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Tariff/XWDISCO's-2019-20
- M(CA/T) Government of Pakistan
- M(M/B) Ministry of Energy
(Power Division)
- M(Lic) <<<<<

Islamabad the 21st May, 2021

The Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Attaturk Avenue (East),
Sector G-5/1,
Islamabad.

Subject: Request for Reconsideration of Determination for: (a) the periodic adjustments for 1st and 2nd Quarter of FY 2020-21; and (b) the periodic adjustments for 4th Quarter of FY 2019-20, for XWAPDA DISCOs (hereinafter collectively referred to as the "Determinations"), under Section 31 of Regulation, Generation, Transmission Distribution of Electric Power Act, 1997 (the "Act") read with Rule 17 of the NEPRA Tariff (Standards and Procedures) Rules, 1998

Please refer to the subject and to the Determinations regarding Periodic Adjustments for XWAPDA DISCOs sent to the Federal Government by National Electric Power Regulatory Authority (the "Authority") u/s 31 of the Act.

2. Federal Government approved the Uniform Tariff Guidelines on 24th October 2018 (Annex-I) and Guidelines for Periodic Adjustments on April 18, 2019 (Annex-II), in terms of section 31 (4) of the Act. Accordingly, periodic adjustments on the principle of maintaining uniform tariff for XWAPDA DISCOs for each of consumer category have been regularly determined and recommended by the Authority for notification in the official Gazette, from time to time.

3. The periodic adjustments for 2nd and 3rd Quarters of FY 2019-20 determined and recommended by the Authority on September 24, 2020 amounted to Rs. 1.62 /kWh across all categories except life-line consumers. The Federal Government notified the said periodic adjustment through SROs 182 (I)/2021 to 191 (I)/2021 after incorporating the targeted quarterly subsidy / additional charge, which are to remain effective till September, 2021 (Annex-III).

4. Subsequently, the Authority has determined: (a) the periodic adjustments for 4th Quarter of FY 2019-20 and recommended the same to Federal Government, on February 10, 2021, for notification, with a proposed uniform increase of Rs. 0.8276/kWh across all categories including life-line consumers

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Dr. No. 32339

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(Annex-IV); and (b) the periodic adjustments for 1st and 2nd Quarter of FY 2020-21 and recommended the same to Federal Government, on May 6, 2021, for notification, with a proposed uniform increase of Rs. 0.8996/kWh across all categories including life-line consumers (Annex-V).

5. National Power Policy, 2013 (the "Power Policy") developed by the Federal Government and approved by Council of Common Interest through decision in Case No. 1/3/2013 dated 31-07-2013 (Annex-VI) is in vogue and, *inter alia*, stipulates that **the low-end consumers will be protected from any price escalation** and tariff rationalization will be done. Similarly, in pursuance of the Power Policy, the National Power Tariff and Subsidy Policy Guidelines, 2014 (the "Tariff and Subsidy Policy") is also in vogue (Annex-VII).

6. In terms of the provisions of the Act, as amended through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Ordinance, 2021, periodic quarterly adjustments are to be made by the Authority, *inter alia*, in line with policy guidelines of the Federal Government. Furthermore, per the provision of recently added section 31 (8) of the NEPRA Act, the Federal Government has been empowered to impose surcharges for the purposes stipulated therein. Contrary observations made in the Determinations with respect to the power of the Federal Government to impose surcharges is, accordingly, required to be reconsidered.

7. The Federal Government has, keeping in view the socio-economic conditions of the country as well as the prevalent policies, in past adopted tariff rationalization methodology reflected in Annex-III. Federal Government has decided that the same tariff rationalization methodology be adopted and, accordingly, surcharge to the extent mentioned in (Annex VIII) is to be levied on categories of consumer(s) specified therein, for the purposes of fulfilling the financial obligations of the Federal Government in respect of the electric power services, which shall be within the revenue requirement determined by the Authority. The aggregate cumulative effect of periodic adjustments mentioned in paragraph 4 above alongwith surcharge mentioned in Annex-VIII is reflected in (Annex-IX). Therefore, the revenue requirements determined by the Authority and recommended to be recovered shall be duly accounted for and consumer end tariff shall, by and large, be maintained. Accordingly, in view of consumer interest, it is proposed that the applicability of these adjustments etc. be made applicable from October 2021, once the periodic adjustments in field cease to be effective.

8. In light of the above submissions, it is requested that the Authority may kindly re-consider the Determinations so that:

(a) the effectiveness of the recommended periodic adjustments be made with effect from October, 2021, instead of date of notification, in order to protect consumer interest and also in line with the prevalent pandemic situation and be notified as such after incorporating surcharges as per Annexure-VIII.

XWDISCOs and deposited with CPPA-G for the purposes of settlement of the notified prudent costs of the approved generation companies and the transmission companies.

a. Other Surcharges

6. In addition: (i) Neelum Jhelum surcharge @ Rs. 0.10/unit was also charged till June 2018; and (ii) Financing Cost surcharge @ Rs. 0.43/unit is also being charged.

7. In compliance with the directions of the Honorable Superior Court, lately such imposition of surcharge was also routed through NEPRA, prior to notification of the consumer end tariff.

8. Post Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 (the "Amendment Act, 2018")

8. By way of the Amendment Act, 2018 two-pronged strategy was adopted. Firstly, all surcharges to date imposed were ratified and validated by the Parliament in terms of section 51 of the Act. Secondly, the authority and obligation to determine uniform tariff in the public consumer interest has now been vested in NEPRA for such distribution companies, which are owned and controlled by a common shareholder on the basis of their consolidated accounts.

The legal framework for tariff determination, notification and steps entailed are as follows:

9. In terms of the amended section 31 (1) of the Act, NEPRA has to determine the "individual" tariff of each distribution company for the provision of electric power services. The same is reproduced below for ease of reference:

"(1) The Authority shall, in the determination, modification or revision of rates, charges and terms and conditions for the provision of electric power services, be guided by the national electricity policy, the national electricity plan and such guidelines as may be issued by the Federal Government in order to give effect to the national electricity policy and national electricity plan."

10. Accordingly, on the basis of individual accounts of each XWDISCOs and other factors prescribed by the Act including section 31 (2) & (3) of the Act, separate revenue requirements and schedule of tariff for each XWDISCOs has been determined and recommended by NEPRA for notification in terms of section 31 (7) of the Act. The details whereof are as follows:

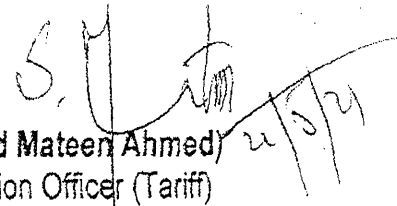
1	IESCO	15 Mar 2018 (PPP Adjustmant)	31-07-18	31-Aug-18
		28 July 2018 (PYA, DM Adjustment)		
2	IESCO	15-Mar-18	15-08-18	31-Aug-18
3	PESCO	1 Mar 2018 (PPP Adjustment))	15-08-18	31-Aug-18
		18 Aug 2018 (PPP, PYA, DM Adjustments		
4	GEPCO	28-Mar-18	12-04-18	20-Jul-18
5	HESCO	22-Nov-17	4-01-18	6-Jul-18
6	QESCO	16-May-17	20-06-17	6-Jul-18
7	PESCO	13-Feb-18	12-04-18	12-Jul-18
8	MEPCO	12-Oct-17	28-11-17	6-Jul-18
9	TESCO	10-May-18	11-07-18	31-Aug-18
10	SEPCO	7-Feb-18	20-03-18	3-Jul-18

Additionally, the quarterly adjustments for 2017-18 of GEPCO, HESCO, QESCO, PESCO, MEPCO, TESCO and SEPCO have also been recommended by NEPRA date September 10, 2018, by superseding schedule of tariff earlier determined, for notification in term of section 31(7) of Act.

11. It is thus evident from the above that the process for some of the distribution companies including hearing of the tariff determinations was completed prior to Amendment Act, 2018. Whereas, for others the same was undertaken post the Amendment Act, 2018. However, tariff determination and recommendations based on individual accounts of each distribution company owned and controlled by the Federal Government by NEPRA is post the Amendment Act, 2018. In essence the determined prudent revenue requirement is to the tune of Rs. 1,611 billion, i.e., a sum of Rs. 396 billion over and above the uniform notified tariff in field at present.

12. Presently the consolidated prudent revenue requirement of Rs. 1,611 billion recommended by NEPRA is to be recovered by way of differential tariff for each category of consumer for each XWDISCO. As an illustration the differential rate in each consumer category for residential and industrial consumer for one XWDISCO in each Province is as follows:

9. While doing so, requisite opportunity of hearing may be given to all concerned, including the Federal Government, in line with the pronouncements of the superior courts on the issue.


(Syed Mateen Ahmed)
Section Officer (Tariff)
Tel # 051-9103954

Copy to

- i. PSO to Secretary, Ministry of Energy, Power Division, Islamabad.
- ii. PS to Addl Secretary, Ministry of Energy, Power Division, Islamabad.
- iii. PS to Joint Secretary (PF), M/o Energy, Power Division, Islamabad.

Most Immediate

No.PI-4(18)/2018-19
Government of Pakistan
Ministry of Energy
Power Division

Islamabad the April 18, 2019

The Registrar
National Electric Power Regulatory Authority
NEPRA Tower, Attaturk Avenue (East)
Sector G-5/1
Islamabad

Subject: METHODOLOGY FOR INCORPORATION OF QUARTERLY
ADJUSTMENTS IN THE UNIFORM TARIFF OF XWDISCOS IN TERMS OF
THE PROVISIONS OF "REGULATION OF GENERATION, TRANSMISSION
AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997" (THE "ACT")

I am directed to state that by way of Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 (the "**Amendment Act, 2018**"), section 31 was completely revised. A new uniform tariff framework under section 31(4) stand introduced, which includes the price-equalization and socio-economic elements, price-equalization by the uniform, cross-entity, nature of tariff itself and the socio-economic dimension by tying grant of tariff to public consumer interest.

2. Accordingly, the Federal Government moved Motion for Reconsideration dated November 9, 2018 of Tariff Determinations for FY 2016-17 and Quarterly Decisions for FY 2017-18 (the "**Reconsideration Motion**"). On the basis of national average PPP and the overall revenue requirement at National Level, the uniform tariff as required under Section 31(4) was determined, which inclusive of targeted subsidy and inter disco tariff rationalization culminated in final uniform consumer end tariff attached as Annex-VII of the decision dated December 19, 2018 (the "**Uniform Tariff Decision**"). The Uniform Tariff Decision was duly notified vide SRO Nos. 1 (1)/2019 to SRO Nos. 10 (1)/2019 dated 1st January, 2019.

3. As per the existing Tariff Methodology, Power Purchase Price (PPP) references are subject to adjustment on monthly and quarterly basis. The adjustment on account of variation in fuel cost component of PPP is undertaken on monthly basis and reflected uniformly in the consumers' monthly bill as Fuel Charges Adjustment. Whereas, adjustment on remaining component of PPP i.e.: (a) Capacity Charges, (b) transmission charges, (c) Market Operator Fee (MoF), (c) the impact of T&D losses, and (e) Variable O&M is to be undertaken on quarterly basis (the "**Quarterly Adjustment Components**").

4. In the above background, it is pointed out that the Uniform Tariff Decision specified that 1st Quarterly Adjustment of FY 2018-19 to the tune of approximately Rs. 94 Billion and 2nd Quarterly Adjustment of FY-2018-19 to the tune of approximately Rs. 84 Billion, in aggregate amounting to Rs. 180 Billion (tentatively) are subsequently to be included in the tariff.

5. It is also pointed out that the National Power Policy, 2013 (the "**Power Policy**") developed by the Federal Government and approved by CCI is in vogue. One of the essential components of the Power Policy is to safeguard the low-end consumers from any price escalation and tariff rationalization/uniformity with an aim to minimize/eliminate subsidy within industrial, commercial and bulk consumers.

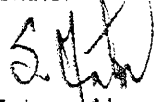
6. Similarly, in pursuance of the Power Policy, the National Power Tariff and Subsidy Policy Guidelines, 2014 (the "**Tariff and Subsidy Policy**") is also in vogue. The Tariff and Subsidy Policy aim to strike a balance between the interest of consumers and the interest of providers of capital. The main objective of the Tariff and Subsidy Policy is: (a) in the context of tariff policy to ensure: (i) financial viability of the sector entities while protecting interests of the consumers; and (ii) predictability in regulatory actions; and (b) in the context of national subsidy policy: (i) subsidy policy for low income residential customers; (ii) subsidy not to exceed amount funded by the federal budget; and (iii) tariff adjustment mechanism. The Tariff and Subsidy Policy also maintains the commitment of the Federal Government for now to continue a uniform national tariff.

7. Furthermore, it is evident from the Uniform Tariff Decision that it is based on national average PPP and the overall revenue requirement at National Level, leading to the uniform tariff as required under Section 31(4), which inclusive of targeted subsidy and inter disco tariff rationalization culminated in final uniform consumer end tariff attached as Annex-VII of the decision dated December 19, 2018.


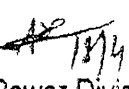

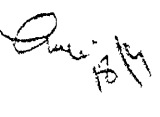
8. Accordingly, in view of the same socio economic objectives as well as policy of maintaining uniform tariff rates across the consumers and regions, it is proposed that the same principles be adopted and followed for the purposes of passing on the impact of quarterly adjustment as adopted earlier and reflected in the Uniform Tariff Decision. Thus, the Quarterly Adjustment Components of PPP being determined by the Authority be consolidated and thereafter be utilized for the purposes of arriving at a uniform rate tariff cross each category of consumer of XWDISO (excluding life line consumers), to be recovered in the same manner as fuel price adjustment. In the instant case in order to facilitate the end consumer it is further proposed that such quarterly adjustment amount be staggered and recovered in twenty-four months instead of three months. Accordingly, the uniform quarterly adjustment amount is proposed and attached herewith as Annex - A. Once the same is considered and recommended by NEPRA, notification of such quarterly adjustment amount is to be made by the Federal Government in the official gazette within fifteen days of intimation in terms of section 31 (7) of the Act.

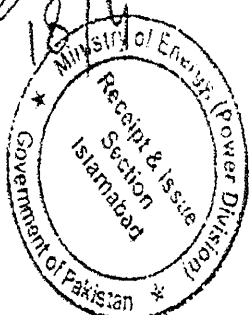
9. In view of above, following is proposed:

- a. The same principle as earlier adopted for determination of uniform tariff be adopted for determination and recovery of Quarterly Adjustment Components for arriving at uniform rate tariff cross each category of consumer of XWDISCO (excluding life line consumers), to be recovered in the same manner as fuel price adjustment as proposed in paragraph no. 8; and
- b. The uniform quarterly adjustment amount being reflective of economic and social policy of the Federal Government based on the consolidated Quarterly Adjustment Components attached herewith as **Annex - A** be approved for submitting to NEPRA, which be staggered and recovered in twenty-four months instead of three months.


(Syed Mateen Ahmed)
Section Officer (Tariff)

C.C:

1. PS to Minister for Energy, Power Division.  18/4
2. PSO to Secretary, Ministry of Energy, Power Division.  18/4
3. SPS to Additional Secretary (Power), Ministry of Energy, Power Division.  18/4
4. ✓ PS to Joint Secretary (PF), Energy, Power Division.  18/4



Quarterly Adjustment to be recovered from consumer

Description	Unit	IESCO	UESCO	GEPCO	FESCO	MEPCO	PESCO	HESCO	QESCO	SEPCO	TESCO	Annex-A Total
Losses	(%)	0.65%	10.76%	10.08%	10.24%	15.00%	31.95%	2.59%	17.50%	20.75%	12.46%	16.53%
Units Received												
Apr-Jun 2018-19	[MkWh]	3,765	8,104	3,728	4,743	6,468	3,969	1,825	1,836	1,467	515	36,419
Jul-Sep 2019-20	[MkWh]	4,200	8,604	4,083	5,397	7,539	4,783	1,917	1,870	1,695	454	40,543
Oct-Dec 2019-20	[MkWh]	2,608	5,405	2,364	3,291	4,056	3,401	1,280	1,718	975	512	25,610
Jan-Mar 2019-20	[MkWh]	2,615	5,267	2,215	3,164	3,799	3,566	1,107	1,607	792	532	24,662
Apr-Jun 2019-20	[MkWh]	3,594	7,598	3,513	4,677	6,464	4,203	1,997	1,877	1,535	469	35,926
Jul-Sep 2020-21	[MkWh]	4,200	8,604	4,083	5,397	7,539	4,783	1,917	1,870	1,695	454	40,543
Oct-Dec 2020-21	[MkWh]	2,608	5,405	2,364	3,291	4,056	3,401	1,280	1,718	975	512	25,610
Jan-Mar 2020-21	[MkWh]	2,615	5,267	2,215	3,164	3,799	3,566	1,107	1,607	792	532	24,662
Units Sold												
Apr-Jun 2018-19	[MkWh]	3,439	7,151	3,354	4,257	5,498	2,701	1,413	1,515	1,031	450	30,808
Jul-Sep 2019-20	[MkWh]	3,837	7,592	3,673	4,845	6,408	3,255	1,484	1,543	1,191	398	34,226
Oct-Dec 2019-20	[MkWh]	2,383	4,770	2,127	2,954	3,448	2,314	991	1,417	685	448	21,536
Jan-Mar 2019-20	[MkWh]	2,389	4,647	1,993	2,840	3,229	2,427	857	1,325	556	465	20,728
Apr-Jun 2019-20	[MkWh]	3,283	6,704	3,161	4,199	5,494	2,860	1,546	1,549	1,079	411	30,284
Jul-Sep 2020-21	[MkWh]	3,837	7,592	3,673	4,845	6,408	3,255	1,484	1,543	1,191	398	34,226
Oct-Dec 2020-21	[MkWh]	2,383	4,770	2,127	2,954	3,448	2,314	991	1,417	685	448	21,536
Jan-Mar 2020-21	[MkWh]	2,389	4,647	1,993	2,840	3,229	2,427	857	1,325	556	465	20,728
Q1		8,819	17,992	8,756	11,837	17,742	13,219	6,204	5,044	4,439	1,520	94,165
Impact /kWh on 24 Month Basis												
Q1		0.35	0.38	0.40	0.40	0.48	0.61	0.66	0.43	0.64	0.15	0.44

Applicable Charges

Description	Additional Charges					
	Rs. / kWh					
Residential						total
Up to 50 Units						
For peak load requirement less than 5 kW						
01-100 Units	-	-	-	-	-	-
101-200 Units	-	-	-	-	-	-
201-300 Units	-	-	-	-	-	-
301-700 Units	-	-	-	-	0.03	0.03
Above 700 Units	-	-	-	-	0.03	0.03
For peak load requirement exceeding 5 kW						
Time of Use (TOU) - Peak	-	-	-	-	0.03	0.03
Time of Use (TOU) - Off-Peak	-	-	-	-	0.03	0.03
Temporary Supply	0.31	0.30	0.40	0.11	0.15	1.27
Total Residential						
Commercial - A2						
For peak load requirement less than 5 kW	-	-	-	-	-	-
For peak load requirement exceeding 5 kW						
Regular	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Peak	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Off-Peak	0.31	0.30	0.40	0.11	0.15	1.27
Temporary Supply	0.31	0.30	0.40	0.11	0.15	1.27
Total Commercial						
General Services-A3	0.31	0.30	0.40	0.11	0.15	1.27
Industrial						
B1	0.31	0.30	0.40	0.11	0.15	1.27
B1 Peak	0.31	0.30	0.40	0.11	0.15	1.27
B1 Off Peak	0.31	0.30	0.40	0.11	0.15	1.27
B2	0.31	0.30	0.40	0.11	0.15	1.27
B2 - TOU (Peak)	0.31	0.30	0.40	0.11	0.15	1.27
B2 - TOU (Off-peak)	0.31	0.30	0.40	0.11	0.15	1.27
B3 - TOU (Peak)	0.31	0.30	0.40	0.11	0.15	1.27
B3 - TOU (Off-peak)	0.31	0.30	0.40	0.11	0.15	1.27
B4 - TOU (Peak)	0.31	0.30	0.40	0.11	0.15	1.27
B4 - TOU (Off-peak)	0.31	0.30	0.40	0.11	0.15	1.27
Temporary Supply	0.31	0.30	0.40	0.11	0.15	1.27
Total Industrial						
Single Point Supply for further distribution						
C1(a) Supply at 400 Volts-less than 5 kW	0.31	0.30	0.40	0.11	0.15	1.27
C1(b) Supply at 400 Volts-exceeding 5 kW	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Peak	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Off-Peak	0.31	0.30	0.40	0.11	0.15	1.27
C2 Supply at 11 kV	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Peak	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Off-Peak	0.31	0.30	0.40	0.11	0.15	1.27
C3 Supply above 11 kV	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Peak	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Off-Peak	0.31	0.30	0.40	0.11	0.15	1.27
Total Single Point Supply						
Agricultural Tube-wells - Tariff D						
Scarp	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Peak	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Off-Peak	0.31	0.30	0.40	0.11	0.15	1.27
Agricultural Tube-wells	-	0.30	0.40	0.11	0.15	0.96
Time of Use (TOU) - Peak	-	0.30	0.40	0.11	0.15	0.96
Time of Use (TOU) - Off-Peak	-	0.30	0.40	0.11	0.15	0.96
Total Agricultural						
Public Lighting - Tariff G	0.31	0.30	0.40	0.11	0.15	1.27
Residential Colonies	0.31	0.30	0.40	0.11	0.15	1.27
Railway traction	0.31	0.30	0.40	0.11	0.15	1.27
Tariff K - A&K	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Peak	0.31	0.30	0.40	0.11	0.15	1.27
Time of Use (TOU) - Off-Peak	0.31	0.30	0.40	0.11	0.15	1.27
Tariff K - Rawat Lab	0.31	0.30	0.40	0.11	0.15	1.27
Sub-Total						

Sub-Total

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O.182(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 374(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 01(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Quetta Electric Supply Company Limited (QESCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-I and IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 08-12-2020 of the Authority at Annex-II and IIA, QESCO Estimated Sales Revenue at Annex-III, QESCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of QESCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O.183(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 375(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 02(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Hyderabad Electric Supply Company Limited (HESCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-I and IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 08-12-2020 of the Authority at Annex-II and IIA, HESCO Estimated Sales Revenue at Annex-III, HESCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of HESCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O.184(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 376(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 03(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Faisalabad Electric Supply Company Limited (FESCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 08-12-2020 of the Authority at Annex-IIA, FESCO Estimated Sales Revenue at Annex-III, FESCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of FESCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O.185(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 377(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 04(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Islamabad Electric Supply Company Limited (IESCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 12-12-2020 of the Authority at Annex-IIA, IESCO Estimated Sales Revenue at Annex-III, IESCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of IESCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O.186(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 378(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 05(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Lahore Electric Supply Company Limited (LESCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 08-12-2020 of the Authority at Annex-IIA, LESCO Estimated Sales Revenue at Annex-III, LESCO Power Purchase Price at Annex-IV, the Terms-and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of LESCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O. 187(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 379(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 06(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Gujranwala Electric Power Company Limited (GEPCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-I and IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 24-12-2020 of the Authority at Annex-II and IIA, GEPCO Estimated Sales Revenue at Annex-III, GEPCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of GEPCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O.188(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 380(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 07(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Multan Electric Power Company Limited (MEPCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-I and IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 24-12-2020 of the Authority at Annex-II and IIA, MEPCO Estimated Sales Revenue at Annex-III, MEPCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of MEPCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O.189(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 381(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 08(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Sukkur Electric Power Company Limited (SEPCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-I and IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 30-12-2020 of the Authority at Annex-II and Order dated 24-12-2020 of the Authority at IIA, SEPCO Estimated Sales Revenue at Annex-III, SEPCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of SEPCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O.190(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 382(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 09(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Peshawar Electric Supply Company Limited (PESCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-I and IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 14-12-2020 of the Authority at Annex-II and Order dated 11-12-2020 of the Authority at IIA, PESCO Estimated Sales Revenue at Annex-III, PESCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of PESCO and paragraph no. 2 in the aforesaid notification is deleted.

Government of Pakistan
Ministry of Energy

Islamabad, the 12th February, 2021.

NOTIFICATION

S.R.O. 191(I)/2021. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. 383(I)/2018 dated March 22, 2018 as amended and modified by S.R.O. 10(I)/2019 dated January 01, 2019, with immediate effect:

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "Authority"), inclusive of GoP Tariff Rationalization, of Tribal Areas Electric Supply Company Limited (TESCO), is substituted with the final tariff dated February 12, 2021 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.
3. In the aforesaid notification the Annex-II and IIA, Annex-I and IA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-I and IA, Order dated 14-12-2020 of the Authority at Annex-II and Order dated 11-12-2020 of the Authority IIA, TESCO Estimated Sales Revenue at Annex-III, TESCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of TESCO and paragraph no. 2 in the aforesaid notification is deleted.



Registrar

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
 Ph: +92-31-9206500, Fax: +92-31-2500024
 Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

No. NEPRA/R/ADG(Tariff)/TRF-100/XWDISCOs/7097-7099
 February 10, 2021

Subject: Decision of the Authority in the matter of Requests filed by XWDISCOs for Periodic Adjustment in Tariff for the 4th Quarter of FY 2019-20

Dear Sir,

Please find enclosed herewith subject Decision of the Authority along with Annexures-I (06 pages) in respect of XWDISCOs (FESCO, GEPCO, HESCO, IESCO, LESCO, MEPCO, PESCO, QESCO, SEPCO and TESCO).

2. The Decision along with Annexures-I is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

Enclosure: As above

(Syed Safeer Hussain)

Secretary
 Ministry of Energy (Power Division)
 'A' Block, Pak Secretariat
 Islamabad

CC:

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

Spl (Secy) Dy No: 292
 Date: 10/2/21

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DECISION OF THE AUTHORITY IN THE MATTER OF REQUESTS FILED BY XWDISCOs FOR PERIODIC ADJUSTMENT IN TARIFF FOR THE 4th QUARTER OF FY 2019-20

1. The Authority determined tariffs for seven XWDISCOs for the FY 2016-17 & FY 2017-18 individually under the Single Year Tariff Regime (SYT). For XWDISCOs under the Multi Year Tariff (MYT) regime, i.e. FESCO, LESCO and IESCO, the Authority through its decisions regarding adjustment in tariff components for the FY 2016-17 and FY 2017-18 allowed PPP variations for the FY 2017-18, and under/over recovery of the allowed Distribution Margin for the FY 2016-17 and FY 2017-18, as Prior Year Adjustment. The said decisions were intimated to the Federal Government for notification in the official Gazette.

2. The Federal Government, against the aforementioned determinations/decisions, filed a motion dated November 09, 2018, under Section 7, 31(4) and 31(7) of the NEPRA Act 1997 read with Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules, 1998 for recommendation of uniform consumer end tariff at national level, which was decided by the Authority on December 19, 2019. The uniform tariff so determined by the Authority was notified by the Federal Government vide SRO.1(I)/2019 to SRO.12(I)/2019 dated January 01, 2019, to be effective from January 01, 2019.

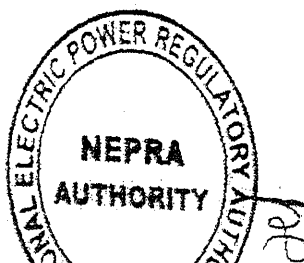
3. Based on the adjustment mechanism, as prescribed in the notified tariff, NEPRA has already determined the quarterly adjustments of XWDISCOs for the FY 2018-19 & FY 2019-20 (first three quarters only), which have since been notified by the Federal Government.

4. XWDISCOs now in line with the quarterly adjustment mechanism filed their adjustment requests on account of variation in PPP, including impact of T&D losses etc., for the 4th quarter of the FY 2019-20 i.e. from April to June 2020, as summarized below:

April to June 2020	IESCO	LESCO	GEPCO	FESCO	MSPCO	PESCO	HESCO	QESCO	SEPCO	TESCO	Total
Capacity Purchase Price	7,717	16,300	8,415	10,918	13,536	11,706	4,206	3,061	2,860	370	81,109
Variable O&M	64	136	-	79	98	(13)	(6)	276	826	(893)	567
UoSC & MoF	230	631	231	302	412	277	77	82	112	(85)	2,270
Impact of T&D Losses on monthly FPA	(163)	(747)	183	(423)	(919)	(1,352)	(442)	2,648		(35)	(1,249)
Total	7,847	16,320	8,831	10,876	13,147	10,619	3,835	6,068	3,798	(642)	82,697

5. Although, the proposed quarterly adjustments are formula based and as per the already prescribed mechanism but the impact of any such adjustments has to be made part of the consumer end tariff, hence, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing on the issue.

6. The Authority initially scheduled the hearing on November 24, 2020, however, due to non-preparation of DISCOs and CPPA-G, the same was rescheduled on December 01, 2020, for which advertisement was published in newspapers and separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features and details of the proposed adjustments were uploaded on NEPRA's Website for information of all concerned.



7. In the meantime, IESCO, GEPCO, SEPCO and TESCO, filed their revised adjustment requests, having a combined additional impact of Rs.2,503 million, thus, increasing the total claimed amount to Rs.85,202 million from the previously requested amount of Rs.82,697 million, as detailed below:

Rs. in Million											
April to June 2020	IESCO	LESCO	GEPCO	FESCO	MEPCO	PESCO	HESCO	QESCO	SEPCO	TESCO	Total
Capacity Purchase Price	7,717	16,300	8,415	10,918	15,556	11,706	4,206	3,061	2,860	370	81,109
Variable O&M	64	136	-	79	98	(13)	(6)	276	826	(893)	567
UoSC & MoF	230	631	231	302	412	277	77	82	112	(85)	2,270
Impact of T&D Losses on FCA	(163)	(747)	183	(423)	(919)	(1,352)	(442)	2,648		(35)	(1,249)
Total	7,847	16,320	8,831	10,876	15,147	10,619	3,835	6,068	3,798	(642)	82,697
Revised Amount	7,847	19,093	8,394	10,876	15,147	10,619	3,835	6,068	3,783	(460)	85,202
Difference	-	2,773	(437)	-	-	-	-	-	(15)	182	2,503

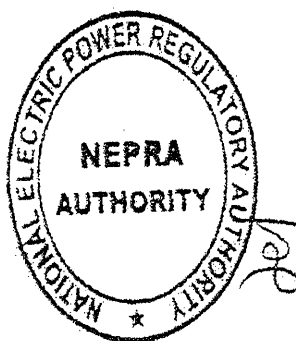
8. Ministry of Energy (MoE) vide letter dated November 18, 2020 has requested to allow impact of the quarterly adjustments on uniform basis to be reflected in the monthly bills of consumers of all XWDISCOs till its final recovery and any excess and less adjustment would be settled between DISCOs at CPPA-G level.

9. Hearing was held as per the Schedule on 01.12.2020, which was attended by XWDISCOs, CPPA-G, and other stakeholders including APTMA, General public and media.

10. CPPA-G during the hearing submitted that Market Operation Fee, Use of System charges of NTDC and Capacity charges of Generation companies are billed to XWDISCOs as per the determinations/decisions of NEPRA. CPPA-G, while justifying the instant adjustment request, submitted that the projected Power Purchase Price (PPP) references included in the notified base tariff, did not include capacity charges for certain power plants e.g. Neelum Jhelum Hydro, HSR (Sahiwal) Coal, China Hub Power Coal, Engro Power Gen Thar Coal, Port Qasim Coal and various Solar and Wind based power plants etc., as these plants were not operational at that time. However, subsequently these plants became operational and have accordingly started invoicing their capacity charges to CPPA-G, which is being reflected in the quarterly adjustment requests.

11. The Authority on the concerns raised by the commentators during the hearing regarding payment of capacity charges to power plants without fully utilizing their available capacities, observed that as per the Take OR Pay agreements with the IPPs, the Capacity is paid to the IPPs based to the availability of plants, irrespective of their utilization factor.

12. The Authority, in order to work out the amount of quarterly adjustments of XWDISCOs, obtained details of actual Power Purchase cost billed by CPPA-G to DISCOs for the relevant period. CPPA-G provided the information for the period i.e. April to June 2020, and also certified that;



a. 2002 Power Policy Plants

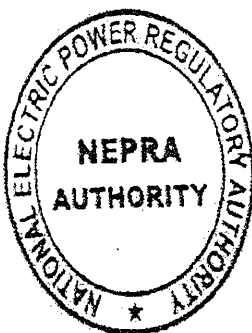
- i. Invoices of all Capacity Purchase have been processed in accordance with rates, Terms & Conditions as determined by NEPRA. Payments related to periodical adjustments are also made as per decision of NEPRA.
- ii. The above statement is true, based on facts and from verifiable documentary evidences. In case of any deviation/variation observed if not rectified at later stage, CPPA-G will be responsible for the consequences arising out of any misstatement under NEPRA Act.

b. 1994 Power Policy Plants

- i. Invoices of all Capacity Purchase have been made strictly in accordance with the rates, terms & conditions as stipulated in the respective Power Purchase Agreement.
- ii. All payments to IPPs are being made after observing all formalities provided in the respective Power Purchase Agreement.
- iii. All purchase have been made in accordance with the Power Purchase agreement.
- iv. The above statement is true, based on facts and from verifiable documentary evidences. In case of any deviation/variation observed if not rectified at later stage, CPPA-G will be responsible for the consequences arising out of any misstatement under NEPRA Act and its Rules & Regulations.

13. Accordingly, for working out the quarterly adjustments for the 4th quarter of FY 2019-20, the information provided by CPPA-G and the requests filed by DISCOs have been considered. Here it is pertinent to mention the Authority in its determination in the matter of CPPA-G Market Operation fee dated November 13, 2019 noted that CPPA-G reflects the costs incurred on account of legal / litigation charges in the capacity costs billed to DISCOs. Accordingly CPPA-G was directed to include the said cost in its market operation fees and be got approved from the Authority. However, CPPA-G in its costs billed to DISCOs for the 4th quarter of FY 2019-20 has again included such costs as part of capacity charges billed to DISCOs. Therefore, while working out the instant quarterly adjustments, the amount of legal / litigation charges of Rs.2.814 million pertaining to the 4th quarter of FY 2019-20, has been not been considered.

14. Accordingly, based on the information submitted by CPPA-G and the adjustment request filed by DISCOs, the following amount of quarterly adjustments has been worked out for variation in Capacity charges, Variable O&M, Use of System Charges, Market Operator Fee and FCA impact on T&D losses, for the 4th quarter of FY 2019-20 i.e. April to June 2020.



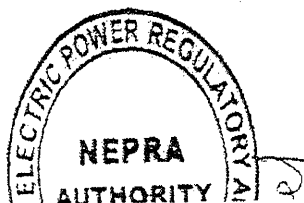
Rs. in Million											
Description	IESCO	LESICO	GEPCO	FESCO	MEPCO	PEPCO	HESCO	QESCO	SEPCO	TESCO	TOTAL
FCA Impact of T&D Losses	(260)	(714)	(317)	(423)	(919)	(1,304)	(415)	(310)	(425)	(66)	(5,154)
Variable O&M	64	136	64	79	98	63	17	18	17	3	559
Capacity Charges	7,716	19,039	8,415	10,920	15,556	11,706	4,206	4,626	4,446	(422)	86,208
UCSC/ Market Operator Fee	230	631	232	302	412	361	77	116	139	(77)	2,423
Total Under / (Over) recovered amount	7,750	19,092	8,393	10,878	15,147	10,826	3,886	4,450	4,177	(562)	84,037

15. Section 31(4) of the NEPRA Act, 1997 gives powers to the Authority to determine a uniform tariff, and further prescribes the manner, methodology and principles to be applied while determining the same. Accordingly, in view of the above and keeping in view the submissions made by MoE vide letter dated 18.11.2020, wherein reference has been made to the earlier motion filed by the Federal Government under Section 7, 31(4) and 31(7) of the NEPRA Act 1997 read with Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules, 1998 for recommendation of uniform consumer end tariff at national level and guidelines prescribed with regard to Methodology for incorporation of quarterly adjustments in the uniform tariff of XWDISCOs, in terms of provisions of NEPRA Act and Tariff Rules, and subject to para 17 below, the Authority has determined a uniform rate of Rs.0.8276/kWh attached as Annex-I with the instant decision, for the allowed amount of quarterly adjustments of Rs.84,037 million pertaining to the 4th quarter of FY 2019-20, across each category of consumers of XWDISCOs, based on projected sales for the FY 2017-18, after excluding therefrom the sales to life line consumers, to be recovered in twelve (12) months period, starting from the date of its notification as summarized below;

Rs. in Million											
Description	IESCO	LESICO	GEPCO	FESCO	MEPCO	PEPCO	HESCO	QESCO	SEPCO	TESCO	TOTAL
FCA Impact of T&D Losses	(260)	(714)	(317)	(423)	(919)	(1,304)	(415)	(310)	(425)	(66)	(5,154)
Variable O&M	64	136	64	79	98	63	17	18	17	3	559
Capacity Charges	7,716	19,039	8,415	10,920	15,556	11,706	4,206	4,626	4,446	(422)	86,208
UCSC/ Market Operator Fee	230	631	232	302	412	361	77	116	139	(77)	2,423
Total Adjustment (Rs. in	7,750	19,092	8,393	10,878	15,147	10,826	3,886	4,450	4,177	(562)	84,037
XWDISCOs Sales (GWHs)	11,643	23,638	10,788	13,981	17,149	9,261	4,545	5,455	3,364	1,720	101,546
Rate (Rs./kWh)	0.666	0.808	0.778	0.778	0.883	1.169	0.855	0.816	1.242	(0.327)	0.8276

16. The category wise component of the allowed quarterly adjustment of each XWDISCO along-with the uniform rate is attached as Annex-I with the instant decision. Since, through amendment in NEPRA Act, the power to impose surcharges by the Federal Government has been removed, therefore, the Federal Government shall not rationalize the allowed uniform rate of Rs.0.8276/kWh upwards for any consumer category.

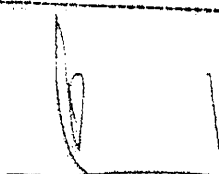
17. Having said that, the Authority in its uniform tariff determination dated December 19, 2018 has categorically held that although the petition filed by the Federal Government falls short of the legal requirements of section 31 (4) of the Act but in view of pragmatic considerations, it would be inequitable and unconscionable for the Authority to dismiss the uniform tariff motion on the basis of non-exhaustive compliance of the procedural elements thereof. The Authority further issued directions to the Federal Government in para 34 of the December 19, 2018 determination to be complied by the Federal Government for its subsequent submissions. Although, the said directions still remain to be complied with by the Federal Government, however, considering that the instant matter is an adjustment in the already approved uniform tariff by the Authority, therefore, without prejudice to

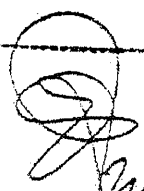


the said observations and directions of the Authority, the quarterly adjustments have been determined in a uniform manner. The instant determination /decision shall not in any way operate to modify, alter, rescind or waive of the observations and the directions of the Authority in the determination dated December 19, 2018.


18. In terms of Section 31(7) of the NEPRA Act, decision of the Authority along with Annex-I, attached to this decision, is intimated to the Federal Government for notification in the official Gazette.

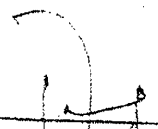
AUTHORITY


Engr. Bahadur Shah
Member

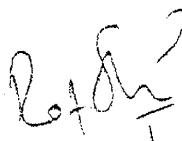

Rehmanullah Baloch
Member

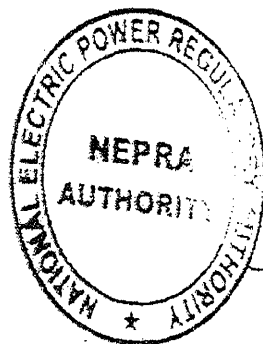
⑦
Rafique Ahmed Shaikh
Member

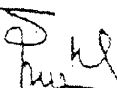

Saif Ullah Chattha
Vice Chairman
4.2.2021


Tauseef H. Farooqi
Chairman

Notification of main determination 2019-20 is still pending.


9/2/21




10 02 21

Description	IESCO	LESCO	FESCO	TESCO	HESCO	GEPCO	SEPCO	MEPCO	QESCO	PESCO	Adjustment 4th Qtr FY 2019-20	
	Variable Charge	Variable Charge	Variable Charge	Variable Charge	Variable Charge	Variable Charge	Variable Charge	Variable Charge	Variable Charge	Variable Charge	Variable Charge	Variable Charge
	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh	Rs./ kWh

Residential

Up to 50 Units												
For peak load requirement less than 5 kW												
01-100 Units	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	12.388	0.8275
101-200 Units	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	9.525	0.8275
201-300 Units	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	8.541	0.8275
301-700 Units	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	4.738	0.8275
Above 700 Units	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	1.475	0.8275
For peak load requirement exceeding 5 kW												
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	494	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	2.325	0.8275
Temporary Supply	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	4	0.8275

39,470

Commercial - A1

For peak load requirement less than 5 kW	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	2,358	0.8275
For peak load requirement exceeding 5 kW												
Regular:	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	82	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	585	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	2,910	0.8275
Temporary Supply	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	110	0.8275

8,142

General Services - A3

	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	2,498	0.8275
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Industrial

B1	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	362	0.8275
B1 Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	313	0.8275
B1 Off Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	1,703	0.8275
B2	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	191	0.8275
B2 - TOU (Peak)	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	1,145	0.8275
B2 - TOU (Off-peak)	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	6,292	0.8275
B3 - TOU (Peak)	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	861	0.8275
B3 - TOU (Off-peak)	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	7,463	0.8275
B4 - TOU (Peak)	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	404	0.8275
B4 - TOU (Off-peak)	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	2,871	0.8275
Temporary Supply	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	12	0.8275

21,408

Single Point Supply for further distribution

C1(a) Supply at 400 Volts less than 5 kW	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	10	0.8275
C1(b) Supply at 400 Volts exceeding 5 kW	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	118	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	80	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	265	0.8275
C2 Supply at 11 kV	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	253	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	291	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	1,295	0.8275
C3 Supply above 11 kV	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	180	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	108	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	479	0.8275

1,990

Agricultural Tube-wells - Tariff D

Scarp	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	338	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	87	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	369	0.8275
Agricultural Tube-wells	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	3,708	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	376	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	4,159	0.8275

9,518

Public Lighting - Tariff G

Public Lighting - Tariff G	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	315	0.8275
Residential Colonies attached to industrial premises	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	32	0.8275
Railway Traction	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	454	0.8275
Tariff K - AUK	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	236	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	978	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	0	0.8275
Tariff K - Rawat Lab	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	0	0.8275

2,015

Special Contract - Tariff-J

J-1 For Supply at 66 kV & above	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
J-2 (a) For Supply at 11, 33 kV	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
J-2 (b) For Supply at 66 kV & above	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
J-3 (a) For Supply at 11, 33 kV	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
J-3 (b) For Supply at 66 kV & above	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275
Time of Use (TOU) - Off-Peak	0.6656	0.8077	0.7780	(0.3267)	0.8549	0.7780	1.2417	0.8832	0.8157	1.1690	-	0.8275

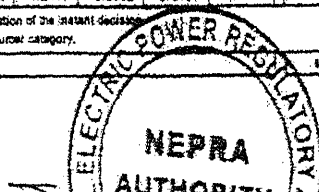
Note: The aforementioned Quarterly Adjustments shall remain applicable for a period of twelve (12) months from the date of notification of the instant decision.

The Federal Government while notifying the allowed uniform rate of Rs.0.8275/kWh shall not adjust the same upwards for any consumer category.

Total Average Tariff

14,337

0.8275



Annex-V



National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaburk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600028
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/R/ADG(Tariff)/TRF-100/XWDISCOs/24588-24590
May 6, 2021

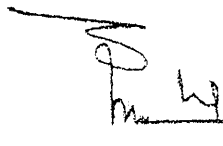
Subject: Decision of the Authority in the matter of Requests filed by XWDISCOs for Periodic Adjustment in Tariff for the 1st and 2nd Quarter of FY 2020-21

Dear Sir,

Please find enclosed herewith subject Decision of the Authority along with Annexure-A (07 pages) in respect of XWDISCOs (FESCO, GEPCO, HESCO, IESCO, LESCO, MEPCO, PESCO, QESCO, SEPCO and TESCO).

2. The Decision along with Annexure-A is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

Enclosure: As above


060521
(Syed Safeer Hussain)

Secretary
Ministry of Energy (Power Division)
'A' Block, Pak Secretariat
Islamabad

CC:

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

AS/11

JS(PF)

PA-Aditya

JS(PF)



**DECISION OF THE AUTHORITY IN THE MATTER OF REQUESTS FILED BY XWDISCOs FOR
PERIODIC ADJUSTMENT IN TARIFF FOR THE 1ST AND 2ND QUARTERS OF FY 2020-21**

1. The Authority determined tariffs for seven XWDISCOs for the FY 2016-17 & FY 2017-18 individually under the Single Year Tariff Regime (SYT). For XWDISCOs under the Multi Year Tariff (MYT) regime, i.e. FESCO, LESCO and IESCO, the Authority through its decisions regarding adjustment in tariff components for the FY 2016-17 and FY 2017-18 allowed PPP variations for the FY 2017-18, and under/over recovery of the allowed Distribution Margin for the FY 2016-17 and FY 2017-18, as Prior Year Adjustment. The said decisions were intimated to the Federal Government for notification in the official Gazette.
2. The Federal Government, against the aforementioned determinations/decisions, filed a motion dated November 09, 2018, under Section 7, 31(4) and 31(7) of the NEPRA Act 1997 read with Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules, 1998 for recommendation of uniform consumer end tariff at national level, which was decided by the Authority on December 19, 2019. The uniform tariff so determined by the Authority was notified by the Federal Government vide SRO.1(I)/2019 to SRO.12(I)/2019 dated January 01, 2019, to be effective from January 01, 2019.
3. Based on the adjustment mechanism, as prescribed in the notified tariff, NEPRA has already determined the quarterly adjustments of XWDISCOs for the FY 2018-19 & FY 2019-20, which have since been notified by the Federal Government, except for the 4th quarter of the FY 2019-20, which was determined by the Authority on 10.02.2021 but is pending notification by the Federal Government.
4. XWDISCOs have now in line with the quarterly adjustment mechanism filed their adjustment requests on account of variation in PPP, including impact of T&D losses etc., for the 1st and 2nd quarters of the FY 2020-21 i.e. from July to September 2020 & October to December 2020, as summarized below;

Rs. Million											
Description	IESCO	LESCO	GEPSCO	FESCO	MEPSCO	PESCO	HESCO	QESCO	SEPCO	TESCO	Total
1st Quarter FY 2020-21 i.e. July 2020 to September 2020											
Capacity Purchase Price	2,576	9,035	3,420	1,377	4,985	5,655	2,907	1,819	2,394	(774)	33,392
Variable O&M	284	600	66	323	521	356	93	139	103	37	2,527
UoSC & MoF	198	777	298	174	434	441	245	152	179	(48)	2,801
Impact of T&D losses on monthly FPA	356	938	401	417	1,151	1,478	573	257	365	53	5,989
Total 1st Quarter FY 2020-21	3,414	11,299	4,185	2,351	7,092	7,824	3,818	2,358	3,046	(680)	44,709
2nd Quarter FY 2020-21 i.e. October 2020 to December 2020											
Capacity Purchase Price	3,258	8,024	2,885	4,952	5,474	5,574	1,519	2,948	3,114	(798)	36,910
Variable O&M	208	470	249	352	430	317	161	151	160	163	2,661
UoSC & MoF	310	833	330	504	595	336	209	267	257	(59)	3,789
Impact of T&D losses on monthly FPA	210	487	92	238	410	1,082	223	256	263	38	3,298
Total 2nd Quarter FY 2020-21	3,995	9,814	3,556	6,046	6,860	7,510	2,103	3,623	3,788	(636)	46,658
Grand Total	7,409	21,113	7,741	8,397	13,952	15,334	5,921	5,981	6,834	(1,316)	91,367

5. Although, the proposed quarterly adjustments are formula based and as per the already prescribed mechanism but the impact of any such adjustments has to be made part of the consumer end tariff, hence, the Authority, in order to provide an opportunity of hearing to



2

Not



Decision of the Authority in the matter of requests filed by XWDISCOs regarding periodic adjustment in the Tariff

all the concerned and meet the ends of natural justice, decided to conduct a hearing on the issue.

6. Hearing in matter was scheduled on March 30, 2021, for which advertisement was published in newspapers and separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features and details of the proposed adjustments were uploaded on NEPRA's Website for information of all concerned. Four DISCOs i.e. GEPCO, HESCO, MEPCO & QESCO in the meantime submitted their revised adjustment requests, resulting in decrease in total claimed amount of all XWDISCOs from Rs.91,367 million to Rs.91,286 million as detailed below;

Rs. Million											
Description	IZSCO	LESCO	GEPCO	FEESCO	MEPCO	PEESCO	HESCO	QESCO	SZESCO	TEESCO	Total
1st Quarter FY 2020-21 i.e. July 2020 to September 2020											
Capacity Purchase Price	2,576	9,035	3,420	1,377	4,983	5,655	2,907	1,819	2,394	(774)	33,392
Variable O&M	284	606	307	383	524	250	93	130	108	89	2,788
UnSC & MoP	198	727	298	174	434	441	246	152	179	(48)	2,501
Impact of T&D Losses on monthly FPA	356	938	348	417	868	1,478	573	257	365	53	5,653
Total 1 st Quarter FY 2020-21	3,414	11,299	4,372	2,351	6,809	7,824	3,818	2,358	3,046	(680)	44,613
2nd Quarter FY 2020-21 i.e. October 2020 to December 2020											
Capacity Purchase Price	3,268	8,024	2,385	4,952	5,424	5,574	1,519	2,948	3,114	(798)	36,910
Variable O&M	208	470	263	352	430	317	129	151	160	163	2,643
UnSC & MoP	310	833	330	504	596	536	200	267	252	(39)	3,789
Impact of T&D Losses on monthly FPA	210	487	181	238	410	1,582	191	232	262	38	3,331
Total 2 nd Quarter FY 2020-21	3,995	9,814	3,658	6,046	6,860	7,510	2,039	3,599	3,788	(636)	46,672
Grand Total	7,409	21,113	8,031	8,397	13,669	15,334	5,857	5,957	6,834	(1,316)	91,286
Previous Request	7,409	21,113	7,741	8,397	13,952	15,334	5,921	5,981	6,834	(1,316)	91,367
Incr. / (Decr.)	-	-	(290)	-	283	-	(64)	24	-	-	(80)

7. Ministry of Energy (MoE) vide letter dated April 08, 2020 has requested to allow impact of the quarterly adjustments on uniform basis across each category of consumers (*excluding life line consumers*), to be reflected in the monthly bills of consumers of all XWDISCOs till its final recovery and any excess and less adjustment would be settled between DISCOs at CPPA-G level.
8. Hearing was held as per the Schedule on 30.03.2021, which was attended by XWDISCOs, CPPA-G, and other stakeholders including APTMA, General public and media.
9. CPPA-G during the hearing submitted that Market Operation Fee, Use of System charges of NTDC and Capacity charges of Generation companies are billed to XWDISCOs as per the determinations/decisions of NEPRA. CPPA-G, while justifying the instant adjustment request, submitted that the projected Power Purchase Price (PPP) references included in the notified base tariff, did not include capacity charges for certain power plants e.g. Neelum Jhelum Hydro, HSR (Sahiwal) Coal, China Hub Power Coal, Engro Power Gen Thar Coal, Port Qasim Coal and various Solar and Wind based power plants etc., as these plants were not operational at that time. However, subsequently these plants became operational and have accordingly started invoicing their capacity charges to CPPA-G, which is being reflected in the quarterly adjustment requests.





10. The Authority on the concerns raised by the commentators during the hearing regarding payment of capacity charges to power plants without fully utilizing their available capacities, observed that as per the Take OR Pay agreements with the IPPs, the Capacity is paid to the IPPs based to the availability of plants, irrespective of their utilization factor.
11. The Authority, in order to work out the amount of quarterly adjustments of XWDISCOs, obtained details of actual Power Purchase cost billed by CPPA-G to DISCOs for the relevant period. CPPA-G provided the information for the 1st & 2nd quarters of the FY 2020-21 i.e. July to December 2020, and also certified that;

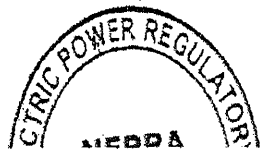
a. 2002 Power Policy Plants

- i. Invoices of all Capacity Purchase have been processed in accordance with rates, Terms & Conditions as determined by NEPRA. Payments related to periodical adjustments are also made as per decision of NEPRA.
- ii. The above statement is true, based on facts and from verifiable documentary evidences. In case of any deviation/variation observed if not rectified at later stage, CPPA-G will be responsible for the consequences arising out of any misstatement under NEPRA Act.

b. 1994 Power Policy Plants

- i. Invoices of all Capacity Purchase have been made strictly in accordance with the rates, terms & conditions as stipulated in the respective Power Purchase Agreement.
- ii. All payments to IPPs are being made after observing all formalities provided in the respective Power Purchase Agreement.
- iii. All purchase have been made in accordance with the Power Purchase agreement.
- iv. The above statement is true, based on facts and from verifiable documentary evidences. In case of any deviation/variation observed if not rectified at later stage, CPPA-G will be responsible for the consequences arising out of any misstatement under NEPRA Act and its Rules & Regulations.

12. Accordingly, for working out the quarterly adjustments for the 1st & 2nd quarters of the FY 2020-21, the information provided by CPPA-G and the requests filed by DISCOs have been considered. Here it is pertinent to mention that the Authority in the determinations of CPPA-G Market Operation fee observed that CPPA-G reflects the costs incurred on account of legal / litigation charges in the capacity costs billed to DISCOs. Accordingly CPPA-G was directed to include the said cost in its market operation fees and be got approved from the Authority. However, CPPA-G in its costs billed to DISCOs for the 1st & 2nd quarters of the FY 2020-21 has again included such costs as part of capacity charges billed to DISCOs. Therefore, while working out the instant quarterly adjustments, the amount of legal / litigation charges of Rs.23.5 million and Rs.78.7 million, pertaining to the 1st & 2nd quarter of FY 2020-21 respectively, have not been considered.



Mark

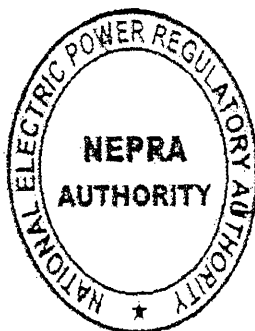


Decision of the Authority in the matter of requests filed by KWDISCOs regarding periodic adjustment in the Tariff

13. Accordingly, based on the information submitted by CPPA-G and the adjustment request filed by DISCOs, the following amount of quarterly adjustments has been worked out for variation in Capacity charges, Variable O&M, Use of System Charges, Market Operator Fee and FCA impact on T&D losses, for the 1st & 2nd quarters of the FY 2020-21 i.e. July to September 2020 & October to December 2020.

1 st Qtr. Adj. FY 2020-21											Rs. M
	IESCO	LESICO	GEPCO	FEPCO	MEPCO	PSICO	HESCO	QESCO	SEPCO	TESCO	Total
FCA Impact of T&D Losses	271	674	348	417	868	1,229	323	257	361	53	4,801
V. O&M	284	600	307	383	524	346	126	130	108	38	2,344
Capacity Charges	2,575	9,029	3,417	1,374	4,980	3,653	2,905	1,818	2,393	(775)	33,368
UCSC/MoF	198	726	298	174	434	457	246	153	179	(48)	2,817
Total	3,329	11,029	4,369	2,348	6,805	7,684	3,599	2,357	3,041	(731)	43,830
2 nd Qtr. Adj. FY 2020-21											Total
	IESCO	LESICO	GEPCO	FEPCO	MEPCO	PSICO	HESCO	QESCO	SEPCO	TESCO	Total
FCA Impact of T&D Losses	170	408	181	238	410	985	186	221	177	63	2,952
V. O&M	284	570	263	352	430	317	129	151	90	56	2,613
Capacity Charges	3,260	8,007	2,877	4,943	5,412	5,564	1,515	2,943	3,111	(799)	36,831
UCSC/MoF	310	833	330	304	596	326	200	267	252	(39)	3,782
Total	3,994	9,818	3,651	6,036	6,848	7,302	2,032	3,593	3,630	(719)	46,183
G.Total	7,323	20,847	8,020	8,385	13,653	14,986	5,631	5,950	6,670	(1,450)	90,013

14. Section 31(4) of the NEPRA Act, 1997 gives powers to the Authority to determine a uniform tariff, and further prescribes the manner, methodology and principles to be applied while determining the same. Accordingly, in view of the above and keeping in view the submissions made by MoE vide letter dated 08.04.2021, wherein reference has been made to its earlier letter dated 18.11.2020 in the matter of quarterly adjustments pertaining to the 4th quarter of FY 2019-20, 2nd and 3rd quarterly adjustments which was notified by the GoP vide SRO dated October 19, 2020 on uniform basis and the uniform tariff notified by the Federal Government vide SROs dated 12.02.2021, and subject to para 16 below, the Authority has determined a uniform rate of Rs.0.8966/kWh attached as Annex-A with the instant decision, for the allowed amount of quarterly adjustments of Rs.90,013 million pertaining to the 1st & 2nd quarters of the FY 2020-21, across each category of consumers of XWDISCOs (except lifeline consumers), based on projected sales for the FY 2019-20, after excluding therefrom the sales to life line consumers, to be recovered in twelve (12) months period, starting from the date of its notification as summarized below. Here it is pertinent to mention that the Authority in its decision dated 01.12.2020, in the matter of Motion filed by the Ministry of Energy (Power Division) with respect to recommendations of Support Package for additional consumption and abolishment of Time of Use Tariff Scheme for Industrial consumers of XWDISCOs, decided that no Quarterly adjustments would be passed on to B1, B2, B3 and B4 industrial consumers to the extent of incremental sales till continuation of the instant package.



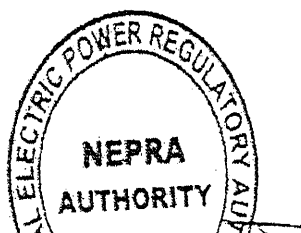


Decision of the Authority in the matter of requests filed by XWDISCOs regarding periodic adjustment in the Tariff

											Rs. Mn
1st Qtr. Adj. FY 2020-21	IESCO	IESCO	GEPCO	FESCO	MEPCO	PESCO	IESCO	QESCO	SEPCO	TESCO	Total
FCA Impact of T&D Losses	272	674	348	417	868	1,229	323	257	361	53	4,801
V. O&M	284	600	307	383	524	345	126	130	108	38	2,844
Capacity Charges	2,575	9,029	3,417	1,374	4,980	5,653	2,905	1,818	2,393	(775)	33,368
UCSC/MoF	198	726	298	174	434	457	246	153	179	(48)	2,817
Total	3,329	11,029	4,369	2,348	6,805	7,684	3,599	2,357	3,041	(731)	43,830
2nd Qtr. Adj. FY 2020-21	IESCO	IESCO	GEPCO	FESCO	MEPCO	PESCO	IESCO	QESCO	SEPCO	TESCO	Total
FCA Impact of T&D Losses	170	408	181	238	410	885	188	232	177	63	2,952
V. O&M	254	570	263	352	430	317	129	151	90	56	2,613
Capacity Charges	3,260	8,007	2,877	4,943	5,412	5,564	1,515	2,943	3,111	(799)	36,351
UCSC/MoF	310	833	330	504	596	536	200	267	252	(39)	3,798
Total	3,994	9,818	3,651	6,036	6,848	7,302	2,032	3,593	3,630	(719)	46,183
G.Total	7,323	20,847	8,020	8,385	13,653	14,986	5,631	5,950	6,670	(1,450)	90,013
Projected Sales - GWh	11,027	22,118	10,321	13,726	16,587	11,660	4,341	5,448	3,456	1,710	100,394
Per Unit Impact - Rs./kWh	0.6641	0.9425	0.7770	0.6109	0.8231	1.2853	1.2971	1.0921	1.9304	(0.8480)	0.8965

15. The category wise component of the allowed quarterly adjustment of each XWDISCO along-with the uniform rate is attached as **Annex-A** with the instant decision.

16. Since, through amendment in NEPRA Act, the power to impose surcharges by the Federal Government has been removed, therefore, the Federal Government shall not rationalize the allowed uniform rate of Rs.0.8966/kWh upwards for any consumer category. Having said that, the Authority in its uniform tariff determination dated 19.12.2018 and 12.02.2021 has categorically held that although the petition filed by the Federal Government falls short of the legal requirements of Section 31 (4) of the Act but in view of pragmatic considerations, it would be inequitable and unconscionable for the Authority to dismiss the uniform tariff motion on the basis of non-exhaustive compliance of the procedural elements thereof. The Authority further issued directions to the Federal Government in para 34 of the 19.12.2018 and 12.02.2021 determinations to be complied by the Federal Government for its subsequent submissions. Although, the said directions still remain to be complied with by the Federal Government, however, considering that the instant matter is an adjustment in the already approved uniform tariff by the Authority, therefore, without prejudice to the said observations and directions of the Authority, the quarterly adjustments have been determined in a uniform manner. The instant determination /decision shall not in any way operate to modify, alter, rescind or waive of the observations and the directions of the Authority in the determination dated 19.12.2018 and 12.02.2021.



2

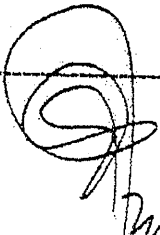
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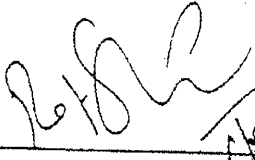
*Decision of the Authority in the matter of requests filed by XWDISCOs
regarding periodic adjustment in the Tariff*


17. In terms of Section 31(7) of the NEPRA Act, decision of the Authority along with Annex-A, attached to this decision, is intimated to the Federal Government for notification in the official Gazette.

AUTHORITY

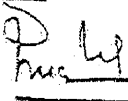

Rehmarullah Baloch
Member

(AWAY)
Engr. Maqsood Anwar Khan
Member


Rafique Ahmed Shah
Member


Tauseef H. Farooqi
Chairman

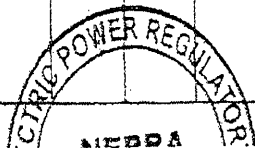



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National Electric Power Regulatory Authority (NEPRA)
Uniform Tariff of XWDISCOs
FY 2019-20

Uniform Rate for the 1st & 2nd Quarterly Adjustment of FY 2020-21

Description	GEPCO	HEPCO	TESCO	SEPCO	QESCO	IESCO	LESCO	YESCO	MEPCO	PESCO	Uniform Qtrly Adjustment 1st & 2nd Qtr FY 2020-21
	Variable Charges	Variable Charges	Variable Charges	Variable Charges	Variable Charges	Variable Charges	Variable Charges	Variable Charges	Variable Charges	Variable Charges	Variable Charges
	Rs./kW/h	Rs./kW/h	Rs./kW/h	Rs./kW/h	Rs./kW/h	Rs./kW/h	Rs./kW/h	Rs./kW/h	Rs./kW/h	Rs./kW/h	Rs./kW/h
Residential											
Up to 50 Units											
For peak load requirement less than 5 kW											
01-100 Units	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
101-200 Units	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
201-300 Units	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
301-700 Units	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Above 700 Units	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
For peak load requirement exceeding 5 kW											
Time of Use (TOU) - Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Off-Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Temporary Supply	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Total Residential											
Commercial - A2											
For peak load requirement less than 5 kW	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
For peak load requirement exceeding 5 kW											
Regular	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Off-Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Temporary Supply	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Total Commercial											
General Services-A3	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Industrial											
B1	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B1 Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B1 Off Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B2	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B2 - TOU (Peak)	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B2 - TOU (Off-peak)	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B3 - TOU (Peak)	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B3 - TOU (Off-peak)	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B4 - TOU (Peak)	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
B4 - TOU (Off-peak)	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Temporary Supply	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Total Industrial											
Single Point Supply											
C1(a) Supply at 400 Volts-less than 5 kW	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
C1(b) Supply at 400 Volts-exceeding 5 kW	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Off-Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
C2 Supply at 11 kV	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Off-Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
C3 Supply above 11 kV	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Off-Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Total Single Point Supply											
Agricultural Tube-wells - Tariff D											
Scarp	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Off-Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Agricultural Tube-wells	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Time of Use (TOU) - Off-Peak	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Total Agricultural											
Public Lighting	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Rural Colonization fund	0.7770	1.2971	(0.8480)	1.9304	1.0921	0.6641	0.9425	0.6109	0.8231	1.2853	0.8966
Railway Traction							0.9425		0.8231	1.2853	0.8966
Special Contracts - Afk	0.7770					0.6641				1.2853	0.8966
Time of Use (TOU) - Peak	0.7770					0.6641				1.2853	0.8966
Time of Use (TOU) - Off-Peak	0.7770					0.6641				1.2853	0.8966
Special Contracts - Rawat Lab.						0.6641					0.8966



No. 1/3/2013
31.07.2013

National Energy (Power) Policy, 2013-2018

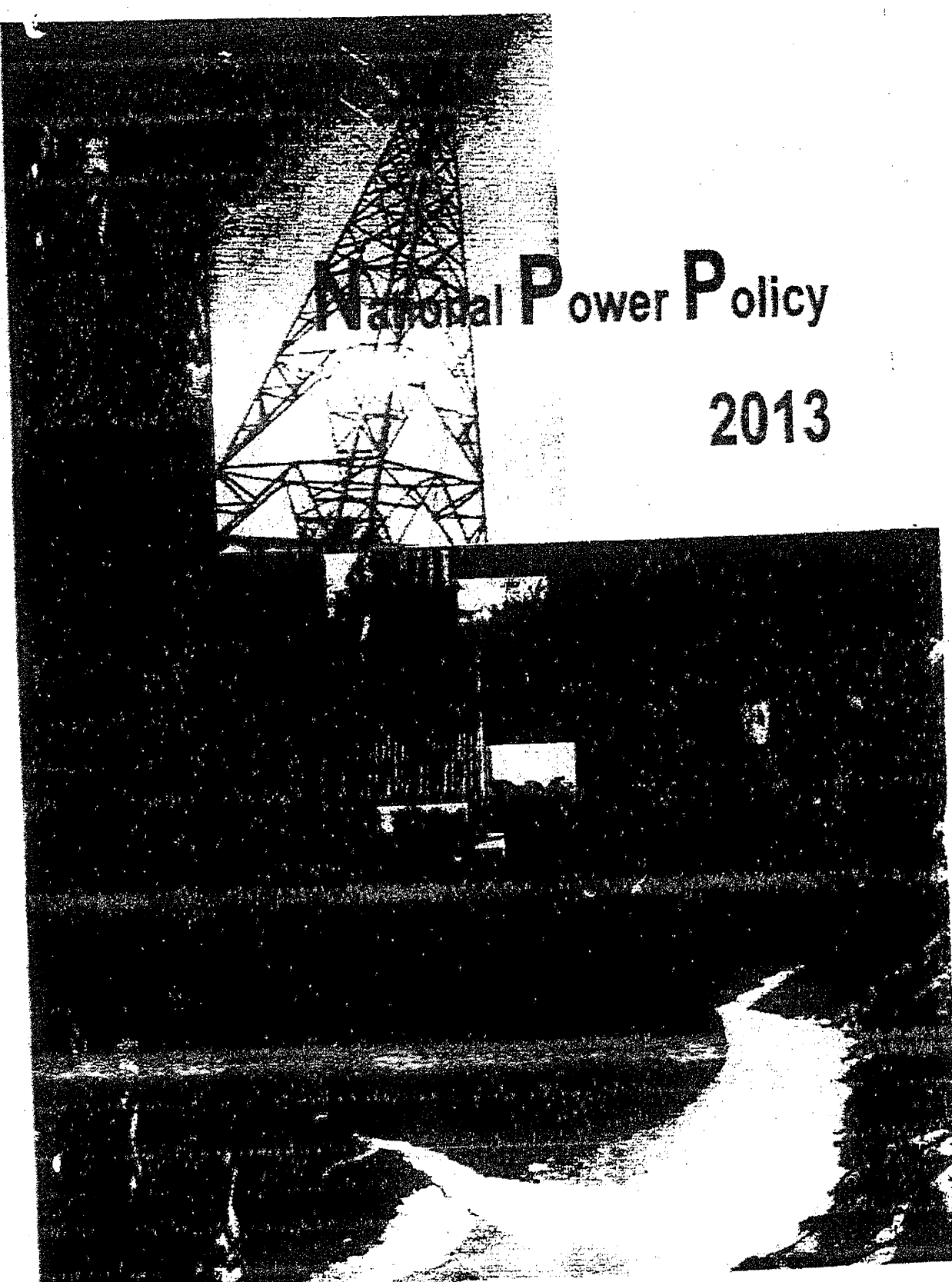
DECISION**ANNEXURE**

B/1

The Council of Common Interests considered the National Energy (Power) Policy, 2013-2018, submitted by Ministry of Water and Power revised by the CCI and approved the Policy subject to deletion of provision regarding /at source deduction of

taxes through the federal adjuster.

SECRET



National Power Policy 2013



Government of Pakistan

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8

1. INTRODUCTION

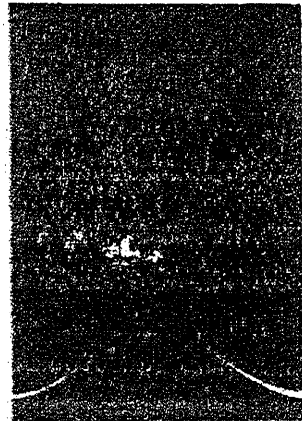
The Ministry of Water and Power of the Government of Pakistan has developed an ambitious power policy to support the current and future energy needs of the country. This bold strategy will set Pakistan on a trajectory of rapid economic growth and social development. Simultaneously, it will address the key challenges of the power sector in order to provide much needed relief to the citizens of Pakistan.

This document will frame the broad contours of the energy policy articulating the vision for the power sector, highlighting its key challenges, setting major goals, summarizing policy principles, and highlighting the strategy devised to achieve Pakistan's aspirations. This document does not elaborate on issues surrounding operational strategy, nor does it lay out detailed implementation plans.

The major sections of the report follow:

2. VISION

"Pakistan will develop the most efficient and consumer centric power generation, transmission, and distribution system that meets the needs of its population and boosts its economy in a sustainable and affordable manner."



3. CHALLENGES

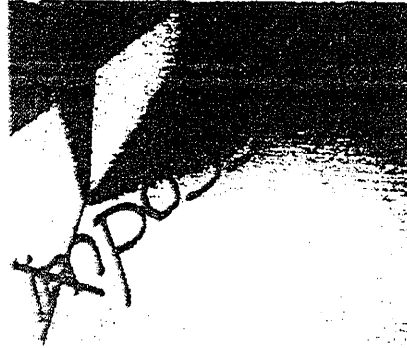
Pakistan's power sector is currently afflicted by a number of challenges that have led to a crisis:

1. A yawning supply-demand gap where the demand for electricity far outstrips the current generation capacity leading to gaps of up to 4,500 - 5,500 MW. The supply-demand gap has continuously grown over the past 5 years until reaching the existing levels. Such an enormous gap has led to load-shedding of 12-16 hours across the country.
2. Highly expensive generation of electricity (~Rs 12 / unit) due to an increased dependence on expensive thermal fuel sources (44% of total generation). RFO, HSD, and Mixed are the biggest sources of thermal electricity generation in Pakistan and range in price from ~Rs 12 / unit for mixed, to ~Rs 17 / unit for RFO, and a tremendously expensive ~Rs 23 / unit for HSD. Dependence on such expensive fuel sources has forced Pakistan to create electricity at rates that are not affordable to the nation and its populace.
3. A terribly inefficient power transmission and distribution system that currently records losses of 23-25% due to poor infrastructure, mismanagement, and theft of electricity. The cost of delivering a unit of electricity to the end consumer has been estimated at Rs. 14.70 by the NEPRA. This means that the inefficiencies are costing the tax payers additional 2.70 rupees per unit over and above the cost of generation (~Rs. 12). The Ministry of Water and Power has estimated the true cost of delivering a unit of electricity to the end consumer at greater than Rs. 15.60 after taking into account the collection losses and the real losses to the distribution companies. If the system assumes the NEPRA suggested transmission and distribution loss of 16%, the theft alone is estimated to be costing the national exchequer over Rs 140 billion annually.
4. The aforementioned inefficiencies, theft, and high cost of generation are resulting in debilitating levels of subsidies and circular debt. Reducing these losses would lead to significant improvement in the bankability and profitability of the sector, and could be used to improve the efficiency of the power system / network as a whole.

The limited and crumbling transmission system of Pakistan has created serious issues of access to electricity, particularly in Balochistan and other far flung rural areas of the country.

4. GOALS

To achieve the long-term vision of the power sector and overcome its challenges, the Government of Pakistan has set the following nine goals:



- i. Build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.
- ii. Create a culture of energy conservation and responsibility
- iii. Ensure the generation of inexpensive and affordable electricity for domestic, commercial, and industrial use by using indigenous resources such as coal (Thar coal) and hydel.
- iv. Minimize pilferage and adulteration in fuel supply
- v. Promote world class efficiency in power generation
- vi. Create a cutting edge transmission network
- vii. Minimize inefficiencies in the distribution system
- viii. Minimize financial losses across the system
- ix. Align the ministries involved in the energy sector and improve the governance of all related federal and provincial departments as well as regulators

A clear strategy has to be articulated for each of the aforementioned goals in order to actualize the power sector's aspirations.

5. TARGETS

Pakistan has set key targets in terms of the demand-supply gap, affordability, efficiency, financial viability and governance of the system. The extent to which the policy can meet these targets will measure the success of the policy and the nation's ability to overcome the key problems afflicting the power sector.

Supply Demand Gap: Goals i and ii pertain to this target

- **Target:** Decrease supply demand gap from 4500 - 5000 MW today to 0 by 2017

Affordability: Goal iii pertains to this target

- Target: Decrease cost of generation from 12c / unit today to ~10c / unit by 2017

Efficiency: Goals iv to vii pertain to this target

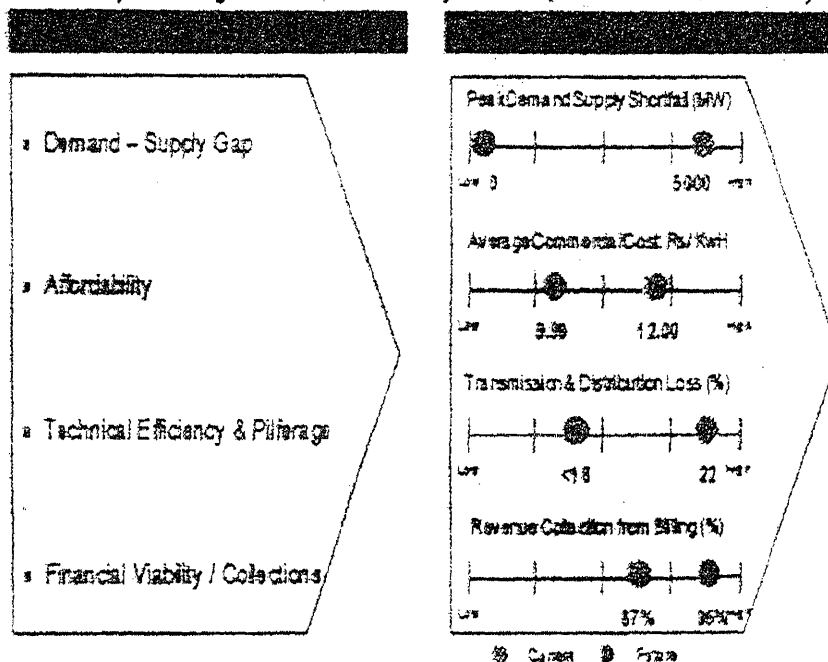
- Target: Decrease transmission and distribution losses from ~23-25% to ~16% by 2017

Financial Viability and Collections: Goal viii pertains to this target

- Target: Increase collection from ~85% to 95% by 2017.

Governance: Goal ix pertains to this target

- Target: Decrease decision making processing time at the Ministry, related departments and regulators from long to short durations
 - The exact processing times are not currently available; will be established shortly



6. POLICY PRINCIPLES

The process of policy and strategy formulation is informed by the following organizing principles:

(i) efficiency, (ii) competition, and (iii) sustainability.

6.1 EFFICIENCY

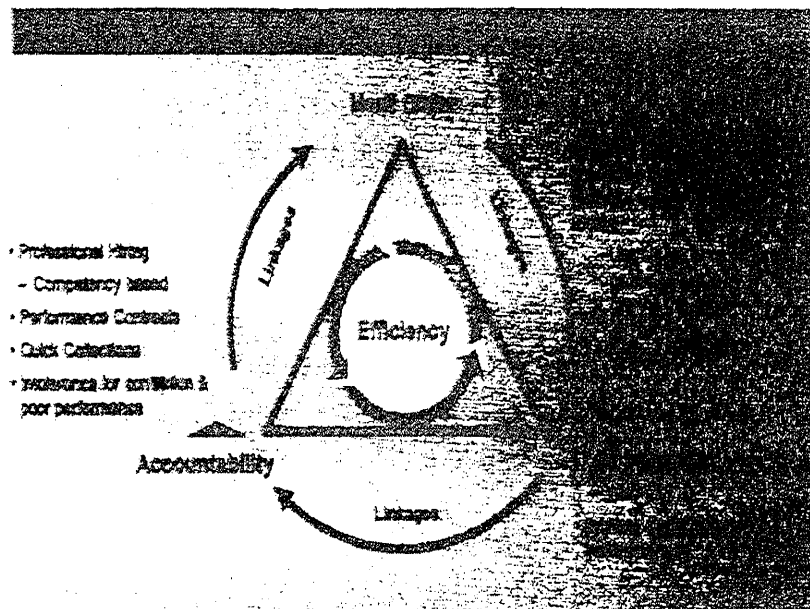
Efficiency is the cornerstone of developing competitiveness. The principle of efficiency will be predicated on three pillars: merit order, transparency / automation, and accountability.

Merit order will be observed all across the system - fuel allocation, dispatch, payments, and power mix. Merit order allocations will obviously come into play once the supply and demand gaps have been minimized.

Transparency will be achieved by providing seamless access to information through a public website

Accountability will be ensured by hiring professionals solely on the basis of competency, signing performance contracts, and exercising zero tolerance towards corruption and poor performance.

The above is illustrated in the following image:



6.2 COMPETITION

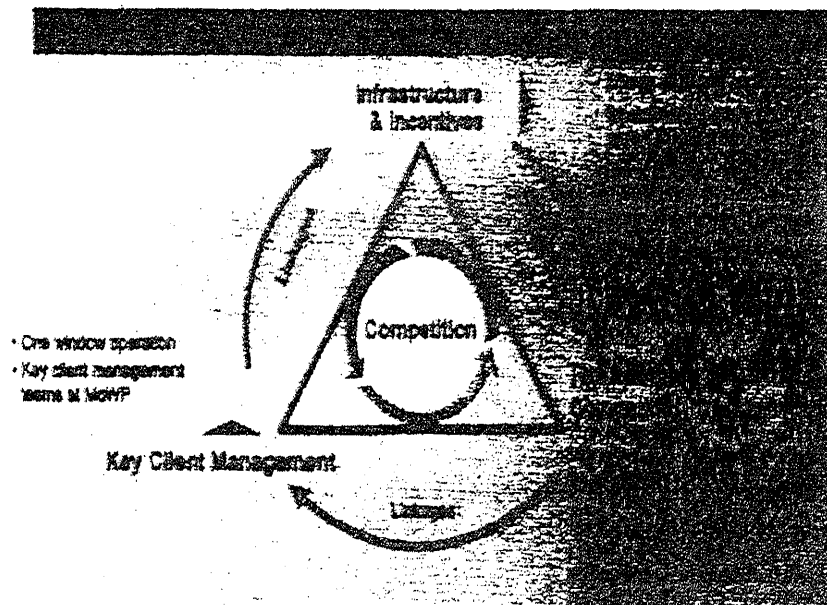
Competition creates the edge essential for developing a robust energy cluster. The principle of competition will be built on three pillars: infrastructure development, up front tariff and competitive bidding, and key client management.

Infrastructure will be developed and incentives provided to attract greater private sector investments. Government would like to limit its role to policy making, and unless necessary, service delivery will be promoted through a fiercely competitive and transparent private sector.

In this light, NEPRA will be strengthened to create a world class regulatory authority with sophisticated and efficient capacity to establish tariffs and set the foundation for a competitive bidding process.

The government will assign "key client managers or relationship managers" at the MoWP who will act as a 'one window operation' for investors in the power sector and ensure the timely completion of investments and projects.

The above is illustrated in the following image:



6.3 SUSTAINABILITY

Sustainability is the underpinning of long term transformation. The principle of sustainability will be grounded on three pillars: low cost energy, fair and level playing field, and demand management.

Altering the fuel mix towards less expensive fuels will lead to low cost energy. Investments required for the low cost fuel mix will necessitate rationalization of the electricity tariff.

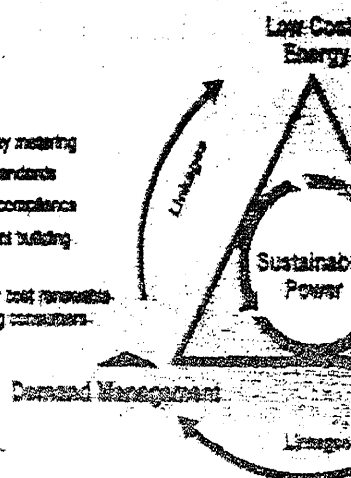
Fairness will be ensured by protecting the poor and cross-subsidizing their consumption from the affluent. A level playing field will be created by providing power at comparable prices to all industrial users.

Demand management will be introduced through novel policy, pricing and regulatory instruments.

The above is illustrated in the following image:

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- Time of the day metering
- Technology standards
 - Green star compliance
- Energy efficient building standards bill
- Subsidize low cost renewable energy among consumers



7. STRATEGY

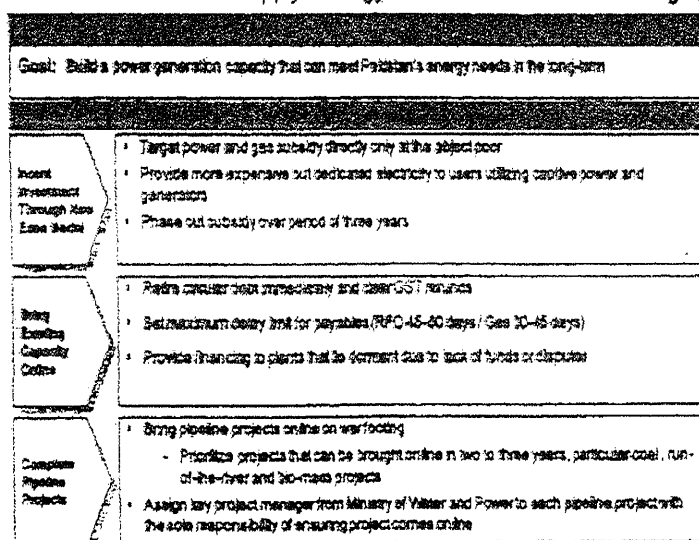
Within the framework of the above policy principles, the GoP has designed strategies for each of the goals listed in section 4 to actualize its vision and overcome the power crisis.

7.1 SUPPLY STRATEGY

The supply strategy will meet Goal (i):

Build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.

The broad contours of the supply strategy are illustrated in the following figure:



Overall, the strategy to achieve the above goal is focused on attracting and directing local and foreign investments toward rapidly expanding the power generation capacity. Investments can only be encouraged if the sector is made attractive and bankable by eliminating all subsidies, except for those that target the abject poor, to prevent build-up of circular debt. The poor (consumers using up to 200 units) will be protected from any price escalation. To the extent possible tariff rationalization will minimize or eliminate subsidy within the industrial, commercial and bulk consumers.

In developing new power generation projects, a preference shall be afforded to up-front or feed-in tariff which shall set the upper ceiling. In addition, competitive bidding may be used to minimize the cost of generation. Previous policy frameworks (such as 2002 power policy) may also continue to be operational. However, the 2013 power policy shall override any other policy in relation to energy issues to the extent of inconsistencies.

In the short run, the government has already brought the existing capacity online by retiring the circular debt. This action has provided financing to plants that were previously dormant due to a lack of feedstock and / or disputes. The retirement of debt has resulted in an additional supply of over 1700 MW. In tandem, an aggressive rehabilitation and expansion program for the GENCOs is underway which would add 1,447 MW within a year: rehabilitation projects at Guddu, Jamshoro, and Muzzafargarh will yield 700 MW while the expansion of Guddu will add 747 MW.

The maximum delay limits for payables set for RFO and gas (listed in the diagram above) should also apply to hydel IPPs and Wapda in order to ascertain that national power generation capacity does not sit idle in the future.

In the medium term, the MoWP will attract new investments and expedite the pipeline projects on a war footing. A number of projects have reached or will reach financial closure within 2013 - these include 50 MW FFC Energy Limited, 56MW Zorlu Jhimpir project, 50 MW Foundation Wind Energy I, 50 MW China Three Gorges, and 50 MW Foundation Wind Energy II. Thus 256MW have already reached financial closure this year, and an additional 100 MW (Sapphire and Metro) will reach financial closure by the end of 2013. The Uch-II power project (404 MW) has reached financial closure already and is expected to come online by December 2013. Grange Power Holdings is also scheduled to reach financial closure shortly and should be online by October 2014.

B

In addition to the above listed projects that have reached financial closure, LOS' have been issued for 450MW worth of wind energy projects and an additional 2,276MW of wind projects are currently in the feasibility assessment process. This cumulative 2,726 MW of wind electricity (if deemed feasible) could come online in 2016. At the same time, 341MW of solar energy projects are also currently in the feasibility assessment process and could come online by 2015 if deemed feasible. There is also a push towards Bagasse which could yield 83 additional megawatts of electricity by 2016.

A significant push will also be made towards building medium and long-term hydel capacity in the country. Six projects totalling 368MW of hydel power are expected to be completed by February 2015. The smaller Patrind and Guipur hydropower projects are expected to be completed by December 2017 and will add 247MW to the grid. An additional 969MW is anticipated from the Neelum-Jhelum HPP project by November 2016. A number of hydel projects are expected to come online in 2017 including the fourth and fifth Tarbela expansions which have the potential to add 1,910 MW (1,410 MW in fourth expansion, 500 MW in fifth expansion).

The government is also poised to announce a coal corridor with a capacity to generate 6000 - 7000 MW in the near future.

In the long run, large infrastructure programs including the Indus Basin Cascade will be aggressively developed. Dasu has a potential of generating 2,160MW, Patan 2,800 MW, and Thakot 2,800 MW. The detailed engineering design for these projects is being carried out and will optimally be constructed using a BOT PPP method.

Other longer-term projects are also under consideration, such as Bunji (7,100 MW potential) and Diamer-Bhasha (4,500 MW potential) whose completion by 2020 could ensure the energy independence and security of Pakistan.

To achieve its medium and long terms goals, the government will develop infrastructure and provide incentives to attract greater private sector investments. The government will set the foundations of energy cities and corridors, and sponsor public-private partnership (PPP) for coal and run of river projects. The government will assign 'key client managers or relationship managers' at the MoWP who will act as a 'one window operation' for investors in the power sector and ensure the timely completion of investments and projects.

The government is actively considering innovative business models including various wholesale business models supported by wheeling charges. These innovative business models once

concluded may allow the generation companies to sell electricity to NTDC, DISCOs and the private sector alike. Successful implementation of these models will encourage rapid investments in power generation, bring power generation closer to the load centres, and result in a reduction in electricity prices.

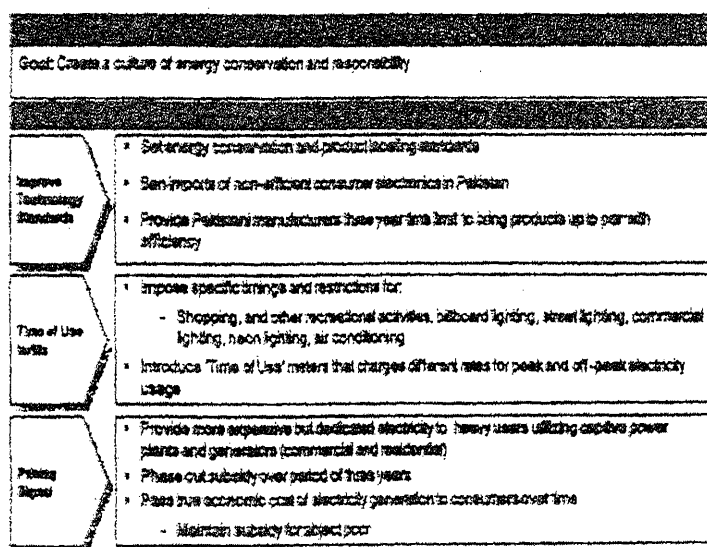
Encouraging the private sector to participate in the utility market necessitates a world-class regulatory function. NEPRA will be strengthened in this regard, and a world-class regulatory authority will control the Tariff and Competitive Bidding process. Up-front tariffs will be set for low cost fuels and competitive bidding will be used to push the costs further downwards.

7.2 DEMAND STRATEGY

The demand management strategy will meet Goal (ii):

Create a culture of conservation and responsibility.

The broad contours of the demand management strategy are illustrated in the following figure:



The GoP will pass energy conservation legislation aimed at three key areas: a) technology / product labelling standards, b) power time of use, and c) improving the energy efficiency of the existing and new infrastructure.

The strategy will set energy conservation and product labelling standards which would ban the import of inefficient electronics into the country. The local industry will be granted a three-year exemption period to bring its product production to the required levels of power efficiency. Green energy building codes will be established and introduced across the Country.

Energy services companies may also be encouraged in the private sector to audit and improve the energy efficiency of the existing industrial, commercial and residential footprint and create a culture of conservation and productivity.

The strategy may also impose timing restrictions for evening commercial activities and introduce 'time of use' metering to discourage utilization during the peak hours by charging different rates for on- and off-peak timings. Solar and alternative power solutions will be encouraged for end users, street lighting, electronic billboards, neon lighting, shop front signage, etc. In addition, the price signal articulated through reducing and targeting subsidy (mentioned in the above section) will naturally optimize demand and utilization.

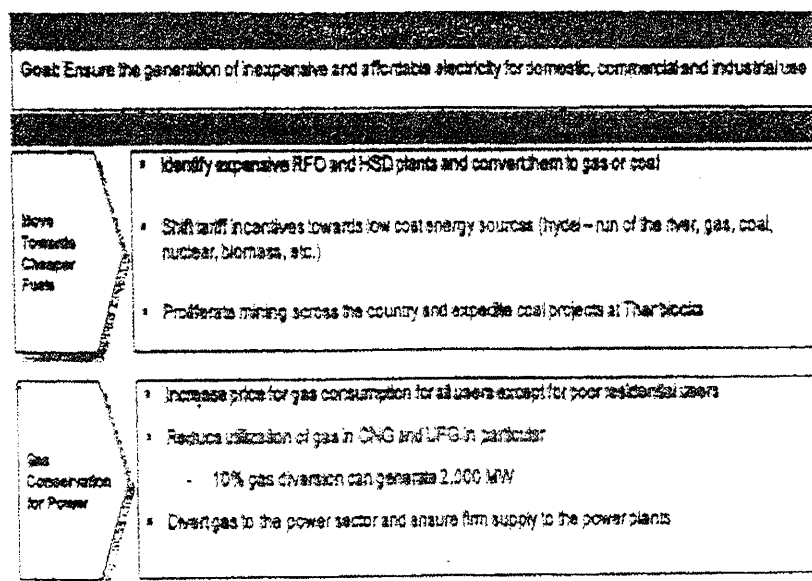
A conservation program based upon energy saver lighting is already underway with a potential of saving 1000 MW if all 50 million consumers were to be converted to fluorescent bulbs. In addition, technology solutions such conical bafflers for water heaters will be introduced.

7.3 AFFORDABLE POWER STRATEGY

The affordable power strategy will meet Goal (III):

Ensure the generation of inexpensive and affordable electricity for domestic, commercial & industrial use.

The broad contours of the affordable power strategy are illustrated in the following figure:



The strategy focuses on shifting Pakistan's energy mix toward low cost sources such as hydel, gas, coal, nuclear and biomass. Local and foreign investments will be aggressively sought for

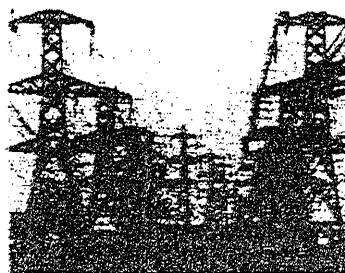
small and medium size run of river hydel projects. Selected hydel projects under development will be positioned for privatization. Multilateral agencies will be invited to partner in large infrastructural hydel projects. LNG terminals will be developed on war footing to rapidly increase the gas supply for the power and industrial sectors. In addition, gas will be preferentially directed to the power sector by eliminating UFG. Nuclear power will be developed in close collaboration with friendly countries such as China. Development of coastal energy corridors based upon imported coal (mixed later with local coal), rapid proliferation of coal mining all across the country - especially at Thar, and conversion of expensive RFO based plants to coal are the central tenets of coal policy. The proposed strategy will change the energy mix of Pakistan in favour of low cost sources and significantly reduce the burden of energy to the end consumer

7.4 SUPPLY-CHAIN STRATEGY

The supply-chain strategy will meet Goal (iv):

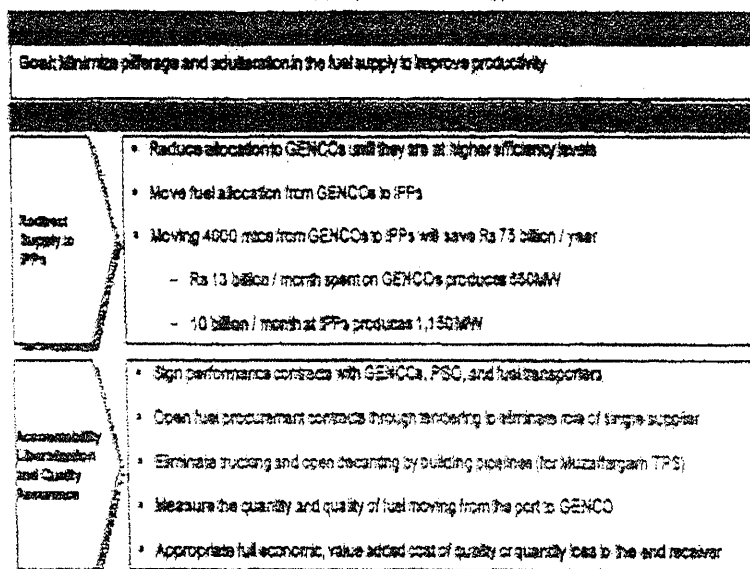
Minimize pilferage and adulteration in fuel supply.

Once the relief from load shedding is forthcoming because of a decreased supply and demand gap, this strategy will focus on redirecting the supply of fuel from



inefficient GENCOs to the most efficient IPPs. This reallocation alone has the potential of saving Rs 3 billion per month and generation an additional 500MW of electricity. At the same time, the MoWP will sign performance contracts with GENCOs, PSO, and fuel transporters and hold them accountable for the quality and theft of oil. Fuel procurement contracts may be made open sourced to eliminate the power of a single supplier. Leakage will be plugged by building fuel pipelines where possible and open decanting. More specifically a 22 KM pipeline will be constructed to plug the supply chain leakage in Muzzafargarh. In the event that fuel is found to be missing or adulterated, the full economic value of the fuel will be appropriated to the end receiver.

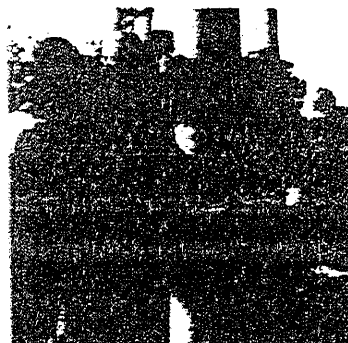
The broad contours of the supply chain strategy are illustrated below:



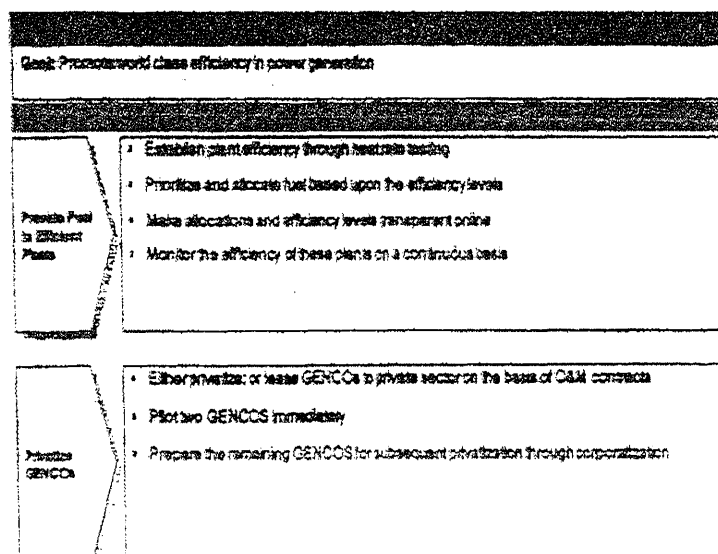
7.5 GENERATION STRATEGY

The generation strategy will meet Goal (v):

Promote world class efficiency in power generation.



The broad contours of the strategy are illustrated below:

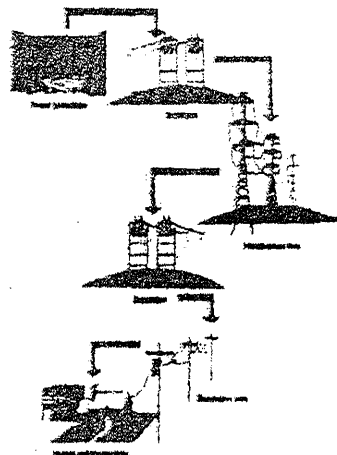


The strategy focuses on establishing plant efficiency through external heat rate testing, building a merit order accordingly, and allocating fuel to the more meritorious plants. Merit order will privilege fuel allocation on the basis of efficiency and optimize dispatch and payments. Transparency will be achieved by providing greater and easier access to information through a public website. Allocations will be made public online to increase the transparency. The strategy calls for the privatization or O&M based leasing of GENCOs.

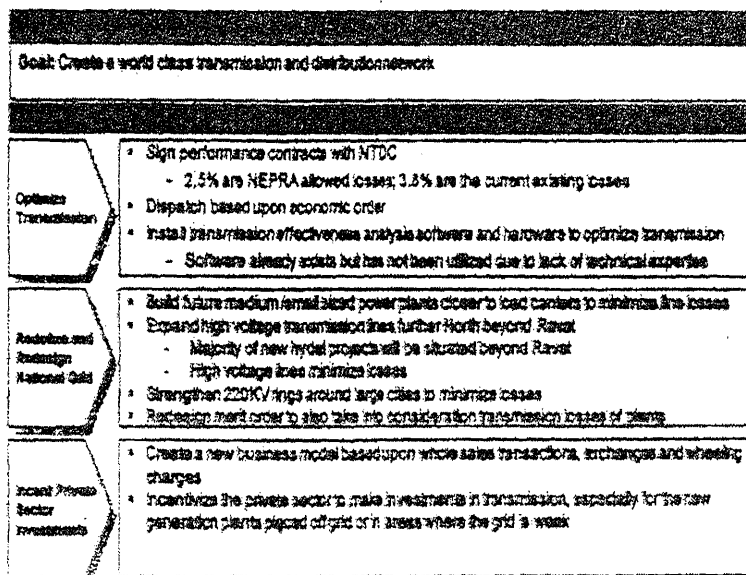
7.6 Transmission Strategy

The transmission strategy will meet Goal (vi):

Create a cutting-edge transmission network.



The broad contours of the strategy are illustrated below:



The strategy is based on installation of upgraded SCADA software to optimize transmission and monitor its losses. Dispatch will be based on economic order and internal/ audit controls will be established on dispatch and payment.

The transmission strategy requires the redesigning of the national grid in a manner that minimizes line losses. Plants will be built closer to load centers; high voltage transmission lines will be expanded; and the 220kv rings around cities will be strengthened.

Private sector will be provided incentives to build and strengthen the transmission infrastructure. Innovative business and regulatory models will be deployed to weaken the monopolies, increase efficiencies, and decrease costs through competition. Wheeling charges and whole sale markets may be introduced to introduce multiple buyers and sellers in the market place.

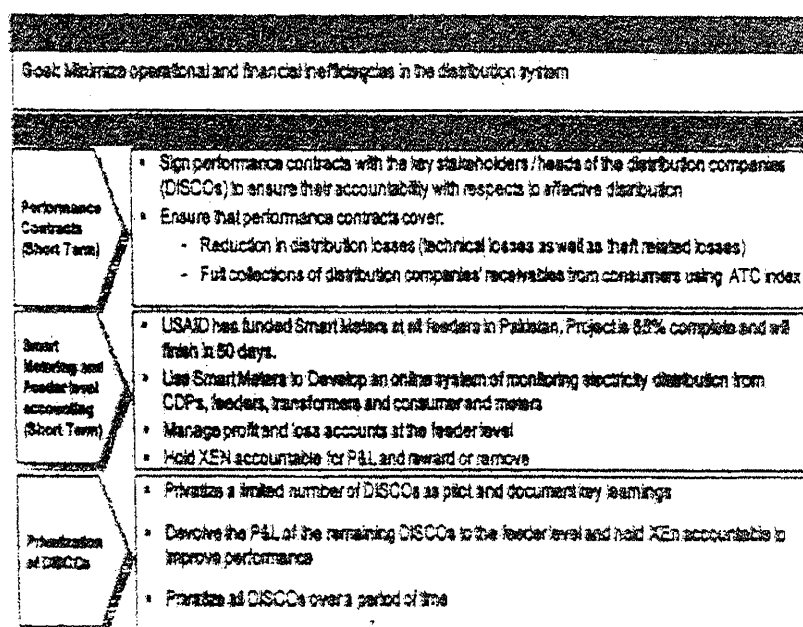
Regional transmission networks may also be encouraged to promote power trade and optimize deficits and surpluses.

7.7 DISTRIBUTION STRATEGY

The distribution strategy will meet Goal (vii):

Minimize inefficiencies in the distribution system.

The broad contours of the strategy are illustrated below:



In the short-term, performance contracts will be signed with the heads of DISCOs (distribution companies) and their respective boards focused on reducing distribution losses due to technical reasons, theft, and lack of recovery / collections. Board independence and appointment of competent board members is the corner stone of improving the performance of DISCOs.

Smart meters will be installed at the feeder and CDP level, profit and loss accounts will to be managed at the feeder level, and the accountability will be appropriated to the Executive Engineer. A regime of reward and punishment will be used to improve efficiency and decrease theft. A Theft Act will be passed that would harshly punish defaulters and other electricity thieves to eliminate theft at the consumer level.

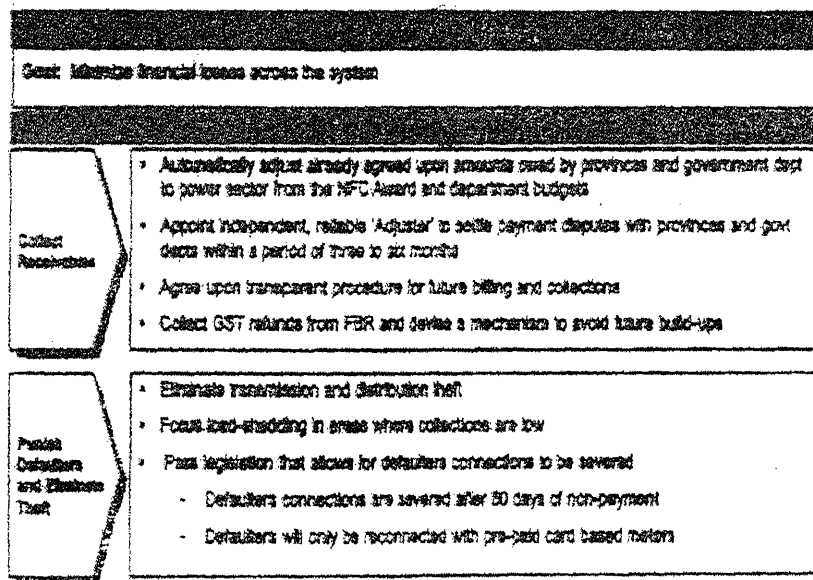
In the medium term, the efficiency will be improved by privatizing a selected number of DISCOs. The remaining DISCOs will be privatized over a period of time.

7.8 FINANCIAL EFFICIENCY STRATEGY

The financial efficiency strategy will meet Goal (viii):

Minimize financial losses across the system

The broad contours of the strategy are illustrated below:



GST refunds will be collected from the FBR and a mechanism will be built to avoid future build-ups.

The financial efficiency strategy is geared towards punishing private defaulters and proposes severing the electric connections of defaulters after 60 days of non-payment and only reconnecting them to the grid with pre-paid meters. External collection agencies may also be sourced to improve cash flows. At the same time, load-shedding may be focused on areas of high theft and low collections as opposed to the current structure of indiscriminate load-shedding.

The strategy also covers the independent audit of all financial transactions within the power sector. An independent firm will be used to audit these transactions and ensure the greatest degree of financial propriety within the power sector.

7.9 GOVERNANCE STRATEGY

The governance strategy will meet Goal (ix):

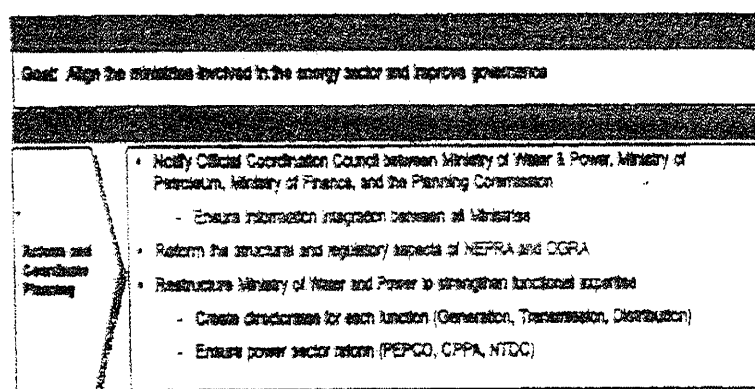
Align the ministries involved in the energy sector and improve governance.

The governance strategy calls for the notification of an Official Coordination Committee comprising the Ministry of Water & Power, the Ministry of Petroleum, the Ministry of Finance, the Ministry of Planning and Development, a member from each province, and a representative from AJK and GB each. This council will ensure information integration between all these ministries and will assist in policy formulation and decision making related to energy. The CCI will provide monitoring and oversight to the implementation of the National Power Policy.

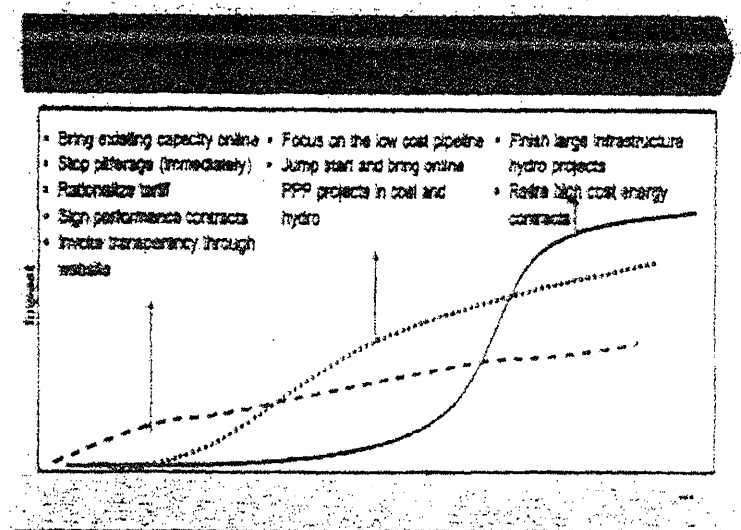
The strategy requires the reformation of structural and regulatory aspects of NEPRA and OGRA to improve efficiencies. New business models including power exchanges and wheeling charges will be explored. NEPRA's reform will include a change in the establishment period for the base tariff from 8-10 months to 90 days; the aim of this reform will be to minimize the potential for circular debt accumulation.

Finally, the Ministry of Water and Power will be restructured to strengthen its functional expertise. Directorates will be created for key functions (i.e. generation, transmission, and distribution) and key organizations such as CPPA, PPB, AEDB, and NTDC will be reformed.

The broad contours of the strategy are illustrated below:



8. PRIORITIZATION



The strategy has been prioritized to maximize the impact of the various strategic initiatives. In the short term we will bring existing capacity online, stop thefts of all form, rationalize the tariff, sign performance contracts, and ensure transparency. In the medium term we will bring low-cost pipeline projects online, and jump start coal and hydro PPP projects. Finally, in the long term we will finish large infrastructure hydel projects and retire high cost energy contracts to ensure that Pakistan moves towards cheap electricity generation

9. IMPACT

The successful implementation of this policy will lead to enormous improvement within the power sector. By 2017, the supply-demand gap could be eradicated completely; and by the end of the five-year term of the current government the country will have a power surplus which can then be regionally traded. In essence, by the end of the decade Pakistan could be transformed from an energy strapped, importer of power to a regional exporter of power. The cost of power generation will be reduced to an affordable amount, and the efficiency improvements in transmission and distribution will decrease the burden of power to the end consumer. In summary, prosperity and social development will become a reality in a Roshan Pakistan.

SECRET**ANNEXURE**

B/2

ETC-92/4/2014

13th January 2014NATIONAL POWER TARIFF AND SUBSIDY POLICY GUIDELINES
2014DECISION

The Economic Coordination Committee of the Cabinet, considered the Summary, dated 13th January 2014, submitted by the Ministry of Water and Power on "National Power Tariff and Subsidy Policy Guidelines 2014" and approved National Power Tariff and Subsidy Policy Guidelines 2014 given in the Annexure-I of the summary.

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**NATIONAL
POWER TARIFF
AND
SUBSIDY POLICY
GUIDELINES
2014**

GOVERNMENT OF PAKISTAN

PREFACE

The purpose of this document is to present a National Power Tariff and Subsidy Policy guidelines for the country.

The National Power Policy of 2013 describes sustainability in the power sector as "the underpinning of long term transformation. The principle of sustainability will be grounded on three pillars: low cost energy, fair and level playing field, and demand management. Altering the fuel mix towards less expensive fuels will lead to low cost energy. Investments required for the low cost fuel mix will necessitate rationalization of the electricity tariff. Fairness will be ensured by protecting the poor and cross-subsidizing their consumption from the affluent. A level playing field will be created by providing power at comparable prices to all industrial users. Demand management will be introduced through novel policy, pricing and regulatory instruments."

The National Power Policy of 2013 states a Vision for the country: "Pakistan will develop the most efficient and consumer centric power generation, transmission, and distribution system that meets the needs of its population and boosts its economy in a sustainable and affordable manner."

Power sector reform in the country is witnessing a progressive tariff rationalization process. As the power sector requires a significant amount of resources to meet current and future customer demand, its ability to attract commercial capital needs to be ensured through relevant policy and regulatory

actions. It is in this context that the National Power Tariff and Subsidy Policy guidelines 2014 strikes a balance between the interests of consumers and the interests of providers of capital. The policy enhances predictability and financial viability through the tariff setting process. Lastly, the policy facilitates the growth of competition in the electricity industry.

The National Tariff and Subsidy Policy guidelines 2014 takes into consideration the existing legal framework and emerging trends in the sector, in terms of:

- (a) Promotion of efficiency,
- (b) Introduction of conservation through pricing,
- (c) Rationalization of electricity tariff,
- (d) Protection of consumer interests and
- (e) Transparency in subsidy administration.

OBJECTIVE

The objective of the National Power Tariff and Subsidy Policy guidelines 2014 is to state the intent of the Government of Pakistan with respect to electricity pricing and cost allocation so that policy-makers, planners, companies, regulators, and customers have a concrete picture of the steps necessary to achieve a sustainable power sector for the country.

SHORT-TERM OBJECTIVE

The short-term National Power Tariff and Subsidy Policy guide 2014 is to provide a tariff regime that covers the cost of service, including a Government subsidy within annually budgeted amount. The short-term goals regarding subsidies and tariffs, include steps to:

- (i) Streamline the regulatory process for tariff approval;
- (ii) Clarify the Government policy on electricity subsidies; and

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established in the NEPRA Act (1997 Act to provide for the regulation of generation, transmission and distribution of electric power) and the National Power Policy 2013.

MEDIUM-TERM OBJECTIVE

The medium-term National Power Tariff and Subsidy Policy guidelines 2014 is to provide a tariff regime that covers the cost of service as determined on the basis of a least cost integrated generation, transmission and distribution expansion plan, with limited subsidies targeted to customers most in need of financial support, consistent with the national subsidy policy guidelines.

LONG-TERM OBJECTIVE

The Long-Term National Power Tariff and Subsidy Policy 2014 is to provide a robust, reliable, power sector with ample generation reserves for a growing economy where generation prices are determined competitively, and cost-based or incentive rates are determined by a responsive regulator for the public transmission system serving a transparent market for trading power and highly reliable private or public distribution companies. Subsidies for low-income customers are provided through transparent tariffs cross subsidized by high demand residential customers or through the national safety net.

TARIFF POLICY GUIDELINES

The Tariff Policy guidelines serves these objectives by:

1. Ensuring financial viability of sector entities while protecting interests of the consumers:

This policy will entail allowing all efficiently incurred costs (with realistic and uniformly applicable efficiency benchmarks) in tariff setting but disallowing inefficiencies to prevent them from being passed on to the consumers. Ensuring financial viability will hold the key to: (i) mobilization of adequate resources for the sector and (ii) attracting multiple players in the sector thereby increasing the possibility of introducing higher level of competition.

2. Ensuring predictability in regulatory actions:

The National Power Tariff and Subsidy Policy guidelines 2014 provide guiding inputs for regulatory actions in tariff setting as envisaged in the NEPRA Act. So accordingly the future Tariff Determination Process should follow the below:

- Through a separate independent proceeding (Separate from tariff hearing) NEPRA approves the medium- to long-term integrated least cost generation, transmission and distribution expansion plans in line with National Power Policy 2013.
- Transmission charge or use-of-system charge of NTDC shall be determined by NEPRA on multiyear basis to be made effective from FY 2015-16 once the plan has been approved as described above.
- Distribution margin for all the distribution companies shall be determined by NEPRA on multiyear basis to be made effective from FY 2015-16 once the plan has been approved as described above.
- Pool generation charge and other indexation relevant to annual tariff or multiyear tariff regime shall be determined by NEPRA on annual basis and coupled with the determination of a forward looking fuel price through *suo moto* proceeding for the FY 2014-15.
- The Government intends that NEPRA issues a timely decision consistent with their current rules. It is critical that there be proper submissions to NEPRA by the Discos and that NEPRA addresses tariff petitions in accordance with their rules.

notify a roadmap within 12 months with a target to achieve full cost recovery for power companies. The road map, which will be a part of the multi-year tariff filing for the two selected utilities and which would also have intermediate milestones, shall be based on the approach of a gradual reduction in the Government subsidy.

TARIFF STRUCTURING AND ASSOCIATED ISSUES

A. Generation Segment

A two-part tariff structure should be maintained for all long-term contracts to facilitate Merit Order dispatch, except where NEPRA provides separate tariff treatment for renewable energy. This framework would be extended to generating stations (including grid connected captive plants) as per NEPRA Rules. The purchases and contracting of Distribution Licensees' purchases will be subject to NEPRA rules and regulations, in particular for the approval of the pass through and recovery of purchased power and contract costs.

B. Transmission Segment

The transmission system in the country consists of the integrated national grid. In a restructured power sector, transmission charges are the regulated instrument for the transmission company to recover the allowed revenue requirements approved by the regulator to provide the transmission services within the required transmission reliability and performance standards obligations. Therefore, the tariff / charges are to be paid by Transmission Users for the use and access to the transmission system owned by another company (NTDC) to recover the amount.

There is a connection between transmission licensing, the determination of transmission tariff / charges and the transmission expansion plan. As the transmission tariff determination includes the review and approval of investment costs, the standard good practice for determining a transmission tariff and issuing a transmission license is to have an approved transmission plan, which identifies the approved investment projects to be included in the NTDC's revenue requirement and recovered through NEPRA-approved transmission charges.

NEPRA should accelerate the NTDC tariff determination by ensuring that the expansion plan is proposed by NTDC, reviewed (including hearings as necessary) and approved by NEPRA in a separate proceeding, prior to an annual or a MYT tariff petition and tariff determination hearing. This approach will properly shield the investments included in the NTDC data from being revisited for the first time during the regulatory hearing to determine transmission tariff/charges in response to a tariff petition. NEPRA should move to a Multi-Year Tariff for NTDC that is consistent with the 5 Year expansion Plan and the Grid Code.

C. Distribution Segment

Supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates is one of the main objectives. The regulator determines and notifies the standards of performance of licensees with respect to quality, continuity and reliability of service for all consumers.

Making the distribution segment of the industry efficient and solvent is the key to success of power sector reforms and provision of services of specified standards. Therefore, NEPRA needs to strike the right balance between the requirements of the commercial viability of distribution licensees and consumer interests. As the owner, GoP intends to transform loss-making utilities into profitable ventures which can raise necessary resources from the capital markets to provide services of international standards to enable Pakistan to achieve its full growth potential.

The O&M costs allowed by NEPRA and other benchmarks need to be revisited by the distribution companies and the Regulator. Specifically, Distribution Companies have an obligation to meet the cost

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concerning technical and commercial losses.

A Government policy of full cost recovery and improved governance is critical to improve Aggregated Technical & Commercial Losses (ATCL). These two initiatives must be tied together. Enhanced revenue collection and better governance by utilities must be understood to be a key element of cost recovery. When successful these joint activities will result in reduction of circular debt on a sustainable basis. ATC loss reduction should be incentivized by linking returns in a MYT framework to an achievable trajectory. Greater transparency and nurturing of consumer groups would be efficacious.

Pass through of past losses (within the parameters set forth in para-1 under the subheading "Tariff Policy Guidelines" above) or profits should be allowed to the extent caused by uncontrollable factors. During the transition period controllable factors should be to the account of utilities and consumers in proportions determined under the MYT framework.

There is a connection between distribution licensing and distribution margin/ charges determination, and distribution expansion plan. As the distribution margin determination includes the review and approval of investment costs, the standard good practice for distribution is to have an approved distribution plan, which identifies the approved investment projects that therefore should be recovered in a DISCO's approved revenue requirement and distribution margin / charges.

EQUALIZATION SURCHARGE FOR DISCOS

NEPRA should accelerate the DISCO's tariff determination by ensuring that the expansion plan proposed by the DISCO is reviewed (including as necessary hearings) and approved by NEPRA in a separate proceeding prior to an annual or a MYT tariff petition and tariff determination hearing. This will enable that tariff determination review and hearings not to question the investments included in DISCO's data in the tariff petition. NEPRA shall implement tariffs which incorporate a rate structure such that the end use tariff shows separate prices for generation pool charge, NTDC charge, distribution charge, and subsidies separately on the consumers' bills.

Equalization surcharge is an inter-DISCO subsidy. As long as Government maintains the uniform national tariff, there will need to be an equalization surcharge, to balance the different cost profiles of different distribution companies. NEPRA shall develop a mechanism to determine the quantum of the equalization surcharge. This separate amount shall appear separately on the bills of applicable customer categories.

NEPRA should move to a Multi-Year Tariff for DISCOs that is consistent with the expansion plan as described in para-2 of the "Tariff Policy Guidelines" and the Distribution Code.

D. Multi-Year Tariff (MYT)

A multi-year tariff (MYT) would minimize risks for utilities and consumers, promote efficiency, allow for appropriate reduction of system losses, attract investments and would also bring greater predictability to consumer tariffs on the whole. An MYT would restrict tariff adjustments to known indicators on power purchase prices and inflation indices. The framework should be applied for both public and private utilities. NEPRA shall immediately develop a process, rules and procedures to address a regime for multi-year tariffs, including an adjustment mechanism for subsidies as defined under the heading "Subsidy Policy Guidelines" below.

The regulator should introduce mechanisms for sharing of excess profits and losses with the consumers as part of the overall MYT framework, which should be in line with the para-1 of the "Tariff Policy Guideline" above. In the first control period the incentives for the utilities may be asymmetric with the percentage of the excess profits being retained by the utility set at higher levels than the percentage of losses to be borne by the utility. This is necessary to accelerate performance improvement and reduction in losses and will be in the long-term interest of consumers by way of lower tariffs.

As the metering is completed up to the appropriate level in the distribution network, it should be possible to segregate technical losses. Accordingly, the technical loss reduction under a MYT framework should then be treated as distinct from a commercial loss reduction, which requires a different

and loads. Standard practices in a MYT loss trajectory performance tend to be defined for total losses, as both need to be managed: adequate investment to avoid technical losses that are too high (due to factors such as overload) and adequate investment also to avoid technical losses that are too high (also due to overload) and adequate control programs to reduce commercial and non-technical losses.

The MYT framework implemented in the year 2015-16 in two of the DISCOs should have adequate flexibility to accommodate changes in the baselines consequent to metering being completed.

E. Consumer Tariff and Protection of Consumer Interests

The interest of consumers shall be granted careful consideration in setting tariffs. The distribution companies shall continue to be accountable to their customers.

There is an automatic adjustment mechanism for non-payment of receivables beyond a specified period by respective Federal and Provincial Government agencies or departments. It is the Policy of the Government that the Federal Government shall make payments to the power sector within 45 days of receipt of a bill.

F. Forward Looking Fuel Clause

The current fuel adjustment mechanism needs to be revised. Regardless of whether electricity tariffs for distribution companies are determined using an annual or multi-year tariff-making regime, NEPRA should devote sufficient resources to the adoption of a forward-looking fuel price adjustment mechanism for all distribution companies, which will provide intermediate and end users of electricity with more stability with respect to planning and managing their expenditures on electricity throughout the year.


The forward-looking fuel clause approved by NEPRA would incorporate *ex post* at the appropriate point in time near the end of the financial year the annual, quarterly and monthly un-forecasted and unexpected changes in fuel costs and their attendant effects on the price of purchased power, operations and maintenance costs, transmission costs and variations in the market prices of the fuel used to generate electric power in Pakistan.

G. Reduction in Circular Debt

The Circular Debt is the amount of cash shortfall within the Central Power Purchasing Agency (CPPA), which it cannot pay to power supply companies. The overdue amount is a result of: (a) the difference between the actual cost and the tariff determined by National Electric Power Regulatory Authority (NEPRA) which is the Distribution Company's loss over and collections under that allowed by NEPRA, (b) the delayed or non-payment of subsidies by government, and (c) delayed determination and notification of tariffs. It is the government's policy to reduce, limit to a certain amount which would be reduced over time, and eliminate the causes of the circular Debt. It is the policy of the GoP that the circular debt of the power sector be eliminated through bringing in efficiency by reduction of losses, improvement in management and recovery and switching to lower cost fuels and power generation through cheaper sources of fuel.

SUBSIDY POLICY GUIDELINES

Pakistan has maintained a commitment to a uniform national tariff. For the now the uniform national tariff will continue. However, the GoP will review its commitment to a uniform national electricity tariff by requiring NEPRA to examine more innovative tariff mechanisms as power sector companies become more stable and provide reliable and affordable power to their customers to bring efficiency, conservation and transparency.



Government, cross subsidies and inter-disco subsidies.

The subsidies which are now being provided across the board will be rationalized and optimized by targeting it to the deserving segment of consumers. With the application of a more rational tariff subsidy mechanism wherein the GoP intends to continue to provide for the poorest classes of electricity customers by targeting the low-income customers, A more efficient price signal will be sent to high use customers, which should contribute to energy efficiency.

A. Subsidy Policy for Low Income Residential Customers

The GoP will continue to provide direct subsidies to the extent they consider appropriate. Subsidies will be targeted effectively and in transparent manner to reach consumers using not more than 200 kWh per month in accordance with the National Power Policy 2013 and especially those currently on the lifeline tariff.

In accordance with the National Power Policy 2013, consumers below the poverty line who consume below a specified level will receive special support through cross subsidy.

The Rate design principles and policy for low-income domestic consumers (e.g. the lifeline tariff) will ensure that subsidies reach those in need, not all customers. Consumers using up to 200 kWh in every month of the year will be subsidized. For residential consumers using more than 200 kWh per month, the subsidy will be eliminated. The supporting tariff policy is to ensure that residential customers, as a customer class, are charged the full cost of service. The average tariff of all residential customers will correspond to the cost of service by obtaining cross subsidies from other customers.

NEPRA will review the minimum customer service charge as it reviews rate design issues. It may be that several differentiated residential customer service charges are necessary so that poor customers are not required to pay an amount greater than they can afford to connect to the electricity system.

B. Subsidy Not to Exceed Amount Funded by National Budget

Subsidy funding is clarified by the Government such that in the midterm, tariffs shall not require a subsidy that is greater than the amount funded by the National Budget (i.e. the direct subsidy from the GoP) and cross-subsidies provided by the consumers of electricity. If interim adjustments are required to ensure that the amount subsidized does not to exceed the amount in the National Budget, then after consultation with GoP, NEPRA will undertake an adjustment similar to the way it administers adjustments to fuel prices.

NEPRA shall immediately develop a process to address cost overruns in subsidy adjustment applicable to all DISCOs during the determination of their electricity tariff regardless of these tariff determinations occur on under an annual or multi-year regime. This would ensure the control and management of the overall subsidies provided by the GoP to the power sector.

In the longer term it is intended that electricity tariffs will cover the cost to serve all customers.

In the determination of electricity tariffs, NEPRA will take into account any subsidy amount informed and provided by the GoP through the National Budget.

Annex-VIII

Annex-VIII

Description	Surcharge
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Rs./ kWh

Residential

₹

Up to 50 Units	-
For peak load requirement less than 5 kW	-
01-100 Units	-
101-200 Units	-
201-300 Units	-
301-700 Units	-
Above 700 Units	-
For peak load requirement exceeding 5 kW	-
Time of Use (TOU) - Peak	-
Time of Use (TOU) - Off-Peak	-
Temporary Supply	1.25

Total Residential

Commercial - A2

For peak load requirement less than 5 kW	-
For peak load requirement exceeding 5 kW	-
Regular	1.25
Time of Use (TOU) - Peak	1.25
Time of Use (TOU) - Off-Peak	1.25
Temporary Supply	1.25

Total Commercial

General Services-A3	1.25
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Industrial

B1	1.25
B1 Peak	1.25
B1 Off Peak	1.25
B2	1.25
B2 - TOU (Peak)	1.25
B2 - TOU (Off-peak)	1.25
B3 - TOU (Peak)	1.25
B3 - TOU (Off-peak)	1.25
B4 - TOU (Peak)	1.25
B4 - TOU (Off-peak)	1.25
Temporary Supply	1.25

Total Industrial

Single Point Supply for further distribution

C1(a) Supply at 400 Volts-less than 5 kW	1.25
C1(b) Supply at 400 Volts-exceeding 5 kW	1.25
Time of Use (TOU) - Peak	1.25
Time of Use (TOU) - Off-Peak	1.25
C2 Supply at 11 KV	1.25
Time of Use (TOU) - Peak	1.25
Time of Use (TOU) - Off-Peak	1.25
C3 Supply above 11 KV	1.25
Time of Use (TOU) - Peak	1.25
Time of Use (TOU) - Off-Peak	1.25

Total Single Point Supply

Agricultural Tube-wells - Tariff D

Scarp	1.25
Time of Use (TOU) - Peak	1.25
Time of Use (TOU) - Off-Peak	1.25
Agricultural Tube-wells	0.94
Time of Use (TOU) - Peak	0.94
Time of Use (TOU) - Off-Peak	0.94

Total Agricultural

Public Lighting - Tariff G	1.25
Residential Colonies	1.25
Railway traction	1.25
Tariff K - AJK	1.25
Time of Use (TOU) - Peak	1.25
Time of Use (TOU) - Off-Peak	1.25
Tariff K - Rawat Lab	1.25

Sub-Total

SCHEDULE OF REGULATED TARIFFS

A.2. GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments, Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Surcharge	
		Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
a)	For Sanctioned load less than 5 kW				
i)	Up to 50 Units				
	For Consumption exceeding 50 Units				
ii)	001 - 100 Units	1.72			
iii)	101 - 200 Units	1.72			
iv)	201 - 300 Units	1.72			
v)	301 - 700 Units	1.72	1.72		
vi)	Above 700 Units	1.72	1.72		
b)	For Sanctioned load 5 kW & above				
	Time Of Use	Peak	Off-Peak	Peak	Off-Peak
		1.72	1.72	1.72	1.72

A.2. GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments, Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Surcharge	
		Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
a)	For Sanctioned load less than 5 kW	1.72	1.20		
b)	For Sanctioned load 5 kW & above	1.72	1.72	1.25	
	Time Of Use	Peak	Off-Peak	Peak	Off-Peak
		1.72	1.72	1.72	1.25

A.3. GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments, Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Surcharge	
		Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
a)	General Services	1.72	1.72	1.25	

B. INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments, Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Surcharge	
		Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
B1	Up to 25 kW (at 400/230 Volts)	1.72	1.72	1.25	
B2(a)	exceeding 25-500 kW (at 400 Volts)	1.72	1.72	1.25	
	Time Of Use	Peak	Off-Peak	Peak	Off-Peak
B1 (a)	Up to 25 kW	1.72	1.72	1.25	1.25
B2(b)	exceeding 25-500 kW (at 400 Volts)	1.72	1.72	1.25	1.25
B3	For All Loads up to 5000 kW (at 11.33 kV)	1.72	1.72	1.25	1.25
B4	For All Loads (at 66.132 kV & above)	1.72	1.72	1.25	1.25

C. SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments, Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21	Surcharge	
		Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
C-1	For supply at 400/230 Volts				
a)	Sanctioned load less than 5 kW	1.72	1.72	1.25	
b)	Sanctioned load 5 kW & up to 500 kW	1.72	1.72	1.25	
C-2(a)	For supply at 11.33 kV up to and including 5000 kW	1.72	1.72	1.25	
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	1.72	1.72	1.25	
	Time Of Use	Peak	Off-Peak	Peak	Off-Peak
C-1(a)	For supply at 400/230 Volts 5 kW & up to 500 kW	1.72	1.72	1.25	1.25
C-2(b)	For supply at 11.33 kV up to and including 5000 kW	1.72	1.72	1.25	1.25
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	1.72	1.72	1.25	1.25

D. - DOMESTIC SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Surcharge Rs/kWh	
		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(a)	SCARP less than 5 kW	1.72		1.72		1.25	
D-2 (a)	Agricultural Tube Wells	1.72		1.72		0.94	
D-1(b)	SCARP 5 kW & above	1.72	1.72	1.72	1.72	1.25	1.25
D-2 (b)	Agricultural 5 kW & above	1.72	1.72	1.72	1.72	0.94	0.94

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Surcharge Rs/kWh	
		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
E-1(a)	Residential Supply	1.72		1.72		1.25	
E-1(b)	Commercial Supply	1.72		1.72		1.25	
E-2	Industrial Supply	1.72		1.72		1.25	

F - SEASONAL INDUSTRIAL SUPPLY TARIFFS

125% of relevant industrial tariff

G. PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Surcharge Rs/kWh	
		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Street Lighting	1.72		1.72		1.25	

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Surcharge Rs/kWh	
		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Residential Colonies attached to industrial premises	1.72		1.72		1.25	

I. RAILWAY Traction

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Surcharge Rs/kWh	
		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Railway Traction	1.72		1.72		1.25	

J. SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	Uniform Qtrly Adjustments Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Applicable Uniform Qtrly Adjustment Qtr 1 FY 2019-20, 1st & 2nd Qtr. FY 2020-21 Rs/kWh		Surcharge Rs/kWh	
		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
1	Acad Jammu & Kashmir (A/JK)	1.72		1.72		1.25	
	Timar Of Wan	1.72	1.72	1.72	1.72	1.25	1.25
2	Rawat Lab	1.72		1.72		1.25	