



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/MSEDCL/0435

Date: 05 April, 2018

To,
The Managing Director,
Maharashtra State Electricity Distribution Company Ltd.,
5th Floor, Prakashgad, Plot No. G-9
Bandra (East), Mumbai 400 051

Subject: Post facto approval of MSEDCL's Fuel Adjustment Charges (FAC) for the period of April, 2017 to June, 2017.

Reference: MSEDCL's FAC submission vide Letter No.28973-75 dated 27 November, 2017 for post-facto approval of FAC for the period of April, 2017 to June, 2017.

Sir,

Upon vetting the FAC calculations for the month of April, 2017 to June, 2017 as mentioned in the above reference, the Commission has accorded post facto approval to MSEDCL for levying FAC to its consumers as shown in the table below:

Month		Apr. 2017	May. 2017	Jun. 2017
Standalone FAC (Rs. Crore)	A	(361.59)	22.85	(224.87)
Instalment of refundable part of recalculated FAC for the period of April to October, 2016 (Rs. Crore)	B	(55.44)	(54.95)	(54.47)
Net FAC Allowed (Rs. Crore)	C=A+B	(417.03)	(32.10)	(279.34)

MSEDCL is directed to recover Rs 0.88 Crore along with interest in the next FAC billing cycle. This on account of correction in adjustment factor for April to June, 2017 as explained in para 6.1 and 9.1 of the Vetting Report.

Further, the Commission directs MSEDCL to refund Rs 724.67 crore (Rs. 673.90 crore Income Tax refund by NTPC in June 2017 + Rs. 50.77 crore holding cost for the period of July 2017 to March, 2018) through FAC mechanism in twelve equal instalments starting from April 2018 along with holding cost. Computation of monthly refund amounts are specified in Para 11.4 of the Vetting Report.

The above approval of FAC is subject to the final True up of FY 2017-18 under the MERC (Multi Year Tariff) Regulations, 2015.

Yours faithfully,



(Dr. Rajendra Ambekar)
Executive Director, MERC

Page 1 of 16

Encl: Annexure A: Detailed Vetting Report for the period of April, 2017 to June, 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 Grahak Panchayat, Grahak Bhavan, Sant Dnyaneshwar Marg, 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 7001	The President, Vidarbha Industries Association, 1st floor, Udyog Bhawan, Civil Lines, Nagpur 440 001.
Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai- 400 001, (Nashik Branch) E-mail: 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 MONTH OF
APRIL 2017 TO JUNE 2017**

Subject: Post facto approval of MSEDCL's Fuel Adjustment Charges (FAC) for the period of April, 2017 to June, 2017.

Reference: MSEDCL's FAC submissions vide Letters No.28973-75 dated 27 November, 2017 for post facto approval of FAC for the period of April, 2017 to June, 2017.

1. FAC submission by MSEDCL:

1.1 MSEDCL has submitted FAC submissions for the month of April, 2017 to June, 2017 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by MSEDCL, the Commission has accorded post facto approval for the FAC amount to be charged in the billing month of July, 2017 to September, 2017.

2. Background

2.1 On 3rd November, 2016, the Commission has issued Tariff Order for MSEDCL, (Case No.48 of 2016) for approval of True-up of FY 2014-15, provisional True-up for FY 2015-16 and Aggregate Revenue Requirement (ARR) and Tariff for FY 2016-17 and FY 2019-20. Revised Tariff has been made applicable from 1st November 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 1st March, 2017, the Commission accorded prior approval of the FAC for the month of November, 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 27 November, 2017. MSEDCL has filed FAC submissions for the month of April, 2017 to June, 2017 for post facto approval. The Commission has scrutinized the submissions provided by MSEDCL 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 MSEDCL in the FAC submission and as approved by the Commission are as shown in the table below.

Consumer Category	Approved by the Commission	Approved for the month	Actual sales (MU)		
			Apr-17	May-17	Jun-17
	(I)	(II=I/12)	(III)	(IV)	(V)
1. Metered Sales					
HT Category					
Industry General	24845.00	2070.42	2250.79	2356.32	2194.34
Industry Seasonal	89.00	7.42	10.65	7.04	3.48
Commercial	2406.00	200.50	181.21	202.07	171.56
Railway metro monorail	77.00	6.42	4.37	2.92	2.94
Public water works	1837.00	153.08	158.29	160.48	157.10
Agriculture pumpset	1100.00	91.67	126.82	100.38	34.99
Agriculture other	0.00	0.00	19.81	19.90	17.18
Group Housing Society	226.00	18.83	21.18	22.50	20.54
Temp Supply other	5.00	0.42	0.31	0.50	0.31
Public Service Govt	205.00	17.08	19.15	18.15	18.01
Public Service other	857.00	71.42	73.34	76.66	68.05
MSPGCL Aux Consumption	83.00	6.92	20.21	21.73	19.81
Other Adjustment			527.50	431.01	
Sub Total	31731.00	2644.17	3413.65	3419.66	2708.33
LT Category					
BPL	77.00	6.42	4.03	4.48	4.68
Residential	20763.00	1730.25	1964.95	2044.00	2001.51
Non residential	4874.00	406.17	471.93	495.27	489.18
Public water works	716.00	59.67	60.66	59.75	58.20
AG metered pumpset	17230.00	1435.83	1595.83	1595.83	1438.79
AG metered other	115.00	9.58	11.61	11.47	9.24
Industry	9150.00	762.50	750.82	735.78	695.93
Street light	1965.00	163.75	141.33	140.93	136.12
Temporary supply	14.00	1.17	1.21	1.29	1.21
Advertisement and hording	3.00	0.25	0.39	0.37	0.35
Crematorium and burial ground	1.00	0.08	0.19	0.14	0.15
Public service	347.00	28.92	38.06	37.80	36.04
Prepaid	14.00	1.17	1.11	1.24	1.03
Sub Total	55269.00	4605.75	5042.11	5128.36	4872.43
Sub Total- Metered Sales	86999.00	7249.92	8455.76	8548.02	7580.76
2. Unmetered Sales					
Unmetered Hrs>1318	4729.00	394.08	1194.06	1194.06	808.83



Consumer Category	Approved by the Commission	Approved for the month	Actual sales (MU)		
			Apr-17	May-17	Jun-17
	(I)	(II=I/12)	(III)	(IV)	(V)
Unmetered Hrs<1318	3027.00	252.25			
Sub Total- Unmetered Sales	7756.00	646.33	1194.06	1194.06	808.83
Grand Total (Metered+ Unmetered)	94755.00	7896.25	9649.82	9742.08	8389.59

4. Cost of Power Purchase

4.1 MSEDCL mainly procures power from following sources;

- a) MSPGCL
- b) Central Generating Station
- c) JSW (Ratnagiri) Energy Ltd.
- d) Adani Power Limited
- e) Mundra UMPP
- f) Indiabulls Power Limited
- g) EMCO Power
- h) Bilateral Procurement (Power Exchange, Traders, etc.)
- i) Renewable Energy Sources
- j) Infirm Power (MSPGCL units under commissioning, other infirm sources)

4.2 The following table shows the variation in average power purchase cost (Rs/kWh) for the month of April, 2017 to June, 2017 as compared to average power purchase cost approved in Tariff Order dated 3rd November, 2016:

Particulars	Approved for April, 2017 in T.O dated 3 rd November, 2016			Actual for April, 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
Thermal Power Plants	7891	2906	3.68	10041.14	3557	3.54
Must Run Sources	2043	837	4.09	1453	469.23	3.23
Total	9934	3743	3.77	11493.66	4026.30	3.50



Particulars	Approved for May, 2017 in T.O dated 3 rd November, 2016			Actual for May, 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
Thermal Power Plants	7977	2913	3.65	10440.29	3646	3.49
Must Run Sources	2284	961	4.21	1215	533.70	4.39
Total	10261	3874	3.78	11655.48	4179.24	3.59

Particulars	Approved for June, 2017 in T.O dated 3 rd November, 2016			Actual for June, 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
Thermal Power Plants	6341	2519	3.97	8306	3053	3.68
Must Run Sources	3822	1430	3.74	1415.18	627.26	4.43
Total	10163	3948	3.88	9720.72	3680.62	3.79

4.3 The Commission allows the average power purchase cost of **Rs. 3.50/kWh** for the month of April, 2017, **Rs. 3.59/kWh** for the month of May, 2017 and **Rs. 3.79/kWh** for the month of June, 2017 as shown in the table above.

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 3rd November 2016 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 worked out by the Commission on account of difference in fuel and power purchase cost for the month of April, 2017 to June, 2017.

S. No.	Particulars	Units	April, 2017	May, 2017	June, 2017
1	Average power purchase cost approved by the Commission	Rs./kWh	3.77	3.78	3.88
2	Actual average power purchase cost	Rs./kWh	3.50	3.59	3.79



S. No.	Particulars	Units	April, 2017	May, 2017	June, 2017
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.26)	(0.19)	(0.10)
4	Net Power Purchase	MU	11,493.66	11,655.48	9,720.72
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(303.89)	(220.94)	(95.80)

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

6.1 Adjustment factor for over recovery/under recovery (B) for the period of April, 2017 to June, 2017, the adjustment factor to be added/reduced is as below;

S. No.	Particulars	Units	April, 2017	May, 2017	June, 2017
1.1	Incremental cost allowed to be recovered in Month n-4 *	Rs. Crore	(414.43)	345.46	200.72
1.2	Incremental cost in Month n-4 actually recovered in month n-2	Rs. Crore	(357.73)	105.90	327.55
1.3	Adjustment factor for (over-recovery)/under-recovery (=1.1 - 1.2)	Rs. Crore	(56.70)	239.56	(126.83)

* As against the approved value in Vetting Report, MSEDCL has taken different value of incremental cost allowed to be recovered for April, 2017 to June, 2017. The same is now corrected in this vetting report by the Commission.

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

7.1 Carrying/Holding cost for under/over recovery has been granted at approval interest rate for the eligible amount viz. The difference between the normative actual variable cost of power procurement and approved cost of power procurement for the respective months. The following Table shows the month wise interest rate and amount worked out as Carrying/Holding cost for under/over recovery for the month of April, 2017 to June, 2017.

S. No.	Particulars	Units	April, 2017	May, 2017	June, 2017
1	Adjustment factor for over-recovery/under-recovery	Rs. Crore	(56.70)	239.56	(126.83)
2	Applicable Interest rate	%	10.60%	10.60%	10.60%
3	Carrying cost for over-recovery/under-recovery	Rs. Crore	(1.00)	4.23	(2.24)



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 Upto		
				Apr-17	May-17	Jun-17
1	LT Sales	MU	64,294	6236.17	12558.58	18239.84
2	HT Sales	MU	25,575	3413.65	6833.31	9541.64
3	HT and Renewable Open Access Credit	MU	420	-	-	-
4	Sales to Open Access Consumers (Conventional)	MU	6,412	594.52	1247.80	1776.49
5	Total Sales to Consumers	MU	96,701	9,055.30	18,144.09	26,004.99
6	Distribution Loss	%	16.26%	17.02%	16.42%	17.16%
7	Distribution loss	MU	17,941	1,856.72	3,564	5,388
8	Total Energy Available for Sale at 33 KV	MU	114,642	10912.02	21708.5	31392.82
9	Energy injected and drawn at 33KV	MU	458	47.09	40.22	40.02
10	Net Energy Available for sale at 33 KV	MU	114,184	10,865	21,668	31,353
11	Sales at 66KV level	MU	203	14.18	11.29	10.73
12	Sales at 110 KV/132KV level	MU	3,148	331.48	359.14	317.97
13	Sales at 220 KV/400 KV level	MU	2,991	248.85	282.85	200.00
14	Net Energy requirement at T<math>\lt;/math>D Periphery	MU	120,526	11,459	22,322	31,881



S. No.	Particulars	Units	Approved in Tariff Order	Actual Upto		
				Apr-17	May-17	Jun-17
15	Excess Distribution loss = [Actual Distribution loss - Distribution loss approved] x Net Energy Input	MU		82.43	34.61	283.35
16	Disallowance of FAC due to excess Distribution Loss	Rs. Crore		NIL	NIL	NIL

8.3 As seen from the above table, cumulative Distribution Loss is 17.02% for the month of April, 2017, 16.42% for the month of May, 2017 and 17.16% for the month of June, 2017 which are higher than the approved Distribution Loss of 16.26%. However, the standalone FAC for these months are negative. Hence, disallowance on account of excess Distribution Loss for the months of April, 2017, May, 2017 and June, 2017 have not been worked out.

9. Summary of Allowable ZFAC

9.1 The summary of the FAC amount as approved by the Commission for the month of April, 2017 to June, 2017 which is allowed to be recovered in the billing month of July, 2017 to September, 2017 is as shown in the Table below.

S. No	Particulars	Units	April, 2017	May, 2017	June, 2017
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	(303.89)	(220.94)	(95.80)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	(1.00)	4.23	(2.24)
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	(56.70)	239.56	(126.83)
1.4	ZFAC = F+C+B	Rs. Crore	(361.59)	22.85	(224.87)
1.5	Instalment of Recalculated net FAC amount of Rs. 369.54 Crore for April to Oct-2016 (with Holding Cost) to be refunded*	Rs. Crore	(55.44)	(54.95)	(54.47)
1.6	Net ZFAC		(417.03)	(32.10)	(279.34)
2.0	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	9,602.53	9,684.80	8,309.65
2.2	Excess Distribution Loss	MU	-	-	-
2.3	ZFAC per kWh	Rs./kWh	(0.43)	(0.03)	(0.34)
2.4	Cap at 20% of variable component of tariff	Rs./kWh	NA	NA	NA



S. No	Particulars	Units	April, 2017	May, 2017	June, 2017
2.5	FAC Charge allowable (Minimum of 2.3 and 2.4)	Rs./kWh	(0.43)	(0.03)	(0.34)
3.0	Recovery of FAC				
3.1	Allowable FAC [(2.1 x 2.5)/10]	Rs. Crore	(417.03)	(32.10)	(279.34)
3.2	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.5)/10]	Rs. Crore	-	-	-
4.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	(417.03)	(32.10)	(279.34)
5.0	Carried forward FAC for recovery during future period (1.4-3.2-4)	Rs. Crore	-	-	-

* As per FAC vetting Report dated 1st March 2017. As per report, The Commission directs MSEDCL to refund FAC of Rs. 369.54 Crore (recalculated for the period of April to October, 2016 based on Tariff Order dated 3rd November, 2016) in seven equal instalments starting from November, 2016 along with holding cost.

9.2 It can be seen from the above table that refund of Rs 728.47 crore becomes due for the months from April, 2017 to June 2017 cumulatively. However, MSEDCL has refunded Rs 729.35 crore due to the error as mentioned in para 6.1. The Commission allows MSEDCL to recover the differential amount of Rs 0.88 crore along with interest from consumers in the 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 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....”

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 an under recovery of ZFAC in absolute terms on considering category wise per unit FAC worked out and category wise actual sales for the month of April, 2017 to June, 2017.

10.3 The variation in FAC in absolute terms is due to formula error of ZFAC 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 ZFAC be charged to the consumers of BEST Undertaking for the billing month of July, 2017 to September, 2017.

Table A- Fuel Adjustment Charges for the Month of April, 2017 to June, 2017 be levied in July, 2017 to September, 2017 respectively

Sr. No.	Categories	ZFAC be levied in billing month of Jul'2017 (Rs./kWh)	ZFAC be levied in billing month of Aug'2017 (Rs./kWh)	ZFAC be levied in billing month of Sept'2017 (Rs./kWh)
	LT Category			
1	Domestic (LT-I)			
A	BPL (0-30 Units)	(0.11)	(0.01)	(0.08)
B	Consumption > 30 Units per month			
i	1-100 Units	(0.36)	(0.02)	(0.25)
ii	101-300 Units	(0.63)	(0.04)	(0.43)
iii	301-500 Units	(0.85)	(0.06)	(0.58)
iv	500-1000 Units	(0.96)	(0.07)	(0.66)
v	Above 1000 Units	(1.06)	(0.07)	(0.72)
2	Non Domestic (LT-2)			



Sr. No.	Categories	ZFAC be levied in billing month of Jul'2017 (Rs./kWh)	ZFAC be levied in billing month of Aug'2017 (Rs./kWh)	ZFAC be levied in billing month of Sept'2017 (Rs./kWh)
A	0-20 KW			
a	0-200 Units	(0.67)	(0.05)	(0.46)
b	Above 200 units	(0.86)	(0.06)	(0.59)
B	>20-50 KW	(0.98)	(0.07)	(0.67)
C	>50 KW	(1.16)	(0.08)	(0.80)
3	Public Water Works (LT-III)			
A	0-20 KW	(0.27)	(0.02)	(0.18)
B	20-40 KW	(0.36)	(0.03)	(0.25)
C	above 40 kw	(0.47)	(0.03)	(0.32)
4	Agriculture (LT-IV)			
A	Unmetered Tariff			
1	AG unmetered Pump set			
	Zone 1			
	A) 0-5 HP	(0.17)	(0.01)	(0.13)
	B) HP -7.5 HP	(0.18)	(0.01)	(0.14)
	C) Above 7.5 HP	(0.19)	(0.01)	(0.15)
2	Zone 2			
	A) 0-5 HP	(0.13)	(0.01)	(0.10)
	B) HP -7.5 HP	(0.12)	(0.01)	(0.09)
	C) Above 7.5 HP	(0.15)	(0.01)	(0.11)
B	Metered Tariff (Pumpsets)	(0.24)	(0.02)	(0.17)
C	Metered Tariff (Other)	(0.37)	(0.03)	(0.25)
5	LT Industries (LT-V)			
A	Power Loom			
i	0-20 KW	(0.43)	(0.03)	(0.29)
ii	Above 20 KW	(0.55)	(0.04)	(0.38)
B	General			
i	0-20 KW	(0.47)	(0.03)	(0.32)
ii	Above 20 KW	(0.68)	(0.05)	(0.47)
6	Street Light (LT-VI)			
A	Grampanchayat A, B & C Class Municipal Council	(0.41)	(0.03)	(0.28)
B	Municipal corporation Area	(0.51)	(0.04)	(0.35)
7	Temporary Connection (LT-VII)			
A	Temporary Connection (Religious)	(0.37)	(0.03)	(0.26)
B	Temporary Connection (Other)	(1.05)	(0.07)	(0.72)



Sr. No.	Categories	ZFAC be levied in billing month of Jul'2017 (Rs./kWh)	ZFAC be levied in billing month of Aug'2017 (Rs./kWh)	ZFAC be levied in billing month of Sept'2017 (Rs./kWh)
	Purposes)			
8	Advertising and Hording (LT-VIII)	(1.33)	(0.09)	(0.91)
9	Crematorium & Burial (LT-IX)	(0.35)	(0.02)	(0.24)
10	Public Services (LT X)			
A	Government			
a	0-20 kw			
i	0-200 units	(0.62)	(0.04)	(0.43)
ii	> 200 units	(0.55)	(0.04)	(0.38)
b	>20 -50 kw	(0.78)	(0.05)	(0.54)
c	>50 kw	(0.78)	(0.05)	(0.53)
B	Others			
a	0-20 KW			
i	0-200 Units	(0.50)	(0.03)	(0.34)
ii	Above 200 units	(0.66)	(0.05)	(0.45)
b	>20-50 KW	(0.76)	(0.05)	(0.52)
c	>50 KW	(0.78)	(0.05)	(0.53)

Table B- Fuel Adjustment Charges for the Month of April, 2017 to June, 2017 to be levied in July, 2017 to September, 2017 respectively

Sr. No.	Categories	ZFAC to be levied in billing month of Jul'2017 (Rs./kWh)	ZFAC to be levied in billing month of Aug'2017 (Rs./kWh)	ZFAC to be levied in billing month of Sept'2017 (Rs./kWh)
	HT Category			
1	HT Category – EHV (66 kV & Above)			
A	HT I(A): HT - Industry (General)	(0.60)	(0.04)	(0.41)
B	HT I(B): HT - Industry (Seasonal)	(0.85)	(0.06)	(0.58)
C	HT II: HT - Commercial	(0.98)	(0.07)	(0.67)
D	HT III: HT - Railways/Metro/Monorail	(0.68)	-	-
E	HT IV: HT - Public Water Works (PWW)	(0.50)	(0.04)	(0.34)
F	HT V(A): HT - Agricultural - Pumpsets	(0.27)	(0.02)	(0.21)
G	HT V(B): Agricultural - Others	(0.36)	(0.03)	(0.27)
H	HT VI: HT - Group Housing Society	(0.49)	(0.04)	(0.38)



Sr. No.	Categories	ZFAC to be levied in billing month of Jul'2017 (Rs./kWh)	ZFAC to be levied in billing month of Aug'2017 (Rs./kWh)	ZFAC to be levied in billing month of Sept'2017 (Rs./kWh)
	(Residential)			
I	HT VIII (A): HT - Temporary Supply Religious (TSR)	-	-	-
J	HT VIII(B): HT - Temporary Supply Others (TSO)	(0.86)	(0.06)	(0.67)
K	HT IX(A): HT - Public Services-Government	(0.56)	(0.04)	(0.43)
L	HT IX(B): HT - Public Services-Others	(0.78)	(0.05)	(0.53)
2	HT Category -33 kV			
A	HT I(A): HT - Industry (General)	(0.61)	(0.04)	(0.42)
B	HT I(B): HT - Industry (Seasonal)	(0.86)	(0.06)	(0.59)
C	HT II: HT - Commercial	(0.94)	(0.07)	(0.64)
D	HT III: HT - Railways/Metro/Monorail	(0.57)	(0.04)	(0.44)
E	HT IV: HT - Public Water Works (PWW)	(0.47)	(0.03)	(0.32)
F	HT V(A): HT - Agricultural - Pumpsets	(0.24)	(0.02)	(0.19)
G	HT V(B): Agricultural - Others	(0.40)	(0.03)	(0.27)
H	HT VI: HT - Group Housing Society (Residential)	(0.52)	(0.04)	(0.36)
I	HT VIII (A): HT - Temporary Supply Religious (TSR)	-	-	-
J	HT VIII(B): HT - Temporary Supply Others (TSO)	(0.83)	(0.06)	(0.64)
K	HT IX(A): HT - Public Services-Government	(0.60)	(0.04)	(0.41)
L	HT IX(B): HT - Public Services-Others	(0.74)	(0.05)	(0.51)
3	HT Category -22 kV and 11 kV			
A	HT I(A): HT - Industry (General)	(0.66)	(0.05)	(0.45)
B	HT I(B): HT - Industry (Seasonal)	(0.91)	(0.06)	(0.62)
C	HT II: HT - Commercial	(0.99)	(0.07)	(0.68)
D	HT III: HT - Railways/Metro/Monorail	(0.69)	(0.05)	(0.47)
E	HT IV: HT - Public Water Works (PWW)	(0.52)	(0.04)	(0.36)
F	HT V(A): HT - Agricultural - Pumpsets	(0.29)	(0.02)	(0.22)
G	HT V(B): Agricultural - Others	(0.40)	(0.03)	(0.27)
H	HT VI: HT - Group Housing Society (Residential)	(0.58)	(0.04)	(0.39)
I	HT VIII (A): HT - Temporary Supply Religious (TSR)	-	-	-
J	HT VIII(B): HT - Temporary Supply Others (TSO)	(0.88)	(0.06)	(0.68)
K	HT IX(A): HT - Public Services-Government	(0.65)	(0.05)	(0.44)
L	HT IX(B): HT - Public Services-Others	(0.80)	(0.06)	(0.54)



11. Treatment of Income Tax refund of Rs. 673.90 Crore from NTPC

- 11.1 In the MTR Petition (Case No. 195 of 2017), MSEDCL has submitted that NTPC has refunded Rs. 673.90 Crore towards Income Tax refunds in FY 2017-18. On a specific query in the process of vetting FAC for April to June 2017, MSEDCL replied that the Income Tax refund pertains to the period 2004 to 2009 and this amount along with interest was passed on to MSEDCL by NTPC in June 2017. It was also specified that such refund amount is not considered in the FAC calculation for the month of June 2017 as only variation in fuel cost was being passed on during that time in line with the MERC (Terms and Conditions of Tariff) Regulations, 2005 and Income Tax being a part of other charges was not passed on in the FAC. However, MSEDCL specified that it has considered the same in the True up of FY 2017-18.
- 11.2 In this regards, the Commission noted that for computing FAC on a monthly basis, the actual power purchase cost is compared with the approved power purchase cost. Such levy of FAC on monthly basis helps reduce the gap between the actual and the approved power purchase expenses at the time of annual true-up. MSEDCL's action of withholding the Income Tax refunded by NTPC is against this basic principle of FAC computation.
- 11.3 Further, the Commission notes that when NTPC has raised additional charges towards revision in Fixed Charges for the period of FY 2009-10 to FY 2016-17 on account of CERC's Tariff Order, MSEDCL has passed on such additional charges of around Rs. 300 crores and Rs 150 crores in FAC computations for the month of February and March, 2017, respectively. Hence, when NTPC refunds certain amount, MSEDCL needs to refund it to the consumers through FAC mechanism.
- 11.4 Also, Regulations 10.6 and 10.7 of MERC (MYT) Regulations, 2015 provides for charging the FAC based on actual variation in fuel and power purchase for respective months subsequent to such costs being incurred. The present Income Tax refund has led to variation in actual power purchase cost of the licensee. Hence, MSEDCL is directed to pass on to consumers the Income Tax refund given by NTPC through FAC mechanism. However, considering large amount of refund, the Commission allowed MSEDCL to refund it in 12 equal instalments along with holding cost.
- 11.5 Since the refunds to the consumer can be done only from the future month, i.e., April 2018, the Commission has computed the holding cost from July 2017 (month from which the refund was due to the consumers) till March 2018. The refund amount along with holding cost till March 2018 works out to be Rs 724.67 Crore. The computation is provided in the table below

Particulars	July-17	Aug-17	Sep-17	Oct-17	Nov-17
Principal Amount	673.90	673.90	673.90	673.90	673.90
Applicable Interest*	10.50%	10.50%	10.50%	10.45%	10.45%
Holding Cost	5.90	5.90	5.90	5.87	5.87



Particulars	Dec-17	Jan-18	Feb-18	Mar-18	Total
Principal Amount	673.90	673.90	673.90	673.90	NA
Applicable Interest*	9.45%	9.45%	9.45%	9.65%	NA
Holding Cost	5.31	5.31	5.31	5.42	50.77

Refund due to consumer as on 1st April 2018 = Principal Amount + Monthly Holding Cost from July 2017 to March 2018 = 673.90 + 50.77 = **Rs 724.67 Crore**

**Applicable interest rate from July, 2017 to November, 2017 has been calculated based on applicable SBI base rate for respective month plus 150 basis points.*

As per Amendment to Regulation 2.1 (10) of MERC (MYT) (First Amendment) Regulations, 2017 the interest rate from December 2017 to February, 2018 has been considered based on One year SBI MCLR as on 1st December 2017, i.e., 7.95 % plus 150 basis points and the interest rate for March, 2018 has been considered based on revised one year SBI MCLR as on 1st March 2018, i.e., 8.15% plus 150 basis points.

- 11.6 The Commission has worked out the monthly instalments to be refunded through FAC mechanism to the consumers including the holding cost in the following table: -

Particulars	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Installments	1	2	3	4	5	6
Interest Rate	9.65%	9.65%	9.65%	9.65%	9.65%	9.65%
Opening Balance	724.67	664.28	603.89	543.50	483.11	422.72
Refund	60.39	60.39	60.39	60.39	60.39	60.39
Closing Balance	664.28	603.89	543.50	483.11	422.72	362.33
Holding Cost	5.58	5.10	4.61	4.13	3.64	3.16
Refund with Holding Cost (Rs. Crore)	65.97	65.49	65.00	64.52	64.03	63.55

Particulars	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Installments	7	8	9	10	11	12
Interest Rate	9.65%	9.65%	9.65%	9.65%	9.65%	9.65%
Opening Balance	362.33	301.94	241.56	181.17	120.78	60.39
Refund	60.39	60.39	60.39	60.39	60.39	60.39
Closing Balance	301.94	241.56	181.17	120.78	60.39	0.00
Holding Cost	2.67	2.19	1.70	1.21	0.73	0.24
Refund with Holding Cost (Rs. Crore)	63.06	62.57	62.09	61.60	61.12	60.63

**Applicable Interest rate from April, 2018 has been considered based on one year SBI MCLR as on 1st March 2018, i.e., 8.15 % plus 150 basis points.*

- 11.7 The above refund should continue till the Commission factor in the amount of Income tax refund in MTR Order of MSEDCL. Once, the Commission issues MTR Order factoring such refund amount, remaining instalments, if any, needs not to be refunded.



