



LAHORE ELECTRIC SUPPLY COMPANY

CHIEF EXECUTIVE OFFICER LESCO

22-A, Queens Road, Lahore

Ph: 042-99204820-30

www.lesco.gov.pk

F/A

SUB: PETITION FOR DETERMINATION OF USE OF SYSTEM CHARGES / WHEELING CHARGES

REF: 1. Your office letter No. NEPRA/DG(Tariff)/TRF-100/33375-84 dated 13-09-2023
2. Your office letter No. NEPRA/ADG(Tariff)/TRF-100/33896-05 dated 22-09-2023

As desired vide your letters referred above and in pursuance of Regulation 7 of NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022; we are pleased to submit attached herewith petition for determination of Use of System Charges ("UoSC Petition") after incorporating the revised tariff numbers as determined by NEPRA for the FY 2023-24. It may kindly be noted that the instant petition includes LESCO Cost of Services Study ("COS Study") FY 2023-24 as Annex-2 thereto, forming fundamental basis for the instant UoSC Petition. The documents being submitted herewith also include the affidavit as per regulatory requirements.

In this matter, for any clarification or additional information Mr. Altaf Qadir, DG MIRAD LESCO can be contacted on cell Phone # 0320-0520201 or email dgmiradlesco@gmail.com

D.A:as above

Chief Executive Officer
LESCO

✓ To:
The registrar, NEPRA,
NEPRA Tower, Attaturk Avenue (East),
G-5/I, Islamabad

Copy:

1. G.M / Technical Director LESCO
2. G.M / Operation Director LESCO
3. Customer Services Director LESCO
4. Chief Law Officer LESCO
5. Company Secretary LESCO
6. Master File

Forwarded please:
☒ For nec action ☐ for Information

1. DG (Lic.)	2. DG (Admn./HR)
3. DG (M&E)	4. DG (CAD)
5. DG (Trf.)	6. Dir. (Fin.)
7. Dir. (Tech.)	8. Consultant
9. LA	10. Dir. (IT)

For kind information please
1. Chairman
2. M (Lic.)
3. M (Law)
4. M (Tech.)
5. M (Trf. & Fin.)

No. 151-56 /MRD-21

dated 28/09/2023

REGISTRAR OFFICE

Diary No. 13771

Date: 03-10-23

Dr (R0)



LAHORE ELECTRIC SUPPLY COMPANY LIMITED

OFFICE OF THE COMPANY SECRETARY

33

EXTRACT MINUTES OF 257TH MEETING OF BOARD OF DIRECTORS OF LAHORE ELECTRIC SUPPLY COMPANY (LESCO) HELD ON 10TH FEBRUARY, 2023

A meeting of Board of Directors of Lahore Electric Supply Company (the Company/LESCO) was held on Friday, 10th February, 2023, at 10:00 a.m., at 22-A Queens Road, Lahore. The Extract minutes on the subject meeting are given hereunder for necessary compliance and action.

Agenda Item No. 05

To Consider and Approve the Consumer End Multiyear Tariff Petition for FY 2023-24 to FY 2027-28 along with its assumptions and the revenue requirement.

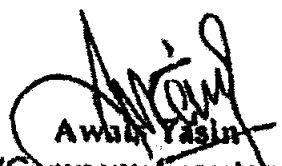
RESOLUTION:

RESOLVED that approval is hereby accorded by the Board to file Company's annual Multiyear Tariff Petitions for Distribution of Power Tariff and Supply of Power Tariff for FY 2023-24 to FY 2027-28 for determination of revenue requirement, use of System Charges (open access) and consumer end tariff for various categories of consumers before National Electric Power Regulatory Authority (NEPRA).

RESOLVED that Chief Executive Officer LESCO along with GM/Technical Director, GM /Operation Director, Chief Financial Officer, Customer Services Director, Human Resource Director, Chief Law Officer, DG (IT), DG (MIRAD), and DG (Admin) are hereby authorized :-

- a) To sign individually or jointly the necessary documents for filing of Multiyear tariff petitions for DOP, SOP and UOSC (Open access) for a tariff control period FY 2023-24 to FY 2027-28.
- b) To file subsequent review petitions after the determinations on the said applications during tariff control period, if any.
- c) To pay the necessary tariff petitions filing fees.
- d) To appear before the Authority as needed and do all acts necessary for completion and processing of the applications.

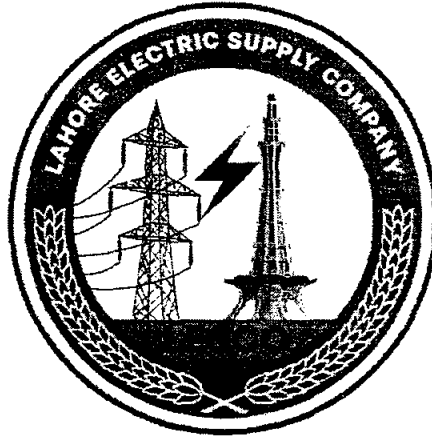
(Responsibility to execute this decision - CFO)


Awaraz Yasin
(Company Secretary)

The extract minutes are being issued provisionally in the best interest of work on the request of the management. The complete minutes of this meeting would be issued in due course of time after approval of the Board and other codal formalities.

Page 1 of 1

LAHORE ELECTRIC SUPPLY COMPANY



PETITION FOR DETERMINATION OF USE OF SYSTEM CHARGES (UoSC)

30th January 2023

Resubmitted on 28th September 2023

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22 – A, QUEEN'S ROAD, LAHORE, PAKISTAN

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EXECUTIVE SUMMARY

1. National Electric Power Regulatory Authority ("**NEPRA**"), in exercise of the powers under the Regulation of Generation, Transmission & Distribution of Electric Power Act 1997, as amended from time to time ("**NEPRA Act**") has promulgated the NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations 2022 ("**Open Access Regulations**") whose Regulation No. 7 provides the time line for filing for the Petition for Determination of Use of System Charges i.e., 90 days from the date of promulgation.
2. In compliance of said Regulation No. 7 of the Open Access Regulation, Petitioner/ Lahore Electric Supply Company Limited ("**LESCO**") filed the Petition for the Determination of the Use of System Charges ("**UoSC**") on 30.01.2023. That Petition was returned by orders of the Authority, as conveyed vide letter no. NEPRA/DG(Tariff)/TRF-100/ 33375-84 dated 13.09.2023, to file the new Petitions after incorporating the revised tariff numbers as determined by NEPRA for the FY 2023-24 and subsequently notified by the Federal Government. Again, by letter no. NEPRA/DG(Tariff)/TRF-100/ 33896-05 dated 22.09.2023, it has been directed to file the fresh Petitions within 7 days.
3. In compliance of the Regulations and Regulatory Requirements, this Petition is now being filed for the determination of the Use of System/ Wheeling Charges for LESCO.

PETITIONER'S DETAILS

A. Petitioner

4. LESCO is a Public Company Limited by Shares, incorporated under Section 32 of the repealed Companies Ordinance 1984 (now Companies Act, 2017), having registered office at 22-A Queens Road, Lahore.

5. LESCO was established in execution of the approval of the Council of Common Interest which dates back in 1993, as part of the reforms by restructuring of Water and Power Development Authority (WAPDA) along with the then Area Electricity Boards.
6. Geographically, LESCO is located in the central part of Punjab. It has boundaries with the Gujranwala Electric Power Company Limited (GEPCO) in the north, Faisalabad Electric Supply Company Limited (FESCO) in the east and Multan Electric Power Company Limited (MEPCO) in the south. LESCO territory encompasses 19,064 sq. km of area and covers the districts of Lahore, Nankana, Sheikhpura, Kasur, and Okara. At present, it has the consumers of more than 6 million. It has been providing the Distribution Services since 2002 under the License issued by NEPRA.
7. There are less than 1% Bulk Power Consumers ("BPCs") in the overall consumer mix of LESCO; however, they share around 30% of the Revenue Requirement as they consume around 26% of the overall electricity supply in the Territory of LESCO.

B. License Details:

8. On 01.04.2002, NEPRA granted the Distribution License bearing No. 03/DL/2002 to LESCO so as to engage in the distribution services and to make sale of electric power to consumers in the provided Service Territory and the Concession Territory for the period of 20 years from the date of issue of License. Before the expiry, LESCO submitted the application for renewal / extension of the License under Regulation 13 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations 2021. Pending the proceedings, by the orders dated 31.05.2022 and 13.12.2022, said License was provisionally renewed. Through letter dated 09.05.2023, the approval of the Authority has been conveyed for the grant of Distribution License under Section 20 & 21 of the NEPRA Act, until 08.05.2043.

C. Key Representatives:

9. Chief Executive Officer LESCO, Chief Financial Officer LESCO and Director General MIRAD LESCO have, individually or jointly, been authorized by the LESCO Board of Directors to sign all necessary documents for filing of this Petition for Determination of the UoSC Petition, and also to appear before NEPRA as and when required.

GROUND OF PETITION:

10. Under Section 23 E (1) of NEPRA Act 1997, LESCO is the deemed Licensee for Supply of Electric Power. In such capacity, LESCO is required by the Open Access Regulations to seek determination of UoSC by NEPRA.
11. Hence, this Petition that is being submitted on the following grounds:
- a) The request for determination of the Cost of Service in providing the open access/ wheeling of its network, is being made after taking into consideration the provisions of the Open Access Regulations as well as the Clause 4.4, Clause 5.5.2 (f), Clause 5.5.2 (g), Clause 5.5.4, Clause 5.6.5 and Clause 5.6.7 of the National Electricity Policy 2021 ("**NE Policy**") so as to ensure recovery of legitimate consideration for aforesaid facilities in accordance with the market practices.
 - b) As an integral part of consideration for provisions of the facilities include the determination of the stranded costs, cross subsidy and the cost for maintaining system to the BPCs who would serve the notice in terms of Section 22 (2) of the NEPRA Act and quit.
 - c) In making request, LESCO is aware of the fact that the Open access envisages non-discriminatory access to the transmission and distribution network. It enables the eligible BPCs to procure power at competitive price, to meet their demand, from suppliers other than supplier of last resort. However, LESCO is also considering the fact

that under existing tariff regime, the BPCs are significant use of the electricity and contributes in the Revenue Requirements. Hence, it is believed that while making any determination, the Authority shall take in to consideration all these factors (and such other those may crop during hearing) to ensure financial viability of LESCO.

LEGAL AND REGULATORY FRAMEWORK

12. The regulatory directions for the future competitive market, defines the role of the Petitioner. To state, LESCO is well aware of the fact that the approved design of Competitive Trading and Bilateral Contract Market (CTBCM) provides the right of choice to the eligible BPCs to opt for any Supplier of Electric Power – whether the concept of Competitive Supplier as well as the Supplier of Last Resort (which is the Distribution Company). As such, role of LESCO shall be of the Distribution Company as well as the Supplier of Last Resort.
13. Keeping in view this role, the Petition is drafted and being filed in terms of the NEPRA Act, Open Access Regulations and NE Policy as well as any other applicable document, as a mandatory stipulation for compliance by LESCO. For ease of reference, the following provisions are relied upon,
 - a) Section 2 (ii) of NEPRA Act which defines the Bulk-Power Consumer;
 - b) Definitions given in Regulations 2(1)(m) (*open access*), 2(1)(n) (*open access user*), 2(1)(r) (*use of system charges*) of the Open Access Regulations;
 - c) Provisions of Regulation 5 (Obligation to provide open access); Regulation 7 (Filing of petition and determination of use of system charges) and Regulation 8 (Wheeling of electric power) of the Open Access Regulations; and
 - d) Directions of the NE Policy, as stated hereinafter.

DIRECTIONS IN NATIONAL ELECTRICITY POLICY

14. The Government of Pakistan has issued the NE Policy under Section 14-A of the NEPRA Act.
15. The provisions of said Policy are meant to provide for the development, reform, improvement and sustainability of the power market and power sector and identifies the major goals sought to be achieved. It also provides key guiding principles to develop subservient frameworks that will steer the decision making in the power sector to achieve identified goals.
16. LESCO relies upon the NE Policy, in particular the clauses those appear to be directly and substantially relevant and applicable, as integral part of this Petition and therefore opts to reproduce them for quick & ready reference:

Clause 4.4 (Financial Viability)

"Sustainability of the entire power sector pivots around the financial and commercial viability of its individual sub-sectors. This will be done by:

- a) promoting investments on least cost basis balanced with development in the underserved areas;*
- b) having cost-reflective tariffs in transmission and distribution, to the extent feasible;*
- c) timely passing of costs to the consumers, while netting off any subsidies funded by the Government; and*
- d) recovery of costs arising on account of open access, distributed generation, etc."*

Clause 5.5.2 (Market Development & Operations):

"The approved wholesale market design, its implementation and subsequent development takes into account the following:

...

- (f) providing a level playing field to all market participants through uniform application of cross-subsidization and other grid charges to consumers of all suppliers;*
- (g) the Government shall take a decision on the recovery of costs that arise due to advent of the open access and market liberalization;"*

Clause 5.5.4 Market Development & Operations):

"In order to ensure implementation of wholesale market design and its further evolution, the Regulator shall in a timely manner frame, modify and evolve regulatory framework for, inter alia, supply, procurement, open access / wheeling, competitive bidding, import of power, and ensure effective market monitoring and enforcement. Provided that after implementation of CTBCM, every transmission licensee and distribution licensee shall offer, to all market participants, non-discriminatory open access / wheeling to its respective transmission or distribution system and interconnection services in accordance with CTBCM on the terms determined under the policy and legal framework."

Clause 5.6.5 (Cost of Service, Tariff & Subsidies):

"The Regulator, in order to ensure liquidity of the power sector, provide a level playing field for the development of wholesale market and to facilitate prudent projects of the Government, may impose additional charge(s) which shall be deemed to be costs incurred by the distribution companies / electric power supplier(s). Such additional charge may take into account the sustainability, socio-economic objectives and commercial viability of the sector, affordability for the consumers and the policy of uniform tariff."

Similarly, the Government may also incorporate, in the consumer-end tariff, any surcharge imposed by it, which shall also be deemed to be cost incurred by the distribution companies / electric power supplier(s) and shall be collected by them in discharge of their public service obligations."

Clause 5.6.7 (Cost of Service, Tariff & Subsidies):

"The Regulator will provide for recovery of costs arising on account of distributed generation and open access in the consumer-end tariff, as decided by the Government. Further, the Government may announce, from time to time, various concessional packages to incentivize additional consumption to minimize such costs."

TECHNICAL AND FINANCIAL CONSIDERATIONS

17. Adjoining the purposes of CTBCM, directions of the NE Policy and stipulations of the legal and regulatory framework; following understandings are inferred:
- a) LESCO, in its capacity as the network licensee is obligated to provide open access to its network to the open access users on non-discriminatory basis for purposes of wheeling of electric power.
 - b) In opinion of LESCO it shall have to serve as the Supplier of Last Resort even in cases of those electricity consumers who have either disengaged or are never engaged with the distribution network, requiring sale & purchase of power through LESCO, but could be captive or contracted with Competitive Supplier. Keeping a standby system for such non-consumers shall require guidelines from the Authority.
 - c) In consideration thereof, LESCO is entitled for recovery of charges (UoSC) in line with use of system agreement which, by law, require the determination of the Authority.

- d) The UoSC shall include the charges/ fees related to the following,
- i) Use of Transmission System, which includes the charges approved for the National and Provincial Grid Companies,
 - ii) Market Operator,
 - iii) System Operator,
 - iv) Metering Service Provider,
 - v) Use of Distribution System which includes the Distribution Margin charges,
 - vi) Cross-Subsidy,
 - vii) Stranded Cost,
 - viii) Technical Transmission and Distribution Losses, and
 - ix) any other charges as determined by the Authority that may arise due to advent of the open access and market liberalization.

18. With reference to the above elements of UoSC, following clarification shall apply for clarity of application:

- a. For purposes of this Petition, LESCO has considered the charges for Use of Transmission System and fees/ charges related to the System Operator and Metering Service Provider collectively in line with the existing institutional scheme and tariff determinations for the Transmission Companies. For reference, these charges shall hereinafter be called as **Grid Charges**.
- b. The fee for Market Operator, determined and notified by NEPRA as the Market Operator Fee, from time to time. At the time of submitting

this Petition, the last notified determination dated 06.07.2023 provides the Market Operator Fee as Rs. 3.48/kW/month.

- c. The Grid Charges and Market Operator Fee are determined by NEPRA. These are invoiced to LESCO by CPPA-G. the amount is collected along with the bills and transferred to CPPA-G.
- d. Cross Subsidy is included to ensure the recovery of 100% of the Revenue Requirement of LESCO, while keeping in consideration the directions enshrined through the NE Policy.
- e. Stranded Cost is calculated to meet with requirement of fixed cost component of the Generation Tariff, i.e., Capacity Purchase Price, in relation to the eligible BPCs.
- f. Stranded Asset Cost and Cross-Subsidy charges are relevant costs that needs to be incorporated into the UoSC and if these issues are not properly considered, it would have huge financial implications on the regulated consumers or the same would be borne by the GoP. Therefore, further explanation to these issues shall be given in next section.
- g. As the transmission and distribution losses will be charged to market participants of open access through the mechanism as explained in the Market Commercial Code, therefore, such charges shall not be levied under these UoSC as requested under this instant Petition.
- h. UoSC proposed in this Petition, and as shall be determined by NEPRA, shall be charged from the Competitive Supplier as a charge upon the eligible BPCs who would leave the market for wheeling.
- i. Any taxes and surcharges as imposed by the Government shall be applicable.

- j. In addition to the above, any cost, charge or fees as shall be determined by NEPRA as the cost that arise due to advent of the open access and market liberalization that arise due to advent of the open access and market liberalization shall be recoverable as part of the UoSC.
19. Stranded Cost and Cross Subsidy are the legitimate costs of the LESCO which if not allowed would either increase the Tariff making the same out if the capacity for a large number of consumers or disentitle LESCO to recover the cost corresponding to the fixed charges payable to the generation companies as per the previous determination of the NEPRA. To add,
- a) Stranded Cost is to recover the Capacity Cost Component and will be charged as the appropriate cost forming part of the Wheeling Charges to ensure the economic stability, recovery of the prudent cost and to ensure that the BPCs who later on move out of the existing market for their benefits should pay, and keep on paying, the cost which is incurred by the system on basis of the demand which was calculated including such BPCs. Stranded Cost, as stated above, is in relation to the unavoidable/ fixed cost that has to be paid by LESCO even if the BPC leaves. Therefore, any cost which forms part of the generation cost (Power Purchase Price) is to be considered towards the Stranded Cost unless it is transferred upon the distribution company.
- b) Undoubtedly, the consumer price should reflect the real cost on the generation, transmission, distribution and supply of electric power to allow the fullest recovery of the legitimate cost for provision of the electricity. However, where the same is not possible for any reason whatsoever then the cost for the provision of the electricity is recovered in a manner that the consumers who can pay the high cost

pays for the high prices which supports the other consumers. The eligible BPCs are the consumers of 1 MW or more of the power. Generally, such BPCs are the industries who actually pass on the costs. Considering these elements as well as the fact that the existing BPCs in the Territory of LESCO consumes around 26% of the power and shares more than 30% of the Revenue Requirement. Regulation 2(m)(i) of the Performance Standards (Electric Power Suppliers) Regulations, 2002 provides that for a Competitive Supplier, the price of electricity shall include, *inter alia*, the cross subsidy. Further reference can be placed on Clause 5.5.2(f) of the NE Policy to justify the claim.

- c) The period for the determination of Stranded Cost and the Cross Subsidy may not be less than the Tariff control period.

- 20. The calculations of the Petition for determination of UoSC are appended as Annex-1.

FEATURES OF PETITION:

A. Basis of Calculation:

- 21. LESCO has carried out the Cost of Service study for the FY 2023 – 24 and has use the same data, besides the determinations of NEPRA regarding the PPP (Grid Charges), Market Operator Fees and the Interim Tariff Determination for the Distribution and Supply Tariff for LESCO. Moreover, the guidelines and instructions given by NEPRA and CPPA-G during different trainings/ meeting have also been used while applying the FACOS Model. It is pertinent to mention that the Cost of Service Study (FY 2023-24) is an integral part of this petition and appended as Annex-2.

B. Method for Recovery

22. Since the UoSC include the fixed cost as a major component of the pass through element, therefore, the appropriate mode for recovery shall be as the fixed charge in terms of Rs./kW/Month to be invoiced to the Competitive Supplier. However, only problem foreseen by LESCO is that the quantum of the bill may overburden the consumer or the Competitive Supplier affecting timely recovery.
23. Considering the possibility of recovery of the UoSC on Rs./ kWh basis, LESCO apprehends the revenue loss arising from low load factor of the eligible BPCs. On the other hand, the open access users could be benefitted for any favorable Energy or Capacity Imbalance in the Market. In any case, this option may not provide a balanced approach to promised sharing of risks and rewards under CTBCM regime.
24. UoSC recovery, as another option, can be considered to be effective through a hybrid approach, i.e. partly through fixed charge in terms of Rs./kW/Month and partly in terms of Rs./kWh. This may provide a balanced plausible approach for all the involved parties. It is submitted that, in order to ensure level playing field for consumers of Supplier of Last Resort ("SoLR") and Competitive Supplier, the recovery of UoSC may have same charging mechanism.
25. LESCO has presented its working in Annex-1 on all the three options, stated above.

C. Adjustment/ Indexation

26. Each component of UoSC detailed in the instant petition shall be subject to periodic adjustment/indexations. Whenever these components are adjusted for regulated consumers of the suppliers of last resort, at the same time, the

corresponding adjustment in the relevant component of the proposed UoSC for eligible BPCs shall be made simultaneously.

D. Applicable Categories/ Eligible BPCs

27. LESCO suggests and has accordingly worked out the UoSC on the basis that the BPCs eligible for the open access/ wheeling under the Open Access Regulations shall be the one having who purchases or receives electric power, at one premises, in an amount of one megawatt or more or in such other amount and voltage level at one premises.
28. In this regard, reliance is placed on the definition of BPCs as provided in the NEPRA Act and Consumer Service Manual 2021. The BPCs in the consumer mix of LESCO fall in the categories of B-4, C-3, B-3, C-2, A2c and A-3.

OTHER IMPORTANT ASPECTS

29. Following paragraphs of the petition highlights other important aspects which shall be taken into account while determining the said charges.

A. Government Subsidies

30. Any subsidy provided by the Government to the industrial or any other eligible BPC, as applicable, will be dealt with according to the directions and terms and conditions thereof as decided by the Government. However, for the purposes of this petition, such subsidies have not been considered.

B. Captive Power Producers and Users

31. A captive power producer / user using the LESCO network for wheeling of power to its own other unit at destination will be considered "Market Participant" in terms of Market Commercial Code and will be dealt with accordingly. The UoSC shall fully apply in manner applicable to any other eligible BPC.

32. The cases where captive generation and the consumption are at the same point and the consumer is taking additional supply from LESCO, as the SoLR, shall be considered as a regular consumer under the applicable Tariff according to the connected load. The quantum of additional sanctioned/ contracted load (in terms of MW) shall be considered to determine its status as BPC in terms of the NEPRA Act. In case, such BPC choose to exercise option for a competitive supplier, the UoSC shall apply in full and LESCO may exercise the right to disconnect the supply as regular consumer.
33. In case of Captive Power Producer/ user supplying/ receiving electric power at same premises where LESCO network is not used, the UoSC shall not apply in anyway or manner.

C. Applicability of Stranded Capacity Costs

34. The costs arising on account of market liberalization and advent of open access shall be the capacity charges/stranded costs to be paid by all eligible BPCs of a competitive supplier as detailed in this instant petition and the amount of such capacity charges shall be the same as the total generation capacity charges recovered from the equally placed bulk power consumers of the suppliers of last resort either in a volumetric form (kWh) and/or through fixed charges and such charges shall continue to be paid till such time as may be decided by the Federal Government as per the National Electricity Policy.

D. Applicability of UoSC on New Eligible BPCs

35. The UoSC provided in the instant petition shall be applicable to all such BPCs who will opt to get supply of electric power from competitive supplier including the captive generator using the network to wheel its power to the destination of its use. Such charges shall be fully applicable to any new

eligible BPC or incremental consumption, obtaining supply of electric power from competitive supplier without any exception.

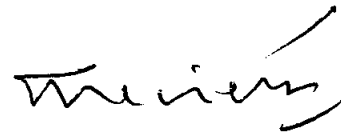
E. Applicability of UoSC on Non-Consumers

36. In opinion of LESCO it shall have to serve as the Supplier of Last Resort even in cases of those electricity consumers who have disengaged by serving the notice under Section 22 NEPRA Act but who would remain connected with the distribution network that has to be kept as standby by LESCO. For such situation, it is apprehended that LESCO might incur the additional cost. In this regard, however, further guidelines from the Authority are solicited.

Prayer:

In view of the aforementioned circumstances, grounds and facts, it is respectfully prayed that this petition may kindly be admitted and the LESCO's UoSC may very graciously be determined as estimated in Annex-1.

It is further prayed that, being SoLR, charges for keeping the LESCO system standby for non-consumers may also be determined and may also frame guidelines in this regard if required.



**Lahore Electric Supply Company
Chief Executive Officer
LESCO Ltd. Lahore.**

Attachments:

1. Affidavit of the CEO, LESCO
2. Annex-1 (UoSC Proposals)
3. Annex-2 (Cost of Service Study)

E-STAMP



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Amount : Rs 100/-

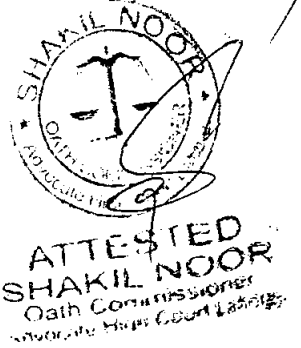


Scan for online verification

Description : CERTIFICATE OR OTHER DOCUMENT- 19
Applicant : SHAHID HAIDER [35201-2573140-1]
S/O : HAJI KHUDA BAKHSI
Agent : ABBAS NAWAZ [35201-3692314-1]
Address : LAHORE
Issue Date : 26-Sep-2023 12:05:03 PM
Delisted On/Validity : 3-Oct-2023
Amount in Words : One Hundred Rupees Only
Reason : CERTIFICATE OR OTHER DOCUMENT- 19
Vendor Information : Muhammad Abid Awan | PB-LHR-496 | Sua Asal

MUHAMMAD ABID AW
Stamp
WhatsApp: 99-3777

Serial No. 35411... Sign



نوٹ: یہ الرٹیفیکیشن تاریخ اجرا سے سات دنوں تک کے لیے قابل استعمال ہے۔ ای اسٹامپ کی تصدیق بذریعہ ویب سائٹ یا ہول کوڈ یا ایس ایم سے کی جا سکتی ہے۔

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AFFIDAVIT

I, Shahid Haider, Chief Executive Officer Lahore Electric Supply Company Limited having CNIC No 35201-2573140-1, duly authorized by the Board of Directors of LESCO in its 257th BOD Meeting held on 10-02-2023 vide Agenda Item No 05 do hereby, solemnly affirm and testify that the contents of the application for filling petition for determination of use of system charges, are the accordance with the NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022 and that Annexed documents are true and correct to the best of my knowledge, belief on the basis of confirmations provided by the concerned formations put before me; and further declare that:

1. I am the Chief Executive Officer of the Lahore Electric Supply Company Limited (LESCO) and fully aware of the affairs of the Company particularly to endorse petition for determination of use of system charges.
2. Whatsoever stated in the application and accompanied documents is true and nothing has been concealed.

Deponent

Engr. Shahid Haider,
Chief Executive Officer (LESCO)

LAHORE ELECTRIC SUPPLY COMPANY
Proposed Use of System Charges
For Possible Eligible Bulk Power Consumers (One MW or More at One Premises)

Description	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Industrial (132KV)				Industrial (132KV)				Industrial (132KV)			
Tariff Category	B-4				B-4				B-4			
Generation Cost - Energy	6.96			6.96	6.84			6.84				
Generation Cost - Capacity		4,608.79	12.47	12.47		4,528.13	12.26	12.26	4,528.13	12.26	1,358.44	8.58
Transmission Charges/ MOF		371.40	1.01	1.01		364.90	0.99	0.99	364.90	0.99	109.47	0.69
Distribution Use of System		472.48	1.28	1.28		464.21	1.26	1.26	464.21	1.26	139.26	0.88
Total Applicable Costs	6.96	5,452.67	14.76	21.72	6.84	5,357.25	14.50	21.34	5,357.25	14.50	1,607.17	10.15
Cost of Losses					0.12	95.42	0.26	0.38	95.42	0.26		0.26
Total Cost of Service	6.96	5,452.67	14.76	21.72	6.96	5,452.67	14.76	21.72	5,452.67	14.76	1,607.17	10.41
Cross Subsidy				7.40				7.40	2,734.00	7.40		7.40
Average Applicable Tariff				29.12				29.12	8,186.67	22.16	1,607.17	17.81

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Bulk (132KV)				Bulk (132KV)				Bulk (132KV)			
Tariff Category	C-3a				C-3a				C-3a			
Generation Cost - Energy	6.96			6.96	6.84			6.84				
Generation Cost - Capacity		4,608.79	12.47	12.47		4,528.13	12.26	12.26	4,528.13	12.26	1,358.44	8.58
Transmission Charges MOF		371.40	1.01	1.01		364.90	0.99	0.99	364.90	0.99	109.47	0.69
Distribution Use of System		472.48	1.28	1.28		464.21	1.26	1.26	464.21	1.26	139.26	0.88
Total Applicable Costs	6.96	5,452.67	14.76	21.72	6.84	5,357.25	14.50	21.34	5,357.25	14.50	1,607.17	10.15
Cost of Losses					0.12	95.42	0.26	0.38	95.42	0.26		0.26
Total Cost of Service	6.96	5,452.67	14.76	21.72	6.96	5,452.67	14.76	21.72	5,452.67	14.76	1,607.17	10.41
Cross Subsidy				12.30				12.30	4,546.07	12.30		12.30
Average Applicable Tariff				34.03				34.03	9,998.74	27.06	1,607.17	22.71

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Bulk (132KV)				Bulk (132KV)				Bulk (132KV)			
Tariff Category	C-3b				C-3b				C-3b			
Generation Cost - Energy	6.96			6.96	6.84			6.84				
Generation Cost - Capacity		4,608.79	12.47	12.47		4,528.13	12.26	12.26	4,528.13	12.26	1,358.44	8.58
Transmission Charges/ MOF		371.40	1.01	1.01		364.90	0.99	0.99	364.90	0.99	109.47	0.69
Distribution Use of System		472.48	1.28	1.28		464.21	1.26	1.26	464.21	1.26	139.26	0.88
Total Applicable Costs	6.96	5,452.67	14.76	21.72	6.84	5,357.25	14.50	21.34	5,357.25	14.50	1,607.17	10.15
Cost of Losses					0.12	95.42	0.26	0.38	95.42	0.26		0.26
Total Cost of Service	6.96	5,452.67	14.76	21.72	6.96	5,452.67	14.76	21.72	5,452.67	14.76	1,607.17	10.41
Cross Subsidy				10.71				10.71	3,958.57	10.71		10.71
Average Applicable Tariff				32.44				32.44	9,411.24	25.47	1,607.17	21.12

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Commercial (11KV)				Commercial (11KV)				Commercial (11KV)			
Tariff Category	A-2c				A-2c				A-2c			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	15.53	15.53		4,528.13	14.33	14.33	4,528.13	14.33	1,358.44	10.03
Transmission Charges/ MOF		395.53	1.25	1.25		364.90	1.15	1.15	364.90	1.15	109.47	0.81
Distribution Use of System		615.13	1.95	1.95		567.50	1.80	1.80	567.50	1.80	170.25	1.26
Total Applicable Costs	7.42	5,918.85	18.73	26.15	6.84	5,460.53	17.28	24.12	5,460.53	17.28	1,638.16	12.10
Cost of Losses					0.57	458.31	1.45	2.02	458.31	1.45		1.45
Total Cost of Service	7.42	5,918.85	18.73	26.15	7.42	5,918.85	18.73	26.15	5,918.85	18.73	1,638.16	13.55
Cross Subsidy				8.16				8.16	2,578.87	8.16		8.16
Average Applicable Tariff				34.31				34.31	8,497.72	26.89	1,638.16	21.71

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Industrial(11KV)				Industrial(11KV)				Industrial(11KV)			
Tariff Category	B-3				B-3				B-3			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	13.52	13.52		4,528.13	12.47	12.47	4,528.13	12.47	1,358.44	8.73
Transmission Charges/ MOF		395.53	1.09	1.09		364.90	1.01	1.01	364.90	1.01	109.47	0.70
Distribution Use of System		634.99	1.75	1.75		585.82	1.61	1.61	585.82	1.61	175.75	1.13
Total Applicable Costs	7.42	5,938.70	16.36	23.78	6.84	5,478.85	15.09	21.93	5,478.85	15.09	1,643.66	10.57
Cost of Losses					0.57	459.85	1.27	1.84	459.85	1.27		1.27
Total Cost of Service	7.42	5,938.70	16.36	23.78	7.42	5,938.70	16.36	23.78	5,938.70	16.36	1,643.66	11.83
Cross Subsidy				5.58				5.58	2,023.78	5.58		5.58
Average Applicable Tariff				29.35				29.35	7,962.48	21.93	1,643.66	17.41

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Bulk (11KV)				Bulk (11KV)				Bulk (11KV)			
Tariff Category	C-2a				C-2a				C-2a			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	13.52	13.52		4,528.13	12.47	12.47	4,528.13	12.47	1,358.44	8.73
Transmission Charges/ MOF		395.53	1.09	1.09		364.90	1.01	1.01	364.90	1.01	109.47	0.70
Distribution Use of System		634.99	1.75	1.75		585.82	1.61	1.61	585.82	1.61	175.75	1.13
Total Applicable Costs	7.42	5,938.70	16.36	23.78	6.84	5,478.85	15.09	21.93	5,478.85	15.09	1,643.66	10.57
Cost of Losses					0.57	459.85	1.27	1.84	459.85	1.27		1.27
Total Cost of Service	7.42	5,938.70	16.36	23.78	7.42	5,938.70	16.36	23.78	5,938.70	16.36	1,643.66	11.83
Cross Subsidy				10.31				10.31	3,743.75	10.31		10.31
Average Applicable Tariff				34.09				34.09	9,682.45	26.67	1,643.66	22.15

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Bulk (11KV)				Bulk (11KV)				Bulk (11KV)			
Tariff Category	C-2b				C-2b				C-2b			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	12.89	12.89		4,528.13	11.90	11.90	4,528.13	11.90	1,358.44	8.33
Transmission Charges/ MOF		395.53	1.04	1.04		364.90	0.96	0.96	364.90	0.96	109.47	0.67
Distribution Use of System		642.43	1.69	1.69		592.69	1.56	1.56	592.69	1.56	177.81	1.09
Total Applicable Costs	7.42	5,946.15	15.62	23.04	6.84	5,485.72	14.41	21.25	5,485.72	14.41	1,645.72	10.09
Cost of Losses					0.57	460.43	1.21	1.78	460.43	1.21		1.21
Total Cost of Service	7.42	5,946.15	15.62	23.04	7.42	5,946.15	15.62	23.04	5,946.15	15.62	1,645.72	11.30
Cross Subsidy				9.49				9.49	3,612.41	9.49		9.49
Average Applicable Tariff				32.53				32.53	9,558.56	25.11	1,645.72	20.79

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	General (11KV)				General (11KV)				General (11KV)			
Tariff Category	A3				A3				A3			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	15.53	15.53		4,528.13	14.33	14.33	4,528.13	14.33	1,358.44	10.03
Transmission Charges/ MOF		395.53	1.25	1.25		364.90	1.15	1.15	364.90	1.15	109.47	0.81
Distribution Use of System		615.13	1.95	1.95		567.50	1.80	1.80	567.50	1.80	170.25	1.26
Total Applicable Costs	7.42	5,918.85	18.73	26.15	6.84	5,460.53	17.28	24.12	5,460.53	17.28	1,638.16	12.10
Cost of Losses					0.57	458.31	1.45	2.02	458.31	1.45		1.45
Total Cost of Service	7.42	5,918.85	18.73	26.15	7.42	5,918.85	18.73	26.15	5,918.85	18.73	1,638.16	13.55
Cross Subsidy				6.53				6.53	2,064.54	6.53		6.53
Average Applicable Tariff				32.68				32.68	7,983.39	25.26	1,638.16	20.08

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LAHORE ELECTRIC SUPPLY COMPANY
Proposed Use of System Charges
For Possible Eligible Bulk Power Consumers (One MW or More at One Premises)

Description	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Industrial (132KV)				Industrial (132KV)				Industrial (132KV)			
Tariff Category	B-4				B-4				B-4			
Generation Cost - Energy	6.96			6.96	6.84			6.84				
Generation Cost - Capacity		4,608.79	12.47	12.47		4,528.13	12.26	12.26	4,528.13	12.26	452.81	11.03
Transmission Charges/ MOF		371.40	1.01	1.01		364.90	0.99	0.99	364.90	0.99	36.49	0.89
Distribution Use of System		472.48	1.28	1.28		464.21	1.26	1.26	464.21	1.26	46.42	1.13
Total Applicable Costs	6.96	5,452.67	14.76	21.72	6.84	5,357.25	14.50	21.34	5,357.25	14.50	535.72	13.05
Cost of Losses					0.12	95.42	0.26	0.38	95.42	0.26		0.26
Total Cost of Service	6.96	5,452.67	14.76	21.72	6.96	5,452.67	14.76	21.72	5,452.67	14.76	535.72	13.31
Cross Subsidy				7.40				7.40	2,734.00	7.40		7.40
Average Applicable Tariff				29.12				29.12	8,186.67	22.16	535.72	20.71

Description	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Bulk (132KV)				Bulk (132KV)				Bulk (132KV)			
Tariff Category	C-3a				C-3a				C-3a			
Generation Cost - Energy	6.96			6.96	6.84			6.84				
Generation Cost - Capacity		4,608.79	12.47	12.47		4,528.13	12.26	12.26	4,528.13	12.26	452.81	11.03
Transmission Charges/ MOF		371.40	1.01	1.01		364.90	0.99	0.99	364.90	0.99	36.49	0.89
Distribution Use of System		472.48	1.28	1.28		464.21	1.26	1.26	464.21	1.26	46.42	1.13
Total Applicable Costs	6.96	5,452.67	14.76	21.72	6.84	5,357.25	14.50	21.34	5,357.25	14.50	535.72	13.05
Cost of Losses					0.12	95.42	0.26	0.38	95.42	0.26		0.26
Total Cost of Service	6.96	5,452.67	14.76	21.72	6.96	5,452.67	14.76	21.72	5,452.67	14.76	535.72	13.31
Cross Subsidy				12.30				12.30	4,546.07	12.30		12.30
Average Applicable Tariff				34.03				34.03	9,998.74	27.06	535.72	25.61

Description	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Bulk (132KV)				Bulk (132KV)				Bulk (132KV)			
Tariff Category	C-3b				C-3b				C-3b			
Generation Cost - Energy	6.96			6.96	6.84			6.84				
Generation Cost - Capacity		4,608.79	12.47	12.47		4,528.13	12.26	12.26	4,528.13	12.26	452.81	11.03
Transmission Charges/ MOF		371.40	1.01	1.01		364.90	0.99	0.99	364.90	0.99	36.49	0.89
Distribution Use of System		472.48	1.28	1.28		464.21	1.26	1.26	464.21	1.26	46.42	1.13
Total Applicable Costs	6.96	5,452.67	14.76	21.72	6.84	5,357.25	14.50	21.34	5,357.25	14.50	535.72	13.05
Cost of Losses					0.12	95.42	0.26	0.38	95.42	0.26		0.26
Total Cost of Service	6.96	5,452.67	14.76	21.72	6.96	5,452.67	14.76	21.72	5,452.67	14.76	535.72	13.31
Cross Subsidy				10.71				10.71	3,958.57	10.71		10.71
Average Applicable Tariff				32.44				32.44	9,411.24	25.47	535.72	24.02

Description	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Commercial (11KV)				Commercial (11KV)				Commercial (11KV)			
Tariff Category	A-2c				A-2c				A-2c			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	15.53	15.53		4,528.13	14.33	14.33	4,528.13	14.33	452.81	12.90
Transmission Charges/ MOF		395.53	1.25	1.25		364.90	1.15	1.15	364.90	1.15	36.49	1.04
Distribution Use of System		615.13	1.95	1.95		567.50	1.80	1.80	567.50	1.80	56.75	1.62
Total Applicable Costs	7.42	5,918.85	18.73	26.15	6.84	5,460.53	17.28	24.12	5,460.53	17.28	546.05	15.55
Cost of Losses					0.57	458.31	1.45	2.02	458.31	1.45		1.45
Total Cost of Service	7.42	5,918.85	18.73	26.15	7.42	5,918.85	18.73	26.15	5,918.85	18.73	546.05	17.00
Cross Subsidy				8.16				8.16	2,578.87	8.16		8.16
Average Applicable Tariff				34.31				34.31	8,497.72	26.89	546.05	25.16

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Industrial(11KV)				Industrial(11KV)				Industrial(11KV)			
Tariff Category	B-3				B-3				B-3			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	13.52	13.52		4,528.13	12.47	12.47	4,528.13	12.47	452.81	11.23
Transmission Charges/ MOF		395.53	1.09	1.09		364.90	1.01	1.01	364.90	1.01	36.49	0.90
Distribution Use of System		634.99	1.75	1.75		585.82	1.61	1.61	585.82	1.61	58.58	1.45
Total Applicable Costs	7.42	5,938.70	16.36	23.78	6.84	5,478.85	15.09	21.93	5,478.85	15.09	547.89	13.58
Cost of Losses					0.57	459.85	1.27	1.84	459.85	1.27		1.27
Total Cost of Service	7.42	5,938.70	16.36	23.78	7.42	5,938.70	16.36	23.78	5,938.70	16.36	547.89	14.85
Cross Subsidy				5.58				5.58	2,023.78	5.58		5.58
Average Applicable Tariff				29.35				29.35	7,962.48	21.93	547.89	20.43

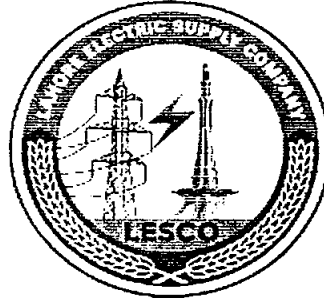
Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Bulk (11KV)				Bulk (11KV)				Bulk (11KV)			
Tariff Category	C-2a				C-2a				C-2a			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	13.52	13.52		4,528.13	12.47	12.47	4,528.13	12.47	452.81	11.23
Transmission Charges/ MOF		395.53	1.09	1.09		364.90	1.01	1.01	364.90	1.01	36.49	0.90
Distribution Use of System		634.99	1.75	1.75		585.82	1.61	1.61	585.82	1.61	58.58	1.45
Total Applicable Costs	7.42	5,938.70	16.36	23.78	6.84	5,478.85	15.09	21.93	5,478.85	15.09	547.89	13.58
Cost of Losses					0.57	459.85	1.27	1.84	459.85	1.27		1.27
Total Cost of Service	7.42	5,938.70	16.36	23.78	7.42	5,938.70	16.36	23.78	5,938.70	16.36	547.89	14.85
Cross Subsidy				10.31				10.31	3,743.75		10.31	10.31
Average Applicable Tariff				34.09				34.09	9,682.45	26.67	547.89	25.16

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	Bulk (11KV)				Bulk (11KV)				Bulk (11KV)			
Tariff Category	C-2b				C-2b				C-2b			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	12.89	12.89		4,528.13	11.90	11.90	4,528.13	11.90	452.81	10.71
Transmission Charges/ MOF		395.53	1.04	1.04		364.90	0.96	0.96	364.90	0.96	36.49	0.86
Distribution Use of System		642.43	1.69	1.69		592.69	1.56	1.56	592.69	1.56	59.27	1.40
Total Applicable Costs	7.42	5,946.15	15.62	23.04	6.84	5,485.72	14.41	21.25	5,485.72	14.41	548.57	12.97
Cost of Losses					0.57	460.43	1.21	1.78	460.43	1.21		1.21
Total Cost of Service	7.42	5,946.15	15.62	23.04	7.42	5,946.15	15.62	23.04	5,946.15	15.62	548.57	14.18
Cross Subsidy				9.49				9.49	3,612.41	9.49		9.49
Average Applicable Tariff				32.53				32.53	9,558.56	25.11	548.57	23.67

Description	Cost of Service				Cost of Service				Open Access Charges			
	Variable	Fixed		Total	Variable	Fixed		Total	MDI Based	Volumetric	Hybrid	
	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kWh	Rs./kW /Mnth	Rs./kWh	Rs./kW /Mnth	Rs./kWh
Consumption Category	General (11KV)				General (11KV)				General (11KV)			
Tariff Category	A3				A3				A3			
Generation Cost - Energy	7.42			7.42	6.84			6.84				
Generation Cost - Capacity		4,908.19	15.53	15.53		4,528.13	14.33	14.33	4,528.13	14.33	452.81	12.90
Transmission Charges/ MOF		395.53	1.25	1.25		364.90	1.15	1.15	364.90	1.15	36.49	1.04
Distribution Use of System		615.13	1.95	1.95		567.50	1.80	1.80	567.50	1.80	56.75	1.62
Total Applicable Costs	7.42	5,918.85	18.73	26.15	6.84	5,460.53	17.28	24.12	5,460.53	17.28	546.05	15.55
Cost of Losses					0.57	458.31	1.45	2.02	458.31	1.45		1.45
Total Cost of Service	7.42	5,918.85	18.73	26.15	7.42	5,918.85	18.73	26.15	5,918.85	18.73	546.05	17.00
Cross Subsidy				6.53				6.53	2,064.54		6.53	6.53
Average Applicable Tariff				32.68				32.68	7,983.39	25.26	546.05	23.54

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LAHORE ELECTRIC SUPPLY COMPANY



The Life for Progress

Cost of Service Study

For the Tariff Control Period 2023-24

22/A QUEEN'S ROAD, LAHORE

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1. Cost of Service Study:

A Cost of Service (COS) study is the fundamental tool for evaluating and establishing utility rates. With industry and technology changes, utilities are expanding the scope and use of COS studies and are preparing studies that distinguish full and partial requirements customer classes. This is due to the increasing presence of distributed energy resources and/or to accommodate customers' expectations of having more control over their usage and utility bills.

Cost of Service is the total cost incurred by a utility company/DISCO in providing services to its customers and the allocation of the same to customer classes and/or voltage levels. Fully Allocated Cost of Service (FACOS) is a model developed in MS Excel with the support of USAID for DISCO's for conducting Cost of Service Study. The methodology used to build the FACOS Model follows very closely the standards that are used internationally.

2. Major Steps of Cost-of-Service Study:

A class cost of service study begins with a detailed documentation of the numerous budgetary elements of the total revenue requirement. The detailed revenue requirements are the data inputs to the FACOS. At a high level, the FACOS process consists of the following three (3) basic steps:

- i. Functionalization
- ii. Classification
- iii. Allocation

3. Key Assumptions & Parameters:

- i. LESCO submitted its Distribution of Power & Supply of Power Multi-Year Tariff Petitions for control period FY 2023-24 to FY 2027-28 on 31-Jan-2023. Following to it, the hearing was held on 08-Aug-2023; therefore, the decision is awaited.
- ii. For the sake of revenue requirement, LESCO used the revenue requirement as determined by NEPRA in Interim Tariff for the FY 2023-24 for its Distribution and Supply of power functions (Case # NEPRA/TRF-603 & TRF-604/LESCO dated 14th July, 2023) which was notified on 25th July, 2023.
- iii. Model Year, Prior Year and Base year perceived as FY 2023-24, FY 2022-23 and FY 2021-22 respectively
- iv. Energy Transfer Rate, Capacity Transfer Rate, and Transmission Charge including Market Operator Fee assumed in line with the above NEPRA determination as Rs. 7.49 Rs/kWh, Rs. 16.09 Rs/kWh, and Rs. 1.30 Rs/kWh
- v. Consumer Growth were taken as per average growth of last five years at 6%

- vi. LESCO Line losses for the FY 2023-24 assumed as 10% in line with the NEPRA determination regarding Investment Plan for the tariff control period 2023-24 to 2027-28 consisting of 132KV at 1.75%, 11KV at 6.10%, and 440V/220V at 2.15%
- vii. The average monthly demand has been computed based on the actual billing for the financial year 2022-23 and stands at 4,454 kW per month
- viii. The single coincidental peak (CP1) has been used as allocation factor. CP1 was arrived on the basis of LESCO's system peak on 11KV feeders on 05-July-2022 at 15:00 hours, the then allocated among tariff categories on the basis of sanctioned load

4. Revenue Requirement:

According to the Section 6(u) of NFPA Guidelines for determination of consumer end tariff, Revenue Requirement is the minimum amount of revenue required by a company to run its operations smoothly. Moreover, Section 13(b) elucidates that it comprising inter-alia of cost of power purchase, cost of transmitting such power, Distribution Margin (cost of capital for rate base, depreciation of assets and expenses for operation and maintenance). Further, the Section 16, explains for formula as under:

Revenue Requirement = Power Purchase Price (PPP) + Distribution Margin (DM) + Prior Year Adjustment (PYA)

$$RR_D = PPP_D + DM_D \pm PYA_D$$

Description	FY 2023-24	
	Rs. million	Rs. /KWh
Energy Transfer Charge	171,942	7.49
Capacity Transfer Charge	369,610	16.09
Transmission Charge / MOF	29,785	1.30
Power Purchase Price	571,337	24.88
Pay & Allowances	23,990	1.04
Post Retirement Benefits	19,514	0.85
Repair & Maintainance	3,367	0.15
Vehicle maintenance	3,105	0.14
Depreciation	5,721	0.25
Return on Assets	14,092	0.61
Other Income	13,159	0.57
Minimum Tax	0	0.00
Distribution Margin	56,631	2.47
Power Supply Margin	0	0.00
Prior Year Adjustments (PYA)	0	0.00
Total Revenue Requirement	627,968	27.34

5. Cost of Service Analysis:

5.1. Customer Classification:

The customer categories mapped in line with the respective voltage levels. It is worth mentioning here that some of the tariff categories at 440V also have some of the connections connected at the 11KV including A1(b), A2(b), and A3. Keeping in view the criteria of Bulk Power Consumer, these tariff consumers bifurcated in 440V as well as 11KV accordingly.

Classification by Voltage Level			
Voltage			
132/66kV	11kV	0.4kV	0.2 kV
Industrial B4	Industrial B3	Residential A1(b)	Residential A1(a)
Single Point Supply C3(a)	Single Point Supply C2(a)	Commercial A2(b)	Commercial A2(a)
Single Point Supply C3(b)	Single Point Supply C2(b)	Commercial A2(c)	Industrial B1(a)
	Residential Colonies H	Industrial B1(b)	Single Point Supply C1(a)
	A3 General	Industrial B2(a)	Temporary Supply E1(i)
	Residential A1(b)	Industrial B2(b)	
	Commercial A2(b)	Single Point Supply C1(b)	
		Single Point Supply C1(c)	
		Agricultural D1(a)	
		Agricultural D1(b)	
		Agricultural D2(a)	
		Agricultural D2(b)	
		Temporary Supply E1(ii)	
		Temporary Supply E2	
		Public Lighting G	

Among this classification, the BPCs has been selected according to defined criteria i.e., Load of 1MW and above.

5.1. Functionalization:

These include identification of each cost element as one of the basic utility service "functions" including Generation, Transmission, and Distribution. Therefore, the cost elements staged against each function each as under:

Description	Generation	Transmission	Distribution
Energy Transfer Charge	✓		
Capacity Transfer Charge	✓		
Transmission Charge/ MOF		✓	
Pay & Allowances			✓
Post Retirement Benefits			✓
Repair & Maintenance			✓
Vehicle maintenance			✓
Depreciation			✓
Return on Assets			✓
Other Income			✓

5.2. Classification:

The classification of the functionalized costs based on the billing component/determinant that each is associated with i.e. kW of capacity, kWh of energy, and number of customers. The cost was classified according to minimum system classification coefficients.

Description	Rs.mln	Energy	Demand	Customer
Energy Charge	171,942	100%	0%	0%
Capacity Charge	369,610	0%	100%	0%
Transmission Charge	29,785	0%	100%	0%
Total PPP Cost	571,337	30%	70%	0%
Pay & Allowances	23,990	0%	79%	21%
Provision for Retirement Benefits	19,514	0%	79%	21%
Repair & Maintenance	3,367	0%	63%	37%
Vehicle maintenance	3,105	0%	78%	22%
Total O&M Cost	49,977	0%	77%	23%
Other Income	(13,159)	0%	93%	7%
Depreciation	5,721	0%	87%	13%
Return on Assets	14,092	0%	86%	14%
Total Distribution Margin	56,631	0%	77%	23%
Total Revenue Requirement	627,968	27%	71%	2%

5.3. Allocation:

The allocation of the functionalized and classified costs to voltage levels and customer classes was made based on each class's respective service requirements including kW of capacity, kWh of energy, and the number of customers. The Voltage and customer categories wise cost allocation is detailed as under:

Unbundled Allocated Cost - Voltage Level

Rs. Million

Voltage Level	Customer No.	Sales GWh	Generation Cost	Transmission Cost	Distribution Cost	Total Cost
0.2 kV	6,110,415	8,543	219,787	12,494	26,610	258,891
0.4kV	434,545	7,194	172,895	9,539	18,288	200,722
11kV	1,973	5,159	108,646	5,672	9,086	123,405
132/66 kV	63	2,070	40,224	2,080	2,646	44,950
Total	6,546,997	22,966	541,552	29,785	56,631	627,968

Unbundled Allocated Cost - Customer
Rs. Million

Traiff Category	Voltage kV	Customer No.	Sales GWh	Generation Cost	Transmission Cost	Distribution Cost	Total Cost
Residential							
A1(a)	0.2kV	5,384,002	7,888	198,051	11,142	23,966	233,159
A1(b)	0.4kV	204,008	1,137	29,846	1,710	3,211	34,767
A1(b)	11kV	11	13	337	19	29	386
Commercial							
A2(a)	0.2kV	686,599	571	19,382	1,213	2,377	22,973
A2(b)	0.4kV	515	13	395	24	44	463
A2(b)	0.4kV	4	4	103	6	9	118
A2(c)	0.4kV	58,579	946	25,014	1,438	2,695	29,147
A2(c)	11kV	121	227	5,209	284	442	5,935
Industrial							
B1(a)	0.2kV	23,989	34	845	47	102	995
B2(a)	0.4kV	2,754	19	411	21	42	475
B1(b)	0.4kV	51,404	576	14,321	802	1,525	16,649
B2(b)	0.4kV	18,233	2,300	54,351	2,975	5,729	63,056
B3	11kV	1,357	4,356	91,193	4,746	7,619	103,558
B4	132/66kV	49	1,808	35,143	1,817	2,312	39,272
Single Point Supply							
C1(a)	0.2kV	133	0	6	0	1	7
C1(b)	0.4kV	117	2	55	3	6	65
C2(a)	11kV	39	60	1,266	66	106	1,437
C3(a)	132/66kV	1	130	2,532	131	167	2,829
C1(c)	0.4kV	126	30	924	56	102	1,082
C2(b)	11kV	63	324	6,580	337	547	7,463
C3(b)	132/66kV	13	132	2,563	133	169	2,864
Agricultural							
D1(a)	0.4kV	3,016	1	13	1	1	15
D2(a)	0.4kV	18,205	79	1,682	88	173	1,942
D2(b)	0.4kV	53,421	1,259	26,928	1,401	2,777	31,107
D1(b)	0.4kV	232	2	45	2	5	52
Temporary Supply							
E1(i)	0.4kV	6,860	0.4	14	1	2	16
E1(ii)	0.4kV	8,657	46	1,361	81	149	1,592
E2	0.4kV	175	3	203	15	24	242
Public Lighting							
G	0.4kV	2,986	142	3,535	198	376	4,109
Residential Colonies							
H	11kV	272	8	165	9	14	187
General							
A3	0.4kV	20,949	688	15,251	809	1,586	17,645
A3	11kV	105	167	3,828	209	325	4,362
Total		6,546,997	22,966	541,552	29,785	56,631	627,968

5.1. Allocated Cost Rates:

The rates of CoS arrived on the basis of energy as well as demand are given below:

Volumetric rates by Existing Classification

Rs. Million

Customer Category	Voltage kV	Allocated Cost		Fixed Charge Rs/kW/Month	Variable Charge Rs/kWh	CoS Total	CoS Total
		Fixed Cost	Variable Cost			Rs/kWh	Rs/kW/Month
A1(a)	0.2kV	166,999	66,160	6,058	8.39	29.56	8,459
A1(b)	0.4kV	25,636	9,132	6,058	8.03	30.56	8,216
A1(b)	11kV	284	101	6,058	7.84	29.83	7,847
A2(a)	0.2kV	18,187	4,786	6,058	8.39	40.26	7,653
A2(b)	0.4kV	359	104	6,058	8.03	35.84	7,807
A2(b)	11kV	82	35	5,785	7.84	26.15	8,262
A2(c)	0.4kV	21,550	7,597	6,058	8.03	30.80	8,194
A2(c)	11kV	4,156	1,779	5,785	7.84	26.15	8,262
B1(a)	0.2kV	710	285	6,058	8.39	29.25	8,494
B2(a)	0.4kV	320	154	6,058	8.03	24.72	8,973
B1(b)	0.4kV	12,025	4,623	6,058	8.03	28.91	8,388
B2(b)	0.4kV	44,590	18,465	6,058	8.03	27.41	8,567
B3	11kV	69,417	34,141	5,785	7.84	23.78	8,631
B4	132/66kV	25,962	13,310	5,305	7.36	21.72	8,026
C1(a)	0.2kV	6	2	6,058	8.39	36.20	7,885
C1(b)	0.4kV	50	15	6,058	8.03	35.84	7,807
C2(a)	11kV	963	474	5,785	7.84	23.78	8,631
C3(a)	132/66kV	1,870	959	5,305	7.36	21.72	8,026
C1(c)	0.4kV	840	242	6,058	8.03	35.84	7,807
C2(b)	11kV	4,924	2,539	5,785	7.84	23.04	8,769
C3(b)	132/66kV	1,893	971	5,305	7.36	21.72	8,026
D1(a)	0.4kV	11	5	6,058	8.03	26.57	8,681
D2(a)	0.4kV	1,312	631	6,058	8.03	24.72	8,973
D2(b)	0.4kV	21,004	10,103	6,058	8.03	24.72	8,973
D1(b)	0.4kV	35	17	6,058	8.03	24.72	8,973
E1(i)	0.2kV	12	4	6,058	8.39	37.08	7,829
E1(ii)	0.2kV	1,220	372	6,058	8.03	34.39	7,903
E2	0.4kV	219	23	6,058	8.03	83.66	6,701
G	0.4kV	2,967	1,142	6,058	8.03	28.89	8,390
H	11kV	126	62	5,785	7.84	23.78	8,631
A3	0.4kV	12,121	5,524	6,058	8.03	25.64	8,819
A3	11kV	3,054	1,308	5,785	7.84	26.15	8,262
Total		442,904	185,064	5,949	8.06	27.34	8,435

Volumetric rates by Existing Voltage Levels

Rs. Million

Voltage kV	Allocated Cost		Fixed Charge	Variable Charge	CoS Total	CoS Total
	Fixed Cost	Variable Cost	Rs/kW/Month	Rs/kWh	Rs/kWh	Rs/kW/Month
0.2 kV	187,260	71,632	6,055	8.39	30.31	8,372
0.4kV	142,969	57,753	6,055	8.03	27.90	8,501
11kV	82,966	40,439	5,783	7.84	23.92	8,601
132/66 kV	29,710	15,240	5,303	7.36	21.71	8,023
Total	442,904	185,064	5,946	8.06	27.34	8,431

5.2. Revenue to Cost Ratio:

For the sake of analysis, LESCO used the regulated rates as determined by NEPRA in Interim Tariff for the FY 2023-24 for its Distribution and Supply of power functions (Case # NEPRA/TRF-603 & TRF-604/LESCO dated 14th July, 2023) which was notified on 25th July, 2023:

TARIFF CATAGORIES		25-Jul-23	
		Fixed Charges	Variable Charges
		Rs/kW/M	Rs/kWh
A1 (a)	RESIDENTIAL - A1		
i	Up to 50 Units Life line		6.80
ii	51-100 units Life line		10.74
iii	01-100 Units		10.74
iv	101-200 Units		13.06
v	01-100 Units		16.33
vi	101-200 Units		21.80
vii	201-300 Units		24.99
viii	301-400Units		28.38
ix	401-500Units		30.59
x	501-600Units		32.01
xi	601-700Units		33.15
xii	Above 700 Units		38.07
A1(b)	Time of Use (TOU) - Peak		37.24
	Time of Use (TOU) - Off-Peak		30.92
E-1(i)	Temporary E-1 (i)		37.38
	COMMERCIAL - A2		
A2 (a)	Commercial - For peak load requirement up to 5 kW		33.04
A2 (b)	Sanctioned load 5 kw and above	500	34.71
A2 (c)	Time of Use (TOU) - Peak (A-2)	500	36.64
	Time of Use (TOU) - Off-Peak	500	30.67
E-1 (ii)	Temporary E-1 (ii)		33.39
	INDUSTRIAL		
B1(a)	B1		29.42
B1(b)	B1- TOU (Peak)		32.98
	B1 - TOU (Off-peak)		27.42

B2 (a)	B2	500	28.92
B2 (b)	B2 - TOU (Peak)	500	32.92
	B2 - TOU (Off-peak)	500	27.21
B3	B3 - TOU (Peak)	460	32.92
	B3 - TOU (Off-peak)	460	27.12
B4	B4 - TOU (Peak)	440	32.92
	B4 - TOU (Off-peak)	440	27.02
E-2	Temporary E-2		30.50
	BULK		
C1 (a)	C1(a) up to 5 kW		33.72
C1 (b)	C1(b) exceeding 5 kW	500	33.22
C1 (c)	Time of Use (TOU) - Peak	500	36.64
	Time of Use (TOU) - Off-Peak	500	30.04
C2 (a)	C2 Supply at 11 kV	460	33.02
C2 (b)	Time of Use (TOU) - Peak	460	36.64
	Time of Use (TOU) - Off-Peak	460	29.84
C3 (a)	C3 Supply above 11 kV	440	32.92
C3 (b)	Time of Use (TOU) - Peak	440	36.64
	Time of Use (TOU) - Off-Peak	440	29.74
	AGRICULTURAL TUBE WELLS - Tariff D		
D1 (a)	D1 Scarp		29.72
D2 (a)	D2 Agricultural Tube-wells	200	19.39
D1 (b)	Time of Use (TOU) - Peak	200	32.64
	Time of Use (TOU) - Off-Peak	200	25.39
D2 (b)	Time of Use (TOU) - Peak	200	19.39
	Time of Use (TOU) - Off-Peak	200	19.39
G	Public Lighting G		32.75
H	Residential Colonies H		32.74
K1	Special Contracts - Tariff K (AJK)		
K1 (i)	Time of Use (TOU) - Peak		
	Time of Use (TOU) - Off-Peak		
A3	General Service		32.68

Rs. Million

Customer Class	Voltage	Revenue as per NEPRA Tariff		Cost Distribution		Difference		Revenue to Cost Ratio		
		Demand Charge (PKR)	Energy Charge PKR	Demand Cost (PKR)	Energy Cost PKR *	Demand (PKR)	Energy PKR	Demand Charge	Energy Charge	TOTAL
A1(a)	0.2kV	0	186,082	0	233,159	0	(47,077)	0.00	0.80	0.80
A1(b)	0.4kV	0	36,495	0	34,767	0	1,728	0.00	1.05	1.05
A1(b)	11kV	0	415	0	386			0.00	1.08	1.08
A2(a)	0.2kV	0	18,853	0	22,973	0	(4,120)	0.00	0.82	0.82
A2(b)	0.4kV	25	448	359	104	(334)	345	0.07	4.32	1.02
A2(b)	11kV	0	165	0	118	0	47	0.00	1.40	1.40
A2(c)	0.4kV	2,427	30,032	21,550	7,597	(19,123)	22,435	0.11	3.95	1.11
A2(c)	11kV	584	7,204	4,156	1,779	(3,572)	5,425	0.14	4.05	1.31
B1(a)	0.2kV	0	1,001	0	995	0	6	0.00	1.01	1.01
B2(a)	0.4kV	43	555	320	154	(278)	401	0.13	3.60	1.26
B1(b)	0.4kV	0	16,175	0	16,649	0	(474)	0.00	0.97	0.97
B2(b)	0.4kV	5,757	64,462	44,590	18,465	(38,833)	45,997	0.13	3.49	1.11
B3	11kV	6,028	121,812	69,417	34,141	(63,389)	87,672	0.09	3.57	1.23
B4	132/66kV	2,383	50,267	25,962	13,310	(23,578)	36,957	0.09	3.78	1.34
C1(a)	0.2kV	0	7	0	7	0	(0)	0.00	0.93	0.93
C1(b)	0.4kV	3	60	50	15	(47)	46	0.06	4.14	0.98
C2(a)	11kV	65	1,996	963	474	(899)	1,522	0.07	4.21	1.43
C3(a)	132/66kV	144	4,288	1,870	959	(1,726)	3,329	0.08	4.47	1.57
C1(c)	0.4kV	35	929	840	242	(805)	687	0.04	3.83	0.89
C2(b)	11kV	448	10,089	4,924	2,539	(4,476)	7,550	0.09	3.97	1.41
C3(b)	132/66kV	182	4,094	1,893	971	(1,711)	3,123	0.10	4.22	1.49

D1(a)	0.4kV	0	17	0	15	0	2	0.00	1.12	1.12
D2(a)	0.4kV	0	1,524	1,312	631	(1,312)	893	0.00	2.42	0.78
D2(b)	0.4kV	1,706	24,403	21,004	10,103	(19,297)	14,299	0.08	2.42	0.84
D1(b)	0.4kV	2	57	35	17	(33)	40	0.06	3.34	1.12
E1(i)	0.2kV	0	16	0	16	0	0	0.00	1.01	1.01
E1(ii)	0.4kV	0	1,546	0	1,592	0	(46)	0.00	0.97	0.97
E2	0.4kV	0	88	0	242	0	(154)	0.00	0.36	0.36
G	0.4kV	0	4,658	0	4,109	0	549	0.00	1.13	1.13
H	11kV	0	258	0	187	0	71	0.00	1.38	1.38
A3	0.4kV	0	22,487	0	17,645	0	4,842	0.00	1.27	1.27
A3	11kV	0	5,452	0	4,362		1,090	0.00	1.25	1.25
Total		19,834	615,934	199,246	428,722	-179,412	187,182	0.10	1.44	1.01

6. Use of System Charges (UoSC):

Use of System Charges (UoSC) shall include all charges related to use of distribution system, use of transmission system, system operator services, market operator services, metering service provider services and any other charges as determined by the Authority that may arise due to advent of the open access and market liberalization. Lately, applicable Transmission Use of System (TUoS) Charges, as already determined by the honorable Authority, compositely represent the charges relating to use of Transmission System, System Operator Services, Metering Service Provider services. Accordingly, the said TUoS Charges remain part of use of system charges till separate charges for each of the said service providers are separately determined by the honorable Authority. Market Operator Charges will be recovered by Market Operator as per the mechanism provided in the Market Commercial Code.

Revenue Requirement	FY 2023-24	
	Rs.mln	Rs/KWh
Capacity Transfer Charge	369,610	16.09
Transmission Charge / MOF	29,785	1.30
Pay & Allownces	23,990	1.04
Post Retirement Benefits	19,514	0.85
Repair & Maintainance	3,367	0.15
Vehicle maintenance	3,105	0.14
Depreciation	5,721	0.25
Return on Assets	14,092	0.61
Other Income	13,159	0.57
Distribution Margin	456,026	19.86
Prior Year Adjustments (PYA)	0.00	0.00
Total Revenue Requirment	456,026	19.86

It should be noted that, any other charges may include but not limited to Stranded Cost, Cross Subsidy, and Cost of Losses. The cost of these would also be part of Use of System Charges.

6.1. Stranded Cost:

We assume that the "Stranded Assets" are synonymous with "capacity" that is no longer on average economic. Despite the uneconomic characteristics of this capacity, there may be periods when the system operator can and will decide to use the available capacity due to legacy contracts. Thus, while the capacity is uneconomic and is, therefore, "stranded" it is available for the system operator to use. Around 30% of the revenue is recovered through BPCs in LESCO and capacity cost is the major component to be recovered. If the BPCs opt for other supplier, then this cost may be recovered through shifting the burden on non-

eligible BPCs or from the BPCs opt for another supplier or new. Therefore, we assume that capacity charges would be recovered even if the BPCs leave the LESCO.

6.2. Cross Subsidy Charge:

Prior to implementing open access, including wheeling, and the associated re-structuring of the sector, cross subsidies are a common characteristic. The intent of implementing a cross subsidy is to mitigate the costs of electricity, primarily to low-income consumers but also in some cases to industrial customers in the hope that lower electricity costs will spur economic activity. A cross subsidy, which occurs when one class or group of electricity consumers is charged a higher price in order to provide a subsidy to another class of electricity consumers who are charged a lower price. The cross-subsidy charge (CSC) will be the amount that will be lost if the BPCs leave the LESCO. In order to arrive at the CSC, the Revenue based on latest NEPRA rates notified on 25th of July, 2023 and Cost of Service for each eligible tariff categories are compared. The following formula has been used:

Cross-Subsidy Charge = (Revenue as per NEPRA – Revenue as per Cost of service)

Cross Subsidy Charge

Tariff Category	Voltage kV	CoS (Rs/kWh)	Revenue (Rs/kWh)	Revenue to Cost Ratio	Cross Subsidy (Rs/kWh)
Industrial -- B4	132/66kV	21.7	29.1	1.34	7.4
Single Point Supply -- C3(a)	132/66kV	21.7	34.0	1.57	12.3
Single Point Supply -- C3(b)	132/66kV	21.7	32.4	1.49	10.7
Commercial -- A2(c)	11kV	26.1	34.3	1.31	8.2
Industrial -- B3	11kV	23.8	29.4	1.23	5.6
Single Point Supply -- C2(a)	11kV	23.8	34.1	1.43	10.3
Single Point Supply -- C2(b)	11kV	23.0	32.5	1.41	9.5
A3 General	11kV	26.1	32.7	1.25	6.5

6.1. Tariff Options:

i. Volumetric (Rs./kWh):

Use of system charges recovery in term of Rs./kWh will render the service providers and the SOLR to face the revenue loss arising from low load factor of the eligible BPCs. On the other hand the open access users shall be benefitted for any favorable Energy or Capacity Imbalance at the Market this option may not provide a balanced approach to promised sharing of risks and rewards under CTBCM regime (Annex-1).

ii. Based on Demand (Rs./kW/Month):

Use of system charges recovery in term of Rs./kW/Month metered shall provide guaranteed stream of revenue to cover for costs which are fixed in nature. This may, however, over burden the relevant consumers (Annex-1).

iii. Hybrid Model:

Use of system charges recovery through a hybrid approach, i.e. partly through fixed charge in terms of Rs./kW/Month based on Demand and partly in terms of Rs./kWh may provide a balanced plausible approach for all the involved parties. It is submitted that, in order to ensure level playing field for consumers of SOLR and Competitive Supplier, the recovery of use of system charges may have same charging mechanism (Annex-1).

▪ Proposal-I

In the hybrid proposal, it has been assumed that 70% of the total cost including Stranded cost, Transmission use of system charges and MOF, and Distribution use of system charges would be recovered through Rs./kWh, and 30% of the cost would be recovered through Rs./kW/Month.

▪ Proposal-II

In the hybrid proposal, it has been assumed that 90% of the total cost including Stranded cost, Transmission use of system charges and MOF, and Distribution use of system charges would be recovered through Rs./kWh, and 10% of the cost would be recovered through Rs./kW/Month.

Other Important Aspects:

- Cost of Service under tariff options is based on the revenue requirement determined by NEPRA for the financial year 2023-24. The Petitions of LESCO for Supply as well as Distribution tariff are awaited for the Authority decision. It is requested that same may be allowed for indexation/ adjustment after decision of the Authority.
- The above Cost of Service Study Report (FY 2023-24) is a sincere human effort to arrive at judicious assessment of functional (generation, transmission, market operator, distribution and customer services) costs for each category of consumers demonstrating the needs and parameters associated with relevant category.
- The results of the study are to be used for the purposes of rate making of Use of System Charges for possible eligible Bulk Power Consumers.
- The Fully Allocated Cost of Service (FACOS) model used for the purpose of this study is realistically elaborate, professionally structured in line with international practices and reasonably accurate to provide equitable results in terms of costs

associated with demonstrated needs of the customers. Human errors and omissions are, however, expected.

- The underlying assumptions made and considerations relied upon in carrying out this Cost-of-Service Study were adopted with all possible care, without any prejudice and have been disclosed in details to the extent possible.
- Inherent and unforeseen limitations of the FACOS model, assumptions made and consideration relied upon may not be as exhaustive as expected; accordingly, for the purposes of rate making of Use of System Charges, certain out of the model iterations may be necessary.
- The impact of loss has been also presented separately only excluding energy charge.

----End----

F/B

**NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
OPEN ACCESS (INTERCONNECTION AND WHEELING OF ELECTRIC POWER)
REGULATIONS, 2022**

NOTIFICATION

Islamabad, the 2nd day of Nov, 2022

S.R.O. 1994. In exercise of the powers conferred by section 47 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (Act No. XL of 1997) read with all other enabling provisions thereof, the National Electric Power Regulatory Authority is pleased to make the following regulations.—

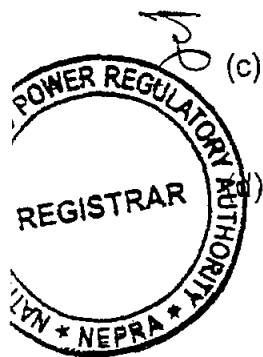
1. Short title and commencement.— (1) These regulations shall be called the National Electric Power Regulatory Authority Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022.

(2) These regulations shall come into force and effect upon lifting or expiration of the moratorium on section 23A and 23B, whichever is earlier, pursuant to sub-section 3 of section 1 of the Act.

**PART I
GENERAL**

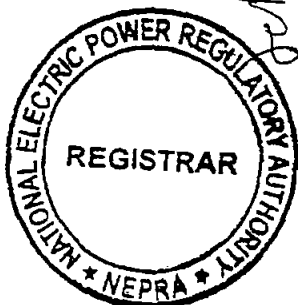
2. Definitions.— (1) In these regulations, unless there is anything repugnant in the subject or context,—

- (a) "Act" means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (Act No. XL of 1997), as amended from time to time;
- (b) "applicable documents" means the rules, regulations, terms and conditions of any licence, registration, authorization, determination, any codes, manuals, directions, guidelines, orders, notifications, agreement or document issued or approved under the Act;
- (c) "applicant" means any person who submits an application to the concerned network licensee for obtaining open access;
- (d) "Distribution Code" means the code prepared by the distribution licensees and approved by the Authority that defines the technical and operational standards and procedures for distribution licensees and all those connected to the distribution system;
- (e) "distribution system" includes the distribution facilities and electric lines or circuits, meters, interconnection facilities or other facilities operating at the distribution voltage, and shall also include any other electric lines, circuits,



transformers, sub-stations, interconnection facilities or other facilities determined by the Authority as forming part of the distribution system, whether or not operating at the distribution voltage;

- (f) "generation company" means a person engaged in the generation of electric power;
- (g) "generation facility" means the electrical facility used for the production of electric power and includes a generation facility owned by a captive generating plant, generation licensee or a generation company;
- (h) "Grid Code" means the code prepared by the national grid company and approved by the Authority or, when a separate entity is licensed as system operator, prepared by the system operator licensee under sections 23G and 23H of the Act and approved by the Authority;
- (i) "interconnection facilities" means any equipment, including the electrical lines or circuits, transformers, switchgears, safety and protective devices and meters used for interconnection services;
- (j) "Market Commercial Code" or "Commercial Code" means the commercial code prepared and maintained by the market operator pursuant to sections 23A and 23B of the Act and approved by the Authority from time to time;
- (k) "merchant generating plant" means a generation facility that is connected with the national grid without any bilateral contract to sell electric power or provide ancillary services in the electric power market in accordance with the Market Commercial Code;
- (l) "network licensee" means a transmission licensee or a distribution licensee, as the case may be;
- (m) "open access" means the access to a network licensee's system or its associated facilities for movement and delivery of electric power, subject to the terms and conditions as provided in the Act, these regulations and use of system agreement, on non-discriminatory basis to:
 - (i) an electric power supplier for supply of electric power to its consumer(s); or
 - (ii) a captive generating plant for delivery of the electric power from generation facility to the destination of its use; or
 - (iii) any other person, including a licensee for delivery of electric power from a designated place to another designated place;



- (n) "open access user" means any person who is availing open access under these regulations;
- (o) "system operator" means a person licensed under the Act to administer system operation and dispatch;
- (p) "transmission system" includes the transmission facilities and electric lines or circuits, meters, interconnection facilities or other facilities operating at the transmission voltage but shall not include—
 - (i) electrical circuits forming the immediate connection between generation facilities and the transmission grid to the extent that those circuits are owned by a generation company and are directly associated with that company's generation facilities; and
 - (ii) specified facilities operating at or above the minimum transmission voltage which the Authority, upon an application by a licensee under section 20 of the Act, determines that such facilities shall be owned and operated by a distribution licensee;
- (q) "use of system agreement" means the agreement between an open access user and the concerned distribution licensee covering subjects as specified in Schedule I to these regulations; and
- (r) "use of system charges" shall include all charges related to use of distribution system, use of transmission system, system operator services, market operator services, metering service provider services and any other charges as determined by the Authority that may arise due to advent of the open access and market liberalization.

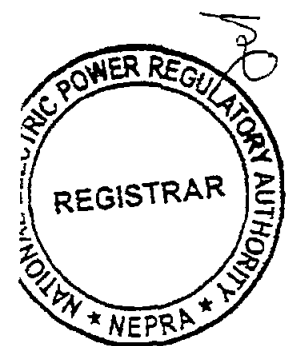
(2) Words and expressions used but not defined in these regulations shall have the same meanings as assigned to them in the Act and the applicable documents.

PART II INTERCONNECTION

3. Interconnection facilities.— (1) Any applicant whether a generator or a bulk power consumer or captive generating plant may apply to a network licensee for connection to the network licensee's system in accordance with the Distribution Code or Grid Code as the case may be.

(2) The network licensee shall decide any application filed under sub-regulation (1) in accordance with the Distribution Code or Grid Code, as the case may be.

(3) The approval of connection under regulation (2), shall be subject to compliance with the National Electric Power Regulatory Authority Consumer Eligibility Criteria



(Distribution Licensees) Regulations, 2022 and National Electric Power Regulatory Authority Consumer Eligibility Criteria (Electric Power Suppliers) Regulations, 2022 and other applicable documents.

4. Financing, construction and operation of the interconnection facilities.—

(1) Where a generation company intends to connect to a network licensee, the concerned network licensee shall be responsible for financing, construction, and operations of the interconnection facilities in accordance with the Grid Code or Distribution Code, as may be applicable, in accordance with its investment plan approved by the Authority.

(2) The network licensee may raise financing for the interconnection facilities from internal resources, local or foreign lenders or any other source including the generation company on mutually agreed terms, and may include such costs in relevant regulatory filings with the Authority. The inclusion of the interconnection facilities in the asset base of the network licensee shall depend on the terms and conditions of such financing or commercial agreements.

(3) In the event where network licensee shows its inability to construct the interconnection facilities due to technical and/or financial constraints following options may be exercised for the interconnection purposes:

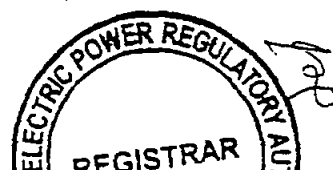
(a) The generation company may arrange the financing required for the construction of interconnection facilities by the network licensee. The network licensee and generation company shall enter into an agreement to mutually decide the terms and conditions for reimbursement of financing to the generation company; or

(b) A special purpose company, may construct, operate and maintain the dedicated network and interconnection facilities for connecting with the national grid after obtaining relevant licence from the Authority.

(4) The interconnection facilities referred to under sub-regulation (3) shall be in accordance with the relevant provisions of the Grid Code, Distribution Code and applicable documents.

(5) Nothing contained in sub-regulation (3) shall absolve the respective network licensee from its obligation to provide interconnection and open access in accordance with the Grid Code, Distribution Code, these regulations and other applicable documents and the mechanisms provided in sub-regulation (3) shall be exercised at the sole option of the generation company.

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PART III OPEN ACCESS

5. Obligation to provide open access.— (1) A network licensee shall establish, operate and maintain its distribution system or transmission system, as the case may be, in a manner that ensures non-discriminatory open access in accordance with the Act, these regulations, Market Commercial Code, Grid Code, Distribution Code and other applicable documents.

(2) A network licensee shall, on an annual basis, prepare an open access report demonstrating compliance with these regulations and licence terms and conditions, with the details of its open access users, available and planned capacity, any issues identified in provision of open access, and any instances where open access was denied along with justification therefor. The said report shall also be made available on the website of a network licensee.

(3) The report required under sub-regulation (2) shall be prepared and submitted to the Authority within a period of one month from the date of end of respective financial year and shall also be made available on website of the network licensee.

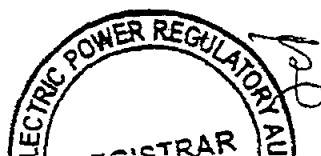
(4) The distribution company shall develop the use of system agreement in accordance with the minimum provisions provided in the Schedule I within ninety days of the notification of these regulations and shall obtain the approval of the Authority and publish the same on its website.

6. Execution of use of system agreement.— (1) Any person who has been granted a competitive supplier licence by the Authority or a person who has submitted an application to the Authority in this respect may approach the relevant distribution licensee in whose service territory the competitive supplier intends to supply electric power to the eligible bulk power consumers, for execution of use of system agreement as approved by the Authority:

Provided that where the bulk power consumer is connected directly to the transmission system of a transmission licensee, the use of system agreement shall be executed with the relevant distribution licensee in whose territory the bulk power consumer is located.

(2) Such request for execution of use of system agreement shall be accompanied by the following documents and information:

- (a) identification of the bulk power consumers, if applicable;
- (b) proposed commencement date of electric power supply to the bulk power consumers; and
- (c) any other necessary details as may be required by the distribution licensee.



(3) The distribution licensee shall acknowledge the receipt of the request within three days of the receipt thereof:

Provided that any request which is incomplete or not accompanied by the required information, shall be returned within three days of the filing thereof, identifying in writing the deficiencies, and allow a reasonable time to re-submit the request.

(4) The request, if found satisfactory, shall be accepted by the concerned distribution licensee within ten days of acknowledgement of receipt thereof.

(5) After acceptance of the request, the concerned distribution licensee and the competitive supplier shall execute the use of system agreement for collection and payment thereof within thirty days of such acceptance:

Provided that the use of system agreement shall be signed only when the competitive supplier has been granted an electric power supply licence by the Authority.

Provided further that the competitive supplier shall provide a security cover in terms of irrevocable standby letter of credit in favour of the concerned network licensee covering two months' estimated payment of use of system charges and charges on account of late payment thereof.

(6) The above stipulated provisions shall be *mutatis mutandis* applicable, where the captive generating plant is connected with the network licensee's system and availing open access.

7. Filing of petition and determination of use of system charges.— Within ninety days following the date of notification of these regulations, each distribution licensee, in consultation with the respective supplier of last resort, shall prepare and submit a separate petition to the Authority for determination of its use of system charges. Such petition shall be accompanied with a statement which will set out the basis upon which the use of system charges shall be calculated in such manner and with such details as shall be necessary.

8. Wheeling of electric power.— An open access user shall be entitled to wheel electric power using the system of network licensee subject to compliance with these regulations and the Market Commercial Code, upon coming into effect, and use of system agreement.

9. Collection and disbursement of use of system charges.— (1) An open access user shall pay use of system charges, as determined by the Authority from time to time, to the designated accounts as may be determined by the Authority.

(2) The distribution licensees, shall have appropriate back-to-back arrangements in place in order to disburse collected use of system charges

10. **Complaint and dispute resolution.**— (1) The network licensees shall make available a complaint-handling mechanism that provides open access users with expeditious, fair, transparent, inexpensive, accessible, speedy and effective dispute resolution without unnecessary cost or burden.

(2) Any dispute relating to open access shall be dealt with in accordance with the mechanism provided in the use of system agreement, Grid Code or Distribution Code, as the case may be.

(3) In the event the parties to a dispute are not able to resolve their dispute as per the procedure provided in sub-regulation (2), the matter shall be referred to the Authority.

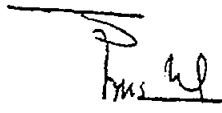
(4) The Authority shall give its decision in any matter referred to it under sub-regulations (3), within a period of three months after providing an opportunity of hearing to the concerned parties.

11. **Repeal and savings.**— (1) Upon the effectiveness of these regulations, the following regulations shall stand repealed.—

- (a) National Electric Power Regulatory Authority (Wheeling of Electric Power) Regulations, 2016;
- (b) National Electric Power Regulatory Authority (Interconnection for Renewable Generation Facilities) Regulations, 2015; and
- (c) National Electric Power Regulatory Authority (Sale of Electric Power by Renewable Energy Companies) Guidelines, 2015.

(2) Any wheeling agreement executed under National Electric Power Regulatory Authority (Wheeling of Electric Power) Regulations, 2016 prior to notification of these regulations shall be brought in conformity with these regulations prior to the date of effectiveness of these regulations.

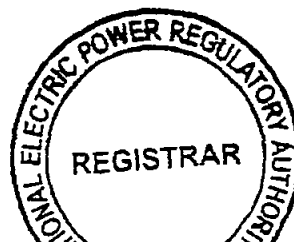



02 X1 22
(Syed Safer Hussain)
Registrar

SCHEDULE-I
"Use of System Agreement"
See regulation 2 (1) (p)

A use of system agreement shall *inter alia* provide for the following:

- (a) Detailed description/profile of parties along with addresses and authorised representatives;
- (b) Effective date and term;
- (c) Provisions on applicability (compliance with) and hierarchy of applicable documents;
- (d) Provision(s) establishing that open access charges will be in accordance with NEPRA tariff determinations;
- (e) Invoicing and payments of open access charges;
- (f) Arrangement in case of failure to provide open access;
- (g) Dispute resolution mechanisms;
- (h) Security cover in terms of cash or irrevocable standby letter of credit;
- (i) Provisions ensuring compliance of these regulations, the Grid Code, the Distribution Code as applicable;
- (j) Notice of Force Majeure Events;
- (k) Representations and Warranties;
- (l) Termination notice;
- (m) Conditions for Assignment of open access rights;
- (n) Provisions related to posting of notices and service address; and
- (o) Procedure of making amendments to the agreement.





OFFICE OF THE
REGISTRAR

F/C

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
ISLAMIC REPUBLIC OF PAKISTAN
NEPRA Tower, Ataturk Avenue (East) G-5/1, Islamabad
Phone: 2013200, Fax: 2600026
Website: www.nepra.org.pk, Email: info@nepra.org.pk

No. NEPRA/DG(Tariff)/TRF-100/ 33375-84

September 13, 2023

Chief Executive Officer Lahore Electric Supply Company (LESCO), 22-A, Queen's Road, Lahore	Chief Executive Officer Faisalabad Electric Supply Company (FESCO), Abdullahpur, Canal Bank Road, Faisalabad
Chief Executive Officer, Sukkur Electric Power Company Ltd. (SEPCO) Administration Block, Thermal Power Station, Old Sukkur.	Chief Executive Officer Hyderabad Electric Supply Company (HESCO) Old State Bank Building, G.O.R. Colony Hyderabad
Chief Executive Officer, Tribal Areas Electricity Supply Company (TESCO) WAPDA House, Shami Road, Peshawar	Chief Executive Officer Peshawar Electric Supply Company (PESCO), WAPDA House, Sakhi Chashma, Shami Road, Peshawar
Chief Executive Officer Quetta Electric Supply Company (QESCO), 14-A Zarghoon Road, Quetta	Chief Executive Officer Multan Electric Power Company (MEPCO) MEPCO Complex, WAPDA Colony, Khanewal Road, Multan
Chief Executive Officer Gujranwala Electric Power Company (GEPCO) 565/A, Model Town G.T. Road, Gujranwala	Chief Executive Officer Islamabad Electric Supply Company (IESCO), Street No. 40, G-7/4, Islamabad

Subject: - **PETITION FOR DETERMINATION OF USE OF SYSTEM CHARGES/
WHEELING CHARGES**

This is with reference to the petitions filed by XWDISCOs for determination of use of system/wheeling charges.

2. The Tariff of FY 2023-24 has been determined by the Authority and subsequently notified by Federal Government vide SRO dated July 25, 2023.

3. Considering the fact that petitions filed by XWDISCOs for use of system/ wheeling charges were based on the revenue requirement/ tariff determined for the FY 2022-23, therefore the Authority has decided to return all such petitions. The Discos are hereby directed to file new petitions after incorporating the revised tariff numbers as determined by NEPRA for the FY 2023-24 and subsequently notified by the Federal Government.

13/9/23
(Haris Khan)
Deputy Director





Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/DG(Tariff)/TRF-603 & TRF-604/ 18255-61

July 14, 2023

Subject: **DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY LAHORE ELECTRIC SUPPLY COMPANY (LESCO) FOR DETERMINATION OF INTERIM TARIFF FOR THE FY 2023-24 FOR ITS DISTRIBUTION AND SUPPLY OF POWER FUNCTIONS [CASE # NEPRA/TRF-603 & TRF-604/LESCO]**

Dear Sir,

Please find enclosed herewith subject Decision of the Authority (total 20 Pages) in the matter of Request filed by Lahore Electric Supply Company (LESCO) for Determination of interim tariff for the FY 2023-24 for its Distribution and Supply of Power Functions.

2. The Decision 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 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

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.
3. Secretary, Energy Department., Government of the Punjab, 8th Floor, EFU House, Main Gulberg, Jail Road, Lahore,
4. Chief Executive Officer, NTDC, 414 WAPDA House, Shaharah-e-Quaid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Lahore Electric Supply Company Limited (LESCO) 22-A Queens Road, Lahore

DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY LAHORE ELECTRIC SUPPLY COMPANY (LESCO) FOR DETERMINATION OF INTERIM TARIFF FOR THE FY 2023-24 FOR ITS DISTRIBUTION AND SUPPLY OF POWER FUNCTIONS

1. The Authority determined a multi-year tariff of Lahore Electric Supply Company Limited (LESCO) (herein referred to as "Petitioner") under Multi Year Tariff (MYT) regime, for a period of five years, for both of its Distribution and supply functions which stand expired on 30.06.2023.
2. LESCO consequently has filed its Distribution and Supply of power tariff petitions for a control period of five years i.e. from FY 2023-24 to FY 2027-28 under the Multiyear Tariff (MYT) regime. The said petitions have been admitted by the Authority.
3. Subsequently, the Petitioner vide letter dated 05.06.2023 requested to determine Distribution and Supply tariff for FY 2023-24, for implementation w.e.f. 01.07.2023, on interim basis subject to adjustment after final determination.
4. LESCO further submitted that as per sub rule (7) of Rule 4 of NEPRA (Tariff Standards and Procedure) Rules, 1998, the Authority may, allow the immediate application of the proposed tariff subject to any further adjustment as may subsequently be required. Furthermore, simultaneous tariff determination for all DISCOs also required to maintain a uniform tariff across all consumer categories as per NEPRA Act and policies in vogue.
5. The Authority has carefully considered the request of the Petitioner for determination of tariff on interim basis. The Authority noted that time frame for determination of tariff application as provided in NEPRA Act under Section 31 (6) is four months, as reproduced below;

31 (6) The time frame for determination by the Authority on tariff petition shall not exceed four months after the date of admission of the tariff petition:

Provided that this time frame shall commence after the applicant has complied with all requirements of rules and regulations and the Authority has admitted the tariff petition.

6. The Authority also observed that sub rule 7 of Rule 4 of the NEPRA (Tariff Standards and Procedure) Rules, 1998 states that;

The Authority may, while admitting a petition, allow the immediate application of the proposed tariff subject to an order for refund for the protection of consumers, or for satisfactory security to be provided for refund, while the proceedings are pending before the Authority.

7. The Authority has also considered the request of the Ministry of Energy (MoE) vide letter dated May 18, 2023, submitting that;

"...Government intends to notify the annual rebasing of FY 2023-24, from July 1, 2023. Any delay in the tariff rebasing would result in financial loss to the power sector as well as it would constraint the payments to power producers. Further, timely notification of annual tariff rebasing is essential for the Government in order to meet its committed deadlines."

8. In view of the above discussion, the fact that MYT determination of the Petitioner requires considerable time in terms of conduct of hearing, verification & analysis of the data/information, and the policy of the Federal Government to maintain uniform tariff across all consumer categories, the Authority has decided to allow an interim tariff to the Petitioner for the FY 2023-24. The interim tariff being allowed shall be subject to adjustment and/ or refund, based on the final determination of the Authority in the matter of MYT petitions of the Petitioner.

Order

9. In terms of Rule 4(7) of the NEPRA (Tariff Standards and Procedure) Rules, 1998, the Petitioner is hereby allowed the following interim tariff w.e.f. 01.07.2023, after incorporating CPI increase of December 2022 (as used in case of other DISCOs) over the allowed Margin for Distribution and Supply business for FY 2022-23.
10. The Interim tariff being allowed shall be subject to adjustment and/ or refund, based on the final determination of the Authority in the matter of MYT petitions of the Petitioner.
11. In addition, the Authority noted that Power Purchase Price (PPP) forecast of the Petitioner as well for all XWDISCOs for the FY 2023-24 has since been determined by the Authority through a separate decision, detailing the assumptions of the forecast and relevant share of the Petitioner. In view thereof, the Authority does not see any rationale to discuss this issue again herein in the instant decision. However, for the purpose of calculation of overall interim revenue requirement of the Petitioner, the PPP forecast for the FY 2023-24 has been made part of the overall Revenue Requirement of the Petitioner. Further, Annex-I of the PPP decision, to the extent of the Petitioner, has been attached as Annex-IV with the instant decision. The PPP forecast of the Petitioner for the FY 2023-24 shall be used as reference for future adjustments of PPP including the monthly and quarterly adjustments.
12. Here it is pertinent to mention that as per the amendment NEPRA Act, function of sale of electric power, traditionally being performed by the Distribution Licensees, has been removed from the scope of Distribution Licensee and transferred to a Supply Licensee. Section 23E, of the amended Act, provides that holder of a distribution license on the date of coming into effect of the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date.
13. The Authority noted that the Petitioner was a deemed supplier till 26.04.2023, in light of aforementioned section of NEPRA Act. The Petitioner, however, has submitted its supply of power license application, which is under consideration of the Authority. Thus, the grant of interim tariff shall in no way be construed as a basis for claiming supply license. The application for grant of Supply license would be processed separately after following the due process of law and in light of applicable documents. The terms & conditions to be given by the Authority, in the supply license would be applicable during the MYT control period and the MYT would be governed by the terms & conditions of the new license.
14. In view of the discussion made in preceding paragraphs, the interim revenue requirement for the FY 2023-24, subject to adjustment and/ or refund based on outcome of final MYT determination, is as under;



Dr. Malik

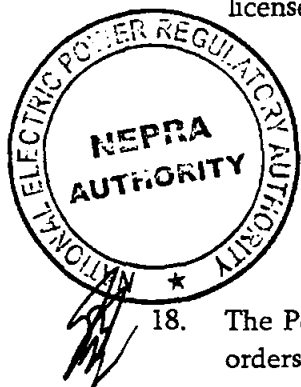
Decision of the Authority in the matter of request filed by LESCO for interim tariff

Description	Unit	Interim Revenue FY 2023-24	
		DoP	SoP
Units Received	[MkWh]	25,518	25,518
Units Sold	[MkWh]	22,966	22,966
Units Lost	[MkWh]	2,552	2,552
Units Lost	[%]	10.00%	10.00%
Energy Charge			171,942
Capacity Charge			369,610
Transmission Charge & Market			
Operation Fee			29,785
Wire Business UoSC			52,724
Power Purchase Price	[Mln. Rs.]		624,062
Pay & Allowances		22,335	1,655
Post Retirement Benefits		18,168	1,346
Repair & Maintenance		3,135	232
Traveling allowance			
Vehicle maintenance		2,891	214
Other expenses			
O&M Cost	[Mln. Rs.]	46,529	3,448
Depreciation		5,326	395
RORB		13,120	972
O.Income		(12,250)	(909)
Margin	[Mln. Rs.]	52,724	3,907
Revenue Requirement	[Mln. Rs.]	52,724	627,968
PPP with Wire Business Cost-Unadj.		-	24.46
PPP with Wire Business Cost-adj.		-	27.17
Margin		2.30	0.17
PYA Adjustments		-	-
Tariff	[Rs./kWh]	2.30	27.34

15. The above determined revenue shall be recovered from the consumers through the projected sales of 22,966 GWhs, as per Annex – II.
16. LESCO, being a supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariff for LESCO annexed to the decision.
17. In addition to compensation of losses as discussed above, LESCO, being a distribution licensee, is allowed to charge the users of its system a "Use of system charge" (UOSC) as under:

Description	For 132 kV only	For 11 kV only	For both 132kV & 11 kV
Asset Allocation	39.92%	31.90%	71.82%
Level of Losses	1.75%	6.71%	8.34%
UoSC Rs./kWh	1.03	0.95	2.05

18. The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.
19. To file future monthly & quarterly adjustments on account of Power Purchase Price (PPP) based on the Annex-IV attached with the instant decision.
20. The Petitioner shall comply with the Tariff terms & Conditions for supply of electricity as annexed with decision as Annex-V.



- 11 -

21. Decision of the Authority, is hereby intimated to the Federal Government for filling of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
22. The instant decision of the Authority and the Order part along with revised Annex-I, I-A, II, III, IV and V, be also notified in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application decision of the Authority.

AUTHORITY

Mathar Niaz Rana

Mathar Niaz Rana (nsc)
Member

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Amina Ahmed
Ms. Amina Ahmed
Member



Tauseef H. Farooq
Chairman



National Electric Power Regulatory Authority
(NEPRA)
(Coordination & Implementation Department)

F/E

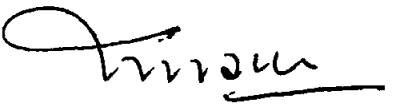
No. NEPRA/Dir (C & I)/2023/1434

September 01, 2023

Subject: **APPROVED MINUTES/DECISION OF THE AUTHORITY REGULATORY MEETING RM 23-389 REGARDING PETITION FOR DETERMINATION OF USE OF SYSTEM CHARGES/ WHEELING CHARGES.**

Enclosed please find herewith the Minutes/Decision of the Authority Regulatory Meeting RM 23-389 held on August 15, 2023 (signed minutes received on 01.09.2023).

2. The sponsor and all concerned professionals are requested to submit progress/status report to take immediate necessary action in compliance of timeline prescribed by the Authority in the subject Minutes/Decision.


Director (C&I)

Distribution:

1. Registrar
2. DG (M&E)
3. DG (Tariff)
4. DG (Lic)
5. DG (CAD)
6. ADG (Legal)
7. SA (M&E)
8. Director (M & E)
9. Director (Technical)
10. Consultant (CTBCM)
11. Director (Tariff-II) / Sponsor
12. DD (Tariff)
13. AD Legal-Tariff

Copy to:

1. PS to Chairman
2. PS to M (Technical)
3. PS to M (Lic)
4. PS to M (Tariff and Finance)
5. PS to M (Law)

National Electric Power Regulatory Authority
(NEPRA)

Subject:- **MINUTES/DECISIONS OF THE AUTHORITY REGULATORY MEETING RM 23-389 REGARDING PETITION FOR DETERMINATION OF USE OF SYSTEM CHARGES/ WHEELING CHARGES.**

A meeting of the Authority on the subject was held on August 15, 2023. Following Members of the Authority, professionals and officers participated in the meeting:

<u>Authority</u>	
Mr. Waseem Mukhtar	Chairman
Mr. Rafique Ahmed Shaikh	Member (Technical)
Engr. Maqsood Anwar Khan	Member (Lic)
Mr. Mathar Niaz Rana (nsc)	Member (Tariff/Finance)
Miss Amina Ahmed	Member (Law)
<u>Participants</u>	
Mr. Imtiaz Hussain Baloch	DG (Licensing)
Mr. Sajid Akram	DG (Tariff)
Mr. Imran Kazi	SA (M&E)
Mr. Muhammad Ramzan	Director C&I
Mr. Mubashir Jalal Bhatti	Director (Tariff-II) / Sponsor
Mr. Salman Rehman	Director (Tariff-Hydro)
Mr. Shahzad Anwar	Dir (Technical)
Mr. Khawar Hanif	Director (M&E)
Mr. Irfan ul Haq	ALA (Licensing)
Mr. Abdullah Quershi	DD (Tariff)
Mr. M. Imran	DD (Tariff)
Ms. Sundas Khaqan	DD (C)

- The Authority considered the working paper submitted by Director (Tariff-II) and DD (Tariff).
- The Sponsor informed that NEPRA issued Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022, which was notified on November 02, 2022. Clause 7 of the notified regulations states as under;

Filing of petition and determination of use of system charges.— Within ninety days following the date of notification of these regulations, each distribution licensee, in consultation with the respective supplier of last resort, shall prepare and submit a separate petition to the Authority for determination of its use of system charges. Such petition shall be accompanied with a statement which will set out the basis upon which the use of system charges shall be calculated in such manner and with such details as shall be necessary.

In compliance to the Regulations, XWDISCOs filed their petitions for determination of Use of System charges/ wheeling charges, which were accordingly admitted by the Authority. To proceed further in the matter, the Authority decided to hold hearing in the matter, which was initially scheduled on May 22, 2023, however, DISCOs vide letter, dated May 16, 2023, requested for a consultative session prior to scheduling of hearing to review critical items like

PAP, Final Dry Run report, proposed amendment to Commercial Code, Use of System agreements and UoSC etc.

4. The Authority accepted the request for XWDISCOs and hearing in the matter was postponed accordingly. In light of request of XWDISCOs, consultative session was held and subsequently hearing in the matter was scheduled on July 11, 2023. However, Ministry of Energy (power division) requested to postpone the hearing owing to the reason that the Authority is in process of finalization of rebasing of consumer-end tariff for FY 2023-24 and the petitions for Use of System Charges under consideration of the Authority are based on NPERA determination/GoP applicable tariff for the FY 2022-23. The Authority in light of request of the MOE postponed the hearing accordingly.

5. The Sponsor mentioned that all the Petitions were admitted by the Authority vide RMs 23-151 to 23-161 (excluding RM 23-158). The minutes of admission of Petitions were issued by C&I department on 06.04.2023. Further NEPRA Act section 31(6) provides following time line for processing of petitions;

The time frame for determination by the Authority on tariff petition shall not exceed four months after the date of admission of the tariff petition.

Provided that this time frame shall commence after the applicant has complied with all requirements of rules and regulations and the Authority has admitted the tariff petition.

6. The Sponsor highlighted that the Authority issued determinations of consumer-end tariff for FY 2023-24, of all XWDISCOs on July 14, 2023, which were intimated to the Federal Government for filling of uniform Tariff application. Pursuant thereto, the Federal Government filed Motion with respect to uniform tariff and the same has been decided by the Authority on July 25, 2023. The Federal Government on July 26, 2023, has notified the consumer-end tariff of XWDISCOs for the FY 2023-24 w.e.f. July 01, 2023.

7. It was also informed that since the earlier petitions filed by XWDISCOs regarding determination of use of system charges/ wheeling charges are based on determinations of the Authority for FY 2022-23, which is no more applicable, thus requires to be either updated by incorporating the revised revenue requirement of FY 2023-24.

8. In view of the above, the Sponsor requested the Authority to decide on the following:

- a. Whether to return/dispose of the earlier petitions for use of system charges with direction to file new petition after incorporating the revised Revenue Requirement for FY 2023-24 and GOP applicable tariff in this regard or otherwise?

OR

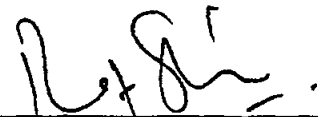
- b. Whether to direct DISCOs to file addendum after incorporating the revised Revenue Requirement for FY 2023-24 and GOP applicable tariff in this regard or otherwise? If the Authority decide to direct DISCOs for filing of addendum than approval is requested for draft DFA attached with working paper. The Authority in this case is also requested to extend the timelines for processing of Use of System Charges Petition by allowing to start Four month period for processing of such petitions from the date of provision of final information by XWDISCOs.

DECISION OF AUTHORITY REGULATORY MEETING RM 23-389 HELD ON AUGUST 15, 2023 REGARDING PETITION FOR DETERMINATION OF USE OF SYSTEM CHARGES / WHEELING CHARGES.

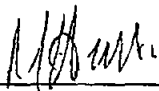
9. The Authority after detailed deliberations upon the working paper decided to return the earlier petitions filed by XWDISCOs for use of system charges/ wheeling charges, with the directions to file new tariff petitions after incorporating the revised tariff numbers as determined by NEPRA for the FY 2023-24 and subsequently notified by the Federal Government.



Mathar Niaz Rana (nsc)
Member



Rafique Ahmed Shaikh
Member



Engr. Maqsood Anwar Khan
Member



Amina Ahmed
Member



Waseem Mukhtar
Chairman

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(REGISTRAR OFFICE)

No: NEPRA/R/TRF-100/ 3369

October 3, 2023

I O N


Subject: **PETITION FOR DETERMINATION OF USE OF SYSTEM CHARGES (UoSC) / WHEELING CHARGES - LESCO**

Please find enclosed herewith subject petition filed by Lahore Electric Supply Company (LESCO) vide letter No. 151-56/MRD-21 dated 28.09.2023 (received on 03.10.2023) for determination of Use of System Charges (UoSC)/Wheeling Charges under Regulation 7 of NEPRA Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022. LESCO has submitted the subject petition while referring to NEPRA's letter No. NEPRA/DG(Tariff)/TRF-100/33375-85 dated 13.09.2023 whereby it was directed to file new petitions after incorporating the revised tariff numbers as determined by NEPRA for the FY 2023-24.

2. DG (Lic), ADG (Tariff), Director (Tech), Consultant (CTBCM) and ALA (Lic) are requested to go through the enclosed petition and offer their comments for submission of case before Authority regarding further processing of the subject petition.

3. Being time bound case, the comments may please be provided by 06.10.2023.

Encl: **As above**


31/10/23

(Haris Khan)
Deputy Director

1. DG (Licensing)
2. ADG (Tariff)
3. Director (Technical)
4. Consultant (CTBCM)
5. ALA (Lic)

CC:

1. Registrar
2. Master File

