



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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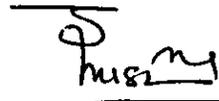
1. Chief Executive Officer, FESCO, Faisalabad.
2. Chief Executive Officer, GEPCO, Gujranwala.
3. Chief Executive Officer, HESCO, Hyderabad.
4. Chief Executive Officer, IESCO, Islamabad.
5. Chief Executive Officer, LESCO, Lahore.
6. Chief Executive Officer, MEPCO, Multan.
7. Chief Executive Officer, PESCO, Peshawar.
8. Chief Executive Officer, QESCO, Quetta
9. Chief Executive Officer, SEPCO, Sukkur.
10. Chief Executive Officer, TESCO, Peshawar.

Subject: Decision of the Authority in the matter of Fuel Charges Adjustment for the Month of December 2015 for XWDISCOs along with Notification Thereof

Enclosed please find herewith copy of the decision of the Authority (22 pages) regarding adjustment in fuel charges in respect of Ex-WAPDA Distribution Companies for the month of December 2015 alongwith its Notification i.e. S.R.O 90(I)/2016 dated 04.02.2016.

2. XWDISCOs are directed that while charging the fuel charge adjustment from their consumers, the Order of the Honourable Court(s), if any, be kept in mind and ensure compliance with the Order(s) of the Court(s), whatsoever, in this regard. In case of non-compliance of Courts Order the concerned DISCO shall be held responsible for violating / defying the orders of the Honourable Court(s).

Enclosure: As above (Decision alongwith Notification is also available on NEPRA's website)


04.02.16
(Syed Safer Hussain)

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Water & Power, 'A' Block, Pak Secretariat, Islamabad.
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
4. Managing Director, PEPCO, WAPDA House, Lahore.
5. Member (Power), WAPDA, WAPDA House, Lahore.
6. Managing Director, NTDC, 414 WAPDA House, Lahore.
7. Registrar, Supreme Court of Pakistan, Islamabad.
8. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited
6th Floor, Shaheed-e-Millat Secretariat, Jinnah Avenue, Blue Area, Islamabad
9. General Manager, WAPDA Power Privatization Organization (WPPO) of NTDC, Lahore.



**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT
FOR THE MONTH OF DECEMBER 2015 FOR EX-WAPDA DISCOS**

1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, (XL of 1997) read with the mechanism/formula determined by the Authority in the tariff determinations for Ex-WAPDA DISCOs for the Financial Year 2014-15, the Authority has to make adjustments in the approved tariff on account of any variations in the fuel charges on a monthly basis.
2. In order to make adjustments in the approved tariff of the XWDISCOs due to variations in the fuel charges for the month of December 2015, necessary information as to the details of the actual fuel charges etc. was obtained from Central Power Purchasing Agency Guarantee Limited (CPPA-G).
3. Notwithstanding the fact that the monthly adjustment on account of fuel charges variation is made in pursuance of the provisions of section 31(4) of the Act XL of 1997 as well as on the basis of a mechanism/formula already determined by the Authority in its annual tariff determinations for ex-WAPDA DISCOS, yet the impact of such adjustments, if any, is to be paid by the consumers of electricity, therefore, the salient features and details of the proposed adjustments in the approved tariff were published in newspapers on January 27, 2016 and also uploaded on NEPRA's Website for information of all concerned. In order to provide an opportunity of hearing to all concerned and to meet the ends of natural justice, the Authority decided to conduct a public hearing on the issue on February 02, 2016 at NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad. The date of hearing was mentioned in the advertisement published in newspapers and also uploaded on NEPRA's website whereby participation in the hearing and filing of comments/objections from any interested person were invited. Separate notices were also sent to the interested / affected parties.





4. On the date fixed for the hearing, representatives from Central Power Purchasing Agency Guarantee Limited (CPPA-G), National Power Control Center (NPCC) and media were present; however, no representative from WAPDA Power Privatization Organization (WPPO), NTDC, Sui Southern Gas Company Limited (SSGCL), Sui Northern Gas Pipelines Limited (SNGPL), Ministry of Water & Power and Ministry of Finance attended the hearing despite service of notice. Written Comments were received from M/s North Star Textile (NST), M/s Anwar Kamal Law Associates (AKLA) and M/s All Pakistan Textile Mills Association (APTMA).
5. A brief of the points raised by the aforementioned commentators, relevant to monthly Fuel Charges Adjustment (FCA), are discussed hereunder;

Anwar Kamal Law Associates (AKLA)

6. The concerns raised by AKLA, *inter alia*, are as under;
- i. The projections of Fuel Prices are on the higher side while setting up of reference fuel price in consumer end tariff.
 - ii. There is delay in deciding the monthly FCAs by the Authority. The processing of FCA for the month of December 2015 beyond 7th of January 2016 is gross violation of the provisions of NEPRA Law section 31(4) and is against the interest of the consumers and favors the power purchaser when DISCOs have to refund the over recovered amount to the consumers.
 - iii. That FCA for November 2015 was advertised in newspaper on December 24, 2015, after an inordinate delay of at least 20 days and the hearing in the matter was held on December 29, 2015 giving just five days time to public to offer their comments. The decision was issued on January 01, 2016, whereby refund of Rs.2.06/kWh was ordered to be made in the month of January 2016. This means that NEPRA allowed DISCOs to retain the over recovered amount illegally for a period of more than 60 days. AKLA also pointed out





that due to this late issuance of decision for December 2015, neither the DISCOs were intended to nor were able to refund this amount to those consumers in January to whom bills had been issued by 5th January.

- iv. That while making FCA decisions NEPRA has allowed RLNG price without waiting for modification of the tariff determination of respective IPPs as in the existing determination, there is no mechanism provided for RLNG usage and consequential price adjustment.
- v. That NEPRA allowed cost of test electricity supplied by Nandipur Power Plant without financial, legal and technical scrutiny.
- vi. That NEPRA allowed DISCOs or the Power Purchaser to retain extra amount by not extending the benefit of FCA to consumers using electricity upto 300 units.
- vii. AKLA also highlighted the issue of underutilization of power plants by providing a data sheet for the month of December 2015 mentioning therein plant-wise underutilization. AKLA further submitted that giving dispatch to costlier plants like solar and wind without using comparatively cheaper underutilized plants is against the principle of Economic Merit Order, not in the interest of the consumers on account of load-shedding and is also against the interest of the country's economy. AKLA in this regard has referred the UCH plant by stating that it is low in merit order and available to dispatch power but is not being used to its full capacity due to transmission constraints. AKLA submitted that issue of underutilization especially in this low oil price age and the induction of operation of costlier plants needs to be analyzed. AKLA has further pointed out that there is totaling error in the generation data of KAPCO.





- viii. AKLA has also submitted that operation of plants on partial load despite the fact that demand is available in the system is not prudent. Payment of partial load adjustment charges, star-up charges etc. is not understandable when the plants are supposed to run round the clock and is not justified in the existing scenario of load shedding.
7. The concerns so raised by AKLA have been considered by the Authority and it is of the view that Fuel Price projections for determining of reference fuel cost component in consumer end tariff of Distribution companies, are made on the best estimates keeping in view the past trends and available national / international reports for future projections of oil prices. Since the variation in fuel prices depends upon many factors and it is not possible to apprehend and foresee all of them. In view of the aforesaid reason, the fuel price adjustment mechanism is prescribed so that neither the consumers nor the DISCOs suffer on account of downward or upward variation in fuel prices and in case of any variation in fuel prices with that of reference prices, the same is either recovered from the consumers or benefit of the same is passed on to the consumers through monthly FCA. Therefore, the Authority considers that the AKLA's observation in this regard having no bearing on the consumers is not valid. The Authority being cognizant of the declining trend of fuel prices has already taken into account this reduction while setting up the reference fuel prices pertaining to FY 2015-16. The actual average RFO prices during the FY 2014-15 remained at around Rs. 56,121 [excluding Sales Tax and including freight] per metric ton and came to a lower level of Rs. 40,411 per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the exchange rate parity. Based on the international market condition, it can be presumed that this lower trend shall continue in the future as well, consequently, for the FY 2015-16, RFO prices have been assumed on an average of Rs.47,981 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. Similarly the HSD prices for





the FY 2015-16, have been assumed on an average of Rs.61.29 per litre [excluding Sales Tax], keeping in view the declining trend of HSD price in FY 2014-15, which remained on average Rs.76.89 per litre during the FY 2014-15.

8. The Authority also noted that monthly adjustment on account of Fuel Cost variations is done in accordance with the mechanism / formula prescribed by the answering respondent and notified in the official gazette and impact of such adjustment either increase or decrease, is passed on to the consumers of electricity. The mechanism / formula is determined by the Authority through a detailed and comprehensive determination and prior to such determination, replies, comments, objections etc were invited from any interested persons, however, the commentator did not participate in those proceedings, therefore, now the commentator is estopped to raise those concerns at the time of adjustment being done in accordance with the formula already settled through legal proceedings.
9. The Authority has observed that there is no delay on the part of NEPRA in processing of the monthly FCA. The decision in the matter of FCA for the month of November 2015 was issued within seven working days of the submission of information by CPPA (G). Similarly for the month of December 2015, the decision is being issued without any delay to ensure that benefit of reduction in fuel prices is passed on to the consumers in the month of February 2016.
10. The Authority also understands that neither conduct of hearing nor filing of intervention requests etc. is a pre-requisite for the purposes of making fuel charges adjustments, however, the same is being done in pursuance of the Order of the Honorable Lahore High Court, wherein, the question pertaining to "fuel adjustments" was settled as under:-

"There can be no escape from the fact that any adjustment would affect the rights of the consumers. Even if the provisions for publication of notice, intervention or participation of





commentators, were not directly applicable, yet the principle of natural justice necessarily be read in every statute, and no order could be passed without affording opportunity of hearing to the persons likely to be affected."

11. Since the impact of any adjustment is to be passed on to the consumers, therefore, in order to meet the ends of natural justice, public hearing is held and written / oral comments or objections are invited from the interested / affected parties before making any adjustments, which requires additional time. Thus, no unnecessary delay is involved in processing of the monthly FCA on the part of the Authority.
12. At the same time, the Authority is also cognizant of the late submission of FCA requests by CPPA-G and had issued a show cause notice to CPPA/ NTDC on August 27, 2015 under Rule 4 (8) & (9) of the NEPRA (Fines) Rules, 2002, based on the analysis of data provided by CPPA / NTDC for the period from January 2014 to April 2015. Consequent to the unsatisfactory response of CPPA/ NTDC to the show cause notice, the Authority declared NTDC/CPPA a delinquent for deliberately violating the explicit directions of the Authority regarding submission of the Fuel Price Adjustment data in the specified time period and has imposed a fine of Rs.1,000,000/- (Rupees One Million Only) on CPPA/ NTDC. The Authority further during the hearing of the instant FCA request, directed CPPA (G) to ensure submission of monthly FCA data within the prescribed time period.
13. AKLA has rightly submitted that the existing determinations of the IPPs using RLNG does not provide any mechanism for RLNG usage and its consequential price adjustment. Accordingly, in order to prescribe the adjustment mechanism for determination of fuel cost component on the basis of RLNG, the Authority decided to treat request of such IPPs regarding revision of their Fuel Cost Component, based on RLNG price, as a Petition and has initiated proceedings in this regard. However, while admitting these petitions, the Authority also decided to allow immediate application for adjustment in the Fuel Cost Component on the basis of RLNG Price





(Provisional), as notified by OGRA, in terms of Rule 4(7) of Tariff Standards & Procedures Rules 1998, subject to the order of refund for the protection of the consumers, while the proceedings for devising the fuel price adjustment are pending before the Authority. The adjustment has been allowed on provisional basis, subject to adjustment once the proceedings are finalized. This is to be noted that NEPRA has to protect the interest of consumers as well as the investors in terms of Section 7 (6) of the NEPR Act. Since the Fuel cost has huge financial impact, therefore, delaying the adjustment would have been unjust to the power producers. It would have resulted in shut down of the plants, which would have been against the consumers interest.

14. On the point regarding allowing provisional fuel cost of energy delivered by Nandipur in monthly FCA, the Authority noted that this issue has already been addressed by the Authority in its earlier FPA decisions, wherein it has been clarified that this is being done in order to protect the consumers from any sudden hike in the cost of electricity and to avoid one time burdening of the consumers. However, the issue of adjustment of Fuel cost of Nandipur and Guddu has been discussed in detail in the forthcoming paragraphs of the instant decision.

15. The Authority on the point of not passing on the benefit of negative monthly FCA to the domestic consumers using up-to 300 units of electricity, observed that although the Authority has already discussed this issue in detail in its monthly FCA decision for the month of March 2015, under para 17 to 20, wherein complete reasons / justification for the same have been provided, however, for information of the stakeholders it is again mentioned that as per the previous practice, the impact of any decrease in (negative) monthly FCA, was not passed on to the Life line and Agriculture Consumers of XWDISCOs. The same relief was adjusted by the Authority in the annual tariff determinations of XWDISCOs, through the Prior Year





Adjustment mechanism, whereby the impact of such amount is adjusted in the tariff design across all the consumer categories.

16. MoWP vide its letter No.5-PF/02/2013-Subsidy dated May 21, 2015 issued the policy guidelines under Section 31 (4) of the NEPRA Act, 1997 with regard to the Fuel Charge Adjustments and subsidy rationalization of Ex-WAPDA Distribution Companies.
17. MoWP in its aforementioned policy guidelines, inter alia, mentioned that ECC of the Cabinet has been pleased to approve the issuance of the following Policy Guidelines under Section 31 (4) of the NEPRA Act, 1997 on 21.05.2015 i.e. that
"Any negative adjustment on account of monthly FCA will not be passed on to the Domestic consumers who have subsidized electricity tariff."
18. The Authority considered the policy guidelines of the GoP with respect to the Fuel Price Adjustment being consistent with the GoP Policy for phasing out the subsidy which are also consistent with the standards and guidelines as per Rule 17 of Tariff Standards and Procedure Rules -1998.
19. Accordingly, the Authority decided that any negative monthly FCA shall not be applicable to lifeline consumers, domestic consumers consuming up to 300 units and Agriculture Consumers of all the XWDISCOs, who are already getting subsidy from the Government.
20. The Authority in view of the above referred policy guidelines of GoP regarding rationalization of subsidy in the matter of XWDISCOs, has decided not to adjust the impact of negative FCA across different consumer categories, as it was doing in the past. Thus, the negative FPA impact on lifeline consumers, domestic consumers (consuming upto 300 units) and Agriculture Consumers, must be adjusted by GoP,





against the overall Tariff Differential Subsidy claim, eventually reducing GOP's overall Tariff Differential Subsidy burden.

21. The Authority on the issue of plant utilization carried out a detailed analysis of the information provided by CPPA (G) for the month of December 2015, wherein it has been observed that plants like Orient, Saif, Sapphire and Halmore were run of HSD whereas certain efficient plants having lower fuel costs were not completely utilized, resulting in higher pool fuel charges. The Authority on the issue of partial load adjustment charges noted that NPCC (NTDC) has provided a certificate to the effect that claimed Partial Loading Adjustment Charges (PLAC) are due to less demand in the system and system constraints, meaning thereby that there is no load shedding in the country, which however, is not the actual state of affairs.
22. The Authority in view thereof directs CPPA (G) / NPCC to provide a detailed explanation on the following concerns raised by the Authority within seven (07) days;
- i. Why high cost HSD plants were run whereas certain cheaper plants on RFO and gas were not completely utilized?
 - ii. If the power plants were operated on partial load due to less demand in the system, than why load shedding is being carried out in the country.
 - iii. The detail of plants which could not be run due to transmission constraints.
23. The Authority also mentioned that in case of any unsatisfactory response, the additional cost incurred, if any, will not be allowed to be passed on to the consumers and the already adjustment so given shall also be withdrawn and adjusted in favor of consumers.





24. On the point of totaling error in the generation data of KAPCO, the Authority noted that there is no totaling error in data submitted by CPPA (G). The confusion arose only due to misprinting of a line in the data sheet submitted by CPPA (G).
25. The Authority on the point of Merit Order noted that EMO is strictly being followed in giving Power Dispatch to all thermal power plants including GENCOs and IPPs and no Power Plant is run out of merit as categorically certified by NPCC (NTDC) on monthly basis. Operational considerations have to be decided by NPCC (NTDC) for carrying out economic dispatch. The Authority, however, directs NPCC (NTDC) to provide the merit order prepared by it fortnightly, w.e.f. August 15, 2015, for consideration of the Authority to ensure the accuracy of the report and the same be submitted on regular basis in future also.
26. The Authority also noted that despite Authority's repeated directions, NPCC (NTDC) has failed to provide the Authority with the live access of data regarding plant wise generation, demand and supply and DISCOs wise allocation of electricity for monitoring of the Authority. The Authority feels that live access to the data is critical for monitoring purpose so that directions, if any, are given to NPCC (NTDC) then and there. The Authority therefore directs NPCC (NTDC) to ensure availability of live access of its data to the Authority within the current month.
27. According to the information provided by CPPA-G, during the month of December 2015, it received 135.707 GWh from Nandipur against which fuel cost of Rs.1,021.154 Million at a FCC of Rs.7.5247/ kWh has been claimed.
28. It is pertinent to mention here that in the previous months fuel cost of the energy delivered by Nandipur in the National Grid was included by CPPA (G) in the total cost of the respective month, provisionally based on the invoice raised by Nandipur to CPPA (G). However, for the instant month i.e. December 2015, CPPA (G) has worked out the total cost of energy generated by Nandipur as per the reference FCC





of Rs.7.5247/ kWh allowed by the Authority in its decision dated January 27, 2016 in the matter of motion for leave for review of Nandipur Power Plant.

29. The Authority, in order to protect the consumers from any one time burdening, had been provisionally allowing the Fuel Cost adjustment of energy delivered by Nandipur, on the basis of amount claimed by CPPA (G) in its monthly FCA data, subject to its adjustment as per actual. Since the Authority has now approved a reference FCC of Rs.7.5247/ kWh, in the matter of the motion for leave for the Nandipur Power Plant, which shall be subject to adjustment on account of variation in fuel prices, the Authority has decided to adjust the fuel cost of total energy supplied by Nandipur in the National Grid based on the reference FCC of Rs.7.5247/ kWh.
30. A summary of the energy delivered & the provisional fuel cost already adjusted in monthly FCAs and the total provisional cost based on the FCC of Rs.7.5247/ kWh is as under;

Rs. in Million

Month	Nandipur Project of NPGCL			
	GWH	Cost Adjusted in monthyl FCA	Cost as per NEPRA approved rate of Rs.7.5247/kWh	Difference
Uptill Jan 2015	92 90	2,602.80	699.06	(1,903.75)
Feb-15	16 50	138.41	124.13	(14.27)
Mar-15	36.47	353.41	274.44	(78.97)
Apr-15	43.13	535.93	324.51	(211.42)
May-15	34.65	449.63	260.72	(188.91)
Jun-15	33.83	487.28	254.55	(232.73)
Jul-15	152.03	2,085.80	1,143.97	(941.83)
Aug-15	60.56	743.95	455.70	(288.26)
Sep-15	-	-	-	-
Oct-15	40.00	484.10	300.96	(183.14)
Nov-15	127.90	1,808.91	962.39	(846.52)
	637.95	9,690.23	4,800.42	(4,889.81)

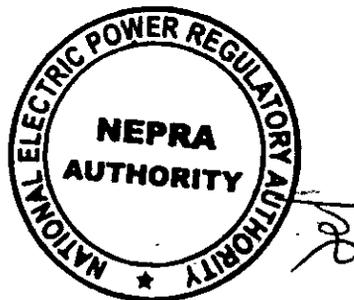


31. Accordingly for the purpose of FCA for the month of December 2015, a negative adjustment of Rs.4,889.81 million, on account of fuel cost of energy delivered by Nandipur, is hereby adjusted from the total cost on provisional basis. Once



Nandipur's monthly FCCs based on actual fuel prices, prevalent during the respective month, are approved by the Authority, any difference thereof, either positive or negative, will be adjusted through subsequent monthly FCA.

32. Similar approach was adopted in the matter of Guddu (747), whereby the Authority in the previous months provisionally allowed Fuel Cost adjustment of energy delivered by Guddu in the National Grid based on the amount claimed by CPPA (G) in its monthly FCA data, subject to its adjustment as per actual. The Authority on January 01, 2016 has approved an interim relief in the matter of Guddu (747) Power plant, wherein, the Fuel Cost Component of Rs.4.8560/kWh has been allowed based on existing gas price of Rs.700/MMBTU, which is subject to adjustment on account of variation in gas prices.
33. In view thereof, the Authority has decided to adjust the fuel cost of the energy delivered by Guddu (747) to the National Grid till date, based on the approved FCC i.e. Rs.4.8560/kWh. Further, Fuel Cost of Guddu for energy delivered prior to September 2015 has been adjusted based on the FCC calculated using gas prices prevalent in that period i.e. Rs.588.23/ MMBTU.
34. A summary of the energy delivered & the provisional fuel cost already adjusted in monthly FCAs and the total provisional cost based on the FCC of Rs.4.0806/ kWh till August 2015 and Rs.4.8560/ kWh w.e.f. September 2015 is as under;



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Rs. in Million

Month	Guddu - CPGCL			
	GWH	Cost Adjusted in monthly FCA	Cost as per NEPRA approved rate of Rs.4.8560/kWh	Difference
Uptill Jan 2015	1,504.55	7,213.14	6,139.53	(1,073.61)
Feb-15	166.91	816.20	681.11	(135.09)
Mar-15	245.63	1,121.54	1,002.32	(119.22)
Apr-15	291.21	1,280.57	1,188.32	(92.24)
May-15	431.49	1,897.43	1,760.75	(136.68)
Jun-15	304.28	1,338.03	1,241.65	(96.38)
Jul-15	435.60	2,090.88	1,777.52	(313.35)
Aug-15	429.21	2,060.21	1,751.45	(308.76)
Sep-15	364.68	1,750.46	1,770.89	20.42
Oct-15	510.07	2,724.97	2,476.90	(248.07)
Nov-15	302.46	1,984.71	1,468.73	(515.98)
Dec-15	68.93	330.87	334.73	3.86
	5,055.02	24,608.99	21,594	(3,015.11)

35. Accordingly for the purpose of FCA for the month of December 2015, a negative adjustment of Rs.3,015.11 million, on account of fuel cost of energy delivered by Guddu (747) Power Plant, is hereby adjusted from the total cost on provisional basis. Once Guddu's monthly FCCs based on actual fuel prices, prevalent during the respective month, are approved by the Authority, any difference thereof, either positive or negative, will be adjusted through subsequent monthly FCA.
36. The Authority on the issue regarding details of amount appearing under head previous adjustment observed that generator wise detail of amount charged under the head previous adjustments as submitted by CPPA-G is presented during the hearing for information of all the participants and is also discussed in the decision, if required, therefore, the point raised by AKLA does not merit consideration.
37. Regarding Supply of 650 MW of electricity from NTDC system to K-Electric, without having any legal contract, the Authority observed that a High level Committee has been constituted by GOP to address the issue.
38. On the issue of deduction of GIDC amount from Fuel Charges Adjustment, the Authority noted that it has already issued its detailed decision in the matter of





GIDC vide No.NEPRA/TRF-72/EPQJ-2007/9672-9674 dated June 25, 2015, which is available on NEPRA's website, therefore, need not to be discussed again.

39. The Authority noted that other issues highlighted by AKLA like payment of Capacity Charges, addition of non-base load high cost solar & wind power plants and permission to convert old-inefficient power plants from RFO to Coal do not pertain to the Fuel Price Adjustment and therefore cannot be considered here.

M/s All Pakistan Textile Mills Association (APTMA)

40. APTMA submitted an Intervention Request on the FCA for December 2015, vide its letter No.PZ-ADMIN-IESCO-15-012 dated January 30, 2015. The Authority however decided to consider the IR of APTMA as comments. A brief of the comments submitted by APTMA is as under;

- i. FCA mechanism/ methodology is not aligned to the principle of consistency when FCA between DISCO and the ultimate customer is determined. FPA mechanism has a flaw. NEPRA determines power purchase cost to be billed to customers on the basis of units delivered plus units lost in the process as technical losses at the time of determining tariff rates but do not follow the same principle when determining FCA for customers ending up in an error of principle.
- ii. FCA determinations for FY 2015-16 should be determined for each DISCO separately.
- iii. FCA should be adjusted for T&D losses same as being done for CPPA (G) billing to DISCOs.
- iv. Differential FPA representing T&D loss adjustment for July-November 2015 months also be determined and adjusted in consumer bills.

41. The Authority has carefully examined the objections raised by APTMA and it is of the view that a complete mechanism has been provided in determination of each of the DISCO. In the tariff determinations it has been clearly provided that certain





costs are to be adjusted on monthly basis, some are to be adjusted quarterly whereas some are adjusted to annual review. The adjustment on account of fuel cost variation due to losses is subject to review on quarterly basis. Through the prescribed mechanism, the consumer interest is fully protected. The Authority works out the monthly FCA without accounting for the impact of allowed T&D losses to XWDISCOs. The impact of allowed T&D losses is adjusted / accounted for by the Authority while determining the next year consumer end tariff of all XWDISCOs through their Prior Year Adjustment.

M/s North Star Textiles Limited (NSTL)

42. M/s North Star Textiles Limited has raised its concerns with regard to the charging of previous EPP adjustments which are deducted from monthly FCAs, thus resulting in loss to the consumers and requested to treat these costs separately and not to include them in the monthly FCAs. M/s North Star has also requested that tariff for FY 2015-16 be determined at the prevailing HFO's cost which is around Rs.22,500/MT without GST so that industries funds are not tied up with the DISCOs.
43. The Authority understands that the adjustments claimed by CPPA (G) as previous EPP adjustments, pertain to the Fuel cost adjustments and are therefore required to be dealt with in the monthly FCAs. However, before passing on any such adjustments to the consumers, the Authority carries out its due diligence to ensure the legitimacy of the cost.
44. Regarding the point of determining the tariff for FY 2015-16 based on prevailing RFO prices, the Authority being cognizant of the declining trend of fuel prices has already taken into account this reduction while setting up the reference fuel prices pertaining to FY 2015-16.



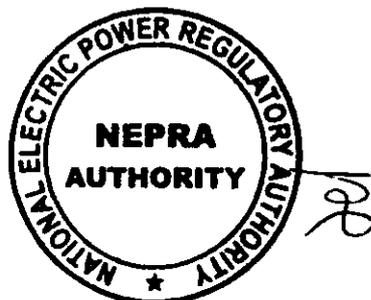


45. The Authority has gone through the information provided by CPPA-G seeking monthly fuel adjustment and due diligence is also done accordingly. From perusal of the information so provided by CPPA-G, the actual pool fuel charge for the month of December 2015 is Rs.5.4550/kWh, against the reference fuel cost component of Rs.8.1037/kWh as indicated in the Annexure-IV of the Authority's determination pertaining to the Ex-WAPDA DISCOs for FY 2014-15. The actual fuel charges for the month of December 2015 decreased by Rs.2.6487/kWh (Annex-I&II) as compared to the reference fuel charges.
46. The Authority observed that CPPA-G in the FCA decision for December 2015, adjusted an amount of Rs.3,887.434 Million on account of previous EPP adjustments for the NPGCL (GENCO-III). No detail with respect to the nature and period of the aforementioned adjustment has been provided by CPPA (G) in its monthly FCA data.
47. The matter was inquired from CPPA (G) and it was informed that the said adjustment has been made pursuant to the recent decision of the Authority dated January 22, 2016 in the matter of Tariff Petition filed by NPGCL for determination of its Generation Tariff for the FY 2014-15, 2015-16 & 2016-17, wherein the Authority has revised the heat rates and FCC of all Units of NPGCL. Previously, the Fuel cost of NPGCL was included in monthly FCA based on Authority's determination of NPGCL dated May 02, 2006.
48. Although the Authority has issued its determination of NPGCL dated January 22, 2016, however, FCC of NPGCL needs to be revised for each month w.e.f. July 2014 pursuant to the Authority's aforementioned decision and any adjustment, either positive or negative, on account of fuel price variation will become applicable subsequent to these monthly FCC decisions.





49. The Authority considering the fact that fuel cost is a pass through item and any variation therein has to be passed on to the consumers, has decided to allow the adjustment of Rs.3887.434 million, as claimed by CPPA (G), in the total cost of December 2015 on provisional basis subject to its adjustment as per actual, once the Authority approves / revises the monthly FCC of NPGCL based on its aforementioned determination dated January 22, 2016. Any variation therein, either positive or negative, in the cost claimed by CPPA (G) and the actual cost worked out on the basis of revised FCC will be adjusted in subsequent monthly FCA. CPPA (G) is however directed to provide month wise detailed calculations of Rs.3887.434 million for consideration of the Authority.
50. The Authority during the hearing inquired from CPPA-G about the generation license in the matter of TPS-Quetta. CPPA-G submitted that the matter is being taken-up with the concerned GENCO. The Authority directed CPPA-G to expedite the same.
51. As per details provided by CPPA-G, 31.96 GWh were purchased by DISCOs from small and captive power plants. CPPA-G provided actual details of energy purchased from these plants. According to the details provided by CPPA-G, the actual fuel cost of this energy is Rs.229.99 million, however, the same works out to be Rs.214.56 million as per NEPRA approved rates. Accordingly for the instant adjustment, cost of Rs.214.56 million has been considered on account of fuel cost component of energy purchased from small and captive power plants.
52. CPPA-G reported NTDC transmission losses of 199.65 GWh i.e. 2.90% during December 2015, which are lower than the Authority's assessed transmission losses of 3% as per its determination dated 19.07.2013 in the matter of NTDC, notified vide SRO No. 886(I) 2013 dated 24.09.2013. Accordingly, for calculation of FCA for December 2015, actual losses of 199.65 GWh i.e. 2.90% incurred by CPPA-G,

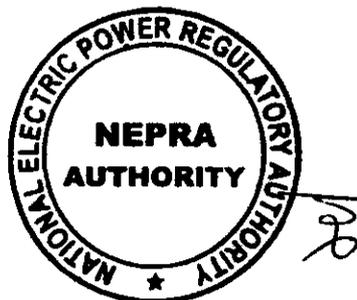




being lower than the Authority assessed losses, have been taken into account for the purpose of current adjustment.

53. The Authority observed that CPPA-G in its instant monthly FCA request has claimed Transmission losses as a percentage of the total energy generated for the month including the energy generated by those power plants which are directly connected to DISCOs network. The Authority is of the view that while working out the Transmission losses such power plants shall not be counted with others and treated separately and losses only to the extent of electricity transmitted through NTDC network be considered. CPPA-G agreed to provide detail of the energy which is being transmitted using NTDC Network separately for its 500KV and 220 KV network.
54. The Authority again directs CPPA-G to provide with its monthly FCA request complete detail showing plant wise Licensed Capacity, Net Capacity available for generation, energy generated, quantity of fuel used, total fuel cost, Fuel Cost/kWh, Heat Rate / efficiency and plant utilization factor for Authority's consideration.
55. The Authority, after incorporating the aforementioned adjustments, has reviewed and assessed a decrease of Rs.3.8361/kWh in the applicable tariff for Ex-WAPDA DISCOs on account of variations in the fuel charges for the month of December 2015 as per the following details:

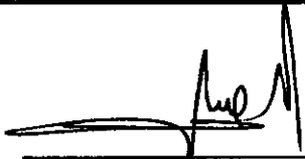
Actual Fuel Charges Component for December 2015	Rs. 4.2676/kWh
Corresponding Reference Fuel Charges Component	Rs. 8.1037/kWh
Fuel Price Variation for the month of December 2015 - Decrease	(Rs. 3.8361/kWh)

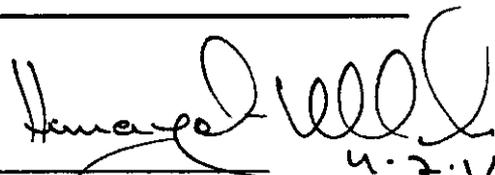




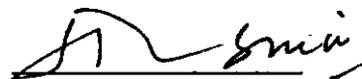
56. In view of the aforementioned, the Authority has decided that adjustment as referred to in Para 55 above ;
- Shall be applicable to all the consumer categories except lifeline consumers, domestic consumers consuming up-to 300 units and Agriculture Consumers of all the XWDISCOs. It is hereby clarified that negative adjustment on account of monthly FCA is also applicable to the domestic consumers having Time of Use (ToU) meters irrespective of their consumption level. In case such adjustments have not been passed on to the domestic consumers, having ToU meters, in the past, the respective XWDISCOs are hereby directed to pass on the same to such consumers in their monthly bills.
 - Shall be shown separately in the consumers' bill on the basis of units billed to the consumers in the month of December 2015.
 - XWDISCOs shall reflect the fuel charges adjustment in respect of December 2015 in the billing month of February 2016.
 - While affecting the Fuel Adjustment Charges, the concerned XWDISCOs shall keep in view and strictly comply with the orders of the courts notwithstanding this order.

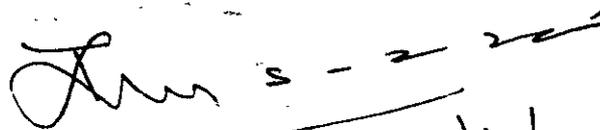
AUTHORITY


Khawaja Muhammad Naem
Member

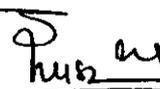

Himayat Ullah Khan
Member
4.2.16


Syed Masood Hassan Naqvi
Member
4/2


Maj (R) Haroon Rashid
Vice Chairman


Brig (R) Tariq Saddozai
Chairman
4/2/16




4.2.16

CENTRAL POWER PURCHASING AGENCY (CPPA)
Energy Procurement Report (Provisional)
Dec-2015

S.No	Power Producer	Fuel	Dep. Capacity (MW)	Energy KWh	FCC Rs.	VO&M Rs.	Total Energy Cost (Rs.)
1	Hydel						
	WAPDA	Hydel	6,002.00	1,736,178,022			
	Jagran	Hydel	30.00	2,994,790		189,733,110	169,733,180
	Pakura	Hydel	17.90	3,968,008		8,963,618	6,963,610
	Nalkand-I & SHYDO	Hydel	81.46	22,619,000		1,131,110	1,131,185
	Larab	Hydel	84.00	37,956,000		5,686,710	5,654,760
	Hydel Total		7,156.36	1,882,706,812		7,848,124	7,848,124
2	Ex-WAPDA GENCOs					171,130,829	171,130,828
	GENCO-I						
	Jamshoro Block 1	RFO	205.00	39,610,500	302,277,462	3,863,811	309,941,423
	Jamshoro Block 2	RFO	470.00	46,743,448	380,218,361	4,231,269	384,448,630
	Unit 2-4	Gas		196,964,062	1,628,566,473	18,123,719	1,647,682,223
	Kotri 3-7	Gas	184.50	64,775,000	439,792,986	6,008,868	444,859,894
	Jamshoro Total		758.50	336,083,000	2,751,842,192	31,087,879	2,782,929,870
	GENCO-II						
	Central Block 2	Gas	390	135,319,002	896,044,657	6,323,479	907,388,036
	Quardu CC 2-18	Gas	530	3,335,177	30,214,580	289,124	30,423,704
Quardu Steam 3-4	Gas	343	21,081,421	167,847,201	1,490,443	189,697,644	
Quardu 747	Gas	747	68,930,918	330,668,411	18,997,361	348,665,772	
Central Total		2,147.00	228,338,519	1,424,774,749	29,808,407	1,454,755,158	
GENCO-III							
Northern Block 1	RFO	558.80	88,816,886	831,851,863	1,478,422	833,322,109	
MG Unit 1-3	Gas					0	
Northern Block 2	RFO	270.00	33,114,236	298,783,693	827,861	297,591,658	
MG Unit 4	Gas					0	
Northern Block 3	RFO	283.00	14,677,813	192,379,148	471,941	192,861,093	
Landipur	RFO	411.35	138,787,000	1,821,154,463	61,748,883	1,882,901,748	
Adjustment	HSD					0	
Northern Total		1,971.35	246,618,084	2,042,148,997	64,518,912	2,106,665,904	
GENCO-IV							
	Coal	31.20	8,868,080	44,893,500	1,270,871	46,264,373	
Total		31.20	8,868,080	44,893,500	1,270,871	46,264,373	
GENCOs Total		6,381.05	829,834,813	6,265,796,433	126,688,870	6,392,615,303	
3	PPs						
	Kot Addu Block 1	RFO	325	177,060,800	1,134,710,867	77,718,241	1,212,438,908
		Gas		48,478,100	283,875,078	16,243,601	294,118,072
	Kot Addu Block 2	RFO	782	235,517,200	1,659,723,790	146,316,151	1,805,239,947
		Gas		41,008	318,378	12,131	327,608
	KAPCO Total		1,336.00	459,992,900	3,173,902,578	236,269,721	3,415,112,300
	Hub Power	RFO	1,200.00	737,454,608	8,211,249,770	123,838,161	8,334,783,922
	Kotmohr Energy	RFO	124.00	78,238,000	488,882,368	44,859,061	540,841,424
	AES Light	RFO	350.00	215,122,600	1,488,940,833	38,174,051	1,534,114,984
	Pak Gen Power Limited	RFO	348.80				
	Southern Power	RFO	118.47				
	Habibullah	Gas	129.16	18,467,428	59,644,875	6,068,444	64,709,519
	Fauji Kahrwala	Gas	151.20	182,712,230	839,883,796	73,662,531	913,641,329
	Rouneh	Gas	388.00	217,707,878	1,603,861,486	66,194,331	1,682,055,790
	Saba Power	RFO	128.65				
	Japan Power	H ₂ O	187.00				
	Uch	Gas	651.29	408,887,008	1,084,182,783	93,180,786	1,147,243,572
	Akern	Gas	27.12				
Liberty	Gas	211.85	159,388,000	1,114,736,100	50,391,823	1,185,129,317	
David Emergen	Gas	10.00	8,583,000	37,302,020	2,781,778	40,933,798	
Chashma Nuclear	Nucl.	300.00				0	
Chashma Nuclear-B	Nucl.	315.00	223,372,000	242,889,880		242,889,880	
Tavankiran	Import	86.00	34,861,067	363,941,204		333,941,204	
Sub Total		8,868.19	2,385,829,084	12,400,800,862	725,687,407	12,126,487,062	



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Handwritten signature and date: R.M. 25/12/15

CENTRAL POWER PURCHASING AGENCY (CPPA)
Energy Procurement Report (Provisional)
Dec-2015

S No.	Power Producer	Fuel	Dep. Capacity (MW)	Energy KWh	FCC Rs.	VO&M Rs.	Total Energy Cost (Rs.)
1	Alcock-Gon	RFO	184.18	100,676,367	634,724,801	100,023,214	838,648,065
2	Alcoa Power	RFO	213.88	125,786,424	877,293,101	113,813,811	991,106,792
3	Mihail Power	RFO	126.31	138,466,253	948,467,028	125,567,315	1,073,824,365
4	Foundation Power	Gas	171.48	69,827,871	821,873,836	33,263,218	858,137,138
5	Orient	Gas	212.70	81,888,426	387,827,437	10,987,914	378,786,368
		HSD		32,864,847	438,483,774	11,145,711	448,561,515
6	Mihail Churlian	RFO	188.72	127,362,689	889,130,812	116,208,410	1,004,338,292
7	Self Power	Gas	203.88	80,308,747	408,003,898	21,382,816	429,396,363
		HSD		18,247,331	238,222,509	9,489,811	248,732,870
8	Cngo Energy	Gas	212.88	127,406,898	775,974,198	41,823,818	817,897,696
9	Saphire Power	Gas	203.17	49,973,788	322,880,174	16,388,817	338,378,021
		HSD		25,483,515	343,787,453	13,108,814	358,886,067
10	Alcoa Marawa	RFO	213.82	77,429,880	644,538,523	66,485,811	811,504,164
11	Berry Power	RFO	188.14	138,331,780	892,819,896	131,486,618	1,024,881,262
12	Hainore	Gas	188.24	83,483,381	368,815,053	19,377,818	388,292,063
		HSD		16,840,759	224,332,844	8,887,717	233,110,781
13	Joh-I	Gas	380.78	238,836,781	1,184,810,182	88,889,718	1,208,179,882
14	JOW-I	Bagasse	28.39	14,435,389	83,234,889	8,202,818	88,437,417
16	JOW-III	Bagasse	28.35	16,188,818	87,708,173	6,808,919	94,331,162
18	RYK	Bagasse	24.81	12,189,985	74,884,879	6,331,218	78,915,224
17	Chinot Power	Bagasse	82.48	13,894,930	78,264,585	6,862,718	88,147,301
Sub-Total:			2,831.85	1,520,721,307	10,174,486,380	914,313,416	11,088,810,076
IPP, & Total:			8,720.14	4,577,250,305	28,578,108,242	1,846,208,813	27,218,307,105
Others							
i	TPB-Quetta	Gas	25.00	(39,000)	(338,400)	(2,817)	-338,817
ii	Zark	Wind	56.40	8,484,870		19,814	19,824
iii	PPCEL	Wind	49.50	8,403,000			
iv	TGF	Wind	49.50	8,411,889			
v	Foundation	Wind	49.50	8,783,889			
vi	Saphire Wind Power	Wind	49.50	8,925,439			
vii	Qad-e-Azara Solar Park	Solar	100.00	10,865,880		38,877,311	26,877,371
viii	SPPs	Mixed	258.90	31,863,188	229,888,782		229,888,782
Others Total:			836.30	78,878,508	229,888,782	28,893,715	268,847,060
G-Total:			21,852.83	6,873,774,238	32,870,519,027	1,866,007,210	34,036,600,307

Summary

1	Hydel			1,842,708,812		171,130,313	171,130,313
2	Coal			8,989,008	44,983,800		46,264,373
3	HSD			88,420,382	1,342,983,482	48,281,813	1,381,248,288
4	F.O.			2,484,424,313	17,411,909,178	1,152,258,318	18,868,144,803
5	Gas			2,087,830,224	12,109,800,843	848,314,713	12,860,116,862
6	Nuclear			228,372,000	342,889,659		242,089,380
7	Import from Iran			34,881,067	383,861,204		343,941,204
8	Wind Power			38,888,858			
9	Solar			10,865,880		19,814	19,824
10	Bagasse			85,718,968	324,883,406	28,877,311	28,877,371
11	Mixed			31,863,188	229,888,782	24,927,718	248,781,144
Total For The month				6,878,778,238	32,870,519,027	1,866,007,210	34,036,600,307
Prior Adjustment					4,468,832,887	688,339,811	5,126,813,560
Grand Total				6,878,778,238	36,517,911,836	2,644,482,111	39,162,813,618

Energy Sale Price

Energy Cost (Rs.)	36,517,911,836	2,644,482,111	38,162,313,818
Cost not chargeable to DISCOs (Rs.)	111,383,129		111,383,129
SPP (Chargeable) (Rs.)	39,488,719,896	2,644,482,111	39,861,128,587
Energy Sold (KWh)	6,873,788,983	6,873,788,983	6,873,788,983
Avg. Rate (Rs./KWh)	5.455022	3.8463116	5.651409



Source Wise Generation						
Sources	DECEMBER 2014		DECEMBER 2015			
	Actual		Reference		Actual	
	GWh	%	GWh	%	GWh	%
Hydel	1,907.41	28.11%	1,917.84	26.49%	1,802.71	26.20%
Coal	14.47	0.21%	-	0.00%	10.00	0.15%
HSD	52.70	0.78%	125.53	1.73%	99.42	1.45%
RFO	2,658.56	39.18%	2,790.66	38.54%	2,484.42	36.11%
Gas	1,575.33	23.22%	1,875.56	25.90%	2,087.55	30.34%
Nuclear	384.92	5.67%	373.84	5.16%	226.37	3.29%
Import Iran	31.31	0.46%	35.55	0.49%	34.66	0.50%
Mixed	130.05	1.92%	104.27	1.44%	31.96	0.46%
Wind	29.97	0.44%	15.00	0.21%	36.09	0.52%
Baggasse	-	0.00%	1.96	0.03%	55.72	0.81%
Solar	-	0.00%	-	0.00%	10.87	0.16%
Total	6,784.72	100.00%	7,240.21	100.00%	6,879.77	100.00%
Sale to IPPs	(4.56)	-0.07%		0.00%	(6.32)	-0.09%
Transmission Losses	(202.73)	-2.99%	(217.21)	-3.00%	(199.65)	-2.902%
Net Delivered	6,577.43	96.94%	7,023.01	97.00%	6,673.799	97.01%

Source Wise Fuel Cost/Energy Purchase Price

Sources	DECEMBER 2014		DECEMBER 2015			
	Actual		Reference		Actual	
	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh
Hydel	-	-	-	-	-	-
Coal	65.09	4.4998	-	-	44.99	4.4998
HSD	1,005.68	19.0831	2,429.28	19.3522	1,342.97	13.5080
RFO	32,436.85	12.2009	42,559.16	15.2506	17,411.91	7.0084
Gas	5,765.88	3.6601	9,981.86	5.3221	12,109.80	5.8010
Nuclear	455.08	1.1823	494.27	1.3221	242.06	1.0693
Import Iran	319.41	10.2000	375.04	10.550	363.94	10.5000
Mixed	1,124.56	8.6473	1,061.44	10.18005	229.99	7.1954
Wind	-	-	-	-	-	-
Baggasse	-	-	11.3121	5.7702	324.86	5.8304
Solar	-	-	-	-	-	-
Total	41,172.56	6.0684	56,912.36	7.8606	32,070.52	4.6616
Supplemental Charges	528.83	0.0779	-	-	4,446.59	0.6463
Sale to IPPs	(105.33)	(23.1026)	-	-	(111.39)	(17.6306)
Grand Total	41,596.05	6.1308	56,912.36	7.8606	36,405.72	5.2917
Transmission Losses	-	0.1932		0.2431	-	0.1633
Net Total	41,596.05	6.3241	56,912.36	8.1037	36,405.72	5.4550

**To Be Published in
Official Gazette of Pakistan Part-II**

National Electric Power Regulatory Authority



NOTIFICATION

Islamabad, the February 4, 2016

S.R.O. **90 (I)/2016**: – Pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011, the National Electric Power Regulatory Authority makes and notifies the following adjustment in the approved tariff on account of variation in fuel charges for the month of December 2015 in respect of Ex-WAPDA Distribution Companies (XWDISCOs):

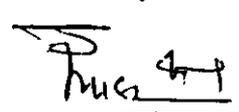
Actual Fuel Charges Component for December 2015	Rs. 4.2676/kWh
Corresponding Reference Fuel Charges Component	Rs. 8.1037/kWh
Fuel Price Variation for the month of December 2015 - (Decrease)	(Rs. 3.8361/kWh)

Note: The Authority has reviewed and assessed a decrease of (Rs. 3.8361/kWh) in the applicable tariff for XWDISCOs on account of variation in the fuel charges for the month of December 2015 as per the above details.

2. The above adjustment a decrease of (Rs.3.8361/kWh) shall be applicable to all the consumer categories except lifeline consumers, domestic consumers consuming upto 300 units and agriculture consumers of all the XWDISCOs. It is hereby clarified that negative adjustment on account of monthly Fuel Cost Adjustment (FCA) is also applicable to the domestic consumers having Time of Use (ToU) meters irrespective of their consumption level. In case such adjustments have not been passed on to the domestic consumers, having ToU meters, in the past, the respective XWDISCOs are hereby directed to pass on the same to such consumers in their monthly bills.

3. The said adjustment shall be shown separately in the consumers' bills on the basis of units billed to the consumers in the month of December 2015 by the XWDISCOs. XWDISCOs shall reflect the fuel charges adjustment in respect of December 2015 in the billing month of February 2016.

4. While affecting the Fuel Adjustment Charges, the concerned XWDISCOs shall keep in view and strictly comply with the orders of the courts notwithstanding this order.


04.02.16
(Syed Safer Hussain)
Registrar