



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2023-24/0312

Date: 28 June, 2023

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 October 2021, November 2021 and December 2021.

Reference: 1. GEPL's FAC submission for the month of October 2021, November 2021 and December 2021 vide email dated 1 March, 2022.


Sir,

Upon vetting the FAC calculations for the months of October 2021, November 2021 and December 2021 as mentioned in the above reference, the Commission has accorded approval for charging FAC to its consumers as shown in the table below:

Month	October 2021	November 2021	December 2021
Z _{FAC} allowed for recovery (Rs. Crore)	-	-	-

The Commission allows the accumulation of FAC amount of Rs. 0.76 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, GEPL 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 October 2021, November 2021 and December 2021.

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ANNEXURE

**Detailed Vetting Report
Date: 28 June, 2023**

POST-FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF OCTOBER 2021, NOVEMBER 2021 AND DECEMBER 2021

Subject: Post-facto approval of Fuel Adjustment Charges (FAC) submissions of GEPL for the months of October 2021, November 2021 and December 2021.

Reference: 1. GEPL's FAC submission for the month of October 2021, November 2021 and December 2021 vide email dated 1 March, 2022.

1. FAC submission by GEPL:

1.1 GEPL has made FAC submissions for the months of October 2021, November 2021 and December 2021 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 December 2021, January 2022 and February 2022.

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. 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. Vide FAC vetting Report dated 30 November, 2020 the Commission accorded Post-facto approval to the FAC for the months of July 2020, August 2020 and September 2020. Further, vide FAC vetting Report dated 16 March, 2021 the Commission accorded Post-facto approval to the FAC for the months of October 2020, November 2020 and December 2020. Further, vide FAC Vetting Report dated 18 May, 2021 the Commission accorded



Approval of FAC Charges for the months of October 2021, November 2021 and December 2021

Post-facto approval to the FAC for the month of January to March, 2021. Further, vide FAC Vetting Report dated 24 August, 2021 the Commission accorded Post-facto approval to the FAC for the month of April to June, 2021. Further, vide FAC Vetting Report dated 25 November, 2021 the Commission accorded Post-facto approval to the FAC for the month of July to September, 2021.

- 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 1 March, 2022 GEPL has filed FAC submissions for the months of October 2021, November 2021 and December 2021 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.

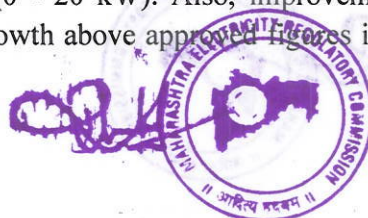
3. Energy Sales of the Licensee

- 3.1 In the MYT Order passed by the Commission in Case No. 330 of 2019, the Commission has approved revised tariffs 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)		
			Oct, 2021	Nov, 2021	Dec, 2021
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT-I Industrial	47.94	4.00	1.37	1.46	1.47
HT-II Commercial	1.86	0.16	0.17	0.15	0.14
LT Category					
LT-II (A) Commercial (0-20 kW)	1.28	0.11	0.02	0.02	0.03
LT-II (B) Commercial (above 20 kW)	0.27	0.02	0.002	0.002	0.002
LT-III (A) Industrial (0-20 kW)	0.12	0.01	0.03	0.03	0.03
LT-III (B) Industrial (above 20 kW)	5.52	0.46	0.15	0.15	0.15
Total	56.98	4.75	1.73	1.81	1.82

- 3.3 It can be observed from above Table 1 that the actual sales during the months of October 2021, November 2021 and December 2021 is 1.73 MU, 1.81 MU and 1.82 MU respectively, which is 63.59%, 61.83% and 61.72% lower than monthly approved energy sales of 4.75 MU for the FY 2021-22. The major variation was primarily observed in all categories except LT III A – Industry (0 - 20 kW). Also, improvement in HT-II Commercial Sales has witnessed marginal growth above approved figures in October 2021. However, the major



reduction was observed in the HT-I Industrial, LT II A Commercial (below 20 kW) and LT-III (B) Industrial categories, which is due to the continuation of impact of Covid-19 as seen in the Table 1 above.

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 Kreate Energy (I) Pvt. Ltd.:** 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 was valid up to March, 2021. Post that, the Commission in its Order dated 30 June, 2021 in Case No. 69 of 2021 has provided the approval of Power Purchase Agreement and Adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power up to 14MW (RTC) for one year starting from 1 July, 2021 to 30 June, 2022 through combined power procurement. In the said order, the quantum estimated for GEPL is up to 4.5 MW (Up to 2 MW RTC and up to 2.5 MW between 0800 and 2300 hours). The relevant extract is as given below:

“Accordingly, the Commission approves PPA dated 27 May 2021 entered between KRC DISCOMs (MindSPACE Business Parks Private Limited; Gigaplex Estate Private Limited; KRC Infrastructure and Projects Private Limited) and Kreate Energy (I) Pvt. Ltd. – Power Department of Sikkim.”

GEPL has purchased power from Kreate Energy (I) Pvt. Ltd. at the rate of Rs. 3.18/kWh as approved by the Commission at Maharashtra State Periphery which is lower than the Power procurement cost of Rs. 3.92/kWh as approved by the Commission in Tariff Order in Case No. 328 of 2019 from the medium-term source and Rs. 4.40/Unit from the Short-Term sources.

4.3 GEPL has submitted that on 8 October, 2021, M/S Kreate Energy (I) Pvt. Ltd. (KEIPL) has informed GEPL that, due to constraints in coal availability in the market the generator was unable to run its power plant and consequently unable to schedule the power from 11 October, 2021 to 31 October, 2021. Therefore, to meet the shortfall due to unavailability of power generation from contracted source, GEPL initiated procurement of power from exchange based contracts to ensure that the rate at which the power has been procured is discovered through transparent and neutral price discovery mechanism.

4.4 GEPL further submitted that the prices of green energy and conventional power available from exchange-based contracts were at par in most of the cases, therefore, GEPL took this opportunity to procure green power to fulfil its contingency requirement and meet the RPO obligation at the same time.



Approval of FAC Charges for the months of October 2021, November 2021 and December 2021

4.5 Further, GEPL also informed that it had filed a petition before the Hon'ble Commission (Case No.1/MP/2022) to:

- a) Approve the additional cost of power purchase incurred over the period from 11 October, 2021 to 31 October, 2021 for reasons beyond their control;
- b) Approve the adjustment of the additional power purchase cost with the balances against the respective FAC Fund and levy of FAC for the balance amount, up to the limit of 20% of Variable Charges, in accordance with the MERC MYT Regulations, 2019 and the directions issued by the Commission from time to time regarding FAC Fund.

4.6 GEPL had submitted that while the matter was under sub judication, however, cumulative average power purchase cost of FY 2021-22 is Rs. 3.46/kWh which is less than approved average power purchase cost, even though the power purchase prices were higher side in the month of October 2021.

4.7 The Commission sought clarifications from GEPL with regards to obligations of the generator as per the provisions of the PPA in case of inability of supply of contracted power to the procurer. The Commission also sought details regarding the steps initiated by GEPL in line with the provisions of the PPA.

4.8 GEPL vide its letter dated 25 March 2022 communicated that as per the Clause 3.5 of the PPA, the Seller is allowed to source and supply the deficit power from any alternative source to meet its obligations under PPA. However, failure to arrange alternate source has not been considered as Force Majeure under clause 3.5 of the PPA. Further, Clause 9.3 of the PPA allows the recovery of Liquidated damages for failure to supply the instructed capacity for deviation more than 15% of the approved Open Access. The relevant clause from the PPA is reproduced below:

"9. PAYMENT FOR LIQUIDATED DAMAGES FOR FAILURE TO SUPPLY THE INSTRUCTED CAPACITY

9.3 In case deviation from Seller side is more than 15% of contracted energy for which open access has been allocated on monthly basis, Seller shall pay compensation to Procurer at 20% of Tariff per kWh for the quantum of shortfall in excess of permitted deviation of 15% in the energy supplied and pay for the open access charges to the extent not availed by the Procurer."

4.9 Accordingly, in line with the enabling clause as mentioned above regarding liquidated damages under the provision 9.3 of PPA, the KRC DISCOMs have recovered liquidated damages from the Seller. The details of the computation of Liquidated charges recovered from the generator are given below:



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DISCOM	Schedule for the month	Implemented Schedule for 1st Oct – 10th Oct	Variation limit as per PPA	Deficit Supply	Variation above 15%	Tariff as per PPA	Penalty	Penalty
	Units	Units	Units	Units	Units	Rs./kWh	Rs./kWh	Rs.
1	2	3	4 = 2 x 15%	5 = 2 - 3	6 = 5 - 4	7	8 = 7 x 20%	9 = 6 x 8
MBPPL	33,77,530	10,77,880	5,06,630	22,99,650	17,93,021	3.18	0.636	11,40,361
GEPL	16,63,100	5,29,880	2,49,465	11,33,220	8,83,755	3.18	0.636	5,62,068
KRC	11,80,600	379500	1,77,090	8,01,100	6,24,010	3.18	0.636	3,96,870
Total	62,21,230	19,87,260	9,33,185	42,33,970	33,00,786	3.18	0.636	20,99,300

- 4.10 GEPL has submitted that the above amount recovered as liquidated damages from the generator has been passed on to the consumers of the respective Discom in FAC computation for the month of November, 2021.
- 4.11 Considering that due to the unavailability of the power from contracted source, GEPL had to procure power from other sources at higher cost burdening the consumers. Accordingly, the Commission sought justification from GEPL for passing on this higher cost to the consumers. Further, the Commission had also sought details of the additional cost incurred for power procurement on account of non-availability of the power from M/s Kreate Energy during the period 11 October 2021 to 31 October 2021.
- 4.12 In response to the query, GEPL has submitted that the KRC DISCOMs have entered into a Power Purchase Agreement (PPA) dated 27 May, 2021 for procurement of power from M/s Kreate Energy (I) Private Limited (KEIPL) through competitive bidding process on short term basis for the period from 1 July 2021 to 30 June 2022, this is being the only PPA entered by KRC DISCOMs.
- 4.13 Due to non-availability of power from the contracted source (i.e., KEIPL) during the period 11 October 2021 to 31 October 2021, KRC DISCOMs sourced their entire power requirement from the only available option of sourcing power i.e. from Power Exchanges, in order to meet its end consumer demand and the Universal Supply Obligation of the distribution licensee.
- 4.14 KRC DISCOMs had filed a Miscellaneous Petition for obtaining the Commission's approval for additional power purchase cost incurred in the month of October 2021 on account of uncontrollable factors. Same is registered as Case No. 1/MP/2022 and a hearing in the said matter was held on 25 March, 2022.
- 4.15 GEPL also submitted that, though the deficit power is sourced from the power exchange, the energy cost on Power Exchanges is market linked and is guided by the market principle of demand and supply, and the prices discovered on Power Exchanges are a fair, transparent and neutral price discovery mechanism and same is also approved by the Commission in the past. Accordingly, GEPL requested the Commission to approve the higher cost of power procurement on account of the above stated reasons.



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- 4.16 With regards to the query pertaining to the additional cost incurred by GEPL due to non-availability of power from M/S Kreate Energy, GEPL has submitted that KRC DISCOMs in their Petition in Case No. 1/MP/2022 have submitted that, due to the non-availability of power from contracted source (i.e., KEIPL), KRC DISCOMs have collectively incurred additional cost of Rs. 2.17 Crore (Rs. 1.17 Crore – MBPPL; Rs. 0.57 Crore – GEPL; Rs. 0.43 Crore – KRCIPPL) with reference to the existing PPA rate of Rs. 3.18/kWh, on account of purchase of power from Power Exchanges during the period from 11 October 2021 to 31 October 2021. Further, KRC DISCOMs have also recovered the liquidated damages of Rs. 0.21 Crore from the generator as per provision of PPA to the extent of non-supply beyond allowed limits. Accordingly, the net additional power purchase cost incurred by the KRC DISCOMs is Rs. 1.96 Crore (Rs. 1.05 Crore – MBPPL; Rs. 0.51 Crore – GEPL; Rs. 0.39 Crore – KRCIPPL). This cost has been computed at the T\diamondD interface and is as per the submission of the KRC DISCOMs in the Case No. 1/MP/2022.
- 4.17 However, while the KRC DISCOMs have entered into the PPA with KEIPL wherein the Power Purchase cost is considered at STU Periphery, KRC DISCOMs in their Petition in Case No. 1/MP/2022 for the computation of additional power purchase cost during the period 11 October 2021 to 31 October 2021, have inadvertently considered the power purchase quantum (in MUs) at T\diamondD interface. Therefore, same is corrected in the present submission by computing the power purchase quantum in MUs at State Periphery for computing additional power purchase cost incurred during the period 11 October 2021 to 31 October 2021 as given below:

Sr. No.	DISCOM	Quantum (kWh) (11.10.2021 to 31.10.2021)	Actual Cost (Rs. Cr.)	Avg. Rate (Rs/kWh)	PPA Rate (Rs./kWh)	PPA Cost (Rs. Cr.)	Addnl. Cost (Rs. Cr.)
		(a)	(b)	(c)	(d)	(e=a x d)	(f=b-e)
1	MBPPL	26,73,783	1.99	7.44	3.18	0.85	1.14
2	GEPL	12,82,176	0.96	7.50	3.18	0.41	0.56
3	KRCIPPL	8,89,097	0.70	7.93	3.18	0.28	0.42
	TOTAL	48,45,056	3.66	7.55	3.18	1.54	2.12

*Quantum in kWh is considered at STU periphery

- 4.18 As stated earlier, KRC DISCOMs have recovered the liquidated damages as per provision of PPA to the extent of non-supply beyond allowed limits. The net additional power purchase incurred by KRC DISCOMs due to power purchase from Power Exchanges is shown in the Table below:

Sr. No..	DISCOM	Additional Power Purchase Cost (Rs. Cr.)	Liquidated Damages (Rs. Cr.)	Net Additional Power Purchase Cost (Rs. Cr.)
		(a)	(b)	(c=a-b)
1	MBPPL	1.14	0.11	1.03
2	GEPL	0.56	0.06	0.50
3	KRCIPPL	0.42	0.04	0.38
	TOTAL	2.12	0.21	1.91



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- 4.19 Also, even though the power has been procured from power exchange due to failure of tied-up source i.e. M/s. Kreate Energy, GEPL submitted that in MYT Order for FY 2021-22, the Commission has approved cost of Rs. 4.17/kWh, Rs.4.19/kWh and Rs. 4.10/kWh of MBPPL, GEPL and KRCIPPL respectively against which the cumulative cost incurred (considering power procured from all sources including renewable and DSM as well as surplus sale of power) is Rs. 4.62/kWh, Rs. 3.69/kWh and R. 3.89/kWh respectively. Therefore, it is submitted that the cost of power procurement of GEPL and KRCIPPL is well within the limit of the approved cost by the Hon'ble Commission and only higher in case of MBPPL for the reasons as mentioned in earlier response.
- 4.20 Further, it is submitted that power purchase rate from sources such as Power Exchange varies on month-to-month basis and it may be higher/lower in a given month than average approved energy rate. Due to non-availability of power from M/s. Kreate Energy and in order to meet demand-supply gap, KRC DISCOMs have purchased short term power from power exchange with market discovered rate prevailing during the respective month.
- 4.21 The Commission has examined the submissions of GEPL and notes that GEPL has exercised the options available in the PPA with M/S Kreate Energy in the context of the non-supply of contracted power by the generator during the period from 11 October, 2021 to 31 October, 2021. The Liquidated damages in line with the provisions of the PPA have also been recovered in November 2021 and passed on to the consumers through the FAC filing.
- 4.22 The Commission also notes the submissions of GEPL regarding purchase of power through the power exchanges. The power purchase has been through the power exchanges where the prices are market driven and competitively discovered.
- 4.23 The Commission, after undertaking detailed deliberations in the matter of Case No. 1/MP/2022 filed by the KRC DISCOMs, has issued an order on 8 November, 2022 which stated the following:

"24.16 The Electricity Act, 2003 mandates the Commission to protect the interest of consumers at the same time allow recovery of cost of electricity in reasonable manner. In present case, by diverting contractual power to third party, LMEL/KEIPL have acted against the spirit of the contractual provisions and earned undue benefit at the cost of consumers of the Petitioners. Hence, by using its regulatory power, the Commission deems it fit to direct KEIPL to compensate the Petitioners for excess power purchase expenses of Rs. 1.96 Crore incurred because of diversion of its contracted power. KEIPL shall make such payment to the Petitioners within 15 days from date of this Order."

"24.19 In view of above ruling, relief sought in the present petition i.e. allowing such additional expenses as pass through to consumer through FAC mechanism becomes infructuous. However, the Commission notes that FAC



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mechanism for SEZs allows levy of variation in power purchase cost on monthly basis subject to post facto vetting by the Commission. During pendency of this case, said additional expenses must have been levied to consumers through FAC. Therefore, instead of reversing all such FAC computation, the Commission directs that once KEIPL has paid the amount as directed above, same shall be adjusted as rebate in upcoming FAC computation.”

4.24 Considering the above submissions, and the directions issued to GEPL vide its Order dated 8 November, 2022, the Commission has approved the higher cost of power purchase incurred by GEPL for the period October 2021 to December 2021 to be recovered through the FAC mechanism and the amount receivable from KEIPL to be adjusted in upcoming FAC submissions, as and when received. However, KEIPL has challenged the Commission’s Order in the Hon’ble Appellate Tribunal of Electricity (ATE) in IA No. 1951 of 2022 in Appeal No. 428 of 2022. The Hon’ble ATE has agreed to grant a stay on the Commission’s Order subject to the following:

“43. For the reasons detailed herein above, we consider it appropriate to grant stay of the Order under appeal, subject to fulfilment of the following conditions:

(1) the Appellant shall, within three weeks from today, pay Respondents 2 to 4 Rs.11.67 lakhs (ie the difference between Rs.32.66 lakhs received by them as liquidated damages from Respondent No.5 and Rs.20.99 lakhs which they had paid as liquidated damages to Respondents 2 to 4 earlier). This sum of Rs.11.67 lakhs shall be apportioned between Respondents 2 to 4 in the same proportion in which the liquidated damages of Rs.20.99 Lakhs was paid to them earlier.

(2) The Appellant shall in addition, within three weeks from today, furnish an unconditional bank guarantee from a Nationalised Bank, in favour of the Maharashtra Regulatory Commission, for Rs.1,79,33,000/- (Rupees One Crore Seventy Nine Lakhs Thirty Three Thousand only) (representing the difference between Rs.1.91 Crores which the Commission ought to have asked them to pay and Rs.11.67 lakhs which we have now directed them to pay). The Bank Guarantee, so furnished, shall be kept alive and in force during the pendency of this Appeal. The Appellant shall file an affidavit of compliance, of the aforesaid directions, with the Registry within four weeks from today.

44. The aforesaid directions shall be subject to the result of the Appeal. It is also made clear that failure on the part of the Appellant to comply with the aforesaid directions will result in automatic vacation of this Interim Order, and it would then be open to Respondents 2 to 4 to take such steps, as are available to them in law, to have the Order of the Commission enforced.”

4.25 Accordingly, the stay on the Order has been granted subject to the appellants meeting the conditions prescribed by the Hon’ble ATE and the recovery of the amount from KEIPL will be subject to the outcome of the further judicial proceedings to be taken up by KEIPL.



Approval of FAC Charges for the months of October 2021, November 2021 and December 2021

4.26 Summary of power purchase of GEPL is as under:

Sr. No.	Particular	Compliance																											
1	Purchase from Approved Sources	Yes. GEPL has purchase from Kreate Energy (I) Pvt. Ltd. during October 2021, November 2021 and December 2021 which is the approved sources of power as specified in Case No. 69 of 2021, GEPL has entered into agreement with Kreate Energy (I) Pvt. Ltd at Rs. 3.18/kWh for the period from July 2021 to June 2022.																											
2	Merit Order Dispatch	Yes. GEPL has only one source of contracted power i.e. i.e. Kreate Energy (I) Pvt. Ltd., which has been contracted on short term basis. GEPL 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 / DSM Pool	GEPL injected 0.03 MU, 0.03 MU and 0.16 MU for the month of October 2021, November 2021, and December 2022 respectively into the DSM Pool. GEPL has purchased 0.004 MU from the imbalance pool for the month of October 2021.																											
5	Sale of Surplus Power	There was no sale of Surplus power in the months of October to December 2021.																											
6	Power Purchase	Actual Power Purchase is 1.82 MU, 1.90 MU and 1.91 MU for October 2021, November 2021 and December 2021 respectively as against approved monthly power purchase of 4.96 MU due to lower sales.																											
7	Source wise Power Purchase	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Source Name</th> <th style="text-align: center;">Approved (MU)</th> <th style="text-align: center;">Actual October 2021 (MU)</th> <th style="text-align: center;">Proportion of each Source in Actual Purchase</th> </tr> </thead> <tbody> <tr> <td>RE Solar</td> <td rowspan="2" style="text-align: center;">Commission had approved REC purchase for FY 2021-22 #</td> <td style="text-align: center;">0.03</td> <td style="text-align: center;">1.68%</td> </tr> <tr> <td>RE Non-Solar</td> <td style="text-align: center;">0.23</td> <td style="text-align: center;">12.50%</td> </tr> <tr> <td>Bilateral Purchase (MBPPL)</td> <td style="text-align: center;">3.72</td> <td style="text-align: center;">-</td> <td style="text-align: center;">0.00</td> </tr> <tr> <td>Exchange/ Other Peak Source</td> <td style="text-align: center;">1.24</td> <td style="text-align: center;">1.06</td> <td style="text-align: center;">58.34%</td> </tr> <tr> <td>Kreate Energy Pvt. Ltd.</td> <td style="text-align: center;">-</td> <td style="text-align: center;">0.53</td> <td style="text-align: center;">29.12%</td> </tr> <tr> <td>DSM Pool</td> <td></td> <td style="text-align: center;">(0.034)</td> <td style="text-align: center;">-1.86%</td> </tr> </tbody> </table>	Source Name	Approved (MU)	Actual October 2021 (MU)	Proportion of each Source in Actual Purchase	RE Solar	Commission had approved REC purchase for FY 2021-22 #	0.03	1.68%	RE Non-Solar	0.23	12.50%	Bilateral Purchase (MBPPL)	3.72	-	0.00	Exchange/ Other Peak Source	1.24	1.06	58.34%	Kreate Energy Pvt. Ltd.	-	0.53	29.12%	DSM Pool		(0.034)	-1.86%
Source Name	Approved (MU)	Actual October 2021 (MU)	Proportion of each Source in Actual Purchase																										
RE Solar	Commission had approved REC purchase for FY 2021-22 #	0.03	1.68%																										
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Kreate Energy Pvt. Ltd.	-	0.53	29.12%																										
DSM Pool		(0.034)	-1.86%																										



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Sr. No.	Particular	Compliance			
		Imbalance Pool		0.004	0.22%
		Total	4.96	1.82	100.00 %
		Source Name	Approved (MU)	Actual November 2021 (MU)	Proportion of each Source in Actual Purchase
		RE Solar	Commission had approved REC purchase for FY 2021-22 #	0.0009	0.04%
		RE Non-Solar		0.000019	0.0010%
		Bilateral Purchase (MBPPL)	3.72	-	-
		Exchange/ Other Peak Source	1.24	0.09	4.58%
		Kreate Energy Pvt. Ltd.	-	1.84	96.69%
		DSM Pool		(0.03)	-1.32%
		Total	4.96	1.90	100.00 %
		Source Name	Approved (MU)	Actual December 2021 (MU)	Proportion of each Source in Actual Purchase
		RE Solar	Commission had approved REC purchase for FY 2021-22 #	0.012	0.65%
		RE Non-Solar		0.009	0.48%
		Bilateral Purchase (MBPPL)	3.72	-	0.00
		Exchange/ Other Peak Source	1.24	0.06	3.22%
		Kreate Energy Pvt. Ltd.	-	1.99	103.98%
		DSM Pool		(0.16)	-8.33%
		Imbalance Pool			
		Total	4.96	1.91	100.00 %



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Sr. No.	Particular	Compliance
		<p>The Bilateral Purchase from MBPPL is not an approved source in MYT tariff order dated 30 March 2020 in Case No. 330 of 2019 but the Commission has approved source in Case No. 231 of 2020 dated 23 January, 2021 due to lower variable cost for the period April to June 2021 till the combined power purchase by the KRC SEZs is initiated from 1st July, 2021.</p> <p># While the Commission had allowed the KRC DISCOMs to procure RECs to meet the RPO obligations in the MYT order, in the Order in Case no. 231 of 2020 dated 23 January, 2021, the Commission has also permitted the KRC DISCOMs to procure RE power before FY 2022-23, so that the benefit of RE purchase can be passed on to the consumers.</p>
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.

5. Power Purchase Cost:

- 5.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of October 2021, November 2021 and December 2021, 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 October 2021, November 2021 and December 2021 is Rs. 1.17 Crore, Rs. 0.79 Crore and Rs 0.63 Crore respectively, which is significantly lower than the total approved monthly Power Purchase cost of Rs. 2.08 Crore by the Commission for the month of October 2021, November 2021 and December 2021. This is on account of lower procurement of power due to lower sales.
- 5.3 **Kreate Energy (I) Pvt. Ltd.:** The Commission notes that GEPL has procured power from Kreate Energy (I) Pvt. Ltd. on short-term basis in the month of in October 2021, November 2021 and December 2021 respectively. This source was not approved by the Commission in Case No. 330 of 2019 dated 30 March 2020 while determining MYT Tariff, however, in Case No. 69 of 2021 dated 30 June, 2021, the Commission has approved the source of power purchase. The Power Purchase Agreement and Adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power up to 14 MW (RTC) for one year starting from 1 July, 2021 to 30 June, 2022 through combined power



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procurement. In the said order, the quantum estimated for GEPL is upto 4.5 MW (Up to 2 MW RTC and up to 2.5 MW between 0800 and 2300 hours). The relevant extract of the Commission Order in Case No 69 of 2021 is reproduced below:

“Accordingly, the Commission approves PPA dated 27 May 2021 entered between KRC DISCOMs (MindSpace Business Parks Private Limited; Gigaplex Estate Private Limited; KRC Infrastructure and Projects Private Limited) and Kreate Energy (I) Pvt. Ltd. – Power Department of Sikkim.”

- 5.4 GEPL has to pay short-term open access charges to SLDC and hence effective rate for power purchase from Kreate is higher than approved rate. However, in the month of November 2021, GEPL has raised a debit note for an amount of Rs. 562,068/- towards liquidated charges charged for the month of October 2021 towards inability to supply contracted power in line with the terms of the PPA. This has led to the effective power purchase rate of Rs. 2.91/kWh.
- 5.5 The Commission has verified the bills from the power purchase bills for M/s Kreate Energy.
- 5.6 **Power Procurement from Exchange/Other Peak Sources:** GEPL has also procured 1.06 MU, 0.09 MU and 0.06 MUs for the month for October 2021, November 2021 and December 2021 respectively, to meet the peak demand from DAM / RTM / TAM product available on IEX platform. The purchase in October 2021 was higher on account of unavailability of power from M/s Kreate Energy.
- 5.7 **Renewable Sources:** The Commission has also approved Rs. 0.09 Crore each for in October 2021, November 2021 and December 2021 for purchase of REC to meet Renewable Purchase Obligation. GEPL has purchased Non-Solar RECs of Rs. 0.22 crore for the month of November and has not purchased any REC in month for the month of October and December. Further, GEPL has also purchased RE Solar and RE Non-Solar during the period October 2021 to December 2021. The RE Solar purchase quantum was 0.03 MU, 0.0009 MU and 0.012 MU at a power purchase rate of Rs. 8.17/kWh, Rs. 7.21/kWh and Rs. 5.71/kWh in October 2021, November 2021 and December 2021 respectively. Similarly, the RE Non-Solar purchase quantum was 0.23 MU, 0.00002 MU and 0.009 MU at a power purchase rate of Rs. 5.85/kWh, Rs. 7.21/kWh and Rs. 5.71/kWh in October 2021, November 2021 and December 2021 respectively. The Commission in its MYT Order in Case no. 330 of 2019 had approved purchases of REC in place of actual RE power for FY 2020-21 and FY 2021-22. However, the Commission in its Order in Case No. 231 of 2020 dated 23 January, 2021 had stated the following:

“9.14. As approved in MYT Orders, KRC Discoms have proposed to procure Solar and Non-Solar RECs for FY 2020-21 and FY 2021-22. It is also mentioned that if KRC DISCOMs can procure RE power before that, then the same shall be resorted to, so that the benefit of RE purchase can be passed on to the consumers. As this proposal is in line with that approved in MYT orders, the Commission allows the same.”



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- 5.8 Accordingly, GEPL has sourced the RE Solar and RE Non-Solar Power from the exchange (GTAM/GDAM) citing the fact that the prices of green energy and conventional power available from exchange-based contracts were at par in most of the cases during that period and therefore, GEPL took this opportunity to procure green power to fulfil its contingency requirement and meet the RPO obligation at the same time.
- 5.9 The Commission directed GEPL to justify the afore-mentioned submission that the prices of green energy and conventional power available from exchange-based contracts were at par in most of the cases during that period with requisite data / information.
- 5.10 In response to the query raised by the Commission, GEPL submitted that in order to meet the RPO requirement and to avoid any penalty for not achieving cumulative shortfall resulting in reduction in ARR, considering the non-availability of RECs, the KRC DISCOMs have been procuring RE power through the Green Term Ahead Market (G - TAM). Further from October 2021 onwards, KRC DISCOMs have been procuring RE power from Green Day Ahead Market (G-DAM) also on Exchange platforms.
- 5.11 KRC DISCOMs submitted that in the month of October 2021, due to non-availability of contracted source, they have procured power from Power Exchanges at prevailing market rate. KRC DISCOMs has taken this opportunity to fulfil its contingency requirement and to meet its RPO. Further, GEPL has purchased RE power at an average rate of Rs. 6.13/kWh as against conventional power from Power Exchange at Rs. 8.01/kWh. Similarly, MBPPL has purchased RE power at Rs. 6.05/kWh as against conventional power from Power Exchange at Rs. 8.32/kWh and KRCIPPL has purchased RE power at Rs. 6.24/kWh as against conventional power from Power Exchange at Rs. 8.75/kWh, as shown in the Table below:

Licensees		MBPPL			GEPL			KRCIPPL		
Particulars		Net Purchase in MU	Power Purchase Cost in Rs. Cr.	Average Power Purchase Cost in Rs. /kWh	Net Purchase in MU	Power Purchase Cost in Rs. Cr.	Average Power Purchase Cost in Rs. /kWh	Net Purchase in MU	Power Purchase Cost in Rs. Cr.	Average Power Purchase Cost in Rs. /kWh
Power procurement through GTAM / GDAM from power exchange	Solar (A)	0.06	0.06	9.63	0.03	0.02	8.17	0.02	0.02	9.87
	Non-Solar (B)	0.76	0.44	5.75	0.23	0.13	5.85	0.23	0.13	5.85
Total of RE power	C= (A+B)	0.83	0.50	6.05	0.26	0.16	6.13	0.25	0.16	6.24
Power Procurement through DAM / RTM from Power Exchange	DAM / RTM	1.96	1.63	8.32	1.06	0.85	8.01	0.67	0.58	8.75



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- 5.12 Supporting documents pertaining to power purchase from Power Exchange and landed cost sheet for all three KRC DISCOMs wherein product-wise Power Exchange trade details are captured on daily basis are shared in the quarterly FAC submission on dated 1 March 2022.
- 5.13 The Commission had also directed GEPL to justify the rates at which the small quantum of RE power was purchased in the months of November and December 2021. RE Solar and RE Non-Solar was procured at Rs. 7.21/kWh in November 2021 and Rs. 5.71 /kWh in December 2021 when power from M/s Kreate Energy was available at a lower cost and the average cost of power purchase from the exchange was Rs. 4.80/kWh and Rs. 5.30/kWh in November and December 2021 respectively.
- 5.14 GEPL submitted that the KRC DISCOMs cater to the specific load requirement of IT/ITeS consumers within the notified SEZ Area. Accordingly, KRC DISCOMs have been sourcing its end consumers demand through its PPA with KEIPL on short term basis. The power from the contracted source is being scheduled on month ahead basis.
- 5.15 Further, the uncertainty of demand was observed by KRC DISCOMs since the eruption of pandemic and still it is observing variation in its consumers demand due to ongoing COVID-19 situations. Therefore, in order to fulfil the additional demand, which varies on daily basis, KRC DISCOMs have sourced power through Power Exchange platforms over and above the approved open access capacity.
- 5.16 Additionally, GEPL and MBPPL, are in receipt of green power requirement from their esteemed consumers from the month of December 2021 onwards. In order to fulfil this specific green power requirement, MBPPL and GEPL had also procured actual green power in the month of December 2021 from Power Exchange platforms.
- 5.17 Further, in response to the specific query, GEPL submitted that it has procured additional quantum in the month of November 2021 and December 2021 to meet its demand shortfall, to meet RPO by procuring RE power so as to avoid any penalty and also to fulfil actual Green power requirement of its consumers for the month of December 2021. The Energy charges were Rs. 4.13/kWh and 4.73/kWh (excluding POC charges, NLDC and SLDC fees and trading Margin) for November 2021 and December 2021, respectively, which is below the average cost of power purchase from the Power Exchange, i.e., Rs. 4.80/kWh and Rs. 5.30/kWh in November 2021 and December 2021 respectively as mentioned in the Commission's query. However, considering POC charges, NLDC and SLDC fees and trading margin, the landed cost of RE power was Rs. 7.21/kWh and Rs 5.71/kWh in November 2021 and December 2021, respectively, which is mainly on account of small RE purchase quantum.
- 5.18 The Commission notes that while both, conventional power and RE power, was procured from exchange linked products, the average cost of power purchased through RE linked market products was lower than that for conventional power in the month of October 2021 (as seen from the table under para 5.11 above). Further, the price of power is competitively discovered for both the sources in the power exchange and hence the Commission approves



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inclusion of the power purchased from RE sources for recovery through the FAC mechanism.

- 5.19 **DSM Pool / Imbalance Pool:** It is observed that GEPL has drawn 0.004 MUs from the imbalance pool during the period of 1 October, 2021 to 10 October, 2021. Further, the DSM mechanism was implemented in Maharashtra from 11 October, 2021 onwards and accordingly, GEPL has incremented the DSM pool by 0.03 MUs, 0.03 MUs and 0.16 MUs in the months of October 2021 (12 October to 31 October, 2021), November 2021 and December 2021 respectively.
- 5.20 The Commission observes that GEPL has purchased **0.004 MUs** from the imbalance pool for the month of October 2021 and considered associated charges with regards to imbalance pool on provisional basis at the rate of **Rs. 2.86/kWh** as per the rate considered by the Commission in MYT Order.
- 5.21 The said drawl from the pool may be on account of either increase in demand of consumers than estimated by the Licensee or due to lower generation than scheduled by the generator. In both the scenarios, power has been drawn by the Licensee and supplied to its consumers. The said power supplied to the consumers is already billed as per Tariff approved by the Commission. The Energy Charge approved also includes the element of power purchase. It is therefore pertinent that such cost of such power drawn from the pool is considered while computing FAC.
- 5.22 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, the imbalance pool quantum and cost is required to be considered on provisional basis to avoid any adverse impact in future. If the said cost and quantum is not considered, it will not only result in recovering the cost from the consumers as billing has already been done, but also increase the overall power purchase cost for the particular month having positive impact on FAC and burdening the consumers. Also, as and when the final bills are issued by MSLDC, the power purchase cost of the imbalance pool quantum will be levied in future months, thereby burdening the consumers in future in that month when such cost will be levied. Accordingly, to balance the overall interest of consumers and licensee, the Commission has considered imbalance pool quantum as submitted by the GEPL at provisional rate of Rs. 2.86/kWh as considered in the MYT Order. This provisional consideration of cost for FAC computation will get adjusted during truing-up of the respective year.
- 5.23 Similarly, the Commission has also considered the average price of the power in the DSM pool (Rs. 4.44/kWh, Rs. 3.43/kWh and Rs. 3.14/kWh) as submitted by the Licensee for FAC computation.
- 5.24 The Commission has noted that GEPL has followed Merit Order Dispatch for scheduling of power and all sources are scheduled according to SLDC instructions.



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5.25 **Approved Cost:** The Commission has noted that GEPL procured lower quantum of power from its approved sources due to lower demand on account of continuation of impact of COVID-19 which has resulted in lower power purchase cost and decreased Average power purchase cost for the month of October 2021 to December 2021. **This decrease has also been on account of procurement of power from Kreate Energy (I) Pvt. Ltd for the month of October, November and December 2021 at Rs. 3.18/kWh which is lower than the Power procurement cost of Rs. 3.92/kWh as approved by the Commission in Tariff Order in Case No. 330 of 2019 from the medium-term source.** Therefore, actual APPC works out to be lower than the approved APPC in MYT order for the month of October 2021 to December 2021.

5.26 However, the overall cost of power-purchase in October 2021 is higher due to purchase of higher cost power, both conventional and RE, from power exchange to meet the shortfall in October 2021 due to non-availability of power from Kreate Energy and to meet the requirements.

5.27 Further, as discussed earlier in para 4.24 of this Order, the Commission has approved the impact of higher cost of power purchase from power exchange incurred by GEPL due to unavailability of power from its contracted source (M/s Kreate Energy) for the period 11 October 2021 to 31 October 2021.

5.28 The details of the overall cost approved and actual for the month of in October 2021, November 2021 and December 2021 as per MYT Order is as shown in the Table 2 below:

Table 2: 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)
Base Load - Medium Term Sources - Bilateral	Approved	3.72	0.55	1.47	0.91	2.45	1.46	3.92
	Actual (October)	-	-	-	-	-	-	-
	Actual (November)	-	-	-	-	-	-	-
	Actual (December)	-	-	-	-	-	-	-
Kreate Energy (I) Pvt. Ltd.	Approved	-	-	-	-	-	-	-
	Actual (October)	0.53	-	-	0.17	3.22	0.17	3.22
	Actual (November)	1.84	-	-	0.54	2.91	0.54	2.91
	Actual (December)	1.99	-	-	0.64	3.22	0.64	3.22
Exchange/Other Peak Source	Approved	1.24	-	-	0.53	4.28	0.53	4.28
	Actual (October)	1.06	-	-	0.85	8.01	0.85	8.01



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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)
	Actual (November)	0.09	-	-	0.04	4.80	0.04	4.80
	Actual (December)	0.06	-	-	0.03	5.30	0.03	5.30
Solar & Non-Solar RE/REC	Approved (REC)				0.03 (Solar REC) 0.06 (Non-Solar REC)	1.00 (Solar REC) 1.00 (Non-Solar REC)	0.03 (Solar REC) 0.06 (Non-Solar REC)	1.00 (Solar REC) 1.00 (Non-Solar REC)
	Actual (October)	0.03 MU Solar 0.23 MU Non Solar	-	-	0.02 Solar 0.13 Non Solar	8.17 Solar 5.85 Non Solar	0.02 Solar 0.13 Non Solar	8.17 Solar 5.85 Non Solar
	Actual (November)	0.001 MU RE Solar	-	-	0.001 Solar	7.21 Solar	0.001 Solar	7.21 Solar
		0.00002 MU RE Non Solar			0.00001 Non Solar	7.21 Non Solar	0.00001 Non Solar	7.21 Non Solar
	Actual (December)	2.11 REC Non Solar			0.22 REC Non Solar	1.02 REC Non Solar	0.22 REC Non Solar	1.02 REC Non Solar
Actual (December)	0.01 MU RE Solar 0.01 MU RE Non Solar	-	-	0.01 Solar 0.01 Non Solar	5.71 Solar 5.71 Non Solar	0.01 Solar 0.01 Non Solar	5.71 Solar 5.71 Non Solar	
DSM / Imbalance Pool	Approved	-	-	-	-	-	-	-
	Actual (October)	0.004 (Imbalance Pool) (0.03) (DSM Pool)	-	-	0.001 (Imbalance Pool) (0.01) (DSM Pool)	2.86 (Imbalance Pool) 4.44 (DSM Pool)	0.001 (Imbalance Pool) (0.01) (DSM Pool)	2.86 (Imbalance Pool) 3.43 (DSM Pool)
	Actual (November)	(0.03) (DSM Pool)	-	-	(0.01) (DSM Pool)	3.43 (DSM Pool)	(0.01) (DSM Pool)	3.43 (DSM Pool)
	Actual (December)	(0.16) (DSM Pool)	-	-	(0.05) (DSM Pool)	3.14 (DSM Pool)	(0.05) (DSM Pool)	3.14 (DSM Pool)
SLDC Fee	Approved							
	Actual (October)		0.001				0.001	
	Actual (November)		0.001				0.001	
	Actual (December)		0.001				0.001	

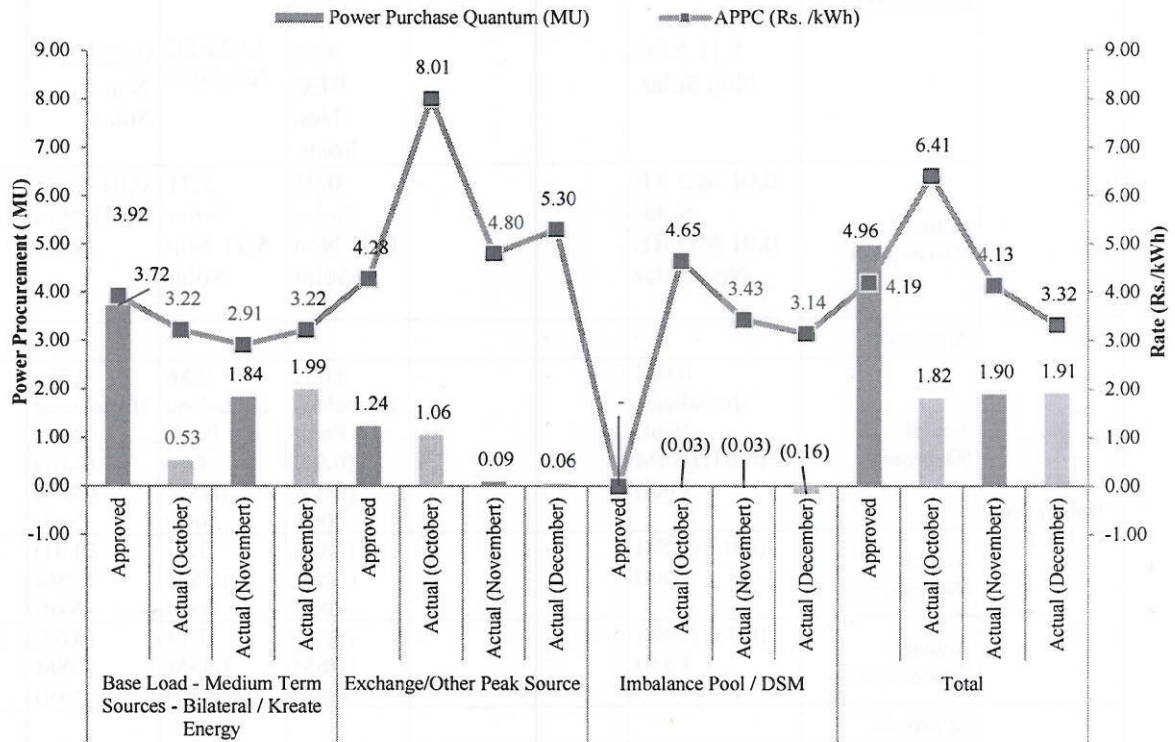


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Source		Power Purchase Quantum (MU)	Fixed Cost (Rs. Crore)	Fixed Cost (Rs./ kWh)	Variable Cost (Rs. Crore)	Variable Cost (Rs./ kWh)	Total Cost (Rs. Crore)	APPC (Rs./ kWh)
Total	Approved (Incl. REC)	4.96	0.55	1.10	1.53	3.08	2.08	4.19
	Actual (October)	1.82	0.001	0.004	1.17	6.40	1.17	6.41
	Actual (November)	1.90	0.001	0.004	0.79	4.13	0.79	4.13
	Actual (December)	1.91	0.001	0.004	0.63	3.32	0.63	3.32

5.29 Source wise approved and actual quantum of power procured from some of the key sources and APPC is shown in the graph below:

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



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



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Table 3: Reasons for Rate Variation for various Sources

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
1	Base Load - Medium Term	October 2021	3.92	-	PPA expired in March 2021.
		November 2021		-	
		December 2021		-	
2	Kreate Energy (I) Pvt. Ltd.	October 2021	-	3.22	Power purchase from M/S Kreate Energy at rate of Rs. 3.18/ kWh and short term open access charges paid over and above approved rate. Liquidated charges have been recovered by GEPL from Kreate in Nov 2021 for non-supply of power by Kreate for the period between 11 Oct 2021 to 31 Oct 2021.
		November 2021		2.91	
		December 2021		3.22	
3	Solar & Non-Solar RE/REC	October 2021	1.00 (REC – Solar & Non-Solar)	8.17 Solar 5.85 Non Solar	Market discovered rate; Purchase of RE power during Oct 2021 to December 2021 from Power Exchange (GTAM / GDAM) instead of REC procurement approved in the MYT Order. REC procured in November 2021.
		November 2021		7.21 Solar 7.21 Non Solar 1.02 REC Non Solar	
		December 2021		5.71 Solar 5.71 Non Solar	
4	Exchange/ Other Peak Source	October 2021	4.28 (Short Term PPA Rate)	8.01	Market discovered rate; Short term power purchase from Power Exchange and through day ahead exchange linked contracts.
		November 2021		4.80	
		December 2021		5.30	
5	DSM / Imbalance Pool	October 2021		2.86 (Imbalance Pool) 4.44 (DSM)	Power from Imbalance pool is considered at rate of Rs. 2.86 / kWh. DSM rates as available in the documents provided by GEPL.
		November 2021		3.43 (DSM)	
		December 2021		3.14 (DSM)	
6	Total	October 2021	4.19	6.41	Due to above factors.
		November 2021		4.13	
		December 2021		3.32	

5.31 Considering the above, the Commission allows the average power purchase cost of Rs. 6.41 /kWh, Rs. 4.13 / kWh and Rs. 3.32 / kWh for the months of October 2021, November 2021 and December 2021 respectively as shown in Table 3 above. The reduction in power purchase cost from approved sources is lower due to tie-up of cheaper power with Kreate Energy (I) Pvt. Ltd. However, the variation in power purchase cost on the higher side in October and November 2021 is mainly on account of non-availability of power from contracted source (Kreate Energy) for part period in October 2021 and higher cost RE and conventional power purchase from exchange.



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5.32 It is further reiterated that the Commission is separately adjudicating the petition filed by KRC DISCOMs in Case No. 1/MP/2022 and necessary revisions will be done to the present approval as deemed necessary in the future in line with the Commission's Order.

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 October 2021, November 2021 and December 2021 as shown in Table 2 above. 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 4 shows the Z_{FAC} worked out by the Commission on account of difference in power purchase cost for the month of October 2021, November 2021 and December 2021.

Table 4: FAC on account of Power Purchase Cost

Sr. No.	Particulars	Units	Oct, 2021	Nov, 2021	Dec, 2021
1	Average power purchase cost approved by the Commission	Rs./kWh	4.19	4.19	4.19
2	Actual average power purchase cost	Rs./kWh	6.41	4.13	3.32
3	Change in average power purchase cost (=2 -1)	Rs./kWh	2.22	(0.06)	(0.86)
4	Net Power Purchase	MU	1.82	1.90	1.91
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	0.40	(0.01)	(0.17)

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

7.1 There is no past adjustment for over recovery/under recovery for the month of October 2021, November 2021 and December 2021, respectively since there was a negative FAC in the month of July 2021, August 2021 and September 2021.

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 October 2021, November 2021 and December 2021.

9. Holding Cost for FAC Fund

9.1 The Commission in its FAC approval for the month of March 2021 has decided to accumulate the FAC fund arising out of negative monthly FAC up to March 2023 along with the holding cost. Accordingly, as per said principle laid down by the Commission,



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GEPL has carried forward the negative FAC amount and accumulated the same in the FAC Fund along with holding cost.

- 9.2 On the similar principle, the commission has allowed GEPL to carry forward the negative FAC amount in excess of FAC fund approved in the MYT order and accumulate in the FAC fund up to March 2023 along with holding cost.
- 9.3 The Commission has determined a positive FAC of Rs. 0.40 Crore for October 2021 and the same is adjusted from the available FAC fund to avoid passing on the impact to the consumers. Similarly, the Commission has determined negative FAC of Rs. 0.01 Crore and Rs. 0.17 Crore for the months of November 2021 and December 2021 respectively which is contributed to the FAC Pool.
- 9.4 The Commission has considered SBI MCLR rate of the month plus 150 basis points which works out to 8.50% for October 2021 and November 2021, respectively. Accordingly, the Commission has calculated holding cost of Rs. 0.007 Crore, Rs. 0.004 Crore and Rs. 0.004 Crore for October, November and December 2021 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 August 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 5 provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss:



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Table 5: Disallowance of FAC due to excess Distribution Loss

Sr. No.	Particulars	Units	Approved in Tariff Order	Oct, 2021	Nov, 2021	Dec, 2021
1	Net Energy input at Distribution Voltages	MU	4.81	1.78	1.86	1.87
2	Energy sales at Distribution voltages	MU	4.75	1.73	1.81	1.82
3	Distribution Loss (1 - 2)	MU	0.06	0.05	0.05	0.05
4	Distribution Loss as % (3/1)	%	1.20%	1.20%	2.79%	2.58%
5	Annual Sliding Distribution Loss	%	1.20%	2.58%	2.59%	2.62%
6	Excess Distribution Loss = [Annual Sliding Distribution Loss - Distribution loss approved] x Net Energy Input (1)	MU	-	0.02	0.03	0.03
7	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	0.01	-	-

10.3 As seen from the above Table 5, the annual sliding distribution loss for the months of October 2021, November 2021 and December 2021 is 2.58%, 2.59% and 2.62% respectively, which higher than the MYT approved distribution loss of 1.20%. The annual distribution loss for the months of October to December, 2021 is also higher than the MYT approved distribution loss of 1.20%.

10.4 The Commission observed that GEPL has not worked out disallowance of FAC due to excess Distribution Loss for the month October 2021, November 2021 and December 2021. However, it is observed that the standalone FAC in the month of October 2021 is positive while it is negative in November 2021 and December 2021. Accordingly, the Commission has considered the disallowance of FAC of Rs. 0.01 Crore due to excess distribution loss in the month of October 2021 and nil disallowance for the months November 2021 and December 2021.

11. Summary of Allowable Z_{FAC}

11.1 The summary of the FAC amount as approved by the Commission for the month October 2021, November 2021 and December 2021 which is allowed to be recovered in the billing month December 2021, January 2022 and February 2022 as shown in the Table 6 below.

Table 6: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	Oct, 2021	Nov, 2021	Dec, 2021
1	Calculation of Z _{FAC}				



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Sr. No.	Particulars	Units	Oct, 2021	Nov, 2021	Dec, 2021
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	0.40	(0.01)	(0.17)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-	-	-
1.5	Z_{FAC} = F+C+B	Rs. Crore	0.40	(0.01)	(0.17)
2	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	1.73	1.81	1.82
2.2	Excess Distribution Loss	MU	0.02	-	-
2.3	Z _{FAC} per kWh	Rs./kWh	2.31	(0.06)	(0.91)
3	Recovery of FAC				
3.1	FAC disallowed corresponding to excess Distribution Loss $[(2.1+2.2) \times 2.3]/10$	Rs. Crore	0.01	-	-
3.2	Allowable FAC	Rs. Crore	0.40	(0.01)	(0.17)
4	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs. Crore	(0.97)	(0.58)	(0.59)
4.2	Holding Cost on FAC Fund	Rs. Crore	(0.01)	(0.004)	(0.004)
4.3	Z _{FAC} for the month (Sr. No. 3.2)	Rs. Crore	0.40	(0.01)	(0.17)
4.4	Closing Balance of FAC Fund	Rs. Crore	(0.58)	(0.59)	(0.76)
4.5	Z _{FAC} leviable/refundable to consumer	Rs. Crore	-	-	-
5	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	-	-	-
6	Carried forward FAC for recovery during future period (3.1-3.2-4)	Rs. Crore	-	-	-

11.2 It can be seen from the above Table 6 that standalone FAC for the months of October 2021, November 2021 and December 2021 is Rs. 0.40 Crore, Rs. (0.01) Crore and Rs. (0.17) Crore respectively. The FAC for October 2021 is positive and hence it will be adjusted from the available FAC fund to avoid passing it on to the consumers. For subsequent months, 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. 0.01 Crore, Rs. 0.004 Crore and Rs. 0.004 Crore for the FAC fund available during the month of October 2021, November 2021 and December 2021. The overall FAC fund amount available at the end of December 2021 is Rs. (0.76) Crore and the said amount will be accumulated in FAC Fund for stabilisation of FAC in future and the benefit will not be passed to consumers.



Approval of FAC Charges for the months of October 2021, November 2021 and December 2021

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 August 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 August 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 August be directed by the Commission....”

12.2 The Commission in its FAC approval for the month of March 2021 has decided to accumulate the FAC fund arising out of negative monthly FAC up to March 2023 along with the holding cost. The Commission will continuously monitor the situation as it unfolds along with its impact on power prices and pass appropriate directions in future regarding utilisation of FAC fund.

12.3 Accordingly, the Commission allows the FAC amount of Rs. (0.76) Crore to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.



Approval of FAC Charges for the months of October 2021, November 2021 and December 2021

- 12.4 Therefore, no FAC would be levied on consumer in the month of October 2021, November 2021 and December, 2021 and Rs. 0.40 Crore (Adjusted in the available FAC Fund), Rs. (0.01) Crore and Rs. (0.17) Crore respectively will be carried forward to next billing cycle with holding Cost as a FAC Fund.
- 12.5 Accordingly, per unit Z_{FAC} for the month of October 2021, November 2021 and December, 2021 to be levied on consumers of GEPL in the billing month of December 2021, January 2022 and February 2022 is Nil.



