



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2019-2020/271

Date: 17 March, 2020

To,
MindSpace Business Parks Private Limited,
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 MBPPL for the month of April, 2019 to June, 2019.

Reference: MBBPL's FAC submission for the month of April, 2019 to June, 2019 vide letter no. MBPPL/Power/ 2019-20/ 115/ M 742 dated 8 August, 2019.

Sir,

Upon vetting the FAC calculations for the months of April, 2019 to June, 2019 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)
April, 2019	(0.22)
May, 2019	0.05
June, 2019	0.33

MBPPL is directed to refund Rs. 0.07 Crore along with applicable carrying cost to the consumers in next FAC billing cycle. This is on account of errors rectified by the Commission and its associated impact as explained in para 4.4, 4.5, 4.8 and para 10.4 of this vetting report.

The above approval of FAC is subject to final true up of FY 2019-20 under the MERC (Multi Year Tariff) Regulations, 2015.

Yours faithfully,

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

Encl:Annexure A: Detailed Vetting Report for the period of April, 2019 to June, 2019.

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ANNEXURE

Detailed Vetting Report

Date: 17 March, 2020

POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF APRIL, 2019 TO JUNE, 2019

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of MBPPL for the month of April, 2019 to June, 2019.

Reference: MBPPL's FAC submission for the month of April, 2019 to June, 2019 vide letter no. MBPPL/Power/ 2019-20/ 115/ M 742 dated 8 August, 2019.

1. FAC submission by MBPPL Undertaking:

1.1 MBPPL has made FAC submissions for the months of April, 2019 to June, 2019 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by MBPPL, the Commission has accorded post facto approval for the FAC amount to be charged in the billing months of May, 2019 to July, 2019.

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 True-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 the Truing up of FY 2017-18 and revised estimates of Aggregate Revenue Requirement (Mid-Term Review Order) for FY 2018-19 and FY 2019-20.

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 Jan.2017, the Commission accorded prior approval to the FAC for the month of October, 2016.

2.5 In terms of MERC Multi Year Tariff (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 dated 8 August, 2019, MBPPL has filed FAC submissions for the months of April, 2019 to June, 2019 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)	Monthly Approved (MU)	Actual Sales		
			(April -19) (MU)	(May-19) (MU)	(June-19) (MU)
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT- I Industrial	80.41	6.70	6.15	6.56	6.16
HT-II Commercial	6.00	0.50	-	-	-
LT Category					
LT-I General Purpose	-	-	-	-	-
LT-II(A) Commercial (0-20 kW)	0.64	0.05	0.04	0.04	0.04
LT-II (B) Commercial (above 20 kW)	0.38	0.03	0.03	0.03	0.03
LT-III (A) Industrial (0-20 kW)	0.01	0.00	0.03	0.03	0.03
LT-III (B) Industrial (above 20 kW)	7.27	0.61	0.75	0.73	0.69
Total	94.72	7.89	6.99	7.39	6.95

3.2 It can be observed from above Table that the actual sales during the months of April, May and June, 2019 is 6.99 MUs, 7.39 MUs and 6.95 MUs respectively, which is observed lower than the approved energy sales per month.

4. Cost of Power Purchase

4.1 MBPPL is a deemed Distribution Licensee and 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 April, 2019 to June, 2019 as compared to average power purchase cost approved in Mid-Term Review (MTR) Order dated 12 September, 2018:



Particulars	Tariff Order Dated 12 March, 2018			Actual for April, 2019		
	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)	74.66	29.74	3.98	5.55	2.26	4.07
Medium Term PPA (Peak Load)	34.43	14.29	4.15	2.88	1.17	4.05
Sale of Surplus Power	(10.24)	(4.13)		(1.18)	(0.44)	3.89
FBSM	-	-	-	-	-	-
Solar REC	-	0.35	NA	-	-	-
Non Solar REC	-	1.14	NA	-	-	-
Total	98.85	41.37	4.19	7.26	2.98	4.11

Particulars	Actual for May, 2019			Actual for June, 2019		
	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)	5.81	2.33	4.02	6.51	2.43	3.74
Medium Term PPA (Peak Load)	2.66	1.12	4.22	2.24	0.97	4.33
Sale of Surplus Power	(0.72)	(0.30)	4.32	(1.46)	(0.66)	4.66
FBSM						
Solar REC	-	-	-	-	0.16	-
Non Solar REC	-	0.25	-	-	0.11	-
Total	7.74	3.40	4.39	7.29	3.02	4.14

4.3 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the respective months of April, 2019 to June, 2019, 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 during the respective period.



- 4.4 During scrutiny it was observed that, the approved power purchase cost and quantum for computing the FAC for Q1 of FY 2019-20 has been taken as that of applicable for previous year i.e., for FY 2018-19. In response to clarification sought, MBPPL stated that it has inadvertently considered the approved cost and quantum corresponding to previous year. The Commission has rectified the above error and has accordingly considered the respective approved figure applicable for FY 2019-20 from MTR Order in Case No. 194 of 2017 dated 12 September, 2018. Further, few invoices related to surplus sale of power during the month of April and June were found missing from MBPPL initial FAC submissions. The same has been submitted by MBPPL later along with data gap replies.
- 4.5 As stated above MBPPL procures its base load requirement of power from JPL. The Commission has scrutinized the power purchase bills submitted and observed that the total power purchase cost from JPL mainly in the month of June, 2019 was not matching with the actual bills submitted. On response to clarification sought, MBPPL stated that it has erroneously considered the power purchase cost during the respective month. The Commission has rectified the said error and accordingly, considered the purchase cost from the actual bills submitted.
- 4.6 MBPPL has purchased 5.55 MUs, 5.81 MUs and 6.51 MUs of power in April, May and June, 2019 respectively from JPL. The above power has been procured by MBPPL at a base price of Rs 3.92/kWh (i.e., fixed charge Rs.1.40/kWh and variable charge Rs.2.52/kWh) at MBPPL periphery, derived based on approved PPA after applicable price escalation. 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.
- 4.7 Further, as MBPPL has entered into Medium Term Open Access with JPL from December, 2019, it is paying the differential of transmission charges (MTOA charges) on actual basis in accordance with clause 5.5 of PPA.

“5.5 Obligation related to transmission charges:

The supplier shall be liable for payment of all charges, due and payable under Applicable Laws, for inter-state and Intra-state transmission of electricity from the point of Grid Connection to the Delivery Point.....

.....

..... The parties further agree that the obligation of the supplier to pay the regulated charges for transmission of electricity shall be restricted to the tariffs and rate applicable on the Bid Date for and in respect of the Contracted Capacity and any differential arising from revision of the regulated tariff and rates thereafter shall be payable or recoverable, as the case may be, by the Utility.” {Emphasis Added}



- 4.8 However, during the scrutiny it was observed that MBPPL has inadvertently not considered the MTOA charges during the month of April, 2019. The Commission has rectified the said error in its calculations.
- 4.9 Accordingly, considering the above adjustments, the effective landed average power purchase cost from JPL as per actual bills submitted stands at Rs. 4.07/kWh, Rs. 4.02/kWh and Rs. 3.74/kWh for the month of April, May and June, 2019 respectively as compared to MTR approved price of Rs 3.98/kWh for FY 2019-20. The actual power purchase price mainly in the month of June 2019 is lower as compared to MTR approved price, which is basically on account of higher energy drawl during the said month. The spread of higher energy over base fixed cost resulted into lower average power purchase cost during said month.
- 4.10 For its Peak load requirement, MBPPL has purchased a total power of 7.78 MUs for the Quarter 1 of FY 2019-20, i.e., 2.88 MUs, 2.66 MUs and 2.24 in the month of April, May and June, 2019 respectively from GMRETL. This power has been procured by MBPPL at STU periphery at a price of Rs.4.07 Rs/kWh (i.e., Fixed Charge Rs. 1.63/kWh and Variable Charge Rs. 2.44/kWh) based on the approved PPA with applicable rate escalation.
- 4.11 Out of the total power purchased from GMRETL i.e., 7.78 MUs (2.88 MUs +2.66 MUs + 2.24 MUs), MBPPL has consumed total quantum of 4.42 MUs i.e., 1.71 MUs, 1.93 MUs and 0.78 MUs during the month of April, May and June, 2019 respectively at a variable price of Rs. 2.44/kWh, which is around 57% of total purchase quantum during the above period. The remaining power, i.e., the surplus power of 3.36 MUs (7.78 MUs – 4.42 MUs) around 33% of total purchase quantum has been sold through either through bilateral contract and power exchange (IEX).
- 4.12 Further, out of total 3.36 MUs of surplus power MBPPL has sold around 2.58 MUs, i.e., 0.57 MUs, 0.70 MUs and 1.31 MUs of power through bilateral contract at a price of Rs. 4.21/kWh, Rs. 4.22/kWh and Rs. 4.21/kWh during the month of April, May and June, 2019 respectively. The remaining surplus power has been sold through power exchange (IEX) at a price of Rs. 3.36/kWh, Rs. 3.11/kWh and Rs. 4.17/kWh during the month of April, May and June, 2019 respectively.
- 4.13 Also, with regards to the surplus sale as mentioned above, it is to be noted that the MBPPL had entered into PPA for capacity of 20 MW. Subjected to low demand in the license area there is surplus power available with MBPPL. The Commission in its MTR Order has also considered the surplus power sale at a price of Rs. 4.04/kWh, for the determination of power purchase cost for the FY 2019-20. Accordingly, MBPPL has done surplus sale either through the power exchange or bilateral contract.
- 4.14 Further, as per the PPA, the fixed Charges for JPL and GMRETL as already explained in above para are Rs. 1.40/kWh and Rs. 1.63/kWh, respectively, for FY 2019-20. However, the total sale of 3.36 MUs (1.18 MUs+0.72 MUs+1.46 MUs) of surplus power during the



Q1 months was made at an average rate of Rs. 4.18/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 price of surplus power sold by MBPPL vis-à-vis the Market Clearing Price (MCP) prices of power traded at IEX. The average MCP prices prevailed at Rs. 3.32/kWh, Rs. 3.34/kWh and Rs.3.32/kWh for the months of April, May and June, 2019 respectively. MBPPL has managed to sell the surplus power at a price higher than MCP as already mentioned above. Considering that the price at which MBPPL has sold the surplus power is higher than the MTR approved price 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.

4.15 Further, in order to fulfil its RPO obligation MBPPL has purchased 1689 non-solar REC at a cost of Rs. 0.25 Crore during the month of May 2019. In the month of June 2019, MBPPL has purchased 777 solar REC & 725 non-solar REC at a cost of Rs. 0.16 Crore & Rs. 0.11 Crore respectively. No RECs were purchased during the month of April, 2019. The Commission in its MTR Order has approved the cost towards REC purchase as Rs. 0.35 Crore for solar REC and Rs. 1.14 Crore for non-solar REC. Accordingly, the monthly approved cost arrived at Rs.0.03 Crore for solar and 0.11 for non-solar REC. The actual REC purchase cost during the above respective months is higher than that of monthly approved, which has resulted into an increase in total power purchase cost and hence, impacted APPC during respective months. The Commission has verified the said purchase from REC certificates and the obligation report issued by power exchange stating the total cost of purchase, which was submitted by MBPPL.

4.16 Accordingly, on an overall basis the average power purchase cost in the month of April, 2019 is lesser than that of MTR approved mainly due to absence of any REC purchase and also due to revenue deduction on account of sale of surplus power. In the month of May, 2019 the average power purchase cost is marginally higher than the MTR approved price mainly on account of higher cost of REC purchase and comparatively lower revenue deduction on account of lower quantum of surplus sale. Further, in the month of June, 2019 the average power purchase cost is lower than the MTR approved price which is mainly on account of higher revenue deduction due to higher quantum of surplus sale.

4.17 Accordingly, after complete scrutiny of relevant documents submitted, the Commission allows the average power purchase cost of **Rs. 4.11/kWh, Rs. 4.39/kWh and Rs. 4.14/kWh** for the month of April, May and June, 2019 respectively.

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 of Rs.4.19/kWh as approved by the Commission in MTR Order (Case No. 194 of



2017) for FY 2019-20 and arrived at differential per unit rate at which ZFAC is to be passed on to the consumers.

5.2 The following table shows the rectified ZFAC computed by the Commission on account of difference in fuel and power purchase cost for the months of April, 2019 to June, 2019.

S. No.	Particulars	Units	April 2019	May 2019	June 2019
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	4.11	4.39	4.14
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.08)	0.21	(0.05)
4	Net Power Purchase	MU	7.26	7.74	7.29
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(0.06)	0.16	(0.0)

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

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

S. No.	Particulars	Units	April 2019	May 2019	June 2019
1.1	Incremental cost allowed to be recovered in Month n-1	Rs. Crore	(0.33)*	(0.22)	0.05
1.2	Incremental cost in Month n-1 actually recovered in month n	Rs. Crore	(0.45)	(0.72)	(0.32)
1.3	Over-recovery/under-recovery (1.1 - 1.2)	Rs. Crore	0.11	0.50	0.37
1.4	Already accounted for recovery in future periods (as per approved vetting report of Q4 FY 2018-19)	Rs. Crore	0.08	-	-
1.5	Incremental over-recovery/under recovery (1.3-1.4)	Rs. Crore	0.03	-	-
2.0	Carried forward adjustment attributable to application of ceiling limit for previous month	Rs. Crore	0.00	0.00	0.00
2.1	Refund/Recovery adjustment pertaining to previous post facto FAC approval	Rs. Crore	(0.20)	(0.61)	
3.0	Net Adjustment factor for over-recovery/under-recovery (1.5+2.0+2.1)	Rs. Crore	(0.17)	(0.11)	0.37

*Corrected as per the Commission approved post facto FAC approval of Q4 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. (0.42) Crore based on their computation of FAC of previous quarter, i.e., Q4 of FY 2018-19. However, the Commission has approved the

respective amount as Rs. (0.33) Crore in its previous post facto FAC approval, i.e., for Q4 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 April, 2019 is Rs. (0.45) Crore as against an approved refund of Rs. (0.33) Crore as shown above. Accordingly, the net difference of Rs. 0.11 Crore i.e., (Rs. (0.33) Crore minus Rs.(0.45) Crore) needs to be adjusted. However, in previous post facto approval for Q4 of FY 2018-19, an amount of Rs. 0.08 Crore as had already been allowed to be recovered in the future period. Therefore, the incremental adjustment has been computed by the Commission as Rs.0.03 Crore (i.e., Rs.0.11 Crore minus Rs. 0.08 Crore) for the month of April 2019 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 April to June, 2019 showing FAC recovered. The Bill report has been generated through SAP billing system. 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 has directed to refund/recover an amount in future period due rectification of certain errors identified during the respective period. Accordingly, in the present quarter MBPPL has initiated a total refund of Rs. (0.20) Crore and Rs. (0.61) Crore in the month of April and May as shown in Table above. The Commission has verified the same and considered the refund as initiated by MBPPL.

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

- 7.1 MBPPL has not levied any carrying cost for the months of April, 2019 to June, 2019 and the Commission has also not considered the same.

8. Total Fuel Cost and Power Purchase Adjustment (ZFAC)

- 8.1 The Total Fuel Cost and Power Purchase Adjustment (ZFAC) is as computed as shown in Table below.

S. No.	Particulars	Units	April 2019	May 2019	June 2019
1	Change in Fuel cost and power purchase cost attributable to Sales within the License Area (F) (Form 11)	Rs. Crore	(0.06)	0.16	(0.04)
2	Carrying cost for over-recovery/under-recovery (C) (Form 14)	Rs. Crore	-	-	-
3	Adjustment factor for over-recovery/under-recovery (B) (Form 13)	Rs. Crore	(0.17)	(0.11)	0.37



4	Z _{FAC} = F+C+B	Rs. Crore	(0.22)	0.05	0.33
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9. Disallowance due to excess Distribution Loss

9.1 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 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 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”

9.2 The Commission observed that MBPPL has considered distribution loss as zero during the May and June, 2019. On response to clarification sought, MBPPL stated that it has inadvertently considered the distribution losses as zero. Further, MBPPL has submitted the actual distribution losses during the respective months and the same has then considered in FAC computation as shown in below Table.

9.3 The following table provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss if any.

S. No.	Particulars	Units	Approved in Tariff Order	Actual Cumulative up to		
				April-19	May-19	June-19
1	Net Energy input at Distribution Voltages	MU	23.90	7.07	14.58	21.64
2	Energy sales at Distribution voltages	MU	23.68	6.99	14.38	21.33
3	Distribution Loss (1 - 2)	MU	0.27	0.08	0.20	0.31
4	Distribution Loss as % (3/1)	%	0.91%	1.13%	1.36%	1.42%
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.02	0.03	0.04

9.4 As seen from the above Table, cumulative distribution loss for the months of April, 2019 to June, 2019 is higher than the MTR approved distribution loss of 0.91%. In response to clarification sought against such an increase in distribution losses MBPPL in its earlier

submission 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.

- 9.5 Further, as the stand alone FAC of MBPPL for the month of April, 2019 is negative. Therefore, disallowance on the account of excess distribution losses has not been computed for the aforesaid month.

10. Summary of Allowable Z_{FAC}

- 10.1 The summary of the FAC amount as approved by the Commission for the month of April, 2019 to June, 2019 as shown in the Table below.

S. No.	Particulars	Units	April 2019	May 2019	June 2019
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	(0.06)	0.16	(0.04)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	(0.17)	(0.11)	0.37
1.4	Z_{FAC} = F+C+B	Rs. Crore	(0.22)	0.05	0.33
2.0	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	6.99	7.39	6.95
2.2	Excess Distribution Loss	MU	0.02	0.03	0.04
2.3	Z _{FAC} per kWh	Rs./kWh	(0.32)	0.07	0.48
2.4	Cap at 20% of variable component of tariff	Rs./kWh	0.81	0.81	0.81
2.5	FAC Charge allowable (Minimum of 2.3 and 2.4)	Rs./kWh	(0.32)	0.07	0.48
3.0	Recovery of FAC				
3.1	Allowable FAC	Rs. Crore	(0.22)	0.05	0.33
3.2	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.5)/10]	Rs. Crore	-	0.0002	0.0017
4.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	(0.22)	0.05	0.33
5.0	Carried forward FAC for recovery during future period (3.1-3.2-4.0)	Rs. Crore	0.00	(0.00)	(0.00)

- 10.2 It can be seen from the above Table that standalone FAC for the months of April, May & June, 2019 is Rs. (0.22) Crore, 0.05 and Rs. 0.33 Crore respectively. Based on energy sales



and excess distribution loss, FAC per unit has been worked out as Rs. (0.32)/ kWh, Rs. 0.07/ kWh and Rs. 0.48/ kWh for the months of April to June, 2019 as shown above.

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

Provided that the monthly ZFAC shall not exceed 20% of the variable component of Tariff or such other ceiling as may be stipulated by the Commission from time to time:

10.4 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 Q1 of FY 2019-20. Also, from the above Table, at the end month of Quarter 1, i.e., June, 2019 MBPPL has to recover Rs. 0.33 Crore against which it has actually worked out recovery of Rs. 0.40 Crore due to an error as specified in para 4.4, 4.5, 4.8 and 6.2. The Commission, hence, directs MBPPL to refund the differential amount of Rs. 0.07 Crore (i.e., Rs. 0.40 Crore minus Rs. 0.33 Crore) along with interest from consumers in next FAC billing cycle.

11. Recovery from Consumers:

11.1 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: —

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

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 periods as may be directed by the Commission....”

11.2 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 April, 2019 to June, 2019.

11.3 The variation in FAC in absolute terms is due to formula error of Z_{FAC} computed on per unit basis. The variation however is taken care in the adjustment factor of subsequent months.

11.4 The following table shows per unit Z_{FAC} for the months of April, May and June, 2019 to be levied on consumers of MBPPL in the corresponding billing month of May, June and July, 2019 respectively.

FAC for Billing Month in May 2019 to July, 2019

S. No	Consumer Category	Slabs	ZFAC computed for the month of		
			May, 2019	June, 2019	July, 2019
			(Rs./kWh)	(Rs./kWh)	(Rs./kWh)
	HT Category				
1	HT- I Industrial	all units	(0.97)	(0.46)	0.57
2	HT-II Commercial	all units	(0.96)	(0.46)	0.56
	LT Category				
3	LT-I General Purpose	all units	-	-	-
4	LT-II(A) Commercial (0-20 kW)	all units	(0.96)	(0.46)	0.57
5	LT-II (B) Commercial (above 20 kW)	all units	(1.02)	(0.54)	0.67
6	LT-III (A) Industrial (0-20 kW)	all units	(0.96)	(0.46)	0.57
7	LT-III (B) Industrial (above 20 kW)	all units	(0.97)	(0.46)	0.57

