



# PESHAWAR ELECTRIC SUPPLY COMPANY Ltd.

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Office of The  
Chief Executive Officer  
PESCO Peshawar

No: BSR / CEO/PESCO

Dated: 29/02/2024

Registrar,  
National Electric Power Regulatory Authority (NEPRA),  
NEPRA Tower, Attaturk Avenue (East), G5/1,  
Islamabad.

Subject: **PETITION FOR REVISION OF SECURITY DEPOSIT RATES ON CURRENT  
TARIFF RATE AN INCREASE IN THE TEMPORARY CONNECTION TARIFF  
RATE FOR THE CONSUMERS OF PESCO.**

Ref:

1. PPMC Letter No. 2515-26/GM(R&CO) dated 17-01-2024 (Copy enclosed)
2. Ministry of Energy (Power Division) No. 12(35)/2021-DISCO-II dated 27-11-2023 (Copy enclosed)
3. Ministry of Energy (Power Division) No. 12(35)/2018-DISCO-II (Part-III) dated 12-01-2024 (Copy enclosed)
4. NEPRA Letter No. NEPRA/DG(CAD)/TCD-10/159-160 dated 03-01-2024.
5. PESCO Company secretary letter No. 2694-97/197<sup>th</sup> BoD dated 01/02/2024

PESCO has received directives from the Ministry of Energy (Power Division), as outlined in the reference at 3 above which was issued in accordance with the NEPRA letter referenced at 4 above, directing all DISCOs to submit petitions for the;

1. Assessment of revised security deposit rates based on the current tariff rates
2. Enhancement of the temporary connection tariff rates, following the methodology elucidated in the Ministry of Energy (Power Division) letter referred to at 2.

In compliance with the instructions from the Ministry of Energy (Power Division), PESCO, hereby submit petitions for the revised security deposit rates based on the current tariff rates and the enhancement of the temporary connection tariff rates. PESCO respectfully seek the honorable Authority's consideration and determination in this matter.

Copy to:

1. General Manager (R&CO), PPMC, Islamabad
2. Chief Commercial, PESCO, Peshawar.
3. DG MIRAD, PESCO, Peshawar.
4. Deputy GM Finance, PESCO, Peshawar.
5. Chief Law Officer, PESCO, Peshawar.

Chief Executive Officer,  
PESCO, Peshawar

Forwarded please:

☒ For nec action ☐ for information

<input checked="" type="checkbox"/> DG (Lic.)	<input type="checkbox"/> 2. DG (Admn./HR)
<input checked="" type="checkbox"/> DG (M&E)	<input checked="" type="checkbox"/> DG (CAD)
<input checked="" type="checkbox"/> S.A DG (Trf.)	<input type="checkbox"/> 6. Dir. (Fin.)
<input checked="" type="checkbox"/> Dir. (Tech.)	<input type="checkbox"/> 8. Consultant
<input checked="" type="checkbox"/> S. LA	<input type="checkbox"/> 10. Dir. (IT)

For kind information please

☒ Chairman ☒ M (Tech.)  
☒ M (Lic.) ☒ M (Trf. & Fin.)  
☒ M (Law)

Yariff Division Record  
Dy No. 1315  
Dated 5-3-24

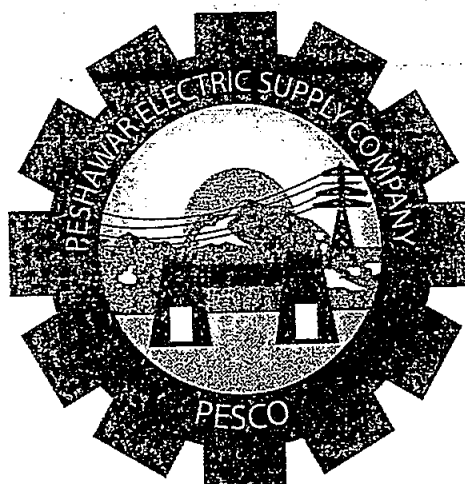
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# **Peshawar Electric Supply Company (PESCO)**



## **PETITION FOR INCREASING SECURITY DEPOSIT RATES ON CURRENT TARIFF**

## Contents

REVISION OF METER SECURITY DEPOSIT .....	3
1. INTRODUCTION: .....	3
1.1 OPERATIONAL CONTEXT: .....	3
1.2 WORKFORCE AND CONSUMER BASE: .....	3
1.3 REGULATORY STATUS: .....	3
2. GROUNDS FOR PETITION .....	4
3. REFERENCE CLAUSES FOR THE PETITION .....	4
3.1. SECURITY DEPOSIT .....	4
3.2 PROPOSED STRUCTURE .....	5
4. METHOD FOR RECOVERY OF SECURITY DEPOSIT .....	6
5. MECHANISM FOR ANNUAL ADJUSTMENT/INDEXATION OF SECURITY DEPOSIT .....	7
5.1 APPLICABLE CATEGORIES .....	7
6. PRAYER: .....	7
ANNEXURE-A .....	8
ANNEXURE-B .....	9
ANNEXURE-C .....	9
ANNEXURE-D .....	11

## Revision of Meter Security Deposit

### 1. Introduction:

Peshawar Electric Supply Company (PESCO), incorporated as a Public Limited Company on April 23, 1998, plays a pivotal role in providing electricity to over 4.29 million consumers across all districts of Khyber Pakhtunkhwa (KPK), Pakistan. This responsibility is governed by PESCO's Distribution License No. DL/07/2023, granted by the National Electric Power Regulatory Authority (NEPRA) under the NEPRA Act on May 09, 2023. PESCO has also been issued a Supplier of Last Resort license under license No. SOLR/07/2023 by NEPRA vide No. NEPRA/DG(LIC)/LAS-20/ 38823-43 dated 27/12/2023.

#### 1.1 Operational Context:

As a consequence of the restructuring of WAPDA's Power Wing, PESCO now operates exclusively within the KP province, overseeing its designated territory. The company is currently led by a Chief Executive Officer (CEO). Functioning as the Distribution Licensee as well as Supplier of Last Resort (SOLR), PESCO operates under the single buyer model. This entails procuring energy and remitting a Power Purchase Price (in Rs/kWh) for the electricity acquired from the Central Power Purchasing Agency (CPPA-G) or other sources, acting on behalf of the CPPA-G. These transactions include the regulated/determined generation and transmission charges by NEPRA. The primary objectives of PESCO encompass ensuring an uninterrupted and stable power supply to all consumers. Additionally, the company is committed to providing exemplary customer services and establishing and operating reliable electricity distribution networks.

#### 1.2 Workforce and Consumer Base:

Presently, PESCO maintains a workforce of approximately 14,331 active employees, organized across eight directorates. The company is responsible for distributing electricity to around 4.29 million consumers. The consumer mix encompasses 87.8% domestic consumers, 9.8% commercial consumers, 0.68% industrial consumers, 0.02% bulk consumers, 0.6% agricultural consumers, and 1.1% other consumers.

#### 1.3 Regulatory Status:

In compliance with the provisions of the Regulation of Generation, Transmission & Distribution of Electric Power (Amendment) Act, 2018, PESCO is holding a license for the supply of electric power. This is in addition to its existing license as a Distribution Company. Following the honorable Authority's approval of the Competitive Trading and Bilateral Contracts Market (CTBCM) on November 12, 2020 (No. NEPRA/R/DL/LAM-01/40691-98), several implementation actions have been undertaken. These actions include the issuance of a License for the Market Operator (MO), approval of the Market Commercial Code (MCC), and the promulgation of various Regulations. These measures aim to ensure the smooth implementation of CTBCM and establish a balance in roles, rights, and obligations among stakeholders involved in the CTBCM.

## 2. Grounds for Petition

2.1. Peshawar Electric Supply Company (PESCO) operates on a credit basis, requiring a security deposit from new applicants applying for the connection to cover potential arrears in the event of default. The current deposit rates were established by the National Electric Power Regulatory Authority (NEPRA) in 2010. However, it is noteworthy that the average tariff rate has experienced an increase exceeding 400% per kilowatt-hour (KWh) from June 2010 to September 2023. It is evident that the existing deposit amounts are insufficient in light of the substantial tariff increase. The surge in billing rates necessitates a revision of the security deposit rate to offset arrears caused by tariff hikes and prevent the annual rise in arrears resulting from disconnected defaulters. This trend contributes to the accumulation of circular debt. Therefore, it is proposed that NEPRA considers revising the existing security deposit rates along with the implementation of the following modifications for improved effectiveness.

2.2. Currently, PESCO issues demand notices for new connections, connection restoration, and load extensions at the old Security Deposit rates. This practice, if not rectified, exposes PESCO to continual risks associated with non-payment of energy dues. An analysis of postpaid electricity bills reveals that, ideally, nearly 62 days and typically 90 days of consumption occurs before disconnection. During this period, the bill amount remains at risk, necessitating a revised Security Deposit to cover the estimated power consumption for two months.

2.3. Ministry of Energy (PD) vide letter No.12(35)2018 -DISCO-II(Part-III) dated 12/01/2024 through PPMC letter No. 2515-26/GM (R&CO) dated 17/01/2024 exclusively directed DISCOS including PESCO to file a petition for the revision (enhancement) of the security rates on the basis of existing tariff to cover the default risk of the consumers average billing for the 2.5 and three months.(Annexure E)

### 2.4 Comparison of Rates (2009 vs 2023)

A Comparison of Inflation rate, Material prices, USD(\$) rate and average tariff is given as under:

	2009	Jan-2024	Increase %age
Conversion rate PKR/\$	83/1	280/1	237%
CPI (General) Base Year (2015-16)	100.00	29.66	
Average TariffRs./kWh	8.05	31.8	295%

## 3. Reference Clauses for the Petition

### 3.1. Deposit of security:

As per clause 5.1.1 of Consumer Service Manual 2021, reads as "For all service connections, a demand notice for security deposit as per the rate approved by NEPRA shall be issued to the applicant

for depositing the same in the designated bank branch" (Annexure-A) . The Security Deposit rates are as per Annexure- IV

### 3.2 Proposed Structure

Proposed Security Deposit rates are intricately designed, taking into account the category-wise average bill per consumer per kilowatt (kW) sanctioned load. The formulation considers previous determination of the security rates by the authority vide No. NEPRA/TRF-104/PESCO-200/9836-38 dated 23/08/2008 Annexure B.

3.3. The determination of security amounts for distinct categories is based on the coverage of billing dues for the consumer, spanning from the non-default period to the default and disconnection date. This inclusive approach typically covers a billing period of two to three months. Importantly, the total dues now incorporate taxes, a factor not included in the rates set in 2010. The proposed Security deposit rates represent two and half months for all the categories excluding urban domestic 10 Marla and above (Annex-B). The total time period between initial date of consumption and notice for disconnection have been shown on below table.

Description	Unit	MDI	General
Consumption 30 days	Days	30	30
Meter reading	Days	1	1
Follow up	Days	0	2
Preparation of reading list sub division	Days	0	2
Submission of reading list to RO by sub division	Days	1	1
Data entry of meter reading by RO	Days	1	2
Verification of exception / error if any	Days	0	2
Submission of reading record to computer center by RO	Days	1	1
Printing of bill	Days	1	2
Delivery of printed bill to RO	Days	1	1
Distribution of bill to customer	Days	1	1
Payment period	Days	15	7
Receipt of bank scroll in RO	Days	3	3
Scrutiny of bank scroll by RO	Days	2	2
Submission of verified scroll to computer center by RO	Days	1	1
Posting of cash by computer center	Days	2	2
Scrutiny of defaulter list computer center	Days	1	1
Printing of notice to defaulters	Days	1	1
Receipt of defaulter notice from computer center to RO	Days	1	1
Scrutiny of defaulter list by RO	Days	1	1
Delivery of printed default notice to customer	Days	1	1
Notice period	Days	10	10
Total	Days	75	75

Additionally, for the practical assessment of land rates to ensure uniform security calculations, the document incorporates a review of land rates determined by the Federal Board of Revenue (FBR) in various districts and cities. These rates are attached as a sample in Annexure-D.

3.5. The security rates are meticulously established, incorporating the average billing plus 1% of the land value for the Urban Domestic category. In contrast, the Rural Domestic category proposes a 50% reduction in the Urban-rated land value. For all other categories, the security rates are set based on the average billing charges equivalent to two and a half months' dues for their respective categories. This comprehensive approach aims to ensure fairness and accuracy in determining Security Deposit rates across diverse consumer categories. To address this issue and prevent financial losses, PESCO requests the honorable Authority to revise the Security Deposit rates along with the modifications at Annexure-B.

## 4. Method for recovery of Security Deposit

### 4.1 Security Deposit

A detail of the working out of the security rates as per NEPRA previous determination has been annexed at Annexure-C for the ready reference and perusal of the Authority. Based on the working and exclusive directions of the Ministry of energy (PD) the below methodology is suggested as;

- a. For all consumers excluding urban domestic consumers, the security deposit rates are
  - a. recommended to be Set at two and a half months based on average billing.
- b. For urban domestic consumers:
  - i. Security deposit rates equal to three months on average billing are proposed for properties up to 10 Marlas.
  - ii. Security deposit rates equivalent to one percent of the land Value, as per the rates fixed by the Federal Board of Revenue (FBR) for properties above 10 Marlas.
  - iii. Modify existing rules to permit PESCO for filing of common petitions for the determination of 'Security Deposit' rates concurrently with tariff determination. This adjustment aims to streamline the process, eliminating the necessity for separate petitions for security and tariff determinations.
  - iv. The customer is obligated to pay/deposit an amount, as approved by the Authority (NEPRA), to Peshawar Electric Supply Company (PESCO) under the conditions mentioned in the consumer service manual vide chapter 5 subsectioned 5.2 to 5.2.4 security updations.
  - v. Should the customer opt to terminate their electric power connection, PESCO assumes responsibility for refunding the Security Deposit upon the consumer's request, after adjusting the outstanding dues ,if any.
  - vi. In the event of non-payment of electricity dues by the customer leading to disconnection of electricity supply, PESCO reserves the right to adjust the Security Deposit against the outstanding amount billed to the consumer.

## 5. Mechanism for Annual Adjustment/Indexation of Security Deposit

It is suggested that the Authority may formulate an appropriate mechanism or parameter for the adjustment or indexation of the aforementioned Security Deposit Rates for Distribution Companies (DISCOs).

### 5.1 Applicable Categories

Security Deposit rates for all Tariff Categories.

## 6. Prayer:

In view of the above submissions, it is humbly requested that the Authority may kindly consider and determine as follows;

- A. Security Deposit under all Tariff Categories as specified in Annex-B
- B. A suitable mechanism for Periodic Adjustment/indexation in the Security Deposits.



## CHAPTER 5 SECURITY DEPOSIT

### 5.1 SECURITY DEPOSIT

- 5.1.1 For all service connections, a demand notice for security deposit as per the rate approved by NEPRA shall be issued to the applicant for depositing the same in the designated bank branch. The Security Deposit rates are as per Annexure - IV.
- 5.1.2 A period of thirty days for payment of Demand Notice is given. A grace period of thirty days may be allowed for payment of the demand notice on the request of the applicant.

### 5.2 UPDATION OF SECURITY DEPOSIT

- 5.2.1 In case of change of name due to any reason the Security Deposit shall be updated at prevailing rates subject to adjustment of already paid Security Deposit.
- 5.2.2 In case of change of tariff category, shifting of connection and reconnection (if period of disconnection is more than 365 days), the Security Deposit shall be updated at prevailing rates subject to adjustment of already paid Security Deposit.
- 5.2.3 In case of extension of load, the amount of security deposit shall be updated at prevailing rates for the entire load subject to adjustment of already paid Security Deposit.
- 5.2.4 In case of reduction of load, the Security Deposit shall be updated at prevailing rates and the difference of the Security Deposit shall be refunded/charged, as the case may be.
- 5.2.5 For the purpose of calculating the security deposit, the fraction of a kilowatt (for loads above one kilowatt) which is equal to or more than half kilowatt, shall be taken as one kilowatt, and the fraction which is less than half a kilowatt shall be ignored.



5.2.6 The security deposit paid by the consumer shall be refunded at the time of permanent disconnection if applied by the consumer for refund after getting approval from the load sanctioning officer provided that there is no outstanding dues against the consumer. The process of refund shall be carried out within thirty (30) days of receipt of such request.

### 5.3 BANK GUARANTEE

- 5.3.1 The option of Bank Guarantee in lieu of security deposit shall be available to the industrial consumers under B-3 and B-4 as defined in Tariff terms and conditions categories only. The existing B-3 and B-4 category consumers can also avail option of Bank Guarantee by withdrawing their previous security deposit from

## Annexure-B

## Proposed Security Deposit Rates (2 Months' Revenue with Taxes)

Tariff	Description	Existing Security Rates(PKR)	Estimated One Month Security/KW (Incl.Taxes)	Estimated 2.5 & 3 Months Security/KW (Incl.Taxes)
A-1	Urban (10 Marla and below)	1220	3,709	11,127
	Urban (Above 10 Marla)	1220	-	As per note below
	Rural	610	1,854	4,636
A-2	Urban	1810	9,509	23,773
	Rural	1810	6,997	17,491
A-3	General Service		5,525	13,813
B-1	Small Industries	1580	18,234	45,585
B-2	Medium Industries	2010	20,498	51,244
B-3	Large Industries	2890	13,254	33,135
B-4	very Large Industries	3560	13,237	33,093
C	bulk	2740	4,800	12,000
D	Agri/Tubewells	15000 Lump sum	8,689	21,723
G	Street Lights (G)	3240	12,777	31,942
H	Housing Colonies	1560	4,646	11,616

## Note

1	For domestic Urban (10 Marla & below): security deposit rate is based on 3 months average billing (Ministry of enrgy (Power division) letter No. 12(35)/2021-DISCO-II dated 27-11-2023 referred.
2	For domestic Urban (10 Marla & above): security deposit rates equivalent to one percent of land value as per rates fixed by Federal Board of Revenue (FBR) for properties above 10 Marla(Ministry of energy (Power Division) letter No.12(35)/2021- DISCO-II dated 27-11-2023 referred )is based on 3 months average billing (Ministry of enrgy (Power division) letter No. 12(35)/2021-DISCO-II dated 27-11-2023 referred.

## Annexure-C

## Working of One Month's Security Deposit/kw

The working of One Month's Security Deposit/kw is as under:

A	B	C	D	E	F	G	H	I
Tariff	Description	Load Factor	Consumers	Sanctioned Load	Sanctioned Load per Customer(KW) = E/D	KWh/consumer G = C*F*730	One Month Bill /consumer (Inc. Tax)=8+taxes	Estimated One Month Security/KW (Incl.Taxes)
A1	Single Phase	20%	3,735,623	5,531,090	1.5	216	5,492	3,709
	Three Phase	25%	36,147	249,175	6.9	1,258	47,871	6,944
A-2	Single Phase	20%	391,759	530,052	1.4	198	9,466	6,997
	Three Phase	25%	20,213	456,991	22.6	4,126	214,988	9,509
A-3	General Service	18%	45,849	520,963	11.4	1,493	62,782	5,525
B-1	Small Industries	53%	21,002	214,435	10.2	3,950	186,173	18,234
B-2	Medium Industries	57%	7,248	841,136	116.1	48,289	2,378,771	20,498
B-3	Large Industries	50%	241	520,132	2158.2	787,752	28,605,491	13,254
B-4	very Large Industries	50%	13	403,347	31026.7	11,324,743	410,705,125	13,237
C	bulk	15%	871	234,138	268.8	29,435	1,290,305	4,800
D	Agri/Tubewells	40%	23,155	168,158	7.3	2,121	63,104	8,689
G	Street Lights (G)	40%	1,242	50,613	40.8	11,899	520,677	12,777
H	Housing Colonies	15%	50	3,812	76.2	8,348	354,243	4,646

## Annexure-D

### Government of Pakistan Revenue Division Federal Board of Revenue

Islamabad, the 2<sup>nd</sup> March, 2022

#### NOTIFICATION (Income Tax)

S.R.O. 358(I)/2022.- In exercise of the powers conferred by sub-section (4) of section 68 of the Income Tax Ordinance, 2001 (XLEX of 2001) and in supersession of its Notification No. S.R.O. 1564(I)/2021, dated the 1<sup>st</sup> December, 2021, Federal Board of Revenue is pleased to determine the following fair market value of immovable properties as specified in columns (3) and (4) of the Table below, in respect of areas or categories of Peshawar as specified in column (2) thereof, namely:-

**TABLE**  
**PESHAWAR**

S. #	Area	Valuation of Residential Property per marla (in Rs.)	Valuation of Commercial Property per marla in Rs.
(1)	(2)	(3)	(4)
1	Aaray Bazar	1,534,979	4,465,391
2	Abadi Peshawar (Inside walled city not otherwise specified)	1,116,349	5,023,565
3	Abdara	557,020	2,116,679
4	Achar	233,420	904,496
5	Achini Bala Link Road	0	890,359
6	Achini Bala Ring Road	245,089	1,782,466
7	Achini Payan	155,968	473,469
8	Adizai Sherakera	26,260	38,515
9	Agertan Road	2,846,034	7,177,969
10	Ahdi Pura	44,563	291,774
11	Ahmed Khel	84,880	334,214
12	Alizai	38,993	97,483
13	Alizai	87,533	397,873
14	Alo Killi	21,313	52,531
15	Andar Shair Bazar	2,846,034	10,001,314
16	Ani Zai	50,399	68,965



# POWER PLANNING AND MONITORING COMPANY

Office # 112, Evacuee Trust Complex, Agha Khan Road, Islamabad

Tele: 051-9211301, 051-9211302, Fax: 051-2726915, E-mail : [gmcspcpco@gmail.com](mailto:gmcspcpco@gmail.com)

"ANNEXURE-E"

No. 2515-26 /GM(R&CO)

Dated: 17 /01/2024

Chief Executive Officers,  
All Distribution Companies

**Subject: PROPOSALS FOR REVISION OF SECURITY DEPOSIT RATES ON CURRENT TARIFF RATE, URGENT FEES FOR NEW ELECTRICITY CONNECTION AND INCREASE IN THE TEMPORARY CONNECTION TARIFF RATE.**

*Shawtella*  
*SM*

Please find enclosed herewith a copy of the Ministry of Energy (Power Division) letter No. 12(35)/2018-DISCO-II (Part-III) dated 12.01.2024, along with NEPRA letter No. NEPRA/DG(CAD)/TCD-10/159-160 dated 03.01.2024 and MoE proposal dated 27.11.2023 on the subject matter, which is self-explanatory.

It is requested to file petitions before NEPRA within 15-days, aligning with the proposals presented by the Power Division, for determination of security deposit rates and enhancement in the tariff rates of temporary connection, for further deliberations by the Authority.

DA/ as above

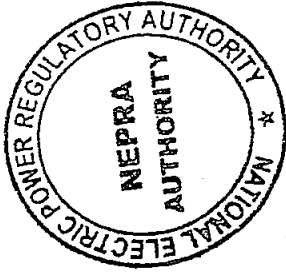


*[Signature]*  
General Manager (R&CO)  
PPMC

Copy to:-

1. Section Officer (DISCO-II), Ministry of Energy (Power Division), Islamabad.
2. SO to MD PPMC Evacuee Trust Complex, Islamabad.

*[Signature]*  
*Secretary*



Annex - V

## PROPOSED SECURITY RATES - PESCO

2014/15/16

Sr. No.	Category	Existing Security Rates effective from 1997	Av. S/Load (07 - 12/07) (KW)	Av. Units Billed per month (07 - 12/07) KWh	Av. Assessment per month (07 - 12/07) (Rs.)	Av. Sale rate/KW/Month as per Tariff Determined by GOP (Rs.)	TWO & HALF MONTH as per tariff Determined by NEPRA (Rs. Per KW)	Proposed Security Rates (Rs.)
1	General Supply Tariff A-1							
a) S/Phase Urban		Rs.400	969071	143852000	615359798	635	1588	Rs.1500/-
b) Rural		Rs.200	717667	73818000	315773361	440	1100	Rs.1000/-
		Rs.1500+Rs.400/kw for load > 5Kw	603340	120491000	515427783	854	2136	Rs.10000/- Plus Rs.2000/KW for load > 5Kw
2	3/Phase Supply							
3	General Supply Tariff A-2							
i) S/Phase Supply		Rs.770	244437	22267500	197993945	810	2025	Rs.2000/-
ii) Urban		Rs.390	96208	6275667	55800786	580	1450	Rs.1500/-
iii) Rural		Rs.4600+Rs.800/kw for load > 5Kw	78312	12550500	111594162	1425	3562	Rs.15000/- Plus Rs.3000/KW for load > 5Kw
4	Industrial Supply Tariffs							
a) B-1 (400 Volts)		Rs.320/Kw subject to a min. of Rs.6400/-	214887	12059895	85294410	397	992	Rs.1000/KW subject to a min of Rs.20000/-
b) B-2 (400 Volts)		550/Kw	295573	27795400	174291226	590	1474	Rs.1500/KW
c) B-3 (11/33 KV)		910/Kw	203577	47506480	229317031	1126	2816	Rs.3000/KW
d) B-4 (66/132/220 KV)		930/Kw	134320	39442202	186717136	1390	3475	Rs.3500/KW
5	Bulk Supply Tariffs							
a) C-1		Rs.320/Kw subject to a min. of Rs.6400/-	71106	11669424	80564621	1133	2833	Rs.3000/KW subject to a min of Rs.60000/-
b) C-2		Rs.910/Kw	80797	8659371	56746601	702	1756	Rs.2000/KW
c) C-3		Rs.930/Kw	15000	1223120	8697551	580	1450	Rs.1500/KW
6	Agricultural Supply Tariffs							
a) D-1 Scarp T/Wells		Rs.16000	85427	13455304	86446121	1012	2530	Rs.60000
b) D-2 Scarp T/Wells		Rs.8000	131237	11204841	45157169	344	860	Rs.30000
c) D-3 Scarp & Agri T/Well		Double the rates of regular industrial tariff						Minimum of relevant Tariff + Rs.2500/KW of load of above 20 KW
7	D-4 (b) Scarp & Agri T/Well more than 20 KW							
8	F (Seasonal)	Rs.970/Kw	60611	1403677	12725502	210	525	Rs.500/KW
9	G (Public Lighting)	Rs.920/Kw	3494	345646	2710963	776	1940	Rs.2000/KW
10	H (Indust. Res. Colonies)	Rs.330/Kw						
11	I (Railway Traction)	Rs.910/Kw						
12	J (Cogeneration)							
13	Total		4005064	554020026	2780618165	694	1736	



## PESHAWAR ELECTRIC SUPPLY COMPANY

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Email: sec.pesco@gmail.com

Office of the  
Company Secretary PESCO  
Room No.158 Wapda House,  
Shami Road, Peshawar

No. 2694-97/197<sup>th</sup> BoD

Dated 01/02/2024

Chief Executive Officer,  
PESCO.

Subject: - Decision of the 197<sup>th</sup> Meeting of Board of Directors, PESCO.

### Other Agenda Point # (iv)

Authorization of Chief Executive Officer and other Officers of PESCO to file petition for revision of Security Deposits rates and increase in the tariff rates of temporary connections.

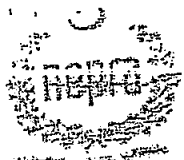
The 197<sup>th</sup> meeting of the Board of Directors PESCO was held on 25-01-2024, wherein vide "RESOLUTION 197-BOD-R19" the Board considering the request of the management, resolved to authorize Chief Executive Officer and other Officers of PESCO to file the petition for revision of Security Deposits rates and increase in the tariff rates of temporary connections etc. with NEPRA and subsequent adjustments/details thereof (if required).

Please take further necessary action in the light of the Board decision, under intimation to this office.

COMPANY SECRETARY  
PESCO

### **Copy to:**

1. Chief Commercial Officer, PESCO.
2. Finance Director, PESCO.
3. DG (MIRAD), PESCO.



OFFICE OF THE  
REGISTRAR

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

No. NEPRA/DO(CAD)/TCD-10/ 159-160

January 03, 2024

Mr. Akbar Azam Rajar,  
Deputy Secretary (DISCOs)  
Ministry of Energy (Power Division),  
Block A, Pak Secretariat,  
Islamabad.

Subject: PROPOSAL FOR REVISION OF SECURITY DEPOSIT RATES ON CURRENT  
TARIFF RATE. URGENT FEES FOR NEW ELECTRICITY CONNECTION AND  
INCREASE IN THE TEMPORARY CONNECTION TARIFF RATE.  
Misc. 62/12/2023

The Ministry of Energy (Power Division) vide letter No. 12(35)/2021-DISCO-II dated November 27, 2023 has suggested amendments in Consumer Service Manual (CSM) and other relevant applicable documents regarding the following:

- i. Urgent fee for new electricity connection.
- ii. Revision of Security Deposit rates.
- iii. Increasing the temporary connection tariff rates.

2. The Authority considered the matter of provision of connection on urgent fee basis and in this regard, a public hearing has already been held on December 19, 2023 for amendments in Consumer Service Manual (CSM).

3. Moreover, regarding revision of security deposit rates and increase in tariff rates for temporary connections, Ministry of Energy (Power Division) is requested to direct the DISCOs to file petitions for determination of security deposit rates and enhancement in tariff rates of temporary connections for deliberation by the Authority.

(Munoor Khan)  
Director

Copy to:  
Ministry of Energy (Power Division),  
Block A, Pak Secretariat,  
Islamabad.

E.OFFICE

SJS (CAD)

8/1

8/1



GOVERNMENT OF PAKISTAN  
MINISTRY OF ENERGY  
(POWER DIVISION)

Islamabad, the November 27, 2023

Chairman-NEPRA,  
NEPRA Tower, Ataturk Avenue (EAST), G-5/1,  
Islamabad.

Subject: - PROPOSAL FOR REVISION OF SECURITY DEPOSIT RATES ON CURRENT TARIFF RATE, URGENT FEES FOR NEW ELECTRICITY CONNECTION AND INCREASING THE TEMPORARY CONNECTIONS TARIFF RATE

The DISCOs supply electricity on credit basis requiring a security deposit from new connection applicants to cover potential arrears in case of default. NEPRA set the current deposit rates in 2010, whereas the average tariff rate has been increased over 400 % per Kwh from June 2010 to September 2023. It is evident that the existing deposit amounts are insufficient keeping in view tariff increase. This surge in billing rates necessitates a revision of security deposit rates to offset arrears caused by tariff hikes and prevent the annual rise in arrears from disconnected defaulters contributing to circular debt accumulation. Therefore, it is proposed that NEPRA may revise the existing security deposit rates along with the following modifications.

Security Deposit

- a) For all consumers excluding urban domestic consumers, the security deposit rates are recommended to be set at two and a half months based on average billing.
- b) For urban domestic consumers:
  - i. Security deposit rates equal to three months on average billing are proposed for properties up to 10 Marlas.
  - ii. Security deposit rates equivalent to one percent of the land value, as per the rates fixed by the Federal Board of Revenue (FBR) for properties above 10 Marlas.
- c) Modify existing rules to permit DISCOs for filing of common petitions for the determination of 'Security Deposit' rates concurrently with tariff determination. This adjustment aims to streamline the process, eliminating the necessity for separate petitions for security and tariff determinations.

Urgent Fee for New Electricity Connection

To expedite the process of providing new electricity connections to applicants in need of immediate service, a new urgent fee structure is proposed. This aims to prioritize and fast-track the installation of electricity connections, specifically in those cases where only energy meter and cable are involved, and no distribution transformer is required. It seeks to improve efficiency in service delivery with strict adherence to regulatory standards, thereby establishing a streamlined process for urgent electricity connections required by such consumers.

The detailed implementation plan is proposed as follows:

- a) An additional urgent fee will be charged in conjunction with the standard connection installation charges, aligning with the existing rates in DISCOs:
  - i. Rs. 15,000 for single-phase connections
  - ii. Rs. 30,000 for three-phase connections

1/2

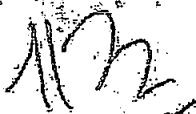
- b) This will apply to both domestic and commercial connections up to 15 kW, as well as industrial and agricultural connections up to 8 kW.
- c) A dedicated priority and record-keeping system will be maintained at the Divisional level to ensure timely installation of urgent fee connections.
- d) Upon the applicant's selection of the urgent connection option, a 'Demand Notice' will be issued on the next working day from the date of application. The connection will be installed within two working days from the payment date of demand notice by the applicant.
- e) DISCOs will uphold an adequate inventory of spare meters and cables to facilitate the prompt installation of urgent fee connections.
- f) If a DISCO fails to install an urgent fee connection within the stipulated period, the DISCO will be held accountable to refund the urgent fees. Disciplinary action will be initiated against the officer/official responsible for any delay(s).
- g) DISCOs will be responsible for effectively communicating the details of this urgent fee connection to the public through appropriate channels, ensuring widespread awareness and understanding.

#### Increasing the temporary connections tariff rate

The existing tariff rates for temporary residential, commercial, and industrial connections are lower than standard rates, even falling below residential rates for consumption exceeding 700 units. Some consumers exploit this by reselling electricity illegally due to delayed infrastructure completion. To address this, tariff rates need an increase, coupled with Maximum Demand Indicator (MDI) adjustments. This encourages timely completion of infrastructure, reducing illegal resale. These adjustments will notably impact commercial plazas and residential colonies with long-standing temporary connections. Based on these observations, the following proposed adjustments in tariff rates for temporary connections are recommended for review.

- a) The tariff rates for temporary connections should be set at 1.5 times higher than the maximum tariff rate of the corresponding regular tariff rates.
- b) Fixed charges should be applied for load requirements exceeding 5 KW.
- c) Instead of basing fixed charges on actual Maximum Demand Indicator (MDI) readings or 50% of the sanctioned load, it is suggested that these charges be determined based on the sanctioned load. This approach is advisable because some prospective consumers seeking temporary connections often request higher loads to cover up delayed establishment of the necessary infrastructure.

2. It is requested to please consider the above proposals and necessary amendments may kindly be made in the relevant rules.

  
(Akbar Azam Rajar)  
Deputy Secretary (DISCOs)  
Tele: 051-9214273

#### Copy to:

- SO to the Secretary, Ministry of Energy (Power Division), Islamabad.
- SPS to the Additional Secretary-I, Ministry of Energy (Power Division), Islamabad.

No.12(35)/2018-DISCO-II (Part-II)  
GOVERNMENT OF PAKISTAN  
MINISTRY OF ENERGY  
(POWER DIVISION)

Islamabad, the January 12, 2024

Subject: - PROPOSAL FOR REVISION OF SECURITY DEPOSIT RATES ON  
CURRENT TARIFF RATE, URGENT FEES FOR NEW ELECTRICITY  
CONNECTION AND INCREASE IN THE TEMPORARY CONNECTION  
TARIFF RATE.

I am directed to enclosed herewith a copy of NEPRA's letter No. NEPRA / DG(CAD) / TCD-10 / 159-160 dated 03.01.2024 on the subject noted above with request to file petitions for determination of security deposit rates and enhancement in tariff rates of temporary connections for deliberation by the Authority.

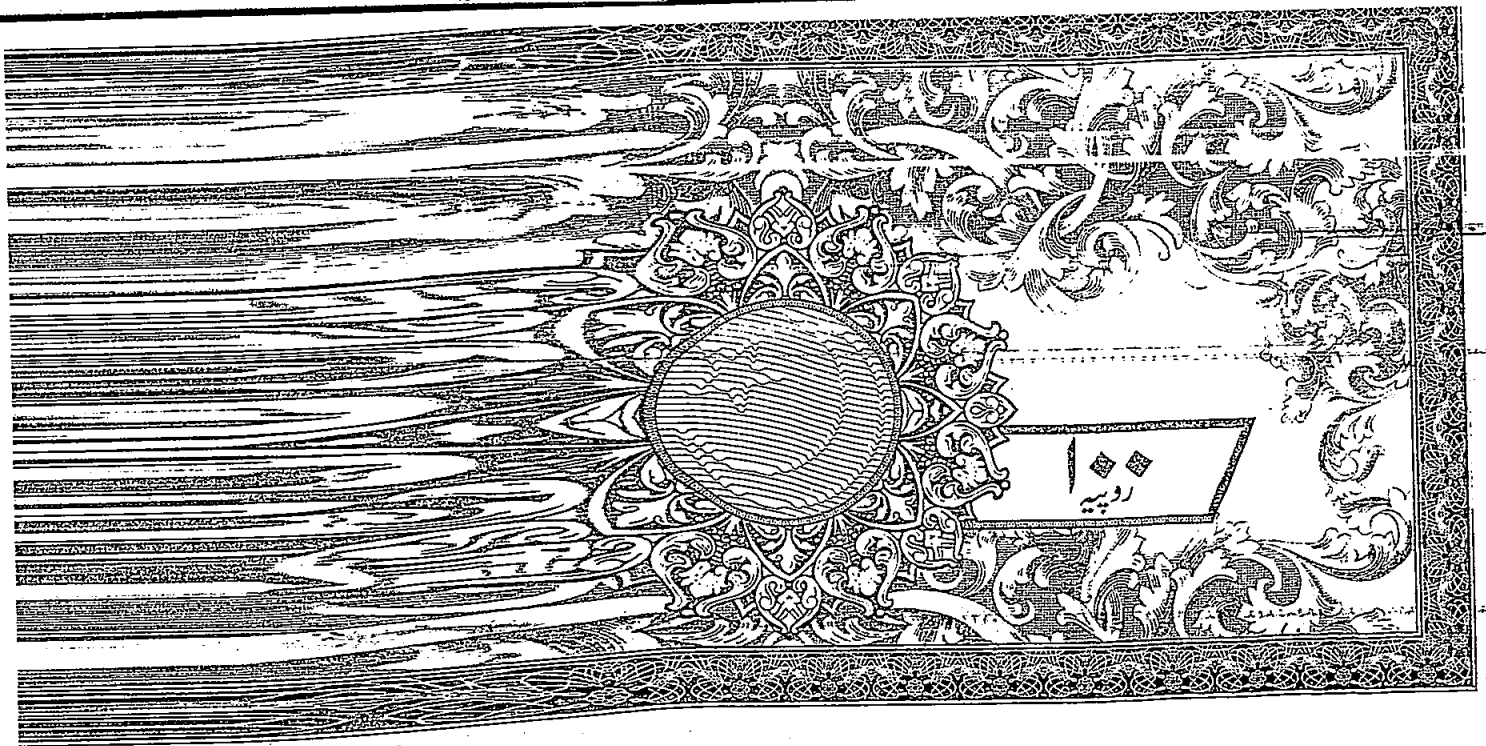
Encls: As Above:



(Musafa Nazar)  
Section Officer (DISCO-II)  
Tele: 051-9214273

Distribution:

1. All CEOs of DISCOs.
2. The GM (R&CO), PPMC, Islamabad. (with request to coordinate with all DISCOs on the subject matter and ensure further necessary)



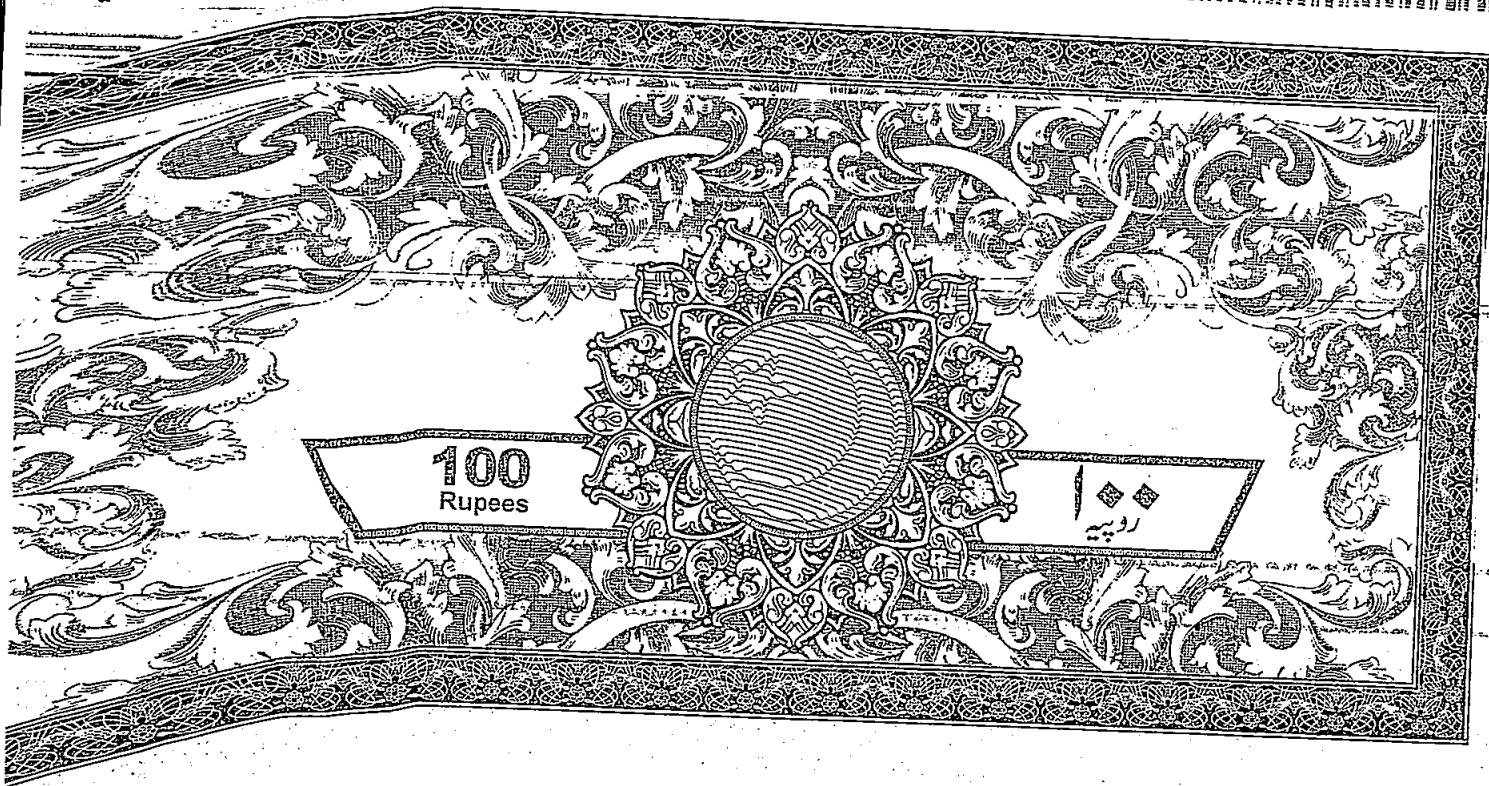
AFFIDAVIT

**I** Hazrat Gul Chief Executive Officer Peshawar Electric Supply  
**No.** 17301-1232264-1, do hereby, solemnly affirms and testify  
**that** for filing petition for revision of Security Deposit Rates on  
**behalf** of PESCO, are in accordance with the direction of Ministry of  
**Electricity** through PPMC and that Annexed documents are true and  
**correct** knowledge, belief on the basis of confirmations provided by the  
**relevant** authorities; and further declare that:

**I** am a Chief Executive Officer of the Peshawar Electric Supply Company (PESCO) and  
**responsible** for the affairs of the Company particularly to endorse petition for revision  
**of** Rates on current Tariff rate for consumers of PESCO.  
**I** in the application and accompanied documents is true and nothing

Deponent

*Akhtar Hamid Khan*  
Akhtar Hamid Khan  
Chief Executive Officer (PESCO)



### AFFIDAVIT

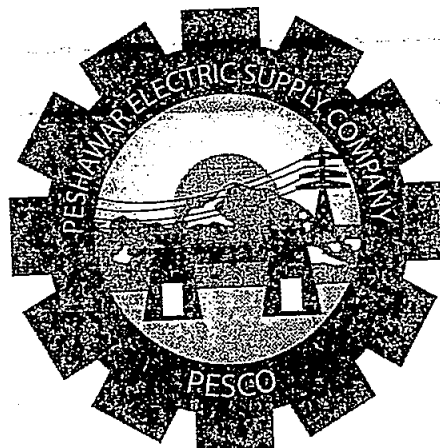
I, Akhtar Hamid Khan S/O Hazrat Gul Chief Executive Officer Peshawar Electric Supply Company Limited holding CNIC No. 17301-1232264-1, do hereby, solemnly affirms and testify that the content of the application for filing petition for revision of Security Deposit Rates on current Tariff rate for consumers of PESCO, are in accordance with the direction of Ministry of Energy (Power Division) received through PPMC and that Annexed documents are true and correct to the best of my knowledge, belief on the basis of confirmations provided by the concerned formations put before me; and further declare that:

1. I am the Chief Executive Officer of the Peshawar Electric Supply Company (PESCO) and fully aware of the affairs of the Company particularly to endorse petition for revision of Security Deposit Rates on current Tariff rate for consumers of PESCO.
2. Whatsoever stated in the application and accompanied documents is true and nothing has been concealed.

Deponent

*Akhtar Hamid Khan*  
Akhtar Hamid Khan  
Chief Executive Officer (PESCO)

# **Peshawar Electric Supply Company (PESCO)**



## **PETITION FOR INCREASE IN TEMPORARY CONNECTION TARIFF RATES**

## Contents

BACKGROUND.....	3
1. INCREASING TEMPORARY CONNECTIONS TARIFF .....	4
1.1. PESCO TARIFF RATES:.....	4
1.2 APPLICABLE CATEGORIES:.....	5
1.3 COMPARISON OF BASE TARIFF RATES .....	5
2. PROPOSED STRUCTURE: .....	6
3. PRAYER:.....	7
II. TARIFF RATE ADJUSTMENT: .....	7
III. FIXED CHARGES IMPLEMENTATION: .....	7

## Background

Peshawar Electric Supply Company (PESCO), incorporated as a Public Limited Company on 23rd April 1998, is responsible for the delivery of electricity to over 4.29 million consumers of all districts of Khyber Pakhtunkhwa (KPK), Pakistan, as set out in PESCO's Distribution License No. DL/07/2023, granted by NEPRA under the NEPRA Act on May 09, 2023. As a result of the restructuring of WAPDA's Power Wing, PESCO is operating in the KP province in its territory and is since then being headed by a Chief Executive Officer (CEO).

PESCO being the distribution licensee is functioning under the single buyer model where it procures energy and pays a Power Purchase Price (in Rs/kWh) for the electricity it procures from the Central Power Purchasing Agency (CPPA-G) or from other sources on behalf of the CPPA-G which include the generation and transmission charges regulated/determined by NEPRA. The major objectives of the company include ensuring uninterrupted and stable power supply to all its customers besides best possible customer services as well as establishing and operating reliable electricity distribution networks.

Currently, PESCO has approximately 14,331 active employees, employed in eight directorates and is responsible for distributing electricity to approximately 4.29 million consumers. The consumer mix comprises approximately 87.8 % domestic consumers including residential consumers in both urban and rural areas, 9.8% commercial consumers including business consumers such as markets, plazas, and offices in both urban and rural areas, 0.68% industrial consumers consisting of large and small industrial loads, 0.02% bulk consumers consisting primarily of large societal consumers like housing societies, 0.6% agricultural consumers including tube wells in rural areas, and 1.1% other consumers.

After the approval of Competitive Trading and Bilateral Contracts Market (CTBCM) by the honorable Authority on November 12, 2020 (No. NEPRA/R/DL/LAM-01/40691-98) several implementation actions were taken. This included issuance of License for the Market Operator (MO), approval of Market Commercial Code (MCC) and promulgation of several Regulations to ensure smooth implementation of CTBCM and create balance in roles, rights and obligation of the stakeholders in the CTBCM.

Under the provisions of Regulation of Generation, Transmission & Distribution of Electric Power (Amendment) Act, 2018, PESCO was also issued a license by NEPRA for the supplier of last resort (SOLR) under the license No. SOLR/07/2023 dated 27/12/2023 is to hold a license for supply of electric power to perform the function of sale of electric power in addition to existing licensee as Distribution Company. The Distribution function now shall, under Section 20, be limited to ownership, operation, management or control of distribution facilities (Wired Business) for the movement or delivery of power to consumers of electric power.

Ministry of Energy (PD) vide letter No. 12(35)2018 -DISCO-II(Part-III) dated 12/01/2024 through PPMC letter No. 2515-26/GM (R&CO) dated 17/01/2024 exclusively directed DISCOS including PESCO to file a petition for the revision (enhancement) of the security rates on the basis of existing tariff to cover the default risk of the consumers average billing for the 2.5 and three months. (Annexure A)



## 1. Increasing Temporary Connections Tariff

According to the schedule of tariff approved and issued by Authority a Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, exhibitions, political gathering, marriages and other civil or military functions.

This also includes supply to touring cinemas and persons engaged in construction of house/buildings/plazas of single-phase loads. A temporary electric power supply connection for the construction shall be provided by Distribution company initially for a period of six months which is further extendable on three-month basis up to completion of the specific job/project for which the temporary connection was obtained. However, there is no minimum time period for provision of temporary connection. The sanctioning officers shall ensure that the connection will be utilized for temporary purpose only.

### 1.1. PESCO Tariff Rates:

TARIFF CATEGORIES		Fixed Charges	PESCO Determined Variable Charges	GoP Applicable Variable Charges
		Rs. /kW/M	Rs. /kWh	Rs. /kWh
A1	<b>A-1 General Supply Tariff – Residential</b>			
(a)				
I	Up to 50 Units Life line		7.00	3.95
II	51-100 units Life line		11.74	7.74
III	01-100 Units		14.11	7.74
IV	101-200 Units		16.43	10.06
V	01-100 Units		22.25	16.48
VI	101-200 Units		27.72	22.95
VII	201-300 Units		30.91	27.14
VIII	301-400 Units		34.30	32.03
IX	401-500 Units		36.51	35.24
X	501-600 Units		37.93	36.66
XI	601-700 Units		39.07	37.8
XII	Above 700 Units		44.02	42.72
A1(b)	Time of Use (ToU) – Peak		43.13	41.89
	Time of Use (ToU) - Off-Peak		36.81	35.57
A2	<b>A-2 General Supply Tariff – Commercial</b>			
(a)	For Sanctioned load less than 5 kW		38.94	37.75
(b)	For Sanctioned load 5 kw and above	500	40.62	39.43
(c)	Time of Use (ToU) – Peak	500	42.54	41.35
	Time of Use (ToU) - Off-Peak		36.57	35.38
(d)	Electric Vehicles		39.33	39.43
B	<b>B Industrial Supply Tariff</b>			
B1(a)	B1		35.54	34.33
B1(b)	B1- ToU (Peak)		39.10	37.89
	B1 - ToU (Off-peak)		33.54	32.33

B2 (a)	B2	500	35.04	33.83
B2 (b)	B2 - ToU (Peak)	500	39.04	37.83
	B2 - ToU (Off-peak)		33.33	32.12
B3	B3 - ToU (Peak)	460	39.04	37.83
	B3 - ToU (Off-peak)		33.24	32.03
B4	B4 - ToU (Peak)	440	39.04	37.83
	B4 - ToU (Off-peak)		33.14	31.93
<b>E - Temporary Supply Tariff</b>				
E-1(i)	Residential Supply		43.30	42.03
E-1 (ii)	Commercial Supply		39.33	38.14
E-2	Industrial Supply		36.62	35.41

## 1.2 Applicable Categories:

Currently there are three main categories of temporary supply which is under;

- i. E1(i): Temporary supply available for domestic use
- ii. E1(ii): Temporary Supply available for commercial use
- iii. E2: Temporary Supply available for commercial use

The current tariff structure for temporary connections, notably in the residential, commercial, and industrial sectors, demonstrates a cost disparity when compared to standard tariff rates. This disparity is particularly pronounced, with temporary connection rates even falling below the residential rates for consumption levels exceeding 700 units.

## 1.3 Comparison of Base Tariff Rates

Comparison of Maximum Determined Tariff of the relevant category and Temporary tariff of that category as notified applicable tariff rates in Rs/kWh is given as under:

Particulars	*Maximum Tariff of the Relevant Regular Category Rs/kWh	Temporary Tariff Rs/kWh	Difference Rs/kWh
Residential (E-1(i))	44.02	43.30	0.72
Commercial (E-1(ii))	42.54	39.33	3.21
Industrial (E-2)	39.10	36.62	2.48

\*For Residential Maximum Tariff Category is A-1(a)vi Above 700 units.

For Commercial Maximum Tariff Category is A-2 (c) Peak.

For Industrial Maximum Tariff Category is B1(b) Peak.

To address these challenges, PESCO proposes an adjustment in tariff rates accompanied by Maximum Demand Indicator (MDI) modifications.

E-TEMPORARY SUPPLY TARIFFS				
Sr- No.	TARIFF CATEGORY / PARTICULARS	Fixed Charges Rs. /kW/Month	PESCO Determined Variable Charges Rs. /kWh	GoP Applicable Variable Charges Rs. /kWh
		A	B	D
E-1 (i)	Residential Supply	-	43.30	42.03
E-1(ii)	Commercial Supply	-	39.33	38.14
E-2	Industrial Supply	-	36.62	35.41

## 2. Proposed Structure:

As per recommendations of Ministry of Energy (Power Division) vide its letter No.12(35)/2021-DISCO-II Dated: 27-11-2023. The proposal to increase the temporary connections tariff rate is based on:

1. The tariff rates for temporary connections should be set at 1.5 times higher than the maximum tariff rate of the corresponding regular tariff rates.
2. Fixed charges should be applied for load requirement exceeding 5 KW.
3. Instead of basing fixed charges on actual Maximum Demand Indicator (MDI) readings or 50% of the sanctioned load, Sanctioned load is used for determination of fixed charges.

Particulars	Maximum Regular Tariff of the Category Rs/kWh	Proposed	
		Fixed Charges Rs/kW	Variable Rs/kWh
Residential (E-1(i))	44.02	-	66.03
Commercial (E-1(ii)) (Up to 5 kW)	42.54	-	63.81
Commercial (E-1(ii)) (Above 5 kW)	42.54	500	63.81
Industrial (E-2) (Up to 5 kW)	39.10	-	58.65
Industrial (E-2) (Above 5 kW)	39.10	500	58.65

- The Fixed charges shall be based on the Sanctioned Load.
- The rates determined through FPA and AQTA shall remain applicable.

In consideration of the above, PESCO also requests the above adjustments for the review of the honorable authority. These proposed adjustments are grounded in the aim of rectifying the existing disparities in tariff rates for temporary connections, mitigating the illegal resale of electricity. It is suggested that these modifications will contribute to a fair and balanced tariff structure, encouraging responsible usage of temporary connections. We remain at the disposal of the honorable authority for any further clarification or information you may require.

Category	Average Sanctioned Load (kW)	Annual kWh	Fix Charges Rs. /kW	Increase Tariff (Proposed Determined) Rs. /kWh	Incremental Revenue (FC+VC)
A	B	C	D	E	F=(E*C+D*B)
E-1(i)	1674	1,927	-	22.80	43,936
E-1(ii) (up to 5 kW)	547	63,183	-	24.48	1,546,714
E-1(ii) (Above 5 kW)	17304	2,542,372	500	24.48	70,889,267
E-2 (Up to 5 kW)	55	-	-	22.03	-
E-2 (Above 5 kW)	6191	840,152	500	22.03	21,604,049
Total	25771	3,445,707			69,525,953

Incremental Revenue (Rs.)	A	69,525,953
Total Sales (kWh) FY 2022-23	B	9,548,860,681
Temporary Consumers Sales (kWh) FY 2022-23	C	3,445,707
Net Sales (kWh)	D=(B-C)	9,545,414,974
Decrease in Tariff for Remaining Categories, other than mentioned above, (Rs. /kWh)	E=(A/D)	0.007

**Note:**

- Above Analysis is based on the FY 2022-23 data.
- It has been assumed that Total Temporary Connections Sales (kWh) and No. of Consumers remain constant.

### 3. Prayer:

In consideration of the above, we request the following adjustments for the review of the honorable authority:

**i. Tariff Rate Adjustment:**

The tariff rates for temporary connections should be set at 1.5 times higher than the maximum tariff rate applicable to corresponding regular tariff rates as per proposed structure mentioned above vide point No.2

**ii. Fixed Charges Implementation:**

Fixed charges should be applied to load requirements exceeding 5 KW.



# POWER PLANNING AND MONITORING COMPANY

Office # 112, Evacuee Trust Complex, Agha Khan Road, Islamabad

Tele: 051-9211301, 051-9211302, Fax: 051-2726915, E-mail : [gmcspcpco@gmail.com](mailto:gmcspcpco@gmail.com)

No. 2515-26 /GM(R&CO)

Dated: 17 /01/2024

Chief Executive Officers,  
All Distribution Companies

Subject: PROPOSALS FOR REVISION OF SECURITY DEPOSIT RATES ON CURRENT  
TARIFF RATE, URGENT FEES FOR NEW ELECTRICITY CONNECTION AND  
INCREASE IN THE TEMPORARY CONNECTION TARIFF RATE.

Please find enclosed herewith a copy of the Ministry of Energy (Power Division) letter No. 12(35)/2018-DISCO-II (Part-III) dated 12.01.2024, along with NEPRA letter No. NEPRA/DG(CAD)/TCD-10/159-160 dated 03.01.2024 and MoE proposal dated 27.11.2023 on the subject matter, which is self-explanatory.

It is requested to file petitions before NEPRA within 15-days, aligning with the proposals presented by the Power Division, for determination of security deposit rates and enhancement in the tariff rates of temporary connection, for further deliberations by the Authority.

DA/ as above



General Manager (R&CO)  
PPMC

Copy to:-

1. Section Officer (DISCO-II), Ministry of Energy (Power Division), Islamabad.
2. SO to MD PPMC Evacuee Trust Complex, Islamabad.



## PESHAWAR ELECTRIC SUPPLY COMPANY

Phone No. 091-9210226  
Fax No. 091-9223136  
Email: sec.pesco@gmail.com

Office of the  
Company Secretary PESCO  
Room No.158 Wapda House,  
Shami Road, Peshawar

No. 2694-97/197<sup>th</sup> BoD

Dated 01/02/2024

Chief Executive Officer,  
PESCO.

Subject: - Decision of the 197<sup>th</sup> Meeting of Board of Directors, PESCO.

### Other Agenda Point # (iv)

Authorization of Chief Executive Officer and other Officers of PESCO to file petition for revision of Security Deposits rates and increase in the tariff rates of temporary connections.

The 197<sup>th</sup> meeting of the Board of Directors PESCO was held on 25-01-2024, wherein vide "RESOLUTION 197-BOD-R19" the Board considering the request of the management, resolved to authorize Chief Executive Officer and other Officers of PESCO to file the petition for revision of Security Deposits rates and increase in the tariff rates of temporary connections etc. with NEPRA and subsequent adjustments/details thereof (if required).

Please take further necessary action in the light of the Board decision, under intimation to this office.

COMPANY SECRETARY  
PESCO

### Copy to:

1. Chief Commercial Officer, PESCO.
2. Finance Director, PESCO.
3. DG (MIRAD), PESCO.

No. 12(35)/2018-DISCO-II (Part-III)  
GOVERNMENT OF PAKISTAN  
MINISTRY OF ENERGY  
(POWER DIVISION)

Islamabad, the January 12, 2024

Subject: - PROPOSAL FOR REVISION OF SECURITY DEPOSIT RATES ON  
CURRENT TARIFF RATE, URGENT FEES FOR NEW ELECTRICITY  
CONNECTION AND INCREASE IN THE TEMPORARY CONNECTION  
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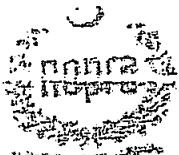
Encls As Above:



(Musaf Nazari)  
Section Officer (DISCO-II)  
Tele: 051-9214273

Distribution:

1. All CEOs of DISCOs.
2. The GM (R&CO), PMMC, Islamabad. (with request to coordinate with all DISCOs on the subject matter and ensure further necessary)



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

OFFICE OF THE  
REGISTRAR

No. NEPRA/DO(CAD)/TCD-10/159-160

January 03, 2024

Mr. Akbar Azam Rajat,  
Deputy Secretary (DISCOs)  
Ministry of Energy (Power Division),  
Block A, Pak Secretariat,  
Islamabad.

Subject: PROPOSAL FOR REVISION OF SECURITY DEPOSIT RATES ON CURRENT  
TARIFF RATE. URGENT FEES FOR NEW ELECTRICITY CONNECTION AND  
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- iii. Increasing the temporary connections tariff rates.

2. The Authority considered the matter of provision of connection on urgent fee basis and in this regard, a public hearing has already been held on December 19, 2023 for amendments in Consumer Service Manual (CSM).

3. Moreover, regarding revision of security deposit rates and increase in tariff rates for temporary connections; Ministry of Energy (Power Division) is requested to direct the DISCOs to file petitions for determination of security deposit rates and enhancement in tariff rates of temporary connections for deliberation by the Authority.

(Masroor Khan)  
Director

Copy for:

AS to Secretary,  
Ministry of Energy (Power Division),  
Block A, Pak Secretariat.

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GOVERNMENT OF PAKISTAN  
MINISTRY OF ENERGY  
(POWER DIVISION)

Islamabad, the November 27, 2023

Chairman NEPRA,  
NEPRA Tower, Ataturk Avenue (EAST), G-5/1,  
Islamabad.

Subject: - PROPOSAL FOR REVISION OF SECURITY DEPOSIT RATES ON CURRENT TARIFF RATE, URGENT FEES FOR NEW ELECTRICITY CONNECTION AND INCREASING THE TEMPORARY CONNECTIONS TARIFF RATE

The DISCOs supply electricity on credit basis requiring a security deposit from new connection applicants to cover potential arrears in case of default. NEPRA set the current deposit rates in 2010, whereas the average tariff rate has been increased over 400 % per Kwh from June 2010 to September 2023. It is evident that the existing deposit amounts are insufficient keeping in view tariff increase. This surge in billing rates necessitates a revision of security deposit rates to offset arrears caused by tariff hikes and prevent the annual rise in arrears from disconnected defaulters contributing to circular debt accumulation. Therefore, it is proposed that NEPRA may revise the existing security deposit rates along with the following modifications.

Security Deposit

- a) For all consumers excluding urban domestic consumers, the security deposit rates are recommended to be set at two and a half months based on average billing.
- b) For urban domestic consumers:
  - i. Security deposit rates equal to three months on average billing are proposed for properties up to 10 Marlas.
  - ii. Security deposit rates equivalent to one percent of the land value, as per the rates fixed by the Federal Board of Revenue (FBR) for properties above 10 Marlas.
- c) Modify existing rules to permit DISCOs for filing of common petitions for the determination of 'Security Deposit' rates concurrently with tariff determination. This adjustment aims to streamline the process, eliminating the necessity for separate petitions for security and tariff determinations.

Urgent Fee for New Electricity Connection

To expedite the process of providing new electricity connections to applicants in need of immediate service, a new urgent fee structure is proposed. This aims to prioritize and fast-track the installation of electricity connections, specifically in those cases where only energy meter and cable are involved, and no distribution transformer is required. It seeks to improve efficiency in service delivery with strict adherence to regulatory standards, thereby establishing a streamlined process for urgent electricity connections required by such consumers.

The detailed implementation plan is proposed as follows:

- a) An additional urgent fee will be charged in conjunction with the standard connection installation charges, aligning with the existing rates in DISCOs:
  - i. Rs. 15,000 for single-phase connections
  - ii. Rs. 30,000 for three-phase connections

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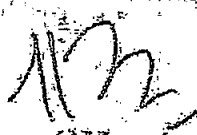
- b) This will apply to both domestic and commercial connections up to 15 kW, as well as industrial and agricultural connections up to 33 kV.
- c) A dedicated priority and record-keeping system will be maintained at the Divisional level to ensure timely installation of urgent fee connections.
- d) Upon the applicant's selection of the urgent connection option, a 'Demand Notice' will be issued on the next working day from the date of application. The connection will be installed within two working days from the payment date of demand notice by the applicant.
- e) DISCOs will uphold an adequate inventory of spare meters and cables to facilitate the prompt installation of urgent fee connections.
- f) If a DISCO fails to install an urgent fee connection within the stipulated period, the DISCO will be held accountable to refund the urgent fees. Disciplinary action will be initiated against the officer/official responsible for any delay(s).
- g) DISCOs will be responsible for effectively communicating the details of this urgent fee connection to the public through appropriate channels, ensuring widespread awareness and understanding.

#### Increasing the temporary connections tariff rate

The existing tariff rates for temporary residential, commercial, and industrial connections are lower than standard rates, even falling below residential rates for consumption exceeding 700 units. Some consumers exploit this by reselling electricity illegally due to delayed infrastructure completion. To address this, tariff rates need an increase, coupled with Maximum Demand Indicator (MDI) adjustments. This encourages timely completion of infrastructure, reducing illegal resale. These adjustments will notably impact commercial plazas and residential colonies with long-standing temporary connections. Based on these observations, the following proposed adjustments in tariff rates for temporary connections are recommended for review.

- a) The tariff rates for temporary connections should be set at 1.5 times higher than the maximum tariff rate of the corresponding regular tariff rates.
- b) Fixed charges should be applied for load requirements exceeding 5 KW.
- c) Instead of basing fixed charges on actual Maximum Demand Indicator (MDI) readings or 50% of the sanctioned load, it is suggested that these charges be determined based on the sanctioned load. This approach is advisable because some prospective consumers seeking temporary connections often request higher loads to cover up delayed establishment of the necessary infrastructure.

2. It is requested to please consider the above proposals and necessary amendments may kindly be made in the relevant rules.

  
(Aldar Azam Rajar)

Deputy Secretary (DISCOs)

Tele: 051-9214273

#### Copy to:

- SO to the Secretary, Ministry of Energy (Power Division), Islamabad.
- SPS to the Additional Secretary-I, Ministry of Energy (Power Division), Islamabad.



1. I am the Chief Executive Officer of the Peshawar Electric Supply Company (PESCO) and fully aware of the affairs of the Company particularly to endorse petition for determination of temporary connection tariff rates.
2. Whatsoever stated in the application and accompanied documents is true and nothing has been concealed.

**Akhtar Hamid Khan**  
Chief Executive Officer (PESCO)