National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-285/GEPCO-2014/4161-4163
March 20, 2015

Subject: **Determination of the Authority in the matter of Petition filed by Gujranwala Electric Power Company Ltd. (GEPCO) for the Determination of its Consumer end Tariff Pertaining to FY 2014-2015 [Case # NEPRA/TRF-285/GEPCO-2014]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI & VII (67 pages) in Case No. NEPRA/TRF-285/GEPCO-2014.

2. The Determination is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998.

3. Please note that Order part along with Annex-I, III, IV, V & VII of the Determination needs to be notified in the official Gazette.

Enclosure: As above

20.03.15

(Syed Safeer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

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

National Electric Power Regulatory Authority

(NEPRA)

PETITION NO: NEPRA/TRF-285/GEPCO-2014

TARIFF DETERMINATION

FOR

GUJRANWALA ELECTRIC POWER COMPANY

(GEPCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

20 March, 2015

Abbreviations

CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
CPPA	Central Power Purchasing Agency
DISCO	Distribution Company
DM	Distribution Margin
FY	Financial Year
GOP	Government of Pakistan
GWh	Giga Watt Hours
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
O&M	Operation and Maintenance
PPP	Power Purchase Price
PYA	Prior Year Adjustment
RAB	Regulatory Asset Base
RORB	Return on Rate Base
SRO	Statutory Regulatory Order
T&D	Transmission and Distribution
TOU	Time of Use
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month

DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY GUJRANWALA ELECTRIC POWER COMPANY LTD., (GEPCO) FOR DETERMINATION OF ITS CONSUMER END TARIFF FOR FY 2014-15.

CASE NO. NEPRA/TRF-285/GEPCO-2014

PETITIONER

Gujranwala Electric Power Company Limited (GEPCO),
GEPCO 565/A, Model Town, G.T Road,
Gujranwala.

INTERVENER

Nil

COMMENTATOR

Nil

REPRESENTATION

1.	Engineer Munir Ahmed Mian,	Chief Executive Officer
2.	Mr. Muhammad Fayyaz Munir,	Financial Director
3.	Engineer Shoukat Ali Gill,	Operation Director
4.	Engineer Muhammad Anwar	Chief Engineer (P&E),
5.	Engineer Zahoor Ahmed Chohan	Customer Services Director,
6.	Syed Hashmat Ali Kazmi,	Director HR&A

The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by the parties, issues raised, evidence/record produced during hearings, and all other relevant material, hereby issues this determination.

18.3.15

(Khawaja Muhammad Naeem)
Member

19.3.15

(Himayatuallah Khan)
Member

19/3/15

(Maj (Rtd) Haroon Rashid)
Member

19/3/2015

(Habibullah Khilji)
Vice Chairman

(Brig(Rtd) Tariq Soddozai)
Chairman

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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20.03.15

1. BACKGROUND & BRIEF HISTORY

1.1 Gujranwala Electric Power Company Limited ("GEPCO") hereinafter referred as petitioner is a distribution licensee of NEPRA Vide Distribution License No.04/DL/2002 dated 23rd April 2002. The petitioner filed a petition for the determination of its consumer-end tariff pertaining to the FY 2014-15 based on actual/estimated results for FY 2013-14 as test year in terms of Rule 3(1) of Tariff Standards & Procedure Rules-1998 ("Rules"). The grounds and basis of the Petition along with relief sought as per Rule 3(2)(b) & (c) of Rules are described as under:

- The Petitioner be granted an opportunity of a personal hearing of this petition.
- The Petitioner be allowed to submit the additional grounds, information and documents in support of its petition if required.
- Tariff for the FY 2014-15 be determined, on the basis of information provided by the Petitioner.
- The Distribution Margin for FY 2014-15 may kindly be approved on the basis of information and data provided amounting Rs. 13,061 million.
- Line losses be allowed @ 11%.
- Investment be allowed for Rs. 5,058 million.
- Prior year adjustment amounting to Rs. 8,486 million be allowed.
- After factoring in the information and data provided by the petitioner, the required average sales rate/ tariff of Rs. 15.989/KWh may please be allowed as per "proposed schedule of consumer-end electricity tariff" for FY 2014-15.
- Any other relief that may be deemed just and appropriate in this matter may be allowed.

2. PROCEEDINGS:

2.1 In terms of rule 4 of the Rules, the Petition was admitted by the Authority on 30th September, 2014. In compliance with the provisions of sub-rules (5) & (6) of the Rule 4 and Rule 5, notices of admission and hearing were sent to the parties which were considered to be affected or interested. An advertisement in this regard was also published in the leading national newspapers with the title and brief description of the petition on 11th October, 2014 and notice of admission and hearing were also sent to the parties which were considered to be affected and interested.

3. FILING OF OBJECTIONS/ COMMENTS:

3.1 Comments/replies and filing of intervention request, if any, was desired from the interested person/ party within 7 days of the publication of notice of admission i.e. October 18, 2014 in terms of Rule 6 & 8. In response thereof, no comments or Intervention request were filed within the stipulated time.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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4. HEARING

4.1 The pleadings so available on record were examined by the Authority in terms of rule 9 of Tariff Rules and as per the decision of the Authority hearing in the matter was conducted on 20th October 2014 at Avari Hotel, Lahore. During the hearing, the Petitioner was represented by Chief Executive Officer along with his financial and technical team.

5. FRAMING OF ISSUES

5.1 The following issues were framed for consideration. The same were communicated to the Petitioner for presenting written as well as oral evidence and arguments:-

I. Whether the petitioner has complied with the directions of the Authority given in the tariff determination for the FY 2013-14 in respect of following issues;

- To complete the study of T&D losses pertaining to 11 KV and below.
- To complete the creation of Independent Post retirement benefits funds at the earliest.
- To get the reported figure of additional recruitments verified by its Auditor and if it plans to carryout replacement hiring, a certificate from the Auditor of the Petitioner certifying that the recruitment is done as replacement hiring with no additional/incremental cost impact.
- To present the settlement modality on the issue of retired WAPDA employees before 1998.
- To submit basis/working on changing terms and conditions of lifeline consumers (issue raised by IESCO) in the tariff petition for FY 2014-15.
- To submit concrete recovery plan and issue of subsidy with GOP, no later than 30th March, 2014.
- To submit the next tariff petition for FY 2104-15 in accordance with the changed title.

II. Whether the petitioner's projected purchases of 8,037 GWhs and sales of 7,153 GWhs units for the FY 2014-15, is reasonable?

III. Whether the petitioner's proposed transmission and distribution losses of 11 % for the FY 2014-15 based on Actual/ provisional losses of 10.80 % for FY 2013-14, are justified?

IV. Whether the petitioner projected power purchase cost of Rs.92,824 million (Rs.12.977/kWh) for the FY 2014-15, is justified as against Actual/ provisional cost of Rs.12.336/kWh for FY 2013-14?

V. Whether the petitioner projected O&M cost of Rs.9,839 million (Rs.1.376/kWh) for the FY 2014-15 based on the Actual/provisional cost of Rs.8,783 million (Rs.1.286/kWh) for FY 2013-14 after accounting for inflation/increments, is justified?

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

VI. Whether the petitioner proposed depreciation charge of Rs.1,581 million (0.221 /kWh) for the FY 2014-15 as against the Actual/ provisional cost of Rs. 1,237 million (Rs.0.181/kWh) for FY 2013-14 after accounting for projected additions to Fixed Assets, is justified?

VII. Whether the petitioner projected Return on Regulatory Asset base of Rs.4,026 million (Rs.0.563/kWh) for FY 2014-15 as against the Authority's approved return of Rs.2,149 million (Rs.0.323 /kWh) for FY 2013-14, is justified?

VIII. Whether the petitioner projected other income of Rs.2,385 million (Rs.0.333/kWh) for the FY 2014-15 as against the Authority's approved Rs.1,987 million (Rs.0.322/kWh) for the FY 2013-14, is reasonable?

IX. Whether the petitioner's proposed Investment plan of Rs.5,058 million for the FY2014-15,is justified and keeping in view the prospective benefits as against the Authority's approved Investment of Rs.4,561 million for FY 2013-14?

X. Whether the Proposed revenue requirements of Rs. 114,371million at an average sale rate of Rs.15.9894 /kWh for the FY2014-15, is justified as against Authority's approved revenue requirement of Rs. 92,477 at average sale rate of Rs.14.980/kWh for the FY2013-14?

XI. Whether the prior year adjustment calculated by GEPCO amounting Rs. 8,486 million for the FY 2013-14 is accurate?

XII. Whether the existing service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer with the substantial expansion in the system?

XIII. Whether the existing financial, administration and technical powers concentrated at different layers of hierarchy is required to be developed in order to provide better services from the door step of the consumer?

XIV. What are the concerns of Petitioner on TOU metering of cellular company connections and similar connections?

XV. What are the concerns of Petitioner on changing terms and conditions of **lifeline consumers** and **Residential consumers**?

5.2 On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise discussion and finding is given hereunder:

6. Issue# 1 Whether the petitioner has compiled with the directions of the Authority given in the tariff determination for the FY 2013-14 in respect of following issues;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

6.1 The Authority issued several directions in the tariff determination for the FY 2013-14; the compliance of each has been discussed under the relevant issues except the following directions as below;

6.1.1 **Direction# 6 To submit concrete recovery plan and issue of subsidy with GOP, no later than 30th March, 2014.**

6.1.2 The Petitioner stated that it is trying hard to recover outstanding amounts against subsidy from GoP and AJK Government and has held several meetings with the Secretary Water & Power for its earliest recovery.

6.1.3 Fuel Price Adjustment subsidy receivable from GOP stands Rs.3,394.75 million which has also been incorporated in audited accounts (Note 18.3) for FY 2013-14. The claim of subsidy amount against FPA was discussed in detail at Para 11.3 in the tariff determination of FY 2012-13.

6.1.4 The issue of subsidy receivable from Government of Azad Jammu and Kashmir(AJK) has been in question for quite some time. An accumulated amount of Rs. 4,515 million stands receivable from Government of AJK as per the audited accounts of FY 2013-14 (Note 16.2). The Petitioner states that management has taken up the matter with Ministry of Water and Power. In response to Petitioner's letter No. GEPCO/CSD/No.2063-64 dated October 27, 2014, Ministry of Water and Power Coordination, Policy and Finance Wing has stated that the referred matter is under consideration of the Ministry and the outcome will be intimated accordingly.

6.1.5 Having considered the petitioner's statement, the Authority is of the view that the issue of the receivables from AJK is outstanding since long and is hampering the liquidity position of the petitioner badly. As regulator this is a matter of great concern because protecting company's interest is also its responsibility. This is important because under recovery from the consumers of one area adversely affects the consumers of other area due to load shedding resulting from liquidity problem on account of circular debt. The Authority also noted that the consumers of AJK are being charged at the same rates as those of the consumers of all the distribution companies, whereas the payments are being made to the Petitioner on the old rates which is totally against the principle of fairness, equity and justice. The Authority considers that GOP needs to address this issue on priority basis in order to minimize the circular debt in the consumers as well as companies interest.

6.1.6 Further being the regulator of the power sector, NEPRA feels that the non recovery of the billed amount is major reason of the circular debt therefore the matter related to receivables ought to be addressed on priority basis.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

6.2 **Direction# 7 To submit the next tariff petition for FY 2104-15 in accordance with the changed title.**

6.2.1 With reference to last determination, the Authority directed the petitioner to file new petition i.e FY 2014-15 in accordance with the changed title " Tariff petition for determination of consumer-end tariff pertaining to FY 2014-15 based on actual/estimated results of FY 2013-14 as test year" . The petitioner did not file the petition with the changed title as per direction.

6.2.2 The Authority had already discussed in detail about future tariff determination methodology with respect to the consumer-end tariffs of XWDISCOs at para 33 under issue # 23 in the last tariff determination of FY 2013-14 as issued dated January 16, 2014.

6.2.3 The Petitioner did not file the tariff petition for FY 2014-15 in accordance with the changed title, the Authority takes a serious notice of its non-compliance and reiterates that the continued non-compliance would invite initiating legal proceedings against the petitioner.

7. **Issue# 2 Whether the petitioner's projected purchases of 8,037 GWhs and sales of 7,153 GWhs units for the FY 2014-15, is reasonable?**

7.1 The Petitioner has projected its sales for the FY 2014-15 as 7,153 GWh assuming purchase of 8,037 GWhs. The Petitioner stated that its actual sales during the FY 2013-14 remained around 6,828 GWh with actual purchase of 7,671 GWhs as against the Authority's assessment of 6,174 GWhs after incorporating targeted T&D losses of 9.98%. The Petitioner submitted in the petition that the growth in units procured remained 15.39% over last FY 2012-13 and 11.62% the assessment for the FY 2013-14. While justifying the projected purchase the Petitioner has factored in an increase of 5% from the previous year's units received. This is done keeping in view the ever-increasing demand of electric power. Expected increase due to addition of grid stations and consumers etc. However the increase has not been made to the extent of previous years, as the petitioner understands that the NTDC system has certain supply constraints, therefore expecting a higher receipt of units may not be practical. The Petitioner presented the comparative table at the time of hearing:-

Description	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Purchase of units MKWh	6,988	7,315	6,958	6,633	7,671	8,037
Losses %	10.98	11.94	11.22	10.75	11.00	11.00
Sale of units MKwh	6,220	6,442	6,178	5,920	6,828	7,153

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

7.2 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales. Moreover, it is also important for the realistic assessment of monthly reference fuel cost for making monthly fuel cost adjustment pursuant to Section 31(4) of Regulation of Generation, Transmission and Distribution Act (XL 1997). In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2014-15. An increase of 0.78% has been assumed over the actual generation pertaining to the FY 13-14, as generation growth.

7.3 Here it pertinent to mention that the actual generation for the FY 2013-14 was 9% more than the actual generation for the FY 2012-13. After incorporating all the upcoming additional generation, it is estimated that in the FY 2014-15 the overall system generation will be about 95,892 GWh. After adjusting for the permissible transmission losses of 3.0% about 93,015 GWh are expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool for the FY 2014-15, is accordingly assessed as 7,664 GWh as against 8,037 GWh projected in the instant case. After incorporating the 9.98% T&D losses target for the FY 2014-15 (discussed below) the sales target for the same period worked out as 6,899 GWhs.

8. <u>Issue# 3 Whether the petitioner's proposed transmission and distribution losses of 11 % for the FY 2014-15 based on Actual/ provisional losses of 10.80 % for FY 2013-14, are justified?</u>

8.1 The Petitioner projected the transmission and distribution losses (T&D Losses) to be 11% for FY 2014-15 against the assessed T&D loss of 9.98% for FY 2013-14. The Petitioner submitted that the actual T&D Losses of the Petitioner for the FY 2011-12, FY 2012-13 and 2013-14 were 11.22%, 10.75% and 10.80%. The Petitioner stated that it has been able to reduce losses from 11.22% to 10.80% during the last three years.

8.2 While justifying the increase in T&D losses projected by the Petitioner, it has been submitted that addition of new grid stations to its system is a major reason in this regard. Secondly there is growth of 6% as per power market survey. In the light of these factors T&D losses could rise to 11.4%, however the Petitioner is claiming 11% T&D loss for FY 2014-15.

8.3 The Petitioner further submitted that the T&D Losses are being determined by the Authority in a mechanical manner without any technical / scientific basis. Therefore, it is not possible for the Petitioner to meet the targets which are being set. There is also no uniformity in the T&D Loss targets set for various DISCOs, and many DISCOs are allowed higher T&D Losses, while the Petitioner's targets are lowered. As a result, recovery of revenue under the tariff becomes impossible, affecting the cash flow of the power sector.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

8.4 In response to the direction of the Authority to carry out study of T&D losses, the Petitioner submitted that it has started the process for carrying out a T&D study at 11 KV and below, however, carrying out such a study is a long process, and is likely to take several months. Keeping in view the same, the Petitioner would request that T&D Losses be set at 11%, which can be adjusted accordingly after the study has been completed.

8.5 At the time of hearing the petitioner further stated that after approval of TORs for study of 11KV and below lines, the expression of interest (EOI) has been called regarding provision of consultancy services for evaluation of technical losses of distribution system and in this regard an advertisement also published in the newspaper dated 09-7-2014, two parties M/S Barqab Consulting Services (Pvt) Limited and M/S Power Planner International Limited had shown their interest and submit their technical and financial proposals on 19-09- 2014. The petitioner further stated that evaluation has been completed and signing of contract agreement is under process, Further more the petitioner in hearing provided the following breakup of losses.

Years	Transmission losses in %	Distribution losses in %	T&D Losses in %
2010-11	1.85%	10.31%	11.97%
2011-12	1.64%	9.75%	11.22%
2012-13	1.55%	9.35%	10.75%
2013 -14 (Actual)	**1.67%**	**9.33%**	**11.00%**
2014 - 15(Projected)	**1.67%**	**9.33%**	**11.00%**

8.6 The Authority had given a clear direction to the Petitioner to reduce its network losses and to carry out study through an independent consultant and based on the study, the Authority shall consider for revising the target of T&D losses. However, the Petitioner has failed to make any progress in this regard and informed the Authority during the hearing that the tender for hiring of consultant has recently opened. It is a matter of great concern for the Authority that in two years time, the Petitioner has not yet been able to finalize contract with any consultant and instead make ambiguous remarks for inability to achieve the losses target set by the Authority.

8.7 During the hearing, the Authority made an observation regarding the statement given by the Petitioner that only local consultants were invited for carrying out the study and international consultants were not included thereof. The Authority showed its concern that local consultants are not equipped to the latest technology therefore there are number of international consultants which offer high quality services for carrying out study of T&D

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

losses should have also been included in the EOI as advertised by the Petitioner. In the light of the Authority's observation, the Petitioner vide Memo No.3308P-921 dated 14-11-2014 intimated the Authority that it is cancelling the already floated tender for consultancy services for the purpose of evaluation of technical losses of its distribution network. While the Authority made it clear to the Petitioner vide its letter NEPRA/R/TRF-100/17133 dated December 31, 2014 that during the hearing it just made an observation that international consultants would have an added competition for carrying out the study which in any case does not tantamount to the cancellation of the already floated tender as otherwise written order by the Authority for such cancellation.

8.8 The History of T&D losses presented by the petitioner and re-produced in table under 9.6 shows that the losses of Petitioner has increased by 0.25% and Petitioner has manipulated the figure and shown increase in technical losses and decrease in distribution losses. The question arises as to why the petitioner's losses have suddenly increased by by the 0.12% in FY 2013-14. The impact of deterioration/extension in distribution system does not mature in a year's time. This implies that either the Petitioner has been misguiding the Authority regarding its actual losses in prior year or is presenting inaccurate figures in FY 2013-14. Based on these findings, the Authority is constrained not to rely on Petitioner's quoted figures of losses (table under para 8.5 above) and continue with its own assessment of losses.

8.9 Consequently, the Authority continue with the previous assessment as explained in detail in para 2.6 of the decision in the matter of Motion for Leave for Review of Petitioner against the determination for the FY 2013-14. The Petitioner's losses target shall remain as 9.98% for the FY 2014-15 till the time it submits a study and the Authority reviews the study and finds it appropriate to revise the target of distribution network.

9. <u>Issue# 4 Whether the petitioner projected power purchase cost of Rs.92,824 million (Rs.12.977/kWh) for the FY 2014-15, is justified as against Actual/ provisional cost of Rs.12.336/kWh for FY 2013-14?</u>

9.1 Discussed under Para # 16.3 below.

10. <u>Issue# 5 Whether the petitioner projected O&M cost of Rs.9,839 million (Rs.1.376/kWh) for the FY 2014-15 based on the Actual/provisional cost of Rs.8,783 million (Rs.1.286/kWh) for FY 2013-14 after accounting for inflation/increments, is justified?</u>

10.1 The Petitioner requested an amount of Rs. 9,839 million on account of Operations and Maintenance (O&M) expenses for FY 2014-15 against provisional O&M expenses Rs. 8,783 million for FY 2013-14 The Authority assessed Rs. 5,832 million for FY 2013-14. The breakup of the O&M expenses provided by the Petitioner is as under:

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

Accounts Head	2012-13 Audited	2013-14 Actual	2014-15 Projected
Salaries, Wages & Benefits	6,247	6,882	7,907
Repair & Maintenance	642	823	901
Travelling Expenses	210	220	250
Vehicle Running Expenses	222	252	286
Other Expenses	350	885	495
TOTAL	**7,670**	**9,062**	**9,839**

Note: Provisional amounts have been replaced with actual amounts after the Petitioner provided audited accounts for FY 2013-14.

10.2 Salaries Wages & Other Benefits

10.2.1 The petitioner in its petition submitted that it has estimated salaries and wages expenses for Rs. 7,907 million for FY 2014-15. The Petitioner submitted following break up ;

Rs. In million

Description	2013-14	% Increase	2014-15
	Actual/Projected		Projected
Salaries	4,712	10%	4,852.61
Benefit Provision	2,170	5%	2,417.10
Replacement as well as New Hiring Due to Ban Lifted by GOP against Vacant Posts	-	-	637.52
Total	**6,882**		**7,907**

10.2.2 While explaining the above table, the Petitioner mentioned that its projected salaries for FY 2014-15 have been worked after accounting for the justified increase as allowed by GoP which are as follows:-

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- Basic Pay for FY 2014-15 has been increased @ 5%.
- Increase@ 10% on basic pay as adhoc relief for 2014 as announced by GOP for said financial year.
- Increase @ 20% on cash medical allowance as announced by GOP for said financial year (BPS 1-15).
- Increase @ 5% in conveyance allowance as announced by GOP for said financial year BPS1-15).

10.2.3 In response to the direction of the Authority to create post retirement fund the Petitioner informed the Authority that it has got approval from its Board of Directors for the creation of Post Retirement Benefit Fund along with the approved balance of Rs. 100 million. The Petitioner further submitted that it has almost completed all formalities for the creation of fund and it is expected that fund would be created in the near future after getting the necessary approval by the BoD.

10.2.4 Rational for directing petitioner to create a separate fund was to ensure that the Petitioner fulfils its legal liability with respect to the post retirement benefits, in the wake of current liquidity crisis being faced by the sector. However, at the same time, the Authority cannot ignore the fact that all the DISCOs who have even created fund in previous years have failed to transfer significant amounts in the fund and have been requesting the Authority to approve provision for retirement benefits in the tariff to assist the DISCOs in meeting the fund transfer requirements. The Authority has, therefore, decided to allow the provision for retirement benefits as recorded in the financial statements for the FY 2013-14 on an upfront basis in FY 2014-15 for XWDISCOs who have created a fund. In addition to this, the Authority shall allow the actual expense in respect of Ex-WAPDA pensioners as per the actuarial valuation submitted by WAPDA hydel to the Authority. The Petitioner shall ensure that the same amount is transferred to the Fund in totality and provide evidence to the Authority in this regard. Only upon submission of evidence, the Authority shall allow actual amounts invested in the fund in future, otherwise, the amount being allowed in this determination shall be deducted from revenue requirement in the FY 2015-16.

10.2.5 The Petitioner stated that due to constant ban on recruitment, acute shortage of staff is adversely affecting the work and progress of the Petitioner. A total number of 3,207 posts in different cadres have fallen vacant due to retirements / transfers / promotions / deaths of GEPCO's Employees. Keeping in view the above circumstances, the matter was taken up with the Secretary Ministry of Water & Power, Government of Pakistan, Islamabad (the "Ministry") vide letter No. 40078 dated 30 January 2012. The Ministry vide letter No. A-III-11(02)2012-GEPCO, dated 10 April 2012 approved recruitment of only the most essential and one-third (1/3) of the total vacancies, subject to the conditions that the Petitioner has

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

to justify to NEPRA that the amount would not be spent on non developmental budget and use the additional staff for more recoveries.

10.2.6 The Petitioner further submitted that it may please be noted that the yardstick for manpower being used is based on the yardstick set by WAPDA in 1986. Despite the structural changes during the last 30 years i.e. increase in length of lines, addition in grid stations, and increase in consumers base etc., the yardstick has not been revised accordingly. It may also be noted that even on the basis of the outdated yardstick, the Petitioner is facing a shortage of approximately 4,422 persons, which is evident from the report of the HR Directorate of the Petitioner. The Authority is requested to accord its approval to replacement / additional hiring as detailed below in table, as without such hiring the Petitioner is unable to improve its efficiency.

S. No	Description	Sanctioned Strength	Working Strength				Deficiency	% age
			Reg.	Contract	Daily Wages	Total		
Officers (BPS - 17 and above)								
a.	Technical	322	228	0	0	228	94	29.19%
b.	Non- Technical	105	76	0	0	76	29	27.62%
	Sub- Total							
Officials (BPS - 01 to 16)								
a.	Technical	12,435	9,690	228	0	9,918	2,517	20.24%
b.	Non- Technical	4,346	2,463	101	0	2,564	1,782	41.00%
	Sub- Total	**16,781**	**12,153**	**329**	**0**	**12,482**	**4,299**	**25.62%**
	Total Manpower	**17,208**	**12,457**	**329**	**0**	**12,786**	**4,422**	**25.70%**

10.2.7 The Authority does not deny the fact that competent and skilled workforce is a pre-requisite for effective operations of GEPCO. Yet, at the same time, the Petitioner has failed to quantify the recruitments with any performance improvement in all these years. The Authority directed the Petitioner in tariff determination of FY 2013-14, to get the strength yard stick of number of employees approved from the Authority, based on the proper justification and its quantified benefits along with a comparison of existing state of affairs. The Petitioner has, vide its letter no. 748/1822-27 dated 11th September, 2014 informed the Authority that its BOD has approved the new hiring of 205 posts in its meeting held on 14th July, 2014 and provided a list of staff. Consequently the Petitioner request for new recruitment of 4,422 personnel in tariff petition in view of fact that same is not supported by any recruitment plan containing cost/benefit analysis based on the best practices is not being considered.

10.2.8 The Authority had, in the previous determination, rejected the certificate submitted by FESCO in respect of reported figure of new recruitments during FY 2009-10 onwards as

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

provided by its Auditors Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants. The Petitioner was directed to correct the deficiencies as noted and resubmit the certificate not later than 31st March, 2014 in the required format. The petitioner during the hearing had stated that the Auditor's certificate will be provided by 30th September, 2014. In order to ensure uniformity of submitted certificate the Authority has finalized a report/ certificate format. The tariff professionals of NEPRA held meeting with the representatives of Petitioner and Auditor (M/s Deloitte & co). The revised format of report as per the applicable International Standard on Auditing (ISA) was agreed and consequently direction was given to all the Ex-WAPDA Discos to submit the required certificate as per the agreed ISA and format of certificate was also shared. However, the Petitioner has not yet submitted the certificate in this regard. The Authority being cognizant of the liquidity problem faced by the power sector has decided to allow the cost of replacement hiring subject to the condition that the petitioner shall provide the requisite certificate along with next tariff petition failing which this cost will be permanently disallowed.

10.2.9 On the issue of retired WAPDA employees before 1998, the Authority in its determination dated Jan 10, 2012, decided to hold separate meeting on the subject whereby the arguments of the Petitioner and WAPDA could be heard in the light of available evidences. Pursuant to which a presentation on the subject was given by the Petitioner on 30th May, 2013 and WAPDA's point of view was also heard separately. Subsequently, a final meeting on the subject was held on 22nd January, 2013. The following concluding and implementations points were emerged out of a long brain storming session;

- The matter not only pertains to the Petitioner but also to all the XWDISCOs, and GENCOs.
- In the light of Business Transfer Agreement (BTA) and subsequent Supplementary Business Agreement (SBTA), Pension SOPs 2002 and subsequent changes thereafter, the issue solely pertains between WAPDA , XWDISCOs and GENCOS.
- The issue has two components, one is the accumulated effect till 30th June, 2012 and the other is the subsequent ownership of these retired employees as the SBTA is not clear on it.
- Since aforementioned agreements were signed mutually between WAPDA and Others hence the Authority directed the WAPDA and Other (including Petitioner) to come up clearly on the settlement modality of accumulated costs in this regard till 30th June 2012 and a way forward for the future payments of these retired employees not later than 30th June, 2013.

10.2.10 During the last year's tariff determination the Petitioner along with other XDWDISCOs did not show any progress in this regard . In view thereof, the Authority decided to take the initiative at its own. In order to thrash out the issue, the Authority reviewed the documents (Business Transfer Agreement, Supplemental Business Transfer Agreement, Pension SOPs, Actuarial valuations at the time of unbundling of WAPDA etc) and held a consultative

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

meeting with the representatives of WAPDA, Executive Director Legal, PEPCO and representatives of Ex-WAPDA DISCOs on 26th June, 2014. During the meeting, WAPDA maintained the stance that this cost needs to be borne by XWDISCOs from whose jurisdiction the pensioner is claiming pension, whereas DISCOs pleaded otherwise. During the meeting, representative of WAPDA and PEPCO referred to an Operation & Development Agreement (ODA) which was submitted vide letter no. MF/56/259 on 1st July, 2014.

10.2.11After reviewing the submitted ODA and the documents mentioned above the Authority identified the following key facts;

10.2.12 **Key Facts of the Case**

The Key Facts of the case are as below;

- That as per the 'Restructuring Reforms and Privatization of WAPDA- Executive Order' 24th October, 1998, WAPDA would only be in charge of water wing and the shares in the companies being set up to control WAPDA's power assets would be in the name of the President of Pakistan. Thus, WAPDA won't be having any interest in the XWDISCOs in the form of investment , once they are privatized.
- That upon unbundling of WAPDA, all the assets were transferred to DISCOs alongwith all related liabilities **with the exception of** post retirement benefit liability. The Accounting standard relevant to this liability, i.e., IAS-19, was not being implemented by WAPDA at the time of unbundling and its financial statements did not reflect any related obligation. Nevertheless, at the time of unbundling, an actuarial valuation was conducted to determine this post retirement liability of employees. The obligation related to existing WAPDA employees was transferred to XWDISCOs, however, the obligation related to retired employees was missed out and not shown in the financial statements of any XWDISCOs or WAPDA (Hydel).

10.2.13 Based on the principles of natural justice and on the fact that had WAPDA adopted IAS-19 at the time of unbundling, the liability of the retired employees would have been transferred to the XWDISCOs as the referred retired employees have served in the formations that are currently part of XWDISCOs. Further, in future WAPDA won't be having any interest in the form of investments, from where it would be generating any additional revenues. In view thereof, it can be fairly concluded that this cost needs to be borne by XWDISCOs.

10.2.14 Here it is pertinent to mention that since XWDISCOs has not booked the said cost in their financial statements. In view thereof, the Authority has principally decided that all cost of the WAPDA retired employees up to 30th June, 2014, would be borne by WAPDA. However, any cost after 30th June, 2014 would be borne by XWDISCOs. Thus, the Petitioner is directed to submit its next tariff petition accordingly.

10.2.15 While assessing the Salaries, wages & other benefits (including post retirement benefits as discussed above), the GOP's recent announcement of 10% increase as adhoc allowance, the impact of replacement hiring carried out during FY 2009-10 and onwards (as discussed

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

above), 5% annual increment, increase in Medical Allowance by 20% for employees in BPS 1-15 and the increase in Conveyance Allowance by 5% for employees in BPS 1-15, along with its effect on other benefits like inflationary increase on free electricity supply to has been accounted for.

10.2.16 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs. 5,954 million on account of salaries, wages and other benefits for the FY 2014-15.

10.3 Maintenance Expenses

10.3.1 The Petitioner requested to allow Rs. 901 million for the FY 2014-15 on account of maintenance expenses against provision amount of Rs.819 million for FY 2013-14. The Authority assessed Rs.544 million for FY 2013-14. While justifying its request the petitioner stated that Repair and maintenance expenses have been increased by 10% in order to cover the inflationary impact and the trend regarding repair/replacement of old transformers and meters. In support of its request the Petitioner could not submit any evidence to justify its claim. However at hearing the Petitioner presented the following comparative breakup of its expenses since FY 2009-10;

Description	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Actual – Rs. Mln	464	476	642	819	901
Determination – Rs. Mln	409	450	495	544	

10.3.2 From the above table it is clear that the Petitioner's projected maintenance expenses are Rs. 901 million which is 65% more than the Authority's allowed amount of Rs. 544 million for the FY 2013-14. The same are 51% higher as compared to actual of Rs. 819 million for FY 2013-14. During the hearing the Petitioner stated that increase in R&M is because of replacement of meters and transformers. Meters were replaced to achieve correct and accurate billing to save the Petitioner from financial loss. A huge number of old transformers have been replaced/repaired resulting into higher maintenance cost.

10.3.3 Keeping in view the impact of inflation, variation in the gross assets in operation due to addition of new consumers, new investments, past trend and comparison with other DISCOs, the repair and maintenance cost of Rs. 626 million has been assessed for the FY 2014-15 in the instant case based on an increase of 15% over the last year's assessed expenses.

10.4 Traveling Expenses

10.4.1 The Petitioner has requested to allow Rs. 250 million on account of travelling expense for the FY 2014-15. The requested amount is about 31 % higher than the Authority's assessed cost of

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Rs. 191 million allowed for the FY 2013-14. This is about 15% higher than the actual cost of Rs.220 million incurred for FY 2013-14.The Petitioner submitted that the travelling expenses have been assumed on the basis of rates of daily allowance increased by Federal Government effective from July 2010 and subsequently rates revision effective from 1st August 2012. In addition, the Petitioner is also making additional hiring in order to account for sever shortfall in its manpower as well as to cater for the new grid stations, therefore it is expected that travelling expense shall increase as a result thereof. During the hearing comparative table was presented with respect to the travelling expenditure:

Description	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Actual – Rs. Mln	122	165	210	220	250
Determination – Rs. Mln	120	138	174	191	

10.4.2 The Petitioner, while requesting the amount of Rs. 250 million for the FY 2014-15, has not substantiated its request with any evidence or details of the actual TA claims, designation wise, pertaining to the last year to justify its requested increase under this head.

10.4.3 Having analyzed the Petitioner's request it was noted that reasonable increase was allowed to the Petitioner every year under this head keeping in view the inflationary trend. Being cognizant of the fact that GOP has not announced any further increase in this account for FY 2014-15, the Petitioner's request cannot be considered as justified. Keeping in view the ever increasing consumer-end rate, the Petitioner needs to enforce financial discipline so that the end-consumers are not unnecessarily burdened for the Petitioner's inefficiencies. Here it is pertinent to mention that only those employees who work in rural sub-divisions and travel for routine maintenance, complaints and night patrolling are entitled for the travelling allowance. In view of the aforementioned reasons, past trend and comparison with other DISCOs, the Authority has decided to allow Rs. 210 million on account of travelling expenses for the FY 2014-15.

10.5 Vehicle Running Expenses:

10.5.1 The Petitioner requested to allow Rs. 286 million under the head of Vehicle maintenance for the FY 2014-15. The actual cost on this account as per the provisional accounts for the FY 2012-13 is Rs. 260 million as against the assessed cost of Rs.220 million for the FY 2013-14. The Petitioner stated that Vehicle running expenses have been increased by ten percent (10%) because of increasing trend in the international oil prices. During the hearing, the Petitioner presented the following comparative table for justification of its claim:-

Description	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Actual – Rs. Mln	186	174	222	260	286
Determination – Rs. Mln	128	187	200	220	

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

10.5.2 To substantiate the projection, the Petitioner stated that the POL prices increased, however the fact remains otherwise as the prices of POL products showing a decreasing trend.

10.5.3 The Petitioner's request and arguments have been considered in the context of service territory of the Petitioner. While making fair assessment the fact that international oil prices showing decreasing trend along with variation in the number of vehicles of the Petitioner have been considered accordingly. However, the petitioner is also expected to adopt efficiency measures to remain within reasonable limit. In view of the aforementioned reason, past trend, the Authority has decided to accept the petitioner's request on account of vehicle running cost to the tune of Rs. 242 million for the FY 2014-15.

10.6 Other Expenses:

10.6.1 The Petitioner requested to allow Rs.495 million for FY 2014-15 with respect to other expenses like rent, rates & taxes, power, light and water, bills collection charges, postage, telephone, office supplies, insurance expense, overhead expenses, auditor's remuneration, NEPRA fee and charges, advertisement & publicity, provision of obsolete stores, miscellaneous expenses etc. The projected expenditure is 10% higher than the provisional expenditure of Rs.450 million for FY 2013-14 and 15% higher than the Authority's assessment of Rs.429 million for FY 2013-14. The Petitioner during hearing also informed about the impact of collection expenses, office supplies and advertisement and utility expenses. The Petitioner has projected 10% increase from its provisional figure for FY 2013-14.

10.6.2 The Petitioner's request has been considered keeping in view the past actual expenses as well as inflationary trend. The Authority while agreeing with the petitioner's argument feels that in view of the prevailing inflation in the country and rupee devaluation it becomes more important to enforce strict financial discipline to keep the increase in costs within reasonable limit so as to avoid unnecessary increase in the consumer-end rate. In view thereof the Petitioner's request in this regard cannot be accepted as such and needs to be rationalized. Accordingly in the instant case, Rs. 472 million has been allowed for the FY 2014-15 on the account of other expenses.

11 Issue# 6 Whether the petitioner proposed depreciation charge of Rs.1,581 million (0.22 /kWh) for the FY 2014-15 as against Actual/ provisional cost of Rs. 1,237 million (Rs.0.18/kWh) for FY 2013-14 after accounting for projected additions to fixed Assets, is justified?

11.1 The Petitioner has requested for approval of Rs. 1,581 million on account of depreciation for the FY 2014-15 against provisional figure of Rs. 1,237 for the FY 2013-14.

11.2 The petitioner stated that during the FY 2013-14, its capitalized fixed assets have been increased by Rs. 7,693 millions therefore the projected depreciation charge for the year 2014-

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

15 will be Rs. 1,581 million as against determined depreciation of Rs. 1,269 million for the FY 2013-14.

11.3 In order to make fair assessment the Authority keeps in view the investment approved by it. After taking into account new investments, the Gross Fixed Assets in Operation for the FY 2014-15 will be Rs. 46,365 million. Accordingly the depreciation charge for the FY 2014-15 has been assessed as Rs. 1,432 million

11.4 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the provisional accounts for FY 2013-14, the Authority has assessed Rs. 659 million as amortization of deferred credit for the FY 2014-15, thus passing on the benefit to this extent to the consumers. Accordingly, the consumers would bear the net depreciation cost of Rs. 773 million (Rs. 1,432-Rs. 659).

12. **<u>Issue# 7 Whether the petitioner projected Return on Regulatory Asset base of Rs.4,026 million (Rs.0.56/kWh) for FY 2014-15 as against the Authority's approved return of Rs.2,149 million (Rs.0.32/kWh) for FY 2013-14, is justified?</u>**

12.1 The return requested by the Petitioner for FY 2014-15 is Rs. 4,026 million using a Rate of Return of 16.36%. The Petitioner has also submitted working of WACC whereby it has assumed the Risk free rate as 12.83% instead of Authority's assessed rate of 9.2%. Furthermore, the Petitioner has estimated cost of debt as 17% as against the rate of interest of 14% used in the matter of other XWDISCOs by the Authority in the tariff determination of FY 2013-14. The debt to equity ratio is taken by the Petitioner as 80:20 as determined by the Authority. Additionally the Petitioner has taken no impact of tax in computation of Cost of debt and submitted that Corporate tax has been treated as a pass-through item. The Petitioner explained that according to NEPRA tariff regime, taxes are a pass through item and are not absorbed by the Company and therefore, there is no tax shield effect and Petitioner is paying the same cost of debt as given above i.e., 17%. The Petitioner further stated that tax rate reduction can only be used when tax is a liability of a Company and it gets a tax shield benefit on interest payment which is not the case with Petitioner whose effective cost of debt is not lowered by tax rate.

12.2 The Petitioner has used 10 years PIB Bond Yield of 12.83% as a risk free rate instead of Authority's assessed rate of 9.2%. The same rate was used by the Petitioner in previous year's tariff petition and the Authority clarified the Petitioner that when a 10 year PIB Bond Yield is taken, it is used keeping in view a maturity period of 10 years and the Authority keeps on monitoring its trend in the secondary markets (along with the historic data from the reference point) in order to assess the ongoing money market conditions. The Authority consequently, decided not to revise the rate considering the tight liquidity conditions and informed the Petitioner that from next year it might think of matching the duration of risk free rate instrument with the duration of the tariff determination. Therefore, the Authority is reassessing the risk free rate of return based on

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

rate of return of Market Treasury bills having a maturity of one year as published by State Bank of Pakistan. The revised rate is 9.45%. As regard the cost of debt, the Petitioner requested the Authority to revise the cost of debt in previous year's tariff petition as well which the Authority denied based on the fact that the review of available financial statements of Petitioner revealed that he has not started making payments of loan and failed to provide term sheet of loan to justify the request. Considering the Petitioner's re-request in the current financial year, the Authority has reviewed the details of loan re-payments submitted with the petition in the forms and audited financial statements of FY 2012-13 of the Petitioner. The Authority has accepted the request and re-worked the cost of debt based on the weighted average cost of debt of all the loans appearing in the financial statements of the Petitioner. Consequently, the rate has been revised to 14.94%. Furthermore, the Authority had been taking post tax cost of debt based on the fact that any tax to be paid by petitioner will be considered as pass through and would be adjusted as per actual payments made on this account. However, since the Petitioner is not taking any benefit of tax shield, as pointed out by him, the cost of debt to be taken in working shall be pre tax i.e., 14.94%.

12.3 All the other factors remaining the same, the WACC has been re-worked as below;

$$ke = RF + (RM — RF) \times \beta$$

$$= 9.45\% + (8\% \times 1.33)$$

$$= 20.09\%$$

The cost of debt is taken as pre tax;

$$kd = 14.94\%$$

$$WACC = [ke \times (E / V)\} + [kd \times (D / V))$$

Where E / V and D / V are equity and debt ratios respectively taken as 20% and 80%;

$$WACC = \{20.09\% \times 20\%\} + \{14.94\% \times 80\%\} = 15.97\%$$

12.4 The Authority reiterates that in its opinion the Rate of return should be reasonable enough to assure the confidence in the financial soundness of the utility company, and should be adequate to maintain and support its credit and enable it to raise money necessary for the proper discharge of public service. From the investor's or the company's point of view it is important that there be enough revenue not only for operating expenses but also for the capital cost of the business including the service of its debt. The Authority further considers that return to the equity should be commensurate with the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

return on investment of other enterprises having comparable risks. Thus, using Post tax rate of return, the Authority has assessed Rs. 3,868.83 million as return on rate base as per the following calculations:

Description	Rupees in Million	
	FY 2013-14 Actual	**FY 2014-15 Assessed**
Opening fixed assets in operation	35,022.00	42,175.19
Assets Additions during the year	7,153.02	4,189.32
Closing Fixed Assets in Operation	**42,175.19**	**46,364.51**
Less: Accumulated Depreciation	11,811.81	13,243.86
Net Fixed Assets in operation	**30,363.38**	**33,120.65**
+ Capital Work in Progress (Closing)	5,415.31	6,283.98
Total Fixed Assets	35,778.69	39,404.64
Less: Deferred Credit	13,197.10	13,537.69
Total	**22,581.59**	**25,866.95**
Average Regulatory Assets Base		**24,224.27**
Return on Rate Base @ 15.97%		**3,868.83**

12.5 Additionally, the Petitioner stated that the Authority takes in to account the gross fixed Assets in operation of the Petitioner less Revaluation Surplus while assessing the Regulatory Assets Base (RAB), hence it does not affect the RORB.

13. <u>Issue# 8 Whether the petitioner projected other income of Rs.2,385 million (Rs.0.33/kWh) for the FY 2014-15 as against the Authority's approved Rs.1,987 million (Rs.0.32/kWh) for the FY 2013-14, is reasonable?</u>

13.1 The Petitioner has projected Rs.2,385 million as other income for the FY 2014-15 against the determined other income of Rs. 1,987 million for FY 2013-14. The Petitioner stated that other Income includes markup on bank deposits, amortization of deferred credit and income from other sources. The Petitioner further stated that Late Payment Charge has been excluded from the total other income of FY 2014-15 as it represents a cover of short term financing cost for the Petitioner.

13.2 The Authority agrees with the break-up of other income as stated by the Petitioner. As regard the issue of late payment charge, it has been under deliberation since two years. In the last year tariff determination, the Authority noted that an agreement for purchase of electricity from CPPA (PSA) exists by the name of Electricity Supply Agreement dated 29th June, 1998 (Agreement) signed between WAPDA and GEPCO and a notation to this agreement is also signed on 28th February, 1999 with NTDC. Furthermore, the examination of the clauses / terms & conditions of the aforementioned PSA revealed that it is sufficient to regulate the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

relationship between the Petitioner and NTDC/CPPA. Consequently, the Authority decided to conduct a detailed and comprehensive brain storming session on the each clause of the contract including all the stakeholders with the relevant professionals of XWDISCOs and CPPA in the discussion.

13.3 Consequently, a committee was constituted from NEPRA professionals to conduct the brain storming session on PSA and two brain storming sessions were conducted during the period after 31st March, 2014. The brain storming sessions were attended by nominees of XWDISCOs and CPPA and it was mutually agreed in the final session that the existing Electricity supply agreement dated 29th June, 1998 (as mentioned above) is valid and the same shall be implemented. Therefore, no need for a new agreement remains. It was also concluded that the XWDISCOs shall be obliged to pay CPPA late payment charge on delay payments of invoice and mutually settle the old outstanding dues in this regard. Resultantly, the Authority hereby directs the Petitioner to enforce the Electricity Supply Agreement, 1998 in letter and Spirit.

13.4 The late payment charge shall be paid to CPPA by DISCOs in accordance with the clause 9.3 (d) of the agreement which states as below:

"Late Payments by WAPDA or the Company, as the case may be, shall bear mark-up at a rate per annum equal to the Base Rate plus four percent (4%) per annum compounded semi-annually, and shall be computed for the actual number of Days on the basis of a three hundred sixty-five (365) Day Year."

13.5 Considering the fact that the payment to CPPA shall be reimbursed from late payment charges recovered from the consumers, the Authority hereby modifies the Terms and Conditions of tariff (Annex-V) to the extent of Late Payment Charge and replaces the point 2 of General Condition of Part -I with the afore stated clause 9.3(d) of the agreement.

13.6 In view thereof, the Authority has assessed Rs. 1,268 million as Other Income for FY 2014-15 which does not include late payment charge and includes amortization of deferred credit.

14. Issue# 9 Whether the petitioner's proposed Investment plan of Rs.5,058 million for the FY2014-15,is justified and keeping in view the prospective benefits as against the Authority's approved Investment of Rs.4,561 million for FY 2013-14?

14.1 The Petitioner has requested Rs. 5,058 million to execute its development/ investment plan for the FY 2014-15 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR), Secondary Transmission & Grid (STG), Enterprise Resource Planning (ERP), Power Distribution Enhancement Investment Program (PDEIP) and consumer financing. The break-up of proposed investment provided by the Petitioner is as under:

<u>Investment</u>

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Particulars	Rs. In Million
DOP	265
ELR	400
ERP	200
6th STG- Own Source	1,100
6th STG- Loans	2,093
Capital contributions/grants	1,000
Total	**5,058**

Financing

Particulars	Rs. In Million
Own sources	1,965
Foreign currency loans	2,093
Capital contributions/grants	1,000
Total	**5,058**

14.2 The Petitioner has submitted following rational of the investment requested:

14.3 Distribution of Power Program (DOP)

14.3.1 The Petitioner submitted that major investment is planned for the construction/ up gradation of old offices/residential buildings, water tanks, boundary walls of various grid stations and other civil works. The total amounts for said works are estimated at Rs. 80 million. The Petitioner further submitted that remaining allocation under DOP amounting to Rs. 185 million is for various works for distribution of power systems updating and extensions, tools & plant etc. To justify the investment under DOP, the Petitioner stated that complete cost/benefit analysis of the works executed has been made during FY 2013-14.

14.4 Energy Loss Reduction (ELR)

14.4.1 The petitioner stated that with the growth in demand on account of new consumers and additional usage of electricity by the existing consumers, the distribution system requires periodic up-gradation in order to avoid distribution system failure. Accordingly regular investment is made in the system Augmentation/Extension and up gradation of HT/LT line system in order to

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

reduce the ever increasing distribution losses being emerging all the times due to continuous increase in the demand.

14.5 6th STG Own Sources

14.5.1 The Petitioner submitted that 132 KV Transmission Lines and Grid Stations are being upgraded and further the detail of ongoing and new projects is as under:-

Rs.(Million)

Completion of FY 2013-14 ongoing works	136
(A). 8 Nos construction of New transmission Lines of 132 KV/ 220KV Grid Stations	564
(B). Augmentation of 7 Nos. Power Transformers from 26MVA to 40MVA & 13 MVA to 40 MVA.	58
(C) . Additions of 8 Nos. of Power Transformers 10/13 MVA	20
(D) . Installation of 11KVA Capacitors	300
Other	24
TOTAL	1,100

14.6 6th STG – Loans

14.6.1 The Petitioner stated that in accordance with the approved PC-1, the GoP has borrowed funds from ADB and the GoP has further re-lent these loans to the Petitioner. The following projects have been awarded on turn-key basis:-

Project Description	**Total Cost Rs. Mln**
ADB-Tranche II	876
Korean Loan Disbursement	359
ADB-Tranche III (Conversation of 66 KVA to 132 KVA G Stations)	766
ADB- Tranche IV (Procurement of Material for Augmentation Power Transformers)	92
Expenditure during FY 2014-15	**2,093**

14.6.2 While explaining the above the Petitioner stated that as per plan, ADB Tranche-II, 02 No's 132 KV (Conversion/New) Grid Stations have been completed along with feeding transmission lines during FY 2013-14 namely Kolotard and Jalal Pur Nau. As per plan, Korean

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Loan 07 No's 132 KV (Conversion/New) Grid Stations Grid Stations will be energized in December-2013 namely Chianali Gujanwala, Old Power House Sialkot, Hafizabad, Pindi bhathian, Phalia, Gujrat and Awan shirif.

14.7 Deposit Works/Capital Contributions:

14.7.1 While justifying the request the Petitioner stated that various works will be carried out against the funds received from the public in the form of deposit works, capital contributions and grants received from government through their MNA's/MPA's under various development schemes amounting to Rs. 1,000 million.

14.7.2 The Authority after careful consideration of the Petitioner's submitted information is of the view that although the Petitioner has provided the detail of several investments that mentions IRRs, NPVs and CB ratios for these investments however, it fails to provide a concrete reconciliation whereby the Petitioner would claim in advance that after carrying out the aforementioned investments, it would achieve a certain efficiency level with respect to T&D losses and customer service in terms of meeting Authority's set Performance standards.

14.7.3 Also, the Authority in previous year's tariff determination approved an investment of Rs. 4,561 million for the Petitioner, based on his request. However, it is the fact that Petitioner's losses have increased from previous years which implies that the investment are not being directed towards the maintenance / rehabilitation of transmission network. Rather, it appears that the amount is being wasted. Consequently, the Authority hereby directs the Petitioner to submit the detail of investment cost undertaken in FY 2013-14 and benefit analysis so that appropriate measure should be taken.

14.7.4 Based on the available record, arguments, evidence and the fact that these allowed investments indirectly affect the annual Return on Rate Base (RORB) for a DISCO, hence, while allowing investments for any control period the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets. Based on the discussions in preceding paragraphs, it is expected that the Petitioner would be able to undertake the investment of Rs. 5,058 million during the FY 2014-15 (including the impact of consumer contributions of Rs. 1,000 million). Here it is pertinent to mention that the existing mechanism of determining RORB is self adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2014-15 (which is desirable), would be catered for in next year's returns.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

15. **Issue# 10 Whether the prior year adjustment calculated by GEPCO amounting Rs. 8,486 million for the FY 2013-14 is Accurate?**

15.1 The Petitioner stated that ever increasing cost of generation, the delayed determination of tariff, monthly fuel price adjustment litigation and complexities, inability of GoP to pass on the determined tariff to the consumers, non-implementation of quarterly adjustment mechanism as given in the tariff determination for the FY 2013-14, are all the factors increasing the circular debt day by day resulting in reducing the generation and increasing the load shedding. The net impact will be the further increased tariff for the FY 2014-15 as worked under the following table;

Summary Prior Year Adjustment 2013-14		
Particulars		**Amount (Rs in Mln)**
	Reference PPP during the FY 2013-14	79,521
	Assessed Distribution Margin for the FY 2013-14	7,263
	Assessed PYA for the FY 2013-14	5,694
	Total Assessed Revenue	**92,478**
Add:	1st Qtr's PPP adjustment pertaining to the FY 2013-14	790
	2nd Qtr's PPP adjustment pertaining to the FY 2013-14	1,149
	3rd Qtr's PPP adjustment pertaining to the FY 2013-14	2,518
	4th Qtr's PPP adjustment pertaining to the FY 2013-14	3,035
Less:	Regulated PPP recovery on notified rates FY 2012-13	-81,250
Less:	Regulated DM recovery on notified rates FY 2012-13	-6,645
Less:	Regulated PYA recovery on notified rates FY 2012-13	-7,741
Add:	Impact of consumer Mix variance for the FY 2013-14	939
Add:	Tax paid during FY 2013-14	10
Add:	Revision of CPPA Final Invoice FY 2010-11	101
Less:	Revision of CPPA Final Invoice FY 2011-12	-794
Add:	Revision of CPPA Final Invoice FY 2012-13	442
Add:	Long term retirement benefits of employees retired before 01-07-1998	238
Add:	Working Capital	3,217
	Net Prior Year Adjustment	**8,486**

15.2 The Authority after careful consideration has assessed the following Prior Period Adjustment;

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

Description	Rs. Million
Notified reference PPP during the FY 2013-14	76,692.38
Assessed Distribution Margin for the FY 2013-14	7,263.24
Assessed PYA for the FY 2013-14	5,315
Add; 1st Qrt's PPP adjustment pertaining to the FY 2013-14	583.25
Add; 2nd Qrt's PPP adjustment pertaining to the FY 2013-14	2,192.3
Add; 3rd Qrt 's PPP adjustment pertaining to the FY 2013-14	2,915.72
Add; 4th Qrt's PPP adjustment pertaining to the FY 2013-14	1,821.27
Less; Regulated PPP recovery on notified rates during the FY 2013-14	81,283.48
Less; Regulated DM recovery on notified rates during FY 2013-14	6,668.28
Less; Regulated PYA recovery on notified rates during FY 2013-14	7,756.74
Add; Net impact of assessed & actual Other Income for the FY 2013-14	277.45
Add; Impact of Consumer — Mix Variance for the FY 2013-14	(47.44)
Total Uncovered Costs for the FY 2013-14	749.90

16. <u>Issue# 11 Whether the Proposed revenue requirements of Rs. 114,371million at an average sale rate of Rs.15.99/kWh for the FY2014-15, is justified as against Authority's approved revenue requirement of Rs. 92,477 at average sale rate of Rs.14.98/kWh for the FY2013-14?</u>

16.1 Annual Revenue Requirement comprises of the following:

1. Power Purchase Price
2. Impact of T&D Losses
3. Distribution Margin
   i) O&M Expenses
   ii) Depreciation, RORB and Other Income
4. Prior Year Adjustment

16.2 For the assessment of annual revenue requirement each component of average tariff is discussed in detail in the previous paragraphs. However, the remaining components are discussed below;

16.3 Power Purchase Price (PPP)

16.3.1 The Petitioner has requested for a Power Purchase Price (PPP) of Rs. 11.55/kWh. As per the Petitioner, the projection is based on an increase of 5% over the Power Purchase Price of the Previous Financial Year. The Petitioner submitted the component wise detail as below:

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Description	Amount (Rs. in Million)	Rate Rs. /kWh*
Energy transfer Charges	67,955	8.45
Capacity Transfer Charges	22,758	2.84
Use of System Charges	2,111	0.26
	92,824	**11.55**

* Rate is unadjusted price /kWh

16.3.2 All the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA) on behalf of DISCOs at the rates as per the Power Purchase Agreements (PPAs) as per the Authority's determination. The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government in the Official Gazette. The Power Purchase Price has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly adjustments with respect to Capacity and Transmission Charges.

16.3.3 From all the available sources i.e. hydel, thermal-gas, RFO, nuclear, coal and imports, a total gross of 95,892 GWh power is expected to be generated during the FY 2014-15. The estimated/projected source-wise generation and cost of electricity is given in the following table:

Description	Generation		Energy Charges	
	GWh	Share	Rs. Million	Share
Hydel	32,294	34%	3,224	0.46%
Coal	112	0.12%	419	0.06%
HSD	1,653	2%	32,888	5%
Thermal - RFO	37,277	39%	541,622	77%
Thermal - Gas	18,341	19%	101,684	14.50%
Nuclear	4,402	5%	5,820	0.83%
Mixed	1,108	1%	11,283	1.61%
Import from Iran	419	0.44%	4,416	0.63%
Wind	263	0.27%	0.5879	0.0001%
Bagasse	23	0.02%	143	0.02%
Total	95,892	100%	701,499	100%

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Capacity Charge	228,145	
Total Generation Cost	929,644	

16.3.4 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges. But as per the tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of quarterly adjustment. From the above table it is clear that 39% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is expected to be around 77%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end tariff. The RFO prices over the last year have shown a highly decreasing trend. During the FY 2013-14, the RFO price was projected at an average of Rs. 80,748 [excluding Sales Tax and including freight] per metric ton, whereby the RFO prices during the five months of the FY 2014-15 have remained an average of Rs. 69,610 [excluding Sales Tax and including freight] per metric ton and touched a low of Rs. 59,392 per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the Pak Rupee devaluation. Based on the international market condition, it can be presumed that this lower trend shall continue in the next seven months to come, consequently, for the FY 2014-15, RFO prices have been assumed on an average of Rs. 65,769 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. Following the previous generation trend, approximately 2% generation is expected to be generated on HSD due to the ongoing shortage of gas supply. The aforementioned generation is assumed in the light of ECC decision in the matter of Sapphire, Halmore, Orient and Saif whereby one turbine of these plants would run on HSD throughout the year. For the FY 2014-15, the HSD prices are being assumed on an average of Rs. 93.45 per litre [excluding Sales Tax]. The actual HSD price in first five months of FY 2014-15 remained on average Rs. 93.17 per litre. The gas prices are projected to increase by 30% w.e.f., July, 2014 based on an upcoming notification of OGRA that has been delayed due to unrest political situation in the Country. Consequently, the gas prices have been increased by 30% to Rs. 634.70/MMBTU for the entire FY 2014-15.

16.3.5 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority in its latest determination with respect to NTDC.

16.3.6 NTDC shall charge the DISCOs formed consequent to the unbundling of WAPDA (termed as XWDISCOs) and K-Electric a transfer charge for procuring power from approved generating companies (termed as CPGENCOs) and its delivery to DISCOs for a billing period as under:

XTC = XCTC + XETC

Where:

XTC = Transfer charge to XWDISCOs & KESC

POWER REGULATORY NATIONAL ELECTRIC AUTHORITY
NEPRA
AUTHORITY

XCTC = Capacity Transfer Charge to XWDISCOs & KESC

XETC = Energy Transfer Charge to XWDISCOs & KESC

$$XCTC = \frac{CpGenCap + USCF}{XWD}$$

Where:

(i) CPGenCap = the summation of the capacity cost in respect of all CPGencos in Rs for a billing period minus the amount of liquidated damages received during the month.

(ii) XWD = the sum of the maximum demand of the XWDISCOs & KESC in kW recorded during a billing period at all the delivery metering points at which power is received by the XWDISCOs & KESC.

(iii) USCF = the fixed charge part of the use of system charges in Rs per kW per month.

$$XETC = \frac{CpGenE\ (Rs)}{XWUs\ (kWh)}$$

Where:

(i) CPGenE = the summation of the variable charge rate (Rs per kWh) approved for each of the CPGenCOs times the energy in kWh procured from the respective CPGENCO during the billing period.

(ii) XWUs = the summation of the energy units (kWh) recorded at the delivery metering point of all the XWDISCOs & KESC during a billing period.

16.3.7 Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses up to a maximum of 3%. NTDC shall, for the purpose of clarity intimate to all DISCOs the generation part of the Transfer Charge during a billing period by deducting from the Transfer Charge the Transmission Charge or Use of System Charges.

16.3.8 According to the above mechanism Rs. 22,296 million and Rs. 2,009 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2014-15. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs. 24,305 million, which translate into Rs.3.17/kWh.

16.3.9 The annual PPP for the FY 2014-15 in the instant case works out as Rs. 81,834 million. With the projected purchase of 7,664 GWh for the same period the average PPP turns out to be as

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Rs. 10.68/ kWh (Annex – IV). On the basis of 9.98% T&D losses, the PPP per kWh is assessed as Rs. 11.86/kWh.

16.4 Distribution Margin (DM)

16.4.1 The DM in the instant case has been assessed as Rs. 11,537 million on the basis of assessment of O&M cost, Other Income, depreciation and RORB in the preceding paragraphs.

16.5 Revenue Requirement

16.5.1 Based on the assessments made in the preceding paragraphs the Revenue Requirement for the FY 2014-15 is assessed as per the following details;

1.	Power Purchase Price		Rs. 81,834 Million
	CpGenE	Rs. 57,529 Million	
	CpGenCap	Rs. 22,296 Million	
	USCF	Rs. 2,009 Million	
2.	Distribution Margin		Rs. 11,537 Million
	O&M Cost	Rs. 7,504 Million	
	Depreciation	Rs. 1,432 Million	
	RORB	Rs. 3,869 Million	
	Gross DM	Rs. 12,805 Million	
	Less: Other Income	Rs. 1,268 Million	
	Net DM	**Rs. 11,537 Million**	
	Prior Year Adjustment		Rs. 750 Million
	1st Quarter Adjustment		Rs. 865 Million
	Total Assessed Revenue Requirement		**Rs. 94,986 Million**

16.5.2 Based on the projected sales of 6,899 GWh for the FY 2014-15, the Petitioner's average sale rate works out as Rs. 13.7682/kWh, consisting of Rs. 11.86/kWh of adjusted PPP, Rs. 1.67/kWh of DM, Rs. 0.11 /kWh of Prior Year Adjustment and Rs. 0.13 /kWh for 1st quarter adjustment.

16.5.3 This revenue would be recovered from the consumers during the FY 2014-15, through the projected units of 6,899 GWh, as per Annex – II.

17. <u>Issue# 12 Whether the existing service delivering structure of circles, divisions and sub-divisions etc can provide satisfactory services for supply of electric power to the consumer with the substantial expansion in the system?</u>

17.1 The Petitioner submitted that to provide satisfactory supply of Electricity to consumers, it has prepared the 5 years Integrated Generation, Transmission, Distribution Expansion Plan (IGTDEP) in collaboration with USAID and also submitted the same to the Authority. The

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

Petitioner further submitted that in case of approval of this plan, system would be expanded with two new circles which will result in better serving of consumers at their doorstep.

17.2 It is quite pertinent to mention here that Faisalabad Electric Supply Company (FESCO) and Lahore Electric Supply Company (LESCO) raised requests for creation of new circles, divisions and sub-divisions in the tariff petitions for FY 2013-14. The Authority directed both the DISCOs to take appointments for a separate presentation on this issue and deferred the decision till that time. Also, the Authority made this issue a matter for discussion for all XWDISCOs in the tariff petition for the FY 2014-15. All the XWDISCOs including the Petitioner were directed to file comments on the matter vide letter no. NEPRA/R/SAT-I/TRF-100-DISCOs/13653-61 dated 31st October, 2014.

17.3 Although the Petitioner submitted the plan for expansion but the Petitioner has not responded to the letter as yet and consequently, the Petitioner is directed to submit comments and proposal on this issue along with the expansion plan for consideration of the Authority along with next tariff petition.

18. <u>Issue# 13 Whether the existing financial, administration and technical powers concentrated at different layers of hierarchy is required to be developed in order to provide better services from the door step of the consumer?</u>

18.1 In response to the issue, the Petitioner submitted that the Petitioner's existing organizational structure is providing satisfactory supply of electricity to the consumers and working efficiently.

18.2 The issue has been taken up subsequent to FESCO's request for new circles in a meeting held on 9th July, 2014, and additionally requested the Authority to consider its proposal for dissolution of powers to lower hierarchy of employees so that responsibility can be shared and delays in processing can be avoided.

18.3 Consequently, FESCO has forwarded its proposal in writing, the same is under consideration and comments are sought from other XWDISCOs to decide on the matter in the next year's tariff determination.

19. <u>Issue# 14 What are the concerns of Petitioner on TOU metering of cellular company connections and similar connections?</u>

19.1 The matter of TOU Metering of cellular companies and the resulting losses claimed by DISCOs was raised by IESCO in the tariff petition for the FY 2012-13 and the Authority sought comments of all XWDISCOs in this regard in the tariff determination hearings of FY 2013-14. All the XWDISCOs agreed to the concern of IESCO and consequently, the Authority decided to conduct a separate hearing on this issue, ensuring that all the stakeholders are taken on board.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

19.2 Based on the Authority's decision, a hearing was held on 8th July, 2014, under a suo motto proceeding, inviting all the stakeholders. The hearing was attended by representatives of IESCO and legal representatives of Cellular Companies. The representatives of IESCO reiterated their stance and requested the Authority to discontinue the installation of TOU meters on these connections. Whereas, the legal representatives of Cellular companies objected to the proceedings and demanded that evidence of losses being faced by XWDISCOs should be produced and reviewed by cellular companies before they give any justification / evidence. The legal representatives further objected to the suo motto proceedings and named it as a brain storming session which needs to be followed by examination of evidence by cellular companies and further hearing opportunity. The legal representatives of IESCO objected to the concerns of cellular companies' representatives and offered to present all the facts to the Authority. The Authority, during the hearing, directed both XWDISCOs and cellular companies to provide their evidences in this regard.

19.3 The parties to the proceedings have failed to submit any evidence before the Authority in support of their claim both during and after the hearing. The Cellular companies like Telenor, Mobilink and Ufone through their Counsel, M/s Aqlal Advocates later on submitted Motions in the matter of Suo moto proceedings vide letter dated 25th July, 2014 and made the following submissions;

- The respondent is unable to file proper evidence without the pleadings and summary of evidence of IESCO;
- Contrary to Authority's understanding, there is no technical capability in the network operations centre (NOC) of the respondents to measure and record the peak vs off-peak consumption of the BTS sites;
- The consumption data as submitted with the motion shows lower consumption in peak hours and is available with IESCO. Consequently, Authority is requested to seek such data from IESCO and share the same with the Respondents for them to be able to file counter-comments thereon before the Authority proceeds to accept and act upon such IESCO data.
- Rule 9(9) and 9(15) of the Tariff Standards and Procedure Rules, 1998 provides for establishing a detailed schedule for the orderly disposition of the proceeding, entailing, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters. Thus the instant proceedings have been conducted without summaries of evidence, any discovery, interrogatories or pleadings of the parties which precludes the Respondents from meaningful participation in the proceedings by presenting their case properly and effectively.

19.4 Based on aforementioned, the Petitioner sought the following relief;

POWER REGULATORY NATIONAL ELECTRIC AUTHORITY NEPRA AUTHORITY

- A detailed schedule for the orderly disposition of the proceeding, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters be established before further proceedings;

- After collection of all requisite evidence and giving adequate opportunities to the parties to consider and, if required, object to such evidence, declare close of evidence before the next hearing.

19.5 Although some initial information was provided by one on the Telecom sector company, however most of them went to the higher courts against the suo motto proceeding initiated by the Authority. The Honorable Islamabad High Court, dismissed their petition and the same was challenged before the Supreme Court of Pakistan. The decision of the Honorable Supreme Court is reproduced as here under given as hereunder;

" This petition is, therefore, converted into appeal and is allowed. Consequently the impugned judgment dated 22.07.2014 is set aside. This however shall not prevent NEPRA from furnishing the information relevant to the notice issued in the press and to proceed with the hearing after adhering to the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rule, 1980."

19.6 In view of aforementioned, the Authority would proceed on the matter, in accordance with the decision of the Honorable Supreme Court.

20. Issue# 15 What are the concerns of Petitioner on changing terms and conditions of lifeline consumers and Residential consumers?

20.1 The Petitioner submitted that all Residential consumers having single phase connection, sanctioned load of 1 kW having average consumption of 50 units for 6 months consecutively to be treated as lifeline. Initially the matter of changing terms and conditions of lifeline and residential consumers was raised by Islamabad Electric Supply Company (IESCO) in the tariff petition for the FY 2012-13 and the Authority took comments of all XWDISCOs on the matter during the tariff determination process for the FY 2013-14. All the XWDISCOs agreed to the concern of IESCO and consequently, the Authority decided to conduct a separate hearing on this issue, ensuring that all the stakeholders are taken on board.

20.2 The hearing on this matter was scheduled on 8th July, 2014, inviting all the stakeholders, under a suo motto proceedings initiated by the Authority. The hearing was attended by representatives of IESCO and LESCO. The representatives of IESCO reiterated their stance and requested the Authority to modify the terms and conditions in the interest of well being of the consumers. No comments / intervention against the proposal were received. Consequently, the Authority proposes following modification to the terms and conditions of lifeline and residential consumers in Annex-V;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- The criteria for Lifeline consumers is modified to only those residential consumers having single phase electric connection with a limited sanctioned load upto 1 kW and consumption of less than 50 units.
- A floating average of six months consumption of lifeline consumers should not exceed 50 units.
- In case of detection billing under the category of lifeline consumers 1 year average floating billing must be less than 50 units.
- All government offices, educational institutes and mosques should be removed from the category of residential consumers.

20.3 Although the Authority has completed its consultative process but it still feels that before modifying the Terms & Conditions further analysis as to how much consumers will be reduced on monthly basis along with it financial implication from the Petitioner needs to be obtained. Accordingly the Petitioner is directed to give comments on the proposal before the next year's tariff petition for the settlement of this issue and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.

21. **Issue #16. Future tariff determination methodology with respect to the consumer end tariffs of XWDISCOs.**

21.1 Tariff Methodology for the FY 2014-15.

21.1.1 As per the Petitioner's petition and existing Tariff Methodology, the Authority has decided to continue with the determining of revenue requirement on annual basis and continue with the practice of projecting monthly PPP references, for the FY 2014-15 as;

- Lesser revenue is generated in winter which is compensated by higher revenue generated in the summer;
- Changes in generation mix resulting in lower PPP in wet seasons (with greater hydel generation) compensating high PPP in winter (with greater generation reliance on RFO);
- There is huge variation in T&D Losses due to seasonal fluctuation.

21.1.2 However, certain adjustments like impact of losses, variation in capacity transfer price and UoSC, impact of extra or lesser purchases of units would be made on quarterly basis for the FY 2014-15, as per the existing practice. Thus, following components of tariff are subject to annual assessment for the FY 2014-15;

- Assessment of T&D losses target.
- Assessment of Sales target.
- Impact of Consumer mix variance.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- Month wise assessment of reference values with respect to PPP (including energy, capacity & transmission charges).
- Impact of extra and lesser units purchased.
- Assessment of Distribution Margin, and ;
- Assessment of prior period assessment, if any.

21.1.3 The Petitioner may file a review on the Authority's assessment as per Rules.

21.2 Quarterly Adjustments

21.2.1 The quarterly adjustments would also be done for the FY 2014-15 as per the following scope. Thus, the scope of quarterly adjustments would be limited to;

1. The adjustments pertaining to the capacity and transmission charges.
2. The impact of T&D losses on the components of PPP.
3. Adjustment of Variable O&M as per actual.

21.3 Monthly Fuel Adjustments

21.3.1 The existing practice with respect to the adjustments on account of variation in fuel cost component of PPP on monthly basis would continue for the FY 2014-15. This adjustment reflects in the consumers' monthly bill as Fuel Adjustment Charge.

21.3.2 In view of any abnormal changes the Authority may review these references along with any quarterly adjustment. Here it is pertinent to mention that PPP is pass through for all the DISCOs (variable cost) and its monthly references would continue to exist irrespective of the financial year, unless the new Schedule of Tariff (SOT) is notified by the GOP. The recovery of fixed cost Distribution Margin & Prior Year Adjustment (DM & PYA) would also be done on the currently notified regulated sales.

21.4 Future Tariff Methodology for the FY 2015-16 and onwards .

21.4.1 The Authority is in the process of notifying the future tariff methodology pertaining to the FY 2015-16 and onwards. The Authority, while devising the aforementioned , has used a participatory approach whereby the process was started in December, 2013 . The first draft of the methodology was uploaded on the website for comments on 20th February, 2014 inviting all the stakeholders to submit their comments. After incorporating the relevant comments, the Authority again uploaded the revised version of the draft on 12th August , 2014 for any additional comments/concerns . An advertisement in this regard was also published on 12th August , 2014, intimating all the stakeholders about the uploading of the document on NEPRAs website. Further, individual letters were also send to all the stakeholders considered to be affected, seeking their comments on the document.

21.4.2 The Authority after going through all the available documents and record , has finalized the aforementioned document and is in the process of notifying it , All the XWDISCOs are

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

directed to submit their future tariff petition in accordance with the notified tariff methodology.

21.5 Tariff based on Cost of Service Study model

21.5.1 The Power Development Program (PDP) of USAID has conducted a cost of service study for few DISCOs (IESCO, MEPCO, FESCO, LESCO and GEPCO) named as Fully Allocated cost of service study. This cost of service study is based on computation of cost of providing electricity to each consumer class and thereafter allocating the cost to each category and computation of tariff thereof. This study is based on international best practices and aims to map all the consumers of each DISCO with the cost centres and power distribution levels. The purpose of this study is to arrive at cost reflective tariffs giving proper price signals to the customers and to standardize the tariff-setting methodology and make it more understandable and agreeable.

21.5.2 The cost allocation model is based on certain standard assumptions as below;

- Energy Cost is 100% allocated on the basis of each customer class share in the total energy (kWh) received by DISCO at CDP points;
- Capacity Cost and Transmission cost is 100% allocated in the ratio of each customer class peak demand (kW) to the DISCO's computed peak demand.
- O&M cost to the extent of Repair and Maintenance, Depreciation, working capital (if any) and Other income is allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) in accordance with the proportionate share of assets deployed to provide service at that voltage level divided by the total assets deployed for power distribution.
- Advertising expense and bill collection charges are allocated 100% on the basis of proportionate number of Customers in each customer class to the total number of customers.
- Remaining heads of O&M cost, i.e., Salaries, wages and other miscellaneous expenses are allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) based on the allocated distribution margin (excluding advertising, bill collection and administrative expenses) for that voltage level divided by DISCO's total distribution margin (excluding advertising, bill collection and administrative expenses).
- Other income and amortization of deferred credit is allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) based on the allocated distribution margin (excluding administrative expenses) for that voltage level divided by DISCO's total distribution margin (excluding administrative expenses).
- Prior year adjustment is allocated on the basis of respective share of each customer category in every functionally classified item.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

21.5.3 Based on these assumptions and actual data, a model has been worked out by PDP team and shared with NEPRA to assess the tariff based on cost of service. GEPCO has also submitted the consumer end tariff computation based on this model.

21.5.4 The Authority has carefully evaluated the study conducted by the PDP Team and appreciates its efforts in this regard. The Authority sees that the Petitioner has complied with the directions of the Authority. This cost of service will be used to assess consumer category wise cross subsidization , which would help in minimizing tariff distortions if any , among the consumer categories.

22. Summary of Directions

22.1 The summary of all the directions are hereunder;

- To print bills with the snap shots of meter readings (both previous and current) not later than 30th April, 2015.
- To submit its investment requirements for the implementation of Hand Handled Units (HHU) along with its completion timelines with its next tariff petition.
- The Authority had directed DISCOs vide Registrar's letter dated 21.12.2012 to submit their plans regarding introduction and expansion of Automatic Meter Reading System (AMR). DISCOs were also required to submit progress reports on NEPRA's directions. Subsequently vide letter No. NEPRA/R/L/LAD-21/9016-26 Dated 7th August 2014, the Authority also directed DISCOs to install AMR and Automatic Metering Infrastructure (AMI) at all of their Common Delivery Points (CDPs). It is noted that except for initiating certain pilot projects, DISCOs have not been able to show serious efforts on the installation of AMR and AMI systems.
    - The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is absence of any mechanism for tracking of electricity flow from the points of their electricity purchases (CDP) down to the final consumer. A reliable metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 400 and 230 volts is therefore critical for not only elimination of theft, unaccounted for electricity and diagnosing technical problems, such systems would also enable NEPRA in analyzing DISCOs genuine investment requirements. Consequently reduction in losses would help save billion of rupees annually and support GOP's efforts in eliminating circular debt. Reportedly the results through the model projects have been quite encouraging and noticeable reductions in the losses have been observed.
    - The Authority therefore directs all DISCOs as follows:
        - To install AMR and AMI at all of their CDPs by December 31, 2015.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

  - To install AMR and AMI on the receiving end of at least 30% of their 11 kV feeders (as existing on 30 June 2014) by 31st December 2015 and remaining 70% till June, 2016.
  - To initiate and install AMR/AMI at the consumer level in at least 10 of their high loss making subdivisions by 31st December, 2015 and remaining 70% by 30th June 2016.
- To provide break-up of receivables with aging and nature of receivables and a concrete plan of their recovery not later than 30th April, 2015.
- To get its strength yard stick approved by the Authority based on proper justifications and its quantified benefits
- To share the details of late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15. The information must be submitted before the next tariff petition is filed
- The Petitioner is directed to give comments on the proposal of lifeline consumers before the next year's tariff petition. and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.
- To complete study of its Transmission and Distribution losses on 132 KV , 11KV and below .
- To submit the details of investment expense undertaken in the FY 2013-14.
- To transfer amount in the post retirement benefit fund and claim the amount so transferred from the Authority in the next year's tariff determination by submission of evidence of transfer of amount.
- To submit a recruitment plan for the requested hiring of staff containing cost/benefit analysis based on best practices.
- To submit the certificate of replacement hiring before the finalization of the tariff determination pertaining to the FY 2015-16
- To submit its investment requirements for the implementation of the said plan along with the completion timelines along with its next tariff petition.
- To provide break-up along with the nature of receivables and a concrete plan of their recovery not later than 30th April, 2015.

- to submit comments and proposal along with the expansion plan for consideration of the Authority regarding existing service delivering structure of circles, divisions and sub-divisions etc with next tariff petition.
- To take a separate presentation on Cost of Service Study along with PDP team and requesting Authority for appointment in advance.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

23. ORDER

23.1 From what has been discussed above, the Authority hereby determines the tariff of the petitioner Company for the Financial Year 2014-15 as under:-

I. Gujranwala Electric Power Company Ltd., (GEPCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for GEPCO annexed to the determination.

II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA.

III. GEPCO is allowed to charge the users of its system a "Use of system charge" (UOSC) equal to:

i) Where only 132 kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.01)} \quad Paisa/kWh$$

ii) Where only 11 kV distribution systems is involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.05)} \quad Paisa/kWh$$

iii) Where both 132 kV and 11 kV distribution systems are involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.06)} \quad Paisa/kWh$$

Where:

Distribution Margin for FY 2014-15 is set at Rs 1.67/kWh. 'L' will be the overall percentage loss assessment for the year set at 9.98% for FY 2014-15.

IV. The residential consumers will be given the benefit of only one previous slab.

V. The Order part, Annex-I, III, IV,V & VII annexed with determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

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

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

Where:

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

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA 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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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Gujranwala Electric Power Company (GEPCO)
Estimated Sales Revenue on the Basis of New Tariff

(0)

Description	Sales GWh	Sales Mix	Tariff (NEPRA) Fixed Charge Rs./kW/Month	Tariff (NEPRA) Variable Charge Rs./ kWh	Revenue (as per NEPRA) Fixed Charge Rs.Million	Revenue (as per NEPRA) Variable Charge Rs.Million	Revenue (as per NEPRA) Total
Residential							
Up to 50 Units	269	3.90%		4.00	-	1,076	1,076
For peak load requirement less than 5 kW							
01-100 Units	1,789	25.94%		11.82	-	21,140	21,140
101-300 Units	1,341	19.44%		14.00	-	18,779	18,779
301-700Units	359	5.20%		17.00	-	6,098	6,098
Above 700 Units	71	1.03%		19.00	-	1,354	1,354
For peak load requirement 5 kW & above							
Time of Use (TOU) - Peak	3	0.05%		19.00		66	66
Time of Use (TOU) - Off-Peak	14	0.21%		13.00		186	186
Total Residential	**3,847**	**55.77%**			-	**48,699**	**48,699**
Commercial - A2							
For peak load requirement less than 5 kW	247	3.582%		19.00	-	4,695	4,695
For peak load requirement 5 kW & above							
Regular	12	0.17%	400.00	15.00	37	180	217
Time of Use (TOU) - Peak	38	0.55%	-	19.00	-	723	723
Time of Use (TOU) - Off-Peak	145	2.10%	400.00	13.00	564	1,879	2,443
Total Commercial	**442**	**6.40%**			**601**	**7,478**	**8,079**
Industrial							
B1	118	1.71%		14.50	-	1,706	1,706
B1 Peak	47	0.68%		19.00		897	897
B1 Off Peak	229	3.32%		13.00		2,980	2,980
B2	80	1.16%	400.00	14.00	133	1,124	1,258
B2 - TOU (Peak)	97	1.40%	-	19.00	-	1,839	1,839
B2 - TOU (Off-peak)	515	7.47%	400.00	12.80	1,117	6,593	7,710
B3 - TOU (Peak)	42	0.61%	-	19.00	-	802	802
B3 - TOU (Off-peak)	816	11.83%	380.00	12.70	771	10,368	11,139
B4 - TOU (Peak)			-	19.00	-	-	-
B4 - TOU (Off-peak)	-	0.00%	360.00	12.60	-	-	-
Total Industrial	**1,945**	**28.19%**			**2,021**	**26,309**	**28,330**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts - less than 5 kW	0	0.00%		15.00	-	4	4
C1(b) Supply at 400 Volts - 5 kW and upto 500 KW	5	0.07%	400.00	14.50	4	74	78
Time of Use (TOU) - Peak	1	0.01%		19.00	-	10	10
Time of Use (TOU) - Off-Peak	2	0.04%	400.00	13.00	2	32	35
C2 Supply at 11, 33 kV upto & including 5000 KW	111	1.60%	380.00	14.30	89	1,582	1,671
Time of Use (TOU) - Peak	2	0.04%		19.00	-	47	47
Time of Use (TOU) - Off-Peak	8	0.12%	380.00	12.80	8	102	111
C3 Supply at 66 KV & above and sanctioned load above 5000 KW	-	**0.00%**	360.00	14.20	-	-	-
Time of Use (TOU) - Peak	-	**0.00%**		19.00	-	-	-
Time of Use (TOU) - Off-Peak	-	**0.00%**	360.00	12.70	-	-	-
Total Single Point Supply	**129**	**1.8759%**			**104**	**1,851**	**1,954**
Agricultural Tube-wells - Tariff D		0					
Scarp	4	0.06%		14.50	-	64	64
Agricultual Tube-wells	71	1.03%	200.00	14.00	65	992	1,056
Time of Day (TOD) - Peak	57	0.82%	-	19.00	-	1,075	1,075
Time of Day (TOD) - Off-Peak	233	3.38%	200.00	12.70	241	2,965	3,206
Total Agricultural	**365**	**5.29%**			**305**	**5,095**	**5,401**
Public Lighting - Tariff G	7	0.10%		14.00	-	101	101
Tariff H - Residential Colonies attached to industries	1	0.02%		14.00	-	17	17
Special Contracts - Tariff K (AJK)	162	2.35%	360.00	14.00	133	2,272	2,405
Time of Day (TOD) - Peak		0.00%		19.00			
Time of Day (TOD) - Off-Peak		0.00%	360.00	12.70			
Total	**171**	**2.47%**			**133**	**2,389**	**2,523**
Total Revenue	**6,899**	**100.005%**			**3,165**	**91,821**	**94,986**

Annex-III

SCHEDULE OF ELECTRICITY TARIFFS FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-	4.00	
	For Consumption exceeding 50 Units			
ii	1 - 100 Units	-	13.26	
iii	101 - 300 Units	-	16.90	
iv	301 - 700 Units	-	17.90	
v	Above 700 Units	-	19.00	
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	19.00	13.50

As per the Authority's decision residential consumers will be given the benefits of only one previous Under this tariff, there shall be minimum monthly charges at the following rates even if no energy is consumed.

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

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW		19.00	
b)	For Sanctioned load 5 kW & above	400.00	16.00	
			Peak	Off-Peak
c)	Time Of Use	400.00	19.00	13.50

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

4-5

SCHEDULE OF ELECTRICITY TARIFFS FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
B1	Upto 25 kW (at 400/230 Volts)	-		15.50
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		15.00
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		19.00	13.50
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	19.00	13.30
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	19.00	13.20
B4	For All Loads (at 66,132 kV & above)	360.00	19.00	13.10

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.
For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.
For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSUMER CLASS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		16.00
b)	Sanctioned load 5 kW & up to 500 kW	400.00		15.50
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		15.30
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		15.20
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	19.00	13.50
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	19.00	13.30
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	19.00	13.20

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

46

SCHEDULE OF ELECTRICITY TARIFFS
FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
D-1(a)	SCARP less than 5 kW	-		15.50
D-2	Agricultural Tube Wells	200.00		15.00
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	19.00	13.20

Under this tariff, there shall be minimum monthly charges Rs.2,000/- per consumer per month, even if no energy is consumed.

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	19.00
E-1(ii)	Commercial Supply	-	19.00
E-2	Industrial Supply	-	14.50

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

125% of relevant industrial tariff

Note:

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

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Street Lighting		15.00

There shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

SCHEDULE OF ELECTRICITY TARIFFS
FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Residential Colonies attached to industrial premises	-	15.00

K - SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
	Azad Jammu & Kashmir (AJK)	360.00	15.00	
			Peak	Off-Peak
	Time of Use	360.00	19.00	13.20

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-IV

GEPCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	774	803	805	663	570	559	478	496	502	535	726	754	7,664

kWh

Fuel Cost Component	6.4933	6.4562	6.4326	7.3369	7.3040	8.1037	9.8670	7.2603	8.0985	7.6273	6.7764	6.8283	**7.238**
Variable O & M	0.2436	0.2429	0.2295	0.2574	0.2667	0.2961	0.3118	0.2901	0.3050	0.2977	0.2762	0.2621	**0.269**
CpGenCap	2.8141	2.4841	2.5197	2.4236	2.8018	3.1044	4.9497	3.0514	3.4188	3.0242	2.5986	2.7306	**2.9092**
USCF	0.2698	0.2435	0.2431	0.2278	0.2507	0.2725	0.4241	0.2572	0.2763	0.2481	0.2353	0.2530	**0.2622**
Total PPP in Rs. /kWh	**9.8208**	**9.4266**	**9.4249**	**10.2456**	**10.6231**	**11.7768**	**15.SS27**	**10.8590**	**12.0986**	**11.1974**	**9.8865**	**10.0740**	**10.6779**

Rs in Million

Fuel Cost Component	5,024	5,181	5,176	4,868	4,162	4,532	4,712	3,603	4,067	4,077	4,918	5,149	**55,469**
Variable O & M	189	195	185	171	152	166	149	144	153	159	200	198	**2,060**
CpGenCap	2,178	1,994	2,027	1,608	1,596	1,736	2,364	1,514	1,717	1,617	1,886	2,059	**22,296**
USCF	209	195	196	151	143	152	203	128	139	133	171	191	**2,009**
PPP	**7,599**	**7,565**	**7,583**	**6,798**	**6,053**	**6,585**	**7,428**	**5,388**	**6,076**	**5,986**	**7,17S**	**7,597**	**81,834**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Gujranwala Electric Power Company (GEPCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

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 exceeding 4 kW supply shall be given at three-phase.
12. "Consumer" means a person of his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
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 Dispatch Company.
15. CPPA means Central Power Purchasing Agency (CPPA).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

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 of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

PART-II

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

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;

   i) Residences,
   ii) Places of worship,
   iii) Approved religious and charitable institutions,
   iv) Government and Semi-Government Offices and institutions,
   v) Government Hospitals and Dispensaries,
   vi) Educational institutions.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1 (a) tariff.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

51

3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-l(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company no later than 31st March 2012.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
   i) Shops,
   ii) Hotels 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.

2. 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)
3. 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).
4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company-and converted to-A-2 (c) Tariff no later than 31st March 2012.
6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry and also for water pumps and tube-wells operating on three phase 400 volts, other than those meant for the irrigation or reclamation of agricultural land.
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 and 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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

52

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.

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 a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.

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 no later than 31st March 2012.
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 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The 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 NEPRA eligibility criteria.
4. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

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

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW 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 NEPRA Eligibility Criteria, 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,

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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 NEPRA Eligibility Criteria.

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

C SINGLE POINT (SINGLE-METERING) SUPPLY

"Single-Point Supply" for the purpose of this Tariff, means the supply given at one point:

i) To a licensee converted from a bulk supply status (who was procuring power from GEPCO as a consumer prior to grant of license to GEPCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.

ii) To a mix-load consumer not reselling 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 mix-load at a single 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 by 31st March 2012.

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 up to and including 5000 kW.
2. 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 NEPRA eligibility criteria.
3. 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.
4. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b) by 31st March 2012.

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 NEPRA Eligibility Criteria, 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 NEPRA Eligibility Criteria.

3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b) by 31st March 2012.
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

1. This tariff shall apply to:
   i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
   ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
   iii) Tube-wells meant for aqua-culture, viz. fish farms, fish hatcheries and fish nurseries.
   iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1 (a)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.
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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

D-1 (b)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. 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.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by 31st March 2012 and shall be governed by D-1(a) for SCARP and D2 for Agricultural Supply, till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.
2. The fixed charges under this Tariff shall be recovered on the basis of sanctioned load in kilowatt as the billing demand and such charges will be applicable even if no energy is consumed during a month.

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, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction works for all kinds of single phase loads. For connected load exceeding 4 kW, supply may be given at 400 volts (3 phase) to allow a balanced distribution of load on the 3 phases. Normally, temporary connections shall be allowed for a period of 3 months which can be extended on three months basis subject to clearance of outstanding dues.

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

1. "Year" means any period comprising twelve consecutive months.
2. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps.

Definitions

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-VI

Summary of Directions for GEPCO:

The summary of all the directions passed in this determination are reproduced hereunder;

- To print bills with the snap shots of meter readings (both previous and current) not later than 30th April, 2015.
- To submit its investment requirements for the implementation of Hand Handled Units (HHU) along with its completion timelines with its next tariff petition.
- The Authority had directed DISCOs vide Registrar's letter dated 21.12.2012 to submit their plans regarding introduction and expansion of Automatic Meter Reading System (AMR). DISCOs were also required to submit progress reports on NEPRA's directions. Subsequently vide letter No. NEPRA/R/L/LAD-21/9016-26 Dated 7th August 2014, the Authority also directed DISCOs to install AMR and Automatic Metering Infrastructure (AMI) at all of their Common Delivery Points (CDPs). It is noted that except for initiating certain pilot projects, DISCOs have not been able to show serious efforts on the installation of AMR and AMI systems.
    - The Authority considers that one of the key reasons for high transmission and distribution losses in DISCOs is absence of any mechanism for tracking of electricity flow from the points of their electricity purchases (CDP) down to the final consumer. A reliable metering and recording system at every voltage level starting with the 132 kV grid, at the 11 kV and to 400 and 230 volts is therefore critical for not only elimination of theft, unaccounted for electricity and diagnosing technical problems, such systems would also enable NEPRA in analyzing DISCOs' genuine investment requirements. Consequently reduction in losses would help save billion of rupees annually and support GOP's efforts in eliminating circular debt. Reportedly the results through the model projects have been quite encouraging and noticeable reductions in the losses have been observed.
    - The Authority therefore directs all DISCOs as follows:
        - To install AMR and AMI at all of their CDPs by December 31, 2015.
        - To install AMR and AMI on the receiving end of at least 30% of their 11 kV feeders (as existing on 30 June 2014) by 31st December 2015 and remaining 70% till June, 2016.
        - To initiate and install AMR/AMI at the consumer level in at least 10 of their high loss making subdivisions by 31st December, 2015 and remaining 70% by 30th June 2016.
- To provide break-up of receivables with aging and nature of receivables and a concrete plan of their recovery not later than 30th April, 2015.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- To get its strength yard stick approved by the Authority based on proper justifications and its quantified benefits
- To share the details of late payment charges recovered from consumers and any invoice raised by CPPA under the head of mark up on delayed payments for the FY 2014-15. The information must be submitted before the next tariff petition is filed
- The Petitioner is directed to give comments on the proposal of lifeline consumers before the next year's tariff petition. and also to share the financial impact of revision of criteria of lifeline consumers on its revenue.
- To complete study of its Transmission and Distribution losses on 132 KV , 11KV and below .
- To submit the details of investment expense undertaken in the FY 2013-14.
- To transfer amount in the post retirement benefit fund and claim the amount so transferred from the Authority in the next year's tariff determination by submission of evidence of transfer of amount.
- To submit a recruitment plan for the requested hiring of staff containing cost/benefit analysis based on best practices.
- To submit the certificate of replacement hiring before the finalization of the tariff determination pertaining to the FY 2015-16
- To submit its investment requirements for the implementation of the said plan along with the completion timelines along with its next tariff petition.
- To provide break-up along with the nature of receivables and a concrete plan of their recovery not later than 30th April, 2015.
- To submit comments and proposal along with the expansion plan for consideration of the Authority regarding existing service delivering structure of circles, divisions and sub-divisions etc with next tariff petition.
- To take a separate presentation on Cost of Service Study along with PDP team and requesting Authority for appointment in advance.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

List of Interested / Affected Parties to send the Notices of Admission /Hearing Regarding Tariff Petition filed by Gujranwala Electric Power Co. Ltd. (GEPCO) for the Determination of its Consumer-end Tariff Pertaining to the FY 2014-15 Based on Actual/Estimated Results of FY 2013-14 as Test Year.

*****

A. Secretaries of various ministries

1. Secretary
   Cabinet Division
   Cabinet Secretariat
   Islamabad

2. Secretary
   Ministry of Industries & Production
   'A' Block, Pak Secretariat
   Islamabad

3. Secretary
   Ministry of Water & Power
   'A' Block, Pak Secretariat
   Islamabad

4. Secretary
   Ministry of Finance
   'Q' Block, Pak Secretariat
   Islamabad

5. Secretary
   Ministry of Commerce
   A-Block, Pak Secretariat
   Islamabad

6. Secretary
   Privatization Commission
   EAC Building
   Islamabad
   Tel: 9222242

7. Secretary
   Planning and Development Division
   'P' Block, Pak Secretariat
   Islamabad

8. Secretary
   Ministry of Petroleum & Natural Resources
   `A` Block, Pak Secretariat

Islamabad

9. Secretary
Irrigation & Power Department
Govt. of Punjab
Near Old Anarkali,
Lahore
Tele: 042-5760120

B. Chambers of Commerce & Industry, Telecom Companies & General Public

1. Chairman
Public Sector Utility, Sub-Committee
Karachi Chamber of Commerce & Industries
Aiwan-e-Tijarat Road, Shahrah-e-Liaquat
Karachi-2

2. President
The Federation of Pakistan
Chamber of Commerce and Industry
Federation House, Main Clifton
Karachi – 5675600

3. President,
Islamabad Chamber of Commerce & Industry,
Chamber House, Aiwan-e-Sanat-o-Tijarat Road,
Sector G-8/1, Islamabad.

4. President
Lahore Chamber of Commerce & Industry
11, Shahrah-e-Awan-e-Tijarat
Lahore

5. President
Gujranwala Chamber of Commerce & Industry,
Aiwan-e-Tijarat Road,
Gujranwala.

6. President
The Sialkot Chamber of Commerce & Industry
P.O.Box 1870, Shahrah-e- Aiwan-e-Sanat-o-Tijarat
Sialkot

7. President
Senior Citizen Foundation of Pakistan
5-P, Markaz G-7, Sitara Market
Islamabad

8. Chairman
All Pakistan Textile Mills Association (APTMA)
APTMA House, 44-A, Lalazar P.O. Box 5446
Moulvi Tamizuddin Khan Road
Karachi

9. Chairman
S.I.T.E. Association of Industry
H-16, S.I.T.E.
Karachi

10. M/s SHEHRI
206-G, Block – 2, P.E.C.H.S
Karachi – 75400

11. President
Institute of Electrical & Electronics Engineers of Pakistan (IEEEP)
4 – Lawrence Road
Lahore

12. President
The Institute of Engineers Pakistan
IEP Roundabout Engineering Centre
Gulberg – III
Lahroe – 54660

13. Chairman
Pakistan Engineering Council
Attaturk Avenue (East), G-5/2
Islamabad

14. PTCL
Corporate Head Quarters, Block – E
G-8/4, Islamabad-44000

15. Chief Executive Officer
Mobilink
Mobilink House 1-A
Kohistan Road, F-8 Markaz
Islamabad

16. Chief Executive Officer
Ufone (Emirates Telecommunication Corporation Group)
13-B, F-7 Markaz
Jinnah Super, Islamabad

17. Chief Executive Officer

Telenor Pakistan (Pvt) Limited
13-K, Moaiz Centre Bhittai Road
F-7 Markaz, Islamabad

18. Chief Executive Officer
Zong
CMPak Limited
Kohistan Road, F-8, Markaz
Islamabad

19. Chief Executive Officer
Warid Telecom (Pvt) Limited
P.O. Box 3321
Lahore

20. Chairman
Pakistan Telecommunication Authority (PTA)
PTA Headquarters building
F-5/1, Islamabad

21. TheNetwork for Consumer Protection
Flat No. 5, 40-A, Ramzan Plaza
G-9 Markaz, Islamabad

22. Pakistan Steel Melters Association
30-S, Gulberg Centre
84-D-1, Main Boulevard
Gulberg-III, Lahore 54600

23. Mr. Anwar Kamal
1-Turner Road, Lahore,
Pakistan

C. <u>Power Companies</u>

1. Member Power
WAPDA
738 – WAPDA House
Shahra-e-Quaid-e-Azam
Lahore
Tel: 042-9202225
Fax: 042-9202454, 9202486

2. Managing Director
Pakistan Electric Power Company (PEPCO)
721-WAPDA House
Shahrah-e-Quaid-e-Azam

Lahore

3. Chief Operating Officer
   Central Power Purchasing Agency
   Room 107 WAPDA House
   Shaharah-e-Qauid-e-Azam
   LAHORE

4. Managing Director
   Private Power and Infrastructure Board (PPIB)
   House No. 50, Sector F-7/4
   Nazimuddin Road
   Islamabad

5. Chief Executive Officer
   Karachi Electric Supply Corporation Ltd.
   7th Floor, State Life Building No. 11
   Abdullah Haroon Road
   Karachi

D. Petitioner

Chief Executive Officer
Gujranwala Electric Power Company Ltd. (GEPCO)
565/A, Model Town
G.T. Road, Gujranwala

The News: 11-10-14

National Electric Power Regulatory Authority (NEPRA)

NOTICE OF ADMISSION / PUBLIC HEARING

PETITION FILED BY GUJRANWAL ELECTRIC POWER COMPANY LIMITED (GEPCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2014-15 BASED ON THE ACTUAL/ESTIMATEDRESULTS OF THE FY 2013-14 AS TEST YEAR

All stakeholders, interested / affected persons and the general public are notified that Gujranwala Electric Power Company Limited (GEPCO) has filed a petition with the National Electric Power Regulatory Authority (NEPRA) for the determination of its Consumer-End Tariff pertaining to the FY 2014-15 based on actual/estimated results of the FY 2013-14 as test year.

SALIENT FEATURES OF THE PETITION

1. The petitioner has prayed for the determination of its Consumer-End Tariff pertaining to the Financial Year 2014-15, approval of Distribution Margin @ 1.826/kWh, Investment for Rs. 5,058 Million, line losses @ 11% and average sales rate / tariff at Rs.15.9894/kWh with the following category-wise tariff:-

Description	Requested Tariff for the FY 2014-15		NEPRA Determined Tariff Pertaining to the FY 2013-14	
	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh
Residential -A1				
For Peak Load Requirement less than 5 kW				
Up to 50 Units		5.00		4.00
1-100 Units		14.63		13.26
101-300 Units		19.00		16.30
301-700 Units		20.55		17.90
Above 700 Units		22.35		19.00
For Peak Load Requirement 5 kW & above				
Time of Day (TOU) - Peak		20.00		19.00
Time of Day (TOU) - Off-Peak		15.00		13.50
Total Domestic				
Commercial - A2				
For Peak Load requirement less than 5 kW		21.00		19.00
For Peak Load requirement 5 kW & above				
Regular	400	17.00	400	16.00
Time of Day (TOU) - Peak	400	22.00	400	19.00
Time of Day (TOU) - Off-Peak	400	15.00	400	13.50
Total Commercial				
Industrial				
B1 upto 25 kW (400 / 230 volts)		16.50		15.50
B1(b) upto 25 kW (Peak)		20 00		19.00
B1(b) upto 25 kW (Off-Peak)		15.00		13.50
B2 (a) exceeding 25-500 kW (400 Volts)	400	17.00	400	15.00
B2 (b) - TOU (Peak) at 400 Volts	400	21.00		19.00
B2 (b) - TOU (Off-Peak) at 400 Volts	400	15.00	400	13.30
B3 - TOU (Peak) all loads upto 5000 kW at 11 / 33 kV	380	21.00		19.00
B3 - TOU (Off-Peak) all loads upto 5000 kW at 11 / 33 kV	380	14.50	380	13.20
B4 - TOU (Peak) all loads 66 / 132 kV and above	360	21.00		19.00
B4 - TOU (Off-Peak) all loads 66 / 132 kV and above	360	14.50	360	13.10

Total Industrial				
Single Point Supply (Bulk)				
C1 (a) Supply at 400 / 230 Volts less than 5 kW		17.50		16.00
C1(b) Supply at 400 / 230 Volts- 5 kW & upto 500 kW	400	17.00	400	15.50
Time of Use (TOU) Peak	400	21.00	400	19.00
Time of Use (TOU) Off-Peak	400	15.00	400	13.50
C2 Supply at 11 kV, 33 kV upto and including 5000 kW	380	17.00	380	15.30
Time of Use (TOU) Peak	380	21.00		19.00
Time of Use (TOU) Off-Peak	380	14.50	380	13.30
C3 Supply at 66 kV & above	360	16.50	360	15.20
Time of Use (TOU) Peak	360	21.00		19.00
Time of Use (TOU) Off-Peak	360	15.00	360	13.20
Total Bulk Supply				
Agricultural Tube Wells - Tariff D				
Scarp D-1 (a) less than 5 kW		17.00		15.50
D-2 Agricultural Tube Well	200	16.50	200	15.00
Time of Use (TOU)				
Scarp and Agriculture 5 kW and above Time of Use (TOU) Peak	200	21.00		19.00
Scarp and Agriculture 5 kW and above Time of Use (TOU) Off-Peak	200	14 50	200	13.20
Total Agricultural Tube Well Tariff-D				
Public Lighting - Tariff - G		16.50		15.00
Housing Colonies - H		16.50		15.00
AJK-K	360	16.50	360	15.00
Time of Use (TOU) Peak	360	21.00		19.00
Time of Use (TOU) Off-Peak	360	14.50	360	13.20
Company Total				

2. In terms of Rules 6 of NEPRA (Tariff Standards & Procedures) Rules, 1998, any interested person who desires to participate in the proceedings may file an intervention request within **Seven (7) days** from the date of publication of this notice. Such intervention request shall state the name and address of the person filing the same, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person making the same, the relief sought and the evidence, if any, in support of the case. In the intervention request, the intervener may specifically admit, deny or explain the facts stated in the petition and may also state additional facts which are relevant and necessary for reaching a just and informed decision in the proceedings. The intervention request shall be signed verified and supported by means of an affidavit in the same manner as in the case of the petition. The intervener shall also serve a copy of the intervention request duly attested as true copy on the petitioner or his authorized representative and the petitioner may file a rejoinder to the intervention request which shall be filed within **Seven (7) days** of receipts of copy of intervention request.
3. Any person may also file the comments in the matter within **Seven (7) days** of the publication and the Authority, if deemed fit, may permit participation of such person into the proceedings and also may consider those comments in the final determination.
4. All stakeholders and interested / affected persons are also informed that in order to arrive at a just and informed decision, the Authority has also decided to hold a hearing in the subject matter according to the date, time and venue as mentioned below.

Date:	**20th Oct, 2014 (Monday)**
Time:	**10:30 a.m.**
Venue:	**Avari Hotel, Lahore**

All communications should be addressed to:

PID (I) 1695-14

Registrar NEPRA
NEPRA Tower, Attaturk Avenue (East), Sector G-5/1, Islamabad
Phone: 051-920 6500, Fax: 051-921 0215, E-mail: office@nepra.org.pk

A copy of petition can be obtained from NEPRA office or from website: www.nepra.org.pk