



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/MBPPL/ 2017-18/4002

Date: 27 July, 2017

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

Subject: Post facto approval of Fuel Adjustment Charge (FAC) submissions of MBPPL for the month of October 2016 to March, 2017.

Reference: 1. MBPPL's FAC submission for month of Oct, 2016 to Dec, 2016 vide letter no. M445 dated 17 March, 2017.
2. MBPPL's FAC submission for month of Jan, 2017 to Mar, 2017 vide letter no. M478 dated 12 June, 2017.

Sir,


Upon vetting the FAC calculations for the month of October 2016 to March, 2017 as mentioned in the above reference, the Commission has accorded prior approval for charging FAC to its consumers as shown in the table below:

Month	FAC Amount (Rs. Crore)	Month	FAC Amount (Rs. Crore)
October, 2016	(0.25)	January, 2017	0.51
November, 2016	0.12	February, 2017	0.42
December, 2016	0.53	March, 2017	(0.10)

The above approval of FAC is subject to final True up of FY 2016-17 under the MERC (Multi Year Tariff) Regulations, 2015.



Yours faithfully,


(Dr. Rajendra Ambekar)
Executive Director

Encl: Annexure A: Detailed Vetting Report for the period of October 2016 to March, 2017.

Cc as enclosed:

Names and Addresses of Institutional Consumer Representatives

Prayas Energy Group, Amrita Clinic, Athawale Corner, Lakdipool-Karve Road Junction, Deccan Gymkhana, Karve Road, Pune 411 004	The President, Mumbai GrahakPanchayat, GrahakBhavan, SantDynyanshwarMarg, Behind Cooper Hospital, Vile Parle (West), Mumbai 400 056
The General Secretary, Thane Belapur Industries Association, Plot No.P-14, MIDC, Rabale Village, PO Ghansoli, Navi Mumbai 400 701	The President, Vidarbha Industries Association, 1 st floor, UdyogBhawan, Civil Lines, Nagpur 440 001
Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12k. DubashMarg, Fort, Mumbai- 400001 (Nashik Branch) Email: maccia.nsk@gmail.com	Chamber of Marathwada Industries and Agriculture, Bajaj Bhavan, P-2, MIDC Area, Station Road, Aurangabad – 431 005



POST FACTO APPROVAL FOR FAC FOR THE MONTHS OF OCTOBER, 2016 TO MARCH, 2017

Subject: Post facto approval of Fuel Adjustment Charge (FAC) submissions of MBPPL for the month of October 2016 to March, 2017.

Reference: 1. MBPPL's FAC submission for month of Oct, 2016 to Dec, 2016 vide letter no. M445 dated 17 March, 2017.
2. MBPPL's FAC submission for month of Jan, 2017 to Mar, 2017 vide letter no. M478 dated 12 June, 2017.

1. FAC submission by MBPPL Undertaking:

1.1 Mindspace Business Parks Pvt. Ltd. (MBPPL) has submitted FAC submissions for the month of October 2016 to March, 2017 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 month of January 2017 to May, 2017.

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 of FY 2015-16 and ARR and Tariff for FY 2016-17 and 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 letters dated 17 March and 12 June, 2017, MBPPL has filed FAC submission for the month of October, 2016 to March, 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 for FY 2016-17 (MU)	Monthly Approved (MU)	Actual Sales (MU)					
			Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
			(I)	(II=I/4)	(III)	(IV)	(V)	(VI)
HT Category								
HT – I Industrial	83.41	6.95	6.10	5.74	5.86	5.65	5.46	6.50
HT – II Commercial	3.73	0.31	-	-	-	-	-	-
LT Category								
LT-I General Purpose	0.03	0.00	-	-	-	-	-	-
LT-II (A) Commercial (0-20 kW)	0.08	0.01	0.04	0.04	0.04	0.04	0.04	0.05
LT-II (B) Commercial (above 20 kW)	0.30	0.03	0.05	0.04	0.05	0.05	0.04	0.06
LT-III (A) Industrial (0-20 kW)	0.30	0.02	0.00	0.00	0.00	0.00	0.00	0.00
LT-III (B) Industrial (above 20 kW)	6.34	0.53	0.59	0.56	0.57	0.56	0.53	0.61
Total Energy Sale	94.19	7.85	6.79	6.38	6.53	6.30	6.08	7.21



4. Cost of Power Purchase

4.1 MBPPL does not own or operate any generating stations. Accordingly, MBPPL is required to procure power from outside sources in order to fulfil the demand of its consumers.

4.2 The following table shows the variation in average power purchase cost (Rs/kWh) for the month of October, 2016 to March, 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 October, 2016		
	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)	55.90	20.79	3.72	6.83	2.16	3.15
Medium Term PPA (Peak Load)	25.25	9.39	3.72	1.99	0.84	4.22
Short Term Source	20.82	8.08	3.88	-	-	-
RE Sources		1.83		-	-	
Surplus Sale	(3.29)	(1.22)	3.72	(1.41)	(0.44)	3.13
FBSM	-	-	-	(0.30)		
Total	98.67	38.86	3.94	7.12	2.56	3.59

Particulars	Actual for November, 2016			Actual for December, 2016		
	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)	6.57	2.24	3.41	6.70	2.40	3.59
Medium Term PPA (Peak Load)	2.30	0.93	4.06	1.99	0.88	4.31
Short Term Source	-	-	-	-	-	-
RE Sources		-	-	7.63	1.29	1.69



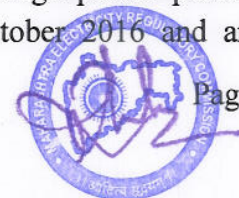
Surplus Sale	(1.32)	(0.41)	3.13	(1.32)	(0.41)	3.13
FBSM	(0.84)	-	-	(0.56)		
Total	6.70	2.76	4.11	6.86	4.16	6.07

Particulars	Actual for January, 2017			Actual for February, 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)	6.56	2.23	3.40	5.99	2.07	3.45
Medium Term PPA (Peak Load)	2.06	0.88	4.29	1.79	0.78	4.36
Short Term Source	-	-	-	-	-	-
RE Sources		-	-	-	-	
Surplus Sale	(1.18)	(0.37)	3.11	(1.05)	(0.33)	3.11
FBSM	(0.80)	-	-	-		
Total	6.63	2.75	4.14	6.73	2.52	3.74

Particulars	Actual for March, 2017		
	Net Purchase	Cost	Average Power Purchase Cost
	MU	Rs. Crore	Rs/kWh
Medium Term PPA (Base Load)	6.97	2.38	3.41
Medium Term PPA (Peak Load)	1.65	0.80	4.83
Short Term Source	-	-	-
RE Sources	-	-	-
Surplus Sale	(1.42)	(0.44)	3.11
FBSM	-	-	-
Total	7.20	2.73	3.80

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

5.1 The Commission has worked out the average power purchase cost for the month as shown in above table. 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 of FAC for determining allowable fuel and power purchase cost variation.

5.2 The following table shows the FAC worked out by the Commission on account of difference in fuel and power purchase cost for the months of October, 2016 to March, 2017:

S. No.	Particulars	Units	Oct. 2016	Nov. 2016	Dec. 2016	Jan. 2017	Feb. 2017	Mar. 2017
1	Average power purchase cost approved by the Commission	Rs./kWh	3.94	3.94	3.94	3.94	3.94	3.94
2	Actual average power purchase cost	Rs./kWh	3.59	4.11	6.07	4.14	3.74	3.80
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.35)	0.17	2.13	0.21	(0.19)	(0.14)
4	Net Power Purchase	MU	7.12	6.70	6.86	6.63	6.73	7.20
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(0.25)	0.12	1.46	0.14	(0.13)	(0.10)

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

6.1 MBPPL has not levied any adjustment factor for the months of October 2016 to March, 2017. In reply to query in this regard, MBPPL vide email dated 14 July, 2017 submitted that adjustment factor was not considered due to overlook and hence not charged to the consumers.

6.2 However, in its email dated 14 July, 2017, MBPPL has submitted following calculation of adjustment factors for the period of October, 2016 to March, 2017:

S. No.	Particulars	Units	Jan. 2017	Feb. 2017	Mar. 2017	Total
1.1	Incremental cost allowed to be recovered in Month n-4	Rs. Crore	(13.51)	53.28	51.46	
1.2	Incremental cost in Month n-4 actually recovered in month n-2	Rs. Crore	(12.01)	49.42	58.56	
1.3	Adjustment factor for over-recovery/under-recovery (1.2 - 1.1)	Rs. Crore	1.50	(3.85)	7.09	4.75

6.3 MBPPL has requested to allow recovery of Rs. 4.75 Lakh in upcoming FAC calculations. The same is allowed.



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

7.1 As mentioned in para 6.1 above, MBPPL has not levied any adjustment factor for the months of October 2016 to March, 2017. Hence, carrying cost on the same is also not levied.

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 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”

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	Unit	Appr oved	Actual up to					
				Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
1	Net Energy input at Distribution Voltages	MU	94.81	50.77	57.21	63.79	70.16	76.29	83.55
2	Energy sales at Distribution voltages	MU	94.19	50.38	56.76	63.29	69.60	75.68	82.88
3	Distribution Loss (1 - 2)	MU	0.61	0.39	0.44	0.50	0.56	0.62	0.67
4	% Distribution Loss (3/1)	%	0.64 %	0.76 %	0.78 %	0.79 %	0.80 %	0.81 %	0.80 %
5	Excess Distribution Loss	MU	-	0.01	0.01	0.01	0.01	0.01	0.01
6	Disallowance of FAC due to excess Distribution Loss	Rs.	-	-	1800	22300	17000	-	-



8.3 As seen from the above table, cumulative distribution loss for the month of October 2016 to March, 2017 is higher than the approved distribution loss of 0.64%. Accordingly, appropriate deductions have been made towards the excess distribution loss for the month of November, 2016 to January, 2017. The Commission however, has not worked out any disallowance on account of excess distribution loss for the months of October 2016, February, 2017 and March, 2017 since standalone FAC for these months is Negative.

9. Summary of Allowable Z_{FAC}

9.1 The summary of the FAC amount as approved by the Commission for the month of October, 2016 to March, 2017 which is allowed to be recovered in the billing month of January, 2017 to May, 2017 is as shown in the Table below.

S. No.	Particulars	Units	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
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	(0.25)	0.12	1.46	0.14	(0.13)	(0.10)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	0.00	0.00	0.00	0.93	0.55	0.00
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	0.00	0.00	0.00	0.00	0.00	0.00
1.4	ZFAC = F+C+B	Rs. Crore	(0.25)	0.12	1.46	1.07	0.42	(0.10)
2.0	Calculation of FAC Charge							
2.1	Energy Sales within the License Area	MU	6.79	6.38	6.53	6.30	6.08	7.21
2.2	Excess Distribution Loss	MU	0.01	0.01	0.01	0.01	0.01	0.01
2.3	ZFAC per kWh	Rs./k Wh	(0.37)	0.18	2.23	1.69	0.69	(0.14)
3.0	Recovery of FAC							
3.1	Allowable FAC [(2.1x 2.5)/10]	Rs. Crore	(0.37)	0.12	1.46	1.07	0.42	(0.10)
3.2	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.5)/10]	Rs. Crore	-	0.0002	0.002	0.002	-	-
4.0	Total FAC based on category wise and slab wise allowed to be	Rs. Crore	(0.25)	0.12	0.53	0.51	0.42	(0.10)



S. No.	Particulars	Units	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
	recovered							
4.1	Carried forward FAC for recovery during future period (3.1-3.2-4.0)	Rs. Crore	0.00	0.00	0.93	0.55	0.00	0.00

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 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} 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 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....”

10.2 The Commission has worked out Z_{FAC} per unit for each category of consumer based on the formula provided in the above Regulations. The Commission observed that there is an under recovery of Z_{FAC} in absolute terms on considering category wise per unit FAC worked out and category wise actual sales for the month.



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 Further, FAC formula in MYT Regulations, 2015 provides time lag of two months in recovering FAC from the consumers. However, on account of delay in submitting proposal for prior approval of FAC for the month of October, 2016, the Commission vide its vetting report dated 6 January, 2017 has allowed MBPPL for levying FAC to its consumers for the month of October 2016 in the billing month of January 2017 i.e. time lag of three months. In order to reduce such time lag of three months to two months, MBPPL has combined the FAC for the month of October and November, 2016 and levied it in the month of January, 2017. Thereafter, MBPPL has continued same time lag of two months in levying FAC to its consumers.

10.5 The following table shows per unit Z_{FAC} to be levied to the consumers of MBPPL for the billing month of January 2017 to May, 2017.

S. No	Consumer Category	Slabs	Z_{FAC} (Rs/kWh) to be levied in billing month of		
			Jan 2017	Feb 2017	Mar 2017
	HT Category				
1	HT – I Industrial	all units	(0.19)	0.81	0.81
2	HT – II Commercial	all units	(0.19)	0.84	0.84
	LT Category				
3	LT-I General Purpose	all units	(0.19)	0.80	0.80
4	LT-II (A) Commercial (0-20 kW)	all units	(0.19)	0.80	0.80
5	LT-II (B) Commercial (above 20 kW)	all units	(0.25)	1.05	1.05
6	LT-III (A) Industrial (0-20 kW)	all units	(0.18)	0.76	0.76
7	LT-III (B) Industrial (above 20 kW)	all units	(0.19)	0.82	0.82

S. No	Consumer Category	Slabs	Z_{FAC} (Rs/kWh) to be levied in billing month of	
			Apr 2017	May 2017
	HT Category			
1	HT – I Industrial	all units	0.72	(0.15)
2	HT – II Commercial	all units	0.74	(0.15)
	LT Category			
3	LT-I General Purpose	all units	0.71	(0.14)
4	LT-II (A) Commercial (0-20 kW)	all units	0.71	(0.14)
5	LT-II (B) Commercial (above 20 kW)	all units	0.92	(0.19)



S. No	Consumer Category	Slabs	Z _{FAC} (Rs/kWh) to be levied in billing month of	
			Apr 2017	May 2017
6	LT-III (A) Industrial (0-20 kW)	all units	0.67	(0.14)
7	LT-III (B) Industrial (above 20 kW)	all units	0.72	(0.15)

11. Time lag in levying FAC to the consumers:

11.1 MBPPL vide its email dated 14 July, 2017 has submitted that details of actual power purchase expenses and actual sales to the consumers in any month is becomes available in first week of next month. Therefore, it is possible for MBPPL to determine and levy FAC to its consumers on 'N+1' basis instead of 'N+2' basis envisage in MYT Regulations. Hence, MBPPL has requested the Commission to allow levy of FAC to its consumers on 'N+1' basis.

11.2 In this regard, the Commission is of the view that purpose of FAC mechanism is to pass on the variation power purchase expenses to the consumers as early as possible. Two months time lag for levy of FAC mentioned in MYT Regulations is for allowing Distribution Licensees to collect actual data of power purchase expenses and sales, based on which FAC rates can be determined. If any Distribution Licensee is able to collect such actual data and determine FAC rates within a month then same needs to be passed on to consumers without waiting for one more months.

11.3 In view of above, the Commission allowed MBPPL to levy FAC to its consumers on 'N+1' basis.



