



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2023-24/ 0572

Date: 02 November, 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 April 2022, May 2022 and June 2022.

Reference: 1. MBPPL's FAC submission for the months of April 2022, May 2022 and June 2022 vide email dated 30 August, 2022.
2. Data gaps raised vide email dated 20 June 2023.
3. MBPPL's response to queries raised vide email dated 3 July, 2023.

Sir,

Upon vetting the FAC calculations for the months of April to June, 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	April 2022	May 2022	June 2022
Z _{FAC} allowed for recovery (Rs. Crore)	0.391	0.446	0.430

The Commission allows the carry forward FAC of Rs. 0.93 Crore for the month of April 2022, Rs. 3.11 crore for the month of May 2022 and Rs. 4.93 Crore for the month of June 2022. The Commission allows the accumulation of FAC amount of nil 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 April to June, 2022

ANNEXURE

Detailed Vetting Report

Date: 02 November, 2023

**POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF APRIL
2022, MAY 2022 AND JUNE 2022.**

Subject: Post facto approval of Fuel Adjustment Charges (FAC) submissions of MBPPL for the months of April 2022, May 2022 and June 2022

Reference: 1. MBPPL's FAC submission for the months of April 2022, May 2022 and June 2022 vide email dated 30 August 2022.
2. Data gaps raised vide email dated 20 June 2023.
3. MBPPL's response to queries raised vide email dated 3 July, 2023.

1. FAC submission by MBPPL Undertaking:

1.1. MBPPL has made FAC submissions for the months of April 2022, May 2022 and June 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 June 2022, July 2022 and August 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.
- 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.



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- 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 2021, November 2021 and December 2021 vide FAC Vetting Report dated 28 June, 2023.
- Post-facto approval to the FAC for the month of January 2022, February 2022 and March 2022 vide FAC Vetting Report dated 24 July, 2023.

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 30 August, 2022 MBPPL has filed FAC submissions for the months of April 2022, May 2022 and June 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)		
			Apr-22	May-22	Jun-22
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT- I Industrial	74.04	6.17	3.75	4.31	4.18
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	0.02	0.02	0.02
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	0.51	0.55	0.52
Total	83.06	6.92	4.33	4.94	4.77



- 3.3. It can be observed from the above Table 1 that the actual sales during the months of April 2022, May 2022 and June 2022 are 4.33 MUs, 4.94 MUs and 4.77MUs respectively, which is 37.40%, 28.70%, and 31.15% less than the monthly approved energy sales of 6.92 MUs by the Commission for the FY 2022-23. The major variation was which 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 – Commercial (0-20 kW) and LT-III (B) Industrial categories, which is impact of work for home in IT industry and seasonal variations. However, it can be observed that the sales in the month from April 2022 to June 2022 have been increased due to partial recommence of offices in IT Industry and sales is around 63% to 71% as compared with the approved sales. Also, an increase of around 38% growth in sales has been witnessed as compared to Quarter-to-quarter basis.

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 up to 6.5 MW (Up to 5 MW RTC and up to 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. However, MBPPL has not purchased power from Kreate Energy (I) Pvt. Ltd. (KEIPL) and instead purchased power from GMR Energy Trading Limited (GMRETL) on Bilateral basis. On 7 March 2022, KEIPL requested KRC Discoms to provide schedule for the month of April 2022. KRC Discoms sent the schedule on 9 March 2022, and have sent consistent reminders to KEIPL to schedule power for the month of April 2022. However, KRC Discoms did not receive any confirmation for the application of power. Finally on 31 March 2022, KEIPL informed its non-availability and non-scheduling of power for the month April 2022 due to constraints in generating power due to unavoidable



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circumstances and informed that KEIPL is the facilitator for scheduling of power from ultimate sellers of the buyers. Thus KEIPL, will not be able to supply power to GEPL, KRCIPPL and MBPPL for the period 1 April 2022 to 30 April 2022.

- 4.4. Under such circumstances, KRC discoms initiated steps to meet their electricity demand from power exchange. Further in response to KEIPL's notice on breach of PPA, KRC discoms directed KEIPL to comply with the obligations, failing to which KRC Discoms shall be constrained to take all acts as it may deem necessary including encashment of Contract Performance Guarantee (CPG). KRC discoms informed the Commission regarding procurement of power from power exchange due to non-supply of power by KEIPL for the month of April 2022. KRC discoms diligently explored various alternative options, including Inter-Discom trade through the DSM portal, however, KRC discoms did not find any suitable option to meet its power requirement, other than Power Exchange. In view of non-supply of power to KRC discoms in April 2022, KRC discoms have encashed the bank Guarantees (CPGs) received from KEIPL against PPA dated 27 May 2021. The CPGs amounting to Rs. 1.56 Crore, Rs. 1.08 Crore and Rs. 0.72 Crore have been adjusted in May 2022. Further for the months of May 2022 and June 2022, KRC discoms followed-up with KEIPL to schedule power, however, KEIPL neither responded to the letters nor scheduled the power.
- 4.5. MBPPL has purchased power from GMR Energy Trading Limited (GMRETL) on Bilateral basis at the rates of Rs. 6.91/kWh in the month of April 2022, Rs. 12.52/kWh in the month of May 2022 and Rs. 7.73/kWh in the month of June 2022 which are higher than the Power procurement cost of Rs. 4.06/kWh as approved by the Commission in Tariff Order in Case No. 328 of 2019 from the medium-term source and Rs. 4.40/kWh from the Short-Term sources.
- 4.6. In this regard, the KRC Discoms had also filed a Petition with the Commission in the matter of Case No. 138 of 2022 on 22 June, 2022 seeking approval of the Commission for undertaking combined power purchase at Power Exchange linked rates for the period from July 2022, till alternative arrangements are in place. While adjudicating the matter, the Commission had gone through the details regarding non-supply of power by the contracted source i.e., Kreate Energy during the period April 2022 to June 2022 and the need for procuring power from available alternative source, albeit at higher cost than the approved power purchase cost. In this regard the Commission in its analysis and rulings in the Order in Case No. 138 of 2022 had noted the following:
- "11. Thus, failure of M/s Kreate Energy (I) Pvt. Ltd to supply power as per contract during the period of April to June 2022 and non-successful bidding process has resulted into KRC DISCOMs to depend on Power Exchanges for meeting its consumer demand. Further due to high demand, bids for all time blocks were not getting cleared on power exchanges and hence during that period, KRC DISCOMs had to depend on DG Set for maintaining continuity of power supply to its consumers. To avoid such situations, KRC DISCOMs entered into exchange linked bilateral contract with M/s GMR Energy Trading Ltd and has requested the*

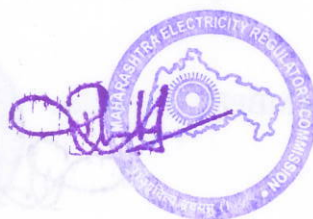


Commission to allow such contract till it successfully selects supplier through bidding process.

12. The Commission notes that exchange linked bilateral contract is undertaken outside the power market platform. Such contract does not strictly fall under Section 62 (tariff determined by the Commission as per Tariff Regulations) or Section 63 (tariff discovered through competitive bidding process) of the Electricity Act, 2003. The Commission has been considering such contracts for pass through in power purchase expenses as such contracts form very small quantum of total power purchase basket of Distribution Licensee and tariff is linked to the rates that are transparently discovered in power exchange, beside most of the time some discount is also offered by seller in such contracts. But in the present case, KRC DISCOMs have proposed to meet all its power purchase quantum through such exchange linked contracts. In the normal course, such arrangement is not advisable, and this would not have been allowed. But considering the efforts taken by KRC DISCOMs for procurement of power through competitive bidding, and the fact that during high demand period, bid quantum was not getting cleared on power exchange platform forcing them to supply power from DG set is neither economical nor it is viable for longer periods, the Commission deems it fit to allow such exchange linked contracts till KRC DISCOMs successfully discovers tariff in due bidding process. The Commission also notes that KRC DISCOMs are procuring green power from GDAM/GTAM market segment on power exchanges. Such green power procurement is meeting part of its load requirement. Also, such exchange linked contracts and green power procurement from exchange is also helping KRC DISCOMs to maintain Grid Discipline by not overdrawing power from the Grid.

13. The Commission also notes that such exchange linked contracts entered by KRC DISCOM have charged premium (50 paise/unit) over the exchange price for certain period (7 days). KRC DISCOM have justified it as during that period its contracted supplier refused to supply the power and its bids on power exchanges were not getting cleared for all the time blocks, hence to maintain continuity in power supply, KRC DISCOM had to agree to such premium. In this regard, the Commission notes that KRC DISCOM has separately filed Petition in Case No. 162 of 2022 seeking compensation towards increased power purchase expenses on account of non-supply of power by its supplier, the Commission will decide on the issue of allowing such premium as passthrough during that proceeding.

14. Having allowed exchange linked contracts as above, the Commission notes that price being discovered on power exchange during recent past is much higher than average power procurement rate (Rs. 3.92 per unit) approved in MYT Orders of KRC DISCOMs. This will ultimately impact the consumer tariff through FAC mechanism or truing up process (if full expenses cannot be allowed due to FAC ceiling) in upcoming Mid Term Review process which will ultimately reduce the



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electricity tariff advantage vis-à-vis tariff applicable to parallel licensee in that area. Therefore, to remain competitive and protect interest of their consumers, KRC DISCOMS shall take extra efforts for finding cheaper and reliable source of power supply. Hence, the Commission allows such sole power procurement from exchange linked contracts only for FY 2022-23. KRC DISCOMs shall ensure that firm source of supply is contracted before March 2023.”

- 4.7. Accordingly, while the Commission has allowed the procurement of power through exchange linked contracts, the matter of allowing the premium charged by the supplier as a pass through in tariff will be decided by the Commission while adjudicating the matter in Case no. 162 of 2022 which was sub-judice. The impact of the Commission's Order will be captured in the future FAC Orders or truing up Orders for FY 2022-23, as deemed appropriate by the Commission.
- 4.8. Further, MBPPL has also procured RE power through IEX in the GDAM during the months of April 2022, May 2022 and June 2022. MBPPL purchased 0.45 MUs and 0.85 MUs of Solar and Non-Solar Power in April 2022 at an average rate of Rs. 8.10/kWh. Similarly, MBPPL purchased 0.56 MUs and 0.60 MUs of Solar and Non-Solar Power in May 2022 at an average rate of Rs. 5.88/kWh and 1.01 MUs and 0.79 MUs of Solar and Non-Solar Power in June 2022 at an average rate of Rs. 7.04/ kWh.
- 4.9. In addition to the above, MBPPL has also considered Non-Solar RECs equivalent to 3.87 MUs purchased in January 2022 at an average rate of Rs. 1.02/kWh. KRC DISCOMs had submitted in letter dated 19th July 2022 regarding their common reply to Queries raised that they had inadvertently not considered the amount incurred on purchase of RECs during FAC computation of Q4 of FY 21-22 and they wish to claim the same as part of FAC of June 2022.
- 4.10. The Commission notes that MBPPL has purchased of RE power through the power exchanges to meet the RPO obligations along with REC in the month of June and only RE power in the months of April 2022 and May 2022. 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.
- 4.11. MBPPL has also procured 0.05 MU, 2.07 MU and 2.10 MU of power from Power Exchange at average rates of Rs. 15.11/kWh, Rs. 5.96/kWh and 8.10/kWh during the months of April 2022, May 2022 and June 2022, respectively. MBPPL has submitted that the increase in demand in the months April 2022 to June 2022 has necessitated power procurement through Power Exchange because of non-availability of its contracted source.
- 4.12. Summary of power purchase of MBPPL is as under:



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Sr. No.	Particular	Compliance																																																				
1	Purchase from Approved Sources	No. MBPPL has not procured power from Kreate Energy (I) Pvt. Ltd during April 2022, May 2022 and June 2022, even though 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																																																				
3	Fuel Utilization Plan	Not applicable. All the sources of power procurement fall under Section 63 of EA, 2003.																																																				
4	DSM Pool	MBPPL injected 0.02 MU and 0.16 MU for the month of May 2022 and June 2022 into the DSM pool. MBPPL has drawn 0.009 MU from DSM pool for the month of April 2022 2022.																																																				
5	Sale of Surplus Power	There was no sale of surplus power in the months of April 2022 to June 2022.																																																				
6	Power Purchase	Actual Power Purchase is 4.54 MU, 5.19 MU and 4.96 MU in months of April 2022, May 2022 and June 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 – April 2022 (MU)</th> <th>Proportion of each source in actual Purchase (%)</th> </tr> </thead> <tbody> <tr> <td>RE Solar</td> <td>0.58</td> <td>0.45</td> <td>9.92%</td> </tr> <tr> <td>RE Non-Solar</td> <td>0.83</td> <td>0.85</td> <td>18.72%</td> </tr> <tr> <td>Base Load – Medium Term Sources / Bilateral</td> <td>5.69</td> <td>3.18</td> <td>70.16%</td> </tr> <tr> <td>Kreate Energy (I) Pvt. Ltd</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Exchange/ Other Peak Sources</td> <td>0.12</td> <td>0.05</td> <td>1.01%</td> </tr> <tr> <td>DSM Pool</td> <td></td> <td>0.01</td> <td>0.19%</td> </tr> <tr> <td>Total</td> <td>7.22</td> <td>4.54</td> <td>100.00%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Source Name</th> <th>Approved (MU)</th> <th>Actual – May 2022 (MU)</th> <th>Proportion of each source in actual Purchase (%)</th> </tr> </thead> <tbody> <tr> <td>RE Solar</td> <td>0.58</td> <td>0.56</td> <td>10.86%</td> </tr> <tr> <td>RE Non-Solar</td> <td>0.83</td> <td>0.60</td> <td>11.56%</td> </tr> <tr> <td>Base Load – Medium Term Sources / Bilateral</td> <td>5.69</td> <td>1.99</td> <td>38.25%</td> </tr> <tr> <td>Kreate Energy (I) Pvt. Ltd</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Source Name	Approved (MU)	Actual – April 2022 (MU)	Proportion of each source in actual Purchase (%)	RE Solar	0.58	0.45	9.92%	RE Non-Solar	0.83	0.85	18.72%	Base Load – Medium Term Sources / Bilateral	5.69	3.18	70.16%	Kreate Energy (I) Pvt. Ltd	-	-	-	Exchange/ Other Peak Sources	0.12	0.05	1.01%	DSM Pool		0.01	0.19%	Total	7.22	4.54	100.00%	Source Name	Approved (MU)	Actual – May 2022 (MU)	Proportion of each source in actual Purchase (%)	RE Solar	0.58	0.56	10.86%	RE Non-Solar	0.83	0.60	11.56%	Base Load – Medium Term Sources / Bilateral	5.69	1.99	38.25%	Kreate Energy (I) Pvt. Ltd	-	-	-
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Sr. No.	Particular	Compliance			
		Exchange/ Other Peak Sources	0.12	2.07	39.80%
		DSM Pool		(0.02)	-0.47%
		Total	7.22	5.19	100.00%
		Source Name	Approved (MU)	Actual – June 2022 (MU)	Proportion of each source in actual Purchase (%)
		RE Solar	0.58	1.01	20.35%
		RE Non-Solar	0.83	0.79	15.87%
		Base Load – Medium Term Sources/ Bilateral	5.69	1.23	24.71%
		Kreate Energy (I) Pvt. Ltd	-	-	-
		Exchange/ Other Peak Sources	0.12	2.10	42.28%
		DSM Pool		(0.16)	-3.21%
		Total	7.22	4.96	100.00%
		<p>No power is purchased from M/s Kreate Energy Pvt. Ltd. even though the PPA is valid from 1 July, 2021 to 30 June, 2022 and 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 considered Non-Solar RECs equivalent to 3.87 MUs purchased in January 2022 at an average rate of Rs. 1.02/kWh. KRC DISCOMs had submitted in letter dated 19th July 2022 regarding their common reply to Queries raised that they had inadvertently not considered the amount incurred on purchase of RECs during FAC computation of Q4 of FY 21-22 and they wish to claim the same as part of FAC of June 2022.</p> <p># 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 MBPPL. 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:



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

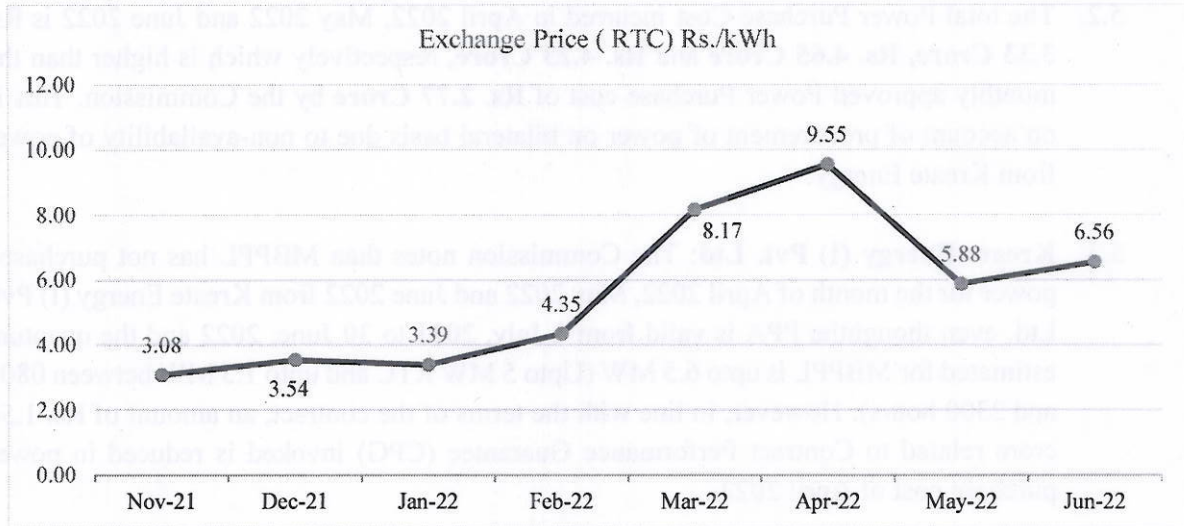
- 5.1. The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of April 2022, May 2022 and June 2022 to verify the claim of MBPPL regarding Average Power Purchase Cost (APPC). The Commission has verified the actual as well as approved Net Purchase (MUs), 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 April 2022, May 2022 and June 2022 is Rs. **3.33 Crore, Rs. 4.65 Crore and Rs. 4.23 Crore**, respectively which is higher than the monthly approved Power Purchase cost of **Rs. 2.77 Crore** by the Commission. This is on account of procurement of power on bilateral basis due to non-availability of power from Kreate Energy.
- 5.3. **Kreate Energy (I) Pvt. Ltd:** The Commission notes that MBPPL has not purchased power for the month of April 2022, May 2022 and June 2022 from Kreate Energy (I) Pvt. Ltd. even though the PPA is valid from 1 July, 2021 to 30 June, 2022 and the quantum estimated for MBPPL is upto 6.5 MW (Upto 5 MW RTC and upto 1.5 MW between 0800 and 2300 hours). However, in line with the terms of the contract, an amount of Rs. 1.56 crore related to Contract Performance Guarantee (CPG) invoked is reduced in power purchase cost of April 2022.
- 5.4. **Bilateral purchases from GMR Energy Trading Limited (GMRETL):** The Commission notes that MBPPL has purchased 3.18 MU, 1.99 MU and 1.23 MU of power for the month of April 2022, May 2022 and June 2022 from GMR Energy Trading Limited on Bilateral basis and the average rate of power purchase was significantly high at Rs. 11.81/kWh without considering the Kreate CPG invoke amount and Rs. 6.91/kWh after considering the Kreate CPG invoke amount during the month of April 2022 and Rs. 12.52/kWh and Rs. 7.73/kWh during the months of May 2022 and June 2022 respectively because of non-availability of its contracted source.
- 5.5. The Commission has verified the bills from the power purchase bills for M/s GMR Energy.
- 5.6. **Power procurement through Exchange and Other Peak Resource:** MBPPL has procured **0.05 MU, 2.07 MU and 2.10 MU** from IEX for the months of April 2022, May 2022 and June 2022, respectively, to meet the peak demand from DAM / RTM / TAM products available on IEX platform. Though these sources contributed to 1.01%, 39.80% and 42.28% of the total power purchase during the months of April 2022, May 2022 and June 2022, the average rate of power purchase was significantly high at Rs. 15.11/kWh, Rs. 5.96/kWh and Rs. 8.10/kWh in April 2022, May 2022 and June 2022, respectively. The contribution of power exchange purchases is higher in May 2022 and June 2022 because of non-availability of its contracted source. The higher cost of purchase from exchange reflects the average price trends observed in the power exchange in the month of April 2022. POC charges of Rs. 0.27 crore relating to ISTS Transmission charges



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levied in DAM, G-DAM and RTM for the delivery period 01.07.2021 to 12.05.2022. have been considered separately in May 2022.

Figure 1: Exchange price trends (RTC)



5.7. **Renewable Sources:** The Commission has approved Rs. 0.41 Crore each for April 2022, May 2022 and June 2022 for purchase of RE power to meet the Renewable Purchase Obligation. MBPPL has purchased RE Solar and RE Non-Solar during the months of April 2022, May 2022 and June 2022. The RE Solar purchase quantum was 0.45 MU at a power purchase rate of Rs. 8.10/kWh in April 2022, 0.56 MUs at the rate of Rs. 5.88/kWh in May 2022 and 1.01 MUs at the rate of Rs. 7.04/kWh in June 2022. Similarly, the RE Non-Solar purchase quantum was 0.85 MU at a power purchase rate of Rs. 8.11/kWh in April 2022, 0.60 MU at the rate of Rs. 5.88/kWh in May 2022 and 0.79 MU at the rate of Rs. 7.04/kWh in June 2022. The Commission in its MYT Order in Case no. 328 of 2019 had approved purchases of actual RE power for FY 2022-23. In addition to the above, MBPPL has also considered Non-Solar RECs equivalent to 3.87 MUs purchased in January 2022 at an average rate of Rs. 1.02/kWh. KRC DISCOMs had submitted in letter dated 19th July 2022 regarding their common reply to queries raised that they had inadvertently not considered the amount incurred on purchase of RECs during FAC computation of Q4 of FY 21-22 and they wish to claim the same as part of FAC of June 2022. POC charges of Rs. 0.27 crore relating to ISTS Transmission charges levied in DAM, G-DAM and RTM for the delivery period 01.07.2021 to 12.05.2022 have been considered separately in May 2022.

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



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

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 0.02 MUs during May 2022 and 0.16 MUs during June 2022 into the DSM pool and drawn 0.01 MUs in April 2022 from the DSM pool.

5.11. The Commission has also considered the average price of the power in the DSM pool (Rs. 15.79/kWh, Rs. 5.37/kWh and Rs. 4.93/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.

5.13. No sale of surplus power was done during the period April 2022 to June 2022.

5.14. **Approved Cost:** The Commission has noted that MBPPL procured no quantum of power from its approved sources due to non-availability of its contracted source, Kreate Energy (I) Pvt. Ltd which has resulted in higher power purchase cost for the months of April 2022 to June 2022. Instead, MBPPL has purchased power from GMR Energy on Bilateral basis at Rs. 6.91/kWh in April 2022, Rs. 12.52/kWh in May 2022 and Rs. 7.73/kWh in June 2022 which is higher than the Power procurement cost of Rs. 4.06/kWh as approved by the Commission in Tariff Order in Case No. 328 of 2019 from the medium-term source.

5.15. The APPC during the period April 2022 to June 2022 is higher due to purchase of higher cost power, both conventional and RE, from power exchange to meet the higher demand in period April 2022 to June 2022.

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

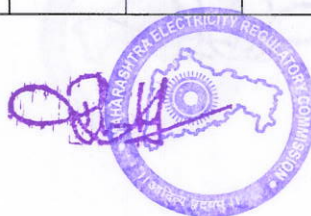
Table 2: Approved and Actual Power Purchase Cost for MBPPL

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 - Base Load - Bilateral	Approved	5.69	-	-	2.31	4.06	2.31	4.06
	Actual - April 2022	3.18	-	-	2.20	6.91	2.20	6.91
	Actual - May 2022	1.99	-	-	2.49	12.52	2.49	12.52
	Actual - June 2022	1.23	-	-	0.95	7.73	0.95	7.73



Approval of FAC Charges for the months of April 2022, May 2022 and June 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)
Kreate Energy (I) Pvt. Ltd.	Approved	-	-	-	-	-	-	-
	Actual – April 2022	-	-	-	-	-	-	-
	Actual - May 2022	-	-	-	-	-	-	-
	Actual - June 2022	-	-	-	-	-	-	-
Exchange /Other Peak Sources	Approved [#]	0.12	-	-	0.62	4.40	0.62	4.40
	Actual – April 2022	0.05	-	-	0.07	15.11	0.07	15.11
	Actual - May 2022	2.07	-	-	1.23	5.96	1.23	5.96
	Actual - June 2022	2.10	-	-	1.70	8.10	1.70	8.10
Solar & Non-Solar RE/REC	Approved	0.58 (Solar) 0.83 (Non-Solar)	-	-	0.17 (Solar) 0.24 (Non-Solar)	2.01 (Solar) 2.86 (Non-Solar)	0.17 (Solar) 0.24 (Non-Solar)	2.01 (Solar) 2.86 (Non-Solar)
	Actual – April 2022	Solar 0.45 Non-Solar 0.85	-	-	Solar 0.36 Non-Solar 0.69	Solar 8.10 Non-Solar 8.11	Solar 0.36 Non-Solar 0.69	Solar 8.10 Non-Solar 8.11
	Actual - May 2022	Solar 0.56 Non-Solar 0.60	-	-	Solar 0.33 Non-Solar 0.35	Solar 5.88 Non-Solar 5.88	Solar 0.33 Non-Solar 0.35	Solar 5.88 Non-Solar 5.88
	Actual - June 2022 ^{##}	Solar 1.01 Non-Solar 0.79 REC Non Solar 3.87	-	-	Solar 0.71 Non-Solar 0.55 REC Non Solar 0.39	Solar 7.04 Non-Solar 7.04 REC Non Solar 1.02	Solar 0.71 Non-Solar 0.55 REC Non Solar 0.39	Solar 7.04 Non-Solar 7.04 REC Non Solar 1.02
DSM Pool	Approved	-	-	-	-	-	-	-
	Actual – April 2022	0.01	-	-	0.01	15.79	0.01	15.79
	Actual - May 2022	(0.02)	-	-	(0.01)	5.37	(0.01)	5.37
	Actual - June 2022	(0.16)	-	-	(0.08)	4.93	(0.08)	4.93
SLDC Fees	Approved	-	-	-	-	-	-	-
	Actual – April 2022	-	0.001	-	-	-	0.001	-
	Actual - May 2022	-	0.001	-	-	-	0.001	-
	Actual - June 2022	-	0.001	-	-	-	0.001	-



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

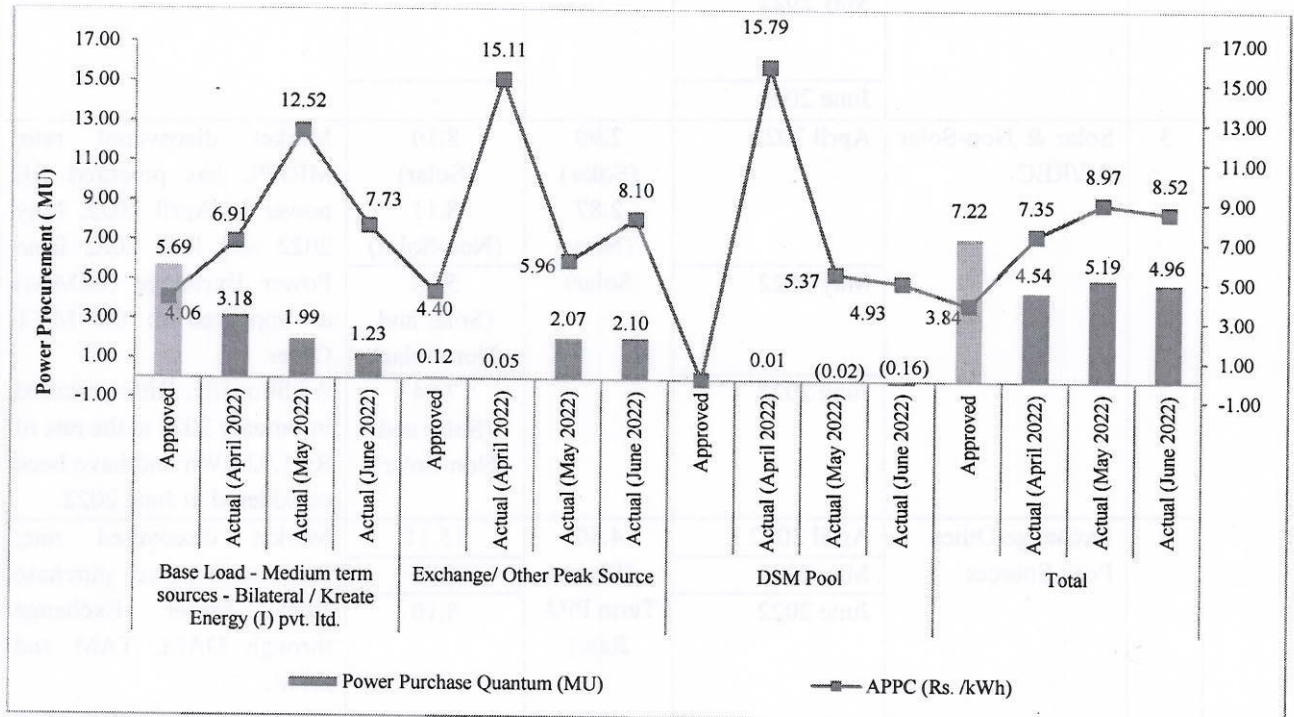
Source	Particulars	Power Procured (MU)	Fixed Cost (Rs. Crore)	Fixed Cost (Rs./kWh)	Variable Cost (Rs. Crore)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)	APPC (Rs./kWh)
TOTAL	Approved	7.22	-	-	2.77	3.84	2.77	3.84
TOTAL	Actual – April 2022	4.54	0.001	0.00	3.33	7.35	3.33	7.35
	Actual - May 2022	5.19	0.001	0.00	4.65	8.97	4.65	8.97
	Actual - June 2022 ##	4.96	0.001	0.00	4.23	8.52	4.23	8.52

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

Including REC Non Solar purchased in January 2022 but considered in this Quarter

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:

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		April 2022	4.06	6.91	Power purchased from GMR Energy Trading Limited
		May 2022		12.52	



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
	Medium Term PPA - Base Load - Bilateral -	June 2022		7.73	(GMRETL) on Bilateral basis because of non-availability of approved sources. Kreate CPG invoke amount of Rs. 1.56 crore credited in April 2022 which has reduced APPC for April 2022.
2	Kreate Energy (I) Pvt. Ltd.	April 2022	-	-	No Power purchase from M/s Kreate Energy.
		May 2022		-	
		June 2022		-	
3	Solar & Non-Solar RE/REC	April 2022	2.90 (Solar) 2.87 (Non-Solar)	8.10 (Solar) 8.11 (Non-Solar)	Market discovered rate; MBPPL has procured RE power in April 2022, May 2022 and June 2022 from Power Exchange (GDAM) as approved in the MYT Order. Additionally, REC procured in January 2022 at the rate of Rs 1.02/kWh and have been considered in June 2022.
		May 2022		5.88 (Solar and Non-Solar)	
		June 2022		7.04 (Solar and Non-Solar)	
4	Exchange/Other Peak Sources	April 2022	4.40	15.11	Market discovered rate; Short term power purchase from Power Exchange through DAM, TAM and RTM. The rates are higher than the approved rates as the average power purchase rates in the power exchange were higher during April 2022. POC charges of Rs. 0.27 crore have been considered separately in May 2022.
		May 2022	(Short	5.96	
		June 2022	Term PPA Rate)	8.10	
5	DSM Pool	April 2022		15.79	DSM rates as based on supporting documents provided by MBPPL.
		May 2022		5.37	
		June 2022		4.93	
6	Total	April 2022	3.84	7.35	Due to above factors



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
		May 2022		8.97	
		June 2022		8.52	

5.19. Considering the above, the Commission allows the average power purchase cost of Rs. 7.35/kWh, Rs. 8.97/kWh and Rs. 8.52/kWh for the months of April 2022, May 2022 and June 2022, respectively as shown in Table 3 above. The increase in power purchase cost is due to non-availability of tie-up of cheaper power with Kreate Energy (I) Pvt. Ltd and reliance on power exchange and bilateral transactions. The variation in power purchase cost is on the higher side in April 2022, May 2022 and June 2022 due to the higher cost of RE and conventional power purchase from exchange. MBPPL has purchased actual RE power but it has also considered REC purchased previously. Additionally, Kreate CPG invoice amount of Rs. 1.56 crore credited in April 2022 which has reduced APPC for April 2022 and POC charges of Rs. 0.27 crore have been considered in May 2022 which has increased APPC for May 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 April 2022, May 2022 and June 2022 as shown in Table 2 3 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 April 2022, May 2022 and June 2022.

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

S. No.	Particulars	Units	Apr-22	May-22	Jun-22
1	Average power purchase cost approved by the Commission	Rs./kWh	3.84	3.84	3.84
2	Actual average power purchase cost	Rs./kWh	7.35	8.97	8.52
3	Change in average power purchase cost (=2 -1)	Rs./kWh	3.51	5.13	4.69
4	Net Power Purchase	MU	4.54	5.19	4.96
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	1.59	2.66	2.33

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:



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

Table 5: Adjustment for over recovery/under recovery

S. No.	Particulars	Units	Apr 22	May 22	Jun 22
1.1	Incremental cost allowed to be recovered in Month n-4	Rs. Crore			0.39
1.2	Incremental cost in Month n-4 actually recovered in month n-2	Rs. Crore	-	-	0.44
1.3	(over-recovery)/under-recovery (=1.2 - 1.1)	Rs. Crore	-	-	-0.05
2.0	Carried forward adjustment for over-recovery/under-recovery attributable to application of ceiling limit for previous month	Rs. Crore		0.93	3.11
3.0	Adjustment factor for over-recovery/under-recovery (1.3+2.0)	Rs. Crore	-	0.93	3.06

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

- 8.1. Carrying/Holding Cost for under recovery/over recovery has been granted at the approved interest rate for the eligible amount which works out to **Nil for April 2022 and Rs. 0.01 crore and Rs. 0.02 crore** for the months of May 2022 and June 2022.
- 8.2. Holding cost for the month of April 2022 to June 2022 is calculated by considering MCLR + 150 basis points which turns out to be **8.50%, 8.60% and 8.70%** for April 2022, May 2022 and June 2022 respectively.
- 8.3. The Commission has computed the holding cost towards the amount over recovered in the month of April 2022 to June 2022 which is as shown in the Table below:

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

Particulars	Units	Apr 22	May 22	Jun 22
Adjustment factor for over-recovery/under-recovery	Rs. Crore	-	0.93	3.06
Interest rate	%	8.50%	8.60%	8.70%
Carrying cost for over-recovery/under-recovery	Rs. Crore	-	0.01	0.02

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 positive FAC of Rs. 1.58 Crore, Rs. 3.56 crore and Rs. 5.36 Crore for the months of April 2022, May 2022 and June 2022, respectively. For the month of April 2022, a positive FAC of Rs. 1.58 has been determined, which is adjusted from the available FAC fund to avoid levy the same on the consumers. Accordingly, there is FAC fund of Nil at the end of April 2022, May 2022 and June 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%, 8.60% and 8.70% for April 2022, May 2022 and June 2022, respectively. Accordingly, the Commission has calculated holding cost of Nil for April 2022 to June 2022.

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”:

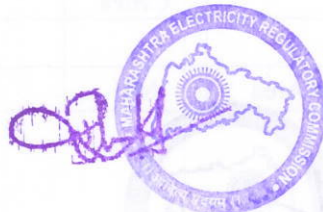
Provided that, in case of unmetered consumers, the Z_{FAC} shall be recoverable based on estimated sales to such consumers, computed in accordance with such methodology as may be stipulated by the Commission:

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 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	Apr 22	May 22	Jun 22
1	Net Energy input at Distribution Voltages	MU	6.99	4.39	5.02	4.80
2	Energy sales at Distribution voltages	MU	6.92	4.33	4.94	4.77
3	Distribution Loss (1 - 2)	MU	0.07	0.06	0.09	0.04
4	Distribution Loss as % (3/1)	%	0.97%	1.33%	1.76%	0.78%



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S. No.	Particulars	Units	Approved in Tariff Order	Apr 22	May 22	Jun 22
5	Annual Sliding Distribution Loss	%		2.08%	2.03%	1.89%
6	Excess Distribution Loss = [Annual Sliding Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.05	0.05	0.04
7	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	0.018	0.038	0.050

10.3. As seen from the above Table , annual sliding distribution loss for the months of April 2022 to June, 2022 is higher than the MYT approved distribution loss of 0.97%. The monthly distribution loss for the months of April to May, 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 April 2022, May 2022 and June 2022. MBPPL has considered disallowance of FAC amounting to Rs. 0.018 crore, Rs. 0.038 crore and 0.05 crore due to excess distribution loss for the months of April 2022, May 2022 and June 2022 respectively since the standalone FAC for the months of April 2022, May 2022 and June 2022 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 April 2022, May 2022 and June 2022 which is allowed to be recovered in the billing month June 2022, July 2022 and August 2022 is as shown in the Table 6 below.

Table 6: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	Apr -22	May -22	Jun - 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	1.594	2.662	2.326
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	0.007	0.022
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-	0.928	3.061
1.4	$Z_{FAC} = F+C+B$	Rs. Crore	1.594	3.596	5.409
2	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	4.333	4.935	4.766



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

Sr. No.	Particulars	Units	Apr -22	May -22	Jun - 22
2.2	Excess Distribution Loss	MU	0.048	0.053	0.044
2.3	Z _{FAC} per kWh	Rs./kWh	3.638	7.209	11.246
2.4	Cap at 20% of variable component of tariff	Rs./kWh	0.90	0.90	0.90
2.5	FAC Charge allowable (Minimum of 2.3 and 2.4)	Rs./kWh	0.90	0.90	0.903
3.0	Allowable FAC				
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs. Crore	0.018	0.038	0.050
3.2	FAC allowable [1.4-3.1]	Rs. Crore	1.576	3.558	5.360
4.0	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs. Crore	(0.256)	-	-
4.2	Holding Cost on FAC Fund	Rs. Crore	(0.002)	-	-
4.3	Z _{FAC} for the month (Sr. N. 3.2)	Rs. Crore	1.58	3.56	5.36
4.4	Closing Balance of FAC Fund	Rs. Crore	-	-	-
4.5	Z _{FAC} leviable/refundable to consumer	Rs. Crore	1.319	3.558	5.360
5.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	0.391	0.446	0.430
6.0	Carried forward FAC for recovery during future period (4.4-5.0)	Rs. Crore	0.928	3.112	4.929

11.2. It can be seen from the above Table 6 that the standalone FAC for the month of April 2022, May 2022 and June 2022 is Rs. 1.58 Crore, Rs. 3.56 Crore and Rs. 5.36 Crore, respectively. Based on energy sales and excess distribution loss, FAC per unit has been worked out as Rs. 3.638/kWh, Rs. 7.209/kWh and Rs. 11.246/kWh for the months of April 2022, May 2022 and June 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 positive FAC per unit computed in the months of April 2022 (Rs. 3.638/kWh), May 2022 (Rs. 7.209/kWh) and June 2022 (Rs. 11.246/kWh) as shown in Table 6 above are higher than the 20% cap (Rs. 0.90/kWh) specified in MYT Regulations, 2019, hence, there is restriction triggered with regards to such ceiling.

11.5. Accordingly, considering the ceiling limit (Rs. 0.90/kWh), the FAC recoverable in June 2022, July 2022 and August 2022 would be lower. Accordingly, due to ceiling limit (Rs. 0.90/kWh), the FAC recoverable has been worked out as Rs. 0.39 Crore, Rs. 0.45 Crore and Rs. 0.43 crore for the month of April 2022, May 2022 and June 2022 respectively.



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

Thus, FAC equivalent Rs. 0.93 Crore (i.e., Rs. 1.32 Crore minus Rs. 0.39 Crore) for the month of April 2022, Rs. 3.11 crore (i.e., Rs. 3.56 minus 0.45 crore) for the month of May 2022 and Rs. 4.93 Crore (i.e., Rs. 5.36 Crore minus Rs. 0.43 Crore) for the month of June 2022 has remained unrecovered which will be recovered as part of FAC of upcoming months.

- 11.6. The Commission has also approved a holding cost of **Rs. (0.002) Crore** on the opening value of the FAC Fund available during the months of April 2022. The value of the opening FAC fund in April 2022 after considering the holding cost is Rs. (0.257) Crore. The Commission has determined a positive FAC of Rs. 1.58 Crore, Rs. 3.56 crore and Rs. 5.36 crore for April 2022, May 2022 and June 2022 respectively. Accordingly, this positive FAC determined by the Commission for April 2022, May 2022 and June 2022 are adjusted in the available FAC fund and the FAC fund amount at the end of June 2022 is **NIL**. The said amount will be accumulated in FAC Fund for stabilisation of FAC in future and the benefit will not be passed to consumers.

12. Recovery from Consumers:

- 12.1. Regulation 10.9 of MERC MYT Regulations, 2019 provides for methodology of recovery of FAC charge from each category of consumers. The relevant extract is reproduced as below.

“10.9 The Z_{FAC} per kWh for a particular Tariff category/sub-category/consumption slab shall be computed as per the following formula: —

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

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:



Approval of FAC Charges for the months of April 2022, May 2022 and June 2022

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.

12.3. The following Table 7 **Error! Reference source not found.** shows per unit Z_{FAC} for the month April 2022, May 2022 and June 2022 to be levied on consumers of MBPPL in the billing month of June 2022, July 2022 and August 2022.

Table 7: Category wise FAC Revenue for billing month June 2022, July 2022 and August 2022

Sr. No	Consumer Category	Slabs	Z_{FAC} computed for the month of April 2022 (Rs. Crore)	Z_{FAC} computed for the month of May 2022 (Rs. Crore)	Z_{FAC} computed for the month of June 2022 (Rs. Crore)
	HT Category				
1	HT- I Industrial	all units	0.329	0.377	0.366
2	HT-II Commercial	all units	-	-	-
	LT Category				
3	LT-II(A) Commercial (0-20 kW)	all units	0.001	0.002	0.001
4	LT-II (B) Commercial (above 20 kW)	all units	0.002	0.002	0.002
5	LT-III (A) Industrial (0-20 kW)	all units	0.004	0.004	0.004
6	LT-III (B) Industrial (above 20 kW)	all units	0.058	0.063	0.059
	Total		0.394	0.448	0.432

