



महाराष्ट्र विद्युत नियामक आयोग Maharashtra Electricity Regulatory Commission



Ref. No. MERC/FAC/2025-26/LBSCML/Q3/ 237

Date: 28 April 2025

To,
Lakshmipati 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 Lakshmipati Balaji Supply Chain Management Limited (LBSCML) for Q3 of FY 2024-25 i.e. (October – December, 2024).

Reference:

1. LBSCML's FAC submission for Q3 of FY 2024-25 the month of October – December, 2024, vide email dated 28 February 2025.
2. MERC Queries raised on FAC submission dated 10 March, 2025.
3. LBSCML's Response to Queries vide email dated 26 March, 2025.

Sir,

Upon vetting the FAC calculations for the Q3 of FY 2024-25 i.e. for the months of October – December, 2024 as mentioned in the above reference, the Commission has accorded approval for FAC Amount of Rs. 0.030 Crore, Rs. 0.039, and Rs. 0.038 Crore for the respective months of October'2024, November'2024, and December'2024 on standalone basis. However, the total amount of opening FAC Fund along with the holding cost as on October'2024 was Rs (0.126) Crore and additional monthly recovery of 50 paise/kVAh allowed to be parked in separate FAC fund for each respective month. The resultant closing FAC Fund along with the holding cost for October'2024, November'2024, and December'2024 are Rs. (0.115) Crore, Rs. (0.093) Crore, and Rs. (0.071) 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'2024	Nov'2024	December'2024
Z _{FAC} 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.

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As FY 2024-25 is already over and provisional True-up of FY 2024-25 has also been done in recent MYT Order dated 28 March, 2025, the rationale for post facto approval of Q3 of FY 2024-25 is only to carry forward the allowance or disallowance to next quarter i.e. Q4 of FY 2024-25.



Yours faithfully,

(Dr. Rajendra G. Ambekar)
Secretary, MERC

Encl: *Annexure A: Detailed Vetting Report for the period of October – December, 2024.*

Detailed Vetting Report**Date: __ April 2025****POST-FACTO APPROVAL FOR FAC CHARGES FOR Q3 OF FY 2024-25
(MONTHS OF OCTOBER'2024 TO DECEMBER'2024)**

Subject: Post-facto approval of Fuel Adjustment Charges (FAC) submissions of LBSCML for Q3 of FY 2024-25 i.e. (October – December, 2024).

Reference:

1. LBSCML's FAC submission for Q3 of FY 2024-25 the month of October – December, 2024, vide email dated 28 February 2025.
2. MERC Queries raised on FAC submission dated 10 March 2025.
3. LBSCML's Response to Queries vide email dated 26 March 2025.

1. FAC submission by LBSCML:

- 1.1 LBSCML has made FAC submissions for the Q3 of FY 2024-25 i.e. for the months of October – December, 2024 as referred above. Upon vetting the FAC calculations for the Q3 of FY 2024-25 i.e. for the months of October – December, 2024 as mentioned in the above reference, the Commission has accorded approval for FAC Amount of Rs. 0.030 Crore, Rs. 0.039, and Rs. 0.038 Crore for the respective months of October'2024, November'2024, and December'2024 on standalone basis.
- 1.2 The total amount of opening FAC Fund as on October'2024 of Rs (0.126) Crore and additional monthly recovery of 50 paise/kVAh allowed to be parked in separate FAC fund for each respective month, the resultant closing FAC Fund for Oct'24, Nov'24, and Dec'24 are Rs. (0.115) Crore, Rs. (0.093) Crore, and Rs. (0.071) 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

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 on a timely basis against which the Commission has approved the FAC vide FAC Vetting Report.
- 2.6 Pursuant to the aforementioned, LBSCML vide its letter dated 28 February, 2025, has filed FAC submission for Q3 of FY 2024-25 (i.e., October – December, 2024), for post-facto approval of the Commission. The Commission has scrutinized the submissions and prudently verified the input details such as power purchase bills, invoices submitted by LBSCML.
- 2.7 As FY 2024-25 is already over and provisional True-up of FY 2024-25 has also been done in recent MYT Order dated 28 March, 2025, the rationale for post facto approval of Q3 of FY 2024-25 is only to carry forward the allowance or disallowance to next quarter i.e. Q4 of FY 2024-25.

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'2024) (MU)	Actual Sales (Nov'2024) (MU)	Actual Sales (Dec'2024) (MU)
	(I)	(II=I/12)	(III)	IV	V
HT Category					
HT- I (A) Industrial	-	-	-	-	-
HT-II Commercial	3.634	0.303	0.100	0.064	0.077
LT Category					
LT II A – Commercial (0-20 kW)	0.220	0.018	0.026	0.024	0.022
LT II B – Commercial (20-50 kW)	1.130	0.094	0.092	0.088	0.077
LT II C – Commercial (above 50 kW)	1.260	0.105	0.096	0.081	0.076
LT V – Industry	0.030	0.003	0.005	0.005	0.005
Total	6.274	0.523	0.318	0.261	0.257

- 3.3 It can be observed from above Table 1 that the actual sales during the month October – December, 2024 are 0.318 MU, 0.261 MU, and 0.257 MU respectively compared to the approved monthly energy sales of 0.523 MU per month for the FY 2024-25.
- 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'2024 it is 39.11%, for November'2024 it is 50.04%, and for December'24 it is 50.82%, 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 all the categories except LT II A – Commercial (0-20 kW) and LT V - Industry. The energy sales in HT-II Commercial have sharply reduced by 67.14% in October'2024, 78.97% in November'2024, and 74.64% in December'2024 as compared to approved energy sales forecast for same category. At the same time, the LT category energy sales has also reduced by 0.53% in October'2024, 10.21% in November'2024, and 18.04% in December'2024 against the approved monthly energy sales of the LT category.
- 3.5 The Commission has inquired LBSCML for reasons of significant drop in energy sales in both LT and HT category to the tune of even 50% reduction. LBSCML in its response has submitted that the monthly sales and power purchases fluctuation depends upon number of factors such as seasonal variation, consumer demand pattern, etc. Comparing monthly actuals with a constant value (annual approved nos./12) may not be an accurate comparison. Further, the sales projected during the tariff filing have not materialized as expected due to lower occupancy, resulting in a significant drop in sales. The Commission expects the LBSCML to undertake the historical trend combined with futuristic load growth in cognizance while projecting the energy sales while filing the ARR petition for the next control period.

Power Purchase Details



- 3.6 **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 contingency requirement.
- 3.7 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.*
- 3.8 The Commission has accordingly considered the said rate discovered through competitive bidding route for short term power purchase for FY 2024-25. The power purchase approved for FY 2024-25 is Rs. 5.45/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.
- 3.9 Further since the current PPA with M/s Manikaran Power Limited (MPL) has expired on 31st January 2024, it was required to enter the PPA for period beyond 31 January 2024. Considering the uncertainty in demand and the prevalent higher rates of power in the market, LBSCML has considered to continue with the power procurement for the short-term period under the competitive bidding route as per Section 63 of the Electricity Act, 2003 (EA, 2003) for 1 MW RTC (at LBSCML Periphery) for the one (1) year period from 1 February 2024 to 31 January 2025. The Commission vide its Order in Case No 227 and 228 of 2023 dated 01 February 2024, has adopted the Power Procurement tariff of Rs. 6.40 per unit for supply of 1 MW (RTC) power to LBSCML for the period of 01.02.2024 to 31.01.2025 from MPL.
- 3.10 Accordingly, LBSCML has procured power from MPL in the months of April'24 onwards at the rate Rs 6.40 /kWh and additional procurement from DSM pool has led to variation in the average power purchase cost of Rs. 6.372/kWh for October'2024, Rs 6.923/kWh for November'2024, and Rs. 6.870/kWh for December'2024 respectively.
- 3.11 Summary of power purchase of LBSCML is as under:

Sr. No.	Particular	Compliance
1	Purchase from Approved	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



Sr. No.	Particular	Compliance																									
	Sources	<p>approve the PPA for the period 1 February, 2023 to 31 January, 2024 at Rs 5.20/kWh.</p> <p>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 2024-25.</p> <p>The aforesaid PPA expired on 31 January 2024, and considering demand uncertainty, the LBSCML resorted to organise a competitive bidding for procurement of energy under short term for period February 2024 onwards till January’ 2025. The Commission in its Order dated 1 February 2024 in Case No 227 and 228 of 2023 has adopted the tariff discovered of Rs. 6.40/kWh and approved the PPA for the period of 1 February 2024 to 31 January 2025.</p> <p>LBSCML has been off taking its majority power from MPL, for the month of October-December 2024 and no procurement has been undertaken from Power Exchange.</p>																									
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.																									
4	DSM Pool	LBSCML has exchanged from the DSM pool of 0.007 MU, (0.040) MU, and (0.038) MU for the respective months of October’2024, November’2024, and December’2024.																									
5	Sale of Surplus Power	There was no sale of surplus power in the months of October’2024 to December’2024.																									
6	Power Purchase	Actual Power Purchase for October – December, 2024 were 0.322 MU, 0.265 MU, and 0.270 MU respectively as against approved 0.553 MU due to lower sales.																									
7	Source wise Power Purchase	<table><tr><th>Source Name</th><th>Approved (MU)</th><th>Oct’2024 Actual (MU)</th><th>Nov’2024 Actual (MU)</th><th>Dec’2024 Actual (MU)</th></tr><tr><td>Manikaran Power Limited</td><td>0.553</td><td>0.315</td><td>0.305</td><td>0.308</td></tr><tr><td>Power exchange</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Others (Deviation Quantum)</td><td>-</td><td>0.007</td><td>(0.040)</td><td>(0.038)</td></tr><tr><td>Total</td><td>0.553</td><td>0.322</td><td>0.265</td><td>0.270</td></tr></table>	Source Name	Approved (MU)	Oct’2024 Actual (MU)	Nov’2024 Actual (MU)	Dec’2024 Actual (MU)	Manikaran Power Limited	0.553	0.315	0.305	0.308	Power exchange	-	-	-	-	Others (Deviation Quantum)	-	0.007	(0.040)	(0.038)	Total	0.553	0.322	0.265	0.270
Source Name	Approved (MU)	Oct’2024 Actual (MU)	Nov’2024 Actual (MU)	Dec’2024 Actual (MU)																							
Manikaran Power Limited	0.553	0.315	0.305	0.308																							
Power exchange	-	-	-	-																							
Others (Deviation Quantum)	-	0.007	(0.040)	(0.038)																							
Total	0.553	0.322	0.265	0.270																							

3.12 The Commission in its Order in Case No 227 and 228 of 2023 dated 1 February 2024 has also undertaken due diligence on the average power purchase cost realisation from the Power Exchange and found it market reflective. Further, the average power purchase cost is higher to the approved power purchase cost in tariff order for each month i.e., Rs. 6.372/kWh for October'2024, Rs 6.923/kWh for November'2024, and Rs. 6.870/kWh for December'2024 respectively. The Commission notes that the average Power Purchase cost is higher than the adopted power purchase cost of Rs. 6.40/kWh, except for October'2024, vide order dated 1 February 2024.

3.13 Also, LBSCML has exchanged from the DSM pool of 0.007 MU, (0.040) MU, and



(0.038) MU for the respective months of October'24, November'24, and December'2024.

4. Power Purchase Cost:

- 4.1 The Commission has scrutinised the detailed bills/invoices submitted for power purchase during the month of October to December 2024, 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.
- 4.2 The Power Purchase cost incurred in October'2024, November'2024, and December'2024, are Rs. 0.205 Crore, Rs. 0.183 Crore, and Rs. 0.186 Crore respectively, which is significantly lower than the approved Power Purchase cost of Rs. 0.301 Crore by the Commission for the FY 2024-25 due to lower energy sales compared to the approved energy sales by the Commission.
- 4.3 The Commission sought clarification from LBSCML on whether LBSCML considered or attempted to sell such surplus electricity to PX arising on account of drop in energy sales, compared to DSM contribution which has resulted into effective loss to LBSCML in view of consistent drop in energy sales on monthly basis. LBSCML submitted that it has procured power through short-term power purchase, where monthly billing is based on the energy schedule provided by the DISCOM. While procuring power under short-term power purchase arrangement, LBSCML is required to schedule power on a month-ahead basis. Subsequently, LBSCML submitted that it procures power based on its anticipated consumption and, in case of contingency and shortfall, LBSCML procured power from the power exchange. Further, under the short-term power purchase contract, there is no off-take obligation. Therefore, LBSCML procured power to the extent necessary and does not sell any surplus power. LBSCML further submitted that LBSCML has tied up power exclusively with Birla Carbon (single source), which is sufficient to meet its continuous demand. However, any significant increase in demand, even for a short time interval, results in the applicability of deviation charges, as LBSCML does not have an alternative power source apart from Birla Carbon to manage such fluctuations. Since demand variation is a dynamic phenomenon and beyond LBSCML's control, the company is occasionally required to procure additional power from the DSM Pool to balance demand and supply effectively.
- 4.4 **Manikaran Power Limited:** The PPA with MPL for 1 MW Power for the period from 1 February, 2023 to 31 January, 2024 at the rate of Rs 5.20/kWh has been expired. Subsequently, LBSCML continued with the power procurement for the short-term period under the competitive bidding route as per Section 63 of the Electricity Act, 2003 (EA, 2003) for 1 MW RTC (at LBSCML Periphery) for the one (1) year period from 1 February 2024 to 31 January 2025. The Commission vide its Order in Case No 227 and 228 of 2023 dated 01 February 2024, has adopted the Power Procurement tariff of Rs. 6.40 per unit for supply of 1 MW (RTC) power to LBSCML for the period of 01.02.2024 to 31.01.2025 by MPL. With respect to the power purchase cost claimed by LBSCML, the Commission observed that Rs. 7500/- is included in the power purchase cost against the Standing Clearance Charges (SLDC Invoice). However, with respect to the daily

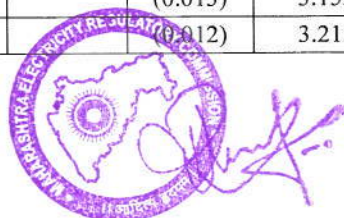


scheduling fee of Rs 2,250/day, the Commission notes that the same has already been included in the tariff as adopted in the Order dated 1 February 2024 and thus the same has not been considered while evaluating the FAC for Oct'2024 to December'2024.

- 4.5 **Power Procurement from Exchange:** In the month of October'2024, November'2024, and December'2024, LBSCML has not made any transactions from Power Exchange.
- 4.6 **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 2024-25 to meet the RPO compliance requirements. The Commission in the MTR Order has considered REC purchase at Rs 1/kWh to meet the RPO Obligation for FY 2024-25. The amount of Rs. 0.01 Crore per month is allowed to LBSCML for purchase of RECs, whereby LBSCML has not purchased the RECs for any respective months of October'2024, November'2024, and December'2024.
- 4.7 **Deviation Quantum and Cost:** It is seen that LBSCML has purchased from the DSM pool of 0.007 MU, (0.040) MU, and (0.038) MU for the respective months of October'2024, November'2024, and December'2024. The offtake cost from the DSM for the respective months is for October'2024 - Rs 4.161/kWh, however, the realisation tariff for DSM contribution for November'2024 and December'2024 has been Rs 3.152/kWh and Rs 3.213/kWh respectively. The said excess energy offtake from DSM pool is on account of real time demand of consumers as against the estimation by the Distribution Licensee. The Commission has noted that LBSCML has followed Merit Order Dispatch for scheduling of power and all sources are scheduled according to SLDC instructions.
- 4.8 **Approved Cost:** The details of the overall cost approved and actual for the month of October'2024 to December'2024, as per MTR Order is as shown in the Table 2 below:

Table 2: Approved Actual Power Purchase cost for LBSCML for October – December 2024

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 in tariff order*	0.553	-	-	0.288	5.200	0.288	5.200
	Oct'2024	0.315	-	-	0.201	6.400	0.201	6.400
	Nov'2024	0.305	-	-	0.195	6.400	0.195	6.400
	Dec'2024	0.308	-	-	0.197	6.400	0.197	6.400
Power Exchange	Approved	-	-	-	-	-	-	-
	Oct'2024	-	-	-	-	-	-	-
	Nov'2024	-	-	-	-	-	-	-
	Dec'2024	-	-	-	-	-	-	-
Solar & Non-Solar REC	Approved	-	0.014	-	-	-	0.014	-
	Oct'2024	-	-	-	-	-	-	-
	Nov'2024	-	-	-	-	-	-	-
	Dec'2024	-	-	-	-	-	-	-
Deviation Quantum	Approved	-	-	-	-	-	-	-
	Oct'2024	0.007			0.003	4.161	0.003	4.161
	Nov'2024	(0.040)			(0.013)	3.152	(0.013)	3.152
	Dec'2024	(0.038)			(0.012)	3.213	(0.012)	3.213



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
SLDC Fees	Approved							
	Oct'2024	-	0.001	-	-	-	0.001	0.000
	Nov'2024	-	0.001	-	-	-	0.001	0.000
	Dec'2024	-	0.001	-	-	-	0.001	0.000
Total	Approved	0.553	0.014		0.288	5.200	0.301	5.451
	Oct'2024	0.322	0.001		0.204	6.348	0.205	6.372
	Nov'2024	0.265	0.001		0.182	6.895	0.183	6.923
	Dec'2024	0.270	0.001		0.185	6.843	0.186	6.870

*- The revised cost adopted as per Case No 227 and 228 of 2023 dated 01 February 2024 is Rs. 6.40/kWh

4.9 Considering the above, the Commission allows the average power purchase cost of Rs.6.372/kWh, Rs.6.923/kWh, and Rs.6.870/kWh for the respective months of October'2024, November'2024, and December'2024, respectively 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.5.451/kWh for the FY 2024-25. The Commission notes that the average power purchase cost is higher than approved primarily due to higher tariff adopted vide its Order in Case No 227 and 228 of 2023 dated 01 February 2024 of Rs. 6.40 per unit for supply of 1 MW (RTC) power to LBSCML for the period of 01.02.2024 to 31.01.2025 by M/s MPL. The said tariff is applicable for the month of April'2024 onwards.

5. FAC on account of fuel and power purchase cost (F)

5.1 The Commission has worked out the average power purchase costs for the October to December 2024 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.

5.2 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 to December 2024.

Table 3: FAC on account of Power Purchase Cost

Sr. No.	Particulars	Units	Oct'24	Nov'24	Dec'24
1	Average power purchase cost approved by the Commission	Rs. /kWh	5.451	5.451	5.451
2	Actual average power purchase cost	Rs. /kWh	6.372	6.923	6.870
3	Change in average power purchase cost (=2 -1)	Rs. /kWh	0.921	1.472	1.419
4	Net Power Purchase	MU	0.322	0.265	0.270
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	0.030	0.039	0.038

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

6.1 There is no past adjustment for over recovery/under recovery for the respective month of October'2024, November'2024, and December'2024 respectively as the Commission has approved NIL FAC, till December'2024.



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

- 7.1 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'2024, November'2024, and December'2024, respectively.

8. Disallowance due to excess Distribution Loss

- 8.1 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"

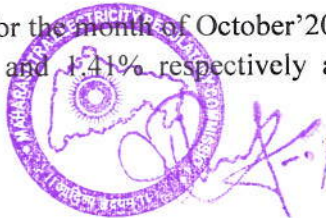
- 8.2 The following Table 4 provides the comparison of approved and actual distribution loss and disallowance due to excess distribution loss:

Table 4: Disallowance of FAC due to excess Distribution Loss

Sr. No.	Particulars	Units	Approved in Tariff Order	Oct'24	Nov'24	Dec'24
1	Net Energy input at Distribution Voltages	MU	0.535	0.322	0.265	0.270
2	Energy sales at Distribution voltages	MU	0.523	0.312	0.256	0.261
3	Distribution Loss (1 - 2)	MU	0.012	0.010	0.008	0.009
4	Distribution Loss as % (3/1)	%	2.26%	-2.04%	-1.90%	1.62%
5	Annual Sliding Distribution Loss	%		1.89%	1.51%	1.41%
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		-	-	-

- 8.3 As seen from the above Table 4, standalone distribution loss for the months of October'2024, November'2024, and December'2024 are (2.04%), (1.90%), and 1.62% respectively against the approved distribution loss of 2.26 %.

- 8.4 Also, the annual sliding distribution loss for the month of October'2024, November'2024, and December'2024 are 1.89%, 1.51%, and 1.41% respectively against the approved



distribution loss of 2.26%. In this regard, the Commission has inquired with LBSCML on the Negative standalone losses in the month of October 2024 and November 2024 against which LBSCML submitted that the losses approved as 2.26% were based on assumed technical loss of 2% plus 0.26% as transformer loss, however, the distribution loss recorded for the corresponding months is based on the actual metering and meters at all the consumers end has been installed in month of June'2023. LBSCML further submitted that subsequent to installation of the meters, the actual losses in each month can be ascertained and requested to approve actual monthly distribution losses. LBSCML submitted that due to the manual reading of certain meters, the monthly loss has, in some instances, been recorded as negative. However, LBSCML requested the Commission to consider the annual sliding loss, which more accurately reflects the correct distribution loss. Since the sliding distribution loss is lower than the approved distribution loss for the month of October'2024, November'2024, and December'2024, the Commission has not considered any disallowance as mentioned in the Table 4 above on account of excess Distribution loss. Also, Commission directs LBSCML to provide the detail analysis for the standalone negative loss in the next FAC submission.

9. **Holding Cost for FAC fund**

- 9.1 The Commission in its FAC approval for the month of July'2024 to September'2024 vide FAC Vetting Report dated 21 March 2025 has allowed to accumulate the negative FAC amount of Rs. 0.126 Crore in FAC stabilisation fund as on September'2024.
- 9.2 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.
- 9.3 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
8.65%	15-03-2024	1.50%	10.15%
8.65%	15-04-2024	1.50%	10.15%
8.65%	15-05-2024	1.50%	10.15%
8.75%	15-06-2024	1.50%	10.25%
8.85%	15-07-2024	1.50%	10.35%
8.95%	15-08-2024	1.50%	10.45%
8.95%	15-09-2024	1.50%	10.45%
8.95%	15-10-2024	1.50%	10.45%
9.00%	15-11-2024	1.50%	10.50%
9.00%	15-12-2024	1.50%	10.50%

10. **Summary of Allowable Z_{FAC}**

- 10.1 The summary of the FAC amount as approved by the Commission for the month of October'2024, November'2024, and December'2024 as shown in the Table 5 below.



Table 5: Summary of Allowable Z_{FAC}

Sr. No.	Particulars	Units	Oct'24	Nov'24	Dec'24
1	Calculation of ZFAC				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs Cr	0.030	0.039	0.038
1.2	Carrying cost for over-recovery/under-recovery (C)	Rs Cr	0.000	0.000	0.000
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs Cr	0.000	0.000	0.000
1.4	Z_{FAC} = F+C+B	Rs Cr	0.030	0.039	0.038
2	Calculation of Per Unit FAC				
2.1	Energy Sales within the License Area	MU	0.318	0.261	0.257
2.2	Excess Distribution Loss	MU	-	-	-
2.3	Z _{FAC} per kWh [(1.4/2.1) *10]	Rs. /kWh	0.932	1.492	1.491
3	Allowable FAC				
3.1	FAC disallowed corresponding to excess Distribution Loss [(2.2 x 2.3)/10]	Rs Cr	-	-	-
3.2	FAC allowable [1.4-3.1]	Rs Cr	0.030	0.039	0.038
4	Utilization of FAC Fund				
4.1	Opening Balance of FAC Fund	Rs Cr	(0.126)	(0.115)	(0.093)
4.2	Holding Cost on FAC Fund	Rs Cr	(0.001)	(0.001)	(0.001)
4.3	Z _{FAC} for the month (Sr. N. 3.2)	Rs Cr	(0.126)	(0.116)	(0.094)
4.4	Additional recovery @ Rs. 0.50/kVAh	Rs Cr	0.030	0.039	0.038
4.5	Closing Balance of FAC Fund	Rs Cr	(0.018)	(0.016)	(0.015)
4.6	Z _{FAC} leviable/refundable to consumers	Rs Cr	(0.115)	(0.093)	(0.071)
5	Total FAC based on category wise and slab wise allowed to be recovered	Rs Cr	-	-	-
6	Carried forward FAC for recovery during future period (4.4-5.0)	Rs Cr	-	-	-

10.2 It can be seen from the above Table 5 that standalone FAC for October'2024, November'2024, and December'2024 are Rs 0.030 Crore, Rs 0.039 Crore, and Rs 0.038 Crore, respectively.

10.3 Further, in the MTR Order in Case No. 220 of 2022, LBSCML was also directed to park the additional recovery Rs. 0.50/ kVAh 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. Accordingly, the said amount due to additional recovery is considered as part of FAC Fund for the month.

10.4 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.

10.5 The standalone FAC computed for the month of October'2024, November'2024, and December'2024 as shown in Table 5 above are positive, the same gets adjusted from the opening FAC fund of the respective month which also includes additional recovery of Rs 0.50/kVAh. 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. Accordingly, the Commission allows Rs. (0.115) Crore, Rs (0.093) Crore and Rs (0.071) Crore as closing balance for the month of October'2024, November'2024, and December'2024 respectively, in FAC stabilisation fund. Accordingly, there is no FAC leviable on the consumers for the month of October'24, November'24, and December'2024, respectively.

11. Recovery from Consumers:

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

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

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

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:

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

Provided further that any under-recovery in the Z_{FAC} on account of such ceiling shall be carried forward and shall be recovered by the Distribution Licensee over such future period as may be directed by the Commission...."

- 11.2 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.
- 11.3 The Commission in its approval for the month of July'2024 to September'2024 has directed LBSCML to carry forward the approved opening FAC amount of Rs. (0.126) Crore for the month of September'2024, to be accumulated as FAC Fund and to be carried forward to the next billing cycle with holding cost.
- 11.4 Accordingly, considering the approved standalone FAC for October'2024, November'2024, and December'2024 of Rs 0.030 Crore, Rs 0.039 Crore, and Rs 0.038



Cröre, respectively, opening balance FAC Fund of the respective month, holding cost and recovery of additional Rs. 0.50/kVAh, the Commission allows the total amount of Rs. (0.115) Cröre, Rs (0.093) Cröre and Rs (0.071) Cröre as closing balance for the month of October'2024, November'2024, and December'2024 respectively to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.

- 11.5 As FY 2024-25 is already over and provisional True-up of FY 2024-25 has also been done in recent MYT Order dated 28 March, 2025, the rationale for post facto approval of Q3 of FY 2024-25 is only to carry forward the allowance or disallowance to next quarter i.e. Q4 of FY 2024-25.

