

महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2023-24/0391

Date: 24 July, 2023

To,
Mindspace Business Parks Private Limited,
Plot No- C-30, Block 'G',
Opposite SIDBI,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Subject: Post Facto approval of Fuel Adjustment Charges (FAC) submissions of MBPPL for the months of January 2022, February 2022, and March 2022.

Reference: 1. MBPPL's FAC submission for the months of January 2022, February 2022 and March 2022 vide email dated 1 June, 2022.

Sir,

Upon vetting the FAC calculations for the months of January to March, 2022 as mentioned in the above reference, the Commission has accorded approval for charging FAC to its consumers as shown in the table below:

Month	January 2022	February 2022	March 2022
Z _{FAC} allowed for recovery (Rs. Crore)	-	-	-

The Commission allows the accumulation of FAC fund of Rs. (0.49) Crore, Rs. (0.68) Crore and Rs. (0.26) Crore in the months of January 2022, February 2022, and March 2022, respectively. This balance is after adjusting the negative FAC for the months of January 2022 and February 2022 and positive FAC in the month of March 2022 in the opening FAC fund at the beginning of the respective months. The Commission allows the accumulation of FAC amount of Rs. (0.26) Crore which shall form part of FAC Fund and shall be carried forward to next FAC billing cycle with holding cost. Further, as directed by the Commission, 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 January to March, 2022.

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**POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF JANUARY
2022, FEBRUARY 2022, AND MARCH 2022.**

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of MBPPL for the months of January 2022, February 2022, and March 2022

Reference: 1. MBPPL's FAC submission for the months of January 2022, February 2022, and March 2022 vide email dated 1 June 2022.

1. FAC submission by MBPPL Undertaking:

1.1. MBPPL has made FAC submissions for the months of January 2022, February 2022, and March 2022 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by MBPPL, the Commission has accorded post facto approval for the FAC amount to be charged in the billing months of March 2022, April 2022, and May 2022.

2. Background

2.1. On 30 March, 2020 the Commission has issued Tariff Order in respect of MBPPL (Case No. 328 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. The summary of the FAC Vetting Report approvals granted by the Commission till date is given below:

- Prior approval of the FAC for the month of April, 2020 vide FAC Vetting Report dated 31 May, 2020.
- Post-facto approval of the FAC for the months of May and June, 2020 vide FAC Vetting Report dated 9 October, 2020.



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

- Post-facto approval to the FAC for the months of July 2020, August 2020 and September 2020 vide FAC vetting Report dated 8 December, 2020.
- Post-facto approval to the FAC for the months of October 2020, November 2020 and December 2020 vide FAC vetting Report dated 25 March, 2021.
- Post-facto approval to the FAC for the month of January to March, 2021 vide FAC Vetting Report dated 10 June, 2021.
- Post-facto approval to the FAC for the month of April 2021, May 2021 and June 2021 vide FAC Vetting Report dated 11 October, 2021.
- Post-facto approval to the FAC for the month of July to September, 2021 vide FAC Vetting Report dated 5 January, 2022.
- Post-facto approval to the FAC for the month of October 2022, November 2022 and December 2021 vide FAC Vetting Report dated 28 June, 2022.

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 June, 2022 MBPPL has filed FAC submissions for the months of January 2022, February 2022, and March 2022 for post-facto approval. The Commission has scrutinized the submissions provided by MBPPL and has also verified the fuel and power purchase bills provided along with its submissions.

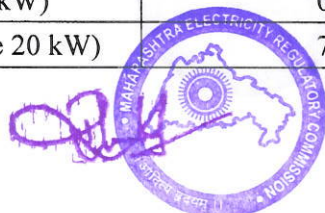
3. Energy Sales of the Licence

3.1. In the MYT Order passed by the Commission in Case No. 328 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 MBPPL 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)		
			Jan-22	Feb-22	Mar-22
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT- I Industrial	74.04	6.17	2.58	2.48	3.58
HT-II Commercial	-	-			
LT Category					
LT-II(A) Commercial (0-20 kW)	0.78	0.07	0.01	0.01	0.01
LT-II (B) Commercial (above 20 kW)	0.37	0.03	-	-	0.0004
LT-III (A) Industrial (0-20 kW)	0.01	0.00	0.04	0.04	0.04
LT-III (B) Industrial (above 20 kW)	7.86	0.66	0.42	0.39	0.52



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (MU)		
			Jan-22	Feb-22	Mar-22
	(I)	(II=I/12)	(III)	(IV)	(V)
Total	83.06	6.92	3.05	2.91	4.14

3.3. It can be observed from the above Table 1 that the actual sales during the months of January 2022, February 2022, and March 2022 are 3.05 MUs, 2.91 MUs and 4.14 MUs respectively, which is 55.97%, 57.91%, and 40.17% less than the monthly approved energy sales of 6.92 MUs by the Commission for the FY 2021-22. The variation is primarily observed in all categories except LT III A – Industry (0 - 20 kW). However, the major variation was observed in the HT-I Industrial, LT-II (A) and LT-III (B) Industrial categories, which is impact of work for home in IT industry due to COVID-19 and seasonal variations. However, the sales in the month of March 2022 have been increased due to recommencement of offices in the IT Industry.

4. Power Purchase Details

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

4.2. **Power procurement from Kreate Energy (I) Pvt. Ltd.:** The Medium-Term Power Purchase Agreement of MBPPL with Jindal Power Limited (JPL) and GMR Energy Trading Limited (GMRETL) has expired on 30 June, 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 14 MW (RTC) for KRC discoms for one year starting from 1 July, 2021 to 30 June, 2022 through combined power procurement. In the said order, the quantum estimated for MBPPL is upto 6.5 MW (Upto 5 MW RTC and upto 1.5 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.”

4.3. MBPPL 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



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

Case No. 328 of 2019 from the medium-term source and Rs. 4.40/kWh from the Short-Term sources.

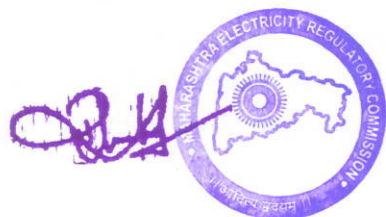
- 4.4. Further, MBPPL has also procured RE power through IEX in the GDAM during the months of February 2022 and March 2022. MBBPL purchased 0.01 MUs and 0.06 MUs of Solar and Non-Solar Power in February 2022 at an average rate of Rs. 5.86/kWh. Similarly, MBBPL purchased 0.35 MUs and 0.96 MUs of Solar and Non-Solar Power in March 2022 at an average rate of Rs. 7.77/kWh.
- 4.5. In addition to the above, MBPPL also purchased Non-Solar RECs equivalent to 0.96 MUs in February 2022 at an average rate of Rs. 1.02/kWh.
- 4.6. The Commission notes that MBPPL has purchased RE power through the power exchanges to meet the RPO obligations along with REC in the month of February and only RE power in the month of March 2022. While the Commission had allowed the KRC DISCOMs to procure RECs to meet the RPO obligations in the MYT order, the Commission in its Order in Case no. 231 of 2020 dated 23 January, 2021 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. The power purchase has been through the power exchanges where the prices are market driven and competitively discovered.
- 4.7. MBPPL has also procured 0.001 MU and 0.26 MU of power from Power Exchange at average rates of Rs. 12.62/kWh and 11.59/kWh during the months of February 2022 and March 2022 respectively. MBPPL has submitted that the increase in demand in the month of March 2022 has necessitated power procurement through Power Exchange after the contracted source was fully utilised to the extent possible.
- 4.8. Summary of power purchase of MBPPL is as under:

Sr. No.	Particular	Compliance
1	Purchase from Approved Sources	Yes. MBPPL has procured power from Kreate Energy (I) Pvt. Ltd during January 2022, February 2022, and March 2022 at Rs. 3.18/kWh in line with the approval from the Commission and as specified in Case No. 69 of 2021. The agreement is valid for the period of 1 July 2021 to 30 June 2022.
2	Merit Order Dispatch	YES. MBPPL has only one source of power i.e., Kreate Energy (I) Pvt. Ltd., which has been contracted on short term basis. MBPPL has followed merit order for scheduling of power and preference was given to cheapest power



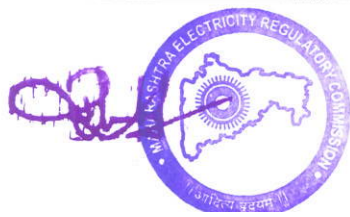
Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

Sr. No.	Particular	Compliance																																										
3	Fuel Utilization Plan	Not applicable. All the sources of power procurement fall under Section 63 of EA, 2003.																																										
4	DSM Pool	MBPPL injected 0.71 MU and 0.22 MU for the month of January 2022 and February 2022 into the DSM pool. MBPPL has drawn 0.17 MU from DSM pool for the month of March 2022.																																										
5	Sale of Surplus Power	There was no sale of surplus power in the months of January to March 2022.																																										
6	Power Purchase	Actual Power Purchase is 3.17 MU, 3.05 MU and 4.36 MU in months of January 2022, February 2022 and March, 2022 respectively, as against approved monthly power purchase of 7.22 MU due to lower actual sales as compared to approved sales.																																										
7	Source wise Power Purchase	<table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual – January 2022 (MU)</th> <th>Proportion of each source in actual Purchase (%)</th> </tr> </thead> <tbody> <tr> <td>RE Solar</td> <td rowspan="2">Commission had approved REC purchase for FY 2021-2022 #</td> <td>-</td> <td>0.00%</td> </tr> <tr> <td>RE Non-Solar</td> <td>-</td> <td>0.00%</td> </tr> <tr> <td>Base Load – Medium Term Sources /</td> <td>6.17</td> <td>-</td> <td>-</td> </tr> <tr> <td>Kreate Energy (I) Pvt. Ltd</td> <td>-</td> <td>3.88</td> <td>122.50%</td> </tr> <tr> <td>Exchange/ Other Peak Sources</td> <td>1.05</td> <td>-</td> <td>0.00%</td> </tr> <tr> <td>DSM Pool</td> <td></td> <td>(0.71)</td> <td>-22.50%</td> </tr> <tr> <td>Total</td> <td>7.22</td> <td>3.17</td> <td>100.00%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual – February 2022 (MU)</th> <th>Proportion in actual Purchase (%)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Source Name	Approved (MU)	Actual – January 2022 (MU)	Proportion of each source in actual Purchase (%)	RE Solar	Commission had approved REC purchase for FY 2021-2022 #	-	0.00%	RE Non-Solar	-	0.00%	Base Load – Medium Term Sources /	6.17	-	-	Kreate Energy (I) Pvt. Ltd	-	3.88	122.50%	Exchange/ Other Peak Sources	1.05	-	0.00%	DSM Pool		(0.71)	-22.50%	Total	7.22	3.17	100.00%	Source Name	Approved (MU)	Actual – February 2022 (MU)	Proportion in actual Purchase (%)				
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Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

Sr. No.	Particular	Compliance			
		RE Solar	Commission had approved REC purchase for FY 2021-2022 #	0.01	0.43%
	RE Non-Solar	6.17	0.06	2.11%	
	Base Load – Medium Term Sources /	-	-	0.00%	
	Kreate Energy (I) Pvt. Ltd		3.19	104.56%	
	Exchange/ Other Peak Sources	1.05	0.001	0.02%	
	DSM Pool		(0.22)	-7.11%	
	Total	7.22	3.05	100.00%	
	Source Name	Approved (MU)	Actual – March 2022 (MU)	Proportion in actual Purchase (%)	
	RE Solar	Commission had approved REC purchase for FY 2021-2022 #	0.35	8.00%	
	RE Non-Solar	6.17	0.96	21.95%	
	Base Load – Medium Term Sources /	-	-	0.00%	
	Kreate Energy (I) Pvt. Ltd		2.63	60.30%	
	Exchange/ Other Peak Sources	1.05	0.26	5.96%	
	DSM Pool		0.17	3.79%	
	Total	7.22	4.36	100.00%	
	<p>M/s Kreate Energy Pvt. Ltd. is not an approved source in MYT tariff order dated 30 March 2020 in Case No. 330 of 2019, however, subsequently, 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</p>				

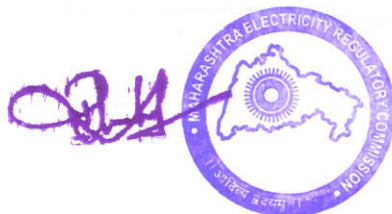


Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

Sr. No.	Particular	Compliance
		<p>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 MBPPL is upto 6.5 MW (Upto 5 MW RTC and upto 1.5 MW between 0800 and 2300 hours).</p> <p>In addition to the above, MBPPL has also purchased Non-Solar REC's in February 2022 equivalent to 0.96 MUs at a rate of Rs. 1.02/kWh. This is in line with the approval of the Commission in the MYT Order for procurement of RECs for meeting the RPO.</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 and sale of invoices are submitted by MBPPL. Power Purchase rates are verified from the PPA signed by MBPPL 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 January 2022, February 2022, and March 2022 to verify the claim of MBPPL 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 total Power Purchase Cost incurred in January 2022, February 2022, and March 2022 is **Rs. 1.02 Crore, Rs. 1.08 Crore and Rs. 2.25 Crore**, respectively which is lower than the monthly approved Power Purchase cost of **Rs. 3.01 Crore** by the Commission. This is on account of lower procurement of power due to lower sales in MBPPL area.



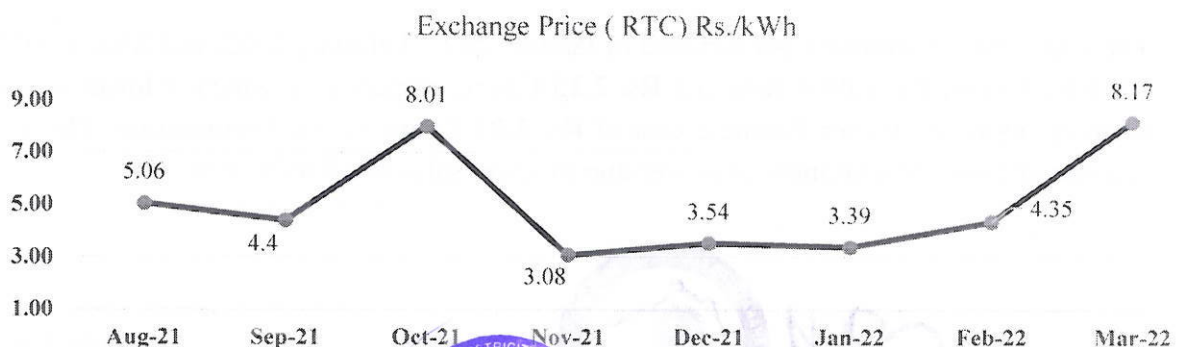
Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

5.3. **Kreate Energy (I) Pvt. Ltd:** The Commission notes that MBPPL has purchased **3.88 MU**, **3.19 MU** and **2.63 MU** of power for the month of January 2022, February 2022 and March 2022 respectively. The Medium-Term Power Purchase Agreement of MBPPL with Jindal Power Limited (JPL) and GMR Energy Trading Limited (GMRETL) has expired on 30 June 2021. The Commission in its Order dated 30 June, 2021 in Case No 69 of 2021 has approved Power Purchase Agreement and Adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power up to 14MW (RTC) for KRC discoms for one year starting from 1 July, 2021 to 30 June, 2022 through combined power procurement. In the said order, the quantum estimated for MBPPL is upto 6.5 MW (Upto 5 MW RTC and upto 1.5 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. MBPPL also pays short term open access charges to SLDC and hence effective rate for power purchase from M/s Kreate Energy is higher than approved rate.
- 5.5. The Commission has verified the bills from the power purchase bills for M/s Kreate Energy.
- 5.6. **Power procurement through Exchange and Other Peak Resource:** MBPPL has procured **0.001 MU** and **0.26 MU** from IEX for the months of February 2022 and March 2022, respectively, to meet the peak demand from DAM / RTM products available on IEX platform. Though this source contributed to 0.02% and 5.96% of the total power purchase during the months of February 2022 and March 2022, average rate of power purchase was significantly high at Rs. 12.62/kWh and Rs. 11.59/kWh in February 2022 and March 2022 respectively. The higher cost of purchase from exchange reflects the trends observed in the power exchange in the month of March 2022.

Figure 1: Exchange price trends (RTC)



5.7. **Renewable Sources:** The Commission has approved Rs. 0.13 Crore each for January 2022, February 2022, and March 2022 for purchase of REC to meet the Renewable Purchase Obligation. MBPPL has purchased Non-Solar RECs equivalent to 0.96 MUs for Rs. 0.10 Crore in the month of February 2022 to meet RPO. MBPPL has not purchased any REC in month for the month of January 2022 and March 2022. The Commission has verified the details and approves the same. Further, MBPPL has also purchased RE Solar and RE Non-Solar during the months of February 2022 and March 2022. The RE Solar purchase quantum was 0.01 MU at a power purchase rate of Rs. 5.86/kWh in February 2022 and 0.35 MUs at the rate of Rs. 7.77/kWh in March 2022. Similarly, the RE Non-Solar purchase quantum was 0.06 MU at a power purchase rate of Rs. 5.86/kWh in February 2022 and 0.96 MU at the rate of Rs. 7.77/kWh in March 2022. The Commission in its MYT Order in Case no. 328 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.”

5.8. Accordingly, MBPPL has sourced the RE Solar and RE Non-Solar Power from the exchange (GDAM) to meet the RPO obligation.

5.9. The Commission notes that the price of power is competitively discovered for power procured through power exchange and MBPPL has provided all the necessary supporting documents for verification of the cost. Accordingly, the Commission approves inclusion of the power purchased from RE sources for recovery through the FAC mechanism.

5.10. **DSM Pool:** It is observed that MBPPL has injected 0.71 MUs during January 2022 and 0.22 MUs during February 2022 into the DSM pool and drawn 0.17 MUs in March 2022 from the DSM pool.

5.11. The Commission has also considered the average price of the power in the DSM pool (Rs. 3.13/kWh, Rs. 3.70/kWh and Rs. 5.36/kWh) as submitted by the Licensee for FAC computation along with the supporting documentation.

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



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

5.13. No sale of surplus power was done during the period January 2022 to March 2022.

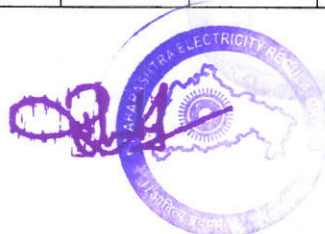
5.14. **Approved Cost:** The Commission has noted that MBPPL procured lower quantum of power from its approved sources due to lower demand on account of continuation of impact of COVID-19 which has resulted in lower power purchase cost for the months of January 2022 to March 2022. **This decrease has also been on account of procurement of power from Kreate Energy (I) Pvt. Ltd for the month of January 2022 and February 2022 at Rs. 3.20/kWh and in March 2022 at 3.21/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. 328 of 2019 from the medium-term source.** Therefore, actual APPC works out to be lower at Rs. 3.22/kWh and Rs. 3.56/kWh than the approved APPC in MYT order for the medium-term sources for the months of January 2022 and February 2022 respectively.

5.15. However, the APPC in March 2022 is higher at Rs. 5.16/kWh due to purchase of higher cost power, both conventional and RE, from power exchange to meet the higher demand in March 2022.

5.16. The details of the overall cost approved as per MYT Order and the actual cost for the months of January 2022, February 2022 and March 2022 is as shown in the Table 2 **Error! Reference source not found.** below:

Table 2: Approved and Actual Power Purchase Cost for MBPPL

Source	Particulars	Power Procured (MU)	Fixed Cost (Rs. Crore)	Fixed Cost (Rs./kWh)	Variable Cost (Rs. Crore)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)	APPC (Rs./kWh)
Medium Term PPA - Base Load – Bilateral	Approved	6.17	-	-	2.42	3.92	2.42	3.92
	Actual – January 2022	-	-	-	-	-	-	-
	Actual - February 2022	-	-	-	-	-	-	-
	Actual - March 2022	-	-	-	-	-	-	-
Kreate Energy (I) Pvt. Ltd.	Approved	-	-	-	-	-	-	-
	Actual – January 2022	3.88	-	-	1.24	3.20	1.24	3.20
	Actual - February 2022	3.19	-	-	1.02	3.20	1.02	3.20
	Actual - March 2022	2.63	-	-	0.84	3.21	0.84	3.21
Exchange /Other	Approved [#]	1.05	-	-	0.46	4.40	0.46	4.40
	Actual – January 2022	0.00	-	-	0.00	0.00	0.00	0.00



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

Source	Particulars	Power Procured (MU)	Fixed Cost (Rs. Crore)	Fixed Cost (Rs./kWh)	Variable Cost (Rs. Crore)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)	APPC (Rs./kWh)
Peak Sources	Actual - February 2022	0.001			0.001	12.62	0.001	12.62
	Actual - March 2022	0.26			0.30	11.59	0.30	11.59
Solar & Non-Solar RE/REC	Approved (REC)	-	-	-	0.04 (Solar REC) 0.08 (Non-Solar REC)	1.00 (Solar REC) 1.00 (Non-Solar REC)	0.04 (Solar REC) 0.08 (Non-Solar REC)	1.00 (Solar REC) 1.00 (Non-Solar REC)
	Actual - January 2022	-	-	-	-	-	-	-
	Actual - February 2022	Solar 0.01 Non-Solar 0.06 REC Non Solar 0.96	-	-	Solar 0.01 Non-Solar 0.04 REC Non Solar 0.10	Solar 5.86 Non-Solar 5.86 REC Non Solar 1.02	Solar 0.01 Non-Solar 0.04 REC Non Solar 0.10	Solar 5.86 Non-Solar 5.86 REC Non Solar 1.02
	Actual - March 2022	Solar 0.35 Non-Solar 0.96	-	-	Solar 0.27 Non-Solar 0.74	Solar 7.77 Non-Solar 7.77	Solar 0.27 Non-Solar 0.74	Solar 7.77 Non-Solar 7.77
DSM Pool	Approved	-	-	-	-	-	-	-
	Actual - January 2022	(0.71)	-	-	(0.22)	3.13	(0.22)	3.13
	Actual - February 2022	(0.22)	-	-	(0.08)	3.70	(0.08)	3.70
	Actual - March 2022	0.17	-	-	0.09	5.36	0.09	5.36
SLDC Fees	Approved	-	-	-	-	-	-	-
	Actual - January 2022	-	0.0008	-	-	-	0.0008	-
	Actual - February 2022	-	0.0008	-	-	-	0.0008	-
	Actual - March 2022	-	0.0008	-	-	-	0.0008	-
TOTAL	Approved (Incl. REC)	7.22	-	-	3.01	4.17	3.01	4.17
TOTAL	Actual - January 2022	3.17	0.0008	0.00	1.02	3.21	1.02	3.22
	Actual - February 2022	3.05	0.0008	0.00	1.08	3.56	1.08	3.56
	Actual - March 2022	4.36	0.0008	0.00	2.25	5.16	2.25	5.16

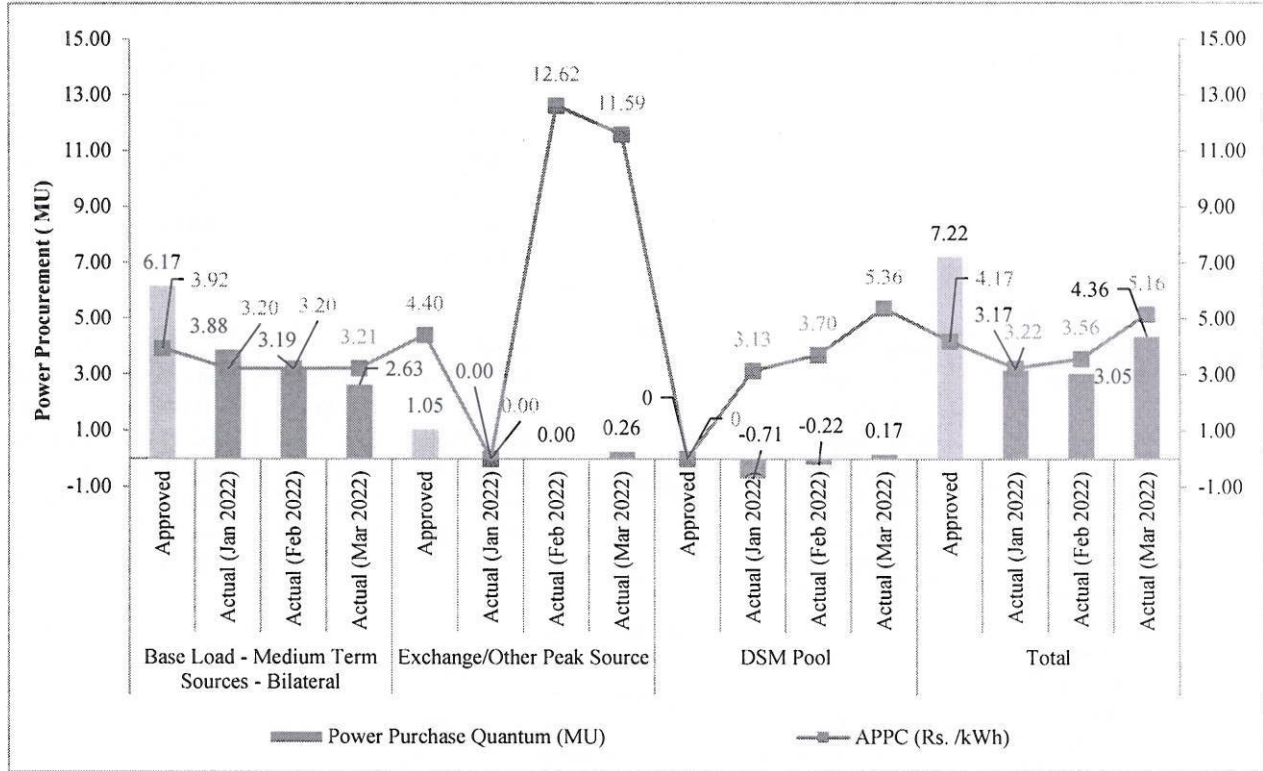
Approved cost for Short-Term PPA Peak Load as per the MYT Order in Case No. 328 of 2019

5.17. The variation in approved and actual quantum of power procured for some of the key sources and the APPC is shown the graph below:



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

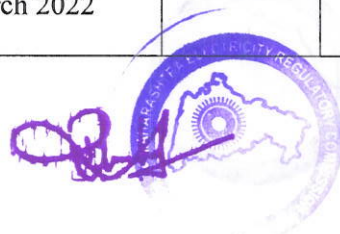
Figure 2: Variation in Power Procurement Quantum and APPC



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

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	Medium Term PPA - Base Load - Bilateral -	January 2022	3.92	-	The Medium-Term Power Purchase Agreement of MBPPL with Jindal Power Limited (JPL) and GMR Energy Trading Limited (GMRETL) has expired on 30 June 2021.
		February 2022		-	
		March 2022		-	
2	Kreate Energy (I) Pvt. Ltd.	January 2022	-	3.20	Power purchase from M/s Kreate Energy at rate of Rs. 3.20/kWh / Rs. 3.21/kWh (Rs. 3.18/ kWh approved rate + short-term open access charges paid to SLDC) is lower than the
		February 2022		3.20	
		March 2022		3.21	



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Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
					approved Power procurement cost of Rs. 3.92/kWh.
3	Solar & Non-Solar RE/REC	January 2022	1.00 (REC – Solar & Non-Solar)	-	Market discovered rate; MBPPL has procured RE power in February 2022 and March 2022 from Power Exchange (GDAM) instead of REC procurement approved in the MYT Order.
		February 2022		5.86 (Solar and Non-Solar)	
		March 2022		7.77 (Solar and Non-Solar)	
4	Exchange/Other Peak Sources	January 2022	4.40 (Short Term PPA Rate)	0.00	Market discovered rate; Short term power purchase from Power Exchange through DAM and RTM. The rates are higher than the approved rates as the average power purchase rates in the power exchange were higher during March 2022.
		February 2022		12.62	
		March 2022		11.59	
5	DSM Pool	January 2022		3.13	DSM rates as based on supporting documents provided by MBPPL.
		February 2022		3.70	
		March 2022		5.36	
6	Total	January 2022	4.17	3.22	Due to above factors
		February 2022		3.56	
		March 2022		5.16	

5.19. Considering the above, the Commission allows the average power purchase cost of Rs. 3.22/kWh, Rs. 3.56/kWh and Rs. 5.16/kWh for the months of January 2022, February 2022, and March, 2022 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. The variation in power purchase cost is on the higher side in March 2022 due to the higher cost of RE and conventional power purchase from exchange. MBPPL has purchased actual RE power in place of REC approved by the Commission.



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

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 January 2022, February 2022, and March 2022 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 and arrived at 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 rectified Z_{FAC} worked out by the Commission on account of difference in power purchase cost for the month of January 2022, February 2022, and March 2022.

Table 4: FAC on account of Fuel and Power Purchase Cost

S. No.	Particulars	Units	Jan-22	Feb-22	Mar-22
1	Average power purchase cost approved by the Commission	Rs./kWh	4.17	4.17	4.17
2	Actual average power purchase cost	Rs./kWh	3.22	3.56	5.16
3	Change in average power purchase cost (=2 -1)	Rs./kWh	(0.95)	(0.61)	0.99
4	Net Power Purchase	MU	3.17	3.05	4.36
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	(0.30)	(0.19)	0.43

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

7.1. The adjustment factor for over recovery / under recovery (B) is as shown in the Table 5 below:

Table 5: Adjustment for over recovery/under recovery

S. No.	Particulars	Units	Jan 22	Feb 22	Mar 22
1.1	Incremental cost allowed to be recovered in Month n-4	Rs. Crore	0.334	-	-
1.2	Incremental cost in Month n-4 actually recovered in month n-2	Rs. Crore	0.331	-	-
1.3	(over-recovery)/under-recovery (=1.2 - 1.1)	Rs. Crore	0.003	-	-
2.0	Carried forward adjustment for over-recovery/under-recovery attributable to application of ceiling limit for previous month	Rs. Crore	-	-	-
3.0	Adjustment factor for over-recovery/under-recovery (1.3+2.0)	Rs. Crore	0.003	-	-

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



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- 8.1. Carrying/Holding Cost for under recovery/over recovery has been granted at the approved interest rate for the eligible amount which works out to **Rs. 0.00 Crore (i.e., Rs. 219.22) for January 2022 and Nil** for the months of February 2022 and March 2022.
- 8.2. Holding cost for the month of January 2022 to March, 2022 is calculated by considering MCLR + 150 basis points which turns out to be **8.50%**.
- 8.3. The Commission has computed the holding cost towards the amount over recovered in the month of January 2022 to March 2022 which is as shown in the Table 6 below:

Table 6: Carrying/Holding Cost for over/under recovery

Particulars	Units	Jan 22	Feb 22	Mar 22
Adjustment factor for over-recovery/under-recovery	Rs. Crore	0.003	-	-
Interest rate	%	8.50%	8.50%	8.50%
Carrying cost for over-recovery/under-recovery	Rs. Crore	0.00	-	-

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, MBPPL 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 MBPPL 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 negative FAC of Rs. 0.30 Crore and Rs. 0.19 Crore for the months of January 2022 and February 2022 respectively. For the month of March 2022, a positive FAC of Rs. 0.43 has been determined. The positive FAC in March 2022 is adjusted from the available FAC fund to avoid levy the same on the consumers. Accordingly, there is FAC fund of Rs. (0.49) Crore, Rs. (0.68) Crore and Rs. (0.26) Crore at the end of January 2022, February 2022, and March 2022 respectively (after adjustment of positive/negative FAC for the respective months).
- 9.4. The Commission has considered SBI MCLR rate of the month plus 150 basis points which works out to 8.50% for January 2022, February 2022, and March 2022, respectively. Accordingly, the Commission has calculated holding cost of Rs. (0.001) Crore for January



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2022, Rs. (0.003) Crore for February 2022 and Rs. (0.005) Crore for March 2022 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:

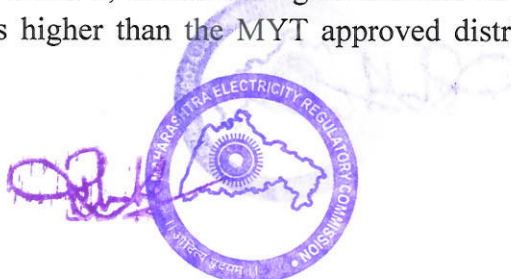
Provided further that, where the actual annual sliding distribution losses of the Distribution Licensee exceed the level approved by the Commission, the amount of Z_{FAC} corresponding to the excess distribution losses (in kWh terms) shall be deducted from the total Z_{FAC} recoverable”

10.2. The following Table 7 provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss:

Table 7: Disallowance of FAC due to excess distribution loss

S. No.	Particulars	Units	Approved in Tariff Order	Jan - 22	Feb - 22	Mar- 22
1	Net Energy input at Distribution Voltages	MU	6.99	3.12	2.98	4.22
2	Energy sales at Distribution voltages	MU	6.92	3.05	2.91	4.14
3	Distribution Loss (1 - 2)	MU	0.07	0.07	0.07	0.08
4	Distribution Loss as % (3/1)	%	0.97%	2.37%	2.36%	1.91%
5	Annual Sliding Distribution Loss	%		2.15%	2.17%	2.16%
6	Excess Distribution Loss = [Annual Sliding Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.04	0.04	0.05
7	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	-	-	0.01

10.3. As seen from the above Table 7, annual sliding distribution loss for the months of January 2022 to March, 2022 is higher than the MYT approved distribution loss of 0.97%. The



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

monthly distribution loss for the months of January to March, 2022 is also higher than the MYT approved distribution loss of 0.97%.

10.4. The Commission observed that MBPPL has worked out disallowance of FAC due to excess Distribution Loss based on the approved annual distribution loss and the annual sliding Distribution Loss for the months of January 2022, February 2022, and March 2022. MBPPL has considered NIL disallowance of FAC due to excess distribution loss for the month of January 2022 and February 2022 since the standalone FAC for the month of January 2022 and February 2022 is negative. MBPPL has considered disallowance due to excess distribution loss for the month of March 2022 as the standalone FAC for the month is positive. The Commission considers the same for disallowance of FAC due to excess distribution loss for the purpose of approval.

11. Summary of Allowable Z_{FAC}

11.1. The summary of the FAC amount as approved by the Commission for the month of January 2022, February 2022, and March 2022 which is allowed to be recovered in the billing month March 2022, April 2022, and May 2022 is as shown in the Table 8 below.

Table 8: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	Jan -22	Feb -22	Mar - 22
1	Calculation of Z_{FAC}				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.30)	(0.19)	0.43
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	0.003	-	-
1.4	Z_{FAC} = F+C+B	Rs. Crore	(0.30)	(0.19)	0.43
2	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	3.05	2.91	4.14
2.2	Excess Distribution Loss	MU	-	-	0.05
2.3	Z_{FAC} per kWh	Rs./kWh	(0.98)	(0.64)	1.03
3.0	Allowable FAC				
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs. Crore	-	-	0.01
3.2	FAC allowable [1.4-3.1]	Rs. Crore	(0.30)	(0.19)	0.43
4.0	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs. Crore	(0.19)	(0.49)	(0.68)



Approval of FAC Charges for the months of January 2022, February 2022, and March 2022

Sr. No.	Particulars	Units	Jan -22	Feb -22	Mar - 22
4.2	Holding Cost on FAC Fund	Rs. Crore	(0.001)	(0.003)	(0.005)
4.3	Z _{FAC} for the month (Sr. N. 3.2)	Rs. Crore	(0.30)	(0.19)	0.43
4.4	Closing Balance of FAC Fund	Rs. Crore	(0.49)	(0.68)	(0.26)
4.5	Z _{FAC} leviable/refundable to consumer	Rs. Crore	-	-	-
5.0	Total FAC based on category wise and slab wise allowed to be recovered in the billing month of March 2022, April 2022, and May 2022	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 8 that the standalone FAC for the month of January 2022, February 2022, and March 2022 is **Rs. (0.30) Crore, Rs. (0.19) Crore and Rs. 0.43 Crore** respectively. Based on energy sales and excess distribution loss, FAC per unit has been worked out as **Rs. (0.98)/kWh, Rs. (0.64)/kWh and Rs. 1.03/kWh** for the months of January 2022, February 2022, and March 2022 respectively as shown above.

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

Provided that the monthly Z_{FAC} shall not exceed 20% of the variable component of Tariff or such other ceiling as may be stipulated by the Commission from time to time:

11.4. The FAC in January 2022 and February 2022 is negative and hence same is added to the FAC fund being maintained by MBPPL. The positive FAC per unit computed in the month of March 2022 (Rs. 1.03/kWh) as shown in Table 8 above is higher than the 20% cap (Rs. 0.93/kWh) specified in MYT Regulations, 2019, hence, there is restriction triggered with regards to such ceiling.

11.5. Accordingly, considering the ceiling limit (Rs. 0.93/kWh), the FAC recoverable in March 2022 would be lower.

11.6. The Commission has also approved a holding cost of **Rs. (0.001) Crore, Rs. (0.003) Crore and Rs. (0.005) Crore** on the opening value of the FAC Fund available during the months of January 2022, February 2022, and March 2022. The value of the opening FAC fund in January 2022 after considering the holding cost is Rs. (0.19) Crore. Considering that the FAC for the months of January 2022 and February 2022 is negative, the same gets added into the opening FAC fund leading to an opening FAC fund of Rs. (0.68) Crore in March 2022. The Commission has determined a positive FAC of Rs. 0.43 Crore for March 2022. Accordingly,



this positive FAC determined by the Commission for March 2022 is adjusted in the available FAC fund and the FAC fund amount at the end of March 2022 is **Rs. (0.26) Crore**. The said amount will be accumulated in FAC Fund for stabilisation of FAC in future and the benefit will not be passed to consumers. Accordingly, there is no FAC leviable on the consumers for the months of January 2022, February 2022, and March 2022.

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: —

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

Where:

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

k = 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:

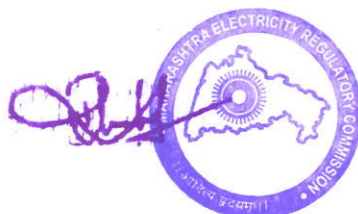
Provided that the Average Billing Rate for the unmetered consumers shall be based on the estimated sales to such consumers, computed in accordance with such methodology as may be stipulated by the Commission:

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 works out FAC per unit for each category of consumer based on the formula provided in the above Regulations. However, considering that the stand-alone FAC for the



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months of January 2022 and February 2022 is negative and the FAC recoverable for March 2022 is also nil after adjustment with the available FAC fund, there is no requirement for working out the FAC per unit for each category of consumer.

- 12.3. Further, 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.
- 12.4. Accordingly, the Commission allows the FAC amount of Rs. (0.26) Crore to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.
- 12.5. **Accordingly, per unit Z_{FAC} for the months of January 2022, February 2022, and March 2022 to be levied on the consumers of MBPPL in the billing months of March 2022, April 2022 and May 2022 is Nil.**

