महाराष्ट्र विद्युत नियामक आयोग
Maharashtra Electricity Regulatory Commission

सत्यमेव जयते

Ref. No. MERC/FAC/2024-25/EON-II/Q4/ 380 **Date: 18 June, 2025**

To,
EON Kharadi Infrastructure Private Limited (EON SEZ Phase II)
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 II for the months of January 2025 to March 2025.

Reference:

1. EON II FAC submission for the month of January 2025 to March 2025 vide email dated 08 May, 2025.
2. Data gaps communicated to EON II vide email dated 14 May, 2025.
3. EON II's response to data gaps on 16 May, 2025.

Sir,

Upon vetting the FAC calculations for the months of January 2025 to March 2025 as mentioned in the above reference, the Commission has accorded approval for FAC Amount and the FAC fund as shown in the table below:

Month	January 25	February 25	March 25
Z_{FAC} allowed for recovery (Rs. Cr)	(0.14)	(0.09)	(0.15)
Cumulative FAC for recovery (Rs. Cr)	(2.35)	(2.45)	(2.63)

The Commission allows the accumulation of total FAC amount of Rs. (2.63) Crore as on 31 March 2025. As FY 2024-25 is already over and Provisional Truing-up of FY 2024-25 has also been done by the Commission in the recent MYT Order dated 28 March, 2025, the revised power purchase cost resulting in FAC is already adjusted in the said MYT Order. Accordingly, the FAC chargeable to consumers is as shown in the table below:

Month	January 2025 to March 2025
Z_{FAC} allowed for recovery (Rs. Crore)	Nil

EON II 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,

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
॥ आदित्य इदम् ॥

(Dr. Rajendra G. Ambekar)
Secretary, MERC

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Approval of FAC for the months of January 2025 to March 2025

Encl: Annexure A: Detailed Vetting Report for the period of January 2025 to March 2025.

ANNEXURE
Detailed Vetting Report

Date: 18 June, 2025

POST-FACTO APPROVAL FOR FAC CHARGES FOR THE MONTHS OF JANUARY, 2025 TO MARCH, 2025

Subject: Post-facto approval of Fuel Adjustment Charges (FAC) submissions of EON II for the months of January 2025 to March 2025.

Reference:

1. EON II FAC submission for the month of January 2025 to March 2025 vide email dated 08 May, 2025
2. Data gaps communicated to EON II vide email dated 14 May, 2025.
3. EON II's response to data gaps on 16 May, 2025.

1. FAC submission by EON II:

1.1 M/s. EON Kharadi Infrastructure Private Limited II (hereafter "EON II") has made FAC submissions for the months of January'2025 to March'2025 as referred above. Upon vetting the FAC calculations for the months of January 2025 to March 2025 as mentioned in the above reference, the Commission has accorded approval to EON II for standalone FAC Amount of (0.14) Crore, Rs. (0.09) Crore and Rs. (0.15) Crore for the respective months of January'2025, February'2025 and March'2025, respectively. The approved closing balance of FAC fund as on March, 2025 is Rs. (2.63) Crore. The approved FAC amount is adjusted at the time of Provisional Truing-up of FY 2024-25 in the MYT Order dated 28 March, 2025.

2. Background

2.1 On 31 March, 2023 the Commission has issued Tariff Order in respect of EON II (Case No. 236 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

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 4th Control Period, Distribution Licensees including SEZs (Deemed Distribution Licensee) 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 Q3 of FY 2024-25 was issued on 29 April 2025. Further, vide its email dated 08 May, 2025, EON II has filed FAC for the month of January, 2025 to March, 2025 for post facto approval. The data gaps were identified by the Commission during the FAC submission review and sent to EON II on 14 May, 2025. EON II responded to these data gaps on 16 May, 2025. Accordingly, EON II filed revised FAC submission from January, 2025 to March, 2025 on 16 May, 2025.

2.6 The Commission has scrutinized the submissions provided by EON II 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 II in the FAC submission and as approved by the Commission in Case No. 236 of 2022 are as shown in the Table 1 below:

Table 1: Energy Sales Approved and Actual in MU

Consumer Category	Approved by the Commission (MU)	Monthly Approved (MU)	Actual Sales (January, 2025) (MU)	Actual Sales (February, 2025) (MU)	Actual Sales (March, 2025) (MU)
	(I)	(II=I/12)	(III)	(IV)	(V)
HT Category					
HT I -Industry	37.50	3.125	1.791	1.737	2.007
LT Category					
LT II A – Commercial (0-20 kW)	0.00	0.00	0.005	0.005	0.006
LT II B – Commercial (above 20 kW)	0.00	0.00	0.010	0.000	0.000
LT V (A) Industry up to 20 kW	0.39	0.03	0.010	0.010	0.012
LT V (B) Industry above 20 kW	1.13	0.09	0.138	0.114	0.098
LT VI: LT Electric Vehicle Charging Station	0.00	0.00	0.003	0.003	0.006
Total	**39.025**	**3.252**	**1.958**	**1.869**	**2.130**

3.2 It can be observed from above Table 1 that the actual sales during the month January, 2025 to March, 2025 is lower by 35% to 43% for the aforementioned months compared to the approved energy sales of 3.25 MU per month for the FY 2024-25. It is also observed that the actual sales numbers varies vis-à-vis approved energy sales with major variation in HT-I Industry, LT V-A Industry up to 20 kW and LT V - B Industry above 20 kW.

4. Power Purchase Details

4.1 EON II is a deemed distribution licensee notified by the Commission for IT & ITES SEZ located at MIDC Knowledge Park- Kharadi, Pune, Maharashtra Yerwada, Pune. EON II does not own or operate any generating stations. Accordingly, EON II 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. 236 of 2022 noted that EON II intends to tie up with a new short-term source of power for FY 2023-24 and FY 2024-25. EON II 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) for 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 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-*

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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 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 II.

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

<table>
<tr><th>Sr. No.</th><th>Particular</th><th>Compliance</th></tr>
<tr><td>1</td><td>Purchase from Approved Sources</td><td>The Commission in the MTR Order dated 31 March, 2023 in Case No. 236 of 2022 has considered power purchase expenses as per prevalent market conditions and allowed procurement of short-term conventional power for FY 2023-24 and FY 2024-25 @Rs. 5.40/kWh and renewable power @Rs. 4.90/kWh.
EON II has procured power under short term bilateral contract from solar/wind/hydro generators and power exchange in the months of January, 2025 to March, 2025.</td></tr>
<tr><td>2</td><td>Merit Order Dispatch</td><td>EON II has procured power on short term basis. EON II has followed merit order for scheduling of power and preference was given to cheapest power. Further, EON II met its peak power requirement through power procurement from power exchange.</td></tr>
<tr><td>3</td><td>Fuel Utilization Plan</td><td>Not applicable.</td></tr>
<tr><td>4</td><td>DSM Pool</td><td>EON II has overdrawn / underdrawn as per following table<table>
<tr><th>Months</th><th>Deviation units in MU</th></tr>
<tr><td>January 2025</td><td>0.010 Over drawl</td></tr>
<tr><td>February 2025</td><td>(0.024) Under drawl</td></tr>
<tr><td>March 2025</td><td>0.086 Over drawl</td></tr>
</table></td></tr>
<tr><td>5</td><td>Sale of Surplus Power</td><td>EON II has sold surplus power as per details given below:<table>
<tr><th>Months</th><th>Surplus sale of Power in MU</th></tr>
<tr><td>January 2025</td><td>(0.943)</td></tr>
<tr><td>February 2025</td><td>(0.372)</td></tr>
<tr><td>March 2025</td><td>(0.670)</td></tr>
</table></td></tr>
</table>

Approval of FAC for the months of January 2025 to March 2025

Sr. No.	Particular	Compliance
6	Power Purchase	Actual Net Power Purchase for January 2025 to March 2025 were 2.195 MU, 2.091 MU and 2.429 MU respectively as against approved 3.48 MU due to lower sales.
7	Source wise Power Purchase	

Source Name	Approved (MU)	Jan,2025	Feb, 2025	Mar, 2025
		Actual (MU)	Actual (MU)	Actual (MU)
New Short-term Source	2.613	-	-	-
Solar Purchase	0.401	0.168	0.221	0.244
Non-Solar Purchase	0.470	2.856	1.999	2.747
Power Exchange	0.00	0.104	0.268	0.022
DSM Pool	0.00	0.010	(0.024)	0.086
Surplus Sale	0.00	(0.943)	(0.372)	(0.670)
Total	**3.484**	**2.195**	**2.091**	**2.429**

5. Power Purchase Cost:

5.1 The Commission has scrutinised the bills/invoices submitted for power purchase during the month from January, 2025 to March, 2025, to verify the claim of EON II 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 II has submitted that it has floated 3 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. Accordingly, EON II has procured power through power exchange and also entered into bilateral power purchase agreement with 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 generator viz., RYB Power Electricals Private Limited for the period from January 2025 to December 2025 at Rs. 3.75/kWh.

5.3 **Power Procurement from Exchange**: EON II has procured 0.104 MU, 0.268 MU and 0.022 MU at the rate of Rs. 4.97/kWh, Rs. 5.46/kWh and Rs. 4.98/kWh from the Power Exchange from DAM and RTM products to meet the base and peak power requirement in January, 2025, February, 2025 and March, 2025, respectively. The Power procurement from Power Exchange was not envisaged in the MTR Petition in Case No. 236 of 2022 while computing the APPC of Rs. 5.29/kWh. The power so procured by EON II from Power Exchange is lower from APPC i.e., Rs. 5.28/kWh in the month of January 2025 to March 2025, however in the month of February 2025 Power Exchange is higher from APPC due to higher rates discovered on power exchange. However, the weighted average power procurement route for Quarter 4 of FY 2024-25 is Rs. 4.01/kWh which is lower than the approved APPC of Rs. 5.29/kWh. Also, this source contributed to 4.75%, 12.66% and 0.95% of the total power procurement (excluding DSM variation) for the month of January-25 to March-25, respectively.

5.4 **Renewable Sources:** EON II has procured 2.856 MU, 1.961 MU and 2.718 MU for the month of January 2025, February 2025 and March 2025, respectively at Rs. 4.69/kWh, Rs. 4.66/kWh and Rs. 4.66/kWh through a short-term bilateral contract with hydro generator tied up pursuant to competitive bidding undertaken by it from Mahalaxmi Vidyut Private Limited (July, 2024 to July, 2025 at the rate of Rs. 4.70/kWh) and Mohite Industries Limited (April, 2024 to March, 2025 at the rate of Rs. 4.55/kWh) respectively. Additionally, EON II has procured 0.168 MU, 0.188 MU and 0.191 MU at Rs. 3.75/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 (January 2025 to December 2025 at Rs. 3.75/kWh). EON II has intimated the Commission regarding the purchase of solar power from RYB Power Electricals Private Limited, respectively. Further, EON II procured 0.033 MU and 0.053 MU of solar power at rates of Rs. 5.21/kWh and Rs. 1.39/kWh for February 2025 and March 2025, respectively, and 0.037 MU and 0.028 MU of non-solar power at the same rates from the power exchange through GDAM in February 2025 and March 2025, respectively.

The Commission in MTR Order has approved power purchase quantum of 4.81 MU and 5.64 MU and approved yearly cost of Rs. 2.36 Crore and Rs. 2.77 Crore for solar and non-solar power, respectively, during FY 2024-25 at approved tariff of Rs. 4.90/kWh for both sources. Accordingly, the monthly power purchase quantum of 0.401 MU and 0.470 MU has been approved, along with monthly cost of Rs. 0.20 Crore and Rs. 0.23 Crore for solar and non-solar power, respectively, during FY 2024-25. It has been observed that in the month of January, 2025 to March, 2025, EON II has procured renewable solar power (including procurement from power exchange) of 0.168 MU, 0.221 MU and 0.244 MU, respectively at weighted average rate of Rs. 3.75/kWh, Rs. 3.97/kWh and Rs. 3.24/kWh, respectively, and Non-solar power (including procurement from power exchange) of 2.856 MU, 1.999 MU and 2.747 MU at Rs. 4.69/kWh, Rs. 4.67/kWh and Rs. 4.63/kWh, respectively which is at lower than the approved cost by the Commission of Rs. 4.90/kWh from January 2025 to March, 2025. However, the weighted average cost of power procurement from Renewable source for Quarter 4 of FY 2024-25 is Rs. 4.58/kWh which is 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 II and found to be in order.

5.5 **Deviation Quantum and Cost:** It is seen that EON II has overdrawn 0.010 MU and 0.086 MU in January 2025 and March 2025 and underdrawn 0.024 MU in February, 2025, 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 II has sold surplus power to the extent of 0.943 MU, 0.372 MU and 0.670 MU at Rs. 4.73/kWh, Rs. 4.11/kWh and Rs. 4.05/kWh for the month of January, 2025, February, 2025 and March, 2025, respectively. With such sale of power, EON II has earned revenue of Rs. 0.45 Crore, Rs. 0.15 Crore and Rs. 0.27 Crore. It is noted that EON II sold surplus power to Power Exchange and Biotech Services Private Limited – Manjari in the month of January 2025, February 2025 and March 2025. With respect to power sold to Biotech Services Private Limited, EON II has submitted LoI for sale of surplus power at Rs. 5.00/kWh to Biotech Services Private Limited – Manjari. The Commission has raised the queries related to surplus power sold to Biotech Services Private Limited – Manjari. EON II 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 unrequisitioned 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 January 2025 and February 2025, EON II has sold the surplus power at rate lower than the short term bilateral contract or power procured from the power exchange in certain months, 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. EON II submitted that it has opted to sale surplus power at the power exchange during periods of lower load and surplus power with EON II, 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 II 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-II 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 month from January, 2025 to March, 2025 is as shown in the Table 2**

below:

Table 2: Approved Actual Power Purchase cost for EON II for the month from January, 2025 to March, 2025

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	**Approved**	**2.613**	**0.00**	**0.00**	**1.41**	**5.40**	**1.41**	**5.40**
	Jan-25	-	-	-	-	-	-	0.00
	Feb-25	-	-	-	-	-	-	0.00
	Mar-25	-	-	-	-	-	-	0.00
Solar Purchase	**Approved**	**0.401**	**0.00**	**0.00**	**0.20**	**4.91**	**0.20**	**4.91**
	Jan-25	0.168	-	-	0.06	3.75	0.06	3.75
	Feb-25	0.221	-	-	0.09	3.97	0.09	3.97
	Mar-25	0.244	-	-	0.08	3.24	0.08	3.24
Non-Solar Purchase	**Approved**	**0.470**	**0.00**	**0.00**	**0.23**	**4.91**	**0.23**	**4.91**
	Jan-25	2.856	-	-	1.34	4.69	1.34	4.69
	Feb-25	1.999	-	-	0.93	4.67	0.93	4.67
	Mar-25	2.747	-	-	1.27	4.63	1.27	4.63
Power Exchange	**Approved**	**0.000**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Jan-25	0.104	-	-	0.05	4.97	0.05	4.97
	Feb-25	0.268	-	-	0.15	5.46	0.15	5.46
	Mar-25	0.022	-	-	0.01	4.98	0.01	4.98
Deviation Quantum	**Approved**	**0.000**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Jan-25	0.010	-	-	0.01	9.26	0.01	9.26
	Feb-25	(0.024)	-	-	(0.01)	2.36	(0.01)	2.36
	Mar-25	0.086	-	-	0.03	4.02	0.03	4.02
SLDC Fees	**Approved**	**0.000**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Jan-25	-	0.004	-		-	0.004	0.00
	Feb-25	-	0.004	-		-	0.004	0.00
	Mar-25	-	0.004	-		-	0.004	0.00
Sale of Surplus power	**Approved**	**0.000**	**0.00**	**0.00**	**-**	**0.00**	**0.00**	**0.00**
	Jan-25	(0.943)	-	-	(0.45)	4.73	(0.45)	4.73
	Feb-25	(0.372)	-	-	(0.15)	4.11	(0.15)	4.11
	Mar-25	(0.670)	-	-	(0.27)	4.05	(0.27)	4.05
Total	**Approved**	**3.484**	**0.00**	**0.00**	**1.84**	**5.28**	**1.84**	**5.28**
	Jan-25	2.195	-	-	1.02	4.65	1.02	4.65
	Feb-25	2.091	-	-	1.01	4.84	1.01	4.84
	Mar-25	2.429	-	-	1.13	4.64	1.13	4.64

5.8 Considering the above, the Commission allows the average power purchase cost of Rs. 4.65/kWh, Rs. 4.84/kWh and Rs. 4.64/kWh for the respective months of January, 2025 to

March, 2025 as shown in Table 2 above. The Commission vide its MTR Order dated 31 March, 2022 in Case No. 236 of 2022, has approved the Average Power Purchase Cost as Rs. 5.28/kWh for the FY 2024-25. The variation in the power purchase cost is on the lower side in the month of January, 2025 to March, 2025 due to higher power quantum procured through bilateral contract entered for procurement of solar, wind and hydro power through competitive bidding at lower rate than approved in MTR Order.

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 January, 2025 to March, 2025 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. 236 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 from January, 2025 to March, 2025.

Table 3: FAC on account of Power Purchase Cost

C	Particulars	Units	Jan, 25	Feb, 25	Mar, 25
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	4.65	4.84	4.64
3	Change in average power purchase cost (=2 -1)	Rs. /kWh	(0.63)	(0.43)	(0.63)
4	Net Power Purchase	MU	2.19	2.09	2.43
5	**Change in power purchase cost (=3 x 4/10)**	**Rs. Crore**	**(0.14)**	**(0.09)**	**(0.15)**

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

7.1 There is no past adjustment for over recovery/under recovery for the months from January 2025 to March 2025.

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 from January, 2025 to March, 2025.

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:

Table 4: Disallowance of FAC due to excess Distribution Loss

Sr. No.	Particulars	Units	Monthly Approved in Tariff Order	January, 2025	February, 2025	March, 2025
1	Net Energy input at Distribution Voltages	MU	3.373	2.11	2.00	2.31
2	Energy sales at Distribution voltages	MU	3.252	1.96	1.87	2.13
3	Distribution Loss (1 - 2)	MU	0.121	0.15	0.14	0.18
4	Distribution Loss as % (3/1)	%	3.60%	6.99%	6.79%	7.71%
5	Annual Sliding Distribution Loss	%		6.70%	6.77%	6.88%
6	Excess Distribution Loss = [Actual Distribution Loss (4) - Distribution loss approved] x Net Energy Input (1)	MU	-	0.08	0.06	0.07
7	**Disallowance of FAC due to excess Distribution Loss**	**Rs. Crore**	-	-	-	-

9.3 As seen from the above Table 4, standalone distribution loss for the months of January 2025 to March 2025 is 6.99%, 6.79% and 7.71% respectively, which is higher than the approved distribution loss of 3.60%. In response to query raised by the Commission in respect of higher standalone distribution loss for the month from January 2025 to March 2025, EON II submitted that due to load on transformer is at the lower side (only 20% loading factor) as most off the offices are working on hybrid mode and also current distribution losses are technical in nature whereby losses are calculated at actuals.

9.4 Also, the annual sliding distribution loss for the month from January 2025 to March 2025 is 6.70%, 6.77% and 6.88%, respectively against the approved distribution loss of 3.50%.

9.5 Further, as the FAC is negative for the month of January 2025 to March 2025 respectively, no disallowance of FAC due to excess distribution loss has been considered.

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10. Summary of Allowable Z_{FAC}

10.1 The summary of the FAC amount as approved by the Commission for the month from January 2025 to March 2025 as shown in the Table 5 below.

Table 5: Summary of Allowable Z_{FAC}

S. No.	Particulars	Units	Jan-25	Feb-25	Mar-25
1.0	**Calculation of ZFAC**				
1.1	Change in cost of generation and power purchase attributable to Sales within the License Area (F)	Rs. Crore	(0.14)	(0.09)	(0.15)
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	**ZFAC = F+C+B**	**Rs. Crore**	**(0.14)**	**(0.09)**	**(0.15)**
2.0	**Calculation of per Unit FAC**				
2.1	Energy Sales within the License Area	MU	1.96	1.87	2.13
2.2	Excess Distribution Loss	MU	-	-	-
2.3	ZFAC per kWh	Rs./kWh	(0.71)	(0.48)	(0.72)
2.4	ZFAC Charged per kWh				
2.5	Cap at 20% of variable component of tariff	Rs./kWh	1.53	1.53	1.53
2.6	FAC Charge allowable (Minimum of 2.3 and 2.4)	Rs./kWh	(0.71)	(0.48)	(0.72)
3.0	**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	(0.14)	(0.09)	(0.15)
4.0	**Utilization of FAC Fund**				
4.1	Opening Balance of FAC Fund	Rs. Crore	(2.19)	(2.35)	(2.45)
4.1a	Holding Cost on FAC Fund	Rs. Crore	(0.02)	(0.02)	(0.02)
4.1b	Net Opening Balance of FAC Fund	Rs. Crore	(2.21)	(2.36)	(2.47)
4.2	ZFAC for the month (Sr. N. 3.2)	Rs. Crore	(0.14)	(0.09)	(0.15)
4.3	Closing Balance of FAC Fund	Rs. Crore	(2.35)	(2.45)	(2.63)
4.4	ZFAC leviable/refundable to consumer	Rs. Crore	-	-	-
5.0	**Total FAC based on category wise and slab wise allowed to be recovered**	**Rs. Crore**	-	-	-
6.0	**Carried forward FAC for recovery during future period (4.4-5.0)**	**Rs. Crore**	-	-	-

10.2 It can be seen from the above Table 5, that the standalone FAC for the month of January 2025 to March 2025 is Rs. (0.14) Crore, Rs. (0.09) Crore and Rs. (0.15) Crore, respectively.

10.3 Based on energy sales and excess distribution loss, FAC per unit has been worked out as Rs. (0.71)/kWh, Rs. (0.48)/kWh and Rs. (0.72)/kWh for the months of January 2025 to March 2025 respectively as shown above.

10.4 Since the total cumulative FAC of Rs. 2.63 Crore as on March 2025 is negative, it shall be accumulated in the FAC Stabilisation fund as stipulated in the MTR Order dated 31 March, 2023 in Case No. 236 of 2022 and as specified in para 2.3 of this approval.

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10.5 Accordingly, the Commission allows Rs. (2.35) Crore, Rs. (2.45) Crore and Rs. (2.63) Crore as closing balance for the month of January 2025 to March 2025 respectively in FAC stabilisation fund. Accordingly, there is no FAC leviable on the consumers as on March 2025 and the said amount will be accumulated in the FAC Stabilisation fund.

11. <u>Recovery from Consumers:</u>

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 approves standalone FAC amount of Rs. (0.14) Crore, Rs. (0.09) Crore and Rs. (0.15) Crore for the months of January 2025, February 2025 and March 2025 respectively.

11.3 The Commission in its approval for the month of December 2024 has allowed Rs. (2.19) Crore to be accumulated in the FAC Fund. Hence, the opening balance of FAC fund is Rs.

(2.19) Crore. The standalone FAC amount is being added to the FAC Fund and accordingly, the FAC Fund is Rs (2.63) Crore as on March, 2025.

11.4 As FY 2024-25 is already over and Provisional Truing-up of FY 2024-25 has also been done by the Commission in the recent MYT Order dated 28 March, 2025, the revised power purchase cost resulting in FAC is already adjusted in the said MYT Order. Accordingly, the FAC chargeable to consumers for January, 2025 to March, 2025 is Nil.

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