



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/TRF-129/IESCO-2009/2399-2401
September 9, 2010

Subject: Determination of the Authority in the matter of Petition filed by Islamabad Electric Supply Company Ltd. for Determination of Consumer-end Tariff for 4th Quarter (April - June 2010) of FY 2009-10 [Case # NEPRA/TRF-129/IESCO-2009(4)/4th Quarter]
Intimation of Determination of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

Dear Sir,

Please find enclosed the subject Determination of the Authority along with Annexure-I (13 pages) in Case No. NEPRA/TRF-129/IESCO-2009(4)/4th Quarter.

2. The Determination is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

3. Please note that revised Schedule of Tariff (Annex-I) annexed with determination needs to be notified in the official Gazette which will replace the Schedule-I of the SRO 856(I)/2010 dated 31st August, 2010.

Enclosure: As above

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.


(Syed Safer Hussain)



**NATIONAL ELECTRIC POWER REGULATORY
AUTHORITY
(NEPRA)**

PETITION NO: NEPRA/TRF-129/IESCO-2009

FOURTH QUARTER (APRIL-JUNE, 2010)

TARIFF DETERMINATION

FOR

ISLAMABAD ELECTRIC SUPPLY COMPANY

(IESCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

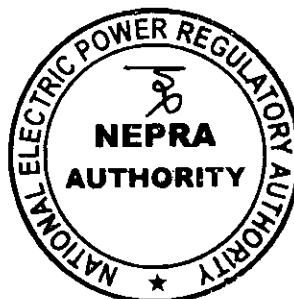
September 9, 2010





Abbreviations

APTMA	All Pakistan Textile Mills Association
CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
CPPA	Central Power Purchasing Agency
DISCO	Distribution Company
DM	Distribution Margin
FY	Financial Year
GOP	Government of Pakistan
GWh	Giga Watt Hours
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
O&M	Operation and Maintenance
PEPCO	Pakistan Electric Power Company
PPP	Power Purchase Price
PYA	Prior Year Adjustment
RAB	Regulatory Asset Base
RORB	Return on Rate Base
SRO	Statutory Regulatory Order
T&D	Transmission and Distribution
TOU	Time of Use
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month



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**Determination Of The Authority In The Matter Of Petition Filed By Islamabad
Electric Supply Company Ltd. (IESCO) For Determination Of Consumer End
Tariff For Quarter – IV (April - June 2010) of FY 2009-10**

CASE NO. NEPRA/TRF/129/IESCO-2009

PETITIONER

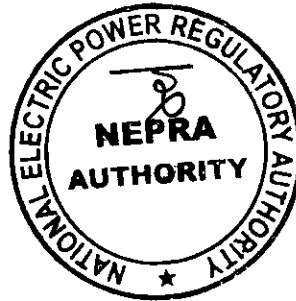
Islamabad Electric Supply Company Limited (IESCO) IESCO Headquarter, Street -
40, G-7/4, Islamabad.

INTERVENERS

None.

COMMENTATORS

None



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The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration the contents of the petition and the document and evidence submitted by the petitioner, hereby issues this determination.

Shaukat Ali Kundi

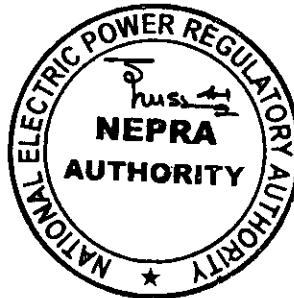
(Shaukat Ali Kundi) 07.09.2010
Member

Maqbool Ahmad Khawaja
(Maqbool Ahmad Khawaja)
Member

Zafar Ali Khan
(Zafar Ali Khan) 7/9/10
Member

Ghiasuddin Ahmed
(Ghiasuddin Ahmed) 7/9
Vice Chairman

Khalid Saeed
(Khalid Saeed)
Chairman



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1. Background and Brief History

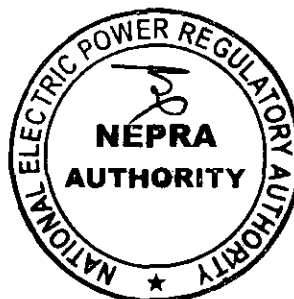
- 1.1 Islamabad Electric Supply Company Limited (IESCO) (hereinafter referred as “the Petitioner”) filed a petition for the determination of its consumer-end tariff pertaining to the 4th quarter (April- June 2010).
- 1.2 In its petition, the petitioner requested;
- To adjust the Consumer – End Tariff as per the proposed Schedule of Tariff;
 - To reconsider the sales target assessed for the FY 2009-10;
 - For rationalization of fixed charges to maintain consumer discipline; and
 - To make quarterly adjustment calculation, pursuant to the para. 9.4 of the Authority’s determination dated 9th December, 2009 with respect to PPP, T&D losses, DM and Prior quarter adjustments.
- 1.3 In terms of rule 4 of the Tariff Standards and Procedure Rules 1998 (hereinafter referred to as “Rules”), the Petition was admitted by the Authority and in compliance of the provisions of sub rules (5) & (6) of rule 4 of the Rules, notices of admission were sent to the parties which were considered to be affected or interested. The advertisement by publication of the title and brief description of the petition was also affected in the leading national newspapers on 24th July, 2010 inviting filing of reply, comments and filing of intervention requests by any interested person/parties within 15 days of the publication.

2 Filing of reply/intervention request/comments

- 2.1 In response to the notice of admission and advertisement thereof, neither reply of the petition was filed by any person nor did anybody opt to file intervention request or comments.
- 2.2 As per sub-rule (2) of rule 7 of the Rules, in the event the respondent or the intervener does not file a reply, the Authority may decide the petition on the basis of inter-alia, the documents and evidence submitted by the petitioner. In the instant case, since no reply, intervention request or comments were filed, therefore, the Authority considered it appropriate to decide the petition on the basis of available record. The findings of the Authority on the respective points raised in the petition are given as under:-

3. Petitioner’s reconsideration request on account of sales target assessed for the FY 2009-10.

- 3.1 The Petitioner in its Tariff Petition contended that its actual sales up to June 2010 (with one month forecasted units) would be approximately 7,600 GWh as against the sales target of 8,129 GWh for the FY 2009-10. The Petitioner in

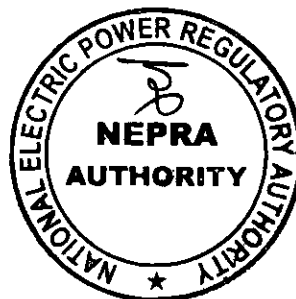


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its Tariff Petitions for the 2nd and 3rd quarters of the FY 2009-10 also raised this issue and had requested the Authority to reset the sales target to 7,993 GWh and 7,584 GWh respectively.

- 3.2 The Authority considers that the Petitioner's request for resetting its sales target is not valid because the quarterly adjustment mechanism takes care of any variation in sales against the target sales and the Company does not suffer on this account. Having cognizance of this fact that due to variation in units purchased and sold (based on the target T&D losses) against the reference purchases and sales would result in over/under recovery of Power Purchase Price (PPP), Distribution Margin (DM) and Prior Year Adjustment (PYA); the Authority makes necessary quarterly adjustments on this account. Accordingly, the impact of 348 GWh lesser purchases against the reference purchases is reflected in the PPP, whereby the impact of under recovery on account of DM and PYA due to 314 GWh lesser sales against the reference sales (based on target T&D losses), has been assessed separately and is being adjusted in the revenue requirement of the fourth quarter of the FY 2009-10. (This adjustment is further discussed in detail under para. 5)
4. **Petitioner's request for the Rationalization of fixed charges to maintain consumer discipline.**
- 4.1 Considering the nature of the issue, the Authority is of the opinion that this would be a principle decision affecting all the DISCOs in Pakistan. In Authority's opinion in order to make an informed decision the issue requires additional consultation with key stakeholders. In view thereof, the Authority has decided to address this issue while deciding the pending 1st quarterly tariff petition for the FY 2010-11.
5. **Petitioner's quarterly adjustment's calculation, pursuant to the para. 9.4 of the Authority's determination dated 9th December, 2009 with respect to PPP, T&D losses, DM and Prior quarter adjustments.**
- 5.1 **Adjustment with respect to Power Purchase Price (PPP)**
- 5.1.1 According to the existing mechanism, while giving monthly fuel cost adjustments, the impact of T&D losses is not accounted for and accordingly the same is accounted for on quarterly basis in addition to variation in PPP on account of Capacity payments and Use of System Charge. Accordingly, the Authority has assessed the impact of T&D losses Rs.171.74 million pertaining to the Fuel part of the PPP, which has not been passed on to the consumers in monthly fuel price adjustments. Similarly, the impact not passed on to the life line consumers has been assessed as Rs. 33.61 million. Combined together the overall quarterly impact



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of Energy purchase price (CpGenE) for the fourth quarter has been worked out as Rs. 204.36 million.

- 5.1.2 In the fourth quarter there was a decrease of Rs. 782.32 million in Generation Capacity Charge (CpGenCap), whereas the Use of System Charge (USCF) increased by Rs. 31.60 million.
- 5.1.3 During 4th quarter the Petitioner purchased 348 GWh less than the reference purchases of 2,586 GWh indicated in Annex – IV of the Authority’s determination dated 9th December 2009. The impact on this account has been worked out as Rs. 2,280 million that has necessitated the reduction in revenue requirement to this extent.
- 5.1.3 In view of all the above adjustments the overall downward adjustment in PPP has been assessed as Rs. 2,826.76 million for the 4th quarter of the FY 2009-10.

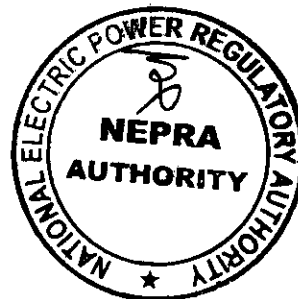
5.2 **Adjustment with respect to DM and PYA**

Consequent to the less sales as against the reference sales, the Petitioner could not recover Rs. 242.28 million and Rs. 210.96 million on account of DM and PYA during the 4th quarter of the FY 2009-10. This under recovery of revenue is also being accounted for while assessing the adjustment for the 4th quarter of the FY 2009-10.

5.3 **Revenue Requirement for the 4th quarter of the FY 2009-10.**

In order to assess the revenue requirement for the 4th quarter of the FY 2009-10 the revenue requirement determined in the 1st quarterly determination for the FY 2009-10 are to be adjusted keeping in view the already made monthly as well as quarterly adjustments. After incorporating the adjustments made so far the Authority has assessed Rs 18,475.90 million revenue requirement for the 4th Quarter. The Authority observed that on the basis of notified rates and subsequent monthly Fuel adjustments, the Petitioner recovered Rs 20,269.32 million during the quarter; thus, giving a revenue surplus of Rs.1,793.42 million. The Authority considers that the Petitioner could not cover its certain allowable costs. This surplus is being adjusted against the un-recovered cost for the FY 2009-10;

○ Annual Revenue Requirement	Rs. 70,813 million
○ Less: Impact of Quarterly PPP Adj. Qrt-I	Rs. 166 million
○ Less: Revenue earned in quarter – I	Rs. 17,932 million
○ Less; Revenue earned in quarter- II	Rs. 13,534 million
○ Add; Impact of Quarterly PPP Adj. Qrt-II	Rs. 87 million
○ Less, Impact of Quarterly PPP Adj. Qrt-III	Rs. 3,278 million





○ Less, Revenue earned in quarter- III	Rs. 14,688 million
○ Less, Impact of Quarterly PPP Adj. Qrt-IV	Rs. 2,827million
○ Less, Revenue earned in quarter- IV	Rs. 20,269 million
○ Add, un recovered costs during the year	Rs. 3,533 million
○ Less, impact of favorable consumer mix*	Rs. 1,706 million
○ Net Un recovered Costs for the FY 2009-10	Rs. 33 million

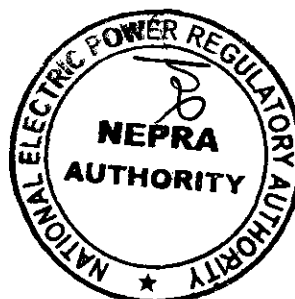
* the impact of consumer mix has been worked out on the basis of information provided by the Petitioner in FORM – 3. This amount would be revisited in the light of annual audited accounts pertaining to the FY 2009-10.

- As per the above working, Rs. 33 million would be the net un-recovered costs for the whole FY 2009-10. The Authority considers that since the year has already passed; therefore it is not possible to ensure recovery of this un-recovered cost during FY 2009-10. The Authority has accordingly decided to carry forward this amount in the next financial year. In view thereof the already notified Schedule of Tariff is not being altered.

6. ORDER

From what has been discussed above, the Authority hereby determines the tariff of the petitioner Company for the 4th Quarter of the Financial Year 2009-10 as under:-

- I. Islamabad Electric Supply Company (IESCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for IESCO annexed to the determination.
- II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA. Adjustment on account of T&D losses, variation in capacity and transmission charges will be considered in subsequent tariff determinations for the petitioner Company.
- III. IESCO is allowed to charge the users of its system a use of system charge (UOSC) equal to:



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- i) Where only 132 kV system is involved
$$UOSC = DM \times \frac{(1-L)}{(1-0.029)} \text{ Paisa / kWh}$$
- ii) Where only 11 kV distribution systems is involved.
$$UOSC = DM \times \frac{(1-L)}{(1-0.05)} \text{ Paisa / kWh}$$
- iii) Where both 132 kV and 11 kV distribution systems are involved.
$$UOSC = DM \times \frac{(1-L)}{(1-0.079)} \text{ Paisa / kWh}$$

Where:

Distribution Margin for FY 2009-10 is set at Paisa 7745/kWh. 'L' will be the overall percentage loss of 10.00% assessed for the FY 2009-10.

- V. The revised Schedule of Tariff annexed with determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act which will replace the Schedule -I of the SRO. 856 (1)2010 dated 31st August, 2010.

SCHEDULE OF ELECTRICITY TARIFFS FOR ISLAMABAD ELECTRIC SUPPLY COMPANY (IESCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-		2.00
	For Consumption exceeding 50 Units			
ii	001 - 100 Units	-		7.15
iii	101 - 300 Units	-		10.00
iv	301 - 700 Units	-		12.00
v	Above 700 Units	-		14.00
b)	For Sanctioned load 5 kW & above	-		
	Time Of Use	-	13.00	6.70

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

- a) Single Phase Connections: Rs. 75/- per consumer per month
 b) Three Phase Connections: Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
a)	For Sanctioned load less than 5 kW			13.00
b)	For Sanctioned load 5 kW & above	400.00		11.00
	Time Of Use	400.00	13.00	6.50

Under tariff A-2, there shall be minimum monthly charges at the following rates even if no energy is consumed.

- a) Single Phase Connections; Rs. 175/- per consumer per month
 b) Three Phase Connections: Rs. 350/- per consumer per month



**SCHEDULE OF ELECTRICITY TARIFFS
FOR ISLAMABAD ELECTRIC SUPPLY COMPANY (IESCO)**

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
B1	Less than 5 kW (at 400/230 Volts)	-	8.90	
B2(a)	5-500 kW (at 400 Volts)	400.00	8.00	
	Time Of Use			
B2(b)	5-500 kW (at 400 Volts)	400.00	13.00	6.50
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	12.90	6.25
B4	For All Loads (at 66,132 kV & above)	360.00	12.80	6.00

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

**C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE
AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSUMER CLASS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-	9.90	
b)	Sanctioned load 5 kW & up to 500 kW	400.00	8.75	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	8.65	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	8.55	
	Time Of Use			
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	13.00	6.50
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	12.90	6.25
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	12.80	6.00



**SCHEDULE OF ELECTRICITY TARIFFS
FOR ISLAMABAD ELECTRIC SUPPLY COMPANY (IESCO)**

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
D-1(a)	SCARP less than 5 kW	-		10.00
D-2	Agricultural Tube Wells	200.00		6.00
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	13.00	5.00

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
E-1(i)	Residential Supply	-		14.00
E-1(ii)	Commercial Supply	-		13.00
E-2	Industrial Supply	-		8.90

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

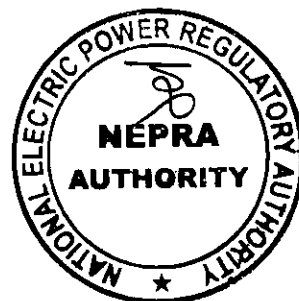
Note:

Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
	Street Lighting	-		13.00

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.



**SCHEDULE OF ELECTRICITY TARIFFS
FOR ISLAMABAD ELECTRIC SUPPLY COMPANY (IESCO)**

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
	Residential Colonies attached to industrial premises	-	13.00	

K - SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
1	Azad Jammu & Kashmir (AJK)	360.00	7.75	
	Time Of Use	360.00	Peak 13.00	Off-Peak 6.50
2	Rawat Lab		9.25	

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