



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-100/MFPA/9077-9079

October 3, 2011

Subject: **Decision of the Authority in the matter of Fuel Charges Adjustment for the Month of July 2011 for XWDISCOs - Intimation of Decision of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)**

Please find enclosed herewith decision of the Authority along with Annex-I & Annex-II (07 pages) including an Additional Note of Vice Chairman regarding Fuel Charges Adjustment for the month of July 2011 in respect of XWDISCOs.

2. The decision is being intimated to the Federal Government for the purpose of notification of Fuel Charges Adjustment for XWDISCOs in the official Gazette pursuant to Section 31(4) of NEPRA Act and Rule 16(11) of NEPRA (Tariff Standards and Procedure) Rules, 1998.

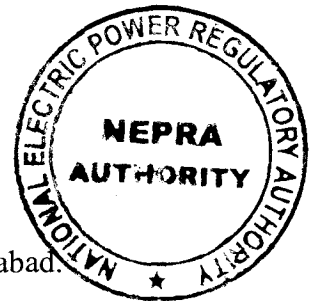
Encl: As above

(Syed Safer Hussain)

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

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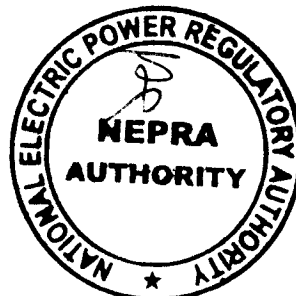
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.





**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT
FOR THE MONTH OF JULY 2011 FOR XW-DISCOS**

1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, (XL of 1997), the Authority has to review and revise the approved tariff on account of any variation in the fuel charges on a monthly basis.
2. In order to review and revise the approved tariff of the XWDISCOS due to variations in the fuel charges for the month of July 2011, necessary information as to the details of fuel charges was obtained from Central Power Purchasing Agency (CPPA).
3. Notwithstanding the fact that the monthly adjustment on account of fuel charges variation is made in pursuance of the provisions of section 31(4) of the Act XL of 1997, yet the impact of such adjustments, if any, is passed on to the consumers of electricity, therefore, in order to meet the ends of natural justice, the Authority decided to provide an opportunity of hearing to all concerned while reviewing and revising the approved tariff on account of the variation in the fuel charges.
4. A date of hearing for the aforesaid purpose was fixed as 7th September 2011 in NEPRA Main Office; notice thereof was published in leading national newspapers on 26th August 2011 inviting comments/objections from the interested persons. The salient features and details of the proposed adjustment were also mentioned in the said notice.
5. On the date fixed for hearing, representatives from Central Power Purchasing Agency (CPPA), Wapda Private Power Organization (WPPO), National Power Control Cell (NPCC), Peshawar Electric Supply Company (PESCO), Human Rights Commission South Asia, Ministry of Water & Power and media were present; however, no representative from Ministry of Finance attended the public hearing despite the service of notice. No written objection or comments were received regarding the proposed adjustments from any person. Further there was also no representation from the general public/consumers of electricity.
6. From the perusal of the information so provided by CPPA, it has been observed that the actual pool fuel charges of Rs. 6.4271/kWh for the month of July 2011 increased by Rs. 2.0763/kWh (Annex-I&II) as compared to the reference fuel charges, i.e. Rs.



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4.3508/KWh as indicated in the Annexure-IV of the Authority's determination pertaining to the 1st Quarter of FY 2010-11.

7. The Authority noted that CPPA charged Rs. 596.823 million as fuel cost for Karkey Rental Power Plant for 39.7223 GWh energy delivered during July 2011. The fuel price adjustment request with respect to Karkey Rental Power Plant is pending before the Authority. However, under Rule 4(7) of Tariff Standards & Procedure Rules 1998, the Authority may, while admitting a petition, allow the immediate application of the proposed tariff subject to an order for refund for the protection of consumers, or for satisfactory security to be provided for refund, while the proceedings are pending before the Authority. In view thereof, the Authority has decided to pass on, provisionally, to the consumers the fuel cost regarding energy generated by Karkey Rental Power Plant subject to the condition that the fuel cost will be adjusted in the succeeding period, if required, in accordance with the decision of the Authority regarding the pending fuel price adjustment of Karkey Rental Power Plant.
8. The Authority also noted that during July 2011 NTDC claimed 3.01% transmission losses against the determined losses of 2.50% as per the Authority's determination dated 6th January 2006 (Case No. NEPRA/TRF-45/NTDC-2005). The Authority considers that the claimed transmission losses by NTDC are not consistent with the Authority's determination hence cannot be passed on to the consumers. The Authority has, therefore, decided to restrict the NTDC losses to 2.50% in accordance with its determination; accordingly the impact of Rs. 0.0334/kWh on this account is being disallowed to be passed on to the consumers.
9. The Authority has reviewed and assessed an increase of Rs. 2.0429/kWh in the applicable tariff for EX-WAPDA DISCOS on account of variations in the fuel charges for the month of July 2011 as per the following details:

Actual Fuel Charges Component for July 2011	Rs. 6.3937/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 4.3508/kWh
Fuel Charges Variation for the month of July 2011 (Increase)	Rs. 2.0429/kWh




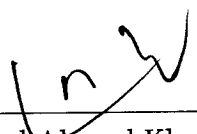
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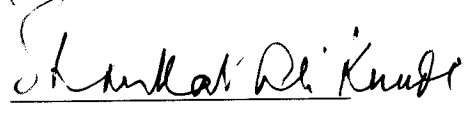
10. The assessed fuel charges adjustment of Rs. 2.0429/kWh for the month of July 2011 is higher by Rs. 1.0069/kWh than the adjustment of Rs. 1.0360/kWh for the month of June 2011; therefore, effectively there will be an increase of Rs. 1.0069/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of June 2011.
11. The adjustment as referred to in Para 9 above ;
- shall be applicable to all the consumer categories except lifeline consumers of all the DISCOs;
 - shall be shown separately in the consumers' bill on the basis of units billed to the consumers in the month of July 2011.

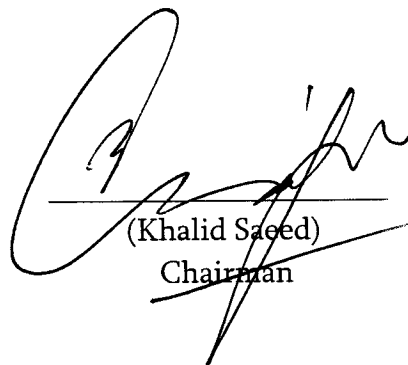
AUTHORITY


(Zafar Ali Khan)
Member


(Maqbool Ahmad Khawaja)
Member


(Ghiasuddin Ahmed)
Member

Additional note is attached -

(Shaukat Ali Kundi)
Member/Vice Chairman


(Khalid Saeed)
Chairman



CENTRAL POWER PURCHASING AGENCY (CPPA)
Energy Procurement Report (Provisional)
Jul/2011

S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)		
1	Hydel						
	i.	WAPDA	Hydel	6,444.00	3,370,935,021	198,885,166	
		Jagran	Hydel	30.00	(1,638,230)	-3,273,184	
		Pehure	Hydel	17.90	4,056,840	19,537,336	
		Khan Khawar	Hydel	72.00	21,647,090	104,250,221	
	Malakand-III SHYDO	Hydel	81.46	25,506,000	242,550,804		
	Hydel Total:		6,645.36	3,420,506,721	561,950,344		
2	Ex-WAPDA GENCOs						
	i.	GENCO-I					
		Jamshoro Block 1	RFO	205.00	64,222,812	1,053,766,770	
		Jamshoro Block 2	RFO	470.00	92,877,988	1,753,275,889	
		Unit 2-4	Gas		24,056,353	119,018,806	
		Kotri 3-7	Gas	106.50	23,719,800	98,349,407	
		Kotri 1-2	Gas	17.00	-	0	
		Jamshoro Total		798.50	204,876,953	3,024,410,872	
		ii.	GENCO-II				
		Guddu CC 11-13	Gas	390	184,571,572	614,586,420	
		Guddu CC 5-10	Gas	530	271,869,124	1,003,740,806	
		Central Block 3	RFO	340	39,551,117	702,604,025	
		Guddu Steam 3-4	Gas		49,402,865	218,192,693	
		Guddu Steam 1-2	Gas	140	44,617,222	210,905,609	
		*Walter RPP (Nuodero)	Gas	51	22,519,494	85,574,077	
		Central Total		1,451.00	612,531,394	2,835,603,630	
		iii.	GENCO-III				
		Northern Block 1	RFO		224,080,884	3,847,341,444	
		MG Unit 1-3	Gas	558.00	949,580	4,057,650	
		Northern Block 2	RFO	270.00	98,102,915	1,669,151,905	
		MG Unit 4	Gas		284,914	1,206,725	
		Northern Block 3	RFO	360.00	24,432,168	472,629,238	
		MG Unit 5-6	Gas		-	-	
		GTPS FSD 5-9	Gas	117.00	(331,731)	-1,130,904	
			HSD		-	0	
		Northern Block 5	RFO		-	-	
		SPS FSD 1-2	RFO	97.00	31,049,000	719,039,895	
		GTPS FSD 1-4	Gas	75.00	(47,269)	-287,202	
		Northern Block 7	RFO	91.00	8,887,600	159,289,789	
		Shahdra	Gas		(66,030)	-396,604	
		Gulf Rental	RFO	62.00	40,509,267	623,547,444	
		Northern Total:		1,630.00	427,851,298	7,494,449,379	
		iv.	GENCO-IV				
		Karkey	Coal	31.20	9,956,000	31,071,681	
			RFO	231.80	39,722,300	596,823,458	
		Total:		263.00	49,678,300	627,895,139	
		GENCOs Total:-		4,142.50	1,294,937,945	13,982,359,020	
	3	IPPs					
		1	Kot Addu Block 1	RFO	328	213,974,000	2,737,482,439
				HSD		34,600	492,696
			Kot Addu Block 2	RFO	748	253,532,500	3,581,061,984
			Kot Addu Block 3	HSD	268	1,979,900	32,899,362
			KAPCO Total		1,344.00	469,521,000	6,351,936,482
		2	Hub Power	RFO	1,200.00	653,632,000	9,550,752,986
		3	Kohinoor Energy	RFO	124.00	65,018,000	906,063,920
4		AES Lalpir	RFO	350.00	184,720,000	2,774,474,635	
5		Pak Gen Power Limited	RFO	348.60	212,649,504	3,190,723,789	
6		Southern Power	RFO	110.47	29,991,846	433,071,541	
7		Habibullah	Gas	129.15	41,220,899	127,483,874	
8		Fauji Kabirwala	Gas	151.20	106,827,000	369,915,709	
9		Rousch	Gas	395.00	276,749,455	829,327,806	
10		Saba Power	RFO	125.55	15,976,759	240,314,420	
11		Japan Power	RFO	107.00	23,194,860	333,772,750	
12		Uch	Gas	551.25	371,400,000	936,137,220	
13	Altern	Gas	26.54	19,863,600	71,288,912		
14	Liberty	Gas	211.85	137,881,500	1,362,683,325		
15	Chashma Nuclear	Nucl.	300.00	214,354,000	239,883,561		
	Chashma Nuclear-II	Nucl.	315.00	200,690,000	224,592,179		
16	Tavanir Iran	Import	39.00	23,820,086	206,043,779		
	Sub-Total:		5,828.61	3,047,510,509	28,148,466,888		



CENTRAL POWER PURCHASING AGENCY (CPPA)
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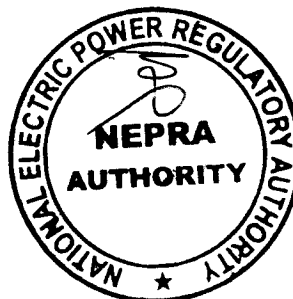
S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)
1	Attock-Gen	RFO	156.18	100,998,233	1,424,638,096
2	Atlas-Honda	RFO	213.86	137,280,436	1,867,705,561
3	Nishat Power	RFO	195.31	118,869,129	1,612,299,926
4	Foundation Power	Gas	177.00	122,172,170	340,521,479
5	Orient	Gas	212.74	44,496,433	120,263,013
		HSD		42,782,146	770,656,481
6	Nishat Chunian	RFO	195.72	118,347,786	1,728,007,865
7	Saif Power	Gas	209.79	71,596,587	180,762,078
		HSD		57,908,640	1,051,943,173
8	Engro Energy	Gas	215.34	147,823,639	453,436,614
9	Sapphire Power	Gas	212.11	54,377,699	149,861,535
		HSD		43,053,803	790,613,798
10	Hubco Narowal	RFO	213.82	96,961,785	1,321,012,927
11	Liberty Power	RFO	196.14	133,706,627	1,851,115,294
12	Halmore	Gas	206.81	41,380,485	116,420,455
		HSD		6,330,188	138,594,435
Sub-Total:			2,404.81	1,338,075,786	13,917,852,730
IPP,s Total:-			8,233.42	4,385,586,295	42,066,319,618
4	Others				
i.	TPS-Quetta	Gas	25.00	13,682,000	102,616,000
	Zorlu	Wind	0.75	552,000	5,034,958
iii.	SPPs	Mixed	151.00	38,661,024	386,610,240
Others Total			176.00	52,895,024	494,260,198
G-Total:			19,197.28	9,153,925,985	57,104,889,178

Summary

1	Hydel			3,420,506,721	561,960,344
2	Coal			9,956,000	31,071,681
3	HSD			152,089,277	2,785,199,945
4	F.O.			3,022,279,516	45,149,967,989
5	Gas			2,071,017,361	7,514,534,504
6	Nuclear			415,044,000	464,475,740
7	Import from Iran			23,820,086	206,043,779
8	Wind Power			552,000	5,034,958
9	Mixed			38,661,024	386,610,240
	Prev. Adjustment				-
Grand Total				9,153,925,985	57,104,889,178

Energy Sale Price

Energy Cost (Rs.)	57,104,889,178
EPP charged to IPPs (Rs.)	58,817,199
EPP (Chargable) (Rs.)	57,046,071,979
Energy Sold (KWh)	8,875,797,000
Avg. Rate (Rs./KWh)	6.427149



Source Wise Generation

Sources	Reference		Actual	
	July 2011			
	GWh	%	GWh	%
Hydel	3,614.08	40.1%	3,420.51	37.4%
Coal	17.27	0.2%	9.96	0.1%
HSD	0.41	0.0%	152.09	1.7%
RFO	2,790.30	30.9%	2,991.23	32.7%
Gas	2,295.38	25.4%	2,102.07	23.0%
Nuclear	211.75	2.3%	415.04	4.5%
Import Iran	23.84	0.3%	23.82	0.3%
Mixed	69.57	0.8%	38.66	0.4%
Wind	-	0.0%	0.55	0.0%
Total	9,022.61	100.0%	9,153.93	100.0%
Sale to IPPs	-	0.0%	(2.89)	0.0%
Transmission Losses	(225.57)	-2.5%	(275.24)	-3.0%
Net Delivered	8,797.04	97.5%	8,875.80	97.0%

Source Wise Fuel Cost/Energy Purchase Price

Sources	Reference		Actual	
	July 2011			
	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh
Hydel	354.00	0.0979	561.95	0.1643
Coal	46.59	2.6975	31.07	3.1209
HSD	6.13	15.0258	2,785.19	18.3129
RFO	28,669.78	10.2748	44,414.06	14.8481
Gas	8,240.42	3.5900	8,179.03	3.8909
Nuclear	107.89	0.5095	464.48	1.1191
Import Iran	118.97	4.9894	206.04	8.6500
Mixed	730.45	10.5000	386.61	10.0000
Wind	-		5.03	9.1213
Total	38,274.23	4.2420	57,033.47	6.2305
Supplemental Charges	-	-	71.42	0.0078
Sale to IPPs	-	-	(58.82)	(20.3634)
Grand Total	38,274.23	4.2420	57,046.07	6.2319
Transmission Losses	-	0.1088	-	0.1953
Net Total	38,274.23	4.3508	57,046.07	6.4271



ADDITIONAL NOTE OF MR. SHAUKAT ALI KUNDI MEMBER NEPRA
IN THE MATTER OF FUEL CHARGES ADJUSTMENTS FOR THE MONTH OF
JULY 2011 FOR XW-DISCOS--HEARING HELD ON 07/09/2011

↓ M/s Karkey Karandeniz Elektrik Uretim A.S (RPP) though has achieved its COD but after a delay of almost 17 months of its required COD on 11 November 2009 and the plant is still not operative fully. Sometimes back the operation of the plant was found to be very poor and inconsistent. Reportedly, it is still not operating fully because Lakhra Power generation Company Limited has not been able to supply committed fuel to the RPP as per the contractual terms. The RPP is generating an average of around 45 MW since 13 April, 2011 at an average cost of Rs. 43 / KWh but is charging full payment on account of "Capacity Charge" for 231 MW. This in my opinion amounts to burdening the consumers a great deal for no fault of theirs. It is high time that the Ministry of water & Power takes a serious notice of the situation and adopts fitting measures on urgent basis to bring the situation under control and supply full to the RPP as committed.

2. Similarly, allowing operation of plants with very low efficiency like SPS Faisalabad resulting in high cost of electricity is not a viable business and amounts to burdening the consumer for no fault of theirs. The inefficiency of a plant producing electricity at a high cost @ Rs 22.61/KWh should not be passed on to the consumers. There are many other plants of GENCOs that are very old and inefficient and their fuel cost on RFO is more than the fuel cost of newly commissioned IPPs on HSD especially ones like GTPS Faisalabad and NPGCL Multan. The GENCOs concerned must, therefore, take immediate necessary measures to replace the inefficient plants which have outlived their lives with new plants. In my opinion any additional investment on such like plants will not only be an exercise in futility but will also be a wastage of scarce resources. ↓

Shaukat Ali Kundi
(Shaukat Ali kundi) 23.09.2011
Vice Chairman

