

The Registrar
N.E.P.R.A.
NEPRA Office Tower,
Islamabad.

Ref. No. RA&SP/NEPRA/071/1451
Dated: July 26, 2016

Subject: **ADJUSTMENT IN K-ELECTRIC SCHEDULE OF TARIFF ON ACCOUNT OF FUEL PRICE AND POWER PURCHASE COST VARIATION FOR QUARTER ENDED JUNE 2016**

Dear Sir,

This is with reference to the Authority's tariff determination of 23rd December 2009 of KE on account of fuel and power purchase cost variation. The submission is based on NTDC's power purchase invoice for the month of June 2016, received on July 25, 2016. The required adjustment in tariff for the quarter ended June 2016 is as under:

1. ADJUSTMENT IN KE SCHEDULE OF TARIFF

1.1. Adjustment in Tariff on Account of Fuel & Power Purchase Cost Variation

As per the applicable and approved tariff adjustment mechanism, the cost for the quarter Apr- June 2016 has increased by Ps. 68.160/kWh which need to be adjusted in KE's tariff.

The table below gives the breakup of the required adjustment on units sold (taking into account the effect of NEPRA allowed T&D loss @ 15%):

DESCRIPTION	June 16 (Over Mar 16)	
	(Mill. Rs.)	(Ps/kWh)
Fuel Price Variation	794.005	57.137
Power Purchase Price Variation	153.181	11.023
Total Variation in Tariff	947.186	68.160

1.2. Unrecovered Cost

The Authority in its determination dated 23rd December 2009 specified that the quarterly adjustment in schedule of tariff shall take care of:

- Monthly variation in the O&M cost and capacity charges for the power purchased from IPPs and other external sources; and
- Any un-recovered cost of fuel, due to non-adjustment of T&D losses in the monthly fuel price adjustment already allowed by Authority for recovery by KE through monthly bills of consumers.

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Senior Advisor Tariff-I
By No. 7806
Date: 3-8-16

Registrar
By No. 7806
Dated: 02-08-16

Based on the approved mechanism and the details mentioned above, the unrecovered cost for the period Apr – Jun 2016 is as under:

Unrecovered Cost for the period April – June 2016	Amount Mill Rs.
Variation in O&M cost of IPPs and other sources	(183.606)
Variation in Capacity charges of IPPs and other sources	(33.917)
Unrecovered cost due to non-adjustment of T&D losses in FCA	52.733
FCA not allowed to be passed on to the consumers*	(98.416)
Total required Adjustment in Quarterly Tariff	(263.206)
Estimated Units to be sold loss in the next quarter (Gwh)	3,685.742
Required Adjustment in KE's Tariff (Ps/kWh)	(7.141)

* This represents negative Fuel Cost Adjustments for the month of April 2016 which have not been passed on to the lifeline consumers, agriculture consumers and domestic consumers, consuming up-to 300 units as per the decision of NEPRA.

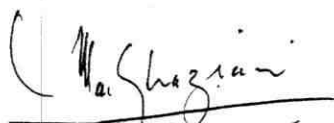
2. REQUEST FOR ADJUSTMENT IN TARIFF

The overall adjustment in the KEs tariff for the quarter ending June 2016 is as follows:

Total Required Adjustment in KE's Tariff	Ps/kWh
Required Quarterly Adjustment in KE's tariff	68.160
Unrecovered Cost for the current quarter	(7.141)
Sub Total	61.019
Reversal of Unrecovered cost of previous quarter	(4.946)
Total Required Adjustment in KE Tariff	56.073

3. As you are aware that KE's Integrated Multi Year Tariff Petition (I-MYT Petition) for the next control period is under process of approval. The new I-MYT Petition contain request for adjustments in O&M cost, X (efficiency) factor used in annual indexation of O&M costs and other requests; which will be effective from July 01, 2016. Accordingly, the adjustments effective from July 01, 2016, will be filed separately after determination of I-MYT petition for the next control period.

Sincerely



M. Aamir Ghaziani
Director –Finance & Regulations

Encl.

K ELECTRIC (Formerly KESCL)
ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND
POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES
Jun-16

UNITS SOLD	Mill kWh			1,389.656
FUEL PRICE VARIATION	Mill Rs			794.005
Cost of Power Purchase				
- Fuel Component	Mill Rs			3,084.354
- O&M Cost	Mill Rs			1,666.983
- Capacity Payment	Mill Rs			270.883
- Total Cost of Power Purchased	Mill Rs			5,022.220
Power Purchased	Mill kWh			623.847
Average Rate of Power Purchase		Mar-16	Jun-16	
- Fuel Component	Rs/kWh	5.030	4.944	(0.086)
- O&M Cost	Rs/kWh	2.314	2.672	0.358
- Capacity Payment	Rs/kWh	0.460	0.434	(0.026)
- Total Cost of Power Purchased	Rs/kWh	7.805	8.050	0.246
POWER PURCHASED COST VARIATION				
- Fuel Component	Mill Rs			(53.873)
- O&M Cost	Mill Rs			223.175
- Capacity Payment	Mill Rs			(16.121)
- Total Cost of Power Purchased	Mill Rs			153.181
Total Cost Variation (Fuel + Power Purchase)	Mill Rs			947.186
QUARTERLY INCREASE/DECREASE IN RATE				
- Fuel Price Variation	Ps/kWh			57.137
- Power Purchase Cost variation	Ps/kWh			11.023
- Total Cost Variation	Ps/kWh			68.160

ADJUSTMENT IN TARIFF DUE TO UNRECOVERED COST
Apr-16 May-16 Jun-16 QTR

a. Variation in O&M Cost Power Purchase	Mill Rs	(171.091)	(235.690)	223.175	(183.606)
b. Variation in Capacity Cost Power Purchase	Mill Rs	9.249	(27.044)	(16.121)	(33.917)
c. i Variation in Fuel & Power Purchase Cost					
Fuel Price Variation	Mill Rs	144.160	545.456	794.005	1,483.621
Power Purchase(fuel) variation	Mill Rs	(612.603)	(465.588)	(53.873)	(1,132.065)
	Mill Rs	(468.444)	79.868	740.132	351.556
Units Sent Out	Mill kWh	1,434.875	1,672.420	1,634.889	4,742.184
Increase/decrease in FSA Rate	Ps/kWh	(32.647)	4.776	45.271	7.413
T&D Losses		15.0%	15.0%	15.0%	
Units Sold as per NEPRA	Mill kWh	1,219.644	1,421.557	1,389.656	4,030.856
ii Recovery of Cost under Monthly FSA					
Fuel Price Variation	Mill Rs	122.536	463.637	674.905	1,261.078
Power Purchase(fuel) variation	Mill Rs	(520.713)	(395.750)	(45.792)	(962.255)
	Mill Rs	(398.177)	67.888	629.112	298.823
iii Unrecovered Cost due to non adjustment of T&D losses					
Fuel Price Variation	Mill Rs	21.624	81.818	119.101	222.543
Power Purchase(fuel) variation	Mill Rs	(91.890)	(69.838)	(8.081)	(169.810)
Total	Mill Rs	(70.267)	11.980	111.020	52.733

SUMMARY OF UNRECOVERED COST

a. Variation in O&M Cost Power Purchase	(171.091)	(235.690)	223.175	(183.606)
b. Variation in Capacity Cost Power Purchase	9.249	(27.044)	(16.121)	(33.917)
c. Unrecovered Cost due to non adjustment of T&D losses	(70.267)	11.980	111.020	52.733
d. Other Adjustments	-	-	-	(98.416)
FCA not allowed to be passed on to the consumers				
Total Adjustment in Quarterly Tariff	(232.109)	(250.755)	318.074	(263.206)

Estimated Units to be sold in next quarter **3,685.742**
Unrecovered Cost for current quarter **(7.141)**
Required adjustment in Tariff

a Quarterly Revision of SOT for the Quarter 'A'	Ps/kWh	68.160
b Unrecovered Cost for current quarter	Ps/kWh	(7.141)
Sub Total		61.019
d Reversal of tariff adjustment of prev. quarter	Ps/kWh	(4.946)
Total Required adjustment in KE's Tariff	Ps/kWh	56.073