



महाराष्ट्र विद्युत नियामक आयोग
Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2020-21/ WFH/SBR/30

Date: 30 September, 2020

To,
The Managing Director,
KRC Infrastructure and Projects Private Ltd.,
Raheja Tower, Level-9, Block G,
Plot No. C-30,
Bandra Kurla Office Complex,
Bandra (E), Mumbai – 400 051

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of KRCIPPL for the month of May 2020 and June 2020.

Reference: 1. KRCIPPL's FAC submission for the month of May and June, 2020 vide email dated 12 August, 2020.
2. Data Gaps were communicated vide email dated 14 August, 2020.
3. KRCIPPL's replies vide email dated 27 August, 2020.

Sir,

Upon vetting the FAC calculations for the months of May & June, 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	May 2020	June 2020
Z _{FAC} allowed for recovery (Rs. Crore)	0	0

The Commission allows the accumulation of FAC of Rs. 0.02 Crore and Rs. 0.10 Crore in the FAC fund as there is a negative FAC in the month of May 2020 and June 2020, respectively. The Commission allows the accumulation of FAC amount of Rs. 0.14 Crore which shall form part of FAC Fund and shall be carried forward to next FAC billing cycle with holding cost. Further, as directed in the said Order, MBPPL shall maintain the monthly account of FAC Fund and upload it on its website to maintain transparency of FAC Fund and also for information of all the stakeholders.

Yours faithfully,

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

Encl: Annexure A: Detailed Vetting Report for the period of May 2020 and June 2020.

ANNEXURE
Detailed Vetting Report
Date: 30 September, 2020

**POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTH OF MAY 2020
and JUNE 2020**

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of KRCIPPL for the month May 2020 and June 2020.

Reference:

1. KRCIPPL's FAC submission for the month of May 2020 and June 2020 vide email dated 12 August, 2020.
2. Data Gaps were communicated vide email dated 14 August, 2020.
3. KRCIPPL's replies vide email dated 27 August, 2020.

1. FAC submission by KRCIPPL:

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

2. Background

2.1 On 30 March, 2020 the Commission has issued Tariff Order in respect of KRCIPPL (Case No. 329 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.

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 12 August, 2020,

KRCIPPL has filed FAC submissions for the months of May 2020 and June 2020, respectively for post facto approval. The Commission has scrutinized the submissions provided by KRCIPPL 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. 329 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 KRCIPPL 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)	
	(I)	(II=I/12)	May, 2020	June, 2020
			(III)	(IV)
HT Category				
HT- I Industrial	18.98	1.58	0.33	0.40
HT-II Commercial	3.94	0.33	0.10	0.03
LT Category				
LT-II (B) Commercial	2.01	0.17	0.05	0.07
LT-III (B) Industrial	-	-	0.13	0.13
Total	24.93	2.08	0.62	0.62

3.3 It can be observed from above Table 1 that the actual sales during the month May and June 2020 is 0.62 MU, which is 70% lower than approved monthly energy sales of 2.08 MU for these two months in the FY 2020-21. The major variation was observed across all consumer categories as seen in the **Error! Reference source not found.** above. As submitted by KRCIPPL, this variation is on account of continuation of unprecedented lockdown implemented since the month of March 2020, owing to COVID-19 situation.

4. Power Purchase Details

4.1 KRCIPPL is a deemed Distribution Licensee and does not own or operate any generating stations. Accordingly, KRCIPPL 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:** The Commission in its MYT Order dated 30 March, 2020 in Case No. 329 of 2019 had approved the Power Purchase of KRCIPPL through short term PPA with GMR Energy Trading Limited (GMRETL) up to 31 May, 2020.

4.3 **Power Procurement from Other Sources/Exchange:** The Commission in its MYT Order also approved short-term power procurement jointly with GEPL and MBPPL for remaining period of FY 2020-21 which has to be necessarily done through competitive bidding. KRCIPPL along with MBPPL and GEPL to separately approach the Commission for its approval for the quantum and other terms and conditions of the proposed arrangement for joint procurement of power.

4.4 Summary of power purchase of KRCIPPL is as under:

Sr. No.	Particular	Compliance																
1	Purchase from Approved Source	KRCIPPL has purchase from GMRETL during May 2020 which is approved source of power. The power requirement for the month of June 2020 has been scheduled through KEIPL through competitive bidding process.																
2	Merit Order Dispatch	KRCIPPL has followed merit order for scheduling of power and preference was given to cheapest power.																
3	Fuel Utilization Plan	Not applicable. All the sources of power procurement fall under Section 63 of EA, 2003.																
4	Pool Imbalance	KRCIPPL has supplied 0.26 MU and 0.16 MU to the imbalance pool for month of May, 2020 and June, 2020 by higher scheduling of power																
5	Sale of Surplus Power	No Surplus power available																
6	Power Purchase	Actual Power Purchase for consumers is 0.92 MU and 0.82 MU for month of May 2020 and June 2020 respectively, as against approved 2.21 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 May (MU)</th> <th>Proportion</th> </tr> </thead> <tbody> <tr> <td>GMRETL</td> <td>0.24</td> <td>0.92</td> <td>100%</td> </tr> <tr> <td>Other Source</td> <td>1.97</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>2.21</td> <td>0.92</td> <td>100%</td> </tr> </tbody> </table>	Source Name	Approved (MU)	Actual May (MU)	Proportion	GMRETL	0.24	0.92	100%	Other Source	1.97	-	-	Total	2.21	0.92	100%
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		Other Source	1.97	-	-													
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		GMRETL	0.24	-	-													
KEIPL	1.97	0.82	100%															
Total	2.21	0.82	100%															
8	Power Purchase under Section 63 of Electricity Act, 2003	Monthly power purchase invoices are submitted by KRCIPPL. Power Purchase rates are verified from the PPA signed by KRCIPPL 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 KRCIPPL. 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.																

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4.5 As per power purchase approved by the Commission in its MYT Order, GMRETL PPA is valid for first two months of FY 2020-21 and for remaining period, power will be sourced from other source. KRCIPPL had procured power only from GMR Energy Trading Limited (GMRETL) in the month of May 2020, which is an approved source of power purchase. KRCIPPL has entered into contract with M/s Kreate Energy (I) Pvt Ltd (KEIPL) for the period of 1 June, 2020 to 31 March, 2021 through competitive bidding as the PPA with GMRETL expired in the month of May 2020. As the Commission has approved power purchase for whole financial year and to work out monthly approval, each source is simply divided by twelve as there is no monthly approval. Hence, quantum of power purchase approved by the Commission and actually purchased by KRCIPPL from GMRETL/KEIPL is in variance. Similar thing has happened to power purchase from Other Source.

5. Power Purchase Cost:

- 5.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of May 2020 and June 2020, in order to verify the claim of KRCIPPL 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 May 2020 and June 2020 is Rs. 0.43 Crore and Rs. 0.30 Crore respectively, which is significantly lower than the approved Power Purchase cost of Rs. 1.07 Crore by the Commission each for the month of May 2020 and June 2020, respectively.
- 5.3 **GMR Energy Trading Limited:** KRCIPPL has purchase 0.92 MU for the month of May 2020 at the rate of 4.63/kWh from GMRETL. There is no deviation in the price of power purchase from GMRETL for the month of May 2020.
- 5.4 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:

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 (May)	0.24	4.63	0.92	4.63	0.31	0.00	0.31

- 5.5 **Kreate Energy (I) Pvt Ltd:** As the PPA with M/s GMRETL expired in the month of May 2020, KRCIPPL has entered into contract with M/s Kreate Energy (I) Pvt Ltd for the period of 1 June, 2020 to 31 March, 2021 through competitive bidding process at the rate of Rs. 3.62/Unit (MH State Peri). The Commission notes that the rate discovered through the process is cheaper than the approved source of power. KRCIPPL has purchase 0.82 MU for the month of June 2020 at the rate of 3.62/kWh from KEIPL. The price of power purchase from KEIPL is lower than the approved source of power.
- 5.6 Variation in power purchase expenses from KEIPL on account of change in quantum and per unit rate is as shown in **Error! Reference source not found.** below:

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)
KEIPL (June)	1.97	4.68	0.82	3.62	(0.54)	(0.09)	(0.62)

- 5.7 **Renewable Sources:** The Commission has also approved Rs. 0.42 crore annually which converts to Rs. 0.04 Crore each for May 2020 and June 2020 for purchase of REC to meet Renewable Purchase Obligation. KRCIPPL has purchase Nil REC for the month of May 2020 and June 2020 respectively. By avoiding purchase of REC, KRCIPPL has reduced power purchase cost for May 2020 and June 2020 but created liability for future.
- 5.8 **Imbalance Pool:** It is seen that KRCIPPL has injected 0.26 MUs and 0.16 MUs for the month of May 2020 and June 2020, respectively, to the imbalance pool. KRCIPPL in its reply stated that contract of KRCIPPL is at State periphery and value delivered at KRCIPPL periphery is after adjusting state loss of 3.18%.
- 5.9 The said injection into the pool may be on account of either decrease in demand of consumers than 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.
- 5.10 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.

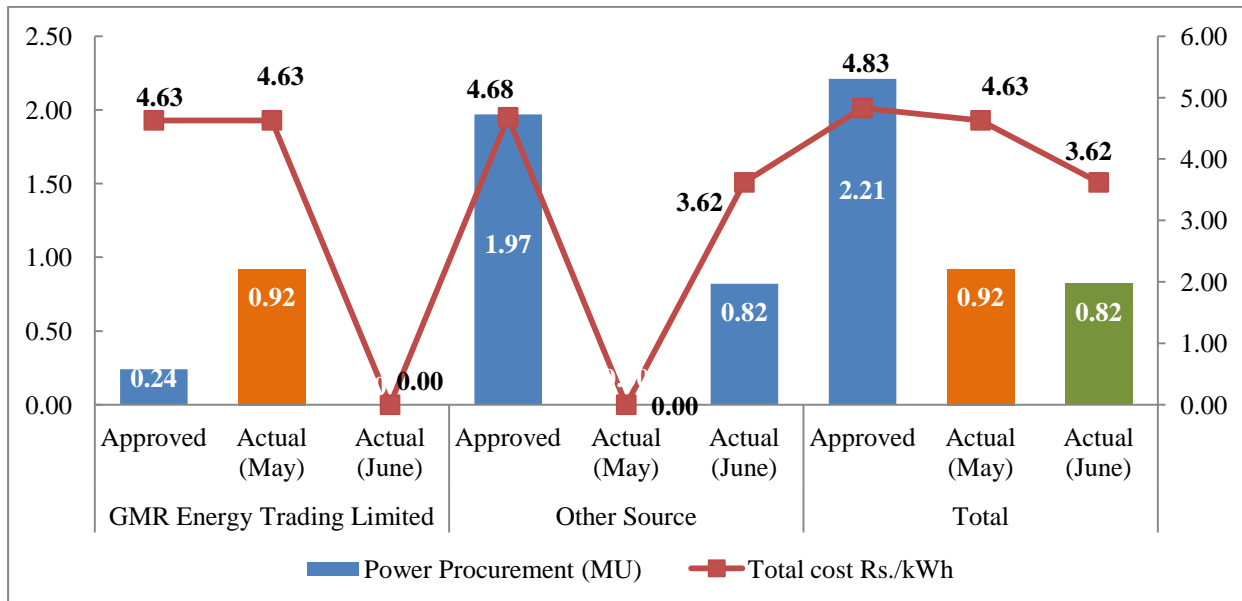
5.11 **Approved Cost:** The details of the overall cost approved and actual for the month of May 2020 and June 2020, respectively, as per MYT Order is as shown in the Table 2 below:

Table 2: Approved and Actual Power Purchase Cost for KRCIPPL

Source		Generation (MU)	Fixed Cost (Rs. Crore)	Fixed Cost (Rs./kWh)	Variable Cost (Rs. Crore)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)	Total Cost (Rs./kWh)
GMR Energy Trading Limited	Approved	0.24	-	-	0.11	4.63	0.11	4.63
	Actual (May)	0.92	-	-	0.43	4.63	0.43	4.63
	Actual (June)	-	-	-	-	-	-	-
KEIPL	Approved	1.97	-	-	0.92	4.68	0.92	4.68
	Actual (May)	-	-	-	-	-	-	-
	Actual (June)	0.82	-	-	0.30	3.62	0.30	3.62
Solar and Non Solar REC	Approved	-	-	-	0.04	-	0.04	-
	Actual (May)	-	-	-	-	-	-	-
	Actual (June)	-	-	-	-	-	-	-
Total	Approved	2.21	-	-	1.07	4.83	1.07	4.83
	Actual (May)	0.92	-	-	0.43	4.63	0.43	4.63
	Actual (June)	0.82	-	-	0.30	3.62	0.30	3.62

5.12 Source wise approved and actual quantum of power procured and APPC for month of May 2020 and June 2020, respectively, is shown in the graph below:

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



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

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
1	GMRETL	May	4.63	4.63	The power has been purchased at the approved rate
		June		-	No power has been purchased from GMRETL as the PPA with M/s GMRETL expired in the month of May, 2020.
2	Other Sources/ KEIPL	May	4.68	-	-
		June		3.62	KRCIPPL entered into the contract with M/s Kreate Energy (I) Pvt Ltd (KEIPL) through competitive bidding and the rate discovered through the process is cheaper than the approved source of power
3	Total GMRETL	May	4.83	4.63	Due to above factors
		June	4.63	4.63	

5.14 Considering the above, the Commission allows the average power purchase cost of Rs. 4.63/kWh and 3.62/kWh for the month of May 2020 and June 2020 respectively, as shown in **Error! Reference source not found.** above. **The reduction in power purchase cost is due to tie-up of cheaper power with KEIPL and non-purchase Renewable Energy Certificates.**

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 month of May 2020 and June 2020 as shown in below Table 3. 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 3 shows the Z_{FAC} worked out by the Commission on account of difference in power purchase cost for the month of May 2020 and June 2020, respectively.

Table 3: FAC on account of Power Purchase Cost

Sr. No.	Particulars	Units	May 2020	June 2020
1	Average power purchase cost approved by the Commission	Rs./kWh	4.83	4.83
2	Actual average power purchase cost	Rs./kWh	4.63	3.62
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.20)	(1.21)
4	Net Power Purchase	MU	0.92	0.82
5	Change in fuel and power purchase cost (=3 x 4/10)	Rs. Crore	(0.02)	(0.10)

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

- 7.1 There is no past adjustment for over recovery/under recovery for the month of May 2020 and June 2020, respectively since there is a negative FAC in the month of April, 2020.

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

- 8.1 There is no past adjustment for over recovery/under recovery and hence no carrying cost for over recovery/under recovery for the month of May 2020 and June 2020, respectively.

9. Holding Cost for FAC Fund

- 9.1 The Commission has determined a negative FAC for the month of May, 2020 and June, 2020 of Rs. 0.02 Crore and Rs. 0.10 Crore respectively which is contributed to the FAC Pool.
- 9.2 The Commission has considered MCLR rate of June month plus 150 basis points which works out to 8.79% and 8.58% for May, 2020 and June, 2020 respectively. Accordingly, the Commission has calculated holding cost of Rs. 0.0001 Crore and Rs. 0.0003 Crore for May, 2020 and June, 2020 respectively to be contributed to the FAC Pool.

10. Disallowance due to excess Distribution Loss

10.1 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”

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

Table 4: Disallowance of FAC due to excess Distribution Loss

Sr. No.	Particulars	Units	Approved in MYT Order	Actual May 2020	Actual June 2020
1	Net Energy input at Distribution Voltages	MU	25.70	0.64	0.64
2	Energy sales at Distribution voltages	MU	24.93	0.62	0.62
3	Distribution Loss (1 - 2)	MU	0.77	0.02	0.01
4	Distribution Loss as % (3/1)	%	3.00%	2.45%	2.20%
5	Cumulative Distribution Loss	%	3.00%	2.50%	2.40%
6	Excess Distribution Loss = [Cumulative Distribution Loss (5) – Distribution loss approved] x Net Energy Input (1)	MU		-	-

10.3 As seen from the above **Error! Reference source not found.**, excess distribution loss for the month of May 2020 and June 2020 is nil, because actual distribution loss is lesser than the approved Distribution loss in the MYT Order.

11. Summary of Allowable Z_{FAC}

The summary of the FAC amount as approved by the Commission for the month of May 2020 and June 2020 as shown in the

11.1 Table 5 below.

Table 5: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	May 2020	June 2020
1	Calculation of ZFAC			
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.02)	(0.10)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-	-
1.4	ZFAC = F+C+B	Rs. Crore	(0.02)	(0.10)
2	Calculation of per unit FAC			
2.1	Energy Sales within the License Area	MU	0.62	0.62
2.2	Excess Distribution Loss	MU	-	-
2.3	ZFAC per kWh	Rs./kWh	(0.30)	(1.60)
3	Allowable FAC			
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs. Crore	-	-
3.2	FAC Allowable (1.4-3.1)	Rs. Crore	(0.02)	(0.10)
4	Utilization of FAC fund			
4.1	Opening Balance of FAC Fund	Rs. Crore	(0.0180)	(0.0370)
4.2	Holding Cost of FAC Fund	Rs. Crore	(0.0001)	(0.0003)
4.2	ZFAC for the month	Rs. Crore	(0.0189)	(0.0997)
4.3	Closing Balance of FAC Fund	Rs. Crore	(0.0370)	(0.1370)
4.4	ZFAC leivable/refundable to consumer	Rs. Crore	-	-
5.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	-	-
6.0	Carried forward FAC for recovery during future period (4.4-5.0)	Rs. Crore	-	-

11.2 It can be seen from the above Table 6 that standalone FAC for the month of May 2020 and June 2020 is Rs. (0.02) Crore and (0.10) Crore, respectively. As the FAC is negative, the said amount will be accumulated in FAC Fund for stabilisation of FAC in future period. The Commission has also approved a holding cost of Rs. (0.0001) Crore & Rs. (0.0003) Crore for May, 2020 and June, 2020 for the negative FAC accrued during the month of April & May 2020. The overall FAC amount for the month till June 2020 is Rs. (0.1370) Crore. As the FAC is negative, the said amount will be accumulated in FAC Fund for stabilisation of FAC in future and the benefit will not be passed to consumers.

12. Recovery from Consumers:

12.1 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: —

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

Where:

$Z_{FAC\ Cat}$ = 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....”

12.2 The Commission had invoked power of removing difficulties under MYT Regulation, 2019 and made following changes for computation of FAC.

“Distribution Licensee shall undertake computation of monthly FAC as per Regulation 10 of the MYT Regulations, 2019 except for treatment to be given to negative FAC as follows:

- Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.*
- Such carried forward negative FAC shall be adjusted against FAC amount for the next month and balance negative amount shall be carried forward to subsequent month with holding cost.*
- Such carry forward of negative FAC shall be continued till the accumulated negative FAC becomes 20 % of monthly tariff revenue approved by the Commission in Tariff Order. In case of KRCIPPL such limit shall be Rs.28 Lakh. Any*

accumulated amount above such limit shall be refunded to consumers through FAC mechanism.

- *In case such FAC Fund is yet to be generated or such generated fund is not sufficient to adjust against FAC computed for given month, then Distribution Licensee can levy such amount to the consumers through FAC mechanism, upon seeking prior approval from the Commission.”*

12.3 The Commission in the Tariff Order had held that negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost till the accumulated negative FAC reaches the limit of Rs. 28 Lakh. Accordingly, the Commission allows the FAC amount of Rs. (0.1370) Crore to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.

12.4 Therefore, no FAC would be levied on consumer in the month of May 2020 and June 2020 and Rs. 0.02 Crore and 0.10 Crore will be carried forward to next billing cycle with holding Cost as a FAC Fund.

12.5 Accordingly, per unit ZFAC for the month of May 2020 and June 2020 to be levied on consumers of KRCIPPL in the billing month of August 2020 and September 2020 is Nil.