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Engr. Mazhar Iqbal Ranjha, Registrar, Ref No. KE/BPR/NEPRA/2023/321 December 27, 2023

National Electric Power Regulatory Authority (NEPRA), NEPRA Tower, Attaturk Avenue (East), -Ar)(cr)G-5/1, Islamabad. -Original Creck)-Cms Cr3cm

SUBJECT: <u>K-Electric Limited – Tariff Petition for Distribution business for the period commencing</u> from July 01, 2023 to June 30, 2030

Dear Sir,

Please find enclosed Tariff Petition ("Tariff Petition") for Distribution business for the period commencing from July 01, 2023 to June 30, 2030.

Further, please find enclosed Certified True Copy of resolution passed by K-Electric Limited's Board of Directors to file said Tariff Petition along with Affidavits of the following authorized representatives:

- Syed Moonis Abdullah Alvi, Chief Executive Officer
- Muhammad Aamir Ghaziani, Chief Financial Officer
- Syed Fawad Ali Gilani, Chief Distribution Officer

This Tariff Petition is being filed in accordance with Rule 3(1) of NEPRA (Tariff Standards and Procedure) Rules, 1998. Further, total fees amounting to Rs. 1,031,933/- (net of 8% WHT) being the fee for the said Tariff Petition, has already been submitted vide Cheque No.00004936 dated November 29, 2022 enclosed with letter bearing Ref No. KE/BPR/NEPRA/2022/526 dated December 1, 2022.

It is therefore, requested to admit the Tariff Petition for determination as requested therein.

Moreover, KE would humbly request for provisional approval of interim tariff under Rule 4(7) of NEPRA (Tariff Standards and Procedure) Rules, 1998 till the final determination of the Authority as previous MYT control period has already lapsed and the interim application is necessary to ensure application of fuel cost adjustments both positive and negative to consumers and for provisional settlement of tariff differential claims. The interim tariff will be subject to final decision of the Honorable Authority on the Tariff Petition.

Kindly acknowledge and issue the receipt.

Sincerely

Syed Moonis Abdullah Alvi Chief Executive Officer K – Electric Limited

Enclosed:

- Distribution Tariff Petition
- Supporting Documents & Annexures
- Certified True Copy (CTC) of Resolutions
- Affidavits
- Power of Attorney
- Copy of Cheque no. 00004936

K-Electric Limited

39-BKE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan





Distribution Tariff Petition FY 2024 – FY 2030

By K-Electric Limited (KE)

December 27, 2023



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Disclaimer

The projections and forecasts contained in this petition are only intended for NEPRA for the purposes of evaluating and determining KE's MYT for Distribution segment. The plan contained in this petition is based on expectations, estimates and projections at the time of filing of the same that could differ from actual results or events owing to business and operational risks and change in scope and circumstances.

The information contained in this petition is not intended as a solicitation or recommendation of investments. Under no circumstances should this information be relied on or treated as legal or other professional advice. Although KE has taken the greatest possible care in compiling this information, it assumes no responsibilities for any reliance for investment decisions placed thereon.



1. Details of the petitioner

1.1. Name and Address

K-Electric Limited

Head office and Registered office

KE House 39-B, Sunset Boulevard, Phase II, Defence Housing Authority, Karachi, Pakistan

1.2. Representatives

- Syed Moonis Abdullah Alvi Chief Executive Officer
- Muhammad Aamir Ghaziani Chief Financial Officer
- Fawad Ali Gilani Chief Distribution Officer

1.3. Grounds giving rise to petitioner's interests & Licensee details

K-Electric Limited (KE), is a vertically integrated electrical supply company, providing public utility services to the city of Karachi and its suburbs. KE is active in Generation, Transmission, Distribution and Supply of electricity. It operates under licenses granted by the National Electric Power Regulatory Authority (NEPRA) for generation, transmission, and distribution. KE is a public limited company and is listed on the Pakistan Stock Exchange.

KE was granted a Distribution license (09/DL/2003) on July 21, 2003 for a period of 20 years, to carry out distribution service and sale of electric power within its service territory. KE's distribution license expired in July 2023 and has been provisionally extended for a period of six months. Further, as per the requirements of the NEPRA Act and current regulatory framework, KE has filed separate applications for distribution and supply licenses.

KE was granted an Integrated Multi-Year Tariff for a control period of 7 years that expired in June 2023. Further, to align its MYT structure with ongoing changes in power sector including separation of Distribution and Supply businesses, implementation of CTBCM model, proposed country wide central economic dispatch and for better transparency, KE is filing separate tariffs for Generation, Transmission, Distribution and Supply segments.

This has been further discussed in section 9.1.

Further, it is requested that KE be permitted to submit additional asks, information, documents, evidences, applications, representations in writing in future and/or further grounds that maybe required in accordance with the prescribed rules or procedures as and when notified, or even otherwise during the proceedings on the instant petition.

Moreover, considering the fact that previous MYT control period has already lapsed, KE hereby requests the Authority to allow immediate application of the proposed tariff under Rule 4(7) of NEPRA (Tariff Standards and Procedure) Rules, 1998 till the final determination of the Authority to ensure application of fuel cost adjustments both positive and negative to consumers and for provisional settlement of tariff differential claims. The interim tariff allowed will be subject to final decision of the Authority on the petition.



2. Confirmation of compliance with Tariff Standards and Procedures

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This petition is being filed in accordance with Part II Rule 3 of the NEPRA Tariff Standards and Procedure Rules, 1998.

The information required to be filed under the Rules can be found under the following sections:

Rules	Reference	Requirement	Petition Reference
3 (2)	(a)	Name and address	1.1 & 1.2
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3. KE's Overview and FY 2017-23 Multi Year Tariff Structure

3.1. Overview

Incorporated in 1913, KE is the only vertically integrated utility (VIU) in Pakistan. The Company was privatized in November 2005. KE is responsible for end-to-end planning and execution of Generation, Transmission, Distribution and Supply of power to its consumers within its service area which includes Karachi, Gharo in Sindh and Hub, Uthal, Vinder and Bela in Balochistan region.

3.2. KE's Integrated Multi-Year (MYT) Tariff Regime

KE was awarded an integrated Multi-Year Tariff (MYT 2017-23) for a control period of 7 years, valid till June 30, 2023, which was determined on July 05, 2018, subsequently, notified by Ministry of Energy (Power Division) through SRO 576(I)/2019 dated May 22, 2019. MYT 2017-23 tariff regime was primarily based on a fixed rate-based structure, wherein costs have been allowed as pass through based on certain benchmarks along with a Return on Regulatory Asset Base. The tariff included fuel cost for KE's power plants, cost of power purchase from external sources, O&M expenses, write off claim of bad debts, adjustment of other income, Depreciation (on cost basis) and Return on Regulatory Asset Base. Regulatory Asset Base is defined as Property, plant and equipment excluding surplus on revaluation (including Capital work in progress), net of Deferred revenue (Consumer funded assets) whereas Return is based on a notional debt to equity ratio of 70:30, cost of debt based on mix of foreign and local borrowings and a USD based return on equity.

Further, MYT 2017-23 included a monthly and quarterly indexation mechanism to account for changes in fuel costs, power purchase costs, and certain other adjustments based on the defined parameters. To account for recovery loss, NEPRA has allowed claim of actual write off of bad debts based on a defined criterion. MYT 2017-23 also included an allowed investment plan for the control period and mechanisms of Mid Term review / End of Term review to reassess certain assumptions including investment plan.

Within the MYT 2017-23, NEPRA had allowed KE, a Return on Regulatory Asset Base based on notional debt to equity ratio of 70:30, whereas KE's actual debt to equity ratio based on debt and invested equity at the time was 24:76 (FY 16). Reason for the high invested equity was that KE needed to fund losses in past through equity. Furthermore, no such condition for debt-to-equity ratio was specified in the MYT 2009-16. However, due to the application of the notional debt to equity ratio above, KE was allowed a lower effective return and its actual invested equity was not considered and the equity over and above the notional thirty percent (30%) was considered as debt for the purposes of determining the return.

The issue of applying notional 70:30 debt to equity ratio for the purpose of determining KE's Return on Regulatory Asset Base and non-consideration of actual invested equity is taken up in the Appeal filed before the NEPRA Appellate Tribunal ('Appeal') under Section 12 (g) (1) of the NEPRA Act 1997 (as amended from time to time). KE would like to humbly state on record that the submissions made in this petition are without prejudice to the Appeal and subject to final outcome of such Appeal, any relief granted by the NEPRA Appellate Tribunal in such proceedings, the tariff under determination/determined through the instant petition shall also be amended and / or modified accordingly.



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4. Distribution Overview

KE was granted a Distribution license (09/DL/2003) on July 21, 2003, which allowed KE to carry out distribution service and make sale of electric power within its service territory for twenty years till July 2023 and the same has been provisionally extended for additional six months. In accordance with NEPRA Amendment Act, 2018 ('Amended Act'), supply function has been segregated from distribution, and holders of distribution licenses. Accordingly, KE and DISCOs were designated to act as deemed supplier of electric power under section 23E of the Act, for a period of 5 years from the date of Amended Act coming into effect. Hence, KE was the deemed supplier of electric power in its service territory till 2023. In view of segregation of Distribution network (Distribution) and Electric Power Supply (Supply) functions, KE has, for the period post 2023, sought separate tariffs for Distribution and Supply businesses with NEPRA.

Further, as the distribution service provider for its service area, KE remains committed to further improve network capacity and reliability through planned investments in line with its commitment to meet its service obligation of providing smooth and reliable supply of power to its consumers.

Under the Distribution License granted to KE, the Company owns and manages its Distribution network, which as of June 2023 comprised of 2,068 11kV feeders, 31,261 distribution transformers (PMTs/Sub-stations) having distribution capacity of 8,808 MVAs, and 10,891 km of 11 kV network and 19,370 kms of LT Network.

It is pertinent to mention that HT network mapping has been successfully accomplished in GIS depicting accurate length of HT. However, LT length for entire network is estimated based on sample of 100 representative feeders, surveyed and mapped in GIS. It is important to note that this length is subject to change upon completion of the LT mapping exercise in GIS by FY 2024, which will provide accurate depiction of LT. Currently, the survey on 18,429 PMTs has been completed with LT Mains length of 6,548KM, excluding Service cables estimation. The remaining 12,832 PMTs are yet to be completed.



5. Distribution Investments and Benefits – FY 2017 to FY 2023

Since the start of the tariff control period and up to June 2023, KE has invested **PKR 120,164¹** million in the distribution business, focusing on loss reduction, capacity enhancement and improved network reliability as a result of which, KE has been able to outperform NEPRA T&D loss target of 15.36% for FY 2023.

Furthermore, significant progress with regard to the installation of feeders and addition and rehabilitation of 11 kV Network has been made, enabling KE to reduce distribution constraints and serve the incremental power demand.

During the period July 2016 to June 2023, **2,656 MW** of new connections have been added, along with addition of **544 11kV feeders** and addition of **1,644 11kV Network (Km)** resulting in capacity addition of over **2,506 MVAs**. Going forward, KE plans to continue and further accelerate the investments in Distribution infrastructure upgrade through capacity enhancement. Details of KE's distribution performance have been discussed in the subsequent sections.

							PI	R Million
Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Loss reduction	4,578	3,187	4,052	5,108	5,646	6,075	2,362	31,008
Growth	4,124	3,332	5,567	4,617	4,614	7,195	7,114	36,563
Maintenance	3,534	5,392	5,571	3,841	6,009	5,946	5,172	35,465
Rain Emergency	-	-	-	-	937	547	486	1,970
Safety	156	105	441	3,143	3,605	3,170	610	11,230
Smart network	62	441	496	787	846	957	339	3,928
Total	12,454	12,457	16,127	17,496	21,657	23,890	16,083	120,164
Deferred Revenue - additions	(3,322)	(2,561)	(3,653)	(3,603)	(12,922)	(8,167)	(9,778)	(44,006)
Net CAPEX	9,132	9,896	12,474	13,893	8,735	15,723	6,305	76,158

A summary of the actual investments carried out till FY23 is given below:

5.1. 11kV Feeders

During MYT 2017-23, KE has added 544 11kV feeders to the Distribution network.

In addition to laying of new feeders, 11kV feeders optimization is also driven through efficient planning and load balancing which reduces the need of laying additional feeders to serve the same MW to the consumers. In addition, KE also uses feeder links to balance an underloaded feeder with an overloaded one to optimize the network without incurring additional cost. As at the end of FY 2023, 0.73% feeders are above the loading of 100%. Year wise number of feeders are tabulated below for reference:

Description	FY	Total							
	2016	2017	2018	2019	2020	2021	2022	2023	Addition
11 kV Feeder	1,524	1,653	1,729	1,807	1,890	1,937	2,001	2,068	544

1 Based on Gross Distribution CAPEX



5.2. HT Network

During MYT 2017-23, KE has added 1,644 km of 11kV network.

Description	FY	FY	FY	FY	FY	FY	FY	FY	Total
	2016	2017	2018	2019	2020	2021	2022	2023	Addition
HT Network - (km)	9,247	9,363	9,549	9,876	10,204	10,283	10,520	10,891	1,644

5.3. New Connections Load (MW)

During MYT 2017-23, KE has energized **2,656 MW** of new connections catering to load - enhancement for above 80 KW consumer segment.

Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total Addition
Additions (MW)	225	309	297	305	360	592	568	2,656

Here KE would like to highlight that in addition to above 80 KW consumer segment, new connection energization has also been done for below 80 KW segment and for Kunda conversion, however, as the same largely do not represent new load additions to the system the MW of these connections energized have not been included in the above table.

5.4. Addition in Distribution Transformer capacity

KE has strived to address the increasing load requirement by adding capacity in the distribution infrastructure by adding 8,230 distribution transformers in KE's network translating into capacity addition of 2,506 MVA. These additions of capacity have been through System Improvement Plans catering to overloaded transformers and improved network reliability.

Description	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
No. of PMTs / Substations	23,031	25,667	27,388	28,183	28,842	29,702	29,971	31,261
Distribution Capacity (MVA)	6,302	7,230	7,464	7,702	7,916	8,153	8,685	8,808

5.5. Benefits of Investments made during the MYT 2017-23

In the MYT 2017-23, KE invested to cater for planned and unplanned growth of consumers. With strong commitment to providing metering connections to every consumer, KE's customer growth witnessed a rapid increase of **1.4 million** taking the consumer base to 3.6 million at the end of June 2023. This significant growth results at a CAGR of 7.3% which signifies converting consumers to metered connections and actively discouraging illegal means of energy usage.

This also translates into the T&D loss reduction of KE by actively pursuing Aerial Bundle Cable over bare conductor, consequently, reducing direct theft opportunities complimented by rapid meter theft detection through round-the-clock governance initiatives. The T&D loss reduction journey and the customer growth of KE is presented below for the MYT 2017-23:

Description	FY 2016	FY 2017	I	FY 2018	;	FY 2019	FY 2020	FY 2021	1 20	Y 22	FY 2023
Customer Base (MNs)	2.2	2.4	1	2.6		2.8	3.0	3.2	3	.4	3.6
T&D Loss	22.2%	21.7%	,	20.4%		19.1%	19.7%	17.5%	15	.3%	15.3%



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6. Investment Plan & Benefits FY 2024 - 2030

6.1. Investments for Distribution Business

In line with KE's vision, KE is committed to supply uninterrupted, reliable and safe electricity in an efficient and sustainable manner to its consumers. Past performance of KE and improvements recorded over the previous years substantiate above statement to a larger extent. However, KE realizes that there is still a long way to go to be at par with the progressive Distribution companies operating globally. Considering the aged asset base of Distribution network and associated technical complexities, KE realizes that instead of conventional approach focused on temporary fixes, a strategic and data driven approach can guarantee a sustainable performance with long lasting results enabling KE to be the utility of choice.

Drawing inspiration from the above thought process, KE proposed a Distribution Network Improvement Plan (NIP). NIP focuses on safety, outage reduction, limiting spread of outages, power quality, technical loss reduction and technology interventions like SCADA/ ADMS (pilot on one cluster, at primary substation level) to improve customer journey and operational efficiency based on the visibility that technology brings. During the last 2-3 years, due to advent of technology initiatives like AMI/MDMS and GIS (ArcFM) as well as outage reporting mechanism, data visibility has increased to a level where investment decisions are now based on granular data analytics.

The subject plan is not just limited to capital investments for the rehabilitation of aged network, it also addresses the challenges arising out of skill level of field force, current work practices and processes to ensure sustainability. The plan also suggested change in approach towards the current maintenance regime, from mostly preventive/reactive in nature to periodic and condition-based maintenance. Once a minimum repository of at least two years is available from multiple technology platforms, predictive maintenance will replace the conventional approach by using machine learning and artificial intelligence.

For the purpose of sustainability, a comprehensive change management plan has been worked out jointly with an international consultant. Initially one of the clusters will be selected and ring fenced for implementation of the subject plan. Based on the learnings and results, the same will be rolled out across Distribution network in a phase wise strategy. In fact, KE has already started working on change management initiatives which includes but is not limited to enhancement of skill level in a measurable manner utilizing DNA (Distribution Network Academy), building an effective asset maintenance process utilizing SAP platform and reviewing existing processes to eliminate/ minimize non-value adding activities ensuring maximum efficiencies.

To validate the KE's proposed Distribution Network Improvement journey, international Consultancy Services from FICHTNER GmbH & Co. based in Stuttgart, Germany with its local partner PITCO (Pvt) Ltd. based in Lahore, Pakistan, was engaged to review KE's Network Improvement Plan. The scope included validation of the initiatives planned under NIP vis-avis prudent practices adopted by global Distribution companies operating in similar environments. The Consultant has thoroughly reviewed the entire NIP and based on its vast global experience; provided its suggestions / inputs. Considering the viability of the identified improvement areas, recommendations from the consultant were incorporated in NIP. The detailed report of the consultant was submitted along with the Investment Plan.

The abovementioned NIP was submitted to the Honorable Authority and subsequent to hearings and detailed discussions, NEPRA vide email dated December 12, 2023 has communicated the approval of the Investment Plan and reference KPIs for network improvement during the control period of FY 2024 to FY 2030. The approved investment plan does not include investment in dedicated distribution system that will be fully funded by the consumers. Please refer *Consumer Funded CAPEX* section below for further details.



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								PKR Mn
Description	FY-24	FY-25	FY-26	FY-27	FY-28	FY-29	FY-30	Total
Total Approved Investment	19,691	24,860	20,088	19,566	18,058	17,937	16,565	136,765
Carryover of Rain emergency plan	4,849	-	_	-	-	-	-	4,849
Total Investment including Carryover	24,540	24,860	20,088	19,566	18,058	17,937	16,565	141,614

The year wise breakup of approved investment plan is tabulated below:

KE would like to highlight that the Rain Emergency project could not be completed during the control period. The reason for the delay of CAPEX was due to the prevailing economic conditions of the country and import restrictions which were beyond KE's control. Moreover, the reasons for delay and request for extension of project timelines have also been communicated to the Honorable Authority vide letters dated April 21, 2022, March 22, 2023 & June 7, 2023.

Hence, KE has incorporated a sum of **PKR 4,849 million** for the Rain Emergency Project, planned for expenditure to be incurred during MYT 2024 - 30 and requests Honorable Authority's approval in this regard.

6.2. Investments for Support Functions

Being an integrated company, KE has a shared structure for providing support services including IT, Finance, legal, taxation, etc. Accordingly, KE has included details of investments required for Support Functions in this petition. Further, **section 9** also explains how Support Function RoRB has been allocated to Transmission and Distribution segments.

The Authority has approved **PKR 17,506 million** for expanding and improving customer satisfaction, Robust infrastructure, Data Governance & Strategy, Cyber security, Innovation and People management. This approved investment plan has been divided into three heads: (i) IT strategy alignment (ii) Cyber Security (iii) Others.

A summary of year wise approved investment for support functions is given in the table below:

·								PKR Mn
Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Total Approved Investment	3,278	2,375	2,236	2,159	2,660	2,747	2,051	17,506

Investments approved above for the next control period are required to be undertaken for existing IT infrastructure sustainability, future growth and enhancement of allied security & governance solutions, modernization of existing IT landscape and renovation/upkeep of civil structures to ensure continuity of business operations. Further details of the above have been presented in the approved Investment Plan.



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6.3. Investment Plan Key Assumptions, summary of Planned Additions and related benefits for control period FY 2024 – 2030

It is pertinent to highlight that the above-mentioned investment plans for Distribution and Support functions are based on the following assumptions:

- 1. PKR / USD Exchange Rate of PKR 206/USD (June 30, 2022)
- 2. Reference Pakistan CPI of 158.48 (Average FY 2022)
- 3. Reference US CPI of 282.03 (Average FY 2022)

Furthermore, the Authority has approved the base cost with annual indexation including exchange rate variation and relevant CPIs. Moreover, actualization of custom duties, contingencies, IDC (based on cost of debt allowed by the Authority) and any other head which is over & above the base cost has been allowed.

It is also submitted that the details of scope wise investments and annual adjustment mechanism will be covered in NEPRA detailed decisions on the Investment Plan and the proposed investment adjustment mechanism as detailed in **section 10** and capacity additions of investments is subject to revision based on the detailed decision.

Here KE would humbly highlight that the execution of approved investment plan and related additions / improvements is linked to approval of tariff asks in this petition as a sustainable tariff that balances the interest of all stakeholders and is necessary to enable KE to raise financing required for execution of planned project and to remain viable as business entity to ensure continuity of operations and improvements for consumers.

Consumer funded CAPEX

Above approved investment plan does not include expenditure expected for the consumer funded CAPEX, which will be carried out based on consumer's request with payment. Therefore, CAPEX relating to this infrastructure & respective consumer inflows falling in Deferred revenue and amortization of deferred revenue on these assets, shall be made part of RAB and other income for the Distribution Tariff at actual.

Further, there will be inflows against the above approved investments based on sharing charges applied as per CSM, which have not been currently included in RAB projections owing to variable nature. It shall be passed through in tariff at actual and shall be actualized annually for calculation of RAB in the Annual Investment Update as explained in **Section 10**.

Demand growth projections

Investments planned by KE as well as dedicated consumer funded will help in addition of **3,251 MW** of load in KE's network and growth of **1.4 million** customers in the 7-year control period which will help to serve the growing demand and customer base.

The projected growth in Base Energy Demand is kept at 2.4% growth rate while considering captive consumers influx and PV disruption. Further, improvement in technical loss is also incorporated to reduce the demand by improvement in the infrastructure.

Further, keeping in view the reduction in AT&C losses, KE is projecting to increase the number of load shed exempt feeders to 95% by the end of control period, as a result served energy would increase. KE would like to highlight that the Load Shed policy is based on analysis of T&D and recovery ratios of respective feeder. It is essential to acknowledge that various external variables can exert significant influence on consumer behavior and consumer's capacity to meet financial obligations, which not only have an unfavorable impact on recovery ratios but also leads to an increase in electricity thefts. These external factors encompass, but are not limited to, substantial increases in electricity tariffs, political instability, currency

depreciation and inflationary pressures which ultimately lead to a lower number of load shed free feeders.

Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	CAGR
Average Demand (GWh)	20,833	21,282	21,726	22,066	22,329	22,584	22,826	1.60%
Load shed (GWh)	1,927	1,494	1,307	1,177	1,085	997	925	
Sent out (GWh)	18,906	19,788	20,419	20,889	21,243	21,587	21,902	2.56%
Units Served (Sent out – after Transmission losses)	18,660	19,531	20,154	20,617	20,967	21,306	21,617	2.49%

In view of the above, sent out numbers are projected as follows:

The projected sent out growth is kept at a CAGR of 2.6% with actualization of FY 23 sent out. For further details of demand and sent out, refer Investment plan.

Capacity additions and related benefits

As per the Investment Plan, KE plans to enhance the infrastructure by adding Feeders and Distribution Transformers to cater to consumer and demand growth. The following additions will be made in the next MYT Control period:

Description	FY 2023*	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
11 kV Feeders – No.	2,068	2,136	2,156	2,212	2,279	2,362	2,456	2,528
Distribution Transformers – No.	31,261	32,034	33,032	34,083	35,180	36,367	37,602	38,867
Distribution Capacity – MVA	8,808	9,058	9,398	9,754	10,130	10,528	10,945	11,368

*It is pertinent to mention that due to actualisation of FY 2023, variance in the quantities of additions from the investment plan will not have any impact over the amount approved in the investment plan. In case of 11kV feeders shortfall of 16 Feeders in FY 2023 will be energised in FY 2024.

With additions of the abovementioned feeders and DTs, KE envisages to increase the total MVA capacity available within the Distribution segment, KE plans to add 444 Feeders inclusive of Dedicated consumer funded and common system which reflect the growth and load management initiatives. This growth of feeders translates into an increase of 7,606 distribution transformers over the 7-year control period covering a total of 3,251 MW. These feeder additions would directly reduce the 100% overloaded feeder counts from 0.73% to 0.08% despite increasing the total count, resulting in better quality of supply and contributing to reduction of outages.

As a result, the addition in High Tension length of network in kilometres will be increased by 3,170 KM which will take it from 10,891 km to 14,061 km. The year-on-year increase in HT network length will be as follows:

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Network Length (HT) - km	10,891	11,185	11,560	11,983	12,468	12,984	13,537	14,061	

KE will be adding 2,560 MVA in capacity terms through addition of 7,606 distribution transformers resulting in decrease of overloaded Distribution transformers. This capacity



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addition would allow KE to serve the incoming load through New Connections and organic growth of existing consumer base.

The above additions are planned in order to enhance the capacity and improve the network reliability and stability of KE's distribution segment which in turn will enable KE to reduce the network constraints and serve the incremental power demand within its service area. However, the above planned additions, including scope of projects and locations, are subject to change due to revisions in the scope of the approved investment plan or NEPRA / GOP directives. In addition as the Investment Plan approval have been received in December 2023 which will be followed by approval of tariff, the execution of investment plan would be delayed, as a sustainable tariff is necessary for KE to commit investments planned, obtain necessary approvals from BoD and complete financial close for new financing. To ensure timely adjustments of any underspent amount annually and for revision of investment plan KE has proposed an Investment Plan Revision Mechanism explained in **section 10**.

6.4. MYT targets for the control period FY 2024 - FY 2030

The KPI targets based on technical scope of work validated by independent consultant were submitted by KE in the investment plan based on which the Honorable Authority approved the loss reduction targets for the control period i.e., FY 2024 – FY 2030. The loss reduction targets and reliability targets are given below against which KE's performance shall be measured:

Reliability Targets for MYT:

The enhancement in infrastructure and improved performances of assets would result in significant improvement in reliability indices namely SAIFI and SAIDI.

Here KE would like to highlight that currently in regulatory reporting only tripping due to fault are reported as part of SAIFI/SAIDI and other outages including planned/unplanned (excluding faults) outages including emergency complaints and transient tripping are being reported separately.

KE has requested to take all outages as reliability KPI i.e., to calculate SAIFI & SAIDI on all power interruptions recorded at feeder level (excl. LS & Grid level Outage) and target improvement in each category so that overall customer interruptions can be minimized efficiently and proposes the following table as targets for next MYT:

Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SAIFI Planned Outages (no.)	14	16	16	16	16	16	16
SAIDI Planned Outages (hr.)	7	11	11	11	11	11	11
SAIFI Un-Planned Outages (no.)	108	105	99	89	76	68	62
SAIDI Un-Planned Outages (hr.)	105	102	97	88	76	69	б4

Furthermore, planned shutdowns normally last for 8 hours. Since outage recording in KE-OMS is at feeder level, and whole feeder is not affected in each planned outage for complete duration, only duration that is required for managing operations of those planned shutdowns are considered.

It is important to note that, KE has already invested higher than the investment considered in the MYT 2017-23 and no additional investment were allowed by NEPRA for the control period, therefore, KE had to curtail investments in improvement and preventive maintenance projects due to which increase in SAIFI /SAIDI is expected in FY24. Similarly, due to absence of approved tariff the investments planned for execution in FY24 have been delayed which may



also have an adverse impact on KPIs. However, KE is striving to the best of its abilities to ensure that the above reliability KPIs are achieved to ensure consumer satisfaction.

KE further highlighted that a uniform mechanism across DISCOs for calculation of performance indices (SAIFI & SAIDI) should also be implemented as it will take DISCOs a long way in determining their performance and will help in identifying improvement opportunities for future.

Loss Reduction Targets for MYT:

KE submitted a loss reduction journey of 2.28% during the control period FY 24 – FY 30 based on FY 23 (projected) distribution loss of 13.76% thereby reducing to 11.48% till FY 30.

Since the investment plan was filed prior to the close of the FY 23, distribution loss of 13.78% for FY 23 was only projected in order to ascertain the targets for the control period FY 24 – FY 30. However, during FY 23, the actual distribution loss has turned out to be 14.54%. It is pertinent to mention that investment plan has been planned and devised for a reduction journey of 2.28%, therefore, KE humbly requests the Authority to consider the below given targets, based on actual FY 23, with approved loss reduction journey as a target for MYT 2024-30:

Description	FY							
	2023	2024	2025	2026	2027	2028	2029	2030
Distribution Loss	14.54%	14.24%	13.93%	13.49%	13.04%	12.72%	12.46%	12.26%

The above given year wise improvement of distribution loss targets is based on a projected voltage wise mix as follows:

Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Above 11 kV	997	1,038	1,078	1,103	1,117	1,130	1,143
11 kV	3,394	3,541	3,684	3,774	3,827	3,880	3,930
Below 11 kV	14,269	14,952	15,392	15,740	16,023	16,296	16,544
Total Units served – Projected	18,660	19,531	20,154	20,617	20,967	21,306	21,617

Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Above 11 kV	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 kV	4.36%	4.36%	4.36%	4.36%	4.35%	4.35%	4.35%
Below 11 kV	17.58%	17.16%	16.62%	16.04%	15.60%	15.25%	14.99%
Company level Distribution Loss	14.24%	13.93%	13.49%	13.04%	12.72%	12.46%	12.26%

Further, in order to avoid over / under recovery of Distribution Loss due to change in sales mix, KE has proposed a mechanism for re-adjustment of Distribution loss targets based on actual voltage sales mix as given in **Section 9.3.8**.

Furthermore, in case of force majeure events beyond KE's control, for example Covid-19 or worsened economic conditions including increase in tariff and imposition of additional taxes that results in consumer tariff increase beyond CPI, KE would request NEPRA to allow revision in the same based on specific request of KE which would be duly supported by necessary evidence.



7. Proposed Financing Plan

In view of the investment plan presented above, KE plans to engage with relevant stakeholders including lenders to execute the business plan contained in this petition under the new MYT 2024 – 2030.

Considering significant amount of CAPEX involved and capacity constraints in the local market, KE would also require arrangement of foreign loans.

Accordingly, KE would need to reach out to foreign financial markets in addition to the local lenders / capital market. For foreign financing, we would require loans backed by Export Credit Agency (ECAs) such as Sinosure (Chinese ECA), Euler Hermes (German ECA), etc as well as funding from International Development Finance Institutions such as Asian Development Bank, FMO etc. in order to fund the overall CAPEX amount. Furthermore, KE requests to actualize the allowed cost of borrowing in tariff based on the actual mix of foreign and local loans.

Following financing plan is proposed for the new financing facilities to be availed during control period FY 2024–30 for NEPRA's consideration:

Category	Legend	ECA backed Loans	Foreign DFIs	Local Loans		
Reference KIBOR / SOFR	A	5.00%	5.00%	22.91%		
Credit Adjustment Spread – CAS	В	0.26%	0.26%	-		
Spread	C .	4.50%	5.80%	2.50%		
Total Cost	D = A + B + C	9.76% 11.06%		25.41%		
Currency Depreciation		Impact of currency depreciation further explained below in this section				
Premium		One time cost – based on actual payment	N/A	N/A		
Tax impact		based on actual to be	e claimed quarterly	N/A		
Financing fees / Transaction Costs		based on actual to be claimed quarterly				
Hedging Cost		to be claimed on annual basis for hedged loans				

Loan parameters:

Note: Projected mix of foreign and local loans for computation of cost of debt has been used for tariff computation. However, KE requests the Honorable Authority to allow actualization of mix in Annual Investment Update as explained in section 9 & 10.

As shown in table above, KE requests the Honorable Authority to allow a spread of 4.5% on ECA backed loans and 5.8% for borrowing from foreign DFIs under foreign borrowing and 2.5% on local borrowing for the control period based on loan profile.

Furthermore, transaction costs already paid in the past for ongoing financing facilities have been incorporated in the cost of debt on amortization basis for tariff computation purposes.

It is important to note that spreads offered in previous transactions were based on stable country rating. However, recent degradation in credit rating of the country by Fitch from 'B-' to 'CCC' on July 10, 2023 and maintained in December 2023, by Moody's from 'B3' to 'Caa3' on February 28, 2023 and by S&P's from 'B-' to 'CCC+' on December 22, 2022, the



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leading credit agencies, has adversely impacted the investors' confidence and there may be limited access to foreign financing & capital markets, if similar range of sovereign rating continues.

Accordingly, in view of the prevailing economic conditions and downgraded Country rating, it is requested that KE shall be allowed requested spreads over SOFR for foreign loans. Furthermore, in case the actual pricing of loan is lower than requested, the same shall be actualized at the time of Annual Investment Update and passed on to the consumers. Moreover, apart from above mentioned spreads of foreign loans, foreign borrowing also involves payment of Premium in case of ECA backed loans and incidence of tax on payments in case of both ECA backed and Foreign DFI loans. KE requests the Honorable Authority to allow:

- Premium based on actual which is expected to be on higher side from previous transactions owing to the downgraded country's rating and economic instability;
- (ii) Tax payments on premium and interest / markup, based on actual as allowed to other power sector entities with similar loan agreements. KE will submit a request for pass through of premium and tax as a separate cost, based on documentary evidence;
- (iii) Financing fees / transaction cost inclusive of taxes, which are allowed to other projects as a separate cost, shall also be allowed to KE as separate cost, based on documentary evidence; and
- (iv) Hedging cost shall also be allowed based on the formula (KIBOR SOFR + CAS+ Hedging Spread).

The above pricing of loans has been provided based on the prevalent economic outlook, however, in case actual pricing of loans turns out to be higher or lower than above, KE will request the Authority for adjustment in the requested pricing in order to recover prudent cost.

Impact of Currency Depreciation

KE has been informed by the State Bank of Pakistan that hedging will not be allowed in future which was also communicated to the Honorable Authority vide KE's letter having reference no. KE/BPR/NEPRA/2023/210, dated July 17, 2023. Accordingly, KE has not included hedging cost in the pricing of new and unhedged loans and instead foreign currency revaluation for all unhedged foreign loans is being requested.

Considering the above, in order to recover prudent cost incurred due to foreign currency devaluation, KE has devised a mechanism to determine effective cost of borrowing taking into account projected exchange rates and drawdowns as detailed in **Annexure B(iii)**. At the time of annual adjustment, the repayment of loans, markup payments and foreign exchange gain / loss on foreign loans will be reported to the Authority along with effective cost of foreign loan as per mechanism given in **Annexure F**. Moreover, for hedged loans, hedging cost has been requested consistent with the mechanism followed in MYT 2017-23. This mechanism would ensure prudent recovery of interest / markup costs along with foreign exchange devaluation on the principal portion of the unhedged foreign loan which was earlier covered through hedging.

Implementation of Secured Overnight Financing Rate (SOFR)

As the Authority is aware that SOFR has already superseded LIBOR as a new interest rate benchmark from June 2023 i.e., start of MYT 2024-30, consequently, instead of LIBOR, SOFR along with Credit Adjustment Spread (CAS) has been used as reference for computation of tariff. The CAS for 6-month tenor is 42.826 bps, for 3- month 26.161 bps and for 1-month tenor 11.448 bps and has been determined through historical median difference between USD LIBOR and SOFR over a five-year period, which has been adopted in the international market.



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Quarterly / Annual indexation / adjustment of Cost of Borrowing

- (i) Quarterly indexation for KIBOR
- (ii) Annual adjustment of Foreign Cost of Borrowing along with currency depreciation
- (iii) Annual adjustment in loan proportion (Foreign ECA, Foreign DFI and local loan)
- (iv) Provision for separate allowance for transaction cost, premium and tax related to foreign loans as period cost based on actual payment as discussed above

8. Metering Mechanism & Distribution Loss

8.1. Metering Mechanism

The distribution segment starts from network flowing from Grid Stations at 11 KV feeders to distribution transformers (PMTs / Sub stations) whereby transitioning the network from 11KV to 220/400 volts network.

The 11KV network is termed as High-Tension network whereas post transformer network is Low Tension network delivering 220/400 voltage. Consumers are connected to these networks through service cables & meters are installed at their premises to record their consumption and billing is done as per their meter reading.

8.2. Distribution Loss

KE's projected distribution loss based on approved loss reduction journey as part of investment plan for the period FY 2024 - 30 is appended below:

Description	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
Distribution loss %	14.24%	13.93%	13.49%	13.04%	12.72%	12.46%	12.26%

Detailed discussion on distribution loss has been already in covered in section 6.4.

Unit served means actual units received for distribution i.e., Units sent out net off transmission loss. For the purpose of calculation of Distribution loss, units served includes the sent out recorded at 11kV outgoing switches and dedicated consumer's meters which are being supplied at 132kV or above voltage levels.



9. Determination Sought

This section details the tariff asks and explains the need for a separate tariff instead of integrated tariff, keeping in view the learnings of MYT 2017-23 and upcoming market changes. Tariff being filed includes return structure based on Return on Regulatory Asset base and Depreciation, in line with MYT 2017-23.

9.1. Why proposing a change in I-MYT structure?

The Company has been operating under an integrated Multi-Year-Tariff (MYT) regime in the past, which included costs and returns for all three segments i.e., Generation (All plants), Transmission and Distribution based on Regulatory Asset Base (RAB). However, going forward KE has planned to file separate tariffs for these segments considering the following:

Greater transparency

While the costs for three segments are defined in the MYT 2017-23 determination, certain components such as base rate component and working capital component are not bifurcated segment wise. Similarly, Plant wise tariff bifurcation in case of Generation segment is not available. Therefore, KE understands that separate tariffs for Generation, Transmission Distribution and Supply, will not only provide greater transparency and insight regarding segment and plants performance to the company but also to the regulator and other stakeholders as well. Furthermore, this will also help to determine separate tariffs for generation plants and other segments while going into Central Dispatch system as part of the implementation of CTBCM model.

Power sector changes

Upon implementation of CTBCM model, it is proposed that the Bulk Power Consumers (BPCs) will be able to procure power directly through bilateral contracts and will only pay wheeling charges to the respective Transmission and Distribution Companies. Therefore, there is a need to determine wheeling charges along with a robust mechanism for indexation. Accordingly, KE is petitioning for separate tariff for transmission and distribution businesses to enable wheeling to ensure recovery of all prudent costs and to help in any future unbundling initiatives.

Moreover, considering Distribution and Supply are now separate licensed activities as per Sections 20 and 23E of the NEPRA Act, 1997 (as amended) as mentioned above, separate tariffs for Distribution and Supply businesses are being sought.

Further, separate tariffs for each segment would also help in any future unbundling initiatives.

Following sections discuss KE's petition with respect to separate tariff for distribution and its underlying assumptions:

9.2. What is KE petitioning for?

This petition seeks the following determinations:

- Tariff for a control period of 7 years (FY 2024 FY 2030) in line with MYT 2017-23;
- In line with MYT 2017-23, depreciation and Return on Regulatory Asset Base is being requested;
- Year wise return components are being requested for tariff consideration instead of levelized return through base rate adjustment component;
- Investment Plan revision mechanism is being proposed for below as summarized in section 10;



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- Annual investment update for changes in USD to PKR rates & US / Pak CPI, actualization of Custom duties, taxes, contingencies, IDC, along with downward adjustment on account of any amounts not invested and carry forward of investments to next years and other factors.
- Specific approval by NEPRA, on request of KE for any change in scope or timing of investments due to NEPRA / GoP directives, changes in demand, new technology, significant change in commodity prices etc. any time during the control period
- Quarterly indexation mechanism for cost of debt local, cost of equity and working capital tariff components is being requested to ensure recovery of prudent costs by KE as explained in below sections and summarized in **section 11**;
- Mechanism for recovery/pass through of Other Expense/Income and its annual adjustment as explained in section 9.3.2;
- Annual adjustment mechanism of Cost of Foreign debt along with currency depreciation is being requested as explained in section 7 and section 9.3.3;
- Annual adjustment mechanism of variation in units billed is being requested as per section 9.3.7;
- Annual mechanism for revision in distribution loss target pursuant to change in consumer mix including shifting of BPCs as per section 9.3.8;
- Return on Equity of USD 16.67% as currently allowed, along with indexation for changes in PKR to USD rates is being requested **as per section 9.3.3**;
- Working capital mechanism is being requested along with annual update of balances as per financial statements to allow recovery of prudent costs **as per section 9.3.5**;
- Approval for disposal/replacement of assets at the end of their useful life or in case the same is being replaced with better technology. Further, in case of any asset disposal other than part of its investment or operational plan (example real estate disposal), KE would seek specific pre-approval from the Honorable Authority as per **section 9.3.3**;
- Approval for one-time opener in tariff for revision in tariff in case of unbundling based on evidence and justification provided at the time of unbundling as per section 9.6 and 9.8;
- Approval for unrecovered cost of MYT 2017-23 as pass through in tariff as per section 9.7;
- Approval for sharing additional income from Regulated Assets / Income from Nonregulated business as per **section 9.9**; and
- Approval for mechanism for wheeling consumers as per section 9.10.



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9.3. Tariff Mechanism

This section explains in detail the tariff mechanism of distribution to ensure cost reflective tariffs including component wise indexation to ensure that the prudent costs of the Distribution business are adequately recovered.

Tariff break up is explained in detail in subsequent sections along with KE's proposed indexation mechanism for each tariff component.

For indexation purposes, following Indexation factors are proposed to be used, sources of which are given in the table below:

Indexation Factors	Sources	
Local Inflation (CPI)	Pakistan Bureau of Statistics (PBS)	
Foreign Inflation (US CPI)	US Bureau of Labor Statistics	
Exchange rates (PKR / USD)	National Bank of Pakistan	
KIBOR	State Bank of Pakistan (SBP)	
SOFR	Federal Reserve Bank of New York	

For tariff calculation purposes, KE has formulated CAPEX Investment plan over the proposed tariff period based on the values of macro-economic indicators for FY22 as detailed in **section** 6. These shall be indexed based on Investment Plan revision mechanism.

9.3.1. O&M expenses

The O&M expenses consists of costs related to salaries & wages of management / nonmanagement staff, outsourced manpower cost, fleet, fuel, third party services, PPEs, tools and uniforms, repair and maintenance expenses that are essential for smooth running of operations of the distribution network and to ensure reliability of electric supply of power to the consumers.

O&M Base Tariff Component Calculation Methodology

For tariff calculation purposes, KE has calculated O&M component (FY 24 and onwards) by taking actual O&M amount of FY 2023 i.e. **PKR 20,898 million**. KE requests NEPRA to index this amount for onward years with actual CPI of May each year against the reference **CPI of 227.96** as of May 2023, along with incorporating projected growth in units billed to cater for the increase in network capacity and consumer base.

It is pertinent to highlight that, KE has planned extensive capacity enhancement based on projected peak demand and increase in consumer base in the proposed control period. Accordingly, O&M is expected to increase beyond CPI indexation for the proposed control period i.e., FY 2024 – FY 2030. However, KE has not requested for additional O&M beyond CPI and projected sent-out growth and will target to cover this gap through bringing efficiency wherever possible. Therefore, KE has requested for O&M incorporating growth in units billed along with CPI indexation and requests not to apply any X factor as KE has not asked for any incremental O&M owing to proposed capacity enhancements and increase in consumer base.

O&M cost for FY 2023 i.e. PKR 20,898 million after indexation to May 2023 CPI and incorporation of projected growth in units billed for FY 2024, translates to PKR 29,666 million.

Furthermore, in accordance with the Authority's decision on the Investment plan, routine maintenance capital expenditures and multi-story busbar replacements have been excluded from Investment plan allowed amount, with the directive to take these up as part of O&M in tariff. Here we would like to highlight that, in KE's current MYT, the amount allowed in respect of O&M did not include capex nature related maintenance work and accordingly the same are



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required to be added in addition to O&M revenue requirement. Consequently, the corresponding expenses have been explicitly incorporated into the aforementioned O&M revenue requirement.

Description	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
O&M Revenue requirement*	29,666	31,161	32,319	33,235	33,923	34,575	35,159
O&M of capex nature transferred from investment plan (At FY-22 CPI)	820	812	813	813	1,527	1,528	1,578
O&M of capex nature transferred from investment plan at May -23 CPI	1,179	1,168	1,169	1,170	2,197	2,199	2,270
Total O&M revenue requirements	30,845	32,329	33,488	34,405	36,119	36,773	- 37,430

The revenue requirement of O&M for onward years is given below:

*based on reference CPI of May 23 along with projected growth in units billed.

The total amount of O&M i.e. PKR 30,845 million has been translated into PKR 1.9274 / kWh based on projected units billed for FY 2024.

The above O&M revenue requirement projections (FY 25 and onwards) are based on reference CPI of May 2023 which will be indexed with actual CPI for the month of May for onward years at the time of filing of Annual Adjustments as per section 9.3.6.

For illustrative purposes, the amount used to compute revenue requirement for FY 25 (i.e. **PKR 32,329 million**) will be indexed with CPI of May 2024 at the end of FY 24 as per Annual O&M indexation mechanism given below:

O&M(Rev)	$= O\&M_{(Ref)} \times CPI_{(Rev)}/CPI_{(Ref)}$
Where;	
O&M (Rev)	= Revised O&M amount for respective year
O&M (Ref)	= Reference O&M amount for respective year
CPI(Ref)	= Reference CPI of 227.96 (as of May 2023)
CPI(Rev)	= Revised CPI notified by Pakistan Bureau of Statistics for the month of
	May (May 2024 for FY 2025 and so on).

At the end of each year adjustment will be requested for any over / (under) recovery of O&M due to variation in units billed in order to allow recovery of CPI indexed projected O&M revenue requirement of that respective year. Here we would like to highlight that in case sent out is higher than included in the projected O&M revenue requirements the benefit will be passed on to the consumers and similarly in case of lower sent out the under-recovery will be adjusted in tariff. Further details of this are also mentioned in **section 9.3.6**.

KE would like to highlight that the above O&M includes items of other expense and other income excluding the items which are either to be actualised or excluded from tariff working. Please refer to section 9.3.2. Furthermore, for details of actual O&M please refer Annexure I.



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9.3.2. Other income / expense - specific items

Below other income / expense specific items are proposed to be actualized each year considering their unpredictable nature:

- exchange gain / loss, excluding exchange loss / gain on loans / borrowings / hedging instruments
- expenses incurred based on directives of NEPRA/GoP
- Demurrage
- Detention charges
- Miscellaneous income
- Service connection income / new connection income; and
- Collection income (E-Duty rebate, TV License fee etc.)

Actualized amounts of above items relating to Distribution shall be included in summary of Annual Adjustments form as given in **Annexure F**.

Furthermore, donations, LD recovered from suppliers and contractors, gain / loss on sales of Property plant and equipment, interest income on deposits, other interest income, Gain / loss on hedging instruments, liabilities written back / assets written off, penalties, scrap sales, return on bank deposits, and markup income/recovery etc. are proposed to be excluded from tariff workings and actualization.

9.3.3. Return on Regulatory Asset Base and Depreciation

Regulatory Asset base

Regulatory Asset Base is defined as Property, plant and equipment excluding surplus on revaluation including Capital work in progress and Intangibles (mainly software used for regulated business), net of Deferred revenue.

Legend	Description				
A	Opening Fixed Assets Cost				
В	apitalization				
С	isposal				
$\mathbf{D} = \mathbf{A} + \mathbf{B} - \mathbf{C}$	Closing Fixed Assets Cost				
E	Accumulated Depreciation				
F = D - E	Closing Fixed Assets – WDV				
G	Capital Work in Progress Closing				
H	Deferred Revenue – Closing				
$\mathbf{I} = \mathbf{F} + \mathbf{G} - \mathbf{H}$	Net RAB				

Regulatory Asset Base shall be calculated based on below formula:

RAB as of FY 2023 amounts to PKR 77,406 million.

Complete movement of RAB along with proposed additions (based on macroeconomic factors given in section 6.3) and depreciation is given in Annexure B (i).

Further, RAB shall be adjusted based on proposed Investment Plan revision mechanism, details of which are given under section 10.

KE as part of its investment plan would continue to dispose/replace assets at the end of their useful life or in case the same is being replaced with better technology. Further, in case of any



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asset disposal other than part of its investment or operational plan (example real estate disposal), KE would seek specific pre-approval from the Honorable Authority.

Moreover, KE has been allowed CAPEX of support functions, mainly Information Technology, cyber security and civil works amounting to **PKR 17,506 million** for the next control period along with its indexation mechanism as detailed in **section 10**. Furthermore, return component i.e., Return on regulatory asset base and depreciation for support function have been calculated and allocated to distribution segment, calculation of which is given in **Annexure B(ii)**.

Moreover, KE understands that the return and depreciation on the investments executed during the control period, would continue post expiry of control period to ensure recovery of prudent costs incurred.

<u>Return</u>

Return shall be calculated based on Return on Equity, cost of debt and Debt to Equity ratio.

<u>Debt Equity ratio</u>

Debt to equity ratio of 70:30 has been considered as allowed under MYT 2017-23 (subject to discussion in **section 3.2** regarding Debt to equity ratio).

Cost of Debt

Cost of debt for local component shall be calculated based on 3 month KIBOR plus a spread of 2.5% and cost of debt for foreign component shall be calculated based on 3 month SOFR plus CAS plus spread of 4.5% on ECA backed loans and 5.8% for DFI backed borrowing along with currency devaluation exposure as explained in **section** 7.

Accordingly, cost of debt has been calculated using reference 3-month KIBOR of **22.91%** (as at June 30, 2023), reference 3 month SOFR of **5.00%** (as at June 30, 2023) based on estimated local to foreign debt ratio of **85:15** on a year-on-year basis, basis of which is provided in the proposed financing plan under section 7.

Based on projected RAB movement, Return on Regulatory Asset Base – Cost of Debt (RoRBCoD) has been calculated for every year as per the approved Investment Plan detailed in section 6.

Accordingly, Return on Regulatory Asset base – Cost of debt (RoRBCoD) comes out to **PKR 0.9949** / **kWh** including RoRBCoD local of **PKR 0.8646** / **kWh** and RoRBCoD foreign of **PKR 0.1303** / **kWh** for FY 2024.

RoRBCoD Local(Rev)	RoRBCoD Local _(Ref) for relevant year x CoD Local _(Rev) / CoD Local _(Ref)			
Where;				
RoRBCoD Local(Rev)	= Revised Local RoRB cost of debt component of tariff			
RoRBCoD(Ref)	= Reference Local RoRB cost of debt component of tariff			
CoD Local(Rev)	= 3 month KIBOR _(Rev) + 2.5%			
CoD Local(Ref)	= 3 month KIBOR _(Ref) of 22.91% + 2.5% which comes out at 25.41% as of 30 th June 2023			
KIBOR _(Rev)	The revised 3 month KIBOR as published by State Bank of Pakistan latest available at the start of each quarter i.e., 1 st July, 1 st October, 1 st Jan, and 1 st April.			
KIBOR _(Ref)	= The reference 3 month KIBOR of 22.91% as of 30 th June 2023			

KE proposes that RoRBCoD shall be indexed based on changes in KIBOR for local portion of cost of debt at the start of each quarter as follows:



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Moreover, at the end of the year, any over / under recovery of RoRBCoD arising due to:

- Proposed Investment plan revision mechanism, as detailed in section 10;
- Change in foreign portion of RoRBCoD, SOFR along with exchange rate variation and effective actual KIBOR for local portion, should be adjusted annually;
- Any change in allowed spreads as explained in section 7; and
- Actualization of foreign & local loan mix, as detailed in section 7

will be filed as per the detailed mechanism given in Annexure F.

Furthermore, the following items pertaining to borrowings (also explained in section 7) have been requested as passthrough as these are the legitimate cost associated with loan facilities:

- (i) Premium:
- (ii) Tax payments on premium and interest / markup; and
- (iii) Financing fees / other transaction costs including taxes.

RoRBCoD calculation is provided in Annexure B (i).

Cost of Equity

Keeping in view currently allowed returns, return on equity of USD based 16.67% is being requested. Based on projected RAB movement, Return on Regulatory Asset Base - Cost of Equity (RoRBCoE) has been calculated for every year as per the approved Investment Plan detailed in Section 6.

Accordingly, Return on Regulatory Asset Base - Cost of Equity (RoRBCoE) comes out to PKR 0.5535 / kWh for FY 2024. RoRBCoE on a year-on year basis is provided in Annexure B (i).

RoE is proposed to be indexed based on changes in USD to PKR exchange rate at the start of each quarter as per the below formula:

RoRBCoE(Rev)	= RoRBCoE _(Ref) for relevant year x ER _(Rev) / ER _(Ref)	
Where;		
RoRBCoE (Rev)	= Revised RoRB cost of equity component of tariff	
RoRBCoE (Ref)	= Reference RoRB cost of equity component of tariff	
ER _(Rev)	 The Revised TT & OD selling rate of USD as notified by Nation of Pakistan latest available at the start of each quarter i.e., 1st October, 1st Jan, and 1st April. 	al bank July, 1 st
ER _(Ref)	= The Reference exchange rate of PKR 287.10 / USD 30 th June 2023	as of

For the purpose of Exchange rate indexation, indexation with reference to FY 2016 has been calculated considering weightage of RAB each year till FY 2023 in line with mechanism used by NEPRA in the MYT 2017-23. Accordingly, reference indexed cost of equity has been calculated using reference exchange rate of PKR 287.10 / USD (as of 30th June 2023). Please refer calculation in Annexure C. Further, the exchange rate will change year on year based on new investments which has been given in Annexure B (i) - RAB movement.

Further, at the end of each year, changes in RAB as detailed in proposed investment plan revision mechanism in section 10, will also impact calculation of Indexation. Accordingly, Annexure C will be re-calculated whenever RAB is updated under Investment Plan revision and Indexed RoE shall be updated accordingly as part of Annexure F.



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Depreciation

Depreciation shall be calculated every year using a depreciation rate of **3.98% per annum** based on current depreciation rates, that accounts for different asset lives, residual value of assets and assets still in service despite fully depreciated.

As detailed in **Annexure B(i)**, the depreciation amount is computed by applying the above rate on average of opening and closing cost of assets which comes out to **PKR 0.4669** / **kWh** for FY 2024.

9.3.4. Amortization of Deferred Revenue

Currently two different type of Deferred Revenue treatments exist in the company that are as follows:

- 1. Related to Sharing Charges: It includes funds paid by customers for utilizing existing installed capacity for their dedicated connection as per Sharing Policy. For these customers, similar to MYT 2017-23, KE proposes to deduct deferred revenue from RAB as it represents consumer funded assets. Accordingly, income on amortization of deferred revenue shall be included in other income component of tariff to offset the related depreciation allowed in tariff.
- 2. Related to Dedicated Consumer Funded scheme: It relates to the dedicated consumer funded schemes

For additions to deferred revenue, as explained in **section 6**, keeping in view the subjectivity of timing and scope involved in relation to the consumer funded assets and sharing receipts, KE has not included the same in estimated plan and requests the Authority to allow deferred revenue addition on actual basis from FY24 onwards for which KE has proposed Annual Investment Update as explained in **section 10**.

On the basis of movement in deferred revenue, amortization shall be calculated every year assuming a rate of **6.32% per annum** to be applied on unamortized deferred revenue.

Accordingly, amortized revenue base component based on additions till FY23 comes out to $(PKR \ 0.1890) / kWh$ for FY 2024.

Amortization calculation is provided in Annexure B(i).

9.3.5. Cost of working capital

To allow recovery of prudent cost, KE requests NEPRA for a working capital mechanism based on below formula:

Legend	Working Capital Components
A	Stores & spares equal to 3% of gross fixed assets
В	Trade receivables (based on normal billing cycle of 30 days)
C	Cash & bank balances (1/6 of O&M expenses)
D = A + B + C	Current Assets
E	Current liabilities (2/3 rd of current assets)
F= D – E	Net Working Capital



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Legend	Working Capital Components	
G	Cost of Debt (KIBOR + short term spread)	
H = F x G	Cost of working capital	
I	Projected units billed	
J = H / I	Working capital per unit	

Working capital component has been calculated for the control period based on projected movement of balances year on year and reference **3 month KIBOR of 22.91%** as at June 30, 2023 plus a short term spread of **2%**.

Accordingly, working capital base component comes out to PKR 0.0821 / kWh for FY 2024. Working Capital component calculation is provided in Annexure D.

Cost of working capital shall be indexed with actual 3 month KIBOR at the start of each quarter as per the below formula:

W.C.(Rev)	=	W.C. _(Ref) x CoB _(Rev) / CoB _(Ref)
Where;		· · · · · · · · · · · · · · · · · · ·
W.C.(Rev)	н	Revised Working capital component of Tariff
W.C.(Ref)	=	Reference Working capital component of Tariff
CoB _(Rev)	=	Revised Cost of borrowing; 3 month KIBOR _(Rev) + 2%
CoB _(Ref)	=	Reference Cost of borrowing; 3 month KIBOR _(Ref) + 2% which comes out to 24.91% as 30 th June 2023
KIBOR _(Rev)	=	The revised 3 month KIBOR as published by State Bank of Pakistan latest available at the start of each quarter i.e., 1 st July, 1 st October, 1 st January, and 1 st April
KIBOR _(Ref)	: =	The reference 3 month KIBOR of 22.91% as of 30th June 2023

Further, after each year end, the working capital requirement shall be updated based on balances as per financial statements & given formula and any impact of under/over recovery shall be allowed in next year. Further, the balances going forward for the remaining control period shall also be recalculated based on given formula after each year end.

Accordingly, working capital requirement shall be actualized for current year over / under recovery adjustment and simultaneously updated for next year as per below formula:



Legend	Working Capital Components			
A	Stores & spares 3% of gross fixed assets			
В	Trade receivables (based on normal billing cycle of 30 days).			
С	Cash & bank balances (1/6 of O&M expenses)			
D	Annual adjustment (as per Form 2.1 of Annexure F)			
E = A + B + C + D	Current Assets			
F	Current liabilities (2/3 rd of current assets)			
G = E - F	Net Working Capital			
H	Cost of Debt (KIBOR + short term spread)			
I = G x H	Cost of working capital			
J	Actual units billed			
K = I / J	Working capital per unit			

Allocation of RoRB relating to Support functions

KE has support RAB as of FY 2023 at PKR 2,684 million as provided in Annexure B(ii).

Returns on RAB of support functions has been calculated for the proposed control period FY 2024 – FY 2030 and have been allocated in Transmission and Distribution.

Considering nature of use of Support Assets, Support returns have been allocated to transmission and distribution segments based on the ratio of FY 2023 O&M costs:

Business Segment	Legend	PKR Mn	Calculation	Ratio
Transmission	А	3,861	D = A / C	16%
Distribution	В	20,142	E = B / C	84%
Total	C = A + B	24,004	$\mathbf{F} = \mathbf{D} + \mathbf{E}$	100%

For the purpose of support allocation, return components have been calculated on projected support RAB movement in the ratio of 16% and 84% to Transmission & Distribution respectively as shown in table above and subsequently, indexed as per the mechanism explained in section 9.

9.3.6 Annual Adjustments

KE has prepared a mechanism for annual adjustments as illustrated in **Annexure F** through multiple forms under which KE will file:

- 1) Under / over recovery on account of actualization of units billed as per Form 2.2;
- 2) Under / over recovery on account of actualization of working capital components as per Form 2.3;



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- 3) Under / over recovery on account of Annual investments update as per Form 2.4.2 also covering impact of updated RoE (Form 2.4.3) and Cost of Debt (Form 3.4); and
- 4) Under / over recovery in revenue requirement due to adjustment in distribution loss target pursuant to change in consumer mix including shifting of BPCs as per Form 3.3.

It is pertinent to mention that upon filing of abovementioned adjustments, KE will submit a revised tariff table, for the remaining control period. This revised tariff table will reflect any changes resulting from the aforementioned adjustments.

9.3.7. Units Billed

Revenue requirement for the control period of 7 years i.e., FY 2024 – 2030 shall be calculated based on projected units billed.

KE is proposing actualization of units billed due to variations in units served at allowed distribution loss each year as allowed to other DISCOs, as the same is based on multiple uncontrollable factors including economic growth, Government policies, incentive packages etc.

KE shall submit details of under / over recovery after completion of a financial year, and the impact of under / over recovery shall be adjusted in remaining part of next year as Prior year cost.

Please refer illustration for the proposed mechanism given in Form 2.2.

9.3.8 Adjustment of Distribution loss targets due to impact of change in sales mix

Current projections of Distribution losses as given above are based on current consumer base and growth assumed therein which also includes BPCs (above 11kV). In case of changes in sales mix including shift to open market by BPCs above 11kV, the overall Distribution losses will be impacted. Therefore, for Distribution business, Distribution loss target will have to be adjusted, otherwise it will result in under / over recovery of cost.

KE would like to humbly highlight through illustration that how if no adjustment mechanism is allowed, this would lead Distribution business to under recovery of allowed losses and how the proposed mechanism would ensure full recovery of allowed losses:

Description	Legend	Unit	Units	Units- billed	Distribution Hoss	t - Comments
			i	li	iii = i - ii / i	
Allowed losses						
Below 11 kV consumers	A	GWh	14,269	11,761	17.58%	
11 kV consumers	В	GWh	3,394	3,246	4.36%	Projected units billed on allowed distribution loss
Above 11 kV consumers	с	GWh	997	997	0.00%	
Total	D =A + B + C	GWh	18,660	16,004	14.24%	



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Description	Legend	Unit	Units served	Units billed	Distribution loss	Comments		
		21.02104352225	i	Ii	iii = i - ii / i			
Illustration I – Under recovery								
Below 11 kV consumers	E	GWh	13,542	11,162	17.58%			
11 kV consumers	F	GWh	1,527	1,461	4.36%	Actual units billed on allowed distribution loss		
Above 11 kV consumers	G	GWh	399	399	0.00%			
Revised allowed distribution loss	H = E + F + G	GWh	15,468	13,021	15.82%	Allowed Loss adjusted for impact of change in consumer mix		
Incremental Distribution Loss	I=H-D				1.6%			
Units lost	J=I*H(i)	GWh			(245)			
		Illustratio	n II – Over	recovery				
Below 11 kV consumers	ĸ	GWh	9,152	7,543	17.58%			
11 kV consumers	L	GWh	4,921	4,706	4.36%	Actual units billed on allowed distribution loss		
Above 11 kV consumers	М	GWh	1,396	1,396	0.00%			
Revised allowed distribution loss	N = K + L + M	GWh	15,468	13,645	11.79%	Allowed Loss adjusted for impact of change in consumer mix		
Reduced Distribution Loss	O=N-D				(2.4%)			
Units saved	P = O*N(i)	GWh			379			

Accordingly, proposed mechanism for adjustment of yearly Distribution losses for regulated consumers is given in **Annexure F.**

The unrecovered cost impact relating to the aforementioned adjustment for the year, as an annual adjustment for each fiscal year, is given in **Supply Tariff petition**.

9.4. Comparison of existing and proposed tariff

While KE is filing for a separate tariff for distribution segment, the tariff structure is similar to MYT 2017-23 with no X-factor.

The requested O&M component is based on actual FY 2023 O&M expenses, i.e. **PKR 1.3059 / kWh** (excluding CPI indexation impact from May 2022 to May 2023). This is comparable to the Distribution O&M allowed in the MYT 2017-23, i.e. **PKR 1.2462 / kWh** (bifurcated at **81%** for Distribution and **19%** for Supply based on FY 23 break up), reflecting a marginal variation of **PKR 0.0596 / kWh**.

Further, KE has included routine maintenance CAPEX nature expenses that are excluded as per the investment plan decision as part of O&M component having an impact of



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PKR 0.0737 / kWh, resulting in total requested O&M component of PKR 1.9274 / kWh, inclusive of CPI impact of PKR 0.5479 / kWh.

Further, KE is proposing actualization of units billed (as given in **Annexure F**) due to variations in units served at allowed distribution loss each year as allowed to other DISCOs, as the same is based on multiple uncontrollable factors including economic growth, Government policies, incentive packages etc.

In addition, KE has benchmarked O&M with O&M costs allowed to other power sector entities as detailed in **Section 9.5**.

Further, in line with working capital mechanism allowed to NTDC and requested by KE in Transmission petition, KE is also requesting for cost of working capital to ensure smooth operations of the distribution segment and hence, ensure uninterrupted supply of power to the consumers. Accordingly, KE has requested a cost of working capital of **PKR 0.0821 / kWh** for FY 2024. No separate component of working capital was considered for distribution business earlier.

Further, Return on Regulatory Asset Base tariff components including RoRBCoD, RoRBCoE and depreciation have been calculated based on proposed addition to RAB, with same Return on Equity i.e., **USD 16.67%** as currently allowed under the existing MYT. However, change in RoRB components as compared to MYT 2017-23 is due to change in Macro-economic factors and increase in investments made to ensure reliability and continuity of smooth supply to consumers.

Moreover, year wise return components are being requested for tariff consideration instead of levelized return through base rate adjustment component.

Description	Sent outs (GWh)	Distribution (PKR Mn)	Supply (PKR Mn)	Total (PKR Mn)	O&M PKR Per kWh
	A	В	С	$\mathbf{D} = \mathbf{B} + \mathbf{C}$	$\mathbf{E} = \mathbf{D} / \mathbf{A}$
KE	18,357	16,106	3,464	19,570	1.07
GEPCO	11,440	18,799	5,265	24,064	2.10
QESCO	6,005	6,624	1,919	8,543	1.42
SEPCO	3,869	7,213	981	8,194	2.12
HESCO	4,917	9,100	845	9,945	2.02
MEPCO	19,506	19,714	4,375	24,089	1.23
PESCO	15,255	12,850	7,052	19,902	1.30
FESCO	16,041	16,140	5,732	21,872	1.36
IESCO	11,724	14,307	3,307	17,614	1.50
LESCO	26,032	27,540	2,041	29,581	1.14

9.5. O&M Cost Comparison with other entities

Comparison of O&M Costs (net-off other income) with DISCOs based on FY 2023 is as follows:

Note: In case of DISCOs, Distribution also includes 132 kV. Source: DISCOs Tariff Determinations



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As seen above, KE is better than DISCOs in terms of per unit sent out. Here it is important to note that DISCOs O&M also include 132 kV network cost and accordingly if KE's Transmission segment O&M including 220 kV network and system operations is included the total O&M increases to 1.36 per unit sent out, which is still significantly better than the regional DISCOs (HESCO and SEPCO). It is also important to consider that as compared to DISCOs, KE carry outs 220 kV operations, System Operation and also is responsible for transmission planning and procurement of its power. In addition to above, KE faces significantly higher operational challenges as compared to DISCOs where due to lack of planning and influx of katchi abadis, KE has to deal with significant amount of KUNDA connections, carry out several thousand disconnections each month, manage complaints due to frequent and in many cases unauthorized/uninformed road cutting/digging etc. which results in increase in O&M requirements. However, despite these challenges, KE remains resolute in provision of better services to its consumers and request NEPRA to consider KE request for O&M to allow KE to ensure prudent recovery of costs.

9.6. Pass through items - Corporate tax and WPPF / WWF

Currently, KE is an integrated entity therefore Corporate tax and WPPF / WWF on overall company level are pass through items within the MYT 2017-23.

Considering that legal structure will remain same, KE is proposing that Corporate tax and WPPF / WWF shall be passed through to consumers in Supply Tariff.

However, going forward, in case of any change in legal structure whereby a Corporate tax and WWF / WPPF is separately levied on distribution business, same shall be passed through as done in case of other private entities.

9.7. Costs relating to MYT 2017-23

Any unrecovered cost pertaining to MYT 2017-23 and not recovered in MYT 2017-23 shall be included as unrecovered cost in the quarterly tariff adjustments to be filed.

9.8. Costs pursuant to Unbundling in future

In future, if there is any legal unbundling, KE will file for one-time adjustment for additional costs /revision required in tariffs pursuant to unbundling with NEPRA for determination along with rationale.

9.9. Income from Non-regulated business / Additional income from Regulated Assets

KE would like to submit that any income / revenue which is not part of regulated activities e.g., income from K-Solar, shall not be passed through / form part of Tariff. Further, in case if Regulatory Asset Base is simultaneously used for regulated business as well as any other activity without impacting consumer services, the additional income shall be shared in the ratio of 50:50 between KE and consumers.

9.10. Mechanism for Wheeling consumers

Units served for the purpose of tariff shall include both, Units served for regulated consumers as well as Units served for Non-regulated consumers and units served adjustment and revenue requirement for Distribution segment to be passed on to Supply business shall be calculated accordingly.

Further, KE understands that the wheeling charges, including use of system charges, open access costs and cross subsidy are required to be recovered on uniform basis and subject to determination by Authority and these will be deducted at actual while calculating the revenue requirement for regulated consumers in supply business.



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In addition to wheeling charges, here it is important to highlight that any bilateral contract between a BPC and a Competitive Supplier must ensure grossing up of BPC demand to account for the allowed level of technical losses as determined by NEPRA for KE's Distribution segment such that the total demand to be served by the Competitive Supplier for the respective BPC is inclusive of the allowed losses determined by NEPRA for KE's distribution network. Any shortage or excess energy (imbalances) shall be recovered / adjusted from BPCs/Competitive Supplier as per the applicable provisions of the regulatory framework and passed on to regulated consumers. Moreover, in case wheeling of power involves another DISCO / NTDC network, KE as part of its CTBCM Evaluation & Integration Plan currently under NEPRA approval, has already requested clarity from NEPRA on treatment of losses in such cases.

Further, cost of open access and cross subsidy or other charges recovered from consumers pursuant to open access costs determined by NEPRA shall be recovered from consumers as per the applicable framework and be adjusted as part of Supply business tariff adjustments.

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10. Proposed Investment Plan Revision Mechanism

Under the new MYT 2024-30, tariff components i.e., RoRB – Cost of Debt, RoRB – Cost of equity, depreciation and amortization of deferred revenue shall be calculated for the control period of 7 years i.e., FY 2024 – 2030, based on approved investment plan and current macroeconomic factors including exchange rates, KIBOR, SOFR and estimated mix of foreign and local borrowings.

These amounts will be required to be indexed for changes in macroeconomic factors such as variation in exchange rates, KIBOR, SOFR, Pak / US CPI. Further, these amounts will also have to be revised in the event of any changes in scope of investments including revision in phasing of investments owing to NEPRA / GoP directives, unforeseen situations. Accordingly, KE has proposed a mechanism for periodic revision in the investment plan, and adjustment of the tariff components accordingly.

10.1 Proposed indexation and annual adjustment mechanism

Annual Investment Update – Annual investment update shall be carried out to account for changes in the following:

- USD to PKR rates for foreign CAPEX The revised exchange rate shall be the average of 12 monthly exchange rates (i.e. last available rate for each month);
- US CPI for foreign CAPEX The revised US CPI shall be the average of 12 month as published by US Bureau of Labor Statistics;
- Pak CPI for local CAPEX The revised PAK CPI shall be the average of 12 month as published by PBS;
- Actualization of Custom duties, IDC & contingencies, alongwith supporting evidence of the claimed amount:
- KIBOR, Foreign cost of debt, Foreign / local loan ratio, and indexation on RoRBCoE;
- Downward adjustment on account of any amounts not invested and carry forward of investments to next years; and
- Adjustment to account for amount specifically approved during the year.

While doing Annual Investment update, investments for remaining years of control period shall be indexed to aforementioned macro-economic factors including Exchange rate, USCPI and Pak CPI.

Timeline for application of exchange rate & CPI indexation

For execution of investment plan a sustainable cost-reflective tariff is a key pre-requisite. This tariff is crucial for KE to obtain Board approvals, secure funds and negotiate financing with both local and international lenders for undertaking this investment plan. In the absence of tariff, the execution of investments has been delayed. Consequently, this will cause delays in meeting the approved completion timelines based on which the Investment Plan was prepared and approved. In this regard, KE humbly requests the Authority that the allowed completion period shall be taken as the period requested by KE for completion of planned investments with the addition of days between the date of Distribution, Transmission and Supply tariff determination, whichever is later, and July 01, 2023.

Furthermore, if the anticipated increase in consumer demand and sentouts differs from the initial projections, based on which the Investment plan was devised, KE will seek NEPRA's approval for revisions with necessary justifications.



2
Annual Investment Update scenarios

At the end of fiscal year, KE shall submit the impact of over/under investments based on actual amount invested compared with the allowed Distribution CAPEX updated on Macro economic factors of completed year and actualization of other factors.

Calculation for revised allowed CAPEX is given below:

Description	Reference Factors	Updated factors - Average FY 2024*
US CPI	282.03 – FY 2022	319.33
Pak CPI	158.48 – FY 2022	250.76
PKR / USD	206 - 30 th June 2022	314.59

*Sample numbers used for illustrative purposes only. These will be actualized at year end.

Description	Legend	FY 2024
Base CAPEX	A	24,540
CAPEX after indexation - [Base Capex - FCC x 319.33 / 282.03 x 314.59 / 206 + Base Capex – LCC x 250.76 / 158.48]	В	41,352
Actualization of IDC, Taxes & Custom duties, Contingencies and others	C	1,673
Allowed indexed CAPEX	$\mathbf{D} = \mathbf{B} + \mathbf{C}$	43,025

This comparison shall be made on total allowed amount and there can be multiple scenarios, as explained below:

Scenario No.	Scenario	Treatment
Scenario 1	Actual CAPEX incurred is equal to the updated allowed indexed CAPEX	Updated allowed indexed CAPEX to be considered for RAB
,Scenario 2	Delay in CAPEX i.e. CAPEX in a year is lower than updated allowed indexed CAPEX	Actual CAPEX (being lower) to be considered for RAB Carry forward the remaining to next year and shall be considered part of allowed CAPEX for next year.
Scenario 3	Early CAPEX incurred i.e., CAPEX in a year is higher than allowed indexed CAPEX without any specific approval by NEPRA	The overspent amount is proposed to be netted off from the amount allowed in next year
Scenario 4	Higher CAPEX incurred based on NEPRA's specific approval	Actual CAPEX to be allowed and made part of RAB

Accordingly, this mechanism will ensure provision of a defined indexation mechanism and will also give some flexibility to KE to move investments between years and investment heads to meet its operational needs, scope changes, sharp exchange variation at the end of the period which cannot be recovered through average indexation mechanism and price shocks.



Scenario 1 - Actual CAPEX incurred is equal to the updated allowed indexed CAPEX

Description	Legend	FY 2024
Actual CAPEX incurred	А	43,025
Allowed Indexed CAPEX	В	43,025
Amount (under spent) / over spent	C = A - B	-

Scenario 2 - Delay in CAPEX i.e. CAPEX in a year is lower than allowed indexed CAPEX

Description	Legend	FY 2024	FY 2025
Allowed indexed amount	A	43,025	41,891
Actual amount	В	37,034	47,882
Amount (under spent) / Over spent	C = B - A	(5,991)	5,991
Carry forward from previous year	D		5,991
Revised allowed CAPEX	E= Lower of B or A+D	37,034	47,882

Scenario 3 – Early CAPEX incurred i.e. CAPEX in a year is higher than allowed indexed CAPEX without any specific approval by NEPRA

Description	Legend	FY 2024	FY 2025
Allowed indexed amount (as per scenario 1 above)	A	43,025	41,891
Actual amount	В	44,650	40,266
Amount (under spent) / Over spent	C = B - A	1,625	` (1,625)
Amount to be allowed	$\mathbf{D} = \mathbf{A}$	43,025	· 40,266
Over spent amount not considered for FY 2024 and to be added to actual investments in FY 2025	E=C		1,625
Revised allowed CAPEX	F= Lower of A or B+E	43,025	41,891



Description	Unit	FY 2024	FY 2025
Allowed indexed amount	A	43,025	41,891
Amount specifically approved	В	2,500	
Total allowed amount	C = A + B	45,525	41,891
Actual amount	D	45,525	36,236
Amount (under spent) / Over spent	$\mathbf{E} = \mathbf{D} - \mathbf{C}$		(5,655)
Amount to be allowed	$\mathbf{F} = \mathbf{D}$	45,525	
Net amount to be carried forward from FY 25 to FY 26	G = E		(5,655)
Revised allowed CAPEX	H = Lower of C or D	45,525	36,236

Scenario 4 - Higher CAPEX incurred based on NEPRA's specific approval

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Impact of change in the allowed investments on RoRB and Depreciation for the completed year shall be included in the last quarterly variation of the year and these shall be updated for FY 2025 accordingly.

Based on above mechanism, RoRBCoD, RoRBRoE, Depreciation and Amortization of Deferred revenue base components shall be adjusted.



11. Summary of Base Tariff FY 2024 & Indexation Mechanism

In view of the foregoing and considering the significant changes in tariff structure, component wise indexation mechanism is requested to ensure recovery of prudent costs critical to ensure quality of service summary of which is appended below:

Tariff Components	Tariff – PKR / kWh	Indexation Mechanism	References
O&M expense	1.9274	Indexed annually with Pak CPI	• CPI of 227.96 for May 23
Amort. of Deferred Revenue	(0.1890)	Adjustment for Revision in Investment plan for Additions	_
Working Capital	0.0821	 Indexed quarterly with KIBOR and annual adjustment for changes in working capital requirements based on actualization of balances 	 KIBOR of 22.91% as of 30th June 2023
RoRB - Cost of Debt	Foreign – 0.1303 Local – 0.8646 Total – 0.9949	 Local component to be Indexed quarterly with KIBOR Foreign component actualised annually with prevalent exchange rates at principal repayment date and actual markup payments Adjustment for Revision in Investment plan & Foreign/ Local Loan Proportion & Change in Allowed Spreads 	 KIBOR of 22.91% as of 30th June 2023 SOFR of 5.00% as of 30th June 2023 Exchange rate of PKR 287.10 / USD as of 30th June 2023
RoRB - Cost of Equity	0.5535	 Indexed quarterly with USD to PKR exchange rate Adjustment for Revision in Investment plan 	 Exchange rate of PKR 287.10 / USD as of 30th June 2023
Depreciation	0.4669	 Adjustment for Revision in Investment plan 	
Total Base Tariff	3.8357		
Units billed Adjustment		 Annual Adjustment for under/over recovery as explained in section 9. 	
Investment Plan revision Mechanism		 Investment plan revision mechanism as explained in section 10 	



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12. Summary of Evidence

- Included in the body of petition and annexures



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Sign by Authorized Representatives – Distribution Tariff

- 1. Syed Moonis Abdullah Alvi, Chief Executive Officer
- 2. Muhammad Aamir Ghaziani, Chief Financial Officer

3. Fawad Ali Gilani, Chief Distribution Officer



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Annexures

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List of Annexures

Annexure	Description
A	Tariff Table
	Projected Regulatory Asset Base (RAB) Movement
	RoRBCoD tariff component
B (i)	RoRBCoE tariff component
	Depreciation tariff component
	Amortization of Deferred Revenue tariff component
B (ii)	Allocation of Support RoRB
B(iii)	Cost of debt – Foreign and foreign/local loan mix
С	Calculation of Indexation for RoE component
D	Projected Working Capital Requirement
E	O&M Expenses (tariff component)
F	Illustration of Indexation Mechanism (indexation forms)
G	Audited Financial Statements FY 2023
H	Units & losses
I	O&M Breakup



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Glossary

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Acronym	Definition
ABC	Aerial Bundled Cables
ADMS	Advanced Distribution Management System
BPC	Bulk Power Consumers
CAPEX	Capital Expenditure
CSM	Customer Service Manual
CTBCM	Competitive Trading Bilateral Contract Market
DDS	Dedicated Distribution System
DISCOs	Distribution Companies
DNA	Distribution Network Academy
DT	Distribution Transformer
ECA	Export Credit Agency
FMO	Dutch Entrepreneurial Development Bank
GIS	Geographical Information System
GOP	Government of Pakistan
HT	High Tension
KE	K – Electric Limited
KIBOR	Karachi Interbank Offered Rate
kVAR	Kilovolt Ampere Reactive
LIBOR	London Interbank Offered Rate
LT	Low Tension
MDMS	Meter Data Management System
MVA	Mega Volt Ampere
MYT	Multi Year Tariff
NEPRA	National Electric Power Regulatory Authority
NIP	Network Improvement Plan
NTDC	National Transmission & Despatch Company
0&M	Operating & Maintenance
PBS	Pakistan Bureau of Statistics
PMTs	Pole Mounted Transformers / Distribution Transformers
RAB	Regulatory Asset Base
ROE	Return on Equity
RoRB	Return on Regulatory Asset Base
RoRBCOD	Return on Regulatory Asset Base - Cost of Debt
RoRBCOE	Return on Regulatory Asset Base - Cost of Equity
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SBP	State Bank of Pakistan
SCADA	Supervisory Control and Data Acquisition
SOFR	Secured Overnight Financing Rate
T&D	Transmission & Distribution



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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Tariff table - FY 2024 and onwards

.

1) Base Tariff summary

	h=sum(a:g)	3.8357	4.1212	4.3657	4.5512	4.7726	4.9086	5.0232
Wehnerenter	τΩ	0.0821	0.0822	0.0868	0.0907	0.0949	0.0986	0.1015
Percelation	ł	0.4669	0.5086	0.5572	0.6025	0.6466	0.6878	0.7281
itor//WV/Noti	Ð	0.5535	0.5998	0.6388	0.6631	0.6849	0.7007	0.7127
listulõrtilõrtila ridite çéetter formula riditerula	d.	0.1303	0.1540	0.1722	0.1853	0.1965	0.2053	0.2116
Rode Ostof Borowne local	U	0.8646	1.0218	1.1422	1.2292	1.3033	1.3617	1.4036
	q	(0.1890)	(0.1686)	(0.1523)	(0.1387)	(0.1273)	(0.1170)	(0.1078)
OT/N	P	1.9274	1.9232	1.9208	1.9190	1.9737	1.9716	1.9734
		2024	2025	2026	2027	2028	2029	2030
And			-	I m	4	<u>م</u>	9	7

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	FY 2	5,00
	24 to	6.10
	FY 20	
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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Projected Regulatory Asset Base (RAB) Movement									-	Annexure B(I)
				5(202)	NROLEN S	A POLICY AND		A DESCRIPTION OF THE PARTY OF THE	UNICE IN COLUMN	AV20501C
Assumptions										
Projected Units Billed	GWh	ū		16,004	16,810	17,435	17,929	18,300	18,652	18,967
Danceriation rate %	%	al		3.98%	3.98%	3.98%	3.98%	3.98%	3.98%	3.98%
deprectation rate to Amortization Deferred Revenue %	2 %	a2		6.32%	6.32%	6.32%	6.32%	6.32%	6.32%	6.32%
Cost of Debt - Foreign including currancy depreciation	%	٩		22,42%	22.42%	22.42%	22.42%	22.42%	22.42%	22.42%
Cost of Deht - Local								:		
KIBOR	%	Ü		22.91%	22.91%	22.91% 2.50%	22.91% 2.50%	22.91%	22.91% 2 50%	%T6.22 %D5 C
Spread	%	61		2.50%	2.50%	2.20%	2010.2	2010 30	25.01%	75.41%
CoD - Local	%	c2 = c + c1		25.41%	%T#'C7	o/T+r C7	0/14/07	N74-77		
Debt %	%	q		70%	70%	%04	. 70%	20%	70%	20%
Foreign Debt % - Estimated	8	e = Annexure B(iii)		15%	15%	15%	15%	15%	15%	315% 211
Local Debt % - Estimated	%	f = Annexure B(iii)		85%	85%	85%	85%	85%	85%	%CX
Weighted average cost of debt	%	g = (b x e) + (c2 x f)		24.97%	24.97%	24.97%	24.97%	24.97%	24.97%	24.97%
Equity %	%	.e		%0E	30%	%0E	30%	30%	30%	30%
Cost of Equity - Base	*			16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%
Cost of Equity - indexation (Annexure C)	8	_		94.47%	78.32%	69.89%	63.87%	59.63%	56.30%	54.24%
Cost of Equity - Indexed	8	k=ix(1+j)		32.42%	29.73%	28.32%	27.32%	26.61%	26.06%	25.71%
RAB movement										
Capitai Work in Progress									0.00	
Opening	PKR Mn	K1		8,037	11,837	13,161	11,163	10,324	8,969	12016
Addition	PKR Mn	K2		24,540	24,860 /73 537)	20,088 /22 085)	19,566 (20.405)	18,058 [19.413]	17,837 (17,819)	695,01 (17.164)
Capitalization	PKK Mn	K3		(04/17)	(/00'02)	14 1 50	1002/071	8 050	9 087	8.488
Closing	PKR Mn	= k1 + k2 + k3	8,037	11,837	13,161	11,103	10,324	805'8	190'5	0010
Operating Fixed Assets (without revaluation)										202 200
Opening	PKR Mn	£		161,556	182,296	205,833	616,122	248,324 15 117	161,102	DEC.007
Capitalization	PKR Mn	m1 = k3		20,740	23,537	22,085	20,405	514/SI		
Disposal	PKR Mn	E H	161 000	205 205	205 833	227 019	248,324	267.737	285.556	302.719
Closing	PKK IVIN	11 = W + 111 + 1117	000'TOT	705,201					Ì	

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Annexure B(i)

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ectric Limited	ribution Tariff - FY 2024 to FY 2030	ected Regulatory Asset Base (RAB) Movement
K-Electri	Distribu	Projecte

			ARDED &	12/2020	E GEORAGE	AV2012 52	NOON STATES	EVENDE STORAGE		V/2050-51
Barton and Contract and Attivities to the Attivities of the Attivi	%	o=a1		3.98%	3.98%	3.98%	3.98%	3.98%	3.98%	3.98%
Accumulated Depreciation Opening Demreciation for the vear	PKR Mn PKR Mn	o1 p = average (m,n) x o		44,319 6,841	51,160 7,722	58,882 8,630	67,512 9,475 -	76,987 10,267	87,254 11,008 -	98,262 11,704 -
Depreciation - Disposal	PKR Mn PKR Mn	p1 q=o1+p+p1	44,319	51,160	58,882	67,512	76,987	87,254	98,262	109,966
Luosing Cittur - Eurod Accede	PKR Mn	r= +n-q	125,274	142,973	160,111	171,570	181,661	189,452	196,381	201,242
Luvir + rixeu asseus Amortization of deferred revenue %	%	r1 = a2		- 6.32%	۔ 6.32%	- 6.32%	- 6.32%	6.32%	6.32%	6.32%
Deferred revenue Opening	PKR Mn	2 ·		47,868	44,843 0	42,009 0	39,354 0	36,867 0	34,537 0	32,354 0
Additions	PKR Mn	5 5 5		13 (1)51	(7 834)	(2,655)	(2,487)	(2,330)	(2,183)	(2,045)
Amortization Closing	PKR Mn PKR Mn	r4 = (r2 + r3) x az s = r2 + r3 + r4	47,868	44,843	42,009	39,354	36,867	34,537	32,354	30,309
	PKR Mn	t=r-s	77,406	98,130	118,103	132,216	144,794	154,915	164,027	170,933
Average RAB	PKR Mn	u = average (t)		87,768	108,116	125,159	138,505	149,855	159,471	167,480
Tariff Components Computations										
	5	0		15%	15%	15%	15%	15%	15%	15%
Foreign Debt %	8 8	5 - A		22.42%	22.42%	22.42%	22.42%	22.42%	22.42%	22.42%
Cost of Debt - Foreign	PKR Mn	x=uxwxvd		2,010	2,476	2,866	3,172	3,432	3,652 177	5,635
COU - FOTEIGII - DISKINAKION Anti of Daht - Ecraina - funnart	PKR Mn	y(ī)		76	113	136	150	+97	010 6	1.013
CoD - Foreign (Including Support)	PKR Mn	z=x+y		2,086	2,589	3,002	3,322	chc,ë	670'C	CTO'H
	8	aa = f		85.4%	85.4%	85.4%	85.4%	85.4%	85.4%	85.4%
	2 %	ab = c2		25.41%	25.41%	25.41%	25.41%	25.41%	25.41%	22.41%
Cost of Vesu - Local CoD - Local - Distribution	PKR Mn	ac = u x aa x ab x d		13,333 503	16,424 753	19,013 901	21,041 998	22,765 1,086	24,220 1,173	1,181
CoD - Local - support CoD - Local (Including Support)	PKR Mn PKR Mn	au ae = ac + ad		13,836	171,71	19,914	22,039	23,850	25,399	26,623



30,636

29,227

27,446

25,361

22,916

19,766

15,922

af = ae + z

PKR Mn

CoD - Total

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Annexure B(I)

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Projected Regulatory Asset Base (RAB) Movement								4	nnexure B(I)
					NATORA STATE			1.4.020 (MAN)	(1.4.0 EUS
Cost of Equity	%	ag = k	32.42%	29.7%	28.3%	27.3%	26.6%	26.1%	25.7%
RoE	PKR Mn	$ah = u \times h \times ag$	8,536	9,642	10,634	11,351	11,963	12,465	12,919
RoE - support	PKR Mn	ai	322	442	504	538	570	604	. 600
RoE - Total	PKR Mn	aj = ah + ai	8,858	10,083	11,138	11,889	12,533	13,069	13,519
Depreciation on Distribution assets	PKR Mn	ak	6,841	7,722	8,630	9,475	10,267	11,008	11,704
Depreciation on support assets	PKR Mn	ak1	631	828	1,085	1,328	1,565	1,820	2,106
Depreciation Total	PKR Mn	ak2 = ak + ak1	7,472	8,550	9,714	10,803	11,832	12,828	13,810
Amortization of deferred revenue	PKR Mn	al	(3,025)	(2,834)	(2,655)	(2,487)	(2,330)	(2,183)	(2,045)
Total Distribution Tariff component summary									
Cost of Borrowing • Foreign	PKR / kWh	am = z / a	0.1303	0.1540	0.1722	0.1853	0.1965	0.2053	0.2116
Cost of Borrowing - Local	PKR / KWh	an = ae / a	0.8646	1.0218	1.1422	1.2292	1.3033	1.3617	1.4036
Cost of Equity	PKR / kWh	ao = aj / a	0.5535	0.5998	0.6388	0.6631	0.6849	0.7007	0.7127
Depreciation	PKR / kWh	ap = ak2 / a	0.4669	0.5086	0.5572	0.6025	0.6466	0.6878	0.7281
Amortization of Deferred Revenue	PKR / kWh	aq = r4 / a	(0.1890)	(0.1686)	(0.1523)	(0.1387)	(0.1273)	(0.1170)	(0.1078)
Total	PKR / kWh	ar = sum (am:aq)	1.8263	2.1157	2,3581	2,5415	2,7039	2.8384	2.9483
Capitalization & Disposal %									
Capitalization as % of Opening CWIP & Additions	8	as = - (k3 / (k1 + k2))	63.7%	64.1%	66.4%	66.4%	68.4%	66.2%	66.9%
Disposal as % of opening cost	%	as = - (m2 / m)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Disposal as % of opening Acc. Dep	%	at = - (p1 / o1)	0.0%	0.0%	0.0%	0.0%	%0.0	0.0%	%0.0

Annexure B(i)

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Distribution Tariff - FY 2024 to FY 2030 Allocation of Support RoRB and Depreciation K-Electric Limíted

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			Appression	N2020 21	Vizioze de la companya	alfone with	E TOTAL	INVERSION NEWS	EV2029	VP20ED: 3
	South and the second									
Assumptions										
Projected Units billed	GWh	ŋ		16,004	16,810	17,435	17,929	18,300	18,652	18,967
20 H 20	%	q		70%	70%	70%	70%	20%	70%	70%
coreian Deht % - Estimated	. %	U U		15%	15%	15%	15%	15%	15%	15%
Local Debt % - Estimated	8	q		85%	85%	85%	85%	85%	85%	85%
Cost of Debt - Local	2				910 CC	2010	77 q1%	22 q1%	22.91%	22.91%
KIBOR	* *	9 4		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Jurau CaD - Local	8	g=e+f		25.41%	25.41%	25.41%	25.41%	25.41%	25.41%	25.41%
Cost of Debt - Foreign	%	ч		22.42%	22.42%	22.42%	22.42%	22.42%	22.42%	22.42%
Weighted Average cost of borrowing	%	$i = (c \times h) + (d \times g)$		24.97%	24.97%	24.97%	24.97%	24.97%	24.97%	24.97%
Equity %	%			30%	30%	30%	30%	30%	30%	30%
Cost of Equity - Base	* :	ц (16.7% DA A7%	16.7% 78 3%	16.7% 69 9%	16.7% 63.9%	16.7% 59.6%	16.7% 56.3%	16.7% 54.2%
Lost of Equity - Indexation (Annexure L) Cost of Equity - Indexed	%	21 [3	ļ	32.4%	29.7%	28.3%	27.3%	26.6%	26.1%	25.7%
1 RAB Movement										
Capital Work in Progress										
Opening	PKR Mn	×		391	2,542	2,411	2,418	2,322	2,862	3,020
Addition	PKR Mn	k1		3,278	2,375	2,236	2,159	2,660	2,747	2,051
Capitalization	PKR Mn	k2		(1,126)	(2,506)	(2,230)	(2,255)	(2,120)	(2,589)	(2,700)
Closing CWIP	PKR Mn	l = k + k1+ k2	391	2,542	2,411	2,418	2,322	2,862	3,020	2,372
Operating Fixed Assets (without revaluation)										
Opening	PKR Mn	E		5,262	6,388	8,895	11,124	13,379	15,499	18,088
Capitalization	PKR Mn	m1 = k2		1,126	2,506	2,230	2,255	2,120	2,589	2,700
Disposal	PKR Mn	m2		-			1			
Closing	PKR Mn	n = m + m1 +m2	5,262	6,388	8,895	11,124	13,379	15,499	18,088	20,787



Annexure B(ii)

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K-Electric Limited
Distribution Tariff - FY 2024 to FY 2030
Allocation of Support RoRB and Depreciation

B(ii)
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	SAUNT		11/20233-15 VI	N20203	AV20258	average and	ALCOPACINE	VEX OZDEN S	UNZORES	in Yeosota
Depreciation rate %	%	o		12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
Accumulated Depreciation Opening	PKR Mn	01		2,969	3,721	4,708	6,001	7,583	9,448	11,617
Depreciation for the year Depreciation - Disnosal	PKR Mn PKR Mn	p = average (m,n) x o 01		752 -	987 -	1,293 2	1,582 -	1,865 -	2,169 -	2,510
Closing	PKR Mn	q = o1 + p + p1	2,969	3,721	4,708	6,001	7,583	9,448	11,617	14,127
Net RAB	PKR Mn	r=l+n-q	2,684	5,210	6,598	7,541	8,118	8,913	9,491	9,032
Average RAB	PKR Mn	s = average r		3,947	5,904	7,069	7,829	8,515	9,202	9,262
Calculation of RoRB and Depreciation										
Cost of Debt - Local	PKR Mn	t=bxdxgxs		600	897	1,074	1,189	1,294	1,398	1,407
Cost of Debt - Foreign	PKR Mn	u = b x c x h x s		06	135	162	179	195	211	212
Cost of Equity .	PKR Mn	v = j x j3 x s		384	526	601	642	680	719	714
Depreciation	PKR Mn	d = M		752	987	1,293	1,582	1,865	2,169	2,510
Capitalization & Disposal %										
Capitalization as % of Opening CWIP & Additions	%	x = - (k2 / (k + k1))		30.70%	50.96%	47.98%	49.26%	42.56%	46.15%	53.24%
Disposal as % of opening cost	%	y = - (m2 / m)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Disposal as % of opening Acc. Dep	%	z = - (p1 / o1)		0.00%	0.00%	0.00%	%00'0	0.00%	0.00%	%00.0
Support Return Allocation on Distribution										
RoRB - Allocation Percentages based on proportion of FY 23 expenses	%	33		84%	84%	84%	84%	84%	84%	84%
Cost of Debt - Local	PKR Mn	ah = t x aa		503	753	901	866	1.086	1.173	1.181
Cost of Debt - Foreign	PKR Mn	ac = u x aa		76	113	136	150	164	177	178
Cost of Equity	PKR Mn	ad = aa x v		322	442	504	538	570	604	600
Depreciation	PKR Mn	ae = aa x w		631	828	1,085	1,328	1,565	1,820	2,106
Support RAB Allocation on Distribution										
RoRB - Allocation Percentages based on proportion of FV 23 expenses	%	af		84%	84%	84%	84%	84%	84%	84%
Cost of Fixed Assets (Gross Fixed Assets)	PKR Mn	ae≃afxn		5.361	7.464	9.335	11.227	13.006	15.178	17.443
Net RAB	PKR Mn	ah = af x r		4,372	5,536	6,328	6,812	7,479	7,965	7579

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K-Electric Limited					Annexure B(iii)
Distribution Tariff - FY 2024 to FY 2030 Cost of Debt Foreign & Foreign / Local Loans Mix Transactions (1974) (1970)					
Debt %	**************************************	indergeneoengrading a h / (- +)		70%	Calculated on average outstanding loans
Foreign Debt ratio Local Debt ratio	8 %	c = ad / (s + ad)		85%	Calculated on average outstanding loans
Foreign Loans & Cost of Debt					
Fareign Debt Movement in USD		٦	857	cci	57 Amount based on movement of foreign loans in USD
Opening Addition		ن ه ح	-	10.00 10.	Projected additions to be actualised each year.
Repayment	USD Mn	ب ب	(5.71)	(0.50) (6. 9.50 13	21) Projected repayments to be actualised each year.
Closing	USD Mn	g=d+e+r h	6.19	3.96 10.	16 Average balance during the year calculated on daily outstanding position
Average Actual Markup on Foreign Loans	USD Mn	-	0.70	0.23 0.	33 Markup to be paid during the year
Projected Exchange Rates					
Opening effective exchange rate	PKR / USD		156.40	, 156	Actual average exchange rates of foreign loans computed by dividing loan amounts in PKK at drawdown race 40 divided by loan amounts in USD
Drawdown	PKR / USD	×	rı) I	05.00 305.	Projected rate of expected drawdown (with 10% currency depreciation) to be made during the year, to be 20 actualized based on actual exchange rate and drawdown amounts. Rate computed by dividing total drawdowns in PKR divided by total drawdowns in USD during the year.
Repayment	PKR / USD		156.40	05.00 168	36 Average rate of repayment (excluding currency depreciation) i.e hedged / drawdown rate.
Markup	PKR / USD	Ε	299.67	09.13 302.	Projected rate of expected markup to be paid during the year, to be actualized based on actual exchange rate 00 and markup amounts. Rate computed by dividing total markup in PKR by total markup in USD
Effective exchange rate of loan	PKR / USD	n=r/g	156.40 3	05.00 270	64
Closing exchange rate	pkr / USD	n1	312.64	:12.64 312	64 To be actualised at year end
Foreign Debt Movement in PKR Ovening	PKR Mn	o	1,341	- 1,3	41
Addition	PKR Mn	h=exk		3,050 3,0	50
Repayment excluding impact of currency	PKR Mn	q=fxl	(894)	(153) (1,0	46) Repayment at drawdown rate.
ueur existion Closing	PKR Mn	r=0+p+q	447	2,898 3,3	44
Average foreign debt	PKR Mn	s	963	1,209 2,1	78 Average balance during the year calculated on daily outstanding position
					THE STATE
				Page 1 of 2	TEO *
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Annexure B(III)

ctric Limited	ibution Tariff - FY 2024 to FY 2030	of Debt Foreign & Foreign / Local Loans Mix
K-Electric	Distributi	Cost of De

			All and the second s	DZMIRK	法告诉 如何表达	
Debt Repayment Including Impact of currency depreciation	PKR Mn	4		(155)	(155)	Repayment of loan at market rate prevailing at the time of payment
Markup Amount in PKR	PKR Mn	u = l x m	210	12	282	Markup in equivalent PKR rate prevailing at the date of payment
Amortization of Transaction cost	PKR Mn	L1	13	ŝ	17	Transaction cost of opening loans to be amortised during FY 24.
Exchange (gain) / loss on repayment of Principal	PKR Mn	v = q - t	ı	2	2	Difference of debt repayment on actual rate and drawdown rate.
Hedge cost for hedged loans	PKR Mn	V1	115	ı	115	Hedging cost for hedged loans.
Exchange (gain) / loss on Outstanding balance of unhedged loans	PKR Mn	v2 = g * (n1 - n) 	•	73	73	Revaluation exchange loss / (gain) on closing balance for unhedged loans:
Total Markup & Exchange (gain) / loss	PKR Mn	w = u + u1 + v + v1 + v2	338	150	488	
Effective interest rate of foreign borrowing	8	X = W / S	34.85%	12.45%	22.42%	
Cost of Borrowing Foreign						
Foreign Debt Rate	%	y = x			22.42%	To be actualised at year end
Local Loan						
Local Debt movement						
Opening	PKR Mn	7			15,035	Amount based on movement of local loans.
Addition	PKR Mn	23				Projected additions to be actualised each year.
Repayment	PKR Mn	ab		ļ	(4,897)	Projected repayments to be actualised each year.
Closing	PKR Mn	ac = z + aa + ab			10,138	
Average	PKR Mn	ad			12,744	Average balance during the year calculated on daily outstanding position



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Annexure C

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Calculation of Indexation for RoE component

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			Net of the			0.000				10000						1000
			NEXT STATES	Stable Seattle Free Sta	Actualise	a <u>ta na managan</u> a na mana Managana na managana na mana Managana na managana na mana	Section of the sectio						orecasted			٦
		104.87	104.81	110.01	136.17	158.38	160.21	178.00	248.00	287.10	287.10	287.10	287.10	287.10	287.10	287.10
Average Exchange rates F17	PKR mn	17.770	25.952	34.360	45,931	58,412	74,781	066'11	79,658	102,502	123,639	138,544	151,606	162,394	171,991	212,8/1
Reguistory Asset base (rAb) at year titu Additions during the year	PKR mn		8,181	8,408	11,571	12,481	16,370	3,209	1,668	22,844	21,137	14,905	13,062	10,788	9,597	125,0
indevetion hased on exchange rates (A)												1 1 1 1 1 1 1 1	1100 011	1000 021	172 0.002	172 00%
	8		-0.01%	4.95%	29.91%	51.10%	52.84%	69.81%	136.59%	173.90%	173.90%	173.90%	1/3.90%	1/3.50%	SUPLENT	PDC-C/T
0TD7 14				7 06º2	20 0742	51 17%	57.86%	69.84%	136.63%	173.93%	173.93%	173.93%	173.93%	173.93%	173.93%	173.93%
FY 2017	* 2				73 78%	43.97%	45.64%	61.81%	125.44%	160.99%	160.99%	160.99%	160.99%	160.99%	160.99%	160.99%
FY 2018	8					16 21%	17 65%	30.72%	82.13%	110.84%	110.84%	110.84%	110.84%	110.84%	110.84%	110.84%
FY 2019						NTT:01	1 15%	17 39%	56.58%	81.27%	81.27%	81.27%	81.27%	81.27%	81.27%	81.27%
FY 2020	2						2027.7	11 11%	54.80%	79.20%	79.20%	79.20%	79.20%	79.20%	79.20%	79.20%
FY 2021	*							2	39.32%	61.29%	61.29%	61.29%	61.29%	61.29%	61.29%	61.29%
FY 2022	8									15.77%	15.77%	15.77%	15.77%	15.77%	15.77%	15.77%
FY 2023	8										0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FY 2024	8											0.00%	0.00%	0.00%	0.00%	0.00%
FY 2025	8												0.00%	0.00%	0,00%	0.00%
FY 2026	8										_ 			0.00%	0.00%	0.00%
FY 2027	%			+						+					0.00%	0,00%
FY 2028	%															0,00%
FY 2029	%											+-	 			0.00%
FY 2030	8				_	_		_								
Calculated wiith reference to exchange rate of a	relevant year vs i	exchange rate o	f base year for	example 16.31	% in FY 2020	calcualted as F	YKR 158.38 / U	SD divided by	PKR 136.17 / 1							
Year wise break up of RAB					·				1 200 2 2	0	044 6.1	1 012 21	044 41	022 21	17 770	17.770

					1 022 27	052 57	044 44	1 044 44	1777	17770	17 770	17.770	17.770	17.770	17.770	17,770
PKR mn 17,77	17,77	0	17,770	17,770	1///0	1/7/1	n//'/T	11/1/1	2,77	2777			1010	0 101	0 101	8 181
PKR mn		┝	8.181	8,181	8,181	8,181	8,181	8,181	8,181	8,181	8,181	8,181	101'0	10110	10110	101.0
DKR mn		t		8.408	8.408	8.408	8,408	8,408	8,408	8,408	8,408	8,408	8,408	8,408	8,408	8,408
					11.571	11.571	11.571	11.571	11,571	11,571	11,571	11,571	11,571	11,571	11,571	11,571
						12.481	12.481	12.481	12.481	12,481	12,481	12,481	12,481	12,481	12,481	12,481
		1				-	16.370	16.370	16.370	16.370	16,370	16,370	16,370	16,370	16,370	16,370
								3 209	3.209	3.209	3,209	3,209	3,209	3,209	3,209	3,209
				+					1.668	1.668	1.668	1,668	1,668	1,668	1,668	1,668
PKK mn										22.844	22.844	22,844	22,844	22,844	22,844	22,844
	ļ			-							21,137	21,137	21,137	21,137	21,137	21,137
												14,905	14,905	14,905	14,905	14,905
PKK MU													13,062	13,062	13,062	13,062
		+												10.788	10,788	10,788
PKK MN															9.597	9.597
PKR mn									+							6 5 7 1
PKR mn			_	_	_	-		-	-	-			414 000	100 001	171 001	178 212
		17,770	25,952	34,360	45,931	58,412	74,781	77,990	79,658	102,502	123,659	138,544	909,LCL	102,204	TCCTT	770'0/T



Annexure C

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030

	Actualised
Calculation of Indexation for RoE component	

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RAB
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EV 2016	8	100%	68%	52%	%6E	30%	24%]	23%	22%	17%	14%	13%	12%	11%	10%	10%
EV 2017	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	- 280	32%	24%	18%	14%	11%	10%	10%	8%	7%	6%	5%	5%	5%	5%
EY 2018		80	%0	24%	18%	14%	11%	11%	11%	8%	7%	89	89	5%	5%	5%
FY 2019	8	8	%0	80	25%	20%	15%	15%	15%	11%	%6	8%	8%	7%	7%	6%
FY 2020	8	%0	80	80	%0	21%	17%	16%	16%	12%	10%	%6	8%	8%	7%	7%
FY 2021	%	%0	%0	20	%0	%0	22%	21%	21%	16%	13%	12%	11%	10%	10%	%6
FY 2022	%	8	80	80	%0	80	80	4%	4%	3%	%E	2%	2%	2%	2%	2%
FY 2023	8	%0	%0	8	%0	%0	%0	80	2%	2%	1%	1%	1%	1%	1%	1%
FY 2024	8	80	80	960	80	80	%0	%0	%0	22%	18%	16%	15%	14%	13%	13%
FY 2025	%	%0	80	%0	%0	1%0	%0	%0	%0	%0	17%	15%	14%	13%	12%	12%
FY 2026	8	%0	%0	%0	80	80	80	%0	%0	80	%0	11%	10%	%6	9%6	8%
FY 2027	8	%0	%0	%0	%0	%0	80	80	%0	80	%0	80	%6	8%	8%	2%
FY 2028	- %	%0	80	80	80	80	80	8	%0	%0	%0	%0	%0	7%	6%	6%
FY 2029	%	80	80	%0	%0	80	80	8	%0	80	80	%0	%0	%0	6%	5%
FY 2030	8	%0	80	80	80	80	%0	%0	80	%0	%0	%0	9%0	%0	9%0	4%
		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	1															
ar wise indexation - consulering RAB we	eightage (A X B)															[
														1000	1000	1 100 1

	17%	8%	8%	7%	6%	7%	1%	%0	%0	%0	0%	80	80	80	0%	54.24%
	18%	8%	8%	7%	6%	8%	1%	%0	%0	0%	%0	%0	80	%0	9%0	56.30%
	19%	3%6	8%	8%	89	8%(1%	%0	%0	960	%0	%0	%0	%0	%0	59.63%
	20%	%6	%6	8%	7%	%6	1%	%0	%0	80	%0	%0	9%	%0	960	63.87%
	22%	10%	10%	%6	3%	9%6	1%	%0	%0	%0	%0	%0	%0	80	1%0	%68°69
	25%	12%	%11	10%.	8%	10%	2%	80	%0	%0	80	%0	%0	80	80	78.32%
	30%	14%	13%	13%	10%	13%	2%	%0	%0	%0	80	%0	%0	%0	80	94.47%
	30%	14%	13%	12%	3%6	11%	2%	%0	%0	80	9%0	%0	%0	*0	9%0	91.38%
	16%	7%	7%	5%	2%	2%	%0	%0	%0	80	%0	1%0	%0	9%0	%0	38.77%
	13%	89	5%	9%E	%0	80	%0	%0	80	%0	9%0	%0	%0	80	%0	26.40%
	16%	7%	89	3%	%0	%0	%0	1%0	%0	%0	1%0	%0	%0	80	%0	32.27%
	12%	5%	4%	960	%0	%0	80	80	%0	1%0	%0	80	80	%0	%0	21.25%
	3%	1%	%0	%0	80	80	%0	%0	%0	80	9%0	80	%0	%0	%0	3.74%
	-0.01%	%0	%0	%0	%0	80	%0	%0	1%0	80	80	80	%0	%0	80	-0.01%
(8																
ghtage (Ax	%	%	8	%	8	%	8	%	8	8	%	8	*	*	%	}
ear wise indexation - consdiering RAB weit	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	

RoE - USD based	%		
indexation	%		
RoE - Indexed	*		

16.67% 54.24% 25.71%

16.67% 59.63% 26.61%

16.67% 63.87% 27.32%

16.67% 78.32% 29.73%

16.67% . 94.47% 32.42%

16.67% 91.38% 31.90%

16.67% 69.89% 28.32%

16.67% 56.30% 26.06%

*RAB as per Annexure B(I) including support RAB on respective ratio as per Annexure B(II)

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Distribution Tariff - FY 2024 to FY 2030 Projected working capital requirement									
	0.5			FY2025	17,2025	d yzoza A	G 2021	17/20/25/2015	13/2/030
Assumptions									
KIBOR	%	a	22.91%	22.91%	22.91%	22.91%	22.91%	22.91%	22.91%
Short term borrowing spread	%	b	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
	%	c = a + b	24.9%	24.9%	24.9%	24.9%	24.9%	24.9%	24.9%
Projected Units Billed	No.	d = Annexure J(i)	16,004	16,810	17,435	17,929	18,300	18,652	18,967
Stores and Spares									
Network Gross Fixed Assets	PKR mn	e	182,295	205,833	227,919	248,324	267,737	285,556	302,719
Support Gross Fixed Assets (Network Share)	PKR mn	el	5,361	7,464	9,335	11,227	13,006	15,178	17,443
Total Gross Fixed Assets (GFA)	PKR mn	e2	187,657	213,297	237,253	259,551	280,742	300,733	320,163
Stores and Spares (3% of GFA)	PKR mn	f = e2 x 3%	5,630	6,399	7,118	7,787	8,422	9,022	9,605
Cash and Bank									
Network O&M Expenses	PKR mn	g	30,845	32,329	33,488	34,405	36,119	36,773	37,430
Cash & Bank balance (1/6 of O&M Expenses)	PKR mn	h = g / 6	5,141	5,388	5,581	5,734	6,020	6,129	6,238
Total Current Assests & Current Liabilities									
Stores and Spares (3% of GFA)	PKR mn	I = f	5,630	6,399	7,118	7,787	8,422	9,022	9,605
Revenue requirement per unit	PKR/ Kwh	i	3.84	4.12	4.37	4.55	4.77	4.91	5.02
Revenue requirement	PKR mn	k = j x d	61,385	69,277	76,115	81,597	87,338	91,553	95,274
Trade debt (30 days of Revenue Receivable)	PKR mn	i= kx 30/365	5,045	5,694	6,256	6,707	7,178	7,525	7,831
Cash & Bank balance (1/6 of O&M Expenses)	PKR mn	m = h	5,141	5,388	5,581	5,734	6,020	6,129	6,238
Total Current Assets	PKR mn	n = 1 + 1 + m	15,816	17,481	18,955	20,227	21,621	22,676	23,674
Current liabilities (2/3rd of above Current Assets)	PKR mn	o = n x 2/3	10,544	11,654	12,637	13,485	14,414	15,117	15,783
Working Capital Computation									
Stores and Spares (3% of GFA)	PKR mn	p = f	5,630	6,399	7,118	7,787	8,422	9,022	9,605
Trade debt (30 days of Revenue Receivable)	PKR mn	q = l	5,045	5,694	6,256	6,707	7,178	7,525	7,831
Cash & Bank balance (1/6 of O&M Expenses)	PKR mn	r = h	5,141	5,388	5,581	5,734	6,020	6,129	6,238
Total Current Assets	PKR mn	s = p + q + r	15,816	17,481	18,955	20,227	21,621	22,676	23,674
Current Liabilities	PKR mn	t=o	10,544	11,654	12,637	13,485	14,414	15,117	15,783
Working Capital requirement	PKR mn	u = s - t	5,272	5,827	6,318	6,742	7,207	7,559	7,891
Average working capital Balance	PKR mn	v = average u	5,272	5,550	6,073	6,530	6,975	7,383	7,725
Total Cost of working capital	PKR mn	W≠VXC	1,313	1,382	1,513	1,627	1,737	1,839	1,924
Per unit cost of working capital	PKR/ Kwh	x≃w/d	0.0821	0.0822	0.0868	0.0907	0.0949	0.0986	0.1015

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K-Electric Limited

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Annexure D

K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 O&M Expenses									-	Annexure E
				TANDAR S	avorts.	BY2026	NATO SAL	NATO202	STREET STREET	17/2030/18
Assumptions										
Units billed*	GWh	ದ	15,554	16,004	16,810	17,435	17,929	18,300	18,652	18,967
Pak CPI**	No.	q	165.23	227.96	227.96	227.96	227.96	227.96	227.96	227.96
Network O&M Calculation										
Actual O&M FY 23	PKR Mn	U	20,898							
Reference O&M after CPI adjustment for FY 24 and future sentout growth	PKR Mn	٩		29,666	31,161	32,319	33,235	33,923	34,575	35,159
۔ CAPEX nature O&M expenses***	PKR Mn	U		820	812	813	813	1,527	1,528	1,578
CAPEX nature O&M expenses - Indexed with PAK CP1****	PKR Mn	f = e / 158.48 * b		1,179	1,168	1,169	1,170	2,197	2,199	2,270
Subtotal	PKR Mn	g = d + f		30,845	32,329	33,488	34,405	36,119	36,773	37,430
O&M Per unit	PKR/ Kwh	h=g/a		1.9274	1.9232	1.9208	1.9190	1.9737	1.9716	1.9734
 * FY 23 units billed actual. Onward years projected. ** Pak CPI for FY 23 as per May 22 and May 23 for FY 24. *** 0&M expenses of CAPEX nature which are excluded as per Investment Plan 	decision inclu	ded as part of O&M rev	/enue require	ment.						
**** investment plan CAPEX was based on CPI of FY 22 i.e 158.48 therefore, the	e same has bee	in used for indexation _f	ourpases for a	nward years.						



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Page 1 of 1

Annexure F

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Summary of Indexation Forms (based on sample data)

Note: Complete Tariff table will be updated after Annual adjustments. Further, these forms represents illustrative numbers and will be amended at the time of filing, depending upon the actual scenario prevailing at that time, based on actual numbers.



K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Quarterly indexation

Year	Year 1 - FY 2024
Quarter	Quarter 2

Sources for indexation

CP1	CPI(Rof)	228.0	CFI(Rev)	234.8	CPI published by Pakistan Bureau of Statistics available at the start of each quarter
Exchange rate	ER(Ref)	287.1	ER(Rev)	292.1	The Revised TT & OD selling rate of USD as notified by National bank available at October 1, 2023
KIBOR	KIBOR _(Ren)	22.9%	KIBOR _{FLEY}	22.4%	The revised 3 month KIBOR as published by State Bank of Pakistan available at October 1, 2023
Spread on local borrowing	Sp-local	2.5%	Sp-local	2.5%	Same as allowed in reference
Cost of Debt - Local	CoD Local _{Ben}	25.4%	CoD Local _{(Rev})	24.9%	XIBDR(Ref) + Sp-local
KIBOR	KIBORRAN	22.9%	KIBOR	27.9%	The revised 3 month KIBOR as published by State Bank of Pakistan available at October 1, 2023
Spread for working capital	Sp·WC	2.0%	Sp-WC	2.08	Same as allowed in reference
Cost of barrowing - WC	CoB(Ref)	24.9%	CoB(Rev)	29.9%	KIBOR(Ref) + Sp-VVC

1 O&M - Once in every year with indexation of Q1

I			R/AVE	126 20	1. Shever P			
[0£M	O&M (Ref)	1.1.9	274	0&M (Rev)		1.9852	O&M(Ref) for relevant year x CPI(Rev) / CPI (Ref)
	Total		1.5	274			1.9852	
د ۱	Cost of Lent - Local			X14dbab	10-12-14-14-14-14-14-14-14-14-14-14-14-14-14-			NJ2795 MANAGE (12) NAMA AND AND ARE AND
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l	Loss of Deos - Local Total	RoRBCoD Local(Rei)	0.0	646 646	RoRBCoD Local(Rev)		0.8476	RoRBCOD Local(Ref) for relevant year x CoD Local(Rev) / CoD Local (Ref)
3	Cost of Equity							
[right feltrence fr	i //wp.ory		esses and the second	is/AV		
(Cost of Equity Total	RoRBCoE (Ref)	1 0.9	535 535	RoABCoE (Rev)	Ī.	0 5631	RoRBCoE (Ref) for relevant year x ER(Rev) / ER(Ref)
4	Working capital							
1		Participation (P				KR/JAV		
	110-dile							

Working capital	W.C.(Ref)	0.0821	W.C.(Rev)	0.0985	W.C.(Ref) x CoB(Rev) / CoB(Ref)
Total		0.0821		0.0985	

Note: The quarterly indexation will be filed at the start of every quarter.



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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Summary of Annual adjustments and Prior year adjustments in tariff component

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After completion of	Year 1 - FY 2024		
Description	Ume	Reterences	Total
(Over) / Under recovery due to units billed	PKR Mn	Form 2.2	4,289
Other (income) / expense actualised items	PKR Mn	Note 1	(100)
(Over) / under recovery on account of actualization of working capital component	PKR Mn	Form 2.3	(1,313)
(Over) / under recovery on account of Annual Investment update	PKR Mn	Form 2.4.2	2,735
Under recovery in revenue requirement due to adjustment in distribution loss target pursuant to change in consumer mix	PKR Mn	Form 3.3	
Total adjustment	PKR Mn	h	5,610

Note 1: To be submitted as per details given in Section 9.3.2 of petition.

Note 2: The amount of total annual adjustment will be calculated by Q1 of next year and will be claimed as pass through in first quarterly variation to be filed by Supply business.



Form 2.2

K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Units billed adjustment

For the year

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Year 1 - FY 2024

Description and the second

Units Billed - Excluding Above 1.1kV wheeling Bulk Power Consumers

O&M			1.93	1.93	1.93	1.93	
Amortization of Def. revenue			(0.19)	(0.19)	(01.0)	(0.19)	
RoRB - Cost of Borrowing- Local			0.86	0.85	0.84	0.83	
RoRB - Cost of Borrowing- Foreign			0.13	0.13	0.13	0.13	
RoRB - Cost of Equity			0.55	0.56	0.57	0.57	
Depreciation			0.47	0.47	0.47	0.47	
Working capital			0.08	0.10	0.10	0.10	
Indexed Distribution Tariff rate	PKR / kWh	, D	3.84	3.84	3.84	3.84	
Projected units billed for the year	GWh	q	4,377	3,969	3,186	4,474	16,004
O&M			8,435	7,649	6,140	8,623	30,847
Amortization of Def. revenue			(827)	(750)	(602)	(846)	(3,025)
RoRB - Cost of Borrowing- Local			3,784	3,364	2,673	3,716	13,537
RoRB - Cost of Borrowing- Foreign			570	517	415	583	2,086
RoRB - Cost of Equity			2,422	2,235	1,812	2,570	9,039
Depreciation			2,043	1,853	1,487	2,089	7,473
Working capital			359	391	311	432	1,493
Revenue requirement	PKR Mn	c=a*b	16,787	15,258	12,236	17,167	61,448
Actual units billed	GWh	q	4,467	3,470	2,634	4,317	14,888
Revenue recovered on actual	PKR Mn	e	17,133	13,341	10,119	16,567	57,159
Variation (Excess) / under	PKR Mn	f=c-e					4,289

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K-Efectric Limited					Form 2.3
Distribution Tariff- FY 2024 to FY 2030 Annual Working capital adjustment					
For the year	Year 1 - FY 2024				
				NEODE ST	
Assumptions					
KIBOR	%	n	21.9%	21.9%	FY 2024 is average of four quarters - going forward same as FY 2024
Short term borrowing spread	% %	b c=a+b	2.0% 23.9%	2.0%	
Units billed	No.	G	14,888	16,810	FY 2024 actual and onwards projected
Stores and Spares					
Distribution Gross Fixed Assets Support Gross Fixed Assets (Distribution Share) Total Gross Fixed Assets (GFA)	PKR mn PKR mn PKR mn	LJ	190,791 6,065 196,856	208,994 10,793 219,787	Form 2.4.2. Form 2.4.2.1
Stores and Spares (3% of GFA)	PKR mn	f = e x 3%	5,906	6,594	
Cash and Bank					
Distribution O&M Expenses	PKR mn	ъž	30,845	32,329	As per initial determination with impact of indexet of indexation of CPI.
Cash & Bank balance (1/6 of O&M Expenses)	PKR mn	h=g/6	5,141	5,388	
Current Liabilities					
Stores and Spares (3% of GFA)	PKR mn	i1 = f	5,906	6,594	
Revenue requirement per unit	PKR/ kWh	i = Form 2.2	4.13	4.54	Indexed tariff rates on projected units billed.
Revenue requirement Trade debt (30 days of Revenue Receivable)	PKR mn PKR mn	j=1 x d k=j/365 x30	61,448 5,051	76,318 6,273	
Cash & Bank balance (1/6 of O&M Expenses)	PKR mn	1=h	5,141	5,388	
Receivable pertaining to Annual Adjustments excl. working capital over/under adjustment	PKR mn	m1 = Form 2.1	6,924	•	Annual adjustments excluding impact of adjustment as per this form.
Total Current Assets	PKR mn	m = + 1 +k + m1	23,021	18,255	
Current liabilities (2/3rd of above Current Assets)	PKR mn	n = m x 2/3	15,347	12,170	

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Form 2.3

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Distribution Tariff - FY 2024 to FY 2030 Annual Working capital adjustment K-Electric Limited

Year 1 - FY 2024

For the year

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Working Capital Computation					
Stores and Spares (3% of GFA)	PKR mn	0 = f	5,906	6,594	
Trade debt (30 days of Revenue Receivable)	PKR mn	p = k	5,051	6,273	
Cash & Bank balance (1/6 of O&M Expenses)	PKR mn	q = h	5,141	5,388	
Receivable pertaining to Annual Adjustments excl. working capital over/under adjustment	PKR mn	q1=m1	6,924	,	Annual adjustments excluding impact of adjustment as per this form.
Total Current Assets	PKR mn	r=0+p+q	16,097	18,255	
Current Liabilities	PKR mn	u = s	15,347	12,170	
Working Capital requirement	PKR mn	t=r-s	750	6,085	
Average working capital Bafance	PKR ជារា	u = Average t	750	3,417	
Total Cost of working capital	PKR mn	N = U X C	179	817	
Reference Cost of working capital claimed during the year	PKR mn	w = Form 2.2	1,493	•	Based on Indexed number
Under/ (Over) Recovery of Working Capital Cost		M = N = X	(1,313)		
Working capital component for future years		p/n=Å		0.0486	

Form 2.3

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated Cape .

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	Please note that the below form represents only the illustration 2 given in the petition. This form will the other illustrations given in the other illustrations giv	l be amended at the time of filing, dependin n the main petition document.	g upon the actual scenaric	prevailing at that t	time as per
Į	After completion of		Year 1 - FY 2024		
				1915Y 2024 Single	ny 2025 (1)
1	Capex allowed - Reference				
i	Macro economic factors - Reference				
	PKR/US\$ Exchange Rate- Average	PKR / USD	а	206.0	206.0
	Pak CPI	No.	b	158.5	158.5
	US CPI	No.	c	282.0	282.0
ii	Capex Allowed				
	Base CAPEX - FCC	PKR Mn	d	17,178	17,402
	Base CAPEX - LCC	PKR Mn	e	6,135	6,215
	IDC, Custom Dutles & Contingencies	PKR Mn	f	1,227	1,243
	Total CAPEX	PKR Mn	g = d + e + f	24,540	24,860
	Note: Amounts are for illustrative purposes only. Actual adjustments to be done based on breaku	p given by NEPRA in investment plan decis	ion.		
2	Capex allowed - Indexed on actual Macro economic factors till FY 2024				
ī	Macro economic factors - actual [Average rates as defined in the petition FY 2024]				
•	PKR/US\$ Exchange Rate- Average	PKR / USD	h	314.6	
	Pak CPI	No.	i	250.8	
	US CPI	No.	j	319.3	
11	Capex-indexed				
	Base CAPEX - FCC	PKR Mn	k = d x (h/a) x (i/c)	29,703	
	Base CAPEX - LCC	PKR Mn	l = e x (i/b)	9,707	
	Actual IDC, Custom Duties & Contingencies	PKR Mn	m	1,104	
	Total	PKR Mn	n = k + l + m	40,515	
111	Capex - Additional based on specific approval				
	Base CAPEX - FCC	PKR Mn	0	•	
	Base LAPER - LLL	PKK Mn	p	•	
	ibe, castom puties & Contingencies	2KK MD	p1	<u> </u>	
	IUtal	PKK MD	q=0+p+p1	•	
iv	Capex - Indexed + specific approved		r=k+0	29,703	
	Base CAPEX - LCC	PKR Mn	s=l+D	9,707	
	Actual IDC. Custom Duties & Contingencies	PKR Mn	t=m	1,104	
	Total	PKR Mn	u=r+s+t	40,515	
v	Capex - Actually incurred				
	Base CAPEX - FCC	PKR Mn	v	26,733	
	Base CAPEX - LCC	PKR Mn	w	10,678	
	Actual IDC, Custom Duties & Contingencies	PKR Mn	x = t	1,104	
	Total	PKR Mn	γ=v+w+x	38,515	
vi	i Capex - (Under) / over spent				
	Base CAPEX - FCC	PKR Mn	2 = V - ľ	(2,970)	
	Base CAPEX - LCC	PKR Mn	aa = w - s	971	
	Total	PKR Mn	ab = z + aa	(2,000)	
vi	ii Capex - Under spent / over spent carried forward to next year		ać		2.970
	Base CAPEX - LCC	PKR Mn	ad		(971)

2,000



PKR Mn

ae = ac + ad

K-Electric Limited

Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated Capex

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the other illustration	ons given in the main petition document.			
After completion of		Year 1 - FY 2024		
			%[542024 56]%55	F/20251
3 Revised capex to be allowed				
i Macro economic factors				
PKR/USS Exchange Rate- Average	PKR / USD	af	314.6	314.6
Pak CPI	No.	ag	250.8	250.8
US CPI	No.	ah	319.3	319.3
E Revised capex for FY 2025 onwards indexed on latest macro economic factors				
Base CAPEX - FCC	PKR Mn	ai =(d+ac) x (af/a) x (ah/c)		35,227
Base CAPEX - LCC	PKR Mn	aj= (e+ad) x (ag/b)		8,298
Total	PKR Mn	ak = ai + aj		43,524
ii Actual Consumer funded assets				
Base CAPEX - FCC	PKR Mn	al	-	-
Base CAPEX - LCC	PKR Mn	am	500	-
Total	PKR Mn	an≃al+am	500	•
iv Actual additions to deferred revenue				
Base CAPEX - FCC	PKR Mn	30	-	-
Base CAPEX - LCC	PKR Mn	эр	625	
Total	PKR Mn	aq = ao + ap	625	-
v Total Revised capex				
Base CAPEX - FCC	PKR Mn	ar = r + z + al	26,733	38,197
Base CAPEX - LCC	PKR Mn	as = s + aa + am	11,178	7,327
Actual IDC, Custom Duties & Contingencies	PKR Mn	at = m	1,104	-
Total	PKR Mn	au = ar + as + at	39.015	45.524



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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated Capex - Support

Please note that the below form represents only the illustration 2 given in the petition. This form will be amended at the time of filing, depending upon the actual scenario prevailing at that time as per the other illustrations given in the main petition document.

After completion of

Year 1 - FY 2024

1 Capex allowed - Reference

US CPI

i Macro economic factors - Reference				
PKR/US\$ Exchange Rate- Average	PKR / USD	a	206.0	206.0
Pak CPI	No.	b	158.5	158.5
US CPI	· No.	с	282.0	282.0
ii Capex Allowed				
Base CAPEX - FCC	PKR Mn	d	3,034	2,090
Base CAPEX - LCC	PKR Mn	e	244	285
IDC, Custom Duties & Contingencies	PKR Mn	f	-	-
Total CAPEX	PKR Mn	g≓ d + e + f	3,278	2,375

Note: Amounts are for illustrative purposes only. Actual adjustments to be done based on breakup given by NEPRA in investment plan decision.

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2 Capex allowed - Indexed on actual Macro economic factors till FY 2024

i Macro economic factors - actual [Average ra	tes as defined in the petition F	Y 2024]
PKR/US\$ Exchange Rate- Average	PKR / USD	h
Pak CPI	No.	i

ii Capex - indexed			
Base CAPEX - FCC	PKR Mn	k = d x (h/a) x (j/c)	5,246
Base CAPEX - LCC	PKR Mn	l = e x (i/b)	386
Actual IDC, Custom Duties & Contingencies	PKR Mn	m	-
Total	PKR Mn	n = k + l + m	5,632
iii Capex - Additional based on specific approval			
Base CAPEX - FCC	PKR Mn	0	250
Base CAPEX - LCC	PKR Mn	р	-
IDC, Custom Duties & Contingencies	PKR Mn	p1	-
Total	PKR Mn	q = o + p + p1	250



Form 2.4.1.1

314.6 250.8

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated Capex - Support

Please note that the below form represents only the illustration 2 given in the petition. This form will be amended at the time of filing, depending upon the actual scenario prevailing at that time as per the other illustrations given in the main petition document.

After completion of		Year 1 - FY 2024		
Description	in the second		1572202491	13/2025
iv Capex - Indexed + specific approved				
Base CAPEX - FCC	PKR Mn	r = k + o	5,496	
Base CAPEX - LCC	PKR Mn	s=l+p	386	
Actual IDC, Custom Duties & Contingencies	PKR Mn	t	-	
Total	PKR Mn	u=r+s+t	5,882	
v Capex - Actually incurred				
Base CAPEX - FCC	PKR Mn	v	2,796	
Base CAPEX - LCC	PKR Mn	w	425	
Actual IDC, Custom Duties & Contingencies	PKR Mn	x	-	
Total	PKR Mn	y = v + w + x	3,220	
vi Capex - (Under) / over spent				
Base CAPEX - FCC	PKR Mn	z = v - r	(2,701)	
Base CAPEX - LCC	PKR Mn	aa = w - s	39	
Total	PKR Mn	ab = z + aa	(2,662)	
iii Capex - Under spent / over spent carried forward	l to next year			\$
Base CAPEX - FCC	PKR Mn	ас		2,701
Base CAPEX - LCC	PKR Mn	ad		(39)
Total	PKR Mn	ae = ac + ad		2,662
3 Revised capex to be allowed				
i Macro economic factors				
PKR/US\$ Exchange Rate- Average	PKR / USD	af	314.6	314.6
Pak CPI	No.	ag	250.8	250.8
US CPI	No.	ah	319.3	319.3
ii Revised capex for FY 2025 onwards indexed on la	itest macro econoi	mic factors		
Base CAPEX - FCC	PKR Mn	ai = (d+ac) x (af/a) x (ah/c)		8,284
Base CAPEX - LCC	PKR Mn	aj= (e + ad) x (ag/b)		390
Total	PKR Mn	ak = ai + aj	_	8,673
iii Total Revised capex				
Base CAPEX - FCC	PKR Mn	al=r+z	2,796	10,984
Base CAPEX - LCC	PKR Mn	am = s + aa	425	351
Actual IDC, Custom Duties & Contingencies	PKR Mn	an = x	-	-
Total	PKR Mn	ao = al + am + an	3.220	11.335

Form 2.4.1.1



K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual investment update - updated RAB and Return After completion of Year 1 - FY 2024

1 Updated RAB movement

-						
Assumption	;	1		20 05	35 9%	
Capitalization %	92	۹ - در		100 0		Descontance are articulized hased on financial statements
Disposal Cost %	*	D = CO		17. C	1011	
Disposal Acc. Dep%	*	510		2.4%	0.576	
					1000	As not initial datermination
Depreciation rate %	%	'n		3.98%	3,3876	As yes much determination
Amortization of deferred revenue %	%	e		6.32%	6.32%	AS per initial acternitianul.
				314.59	314.59	Updated based on FY 2024
Exchange rate - average		_ '		750.75	3EU 76	Undated based on FY 2024
Pak CPI	NO.	- 6 .2		319.33	319.33	Updated based on FY 2024
US CPI	.01	=				
PKR Based Working						
Capital Work in Progress						
Opening	PKR Mn			8,037	14,586	
Addition	PKR Mn			39,015	45,524	Form 2.4.1
Caoitalization	PKR Mn	k = a x (i+j)		(32,466)	(21,589)	From %age method for Future. FY24 as per financials.
Closing	PKR Mn	l = i+ k + j	8,037	14,586	38,522	
Operating Flxed Assets (without revaluation)						
Opening	PKR Mn	ε		161,556	190,791	
Capitalization	PKR Mn	n=k		32,466	21,589	
Disposal	PKR Mn	o = m x b		(3,231)	(3,386)	From %age method for Future. FY24 as per financials.
Closing	PKR Mn	0+u+u=d	161,556	160,791	208,994	
Accumulated Depreciation						
Opening	PKR Mn	P		44,319	50,266	
Depreciation for the year	PKR Mn	r = average (m + p) x d		010'2	7,954	
Depreciation - Disposal	PKR Mn	s≓qxc		(1,064)	(3,191)	From %age method for Future. FY24 as per financials
Clasing	PKR Mn	t=q+r+s	44,319	50,266	55,029	
CWIP + Fixed assets	PKR Mn	u=1+p-t	125,274	155,112	192,487	
Average RAB - Excl. Deferred Revenue		(n) Sve=v		140,193	173,799	
				•		



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Year 1 - FY 2024 After completion of

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Deferred revenue						
Opening	PKR Mn	×		47,868	45,428	
Actual Additions	PKR Mn	×		625	•	Based on actual additions
Amortization	PKR Mn	y = (w + x) x e		(3,065)	(2,871)	From %age method for Future. FY24 as per financials
Ctosing	PKR Mn	2 = W + X + γ	47,868	45,428	42,557	
RAB	PKR Mn	aa = u - z	77,406	109,684	149,929	
Average RAB - PKR	PKR Mn	ab = avg (aa)		93,545	129,806	-
2 Updated RoRB %						
Cost af Ocht - Foreign	ж	ac = Form 3.5		26.77%	15.31%	As per Form 3.4
Cost of Deht - Local						
KIBOR	* 3	ađ		21.91%	21.91%	Average of actual KIBOR used for markup payments during the year
apread CoD - Loral	8 2	ae		2.50%	2.50%	As per determination
101 - 101 a	Ŗ	ar= ad + ac		24'41%	24.41%	
Foreign Debt %	%	Be		14.6%	36.6%	As per Form 3.4
Local Debt %	%	ah		85.4%	63.4%	As per Form 3.4
Weighted average cost of debt	%	ai = (ac x ag) + (af x ah)		24.75%	21.08%	
Cost of Equity - Base	%	aj		16.7%	16.7%	
Cost of Equity - Indexation	8	3k		98.3%	70.8%	As per form 2.4.3
Cost of Equity - Indexed	8	al = aj x (1 + ak)		33.0%	28.5%	
Debt %	%	am		70.00%	70.00%	
Equity	%	an		30.00%	30.00%	
Return an Regulatory Asset Base - Revised		ao = (ai x am) + (ai x an)		27,24%	23.29%	

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated RAB and Return

After completion of

Year 1 - FY 2024

a Up

l Updated RoRB amount					
Average RAB - PKR	PKR Mn	de = de	93,545	129,806	
Total Debt %	%	aq = am	70,00%	70.00%	
Foreign Debt % Cast of Debt - Foreign CoD - Foreign - support CoD - Foreign - support CoD - Foreign - (Including Support)	% % PKR Mn PKR Mn PKR Mn	ar = ag as = ac at = ap x aq x ar x as au av = at + au	14.6% 26.77% 2,558 166 2,723	36.6% 15.31% 5,095 331 5,425	Form 2.4.2.1(5)
Local Debt % Cost of Debt - Local CoD - Local - Distribution CoD - Local - Sistribution CoD - Local - (Including Support)	% 8 PKR Mn PKR Mn PKR Mn	aw = ah ax = af ay = ap x aw x ax az ba = ay + az	85.4% 24.41% 13,651 885 14,536	63.4% 24.41% 14,055 913 14,968	Form 2.4.2.1(5)
Equity % Cost of Equity - Indexed RoE - Distribution RoE - Yotal RoE - Total	% % PKR Mn PKR Mn	bb = an bc = al bd = bc xap x bb be bf = bd + be	30% 33.0% 9,275 601 9,876	30% 28.5% 11,085 720 11,805	Farm 2.4.2.1(S)
Depreciation on Distribution assets Depreciation on support assets Total depreciation	РКК МП РКК МП РКК МП	bg ≈ q bh bl = bg + bh	7,010 762 7,772	7,954 1,226 9,180	Form 2.4.2.1(5)
Amortization of deferred revenue	PKR Mn	bj = x	(3'06S)	{2,871}	

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Form 2.4.2

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated RAB and Return					Form 2.4.2
After completion of	Y.	ear 1 - FY 2024			
Units billed	No.		14,888	17,623	FY24 Actual. FY 25 as per updated projections.
Ravised tariff components					
CoD • Foreign	PKR / kWh	bl= av / bk	0.18	0.29	
CoD - Local	PKR / KWh	bm = ba / bk	86.0	0.85	
RoE	PKR / kWh	bn = bf / bk	0.66	0.67	
Depreclation	PKR / kWh	bo = bi / bk	0.52	0.52	
Amortization of deferred revenue	PKR / kWh	bp = bj / bk	(0.21)	(0.16)	
4 Over / (Under) recovery in FY 2024					
Biiled - actual	GWh	bq	14,888		
Amount to be recovered on above tariff components					
CoD - Foreign	PKR Mn	br = bq x bl	2,723		
CoD - Local	PKR Mn	bs = bq x bm	14,536		
RoE	PKR Mn	bt = bq x bn	9,876		
Depreciation	PKR Mn	bu = bq x bo	277,7		
Amortization of deferred revenue	PKR Mn	dd x bd = bd	(3,065)		
Total	PKR Mn	bw = br + bs + bt + bu+ bv	31,844		
Amount afready recovered					
CoD - Foreign	PKR Mn	bx	2,086		As per Form 2.2
CaD + Local	PKR Mn	by	13,537		As per Form 2,2
RoE	PKR Mn	bz	9,039		As per Form 2.2
Depreciation	PKR Mn	ß	5473		As per Form 2.2
Armortization of deferred revenue	PKR Mn	сь С	(3,025)		As per Form 2.2
Totał	PKR Mn	cc = bx + by + bz + ca + cb	29,109		
(Over) / Under recover to be allowed in next year		cd = bw • cc	2,735		



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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated RAB and Return After completion of Y 2024

5 Formulas for percentages

Capitalization % as per financial statements			
Daenine CW(P	PKR Mn	Ce	100
	PKR Mn	ט	52
and textiletions and testing and the lines	PKR Mn	cg = ce + cf	152
Available tot capitalization facilitation	PKR Mn	- 5	(105)
Ceptrementer	PKR Mn	ci = cg + ch	47
Capitalization %	*	cj = -ch / cg	69.00%
		,	
Disposal Cost % as per financial statements			
Domine PPE	PKR Mn	C,	100
Addition	PKR Mn	cl = ch	105
Disnosal	PKR Mn	cu	(z)
Closine	PKR Mn	cn = ck+ ci + cm	203
Disposal Cost %	8	co = cm / ck	2.00%
Disposal Acc. Depreciation % as per financial statements			
Opening Acc. Dep	PKR Mn	đ	50
Depreciation	PKR Mn	5	10
Disposal	PKR Mn	c	(1)
Closing	PKR Mn	cs = cb + cd + cr	65
Acc. Dep. Disposal %	8	ct = cr / cp	2.40%



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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated RAB and Return - Support After completion of Vear 1 - FY 2024

1 Updated RAB movement

Assumptions						
Capitalization %	*	ye≖s		80.69	52.8%	
Disposal Cost %	*	b= bd		10.0%	13.0%	FY 2024 %ages are actualized based on financial statements. Onward years as per the
Disposal Acc. Dep%	*	c = bi		18.0%	34.3%	determination.
Depreciation rate %	*	p		14.5%	14.5%	As per initial determination.
Amortization of deferred revenue %	*	٢		4.2%	4.2%	As per initial determination.
Exchange rate - average	PKR/USD	Ļ		315	315	Updated based on FY 2024
Pak CPI	Na.	2		251	251	Updated based on FY 2024
US CPI	Na.	£		319	319	Updated based on FY 2024
PKR Based Working						
Capital Work in Progress						
Opening	PKR Mn	-		391	1,119	
Addition	PKR Mn	į		3,220	11,335	From 2.4.1 (S)
Capitalization	PKR Mn	$k = -a \times (l + j)$		(2,492)	(6,576)	From %age method for Future. FY24 matched with Accounts
Closing	PKR Mn	=[+]+k	391	1,119	5,879	-
Operating Fixed Assets (without revaluation)						
Opening	PKR Mn	E		5,262	7,228	
Capitalization	PKR Mn	n=k		2,492	6,576	
Disposel	PKR Mn	o=mxb		(526)	(141)	From %age method for Future. FY24 matched with Accounts
Closing	PKR Mn	0+u+u=d	5,262	7,228	12,862	
Accumulated Depreciation						
Opening	PKR Mn	c.		2,969	3,343	
Depreciation for the year	PKR Mn	r = Average (m,p) x d		606	1,461	
Depreciation - Disposal	PKR Mn	s=qxc		(534)	(1,147)	From %age method for Future. FY24 matched with Accounts
Closing	PKR Mn	t=q+r+s	2,969	3,343	3,658	
CWIP + Fixed assets (RAB)	PKR Mn	u = l + p - t	2,684	5,004	15,083	
Average RAB				3,844	10,043	
3 Support RAB Allocation on Distribution						
CAPEX Allocation Percentages	*	>		84%	84%	As per Initial Submission
Cost of Fixed Assets (Gross Fixed Assets)	PKR Mn	W=pxv		6,065	10,793	
Net RAB	PKR Mn	x = U X V		4,199	12,657	

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Form 2.4.2.1



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Form 2.4.2.1

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Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated RAB and Return - Support K-Electric Limited

Year 1 - FY 2024 After completion of

ated RoRB %					
)eht - Foreign	*	y = Form 3.5	26.77%	15.31%	As per Form 3.4
)ebt - Local	*		21.91%	21.91%	Average of actual KIBOR used for markup payments during the year
cal	8 8	~	24.41%	24.41%	
Parts %	*	3 3	14.6%	36.6%	As per Form 3.4
tot %	8	ab	85.4%	63.4%	As per Forn 3.4
ad average cost of debt	*	ac = y x aa + z x ab	24.75%	21.08%	
Equity - Base	8	ad	16.7%	16.7%	
Equity - Indexation	* *	ae af = ad x { 1 + ae)	33.0%	70.8%	
rduy more	*	ag	70,00%	70.00%	
d RoRB amount					
e RAB - PKR	PKR Mn	ĥ	6,065	8,429	
ebt %	R	je=iu	70.00%	70.00%	
Debt %	* *	aj= aa ak = v	15% 26.77%	37% 15.31%	
Jebt - Foreign oreign - Support	PKR Mn	al = ah x ai x aj x ak	166	331	



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1,226

762

63% 24.41% 913

85% 24.41% 885

an = 2 ao = ah x al x am x an

% % PKR Mn

Local Debt % Cost of Debt - Local CoD - Local - Support

am = ab

30% 28.5%

30% 33.0% 601

2

ar = ap x aq x ah ap = 1 - ag

PKR Mn

* *

Cost of Equity - Indexed

RoE - Support Equity %

as = r x v

PKR Mn PKR Mn

Depreciation on support assets

Total depreciation

-

aq= af

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Investment update - updated RAB and Return - Support

After completion of Year 1 - FY 2024

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3 Formulas for percentages

Capitalization % as per financial statements			
Opening CWIP	PKR Mn	at	100
Addition to CWIP	PKR Mn	au	52
Available for capitalization	PKR Mn	av = at + au	152
Capitalization	PKR Mn	aw	(105)
Closing	PKR Mn	W6 + V6 = X6	47
Capitalization %	8	ay= aw/av	69.00%
<u>Disposal Cost % as per financial statements</u>			
Opening PPE	PKR Mn	ze	100
Addition	PKR Mn	ba = aw	105
Disposal	PKR Mn	þb	(10)
Closing	PKR Mn	bc = az + ba + bb	195
Disposal Cost %	×	ze / qq = pq	10.00%
<u>Disposal Acc. Depreclation % as per financial state</u>	ments		
Opening Acc. Dep	PKR Mn	be	50
Depreciation	PKR Mn	bſ	10
Disposal	PKR Mn	Dq	(6)
Closing	PKR Mn	bh = be + bf + bg	51
Acc. Dep. Disposal %	8	bi = bg / be	18,00%





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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Revised RoE Indexation

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			A DESCRIPTION OF	SPINING ST		2-12-10Z0Z4/2	ELX070719	EVELOPE SIL	STATUTE ST	a service of	APARION A
					1	Actualized					Forecasted
Average Exchange rates FTY	PKR / USD	104.82	104.81	110.01	136.17	158.38	160.21	178.00	248,00	314.59	314.59
Repulatory Asset Base (RAB) at year end*	PKR mn	17,770	25,952	34,360	45,931	58,412	74,781	066'11	79,658	115,748	160,722
Additions during the year	PKR mn		8,181	8,408	11,571	12,481	16,370	3,209	1,668	36,090	44,974
Indexation based on exchange rates (A)										ľ	
FY 2016	%		-0.01%	4.95%	29.91%	51.10%	52.84%	69.81%	136.59%	200.12%	200.12%
FY 2017	8			4.96%	29.92%	51.12%	52.86%	69.84%	136.63%	200.16%	200.16%
FY 2018	%				23.78%	43.97%	45.64%	61.81%	125.44%	185.98%	185.98%
FY 2019	%					16.31%	17.65%	30.72%	82.13%	131.03%	131.03%
FY 2020	%						1.15%	12.39%	56.58%	98.63%	98.63%
FY 2021	8							11.11%	54.80%	96.36%	96.36%
FY 2022	8								39.32%	76.74%	76.74%
FY 2023	%		 							26.85%	26.85%
FY 2024	%										0.00%
FY 2025	%										
FY 2026	%										
FY 2027	%		_								
FY 2028	%										
FY 2029	%					_					
FY 2030	%									_	
	A stor and a store a	these was far	ourmula 16 31	of in EV 2020.	a paternale	ND 158 39 / 11	SD divided hv	PKR 136 17			

dsn/Tž 2 202 ò ź ŝ Calculated with reference to exchange rate of a relevant year vs exchange rate of base year for example 16.31% in FY 2020 calculated

Year wise break up of	RAB										
	FY 2016	PXR mn	17,770	17,770	17,770	17,770	17,770	17,770	17,770	17,770	17,770
	FY 2017	PKR.mn		8,181	8,181	8,181	8,181	8,181	8,181	8,181	8,181
	FY 2018	PKR mn			8,408	8,408	8,408	8,408	8,408	8,408	8,408
	FY 2019	PKR mn			-	11,571	11,571	11,571	11,571	11,571	11,571
	FY 2020	PKR mn		_			12,481	12,481	12,481	12,481	12,481
	FY 2021	PKR mn						16,370	16,370	16,370	16,370
	FY 2022	PKR mn							3,209	3,209	3,209
	FY 2023	PKR mn								1,668	1,668
	FY 2024	PKR mn									36,090
	FY 2025	PKR mn									
	FY 2026	PKR mn									
	FY 2027	PKR mn		-	_						
	FY 2028	PKR mn								-	
	FY 2029	PKR mn									
	FY 2030	PKR mn						_	_		_
Total RAB			17,770	25,952	34,360	45,931	58,412	74,781	77,990	79,658	115,748

17,770 8,408 8,408 8,408 11,571 11,571 12,481 12,481 12,481 15,370 3,209 3,209 3,209 3,209 3,209 4,974



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Form 2.4.3

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Revised RoE Indexation

				AURY OF BUILDING	Alexandra (<u>Materizi (Mala</u> Actualized	A NUMBER OF A	19/1/1/1/19/1	NATI FERRE	(11)	For Processed
Weightage of RAB (B)	_										
FY 2016	8	100%	68%	52%	39%	30%	24%	23%	22%	15%	11%
FY 2017	8	%0	32%	24%	18%	14%	11%	10%	10%	7%	5%
FY 2018	8	%0	80	24%	18%	14%	11%	11%	11%	7%	5%
FY 2019	8	%0	%0	%0	25%	20%	15%	15%	15%	10%	7%
FY 2020	%	1%0	%0	%0	%0	21%	17%	16%	16%	11%	8%
FY 2021	%	%0	%0	%0	%0	%0	22%	21%	21%	14%	10%.
FY 2022	8	%0	%0	%0	%0	%0	%0	4%	4%	3%	2%
FY 2023	8	%0	%0	%0	%0	%0	%0	%0	2%	1%	1%
FY 2024	8	%0	%0	%0	%0	%0	%0	%0	%0	31%	22%
FY 2025	8	%0	80	%0	%0	%0	%0	%0	%0	%0	28%
FY 2026	8	%0	%0	%0	%0	%0	1%0	%0	%0	%0	%0
FY 2027	8	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2028	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2029	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2030	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Year wise indexation - considering RAB weight:	(age (A x B)			1.1.1			1111	1.000			
FY 2016	%	%0	-0.01%	3%	12%	16%	13%	16%	30%	31%	22%
FY 2017	%	%0	%0	1%	5%	7%	89	7%	14%	14%	10%
FY 2018	%	%0	%0	%0	4%	6%	5%	7%	13%	14%	10%
FY 2019	8	%0	%0	%0	%0	3%	3%	5%	12%	13%	%6
FY 2020	%	%0	%0	%0	%0	%0	%0	. 2%	%6	11%	8%
FY 2021	8	%0	%0	%0	%0	%0	%0	2%	11%	14%	10%
FY 2022	8	%0	%0	%0	%0	%0	%0	%0	2%	2%	2%
FY 2023	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2024	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2025	8	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2026	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2027	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2028	8	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2029	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
FY 2030	%	%0	%0	%0	%0	%0	%0	%0	%0	%0	%0
Total indexation	%	%00.0	-0.01%	3.74%	21.25%	32.27%	26.40%	38.77%	91.38%	98.26%	70.76%
RoE - USD based	8								16.67%	16.67%	16.67%
Indexation	%							I	91.38%	98.26%	70.76%
RoE - Indexed	%								31.90%	33.05%	28.47%
								I			1

*RAB as per Form 2.4.2 including support RAB on respective ratio as per Form 2.4.2.1

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K-Electric Limited
Adjustment of Allowed Distribution Losses due to change in sales mix
For the year FY 2024

16.04% mix	0	14,84	17,675	GWh	h=e+f+g	Revised allowed distribution loss
Allowed Loss adjusted for impact of change in consume					۵	Above LI KV consumers
0.00%	6	39	300	51415	1	
4.30% Actual and a 22 actual actua	4	1,46	1,527	GWh	لإ	11 kV consumers
A 2602 Artical units served on allowed distribution loss	*					
17.58%	1	12,98	15,749	GWh	U	Below 11 kV consumers
						Actual units
						Allowed losses - updated
14.2470	4	16,00	18,660	GWh	d=a+b+c	Total
				·		ADUVE LA CONSTRUCT AN LA SUCCESSION
0.00%	7	66	266	GWh	U	Ahove 11 kV consumers
4.36% Projected units served on allowed distribution loss	0	3,24	3,394	GWh	q	11 kV consumers
17.58%	I	11,76	14,269	GWh	ŋ	Below 11 kV consumers
i/i	[] - Ţ =]]]	:::			and a factor of the factor of	a linear and a locae
00 forst - 1 and - 2 Contributes - 2 Contributes - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 -						a second se

Change in revenue requirement due to adjustment in distribution loss target pursuant to change in consumer mix shall be calculated in supply annual adjustment form and included in Form 2.1



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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Update - Forcign Cost of Debt and Ioans m	Ŷ.								Form 3.4
Debt % Foreign Debt ratio Local Debt ratio	* * *	a b = s / (s + ad) c = ad / (s + ad)			70% 15% 85%			70% 37% 63%	Calculated on average outstanding loans Calculated on average outstanding loans
Foreign Loans & Cost of Debt									
Foreign Debt Movement in USD Devoing	USD Mo	τ	8.57		8.57	2.86	10.00	12.86	Amount based on movement of foreign loans in USD
Addition		, , , ,	- - 16 711	11.00	11.00 16 71	, (0 50)	9.00	9.00 (5.50)	Actual additions for the year Actual renovments for the year
repayment Closing	nm deu	g=d+e+f	2.86	10.00	12,86	2.36	14.00	16.36	
Average Actual Markup on Foreign Loans	USD Mn USD Mn	e	6.19 0.70	5.01 0.23	11.20 0.93	2.50 0.49	11.40 0.30	13.90 0.79	Average balance during the year calculated on daily outstanding position Markup payments during the year
Exchange Rates									· .
Opening effective exchange rate	PKR / USD	ŗ	156.40	•	156.40	156.40	306.10	272.83	Actual average exchange rates of foreign loans computed by dividing loan amounts in PKR at drawdown rate by loan amounts in USD
Drawdown	PKR / USD	×		306.00	305.00	306.00	315.18	315,18	Actual rats of drawdowns. flate computed by dividing total drawdowns in PKR by total drawdowns in USD during the year.
Reparation	PKR / USD	_	156.40	305,00	168.36	161.09	314,15	173.41	Average rate of repayment (excluding currency depreciation) i.e. hedged / drawdown rate.
Markup	PKR / USD	E	299,67	309.13	302.00	308.66	318.41	311.06	Actual rate prevailing at the date of payment of Markup. Rate computed by dividing total markup in PKR by total markup in USD
Elfective exchange rate of loan Closing exchange rate	PKR / USD PKR / USD	n=r/g n1	156.40 306.00	306.10 305.00	272.83 306.00	155.40 321.30	309.06 321.30	329.56 321.30	Actual exchange rates at year end.
Foreign Debt Movement in PKR Opening Addition	PKR Mn PKR Mn	ם הפא ה	1,341 -	, 3,366	1,341 3,366	447 -	3,061 2,837	3,508 2,837	
Repayment excluding impact of currency democration	PKR Mn	q = f x l	(834)	(SOE)	(1,199)	(18)	(1,571)	(954)	Repayment at drawdown rate.
Closing	PKR Mn	b+d+o=1	447	190'E	3,508	366	4,327	5,391	
Average foreign debt	PKR Mn	S	969	1,209	2,178	425	3,101	3,526	Average balance during the year calculated on daily outstanding position

Form 3.4

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K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Annual Update - Foreign Cost of Debt and loans mix							11111111111111111111111111111111111111		
					li liot				
ម្នាក់ទទួលទទួកក្នុងទទួលក្មួងទោះស្រុកទទួលទទួល Debt Repayment including impact of currency description	PKR Mn	1	-	(475)	(475)	ı	(1,602)	(1,602)	Repayment of loan at market rate prevailing at the time of payment
depredation Markup Amount In PKR	PKR Mn	u≓ixm	210	12	282	151	96	247	Markup in equivalent PKR rate prevailing at the date of payment
Amortization of Transaction cost	PKR Mn	ul	13	'n	11	m	ນ	8	Transaction cost of opening loans.
Exchange (gain) / loss on repayment of Principal	PKR Mn	v = q - t		170	170	,	IE	31	Difference of debt repayment on actual rate and drawdown rate.
Hedge cost for hedged loans	PKR Mn	v1	115		115	81	•	81	Hedging cost for hedged loans.
Exchange (gain) / loss on Outstanding balance of	PKR Mn	v2 = g * (n1 - n)		(E)	(E)	•	172	172	Revaluation exchange loss / (gūin) on closing balance for unhedged loans.
Exchange (gain) / loss claimed in previous year on Exchange (gain) / loss claimed in previous year on	PKR Mn	v3		•	•		1	1	Reversal of opening balance of revaluation already claimed in previous years.
Total Markup & Exchange (gain) / loss	PKR Mn	w = u + u1 + v + v1 + v2 + v3	338	245	283	235	305	540	
Effective interest rate of foreign borrowing	×	x=w/s	34.89%	20.25%	26.77%	55.23%	9.83%	15.31%	
Cost of Borrowing Foreign									
Foreign Debt Rate	8	γ=x		•••	26.77%			15.31%	Actualized cost of debt for FY 24
Local Loan									
Local Debt movement	200 000				15.035			10,138	Amount based on movement of local loans.
Opening Addition	PKR Mn	. 8			•			•	Actual additions for the year
Repayment	PKR Mn	de de roce roce		•	(4,897)		I	(<u>5,387)</u> 4,751	Actual set of currents for the set
Closing Average	PKR Mn	at - 2 T dd T du			12,744			6,100	Average balance during the year calculated on daily outstanding position

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Form 3.4

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Annexure H

K-Electric Limited Distribution Tariff - FY 2024 to FY 2030 Units & Losses

			A STORY	1.120258	EV/2025	AVZOPN -	IN ROUSE W	E CODE	030270
Units served	GWh	IJ	18,660	19,531	20,154	20,617	20,967	21,306	21,617
Distribution Loss	%	q	14.24%	13.93%	13.49%	13.04%	12.72%	12.46%	12.26%
Units billed	GWh	c = (a x (1-b))	16,004	16,810	17,435	17,929	18,300	18,652	18,967



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<u>Annexure I</u>

O&M Break up as of FY 2023

Expense Head	Distribution (PKR million)	Supply (PKR million)
Salary, Wages & Other Benefits	8,740	1,784
Third Party Services	4,014	1,487
Internal Energy Consumption	174	20
Stores & Spares	660	13
Transport Cost & Others	2,817	433
Expenses related to IFRS 16 (Rental premises)	44	10
Other (income) / expense	(0.4)	(0.1)
Allocated support including other (income) / expense	4,449	1,013
Total O&M – Net	20,898	4,760

Head wise brief of O&M cost

Salary Wages & Other Benefits

This head comprises of Salaries and other Benefits including retirement benefits, Medical Allowances, Gratuity & Provident Fund Expenses etc.

The Salary Wages and Other benefits of distribution segment covers around **PKR 8,740** million, while supply segment covers **PKR 1,784** million. The basis of the bifurcation of distribution and supply is centered at cost allocation of business segments directly associated with either distribution or supply. The Salaries and Wages and other benefits head is bifurcated on headcount associated with distribution & supply respectively.

Third Party Services

This head comprises of expenses such as rental for hired vehicles, OSP manpower and services such as bills printing and distribution, janitorial & security services etc.

Expense Head	Distribution (PKR Mn)	Supply (PKR Mn)
Rental for Hired Vehicles	1,180	49
OSP Manpower	1,674	148
Distribution services (Bills printing & distribution, Recovery agents, collection agencies, etc.)	371	1,126
Janitorial & Security	376	77
Others	412	88
Total	4,014	1,487

The basis of the bifurcation of expenses including bill printing & distribution, janitorial & security and recovery services into distribution and supply is centered at cost allocation of business



segments directly associated with either distribution or supply. Details of remaining expense headers is explained below separately.

Rental for hired vehicles Expenses

For the Base Year MYT working, the distribution segment rental for hired vehicles expenses contributes around **PKR 1,180 million** for the distribution segment whereas **PKR 49 million** for the supply segment. The basis of the bifurcation of distribution and supply is centered at cost allocation of business segments directly associated with either distribution or supply.

OSP Manpower

This head pertains to OSP Manpower cost pertaining to supply and distribution.

For the Base Year MYT working, the distribution segment of OSP Manpower contributes **PKR 1,674 million** to KE O&M whereas supply segment contributes **PKR 148 million**. The basis of the bifurcation of distribution and supply is centered at cost allocation of business segments directly associated with either distribution or supply. The OSP Manpower head is bifurcated on headcount associated with distribution & supply respectively.

Others

This head mainly comprises of expense related to daily wages hired labor cost, customer services, IBC on wheels, customer facilitation centers and collection booths. The basis of the bifurcation of distribution and supply is centered at cost allocation of business segments directly associated with either distribution or supply.

Internal Energy Consumption

This head pertains to expense concerning energy utilization within company. The basis of the bifurcation of distribution and supply is centered at cost allocation of business segments directly associated with either distribution or supply.

Stores and Spares

This head pertains to stores and spares consumed mainly contributed by personal protective equipment (PPEs), tools and uniforms for field staff. The basis of the bifurcation of distribution and supply is centered at cost allocation of business segments directly associated with either distribution or supply.

Transport Cost & Others

This head comprises of transport (fuel) and other expenses including auditors remuneration, professional charges, legal fees, bank collection charges, rent / rates and other similar items etc.

For the Base Year MYT working, distribution segment of transport & other expenses contributes **PKR 2,817 million** whereas supply segment contributes to **PKR 433 million** respectively. The basis of the bifurcation of distribution and supply is centered at cost allocation of business segments directly associated with either distribution or supply.



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Expense Head	Distribution (PKR Mn)	Supply (PKR Mn)
Transport Cost (fuel)	781	131
Auditors Remuneration	297	27
Bank Collection Charges	-	143
Legal Fees	26	3
Professional Charges including technical studies	434	17
Rent, Rates & Taxes	51	3
Repairs & Maintenance	383	10
Public Relations & Corporate Communications	22	19
Provision against slow moving inventory	153	14
Others (office supplies, trainings, data connectivity, printing & postage etc)	670	66
Total	2,817	433

Expenses related to IFRS 16 (Rental premises)

Lease contracts that meet the criteria of Finance Lease are recorded as 'Right of Use Asset' in KE's Balance sheet under 'Property, Plant and Equipment' based on treatment prescribed in IFRS – 16. These have carrying value of PKR 149 Mn at June 30, 2023 along with its corresponding lease liability. Considering the fact that these are actually rental premises that by nature are O&M expense, the 'Right of use assets' have not been included in RAB and accordingly expense during the year relating to these assets recorded in profit and loss account amounting to **PKR 54 million** has been included in O&M expenses of Distribution & Supply functions.

Support Allocation

Support refers to distribution's proportion of expenses incurred by various shared services such as:

- ≻ Procurement Department.
- ≻ Legal Department.
- ≻ IT Department.
- ≻ Finance department
- ≻ HR department
- ≻ CHSEQ department
- \succ Administrative and other teams.

Based on FY23 actual numbers, this head contributes **PKR 4,449 million** to Distribution O&M expenses.



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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF BOARD OF DIRECTORS OF **K-ELECTRIC LIMITED** HELD ON 22 DECEMBER 2023 IN KE BOARD ROOM

3RD FLOOR, KE HOUSE, 39-B SUNSET BOULEVARD, PHASE-II, DHA, KARACHI

AGENDA ITEM NO. 01 TO DISCUSS UPDATE ON INVESTMENT PLAN APPROVAL AND DISCUSS AND APPROVE UPDATED TARIFF PETITION FOR TRANSMISSION, DISTRIBUTION AND SUPPLY SEGMENTS

- 1.1 The Board was informed that, in view of earlier Board resolution approved through circulation dated November 29, 2022, KE filed separate tariff petitions for Generation, Transmission, Distribution and Supply segment on December 1, 2022. However, NEPRA admitted petition for Generation and vide letter dated January 26, 2023, returned the tariff petitions for Transmission, Distribution & Supply with a direction that first Investment Plan and Power Acquisition Plan be filed. Accordingly, KE filed Investment Plan on January 30, 2023 and Power Acquisition Plan (PAP) on March 20, 2023. After public hearing and multiple rounds of meeting, NEPRA intimated approval of investment plan vide email dated December 12, 2023.
- 1.2 Consequently, the company intends to file the revised tariff petitions for Transmission, Distribution and Supply segments and Board approval is requested for the same.

DECISION:

IT IS HEREBY RESOLVED THAT in continuation of the earlier resolution passed by the Board through circulation on November 29, 2022, the Board agrees to and confirms the revised main features and key assumptions forming the basis to develop revised Tariff Petitions as summarized below:

- Filing of separate revised petitions for each of Transmission, Distribution (Network) & Supply segments for a control period of 07 years till June 30, 2030, along with request for immediate application of the proposed tariff under NEPRA Rules till the final determination of the Authority.
- Salient features of each of the segment petition are as follows:
- Transmission:
 - o Tariff for a period of 07 years applicable with effect from FY2024 till FY2030 is being requested.
 - The structure is aligned as per the prevailing tariff structure i.e. based on RoRB (Return on Regulatory Asset Base), and Depreciation with USD RoE (Return on Equity) levels as allowed under previous MYT. However, instead of base rate adjustment, year on year investment allowance will be requested.
 - o Mechanism for quarterly indexation for cost of debt (local), cost of equity and working capital tariff components.
 - o Mechanism for recovery of O&M costs including annual adjustment of CPI.
 - o Mechanism for recovery of Other Expense / Income including annual adjustment
 - o Mechanism for recovery of Working Capital Costs.

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- o Investment plan of PKR 238,345 million (on reference macroeconomic factors) and carryover of FY 2023 projects with appropriate indexation and revision mechanism on annual (Annual Investment Update) basis.
- o Indexation mechanism to account for guarterly and annual variations in Pak CPI, US CPI, KIBOR & Exchange Rate.
- o Annual adjustment mechanism of Cost of Foreign debt along with currency depreciation coverage.
- o Annual adjustments relating to under / over recovery on account of actualization of units served, working capital component, impact of updated RoE and cost of debt.
- Other asks to ensure continuity of operations and recovery of prudent costs as included in revised petition.

• Distribution:

- o Tariff for a period of 07 years applicable with effect from FY2024 till FY2030 is being requested.
- o The structure is aligned as per the prevailing tariff structure i.e. based on RoRB (Return on Regulatory Asset Base), and Depreciation with USD RoE (Return on Equity) levels as allowed under previous MYT. However, instead of base rate adjustment, year on year investment allowance will be requested.
- Mechanism for quarterly indexation for cost of debt (local), cost of equity and working capital tariff components.
- Mechanism for recovery of O&M costs including annual adjustment of CPI.
- Mechanism for recovery of Other Expense / Income including annual adjustment.
- Mechanism for recovery of Working Capital Costs.
- o Investment plan of PKR 136,765 million for Distribution, PKR 17,506 million for support functions (on reference macroeconomic factors) and carryover of FY 2023 projects along with appropriate indexation and revision mechanism on Annual (Annual Investment Update) basis.
- o Indexation mechanism to account for quarterly and annual variations in Pak CPI, US CPI, KIBOR & Exchange Rate.
- o Annual adjustment mechanism of Cost of Foreign debt along with currency depreciation coverage.
- Annual adjustments relating to under / over recovery on account of actualization of units billed, adjustment of distribution losses due to sales mix impact, working capital component, impact of updated RoE and cost of debt.
- o Other asks to ensure continuity of operations and recovery of prudent costs as included in revised petition.

Supply:

- o Tariff for a period of 07 years applicable with effect from FY2024 till FY2030 is being requested.
- o Supply Tariff to include Pass through of Costs of Generation, Transmission, Distribution and external power purchase along with Supply Tariff components including O&M, Retail Margin, **Recovery Loss Allowance & Working Capital Components.**
- o Request of working capital on closing receivables of June 30, 2023 is being requested which will be actualized at each year end.



- Recovery loss for ordinary consumers being requested based on an improvement curve with adjustment for sales mix and floor and cap mechanism.
- Monthly & quarterly adjustments to account for changes in Costs of Power (including Power Purchase), Transmission & Distribution including any pass-through items allowed within respective tariffs.
- Quarterly adjustment for recovery of costs from BPC consumers under open market including open access cost and cross subsidy.
- o Annual adjustment mechanism for actualization of Supply Tariff components including working capital, Retail Margin and Recovery Losses requirement.
- o Annual adjustments relating to sales mix on T&D Losses and Recovery Loss Target Revision.
- Annual adjustments relating to under / over recovery on account of actualization of units billed.
- Other asks to ensure continuity of operations and recovery of prudent costs as included in revised petition.

IT IS HEREBY FURTHER RESOLVED THAT the authority given to the company/ CEO in respect of submission of tariff petitions vide resolution dated November 29, 2022, is still in place and remains valid without any modification.

['] RIZWAN PESNANI Chief Risk Officer & Company Secretary

K-Electric Limited 39-B, KE House, Sunset Boulevard, Phase II, DHA, Karachi, Pakistan A CONTRACTOR STRUCTURE ST

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Certified True Copy (CTC) of Resolution dated 29 November 2022 Passed by K-Electric Board of Directors

Approval of Tariff Petitions to be filed with National Electric Power Regulatory Authority (NEPRA)

IT IS HEREBY RESOLVED THAT the Board agrees to and confirms the main features and key assumptions forming the basis to develop Tariff Petitions as summarized below:

- □ Filing of separate petitions for each of Transmission, Distribution (Network) & Supply segments for a control period of 7 years till June 30, 2030. Furthermore, Generation Tariff will include separate tariff table at the individual plant level till the end of plant's expected useful life.
- □ Salient features of each of the segment application are as follows:
 - Generation:
 - Tariff till the end of each plant life and O&M Costs to cover Revex and Capex nature expenses, is being requested similar to that allowed to other IPPs
 - Take or Pay tariff including Energy Purchase Price, Capacity Purchase Price and other pass through items
 - Capacity Payment & Return structure is aligned as per the existing tariff structure based on Fixed O&M, RoRB & Depreciation and Working Capital added in line with allowed to IPPs.
 - Indexation mechanism for adjustment of Fuel Cost Component with part load and degradation adjustments.
 - Indexation mechanism to account for quarterly variations in Pak CPI, US CPI, Exchange Rate, KIBOR, LIBOR
 - o Annual adjustment for Insurance Cost
 - Transmission:
 - Tariff for the next 7 years after the end of current tariff period in FY23 i.e. from FY24 till FY30 is being requested.
 - The structure is aligned as per the existing tariff structure i.e. based on RoRB (Return on Regulatory Asset Base), and Depreciation with RoE (Return on Equity) levels as allowed under current MYT. However, instead of base rate adjustment, year on year investment allowance will be requested.
 - O&M costs to be requested based on per unit basis
 - o Mechanism for recovery of Working Capital Costs
 - Investment plan of PKR 281 billion (on reference macroeconomic factors) with appropriate indexation and revision mechanism on Annual (Annual Investment Update) & Biennial (Complete Investment Review) basis.
 - Indexation mechanism to account for quarterly variations in Pak CPI, US CPI, KIBOR, LIBOR & Exchange Rate.
 - Annual adjustments relating to Working Capital Balances, Transmission Losses, revision in Units Sent-Out (excluding O&M).

K-Electric Limited 39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan



- Distribution:
 - Tariff for the next 7 years after the end of current tariff period in FY23 i.e. from FY24 till FY30 is being requested.

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- The structure is aligned as per the existing tariff structure i.e. based on RoRB (Return on Regulatory Asset Base), and Depreciation with RoE (Return on Equity) levels as allowed under current MYT. However, instead of base rate adjustment, year on year investment allowance will be requested.
- o O&M costs to be requested based on per unit basis
- o Mechanism for recovery of Working Capital Costs.
- Investment plan of PKR 185 billion for Distribution, along with PKR 18.5 billion for support functions based on reference macro-economic factors with appropriate indexation and revision mechanism on both Annual (Annual Investment Update) & Biennial (Complete Investment Review) basis.
- Indexation mechanism to account for quarterly variations in Pak CPI, US CPI, KIBOR, LIBOR & Exchange Rate.
- Annual adjustments relating to Working Capital Balances, Distribution Losses, Revision in Units Served (excluding O&M)
- Supply:
 - Tariff for the next 7 years after the end of current tariff period in FY23 i.e. from FY24 till FY30 is being requested.
 - Supply Tariff to include Pass through of Costs of Generation, Transmission, Distribution and external power purchase along with Supply Tariff components including O&M, Retail Margin, Recovery Loss Allowance & Working Capital Components
 - Recovery loss for non-public sector consumers being requested based on an improvement curve
 - Monthly & Quarterly adjustments to account for changes in Costs of Power (including Power Purchase), Transmission & Distribution including any pass-through items allowed within respective tariffs.
 - Annual adjustment mechanism for Supply Tariff components including Working Capital, Retail Margin, T&D Losses & Over/ Under Recovery of Units Billed.
 - Annual adjustments relating to opening of market i.e., Cost of Open Access, Cross Subsidization, Distribution Losses & Recovery Loss Target Revision and O&M under recovery

IT IS HEREBY FURTHER RESOLVED THAT K-Electric be and is authorized to file Tariff Petitions before the National Electric Power Regulatory Authority ("Authority") for its Generation, Transmission, Distribution and Supply businesses, and in relation thereto, enter into and execute any and all required documents, make all filings, perform any act and pay all applicable fees, whatever it may be in each case, of any nature whatsoever as may be required.

IT IS HEREBY FURTHER RESOLVED THAT in respect of Tariff Petitions and applications etc. to be submitted before the Authority, Chief Executive Officer (CEO), KE is duly authorized and empowered for and on behalf of the Company to:

K-Electric Limited 39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan



- a. review, execute, submit and deliver the Tariff Petitions (including any modification to the Tariff Petitions) and related documentation required by the Authority, including any consents, documents, power of attorney, affidavit, statements, letters, forms, applications, deeds, guarantees, notices, certificates, request, statements and any other instruments of any nature whatsoever;
- b. sign and execute necessary documentation, pay necessary fees, filing request, for confidentiality, if required, with NEPRA for maintaining confidentiality of any price sensitive information, appear before the Authority as required, and do all acts necessary for the issuance of tariff;
- c. represent and respond on behalf of the Company, in public hearings and in writing, to all queries by the Authority, stakeholders etc. and to attend pre and post hearings and meetings; and
- d. do all such acts, matters and things as may be necessary for carrying out the purposes aforesaid and giving full effect to the aforementioned resolutions.

IT IS HEREBY FURTHER RESOLVED THAT Chief Executive Officer (CEO), KE be and is hereby authorized to delegate all or any of the above powers in respect of the foregoing to any other official of the Company.

Rizwan Pesnani Chief Risk Officer & Company Secretary



1 8 DEC 2023

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BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)

AFFIDAVIT of Mr. Syed Moonis Abdullah Alvi s/o Syed Riazuddin Alvi having CNIC No. 42201-6886191-3 Chief Executive Officer, K-Electric Limited (the "Company"), a company incorporated under the laws of the Islamic Republic of Pakistan, having its registered office at KE House, 39-B, Sunset Boulevard, Phase II, Defence Housing Authority, Karachi.

I, the above named deponent, being the duly authorized representative of the Company solemnly affirm and declare that the contents of Tariff Petition submitted vide Letter Ref No. KE/BPR/NEPRA/2023/321 dated December 27, 2023, including all supporting documents are true to the best of my knowledge and belief and that nothing has been concealed.



SYED MOONIS ÅBDULLAH ALVI

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S.No. DATE. ISSUED WITH ADDRESS. AND ADDRESS. THROUGH WITH ADDRESS. AND ADDRESS. PURPOSE. VALUE RS. STAMP VENDOR'S SIGNATURE The Stamp caper is not valid for Divorce and Free Will purpose

BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)

AFFIDAVIT of Mr. Muhammad Aamir s/o Muhammad Anwar having CNIC No. 42301-1189331-3 Chief Financial Officer, K-Electric Limited (the "Company"), a company incorporated under the laws of the Islamic Republic of Pakistan, having its registered office at KE House, 39-B, Sunset Boulevard, Phase II, Defence Housing Authority, Karachi.

I, the above named deponent, being the duly authorized representative of the Company solemnly affirm and declare that the contents of Tariff Petition submitted vide Letter Ref No. KE/BPR/NEPRA/2023/321 dated December 27, 2023, including all supporting documents are true to the best of my knowledge and belief and that nothing has been concealed.



0 MUHAMMAD AAMIR Σ 310 آ برکاند.

OATH COMMISSIONS

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1 8 DEC 2023



BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY (NEPRA)

AFFIDAVIT of Mr. Syed Fawad Ali Gilani s/o Syed Tahir Hussain having CNIC No. 35404-2362674-7 Chief Distribution Officer, K-Electric Limited (the "Company"), a company incorporated under the laws of the Islamic Republic of Pakistan, having its registered office at KE House, 39-B, Sunset Boulevard, Phase II, Defence Housing Authority, Karachi.

I, the above named deponent, being the duly authorized representative of the Company solemnly affirm and declare that the contents of Tariff Petition submitted vide Letter Ref No. KE/BPR/NEPRA/2023/321 dated December 27, 2023, including all supporting documents are true to the best of my knowledge and belief and that nothing has been concealed.



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SYED FAWAD ALI GILANI

Karachi dated December 27, 2023



10 DEC 2023

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K-ELECTRIC LIMITED

POWER OF ATTORNEY

- TO ALL WHOM PRESENT, by virtue of the powers conferred upon them by Article 77 of the Company's Articles of Association, the Board of Directors of the K-Electric Limited (referred to as the "Company" or "KE") have conferred upon me, Syed Moonis Abdullah Alvi s/o Syed Riazuddin Alvi, Muslim, adult, holder of CNIC No. 42201-6886191-3, the Chief Executive Officer of the Company, having its registered office at 3rd Floor, KE House, 39-B, Sunset Boulevard, DHA, Phase-II, Karachi, through a General Power of Attorney dated June 11, 2018, to act in the name and on behalf of the Company to exercise and perform certain powers and actions.
- 2. WHEREAS, pursuant to clause thirteen (13) of my General Power of Attorney, I am empowered to sign for and on behalf of the Company all agreements, contracts, assurances, deeds, matters or things in or about the business of the Company and pursuant to clause twenty six (26) of my General Power of Attorney, I am empowered to delegate any of my powers to any person deemed appropriate by me and to revoke the same at my discretion.

WHEREAS, pursuant to Resolution dated December 22, 2023 (CTC attached), KE Board of Directors authorized me to sign and file, for and on behalf of the Company, Tariff Petitions before the National Electric Power Regulatory Authority ("Authority") for KE's Transmission, Distribution and Supply businesses and in relation thereto, enter into and execute any and all required focuments, make all filings, perform any act and pay all applicable fees, whatever it may be in each case, of any nature whatsoever as may be required. The Board, in respect of the said tariff petitions and applications etc., has further authorized and empowered me to:

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- Review, execute, submit and deliver the tariff petitions (including any modification to the tariff petitions) and related documentation required by the Authority, including any consents, documents, power of attorney, affidavit, statements, letters, forms, applications, deeds, guarantees, notices, certificates, request, statements and any other instruments of any nature whatsoever;
- Sign and execute necessary documentation, pay necessary fees, appear before the Authority as required, and do all acts necessary for the issuance of tariff;
- Represent and respond on behalf of the Company, in public hearings and in writing, to all queries by the Authority, stakeholders and to attend pre and post hearing and meetings; and
- d. Do all such acts, matters and things as may be necessary for carrying out the purposes aforesaid and giving full effect to the aforementioned resolutions.

The Board has further authorized me to delegate all or any of the powers in respect of the foregoing to any other official of the Company.



NOW THEREFORE, I hereby appoint and authorize (1) Muhammad Aamir s/o Muhammad Anwar having CNIC No. 42301-1189331-3, Chief Financial Officer, KE, and (2) Syed Fawad Ali Gilani s/o Syed Tahir Hussain, having CNIC No. 35404-2362674-7, Chief Distribution Officer, KE, as Attorney(s) to act for and on behalf of the Company and anyone of the above two(2) KE officers to singly take any or all necessary actions and execute all documents, instruments etc., incidental and related to the tariff petitions for Distribution & Supply businesses and applications, as properly described under clause 3(a), (b), (c) and (d) above.



- 5. This delegated Power of Attorney does not empower the said Mr. Muhammad Aamir and Mr. Syed Fawad Ali Gilani to enter, sign and/or execute, for and on behalf of the company, any other and all agreements/ documents, except for the documents referred above.
 - This delegated Power of Attorney shall be valid till the execution of the above documents and 6. completion of the said process unless earlier revoked.

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OATH COMMISSIONER Karachi - Pakistan

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IN WITNESS WHEREOF I have affixed my signature below on this 27 day of December 2023.

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Syed Moonis Abdullah Alvi **Chief Executive Officer**

Attorneys:-

Muhammad Aamir **Chief Financial Officer**

Syed Fawad Ali Gilani **Chief Distribution Officer**

WITNESSES:

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	GENERAL POWER OF ATTORNEY	
TO A Hous greet	ALL TO WHOM these presents shall come, K-ELECTRIC LIMITED (KE), having its registered office at KE se, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi (hereinafter called the "Company") send stings.	
AND Asso entro Comj Attor	D WHEREAS by virtue of the powers conferred upon them by Article 77 of the Company's Articles of point of Directors of the Company have passed the resolution dated 07 June 2018 and rusted to and conferred upon Syed Moonis Abdullah Alvi, the Chief Executive Officer of the apany, the following powers which shall be exercisable by him from the date that a Power of porter or power and the same is executed in his favor by any two (2) Directors of the Company.	
NOW 4220 Comp thing	W THESE PRESENTS WITNESS THAT Syed Moonis Abdullah Alvi son of Syed Riazuddin Alvi CNIC # 01-6886191-3, the Chief Executive Officer of the Company, is hereby appointed Attorney of the npany to act in the name and on behalf of the Company to do and perform the following acts and gs only:	
1)	To purchase, sell, endorse, transfer, negotiate, encash, receive interest or otherwise deal in securities of all kinds including Government of Pakistan securities and securities of the Provincial Governments of Pakistan;	
2)	To sign all registers, reports and returns and others documents as may be required by law to be signed or filed with any Federal, Provincial or Local Governmental authority including but not limited to the Securities and Exchange Commission of Pakistan, Stock Exchanges, Registrar Joint Stock Companies, State Bank of Pakistan and Income Tax, Customs and other authorities;	
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To sign all acceptances and endorsements on bills of exchanges; hundles, securities and cheques drawn on behalf of the Company and to receive the amount of bills, hundles, securities and cheques and to give receipts and discharge for the same and to sign all documents drawn on or by the Company to which the signature of the Company as agents is required;

To sign for and on behalf of the Company all documents, assurances, deeds, and matters or things in or about the business of the Company as fully and effectively as the Company could do if personally present, to present such documents and deeds to the registering authority and admit execution thereof.

5) To process certificates of shares of the Company and to sign all papers relating to the canstra shares including temporary receipts thereof;
6) To process Dividend Warrants and their revalidation;

To authenticate and or cancel the registration of Debentures;

- 8) To sign all correspondence that may be necessary in the ordinary course of the buse called a company.
 - To sign all deeds of sale, purchase: lease, mortgage, redemption, re-conveyance and present so them before the registering authority and admit execution thereof.
- 10) To execute all bonds' deeds and documents and give such security as may be required now or at any future time by the Government of Pakistan or by any person, corporate body, company or firm to enable the Company to carry on its business;
- 11) To appoint and, authorize any officer, of the Company as his agent or agents to admit execution of deeds and documents of whatsoever nature, before the registering authority and to revoke such appointment or appointments;
- 12) To sign, execute, determine, or sterminate and snegotiates terms and sconditions thereto agreements/appointment for employment and training with employees and trainees in line with/requirements of the Companies/Act/2017 and Code of Corporate Governance; Regulations 2017 as applicable;
- 13) To sign for and on behalf of the Company all documents, agreements, contracts, assurances, deeds, matters or things in or about the business of the Company as jully and effectively as the Company could, do personally and to present such documents, agreements, contracts, assurances, deeds, matters or things to the registering, authorities and appear before such authorities and admit execution, thereof, and to do all such other things and acts that may be necessary for registration;
- 14) To make and sign applications to appropriate Federal Provincial or Local Government departments, authorities or other competent authority for all and any licenses, filing of any and sall applications, petitions with NEPRA which include Licensee Proposed Modifications (LPMs) and others, permissions and consents required by any order, statutory instrument, regulation, byelaw or otherwise in connection with the business, management and affairs of the Company.
- 15) To obtain securities from any person, corporate body, company or firm for the due performance of any contract in respect of rendering any service or supplying any material to the Company and to accept the same on such terms as may be deemed proper or expedient by the Attorney;
- 16) To realize debts due to the Company and to receive any money due to the Company from any person, corporate body, company or firm and to grant receipts and discharges for the same;

17) To make payments to any person, corporate body, company or firm for any service rendered to the Company and for such other purposes of the Company and for carrying on of the Company's business and to sign and deliver all receipts, charges and drafts on the bank and other accounts of the Company or on the customers of the Company and to endorse all bills and bills of

exchange-received-by-the-company, which may be necessary or expedient a endorsed or given for the purpose of carrying on of the Company sibusiness.



18) To represent the Company before any Court of Jaw Federal. Provincial or authority or any other authority in all matters concerning the business Company:

19)

- To commence institute prosecute, and to defend, compound and abandon all **compound** actions, suits, petitions, appeals, claims and demands by or against the Company or ininvelation to the business or property of the Company or otherwise and for such purpose to sign, verify and present any document (pleading, complaint, write affidavir application or other instrument in writing and to appear and make statements on oath or otherwise in relation to the affairs of the Company and to appear and make statements on oath or otherwise in relation to the affairs of the Company and to appoint, and remunerate any barrister, solicitor, advocate pleader, vakil, mukhtar, or any legal/practitioner or any revenue agent, accountants, valuers or surveyors for the said purpose and to obtain legal advice on behalt of the Company on any matter, comentious or otherwise affecting the Company.
- 20) To write off amounts as approved by the Board of Directors arising as a result of correction// cancellation / adjustment of electricity bills in the normal course of business of the Company To approve formula for write offs, adjustment, and settlement of electricity, bills based on prudent business practices / judgement and within the policy framework approved by the Board of Directors. To sub-delegate such of the powers as he deems fit to the concerned executives// officers of the Company, to fix authority limits thereof, and to revoke the same at his discretion.
- To obtain refund of stamp duty or repayment of court fees;
- 22) To appear and act in the offices of the 'District' Registrar and Sub-Registrar of Deeds and Assurances for registration of documents and in any other office of the Federal Provincial and local Government, including without prejudice to the generality of the foregoing. City District-Government, Karachi, any Union & Gouncil, District, Council, Cantonment, Board, Municipal Corporation, any Co-Operative Society, State Bank of Pakistan, Collector of Customs - Excise & Taxation Offices and the Chief Controller of Imports and Exports in all matters concerning the business opproperty of the company.
- 23) LO file and receive back documents, to deposit and withdraw money and to grant receipt therefore
- 4) To inegotiate and to entervinto and complete contracts with any person, corporate body company or firm for the lease or purchase of any lands and buildings and to alter repair addito, and improve any building or structure and to lector sub-lectany immovable property held by the company and to submit plans of buildings relating to the Company sproperties of lands on the Company subchalfibefore any competent authority and to obtain receipts therefor.
- 25) To use, sign and attest, the name and style of the Company in any transaction, deed document or muniment of title on all such occasions as may be necessary or expedient for conducting the business of the Company or for the due and proper management of the lands, and buildings leased or purchased of to be leased on purchased by the Company and to execute and sign all such deeds and documents as may be required or proper for or in relation to all or any of the matters or purchased of easily.
- 26) To delegate to any person such of the powers as he deems tit and revoke the same at h discretion.
- 27). Generally to do all other acts and things incidental to the exercise of the aforesaid powers.
- 28) The Company hereby agrees to ratify and confirm all and whatever the said Attorney shall lawfully do or cause to be done by virtue of this Power of Attorney

The Powerof/Attorney/executed in favor of Mr. Muhammad (Jayvab) areen pursuant to the Resolution, of the Board of Directors passed on 27 November 2014 is hereby revoked. (This Power of Attorney will be valid till the time Syed Moonis Abdullan Alviholds the position of Chief Executive Officer of KE

IN WITNESS WHEREOF the Common Seal of the Company has been affixed hereto at Karachi on this the 11 day of June 2018 by the undersigned Directors of the Company pursuant to the resolution dated 07 June 2018 passed by the Boardiof Directors of the Company 2018.

Signature of Syed Moonis Abdullah Alvi Attorney

THE COMMON SEAL of the Company is hereunto affixed in the presence of the

WITNESSES

Director

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ATTESTED AUAZALIADVOCATEMA LLB Advocate & Notary Public Karachi

12 JUN 2018



CERTIFIED TRUE COPY (CTC) OF THE MINUTES OF 1233RD MEETING OF K-ELECTRIC LIMITED BOARD OF DIRECTORS (BOD) HELD ON THURSDAY, 11 AUGUST 2022 AT 10:30 HOURS (PST) IN KE BOARD ROOM 3RD FLOOR, KE HOUSE, 39-B SUNSET BOULEVARD, PHASE-II, DHA, KARACHI

RE-APPOINTMENT OF CHIEF EXECUTIVE OFFICER

RESOLVED THAT Syed Moonis Abdullah Alvi be and is hereby appointed as Chief Executive Officer of the Company for a term of three (3) years with effect from 30 July 2022.

Rizwan Pesnani

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Chief Risk Officer & Company Secretary



Certified True Copy (CTC) of Resolution dated 31 July 2019 Passed by K-Electric Board of Directors

Election of Directors - Appointment of Chairman and Chief Executive Officer

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RESOLVED FURTHER THAT Syed Moonis Abdullah Alvi be and is hereby appointed as Chief Executive Officer of the Company for a three (3) year term effective from 30 July 2019. The terms & conditions of appointment of Syed Moonis Abdullah Alvi for the position of CEO, as already approved by the Board, shall remain unchanged.

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KE House, 39-B, Sunset Boulevard, Phase-II, Defence Housing Authority, Karachi
www.ke.com.pk
92-21-3263-7133, 92-21-3870-9132, UAN: 111-537-211

Rizwan Pesnanl Company Secretary



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Certified True Copy (CTC) of Resolution(s) passed by K-Electric Board of Directors at its Meeting No. 1198 held on Thursday, 07 June 2018 at 11:00 hours in KE's Board Room, 3RD Floor, KE House, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi

Re: Appointment of Chief Executive Officer (CEO)

RESOLVED THAT in exercise of powers vested through section 187 and 188 of Companies Act, 2017 and Article 76(ii) and (vi) of K-Electric (KE) Articles of Association, Syed Moonis Abdullah Alvi be and is hereby appointed as interim Chief Executive Officer of the Company in place of Mr. Muhammad Tayyab Tareen with effect from 07 June 2018.

RESOLVED THAT a General Power of Attorney as per draft set out in Appendix "A" be and is hereby given to Syed Moonis Abdullah Alvi, CEO, K-Electric and any two (2) Directors of the Company be and are hereby jointly authorized to sign, on behalf of the Board of Directors, the General Power of Attorney for Syed Moonis Abdullah Alvi and affix common seal of the Company on the instrument.

Muhammad Rizwan Dalia Company Secretary MUHAMMAD RIZWAN DALIA Company Secretary K-ELECTRIC LIMITED



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