



महाराष्ट्र विद्युत नियामक आयोग

Maharashtra Electricity Regulatory Commission



Ref. No. MERC/FAC/2023-24/LBSCML/Q3/0233

Date: 15th April, 2024

Lakshmpati Balaji Supply Chain Management Limited

205 & 206 (part), 2nd Floor,
Ceejay House, F-block Shiv Sagar Estate,
Dr. Annie Besant Road, Worli
Mumbai, Maharashtra, 400018

Subject: Post-facto approval of Fuel Adjustment Charges (FAC) submissions of LBSCML for Q3 of FY 2023-24 i.e. (October - December, 2023).

Reference:

1. LBSCML's FAC submission for Q3 of FY 2023-24 the month of October-December, 2023 vide email dated 29 February, 2024.
2. Data-gaps communicated to LBSCML vide email dated 12 March, 2024
3. LBSCML response to data-gaps vide reference no. LBSCML/2023-24 / MERC / FAC / 136 dated 15 March 2024

Sir,

Upon vetting the FAC calculations for the Q3 of FY 2023-24 i.e. for the months of October- December, 2023 as mentioned in the above reference, the Commission has accorded approval for FAC Amount of Rs. (0.002) Crore, Rs. 0.004, and Rs. (0.006) Crore for the respective months of Oct'23, Nov'23, and Dec'23. However, the total amount of FAC Fund as on Sept'2023 of Rs (0.122) Crore and additional monthly recovery of 50 paise/kVAh allowed to be parked in separate FAC fund, the resultant closing FAC Fund for Oct'2023, Nov'2023, and Dec'2023 is Rs. (0.142) Crore, Rs. (0.155) Crore and Rs. (0.179) Crore respectively.

The said FAC Fund is being carried forward to next FAC billing cycle with holding cost as per the Order dated 31 March, 2023 in Case No 220 of 2022. Accordingly, the FAC chargeable to its consumers is as shown in the table below:

Month	Oct, 2023	Nov, 2023	Dec, 2023
ZFAC allowed for recovery (Rs. Crore)	NIL	NIL	NIL

LBSCML shall maintain the monthly account of FAC Fund and also upload it on its website to ensure transparency 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 Oct-December, 2023.

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**POST-FACTO APPROVAL FOR FAC CHARGES FOR Q3 OF FY 2023-24
(MONTHS OF OCT'2023, NOV'2023, AND DEC'2023)**

Subject: Post-facto approval of Fuel Adjustment Charges (FAC) submissions of LBSCML for Q3 of FY 2023-24 i.e. October - December, 2023.

Reference:

1. LBSCML's FAC submission for Q3 of FY 2023-24 the month of October - December, 2023 vide email dated 29 February, 2024.
2. Data-gaps communicated to LBSCML vide email dated 12 March, 2024
3. LBSCML response to data-gaps vide reference no. LBSCML/2023-24 / MERC / FAC / 136 dated 15 March 2024

1. FAC submission by LBSCML:

- 1.1 LBSCML has made FAC submissions for the Q3 of FY 2023-24 i.e. for the months of – October to December, 2023 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by LBSCML, the Commission has accorded monthly post-facto approval to LBSCML for FAC Amount of Rs. (0.002) Crore, Rs. 0.004, and Rs. (0.006) Crore for the respective months of Oct'23, Nov'23, and Dec'23 respectively. However, the total amount of FAC Fund as on Sept'2023 and additional monthly recovery of 50 paise/kVAh allowed to be parked in separate FAC fund, the resultant closing FAC Fund for Oct'2023, Nov'2023, and Dec'2023 is Rs. (0.142) Crore, Rs. (0.155) Crore and Rs. (0.179) Crore respectively. The approved FAC Fund shall be carried forward to next FAC billing cycle with holding cost as per the Order dated 31 March, 2022 in Case No 220 of 2022 (herein after referred to as "Tariff Order").

2. Background

- 2.1 On 31 March, 2023 the Commission has issued Tariff Order in respect of LBSCML (Case No. 220 of 2022) for approval of Truing-up of FY 2020-21 & FY 2021-22, Provisional Truing-up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff for the Multi-Year Tariff period for FY 2023-24 and FY 2024-25.
- 2.2 The Commission had communicated the excel formats and guiding principles for filing of FAC submissions to all Distribution Licensees including SEZs. The Commission also directed all Distribution Licensees to submit FAC computations, including details pertaining to variation in fuel cost of generators for the approval of the Commission.
- 2.3 In the Tariff Order, the Commission has stipulated methodology of levying FAC as follows:

"5.9 Stabilising Variation in Consumer Bill on account of FAC



Approval of FAC for Q3 of FY 2023-24 (Oct - Dec, 2023)

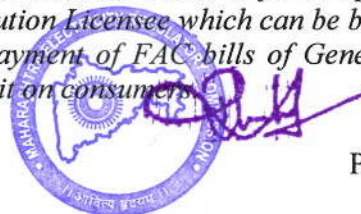
5.9.1 *As per MYT Regulations, 2019, the aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its tariff on a monthly basis. Relevant part of the MYT Regulation is reproduced below:*

“10.2 The aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges, covered under Regulation 9.1, shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its Tariff on a monthly basis, as specified in these Regulations and as may be determined in orders of the Commission passed under these Regulations, and shall be subject to ex-post facto approval by the Commission on a quarterly basis:

.....”

5.9.2 *Similar arrangement for passing on the variation in fuel and power purchase cost existed in all previous Tariff Regulations of the Commission. Such mechanism is in line with the provision of the EA, 2003 which mandates recovery of the fuel cost in timely manner so that the Distribution Licensees are able to recover their legitimate power purchase cost variation. This has helped regular recovery of power purchase variations without accumulating it till next tariff revision. This provision also addresses the financial/cash flow issue of Distribution Licensee wherein the payment for power purchase is required to be made in timely manner at prevailing cost. At the same time, it also helps in reducing carrying cost burden on consumer which otherwise would have to be borne if such monthly levy accumulates and the gap is recovered through tariff revision in MYT or MTR as the case may be. Although, consumers are now well aware of this mechanism, there is general and reasonable expectation that once the tariff is approved by the Commission, to the extent possible, it should remain constant during the year and there should not be large variations due to FAC. The unknown variation in the tariff on account of FAC has adverse financial implications on all the categories especially Industrial and Commercial categories where the impact of FAC is generally higher. Variation in tariff is magnified when there is negative FAC leading to reduction in tariff during a particular month and positive FAC in the immediate next month thereby increasing the tariff.*

5.9.3 *Variation in FAC is either on account of change in fuel related costs or mix of power procurement. During the Public hearings in case of other Distribution Licensees, many suggestions were received on this issue and the consumers requested that an appropriate revised mechanism should be put in place wherein there is a minimum impact of FAC felt by the consumers. The Commission opines that this is a very reasonable expectation of the Consumers. The Commission is fully aware that inspite of approving this tariff, the possibility of FAC cannot be ruled out due to uncontrollable event occurring globally or within the country affecting the power purchase cost of the licensee. To ensure stabilisation of tariffs to the extent possible, and to minimise the variation in FAC, the Commission thinks it fit to approve constitution of a FAC Fund with Distribution Licensee which can be built up over a period of time to be used for payment of FAC bills of Generating companies without immediately loading it on consumers.*



- 5.9.4 *Therefore, using its powers for Removing Difficulty under Regulations 106 of MYT Regulations, 2019, the Commission is making following changes in FAC mechanism stipulated under Regulation 10 of MYT Regulations, 2019. a) Distribution Licensee shall undertake computation of monthly FAC as per Regulation 10 of the MYT Regulations, 2019 except for treatment to be given to negative FAC as follows:*
- i. *Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.*
 - ii. *Such carried forward negative FAC shall be adjusted against FAC amount for the next month and balance negative amount shall be carried forward to subsequent month with holding cost.*
 - iii. *Such carry forward of negative FAC shall be continued till next tariff determination process.*
 - iv. *In case such FAC Fund is yet to be generated or such generated fund is not sufficient to adjust against FAC computed for given month, then Distribution Licensee can levy such amount to the consumers through FAC mechanism.*
- 5.9.5 *In order to maintain transparency in management and use of such FAC Fund, Distribution Licensee shall maintain monthly account of such FAC fund and upload it on its website for information of stakeholders. Such details shall also be submitted to the Commission on quarterly basis along with proposal for post facto vetting of FAC.”*
- 2.4 Further, as per provisions of MYT Regulations, 2019, before levying FAC for the first month of the 4th Control Period, Distribution Licensee including SEZ is required to seek prior approval of the Commission. Accordingly, vide its email dated 29 May, 2023, LBSCML has filed FAC for the month of April, 2023 for prior approval which was approved by the Commission vide FAC Vetting Report dated 24 July 2023.
- 2.5 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, in past, LBSCML has filed FAC submissions for the months of May, 2023 and June, 2023 for post-facto approval against which the Commission has approved the FAC for May'23 and June'23 vide FAC Vetting Report dated 31 October 2023.
- 2.6 In line with the above provisions, LBSCML vide its letter dated 30 November 2023, has filed FAC submissions for Q2 of FY 2023-24 i.e. for July – September 2023, for post facto approval of the Commission. The Commission has scrutinized the submissions provided by LBSCML and has also verified the fuel and power purchase bills provided along with its submissions. Accordingly, the Commission accorded the post-facto approval for the aforesaid months from July-September 2023 vide its FAC Vetting Report dated 11 January, 2024.
- 2.7 Pursuant to the above, the LBSCML vide its letter dated 29 February 2024, has filed FAC submissions for Q3 of FY 2023-24 i.e., for October - December 2023, for post facto approval of the Commission. The Commission has scrutinized the submissions made by LBSCML and also has verified the fuel and power purchase bills provided along with the submissions.



Approval of FAC for Q3 of FY 2023-24 (Oct - Dec, 2023)

3. Energy Sales of the Licensee

- 3.1 In the MTR Order passed by the Commission in Case No. 220 of 2022, the Commission has approved the tariffs so as to maintain Zero cross subsidy across tariff categories.
- 3.2 The net energy sales within Licence area as submitted by LBSCML in the FAC submission and as approved by the Commission are as shown in the Table 1 below:

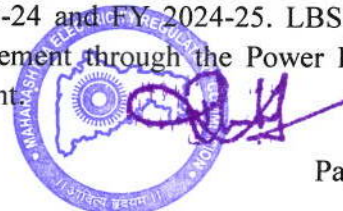
Table 1: Energy Sales approved and Actual in MUs

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (Oct, 2023) (MU)	Actual Sales (Nov, 2023) (MU)	Actual Sales (Dec, 2023) (MU)
	(I)	(II=I/12)	(III)	IV	V
HT Category					
HT- I (A) Industrial	-	-	-	-	-
HT-II Commercial	2.790	0.233	0.089	0.073	0.080
LT Category					
LT II A – Commercial (0-20 kW)	0.171	0.014	0.025	0.023	0.023
LT II B – Commercial (20-50 kW)	0.872	0.073	0.085	0.077	0.096
LT II C – Commercial (above 50 kW)	0.967	0.081	0.071	0.067	0.072
LT V – Industry	0.024	0.002	0.005	0.005	0.005
Total	4.825	0.402	0.275	0.245	0.276

- 3.3 It can be observed from above Table 1 that the actual sales during the month October 2023 is 0.275 MU, for the month of November 2023 is 0.245 MU and for the month of December 2023, is 0.276 MU compared to the approved energy sales of 0.402 MU per month for the FY 2023-24.
- 3.4 This is to be noted that there has been a significant reduction in energy sales for the respective months compared to approved energy sales i.e., for October 2023 it is 31.48%, for November 2023 it is 38.99% and for December 2023 it is 31.31%, less than monthly energy sales forecast approved by the Commission. It can be observed that the actual sales numbers are at major variation vis-à-vis approved energy sales in categories such as HT-II Commercial, LT IIA – Commercial (0-20 kW) and LT IIB – Commercial (20-50 kW). The energy sales in HT-II Commercial have sharply reduced by 61.53% in October 2023, 68.69% in November 2023, and 65.52% in December 2023 compared to approved energy sales forecast for same category. At the same time, the LT Category energy sales has increased by 9.75% for October 2023, for November 2023 it is 1.75% and for December 2023 it is 15.61% from their respective approved energy sales for the category.
- 3.5 LBSCML in their submission, has stated that change in sales pattern is due to seasonal variation and shift of one HT Category consumer to the LT Category. Also, the variation in sales has been due to the meters are installed as per the direction of the Commission in Case No. 220 of 2022. The energy sales details are recorded on actuals.

4. Power Purchase Details

- 4.1 **Power Procurement from Short Term Contracts:** LBSCML has envisaged procurement of its power requirement from short term power procurement sources for meeting its Base Load and Peak Load requirement during FY 2023-24 and FY 2024-25. LBSCML also envisaged procurement of additional power requirement through the Power Exchanges through available market products, as per requirement.



Approval of FAC for Q3 of FY 2023-24 (Oct - Dec, 2023)

4.2 The Commission in Order dated 6 February, 2023 in Case No. 8 of 2023 noted that Power Procurement rate discovered by LBSCML fulfils mandates and requirements for adoption as set out in Section 63 of the EA, 2003. Accordingly, the Commission adopted the Power Procurement rate of Rs. 5.20 per unit for supply of 1 MW power (0.5 MW Base Load RTC and 0.5 MW peak load from 9.00 to 23.00 Hrs except Sundays and Public holidays) for the period of 1 year from 1 February, 2023 to 31 January, 2024. The relevant extract from the tariff order is reproduced below:

4.5.6 The Commission in its Order dated 6 February 2023 in Case No 8 of 2023 has adopted the tariff discovered through Competitive Bidding route and approve the PPA for the period 1 February, 2023 to 31 January, 2024 at Rs 5.20/kWh. The Commission has accordingly considered the said rate recently discovered through competitive bidding route for short term power purchase for FY 2023-24 and FY 2024-25.

4.3 The Commission has accordingly considered the said rate recently discovered through competitive bidding route for short term power purchase for FY 2023-24. The power purchase approved for FY 2023-24 is Rs. 5.416/kWh in the said Tariff Order which includes the power procured from short term sources and procurement of Solar and Non-Solar REC's. The Commission has approved the Power Purchase considering all the sources of electricity supply opted by LBSCML, including the RPO compliance.

4.4 Accordingly, LBSCML has procured power from M/s. Manikaran Power Limited (MPL) in the months of October to December, 2023 at the rate of Rs. 5.20/kWh for the corresponding months, however, the additional procurement from Power exchange in the month of November 2023 and December 2023, leads to the average power purchase cost of Rs. 5.56/kWh, and Rs. 5.23/kWh for respective months.

4.5 Summary of power purchase of LBSCML is as under:

Sr. No.	Particular	Compliance
1	Purchase from Approved Sources	The Commission in its Order dated 6 February 2023 in Case No 8 of 2023 has adopted the tariff discovered through Competitive Bidding route and approve the PPA for the period 1 February, 2023 to 31 January, 2024 at Rs 5.20/kWh. Accordingly in the MTR Order dated 31 March, 2023 in Case No. 220 of 2022 has accordingly considered the said rate recently discovered through competitive bidding route for short term power purchase for FY 2023-24 and FY 2024-25. In each month of October to December'2023 LBSCML, fulfil its power purchase requirement from Manikaran Power Limited (MPL) and also resorted to purchase 0.02 MU in November 2023 and 0.01 MU in December 2023 from the Indian Energy Exchange at an average power purchase cost of Rs/kWh 4.97 and Rs/kWh 4.84 for respective months.
2	Merit Order Dispatch	LBSCML has only one source of power i.e., Manikaran Power Limited (MPL) which has been contracted on short term basis. LBSCML 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.



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Sr. No.	Particular	Compliance				
4	DSM Pool	Instead of relying upon the DSM pool for withdrawal of energy to meet real-time demand fluctuations, LBSCML has contributed to the DSM pool as 0.025 MU, 0.054 MU, and 0.003 MU as surplus for the respective months of Oct-December 2023.				
5	Sale of Surplus Power	LBSCML has contributed to DSM pool marginally by 0.025 MU, 0.054 MU and 0.003 MU as surplus for the respective month of October 2023 to December 2023.				
6	Power Purchase	Actual Power Purchase for October, November and December, 2023 were 0.292 MU, 0.262 MU, and 0.297 MU respectively as against approved 0.425 MU due to lower energy sales				
7	Source wise Power Purchase	Source Name	Approved (MU)	Oct, 2023 Actual (MU)	Nov, 2023 Actual (MU)	Dec, 2023 Actual (MU)
		Manikaran Power Limited	0.425	0.316	0.300	0.294
		Power exchange	-	-	0.015	0.006
		Others (Deviation Quantum)	-	(0.025)	(0.054)	(0.003)
		Total	0.425	0.292	0.262	0.297

- 4.6 The Commission also notes in the MTR Petition, LBSCML has submitted that there is no clear visibility of anticipated load of LBSCML in FY 2023-24 and FY 2024-25. Accordingly, based on the estimated load, LBSCML has submitted that it will purchase power on short term basis for FY 2023-24 and FY 2024-25 through competitive bidding. Accordingly, LBSCML was approved the power purchase rate of Rs. 5.20/ unit for FY 2023-24 on the price discovered by LBSCML for the Period February 2023 to January 2024.
- 4.7 The Commission observed lesser offtake from the Manikaran Power Limited in the months of November, 2023 and December, 2023 and sought clarification from LBSCML. Accordingly, LBSCML vide its response dated 15 March 2024, submitted that it was due to contingent non-availability of Manikaran Power Limited, LBSCML has to procure power from power exchange during the month of November 2023 and December 2023. However, it is observed that the Power procurement cost from Power exchange is lower than the procurement cost as approved by the Commission in MTR Order from Manikaran Power Limited. Further, the average power purchase cost is marginally higher compared to the approved power purchase cost for each month i.e., Rs. 5.22/kWh for Oct'23, Rs 5.21/kWh for Nov'23, and Rs. 5.22/kWh for December 2023, due to Standing Clearance charges.
- 4.8 Also, LBSCML has contributed 0.025 MU, 0.054 MU, and 0.003 MU as surplus for the respective months of October, November, and December, 2023 and realised the cost.

5. Power Purchase Cost:

- 5.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of October to December, 2023, in order to verify the claim of LBSCML regarding Average Power Purchase Cost (APPC). The Commission has verified the actual as well as approved Net Purchase (MUs), Variable Cost (Rs./kWh) and Power Purchase Cost considered in FAC computation from the invoices and applicable MTR Order.



- 5.2 The Power Purchase cost incurred in October to December 2023 are Rs. 0.156 Crore, Rs. 0.146 Crore, and Rs. 0.155 Crore respectively, which is significantly lower than the approved Power Purchase cost of Rs. 0.221 Crore by the Commission for the FY 2023-24 due to lower sales than anticipated and approved in the MTR Order.
- 5.3 **Manikaran Power Limited:** The PPA with MPL for 1 MW Power is for the period 1 February, 2023 to 31 January, 2024 at the rate of Rs 5.20/kWh. The Commission notes that LBSCML has sourced 0.316 MU, 0.300 MU, and 0.294 MU for October, November, and December 2023 respectively, against its base load requirement from the approved source, i.e., MPL. (Short Term existing contract) as per the approved tariff. Therefore, the effective tariff in the actual per unit rate (i.e., Rs. 5.22/kWh) of contracted source is almost similar to the unit rate approved by the Commission (i.e., Rs. 5.20/kWh) for the month of October 2023 to December, 2023 respectively. The Commission observed that Rs. 7500/- is included in the power purchase cost against the Standing Clearance Charges (SLDC Invoice) resulting in average per unit rate to Rs. 5.22/kWh and hence is approved. The Commission w.r.t. daily scheduling fee of Rs 2250/day has already been directed to be borne by the MPL and thus the same has not been considered while evaluating the FAC for October to December 2023 as well.
- 5.4 **Power Procurement from Exchange:** LBSCML has not procured any quantum to meet its real-time demand from power exchange for the month of October 2023. However, due to contingent non-availability of Manikaran Power Limited, LBSCML has to procure power from power exchange from DAM and RTM products to meet the base and peak power requirement during the month of November 2023 and December 2023. The Commission has approved Power procurement of Rs. 5.20/kWh from short term source in Case No. 220 of 2022. The power so procured by LBSCML from Power Exchange is lower than the approved short-term rate i.e. Rs. 4.97/kWh and Rs. 4.84/kWh for the month of November 2023 and December 2023 respectively.
- 5.5 **Renewable Sources:** In the MTR Petition in Case No. 220 of 2022, considering the small quantum of RE power required, LBSCML had proposed to purchase RECs from the Power Exchanges in FY 2023-24 and FY 2024-25 to meet the RPO compliance requirements. Also, the Commission has considered REC purchase at Rs 1/kWh to meet the RPO Obligation for FY 2023-24 and FY 2024-25. The amount of Rs. 0.01 Crore per month is allowed to LBSCML for purchase of RECs. LBSCML did not purchase RECs for the month of October – December, 2023. By avoiding purchase of REC, LBSCML has reduced power purchase cost for October - December 2023, but created liability for future to meet RPO.
- 5.6 **Deviation Quantum and Cost:** It is seen that LBSCML has contributed 0.025 MU, 0.054 MU, and 0.003 MU as surplus for the respective months of October, November and December, 2023 and realised the cost at the corresponding rate of Rs. 3.88/kWh, Rs. 3.51/kWh, and Rs. 4.16/kWh respectively. The said surplus energy sales contributed



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towards DSM pool is on account of real time demand of consumers as against the estimation by the Distribution Licensee.

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

5.8 No Sale of surplus power was done during the month of October to December 2023.

5.9 **Approved Cost:** The details of the overall cost approved and actual for the month of Oct, November, and December 2023 as per MTR Order is as shown in the Table 2 below:

Table 2: Approved Actual Power Purchase cost for LBSCML for October to December 2023

Source	Month	Power Procured (MU)	Fixed Cost		Variable Cost		Total Cost	
			in Rs Crore	in Rs/kWh	in Rs Crore	in Rs/kWh	in Rs Crore	in Rs/kWh
Manikaran Power Limited /Short term Power Purchase	Approved	0.425	-	-	0.221	5.20	0.221	5.20
	Oct 2023	0.316			0.165	5.20	0.165	5.20
	Nov 2023	0.300			0.156	5.20	0.156	5.20
	Dec 2023	0.294			0.153	5.20	0.153	5.20
Power Exchange	Approved	-	-	-	-	-	-	-
	Oct 2023	-	-	-	-	-	-	-
	Nov 2023	0.015	-	-	0.008	4.97	0.008	4.97
	Dec 2023	0.006	-	-	0.003	4.84	0.003	4.84
Solar & Non-Solar REC	Approved	-	0.009	-	-	-	0.009	-
	Oct 2023	-	-	-	-	-	-	-
	Nov 2023	-	-	-	-	-	-	-
	Dec 2023	-	-	-	-	-	-	-
Deviation Quantum	Approved	-	-	-	-	-	-	-
	Oct 2023	(0.025)	-	-	(0.010)	3.88	(0.010)	3.88
	Nov 2023	(0.054)	-	-	(0.019)	3.51	(0.019)	3.51
	Dec 2023	(0.003)	-	-	(0.001)	4.16	(0.001)	4.16
SLDC Fees	Approved	-	-	-	-	-	-	-
	Oct 2023		0.001				0.001	
	Nov 2023		0.001				0.001	
	Dec 2023		0.001				0.001	
Total	Approved	0.425	0.009	0.216	0.221	5.200	0.230	5.416
	Oct 2023	0.292	0.001		0.155	5.31	0.156	5.34
	Nov 2023	0.262	0.001		0.145	5.53	0.146	5.56
	Dec 2023	0.297	0.001		0.155	5.20	0.155	5.23

5.10 Considering the above, the Commission allows the average power purchase cost of Rs.5.34/kWh, Rs.5.56/kWh, and Rs.5.23/kWh for the respective months of October 2023, November 2023, and December 2023 as shown in Table 2 above. The Commission vide its MTR Order dated 31 March, 2023 in Case No. 220 of 2022, has approved the Average Power Purchase Cost as Rs.5.42/kWh or the FY 2023-24. The Commission notes that the differential of power purchase cost vis-a-vis approved power purchase cost is negligible due



to non-procurement of REC or Renewable power in any of the month and Contribution to DSM pool resulting in lower realisation.

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 October to December 2023 as shown in below Table 3. Table 3: The same has been compared with the average power purchase cost approved by the Commission in MTR Order dated 31 March, 2023 in Case No. 220 of 2022 to arrive at the differential per unit rate at which Z_{FAC} is to be passed on to the consumers.

6.2 Thus, the following Table 3 shows the Z_{FAC} worked out by the Commission on account of difference in power purchase cost for the months of October, 2023 to December, 2023.

Table 3: FAC on account of Power Purchase Cost

Sr. No.	Particulars	Units	Oct'23	Nov'23	Dec'23
1	Average power purchase cost approved by the Commission	Rs. /kWh	5.416	5.416	5.416
2	Actual average power purchase cost	Rs. /kWh	5.337	5.562	5.228
3	Change in average power purchase cost (=2 -1)	Rs. /kWh	(0.078)	0.146	(0.188)
4	Net Power Purchase	MU	0.292	0.262	0.297
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	(0.002)	0.004	(0.006)

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

7.1 There is no past adjustment for over recovery/under recovery for the month of October to December'2023 respectively as the Commission has approved NIL FAC till September 2023.

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

8.1 As there is no past adjustment for over recovery/under recovery and hence no carrying cost for over recovery/under recovery for the month of October to December 2023 respectively.

9. Disallowance due to excess Distribution Loss

9.1 Regulation 10.8 of MYT Regulations, 2019 provides for FAC amount to be reduced in case the actual distribution loss for the month exceeds the approved distribution loss. The relevant extract is reproduced as follows.

"10.8 The total Z_{FAC} recoverable as per the formula specified above shall be recovered from the actual sales in terms of "Rupees per kilowatt-hour":



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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”

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

Table 4: Disallowance of FAC due to excess Distribution Loss

Sr. No.	Particulars	Units	Approved in Tariff Order	Oct'23	Nov'23	Dec'23
1	Net Energy input at Distribution Voltages	MU	0.411	0.283	0.254	0.284
2	Energy sales at Distribution voltages	MU	0.402	0.275	0.245	0.276
3	Distribution Loss (1 - 2)	MU	0.009	0.007	0.009	0.008
4	Distribution Loss as % (3/1)	%	2.26 %	2.52%	3.35%	2.79%
5	Annual Sliding Distribution Loss	%		0.42%	0.74%	1.02%
6	Excess Distribution Loss = [Actual Distribution Loss (5) - Distribution loss approved] x Net Energy Input (1)	MU	-	-	-	-
7	Disallowance of FAC due to excess Distribution Loss	Rs. Crore		-	-	-

- 9.3 As seen from the above Table 4, distribution loss for the months of Oct'23, Nov'23, and Dec'23 are 2.52%, 3.35%, and 2.79% respectively, which is higher than the approved distribution loss of 2.26 %. Even though the sliding loss is less than the distribution loss approved by the Commission, however, the Commission wish to highlight LBSCML to remain watchful to control the distribution losses to ensure that the additional power purchase cost corresponding to such losses may not burden the end consumers.

- 9.4 Also, the annual sliding distribution loss for the month of Oct'23, Nov'23, and Dec'23 are 0.42%, 0.74%, and 1.02% respectively against the approved distribution loss of 2.26%. Since the sliding distribution loss are lower than the approved distribution loss, the Commission has not worked out any disallowance on account of excess Distribution loss.

10. Holding Cost for FAC fund

- 10.1 The Commission in its FAC approval for the month of July'23, Sept'23, and Oct'23 vide FAC Vetting Report dated 11th January 2024 has allowed to accumulate the negative FAC amount of Rs. 0.122 Crore in FAC stabilisation fund as on September 2023.

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10.2 Accordingly, as per the principle laid down by the Commission, LBSCML has carried forward the negative FAC amount and accumulated the same in the FAC fund along with the holding cost.

10.3 The same has been allowed by the Commission and for calculation of the Holding Cost, it has considered SBI MCLR rate of the respective month plus 150 basis points works out as herein below:

SBI MCLR	Effective date	Normative basis spread	Effective Holding cost interest
8.50%	15-09-2023	1.50%	10.05%
8.55%	15-10-2023	1.50%	10.05%
8.55%	15-11-2023	1.50%	10.05%

11. Summary of Allowable Z_{FAC}

11.1 The summary of the FAC amount as approved by the Commission for the month of May, 2023 and June, 2023 as shown in the Table 5 below.

Table 5: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	Oct'23	Nov'23	Dec'23
1	Calculation of Z_{FAC}				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.002)	0.004	(0.006)
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-	-	-
1.4	Z_{FAC} = F+C+B	Rs. Crore	(0.002)	0.004	(0.006)
2	Calculation of Per Unit FAC				
2.1	Energy Sales within the License Area	MU	0.275	0.245	0.276
2.2	Excess Distribution Loss	MU	-	-	-
2.3	Z _{FAC} per kWh [(1.4/2.1) *10]	Rs. /kWh	(0.083)	0.156	(0.202)
3	Allowable FAC				
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs. Crore	-	-	-
3.2	FAC allowable [1.4-3.1]	Rs. Crore	(0.002)	0.004	(0.006)
4	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs. Crore	(0.122)	(0.142)	(0.15)
4.2	Holding Cost on FAC Fund	Rs. Crore	(0.001)	(0.00)	(0.001)
4.3	Z _{FAC} for the month (Sr. N. 3.2)	Rs. Crore	(0.002)	0.004	(0.006)
4.4	Additional recovery & Rs. 0.50/kVAh	Rs. Crores	(0.017)	(0.015)	(0.017)
4.5	Closing Balance of FAC Fund	Rs. Crore	(0.142)	(0.155)	(0.179)
4.6	Z _{FAC} leviable/refundable to consumers	Rs. Crore	-	-	-
5	Total FAC based on category wise and slab wise allowed to be recovered in the billing month of June, 2023	Rs. Crore	-	-	-
6	Carried forward FAC for recovery during future period (4.4-5.0)	Rs. Crore	-	-	-

11.2 It can be seen from the above Table 5 that standalone FAC for Oct'23, Nov'23, and Dec'23 are Rs (0.002) Crore, Rs 0.004 Crore, and Rs (0.006) Crore.



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- 11.3 Further, in the MTR Order in Case No. 220 of 2022, LBSCML was also directed to park the additional recovery Rs. 0.50/ kVAh allowed by the Commission and subsumed in the energy charges, to be parked in the separate FAC fund and to be utilized to offset any additional power purchase cost over and above allowed to be recovered as part of FAC mechanism so as to avoid tariff shock to consumers in future. Thus, the standalone FAC for the month of October to December 2023, including the additional recovery of Rs. 0.50/kVAh, resulted into negative FAC. Considering the actual power purchase cost is higher than the approved power purchase cost for the month of November 2023, due to recovery of additional Re. 0.50/kVAh, the resultant FAC has become negative.
- 11.4 Since the total effective FAC is negative, it shall be accumulated in the FAC Stabilisation fund as stipulated in the MTR Order dated 31 March, 2023 in Case No. 220 of 2022 and as specified in para 2.3 of this approval.
- 11.5 As the FAC computed in the month of October 2023 to December 2023 are as shown in Table 5 above are negative, the same gets added into the opening FAC fund of the respective month. The said amount will be accumulated in the FAC Stabilisation fund. Accordingly, the Commission allows Rs. (0.142) Crore, Rs (0.155) Crore and Rs (0.179) Crore as closing balance for the month of October 2023, November 2023 and December 2023, in FAC stabilisation fund. Accordingly, there is no FAC leviable on the consumers for the month of October to December 2023, respectively.

12. Recovery from Consumers:

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

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

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

Where:

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

$k = Average\ Billing\ Rate / ACOS;$

Average Billing Rate = Average Billing Rate for a particular Tariff category/sub-category/consumption slab under consideration in 'Rupees per kWh' as approved by the Commission in the Tariff Order:

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

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



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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 has invoked power of removing difficulties under MYT Regulations 2019 and has suggested changes in computation of FAC under para 5.9.4 of MTR Order in Case No. 220 of 2022 and as specified in para 2.3 of this approval.
- 12.3 Since the FAC is negative, there is no recovery allowed from the consumers. Therefore, the negative FAC amount is to be carried forward to FAC Stabilisation Fund for the months of October, November, and December 2023.
- 12.4 The Commission allows Rs. (0.142) Crore, Rs. (0.155) Crore and Rs. (0.179) Crore as closing balance for the month of October 2023, November 2023, and December 2023 respectively to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.
- 12.5 The Commission in its approval for the month of July to September'2023 has directed LBSCML to carry forward the approved FAC amount of Rs. (0.122) Crore for the month of September 2023, to be accumulated as FAC Fund and to be carried forward to the next billing cycle with holding cost. The opening balance of FAC fund along with holding cost is Rs. (0.123) Crore.
- 12.6 Accordingly, considering the approved standalone FAC amount of October 2023 as Rs (0.002) Crore, for November 2023 as Rs 0.004 Crore, and for December 2023 as Rs. (0.006) Crore respectively and opening balance FAC Fund of the respective month and recovery of additional Rs. 0.50/kVAh, the total amount of Rs. (0.142) Crore, Rs. (0.155) Crore and Rs. (0.179) Crore as closing balance for the respective month of October 2023, November 2023, and December 2023 is being allowed to be accumulated in the FAC Fund and shall be carried forward to the next billing cycle along with holding cost.

