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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-493/MEPCO-2019/46487-46489
December 24, 2020

Subject: Determination of the Authority in the matter of Petition filed by Multan Electric Power Company Ltd. (MEPCO) for Determination of its Supply of Power Tariff for the FY 2018-19 & FY 2019-20 [Case # NEPRA/TRF-493/MEPCO-2019]

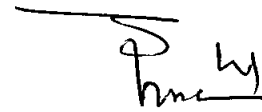
Dear Sir,

Please find enclosed herewith subject Determination of the Authority along with Annex-I, I-A, II, III, IV & V (51 Pages) in Case No. NEPRA/TRF-493/MEPCO-2019.

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

3. The Determination of the Authority along with Annex-I, I-A, (Annex-II & III separately for FY 2018-19 and FY 2019-20), Annex-IV & V are to be notified in the official Gazette.

Enclosure: As above


24/12/20
(Syed Safeer Hussain)

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

CC:

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



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

PETITION NO: NEPRA/TRF-493/MEPCO-2019

**DETERMINATION OF SUPPLY OF POWER TARIFF
FOR
MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO)
FOR THE FY 2018-19 & FY 2019-20
UNDER
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998**

Islamabad
December ²⁴, 2020



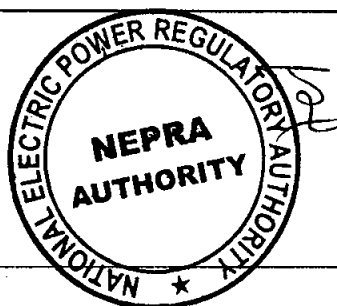
Noted

Abbreviations

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



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





**DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO) FOR DETERMINATION OF
ITS SUPPLY OF POWER TARIFF FOR THE FY 2018-19 & FY 2019-20**

CASE NO. NEPRA/TRF-493/MEPCO-2019

PETITIONER

Multan Electric Power Company Limited (MEPCO), Khanewal Road, Multan.

INTERVENER

M/s CM Pak Limited (ZONG)

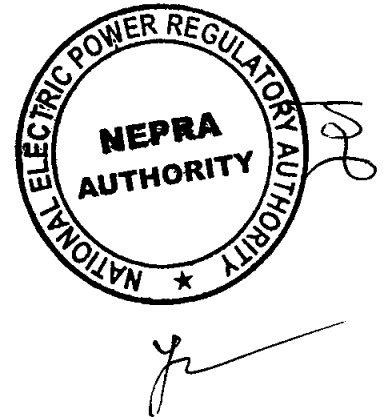
COMMENTATOR

NIL

REPRESENTATION

- i. Chief Executive Officer
- ii. Finance Director
- iii. General Manager (Customer Services)

Muhammad



1. Background

- 1.1. The amendments in the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was passed by the National Assembly on 15th March, 2018, which was published in the official Gazette on 30th April 2018 (the "**Amendment Act**"), resulting in restructuring of the energy sector.
- 1.2. As per the amended Act, function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a), whereby 'sale' of electric power has been removed from the scope of 'Distribution Licensee' and transferred to 'Supply Licensee'.
- 1.3. Section 23E of the Act, provides NEPRA with the powers to grant Electric Power Supply License for the supply of electric power. Section 23E(1), however, provides that the holder of a distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date. Thus, all existing Distribution Licensees have been deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, can continue to do so. Section 23E, further states that the eligibility criteria for grant of license to supply electric power to be prescribed by the Federal Government, and shall include, provision with respect to a supplier of the last resort, as the case may be.
- 1.4. As per Section 23F (2)(b), the Supplier possess the right to make sales of electric power to consumers within their specified territories on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority.
- 1.5. In view thereof, Multan Electric Power Company Limited (MEPCO), hereinafter called "the Petitioner", being a Distribution as well as deemed Supplier filed separate tariff petitions for the determination of its Distribution and Supply of Electric Power Tariff for the FY 2018-19 and FY 2019-20, in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").
- 1.6. The Petitioner, inter alia, has requested for a Supply of Power tariff of Rs.273,596 million i.e. Rs.16.77/kWh and Rs.459,968 million i.e. Rs.25.64/kWh for the FY 2018-19 and FY 2019-20 respectively, including the Power Purchase Price and proposed distribution margin, as detailed below;

Description	Unit	FY 2018-19	FY 2019-20
Units Purchases	GWh	19,367	21,284
Units to be Sold	GWh	16,310	17,941
Power Purchase Cost	Mln Rs.	225,795	274,495
RR of Distribution Marging	Mln Rs.	32,520	167,848
O&M	Mln Rs.	7,829	8,939
Supplier Margin/RoRB	Mln Rs.	6,774	8,235
Late Payment Surcharge	Mln Rs.	(2,101)	(2,380)
Supplemental Charges	Mln Rs.	2,100	2,381
Working Capital	Mln Rs.	450	450
Receivable Uncollectible/written-off	Mln Rs.	229	-
Sub Total		15,281	17,625
Total Revenue Requirement	Mln Rs.	273,596	459,968
Net Average Sale Rate	Rs./kWh	16.77	25.64



2. **Proceedings**

- 2.1. In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority on November 20, 2019. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.
- 2.2. Hearing in the matter was scheduled on February 12, 2020, for which notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on January 23, 2020 and also uploaded on NEPRA website; Individual notices were also issued to stakeholders/ interested parties.

3. **Issues of Hearing**

- 3.1. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments;
- i. Whether the Petitioner has complied with the direction of the Authority given in its earlier determination?
 - ii. As per NEPRA Amendment Act, 2018, obligations of procurement of assets including meters (for satisfying its services) and disconnection / reconnection services (on demand of Supplier) are with Distribution Licensee whereas procedure for metering, billing, collection of approved charges and recovery of arrears are the obligations of Supply Licensee. In this scenario, MEPCO is required to state the mode and manner being developed and followed for appropriate coordination between Distribution Licensee and Supply Licensee?
 - iii. Whether the projected demand (GWh) and projected power purchase cost is reasonable?
 - iv. Whether the requested O&M cost, Supply Margin, Late Payment Surcharge, Supplemental Charges, Working Capital and Receivables Uncollectible are justified?
 - v. Whether the Petitioner has actually written off, provisionally allowed Write offs allowed in the Re determination decision pertaining to the FY 2015-16?
 - vi. Whether the basis used by the Petitioner for bifurcation of its costs into supply and distribution segments are justified?
 - vii. Whether the existing Tariff Terms and Conditions needs to be modified to incorporate concerns raised by various consumers?
 - viii. Whether there should any Fixed Charges on residential consumers & General Services Consumers?
 - ix. As provided in NEPRA Amendment Act, 2018, MEPCO as Distribution Licensee shall be deemed to hold Supply License also for a period of 5-years. In this regard, MEPCO is required to explain its organizational restructuring in respect of segregation of responsibilities for Distribution Business and Sale Business?
 - x. Whether the existing minimum/fixed monthly charges even if no energy is consumed needs to be revised to assist in the recovery of fixed cost of the Petitioner?

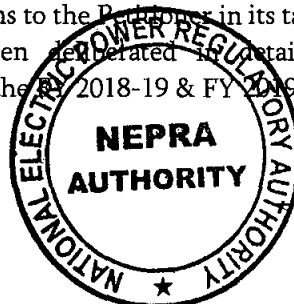
- xi. Whether the Petitioner be treated as Supplier of the last resort and whether the tariff of the Petitioner or the National uniform tariff be treated as last resort tariff?
- xii. Whether the concerns raised by the intervener/ commentator if any are justified?
- xiii. Any other issue that may come up during or after the hearing?

4. Filing Of Objections/ Comments

- 4.1. Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules. In response thereof, IR has been filed by M/s CM Pak Limited (ZONG). A brief of the concerns raised by M/s CM Pak is as under;
- 4.2. The intervener highlighted issues being faced in terms of provision of electricity, coupled with over billing, deteriorating system and non-cooperative mechanism being adopted with respect to discharge of liabilities by the Petitioner. It was also submitted that provision of electricity connections despite paid demand notes ranges from 100-400 days, whereas, as per the rule 4 of NEPRA Performance Standards (Distribution) Rules, 2005, the time period prescribed for new connections is within 30 to 55 days. The Intervener accordingly requested the Authority to issue directions to the Petitioner for provision of electricity connection in accordance with law and decide the pending over billing complaints/issues within a specified time in accordance with law.
- 4.3. The Authority observed that the issues highlighted by the Intervener were primarily complaints in nature, therefore, directed the Petitioner, during the hearing, to ensure provision of pending connections without further delay. The Authority also directed the Petitioner to establish a corporate desk to facilitate its corporate clients in terms of provision of electricity and to address the issues of overbilling, if any, on priority basis. The Petitioner in the hearing submitted that during the period July to Dec. 2019, number of pending connections have been reduced from 78,262 to 57,587 which reflects decreasing trend. Further, during last financial year, No. of consumers increased @ 34,000 (approx.) per month, which tantamount to that No. of pending connections is less than two months average increase in consumers. It was also submitted that it takes at least a period of 3-4 months from start of procurement process to receipt of material against new connection (as per PPRA guidelines and market supply behavior). The Authority while analyzing the DISCOs performance statistics report published by PEPCO noted that as of June 2019, total applications pending for new connections in respect of the Petitioner were 128,616, which include 115,075 domestic, 7,424 commercial, 5,042 Agriculture, 1,062 industrial and 13 others applications. The Authority directs the Petitioner to provide electricity connections to all these pending applications without further delay and submit a quarterly progress report in this regard.
- 4.4. During the hearing, the Petitioner was represented by its Chief Executive Officer along-with its technical and financial teams; On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;

5. Directions given to the Petitioner in its Tariff determination for the FY 2017-18

- 5.1. The Authority gave certain directions to the Petitioner in its tariff determination for the FY 2017-18, which have already been detailed in detail in the distribution tariff determination of the Petitioner for the FY 2018-19 & FY 2019-20, therefore, need not to be



discussed again in the instant determination. The Authority further understands that periodic monitoring of the directions given by the Authority is absolutely necessary in order to analyze the Petitioner's performance, therefore, the Authority has decided to have a half yearly review of the given directions, instead of discussing the same only during the tariff proceedings. Further, the directions given by the Authority in the distribution tariff determination to of the Petitioner for the FY 2018-19 & FY 2019-20, have been reproduced in the instant decision for compliance by the Petitioner.

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

**DEPARTMENTS/ TASKS
UNDER POWER SUPPLY
BUSINESS**

- a. Commercial Directorate
- b. MIS Directorate
- c. Revenue Offices
- d. M&T Offices
- e. Meter Reading
- f. Bill Distribution
- g. Bill Collection

**DEPARTMENTS/ TASKS
UNDER POWER
DISTRIBUTION BUSINESS**

All the existing Departments/
Tasks excluding the Power
Supply Business

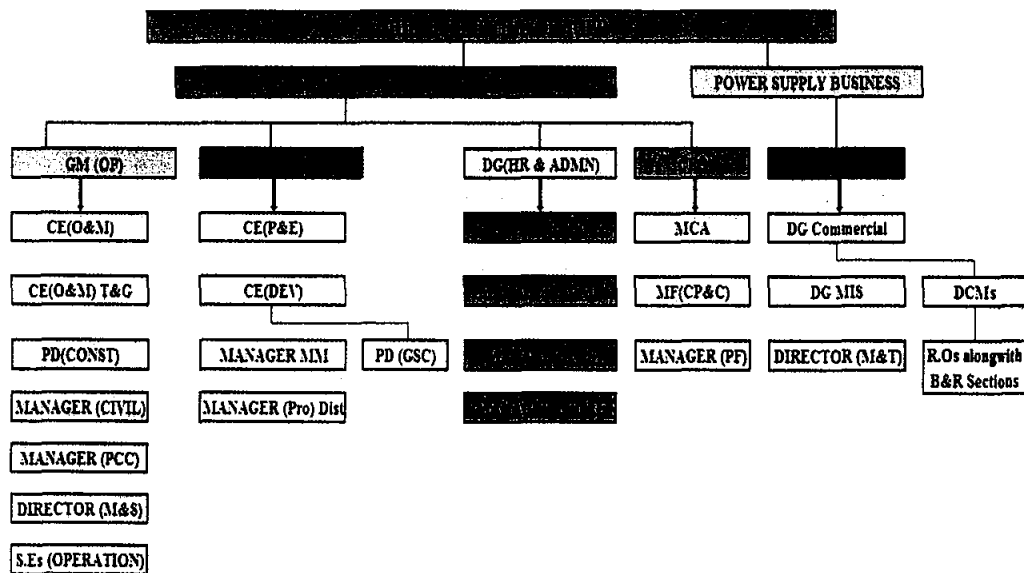


- 8.4. The Petitioner also submitted during the hearing that;
 - i) Estimated expenses relating to Distribution business have been projected on the basis of available data in separate A/c heads (where possible) in combination with careful projections of the costs.

- ii) Projected expenses relating to Revenue offices, Meter Reading Services, Bill Distribution Services, Collection charges, Commercial Department and MIS department are not included in Distribution business costs.
- iii) All fixed assets belong to Distribution business.
- iv) CPPA issues power purchase invoices directly to the Power Supply Business and its payment is also the responsibility of the Power supply business.
- v) Power Supply business will make payment of Revenue Requirement of the Distribution Business at the rate determined by the regulator, the same rate will be charged for wheeling of energy of other generator, Bulk Power Consumer etc.
- vi) The recovery of outstanding balances of NTDC, CPPA and the payments to NTDC, CPPA and Distribution business is the responsibility of the Power Supply Business.
- vii) Bad debts relate to supply business.
- viii) The costs relating to Supply business are a sunk cost for MEPCO which do not depend upon the quantum of the business.
- ix) MEPCO is a "Supplier of the last resort" which means that MEPCO is to keep and maintain supplier business setup to cope with any untoward situation.
- x) The provision for employee's Post retirement benefits has been apportioned in the ratio of Salary, wages & Benefits expenses of the respective business.
- xi) All equity, previous accumulated losses and prior year adjustments (PYA) belong to Distribution business.
- xii) All arrears of recovery from consumers for the previous periods belong to Distribution business but supplier business is responsible for its recovery.
- xiii) All previous long term loans and debt servicing is the responsibility of the Distribution Business.
- xiv) All transmission and Distribution losses relate to Distribution business, however, MEPCO has some reservations on issue which are discussed in detail in the suggestion part of this petition.
- xv) The claims and receipts of all subsidies including Tariff Differential Subsidy is the responsibility of the Supply business.
- xvi) The receivable from associated companies regarding free supply will be dealt by the supply business.
- xvii) The supply business is responsible for accumulated profit/ loss of its business only for the tariff purpose. However, MEPCO will take necessary steps to maintain separate books of accounts for Distribution and supply business in future.
- xviii) The whole wire business from 132Kv to the consumer meter is owned and maintained by the distribution business. Therefore, the investment on the system also falls under the responsibility of the distribution business.
- xix) The Late Payment surcharges and Supplemental charges belong to the Supplier's business and theses heads will knock off each other.

Segregation of Business

- 8.5. In terms of segregation of business, the Petitioner provided the following organogram in this regard;

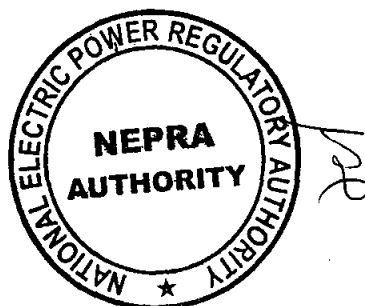


- 8.6. On the point of Coordination between two business, the Petitioner provided the following details;
- Board & CEO will supervise the activities of both businesses and their coordination.
 - The service providing departments like HR, Finance, Audit, Civil, Marketing & Tariff etc. will operate in Distribution Business and will also coordinate under Board and CEO supervision with Power Supply Business to cater their requirement.
 - Accounting, Regulatory and Taxation affairs will be looked after by the Finance Department for both the businesses in accordance with the relevant provisions of Law.
 - However, all these areas will be subject to the Rules and Regulations of the Authority according to the best practices.
 - As per Amended Act, it is implied that T&D losses will be the responsibility of Distribution Business.
 - On the other hand, Meter reading portfolio will be under the Power Supply Business. Hence, it can manoeuvre the situation towards benefit of Power Supply Business affecting the operating results of Distribution Business.
 - Assigning the entire T&D losses to Distribution Business will adversely affect its financial viability as well as lead to vulnerability of Distribution Business towards manipulation by Power Supply Business without adequate safeguards. T&D loss issue, how it will be managed/ coordinated between Distribution and Supply business is a gray area, so that no party gets undue benefit from other due to this arrangement. Therefore MEPCO is looking to the Authority for clarification in this regard.
- 8.7. The Authority understands that as per the Amended Act, the Distribution Licensee is responsible to provide distribution service within its territory on a non-discriminatory basis.

- and develop, maintain and publicly make available, with the prior approval of the Authority, an investment program, meaning thereby, that installation/investment, operation, maintenance and controlling of distribution networks, form part of the Distribution License and activities like metering, billing and collection form part of the Supply License.
- 8.8. The Authority observed that the Petitioner has bifurcated its costs keeping in view the functions as provided in the Act, i.e. all non-sale elements of the distribution segment (*i.e. installation/investment, operation, maintenance and controlling of distribution networks*) as part of the Distribution License and all sale related activities (*metering, billing and collection*) as part of the Supply License.
- 8.9. The Petitioner has also shared its organizational restructuring program in respect of segregation of responsibilities for Distribution Business and Sale Business, whereby the Chief Commercial officer shall be the head of Supply Business and GM (Ops./ Tech.) shall be responsible for Distribution activities. Similarly, the Petitioner has also shared the manner being developed and followed for appropriate coordination between Distribution Licensee and Supply Licensee.
- 8.10. The Authority believes that after amendments in NEPRA Act, all the Public Sector Distribution companies are required to make organizational restructuring in terms of segregation of responsibilities of the Distribution and Sale functions and in order to ensure appropriate coordination between both functions. Hence, keeping in view the fact that it is operational issue and DISCOs are owned by the Federal Government, it would be more appropriate that a centralized restructuring plan at the level of Federal Government is prepared to be implemented by all the public sector DISCOs in order to have a uniformity and consistency in the structure.
9. **Whether the projected demand (GWh) and projected power purchase cost is reasonable?**
- 9.1. The Petitioner, for the FY 2018-19, has proposed purchases of 19,367 GWh & sale of 16,310 GWh based on T&D losses of 15.78% and for the FY 2019-20, projected purchases of 21,284 GWh, with sales target of 17,941 GWh, based on T&D losses of 15.71% as given hereunder;

Description		Tariff Control Period		
		2018 (Actual)	2019	2020
Units Delivered	GWh	15,853	16,310	17,941
Receipt Growth	%age	19.61%	2.88%	10%
T&D Losses	%age	16.59%	15.78%	15.71%
Units Received	GWh	19,006	19,367	21,284
Receipt Growth	%age	19.14%	1.89%	9.89%
Avg. MDI	MW	3,760	3,956	4,348

- 9.2. The Petitioner also provided the following detail of its energy received and energy lost during the last five years;



Description		Actual FY				
		2015	2016	2017	2018	2019
Units Delivered	GWh	11,711	12,341	13,254	15,853	16,310
Receipt Growth	%age	2.40%	5.37%	7.40%	19.61%	2.88%
T&D Losses	%age	16.80%	16.45%	16.91%	16.59%	15.77%
Units Received	GWh	14,076	14,770	15,952	19,006	19,363
Receipt Growth	%age	1.6%	5%	8%	19.14%	1.88%
Avg. MDI	MW	2,686	2,912	3,280	3,760	3,956

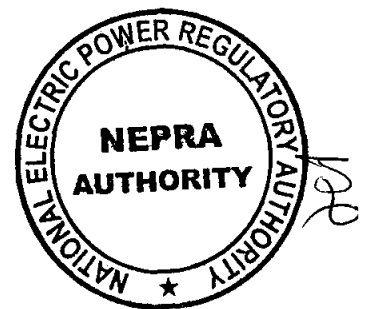
- 9.3. The Petitioner during the hearing provided the following historical trend of its Power Purchases and the growth therein, for the last seven years;

FINANCIAL YEAR	Units Purchased	Growth
	MkWh	%age
2013-14	13,859	2.422
2014-15	14,073	214
2015-16	14,770	697
2016-17	15,952	1,182
2017-18	19,006	3,054
2018-19	19,367	361
2019-20 (Proj.)	21,284	1,917

* The average growth of last 6 years remained 7.96%

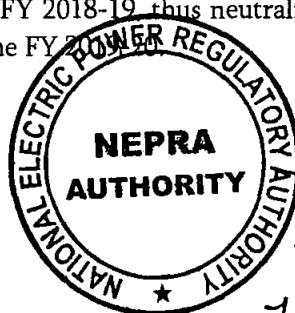
- 9.4. The Petitioner provided following details in respect of its requested Power Purchase costs for the FY 2018-19 and FY 2019-20;

Description		FY 2018-19	FY 2019-20
		Request	Projected
Units Purchased (MKWH)		19,367	21,284
Rate (Rs./KWH)		11.659	12.897
PPP (Rs. in Mln)		225,795	274,495
Power Purchase Cost Components			
Fuel Cost	Rs./KWH	5.478	5.647
	Rs. (M)	106,089	120,185
Capacity Transfer	Rs./KWH	5.817	6.838
	Rs. (M)	112,653	145,545
UoSC	Rs./KWH	0.361	0.408
	Rs. (M)	6,984	8,689
Market Operator Fee	Rs./KWH	0.004	0.004
	Rs. (M)	69	76
TOTAL (Rs. in Mln.)		225,795	274,495



- 9.5. The Authority, observed that variations in the actual Power Purchase Price (PPP) for the FY 2018-19 have already been allowed to the Petitioner through quarterly adjustment mechanism, based on the reference PPP and the level of T&D losses that remained notified during the FY 2018-19 vis a vis the actual PPP of the Petitioner for the FY 2018-19.

- Therefore, for the purpose of instant petition, the PPP of the Petitioner for the FY 2018-19, shall be the PPP that remained notified during the FY 2018-19, and on which the Petitioner has been allowed quarterly adjustments, thus, any reassessment of PPP for the FY 2018-19, is not required.
- 9.6. Similarly for the FY 2019-20, variations in the Power Purchase Price (PPP) for the 1st quarter of FY 2019-20 i.e. Jul.-to Sep. 2019 has already been allowed to the Petitioner vide the Authority's decision dated November 26, 2019, and the same has been notified by the Federal Government w.e.f. December 01, 2019. For the 2nd and 3rd quarters of the FY 2019-20, the Petitioner has already filed its PPP adjustment requests with the Authority, which are at an advance stage of the proceedings. The Petitioner has also filed its PPP adjustment request for the last quarter of FY 2019-20 i.e. Apr. to Jun. 2020, in accordance with the notified mechanism, which would be processed accordingly. Therefore, for the purpose of instant adjustment request, the PPP of the Petitioner for the FY 2019-20, shall be the PPP that remained notified during the FY 2019-20, and on which the Petitioner is being allowed quarterly adjustments, thus, any reassessment of PPP for the FY 2019-20, is not required.
- 9.7. Although, variations in the PPP of the Petitioner are being actualized through quarterly adjustment mechanism, however, the existing PPP references, against which the variations are being allowed, were determined by the Authority keeping in view the FY 2017-18. The Authority understands that these references now require up-dation/ revision as large amount of new capacities e.g. Coal, Nuclear, REs, etc. have since been added in the system, and also to cater for the impact of PKR vs US\$ devaluation, change in fuel prices and CPI indexations. This revision of PPP references would minimize the impact of future monthly fuel charges adjustments & quarterly variations and will provide a more predictable tariff to the consumers.
- 9.8. Accordingly, the Authority, by adopting a forward looking approach, has projected the revised PPP references keeping in view the ground realities of the FY 2020-21. For the purpose of determining the new PPP references, the Authority has carried out a detailed exercise by first projecting the total amount of generation that would be required and then estimating the station wise generation.
- 9.9. As per the analysis, an increase of around 2.8% has been projected in the generation for the FY 2020-21, over the actual generation made during the FY 2019-20.
- 9.10. Here it is pertinent to mention that for the FY 2018-19, the Authority projected a Generation of around 131,435 GWh keeping in view the Power Market Survey (PMS) Report of NTDC, however, the actual generation, remained at 122,708 GWh i.e. 7% lower than the projected generation of 131,435 GWh. Similarly, during the first eight (08) months of FY 2019-20 i.e. from Jul. 2019 to Feb. 2020, before the impact of COVID-19, the actual generation remained at 81,262 GWh, around 2.08% higher than the actual generation during the same period of FY 2018-19, however, still lower by 2.72% than the Authority's projected generation for the same period i.e. 83,535 GWh.
- 9.11. From March onward till June 2020, with Covid-19 around, the actual generation posted a negative growth of around 6%, as compared to the same period last year, resulting in decrease in overall generation in the FY 2019-20 by around 0.7% i.e. 121,868 GWh as compared to 122,708 GWh during the FY 2018-19, thus neutralized the growth of 2.08% witnessed in the first eight months of the FY 2019-20.



- 9.12. The Authority, however, going forward in the FY 2020-21, expects this trend to be reversed and actual generation may post some growth, considering improvement in the Covid-19 situation and easing out of the lockdown. Accordingly, after taking into all these assumptions, the Authority has estimated that the overall system generation will be around 125,264 GWh, and after adjusting for the NTDC's permissible transmission losses, about 121,804 GWh is expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool, is accordingly assessed as 19,570 GWh. After incorporating the T&D losses target of 15.79% allowed for the FY 2018-19 and 14.90% for the FY 2019-20 of the Petitioner, the sales target works out as 16,480 GWhs for the FY 2018-19 and 16,654 GWhs for the FY 2019-20.
- 9.13. As per the existing mechanism all the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA-G) on behalf of DISCOs at the rates as per their Power Purchase Agreements (PPAs) and as per the Authority's determination. The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government. Accordingly, the Power Purchase Price has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly/ biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges. Here it is pertinent to mention that while making the quarterly/ biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.
- 9.14. From the available sources i.e. Hydel, Gas, RLNG, RFO, Nuclear, Coal, Solar, Wind, Bagasse and Imports, the estimated/projected generation and cost of electricity is given in the following table:

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

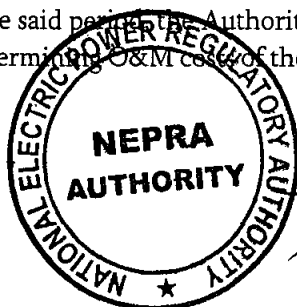
EPP is the Energy Purchase Price i.e. Fuel & variable O&M
CPP is the Capacity Purchase price

- 9.15. Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges, however, variable O&M charges are not made part of monthly fuel charges adjustment and are adjusted as part of quarterly / biannual adjustments. As per the above table, around 28.15% of total generation is expected from Hydel sources. RLNG would contribute around 22.22% of total generation, with around 28.24% share in the overall

energy cost. Generation from indigenous gas is expected to be around 14% with a cost share of around 13%. Generation from Coal, both local as well as imported, is expected to be around 20.38%, with a share of around 26 % in the overall energy cost. Renewables and Nuclear sources are expected to contribute around 3.5% and 7.12% in the total generation with a cost share of around 5% and 6.5% respectively. Here it is pertinent to mention that with increased generation from RLNG/ Gas, Coal and Nuclear, the share of RFO in total generation and consequently in the overall cost has been limited to only around 4% and 10.4% respectively. Meaning thereby that variation in generation mix and prices of RLNG/ Gas & Coal would have greater impact on the generation cost, thus, ultimately affecting the consumer-end tariff.

- 9.16. Regarding projection of fuel prices, the Authority noted that as per the RLNG price notification issued by OGRA, RLNG prices in Pakistan are benchmarked with Brent Crude Oil Prices. In addition to this price, Port charges, PSO import related actual costs, PSO/ PLL Margin and Terminal Charges etc. are added to the price. The said prices are also adjusted with the Transmission Losses and other miscellaneous costs. Thus, the RLNG prices in Pakistan are not only affected by the international market being linked with prices of crude oil but also by the exchange rate parity.
- 9.17. Therefore, to have a fair projection of RLNG prices, the Authority considered the projections of Brent Crude oil prices projected by various reliable sources i.e. Short Term Energy Outlook published by US Energy Information Administration, World Bank Commodities Price Forecast report, IMF-World Economic Outlook Database and various analyst firm forecasts for the FY 2020-21.
- 9.18. Accordingly, the Authority keeping in view the prevailing prices of RLNG, projections of crude oil prices and impact of rupee devaluation, has projected RLNG prices as Rs.1,234/mmbtu.
- 9.19. For indigenous gas, the Authority considering the existing price, is Rs.924/mmbtu inclusive of GIDC, has projected the same as Rs.1,000/mmbtu, inclusive of GIDC @ Rs.100/mmbtu.
- 9.20. Regarding price of imported coal, the Authority has analyzed the projections made by Argus consulting, and commodity prices forecasts of World Bank. Based on these reports and keeping in view the impact of devaluation of Pak Rupee, the Authority has assessed coal prices of Rs.554/mmbtu, on delivered basis, as reasonable.
- 9.21. For projection of local coal prices for Thar coal, the Authority has considered the coal price determination made by Thar Coal Energy Board (TCEB) for Block-II. As per the TCEB determination, reference tariff determined for the 2nd year includes variable cost of US\$ 17.37 /Ton and fixed cost of US\$ 50.84/Ton. The total reference cost determined by TCEB has been indexed with US CPI and US\$ /PKR exchange rate to work out the projected coal price for the FY 2020-21, which works out at around Rs.1,228/mmbtu. The same has been considered while projecting the PPP references.
- 9.22. For projection of RFO prices, a comparison of actual RFO prices (*ex-GST, ex-OMC margin, ex-Import incidental charges*) for the period from March 2019 to February 2020, before Covid-19, has been compared with the actual Brent Crude Oil Prices for the same period. As per the comparison, Actual prices of RFO on average remained slightly lower i.e. \$0.09/gallon than actual Brent Crude Oil Prices.

- 9.23. Accordingly, for making future projections, the impact of negative US\$0.09/gallon has been added in the prices of Brent Crude Oil, projected by US Energy Information Administration in its short term energy outlook report for the FY 2020-21, to project the RFO prices for the FY 2020-21. Afterwards, the same has been enhanced by 8% import incidentals & Inland Freight Equalization Margin, 3.5% of OMC margin and by incorporating therein the impact of exchange rate devaluation, the average RFO price has been worked out as Rs.51,985/MT. By adding therein an average freight of around Rs.2,500/MT, the average RFO prices works out as Rs.54,485/MT. The same has been considered while projecting the PPP references.
- 9.24. The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority. Energy transfer charge shall be calculated on the basis of units delivered after adjusting the transmission loss target allowed to NTDCL. NTDCL shall, for the purpose of clarity intimate to all DISCOs the generation part of the Transfer Charge during a billing period by deducting from the Transfer Charge the Transmission Charge or Use of System Charges.
- 9.25. According to the above mechanism, Rs.132,654 million and Rs.7,238 million is the share of the Petitioner on account of CpGenCap and USCF & Market Operator Fee respectively for the FY 2020-21. The overall fixed charges comprising of CpGenCap and USCF & Market Operator Fee in the instant case works out as Rs.139,892 million, which translate into Rs.2,960/kW/month based on projected average monthly MDI of the Petitioner i.e. 3,938 MW or Rs.7.15/kWh on units purchased basis.
- 9.26. The annual PPP of the Petitioner for the FY 2020-21 in the instant case works out as Rs.253,741 million. With the projected purchase of 19,570 GWh for the same period, the average PPP of the Petitioner turns out to be as Rs.12.97/kWh (Annex-IV), whereas, the national average determined PPP works out as Rs.12.95/kWh after accounting for the allowed level of NTDC losses. On the basis of allowed level of T&D losses of 15.79% for the Petitioner for the FY 2018-19 and 14.90% for the FY 2019-20, the adjusted PPP of the Petitioner is assessed as Rs.15.40/kWh and Rs.15.24/kWh respectively.
10. **Whether the requested O&M cost, Supply Margin, Late Payment Surcharge, Supplemental Charges, Working Capital and Receivables Uncollectible are justified?**
- 10.1. For projections or assessment of OPEX costs, two commonly used approaches are Ex-Ante and the Ex-Post approach. In a regime where the allowed OPEX is determined Ex-Ante, there will inevitably be deviations between the allowed and actual OPEX in the form of efficiency savings or losses. Thus resulting in two broad options, one that the utility bears all savings or losses, i.e. no action is taken by the Regulator. Secondly, the utility shares the savings or losses with consumers. The former approach provides the utility with a profit incentive to cut costs, but at the same time places the utility at greater financial risk in the face of losses. The latter somewhat dilutes efficiency incentives, but also limits the losses/gains for the utility and its customers.
- 10.2. The widely used approach is that no adjustments to allowed Revenues or OPEX allowances are made in the next period to compensate for a deviation from allowed OPEX in the current period. Considering the fact that the FY 2018-19 already elapsed, and the Petitioner has provided its Audited Accounts for the said period, the Authority considers it appropriate to use Ex-Post facto approach while determining O&M cost of the Petitioner for the FY 2018-



19. For the FY 2019-20, since the actual costs of the Petitioner are not available, therefore, the Authority has made its own assessment for allowing the O&M costs.
- 10.3. The Petitioner in the Supply of power tariff petition requested an amount of Rs.15,281 million and Rs.17,625 million for the FY 2018-19 and FY 2019-20 respectively regarding Operation and Maintenance expenses, Supply Margin/ RoRB and Working Capital.
- 10.4. However, during hearing of the instant Petition, the Petitioner revised its Supply of Power tariff costs to Rs.12,521 million and Rs.15,243 million for the FY 2018-19 and FY 2019-20 respectively. A summary of the revised amounts requested by the Petitioner is as under;

	FY 2018-19	FY 2019-20
	Projected	Projected
O&M	5,297	6,558
RORB/ PSM	*6,774	*8,235
Late Payment Sur.	-2,171	-2,380
Suppl. Charges	2,171	2,380
Working Capital	450	450
TOTAL	12,521	15,243

*Power Supply Margin taken as 3% on total PPP of the year. PPP for 2018-19 is Rs. 225,795 (M) & Projected PPP for FY 2019-20 is 274,495 (M).

- 10.5. As per the Petitioner, the O&M costs includes Salaries & Wages (including Post-Retirement Benefit), Travelling Expenses and Miscellaneous expenses as detailed below;

Description	FY 2018-19	FY 2019-20
	Projected	Projected
Salaries, Wages & Benefits	1,750	2,059
Retirement Benefits	2,531	3,292
Total Employee Cost	4,281	5,351
Travelling	111	125
Misc./Others	905	1,082
TOTAL (O&M)	5,297	6,558

11. **Salaries and Wages excluding postretirement benefits**

- 11.1. The Petitioner requested an amount of Rs.1,750 million and Rs.2,059 million under the head of Salaries & Wages excluding postretirement benefits for the FY 2018-19 and FY 2019-20 respectively. The Petitioner in this regard submitted that Board & CEO will supervise the activities of both businesses. The estimated expenses relating to Distribution business have been projected on the basis of available data in separate account heads (where possible) in combination with careful projections of the costs. The expenses relating to Revenue offices, Meter Reading Services, Bill Distribution Services, Collection charges, Commercial Department and MIS (Management Information System) department have not been included in the Distribution business costs. Further, the service providing departments like HR, Finance, Audit, Civil, Marketing & Tariff etc. will operate in Distribution Business and will also coordinate under Board and CEO supervision with Power Supply Business to cater their requirement. The Petitioner further in its petition included an amount of Rs.822 million being cost of proposed new hiring posts during the FY 2019-20.

- 11.2. The Petitioner while justifying its request submitted that salary is the major component of O & M costs. The GOP, in its annual budget for FY 2019-20 has allowed Adhoc Relief @ 10% & 5% of Basic pay for employees in BPS 1-16 and officers in BPS 17 and above respectively. The Petitioner during the hearing submitted that increase in Distribution Business is Rs.2172 million, and in Power Supply Business is Rs.309 million, total increase is Rs.2,481 million. Adhoc Relief is Rs.567 million, Increment, Promotion/ Up-gradation is Rs.286 million, Incentive/Honoraria is Rs.461 million, Employee Benefits is Rs.163 million and New induction is Rs.822 million & New Offices is Rs.182 million.
- 11.3. It was also submitted that MEPCO is facing acute shortage of line & staff on key posts, therefore, it is planned for induction of 2,927 employees including 23 SDOs, 1025 ALMs, 58 Line Superintendents-II and others with a projected annual impact of Rs.822 million for the FY 2019-20. Furthermore, MEPCO is planning to create 02 Nos. new Divisions, 02 Nos. new Revenue Offices, 06 Nos. new Subdivisions (Operation) and 01 no. construction Sub Division. Total Impact of these new offices is Rs.182 million per annum. Out of this Rs.182 million, the cost of Rs.25 million of creation of 02 Nos. revenue offices falls under the expenses of the power supply business. It will enhance MEPCO's service delivery & imparting better operational results.
- 11.4. The Petitioner during the hearing also provided the following head wise detail of requested amount of Salaries & Wages along-with reason for increase therein;

DESCRIPTION	FY 2018-19		FY 2019-20		Remarks
	TOTAL	Per Employee	TOTAL	Per Employee	
Basic Pay	1,049	0.310	1,093	0.323	Increase in Distribution Business is Rs. 2,172 and in Power Supply Business is Rs. 309 (M), total increase is Rs. 2,481 (M) Adhoc Relief Rs. 567(M), Increment, Promotion Upgradation Rs. 286, Incentive / Honoraria Rs. 461 (M), Employee Benefits Rs.163(M), New induction Rs. 822 (M) & New Offices Rs. 182 (M)
Allowances	522	0.154	742	0.219	
Employee Benefits	179	0.053	224	0.066	
TOTAL	1,750	0.517	2,059	0.608	

- 11.5. Considering the fact that the FY 2018-19 and FY 2019-20, for which the costs are being assessed, have already lapsed, therefore, the Authority has decided to consider the actual costs incurred by the Petitioner in this regard. It is also pertinent to mention that being a public sector company, the Petitioner is required to pay, its employees, increases in salaries & wages announced by the Federal Government through Budget.
- 11.6. The actual payments reflected in the Audited accounts of the Petitioner for the FY 2018-19, for Salaries & Wages (*excluding postretirement benefits, discussed separately*) is Rs. 8,763 million. Accordingly, the same amount is being allowed to the Petitioner for the FY 2018-19 for the Salaries & Wages (*excluding postretirement benefits, discussed separately*), for both the Distribution and Supply Functions.



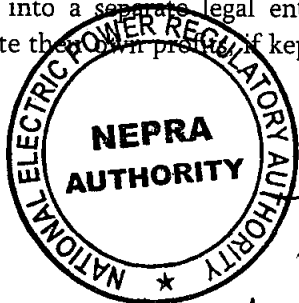
- 11.7. Regarding, the FY 2019-20, till finalization of the instant determination, the financial statements of the Petitioner for the FY 2019-20 were not made available. Therefore, for assessment of Salaries & Wages costs for the FY 2019-20, the Authority has decided to incorporate the increases announced by the Government on Salaries and Wages in the Budget of FY 2019-20, on the amount allowed to the Petitioner under this head for the FY 2018-19. Accordingly, the Petitioner is allowed an amount of Rs.9,791 million for the Salaries & Wages costs (*excluding postretirement benefits, discussed separately*) for the FY 2019-20 for both the Distribution and Supply Functions.
- 11.8. The Audited accounts of the Petitioner, however, do not provide any bifurcation of the Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions. Therefore, the Authority, has allocated the total cost of Salaries, Wages and other benefits proportionately to the Distribution and Supply Functions, based on the figures of Salaries, Wages and other benefits requested in the Distribution and Supply Petitions for both the FY 2018-19 and FY 2019-20. Accordingly, the cost of Salaries, Wages and other benefits (*excluding postretirement benefits*) for the FY 2018-19 and FY 2019-20 pertaining to the Supply of Power function works out as Rs.1,750 million and Rs.1,793 million respectively.
- 11.9. Regarding cost of new recruitment, the Authority observed that Salaries & Wages cost for the FY 2018-19, is being allowed to the Petitioner as per the Audited accounts of the Petitioner for the FY 2018-19, therefore, impact of any new recruitment already made in the FY 2018-19 has been duly accounted for in both the FY 2018-19 and FY 2019-20. For the proposed recruitment to be carried out in FY 2019-20, the Authority understands that allowing cost of additional hiring, upfront would be unfair with the consumers, without considering/ analyzing the benefits of such recruitment. Therefore, the Authority may consider such costs once the actual recruitment is carried out and the Petitioner provides details of the actual cost incurred duly substantiated with the quantified benefits accrued.

12. **Post-Retirement Benefits**

- 12.1. The Petitioner has requested the following amount of postretirement benefits for the FY 2018-19 and FY 2019-20;

DESCRIPTION	FY 2018-19	FY 2019-20
Free Medical Benefits	120	114
Pension	1,296	1,227
Free Electricity Benefits	63	61
Compensated Absence	176	166
Sub Total	1,655	1,568
Other Comprehensive Income	876	1,724
TOTAL	2,531	3,292

- 12.2. The Authority considering the overall liquidity position in the power sector and in order to ensure that the Petitioner fulfils its legal liability with respect to the post-retirement benefits, directed the Petitioner to create a separate fund in this regard before 30th June 2012. Subsequently, this deadline was extended by the Authority. The rationale was that the creation of funds would ensure that the Petitioner records its liability more prudently since the funds would be transferred into a separate legal entity. In addition to that these independent funds would generate their own profits, if kept separate from the company's



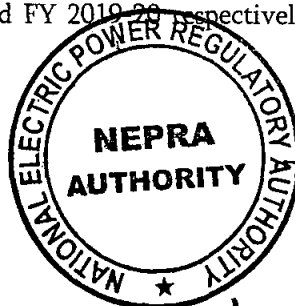
- routine operations and in the longer run reducing the Distribution Margin and eventually consumer-end tariff.
- 12.3. The Petitioner during tariff proceedings for the FY 2015-16 submitted that it has created a separate post retirement fund and transferred an amount of Rs.100 million in the fund. The Petitioner in view thereof in its instant tariff petitions for the FY 2018-19 and FY 2019-20, requested that reduction made by the Authority out of MEPCO's demand for provision for Postretirement Benefits (based on Actuarial Valuation Reports) during previous years may kindly be allowed in the tariff for FY 2019-20 as Prior Year Adjustment (PYA) because MEPCO has created the Fund in compliance of Authority's direction. Thus, MEPCO, after collecting the same through tariff, could be able to deposit into the Fund created for the purpose. The Petitioner further submitted that provision for employee's Post retirement benefits has been apportioned in the ratio of Salary, wages & Benefits expenses of the respective businesses.
- 12.4. The Petitioner also submitted in the Petition that provision for Employees retirement Benefits for the FY 2018-19 are based on estimates and will be adjusted after availability of separate record for two businesses. The projected provision for the FY 2019-20, is Rs.17,980 million, (Rs.8,562 million against Provision for current year and Rs.9,418 million chargeable to Other Comprehensive Income. The current year provision of Rs.8,562 million is calculated by 10% increase from the previous year with an estimated additional impact of Regularization 2,371) Nos. of contract employees of different pay scales. This amount of Rs.17,980 million is comprised of Rs.14,688 million for Distribution Business and Rs.3,292 million for Power Supply Business. The Regulator has been disallowing provision for Retirement Benefits which are applicable on DISCOs under IAS 19. The regulator has cited the view that due to non-opening of retirement benefit trust fund account, the provisions will not be allowed as was being previously allowed to MEPCO. However, when MEPCO opened the fund account, the view by the regulator was given that the provisions will be allowed to the extent of the funds placed in the said account. This lead to the paradox, how MEPCO can arrange & manage that heavy amounts on its own. However, MEPCO on its own had managed to create fund to the tune of Rs.1,463 million to pension fund account and has also opened fund trust accounts of Compensated Absences (Leave encashment) & Free Medical.
- 12.5. It was also submitted that MFPCO was not allowed provisions in tariff determination of FY 2015-16, FY 2016-17 & FY 2017-18. Whereas, LESCO & IESCO were allowed provisions which were not at par with MEPCO on the compliance of authority instruction in this regard. The change in IAS 19 in 2016 abolished the 10% corridor approach which has drastically hampered the Balance Sheet of MEPCO. MEPCO is facing a huge impact in this regard which is projected to the tune of 10 Billion for FY 2018-19 also. The delay in allowing provision/ non allowing of provisions will only delay the cost as the actual expenditure has also substantially increased from FY 2012-13 to FY 2017-18. The actual payments increased from Rs.861 million in FY 2012-13 to Rs.3,211 million in FY 2017-18 which depicts an increase of 372 %. It is therefore imperative that MEPCO requests for Rs.41,935 million as Prior year adjustment may be considered.
- 12.6. The Authority in the tariff determination of the Petitioner for the FY 2017-18 noted that although the Petitioner complied with the direction of the Authority to the extent of creation of the separate Post Retirement Fund and transferred an amount of Rs.100 million

into the fund. However, it is pertinent to mention here that the Authority had been allowing the provision for post-retirement benefits to the Petitioner as a part of its O&M cost till FY 2011-12 and it was only from FY 2012-13 that the Authority decided to allow the actual amount on account of pension benefits, due to non-compliance of the Authority's directions regarding creation of post retirement Fund. Thus, any post retirement liability pre FY 2012-13, is with the Petitioner. Accordingly, the Petitioner was directed in the previous tariff determinations to transfer the already collected provision into the Fund. The Petitioner in its instant Petition has not provided any update in the matter, however, has requested an amount of Rs.2,531 million and Rs.3,292 million, under the head of post-retirement benefits for the FY 2018-19 and FY 2019-20 respectively for its Supply of Power function. In addition the Petitioner also included Rs.41,935 million in its working of PYA of previous provisions of postretirement benefits.

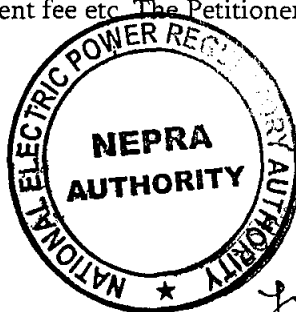
- 12.7. The Authority, understands that payment of postretirement benefits to the retired employees is a compulsory obligation of the Petitioner and by not depositing the previously allowed amounts into the Fund would not absolve the Petitioner from its responsibility in this regard.
- 12.8. In view thereof, and considering the fact that FY 2018-19 has already lapsed, the Authority has decided to allow only actual payments made by the Petitioner on account of Post-retirement benefits made during the year as per the audited accounts provided by the Petitioner. The actual payments reflected in the Audited accounts of the Petitioner is Rs.4,232 million. Accordingly, the same amount is being allowed to the Petitioner for the FY 2018-19 for the postretirement benefits for both the Distribution and Supply Functions, including the impact of payments for the Ex- WAPDA employees retired before 1998.
- 12.9. Similarly for assessment of postretirement benefits for the FY 2019-20, the Authority has decided to incorporate the increases announced by the Government on Salaries, Wages & Post retirement benefits in the Budget of FY 2019-20, on the amount allowed to the Petitioner under this head for the FY 2018-19. Accordingly, the Petitioner is allowed an amount of Rs.4,656 million for the Post retirement benefits for the FY 2019-20 for both the Distribution and Supply Functions, including the impact of payments for the Ex-WAPDA employees retired before 1998.
- 12.10. Since, the Audited accounts submitted by the Petitioner do not provide any bifurcation of the post retirement cost in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.807 million and Rs.852 million , as Post retirement benefits for the FY 2018-19 and FY 2019-20 respectively, for its Supply of Power Function. The Petitioner is again directed to transfer the already collected provision on account of Post-Retirement benefits into the Fund and also provide break-up of the said postretirement benefits indicating the provision amount pertaining to the prior period and the current portion.

13. **Travelling Expenses**

- 13.1. The Petitioner has requested an amount of Rs.111 million and Rs.125 million on account of travelling cost for the FY 2018-19 and FY 2019-20 respectively for its Supply of Power Function.



- 13.2. The Petitioner submitted that GoP has enhanced Travelling Daily Rates w.e.f. 01/07/2017, which has impacted actual expenditure in the FY 2017-18, FY 2018-19 & FY 2019-20 but Authority has almost ignored the same. The Authority allowed Rs.794 million against actual expense of Rs.988 million in the FY 2017-18. Therefore, the less allowed amount of Rs.194 million for FY 2017-18 may also be allowed. In present scenario, Rs.1,050 million projected for FY 2018-19 and Rs.1,282 million for the FY 2019-20 is quite justified. The increase in TA during FY 2019-20 includes Rs.81 million for new induction and creations of new offices. In view of the overall past trends and current requirements, travelling expenses have been projected for the FY 2019-20. Thus, the Projected Travelling expenses for power supply business during FY 2018-19 & FY 2019-20 are Rs.111 million & Rs.125 million respectively.
- 13.3. Here it is pertinent to mention that the Petitioner was allowed an amount of Rs.794 million for the FY 2017-18 for both its Distribution and Supply of Power Functions.
- 13.4. The Authority, considering the fact that FY 2018-19 has already lapsed, decided to analyze the actual expenditure incurred by the Petitioner under the head "Travelling". As per the Audited accounts of the Petitioner for the FY 2018-19, its actual expenditure under travelling for the FY 2018-19 is Rs.963 million. A comparison of the same with the amount allowed to the Petitioner for the FY 2017-18, showed that its actual Travelling cost for the FY 2018-19 has increased by around 21%. In view thereof, and comparison with other XWDISCOs, the Authority considers the cost of Rs.963 million incurred for Travelling for the FY 2018-19 as reasonable as it primarily includes inflationary impact, hence allowed to the Petitioner for the FY 2018-19 for both the Distribution and Supply Functions.
- 13.5. The Audited accounts submitted by the Petitioner however do not provide any bifurcation of the Travelling cost in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.108 million as travelling costs for the FY 2018-19 for its Supply of Power Function.
- 13.6. For the FY 2019-20, although the Petitioner has projected an increase of around 32% in its travelling expenses, as compared to actual cost incurred during the FY 2018-19, however, no cogent justification/rationale has been provided in support of the request. The Authority, therefore, keeping in view the Petitioner's previous trend, inflation and comparison with other DISCOs has decided to allow an amount of Rs.1,051 million for the travelling expenses for both the Distribution and Supply Functions.
- 13.7. For the purpose of bifurcation of cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.102 million as travelling costs for the FY 2019-20 for its Supply of Power Function.
14. **Other Expenses**
- 14.1. The Petitioner has requested an amount of Rs.905 million and Rs.1,082 million on account of Other Expenses for its Supply of Power function, which includes Bank Collection Charges, Rent, Rates and Taxes, utility expenses, communications, office supplies, legal & professional fees, and management fee etc. The Petitioner during the hearing provided the following detail in this regard;



DESCRIPTION	Rs. in Million	
	FY 2018-19	FY 2019-20
Bill Collection Charges	382	438
Advertising	19	23
Office Supplies	79	114
Legal & Professional Fee	13	16
Audit Fee	-	-
Power, Light & Water	36	43
Computer & Outsource Services	207	248
Communication	26	32
Management Fee	48	57
Rent, Rate & Taxes	9	11
Insurance	13	16
Exchange Loss	1	1
Impairment of CWIP	11	14
Other Expenses	61	69
TOTAL	905	1,082

- 14.2. Regarding Bank Collection charges, the Petitioner submitted that projected increase in No. of consumers is 5.8% for FY 2019-20 and CPI is on rise, which justifies the increase in Bill collection charges.
- 14.3. The Petitioner submitted that Professional Fees has been projected in view of the past trends and current requirements.
- 14.4. Regarding Management Fees, the Petitioner submitted that includes NEPRA fees and Supervisory charges of PEPCO and the same has been projected in view of the past trends and current requirements. The Petitioner submitted that PEPCO Management Fee was debited to MEPCO by CPPA, as it made the payment to PEPCO on behalf of DISCOs. The exercise for period pertaining to July 2008 to 2014 was approved by CFO PEPCO, therefore requested to allow cost of Rs.610 million in this regard as PYA.
- 14.5. Regarding office supplies, the Petitioner submitted that its Consumer base has increased @ 7% during FY 2018-19 & 6% is projected during FY 2019-20. The recovery against billing is also increasing in response to intensive recovery campaign from permanently disconnected consumers. Inflation has also impacted prices of office supplies like paper, photocopies and other items. In view of the above an increase of 25% is justified for FY 2019-20.
- 14.6. For the computer and outside services, the Petitioner in its tariff petition submitted that total expenses under this head remained Rs.504 million for FY 2018-19 which consisted of Rs.331 million for Power Supply Business & Rs.173 million for Distribution Business. The above head includes projected payments to PITC for software license fee etc. Due to acute shortage of bill distribution staff Rs.156 million has been estimated for outsourcing of Bill distribution & meter reading staff. These projected expenses of Rs.351 million relate to Power Supply Business. Keeping in view the security issues of the country, MEPCO has projected Rs.162 million for outsourcing of security services till the induction of regular incumbent for proper handling of security matters. MEPCO has projected Rs.11 million for hiring of unskilled labor for different repair & maintenance works. In view of the overall past trends and current requirements, Computer & outside Services have been projected for the FY 2019-20.
- 14.7. Here it is pertinent to mention that the Petitioner was allowed an amount of Rs.1,122 million for the FY 2017-18 for both its distribution and supply Functions.

- 14.8. The Authority, considering the fact that FY 2018-19 has already lapsed, analyzed the actual expenditure incurred by the Petitioner under the head "Other Expenses". As per the Audited accounts of the Petitioner for the FY 2018-19, its actual expenditure under this head has been Rs.4,467 million for both the Distribution and Supply Functions.
- 14.9. The Authority, during analysis of the Petitioner's financial statements observed that the Petitioner has included an amount of Rs.2,171 million on account of supplemental charges in its Other Expenses. The Authority noted that Supplemental charges are not allowed separately rather XWDISCOs are allowed to retain the amount of late Payment charges to off-set the impact of supplemental charges billed by CPPA-G, hence this cost has been excluded while assessing the Other Expenses of the Petitioner.
- 14.10. Further, the Petitioner included an amount of Rs.441 million as other charges without providing any breakup of the same. Similarly, provisions for CWIP of around Rs.29 million has also been claimed, for which no justification has been submitted.
- 14.11. In addition, PEPCO management fee of Rs.73 million has also been requested as Other Expenses. The Authority observed that each DISCO is an independent entity having its own board of Directors, thus, allowing any cost on the pretext of PEPCO Management fee is not logical. Further, the Ministry of Energy (MoE), itself in the Peshawar High Court submitted that PEPCO shall be dissolved after June 2011. In view thereof, the cost of PEPCO fee has not been allowed to the Petitioner.
- 14.12. In view of the above discussion, the Authority has decided not to accept the Petitioner's request being without any documentary evidence or rational. Accordingly, the Authority keeping in view the impact of inflation, comparison with other XWDISCOs and the Petitioner's historic allowed other expenses trend has decided to allow an amount of Rs.1,235, million as Other Expenses for the FY 2018-19 for both its distribution and supply functions.
- 14.13. The audited accounts submitted by the Petitioner do not provide any bifurcation of the Other Expenses in terms of Distribution and Supply Functions, therefore, for the purpose of bifurcation of the cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.486 million as Other Expenses for the FY 2018-19 for its Supply of Power Function. The Petitioner is also directed to provide details of PEPCO Management Fees, if any, claimed previously so that same could be adjusted in the subsequent tariff determinations.
- 14.14. For the FY 2019-20, the Petitioner has requested a total amount of Rs.1,902 million under the head of Other Expenses including Rs.1,082 million for the Supply of Power function and Rs.820 million for the Distribution Function. The claimed amount is around 54% higher than the amount allowed for the FY 2018-19, for which, no cogent justification is provided. The Authority, therefore, keeping in view the Petitioner's previous trend, inflation and comparison with other DISCOs has decided to allow an amount of Rs.1,347 million for the Other expenses for both the Distribution and Supply Functions.
- 14.15. For the purpose of bifurcation of cost in terms of Distribution and Supply Functions, the same criteria as adopted by the Petitioner itself to bifurcate its costs in Distribution and Supply functions has been adopted. Based on the said criteria, the Petitioner is allowed an amount of Rs.766 million as Other expenses for the FY 2019-20 for its Supply of Power

Function.

15. **Working Capital**

- 15.1. The Petitioner has requested an amount of Rs.450 million as Working Capital for each of the FY 2018-19 and FY 2019-20 and provided the following details in this regard during hearing of its tariff Petition;

1st & 2nd quarter Adjustment of FY 2017-18 Rs. 8,567 (M)
Allowed on 01/01/2019

3 Months KIBOR+3% say 10.5% Rs. 900 (M)
Average 6 Month Financing is assumed Rs. 450 (M)

A working capital of Rs. 450 million is requested

Operating Expenses Claimed
(Excl. Provision for Post Retirement) Rs. 5,166 (M) Rs. 5,647 (M)

3 Month's KIBOR Rs. 697(M) Rs. 762 (M)
on 31st Jan.20 @13.49%

Say 20 days Collection period Rs. 465 (M) Rs. 508 (M)

A working capital of Rs. 450 (M) is requested

- 15.2. The Authority regarding working capital on quarterly adjustments observed that quarterly adjustments of the Petitioner pertaining to the 1st & 2nd quarters of FY 2017-18 i.e. June 2017 to Dec. 2017, were determined by the Authority vide decision dated July 06, 2018. The same was however noted by the Federal Government vide SRO dated 01.01.2019. Further, the Authority has already allowed DISCOs to retain the amount of LPS to cover up their working capital requirements. Therefore, the request of the Petitioner to separately allow working capital is not justified.

16. **Whether the Petitioner has actually written off, provisionally allowed Write offs allowed in the Re determination decision pertaining to the FY 2015-16?**

- 16.1. The Petitioner in its instant Petition pertaining to FY 2018-19, requested an amount of Rs.229 million as uncollectable receivables/ write-offs in its tariff Petition for the FY 2018-19. The Petitioner during hearing submitted the following detail of amounts written off as per the MEPCO criteria, for the FY 2017-18, FY 2018-19 and FY 2019-20;

FY	Amount Written Off (Rs. million)
2017-18	3.35
2018-19	49.17
2019-20	53.07
TOTAL	105.59

- 16.2. Here it is pertinent to mention that the Authority in its Redetermination decision dated September 18, 2017, pertaining to tariff petitions of DISCOs for the FY 2015-16, allowed an amount of Rs.1,366 million to the Petitioner as Write-Offs on provisional basis subject to

fulfilment of the given criteria. The Authority also decided that in case the Petitioner fails to actually write off the allowed amounts, as per the given criteria, and required evidence is not provided, the provisionally amount shall be adjusted back subsequently. The tariff for the FY 2015-16 were notified by the Federal Government w.e.f. March 22, 2018, therefore, DISCOs were required to complete the process of Write-Offs till March 21, 2019.

- 16.3. The Petitioner neither in its Petition nor during the hearing provided any details in terms of actual write offs of the amount allowed on provisional basis as per the specified criteria. The Authority in view of the non-completion of the required process/ criteria, has decided to adjust back the amount of write-offs of Rs.1,594 million actually recovered by the Petitioner against the allowed amount of Rs.1,366 million through PYA.
- 16.4. Now, the Petitioner has again requested an amount of Rs.229 million, whereas, the actual write offs appearing in the financial statements of the Petitioner for the FY 2018-19 are around Rs.44.7 million.
- 16.5. In view of the above discussion and the fact that the Petitioner has failed to write-offs the provisionally allowed amount, the instant request of the Petitioner to allow write-offs of Rs.229 million does not merit consideration and hence disallowed.

Margin for Supply of Power Function/ RoRB

- 16.6. The Petitioner has requested an amount of Rs.6,774 million and Rs.8,235 million on account of Power Supply Margin @ 3% of the Power Purchase Price (PPP) for the FY 2018-19 and FY 2019-20 respectively. The Petitioner worked out the above margin based on PPP of Rs.225,795 million for the FY 2018-19 and Rs.274,495 million for the FY 2019-20. The Petitioner, however, did not provide any justification for the requested supply margin either during the hearing or afterwards.
- 16.7. The Authority observed that the Petitioner has been allowed return on its Rate Base as per the Authority's approved WACC and the same has been included as part of the Petitioner's Distribution function revenue requirement.
- 16.8. Although, the function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a) of the Amended Act, however, the amended Act, also under proviso to Section 23E(1), provides that holder of a Distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power for a period of five years from such date. Thus, all existing Distribution Licensees have been deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, would continue to do so. Hence, practically there is no change in the overall nature of operations or functions being performed by the existing DISCOs, therefore, allowing any separate margin to the Petitioner for its Supply function, considering the fact that it has been allowed return on its overall rate base, does not merit consideration.
- 16.9. Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs.3,152 million for FY 2018-19 & Rs.3,514 million for FY 2019-20, on account of Supply Margin i.e. salaries, wages and other benefits including post-retirement benefits, traveling, transportation, other expenses and repair & maintenance, as tabulated below;

Description	Unit	FY-19	FY-20
Pay & Allowances		1,750	1,793
Post Retirement Benefits		807	852
Traveling allowance		108	102
Other expenses		486	766
Margin	[Mln. Rs.]	3,152	3,514

17. Whether the existing Tariff Terms and Conditions needs to be modified to incorporate concerns raised by various consumers?

- 17.1. The Authority noted that a lot of complaints have been received through Pakistan Citizen Portal, as well as in the Consumer Affairs Department of NEPRA, from XWDISCOs and other stakeholders, regarding clarification of Terms & Conditions with regard to applicability of tariff for different consumer categories, like Hostels (Commercial), Foreign Embassies, Water pumps & tube-wells, Fish farms etc.
- 17.2. In order to address these concerns, the Authority framed an issue for discussion during the hearing of DISCOs and for providing written comments in this regard. The Petitioner during the hearing requested for clarification regarding tariff to be charged to Cold storage, private hostels and fish farms/ hatcheries.
- 17.3. Further, the Ministry of Energy (MOE) vide letter dated May 20, 2020, forwarded request from the Government of Punjab for revision in Tariff Category for Water and Sanitation Agencies (WASA) in Punjab from A-3 General Service Category to D-1(b) SCARP (Salinity Control & Reclamation Program).
- 17.4. The Authority considers that SCARP is not the relevant Tariff category for Water Schemes as SCARP is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation. Moreover, the purpose of creation of A-3 category was to reduce the undue benefit of Off-Peak rates for such consumers who although have TOU meters but only operate during day hours. In view thereof, the Authority has decided to maintain its earlier decision of inclusion of water schemes under A-3 category.
- 17.5. The Authority has also decided the other concerns of the DISCOs and other stakeholders by amending the terms & conditions of the tariff, if deemed correct, and the same are attached herewith the instant determination.

18. Whether the Petitioner be treated as Supplier of the last resort and whether the tariff of the Petitioner or the National uniform tariff be treated as last resort tariff?

- 18.1. The petitioner on the issue has submitted that it is a paramount fact for the federation to ensure basic necessities for the masses, which implies that someone will have to operate as Supplier of the Last Resort in the open/ competitive power market, as per amended NEPRA Act. In the proposed market structure, parameters are not clear i.e. whether the role of Supplier of Last Resort will be subject to service based compensation (Area to area) or uniform basis. In case, the Authority decides DISCOs to be Supplier of the Last Resort, it should be subject to the stipulation that DISCOs should be given level playing field and compensation of the relevant cost as may be determined. It is appropriate to devise mechanism/ SOP in order to compensate the DISCOs for such standby arrangement.

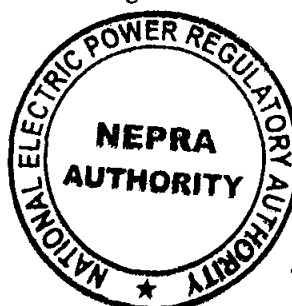
- 18.2. The Authority noted that as per the amended NEPRA Act, 2018, the function of sale of electric power traditionally being performed by the Distribution Licensees has been amended whereby 'sale' of electric power has been removed from the scope of Distribution Licenses and transferred to 'Supply Licensee'.
- 18.3. The 2018 Amended Act has removed the distribution company exclusivity for sale of electric power and empowered the regulator to grant a new form of non-exclusive license for sale of power, i.e. the Electric Power Supplier License. With these powers, the legislature has prescribed a shift from a regulated and restricted power supply sector to an open and competitive one, with conceivably multiple suppliers of power and consumers holding the prerogative of choosing and switching based on rates and products arrived at through competition in the market.
- 18.4. As per the amended Act Section 23E, the eligibility criteria for grant of license to supply electric power to be prescribed by the Federal Government, shall include, provision with respect to a supplier of the last resort, as the case may be.
- 18.5. In the light of aforementioned provisions and keeping in view the fact that when markets are liberalized, the Suppliers always go for the good paying and affluent customers, whereas the economically vulnerable customers are preferred to be avoided. Hence, there must be a declared "Last resort supplier" in the distribution area of each DISCO who would be obligated to provide electricity to a consumer who could not get electricity from any other source. Internationally these "Supplier of Last Resort (SoLR)" are always incumbent utility companies and their consumer end tariffs includes both retail, network costs, cross subsidization along with profits and incentives.
- 18.6. Here it is pertinent to mention that the Authority is in the process of finalization of Supplier Regime in light of the amended NEPRA Act. Once the said regime is finalized, and if any changes are required to be made regarding concept of "Supplier of Last Resort", the same would be revised accordingly.
19. **Whether the ToU meters installed on Residential and General Service connections have the capability to record MDI? Whether there should any Fixed Charges on residential and General Services consumers?**
- 19.1. The Petitioner during the hearing submitted that fixed charges particularly Capacity Transfer Charges (CTC) portion have gradually increased and comprises major segment of Power Purchase Price. The Petitioner further submitted that Residential consumers may be exempted from charging of fixed charges, however, General Service connections may be charged fixed charges as it seem appropriate as the same might ensure equitable apportionment of overall PPP.
- 19.2. The Authority observed that currently no fixed charges are being levied on Domestic consumers and General Service Category, i.e. such consumers only pay variable charge @ Rs./kWh, based on the amount of actual energy consumed during the month.
- 19.3. Considering the increase in capacity charges coupled with demand exiting the system due to net metering etc., the Authority is cognizant that there is a need to levy certain fixed charges for those domestic and general services consumers who have installed net metering facility, however, as the issue requires further deliberation, therefore, the Authority has decided not to levy any fixed charges for such consumers.

20. **Whether the existing minimum monthly charges even, if no energy is consumed needs to be revised to assist in the recovery of fixed cost of the Petitioner?**

- 20.1. The Petitioner during the hearing submitted that as per Amended Act, market players will have multiple options whereby major industrial and commercial consumers will either shift to self-generation, renewable energy or bilateral contracts. Consequently existing transmission and distribution system of DISCOs will be used as back up or standby arrangement. According to existing mechanism, fixed charges might not be fully recovered from such consumers, if no energy is consumed. The situation warrants necessary amendment in the existing tariff term & conditions and it is appropriate to charge fixed charges on the basis of sanctioned load or recorded load whichever is higher to avoid burdening the residual active consumers.
- 20.2. The Authority noted that as per the current tariff structure, certain consumer categories like Commercial, Industrial, Bulk and Agriculture are levied fixed charges, which are based on their actual MDI for the month. The Authority considers that the capacity charges of generation companies which are fixed in nature as they have to be paid based on the plant availability, are charged to DISCOs based on their actual MDIs. However, the present consumer end tariff design is of volumetric nature whereby major portion of the Power Purchase Price (PPP) is charged / recovered from the consumers on units consumed basis i.e. per kWh and only a small amount of the total PPP is recovered on MDIs basis. The Authority considering the increased quantum of capacity charges, and the present volumetric nature of tariff, has decided to increase the rate of fixed charges currently applicable to certain categories, by around 10% i.e. from Rs.360/kW/M, 380/kW/M and 400/kW/M to Rs.400/kW/M, 420/kW/M, and 440/kW/M respectively. However, at the same time, the Authority, not to overburden such consumers who are levied fixed charges, has adjusted their variable rate, to minimize the impact of increase in fixed charges.

21. **Wheeling Issues**

- 21.1. The Authority approved National Electric Power Regulatory Authority (Wheeling of Electric Power) Regulations, 2016 (the Regulations) vide SRO dated June 13, 2016, in order to facilitate wheeling of power in the country. However, different stakeholders voiced their concerns on the Regulations in terms of treatment of T&D losses during wheeling, imposition of Cross subsidies, treatment of Stranded costs if any, applicability of Use of System charges of NTDC, Hybrid BPCs, and Banked Energy etc.
- 21.2. The Authority accordingly made two additional issues of Cross Subsidy charge and Stranded cost under the instant petition, for which advertisement was published in the leading newspapers on September 9th, 2020 and hearing in this regard was held on 17th September, 2020. Here it is also pertinent to mention that to get an international view on these issues, the Authority has also engaged an international consultant through USAID.
- 21.3. The Authority considering the impact of the above issues on the power sector, considers that the matter requires further deliberations, and has therefore decided to issue a separate additional decision on the aforementioned proceedings.
- 21.4. Thus, the Use of System Charge (UoSC) determined by the Authority in the instant decision, as mentioned under the Order part, may be revised accordingly, if required in light of the decision of the Authority on the wheeling issues, which will be issued separately.



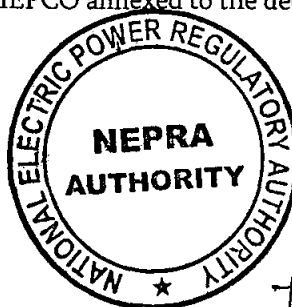


22. **Order**

- 22.1. Based on the assessments made in the preceding paragraphs, the total Supply Function Revenue Requirement of the Petitioner for the FY 2018-19 and FY 2019-20 including Power Purchase Price (PPP), and Distribution Margin as assessed in the Distribution Tariff determination of the Petitioner for the FY 2018-19 and FY 2019-20, has been worked out as under;

Description	Unit	FY-19	FY-20
Units Received	[MkWh]	19,570	19,570
Units Sold	[MkWh]	16,480	16,654
Units Lost	[MkWh]	3,090	2,916
Units Lost	[%]	15.79%	14.90%
Energy Charge		113,849	113,849
Capacity Charge		132,654	132,654
Transmission Charge & Market Operation Fee		7,238	7,238
Power Purchase Price	[Mln. Rs.]	253,741	253,741
Wire Business Margin		18,087	22,654
Wire Business PYA		(2,767)	1,248
Power Purchase Price with Wire Business	[Mln. Rs.]	269,062	277,642
Pay & Allowances		1,750	1,793
Post Retirement Benefits		807	852
Traveling allowance		108	102
Other expenses		486	766
O&M Cost	[Mln. Rs.]	3,152	3,514
Revenue Requirement	[Mln. Rs.]	272,213	281,156
Average Tariff	[Rs./kWh]		
PPP without Wire Business Cost-Unadj.		12.97	12.97
PPP without Wire Business Cost-adj.		15.40	15.24
Distribution/Supply Margin		1.29	1.57
Distribution/Supply PYA		(0.17)	0.07
Tariff	[Rs./kWh]	16.52	16.88

- 22.2. The Petitioner is allowed to recover the determined revenue requirement for the FY 2018-19 from the consumers through the projected sales of 16,480 GWhs as per Annex-II-FY 2018-19 attached herewith for the FY 2018-19.
- 22.3. The Petitioner, being a deemed supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariffs for MEPCO annexed to the decision as Annexure-III-FY 2018-19.

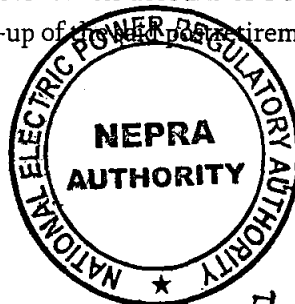


- 22.4. Similarly, for the FY 2019-20, the Petitioner is allowed to recover the determined revenue requirement for the FY 2019-20 from the consumers through the projected sales of 16,654 GWhs as per Annex – II-FY 2019-20 attached herewith for the FY 2019-20.
- 22.5. The Petitioner, being a deemed supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariffs for MEPCO annexed to the decision as Annexure-III-FY 2019-20.
- 22.6. The residential consumers will be given the benefit of only one previous slab.

23. **Summary of Direction**

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

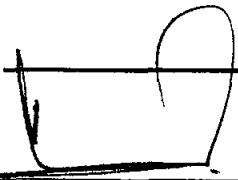
- i. File Multi Year Tariff Petition for a tariff control period of five year to avoid any delay in tariff determinations.
- ii. to immediately stop the existing practice of deducting 20% of SAP funds for grid augmentation and carry out the augmentation of the grid after coordinating with the Ministry of Energy and report be shared with the Authority by December 31, 2020.
- iii. to immediately ensure that consumer's deposits are not utilized for any other purpose and the same is reflected in the Audited accounts for the FY 2020-21 & onward.
- iv. to immediately restrain from unlawful utilization of receipts against deposit works and security deposits immediately, and the same is reflected in the Audited accounts for the FY 2020-21 & onward.
- v. to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance for the FY 2020-21 & onward.
- vi. to give clear disclosures in its Financial Statements with respect to the break-up of costs in terms of Distribution and Supply Businesses for the FY 2019-20 and onward.
- vii. to ensure proper tagging of assets so that costs incurred are properly classified as per their nature and report be submitted to the Authority by June 30, 2021.
- viii. to provide the required details of late payment charges recovered from the consumers and any invoice raised by CPPA (G) under the head of mark-up on delayed payments for the period from FY 2014-15 to FY 2019-20, by March 31, 2021.
- ix. to immediately provide electricity connections to all the pending applications without further delay and submit a progress report in this regard by the end of each quarter.
- x. to immediately establish a corporate desk to facilitate its corporate clients in terms of provision of electricity and to address the issues of overbilling, if any, on priority basis and submit report to the Authority by March 31, 2021.
- xi. To transfer the already collected provision on account of Post-Retirement benefits into the Fund and also provide break-up of the Post-Retirement benefits indicating



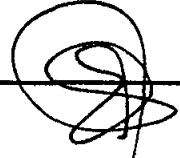


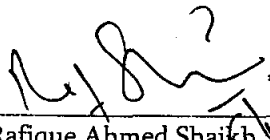
the provision amount pertaining to the prior period and the current portion by June 30, 2021.

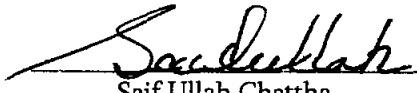
- 23.2. The Determination of the Authority including Annex-I, I-A, II & III (separately for FY 2018-19 and FY 2019-20), IV and V annexed with the determination is hereby intimated to the Federal Government for notification in the official gazette in terms of section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

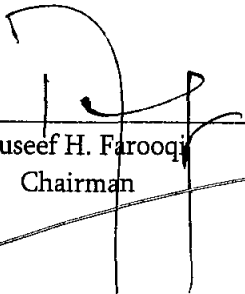

Engr. Bahadur Shah
Member

AUTHORITY


Rehmatullah Baloch
Member
15/12/2020


Rafique Ahmed Shaikh
Member
15/12/2020


Saif Ullah Chattha
Vice Chairman
15.12.2020


Tauseef H. Farooqi
Chairman



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

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

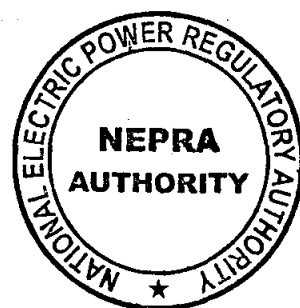
Where:

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.



QUARTERLY/BIANNUAL ADJUSTMENT MECHANISM

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

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

Where;

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

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

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

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

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

Where;

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

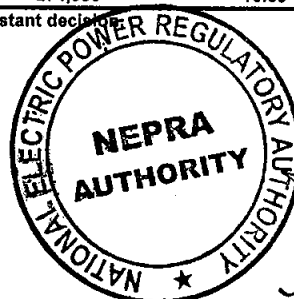
T&D Loss % is percentage of T&D losses that remained notified during the period.



Multan Electric Power Company Limited (MEPCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Revenue			Base Tariff		PYA 2018		Total Tariff	
	GWh	% Mix	Fixed Charge	Variable Charge	Total	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge
			Min. Rs.	Min. Rs.	Min. Rs.	Rs./kW/ M	Rs./ kWh	Min. Rs.	Rs./ kWh	Rs./kW/ M	Rs./ kWh
Residential											
Up to 50 Units	67	0.40%	-	266	266		4.00				4.00
Peak load requirement less than 5 kW											
01-100 Units	1531	9.29%	-	24,027	24,027		15.69	(260)	(0.17)		15.52
101-200 Units	2585	15.69%	-	41,954	41,954		16.23	(414)	(0.16)		16.07
201-300 Units	2021	12.26%	-	34,962	34,962		17.30	(344)	(0.17)		17.13
301-700 Units	2205	13.38%	-	43,543	43,543		19.75	(375)	(0.17)		19.58
Above 700 Units	480	2.92%	-	9,960	9,960		20.73	(82)	(0.17)		20.56
Peak load requirement exceeding 5 kW											
Time of Use (TOU) - Peak	20	0.12%	-	419	419		20.70	(4)	(0.18)		20.52
Time of Use (TOU) - Off-Peak	98	0.60%	-	1,474	1,474		15.01	(18)	(0.18)		14.83
Temporary Supply	0	0.00%	-	8	8		20.10	(0)	(0.17)		19.93
Total Residential	9,008	54.66%	-	156,615	156,615			(1,495)			
Commercial - A2											
Peak load requirement less than 5 kW	514	3.12%	-	9,847	9,847		19.16	(87)	(0.17)		18.99
Peak load requirement exceeding 5 kW											
Regular	0	0.00%	1	4	4	440	17.32	(0)	(0.17)	440	17.15
Time of Use (TOU) - Peak	82	0.50%	-	1,660	1,660		20.15	(14)	(0.17)		19.98
Time of Use (TOU) - Off-Peak	341	2.07%	1,005	4,854	5,859	440	14.22	(58)	(0.17)	440	14.05
Temporary Supply	6	0.03%	-	113	113		20.00	(1)	(0.17)		19.83
Total Commercial	943	5.72%	1,005	16,476	17,482			(160)			
General Services-A3											
	253	1.53%	-	4,105	4,105		16.23	(43)	(0.17)		16.06
Industrial											
B1	37	0.22%	-	700	700		19.00	(6)	(0.17)		18.83
B1 Peak	42	0.26%	-	853	853		20.10	(7)	(0.17)		19.93
B1 Off Peak	290	1.76%	-	4,176	4,176		14.40	(49)	(0.17)		14.23
B2	0	0.00%	0	1	2	440	16.32	(0)	(0.17)	440	16.15
B2 - TOU (Peak)	162	0.98%	-	3,233	3,233		19.92	(28)	(0.17)		19.75
B2 - TOU (Off-peak)	1061	6.44%	3,424	14,870	18,294	440	14.02	(180)	(0.17)	440	13.85
B3 - TOU (Peak)	136	0.82%	-	2,764	2,764		20.39	(23)	(0.17)		20.22
B3 - TOU (Off-peak)	964	5.85%	1,521	12,455	13,976	420	12.92	(164)	(0.17)	420	12.75
B4 - TOU (Peak)	48	0.29%	-	947	947		19.92	(8)	(0.17)		19.75
B4 - TOU (Off-peak)	303	1.84%	236	4,191	4,426	400	13.82	(52)	(0.17)	400	13.65
Temporary Supply	0	0.00%	-	5	5		16.67	(0)	(0.17)		16.50
Total Industrial	3,043	18.46%	5,181	44,195	49,376			(517)			
Single Point Supply											
C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%	-	1	1		18.50	(0)	(0.17)		18.33
C1(b) Supply at 400 Volts-exceeding 5 kW	1	0.01%	1	20	21	440	17.82	(0)	(0.17)	440	17.65
Time of Use (TOU) - Peak	7	0.04%	-	151	151		20.87	(1)	(0.17)		20.70
Time of Use (TOU) - Off-Peak	39	0.24%	65	496	561	440	12.66	(7)	(0.17)	440	12.49
C2 Supply at 11 kV	1	0.01%	1	13	14	420	15.77	(0)	(0.17)	420	15.60
Time of Use (TOU) - Peak	36	0.22%	-	642	642		17.90	(6)	(0.17)		17.73
Time of Use (TOU) - Off-Peak	173	1.05%	239	2,395	2,634	420	13.87	(29)	(0.17)	420	13.70
C3 Supply above 11 kV	0	0.00%	-	-	-	400	-	-	(0.17)	400	(0.17)
Time of Use (TOU) - Peak	7	0.04%	-	132	132		19.92	(1)	(0.17)		19.75
Time of Use (TOU) - Off-Peak	35	0.21%	42	477	519	400	13.82	(6)	(0.17)	400	13.65
Total Single Point Supply	298	1.81%	349	4,326	4,675			(51)			
Agricultural Tube-wells - Tariff D											
Scarp	0	0.00%	-	2	2		18.05	(0)	(0.17)		17.88
Time of Use (TOU) - Peak	4	0.02%	-	85	85		20.60	(1)	(0.17)		20.43
Time of Use (TOU) - Off-Peak	46	0.28%	28	679	707	200	14.77	(8)	(0.17)	200	14.60
Agricultural Tube-wells	1	0.00%	4	13	18	200	13.75	(0)	(0.17)	200	13.58
Time of Use (TOU) - Peak	428	2.60%	-	8,422	8,422		19.68	(73)	(0.17)		19.51
Time of Use (TOU) - Off-Peak	2431	14.75%	3,517	29,539	33,056	200	12.15	(413)	(0.17)	200	11.98
Total Agricultural	2,910	17.66%	3,550	38,740	42,289			(495)			
Lighting - Tariff G	18	0.11%	-	320	320		17.40	(3)	(0.17)		17.23
Residential Colonies	7	0.04%	-	117	117		17.83	(1)	(0.17)		17.66
Sub-Total	25	0.15%	-	437	437			(4)			
Total Revenue	16,480	100.00%	10,085	264,895	274,980		16.69	(2,767)			

* The PYA 2018 column shall cease to exist after one year from the date of notification of the instant declaration.



SCHEDULE OF ELECTRICITY TARIFFS
MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
a)	For Sanctioned load less than 5 kW	-	4.00		-		4.00
i	Up to 50 Units	-	4.00		-		4.00
	For Consumption exceeding 50 Units	-	-		-		-
ii	001 - 100 Units	-	15.69		(0.17)		18.52
iii	101 - 200 Units	-	16.23		(0.16)		16.07
iv	201 - 300 Units	-	17.30		(0.17)		17.13
v	301 - 700 Units	-	19.75		(0.17)		19.58
vi	Above 700 Units	-	20.73		(0.17)		20.56
b)	For Sanctioned load 5 kW & above	-	-		-		-
	Time Of Use	-	Peak	Off-Peak	Peak	Off-Peak	Peak
		-	20.70	15.01	(0.18)	(0.18)	20.52

As per 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		FYA 2018		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
a)	For Sanctioned load less than 5 kW	-	19.16		(0.17)		18.99
b)	For Sanctioned load 5 kW & above	440.00	17.32		(0.17)		17.15
	Time Of Use	440.00	Peak	Off-Peak	Peak	Off-Peak	Peak
			20.15	14.22	(0.17)	(0.17)	19.98

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		FYA 2018		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
a)	General Services	-	16.23		(0.17)		16.06

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

a) Single Phase Connections:

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
B1	Upto 25 kW (at 400/230 Volts)	-	19.00		(0.17)		18.83
B2(a)	exceeding 25-500 kW (at 400 Volts)	440.00	16.32		(0.17)		16.15
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak
B1 (b)	Up to 25 KW		20.10	14.40	(0.17)	(0.17)	19.93
B2(b)	exceeding 25-500 kW (at 400 Volts)	440.00	19.92	14.02	(0.17)	(0.17)	19.75
B3	For All Loads up to 5000 kW (at 11,33 kV)	420.00	20.39	12.92	(0.17)	(0.17)	20.22
B4	For All Loads (at 66,132 kV & above)	400.00	19.92	13.82	(0.17)	(0.17)	19.75

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.

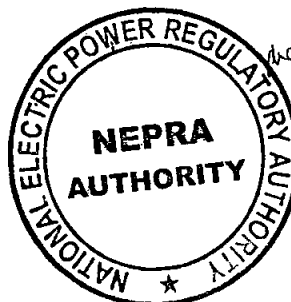
For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

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

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C SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
C-1	For supply at 400/230 Volts	-	18.50		(0.17)		18.33
a)	Sanctioned load less than 5 kW	-	18.50		(0.17)		18.33
b)	Sanctioned load 5 kW & up to 500 kW	440.00	17.82		(0.17)		17.65
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	420.00	15.77		(0.17)		15.60
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	400.00	-		(0.17)		(0.17)
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	440.00	20.87	12.66	(0.17)	(0.17)	20.70
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	420.00	17.90	13.87	(0.17)	(0.17)	17.73
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	400.00	19.92	13.82	(0.17)	(0.17)	19.75



SCHEDULE OF ELECTRICITY TARIFFS
MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO)

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable
		Rs/kW/M	Rs/kWh		Rs/kWh		Charges
		A	B		C		D
D-1(a)	SCARP less than 5 kW	-	18.05		(0.17)		17.88
D-2 (a)	Agricultural Tube Wells	200.00	13.75		(0.17)		13.58
			Peak	Off-Peak	Peak	Off-Peak	Peak
D-1(b)	SCARP 5 kW & above	200.00	20.60	14.77	(0.17)	(0.17)	20.43
D-2 (b)	Agricultural 5 kW & above	200.00	19.68	12.15	(0.17)	(0.17)	19.51
							11.98

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

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

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E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable
		Rs/kW/M	Rs/kWh		Rs/kWh		Charges
		A	B		C		D
E-1(i)	Residential Supply	-	20.10		(0.17)		19.93
E-1(ii)	Commercial Supply	-	20.00		(0.17)		19.83
E-2	Industrial Supply	-	16.67		(0.17)		16.50

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

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

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

G. PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable
		Rs/kW/M	Rs/kWh		Rs/kWh		Charges
		A	B		C		D
	Street Lighting	-	17.40		(0.17)		17.23

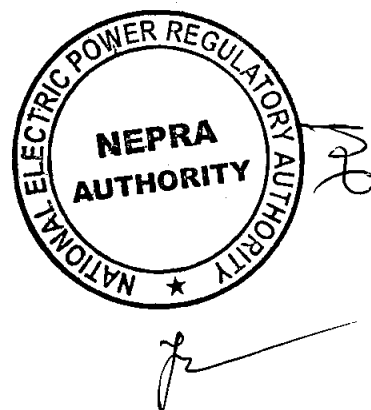
Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

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H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		Total Variable
		Rs/kW/M	Rs/kWh		Rs/kWh		Charges
		A	B		C		D
	Residential Colonies attached to industrial premises	-	17.83		(0.17)		17.66

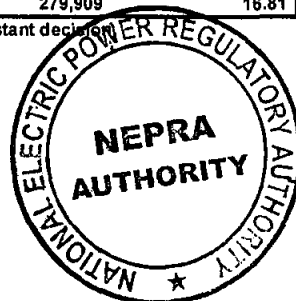
Note: The FYA 2018 column shall cease to exist after one year from the date of notification of the instant decision.



Multan Electric Power Company Limited (MEPCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Revenue			Base Tariff		PYA 2019		Total Tariff	
	GWh	% Mix	Fixed Charge	Variable Charge	Total	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge
			Min. Rs.	Min. Rs.	Min. Rs.	Rs./kW/ M	Rs./ kWh	Min. Rs.	Rs./ kWh	Rs./kW/ M	Rs./ kWh
Residential											
Up to 50 Units	67	0.40%	-	269	269		4.00				4.00
or peak load requirement less than 5 kW											
01-100 Units	1548	9.29%	-	24,358	24,358		15.74	139	0.09		15.83
101-200 Units	2612	15.69%	-	42,528	42,528		16.28	209	0.08		16.36
201-300 Units	2042	12.26%	-	35,434	35,434		17.35	163	0.08		17.43
301-700 Units	2228	13.38%	-	44,204	44,204		19.84	178	0.08		19.92
Above 700 Units	486	2.92%	-	10,109	10,109		20.82	39	0.08		20.90
or peak load requirement exceeding 5 kW)											
Time of Use (TOU) - Peak	20	0.12%	-	425	425		20.79	1	0.06		20.85
Time of Use (TOU) - Off-Peak	99	0.60%	-	1,499	1,499		15.10	6	0.06		15.16
Temporary Supply	0	0.00%	-	8	8		20.19	0	0.08		20.27
Total Residential	9,103	54.66%	-	158,835	158,835			736			
Commercial - A2											
peak load requirement less than 5 kW	519	3.12%	-	10,029	10,029		19.31	42	0.08		19.39
peak load requirement exceeding 5 kW											
Regular	0	0.00%	1	4	4	440	17.47	0	0.08	440	17.55
Time of Use (TOU) - Peak	83	0.50%	-	1,690	1,690		20.30	7	0.08		20.38
Time of Use (TOU) - Off-Peak	345	2.07%	1,015	4,957	5,972	440	14.37	28	0.08	440	14.45
Temporary Supply	6	0.03%	-	115	115		20.15	0	0.08		20.23
Total Commercial	953	5.72%	1,016	16,793	17,810			76			
General Services-A3	256	1.53%	-	4,511	4,511		17.65	20	0.08		17.73
Industrial											
B1	37	0.22%	-	713	713		19.15	2	0.05		19.20
B1 Peak	43	0.26%	-	869	869		20.25	2	0.05		20.30
B1 Off Peak	293	1.76%	-	4,264	4,264		14.55	15	0.05		14.60
B2	0	0.00%	0	1	2	440	16.47	0	0.05	440	16.52
B2 - TOU (Peak)	164	0.98%	-	3,292	3,292		20.07	8	0.05		20.12
B2 - TOU (Off-peak)	1072	6.44%	3,460	15,188	18,648	440	14.17	54	0.05	440	14.22
B3 - TOU (Peak)	137	0.82%	-	2,814	2,814		20.54	7	0.05		20.59
B3 - TOU (Off-peak)	974	5.85%	1,537	12,732	14,270	420	13.07	49	0.05	420	13.12
B4 - TOU (Peak)	48	0.29%	-	964	964		20.07	2	0.05		20.12
B4 - TOU (Off-peak)	306	1.84%	238	4,281	4,519	400	13.97	15	0.05	400	14.02
Temporary Supply	0	0.00%	-	5	5		17.00	0	0.05		17.05
Total Industrial	3,075	18.46%	5,236	45,123	50,359			154			
Single Point Supply											
C1(a) Supply at 400 Volts-less than 5 kW	0	0.00%	-	1	1		18.65	0	0.08		18.73
C1(b) Supply at 400 Volts-exceeding 5 kW	1	0.01%	1	21	22	440	17.97	0	0.08	440	18.05
Time of Use (TOU) - Peak	7	0.04%	-	154	154		21.02	1	0.08		21.10
Time of Use (TOU) - Off-Peak	40	0.24%	66	507	573	440	12.81	3	0.08	440	12.89
C2 Supply at 11 kV	1	0.01%	1	13	15	420	15.92	0	0.08	420	16.00
Time of Use (TOU) - Peak	36	0.22%	-	654	654		18.05	3	0.08		18.13
Time of Use (TOU) - Off-Peak	174	1.05%	242	2,446	2,688	420	14.02	14	0.08	420	14.10
C3 Supply above 11 kV	0	0.00%	-	-	-	400	-	-	0.08	400	0.08
Time of Use (TOU) - Peak	7	0.04%	-	134	134		20.07	1	0.08		20.15
Time of Use (TOU) - Off-Peak	35	0.21%	43	487	530	400	13.97	3	0.08	400	14.05
Total Single Point Supply	301	1.81%	353	4,417	4,770			24			
Agricultural Tube-wells - Tariff D											
Scarp	0	0.00%	-	2	2		18.20	0	0.08		18.28
Time of Use (TOU) - Peak	4	0.02%	-	86	86		20.75	0	0.08		20.83
Time of Use (TOU) - Off-Peak	46	0.28%	29	693	721	200	14.92	4	0.08	200	15.00
Agricultural Tube-wells	1	0.00%	4	14	18	200	13.75	0	0.08	200	13.83
Time of Use (TOU) - Peak	432	2.60%	-	8,576	8,576		19.83	35	0.08		19.91
Time of Use (TOU) - Off-Peak	2457	14.75%	3,554	30,219	33,773	200	12.30	197	0.08	200	12.38
Total Agricultural	2,941	17.66%	3,587	39,590	43,178			235			
Public Lighting - Tariff G	19	0.11%	-	326	326		17.55	1	0.08		17.63
Residential Colonies	7	0.04%	-	120	120		17.98	1	0.08		18.06
Sub-Total	25	0.15%	-	446	446			2			
Total Revenue	16,654	100.00%	10,192	269,717	279,909		16.81	1,248			

3: The PYA 2019 column shall cease to exist after one year from the date of notification of the instant decision.



SCHEDULE OF ELECTRICITY TARIFFS
MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
a)	For Sanctioned load less than 5 kW	-	-	-	-
i	Up to 50 Units	-	4.00	-	4.00
	For Consumption exceeding 50 Units	-	-	-	-
ii	001 - 100 Units	-	15.74	0.09	15.83
iii	101 - 200 Units	-	16.28	0.08	16.36
iv	201 - 300 Units	-	17.35	0.08	17.43
v	301 - 700 Units	-	19.84	0.08	19.92
vi	Above 700 Units	-	20.82	0.08	20.90
b)	For Sanctioned load 5 kW & above	-	-	-	-
	Time Of Use	-	Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
		-	20.79 15.10	0.06 0.06	20.85 15.16

As per 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 Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
a)	For Sanctioned load less than 5 kW	-	19.31	0.08	19.39
b)	For Sanctioned load 5 kW & above	440.00	17.47	0.08	17.55
	Time Of Use	440.00	Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
			20.30 14.37	0.08 0.08	20.38 14.45

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 Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
a)	General Services	-	17.65	0.08	17.73

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

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

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
B1	Upto 25 kW (at 400/230 Volts)	-	19.15	0.05	19.20
B2(a)	exceeding 25-500 kW (at 400 Volts)	440.00	16.47	0.05	16.52
	Time Of Use		Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
B1 (b)	Up to 25 KW		20.25 14.55	0.05 0.05	20.30 14.60
B2(b)	exceeding 25-500 kW (at 400 Volts)	440.00	20.07 14.17	0.05 0.05	20.12 14.22
B3	For All Loads up to 5000 kW (at 11,33 kV)	420.00	20.54 13.07	0.05 0.05	20.59 13.12
B4	For All Loads (at 66,132 kV & above)	400.00	20.07 13.97	0.05 0.05	20.12 14.02

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

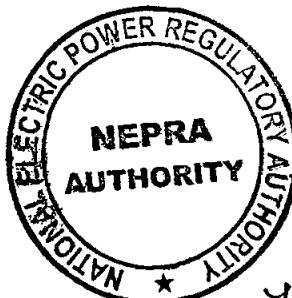
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

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

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D
C-1	For supply at 400/230 Volts	-	-	-	-
a)	Sanctioned load less than 5 kW	-	18.65	0.08	18.73
b)	Sanctioned load 5 kW & up to 500 kW	440.00	17.97	0.08	18.05
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	420.00	15.92	0.08	16.00
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	400.00	-	0.08	0.08
	Time Of Use		Peak Off-Peak	Peak Off-Peak	Peak Off-Peak
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	440.00	21.02 12.81	0.08 0.08	21.10 12.89
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	420.00	18.05 14.02	0.08 0.08	18.13 14.10
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	400.00	20.07 13.97	0.08 0.08	20.15 14.05



SCHEDULE OF ELECTRICITY TARIFFS
MULTAN ELECTRIC POWER COMPANY LIMITED (MEPCO)

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh	
		A	B		C	D	
D-1(a)	SCARP less than 5 kW	-	18.20		0.08	18.28	
D-2 (a)	Agricultural Tube Wells	200.00	13.75		0.08	13.83	
			Peak	Off-Peak	Peak	Off-Peak	Peak
D-1(b)	SCARP 5 kW & above	200.00	20.75	14.92	0.08	0.08	20.83
D-2 (b)	Agricultural 5 kW & above	200.00	19.83	12.30	0.08	0.08	19.91

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

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh	
		A	B		C	D	
E-1(i)	Residential Supply	-	20.19		0.08	20.27	
E-1(ii)	Commercial Supply	-	20.15		0.08	20.23	
E-2	Industrial Supply	-	17.00		0.05	17.05	

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

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

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

G - PUBLIC LIGHTING

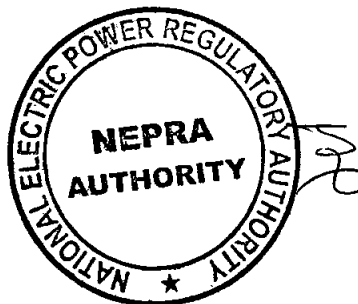
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh	
		A	B		C	D	
	Street Lighting	-	17.55		0.08	17.63	

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

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2019 Rs/kWh	Total Variable Charges Rs/kWh	
		A	B		C	D	
	Residential Colonies attached to industrial premises	-	17.98		0.08	18.06	

The PYA 2019 column shall cease to exist after one year from the date of notification of the instant decision.



Annex - IV

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	2,475	2,456	2,360	1,431	1,012	946	1,020	897	1,104	1,570	2,091	2,208	19,570

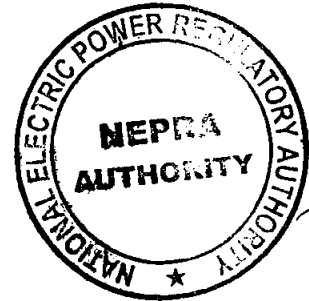
Rs./kWh

Fuel Cost Component	5.2798	4.7334	5.0229	5.1733	3.7381	5.5347	6.5124	4.2516	6.2295	6.6087	5.9322	5.9344	5.4259
Variable O&M	0.3897	0.3769	0.3808	0.3520	0.2993	0.4027	0.4887	0.3462	0.3739	0.4447	0.4070	0.4138	0.3915
Capacity	4.8576	4.6798	5.0326	7.9062	10.5916	10.4095	10.5565	11.3283	10.2945	7.1633	5.1059	5.0549	6.7783
UoSC	0.3014	0.2898	0.3176	0.4177	0.4686	0.4794	0.4954	0.5184	0.4927	0.3960	0.3194	0.3175	0.3698
Total PPP in Rs./kWh	10.8285	10.0800	10.7539	13.8492	15.0975	16.8263	18.0530	16.4444	17.3907	14.6126	11.7645	11.7206	12.9655

Rs. in million

Fuel Cost Component	13,065	11,627	11,856	7,405	3,781	5,234	6,645	3,815	6,877	10,374	12,407	13,101	106,188
Variable O&M	964	926	899	504	303	381	499	311	413	698	851	914	7,661
Capacity	12,020	11,495	11,879	11,317	10,714	9,844	10,771	10,166	11,364	11,244	10,679	11,159	132,654
UoSC	746	712	750	598	474	453	505	465	544	622	668	701	7,238
Total PPP in Rs./kWh	26,796	24,760	25,383	19,825	15,272	15,912	18,421	14,758	19,197	22,937	24,605	25,874	253,741

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

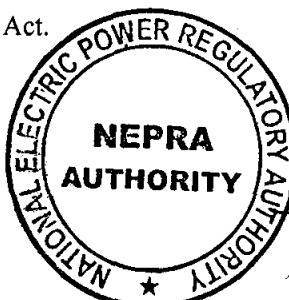
The Company, for the purposes of these terms and conditions means Multan Electric Power Company (MEPCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

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

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

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

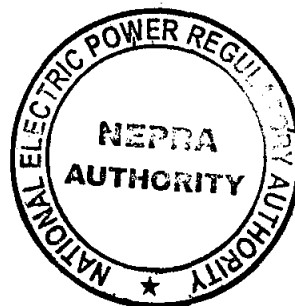
11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.
12. "Consumer" as defined in NEPRA Act.



13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.



PART-II

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

A-1 RESIDENTIAL

Definition

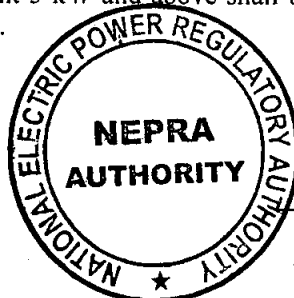
“Life Line Consumer” means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

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

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

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
 - i) Shops,
 - ii) Hotels, Hostels and Restaurants,
 - iii) Petrol Pumps and Service Stations,
 - iv) Compressed Natural Gas filling stations,
 - v) Private Hospitals/Clinics/Dispensaries,
 - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
 - vii) Guest Houses/Rest Houses,
 - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company and convert it to-A-2 (c) Tariff.
6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).



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A-3 GENERAL SERVICES

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

B INDUSTRIAL SUPPLY

Definitions

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

Conditions

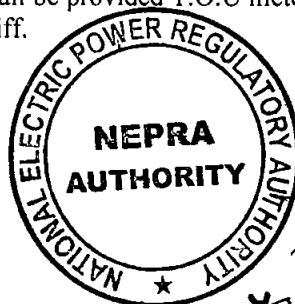
An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those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

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

1. This tariff is applicable for supply to Industries having sanctioned load upto a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.
3. All existing consumers under tariff B-1 shall be provided T.O.U metering arrangement by the Company and convert it to-B1 (b) Tariff.

B-2 SUPPLY AT 400 VOLTS

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



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

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
4. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

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

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW or below who opt to receive supply at 66 kV or 132 kV and above.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.



C BULK SUPPLY

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

General Conditions

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

C-I SUPPLY AT 400/230 VOLTS

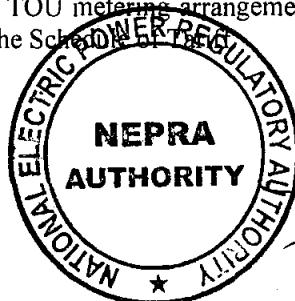
1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff.
3. All new consumers having sanctioned load 5 kW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

C-2 SUPPLY AT 11 kV AND 33 kV

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



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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

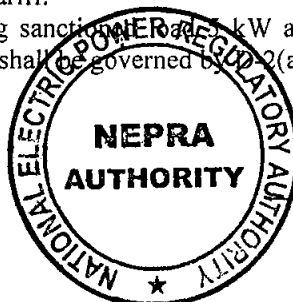
1. This tariff shall apply to:
 - i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
 - ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
 - iii) Tube-wells meant for aqua-culture.
 - iv) Tube-wells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

D-1

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

D-2

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



E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

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

Special Conditions of Supply

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

E -2 TEMPORARY INDUSTRIAL SUPPLY

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

SPECIAL CONDITIONS OF SUPPLY

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

F SEASONAL INDUSTRIAL SUPPLY

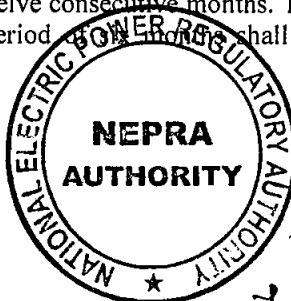
“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against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

Definitions

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

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the



seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.

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

G PUBLIC LIGHTING SUPPLY

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

Definitions

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

Special Conditions of Supply

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

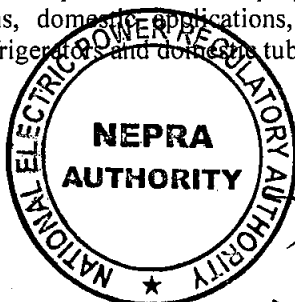
H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

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

Definitions

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

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



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

Special Conditions of Supply

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

