



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/R/TRF-158/IESCO-2010/4548-4550

December 15, 2010

Subject: Determination of the Authority in the matter of Petition filed by Islamabad Electric Supply Company Ltd. for Determination of its Consumer end Tariff Pertaining to the 1st Quarter (July-September) of FY 2010-11 [Case # NEPRA/TRF-158/IESCO-2010 1st 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, II, III, IV & V (39 pages) in Case No. NEPRA/TRF-158/IESCO-2010 1st 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 only Order of the Authority at para 8 of the Determination along with Annexure-I (Fuel Price Adjustment Mechanism), Annex-III (Schedule of Electricity Tariff), Annex-IV (CpGenE, CpGenCap & USCF) and Annex-V (Terms and Conditions) needs to be notified in the official Gazette.

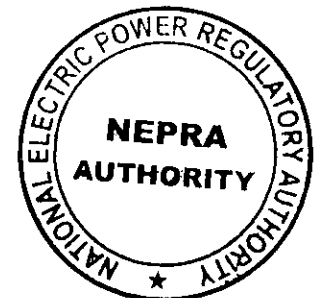
Enclosure: As above

(Syed Safer Hussain)

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

CC:

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



**National Electric Power Regulatory Authority
(NEPRA)**

PETITION NO: NEPRA/TRF- 158/ IESCO-2010

1st QUARTER (JULY-SEPTEMBER 2010)

TARIFF DETERMINATION

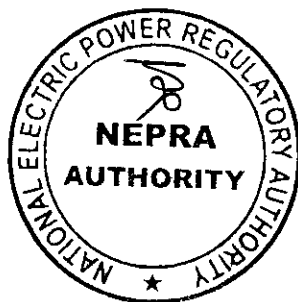
FOR

ISLAMABAD ELECTRIC SUPPLY COMPANY

(IESCO)

Islamabad

December 15, 2010

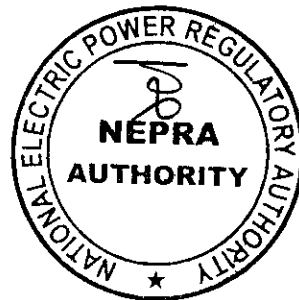


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ABBREVIATIONS

| | |
|----------|---|
| APTMA | All Pakistan Textile Mills Association |
| CpGenCap | The summation of the capacity cost in respect of all CpGencos (Cost procured from approved Generation Companies) 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 ITS CONSUMER END TARIFF PERTAINING TO THE 1st QUARTER (JULY-
SEPTEMBER) OF FY 2010-11

CASE NO. NEPRA/TRF/158/IESCO-2010

PETITIONER

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

INTERVENERS

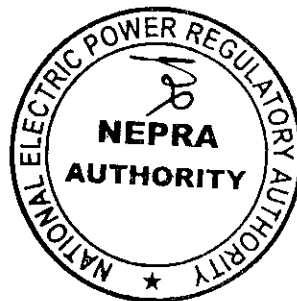
Nil.

COMMENTATORS

Nil.

REPRESENTATION

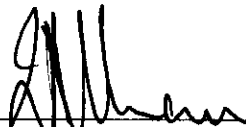
1. Mr. Javed Pervaiz, Chief Exective Officer, IESCO
2. Mr. Najam Javed , Finance Director, IESCO
3. Mr. Riaz Qadeer Bukhari, Manager Customer Service
4. Mr. Khalid Masood, Manger MIS.

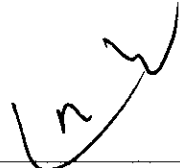


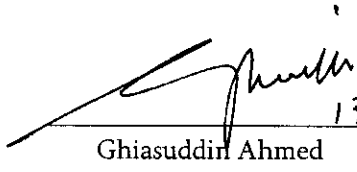
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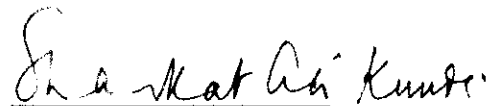


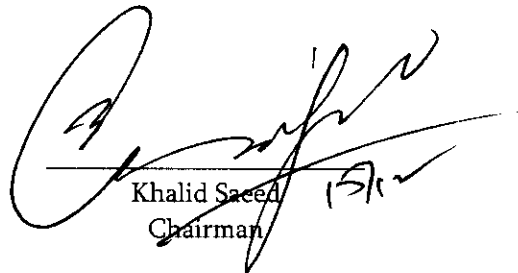
The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by the parties, issues raised, evidence/record produced during hearings, and all other relevant material, hereby issues this determination.

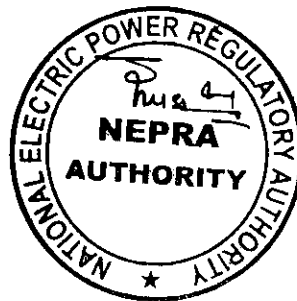

Zafar Ali Khan
Member 10/12/10


Maqbool Ahmad Khawaja
Member


Ghiasuddin Ahmed
Member 13/12


Shaukat Ali Kundi
Member/ Vice Chairman 15.12.2010


Khalid Saeed
Chairman 15/12





1. Background and Brief History

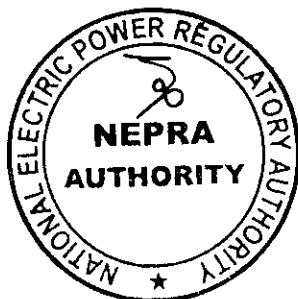
- 1.1. Islamabad Electric Power Company Limited (IESCO), hereinafter called "the Petitioner", being a Distribution Licensee of NEPRA filed a petition for the determination of its consumer-end tariff pertaining to the 1st quarter (July - September 2010).
- 1.2. In its petition, the Petitioner pleaded that inability of the existing tariff to fulfill its current liquidity and financial viability requirements, has formed the grounds and basis for this petition. The Petitioner has sought for the following relief ;
 - The tariff pertaining to the 1st quarter of the FY 2010-11, may kindly be determined.
 - To approve the Distribution Margin for the FY 2010-11, as requested.
 - To allow the investments as requested.
 - Transmission and Distribution Losses (T&D losses) be allowed as requested.
 - Extension in time frame for installation of TOU meters
 - The Authority may consider reverting back to the old mechanism of minimum fixed charges in order to ensure consumers consumption discipline.
- 1.3. The petition was considered and admitted by the Authority on 14th April, 2010 in terms of rule 4 of the Tariff Standards and Procedure Rules, 1998 (hereinafter referred as "Rules") 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. An advertisement in this regard was also published in the national newspapers with title and brief description of the Petition on 20th May, 2010. Comments/replies and filing of intervention petition were solicited from the interested/affected parties within 15 days of the publication.

2. Filing of reply/intervention request/comments

- 2.1. In response to the notice of admission, no reply, intervention request or any comments were filed.

3. Examination of pleadings

- 3.1 The pleadings so available on record were examined by the Authority in terms of rule 9(1) of the Rules for the purposes of arriving at a decision as to conduct of hearing or otherwise and the Authority did consider it appropriate to conduct a hearing to arrive at a just and informed decision. The Authority decided to hold the hearing in the matter on 24th June 2010 and a fourteen days notice as required under rule 9(4) of the Rules was published in the newspapers on 05th June, 2010, inviting participation of the stakeholders. Individual letters were also sent to the stakeholders



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4. Framing of issues

4.1 The following issues were framed for presenting written or oral arguments on the petition and production of evidence, if any, during the course of hearing:

- 1 Whether the Petitioner has complied with the directions of the Authority passed in the 1st & 2nd quarterly determination of FY 2009-10 i.e. installation of TOU meters etc?
- 2 Whether the sales target for the 1st quarter of FY 2010-11 and for the whole year are realistic?
- 3 Whether the line losses claimed in the petition are justified?
- 4 How the proposed investment for FY 2010-11 is justified and what are the corresponding prospective benefits there against?
- 5 Whether the figure of Prior Period Adjustment requested in the Petition has been properly worked out?
- 6 Whether each component of O&M (e.g. Salaries & wages, repair & maintenance, traveling expenses, vehicle maintenance & miscellaneous expenses) claimed in the Petition is justified?
- 7 Whether the Other Income projected in the Tariff Petition is justified?
- 8 Whether the claim of the petitioner for revenue requirement is justified?
- 9 Whether Petitioner's claim with respect to Consumer Discipline is justified?

4.2 In addition to the above, the Authority had also framed three additional issues regarding future tariff methodology in respect of Annual Assessment and Quarterly determinations of the Average Sale Rate of LESCO, re-consideration of existing threshold of less than 5 kW for the B-1 consumer's category and re-fixation of the slab benefit for the Residential Consumers.

5. Public Hearing

5.1 In terms of Rule 9(1) of the Tariff Standards and Procedure Rules 1998, the public hearing of the Petition was conducted on 5th June, 2010 in the Conference Room at NEPRA Main Office, Islamabad. The Chief Executive Officer of the Petitioner along with his Technical and Finance Directors were present. There was participation from stakeholders or from general public in the hearing.

On the basis of pleadings, evidence/record produced by the Petitioner, issue-wise findings of the Authority are given as under:

5.2 Additional Issue regarding Tariff Methodology with respect to the Annual assessment and Quarterly determinations of the Average Sale Rate of LESCO for the FY 2010-11,

5.2.1 *Annual Assessment*

DISCOs current operational and financial cycle emanates over a complete year, whereby;



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- lesser revenue generated in winter is compensated by higher revenue generated in summer of the same financial year;
- changes in generation mix resulting in lower PPP in wet seasons (with greater hydel generation) compensating high PPP in winter (with greater generation reliance on RFO);
- Variation in T&D Losses due to seasonal fluctuation.

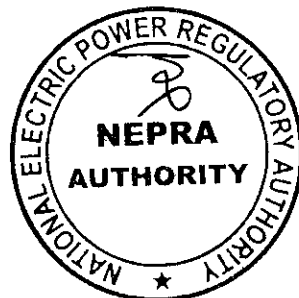
5.2.2 Due to the above mentioned reasons the consumer-end tariff would fluctuate drastically if all components of tariff are assessed on a quarterly basis. As per the guidelines under Rule 16 of the Tariff Standards and Procedure Rule 1998 the tariff should be predictable. In order to minimize the volatility in consumer-end tariff due to the aforementioned reasons, the Authority in line with its previous year's practice, would determine revenue requirement annually. However, certain adjustments/determinations like impact of losses, variation in capacity transfer price and UoSC, impact of extra or lesser purchases of units, under/ over recovery of assessed fixed costs (DM & Prior period adjustments) would be made on quarterly basis. Thus, following components of tariff are subject to annual assessment;

- 1 Assessment of T&D losses target.
- 2 Assessment of Sales target.
- 3 Impact of Consumer mix variance.
- 4 Month wise assessment of reference values with respect to PPP (including energy, capacity & transmission charges) for the whole control period.
- 5 Assessment of Distribution Margin, and ;
- 6 Assessment of Prior period assessment, if any.

Quarterly Determinations/Adjustments

5.2.4 On the basis of annual assessment, the Average Sale Rate of the DISCOs for the FY 2010-11 would be worked out subject to the quarterly adjustments/ determinations. Thus, the scope of quarterly determinations/adjustments would be limited to;

1. The adjustments pertaining to the capacity and transmission charges.
2. The impact of T&D losses on the components of PPP, which are not passed on in the monthly fuel adjustments.
3. Impact of extra or lesser purchases of units on account of PPP.
4. The impact of over / under recovery on account of Distribution Margin and Prior Period Adjustment due to increase/decrease in sales (from the reference sales units).
5. Impact of delayed notification of tariff.
6. The overall consumer-end tariff will be adjusted keeping in view the GOP policy with respect to Life line and Agricultural consumers categories.



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Monthly Fuel Adjustments

- 5.2.5 The existing practice with respect to the adjustments on account of variation in CPGenE (energy cost component of PPP) on monthly basis would continue. This adjustment would be reflected in the consumers' monthly bill as Fuel Adjustment Charge. This adjustment would be calculated as per mechanism given in Annex – I.
- 5.3 Issue # 1: Whether the Petitioner has complied with the directions of the Authority passed in the 1st & 2nd quarterly determination of FY 2009-10 i.e. installation of TOU meters etc?
- 5.3.1 The Authority in its 3rd quarterly determination pertaining to the FY 2009-10, with respect to the Petitioner, has already extended the deadline for installing TOU meters till 30th June 2011.
- 5.4 Issue # 2; Whether the sales target for the 1st quarter of FY 2010-11 and for the whole year are realistic?
- 5.4.1 The petitioner in its petition based all projections for the FY 2010-11 on a sales target of 8,481 GWh and expected purchase of 9,529 GWhs. As per the Petitioner its actual sales during the FY 2009-10 remained around 7,573 GWh with actual purchases of 8,396 GWhs. The Petitioner vide its letter # FD/IESCO/4759 dated 19th October, 2010 revised its sales target for the FY 2010-11 to 8,172 GWhs based on the expected purchase of 9,080 GWhs.
- 5.4.2 The Authority is cognizant of the fact that during the last year about 1700 MW generation capacity has been added in the system, which is about 10% of existing generating capacity excluding KESC's capacity and during the FY 2010-11 the expected addition in the generation is about 700 MW.
- 5.4.3 Keeping in view the generation capacity already added to the system and expected to be added during current year and the historic load factor trend of the Petitioner, its purchase estimate for the FY 2010-11 are on the higher side. Although there is an inbuilt mechanism for adjusting any variation in resultant actual sales as against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer end tariff due to any adjustment, the proposed estimates should be as realistic as possible. The Authority based on the available information considers that in the instant case 7,940 GWh of sales target would be a fair assessment for the FY 2010-11. The assessment is based on expected purchase of 8,774 GWhs and incorporating target T&D losses for the FY 2010-11, as discussed below under Issue # 3.
- 5.5 Issue # 3. Whether the line losses claimed in the petition are justified?
- 5.5.1 The Petitioner has requested to set T&D losses target of 10% for the FY 2010-11. The Authority assessed T&D losses target of 10.00% for the FY 2009-10, against the requested target of 12.00 % for the FY 2009-10. The Petitioner's actual T&D losses for the FY 2008-09 and FY 2009-10 remained around 10.78% and 9.81%



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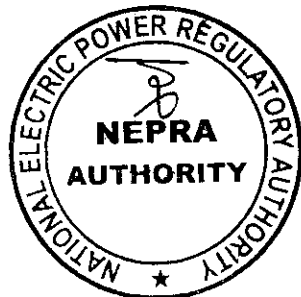


- respectively. The Authority assessed a target of 10.00% (including 2.9% 132 KV losses for the FY 2009-10) on the basis of efficiency that a DISCO must achieve based on the amount of investments already incurred by the Petitioner with respect to the up gradation and improvement in its existing system.
- 5.5.2 During the hearing, the Petitioner claimed that its actual T&D losses for the FY 2009-10, would remain around 10.00% and the same should also be kept as T&D losses target for the FY 2010-11. The Petitioner stated that due to sales growth estimated in the FY 2010-11, its T&D losses are bound to increase, yet it would try to keep them within the requested figure. Later on, the Petitioner informed the Authority that their its T&D losses for the FY 2009-10 were 9.81%.
- 5.5.3 The Authority has observed that the Petitioner has not only achieved its T&D losses target for the FY 2009-10, but has also established a benchmark for improvement that a DISCO can achieve by effective and efficient utilization of its available resources. The Authority considers that the Petitioner's request for setting a higher target of 10% for the FY 2010-11 is not acceptable, keeping in view the actual performance of 9.81% achieved by the Petitioner during the previous year.
- 5.5.4 In view of aforementioned, the Authority has decided to set T&D losses target of 9.5 % for the FY 2010-11 as it considers that the Petitioner has the capability to perform even better as it has been doing in the past.
- 5.6 Issue # 4. How the proposed investment for FY 2010-11 is justified and what are the corresponding prospective benefits there against?
- 5.6.1 The Petitioner has requested for a sum of Rs. 6,698 million to execute its development/investment plan for the FY 2010-11 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR), Secondary Transmission Grid (STG) and others which will be funded by Capital Contribution from the consumers and loans provided by World Bank and Asian Development Bank. The break-up of proposed investment provided by the Petitioner is as under:

Rs. Million

| S.# | Description | FY 2010-11 |
|--------------|--|--------------|
| 1. | Distribution of Power (DOP) | 550 |
| 2. | Energy Loss Reduction (ELR) | 200 |
| 3. | STG: | 2,033 |
| 4. | ADB's funded STG sub projects and Non-STG projects | 1,090 |
| 5. | TOU meters | 600 |
| 6. | Others | 225 |
| Total | | 4,698 |

In addition to the above, the Petitioner plans to carry out various works against the funds received from consumers as deposits works and capital contribution which would be around Rs. 2,000 million. The Petitioner however, does not provide any specific nature of these investments. Thus, adding Rs. 2,000 million & Rs. 4,698



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million makes a total amount of Rs. 6,698 million for investment during the year ending June 30, 2011.

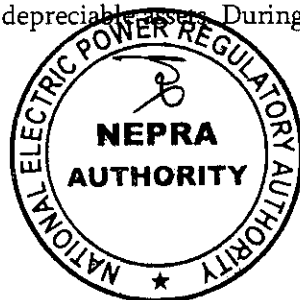
5.6.2 The Petitioner plans to fund these investments through the following resources ;

- Loans Rs. 3,073 million.
- PSDP/Own Resources Rs. 1,625 million.
- Consumers Contribution Rs. 2,000 million.
- Total Rs. 6,698 million.

5.6.3 The Petitioner has contended that these investments would bring the following benefits;

- Improve power distribution infrastructure through system augmentation, rehabilitation & expansion to relieve the power system from distribution bottlenecks & constraints.
- Enable continued operation & maintenance in accordance with the best international practices.
- Commercialize the Petitioner's operations specifically (a) the Petitioner will adhere to the regulatory requirements & comply with the security standards; (b) additional will be supplied through the grids annually (c) the system will not only be capable of meeting peak demand but will also help in reducing electricity outages significantly and; (d) substantial number of consumers will have access to the electricity.
- Addition of 200 MVA capacity from the new grid stations & augmentation of transformers that would benefit an additional 130,000 new consumers.
- It will bring down the average length of 11 kv feeders.
- It will improve the voltage profile.
- It will improve the quality of supply (approximately 14 MW/55 GWH) is expected to be saved & will help bringing down the losses over the years.
- The implementation of these projects will help improve quality of service and expand customers base through construction, augmentation and renovation of the system. The investment on DOP is substantially financed through capital contributions whereas Rural Electrification (where applicable) is undertaken through grants from GOP and it will help provide electricity in remote areas.

5.6.4 The Authority is convinced that in order to improve the system and to achieve the T&D losses target for the FY 2010-11, the Petitioner has to carry out investments. These investments are also in the interest of consumers in the long run. Having said that, the Authority has to protect the consumers' interest in the short run as well. Since the allowed investments indirectly affects the annual Return on Rate Base (RORB) for a DISCO in a particular year, therefore while allowing investments for any control period the Authority keeps in view the past trend of investments made by the petitioner along with its funding arrangements and its previous trend of CWIP at year end and transferring of operating assets from CWIP to depreciable assets. During the 1st quarter of the FY 2009-10, the Authority



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initially allowed investments of Rs. 3,477 million and during the 2nd quarter, the Authority reassessed it to the tune of Rs. 4,740 million. The enhanced investment allowed was on account of investments made from consumer's contributions only. In view of aforementioned the Authority considers that the petitioner would be able to make investment of Rs. 5,646 million during the FY 2010-11, therefore the same amount has also been incorporated while calculating the projected RAB for the FY 2010-11. However, if the Petitioner manages to make investments more than what has been approved which as desired by the Authority, then it is pertinent to mention that the existing mechanism of calculating RAB is self adjusting and ensures return on actual investments carried out in any control period. The allowed investments of Rs. 5,646 million also include Rs. 150 million for the Petitioner's intended ERP Project.

5.7 Issue # 5. Whether the figure of Prior Period Adjustment requested in the Petition has been properly worked out?

5.7.1 The Petitioner submitted that due to the delayed tariff determination and its subsequent delayed notification for the FY 2009-10 has resulted in certain unrecovered costs for the FY 2009-10. According to the Petitioner, this amounts to Rs. 241 million.

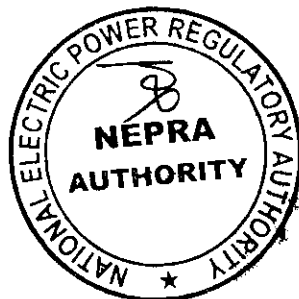
5.7.2 The Petitioner's request with respect to unrecovered cost has been carefully examined keeping in view the recoveries against target losses, monthly and quarterly adjustments, actual other income and impact of consumer mix. The Authority in its determination pertaining to 4th quarter of the FY 2009-10 has deliberated the bases of the Authority's assessment with respect to the unrecovered costs for the FY 2009-10. Based on the information provided with respect to units sold, adjustment already made and the impact of consumer-mix, the prior year unrecovered cost has been assessed as Rs. 33 million.

5.8 Issue # 6. Whether each component of O&M (e.g. Salaries & wages, repair & maintenance, traveling expenses, vehicle maintenance & miscellaneous expenses) claimed in the Petition is justified?

5.8.1 The Petitioner requested an amount of Rs. 4,950 million on account of O&M cost. It has been stated that the Petitioner's O&M expenses include salary and other benefits, repair and maintenance, traveling allowance, vehicle maintenance allowance and other operating costs related to its distribution and supply business. A history of O&M expenses of the Petitioner is provided as hereunder:

Rs. Million

| Description | 2008 Audited | 2009 Audited | 2010 Actual | 2011 Requested |
|---------------------------|-----------------|-----------------|----------------|-------------------|
| Salaries & Other Benefits | 2,412 | 2,569 | 2,928 | 3,521 |
| Maintenance Expenses | 436 | 439 | 408 | 403 |



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| | Rs. million | | | |
|--------------------------|-------------|-------|-------|-------|
| Traveling Expenses | 82 | 97 | 109 | 200 |
| Vehicle Running Expenses | 135 | 204 | 241 | 205 |
| Other Expenses | 235 | 366 | 363 | 621 |
| Total | 3,300 | 3,675 | 4,049 | 4,950 |

5.8.2 Salaries & Other Benefits

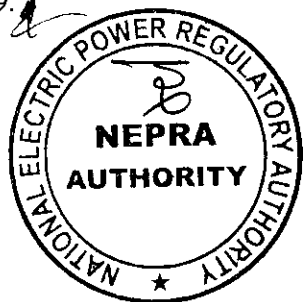
5.8.2.1 The Petitioner initially requested Rs. 3,443 million under the head of Salaries, wages & Other Benefits for the FY 2010-11. Later on, the Petitioner revised its request to the tune of Rs. 3,521 million under the same head. The revised figures included the impact of recent 50% increase in salaries announced by the GOP.

5.8.2.2 In order to make fair assessment of salaries, wages and other benefits, the Petitioner's accounts for the FY 2009-10 has been analyzed. The analysis revealed that the actual salaries, wages and other benefits for FY 2009-10 were Rs. 2,928 million. This amount also included an amount of Rs. 738 million pertaining to the employee's post retirement benefit.

5.8.2.3 During FY 2009-10 the salaries & wages increased by Rs 359 million; indicating an overall increase of about 14% from the audited figure of the FY 2008-09. The main reason was the increase in the salaries of Govt. employees announced by GOP. While assessing salaries, wages and other benefits pertaining to the FY 2009-10, the Authority disallowed all new recruitments as most of the new recruits were unskilled non-professionals. While determining the cost pertaining to Salaries, wages & other benefits for the FY 2010-11, the Authority has considered the GOP's recent announcement of 50% increase as adhoc allowance on the running basic salaries of GOP employees. In addition to this a 5% annual increment along with its effect on other benefits and increase of medical allowance on the applicable employees has also been accounted for while assessing salaries, wages and other benefits for the FY 2010-11. Further the Authority again maintains its previous stance on new recruitment. However, as the Petitioner has intended to implement ERP system for which the Authority can consider additional recruitments provided the Petitioner substantiate with justification and evidence. For any other recruitment, the Petitioner has to justify these on the basis of efficient utility practices and needs. Keeping in view the aforementioned and annual assessment of salaries, wages of the other comparative DISCOs for the FY 2010-11, the Authority has assessed Rs. 3,367 million on account of salaries, wages and other benefits for the FY 2010-11.

5.8.3 Maintenance Expenses

5.8.3.1 The Petitioner had originally requested Rs. 482 million on account of repair and maintenance, however, this figure was revised to the tune of Rs. 403 million. The actual cost on this account as per the draft accounts for the FY 2009-10 is Rs. 408 million. This turned out to be 7% lower than the audited figure for the FY 2008-09.





5.8.3.2 The Authority is cognizant of the fact that the repair & maintenance cost is not only affected by the inflation but also with the variation in the gross assets in operation due to the addition of new consumers in the system and new investments. Keeping in view the expenditure allowed by the Authority in FY 2008-09, past trend and comparison with other DISCOs, the Authority considers the Petitioner's request in this regard as justified and is accepted as such.

5.8.4 Traveling Expenses

5.8.4.1 The Petitioner initially requested Rs. 107 million under the head of traveling allowance for the FY 2010-11, however, this figure was revised to Rs. 200 million. The actual cost on this account as per the draft accounts for the FY 2009-10, is Rs. 109 million, which is 12% higher when compared with the audited figure for the FY 2008-09. The Petitioner contested that the revised figure includes the impact of increase in the rate of daily allowance announced by GOP in Federal Budget 2010-11.

5.8.4.2 The Authority considers that the traveling cost is affected by the inflation. In view of the aforementioned reason and the base expense determined by the Authority in FY 2008-09, past trend and comparison with other DISCOs, the Authority has assessed the traveling cost amounting to Rs. 118 million for the FY 2010-11.

5.8.5 Vehicle Running Expenses

5.8.5.1 The Petitioner requested Rs. 205 million under the head of Vehicle maintenance for the FY 2010-11. The Authority is aware of the fact that the Vehicle maintenance cost is not only affected by the inflation but also with the variation in the number and age of vehicles of the petitioner, which in turn is dependant on the distribution area of the petitioner. In view of the aforementioned reason, past trend and comparison with other DISCOs, the Authority has assessed vehicle maintenance cost of Rs. 205 million for the FY 2010-11.

5.8.6 Other Expenses

The Petitioner requested Rs. 621 million for the FY 2010-11 pertaining to the expenses like rent, rates & taxes, power, light and water, bills collection charges, postage, telephone, office supplies, insurance expense, overhead expenses, Auditor's remuneration, NEPRA fee and charges, advertisement & publicity, provision of obsolete stores, miscellaneous expenses etc. In view of the above analysis, the Authority has analyzed the aforementioned expenses considering the past trend and comparison with other DISCOs, the Authority feels that the request of the petitioner on this account is not justified and has to be rationalized. In view thereof, the Authority has assessed the cost of Rs.399 million on account of other expenses.

5.9 Issue # 7. Whether the Other Income projected in the Tariff Petition is justified?



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5.9.1 The Petitioner has projected Rs. 1,616 million as other income. According to the information provided, the other income includes amortization of deferred credit, meter and rental income, late payment surcharge profit on bank deposit, sale of scrap, income from non-utility operations, etc.

5.9.2 The proposed amount of other income seems to be on the lower side, in view of the past trend and as compared with the actual other income for the FY 2009-10. In view thereof, the Authority has assessed Other Income of Rs. 1,721 million for the FY 2010-11.

5.10 Issue # 8. Whether the claim of the petitioner for revenue requirement is justified?

5.10.1 Annual Revenue Requirement for FY 2010-11 comprises of the following:

1. Power Purchase Price
2. Impact of T&D Losses
3. Distribution Margin
 - i) O&M Expenses
 - ii) Depreciation, RORB and Other Income
4. Prior Year Adjustment

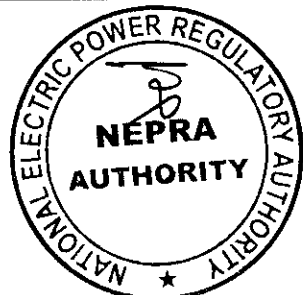
5.10.2 For the assessment of annual revenue requirement each component of the average tariff is discussed in detail in the succeeding paragraphs.

5.11 Power Purchase Price (PPP)

5.11.1 All the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA) on behalf of DISCOs at the rates as per the Power Purchase Agreements (PPAs). The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government in its Official Gazette. The Power Purchase Price for FY 2010-11 has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly adjustments with respect to Capacity and Transmission Charges.

5.11.2 From all the available sources i.e. hydel, thermal-gas, thermal-oil, nuclear, coal and imports, a total of , 91,539 GWh power is expected to be generated during the FY 2010-11. The estimated/projected, source wise, generation and cost of electricity is given in the following table:

| Description | Generation | | Energy Charges | |
|-------------|------------|-------|----------------|-------|
| | GWh | Share | Rs. Million | Share |
| Hydel | 28,121 | 31% | 2,896 | 0.61% |



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|------------------------------|---------------|-------------|----------------|-------------|
| Coal | 77 | 0.08% | 208 | 0.04% |
| HSD | 12 | 0.01% | 184 | 0.04% |
| Thermal - RFO | 34,285 | 37% | 369,245 | 78.0% |
| Thermal - Gas | 25,621 | 28% | 91,845 | 19.4% |
| Nuclear | 2,571 | 3% | 1,310 | 0.28% |
| Mixed | 605 | 1% | 6,349 | 1.34% |
| Import from Iran | 248 | 0.27% | 1,236 | 0.26% |
| Total | 91,539 | 100% | 473,272 | 100% |
| Capacity Charge | | | 169,020 | |
| Total Generation Cost | | | 642,292 | |

5.11.3 From the above table it is clear that 37% of total generation is expected on oil but its share in overall energy cost is to be 78%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end tariff. The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority and notified vide SRO 1130(I)/2008 dated October 30, 2008 in the Official Gazette.

5.11.4 NTDC shall charge the Ex-WAPDA DISCOS and KESC, a transfer charge for procuring power from approved generating companies (termed as CPGENCOS) and its delivery to XWDISCOs for a billing period as per following mechanism/formula:-

$$XTC = XCTC + XETC$$

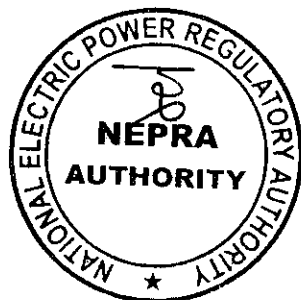
Where:

- XTC = Transfer charge to XWDISCOS & KESC
- $XCTC$ = Capacity Transfer Charge to XWDISCOS & KESC
- $XETC$ = Energy Transfer Charge to XWDISCOS & KESC
- $XCTC$ = $\frac{CpGenCap + USCF}{XWD}$

Where:

(i) $CpGenCap$ = the summation of the capacity cost in respect of all CPGencos in Rs for a billing period minus the amount of liquidated damages received during the month.

(ii) XWD = the sum of the maximum demand of the XWDISCOs & KESC in kW recorded during a billing period at all the delivery metering



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points at which power is received by the
XWDISCOs & KESC.

(iii) USCF = the fixed charge part of the use of system
charges in Rs per kW per month.

$XETC = \frac{CpGenE (Rs)}{XWUs (kWh)}$

Where:

(i) CPGenE = the summation of the variable charge rate
(Rs per kWh) approved for each of the
CPGenCOs times the energy in kWh
procured from the respective CPGENCO
during the billing period.

(ii) XWUs = the summation of the energy units (kWh)
recorded at the delivery metering point of
all the XWDISCOs & KESC during a billing
period.

5.11.5 The transfer charge is inclusive of the transmission loss charge as the same is rolled in on account of the costs divided on units delivered basis to arrive at the Transfer Charge. Therefore NTDC shall, for the purpose of clarity, intimate to all Ex-WAPDA DISCOs & KESC the generation part of the Transfer Charge during a billing period, by deducting from the Transfer Charge the Transmission Charge or Use of System Charge.

5.11.6 According to the above mechanism Rs. 13,606 million and Rs. 1,820 million is the share of the petitioner on account of CpGenCap and USCF respectively for the FY 2010-11. The overall fixed charges comprising of CpGenCap and USCF in the instant case work out as Rs. 15,426 million, which translates into Rs. 848.68/kW/month or Rs.1.76/kWh.

5.11.7 The annual PPP for the FY 2010-11 in the instant case works out as Rs. 61,786 million. With the projected unit purchase of 8,774.17 GWh and the average PPP turns out to be Rs. 7.0423 / kWh (Annex – IV). On the basis of 9.50% T&D losses, the PPP per kWh has been assessed as Rs. 7.7816/kWh.

5.12 Impact of First Quarter's Adjustment pertaining to the FY 2010-11.

5.12.1 According to the existing mechanism, the impact of T&D losses will be taken care of on quarterly basis in addition to variation in PPP on account of CpGenCap and USCF. The Authority has assessed Rs. 217.82 million quarterly adjustments as per the actual invoices of CPPA on account of the aforementioned reasons on the basis of 9.50% target T&D losses to be recovered in the subsequent quarters. The Adjustment also includes rebasing of CPGenE references as per Annex- IV, since



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the Authority has been giving CPGenE adjustments for the period starting from (1st July 2010 – 30th September 2010) as per references determined for the FY 2009-10. For future adjustments NEPRA's monthly projections for FY 2010-11 on account of CpGenE, CpGenCap and USCF would become reference (as per Annex-IV).

5.13 Distribution Margin (DM)

5.13.1 The Petitioner has requested to allow a Distribution Margin of Rs. 7,452 million for the FY 2010-11 which is inclusive of O&M Cost, Depreciation, RORB and Other income. The assessment of O&M Cost and Other Income has been done in the preceding paragraphs. The remaining two items depreciation and RORB are being discussed in the following paragraphs;

5.14 Depreciation

5.14.1 The Petitioner has requested for approval of Rs. 1,426 million on account of depreciation for the FY 2010-11 based on the estimated figures of the FY 2010-11. In order to make fair assessment the Authority kept in view the investment approved by the Authority. The Authority considers that after taking into account new investments, the Gross Fixed Assets in Operation for the FY 2010-11 will be Rs. 39,111 million. Accordingly the depreciation charge for the FY 2010-11 would be assessed as Rs. 1,101.28 million.

5.14.2 The Authority has also carefully examined the relevant details and information pertaining to the deferred credit and amortization as the accounts for the FY 2009-10 & 2010-11. The Authority on the basis of actual amount of amortization of deferred credit assessed an amount of Rs. 684.91 million for the FY 2010-11, thus passing on the benefit to this extent to the consumers. Accordingly, the consumers would bear net depreciation of Rs. 416.37 million (11,01.28 – 684.91).

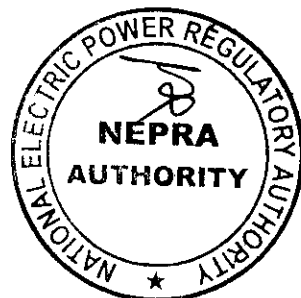
5.15 Return on Rate Base (RORB)

5.15.1 The Petitioner has calculated the Return on Rate Base (RORB) assuming a Weighted Average Cost of Capital (WACC) of 16.70% and average regulatory asset base of Rs. 16,355 million in accordance with the following formula:

$$\text{RORB} = \text{Rate Base} \times \text{WACC}$$

5.15.2 According to Rule 17(3)(iii) of the Tariff Standards and Procedure Rules 1998, tariffs should allow a licensee a rate of return which promotes continued reasonable investment in equipment and facilities for improved and efficient service. The Authority considers that for reliable supply of electricity the company has to be made viable for which the company should be allowed comparable return of similar business. In the earlier determination the Rate of Return allowed to the investor was the Weighted Average Cost of Capital (WACC) comprising of two components (i) cost of debt & (ii) cost of equity.

5.15.3 In the Authority's opinion the Rate of Return should be reasonable enough.



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sufficient to assure the confidence in the financial soundness of the utility and should be adequate to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public service. The Authority considers that from the investor or the company point of view it is important that there be enough revenue not only for operating expenses but also for the capital cost of the business. These include service of its debt. The Authority further considers that return to the equity owner should be commensurate with the return on investment of other enterprises having comparable risks. In view of the above, the Authority considers that the previous assessment of 16.70% WACC in the instant case is reasonable as well as comparable with the businesses having similar risks.

5.15.4 Based on the above the Authority has assessed Rs.2,431.57 million return on rate base as per the following calculations:

| Description | Rupees in Million | |
|--|----------------------|-------------------------|
| | FY 2009-10 Actual | FY 2010-11 Projected |
| Opening fixed assets in operation | 27,163 | 33,254 |
| Assets Transferred during the year | 6,091 | 5,857 |
| Closing Fixed Assets in Operation | 33,254 | 39,111 |
| Less: Accumulated Depreciation | 10,300 | 11,401 |
| Net Fixed Assets in operation | 22,954 | 27,710 |
| + Capital Work in Progress (Closing) | 6,121 | 5,908 |
| Total Fixed Assets | 29,075 | 33,619 |
| Less: Deferred Credit (including share of deposit works in CWIP) | 15,556 | 18,017 |
| Total | 13,519 | 15,602 |
| Average Regulatory Assets Base | | 14,560 |
| Return on Rate Base @ 16.70% | | 2,432 |

5.16.5 Based on the assessment made in the preceding paragraphs the Revenue Requirement for the FY 2010-11 has been assessed as per the following details:

| | | |
|----------------------|-------------------|--------------------|
| Power Purchase Price | | Rs. 61,786 Million |
| CpGenE | Rs.46,360 Million | |
| CpGenCap | Rs.13,606 Million | |
| USCF | Rs. 1,820 Million | |
| Distribution Margin | | Rs. 6,302 Million |
| O&M Cost | Rs. 4,491 Million | |
| Depreciation | Rs. 1,101 Million | |
| RORB | Rs. 2,432 Million | |
| Gross DM | Rs. 8,024 Million | |
| Less: Other Income | Rs. 1,721 Million | |
| Net DM | Rs. 6,302 Million | |



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|---|---------------------------|
| Prior Year Adjustment | Rs. 33 Million |
| Total Assessed Revenue Requirement | Rs. 68,122 Million |

5.16.6 Based on the targeted sales of 7,940 GWh for the FY 2010-11, The Petitioner's average sale rate is Rs. 8.5795/kWh consisting of Rs.7.7816/kWh of adjusted PPP, Rs. 0.7937 /kWh of DM and Rs. Rs.0.0042 of prior year adjustment.

5.17 Revenue Requirement for the 1st quarter of the FY 2010-11.

5.17.1 Based on the revenue requirement assessed for the whole FY 2010-11, the revenue requirement for the 1st quarter of the FY 2010-11 works out as Rs. 20,340 million (this amount includes Rs. 218 million of PPP adjustment for the 1st quarter of the FY 2010-11). The amount recovered by the Petitioner for the same period on the basis of notified rates is Rs. 21,804 million. Thus, giving a revenue surplus of Rs. 1,464 million. The surplus would be adjusted in the revenue requirement of the next three quarters of the FY 2010-11.

5.17.2 Net Revenue Requirement after 1st Quarter's adjustments

| | |
|---|---------------------------|
| Annual revenue requirement for the FY 2010-11 | Rs. 68,122 million |
| Add; Assessed quarterly adjustment (PPP) | Rs. 218 million |
| Less; Revenue earned in 1 st qrt of FY 2010-11 | Rs. 21,804 million |
| Net Revenue requirement to be recovered in the next three quarters of the FY2010-11, | Rs. 46,536 million |

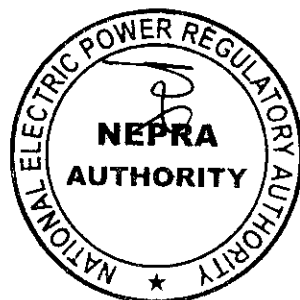
This net revenue would be recovered from the consumers, in the next three quarters of the FY2010-11, through the projected units for the next three quarters of the FY 2010-11 i.e. 5,595 GWh, as per Annex – II.

- Average Sale Rate of FY 2010-11 (Nine months) Rs. 8.3174/kWh.
- Assessed Transmission & Distribution Losses target remains at 9.50% (including 2.9% 132 KV losses) for the FY 2010-11.

5.18 Issue # 9. Whether Petitioner's claim with respect to Consumer Discipline is justified?

5.18.1 It has been contended on behalf of the Petitioner that there was need to rationalize the fixed charges so that proper consumer discipline could be achieved. In support of its request, the Petitioner has given the following justification:

- i) Two-part tariff is need of the time to provide right price signal to end-consumer for efficient use of electricity



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- ii) It will enable distribution licensees to recover fixed cost equal to fixed cost charged by CPPA for making the capacity payments to the generator
 - iii) The Petitioner further requested that old mechanism for fixed charges for industrial consumers may be restored according to which fixed charges i.e. higher of actual MDI OR 50% of sanctioned load may be allowed to be charge from the consumer.

5.18.2 It is stated that that the request of the Petitioner for restoration of old mechanism for industrial consumers is due to the following reasons:

- i) Contribution towards the cost of infrastructure to meet the demand without burdening the remaining consumers
- ii) Provision of fixed charges to protect the system from sudden exist and entrances (interruptions)
- iii) Fixed charges contribution in the required revenue was high and DISCOs were in a better position to recover the legitimate cost of service
- iv) Low consumer tariff
- v) Helpful in maintaining the consumer discipline

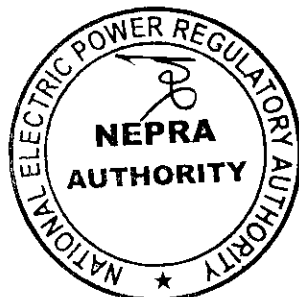
5.18.3 According to the Petitioner the existing mechanism for industries for charging fixed charges is based on actual MDI recorded subject to fixed minimum charges as below:

- | | | |
|------|--------------|-----------------------|
| i) | B-2 Category | Rs. 2,000 per month |
| ii) | B-3 Category | Rs. 50,000 per month |
| iii) | B-4 Category | Rs. 500,000 per month |

5.18.4 The Petitioner stated that the existing mechanism has following demerits:

- a. Freedom to enter or exit the network causes consumer indiscipline
- b. High network maintenance cost without matching revenue
- c. Restricting DISCO ability to recover the tariff in the respective period and shifting the burden to the future consumers
- d. Compromising DISCOs plans for enhancement and augmentation of distribution networks
- e. Load management issue. Frequency supply interruptions and forced load shedding.

5.18.5 The Authority has considered the arguments of the Petitioner and justification for restoration of previous mechanism of charging 50% of sanctioned load or MDI whichever is higher. The Authority has also considered the different suggestions given by the Petitioner. The Authority feels the Petitioner's proposal for developing some mechanism to ensure consumer discipline for those who have erratic consumption pattern is not comprehensive as it did not give clear mechanism or specific proposal rather has given general suggestions ↓





The Authority desires that in future the Petitioner should come up with complete practical proposals.

5.18.6 The Authority feels that DISCO's proposal for maintaining consumer discipline for those who have erratic consumption pattern becomes highly debatable when the other side of the story is also considered whereby the industrial consumers strongly contest the fact that if DISCOs cannot ensure/guarantee 100% supply of electricity, then they are forced to keep standby arrangements in order to run their businesses. During the hearing of MEPCO, the interveners appreciated NEPRA' existing mechanism with respect to the minimum fixed charges.

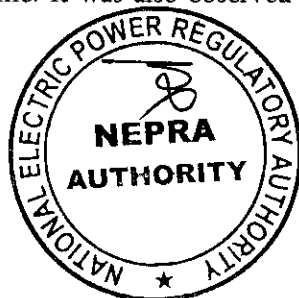
5.18.7 In view of aforementioned and in order to arrive at an informed decision, the Authority has decided to take all the stakeholders on board, by conducting workshops on the issue, which would be participated by representatives of different DISCOs and industrial consumers. Authority would communicate the date and venue of the workshop in due course of time.

6. Decision of the Authority with respect to enhancing threshold load limit from less than 5 KW to up to 25 KW for B-1 industrial consumer category.

6.1 In some of the DISCOs certain consumers objected to the change of threshold of B-1 consumers on the ground that their bills have increased by more than double due to this change. The Authority in its decision dated 16th August 2010 with respect to B-1 & B-2 consumers in compliance of Orders of the High Court of Sindh Sukkur Bench held that

"In the given situation, notwithstanding the finality of the earlier determinations on the subject, the Authority feels that there may be a case for re-considering the minimum load level of the subject categories. However, as explained earlier, any variation in the load would tantamount to review of earlier tariff determinations of the Authority which are relevant not only for the present complainants but also for the other industrial consumers of electricity across the country. For any such review not only the requisite data is required from all the concerned Distribution Companies but also an opportunity of hearing is also to be given to the stakeholders."

6.2 During GEPCO's hearing with respect to 1st Quarter of the FY 2010-11, the commentator Daska Engineering Industrial Association also raised similar concerns. In view of Intervener's concerns raised during the hearing all the DISCOs were directed to provide relevant data/analysis indicating the financial impact as a result of change of category from B-1 to B-2. In response GEPCO, FESCO and IESCO submitted the details. The information provided by the aforementioned DISCOs were analyzed and it was observed that the consumers which were affected due to change in threshold were grinding machine, Atta Chakie, Molding Press, Metal Works, Dana Press, Silver Works, Copper Works, Sanitary Works, Melting Industry & Khrad Machine. It was also observed that in most of the cases the MDI recorded was 3-4



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times higher than the sanctioned load which indicates that the sanctioned load of these consumers does not reflect the actual load of these small industrial consumers and has adverse affects on the distribution network. Another factor that resulted in increase in tariff was the application of low power factor penalty which is applicable in the case of two-part tariff. The information provided by the DISCOs indicated that in most of the cases the power factor was not up to the required standard which indicates that the consumers have not installed the equipment of required standard to minimize the disturbances in the network and safeguard the system from damage due to frequency variation.

- 6.3 On the issue of enhancing threshold load for B-1 industrial consumers from less than 5 KW to up to 25 KW, the Authority is of the view that the Commentator's pleading in this regard does merit consideration. Although by transferring these consumers to B-2 category resulted in revealing their actual maximum loads along with the substandard quality of their installed equipment which resulted in higher consumer bills. Having said that, the Authority is aware of the importance of cottage industries, as they play key role in employment creation. In view of aforementioned, the Authority has decided that;
- a. the existing threshold of less than 5 kW for the B-1 consumers category be increased to up to 25 kW, considering the fact that the smallest transformer available is of 25 KVA;
 - b. TOU meters shall be installed for all the industrial consumers including B-1 consumers;
 - c. The TOU tariff for B-1 consumers shall be determined with peak and off-peak rates but without fixed charges as has been determined in the case of Residential (TOU);
 - d. Low Power Factor Penalty should not be imposed on B-1.
 - e. MDI should be recorded to maintain the record of actual load of these consumers but fixed charges should not be applied.

7. Decision of the Authority with respect to the restricting slab benefit to the previous one slab only in case of Residential Consumers.

7.1 The Authority considers that the residential consumers having consumption more than 300 units, represent mostly from the middle class of the society. These consumers take the benefit of subsidized first two consumer slabs, which are mainly meant for low income group of people. The Authority is of the view that the benefit of subsidized residential rates should be restricted to low income groups only. In view thereof, the Authority has decided that the residential consumers will be given the benefit of only one previous slab.



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8 ORDER

- I. Islamabad Electric Supply Company (IESCO) is allowed to charge its consumers' such tariff as set out in the schedule of tariff for IESCO as per Annex-III.
- II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be determined 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 quarterly.
- III. The terms and conditions related to the schedule of tariff shall be those as attached to this determination as Annex-V.
- IV. IESCO is allowed to charge the users of its system a use of system charge (UOSC) equal to:

- 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.

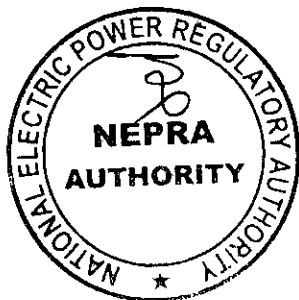
$$UOSC = DM \times \frac{(1-L)}{(1-0.05)} \text{ Paisa/kWh}$$

- iii) Where both 132 kV and 11 kV distribution systems are involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.079)} \text{ Paisa/kWh}$$

Distribution Margin for FY 2010-11 is set at Paisa 0.7937/kWh. 'L' will be the overall percentage loss assessment for the year set at 9.50% or FY 2010-11.

- V. The Fuel Price Adjustment Mechanism Annex-I, Schedule of Tariff at Annex-III, CpGenE, CpGenCap and USCF Annex-IV and Terms and Conditions at Annex-V related to the tariff be sent to the Federal Government for notification in the official gazette under Section 31(4) of the Act.



FUEL PRICE ADJUSTMENT MECHANISM

Actual variation in fuel cost component against the reference fuel cost component for the corresponding months will be determined according to the following formula

$$\text{Fuel Price variation} = \text{Actual Fuel Cost Component} - \text{Reference Fuel Cost Component}$$

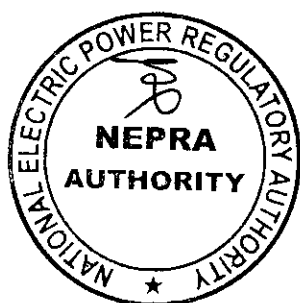
Where:

Fuel Price variation is the difference between actual and reference fuel cost component

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer on the basis of units billed to the consumer in the respective month.



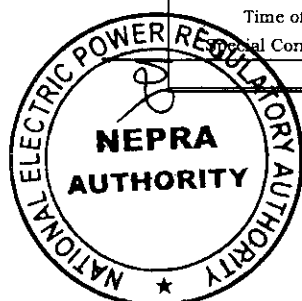
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Islamabad Electric Supply Company (IESCO)

Estimated Sales Revenue on the Basis of New Tariff

0

| Description | ##### | | New Tariff (NEPRA) | | Revenue (as per NEPRA) | | |
|--|--------------|-----------------|-------------------------------------|--------------------------------|-------------------------------|----------------------------------|---------------|
| | Sales GWh | Sales Mix | Fixed Charge Rs./kW/ Month | Variable Charge Rs./ kWh | Fixed Charge Rs.Million | Variable Charge Rs.Million | Total |
| Residential | | | | | | | |
| Up to 50 Units | 169 | 3.02% | | 2.00 | - | 338 | 338 |
| For peak load requirement less than 5 kW | | 0.00% | | | | | |
| 01-100 Units | 201 | 3.59% | | 6.27 | - | 1,260 | 1,260 |
| 101-300 Units | 1,208 | 21.59% | | 7.20 | - | 8,698 | 8,698 |
| 301-700 Units | 556 | 9.94% | | 10.65 | - | 5,925 | 5,925 |
| Above 700 Units | 273 | 4.87% | | 13.30 | - | 3,625 | 3,625 |
| For peak load requirement exceeding 5 kW) | | 0.00% | | | | | |
| Time of Use (TOU) - Peak | - | 0.00% | | 12.25 | - | - | - |
| Time of Use (TOU) - Off-Peak | 47 | 0.84% | | 6.70 | - | 316 | 316 |
| Total Residential | 2,454 | 43.86% | | | | 20,161 | 20,161 |
| Commercial - A2 | | | | | | | |
| For peak load requirement less than 5 kW | 307 | 5.48% | | 13.00 | - | 3,986 | 3,986 |
| For peak load requirement exceeding 5 kW | | | | | | | |
| Regular | 53 | 0.96% | 400.00 | 8.14 | 80 | 435 | 516 |
| Time of Use (TOU) - Peak | 48 | 0.87% | 400.00 | 11.49 | 73 | 557 | 630 |
| Time of Use (TOU) - Off-Peak | 242 | 4.33% | 400.00 | 6.50 | 364 | 1,576 | 1,940 |
| Total Commercial | 651 | 11.64% | | | 517 | 6,554 | 7,071 |
| Industrial | | | | | | | |
| B1 | 44 | 0.78% | | 8.90 | - | 391 | 391 |
| B2 | 41 | 0.72% | 400.00 | 7.59 | 54 | 307 | 362 |
| B2 - TOU (Peak) | 33 | 0.59% | 400.00 | 11.08 | - | 368 | 368 |
| B2 - TOU (Off-peak) | 166 | 2.96% | 400.00 | 6.50 | 133 | 1,078 | 1,211 |
| B3 - TOU (Peak) | 50 | 0.90% | 380.00 | 10.99 | - | 551 | 551 |
| B3 - TOU (Off-peak) | 231 | 4.14% | 380.00 | 6.25 | 112 | 1,446 | 1,558 |
| B4 - TOU (Peak) | 112 | 2.01% | 360.00 | 10.69 | - | 1,202 | 1,202 |
| B4 - TOU (Off-peak) | 562 | 10.05% | 360.00 | 5.97 | 211 | 3,357 | 3,568 |
| Total Industrial | 1,240 | 22.16% | | | 510 | 8,699 | 9,210 |
| Single Point Supply for further distribution | | | | | | | |
| C1(a) Supply at 400 Volts - less than 5 kW | 1 | 0% | | 9.90 | - | 9 | 9 |
| C1(b) Supply at 400 Volts -exceeding 5 kW | 37 | 0.66% | 400.00 | 8.75 | 37 | 323 | 360 |
| Time of Use (TOU) - Peak | 5 | 0.09% | 400.00 | 11.31 | 5 | 58 | 63 |
| Time of Use (TOU) - Off-Peak | 26 | 0.46% | 400.00 | 6.50 | 15 | 167 | 182 |
| C2 Supply at 11 kV | 154 | 2.76% | 380.00 | 8.65 | 134 | 1,336 | 1,470 |
| Time of Use (TOU) - Peak | 24 | 0.43% | 380.00 | 10.91 | - | 265 | 265 |
| Time of Use (TOU) - Off-Peak | 121 | 2.17% | 380.00 | 6.25 | 63 | 759 | 822 |
| C3 Supply above 11 kV | 75 | 1.34% | 360.00 | 8.51 | 53 | 638 | 691 |
| Time of Use (TOU) - Peak | 3 | 0.06% | 360.00 | 10.51 | - | 34 | 34 |
| Time of Use (TOU) - Off-Peak | 16 | 0.29% | 360.00 | 5.87 | 7 | 96 | 103 |
| Total Single Point Supply | 463 | 8.28% | | | 314 | 3,685 | 3,999 |
| Agricultural Tube-wells - Tariff D | | | | | | | |
| D1 Scarp | 32 | 1% | | 8.47 | - | 275 | 275 |
| D2 Agricultural Tube-wells | 11 | 0.19% | 200.00 | 5.31 | 10 | 58 | 68 |
| Time of Use (TOU) - Peak | 1 | 0.01% | 200.00 | 10.11 | 1 | 8 | 8 |
| Time of Use (TOU) - Off-Peak | 4 | 0.07% | 200.00 | 4.55 | 4 | 17 | 21 |
| Total Agricultural | 48 | 0.86% | | | 14 | 358 | 372 |
| Public Lighting - Tariff G | 68 | 1.22% | | 12.00 | - | 819 | 819 |
| Tariff H - Residential Colonies attached to industries | 3 | 0.05% | | 11.22 | - | 33 | 33 |
| Special Contracts - Tariff K (AJK) | 668 | 11.94% | 360.00 | 6.65 | 428 | 4,441 | 4,869 |
| Time of Use (TOU) - Peak | - | | | 11.59 | - | - | - |
| Time of Use (TOU) - Off-Peak | - | | 360.00 | 6.41 | - | - | - |
| Special Contracts - Tariff K (Rawat) | 0 | 0.00% | | 8.75 | - | 1 | 1 |
| Grand-Total | 5,595 | 100.000% | | | 1,783 | 44,752 | 46,536 |



**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 | - | | 6.27 |
| iii | 101 - 300 Units | - | | 7.20 |
| iv | 301 - 700 Units | - | | 10.65 |
| v | Above 700 Units | - | | 13.30 |
| b) | For Sanctioned load 5 kW & above | - | | |
| | Time Of Use | - | 12.25 | 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 | | 8.14 |
| c) | Time Of Use | 400.00 | 11.49 | 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 | Upto 25 kW (at 400/230 Volts) | - | 8.90 | |
| B2(a) | exceeding 25-500 kW (at 400 Volts) | 400.00 | 7.59 | |
| | Time Of Use | | | |
| B1 (b) | Up to 25 KW | | 12.25 | 6.70 |
| B2(b) | exceeding 25-500 kW (at 400 Volts) | 400.00 | 11.08 | 6.50 |
| B3 | For All Loads up to 5000 kW (at 11,33 kV) | 380.00 | 10.99 | 6.25 |
| B4 | For All Loads (at 66,132 kV & above) | 360.00 | 10.69 | 5.97 |

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 | 8.51 | |
| | Time Of Use | | | |
| C -1(c) | For supply at 400/230 Volts 5 kW & up to 500 kW | 400.00 | 11.31 | 6.50 |
| C -2(b) | For supply at 11,33 kV up to and including 5000 kW | 380.00 | 10.91 | 6.25 |
| C -3(b) | For supply at 66 kV & above and sanctioned load above 5000 kW | 360.00 | 10.51 | 5.87 |



**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 | |
| D-1(a) | SCARP less than 5 kW | - | | 8.47 |
| D-2 | Agricultural Tube Wells | 200.00 | | 5.31 |
| | | | Peak | Off-Peak |
| D-1(b) | SCARP and Agricultural 5 kW & above | 200.00 | 10.11 | 4.55 |

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 | |
| E-1(i) | Residential Supply | - | | 13.30 |
| 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 | |
| | Street Lighting | - | | 12.00 |

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 | - | 11.22 | |

K - SPECIAL CONTRACTS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kw/M | VARIABLE CHARGES Rs/kWh | |
|---------|---|--------------------------|----------------------------|----------|
| | | | Peak | Off-Peak |
| 1 | Azad Jammu & Kashmir (AJK) Time Of Use | 360.00 | 6.65 | |
| | | 360.00 | 11.59 | 6.41 |
| 2 | Rawat Lab | | 8.75 | |

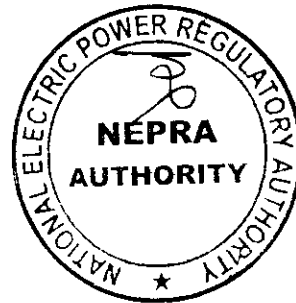


IESCO Power Purchase Price

FY 2010-11

| Name | July | August | September | October | November | December | January | February | March | April | May | June | Total |
|---------------------------------|--------|--------|-----------|---------|----------|----------|---------|----------|--------|--------|--------|--------|--------|
| Units Purchased by DISCOs (GWh) | 897 | 888 | 807 | 700 | 634 | 647 | 605 | 571 | 607 | 695 | 828 | 894 | 8,774 |
| | kWh | | | | | | | | | | | | |
| CpGenE | 4.3508 | 3.6013 | 3.8668 | 4.7146 | 5.0245 | 6.2818 | 7.3201 | 6.4931 | 6.1167 | 6.3624 | 5.6094 | 5.2246 | 5.2841 |
| CpGenCap | 1.1518 | 1.1700 | 1.4078 | 1.5973 | 1.6235 | 2.1272 | 2.0737 | 1.7274 | 1.8066 | 1.6823 | 1.4304 | 1.3219 | 1.5508 |
| USCF | 0.1757 | 0.1869 | 0.1957 | 0.2150 | 0.2028 | 0.2565 | 0.2511 | 0.2151 | 0.2258 | 0.2253 | 0.2011 | 0.1777 | 0.2075 |
| Total PPP in Rs./kWh | 5.6784 | 4.9582 | 5.4703 | 6.5269 | 6.8509 | 8.6655 | 9.6449 | 8.4355 | 8.1490 | 8.2700 | 7.2410 | 6.7242 | 7.0423 |

| | Rs. in Million | | | | | | | | | | | | |
|----------|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| CpGenE | 3,901 | 3,199 | 3,119 | 3,302 | 3,187 | 4,064 | 4,427 | 3,705 | 3,715 | 4,423 | 4,645 | 4,673 | 46,360 |
| CpGenCap | 1,033 | 1,039 | 1,135 | 1,119 | 1,030 | 1,376 | 1,254 | 986 | 1,097 | 1,169 | 1,184 | 1,182 | 13,606 |
| USCF | 158 | 166 | 158 | 151 | 129 | 166 | 152 | 123 | 137 | 157 | 167 | 159 | 1,820 |
| PPP | 5,091 | 4,405 | 4,412 | 4,571 | 4,346 | 5,606 | 5,833 | 4,813 | 4,950 | 5,749 | 5,995 | 6,014 | 61,786 |



**TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION
LICENSEES)**

PART-I

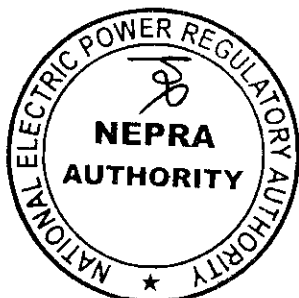
GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Islamabad Electric Supply Company (IESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the highest of maximum demand recorded in a month except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh,.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

| | <u>* PEAK TIMING</u> | <u>OFF-PEAK TIMING</u> |
|-------------------------|----------------------|-------------------------------|
| Dec to Feb (inclusive) | 5 PM to 9 PM | Remaining 20 hours of the day |
| Mar to May (inclusive) | 6 PM to 10 PM | -do- |
| June to Aug (inclusive) | 7 PM to 11 PM | -do- |
| Sept to Nov (inclusive) | 6 PM to 10 PM | -do- |

* To be duly adjusted in case of day light time saving



11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.
12. "Consumer" means a person or his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA means Central Power Purchasing Agency (CPPA).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Surcharge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

PART-II

(Definitions and Conditions for supply of power specific to each consumer category)

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;
 - i) Residences,
 - ii) Places of worship,
 - iii) Approved religious and charitable institutions,
 - iv) Government and Semi-Government Offices and institutions,
 - v) Government Hospitals and Dispensaries,
 - vi) Educational institutions.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1 (a) tariff.



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3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-1(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company no later than June 30, 2011.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:

- i) Shops,
 - ii) Hotels and Restaurants,
 - iii) Petrol Pumps and Service Stations,
 - iv) Compressed Natural Gas filling stations,
 - v) Private Hospitals/Clinics/Dispensaries,
 - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
 - vii) Guest Houses/Rest Houses,
 - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
 3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
 4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
 5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company and converted to A-2 (c) Tariff no later than June 30, 2011.
 6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry and also for water pumps and tube-wells operating on three phase 400 volts, other than those meant for the irrigation or reclamation of agricultural land.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;
 - i) Poultry Farms
 - ii) Fish Hatcheries and Breeding Farms and
 - iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for



seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

B-1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load upto a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff no later than June 30, 2011.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
4. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW or below who opt to receive supply at 66 kV or 132 kV and above.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building,



- Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C SINGLE POINT (SINGLE-METERING) SUPPLY

“Single-Point Supply” for the purpose of this Tariff, means the supply given at one point:

- i) To a licensee converted from a bulk supply status (who was procuring power from IESCO as a consumer prior to grant of license to IESCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.
- ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

C-1 SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-1(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by June 30th 2011.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of up to and including 5000 kW.
2. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
4. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b) by June 30th 2011.

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be



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- available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply. or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b) by June 30, 2011.
 4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

“Agricultural Supply” means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

Special Conditions of Supply

1. This tariff shall apply to:
 - i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
 - ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
 - iii) Tube-wells meant for aqua-culture, viz. fish farms, fish hatcheries and fish nurseries.
 - iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1 (a)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.



D-1 (b)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 1(b) given in the Schedule of Tariff.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by June 30, 2011 and shall be governed by D-1(a) till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.
2. The fixed charges under this Tariff shall be recovered on the basis of sanctioned load in kilowatt as the billing demand and such charges will be applicable even if no energy is consumed during a month.

E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction works for all kinds of single phase loads. For connected load exceeding 4 kW, supply may be given at 400 volts (3 phase) to allow a balanced distribution of load on the 3 phases. Normally, temporary connections shall be allowed for a period of 3 months which can be extended on three months basis subject to clearance of outstanding dues.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.
2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

E -2 TEMPORARY INDUSTRIAL SUPPLY

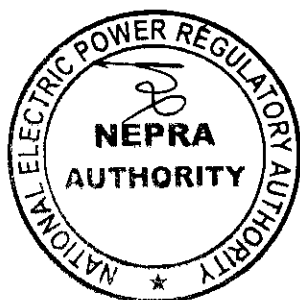
“Temporary Industrial Supply” means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of “Industrial Supply”, during the construction phase prior to the commercial operation of the Industrial concern.

SPECIAL CONDITIONS OF SUPPLY

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in



↓ one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

1. "Year" means any period comprising twelve consecutive months.
2. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps.

Definitions

"Month" means a calendar month or a part thereof in excess of 15 days. ↓



Special Conditions of Supply

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

Definitions

“One Point Supply” for the purpose of this Tariff, means the supply given by one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

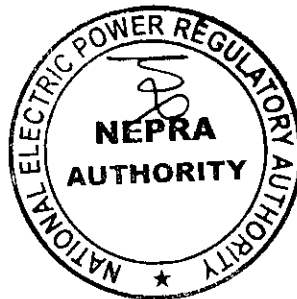
“General and Domestic Consumption”, for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

“Residential Colony” attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

Special Conditions of Supply

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

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