National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/ADG(Tariff)/TRF-339/8834-8836
June 2, 2022

Subject: **DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY FAISALABAD ELECTRIC SUPPLY COMPANY LTD. (FESCO) FOR ADJUSTMENT/INDEXATION OF TARIFF FOR THE FY 2021-22 UNDER THE MYT [CASE # NEPRA/TRF-339]**

Dear Sir,

Please find enclosed herewith subject Decision of the Authority along with revised Annex-I, I-A, II, III, IV, V and A (HSE targets) and additional note of Engr. Rafique Ahmed Shaikh, Member NEPRA (54 Pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: As above

02-06-22

(Syed Safeer Hussain)

Secretary
Ministry of Energy (Power Division)
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO) FOR ADJUSTMENT / INDEXATION OF TARIFF FOR THE FY 2021-22 UNDER THE MYT

1. Back Ground

1.1. The Authority determined tariff of Faisalabad Electric Supply Company Limited (FESCO) (herein referred to as "Petitioner") under Multi Year Tariff (MYT) regime, for a period of five years i.e. from FY 2015-16 to FY 2019-20, vide tariff determination dated December 31, 2015. FESCO, being aggrieved from the aforesaid determination, filed a Motion for Leave for Review (MLR) which was accordingly disposed-off vide decision dated May 11, 2016. Subsequently, a reconsideration request u/s 31(4) of the then applicable Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was filed by the Federal Government, which was also decided by the Authority on July 01, 2016 and the decision was intimated to the Federal Government for notification in the official gazette.

1.2. FESCO filed a writ petition in Islamabad High Court (IHC) Islamabad against the aforementioned decisions of the Authority. Pursuant to the directions of the Honorable IHC, vide judgment dated June 22, 2017, the tariff of FESCO was re-determined by the Authority on September 18, 2017 and was intimated to the Federal Government for notification in the official gazette. The same was notified by the Federal Government on March 22, 2018.

1.3. Accordingly the Authority has already determined indexation/adjustment of FESCO till FY 2020-21, as per the prescribed adjustment mechanism in the MYT determination of the Petitioner.

1.4. Here it is pertinent to mention that amendments in the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was passed by the Parliament, which was published in the official Gazette on 30th April 2018 (the "Amendment Act"), resulting in restructuring of the energy sector. One of the fundamental changes as per the amendment Act is the introduction of a competitive retail energy sector, wherein, supply function has been segregated from the distribution license.

1.5. As per the amended Act, function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a), whereby 'sale' of electric power has been removed from the scope of 'Distribution Licensee' and transferred to 'Supply Licensee'. The newly introduced section 23(E) of the Act, provides NEPRA with the powers to grant Electric Power Supply License for the supply of electric power. Section 23E(1), however, provides that the holder of a distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date. Thus, all existing Distribution Licensees have been deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, can continue to do so. Section 23E, further states that the eligibility criteria for grant of license to supply electric power to be prescribed by the Federal Government, and shall include, provision with respect to a supplier of the last resort, as the case may be.

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1.6. As per Section 23F (2)(b), the Supplier possess the right to make sales of electric power to consumers within their specified territories on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority.

1.7. FESCO now in line with the adjustment mechanism provided in its notified MYT determination, and as per the amended NEPRA Act, has filed its request for adjustment/ indexation of different components of its revenue requirement for the FY 2021-22, along-with break-up of costs in terms of Distribution and Supply functions.

1.8. The Authority, however, noted that the Distribution license of the Petitioner is valid only till 01.03.2022. The Petitioner during the hearing submitted that they are in the process of filing request for renewal of its distribution license and expects the same to be renewed by the Authority, in order to ensure continuous, safe and reliable supply of electric power to the consumers; extension in the term of Distribution license is mandatory and would be in the interest of consumers and the Industry as a whole.

1.9. The matter has been discussed as separate issue in the ensuing paragraph.

1.10. A Summary of the adjustments request submitted by the Petitioner is as under;

Rs. In Millions

Description	Distribution of power (DoP)	Supply of power (SoP)	Total (DoP+SoP)
Salaries, Wages & Other benefits	9,458	3,323	12,781
Post Retirement Benefits	7,628	2,680	10,308
Repair & Maintenance	555	31	586
Other O&M	1,415	497	1,912
Lump Sum Grant	37	13	50
Accommodation	11	4	15
Scholarship	8	3	11
Package for Families of Covid-19 victims	6	2	8
Gross O&M Cost	19,118	6,553	25,671
Transfer to AUC	(723)		
Net O&M Cost	18,395	6,553	24,948
Return on Regulatory Asset Base	6,397	-	6,397
Depreciation	5,068	-	5,068
Supplier's Profit	-	3,134	3,134
Less: Other income	(2,813)	(727)	(3,540)
Net distribution/supply margin	27,047	8,992	36,039
Prior Year Adjustment	5,607	8,281	13,888
Total Amount Requested	32,654	17,273	49,927

2. Hearing

2.1. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.

2.2. Hearing in the matter was held on December 01, 2021, for which advertisement was published in newspapers on November 20, 2021. Separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features and details of the proposed adjustments along-with notice of hearing were also uploaded on NEPRA's Website for information of all concerned.

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2.3. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments;

i. Whether the request of the Petitioner for adjustment of FY 2021-22 is justified keeping in view the fact its Licenses are expiring in March 2022.

ii. Whether the requested amount of adjustment/indexation for the FY 2021-22 is justified?

iii. Whether there should be any amendment in Terms and Conditions of Tariff (For Supply of Electric Power to Consumers by Supply Licensees) keeping in view the changes in Consumer Service Manual?

3. <u>Filing of objections/ comments:</u>

3.1. Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules. In response thereof, IR has been filed by M/s PTML (Ufone), M/s PTCL and M/s NAYATEL and comments were filed by CM PAK Zong. A brief of the concerns raised in the IR is as under;

Telecom Sector including Cellular Operators (CMOs) has been declared as an Industry vide Ministry of Industries notification dated 20.04.2004, therefore, for the purpose of charging of electricity, industrial tariff may be applied to CMOs instead of currently applicable Commercial tariffs.

3.2. The Authority during the tariff determinations of GEPCO for the FY 2019-20, on the request of Telenor regarding charging of Industrial tariff from Telecom Operators decided as under;

"The Authority observed that the issue highlighted by the commentator M/s Telenor Pakistan regarding applicability of Industrial tariff to Cellular Mobile Operator (CMOs) pertains to all the DISCOs including K-Electric as CMOs are operating all over Pakistan, therefore, the issue requires deliberations involving all stakeholders i.e. DISCOs, CMOs, Ministry of Energy, MoIT etc. The Authority noted that proceedings regarding Tariff petitions filed by all XWDISCOs for the FY 2018-19 and FY 2019-20, except GEPCO, have already been completed, therefore, the Authority has decided to consider the request of M/s Telenor as a separate issue during the proceedings for the upcoming tariff Petitions of DISCOs for the FY 2020-21 & onward".

3.3. In view thereof, in the instant tariff adjustment request of FESCO, the subject matter has been discussed as a separate issue.

3.4. During the hearing, the Petitioner i.e. FESCO was represented by its CEO along-with its technical and financial teams.

3.5. On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;

<u>Directions given to the Petitioner in the MYT Determination</u>

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4.1. The Authority gave certain directions to the Petitioner in the MYT determination and subsequent adjustment/ indexation decisions. The Authority understands that periodic monitoring of the directions given by the Authority is absolutely necessary in order to analyze the Petitioner's performance, therefore, the Authority has decided to have a half yearly review of the given directions, instead of discussing the same only during the tariff proceedings. Here it is pertinent to mention that the directions which are directly relevant to the tariff determination of the Petitioner have been discussed in detail in the adjustment/ indexation decision of the Petitioner for the FY 2020-21, thus, needs not to be discussed here again.

5. **Whether the notified PPP references needs to be revised or otherwise?**

5.1. The Authority, observed that for the FY 2021-22, variations in the Power Purchase Price (PPP) for the 1st quarter of the FY 2021-22 i.e. Jul. to Sep. 2020 have already been allowed to the Petitioner vide the Authority's decision dated 09.05.2022 and for the 2nd quarter of FY 2021-22, the Petitioner has already filed its PPP adjustment requests with the Authority, which are at an advance stage of the proceedings and would be processed as per the prescribed mechanism. Therefore, for the purpose of instant Petition, the PPP of the Petitioner for the FY 2021-22 shall be the PPP that remained notified during the FY 2021-22, and on which the Petitioner has been / would be allowed quarterly adjustments, thus any reassessment of PPP for the FY 2021-22 is not required.

5.2. Although, variations in the PPP of the Petitioner are being actualized through quarterly adjustment mechanism, however, the existing PPP references, against which the variations are being allowed, were determined by the Authority keeping in view the FY 2020-21. The Authority understands that these references now require up-dation / revision as large amount of new capacities e.g. Coal, Nuclear, Hydel etc. along-with HVDC transmission line have since been added in the system, and also to cater for the impact of PKR vs US$ devaluation, hike in fuel prices and CPI indexations. This revision of PPP references would minimize the impact of future monthly fuel charges adjustments & quarterly variations and will provide a more predictable tariff to the consumers.

5.3. Here it is pertinent to mention that the NEPRA Guidelines for determination of consumer end tariff (Methodology and Process) notified vide SRO dated 16.01.2015, prescribes submission of Procurement Plan by CPPA-G and approval of Power Purchase Cost by the Authority. Accordingly, CPPA-G, submitted its Power Purchase Price forecast report for the FY 2021-30, which outlines end consumer tariff outlook up-to FY 2030, and electricity price projections based on IGCEP.

5.4. As per the Report, CPPA-G has projected total generation of 136,867 GWh for the FY 2021-22, with the certain assumptions of fuel prices and other parameters i.e. exchange rate, CPI, USCPI, LIBOR and KIBOR etc. However, considering the fact that adjustments in PPP pertaining to the FY 2021-22 are already being processed as per the notified tariff, therefore, the projections by CPPA-G for FY 2021-22 are not relevant and by the time the instant tariff determination would be notified, the PPP reference for the FY 2022-23 will be relevant.

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5.5. The Authority is cognizant of the fact that major component of the consumer-end tariff is the Power Purchase Price, which accounts for around 90% of total consumer-end tariff. Therefore, projection of PPP is of utmost importance, as all future monthly fuel charges adjustments as well as quarterly adjustments are worked out based on the projected notified PPP references.

5.6. In view thereof, the Authority by adopting a forward looking approach, has projected the revised PPP references keeping in view the ground realities for the FY 2022-23. For the purpose of determining the new PPP references, the Authority has made its own projections of PPP references for the FY 2022-23 by first projecting the total amount of generation that would be required and then estimating the plant wise generation along-with fuel prices and other assumptions etc., as discussed in detail in the ensuing paras.

5.7. The Authority observed that as per the IGCEP approved vide decision dated 24.09.2021, the total generation has been projected as 142,563 GWh for the FY 2020-23, with peak demand of 25,779 MW. The Projected Generation as per the IGCEP for the FY 2022-23 is around 9% higher as compared to the actual generation of FY 2020-21 i.e. 130,652 GWh, meaning thereby that there would be around 4.5% growth in generation during each of the FY 2021-22 and FY 2022-23.

5.8. However, it is pertinent to mention here that K-Electric during the FY 2020-21 withdrew energy of 6,118 GWhs from the National Grid, however, for the FY 2022-23, the share of energy to with obtained by K-Electric from National Grid has been assumed as 1100 MW i.e. 9,636 GWhs. The same in terms of generation, after grossing up for the allowed level of NTDC and HVDC losses works out as 9,989 GWhs. Thus, out of total projected generation of 142,563 GWhs as per the IGCEP, share of K-Electric would be 9,968 GWhs and the remaining generation of 132,385 would be for the XWDISCOs, after accounting for sale to IPPs.

5.9. The aforementioned projected generation has been allocated to each of the XWDISCO in proportion to its actual units purchased for the period from July 2020 to July 2021. However, for K-Electric as explained above, the energy to be drawn from National Grid has been assumed as 1100 MW flat for each month, keeping in view the current scenario, whereby KE is allowed to draw 1100 MW from the National Grid. For the purpose of energy delivered to DISCOs, actual NTDC losses with maximum cap of 2.5% (energy delivered through NTDC network) and HVDC losses as approved by the Authority have been considered.

5.10. Accordingly, the generation as per the approved IGCEP, for the FY 2022-23 i.e. 142,563 GWh, which after adjustment of allowed T&T losses of NTDC/ HVDC and sale to IPPs (as per previous trend), results in projected energy of 137,609 GWh, delivered to DISCOs including K-Electric and would be available with DISCOs for sale to consumers, as detailed below;

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Total
Energy Gwh	16,107	16,018	14,326	11,208	8,185	8,657	8,928	7,966	9,803	11,455	14,221	15,687	142,563
NTDC Losses	490.06	505.01	461.88	383.63	316.93	334.75	352.97	293.81	354.90	372.49	425.67	459.25	4,751
Sale to IPPs	22.91	22.78	20.37	15.94	11.64	12.31	12.70	11.33	13.94	16.29	20.22	22.31	203
Energy Delivered to DISCOs	15,594	15,491	13,844	10,809	7,856	8,310	8,563	7,661	9,434	11,066	13,775	15,206	137,609

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5.11. The energy delivered to DISCOs has been allocated to each XWDISCO on monthly basis in proportion to their actual units purchased for the period from July 2020 to July 2021. For K-Electric, actual units purchased have been considered at 1100 MW flat for the FY 2022-23. Thus, resulting in following DISCO wise projected allocation of energy;

Projected Units to be Sold to DISCOs GWh

DISCOs	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Total
IESCO	1,536	1,482	1,267	959	711	815	844	690	779	889	1,241	1,526	12,739
LESCO	3,010	2,983	2,888	2,190	1,485	1,600	1,698	1,482	1,861	2,125	2,580	3,125	27,027
GEPCO	1,621	1,507	1,454	1,017	669	696	678	619	825	967	1,254	1,512	12,820
FESCO	1,942	1,961	1,787	1,359	908	937	970	924	1,181	1,385	1,736	1,933	17,023
MEPCO	2,644	2,835	2,335	1,687	1,034	1,015	1,084	1,052	1,486	1,857	2,428	2,440	21,897
PESCO	1,861	1,886	1,471	1,167	994	1,158	1,222	1,014	1,060	1,265	1,619	1,815	16,532
HESCO	701	619	577	505	324	306	304	290	425	564	676	666	5,957
QESCO	712	657	585	553	516	535	512	475	534	616	664	680	7,041
SEPCO	562	551	501	350	227	224	223	192	264	403	561	520	4,577
TESCO	185	191	187	205	196	206	209	183	201	204	197	197	2,361
K-Electric	818	818	792	818	792	818	818	739	818	792	818	792	9,636
Total	**15,594**	**15,491**	**13,844**	**10,809**	**7,866**	**8,310**	**8,663**	**7,661**	**9,434**	**11,066**	**13,776**	**15,206**	**137,609**

5.12. Since the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA (G)) on behalf of XWDISCOs as per the rates so determined by the Authority and subsequently reflected in the respective Power Purchase Agreements (PPAs). The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to the prescribed mechanism and notified by the Federal Government in the Official Gazette. The Power Purchase Price so projected, in turn formulates the reference values for the monthly fuel adjustments & biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges.

5.13. From all the available sources of generation of electricity, i.e. Hydel, Gas, Nuclear, Local and imported Coal, Solar, Wind, and Bagasse etc., a total of 142,563 GWh power is expected to be generated during the FY 2022-23. Here it is also important to mention that while projecting generation, the plants have been projected to be operated as per Merit order, keeping in view the projected prices of different fuels. The average prices for different fuels have been assumed as Rs.3,183/mmbtu for RLNG, Rs.2,078/mmbtu for imported coal, Rs.1,466 /mmbtu for local coal, and Rs.1,000 /mmbtu for local gas. All prices have been considered exclusive of GST. Assumptions and criteria for projection of fuel prices for each of the fuel has been discussed in detail in the ensuing paragraphs.

5.14. Accordingly, the estimated/projected source-wise generation and the estimated cost of electricity generation is given in the following table;

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Source	Generation MkWh	Share	EPP Rs. Mln	CPP Rs. Mln	EPP + CPP Rs. Mln	EPP Rs./kWh	CPP Rs./kWh	EPP + CPP Rs./kWh
Hydel	44,859	31.47%	5,566	232,775	238,341	0.12	5.19	5.31
RFO	-	0.00%	-	70,300	70,300	-	-	-
Coal	39,202	27.50%	754,465	361,638	1,116,103	19.25	9.22	28.47
Gas	12,685	8.90%	107,105	57,377	164,482	8.44	4.52	12.97
RLNG	15,036	10.55%	336,262	122,730	458,991	22.36	8.16	30.53
Bagasse	1,012	0.71%	7,225	8,794	16,019	7.14	8.69	15.84
Wind	5,611	3.94%	-	116,087	116,087	-	20.69	20.69
Solar	1,163	0.82%	-	24,671	24,671	-	21.22	21.22
Nuclear	22,281	15.63%	21,065	304,219	325,284	0.95	13.65	14.60
Import	498	0.35%	9,269	3,144	12,413	18.60	6.31	24.91
SPPs	217	0.15%	1,428	-	1,428	6.59	-	6.59
Total	142,563	100.00%	1,242,385	1,301,735	2,544,120	8.71	9.13	17.85

5.15. Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges, however, variable O&M charges are not made part of monthly fuel charges adjustment and are adjusted as part of quarterly / biannual adjustments.

5.16. As per the above table, around 31.47% of total generation is expected from Hydel sources, 27.50% from Coal (both local & imported), and 15.63% from Nuclear. RLNG would contribute around 10.55% of the total generation, with around 8.9% by indigenous gas. Other Renewables i.e. Wind, Solar & Bagasse and Imports/SPPs share would be around 6%. Meaning thereby that variation in generation mix and prices of Coal, and RLNG/ Gas would have greater impact on the generation cost, thus, ultimately affecting the consumer-end tariff.

5.17. Regarding projection of fuel prices i.e. RLNG, Local & Imported Coal, Local Gas etc., various reports from different sources as given hereunder have been analyzed;

- US Energy Information Administration, Short-Term Energy Outlook October 2021
- World Bank Commodities Price Forecast
- IMF, World Economic Outlook Database
- Bloomberg (Various Analyst Firms forecast)
- Standard Chartered Bank Report
- Argus Media

5.18. Based on the information available in the aforementioned reports, the Authority has projected the following fuel prices in terms of RLNG, Local & Imported Coal, and Gas, for the purpose of Power Purchase Price;

5.19. The Authority noted that as per the RLNG price notification issued by OGRA, RLNG prices in Pakistan are benchmarked with Brent Crude Oil Prices and are determined as a slope (%) of price of crude oil. In addition to this price, Port charges, PSO import related actual costs, PSO/ PLL Margin and Terminal Charges etc. are added to the price. The said prices are also adjusted with the Transmission Losses and other miscellaneous costs. Thus, the RLNG prices in Pakistan are not only affected by the international prices, being linked with crude oil, but also by the exchange rate parity.

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5.20. Therefore, to have a fair projection of RLNG prices, the Authority considered the projections of Brent Crude oil prices by various reliable sources i.e. Short Term Energy Outlook published by US Energy Information Administration, World Bank Commodities Price Forecast report, IMF-World Economic Outlook Database and various analyst firm forecasts.

5.21. The 2nd factor for determination of price of RLNG is the slope that is applied on the price of Crude oil. To have a fair assessment of the applicable slope, the actual slope on which RLNG has been procured by PSO and PLL including spot purchases, during the last 12 months period has been analyzed. Accordingly, by applying the % slope on the projected prices of Crude Oil, the Delivered Ex-Ship (DES) prices of RLNG have been worked out. Here it is pertinent to mention that beside slope, certain additional charges like PSO/PLL Margin, other import related costs, terminal charges etc. are also applicable on CIF price of RLNG. Accordingly, the Authority keeping in view the projected prices of crude oil, % slope, and impact of rupee devaluation, has projected RLNG prices as Rs.3,183/mmbtu.

5.22. For indigenous gas, the Authority considering the existing price, has projected the same as Rs.1,000/mmbtu for the power purchase price projections.

5.23. Regarding price of imported coal, the Authority observed that majority of coal used by coal power plants operating in Pakistan, is imported from South Africa and to some extent from Indonesia, therefore, for the purpose of projection of coal prices, the price forecasts given by World Bank Commodities Price Forecast, Argus-McCloskey etc. have been considered. Accordingly, based on these reports and keeping in view the impact of devaluation of Pak Rupee, and by incorporating therein the Marine Insurance, Handling Loss, Other Charges (Port Handling Charges, Customs Duties & Cess, L/C Charges), Inland Freight etc., the price for imported coal works out as average Rs.2,078/mmbtu.

5.24. For projection of local coal prices for Thar coal, the Authority has considered the coal price determination made by Thar Coal Energy Board (TCEB) for Block-II. As per the TCEB determination, reference tariff determined for the 4th year includes variable cost of US$ 15.10 /Ton and fixed cost of US$ 50.58/Ton. The said total reference total cost determined by TCEB has been indexed with US CPI and US$ /PKR exchange rate to work out the projected coal price for the FY 2022-23, which works out as Rs.1,466 mmbtu. The same has been considered while projecting the PPP references.

5.25. Based on the above discussion, the source wise estimated/projected generation and the estimated cost of electricity generation is given in the following table;

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Source	Generation MkWh	Share	EPP Rs. Mln	CPP Rs. Mln	EPP + CPP Rs. Mln	EPP Rs./kWh	CPP Rs./kWh	EPP + CPP Rs./kWh
Hydel	44,859	31.47%	5,566	232,775	238,341	0.12	5.19	5.31
RFO	-	0.00%	-	70,300	70,300	-	-	-
Coal	39,202	27.50%	754,465	361,638	1,116,103	19.25	9.22	28.47
Gas	12,685	8.90%	107,105	57,377	164,482	8.44	4.52	12.97
RLNG	15,036	10.55%	336,262	122,730	458,991	22.36	8.16	30.53
Bagasse	1,012	0.71%	7,225	8,794	16,019	7.14	8.69	15.84
Wind	5,611	3.94%	-	116,087	116,087	-	20.69	20.69
Solar	1,163	0.82%	-	24,671	24,671	-	21.22	21.22
Nuclear	22,281	15.63%	21,065	304,219	325,284	0.95	13.65	14.60
Import	498	0.35%	9,269	3,144	12,413	18.60	6.31	24.91
SPPs	217	0.15%	1,428	-	1,428	6.59	-	6.59
Total	142,563	100.00%	1,242,385	1,301,735	2,544,120	8.71	9.13	17.85
Add; NTDC/ HVDC & CPPA-G Cost				119,212				
Less; NTDC/ HVDC Losses	(4,751)							
Less; Sale to IPPs	(203)		(4,055)					
PPP Adjusted	137,609		1,238,330	1,420,946	2,659,277	9.00	10.33	19.32

5.26.

5.27. The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority.

5.28. According to the above mechanism, Rs.162,459 million and Rs.14,876 million is the share of the Petitioner on account of CpGenCap and UoSC (NTDC/ HVDC) & Market Operator Fee respectively for the FY 2022-23. The overall fixed charges comprising of CpGenCap and UoSC (NTDC/HVDC) & Market Operator Fee in the instant case works out as Rs.177,335 million, which translate into Rs.4,343/kW/month based on projected average monthly MDI of the Petitioner i.e. 3,403 MW or Rs.10.42/kWh on units purchased basis.

5.29. The total annual PPP of the Petitioner for the FY 2022-23 in the instant case works out as Rs.330,577 million. With the projected purchase of 17,023 GWh for the same period, the average PPP of the Petitioner turns out to be as Rs.19.42/kWh (Annex-IV), whereas, the national average determined PPP works out as Rs.19.32/kWh after accounting for the allowed level of NTDC/ HVDC losses and sale to IPPs. Similarly, the National Average Energy Purchase Price (PPP) works out as Rs.9.00/kWh. On the basis of allowed level of T&D losses of 8.84% for the Petitioner for the 5th Year of the MYT, the adjusted PPP of the Petitioner is assessed as Rs.21.30/kWh.

6. <u>Issues: Whether the request of the Petitioner for adjustment of FY 2021-22 is justified keeping in view the fact its Licenses are expiring in March 2022.</u>

6.1. The Petitioner on the issue has submitted that is a going concern and will continue its operations in the future. The Petitioner also submitted that it already filed an application for extension in its Distribution License for another period of twenty 20 years vide letter No.1647 dated 28.10.2021.

6.2. Further the Petitioner submitted that under Section 23 E(1) of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (amended 2018), FESCO shall be deemed to hold a license for supply of Electric Power for a period of five years i.e upto April 2023. In addition to the above the Petitioner submitted that its request for adjustments of FY

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2021-22 is justified in anticipation of renewal of distribution license by the Authority after 1st March, 2022.

6.3. The Authority noted that the Petitioner has filed its adjustment request for FY 2021-22 i.e. till June 2022, however, the Distribution license of the Petitioner is valid only till 1.03.2022. In view thereof, the Authority decided to deliberate the matter during the hearing.

6.4. The Authority, considering the fact that the Petitioner has already filed request for renewal of its distribution license, which is under process with the Authority, has decided to consider the distribution tariff request of the Petition under the MYT tariff regime. However, the Authority is also aware of the fact that under Section 21 (2) (a) of the NEPRA Act, the word "exclusive" has been omitted, meaning thereby that the Petitioner does not possess the exclusive right for provision of distribution services in its specified territory. Thus, the grant of distribution tariff under the MYT regime shall in no way be construed as a basis for claiming any exclusivity in the licensed territory of the Petitioner. The terms & conditions, given by the Authority, in the new Distribution license of the Petitioner would be applicable during the MYT control period and the MYT would be governed by the terms & conditions of the new license.

7. **Issue: Whether the requested amount of adjustment/indexation for the FY 2021-22 is justified?**

7.1. The Authority has allowed FESCO a Multiyear tariff for a control period of 5 years starting from July 2018 till June 2023, wherein a mechanism for adjustment/ indexation of different components of the revenue requirement has been prescribed.

7.2. A summary of the adjustment/ indexation request of the Petitioner along-with the adjustment/ indexation mechanism provided in the MYT determination of the Petitioner is as under;

Rs. In Millions

Description	Distribution of power (DoP)	Supply of power (SoP)	Total (DoP+SoP)
Salaries, Wages & Other benefits	9,458	3,323	12,781
Post Retirement Benefits	7,628	2,680	10,308
Repair & Maintenance	555	31	586
Other O&M	1,415	497	1,912
Lump Sum Grant	37	13	50
Accommodation	11	4	15
Scholarship	8	3	11
Package for Families of Covid-19 victims	6	2	8
Gross O&M Cost	**19,118**	**6,553**	**25,671**
Transfer to AUC	**(723)**		
Net O&M Cost	**18,395**	**6,553**	**24,948**
Return on Regulatory Asset Base	6,397	-	6,397
Depreciation	5,068	-	5,068
Supplier's Profit	-	3,134	3,134
Less: Other income	(2,813)	(727)	(3,540)
Net distribution/supply margin	27,047	8,992	36,039
Prior Year Adjustment	**5,607**	**8,281**	**13,888**
Total Amount Requested	32,654	17,273	49,927

O&M EXPENSE

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7.3. The O&M part of Distribution Margin shall be indexed with CPI subject to adjustment for efficiency gains (X factor). Accordingly the O&M will be indexed every year according to the following formula:

$$O\&M_{(Rev)} = O\&M_{(Ref)} \times \left[1+(\Delta CPI - X)\right]$$

Where:

$O\&M_{(Rev)}$	=	Revised O&M Expense for the Current Year
$O\&M_{(Ref)}$	=	Reference O&M Expense for the Reference Year
ΔCPI	=	Change in Consumer Price Index published by Pakistan Bureau of
X	=	Efficiency factor

7.4. Regarding Efficiency Factor, the Authority decided that;

"*.....keeping in view the Petitioner's request of keeping it at zero% for the first two years, the Authority has decided to implement the same from the 3rd year of the control period. ....In addition, the Authority in order to save the Petitioner from any negative adjustment on account of O&M cost, has decided that the efficiency factor X, in any year of the control period, should not be greater than 30% of increase in CPI for the relevant control year....*".

RORB

7.5. RORB assessment will be made in accordance with the following formula/mechanism:

$$RORB_{(Rev)} = RORB_{(Ref)} \times \frac{RAB_{(Rev)}}{RAB_{(Ref)}}$$

Where:

$RORB_{(Rev)}$	=	Revised Return on Rate Base for the Current Year
$RORB_{(Ref)}$	=	Reference Return on Rate Base for the Reference Year
$RAB_{(Rev)}$	=	Revised Rate Base for the Current Year
$RAB_{(Ref)}$	=	Reference Rate Base for the Reference Year

DEPRECIATION EXPENSE

7.6. Depreciation expense for future years will be assessed in accordance with the following formula/mechanism:

$$DEP_{(Rev)} = DEP_{(Ref)} \times \frac{GFAIO_{(Rev)}}{GFAIO_{(Ref)}}$$

Where:

$DEP_{(Rev)}$	=	Revised Depreciation Expense for the Current Year
$DEP_{(Ref)}$	=	Reference Depreciation Expense for the Reference Year
$GFAIO_{(Rev)}$	=	Revised Gross Fixed Assets in Operation for the Current Year
$GFAIO_{(Ref)}$	=	Reference Gross Fixed Assets in Operation for Reference Year

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OTHER INCOME

7.7. Other income will be assessed in accordance with the following formula/mechanism:

$$OI_{(Rev)} = OI_{(1)} + \left(OI_{(1)} - OI_{(0)}\right)$$

Where:

$OI_{(Rev)}$ = Revised Other Income for the Current Year

$OI_{(1)}$ = Actual Other Income as per latest Financial Statements.

$OI_{(0)}$ = Actual/Assessed Other Income used in the previous year.

Salaries & Wages – para 17.14 of the re-determination decision dated Sep. 18, 2017

"......the Authority has decided to allow the impact of increases in salaries & wages, as announced by GOP, in the tariff for the respective year, till the time, FESCO remains in the public sector....."

Post-Retirement Benefits – para 19.3.4 of the Determination dated Dec 31, 2015

"....the Authority, has decided to allow the provision for the post-retirement benefits based on last three years average provision as per its financial statements. The provision for FY 2015-16 based on last three years' average is being allowed including the impact of the employees retired before unbundling of WAPDA.........It would be mandatory for the Petitioner to deposit the whole amount into separate funds and accounts (as the case may be). If the Petitioner fails to transfer the whole amount of post-retirement benefits, the Authority would adjust the deficit payments in the next year's provision and from thereon, only actual amounts paid and amount transferred into the fund would be allowed. In case of complete failure to transfer any amount into the fund, the Authority would only allow actual payments, rather than provision.....

7.8. Here it is pertinent to mention that the Petitioner initially requested an amount of Rs.49,927 million, however, during the hearing the Petitioner has revised its request to the tune of Rs.45,724 million. The Revised request of the Petitioner on account of its O&M costs, Other Income, RoRB, Prior Period Adjustments for the FY 2020-21 is reproduced hereunder;

Description	DoP	SoP	Total
Pay & Allowances	9,822	2,959	12,781
Post Retirement Benefits	7,628	2,680	10,308
Repair & Maintenance	545	41	586
Other O&M	1,085	827	1,912
Lump Sum Grant	37	13	50
Accommodation	11	4	15
Scholarship	8	3	11
Package for Families of Covid-19 victims	6	2	8
MIRAD Pay & Allowances and other O&M	-	32	32
Gross O&M Cost	19,142	6,561	25,703
Transfer to AUC	-723		723
Net O&M Cost	18,419	6,561	24,980
Return on Regulatory Asset Base	6,397	-	6,397
Depreciation	5,068	-	5,068
Supplier's Profit	-	3,134	3,134
Less; Other Income	-3,847	-1,039	-4,886
Net distribution/ Supply Margin	26,037	8,656	34,693
Prior Year Adjustment	2,750	8,281	11,031
Total Amount Requested	28,787	16,937	45,724
Unit Sales (M kWh)	15,609	15,609	15,609
Rs./kWh	1.84	1.09	2.93

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O&M costs

Rs. Mln

Description	Reference Cost 2019-20			Adjustment/Index 2021-22		
	DoP	SoP	Total	Dist	Supply	Total
Salaries , wages & other benefits	7,535	2,270	9,805	9,822	2,959	12,781
Retirement Benefits	9,044	2,332	11,376	7,628	2,680	10,308
Repair & Maintenance	482	36	518	545	41	586
Other O&M	927	721	1,648	1,085	827	1,912
Sub Total	**17,988**	**5,359**	**23,347**	**19,080**	**6,507**	**25,587**
Lump Sum Grant (PM Assistance Package)	-	-	-	37	13	50
House Rent/Accomodation (PM Package)	-	-	-	11	4	15
Scholarship (PM Assistance Package)	-	-	-	8	3	11
Package for families of Covid-19 victims		-	-	6	2	8
Sub Total				62	22	84
MIRAD (Pay & Allow & other O&M)	-	-	-	-	32	32
Total O&M Cost	17,988	5,359	23,347	19,142	6,561	25,703
Less: Transfer to AUC	-	-	-	723		723
Net Total	17,988	5,359	23,347	18,419	6,561	24,980

7.9. The Petitioner regarding MIRAD Cost has submitted that pursuant to Ministry of Energy (Power Division), Islamabad letter No.PF-05(04)/2012 dated 01.12.2020 conveyed by Managing Director (PEPCO) vide letter dated 09.12.2020 BOD FESCO in its 208th / 2nd Extra Ordinary General Meeting (EOGM) held on 14.01.2021 approved the Market Implementation & Regulatory Affairs Department (MIRAD).

7.10. To justify its request, the Petitioner submitted that the department will become a dedicated central interface between DISCOs and the competitive electricity market equipped with staff having specialized knowledge and competency and supported by necessary infrastructure to inter-allia administer the market operations including bilateral contracts portfolio management, short and medium-term demand forecasting, transmission planning, and overseeing legal and regulatory affairs. MIRAD will perform the activities pertaining to Competitive Trading Bilateral Contract Market (CTBCM).

7.11. Further the Petitioner submitted that the creation of MIRAD had been made in the backdrop of shifting the existing Power Market from Single Buyer Model to a Competitive Wholesale Power Market after the decision of ECC in 2015. National Electric Power Regulatory Authority (NEPRA) also approved a detailed design and implementation plan of the Competitive Trading Bilateral Contract Market (CTBCM) to make a competitive wholesale electricity market in November 12, 2020. The Petitioner submitted the following has been approved from its Board of Directors (BoD);

i. Complete structure of MIRAD already endorsed by MOE (Power Division) and PEPCO.

ii. Relocation / transfer of existing 09 positions (mentioned under Para-06) to the MIRAD. But the abilities, qualifications and suitability of these personnel will be strictly checked and analyzed appropriately by the mechanism approved by the BOD.

iii. Creation of 11 new positions (mentioned under Para-07) under MIRAD.

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iv. An additional annual budget of Rs.25.447 million for the running expenditure of newly created positions including 40% incentive and 6.654 Million for other O&M.

v. Head of MIRAD to be recruited / inducted from the Market following the open competitive recruitment process, in which DISCOs personnel can also apply.

vi. The recruitment of the remaining staff of the MIRAD will first be done through a recruitment process from within the DISCOs that would result in qualified and suitable personnel transferred to MIRAD.

vii. Remaining positions of MIRAD will be recruited from Market on merit basis.

7.12. Further, the Petitioner submitted that the structure of MIRAD has a total of 20 managerial positions of different cadres ranging from BPS-20 to BPS-17. The break-up of these positions is given hereunder;

Sr #	Name of Post	BPS	No. of Posts	Fin Impact (PKR Mln.)
a.	Head of Department DG (MIRAD)	20	1	2.65
b.	Manager	19	3	7.01
c.	Deputy Manager	18	6	7.07
d.	Assistant Manager	17	10	8.71
	Total		**20**	**25.45**
e.	Other O&M			**6.65**
	Total			**32.10**

Depreciation

7.13. The Petitioner has requested Depreciation Rs. 5,068 million for the FY 2021-22. The Petitioner provided that the depreciation is based on projected investment of Rs. 19,131 millions;

DEP(Rev) = DEP(Ref) x GFAIO(Rev) /GFAIO(Ref)

DEP(Rev) = 4,382 x 109,245/94,468 = 5,068 Million

7.14. The Petitioner provided the following detailed working in this regard;

Mln. Rs.

	Audited	Adjusted (Distribution)
Gross Fixed Assets in Operation (GFAIO) – Opening Balance	88,541	95,656
Add: Addition/Transfer/Deletion in Fixed Assets (Net)	7,115	14,777
Fixed Assets in Operation – Closing Balance	95,656	110,433
Less; Value of Land	1,188	1,188
GFAIO excluding Land	94,468	109,245
Depreciation Expense	4,382	5,068

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RoRB

7.15. The Petitioner has requested an amount of Rs. 6,397 million for RoRB, by submitting that the RORB For FY 2021-22 is based on projected investment of Rs.19,131 million as detailed below;

RORB(Rev)= RORB(Ref/Adj.) x RAB(Rev) / RAB(Ref)

RORB(Rev)= 5,382 x 52,695/45,069 = 6,291

RORB(Rev)on adjusted WACC= 6,276 x 12.14%/11.94% =6,397 Million

7.16. The Petitioner provided the following workings in this regard;

Mln. Rs.

	Audited	Adjusted (Distribution)
Gross Fixed Assets in Operation – Op. Balance	88,541	95,656
Add: Addition/Transfer in Fixed Assets (Net)	7,115	14,777
Fixed Assets in Operation – Closing Balance	95,656	110,433
Less: Accumulated Depreciation	-34,156	-37,477
Net Fixed Assets in Operation	61,501	72,956
Add: Assets Under Construction(AUC) – Cl. Balance	17,811	22,165
Total Fixed Assets	79,312	95,121
Less: Deferred Credits	31,882	37,160
Regulatory Assets Base	47,429	57,961
Average Regulatory Assets Base (RAB)	45,069	52,695
WACC	11.94%	12.14%
RORB = RAB * WACC	5,382	6,397

Supplier Margin

7.17. The Petitioner has requested Supplier Margin of Rs.3,134 million for the FY 2021-22. The Petitioner to justify its claim submitted that through the amended NEPRA Act, 2018, the distribution and sales of electric power functions earlier rested with FESCO under Distribution License No. 02/DL/2002 granted by NEPRA under Section-21 of NEPRA Act 1997 have been separated. Under the amended Act, 2018, Distribution of Electric Power has been separated from Supply of Electric Power. Further the Petitioner submitted that the Supplier Margin will cover mainly the Power Supply Business O&M Costs and return/ profit for establishing and maintaining the supply business setup, discharging other obligations. It further submitted that according to Para 16(2) of the NEPRA Guidelines for determination of consumer end tariff (Methodology and process) issued vide SRO # 34 (1)/2015, dated 16th January, 2015, tariff should allow the licensee, a rate of return, which promotes continued reasonable investment in equipment and facilities for improved and efficient service.

7.18. The Petitioner also submitted that it is important that returns provided to the Company commensurate with the risks associated with the sector. The rate of return should provide for a return which is proportionate with the prevailing cost of funds being incurred by the Company and with the risk involved in delivering the utility services. The regulator has not provided any guidelines regarding allowing Return to the Power Supply Business.

7.19. Based on the above the Petitioner has requested Supply Margin assumed @ 1.5% of the Power Purchase Price (projected) to be invoiced to Power Supply Business for the FY 2021-22, as detailed below;

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Description	PKR Mln.
Energy Transfer Changes	100,995
Capacity Transfer Charges	99,750
Use of System Charges + MoF	8,218
Total	**208,963**
Supplier's Profit Rate	**1.50%**
Supplier Profit	**3,134**

Other Income

7.20. The Petitioner has requested Rs. 3,450 million in its request for Other Income, however, during the hearing the Petitioner revised the figure to Rs.4,886 million.

7.21. The Authority noted that as per the DISCO annual performance report of NEPRA the impact of losses for the past five years is as under;

Period	Actual Losses %	Notified Losses %	Breach %	Impact of Breach Rs. mln	Impact of Notified Rs. mln	Impact of Actual Rs. mln
FY 2016	10.2	9.5	0.7	657	8,912	9,569
FY 2017	10.6	9.5	1.1	1,195	10,322	11,517
FY 2018	10.5	9.7	0.8	1,058	13,182	14,240
FY 2019	9.8	10.2	-0.4	(1,032)	24,017	22,985
FY 2020	9.6	10.1	-0.5	(1,252)	25,292	24,040

8. The Authority, as per the mechanisms prescribed in the MYT of the Petitioner, for adjustment / indexation of different components of revenue requirement, and based on the information submitted by the Petitioner, has worked out the following adjustments for the Petitioner for the FY 2021-22;

Description	Proposed FY 2020-21 Rs.Mln	Indexation/Adjustment Basis	Indexed /Adjusted Cost FY 2021-22 Rs. Mln
Pay & Allowances	10,580	GoP Increases & Annual Increment	12,666
Post Retirement Benefits	8,775	Provision as Audited accounts FY 2019-20	9,653
Repair & Maintenance	551	CPI of May 2021 - X Factor i.e. 30% of CPI	593
Other O&M Expenses	1,752	CPI of May 2021 - X Factor i.e. 30% of CPI	1,885
Depriciation	4,204	Allowed Investment for FY 2021-22	4,520
RORB	6,254	Allowed Investment for FY 2021-22	7,252
O.Income	(6,739)	As per Mechanism	(4,215)
Margin	**25,378**		**32,353**

8.1. Here it is pertinent to mention that the Authority, under para 36.34 of the Petitioner's determination dated Mar. 08, 2016, allowed adjustments on account of variation in KIBOR on biannual basis. However, considering the fact that FY 2021-22 has already lapsed and actual KIBOR numbers as of 2rd July 2021 and 7th January 2022 are available, therefore, while allowing the RoRB for the FY 2021-22, the adjustment on account of variation in KIBOR for the FY 2021-22 has been incorporated upfront. Thus, no further adjustment on account of variation in KIBOR for the FY 2021-22 shall be allowed subsequently.

8.2. **Regarding recruitment for MIRAD** and its inclusion of cost impact of hiring made for MIRAD by the Petitioner, details were requested from the Petitioner. The Petitioner has not provided the required information. The Petitioner is required to provide the financial impact for all the positions along with details of Position, Date of Hiring and their financial impact. Further, the information shall also include break up in terms of internal reallocation and new hiring for the FY 2020-21 & FY 2021-22 along with the next tariff adjustment/petition for consideration of the Authority.

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8.3. In view thereof, the Authority has decided to allow hiring for MIRAD in principal and allow the incremental financial impact of the same as part of PYA in the subsequent adjustment requests and would also be made part of reference cost for future indexations, once the Petitioner completes its recruitment process and submits complete details in this regard. Here it is pertinent to mention that impact of employees internally transferred to MIRAD has already been largely accounted for while assessing the salaries & wages cost.

8.4. **Regarding request of the Petitioner to allow Supplier Profit,** the Authority observed that the Petitioner has been allowed return on its Rate Base as per the Authority's approved WACC and the same has been included as part of the Petitioner's revenue requirement. Although, the function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a) of the Amended Act, however, the amended Act, also under proviso to Section 23E(1), provides that holder of a Distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power for a period of five years from such date. Thus, all existing Distribution Licensees have been deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, would continue to do so. Hence, practically there is no change in the overall nature of operations or functions being performed by the existing DISCOs, therefore, allowing any separate margin to the Petitioner for its Supply function, considering the fact that it has been allowed return on its overall rate base, does not merit consideration.

8.5. **Regarding request of the Petitioner for PM assistance package,** the Authority in principle agrees to allow the Prime Minister Assistance Package as announced by the Federal Government for the families of employees who died during service. However, for the requested amount, the Authority considers that allowing any such costs, upfront would be unfair with the consumers, therefore, the Authority may consider such costs once the actual expenditure is incurred by the Petitioner. To justify the claim the Petitioner is required to provide employees name, CNIC number, designation, date of death, along with the financial impact, etc. in its next tariff petition/adjustment request for the Authority to consider.

9. <u>**Whether the requested Previous Year Adjustment is justified?**</u>

9.1. The Petitioner has requested the an amount of Rs.15,609 million on account of PYA and submitted the following on account of each head requested under the PYA;

Description	Dist:	Supply	Total
Excess deduction of Interim DM	24	-	24
Minimum Tax Paid during FY 2020-21		1,950	1,950
Un-favourable Consumer Mix Variance for FY 2020-21	-	2,703	2,703
Suppl. Charges (billed by CPPA-G) in excess of LPS for FY 2020-21		2,482	2,482
Supplementary Charges paid by MOF 2020-21		188	188
Under-Recovered DM for the FY 2020-21	2,857	-	2,857
Actuarial Gain/Loss Charged to OCI for FY 2020-21	2,597	913	3,510
Remaining impact of PM Assistance package & Assistance Package for Covid-19 death (592-418)	129	45	174
Total PYA for FY 2020-21	5,607	8,281	13,888
Proj. Unit Sales (MkWh) for FY 2021-22	15,609	15,609	15,609
Rs./kWh	0.36	0.53	0.89

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Excess adjustment of Interim Distribution Margin (DM):

9.2. The Petitioner submitted that it was allowed Interim Distribution Margin of Rs.1,748 million, and the Authority adjusted back the total amount of Rs.1,748 million, whereas, FESCO actually recovered Rs.1,724 million. Thus, the extra amount of Rs.24 million adjusted back by NEPRA may be allowed.

Description	PKR Mln.
Adjusted by Authority	1,748
Recovered by FESCO	1,724
Excess adjusted	24

9.3. The Authority observed that the understanding of the Petitioner in the matter is not correct. The entire amount of Interim DM allowed for the FY 2018-19, was adjusted by the Authority in the indexation/ adjustment decision of the Petitioner for the FY 2019-20, as the final DM for the FY 2018-19 was later on allowed. However, at the same time the Authority also decided that any under/ over recovery of the allowed Interim DM would be adjusted subsequently. Consequently, the Petitioner has already been allowed an adjustment in this regard amounting to Rs.103 million as per of PYA while deciding its indexation/ adjustment request for the FY 2020-21.

Minimum Tax Paid during FY 2020-21:

9.4. The Petitioner has submitted that the as per MYT determination dated December 31, 2015 (Para 26.21 to 26.23) it has been allowed a post-tax cost of debt and any tax paid by the company shall be passed on to the consumers on actual basis as prior year adjustment after submission of documentary proof to NEPRA.

9.5. The Petitioner requested that minimum tax of Rs.1,950 Million for the FY 2020-21, be allowed as per detail given hereunder.

CPR No.	Date	Tax Paid
IT-20200930-0101-1523131	30.09.2020	700
IT-20201231-0101-1682684	31.12.2020	350
IT-20210330-0101-1774193	30.03.2021	400
IT-20210629-0101-1651073	29.06.2021	500
Total		1,950

9.6. Regarding claim of Rs.1,950 million as adjustment for advance Tax for the FY 2020-21, the Authority has already allowed the same in the indexation / adjustment request of the Petitioner for the FY 2020-21, thus need not to be discussed here again.

9.7. The Authority while going through the financial statements of the DISCOs including the Petitioner, has observed that significant amount of tax refund is appearing from FBR. In view thereof, the Authority has decided to allow actual tax paid by the Petitioner net off of the amount of Tax Refund outstanding from FBR, if any, once the Petitioner provides detail of actual tax assessments vis a vis tax paid for the last five years. Accordingly, the Petitioner is directed to provide details of actual tax assessments, tax allowed and the amount of tax paid for the last five years..

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Sales Mix Variance:

9.8. Regarding Sales Mix variance, the Petitioner has requested an amount of Rs.2,703 million for the FY 2020-21.

9.9. The Authority noted that the Petitioner was directed through various emails to provide subsidy claims data as per the required format, for the FY 2020-21, in order to work out the impact of Sales Mix variance. However, the required information was not provided by the Petitioner. In view thereof, the Authority has decided not to consider the request of the Petitioner regarding sales mix variance of Rs.2,703 million in the instant adjustment request.

Excess Supplemental Charges

9.10. The Petitioner has submitted that CPPA-G billed Supplemental Charges of Rs.4,547 million to FESCO on account of late Payments to IPPs/Power generators during the FY 2020-21. The Late Payment Surcharge (LPS) collected by FESCO from consumers during the said year remained Rs.2,065 Million. Thus, CPPA-G billed excess amount of Rs.2,482 million than the LPS collected by FESCO. The Petitioner provided the following month wise invoices raised by CPPA-G in this regard as given below.

Sr #	Invoice No.	Period	PKR Mln.
1	LPS/Jul-20/FESCO	Jul-20	613
2	LPS/Aug-20/FESCO	Aug-20	220
3	LPS/Sep-20/FESCO	Sep-20	373
4	LPS/Oct-20/FESCO	Oct-20	602
5	LPS/Nov-20/FESCO	Nov-20	277
6	LPS/Dec-20/FESCO	Dec-20	466
7	LPS/JAN-21/FESCO	Jan-20	274
8	LPS/Feb-21/FESCO	Feb-20	426
9	LPS/Mar-21/FESCO	Mar-20	176
10	LPS/Apr-21/FESCO	Apr-20	239
11	LPS/May-21/FESCO	May-20	243
12	LPS/June-21/FESCO	Jun-20	638
	Total		4,547
	Less; LPS Collected during FY 2020-21		2,065
	Suppl. Charges (billed by CPPA-G) in exces:		2,482

9.11. The Authority in its decision dated 8.12.2020, in the matter of request filed by the Petitioner for adjustment/ indexation of Tariff for the FY 2019-20, directed the Petitioner to provide detail of invoices raised by CPPA-G on account of supplemental charges for the FY 2014-15 till FY 2019-20. The Petitioner in this regard has submitted the following details;

Rs. Mln

Year	LPS	Supplemental Charges	LPS in Excess to Supp. Charges
2014-15	1,098	433	(665)
2015-16	1,112	101	(1,011)
2016-17	1,069	103	(966)
2017-18	1,280	609	(671)
2018-19	1,406	1,890	484
2019-20	1,681	3,004	1,323
Total	7,646	6,140	

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9.12. The Authority observed that the issue of supplemental charges has been discussed in detail in the indexation/ adjustment decision of the Petitioner for the FY 2020-21 and also in the earlier determinations of the Petitioner, wherein the Authority has clearly stated that Supplemental charges are not allowed separately rather XWDISCOs are allowed to retain the amount of late Payment charges to off-set the impact of supplemental charges billed by CPPA-G, hence this cost is not allowed to the Petitioner. Here it is pertinent to mention that while accounting for LPS against Supplemental Charges, NEPRA individually accounts for the amount of LPS against each DISCO's supplemental charges as per the decision of the Authority.

<u>PM Assistance Package</u>

9.13. The Petitioner regarding P.M assistance Package requested an amount of Rs.418 Million on account of Prime Minister's Assistance Package for families of employees who died during service (from the date of its applicability from February, 2015 to December, 2019). The said amount was included in the Prior Period Adjustments as part of Annual Adjustment/Indexation of Distribution Margin for FY 2020-21 under Multiyear Tariff Regime, filed vide letter No.11656-59 dated 19.10.2020. The package comprised upon Rs.248 Million for Lump Sum Grant and Rs.170 Million for Marriage Grant. Public Hearing was held on April 22, 2021. However, determination/decision of the same is yet to be announced.

9.14. The Petitioner submitted that certain components of the Prime Minister's Assistance Package like House Rent and Scholarship were not claimed in the referred adjustments for FY 2020-21 due to non- availability of complete information regarding families of deceased employees. Furthermore BOD FESCO in its 203rd/32nd meeting held on 31.08.2020 & 205/34 meeting held on 29.10.2020 has adopted Assistance Package circulated by General Manager (HR) PEPCO vide O.M. No.MDP/GMHR/DSW/4506-22 dated 30.04.2020. Under the said package, families of FESCO employees who die due to Covid-19 while performing official duties will be allowed Rs.4 million (in each case).

9.15. The Petitioner submitted that it has updated the financial impact of PM's Assistance Package adopted by FESCO including Assistance Package for deceased victims of COVID-19 comes to Rs.592.23 Million. To redress the grievances of bereaved families of deceased employees, who approaching through different channels for payment of their entitled assistance package including direct application to FESCO management, complaints to Wafaqi Mohtasib, complaints at PM's Performance Delivery Unit (PMDU),FESCO vide letter No.950/CFO/FESCO/Budget-PMAP dated 29.09.2021 also requested NEPRA to allow an amount of Rs.592.23 Million separately before the main decision, for which response is awaited.

9.16. Regarding request of the Petitioner for PM assistance package, the Authority in principle agrees to allow the Prime Minister Assistance Package as announced by the Federal Government for the families of employees who died during service. However, for the requested amount, the Authority considers that allowing any such costs, upfront would be unfair with the consumers, therefore, the Authority may consider such costs once the actual expenditure is incurred by the Petitioner. To justify the claim the Petitioner is required to provide employees name, CNIC number,

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designation, date of death, along with the financial impact, etc. in its next tariff petition/adjustment request for the Authority to consider.

<u>Actuarial Gain/Loss Charged to OCI for FY 2020-21</u>

9.17. The Petitioner has submitted that an amount of Rs.3,510 million on account of actuarial loss for the FY 2020-21 charged to Other Comprehensive Income as a result of re measurement of Post-Retirement Benefits Obligations of FESCO employees. Breakup of which is given below.

Pension	Free Supply	Leave Encashment	Free Medical	Total
5,960	- 2,401	-	- 49	3,510

9.18. The Petitioner accordingly requested to allow the amount of Rs.3,510 million in the PYA of FY 2020-21.

9.19. Regarding Actuarial gain/ loss for post-retirement benefits, the Authority observed that amount of post-retirement benefits for the FY 2020-21 has been allowed to the Petitioner as per the amount "Charge for the Year" in the Audited Financial Statement of the Petitioner for the FY 2020-21.

9.20. The Prior Year Adjustment includes the impact of variation in the following, based on the Authority's allowed benchmarks of T&D losses and recoveries;

- ✓ Difference between the actual PPP billed and the amount recovered by the DISCO.
- ✓ Difference between the assessed DM and the amount actually recovered.
- ✓ Difference between previously assessed PYA and the amount actually recovered.
- ✓ Difference between actual other income and the amount allowed
- ✓ Variation due to Sales Mix.

9.21. It is important to highlight that variation between the PPP billed to DISCOs by CPPA-G and the amount recovered by the DISCOs, based on the Authority's allowed benchmarks of T&D losses and recoveries, are being accounted for separately through Quarterly/Bi-Annual Adjustment mechanism, therefore, the instant PYA includes only the remaining components.

9.22. Here it is pertinent to mention that while deciding the instant adjustment request i.e. FY 2021-22, the impact of under/ over recovery of the assessed DM for the FY 2020-21, has been included as part of PYA.

9.23. Based on the discussions made in the preceding paragraphs, the total PYA of the Petitioner under the MYT has been worked out as under;

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Rs. Mln

Description	FESCO
1st & 2nd Qtr. FY 2018-19	
Allowed Amount	26,894
Qtr. Rs./kWh	1.5389
Recovered	27,469
Under/(Over) Recovery	(575)
3rd & 4th Qtr. FY 2018-19	
Allowed Amount	2,639
Qtr. Rs./kWh	0.1888
Recovered	2,484
Under/(Over) Recovery	155
Interim D.M FY 2018-19	
Allowed Amount	1,748
Qtr. Rs./kWh	0.1250
Recovered	1,645
Under/(Over) Recovery	103
1st Qtr. FY 2019-20	
Allowed Amount	(1,307)
Qtr. Rs./kWh	(0.094)
Recovered	(1,240)
Under/(Over) Recovery	(67)
Distribution Margin FY 2019-20	
Allowed	27,452
Recovered	19,500
Under/(Over) Recovery	7,952
Other Income FY 2019-20	
Allowed	(6,214)
Actual	(5,540)
Under/(Over) Recovery	674
Sales Mix Variances	
FY 2019-20	(383)
	(383)
Late Payment Charges in Excess to Supplemental charges FY 2014-15 to FY 2019-20	(3,313)
Distribution Margin FY 2020-21	
Allowed	27,452
Recovered	24,435
Under/(Over) Recovery	3,017
Total Prior Period Adjustment	11,756
Provision for Post Retirement Benefit	
Allowed	11,376
Benefit Paid	5,555
Transferred to Account	5,300
Under/(Over) Recovery	
Depreciation	
Allowed	4,137
Actual	2,819
Under/(Over) Recovery	(1,318)
RoRB (Investment)	
Allowed	6,182
Actual	5,751
Under/(Over) Recovery	(431)
Total MYT True Ups	(1,227)
Grand Total	10,529

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9.24. The Authority in line with its earlier decision in the matter of negative FCA, has calculated the impact of negative FCA pertaining to the FY 2019-20 in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers which has been retained by the Petitioner. The Authority has also worked out the impact of positive FCAs not recovered by the Petitioner from life line consumers. The Authority also considered the relevant clauses of the S.R.O. 189 (1)/2015 dated March 05, 2015 issued by GoP and the amount of subsidy claims filed by the Petitioner for the FY 2019-20.

9.25. After considering all the aforementioned factors, the Authority observed that the Petitioner has retained a net amount of Rs.1,614 million on account of negative FCA for the FY 2019-20, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, which is still lying with the Petitioner. The Authority also considered the amount of subsidy claims filed by the Petitioner for the FY 2019-20, which shows a net subsidy claim filed by the Petitioner.

9.26. The Authority in view of the above and in line with its earlier decisions, has decided not to adjust the impact of negative FCA across different consumer categories. Thus, the net negative FCA amount pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers for the FY 2019-20 i.e. Rs.1,614 million, which is still lying with the Petitioner, must be adjusted by the Federal Government, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden. The above working has been carried out based on the data/ information provided by PITC, as DISCOs have not submitted the required information. In case DISCOs own calculations are different from the aforementioned numbers, keeping in view the last slab benefits etc., the same may be shared with the Authority in its subsequent adjustment request. This decision of the Authority is only applicable under a subsidy regime, whereby aforementioned classes of consumers are receiving subsidy directly in their base tariff.

9.27. Here it is pertinent to mention that the impact of under/ over recovery of quarterly adjustments for the FY 2018-19 and 1st quarter of the FY 2019-20 has been worked out based on total units i.e. without adjusting the impact of life line units as DISCOs have neither submitted their workings in this regard nor provided break-up of category wise units sold for the period. In view thereof, the Petitioner is directed to provide its working in the matter along-with break-up of units sold for each category for the period from FY 2019-20 till FY 2021-22, for consideration of the Authority. Any adjustment in this regard would be adjusted subsequently as PYA.

<u>True ups allowed in the MYT</u>

9.28. The MYT determination also allows truing up of certain costs allowed to the Petitioner during the tariff control period i.e. Depreciation, Investments and Kibor + Savings in spread as Prior Year Adjustments, as per the prescribed mechanism. Since the amount of Depreciation and Investments, while allowing indexation/ adjustment for the FY 2020-21, has been taken from the Audited accounts of the Petitioner for the FY 2020-21, therefore, no true up is required for for these components. Similarly, no adjustment on account of KIBOR for the FY 2020-21 and FY 2021-22 is required as the Authority while determining the RoRB for the FY 2020-21 and FY 2021-22, used the actual KIBOR numbers as of July and January for the respective year, thus, no further adjustment on account of variation in KIBOR for the FY 2020-21 and FY 2021-22 is to be allowed. However, true ups for the FY 2021-22 shall be allowed once the Audited accounts of the Petitioner for the FY 2021-22 is provided.

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9.29. Regarding adjustment of spread on KIBOR, since the audited accounts of the Petitioner are not available for the period under consideration, therefore, the Authority would consider the adjustment on account of spread on KIBOR once the Petitioner Audited accounts are available.

10. **Whether the existing fixed charges applicable to different consumer categories needs to be revised and requires any changes in mechanism for charging of such charges based on Actual MDI or Sanction Load or otherwise?**

10.1. The Petitioner during the hearing submitted that it has already requested NEPRA to revise the criteria of fixed charges on the basis of 50% of sanctioned load in case of no energy is consumed during the month. The Authority noted that other DISCOs also during proceedings of their tariff petitions supported applicability of fixed charges based on sanctioned loads.

10.2. The Authority also noted that as per the decision dated 01.11.2021 in the matter of Wheeling Costs to be included in the Tariff Determination of DISCOs, it was decided as under;

"Hybrid BPC

12.1. In future tariff determinations of DISCOs, for Hybrid BPCs, fixed charges shall be levied based on their sanctioned load or actual MDI, whichever is higher and will be applicable on such BPCs who retain DISCOs as deemed supplier. In the meanwhile, based on the above formula, NEPRA will determine it on case to case basis."

10.3. The Authority observed that as per the current tariff structure, certain consumer categories like Commercial, Industrial, Bulk and Agriculture are levied fixed charges, which are based on their actual MDI for the month. The Authority considers that the capacity charges of generation companies which are fixed in nature, as it has to be paid based on plant availability, are charged to DISCOs based on the actual MDIs of DISCOs. However, the present consumer end tariff design is of volumetric nature whereby major portion of the cost is charged / recovered from the consumers on units consumed basis i.e. per kWh and only a small amount is recovered on MDIs basis from the consumers.

10.4. In view of the above discussion, decision of the Authority dated 01.11.2021 in the matter of wheeling and to ensure that Hybrid BPCs, who keep DISCOs connection as backup, also share portion of the fixed costs, the Authority has decided to change the mechanism for levying of monthly fixed charges to various categories of consumers. The Fixed charges shall now be charged, based on 50% of the sanctioned load or actual MDI for the month, whichever is higher. However, in such cases, no minimum monthly charges would be billed even if no energy is consumed. The Authority has also decided to increase the rate of fixed charges currently applicable to certain categories i.e. from Rs.400/kW/M, 420/kW/M and 440/kW/M to Rs.440/kW/M, 460/kW/M, and 500/kW/M respectively. At the same time, the Authority not to overburden such consumers who are levied fixed charges, has adjusted their variable rate, to minimize the impact of increase in fixed charges.

10.5. Here it is pertinent to mention that Rs.162,459 million and Rs.14,876 million is the share of the Petitioner on account of CpGenCap and UoSC (NTDC/ HVDC) & Market Operator Fee

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respectively for the FY 2022-23. The overall fixed charges comprising of CpGenCap and UoSC (NTDC/HVDC) & Market Operator Fee in the instant case works out as Rs.177,335 million, which translate into Rs.4,343/kW/month based on projected average monthly MDI of the Petitioner. However, Fixed charges being billed to consumers is Rs.440/kW/M, 460/kW/M, and 500/kW/M for different categories based on 50% of the sanctioned load or actual MDI for the month, whichever is higher, which is around 11% of total projected fixed charges to be charged to the Petitioner by CPPA-G.

10.6. Here it is also pertinent to mention that once the CTBCM becomes operational, the Hybrid BPCs shall be treated in accordance with the prevailing Regulations at that time.

11. Whether there should be any amendment in Terms and Conditions of Tariff (For Supply of Electric Power to Consumers by Supply Licensees) keeping in view the changes in Consumer Service Manual?

11.1. The Authority observed that certain amendments have been approved in the NEPRA CSM, regarding extension of load for B-3 & C-2 from 5MW upto 7.5MW, after following due process of law. The same amendments are also required to be incorporated in the Tariff determination of DISCOs. Accordingly, the following changes are being made in the Terms & Conditions of Tariff;

"Considering the fact that the Authority, through CSM, has already allowed extension in load beyond 5MW upto 7.5MW whose connection is at least three (3) years old, therefore, for such consumers the applicable tariff shall remain as B-3 or C-2 as the case may be. However, while allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers."

12. Electric Vehicle Charging Stations

12.1. In order to provide an enabling regulatory regime for the Electric Vehicle Charging Stations ("EVCS") that would supplement the introduction and promotion of Electric Vehicles ("EV") in Pakistan, and provide a strong base for the growth of the EV charging infrastructure to support the development of this industry. The charging services for EV is going to involve setting up a dedicated facility that would require a dedicated infrastructure including AC/DC conversion, conductive charging system, charging connectors, plugs, inlets and socket outlets, cables, protection system and dedicated electricity supply system with dedicated connection and transformer.

12.2. Here it is pertinent mention that the National Electric Vehicle Policy 2019 requires the following;

"NEPRA shall develop a policy to enact EV tariffs and to ensure compliance with EV standards and specifications. The foremost of which are safety standards for EVs."

12.3. The Authority in view thereof, in exercise of powers under section 7 read with section 31 of NEPRA Act read with 3(1) of NEPRA Tariffs (Standards & Procedure) Rules, 1998 carried out proceedings to amend the terms and condition of XWDISCOs and KE's tariff for this purpose.

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During the proceedings the issues regarding tariff to be charged from electric vehicles by EVCS along-with proposed amendments in the tariff Terms & conditions for the purpose was discussed in detail.

12.4. Based on the outcome of the proceedings, the Authority has decided as under;

Amendment in Tariff Terms & Conditions

- ✓ In A-2 Commercial "1", following is added at the end;

  "ix) Electric Vehicle Charging Stations"

- ✓ In A-2 Commercial "2", following is added;

  "Electric Vehicle Charging Stations shall be billed under A-2(d) tariff i.e. Rs./kWh for peak and off-peak hours. For the time being, the tariff design is with zero fixed charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges."

- ✓ In addition in A-2 Commercial, following is added;

  *"The Electric Vehicle Charging Station shall provide "charging service" to Electric Vehicle with a maximum cap as determined by the Authority from time to time. For the time being the Cap has been determined as **Rs.50/kWh**. The EVCS shall be billed by DISCOS under A-2(d) tariff. However, monthly FCAs either positive or negative shall not be applicable on EVCS."*

Addition in Schedule of Tariff

- ✓ In Schedule of Tariffs (SoTs), under A-2 General Supply Tariff - Commercial, a new tariff i.e. A-2(d) – Electric Vehicle Charging Station is added.

13. **Whether the existing Tariff Terms and Conditions needs to be modified, especially with reference to the request of Telecom companies to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" category tariff?**

13.1. The Authority during the tariff determinations of GEPCO for the FY 2019-20, on the request of Telenor regarding charging of Industrial tariff from Telecom Operators decided as under;

"The Authority observed that the issue highlighted by the commentator M/s Telenor Pakistan regarding applicability of Industrial tariff to Cellular Mobile Operator (CMOs) pertains to all the DISCOs including K-Electric as CMOs are operating all over Pakistan, therefore, the issue requires deliberations involving all stakeholders i.e. DISCOs, CMOs, Ministry of Energy, MoIT etc. The Authority noted that proceedings regarding Tariff petitions filed by all XWDISCOs for the FY 2018-19 and FY 2019-20, except GEPCO, have already been completed, therefore, the Authority has decided to consider the request of M/s Telenor as a separate issue during the proceedings for the upcoming tariff Petitions of DISCOs for the FY 2020-21 & onward".

13.2. In view thereof, in the instant tariff adjustment requests of the Petitioner, the subject matter is being discussed as a separate issue.

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13.3. The Petitioner during the hearing submitted that Telecom sector is only providing the services to consumers not value addition, therefore A-2 commercial is accurate

13.4. Telecom companies in their comments/ Intervention Requests have submitted that Telecom Sector including Cellular Operators (CMOs) has been declared as an Industry vide Ministry of Industries notification dated 20.04.2004, therefore, for the purpose of charging of electricity, industrial tariff may be applied to CMOs instead of currently applicable Commercial tariffs.

13.5. M/s NAYAtel and M/S PTCL both submitted that in line with the Telecom Policy of 2004, the Federal Government was pleased to declare Telecom sector including Cellular Operators as an "Industry" with immediate effect vide Gazette Notification dated 20.04.2004, issued by the Ministry of Industries and Production, Government of Pakistan.

13.6. The Ministry of Information Technology vide UO dated 16.06.2014 also endorsed the request of the Telecom Sector including CMOs to be classified as Industrial Undertaking under clause (b) of Section 2(29C) of the Income Tax Ordinance 2001.

13.7. In view of the above, it has been submitted that telecom companies along with other CMO's as an "Industrial Undertaking", so that "Industrial Tariff is applied across the board to the Telecom Sector companies in Pakistan instead of "Commercial Tariff. Accordingly, it has been requested that issue of applicability of "Industrial Tariff on Telecom Sector may be addressed and determined by the Authority, while determining the Uniform Tariff for DISCOs throughout Pakistan, including the current MYT indexation request of IESCO.

13.8. The Ministry of IT &T vide its letter dated 18.06.2014 addressed to FBR, submitted the following;

- ✓ *".... MoIT endorses the request of Telecom Industry, including Mobile Cellular Operators (CMOs) to be classified as "Industrial Undertaking" under clause (b) of section 2 (29C) of the Income Tax Ordinance 2001.*
- ✓ *We will appreciate if the issue is examined and finalized in light of the aforementioned Cabinet decision and the subsequent notification issued in this regard by the Ministry of Industries & Production."*

13.9. The Ministry of Information Technology and Telecommunication, vide letter dated 29.04.2020, while referring to the meeting of the Committee on issues of CMOs constituted by the Prime Minister, held on 13.04.2020 stated that like any high tech industry, Telecom Operators use electricity for their infrastructure i.e. Data Centers, exchanges, points of presence (POPs), BTSs, Mobile Switching centers, Base Station Controllers (BSCs) etc. MoIT&T accordingly requested NEPRA to implement the Government orders.

13.10. DISCOs during the hearing submitted that as per tariff terms and conditions industrial connections required motive load and Telecom companies does not fall under this category of tariff.

13.11. The Ministry of Energy (MoE) vide comments dated 02.08.2021, submitted that the government has extended various reforms, packages & incentives, inter alia; Circular Debt Management Plan

(CDMP), facilitative Ease of Doing Business architecture, strategizing increase in sales to high value consumer classes, Industrial Support package (ISP), flat peak & off-peak tariff scheme for industrial units and Zero-Rated Industrial (ZRI) package. Industrial tariff is applicable to the industries production facilities and the warehouses, which are used to transmit the products to the retailer/ distribution network, are considered as commercial value addition. Telecom companies being engaged in provision of telecom services through retail/ distribution network infrastructure, may be treated as commercial value-added activity for which consumer has to pay and, therefore, the same may be continued to be served electricity under commercial tariff category. In view of above, it has been submitted that any consideration of the Authority for the relocation of telecom companies from commercial category to industrial category may not be aligned with the economic objectives underlying the various industrial packages/concessions in field. Moreover, this relocation will result in the revenue gap and put extra burden on other consumers or fiscal space.

13.12. The Ministry of Finance (MoF) vide comments dated 30.07.2021, submitted that Telecom Companies/Cellular Mobile Companies Operators are basically involved in commercial activities and electricity cost is a pass through item. Further, Telecom Companies/Cellular Mobile Companies Operators fix their consumer end tariff without consulting the Regulator. Therefore, Finance Division is further of view that electricity supply to these companies for their infrastructure units under the category "A-2 Commercial" may be continued and they may not be considered for supply of electricity under the tariff category "B-2 Industrial Supply".

13.13. Here it is pertinent to mention that subsequent to the aforementioned Intervention Requests and Comments from the Telecom companies, separate tariff petitions have also been filed by M/s PTCL, M/s Telenor and M/s Pak Telecom Mobile Company (Ufone) Limited for change in tariff category of Telecom Operators from Commercial to Industrial.

13.14. Since the said Petitions are under consideration of the Authority, therefore, the Authority has decided to issue a separate additional decision on the issue once the proceedings on the aforementioned petitions are completed.

14. <u>Whether there should any Fixed Charges on Residential & General Services Consumers, having net metering facility?</u>

14.1. The Petitioner during the hearing submitted that at present no Fixed Charges are charged from all category of consumers (Residential, General Services, Commercial, Tube well & Industrial) having net metering facility. Accordingly, the Petitioner proposed that a certain amount of fixed charges per month on installed DG Facility for Net metering connections for use of system may be charged from all categories of consumers.

14.2. The Authority observed that the net metering regime is presently at a nascent stage as current installations are a negligible portion of total generation capacity of the power system, therefore, decided not to levy any fixed charges on Residential and General services net metering consumers.

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14.3. However, considering the steep rise in the Power Purchase cost of electricity coupled with stability in the prices of installing DG facilities, the Authority has decided to initiate proceedings for amendment in NEPRA (Alternative and Renewable Energy) Distributed Generation and Net Metering Regulations, 2015, for change in tariff payable by DISCOs to net metering consumers for excess energy delivered in the system.

15. <u>Upfront Indexation/adjustment for the FY 2022-23</u>

15.1. The Authority also understands that by the time the instant decision is notified, the FY 2021-22 would have elapsed and the FY 2022-23 would have started. Meaning thereby that tariff indexation/adjustment for the FY 2022-23 would also have become due. In view thereof, and in order to ensure timely recovery of the allowed cost to the Petitioner, the Authority has decided to allow the indexation/adjustment for the FY 2022-23, upfront in the instant decision as per the adjustment /indexation mechanism provided in MYT determination of the Petitioner. However, the impact of under/ over recovery due to indexation/ adjustment for the FY 2021-22 would be allowed / adjusted subsequently as part of future PYA.

16. <u>Revenue Requirement</u>

16.1. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the adjusted revenue requirement of the Petitioner, for the FY 2021-22 & FY 2022-23 is as under;

		Allowed FY 2021-22			Allowed FY 2022-23		
Description	Unit	DoP	SoP	Total	DoP	SoP	Total
Units Received	[MkWh]	15,278	15,278	15,278	17,023	17,023	17,023
Units Sold	[MkWh]	13,851	13,851	13,851	15,518	15,518	15,518
Units Lost	[MkWh]	1,427	1,427	1,427	1,505	1,505	1,505
Units Lost	[%]	9.34%	9.34%	9.34%	8.84%	8.84%	8.84%
Energy Charge						153,242	153,242
Capacity Charge						162,459	162,459
Transmission Charge & Market Operation Fee						14,876	14,876
Power Purchase Price	[Mln. Rs.]	-	-	-	-	330,577	330,577
Pay & Allowances		9,733	2,932	12,666	10,546	3,177	13,724
Post Retirement Benefits		7,143	2,510	9,653	7,143	2,510	9,653
Repair & Maintainance		552	41	593	603	45	649
Traveling allowance							
Vehicle maintenance		1,066	819	1,885	1,166	896	2,062
Other expenses							
O&M Cost		18,494	6,302	24,797	19,459	6,628	26,087
Depriciation		4,520	-	4,520	4,846	-	4,846
RORB		4,867	2,384	7,252	5,559	2,723	8,282
Min Tax							
O.Income		(3,318)	(896)	(4,215)	(3,318)	(896)	(4,215)
Distribution/Supplier Margin	[Mln. Rs.]	24,563	7,791	32,353	26,545	8,455	35,000
Prior Year Adjustment		2,625	7,904	10,529	2,625	7,904	10,529
Revenue Requirement	[Mln. Rs.]	27,188	15,695	42,883	29,170	346,937	376,106
Average Tariff	[Rs./kWh]						
Power Purchase Price-Unadj.							
Power Purchase Price-Adjusted							
Margin		1.77	0.56	2.34	1.71	0.54	2.26
PYA Adjustments		0.19	0.57	0.76	0.17	0.51	0.68
Average Tariff	[Rs./kWh]	1.96	1.13	3.10	1.88	22.36	24.24

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16.2. The above determined revenue shall be recovered from the consumers through the projected sales of 15,518 GWhs, as per Annex – II.

17. ORDER

17.1. From what has been discussed above, the Authority hereby approves the following adjustments in the MYT of the Petitioner Company for the Financial Year 2020-21:-

I. Faisalabad Electric Supply Company Limited (FESCO), being a deemed supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariff for FESCO annexed to the decision.

II. In addition to compensation of losses as discussed above, FESCO, being a distribution licensee, is allowed to charge the users of its system a "Use of system charge" (UOSC) as under:

Description	For 132 kV only	For 11 kV only	For both 132kV & 11 kV
Asset Allocation	29.95%	43.01%	72.96%
Level of Losses	1.57%	6.21%	7.68%
UoSC Rs./kWh	0.53	0.85	1.42

III. Responsible to provide distribution service within its service territory on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority,

IV. To make its system available for operation by any other licensee, consistent with applicable instructions established by the system operator.

V. To follow the performance standards laid down by the Authority for distribution and transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency [or Provincial Government;

VI. To develop, maintain and publicly make available, with the prior approval of the Authority, an investment program for satisfying its service obligations and acquiring and selling its assets

VII. To disconnect the provision of electric power to a consumer for default in payment of power charges or to a consumer who is involved in theft of electric power on the request of Licensee.

VIII. The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.

18. <u>Summary of Direction</u>

18.1. The summary of all the directions passed in this decision by the Authority are reproduced hereunder. The Authority hereby directs the Petitioner to;

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- To file next Multi-Year Tariff petition in line with notified Consumer End Tariff Guidelines 2015.
- To provide its working regarding Under/Over Recovery of quarterly adjustments along-with break-up of units sold for each category for the period from FY 2019-20 till FY 2021-22, for consideration of the Authority.
- To maintain a proper record of its assets by way of tagging each asset for its proper tracking.
- To provide detail of its actual tax assessments and the amount paid to FBR along-with the amount allowed by the Authority on account of tax payments since FY 2014-15 with its subsequent adjustment request.
- To provide its working in the matter along-with break-up of units sold for each category for the period from FY 2019-20 till FY 2021-22, for consideration of the Authority. Any adjustment in this regard would be adjusted subsequently as PYA.
- To take all the possible preventive measures to ensure no fatal accidents occur in future and improve its HSEQ performance. Detail objectives/targets of HSE are attached as Annex-A for compliance.
- To take all possible measures to facilitate consumers in terms of complaint handling, connection provision as per CSM and establish one window solutions.
- DISCOs shall ensure Open Access to all the relevant entities/licensees without discrimination and shall objectively evaluate and make available on the website of DISCO the network available capacity, current allocation of the capacity and the future investment required to be made part of distribution system planning.
- The DISCO through Market Implementation & Regulatory Affairs Department (MIRAD) shall prepare and develop the medium-term demand forecast, transmission plans and business plan for submission of the same to the Authority. All other departments of the DISCOs shall be obligated to provide their sub-plans to MIRAD for consolidation.
- MIRAD shall ensure effective reporting and monitoring of the allowed investment on monthly, quarterly and annual basis. The main components would include STG, DOP, ELR and Commercial Improvement.
- MIRAD shall be adequately staffed at all times as per the approved organochart for effective and efficient performance of its functions. MIRAD shall develop the dashboard for effective monitoring and reporting of above plans. The CEO along with the functional in-charge of each department will be responsible for presenting the above mentioned progress to the Authority and also submit the monthly, quarterly and annual progress reports in the matter.
- DISCO shall ensure Data Standardization for load forecasting and coordinate with PITC for auto retrieval and analysis of data for demand forecasts and use a software based on a modern language instead of Fox-Pro based software for accurate and reliable demand forecasts.

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- MIRAD shall undertake an exercise to identify and accurately use the data of captive consumers in the demand forecasts and ensure better coordination with local agencies/housing colonies/industrial consumers for potential upcoming demand for better and reliable demand forecasts.
- To provide year wise detail of amounts deposited in the Fund, amount withdrawn along-with profit/interest earned thereon since creation of Fund.

19. Decision of the Authority and the Order part along with revised Annex-I, I-A, II, III, IV, V and A (HSE targets) attached with this decision, is hereby intimated to the Federal Government for notification in the official gazette in terms of section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

AUTHORITY

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Tauseef H. Farooqi
Chairman

My additional note is attached herewith.

2/6/22

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Additional Note:

At the outset, the multi-year tariff determination which I am signing is for the control period from financial year 2020-21 to 2024-25; the two years of its control period have already been lapsed. Timely tariff determinations depend on submission of the petition by DISCOs within the given time. However, in sheer disregard of timelines given in the NEPRA Guidelines for Consumer End Tariff-2015 as well as the Authority's direction, DISCOs have failed to submit their petitions in timely manner which reflects their indifference to the regulatory discipline which ultimately cause suffering for the power sector as well as the end-consumers.

For the period from July, 2020, beyond the tariff control period of last determined tariff, the Authority has been issuing the quarterly adjustments under the given mechanism. Such adjustments, though covers the cost increase to larger extent but not suffice to cover the entire financial impact. Therefore, I am of the opinion that quarterly adjustments beyond the tariff control period are highly undesirable and should not be allowed.

This is a fact on record that NEPRA has been allowing huge amount to DISCOs under the head of investments for up-gradation of their infrastructure, however, DISCOs could not be able to improve their T&D losses and quality of supply corresponding to the allowed investment. Therefore, comprehensive audit of DISCOs is necessary to check the utilization of funds allowed under the head of investments.

The overall recovery position of DISCOs is also below the desired level. Resultantly, the country is facing circular debt and despite certain bail out packages, the circular debt is on the rise which currently stands at more than Rs. 2.5 trillion. To get rid of the circular debt issue, immediate actions are needed which may include the structural changes in ownership and control of the DISCOs.

This has also been highlighted in the last many years that the performance of DISCOs has been marred with serious governance issues. Load shedding on account of Aggregate Technical and Commercial (AT&C) losses is one of the classic example of poor governance. Instead of improving their distribution network, checking the theft of electricity and improving the recovery, DISCOs have found an easy way of indiscriminate load shed at feeder level. This AT&C base load shedding is a stumbling block in improving the sales growth of Discos. This is a fact that sufficient generation capacity is available in the country, mostly on take or pay basis. The AT&C base load shedding is suffering the consumers in shape of not having the electricity as well as increased electricity cost due to payment of capacity payment of unutilized capacity. I am of the considered view that the burden of capacity payments due to underutilization of power plants caused by DISCO level load shedding should not be passed on to the consumers.

DISCOs are allowed sizeable amount for payments on account of pension and other post-retirement benefits which is being increased year on year basis. Although, under the agreed terms and conditions, these payments are binding but not a direct cost of product, i.e. generated electricity. Had the pension fund been established earlier in a timely manner to meet this obligation, the burden of these payments on consumers could have been avoided.

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The present centralized control of DISCOs has shown its inherent tendency for inefficiency and unless developed as independent corporate entities, autonomous in their business decisions, DISCOs will continue to burden the power sector. Therefore, immediate actions are needed to revamp DISCOs and free them of centralized control. In my view, this is time to either privatize DISCOs or transit to public private partnership to run these entities as independent business in a competitive environment. The involvement of provincial governments may help in improving the governance of DISCOs especially in controlling electricity theft and improving the recovery.

2/6/22

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Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

Actual variation in fuel cost component against the reference fuel cost component for the corresponding months will be determined according to the following formula

Fuel Price variation = Actual Fuel Cost Component - Reference Fuel Cost Component

Where:

Fuel Price variation is the difference between actual and reference fuel cost component

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA (G) in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.

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Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

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Where:

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The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.

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Annex-I-A

QUARTERLY ADJUSTMENT MECHANISM

Quarterly adjustment shall be the Actual variation in Power Purchase Price (PPP), excluding Fuel Cost Component, against the reference Power Purchase Price component and the impact of T&D losses on FCA, for the corresponding months and shall be determined according to the following formula;

Quarterly PPP $_{(Adj)}$= PPP$_{(Actual)}$ (excluding Fuel cost)-PPP$_{(Recovered)}$ (excluding Fuel cost)

Where;

PPP$_{(Actual)}$ is the actual cost, excluding Fuel cost, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

PPP$_{(Recovered)}$ is the amount recovered based on reference rate in Rs./kWh, excluding fuel cost, as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

Impact of T&D losses on FCA

= Monthly FCA allowed$_{(Rs./kWh)}$ x Actual units Purchase x % T&D losses

Where;

Monthly FCA allowed $_{(Rs./kWh)}$ is the FCA allowed by the Authority for the respective months of the concerned period.

T&D Loss % is percentage of T&D losses that remained notified during the period.

The sum of amounts so worked for each month of the Quarter shall be divided by the Projected units to be sold as determined by the Authority to work out Rs./kWh Quarterly adjustment.

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Faisalabad Electric Supply Company (FESCO)
Estimated Sales Revenue on the Basis of New Tariff

	Description	Sales		Revenue			Base Tariff		PYA 2021		Total Tariff	
		GWh	% Mix	Fixed Charge	Variable Charge	Total	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge
					Mln. Rs.		Rs./kW/ M	Rs./ kWh	Mln. Rs.	Rs./ kWh	Rs./kW/ M	Rs./ kWh
	Residential											
	For peak load requirement less than 5 kW											
Protected	Up to 50 Units - Life Line	7	0.05%	-	37	37		5.00	-	-		5.00
Protected	51-100 units - Life Line	8	0.05%		118	118		14.69	5	0.68		15.37
Protected	01-100 Units	1517	9.78%	-	26,840	26,840		17.69	1,017	0.67		18.36
Protected	101-200 Units	363	2.34%	-	7,141	7,141		19.69	239	0.66		20.35
Un-Protected	01-100 Units	423	2.73%		8,598	8,598		20.31	288	0.68		20.99
Un-Protected	101-200 Units	921	5.94%		21,645	21,645		23.50	626	0.68		24.18
Un-Protected	201-300 Units	1773	11.43%	-	42,582	42,582		24.01	1,206	0.68		24.69
Un-Protected	301-400 Units	985	6.35%	-	24,875	24,875		25.25	670	0.68		25.93
Un-Protected	401-500 Units	508	3.27%		13,050	13,050		25.69	345	0.68		26.37
Un-Protected	501-600 Units	290	1.87%		7,732	7,732		26.69	197	0.68		27.37
Un-Protected	601-700Units	181	1.16%		5,005	5,005		27.69	123	0.68		28.37
Un-Protected	Above 700 Units	411	2.65%	-	11,778	11,778		28.69	279	0.68		29.37
	For peak load requirement exceeding 5 kW)	0										
	Time of Use (TOU) - Peak	30	0.19%	-	837	837		27.69	21	0.68		28.37
	Time of Use (TOU) - Off-Peak	139	0.89%	-	2,818	2,818		20.31	94	0.68		20.99
	Temporary Supply	0	0.00%	-	7	7		28.69	0	0.68		29.37
	Total Residential	**7,557**	**48.70%**	**-**	**173,063**	**173,063**			**5,111**			
	Commercial - A2											
	For peak load requirement less than 5 kW	427	2.75%	-	10,545	10,545		24.67	295	0.69		25.36
	For peak load requirement exceeding 5 kW											
	Regular	1	0.01%	2	28	30	500	22.69	1	0.68	500	23.37
	Time of Use (TOU) - Peak	70	0.45%	-	1,925	1,925		27.69	47	0.68		28.37
	Time of Use (TOU) - Off-Peak	306	1.97%	1,025	6,613	7,638	500	21.59	208	0.68	500	22.27
	Temporary Supply	19	0.12%	-	471	471		24.67	13	0.68		25.35
	Electric Vehicle Charging Station	0	0.00%	-	4	4		25.00	0	0.68		25.68
	Total Commercial	**824**	**5.31%**	**1,027**	**19,585**	**20,613**			**564**			
	General Services-A3	**223**	**1.44%**	**-**	**5,518**	**5,518**		**24.71**	**152**	**0.68**		**25.39**
	Industrial											
	B1	78	0.50%	-	1,863	1,863		23.80	53	0.68		24.48
	B1 Peak	62	0.40%	-	1,729	1,729		27.69	42	0.68		28.37
	B1 Off Peak	348	2.24%	-	7,513	7,513		21.59	237	0.68		22.27
	B2	0	0.00%	0	7	8	500	23.69	0	0.68	500	24.37
	B2 - TOU (Peak)	381	2.45%	-	10,548	10,548		27.69	259	0.68		28.37
	B2 - TOU (Off-peak)	2081	13.41%	4,604	43,884	48,488	500	21.09	1,415	0.68	500	21.77
	B3 - TOU (Peak)	292	1.88%		8,081	8,081		27.69	198	0.68		28.37
	B3 - TOU (Off-peak)	1496	9.64%	2,171	33,646	35,817	460	22.49	1,017	0.68	460	23.17
	B4 - TOU (Peak)	85	0.55%		2,363	2,363		27.69	58	0.68		28.37
	B4 - TOU (Off-peak)	443	2.86%	641	9,876	10,517	440	22.29	301	0.68	440	22.97
	Temporary Supply	16	0.11%	-	440	440		26.69	11	0.68		27.37
	Total Industrial	**5,283**	**34.05%**	**7,416**	**119,950**	**127,366**			**3,593**			
	Single Point Supply											
	C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%	-	4	4		24.30	0	0.68		24.98
	C1(b) Supply at 400 Volts-exceeding 5 kW	1	0.01%	3	27	30	500	24.10	1	0.68	500	24.78
	Time of Use (TOU) - Peak	3	0.02%	-	79	79		27.69	2	0.68		28.37
	Time of Use (TOU) - Off-Peak	14	0.09%	31	303	334	500	21.09	10	0.68	500	21.77
	C2 Supply at 11 kV	0	0.00%	0	1	1	460	24.00	0	0.68	500	24.68
	Time of Use (TOU) - Peak	17	0.11%	-	483	483		27.69	12	0.68		28.37
	Time of Use (TOU) - Off-Peak	87	0.56%	157	1,952	2,109	460	22.49	59	0.68	460	23.17
	C3 Supply above 11 kV	5	0.03%	37	129	165	440	23.89	4	0.68	440	24.57
	Time of Use (TOU) - Peak	22	0.14%	-	614	614		27.69	15	0.68		28.37
	Time of Use (TOU) - Off-Peak	104	0.67%	180	2,321	2,500	440	22.29	71	0.68	440	22.97
	Total Single Point Supply	**254**	**1.64%**	**408**	**5,913**	**6,320**			**173**			
	Agricultural Tube-wells - Tariff D											
	Scarp	12	0.07%	-	283	283		24.30	8	0.68		24.98
	Time of Use (TOU) - Peak	2	0.01%	-	51	51		27.69	1	0.68		28.37
	Time of Use (TOU) - Off-Peak	24	0.16%	12	516	528	200	21.09	17	0.68	200	21.77
	Agricultural Tube-wells	6	0.04%	5	143	148	200	24.30	4	0.68	200	24.98
	Time of Use (TOU) - Peak	197	1.27%	-	5,443	5,443		27.69	134	0.68		28.37
	Time of Use (TOU) - Off-Peak	1116	7.19%	2,150	23,540	25,691	200	21.09	759	0.68	200	21.77
	Total Agricultural	**1,357**	**8.74%**	**2,167**	**29,976**	**32,144**			**922**			
	Public Lighting - Tariff G	14	0.09%	-	402	402		27.97	10	0.68		28.65
	Residential Colonies	5	0.03%	-	152	152		28.27	4	0.68		28.95
	Grand Total	15,517.91	100.00%	11,018	354,558	365,577			10,529			

Note: The PYA 2021 column shall cease to exist after 1 year of notification of the instant decision.

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SCHEDULE OF ELECTRICITY TARIFFS FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

	Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2021 Rs/kWh		Total Variable Charges Rs/kWh	
			A	B		C		D	
	a)	For Sanctioned load less than 5 kW							
Protected	i	Up to 50 Units - Life Line	-	5.00		-		5.00	
Protected	ii	51 - 100 Units - Life Line	-	14.69		0.68		15.37	
Protected	iii	001 - 100 Units	-	17.69		0.67		18.36	
Protected	iv	101 - 200 Units	-	19.69		0.66		20.35	
Un-Protected	v	001 - 100 Units	-	20.31		0.68		20.99	
Un-Protected	vi	101 - 200 Units	-	23.50		0.68		24.18	
Un-Protected	iv	201 - 300 Units	-	24.01		0.68		24.69	
Un-Protected	viii	301 - 400 Units	-	25.25		0.68		25.93	
Un-Protected	ix	401 - 500 Units	-	25.69		0.68		26.37	
Un-Protected	x	501 - 600 Units	-	26.69		0.68		27.37	
Un-Protected	xi	601 - 700 Units	-	27.69		0.68		28.37	
Un-Protected	vi	Above 700 Units	-	28.69		0.68		29.37	
	b)	For Sanctioned load 5 kW & above		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
		Time Of Use	-	27.69	20.31	0.68	0.68	28.37	20.99

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As per Authority's decision only protected residential consumers will be given the benefit of one previous slab.

As per Authority's decision, residential life line consumer will not be given any slab benefit.

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

a) Single Phase Connections:	Rs. 75/- per consumer per month
b) Three Phase Connections:	Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2021 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
a)	For Sanctioned load less than 5 kW		24.67		0.69		25.36	
b)	For Sanctioned load 5 kW & above	500.00	22.69		0.68		23.37	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
c)	Time Of Use	500.00	27.69	21.59	0.68	0.68	28.37	22.27
d)	Electric Vehicle Charging Station		25.00		0.68		25.68	

Under tariff A-2 (a), there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections; Rs. 175/- per consumer per month

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2021 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
a)	General Services	-	24.71	0.68	25.39

Under tariff A-3, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections;	Rs. 175/- per consumer per month
b) Three Phase Connections:	Rs. 350/- per consumer per month

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2021 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		F		D	
B1	Upto 25 kW (at 400/230 Volts)	-	23.80		0.68		24.48	
B2(a)	exceeding 25-500 kW (at 400 Volts)	500.00	23.69		0.68		24.37	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW		27.69	21.59	0.68	0.68	28.37	22.27
B2(b)	exceeding 25-500 kW (at 400 Volts)	500.00	27.69	21.09	0.68	0.68	28.37	21.77
B3	For All Loads up to 5000 kW (at 11,33 kV)	460.00	27.69	22.49	0.68	0.68	28.37	23.17
B4	For All Loads (at 66,132 kV & above)	440.00	27.69	22.29	0.68	0.68	28.37	22.97

For B1 & B1(b) consumers there shall be a fixed minimum charge of Rs. 350 per month.
Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

C - SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2021 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
C -1	For supply at 400/230 Volts							
a)	Sanctioned load less than 5 kW	-	24.30		0.68		24.98	
b)	Sanctioned load 5 kW & up to 500 kW	500.00	24.10		0.68		24.78	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	460.00	24.00		0.68		24.68	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	23.89		0.68		24.57	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	500.00	27.69	21.09	0.68	0.68	28.37	21.77
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	460.00	27.69	22.49	0.68	0.68	28.37	23.17
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	27.69	22.29	0.68	0.68	28.37	22.97

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

Mata,

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SCHEDULE OF ELECTRICITY TARIFFS
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)
D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2021 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D	
D-1(a)	SCARP less than 5 kW	-	24.30		0.68		24.98	
D-2 (a)	Agricultural Tube Wells	200.00	24.30		0.68		24.98	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	200.00	27.69	21.09	0.68	0.68	28.37	21.77
D-2 (b)	Agricultural 5 kW & above	200.00	27.69	21.09	0.68	0.68	28.37	21.77

Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.
Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2021 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
E-1(i)	Residential Supply	-	28.69	0.68	29.37
E-1(ii)	Commercial Supply	-	24.67	0.68	25.35
E-2	Industrial Supply	-	26.69	0.68	27.37

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note: Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised , the option remains in force for at least one year.

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2021 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
	Street Lighting	-	27.97	0.68	28.65

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2021 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
	Residential Colonies attached to industrial premises	-	28.27	0.68	28.95

Note: The PYA 2021 column shall cease to exist after One (01) year of notification of the instant decision.

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Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,942	1,961	1,787	1,359	908	937	970	924	1,181	1,385	1,736	1,933	17,023

Rs./kWh

Fuel Cost Component	9.7441	9.8934	9.9114	9.1705	6.0762	9.3193	10.5541	7.2120	8.7122	8.3875	7.8281	7.5084	8.7915
Variable O&M	0.2198	0.2179	0.2288	0.2350	0.1599	0.2032	0.2433	0.1906	0.1935	0.2069	0.2031	0.2013	0.2107
Capacity	6.3841	6.3596	6.7822	9.9726	15.0989	14.1778	13.0127	14.6212	10.4718	10.9674	8.7716	8.2806	9.5437
UoSC	0.6893	0.6817	0.7059	0.9691	1.3216	1.2414	1.1647	1.2217	0.9743	0.8662	0.7377	0.7084	0.8739
Total PPP in Rs./kWh	17.0373	17.1527	17.6283	20.3471	22.6565	24.9417	24.9749	23.2456	20.3518	20.4281	17.5405	16.6986	19.4198

Rs. in million

Fuel Cost Component	18,919	19,404	17,707	12,459	5,518	8,733	10,241	6,662	10,287	11,618	13,593	14,512	149,656
Variable O&M	427	427	409	319	145	190	236	176	228	287	353	389	3,587
Capacity	12,395	12,473	12,117	13,549	13,712	13,286	12,627	13,506	12,365	15,192	15,231	16,005	162,459
UoSC	1,338	1,337	1,261	1,317	1,200	1,163	1,130	1,129	1,150	1,200	1,281	1,369	14,876
Total PPP in Rs./kWh	33,079	33,642	31,494	27,644	20,575	23,373	24,234	21,473	24,032	28,297	30,458	32,275	330,577

It is clarified that PPP is pass through for all the DISCOs and its monthly references would continue to exist irrespective of the financial year, unless the new SOT is revised and notified by the GoP

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Annex-V

TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION LICENSEES)

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Faisalabad Electric Supply Company (FESCO) engaged in the business of distribution/supply of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the 50% of the sanction load or Actual maximum demand recorded in a month, whichever is higher, except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes' duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes' duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh,.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

	* PEAK TIMING	OFF-PEAK TIMING
Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

* To be duly adjusted in case of day light time saving

11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load 5 kW and above supply shall be given at three-phase.
12. "Consumer" as defined in NEPRA Act.

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13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).

14. NTDC means the National Transmission and Despatch Company.

15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).

16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act.

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.

2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.

3. The supply provided to the consumers shall not be available for resale.

4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

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PART-II

(Definitions and Conditions for supply of power specific to each consumer category)

A-1 RESIDENTIAL

Definition

"Life Line Consumer" means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

The lifeline consumers to include residential Non-Time of Use (Non-ToU) consumers having maximum of last twelve months and current month's consumption $\leq$100 units; two rates for $\leq$ 50 and $\leq$100 units will continue.

"Protected consumers" mean Non-ToU residential consumers consuming $\leq$ 200 kWh per month consistently for the past 6 months.

Residential Non-ToU consumers not falling under the protected category would be categorized under "Un-protected consumer category".

1. This Tariff is applicable for supply to;
   i) Residences,
   ii) Places of worship,
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-l(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
   i) Shops/Flower Nurseries/Cold Storage
   ii) Hotels, Hostels and Restaurants,
   iii) Petrol Pumps and Service Stations,
   iv) Compressed Natural Gas filling stations,
   v) Private Hospitals/Clinics/Dispensaries,
   vi) Places of Entertainment, Cinemas, Theaters, Clubs;
   vii) Guest Houses/Rest Houses,
   viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
   ix) Electric Vehicle Charging Stations (EVCS)
2. Electric Vehicle Charging Stations shall be billed under A-2(d) tariff i.e. Rs./kWh for peak and off-peak hours. For the time being, the tariff design is with zero fixed charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges.

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3. The Electric Vehicle Charging Station shall provide "charging service" to Electric Vehicle with a maximum cap as determined by the Authority from time to time. For the time being the Cap has been determined as Rs.50/kWh. The EVCS shall be billed by DISCOS under A-2(d) tariff. However, monthly FCAs either positive or negative shall not be applicable on EVCS.
4. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
5. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
6. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff A-2(c).

A-3 GENERAL SERVICES

1. This tariff is applicable to;

i. Approved religious and charitable institutions

ii. Government and Semi-Government offices and Institutions

iii. Government Hospitals and dispensaries

iv. Educational institutions

v. Water Supply schemes including water pumps and tube wells other than those meant for the irrigation or reclamation of Agriculture land.

Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices inside the premises and for normal working of the industry.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;

   i) Poultry Farms

   ii) Fish Hatcheries, fish farms, fish nurseries & Breeding Farms and

   iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

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B-1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load upto 25 kW.
2. Consumers having sanctioned load upto 25 kW shall be billed on single-part kWh rate.
3. Consumers under tariff B-1 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate. However, B-1 consumers having sanctioned load of less than 5 kW may opt for ToU meter
4. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff B1(b).

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5 MW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. However, only such consumers be allowed extension of load beyond 5MW upto 7.5MW whose connection is at least three (3) years old. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.
3. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
4. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with Consumer Service Manual (CSM).
5. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5MW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5MW or below who opt to receive supply at 66 kV or 132 kV and above.

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2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.

3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.

4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C BULK SUPPLY

"Bulk Supply" for the purpose of this Tariff, means the supply given at one point for self-consumption to mix-load consumer not selling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff.

3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.

4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of more than 500 kW up to and including 5 MW.

2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. However, only such consumers be allowed extension of load beyond 5MW upto 7.5MW whose connection is at least three (3) years old. While allowing extension in load, the

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DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.

3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with CSM.

4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.

5. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b).

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.

2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.

3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).

4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

"Agricultural Supply" means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

Special Conditions of Supply

1. This tariff shall apply to:

   i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):

   ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.

   iii) Tube-wells meant for aqua-culture.

   iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.

2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this

acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.

3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.

4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D-1(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 2(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-2(a) till that time.

E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

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 temporary connection for illumination, lighting, weddings, festivals, functions, exhibitions, political gatherings or national and religious ceremonies, civil or military functions etc., testing of industrial equipment or any other emergent requirement of temporary nature, can be provided for specific time period not exceeding two weeks. The sanctioning officer shall ensure that the temporary connection will be utilized for temporary purpose only.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.

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2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

E -2 TEMPORARY INDUSTRIAL SUPPLY

"Temporary Industrial Supply" means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of "Industrial Supply", during the construction phase prior to the commercial operation of the Industrial concern.

SPECIAL CONDITIONS OF SUPPLY

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

"Seasonal Industry" for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

"Year" means any period comprising twelve consecutive months.

1. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out

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separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.

5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps. The supply under this tariff shall also be applicable for lamps used in public playgrounds and public parks.

Definitions

"Month" means a calendar month or a part thereof in excess of 15 days.

Special Conditions of Supply

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

Definitions

"One Point Supply" for the purpose of this Tariff, means the supply given by one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

"General and Domestic Consumption", for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

Special Conditions of Supply

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

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Annex-A

HSE Objectives/Targets

Definition

1. **Goal:** Goals are general guidelines that explain what needs to be achieved by the Licensee with management intervention, providing resources and support. Goals should be specific, measurable, attainable, realistic, and time-sensitive (SMART).

2. **Objective/Target:** Objectives/Targets define strategies or implementation steps to attain the identified goals. They are more specific and outline the "who, what, when, where, and how" of reaching the goals.

3. **KPI:** A Key Performance Indicator is a measurable value that demonstrates how effectively Licensee is achieving goals and objectives. Key Performance Indicators (KPIs) in numbers for the goals and objectives to review and monitor its status for effective implementation.

HSE Objectives/Targets

DISCO's HSE Goal: Improve public and employee safety to achieve zero fatality incidents.

No.	Objective/Target	Key Performance Indicator
1.	Provide and maintain earthing/grounding to all HT/LT infrastructures, apparatus, and poles, along with stay wire. Earthing/grounding resistance shall be as per Distribution Design Code or manufacturer's instruction. In the absence of grounding instruction, the earthing resistance for HT/LT structures/ poles shall be not more than 5 Ohms and Distribution transformer shall be not more than 2.5 Ohms to determine the integrity of the grounding path to ensure protection from shock hazards. The earthing resistance for Grid Station/ Substation/ Switchyard equipment shall not be more than 2 Ohms. Verify integrity of fixed earthing/grounding by continuity and resistance measurement tests. In general, this cycle can range from 6 months to 3 years, depending on conditions and criticality. Wet locations testing should be 12 months and critical care shall be 6 months. Provide name	Earthing/grounding of infrastructures, apparatus, and poles, along with stay wire until June 30, 2022.
		Periodic verification of integrity of earthing/ grounding.
		On the basis of periodic continuity and resistance measurement tests, continually repair/rectify deteriorated earthing/grounding system within one month.

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No.	Objective/Target	Key Performance Indicator
	plate/ tag to all structures/ poles/ equipment's with numbers for tracking of earthing/ grounding testing record, etc. Original record of testing with structures/ poles/ equipment's numbers shall be retained and preserved by licensee for three (03) years.	
2.	Replace all substandard RORA fuses in each subdivision with standard fuses in accordance with approved design such as a high rupturing capacity fuse of standard size and rating. Install only standard fuses every time.	Installation of standard fuses until June 30, 2022.
3.	Conduct annual survey in each subdivision to identify hazardous points, deteriorated systems, hardware and conductors. Implement rehabilitation program to rectify/replace hazardous points, deteriorated systems, hardware and conductors.	Survey report of each subdivision until the end of each fiscal year. On the basis of survey report, rectify/replace hazardous points, deteriorated systems, hardware and conductors within three months.
4.	Conduct survey in each subdivision to identify conductors in narrower/ congested areas having less clearance from houses/ buildings. Re-organize/re-position or Install insulated conductors (aerial bundled cables/conductors) to achieve minimum horizontal and vertical safe clearance.	Survey report of each subdivision until the end of each fiscal year. On the basis of survey report, re-organize/re-position or install insulated conductors within three months.
5.	Conduct survey to identify substandard/obsolete electromechanical relays/protections for abnormal conditions (short-circuits, overloading, ground fault, broken conductor features, etc.) whose failure can result in serious injuries. Replace substandard/obsolete electromechanical relays/protections with high speed digital/programmable relays/protections.	Survey report until the end of each fiscal year. On the basis of survey report, replace relays/ protections within three months.
6.	Conduct a need assessment for authorized workshops. Establish authorized workshops with repair facilities having	Workshop Need Assessment Report until June 30, 2022.

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No.	Objective/Target	Key Performance Indicator
	testing facilities for transformer reliability and integrity to ensure fitness.	Established authorized workshops as per report until Dec 31, 2022.
7.	Arrange and maintain stock of following special PPE at each subdivision and Grid station for authorized employees/ contractors while working or handling energized systems against approved "Permit to Work" under the continuous direction and supervision of the job in-charge. 1. Full Face Shield (polycarbonate or similar non-melting type) 2. Insulated gloves with sleeves rated for the voltage involved. 3. Arc Flash Kit for Arc Flash Protection such as Category 4 Arc Flash Resistant Suite, Arc Flash Hood Arc-rated Gloves and Arc-rated Fall Protection while working at high voltages (more than 420 V). Arrange training at each subdivision and Grid station for these special PPE for authorized employees/ contractors. Ensure use of these special PPE in each subdivisions.	Maintain stock of full face shield, insulated gloves with sleeves and arc flash kit until June 30, 2022. Training by supplier until June 30, 2022. Use of full face shield, insulated gloves with sleeves and arc flash kit at each subdivision and Grid station until June 30, 2022.
8.	Arrange and maintain stock of Full Body Harness with front work positioning belt (positioning lanyard) along with double lanyard for 100% tie at each subdivision and Grid station for authorized employees/ contractors while working on height more than 6 feet/1.8 meter above the ground or impact level. Full Body Harness with front work positioning belt (positioning lanyard) along with double lanyard for 100% tie shall be used at heights more than 6 feet/1.8 meter above the ground when climbing poles, towers and structures including working through mobile elevated aerial platform, man-baskets,	Maintain stock of Full Body Harness with front work positioning belt (positioning lanyard) along with double lanyard until June 30, 2022. Training by supplier until June 30, 2022. Use of Full Body Harness at each subdivision and Grid station until June 30, 2022.

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No.	Objective/Target	Key Performance Indicator
	man-lift or bucket mounted vehicles. Full Body Harness with front work positioning belt is to allow an employee to be supported on an elevated vertical surface such as a wall or pole and to work with both hands free. Use of a body belt alone for fall arrest is prohibited. Full Body Harness with PVC coated hardware should be used when working in an explosive or electrically conductive environment. Anchor the safety harness lanyard on a rigged anchorage point at height, having a fall clearance safety factor of three (03) feet from impact level or ground level. Arrange training at each subdivision and Grid station for these special PPE for authorized employees/ contractors. Ensure use of these special PPE in each subdivision and Grid station.	

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