



# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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**Registrar**

No. NEPRA/R/ADG(Trf)/TRF-605&TRF-606/FESCO-2024/9271-77

June 14, 2024

**Subject: Decision of The Authority regarding Request filed by Faisalabad Electric Supply Company (FESCO) For Adjustment/Indexation of Tariff for the FY 2024-25 under the MYT**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority along with Annexure-I, I-A, II, III, IV & V (total 48 pages).

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

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

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

**Copy to:**

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
3. Secretary, Energy Department, Government of the Punjab, 8<sup>th</sup> Floor, EFU House, Main Gulberg, Jail Road, Lahore
4. Chief Executive Officer, NTDC, 414 WAPDA House, Shaharah-e-Quaid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Faisalabad Electric Supply Company Limited (FESCO), FESCO Headquarters, Abdullah Pur, Faisalabad

**DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY FAISALABAD  
ELECTRIC SUPPLY COMPANY (FESCO) FOR ADJUSTMENT / INDEXATION OF TARIFF FOR THE  
FY 2024-25 UNDER THE MYT**

**1. Background**

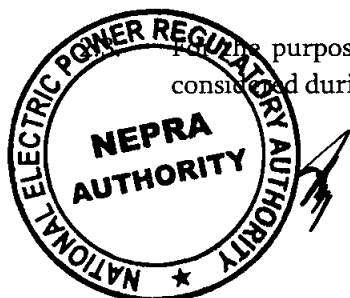
- 1.1. The Authority determined tariffs of Faisalabad Electric Supply Company Limited (FESCO) (herein referred to as "Petitioner") under the Multi Year Tariff (MYT) regime, for a period of five years i.e. from FY 2023-24 to FY 2027-28, separately for both its Distribution and Supply of power functions vide tariff determinations dated 14.03.2024. The said decision was notified vide SRO dated 02.05.2024.
- 1.2. The Petitioner in line with the adjustment mechanism provided in its notified MYT determination, has filed its request for adjustment/ indexation of different components of its revenue requirement for the FY 2024-25, along-with break-up of costs in terms of Distribution and Supply functions. A Summary of the adjustments request submitted by the Petitioner is as under;

Description	Unit	Distribution Business	Power Supply Business	Total Revenue Requirement
Power Purchase Price	Rs. Mln	-	426,920	426,920
Margin				
Salaries, Wages & Other Benefits	Rs. Mln	15,654	3,253	18,907
Provision for Retirement Benefits	Rs. Mln	15,324	4,663	19,987
O&M Costs	Rs. Mln	3,599	1,599	5,198
Depreciation	Rs. Mln	6,350	-	6,350
Return on Rate Base	Rs. Mln	18,992	-	18,992
Gross Margin	Rs. Mln	59,919	9,515	69,434
Less: Other Income	Rs. Mln	(6,457)	-	(6,457)
Net Margin	Rs. Mln	53,461	9,514	62,975
Prior Year Adjustment	Rs. Mln	23,302	7,375	30,677
Revenue Requirement	Rs. Mln	76,763	443,809	520,572

**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 in the interest of natural justice, decided to conduct a hearing in the matter.
- 2.2. Hearing in the matter was held on April 03, 2024, for which advertisement was published in newspapers on March 24, 2024. Separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. The 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.

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;



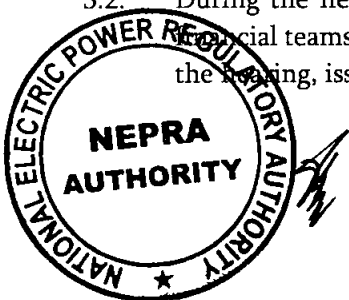
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- i. Whether the requested indexation/adjustments in tariff are in line with the MYT tariff determination and are justified?
- ii. FESCO to present its Power Purchases Price (Energy & Cost) for the FY 2024-25, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?
- iii. Whether FESCO has deposited the required amount in the Post Retirement Benefit fund in line with the amount allowed by the Authority?
- iv. Whether the requested PYA, is justified?
- v. Whether the existing tariff rate design needs to be modified, to levy fixed charges on all consumer categories and fixed charges be designed in a way to ensure that it accounts for a significant portion of fixed costs i.e. capacity charges, UoSC etc., in line with Strategic Directives given in NE Plan.
- vi. Whether the existing tariff rate design needs to be modified for consumers having net metering generation facilities or generation facilities behind the meters installed by third parties or Captive generation power, to levy fixed charges, etc. in order to ensure recovery of fixed costs i.e. capacity charges, UoSC etc.?
- vii. What will be the mechanism to recover fixed charges from consumers having meters not recording MDI?
- viii. Whether the schedule of tariff be designed on cost of service basis or otherwise?
- ix. Whether the rate design for Temporary connections needs to be revised or otherwise?
- x. Whether the peak and off-peak timing and rate design needs to be revised, in line with Strategic Directives given in NE Plan?
- xi. Whether prepaid metering shall be allowed to different consumers categories and what shall be appropriate tariff for such consumers considering various periodic adjustments in the base tariff?
- xii. Whether the Petitioner has prepared any plan in consultation with the Federal Government for its organization restructuring in terms of segregation of responsibilities of Distribution and supply function in order to ensure independent and transparent working of both these functions.
- xiii. Any other issue that may come up during or after the hearing?

3. Filing of objections/ comments:

- 3.1. The interested parties were give an opportunity to comments/replies and filing of Intervention Request (IR), if any, within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the NEPRA Tariff (Standards and Procedure) Rules 1998 (Tariff Rules). However, no comments have been received in the matter.

- 3.2. During the hearing, the Petitioner was represented by its CEO along-with its technical and financial teams. Based on the pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;



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4. Whether the requested indexation/adjustments in tariff are in line with the MYT tariff determination and are justified?

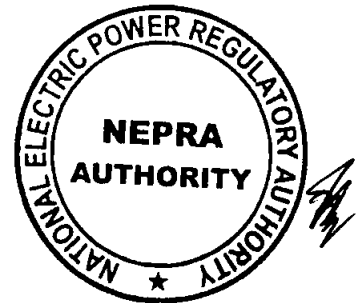
- 4.1. The Petitioner during hearing submitted that filed annual indexation/adjustments in tariff for the FY 2024-25 is in line with the MYT determinations of FESCO for Supply and Distribution Tariff, as mentioned below;

*"The Petitioner is directed to follow the following time lines for submission of its future indexation/adjustment during the MYT control period"*

Description	Indexation/Adjustments	Time Line
Operation & Maintenance Cost Depreciation RORB Other Income Prior Year Adjustment	Annually as per the mechanism given in the decision	February of every year

- 4.2. The Petitioner during hearing requested the following adjustments on account of its O&M costs, Other Income & RoRB along-with indexation factors for claimed amounts, for the FY 2024-25;

Description	Deter. 2023-24	Act./Prov 2023-24	Index Factor	Assumptions	Requested for 2024-25
Salaries, Wages & Other Benefits	15,345	15,315	1.23	Govt. increase 35% & 5% Annual Increment	18,907
Post Retirement Benefits	17,380	20,520	1.15	Govt. increase 15%	19,988
Other O&M Costs	4,009	3,956	1.3	NCPI @ 29.66%	5,198
Depreciation	5,459	5,465	1.16	As per allowed Investment	6,350
Return on Rate Base	13,910	16,160	1.18	As per allowed Investment	18,992
Gross DM	56,103	61,416	1.19	-	69,435
Less: Other Income	-3,718	-6,457	1	As per Mechanism	-6,457
Net DM	52,385	54,959	-	-	62,978
Units to be Sold	15,482	14,330	-	-	15,623
Per Unit DM	3.38	3.84	-	-	4.03



- 4.3. Regarding Pay & Allowances excluding Post Retirement Benefits, the Petitioner has submitted that it has projected Pay & Allowances after incorporating impact of estimated 35% Adhoc Allowance by the Federal Government plus 5% impact of annual increment for the FY 2024-25 over the reference /base cost of Rs.15,345 for both functions.
- 4.4. Regarding Post-Retirement Benefits the Petitioner submitted that requested amount worked out after adding an estimated pension increase of 15% by the Federal Government in the base/reference cost of Rs.17,380 Million both for Distribution and Supply Functions.
- 4.5. As regards Other O&M Cost including R & M, the same has been projected after giving an increase equal to change in NCPI i.e. 29.66% for the month of December, 2023 over December 2022 in the base/reference.
- 4.6. Accordingly, the projected Pay & Allowances, Post-Retirement Benefits, Repair & Maintenance and Other O&M Cost for the FY 2024-25 for Distribution and Supply is given below;

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Description	Determined Cost 2023-24			Adjustment/Index 2024-25		
	DoP	SoP	Total	Dist	Supply	Total
Salaries , wages & other benefits	12,705	2,640	15,345	15,654	3,253	18,907
Post-Retirement Benefits	13,325	4,055	17,380	15,324	4,663	19,987
Repair & Maintenance	932	50	982	1,208	65	1,273
Other O&M	1,844	1,183	3,027	2,391	1,534	3,925
<b>Total O&amp;M Cost</b>	<b>28,806</b>	<b>7,928</b>	<b>36,734</b>	<b>34,577</b>	<b>9,515</b>	<b>44,092</b>

- 4.7. Regarding RORB the Petitioner submitted that as per the MYT determination of FESCO for Distribution Tariff, the RORB assessment will be made in accordance with the following formula/mechanism:

$$RORB_{(Rev)} = RORB_{(Ref)} * RAB_{(Rev)} / RAB_{(Ref)}$$

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

- 4.8. The Petitioner stated that, being aggrieved with the decision, it has filed review motion against the Authority's decision, wherein, FESCO had requested not to consider receipts against deposit works & security deposits as a part of deferred credits for FY 2022-23 & 2023-24 after excluding therefrom the cash/bank balances and the amount of stores & spares available with the FESCO for the assessment of RAB for the said years. After excluding the impact of receipt against deposit works and security deposit the adjusted RAB for FY 2023-24, based on the actual/ provisional investment of Rs. 23,084 million is as under;

$$RORB (Adj.) = RORB_{(Ref)} * RAB_{(Act.)} / RAB_{(Ref)}$$

$$RORB (Adj.) = 13,910 * 76,298 / 65,687 = 16,160$$

Projected RoRB for FY 2024-25 based on allowed investment of Rs.24,777 Million is as under

$$RORB_{(Rev)} = RORB_{(Ref/Adj.)} * RAB_{(Rev)} / RAB_{(Ref)}$$

$$RORB_{(Rev)} = 16,160 * 89,670 / 76,298 = 18,992 \text{ million}$$

- 4.9. The supporting calculations for RAB and RORB as provided by the Petitioner are as under;

Description	Rs. Mln	
	2023-24 Act./Prov.	2024-25 Adjusted (Distribution)
Gross Fixed Assets in Operation – Op. Balance	124,961	147,033
Add: Addition/Transfer in Fixed Assets (Net)	22,072	23,798
Fixed Assets in Operation – Closing Balance	147,033	170,831
Less: Accumulated Depreciation	-45,782	-51,235
Net Fixed Assets in Operation	101,251	119,596
Add: Assets under Construction (AUC) Cl. Balance	30,059	30,037
Total Fixed Assets	131,310	149,633
Less: Deferred Credits	47,443	54,160
Regulatory Assets Base	83,867	95,474
Average Regulatory Assets Base (RAB)	76,298	89,670
WACC	21.18%	21.18%
RORB = RAB * WACC	16,160	18,992



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- 4.10. Regarding Depreciation, the Petitioner submitted that according to Para 23.1 of the Authority determination in the matter of MYT Petition of FESCO for Distribution Tariff, Depreciation expense for future years will be assessed in accordance with the following formula/mechanism:

$$\text{DEP(Rev)} = \text{DEP(Ref)} * \text{GFAIO(Rev)} / \text{GFAIO(Ref)}$$

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 the Reference Year

- 4.11. It also mentioned that the adjusted Depreciation Expense for the FY 2023-24, based on the actual investment of Rs. 23,084 Million is given below;

$$\text{DEP(Adj)} = \text{DEP(Ref)} * \text{GFAIO(Act/Prov)} / \text{GFAIO(Ref)}$$

$$\text{DEP(Ref)} = 5,459$$

$$\text{GFAIO(Act)} = 147,033$$

$$\text{GFAIO(Ref)} = 146,817$$

$$\text{DEP(Adj)} = 5,459 * 147,033 / 146,817 = 5,465$$

- 4.12. Accordingly, Projected Depreciation for FY 2024-25 based on allowed investment of Rs. 24,777 Millions as per the Petitioner is given below:-

$$\text{DEP(Rev)} = \text{DEP(Ref/Adj)} * \text{GFAIO(Rev)} / \text{GFAIO(Ref/Adj)}$$

$$\text{DEP(Rev)} = 5,465 * 170,831 / 147,033 = 6,350 \text{ Million}$$

- 4.13. The supporting calculations by the Petitioner is as under;

Description	Rs. Mln	
	2023-24	2024-25
	Act/Prov	Adjusted (Distribution)
Gross Fixed Assets in Operation (GFAIO) – Opening Balance	124,961	147,033
Add: Addition/Transfer/Deletion in Fixed Assets (Net)	22,072	23,798
Fixed Assets in Operation – Closing Balance	147,033	170,831
Less; Value of Land	1,156	1,156
GFAIO excluding Land	145,876	169,675
Depreciation Expense	5,465	6,350



- 4.14. Regarding Other Income, the Petitioner has submitted that according to mechanism given in Para 24.1 of Authority determination in the matter of MYT Petition of FESCO for Distribution Tariff and Para 19.1 of determination in the matter of MYT Petition for Supply Tariff under the MYT Regime for tariff control period from FY 2023-24 to FY 2027-28, the other income will be assessed in accordance with the following formula/mechanism:

- 4.15. The Petitioner stated that Other Income for the FY 2024-25 as per above mechanism is worked out as under;

Noted 5

$OI_{(Rev)} = OI(\text{Allowed Previous year}) + [OI(\text{Actual for previous year}) - OI(\text{Allowed previous year})]$

$OI(Rev) = 3,718 + [6,457 - 3,718]$

$OI(Rev) = 3,718 + 2,739$

$OI(Rev) = 6,457 \text{ Million}$

- 4.16. Break up of Other Income for the FY 2024-25 into Distribution and Supply, as submitted by the Petitioner, is as under;

Description	2023-24 (Act/prov)			2024-25 (Assessed)		
	Dist:	Supply	Total	Dist:	Supply	Total
Profit on Bank deposit	2,715	-	2,715	2,715	-	2,715
Meter / Service Rent	55	-	55	55	-	55
Reconnection Fees	31	-	31	31	-	31
Gain on New Connect.	595	-	595	595	-	595
Testing & Inspect Fees	58	-	58	58	-	58
Recovery of LD Charges	134	-	134	134	-	134
Service Fee	135	-	135	135	-	135
Other Misc. Income	213	-	213	213	-	213
Amortization of Def. Credit	2,524	-	2,524	2,524	-	2,524
Total	6,457	-	6,457	6,457	-	6,457



- 4.17. Based on above submission, the Petitioner provided the following summary of requested amount for FY 2024-25;

Distribution/ Supply Margin Component	2023-24			2024-25		
	Determined			Adjusted / indexed		
	DoP	SoP	Total	DoP	SoP	Total
Operating & Maintenance Cost	28,805	7,928	36,733	34,578	9,515	44,092
Return on Regulatory Asset Base (RORB)	13,910	-	13,910	18,992	-	18,992
Depreciation Expense	5,459	-	5,459	6,350	-	6,350
Gross Distribution/Supply Margin	48,174	7,928	56,102	59,920	9,515	69,435
Less: Other Income	-3,718	-	-3,718	-6,457	-	-6,457
Net Distribution/Supply Margin	44,456	7,928	52,384	53,463	9,515	62,978
Unit Sales (M kWh)	15,482	15,482	15,482	15,623	15,623	15,623
Rs. /kWh	2.87	0.51	3.38	3.42	0.61	4.03

- 4.18. A summary of the allowed adjustment/ indexation, as per the mechanism provided in the MYT determination of the Petitioner is as under;

**Salaries, Wages and Other benefit**

- 4.19. Regarding Salaries, Wages and Other Benefits notified MYT decision provides following mechanism for adjustment;

*Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is*

applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Salaries & Wages and benefits, would be actualized, based on the audited accounts of the Petitioner for the relevant year for its existing employees. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

Post-Retirement benefit

- 4.20. Regarding Post-retirement benefit notified MYT decision provides following mechanism for adjustment;

*"Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, the Post-retirement Benefits would be actualized based on the audited accounts of the Petitioner for the relevant year. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be. It would be mandatory for the Petitioner to deposit the whole amount of allowed Post retirement benefits into the separate Fund and route all its pension payments through the Fund. If the Petitioner fails to transfer the whole amount of postretirement benefits into the Fund, the same shall be adjusted/deducted in the subsequent tariff determination and from thereon, only actual amounts paid and amount transferred into the fund would be allowed"*

O&M expense

- 4.21. The O&M part of Distribution/supply 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:

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

Where:

O&M<sub>(Rev)</sub> = Revised O&M Expense for the Current Year

O&M<sub>(Ref)</sub> = Reference O&M Expense for the Reference Year

ΔCPI = Change in Consumer Price Index published by Pakistan Bureau of

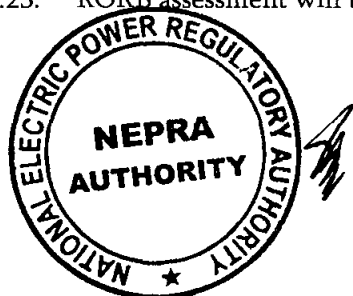
X = Efficiency factor

- 4.22. Regarding Efficiency Factor, the Authority decided that;

*"...The Authority in line with its decisions in the matter of XWDISCOs which have been allowed MYTs, has decided to keep the efficiency factor 'X', as 30% of increase in CPI for the relevant year of the MYT control period. The Authority has further decided to implement the efficiency factor from the 3<sup>rd</sup> year of the control period..."*

RORB

- 4.23. RORB assessment will be made in accordance with the following formula/mechanism;



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Adjustment Mechanism - RoRB	
RORB(Rev)	$= \text{RORB(Ref)} \times \text{RAB(Rev)} / \text{RAB(Ref)}$
FY 2023-24, proposed RORB may be considered as reference cost for future adjustment. In addition the allowed RORB for previous year will be trued up based one actual investment (maximum cap to the extent of allowed investment) carried out during that year. Further KIBOR fluctuation on bi-annual basis also subject to adjustment.	

"In addition the allowed RAB for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the RAB, unless due to any regulatory decisions/interventions/approved plans for which the Petitioner obtains prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc.

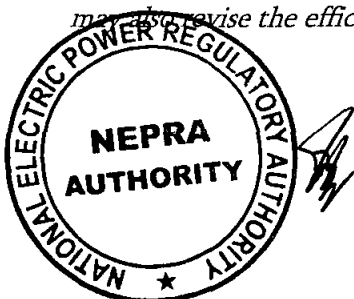
The Authority also understands that interest payment is an obligatory cash flow liability unlike discretionary dividend payment and considering the fact that any default may hamper the financial position of the Petitioner, hence the Authority has decided to cover the risk of floating KIBOR. Accordingly, fluctuation in the reference KIBOR would be adjusted biannually. In addition, the Authority has also decided to allow sharing of benefit by introducing a claw back mechanism for any savings resulting from cheaper financing by the Petitioner to the extent of 2.00% spread. If the Petitioner manages to negotiate a loan below 2.00% spread, the savings would be shared equally between the consumers and the Petitioner through PYA mechanism annually. In case of more than one loan, the saving with respect to the spread would be worked out by a weighted average cost of debt. The sharing would be only to the extent of savings only i.e. if the spread is greater than 2.00%, the additional cost would be borne by the Petitioner."

#### Depreciation expense

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

Adjustment Mechanism - DEPRECIATION (DEP)	
DEPRECIATION (Rev)	$= \text{DEP(Ref)} \times \text{GFAIO(Rev)} / \text{GFAIO(Ref)}$
FY 2023-24, proposed Depreciation may be considered as reference cost for future adjustment. In addition the allowed Depreciation for previous year will be trued up based one actual investment (maximum cap to the extent of allowed investment) carried out during that year	

"In addition the allowed Depreciation for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the depreciation expenses, unless due to any regulatory decisions/interventions/approved plans for which the Petitioner obtains prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc."



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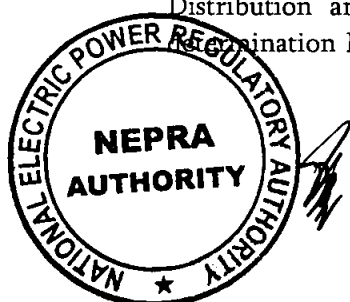
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Other Income

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

Adjustment Mechanism - Other Income (OI)	
OI(Rev)	$=OI(\text{Allowed Previous year}) + \{OI(\text{allowed for previous year}) - OI(\text{Actual previous year})\}$
FY 2023-24, proposed Other income may be considered as reference cost for future adjustment. In addition the allowed Other Income for previous year will be trued up based on actual Other Income during that year	

- 4.26. Regarding adjustment of Salaries, Wages & Other Benefits, the petitioner was allowed an amount of Rs. 15,345 million for both of its Distribution and Supply function for FY 2023-24, used as reference for future adjustment/indexation of FY 2024-25. Therefore, for assessing the salaries & wages cost of the Petitioner for the FY 2024-25, the amount determined for the FY 2023-24 i.e. Rs.15,345 million, has been considered as reference.
- 4.27. It is pertinent to mention here that the Federal Budget for the FY 2024-25, has not yet been announced by the Federal Government, therefore, budgetary increases of Pay & allowances to be applicable for FY 2024-25, are not available as of to date. In view thereof, the Authority has decided to apply an Adhoc allowance of 15% on provisional basis on the amount of Pay & allowances allowed for the FY 2023-24. In addition, the impact of annual increment @ 5% has also been included in the assessed amount of Salaries, Wages & Other Benefits for the FY 2024-25. Accordingly, for the FY 2024-25, the amount of Pay & allowances has been worked out as Rs.16,586 million, which is hereby allowed to the Petitioner. Since the increases being allowed for the FY 2024-25, are on provisional basis, therefore, the same shall be adjusted subsequently, based on actual increases of Pay & Allowances as announced by the Government in the Federal Budget for the FY 2024-25. The financial impact thereof, would be allowed separately as part of PYA, either in the next adjustment request or tariff determination of the Petitioner as the case may be.
- 4.28. Additionally, the allowed Pay & Allowances amount of the Petitioner for the FY 2023-24, included impact of GENCO employees transferred to the Petitioner. The Authority directed the Petitioner to provide proper details of such allocated employees in terms of pay scales, terms of adoption, approvals of competent Authority for such adoption and placement details along-with their financial impact. However, no such details have been shared by the Petitioner. In view thereof, the Petitioner is again directed to submit the required details, along-with its next Tariff Petition.
- 4.29. Consequently, , for the FY 2024-25, the total Salaries, Wages & Other Benefits (*excluding post-retirement benefits*) of the Petitioner have been worked out as Rs.16,586million for both the distribution and supply of power functions.
- 4.30. In order to bifurcate the allowed cost of Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the cost of Salaries, Wages and other benefits (excluding



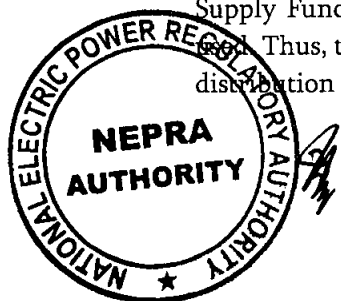
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postretirement benefits) for the FY 2024-25 pertaining to the distribution function works out to be Rs.13,733 million and Rs.2,854 million for the Supply function.

- 4.31. Regarding Post-retirement Benefits, the Authority allowed provision for post-retirement benefits to the Petitioner in the MYT tariff determination, with the direction to deposit the whole amount of allowed Post retirement benefits into the separate Fund and route all its pension payments through the Fund. If the Petitioner fails to transfer the whole amount of postretirement benefits into the Fund, the Authority would adjust the deficit payments in next year's provision and from thereon, only actual amounts paid and amount transferred into the fund would be allowed.
- 4.32. The Authority noted that the Petitioner was allowed a total amount of Rs.58.5 billion from FY 2015-16 to FY 2022-23 (in previous MYT control period) under the head of post-retirement benefits. As per the data submitted by the Petitioner, it has paid actual post-retirement benefits of around Rs.40.34 billion from FY 2015-16 till FY 2022-23. Further, the amount available in the Pension Fund by end of FY 2023, is around Rs17.679 billion, as per the information provided by the Petitioner tabulated below;

Period	NEPRA allowed amount	Adjustment by NEPRA	Net allowed amount	Amount Paid to Pensioners	Amount to be Transferred to Fund
Rs. Mln					
2015-16	3,242		3,242	2,319	923
2016-17	4,952		4,952	3,420	1,532
2017-18	5,447		5,447	4,001	1,446
2018-19	5,447		5,447	4,957	490
2019-20	11,376	522	10,854	5,555	5,299
2020-21	8,775		8,775	5,821	2,954
2021-22	9,653		9,653	6,280	3,373
2022-23	9,653		9,653	7,991	1,662
Total	58,545	522	58,023	40,344	17,679

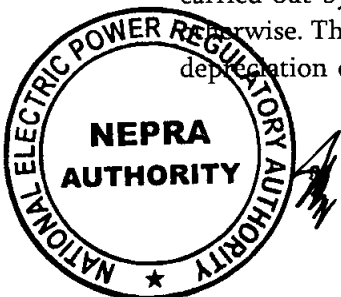
- 4.33. Based on the information provided by the Petitioner, the Authority noted that the Petitioner has shown compliance of the directions of the Authority, whereby the excess amount has been deposited in the Fund.
- 4.34. Regarding assessment of post-retirement benefits for the FY 2024-25, the determination provides that it would be allowed based on the actuarial valuation report for the year for which assessment is being made or as per the latest available audited financial statements. As per the latest audited financial statements of the Petitioner i.e. for the FY 2022-23, the provision for post-retirement benefits is Rs.16,540 million. The same is being allowed to the Petitioner for the FY 2024-25, for both the distribution and supply of power functions.
- 4.35. In order to bifurcate the allowed cost of Post-retirement benefits in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been followed. Thus, the allowed amount of post-retirement benefits for the FY 2024-25 pertaining to the distribution function works out as Rs.12,681 million and Rs.3,859 million for Supply function.



- 4.36. Regarding Other O&M expenses, the MYT tariff determination requires the same to be indexed with NCPI of December for the respective year after adjustment for the X factor i.e. 30% of CPI (applicable from 3<sup>rd</sup> year of tariff control period). Accordingly, for indexation of other O&M expenses for the FY 2024-25, the NCPI of December 2023 has been considered. The same as reported by Pakistan bureau of Statistics is 29.66%. Further, the Petitioner was allowed MYT from FY 2023-24, therefore, as per the notified MYT decision X-Factor would be applicable from 3<sup>rd</sup> year of control period, therefore, for adjustment/indexation of FY 2024-25, X-Factor has not been accounted for. With NCPI of December 2023 i.e. 29.66%, the Other O&M cost of the Petitioner for the FY 2024-25 works out as Rs.5,199 million based on reference cost of Rs.4,009 million.
- 4.37. Based on the above discussion, the total Other O&M cost of the Petitioner for the FY 2024-25, works out as Rs.5,199 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 4.38. In order to bifurcate the allowed cost of Other O&M expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the allowed amount of Other O&M for the FY 2024-25 pertaining to the distribution function works out as Rs.3,599 million and Rs.1,599 million for Supply function.
- 4.39. Regarding Depreciation expenses, the same are required to be worked out based on the Revised Gross Fixed Assets in Operation (GFAIO) for FY 2024-25, to be calculated based on Investment allowed for the FY 2024-25. For FY 2024-25, allowed investment for the Petitioner is Rs.24,914 million, by taking into account the same revised Gross Fixed Assets in Operation of the Petitioner for the FY 2024-25 works out as Rs.164,070 million. Accordingly, as per the allowed mechanism the total depreciation expense of the Petitioner for the FY 2024-25 works out as Rs.6,249 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 4.40. In order to bifurcate the allowed cost of depreciation expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the total allowed amount of Depreciation for the FY 2024-25 allocated to the distribution function.
- 4.41. In addition the mechanism given in the previous MYT, also provided that the allowed Depreciation for previous year to be trued up, based on actual investments, for the respective year. In view thereof, the depreciation cost allowed for the FY 2022-23, has been trued up and made part of PYA of the Petitioner for the FY 2024-25 as under;

Depreciation		FESCO
Allowed	Rs. Mln	4,846
Actual	Rs. Mln	3,829
Under/(Over) Recovery	Rs. Mln	- 1,017

- 4.42. Here it is clarified that the Authority is in the process of evaluating the investments actually carried out by the Petitioner, whether the same in line with the allowed investment plan or otherwise. Therefore, for the purpose of truing up of Depreciation expenses for the FY 2022-23, depreciation expense as reported in Audited financial statements of the Petitioner have been

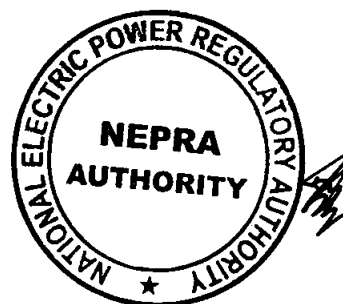


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considered, keeping in view the mechanism prescribed in the MYT determination. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner.

- 4.43. **Regarding RoRB**, the reference RoRB is required to be adjusted every year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year, as per the mechanism provided in the MYT.
- 4.44. Accordingly, the revised RAB of the Petitioner for the FY 2024-25, based on the Investment allowed for the FY 2024-25 i.e. Rs.24,914 million, and incorporating therein 100% balance of CWIP, works out as Rs.85,618 million. The average RAB of the Petitioner however, for the purpose of calculation of RoRB, works out as Rs. 77,072 million for the FY 2024-25.
- 4.45. It is relevant to mention here that the Authority in the MYT determination, allowed the adjustments on account of variation in KIBOR on biannual basis. The same would be adjusted subsequently once the actual KIBOR and Audited accounts of the Petitioner for the FY 2024-25, are available for true up of RORB.
- 4.46. Based on the above discussion, the total RoRB of the Petitioner for the FY 2024-25 works out as Rs.16,320 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 4.47. In order to bifurcate the allowed RoRB in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used, wherein, complete amount allocated to Distribution function.
- 4.48. In addition, the mechanism given in the previous MYT, also provided that the allowed RoRB for previous year to be trued up, based on actual investments, for the respective year. Further, the variations on account of KIBOR are also required to be allowed on biannual basis. In view thereof, the RoRB cost allowed for the FY 2022-23, has been trued up and made part of PYA of the Petitioner for the FY 2024-25, on both these accounts as under;

RORB	Unit	FESCO
Allowed KIBOR	%	9.75%
Actual KIBOR 04.07.2022	%	15.32%
Actual KIBOR 03.01.2023	%	17.06%
<b>RoRB (Investment + KIBOR)</b>		
Allowed	Rs. Mln	8,282
Actual	Rs. Mln	11,209
Under/(Over) Recovery		2,927



- 4.49. The Authority in its earlier decisions, while allowing RORB on 100% balance of CWIP also directed DISCO to disclose the amount of Interest during Construction (IDC) separately in their financial statements. While going through the Financial Statements of the Petitioner, it was observed that the Petitioner has separately disclosed the amount of IDC. The Petitioner shall continue with this practice in future and in case the Petitioner fails to reflect the amount of IDC in its future financial statements, the Authority may consider not to allow RORB on 100% balance of CWIP. The Petitioner is, therefore directed to continue to reflect the IDC amount its Audited Financial Statements.

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4.50. It is also clarified that the Authority is in the process of evaluating the investments actually carried out by the Petitioner, whether the same in line with the allowed investment plan or otherwise. Therefore, for the purpose of truing up of RAB for the FY 2022-23, investments as reported in the Audited financial statements of the Petitioner, have been considered. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner.

4.51. Regarding Other Income, the same has been adjusted as per the mechanism provided in the MYT determination for the FY 2024-25. The same for the FY 2024-25 works out as Rs.6,457million for the Petitioner. The Petitioner in line with mechanism also requested same amount. Further, the MYT determination also provides truing up of Other Income every year. Accordingly, the allowed Other income (excluding LPS) for the FY 2022-23, has also been trued up based on Audited Financial statement of the Petitioner for FY 2022-23, resulting in negative adjustment of Rs.3,460million. The same has been made part of PYA for the FY 2024-25.

Other Income		FESCO
Allowed	Rs. Mln	- 4,215
Actual	Rs. Mln	- 7,674
Under/(Over) Recovery	Rs. Mln	- 3,460

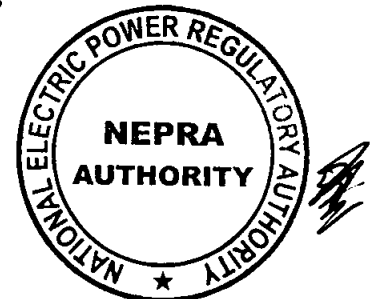
5. Whether the requested PYA, is justified?

5.1. 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;

- ✓ Impact of Negative/Positive FCAs not passed on/recovered
- ✓ Under/Over Recovery of allowed Quarterly Adjustments
- ✓ Under/Over Recovery of the assessed DM
- ✓ Under/Over Recovery of the previously assessed PYA
- ✓ Cost allowed in Motion for Leave for Review/interim tariff differential
- ✓ Sales Mix Variance
- ✓ Adjustment of excess LPS over supplemental charges
- ✓ MYT True ups

5.2. The Petitioner has requested the following PYA for the FY 2024-25;

Description	Distribution	Supply	Total
Un-Recovered Distribution Margin For FY 2022-23	3,657	1,285	4,941
Minimum Tax Paid during FY 2022-23	-	4,274	4,274
Un-favorable Consumer Mix Variance for FY 2022-23	-	1,514	1,514
Excess Allowed Depreciation for FY 2022-23	-557	-	-557
Excess Allowed Other Income for FY 2022-23	-899	-2,560	-3,459
Less Allowed PRB for FY 2022-23	4,439	1,559	5,998
Actuarial Gain/Loss Charged to OCI for FY 2022-23	3,706	1,302	5,008
Less allowed RORB for FY 2022-2023	3,088	-	3,088
Post Retirement Benefits of GENCO Employees	889	-	889
<b>Total PYA for FY 2022-23</b>	<b>14,323</b>	<b>7,374</b>	<b>21,696</b>
<b>Review Petition Issues</b>			
Under Assessed Act; Depreciation for FY 2020-21 & 2021-22	1,341	-	1,341
Under Assessed RORB for FY 2023-24	2,445	-	2,445
<b>Sub Total ( Review Motions)</b>	<b>3,786</b>	<b>-</b>	<b>3,786</b>
<b>Grand Total</b>	<b>18,109</b>	<b>7,374</b>	<b>25,482</b>
<b>Projected Unit Sales for FY 2024-25</b>	<b>15,623</b>	<b>15,623</b>	<b>15,623</b>
<b>Rs./kWh</b>	<b>1.16</b>	<b>0.47</b>	<b>1.63</b>



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5.3. The Petitioner also provided its calculations/ justification under each head, as mentioned below;

5.4. Un-Recovered Distribution/Supply Margin for FY 2022-23

- The Authority allowed a Distribution Margin (DM) of Rs.35,000 million for the FY 2022-23 vide decision dated June 02, 2022. The same was notified by GoP Vide SRO dated July 25, 2022. The DM recovered for FY 2022-23 was Rs.30,059 Million at the notified rates after excluding the impact of Incremental units sold to Industrial Consumer at flat rate of Rs.12.96/kwh. The DM less recovered is Rs.4,941 Million as detailed below;

Description	PKR Mln.
Allowed by Authority	35,000
Recovered by FESCO	30,059
Less Recovered DM FY 2022-23	4,941

5.5. Minimum Tax Paid during FY 2022-23:

- As per MYT determination dated December 31, 2015, FESCO 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. FESCO paid minimum tax of Rs.4,274 million for the FY 2022-23. The Authority is requested to allow Rs.4,274 million in the PYA of the FY 2022-23.

5.6. Sales Mix Variance:

- The actual Sales Mix for FY 2022-23 at the base tariff notified (after excluding incremental unit sold to industrial consumer at the flat rate of Rs.12.96/kWh) vide SRO dated 12.02.2021 (effective from 12.02.2021 to 24.07.2022) & SRO dated 25.07.2022 (effective from 25.07.2022 to 30.06.2023) was Rs.1,514 million (unfavorable) than the standard Mix. The Authority is requested to allow the impact of sales mix of Rs.1,514 million in the PYA of FY 2022-23.

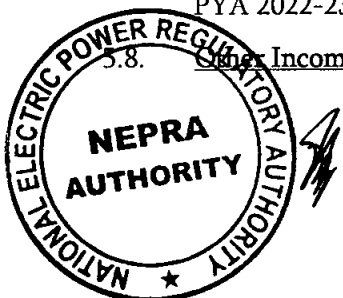
5.7. Depreciation for FY 2022-23:

- The Authority has allowed depreciation of Rs.4,846 Million for FY 2022-23 vide decision dated 02.06.2022. The same was notified by GoP vide SRO dated 25.10.2022. As per Audited financial statement for the FY 2022-23, actual gross depreciation (Original Cost basis) for FY 2022-23 was Rs.4,289 Million. The allowed depreciation was higher than the actual depreciation by Rs.557 Million (difference of amount allowed & actual) as given below;

Depreciation	Mln. Rs.
Allowed by Authority	4,846
Actual Depreciation	4,289
Excess Allowed Depreciation - FY 2022-23	557

- The Authority is requested to adjust the excess allowed Depreciation of Rs.557 million in the PYA 2022-23.

5.8. Other Income for FY 2022-23



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- The Authority allowed Other Income of Rs.4,215 million for the FY 2022-23 vide decision dated 02.06.2022. The same was notified by GoP vide SRO dated 25.07.2022. As per audited financial statement for FY 2022-23, actual Other Income earned for the FY 2022-23 was Rs. 7,674 million. The Company earned an extra Other Income of Rs.3,459 million (difference of amount allowed and actual) than allowed by Authority for the FY 2022-23 as given below;

Other Income	Mln. Rs.
Allowed by Authority	4,215
Actual Other Income	7,674
Excess Other Income earned for FY 2022-23	3,459

- The Authority is requested to adjust the amount of other income Rs.3,459 million in the PYA of FY 2022-23 earned above the allowed/determined.

5.9. **Less Allowed Post-Retirement Benefits (PRB) for FY 2022-23**

- The Authority determined Post-Retirement Benefits of Rs.9,653 Million for the FY 2022-23 vide decision dated June 02, 2022. The same was notified by GoP vide SRO dated 25.07.2022. As per audited financial statement the provision for Post-Retirement Benefits for the FY 2022-23 Rs.15,651 million. The Post-Retirement Benefits of Rs.5,998 million has been less allowed by Authority for FY 2022-23 (difference of amount allowed and provision) as detailed below;

Post Retirement Benefirts	Mln. Rs.
Allowed by Authority	9,653
Actual PRB	15,651
Less Allowed PRB for FY 2022-23	5,998

- The Authority is requested to allow the Post-Retirement Benefits of Rs.5,998 Million in the PYA of FY 2022-23.

5.10. **Actuarial Gain/Loss Charged to OCI for FY 2022-23**

- The Actuarial loss of Rs.5,008 million for the FY 2022-23 charged to Other Comprehensive Income (OCI) as a result of re-measurement of Post-Retirement Benefits obligations of FESCO employees. The Authority is requested to allow the Post-Retirement Benefits of Rs.5,008 million in the PYA of FY 2022-23.

5.11. **True up of RoRB for FY 2022-23**

- The Authority allowed RoRB of Rs.8,282 Million for FY 2022-23 based on its own assessment of investment. The Authority in the MYT Tariff determination for the Tariff control period FY 2018-19 to FY 2022-23 also prescribed adjustment mechanism wherein KIBOR to be adjusted bi-annually. Resultantly RoRB for FY 2022-23 trued up by taking 03 months KIBOR of July 2022 & January 2023 respectively. Revised RoRB for FY 2022-23 comes to Rs.11,370 million. Hence RoRB for FY 2022-23 less allowed by Authority to the extent of Rs.3,088 million as given below may be allowed;



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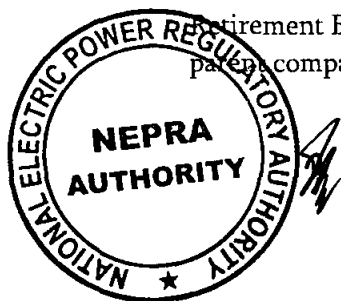
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RORB	Mln. Rs.
Allowed by Authority	8,282
Revised RoRB for FY 2022-23	11,370
Less Allowed RoRB for FY 2022-23	3,088

5.12. Adjustment of GENCO's Pensioners of Power Plant under Closure:

- The Cabinet Committee on Energy (CCoE) during its meeting held on 10.09.2020 in Case No. CCE-47/14/2020 dated 10.09.2020 as conveyed vide Cabinet Division Memo No. F. 14/14/2020-com dated 21.09.2020 decided immediate closure of certain power plants of GENCOs having aggregate capacity of 1,796 MW. The Ministry of Energy (Power Division) Generation & Transmission Wing in its summary dated September 16, 2021 stated that GENCOs were paying pension out of their Capacity Purchase Price (CPP). Due to immediate closure of GENCO's power plants, CPP of such power plants is no more available, hence, GENCOs would not be in a financial position to pay pensions to the pensioners allocated to such plants.
- Summary dated September 16, 2021 is reproduced as under;  
*"It is proposed that 2,368 pensioners of GENCOs may be adjusted in their pension disbursing DISCOs or WAPDA. Similarly, 1,753 employees of these plants would be adjusted in DISCOs. Pensions of these employees will be paid by the relevant DISCOs on their retirement according to rules of the relevant DISCOs. In turn the respective DISCOs & WAPDA would claim adjustment of the same from NEPRA in their respective tariffs."*
- ECC in Case No. ECC-347/32/2021 dated September 23, 2021 has considered the summary submitted by the power Division regarding "adjustment of pensioners of GENCO's power plants under closure" and approved the proposal (Annexure-J).
- NEPRA vide decision No. NEPRA/ADG(Trf)/TRF-100/22171-82 dated November 17, 2022 has also directed the DISCOs to ensure payment of these pensioners provisionally. NEPRA has further directed to submit this instant case along with next Tariff Petition, so that the Authority may decide to allow this cost or otherwise.
- Out of 2,368 pensioners, 206 pensioners adjusted in FESCO as per ECC decision dated September 23, 2021. Since the adjustment of these GENCO pensioners in FESCO, an amount of Rs.86.280 million has been paid to them for the period from 10-2021 to 12-2022 on account of pension and medical allowance.
- On request of FESCO, the Authority has allowed an amount of Rs.86.280 Million as Prior Year Adjustment in its determination dated March 14, 2024 in the matter of petition filed by FESCO of its Distribution Business for Tariff Control period from FY 2023-24 to 2027-28. FESCO has also calculated separately Post Retirement benefits of above GENCO's pensioners absorbed in FESCO amounting to Rs.889 Million as of June 2023 from M/s Anwar Associates, Actuary Consultant of FESCO.
- FESCO has time and again requested to Power Generation Companies for payment of these Post-Retirement Benefits for the period prior to such pensioners absorbed in FESCO and served their parent company. However the management of GENCOs is reluctant to pay the Post-Retirement



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Benefits of GENCO's pensioners absorbed in FESCO with the plea that FESCO should submit the case to NEPRA in its Tariff Petitions/Annual Adjustment.

- The Authority is requested to allow FESCO Rs.889 Million as Post Retirement Benefits of GENCO,s pensioners absorbed in FESCO for the period prior to their adjustment in FESCO. Detail is as under;

Mln. Rs.						
Sr. No.	Name of Company	No. of Pensioners	Pension	CMA	Free Supply	Post Retirement Benefits
1	GENCO-I	5	39	5	5	49
2	GENCO-II	35	200	11	21	232
3	GENCO-III	159	503	29	49	582
4	GENCO-IV	7	22	2	3	27
Total		206	764	46	79	889

5.13. **Issues Raised in Review Motion:**

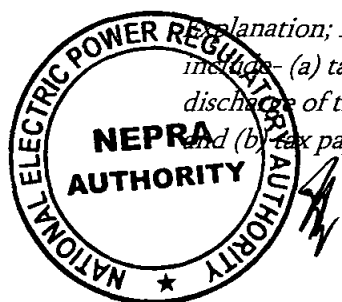
- FESCO filed Review Petition vide letter dated March 25, 2024 against NEPRA determination in the matter of Distribution Tariff on the issues of "excess amount of Deferred Credit than actual adjusted against Regulatory Asset Base" and "under assessed actual Depreciation for the FY 2020-21 and 2021-22" having financial impact of Rs.2,445 million and Rs.1,341 million respectively. The same has also been incorporated in this revised Indexation/Adjustment for consideration of Authority, if deemed appropriate. Detail justification with working is given in the Review Motion being attached with this Indexation/Adjustment request. The Authority is requested to consider the Review Motion with this Indexation/Adjustment request of FESCO and the impact of which may be incorporated in the Prior Year Adjustment for the Tariff determination of FY 2024-25, if deemed appropriate.

5.14. The Authority has considered the submissions of the Petitioner regarding PYA and point wise discussion is as under.

5.15. **On the issue of minimum tax**, Section 113 of the Income Tax Ordinance 2001 states as under;

*113- Minimum tax on the income of certain persons. - (1) This section shall apply to a resident company, permanent establishment of a non-resident company, an individual (having turnover of hundred million rupees or above in the tax year 2017 or in any subsequent tax year) and an association of persons (having turnover of hundred million rupees or above in the tax year 2017 or in any subsequent tax year), where, for any reason whatsoever allowed under this Ordinance, including any other law for the time being in force (a) loss for the year; (b) the setting off of a loss of an earlier year; (c) exemption from tax; (d) the application of credits or rebates; or (e) the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than the percentage as specified in column (3) of the Table in Division IX of Part-I of the First Schedule, of the amount representing the person's turnover from all sources for that year;*

*Explanation; For the purpose of this sub-section, the expression "tax payable or paid" does not include- (a) tax already paid or payable in respect of deemed income which is assessed as final discharge of the tax liability under section 169 or under any other provision of this Ordinance; and (b) tax payable or paid under section 4B or 4C.*



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- 5.16. LESCO in its Petition provided an opinion in the matter from M/s Yousaf Adil, Chartered Accountants, wherein it has been submitted inter alia as under;

"...from bare perusal of the above mentioned provisions of section 113, it is clear that the minimum tax shall be applicable on every company whose normal tax liability, calculated currently as 29% of the taxable income (under Division II of Part I to the Second Schedule of the Ordinance), is either zero or lower than the minimum tax calculated under section 113 of the Ordinance. This requirement is particularly relevant to the companies like Electric Distribution Companies (DISCOs) including LESCO who have historically reported substantial taxable losses. Since the normal tax liability of LESCO is zero due to taxable losses including brought forward taxable losses, therefore, given the absence of a normal tax liability, Section 113 of the Ordinance is invoked/applicable on LESCO. Therefore, LESCO is obliged to discharge its minimum tax obligation, calculated as prescribed under section 113 of the Ordinance..."

"Furthermore, it is important to highlight the historical context of Section 113 with respect to its applicability on DISCOs, which initially saw the issuance of SRO 171(1)/2008 dated February 21, 2008. This SRO provided relief to DISCOs, wherein the DISCOs were obligated to pay minimum tax under Section 113 (if applicable) solely on their distribution margin calculated as the difference between sales value of electricity and purchase cost of electricity. It is noteworthy that the aforementioned SRO, having lapsed in the tax year 2013, was not renewed or extended.

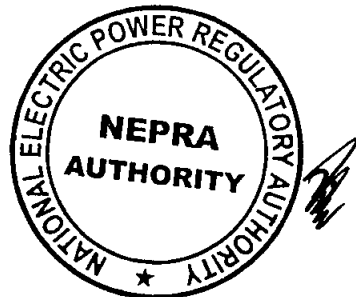
Additionally, in Section 113 of the Ordinance, there existed a proviso which stated that companies declaring gross losses (calculated as per the provision of section 113), would be excluded from the application of Section 113. The benefit of this proviso was availed by major DISCOs including LESCO, owing to the fact that such DISCOs were incurring gross losses. However, it is pertinent to note that this proviso was removed through the Finance Act of 2016."

"...till today, both of the above mentioned reliefs i.e. the extension of said SRO and the proviso to Section 113 have not been restored..."

"In consideration of the aforementioned circumstances and as per the existing legal framework from tax year 2017 and onwards, it is clarified that Section 113 is applicable to LESCO on its turnover calculated under the said section and no exemption is available from its applicability under the Ordinance even in the presence of gross losses incurred by LESCO".

- 5.17. In view of the relevant provision of Income Tax Ordinance 2001 and the opinion submitted by LESCO, the Authority considers that minimum tax is applicable on every company even if it is incurring gross loss. In view thereof, the Authority has decided to allow the minimum tax of Rs.4,274 million, paid by the Petitioner for the FY 2022-23 as under;

(Table-04)		(PKR Min.)
CPR No.	Date	Tax Paid
IT2023122801011650674	28-12-2023	612
IT2022092901012355404	29-09-2022	800
IT2022122701012237931	27-12-2022	650
IT2022122901012360921	29-12-2022	713
IT2023032701012324080	27-03-2023	500
IT2023062001012113698	20-06-2023	1,000
Total		4,274

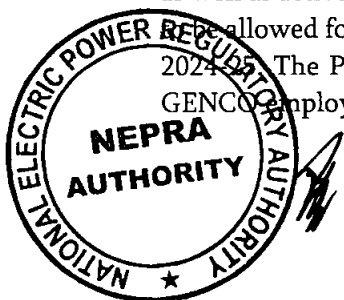


- 5.18. **Regarding Sales mix**, the Authority in previous determinations, directed DISCOs to provide the reconciled date of sales mix with its reported revenue as per audited financial statement of the respective year. However, no such reconciliation has been submitted by the Petitioner, rather DISCOs have claimed new sales mix for FY 2022-23. Therefore, the Authority has decided not to allow the sales mix variance of FY 2022-23, till the time, the Petitioner complies with the direction of the Authority and submits the reconciled data till FY 2022-23.
- 5.19. **Regarding difference of provision for Post-retirement benefits** for the FY 2022-23, the Authority noted that as per the MYT determination of the Petitioner, Post-retirement benefits are allowed based on the actuarial valuation report for the year for which assessment is being made or as per the latest available audited financial statements. Accordingly, the assessment of Post-retirement benefits for the FY 2022-23, was made based on the latest available financial statements of the Petitioner at that time. The same has now become a past & closed transaction, for which no adjustment is allowed.
- 5.20. **Regarding post-retirement benefits charged to Other Comprehensive Income (OCI)** for the FY 2022-23, the Authority observed that the Petitioner was allowed Provision for post-retirement for the FY 2022-23 as per the latest available audited financial statements at that time, in line with the criteria given in the MYT determination of the Petitioner. The Authority, however, may consider this request of the Petitioner going forward, keeping in view the pension obligation of the Petitioner, amount deposited in the Fund and quantum of future tariff increases. Considering the increase in tariff for the FY 2024-25, owing to rebasing and annual indexation/ adjustment of XWDISCOs Distribution/ Supply Margin for the FY 2024-25, the Authority has decided not to allow this amount in the instant adjustment request.
- 5.21. **On the point of Post-Retirement benefits for GENCO's pensioners** absorbed in FESCO amounting to Rs.889 Million as of June 2023, the Authority noted that as per the MYT determination of the Petitioner dated 14.03.2024, decided that;

*"....since audited accounts of the Petitioner for the FY 2022-23, are not yet available, therefore, information provided by the Petitioner for the FY 2022- 23, has been relied upon for working out provision for post-retirement benefits for the FY 2023-24.*

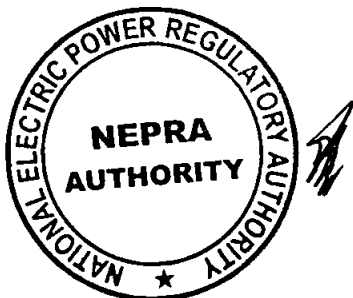
*The amount for the FY 2023-24, has been worked out by applying pension increases announced by the Federal Government in Budget FY 2024, on the amount provided by the Petitioner for the FY 2022-23. The Authority observed that the amount requested by the Petitioner for the FY 2023-24, is reasonable and hence the same is allowed to the Petitioner for its both Distribution and Supply of Power Functions. Thus, the Petitioner is allowed an amount to Rs.17,380 million as provision for post-retirement benefits, for the FY 2023-24, as per its request, for its both Distribution and Supply of Power Functions. "*

- 5.22. In view thereof, the Petitioner has already been allowed provision for post-retirement benefits as per the request of the Petitioner for the FY 2022-23, which we understand included all employees as well as active Pensioners of the Petitioners as of June 2023. Therefore, no additional amount is allowed for the GENCO Pensioners in the instant adjustment/ indexation request for the FY 2024-25. The Petitioner is further directed to take-up the matter of post-retirement benefits of GENCO employees for the period prior to their adjustment in FESCO with the relevant GENCO.



- 5.23. Regarding impact of FCAs, the Authority in line with its earlier decision in the matter of negative FCA, has calculated impact of negative FCA pertaining to the period from January 2023 to December 2023 in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers, which has been retained by the Petitioner. As per the information provided by the Petitioner, it has retained only Rs.504 in this regard. The Authority has also worked out the impact of positive FCAs not recovered by the Petitioner from life line and EV consumers during the same period, which as per the Petitioner is only Rs.59.952 million. The workings have been carried out based on the information provided by the Petitioner. 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 these periods.
- 5.24. After considering all the aforementioned factors, the Authority observed that the Petitioner has not recovered a net amount of Rs.59.951 million, on account of positive FCAs pertaining to the lifeline and EV consumers. The Authority in view of the above and in line with its earlier decisions, may decide to allow the impact of Rs.59.951 million to FESCO as part of PYA. The above working has been carried out based on the data/ information provided by the Petitioner, however, the information submitted by the Petitioner regarding units billed to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers' needs reconciliation with PITC. Therefore, the Petitioner is directed to get its data reconciled with PITC and submit such reconciliation to the Authority for the period FY 2020-21 to FY 2023-24.
- 5.25. Regarding points raised in the Review Motion, the Authority has admitted the MLR of the Petitioner, for which proceedings would be carried out separately. Any adjustment, if required, based on final decision of the Authority in the matter of MLR, would be allowed in the subsequently as part of PYA.
- 5.26. Regarding under/ over recovery of other adjustments in terms of already allowed PYA, DM for the FY 2022-23, quarterly adjustments for the 2<sup>nd</sup> & 3<sup>rd</sup> quarter of FY 2022-23, MYT True ups for FY 2022-23, reworking of other income for FY 2020-21 & FY 2021-22 after including therein the impact of amortization of deferred credits etc., the Authority has carried out its workings and the same has been included in the PYA of the Petitioner determined for the FY 2024-25.
- 5.27. Based on the above discussion, decisions of the Authority under various head of accounts in the earlier paras and in line with the scope of MYT, the PYA of the Petitioner for the FY 2024-25 has been worked out and is tabulated below;

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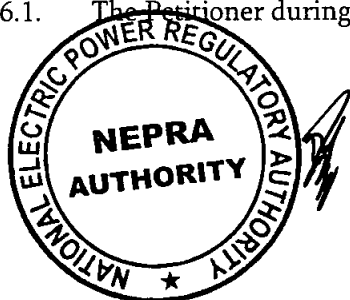


*Decision of the Authority in the matter of request filed by FESCO for  
Adjustment / Indexation of Tariff for the FY 2024-25 under the MYT*

Description	Unit	FESCO
<b>January 2023 to December 2023</b>		
Impact of Negative FCA- retained	Rs. Mln	- 0.00
Impact of Positive FCA- Lifeline + EV	Rs. Mln	59.95
Net	Rs. Mln	60
<b>January 2023 to December 2023</b>		
Tariff Diff. Subsidy	Rs. Mln	28,588
Surcharge	Rs. Mln	20,708
Net - Jul.20 to Mar. 23	Rs. Mln	49,296
Excess FCA impact -Adjusted as subsidy	Rs. Mln	
FCA Impact -Adjusted as PYA	Rs. Mln	59.95
<b>2nd Qtr. FY 2022-23 (Apr. Jun. 23)</b>		
Allowed Amount	Rs. Mln	4,574
Qtr. Rs./kWh	Rs./kWh	0.99
Recovered	Rs. Mln	3,690
Under/(Over) Recovery	Rs. Mln	884
<b>3rd Qtr. FY 2022-23 (Jul. Sep. 23)</b>		
Allowed Amount	Rs. Mln	10,138
Qtr. Rs./kWh	Rs./kWh	1.9567
Recovered	Rs. Mln	9,190
Under/(Over) Recovery	Rs. Mln	948
<b>D.M FY 2022-23</b>		
Allowed Amount	Rs. Mln	35,000
Rate. Rs./kWh	Rs./kWh	2.26
Recovered	Rs. Mln	30,187
Under/(Over) Recovery	Rs. Mln	4,812
<b>PYA 2022</b>		
Allowed Amount	Rs. Mln	7,412
Rate. Rs./kWh	Rs./kWh	0.48
Recovered	Rs. Mln	5,407
Under/(Over) Recovery	Rs. Mln	2,005
<b>Other Cost related to PYA</b>		
D.M FY 2021-22 _Adjustment	Rs. Mln	
MLR Cost	Rs. Mln	
P.M Assistance Package	Rs. Mln	
Minimum Tax	Rs. Mln	4,274
Other Adjustment of previous PYA	Rs. Mln	305
GENCO Pensioners	Rs. Mln	
Adjustment of Final tariff v.s Interim Tariff	Rs. Mln	15,454
Total		20,033
<b>Total</b>	Rs. Mln	<b>27,537</b>
<b>MYT True Ups</b>		
<b>FY 2022-23</b>		
<b>Depreciation</b>		
Allowed	Rs. Mln	4,846
Actual	Rs. Mln	3,829
Under/(Over) Recovery	Rs. Mln	- 1,017
<b>RoRB (Investment + KIBOR)</b>		
Allowed	Rs. Mln	8,282
Actual	Rs. Mln	11,209
Under/(Over) Recovery	Rs. Mln	2,927
<b>Other Income</b>		
Allowed	Rs. Mln	- 4,215
Actual	Rs. Mln	- 7,674
Under/(Over) Recovery	Rs. Mln	- 3,460
<b>Total MYT True Ups</b>	Rs. Mln	<b>- 1,549</b>
<b>G. Total PYA FY 2022-23</b>	Rs. Mln	<b>25,988</b>

6. FESCO to present its Power Purchases Price (Energy & Cost) for the FY 2024-25, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?

6.1. The Petitioner during hearing has submitted following projections;



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Description	Dist:	Rs. /kWh	Supply	Rs. /kWh	Total	Rs. /kWh
<b>A- Power Purchase Price</b>						
Energy Charges	-	-	179,011	11.46	179,011	11.46
Capacity Charges	-	-	225,304	14.42	225,304	14.42
UoSC& MOF	-	-	22,605	1.45	22,605	1.45
<b>Total PPP</b>	-	-	<b>426,920</b>	<b>27.33</b>	<b>426,920</b>	<b>27.33</b>

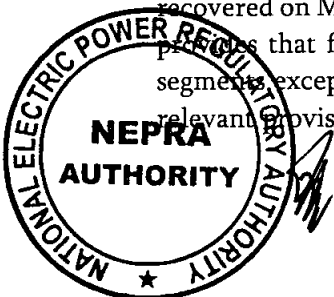
- 6.2. The Authority noted that Power Purchase Price (PPP) forecast of the Petitioner as well for all XWDISCOs for the FY 2024-25 has since been determined by the Authority through a separate decision, detailing the assumptions of the forecast and relevant share of the Petitioner. In view thereof, the Authority does not see any rationale to discuss this issue again herein in the instant decision. However, for the purpose of calculation of overall revenue requirement of the Petitioner, the PPP forecast for the FY 2024-25 as determined by the Authority, has been made part of the overall Revenue Requirement of the Petitioner. Further, Annex-I of the PPP decision, to the extent of the Petitioner, has been attached as Annex-IV with the instant decision. The PPP forecast of the Petitioner for the FY 2024-25 shall be used as reference for future adjustments of PPP including the monthly and quarterly adjustments.

7. Whether the existing tariff rate design needs to be modified, to levy fixed charges on all consumer categories and fixed charges be designed in a way to ensure that it accounts for a significant portion of fixed costs i.e. capacity charges, UoSC etc., in line with Strategic Directives given in NE Plan?

What will be the mechanism to recover fixed charges from consumers having meters not recording MDI?

- 7.1. The Petitioner during the hearing submitted that fixed charges shall be recovered based on diversity factor 1.25 & 80% of sanctioned Load from consumers having meters not recording MDI. The existing Tariff Rate design needs to be modified, to levy fixed charges on all consumer categories in line with SD given in NE Plan. Thus, by levying fixed charges on all consumer categories on the basis of 50% of sanctioned load at June 30, 2023, the estimated fixed charges would be Rs.19,883 million annually in addition to the fixed charges already being charged.

- 7.2. The Authority observed that as per the current tariff structure, certain consumer categories like Commercial, Industrial, Bulk and Agriculture are levied fixed charges, based on billing demand. Billing demand means 50% of the sanctioned 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. The Authority observed that 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 volumetric in nature, whereby major portion of the cost is recovered from consumers on units consumed basis i.e. per kWh, and only a small amount of around 3-4% is being recovered on MDIs basis from the consumers. The Authority has also considered NE Plan which proposes that fixed charges shall be progressively incorporated in the tariffs of all consumer segments except consumers of protected category. Accordingly, the Authority in line with the relevant provisions of NE Plan 2023-27, has decided to levy fixed charges on certain consumer



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categories. The Authority has further decided to increase the rate of fixed charges currently applicable to certain categories, keeping in view the quantum of overall fixed charges in the revenue requirement of DISCOs, the cost of service (CoS) of each consumer category and the fact that NE Plan obligates that fixed charges shall account for at least 20% of the fixed cost of the respective categories evaluated through a cost-of-service study. The rate of fixed charges @ Rs./kW/Month for each consumer category, has been mentioned in the Schedule of Tariff (SoT) attached with the decision.

7.3. Here it is pertinent to mention that there are certain consumer categories, where actual load/MDI is not being recorded. DISCOs for such consumers, submitted that either a fixed charge per connection or per KW sanctioned load be used for recovery of fixed charges. The Authority, for such consumers where MDI is not recorded, has decided to initially levy fixed charges at a fixed rate per month, as mentioned in the SoT attached with the decision. The Authority further directs the Petitioner to ensure that by the time it files its next tariff petition/ adjustment request, MDI for all consumers at all levels is properly recorded. However, at the same time, the Authority, not to overburden such consumers who are being levied fixed charges, has adjusted their variable rate (Rs./kWh), to minimize the impact of increase in fixed charges.

7.4. Here it is pertinent to mention that Rs.272.331 billion and Rs.22.824 billion is the share of the Petitioner on account of CpGenCap and UoSC (NTDC/ HVDC) & Market Operator Fee respectively for the FY 2024-25. The overall fixed charges comprising of CpGenCap and UoSC (NTDC/HVDC) & Market Operator Fee in the instant case works out as Rs.295.156 billion, which translate into Rs.6,967/kW/month based on projected average monthly MDI of the Petitioner.

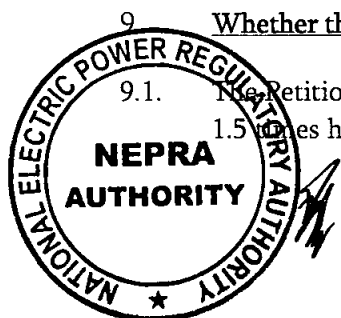
8. Whether the existing tariff rate design needs to be modified for consumers having net metering generation facilities or generation facilities behind the meters installed by third parties or Captive generation power, to levy fixed charges, etc. in order to ensure recovery of fixed costs i.e. capacity charges, UoSC etc.?

8.1. The Petitioner on the issue submitted that current tariff structure is volumetric in nature, including capacity charges and cross subsidy components. Net metering customers are higher slab customers before switching over net metering. Due to higher slab such customers not only pay capacity charges but also cross subsidize other customers. Due to switching over of higher slab customers, DISCO is depriving off its revenue, recovery of capacity charges and cross subsidy. After increasing of net metering connection, burden of capacity charges and cross subsidy will be shifted on rest of customers (usually lower slab customers). In such situation it will not be possible to recover capacity charges etc. It is suggested that a fixed cost component in line with SD-90 of NE Plan 2023-27 covering capacity charges and cross subsidy may be levied per unit on the units being netted off with a DISCO.

8.2. The Authority considers that the matter requires further deliberations, therefore, the same would be decided subsequently after having input from all the stakeholders.

9. Whether the rate design for Temporary connections needs to be revised or otherwise?

9.1. The Petitioner during hearing submitted that Ministry of Energy (Power Division) has proposed 1.5 times higher tariff than the maximum tariff rate of the corresponding regular tariff rates of



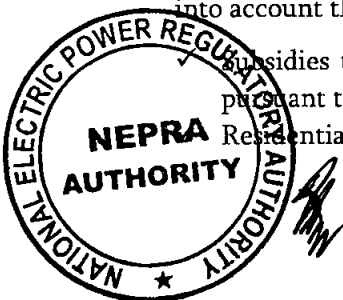


respective category. Power Division also proposed to levy fixed charges on Temporary Connections having sanctioned load exceeding 5 kW except domestic category. Separate Petitions for Security Deposits & Temporary Connections in line with Ministry and NEPRA directions is under process which will be filed in due course of time.

- 9.2. The Authority noted that as per the existing notified tariff terms & conditions, the 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. "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.
- 9.3. Different DISCOs raised their concerns regarding misuse of temporary connections by consumers as the existing tariff rates for temporary connections are lower than standard rates of comparable regular categories of consumers. DISCOs submitted that this provides incentive to some consumers to exploit by reselling electricity illegally due to delayed infrastructure completion. Therefore, to address such issues, tariff rates needs to be increased, coupled with MDI adjustment.
- 9.4. The Authority in order to address such issues and to discourage delay in infrastructure completion, has decided to increase the rates of temporary connections for Residential, Commercial and Industrial consumers. Accordingly, the rates for temporary connections have been revised along-with application of fixed charges, as mentioned in the SoT attached with this decision. The Authority considers that this will contribute to a fair and balanced tariff structure, encouraging responsible usage of temporary connections.
10. Whether the schedule of tariff be designed on cost of service basis or otherwise?

- 10.1. The Petitioner during hearing submitted that It is appropriate that the schedule of tariff be designed on the basis of Cost of Service to reflect true cost associated with each category of tariff keeping in view the inter-tariff cross subsidy element mentioned under National Electricity Plan 2023-27 vide Strategic Directive No. 82, 83 and 84. It also stated that subsidy to the protected residential consumers may be continued until devising of proper mechanism for subsidy disbursement as per SD 67 and related action plan as mentioned in SD 68 of National Electricity Plan.
- 10.2. The Authority observed that as per NE Plan 2023-27 under SD 82, Tariffs for residential consumers shall be progressively adjusted to align with the principle of cost-of-service, taking into account the following:

subsidies to the protected categories of residential consumers shall be disbursed directly pursuant to the detailed action plan to be developed under Strategic Directive 067; Residential consumers (below cost recovery) shall be cross subsidized by:

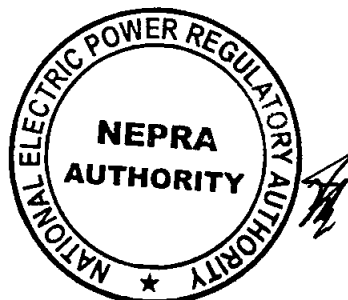


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- i. industrial & commercial consumers, pursuant to the Strategic Directive 084;
- ii. Other residential consumers (above cost recovery).
- 10.3. Similarly, SD 83 states that Tariff structure for agricultural consumers shall be segmented into sub-categories, taking into account the following:
- ✓ subsidies to the agricultural consumers shall be disbursed pursuant to the detailed action plan to be developed under Strategic Directive 068;
  - ✓ Agricultural consumers (below cost recovery) shall be cross-subsidized by:
    - i. industrial & commercial consumers, pursuant to the Strategic Directive 084;
    - ii. Other agricultural consumers (above cost recovery).
- 10.4. Further, SD 84 provides that cross-subsidy by the productive consumers, to subsidize residential and agricultural consumers, shall be progressively restricted to 20% of the respective cost of service of such consumers by FY-2026.
- 10.5. The Authority noted that as per different provisions of NE Plan mentioned above, tariff for residential consumers is progressively to be aligned with the principle of cost-of-service, and till such time, residential consumers below cost of service shall be cross subsidized by Industrial and Commercial consumers and other residential consumers. Similarly, for Agriculture consumers, the tariff structure same shall be segmented into sub-categories and agriculture consumers below cost of service shall be cross subsidized by Industrial and Commercial consumers and other agriculture consumers.
- 10.6. In view thereof, the Authority has decided to gradually reduce the quantum of cross subsidization among different consumer categories and the SoTs for the FY 2024-25, have been designed accordingly.
11. Whether the peak and off-peak timing and rate design needs to be revised, in line with Strategic Directives given in NE Plan?
- 11.1. The Petitioner during the hearing submitted that The Peak and Off peak timing and rate design be reviewed keeping in view the overall country's Peak, Demand time slabs, System Stability. It also stated that its Peak Demand was recorded between 11:30 HRS to 16:30 HRS during FY 2022-23 as mentioned below;

Month	Demand	Time (hrs.)	Date
Jul-22	3,740	15:30	04/07/2022
Aug-22	3,278	15:30	04/08/2022
Sep-22	3,333	15:30	15/09/2022
Oct-22	2,704	14:30	05/10/2022
Nov-22	1,959	15:30	01/11/2022
Dec-22	1,859	17:30	26/12/2022
Jan-23	1,841	13:30	04/01/2023
Feb-23	1,810	11:30	15/02/2023
Mar-23	1,995	16:30	15/03/2023
Apr-23	2,389	15:30	13/04/2023
May-23	2,971	15:30	22/05/2023
Jun-23	3,318	15:30	22/06/2023



- 11.2. The Authority noted that NE Plan envisages that first assessment of ToU tariff, is to be completed by March 2024. The Authority observed that USAID (PSIA) has been asked to provide technical

assistance for carrying out the required assessment. USAID has intimated that said assessment require data from SO, CPPA, and NTDC, therefore, subject to the availability of data, it will be able to conduct the assessment by July / August 2024. In view thereof, the Authority would deliberate this issue, once the required assessment form USAID is received. Further, the authority also understands that the existing infrastructure of DISCOs also needs to be evaluated in terms of its capability to cater for multiple peak /off peak rates and times during a billing cycle.

11.3. In view thereof, the Authority has decided to continue with the existing mechanism of peak / off-peak hours and prevailing rate design. At the same time, the Petitioner is directed to evaluate the different proposals of tariff design so as to make it more efficient and cost reflective with the objective to maximize the utilization of available capacity.

12. Whether prepaid metering shall be allowed to different consumers categories and what shall be appropriate tariff for such consumers considering various periodic adjustments in the base tariff?

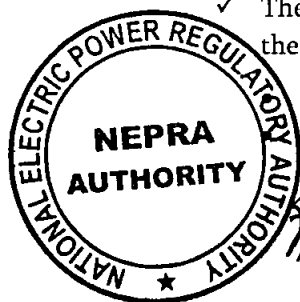
12.1. The Petitioner on the issue of pre-paid metering submitted that Prepaid metering shall be allowed to different consumer categories. Prepaid consumers shall be charged base tariff plus certain % for periodic adjustments of base tariff plus applicable taxes & duties. However, no proposal for pre-paid metering and billing is under consideration at FESCO.

12.2. The Authority observed that various DISCOs have been allowed investments for AMR/AMI meters, in their MYT determinations / Investment plans. IESCO accordingly vide letter dated 18.01.2024 requested for pre-paid tariff for Advanced Metering Infrastructure (AMI) project and made the following submissions in this regards;

- ✓ The scope of the IESCO AMI project encompasses the implementation of an Advanced Metering Infrastructure (AMI) system, covering the deployment of Smart Meters, Data Concentrator Units (DCU) and essential communication infrastructure in the jurisdiction of Rawalpindi City Circle, Rawalpindi Cantt. Circle and Taxila Division along with the implementation of the new Billing System/ Customer Information System (CIS) for whole IESCO . The project scope involves the installation of 879,564 smart meters, with the first phase targeting the installation of 135,000 smart meters in area of Rawalpindi City Circle. The new Billing system will be operational tentatively from June 2024.
- ✓ IESCO AMI Billing System has a value-added feature of Prepayment along with Post-payment functionality which is already in vogue. The new Billing System is capable to calculate the allowable units / consumption (KWh) and communicate this information to Meter Data Management System (MOMS). Consequently, smart meters are configured to operate exclusively within the limits of these calculated units. After the exhaust of these units, a remote disconnection order will be executed through the smart meter. Further, after the recharge of the new top up the reconnection order will be made automatically.
- ✓ The inclusive development of this prepaid functionality offers various advantages for both the utility companies and consumers;

Advance payment will improve the cash flow of utility companies.

Mitigate the financial risk associated with bad debts and will increase the revenue collection.



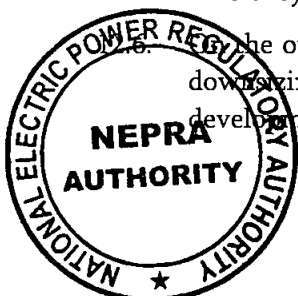
- Diminishes traditional billing and collection expenses, leading to cost savings for utility companies. Remote disconnection and reconnection through the AMI system will improve overall efficiency and reduce cost.
  - Offers diverse payment options, including online and mobile payments, enhancing convenience for consumers.
  - Enabling consumers to actively monitor and manage their energy consumption pattern through a mobile application.
- ✓ To fully operationalize the salient feature of prepayment in the AMI system, it is imperative to accurately convert the energy top-up amount into units. Currently, prepaid tariff structure is not available. Therefore, it is requested to formulate the prepaid tariff structure initially up-to 25 KW for tariff categories such as Domestic, Commercial, General, Industrial and Temporary by considering the IESCO submissions:
- Formulation of prepaid tariff structure that will cater for both Protected and non-protected type of consumer categories.
  - Incorporation of Fuel Price Adjustment (FPA) and Quarterly Tariff Adjustment (QTA) charges, minimum charges and PTV fee.
  - Calculation of Electricity Duty (ED), GST and Income tax for non-filer consumers.
  - Incorporation of extra tax and further tax for the industrial consumers.
  - Imposition of fixed charges, especially related to Maximum Demand Indicator (MDI).

12.3. Considering the request of IESCO, the Authority made this "pre-paid metering" an issue for deliberations during tariff proceedings of all DISCOs for the FY 2024-25. However, no comments were received from any stakeholder on the issue including the Ministry of Energy (MoE).

12.4. The Authority understands that prepaid metering system is a modernized billing mechanism which integrates metering equipment with smart card technology. It may offer benefits for the stakeholders of electricity supply chain but at the same may also have some disadvantages. At the consumer end, it helps them to control electricity consumption patterns and provides a smart payment option. The availability of real time electricity consumption data, also motivates consumers towards utilization of energy-efficient appliances, thus, may help reduce the undue increase in electricity demand. Consequently, may reduce the burden of government in terms of subsidies, circular debt, and import bill. From DISCOs perspective, prepaid metering provides the opportunity to optimize billing & revenue of the distribution utility and improved cash flows, thus helping in meeting their financial obligations. It may also mitigate the financial risk associated with bad debts.

12.5. Similarly, in several cases around the world, prepaid metering has helped in significant reduction in non-technical losses. It also reduces financial burden of DISCOs for maintaining workforce employed for manual billing system and may also lead to improved employee to customer ratio. Remote disconnection and reconnection through the AMI system may also improve overall efficiency and reduce cost.

On the other hand, there may be resistance from the employees of DISCOs due to the fear of downsizing and reduction of non-technical staff. Another critical challenge could be the development of IT-based prepaid metering infrastructure, while replacing the conventional

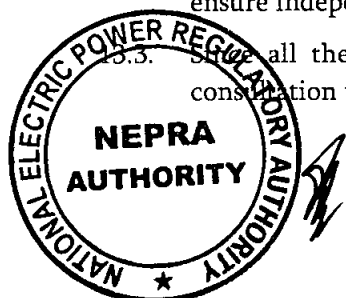


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billing mechanism. The internet-based purchase of electricity requires specific technical expertise for designing, installing and managing the backend operations of the prepaid metering system and full coordination among power sector institutions on technical systems. Moreover, consumers' acceptance of the technology shift could be one of the challenges towards implementation of prepaid technology.

- 12.7. In view of the above discussion, the Authority has decided to allow the request of FESCO for pre-paid metering as a pilot project, and if successful, the same may be started in other DISCOs. FESCO in this regard shall ensure that all required Technical & IT infrastructure, Security controls and billing system etc. for prepaid metering, are in place.
- 12.8. The Authority has further noted that prepaid metering system had been implemented in neighboring countries like India and Bangladesh in 2005 with the aim of reducing electricity pilferage and non-payment from consumers in remote areas. The Authority observed that different approaches were adopted by these countries w.r.t. to tariff for prepaid meters. Initially tariff for conventional and prepaid metering was kept same in India, to motivate the consumers. In Bangladesh, the aim of introducing prepaid metering was to eliminate electricity pilferage and to motivate consumers to adopt prepaid metering, a 2% discount was offered.
- 12.9. In view thereof and to promote the pre-paid metering, the Authority has decided to allow a flat variable rate (Rs./kWh) for pre-paid consumers along-with fixed charges, as mentioned in the SoT attached with the instant decision. No monthly FCAs or quarterly adjustments shall be charged from the pre-paid metering consumers. However, regarding applicable Federal and Provincial taxes, duties or surcharges, DISCO shall ensure to recover the same from pre-paid metering consumers, as the same are not part of NEPRA determined tariffs.
13. Whether the Petitioner has prepared any plan in consultation with the Federal Government for its organization restructuring in terms of segregation of responsibilities of Distribution and supply function in order to ensure independent and transparent working of both these functions.
- 13.1. The Petitioner submitted during the hearing that Article 33.2 & 28.2 of the Distribution & Supply licenses respectively granted to FESCO stated that "FESCO separate its functions as "Supplier of Last Resort" and distribution company into two distinct legal entities. To comply with above Articles of both Licenses, FESCO requested Ministry of Energy (Power Division) to convey guidelines to abide by the stated license requirements. The Ministry of Energy (Power Division) has clarified that the matter may be taken up with NEPRA to expunge / delete the aforesaid Articles and file appeal before NEPRA Appellate Tribunal. Pursuant to the directions of Ministry of Energy (Power Division), FESCO has filed appeal before NEPRA Appellate Tribunal impugning the mentioned Articles.
- 13.2. The Authority, keeping in view the amended NEPRA Act, 2018, whereby sale of electric power has been removed from the scope of distribution licenses and transferred to supply licensee, directed the Petitioner in its earlier tariff determinations to make organizational restructuring in terms of segregation of responsibilities of the Distribution and Sale functions, in order to ensure independent and transparent working of both these functions.



- 13.3. Since all the distribution companies are 100% owned by the GoP, therefore, DISCOs in consultation with GoP should develop a centralized restructuring plan and submit the same to

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NEPRA for consideration and necessary vetting for its compliance with NEPRA applicable documents.

- 13.4. The Authority observed that the Petitioner although in instant Petition has bifurcated its costs into Distribution and Supply of Power Functions, however, the petition was submitted with common accounts and both functions combined. No progress has been shared by the Petitioner in terms of its organizational restructuring. The Authority understands that a proper organization restructuring, is essential to improve the performance of the Petitioner and to ensure transparency for both functions. Therefore, the Petitioner is again directed that a restructuring plan in consultation with the Federal Government be made, within the stipulated time.
- 13.5. The Petitioner is directed to ensure compliance of the Authority's direction during the FY 2024-25 and submit its progress report along-with its annual adjustment/ indexation request or petition for the FY 2025-26. In case of non-compliance by the Petitioner, the Authority shall start legal proceedings against the Petitioner under relevant rules and regulations, which may not be limited to imposing of fines but also initiate process for adjustment in the revenue requirement of the Petitioner.
14. Any Other issue that may come up during the hearing?

Revision in Tariff Terms & Conditions

- 14.1. The Authority has also decided to revise the tariff Terms & conditions for certain consumer categories as under;

Billing Demand

Regarding change in mechanism of application of fixed charges based on actual MDI or sanctioned load or otherwise, large number of stakeholders raised their concerns in the matter especially with respect to calculation of their sanctioned loads. The Authority considering the concerns of consumers has decided to amend the definition of billing demand for the purpose of charging of fixed charges. The same has been reflected in Tariff Terms & Conditions attached with the instant decision.

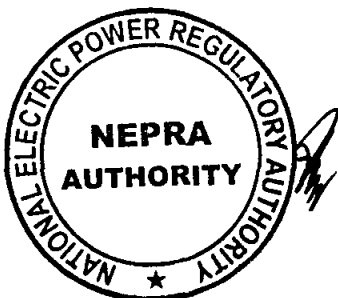
Month or Billing Period

Various DISCOs have shown their concerns regarding definition of Month or Billing period, appearing in the Tariff Terms & Conditions, as it does not take into account the month where no of days are in excess of 30. Considering the submissions of DISCOs, the Authority has decided to amend the definition of billing month. The same has been reflected in Tariff Terms & Conditions attached with the instant decision.

Further, the issue of delayed readings due to holidays etc., resulting in change in slab of domestic consumers, has also been addressed in the Tariff Terms & Conditions attached with the instant decision.

Late Payment charges (LPC)

The Authority also decided to rationalize the Late Payment charges (LPC) by modifying existing rate of 10% into two brackets and accordingly Tariff Terms & Conditions have been modified.

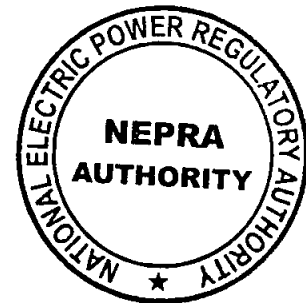


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15. **Revenue Requirement**

- 15.1. 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 2024-25 is as under;

Description	Unit	Allowed FY 2024-25	
		DoP	SoP
Units Received	[MkWh]	16,568	16,568
Units Sold	[MkWh]	15,180	15,180
Units Lost	[MkWh]	1,388	1,388
Units Lost	[%]	8.38%	8.38%
Energy Charge			160,174
Capacity Charge			272,331
Transmission Charge & Market			22,824
Operation Fee			72,113
Wire Business UoSC + PYA			
Power Purchase Price	[Mln. Rs.]	-	527,443
Pay & Allowances		13,733	2,854
Post Retirement Benefits		12,681	3,859
Repair & Maintenance		1,208	65
Traveling allowance			
Vehicle maintenance		2,391	1,534
Other expenses			
O&M Cost		30,013	8,312
Depreciation		6,249	-
RORB		16,320	-
O.Income		(6,457)	-
Margin	[Mln. Rs.]	46,126	8,312
Prior Year Adjustment		25,988	-
Revenue Requirement	[Mln. Rs.]	72,113	535,755
Average Tariff	[Rs./kWh]	3.04	35.29



- 15.2. The above determined revenue shall be recovered from the consumers through the projected sales of 15,180 GWhs, as per Annex – II.
- 15.3. The above assessment has been carried out based on the data/information provided by the Petitioner, which the Authority believes is correct and based on facts. In case of any deviation / misrepresentation observed at a later stage, the Petitioner shall be held responsible for the consequences arising out, under NEPRA Act, Rules and Regulations made thereunder. Any consequential adjustment, if required will be made accordingly.

16. **ORDER**

- 16.1. In view of the foregoing, the Authority hereby approves the following adjustments in the MYT of the Petitioner Company for the Financial Year 2024-25;

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- I. Faisalabad Electric Supply Company Limited (FESCO), being a 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, 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	1.42%	5.60%	6.94%
UoSC Rs./kWh	1.12	1.83	3.01

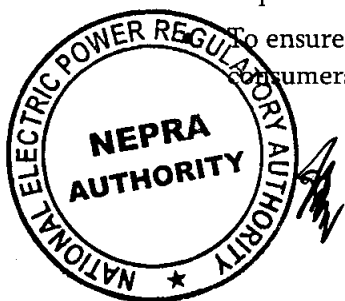
- III. The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.
- IV. To file future monthly & quarterly adjustments on account of Power Purchase Price (PPP) in line with MYT determination,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

17. **Summary of Direction**

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

- To provide the reconciled date of sales mix with its reported revenue as per audited financial statements.
- To provide proper details of GENCO employees allocated to it by providing proper employee wise details, their pay scales, terms of adoption, approvals of competent authority for such adoption and placement details along-with their financial impact.
- To provide year wise detail of amounts deposited in the Fund, amount withdrawn along-with profit/interest earned thereon since creation of Fund.
- To provide the IDC amount with subsequent adjustment request and reflect the same in its Audited Financial Statements.
- To get its data, regarding units billed to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers', reconciled with PITC and submit such reconciliation to the Authority for the period FY 2020-21 to FY 2023-24.
- To evaluate the different proposals of tariff design so as to make it more efficient and cost reflective with the objective to maximize the utilization of available capacity.
- To prepare restructuring plan in consultation with the Federal Government during the FY 2024-25 and submit its progress report along-with its annual adjustment/ indexation request or petition for the FY 2025-26.

To ensure that by the time it files its next tariff petition/ adjustment request, MDI for all consumers at all levels is properly recorded.



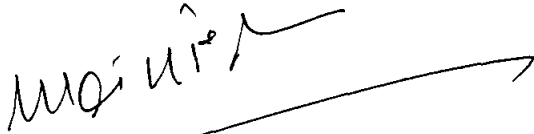
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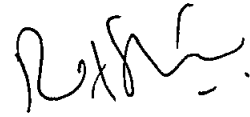


18. The instant decision of the Authority along-with annexures, is hereby intimated to the Federal Government for filling of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
19. The instant decision of the Authority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

**AUTHORITY**



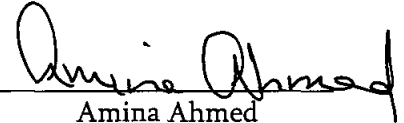
Mathar Niaz Rana (nsc)  
Member



Rafique Ahmed Shaikh  
Member



Engr. Maqsood Anwar Khan  
Member



Amina Ahmed  
Member



Waseem Mukhtar  
Chairman



14/06/24

**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

$$\text{Fuel Price variation} = \text{Actual Fuel Cost Component} - \text{Reference Fuel Cost Component}$$

Where:

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

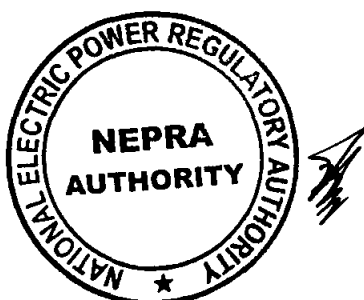
Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA (G) in a particular month; and

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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*Mark 7*



### 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;

$$\text{Quarterly PPP}_{(Adj)} = \frac{\text{PPP}_{(Actual)} (\text{excluding Fuel cost}) - \text{PPP}_{(Recovered)} (\text{excluding Fuel cost})}{\text{Where;}}$$

Where;

PPP<sub>(Actual)</sub> is the actual cost, excluding Fuel cost, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

PPP<sub>(Recovered)</sub> 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

$$= \frac{\text{Monthly FCA allowed}_{(Rs./kWh)} \times \text{Actual units Purchase} \times \% \text{ T\&D losses}}{\text{Where;}}$$

Where;

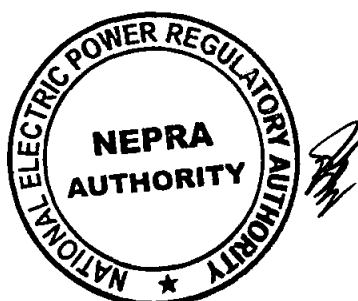
Monthly FCA allowed <sub>(Rs./kWh)</sub> is the FCA allowed by the Authority for the respective months of the concerned period.

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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*Math. 7*



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

Description	Sales	Revenue			Base Tariff			PYA 2023		Total Tariff		
	GWh	Fixed Charge	Variable Charge	Total	Fixed Charge	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Fixed Charge	Variable Charge
		Min. Rs.	Min. Rs.	Min. Rs.	Rs./Con/ M	Rs./KW/ M	Rs./ kWh	Min. Rs.	Rs./ kWh	Rs./Con/ M	Rs./KW/ M	Rs./ kWh
<b>Residential</b>												
For peak load requirement less than 5 kW												
Up to 50 Units - Life Line	8	-	84	84	-	-	9.90			-	-	9.90
51-100 units - Life Line	10	-	143	143	-	-	14.41			-	-	14.41
01-100 Units	1746	-	51,395	51,395	-	-	29.43	2,993	1.71	-	-	31.14
101-200 Units	546	-	17,369	17,369	-	-	31.81	936	1.71	-	-	33.52
01-100 Units	450	-	13,243	13,243	-	-	29.43	771	1.71	-	-	31.14
101-200 Units	983	-	31,297	31,297	-	-	31.83	1,685	1.71	-	-	33.54
201-300 Units	1539	-	54,754	54,754	-	-	35.58	2,638	1.71	-	-	37.29
301-400 Units	695	177	26,992	27,169	200	-	38.82	1,192	1.71	200	-	40.53
401-500 Units	340	111	13,649	13,761	400	-	40.10	583	1.71	400	-	41.82
501-600 Units	187	63	7,767	7,830	600	-	41.47	321	1.71	600	-	43.19
601-700 Units	111	39	4,759	4,798	800	-	42.79	191	1.71	800	-	44.51
Above 700 Units	241	72	11,454	11,527	1,000	-	47.52	413	1.71	1,000	-	49.24
For peak load requirement exceeding 5 kW)												
Time of Use (TOU) - Peak	36	-	1,642	1,642	-	-	45.59	62	1.71	-	-	47.30
Time of Use (TOU) - Off-Peak	148	353	5,827	6,181	1,000	-	39.26	254	1.71	1,000	-	40.97
Temporary Supply	1	1	71	72	2,000	-	58.54	2	1.71	2,000	-	60.25
<b>Total Residential</b>	<b>7,044</b>	<b>817</b>	<b>240,448</b>	<b>241,265</b>				<b>12,042</b>				
<b>Commercial - A2</b>												
For peak load requirement less than 5 kW	389	4,838	14,493	19,331	1,000	-	37.21	668	1.71	1,000	-	38.92
For peak load requirement exceeding 5 kW												
Regular	0	1	6	7	-	2,000	35.80	0	1.71	-	2,000	37.52
Time of Use (TOU) - Peak	81	-	3,489	3,489	-	-	43.14	139	1.71	-	-	44.85
Time of Use (TOU) - Off-Peak	325	3,324	10,540	13,865	-	2,000	32.46	557	1.71	-	2,000	34.17
Temporary Supply	25	25	1,302	1,327	5,000	-	53.02	42	1.71	5,000	-	54.73
Electric Vehicle Charging Station	0	-	1	1	-	-	40.70	0	1.71	-	-	42.41
<b>Total Commercial</b>	<b>820</b>	<b>8,189</b>	<b>29,832</b>	<b>38,021</b>				<b>1,405</b>				
<b>General Services-A3</b>												
<b>Industrial</b>	<b>244</b>	<b>356</b>	<b>10,147</b>	<b>10,503</b>	<b>1,000</b>	<b>-</b>	<b>41.52</b>	<b>419</b>	<b>1.71</b>	<b>1,000</b>	<b>-</b>	<b>43.24</b>
B1	33	70	913	983	1,000	-	27.81	56	1.71	1,000	-	29.52
B1 Peak	51	-	1,759	1,759	-	-	34.33	88	1.71	-	-	36.04
B1 Off Peak	299	342.19	8,340	8,682	1,000	-	27.91	512	1.71	1,000	-	29.63
B2	0	0	0	0	-	2,000	23.57	0	1.71	-	2,000	25.28
B2 - TOU (Peak)	321	-	10,795	10,795	-	-	33.67	549	1.71	-	-	35.39
B2 - TOU (Off-peak)	1795	16,199	41,419	57,619	-	2,000	23.07	3,077	1.71	-	2,000	24.79
B3 - TOU (Peak)	292	-	9,911	9,911	-	-	33.95	500	1.71	-	-	35.67
B3 - TOU (Off-peak)	1651	6,539	40,903	47,442	-	2,000	24.77	2,831	1.71	-	2,000	26.48
B4 - TOU (Peak)	155	-	5,300	5,300	-	-	34.29	265	1.71	-	-	36.00
B4 - TOU (Off-peak)	966	4,992	23,962	28,954	-	2,000	24.80	1,656	1.71	-	2,000	26.51
Temporary Supply	25	1	994	995	5,000	-	39.43	43	1.71	5,000	-	41.15
<b>Total Industrial</b>	<b>5,588</b>	<b>28,144</b>	<b>144,295</b>	<b>172,440</b>				<b>9,578</b>				
<b>Single Point Supply</b>												
C1(a) Supply at 400 Volts-less than 5 kW	0	1	5	6	2,000	-	38.40	0	1.71	2,000	-	40.11
C1(b) Supply at 400 Volts-exceeding 5 kW	1	5	29	35	-	2,000	33.77	1	1.71	-	2,000	35.48
Time of Use (TOU) - Peak	3	-	121	121	-	-	44.50	5	1.71	-	-	46.21
Time of Use (TOU) - Off-Peak	13	42	460	502	-	2,000	34.89	23	1.71	-	2,000	36.61
C2 Supply at 11 kV	0	0	2	3	-	2,000	36.92	0	1.71	-	2,000	38.63
Time of Use (TOU) - Peak	17	-	775	775	-	-	45.69	29	1.71	-	-	47.41
Time of Use (TOU) - Off-Peak	83	526	2,826	3,352	-	2,000	33.88	143	1.71	-	2,000	35.59
C3 Supply above 11 kV	3	23	90	113	-	2,000	33.32	5	1.71	-	2,000	35.04
Time of Use (TOU) - Peak	11	-	495	495	-	-	44.63	19	1.71	-	-	46.35
Time of Use (TOU) - Off-Peak	52	305	1,707	2,013	-	2,000	32.77	89	1.71	-	2,000	34.48
<b>Total Single Point Supply</b>	<b>183</b>	<b>902</b>	<b>6,511</b>	<b>7,413</b>				<b>314</b>				
<b>Agricultural Tube-wells - Tariff D</b>												
Scarp	12	-	450	450	-	-	37.83	20	1.71	-	-	39.54
Time of Use (TOU) - Peak	1	-	40	40	-	-	31.08	2	1.71	-	-	32.80
Time of Use (TOU) - Off-Peak	17	29	414	443	-	500	24.40	29	1.71	-	500	26.11
Agricultural Tube-wells	17	31	398	429	-	500	23.18	29	1.71	-	500	24.89
Time of Use (TOU) - Peak	175	-	5,192	5,192	-	-	29.59	301	1.71	-	-	31.30
Time of Use (TOU) - Off-Peak	1053	2,591	28,937	32,527	-	500	28.42	1,806	1.71	-	500	30.13
<b>Total Agricultural</b>	<b>1,278</b>	<b>2,651</b>	<b>36,431</b>	<b>39,082</b>				<b>2,188</b>				
Public Lighting - Tariff G	19	42	792	833	2,000	-	41.00	33	1.71	2,000	-	42.71
Residential Colonies	5	3	208	210	2,000	-	41.46	9	1.71	2,000	-	43.17
	<b>24</b>	<b>44</b>	<b>999</b>	<b>1,044</b>				<b>42</b>				
<b>Pre-Paid Supply Tariff</b>												
Residential					1,000	-	44.35		1.71	1,000	-	46.06
Commercial - A2						2,000	37.68		1.71	-	2,000	39.37
General Services-A3					1,000	-	45.68		1.71	1,000	-	47.39
Industrial						2,000	36.58		1.71	-	2,000	38.30
Single Point Supply						2,000	47.19		1.71	-	2,000	48.90
Agricultural Tube-wells - Tariff D						2,000	28.06		1.71	-	2,000	29.78
<b>Grand Total</b>	<b>15,179.95</b>	<b>41,103.35</b>	<b>468,664.28</b>	<b>509,767.64</b>				<b>25,987.72</b>				

Note: The PYA 2023 column shall cease to exist after One (01) year of notification of the instant decision.



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2023/9

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

**A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges	
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B	C		D		E= C+D	
a)	For Sanctioned load less than 5 kW	-	-	9.90		-		9.90	
i	Up to 50 Units - Life Line	-	-	14.41		-		14.41	
ii	51 - 100 Units - Life Line	-	-	29.43		1.71		31.14	
iii	101 - 200 Units	-	-	31.81		1.71		33.52	
iv	201 - 300 Units	-	-	31.83		1.71		33.54	
v	301 - 400 Units	-	-	35.58		1.71		37.29	
vi	401 - 500 Units	-	-	38.82		1.71		40.53	
vii	501 - 600 Units	-	-	40.10		1.71		41.82	
viii	601 - 700 Units	-	-	41.47		1.71		43.19	
ix	Above 700 Units	-	-	42.79		1.71		44.51	
x	Time Of Use	1,000	-	45.59		39.26		1.71	
xi	Pre-Paid Residential Supply Tariff	1,000	-	44.35		1.71		46.06	

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. For consumers where monthly Fixed charges are applicable, no minimum charges shall be applicable on such consumers, even if no energy 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	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges	
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B	C		D		E= C+D	
a)	For Sanctioned load less than 5 kW	1,000	-	37.21		1.71		38.92	
b)	For Sanctioned load 5 kW & above	-	2,000	36.80		1.71		38.51	
c)	Time Of Use	-	2,000	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
d)	Electric Vehicle Charging Station	-	-	43.14	32.46	1.71	1.71	44.85	34.17
e)	Pre-Paid Commercial Supply Tariff	1,000	-	40.70		1.71		42.41	
f)	Pre-Paid Commercial Supply Tariff	-	2,000	37.66		1.71		39.37	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

**A-3 GENERAL SERVICES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges	
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B	C		D		E= C+D	
a)	General Services	1,000	-	41.52		1.71		43.24	
b)	Pre-Paid General Services Supply Tariff	1,000	-	45.68		1.71		47.39	

**B INDUSTRIAL SUPPLY TARIFFS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges	
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B	C		D		E= C+D	
B1	Up to 25 kW (at 400/230 Volts)	1,000	-	27.81		1.71		29.52	
B2(a)	exceeding 25-500 kW (at 400 Volts)	-	2,000	23.57		1.71		25.28	
	Time Of Use	-	-	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW	1,000	-	34.33	27.91	1.71	1.71	36.04	29.63
B2(b)	exceeding 25-500 kW (at 400 Volts)	-	2,000	33.67	23.07	1.71	1.71	35.39	24.79
B3	For All Loads up to 5000 kW (at 11,33 kV)	-	2,000	33.95	24.77	1.71	1.71	35.67	26.48
B4	For All Loads (at 66,132 kV & above)	-	2,000	34.29	24.80	1.71	1.71	36.00	26.51
	Pre-Paid Industrial Supply Tariff	-	2,000	36.58		1.71		38.30	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

**C - SINGLE-POINT SUPPLY**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges	
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B	C		D		E= C+D	
C-1	For supply at 400/230 Volts	-	-	38.40		1.71		40.11	
a)	Sanctioned load less than 5 kW	2,000	-	33.77		1.71		35.48	
b)	Sanctioned load 5 kW & up to 500 kW	-	2,000	36.92		1.71		38.63	
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	-	2,000	33.32		1.71		35.04	
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	2,000	33.32		1.71		35.04	
	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	-	2,000	44.50	34.89	1.71	1.71	46.21	36.61
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	-	2,000	45.69	33.88	1.71	1.71	47.41	35.59
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	2,000	44.53	32.77	1.71	1.71	46.35	34.48
	Pre-Paid Bulk Supply Tariff	-	2,000	47.19		1.71		48.90	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.



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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B	C		D		E= C+D
D-1(a)	SCARF less than 5 kW	-	-	37.83		1.71		39.54
D-2 (a)	Agricultural Tube Wells	-	-	23.18		1.71		24.89
D-1(b)	SCARF 5 kW & above	-	500	Peak	Off-Peak	Peak	Off-Peak	Peak
D-2 (b)	Agricultural 5 kW & above	-	500	31.08	24.40	1.71	1.71	32.80
Pre-Paid for Agri & Scarp		-	2,000	29.59	28.42	1.71	1.71	31.30
					28.06		1.71	29.78

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	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B	C		D		E= C+D
E-1(I)	Residential Supply	2,000		58.54		1.71		60.25
E-1(II)	Commercial Supply	5,000		53.02		1.71		54.73
E-2	Industrial Supply	5,000		39.43		1.71		41.15

**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**

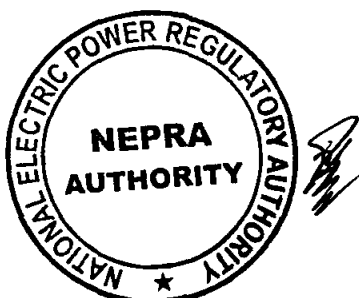
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B	C		D		E= C+D
	Street Lighting	2,000		41.00		1.71		42.71

**H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	VARIABLE CHARGES		FYA 2023		Total Variable Charges
		Rs. / Cons. / M	Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B	C		D		E= C+D
	Residential Colonies attached to industrial premises	2,000		41.46		1.71		43.17

Note: The FYA 2023 column shall cease to exist after One (01) year of notification of the instant decision.

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Annex - IV

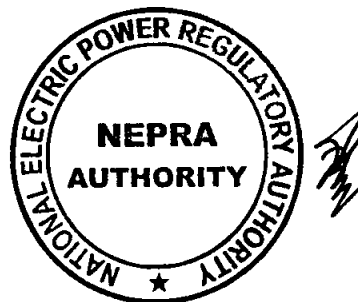
Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,969	2,141	1,751	1,279	921	882	950	883	1,097	1,277	1,627	1,790	16,568

Fuel Cost Component	9.3520	9.3877	9.8006	10.2752	7.8609	10.6364	13.0100	8.5276	9.2560	7.6803	7.3925	8.3341	9.1889
Variable O&M	0.4550	0.4854	0.5260	0.5218	0.4063	0.4337	0.6064	0.3927	0.4800	0.4277	0.4575	0.5072	0.4785
Capacity	12.0764	10.6149	13.2602	16.4211	24.7849	24.7268	19.6858	24.1308	20.6239	17.5497	16.6781	13.8381	16.4368
UoSC	1.0897	1.0111	1.1805	1.4434	2.0990	1.9931	1.5720	1.9981	1.6731	1.3718	1.2588	1.1256	1.3776
Total PPP in Rs./kWh	22.9731	21.4990	24.7673	28.6615	35.1510	37.7900	34.8743	35.0492	32.0330	27.0295	25.7869	23.8050	27.4819

Fuel Cost Component	18,417	20,100	17,165	13,144	7,240	9,382	12,357	7,529	10,155	9,811	12,028	14,917	152,246
Variable O&M	896	1,039	921	667	374	383	576	347	527	546	744	908	7,929
Capacity	23,783	22,728	23,225	21,005	22,827	21,811	18,697	21,304	22,627	22,419	27,136	24,769	272,331
UoSC	2,146	2,165	2,068	1,846	1,933	1,758	1,493	1,764	1,836	1,752	2,048	2,015	22,824
Total PPP in Rs./Min	45,242	46,032	43,379	36,663	32,375	33,334	33,123	30,944	35,144	34,529	41,956	42,608	455,330

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

**PART-I**

**GENERAL DEFINITIONS**

The Company, for the purposes of these terms and conditions means 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 31 days or less reckoned from the date of last meter reading.

If, for any reason, the scheduled reading period of a consumer exceeds the number of days in a calendar month, the total consumption should be prorated to match the number of days in that calendar month for determining the applicable slab rate and same be used for actual billing purpose.

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 sanctioned 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.

*Provided that for the purpose of fixed charges sanctioned load means maximum demand recorded so far.*

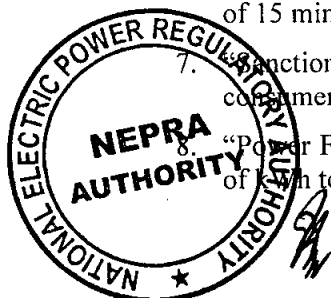
*Provided further that in case of new connections or consumers who have renewed/revised their sanctioned load, the fixed charges will be charged on 50% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher. However, upon establishment of MDI in next six months, the adjustment of fixed charges will be made accordingly by the DISCO."*

*Provided also that consumers having alternate/ dual source i.e. captive power, net metering etc. the existing mechanism of fixed charges shall remain the same i.e. the 50% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher.*

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.,



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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:

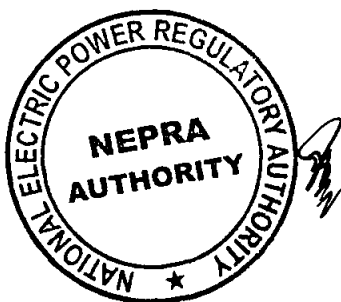
	<b><u>* PEAK TIMING</u></b>	<b><u>OFF-PEAK TIMING</u></b>
Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

\* 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.
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 Surcharge (LPS) of 5% may be levied for next three (03) days after the due date and thereafter 10% LPS may be charged on the amount billed excluding Govt. taxes 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 7<sup>th</sup> 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-1(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 shall provide charging service to Electric Vehicles as per the applicable tariff for EVCS plus Rs.24.44/kWh as margin for EVCS. 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.

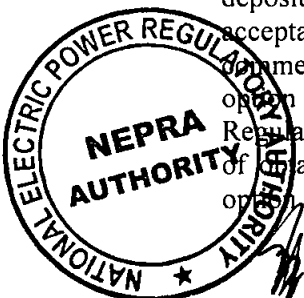
### **B INDUSTRIAL SUPPLY**

#### **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**

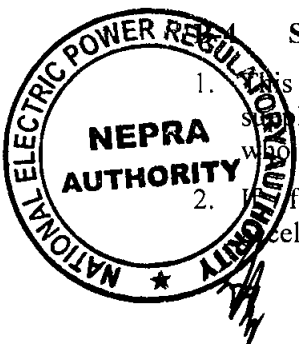
1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers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

**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.
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**

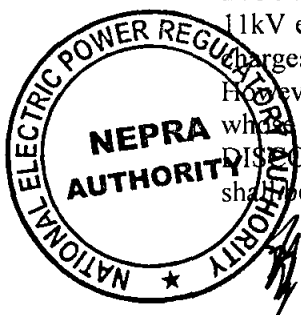
If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate 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 DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.



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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**

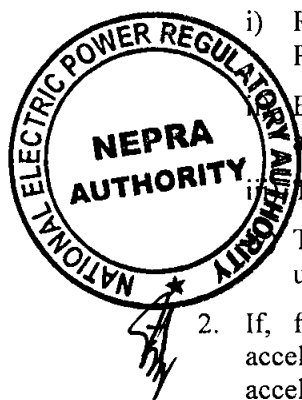
1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, 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):  
Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
  - ii) Tube-wells meant for aqua-culture.
  - iii) 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.



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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**

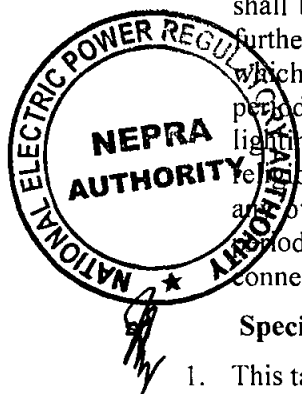
1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 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.
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.

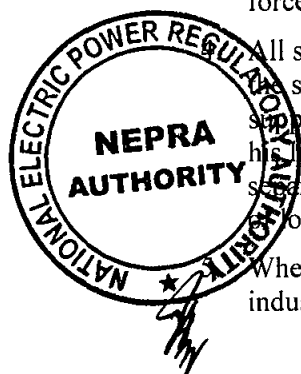
1. All “Definitions” and “Special Conditions of Supply” as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

### **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.

All seasonal loads shall be disconnected from the Company’s Supply System at the end of each 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 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.

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



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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.

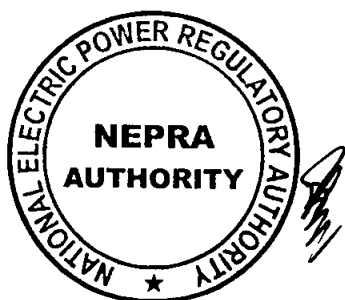
"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

##### **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.

#### **TARACTION**

Supply under this tariff means supply of power in bulk to Railways for Railway Traction only.



*Noted*

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