



# महाराष्ट्र विद्युत नियामक आयोग

## Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2023-24/LBSCML/ 0389

Date: 24 July, 2023

To,  
**Laxmipati Balaji Supply Chain Management Limited**  
205/206, 2<sup>nd</sup> floor, Ceejay House  
Shiv Sagar Estate, F-Block, Annie Besant Road,  
Worli, Mumbai – 400018

**Subject:** Prior approval of Fuel Adjustment Charges (FAC) submissions of Laxmipati Balaji Supply Chain Management Limited (LBSCML) for the month of April, 2023.

**Reference:** LBSCML's FAC submission for the month of April, 2023 vide email dated 29 May, 2023.

Sir,

Upon vetting the FAC calculations for the months of April, 2023 as mentioned in the above reference, the Commission has accorded approval for charging FAC to its consumers as shown in the table below:

Month	FAC Amount (Rs. Crore)
April, 2023	NIL

The Commission allows the FAC amount of Rs. 0.003 Crores to be accumulated in the FAC stabilisation fund as against a claim of Rs. 0.003 Crore by LBSCML. This is on account of 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 April, 2023.



**ANNEXURE**

**Detailed Vetting Report**

**Date: 24 July, 2023**

**PRIOR APPROVAL FOR FAC CHARGES FOR THE MONTH OF APRIL, 2023**

**Subject:** Prior approval of Fuel Adjustment Charges (FAC) submissions of LBSCML for the month April, 2023.

**Reference:** LBSCML's FAC submission for the month of April, 2023 vide email dated 29 May, 2023.

**1. FAC submission by LBSCML:**

1.1 LBSCML has made FAC submissions for the months of April, 2023 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by LBSCML, the Commission has accorded prior approval for the FAC amount to be charged in the billing month of June, 2023.

**2. Background**

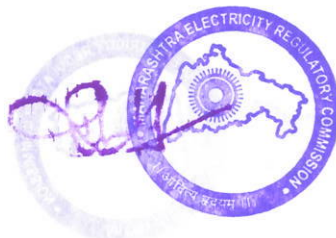
2.1 On 31 March, 2023 the Commission has issued Tariff Order in respect of LBSCML (Case No. 220 of 2022) for approval of Truing-up of FY 2020-21 & FY 2021-22, Provisional Truing-up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff for the Multi-Year Tariff period for FY 2023-24 and FY 2024-25.

2.2 The Commission had 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 As per provisions of MYT Regulations, 2019, before levying FAC for the first month of the 4<sup>th</sup> Control Period, Distribution Licensee including SEZ is required to seek prior approval of the Commission. Accordingly, vide its email dated 29 May, 2023, LBSCML has filed FAC submissions for the month of April, 2023 for prior approval of the Commission. The Commission has scrutinized the submissions provided by LBSCML and has also verified the power purchase bills provided along with its submissions.

**3. Energy Sales of the Licensee**

3.1 In the MTR Order passed by the Commission in Case No. 220 of 2022, the Commission has approved the tariffs so as to maintain cross subsidy across tariff categories.



Approval of FAC Charges for the month of April, 2023

- 3.2 The net energy sales within Licence area as submitted by LBSCML 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 (April, 2023) (MU)
	(I)	(II=I/12)	(III)
<b>HT Category</b>			
HT- I (A) Industrial	-	-	-
HT-II Commercial	2.79	0.23	0.17
<b>LT Category</b>			
LT-II(A) Commercial	0.17	0.01	0.01
LT-II (B) Commercial	0.87	0.07	0.04
LT-II (C) Commercial	0.97	0.08	0.07
LT-V Industrial	0.02	0.00	0.00
<b>Total</b>	<b>4.82</b>	<b>0.40</b>	<b>0.30</b>

- 3.3 It can be observed from above Table 1 that the actual sales during the month April, 2023 is 0.30 MU which is 26 % lower than approved energy sales of 0.40 MU per month for the FY 2023-24. The major variation was observed in the HT-II Commercial and LT-II (B) Commercial categories as seen in the Table 1 above. The reason for such lower sales is lower realisation of the upcoming load as per estimation.

**4. Power Purchase Details**

- 4.1 LBSCML, is a Company incorporated under the provisions of the Companies Act, 2013, having its registered office at 302, Level 3, Ceejay House, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400018, has executed a Co-Developer agreement with Arshiya Limited on 31 August 2018.
- 4.2 LBSCML has been notified as the ‘Co-Developer’ of the Special Economic Zone (SEZ) by the Ministry of Commerce & Industry (Department of Commerce), Government of India (GoI) under the SEZ Act, 2005 for its Information Technology and Information Technology Enabled Services (IT & ITeS) SEZ located at Village Sai, Taluka Panvel, and Dist. Raigad., Maharashtra.
- 4.3 The Ministry of Commerce & Industry (Department of Commerce), Government of India, vide its Notification under clause (b) of sub-section (1) of Section 49 of the Special Economic Zones Act, 2005 dated 3 March 2010, specified that the Developer or Co-Developer of the SEZ is deemed to be a Distribution Licensee under the provisions of the Electricity Act, 2003 (EA 2003).



- 4.4 The Commission vide Order dated 17 December, 2018 in Case No 275 of 2018, has taken on record the deemed Distribution Licensee status of LBSCML and subsequently notified the Specific Conditions of Distribution Licence for LBSCML on 27 February, 2019. Accordingly, LBSCML is required to procure power from outside sources in order to fulfil the electricity demand of its consumers.
- 4.5 **Power Procurement from Short Term Contracts:** LBSCML has envisaged procurement of its power requirement from short term power procurement sources for meeting its Base Load and Peak Load requirement during FY 2023-24 and FY 2024-25. LBSCML also envisaged procurement of additional power requirement through the Power Exchanges through available market products, as per requirement.
- 4.6 The Commission in Order dated 6 February, 2023 in Case No. 8 of 2023 noted that Power Procurement rate discovered by LBSCML fulfils mandates and requirements for adoption as set out in Section 63 of the EA, 2003. Accordingly, the Commission adopted the Power Procurement rate of Rs. 5.20 per unit for supply of 1 MW power (0.5 MW Base Load RTC and 0.5 MW peak load from 9.00 to 23.00 Hrs except Sundays and Public holidays) for the period of 1 year from 1 February 2023 to 31 January 2024.
- 4.7 LBSCML has considered purchase of RECs for meeting its RPO targets, given the very small quantum of RE power requirement instead of actual RE power procurement.
- 4.8 The Commission in its Order dated 6 February 2023 in Case No 8 of 2023 has adopted the tariff discovered through Competitive Bidding route and approve the PPA for the period 1 February, 2023 to 31 January, 2024 at Rs 5.20/kWh. The Commission has accordingly considered the said rate recently discovered through competitive bidding route for short term power purchase for FY 2023-24 and FY 2024-25.
- 4.9 The Commission has approved the Power Purchase rate of Rs. 5.42 /kwh for FY 2023-24 considering all the sources of power including the RPO compliance.
- 4.10 Summary of power purchase of LBSCML is as under:

Sr. No.	Particular	Compliance
1	Purchase from Approved Sources	<b>Yes.</b> The Commission in its Order dated 6 February 2023 in Case No 8 of 2023 has adopted the tariff discovered through Competitive Bidding route and approve the PPA for the period 1 February, 2023 to 31 January, 2024 at Rs 5.20/kWh.. Accordingly in the MTR Order dated 31 March, 2023 in Case No. 220 of 2022 has accordingly considered the said rate recently discovered through competitive bidding route for short term power purchase for FY 2023-24 and FY 2024-25. In April 2023 LBSCML fulfil its RTC power purchase requirement from Manikaran Power Limited (MPL). Further, to meet the peak power requirement, it had procured power from power exchange.



Approval of FAC Charges for the month of April, 2023

		The average power purchase cost (APPC) for the month April 2023 is Rs. 5.82/kWh which is higher than the approved cost of Rs. 5.42 /kWh.		
2	Merit Order Dispatch	LBSCML has followed merit order for scheduling of power and preference was given to cheapest power. LBSCML procure power on short term basis procure RTC power from short term approved source i.e., from MPL which is least cost contracted generator. Further, LBSCML met its peak power requirement through power procurement from power exchange which is in line with MOD principles.		
3	Fuel Utilization Plan	Not applicable. All the sources of power procurement fall under Section 63 of EA, 2003.		
4	Pool Imbalance	LBSCML has injected 0.001 MU into the imbalance pool.		
5	Sale of Surplus Power	No Surplus power available		
6	Power Purchase	Actual Power Purchase is 0.30 MU as against approved 0.42 MU due to lower sales		
7	Source wise Power Purchase	<b>Source Name</b>	<b>Approved (MU)</b>	<b>Actual MU)</b>
		Manikaran Power Limited	0.42	0.25
		Power exchange	-	0.05
		Others (Imbalance pool)	-	(0.001)
		<b>Total</b>	<b>0.42</b>	<b>0.30</b>

4.11 The Commission also notes in the MTR Petition LBSCML has submitted that there is no clear visibility of anticipated load of LBSCML in FY 2023-24 and FY 2024-25. Accordingly, based on the estimated load, LBSCML has submitted that it will purchase power on short term basis for FY 2023-24 and FY 2024-25 through competitive bidding. Accordingly, LBSCML was approved the power purchase rate of Rs. 5.20/ unit for FY 2023-24 and FY 2024-25 on the price discovered by M/s. Laxmipati Balaji Supply Chain Management Ltd. for the Period February 2023 to January 2024. The Commission also notes that it has envisaged procurement of its power requirement from conventional sources for meeting its Base Load and Peak Load requirement during FY 2023-24 and FY 2024-25. However, LBSCML met its peak power requirement of 0.05 Mus from power exchange at the rate of Rs. 6.83/kWh.

4.12 The Commission notes that LBSCML has procured 0.30 Mus as against the approved 0.42 Mus in the month of April, 2023.

**5. Power Purchase Cost:**

5.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of April, 2023, in order to verify the claim of LBSCML 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 MTR Order respectively.



- 5.2 The Power Purchase cost incurred in April, 2023 is Rs. 0.18 Crore which is significantly lower than the approved Power Purchase cost of Rs. 0.23 Crore by the Commission for the month of April, 2023.
- 5.3 **Manikaran Power Limited:** The PPA with MPL for 1 MW Power is for the period 1 February, 2023 to 31 January, 2024 at the rate of Rs 5.20/kWh. The Commission notes that as LBSCML has sourced 0.25 Mus against its base load requirement from the approved sources from the available capacity of contracted source, i.e., MPL. (Short Term existing contract). The effective per unit rate as approved by the Commission from the contracted source has therefore increased to Rs. 5.50/kWh. Therefore, there is change of Rs.0.30/kWh in the actual per unit rate of contracted source vis-à-vis the unit rate approved by the Commission for the month of April 2023.
- 5.4 **Power Procurement from Exchange:** LBSCML has procured 0.05 MU at the rate of Rs.6.83/kWh from the Power Exchange to meet the peak power requirement. The Power procurement from Power Exchange was not envisaged in the MTR Petition in Case No. 220 of 2022 while computing the APPC of Rs.5.42/kWh. Therefore, the approved rate for the short-term power procurement for LBSCML is Rs. 5.20/ kWh. Therefore, LBSCML had to procure 0.05 MU from Power Exchange at Rs. 6.83/kWh which is higher than Rs. 5.20/kWh approved by the Commission in the MTR Order for short term power procurement.
- 5.5 **Renewable Sources:** In the MTR Petition in Case No. 220 of 2022, considering the small quantum of RE power required, LBSCML had proposed to purchase RECs from the Power Exchanges in FY 2023-24 and FY 2024-25 to meet the RPO compliance requirements. Accordingly, LBSCML was allowed to meet its RPO by purchasing RECs. The amount of Rs. 0.01 Crores per month is allowed to LBSCML for purchase of RECs. LBSCML has purchase Nil REC for the month of April, 2023. By avoiding purchase of REC, LBSCML has reduced power purchase cost for April, 2023 but created liability for future.
- 5.6 **Imbalance Pool:** It is seen that LBSCML has injected 0.001 MUs into the DSM pool. The said injection into the pool is on account of real time demand of consumers as against the estimation by the Distribution Licensee.
- 5.7 **Approved Cost:** The details of the overall cost approved and actual for the month of April, 2023 as per MTR Order is as shown in the Table 2 below:

**Table 2: Approved and Actual Power Purchase Cost for LBSCML**

Source		Power Procured (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)
Manikaran Power Limited	Approved	0.42	-	-	0.22	5.20	0.22	5.20
	Actual	0.25	-	-	0.14	5.50	0.14	5.50
	Approved	-	-	-	-	-	-	-



Approval of FAC Charges for the month of April, 2023

Source		Power Procured (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)
Short Term power procurement	Actual	-	-	-	-	-	-	-
Power Exchange	Approved	-	-	-	-	-	-	-
	Actual	0.05	-	-	0.04	6.83	0.04	6.83
Solar & Non-Solar REC	Approved	-	-	-	0.01	-	0.01	-
	Actual	-	-	-	-	-	-	-
<b>Total</b>	Approved	0.42	-	-	0.23	5.42	0.23	5.42
	Actual	0.30	-	-	0.18	5.82	0.18	5.82

5.8 Considering the above, the Commission allows the average power purchase cost of Rs.5.82/kWh for the month of April, 2023 as shown in Table 2 above. The variation in power purchase cost is mainly on account of power procurement from power exchange at higher rates and the Scheduling & Open Access charges.

**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 April, 2023 as shown in below Table 3. The same has been compared with the average power purchase cost approved by the Commission in MTR Order dated 31 March, 2023 in Case No. 220 of 2022 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 rectified  $Z_{FAC}$  worked out by the Commission on account of difference in power purchase cost for the month of April, 2023.

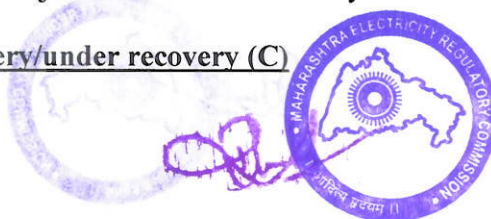
**Table 3: FAC on account of Power Purchase Cost**

Sr. No.	Particulars	Units	April, 2023
1	Average power purchase cost approved by the Commission	Rs./kWh	5.42
2	Actual average power purchase cost	Rs./kWh	5.82
3	Change in average power purchase cost (=2 -1)	Rs./kWh	0.40
4	Net Power Purchase	MU	0.30
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	0.01

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

7.1 As the Commission is determining the FAC for the first time after the adoption of Tariff from April 2023 there is no past adjustment for over recovery/under recovery.

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





8.1 As the Commission is determining the FAC for the first time after the adoption of Tariff from April 2023 there is no past adjustment for over recovery/under recovery and hence no carrying cost for over recovery/under recovery.

**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<sub>FAC</sub> 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<sub>FAC</sub> 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<sub>FAC</sub> corresponding to the excess distribution losses (in kWh terms) shall be deducted from the total Z<sub>FAC</sub> recoverable”*

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

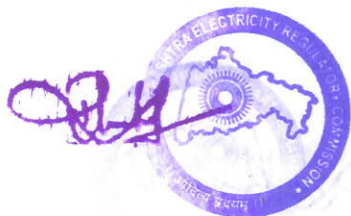
**Table 4: Disallowance of FAC due to excess Distribution Loss**

Sr. No.	Particulars	Units	Approved in Tariff Order	Actual for April, 2023
1	Net Energy input at Distribution Voltages	MU	0.41	0.29
2	Energy sales at Distribution voltages	MU	0.40	0.30
3	Distribution Loss (1 - 2)	MU	0.01	(0.005)
4	Distribution Loss as % (3/1)	%	2.26 %	-1.70 %
5	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	-
6	<b>Disallowance of FAC due to excess Distribution Loss</b>	<b>Rs. Crore</b>	-	-

9.3 As seen from the above Table 4, distribution loss for the month of April, 2023 is -1.70 % which is not only lower than the MTR approved distribution loss of 2.26 % but also a negative loss.

9.4 The Commission has already issued the Negative Distribution loss of LBSCML in the MTR Order dated 31 March, 2023 in Case No. 220 of 2022 as under:

*“ 2.3.4 The Commission sought justification for negative distribution loss for FY*



## Approval of FAC Charges for the month of April, 2023

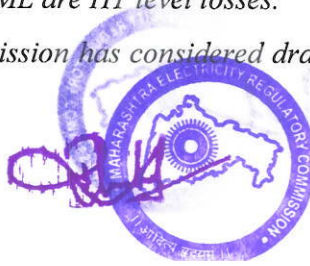
2020-21 and FY 2021-22. LBSCML in its reply has submitted, as mentioned above, that negative distribution loss is mainly due to absence of individual metering of common services such as STP, streetlight, GSR, water supply, reefer supply, etc., and that HT metering of MSEDCL was retained for recording the common area consumption by subtracting the consumption of all consumers. It further submitted that the technical loss of distribution transformers and the internal network is accounted in the common area consumption and is being billed to the Developer. The Commission notes that in such a scenario, the Distribution loss has to be 'Zero'. However, as submitted by LBSCML, the distribution loss is working out to be slightly negative depending on the errors of meter and metering equipment.

2.3.5 The Commission is of the view that it was responsibility of licensee to immediately install the meters to all consumers including the common area connections. As mentioned above, there cannot be negative distribution loss unless there is overbilling by the licensee. However, in the present case, there is negative distribution loss due to specific circumstances such as absence of metering for common loads and reliance by LBSCML on main HT meter recording consumption for entire area of supply even after more than 2 years of operations. In fact, LBSCML should have installed the meters as soon as Deemed Distribution License was taken on record by the Commission and the energy balance on a monthly / yearly basis should have been carried out. However, LBSCML chose not to do the same even after 2 years of operations. Furthermore, LBSCML in the present Petition had also projected negative Distribution Loss for FY 2022-23 to FY 2024-25. It was after data gaps were raised by the Commission and clarification sought during TVS, LBSCML has computed the estimated positive distribution loss for the said period. This clearly shows the lackadaisical approach of the licensee in running its operation.

2.3.6 The Commission sought implementation plan including timelines for installation of individual meters to all consumption points, so as to correct the metering errors. LBSCML submitted that it is planning to install individual energy meters at all consumption points in the DL area, which pertains to common area supply. There are 11 nos. of such identified feeders, which are planned to be metered. There are network changes with laying of cable and installation of suitable panel for providing such metering. The work of providing metering to all consumption points is targeted to be complete in six months. The Commission notes the submission of LBSCML and directs LBSCML to complete the metering as early as possible but not later than 3 months from the date of this Order and submit compliance report to the Commission.

2.3.7 Further, in response to query on segregation of distribution loss between HT and LT Levels, it is submitted by LBSCML that it does not have any LT networks in its Distribution Licence area. Hence, the entire Distribution losses reported by LBSCML are HT level losses.

2.3.8 The Commission has considered drawal at T<>D interface as submitted



by MSLDC and accordingly recomputed the distribution losses for FY 2020-21 and FY 2021-22. However, in absence of any past trend, as FY 2020-21 being the first year of operations, the Commission is approving the negative Distribution Loss of 1.01% and 0.27% for FY 2020-21 and FY 2021-22.

2.3.9 The Commission reiterates that negative loss phenomenon is not an acceptable feature in the electrical network. LBSCML has used common meter (which was billing meter when LBSCML was HT consumer of MSEDCL) for billing of common services spread across its license area by subtracting consumption of other individual consumers from common meter. This led to billing of internal distribution loss to common services. LBSCML was aware that it was not correct metering practice but still continued with the same for 2 years. This approach of the Distribution Licensee is not justified, but as it is for truing up year and such excess billing was done to common facilities of developer and not impacted other consumers, the Commission has considered the same for truing up with the direction to install correct meter to all consumers within 3 months from date of this Order.”

9.5 The Commission directs to resolve the issue of negative distribution loss as directed in the MTR Order.

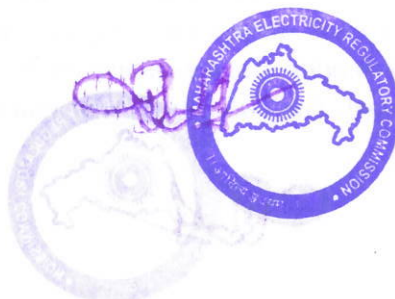
9.6 The Commission observed that there is no disallowance of FAC on account of Distribution Loss for the month of April, 2023.

## 10. Summary of Allowable Z<sub>FAC</sub>

10.1 The summary of the FAC amount as approved by the Commission for the month of April, 2023 as shown in the Table 5 below.

**Table 5: Summary of Allowable Z<sub>FAC</sub>**

Sr. No.	Particulars	Units	April, 2023
<b>1.0</b>	<b>Calculation of Z<sub>FAC</sub></b>		
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	0.01
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	0.00
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	0.00
<b>1.4</b>	<b>Z<sub>FAC</sub> = F+C+B</b>	Rs. Crore	<b>0.01</b>
<b>2.0</b>	<b>Calculation of Per Unit FAC</b>		
2.1	Energy Sales within the License Area	MU	0.30
2.2	Excess Distribution Loss	MU	-
2.3	Z <sub>FAC</sub> per kWh [(1.4/2.1)*10]	Rs./kWh	0.41
<b>3.0</b>	<b>Allowable FAC</b>		
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	0.012
<b>4.0</b>	<b>Utilization of FAC Fund</b>		



Approval of FAC Charges for the month of April, 2023

Sr. No.	Particulars	Units	April, 2023
4.1	Opening Balance of FAC Fund	Rs. Crore	0.00
4.2	ZFAC for the month (Sr. N. 3.2)	Rs. Crore	0.012
4.3	Additional recovery & Rs. 0.50/kVAh	Rs. Crores	(0.015)
4.4	Closing Balance of FAC Fund	Rs. Crore	(0.003)
4.5	ZFAC leviable/refundable to consumer	Rs. Crore	-
<b>5.0</b>	<b>Total FAC based on category wise and slab wise allowed to be recovered in the billing month of June, 2023</b>	<b>Rs. Crore</b>	<b>-</b>
<b>6.0</b>	<b>Carried forward FAC for recovery during future period (4.4-5.0)</b>	<b>Rs. Crore</b>	<b>(0.003)</b>

10.2 It can be seen from the above Table 5 that standalone FAC for the month of April, 2023 is Rs. 0.01 Crore. However, the In the MTR Order in Case No. 220 of 2022 LBSCML was also directed to park the additional recovery Rs. 0.50/ kVAh allowed by the Commission and subsumed in the energy charges, to be parked in the separate FAC fund and to be utilized to offset any additional power purchase cost over and above allowed to be recovered as part of FAC mechanism so as to avoid tariff shock to consumers in future.

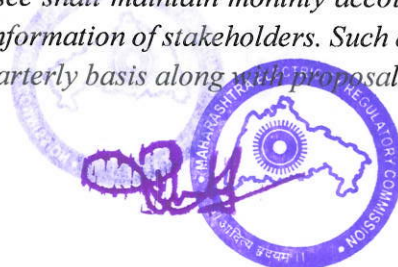
10.3 Therefore, the actual effective FAC is negative (Rs.0.003 Crores) and hence it shall be accumulated in the FAC Stabilisation fund as stipulated in the MTR Order dated 31 March, 2023 in Case No. 220 of 2022.

10.4 The Relevant portion of the MTR Order dated 31 March, 2019 in Case No. 220 of 2022 is as under:

*“ 5.9.4 a) 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:*

- i. Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.*
- ii. 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.*
- iii. Such carry forward of negative FAC shall be continued till next tariff determination process.*
- iv. 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.*

*5.9.5 In order to maintain transparency in management and use of such FAC Fund, Distribution Licensee shall maintain monthly account of such FAC fund and upload it on its website for information of stakeholders. Such details shall also be submitted to the Commission on quarterly basis along with proposal for post facto vetting of FAC.”*



10.5 As the FAC computed in the month of April, 2023 as shown in Table 5 above is negative it shall be accumulated in the FAC Stabilisation fund. Accordingly, the Commission allows Rs. 0.003 Crore as carried forward to be accumulated in FAC stabilisation fund.

**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: —*

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

*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:*

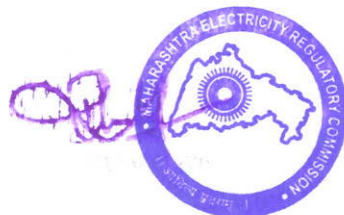
*ACOS = Average Cost of Supply in ‘Rupees per kWh’ as approved for recovery by the Commission in the Tariff Order:*

*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....”*

11.2 Since the FAC is negative, there is no recovery allowed from the consumers.

11.3 LBSCML is allowed Rs. 0.003 Crore as carried forward to be accumulated in FAC stabilisation fund along-with the holding cost.



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