



**Registrar**

# **National Electric Power Regulatory Authority**

## **Islamic Republic of Pakistan**

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No. NEPRA/TRF-336/IESCO-2015/15633-15635

September 18, 2017

**Subject: Re-determination of the Authority in the matter of Request for Reconsideration pertaining to the Tariff Determination dated February 29, 2016 and Review Decision dated May 18, 2016 with respect to Islamabad Electric Supply Company Ltd. (IESCO) for the FY 2015-16 to 2019-20 under Section 31(4) of NERPA Act 1997 [Case # NEPRA/TRF-336/IESCO-2015]**

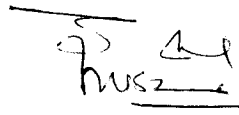
Dear Sir,

Enclosed please find herewith the subject Re-determination of the Authority along with Annex-I, II, III, IV, V, VI and VII (67 Pages) in Case No. NEPRA/TRF-336/IESCO-2015.

2. The Re-Determination is being intimated to the Federal Government pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

3. The Order Part along with Annex-I, II, III, IV, V, VI and VII of Re-determination of the Authority are to be notified in the official Gazette.

Enclosure: As above

  
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( Syed Safer Hussain )

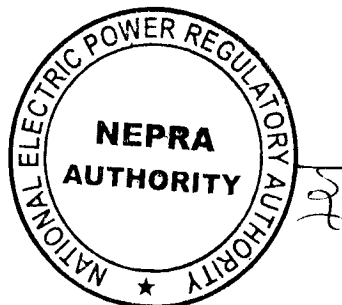
Secretary  
Ministry of Energy  
‘A’ Block, Pak Secretariat  
Islamabad

CC:

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

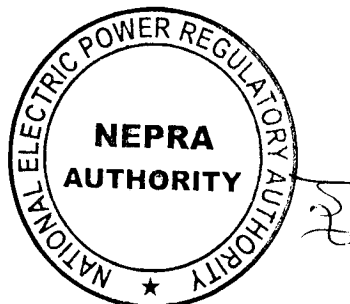
**RE-DETERMINATION OF THE AUTHORITY IN THE MATTER OF REQUEST FOR RECONSIDERATION PERTAINING TO THE TARIFF DETERMINATION DATED FEBRUARY 29, 2016 AND REVIEW DECISION DATED MAY 18, 2016 WITH RESPECT TO IESCO FOR THE FY 2015-16 TO FY 2019-20 UNDER SECTION 31(4) OF NEPRA ACT 1997**

1. As per Section 31 (4) of the NEPRA Act, notification of the Authority's approved tariff, rates, charges and other terms & conditions for the supply of electric power services by the generation, transmission and distribution companies is to be made in the official gazette by the Federal Government.
2. Islamabad Electric Supply Company Limited (IESCO)'s tariff was determined in accordance with the procedure provided under NEPRA Tariff (Standards & Procedure) Rules, 1998 vide tariff determination # NEPRA/TRF-336/IESCO-2015/2689-2691 dated February 29, 2016. The same was intimated to the Federal Government under Section 31(4) of the NEPRA Act, for notification in the official gazette.
3. IESCO, being aggrieved from the aforesaid determination, filed a Motion for Leave for Review (MLR) which was accordingly disposed-of vide decision # NEPRA/TRF-336/IESCO-2015/6786-6788 dated May 18, 2016. The MLR decision was also intimated to the Federal Government under Section 31(4) of the NEPRA Act for notification in the official gazette.
4. Under the first proviso to the Section 31(4) of NEPRA Act, 1997, when a tariff is intimated by NEPRA to the Federal Government for notification in the official gazette, the same is to be notified within 15 days or alternatively a re-consideration request could be filed by the Federal Government within 15 days of receipt of such determination or decision, whereupon the Authority has to determine the same anew within 15 days.
5. In the instant case, the tariff determination for IESCO was intimated by the Authority on February 29, 2016 and the reconsideration request, if any, should have been filed within 15 days from the date of such intimation. A reconsideration request was, however, filed by the Federal Government on June 03, 2016, which was barred by time. The Authority, however, in the interest of justice, condoned the delay and the request was admitted on June 07, 2016. The request was filed for reconsideration of the tariff determination on the following issues:-
  - a. The deduction and quantum of Prior Period Adjustment
  - b. The target for distribution losses be as proposed in the MYT Petition linked with execution of investments and its implementation, including arrangement of finances and





- c. The assumption of 100% recovery be re-fixed as per the sound business practices, ground realities prevalent in Pakistan and including the aspects with respect to area specific situation leading to non-collection by Distribution Companies.
6. Although, there is no specific requirement in section 31(4) of the NEPRA Act, 1997 to conduct any hearing for the consideration of re-consideration request, yet it was decided to conduct a hearing on 14<sup>th</sup> of June, 2016. In order to consider the request of the Federal Government, hearings were scheduled but was not attended by the parties. In the meanwhile, order dated 23.06.2016 passed by Lahore High Court Multan Bench in Writ Petition No. 6565/2016 was received whereby it was directed by the Court that NEPRA should decide the request filed by the Federal Government within 7 working days. Accordingly, the reconsideration request filed by the Federal Government was declined by the Authority vide its decision dated 1.7.16.
7. Thereafter, IESCO filed a Writ Petition No.2854/2016 in the Honorable Islamabad High Court (IHC), Islamabad whereby the decisions of the Authority for determination of tariff dated February 29, 2016 and the decision given upon motion for leave for review dated May 18, 2016 were assailed.
8. The Honorable High Court decided the said WP No.2854/2016 vide its judgment, announced on June 22, 2017, received in the office of Registrar NEPRA on July 13, 2017. The crux of the decision of the Honorable High Court is as under;
- The Writ Petition is allowed, consequently the redetermination order passed by NEPRA is set aside.
  - NEPRA to provide an opportunity of hearing to the Federal Government as well as the DISCOs, while adjudicating/deciding redetermination petition filed by the Federal Government.
  - DISCOs / Federal Government shall not obtain adjournments /postponements and shall facilitate NEPRA to decide the matter within time frame provided in proviso to sub-section (4) of Section 31 of the Act.
  - NEPRA while deciding the redetermination petition, shall keep in view the observations made in the judgment.
9. It may be observed that the decision of NEPRA given upon re-consideration request (which has been set aside by the Honorable Islamabad High Court) was never challenged by the Federal Government and the findings of Honorable Islamabad High Court may be considered



to be beyond the pleadings and NEPRA reserves its right to challenge the decision before Honorable Supreme Court of Pakistan. Without prejudice to the given situation, the re-consideration request of the Federal Government is being re-considered accordingly as per directions of Honorable Islamabad High Court.

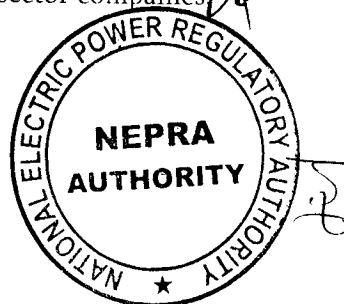
10. Pursuant of the directions of Honorable Islamabad High Court, hearing of the parties to the re-consideration request was scheduled for which notices were sent to the Federal Government and all the parties which participated at the time of determination of tariff dated April 01, 2016 and thereafter, a hearing was conducted on July 24, 2017 at NEPRA Tower Islamabad;

11. **Hearing**

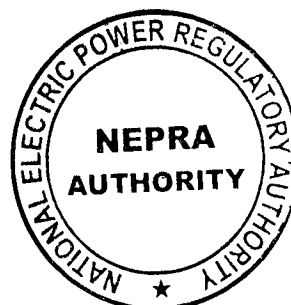
11.1 The hearing was held as per the Schedule i.e. on July 24, 2017 at NEPRA Tower and was attended by representatives from the Ministry of Water & Power and the representative of IESCO as well as other XWDISCOs. The MoWP was represented by Mr. Zargham Ishaque Khan, Joint Secretary and Mr. Abid Latif Lodhi, CEO CPPA-G, whereas XWDISCOs were represented by their counsel Mr. Munawar-us-Salam.

11.2 Written submissions vide letter dated July 24, 2017 were also made; crux whereof is given as under:-

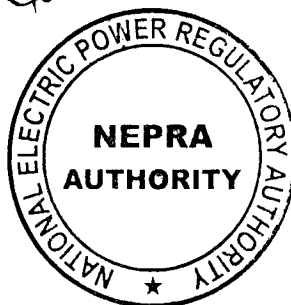
- Through the IHC Judgment it has been held that when the petition for redetermination of tariff is made, the matter has to be decided anew, as if no previous decision on the same has been rendered.
- With respect to the rules and regulations framed by NEPRA, it has been held in the judgment that the same are subservient to the parent statute i.e., Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act"), and thus imposition of restriction on the right of any party to seek review is violation of the NEPRA Act and NEPRA has been directed to amend the relevant rules and regulations so as to bring the same in harmony with the NEPRA Act.
- In respect of the policies framed by Council of Common Interest (CCI) vis-a-vis the subject of electricity; the same have a binding effect on NEPRA.
- The Guidelines issued by the Federal Government from time to time cannot be ignored by NEPRA and, in so far as the same are not explicitly inconsistent with the NEPRA Act, the same are to be applied and followed in order to balance the interests of the consumers and the power sector companies.



- The Petitions filed by Ex-WAPDA Distribution Companies have been allowed as prayed for and the Tariff Petitions filed by DISCOs have been directed to be decided anew after providing opportunity of hearing to all concerned.
- 11.3 In the backdrop of the above mentioned decision of the IHC, the Federal Government made a reference to the Power Policy, 2013, duly approved by CCI dated 31-07-2013, which prescribes policy methodology to alleviate, inter alia, market inefficiencies and financial burdens from the national power sector by:
- (i) *Promoting world class efficiency power generation;*
  - (ii) *Creating a cutting-edge transmission network;*
  - (iii) *Minimizing inefficiencies of the distribution system; and*
  - (iv) *Minimizing financial losses across system."*
- 11.4 The Federal Government stated that the Power Policy 2013 prescribes thresholds for standards of efficiencies to be attained and observed within the Power Sector of Pakistan, which, inter alia, includes;
- i. *The distribution market would be deemed efficient, affordable and financially viable, if, Transmission and Distribution losses incurred by DISCOs decreased from 23-25% in 2013-2014 to 16% by 2017;*
  - ii. *The distribution market would be deemed efficient, affordable and financially viable, if, recovery/collection by DISCOs was increased from 85 in 2013-2014 to 95% by 2017.*
- 11.5 The Federal Government also mentioned that in furtherance whereof the Federal Government has formulated National Power Tariff and Subsidy Policy Guidelines duly approved by ECC dated 28-01-2014 and the Policy Guidelines to Rationalize T&D Losses 2013-2014 duly approved by ECC dated 28-05-2014.
- 11.6 The Federal Government further submitted that NEPRA, while determining the Consumer-End Tariff for DISCOs since 2013-2014, did not adhere to such targets/benchmarks set out in the Power Policy, 2013 duly approved by CCI and instead, proceeded to determine the Tariffs on assumptions of 100% recovery and assumed lesser targets for Transmission and Distribution Losses, purportedly on the pretext of prudence in terms of Rule 17 of the Tariff Rules, whereas, the more circumspect, judicious and cautious way forward is enshrined in the targets set by CCI, which NEPRA is obligated to implement.



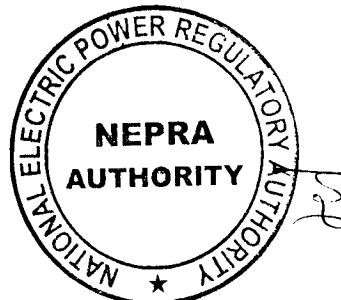
- 11.7 The Federal Government also submitted that while determining the Prior Year Adjustment component of Revenue Requirement of a DISCO, in a subsequent Tariff determination, NEPRA does not take into account the component of subsidy provided by the Federal Government and by doing so, NEPRA, in essence, puts additional financial burden on the Federal Government as the subsidy component is again passed on to the consumers leading to double burden, which is resulting in lesser cost recovery and consequent damage to the Power Sector.
- 11.8 The Federal Government further mentioned that while deciding the instant Tariff Petitions, NEPRA is required to determine the adjustments on account of:
- Capacity and Transmission charges as per the notified Transfer Pricing Mechanism;
  - Impact of T&D losses on the components of PPP as per the 2014-2015 Tariff determination;
  - Variable O&M as per actuals as per the notified Transfer Pricing Mechanism; and
  - Impact of Extra or Lesser Purchase of Units.
- 11.9 The Federal Government pleaded that these adjustments are of crucial significance so as to pass through the prudent cost already determined by NEPRA, therefore a mechanism for future quarterly adjustments be developed in line with the mechanism for Fuel Price Adjustment by way of billing adjustment, subject only to the modification that such decision shall be notified by the Federal Government.
- 11.10 In view of the above, the Federal Government submitted that:
- NEPRA may determine the Tariff for each of the DISCO "anew" in light of the directions contained in IHC Judgment and submissions made herein;
  - While determining the Tariff anew, NEPRA is bound to follow the policies framed by CCI as well as the Guidelines framed by the Federal Government, and in pursuance thereof adopt the benchmarks provided therein for making the distribution market efficient, affordable and financially viable;
  - While determining the revenue requirement of each DISCO, NEPRA may duly take into account the amount of subsidy provided by the Federal Government in relation to the "Prior Year Adjustment" component of such "revenue requirement" of each DISCO;
  - In the Tariff Determination to be made in pursuance of the IHC Judgment, NEPRA is to ensure recovery of costs incurred, which were/have not been allowed to be recovered on account of pendency of the Petitions.



- e. Individual issues of each of the DISCO as well as CPPA-G may also be considered and determined in the Tariff Determination.
- 11.11 Having considered the available record, submissions made by the Federal Government in its original reconsideration request, during hearing held on July 24, 2017 & letter dated July 24, 2017, the Authority observed that the Federal Government's request for reconsideration of IESCO's tariff determination is on the following grounds:-
- a. NEPRA in pursuance of CCI guidelines should adopt the benchmarks provided therein for making the distribution market efficient, affordable and financially viable;
  - b. The deduction and quantum of Prior Period Adjustment should also take into account the amount of subsidy provided by the Federal Government, while determining the revenue requirement of each DISCO in relation to the "Prior Year Adjustment" component of such "revenue requirement";
  - c. The target for distribution losses be set forth as per the third party technical study and its gradual reduction be as proposed in the tariff petition linked with execution of investments and its implementation, including arrangement of finances;
  - d. The assumption of 100% recovery be re-fixed as per the sound business practices, ground realities prevalent in Pakistan and including the aspects with respect to area specific situation leading to non-collection by Distribution Companies;
  - e. To ensure recovery of the costs which have been incurred but were/have not been allowed to be recovered on account of pendency of the Petitions and a mechanism for future quarterly adjustments be developed in line with the mechanism for Fuel Price Adjustment by way of billing adjustment, subject only to the modification that such decision shall be notified by the Federal Government;
  - f. Individual issues of each of the DISCOs as well as CPPA may be considered and determined in the decision of reconsideration request;
  - g. NEPRA may determine the Tariff for each of the DISCO "anew" in light of the directions contained in IHC Judgment and submissions made herein.

12. **Applicability of Power Policy 2013 (Without Prejudice)**

- 12.1 It has been pleaded by the GoP/ XWDISCOs that Constitution of Pakistan confers the power /authority to the Council of Common Interests to regulate and formulate policies for the Federation in relation to a number of subjects including electricity and regulatory bodies. The



decision of the Council of Common Interests has a binding/obligatory effect unless the same is modified by the Parliament as provided in Article 154(7) of the Constitution, hence any policy viz-a-viz the electricity and NEPRA formulated by the Council of Common Interests, has a binding effect on NEPRA.

12.2 It is believed that no policy can override the statutory provisions of law, however, without going into the controversy; the policy being referred has been gone through. That policy set out the following goals:-

- i. Build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.
- ii. Create a culture of energy conservation and responsibility
- iii. Ensure the generation of inexpensive and affordable electricity for domestic, commercial, and industrial use by using indigenous resources such as coal (Thar coal) and Hydel.
- iv. Minimize pilferage and adulteration in fuel supply
- v. Promote world class efficiency in power generation
- vi. Create a cutting edge transmission network
- vii. Minimize inefficiencies in the distribution system
- viii. Minimize financial losses across the system
- ix. Align the ministries involved in the energy sector and improve the governance of all related federal and provincial departments as well as regulators

12.3 Regarding the targets, it is stated in the policy as under:-

#### TARGETS

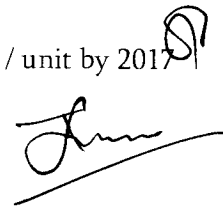
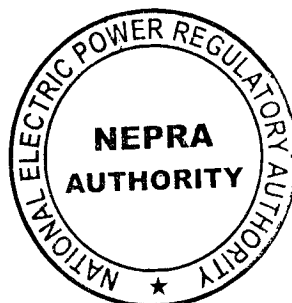
Pakistan has set key targets in terms of the demand-supply gap, affordability, efficiency, financial viability and governance of the system. The extent to which the policy can meet these targets will measure the success of the policy and the nation's ability to overcome the key problems afflicting the power sector.

##### Supply Demand Gap: Goals i and ii pertain to this target

- Target: Decrease supply demand gap from 4500 - 5000 MW today to 0 by 2017

##### Affordability: Goal iii pertains to this target

- Target: Decrease cost of generation from 12c / unit today to ~10c / unit by 2017





**Efficiency: Goals iv to vii pertain to this target**

- Target: Decrease transmission and distribution losses from ~23-25% to ~16% by 2017

**Financial Viability and Collections: Goal viii pertains to this target**

- Target: Increase collection from ~85% to 95% by 2017.

**Governance: Goal ix pertains to this target**

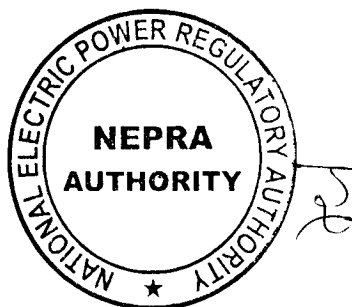
- Target: Decrease decision making processing time at the Ministry, related departments and regulators from long to short durations


12.4 A bare reading of the aforementioned goals and targets set out in the policy, it reveals that although the Power Policy 2013 prescribes the thresholds for standards of efficiencies, whereby certain targets in terms of T&D losses and Recovery have been fixed, however, a thorough reading of the Policy clearly depicts that the mentioned targets are not meant to be incorporated in the tariff by NEPRA rather the same have been fixed for the DISCOs to minimize the inefficiencies in the distribution system and financial losses across the system. It is, nowhere provided in the policy that if the concerned quarters failed to achieve the goals and targets set out in the policy, then the burden of inefficiency and mismanagement should be passed on to the consumers; as claimed by the petitioner. Therefore, there is no force in the argument advanced by the petitioner for the fixing the tariff as per claimed targets. It is, however, to be emphasized that the petitioner, being the 100% owner of the Distribution Companies, including IESCO should ensure fulfillment of policy objectives through improving efficiencies and ensuring recoveries from the defaulting consumers. The petitioner could not shift the burden of its own inefficiencies to the consumers who are paying their bills regularly.

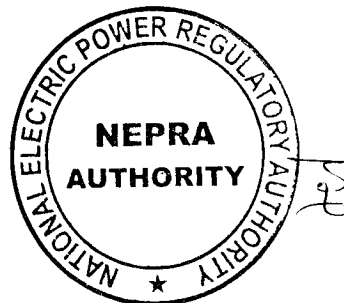
12.5 If the petitioner's contention with respect to burdening the law abiding consumers, who pay their bills, for the unrecovered amount and pilferage, it will be against the principle of equity, fairness and justice. This has to be seen in the context of responsibility and accountability. In the instant case, whether it is the responsibility of paying consumers to ensure recovery from non-paying consumers or to prevent theft/pilferages or it is the responsibility of the Petitioner itself. Even if the Petitioner's contention is accepted it would be counterproductive and will encourage the culture of non-payment and pilferage; thus will further aggravate the circular debt issue.

13. **Prior Period Adjustment (PYA)**

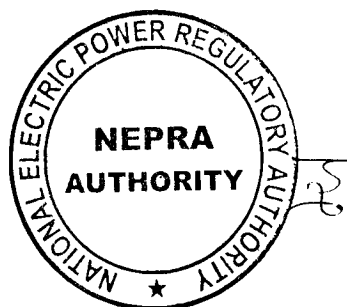
13.1 The Federal Government, in its reconsideration request dated May 26, 2016 stated that the Authority while determining PYA did not apply the target of distribution losses assessed by the Authority for the FY 2014-15, causing serious financial hardship to the sector.



- 13.2 The Federal Government argued that IESCO requested for a positive PYA, whereas, the Authority based on its own calculations determined a negative PYA of Rs.10,781 million, which consequently was deducted from the assessed cost for FY 2015-16.
- 13.3 It was further stated that paragraph No. 44.3 of the determination dated February 29, 2016 shows that quarterly adjustment is on account of the difference between the notified reference PPP during FY 2014-15 quantified as Rs.88,221 million, less regulated PPP recovery on notified rates during the FY 2014-15 quantified as Rs.96,461 million. Thus, the quantum of regulated PPP recovery on notified rates during the FY 2014-15 fails to adjust / deduct the amount of FPA, which is contrary to the tariff setting mechanism and is tantamount to double deduction leading to shortfall in legitimate cost of the distribution company and is contrary to the Act and the Tariff Standard Rules as well as the policy guidelines. It was also stated that quantum of notified reference PPP adopted for the purpose of calculating PYA is contrary to the assessment of PPP for the FY 2014-15. In view thereof, the Federal Government requested the Authority to reconsider the upfront deduction of PYA from the assessed adjusted PPP being contrary to the law and fact.
- 13.4 In the original reconsideration request and in the instant submissions dated July 24, 2017, the Federal Government stated that while determining the Prior Year Adjustment component of Revenue Requirement of a DISCO, in a subsequent Tariff determination, NEPRA does not take into account the component of subsidy provided by the Federal Government. By doing so, NEPRA, in essence, puts additional financial burden on the Federal Government as the subsidy component is again passed on to the consumers leading to double burden, which is resulting in lesser cost recovery and consequent damage to the Power Sector.
- 13.5 IESCO also in its presentation has requested the Authority to reconsider its decisions regarding consumer mix variance, disallowed supplemental charges of previous periods, quarterly adjustments and long-term loans.
- 13.6 IESCO in this regard stated that NEPRA has not allowed for booking of credit notes issued by CPPA-G amounting to Rs.34.24 billion as liability on account of long term loan and accordingly requested the Authority to reconsider the matter to settle the issue with CPPA-G.
- 13.7 IESCO also requested to allow Rs.1,212 million with regard to a negative revenue adjustment while calculating the consumer mix variance in the determination of the FY 2012-13 subject to provision of the Auditor's certificate. As the said Auditor Certificate has been acknowledged by the Authority, therefore, the amount of Rs.1,212 million may be allowed under prior year adjustment. 



- 13.8 The Authority while reviewing the Federal Government's contentions regarding the amount of PYA, observes that it has failed to provide any alternative workings which would substantiate its claim and at the same time would refute the Authority's assessment in this regard.
- 13.9 The argument of the Federal Government to apply assessed target of T&D losses while working out the PYA for respective year is not logical, since the assessed regulatory targets do not become binding on the utility unless it is notified with an exception to the assessed Distribution Margin and prior year adjustment as both represent the fixed cost pertaining to the specific Financial Year. The Authority considers that if PYA is calculated on the assessed regulatory targets instead of notified regulatory targets for a period, it would be unfair and unjust for the XWDISCOs without giving reasonable time for achieving the assessed targets.
- 13.10 There has been instances in the past where the assessed regulatory targets of DISCOs were more challenging vis a vis the notified targets, on which the PYA was calculated yet the same methodology was adopted by the Authority. In addition, the Federal Government has itself argued that if the tariff is notified late it is not left with required time to achieve the targets set by the Authority. In view thereof, the Authority considers it just, fair and equitable to calculate PYA in the matter of XWDISCOs on the notified regulatory targets.
- 13.11 On the point of the Federal Government that the regulated PPP recovery on notified rates fails to adjust / deduct the amount of FCA and tantamount to double deduction leading to shortfall in legitimate cost of the distribution company, the Authority observed that the reference notified PPP of IESCO for the FY 2014-15 was Rs.88,221 million. By including therein Rs.8,288 million, on account of variation between actual vis a vis reference PPP pertaining to Capacity, UoSC, Var. O&M and impact of FCA on units lost (*as per the allowed level of T&D losses*), the PPP of IESCO works out as Rs.96,509 million. However, IESCO passed on an amount of Rs.13,500 million on account of monthly FCA to its consumers during the FY 2014-15, thus the actual PPP to be recovered by IESCO for the FY 2014-15 works out as Rs.83,009 million.
- 13.12 Against the aforementioned actual PPP to be recovered, IESCO recovered Rs.96,461 million based on the rates which remained notified during the FY 2014-15. However, as IESCO already passed on an amount of Rs.13,500 million on account of monthly FCA to its consumers during the FY 2014-15, thus, net recovery made by IESCO is Rs.82,961 million. Accordingly, Rs.48 million is to be returned to the consumers through PYA, being difference between the actual PPP cost of Rs.83,009 million and the net amount of Rs.82,961 million recovered by IESCO during the FY 2014-15. Detailed working in this regard is as under.



	Rs. in Million
<b>Notified Reference PPP for FY 2014-15</b>	<b>88,221</b>
PPP Adjustments	8,288
Monthly FCA already passed on to consumers	(13,500)
<b>Actual PPP to be recovered for the FY 2014-15</b>	<b>83,009</b>

<b>PPP recovered by IESCO</b>	<b>96,461</b>
Monthly FCA already passed on to consumers	(13,500)
<b>Net PPP recovered during the FY 2014-15</b>	<b>82,961</b>

**(Over Recovery) / Under Recovery** **48**

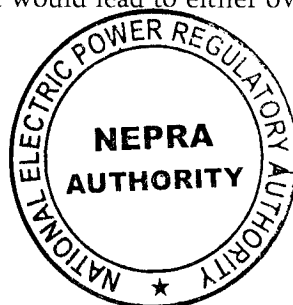
13.13 From the aforementioned workings, it is evident that impact of monthly FCA has been adjusted from both the actual PPP to be recovered as well as from the PPP recovered by IESCO, thus nullifying its impact, meaning thereby that there is no double deduction on account of FCA. In addition, the Authority observed that the Federal Government has not substantiated its claim of double deduction with any working, calculation or reconciliation.

13.14 On the point of the Federal Government that use of notified reference PPP, for the purpose of calculation of PYA, is contrary to the assessment of PPP for the FY 2014-15, the Authority observed that during the FY 2014-15, three different tariff determinations remained notified. Accordingly, the amount of notified reference PPP used in the calculation of PYA, has been worked out from three different tariffs, and thus do not match with the assessed PPP for the FY 2014-15. The amount of notified reference PPP i.e. Rs.88,221 million has been worked out as under;

FY 2014-15	Notified Tariffs	Reference PPP (Rs. Million)
July 2014 to September 2014	Determined for FY 2012-13	23,547
October 2014 to May 2015	Determined for FY 2013-14	56,526
June 2015	Determined for FY 2014-15	8,148

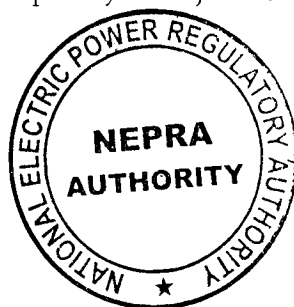
**Total Notified Reference PPP for the FY 2014-15** **88,221**

13.15 The Authority is also of the view that full recovery of PPP, being a pass through item, is only ensured if it is calculated as difference between notified reference cost and the actual cost. If assessed PPP is used, instead of notified, it would lead to either over or under recovery of the



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- PPP, thus making PPP as non-pass through item. Considering the same analogy, the Authority while working out the monthly Fuel Charges Adjustment (FCA), also uses the notified reference Fuel Cost Components (FCCs) instead of assessed reference FCCs.
- 13.16 The contention of the Federal Government that the subsidy amount which is made available by the Federal Government and not charged from the consumers hence cannot be made part and parcel of the PYA, is not logical as PYA is conceptually the over or under recovery of the assessed revenue requirement of DISCO pertaining to a specific period and is independent of the mode that how the assessed revenue requirement is recovered. The revenue requirement and the consequent calculation of PYA would not change whether the DISCO recovers its entire revenue requirement either through subsidy or from consumers or through a mix of both. The Authority determines/ assesses revenue requirement of a DISCO and designs the consumer end tariff for the Utility. Currently, the Authority's assessed consumer-end tariff is recovered by the Utility, partly through subsidy and partly from consumers.
- 13.17 In view of aforementioned discussion, the Authority considers that the exiting mechanism of PYA ensures fairness between the consumers and the DISCOs. It prevents DISCO from getting undue benefit from the consumers in the shape of overcharging and vice versa. Moreover, a reduction in the assessed revenue requirement by way of PYA will result in lower consumer end tariff thus eventually decreasing the future subsidy to be provided by the Federal Government.
- 13.18 Here it is pertinent to mention that owing to the delayed filing of the tariff petition by IESCO and delayed reconsideration request filed by the Federal Government, the Authority vide its decision dated July 04, 2016 in the matter of Biannual Adjustment regarding Power Purchase Price (PPP) and Annual adjustment on account of PYA pertaining to FY 2015-16, decided to allow the impact of PPP and PYA pertaining to the period from July 2015 till May 2016, ensuring timely recovery of the same i.e. during the FY 2016-17, thus, making the consumer end tariff more predictable for the consumer's and utility as provided under rule 17(3) of the Tariff Standards and Procedure, Rules 1998. Consequent thereupon, the Schedule of Tariff of IESCO was revised after incorporating therein the impact of above mentioned adjustments.
- 13.19 However, the tariff of IESCO determined for the FY 2015-16 and the subsequent biannual adjustment dated July 04, 2016 were not notified by the Federal Government. Now pursuant to the judgment of the honorable Islamabad High Court, the tariff is being re-determined as per the reconsideration request of the Federal Government. It is also a matter of fact that the period for which the tariff was earlier determined has since elapsed, therefore, the Authority has decided to include the impact of any over/under recovery on account of PPP, assessed Distribution Margin & previously allowed prior year adjustment along-with other relevant

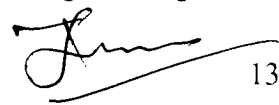


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adjustments pertaining to the whole FY 2015-16 in the instant decision. The Authority, observed that IESCO was allowed in its MYT determination to retain the amount of LPC recovered from the consumers to be offset against the mark-up on delayed payments to CPPA-G. As per the Audited Financial statements of IESCO for the FY 2015-16, an amount of around Rs.6,899 million is shown as receivables from CPPA-G for the FY 2015-16. In the given situation, the Authority has decided to adjust the entire amount of Rs.2,378 million recovered from the consumers on account of late payment charges for the FY 2015-16 while calculating the other income of IESCO for the FY 2015-16.

- 13.20 As explained at para 10.6 to 10.11 of the determination of the Authority, dated May 19, 2016, in the matter Motion for Leave for Review of consumer end Tariff of IESCO, *(in accordance with Federal Government's policy guidelines dated May 21, 2015 with regard to fuel charges adjustment and subsidy rationalization of XWDISCOs)*, the Authority decided not to adjust the impact of negative FCA of Rs.2,737 Million, for the FY 2014-15, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, across different consumer categories while determining the consumer end tariff for the FY 2015-16, as it was doing in the past. The Authority in line with the objective of guideline, mentioned at para 5 of the letter No. 5-PF/02/2013-Subsidy dated 21<sup>st</sup> May 2015, decided that negative FPA impact of Rs.2,737 Million, lying with the Petitioner, is to be adjusted by Federal Government, against the Tariff Differential Subsidy claim in the matter of IESCO pertaining to the FY 2014-15. Thus, eventually reducing Federal Government's overall Tariff Differential Subsidy burden for the FY 2014-15.
- 13.21 The Authority in accordance with the aforementioned decision, calculated the impact of FPA for the FY 2015-16 pertaining to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers. The Authority also considered the relevant clauses of the S.R.O. 189 (I)/2015 dated March 05, 2015 issued by Federal Government. In addition, the Authority also considered the amount of subsidy claims filed by the Petitioner for the FY 2015-16.
- 13.22 After considering all the aforementioned factors, the Authority observed that IESCO has retained an amount of Rs.8,877 Million on account of negative FCA for the period from July, 2015 to June, 2016 pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, which is still lying with IESCO. The Authority further observed that as per the Tariff Differential Subsidy claims of IESCO pertaining to the FY 2015-16, IESCO has recovered net surcharges during the FY 2015-16. Thus, the concern of the Federal Government that subsidy amount which is made available by the Federal Government and not charged from the consumers, cannot be made part and parcel of the PYA is not relevant in the instant case as IESCO has recovered net surcharges during the FY






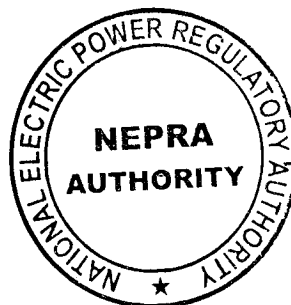
2015-16. Consequently, the entire amount of Rs.8,877 million retained by IESCO on account of negative FCA for the period from July, 2015 to June, 2016, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, which is still lying with IESCO has been adjusted in the PYA. Here it is pertinent to mention that the above figures have been worked on the basis of information provided by the IESCO.

- 13.23 The Authority observed that issue of allowing finance cost on long term loans borrowed by the GoP on behalf of DISCOs is being pleaded by XWDISCOs since the FY 2012-13. As per XWDISCOs the finance cost pertain to the loans procured on the direction of Federal Government to settle the liabilities towards the CPPA on account of the PPP outstanding payments. Some of the DISCOs while justifying the interest pleaded that it is due to the late determination of FPA by NEPRA. While finalizing the tariff determination of the XWDISCOs for the FY 2012-13, the Authority scrutinized the lending documents whereby it was revealed that the said loan was allocated to DISCOs on the basis of outstanding CPPA receivables, as on 31<sup>st</sup> December, 2011.
- 13.24 The Authority at that time noted that the supporting documents and evidences in this regard does not substantiate DISCOs claim as if the said loan was purely procured with respect to delayed FPA payments, then they could have gone for short term financing rather than for a loan extending over a period of 7 years. Further it was also not clear that whether the amount of loans included any costs which the Authority had been disallowing in the past. The Authority was also of the view that the very arrangement of loans was also debatable, whereby the loan was procured centrally and then allocated to individual DISCOs. Had this been done individually by each DISCO, the situation would have been much convincing. Accordingly, the request of the DISCOs was declined by the Authority. The Authority in line with its aforementioned decision has been disallowing the said cost since then.
- 13.25 Here it is also pertinent to mention that the issue of circular debt primarily arises due to inefficiencies and mismanagement on the part of XWDISCOs in terms of higher T&D losses and under recoveries vis a vis the targets set by the Authority. The Authority cannot built-in the inefficiencies of the system in the tariff to pass on the same to the consumers. In view thereof the Authority re-iterates its earlier decision on the issue.
- 13.26 On the point of allowing Rs.1,212 million with regard to a negative revenue adjustment, the the relevant extract of the decision in the tariff determination of IESCO for the FY 201-13, is as follows



“.....Here it is pertinent to mention that the Petitioner's working of consumer mix variance included a negative revenue adjustment amounting to Rs. 1,213 million. The Petitioner attributed this adjustment primarily due to changing its billing batches. The Authority is of the view that simply changing batches cannot result in negative revenue adjustment. Further, even if it is year-end accrual accounting adjustment, logically speaking, it should be negative as Petitioner's average sale rate on 30th June, 2012 was greater than the average sale rate on 30th June, 2011. Moreover, the Authority's calculated consumer mix variance is a quantitative variance which may not be affected by a "pure" accounting adjustment. In view thereof and in the context of concerns raised by PTCL, the Authority directs the Petitioner to get the aforementioned issue clarified by the Auditor of its company. The clarification must identify any system constraints or any possibility of excessive billing, particularly with respect to last year's accrual adjustment. The current assessment of Rs. 2,450 million pertaining to consumer mix variance is without the amount of Rs. 1,213 million.”

- 13.27 It is evident from the decision that the Authority just wanted to be clarified about the nature of the adjustment hence directed IESCO to get an Auditors Certificate in this regard. As regard adjustment of the same, the Authority considers that the allowed consumer mix variance is a quantity variance, hence is not affected by such adjustments. In view thereof the Authority re-iterates its earlier decision on the issue.
- 13.28 The issues of supplemental charges pertaining to previous periods and quarterly adjustments have been discussed in the ensuing paragraphs under the issue of late payment charges and quarterly adjustments respectively.
- 13.29 The Authority, accordingly, after careful consideration of the arguments put forth by the Federal Government in the Reconsideration Request, IESCO's working of PYA, available actual data and after carrying out its own due diligence hereby re-determines the following PYA for the FY 2015-16: 



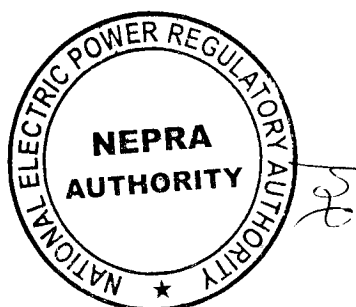


Description	IESCO
	Mln. Rs.
<b>A: Bi-Annual Adjustment</b>	
Notified reference PPP during the FY 2015-16	89,725
Add; 1st Bi-Annual PPP adjustment pertaining to the FY 2015-16 (Jul-Dec)	(1,418)
Add; 2nd Bi-Annual PPP adjustment pertaining to the FY 2015-16 (Jan-Jun)	8,202
Less; Regulated PPP recovery on notified rates during the FY 2015-16	96,173
Unrecovered / Over Recovered Cost For FY 2015-16	<b>337</b>
<b>B: Other Components Adjustment</b>	
Assessed Distribution Margin for the FY 2015-16	11,591
Assessed PYA for the FY 2015-16	(10,781)
Less; Regulated DM recovery on notified rates during FY 2015-16	13,264
Less; Regulated PYA recovery on notified rates during FY 2015-16	(14,696)
Unrecovered / Over Recovered Cost For FY 2015-16	<b>2,242</b>
<b>A+B = Total Unrecovered/ (Over recovered)</b>	<b>2,579</b>
Add; Net impact of assessed & actual Other Income for the FY 2015-16	-
Add; Impact of Consumer – Mix Variance for the FY 2015-16	1,794
Add; Impact of Negative FPA (300 Units+Agriculture+ Life Line)	(8,877)
<b>C: Sub-Total</b>	<b>(7,082)</b>
<b>A+B+C = Net PYA Unrecovered / (Over Recovered)</b>	<b>(4,503)</b>

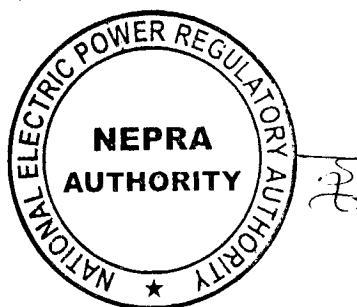
14. **Assumption of 100% Recovery**

14.1 The Federal Government in its reconsideration request mentioned that in order to ensure safe and reliable provision of electric power in the Country, it is of paramount significance that the distribution companies are allowed to recover their revenue requirements (total cost of service), through fair assessment of revenue requirements. The Federal Government, further stated that if a distribution company fails to recover its revenue requirement, it will not be able to pay its liabilities with respect to power producers which will result in circular debt and non-production of electricity in certain cases.

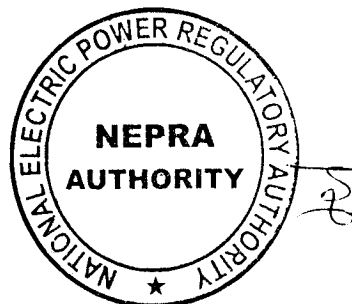
14.2 The Federal Government also submitted that the tariff setting mechanism is based on 100% recovery from the consumers of the determined revenue requirement, whereas, presently the sector recoveries are in the range of 85-89% per annum. Resultantly, shortfall always accrues on account of less payment to the power producers leading to circular debt situation, therefore the assumption of 100% recovery be reconsidered by the Authority, keeping in view the sound business practices as well as situation prevalent in Pakistan, including the aspects with respect to area specific situation leading to non-collection by distribution companies. It was also stated that it is contrary to the Act, rules and regulations as well as the policy guidelines.




- 14.3 Accordingly, the Federal Government requested to reconsider the Tariff Determination dated February 29, 2016 and Review Decision dated May 18, 2016 of IESCO for the FY 2015-16 to FY 2019-20 and to re-issue the schedule of tariff of IESCO, by way of reconsidering the assumption of 100% recovery as per the sound business practices, ground realities prevalent in Pakistan and including the aspects with respect to area specific situation leading to non-collection by distribution companies.
- 14.4 A Policy of CCI dated 31-07-2013 was also referred by the petitioner with the contentions that said policy provides methodology to alleviate, inter alia, market inefficiencies and financial burdens from the national power sector by:
- i. *Promoting world class efficiency power generation;*
  - ii. *Creating a cutting-edge transmission network;*
  - iii. *Minimizing inefficiencies of the distribution system; and*
  - iv. *Minimizing financial losses across system.*
- 14.5 It also stated that the Policy 2013, prescribes thresholds for standards of efficiencies to be attained and observed within the Power Sector of Pakistan, which, inter alia, includes;
- i. *The distribution market would be deemed efficient, affordable and financially viable, if, Transmission and Distribution losses incurred by DISCOs decreased from 23-25% in 2013-2014 to 16% by 2017;*
  - ii. *The distribution market would be deemed efficient, affordable and financially viable, if, recovery/collection by DISCOs was increased from 85 in 2013-2014 to 95% by 2017.*
- 14.6 It has been further pleaded that in respect of the policies framed by Council of Common Interest (CCI) vis-a-vis the subject of electricity; the same have a binding effect on NEPRA, as mentioned in the IHC judgment.
- 14.7 The Federal Government also provided a working showing financial impact of non-implementation of CCI targets in respect of billing vis a vis collection whereby the financial impact has been worked out as Rs.98 billion, Rs.104 Billion and Rs.53 billion for the FY 2013-14, FY 2014-15 and FY 2015-16 respectively.
- 14.8 The Authority after careful review of the Federal Government contentions on the issue of recovery is of the view that it has not specifically discussed IESCO's recovery issue in its reconsideration request rather has pleaded it as a general power sector issue, whereby a national range of recovery level is submitted



- 14.9 Here it is pertinent to mention that the recovery figure mentioned includes both i.e. recoveries from private and government consumers. The Authority never disallowed the actual write offs against the private defaulters given that the due process of law has been followed while writing off the receivables. However, the write off against receivables of any Government cannot be allowed considering the fact the Government is a “going concern”. The Authority considers that if the provision for doubtful debts is considered at national level it would provide no incentive to the efficient companies, whose recoveries are already near 100%. As regard the companies which operate in so called hard areas, the Authority has already taken cognizance of the fact and allowed a margin of law & order in their T&D losses. Thus, effectively encouraging them to report their actual level of recoveries.
- 14.10 The decision of the Authority for setting 100% recovery is based on the documents required for new connection/extension and reduction of load or change of name in terms of Chapter 2.3 (b) & (h) of the Consumer Service Manual (CSM) and in view of the fact that the risk of credit sales transfers to the third party i.e. Owner of the premises or purchaser of the property as mentioned in Chapter 8 (8.1) of the CSM, reproduced hereunder;  
*“a premises is liable to be disconnected if the consumer is defaulter in making payment of the energy consumption charges bill(s), or if he is using the electric connection for a purpose other than for which it was sanctioned, or if he has extended his load beyond the sanctioned load even after receipt of a notice in this respect from DISCOs”.*
- 14.11 Currently DISCOs are functioning in a monopolized environment and in case of default, the connection of the premises, if disconnected, cannot be restored till the outstanding dues are paid and as per the referred Chapter of Consumer Service Manual thus transferring the risk to third party which is occupant of the premises. Further the distribution company always has the option to recover the outstanding amount through sale of the property after following the due process of law. In addition to this, at the time of connection, DISCOs also collect one month’s billing from the consumers in the shape of security deposits, which also serves as deterrence for a consumer to default.
- 14.12 On the argument that presently the sector recoveries are in the range of 85-89% per annum, resulting in the shortfall on account of less payment to the power producers leading to circular debt situation, the Authority considers its pure operational inefficiency on the part of Distribution Companies.
- 14.13 The Authority in Human Rights case No. 7734-G/2009 & 1003-G/2010 regarding Alleged Corruption in Rental Power Plants and case No.56712/2010 regarding fraud in payment of



rental power plants submitted before the Honorable Supreme Court of Pakistan that the Tariff determined by the Authority is free of any inefficiencies and mismanagement on the part of DISCOs and the impact thereof is not passed on to the consumers through tariff.

- 14.14 The Court under para 84 (ii) and (viii) of its aforementioned decision dated 30-03-2012 decided that;

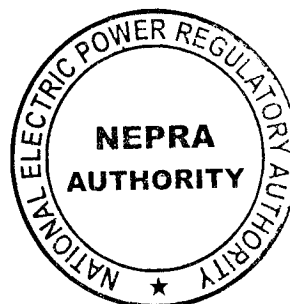
*84 (ii) "The Federal Government/WAPDA/PEPCO/GENCOs had failed to control pilferage of electricity from the system because of bad governance and failure of the relevant authorities to enforce the writ of the Government. Therefore, the Government is required to improve the existing system of generation and transmission of electricity by taking all necessary steps, including clearing of circular debt, etc., so that electricity can be generated to the maximum capacity".*

*84 (viii) ".....In terms of Constitution and Act, 1997, the NEPRA is mandated to safeguard the interests of the consumers, but the concerned officials of NEPRA failed to perform their duties diligently;*

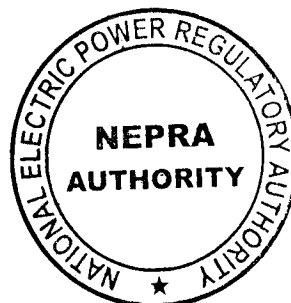
- 14.15 The Honorable Court through its aforementioned order has clarified that it is the Federal Government which needs to improve its affairs rather than asking NEPRA to built-in the inefficiencies of the system in the tariff. The Court in fact adjudged NEPRA's failure to protect the interest of the consumers, therefore, passing on inefficiencies of the XWDISCOs / Government to the consumers would be contradictory to the Court orders.

- 14.16 The Honorable Supreme Court in other Human right cases No.14392/2013 & 790-G/2009 in the matter of unprecedented load shedding and increase in electricity prices dated 26-11-2013 under para 36 (ii) decided as under;

*36 (ii). "The competent authority shall take steps to control all kind of losses after supply of the generation like line losses, theft, etc, by using modern devices like introducing smart meters and supplying electricity only to the consumers, if need be, in advance or without any default after submission of the bills. As far as all kind of unauthorized consumers are concerned, efforts should be made to persuade them to make payments of the bills, failing which action as envisaged under the electricity act, 1910, the Electricity Rules, 1937 and NEPRA act, 1997 as well as other enabling laws / rules, should be taken. A policy has to be announced by the NTDC / DISCOs under which this supply of electricity to the consumers to believe in law and make payments in time, if encouraged and supply of unauthorized consumers is discouraged."*



- 14.17 It is evident from the aforementioned decision, that supply of electricity to the paying consumers has been encouraged, meaning thereby that burden of non- paying consumers may not be passed on to the paying consumers rather the unauthorized consumers be discouraged. Therefore, the request of Federal Government to allow any margin for non-recoveries in the tariff does not merit consideration and if allowed will be in violation of the orders of Honorable Supreme Court of Pakistan as referred above.
- 14.18 The Authority on the point of efficiency thresholds prescribed in the Power Policy, observed that although the Policy prescribes thresholds for standards of efficiencies, whereby certain targets in terms of T&D losses and Recovery have been fixed, however, a through reading of the Policy clearly depicts that the mentioned targets are not meant to be incorporated in the tariff by NEPRA rather the same have been fixed for the DISCOs to minimize the inefficiencies in the distribution system and financial losses across the system.
- 14.19 The Power Policy 2013 clearly stipulates improvement in recovery/ collections by XWDISCOs through minimizing inefficiencies, creating independence and through privatization. It also highlights punishing private defaulters and proposes disconnecting the electric connections of defaulters after 60 days of non-payment and only reconnecting them to the grid with pre-paid meters. It also emphasizes focusing of load shedding in high theft and low collections areas. Similarly, the Tariff and Subsidy Policy Guidelines 2014 also referred by the Federal Government/ XWDISCOs encourages disallowing of inefficiencies to be passed on to the consumers and requires the Distribution companies to meet the cost parameters in the NEPRA tariffs and make every effort to comply with NEPRA directives concerning technical and commercial losses. Thus, both the Power policy as well as the Guidelines obligate XWDISCOs to reduce their inefficiencies rather than passing on the same to the consumers.
- 14.20 Here it is pertinent to mention that as of June 2016, the private receivables of XWDISCOs were over Rs.318 billion, including running defaulters of Rs.250 billion for more than three years, thus, the Federal Government being owner of the distribution companies is itself not complying with the Policy approved by the CCI and taking actions required therein.
- 14.21 In view of the aforementioned discussion, while re-determining the tariff, the Authority reiterates its earlier decision on the issue of 100% recovery target and restrict its assessment to the extent of write offs only.



15. **Transmission & Distribution Losses (T&D Losses)**


- 15.1 On the issue of T&D losses targets, the Federal Government pleaded that historically, DISCOs in their petitions propose losses, based on previous year data and the Authority based on such information had envisaged investments for energy loss reduction, sets out the target of distribution losses. The Federal Government further pointed out that the Authority's determined T&D losses are always lower as compared to the average power sector losses and that the losses target setting is always for the period which has already lapsed, thus there is no co-relation with the envisaged investments for energy loss reduction during the base period.
- 15.2 It was also stated in the reconsideration request that the Authority while maintaining the lesser target of losses, directed the XWDISCOs to conduct the T&D losses study of their 132KV, 11KV and below network based on reasonable sampling by the independent experts and maintained its assessed level of losses subject to adjustment as per the study.
- 15.3 The Federal Government further submitted that the Authority, in view of the non-completion of the study within the requisite time frame and while acknowledging the limitations of an operational audit carried out by PDIP (on a very limited sample) and treating the same as the starting point, assessed target for distribution losses not technically possible for FY 2013-14 and this target, on the basis of in-house study conducted by the Authority, was further reduced in review motion. This drastically reduced the distribution losses as mentioned hereunder, resulting in additional shortfall of Rs.45 billion less recovery of adjusted PPP for all the XWDISCOs:

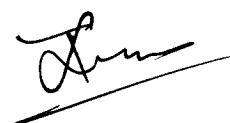
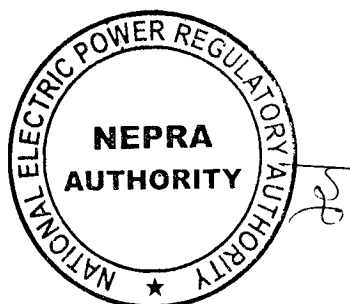
Year	Losses Target by Authority	Actual Losses
2012-13	16.00	18.76
2013-14	13.02	18.60

- 15.4 The Federal Government further mentioned that the matter was considered by ECC, leading to policy guidelines by the Federal Government to the Authority that the losses of DISCOs be reflective of the system losses, however, the Authority recommended to conduct the third party technical studies for ascertainment of distribution losses.
- 15.5 The Federal Government also stated in the reconsideration request that for the Multi Year Tariff (MYT) petition for the FY 2015-16 to 2019-20, IESCO submitted the technical study carried out by the independent third party, approved by the Authority, for 132 KV and 11 KV



and below thus the direction of the Authority and requirement with respect to the policy guidelines of the Federal Government was complied with.

- 15.6 The Federal Government also stated that IESCO requested a T&D losses target of 9.39% for the FY 2015-16 which gradually reduces to 9.31% by the end of the control period i.e. FY 2019-20, therefore, keeping in view the previous determinations as well as the policy guideline and the position of the Authority with respect to third party report of technical losses, it was only logical that the third party technical study should have been adopted for the purposes of assessment of the technical losses and also the same should have been adopted for the adjustments in the previous years, as previously decided by the Authority. The Federal Government further mentioned that the Authority, observed that the report is not complete but accepted the partial study and allowed the requested T&D losses target of 9.39%, however, the reduction target specified by the Authority sets higher targets each year without first allowing IESCO to recover the cost allowed by the Authority, therefore, this aspect needs reconsideration, as it is not only contrary to previous position of the Authority but is also contrary to the established position for such kind of studies and also contrary to the policy guideline of the Federal Government.
- 15.7 It was further stated in the reconsideration request that being a MYT Petition, it was proposed that the target for losses, keeping in view the IGTDP, be gradually reduced in five years, however, the Authority declined the proposed plan and instead determined an overall reduction of quantum of losses commencing from FY 2016-17, which is not technically possible to be achieved and is contrary to all the established practices.
- 15.8 In view thereof, the Federal Government requested for reconsideration of the above assessments keeping in view the fact that period has already lapsed and the investment which has been made basis for reduction plan may or may not materialize and therefore the impact built in on account of envisaged investment needs to be considered and made flexible for the tariff control period. The Federal Government also highlighted the adverse financial implication in this regard on account of the target set by the Authority for the previous years which in aggregate amounts to Rs.23.911 Billion for FY 2015-16.
- 15.9 In its written submissions dated July 24, 2017, the petitioner while referring to the Power Policy 2013, approved by CCI dated 31-07-2013, stated that the said Policy provides methodology to alleviate, inter alia, market inefficiencies and financial burdens from the national power sector by: 



- i. Promoting world class efficiency power generation;
- ii. Creating a cutting-edge transmission network;
- iii. Minimizing inefficiencies of the distribution system; and
- iv. Minimizing financial losses across system."

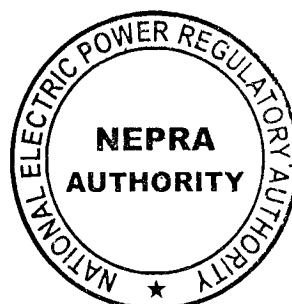
15.10 It was also pleaded that the Policy 2013, prescribes thresholds for standards of efficiencies to be attained and observed within the Power Sector of Pakistan, which, inter alia, includes;

- i. The distribution market would be deemed efficient, affordable and financially viable, if, Transmission and Distribution losses incurred by DISCOs decreased from 23-25% in 2013-2014 to 16% by 2017;
- ii. The distribution market would be deemed efficient, affordable and financially viable, if, recovery/collection by DISCOs was increased from 85 in 2013-2014 to 95% by 2017.

15.11 IESCO in its presentation submitted that the Authority's allowed T&D losses target of 9.39% for the FY 20105-16 and in view of the allowed investments, the Authority significantly reduced the target to 7.80% from the 1<sup>st</sup> to 5<sup>th</sup> year of the MYT as against the IESCO's proposed target of 8.97% by FY 2019-20. IESCO also stated that it has reduced its losses from 9.52% in the FY 2011-12 to 9.03% in FY 2016-17 and if the MYT is notified, it will achieve T&D losses of 8.97% by FY 2019-20. IESCO also stated that only 52% i.e. Rs.29.256 Billion of the total IGTDP of Rs.56.228 Billion is required for the Rehabilitation of the network, whereas the impact of AMI Project will be reflected from FY 2020-21 onward.

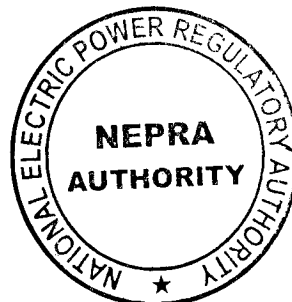
15.12 IESCO further pleaded that the 3<sup>rd</sup> party study of T&D losses has been submitted in NEPRA for approval and accordingly has requested to adjust the T&D losses and if considered appropriate to allow IESCO to undertake a separate T&D loss study for the projected years from an independent third party.

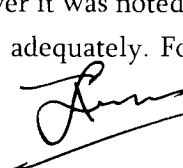
15.13 The Authority, on the contention of assessing lower target of T&D losses in the matter of distribution companies as compared to its actual level of T&D losses, is of the firm view that the actual reported level of T&D losses of XWDISCOs include the impact of inefficiencies, poor governess and theft etc. and the Authority's assessment has always been based on the principle of prudence, which ensures that consumers are not burdened with the costs that arise due to XWDISCOs inefficiencies and poor management. That is the reason why the assessed level of T&D losses has always been lower than the actual reported level of T&D losses in the matter of DISCOs.





- 15.14 It is pertinent to mention here that IESCO did not file any motion for leave for review in FY 2013-14, therefore the claim of the Federal Government regarding reduction in target of T&D losses of IESCO in the review motion is not correct.
- 15.15 The Federal Government's contention regarding non-correlation of investment allowed and target assessed in terms of reduction of T&D losses, owing to the fact that the relevant period always stands lapsed, is not maintainable as the Authority's determination only becomes effective for the period after its notification. That is the reason why PYA is always calculated on notified targets of T&D losses and allowed investments.
- 15.16 The Authority while setting the T&D losses target of IESCO for the subsequent years in the tariff control period took into account the prospective improvements owing to the level of investment allowed to IESCO. The Authority while assessing the level of investments also incorporated the future load growth and the same was translated into future T&D losses target of IESCO.
- 15.17 Here it is pertinent to clarify that the Authority's referred decision by Federal Government with respect to the review of assessed T&D losses, the review if any would be done on prospective basis and not on retrospective basis.
- 15.18 The Authority keeping in view the increasing gap between the assessed and the actual level of T&D losses, the issue of overbilling & theft directed all the XWDISCOs to conduct study of their distribution network of 132KV, 11KV and below by an independent expert. IESCO, despite repeated directions of the Authority, failed to complete study of its existing network and was itself not satisfied with the results of the study that was carried out.
- 15.19 The Authority further in order to evaluate the quality of studies undertaken by IESCO, held meetings with the representatives of the consultants wherein it was observed and also agreed by the consultants that losses in an electricity distribution company can be accurately measured only through metering equipment at different voltage levels from high voltage (132 kV) to the consumer-end and the results of the studies depend on the set of approximations which can exactly replicate the actual operational conditions over different periods. It was also observed that the results of the studies depend on the suitability of the software being used for the studies, size of the database and comparing results of the study with actual in-field monitoring and data collection. The consultants used PSSE software for analyzing 132 kV losses. PSSE software, a standard software for simulation studies however it was noted that system operational conditions under different periods were not modeled adequately. For 11



  
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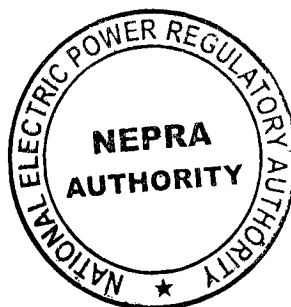
kV feeder level studies, Synergy software was being used which is a refined version of FDRANA which was used by the XWDISCOs earlier, for evaluating loading position of individual feeders for making improvements and/or induction of new feeders. It was observed that although the software may allow accurate modeling of a feeder it cannot be considered as ideal software for calculating the losses of all feeders collectively. The XWDISCOs did not appear to have clear criteria for selecting sample feeders for the studies as only general guiding instructions were provided to the consultants by the XWDISCOs. For the low voltage analysis also, it was noted that the XWDISCOs and the consultants did not develop a clear criteria and guidelines for selecting the samples. Most importantly the consultants failed to corroborate its results by putting up metering equipment and measuring actual losses over selected circuits at high voltage and low voltage levels. It was also noted that modeling of loads at different voltages is also very important in addition to the accuracy of data. No clear statements were available that the XWDISCOs carried out detailed scrutiny of the data and modeling of loads. The Authority in view thereof directed the IESCO in its MLR decision dated May 18, 2016 to submit its complete study after addressing the observations raised by the Authority.

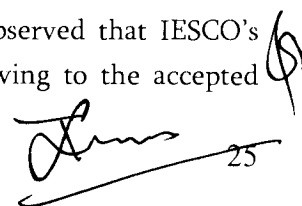
- 15.20 XWDISCOs, in view of the instant reconsideration request of the Federal Government, have submitted their final losses studies. The following table shows details in terms of sample size, Transmission and distribution losses as per the third party study carried out by IESCO;

S. #	Study	Study Status / % Sample	Conducted by	Date of submission	Losses as per Study
1	Transmission	Completed	M/s PPI	04.04.2016	1.71%
2	Distribution	100%	M/s PPI	19.12.2016	6.94%

- 15.21 On the issue of software, IESCO pleaded that although Synergy is not the ideal software, however, IESCO's professionals and the third party Consultants were fully trained on it. It was also argued that by using some other software might have diluted the quality of work owing to lack of exposure of both IESCO and the Consultants to such software. Lastly, it was submitted that even the Authority's approved TORs did not specify any particular software which must be used for the study. The Authority having considered the IESCOs argument feels that IESCO's contentions in this regard merit consideration; therefore has decided to accept the same.

- 15.22 On the issue of criteria for the selection of sample, the Authority observed that IESCO's submitted distribution losses study is based on 100% sample size. Owing to the accepted



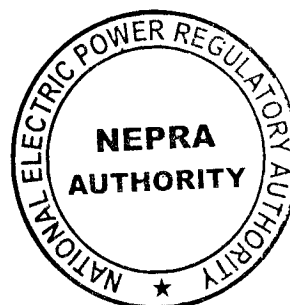
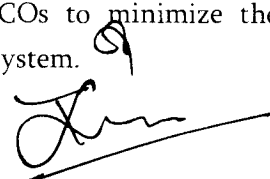
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principles of statistical analysis, whereby an outcome of sample size of 80% - 90% represents significant confidence level, the Authority is of the view that results, based on the studies having sample size of more than 90%, are fairly representative of the true distribution losses of DISCOs. However other concern noted by the Authority would require further and detailed scrutiny of the report.

- 15.23 In view thereof, for the purpose of instant reconsideration request, the Authority has decided to provisionally accept the distribution losses of IESCO as per the third party studies, till scrutiny of the report is completed.
- 15.24 Regarding transmission losses, the Authority observed that as per the third party study, IESCO's transmission losses are 1.71%. The Authority accepts the results of the study provisionally and allows the same margin i.e. 1.71% on account of transmission losses to IESCO on provisional basis.
- 15.25 Having considered the respective contentions of the Federal Government contained in the reconsideration request and during the hearing, perusal of the record and considering the point of view of IESCO, the Authority hereby allows IESCO T&D losses of 8.65%, on provisional basis for the FY 2015-16, till scrutiny of the report is completed. It is further clarified that the Authority determines overall level of T&D losses for FESCO, which is based on overall Transmission and Distribution network.
- 15.26 Consequent thereupon, the future T&D losses targets of IESCO during the MYT control period have been revised by the Authority as under;

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Transmission Losses	1.71%	1.70%	1.68%	1.60%	1.50%
Distribution Losses	6.94%	6.90%	6.82%	6.55%	6.30%
<b>T&amp;D losses target</b>	<b>8.65%</b>	<b>8.60%</b>	<b>8.50%</b>	<b>8.15%</b>	<b>7.80%</b>

- 15.27 The Authority on the point of efficiency thresholds prescribed in the Power Policy, observed that although the Policy prescribes thresholds for standards of efficiencies, whereby certain targets in terms of T&D losses and Recovery have been fixed, however, a thorough reading of the Policy clearly depicts that the mentioned targets are not meant to be incorporated in the tariff by NEPRA rather the same have been fixed for the DISCOs to minimize the inefficiencies in the distribution system and financial losses across the system.

15.28 The Power Policy 2013 clearly stipulates improvement in recovery/ collections by XWDISCOs through minimizing inefficiencies, creating independence and through privatization. It also emphasizes focusing of load shedding in high theft and low collections areas. Similarly, the Tariff and Subsidy Policy Guidelines 2014 also referred by the Federal Government/ XWDISCOs encourages disallowing of inefficiencies to be passed on to the consumers and requires the Distribution Companies to meet the cost parameters in the NEPRA tariffs and make every effort to comply with NEPRA directives concerning technical and commercial losses. Thus, both the Power policy as well as the Guidelines obligate XWDISCOs to reduce their inefficiencies rather than passing on the same to the consumers.

16. Quarterly / Biannual Adjustments Mechanism

16.1 The Federal Government has submitted that NEPRA shall ensure recovery of the costs which have been incurred but were/have not been allowed to be recovered on account of pendency of the Petitions and a mechanism for future quarterly adjustments be developed in line with the mechanism for Fuel Price Adjustment by way of billing adjustment, subject only to the modification that such decision shall be notified by the Federal Government.

16.2 The Authority understands that Power Purchase Price (PPP) is a pass through item, and any variation therein needs to be passed on to the consumers in a timely manner in order to ensure financial viability of the sector, which otherwise would result in huge prior period adjustments. That is the reason the Authority vide its decision dated July 04, 2016 in the matter of Biannual Adjustment regarding Power Purchase Price (PPP) and Annual adjustment on account of PYA pertaining to FY 2015-16, decided to allow the impact of PPP and PYA pertaining to the period from June 2015 till May 2016 in order to ensure its timely recovery during the FY 2016-17. Consequent thereupon, the Schedule of Tariff of IESCO was revised after incorporating therein the impact of mentioned above adjustments.

16.3 However, the tariff of IESCO determined for the FY 2015-16 and the subsequent biannual adjustment dated July 04, 2016 was not notified by the petitioner itself. As now, the reconsideration request of the Federal Government, is being determined anew, pursuant to the judgment of the honorable Islamabad High Court and the fact that FY 2015-16 has already lapsed, the Authority has included the impact of any over/under recovery on account of PPP, assessed Distribution Margin & previously allowed prior year adjustment along-with Sales Mix variance for the FY 2015-16 i.e. July 2015 to June 2016 in the tariff for the whole FY 2015-16, as Prior Year Adjustment, while deciding the instant reconsideration request of the Federal Government.



- 16.4 Regarding recovery of the costs i.e. Capacity Charges, Uosc etc., that have been incurred post June 2016 i.e. during FY 2016-17, which have not yet been recovered, the Authority cannot allow such costs in the instant tariff determination, being beyond the period under consideration. However, keeping in view that PPP is a pass through, required to be recovered in timely manner, coupled with the request of the Federal Government to develop a mechanism for future quarterly adjustments, in line with the mechanism for Fuel Price Adjustment, the Authority prescribes the following formula for calculation of quarterly/ biannual adjustments;

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

Where;

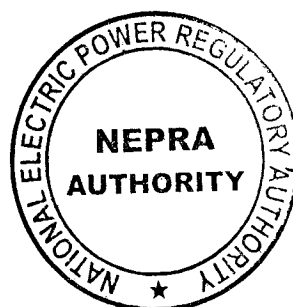
PPP<sub>(Act)</sub> is actual cost in Rs./kWh invoiced by CPPA-G to XWDISCOs, excluding any cost disallowed by the Authority.

PPP<sub>(Ref)</sub> is 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.

17. **Other issues**

- 17.1 The Federal Government in its written submissions of July 24, 2017 also pleaded that individual issues of each of the DISCO as well as CPPAG may also be considered. As already stated, these further submissions are totally beyond the pleadings because as per directions of Honorable Islamabad High Court, the reconsideration request earlier declined is being re-considered. No further grounds could be added by the petitioner; yet in order to meet with the ends of justice, further contentions are also considered by the Authority.
- 17.2 IESCO in its presentation has pleaded to reconsider the issues of additional recruitment, replacement hiring, Cost of Debt, O&M cost and reconsideration of AJK tariff.
- 17.3 Regarding recruitment plan, IESCO submitted that in the MYT petition it requested for hiring of 10,304 employees, however, as an immediate provisional relief, recruitment of 3,158 employees for operational requirement of the company may be allowed and recruitment for the projected years may be considered once the study from an independent third party in this regard is completed.



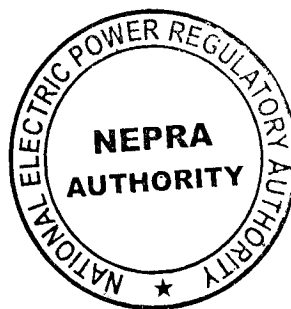
- 17.4 IESCO has requested to extend the timelines for submission of Auditor's certificate regarding replacement hiring cost of Rs.890 million till completion of financial audit for the FY 2016-17.
- 17.5 Regarding R&M cost, IESCO stated that it has been allowed R&M cost of Rs.836 for the FY 2015-16, whereas, as per the audited financial statements for the FY 2014-15 and FY 2015-16, its R&M cost is Rs.872 million and Rs.854 million respectively, whereas the same is estimated to be Rs.860 million for the FY 2016-17. Accordingly, IESCO has requested that repair & maintenance expenditures for the base year may be considered in line with actual historical cost after related inflationary impact to adjust the base cost.
- 17.6 For other O&M cost, IESCO mentioned that its actual O&M expense for the FY 2014-15 was Rs.1,036 million, whereas, it has been allowed Rs.1,010 million in the determination and no inflationary impact has been assumed on Rs.1,036 million. IESCO also submitted that its actual O&M expense, as per audited financial statements for the FY 2015-16, is Rs.1,125 million, therefore, requested to allow adjustments in Other O&M base cost.
- 17.7 IESCO also pleaded to allow actual cost of debt considering the fact that it has signed project agreements with different multilateral funding agencies like ADB and World Bank. GoP while relenting these multilateral loans has provided exchange risk coverage, which has resulted in huge savings over the years because of the unprecedented devaluation in last decade, the impact of which is passed to the consumers. Also as a result of these loans the T&D losses of IESCO have reduced from 10.28% to 9.03%. IESCO further submitted that it has always complied with the directions of the Authority and acknowledges that in the privatization scenario, the assumptions and forward looking approach may be the right approach, however, the fact remains that the IESCO as of date is not privatized and relent loans on IESCOs' books have not been swapped by GoP. In view thereof, IESCO has requested to allow cost of debt of 16.15%, being representative of the existing scenario of IESCO.
- 17.8 On the issue of AJK tariff, IESCO has requested to reconsider the same in line with minutes of the meeting circulated vide number PF-05(19/2013) dated February 11, 2016 by Ministry of Water and Power, as the current receivable figure has climbed up to Rs.53.62 billion and is increasing at the rate of approx.. Rs.800 million/month and creating cash shortage for IESCO. IESCO stated that tariff for AJK was earlier fixed by standing subcommittee in 2003 in accordance with procedure laid down in Mangla Dam Raising Agreement and subsequent agreement signed by the Secretary Water and Power, SAFRON and Chief Secretary AJ&K on 11.09.2003. Following the same analogy, the tariff for AJK should be fixed at Rs.5.79/kWh,

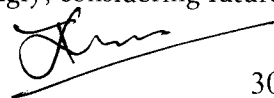


  
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which is the rate of 1-100 unit slab of domestic category, as majority of electricity consumption in AJK falls in lower tariff bracket of domestic category in the schedule of electricity tariff and to remain applicable from 01-07-2015 till next tariff determination.

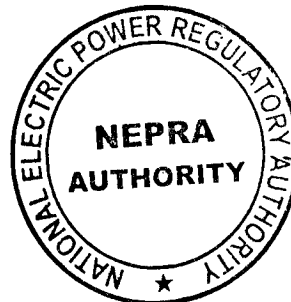
- 17.9 In compliance of the honorable Islamabad High Court decision to hear Discos contentions, while determining the Reconsideration Request of the Federal Government anew, and keeping in view the fact that FY 2015-16 has already lapsed, the Authority does not see any issue in actualizing the already allowed costs to the extent of Salaries and Wages (*except provision postretirement benefits and the impact of replacement hiring cost of Rs.890 million*), Depreciation, RoRB and other income.
- 17.10 Since the Authority has actualized IESCO's salaries & Wages cost as per its Audited Accounts for the FY 2015-16 except the cost of replacement hiring, thus the impact of increases announced by GoP as well as any new hiring made by IESCO till 30<sup>th</sup> June, 2016 has been accounted for in the reference / base tariff of IESCO. Similarly for the future periods, the Authority has also decided to allow the impact of any increases in salaries & wages, as announced by GOP, being beyond IESCO's control in the tariff for the respective year, till the time, IESCO remains in the public sector.
- 17.11 On the point of allowing cost of additional hiring, the Authority considers that allowing any such cost upfront would be unfair with the consumers, without considering/ analyzing the benefits of such recruitment. The Authority understands that it will be in a position to adjudicate on the issue once the Petitioner provides details of the actual cost incurred in this regard and substantiates the same with the quantified benefits accrued. Accordingly, the Authority has decided to widen the scope of mid-term review of IESCO's O&M cost by including therein the financial impact of any additional hiring also. The mid-term review would be carried out in case if privatization program is deferred and IESCO remains in the Public sector.
- 17.12 On the point of IESCO to allow actual cost of debt, the Authority after careful review of the IESCO's argument with respect to allowing actual cost of debt is of the view that IESCO has failed to comprehend the concept of the assessment of WACC. The Authority's assessed WACC has always been an "assessment" from which the actual position of IESCO may differ. WACC assessed at different points of time would reflect the market conditions which were different at respective point of times. This is not a static number and depends upon so many variables like different risks, country rating and inflation etc. Accordingly, considering future





privatization policy of the GoP, and the fact that the Authority is awarding a MYT for future 5 year's period, a forward looking approach has been used for estimating cost of debt of these loans for WACC calculation. Accordingly, the Authority reiterates its earlier decision on the issue.

- 17.13 With respect to other cost heads of the Distribution Margin, since no new grounds/ rationale has been submitted by IESCO, hence the Authority while determining the respective cost heads of the distribution margin "anew" has arrived at the same assessment which was done in the MLR decision of IESCO dated May 18, 2016, whereby an incentive of reducing actual cost or vice versa should be provided to IESCO. Accordingly, the Authority reiterates its earlier decision on the issue.
- 17.14 On the point of allowing extension in timelines for submission of Auditor's certificate regarding replacement hiring, the Authority has acceded to the request of IESCO and has allowed extension in time till completion of financial audit for the FY 2016-17 i.e. December 31, 2017. Once IESCO submits the required Auditors' certificate regarding replacement hiring, the Authority may consider allowing the amount deducted on account of replacement hiring in IESCO's future biannual adjustments.
- 17.15 On the issue of AJK, the Authority observed that in the referred minutes circulated vide number PF-05(19/2013) dated February 11, 2016 by Ministry of Water and Power, it has been stated, that the decision of the sub-committee is in accordance with the procedure laid down in Mangla Dam Raising Agreement and subsequent agreement signed by the Secretary Water and Power, SAFRON and Chief Secretary AJK on 11.09.2003.
- 11.7 Having carefully gone through the minutes and agreement between Islamic Republic of Pakistan (GoP), Azad Government of State of Jammu and Kashmir and Water and Power Development Authority (WAPDA), it has been transpired that the relevant paragraph (5.2) of the aforesaid agreement states as under:
- "At present the Government of Pakistan has fixed the rate of Rs.4.20/kWh for the AJ&K. The WAPDA shall bear Rs.0.71/kWh on the basis of 17% losses. The Government shall pay Rs.2.44/kWh and the Ministry shall pick up Rs.1.05 as subsidy. In case of budgetary constraints of Government, the Ministry shall pick up additional liability of Rs.0.12/kWh. This rate shall be deemed to have become effective from September, 2002 and shall be frozen till September 2003."*
- 11.8 It may be noted that in 2003 the rate of Rs.4.20/kWh was fixed by NEPRA whereas the difference in the NEPRA determined and agreed in Mangla raising Agreement was clearly



  
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attributed to different stakeholders. In the recent decision, however, this arrangement is missing, which is the requirement of Rule 17(3)(x) of Tariff Standards and Procedure Rules 1998.

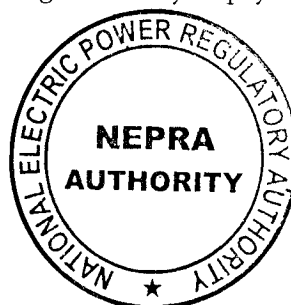
- 11.9 It is further pointed out that in 2003 the tariff was determined for integrated WAPDA; therefore only one rate was fixed for AJ&K. Since February 2007 different tariffs for each Distribution Company (DISCO) have been determined; therefore there is a different rate of AJK for different DISCOs.
- 11.10 NEPRA being Quasi Judicial Body operates within the premise of the NEPRA Act and Rules made there-under and can only allow those costs which are prudent and are incurred to meet the demonstrated needs of the consumers of relevant DISCOs only. NEPRA after following the prescribed legal procedure has determined tariff for the FY 2015-16 for all the DISCOs. The rate for AJK of the DISCOs supplying electricity has been determined as per the following;

Category	IESCO	PESCO	GEPCO
Special Contracts – AJK	10.50	10.70	10.80
Time of Use (TOU) – Peak	14.30	15.70	15.80
Time of Use (TOU) - Off-Peak	6.80	9.95	9.90

- 17.16 In order to incorporate the subsidy in the schedule of tariff of abovementioned DISCOs for giving effect to the rate proposed in afore referred minutes, GOP has to file reconsideration request in terms of Section 31(4) of NEPRA Act indicating rate to be charged along with subsidy under Rule 17(3)(x) of NEPRA Tariff Standards and Procedure Rules-1998. It is to be noted that NEPRA Act is not applicable in the area of AJK. As per the provisions of NEPRA Act, consumer end tariff for AJK's consumers' cannot be fixed/ determined by the Authority. Accordingly, the Authority reiterates its earlier decision on the issue.


#### 18. Late Payment Charges

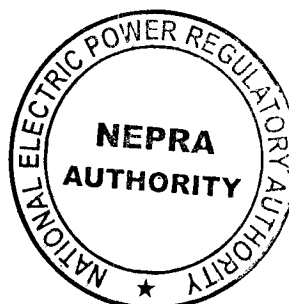
- 18.1 CPPA-G vide letter dated July 20, 2017 has submitted that in 2010 while determining the FCA, the Authority disallowed the impact of markup cost in tariff and determined that the supplemental charges on account of markup on delayed payments to IPPs shall not be passed on to the consumers and resultantly XWDISCOs did not book cost of Rs.110.63 billion in their books and it remained as reconciling item between books of CPPA-G and XWDISCOs.
- 18.2 CPPA-G further submitted that in 2015, NEPRA determined that XWDISCOs shall be obliged to pay CPPA-G late payment charge on delayed payment invoices. The Authority



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- further decided that *"the late payment charge recovered from the consumers on utility bills shall be off set against the late payment invoices raised by CPPA against the respective DISCO only"*.
- 18.3 CPPA-G accordingly requested the Authority to consider the un-booked mark up of Rs.110.63 Billion and allow the same in XWDISCO tariff.
- 18.4 IESCO also in its presentation requested for supplemental charges of Rs.6,850 million pertaining to FY 2010-11 to FY 2013-14.
- 18.5 The Authority on the issue of late payment charge considers that this issue emanated from the discussion of energy purchase agreement which the DISCOs had been stating (in the past) that no such agreement exists.
- 18.6 The Authority took an initiative whereby GEPCO was directed to draft a proposed agreement which was complied with by GEPCO and the same was sent to all the XWDISCOs for their comments. XWDISCOs rather than giving their comments on the draft submitted the Electricity Supply Agreement signed between DISCOs and WAPDA on 29<sup>th</sup> June, 1998. As per XWDISCOs, a novation of the same agreement was also signed between individual DISCOs and NTDC. The Authority after going through the claimed agreement observed some clauses which were required to be revisited.
- 18.7 The Authority had earlier decided to nominate a committee to be constituted from NEPRA professionals in order to conduct a brain storming session on draft ESA in the tariff determinations for FY 2013-14. Two brain storming sessions were conducted during the current year. The brain storming sessions were attended by nominees of XWDISCOs and CPPA and it was mutually agreed by CPPA and XWDISCOs in the final session that the existing Electricity Supply Agreement dated 29<sup>th</sup> June, 1998 is valid and the same shall be implemented in letter and spirit. As regard the improvements if any, the same would be incorporated at a later stage. As per the clause 9.3(d) of the said Agreement, the XWDISCOs shall be obliged to pay CPPA late payment charge on delay payments of invoice.
- 18.8 The clause 9.3 (d) of the agreement deals with Late Payment charge as below:

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

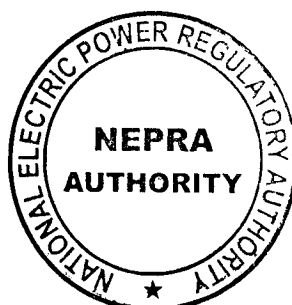


- 18.9 Thus, the Authority in the tariff determination of IESCO for the FY 2014-15, decided that the late payment charge recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only i.e. CPPA (G) cannot book late charge over and above what is calculated as per the relevant clause of the agreement to a respective DISCO only.
- 18.10 Here it is pertinent to mention that the decision of the Authority for excluding Late Payment Charges from other income of the IESCO, was decided during the tariff determination of FY 2014-15, therefore, any claim on account of supplementary charges before FY 2014-15 were not allowed. The rationale of the Authority's decision in this regard was on account of non-compliance by IESCO with respect to signing ESA during that period (as per the statement of DISCOs). Here it is pertinent to mention that the tariff period to which the CPPA-G/ DISCOs claimed cost relates has lapsed and the relief to the extent of LPC has already been passed to the consumers in the tariff determination of respective DISCOs.

19. **Revenue Requirement**

- 19.1 In view of the discussion made in the preceding paragraphs, the Authority hereby re-determine the revenue requirement of IESCO as under;

Description		Mln. Rs.	Mln. Rs.
<b>A</b>	<b>POWER PURCHASE PRICE</b>		<b>76,859</b>
	Fuel Cost	50,104	
	Variable O&M	2,777	
	Capacity Charges	21,271	
	Use of System Charges	2,706	
<b>B</b>	<b>DISTRIBUTION MARGIN [net]</b>		<b>11,591</b>
	Operation and Maintenance Cost (O&M)	9,194	
	Depreciation	2,276	
	Return on Rate Base (RORB)	2,499	
	<b>GROSS DISTRIBUTION MARGIN</b>	<b>13,969</b>	
	Other Income	(2,378)	
<b>C</b>	<b>PRIOR YEAR ADJUSTMENT</b>		<b>(4,503)</b>
<b>TOTAL REVENUE REQUIREMENT (A+B+C)</b>			<b>83,947</b>



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20. **ORDER**

From what has been discussed above, the Authority hereby re-determines the tariff of IESCO for the Financial Year 2015-16 as under;

- I. Islamabad Electric Supply Company Limited (IESCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for IESCO annexed to the determination.
- II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA (G), adjustment of remaining components of PPP will be adjusted biannually. Here it is pertinent to mention that while making biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

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

- i) Where only 132 kV system is involved

$$UOSC = DM(Gross) \times \frac{(1-L)}{(1-0.017)} \times AFI(T) \quad \text{Paisa/kWh}$$

- ii) Where only 11 kV distribution systems is involved.

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

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

$$UOSC = DM(Gross) \times \frac{(1-L)}{(1-0.067)} \times AFI(TD) \quad \text{Paisa/kWh}$$

Where:

Gross Distribution Margin for FY 2015-16 is set at Rs.1.68/kWh (without excluding impact of other income)

'L' is the overall percentage loss assessment for the respective year.

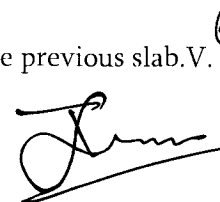
AFI (T) = Adjustment factor for investment at 132 kV level i.e.16%

AFI (D) = Adjustment factor for investment at 11 kV level i.e. 59%.

AFI (TD) = Adjustment factor for investment at both 132 kV & 11 kV level i.e. 75%.

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



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- V. IESCO is hereby allowed the T&D losses of 8.65% for the FY 2015-16 and the following target of T&D losses for the tariff control period;

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Transmission Losses	1.71%	1.70%	1.68%	1.60%	1.50%
Distribution Losses	6.94%	6.90%	6.82%	6.55%	6.30%
<b>T&amp;D losses target</b>	<b>8.65%</b>	<b>8.60%</b>	<b>8.50%</b>	<b>8.15%</b>	<b>7.80%</b>

- VI. IESCO is hereby allowed a total investment of Rs.67,679 million including Rs.13,944 million on account of consumer financing as given hereunder. Detail attached as Annexure-VII;

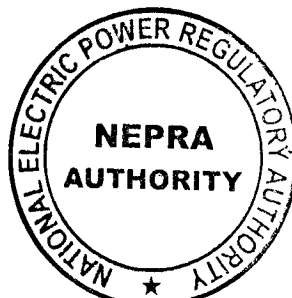
Million Rs.

Description	2015-16	2016-17	2017-18	2018-19	2019-20	Total
STG	6,748	2,545	1,566	1,196	5,129	17,184
Distribution (Expansion & Rehabilitation)	1,668	1,668	1,669	1,669	1,675	8,349
Vehicles and Tools & Plants	46	56	48	56	62	268
Civil Works	108	132	120	132	144	636
GIS Mapping Plan	22	56	75	5	33	191
AMR/Commercial Improvement	0	0	0	0	18,420	18,420
Other Functional Plans	520	602	537	272	405	2,336
Miscellaneous Charges	1,109	902	877	932	2,531	6,351
<b>TOTAL</b>	<b>10,221</b>	<b>5,961</b>	<b>4,892</b>	<b>4,262</b>	<b>28,399</b>	<b>53,735</b>
<b>Consumer Contribution</b>	<b>1,697</b>	<b>4,129</b>	<b>1,827</b>	<b>4,331</b>	<b>1,960</b>	<b>13,944</b>
<b>Grand Total</b>	<b>11,918</b>	<b>10,090</b>	<b>6,719</b>	<b>8,593</b>	<b>30,359</b>	<b>67,679</b>

- VII. Tariff under Colum 'A' and 'D' of Annex-III shall remain applicable for one year from the date of notification. Colum 'C' of Annex-III shall cease to exist after one year and only Colum 'A' and 'B' of Annex-III would remain applicable till the same is superseded by next notification.


- VIII. The Authority hereby determines and approves the following component wise cost & its adjustments mechanism in the matter of IESCO's for the FY 2015-16.

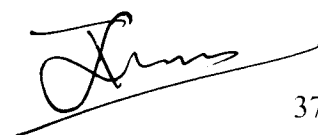
TARIFF COMPONENT	Assessed Cost FY 2015-16	ADJUSTMENTS/ INDEXATION	TIME LINES
<b>POWER PURCHASE PRICE</b>			
Energy Purchase Price			
Fuel Cost	50,104	Monthly, as per the approved mechanism.	Data to be provided by CPPA (G)by 3 <sup>rd</sup> of close of the month
Variable O&M	2,777	Biannually, as per the approved mechanism.	Request to be furnished by the IESCO not later than



*[Signature]* 36

			10 <sup>th</sup> July and 10 <sup>th</sup> January, as the case may be.
Capacity Charges	21,271	Biannually, as per the approved mechanism.	Request to be furnished by the IESCO not later than 10 <sup>th</sup> July and 10 <sup>th</sup> January, as the case may be.
Use of System Charges	2,706	Biannually, as per the approved mechanism.	Request to be furnished by the IESCO not later than 10 <sup>th</sup> July and 10 <sup>th</sup> January, as the case may be.
T&D Losses	8.65%	Biannually, as per the approved mechanism.	Request to be furnished by the IESCO not later than 10 <sup>th</sup> July and 10 <sup>th</sup> January, as the case may be.
<b>NET DISTRIBUTION MARGIN</b>	<b>11,591</b>		
<b>O&amp;M Cost</b>			
Salaries, wages & other benefits	4,454	Annually, as per Annex-VI	Request to be submitted by IESCO by 7 <sup>th</sup> July every year.
Post-Retirement benefits	2,894	As per the decision	
Repair and Maintenance	836	Annually, as per Annex-VI	Request to be submitted by IESCO by 7 <sup>th</sup> July every year.
Other operating expenses	1,010	Annually, as per Annex-VI	Request to be submitted by IESCO by 7 <sup>th</sup> July every year.
<b>Depreciation</b>	<b>2,276</b>	Annually, as per Annex-VI	Request to be submitted by IESCO by 7 <sup>th</sup> July every year.
<b>Return on Rate Base</b>	<b>2,499</b>	Annually, as per Annex-VI	
<b>Other Income</b>	<b>(2,378)</b>	Annually, as per Annex-VI	
<b>Prior Year Adjustment</b>	<b>(4,503)</b>	Annually, as per existing Mechanism	
<b>KIBOR Spread</b>	<b>2.75%</b>	Annually, as per decision	
<b>KIBOR</b> (In case of foreign financing the Authority may allow the adjustment of LIBOR)	<b>7.01%</b>	Bi-Annually, as per the decision.	

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



Re-determination of the Authority in the matter of request for reconsideration filed by GoP with respect to the consumer-end tariff of Islamabad Electric Supply Company Limited (IESCO) for FY 2015-16 to FY 2019-20

## AUTHORITY

Himayat Ullah Khan  
Member

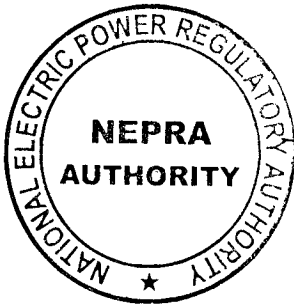
Maj (R) Haroon Rashid  
Member

Syed Masood-ul-Hassan Naqvi  
Member

Saif Ullah Chattha  
Vice Chairman

  
18-9-2017

Brig (R) Tariq Sadozai  
Chairman

  
18.09.17

**FUEL PRICE ADJUSTMENT MECHANISM**

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

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

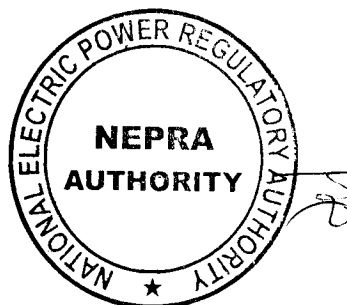
Where:

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

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

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

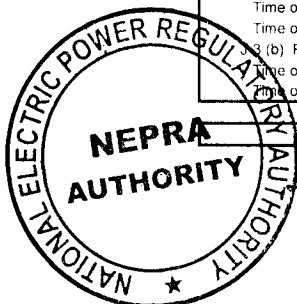
The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.





**Islamabad Electric Supply Company Limited(IESCO)  
Estimated Sales Revenue on the Basis of New Tariff**

Description	Sales		Tariff		Revenue		
	GWh	% Mix	Fixed Charge	Variable Charge	Fixed Charge	Variable Charge	Total
			Rs./kW/ M	Rs./ kWh		Min. Rs.	
<b>Residential</b>							
Up to 50 Units	254	3.06%		4.00	-	1,015	1,015
For peak load requirement less than 5 kW							
01-100 Units	1069	12.87%		7.60	-	8,121	8,121
101-200 Units	548	6.60%		11.00	-	6,028	6,028
201-300 Units	697	8.40%		12.50	-	8,711	8,711
301-700Units	347	4.18%		13.80	-	4,785	4,785
Above 700 Units	92	1.11%		15.50	-	1,432	1,432
For peak load requirement exceeding 5 kW)							
Time of Use (TOU) - Peak	112	1.35%		14.85	-	1,670	1,670
Time of Use (TOU) - Off-Peak	503	6.06%		7.45	-	3,749	3,749
Temporary Supply	1	0.01%		15.15	-	13	13
<b>Total Residential</b>	<b>3,623</b>	<b>43.65%</b>			-	<b>35,524</b>	<b>35,524</b>
<b>Commercial - A2</b>							
For peak load requirement less than 5 kW	285	3.43%		13.95	-	3,975	3,975
For peak load requirement exceeding 5 kW							
Regular	10	0.12%	400.00	10.95	18	108	126
Time of Use (TOU) - Peak	107	1.29%		14.85	-	1,590	1,590
Time of Use (TOU) - Off-Peak	468	5.64%	400.00	7.45	1,098	3,485	4,583
Temporary Supply	12	0.15%		13.95	-	171	171
<b>Total Commercial</b>	<b>882</b>	<b>10.62%</b>			<b>1,116</b>	<b>9,328</b>	<b>10,445</b>
<b>General Services-A3</b>	<b>249</b>	<b>3.00%</b>	<b>-</b>	<b>12.80</b>	<b>-</b>	<b>3,187</b>	<b>3,187</b>
<b>Industrial</b>							
B1	3	0.04%		10.95	-	38	38
B1 Peak	9	0.10%		14.85	-	129	129
B1 Off Peak	47	0.57%		7.45	-	351	351
B2	6	0.08%	400.00	10.45	8	67	75
B2 - TOU (Peak)	48	0.58%		14.85	-	711	711
B2 - TOU (Off-peak)	350	4.22%	400.00	7.25	873	2,539	3,412
B3 - TOU (Peak)	28	0.34%		14.85	-	419	419
B3 - TOU (Off-peak)	374	4.51%	380.00	7.05	453	2,639	3,092
B4 - TOU (Peak)	83	1.00%		14.85	-	1,234	1,234
B4 - TOU (Off-peak)	624	7.52%	360.00	6.95	686	4,336	5,022
Temporary Supply	0	0.00%		10.95	-	0	0
<b>Total Industrial</b>	<b>1,573</b>	<b>18.95%</b>			<b>2,020</b>	<b>12,463</b>	<b>14,483</b>
<b>Single Point Supply for further distribution</b>							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%		11.45	-	0	0
C1(b) Supply at 400 Volts-exceeding 5 kW	4	0.05%	400.00	10.95	5	43	48
Time of Use (TOU) - Peak	12	0.15%		14.85	-	183	183
Time of Use (TOU) - Off-Peak	63	0.76%	400.00	7.45	87	469	556
C2 Supply at 11 kV	82	0.98%	380.00	10.75	97	878	975
Time of Use (TOU) - Peak	62	0.75%		14.85	-	920	920
Time of Use (TOU) - Off-Peak	311	3.74%	380.00	7.25	480	2,253	2,732
C3 Supply above 11 kV	0	0.00%	360.00	10.65	-	-	-
Time of Use (TOU) - Peak	43	0.52%		14.85	-	636	636
Time of Use (TOU) - Off-Peak	214	2.58%	360.00	7.05	263	1,507	1,770
<b>Total Single Point Supply</b>	<b>790</b>	<b>9.52%</b>			<b>931</b>	<b>6,889</b>	<b>7,820</b>
<b>Agricultural Tube-wells - Tariff D</b>							
Scarp	4	0.04%		11.85	-	42	42
Time of Use (TOU) - Peak	11	0.14%		14.85	-	167	167
Time of Use (TOU) - Off-Peak	61	0.73%	200.00	7.05	55	428	483
Agricultural Tube-wells	5	0.06%	200.00	9.80	38	45	83
Time of Use (TOU) - Peak	2	0.02%		14.85	-	30	30
Time of Use (TOU) - Off-Peak	10	0.12%	200.00	7.05	32	71	103
<b>Total Agricultural</b>	<b>92</b>	<b>1.11%</b>			<b>124</b>	<b>784</b>	<b>908</b>
Public Lighting - Tariff G	67	0.81%		12.95	-	873	873
Residential Colonies	4	0.05%		12.95	-	49	49
Tariff K - AJK	530	6.39%	360.00	10.20	573	5,409	5,982
Time of Use (TOU) - Peak	86	1.03%		14.85	-	1,275	1,275
Time of Use (TOU) - Off-Peak	403	4.85%	360.00	7.15	517	2,881	3,398
Tariff K -Rawat Lab	0	0.00%		12.95	-	3	3
<b>Sub-Total</b>	<b>1,091</b>	<b>13.14%</b>			<b>1,090</b>	<b>10,490</b>	<b>11,580</b>
<b>Special Contract - Tariff-J</b>							
J-1 For Supply at 66 kV & above	-	0.00%	360.00	10.65	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	7.05	-	-	-
J-2 (a) For Supply at 11, 33 kV	-	0.00%	380.00	10.75	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	7.25	-	-	-
J-2 (b) For Supply at 66 kV & above	-	0.00%	360.00	10.65	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	7.05	-	-	-
J-3 (a) For Supply at 11, 33 kV	-	0.00%	380.00	10.75	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	380.00	7.25	-	-	-
J-3 (b) For Supply at 66 kV & above	-	0.00%	360.00	10.65	-	-	-
Time of Use (TOU) - Peak	-	0.00%		14.85	-	-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	7.05	-	-	-
<b>Total Revenue</b>	<b>8,300</b>	<b>100.00%</b>			<b>5,282</b>	<b>78,665</b>	<b>83,947</b>



**SCHEDULE OF ELECTRICITY TARIFFS  
FOR ISLAMABAD ELECTRIC SUPPLY COMPANY (IESCO)**

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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-		4.00
	For Consumption exceeding 50 Units			
ii	001 - 100 Units	-		7.60
iii	101 - 200 Units	-		11.00
iv	201 - 300 Units	-		12.50
v	301 - 700 Units	-		13.80
vi	Above 700 Units	-		15.50
b)	For Sanctioned load 5 kW & above	-		
			Peak	Off-Peak
	Time Of Use	-	14.85	7.45

As per the Authority's decision residential consumers will be given the benefits of only one previous slab. Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 75/- per consumer per month

b) Three Phase Connections:

Rs. 150/- per consumer per month

**A-2 GENERAL SUPPLY / TARIFF - COMMERCIAL**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			13.95
b)	For Sanctioned load 5 kW & above	400.00		10.95
			Peak	Off-Peak
c)	Time Of Use	400.00	14.85	7.45

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

a) Single Phase Connections;

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month

**A-3 GENERAL SERVICES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	General Services	-		12.80

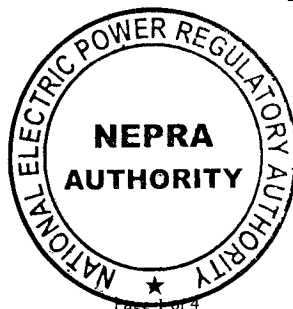
Under tariff A-3, there shall be minimum monthly charges at the following rates even if no energy is

a) Single Phase Connections;

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month



**STANDARD TARIFFS FOR INDUSTRIAL SUPPLY TARIFFS  
FOR ISL VINDU ELECTRIC SUPPLY COMPANY (IESCO)  
STANDARD TARIFFS FOR INDUSTRIAL SUPPLY TARIFFS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
B1	Upto 25 kW (at 400/230 Volts)	-		10.95
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		10.45
	Time Of Use			
B1 ( b)	Up to 25 KW		14.85	7.45
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	14.85	7.25
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	14.85	7.05
B4	For All Loads (at 66,132 kV & above)	360.00	14.85	6.95

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

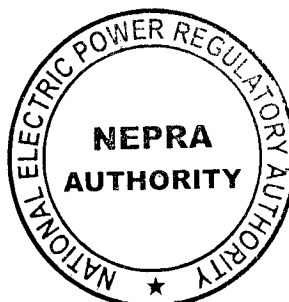
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		11.45
b)	Sanctioned load 5 kW & up to 500 kW	400.00		10.95
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		10.75
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		10.65
	Time Of Use			
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	14.85	7.45
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.85	7.25
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.85	7.05



### SCHEDULE OF DETERMINED TARIFFS FOR ISLAMABAD ELECTRIC SUPPLY COMPANY (IESCO)

#### D. AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
D-1(a)	SCARP less than 5 kW	-		11.85
D-2 (a)	Agricultural Tube Wells	200.00		9.80
D-1(b)	SCARP 5 kW & above	200.00	14.85	7.05
D-2 (b)	Agricultural 5 kW & above	200.00	14.85	7.05

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

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

#### E. TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
E-1(i)	Residential Supply	-		15.15
E-1(ii)	Commercial Supply	-		13.95
E-2	Industrial Supply	-		10.95

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

#### F. SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

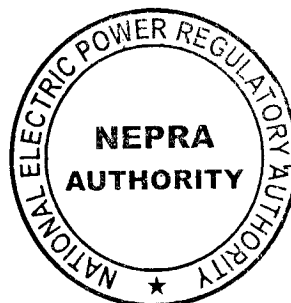
Note:

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

#### G. PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
	Street Lighting	-		12.95

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



**SCHEDULE OF TARIFFS  
FOR ISLAMABAD WATER SUPPLY COMPANY (IWSCO)**

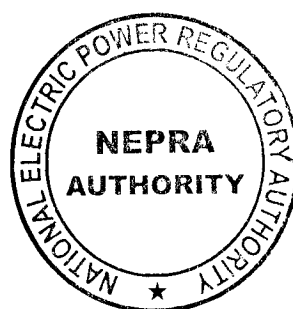
**1. RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES
		Rs/kW/M	Rs/kWh
	Residential Colonies attached to industrial premises	-	12.95

**2. SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
1	Azad Jammu & Kashmir (AJK)	360.00	10.20	
	Time Of Use	360.00	Peak	Off-Peak
			14.85	7.15
2	Rawat Lab		12.95	

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
J -1	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	10.65	
J-2	(a) For supply at 11,33 kV	380.00	10.75	
	(b) For supply at 66 kV & above	360.00	10.65	
J-3	(a) For supply at 11,33 kV	380.00	10.75	
	(b) For supply at 66 kV & above	360.00	10.65	
	Time Of Use		Peak	Off-Peak
J -1(b)	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	14.85	7.05
J-2 (c)	For supply at 11,33 kV	380.00	14.85	7.25
J-2 (d)	For supply at 66 kV & above	360.00	14.85	7.05
J-3 (c)	For supply at 11,33 kV	380.00	14.85	7.25
J-3 (d)	For supply at 66 kV & above	360.00	14.85	7.05



## IESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	949	933	847	782	684	656	596	617	624	607	826	964	9,086
kWh													
Fuel Cost Component	4.9811	4.7552	5.1217	5.2366	5.0497	5.8619	7.1241	5.7493	6.6429	6.7227	5.2908	4.9927	5.514
Variable O & M	0.2727	0.2678	0.2825	0.2891	0.2916	0.3337	0.3711	0.3234	0.3467	0.3577	0.3050	0.2891	0.306
CpGenCap	2.2626	1.9473	1.8949	2.3006	2.4507	2.6715	3.1866	2.3727	2.9303	2.6991	2.3033	1.8041	2.3411
USCF	0.2858	0.2631	0.2601	0.3067	0.3412	0.3307	0.3658	0.3069	0.3352	0.3485	0.2631	0.2419	0.2978
<b>Total PPP in Rs. /kWh</b>	<b>7.8022</b>	<b>7.2333</b>	<b>7.5591</b>	<b>8.1330</b>	<b>8.1332</b>	<b>9.1978</b>	<b>11.0476</b>	<b>8.7523</b>	<b>10.2550</b>	<b>10.1280</b>	<b>8.1622</b>	<b>7.3278</b>	<b>8.4590</b>

Rs in Million													
Fuel Cost Component	4,728	4,437	4,340	4,095	3,455	3,846	4,243	3,548	4,147	4,083	4,370	4,811	50,104
Variable O & M	259	250	239	226	200	219	221	200	216	217	252	279	2,777
CpGenCap	2,148	1,817	1,606	1,799	1,677	1,753	1,898	1,464	1,829	1,639	1,902	1,738	21,271
USCF	271	246	220	240	233	217	218	189	209	212	217	233	2,706
<b>PPP</b>	<b>7,405</b>	<b>6,750</b>	<b>6,406</b>	<b>6,361</b>	<b>5,565</b>	<b>6,035</b>	<b>6,580</b>	<b>5,402</b>	<b>6,401</b>	<b>6,152</b>	<b>6,742</b>	<b>7,061</b>	<b>76,859</b>

*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*



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

**PART-I**

**GENERAL DEFINITIONS**

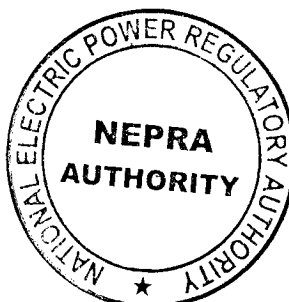
The Company, for the purposes of these terms and conditions means Islamabad Electric Supply Company Limited (IESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

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) day	5 PM to 9 PM	Remaining 20 hours of the
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

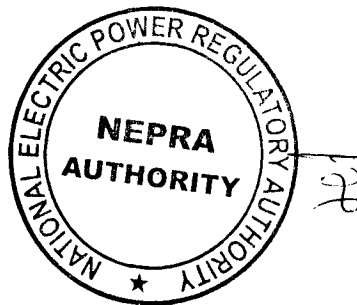
11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.



12. "Consumer" means a person of his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA(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 7<sup>th</sup> day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.





## PART-II

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

#### A-1 RESIDENTIAL

##### Definition

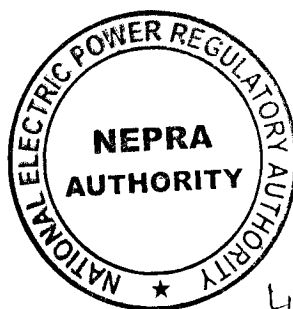
“Life Line Consumer” means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

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 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).



### **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 operating on three phase 400 volts 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 and Breeding Farms and
  - iii) Software houses

#### **Conditions**

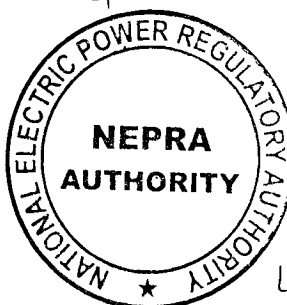
An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for 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



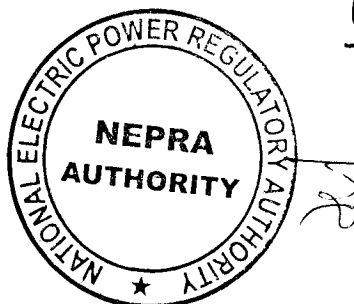
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable 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.



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## **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**

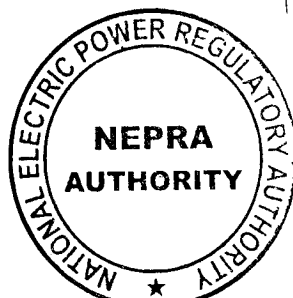
1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-1(a) tariff.
3. All new consumers having sanctioned load 5 kW 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.



*[Signature]*

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## D AGRICULTURAL SUPPLY

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

### Special Conditions of Supply

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

### D-1

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.



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## **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**

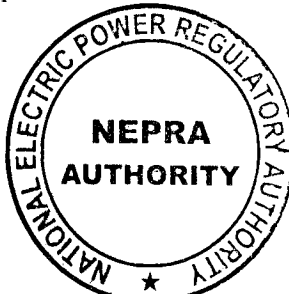
“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against 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 shall not, 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.

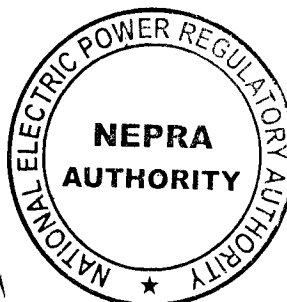
## **H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES**

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.



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“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.

#### **I. TRACTION**

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

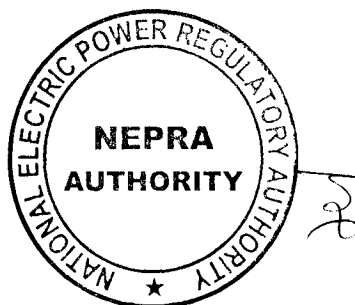
#### **J. SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015**

Supply for the purpose of this tariff means the supply given at one or more common delivery points;

- i. To a licensee procuring power from IESCO for the purpose of further supply within its respective service territory and jurisdiction.
- ii. To an O&M operator under the O&M Agreement within the meaning of NEPRA (Supply of Power) Regulations 2015 duly approved by the Authority for the purpose of further supply within the service territory and jurisdiction of the IESCO
- iii. To an Authorized agent within the meaning of NEPRA (Supply of Power) Regulations 2015, procuring power from the IESCO for further supply within the service territory and jurisdiction of the IESCO

#### **J-1 SUPPLY TO LICENSEE**

1. This tariff is applicable to a Licensee having sanctioned load of 20 MW and above receiving supply at 66 kV and above.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-1(b).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-1(b) as set out in the Schedule of Tariff.





## **SUPPLY UNDER O&M AGREEMENT**

### **J-2 (a) SUPPLY AT 11 KV AND 33 KV**

1. This tariff is applicable to an O&M operator receiving supply at 11 kV or 33 kV under the O&M Agreement duly approved by the Authority.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(c).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(c) as set out in the Schedule of Tariff.

### **J-2 (b) SUPPLY AT 66 KV AND ABOVE**

1. This tariff is applicable to an O&M operator receiving supply at 66 kV & above under the O&M Agreement duly approved by the Authority.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(d).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(d) as set out in the Schedule of Tariff.

## **SUPPLY TO AUTHORIZED AGENT**

### **J-3 (a) SUPPLY AT 11 KV AND 33 KV**

1. This tariff is applicable to an authorized agent receiving supply at 11 kV or 33 kV.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(c).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(c) as set out in the Schedule of Tariff.

### **J-3 (b) SUPPLY AT 66 KV AND ABOVE**

1. This tariff is applicable to an authorized agent receiving supply at 66 kV & above.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(d).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(d) as set out in the Schedule of Tariff.

## **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.



**O&M EXPENSE**

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

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

Where:

$O \& M_{(Rev)}$  = Revised O&M Expense for the Current Year

$O \& M_{(Ref)}$  = Reference O&M Expense for the Reference Year

$\Delta CPI$  = Change in Consumer Price Index published by Pakistan Bureau of Statistics latest available on 1<sup>st</sup> July against the CPI as on 1<sup>st</sup> July of the Reference Year in terms of percentage.

X = Efficiency factor

**RORB**

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

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

Where:

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

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

$RAB_{(Rev)}$  = Revised Rate Base for the Current Year

$RAB_{(Ref)}$  = Reference Rate Base for the Reference Year



**DEPRECIATION EXPENSE**

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

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

Where:

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

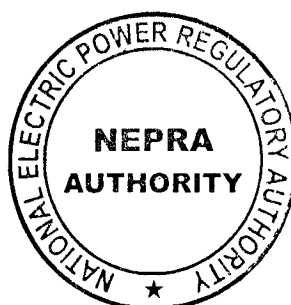
**OTHER INCOME**

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

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

Where:

- $OI_{(Rev)}$  = Revised Other Income for the Current Year  
 $OI_{(1)}$  = Actual Other Income as per latest Financial Statements.  
 $OI_{(0)}$  = Actual/Assessed Other Income used in the previous year.



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**A. Target Projects in Next 5 Years:****A-1 Number of sub-projects under STG is as follows:****A-1.1 Grid Station Projects to Overcome Overloading and Low Voltage Problems at 132 kV Level:**

S. #	Description	Total Nos.	Total MVA	2015-16	2016-17	2017-18	2018-19	2019-20
<b>1</b>	<b>New</b>							
a)	132 kV	10	455	3	0	0	2	5
<b>2</b>	<b>Conversion</b>							
a)	66 to 132 kV	4	104	4	0	0	0	0
<b>3</b>	<b>Augmentation</b>							
a)	132 kV	43	1455	11	28	2	2	0
b)	66 kV	0	0	0	0	0	0	0
<b>4</b>	<b>Extension (T/Bay)</b>							
a)	132 kV	21	391	5	15	0	0	1
<b>5</b>	<b>Extension (L/Bay)</b>							
a)	132 kV	3	0	2	0	0	1	0
<b>6</b>	<b>Sub-Total</b>	<b>81</b>	<b>2405</b>	<b>25</b>	<b>43</b>	<b>2</b>	<b>5</b>	<b>6</b>

**A-1.2 New Transmission Line Projects to Overcome Power Evacuation Constraints:**

S. #	Description	Length KM	2015-16	2016-17	2017-18	2018-19	2019-20
1	132 kV D/C	218.19	51.19	0	62	0	105
2	132 kV SDT	270	190.00	0	0	25	55
<b>3</b>	<b>Sub-Total</b>	<b>488.19</b>	<b>241.19</b>	<b>0</b>	<b>62</b>	<b>25</b>	<b>160</b>

**A-1.3 2<sup>nd</sup> Circuit Stringing of Existing SDT Transmission Lines:**

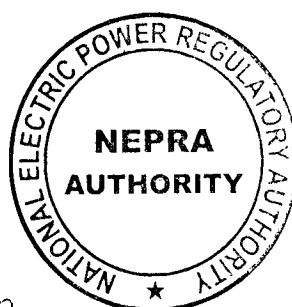
S. #	Description	Length KM	2015-16	2016-17	2017-18	2018-19	2019-20
1	132 kV SDT	25	25	0	0	0	0
<b>2</b>	<b>Sub-Total</b>	<b>25</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**A-1.4 Reconductoring/Up-Gradation of Existing Transmission Lines:**

S. #	Description	Length KM	2015-16	2016-17	2017-18	2018-19	2019-20
1	132 kV D/C	107	75	0	7	0	25
<b>2</b>	<b>Sub-Total</b>	<b>107</b>	<b>75</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>25</b>

**A-1.5 Capacitor Installation Projects to Improve Power Factor:**

S. #	Description	MVAR	2015-16	2016-17	2017-18	2018-19	2019-20
1	11 kV Fixed	177.60	50.40	40.80	86.40	0	0
2	132 kV Switched	36	0	0	0	36	0
<b>3</b>	<b>Sub-Total</b>	<b>213.60</b>	<b>50.40</b>	<b>40.80</b>	<b>86.40</b>	<b>36</b>	<b>0</b>



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**A-2 Names of New 132 kV Grid Stations and Transmission Lines under STG in Next 5 Years:**

Year	New 132 kV Grid Stations	New 132 kV Transmission Lines
2015-16	Sangjani – II Bhara Kahu Chakri Road	KTM-Chakri Road F/F Sangjani-II F/F Bhara Kahu F/F Chakri Road Basal-Jand Jand-Lakkarmar Lakkarmar-Tamman Talagang-DS Bilawal Tamman-Talagang
2016-17	NIL	NIL
2017-18	NIL	Chakwal-2 to C.S.Shah Chakwal-2 to Talagang Chakwal-2 to Necla I/O Gujjar Khan-Rawat for 132 kV Rawat Burhan-New Wah
2018-19	Rawat Burhan	Fatehjang-Tarnol
2019-20	Jhelum Cantt. Sanghoi Sohawa Khanpur Ghorghushti	Power Dispersal from Islamabad West to D-12 to E-8 (I/O) Power Dispersal from Islamabad West to Tarnol to F-11 (I/O) Power Dispersal from Sangjani to Zero Point to I-16 (I/O) Power Dispersal from New Kamra to Old Kamra to Sanjwal Power Dispersal from New Kamra to Faqirabad to Gondal Power Dispersal from New Kamra to Burhan to Nowshera Power Dispersal from Islamabad West to Bahter More Power Dispersal from Islamabad West to Taxila F/F Sohawa F/F Khanpur F/F Jhelum Cantt. F/F Sanghoi F/F Ghorghushti



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**A-3 Number of sub-projects under DOP Expansion and Rehabilitation are as follows:**

**A-3.1 DOP Expansion Projects to Cater Future Demand:**

Sr. #	Description	Unit	Quantities					Total
			2015-16	2016-17	2017-18	2018-19	2019-20	
Scope of Work for 11 kV and Below Expansion								
1	New HT Lines							
	Number of proposals	Nos.	16	16	16	16	18	82
	Length of new HT line	Km	164	164	164	164	165	820
	HT line Reconductoring	Km	164	164	164	164	164	820
2	Transformers (Replacement)							
	a. 50 KVA	Nos.	45	45	45	45	46	226
	b. 100 KVA	Nos.	90	90	90	90	90	450
	c. 200 KVA	Nos.	45	45	45	45	46	226
	d. others KVA	Nos.	0	0	0	0	0	0
	Sub Total	Nos.	180	180	180	180	182	902
3	Transformers (New Substations)							
	a. 50 KVA	Nos.	23	23	23	23	23	113
	b. 100 KVA	Nos.	45	45	45	45	45	225
	c. 200 KVA	Nos.	23	23	23	23	23	113
	d. others KVA	Nos.	0	0	0	0	0	0
	Sub Total	Nos.	90	90	90	90	90	451
4	11 KV Capacitors							
	a. Fixed 450 KVAR	Nos.	16	16	16	16	18	82
	b. Fixed 900 KVAR	Nos.	0	0	0	0	0	0
	c. Others	Nos.	0	0	0	0	0	0
	Sub Total	Nos.	16	16	16	16	18	82
5	11 KV Panel	Nos.	16	16	16	16	18	82
Scope of Work for LT Expansion								
1	New LT Lines							
	Number of proposals	Nos.	270	270	270	270	273	1353
	Length of new LT line	Km	44	44	44	44	44	220
	LT line Reconductoring	Km	36	36	36	36	36	182
2	LT Capacitors							
	a. Different KVARs	Nos.	60	60	60	60	60	300

**A-3.2 DOP Rehabilitation Projects to Reduce Overloading at 11 kV Level:**

Sr. #	Description	Unit	Quantities					Total
			2015-16	2016-17	2017-18	2018-19	2019-20	
Scope of Work for 11 kV and Below Rehabilitation								
1	Rehabilitation of HT Lines							
	Number of proposals	Nos.	20	20	20	20	20	100
	Bifurcation (New Line Addition)	Km	200	200	200	200	200	1000
	Reconductoring	Km	200	200	200	200	200	1000
	Re-routing	Km	0	0	0	0	0	0
2	Replacement of Overloaded Transformers							
	a. 50 KVA	Nos.	55	55	55	55	55	275
	b. 100 KVA	Nos.	110	110	110	110	110	550
	c. 200 KVA	Nos.	55	55	55	55	55	275
	h. others KVA	Nos.			0	0	0	0

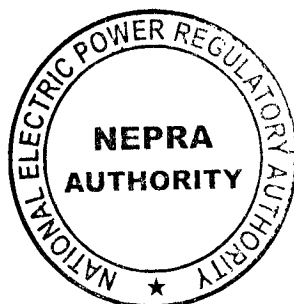
	<b>Sub Total</b>	Nos.	220	220	220	220	220	1100
3	<b>New Sub Stations</b>							
	a. 50 KVA	Nos.	27	27	27	27	29	137
	b. 100 KVA	Nos.	55	55	55	55	56	276
	c. 200 KVA	Nos.	27	27	27	27	29	137
	d. others KVA	Nos.	0	0	0	0	0	0
	<b>Sub Total</b>	Nos.	109	109	109	109	114	550
4	<b>11 KV Capacitors</b>							
	a. Fixed 450 KVAR	Nos.	20	20	20	20	20	100
	b. Fixed 900 KVAR	Nos.	0	0	0	0	0	0
	c. Others	Nos.	0	0	0	0	0	0
	<b>Sub Total</b>	Nos.	20	20	20	20	20	100
5	11 KV Panels	Nos.	20	20	20	20	20	100

<b>Scope of Work for LT Rehabilitation</b>								
1	<b>LT Lines Rehabilitation</b>							
	Number of proposals	Nos.	330	330	330	330	330	1650
	Bifurcation, Re-routing, shifting of transformer to load center (New Line Addition)	Km	53.6	53.6	53.6	53.6	53.6	268
	Reconductoring of LT Line	Km	44	44	44	44	44	222
2	<b>LT Capacitors</b>							
	a. Different KVARs	Nos.	60	60	60	60	60	300

A-4 Number of sub-projects under ELR Program is as follows:

A-4.1 Energy Loss Reduction Projects to Reduce T&D Losses through GIS Mapping:

Sr. #	Description	Unit	Quantities						
			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
GIS Mapping									
1	HT Mapping								
	Number of 11 kV Feeders	Nos.	150	186	198	199	200	200	1133
	Length of HT Lines mapped	Km	120	5402	5414	5426	5437	5449	27250
2	LT Mapping								
	Number of Transformers	Nos.	6750	8330	8358	8388	8416	8450	48693
	Length of LT Lines mapped	Km	101	5546	5560	5572	5586	5600	27964
3	Tools Required								
	GIS Mapping Software Licenses	Nos.	2	2	9	10	4	0	25
	Hardware including plotters, computers, GPS devices etc	Nos.	1	12	46	120	104	76	357



Sr. #	Description	Unit	Quantities						
			2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Study Based Planning using GIS Maps with Modern Planning Tools - Transition Plan									
1	HT								
	Number of HT Lines Analyzed	Nos.	150	186	198	199	200	200	1133
2	LT								
	Number of LT Lines Analyzed	Nos.	6750	8330	8358	8388	8416	8450	48693
3	Tools Required								
	Simulation Software Licenses	Nos.	1	2	9	10	4	0	25
	Hardware including plotters, computers etc.	Nos.	0	4	18	20	8	0	50

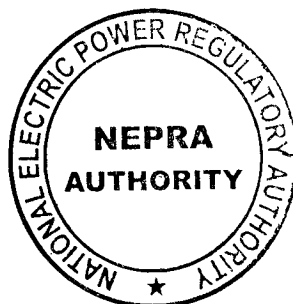
**A-5 Sub-projects under Commercial Improvement Plan are as follows:**

**A-5.1 Projects to Reduce Metering Complaints/Errors**

		Define Scope					
		2015-16	2016-17	2017-18	2018-19	2019-20	Total
A	AMI Metering					Smart Metering of Rawalpindi Circle	
B	Electronic Metering						
C	New CIS system	Study & System Analysis	Implementation of CIS + CRM	Implementati on of CIS + CRM	Operation & Maintenance	Operation & Maintenance	
D	HHUs for meter reading	Implementation of Meter Reading through smart device /HHU in entire company	Replacement of Smart Phone with HHU	Day to day Operation	Day to day Operation	Day to day Operation	
E	Consumer Census			50% Consumers		50% Consumers	100% Consumers
F	IT infrastructure to support new initiatives	Installation of Work Station & Server for HHU & ERP. Data Center & Server tor ERP	Data Center for CIS. Networking for ERP & CIS	Maintenance of Data Center, Servers & Work Stations	Maintenance of Data Center, Servers & Work Stations	Maintenance of Data Center, Servers & Work Stations	

**A-5.2 Detail of AMI/AMR Metering Plan**

S. #	Description	Nos.
A	Single Phase AMI Meters (Domestic)	697,160
B	Single Phase AMI Meters (Commercial)	77,463
C	Three Phase AMI Meters (Commercial)	85,185
D	Meters (Sub Stations)	238
E	Meters (Dist. Transformers)	14,955
F	Meters (Bulk/industrial consumers)	4,617
<b>Total</b>		879,618





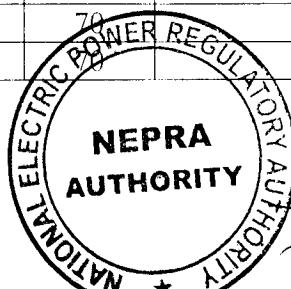
**A-6. Sub-projects under the head of Vehicle, Mechanical Tools and Plants are as follows:**

**A-6.1 Vehicles Required for STG, DOP and ELR Operations:**

Sr. #	Description	Unit	Quantities					Total
			2015-16	2016-17	2017-18	2018-19	2019-20	
1	Heavy Vehicles (Trucks)	No.	2	2	2	2	3	11
2	Light Vehicles (Pickup Single Cabin)	No.	7	8	8	8	11	42
3	Cars	No.	0	0	0	0	0	0
4	Bucket Mounted Trucks	No.	2	2	2	2	3	11
5	Motor cycles	No.	14	16	16	16	16	78
6	Jeeps (4x4)	No.	3	6	2	6	4	21
7	Light Vehicle (Pickup Shehzore)	No.	7	8	8	8	8	39
	<b>Sub Total</b>	<b>No.</b>	<b>35</b>	<b>42</b>	<b>38</b>	<b>42</b>	<b>45</b>	<b>202</b>

**A-6.2 Mechanical Tools & Plants:**

S. #	Description	Qty.	Rate (Rs.)	Cost (Rs.)
<b>A</b>	<b>Sub Division</b>			
1	Earthing Set	2	3296	6592
2	Farth Tester	1	49176	49176
3	Megger (1000 volts)	1	27200	27200
4	Measuring Tape	1	610	610
5	Fiber Glass Extension Ladder	2	5800	11600
6	Cuffing Hoist (1500 kg)	1	6400	6400
7	Galvanized Steel Bucket	4	300	1200
8	Fiber Extinguisher	3	5900	17700
9	Clip on Volt Amp Meter	2	1489	2978
10	Clip on kW Meter	1	8600	8600
11	Stop Watch	1	1950	1950
12	Black Smith Anvil (76 kg)	1	2025	2025
13	Chain Pulley Block (5 ton)	1	12225.60	12225.60
	<b>Sub-Total</b>			<b>148256.60</b>
<b>B</b>	<b>Crew T&amp;P</b>			
1	Fiber Glass Extension Ladder	8	18500	148000
2	Cuffing Hoist (750 kg)	8	4800	38400
3	Chain Pulley Block (3 ton)	8	4765	38120
4	Nylon Rope (19 mm dia)	8	9147.6	73180.8
5	Pick Axes	16	64.8	1036.8
6	Kassies	8	162	1296
7	First Aid Box	8	740	5920
8	DEOJ Spanner (9/6" x 5/8")	8	877.5	7020
9	DEOJ Spanner (5/8" x 3/4")	8	877.5	7020
10	Pulling Grip (6-10 mm)	8	520	4160
11	Pulling Grip (12-15 mm)	8	820	6560
12	Hammers	16	108	1728
	<b>Sub-Total</b>			<b>332441.6</b>
<b>C</b>	<b>Personal Line Man T&amp;P</b>			
1	Safety Hat Insulated	42	260	10920
2	Line Man Safety Belt	56	900	50400
3	Rubber Gloves (Pair)	70	1800	126000
4	Protective Gloves (Pair)	70	110	7700



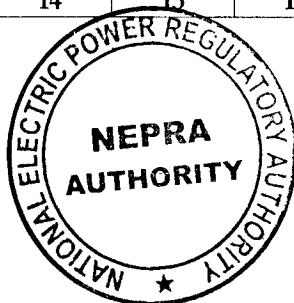
5	Line Man Safety Boots (8,9,10 size)	70	1500	105000
6	Live Wire Tester (400 volts)	28	160	4480
7	Line Man Knife	42	100	4200
8	Insulated Screw Driver	28	140	3920
9	Rain Coat	28	900	25200
10	Torch 3 Cells	70	350	24500
11	D-Operating Rod	56	1500	84000
12	Insulated Plier	70	640	44800
13	Adjustable Screw Wrench	42	350	14700
14	Line Men Tool Bag	56	700	39200
	<b>Sub-Total</b>			<b>545020</b>
<b>D</b>	<b>ALM Personal T&amp;P</b>			
1	Safety Hat Insulated	48	260	12480
2	Line Man Safety Boots (8,9,10 size)	120	1500	180000
3	Insulated Screw Driver	72	140	10080
4	Line Man Knife	72	100	7200
5	Rain Coat	72	900	64800
6	Insulated Plier	72	640	46080
7	Line Men Tool Bag	72	700	50400
	<b>Sub-Total</b>			<b>371040</b>

#### A-7. Sub-projects under Civil Works are as follows:

Enhancement in the number of sub-divisions, divisions, revenue offices and operation circles is essential to provide prompt/effective services to the prospective new consumers in next 5 years. The restraining instructions are that IESCO will not claim additional amount on recruitment of new employees. The number of employees may vary but the allowance in salaries etc. will remain the same. There is no need for construction circles, construction division and construction sub-division as the job of construction would be out sourced and for the purpose of supervision, the existing strength of supervisory staff is ample. The following projects under the Civil Works are allowed:

##### A-7.1 List of New Offices and Buildings

S. #	Description	Unit	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1	New Grid Stations	No.	3	0	0	2	5	10
2	New GSO Circle	No.	0	0	0	0	0	0
3	P&I Divisions	No.	0	0	0	0	1	1
4	SS & T Divisions	No.	0	0	0	0	1	1
5	Operation Sub Divisions	No.	7	8	8	8	8	39
6	Operation Divisions	No.	2	2	2	2	3	11
7	Revenue Offices	No.	2	2	2	2	3	11
8	Operation Circles	No.	0	1	0	1	0	2
9	Construction Circle	No.	0	0	0	0	0	0
10	Construction Divisions	No.	0	0	0	0	0	0
11	AE Transmission SS&TL	No.	0	0	0	0	1	1
12	AE Maintenance Grids	No.	0	0	0	0	1	1
13	Other offices	No.	0	0	0	0	0	0
	<b>Total</b>	<b>No.</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>15</b>	<b>23</b>	<b>77</b>



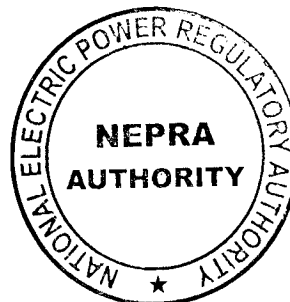
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A-8. Sub-projects under Financial Improvement Plan are as follows:

Description		Define Scope				
		2015-16	2016-17	2017-18	2018-19	2019-20
A	ERP system implementation	Implementation of ERP (Financial)	Implementation of ERP (Financial)	Maintenance	Maintenance	Maintenance

A-9. Sub-projects under Communication Improvement Plan are as follows:

Description		Define Scope				
		2015-16	2016-17	2017-18	2018-19	2019-20
A	Improving Internal Communications with Employees	<ul style="list-style-type: none"> <li>• IESCO Web Updation with reference to HR activities</li> <li>• Cell Phones to Supervisory Staff</li> <li>• Computer Networking, E-office at IESCO HQ</li> </ul>	<ul style="list-style-type: none"> <li>• Link of HRIS HQ with Circle Offices and Electronic communication through E-Mail</li> <li>• Cell Phones to Line Staff</li> <li>• Computer Networking &amp; E-Office at Circle</li> </ul>	<ul style="list-style-type: none"> <li>• Link of HRIS HQ at Division level and updation of HRIS</li> <li>• Tablets to Officers</li> <li>• Computer Networking &amp; E-Office at Division &amp; Sub Division level</li> </ul>	NIL	NIL



**A-10. Sub-projects under Human Resource Improvement Plan are as follows:**

Description		Define Scope					Total
		FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	
<b>A</b>	<b>Revamping of Training Centers</b>	(1) Revamping of RTC (2) Computer Lab at RTC (3) Development of practical Yard at RTC	(1) Technical Lab at RTC. (2) Revamping of 2x CTCs and establishment of Computer Labs. (3) Development of Practical Yard at CTCs	(1) Revamping of remaining 3x CTCs. (2) Establishment of Computer Labs (3) Technical Lab at CTCs			
<b>B</b>	<b>Provision of Safety T&amp;P and promoting safety culture</b>	(1) Provision of Safety T&P at RTC & CTCs on need basis. (2) Safety Seminars at Operational Circle & Division Offices on Quarterly basis	(1) Provision of Safety T&P at RTC & CTCs on need basis. (2) Safety Seminars at Operational Circle & Division Offices on Quarterly basis	(1) Provision of Safety T&P at RTC & CTCs on need basis. (2) Safety Seminars at Operational Circle & Division Offices on Quarterly basis	(1) Provision of Safety T&P at RTC & CTCs on need basis. (2) Safety Seminars at Operational Circle & Division Offices on Quarterly basis	(1) Provision of Safety T&P at RTC & CTCs on need basis. (2) Safety Seminars at Operational Circle & Division Offices on Quarterly basis	
<b>C</b>	<b>Training of employees through external training institutions</b>	580 No.	350 No.	500 No.	550 No.	600 No.	2580 No.
<b>D</b>	<b>Human Resource Information System Implementation</b>	ERP system will be implemented in IESCO HQ	The HRIS at Circle level and linked with IESCO HQ	The HRIS at Divisions/R.Os level and linked with Circle & HQ	The HRIS at Sub Divisions level	The HRIS at Grid Stations & Sub Offices level	
<b>E</b>	<b>Conducting the yard stick study</b>						
<b>F</b>	<b>IT infrastructure to support new initiatives</b>	Installation of Work Station & Server for HHU & ERP. Data Center & Server for ERP	Data Center for CIS. Networking for ERP & CIS	Maintenance of Data Center, Servers & Work Stations	Maintenance of Data Center, Servers & Work Stations	Maintenance of Data Center, Servers & Work Stations	

