



# महाराष्ट्र विद्युत नियामक आयोग

## Maharashtra Electricity Regulatory Commission



Ref. No. MERC/FAC/2024-25/EON-I/Q2/10079

Date: 27 January, 2025

**EON Kharadi Infrastructure Private Limited (EON SEZ Phase I)**

Tech Park One, Tower 'E',  
S. No. 191/A/2A/1/2,  
Next to Don Bosco School,  
Off Airport Road, Yerwada,  
Pune, Maharashtra, 411006

**Subject:** Post facto approval of Fuel Adjustment Charges (FAC) submissions of EON I for the months of July 2024 to September 2024.

**Reference:**

1. EON I FAC submission for the month of July 2024 to September 2024 vide email dated 01 December, 2024
2. Data gaps communicated to EON I vide email dated 02 December, 2024.
3. EON I's response to data gaps on 03 December, 2024.

Sir,

Upon vetting the FAC calculations for the months of July 2024 to September 2024 as mentioned in the above reference, the Commission has accorded approval for FAC amount and the carry forward Fund as shown in the table below:

Month	July 24	August 24	September 24
Z <sub>FAC</sub> allowed for recovery (Rs. Cr)	(0.50)	(0.27)	(0.14)
Cumulative FAC for recovery (Rs. Cr)	(1.62)	(1.90)	(2.05)


The Commission allows the accumulation of total FAC amount of Rs. 2.05 Crore as on 30 September 2024, which shall be carried forward to next FAC billing cycle with holding cost as per the Order dated 31 March 2023 in Case No 235 of 2022.

Month	July, 2024 to September, 2024
Z <sub>FAC</sub> allowed for recovery (Rs. Crore)	Nil

EON I 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)  
Secretary, MERC

Encl: Annexure A: Detailed Vetting Report for the period of July, 2024 to September, 2024.



**Detailed Vetting Report**

**Date: 27 January, 2025**

**POST FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF JULY, 2024  
TO SEPTEMBER, 2024**

**Subject:** Post facto approval of Fuel Adjustment Charges (FAC) submissions of EON I for the months of July 2024 to September 2024.

**Reference:**

1. EON I FAC submission for the month of July 2024 to September 2024 vide email dated 01 December, 2024
2. Data gaps set-1 communicated to EON I vide email dated 02 December, 2024.
3. EON I's response to data gaps on 03 December, 2024.

**1. FAC submission by EON I:**

1.1 M/s. EON Kharadi Infrastructure Private Limited (hereafter "EON I") has made FAC submissions for the months of July'2024 to September'2024 as referred above. Upon vetting the FAC calculations, taking cognizance of all the submissions furnished by EON I, the Commission has accorded approval to EON I for standalone FAC amount of Rs. (0.50) Crore, Rs. (0.27) Crore and Rs. (0.14) Crore for the months of July, 2024, August, 2024 and September, 2024 respectively. **The approved closing balance of FAC fund as on September, 2024 is Rs. (2.05) Crore** and the said FAC Fund is being carried forward to next FAC billing cycle with holding cost as per the Tariff Order dated 31 March, 2023 in Case No. 235 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 EON I (Case No. 235 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:

**"5.7 Stabilising Variation in Consumer Bill on account of FAC**





Approval of FAC for the months of July, 2024 to September, 2024

- 5.7.1 *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:*

*.....”*

- 5.7.2 *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.*
- 5.7.3 *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.*

5.7.4 *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.*

5.7.5 *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 Regulations 10.2 of MYT Regulations, 2019, before levying FAC for the first month of the 4<sup>th</sup> Control Period, Distribution Licensees including SEZs (Deemed Distribution Licensees) are required to seek prior approval of the Commission for the first month of the first year of the control period and as per Regulations 10.5 of MYT Regulations 2019, post facto approval of FAC to be sought on quarterly basis within 60 days of close of each quarter.

2.5 The FAC approval for Q1 of FY 2024-25 was issued on 11 November, 2024. Further, vide its email dated 01 December, 2024, EON I has filed FAC for the month of July, 2024 to September, 2024 for post facto approval. The data gaps were identified by the Commission during the FAC submission review dated 02 December, 2024. EON I responded to these data gaps on 03 December, 2024. Accordingly, EON I filed revised FAC submission from July, 2024 to September, 2024 on 03 December, 2024.

2.6 The Commission has scrutinized the submissions provided by EON I and has also verified the power purchase bills provided along with its submissions.

### **3. Energy Sales of the Licensee**

3.1 The net energy sales within Licence area as submitted by EON I in the FAC submission and as approved by the Commission in Case No. 235 of 2022 are as shown in the Table 1 below:



Approval of FAC for the months of July, 2024 to September, 2024

**Table 1: Energy Sales Approved and Actual in MU**

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (July, 2024) (MU)	Actual Sales (August, 2024) (MU)	Actual Sales (September, 2024) (MU)
	(I)	(II=I/12)	(III)	(IV)	(V)
<b>HT Category</b>					
HT I -Industry	67.99	5.666	3.059	2.953	2.871
<b>LT Category</b>					
LT II A – Commercial (0-20 kW)	0.37	0.031	0.007	0.007	0.006
LT II B – Commercial (above 20 kW)	0.06	0.005	0.004	0.003	0.003
LT V A Industry	1.35	0.113	0.064	0.066	0.064
LT V B Industry	7.31	0.609	0.475	0.450	0.432
LT VI: LT Electric Vehicle Charging Station	0.00	0.000	0.001	0.001	0.001
<b>Total</b>	<b>77.08</b>	<b>6.423</b>	<b>3.610</b>	<b>3.480</b>	<b>3.377</b>

3.2 It can be observed from above Table 1, that the actual sales during the month of July, 2024 to September, 2024 are 44% to 47% lower compared to the approved energy sales of 6.42 MU per month for FY 2024-25. It is also observed that the actual sales numbers varies vis-à-vis approved energy sales in all the categories with major variation in HT-I Industry, LT II A – Commercial (0-20 kW) and LT V A & B Industry and minor variation in LT II B – Commercial (above 20 kW).

**4. Power Purchase Details**

4.1 EON I is a deemed distribution licensee notified by the Commission for IT & ITES SEZ located at Yerwada, Pune. EON I does not own or operate any generating stations. Accordingly, EON I has procured power from other sources to meet the demand of its consumers.

4.2 **Power Procurement from Short Term Contracts:** The Commission in the Tariff Order dated 31 March, 2023 in Case No. 235 of 2022 noted that EON I intends to tie up with a new short-term source of power for FY 2023-24 and FY 2024-25. EON I proposed to procure short-term power for FY 2023-24 and FY 2024-25 through new short-term sources at power purchase rate of Rs. 5/kWh. However, the Commission considers average Market Clearing Price (MCP) of the FY 2019-20 and FY 2020-21 and decided to consider the latest approved rate of Rs. 5.40/kWh for FY 2023-24 and FY 2024-25 for procurement of power under Short Term. The relevant extract from the tariff order is reproduced below:

*4.5.7. The Commission is of the view that, the underestimations of power purchase would significantly affect the recovery of the ARR approved for the respective years, which may ultimately result in creation of revenue gaps followed by carrying cost burden on to the consumers in the next ensuing*





Approval of FAC for the months of July, 2024 to September, 2024

*control period. The average Market Clearing Price (MCP) for the FY 2019-20 was Rs. 3.005/ kWh, for FY 2020-21 it was Rs. 2.818/ kWh, for FY 2021-22 it was 4.399/ kWh while for the current financial year it is around Rs. 6.017/ kWh. Thus, it is observed that in the prevalent market conditions, the rates discovered for the short-term power procurement are in the range of Rs. 5/ kWh to Rs. 6/ kWh. Thus, for the purpose of estimating the power purchase expense towards the procurement of short-term conventional power, the Commission has decided to consider the latest approved rate of Rs. 5.40/ kWh for FY 2023-24 and FY 2024-25.*

4.3 The Commission has accordingly considered the said rate as per prevalent market conditions for the purpose of power purchase expense towards the procurement of short-term conventional power for FY 2024-25. Accordingly, the power purchase rate approved for FY 2024-25 is Rs. 5.28/kWh in the said tariff order which includes the power procurement from short term sources and procurement of Solar and Non-Solar. The Commission has approved the Power Purchase considering all the sources of electricity supply opted by EON I.

4.4 Summary of power purchase of EON I is as under:

Sr. No.	Particular	Compliance								
1	Purchase from Approved Sources	The Commission in the MTR Order dated 31 March, 2023 in Case No. 235 of 2022 has considered power purchase expenses as per prevalent market conditions and allowed procurement of short-term conventional power for FY 2024-25 @Rs. 5.40/kWh and renewable power @Rs. 4.90/kWh. EON I has procured power under short term bilateral contract from hydro and solar generators, and power exchange in the months of July, 2024 to September, 2024.								
2	Merit Order Dispatch	EON I has procured power on short term basis. EON I has followed merit order for scheduling of power and preference was given to cheapest power. Further, EON I met its peak power requirement through power procurement from power exchange.								
3	Fuel Utilization Plan	Not applicable								
4	DSM Pool	EON I has overdrawn / underdrawn as per following table: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Months</th> <th style="width: 50%;">Deviation units in MU</th> </tr> </thead> <tbody> <tr> <td>July-24</td> <td>(0.05) Under drawl</td> </tr> <tr> <td>August-24</td> <td>0.07 Over drawl</td> </tr> <tr> <td>September-24</td> <td>0.04 Over drawl</td> </tr> </tbody> </table>	Months	Deviation units in MU	July-24	(0.05) Under drawl	August-24	0.07 Over drawl	September-24	0.04 Over drawl
Months	Deviation units in MU									
July-24	(0.05) Under drawl									
August-24	0.07 Over drawl									
September-24	0.04 Over drawl									
5	Sale of Surplus Power	EON I has sold surplus power as per details given below: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Months</th> <th style="width: 50%;">Surplus sale of Power in MU</th> </tr> </thead> <tbody> <tr> <td>July-24</td> <td>(2.43)</td> </tr> <tr> <td>August-24</td> <td>(3.57)</td> </tr> <tr> <td>September-24</td> <td>(4.04)</td> </tr> </tbody> </table>	Months	Surplus sale of Power in MU	July-24	(2.43)	August-24	(3.57)	September-24	(4.04)
Months	Surplus sale of Power in MU									
July-24	(2.43)									
August-24	(3.57)									
September-24	(4.04)									
6	Power Purchase	Actual Net Power Purchase for July 2024 to September 2024 was 3.90								





Approval of FAC for the months of July, 2024 to September, 2024

Sr. No.	Particular	Compliance				
		MU, 3.78 MU, and 3.68 MU respectively as against approved monthly power purchase of 6.80 MU due to lower sales				
7	Source wise Power Purchase	Source Name	Approved (MU)	July, 2024 Actual (MU)	Aug, 2024 Actual (MU)	Sept, 2024 Actual (MU)
		New Short-term Source	5.10	-	-	-
		Solar Purchase	0.92	0.34	0.45	0.41
		Non-Solar Purchase	0.78	5.89	6.68	7.25
		Power Exchange	0.00	0.16	0.16	0.01
		DSM Pool	0.00	(0.05)	0.07	0.04
		Surplus Sale	0.00	(2.43)	(3.57)	(4.04)
		<b>Total</b>	<b>6.80</b>	<b>3.90</b>	<b>3.78</b>	<b>3.68</b>

**5. Power Purchase Cost:**

- 5.1 The Commission has scrutinised the bills/invoices submitted for power purchase during the month from July, 2024 to September, 2024 to verify the claim of EON I regarding Average Power Purchase Cost (APPC). The Commission has verified the actual as well as approved Net Purchase (MU), Variable Cost (Rs. /kWh) and Power Purchase Cost considered in FAC computation from the invoices and applicable MTR Order.
- 5.2 **Short-term Source:** To meet base load requirement, the Commission has approved the power purchase expense towards the procurement of short-term conventional power of Rs. 5.40/kWh. EON I has submitted that it has floated 5 no. of tenders, however there was limited participation from generators and quoted price were on higher side and hence it was not able to enter into short term contract for conventional power as envisaged in the MTR Order. Further, the Commission in Case No. 205 of 2022 dated 26 December, 2022 has allowed EON I to procure power from Power Exchange and other permissible route. Accordingly, EON I has procured power through power exchange and entered into bilateral power purchase agreements with a hydro generator for July, 2024 to July, 2025 and April, 2024 to March, 2025 from Mahalaxmi Vidyut Private Limited (at Rs. 4.70/kWh) and Mohite Industries Limited (at Rs. 4.55/kWh), respectively and Solar Power from Solar generator RYB Power Electricals Private Limited for the period from January 2024 to December 2024 at Rs. 4.90/kWh.
- 5.3 **Power Procurement from Exchange:** EON I has procured 0.16 MU, 0.16 MU and 0.01 MU at the rate of Rs. 3.56/kWh, Rs. 4.25/kWh and Rs. 4.98/kWh from the Power Exchange from DAM, and RTM products to meet the peak power requirement in July, 2024, August 2024 and September, 2024, respectively. As per EON I, the power procurement from power exchange has been undertaken as allowed by the Commission in Case No. 205 of 2022 dated 26 December 2022. The power so procured by EON I from Power Exchange is lower than approved APPC i.e., Rs. 5.28/kWh. Also, the power procurement from Exchange contributed to 4.11%, 4.35% and 0.24% of the total power procurement (excluding DSM variation) for the month of July-24, August-24 and





September-24, respectively.

- 5.4 **Renewable Sources:** EON I has procured 5.89 MU, 6.66 MU and 7.25 MU at Rs. 4.59/kWh, Rs. 4.62/kWh and Rs. 4.64/kWh in July-24, August-24 and September-24, respectively, through a short-term bilateral contract with hydro generator tied up pursuant to competitive bidding undertaken by it from Mahalaxmi Vidyut Private Limited and Mohite Industries Limited. It has been observed that EON I has procured hydro power from source i.e. Mahalaxmi Vidyut Private Limited, starting from the month of July 2024. In response to the Commission's query, EON I has submitted that it procured hydro power from Mahalaxmi Vidyut Limited through a competitive bidding process for the period from 18 July 2024 to 17 July 2025 at a rate of Rs. 4.70/kWh. Further, EON I submits that it has intimated pertaining to power procurement to the Commission vide letter dated 18 July 2024 as the discovered rate is below the approved rate of Rs. 4.90/kWh. Additionally, EON I has procured 0.34 MU, 0.42 MU and 0.41 MU at Rs. 4.90/kWh through a short-term bilateral contract with solar generator RYB Power Electricals Private Limited which was tied up pursuant to competitive bidding undertaken by it. EON I has already intimated the Commission regarding the purchase of power from RYB Power Electricals Private Limited. Additionally, EON I has procured solar and non-solar power of 0.024 MU and 0.022 MU, respectively, at Rs. 4.57/kWh, from the power exchange through GDAM in August-24.

The Commission in MTR Order has approved yearly cost of Rs. 5.41 Crore and Rs. 4.60 Crore for solar and non-solar power, respectively, during FY 2024-25. Accordingly, the resultant monthly approved cost is Rs. 0.45 Crore and Rs. 0.38 Crore for solar and non-solar power, respectively, during FY 2024-25. It has been observed that in the month of July-2024 to September-2024, EON I has procured renewable Solar power (including procurement from power exchange) of 0.34 MU, 0.45 MU and 0.41 MU at Rs. 4.90/kWh, Rs. 4.88/kWh and Rs. 4.90/kWh, respectively and Non-solar power (including procurement from power exchange) of 5.89 MU, 6.68 MU and 7.25 MU at Rs. 4.59/kWh, Rs. 4.62/kWh and Rs. 4.64/kWh, respectively resulting in actual weighted average cost of Rs. 4.63/kWh for procurement of renewable power for the quarter 2 which is lower than the approved cost by the Commission of Rs. 4.90/kWh. The actual rate of solar and non-solar power lower due to power being procured from contracted sources at rates lower than the approved cost. The Commission has verified the aforesaid purchased and its associated cost from invoice issued by generator and traders submitted by EON I and found to be in order.

- 5.5 **Deviation Quantum and Cost:** It is seen that EON I has underdrawn 0.05 MU in the month of July 2024 and overdrawn 0.07 MU and 0.04 MU in the month of August, 2024 and September, 2024, respectively. The said underdrawl / overdrawl is on account of variation in demand of consumers as against the estimation by the Distribution Licensee. It has been scrutinised and it appears that the same has happened on account of real-time variation, which couldn't be planned.
- 5.6 **Sale of Surplus Power:** EON I has sold surplus power to the extent of 2.43 MU, 3.57 MU and 4.04 MU at Rs. 5.61/kWh, Rs. 4.70/kWh and Rs. 4.46 /kWh for the month of July-2024 to September-2024, respectively. With such sale of power, EON I has earned





Approval of FAC for the months of July, 2024 to September, 2024

revenue of Rs. 1.37 Crore, Rs. 1.68 Crore and Rs. 1.80 Crore for the aforementioned months. It is noted that EON I has sold surplus power to Biotech Services Private Limited – Hadapsar in the month of August 2024 and September 2024. EON I has submitted Lol for sale of surplus power at Rs. 5.00/kWh to Biotech Services Private Limited – Hadapsar. The Commission has raised the queries related to surplus power sold to Biotech Services Private Limited – Hadapsar. EON I submitted that it has sold surplus power through inter-discom trade on DSM portal in pursuant to “Para 6.3 of Statement of Reasons of DSM Regulations, 2019” which is reproduced below:

*“6. 3. .... Accordingly, the Commission has modified the provisions such that, such inter-se or bilateral sale / purchase of power on day to day basis may be undertaken by respective licensee entirely at the discretion and time block wise rate for settlement of such inter-se exchange of unrequisioned surplus power for load generation balance during day ahead scheduling may be mutually agreed.  
It is expected that these decisions shall be taken by the distribution licensees on the commercial principles.”*

Further, it has been observed that in the month of September, 2024, EON I has sold the surplus power at rate lower than the short-term bilateral contract with Solar and Non-Solar source or power procured from the power exchange, thus increasing the APPC rate and resulting in additional burden on the consumers. The Commission has raised queries related to the sale of surplus power at a rate lower than the short-term bilateral contract with a Solar and Non-Solar source. EON I submitted that it has opted to sell surplus power at the power exchange during periods of lower load and surplus power with EON I, irrespective of the rate, in order to prevent incurring additional DSM charges due to non-utilization of scheduled power beyond the permissible limit. Therefore, the Commission directs EON I to undertake necessary measures to prevent burdening consumers within its licensee area by accurately scheduling power from available sources. At present the Commission has considered the sale of surplus power cost on provisional basis. However, the Commission directs EON-I to submit the detailed justification at the time to submission of MYT Petition.

5.7 **Approved Cost:** The details of the overall cost approved as per MTR Order and actual for the months from July, 2024 to September, 2024 is as shown in the **Error! Reference source not found.** below:

**Table 2: Approved Actual Power Purchase cost for EON I for the month from July 2024 to September 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
Short term Power Purchase	<b>Approved</b>	<b>5.10</b>	<b>0.00</b>	<b>0.00</b>	<b>2.76</b>	<b>5.40</b>	<b>2.76</b>	<b>5.40</b>
	Jul-24	-	-	-	-	-	-	-
	Aug-24	-	-	-	-	-	-	-
	Sep-24	-	-	-	-	-	-	-
Solar	<b>Approved</b>	<b>0.92</b>	<b>0.00</b>	<b>0.00</b>	<b>0.45</b>	<b>4.91</b>	<b>0.45</b>	<b>4.91</b>





Approval of FAC for the months of July, 2024 to September, 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
Purchase	Jul-24	0.34	-	-	0.17	4.90	0.17	4.90
	Aug-24	0.45	-	-	0.22	4.88	0.22	4.88
	Sep-24	0.41	-	-	0.20	4.90	0.20	4.90
	<b>Approved</b>	<b>0.78</b>	<b>0.00</b>	<b>0.00</b>	<b>0.38</b>	<b>4.90</b>	<b>0.38</b>	<b>4.90</b>
Non-Solar Purchase	Jul-24	5.89	-	-	2.70	4.59	2.70	4.59
	Aug-24	6.68	-	-	3.09	4.62	3.09	4.62
	Sep-24	7.25	-	-	3.36	4.64	3.36	4.64
	<b>Approved</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Power Exchange	Jul-24	0.16	-	-	0.06	3.56	0.06	3.56
	Aug-24	0.16	-	-	0.07	4.25	0.07	4.25
	Sep-24	0.01	-	-	0.01	4.98	0.01	4.98
	<b>Approved</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Deviation Quantum	Jul-24	(0.05)	-	-	(0.01)	1.39	(0.01)	1.39
	Aug-24	0.07	-	-	0.03	4.41	0.03	4.41
	Sep-24	0.04	-	-	0.02	5.78	0.02	5.78
	<b>Approved</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
SLDC Fees	Jul-24	-	0.005				0.005	0.00
	Aug-24	-	0.005				0.005	0.00
	Sep-24	-	0.005				0.005	0.00
	<b>Approved</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Sale of Surplus power	Jul-24	(2.43)	-	-	(1.37)	5.61	(1.366)	5.61
	Aug-24	(3.57)	-	-	(1.68)	4.70	(1.680)	4.70
	Sep-24	(4.04)	-	-	(1.80)	4.46	(1.801)	4.46
	<b>Approved</b>	<b>6.80</b>	<b>0.00</b>	<b>0.00</b>	<b>3.59</b>	<b>5.28</b>	<b>3.59</b>	<b>5.28</b>
Total	Jul-24	3.90	0.005	-	1.55	3.97	1.55	3.98
	Aug-24	3.78	0.005	-	1.72	4.55	1.73	4.57
	Sep-24	3.68	0.005	-	1.80	4.87	1.80	4.89

5.8 Considering the above, the Commission allows the average power purchase cost of Rs. 3.98/kWh, Rs. 4.57/kWh, and Rs. 4.89/kWh for the respective months of July, 2024 to September, 2024 as shown in Table 2 above. The variation in power purchase cost was on the lower side during Q2 of FY 2024-25 i.e., from July 2024 to September 2024 due to a higher quantum of power procured through bilateral contracts for solar and hydro power, obtained through competitive bidding at rates lower than those approved in the MTR Order of 31 March 2023.

**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 month from July, 2024 to September, 2024 as shown in Table 3 below. 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. 235 of 2022 to arrive at the differential per unit rate at which Z<sub>FAC</sub> is to be passed on to the consumers.



Approval of FAC for the months of July, 2024 to September, 2024

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 from July, 2024 to September, 2024.

**Table 3: FAC on account of Power Purchase Cost**

Sr. No.	Particulars	Units	July, 24	Aug, 24	Sept, 24
1	Average power purchase cost approved by the Commission	Rs. /kWh	5.28	5.28	5.28
2	Actual average power purchase cost	Rs. /kWh	3.98	4.57	4.89
3	Change in average power purchase cost (=2 -1)	Rs. /kWh	(1.29)	(0.71)	(0.39)
4	Net Power Purchase	MU	3.90	3.78	3.68
5	Change in power purchase cost (=3 x 4/10)	Rs. Crore	(0.50)	(0.27)	(0.14)

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

7.1 There is no past adjustment for over recovery/under recovery for the months from July 2024 to September 2024. The adjustment, if any, will be included as part of the next FAC filing.

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 July 2024 to September 2024.

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”:*

*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:





Approval of FAC for the months of July, 2024 to September, 2024

**Table 4: Disallowance of FAC due to excess Distribution Loss**

Sr. No.	Particulars	Units	Approved in Tariff Order	July, 2024	August, 2024	September, 2024
1	Net Energy input at Distribution Voltages	MU	6.59	3.66	3.58	3.49
2	Energy sales at Distribution voltages	MU	6.42	3.61	3.48	3.38
3	Distribution Loss (1 - 2)	MU	0.17	0.05	0.10	0.11
4	Distribution Loss as % (3/1)	%	2.50%	1.27%	2.68%	3.13%
5	Annual Sliding Distribution Loss	%		0.23%	0.33%	0.64%
6	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	-	-	-
7	<b>Disallowance of FAC due to excess Distribution Loss</b>	<b>Rs. Crore</b>	-	-	-	-

9.3 As seen from the above Table 4, Standalone distribution loss for the months of July 2024, August 2024 and September 2024 are 1.27%, 2.68% and 3.13%, respectively, which is lower than the approved distribution loss of 2.50%.

9.4 Also, the annual sliding distribution loss for the month July 2024, August 2024 and September 2024 is 0.23%, 0.33% and 0.64% respectively against the approved distribution loss of 2.50%. EON 1 in its earlier submission has stated that due to the reason that the majority of consumers are categorized as LT consumers but are billed under the HT tariff, wherein transformer losses are included in the monthly billing for consumers falling within this category and certain DSM invoice in FY 2023-24 is yet to be revised resulting in distribution loss being negative for certain months resulting in lower sliding distribution loss. The Commission in its earlier FAC order has directed to provide the assessment of impact of the same in MYT Petition.

9.5 Further, as the FAC is negative for the month of July 2024 to September 2024 respectively, no disallowance of FAC due to excess distribution loss has been considered.

## 10. Summary of Allowable Z<sub>FAC</sub>

10.1 The summary of the FAC amount as approved by the Commission for the months from July 2024 to September 2024 as shown in the Table 5 below.

**Table 5: Summary of Allowable Z<sub>FAC</sub>**

S. No.	Particulars	Units	Jul-24	Aug-24	Sept-24
<b>1.0</b>	<b>Calculation of Z<sub>FAC</sub></b>				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.50)	(0.27)	(0.14)
1.2	Carrying / Holding cost for over-recovery/under-recovery (C)	Rs. Crore	-	-	-
1.3	Adjustment factor for over-recovery/under-recovery (B)	Rs. Crore	-	-	-
<b>1.4</b>	<b>Z<sub>FAC</sub> = F+C+B</b>	<b>Rs. Crore</b>	<b>(0.50)</b>	<b>(0.27)</b>	<b>(0.14)</b>



Approval of FAC for the months of July, 2024 to September, 2024

S. No.	Particulars	Units	Jul-24	Aug-24	Sept-24
<b>2.0</b>	<b>Calculation of per Unit FAC</b>				
2.1	Energy Sales within the License Area	MU	3.61	3.48	3.38
2.2	Excess Distribution Loss	MU	-	-	-
2.3	ZFAC per kWh	Rs./kWh	(1.40)	(0.77)	(0.43)
2.4	ZFAC Charged per kWh		-	-	-
2.5	Cap at 20% of variable component of tariff	Rs./kWh	1.31	1.31	1.31
2.6	FAC Charge allowable (Minimum of 2.3 and 2.4)	Rs./kWh	(1.40)	(0.77)	(0.43)
<b>3.0</b>	<b>Allowable FAC</b>				
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	(0.50)	(0.27)	(0.14)
<b>4.0</b>	<b>Utilization of FAC Fund</b>				
4.1	Opening Balance of FAC Fund	Rs. Crore	(1.11)	(1.62)	(1.90)
4.1a	Carrying / (Holding) Cost on FAC Fund	Rs. Crore	(0.00)	(0.01)	(0.01)
4.1b	Net Opening Balance of FAC Fund	Rs. Crore	(1.11)	(1.63)	(1.91)
4.2	ZFAC for the month (Sr. N. 3.2)	Rs. Crore	(0.50)	(0.27)	(0.14)
4.3	Closing Balance of FAC Fund	Rs. Crore	(1.62)	(1.90)	(2.05)
4.4	ZFAC leviable/refundable to consumer	Rs. Crore	-	-	-
<b>5.0</b>	<b>Total FAC based on category wise and slab wise allowed to be recovered</b>	<b>Rs. Crore</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6.0</b>	<b>Carried forward FAC for recovery during future period (4.4-5.0)</b>	<b>Rs. Crore</b>	<b>-</b>	<b>-</b>	<b>-</b>

10.2 It can be seen from the above Table 7 that standalone FAC for the month of July 2024, August 2024 and September 2024 is Rs. (0.50) Crore, Rs. (0.27) Crore and Rs. (0.14) Crore respectively.

10.3 Based on energy sales and distribution loss, FAC per unit, being negative, has been worked out as Rs. (1.40)/kWh, (0.77)/kWh and Rs. (0.43)/kWh for the month of July 2024, August 2024 and September 2024, respectively as shown above.

10.4 Since total cumulative FAC of Rs. 2.05 Crore as on September 2024 is negative, it shall be accumulated in the FAC Stabilisation fund as stipulated in MTR order date 31 March, 2022 in Case No. 236 of 2022 and as specified in para 2.3 of this approval.

10.5 Accordingly, the Commission allows Rs. (1.62) Crore, Rs. (1.90) Crore and Rs. (2.05) Crore as closing balance for the month of July 2024 to September 2024 respectively in FAC stabilisation fund. Accordingly, there is no FAC leviable on the consumers as on September 2024 and the said amount will be accumulated in the FAC Stabilisation fund.

**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.





Approval of FAC for the months of July, 2024 to September, 2024

*“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 Accordingly, the Commission allows the cumulative FAC amount of Rs. (2.05) Crore till September 2024 to be accumulated as FAC Fund and shall be carried forward to the next billing cycle with holding cost.
- 11.3 The Commission in the MTR Order dated 31<sup>st</sup> March 2023 had held that negative FAC amount may be carried forward to the next FAC billing cycle with holding cost. Such carry forward of negative FAC shall be continued till next tariff determination process. Accordingly, the Commission allows the FAC amount of Rs. (2.05) Crore for the month of September, 2024 to be considered as opening balance of FAC fund and shall be carried forward to the next billing cycle with holding cost.
- 11.4 **In view of the above, the per unit  $Z_{FAC}$  for the month till September 2024 to be levied on the consumers of EON-I in the billing month of December 2024 is Nil.**



