



# महाराष्ट्र विद्युत नियामक आयोग

## Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/20182019/....429

Date: 3 April, 2018

To,  
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, 2017 to December, 2017.

**Reference:** MBBPL's FAC submission for the month of October, 2017 to December, 2017 vide letter no. M593 dated 14 February, 2018.

Sir,

Upon vetting the FAC calculations for the months of October, 2017 to December, 2017 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, 2017  | (0.45)                 |
| November, 2017 | 0.54                   |
| December, 2017 | 0.52                   |

MBPPL is allowed to recover Rs. 0.13 crore along with interest from the consumers in next FAC billing cycle. This is on account of correction in power purchase expenses and adjustment factor for the month of October to December, 2017 as explained in para 4.2, 6.1 and 9.2 of the vetting report.

The above approval of FAC is subject to final true up of FY 2017-18 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, 2017 to December, 2017.

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**Cc as enclosed:**

**Names and Addresses of Institutional Consumer Representatives**

|   |  |
|---|--|
| Prayas Energy Group,<br>Amrita Clinic, Athawale Corner,<br>Lakdipool-Karve Road Junction,<br>Deccan Gymkhana, Karve Road,<br>Pune 411 004.  | The President,<br>Mumbai Grahak Panchayat,<br>Grahak Bhavan,<br>Sant Dynyaneshwar Marg,<br>Behind Cooper Hospital,<br>Vile Parle (West), Mumbai 400 056. |
| The General Secretary,<br>Thane Belapur Industries<br>Association, Plot No.P-14, MIDC,<br>Rabale Village, PO Ghansoli,<br>Navi Mumbai 400 7001  | The President,<br>Vidarbha Industries Association,<br>1st floor, Udyog Bhawan,<br>Civil Lines, Nagpur 440 001.   |
| Maharashtra Chamber of Commerce,<br>Industry & Agriculture,<br>Oricon House, 6th Floor,<br>12 K. Dubash Marg, Fort, Mumbai-<br>400 001, (Nashik Branch)<br>E-mail: <a href="mailto:maccia.nsk@gmail.com">maccia.nsk@gmail.com</a> | Chamber of Marathwada Industries<br>and Agriculture,<br>Bajaj Bhavan, P-2, MIDC Area,<br>Station Road, Aurangabad - 431 005                              |

**POST FACTO APPROVAL FOR FACCHARGES FOR THE MONTHS OF OCTOBER,  
2017 TO DECEMBER, 2017**

**Subject:** Post facto approval of Fuel Adjustment Charges (FAC) submissions of MBBPL for the month of October, 2017 to December, 2017.

**Reference:** MBBPL's FAC submission for the month of October, 2017 to December, 2017 vide letter no. M593 dated 14 February, 2018.

**1. FAC submission by MBBPL Undertaking:**

1.1 MBBPL has submitted FAC submissions for the months of October, 2017 to December, 2017 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, 2017 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 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.

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

2.4 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 dated 14 February, 2018. MBPPL has filed FAC submissions for the months of October, 2017 to December, 2017 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-17)     | (Nov-17)    | (Dec-17)    |
|                                     |                                 |                       | (MU)         | (MU)        | (MU)        |
|                                     | (I)                             | (II=I/4)              | (III)        | (IV)        | (V)         |
| <b>HT Category</b>                  |                                 |                       |              |             |             |
| HT- I Industrial                    | 96.25                           | 24.06                 | 6.44         | 5.87        | 5.63        |
| HT-II Commercial                    | 3.73                            | 0.93                  | -            | -           | -           |
| <b>LT Category</b>                  |                                 |                       |              |             |             |
| LT-I General Purpose                | 0.03                            | 0.01                  | -            | -           | -           |
| LT-II(A) Commercial (0-20 kW)       | 0.09                            | 0.02                  | 0.06         | 0.06        | 0.06        |
| LT-II (B) Commercial (above 20 kW)  | 0.31                            | 0.08                  | 0.03         | 0.02        | 0.02        |
| LT-III (A) Industrial (0-20 kW)     | 0.30                            | 0.07                  | 0.00         | 0.00        | 0.00        |
| LT-III (B) Industrial (above 20 kW) | 6.40                            | 1.60                  | 0.59         | 0.57        | 0.56        |
| <b>Total</b>                        | <b>107.10</b>                   | <b>26.78</b>          | <b>7.12</b>  | <b>6.52</b> | <b>6.27</b> |

### 4. Cost of Power Purchase

4.1 MBPPL does not own or operative 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 following tables show the variation in average power purchase cost (Rs/kWh) for the months of October, 2017 to December, 2017 as compared to average power purchase cost approved in Tariff Order dated 26 October, 2016:

| Particulars                 | Tariff Order Dated 26.10.2016 |              |                             | Actual for Oct, 2017 |             |                             |
|-----------------------------|-------------------------------|--------------|-----------------------------|----------------------|-------------|-----------------------------|
|                             | 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                         | 27.70        | 3.72                        | 6.38                 | 2.28        | 3.58                        |
| Medium Term PPA (Peak Load) | 33.66                         | 12.52        | 3.72                        | 2.31                 | 0.90        | 3.90                        |
| RE Sources                  |                               | 2.56         |                             | -                    | -           | -                           |
| Surplus Sale                | -                             | -            | -                           | (1.24)               | (0.59)      | 4.92                        |
| Additional Power            | 4.07                          | 1.51         | 3.72                        | -                    | -           | -                           |
| FBSM                        |                               |              |                             | (0.0045)             |             |                             |
| <b>Total</b>                | <b>112.19</b>                 | <b>44.29</b> | <b>3.95</b>                 | <b>7.44</b>          | <b>2.59</b> | <b>3.48</b>                 |



| Particulars                 | Actual for Nov, 2017 |             |                             | Actual for Dec, 2017* |             |                             |
|-----------------------------|----------------------|-------------|-----------------------------|-----------------------|-------------|-----------------------------|
|                             | 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) | 6.50                 | 2.49        | 3.83                        | 6.45                  | 2.28        | 3.54                        |
| Medium Term PPA (Peak Load) | 2.88                 | 1.09        | 3.79                        | 2.55                  | 0.97        | 3.79                        |
| RE Sources                  | -                    | 1.05        | -                           | -                     | -           | -                           |
| Surplus Sale                | (1.72)               | (0.71)      | 4.26                        | (1.83)                | (0.66)      | 3.74                        |
| Additional Power            | -                    | -           | -                           | -                     | -           | -                           |
| FBSM                        | (0.85)               | -           | -                           | (0.62)                | -           | -                           |
| <b>Total</b>                | <b>6.82</b>          | <b>3.93</b> | <b>5.76</b>                 | <b>6.55</b>           | <b>2.59</b> | <b>3.95</b>                 |

\*The power purchase cost for October, November and December 2017 were considered erroneously by MBPPL. Following corrections are made by the Commission in this Vetting Report:

October, 2017 – Revenue from surplus sale is corrected

November, 2017 – Expenses on REC is corrected

December, 2017 – MBPPL in its submission has wrongly used power purchase expenses of November, 2017 in December, 2017. Same is now corrected.

- 4.3 The Commission allows the average power purchase cost of **Rs. 3.48/kWh** for the month of October, 2017, **Rs. 5.76/kWh** for the month of November, 2017, **Rs. 3.95/kWh** for the month of December 2017 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 26 October, 2016 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 to December, 2017.

| S. No. | Particulars   | Units            | Oct 2017      | Nov 2017    | Dec 2017      |
|--------|---|------------------|---------------|-------------|---------------|
| 1      | Average power purchase cost approved by the Commission    | Rs./kWh          | 3.95          | 3.95        | 3.95          |
| 2      | Actual average power purchase cost                        | Rs./kWh          | 3.48          | 5.76        | 3.95          |
| 3      | Change in average power purchase cost (=2 - 1)            | Rs./kWh          | (0.46)        | 1.81        | (0.00)        |
| 4      | Net Power Purchase  | MU               | 7.44          | 6.82        | 6.55          |
| 5      | <b>Change in fuel and power purchase cost (=3 x 4/10)</b> | <b>Rs. Crore</b> | <b>(0.35)</b> | <b>1.23</b> | <b>(0.00)</b> |



**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 2017      | Nov 2017      | Dec 2017    |
|--------|--|------------------|---------------|---------------|-------------|
| 1.1    | Incremental cost allowed to be recovered in Month n-2                                      | Rs. Crore        | (0.20)*       | (0.44 )       | 0.54        |
| 1.2    | Incremental cost in Month n-2 actually recovered in month n-1                              | Rs. Crore        | (0.09)        | (0.35)        | 0.52        |
| 1.3    | Over-recovery/under-recovery (1.1 - 1.2)   | Rs. Crore        | (0.10)        | (0.10)        | 0.02        |
| 2.0    | Carried forward adjustment attributable to application of ceiling limit for previous month | Rs. Crore        | -             | -             | 0.59        |
| 3.0    | <b>Net Adjustment factor for over-recovery/under-recovery (1.3+2.0)</b>                    | <b>Rs. Crore</b> | <b>(0.10)</b> | <b>(0.10)</b> | <b>0.61</b> |

- MBPPL in its submission has considered the cost allowed to be recovered as Rs. -0.13 crore as against the approved value of Rs.-0.20 crore. MBPPL has also considered erroneous adjustment of Rs. 0.04 crore in the month of November, 2017. Further, carried forward adjustment of November, 2017 on account of ceiling limit was not considered in December, 2017. These are corrected in this vetting report and consequential impact is stipulated in para 9.2 of this Report.

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

7.1 MBPPL has not levied any carrying cost for the months of October, 2017 to December, 2017.

**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 |        |        |
|--------|---|------------------|--------------------------|--------------|--------|--------|
|        |   |                  |                          | Oct-17       | Nov-17 | Dec-17 |
| 1      | Net Energy input at Distribution Voltages   | MU               | 107.79                   | 51.49        | 58.07  | 64.39  |
| 2      | Energy sales at Distribution voltages   | MU               | 107.10                   | 51.09        | 57.61  | 63.88  |
| 3      | Distribution Loss (1 - 2)   | MU               | 0.69                     | 0.40         | 0.45   | 0.51   |
| 4      | Distribution Loss as % (3/1)  | %                | 0.64%                    | 0.78%        | 0.78%  | 0.80%  |
| 5      | Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1) | MU               | -                        | -            | 0.0045 | 0.0077 |
| 6      | <b>Disallowance of FAC due to excess Distribution Loss</b>  | <b>Rs. Crore</b> | -                        | -            | 0.0004 | 0.0006 |

8.3 As seen from the above table, cumulative distribution loss for the months of October,2017 to December,2017 is higher than the approved distribution loss of 0.64%. Further, the stand alone FAC for the month of October, 2017 is negative. Hence, disallowance on account of excess distribution loss for the month of October, 2017 has not been worked out.

## 9. Summary of Allowable Z<sub>FAC</sub>

9.1 The summary of the FAC amount as approved by the Commission for the month of October, 2017 to December, 2017 as shown in the Table below.

| S. No.     | Particulars   | Units     | Oct 2017 | Nov 2017 | Dec 2017 |
|------------|---|-----------|----------|----------|----------|
| <b>1.0</b> | <b>Calculation of ZFAC</b>  |           |          |          |          |
| 1.1        | Change in cost of generation and power purchase attributable to Sales within the License Area (F) | Rs. Crore | (0.35)   | 1.23     | (0.00)   |



| S. No.     | Particulars   | Units            | Oct 2017      | Nov 2017    | Dec 2017    |
|------------|---|------------------|---------------|-------------|-------------|
| 1.2        | Carrying cost for over-recovery/under-recovery (C)                            | Rs. Crore        | -             | -           | -           |
| 1.3        | Adjustment factor for over-recovery/under-recovery (B)                        | Rs. Crore        | (0.10)        | (0.10)      | 0.61        |
| <b>1.4</b> | <b>ZFAC = F+C+B</b>   | <b>Rs. Crore</b> | <b>(0.45)</b> | <b>1.13</b> | <b>0.61</b> |
| <b>2.0</b> | <b>Calculation of FAC Charge</b>  |                  |               |             |             |
| 2.1        | Energy Sales within the License Area  | MU               | 7.12          | 6.52        | 6.27        |
| 2.2        | Excess Distribution Loss  | MU               | -             | 0.0045      | 0.0077      |
| 2.3        | ZFAC per kWh  | Rs./kWh          | (0.63)        | 1.73        | 0.98        |
| 2.4        | Cap at 20% of variable component of tariff                                    | Rs./kWh          | 0.83          | 0.83        | 0.83        |
| 2.5        | FAC Charge allowable (Minimum of 2.3 and 2.4)                                 | Rs./kWh          | (0.63)        | 0.83        | 0.83        |
| <b>3.0</b> | <b>Recovery of FAC</b>  |                  |               |             |             |
| 3.1        | Allowable FAC [(2.1 x 2.5)/10]  | Rs. Crore        | (0.45)        | 1.13        | 0.61        |
| 3.2        | FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.5)/10]     | Rs. Crore        | -             | 0.0004      | 0.0006      |
| <b>4.0</b> | <b>Total FAC based on category wise and slab wise allowed to be recovered</b> | <b>Rs. Crore</b> | <b>(0.45)</b> | <b>0.54</b> | <b>0.52</b> |
| 5.0        | Carried forward FAC for recovery during future period (3.1-3.2-4.0)           | Rs. Crore        | -             | 0.5912      | 0.0950      |

9.2 It can be seen from the above table that a recovery of Rs. 0.61 crore becomes due for the months from October, 2017 to December, 2017 cumulatively against which the MBPPL has recovered Rs. 0.47 crore due to the error specified in Para 6.1 and Para 4.2 above. The Commission allows MBPPL to recover remaining Rs. 0.13 crore along with interest from 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: —*

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

Where:

*ZFAC Cat = ZFAC component for a particular Tariff category/sub-category/consumption slab in 'Rupees per kWh' terms;*





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

*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 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 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, 2017 to December, 2017.
- 10.3 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.
- 10.4 The following table shows per unit  $Z_{FAC}$  be charged to the consumers of MBPPL for the billing month of November, 2017 to January, 2018.

**FAC for Billing Month of November'2017 to January'2018**

| S. No | Consumer Category                   | Slabs     | ZFAC be levied in billing month of |           |           |
|-------|-------------------------------------|-----------|------------------------------------|-----------|-----------|
|       |                                     |           | Nov'17                             | Dec'17    | Jan'18    |
|       |                                     |           | (Rs./kWh)                          | (Rs./kWh) | (Rs./kWh) |
|       | <b>HT Category</b>                  |           |                                    |           |           |
| 1     | HT- I Industrial                    | all units | (0.53)                             | 0.82      | 0.50      |
| 2     | HT-II Commercial                    | all units | (0.56)                             | 0.87      | 0.52      |
|       | <b>LT Category</b>                  |           |                                    |           |           |
| 3     | LT-I General Purpose                | all units | (0.53)                             | 0.82      | 0.50      |
| 4     | LT-II(A) Commercial (0-20 kW)       | all units | (0.54)                             | 0.84      | 0.51      |
| 5     | LT-II (B) Commercial (above 20 kW)  | all units | (0.69)                             | 1.08      | 0.65      |
| 6     | LT-III (A) Industrial (0-20 kW)     | all units | (0.53)                             | 0.83      | 0.50      |
| 7     | LT-III (B) Industrial (above 20 kW) | all units | (0.55)                             | 0.86      | 0.52      |



