



महाराष्ट्र विद्युत नियामक आयोग  
Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2020-21/ WFH/SBR/38

Date: 30 November, 2020

To,  
**The Gigaplex Estate Private Ltd.,**  
K Raheja Corp, Level-9, Raheja Tower  
Block 'G', Plot No. C-30,  
Bandra Kurla Office  
Bandra (E), Mumbai – 400 051

**Subject:** Post-facto approval of Fuel Adjustment Charges (FAC) submissions of GEPL for the months of July 2020, August 2020 and September 2020.

**Reference:** 1. GEPL's FAC submission for the month of July 2020, August 2020 and September 2020 vide email dated 17 November, 2020.

Sir,

Upon vetting the FAC calculations for the months of July 2020, August 2020 and September 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	July 2020	August 2020	September 2020
Z <sub>FAC</sub> allowed for recovery (Rs. Crore)	0.14	0.13	0.14

The Commission allows the carry forward FAC of Rs. 0.26 Crore for the month of July 2020, Rs. 0.33 Crore for the month of August 2020 and Rs. 0.39 Crore for the month of September 2020 to be recovered during future period for Gigaplex Estate Private Ltd. (GEPL). This is on account of 20% limit set under the MYT Regulation, 2019 and reasons as mentioned in this vetting report.

Yours faithfully,

(Dr. Rajendra G. Ambekar)  
Executive Director, MERC

**Encl:** Annexure A: Detailed Vetting Report for the period of July 2020, August 2020 and September 2020.

**ANNEXURE**

**Detailed Vetting Report**  
**Date: 30 November, 2020**

**POST-FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF JULY 2020,  
AUGUST 2020 AND SEPTEMBER 2020**

**Subject:** Post-facto approval of Fuel Adjustment Charges (FAC) submissions of GEPL for the months of July 2020, August 2020 and September 2020.

**Reference:** 1. GEPL's FAC submission for the months of July 2020, August 2020 and September 2020 vide email dated 17 November, 2020.

**1. FAC submission by GEPL:**

1.1 GEPL has made FAC submissions for the months of July 2020, August 2020 and September 2020 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by GEPL, the Commission has accorded post-facto approval for the FAC amount to be charged in the billing months of September 2020, October 2020 and November 2020.

**2. Background**

2.1 On 30 March, 2020 the Commission has issued Tariff Order in respect of GEPL (Case No. 330 of 2019) for approval of Aggregate Revenue Requirement and Multi Year Tariff for the Control Period from 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 and guiding principles 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 Vide FAC Vetting Report dated 7 June, 2020 the Commission accorded prior approval to the FAC for the month of April, 2020. Further, vide FAC vetting Report dated 25 September, 2020 the Commission accorded Post-facto approval to the FAC for the month of May and June, 2020.

2.4 As per provisions of MYT Regulations, 2019 a Distribution Licensee (SEZ) is required to obtain post-facto approval of the Commission on a quarterly basis for FAC charges within

60 days of close of each quarter. Accordingly, vide its letter dated 17 November, 2020 GEPL has filed FAC submissions for the months of July 2020, August 2020 and September 2020 for post-facto approval. The Commission has scrutinized the submissions provided by GEPL and has also verified the fuel and power purchase bills provided along with its submissions.

### 3. Energy Sales of the Licensee

- 3.1 In the MYT Order passed by the Commission in Case No. 330 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 GEPL in the FAC submission and as approved by the Commission are as shown in the Table 1 below:

**Table 1: Energy Sales approved and Actual in MUs**

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (MU)		
			July, 2020	August, 2020	September, 2020
	(I)	(II=I/12)	(III)	(IV)	(V)
<b>HT Category</b>					
HT- I Industrial	36.52	3.04	1.27	1.22	1.25
HT-II Commercial	1.42	0.12	0.05	0.05	0.06
<b>LT Category</b>					
LT-II(A) Commercial (0-20 kW)	0.98	0.08	0.02	0.01	0.01
LT-II (B) Commercial (above 20 kW)	0.21	0.02	0.00	0.01	0.01
LT-III (A) Industrial (0-20 kW)	0.1	0.01	0.03	0.02	0.02
LT-III (B) Industrial (above 20 kW)	4.25	0.35	0.12	0.11	0.11
<b>Total</b>	<b>43.48</b>	<b>3.62</b>	<b>1.48</b>	<b>1.42</b>	<b>1.47</b>

- 3.3 It can be observed from above Table 1 that the actual sales during the month July 2020, August 2020 and September 2020 is 1.48 MU, 1.42 MU and 1.47 MU respectively, which is around 60% lower than monthly approved energy sales of 3.62 MU for the FY 2020-21. The major variation was observed in the HT-I Industrial, HT-II Commercial and LT-III (B) Industrial categories as seen in the Table 1 above. As submitted by GEPL, this variation is on account of continuation of the unprecedented lockdown announced in the month of March due to Covid-19 pandemic.

### 4. Power Purchase Details

- 4.1 GEPL is a deemed Distribution Licensee notified by the Commission for IT& ITES SEZ located at Airoli, Thane. GEPL does not own or operate any generating stations. Accordingly, GEPL is required to procure power from outside sources in order to fulfil the electricity demand of its consumers.

4.2 **Power Procurement from GMR Energy Trading Limited:** GEPL has medium term PPA with GMR Energy Trading Limited approved by the Commission in Case No. 266 of 2018 dated 26 September, 2018 which is valid up to March, 2021.

4.3 Further, the Commission in its Order (Adoption of Tariff) dated 26 March, 2020 in Case No. 64 of 2020 has approved the Power Procurement Agreement of GEPL with GMR Energy Trading Limited (GMRETL) (Source: Birla Carbon India Pvt. Ltd.) to purchase 3 MW power (09:00 hours to 23:00 hours, Weekdays i.e. Monday to Friday and excluding Saturday, Sunday and National Holidays) through short-term competitive bidding. The Commission had approved the Power purchase rate of Rs. 4.28/kWh for short-term power procurement valid from 1 April 2020 to 31 March 2021.

4.4 Summary of power purchase of GEPL is as under:

Sr. No.	Particular	Compliance																								
1	Purchase from Approved Sources	<b>Yes.</b> GEPL has purchase from GMRETL and Exchange during July 2020, August 2020 and September 2020 which are the approved sources of power.																								
2	Merit Order Dispatch	<b>Yes.</b> GEPL has followed merit order for scheduling of power and preference was given to cheapest power.																								
3	Fuel Utilization Plan	<b>Not applicable.</b> All the sources of power procurement fall under Section 63 of EA, 2003.																								
4	Pool Imbalance	GEPL has injected 0.36 MU, 0.21 MU and 0.14 MU to the imbalance pool for the month of July 2020, August 2020 and September 2020 respectively, by higher scheduling of power.																								
5	Sale of Surplus Power	No Surplus power was available for sale.																								
6	Power Purchase	Actual Power Purchase is 1.92 MU, 1.71 MU and 1.70 MU for July 2020, August 2020 and September 2020 respectively as against approved 3.79 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 July 2020 (MU)</th> <th>Proportion of each Source in Actual Purchase</th> </tr> </thead> <tbody> <tr> <td>GMRETL</td> <td>2.17</td> <td>1.78</td> <td>92.71 %</td> </tr> <tr> <td>Exchange/ Other Peak Source</td> <td>1.62</td> <td>0.14</td> <td>7.29 %</td> </tr> <tr> <td><b>Total</b></td> <td><b>3.79</b></td> <td><b>1.92</b></td> <td><b>100.00 %</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual August 2020 (MU)</th> <th>Proportion of each Source in Actual Purchase</th> </tr> </thead> <tbody> <tr> <td>GMRETL</td> <td>2.17</td> <td>1.71</td> <td>100.00 %</td> </tr> </tbody> </table>	Source Name	Approved (MU)	Actual July 2020 (MU)	Proportion of each Source in Actual Purchase	GMRETL	2.17	1.78	92.71 %	Exchange/ Other Peak Source	1.62	0.14	7.29 %	<b>Total</b>	<b>3.79</b>	<b>1.92</b>	<b>100.00 %</b>	Source Name	Approved (MU)	Actual August 2020 (MU)	Proportion of each Source in Actual Purchase	GMRETL	2.17	1.71	100.00 %
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		Exchange/ Other Peak Source	1.62	0.00	0.00 %
		<b>Total</b>	<b>3.79</b>	<b>1.71</b>	<b>100.00 %</b>
		<b>Source Name</b>	<b>Approved (MU)</b>	<b>Actual September 2020 (MU)</b>	<b>Proportion of each Source in Actual Purchase</b>
		GMRETL	2.17	1.70	100.00 %
		Exchange/ Other Peak Source	1.62	0.00	0.00 %
		<b>Total</b>	<b>3.79</b>	<b>1.70</b>	<b>100.00 %</b>
8	Power Purchase under Section 63 of Electricity Act, 2003	Monthly power purchase invoices are submitted by GEPL. Power Purchase rates are verified from the PPA signed by GEPL with each source of power. Monthly power purchase quantum and rate are verified from the invoices and it is ensured that same has been considered in the FAC calculation.			
9	Short Term Power Purchase	Short-term power purchase invoices of July, 2020 are submitted by GEPL. All the power purchase quantum and rate are verified from the invoices and it is ensured that same has been considered in the FAC calculation.			

## 5. **Power Purchase Cost:**

5.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of July 2020, August 2020 and September 2020, in order to verify the claim of GEPL 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 Power Purchase cost incurred in July 2020, August 2020 and September 2020 is Rs. 1.11 Crore, Rs. 1.03 Crore and Rs 1.02 Crore respectively, which is significantly lower than the total approved Power Purchase cost of Rs. 5.44 Crore by the Commission for the month of July 2020, August 2020 and September 2020.

### 5.3 **GMR Energy Trading Limited**

- **Impact of Fixed Cost on total Power Purchase Cost:** The Commission notes that as GEPL could not schedule its approved sources to the full entitlement and could not fully utilize the available capacity of contracted source, i.e., GMR Energy Trading Ltd. (Medium Term) as a result of lower demand due to COVID-19. Due to lower power purchase quantum, the effective per unit rate as approved by the Commission from the contracted source has increased from Rs. 4.89 / kWh to Rs. 5.88 / kWh, Rs. 5.99 / kWh and Rs. 6.01 / kWh in the months of July 2020, August 2020 and September

2020 respectively. Due to lower power purchase quantum, the fixed cost per unit increased to Rs. 3.05 / kWh, Rs. 3.16 / kWh and Rs. 3.18 / kWh in July 2020, August 2020 and September 2020 respectively from the approved level of Rs. 2.07 / kWh. This has resulted into increase in the actual per unit rate of contracted source vis-à-vis the unit rate approved by the Commission for the month of July 2020, August 2020 and September 2020.

- The variable cost per unit is Rs. 2.83 / kWh for July 2020, August 2020 and September 2020 as against the approved cost of Rs. 2.82 / kWh for FY 2020-21.
- Variation in power purchase expenses from GMRETL on account of change in quantum and per unit rate is as shown in **Error! Reference source not found.** below:

**Table 2: Power Purchase expense from GMRETL**

Source	Approved Quantum (MU)	Approved rate (Rs./kWh)	Actual quantum (MU)	Actual rate (Rs./kWh)	Variation due to quantum (Rs. Crore)	Variation due to rate (Rs. Crore)	Total variation (Rs. Crore)
GMRETL (July 2020)	2.17	4.89	1.78	5.88	(0.19)	0.18	(0.01)
GMRETL (August 2020)	2.17	4.89	1.71	5.99	(0.22)	0.19	(0.03)
GMRETL (September 2020)	2.17	4.89	1.70	6.01	(0.23)	0.19	(0.04)

5.4 **Power Procurement from Exchange/Other Peak Sources:** GEPL has procured 0.14 MU for the month of July 2020 from GMREL - Peak source and there was no purchase in the months of August 2020 and September 2020. GEPL has purchased power at Rs. 4.28 / kWh for the month of July 2020 which is same as Rs. 4.28 / kWh approved by the Commission in the MYT Order. The Commission has verified the bills from the purchase.

5.5 **Renewable Sources:** The Commission has also approved Rs. 0.06 Crore each for July 2020, August 2020 and September 2020 for purchase of REC to meet Renewable Purchase Obligation. GEPL has not purchased any REC for the months of July 2020, August 2020 and September 2020. By avoiding purchase of REC, GEPL has reduced power purchase cost but created liability for future months.

5.6 **Imbalance Pool:** It is observed that GEPL has injected 0.36 MUs, 0.21 MUs and 0.14 MUs to the imbalance pool in the months of July 2020, August 2020 and September 2020 respectively. The said injection into the pool may be on account of either decrease in demand of consumers than that estimated by the licensee or due to higher generation than scheduled by the generator. In both the scenarios, power incremented in the imbalance pool is not supplied to its consumers.

5.7 The present FAC mechanism includes any variation in power purchase cost which includes both Fixed Charges and Variable Charges. The imbalance pool settlement is done

considering Variable Charges on monthly basis and Fixed Cost Reconciliation on yearly basis. Accordingly, considering monthly surplus imbalance pool quantum at provisional variable cost as per FBSM mechanism will increase the overall average power purchase cost which is computed considering both Fixed and Variable Charges, thereby burdening the consumers with FAC. Further, 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, non-consideration of surplus imbalance pool quantum at the time of FAC computation on monthly basis will not have any adverse impact on licensee as it would have anyway paid the entire fixed cost to the generator even if lower quantum of power was supplied. Further, for FAC computation total energy purchased by the licensee is being considered for FAC Computation. In view of the aforesaid, it would not be prudent to burden the consumers by considering the impact of monthly surplus imbalance pool in FAC computation. Accordingly, to balance overall interest of consumers and licensee, the Commission has not considered the surplus imbalance pool quantum and cost in the monthly FAC computation as it will get adjusted during truing-up of the respective year.

5.8 The Commission has noted that GEPL has followed Merit Order Dispatch for scheduling of power and all sources are scheduled according to SLDC instructions.

5.9 **Approved Cost:** The details of the overall cost approved and actual for the month of July 2020, August 2020 and September 2020 as per MYT Order is as shown in the Table 3 below:

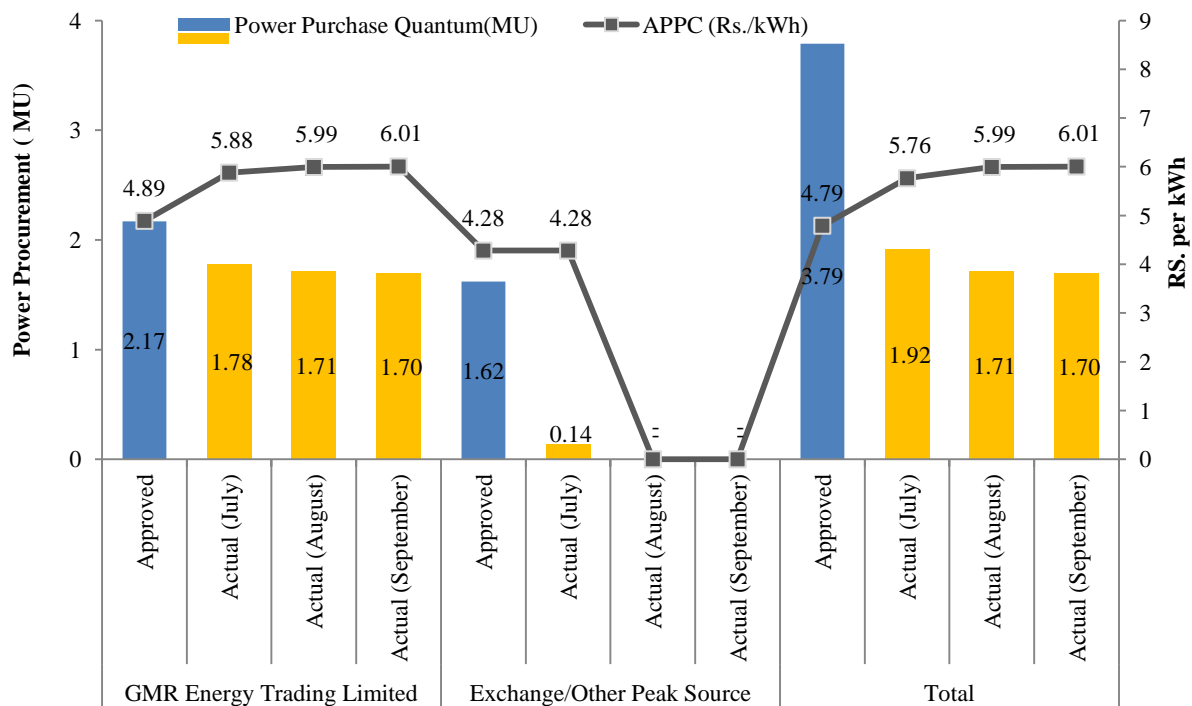
**Table 3: Approved and Actual Power Purchase Cost for GEPL**

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)
<b>GMR Energy Trading Limited</b>	<b>Approved</b>	<b>2.17</b>	<b>0.45</b>	<b>2.07</b>	<b>0.61</b>	<b>2.82</b>	<b>1.06</b>	<b>4.89</b>
	Actual (July 2020)	1.78	0.54	3.05	0.50	2.83	1.05	5.88
	Actual (August 2020)	1.71	0.54	3.16	0.48	2.83	1.03	5.99
	Actual (September 2020)	1.70	0.54	3.18	0.48	2.83	1.02	6.01
<b>Exchange / Other Peak Source</b>	<b>Approved</b>	<b>1.62</b>	<b>0.00</b>	<b>0.00</b>	<b>0.69</b>	<b>4.28</b>	<b>0.69</b>	<b>4.28</b>
	Actual (July 2020)	0.14	0.00	0.00	0.06	4.28	0.06	4.28
	Actual (August 2020)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Actual (September 2020)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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)
Solar & Non-Solar REC	<b>Approved</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.06</b>	<b>0.00</b>	<b>0.06</b>	<b>0.00</b>
	Actual (July 2020)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Actual (August 2020)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Actual (September 2020)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	<b>Approved</b>	<b>3.79</b>	<b>0.45</b>	<b>1.19</b>	<b>1.36</b>	<b>3.60</b>	<b>1.81</b>	<b>4.79</b>
	Actual (July 2020)	1.92	0.54	2.83	0.56	2.93	1.11	5.76
	Actual (August 2020)	1.71	0.54	3.16	0.48	2.83	1.03	5.99
	Actual (September 2020)	1.70	0.54	3.18	0.48	2.83	1.02	6.01

5.10 Source wise approved and actual quantum of power procured and APPC is shown in the graph below:

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



5.11 Reasons for the rate variation for various sources are as shown below:



**Table 4: Reasons for Rate Variation for various Sources**

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
1	GMRETL	July 2020	4.89	5.88	Due to lower power purchase, fixed cost burden has increased the actual rate as compared to approved rate.
		August 2020		5.99	
		September 2020		6.01	
2	Exchange/ Other Peak Source	July 2020	4.28	4.28	The power has been purchased at the approved rate.
		August 2020		0.00	
		September 2020		0.00	
3	<b>Total</b>	<b>July 2020</b>	<b>4.79</b>	<b>5.76</b>	Due to above factors.
		<b>August 2020</b>		<b>5.99</b>	
		<b>September 2020</b>		<b>6.01</b>	

5.12 Considering the above, the Commission allows the average power purchase cost of Rs. 5.76 /kWh, Rs. 5.99 / kWh and Rs. 6.01 / kWh for the months of July 2020, August 2020 and September 2020 respectively as shown in Table 3 above. **The variation in power purchase cost is mainly on account of increase in burden of per unit Fixed Cost as a result of lower sales.**

#### **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 of July 2020, August 2020 and September 2020 as shown in Table 5 below. The same has been compared with the average power purchase cost approved by the Commission in MYT Order dated 30 March, 2020 to arrive at the differential per unit rate at which  $Z_{FAC}$  is to be passed on to the consumers.

6.2 Thus, the following Table 5 shows the  $Z_{FAC}$  worked out by the Commission on account of difference in power purchase cost for the month of July 2020, August 2020 and September 2020.

**Table 5: FAC on account of Power Purchase Cost**

Sr. No.	Particulars	Units	July, 2020	August, 2020	September, 2020
1	Average power purchase cost approved by the Commission	Rs./kWh	4.79	4.79	4.79
2	Actual average power purchase cost	Rs./kWh	5.76	5.99	6.01
3	Change in average power purchase cost (= 2 - 1)	Rs./kWh	0.98	1.21	1.22
4	Net Power Purchase	MU	1.92	1.71	1.70
5	<b>Change in power purchase cost (= 3 × 4 / 10)</b>	<b>Rs. Crore</b>	<b>0.19</b>	<b>0.21</b>	<b>0.21</b>

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

7.1 The adjustment factor for over recovery/under recovery (B) is as shown in Table 6 below.

**Table 6: Adjustment for over recovery/under recovery**

S. No.	Particulars	Units	July 2020	August 2020	September 2020
1.1	Incremental cost allowed to be recovered in Month n-4	Rs. Crore	0.13	0.14	0.14
1.2	Incremental cost in Month n-4 actually recovered in month n-2	Rs. Crore	0.14	0.14	0.14
1.3	(over-recovery)/under-recovery (=1.2 - 1.1)	Rs. Crore	(0.01)	(0.01)	(0.00)
2	Carried forward adjustment for over-recovery/under-recovery attributable to application of ceiling limit for previous month	Rs. Crore	0.22	0.26	0.33
3	Adjustment factor for over-recovery/under-recovery (1.3+2.0)	Rs. Crore	0.21	0.25	0.32

7.2 GEPL has submitted that the incremental recovery of the month of June has been inadvertently considered as Rs. 0.09 Crore instead of Rs. 0.11 Crore. GEPL has accordingly revised the working and the same has been considered by the Commission.

7.3 The incremental cost actually recovered as considered by GEPL during the months of July 2020, August 2020 and September 2020 has been verified from the bill report generated through SAP system submitted by GEPL and found to be in order.

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

8.1 Carrying/Holding Cost for under recovery/over recovery has been granted at the approved interest rate for the eligible amount. The following Table 7 shows the month wise interest rate and amount worked out as Carrying/Holding Cost for under/over recovery for the months of July 2020, August 2020 and September 2020.

8.2 The Commission has considered MCLR rate of July 2020, August 2020 and September 2020 month plus 150 basis points which works out to 8.50% for July 2020, August 2020 and September 2020. Accordingly, the Commission has calculated carrying cost.

**Table 7: Carrying/Holding Cost for over/under recovery**

Particulars	Units	July 2020	August 2020	September 2020
Adjustment factor for over- recovery / under-recovery	Rs. Crore	0.21	0.25	0.32
Interest rate	%	8.50%	8.50%	8.50%
Carrying cost for over-recovery / under-recovery	Rs. Crore	0.00	0.00	0.00

## 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 8 provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss:

**Table 8: Disallowance of FAC due to excess Distribution Loss**

Sr. No.	Particulars	Units	Approved in Tariff Order	Actual July, 2020	Actual August, 2020	Actual September, 2020
1	Net Energy input at Distribution Voltages	MU	3.67	1.51	1.46	1.50
2	Energy sales at Distribution voltages	MU	3.62	1.48	1.42	1.47
3	Distribution Loss (1 - 2)	MU	0.04	0.03	0.03	0.03
4	Distribution Loss as % (3/1)	%	1.2 %	2.29 %	2.29 %	2.26 %
5	Cumulative Distribution Loss	%	1.2 %	2.36 %	2.35 %	2.33 %
6	Excess Distribution Loss = [Cumulative Distribution Loss - Distribution loss approved] x Net Energy Input (1)	MU	-	0.02	0.02	0.02
7	<b>Disallowance of FAC due to excess Distribution Loss</b>	<b>Rs. Crore</b>	-	<b>0.005</b>	<b>0.005</b>	<b>0.006</b>

9.3 As seen from the above Table 8, distribution loss for the months of July 2020, August 2020 and September 2020 is 2.29 %, 2.29 % and 2.26 % respectively, which higher than the MYT approved distribution loss of 1.20%.

**10. Summary of Allowable  $Z_{FAC}$** 

10.1 The summary of the FAC amount as approved by the Commission for the month of July 2020, August 2020 and September 2020 which is allowed to be recovered in the billing month September, October and November as shown in the Table 9 below.

**Table 9: Summary of Allowable ZFAC**

Sr. No.	Particulars	Units	July 2020	August 2020	September 2020
<b>1</b>	<b>Calculation of <math>Z_{FAC}</math></b>				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	0.19	0.21	0.21
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	0.001	0.002	0.002
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	0.210	0.253	0.324
<b>1.5</b>	<b><math>Z_{FAC} = F+C+B</math></b>	<b>Rs. Crore</b>	<b>0.40</b>	<b>0.46</b>	<b>0.53</b>
<b>2</b>	<b>Calculation of FAC Charge</b>				
2.1	Energy Sales within the License Area	MU	1.48	1.42	1.47
2.2	Excess Distribution Loss	MU	0.02	0.02	0.02
2.3	$Z_{FAC}$ per kWh	Rs./kWh	2.67	3.21	3.58
<b>3</b>	<b>Recovery of FAC</b>				
3.1	FAC disallowed corresponding to excess Distribution Loss $[(2.1+2.2) \times 2.3]/10]$	Rs. Crore	0.005	0.005	0.006
3.2	Allowable FAC	Rs. Crore	0.39	0.46	0.53
<b>4</b>	<b>Utilization of FAC Fund</b>				
4.1	Opening Balance of FAC Fund	Rs. Crore	-	-	-
4.2	Holding Cost on FAC Fund	Rs. Crore	-	-	-
4.3	$Z_{FAC}$ for the month (Sr. No. 3.2)	Rs. Crore	0.39	0.46	0.53
4.4	Closing Balance of FAC Fund	Rs. Crore	-	-	-
4.5	$Z_{FAC}$ leviable/refundable to consumer	Rs. Crore	0.39	0.46	0.53
<b>5</b>	<b>Total FAC based on category wise and slab wise allowed to be recovered</b>	<b>Rs. Crore</b>	<b>0.14</b>	<b>0.13</b>	<b>0.14</b>
6	Carried forward FAC for recovery during future period (3.1-3.2-4)	Rs. Crore	<b>0.26</b>	<b>0.33</b>	<b>0.39</b>

10.2 It can be seen from the above Table 9 that standalone FAC for the months of July 2020, August 2020 and September 2020 is Rs. 0.40 Crore, Rs. 0.46 Crore and Rs. 0.53 Crore respectively. Based on energy sales and excess distribution loss, FAC per unit has been worked out as Rs. 2.67 / kWh, Rs. 3.21 / kWh and Rs. 3.58 / kWh for the months of July 2020, August 2020 and September 2020 respectively as shown above.

10.3 Further, the Regulation 10.9 of MYT Regulations, 2019 specifies as:

*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:*

- 10.4 As the FAC per unit computed in the months of July 2020, August 2020 and September 2020 as shown in Table 9 above is higher than the 20% cap specified in MYT Regulations, 2019, hence, there is restriction triggered with regards to such ceiling.
- 10.5 Further, due to ceiling limit, the FAC recoverable has been worked out as Rs. 0.14 Crore, Rs. 0.13 Crore and 0.14 Crore for the months of July 2020, August 2020 and September 2020 respectively. Thus, FAC equivalent to 0.26 Crore (i.e. Rs. 0.39 Crore minus Rs. 0.14 Crore) for the month of July 2020 which is unrecovered is carry forwarded to August, 2020. For August, 2020, FAC equivalent to 0.33 Crore (i.e. Rs. 0.46 Crore minus Rs. 0.13 Crore) for the month of August 2020 which is unrecovered is carry forwarded to September 2020. For September 2020, FAC equivalent to 0.39 Crore (i.e. Rs. 0.53 Crore minus Rs. 0.14 Crore) for the month of September 2020 has remained unrecovered. Accordingly, the Commission allows the recovery of Rs. 0.39 Crore as carried forward FAC to be recovered in future period.

## **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: —*

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

*Where:*

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

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

*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 10 shows  $Z_{FAC}$  revenue for the month of July 2020, August 2020 and September 2020 to be levied on consumers of GEPL in the billing month of September 2020, October 2020 and November 2020.

**Table 10: Category wise FAC Revenue for Billing Month of September 2020, October 2020 and November 2020**

Sr. No	Consumer Category	Slabs	$Z_{FAC}$ to be levied for the month (Rs. Crore)		
			Sep-20	Oct-20	Nov-20
	<b>HT Category</b>				
1	HT- I Industrial	all units	0.11	0.11	0.11
2	HT-II Commercial	all units	0.00	0.01	0.01
	<b>LT Category</b>				
3	LT-I General Purpose	all units			
4	LT-II(A) Commercial (0-20 kW)	all units	0.00	0.00	0.00
5	LT-II (B) Commercial (above 20 kW)	all units	0.00	0.00	0.00
6	LT-III (A) Industrial (0-20 kW)	all units	0.00	0.00	0.00
7	LT-III (B) Industrial (above 20 kW)	all units	0.01	0.01	0.01
	<b>Total</b>		<b>0.14</b>	<b>0.13</b>	<b>0.14</b>