

Government of Pakistan
Ministry of Energy
(Power Division)

No. F. 4(3)/2021-Policy

Dated 06th October, 2021

The Registrar

National Electric Power Regulatory Authority
Sector G-5 /1, Islamabad

Subject: FEDERAL GOVERNMENT MOTION WITH RESPECT TO WINTER INCENTIVE PACKAGE FOR ELECTRICITY CONSUMERS ON INCREMENTAL CONSUMPTION

I am directed to state that Cabinet Committee on Energy (CCoE) vide Case No. CCE-91/25/2021 has approved the winter incentive package for all domestic, commercial, and general services consumers of XW-DISCOs and K-Electric with the direction that the actual marginal cost to be utilized for subsidy calculation of K-Electric shall be provided by NEPRA and shall also provide appropriate mechanism for adjustment of the same, keeping in view existing tariff determinations of K-Electric.

2. The CCOE decision along with Summary (**Annex-A**) ratified by the Federal Cabinet on 05.10.2021 is attached.

3. In view of above and pursuant to, inter alia, Section 7 and 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, the Authority is requested to incorporate the cabinet approved winter incentive package, as referred to para 1 and 2 of the instant motion, in the tariff adjustment's methodology / tariff structure, including the verification / determination of marginal cost for K-Electric to be utilized for calculation of subsidy, so that winter incentive package can be implemented accordingly.

Encl: As above

Ehtisham
06/X/2021
(M. Ehtisham ul Haq)
Section Officer (Policy)
9103954

FOR n/a please.
- ADG (TR) /
- MF
copy to:
- LACK (P)
- chairman
- vc / MCM + E /
- m (TICA)
- m (lic)

Party Division Record
By No. 5978
Dated: 2-10-21

REGISTRAR
By No. 5082
Dated: 07/10/21

SECRET

Addl Item No.1

Case No.CCE-91/25/2021

Dated: 17th September, 2021

WINTER INCENTIVE PACKAGE FOR ELECTRICITY
CONSUMERS ON INCREMENTAL CONSUMPTION

DECISION

The Cabinet Committee on Energy (CCoE) considered the summary dated 16th September, 2021 submitted by the Power Division regarding "Winter Incentive Package for Electricity Consumers on Incremental Consumption" and approved the proposal as contained at para-3 of the summary.



4(03)/2021-Policy
Government of Pakistan
Ministry of Energy (Power Division)

Summary for the CCoE

Subject: WINTER INCENTIVE PACKAGE FOR ELECTRICITY CONSUMERS ON INCREMENTAL CONSUMPTION

CCoE considered the subject summary dated 03.09.2021 submitted by Ministry of Energy (Power Division) in its meeting held on 13th September 2021 and approved in principle the winter incentive package on incremental consumption for all domestic, commercial, and general services consumers of XW-DISCOs from 1st November 2021 till 28th February 2022. Further, CCoE directed Power Division to re-submit the summary with uniform application of package to the consumers of both XW-DISCOs and K-Electric and discussed that the concessionary rate be evaluated at Rs 12.96/ Kwh.

2. The application of winter package at concessionary rate of Rs 12.96/kWh is subsidy neutral for XW-DISCOs and generates a subsidy requirement of approx. Rs 1.3 Bln for K-Electric consumers (As provided by K-Electric) from November 2021 till February 2022. It is pertinent to mention here that the existing tariff for K-Electric consumers is based on price cap mechanism with multi-year horizon.

3. Accordingly, following incentive package is proposed for all domestic, commercial, and general services consumers of XW-DISCOs and K-Electric for winter months i.e., from 1st November 2021 till 28th February 2022, with the following details:

- a) The reference period for incremental consumption will be November 2020 to February 2021.
- b) Rate of Rs 12.96 /kWh shall be charged to Domestic consumers (non-ToU) on the incremental consumption, above monthly 300 units or above the reference consumption in the corresponding months of reference period, whichever is greater.
- c) Rate of Rs 12.96 /kWh shall be charged to Commercial consumers (non-ToU) and General Services consumers on the incremental consumption above the reference consumption in the corresponding months of reference period.
- d) Rate of 12.96 Rs/kWh shall be charged to Domestic consumers (ToU) and Commercial consumers (ToU) on the respective peak/off-peak incremental consumption, above the reference peak/off-peak consumption in the corresponding months of reference period.
- e) New and existing consumers having no reference consumption available in period of November 2020 to February 2021 shall be offered same package at the concessionary rate of 12.96 Rs/kWh through benchmark consumption methodology as provided in Annex-I.
- f) Additional supplementary grant for the additional cumulative subsidy of approx. Rs 1.3 Bln for K-Electric consumers. The actual marginal cost to be utilized for subsidy shall be provided by NEPRA. Further, NEPRA shall provide appropriate mechanism for adjustment, keeping in view existing tariff determinations of K-Electric.

- g) No quarterly adjustments would be applicable on incremental consumption.**
 - h) On incremental consumption, only positive fuel price adjustments shall be passed on to the consumers availing incremental consumption package.**
 - i) Actual subsidy realized for given proposals shall be independent of all the other budgeted subsidies for the power sector.**
4. Approval of CCoE is solicited for proposals contained in Para 3 above.
5. Summary was circulated to Finance Division, NEPRA, K-Electric and NEECA for views and comments. Due to paucity of time, the entities may share their comments during the meeting of CCoE.
6. Minister of Energy has seen and authorized submission of the Summary.

(Ali Raza Bhutta)
Secretary

Islamabad, September 16th, 2021.

Benchmark consumption for consumers other than single phase domestic	
Reference Consumption	$MDI * Hrs * (Load\ Factor(\%)\ of\ particular\ consumer\ category)$
Where :	
*MDI= Maximum Demand Indicator of the respective consumer for the given month	
*Hrs= No. of Hours in the given month	
*Load Factor as provided in the Consumer Service Manual (as updated from time to time)	
*Respective reference consumption for ToU consumers will be prorated for Peak & off-Peak hours	
*Package shall not be applicable to connections having non availability of MDI for the respective months	

Benchmark consumption for single phase domestic consumers	
Reference Consumption	Maximum of: a) 300 units; OR b) $MDI * Hrs * (Load\ Factor(\%)\ of\ particular\ consumer\ category)$
Where :	
*MDI= Maximum Demand Indicator of the respective consumer for the given month	
*Hrs= No. of Hours in the given month	
*Load Factor as provided in the Consumer Service Manual (as updated from time to time)	
*Package shall not be applicable to connections having non availability of MDI for the respective months	

Percentage of Load Factor for Different Types of Connections

Sr. No.	CATEGORY OF CONNECTION	Load factor to be charged
A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL		
01	Single Phase	20%
02	Three Phase	25%
A-2 GENERAL SUPPLY TARIFF - COMMERCIAL		
03	Single Phase	20%
04	Three phase	25%
A-3 GENERAL SERVICES		
05	Single phase	15%
06	Three phase	20%