

Subject: PUBLIC HEARING REGARDING PETITION FILED BY ALL XWDISCOS FOR DETERMINATION OF USE OF SYSTEM CHARGES

In light of NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022, (the Regulations) which was notified on November 02, 2022, XWDISCOS have filed their petitions for determination of Use of System charges/wheeling charges.

The following issues are framed to be considered during the public hearing and for presenting written as well as oral evidence and arguments in the matter;

- i. Whether the application of Use of System Charges (UoSC) including Stranded Cost and Cross Subsidy on consumers having bilateral contracts with competitive Suppliers is in line with NEPRA Act, NE Policy & applicable documents?
- ii. What are the basis and methodology adopted by DISCOs for calculation of UoSC including Stranded Cost and Cross Subsidy?
- iii. Whether the requested UoSC are justified and the same should be charged uniformly across DISCOs or otherwise?
- iv. Whether the following type of generation projects should be considered for calculation of stranded cost: (a) projects whose PPAs with CPPA-G have expired and are being extended, and (b) projects whose PPAs are on a take-and-pay basis?
- v. What should be the prudent period during which the stranded cost component of UoSC should remain applicable?
- vi. Whether the potential revenue earned by the XW-DISCOs through the Balancing Mechanism for Energy (BME) and Balancing Mechanism for Capacity (BMC) should be accounted for and adjusted in the calculation of UoSC?
- vii. Whether there is any duplication of charges pertaining to distribution and transmission losses when recovered through UoSC, keeping in view the fact that the same shall be compensated by the bulk power consumers through injection of additional units in the grid?
- viii. Whether it is prudent to charge the stranded cost to those BPCs, which are currently being supplied electricity under existing wheeling agreements and shall be brought in compliance with the NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022?
- ix. Whether it is prudent to charge the stranded cost to those new BPCs, which are not part of DISCOs demand forecast?
- x. Whether it would be prudent to calculate the stranded cost based on per MW of stranded capacity or on per kWh basis?
- xi. Whether it is prudent to recover 100% stranded cost from bulk power consumers who have given one-year notice before opting for CTBCM, given

that this allows XW-DISCOs ample time to adjust their procurement planning cycle based on their forecasted demand growth?

- xii. Whether UoSC should be made applicable on captive consumers wheeling electric power from their captive generation plant for their own use, i.e. same company, which are using DISCO's network?
- xiii. Whether UoSC should be made applicable on captive consumers supplying electric power from captive generation facilities for sales of surplus electricity to other companies under second-tier supply authorization or generation licence within the same premises, i.e. BPC is not connected to any DISCO's network?
- xiv. Whether there should be uniform UoSC for all DISCOs on different voltages, or different charges should be implemented intra-DISCO, as well as separate charges for inter-DISCO open access for delivery of electric power ?
- xv. Whether it is prudent to consider establishing separate UoSC for different consumer categories and types?
- xvi. What should be the frequency to periodically review the UoSC?
- xvii. Any other issue that may come up during the proceedings.