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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-525/GEPCO-2019/46503-05
December 24, 2020

Subject: **Determination of the Authority in the matter of Petition filed by Gujranwala Electric Power Company Ltd. (GEPCO) for Determination of its Supply of Power Tariff for the FY 2018-19 [Case # NEPRA/TRF-525/GEPCO-2019]**

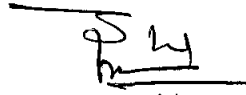
Dear Sir,

Please find enclosed herewith subject Determination of the Authority along with Annex-I, I-A, II, III, IV & V (50 Pages) in Case No. NEPRA/TRF-525/GEPCO-2019.

2. The Determination is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Determination of the Authority along with Annex-I, I-A, II, III, IV & V are to be notified in the official Gazette.

Enclosure: As above


24 12 20
(Syed Safeer Hussain)

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

CC:

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



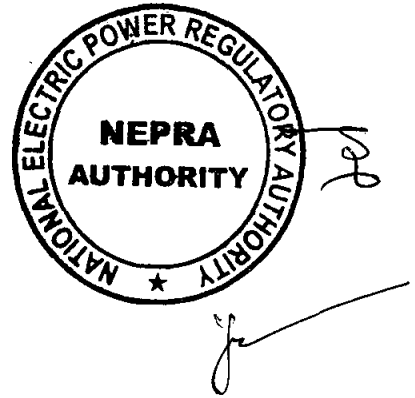
**National Electric Power Regulatory Authority
(NEPRA)**

PETITION NO: NEPRA/TRF-525/GEPKO-2020

**DETERMINATION OF SUPPLY OF POWER TARIFF PETITION
FOR
GUJRANWALA ELECTRIC POWER COMPANY LIMITED (GEPKO)
FOR THE FY 2018-19
UNDER
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998**

Islamabad

²⁴
December , 2020

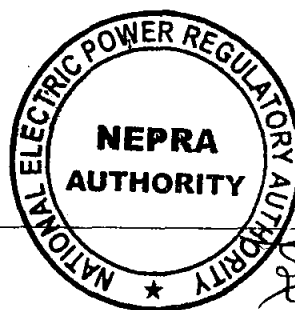


Abbreviations

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
ADB	Asian Development Bank
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	Capital Asset Pricing Model
CDP	Common Delivery Point
COSS	Cost of Service Study
CPPA (G)	Central Power Purchasing Agency Guarantee Limited
CWIP	Closing Work in Progress
DIIP	Distribution Company Integrated Investment Plan
DISCO	Distribution Company
DM	Distribution Margin
DOP	Distribution of Power
ELR	Energy Loss Reduction
ERC	Energy Regulatory Commission
ERP	Enterprise resource planning
FCA	Fuel Charges Adjustment
FY	Financial Year
GIS	Geographical Information System
GOP	Government of Pakistan
GWh	Giga Watt Hours
HHU	Hand Held Unit
HT/LT	High Tension/Low Tension
HSD	High Speed Diesel
IGTDP	Integrated Generation Transmission and Distribution Plan
IESCO	Islamabad Electric Supply Company Limited
KIBOR	Karachi Inter Bank Offer Rates
KSE	Karachi Stock Exchange
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
LPC	Late Payment Charges
MDI	Maximum Demand Indicator
MMBTU	One million British Thermal Units
MoWP	Ministry of Water and Power
MVA	Mega Volt Amp
MW	Mega Watt



NEPRA	National Electric Power Regulatory Authority
NOC	Network Operation Centre
NTDC	National Transmission & Despatch Company
O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Supply Company Limited
PDEIP	Power Distribution Enhancement Investment Program
PDP	Power Distribution Program
PPA	Power Purchase Agreement
PPAA	Power Procurement Agency Agreement
PPP	Power Purchase Price
PYA	Prior Year Adjustment
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RE	Rural Electrification
RFO	Residual Fuel Oil
RLNG	Re-gasified Liquefied Natural Gas
RoE	Return on Equity
RORB	Return on Rate Base
ROR	Rate of Return
SBP	State Bank of Pakistan
SOT	Schedule of Tariff
STG	Secondary Transmission Grid
SYT	Single Year Tariff
T&D	Transmission and Distribution
TFC	Term Finance Certificate
TOU	Time of Use
TOR	Term of Reference
TPM	Transfer Price Mechanism
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month
UOSC	Use of System Charges
WACC	Weighted average cost of capital
WAPDA	Water and Power Development Authority
XWDISCO	Ex-WAPDA Distribution Company





**DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
GUJRANWALA ELECTRIC POWER COMPANY LIMITED (GEP-2020) FOR DETERMINATION OF
ITS SUPPLY OF POWER TARIFF FOR THE FY 2018-19**

CASE NO. NEPRA/TRF-525/GEP-2020

PETITIONER

Gujranwala Electric Power Company Limited (GEP-2020), 565-A Model Town, Gujranwala.

INTERVENER

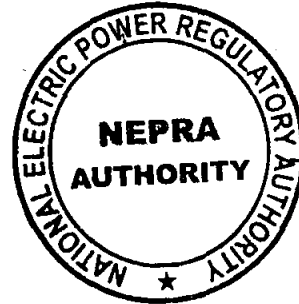
NIL

COMMENTATOR

Telenor Pakistan (Private) Limited, Gulberg Greens, Islamabad.

REPRESENTATION

- | | |
|--------------------------|----------------------------|
| i. Muhammad Amin | Chief Executive Officer |
| ii. Iyaz Ahmad | Finance Director |
| iii. Tariq Mahmood Amjad | Manager Finance/CPC |
| iv. Muhammad Akhtar Ali | Manager GSO |
| v. Muhammad Asif | Deputy Manager Finance/CPC |

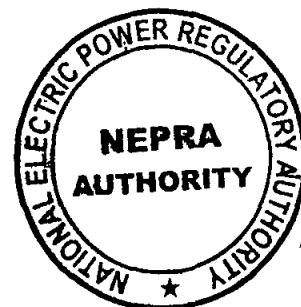


1. Background

- 1.1. The amendments in the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was passed by the National Assembly on 15th March, 2018, which was published in the official Gazette on 30th April 2018 (the "**Amendment Act**"), resulting in restructuring of the energy sector.
- 1.2. As per the amended Act, function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a), whereby 'sale' of electric power has been removed from the scope of 'Distribution Licensee' and transferred to 'Supply Licensee'.
- 1.3. Section 23E of the Act, provides NEPRA with the powers to grant Electric Power Supply License for the supply of electric power. Section 23E(1), however, provides that the holder of a distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date. Thus, all existing Distribution Licensees have been deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, can continue to do so. Section 23E, further states that the eligibility criteria for grant of license to supply electric power to be prescribed by the Federal Government, and shall include, provision with respect to a supplier of the last resort, as the case may be.
- 1.4. In view thereof, Gujranwala Electric Power Company Limited (GEPCO), hereinafter called "the Petitioner", being a Distribution as well as deemed Supplier filed separate tariff petitions for the determination of its Distribution and Supply of Electric Power Tariff for the FY 2018-19 in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").
- 1.5. The Petitioner in its petition, inter alia, has requested a Revenue Requirement of Rs.154,344 million for its Supply of power function for the FY 2018-19 i.e. Rs.15.4282/kWh, including Revenue Requirement of its Distribution Function, based on projected sales of 10,004 GWh as detailed below;

Description	Units	FY 2018-19
Units Received	GWh	11,100
Requested Units Lost	GWh	1,096
Requested Losses	%	9.87%
Units Sold	GWh	10,004
Power Purchase Price	[Mln Rs]	127,211
O&M		5,038
Depreciation		42
RORB		98
Other Income		-2,050
PYA		5,425
Revenue Requirement of Supply Business	[Mln Rs]	135,764
Revenue Requirement of Wire Business	[Mln Rs]	18,580
Total Revenue Requirement	[Mln Rs]	154,344
*Average Supply Tariff	Rs./kWh	15.4282

**Geeco in its Petition requested avg. Tariff of Rs. 15.4278/kWh*



2. Proceedings

- 2.1. In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an

opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.

- 2.2. Hearing in the matter was scheduled on September 09, 2020, for which notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on August 26, 2020 and also uploaded on NEPRA website; Individual notices were also issued to stakeholders/ interested parties.

3. Issues of Hearing

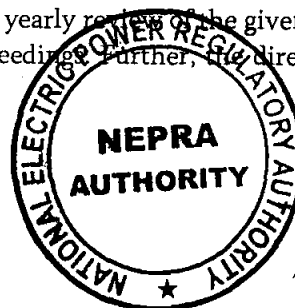
- 3.1. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments;
- i. Whether the Petitioner has complied with the direction of the Authority given in earlier determination?
 - ii. Whether the basis used by the Petitioner for bifurcation of its costs into supply and distribution segments are justified?
 - iii. As per NEPRA Amendment Act, 2018, obligations of procurement of assets including meters (for satisfying its services) and disconnection / reconnection services (on demand of Supplier) are with Distribution Licensee whereas procedure for metering, billing, collection of approved charges and recovery of arrears are the obligations of Supply Licensee. In this scenario, GEPCO is required to state the mode and manner being developed and followed for appropriate coordination between Distribution Licensee and Supply Licensee?
 - iv. Whether the projected demand (GWh) and projected power purchase cost is reasonable?
 - v. Whether the requested O&M cost, Depreciation and Other Income are justified?
 - vi. Whether the requested RoRB is justified?
 - vii. Whether the requested PYA is justified?
 - viii. Whether the Petitioner has actually written off, provisionally allowed Write offs allowed in the Re determination decision pertaining to the FY 2015-16?
 - ix. Whether the existing Tariff Terms and Conditions needs to be modified to incorporate concerns raised by various consumers? Whether Ministry of Information Technology & Telecommunication request to charge Cellular Mobile Operator under the "B Industrial Supply" Category instead of "A-2 Commercial" is justified?
 - x. Whether the ToU meters installed for the residential & general service consumers can record MDI? Whether the existing fixed charges applicable to different consumer categories are sufficient and whether there shall be any fixed charges for the residential consumers and General Services categories?
 - xi. Whether the existing minimum/fixed monthly charges even if no energy is consumed needs to be revised to assist in the recovery of fixed cost?
 - xii. As provided in NEPRA Amendment Act, 2018, GEPCO as Distribution Licensee shall be deemed to hold Supply License also for a period of 5-years. In this regard, GEPCO is required to explain its organizational restructuring in respect of segregation of responsibilities for Distribution Business and Sale Business?
 - xiii. Whether the Petitioner is to be treated as a Supplier of the last resort and whether the tariff of the Petitioner or the National uniform tariff is to be treated as last resort tariff?



- xiv. Whether the concerns raised by the intervener/ commentator if any are justified?
- xv. Any other issue that may come up during or after the hearing?

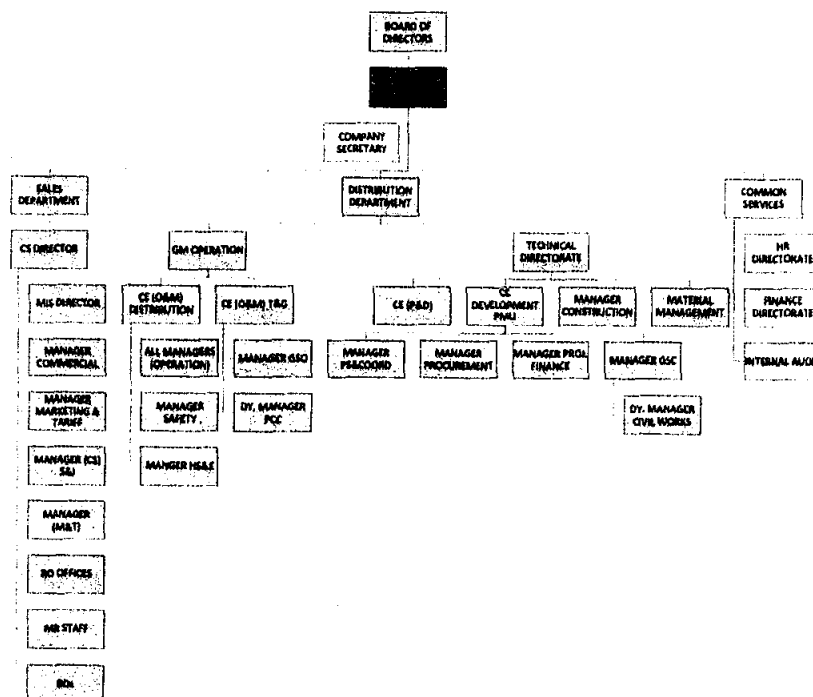
4. Filing Of Objections/ Comments

- 4.1. Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules. In response thereof, comments have been received from M/s Telenor Pakistan. A brief of the concerns raised by M/s Telenor Pakistan is as under;
- 4.2. The commentator while referring to the Telecom Policy of 2004, submitted that the Federal Government declared the Telecom Sector including Cellular Operators (CMOs) as an Industry vide notification dated 20.04.2004. The Ministry of Information Technology (MoIT) vide UO dated 18.06.2014 also endorsed the request of Telecom Sector including Cellular Operators to be classified as an Industrial undertaking under clause (b) of Section 2(29C) of the Income Tax Ordinance 2001. M/s Telenor accordingly requested NEPRA to recognize CMOs as an Industrial Undertaking so that CMOs are applied Industrial tariff instead of Commercial tariff, as NEPRA is in the process of determining Uniform tariff of DISCOs, including the current Petition filed by GEPCO.
- 4.3. The Authority observed that the issue highlighted by the commentator pertains to all the DISCOs including K-Electric as CMOs are operating all over Pakistan, therefore, the issue requires deliberations involving all stakeholders i.e. DISCOs, CMOs, Ministry of Energy, MoIT etc. The Authority noted that proceedings regarding Tariff petitions filed by all XWDISCOs for the FY 2018-19 and FY 2019-20, except GEPCO, have already been completed, therefore, the Authority has decided to consider the request of M/s Telenor as a separate issue during the proceedings for the upcoming tariff Petitions of DISCOs for the FY 2020-21 & onwards.
- 4.4. The Authority also discussed the matter of delay in installation of pending connections during the hearing. However, the Petitioner did not submit any details with respect to the pending connections as of June 2019. The Authority while analyzing the DISCOs performance statistics report published by PEPCO noted that total applications pending for new connections in respect of the Petitioner were 39,087, which include 33,149 domestic, 3,359 commercial, 2,022 Agriculture, and 557 industrial applications. The Authority directs the Petitioner to provide electricity connections to all these pending applications without further delay and submit a quarterly progress report in this regard.
- 4.5. During the hearing, the Petitioner was represented by its Chief Executive Officer along-with its technical and financial teams; On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;
- 5. **Whether the Petitioner has complied with the direction of the Authority given in its earlier determination?**
- 5.1. The Authority gave certain directions to the Petitioner in its tariff determination for the FY 2017-18, which have already been deliberated in detail in the distribution tariff determination of the Petitioner for the FY 2018-19, therefore, need not to be discussed again in the instant determination. The Authority further understands that periodic monitoring of the directions given by the Authority is absolutely necessary in order to analyze the Petitioner's performance, therefore, the Authority has decided to have a half yearly review of the given directions, instead of discussing the same only during the tariff proceedings. Further, the directions given by the



Authority in the distribution tariff determination to of the Petitioner for the FY 2018-19, have been reproduced in the instant decision for compliance by the Petitioner.

6. Whether the basis used by the Petitioner for bifurcation of its costs into supply and distribution segments are justified?
7. As per NEPRA Amendment Act, 2018, obligations of procurement of assets including meters (for satisfying its services) and disconnection / reconnection services (on demand of Supplier) are with Distribution Licensee whereas procedure for metering, billing, collection of approved charges and recovery of arrears are the obligations of Supply Licensee. In this scenario, GEPCO is required to state the mode and manner being developed and followed for appropriate coordination between Distribution Licensee and Supply Licensee?
8. As provided in NEPRA Amendment Act, 2018, GEPCO as Distribution Licensee shall be deemed to hold Supply License also for a period of 5-years. In this regard, GEPCO is required to explain its organizational restructuring in respect of segregation of responsibilities for Distribution Business and Sale Business?
- 8.1. As explained in earlier paragraphs, the function of sale of electric power traditionally being performed by the Distribution Licensees has been amended through NEPRA Act, 2018, whereby 'Sale' of electric power has been removed from the scope of Distribution Licenses and transferred to 'Supply Licensee'.
- 8.2. In light of the aforementioned provisions of the Act, the Petitioner was required to bifurcate its costs in terms of Distribution and Supply Function and provide basis thereof.
- 8.3. The Petitioner during the hearing submitted that Bifurcation of costs into Supply and Distribution business is based on the guidelines sought from NEPRA. The Petitioner provided the following organogram in this regard;



- 8.4. Regarding allocation of costs into Distribution and Supply of Power Function, the Petitioner submitted as under;



Specific costs attributable to Power Supply Business

- ✓ Power Purchase Price:
Entire Power Purchase Price has been allocated to Power Supply Business.
- ✓ Salaries, Wages & Other Benefits:
Salaries & Wages of Meter Readers, Bill Distributors, Meter Inspectors, Meter Reader Supervisors, and Staff of Revenue Offices along with the services of MIS Directorate (Computer Centers) and Customer Services Directorate.
- ✓ Bill Collection Charges and Late Payment Surcharges:
Revenue as well as Cost has been allocated to Power Supply Business.
- ✓ Provision for Bad debts

Specific costs attributable to Distribution Business

- ✓ Rent, Rates & taxes
- ✓ Advertisement expenses

Common Costs:

- ✓ Salaries, wages & other benefits:
- ✓ Percentage Share of Power Supply Business:
On the basis of No. of Employees = $2,597/12,296 = 21\%$
On the basis of total Cost (Salaries, Wages & Other Benefits) = $1,447/5,786 = 25\%$
Percentage share of Power Supply Business has been adopted at 25% of the total employee cost rather than headcount.
- ✓ Repair & Maintenance (Based on Value of Non-current Assets):
2% to Power Supply Business, remaining to Distribution Business
- ✓ Transportation Expenses (Based on No. of Vehicles):
5% to Power Supply Business, remaining to Distribution Business
- ✓ Power, Light & Water (Based on Actual):
10% to Power Supply Business, remaining to Distribution Business
- ✓ Office, Supplies & Others (Based on Actual):
70% to Power Supply Business, remaining to Distribution Business
- ✓ Professional Fee (Based on Actual):
70% to Power Supply Business, remaining to Distribution Business
- ✓ Injuries & Damages (Based on Actual):
15% to Power Supply Business, remaining to Distribution Business
- ✓ Misc. Expenses (Based on Actual):
10% to Power Supply Business, remaining to Distribution Business
- ✓ Depreciation (Based on Value of Non-current Assets):
2% to Power Supply Business, remaining to Distribution Business

- 8.5. The Authority understands that as per the Amended Act, the Distribution Licensee is responsible to provide distribution service within its territory on a non-discriminatory basis and develop, maintain and publicly make available, with the prior approval of the Authority, an investment program, meaning thereby, that installation/investment, operation, maintenance and controlling of distribution networks, form part of the Distribution License and activities like metering, billing and collection form part of the Supply License.
- 8.6. The Authority observed that the Petitioner has bifurcated its costs keeping in view the functions as provided in the Act, i.e. all non-sale elements of the distribution segment (i.e. installation/investment, operation, maintenance and controlling of distribution networks) as part

of the Distribution License and all sale related activities (*metering, billing and collection*) as part of the Supply License.

- 8.7. The Petitioner has also shared its organizational restructuring program in respect of segregation of responsibilities for Distribution Business and Sale Business.
- 8.8. The Authority believes that after amendments in NEPRA Act, all the Public Sector Distribution companies are required to make organizational restructuring in terms of segregation of responsibilities of the Distribution and Sale functions and in order to ensure appropriate coordination between both functions. Hence, keeping in view the fact that it is operational issue and DISCOs are owned by the Federal Government, it would be more appropriate that a centralized restructuring plan at the level of Federal Government is prepared to be implemented by all the public sector DISCOs in order to have a uniformity and consistency in the structure.

9. Whether the projected demand (GWh) and projected power purchase cost is reasonable?

- 9.1. The Petitioner has requested purchases of 11,100 GWh for the FY 2018-19 and provided the following comparison of actual of FY 2017-18 & FY 2018-19

Description	2018-19 (Actual)	2017-18 (Actual)
Units Purchased	11,100	10,987
Units Lost (Mkwh)	1,096	1,100
Units sold	10,004	9,887
Units Lost %	9.87	10.01

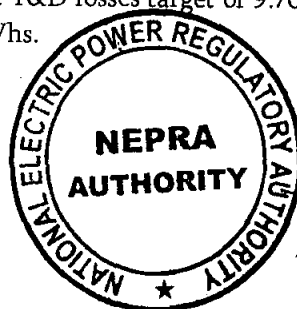
- 9.2. The Petitioner also provided the following detail of its Power Purchase Price for the FY 2018-19;

Particulars	2018-19 (Audited)	
	Rs. (Million)	Rs./KWh
Energy Cost	67,708	6.10
Variable Charges	3,396	0.31
Capacity Charges	52,228	4.70
Use of System Charges	3,879	0.35
Total	127,211	11.46

- 9.3. The Petitioner further stated that for the FY 2018-19, the Power Purchase Price amounting to Rs. 127,211 million as shown above, is the actual power purchase price charged by CPPA-G based on actual data. The Petitioner submitted that increase of 1.68 % is registered in Energy Cost, 6.9 % in Variable Charges, 41.47% in Capacity Charges & 11.82 % increase in Use of System (UoSC) as compared with FY 2017-18;
- 9.4. The Authority, observed that variations in the actual Power Purchase Price (PPP) for the FY 2018-19 have already been allowed to the Petitioner through quarterly adjustment mechanism, based on the reference PPP and the level of T&D losses that remained notified during the FY 2018-19 vis a vis the actual PPP of the Petitioner for the FY 2018-19. Therefore, for the purpose of instant petition, the PPP of the Petitioner for the FY 2018-19, shall be the PPP that remained notified during the FY 2018-19, and on which the Petitioner has been allowed quarterly adjustments, thus, any reassessment of PPP for the FY 2018-19, is not required.
- 9.5. Similarly for the FY 2019-20, variations in the Power Purchase Price (PPP) for the 1st quarter of FY 2019-20 i.e. Jul.-to Sep. 2019 has already been allowed to the Petitioner vide the Authority's decision dated November 26, 2019, and the same has been notified by the Federal Government w.e.f. December 01, 2019. For the 2nd and 3rd quarters of the FY 2019-20, the Petitioner has

already filed its PPP adjustment requests with the Authority, which are at an advance stage of the proceedings. The Petitioner has also file its PPP adjustment request for the last quarter of FY 2019-20 i.e. Apr. to Jun. 2020, in accordance with the notified mechanism, which would be processed accordingly. Therefore, for the purpose of instant adjustment request, the PPP of the Petitioner for the FY 2019-20, shall be the PPP that remained notified during the FY 2019-20, and on which the Petitioner is being allowed quarterly adjustments, thus, any reassessment of PPP for the FY 2019-20, is not required.

- 9.6. Although, variations in the PPP of the Petitioner are being actualized through quarterly adjustment mechanism, however, the existing PPP references, against which the variations are being allowed, were determined by the Authority keeping in view the FY 2017-18. The Authority understands that these references now require up-dation/ revision as large amount of new capacities e.g. Coal, Nuclear, REs, etc. have since been added in the system, and also to cater for the impact of PKR vs US\$ devaluation, change in fuel prices and CPI indexations. This revision of PPP references would minimize the impact of future monthly fuel charges adjustments & quarterly variations and will provide a more predictable tariff to the consumers.
- 9.7. Accordingly, the Authority, by adopting a forward looking approach, has projected the revised PPP references keeping in view the ground realities of the FY 2020-21. For the purpose of determining the new PPP references, the Authority has carried out a detailed exercise by first projecting the total amount of generation that would be required and then estimating the station wise generation.
- 9.8. As per the analysis, an increase of around 2.8% has been projected in the generation for the FY 2020-21, over the actual generation made during the FY 2019-20.
- 9.9. Here it is pertinent to mention that for the FY 2018-19, the Authority projected a Generation of around 131,435 GWh keeping in view the Power Market Survey (PMS) Report of NTDC, however, the actual generation, remained at 122,708 GWh i.e. 7% lower than the projected generation of 131,435 GWh. Similarly, during the first eight (08) months of FY 2019-20 i.e. from Jul. 2019 to Feb. 2020, before the impact of COVID-19, the actual generation remained at 81,262 GWh, around 2.08% higher than the actual generation during the same period of FY 2018-19, however, still lower by 2.72% than the Authority's projected generation for the same period i.e. 83,535 GWh.
- 9.10. From March onward till June 2020, with Covid-19 around, the actual generation posted a negative growth of around 6%, as compared to the same period last year, resulting in decrease in overall generation in the FY 2019-20 by around 0.7% i.e. 121,868 GWh as compared to 122,708 GWh during the FY 2018-19, thus neutralized the growth of 2.08% witnessed in the first eight months of the FY 2019-20.
- 9.11. The Authority, however, going forward in the FY 2020-21, expects this trend to be reversed and actual generation may post some growth, considering improvement in the Covid-19 situation and easing out of the lockdown. Accordingly, after taking into all these assumptions, the Authority has estimated that the overall system generation will be around 125,264 GWh, and after adjusting for the NTDC's permissible transmission losses, about 121,804 GWh is expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool, is accordingly assessed as 11,438 GWh. After incorporating the T&D losses target of 9.76% allowed for the FY 2018-19, the sales target works out as 10,322 GWhs.



- 9.12. As per the existing mechanism all the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA-G) on behalf of DISCOs at the rates as per their Power Purchase Agreements (PPAs) and 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. Accordingly, the Power Purchase Price has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly/ biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges. Here it is pertinent to mention that while making the quarterly/ biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.
- 9.13. From the available sources i.e. Hydel, Gas, RLNG, RFO, Nuclear, Coal, Solar, Wind, Bagasse and Imports, the estimated/projected generation and cost of electricity is given in the following table:

Source	Generation MkWh	Share	EPP Rs. Mln	CPP Rs. Mln	EPP + CPP Rs. Mln	Share	EPP Rs./kWh	CPP Rs./kWh	EPP + CPP Rs./kWh
Hydel	35,263	28.15%	4,266	148,465	152,731	9.94%	0.12	4.21	4.33
RFO	5,330	4.25%	75,327	84,825	160,151	10.43%	14.13	15.92	30.05
Coal	25,524	20.38%	207,492	197,319	404,811	26.36%	8.13	7.73	15.86
Gas	17,356	13.86%	146,061	54,834	200,895	13.08%	8.42	3.16	11.57
RLNG	27,828	22.22%	258,964	174,773	433,736	28.24%	9.31	6.28	15.59
Bagasse	617	0.49%	4,306	3,500	7,805	0.51%	6.98	5.67	12.65
Wind	3,042	2.43%	-	58,904	58,904	3.84%	-	19.36	19.36
Solar	710	0.57%	-	10,390	10,390	0.68%	-	14.64	14.64
Nuclear	8,914	7.12%	8,982	90,414	99,396	6.47%	1.01	10.14	11.15
Import	506	0.40%	5,856	-	5,856	0.38%	11.57	-	11.57
SPPs	175	0.14%	1,154	-	1,154	0.08%	6.59	-	6.59
Total	125,264	100.00%	712,407	823,422	1,535,829	100.00%	5.69	6.57	12.26
NTDC & CPPA-G Cost					44,702				0.37
Sale to IPPs	(178)		(3,563)		(3,563)				
NTDC Losses	(3,282)								
PPP Adjusted with NTDC Loss	121,804		708,844	823,422	1,576,968		5.82	6.76	12.95

EPP is the Energy Purchase Price i.e. Fuel & variable O&M

CPP is the Capacity Purchase price

- 9.14. Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges, however, variable O&M charges are not made part of monthly fuel charges adjustment and are adjusted as part of quarterly / biannual adjustments. As per the above table, around 28.15% of total generation is expected from Hydel sources. RLNG would contribute around 22.22% of total generation, with around 28.24% share in the overall energy cost. Generation from indigenous gas is expected to be around 14% with a cost share of around 13%. Generation from Coal, both local as well as imported, is expected to be around 20.38%, with a share of around 26 % in the overall energy cost. Renewables and Nuclear sources are expected to contribute around 3.5% and 7.12% in the total generation with a cost share of around 5% and 6.5% respectively. Here it is pertinent to mention that with increased generation from RLNG/ Gas, Coal and Nuclear, the share of RFO in total generation and consequently in the overall cost has been limited to only around 4% and 10.4% respectively. Meaning thereby that variation in generation mix and prices of RLNG/ Gas & Coal would have greater impact on the generation cost, thus, ultimately affecting the consumer-end tariff.
- 9.15. Regarding projection of fuel prices, the Authority noted that as per the RLNG price notification issued by OGRA, RLNG prices in Pakistan are benchmarked with Brent Crude Oil Prices. In addition to this price, Port charges, PSO import related actual costs, PSO/ PLL Margin and Terminal Charges etc. are added to the price. The fuel prices are also adjusted with the

- Transmission Losses and other miscellaneous costs. Thus, the RLNG prices in Pakistan are not only affected by the international market being linked with prices of crude oil but also by the exchange rate parity.
- 9.16. Therefore, to have a fair projection of RLNG prices, the Authority considered the projections of Brent Crude oil prices projected by various reliable sources i.e. Short Term Energy Outlook published by US Energy Information Administration, World Bank Commodities Price Forecast report, IMF-World Economic Outlook Database and various analyst firm forecasts for the FY 2020-21.
- 9.17. Accordingly, the Authority keeping in view the prevailing prices of RLNG, projections of crude oil prices and impact of rupee devaluation, has projected RLNG prices as Rs.1,234/mmbtu.
- 9.18. For indigenous gas, the Authority considering the existing price, is Rs.924/mmbtu inclusive of GIDC, has projected the same as Rs.1,000/mmbtu, inclusive of GIDC @ Rs.100/mmbtu.
- 9.19. Regarding price of imported coal, the Authority has analyzed the projections made by Argus consulting, and commodity prices forecasts of World Bank. Based on these reports and keeping in view the impact of devaluation of Pak Rupee, the Authority has assessed coal prices of Rs.554/mmbtu, on delivered basis, as reasonable.
- 9.20. For projection of local coal prices for Thar coal, the Authority has considered the coal price determination made by Thar Coal Energy Board (TCEB) for Block-II. As per the TCEB determination, reference tariff determined for the 2nd year includes variable cost of US\$ 17.37 /Ton and fixed cost of US\$ 50.84/Ton. The total reference cost determined by TCEB has been indexed with US CPI and US\$ /PKR exchange rate to work out the projected coal price for the FY 2020-21, which works out at around Rs.1,228/mmbtu. The same has been considered while projecting the PPP references.
- 9.21. For projection of RFO prices, a comparison of actual RFO prices (*ex-GST, ex-OMC margin, ex-Import incidental charges*) for the period from March 2019 to February 2020, before Covid-19, has been compared with the actual Brent Crude Oil Prices for the same period. As per the comparison, Actual prices of RFO on average remained slightly lower i.e. S\$0.09/gallon than actual Brent Crude Oil Prices.
- 9.22. Accordingly, for making future projections, the impact of negative US\$0.09/gallon has been added in the prices of Brent Crude Oil, projected by US Energy Information Administration in its short term energy outlook report for the FY 2020-21, to project the RFO prices for the FY 2020-21. Afterwards, the same has been enhanced by 8% import incidentals & Inland Freight Equalization Margin, 3.5% of OMC margin and by incorporating therein the impact of exchange rate devaluation, the average RFO price has been worked out as Rs.51,985/MT. By adding therein an average freight of around Rs.2,500/MT, the average RFO prices works out as Rs.54,485/MT. The same has been considered while projecting the PPP references.
- 9.23. The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority. Energy transfer charge shall be calculated on the basis of units delivered after adjusting the transmission loss target allowed to NTDCL. NTDCL 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.
- 9.24. According to the above mechanism, Rs.75,589 million and Rs.150 million is the share of the Petitioner on account of CpGenCap and USCF & Market Operator Fee respectively for the FY

2020-21. The overall fixed charges comprising of CpGenCap and USCF & Market Operator Fee in the instant case works out as Rs.79,738 million, which translate into Rs.2,943/kW/month based on projected average monthly MDI of the Petitioner i.e. 2,258 MW or Rs.6.97/kWh on units purchased basis.

- 9.25. The annual PPP of the Petitioner for the FY 2020-21 in the instant case works out as Rs.146,322 million. With the projected purchase of 11,438 GWh for the same period, the average PPP of the Petitioner turns out to be as Rs.12.79/kWh (Annex-IV), whereas, the national average determined PPP works out as Rs.12.95/kWh after accounting for the allowed level of NTDC losses. On the basis of allowed level of T&D losses of 9.76% for the Petitioner for the FY 2018-19, the adjusted PPP of the Petitioner is assessed as Rs.14.18/kWh.

10. Whether the requested O&M cost, Depreciation and Other Income are justified?

- 10.1. The Petitioner in its petition requested an amount of Rs.3,030 million for its Supply of Power Margin exclusive of RoRB for the FY 2018-19. The Petitioner provided the following breakup of the requested amount under O&M costs along-with percentage allocation of the costs to its Supply of Power function as under;

Operation & Maintenance	Power Supply Business	
	%	Rs. in Mln.
1.Salaries, Wages & Other Benefits:		3,589
Salaries & Wages	25	1,447
Employees Benefits	25	460
Retirement Benefits	25	1,682
2.Travelling	25	83
3.Repair & Maintenance	2	19
4.Transportation	5	15
5.Other Expenses:		1332
Bills Collection	100	277
Power, Light & Water	10	4
Office Supplies & Others	70	87
Professional Fee	70	113
Injuries & damages	15	27
Late Payment Surcharge-CPPAG	100	721
Provision for Bad Debts	100	98
Misc. Expenses	10	5
Grand Total		5,038
6.Depreciation		42
7.Other Income		(2,050)
Total		3,030

- 10.2. The O&M costs includes employees cost (including Post-Retirement Benefit), Admin Expenses, Repair and Maintenance expenses, Travelling Expenses, Transportation Expenses, Management Fee and Miscellaneous expenses related to its distribution. The Petitioner submitted that for the FY 2018-19, the requested O & M, Depreciation and Other Income are justified being based on Actual Audited Results of FY 2018-19.

11. Salaries Wages & Other Benefits excluding Postretirement benefits

- 11.1. The Petitioner has requested an amount of Rs.3,589 under the head of Salaries & Other Benefits, comprising of Rs.1,907 million for Salaries & Wages (excluding post-retirement benefits) and Rs.1,682 million on account of Postretirement benefits for its Supply of Power Function for the FY 2018-19. The Petitioner submitted that its total actual amount of Salaries & Wages as per the Audited accounts for the FY 2018-19 is Rs.14,357 million (inclusive of Salaries & Wages of Rs.7,682 million and post-retirement benefits of Rs.6,729 million), out of which 25% cost has been allocated to the Supply of Power Function i.e. Rs.3,589 million.

11.2. The Petitioner provided the following break-up of its Salaries & Wages costs;

Salaries & Wages (Audited)	FY 2018-19 Mln. Rs.
Basic Pay	3,547
Cash Medical Allowance	150
Conveyance Allowance	327
House Rent Allowance	256
Job Allowance	397
Livery Allowance	20
Qualification Pay/Technical Pay	30
Washing Allowance	45
Special Adhoc Relief	1,014
Overtime / Off-day Wages	618
Power, Light & Water	390
Awards & Gratuity	296
Medical Expenses	250
Education & Training	70
Misc.	218
Total	7,628

- 11.3. The Petitioner submitted that cost of regularly paid Salaries & Wages of Meter Readers, Bill Distributors, Meter Inspectors, Meter Reader Supervisors, and Staff of Revenue Offices along with the services of MIS Directorate (Computer Centers) and Customer Services Directorate (CSD) at HQ has been specifically allocated to the Power Supply Business.
- 11.4. Considering the fact that the period i.e. FY 2018-19, for which the cost is being assessed, has already lapsed, therefore, the Authority has decided to consider the actual cost incurred by the Petitioner in this regard. It is also pertinent to mention that being a public sector company, the Petitioner is required to pay, its employees, the increases in salaries & wages announced by the Federal Government through Budget.
- 11.5. The Authority observed that as per the Audited Accounts for the FY 2018-19, submitted by the Petitioner, its actual total expenditure under Salaries, Wages and other benefits (*excluding postretirement benefits*) is Rs.7,627 million for both the distribution and supply functions. The Audited Accounts, however, do not provide any bifurcation of the Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions. Therefore, the Authority, has allocated the total cost of Salaries, Wages and other benefits proportionately to the Distribution and Supply of Power Functions, based on the figures of Salaries, Wages and other benefits requested in the Distribution and Supply Petitions by the Petitioner itself. Accordingly, the cost of Salaries, Wages and other benefits (*excluding postretirement benefits*) for the FY 2018-19 pertaining to the Supply of Power function works out as Rs.1,907 million, which is hereby allowed to the Petitioner.

12. Post-Retirement Benefits

- 12.1. The Authority considering the overall liquidity position in the power sector and in order to ensure that the Petitioner fulfils its legal liability with respect to the post-retirement benefits, directed the Petitioner to create a separate fund in this regard. Subsequently, this deadline was extended by the Authority. The rationale was that the creation of funds would ensure that the Petitioner records its liability more prudently since the funds would be transferred into a separate legal entity. In addition to that these independent funds would generate their own profits, if kept separate from the company's routine operations and in the longer run reducing the Distribution Margin and eventually consumer benefit.

- 12.2. Afterwards the Petitioner during proceedings of its tariff petition for the FY 2015-16 submitted that a separate Fund has been opened and Rs.100 million has been deposited in the Fund.
- 12.3. The Petitioner further in the tariff petition for the FY 2015-16, requested the Authority to allow provision for the postretirement benefits for FY 2015-16 as per the actuarial valuation report as on June 30, 2015. Similarly for the FY 2016-17 and FY 2017-18, the Petitioner again requested for allowing provision in respect of postretirement benefits.
- 12.4. The Authority noted that although the Petitioner complied with the direction of the Authority to the extent of creation of the separate Post Retirement Fund and transferred an amount of Rs.100 million into the fund, however, the Authority had been allowing provision for post-retirement benefits to the Petitioner as a part of its O&M cost till FY 2011-12. It was only from FY 2012-13 that the Authority decided to allow the actual amounts paid on account of pension benefits, due to non-compliance of the Authority's directions. Thus, any post retirement liability pre FY 2012-13 period, is with the Petitioner. In view thereof, the Authority directed the Petitioner in the tariff determination for the FY 2017-18, to also transfer the amount of already collected provision of postretirement benefits into the Fund.
- 12.5. The Petitioner in its instant Petition has not provided any update in the matter, however, requested an amount of Rs.1,682 million, under the head of Retirement benefits in the Supply of Power Tariff Petition.
- 12.6. The Authority, understands that payment of postretirement benefits to the retired employees is a compulsory obligation of the Petitioner which can be best fulfilled through a separate postretirement Fund having sufficient funds. However, failure of the Petitioner to deposit the amount of already collected provision of postretirement benefits into the Fund, would not absolve the Petitioner from its responsibility in this regard.
- 12.7. In view thereof, and considering the fact that FY 2018-19 has already lapsed, the Authority has decided to allow the actual payments made by the Petitioner on account of Post-retirement benefits as per the Audited Accounts provided by the Petitioner. The actual payments reflected in the Audited Accounts of the Petitioner is Rs.3,078 million for both the distribution and supply functions. Accordingly, the same amount is being allowed to the Petitioner for the FY 2018-19 for the postretirement benefits, including the impact of payments for the Ex- WAPDA employees retired before 1998 for both the distribution and supply functions.
- 12.8. Since, the Audited accounts submitted by the Petitioner do not provide any bifurcation of the post retirement cost in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.769 million, as Post retirement benefits for the FY 2018-19 for its Supply of Power Function. The Petitioner is again directed to transfer the already collected provision of postretirement benefits into the Fund.

13. Remaining Operation & Maintenance Costs

- 13.1. For projections or assessment of OPEX costs, two commonly used approaches are Ex-Ante and the Ex-Post approach. In a regime where the allowed OPEX is determined Ex-Ante, there will inevitably be deviations between the allowed and actual expenses, in the form of efficiency savings or losses. Thus, resulting in two broad options, one that the utility bears all savings or losses, i.e. no action is taken by the Regulator. Secondly, the utility shares the savings or losses with consumers. The former approach provides the utility with a profit incentive to cut costs, but

at the same time places the utility at greater financial risk in the face of losses. The latter somewhat dilutes efficiency incentives, but also limits the losses/gains for the utility and its customers.

- 13.2. The widely used approach is that no adjustments to allowed Revenues or OPEX allowances are made hence providing an incentive to the utility to improve its operations. However, considering the fact that FY 2018-19 already elapsed, the Authority considers it appropriate to use Ex-Post facto approach while determining O&M costs of the Petitioner for the FY 2018-19.

14. Repair & Maintenance Expenses

- 14.1. The Petitioner requested an amount of Rs.19 million under Repair & maintenance in its Supply of Power Petition for the FY 2018-19. The Petitioner submitted that as per its Audited accounts for the FY 2018-19, its total expenditure under the head of Repair & Maintenance is Rs.969 million, wherefrom, 2% i.e. Rs.19 million has been allocated to the Supply of Power Function. The Petitioner provided the following details of its total R&M costs for the FY 2018-19;

Description	Rs. in Mln	%
Distribution Plant & Equipment	917	95%
Civil Works Division	43	4%
General Plant & Equipment	9	1%
Total	969	100%

- 14.2. The Authority in order to assess the request of the Petitioner, analyzed the same in comparison with the amount allowed to the Petitioner for the FY 2017-18 and the amount actually spent by the Petitioner. A comparison of the Petitioner's allowed vs actual R&M expenditure for the FY 2017-18, showed that the Petitioner's actual R&M cost for the FY 2017-18 was lower by around 27%, when compared with the total amount allowed by the Authority for supply and distribution function, as detailed hereunder;

R&M	
FY 2017-18	Rs. in Mln
Allowed	1082
Actual	788
Inc/ (Dec.)	-27%

- 14.3. One of the reasons for reduction in cost could be the direction of the Authority given to the Petitioner in its tariff determinations for FY 2017-18, wherein the Petitioner was directed to capitalize expenditures i.e. Replacement of Transformers/ Meters, instead of expensing out the same. The Petitioner probably have started reporting its actual R&M costs and to capitalize costs relating to replacement of Transformers/ Meters in line with the Authority's directions.
- 14.4. Similarly for the FY 2018-19, considering the fact that the period for which assessment is being made has already lapsed, the Authority has analyzed the actual expenditure incurred by the Petitioner for repair & Maintenance during the year. As per the Audited Accounts provided by the Petitioner, its actual expenditure under Repair & Maintenance is Rs.969 million for both its distribution and supply function, which is around 23% higher as compared to the actual cost incurred during the FY 2017-18.
- 14.5. The Authority understands that adherence to the service standards and improvement of customer services is only possible through continuous repair and maintenance of the distribution network. In view of the above discussion, based on comparison with other XWDISCOs, and keeping in view the inflationary impacts, the Authority considers the reported R&M costs incurred by the Petitioner during the FY 2018-19 as reasonable and hence has decided to allow the same. Accordingly, the

Petitioner is allowed the amount of Rs.969 million under the head of R&M for the FY 2018-19, for both its Distribution and Supply functions.

- 14.6. The Audited Accounts submitted by the Petitioner do not provide any bifurcation of the repair & maintenance cost in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.19 million for Repair & Maintenance for the FY 2018-19 for its Supply of Power Function.
- 14.7. The Authority observed that the Petitioner is being directed since FY 2015-16, to maintain a proper record of its assets by way of tagging each asset for its proper tracking. In addition, the Petitioner was also directed to provide an explanation on the concerns raised by the Authority in terms of its R&M cost, however, no such explanation has been received from the Petitioner. The petitioner is therefore once gain directed to maintain a proper record of its assets by way of tagging each asset for its proper tracking and also to provide explanation on the concerns raised by the Authority in terms of its R&M cost in the tariff determination for the FY 2015-16.

15. Travelling Expenses

- 15.1. The Petitioner has requested an amount of Rs.83 million under Travelling Expenses for its Supply of Power Petition for the FY 2018-19. The Petitioner regarding Traveling expenses submitted that its actual Travelling expenses of Rs.333 million for the FY 2018-19 as per the Audited Accounts, have been apportioned on the basis of 25% allocation to Supply of Power Function because being paid on the basis of BPS, and thus are directly proportional to the employees' regularly paid salaries & wages.
- 15.2. The Authority, considering the fact that FY 2018-19 has already lapsed, decided to analyze the actual expenditure incurred by the Petitioner under the head "Travelling". As per the Audited Accounts of the Petitioner for the FY 2018-19, its actual expenditure under travelling for the FY 2018-19 is Rs.332.67 million for both its Distribution and Supply Functions. A comparison of the same with the amount allowed to the Petitioner for the FY 2017-18, showed that its actual Travelling cost for the FY 2018-19 has increased by around 12%, as detailed hereunder;

Travelling	Rs. in Mln
Allowed FY 2017-18	298
Actual FY 2018-19	333
Inc/ (Dec.)	12%

- 15.3. In view of the foregoing discussion, submissions made by the Petitioner, the fact that cost for the FY 2018-19 largely includes the inflationary impact over the allowed cost for the FY 2017-18, and comparison with other XWDISCOs, the Authority considers the cost incurred for Travelling expenses for the FY 2018-19 i.e. Rs.333 million as reasonable and hence the same is allowed to the Petitioner for the FY 2018-19 for both its Distribution and Supply Functions.
- 15.4. The Audited Accounts submitted by the Petitioner do not provide any bifurcation of the Travelling cost in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.83 million as travelling costs for the FY 2018-19 for its Supply of Power Function.

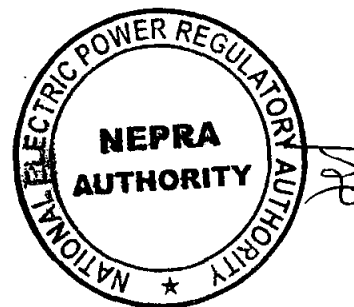
16. Vehicle Expenses

- 16.1. The Petitioner has requested an amount of Rs.15 million for its Supply of Power Function, under Transportation expenses in the Petition for the FY 2018-19, which includes vehicle repair costs, fuel & oil and License & Insurance. The Petitioner submitted that its actual Transportation Expenses of the FY 2018-19 as per the Audited Account are around Rs.290 million, which have been apportioned on the basis of No. of Operational Vehicles used by the both business areas respectively. The Petitioner accordingly has allocated 95% of the actual cost to Distribution Function and 5% to Supply of Power Function.
- 16.2. The Authority, considering the fact that FY 2018-19 has already lapsed, analyzed the actual expenditure incurred by the Petitioner under the head "Transportation". As per the Audited Accounts of the Petitioner for the FY 2018-19, its actual expenditure under Transportation for the FY 2018-19 is around Rs.290 million for both its Distribution and Supply Functions. A comparison of the same with the amount allowed to the Petitioner for the FY 2017-18, showed that its actual transportation cost for the FY 2018-19 i.e. Rs.290 million, is around 32% higher than the allowed figure of Rs.219 million for the FY 2017-18.
- 16.3. The Authority keeping in view the previous trend of the Petitioner, trend of fuel prices, inflationary impacts, and comparison with other XWDISCOs, considers that the actual cost of Rs.290 million incurred by the Petitioner for the FY 2018-19 is on the higher side. The Authority accordingly keeping in view the inflation, fuel prices trend and comparison with other DISCOs has decided to allow the Petitioner an increase of around 15% over the amount allowed for Transportation expenses for the FY 2017-18. The Petitioner is thus allowed an amount of Rs.252 million as Transportation expenses for the FY 2018-19 for both its Distribution and Supply Functions.
- 16.4. The Audited Accounts submitted by the Petitioner do not provide any bifurcation of the Travelling cost in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.13 million as Transportation costs for the FY 2018-19 for its Supply of Power Function.

17. Other Miscellaneous Expenses

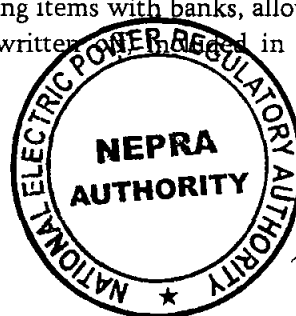
- 17.1. The Petitioner requested an amount of Rs.1,332 million under Other expenses in its Petition for the FY 2018-19 for its Supply of Power Function. The Petitioner submitted that Other Expenses include Bill Collection Charges, Power, Light & Water, Office Supplies & Others, Injuries & Damages, Professional Fees, Late Payment charges billed by CPPA-G, Provision for Bad Debts etc. The Petitioner submitted the following details in this regard;

	Rs. in Mln.
Other Expenses	FY 2018-19
Bills Collection	277
Power, Light & Water	4
Office Supplies & Others	87
Professional Fee	113
Injuries & damages	27
Late Payment Surcharge-CPPAG	721
Provision for Bad Debts	98
Misc. Expenses	5
Total	1332





- 17.2. The Petitioner regarding Power, Light & Water submitted that the total amount for the FY 2018-19 is Rs.43 Million under Distribution and supply business, out of which 90% allocated to the GEPCO's Distribution Business and 10% to Power Supply Business based on actual data of FY 2018-19. Accordingly, the Petitioner has requested Rs.4 million under Supply of Power business.
- 17.3. The Petitioner regarding Office Supplies & Others submitted that total amount for the FY 2018-19 is Rs.124 million under Distribution and Supply of Power business. The Petitioner regarding apportionment of the said cost submitted that Office Supplies & Others are 30% allocated to the Distribution Business and 70% to the Power Supply Business based on actual data. The Petitioner while justifying the said cost submitted that main expenditure under this head pertains to procurement and printing of electricity bills and related CPs at GEPCO Computer Centers as well as in Revenue Offices. Accordingly, the Petitioner has requested Rs.87 million under Supply of Power business.
- 17.4. The Petitioner regarding professional fee has stated that the total amount for the FY 2018-19 is Rs.162 million. The Petitioner regarding apportionment has stated that Professional Fee of Rs.162 million is allocated 70% to the Power Supply Business and 30% to Distribution Business based on actual data. The professional fee includes fees of lawyers, Licensing Fee, PITC Fee and CPPA-G Fee. Accordingly, the Petitioner requested Rs.113 million under Supply of Power business.
- 17.5. The Petitioner regarding Injuries & Damages expense stated that the total amount for the FY 2018-19 is Rs.178 million. The Petitioner allocated 85% of the Injuries & Damages expense to the Distribution Business and 15% to the Power Supply Business, on the basis of figures of actual expenditure pertaining to relevant offices. Accordingly, the Petitioner has requested Rs.27 million under Supply of Power business.
- 17.6. The Petitioner regarding Misc. Expense stated that the total amount for the FY 2018-19 is Rs.50 million (Telephone, Postage, and Auditor's Fee etc.), out of which 90% is the share of Distribution Function and 10% of the Supply Function based on the actual audited expenditure of FY 2018-19. Accordingly, the Petitioner has requested Rs.5 million under Supply of Power business.
- 17.7. The Petitioner regarding Provision of Bad Debt has stated that 100% bad debts relate to Power Supply Business as Metering, Billing & Collection are the activities covered under Power Supply Business. Similarly, the Petitioner has also allocated 100% bill collection charges to its supply of Power Function.
- 17.8. The Petitioner regarding Late Payment Surcharge billed by CPPA-G submitted that CPPA-G issues power purchase invoices directly to the Power Supply Business and its payment is also the responsibility of the Power Supply Business and accordingly Late Payment Surcharge billed by CPPA-G has been allocated 100% to Power Supply Business.
- 17.9. Considering the fact that FY 2018-19 has already lapsed, the Authority, analyzed the actual expenditure incurred by the Petitioner under the head "Other Expenses". As per the Audited Accounts of the Petitioner for the FY 2018-19, its actual expenditure under this head is around Rs.967 million for both its Distribution and Supply Functions. "The reported expenses include an amount of Rs.184 million as "Other Charges".
- 17.10. No detail regarding nature of such expenses has been provided, therefore, the same have not been considered while assessing the Other Expenses of the Petitioner for the FY 2018-19.
- 17.11. Similarly, the provision for long outstanding reconciling items with banks, allowance for credit losses, slow moving stores & spares and advances written off are included in the total Other



Expenses, totaling to Rs.112 million have also not been accounted for being un-justified/ costs to be passed on to the consumers.

- 17.12. Regarding inclusion of Late payment charges billed by CPPA-G, the Authority observed that it had already allowed DISCOs in their earlier tariff determinations to retain the amount of late payment charges recovered from the consumers to be netted off against any late payment charges invoiced by CPPA-G. The Authority accordingly while making assessment of Other Income of the Petitioner for the FY 2018-19 did not include the amount of LPS recovered from the consumers, thus, no separate cost on account of late payment charges billed CPPA-G is being allowed to the Petitioner for the FY 2018-19.
- 17.13. Accordingly, based on the above discussion, and after taking into account the aforementioned disallowed amounts from the actual expenses of the Petitioner for the FY 2018-19, the Petitioner prudent costs of total Other Expenses works out as Rs.671 million for the FY 2018-19 for both its Distribution and Supply Functions.
- 17.14. The Audited Accounts submitted by the Petitioner do not provide any bifurcation of the Other expenses in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.530 million as Other Expenses for the FY 2018-19 for its Distribution Function.
- 17.15. The Authority also noted that DISCOs were allowed PEPCO fee in past as part of other expenses and observed that each DISCO is an independent entity having its own board of Directors, thus, allowing any cost on the pretext of PEPCO Management fee is not logical. Further, the then Ministry of Water & Power, itself in the Peshawar High Court submitted that PEPCO shall be dissolved after June 2011. In view thereof, the cost of PEPCO fee has not been considered while assessing the Other Expenses of the Petitioner.
- 17.16. The Petitioner is also directed to provide details of PEPCO Management Fees, if any, claimed previously so that same could be adjusted in the subsequent tariff determinations.

18. Depreciation

- 18.1. The Petitioner requested an amount of Rs.42 million under Depreciation Charges, in its Petition for the FY 2018-19 for the Supply of Power Function. The Petitioner regarding depreciation charges submitted that its total actual expenditure for the FY 2018-19 is Rs.2,112 million, out of which 98% has been allocated to the Distribution Function.
- 18.2. The Petitioner has provided that the position of its total net assets (after depreciation) as on 30.06.2019 is as follows:

Description	Million Rupees
Capital Work in Progress	6,401
Operating Assets	43,546
Total Assets	49,947

- 18.3. The Petitioner has further stated that the Operating Assets include Land of Rs.456 million and breakup of remaining Depreciable Operating Assets is as follows:

Description	Million Rupees	%
Distribution Equipment	41,315	95.88%
Mobile Plant	141	0.33%
Buildings	1,228	2.85%
Furniture	11	0.03%
Vehicles	395	0.91%
Total Depreciable Assets	43,090	100%

- 18.4. The Petitioner further submitted that Distribution Equipment is 95.88% of total depreciable assets hence, 2% depreciation has been allocated to Power Supply Business and 98% depreciation to Distribution Business. The Petitioner accordingly requested Rs.42 million as Depreciation charges under its Supply of Power business for the FY 2019-20.
- 18.5. Considering the fact that the period i.e. FY 2018-19, for which the cost is being assessed, has already lapsed, the Authority has decided to consider the actual cost incurred by the Petitioner in this regard for the FY 2018-19.
- 18.6. The Authority observed that as per the Audited financial accounts provided by the Petitioner for the FY 2018-19, its actual expenditure under depreciation is around Rs.2,112 million for both its Distribution and Supply Functions, calculated on actual depreciation rates for each category of Assets, as per the Company's policy, based on historical costs of the assets. After netting off the same with the deprecation adjustment/deletion during the year, the net actual depreciation amount works out as Rs.2,089 million, which is hereby allowed to the Petitioner for both its Distribution and supply functions.
- 18.7. After carefully examining the relevant details and information pertaining to the deferred credit and amortization, the Authority has assessed amortization of deferred credit to the tune of Rs.910 million for the FY 2018-19, thus, consumers would bear net depreciation of Rs.1,180 million.
- 18.8. The Audited accounts submitted by the Petitioner do not provide any bifurcation of the depreciation in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.42 million as Depreciation Expenses for the FY 2018-19 for its Supply Function.

19. Other Income

- 19.1. The Petitioner has requested Rs.2,050 million as Other income for the FY 2018-19 for its Supply of Power function.
- 19.2. The Petitioner in the petition stated that its total other Income for the FY 2018-19 is Rs.2,928 Million for both supply and distribution function, as per Audited Financial Statements including LPS of Rs.1,118 million. The Petitioner regarding apportionment has stated that 70% of other income is allocated to Power Supply Business and 30% to Distribution Business based on audited figures for the FY 2018-19. Accordingly, the Petitioner has requested Rs.2,050 million under the Supply of Power business.
- 19.3. The Authority, considering the fact that FY 2018-19 has already lapsed, decided to consider the actual other income of the Petitioner for the FY 2018-19, which as per the audited accounts of the Petitioner is around Rs.1,810 million, including the amount of amortization of deferred credit

but exclusive of the amount of late payment charges. The Authority in consistency with its earlier decision, on the issue, has not included the amount of LPS while assessing the other income for the FY 2018-19. The Petitioner is accordingly allowed other Income of Rs.1,810 million both for the Distribution and Supply Functions for the FY 2018-19, which does not include late payment charges but inclusive of amortization of deferred credit.

- 19.4. The Audited Accounts submitted by the Petitioner do not provide any bifurcation of the Other Income in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.1,267 million as Other Income for the FY 2018-19 for its Supply Function.

20. Whether the requested RoRB is justified?

- 20.1. The Petitioner has requested an amount of Rs.4,887 million as RoRB for the FY 2018-19, using a Rate of Return of 16%, as detailed below;

Description	2018-19 (Mln. Rs)
Gross Fixed Assets in Operation - Opening Bal	59,888
Addition in Fixed Assets	4,420
Gross Fixed Assets in Operation - Closing Bal	64,308
Less: Accumulated Depreciation	20,762
Net Fixed Assets in Operation	43,546
Add: Capital Work In Progress - Closing Bal	6,401
Investment in Fixed Assets	49,947
Less: Deferred Credits	18,576
Regulatory Assets Base	31,371
Average Regulatory Assets Base	30,554
Rate of Return	16.00%
Return on Rate Base	4,887

- 20.2. The Petitioner regarding Return on Equity submitted that NEPRA uses Capital Asset Pricing Model (CAPM) for calculation of Return on Equity (RoE) component of the WACC. The Authority uses Plain Vanilla WACC, taking tax shield as zero, and in case any tax is paid it is treated as pass through. The Authority for the FY 2017-18 determined RoE of 16.67%, wherein the Authority considered Market Risk Premium as 7% with a Beta of 1.10 and Risk Free Rate of 8.9652%. The same has been used to work out the RoE of 16.67%, as determined by the Authority.
- 20.3. The Petitioner regarding Cost of Debt submitted that the cost of debt is the interest rate on which it would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. The Authority for estimating the cost of debt for the FY 2017-18 considered 3 months KIBOR + 2.75% spread. The Petitioner submitted that based on the same criteria, the cost of debt, by using avg. KIBOR of June 2019 comes to 13% + 2.75% = 15.75%.
- 20.4. The Petitioner regarding apportionment of the requested RoRB submitted that 98% of the RORB is apportioned to Distribution Business and 2% to Power Supply Business based on assets pertaining to each area.
- 20.5. The Authority noted that Section 31(3) of the amended NEPRA Act prescribes that;
- (b) tariffs should generally be calculated by including a depreciation charge and a rate of return on the capital investment of each licensee commensurate to that earned by other investments of comparable risk;*

(c) tariffs should allow licensees a rate of return which promotes continued reasonable investment in equipment and facilities for improved and efficient service;

- 20.6. The Authority allows Return to DISCOs based on WACC as no separate financial charges are allowed. For calculation of Return of Equity (RoE) component of the WACC, the Authority uses the Capital Asset Pricing Model (CAPM), being the most widely accepted model, applied by Regulatory agencies all over the world to estimate the cost of capital for regulated utilities. Since the Authority uses Plain Vanilla WACC, hence the impact of tax shield is taken as zero, and in case any tax is actually paid by the Petitioner, it is treated as pass through.
- 20.7. As per the methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt.
- 20.8. For assessment of the RoE component for the FY 2018-19, weighted average yield on 05 Years Pakistan Investment Bond (PIB) as of June 13, 2018 has been considered as risk free rate which is 8.4795%. The expected return on any investment is the sum of the risk-free rate and an extra return to compensate for the risk. This extra return or 'risk premium' is the difference between market rate of return and risk free rate. Generally, the return on stock market index is taken as a measure of market rate of return.
- 20.9. To have an appropriate measure of the market rate of return, analyzed KSE-100 Index return, over a period of 8 years, which remained at around 15%. We have also considered Analysts' consensus/ research houses estimates in this regard. The risk premium used by different leading brokerage houses of the country ranges between 6% – 7%. The rate of return on KSE-100 index remained at around 15%, which also, translates into risk premium of around 6.521% (*with risk free rate of 8.4795%, Weighted Average Yield of 5-Year PIB as of June 13, 2018*). Therefore, keeping in view the aforementioned, Market Risk Premium of 6.521% is considered as reasonable for calculation of cost of equity component.
- 20.10. The Authority, keeping in view the earlier studies in the matter, range of betas used by international Regulators, and request of the Petitioner, has decided to maintain a beta of 1.10 while assessing the RoE component of the Petitioner.
- 20.11. As regard the cost of debt, it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. In order to have a fair evaluation of the cost of debt, the Authority has analyzed the financial statements of the DISCOs. The Authority noted that majority of loans obtained by XWDISCOs are relent loans, therefore, keeping in view the NEPRA (Benchmarks for Tariff Determination), Guidelines, 2018, and the loans obtained by K-Electric, the Authority considers cost of debt as 3 month's KIBOR + 2.00% spread as reasonable. Consequently, the cost of debt has been worked out as 8.93% i.e. 3 Months KIBOR of 6.93% as of 3rd July 2018 plus a spread of 2.00% (*200 basis points*).
- 20.12. Consequent to the aforementioned discussion, the Authority has re-worked the WACC as below;

Cost of Equity;
$Ke = R_F + (R_M - R_F) \times \beta$
$= 8.4795\% + (15\% - 8.4795\% = 6.521\% \times 1.1) = 15.65\%$
Cost of Debt;
$Kd = 8.93\%$

- 20.13. Accordingly, the WACC has been worked out as under;

WACC;
$WACC = ((K_e \times (E / V)) + (K_d \times (D / V)))$
Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;
$WACC = ((15.65\% \times 30\%) + (8.93\% \times 70\%)) = 10.95\%$

20.14. Thus, using rate of return of 10.95%, the Authority has assessed Rs.2,740 million as return on rate base as per the following calculations:

Description	FY 2017-18	FY 2018-19
Fixed Assets O/B	53,656	59,888
Addition	6,232	4,420
Fixed Assets C/B	59,888	64,308
Depreciation	18,672	20,762
Net Fixed Assets	41,216	43,546
Capital WIP C/B	5,577	6,401
Fixed Assets Inc. WIP	46,792	49,947
Less: Deferred Credits	24,104	22,572
Total	22,688	27,375
RAB		25,031
WACC		10.95%
RORB		2,740

20.15. The Audited accounts submitted by the Petitioner do not provide any bifurcation of the assets in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of RoRB in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate RoRB in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed Rs.55 million as part of its RoRB for Supply of Power function for the FY 2018-19.

20.16. The Authority during the tariff determination of the Petitioner for the FY 2015-16, noted that the Petitioner has insufficient cash balance as on 30th June 2015 against its pending liability of receipt against deposit works and consumer security deposits, which indicated that the amount received against the aforementioned heads has been utilized somewhere else and the Petitioner failed to provide details in this regard. The Authority is of the view that the amount collected as security deposit cannot be utilized for any other reason and any profit earned thereon has to be distributed to the consumers. Also, the amount collected under the head of receipt against deposit works has to be spent for the purpose for which it has been collected. The utilization of the money collected against deposit works and security deposits other than the works for which it has been received is illegal and unlawful. In view thereof, the Petitioner in the tariff determination for the FY 2015-16, FY 2016-17 and FY 2017-18 was directed to provide rational / justification for improper utilization of the money because the consumers have to suffer unnecessary delay on this account.

20.17. Similarly for the FY 2018-19, the Authority has again observed that the Petitioner had insufficient cash balance as on 30th June 2019, against its pending liability of receipt against

deposit works and consumer security deposits, thus, indicating that the amount received against the aforementioned heads has been utilized somewhere else for which no details have been provided. Thus, it would be unfair and unjust with the consumers to suffer due to the unlawful act of the Petitioner.

- 20.18. Accordingly, the Authority has decided, to include the amount of receipts against deposit works as a part of Deferred Credits for the assessment of RAB for FY 2018-19, after excluding therefrom the cash/ bank balances and the amount of stores & Spares available with the Petitioner as on June 30, 2019.
- 20.19. The Authority again directs the Petitioner to ensure that in future consumer's deposits are not utilized for any other purpose. The Petitioner is also directed to restrain from unlawful utilization of receipts against deposit works and security deposits, failing which, the proceedings under the relevant law may be initiated against the Petitioner. The Petitioner is also directed to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.
- 20.20. Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs.2,150 million on account of Distribution margin i.e. salaries, wages and other benefits including post-retirement benefits, traveling, Vehicle maintenance, other expenses, repair & maintenance, Depreciation, RoRB and other income for the FY 2018-19 as tabulated below;

Description	Unit	FY-19
Pay & Allowances		1,907
Post Retirement Benefits		769
Repair & Maintainance		19
Traveling allowance		83
Vehicle maintenance		13
Other expenses		530
O&M Cost	[Mn. Rs.]	3,321
Depreciation		42
RORB		55
O. Income		(1,267)
Margin	[Mn. Rs.]	2,150

21. Whether the ToU meters installed for the residential & general service consumers can record MDI? Whether the existing fixed charges applicable to different consumer categories are sufficient and whether there shall be any fixed charges for the residential consumers and General Services categories?
- 21.1. The Petitioner during the hearing submitted that although the TOU meters have the capability to record MDI, however, the billing software records KWh only.
- 21.2. The Authority observed that currently no fixed charges are being levied on Domestic consumers and General Service Category, i.e. such consumers only pay variable charge @ Rs./kWh, based on the amount of actual energy consumed during the month.

- 21.3. Considering the increase in capacity charges coupled with demand exiting the system due to net metering etc., the Authority is cognizant that there is a need to levy certain fixed charges for those domestic and general services consumers who have installed net metering facility, however, as the issue requires further deliberation, therefore, the Authority has decided not to levy any fixed charges for such consumers.
22. **Whether the existing minimum/fixed monthly charges even if no energy is consumed needs to be revised to assist in the recovery of fixed cost?**
- 22.1. The Petitioner during the hearing submitted that it supports that existing minimum / fixed monthly charges even if no energy is consumed needs to be revised to assist in the recovery of fixed cost and will follow the decision of the Authority accordingly.
- 22.2. The Authority noted that as per the current tariff structure, certain consumer categories like Commercial, Industrial, Bulk and Agriculture are levied fixed charges, which are based on their actual MDI for the month. The Authority considers that the capacity charges of generation companies which are fixed in nature as they have to be paid based on the plant availability, are charged to DISCOs based on their actual MDIs. However, the present consumer end tariff design is of volumetric nature whereby major portion of the Power Purchase Price (PPP) is charged / recovered from the consumers on units consumed basis i.e. per kWh and only a small amount of the total PPP is recovered on MDIs basis. The Authority considering the increased quantum of capacity charges, and the present volumetric nature of tariff, has decided to increase the rate of fixed charges currently applicable to certain categories, by around 10% i.e. from Rs.360/kW/M, 380/kW/M and 400/kW/M to Rs.400/kW/M, 420/kW/M, and 440/kW/M respectively. However, at the same time, the Authority, not to overburden such consumers who are levied fixed charges, has adjusted their variable rate, to minimize the impact of increase in fixed charges.
23. **Whether the Petitioner is to be treated as a Supplier of the last resort and whether the tariff of the Petitioner or the National uniform tariff is to be treated as last resort tariff?**
- 23.1. The petitioner on the issue has submitted that in case of any default by any other supplier of electricity, the Petitioner's determined tariff is proposed to be treated as last resort tariff.
- 23.2. As per the amended NEPRA Act, 2018, the function of sale of electric power traditionally being performed by the Distribution Licensees has been amended whereby 'sale' of electric power has been removed from the scope of Distribution Licenses and transferred to 'Supply Licensee'.
- 23.3. The 2018 Amended Act has removed the distribution company exclusivity for sale of electric power and empowered the regulator to grant a new form of non-exclusive license for sale of power, i.e. the Electric Power Supplier License. With these powers, the legislature has prescribed a shift from a regulated and restricted power supply sector to an open and competitive one, with conceivably multiple suppliers of power and consumers holding the prerogative of choosing and switching based on rates and products arrived at through competition in the market.
- 23.4. As per the amended Act Section 23E, the eligibility criteria for grant of license to supply electric power to be prescribed by the Federal Government, shall include, provision with respect to a supplier of the last resort, as the case may be.
- 23.5. In the light of aforementioned provisions and keeping in view the fact that when markets are liberalized, the Suppliers always go for the good paying and affluent customers, whereas the economically vulnerable customers are preferred to be avoided. Hence, there must be a declared "Last resort supplier" in the distribution area of each DISCO who would be obligated to provide electricity to a consumer who could not get electricity from any other source. Internationally

these "Supplier of Last Resort (SoLR)" are always incumbent utility companies and their consumer end tariffs includes both retail, network costs, cross subsidization along with profits and incentives.

23.6. Here it is pertinent to mention that the Authority is in the process of finalization of Supplier Regime in light of the amended NEPRA Act. Once the said regime is finalized, and if any changes are required to be made regarding concept of "Supplier of Last Resort", the same would be revised accordingly.

24. **Whether the existing Tariff Terms and Conditions needs to be modified to incorporate concerns raised by various consumers? Whether Ministry of Information Technology & Telecommunication request to charge Cellular Mobile Operator under the "B Industrial Supply" Category instead of "A-2 Commercial" is justified?**

24.1. The Petitioner on the issue submitted that no specific issue has been brought into the knowledge of GEPCO by any consumer regarding modification in the existing Tariff Terms and Conditions. The Petitioner also submitted that a Cellular Mobile Operator is not an industry as defined in Part II of the Tariff Terms & Conditions of the Tariff by virtue of that Industry means " a bona fide undertaking or establishment engaged in manufacturing , value addition and / or processing of goods."

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

24.3. The Authority also noted that a lot of complaints have been received through Pakistan Citizen Portal, as well as in the Consumer Affairs Department of NEPRA, from XWDISCOs and other stakeholders, regarding clarification of Terms & Conditions with regard to applicability of tariff for different consumer categories, like Hostels (Commercial), Foreign Embassies, Water pumps & tube-wells, Fish farms etc.

24.4. In order to address these concerns, the Authority framed an issue for discussion during the hearing of DISCOs and for providing written comments in this regard. The Petitioner during the hearing requested for clarification regarding tariff to be charged to Cold storage, private hostels and fish farms/ hatcheries.

24.5. Further, the Ministry of Energy (MOE) vide letter dated May 20, 2020, forwarded request from the Government of Punjab for revision in Tariff Category for Water and Sanitation Agencies (WASA) in Punjab from A-3 General Service Category to D-1(b) SCARP (Salinity Control & Reclamation Program).

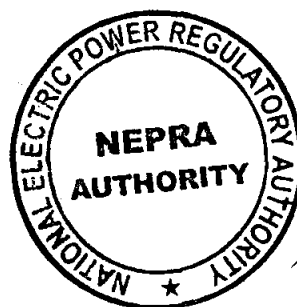
24.6. The Authority considers that SCARP is not the relevant Tariff category for Water Schemes as SCARP is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation. Moreover, the purpose of creation of A-3 category was to reduce the undue benefit of Off-Peak rates for such consumers who although have TOU meters but only operate during day hours. In view thereof, the Authority has decided to maintain its earlier decision of inclusion of water schemes under A-3 category.

- 24.7. The Authority has also decided the other concerns of the DISCOs and other stakeholders by amending the terms & conditions of the tariff, if deemed correct, and the same are attached herewith the instant determination.
25. Whether the requested PYA is justified?
26. Whether the Petitioner has actually written off, provisionally allowed Write offs allowed in the Re determination decision pertaining to the FY 2015-16?
- 26.1. The Petitioner submitted that for the FY 2018-19, the Prior Year Adjustment (PYA) has been taken for minimum tax paid amounting to Rs.5,424 million from FY 2014 to 2019 and the whole amount is allocated to Power Supply Business.
- 26.2. Regarding write-off of the provisionally allowed amount, the Petitioner during the hearing submitted that its Management is hopeful to recover the default amount with the help of the Tehsildar Recovery to be made available by the Board of Revenue, Govt. of the Punjab, which are currently not available at each Operational Circle level and it has been continuously pursuing the Board of Revenue in this regard.
- 26.3. The Authority noted that the Petitioner although has not requested any other amount on account of PYA except minimum tax paid, however, there are certain costs which are either of pass through nature or have been allowed to the Petitioner as part of its revenue requirement and any under/over recovery of these costs needs to be adjusted subsequently.
- 26.4. The Authority understands that the since the power to notify NEPRA determined tariff rests with the Federal Government, and keeping in view the timing of instant decision whereby the financial year FY 2018-19 has already lapsed, therefore, the Federal Government may notify either the tariff determined for the FY 2018-19 or the FY 2019-20. Therefore, in order to ensure recovery of the arrears, the PYA up-to FY 2017-18 has been included in the instant tariff petition of the Petitioner.
- 26.5. The Prior Year Adjustment includes the impact of variation in the following;
- Difference between the actual PPP billed and the amount recovered by the DISCO.
 - Difference between the assessed DM and the amount actually recovered.
 - Difference between the previously assessed PYA and the amount actually recovered.
 - Difference between actual other income and the amount allowed
 - Variation due to Sales Mix.
- 26.6. It is important to highlight that variation between the PPP billed to DISCOs by CPPA-G and the amount recovered by the DISCOs are being accounted for separately through Quarterly/Bi-Annual Adjustment mechanism, therefore, the instant PYA includes accounts for the remaining components.
- 26.7. Here it is also pertinent to mention that the Authority through its interim decision dated September 27, 2019, in the matter of requests filed by Ministry of Energy (MoE) regarding Annual adjustment / indexation of Distribution Margin of DISCOs, allowed an amount of Rs.2,898 million as Interim adjustment to the Petitioner, strictly on provisional/ interim basis, subject to its adjustment once the annual adjustments of the Petitioner is finalized by the Authority. The said decision was notified by the Federal Government w.e.f. October 01, 2019 and would continue till September 30, 2020, whereby, the Petitioner has been allowed to pass on the said amount through monthly billing as a separate tariff component. In view of thereof and the considering the fact that the Petitioner's adjustment request for the FY 2019-20 is being finalized, the amount of

Rs.2,898 million allowed on interim basis, has been adjusted back through PYA. Any under / over recovery of the allowed Interim DM would be adjusted subsequently as PYA.

- 26.8. Here it is also pertinent to mention that the Authority in its Redetermination decision dated September 18, 2017, pertaining to tariff petitions of DISCOs for the FY 2015-16, allowed an amount of Rs.149 million to the Petitioner as Write-Offs on provisional basis, subject to fulfilment of the given criteria. The Authority also decided that in case the Petitioner fails to actually write off the allowed amounts, as per the given criteria, and required evidence is not provided, the provisionally amount shall be adjusted back subsequently. The tariff for the FY 2015-16 were notified by the Federal Government w.e.f. March 22, 2018, therefore, DISCOs were required to complete the process of Write-Offs till March 21, 2019.
- 26.9. The Petitioner neither in its Petition nor during the hearing provided any details in terms of actual write offs for the amount provisionally allowed to the Petitioner. The Authority in view of the non-completion of the required process/ criteria and the fact that no amount has been written off by the Petitioner, has decided to adjust back the amount of write-offs of Rs.171 million actually recovered by the Petitioner against the allowed amount of Rs.149 million through PYA.
- 26.10. Based on the discussion made in the above paragraphs, the Authority has assessed the following PYA of the Petitioner for the FY 2018-19;

Description	Rs. Mln FY 2018-19
PYA 2017	
Allowed	(7,166)
Recovered	(8,235)
Under/(Over) Recovery	1,069
PYA 2018	
Allowed	7,675
Recovered	7,027
Under/(Over) Recovery	648
Distribution Margin FY 2017-18	
Allowed	14,418
Recovered	16,203
Under/(Over) Recovery	(1,785)
Interim DM Adjusted Back	(2,898)
Other Income FY 2017-18	
Allowed	(1,294)
Actual	(1,012)
Under/(Over) Recovery	282
Bad Debts	
Allowed	149
Revised allowed based on regulated sales	171
Adjustment	(171)
Sales Mix Variances	
FY 2017-18	(3,192)
Total	
Total Prior Period Adjustment	(6,048)



Auth?

26.11. Since the Petitioner has itself included the total amount of PYA as part of its Supply of Power tariff, therefore, the Authority has included the entire negative amount of PYA of Rs.6,048 million, as worked above in the total Revenue Requirement of the Petitioner for the FY 2018-19 for its Supply function.

27. Wheeling Issues

27.1. The Authority approved National Electric Power Regulatory Authority (Wheeling of Electric Power) Regulations, 2016 (the Regulations) vide SRO dated June 13, 2016, in order to facilitate wheeling of power in the country. However, different stakeholders voiced their concerns on the Regulations in terms of treatment of T&D losses during wheeling, imposition of Cross subsidies, treatment of Stranded costs if any, applicability of Use of System charges of NTDC, Hybrid BPCs, and Banked Energy etc.

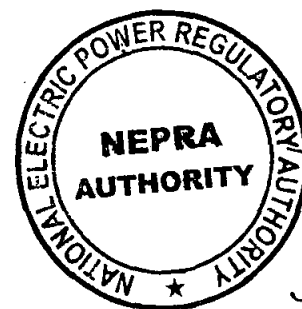
27.2. The Authority accordingly made two additional issues of Cross Subsidy charge and Stranded cost under the instant petition, for which advertisement was published in the leading newspapers on September 9th, 2020 and hearing in this regard was held on 17th September, 2020. Here it is also pertinent to mention that to get an international view on these issues, the Authority has also engaged an international consultant through USAID.

1.1. The Authority considering the impact of the above issues on the power sector, considers that the matter requires further deliberations, and has therefore decided to issue a separate additional decision on the aforementioned proceedings.

27.3. Thus, the Use of System Charge (UoSC) determined by the Authority in the instant decision, as mentioned under the Order part, may be revised accordingly, if required in light of the decision of the Authority on the wheeling issues, which will be issued separately.

28. Order

28.1. Based on the assessments made in the preceding paragraphs, the total Supply Function Revenue Requirement of the Petitioner for the FY 2018-19 including Power Purchase Price (PPP), and Distribution Margin as assessed in the Distribution Tariff determination of the Petitioner for the FY 2018-19, has been worked out as under;



Description	Unit	FY-19
Units Received	[MkWh]	11,438
Units Sold	[MkWh]	10,322
Units Lost	[MkWh]	1,117
Units Lost	[%]	9.76%
Energy Charge		66,584
Capacity Charge		75,589
Transmission Charge & Market Operation Fee		4,150
Power Purchase Price	[Mln. Rs.]	146,322
Wire Business Margin		13,798
Power Purchase Price with Wire Business		160,121
Pay & Allowances		1,907
Post Retirement Benefits		769
Repair & Maintainance		19
Traveling allowance		83
Vehicle maintenance		13
Other expenses		530
O&M Cost	[Mln. Rs.]	3,321
Depreciation		42
RORB		55
O.Income		(1,267)
Margin	[Mln. Rs.]	2,150
Prior Year Adjustment	[Mln. Rs.]	(6,048)
Revenue Requirement	[Mln. Rs.]	156,223
Average Tariff	[Rs./kWh]	
PPP without Wire Business Cost-Unadj.		
PPP without Wire Business Cost-adj.		14.18
Distribution/Supply Margin		1.55
Distribution/Supply PYA		(0.59)
Average Tariff	[Rs./kWh]	15.14

28.2. The Petitioner is allowed to recover the determined revenue requirement from the consumers through the projected sales of 10,322 GWhs, as per Annex - II.

28.3. The Petitioner, being a deemed supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariff for GEPCO annexed to the decision.

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

29. Summary of Direction

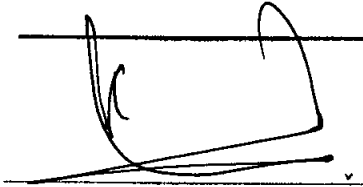
29.1. A summary of all directions passed in this determination by the Authority are reproduced hereunder.


29.2. The Authority hereby directs the Petitioner to;

- i. File Multi Year Tariff Petition for a tariff control period of five year to avoid any delay in tariff determinations.
- ii. Transfer the already collected provision of postretirement benefits into the fund by June 30, 2021.
- iii. to ensure proper tagging of assets so that costs incurred are properly classified as per their nature and report be submitted to the Authority by June 30, 2021.
- iv. to provide details of PEPCO Management Fees, if any, claimed previously by March 31, 2021, so that same could be adjusted in the subsequent tariff determinations.
- v. Target high loss feeders to bring the overall losses down. A detailed plan be prepared and submitted to the Authority for monitoring the progress of GEPCO in this respect by June 2021.
- vi. Take remedial measures for achievement of performance standards as laid down in NEPRA Performance Standards (Distribution) Rules, 2005.
- vii. The Petitioner can minimize its technical losses through prudent planning and engineering design practices, therefore, is directed to implement such activities and submit is plans in this regard to the Authority by March 31, 2021.
- viii. Carry out detailed analysis about the hard and soft areas relative to claims in earlier studies.
- ix. to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance for the FY 2020-21 & onward.
- x. Segment reporting with clear break-up of costs in financial statements for the Distribution and Supply Functions in light of the amended NEPRA Act.
- xi. to immediately provide electricity connections to all the pending applications without further delay and submit a progress report in this regard by the end of each quarter.
- xii. to immediately stop the existing practice of deducting 20% of SAP funds for grid augmentation and carry out the augmentation of the grid after coordinating with the Ministry of Energy and report be shared with the Authority by December 31, 2020.
- xiii. to restrain from unlawful utilization of receipts against deposit works and security deposits immediately, and the same is reflected in the Audited accounts for the FY 2020-21 & onward.
- xiv. Provide the required details of late payment charges recovered from the consumers and invoices raised by CPPA (G) under the head of mark-up on delayed payments for the period from FY 2015-16 to FY 2019-20, in its next tariff

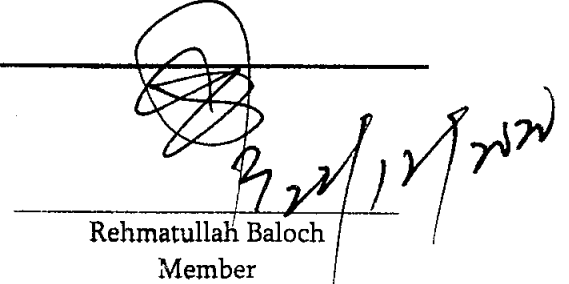


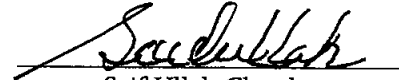
- xv. Provide project wise detailed report for the investment carried out along-with their cost/benefit analysis and technical/financial savings achieved by June 2021.
30. Determination of the Authority including Annex-I, I-A, II, III, IV and V annexed with the determination is hereby intimated to the Federal Government for notification in the official gazette in terms of section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.


Engr. Bahadur Shah
Member

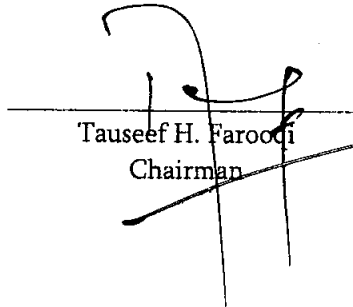

Rafique Ahmed Shaikh
Member

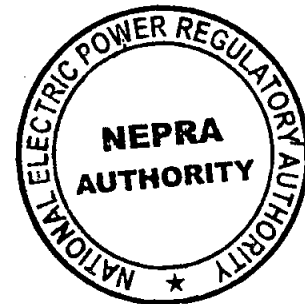
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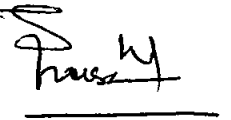

Rehmatullah Baloch
Member


Saif Ullah Chattha
Vice Chairman

22.12.2020


Tauseef H. Farooqi
Chairman




Tauseef H. Farooqi

Gujranwala Electric Power Company Limited (GEPCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Revenue			Base Tariff		PYA 2018		Total Tariff	
	GWh	% Mix	Fixed Charge	Variable Charge	Total	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge
				Mln. Rs.		Rs./kW/ M	Rs./ kWh	Mln. Rs.	Rs./ kWh	Rs./kW/ M	Rs./ kWh
Residential											
Up to 50 Units	29	0.28%	-	117	117		4.00	-			4.0
For peak load requirement less than 5 kW											
01-100 Units	726	7.02%	-	9,185	9,185		12.85	(421)	(0.58)		12.0
101-200 Units	1551	14.98%	-	22,610	22,610		14.58	(899)	(0.58)		14.0
201-300 Units	1415	13.67%	-	22,405	22,405		15.83	(821)	(0.58)		15.2
301-700 Units	1804	17.43%	-	33,883	33,883		18.78	(1,084)	(0.59)		18.1
Above 700 Units	340	3.28%	-	6,584	6,584		19.39	(197)	(0.58)		18.8
For peak load requirement exceeding 5 kW											
Time of Use (TOU) - Peak	26	0.26%	-	511	511		19.33	(16)	(0.59)		18.7
Time of Use (TOU) - Off-Peak	113	1.09%	-	1,452	1,452		12.83	(66)	(0.58)		12.2
Temporary Supply	0	0.00%	-	7	7		19.38	(0)	(0.59)		18.7
Total Residential	6,005	58.02%	-	96,753	96,753			(3,484)			
Commercial - A2											
For peak load requirement less than 5 kW											
For peak load requirement exceeding 5 kW											
Regular	0	0.00%	0	2	2	440	14.56	(0)	(0.59)	440	13.9
Time of Use (TOU) - Peak	60	0.58%	-	1,153	1,153		19.06	(36)	(0.59)		18.4
Time of Use (TOU) - Off-Peak	240	2.32%	782	3,017	3,799	440	12.56	(142)	(0.59)	440	11.9
Temporary Supply	12	0.12%	-	222	222		18.20	(7)	(0.59)		17.6
Total Commercial	662	6.30%	782	10,574	11,356			(385)			
General Services-A3											
	120	1.16%	-	1,811	1,811		16.09	(71)	(0.59)		14.5
Industrial											
B1	46	0.45%	-	638	638		13.73	(27)	(0.59)		13.1
B1 Peak	63	0.61%	-	1,210	1,210		19.23	(37)	(0.59)		18.6
B1 Off Peak	411	3.97%	-	5,235	5,235		12.73	(243)	(0.59)		12.1
B2	0	0.00%	1	5	6	440	13.08	(0)	(0.59)	440	12.4
B2 - TOU (Peak)	149	1.44%	-	2,849	2,849		19.06	(88)	(0.59)		18.4
B2 - TOU (Off-peak)	919	8.88%	2,350	11,360	13,709	440	12.36	(542)	(0.59)	440	11.7
B3 - TOU (Peak)	60	0.58%	-	1,135	1,135		19.06	(35)	(0.59)		18.4
B3 - TOU (Off-peak)	1037	10.02%	1,356	12,714	14,070	420	12.26	(612)	(0.59)	420	11.6
B4 - TOU (Peak)	0	0.00%	-	-	-		19.06	-	(0.59)		18.4
B4 - TOU (Off-peak)	0	0.00%	-	-	-	400	12.16	-	(0.59)	400	11.5
Temporary Supply	1	0.01%	-	11	11		17.43	(0)	(0.59)		16.8
Total Industrial	2,687	25.96%	3,706	35,156	38,862			(1,585)			
Single Point Supply											
C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%	-	2	2		14.23	(0)	(0.59)		13.6
C1(b) Supply at 400 Volts-exceeding 5 kW	0	0.00%	0	2	2	440	13.56	(0)	(0.59)	440	12.9
Time of Use (TOU) - Peak	2	0.02%	-	42	42		19.06	(1)	(0.59)		18.4
Time of Use (TOU) - Off-Peak	9	0.09%	16	112	128	440	12.56	(5)	(0.59)	440	11.9
C2 Supply at 11 kV	0	0.00%	-	-	-	420	13.36	-	(0.59)	420	12.7
Time of Use (TOU) - Peak	37	0.36%	-	705	705		19.06	(22)	(0.59)		18.4
Time of Use (TOU) - Off-Peak	123	1.19%	181	1,517	1,698	420	12.36	(72)	(0.59)	420	11.7
C3 Supply above 11 kV	0	0.00%	-	-	-	400	13.26	-	(0.59)	400	12.6
Time of Use (TOU) - Peak	0	0.00%	-	-	-		19.06	-	(0.59)		18.4
Time of Use (TOU) - Off-Peak	0	0.00%	-	-	-	400	12.26	-	(0.59)	400	11.6
Total Single Point Supply	171	1.65%	197	2,379	2,577			(101)			
Agricultural Tube-wells - Tariff D											
Scarp	0	0.00%	-	1	1		14.73	(0)	(0.59)		14.1
Time of Use (TOU) - Peak	0	0.00%	-	1	1		19.23	(0)	(0.59)		18.6
Time of Use (TOU) - Off-Peak	0	0.00%	1	6	6	200	12.43	(0)	(0.59)	200	11.8
Agricultural Tube-wells	75	0.73%	122	1,032	1,153	200	13.73	(44)	(0.59)	200	13.1
Time of Use (TOU) - Peak	50	0.49%	-	969	969		19.23	(30)	(0.59)		18.6
Time of Use (TOU) - Off-Peak	339	3.27%	580	4,208	4,788	200	12.43	(200)	(0.59)	200	11.8
Total Agricultural	465	4.49%	702	6,216	6,919			(274)			
Public Lighting	8	0.07%	-	104	104		13.60	(5)	(0.59)		13.0
Resid. Colon.att. to ind	1	0.01%	-	12	12		13.73	(1)	(0.59)		13.1
Special Contracts - AJK	0	0.00%	-	-	-	400	14.50	-	(0.59)	400	13.9
Time of Use (TOU) - Peak	48	0.46%	-	909	909		19.04	(28)	(0.59)		18.4
Time of Use (TOU) - Off-Peak	194	1.88%	290	2,680	2,970	400	13.79	(115)	(0.59)	400	13.2
Sub-Total	251	2.42%	290	3,705	3,994			(148)			
Total Revenue	10,351	100.00%	5,677	156,595	162,272			(6,048)			

3: The PYA 2018 column shall cease to exist after one year from the date of notification of the instant decision.





Sl. No.	TARIFF CATEGORY / PARTICULARS	A		B		C		Total Variable Charges
		Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh		
C.1	a) Sanctioned load less than 5 kW	-	440.00	14.23	13.67	13.64		
	b) Sanctioned load 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
	c) For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	d) For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
C.2(a)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(b)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(c)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(d)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(e)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(f)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(g)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(h)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(i)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(j)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(k)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(l)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(m)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(n)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(o)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(p)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(q)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(r)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(s)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(t)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(u)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(v)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(w)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(x)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(y)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(z)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(aa)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(ab)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(ac)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(ad)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(ae)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(af)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(ag)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(ah)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(ai)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13.64		
	Time Of Use	-	440.00	14.23	13.67	13.64		
	For supply at 400/230 Volts 5 kW & up to 500 kW	-	440.00	14.23	13.67	13.64		
C.2(aj)	For supply at 11,23 kV up to and including 5000 kW	-	440.00	14.23	13.67	13.64		
	For supply at 66 kV & above and sanctioned load above 5000 kW	-	440.00	14.23	13.67	13		

2. SINGLE POINT SUPPLY

For B1 consumers there shall be a fixed minimum charge of Rs. 3.50 per month.
For B2 consumers there shall be a fixed minimum charge of Rs. 2.00 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.

Sr. No.	TARIFF CATEGORY / PARTICULARS	A KWh/KVA	B KWh/KVA	C KWh/KVA	D KWh/KVA
B1	Up to 25 kW (at 400/230 Volts)	-	13.73	(0.89)	13.14
B2(a)	exceeding 25-50 KW (at 400 Volts)	440.00	13.06	(0.89)	12.47
B1 & B2(b)	Time Of Use Up to 25 KW				
B3	exceeding 25-500 kW (at 400 Volts)				
B4	For All Loads up to 5000 kW (at 11.33 kV) For All Loads (at 66.133 KV & above)	440.00 400.00	19.06 19.06	(0.89) (0.89)	11.67 11.57
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.06 13.73	(0.89) (0.89)	11.67 11.47
			19.06 12.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
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			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	11.57 11.47
			Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			19.23 13.73	(0.89) (0.89)	12.64 12.14
			19.06 13.26	(0.89) (0.89)	11.67 11.47
			19.06 12.16	(0.89) (0.89)	

8 INDUSTRIAL SUPPLY TARGETS

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

Under FAR 101-11.6, there shall be minimum monetary charges as the following rates even if no award is consumed.

Sr. No.	TAMPA CATEGORY / PARTICULARS	A Rs./Kwh	B Rs./Kwh	C Rs./Kwh	D Rs./Kwh
			18.09	(0.59)	14.50

A-3 GENERAL SERVICES

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

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

Sr. No.	TAMING CATEGORY / PARTICULARS	A PLACED CHARGES RM./M	B VARIABLE CHARGES RM./M	C RM./M	D Total Variable Charges RM./M
a)	For Sanctioned load less than 6 KW	18.23	18.23	(0.59)	17.64
b)	For Sanctioned load 6 KW & above	Peak OT-Peak	18.56 OT-Peak	Peak OT-Peak	13.97 Peak
c)	Time Of Use	440.00	19.06 18.56 18.47	(0.59) (0.59) (0.59)	11.97

A-2 GENERAL SUPPLY TABLE COMMERCIAL

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

[illegible]

Sr. No.	TAMPER CATCHMENT / PARTICULARS	A Rs./W/M	B Rs./W/H	C Rs./W/H	D Rs./W/H
	FIXED CHARGES		VARIABLE CHARGES	PFA 2018	Total Variable Charges
I	Up to 50 Units	-	4.00	-	4.00
II	For Consumption exceeding 50 Units	-	12.65	(0.59)	12.07
III	001 - 200 Units	-	14.55	(0.59)	14.00
IV	201 - 300 Units	-	15.53	(0.59)	15.25
V	301 - 700 Units	-	17.75	(0.59)	18.19
VI	Above 700 Units	-	19.39	(0.59)	18.81
b)	For Sanctioned load > kW & above				
Time Of Use					
		Peak	Off-Peak	OT-Peak	OT-Off-Peak
		19.33	12.83	(0.59)	18.74
					12.26

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

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

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

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
D-1 (a)	SCARP less than 5 kW	-	14.73		(0.59)		14.14	
D-2 (a)	Agricultural Tube Wells	200.00	13.73		(0.59)		13.14	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1 (b)	SCARP 5 kW & above	200.00	19.33	13.43	(0.59)	(0.59)	18.64	11.84
D-2 (b)	Agricultural 5 kW & above	200.00	19.33	12.63	(0.59)	(0.59)	18.64	11.84

Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.

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

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable Charges
		Rs/kW/M A	Rs/kWh B		Rs/kWh C		Rs/kWh D
E-1 (i)	Residential Supply	-	19.38		(0.59)		18.79
E-1 (ii)	Commercial Supply	-	18.30		(0.59)		17.61
E-2	Industrial Supply	-	17.43		(0.59)		16.84

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

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

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

G - PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable Charges
		Rs/kW/M A	Rs/kWh B		Rs/kWh C		Rs/kWh D
	Street Lighting	-	13.60		(0.59)		13.01

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

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable Charges
		Rs/kW/M A	Rs/kWh B		Rs/kWh C		Rs/kWh D
	Residential Colonies attached to industrial premises	-	13.73		(0.59)		13.14

I - SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
	Asad Jammu & Kashmir (A&K)	400.00	14.60		(0.59)		13.91	
	Time of Day	400.00	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
			19.04	13.79	(0.59)	(0.59)	18.45	13.20

Note: The FYA 2018 column shall cease to exist after one year from the date of notification of the instant decision.



FUEL PRICE ADJUSTMENT MECHANISM

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

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

Where:

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

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



QUARTERLY/BIANNUAL ADJUSTMENT MECHANISM

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

$$\text{Quarterly/Biannual PPP}_{(Adj)} = \frac{\text{PPP}_{(Act)} (\text{excluding FCC}) - \text{PPP}_{(Ref)} (\text{excluding FCC})}{(1 - \text{T\&D Loss \%}) \times (1 - \text{Life line Consumption \%})}$$

Where;

PPP_(Act) is the actual cost in Rs./kWh, excluding FCC, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

PPP_(Ref) is the reference cost in Rs./kWh as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

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

Quarterly/Biannual impact of T&D losses on FCA_(Adj)

$$= \left[\frac{\text{FCA}_{(Allowed)}}{(1 - \text{T\&D Loss \%}) \times (1 - \text{Life line Consumption \%})} \right] - \text{FCA}_{(Allowed)}$$

Where;

FCA_(allowed) is the FCA allowed by the Authority for the respective months of the concerned period.

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



Annex - IV

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,346	1,370	1,292	853	645	642	615	553	643	950	1,221	1,309	11,438

Rs./kWh

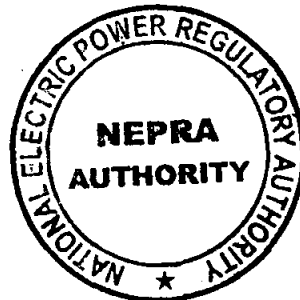
Fuel Cost Component	5.2798	4.7334	5.0229	5.1733	3.7381	5.5347	6.5124	4.2516	6.2295	6.6087	5.9322	5.9344	5.4296
Variable O&M	0.3897	0.3769	0.3808	0.3520	0.2993	0.4027	0.4887	0.3462	0.3739	0.4447	0.4070	0.4138	0.3915
Capacity	5.2257	5.2264	5.0714	7.8180	8.7803	8.9985	8.5427	9.9346	9.5642	6.8453	5.6399	4.9281	6.6084
UoSC	0.3242	0.3237	0.3200	0.4130	0.3884	0.4145	0.4009	0.4546	0.4577	0.3784	0.3528	0.3096	0.3628
Total PPP in Rs./kWh	11.2195	10.6604	10.7952	13.7563	13.2061	15.3504	15.9447	14.9869	16.6254	14.2771	12.3319	11.5859	12.7923

Rs. in million

Fuel Cost Component	7,105	6,487	6,491	4,411	2,411	3,555	4,007	2,349	4,007	6,275	7,242	7,765	62,106
Variable O&M	525	517	492	300	193	259	301	191	240	422	497	542	4,478
Capacity	7,032	7,162	6,553	6,666	5,663	5,781	5,256	5,490	6,151	6,500	6,885	6,449	75,589
UoSC	436	444	414	352	251	266	247	251	294	359	431	405	4,150
Total PPP in Rs./kWh	15,099	14,609	13,950	11,729	8,517	9,861	9,811	8,282	10,693	13,557	15,054	15,161	146,322

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

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

PART-I

GENERAL DEFINITIONS

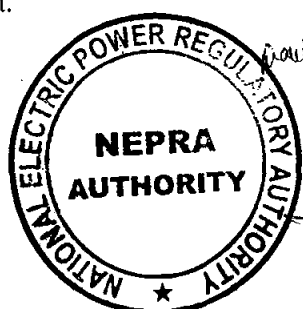
The Company, for the purposes of these terms and conditions means Gujranwala Electric Power Company (GEPCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

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:

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

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

11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.
12. "Consumer" as defined in NEPRA Act.



13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (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 Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.



PART-II

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

A-1 RESIDENTIAL

Definition

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

At any point of time, if the floating average of last six months’ consumption exceed 50 units, then the said consumer would not be classified as life line for the billing month even if its consumption is less than 50 units. For the purpose of calculating floating average, the consumption charged as detection billing would also be included.

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

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
 - i) Shops,
 - ii) Hotels, Hostels and Restaurants,
 - iii) Petrol Pumps and Service Stations,
 - iv) Compressed Natural Gas filling stations,
 - v) Private Hospitals/Clinics/Dispensaries,
 - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
 - vii) Guest Houses/Rest Houses,
 - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
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 convert it to-A-2 (c) Tariff.
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).



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A-3 GENERAL SERVICES

1. This tariff is applicable to;
 - i. Approved religious and charitable institutions
 - ii. Government and Semi-Government offices and Institutions
 - iii. Government Hospitals and dispensaries
 - iv. Educational institutions
 - v. Water Supply schemes including water pumps and tube wells other than those meant for the irrigation or reclamation of Agriculture land.
1. Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;
 - i) Poultry Farms
 - ii) Fish Hatcheries, fish farms, fish nurseries & Breeding Farms and
 - iii) Software houses

Conditions

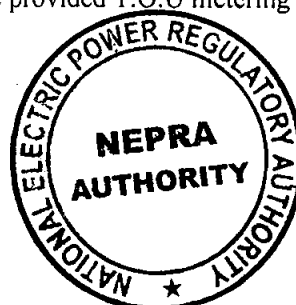
An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those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

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.
3. All existing consumers under tariff B-1 shall be provided T.O.U metering arrangement by the Company and convert it to-B1 (b) Tariff.

B-2 SUPPLY AT 400 VOLTS

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



3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 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, 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 BULK SUPPLY

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

General Conditions

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

C-1 SUPPLY AT 400/230 VOLTS

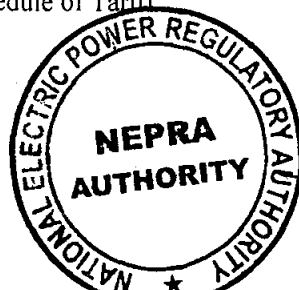
1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-1(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of 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).

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



D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

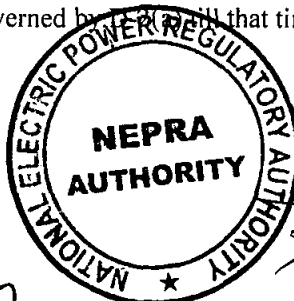
1. This tariff shall apply to:
 - i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP);
 - ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
 - iii) Tube-wells meant for aqua-culture.
 - iv) Tube-wells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

D-1

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

D-2

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



E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, 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

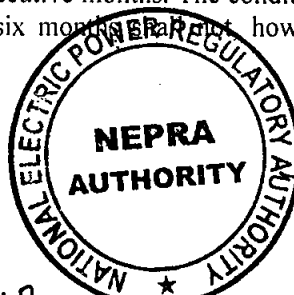
“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against 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, however, apply to the



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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.

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.

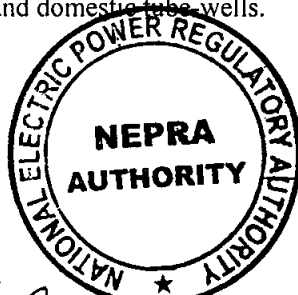
H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

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.

K. SPECIAL CONTRACTS

Supply under this tariff means supply of power to Special Contracts, i.e. Government of Azad Jammu & Kashmir (AJK) and Rawat Lab at one point.

