



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No.NEPRA/R/DG(Trf)/TRF-559&TRF-560/MEPCO-2021/18185-9/ July 14, 2023

Subject: **DECISION OF THE AUTHORITY REGARDING REQUEST FILED
MULTAN ELECTRIC POWER COMPANY (MEPCO) FOR
ADJUSTMENT/INDEXATION OF TARIFF FOR THE FY 2023-24
UNDER THE MYT [CASE # NEPRA/TRF-559 & TRF-560 /MEPCO-2021]**

Dear Sir,

Please find enclosed herewith subject Decision of the Authority (48 Pages) regarding request filed Multan Electric Power Company (MEPCO) for adjustment/indexation of tariff for the FY 2023-24 under the MYT in Case No. NEPRA/TRF-559 & TRF-560 /MEPCO-2021.

2. The Decision 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 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

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

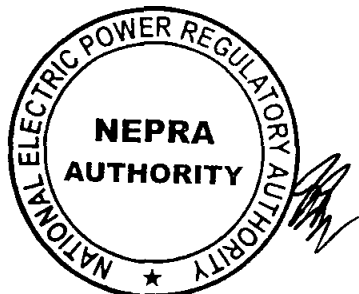
CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Secretary, Energy Department., Government of the Punjab, 8th Floor, EFU House, Main Gulberg, Jail Road, Lahore,
4. Chief Executive Officer, NTDC, 414 WAPDA House, Shaharah-e-Quaid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Multan Electric Power Co. Ltd. , MEPCO Headquarter, Khanewal Road, Multan

**DECISION OF THE AUTHORITY REGARDING REQUEST FILED BY MULTAN ELECTRIC POWER
COMPANY (MEPCO) FOR ADJUSTMENT / INDEXATION OF TARIFF FOR THE FY 2023-24 UNDER
THE MYT**

1. Back Ground

- 1.1. The Authority determined separate tariffs of Multan Electric Power Company Limited (MEPCO) (herein referred to as "Petitioner") under Multi Year Tariff (MYT) regime, for a period of five years i.e. from FY 2020-21 to FY 2024-25, for both of its Distribution and supply functions vide tariff determinations dated June 02, 2022. Subsequently, a uniform tariff application u/s 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was filed by the Federal Government, which was also decided by the Authority on July 22, 2022 and the decision was intimated to the Federal Government for notification in the official gazette. The tariff so determined was notified by the Federal Government vide SRO dated 25.07.2022. MEPCO, also in the mean time being aggrieved from its determinations dated 02.06.2022, filed Motions for Leave for Review (MLR) for Distribution and supply function separately, which were accordingly decided by the Authority on January 12, 2023.
- 1.2. The Petitioner now in line with the adjustment mechanism provided in its notified MYT determination, has filed its request for adjustment/ indexation of different components of its revenue requirement for the FY 2023-24, along-with break-up of costs in terms of Distribution and Supply functions.
- 1.3. Here it is pertinent to mention that as per the amendment NEPRA Act, function of sale of electric power, traditionally being performed by the Distribution Licensees, has been removed from the scope of Distribution Licensee and transferred to a Supply Licensee. Section 23E, of the amended Act, provides that holder of a distribution license on the date of coming into effect of the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date.
- 1.4. The Authority noted that the Petitioner was a deemed supplier till 26.04.2023, in light of aforementioned section of NEPRA Act. The Petitioner, however, has submitted its supply of power license application, which is under consideration of the Authority. In view thereof, the Authority has decided to consider the instant adjustment/ indexation request of the Petitioner for both its Distribution and Supply of Power functions. However, the grant of supply tariff under the MYT regime shall in no way be construed as a basis for claiming supply license. The application for grant of Supply license would be processed separately after following the due process of law and in light of applicable documents. The terms & conditions to be given by the Authority, in the supply license would be applicable during the MYT control period and the MYT would be governed by the terms & conditions of the new license.
- 1.5. A Summary of the adjustments request submitted by the Petitioner is as under;

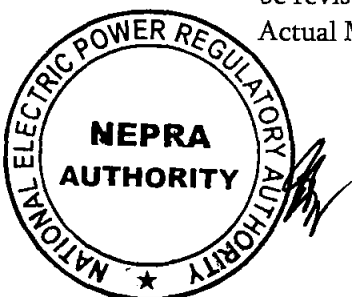


*Decision of the Authority in the matter of request filed by MEPCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

Description	Unit	Distribution Business	Power Supply Business	Total Revenue Requirement
Energy Charges	Rs. Mln		197,666	197,666
Capacity Charges	Rs. Mln		210,743	210,743
UOSC & MOF	Rs. Mln		19,335	19,335
Power Purchase Price	Rs. Mln		427,744	427,744
Pay & Allowances	Rs. Mln	14,684	3,223	17,907
Post-Retirement Benefits	Rs. Mln	14,036	3,081	17,117
Repair & Maintenance	Rs. Mln	2,073	-	2,073
Travelling Allowance	Rs. Mln	1,060	233	1,293
Vehicle Maintenance	Rs. Mln	930	-	930
Other Expenses	Rs. Mln	2,573	565	3,138
Total O & M Costs	Rs. Mln	35,356	7,102	42,458
Depreciation	Rs. Mln	6,780	-	6,780
RORB	Rs. Mln	15,196	-	15,196
Supply Margin	Rs. Mln	-	7,058	7,058
Other Income	Rs. Mln	-	2,176	6,832
PYA	Rs. Mln	67,914	16,978	84,892
Revenue Requirement	Rs. Mln	120,590	456,706	577,296

2. Hearing

- 2.1. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.
- 2.2. Hearing in the matter was held on April 17, 2023, for which advertisement was published in newspapers on April 02, 2023. Separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features and details of the proposed adjustments along-with notice of hearing were also uploaded on NEPRA's Website for information of all concerned.
- 2.3. 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 requested adjustments/indexation in tariff are in line with the MYT tariff determination and are justified?
 - ii. MEPCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?
 - iii. Whether the requested PYA, is justified?
 - iv. Whether the existing Tariff Terms and Conditions needs to be modified (including the request of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" category tariff), and keeping in view the amendments in Consumer Service Manual or otherwise?
 - v. Whether the existing fixed charges applicable to different consumer categories needs to be revised and requires any changes in mechanism for charging of such charges based on Actual MDI or Sanction Load or otherwise? Whether there should any Fixed Charges on



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consumer's categories who are currently not paying any fixed charges?

- vi. Whether the peak and off-peak rate design needs to be revised?
- vii. Any other issue that may come up during or after the hearing?

3. **Filing of objections/ comments:**

3.1. 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 Tariff Rules. In response thereof, various commentators have filed their comments on the issue of mechanism of application of fixed charges and tariff to be applicable for cold storage. The same have been discussed under the relevant issue.

3.2. During the hearing, the Petitioner was represented by its CEO 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;

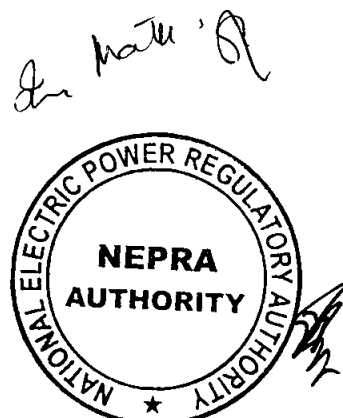
4. **MEPCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?**

4.1. The Authority noted that Power Purchase Price (PPP) forecast of the Petitioner as well for all XWDISCOs for the FY 2023-24 has since been determined by the Authority through a separate decision, detailing the assumptions of the forecast and relevant share of the Petitioner. In view thereof, the Authority does not see any rationale to discuss this issue again herein in the instant decision. However, for the purpose of calculation of overall revenue requirement of the Petitioner, the PPP forecast for the FY 2023-24 as determined by the Authority, has been made part of the overall Revenue Requirement of the Petitioner. Further, Annex-I of the PPP decision, to the extent of the Petitioner, has been attached as Annex-IV with the instant decision. The PPP forecast of the Petitioner for the FY 2023-24 shall be used as reference for future adjustments of PPP including the monthly and quarterly adjustments.

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

5.1. The Petitioner submitted during the hearing that the requested adjustments are in line with the mechanism determined vide Tariff redetermination and NEPRA guidelines for determination of consumer end tariff (Methodology & Process).

5.2. The Petitioner has requested the following adjustments on account of its O&M costs, Other Income, RoRB, Prior Period Adjustments for the FY 2023-24;



Description	Determined FY 2022-23	Actual/ Projected FY 2022-23	Indexation/ Adjustment Factor FY 2023-24	Indexation/ Adjustment Cost FY 2023-24
Pay & Allowances	13,454	14,326	1.25	17,907
Post Retirement Benefits	10,604	17,117	1.00	17,117
Other O&M Costs	5,469	5,971	1.25	7,434
Depreciation	6,214	6,241	1.09	6,780
RORB	5,198	13,345	1.14	15,196
Supply Margin	-	6,416	1.10	7,058
Other Income	- 5,438	- 8,832	0.77	- 6,832
Total - Rs. Mln	35,501	54,584	-	64,660
Units Sold (Projected)- MkWh	19,195	17,467		18,722
DM-Rs/kWh (Actual Units Sold)	2.11	3.12		3.45
DM-Rs/kWh (Determined Units)	1.85	2.84		-

5.3. The Petitioner submitted that projected Salaries, Wages and Benefits have been indexed / adjusted for FY 2023-24 as follows:

- Pay & Allowances for FY 2023-24 have been projected with increase @ 25% considering the impact of current CPI, annual increment, Scale Revision or Adhoc Relief Allowance. However, actual cost will be trued-up in accordance with GoP decision in the forthcoming Finance Act.

5.4. The Petitioner during hearing stated that Pay & Allowances for FY 2023-24 have been projected with increase of 25% i.e. annual increment @5% and gross 50% with annual increment.

5.5. **Regarding GENCO Employees**, the Petitioner submitted that ECC of the cabinet approved adjustment of employees of GENCOs Power Plants under closure with following stipulations:

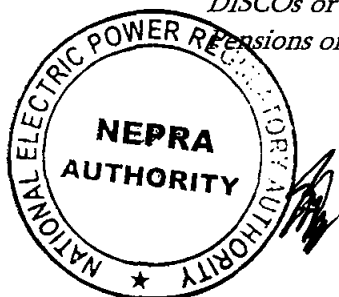
"It is proposed that 2,368 Pensioners of GENCOs may be adjusted in their pension disbursing DISCOs or WAPDA. Similarly, 1,753 employees of these plants would be adjusted in DISCOs. Pensions of these employees will be paid by the relevant DISCOs on their retirement according to rules of the relevant DISCOs. In turn the respective DISCOs and WAPDA would c/aim adjustment of the same from NEPRA in their tariffs."

5.6. In pursuance of above, 331 employees (out of 1,753 Employees) have been adjusted in MEPCO. This adjustment of GENCOs employees in MEPCO is subject to determination of NEPRA to allow this cost or otherwise. Further, opening actuarial liability of these employees is assessed as Rs.2,700 million tentatively with annual impact of approx. Rs.450 million (Total Rs.3,150 million). The Authority is requested to provisionally consider the same, however actuarial report of these employees will be furnished subsequently on completion of actuarial studies.

5.7. Regarding Post-retirement benefits, it has been stated that projection is as per the Actuarial Valuation Report (Based on FY 2022-23). The Petitioner requested to consider & allow Rs.22,133 Million on account of Post-Retirement Benefits charged through Other Comprehensive Income (OCI) in line with decision of the Authority dated 12.01.2023 in the matter of MLR filed by MEPCO.

5.8. **Regarding GENCO Pensioners**, the Petitioner submitted that ECC of the cabinet approved adjustment of pensioners of GENCOs Power Plants under closure with following stipulations:

"It is proposed that 2,368 Pensioners of GENCOs may be adjusted in their pension disbursing DISCOs or WAPDA. Similarly, 1,753 employees of these plants would be adjusted in DISCOs. Pensions of these employees will be paid by the relevant DISCOs on their retirement according



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to rules of the relevant DISCOs. In turn the respective DISCOs and WAPDA would claim adjustment of the same from NEPRA in their tariffs."

- 5.9. In pursuance of above, 563 pensioners (out of 2,368 Pensioners) have been adjusted in MEPCO. This adjustment of GENCOs Pensioners in MEPCO is subject to Determination of NEPRA to allow this cost or otherwise. Further, opening actuarial liability of these Pensioners is assessed as Rs.4,700 Million tentatively with annual impact of approx. Rs.750 million (Total Rs.5,450 million). The Authority is requested to provisionally consider the same, however actuarial report of these Pensioners will be furnished subsequently on completion of actuarial studies.
- 5.10. Regarding Other OPEX it has submitted that Indexation / Adjustment of Other O&M Cost adjusted as per formula/mechanism provided in MYT determination except Vehicle Expenses for FY 2022-23, which have been projected with 50% increase & for FY 2023-24, as per CPI for December 2022. Other O&M Cost adjusted as per the following formula:

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

Where

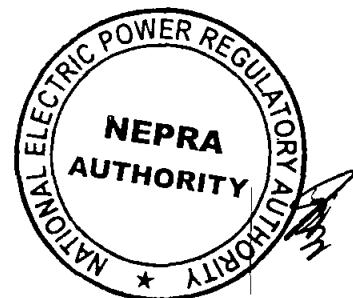
- CPI Dec-22 i.e. 24.5%
- X-factor may please be taken as 0% of CPI due to the reason that practically FY 2023-24 is the first year for indexation/adjustment under MYT and taking X-factor @ 30% is detrimental to the interest of petitioner.

Other O & M	Determined	Adjusted/	Adjusted/
	In MYT	Indexed	Indexed
	FY 2022-23	FY 2022-23	FY 2023-24
Repair & Maintenance	1,537	1,665.00	2,073
Travelling Allowance	1,222	1,038.00	1,293
Vehicle Expense	513	747.00	930
Other Expenses	2,197	2,521	3,138
Total - Rs. Mln	5,469	5,971	7,434

- 5.11. On the issue of RoRB, the Petitioner submitted that the Authority has kept the Cost of Equity frozen in its MYT Determination, however Cost of equity has been rehashed based on revised calculation of Risk free Rate and Market Premium using same benchmarks as used by the Authority in MYT Determination. Further apprise that as regards cost of debt, spread has been taken @ 2.75% on the same analogy of LESCO & FESCO and KIBOR bi-annually as per MYT benchmark.
- 5.12. The Petitioner regarding Weighted Average Cost of Debt has provided following details:

Description	3 Months KIBOR (Offer Rate)	Spread	Total
KIBOR Dated 4th July, 2022	15.32%	2.75%	18.07%
KIBOR Dated 3rd Jan, 2023	17.76%	2.75%	20.51%
Weighted Average Cost of Debt			19.29%

- 5.13. Regarding Cost of equity the submissions of the Petitioner are as under;



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$$\begin{aligned}\text{Cost of Equity} &= R_f + (R_m - R_f)\beta \\ &= 13.34\% + (19.03\% - 13.34\%)1.1 \\ &= 19.60\%\end{aligned}$$

- 5.14. Based on above submission the Petitioner has requested following Weighted Average Cost of Capital:

Description	Cost	Ratio	Rate
Cost of Equity	19.60%	30%	5.88%
Weighted Average Cost of Debt	19.29%	70%	13.50%
Weighted Average Cost of Capital (WACC)			19.38%

- 5.15. In light above discussion the petitioner has requested following RORB for FY 2023-24.

Description	FY 2021-22	FY 2022-23	FY2023-24
	Actual	Actual/Proj	Adjusted/Indexed
Gross Fixed Assets (Opening Balance)	163,152	172,294	188,574
Addition	9,142	16,280	16,280
Gross Fixed Assets (Closing Balance)	172,294	188,574	204,854
Accumulated Depreciation	-62,635	-68,876	-75,656
Net Fixed Assets	109,659	119,698	129,198
Capital WIP	19,754	23,824	27,894
Net Fixed Assets Inc CWIP	129,413	143,522	157,092
Less Deferred Credit	-65,582	-69,656	-74,156
Total	63,831	73,866	82,936
Avg Regulatory Rate Base (RAB)		68,849	78,401
Rate of Return/WACC		19.38%	19.38%
Return on Rate Base		13,345	15,196

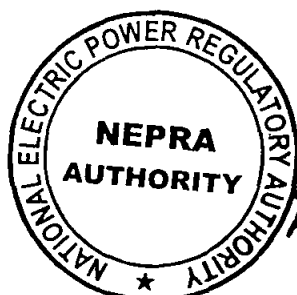
- 5.16. The Petitioner regarding depreciation expense for the FY 2023-24, submitted that in line with Adjustment Mechanism given in the MYT, Depreciation Expense will be assessed in accordance with following formula/Mechanism;

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

- 5.17. The petitioner has provided following calculations for Depreciation for the FY 2022-23 & FY 2023-24;

Description	Rs. Mln		
	FY 2021-22 Audited	FY 2022-23 Actual/Proj	FY2023-24 Adjusted/Indexed
Gross Fixed Assets (Opening Balance)	163,152	172,294	188,574
Addition(80% of Investment)	9,142	16,280	16,280
Gross Fixed Assets (Closing Balance)	172,294	188,574	204,854
Depreciation Expense	5,702	6,241	6,780

- 5.18. On the issue of Other income, the petitioner submitted that for the FY 2023-24, projection for other income has been assessed as Rs.6,832 million on the premise that due to unprecedented circumstances in FY 2022-23, the policy rate of SBP went extraordinary on higher side. The same is expected to be decreased in FY 2023-24 once the economic indicators get stable.



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6. The Authority noted that MEPCO has been allowed a Multiyear tariff for a control period of 5 years starting from July 2020 till June 2025, wherein a mechanism for adjustment/ indexation of different components of the revenue requirement has been prescribed. The Authority also noted that adjustments/ indexations till FY 2022-23 have already been Petitioner. Accordingly, in line with the prescribed mechanism and as per the amended NEPRA Act, the Petitioner filed its adjustment/ indexation request with break-up of costs in terms of Distribution and Supply functions for the FY 2023-24 along-with its PYA workings.

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

O&M EXPENSE

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

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

Where:

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

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

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

X = Efficiency factor

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

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

RORB

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

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

Where:

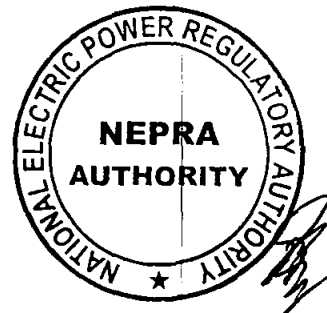
$RORB_{(Rev)}$ = Revised Return on Rate Base for the Current Year

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

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

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

"In addition the allowed RAB for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's



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own commercial decision and would not be considered while truing up the RAB, unless due to any regulatory decisions/interventions/approved plans for which the Petitioner obtains prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc.

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

DEPRECIATION EXPENSE

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

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

Where:

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

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

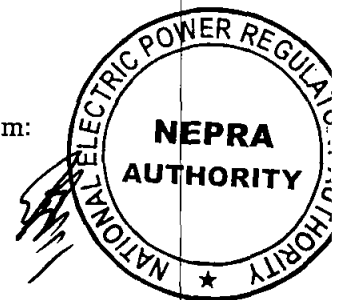
OTHER INCOME

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

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

Where:

- OI_(Rev) = Revised Other Income for the Current Year
OI₍₁₎ = Actual Other Income as per latest Financial Statements.



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OI₍₀₎ = Actual/Assessed Other Income used in the previous year.

"...the other income would be trued up every year ..."

Salaries & Wages

"The reference costs shall be adjusted every year with the increase announced by the GoP, being beyond the Petitioner's control, for the respective year till the time the Petitioner remains in the public sector. In addition a 5% increase as requested by the Petitioner would be allowed on the amount of Basic pay to account for the impact of annual increment..."

Post-Retirement Benefits

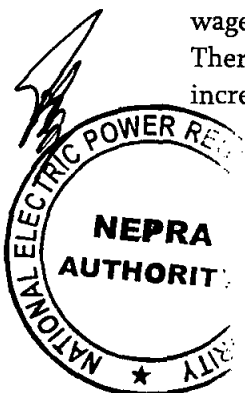
"Post-retirement benefits would be allowed based on the actuarial valuation report for the year for which assessment is being made or as per the latest available audited financial statements. It would be mandatory for the Petitioner to deposit the whole amount of allowed Post retirement benefits into the separate Fund and route all its pension payments through the Fund. If the Petitioner fails to transfer the whole amount of postretirement benefits into the Fund, the Authority would adjust the deficit payments in the next year's provision and from thereon, only actual amounts paid and amount transferred into the fund would be allowed."

- 6.7. **Regarding adjustment of Salaries, Wages & Other Benefits**, the Authority observed that the Petitioner was allowed upfront Indexation/adjustment for FY 2021-22 and FY 2022-23, considering the fact by the time the given MYT's were to be notified by the Federal Government, the FY 2022-23, would have started. The relevant extract of the Authority's decision dated 02.06.2022, is as under;

Upfront Indexation/adjustment for the FY 2021-22 and FY 2022-23

The Authority also understands that by the time the instant decision is notified, the FY 2021-22 would have elapsed and the FY 2022-23 would have started. Meaning thereby that tariff indexation/adjustment for the FY 2021-22, which ideally should have been allowed in in July 2021 would have become overdue, and the indexation/adjustment for the FY 2022-23 would also have become due. In view thereof, and in order to ensure timely recovery of the allowed cost to the Petitioner, the Authority has decided to allow the indexation/adjustment for the FY 2021-22 and the FY 2022-23, upfront in the instant decision as per the adjustment /indexation mechanism provided in this determination. However, the impact of under/ over recovery due to indexation/ adjustment for the FY 2021-22 would be allowed / adjusted subsequently as part of future PYA.

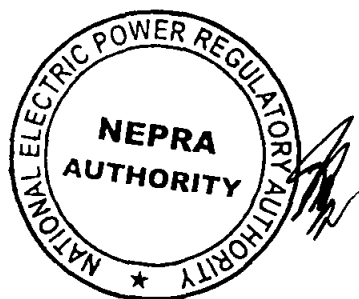
- 6.8. With above upfront indexation, the Salaries, wages & Other Benefits determined for the FY 2022-23, have now become reference for indexation to be allowed for the FY 2023-24. However, it is also a fact that all these decisions were issued on 02.06.2022, when increases in Salaries, wages & Other Benefits announced in the Federal Budget for the FY 2022-23, were not available. Therefore, while allowing the salaries, wages & other benefits for the FY 2022-23, a projected increase in salaries, wages & other benefits was allowed. The Federal Government subsequently



In Note

allowed various increases in salaries, wages & other Benefits for the FY 2022-23, vide notification dated 01.07.2022.

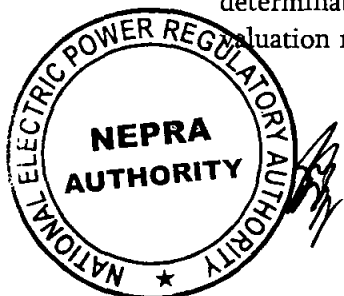
- 6.9. In view thereof, revised detail of salaries, wages & other benefits, after including therein the allowed increase as per the Federal Government notification dated 01.07.2022, were obtained from the Petitioner for the FY 2022-23. The same has been reported as Rs.13,972 million against the allowed amount of Rs.13,454 million. Accordingly, while assessing salaries, wages & other benefits for the FY 2023-24, the revised cost of Rs.13,972 million for the FY 2022-23, as provided by the Petitioner, has been used as reference. Further, the impact of differential due to revision of Salaries, wages & Other Benefits for the FY 2022-23, based on data provided by the Petitioner, has been allowed as part of PYA, which works out as Rs.518 million.
- 6.10. Here it is also pertinent to mention that the Petitioner has also claimed cost for employees allocated to it from GENCOs. The Authority understands that such employees have been allocated to the Petitioner in light of decision of ECC dated 23.09.2021, and are currently drawing their salaries from DISCOs. The impact of such payments has also been included by the Petitioner in its Pay and Allowance cost for the FY 2022-23. Since the revised salaries, wages & other benefits cost as provide by the Petitioner for the FY 2022-23 includes impact of all working employees including MIRAD employees hired till date & GENCO employees allocated to the Petitioner. Since the same have been used as reference for projection of salaries, wages & other benefits cost for the FY 2023-24, therefore, no further adjustment on account of MIRAD hiring and GENCO employees transferred to the Petitioner would be allowed.
- 6.11. It is further clarified that of Salaries, wages & Other benefits cost of GENCOs employees have been provisionally included in the Pay & Allowance cost of the Petitioner, with the direction to provide proper details of employees allocated to it by providing proper employee wise details, their pay scales, terms of adoption, approvals of competent authority for such adoption and placement details along-with their financial impact.
- 6.12. Here it is also clarified that the revised amount being allowed under salaries, wages & other benefits for the FY 2022-23 shall be considered as upper cap, subject to downward adjustment only, once the Audited accounts of the Petitioner for FY 2022-23, are available.
- 6.13. Based on the above discussion & by taking into account the revised numbers for the FY 2022-23, the following increases as announced by the Federal Government in Budget 2024, have been incorporated to project Salaries, Wages & Other Benefits for the FY 2023-24;
- Adhoc relief allowance @ 32.5% on avg. - 30% (BPS-17-22) & 35% (BPS 1-16)
 - Annual increment @ 5% of basic pay for 7 months
 - Adhoc relief allowance FY 2021-22 revised based on revised basic pay scale
- 6.14. Accordingly, for the FY 2023-24, the total Salaries, Wages & Other Benefits (excluding post-retirement benefits) of the Petitioner have been worked out as Rs.16,899 million for both the distribution and supply of power functions. In case any subsequent revision is announced by the



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Federal Government in the Pay & Allowances for the FY 2023-24, the same would be considered in the next adjustment/ indexation request.

- 6.15. In order to bifurcate the allowed cost of Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.
- 6.16. Regarding Post-retirement Benefits, the Authority allowed provision for post-retirement benefits to the Petitioner in the MYT tariff determination, with the direction to deposit the whole amount of allowed Post retirement benefits into the separate Fund and route all its pension payments through the Fund. If the Petitioner fails to transfer the whole amount of postretirement benefits into the Fund, the Authority would adjust the deficit payments in next year's provision and from thereon, only actual amounts paid and amount transferred into the fund would be allowed.
- 6.17. The Authority noted that the Petitioner was allowed a total amount of Rs.29.246 billion under the head of post-retirement benefits including Rs.8.8 billion, Rs.9.7 billion and Rs.10.6 billion for the FY 2020-21, FY 2021-22 and FY 2022-23 respectively in its MYT determination dated 02.06.2022. However, the PYA, allowed in the MYT dated 02.06.2022, was only calculated till the FY 2020-21, therefore, differential of the amount allowed for the FY 2021-22 and the amount recovered during the FY 2021-22, was not included in the PYA.
- 6.18. Since the said tariff was notified w.e.f. 25.07.2022, therefore, the Petitioner is supposed to recover around Rs.24 billion till 24.07.2023, assuming recovery of post-retirement benefits in the FY 2021-22, based on the tariff that remained notified in the FY 2021-22. Further, the Petitioner has also paid actual post-retirement benefits of around Rs.17 billion during the FY 2020-21, FY 2021-22 and FY 2022-23 (till April 2023). Moreover, the amount available in the Pension Fund as of April 2023, is around Rs.7.4 billion, as per the information provided by the Petitioner.
- 6.19. As per the above workings, the Petitioner has deposited sufficient amount in the Fund, however, the FY 2022-23 has not yet lapsed, therefore, the Authority may review the amount deposited in the fund once the recovery period of the allowed amount is completed.
- 6.20. Regarding assessment of post-retirement benefits for the FY 2023-24, the determination provides that it would be allowed based on the actuarial valuation report for the year for which assessment is being made or as per the latest available audited financial statements. As per the latest audited financial statements of the Petitioner i.e. for the FY 2021-22, the provision for post-retirement benefits is Rs.10,106 million. The same is being allowed to the Petitioner for the FY 2023-24, for both the distribution and supply of power functions.
- 6.21. In order to bifurcate the allowed cost of Post-retirement benefits in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.
- 6.22. Regarding impact of GENCO Pensioners, the Authority observed that the Petitioner in the MYT determination has been allowed provision for post-retirement benefits based on the actuarial valuation report for the year for which assessment is being made or as per the latest available



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audited financial statements. Since the Petitioner for the FY 2023-24, has already been allowed provision of post-retirement benefits as per latest available accounts of the FY 2021-22, therefore, the Authority considers that no additional amount is to be allowed for the GENCO Pensioners in the instant adjustment/ indexation request for the FY 2023-24. The Petitioner is, however, directed to ensure payments to these pensioners provisionally and submit proper case by providing complete details of allocated pensioners, their pension amounts along-with approvals of competent authorities for consideration of the Authority.

- 6.23. Regarding Other O&M expenses, the MYT tariff determination requires the same to be indexed with NCPI of December for the respective year after adjustment for the X factor i.e. 30% of CPI. Accordingly, for indexation of other O&M expenses for the FY 2023-24, the NCPI of December 2022 has been considered. The same as reported by Pakistan bureau of Statistics is 24.47%. With this NCPI, and after accounting for the X-factor, the Other O&M cost of the Petitioner for the FY 2023-24 works out as Rs.6,406 million based reference cost of Rs.5,469 million.
- 6.24. Here it is pertinent to mention that NEPRA has also imposed Supplier License fee on the Petitioner from FY 2021-22 onward, however, the said cost is not part of the reference cost allowed to the Petitioner under Other O&M expenses. Accordingly, while working out the other O&M cost of the Petitioner for the FY 2023-24, the fee billed by NEPRA on account of Supplier license has been included in the reference cost of Other O&M expenses for the FY 2022-23. Further, the fee for the FY 2021-22 and FY 2022-23, not previously allowed to the Petitioner has also been included as part of PYA. The amount on account of supplier license fee for the FY 2021-22 and FY 2022-23, included in the PYA, has been worked out as Rs.46.3 million & 60.8 million respectively.
- 6.25. Based on the above discussion, the total Other O&M cost of the Petitioner for the FY 2023-24, including Supplier License Fee, works out as Rs.6,478 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 6.26. In order to bifurcate the allowed cost of Other O&M expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.
- 6.27. Regarding Depreciation expenses, the same are required to be worked out based on the Revised Gross Fixed Assets in Operation (GFAIO) for FY 2023-24, to be calculated based on Investment allowed for the FY 2023-24.
- 6.28. The revised Gross Fixed Assets in Operation of the Petitioner for the FY 2023-24 works out as Rs.186,456 million, after including therein the impact of allowed investment for the FY 2023-24 i.e. Rs.14,367 million. Accordingly, as per the allowed mechanism the total depreciation expense of the Petitioner for the FY 2023-24 works out as Rs.6,208 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 6.29. In order to bifurcate the allowed cost of depreciation expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.



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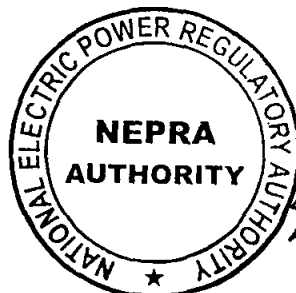
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- 6.30. In addition the mechanism given in the MYT, also provides that the allowed Depreciation for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In view thereof, the depreciation cost allowed for the FY 2020-21 & FY 2021-22, has been made trued up and made part of PYA of the Petitioner for the FY 2023-24 as under;

Description	MEPCO
Allowed Depreciation FY 2021	5,435
Actual Depreciation FY 2021	5,465
Downward True up Adj. as PYA	-
Allowed Depreciation FY 2022	5,799
Actual Depreciation FY 2022	5,736
Downward True up Adj. as PYA	- 63

- 6.31. Here it is clarified that the Authority is in the process of evaluating the investments actually carried out by the Petitioner, whether the same in line with the allowed investment plan or otherwise. Therefore, for the purpose of truing up of Depreciation expenses for the FY 2020-21 & FY 2021-22, depreciation expense as reported in Audited/ provisional financial statements of the Petitioner have been considered, keeping in view the mechanism prescribed in the MYT determination. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner.
- 6.32. Regarding RoRB, the reference RoRB is required to be adjusted every year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year, as per the mechanism provided in the MYT. Further, the Authority in the MLR decision of the Petitioner dated 12.01.2023, decided to allow WACC by including 100% balance of CWIP in the RAB instead of allowing ROE component only to the extent of 30% of CWIP balance.
- 6.33. Accordingly, the revised RAB of the Petitioner for the FY 2023-24, based on the Investment allowed for the FY 2023-24, and incorporating therein 100% balance of CWIP, works out as Rs.68,336 million. The average RAB of the Petitioner however, for the purpose of calculation of RoRB, works out as Rs.65,313 million for the FY 2023-24.
- 6.34. Here it is pertinent to mention that the Authority vide determination dated 02.06.2022, allowed adjustments on account of variation in KIBOR on biannual basis. Considering the fact that prevailing KIBOR rates are very high and the rates built in the reference are much lower, the Authority has decided to provisionally incorporate the prevailing KIBOR of 22% as of 07.06.2023 in the calculation of WACC for the FY 2023-24. By taking into account the KIBOR of 22%, the WACC for the FY 2023-24 works out as 21.14%, as per the formula given in the MYT determination. The same would be adjusted subsequently once the actual KIBOR and Audited accounts of the Petitioner for the FY 2023-24, are available for true up of RORB.



- 6.35. Based on the above discussion, the total RoRB of the Petitioner for the FY 2023-24 works out as Rs.13,808 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 6.36. In order to bifurcate the allowed RoRB in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.
- 6.37. In addition the mechanism also provides that the allowed RAB for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. Further, the variations on account of KIBOR are also required to be allowed on biannual basis. In view thereof, the RoRB cost allowed for the FY 2020-21 & FY 2021-22, has been trued up and made part of PYA of the Petitioner for the FY 2023-24, on both these accounts as under;

Description	MEPCO
Allowed RORB FY 2021	4,868
Actual RORB FY 2021 (capped to the extent of allowed Investment)	4,869
True up Adj. as PYA	1

Allowed RORB FY 2022	5,658
Actual RORB FY 2022 (capped to the extent of allowed Investment)	5,990
True up Adj. as PYA	332

Description	MEPCO
Allowed KIBOR FY 2021	7.03%
Actual KIBOR 02.07.2020	7.03%
Actual KIBOR 04.01.2021	7.30%
Allowed KIBOR FY 2022	7.03%
Actual KIBOR 02.07.2021	7.45%
Actual KIBOR 04.01.2022	10.52%



- 6.38. Here it is pertinent to mention, that amount of investments appearing in the financial statements has been restricted to the extent of allowed investment.
- 6.39. The Authority in MLR decision while allowing RORB on 100% balance of CWIP also directed DISCO to disclose the amount of Interest during Construction (IDC) separately in their financial statements. However, while going through the Financial Statements of the Petitioner, it was observed that the Petitioner has not separately disclosed the amount IDC. Therefore, the amount of adjustment being allowed as part of PYA is purely on provisional basis, subject to downward adjustment based on the amount of IDC reflected in the financial statements of the Petitioner. In case the Petitioner fails to reflect the amount of IDC in financial statements, the Authority may consider not to allow RORB on 100% balance of CWIP. The Petitioner is, therefore, again

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directed to provide the IDC amount for FY 2020-21 onward and reflect the same in its Audited Financial Statements as well.

6.40. It is also clarified that the Authority is in the process of evaluating the investments actually carried out by the Petitioner, whether the same in line with the allowed investment plan or otherwise. Therefore, for the purpose of truing up of RAB for the FY 2020-21 & FY 2021-22, investments as reported in the Audited/ provisional financial statements of the Petitioner, have been considered. However, the amount of investment appearing in the financial statements has been restricted to the extent of allowed investment. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner

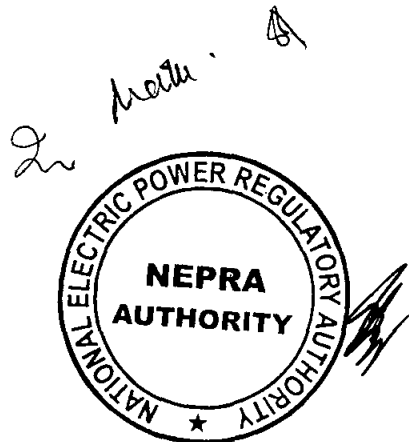
6.41. Regarding Other Income, the same has been adjusted as per the mechanism provided in the MYT determination for the FY 2023-24. The same for the FY 2023-24 works out as Rs.7,108 million for the Petitioner. Further, the MYT determination also provides truing up of Other Income every year. Accordingly, the allowed Other income for the FY 2021 & FY 2022, has also been trued up based on Audited/Provisional Financial statement of the Petitioner for the FY 2021 & FY 2022 resulting in positive adjustment of Rs.3,115 million and Rs.1,670 million respectively. The same has been made part of PYA for the FY 2023-24.

7. Whether the requested the requested PYA, is justified?

7.1. The Prior Year Adjustment includes the impact of variation in the following, based on the Authority's allowed benchmarks of T&D losses and recoveries;

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

7.2. The Petitioner has requested the following PYA for the FY 2023-24;

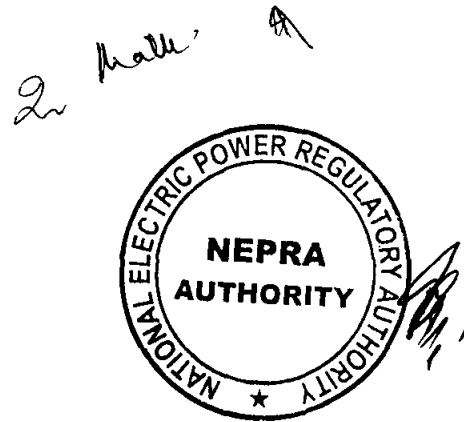


*Decision of the Authority in the matter of request filed by MEPCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

Sr. No	Description	Rs. In Million
1	Adjustment of PYA -21 Previously Allowed in MYT.	8,713
2	Sales Mix Variance FY 2020-21 & FY 2021-22.	11,302
3	Under/Over Recovery of Quarterly Adjustment.	-931
4	Under/Over Recovery of DM FY 2021-22.	3,913
5	Post-Retirement Benefits (PRB) charged to OCI	22,133
6	True-up of RORB FY 2020-21 & DM FY 2021-22	2,202
7	Minimum/Turnover Tax	4,182
8	GENCO Employees	3,150
9	GENCO Pensioners	5,450
10	PPMC Overhead Charges	50
11	Power Supply Margin	14,028
12	Excess Supplemental Charges than LPS FY 2021 & 2022	9,413
13	Cost of Meters (R&M) FY 2020-21 & FY 2021-22	1,287
14	Fuel Cost Adjustment (Nov-19 to June-20) not Recovered	3,262
Total		88,154

7.3. A summary of the Petitioner's submission on PYA is as under;

- In the Multi Year Tariff Determination, the Authority has allowed an amount Rs.1,014 million against Prior Year Adjustment (PYA-2021), however, the Authority has mentioned in the MYT decision that under/over recovery of quarterly adjustment has been worked out based on total units without adjusting life line units and directed to provide its working along with breakup of units sold to each category. In this regard, under/over recovery of each components of determined PYA-2021 in MYT is given hereunder for consideration of the Authority.

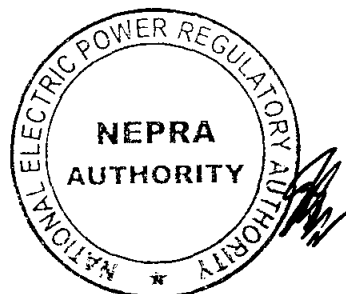


*Decision of the Authority in the matter of request filed by MEPCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

Rs. in Million			
Description	Determination	Actual	Difference
1st & 2nd Qtr FY 2018-19			
Allowed Amount	34,633	34,633	
Qtr. Rs/kWh	1.6156	1.6156	
Recovered	36,581	35,866	
Under/(Over) Recovery	-1,948	-1,233	715
3rd & 4th Qtr FY 2018-19			
Allowed Amount	5,495	5,495	
Qtr. Rs/kWh	0.3204	0.3204	
Recovered	5,265	5,257	
Under/(Over) Recovery	230	238	8
Interim DM FY 2018-19			
Allowed Amount	4,791	4,791	
Rate Rs/kWh	0.2794	0.2794	
Recovered	4,591	4,584	
Under/(Over) Recovery	200	207	7
1st Qtr FY 2019-20			
Allowed Amount	1,429	1,429	
Qtr. Rs/kWh	0.0833	0.0833	
Recovered	1,380	1,374	
Under/(Over) Recovery	49	55	6
Distribution Margin FY 2019-20			
Allowed Amount	26,167	26,167	
Rate Rs./kWh	1.14	1.14	
Recovered	18,808	18,756	
Under/(Over) Recovery	7,359	7,411	52
Other Income FY 2019-20			
Allowed Amount	-4,234	-4,234	
Recovered	-5,246	-5,246	
Under/(Over) Recovery	-1,012	-1,012	-
Sales Mix Variance			
FY 2019-20	-4,773	-3,666	
Under/(Over) Recovery	-4,773	-3,666	1,107
Late Payment Charges Viz-a- Viz Supplementary charges FY 2014-15 to FY 2019-20			
	-3,621	1,286	4,907
Distribution Margin FY 2020-21			
Allowed Amount	27,513	28,411	
Recovered	22,983	21,971	
Under/(Over) Recovery	4,530	6,440	1,910
Total	1,014	9,727	8,713

- CPPA-G has raised invoices on account of Supplemental Charges for the Period FY 2014-15 to FY 2019-20 for Rs.11,393 Million, out of which Rs.6,487 Million have been accounted for during the same period. On the other hand, MEPCO has billed LPS amounting to Rs.10,107 Million during the period FY 2014- 15 to El 2019-20. Authority is requested to allow Rs.3,621 Million on account of unaccounted for Supplemental Charges to the extent of LPS at par with Authority policy in this regard. Evidence of booking the same during current financial year will be furnished once the Authority allowed the requested amount of Rs.3,621 Million.

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- To allow Rs.1,286 Million (Supplemental charges in excess of LPS) for the period FY 2014-15 to FY 2019-20 as CPPA-G has already issued invoices to MEPCO and the amount is outstanding in reconciliation between CPPA-G and MEPCO.
- To allow sales mix variance for FY 2020-21 at the base tariff notified vide SRO 07(l)/2019, dated January 01, 2019 (effective from 01.07.2020 to 11.02.2021) & SRO 188(l)/2021 dated February 12, 2021 (effective from 12.02.2021 to 30.06.2022) and Sales Mix for FY 2021-22 at base Tariff notified vide SRO 188(l)/2021 dated February 12, 2021 effective for complete FY 2021-22 as mentioned below.

Rs. In Million	
Sales Mix Variance	Amount
FY 2020-21	1,226
FY 2021-22	10,076
Under/(Over) Recovery	11,302

- Under/Over recovery against various Quarterly Adjustments allowed by NEPRA up to June, 2022 is given below:

Description	Amount In Million
2nd & 3rd Qtr FY 2019-20	
Allowed Amount	23,507
Qtr. Rs/kWh	1,3707
Recovered	23,444
Under/(Over) Recovery	63

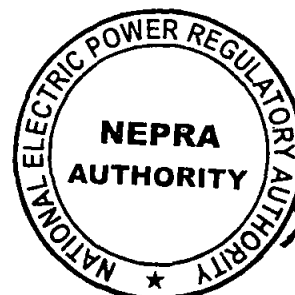
4th Qtr FY 2019-20, 1st, 2nd & 3rd Qtr 2020-21	
Allowed Amount	26,647
Qtr. Rs/kWh	1,5765
Recovered	26,710
Under/(Over) Recovery	(63)

4th Qtr FY 2020-21	
Allowed Amount	(2,872)
Qtr. Rs/kWh	(0.8089)
Recovered	(2,862)
Under/(Over) Recovery	(10)

1st Qtr FY 2021-22	
Allowed Amount	3,762
Qtr. Rs/kWh	0.9084
Recovered	4,683
Under/(Over) Recovery	(921)

Total Under/(Over) Recovery	(931)
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- Over recovery of Rs.931 Million against aforementioned Quarterly Adjustments may be adjusted in Prior Year Adjustment (PYA).
- The Authority has allowed Distribution Margin (DM) of Rs. 33,027 Million for FY 2021-22 against which actual recovery remained Rs. 29,114 Million, which resulted in under recovery of Rs.3,913 million as tabulated below:

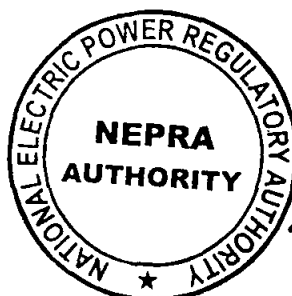


Description	Amount In Million
DM Allowed	33,027
DM Recovered	
Unit Sold (kWh)	19,202
ISP-2 Incremental Unit (kWh)	(673)
Net Unit Sold (kWh)	18,530
DM Rate RS/kWh	1.57
DM Recovered	29,114
Under Recovery	3,913

- The Company provides Pension Scheme, Free Electricity Scheme and Free Medical Facility Scheme for all its employees. Further, the Company employees are also entitled for accumulated compensated absences which are encashed at the time of retirement up to maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified actuary using projected Unit Credit Actuarial Cost Method. Latest actuarial valuations have been carried on 30 June 2021 & 30 June 2022. The Company's net obligation in respect of defined benefits plans is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Past service cost is recognized immediately in "the statement of profit or loss.
- Re-measurement of the net defined benefit liability (except for compensated absences), which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit or loss. Re-measurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.
- In the light of Actuarial Valuation carried out on 30th June, 2021 & 30th June, 2022, MEPCO has charged Rs.5,363million & Rs.16,770 million through OCI for FY 2020-21 & FY 2021-22 respectively. Therefore, requested to allow Rs.22,133 million charged to the Other Comprehensive Income for both years.

Sr No	Year	Amount in Million
1	FY 2020-21	5,363
2	FY 2021-22	16,770
Total		22,133

- In line with MYT Adjustment Mechanism, revised RORB for FY 2020-21 & component wise breakup of Distribution Margin (DM) indexation/ True-Up for FY 2021-22 is elaborated below:



- FY 2020-21: Cost of Equity has been kept frozen as per MYT Determination. However as regards cost of debt, spread has been taken @ 2.75% on the same analogy of LESCO & FESCO and KIBOR bi-annually as per MY benchmark.

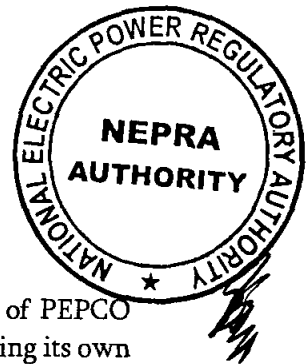
Description	FY 2020-21		
	Actual	Determined	Difference
RORB	6,684	4,868	1,816

- In terms of Para 53.2 & 54.2 of MEPCO MYT Determination (Distribution Business), the Authority has decided that the allowed amount of RAB and depreciation will be true up downward only keeping in view the amount of investment allowed for the respective year. This mechanism tantamount discouragement and penalizing the petitioner regarding investment over and above the investment allowed. The mechanism is also contrary to the earlier MYT Determinations in respect of LESCO, relevant portion is reproduced hereunder:

"Considering the fact that RAB for the FY 2015-16 & onwards has been allowed based on estimated level of investment and in case the actual/ investments carried out turn out to be different from the estimated level i.e. the petitioner ends up in making higher investments than the allowed, the benefit of the incremental benefit must be passed on to the petitioner and vice versa."

- To allow RAB and depreciation on the same analogy of LESCO i.e. True-up downward as well as upward based on the actual investments carried out.
- Minimum tax of Rs.4,182 million paid during FY 2021-22 & FY 2022-23 as given hereunder may be allowed;

CPR No	Date	Tax Paid
IT-20220330-0101-1601611	30-Mar-22	840,578,322
IT-20220628-0101-1641755	28-Jun-22	900,771,333
IT-20220929-0101-2988430	29-Sep-22	1,782,050,399
IT-20221229-0101-2366286	29-Dec-22	658,604,548
Total		4,182,004,602



- The Authority has not allowed any cost to DISCOs (MEPCO) on the pretext of PEPCO management fee with the remarks that each DISCO is an independent entity having its own Board of Directors. However, the Federal Government in its notification issued in Oct 2021, has transformed PEPCO as Power Planning and Monitoring Company (PPMC) with incorporation as a firm limited by shares with SECP having defined scope of activities. PPMC issued debit notes of Rs. 50 Million for FY 2021-22 against PPMC overhead charges. Therefore, it is requested to please allow the same in PYA.
- According to para 16(2) of the NEPRA Guidelines for determination of consumer end tariff (Methodology and process) issued vide SRO # 34 (1)/2015, dated 16 January, 2015, tariff should allow the licensee, a rate of return, which promotes continued reasonable investment in equipment and facilities for improved and efficient service. It is important that returns provided to the Company commensurate with the risks associated with the sector. The rate

of return should provide for a return which is proportionate with the prevailing cost of funds being incurred by the Company and with the risk involved in delivering the utility services. The Regulator allows Return on Rate Base (RORB) as a return on Assets which are kept by a distribution company which does not cover the return to a separate entity carrying out a separate business of Power Supply.

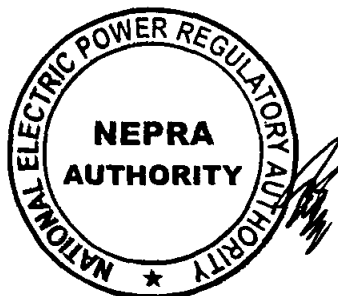
- The Authority will definitely allow Power Supply margin to the other participants which will enter into the market only to carry out Power Supply business to the regulated consumer. Therefore, to provide incentive and level playing field, the Authority is requested to allow Power Supply Margin to MEPCO.
- The Regulator has not provided any guidelines regarding Return to the Power Supply Business, therefore, MEPCO requests Power Supply Margin @ 1.5% of the Power Purchase Price invoiced to Power Supply Business of MEPCO.

Description	2020-21	2021-22	2022-23	Total
PPP Determined	253,741	253,741	427,744	935,226
PSM @ 1.5%	3,806	3,806	6,416	14,028

- During FY 2020-21 & FY 2021-22, CPPA-G has raised Invoices for of Rs. 15,665 Million on account of supplemental charges whereas MEPCO has collected Rs. 6,252 Million on account of Late Payment Surcharge (LPS) from consumers during FY 2020-21 & FY 2021-22. In this way, CPPA-G has invoiced Rs. 9,413 Million in excess of LPS. However, MEPCO has booked Supplemental Charges in books of Accounts to extent of LPS. Excess invoiced Supplemental Charges or Rs. 9,413 Million are yet to be accounted for subject to approval of Authority. In view of above, it is evident that MEPCO could not recover its legitimate cost owing to delayed determination of petitions/quarterly adjustments leading to incremental impact on power generators payables (circular debt) ultimately higher quantum of supplemental charges i.e. delayed payment penalty. Hence, Authority is requested to allow the excess amount of Rs.9,413 million as Supplemental Charges in the PYA.
- As per the MYT Determination for Distribution Business, the Authority has excluded the cost of Meters from R&M expense and directed MEPCO to capitalize the cost of meters instead of expensing out. In compliance of Authority's direction, it has started capitalizing Meters w.e.f. FY 2022-23 instead of expensing out. However, Annual Accounts of FY 2020-21 & FY 2021-22 have already been finalized, accordingly it is requested to allow cost of Meters under R&M amounting to Rs.1,287 Million for FY 2020-21 & FY 2021-22;

Sr No	Description	Amount
1	R&M Meter (FY 2020-21)	867,938,942
2	R&M Meter (FY 2021-22)	419,327,677
Total		1,287,266,619

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

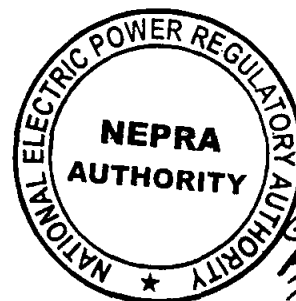


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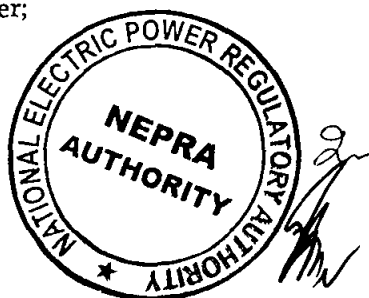
- 7.5. The impact of life line units on Quarterly adjustment and Interim Distribution Margin has been accounted for while working out PYA of FY 2023-24, in line with the decision of the Authority and based on the information provided by the Petitioner.
- 7.6. Regarding excess supplemental charges, the Authority has already decided to allow DISCOs to retain LPS to the extent of supplemental charges billed by CPPA-G. In case supplemental charges billed by CPPA-G are lower than the LPS, than any amount of supplemental charges over and above the supplemental charges are adjusted back as part of PYA on yearly basis. Any supplemental charges over and above the LPS are not allowed by the Authority. Hence the request of the Petitioner to allow supplemental charges over & above the LPS recovered is not in line with the decision of the Authority, hence not considered. Further, the adjustment of LPS over and above the supplemental charges for the previous periods was made based on the data provide by Petitioner itself at that time. Therefore, the issue is now a past and closed transaction, hence, no further adjustment is allowed.
- 7.7. Regarding Sales Mix variance of FY 2019-20, and adjustment of D.M for the FY 2020-21, the matter has already been deliberated and decided by the Authority in the MYT determination of the Petitioner dated 02.06.2022. The Petitioner, in case had any grievances on these issues, should have contested the same in its MLRs, however, no such issues were raised by the Petitioner in the MLRS. Therefore, the issue is now a past and closed transaction, thus no further adjustment is required on these account.
- 7.8. Regarding Sales mix, the Authority noted that although DISCOs have submitted their workings for sales mix for the FY 2020-21 and FY 2021-22, however, scrutiny of the data shows different anomalies in the provided data. The Authority has therefore, carried out its own working in the matter and the amount so worked out is being allowed to the Petitioner on provisional basis, with the direction to the Petitioner to provide the reconciled date of sales mix with its reported revenue as per audited financial statement of the respective year. In case any variation is observed at a later stage in the submitted data, the same would be adjusted as part of PYA subsequently.
- 7.9. On the issue of Post-Retirement Benefits (PRB) for the FY 2020-21, the Authority through its earlier determinations, decided as under;

".... the Authority has decided to allow provision for Post-retirement benefit for the first year of the MYT control period as per the amount requested by the Petitioner i.e. Rs.8,877 million for the FY 2020-21. However, the Petitioner is directed to deposit the amount of provision, over and above their actual post-retirement benefit payments, in the Fund and in case of failure to deposit the excess amount in the Fund, the same shall be adjusted/deducted in the subsequent tariff determination and from thereon, only actual amounts paid and amount transferred into the fund would be allowed

As mentioned above, the Authority has allowed the post-retirement benefits for the FY 2020-21, as per the request of the Petitioner, thus, the current request of the Petitioner to allow the additional amount of Rs.5,363 million does not come under purview of Review motion. The Authority also decided that going forward keeping in view the pension obligation of the Petitioner, amount deposited in the Fund and quantum of future tariff increases, it may allow some additional amounts in this regard for depositing in the fund, in order to protect the financial liabilities of the Pensioners. Accordingly, for the purpose of instant MLR the Authority has decided not to accept the request of the Petitioner to allow any additional amount under the head of Post-Retirement Benefits of the Petitioner for the FY 2020-21.



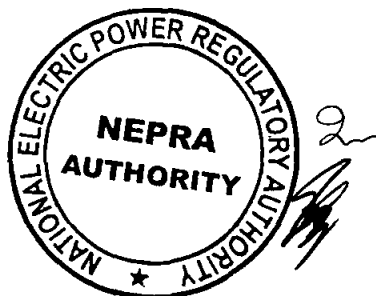
- 7.10. Similarly, for FY 2021-22, the amount of PRB was again allowed to the Petitioner as per its request, therefore, the Authority has decided not to accept the request of the petitioner to allow any additional amount under the head of Post-Retirement benefits for the FY 2020-21 & FY 2021-22.
- 7.11. Regarding request of the Petitioner to allow true-up of the RAB, RoRB and Depreciation on the same analogy adopted in the MYT of LESCO & FESCO, the Authority has already decided the mechanism for true-up of RoRB and Depreciation of the Petitioner in its MYT determination, therefore, the instant request of the Petitioner to change the mechanism of true-up is not understandable and is out of the scope of the instant adjustment/ indexation request for the FY 2023-24, therefore, the request of the Petitioner is declined.
- 7.12. Regarding minimum tax/ turnover tax, the Authority in the MYT determination dated 02.06.2022, directed the Petitioner as under;
- Regarding Turnover Tax, the Authority while going through the financial statements of the DISCOs including the Petitioner, has observed that significant amount of tax refund is appearing from FBR. In view thereof, the Authority has decided to allow actual tax paid by the Petitioner net off of the amount of Tax Refund outstanding from FBR, if any, once the Petitioner provides detail of actual tax assessments vis a vis tax paid for the last five years. Accordingly, the Petitioner is directed to provide details of actual tax assessments, tax allowed and the amount of tax paid for the last five years.
- 7.13. Since the Petitioner has not provided the required information as per the directions of the Authority, therefore, the Authority has decide not to allow any adjustment in this regard, till the time the Petitioner complies with the directions of the Authority. Here it is pertinent to mention that GEPCO is contesting the issue of minimum tax with FBR. In view thereof, the Petitioner is also directed to take up the matter with FBR on the same grounds as being contested by GEPCO.
- 7.14. The Authority in the MYT determination of MEPCO dated 02.06.2022, regarding PEPCO fee (now PPMC) decided as under;
- and travelling, transportation etc. However, Management Fees of PEPCO, has not been considered as 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. Accordingly, the cost of PEPCO fee, if any, has not been allowed to the Petitioner.
- 7.15. As the matter has already been decided by the Authority, whereby no PEPCO (now PPMC) fee has been allowed in the MYT of the Petitioner, therefore, the request of the Petitioner to again allow PPMC fee is out of scope of Annual adjustment/indexation for the FY 2023-24, hence declined.
- 7.16. Regarding Power Supply Margin, the Authority in the MYT determination of the Petitioner dated 02.06.2022, decided as under;



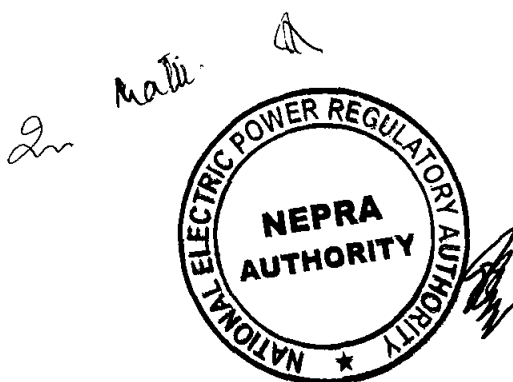
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The Authority observed that the Petitioner has been allowed return on its Rate Base as per the Authority's approved WACC and the same has been included as part of the Petitioner's Distribution function revenue requirement. Although, the function of 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.

- 7.17. As the matter has already been decided by the Authority, whereby no supply margin has been allowed in the MYT, therefore, bringing up the same issue again and again is neither understandable nor does it fall under the scope of instant MYT adjustment/ indexation request. Hence, the request of the Petitioner is declined.
- 7.18. Regarding supplemental charges for the FY 2020-21 and FY 2021-22, the Authority earlier in the matter has decided to allow DISCOs to retain LPS to the extent of Supplemental charges billed by CPPA-G. In case supplemental charges billed by CPPA-G are lower than the LPS, than any amount of LPS over and above the supplemental charges are adjusted back as part of PYA on yearly basis. Any supplemental charges over and above the LPS are not allowed by the Authority. Therefore, for the FY 2020-21 and FY 2021-22, the treatment of LPS vis a vis supplemental charges has been carried out in line with the aforementioned decision of the Authority.
- 7.19. Regarding allowing cost of meters as CAPEX, the Authority in MYT determination of the Petitioner dated 02.06.2022 decided as under;
- "The Authority has been directing the Petitioner to capitalize the cost of meters instead of expensing out, however, despite Authority's repeated directions, the Petitioner has again recorded the cost of meters under the head of R&M. Therefore, while assessing the R&M costs of the Petitioner for the FY 2020-21, the Authority has excluded the cost of Meters from the actual cost of R&M of the Petitioner for the FY 2019-20."*
- 7.20. The Authority noted that the Petitioner has not complied with the direction of the Authority in terms of classification of cost of meters as part of CAPEX in its audited accounts for the FY 2021-22, despite the fact that MYT decision was issued on 02.06.2022. In view thereof, the Authority would consider the request of the Petitioner once the Petitioner complies with the direction of the Authority and ensure proper classification of cost of meters as part of CAPEX in its audited accounts for the FY 2022-23 and restating its Audited accounts for the previous years.
- 7.21. For the FY 2020-21, FY 2021-22 and FY 2022-23 (till Dec. 22), the Authority has accounted for the impact of positive FCA on life line consumers based on the information provided by the Petitioner.

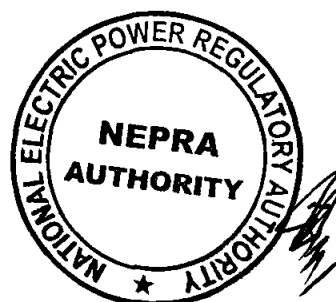


- 7.22. The Authority in line with its earlier decision in the matter of negative FCA, has calculated the impact of negative FCA pertaining to the FY 2020-21, FY 2021-22 and FY 2022-23 (till Dec. 22) in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers which has been retained by the Petitioner. The Authority has also worked out the impact of positive FCAs not recovered by the Petitioner from life line consumers during the same period. The workings have been carried out based on the information provided by the Petitioner. The Authority also considered the relevant clauses of the S.R.O. 189 (1)/2015 dated March 05,2015 issued by GoP and the amount of subsidy claims filed by the Petitioner for these periods.
- 7.23. After considering all the aforementioned factors, the Authority observed that the Petitioner has retained a net amount of Rs.2,380 million on account of negative FCA for these periods, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 Units) and Agriculture Consumers, which is still lying with the Petitioner. The Authority also considered the amount of subsidy claims filed by the Petitioner for these periods, which shows a net subsidy claim filed by the Petitioner.
- 7.24. The Authority in view of the above and in line with its earlier decisions, has decided not to adjust the impact of negative FCA across different consumer categories. Thus, the net negative FCA amount pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers for these periods i.e. Rs.2,380 million, which is still lying with the Petitioner, must be adjusted by the Federal Government, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden. The above working has been carried out based on the data/information provided by the Petitioner. This decision of the Authority is only applicable under a subsidy regime, whereby aforementioned classes of consumers are receiving subsidy directly in their base tariff.
- 7.25. Based on the above discussion, decisions of the Authority under various head of accounts in the earlier paras and in line with the scope of MYT, the PYA of the Petitioner for the FY 2023-24 has been worked out as under;



*Decision of the Authority in the matter of request filed by MEPCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

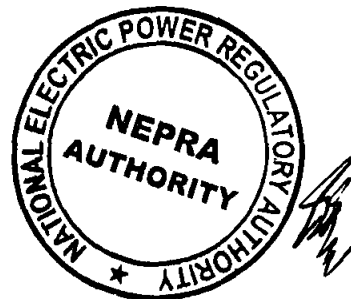
Description	MEPCO
July 2020 to December 2022	
Impact of Negative FCA- retained	- 2,933
Impact of Positive FCA- Lifeline	552
Net	- 2,380
July 2020 to December 2022	
Tariff Diff. Subsidy	190,058
Surcharge	- 30,654
Net - Jul.20 to Mar. 23	159,404
Excess Negative FCA -Adjusted as subsidy	- 2,380
Excess Negative FCA -Adjusted as PYA	-
1st & 2nd Qtr. FY 2018-19	
Life Line units	60
Qtr. Rate	1.6156
Impact	96.49
3rd & 4th Qtr. FY 2018-19	
Life Line units	52
Qtr. Rate	0.32
Impact	8.00
1st Qtr. FY 2019-20	
Life Line units	52.05
Qtr. Rate	0.08
Impact	4.34
Interim D.M FY 2018-19	
Life Line units	52.05
Qtr. Rate	0.28
Impact	7.00
2nd & 3rd Qtr. FY 2019-20 (Oct.20 to Sep.21)	
Allowed Amount	23,507
Qtr. Rs./kWh	1.3707
Recovered	23,220
Under/(Over) Recovery	287
4th Qtr. FY 2019-20	
Allowed Amount	15,147
Qtr. Rs./kWh	0.8830
Recovered	15,829
Under/(Over) Recovery	- 682
1st & 2nd Qtr. FY 2020-21 (Oct. 21-Sept.22)	
Allowed Amount	13,653
Qtr. Rs./kWh	0.82
Recovered	14,756
Under/(Over) Recovery	- 1,102
3rd Qtr. FY 2020-21 (Oct.21-Sept.22)	
Allowed Amount	- 2,153
Qtr. Rs./kWh	- 0.1298
Recovered	- 2,327
Under/(Over) Recovery	174
4th Qtr. FY 2020-21 (Feb. Apr. 22)	
Allowed Amount	- 2,872
Qtr. Rs./kWh	- 0.8089
Recovered	- 3,168
Under/(Over) Recovery	296
1st Qtr. FY 2021-22 (Jun. Aug. 22)	
Allowed Amount	3,762
Qtr. Rs./kWh	0.9084
Recovered	4,903
Under/(Over) Recovery	- 1,141
2nd Qtr. FY 2021-22 (Jul. Sep. 22)	
Allowed Amount	7,074
Qtr. Rs./kWh	1.7083
Recovered	9,279
Under/(Over) Recovery	- 2,204



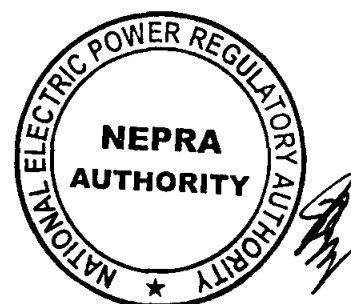
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*Decision of the Authority in the matter of request filed by MEPCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

Description	MEPCO
3rd Qtr. FY 2021-22 (Sep. Nov. 22)	
Allowed Amount	2,170
Qtr. Rs./kWh	0.5239
Recovered	2,179
Under/(Over) Recovery	- 9
4th Qtr. FY 2021-22 (Oct. 22 Jan. 23)	
Allowed Amount	19,491
Qtr. Rs./kWh	4.6464
Recovered	19,469
Under/(Over) Recovery	23
1st Qtr. FY 2022-23 (Feb. Mar. 23)	
Allowed Amount	10,604
Qtr. Rs./kWh	4.8001
Recovered	9,224
Under/(Over) Recovery	1,380
2nd Qtr. FY 2022-23 (Apr. Jun. 23)	
Allowed Amount	2,354
Qtr. Rs./kWh	0.40
Recovered	
Under/(Over) Recovery	
D.M FY 2021-22	
Allowed Amount	32,881
Rate. Rs./kWh	1.57
Recovered	28,972
Under/(Over) Recovery	3,909
PYA 2019-20	16654
Allowed Amount	1,248
Rate. Rs./kWh	0.07
Sales till Feb.11 2022	17,916
Recovered	1,343
Under/(Over) Recovery	- 95
MLR Allowed Cost	
RORB - FY 2020-21	898
RORB - FY 2021-22	1,116
RORB - FY 2022-23	1,268
Post-Retirement Benefit	
Other Exp.	
	3,282
Sales Mix Var.	
FY 2020-21	768
FY 2021-22	10,076
	10,844
Excess LPS to be adjusted - FY 2020-21	
LPS Recovered from Consumers	3,148
Supplemental charges billed by CPPA	7,108
Net	3,960
Excess LPS to be adjusted - FY 2021-22	
LPS Recovered from Consumers	3,104
Supplemental charges billed by CPPA	8,557
Net	5,453
Adjustment in PYA	-
Other Costs - FY 2020-21 to FY 2022-23	
Pay & Allowance FY 2023 Adjustment	518
Turn over/Min. Tax	-
Supplier NEPRA Fee- FY 2021-22	46
Supplier NEPRA Fee- FY 2022-23	61
Genco Pensioners FY 2022 & FY 2023	-
NTDC Pensioners	-
Total	625
Total	15,701



MYT True Ups		MEPCO
FY 2020-21		
Depreciation		
Allowed		5,435
Actual		5,465
Under/(Over) Recovery		-
RoRB (Investment + KIBOR)		
Allowed		4,868
Actual		4,869
Under/(Over) Recovery		1
Other Income		
Allowed	-	5,248
Actual	-	2,133
Under/(Over) Recovery		3,115
FY 2021-22		
Depreciation		
Allowed		5,799
Actual		5,736
Under/(Over) Recovery	-	63
RoRB (Investment + KIBOR)		
Allowed		5,658
Actual		5,990
Under/(Over) Recovery		332
Other Income		
Allowed	-	5,438
Actual	-	3,768
Under/(Over) Recovery		1,670
Total MYT True Ups		5,055
G. Total PYA FY 2021-22 & FY 2022-23		20,756



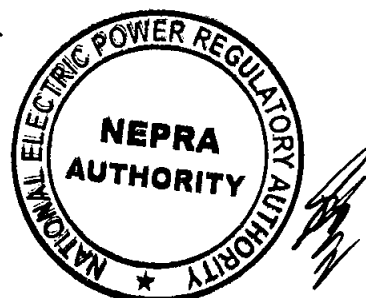
8. Whether the peak and off-peak rate design needs to be revised?
- 8.1. The Authority observed that all DISCOs including the Petitioner during the hearing of their MYT adjustment/indexation request, submitted to continue with the existing mechanism of peak / off-peak hours and prevailing rate design.
- 8.2. Some commentators submitted that tariff be designed in such a way so as to encourage consumption during low load periods. Mr. Arif Bilwani, a consumer of K-Electric submitted that for industrial consumers, peak tariff rates may be abolished to encourage consumption and generate economic activity.
- 8.3. The Authority keeping in view the submissions of DISCOs and points raised by the commentators, considers that the matter requires further deliberations. Further, the authority

20/11/23

also understands that the existing infrastructure of DISCOs also needs to be evaluated in terms of its capability to cater for multiple peak /off peak rates and times during a billing cycle.

- 8.4. In view thereof, the Authority has decided to continue with the existing mechanism of peak / off-peak hours and prevailing rate design. At the same time, the Petitioner is directed to evaluate the different proposals of tariff design so as to make it more efficient and cost reflective with the objective to maximize the utilization of available capacity.
9. Whether the existing Tariff Terms and Conditions needs to be modified (including the request of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" category tariff), and keeping in view the amendments in Consumer Service Manual or otherwise?
- 9.1. The Authority observed that certain amendments have been approved in the NEPRA CSM, regarding extension of load for B-3 from 5MW up-to 7.5MW, after following due process of law. The same amendments are also required to be incorporated in the Tariff determination of DISCOs. Accordingly, the following changes are being made in the Terms & Conditions of Tariff
- "Considering the fact that the Authority, through CSM has already allowed extension in load beyond 5MW upto 7.5MW, therefore, for such consumers the applicable tariff shall remain as B-3. However, while allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers."*
- 9.2. Regarding change in tariff category of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial, the Authority noted that a large number of stakeholders raised their concerns in the matter. The Authority considering such large representations of the stakeholders decided to initiate separate proceedings in this regard. Accordingly, a separate hearing in the matter was held on 06.06.2023. Therefore, any amendments/modification in the terms & conditions for cold storage would be made based on the final outcome of the separate proceedings being carried out by the Authority.
10. Whether the existing fixed charges applicable to different consumer categories need to be revised and require any changes in mechanism for charging of such charges based on Actual MDI or Sanction Load or otherwise?
11. Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?
- 11.1. Regarding revision in applicable fixed charges on different consumer categories and change in mechanism of application of fixed charges based on actual MDI or sanction load or otherwise, the Authority noted that large number of stakeholders raised their concerns in the matter. The Authority considering such large representations of the stakeholders decided to initiate separate proceedings in this regard. Accordingly, a separate hearing in the matter was held on 06.06.2023. Therefore, any amendments/modification in the terms & conditions for application of fixed charges would be made based on the final outcome of the separate proceedings being carried out by the Authority.

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12. Revenue Requirement

- 12.1. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the adjusted revenue requirement of the Petitioner, for the FY 2023-24 is as under;

Description	Unit	Allowed FY 2023-24	
		DOP	SOP
Units Received	[MkWh]	21,969	21,969
Units Sold	[MkWh]	19,370	19,370
Units Lost	[MkWh]	2,599	2,599
Units Lost	[%]	11.83%	11.83%
Energy Charge			148,909
Capacity Charge			334,552
Transmission Charge & Market			
Operation Fee			26,971
Power Purchase Price	[Mln. Rs.]	-	510,433
Wire Business Margin			41,669
Power Purchase Price with Wire Business	[Mln. Rs.]	-	552,102
Pay & Allowances		13,805	3,095
Post Retirement Benefits		8,256	1,850
Repair & Maintenance		1,801	-
Traveling allowance		1,167	264
Vehicle maintenance		601	-
Other expenses		868	1,777
O&M Cost	[Mln. Rs.]	26,497	6,986
Depreciation		6,208	-
RORB		13,808	-
O.Income		(4,844)	(2,264)
Margin	[Mln. Rs.]	41,669	4,722
Prior Year Adjustment			20,756
Revenue Requirement	[Mln. Rs.]	41,669	577,580
PPP with Wire Business Cost-Unadj.		-	25.13
PPP with Wire Business Cost-adj.		-	28.50
Distribution/Supply Margin		2.15	0.24
Distribution/Supply PYA		-	1.07
Average Tariff	[Rs./kWh]	2.15	29.82

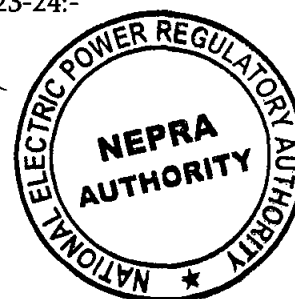
- 12.2. The above determined revenue shall be recovered from the consumers through the projected sales of 19,370 GWhs, as per Annex – II.

- 12.3. The above assessment has been carried out based on the data/information provided by the Petitioner, which the Authority believes is correct and based on facts. In case of any deviation / misrepresentation observed at a later stage, the Petitioner shall be held responsible for the consequences arising out, under NEPRA Act, Rules and Regulations made thereunder. Any consequential adjustment, if required will be made accordingly.

13. ORDER

- 13.1. From what has been discussed above, the Authority hereby approves the following adjustments in the MYT of the Petitioner Company for the Financial Year 2023-24:-

2. Rate - 7



- I. Multan Electric Power Company Limited (MEPCO), being a supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariff for MEPCO annexed to the decision.
- II. In addition to compensation of losses as discussed above, MEPCO, being a distribution licensee, is allowed to charge the users of its system a "Use of system charge" (UOSC) as under:

Description	For 132 kV only	For 11 kV only	For both 132kV & 11 kV
Asset Allocation	26.40%	43.70%	70.10%
Level of Losses	1.30%	7.89%	9.08%
UoSC Rs./kWh	0.60	1.11	1.77

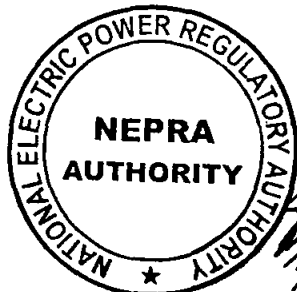
- III. The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.
- IV. To file future monthly & quarterly adjustments on account of Power Purchase Price (PPP) based on the Annex-IV attached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

14. **Summary of Direction**

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

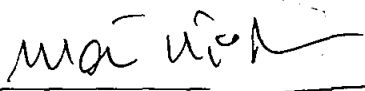
- To provide detail of its actual tax assessments and the amount paid to FBR along-with the amount allowed by the Authority on account of tax payments since FY 2014-15 with its subsequent adjustment request.
- To provide the reconciled date of sales mix with its reported revenue as per audited financial statement of the respective year.
- To provide proper details of GENCO employees allocated to it by providing proper employee wise details, their pay scales, terms of adoption, approvals of competent authority for such adoption and placement details along-with their financial impact.
- To provide year wise detail of amounts deposited in the Fund, amount withdrawn along-with profit/interest earned thereon since creation of Fund.
- To provide the IDC amount for FY 2020-21 onward with subsequent adjustment request and reflect the same in its Audited Financial Statements as well.


15. Decision of the Authority, is hereby intimated to the Federal Government for filling of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.




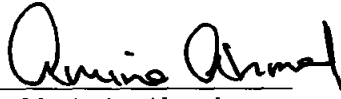
16. The instant decision of the Authority and the Order part along with revised Annex-I, I-A, II, III, IV and V, be also notified in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application decision of the Authority.

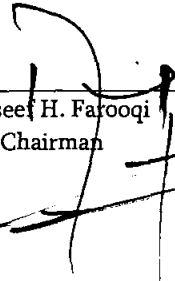
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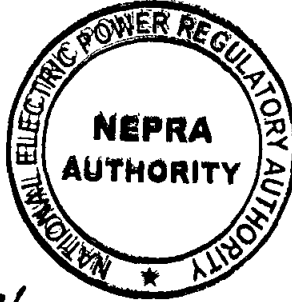

Mathar Niaz Rana (asc)
Member



Rafique Ahmed Shaikh
Member


Engr. Maqsood Anwar Khan
Member


Ms. Amina Ahmed
Member


Tauseef H. Farooqi
Chairman




14/07/23

FUEL PRICE ADJUSTMENT MECHANISM

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

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

Where:

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

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

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

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



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QUARTERLY ADJUSTMENT MECHANISM

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

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

Where;

PPP_(Actual) is the actual cost, excluding Fuel cost, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

PPP_(Recovered) is the amount recovered based on reference rate in Rs./kWh, excluding fuel cost, as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

Impact of T&D losses on FCA

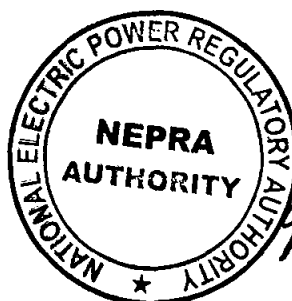
$$= \frac{\text{Monthly FCA allowed}_{(Rs./kWh)} \times \text{Actual units Purchase} \times \% \text{ T\&D losses}}{\text{Where;}}$$

Where;

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

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

The sum of amounts so worked for each month of the Quarter shall be divided by the Projected units to be sold as determined by the Authority to work out Rs./kWh Quarterly adjustment.

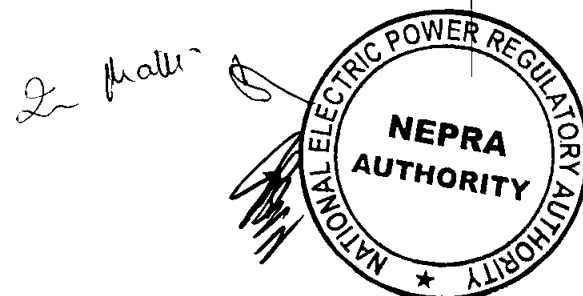


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Multan Electric Power Company (MEPCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales	Base Revenue			Base Tariff		PYA 2022		Total Tariff	
	GWh	Fixed Charge	Variable Charge	Total	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge
			Min. Rs.		Rs./kW/ M	Rs./ kWh	Min. Rs.	Rs./ kWh	Rs./kW/ M	Rs./ kWh
Residential										
For peak load requirement less than 5 kW										
Protected	Up to 50 Units - Life Line	73	-	513	513	7.00	-	-	-	7.00
	51-100 units - Life Line	90	-	1,056	1,056	11.74	-	-	-	11.74
	01-100 Units	3146	-	43,223	43,223	13.74	3,429	1.09	-	14.83
	101-200 Units	626	-	10,049	10,049	16.06	682	1.09	-	17.15
Un-Protected	01-100 Units	670	-	15,259	15,259	22.78	730	1.09	-	23.87
	101-200 Units	1748	-	49,388	49,388	28.25	1,906	1.09	-	29.34
	201-300 Units	2216	-	69,666	69,666	31.44	2,415	1.09	-	32.53
	301-400 Units	816	-	28,427	28,427	34.83	890	1.09	-	35.92
	401-500 Units	372	-	13,768	13,768	37.04	405	1.09	-	38.13
	501-600 Units	194	-	7,462	7,462	38.46	211	1.09	-	39.55
	601-700 Units	131	-	5,198	5,198	39.60	143	1.09	-	40.69
	Above 700 Units	211	-	9,401	9,401	44.51	230	1.09	-	45.60
For peak load requirement exceeding 5 kW										
	Time of Use (TOU) - Peak	33	-	1,425	1,425	43.69	31	0.96	-	44.65
	Time of Use (TOU) - Off-Peak	137	-	5,103	5,103	37.37	130	0.95	-	38.32
	Temporary Supply	1	-	24	24	43.82	1	0.96	-	44.78
Total Residential		10,463	-	269,961	269,961		11,203			
Commercial - A2										
For peak load requirement less than 5 kW										
	For peak load requirement exceeding 5 kW	554	-	21,762	21,762	39.30	532	0.96	-	40.26
	Regular	0	1	9	9	500	0	0.96	500	41.94
	Time of Use (TOU) - Peak	117	-	5,003	5,003	42.90	112	0.96	-	43.86
	Time of Use (TOU) - Off-Peak	550	1,797	20,316	22,113	36.93	534	0.97	500	37.90
	Temporary Supply	18	-	710	710	39.69	17	0.96	-	40.65
	Electric Vehicle Charging Station	0	-	8	8	40.98	0	1.09	-	42.07
Total Commercial		1,239	1,798	47,807	49,605		1,195			
General Services-A3										
		386	-	15,366	15,366	38.95	430	1.09		40.04
Industrial										
	B1	28	-	1,004	1,004	35.86	31	1.09	-	36.95
	B1 Peak	43	-	1,681	1,681	39.42	46	1.09	-	40.51
	B1 Off Peak	301	-	10,206	10,206	33.86	329	1.09	-	34.95
	B2	0	0	0	0	500	0	1.09	500	36.45
	B2 - TOU (Peak)	147	-	5,775	5,775	39.36	160	1.09	-	40.45
	B2 - TOU (Off-peak)	909	3,360	30,602	33,963	33.65	991	1.09	500	34.74
	B3 - TOU (Peak)	209	-	8,243	8,243	39.36	228	1.09	-	40.45
	B3 - TOU (Off-peak)	1201	2,137	40,309	42,447	33.56	1,309	1.09	460	34.65
	B4 - TOU (Peak)	103	-	4,072	4,072	39.36	113	1.09	-	40.45
	B4 - TOU (Off-peak)	539	474	18,020	18,494	33.46	587	1.09	440	34.55
	Temporary Supply	2	-	58	58	36.94	2	1.09	-	38.03
Total Industrial		3,482	5,972	119,971	125,943		3,796			
Single Point Supply										
	C1(a) Supply at 400 Volts-less than 5 kW	0	-	2	2	39.98	0	1.09	-	41.07
	C1(b) Supply at 400 Volts-exceeding 5 kW	1	2	59	61	500	2	1.09	500	40.57
	Time of Use (TOU) - Peak	7	-	302	302	42.90	8	1.09	-	43.99
	Time of Use (TOU) - Off-Peak	37	71	1,343	1,414	36.30	40	1.09	500	37.39
	C2 Supply at 11 kV	1	1	33	34	460	1	1.09	500	40.37
	Time of Use (TOU) - Peak	37	-	1,603	1,603	42.90	41	1.09	-	43.99
	Time of Use (TOU) - Off-Peak	172	263	6,204	6,467	36.10	187	1.09	460	37.19
	C3 Supply above 11 kV	0	-	-	-	440	-	1.09	440	40.27
	Time of Use (TOU) - Peak	8	-	324	324	42.90	8	1.09	-	43.99
	Time of Use (TOU) - Off-Peak	37	51	1,350	1,401	36.00	41	1.09	440	37.09
Total Single Point Supply		301	387	11,220	11,607		328			
Agricultural Tube-wells - Tariff D										
	Scarp	0	-	1	1	35.98	0	1.09	-	37.07
	Time of Use (TOU) - Peak	1	-	41	41	38.90	1	1.09	-	39.99
	Time of Use (TOU) - Off-Peak	11	7	337	344	200	12	1.09	200	32.74
	Agricultural Tube-wells	0	3	13	15	200	1	1.09	200	26.74
	Time of Use (TOU) - Peak	523	-	13,414	13,414	25.65	570	1.09	-	26.74
	Time of Use (TOU) - Off-Peak	2919	4,234	74,873	79,107	200	3,182	1.09	200	26.74
Total Agricultural		3,454	4,243	88,679	92,922		3,765			
	Public Lighting - Tariff G	29	-	1,132	1,132	38.98	32	1.09	-	40.07
	Residential Colonies	7	-	280	280	38.98	8	1.09	-	40.07
	Railway Traction	0	-	8	8	38.98	0	1.09	-	40.07
Grand Total		19,370	12,400	544,424	556,823		20,756			

Note: The PYA 2022 column shall cease to exist after 1 year of notification of the instant decision.



**SCHEDULE OF ELECTRICITY TARIFFS
FOR MULTAN ELECTRIC POWER COMPANY (MEPCO)**

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
	a) For Sanctioned load less than 5 kW	-	7.00		-		7.00	
i	Up to 50 Units - Life Line	-	11.74		-		11.74	
ii	51 - 100 Units - Life Line	-	13.74		1.09		14.83	
iii	001 - 100 Units	-	16.06		1.09		17.15	
iv	101 - 200 Units	-	22.78		1.09		23.87	
v	001 - 100 Units	-	28.25		1.09		29.34	
vi	101 - 200 Units	-	31.44		1.09		32.53	
iv	201 - 300 Units	-	34.83		1.09		35.92	
viii	301 - 400 Units	-	37.04		1.09		38.13	
ix	401 - 500 Units	-	38.46		1.09		39.55	
x	501 - 600 Units	-	39.60		1.09		40.69	
xi	601 - 700 Units	-	44.51		1.09		45.60	
vi	Above 700 Units	-						
	b) For Sanctioned load 5 kW & above	-						
	Time Of Use	-	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
			43.69	37.37	0.96	0.95	44.65	38.32

As per Authority's decision only protected residential consumers will be given the benefit of one previous slab.

As per Authority's decision, residential life line consumer will not be given any slab benefit.

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

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 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
a)	For Sanctioned load less than 5 kW	-	39.30		0.96		40.26	
b)	For Sanctioned load 5 kW & above	500.00	40.98		0.96		41.94	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
c)	Time Of Use	500.00	42.90	36.93	0.96	0.97	43.86	37.90
d)	Electric Vehicle Charging Station	-	40.98		1.09		42.07	

Under tariff A-2 (a), 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

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
a)	General Services	-	38.95		1.09		40.04	

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. 175/- per consumer per month

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
B1	Upto 25 kW (at 400/230 Volts)	-	35.86		1.09		36.95	
B2(a)	exceeding 25-500 kW (at 400 Volts)	500.00	35.36		1.09		36.45	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW	-	39.42	33.86	1.09	1.09	40.51	34.95
B2(b)	exceeding 25-500 kW (at 400 Volts)	500.00	39.36	33.65	1.09	1.09	40.45	34.74
B3	For All Loads up to 5000 kW (at 11,33 kV)	460.00	39.36	33.65	1.09	1.09	40.45	34.65
B4	For All Loads (at 66,132 kV & above)	440.00	39.36	33.46	1.09	1.09	40.45	34.55

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

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

C - SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
C -1	For supply at 400/230 Volts	-	39.98		1.09		41.07	
a)	Sanctioned load less than 5 kW	-	39.48		1.09		40.57	
b)	Sanctioned load 5 kW & up to 500 kW	500.00	39.28		1.09		40.37	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	460.00	39.18		1.09		40.27	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00						
	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	500.00	42.90	36.30	1.09	1.09	43.99	37.39
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	460.00	42.90	36.10	1.09	1.09	43.99	37.19
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	42.90	36.00	1.09	1.09	43.99	37.09

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

**SCHEDULE OF ELECTRICITY TARIFFS
FOR MULTAN ELECTRIC POWER COMPANY (MEPCO)
D - AGRICULTURE TARIFF**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
D-1(a)	SCARP less than 5 kW	-	35.98		1.09		37.07
D-2 (a)	Agricultural Tube Wells	200.00	25.65		1.09		26.74
			Peak	Off-Peak	Peak	Off-Peak	Peak
D-1(b)	SCARP 5 kW & above	200.00	38.90	31.65	1.09	1.09	39.99
D-2 (b)	Agricultural 5 kW & above	200.00	25.65	25.65	1.09	1.09	26.74

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

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

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
E-1(i)	Residential Supply	-	43.82		0.96		44.78
E-1(ii)	Commercial Supply	-	39.69		0.96		40.65
E-2	Industrial Supply	-	36.94		1.09		38.03

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 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
	Street Lighting	-	38.98		1.09		40.07

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

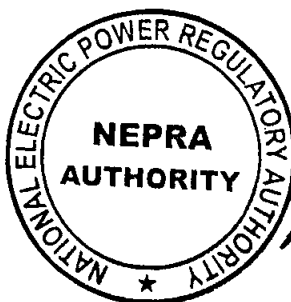
H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
	Residential Colonies attached to industrial premises	-	38.98		1.09		40.07

H - RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
	Railway Traction	-	38.98		1.09		40.07

Note: The FYA 2022 column shall cease to exist after One (01) year of notification of the instant decision.



MEPCO

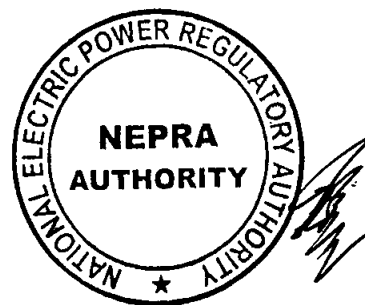
Annex - IV

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	2,797	2,849	2,616	1,683	1,220	1,103	1,097	1,003	1,163	1,628	2,261	2,549	21,969

	Rs./kWh												
Fuel Cost Component	6.8935	6.6457	7.0711	7.8938	4.7831	5.4031	7.4894	4.4337	6.4417	5.4918	5.7090	7.1403	6.4635
Variable O&M	0.3123	0.3073	0.3166	0.3949	0.3237	0.2866	0.3193	0.2330	0.3145	0.3178	0.3037	0.3169	0.3148
Capacity	11.8307	10.9628	11.6304	14.4402	21.0533	24.2916	21.9433	21.9433	22.3408	17.2806	13.4817	12.6906	15.2286
UoSC	0.9484	0.8788	0.9323	1.1944	1.7413	2.0092	1.9119	1.9119	1.9466	1.2817	0.9999	0.9413	1.2277
Total PPP in Rs./kWh	19.9849	18.7946	19.9505	23.9232	27.9015	31.9905	31.6640	28.5220	31.0436	24.3719	20.4944	21.0891	23.2346

	Rs. in million												
Fuel Cost Component	19,283	18,930	18,496	13,285	5,837	5,962	8,215	4,445	7,490	8,939	12,909	18,203	141,994
Variable O&M	874	875	828	665	395	316	350	234	366	517	687	808	6,915
Capacity	33,093	31,228	30,422	24,302	25,692	26,804	24,069	22,001	25,977	28,128	30,484	32,352	334,552
UoSC	2,653	2,503	2,439	2,010	2,125	2,217	2,097	1,917	2,263	2,086	2,261	2,400	26,971
Total PPP in Rs.Mln	55,902	53,537	52,185	40,262	34,049	35,299	34,731	28,597	36,097	39,670	46,341	53,763	510,433

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



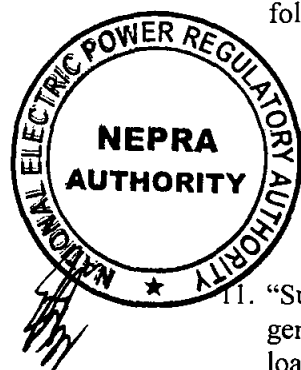
**TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY LICENSEES)**

PART-I

GENERAL DEFINITIONS

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

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 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 50% of the sanction load or Actual maximum demand recorded in a month, whichever is higher, except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
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-

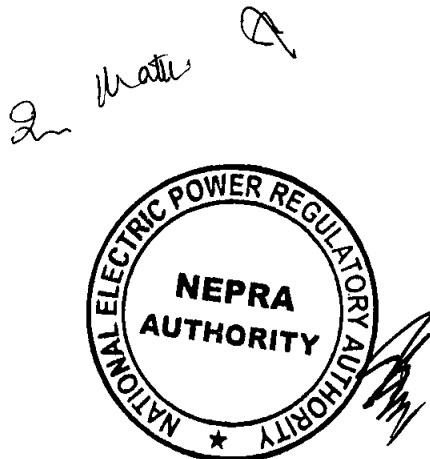
* To be duly adjusted in case of day light time saving

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 5 kW and above supply shall be given at three-phase.
12. "Consumer" as defined in NEPRA Act.
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).

14. NTDC means the National Transmission and Despatch Company.
15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act.

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment 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.

The lifeline consumers to include residential Non-Time of Use (Non-ToU) consumers having maximum of last twelve months and current month's consumption ≤ 100 units; two rates for ≤ 50 and ≤ 100 units will continue.

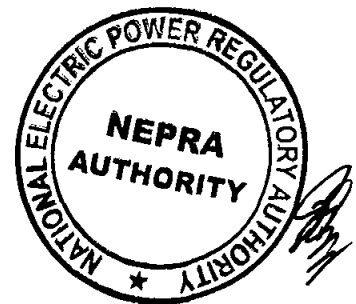
"Protected consumers" mean Non-ToU residential consumers consuming ≤ 200 kWh per month consistently for the past 6 months.

Residential Non-ToU consumers not falling under the protected category would be categorized under "Un-protected consumer category".

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

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
 - i) Shops/Flower Nurseries/Cold Storage
 - ii) Hotels, Hostels and Restaurants,
 - iii) Petrol Pumps and Service Stations,
 - iv) Compressed Natural Gas filling stations,
 - v) Private Hospitals/Clinics/Dispensaries,
 - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
 - vii) Guest Houses/Rest Houses,
 - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
 - ix) Electric Vehicle Charging Stations (EVCS)
2. Electric Vehicle Charging Stations shall be billed under A-2(d) tariff i.e. Rs./kWh for peak and off-peak hours. For the time being, the tariff design is with zero fixed charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges.



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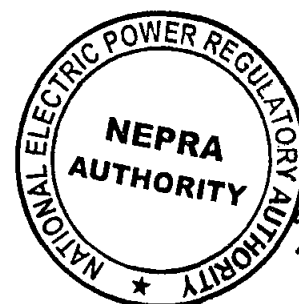
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3. The Electric Vehicle Charging Station shall provide "charging service" to Electric Vehicle shall provide charging service to Electric Vehicles as per the applicable tariff for EVCS plus Rs.24.44/kWh as margin for EVCS. The EVCS shall be billed by DISCOS under A-2(d) tariff. However, monthly FCAs either positive or negative shall not be applicable on EVCS.
4. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
5. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
6. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff A-2(c).

A-3 GENERAL SERVICES

1. This tariff is applicable to;
 - i. Approved religious and charitable institutions
 - ii. Government and Semi-Government offices and Institutions
 - iii. Government Hospitals and dispensaries
 - iv. Educational institutions
 - v. Water Supply schemes including water pumps and tube wells other than those meant for the irrigation or reclamation of Agriculture land.

Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.



B INDUSTRIAL SUPPLY

Definitions

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

Conditions

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

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

1. This tariff is applicable for supply to Industries having sanctioned load upto 25 kW.
2. Consumers having sanctioned load upto 25 kW shall be billed on single-part kWh rate.
3. Consumers under tariff B-1 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate. However, B-1 consumers having sanctioned load of less than 5 kW may opt for ToU meter
4. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff B1(b).

B-2 SUPPLY AT 400 VOLTS

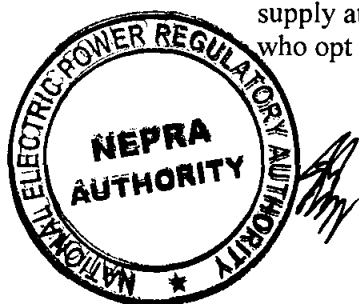
1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers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

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5 MW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. The consumers may be allowed extension of load above 5MW to 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load above 5MW to 7.5 MW. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.
3. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
4. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with Consumer Service Manual (CSM).
5. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

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 5MW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5MW or below who opt to receive supply at 66 kV or 132 kV and above.



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

C BULK SUPPLY

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

General Conditions

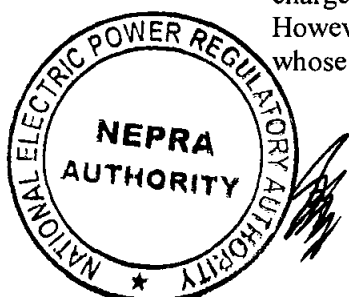
If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate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

C-I SUPPLY AT 400/230 VOLTS

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

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of more than 500 kW up to and including 5 MW.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. However, only such consumers be allowed extension of load beyond 5MW upto 7.5MW whose connection is at least three (3) years old. While allowing extension in load, the



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DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.

3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with CSM.
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
5. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b).

C-3 SUPPLY AT 66 kV AND ABOVE

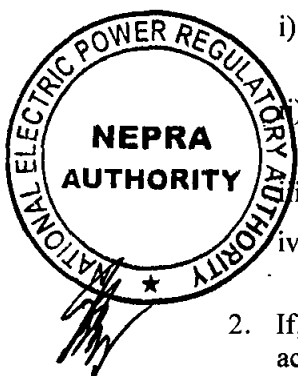
1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

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

D-2

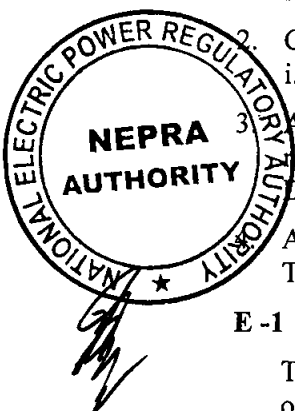
1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load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

E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, exhibitions, political gathering, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction of house/buildings/plazas of single phase loads. A temporary electric power supply connection for the construction shall be provided by Distribution company initially for a period of six months which is further extendable on three month basis up to completion of the specific job/project for which the temporary connection was obtained. However, there is no minimum time period for provision of temporary connection. The temporary connection for illumination, lighting, weddings, festivals, functions, exhibitions, political gatherings or national and religious ceremonies, civil or military functions etc., testing of industrial equipment or any other emergent requirement of temporary nature, can be provided for specific time period not exceeding two weeks. The sanctioning officer shall ensure that the temporary connection will be utilized for temporary purpose only.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.



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

E-2 TEMPORARY INDUSTRIAL SUPPLY

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

SPECIAL CONDITIONS OF SUPPLY

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

F SEASONAL INDUSTRIAL SUPPLY

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

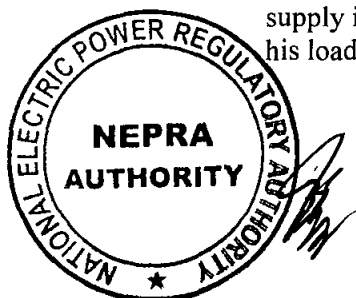
Definitions

“Year” means any period comprising twelve consecutive months.

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

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company’s Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
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. The supply under this tariff shall also be applicable for lamps used in public playgrounds and public parks.

Definitions

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

Special Conditions of Supply

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

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

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

Definitions

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

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

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

Special Conditions of Supply

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

TARCTION

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

