



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No.NEPRA/R/DG(Trf)/TRF-570&TRF-571/QESCO-2021/ 18193-99 July 14, 2023

Subject: **DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED QUETTA ELECTRIC SUPPLY COMPANY LTD. (QESCO) FOR ADJUSTMENT/INDEXATION OF TARIFF FOR THE FY 2023-24 UNDER THE MULT YEAR TARIFF [CASE # NEPRA/TRF-570 & TRF-571 /QESCO-2021]**

Dear Sir,

Please find enclosed herewith subject Decision of the Authority (40 Pages) in the matter of request filed Quetta Electric Supply Company Ltd. (QESCO) for adjustment/indexation of tariff for the FY 2023-24 under the Mult Year Tariff in Case No. NEPRA/TRF-570 & TRF-571 /QESCO-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

 14/07/23
(Engr. Mazhar Iqbal Ranjha)

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

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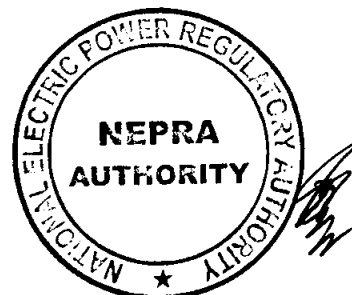
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Secretary, Irrigation & Power Department, Government of Balochistan, Balochistan Sect. No. 7, Quetta
4. Chief Executive Officer, NTDC, 414 WAPDA House, Shaharah-e-Quaid-e-Azam, 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, Quetta Electric Supply Company (QESCO), Zarghoon Road, Quetta

**DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY QUETTA ELECTRIC
SUPPLY COMPANY (QESCO) FOR ADJUSTMENT / INDEXATION OF TARIFF FOR THE
FY 2023-24 UNDER THE MULTI YEAR TARIFF**

1. Background

- 1.1. The Authority determined tariff of Quetta Electric Supply Company Limited (QESCO) (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, 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. QESCO, also in the mean time being aggrieved from its determinations dated 02.06.2022, filed Motion for Leave for Review (MLR), which was accordingly decided by the Authority dated January 16, 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. Thus, 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;

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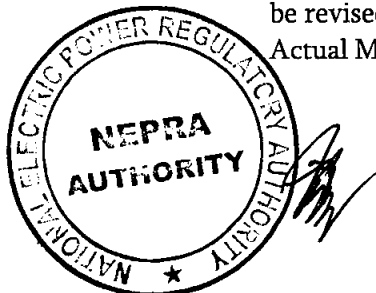


*Decision of the Authority in the matter of request filed by QESCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

Description	Unit	Distribution Business	Power Supply Business	Total Revenue Requirement
Power Purchase Price	Rs. Mln	-	169,194	169,194
Margin				
Salaries, Wages & Other Benefits	Rs. Mln	5,694	1,606	7,300
Provision for Retirement Benefits	Rs. Mln	1,420	400	1,820
O&M Costs	Rs. Mln	2,313	282	2,595
Depreciation	Rs. Mln	1,712	129	1,841
Return on Rate Base	Rs. Mln	7,038	782	7,820
Gross Distribution Margin	Rs. Mln	18,177	3,199	21,376
Less: Other Income	Rs. Mln	-1,144	-73	-1,217
Net Distribution Margin	Rs. Mln	17,033	3,126	20,159
Prior Year Adjustment	Rs. Mln		15,639	15,639
Revenue Requirement	Rs. Mln	17,033	187,959	204,992
Units Sold	GWh	5,225	5225	5,225
Requested Tariff	Rs./kWh	3.26	35.97	39.23

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 May 11, 2023, for which advertisement was published in newspapers on April 27, 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;
- Whether the requested adjustments/indexation in tariff are in line with the MYT tariff determination and are justified?
 - QESCO 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?
 - Whether QESCO has deposited the required amount in the Post Retirement Benefit fund in line with the amount allowed by the Authority?
 - Whether the requested PYA, is justified?
 - 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?
 - 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?

vii. Whether the peak and off-peak rate design needs to be revised?

viii. Any other issue that may come up during or after the hearing?

3. Filing of objections/ comments:

4. 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.

5. 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;

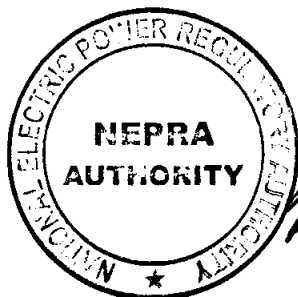
6. QESCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?

6.1. 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.

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

7.1. 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).

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



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

Description	Determined FY 2022-23	Indexation / Adjustment Basis	Indexed / Adjusted
Pay & Allowances	6,202	Govt. Statutory Increases & 5% Annual Increment	7,300
Post-Retirement Benefits	1,594	Benefits paid	1,819
O&M Costs	2,084	CPI of December 2022	2,595
Depreciation	1,645	Allowed Investment for FY 2023- 24	1,841
RORB	3,885	Allowed Investment for FY 2023- 24	7,820
Other Income	-1,337	As per Mechanism	-1,217
Total	14,073		20,158

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

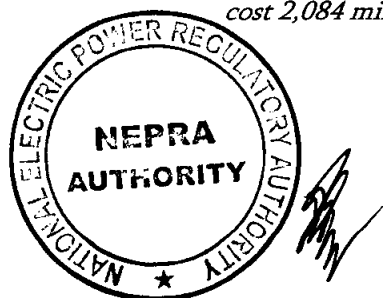
- 15% Ad-hoc Relief for both FY 2022-23 & 2023-24
- Scales Revision Impact
- Impact of Point-to-Point Fixation of Pay after revised scales
- 15% Disparity Reduction Allowance Impact
- 5% Annual Increment for December 2023 as per direction
- Inflationary Impact on Other Items

7.4. Regarding Post-retirement benefits, it has been submitted that adjustment / Indexation mechanism for Post-Retirement Benefits has been prescribed in the MYT Determination which states that it would be adjusted every year with the Pension increase announced by the GoP for the respective year, till the time the Petitioner remains in the public sector. Accordingly Post-retirement benefits figure of Rs.1,819 million has been worked out by the Petitioner for the FY 2023-24.

7.5. Regarding Other OPEX it has submitted that Indexation / Adjustment of O & M Costs has been provided in the MYT Determination of Supply of Power which states that reference costs would be adjusted every Year with CPI-X factor. However, the X factor would be applicable from the 3rd year of the MYT control period.

7.6. The Petitioner further stated that the Authority decided in the MYT determination to keep the efficiency factor (X), as 30% of increase in CPI for the relevant year of the MYT control period and to implement the efficiency factor from the 3rd year of the control period, to provide the Petitioner with an opportunity to improve its operational performance, before sharing such gains with the consumers. The MYT was notified w.e.f. 25.07.2022, therefore, considering the above decision of the Authority, it is requested to keep the efficiency factor at zero in instant adjustment / indexation request in line with the decisions of the Authority regarding DISCOs already in MYT regime.

7.7. Regarding use of NCPI, the Petitioner submitted that for the purpose of filing future indexation / adjustment requests, NCPI for the month of December is required to be used for the respective year. In line with the aforesaid, the O & M Cost has been indexed to Rs.2,595 million (*reference cost 2,084 million multiplied by 1.2450*) by taking NCPI for December 2022 i.e. 24.50%.



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7.8. The Petitioner regarding depreciation expense for the FY 2023-24, submitted as under;

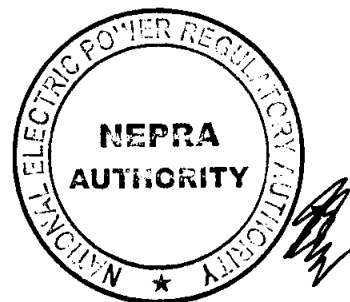
- The adjustment mechanism for Depreciation has been provided in the MYT Determination, which states that reference Depreciation charges would be adjusted every Year as per the following formula.

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

- By considering the allowed investment for FY 2023-24 of Rs.12,885 million, the amount of Gross Fixed Assets in Operations works out to be Rs.83,925 million. Accordingly, as per Authority's above-mentioned mechanism, the depreciation is indexed to Rs.1,841 million for the FY 2023-24.

7.9. On the issue of RoRB, the Petitioner mentioned that as per mechanism prescribed by the Authority in the MYT determination and in line with the discussions made in PYA under the head of RORB regarding KIBOR adjustment, Rs.7,820 million has been calculated at the allowed level of investment for the FY 2023-24 as follows;

Description	2020	2021	2022	2023	2024
Fixed Assets	43,858	44,924	65,462	69,297	74,995
Addition	1,066	20,538	3,836	5,698	8,930
Fixed Assets C/B	44,924	65,462	69,297	74,995	83,925
Depreciation	14,989	16,618	18,232	20,834	23,746
Net Fixed Assets	29,935	48,844	51,066	54,161	60,179
Capital WIP C/B	8,240	3,381	5,061	6,691	7,877
Fixed Assets	38,175	52,225	56,127	60,851	68,056
Deferred Credit	11,979	13,183	15,182	17,655	22,794
Total	26,196	39,042	40,945	43,196	45,261
RAB		32,619	39,994	42,071	44,229
Rate		10.66	10.96	16.47	17.68
RORB		3,477	4,383	6,929	7,820
RORB for 6 months		1,739	2,192	3,465	3,910
Rate		10.85	13.11	17.68	17.68
RORB		3,539	5,243	7,438	7,820
RORB for 6 months		1,770	2,622	3,719	3,910
Total RORB		3,508	4,813	7,184	7,820



7.10. On the issue of Other income, the Petitioner mentioned that as per the mechanism for true up of Other Income, provided in its MYT Determination, and by considering the above, the Other Income for FY 2023-24 has been worked out to Rs.1,217 million based on the mechanism prescribed by the Authority, as under;

$$\text{OI(Rev)} = \text{OI}_{(1)} + \{\text{OI}_{(1)} - \text{OI}_{(0)}\}$$

$\text{OI}_{(1)}$ = Actual Other Income for the FY 2021-22 is 1,277 Million

$\text{OI}_{(0)}$ = Assessed Other Income for the FY 2022-23 is 1,337 Million

$$\text{OI(Rev)} = 1,277 + (1,277 - 1,337)$$

$$\text{OI(Rev)} = 1,217$$

7.11. The Authority noted that QESCO 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

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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.

- 7.12. 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

- 7.13. 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

- 7.14. 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 3^d year of the control period..."

RORB

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

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

Where:

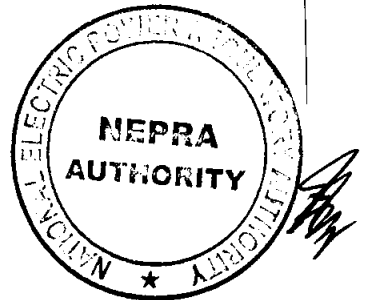
RORB_(Rev) = Revised Return on Rate Base for the Current Year

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 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



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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

- 7.16. 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

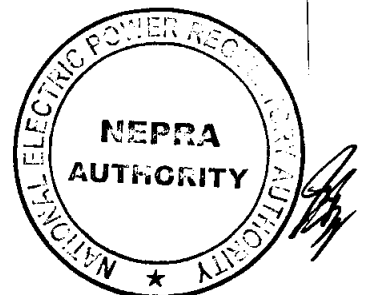
- 7.17. Other income will be assessed in accordance with the following formula/mechanism:

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

Where:

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

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"...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..."

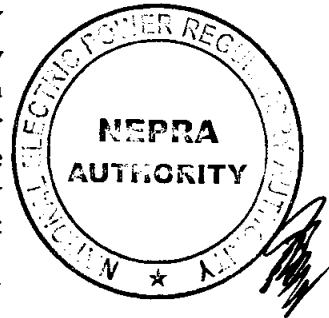
Post-Retirement Benefits

"... the allowed amount of post-retirement benefits would be adjusted every year with the Pension increase announced by the GoP for the respective year, till the time the Petitioner remains in the public sector. In case, the Petitioner is privatized during the MYT period, the allowed cost would be adjusted with CPI-X factor."

- 7.18. **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 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.



- 7.19. 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 allowed various increases in salaries, wages & other Benefits for the FY 2022-23, vide notification dated 01.07.2022.
- 7.20. 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.6,636 million against the allowed amount of Rs.6,202 million. Accordingly, while assessing salaries, wages & other benefits for the FY 2023-24, the revised cost of Rs.6,636 million for the FY 2022-23, as provided

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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.434 million.

- 7.21. Here it is also pertinent that ECC vide decision dated 21.09.2021 allocated GENCO employees to different DISCOs as under;

"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."

- 7.22. Although, QESCO has not separately claimed any cost on this account, however, since the Petitioner has submitted its revised detail of salaries, wages & other benefits for the FY 2022-23, therefore, it is presumed that cost of GENCO employees transferred to QESCO, if any, has also been included by the Petitioner in its revised cost of salaries, wages & other benefits for the FY 2022-23. Since the revised salaries, wages & other benefits cost as provided by the Petitioner, for the FY 2022-23, includes impact of all working employees, including MIRAD employees hired till date & QESCO employees allocated to the Petitioner if any, and has 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.

- 7.23. 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.

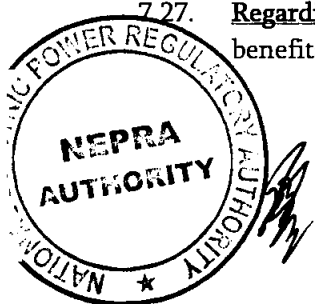
- 7.24. Based on the above discussion & by taking into account the revised numbers for the FY 2022-23, the following increases as announced by the Federal Government in Budget 2024, have been incorporated to project Salaries, Wages & Other Benefits for the FY 2023-24;

- 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

- 7.25. 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.7,914 million for both the distribution and supply of power functions. In case any subsequent revision is announced by the Federal Government in the Pay & Allowances for the FY 2023-24, the same would be considered in the next adjustment/ indexation request.

- 7.26. 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.

- 7.27. Regarding Post-retirement Benefits, the Authority allowed actual payment of postretirement benefits in the MYT determination of the Petitioner and decided that the allowed amount of



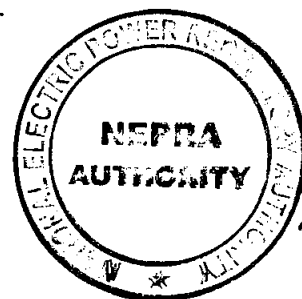
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post-retirement benefits would also be adjusted every year with the Pension increase announced by the GoP for the respective year, till the time the Petitioner remains in the public sector.

- 7.28. In view of the above decision and as per the mechanism provided in the MYT determination of the Petitioner, after taking into account the increases announced by the Federal Government in Budget FY 2024, the post-retirement benefits of the Petitioner for the FY 2023-24 have been assessed as Rs.1,872 million. The same is being allowed to the Petitioner for the FY 2023-24, for both the distribution and supply of power functions. 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.
- 7.29. 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.2,430 million based reference cost of Rs.2,084 million.
- 7.30. 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.14.26 million & 18.16 million respectively.
- 7.31. 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.2,462 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 7.32. 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.
- 7.33. 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.
- 7.34. The revised Gross Fixed Assets in Operation of the Petitioner for the FY 2023-24 works out as Rs.81,766 million, after including therein the impact of allowed investment for the FY 2023-24 i.e. Rs.12,885 million. Accordingly, as per the allowed mechanism the total depreciation expense of the Petitioner for the FY 2023-24 works out as Rs.2,631 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

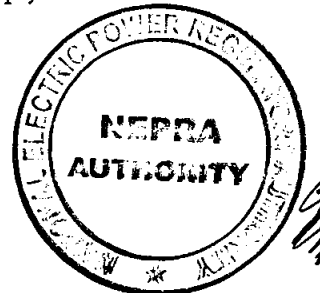
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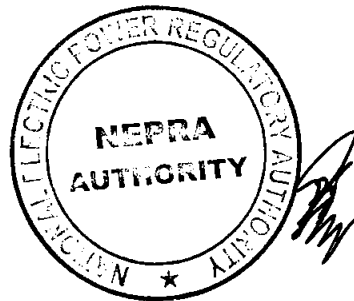
- 7.35. In order to bifurcate the allowed cost of depreciation expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used.
- 7.36. In addition the mechanism given in the MYT, also provides that the allowed Depreciation for previous 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 adjusted as per the mechanism provided in the MYT.
- 7.37. 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.
- 7.38. 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. It is important to mention here that the Authority while deciding the MLRs of GEPCO, MEPCO, SEPCO and PESCO, against their MYT determinations, allowed WACC by including 100% balance of CWIP in the RAB instead of allowing ROE component only to the extent of 30% of CWIP balance. In line with the aforementioned principle decision of the Authority, while working out the RoRB of the Petitioner, the same mechanism has been used.
- 7.39. 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.79,496 million. The average RAB of the Petitioner however, for the purpose of calculation of RoRB, works out as Rs.75,656 million for the FY 2023-24.
- 7.40. 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.
- 7.41. Based on the above discussion, the total RoRB of the Petitioner for the FY 2023-24 works out as Rs.15,994 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.
- 7.42. 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.

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- 7.43. 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	QESCO
Allowed RORB FY 2021	2,284
Actual RORB FY 2021 (capped to the extent of allowed Investment)	4,206
True up Adj. as PYA	1,922
Allowed RORB FY 2022	2,960
Actual RORB FY 2022 (capped to the extent of allowed Investment)	5,350
True up Adj. as PYA	2,391
Description	QESCO
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%



- 7.44. Here it is pertinent to mention, that amount of investments appearing in the financial statements has been restricted to the extent of allowed investment.
- 7.45. 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 directed to provide the IDC amount for FY 2020-21 onward and reflect the same in its Audited Financial Statements as well.
- 7.46. 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.
- 7.47. 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.1,911 million for the Petitioner. Further, the MYT determination also provides truing up of Other Income

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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.704 million and Rs.573 million respectively. The same has been made part of PYA for the FY 2023-24.

7.48. **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

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

Description	Rs. in Million
(Over)/Under Recovery:	
Impact of Quarterly Adjustments	2,216
Distribution Margin FY 2021-22	1,289
Other Income FY 2020-21 & 2021-22	1,277
Minimum Tax	3,437
PM Assistance Package	610
Return on Rate Base (RORB) FY 2020-21 to 2022-23	6,376
Salaries, Wages & Other Benefits FY 2022-23	434
Total (Over)/Under recovery	15,639

7.50. The Petitioner submitted that as per the Authority's decision that the impact of under/ over recovery of quarterly adjustments for the FY 2018-19 and 1st quarter of the FY 2019-20 has been worked out based on total units i.e. without adjusting the impact of lifeline units as DISCOs have neither submitted their workings in this regard nor provided break-up of category wise units sold for the period. In view thereof, the Petitioner is directed to provide its working in the matter along-with break-up of units sold for each category for the period from FY2019-20 till FY 2021-22, for consideration of the Authority. Any adjustment in this regard would be adjusted subsequently as PYA.

7.51. In compliance of the above, an amount of 2,216 million has been calculated as Over Recovery of Quarterly Adjustments with the following breakup:

Quarterly Adjustments:

Description	Rs. In Million
(Over)/Under Recovery	
1st and 2nd Quarter of 2018-19	503
3rd and 4th Quarter of 2018-19	-1,274
1st Quarter of 2019-20	46
2nd and 3rd Quarter of 2019-20	1,532
4th Quarter of 19-20 1st,2nd & 3rd Quarter of 20-21	1,352
4th Quarter of 2020-21	-25
1st Quarter of 2021-22	64
2nd Quarter of 2021-22	110
3 rd Quarter of 2021-22	-93
Total (Over)/under rec	2,216



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Description	2022
DM Allowed	12,112
DM Recovered	10,823
Under / (Over) Recovery	1,289

Description	2020-21	2021-22	Total
Allowed Amount	-1,146	-1,337	-2,483
As per Audited FS	-442	-764	-1,206
Under/(Over) Recovery	704	573	1,277

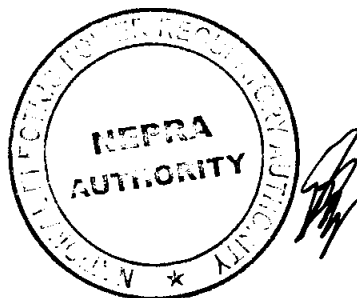
Description	Rs. In Million
Minimum Tax 2017-18	544
Minimum Tax 2018-19	562
Minimum Tax 2019-20	680
Minimum Tax 2020-21	819
Minimum Tax 2021-22	832
Total	3,437

7.52. The Petitioner submitted that the amount requested under this head is Rs.610 million to redress the grievances of bereaved families of deceased employees, who are approaching through different channels for payment of their entitled assistance package including direct application to QESCO management, complaints to Wafaqi Mohtasib, and complaints at PM's Performance Delivery Unit (PMDU) etc.

Description	2021	2022	2023	Total
RORB as per MYT Determination	2,284	2,960	3,885	9,129
Revised RORB (after Adjustments of KIBOR)	3,508	4,813	7,184	15,505
Increase in RORB	1,224	1,853	3,299	6,376

7.53. The Petitioner on the issue stated that as per the MYT determination in respect of KIBOR adjustments, the Authority has decided to cover the risk of floating KIBOR. Accordingly, fluctuation in the reference KIBOR would be adjusted biannually. In compliance with the aforesaid, the Bi-annual KIBOR and corresponding WACC are as follows:

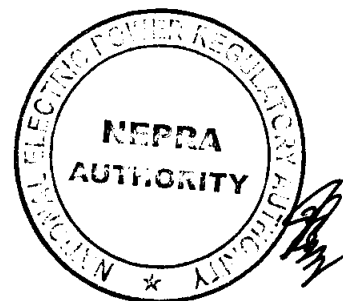
Dates	KIBOR Rate	WACC
03.07.2020	7.03%	10.66%
04.01.2021	7.30%	10.85%
02.07.2021	7.45%	10.96%
04.01.2022	10.52%	13.11%
01.07.2022	15.32%	16.47%
03.01.2023	17.06%	17.68%



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- 7.54. By incorporating the above KIBOR rates, an amount of Rs.6,376 million has been requested as PYA by the Petitioner.

Description	2020	2021	2022	2023
Fixed Assets	43,858	44,924	65,462	69,297
Addition	1,066	20,538	3,836	5,698
Fixed Assets C/B	44,924	65,462	69,297	74,995
Depreciation	14,989	16,618	18,232	20,834
Net Fixed Assets	29,935	48,844	51,066	54,161
Capital WIP C/B	8,240	3,381	5,061	6,691
Fixed Assets	38,175	52,225	56,127	60,851
Deferred Credit	11,979	13,183	15,182	17,655
Total	26,196	39,042	40,945	43,196
RAB		32,619	39,994	42,071
RATE		10.66	10.96	16.47
RORB		3,477	4,383	6,929
RORB for 6 months		1,739	2,192	3,465
RATE		10.85	13.11	17.68
RORB		3,539	5,243	7,438
RORB for 6 months		1,770	2,622	3,719
Total Revised RORB		3,508	4,813	7,184
RORB allowed in MYT		2284	2960	3885
Difference		1,224	1,853	3,299



Salaries, Wages & Other Benefits

- 7.55. The Petitioner has calculated the under recovered amount to the tune of Rs.434 million under the head of Salaries, wages & other benefits for the FY 2022-23 as under;

Description	Rs. in Million
Amount allowed for FY 2022-23	6,202
Provisional amount for FY 2022-23 (to be allowed)	6,636
Under Recovery	434

- 7.56. The Petitioner further submitted that the provisional amount has been reckoned on by considering the GOP increases announced i.e. 15% Ad-hoc Relief for FY 2022-23, Scales Revisions, Impact of Point-to-Point Fixation of Pay, 15% DRA and average inflation, has been considered for provisional amount of FY 2022-23.
- 7.57. The Authority has considered the submissions of the Petitioner regarding PYA and point wise discussion is as under;
- 7.58. Regarding impact of life line units on quarterly adjustments, the same has been accounted for while working out the PYA of FY 2023-24, in line with the decision of the Authority. Similarly,

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the impact of any under/over recovery of the allowed distribution margin has also been taken into account, while working out the PYA for FY 2023-24.

- 7.59. On the issue of minimum tax, the Authority in the MYT determination of the Petitioner decided as under;

"Regarding minimum 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."

- 7.60. 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.

- 7.61. Regarding PM assistance package, the Authority in the MYT determination dated 02.06.2022, decided that;

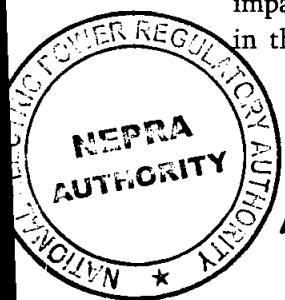
"Regarding PM assistance package, the Authority in principle agrees with the request of the Petitioner to allow the Prime Minister Assistance Package as announced by the Federal Government for the families of employees who died during service. However, for the requested amount, the Authority considers that allowing any such costs, upfront would be unfair with the consumers, therefore, the Authority may consider such costs once the actual expenditure is incurred by the Petitioner. Therefore, the Petitioner is required to provide employees name, CNIC number, designation, date of death, along with the financial impact, etc. once the actual payment is made, in its next tariff petition/adjustment request for consideration of the Authority."

- 7.62. The Petitioner has not provided any such details of the employees who died during the service for which the cost has been requested. Further, the Authority would consider such costs once the actual expenditure is incurred by the Petitioner. Therefore, the Petitioner is directed to provide employees name, CNIC number, designation, date of death, along with the financial impact, etc. and once the actual payment is made, claim the same in its next tariff petition/adjustment request for consideration of the Authority, along-with payment proof. In view thereof, the request of the Petitioner on account of PM Package is not accepted.

- 7.63. Regarding Sales mix, the Authority noted that the Petitioner has not submitted any workings of its sales mix for the FY 2020-21 and FY 2021-22. The Petitioner is therefore directed to provide the reconciled data of sales mix with its reported revenue as per audited financial statement for the respective year.

- 7.64. 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.

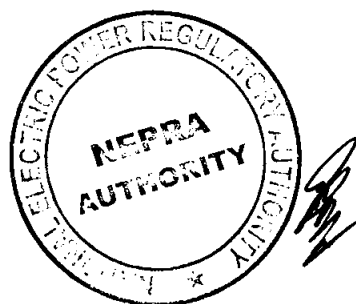
- 7.65. The Authority in line with its earlier decision in the matter of negative FCA, has calculated the impact of negative FCA pertaining to the FY 2020-21, FY 2021-22 and FY 2022-23 (till Dec. 22) in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and



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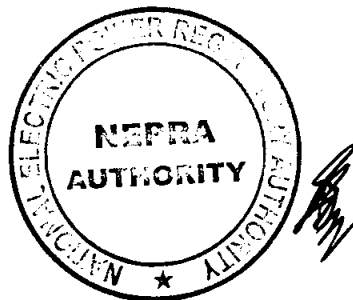
Agriculture Consumers which has been retained by the Petitioner. The Authority has also worked out the impact of positive FCAs not recovered by the Petitioner from life line consumers during the same period. The workings have been carried out based on the information provided by the Petitioner. The Authority 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.

- 7.66. After considering all the aforementioned factors, the Authority observed that the Petitioner has retained a net amount of Rs.455 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.
- 7.67. 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.455 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.
- 7.68. 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 QESCO for
Adjustment / Indexation of Tariff for the FY 2023-24 under the MYT*

Description	QESCO
3rd Qtr. FY 2021-22 (Sep. Nov. 22)	
Allowed Amount	- 675
Qtr. Rs./kWh	- 0.4975
Recovered	- 606
Under/(Over) Recovery	- 69
4th Qtr. FY 2021-22 (Oct. 22 Jan. 23)	
Allowed Amount	3,013
Qtr. Rs./kWh	1.6715
Recovered	2,839
Under/(Over) Recovery	175
1st Qtr. FY 2022-23 (Feb. Mar. 23)	
Allowed Amount	3,516
Qtr. Rs./kWh	4.0881
Recovered	3,193
Under/(Over) Recovery	323
2nd Qtr. FY 2022-23 (Apr. Jun. 23)	
Allowed Amount	- 1,688
Qtr. Rs./kWh	- 1.01
Recovered	
Under/(Over) Recovery	
D.M FY 2021-22	
Allowed Amount	12,112
Rate. Rs./kWh	2.24
Recovered	12,318
Under/(Over) Recovery	- 206
PYA 2019-20	
Allowed Amount	1,306
Rate. Rs./kWh	0.24
Sales till Feb.11 2022	5,485
Recovered	1,312
Under/(Over) Recovery	- 6
Excess LPS to be adjusted - FY 2020-21	
LPS Recovered from Consumers	4,148
Supplemental charges billed by CPPA	16,011
Net	11,863
Excess LPS to be adjusted - FY 2021-22	
LPS Recovered from Consumers	2,572
Supplemental charges billed by CPPA	23,231
Net	20,658
Adjustment in PYA	-
Other Costs - FY 2020-21 to FY 2022-23	
Pay & Allowance FY 2023 Adjustment	434
Turn over/Min. Tax	
Supplier NEPRA Fee- FY 2021-22	14
Supplier NEPRA Fee- FY 2022-23	18
Genco Pensioners FY 2022 & FY 2023	-
NTDC Pensioners	-
Total	467
Total	1,964



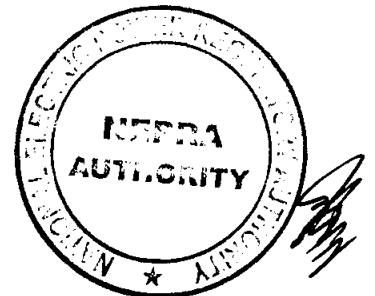
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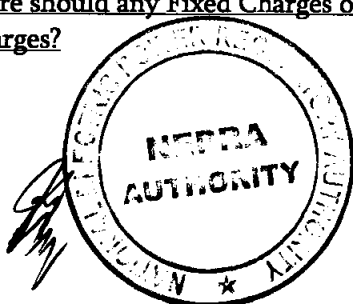
MYT True Ups		QESCO
FY 2020-21		
Depreciation		
Allowed		1,508
Actual		1,629
Under/(Over) Recovery		-
RoRB (Investment + KIBOR)		
Allowed		2,284
Actual		4,206
Under/(Over) Recovery		1,922
Other Income		
Allowed	-	1,146
Actual	-	442
Under/(Over) Recovery		704
FY 2021-22		
Depreciation		
Allowed		1,564
Actual		1,614
Under/(Over) Recovery		-
RoRB (Investment + KIBOR)		
Allowed		2,960
Actual		5,350
Under/(Over) Recovery		2,391
Other Income		
Allowed	-	1,338
Actual	-	764
Under/(Over) Recovery		573
Total MYT True Ups		5,590
G. Total PYA FY 2021-22 & FY 2022-23		7,553

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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 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 5 MW up-to 7.5 MW, 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 5 MW up to 7.5 MW, 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?



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- 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.

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 Purchased	[MkWh]	6,659	6,659
Units Sold	[MkWh]	5,724	5,724
Units Lost	[MkWh]	935	935
Units Lost	[%]	14.04%	14.04%
Energy Charge			44,193
Capacity Charge			103,592
Transmission Charges/Market Fee			8,421
Power Purchase Price		-	156,205
Wire Business			26,546
Power Purchase Price with Wire Business	[Min. Rs.]	-	182,751
Pay & Allowances		6,112	1,802
Post Retirement Benefits		1,446	427
Repair & Maintainance		1,103	23
Traveling allowance		314	58
Vehicle maintenance		379	22
Other expenses		388	173
O&M Cost	[Min. Rs.]	9,743	2,505
Depreciation		2,613	19
RORB		15,978	16
O.Income		(1,788)	(123)
Margin without PYA	[Min. Rs.]	26,546	2,417
Prior Year Adjustment	[Min. Rs.]	-	7,553
Revenue Requirement	[Min. Rs.]	26,546	192,721
PPP without Wire Business Cost-Unadj.		-	27.44
PPP without Wire Business Cost-adj.		-	31.93
Margin		4.64	0.42
Distribution/Supply PYA		-	1.32
Average Tariff	[Rs./KWh]	4.84	33.67

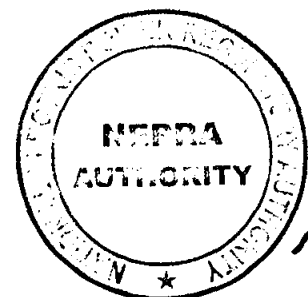
- 12.2. The above determined revenue shall be recovered from the consumers through the projected sales of 5,724 GWhs, as per Annex – II.

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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 2020-21:-

- I. Quetta Electric Supply Company Limited (QESCO), being a deemed supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariff for QESCO annexed to the decision.
- II. In addition to compensation of losses as discussed above, QESCO, 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	27.90%	42.93%	70.82%
Level of Losses	1.30%	9.87%	11.04%
UoSC Rs./kWh	1.21	2.06	3.40

- 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 the IDC amount for FY 2020-21 onward with subsequent adjustment request and reflect the same in its Audited Financial Statements as well.

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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.

AUTHORITY

Maathar Niaz Rana

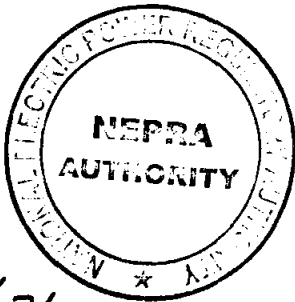
Maathar Niaz Rana (nsc)
Member

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Amina Ahmed
Ms. Amina Ahmed
Member

Tauseef H. Farooqi
Chairman



FUEL PRICE ADJUSTMENT MECHANISM

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

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

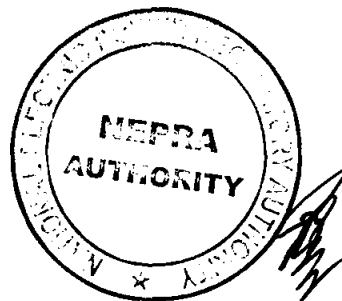
Where:

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

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

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

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



QUARTERLY 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;

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

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

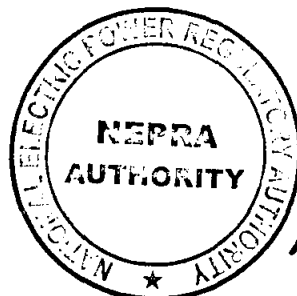
$$= \text{Monthly FCA allowed}_{(Rs./kWh)} \times \text{Actual units Purchase} \times \% \text{ T\&D losses}$$

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.



Quetta Electric Supply Company Limited (QESCO)
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										
Up to 50 Units - Life Line	9	-	66	66		7.00	-	-		7.00
51-100 units - Life Line	36	-	426	426		11.74	-	-		11.74
01-100 Units	244	-	3,357	3,357		13.74	323	1.32		15.06
101-200 Units	32	-	509	509		16.06	42	1.33		17.39
01-100 Units	36	-	970	970		27.28	47	1.33		28.61
101-200 Units	94	-	3,093	3,093		32.75	126	1.33		34.08
201-300 Units	116	-	4,161	4,161		35.94	154	1.33		37.27
301-400 Units	58	-	2,268	2,268		39.33	77	1.33		40.66
401-500 Units	41	-	1,707	1,707		41.54	55	1.33		42.87
501-600 Units	17	-	747	747		42.96	24	1.39		44.35
601-700 Units	10	-	452	452		44.10	14	1.37		45.47
Above 700 Units	23	-	1,116	1,116		49.02	31	1.38		50.40
For peak load requirement exceeding 5 kW										
Time of Use (TOU) - Peak	2	-	113	113		48.19	3	1.33		49.52
Time of Use (TOU) - Off-Peak	9	-	379	379		41.87	12	1.33		43.20
Temporary Supply	0	-	0	0		48.33	0	1.33		49.66
Total Residential	728	-	19,366	19,366			908			
Commercial - A2										
For peak load requirement less than 5 kW	90	-	3,953	3,953		44.05	119	1.33		45.38
For peak load requirement exceeding 5 kW										
Regular	0	-	-	-	500	45.73	-	1.33	500	47.06
Time of Use (TOU) - Peak	20	-	934	934		47.65	26	1.33		48.98
Time of Use (TOU) - Off-Peak	77	271	3,210	3,481	500	41.68	102	1.33	500	43.01
Temporary Supply	0	-	16	16		44.44	0	1.33		45.77
Electric Vehicle Charging Station	0	-	3	3		45.73	0	1.33		47.06
Total Commercial	187	271	8,117	8,388			248			
General Services-A3	307	-	13,380	13,380		43.62	408	1.33		44.95
Industrial										
B1	0	-	7	7		40.46	0	1.33		41.79
B1 Peak	1	-	60	60		44.02	2	1.33		45.35
B1 Off Peak	7	-	282	282		38.46	10	1.33		39.79
B2	0	0	0	0	500	39.96	0	1.33	500	41.29
B2 - TOU (Peak)	14	-	627	627		43.96	19	1.33		45.29
B2 - TOU (Off-peak)	78	373	2,985	3,358	500	38.25	104	1.33	500	39.58
B3 - TOU (Peak)	9	-	417	417		43.96	13	1.33		45.29
B3 - TOU (Off-peak)	90	158	3,437	3,595	460	38.16	120	1.33	460	39.49
B4 - TOU (Peak)	0	-	-	-		43.96	-	1.33		45.29
B4 - TOU (Off-peak)	0	-	-	-	440	38.06	-	1.33	440	39.39
Temporary Supply	0	-	-	-		41.54	-	1.33		42.87
Total Industrial	201	531	7,816	8,346			267			
Single Point Supply										
C1(a) Supply at 400 Volts-less than 5 kW	0	-	1	1		44.73	0	1.33		46.06
C1(b) Supply at 400 Volts-exceeding 5 kW	1	17	44	61	500	44.23	1	1.33	500	45.56
Time of Use (TOU) - Peak	5	-	238	238		47.65	7	1.33		48.98
Time of Use (TOU) - Off-Peak	21	49	880	929	500	41.05	29	1.33	500	42.38
C2 Supply at 11 kV	3	4	125	129	460	44.03	4	1.33	500	45.36
Time of Use (TOU) - Peak	26	-	1,259	1,259		47.65	35	1.33		48.98
Time of Use (TOU) - Off-Peak	119	193	4,857	5,051	460	40.85	158	1.33	460	42.18
C3 Supply above 11 kV	0	-	-	-	440	43.93	-	1.33	440	45.26
Time of Use (TOU) - Peak	0	-	-	-		47.65	-	1.33		48.98
Time of Use (TOU) - Off-Peak	0	-	-	-	440	40.75	-	1.33	440	42.08
Total Single Point Supply	176	284	7,404	7,668			234			
Agricultural Tube-wells - Tariff D										
Scarp	0	-	1	1		40.73	0	1.33		42.06
Time of Use (TOU) - Peak	0	-	1	1		43.65	0	1.33		44.98
Time of Use (TOU) - Off-Peak	0	0	5	5	200	36.40	0	1.33	200	37.73
Agricultural Tube-wells	4109	2,355	124,902	127,257	200	30.40	5,464	1.33	200	31.73
Time of Use (TOU) - Peak	0	-	3	3		30.40	0	1.33		31.73
Time of Use (TOU) - Off-Peak	0	1	13	14	200	30.40	1	1.33	200	31.73
Total Agricultural	4,109	2,355	124,926	127,280			5,466			
Public Lighting - Tariff G	17	-	736	736		43.73	22	1.33		45.06
Residential Colonies	0	-	3	3		43.73	0	1.33		45.06
Grand Total	5,724	3,422	181,746	185,167			7,563			

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



**SCHEDULE OF ELECTRICITY TARIFFS
FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)**

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	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
a)	For Sanctioned load less than 5 kW							
i	Up to 50 Units - Life Line	-	7.00	-	-	-	7.00	-
ii	51 - 100 Units - Life Line	-	11.74	-	-	-	11.74	-
iii	001 - 100 Units	-	13.74	1.32	1.32	-	15.06	-
iv	101 - 200 Units	-	16.06	1.33	1.33	-	17.39	-
v	001 - 100 Units	-	27.28	1.33	1.33	-	28.61	-
vi	101 - 200 Units	-	32.75	1.33	1.33	-	34.08	-
vii	201 - 300 Units	-	35.94	1.33	1.33	-	37.27	-
viii	301 - 400 Units	-	39.33	1.33	1.33	-	40.66	-
ix	401 - 500 Units	-	41.54	1.33	1.33	-	42.87	-
x	501 - 600 Units	-	42.96	1.39	1.39	-	44.35	-
xi	601 - 700 Units	-	44.10	1.37	1.37	-	45.47	-
vi	Above 700 Units	-	49.02	1.38	1.38	-	50.40	-
b)	For Sanctioned load 5 kW & above							
	Time Of Use	-	48.19	41.87	1.33	1.33	49.52	43.20

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	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
a)	For Sanctioned load less than 5 kW		44.05		1.33		45.38	
b)	For Sanctioned load 5 kW & above	500.00	45.73		1.33		47.06	
c)	Time Of Use	500.00	47.65	41.68	1.33	1.33	48.98	43.01
d)	Electric Vehicle Charging Station		45.73		1.33		47.06	

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

b) Three Phase Connections:

Rs. 350/- 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	-	43.62		1.33		44.95	

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

a) Single Phase Connections:

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1	Upto 25 kW (at 400/230 Volts)	-	40.46		1.33		41.79	
B2(a)	exceeding 25-500 kW (at 400 Volts)	500.00	39.96		1.33		41.29	
	Time Of Use							
B1 (b)	Up to 25 kW		44.02	38.46	1.33	1.33	45.35	39.79
B2(b)	exceeding 25-500 kW (at 400 Volts)	500.00	43.96	38.25	1.33	1.33	45.29	39.58
B3	For All Loads up to 5000 kW (at 11,33 kV)	460.00	43.96	38.16	1.33	1.33	45.29	39.49
B4	For All Loads (at 66,132 kV & above)	440.00	43.96	38.06	1.33	1.33	45.29	39.39

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	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C -1	For supply at 400/230 Volts							
a)	Sanctioned load less than 5 kW	-	44.73		1.33		46.06	
b)	Sanctioned load 5 kW & up to 500 kW	500.00	44.23		1.33		45.56	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	460.00	44.03		1.33		45.36	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	43.93		1.33		45.26	
	Time Of Use							
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	500.00	47.65	41.05	1.33	1.33	48.98	42.38
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	460.00	47.65	40.85	1.33	1.33	48.98	42.18
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	47.65	40.75	1.33	1.33	48.98	42.08

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 QUETTA ELECTRIC SUPPLY COMPANY (QESCO)
D - AGRICULTURE TARIFF**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		PTA 2022	Total Variable Charges	
		Rs/kW/M A	Rs/kWh B		Rs/kWh C	Rs/kWh D	
D-1(a)	SCARP less than 5 kW	-	40.73		1.33	42.06	
D-2 (a)	Agricultural Tube Wells	200.00	30.40		1.33	31.73	
			Peak	Off-Peak	Peak	Off-Peak	Peak
D-1(b)	SCARP 5 kW & above	200.00	43.65	36.40	1.33	1.33	44.98
D-2 (b)	Agricultural 5 kW & above	200.00	30.40	30.40	1.33	1.33	31.73

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		PTA 2022	Total Variable Charges	
		Rs/kW/M A	Rs/kWh B		Rs/kWh C	Rs/kWh D	
E-1(i)	Residential Supply	-	48.33		1.33	49.66	
E-1(ii)	Commercial Supply	-	44.44		1.33	45.77	
E-2	Industrial Supply	-	41.54		1.33	42.87	

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

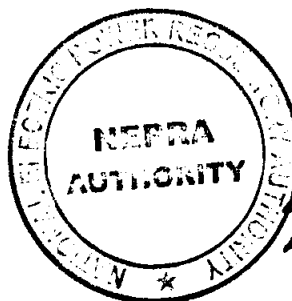
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		PTA 2022	Total Variable Charges	
		Rs/kW/M A	Rs/kWh B		Rs/kWh C	Rs/kWh D	
	Street Lighting	-	43.73		1.33	45.06	

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		PTA 2022	Total Variable Charges	
		Rs/kW/M A	Rs/kWh B		Rs/kWh C	Rs/kWh D	
	Residential Colonies attached to industrial premises	-	43.73		1.33	45.06	

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



QESCO

Annex - IV

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	625	612	603	550	544	523	496	481	463	494	628	641	6,659

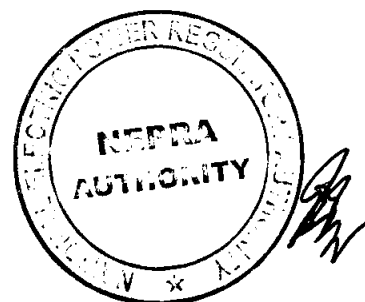
Rs./kWh

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	6.3233
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	0.3130
Capacity	12.1440	15.2495	14.5882	14.0811	17.5268	17.0161	18.1934	21.6057	17.9639	14.8539	12.4126	13.7819	15.5559
UoSC	0.9735	1.2225	1.1695	1.1647	1.4497	1.4074	1.5852	1.8825	1.5652	1.1017	0.9207	1.0222	1.2645
Total PPP in Rs./kWh	20.3234	23.4250	23.1454	23.5345	24.0833	24.1133	27.5873	28.1550	26.2853	21.7652	19.3460	22.2613	23.4567

Rs. in million

Fuel Cost Component	4,307	4,067	4,264	4,338	2,604	2,824	3,717	2,134	2,981	2,713	3,584	4,578	42,109
Variable O&M	195	188	191	217	176	150	158	112	146	157	191	203	2,084
Capacity	7,587	9,333	8,798	7,738	9,541	8,892	9,029	10,397	8,312	7,337	7,792	8,836	103,592
UoSC	608	748	705	640	789	735	787	906	724	544	578	655	8,421
Total PPP in Rs.Mln	12,697	14,336	13,959	12,933	13,111	12,601	13,691	13,549	12,162	10,751	12,145	14,272	156,205

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



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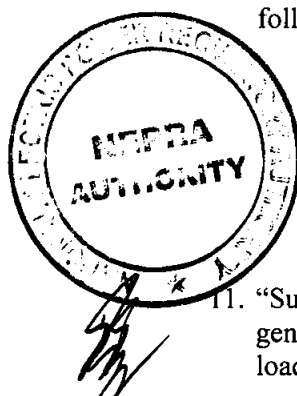
**TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY LICENSEES)**

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means QESCO 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:



*** PEAK TIMING**

OFF-PEAK TIMING

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

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

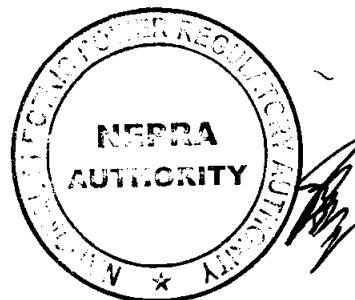
11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load 5 kW and above supply shall be given at three-phase.
12. "Consumer" as defined in NEPRA Act.
13. "Charitable Institution" 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).

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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.

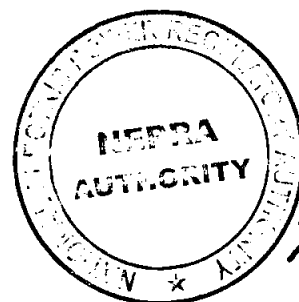
"Protected consumers" mean Non-ToU residential consumers consuming ≤ 200 kWh per month consistently for the past 6 months.

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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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.

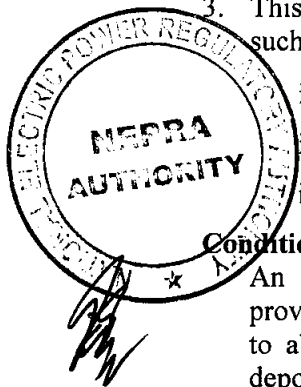
B INDUSTRIAL SUPPLY

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

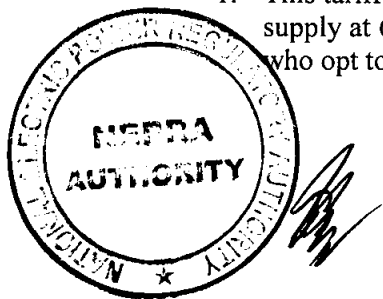
1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers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



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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

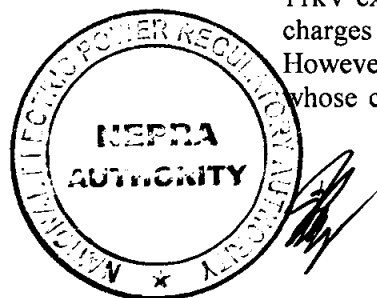
If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate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

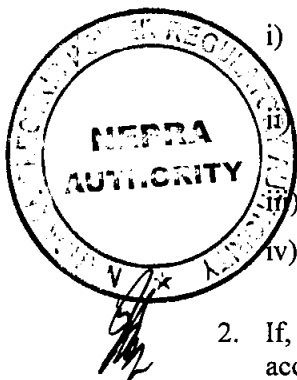
1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, 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



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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

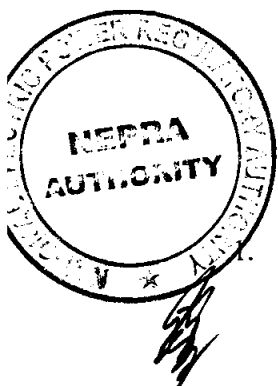
1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 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.

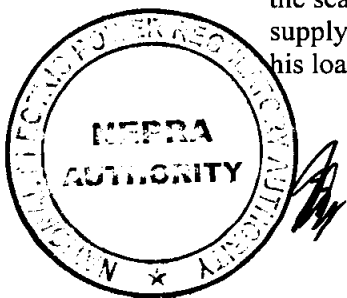
Definitions

“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



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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.

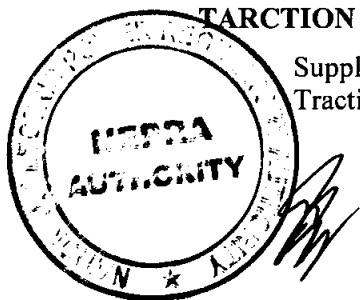
"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

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.



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