



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission

Ref. No. MERC/FAC/2023-24/ 0573

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 July 2022, August 2022 and September 2022.

Reference: 1. MBPPL's FAC submission for the months of July 2022, August 2022 and September 2022 vide email dated 29 November, 2022.
2. MBPPL's response to queries raised vide email dated 3 July, 2023

Sir,

Upon vetting the FAC calculations for the months of July 2022 to September 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	July 2022	August 2022	September 2022
Z _{FAC} allowed for recovery (Rs. Crore)	0.395	0.413	0.404

The Commission allows the carry forward FAC of Rs. 5.80 Crore for the month of July 2022, Rs. 6.56 crore for the month of August 2022 and Rs. 7.53 Crore for the month of September 2022. Accordingly, the FAC fund amount is nil. 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 July to September, 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 July 2022, August 2022 and September 2022

Reference: 1. MBPPL's FAC submission for the months of July 2022, August 2022 and September 2022 vide email dated 29 November, 2022.
2. 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 July 2022, August 2022 and September 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 September 2022, October 2022 and November 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.



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- 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.
- 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.
- Post-facto approval to the FAC for the month of April 2022, May 2022 and June 2022 vide FAC Vetting Report dated _____, 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 29 November, 2022 MBPPL has filed FAC submissions for the months of July 2022, August 2022 and September 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)		
	(I)		Jul-22	Aug-22	Sep-22
		(II=I/12)	(III)	(IV)	(V)
HT Category					



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Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (MU)		
			Jul-22	Aug-22	Sep-22
	(I)	(II=I/12)	(III)	(IV)	(V)
HT- I Industrial	74.04	6.17	3.79	3.97	3.86
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	0.49	0.51	0.52
Total	83.06	6.92	4.35	4.55	4.45

3.3. It can be observed from the above Table 1 that the actual sales during the months of July 2022, August 2022 and September 2022 are 4.35 MU, 4.55 MU and 4.45 MU, respectively, which are **37.13%**, **34.20%**, and **35.78%** less than the monthly approved energy sales of **6.92 MU** 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 due to COVID-19 and seasonal variations. However, it can be observed that the sales in the month from July 2022 to September 2022 have been decreased due to seasonal variation in rainy season.

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. **Approved Power Purchase sources:**

4.2.1. MBPPL had a short term PPA with GMR Energy Trading Limited which was valid till May 2020, and which was subsequently extended till March 2021 with approval of the Commission.

4.2.2. Post that the Commission in its Order dated 30 June, 2021 in Case No. 69 of 2021 has approved the combined power procurement of for MBPPL, GEPL and KRCIPPL for FY 2021-22 on short-term basis. Accordingly, the Commission 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



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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.”

However, GEPL has not purchased power from Kreate Energy (I) Pvt., as the PPA with Kreate Energy was valid till 30th June 2022.

4.2.3. Subsequently, KRC DISCOMs had filed a Petition before the Commission seeking approval for undertaking combined power purchase at Power Exchange linked rates for the period from July 2022, till alternative arrangements are in place. The Commission in its Order dated 15 September 2022 in Case No. 138 of 2022, has allowed KRC DISCOMs to procure the power under exchange linked contracts till March 2022.

4.2.4. 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 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.”

- 4.2.5. In reply to the Commissions query, the KRC Discoms have replied that they have floated tenders for power procurement four time from April 2022 to June 2022, however they did not receive bid/participation from the market participants. Despite their best efforts, KRC discoms were left without any power procurement agreement.



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- 4.2.6. MBPPL initiated short-term competitive bidding process 5th time on 9 August, 2022 and decided to combinedly procure 8 MW RTC Power and 4 MW Peak Power (08:00 – 23:00 Hrs for Weekdays, i.e., Monday to Friday and excluding Saturday and Sunday) for a period of one year from 1 November, 2022 to 31 October, 2023 for KRC Discoms (MindSpace Business Parks Private Limited; Gigaplex Estate Private Limited; KRC Infrastructure and Projects Private Limited).
- 4.2.7. The Commission has approved the PPAs signed with GMRETL and PTC at Average Rate of Rs. 6.35/kWh for RTC and Rs. 7.95/kWh for Peak Power respectively in its order dated 28 October, 2022 in Case No. 177 of 2022. The quantum estimated for GEPL is up to 2.5MW i.e., up to 1.5 MW RTC for the period 1 November, 2022 to 31 October, 2023 and up to 1 MW Peak Power for the period 1 November, 2022 to 28 February, 2023. The generator identified by GMRETL is Birla Carbon for RTC supply and peak power is being supplied by PTC through M/s NSL Sugars Ltd., which is a bagasse-based plant which offers Renewable Energy Power, which will be sufficient to meet the RPO requirement as well as green tariff requirement of KRC DISCOMs.
- 4.3. MBPPL has purchased power from GMR Energy Trading Limited (GMRETL) on Bilateral basis at the rates of Rs. 6.89/kWh in the month of July 2022, Rs. 5.65/kWh in the month of August 2022 and Rs. 8.41/kWh in the month of September 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.
- 4.4. Further, MBPPL has also procured RE power through IEX in the GDAM and GTAM during the months of July 2022, August 2022 and September 2022. MBBPL purchased 1.01 MUs and 0.41 MUs of Solar and Non-Solar Power in July 2022 at an average rate of Rs. 4.96/kWh. Similarly, MBBPL purchased 0.41 MUs and 1.21 MUs of Solar and Non-Solar Power in August 2022 at an average rate of Rs. 6.96/kWh and Rs. 7.19/kWh, respectively and 0.13 MU and 2.90 MU of Solar and Non-Solar Power in September 2022 at an average rate of Rs. 8.17/ kWh and Rs. 7.06/kWh, respectively.
- 4.5. The Commission notes that MBPPL has purchased of RE power through the power exchanges to meet the RPO obligations in the months of July 2022, August 2022 and September 2022. The power purchase has been through the power exchanges where the prices are market driven and competitively discovered.
- 4.6. MBPPL has also procured 0.02 MU, 0.09 MU and 1.58 MU of power from Power Exchange at average rates of Rs. 5.52/kWh, Rs. 7.76/kWh and 5.75/kWh during the months of July 2022, August 2022 and September 2022, respectively. MBPPL has submitted that the Commission in its Order dated 15 September 2022 in Case No. 138 of 2022 has allowed



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KRC DISCOMs to procure the power under exchange linked contracts till it successfully discovers tariff in due bidding process.

4.7. Summary of power purchase of MBPPL is as under:

Sr. No.	Particular	Compliance
1	Purchase from Approved Sources	No. MBPPL has procured power under exchange linked contracts as per order dated 15 September 2022 in Case No. 138 of 2022.
2	Merit Order Dispatch	MBPPL has scheduled its entire base power requirement from Power Exchange and bilateral contract at exchange linked rates, in line with MOD principles.
3	Fuel Utilization Plan	Not applicable. All the sources of power procurement fall under Section 63 of EA, 2003.
4	DSM Pool	MBPPL injected 0.11 MU, 0.09 MU and 0.19 MU for the months of July 2022, August 2022 and September 2022 into the DSM pool.
5	Sale of Surplus Power	There was no sale of surplus power in the months of July 2022 to September 2022
6	Power Purchase	Actual Power Purchase is 4.56 MU, 4.72 MU and 4.62 MU in months of July 2022, August 2022 and September 2022, respectively, as against approved monthly power purchase of 7.22 MU due to lower actual sales as compared to approved sales.



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Sr. No.	Particular	Compliance			
		Source Name	Approved (MU)	Actual – Jul 2022 (MU)	Proportion of each source in actual Purchase (%)
7	Source wise Power Purchase	RE Solar	0.58	1.01	22.19%
		RE Non-Solar	0.83	0.41	9.05%
		Base Load – Medium Term Sources / Bilateral	5.69	3.22	70.64%
		Exchange/ Other Peak Sources	0.12	0.02	0.53%
		DSM Pool		(0.11)	-2.41%
		Total	7.22	4.56	100.00%
		RE Solar	0.58	0.41	8.65%
		RE Non-Solar	0.83	1.21	25.53%
		Base Load – Medium Term Sources / Bilateral	5.69	3.12	65.82%
		Exchange/ Other Peak Sources	0.12	0.09	1.90%
		DSM Pool		(0.09)	-1.90%
		Total	7.22	4.72	100.00%
		RE Solar	0.58	0.13	2.81%
		RE Non-Solar	0.83	2.90	62.77%
		Base Load – Medium Term Sources/ Bilateral	5.69	0.20	4.33%
		Exchange/ Other Peak Sources	0.12	1.58	34.20%
		DSM Pool		(0.19)	-4.11%
		Total	7.22	4.62	100.00%
		<p>The Medium-Term Power Purchase Agreement of MBPPL with Kreate Energy (I) Pvt. Ltd. has expired on 30 June, 2022. Post that, the commission in its order dated 15 September 2022 in Case No. 138 of 2022 has allowed KRC DISCOMs to procure the power under exchange linked contracts till it successfully discovers tariff in due bidding process.</p>			
8	Power Purchase under Section 63 of Electricity Act, 2003	Monthly power purchase 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			



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Sr. No.	Particular	Compliance
		from the invoices, and it is ensured that same has been considered in the FAC calculation.

5. Power Purchase Cost:

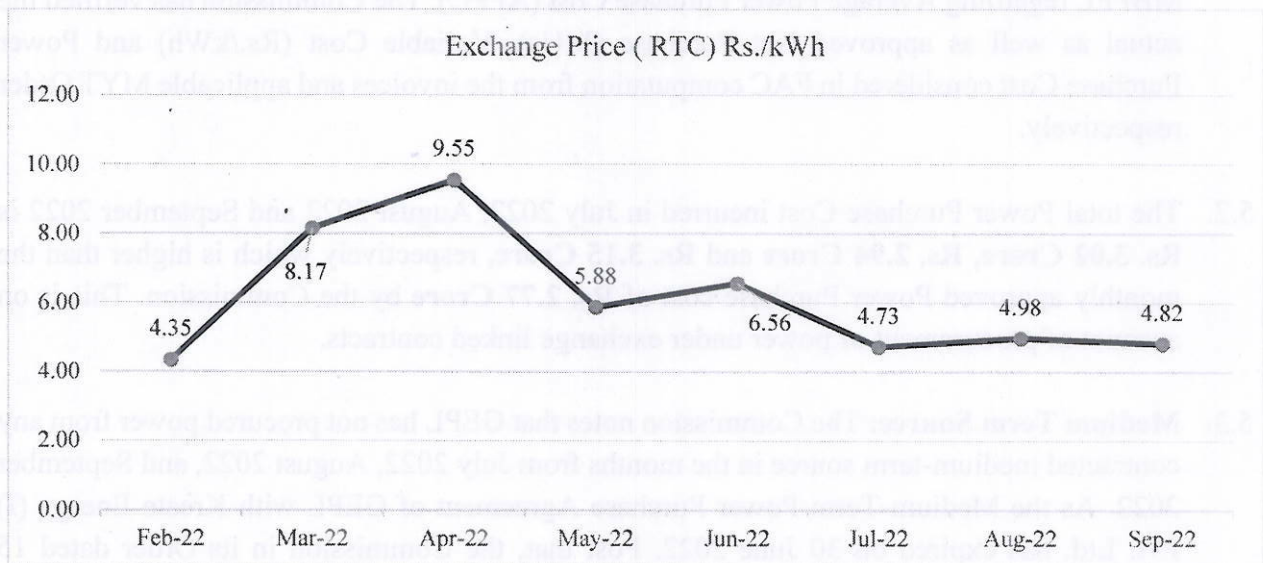
- 5.1. The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of July 2022, August 2022 and September 2022 to verify the claim of MBPPL regarding Average Power Purchase Cost (APPC). The Commission has verified the actual as well as approved Net Purchase (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 July 2022, August 2022 and September 2022 is Rs. 3.02 Crore, Rs. 2.94 Crore and Rs. 3.15 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 under exchange linked contracts.
- 5.3. **Medium Term Source:** The Commission notes that GEPL has not procured power from any contracted medium-term source in the months from July 2022, August 2022, and September 2022. As the Medium-Term Power Purchase Agreement of GEPL with Kreate Energy (I) Pvt. Ltd. has expired on 30 June 2022. Post that, the Commission in its Order dated 15 September, 2022 in Case No. 138 of 2022 has allowed KRC DISCOMs to procure the power under exchange linked contracts till it successfully discovers tariff in due bidding process.
- 5.4. **Bilateral purchases from GMR Energy Trading Limited (GMRETL):** The Commission notes that MBPPL has purchased 3.22 MU, 3.12 MU and 0.20 MU of power for the month of July 2022, August 2022 and September 2022 from GMR Energy Trading Limited on Bilateral basis and the average rate of power purchase was high at Rs. 6.89/kWh during the month of July 2022 and Rs. 5.65/kWh and Rs. 8.41/kWh during the months of August 2022 and September 2022, respectively in the absence of power from 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 0.02 MU, 0.09 MU and 1.58 MU from IEX for the months of July 2022, August 2022 and September 2022, respectively, to meet the peak demand from DAM / RTM / TAM products available on IEX platform. Though this source contributed to 0.53%, 1.90% and 34.20% of the total power purchase during the months of July 2022, August 2022 and September 2022,



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average rate of power purchase was high at Rs. 5.52/kWh, Rs. 7.76/Kwh and Rs. 5.75/kWh in July 2022, August 2022 and September 2022 respectively. The contribution of power exchange purchases is higher in September 2022 because of non-availability of its approved source. The higher cost of purchase from exchange reflects the trends observed in the power exchange in the month of April 2022.

Figure 1: Exchange price trends (RTC)



5.7. **Other charges:** CTU charges of Rs. 0.12 crore relating to ISTS Transmission charges levied for the delivery period January 2022 to March 2022 have been considered separately in July 2022 and scheduling and rescheduling charges for November 2021 and December 2022 amounting to Rs. 9,000 along with PXIL membership fees of Rs. 1,000 have been considered separately in August 2022.

5.8. **Renewable Sources:** The Commission has approved Rs. 0.41 Crore each for July 2022, August 2022 and September 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 July 2022, August 2022 and September 2022. The RE Solar purchase quantum was 1.01 MU at a power purchase rate of Rs. 4.96/kWh in July 2022, 0.41 MUs at the rate of Rs. 6.96/kWh in August 2022 and 0.13 MUs at the rate of Rs. 8.17/kWh in September 2022. Similarly, the RE Non-Solar purchase quantum was 0.41 MU at a power purchase rate of Rs. 4.96/kWh in July 2022, 1.21 MU at the rate of Rs. 7.19/kWh in August 2022 and 2.90 MU at the rate of Rs. 7.06/kWh in September 2022.

5.9. Accordingly, MBPPL has sourced the RE Solar and RE Non-Solar Power from the exchange (GDAM) to meet the RPO obligation. It is observed that the APPC for solar and non solar sources are higher than approved rates of Rs. 2.90/kWh for solar and Rs. 2.87/kWh for non



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solar in the months of July 2022, August 2022 and September 2022. 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 0.11 MUs during July 2022 , 0.09 MUs during August 2022 and 0.19 MUs in September 2022 into the DSM pool.
- 5.11. The Commission has also considered the average price of the power in the DSM pool (Rs. 3.92/kWh, Rs. 3.82/kWh and Rs. 4.05/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 July 2022 to September 2022.
- 5.14. **Approved Cost:** The Commission has noted that MBPPL procured nil quantum of power from its approved sources due to non-availability of any medium-term contracted source, which has resulted in lower power purchase cost for the months of July 2022 to September 2022. The Medium-Term Power Purchase Agreement of MBPPL with Kreate Energy (I) Pvt. Ltd. has expired on 30 June 2022. Post that, the Commission in its Order dated 15 September 2022 in Case No. 138 of 2022 has allowed KRC DISCOMs to procure the power under exchange linked contracts till it successfully discovers tariff in due bidding process. Instead, MBPPL has purchased power from GMR Energy via exchange linked contracts at Rs. 6.89/kWh in July 2022, Rs. 5.65/kWh in August 2022 and Rs. 8.41/kWh in September 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 July 2022 to September 2022 is higher due to purchase of higher cost power, both conventional and RE, from power exchange to meet the higher demand in period July 2022 to September 2022.
- 5.16. The details of the overall cost approved as per MYT Order and the actual cost for the months of July 2022, August 2022 and September 2022 is as shown in the Table 2 **Error! Reference source not found.** below:



Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

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 - July 2022	3.22	-	-	2.22	6.89	2.22	6.89
	Actual - August 2022	3.12	-	-	1.76	5.65	1.76	5.65
	Actual - September 2022	0.20	-	-	0.16	8.41	0.16	8.41
Exchange/ Other Peak Sources	Approved [#]	0.12	-	-	0.05	4.40	0.05	4.40
	Actual - July 2022	0.02	-	-	0.01	5.52	0.01	5.52
	Actual - August 2022	0.09	-	-	0.07	7.76	0.07	7.76
	Actual - September 2022	1.58	-	-	0.91	5.75	0.91	5.75
Solar & Non-Solar RE/REC	Approved	0.58 (Solar)	-	-	0.17 (Solar)	2.90 (Solar)	0.17 (Solar)	2.90 (Solar)
		0.83 (Non-Solar)	-	-	0.24 (Non-Solar)	2.87 (Non-Solar)	0.24 (Non-Solar)	2.87 (Non-Solar)
	Actual - July 2022	1.01 (Solar)	-	-	0.50 (Solar)	4.96 (Solar)	0.50 (Solar)	4.96 (Solar)
		0.41 (Non-Solar)	-	-	0.20 (Non-Solar)	4.96 (Non-Solar)	0.20 (Non-Solar)	4.96 (Non-Solar)
	Actual - August 2022	0.41 (Solar)	-	-	0.28 (Solar)	6.96 (Solar)	0.28 (Solar)	6.96 (Solar)
		1.21 (Non-Solar)	-	-	0.87 (Non-Solar)	7.19 (Non-Solar)	0.87 (Non-Solar)	7.19 (Non-Solar)
	Actual - September 2022	0.13 (Solar)	-	-	0.10 (Solar)	8.17 (Solar)	0.10 (Solar)	8.17 (Solar)
		2.90 (Non-Solar)	-	-	2.05 (Non-Solar)	7.06 (Non-Solar)	2.05 (Non-Solar)	7.06 (Non-Solar)
DSM Pool	Approved	-	-	-	-	-	-	-
	Actual - July 2022	(0.11)	-	-	(0.04)	3.92	(0.04)	3.92
	Actual - August 2022	(0.09)	-	-	(0.04)	3.82	(0.04)	3.82
	Actual - September 2022	(0.19)	-	-	(0.08)	4.05	(0.08)	4.05
SLDC Fees	Approved	-	-	-	-	-	-	-
	Actual - July 2022	-	0.001	-	-	-	0.001	-
	Actual - August 2022	-	0.001	-	-	-	0.001	-
	Actual - September 2022	-	0.001	-	-	-	0.001	-



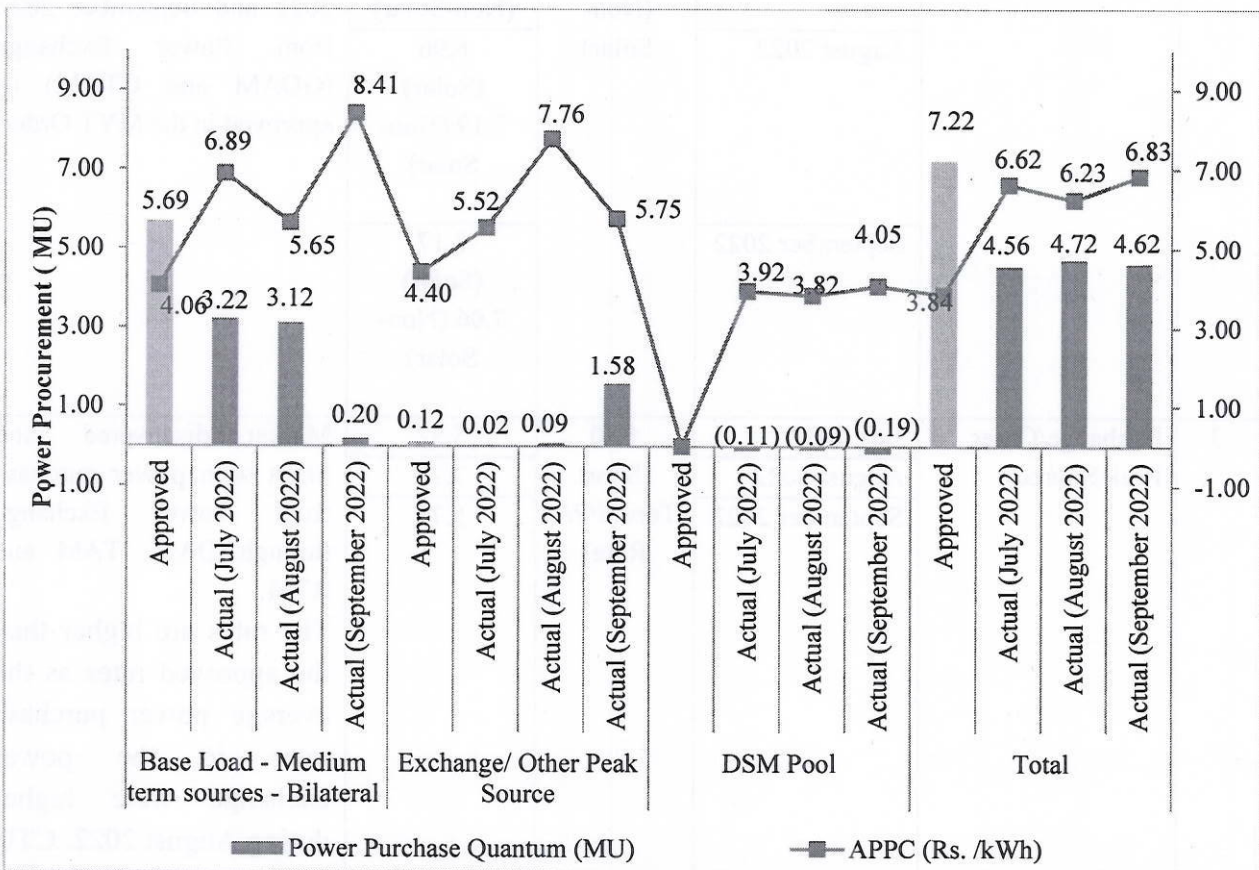
Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

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 – July 2022	4.56	0.001	0.00	3.02	6.61	3.02	6.62
	Actual - August 2022	4.72	0.001	0.00	2.94	6.23	2.94	6.23
	Actual - September 2022	4.62	0.001	0.00	3.15	6.83	3.15	6.83

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:

Figure 2: Variation in Power Procurement Quantum and APPC



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



Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

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 -	July 2022	4.06	6.89	Power purchased from GMR Energy Trading Limited (GMRETL) on Bilateral basis.
		August 2022		5.65	
		September 2022		8.41	
2	Solar & Non-Solar RE/REC	July 2022	2.90 (Solar) 2.87 (Non-Solar)	4.96 (Solar) 4.96 (Non-Solar)	Market discovered rate; MBPPL has procured RE power in July 2022, August 2022 and September 2022 from Power Exchange (GDAM and GTAM) as approved in the MYT Order.
		August 2022		6.96 (Solar) 7.19 (Non-Solar)	
		September 2022		8.17 (Solar) 7.06 (Non-Solar)	
3	Exchange/Other Peak Sources	July 2022	4.40 (Short Term PPA Rate)	5.52	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 August 2022. CTU charges of Rs. 0.12 crore have been considered separately in July 2022.
		August 2022		7.76	
		September 2022		5.75	
4	DSM Pool	July 2022		3.92	DSM rates as based on supporting documents provided by MBPPL.
		August 2022		3.82	
		September 2022		4.05	
5	Total	July 2022	3.84	6.62	Due to above factors
		August 2022		6.23	



Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

Sr. No.	Source	Month	Approved Rate (Rs. /kWh)	Actual Rate (Rs. /kWh)	Reason for rate variation
		September 2022		6.83	

5.19. Considering the above, the Commission allows the average power purchase cost of Rs. 6.62/kWh, Rs. 6.23/kWh and Rs. 6.83/kWh for the months of July 2022, August 2022 and September 2022, respectively as shown in Table 3 above. The increase in power purchase cost is due to reliance on Power exchange and bilateral transactions. The variation in power purchase cost is on the higher side in July 2022, August 2022 and September 2022, due to the higher cost of RE and conventional power purchase from exchange.

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 July 2022, August 2022 and September 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 July 2022, August 2022 and September 2022.

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

S. No.	Particulars	Units	Jul-22	Aug-22	Sep-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	6.62	6.23	6.83
3	Change in average power purchase cost (=2 -1)	Rs./kWh	2.78	2.39	2.99
4	Net Power Purchase	MU	4.56	4.72	4.62
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	1.27	1.13	1.38

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	Apr 22	May 22	Jun 22
1.1	Incremental cost allowed to be recovered in Month n-4	Rs. Crore	0.45	0.43	0.39
1.2	Incremental cost in Month n-4 actually recovered in month n-2	Rs. Crore	0.43	0.39	0.41



Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

S. No.	Particulars	Units	Apr 22	May 22	Jun 22
1.3	(over-recovery)/under-recovery (=1.2 - 1.1)	Rs. Crore	0.02	0.04	-0.02
2.0	Carried forward adjustment for over-recovery/under-recovery attributable to application of ceiling limit for previous month	Rs. Crore	4.93	5.80	6.56
3.0	Adjustment factor for over-recovery/under-recovery (1.3+2.0)	Rs. Crore	4.95	5.84	6.54

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 **Rs. 0.04 Crore for July 2022 and August 2022, and Rs. 0.05 crore for the months of and September 2022.**
- 8.2. Holding cost for the month of July 2022 to September 2022 is calculated by considering MCLR + 150 basis points which turns out to be **8.90%, 9.00% and 9.20%** for August 2022 and September 2022 respectively.
- 8.3. The Commission has computed the holding cost towards the amount under recovered in the month of July 2022 to September 2022 which is as shown in the Table below:

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

Particulars	Units	Jul 22	Aug 22	Sep 22
Adjustment factor for over-recovery/under-recovery	Rs. Crore	4.95	5.85	6.55
Interest rate	%	8.90%	9.00%	9.20%
Carrying cost for over-recovery/under-recovery	Rs. Crore	0.04	0.04	0.05

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. 6.20 Crore, Rs. 6.97 crore and Rs. 7.93 Crore for the months of July 2022, August 2022 and September 2022, respectively. Accordingly, the Commission has determined FAC fund of **nil** at the end September 2022 (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 8.90%, 9.00% and 9.20% for July 2022, August 2022 and September 2022, respectively. Accordingly, the Commission has calculated holding cost of nil amount for the months July 2022, August 2022 and September 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 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	Jul 22	Aug 22	Sep 22
1	Net Energy input at Distribution Voltages	MU	6.99	4.41	4.57	4.47
2	Energy sales at Distribution voltages	MU	6.92	4.35	4.55	4.45
3	Distribution Loss (1 - 2)	MU	0.07	0.06	0.02	0.03
4	Distribution Loss as % (3/1)	%	0.97%	1.40%	0.38%	0.64%
5	Annual Sliding Distribution Loss	%		1.81%	1.64%	1.50%
6	Excess Distribution Loss = [Annual Sliding Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.04	0.03	0.02
7	Disallowance of FAC due to excess Distribution Loss	Rs. Crore	-	0.05	0.05	0.04



Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

- 10.3. As seen from the above Table , annual sliding distribution loss for the months of July 2022 to September 2022 is higher than the MYT approved distribution loss of 0.97%. The monthly distribution loss for the months of July 2022 to September 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 July 2022, August 2022 and September 2022. MBPPL has considered disallowance of FAC amounting to Rs. 0.05 crore, Rs. 0.05 crore and 0.04 crore due to excess distribution loss for the months of July 2022, August 2022 and September 2022, respectively since the standalone FAC for the months of July 2022, August 2022 and September 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 July 2022, August 2022 and September 2022 which is allowed to be recovered in the billing month September 2022, October 2022 and November 2022 is as shown in the Table 6 below.

Table 6: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	Jul -22	Aug -22	Sep - 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	1.27	1.13	1.38
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	0.04	0.04	0.05
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	4.95	5.84	6.54
1.4	Z_{FAC} = F+C+B	Rs. Crore	6.25	7.02	7.97
2	Calculation of FAC Charge				
2.1	Energy Sales within the License Area	MU	4.35	4.55	4.45
2.2	Excess Distribution Loss	MU	0.04	0.03	0.02
2.3	Z _{FAC} per kWh	Rs./kWh	14.24	15.30	17.84
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	0.90
3.0	Allowable FAC				



Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

Sr. No.	Particulars	Units	Jul -22	Aug -22	Sep - 22
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs. Crore	0.05	0.05	0.04
3.2	FAC allowable [1.4-3.1]	Rs. Crore	6.20	6.97	7.93
4.0	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs. Crore	-	-	-
4.2	Holding Cost on FAC Fund	Rs. Crore	-	-	-
4.3	Z _{FAC} for the month (Sr. N. 3.2)	Rs. Crore	6.20	6.97	7.93
4.4	Closing Balance of FAC Fund	Rs. Crore	-	-	-
4.5	Z _{FAC} leviab/refundable to consumer	Rs. Crore	6.20	6.97	7.93
5.0	Total FAC based on category wise and slab wise allowed to be recovered	Rs. Crore	0.40	0.41	0.40
6.0	Carried forward FAC for recovery during future period (4.4-5.0)	Rs. Crore	5.80	6.56	7.53

11.2. It can be seen from the above Table 6 that the standalone FAC for the month of July 2022, August 2022 and September 2022 is **Rs. 6.20 Crore, Rs. 6.97 Crore and Rs. 7.93 Crore** respectively. Based on energy sales and excess distribution loss, FAC per unit has been worked out as **Rs. 14.24/kWh, Rs. 15.30/kWh and Rs. 17.84/kWh** for the months of July 2022, August 2022 and September 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 July 2022 (Rs. 14.24/kWh), August 2022 (Rs. 15.30/kWh) and September 2022 (Rs. 17.84/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 September 2022, October 2022 and November 2022 would be lower. Accordingly, due to ceiling limit (Rs. 0.90/kWh), the FAC recoverable has been worked out as Rs. 0.40 Crore, Rs. 0.41 Crore and Rs. 0.40 crore for the month of July 2022, August 2022 and September 2022, respectively. Thus, FAC equivalent Rs. 5.80 Crore (i.e., Rs. 6.20 Crore minus Rs. 0.40 Crore) for the month of July 2022, Rs. 6.56 crore (i.e., Rs. 6.97 minus 0.41 crore) for the month of August 2022 and Rs. 7.53 Crore (i.e., Rs. 7.93 Crore minus Rs. 0.40 Crore) for the month of September 2022 has remained unrecovered which will be recovered as part of FAC of upcoming months.



Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

11.6. The Commission has also approved a holding cost of **nil** on the opening value of the FAC Fund available during the months of July 2022. The Commission has determined a positive FAC of Rs. 6.20 Crore, Rs. 6.97 crore and Rs. 7.93 crore for July 2022, August 2022 and September 2022, respectively. Accordingly, this positive FAC determined by the Commission for July 2022, August 2022 and September 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:

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:



Approval of FAC Charges for the months of July 2022, August 2022 and September 2022

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 July 2022, August 2022 and September 2022 to be levied on consumers of MBPPL in the billing month of September 2022, October 2022 and November 2022.

Table 7: Category wise FAC Revenue for billing month September 2022, October 2022 and November 2022

Sr. No	Consumer Category	Slabs	Z_{FAC} computed for the month of July 2022 (Rs. Crore)	Z_{FAC} computed for the month of August 2022 (Rs. Crore)	Z_{FAC} computed for the month of September 2022 (Rs. Crore)
	HT Category				
1	HT- I Industrial	all units	0.33	0.35	0.34
2	HT-II Commercial	all units	-	-	-
	LT Category				
3	LT-II(A) Commercial (0-20 kW)	all units	0.00	0.00	0.00
4	LT-II (B) Commercial (above 20 kW)	all units	0.00	0.00	0.00
5	LT-III (A) Industrial (0-20 kW)	all units	0.00	0.00	0.00
6	LT-III (B) Industrial (above 20 kW)	all units	0.06	0.06	0.06
	Total		0.40	0.41	0.40

