



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2020-21/ WFH/SBR/06

Date: 31 May, 2020

To,
Mindspace Business Parks Private Limited,
Plot No- C-30, Block 'G',
Opposite SIDBI,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Subject: Prior approval of Fuel Adjustment Charges (FAC) submissions of MBPPL for the month of April, 2020.

Reference: 1. MBPPL's FAC submission for the month of April, 2020 vide email dated 15 May, 2020.
2. The data gaps were communicated vide email dated 17 May, 2020, 20 May, 2020, 26 May, 2020.
3. MBPPL replied vide email dated 18 May, 2020, 19 May, 2020, 21 May, 2020, 26 May, 2020

Sir,

Upon vetting the FAC calculations for the months of April, 2020 as mentioned in the above reference, the Commission has accorded approval for charging FAC to its consumers as shown in the table below:

Month	FAC Amount (Rs. Crore)
April, 2020	0.17

The Commission allows the carry forward FAC of Rs. 0.17 Crore to be recovered during future period as against a claim of Rs. 0.20 Crore by MBPPL.

Yours faithfully,

Sd/-
(Dr. Rajendra Ambekar)
Executive Director, MERC

Encl: Annexure A: Detailed Vetting Report for the period of April, 2020.

ANNEXURE
Detailed Vetting Report
Date: 31 May, 2020

PRIOR APPROVAL FOR FAC CHARGES FOR THE MONTH OF APRIL, 2020

Subject: Prior approval of Fuel Adjustment Charges (FAC) submissions of MBPPL for the month of April, 2020

Reference: MBPPL's FAC submission for the month of April, 2020 vide email dated 15 May, 2020.

1. FAC submission by MBPPL Undertaking:

1.1. MBPPL has made FAC submissions for the months of April, 2020 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by MBPPL, the Commission has accorded prior approval for the FAC amount to be charged in the billing month of June, 2020.

2. Background

2.1. On 30 March, 2020 the Commission has issued Tariff Order in respect of MBPPL, (Case No.328 of 2019) for approval of Aggregate Revenue Requirement and Multi Year Tariff for 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 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. As per provisions of MYT Regulations, 2019, before levying FAC for the first month of the 4th Control Period, Distribution Licensee including SEZ is required to seek prior approval of the Commission. Accordingly, vide its letter dated 15 May, 2020, MBPPL has filed FAC submissions for the month of April, 2020 for prior approval of the Commission. The Commission has scrutinized the submissions provided by MBPPL and has also verified the power purchase bills provided along with its submissions.

3. Energy Sales of the Licence

- 3.1. In the MYT Order passed by the Commission in Case No. 328 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 MBPPL in the FAC submission and as approved by the Commission are as shown in the Table 1 below:

Table 1: Energy Sales approved vs Actual in MUs

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (April-20) (MU)
	(I)	(II=I/12)	(III)
HT Category			
HT- I Industrial	68.87	5.74	3.01
HT-II Commercial	-	-	
LT Category			
LT-II(A) Commercial (0-20 kW)	0.77	0.06	0.01
LT-II (B) Commercial (above 20 kW)	0.38	0.03	0.02
LT-III (A) Industrial (0-20 kW)	0.01	0.00	0.04
LT-III (B) Industrial (above 20 kW)	8.15	0.68	0.54
Total	78.18	6.52	3.62

- 3.3. It can be observed from the above Table 1 that the actual sales during the month of April are 3.62 MUs which is 55.55% of actual energy sales approved by the Commission for the FY 2020-21. The highest variation in the energy sales was observed in HT-I Industrial and LT-II(A) Commercial (0-20 kW) categories as shown in the Table 1 above. This variation was on account of unprecedented lockdown announced in the month of April due to COVID-19 situation.

4. Power Purchase Details

- 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.
- 4.2. **Power Purchase Agreement:** MBPPL purchases power as per Medium-Term PPA for 10 MW with M/s. Jindal Power Limited (JPL) for meeting the Base Load demand for 10 MW and with M/s. GMR Energy Trading Limited (GMRETL) to meet the Peak load demand (weekdays and 8.00 AM to 11 PM) for a period of 5 years from 1 July 2016 to 30 June

2021. The Commission has approved both PPAs and adopted the lowest tariff as a result of the process of competitive bidding followed by MBPPL.

4.3. The Commission in its MYT Order dated 30 March, 2020 in Case No. 328 of 2019 had approved the Power Purchase expenses for FY 2020-21 from both the sources i.e. M/s. Jindal Power Limited and M/s. GMR Energy Trading Limited. The Commission has also approved Sale of Surplus Power for FY 2020-21. The Commission has also approved purchase of Solar REC and Non Solar REC for FY 2020-21.

4.4. Summary of power purchase of MBPPL is as under:

Sr. No.	Particular	Compliance																					
1	Purchase from Approved Sources	NO. MBPPL has procured power from JPL and GMRETL in the month of April 2020, which are the approved sources of power purchase. MBPPL was forced to procure additional power of 0.64 MU from IEX on short-term basis, due to non-availability of power during certain periods from its contracted sources during April 2020.																					
2	Merit Order Dispatch	No. MBPPL had scheduled power from both its contracted sources for meeting Base Load and Peak Load requirement, on account of the uncertainty of load due to lock-down restrictions. Further, short-term Open Access for the GMRETL peak-power was already obtained in March 2020, before the lock-down was announced.																					
3	Fuel Utilization Plan	Not applicable. All the sources of power procurement falls under Section 63 of EA, 2003.																					
4	Pool Imbalance	MBPPL has purchased 0.05 MU from the imbalance pool to meet its power purchase requirement.																					
5	Sale of Surplus Power	There was no sale of surplus of power during April, 2020.																					
6	Power Purchase	Actual Power Purchase is 3.77 MU as against approved 6.82 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 MU)</th> </tr> </thead> <tbody> <tr> <td>GMRETL</td> <td>2.38</td> <td>1.06</td> </tr> <tr> <td>JPL</td> <td>5.53</td> <td>2.07</td> </tr> <tr> <td>Exchange</td> <td></td> <td>0.64</td> </tr> <tr> <td>Imbalance Pool</td> <td>0.00</td> <td>0.05</td> </tr> <tr> <td>Sale of Surplus Power</td> <td>(1.09)</td> <td>-</td> </tr> <tr> <td>Total</td> <td>6.82</td> <td>3.82</td> </tr> </tbody> </table>	Source Name	Approved (MU)	Actual MU)	GMRETL	2.38	1.06	JPL	5.53	2.07	Exchange		0.64	Imbalance Pool	0.00	0.05	Sale of Surplus Power	(1.09)	-	Total	6.82	3.82
Source Name	Approved (MU)	Actual MU)																					
GMRETL	2.38	1.06																					
JPL	5.53	2.07																					
Exchange		0.64																					
Imbalance Pool	0.00	0.05																					
Sale of Surplus Power	(1.09)	-																					
Total	6.82	3.82																					

4.5. **Power Procurement from JPL:** MBPPL, as stated above, procures its base load requirement of power from JPL. MBPPL has purchased 2.07 MU from JPL during the month of April which is 3.5 MU lower than the approved purchase for the month of April, 2020. MBPPL has submitted during 1st April to 7th April, power was not

available from JPL. MBPPL in its submission stated that JPL had declared lockdown as Force Majeure event and was un-available from 1st April to 7th April due to fuel shortage.

- 4.6. MBPPL has received intimation from JPL on March 31, 2020, wherein JPL had communicated regarding the incidence of Force Majeure under Clause 17 of the PPA.

“We have been monitoring the situation closely with high-level proactive measures and considering the measures to be taken for safe operation of thermal power plant and further safety of our employees. We are continuously following up with Coal India Limited for supply of coal and with transporters for transportation of coal. However, **the coal supply is adversely affected due to non-availability of sufficient drivers who have gone home due to nationwide lock-down. This has led to the shutting down of the 250 MW unit supplying power to you.** We shall re-commence supply to you as soon as we are able to resume the operation of the 250 MW unit”. (emphasis added).

- 4.7. **Power Procurement from GMRETL:** MBPPL has purchased 1.06 MUs from GMRETL during the month of April which is 1.32 MUs lower than the approved energy quantum for purchase for the month of April, 2020. Forced outage was declared by GMRETL on 16th and 17th April.
- 4.8. **Power Procurement from Exchange and Other Sources:** The Commission has noted that even though MBPPL has not utilized its full contracted capacity and has procured lesser units from its approved sources, but it has still procured additional power from Indian Energy Exchange (IEX) to the quantum of 0.64 MU due to non-availability of its contracted sources during 1st to 7th April and 16th to 17th April.

5. Power Purchase Cost:

- 5.1. The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of April, 2020, in order to verify the claim of MBPPL 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 total Power Purchase Cost incurred in April, 2020 is Rs. 2.05 Crore which is significantly lower than the approved Power Purchase cost of Rs. 3.35 Crore by the Commission for the month of April, 2020.
- 5.3. **Jindal Power Limited:**

- **Availability for the Month and Fixed Charge Payment:** The Commission has noted that JPL was not available from 1st to 7th April and hence availability for the April, 2020 works out to 76.67%. MBPPL has submitted that it was force majeure condition and hence non-availability during first seven days of April does not consider as non-availability. In reply to query raised by the Commission regarding how this event falls under Force Majeure, MBPPL submitted that they have received intimation from JPL for non-availability of fuel due to lockdown which is reproduced here below:

*“We have been monitoring the situation closely with high-level proactive measures and considering the measures to be taken for safe operation of thermal power plant and further safety of our employees. We are continuously following up with Coal India Limited for supply of coal and with transporters for transportation of coal. However, **the coal supply is adversely affected due to non-availability of sufficient drivers who have gone home due to nationwide lock-down. This has led to the shutting down of the 250 MW unit supplying power to you. We shall re-commence supply to you as soon as we are able to resume the operation of the 250 MW unit**”.*(emphasis added)

MBPPL also submitted that above incident falls under force majeure as per Clause 17 of the medium term PPA. Some of the relevant Clauses are reproduced below:

“17.1 Force Majeure

*As used in this Agreement, the expression “**Force Majeure**” or “**Force Majeure Event**” shall, save and except as expressly provided otherwise, mean occurrence in India of any or all of Non-Political Event, Indirect Political Event and Political Event, as defined in Clauses 17.2, 17.3 and 17.4 respectively, if it affects the performance by the Utility(s) or the Supplier, if Supplier is NOT a Trading Licensee, or and/or the Developer, if Supplier is a Trading Licensee, claiming the benefit of Force Majeure (the “**Affected Party**”) of its obligations under this Agreement and **which act or event (a) is beyond the reasonable control of the Affected Party, and (b) the Affected Party could not have prevented or overcome by exercise of due diligence and following Good Industry Practice, and (c) has Material Adverse Effect on the Affected Party.***

17.2 Non-Political Event

*A Non-Political Event shall mean one or more of the following acts or events: act of God, **epidemic**, extremely adverse weather conditions, lightning, earthquake, landslide, cyclone, flood, volcanic eruption, chemical or radioactive contamination or ionising radiation, fire or explosion (to the extent of contamination or radiation or fire or explosion originating from a source external to the Station Premises); ...”*(emphasis added)

MBPPL submitted that from the above extract of the medium-term PPA with JPL, COVID-19, which is an epidemic, and declared as a Pandemic by the World Health Organisation (WHO), is clearly an event of Force Majeure, and which could not have been prevented by the Supplier.

The Commission has analysed the submissions made by MBPPL along with other clauses of PPA. Clause 11.4.5 provides for shortfall in supply of electricity due to shortage of fuel. It also provides for calculation of availability in the event of fuel shortage due to force majeure condition. The relevant clause of the same is reproduced here below:

“11.4.5 In the event that any shortfall in supply of electricity to the Utility occurs on account of shortage of Fuel or water in case of hydro generating stations, Availability shall be deemed to be reduced in accordance with the provisions of Clause 11.5.3. Provided, however, that the Non-Availability arising as a consequence of shortage of Fuel or water in case of hydro generating stations, caused by any event of Force Majeure shall for the purpose of payment of Fixed Charge, to be deemed to be availability to the extent of 30% (thirty per cent) of the Non-Availability hereunder.”

The Commission has agreed to the submission of force majeure condition and JPL is eligible for relaxation in calculation of availability. MBPPL has considered 85% availability from JPL and paid full fixed charges for the April, 2020. The Commission has observed that MBPPL has made error in calculation of availability and payment of fixed charges for the month of April, 2020. As per Clause 11.4.5, Non-Availability arising as a consequence of shortage of fuel caused by any event of Force Majeure shall for the purpose of payment of Fixed Charge, to be deemed to be availability to the extent of 30% of the Non-Availability. In present case, JPL's availability for the April, 2020 works out to Actual availability (76.67%) plus 30% of Non-Availability (30% of 23.33%) which works out to 83.67% and fixed charges to be paid accordingly. The Commission has also observed that as per Clause 11.6.2, over and above reduction in fixed cost, penalty will be levied due to shortage of availability. Relevant Clause of the PPA is reproduced here below:

“11.6.2 In the event that Availability in any month is less than the Normative Availability, the Fixed Charge for such month shall be reduced to the extent of shortfall in Normative Availability and in addition, any reduction below the Normative Availability shall be multiplied by a factor of 0.25 (zero point two five) to determine the Damages payable for such reduction in Availability shall be 25% (twenty five per cent) of the Fixed Charge which is reduced on account of shortfall in Availability below Normative availability.”

It is crystal clear from the above that JPL is eligible for payment with respect to availability of 83.67% and penalty should be levied as there is short fall in availability as compared to Normative Availability. As MBPPL has erred in calculation of fixed charges to be paid to JPL, the Commission has calculated fixed charges for the Month of April, 2020 as per the above Clauses of the PPA. As per above, fixed charges works out to Rs. 0.66 Crore as against 0.68 Core claimed by MBPPL. **The Commission disallows addition payment of 0.02 Crore made to JPL due to sheer ignorance of PPA Clauses by MBPPL.**

- **Impact of Fixed Cost on overall Power Purchase Cost:** The Commission has noted that MBPPL could not schedule its approved sources to the full entitlement and could not fully utilise the available capacity of the contracted source. Due to the lower power purchase quantum, fixed cost per kWh has increased from approved level of Rs. 3.22/kWh to Rs. 1.65/kWh for April, 2020. Actual variable charge for the power purchase is Rs. 2.55/kWh as against approved variable charge of Rs. 2.45/ kWh. Due to burden of per unit fixed cost and variable cost, overall power purchase cost has increased from approved level of Rs. 4.10/kWh to Rs. 5.77/kWh.
- 5.4. **Power Purchase cost from GMRETL:** MBPPL has purchased 1.06 MUs from GMRETL during the month of April which is 1.32 MUs lower than the approved energy quantum for purchase for the month of April, 2020. MBPPL has submitted the reason for the lower procurement as the lockdown which was in effect due to COVID-19 situation. Due to the lower power purchase quantum, fixed cost per kWh has increased from approved level of Rs. 2.87/kWh to Rs. 3.67/kWh for April, 2020. Actual variable charge for the power purchase is Rs. 2.47/kWh as against approved variable charge of Rs. 2.66/ kWh. Due to burden of per unit fixed cost, overall power purchase cost has increased from approved level of Rs. 5.53/kWh to Rs. 6.14/kWh.
- 5.5. **Sale of Surplus Power:** The Commission in its MYT order approved sale of surplus power for MBPPL. The commission has noted that MBPPL has not been able to sell surplus power and has not earned any extra revenue from the sale of Surplus power.
- 5.6. **Power Procurement from Exchange:** As JPL was not available due to force majeure during 1st to 7th April and GMRETL was not available due to forced outage during 16th and 17th April, MBPPL had to procure 0.64 MU from IEX. MBPPL has purchased power at Rs. 3.02/kWh is the competitively discovered price on IEX platform at the time when short-term power was required to be procured. As stated above, shutdown of JPL plant and forced outage of GMRETL plant were unprecedented events which were unexpected and MBPPL had to arrange power on contingency basis from IEX.

- 5.7. MBPPL in its reply has also stated that as GMRETL power is available only during 0800-2300 hours and GMRETL power is scheduled on STOA basis, i.e., advance/first come first serve basis. During period of unavailability of power from JPL, cost of power purchase for submitting day ahead applications for sourcing power through GMRETL during 0800-2300 hours and separately buying power from exchange platform (IEX) for the remaining hours would have been effectively higher due to impact of application fees and application charges. Also, rates on the IEX platform during the period of purchase were competitive. Therefore, MBPPL, in order to optimize the power purchase cost and reduce the burden of operating and application charges, decided to purchase power from Power Exchange on RTC basis, rather than scheduling in multiple slots from multiple sources during the particular period wherein power from JPL was unavailable.
- 5.8. This difference in the cost due to purchase from the IEX as compared to approved sources is to the tune of Rs, 0.50 per kWh. MBPPL has submitted that this rate is inclusive of all Open Access charges. This rate discovered is the competitively discovered price on IEX platform at the time when short-term power was required to be procured. The additional cost incurred due to the purchased from the additional sources is Rs. 0.032 Crores.
- 5.9. **Renewable Sources:** The Commission has also approved Rs. 0.11 Crore for April, 2020 for purchase of REC to meet Renewable Purchase Obligation. MBPPL has purchase Nil REC for the month of April, 2020. By avoiding purchase of REC, MBPPL has reduced power purchase cost for April, 2020 but created liability for future.
- 5.10. **Imbalance Pool:** It is seen that MBPPL has drawn 0.05 MUs 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 include the element of power purchase. It is therefore pertinent that such cost of such power drawn from the pool is considered while computing FAC.
- 5.11. 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 MSDLC, 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 MBPPL 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.

5.12. **Approved Cost:** The Commission has noted that MBPPL could not procure the approved quantum of power from its approved sources to the full capacity due to lower demand due to COVID-19 which has resulted in lower power purchase cost and increased Average power purchase cost. This increase has been on account of increase in burden of fixed cost due to lower amount of units procured. Therefore actual APPC works out to be higher than the approved APPC in MYT order.

5.13. The details of the overall cost approved and actual for the month of April, 2020 as per MYT Order is as shown in the Table 2 below:

Table 2: Approved and Actual Power Purchase Cost for MBPPL for April, 2020

Particulars	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)
JPL	Approved	5.53	0.91	1.65	1.35	2.45	2.26	4.10
	Actual	2.07	0.66	3.22	0.53	2.55	1.19	5.77
GMRETL	Approved	2.38	0.68	2.87	0.63	2.66	1.32	5.53
	Actual	1.06	0.39	3.67	0.26	2.47	0.65	6.14
Sale of Surplus Power	Approved	-1.09	-	-	-0.34	3.11	-0.34	3.11
	Actual	-	-	-	-	-	-	-
IEX	Approved	-	-	-	-	-	-	-
	Actual	0.64	-	-	0.19	3.02	0.19	3.02
Imbalance Pool	Approved	-	-	-	-	-	-	-
	Actual	0.05	-	-	0.01	2.86	0.01	2.86
Solar and Non REC	Approved	-	-	-	0.11	-	0.11	-
	Actual	-	-	-	-	-	-	-
Total	Approved	6.82	1.60	2.34	1.76	2.58	3.35	4.92
	Actual	3.82	1.05	2.76	1.00	2.61	2.05	5.37

5.14. The variation in approved and actual quantum of power procured and the APPC is shown the graph below:

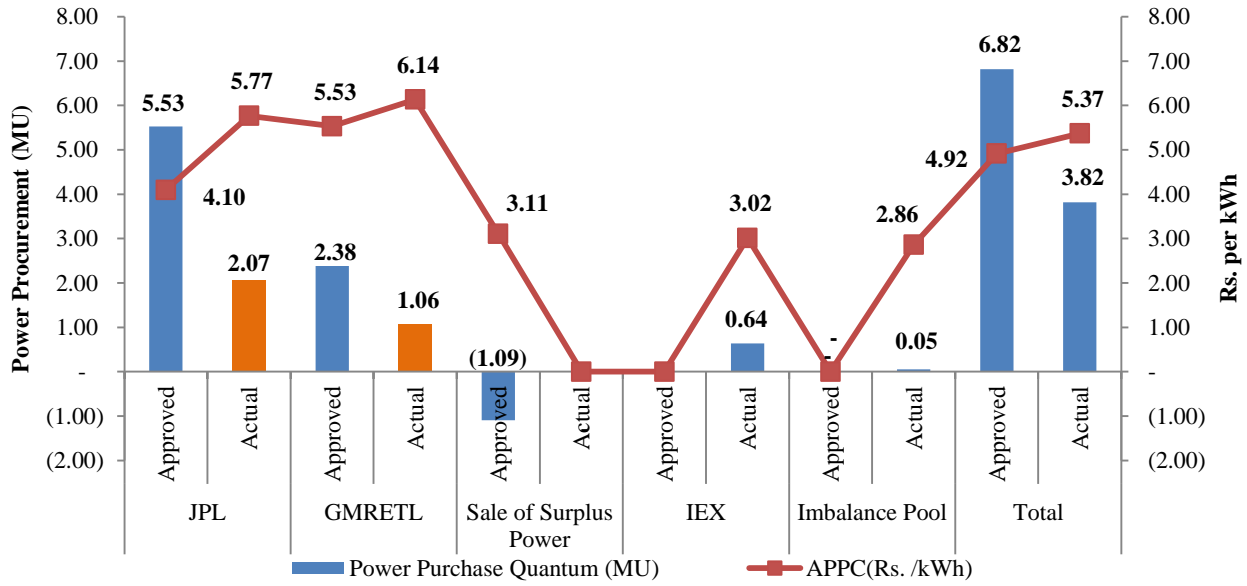


Figure 1: Variation in Power Procurement and Total per unit Cost

5.15. Considering the above, the Commission allows the average power purchase cost of Rs.5.37/kWh for the month of April, 2020 as shown in Table 2 above. The variation in power purchase cost is mainly on account of increase in burden of Fixed Cost as a result of lower unit sold and additional power procured from IEX to meet its power requirement due to forced outage declared by JPL and GMRETL, as already explained in para above.

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

6.1. The Commission has worked out the average power purchase costs for the months as shown in Table 2 above. The same has been compared with the average power purchase cost approved by the Commission in MYT Order dated 30 March, 2020 and arrived at differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

6.2. Thus, the following Table 3 shows the rectified ZFAC worked out by the Commission on account of difference in fuel and power purchase cost for the month of April, 2020.

Table 3: FAC on account of Fuel and Power Purchase Cost

S. No.	Particulars	Units	April, 2020
1	Average power purchase cost approved by the Commission	Rs./kWh	4.92
2	Actual average power purchase cost	Rs./kWh	5.37
3	Change in average power purchase cost (=2 -1)	Rs./kWh	0.45
4	Net Power Purchase	MU	3.82
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	0.17

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

7.1. As the Commissioning is determining the FAC for the first time after the adoption of Tariff from April 2020 there is no past adjustment for over recovery/under recovery.

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

8.1. As the Commissioning is determining the FAC for the first time after the adoption of Tariff from April 2020 there is no past adjustment for over recovery/under recovery and hence no carrying cost for over recovery/under recovery.

9. Disallowance due to excess Distribution Loss

9.1. 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”

9.2. The following Table 4 provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss:

Table 4: Disallowance of FAC due to excess distribution loss

S. No.	Particulars	Units	Approved in Tariff Order	Actual-April 2020
1	Net Energy input at Distribution Voltages	MU	6.60	3.69
2	Energy sales at Distribution voltages	MU	6.52	3.62
3	Distribution Loss (1 - 2)	MU	0.08	0.07
4	Distribution Loss as % (3/1)	%	1.28%	1.97%
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.03

- 9.3. As seen from the above Table 4, cumulative distribution loss for the month of April, 2020 is higher than the MYT approved distribution loss of 1.28%. This has resulted in an additional reduction in sales of 0.03 MU.
- 9.4. The Commission observed that MBPPL has worked out disallowance of FAC due to excess Distribution Loss based on the Distribution Loss corresponding to the standalone energy input at distribution voltage for April, 2020. The Commission considers the same for disallowance of FAC due to excess distribution loss.

10. Summary of Allowable Z_{FAC}

- 10.1. The summary of the FAC amount as approved by the Commission for the month of April, 2020 is as shown in the Table 5 below.

Table 5: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	April, 2020
1.0	Calculation of ZFAC		
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	0.17
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-
1.4	ZFAC = F+C+B	Rs. Crore	0.17
2.0	Calculation of Per Unit FAC		
2.1	Energy Sales within the License Area	MU	3.62
2.2	Excess Distribution Loss	MU	0.03
2.3	ZFAC per kWh [(1.4/2.1)*10]	Rs./kWh	0.48
3.0	Allowable FAC		
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs. Crore	0.00
3.2	FAC allowable [1.4-3.1]	Rs. Crore	0.17
4.0	Utilization of FAC Fund		
4.1	Opening Balance of FAC Fund	Rs. Crore	-
4.2	ZFAC for the month (Sr. N. 3.2)	Rs. Crore	-
4.3	Closing Balance of FAC Fund	Rs. Crore	-
4.4	ZFAC leviable/refundable to consumer	Rs. Crore	0.17
5.0	Total FAC based on category-wise and slab-wise sale allowed to be recovered in the billing month of June 2020	Rs. Crore	0.17
6.0	Carried forward FAC for recovery during future period (4.4-5.0)	Rs. Crore	0.00

10.2. It can be seen from the above Table 5 that the standalone FAC for the month of April, 2020 is Rs. 0.17 Crore. Based on energy sales and excess distribution loss, FAC per unit has been worked out as Rs. 0.47 per kWh for the month of April, 2020.

10.3. Further, the Regulation 10.9 of MYT Regulations, 2019 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 the Table above, hence there is no restriction triggered with regards to such ceiling for the month of April, 2020. As seen from the table above, MBPPL has to recover Rs. 0.17 Crore against which it has worked out a recovery of Rs. 0.17 Crore.

11. Recovery from Consumers:

11.1. Regulation 10.9 of MERC MYT Regulations, 2019 provides for methodology of recovery of FAC charge from each category of consumers. The relevant extract is reproduced as below.

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

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

Where:

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

$k = \text{Average Billing Rate} / \text{ACOS};$

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....”

11.2. The Commission has worked out FAC per unit for each category of consumer based on the formula provided in the above Regulations.

11.3. The following Table 6 shows per unit Z_{FAC} for the month of April, 2020 to be levied on consumers of MBPPL in the billing month of June, 2020.

Table 6: Category wise FAC for Billing Month of June, 2020

S. N.	Consumer Categories	Variable Charges (Rs./kWh)	ABR (Rs/kWh)	K Factor = ABR/ACOS of Rs. 6.76	K * FAC/unit	20% of Variable Charge	Category Wise FAC (Rs/kWh)	Category Wise FAC (Rs/kVAh)
	HT Category							
1	HT- I Industrial	4.19	6.72	0.99	0.47	0.84	0.47	0.44
	LT Category							
2	LT-I General Purpose							
3	LT-II(A) Commercial (0-20 kW)	4.94	6.74	1.00	0.47	0.99	0.47	0.43
4	LT-II (B) Commercial (above 20 kW)	4.98	6.73	1.00	0.47	1.00	0.47	0.43
5	LT-III (A) Industrial (0-20 kW)	4.54	6.74	1.00	0.47	0.91	0.47	0.44
6	LT-III (B) Industrial (above 20 kW)	5.88	6.73	1.00	0.47	1.18	0.47	0.44

11.4. The following Table 7 shows Z_{FAC} revenue for the month of April, 2020 to be levied on consumers of MBPPL in the billing month of June, 2020.

Table 7: Category wise FAC for Billing Month of June, 2020

Sr. No	Consumer Category	Slabs	Z_{FAC} computed for the month of April 2020 (Rs. Crore)
	HT Category		
1	HT- I Industrial	all units	0.1423
2	HT-II Commercial	all units	
	LT Category		
3	LT-I General Purpose	all units	0.0004
4	LT-II(A) Commercial (0-20 kW)	all units	0.0009
5	LT-II (B) Commercial (above 20 kW)	all units	0.0019
6	LT-III (A) Industrial (0-20 kW)	all units	0.0256
7	LT-III (B) Industrial (above 20 kW)	all units	-
	Total		0.17