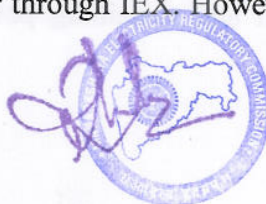
Further, during the month of December, MBPPL has sold 1.41MUs through IEX at a rate of Rs.3.91/kWh and remaining power through bilateral contract at rate of Rs.4.16/kWh.

4.10 as per the PPA, the fixed Charges for JPL and GMRETL as already explained in above para are Rs. 1.39/kWh and Rs. 1.62/kWh, respectively, for FY 2018-19. However, the total sale of 5.19 MUs (1.88MUs+1.54MUs+1.77MUs) of surplus power during the Q3 was made at an average rate of Rs. 4.70/kWh. Thus, the sale of surplus power was not only able to recover the Fixed Charges paid to GMRETL, but also had additional revenue lowering the power purchase cost for the respective months. Hence, the transaction of sale of surplus power was found beneficial. Further, the Commission has also compared the rate of sale of surplus power by MBPPL vis-à-vis the Market Clearing Price (MCP) prices of power traded at IEX. The average MCP prices prevailed at Rs. 5.94/kWh, Rs. 3.59/kWh and Rs.3.30/kWh for the months of October, November and December, 2018 respectively. MBPPL has managed to sell the surplus power at a rate higher than these MCP rate as already mentioned above. Considering that the price at which MBPPL has sold the surplus power is higher than the MTR approved rate and also higher than the MCP price at the IEX, it has resulted into lowering the overall cost of purchase and thus benefitting the consumers. Therefore, the Commission has considered the actual quantum and revenue against the same as submitted by MBPPL.

4.11 Also, it was found that MBPPL has made adjustment with regards to FBSM settlement during the months of October to November, 2018. The Commission has sought supporting documents/bills for the same. However, the bills towards the same were not provided by MBPPL. Hence, the Commission has not considered this adjustment in the FAC computation of the respective months.

4.12 Further, in order to fulfil its RPO obligation MBPPL has purchased solar as well as non-solar REC during the Q3 months of FY 2018-19. MBPPL has purchased 55 solar REC and 1694 non-solar REC during the month of October, for November it has purchased 379 solar REC and 847 non-solar REC and for the month of December it has purchased 3500 non-solar REC. Further, the REC purchased mainly in the month of December is higher than the corresponding purchases in other months. This has led to increase in the total power purchase cost for the month of December thus increasing the APPC. The Commission has sought for purchase certificates along with obligation report issued by power exchange stating the total cost of purchase. MBPPL has submitted the required document as sought. While verifying the obligation report submitted, it was observed that there is a mismatch of total REC cost as considered in FAC and as per Obligation report. The Commission has rectified this inadvertent error and accordingly taken the cost for all Q3 months as per obligation report submitted.

4.13 Accordingly, on overall basis the average power purchase price has reduced during the month of October and November, 2018 mainly due to reduced price of power from JPL compared to MTR approved power purchase price and reduction in total power purchase cost due to revenue from sale of surplus power through IEX. However, during the month



of December, 2018 the average power purchase price has slightly increased which is mainly due to higher non solar REC purchase as explained above.

4.14 After complete scrutiny of relevant documents submitted, the Commission allows the average power purchase cost of **Rs. 3.28/kWh** for the month of October, 2018, **Rs. 3.70/kWh** for the month of November, 2018, **Rs. 4.57/kWh** for the month of December, 2018 against the MTR approved rate of **Rs. 4.11/kWh** as shown in the Tables 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 Tariff Order dated 12 September, 2018 for the respective months and arrived at differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

5.2 The following Table shows the Z_{FAC} worked out by the Commission on account of difference in fuel and power purchase cost for the months of October, 2018 to December, 2018.

S. No.	Particulars	Units	Oct 2018	Nov 2018	Dec 2018
1	Average power purchase cost approved by the Commission	Rs./kWh	3.98	3.98	4.11
2	Actual average power purchase cost	Rs./kWh	3.53	3.89	3.28
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.45)	(0.09)	(0.84)
4	Net Power Purchase	MU	7.81	7.81	7.35
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(0.35)	(0.07)	(0.61)

5.3 Further, due to the correction in approved average power purchase cost, FBSM and REC cost as explained in para above there is an under recovery of Rs. 0.20 Crore as shown in Table below:

Month	Basis	Oct 2018	Nov 2018	Dec 2018	Total
Change in fuel cost claimed	a	(0.68)	(0.21)	0.45	(0.44)
Change in fuel cost Approved	b	(0.63)	(0.31)	0.31	(0.63)
under-recovery (Rs. Crore)	c = (b-a)	0.05	(0.10)	(0.14)	(0.20)

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

6.1 After adjustment for over-recovery/under recovery (B), the adjustment factor to be added / reduced is as below:



S. No.	Particulars	Units	Oct 2018	Nov 2018	Dec 2018
1.1	Incremental cost allowed to be recovered in Month n-1	Rs. Crore	(4.52)*	(0.60)	(0.63)
1.2	Incremental cost in Month n-1 actually recovered in month n-1	Rs. Crore	(0.27)	(0.59)	(0.51)
1.3	Over-recovery/under-recovery (1.1 - 1.2)	Rs. Crore	(4.25)	(0.02)	(0.12)
1.4	Already accounted for refund in future periods (as per approved vetting report of Q2 FY 2018-19)	Rs. Crore	(4.28)	-	-
1.5	Incremental over-recovery/under recovery (1.3-1.4)	Rs. Crore	0.03	(0.02)	(0.12)
2.0	Carried forward adjustment attributable to application of ceiling limit for previous month	Rs. Crore	0.00	0.00	0.00
2.1	Adjustment pertaining to previous post facto FAC approval	Rs. Crore	-	(0.30)	(0.91)
3.0	Net Adjustment factor for over-recovery/under-recovery (1.5+2.0+2.1)	Rs. Crore	0.03	(0.32)	(1.03)

*Corrected as per the Commission approved post facto FAC approval of Q2 of FY 2018-19.

- 6.2 The Commission observed that the value of incremental cost allowed to be recovered has been erroneously taken by MBPPL as Rs. (0.24) Crore based on their computation of FAC of previous quarter, i.e., Q2 of FY 2018-19. However, the Commission has approved the respective amount as Rs. (4.52) Crore in its previous post facto FAC approval, i.e., for Q2 of FY 2018-19. The Commission has rectified this error and accordingly considered the approved values as per previous approved report.
- 6.3 Further, the incremental cost actually refunded by MBPPL for the month of October, 2018 is Rs. (0.27) Crore as against an approved refund of Rs. (4.52) Crore as shown above. Accordingly, the net difference of Rs.(4.25) Crore i.e., (Rs.(4.52) Crore minus Rs.(0.27) Crore) needs to be adjusted. However, in previous post facto approval for Q2 of FY 2018-19, an amount of Rs. (4.28)¹ Crore as had already been directed to refund in the future period and MBPPL has initiated a refund against the same in the present quarter. Therefore, the incremental adjustment has been computed by the Commission as Rs.0.03 Crore (i.e., Rs.(4.25) Crore minus Rs.(4.28) Crore) for the month of October 2018 as shown above.
- 6.4 The Commission has also sought for supporting documents related to incremental cost actually recovered/refunded in the respective months. In response to this MBPPL has submitted the detailed excel sheet of Bill report for the months of October to December, 2018 showing the date, quantum of units, energy charge, demand charge, FAC recovered etc. The various entries in the Bill report have been generated through SAP billing system.

¹ Rs (4.28) Crore refund is against September 2018 out of total approved refund of Rs. (10.49) Crore.



The Commission has verified the amount taken and accordingly has considered the respective amount as submitted by MBPPL.

6.5 Further, the Commission in its previous post facto approval for April to June, 2018 has directed MBPPL to recover Rs. 0.67 Crore and also for post facto approval of July to August, 2018, has directed MBPPL to refund Rs. (4.31) Crore in future billing period. Considering the recovery and refund as stated above, MBPPL has worked out a net total refund of Rs. (3.64) Crore (i.e., Rs. 0.67 Crore + Rs. (4.31) Crore). It has then divided the total refund into 12 equal instalment of Rs.(0.303) Crore. First instalment of Rs. (0.30) Crore has been initiated by MBBPL during the month of November, 2018 whereas a total of 3 instalments aggregating to an amount of Rs.(0.91) Crore has been initiated in the month of December, 2018. Accordingly, the balance amount remained for refund has been worked as Rs.(2.43) Crore. The Commission has considered the refund as initiated by MBPPL.

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

7.1 MBPPL has not levied any carrying cost for the months of July, 2018 to September, 2018.

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 losses (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 up to		
1	Net Energy input at Distribution Voltages	MU	93.69	52.65	59.61	65.83



S. No.	Particulars	Units	Approved in Tariff Order	Actual up to		
2	Energy sales at Distribution voltages	MU	92.84	51.94	58.80	64.93
3	Distribution Loss (1 - 2)	MU	0.85	0.71	0.81	0.90
4	Distribution Loss as % (3/1)	%	0.91%	1.35%	1.36%	1.37%
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.23	0.27	0.30
6	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	-	-	

8.3 As shown in the Tables above, the cumulative distribution loss for the months of October to December, 2018 is higher than the MTR approved distribution loss of 0.91% as shown above. In response to clarification sought against the increase in distribution losses MBPPL stated that there are three buildings B#2, B#10 & B#12 in its SEZ area which were supplied at HT point of supply till March, 2018. However, it has now been supplied at LT level, hence, transformer losses have come into picture & thus the losses have increased.

8.4 Further, it was observed that MBPPL has worked out disallowance of FAC due to excess Distribution Loss based on the cumulative Distribution Loss corresponding to the standalone energy input at distribution voltage for the respective months. However, the Commission has recomputed the disallowance based on the cumulative Distribution Loss corresponding to the cumulative energy input at distribution voltage for the respective months since the excess distribution loss assessment needs to be done on cumulative basis. Accordingly, the commission has worked out excess distribution loss of 0.23 MU for the month of October, 2018, 0.27 MU for the month of November, 2018 and 0.30 MU for the month of December, 2018.

8.5 However, as the stand alone FAC for the month of October to December, 2018 is negative. Therefore, disallowance on account of excess distribution loss has not been computed for the aforesaid months.

9. Summary of Allowable Z_{FAC}

9.1 The summary of the FAC amount as approved by the Commission for the month of July, 2018 to September, 2018 as shown in the Table below.

S. No.	Particulars	Units	Oct 2018	Nov 2018	Dec 2018
1.0	Calculation of Z_{FAC}				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.63)	(0.31)	0.31



S. No.	Particulars	Units	Oct 2018	Nov 2018	Dec 2018
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	0.03	(0.32)	(1.03)
1.4	ZFAC = F+C+B	Rs. Crore	(0.60)	(0.63)	(0.72)
2.0	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	7.60	6.86	6.13
2.2	Excess Distribution Loss	MU	0.23	0.27	0.30
2.3	ZFAC per kWh	Rs./kWh	(0.79)	(0.92)	(1.17)
2.4	Cap at 20% of variable component of tariff	Rs./kWh	0.84	0.84	0.84
2.5	FAC Charge allowable (Minimum of 2.3 and 2.4)	Rs./kWh	(0.79)	(0.92)	(1.17)
3.0	Recovery of FAC				
3.1	Allowable FAC [(2.1 x 2.5)/10]	Rs. Crore	(0.60)	(0.63)	(0.72)
3.2	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.5)/10]	Rs. Crore	-	-	-
4.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	(0.60)	(0.63)	(0.72)
5.0	Carried forward FAC for recovery during future period (3.1-3.2-4.0)	Rs. Crore	0.00	0.00	0.00

9.2 It can be seen from the above Table that standalone FAC for the months of October to December, 2018 is Rs. (0.60) Crore, Rs. (0.63) Crore and Rs. (0.72) Crore respectively. Based on energy sales, FAC per unit has been worked out as Rs. (0.79)/ kWh, Rs. (0.92)/ kWh and Rs. (1.17)/ kWh for the months of October to December, 2018. 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:

9.3 As the FAC per unit computed is already lower than the 20% cap specified in Regulation as shown in Table above, hence, there is no restriction triggered with regards to such ceiling for all the months in Q3 of FY 2018-19. Further, MBPPL has to refund a cumulative sum of Rs. (0.72) Crore for the month of December, 2018 against which MBPPL has refunded an amount of Rs. (0.51) Crore due to an error as specified in para 4.4, 4.11 and 4.12. The Commission, hence, directs the MBPPL to refund the differential amount of Rs.(0.20) Crore (i.e., Rs. (0.72) Crore minus Rs. (0.51) Crore) along with interest to consumers in next FAC billing cycle.



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 While computing the category wise and slab wise FAC, it was observed that the ABR and ACoS as considered by MBPPL were not matching with the corresponding figure as approved in the MTR Tariff Order. Upon query raised, MBPPL submitted that it has erroneously considered the aforesaid entries. The Commission has rectified the above anomalies and accordingly considered the ABR and ACoS during the respective months of Q2 of FY 2018-19 as approved in the applicable Tariff Order for the respective months.

10.3 The Commission has worked out FAC per unit for each category of consumer based on the formula 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 July, 2018 to September, 2018.

10.4 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.

10.5 The following Table shows per unit Z_{FAC} to be charged to the consumers of MBPPL during the billing month in November, 2018 to January, 2018.

FAC for Billing Month of November, 2018 to January, 2018

S. No	Consumer Category	Slabs	ZFAC to be levied in billing month of		
			Nov'18	Dec'18	Jan'18
			(Rs./kWh)	(Rs./kWh)	(Rs./kWh)
	HT Category				
1	HT- I Industrial	all units	(0.85)	(0.83)	(0.83)
2	HT-II Commercial	all units	(0.98)	(0.96)	(0.96)
	LT Category				
3	LT-I General Purpose	all units	(0.86)	(0.84)	(0.84)
4	LT-II(A) Commercial (0-20 kW)	all units	(0.87)	(0.85)	(0.86)
5	LT-II (B) Commercial (above 20 kW)	all units	(0.99)	(1.08)	(1.09)
6	LT-III (A) Industrial (0-20 kW)	all units	(0.86)	(0.84)	(0.84)
7	LT-III (B) Industrial (above 20 kW)	all units	(0.89)	(0.86)	(0.87)



