



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/20172018/WFH/SBR/16

Date: 19 June, 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 October, 2019 to December, 2019.

Reference: MBPPL's FAC submission for the month of October, 2019 to December, 2019 vide letter no. MBPPL dated 7 February, 2020.

Sir,

Upon vetting the FAC calculations for the months of October, 2019 to December, 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)
October, 2019	(0.07)
November, 2019	0.36
December, 2019	0.36

At the end month of Quarter 3, i.e., December, 2019 MBPPL has to recover Rs. 0.36 Crore against which it has actually worked out recovery of Rs. 0.39 Crore as per its own computation. Considering rectification of errors in Post Facto, MBPPL need to refund the differential amount of Rs. 0.03 Crore (i.e., Rs. 0.39 Crore minus Rs. 0.36 Crore) along with applicable holding cost to the consumers in next FAC billing cycle.

In recent FAC approvals in respect of the 4 major licensees, it has been decided not to permit any levy or refund of FAC amounts for the period of the final true up in 2018-19 as has been finally tried-up and accounts are closed. This post facto approval is for third quarter of the FY 2019-20. The FY 2019-20 ARR is only provisionally tried-up and will be taken up for final true up during upcoming MTR. Further the under and over recovery of the adjustment for Quarter 3 are rolled over in Quarter 4. Since these are post facto approvals, any amount against recovery/ refund is carried forward and levied in the subsequent months and this will continue till final quarter of FY

2019-20 if already levied in 2019-20 and the same will be reconciled during scrutiny of FAC for Q4 of 2019-20 and thereafter during the final True up exercise.

Since the FAC amount pertains to FY 2019-20 and the same being provisionally trued up in the MYT order for the 4th Control period, recovery of which is not to be effected in 2019-20 and will be reconciled at the time of final true up during MTR

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 Ambekar)
Executive Director, MERC

Encl: Annexure A: Detailed Vetting Report for the period of October, 2019 to December, 2019.

ANNEXURE
Detailed Vetting Report

Date: 19 June, 2020

**POST FACTO APPROVAL OF FAC CHARGES FOR THE MONTHS OF OCTOBER,
2019 TO DECEMBER, 2019**

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

Reference: MBPPL's FAC submission for the month of October, 2019 to December, 2019 vide Letter no. MBPPL dated 7 February, 2020.

1. FAC submission by MBPPL Undertaking:

1.1 MBPPL has made FAC submissions for the months of October, 2019 to December, 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 November, 2019 to January, 2020.

2. Background

2.1 On 26 October, 2016 the Commission has issued Tariff Order in respect of MBPPL, (Case No. 149 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 in Mid-Term Review (MTR) Order No. 194 of 2017 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 7 February, 2020, MBPPL has made FAC submissions for the months of October, 2019 to December, 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		
			(Oct-19) (MU)	(Nov-19) (MU)	(Dec-19) (MU)
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT- I Industrial	80.41	6.70	5.94	5.74	5.62
HT-II Commercial	6.00	0.50	-	-	-
LT Category					
LT-I General Purpose	-	-	-	-	-
LT-II(A) Commercial (0-20 kW)	0.64	0.05	0.08	0.07	0.10
LT-II (B) Commercial (above 20 kW)	0.38	0.03	0.07	0.06	0.06
LT-III (A) Industrial (0-20 kW)	0.01	0.00	0.00	0.00	0.00
LT-III (B) Industrial (above 20 kW)	7.27	0.61	0.79	0.79	0.80
Total	94.72	7.89	6.86	6.66	6.58

3.2 It can be observed from above Table that the actual sales during the months of October, November and December, 2019 is 6.86 MUs, 6.66 MUs and 6.58 MUs respectively, which is lower than the monthly approved energy sales. The major variation is observed under HT categories where the sales are lower than the approved. However, there were marginal increase in sales over LT category. The reduction in actual sales was mainly because of partial occupancy of Buildings at MBPPL premises.

4. Cost of Power Purchase

4.1 MBPPL is a deemed Distribution Licensee and doesn't 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.

4.2 The power purchase cost of MBPPL includes the purchase from conventional sources for meeting its Base Load and Peak Load requirement, RPO, purchase from Imbalance Pool, and sale of surplus power if available during the period.

4.3 MBPPL purchases power as per Medium-Term Power Purchase Agreement (PPA) for base load of 10 MW from M/s. Jindal Power Limited (JPL) and for peak load requirement of 10 MW from M/s. GMR Energy Trading Limited (GMRETL). The Commission has approved

both the PPAs in Case No. 115 and 116 of 2016 for a period of 5 years from 1 July, 2016 to 30 June, 2021 and adopted the lowest tariff discovered as a result of the competitive bidding process followed by MBPPL.

4.4 The following Tables show the variation in Average Power Purchase Cost (APPC) (Rs/kWh) for the months of October, 2019 to December, 2019 vis-à-vis the APPC approved in Mid-Term Review (MTR) Order dated 12 September, 2018:

Particulars	Tariff Order Dated 12 September, 2018			Actual for October, 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	6.08	2.45	4.03
Medium Term PPA (Peak Load)	34.43	14.29	4.15	2.30	1.00	4.36
Sale of Surplus Power	(10.24)	(4.13)	4.04	(1.09)	(0.48)	4.58
Solar REC	-	0.35	NA	-	-	-
Non Solar REC	-	1.14	NA	-	-	-
Total	98.85	41.38	4.19	7.28	2.96	4.07

Particulars	Actual for November, 2019			Actual for December, 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)	6.23	2.35	3.77	5.94	2.54	4.28
Medium Term PPA (Peak Load)	1.97	0.91	4.62	1.77	0.86	4.84
Sale of Surplus Power	(1.22)	(0.56)	4.69	(0.62)	(0.26)	4.36
Solar REC	-	0.02	-	-	0.02	-
Non Solar REC	-	0.58	-	-	0.20	-
Total	6.98	3.30	4.73	7.09	3.36	4.74

4.5 MBPPL has submitted the invoices related to power purchase during the month of October, 2019 to December, 2019. The Commission has scrutinized the same for the Net Purchase (MUs), Fixed Cost, Variable Cost (Rs/kWh) and Power Purchase Cost of the respective period.

Base Load:

- 4.6 To meet its base load requirement MBPPL has procured 6.08 MUs, 6.23 MUs and 5.94 MUs of power from JPL in the month of October, November and December, 2019, respectively. The above power has been procured 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 which has been derived based on approved PPA after applicable price escalation. As per PPA this approved rate also includes the transmission charges (STU charges) for State Transmission network. However, the STU charges are paid directly by MBPPL to STU in accordance with the InSTS Tariff Order. Therefore, in line with the clause 12.2 of the PPA, the power purchase bills were raised by JPL after deducting the STU charges from the total power purchase cost, as the quoted tariff was inclusive of the STU charges.
- 4.7 Further, as explained in previous post facto approval of FAC, MBPPL has entered into Medium Term Open Access (MTOA) with JPL from December, 2018 onwards. Therefore, in accordance with the clause 5.5 of PPA approved by the Commission, in Case No. 115 of 2016; MBPPL has to pay the differential of transmission charges (MTOA charges) over and above the rate applicable in the quoted tariff at bid due date. Accordingly, MBPPL has considered MTOA charges in its FAC computation during the respective period. The Commission has verified the MTOA charges from the invoices submitted by MBPPL raised by PGCIL and JPL.
- 4.8 Considering the above mentioned adjustments, the effective landed APPC of JPL works out to be Rs. 4.03/kWh, Rs. 3.77/kWh and Rs. 4.28/kWh for the month of October, November, December, 2019, respectively as compared to MTR approved price of Rs. 3.98/kWh. The APPC mainly in the month of November, 2019 is observed lower as compared to MTR approved price and also with APPC of other months. This is mainly on account of higher energy drawl during the respective period. It is to be noted that the fixed charge is payable to JPL based on the normative availability during the respective period as per approved PPA. Therefore, the spread normative fixed charge over the higher energy drawl mainly in the month of November has resulted into lowering of APPC during the aforesaid period. Apart from this, the variation within the months and also when compared to MTR approved price is on account adjustment for incentives, rebate and deduction of STU charges and other adjustments as per approved PPA.
- 4.9 Further, out of the total power purchased from JPL, i.e., 18.25 MUs (6.08 MUs + 6.23 MUs + 5.94 MUs), MBPPL has consumed total quantum of 17.26 MUs, i.e., 5.71 MUs, 5.60 MUs and 5.94 MUs during the month of October to December, 2019, respectively. The remaining power, i.e., surplus power of 0.99 MUs (i.e., 18.25 MUs – 17.26 MUs) has been sold to KRC Infrastructure and Projects Pvt Ltd at a bilateral price of Rs. 4.84/kWh. The revenue earned from such a transaction of surplus sale has been considered in reduction of power purchase cost during the respective period.

Peak Load:

- 4.10 For its Peak load requirement, MBPPL has purchased 2.30MUs, 1.97 MUs, 1.77 MUs during the month of October to December, 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 price escalation.

- 4.11 Out of the total power purchased from GMRETL, i.e., 6.04 MUs (2.30 MUs + 1.97 MUs + 1.77 MUs), MBPPL has consumed total quantum of 4.10 MUs, i.e., 1.57 MUs, 1.38 MUs and 1.15 MUs during the month of October, November and December, 2019, respectively. The remaining power, i.e., surplus power of 1.94 MUs (i.e., 6.04 MUs – 4.10 MUs) has been sold through bilateral contract. The rate at which this surplus power was sold was Rs. 4.23/kWh, Rs. 4.21/kWh, and Rs. 4.21/kWh in month of October, November and December, 2019, respectively.
- 4.12 Considering the surplus sale quantum from JPL and GMRETL, MBPPL has sold total surplus power of 2.93 MUs {i.e., 0.99 MUs (JPL) plus 1.94 MUs (GMR)} and has earned a revenue of Rs. 1.30 Crore during the Q3 months. Accordingly, the revenue earned from such a transaction of surplus sale has been considered in reduction of power purchase cost during the respective period.
- 4.13 Further, the total sale of 2.93 MUs of surplus power during the above period was made at an average rate of Rs. 4.43/kWh. Considering that the fixed charges payable by MBPPL to JPL and GMRETL for FY 2019-20 as per approved PPA is Rs. 1.40/kWh and Rs. 1.63/kWh, respectively. Therefore, the sale of surplus power was not only able to recover the Fixed Charges paid to GMRETL and JPL for respective quantum, 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.
- 4.14 It is to be noted that 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. The Commission has approved this sale power sale rate by considering the weighted average approved cost of peak and base power purchase. During Q3 of FY 2019-20, MBPPL has procured total quantum of power including peak and base power at weighted average price of Rs. 4.16 /kWh. However, the surplus power has been sold at a weighted average price of Rs. 4.43/kWh. The sale of surplus power was not only higher the weighted average power purchase price but also higher than the MTR approved price. Further, the Commission has also compared the price of surplus power sold by MBPPL vis-à-vis the Average Peak Market Clearing Price (MCP) power traded at IEX. The average MCP prices prevailed at Rs. 3.49/kWh, Rs. 3.26/kWh and Rs. 3.18/kWh for the months of October, November and December, 2019, respectively. MBPPL has managed to sell the surplus power at a price higher than MCP as already mentioned above. Hence, the transaction of sale of surplus power was found beneficial. Therefore, the Commission has considered the submission made by MBPPL regarding the surplus power sales.

RPO Compliance:

- 4.15 MBPPL has not procured any RECs during the month of October, 2019. Although, it has purchased 92 Nos. and 3093 Nos. of Solar RECs and Non- Solar RECs during the month of November, 2019, respectively. During month of December, 2019, it has procured 85 Nos. and 1031 Nos. of Solar RECs and Non- Solar RECs, respectively. The commission in MTR order has approved yearly cost of 1.49 crore toward REC purchase during FY 2019-20. Accordingly, the monthly approved cost towards REC purchase worked out as Rs. 0.12 Crore including both Solar and Non-Solar RECs. As against this the monthly RECs purchase cost during the month of November and December is Rs. 0.60 Crore and Rs. 0.22 Crore, respectively. This higher RECs cost in the month of November and December has impacted the overall purchase cost during the aforesaid month and resulted into higher APPC than the approved. The Commission has verified the RECs purchased and its associated cost from obligation report issued by PXIL submitted by MBPPL.
- 4.16 Accordingly, on an overall basis the average power purchase cost mainly during the month of October, 2019 is lesser than that of approved in MTR Order, due to absence of any REC purchase. The average power purchase cost in the month of November and December, 2019 is higher than the approved price mainly due to impact of higher RECs purchase cost. Apart from this the variation in average power purchase cost during the Q3 months is on account of variation in power purchase quantum, other adjustments and also due to revenue deduction from purchase cost on account of sale of surplus power as already discussed in the above para.
- 4.17 Accordingly, after complete scrutiny of relevant documents submitted by MBPPL, the Commission approves the APPC of **Rs. 4.07/kWh**, **Rs. 4.73/kWh** and **Rs. 4.74/kWh** for the month of October, November and December, 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 APPC 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 ZFAC computed by the Commission on account of difference in fuel and power purchase cost for the months of October, 2019 to December, 2019.

S. No.	Particulars	Units	Oct 2019	Nov 2019	Dec 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	4.07	4.73	4.74

S. No.	Particulars	Units	Oct 2019	Nov 2019	Dec 2019
3	Change in average power purchase cost (=2 -1)	Rs. /kWh	(0.11)	0.55	0.55
4	Net Power Purchase	MU	7.28	6.98	7.09
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(0.08)	0.38	0.39

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	Oct, 2019	Nov, 2019	Dec, 2019
1.1	Incremental cost allowed to be recovered in Month n-1	Rs. Crore	(0.17)*	(0.07)	0.36
1.2	Incremental cost in Month n-1 actually recovered in month n	Rs. Crore	(0.17)	(0.07)	0.38
1.3	Already accounted for refund in future periods (as per approved vetting report of Q2 FY 2019-20)	Rs. Crore	(0.01)	-	-
1.4	Over-recovery/under-recovery (1.1-1.2-1.3)	Rs. Crore	0.01	(0.00)	(0.01)
2.0	Carried forward adjustment attributable to application of ceiling limit for previous month	Rs. Crore	-	-	-
2.1	Refund/Recovery adjustment pertaining to previous post facto FAC approval	Rs. Crore	-	-	-
3.0	Net Adjustment factor for over-recovery/under-recovery (1.4+2.0+2.1)	Rs. Crore	0.01	(0.00)	(0.01)

**Corrected as per the Commission approved post facto FAC approval of Q2 of FY 2019-20.*

6.2 The Commission observed that the value of incremental cost allowed to be recovered has been taken by MBPPL as Rs. (0.16) Crore based on their computation of FAC of previous quarter, i.e., Q2 of FY 2019-20. However, the Commission has approved the respective amount as Rs. (0.17) Crore in its previous post facto FAC approval, i.e., for Q2 of FY 2019-20. The Commission has rectified this error and accordingly considered the approved values as per previous approved report for computing incremental adjustment of respective month as shown in Table above.

6.3 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 SAP generated report for the respective month. The Commission has verified the amount taken and accordingly has considered the respective amount as submitted by MBPPL.

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

7.1 MBPPL has not levied any carrying cost for the months of October to December, 2019 and the Commission has also not computed the same.

8. Total Fuel Cost and Power Purchase Adjustment (Z_{FAC})

8.1 The Total Fuel Cost and Power Purchase Adjustment (Z_{FAC}) is as computed as shown in Table below.

S. No.	Particulars	Units	Oct 2019	Nov 2019	Dec 2019
1	Change in Fuel cost and power purchase cost attributable to Sales within the License Area (F) (Form 11)	Rs. Crore	(0.08)	0.38	0.39
2	Carrying cost for over-recovery/under-recovery (C) (Form 14)	Rs. Crore	-	-	-
3	Adjustment factor for over-recovery/under-recovery (B) (Form13)	Rs. Crore	0.01	(0.00)	(0.01)
4	Z_{FAC} = F+C+B	Rs. Crore	(0.07)	0.38	0.38

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 Table below shows the computation of excess distribution loss on cumulative basis for Q3 months of FY 2019-20:

S. No.	Particulars	Units	Approved in Tariff Order	Actual Cumulative up to		
				Oct 2019	Nov 2019	Dec 2019
1	Net Energy input at Distribution Voltages	MU	23.90	49.07	55.85	62.53
2	Energy sales at Distribution voltages	MU	23.68	48.32	54.98	61.56
3	Distribution Loss (1 - 2)	MU	0.22	0.76	0.86	0.97
4	Distribution Loss as % (3/1)	%	0.92%	1.54%	1.55%	1.55%
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.30	0.35	0.38

9.3 As observed from the above table, cumulative distribution loss during the period of October to December 2019, has been 1.54%, 1.55% and 1.55% respectively which is higher than the MTR approved distribution loss of 0.92%. In response to clarification sought against such an increase in distribution losses MBPPL in its earlier submission has stated that three of their 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 increased.

9.4 Further, as the stand alone FAC of MBPPL for the month of October, 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 October, 2019 to December, 2019 as shown in the Table below.

S. No.	Particulars	Units	Oct, 2019	Nov, 2019	Dec, 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	(0.08)	0.38	0.39
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-

S. No.	Particulars	Units	Oct, 2019	Nov, 2019	Dec, 2019
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	0.01	(0.00)	(0.01)
1.4	ZFAC = F+C+B	Rs. Crore	(0.07)	0.38	0.38
2.0	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	6.86	6.66	6.58
2.2	Excess Distribution Loss	MU	0.28	0.33	0.38
2.3	ZFAC per kWh	Rs./kWh	(0.10)	0.54	0.54
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	(0.10)	0.54	0.54
3.0	Recovery of FAC				
3.1	Allowable FAC	Rs. Crore	(0.07)	0.38	0.38
3.2	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.5)/10]	Rs. Crore	-	0.02	0.02
4.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	(0.07)	0.36	0.36
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 FAC allowed to be recovered for the months of October, November and December is Rs. (0.07) Crore, 0.36 Crore and Rs. 0.36 Crore, respectively.

10.3 Based on energy sales and excess distribution loss, FAC per unit worked out as Rs. (0.10) /kWh, Rs. 0.54 /kWh and Rs. 0.54 /kWh for the months of October to December, 2019 as shown above.

10.4 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:

10.5 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 2019-20. Also, from the above Table, at the end month of Quarter 3, i.e., December, 2019 MBPPL has to recover Rs. 0.36 Crore against which it has actually worked out recovery of Rs. 0.39 Crore due to an error as specified in earlier paras of this report. The Commission, hence, directs MBPPL to refund the differential amount of Rs. 0.03 Crore (i.e., Rs. 0.39 Crore minus Rs. 0.36 Crore) along with applicable holding cost to the 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: —

*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....”

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 October, 2019 to November, 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 October, November and December, 2019 to be levied on consumers of MBPPL in the corresponding billing month of November, December 2019 and January, 2020 respectively.

FAC for Billing Month in November 2019 to January, 2020

S. No	Consumer Category	Slabs	ZFAC computed for the month of		
			Nov, 2019	Dec, 2019	Jan, 2020
			(Rs./kWh)	(Rs./kWh)	(Rs./kWh)
	HT Category				
1	HT- I Industrial	all units	(0.10)	0.57	0.60
2	HT-II Commercial	all units	(0.10)	0.57	0.59
	LT Category				
3	LT-I General Purpose	all units	-	-	-
4	LT-II(A) Commercial (0-20 kW)	all units	(0.10)	0.57	0.59
5	LT-II (B) Commercial (above 20 kW)	all units	(0.12)	0.67	0.70
6	LT-III (A) Industrial (0-20 kW)	all units	(0.10)	0.57	0.59
7	LT-III (B) Industrial (above 20 kW)	all units	(0.10)	0.57	0.60