Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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

No. NEPRA/TRF-620/GEPCO-Supply/2025/ 273-80

January 07, 2026

SUBJECT: **DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY GUJRANWALA ELECTRIC POWER COMPANY LIMITED (GEPCO) FOR DETERMINATION OF SUPPLY TARIFF UNDER MYT REGIME FOR THE FY 2025-26 TO FY 2029-30**

Please find enclosed herewith the subject Determination of the Authority alongwith Annexures (total 70 pages).

2. The Determination of the Authority, is hereby intimated to the Federal Government for filing of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The instant determination of the Authority along-with order part and Annexures, 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.

Enclosure: As above

Wasim Anwar

(Wasim Anwar Bhinder)

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

Copy to:

1. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
2. Mr. Shehriyar Abbasi, Deputy Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Energy Department., Government of the Punjab, 8th Floor, EFU House, Main Gulberg, Jail Road, Lahore
4. Managing Director, National Grid Company (NGC) of Pakistan, 414 WAPDA House, Shaharah-e-auid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Ltd. (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Gujranwala Electric Power Company Ltd. (GEPCO), 565/A, Model Town, G.T. Road, Gujranwala
7. Chief Executive Officer, Independent System and Market Operator (ISMO) of pakistan, Pitras Bukhari Road, Sector H-8/1, Islamabad

National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/ TRF-620/GEPCO/MYT-Supply/2025

DETERMINATION OF SUPPLY TARIFF PETITION

FOR

GUJRANWALA ELECTRIC POWER COMPANY LIMITED (GEPCO)

FOR THE FY 2025-26 – FY 2029-30

UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad
JANUARY 07, 2026

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Abbreviations

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY GUJRANWALA ELECTRIC POWER COMPANY LIMITED (GEPCO) FOR DETERMINATION OF SUPPLY TARIFF UNDER MYT REGIME FOR THE FY 2025-26 TO FY 2029-30

CASE NO. NEPRA/ TRF-620/GEPCO/MYT-Supply/2025

PETITIONER

Gujranwala Electric Power Company Limited (GEPCO), 565-A, Model Town Gujranwala.

INTERVENER
Nil

COMMENTATOR
NIL

REPRESENTATION

GEPCO was represented by its Chief Executive Officer along-with its Technical and Financial teams.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

1. Background

1.1. The Authority awarded a Multi-Year Tariff (MYT) to Gujranwala Electric Power Company (GEPCO), for a period of five years starting from 1st July 2021 till 30th June 2025. Upon expiry of its MYT on 30.06.2025, GEPCO (hereinafter also called as "the Petitioner"), being a Distribution Licensee as well as Supplier of Last Resort, filed separate tariff petitions for the determination of its Distribution and Supply of Electric Power Tariff under the MYT Regime for another period of five years i.e. from FY 2025-26 to FY 2029-30, in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").

1.2. GEPCO was required to file its new MYT petitions for the Distribution and Supply functions by January 2025, in line with the NEPRA Guidelines for determination of Consumer End Tariff (Methodology and Process) 2015, after incorporating therein, the approved number of investments and target of T&D losses. However, the petitions were filed with considerable delay i.e. on 29.04.2025, and were based on the requested numbers of Investment and T&D losses. GEPCO also requested for grant of interim tariff for the FY 2025-26, in order to allow for timely rebasing of consumer-end tariff effective July 1, 2025, as considerable time would be required to finalize the MYT petitions. The Authority acceded with the request of GEPCO and granted an "Interim tariff", vide decision dated 23.06.2025 for FY 2025-26, subject to adjustment and/ or refund, based on the final determination of the Authority in the matter of MYT petitions of the Petitioner.

1.3. The Petitioner, inter alia, requested the following margin for its supply of power function for the five years control period;

Supply of Power	Unit	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30
Power Purchase Price	**Rs. Mln**	**317,718**	**306,094**	**310,377**	**314,857**	**312,333**
Energy Charges	Rs. Mln	109,976	101,833	92,918	93,561	90,580
Capacity Charges	Rs. Mln	193,158	189,533	201,419	204,290	203,603
Use of System Charges	Rs. Mln	14,464	14,606	15,903	16,855	17,985
Market Operator Fee	Rs. Mln	120	122	137	151	165
Distribution Business Cost	**Rs. Mln**	**38,194**	**41,766**	**45,637**	**49,011**	**51,879**
Supply Business Cost						
Pay & allowances	Rs. Mln	3,440	3,782	4,157	4,570	5,024
Employees benefits	Rs. Mln	709	780	857	942	1,038
Post-retirement Benefits	Rs. Mln	3,454	3,281	3,117	2,961	2,813
Travelling expenses	Rs. Mln	115	124	133	139	146
Repair and Maintenance	Rs. Mln	38	41	44	46	48
Vehicle expenses	Rs. Mln	57	61	65	69	72
Other expense	Rs. Mln	961	1,029	1,104	1,161	1,217
Total O&M Costs	**Rs. Mln**	**8,774**	**9,098**	**9,477**	**9,888**	**10,358**
Depreciation	Rs. Mln	96	111	130	147	166
Return on Rate Base	Rs. Mln	175	216	256	286	302
Gross Margin	**Rs. Mln**	**9,045**	**9,425**	**9,863**	**10,321**	**10,826**
Less: Other Income	Rs. Mln	(3,793)	(4,172)	(4,589)	(5,048)	(5,553)
Net Margin	**Rs. Mln**	**5,252**	**5,253**	**5,274**	**5,273**	**5,273**
Prior Year Adjustment	Rs. Mln	24,375				
Total Revenue Requirement	**Rs. Mln**	**385,539**	**353,113**	**361,288**	**369,141**	**369,485**
Projected Sales	GWh	10,619	10,566	10,533	10,520	10,514
Requested Tariff	**Rs./kWh**	**36.31**	**33.42**	**34.30**	**35.09**	**35.14**

2. Proceedings

2.1. In terms of Rule 4 of the Rules, the petition was admitted by the Authority. Since the impact of any such costs 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 parties and to meet the ends of natural justice, decided to conduct a hearing in the matter.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

2.2. Hearing in the matter was scheduled on November 04, 2025, for which notice of admission / hearing along-with the title and brief description of the petition was published in the newspapers on 25.10.2025, and also uploaded on NEPRA website; Individual notices were also issued to stakeholders/ interested parties.

3. <u>Issues of Hearing</u>

3.1. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments;

i. Whether the projected Power Purchases Price (Energy & Cost) for the FY 2025-26 is justified?

ii. Whether the requested/projected O&M cost (including new hiring, if any) is justified and what are the basis for such projections?

iii. Whether there should be any bifurcation of O&M on the basis of controllable and uncontrollable costs / factors?

iv. Whether the requested/projected amount under heads of Other Income, Depreciation and RORB based on WACC of 12.39% is justified?

v. Whether the requested PYA is justified?

vi. What will be adjustment mechanism for future indexation of different components of revenue requirement during the MYT? Whether there should any efficiency factor (X Factor) and Z-Factor?

vii. Whether there should be any fixed charges on Units exported by net metering users to the extent of Transmission and Distribution charges or otherwise?

viii. Whether the recovery target and provision for bad debt as provided in petition is justified?

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

x. Whether the Schedule of tariff be designed on cost-of-service basis or otherwise?

xi. Whether there will be any claw back mechanism or not?

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

4. <u>Filing Of Objections/ Comments</u>

4.1. Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules. In response no intervention request/ comments were received.

4.2. During the hearing, the Petitioner was represented by its Chief Executive Officer along-with its technical and financial teams.

4.3. On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

5. **Whether the projected Power Purchases Price (Energy & Cost) for the FY 2025-26 is justified?**

5.1. The Petitioner, in its petition submitted that the quantitative data presented in the Distribution and Supply petitions is derived from GEPCO's Business Plan for FY 2025-26 to FY 2029-30 already submitted to NEPRA for approval, which includes detailed forecasts of demand and losses. The projections for demand, losses, and sources of units purchased as per submitted Business Plan are as follows:

Projected demand and Losses	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
MDI (MW)	2,424	2,444	2,490	2,546	2,598	2,680	2,755
Units Purchased (MkWh)	**11,944**	**11,858**	**11,650**	**11,585**	**11,543**	**11,522**	**11,509**
Units Sold (MkWh)	10,573	10,802	10,619	10,566	10,533	10,520	10,514
Units Lost (MkWh)	1,371	1,056	1,031	1,019	1,010	1,002	996
Units Lost %age	11.48%	8.90%	8.85%	8.80%	8.75%	8.70%	8.65%

Source wise Purchases	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
From CPPA-G	11,813	11,601	11,143	10,803	10,457	10,104	9,725
From Head Marala	19	19	19	19	19	19	19
From Chianwali	12	14	14	14	14	14	14
From Net Metering	100	224	474	749	1,052	1,385	1,751
Total	11,944	11,858	11,650	11,585	11,543	11,522	11,509

PPP Projections	2023-24 (Actual)	2024-25 (Determined)	2025-26	2026-27	2027-28	2028-29	2029-30
Energy Charges	127,380	114,769	109,976	101,833	92,918	93,561	90,580
Capacity Charges	166,007	193,135	193,158	189,533	201,419	204,290	203,603
Use of System Charges	16,120	16,114	14,464	14,606	15,903	16,855	17,985
Market Operation Fee	101	116	120	122	137	151	165
Total	309,608	324,134	317,718	306,095	310,376	314,857	312,333

5.2. The Petitioner submitted that these projections provide a reasonable estimate of the expected PPP over the petition period, derived from the Medium Demand Scenario outlined in CPPA-G's "Power Purchase Price and End Consumer Outlook Report for FY 2026-2034". However, it is important to highlight that these projections are indicative and subject to NEPRA's annual determination of PPP, which will incorporate actual market conditions, including fluctuations in exchange rates, fuel prices, and demand patterns. Once determined, the PPP will remain a pass-through cost, adjusted through NEPRA's established monthly and quarterly mechanisms to ensure transparency, accuracy, and fairness for all stakeholders.

5.3. GEPCO submitted that for FY 2019-20 & MYT 2021-25, it has allocated entire Power Purchase Price to its Power Supply Business and the Authority also in Tariff Determination FY 2019-20 & MYT 2021-25 has adopted the same principle, therefore Power Purchase Price for the years 2025-26 to 2029-30 has been allocated to GEPCO Power Supply Business.

5.4. The Petitioner during the hearing submitted that the projected energy sales have been arrived at on the basis of PMS based Demand Forecast and Energy Purchase has been calculated accordingly after allowance of T & D Losses. The T & D losses are based on latest independent 3rd party study.

5.5. The Authority noted that PPP is the major component of consumer-end tariff, which accounts for around 90% of total consumer-end tariff. The Authority has determined the power purchases (GWhs) along-with its cost for each of the DISCOs through a separate

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

decision, therefore, for the purpose of instant decision, the power purchases (GWhs) of the Petitioner as per the separate PPP decision, have been taken into account.

6. <u>Whether the requested MYT for a control period of five years is justified?</u>

6.1. The Petitioner submitted that the petition has been filed in accordance with the Rule 3(1) and Rule 4(7) of the Rules and NEPRA Performance Standards (Distribution) Rules 2005. As per Rule 17 (3) (1) of the Rules, tariff should allow the licensee the recovery of any and all costs prudently incurred to meet the demonstrated needs of their consumers. The Petitioner also submitted that it has filed Investment Plan and assessment of T&D losses for a period of five years, which are under deliberation with the Authority.

6.2. The Authority observed the Petitioner has requested for a five years tariff control period i.e. FY 2025-26 to FY 2029-30, in line with its five years investment plan. The Authority also noted that approval of the investment plan and assessment of T&D losses of the Petitioner for five year period is at advanced stage, therefore, to align the investment requirements of the Petitioner, with its tariff determination, which is a tool to incur and recover the allowed amount of investments, the Authority has decided to approve the tariff request of the Petitioner under the MYT tariff regime for a control period of five year i.e. from FY 2025-26 till FY 2029-30. The terms & conditions, given by the Authority, in the Distribution and SoLR license, as modified from time to time, of the Petitioner would be applicable during the MYT control period.

7. <u>Whether the requested/projected O&M cost (including new hiring, if any) is justified and what are the basis for such projections?</u>

8. <u>Whether there should be any bifurcation of O&M on the basis of controllable and uncontrollable factors / costs?</u>

8.1. The Petitioner submitted that Distribution Margin is a pivotal aspect of the tariff structure, ensuring that GEPCO can recover the necessary costs for providing reliable and efficient power distribution services. The Petitioner submitted that the NEPRA Consumer-end-Tariff (Methodology & Process) Guidelines 2015 emphasize the need to identify a base year for determining a company's revenue requirement. This base year, which can be a historical financial year with actual or audited results, or a mix of actual and projected results, serves as the foundation for tariff projections. For GEPCO's MYT period (FY 2025-26 to FY 2029-30), it is proposed that the Audited Financial Statements of FY 2023-24 be used as the base year, providing a solid basis for projecting the company's revenue requirements.

8.2. At its core, the Distribution Margin consists of the following components:

- ✓ Operating & Maintenance (O & M) Expense;
- ✓ Depreciation;
- ✓ Return on Rate Base;
- ✓ and Other Income.

8.3. GEPCO requested approval from the Authority for the O&M costs for DoP and SoP for FY 2025-26, as detailed below, which are part of the MYT period (FY 2025-26 to FY 2029-30). A summary of Petitioners submission is as under;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

✓ Operating & Maintenance (O&M) Expenses

✓ The Petitioner submitted that the head of Salaries, Wages, and Other Benefits, comprising employees' pay, allowances, and post-retirement benefits, constitutes over 86% of GEPCO's total O&M costs, excluding depreciation. Employees of XWDISCOs, including GEPCO, are hired on Government pay scales, making them subject to salary increases announced in the Federal Budget. As such, Salaries and Wages costs are considered uncontrollable for DISCOs operating under public sector rules.

✓ GEPCO stated that it has adopted Audited Accounts for FY 2023-24 as the base year to determine Salaries and Wages costs, given the current MYT control period will end on 30.06.2025. GEPCO proposes that gains or losses from the current MYT period should not carry forward into the new MYT to ensure transparency and avoid distortions.

✓ The actual cost under Salaries and Wages (excluding post-retirement benefits) for FY 2023-24 is Rs. 13,735 million. To project costs for FY 2025-26, the following adjustments have been incorporated 20% / 25% salary increase as announced in the Federal Budget for FY 2024-25 and 5% annual increment.

✓ The resulting projected cost for Salaries and Wages is Rs. 16,598 million for FY 2025-26, covering both Distribution and Power Supply functions. Of this, Rs. 12,448 million and Rs. 4,150 million pertains to the Distribution and Supply function, calculated using the allocation methodology previously endorsed by NEPRA. GEPCO requests NEPRA to approve Rs. 16,598 million as the reference cost for the MYT control period FY 2025-26 to FY 2029-30.

✓ For indexation of the cost, considering the fact that employees of GEPCO were hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the GEPCO, therefore, being un-controllable cost, the Authority is requested to actualize the Pay & Allowances cost of GEPCO, based on its audited accounts for the relevant year for its existing employees. The impact of any such adjustment would be allowed as part of PYA in the next indexation / adjustment request or tariff determination as the case may be. Further, Costs for new recruitment will be allowed after the recruitment is completed, based on actual costs incurred and quantified benefits.

Additional Recruitment

✓ The Petitioner submitted that the projected Salaries and Wages cost for existing employees, which already accounts for any new hiring completed up to 30.06.2024, it has not claimed upfront costs for additional recruitment in this petition. GEPCO further submitted that it recognizes NEPRA's decisions in recent MYT determinations for other DISCOs (LESCO, FESCO, IESCO), where the Authority decided that costs for new recruitment will only be allowed after the recruitment is completed, based on actual costs incurred and quantified benefits. In alignment with these decisions, GEPCO will follow the same approach to maintain consistency and regulatory compliance. GEPCO is committed to submitting the requisite details of any hiring, including financial impact and associated benefits, in subsequent adjustment or indexation requests for NEPRA's consideration.

✓ While GEPCO is not claiming the upfront costs for additional recruitment in this petition, it is important to highlight that GEPCO has already submitted its Integrated Human

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Resource Plan to NEPRA as part of the GEPCO Business Plan for FY 2025-26 to FY 2029-30.

a) Baseline

✓ GEPCO submitted that it faces a significant challenge due to **6,868 vacant positions,** impacting its operational efficiency. The current workforce status is as follows:

Description	Officers		Officials		Total		Grand Total
	Tech	Non-Tech	Tech	Non-Tech	Tech	Non-Tech	
Sanctioned	358	123	13,186	4,544	13,544	4,667	18,211
Working	285	82	9181	1795	9,466	1,877	11,343
Vacant	73	41	4,005	2,749	4,078	2,790	6,868
	114		6,754		6,868		
	23.70%		38.09%		37.71%		

b) Impact of Automation and Functional Improvement on HR Requirements

✓ In order to prepare future workforce requirements, impact of automation and functional improvements in coming years has been considered. The existing workforce yardsticks prepared against number of consumers to be managed by an office is being reviewed in view of functional improvements like ERP, AMI, SCADA and GIS etc. However, in order to operate these new projects additional workforce is also required which has also been considered.

c) Additional HR Requirements

✓ Based on the current workforce position, anticipated consumer growth and future expansion plans in GEPCO, following expansion in sectioned posts is proposed to ensure smooth, reliable and efficient operations across departments of GEPCO.

Sr#	Offices	No. of offices	Manpower requirement
Fundamental Requirements:			
1	Division	5	120
2	Sub Divisions	39	4,017
3	Revenue office	5	165
4	Construction Sub Divisions	2	98
Total (Fundamental) – A			4,400
Optional Requirements:			
1	Circle	1	45
2	Computer Centre	1	51
3	Construction Division	1	18
4	M&T Division	1	26
Total (Optional) – B			140
Grand Total (A + B)			4,540

d) Updated Position of HR workforce requirement

✓ Based on the current workforce position and proposed expansion in workforce of GEPCO, updated workforce position will be as tabulated below;

Description	Officers		Officials		Total		Grand Total
	Tech	Non-Tech	Tech	Non-Tech	Tech	Non-Tech	
Sanctioned	410	129	16,651	5,561	17,061	5,690	22,751

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- ✓ Above sanctioned strength is based on current fundamentals, however, with gradual expansion in network outreach, customer base and advent of CTBCM related interventions, GEPCO may need to have more manpower.
- ✓ GEPCO shall take all possible measures to recruit suitable incumbents against vacant posts arising due to the mismatch between sanctioned strength and actual working manpower. However, such recruitment will be subject to approvals of BOD and submitting the requisite details of any hiring, including financial impact and associated benefits, in subsequent adjustment or indexation requests for NEPRA's consideration.

Post-Retirement Benefits:

- ✓ Regarding post-retirement benefits the Petitioner submitted that the head of Post-Retirement Benefits includes employees' pension, free electricity, and medical facilities. As employees of XWDISCOs, including GEPCO, are hired on Government pay scales, any pension increase announced by the Federal Government in the Budget is also applicable to retired employees/pensioners of DISCOs.
- ✓ The Petitioner stated that it has complied with the Authority's previous directive to create a separate fund for post-retirement benefits. This was done to ensure that the company records its liabilities prudently, with the funds being transferred to a separate legal entity. This approach ensures that the fund generates its own profits, remains separate from GEPCO's routine operations, and reduces the Distribution Margin, which can lower the consumer-end tariff in the long run.

Rs. Mln

Years	2020-21	2021-22	2022-23	2023-24	Total
Amount Allowed by the Authority	10,513	11,937	13,131	9,227	44,808
Compliance by GEPCO up to 30-06-2024:					
Less: Post Retirement Benefits Paid	3,643	4,238	5,244	7,693	20,818
Less: Contribution Made to Pension Fund	-	-	6,704	19,121	25,825
Sub Total	3,643	4,238	11,948	25,210	46,643
Excess amount Paid up to 30.06.2024					1,835

- ✓ Based on above the petitioner submitted that it has complied with the earlier directions of the Authority and deposited excess amount in the fund over & above its actual payments.
- ✓ The post-retirement benefits cost provision for FY 2025-26 is based on the actuarial valuation report and the audited financial statements for FY 2023-24, which amount to Rs. 13,815 million and Rs. 10,361 million allocated to Distribution Business and Rs. 3,454 million allocated to Power Supply Business. Future indexations will follow the mechanism defined by the Authority in Para 47 of GEPCO's MYT Determination, which allows post-retirement benefits to be based on the actuarial valuation report or the latest available audited financial statements.

Repair & Maintenance (R&M) Costs:

- ✓ Regarding R&M cost the Petitioner submitted that the adherence to service standards and improvement in customer services are primarily dependent on the continuous repair and maintenance (R&M) of the distribution network. For the fiscal year 2025-26, GEPCO has based its projections on the costs reported in its Audited Financial Statements for FY 2023-

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

24, which serve as the base year for estimating operational and maintenance (O&M) expenses and other miscellaneous costs for the upcoming MYT control period.

✓ With the current MYT ending on June 30, 2025, GEPCO considers it prudent to rely on the actual costs of FY 2023-24 amounting to Rs. 1,657 million when projecting R&M expenses for FY 2025-26. This approach ensures that any gains or losses from the prior MYT control period do not carry over into the new control period. After accounting for inflationary adjustments reflected in the Audited Financial Statements for FY 2023-24, GEPCO has proposed an allocation of Rs. 1,905 million for R&M expenses for FY 2025-26, encompassing both its Distribution and Supply Functions while excluding meter-related costs. To determine this figure, GEPCO applied the National Consumer Price Index (NCPI) as of December 2024 i.e. 7.22%.

✓ GEPCO has requested that all expenses, including R&M, be adjusted by NCPI-X throughout the tariff control period. This request aligns with the current tariff methodology and ensures consistency in expense adjustments.

✓ GEPCO has used its adopted criteria to allocate costs across functions. Based on this methodology, the R&M cost for the Power Supply Business for FY 2025-26 is calculated to be Rs. 38 million. The projected R&M cost of Rs. 1,905 million for FY 2025-26 will serve as the reference cost for future R&M expenses during the remaining MYT control period. Adjustments to these costs, including the application of CPI-X, will follow the prescribed mechanism outlined in the tariff petition. This approach aligns with the current tariff methodology and ensures consistency in expense adjustments. Additionally, GEPCO has complied with the Authority's directive to capitalize meter-related costs, ensuring they are excluded from this projection.

<u>Other O&M Expenses</u>

✓ These expenses cover essential operational functions such as traveling costs, transportation, bill collection, building rent, NEPRA fees, insurance, rates and taxes, and other operating and maintenance activities. The PEPCO Management Fee is excluded from Other O&M Expenses as per the Authority's directives. Audited Other O&M expenses for FY 2023-24 amounts to Rs. 2,566 million including travelling expenses, vehicle running expenses & other expenses. NCPI of 7.22% of Dec-24 has been applied for projection. It is further added that Rs. 50 million is also added in FY 2024-25 for CSR Activities under the directions of the Authority. Accordingly, the requested amount of Rs. 3,003 million for Other O&M Expenses in FY 2025-26 will serve as the reference cost for future adjustments throughout the MYT period. Of this, Rs. 1,870 million and Rs. 1,133 million are allocated for the Distribution and Supply of Power functions for Other O&M Costs.

✓ In line with the NEPRA Consumer-end-Tariff Guidelines (2015), the O&M portion of the Distribution Margin will be indexed to the Consumer Price Index (CPI), with adjustments for efficiency gains (X factor). It is requested that X factor to be set at zero for the first three years (FY 2026-28), to allow an adequate transition period to the private sector participant after the privatization of the Company, and subsequently at 10% and 20% of CPI during years four and five respectively. The Petitioner also requested following adjustment/indexation mechanism for O&M cost;

O & M (Rev) = O & M (Ref) X [1 + (ΔCPI-X)]
Where

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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 Statistics
X = Efficiency factor

✓ The Petitioner during hearing revised its requested and submitted the following projections and justifications regarding O&M cost;

Sr. No.	Description	Basis for Projections
1	Pay & Allowances	Audited Figure FY 2024-25, 10% Ad-hoc Relief, 5% Annual Increment and 30% DRA. No new hiring cost claimed upfront and shall be claimed on actual basis.
2	Post-Retirement Benefits	Actuarial Amount based on latest Audited Financial Statements of FY 2024-25
3	Other O&M Costs	Audited Figure FY 2024-25, Indexed on December 2024 CPI @ 7.22% as per NEPRA Mechanism.

PROJECTED O & M COSTS FY 2025-26

Operation & Maintenance	Total	Distribution Business		Power Supply Business	
	100%	%	Cost	%	Cost
1. Salaries, Wages & Other Benefits:					
Salaries & Wages	13,265	75	9948	25	3,316
Employees Benefits	3,849	75	2887	25	962
Sub Total Salaries, Wages & Other Benefits	17,114	75	12835	25	4278
2. Retirement Benefits	11,812	75	8,859	25	2,953
3. Other O & M Costs:					
i. Travelling	517	75	387	25	129
ii. Repair & Maintenance	2,853	98	2,796	2	57
iii. Transportation	1,061	95	1,008	5	53
iv. Other Expenses:					
Bills Collection	416	-	-	100	416
Power, Light & Water	173	90	155	10	17
Postage & Telephone	70	30	21	70	49
Office Supplies & Others	380	30	114	70	266
Advertising	22	100	22	-	-
Professional Fee /NEPRA/PITC Fee	341	30	102	70	239
Misc. Expenses	17	90	15	10	2
Sub Total Other O & M	5,849	79	4,621	21	1,228
Grand Total(1+2+3)	34,774	76	26,315	24	8,459

8.4. The Authority observed that as per section 31(3) of NEPRA Act, following general guidelines shall be applicable to the Authority in the determination, modification or revision of rates, charges and terms and conditions for provision of electric power services;

✓ *"(a) tariffs should allow licensees the recovery of any and all cost prudently incurred to meet the demonstrated needs of their customers Tariff."*

✓ *(b) tariffs should generally be calculated by including a depreciation charge and a rate of return on the capital investment of each licensee commensurate to that earned by other investments of comparable risk;*

✓ *(c) tariffs should allow licensees a rate of return which promotes continued reasonable investment in equipment and facilities for improved and efficient service;*

✓ *(d) tariffs should include a mechanism to allow licensees a benefit from and penalties for failure to achieve the efficiencies in the cost of providing the service and the quality of service;"*

8.5. Further, as per NEPRA determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, the Authority shall choose a base year for the purpose of determining the affected company's revenue requirement under multi-year tariff regime or annual

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

tariff regime. "Base Year" has been defined as the year on which the annual or multiyear tariff projection is being made, which may be a historical financial year, for which the actual results/audited accounts are available. It may be a combination of actual results and projected results for the same financial year or it may be a pure projection of a future financial year.

8.6. Here it is also pertinent to mention that as per the approved tariff methodology the Power Purchase Price is the only uncontrollable cost which is allowed a pass-through item. The other remaining costs are to be treated as controllable costs.

8.7. Considering the fact that the MYT has been filed for a period of five years i.e. from FY 2025-26 to FY 2029-30, and the cost for the FY 2025-26 i.e. test year, is being assessed as reference cost during the MYT control period, the Authority has decided to consider the costs as per the Audited/ provisional accounts of the Petitioner for the FY 2024-25 as base year.

8.8. The Authority considers that for projections or assessment of OPEX costs, the two commonly used approaches are the Ex-Ante approach and the Ex-Post approach. In a regime where the allowed OPEX is determined Ex-Ante, there will inevitably be deviations between the allowed and actual OPEX in the form of efficiency savings or losses. Thus, resulting in two broad options, one that the utility bears all savings or losses, i.e. no action is taken by the Regulator. The 2nd that the utility shares the savings or losses with consumers. The former provides the utility with a profit incentive to cut costs, but at the same time places the utility at greater financial risk in the face of losses. The latter somewhat dilutes efficiency incentives, but also limits the losses/gains for the utility and its customers. However, the widely used approach is that no adjustments to allowed Revenues or OPEX allowances are made in the next period to compensate for a deviation from allowed OPEX in the current period except for certain allowed adjustments in terms of CPI etc.

8.9. In view thereof, the head wise assessment of the Petitioner under each of the requested costs is as discussed hereunder.

<u>Salaries, Wages and Other benefits (excluding post-retirement benefits)</u>

8.10. The Authority noted that head of Salaries, Wages and Other Benefits include employees Pay & Allowances and Post-retirement benefits and accounts for over 80% of the Petitioner's total O&M costs, excluding therefrom depreciation and RoRB. The Authority understands that employees of XWDISCOs are hired on Government pay scales, thus, any salary increase announced by the Federal Government in Fiscal Budget is also applicable on the employees of XWDISCOs. Therefore, salaries & wages cost of employees can be considered as un-controllable cost for XWDISCOs as long as they remain in public sector.

8.11. Considering the fact that the cost for the FY 2025-26 is being assessed, which would be used as reference during the MYT control period, the Authority has taken into consideration the costs as per the accounts of the Petitioner for the FY 2024-25, and information shared by the Petitioner subsequently in this regard. The Authority is of the view that since the previous MYT of the Petitioner has ended on 30.06.2025, therefore, it would be appropriate to account for the actual cost of the base year while projecting Salaries, Wages and Other benefits for the FY 2025-26, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

8.12. The actual total cost as provided by the Petitioner for the FY 2024-25, under Salaries & Wages (excluding postretirement benefits, discussed separately) is Rs.15,399 million. The said amount has been considered as base cost and increases as approved by the Federal Government on Salaries and Wages in the Federal Budget for the FY 2025-26 i.e. ad-hoc relief allowance of 10% and DR allowance of 30%, along-with impact of annual increment i.e. 5% have been incorporated thereon.

8.13. Accordingly, the cost of Salaries & Wages (excluding postretirement benefits, discussed separately), for both the Distribution and Supply Functions works out as Rs.17,114 million. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions as reference cost, to be adjusted in the remaining control period as per the adjustment mechanism prescribed in the instant determination.

8.14. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of Salaries, Wages and other benefits in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Thus, the cost of Salaries, Wages and other benefits (excluding postretirement benefits) for the FY 2025-26 pertaining to the Supply function works out as Rs.4,279 million.

8.15. The assessed Salaries & Wages costs for the FY 2025-26 i.e. Rs.4,279 million, shall be considered as the reference cost for future adjustment/ indexation of Salaries & Wages expenses, in the remaining tariff control period as per the mechanism given in the instant determination.

8.16. Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Authority has decided to actualize the Pay & Allowances cost of the Petitioner, based on its audited accounts for the relevant year for its existing employees. The impact of any such adjustment would be allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

<u>Additional Recruitment and Outsourcing</u>

8.17. Regarding additional recruitment, the Authority observed that Salaries & Wages cost for the FY 2024-25, as per the accounts of the Petitioner, has been considered as base cost, therefore, impact of any new recruitment made till FY 2024-25 has already been accounted for. For future recruitment, the Petitioner itself requested to allow cost on account of new hiring once the new recruitment is completed. The Authority also understands that any allowing cost upfront either on account of new hiring, would be unfair with the consumers, without considering/ analyzing its benefits. The Authority understands that it will be in a better position to adjudicate on the issue, once the Petitioner provides details of actual cost incurred in this regard and substantiates the same with the quantified benefits accrued. Although, the Authority has decided to actualize the Pay & Allowances cost of the Petitioner, based on its audited accounts for the relevant year, however, that would only be to the extent of existing employees. Accordingly, the Petitioner is directed to provide detail of new recruitment during each year or new hiring if any, along-with its financial impact and benefits accrued, for consideration of the Authority, in its subsequent adjustment/ indexation request.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Post-Retirement Benefits

8.18. The Authority noted that the head of post-retirement benefit includes employees' pension, free electricity and medical facility. The Authority also understands that employees of XWDSICSOs are hired on Government pay scales, thus, any pension increase announced by the Federal Government in the Budget is also applicable on the retired employees of XWDISCOs.

8.19. It is also pertinent to mention that the Authority in its previous determinations, considering the overall liquidity position in the power sector and in order to ensure that XWDISCOs fulfil their legal obligations with respect to the post-retirement benefits, directed the XWDISCOs to create a separate fund in this regard. The rationale behind creation of separate fund was to ensure that DISCOs record their liability prudently as the funds would be transferred into a separate legal entity, which would also generate its own profits, as it would be kept separate from the Company's routine operations, thus reducing the Distribution Margin and eventually consumer-end tariff in longer run.

8.20. In compliance with the Authority's direction, the Petitioner has created a separate Fund for its post-retirement benefits and provided following details of its pension fund balance and Payments made thereof;

Year	NEPRA allowed amount	Amount Paid to Pensioners	Amount to be Transferred to Fund	Accumulated Fund Balance	Profit earned	Accumulated Fund Balance net of Profit
2015-16	1,522	1,522	-		-	-
2016-17	1,953	1,953	-	-	-	-
2017-18	2,600	2,600	-	-	-	-
2018-19	3,077	3,077	-	-	-	-
2019-20	3,198	3,198	-	-	-	-
2020-21	10,513	3,643	6,870	-	-	-
2021-22	11,937	4,238	7,699	1	-	1
2022-23	13,131	5,244	7,887	6,704	213	6,490
2023-24	9,227	7,693	1,534	25,825	1,278	25,824
FY 2024-25	13,178	7,674	5,504		4,989	36,689

8.21. From the above table, it is clear that the Petitioner has complied with the earlier directions of the Authority and deposited excess amount in the Fund, after making actual payments. In view thereof, the Authority has also decided to allow the Petitioner, provision for Post-retirement benefits, for the FY 2025-26 as well.

8.22. Here it is pertinent to mention that since audited accounts of the Petitioner for the FY 2025-26, are not yet available, therefore, information provided by the Petitioner for the FY 2024-25, has been relied upon and provision reported as for FY 2024-25, has been considered for FY 2025-26 i.e. Rs.11,976 million, for its both Distribution and Supply of Power Functions.

8.23. The Petitioner is directed to deposit the amount of provision, over and above their actual post-retirement benefit payments, in the Fund and in case of failure to deposit the excess amount in the Fund, the same shall be adjusted/deducted in the subsequent tariff determination and from thereon, only actual amounts paid and amount transferred into the fund would be allowed. Here it is also pertinent to mention that Petitioner has deposited Rs. 7,196 million over and above the allowed amount, therefore, the Authority has decided to allow the amount of Rs. 7,196 million already deposited by the Petitioner in the Fund as part of PYA.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

8.24. Since the Audited accounts of the Petitioner, do not provide bifurcation of post-retirement benefits in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of post-retirement benefits in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of post-retirement benefits for the FY 2025-26 pertaining to the Supply Function works out as Rs.2,994 million, to be adjusted in the MYT Control period as per the adjustment mechanism provided in the instant determination.

Repair & Maintenance Costs

8.25. The Authority has carefully examined the Petitioner's request and also analyzed the past trend of R&M expenses of the Petitioner. The Authority understands that the adherence to service standards and improvement of customer services is only possible through continuous repair and maintenance of distribution network, however, at the same time the Petitioner has also requested for huge CAPEX for making additional investment in Fixed Assets, resulting in new, expensive and efficient equipment, leading to overall reduction in R&M cost and increasing the total Assets base.

8.26. The Authority is also of the view that since the previous MYT of the Petitioner has ended on 30.06.2025, therefore, it would be appropriate to account for the actual cost of the base year while projecting O&M expenses and other Misc. expenses for the FY 2025-26, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.

8.27. In view of the foregoing and keeping in view the current approved tariff methodology, the Authority has decided to allow an amount of Rs.2,770 million under R&M head, for the FY 2025-26, after incorporating the inflationary impact as also requested by the Petitioner, on the R&M cost as per the audited accounts of the Petitioner for the FY 2024-25 for both the Distribution and Supply functions. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions.

8.28. Since the Audited accounts of the Petitioner, do not provide bifurcation of the R&M costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of R&M costs in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of R&M for the FY 2025-26 pertaining to the Supply function works out as Rs.55 million.

8.29. The assessed repair and maintenance cost for the FY 2025-26 i.e. Rs.55 million, shall be considered as the reference cost for working out future repair and maintenance expenses, in the remaining control period as per the adjustment mechanism prescribed in the instant determination.

8.30. The DISCOs are also directed to provide a certification from its Auditors that Repair and Maintenance expenditure does not include any CAPEX nature item. In case any CAPEX nature cost has been booked as R&M expenses, the same may be disclosed separately in the financial statements. The Authority may consider to revise the R&M assessment of the Petitioner, based on such disclosure/certification.

Other O&M Expenses

8.31. The Authority noted that as per the approved tariff methodology, all other operating expenses are part of O&M costs which are to be assessed through NCPI-X formulae for the tariff control period. Here it is pertinent to mention that the Petitioner itself has requested

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

that other O&M expenses, may be linked with CPI during the entire tariff control period. The Petitioner has also requested to allow Rs.50 million on account of CSR activities.

8.32. For assessment of Other O&M costs for the FY 2025-26, the Authority, keeping in view the cost as per the accounts of the Petitioner for the FY 2024-25, and incorporating therein inflationary impact as also requested by the Petitioner, has decided to allow an amount of Rs.2,950 million to GEPCO for the FY 2025-26. The allowed amount of Rs. 2,950 million is being allowed for both the Distribution and Supply of Power function for the FY 2025-26.

8.33. However, while working out the other O&M expense the cost on account of PEPCO management fee has been excluded, as also excluded by the Petitioner itself. Similarly, no cots on account of CSR activities is allowed as part of O&M expenses, and the Petitioner is direct to carry such activities from its allowed returns.

8.34. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Other O&M costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of other O&M costs in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of other O&M expenses for the FY 2025-26 pertaining to the supply function works out as Rs. 319 million.

8.35. By considering the figures as per financial statement, the Authority has incorporated all the costs including bill collection, building rent, NEPRA fee, insurance cost, rent, rates & taxes, and travelling, transportation etc.

8.36. The aforementioned assessment for the FY 2025-26 shall be considered as reference for working out future Other Operating Expenses for remaining tariff control period to be adjusted based on change in "NCPI-General", in line with the mechanism provided in the instant determination. However, the vehicle running expenses would be adjusted with "NCPI-Transport", in line with the mechanism provided in the instant determination.

8.37. In case the Petitioner's actual O&M cost (excluding pay & Allowances & post-retirement benefits) for the relevant year as per its audited accounts is lower than the amount allowed for that year, any saving in this regard, shall be shared between consumers and the Petitioner in the ratio of 50:50. For future indexation of O&M cost during the MYT control period, the lower of allowed O&M cost or actual O&M cost of the previous year, after excluding therefrom the capex nature O&M and amount of O&M capitalized, if any, and pay & allowances & post-retirement benefits, shall be considered as reference.

8.38. If the actual O&M cost for the previous year, as referred above is not available at the time of projecting next year's O&M cost, the allowed cost for the previous year shall be considered as reference to be indexed as per the provided mechanism. Once the audited account for the previous year are available, the already projected O&M cost shall be reworked based on lower of allowed cost or actual O&M cost of the previous year. Any adjustment in this regard, if required, shall be made part of PYA. In addition, the allowed O&M cost shall also be adjusted based on mechanism provided in the instant determination. The Petitioner is also directed to disclose its O&M costs in terms of distribution and supply functions separately in its audited accounts.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

PPMC Fee

8.39. Here it is pertinent to mention that some DISCOs during the hearing requested to allow cost on account of Management Fee of Power Planning and Monitoring Company (the "PPMC"). DISCOs in support of their request referred to the SRO 1358-I (2025) dated 29.07.2025, issued by the Ministry of Energy (PD), pursuant to the Federal Cabinet decision dated 27.10.2021, the National Electricity Policy, 2021, the National Electricity Plan (2023–2027), whereby it has been designated as a "designated entity" for the implementation of the priority areas of the NE Plan, and strategic roadmap as per the NE policy. The SRO further mandates the company to charge a fee from DISCOs, for the services rendered, as may be approved by the BoD of PPMC from time to time. The BoD of PPMC may, on annual basis, approve the annual budget and allocation of fees to DISCOs.

8.40. It has also been submitted that clause 34(f) of the IMF Country Report clearly acknowledges PPMC's role in supporting policy, regulatory and tariff affairs, sector reforms, privatization, CD management and integrated power and energy planning.

8.41. The Authority noted that the National Electricity Plan allows the designated entity to charge a regulatory fee, which shall be allowed by the Regulator. The Authority also noted that previously the Authority discontinued the PEPCO fee in the absence of appropriate structure in place. The Authority also takes cognizance of the SRO dated 29.07.2025, issued by the Ministry of Energy (PD), pursuant to the Cabinet decision, as well as other justifications submitted by the DISCOs regarding the declaration of PPMC as a "designated entity" and its role in supporting policy, regulatory, and tariff matters, sector reforms, privatization, CD management, and integrated power and energy planning.

8.42. However, the Authority is of the view that it would be in a better position to adjudicate the matter, once the DISCOs provide details of the actual costs incurred and the functions/ services performed as designated entity for DISCOs and others, duly substantiated with documentary evidence and justifications.

8.43. Accordingly, the Authority has decided to pend upfront allowing such cost on account of PPMC at this stage and may consider the same as part of the PYA, subject to the Petitioner furnishing the above details, with proper justification and supporting documentary evidence, along with fulfillment of the process prescribed in the SRO No. 1358(I)/2025.

8.44. On the submissions of the Petitioner, to allow certain costs as uncontrollable, the Authority noted that as per the approved tariff methodology, Power Purchase Price is the only uncontrollable cost which is allowed a pass-through item. However, considering the fact that XWDISCOs employees are hired on Government pay scales, thus, any salary and pension increase, announced by the Federal Government in Fiscal Budget is also applicable on such employees/ pensioners of XWDISCOs. Therefore, salaries & wages cost and pension expenses to the extent of such employees can be considered as un-controllable cost for XWDISCOs as long as they remain in public sector.

9. Whether the requested/projected amount under heads of Other Income, Deprecations and RORB based on WACC of 12.39% is justified?

Depreciation

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

9.1. Regarding Depreciation the Petitioner submitted that it is an important component in recovering the costs associated with capital investments. The projected depreciation has been calculated by applying the applicable depreciation rates to the Gross Fixed Assets in Operation, including the proposed investments for the next five years as per Business Plan. The Depreciation and RoRB will be considered revised in accordance with the approval of the Authority for the submitted Business Plan for FY 2025-26 to 2029-30. It is further added that in case of Private Sector Participation in GEPCO, a reopener will be allowed by the Authority for revision of investment / tariff within a year following the private sector participation as the instant investment plan / tariff has been prepared without the involvement of the would-be investors/ managers. The Investment Plan already submitted to the Authority for approval is as follows:

Description		2025-26	2026-27	2027-28	2028-29	2029-30	Total	
							Rs. (Million)	
Infrastructure Renewal/ Expansion	STG	12,097	7,045	12,044	6,956	5,369	43,511	66,277
	ELR	4,974	5,499	2,928	3,692	3,799	20,891	
	DOP	355	348	238	347	587	1,875	
Digitization and Automation	SCADA	1,360	1,496	1,720	247	271	5,093	18,652
	APMS	1,817	3,773	3,999	-	-	9,588	
	AMR/AMI	3,171	-	-	-	-	3,171	
	ERP	50	30	30	30	30	170	
	GIS Enterprise/ Mapping	70	60	-	-	-	130	
	IBS and Allied Equipment	50	50	50	50	50	250	
	Software, Studies, Licences	50	50	50	50	50	250	
Operational Support	Transport	800	850	600	800	500	3,550	6,204
	Civil Works	650	564	530	460	450	2,654	
Safety and Control	ABC Cable	-	115	127	139	153	535	9,479
	Safety Hazard Removal & Earthing	1,230	1,662	1,828	2,011	2,212	8,944	
GEPCO Financing		26,672	21,541	24,144	14,783	13,472	100,612	
Others (Consumer Contribution/Deposit Works)		7,725	8,497	9,347	10,281	11,310	47,160	
Grand Total		34,397	30,038	33,491	25,064	24,781	147,772	

9.2. Accordingly, the requested depreciation by the Petitioner for the next five years are as follows:

Rs. Mln

Description	2025-26	2026-27	2027-28	2028-29	2029-30
Total Depreciation	4,792	5,563	6,490	7,355	8,290
Allocated to Distribution Business	4,696	5,452	6,361	7,208	8,124
Allocated to Power Supply Business	96	111	130	147	166

9.3. As per the Petitioner, the depreciation expense has been allocated, with 2% assigned to the Power Supply Business and 98% to the Distribution Business. The depreciation expense for future years will be assessed in accordance with the following formula/mechanism:

DEP (Rev) = DEP (Ref) X GFAIO (Rev) / GFAIO (Ref)

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

9.4. The Petitioner also submitted that for FY 2025-26, requested depreciation may be considered as reference cost for future adjustment / indexation. In addition, the allowed depreciation for previous year will be trued up based on actual investment (maximum cap to the extent of allowed investment) carried out during that year.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

9.5. Regarding allowed investment for FY 2025-26 and FY 2026-27, since the Distribution Investment Plan (DIP) of the Petitioner is under regulatory proceedings, the Authority has decided to allow the following provisional Investments under head of own financing, which shall be subject to adjustments pursuant to the final decision of the Authority in matter of DIP of the Petitioner.

Rs. Mln

Provisional Capex	GEPCO
FY 2025-26	10,366
FY 2026-27	13,752

9.6. The Authority decided that the above approved Investments are provisionally allowed for purpose of tariff rebasing and does not include the cost for AMI, APMS, scanning meters, Data Centers, etc., the investment in this smart metering area can only be started once DIP is approved, wherein the detailed project wise scope and cost approvals shall be decided in the final decision of DIP of GEPCO.

9.7. Regarding the T&D Losses Target, the Authority has decided to provisionally approve the following loss target, considering the third-party study conducted by M/S PPI and M/S Power Aim and the previous target allowed to GEPCO;

Provisional T&D Loss	GEPCO
FY 2025-26	8.85%
FY 2026-27	8.85%

9.8. The Petitioner is also directed to carry out a fresh study of its T&D loss study through an independent third-party, as per the approved ToRs, which shall be communicated to the Petitioner separately by NEPRA. The independent third-party T&D loss study must be submitted by the Petitioner within nine (09) months of issuance of this decision.

9.9. The T&D loss study submitted by an independent third-party shall be considered by the Authority and may, if deemed appropriate, be used for the review of T&D loss targets for the applicable period at the time of the next tariff rebasing for DISCOs (January 2027) or during the mid-term review (December 2027) of DIP, as the case may be.

9.10. Not used

9.11. Not used

9.12. After taking into account the new investments as mentioned above, the Gross Fixed Assets in Operation for the FY 2025-26 have been re-worked. Accordingly, the depreciation

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

charge for the FY 2025-26 has been assessed as Rs.4,724 million calculated on actual depreciation rates for each category of Assets as per the Company policy, which will be considered as reference cost for working out future depreciation expenses for the remaining tariff control period, to be adjusted as per the mechanism provided in the instant determination.

9.13. After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2024-25, the Authority has projected amortization of deferred credit to the tune of Rs.2,103 million for the FY 2025-26. Accordingly, the consumers would bear net depreciation of Rs.2,621 million.

9.14. The actual depreciation reflected in the Audited accounts of the Petitioner for the FY 2024-25, do not provide bifurcation of depreciation cost in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of depreciation cost in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the depreciation cost for the FY 2025-26 pertaining to the Supply function works out as Rs.94 million.

<u>Return on Regulatory Asset Base (RoRB)</u>

9.15. Regarding RORB the Petitioner made the following submissions;

✓ The petitioner submitted that as per the NEPRA Determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, the Authority considers a minimum equity ratio of 20% in case of negative equity, while any equity exceeding 30% is treated as debt. The equity and debt ratios are standardized at 30% and 70%, respectively.

The WACC is calculated using the following formula:
WACC = [Ke x (E/V)] + [Kd x (D/V)]
Where:

- K_e = Return on Equity (RoE)
- K_a = Cost of Debt

✓ Regarding Return on equity the Petitioner submitted that NEPRA employs the Capital Asset Pricing Model (CAPM) for determining the Return on Equity (RoE) component of the Weighted Average Cost of Capital (WACC). The Plain Vanilla WACC approach is used, treating the tax shield as zero, with any taxes paid considered as pass-through costs. CAPM is widely recognized and applied by regulatory agencies worldwide to estimate the cost of capital for regulated utilities. Cost of Equity is calculated as follows:

Ke = RF + (RM-RF) x β

where

RF : Risk Free rate

RM : Market Return

B : Beta

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- ✓ The expected return on any investment comprises the risk-free rate and a risk premium to compensate for the associated risk. The risk premium is the difference between the market rate of return and the risk-free rate, with the return on a stock market index typically serving as the benchmark for the market rate of return. NEPRA, in its determinations for other XWDISCOs such as LESCO, FESCO, and IESCO, analyzed the KSE-100 Index returns along with data from neighboring and international markets to derive an appropriate market rate of return. For assessing beta, NEPRA reviewed prior studies, the range of betas used by international regulators, and its own benchmarks. Based on this evaluation, NEPRA applied a beta value of 1.10 and determined the Return on Equity (RoE) component as 14.47% for LESCO, FESCO, and IESCO.
- ✓ In alignment with these determinations and considering the same parameters, GEPCO respectfully requests that the RoE component may also be set at 14.47%.

<u>Cost of Debt:</u>

- ✓ The cost of debt reflects the interest rate at which GEPCO can borrow funds from the debt market or commercial banks. NEPRA estimates the cost of debt using the formula:

Three months KIBOR + 2.00% spread

- ✓ The Petitioner submitted that it has calculated its cost of debt at 12.39% (by taking KIBOR @ 10% July 2025 & 9% January 26), aligning with its financial cost projections. The KIBOR used for the FY 2027 onward is 9% resulting WACC into 12.04%.

<u>Return on Rate Base:</u>

	Description	FY 2023-24 Audited	FY 2024-25 Determined	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected	FY 2029-30 Projected
A	Gross Fixed Assets in Operation - Opening Bal	92,384	106,986	111,489	133,631	164,646	180,251	204,023
B	Addition in Fixed Assets	14,602	4,503	22,142	20,915	26,705	23,772	25,577
C	Gross Fixed Assets in Operation - Closing Bal	106,986	111,489	133,631	164,646	180,251	204,023	229,601
D	Less: Accumulated Depreciation	34,339	38,444	43,236	48,759	55,290	62,645	70,935
E	Net Fixed Assets in Operation	72,647	73,045	90,395	105,747	124,961	141,378	158,666
F	Add: Capital Work in Progress - Closing Bal	19,776	23,583	35,837	44,961	52,747	54,039	53,243
G	Investment in Fixed Assets	92,423	96,627	126,232	150,707	177,708	195,417	211,909
H	Less: Deferred Credits	34,197	36,947	44,671	53,168	62,515	72,797	84,106
I	Regulatory Assets Base	58,226	59,681	81,561	97,539	115,193	122,620	127,802
J	Average Regulatory Assets Base	60,636	58,953	70,621	89,550	106,366	118,907	125,211
	Rate of Return	21.14%	17.06%	12.39%	12.04%	12.04%	12.04%	12.04%
	Return on Rate Base	10,683	10,057	8,760	10,783	12,808	14,318	15,077

- ✓ Regarding RORB, the Petitioner during hearing revised its submissions and requested a WACC of 13.79% instead of earlier requested WACC of 12.39% due to change in KIBOR. The Petitioner requested that revised WACC is based on the average of KIBOR of 01 July 2025 & 1 January 2025(works out to be 13.79%) and accordingly RORB is calculated on original DIIP. Earlier, WACC of 12.39% was based on provisional KIBOR of 01 July 2025.The RORB has been allocated, with 2% assigned to the Power Supply Business and 98% to the Distribution Business.

Rs. Mln

Description	2025-26	2026-27	2027-28	2028-29	2029-30
Total Return on Rate Base	8,750	10,783	12,808	14,318	15,077
Allocated to Distribution	8,575	10,567	12,551	14,031	14,775
Allocated to Power Supply	175	216	256	286	302

- ✓ As per the NEPRA Determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, the reference RoRB would be adjusted annually based on the amount of

NEPRA AUTHORITY

RAB worked out for the respective year after considering the amount of investment allowed for that year as per the following mechanism;

RORB (Rev) = RORB (Ref) X 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

✓ FY 2025-26, requested RORB may be considered as reference cost for future adjustment / indexation. In addition, the allowed RORB for previous year will be trued up based on actual investment (maximum cap to the extent of allowed investment) carried out during that year.

✓ Additionally, GEPCO emphasized that interest payments are obligatory cash flow liabilities, unlike discretionary dividend payments. Considering that any default in such payments could adversely affect GEPCO's financial position, it is requested the Authority to cover the risk of floating KIBOR. Accordingly, proposed that fluctuations in the reference KIBOR be adjusted biannually.

9.16. The Authority observed that as per Section 31(3) of the amended NEPRA Act, the following general guidelines shall be applicable to the Authority in the determination, modification or revision of rates, charges and terms and conditions for provision of electric power services;

(b) tariffs should generally be calculated by including a depreciation charge and a rate of return on the capital investment of each licensee commensurate to that earned by other investments of comparable risk;

(c) tariffs should allow licensees a rate of return which promotes continued reasonable investment in equipment and facilities for improved and efficient service;

9.17. In line with the aforementioned guidelines, the Authority allows DISCOs, a Weighted Average Cost of Capital (WACC) to account for the return on equity and cost of debt. Similarly, for recovery of principal portion of debt, the Authority includes a depreciation charge in the revenue requirement of DISCOs.

9.18. Consequent to the aforementioned discussion, the WACC works out as per formula given below;

<u>Cost of Equity;</u>

$Ke = R_F + (R_M - R_F) \times \beta$

Where;

R_F is the risk free Rate

R_M is the Market Return

β is Beta

<u>The cost of debt;</u>

Kd = KIBOR + Spread

9.19. Accordingly, the WACC as per the given formula works pout as under;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

WACC= ((Ke x (E / V) + (Kd x (D / V))

Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;

9.20. The Authority uses the Capital Asset Pricing Model (CAPM) for calculation of Return of Equity (RoE) component of the WACC, being the most widely accepted model, which is applied by regulatory agencies all over the world to estimate the cost of capital for regulated utilities. Further, as per the Tariff methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt.

9.21. The expected return on any investment is the sum of the risk-free rate and an extra return to compensate for the risk. This extra return or 'risk premium' is the difference between market rate of return and risk-free rate. Generally, the return on stock market index is taken as a measure of market rate of return. To have an appropriate measure of the market rate of return, analyzed KSE-100 Index return, over a period of 10 years i.e. FY 2016 to FY 2025. Further, return of different neighboring markets and other international markets were also analyzed.

9.22. For risk free rate, the yield of 05 years PIB is considered. The weighted average yield of accepted bids for 5 years PIB as of 17.07.2025 remained at 11.4916%. Regarding assessment of beta, the Authority has considered the earlier studies in the matter, range of betas used by international Regulators, and accordingly decided to use the beta of 1.10, while assessing the RoE component.

9.23. By taking into account the aforementioned factors, the RoE of the Petitioner works out differently, however, keeping the request of the Petitioner and the Authority's earlier decisions in the matter of other XWDISCOs and K-Electric, the Authority has decided to allow RoE component of 14.47%, PKR based.

9.24. As regard the cost of debt, it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. In order to have a fair evaluation of the cost of debt, the Authority has taken cost of debt as 3 month's KIBOR + 1.50% spread, as maximum cap. Consequently, the cost of debt has been worked out as 12.64% i.e. 3 Months KIBOR of 11.14% as of July 02, 2025 plus a spread of 1.50% *(150 basis points)*.

9.25. In view thereof, the WACC for the FY 2025-26 has been worked out as under;

Cost of Equity;
Ke = 14.47%
The cost of debt is;
Kd = 12.64%

WACC= ((Ke x (E / V) + (Kd x (D / V))
Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;
WACC = ((14.47% x 30%) + (12.64% x 70%)) = 13.19%

9.26. Based on above and using WACC of 13.19% on RAB by including allowed investment for the FY 2025-26, the RoRB of the Petitioner for the FY 2025-26 has been worked out as under;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Description	GEPCO FY 2024-25	GEPCO FY 2025-26
Fixed Assets O/B	106,986	137,611
Addition	30,625	11,292
Fixed Assets C/B	137,611	148,903
Depreciation	38,436	43,160
Net Fixed Assets	99,174	105,743
Capital WIP C/B	5,520	15,799
Fixed Assets Inc. WIP	104,694	121,542
	-	-
Less: Deferred Credits	41,390	47,203
Total	63,304	74,340
RAB		68,822
WACC		13.19%
RORB		9,077

9.27. The total amount of RoRB as worked out above has been allocated in terms of Distribution and Supply Functions, as per the criteria adopted by the Petitioner itself. Accordingly, the RORB for the FY 2025-26 pertaining to the Supply function works out as Rs.182 million.

9.28. The reference RoRB would 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 given in the instant determination.

9.29. In addition, the allowed RAB for previous year will be trued up downward, keeping in view the amount of investment allowed for the respective year, other than consumer financed investments. In case, the Petitioner ends up making higher investments than the allowed (other than consumer financed investments), 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 prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc.

9.30. Here it is also pertinent to mention that the amount of receipts against deposit works has been adjusted while working out the cost of working capital, therefore, no adjustment on this account has been made from the RAB. In view thereof, any interest earned on such deposits shall not be adjusted as part of other income. The Petitioner therefore shall ensure a separate disclosure of such income in its audited accounts. In case of failure to disclose such income separately, the entire interest income shall be adjusted as part of other income.

9.31. 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 as also requested by the Petitioner itself. In addition, the Authority has also decided to adjust savings, if any, resulting from cheaper financing by the Petitioner. If the Petitioner manages to negotiate a loan below 1.50% spread, the entire savings would be passed onto the consumers annually, through PYA. In case of more than one loan, the saving with respect to the spread would be worked out based on individual

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

loans. In case, the spread is greater than the allowed cap of 1.50%, additional cost would be borne by the Petitioner itself. Similarly, if the Petitioner's total actual cost of debt remains lower than the cost allowed for the year, the entire savings would also be passed onto the consumers annually, through PYA.

Other Income

9.32. Other Income for GEPCO includes revenues from sources such as mark-up on bank deposits, amortization of deferred credit, sale of scrap etc. Based on the audited figure for FY 2023-24 of Rs. 4,478 million, a 10% annual increase is projected in the tariff petition, reflecting historical trends and future projections. Any deviation in actual Other Income will be trued up annually. The proposed Other Income figures are as follows:

Rs. Mln

Description	2025-26	2026-27	2027-28	2028-29	2029-30
Total Other Income	5,418	5,960	6,556	7,212	7,933
Allocated to Distribution	5,418	5,960	6,556	7,212	7,933
Allocated to Power Supply	3,793	4,172	4,589	5,048	5,553

9.33. However, during hearing the Petitioner revised its request regarding other income and requested total other income of Rs.4,967 million for both functions. As per the Petitioner, 70% of Other Income is allocated to the Power Supply Business, and 30% to the Distribution Business. As per the NEPRA Consumer-end-Tariff Guidelines (2015), Other Income will be indexed annually using the following prescribed formula:

OI(Rev) = OI(I) - OI(0)

Where:

OI(Rev) = Revised Other Income for the Current Year

OI(I) = Actual Other Income as per latest Financial Statements.

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

9.34. Other income is considered to be a negative cost which may include, but not be limited to, amortization of deferred credit, meter and rental income, late-payment charges, profit on bank deposits, sale of scrap, income from non-utility operations, commission on PTV fees and miscellaneous income.

9.35. Since the other income would be trued up every year as per the mechanism provided in the instant determination, therefore, for the FY 2025-26, the Authority has decided to allow an amount of Rs.4,967 million based on audited accounts of the Petitioner for FY 2024-25, including the amount of amortization of deferred credit but exclusive of the amount of late payment charges (LPS), for both of its Distribution and Supply functions.

9.36. The Authority in consistency with its earlier decision, on the issue, has not included the amount of LPS while assessing the other income for the FY 2025-26. Here it is pertinent to mention that the LPS recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only, and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of Late Payment charge recovered from consumers shall be made part of other income and deducted from revenue requirement in the subsequent year.

9.37. The total amount of Other Income as worked out above has been allocated in terms of Distribution and Supply Functions, as per the criteria adopted by the Petitioner itself.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Accordingly, Othe0r Income for the FY 2025-26 pertaining to the Supply function works out as Rs.3,477 million.

9.38. The reference Other Income determined for the FY 2025-26 would be adjusted annually as per the adjustment mechanism prescribed in the instant determination.

10. <u>Whether the requested PYA is justified?</u>

10.1. The submissions of the Petitioner regarding PYA in its petitions are as under;

✓ Regarding Prior Year Adjustments, GEPCO submitted that this head accounts for the impact of variation in the following, based on the Authority's allowed benchmarks of T & D losses and recoveries;

- Under / Over Recovery of allowed Quarterly Adjustments
- Under / Over Recovery of the assessed DM
- Under / Over Recovery of previously assessed PYA
- Sales Mix Variance
- Adjustment of excess LPS over supplemental charges
- MYT True ups (Ref: Para 5.54 of GEPCO Indexation FY 23-24 NEPRA Determination)

✓ In line with the aforementioned directives from the Authority, the Prior Years Adjustment (PYA) in the instant tariff petition has been worked out as per NEPRA defined mechanism to address under / over-recovered costs as outlined below:

Sr. No.	Description	Rs. in Million
2.3.1	Other Income FY 2023-24	-987
2.3.2	Minimum Tax Paid in FY 2023-24	5,160
2.3.3	Quarterly Adjustments (5 QTRS)	1,587
2.3.4	Distribution Margin FY 2023-24	3,579
2.3.5	PYA FY 2023-24	2,313
2.3.6	Prime Minister Assistance Package	119
2.3.7	Salaries FY 2024-25	374
2.3.8	Post-Retirement Benefits	6,599
2.3.9	RORB FY 2324 Adjustment	686
2.3.10	RORB FY 2223 Adjustment	590
2.3.11	Sales Mix Variance FY 2022-23	4,224
2.3.12	Sales Mix Variance FY 2023-24	131
	Total Under Recovery	24,375

✓ All the Prior Years Adjustment is allocated to Power Supply Business.

<u>Over Recovery of Other Income Against the Determined FY 2023-24:</u>

✓ Since the other income would be trued up every year, the over recovery is tabulated below:

Description	Rs. in Million
Allowed Amount of Other Income in Tariff	3,491
Other Income As per Audited Financial Statements	4,478
Under/(Over) Recovery	**-987**

<u>Non-Recovery of Minimum Tax Paid During FY 2023-24:</u>

✓ GEPCO submitted that it has complied with the directions of the Authority regarding provision of information related to Minimum Tax and accordingly the Authority has allowed the Minimum Tax Payment while determining the Indexation Request for

NEPRA AUTHORITY NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

FY 2024-25. Now, accordingly the Minimum Tax paid during the year 2023-24 has been claimed as follows:

Description	Rs. In Million
Minimum Tax 2023-24 Paid	5,160

Less Recovery of Allowed Quarterly Adjustments FY 2022-23 & 2023-24:

- ✓ It is important to highlight that variation between the PPP billed to DISCOs by CPPA-G and the amount recovered by the DISCOs, based on the Authority's allowed benchmarks of T&D losses and recoveries, are being accounted for separately through Quarterly / Bi-Annual Adjustment mechanism, therefore, in the instant PYA, impact of any oven under recovery of the allowed quarterly adjustments has been accounted for.

- ✓ Regarding under / over recovery of the quarterly adjustments, it is pertinent to mention that Quarterly adjustments are allowed to XWDISCOs based on projected sales for the period in which recovery is allowed. Therefore, any under/over recovery based on actual sales for the period (based on Authority's allowed benchmarks of T&D losses) viz a viz projected sales on which recovery was assumed, is trued up and any such under/Over recovery is made part of PYA. Accordingly, the under / over recovery against the allowed quarterly adjustments for the period FY 2022-23 (upto 4th Quarter) & FY 2023-24 has been worked as detailed below, after incorporating therein the impact of sales to Life line consumers. The same is hereby included as part of PYA.

Description	Rs. In Million
4th Quarter 2022-23	1,964
1st Quarter 2023-24	168
2nd Quarter 2023-24	263
3rd Quarter 2023-24	-589
4th Quarter 2023-24	-219
Under Recovery	1,587

Less-Recovery of Distribution Margin FY 2023-24:

- ✓ Regarding under / over recovery of allowed distribution margin, it is submitted that XWDISCOs tariff is revenue cap tariff, and any under / over recovery on account of allowed Distribution Margin is adjusted as part of PYA. Accordingly, GE PCO is requesting the following under recovery of allowed DM for the period FY 2023-24.

Description	Rs. In Million
Allowed Amount FY 2023-24	35,881
Recovered Amount	32,302
Under Recovery	3,579

Less Recovery of Allowed PYA FY 2023-24:

- ✓ The Authority has ascertained a positive Prior Year Adjustment (PYA) for the fiscal year 2023-24 amounting to Rs. 23,185 million, recovery over a span of 12 months. The calculation of under-recovery on this component is delineated as follows:

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

Description	Rs. In Million
Allowed Amount	23,185
Recovered from Consumers	20,872
Under / (Over) Recovery	**2,313**

<u>Non-Recovery of PM Assistance Package:</u>

- ✓ GEPCO initially requested an amount of Rs. 990 million under the Prime Minister's Assistance Package (Back Period w.e.f. 09-02-2015, the original date of the PM Package) for the families of deceased employees in its Tariff Petition for FY 2019-20. However, the Authority expressed concerns regarding the lack of specific details about the period covered and individual payments made to employees. As a result, the Authority deferred consideration of this cost until the required information was submitted.

- ✓ In compliance with the Authority's direction, GEPCO subsequently furnished comprehensive employee-wise details in its Indexation Request for FY 2023-24, including HRIS Code, Employee Name, Father's Name, Designation, BPS, Date of Death, and Financial Benefits paid. Based on the submitted details, the Authority approved the requested amount.

- ✓ Now, in accordance with the Authority's directives, GEPCO is requesting the approval of a financial impact of <u>Rs. 119 million</u> for payments made during FY 2023-24 under the PM Assistance Package for back period as stated above. The details provided include Employee Name, Father's Name, HRMIS Code, Office Name, BPS, Designation, Cheque Number & Date, Amount Paid, and Bank & Branch Name.

<u>Less Determination of Salaries, Wages & Other Benefits FY 2024-25 Due To 15% Ad-Hoc Allowance Instead Of 20% & 25% Respectively:</u>

- ✓ The Authority has determined the number of Salaries, Wages & Other Benefits for the FY 2024-25 based on Ad-hoc allowance of 15% on provisional basis and stated that since the increase being allowed for the FY 2024-25, are on provisional basis, therefore, the same shall be adjusted subsequently, based on actual Pay & Allowances as announced by the Govt. in the Federal Budget for the FY 2024-25.
- ✓ Accordingly, as in the Federal Budget for FY 2024-25, the Ad-hoc allowance of 20% & 25% has been announced, the revised number of Salaries, Wages & Other Benefits works out as follows:

Description	NEPRA	GEPCO	Difference
Base Figure (Determined for FY 2023-24)	13,702	13,702	-
5% Annual Increment Impact	249	249	-
15% Ad hoc & 20% / 25% Ad hoc	747	1,121	374
Indexed Figure for FY 2024-25	14,698	15,072	374

<u>Erroneous Calculation of Provision for Post-Retirement Benefits by Ignoring the Compliance Made By GEPCO:</u>

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

✓ The Authority has acknowledged that the Petitioner has shown a reasonable compliance to the direction of the Authority regarding deposit of amounts into Pension Fund while analyzing the data up to March 2024.

✓ However, while calculating the PYA, the Authority erroneously deducted an amount of Rs. 4,764 Million relating to Provision for Post-Retirement Benefits (the Authority has taken Benefits paid for the FY 2020-21 to 2022-23 and Transferred to Account has been taken upto February 2024 only) as follows:

Year	FY 2021 to 2023
Allowed Amount	35,581
Benefits Paid	13,126
Transferred to Account	17,692
Shortfall in Deposit deducted	**4,764**

✓ In contrast, GEPCO has fully complied with the Authority's directions up to June 30, 2024, as detailed below:

Years	2020-21	2021-22	2022-23	2023-24	Total
Amount Allowed by the Authority	10,513	11,937	13,131	9,227	44,808
Compliance by GEPCO up to 30-06-2024:					
Less: Post Retirement Benefits Paid	3,643	4,238	5,244	7,693	20,818
Less: Contribution Made to Pension Fund			6,704	19,121	25,825
Sub Total	3,643	4,238	11,948	25,210	46,643
Excess amount Paid up to 30.06.2024					1,835

✓ As demonstrated, GEPCO has not only met but exceeded the Authority's directions by Rs. 1,835 million up to June 30, 2024. Therefore, it is respectfully requested that the Authority:

a) Reinstate the deducted amount of Rs. 4,764 million.
b) Allow the excess compliance of Rs. 1,835 million, making a total adjustment of Rs. **6,599 million** (Rs. 4,764 + Rs. 1,835).

<u>Less Recovery of RORB FY 2023-24 - KIBOR Adjustment:</u>

✓ The Authority has calculated the Return on Rate Base (RORB) for FY 2023-24 as Rs. 9,703 million, using a rate of 21.14%. However, after incorporating the adjusted KIBOR rate and truing up the actual investments, the recalculated RORB amounts to Rs. 10,389 million, resulting in an under-recovery of Rs. 686 million, as summarized below:

Description	Rs. In Million
Allowed RORB FY 2023-24	9,703
Actual RORB FY 2023-24	10,389
Under Recovery	**686**

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

Authority's Determination of PYA relating to RORB is on the lower side caused by the erroneous deduction made from revised-RAB:

- ✓ The Authority, while determining the Return on Rate Base (RORB) for FY 2022-23, erroneously deducted Rs. 6,916 million, representing Plan Assets (Investment in Employees Retirement Benefits Fund), from the total amount of the Revised-RAB.

- ✓ This error resulted in a reduction of RORB by Rs. 590 million. The detailed calculations are shown below with complete workings:

Calculation of RORB

Description	NEPRA Calculation 2022-23	GEPCO Calculation 2022-23
Fixed Assets O/B	83,756	83,756
Addition	8,627	8,627
Fixed Assets C/B	92,383	92,383
Depreciation	30,978	30,978
Net Fixed Assets	61,405	61,405
Capital WIP C/B (W-1)	2,640	9,556
Fixed Assets Inc. WIP	64,046	70,962
Less: Deferred Credits	29,004	29,004
Total	35,042	41,958
Revised - RAB	35,586	39,044
WACC	17.07%	17.07%
RORB on Assets	6,076	6,666

Calculation of Capital WIP C/B

Description	NEPRA Calculation 2022-23	GEPCO Calculation 2022-23
Capital WIP (OB)	8,452	8,452
Addition Capital WIP	9,683	9,683
Less Capitalization	-3,542	-3,542
Capital WIP (CB)	14,593	14,593
Less Excess Investmen (W-2)	11,953	5,037
Capital WIP (CB)	2,640	9,556

Calculation of Excess Investment

Description	NEPRA Calculation 2022-23	GEPCO Calculation 2022-23
Addition in Assets	14,901	14,901
Addition in Plan Assets	6,916	[illegible]
Total Addition/Actual Investment	21,817	14,901
Less: Allowed Investment in MYT	-9,864	-9,864
Excess Investment/Adjustment	11,953	5,037

- ✓ In light of the above, the Authority is respectfully requested to revise the RORB-PYA for FY 2022-23 and allow the additional amount of Rs. 590 million.

Description	Already Allowed in Decision	To Be Allowed	Difference
RORB-PYA FY 2022-23	6,076	6,666	590

Sales Mix Variance FY 2022-23:

- ✓ GEPCO has claimed an amount of Rs. 4,224 million as Sales Mix Variance for the FY 2022-23 as per mechanism prescribed by the Authority and has submitted compliance to NEPRA directions given in the Decision of Annual Indexation / Adjustment FY 2023-24 vide Annex-D at page No. 121 of its request for Annual Indexation / Adjustment FY 2024-25.

- ✓ However, the Authority have stated that no such reconciliation was submitted by the Petitioner and accordingly disallowed the sales mix variance of FY 2022-23 till the time, GEPCO complies with the direction of the Authority and submits the reconciled data till FY 2022-23. (Ref: Para 5.13 of Indexation FY 24-25 Decision)

- ✓ GEPCO against the decision of the Authority filed a Leave for Motion for Review request containing the requisite details again. Now, the requisite reconciled data along with all details is again attached herewith as Annex-2.3.11, the Authority is requested to allow the amount of Sales Mix of Rs. 4,224 FY 2022-23 & Rs. 131 Million FY 2023-24 accordingly.

10.2. The Petitioner during hearing submitted following summary of PYA;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Sr. No.	Description	Rs. in Millions	Justification/Basis/NEPRA Mechanism
A. PYA CLAIMED IN PETITION & ALLOWED IN INTERIM			
1.	Other Income FY 2023-24	-987	Determined Amount Vs Audited
2	Minimum Tax Paid in FY 2023-24	5,160	Pass Through Item
3	Quarterly Adjustments(1st to 4th QTR FY 2023-24)	-377	Determined Amount Vs Actual Recovery
4	Distribution Margin FY 2023-24	3,579	Determined Amount Vs Actual Recovery
5	PYA FY 2023-24	2,313	Determined Amount Vs Actual Recovery
6	Sales Mix Variance FY 2022-23	4,224	Determined Mix Vs Actual Mix
7	Sales Mix Variance FY 2023-24	131	Determined Mix Vs Actual Mix
	Sub Total (A)	14,043	
B. PYA CLAIMED IN PETITION & TO BE CONSIDERED /			
8	Prime Minister Assistance Package	119	Payment made under PM Package.
9	Salaries FY 2024-25	374	20 % / 25% Adhoc Vs 15% by NEPRA
10	Post-Retirement Benefits (4,764+1835)	6,599	Erroneous Deduction by NEPRA from Post Retirement Benefits
11	Quarterly Adjustments (4rth QTR FY 2022-23)	1,964	Determined Amount Vs Actual Recovery
12	RORB FY 23-24 Adjustment	686	Bi annual KIBOR Adjustment
13	RORB FY 22-23 Adjustment	590	Erroneous Deduction by NEPRA from Revised RAB
	Sub Total (B)	10,332	
	Sub Total (A+B) REQUESTED IN PETITION	24,375	

Sr. No.	Description	Rs. in Millions	Justification/Basis/NEPRA Mechanism
C. PYA CLAIMED AFTER 30.06.2025 AUDITED ACCOUNTS:			
14	Quarterly Adjustments (QTR 2nd & 3rd FY 2024-25)	1,567	Determined Amount Vs Actual Recovery
15	Other Income FY 2024-25	(594)	Determined Amount Vs Audited
16	Minimum Tax Paid in FY 2024-25	7,917	Pass Through Item
17	Distribution Margin FY 2024-25	(1,439)	Determined Amount Vs Actual Recovery
18	PYA FY 2024-25	(89)	Determined Amount Vs Actual Recovery
	Sub Total (C)	7,302	
	Grand Total (A+B+C)	31,737	

10.3. The Authority has analyzed the PYA workings provided by the Petitioner and also obtained additional information in terms of category wise sales data from PITC. Based on the available information, Authority's decisions in terms of FCAs and Quarterly adjustments for the relevant period, mechanism provided in the MYT determination, and data provided by the Petitioner, the Authority has assessed the PYA of the Petitioner under various heads as under;

	Rs. Mln
Description	GEPCO
QTR	3,027
D.M	2,666
PYA	2,262
Sales Mix	2,837
True Ups	-
2023-24	(413)
2024-25	(216)
Other Head	22,383
Total	32,546

10.4. The detailed head wise working of aforementioned PYA is attached as annexure-VI

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

11. What will be adjustment mechanism for future indexation of different components of revenue requirement during the MYT? Whether there should any efficiency factor (X Factor)?

11.1. Regarding adjustment mechanism of different components, the Petitioner submitted as under;

Indexation of O & M Expenses:

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 Statistics
X = Efficiency factor to be set at zero

Depreciation

DEP (Rev) = DEP (Ref) X GFAIO(Rev) / GFAIO (Ref)
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

RoRB

RORB(Rev) =RORB (Ref) X 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

Other Income

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

11.2. The Authority, while assessing the O&M costs of the Petitioner for the FY 2025-26, has taken into account the audited accounts of the Petitioner for the FY 2024-25 and the amount requested by the Petitioner, subject to adjustment during the MYT control period, as per the mechanism mentioned below. Therefore, risk / benefit of any future cost fluctuations, lies with the Petitioner along with an opportunity for optimizing overall costs under these head. The treatment is in line with the very sprit of multi- year tariff regime and in accordance with Authority's approved tariff methodology.

11.3. Regarding adjustment of O&M costs with efficiency factor X, the Authority in line with its earlier decisions in the matter of MYTs, has decided to keep the efficiency factor as 30% of increase in NCPI for the relevant year of the MYT control period. The Authority has further decided to implement the efficiency factor from the 3rd year of the control period, in order to provide the Petitioner with an opportunity to improve its operational

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

performance, before sharing such gains with the consumers. The O&M part of Distribution Margin shall be indexed with NCPI subject to adjustment for efficiency gains (X factor).

Indexation of O&M cost components

11.4. Salaries & Wages and Post-retirement Benefits; Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Salaries & Wages and benefits, would be actualized, based on the audited accounts of the Petitioner for the relevant year for its existing employees, as long as they remain in public sector. The impact of any such adjustment would be allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

Adjustment Mechanism - Salaries, Wages & Other Benefits
Revised Salaries, Wages & Other Benefits Expenses = Ref. Salaries, Wages & Other Benefits x [1+(GoP Increase or CPI)]
The allowed Salaries, Wages & Other Benefits may be considered as reference cost for future adjustment.
The Authority may consider to allow GoP increase till the time the DISCOs remain in public sector, otherwise CPI indexation may allowed if DISCOs get privatized.
The allowed amount shall be actualized based on Audited accounts for the relevant year, considering the same as uncontrollable cost on part of XWDISCOs.

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

11.6. Transportation/Vehicle Running expense portion of O&M cost

11.7. The reference costs would be adjusted every Year with Transport index of NCPI. The Adjustment mechanism would be as under;

Vehicle running/Transportation expenses (Rev) =

(Vehicle running/Transportation expenses (Ref.) x [1 + (Transport index of NCPI)])

11.8. Remaining O&M costs will be indexed every year according to the following formula:

The reference costs would be adjusted every Year with NCPI-X factor. The X factor would be applicable from the 3rd year of the MYT control period. The Adjustment mechanism would be as under;

O &M(Rev) = O & M (Ref.) x [1 + (NCPI-X)]

Where

O &M (Rev) = Revised O&M Expense for the Current Year

O &M (Ref) = Reference O&M Expense for the Reference Year

Δ NCPI = Change in NCPI published by Pakistan Bureau of Statistics for the month of December for the respective year. For O&M expenses, other than vehicle running expenses, NCPI-General shall be used, whereas for Vehicle Running expense, NCPI-Transport shall be used. Reference NCPI-General and NCPI-Transport of December 2024 for thepurpose of future adjustment/ indexation shall be 4.07% and - 0.18% respectively.

X = Efficiency factor i.e. 30% of NCPI relevant for indexation purpose

12. RORB

12.1. The reference RoRB would 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 following mechanism;

Adjustment Mechanism - RoRB	
RORB(Rev)	=RORB(Ref) x RAB(Rev) / RAB(Ref)
The allowed RORB may be considered as reference cost for future adjustment.	
In addition the allowed RORB for previous year will be trued up based one actual investment (maximum cap to the extent of allowed investment)carried out during that year. Further KIBOR fluctuation on bi-annual basis also subject to adjustment. Further Spread of 1.50% is allowed as maximum cap, in case DISCOs manage to obtain financing on spread less than 1.5% the same shall be adjusted as part of PYA.	

12.2. In addition, the Petitioner is directed to disclose the amount of IDC capitalized during the year and adjust its RAB for the year after excluding therefrom the impact of IDC capitalized during the year.

12.3. In addition, the allowed RAB for previous year will be trued up downward, keeping in view the amount of investment allowed for the respective year, other than consumer financed investments. In case, the Petitioner ends up making higher investments than the allowed (other than consumer financed investments), 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 prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc.

12.4. 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 adjust savings, if any, resulting from cheaper financing by the Petitioner. If the Petitioner manages to negotiate a loan below 1.50% spread, the entire savings would be passed onto the consumers annually, through PYA. In case of more than one loan, the saving with respect to the spread would be worked out based on individual loans. In case, the spread is greater than the allowed cap of 1.50%, additional cost would be borne by the Petitioner itself. Similarly, if the Petitioner's total actual cost of debt remains lower than the cost allowed for the year, the entire savings would also be passed onto the consumers annually, through PYA.

13. Depreciation Expenses

13.1. The reference Depreciation charges would be adjusted every Year as per the following formula;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

Where: DEP (Rev) = Revised Depreciation Expense for the Current Year

DEP (Ref) = Reference Depreciation Expense for the Reference Year

GFAIO (Rev) = Revised Gross Fixed Assets in Operation for the Current Year

GFAIO (Ref) = Reference Gross Fixed Assets in Operation for the Reference Year

13.2. In addition, the allowed Depreciation for previous year will be trued up downward, keeping in view the amount of investment allowed for the respective year, other than consumer financed investments. In case, the Petitioner ends up making higher investments (excluding consumer financed 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.

14. <u>Other Income</u>

14.1. Other Income shall be adjusted annually as per the following mechanism during the MYT control period to calculate future Other Income.

Adjustment Mechanism - Other Income (OI)	
OI(Rev)	=OI(Allowed Previous year) + [OI(allowed for previous year) – OI(Actual previous year)]
The allowed Other income may be considered as reference cost for future adjustment.	
In addition the allowed Other Income for previous year will be trued up based on actual Other Income during that year	

<u>Working Capital</u>

14.2. The Authority during proceedings directed the Petitioner to provide it working capital calculation and has considered the submissions of the Petitioner and in order to access the working capital requirement of the Petitioner, the Authority obtained details of number of days available with the Petitioner to pay in terms of energy procured from National Grid. Based on the information provided by CPPA-G and in line with the mechanism adopted for KE, the working capital requirement of the Petitioner for its Supply function has been assessed as under;

Supply Working Capital	Credit Period (Days)	Factor	GEPCO
Current Assets			
Trade debt (days of Revenue Receivable)	25	0.07	25,916
Total Current Assets			25,916
Current Liabilities			
EPP From CPPA	41	0.11	11,129
CPP From CPPA	34	0.09	17,486
Transmission	30	0.08	1,955
Distribution	30	0.08	3,251
Total Liabilities			33,821
Net			(7,905)
Cost of debt local			12%
Working Capital Cost			(949)

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

14.3. As mentioned in the table above, The Petitioner's working capital requirement for the Supply function has been assessed as negative Rs.7,905 million and cost working capital requirement works out as negative Rs.949 million, based on 3 months KIBOR i.e. 11% +1% spread as maximum cap, subject to downward adjustment in case the actual spread remains lower. The same is allowed to the Petitioner for the CY 2026, and is subject to adjustment, as per the mechanism provided below, once the audited accounts of the Petitioner for the FY 2025-26 are available.

Working capital (Supply)

Revised cost of working capital = Working capital requirement as per given formula x Cost of debt on allowed parameters

-Working capital requirement shall be calculated based on assessed revenue requirement under each head for relevant year.

-Cost of Debt shall 3 Months KIBOR + 1% spread as maximum cap, subject to downward adjustment at the end of each financial year.

Actualization of Previous year based on allowed revenue as PYA

- Current Assets
  - Lower of 25 days receivables based on allowed revenue (including the impact of allowed adjustments), OR Actual average Receivables for the Financial Year (excluding opening receivables).
- Current Liabilities
  - Payables pertaining to EPP & CPP based on average Number of days data to be provided by CPPA-G.
  - Transmission charges (30 days) & Distribution Charges (30 days) or based on contractual agreement, if any.
  - Actualization of the aforementioned heads shall be based on allowed costs after accounting for the impacts of allowed adjustments.
- All heads based on allowed days to be actualized after incorporating the impact of allowed adjustments, if any. While actualizing these heads impact of working capital cost be excluded.
  - Amount retained by the Petitioner on account of Net metering settlement
  - Any other amount retained by the Petitioner

3 Month KIBOR + 1% Spread as maximum cap subject to downward adjustment. For the purpose of 3 - Month KIBOR, the actual weighted average KIBOR of finance cost incurred by the Petitioner shall be considered, if any. Similarly, for the purpose of spread, actual weighted average spread incurred by the Petitioner shall be considered, if any. In case actual weighted average spread is lower than 1% cap, the same shall be adjusted downward only. No upward adjustment of spread is allowed.

- Here it is also pertinent to mention that since the amount of receipts against deposit works has been adjusted while working out the cost of working capital, therefore, any interest earned on such deposits shall not be adjusted as part of other income. The Petitioner therefore shall ensure a separate disclosure of such income in its audited accounts. In case of failure to disclose such income separately, the entire interest income shall be adjusted as part of other income.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

15. **Whether there should be any fixed charges on Units exported by net metering users to the extent of Transmission and Distribution charges or otherwise?**

15.1. The petitioner during the hearing submitted that Fixed Charges on Units exported by net metering users to the extent of Transmission and Distribution charges, the Authority in its own discretion may impose such levy.

15.2. The Authority noted that vide decision dated 23.06.2025, all DISCOs have been directed to undertake a comprehensive study as outlined below, to thoroughly examine the impact of ToU tariff timings and Distributed Solar integration on utilities operations.

- *Comprehensive study on the impact of existing time-of-use (ToU) tariff timings and proposed measures for aligning demand with evolving load patterns*
- *Comprehensive assessment of the financial and technical impacts of distributed solar photovoltaic (PV) integration on distribution utility operations and infrastructure*

15.3. DISCOs were also directed to jointly develop, through mutual consultation, a uniform Terms of Reference (ToR) to carry out the above studies and submit the same to NEPRA for approval. DISCOs have prepared and submitted the ToRs, which are currently under review.

15.4. Here it is also pertinent to highlight that the Authority has elicited public opinion on the NEPRA (Prosumer) Regulations, whereby, changes in both the methodology and rate for the units being exported by a Distributed Generator (DG), are being proposed.

15.5. The Authority therefore considers it appropriate to review the quantum of fixed charges to be levied on Net Metering Consumers, once the aforementioned studies are completed, and also once the NEPRA (Prosumer) Regulations are notified / changes in the current methodology and rate of units exported are finalized. Therefore, for the purpose of instant determination, the Authority has decided not to make any changes in this regard.

16. **Whether the recovery target and provision for bad debt as provided in petition is justified?**

16.1. The petitioner submitted that the Recovery Target is set at 100% and no provision for bad debts is requested in the petition. However, keeping in view the Futuristic Strategic Policy, the Authority may allow GEPCO to write off bad debts outstanding for many years.

16.2. Here it is pertinent to mention that previously XWDISCOs have not been allowed any recovery loss and tariff setting has been at 100% recovery assumptions. Write offs were allowed to certain XWDISCOs on provisional basis, subject to fulfillment of the laid down criteria, but since no XWDISCO was able to actually write-off any amount, the provisionally allowed amounts of write-offs were adjusted back.

16.3. The Authority although initially allowed recovery loss to K-Electric, however, subsequently in the matter of Motion for Leave for Review filed by various stakeholders including the Ministry of Energy (MoE) itself, and the CPPA-G, the Authority decided not to allow any upfront recovery loss and only a capped amount of write-offs was allowed to K-Electric, subject to fulfillment of the prescribed criteria.

16.4. For ready reference the grounds taken by the MoE, being the owner of XWDISCOs, and the CPPA-G in their MLRs in the matter of KE's MYT FY 2024-30 are reproduced below;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- ✓ Allowing of a recovery loss trajectory, effectively transfers the financial burden of DISCO inefficiencies onto paying consumers, thereby penalizing compliant customers while subsidizing non-payment. The MoE (PD) also submitted that this approach is inconsistent with the principle of prudent cost recovery enshrined in Section 31 of the NEPRA Act and the Tariff Rules.

- ✓ Clause 5.3.2 of the NE Policy envisages that "timely recovery of bad debt that is prudent shall be allowed by the Regulator with the incorporation of facilitative provisions in the regulatory framework as per industry practices and procedures." In this context, SD 31 of the NE Plan operationalizes Clause 5.3.2 of the NE Policy by laying out clear criteria for bad debt write-offs applicable across the sector. Clause 6.1.3 of the NE Policy reinforces that the NE Plan shall serve as the implementation tool for achieving policy goals.

- ✓ Consequently, the Authority is legally obligated under Sections 7(2)(ia), 14A(5), and 31(1) of the NEPRA Act to align tariff determinations with the NE Plan and apply its prescriptions uniformly to all DISCOs. If this practice of allowing recovery loss is extended sector-wide, the projected annual burden would rise to Rs.270 billion, potentially accumulating to Rs.1,500 billion over seven years. Such a development would jeopardize the financial sustainability of the power sector and run contrary to the goals of tariff rationalization and reform-based efficiency.

- ✓ The Act mandates the Authority to allow only prudently incurred costs and any inefficiencies on the part of utility company cannot considered as prudent cost and should not be allowed.

- ✓ It is the duty of the Authority while discharging its function of determining and recommending tariff that: (a) the interests of the consumers and the companies engaged in providing electric power services is duly protected in accordance with the principles of transparency and impartiality; and (b) it shall be guided by the NE Policy, the NE Plan and the guidelines of the Federal Government.

- ✓ Recovery shortfall (if any) be met by way of application of principles of write-off, subject to fulfilment of specified criteria for such write-off of bad debts, in line with industry practices and procedures in other regulatory jurisdictions, which shall duly protect the interests of the consumers and companies engaged in providing electric power services and would be consistent with the NE Policy and the NE Plan.

16.5. The Authority while deciding the MLR of the MoE and CPPA-G in the matter of KE's MYT, also construed that since the MoE (PD) is actively pursuing privatization of other XWDISCOs; so the submissions made by the MoE (PD) in its Motions for not allowing any up-front recovery loss, can be construed as a policy decision, meaning thereby that similar treatment will be offered to other DISCOs.

16.6. In view of the above discussion and the fact that allowing recovery loss allowance effectively transfers the financial burden of DISCO's inefficiencies onto the paying consumers or on the national exchequer through subsidies, the Authority has decided not to allow any upfront recovery loss to the Petitioner. Accordingly, GEPCO's tariff is being determined on the basis of 100% recovery target as also proposed by GEPCO itself. GEPCO, however, will be allowed to claim write-offs, after fulfillment of the given criteria, as per the following limits, to be considered as maximum cap for the relevant year;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1.00%	1.00%	1.00%	1.00%	1.00%

Criteria for claiming actual write-offs

a. Actual write-offs, if any, against private consumers only, pertaining to billing made during the current MYT period i.e. FY 2026-30, after fulfillment of the following criteria subject to maximum cap as provided above. The claim shall be verified by third party/auditor, based on the following criteria;

i. The claim shall be applicable for the default amount of a permanently disconnected consumer that may not be recovered through all efforts possible.

ii. The age of such non-recovery is over three (3) years.

iii. The amount of write off shall be claimed against connections given as per CSM and other applicable documents, duly supported by CNICs.

iv. Write-offs against receivables of any Government entity / PSC shall not be allowed.

v. Petitioner's BOD shall develop a write-off policy, in accordance with the aforementioned criteria and submit it to the Authority for its approval. The Authority, may while granting approval alter, modify or add to the write-off policy, in its sole discretion.

vi. Petitioner's BOD shall approve all write-off claims in accordance with the Authority's approved write-off policy. The Petitioner's BOD approved write-off shall be subject to independent third-party verification that the write-offs are as per the Authority's approved write-off policy. The terms of references (TORs) for third party / auditor verification of write-offs shall be prepared by Petitioner and shall be approved by the Authority. The Authority, may while granting approval alter, modify or add to the TORs, in its sole discretion.

vii. Any write-off approved by the Petitioner's BOD, in accordance with the write-off policy approved by the Authority, and verified by the third-party independent auditor, in accordance with the approved TORs, after expiry of the MYT 2026-2030 shall be allowed by the Authority.

17. 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 Sanctioned Load or otherwise?

18. Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?

18.1. The Petitioner during the hearing submitted that Revisions / Changes in existing Fixed Charges rates / mechanism be as per guidelines of Strategic Directive 74 of National Electricity Plan 2023-27.

18.2. The Authority noted that earlier fixed charges were being levied at around Rs.400-500/kW/month based on higher of 50% of sanctioned load or actual MDI for the month. The rate was subsequently enhanced to Rs.2,000/kW/month vide decisions dated 14.06.2024, however, the Federal Government vide its Motion for uniform tariff dated

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

03.07.2024, requested to revised the same downward as Rs.1,250/kW/month based on higher of 25% of the sanctioned load or actual MDI for the month. The Authority vide decision dated 11.07.2024, in the matter of uniform tariff Motion, considering the concerns raised by stakeholders, and prevailing economic challenges decided to restrict fixed charges at Rs.1,250/kW/month.

18.3. The prime objective of revision in fixed charges and corresponding reduction in variable charges is to incentivize consumers to increase their electricity consumption from national grid, thus, lowering their overall effective tariff.

18.4. Here it is also to be highlighted that the Authority has recently initiated the process of notifying the NEPRA (Prosumer) Regulations, whereby, changes in both the methodology and rate for the exported units are being proposed. These changes, once approved, may result in increased consumption from the Grid, consequently leading to higher recovery of fixed costs, as part of variable charges. In view thereof, for the purpose of instant determination, the Authority has decided to maintain the existing rate of fixed charges for the consumers who are currently being charged fixed charges at Rs./kW/month along-with the applicability mechanism.

18.5. Similarly, for consumers, who are currently being charged, fixed charges as Rs./Consumer/Month, the Authority has also decided to maintain the existing practice.

19. <u>Whether the schedule of tariff be designed on cost-of-service basis or otherwise?</u>

19.1. The Petitioner submitted that, the schedule of tariff should be made reflective of the Cost of Service, without inter-tariff cross subsidy. [SD-82, SD-83, SD-84 of NE Plan referred. However, till implementation of subsidy disbursement mechanism [SD 67] and action plan thereof [SD 68], the subsidy to the protected residential consumers may continue.

19.2. The submissions of all DISCOs regarding the applicability of a cost-of-service (CoS) based tariff structure have been analyzed. Multiple DISCOs like HESCO, GEPCO, QESCO, HAZECO, and PESCO explicitly referred to the NE Plan SD-82, 83 and 84, which call for transitioning toward CoS-based tariffs to promote transparency, financial sustainability, and equitable allocation of costs among consumer categories. DISCOs in general have supported CoS based tariff design, which would enhance transparency, and equitable cost allocation among consumers in terms of actual costs they impose on the system.

19.3. The Authority noted that NE Plan provides that tariffs for the residential consumers shall be progressively adjusted to align with the principle of cost-of-service, taking into account the following:

a. Subsidies to protected categories of residential consumers shall be disbursed directly pursuant to the detailed action plan to be developed under Strategic Directive 067;

b. Residential consumers (below cost recovery) shall be cross subsidized by:

i. industrial & commercial consumers, pursuant to the Strategic Directive 084;

ii. other residential consumers (above cost recovery).

19.4. SD 84 states that Cross-subsidy by the productive consumers, to subsidize residential and agricultural consumers, shall be progressively restricted to 20% of the respective cost of service of such consumers by FY-2026.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

19.5. In light of the aforementioned provisions of NE Plan, the Authority, has decided to gradually reduce the quantum of cross subsidization by the Industrial consumers in order to make it cost reflective and major burden of cross subsidization is being shifted towards commercial and other residential consumers (above cost of service).

20. <u>Whether there will be any claw back mechanism or not?</u>

20.1. Although DISCOs made their submissions on this issue, however, the Authority noted that DISCOs were not able to fully comprehend the issue.

21. The Authority understands that sharing mechanism for any savings by the utility has already been provided under each head separately e.g. O&M costs, T&D losses, cost of debt etc. therefore, no such mechanism is separately required. However, still if there is any additional return by the Petitioner, which could not be comprehended at this stage, the same would be shared between DISCO and consumers equally.

22. <u>Upfront Indexation/adjustment for the period July 2026 to December 2026</u>

22.1. The Ministry of Energy (MoE (PD)) vide letter dated 18.08.2025, submitted that NEPRA determines the consumer-end tariff for XWDISCOs and K-Electric in accordance with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the Act), read with Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules, 1998. The uniform rebased tariff, once determined, is notified by the Federal Government under Section 31(7) of the Act. The latest rebasing was notified on July 1, 2025. In accordance with the Rulesread with Part 5 of the NEPRA Determination of Consumer-end Tariff (Methodology & Process) Guidelines, 2015, the Distribution Companies (DISCOs) are required to initiate the tariff determination process by submitting their minimum filing requirements by January 31st of each year. The submission is followed by Authority's internal meetings, public hearing, tariff determination and notification by the Government. Keeping in view the recent annual tariff determinations, the rebasing is notified by the Government in the month of July, each year with effect from 1st July.

22.2. The MoE (PD) further mentioned that as an unfortunate coincidence, the consumers face high Fuel Charges Adjustments (FCAs) as well as the annual tariff rebasing, simultaneously in the summer months. This increase in tariff coupled with higher consumption leads to significant hike in the consumer electricity bills of summer months which in turn results in unaffordability, public dissatisfaction and nationwide protests in the country. The issue can be streamlined if the timing of annual rebasing is shifted from summer to winter months where the electricity consumption is lower and any tariff increase can be absorbed in consumer bills. This would result in relatively stable and sustainable electricity prices throughout the year. The National Electricity Plan Strategic Directive 8 also stipulates that the Regulator shall also revisit the "Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015" to enable alignment of schedule of regulatory proceedings for planning activities and rate case & tariff determinations.

22.3. The MoE (PD) submitted that the Cabinet has approved that policy guidelines may be issued to NEPRA to revise the annual tariff determination process timelines by amending the relevant legal and regulatory framework in a way that the rebasing is notified with effect from 1st January, each year, after completion of all regulatory proceedings. In this regard, it is highlighted that NEPRA has already determined Power Purchase Price (PPP)

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

references up to June 2026. Projections for the remaining six months will be shared subsequently.

22.4. In light of above and in exercise of powers under Section 31 of the Act, the Federal Government hereby issues the following policy guidelines for implementation by NEPRA;

"NEPRA shall revise the annual tariff determination process timelines by amending the relevant legal and regulatory framework (guidelines, rules and procedures) to ensure that annual rebasing is notified with effect from January 1st of each year, after completion of all regulatory proceedings."

22.5. GEPCO also vide letter dated 17.10.2025, submitted that the MoE (PD) vide letter dated 16.10.2025, has conveyed that the Federal Government has approved the revision of the annual tariff determination schedule, making it effective from 1st January each year. The Authority has already determined the Power Purchase Price (PPP) references up to June 2026, accordingly, it is submitted that the references for the remaining period up to December 2026 may also be determined, in line with the above-mentioned directives.

22.6. GEPCO further stated that it has already submitted its Multi-Year Tariff (MYT) Petition for FY 2025-26 to FY 2029-30 for determination and the decision of the Authority is awaited. Meanwhile, an interim tariff for FY 2025-26 has been determined by the Authority in response to PESCO's request dated 29.05.2025.

22.7. GEPCO accordingly requested that the Authority to determine the consumer-end tariff for the period from July 1, 2026 to December 31, 2026 in accordance with the revised annual rebasing timeline effective January 1, 2026, to ensure smooth and timely transition to the revised rebasing schedule.

22.8. The matter was discussed during the hearing, and the Petitioner requested the following costs on account of interim indexation for the 06 months period from Jul. 26 to Dec. 26;

Description	GEPCO
Salaries, Wages & Other Benefits	9,413
Post Retirement Benefits	5,906
Other O & M Costs	3,136
Depreciation	2,636
Return on Rate Base	5,356
Turn Over Tax	
Gross Distribution Margin	**26,447**
Less: Other Income	(2,732)
Net Distribution Margin	**23,715**

22.9. The Authority has considered the guidelines issued by the Federal Government regarding tariff rebasing to be made effective from 1st January, instead of July each year. The Authority is cognizant of the fact that rebasing of tariff effective July, if upward, coupled with high consumption, leads to increase in overall electricity bills during summer months; thus, adversely impacting DISCOs performance in terms of recoveries and losses. However, even with re-basing in January, the overall billing impact for the consumers in summer months would remain same, had the rebasing been made effective from July. Nonetheless, in light of NE Plan, SD 8 and the instant policy guidelines, the Authority has completed the consultation process for revision in "Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015", and the same are now in the process of notification.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

22.10. Further, in light of the instant policy guidelines, the Authority has determined the revised Power Purchase Price (PPP) references for the period from January 2026 to December 2026 through a separate decision. Pursuant thereto and keeping in view the request of the Petitioner to also determine tariff for the period from July 1, 2026 to December 31, 2026, in accordance with the revised annual rebasing timelines, the Authority has also determined provisional revenue requirement of GEPCO for the period from July 1, 2026 to December 31, 2026 as under:

Description	Unit	July to December 2026 FY 2026-27
Pay & Allowances	[Mln. Rs.]	8,925
Post Retirement Benefits	[Mln. Rs.]	6,587
Repair & Maintainance	[Mln. Rs.]	1,470
Traveling allowance	[Mln. Rs.]	266
Vehicle maintenance	[Mln. Rs.]	547
Other expenses	[Mln. Rs.]	753
O&M Cost	[Mln. Rs.]	18,547
Depriciation	[Mln. Rs.]	2,485
RORB	[Mln. Rs.]	5,787
O.Income	[Mln. Rs.]	(2,484)
Margin	[Mln. Rs.]	24,336

22.11. For the purpose of rebasing for the period from Jan. to Dec. 2026, the amount recovered by the Petitioner, to the extent of distribution and supply margin along-with PYA, from Jul. to Dec. 25, based on interim tariff allowed for the FY 2025-26, has been adjusted from the revised assessed tariff for the FY 2025-26. The recovered amount has been calculated by applying the Rs./kWh rate as per the interim tariff (to the extent of Distribution & Supply Margin and PYA), with the projected unit sales from July to December 2025.

22.12. The adjusted revenue requirement so worked out for the period from Jan. to Jun. 26 has been clubbed together with the provisional revenue requirement determined for the period from Jul. to Dec. 2026, to work out the overall revenue requirement of the Petitioner for the period from January 2026 to December 2026. The Schedule of Tariff (SoT) of the Petitioner has been designed accordingly.

22.13. Any under over recovery of the determined revenue requirement for the FY 2025-26, based on the allowed regulatory targets in terms of T&D losses, recovery etc., and provisional revenue requirement being allowed for the six months period i.e. from Jul. to Dec.26, would be adjusted subsequently, while determining the final revenue requirement of the Petitioner for the FY 2026-27.

23. Order

23.1. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the allowed revenue requirement of the Petitioner, for the FY 2025-26 along-with upfront indexation/adjustment from July to December 2026 and Tariff table of CY 2026 (January 2026 to December 2026), to the extent of its distribution function is summarized as under;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

Description	Unit	Revised Allowed FY 2025-26 SoP	Allowed CY 2026 SOP
Units Received	[MkWh]		12,063
Units Sold	[MkWh]		10,995
Units Lost	[MkWh]		1,068
Allowed T&D Losses	[%]		**8.85%**
Energy Charge			98,017
Capacity Charge			188,243
Transmission Charge + MOF			23,787
Power Purchase Price	[Mln. Rs.]		**310,048**
Wire Business Margin			40,378
Power Purchase Price with Wire Business			**350,426**
Pay & Allowances	[Mln. Rs.]	4,279	4,327
Post Retirement Benefits	[Mln. Rs.]	2,994	2,801
Repair & Maintainance	[Mln. Rs.]	55	71
Traveling allowance	[Mln. Rs.]	125	112
Vehicle maintenance	[Mln. Rs.]	52	63
Other expenses	[Mln. Rs.]	142	114
O&M Cost	**[Mln. Rs.]**	7,646	7,489
Depriciation	[Mln. Rs.]	94	107
RORB	[Mln. Rs.]	182	204
O.Income	[Mln. Rs.]	(3,477)	(3,196)
Margin	**[Mln. Rs.]**	4,446	4,604
Prior Year Adjustment	[Mln. Rs.]		22,420
Working Capital	[Mln. Rs.]		(949)
Revenue Requirement	[Mln. Rs.]	4,446	376,501
Average Tariff	[Rs./kWh]		**34.24**

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

23.3. The Petitioner is directed to follow the following time lines for submission of its future indexation/adjustment during the MYT control period;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Description	Pass Through	ADJUSTMENTS/ INDEXATION	TIME LINES
Power Purchase Price	Pass through	The Authority, keeping in view of any abnormal changes may review Power Purchase Price references along with any Quarterly adjustment	
Fuel Cost		Monthly, as per the approved mechanism. Impact of FCA on T&D losses would be adjusted on Quarterly basis.	Data to be provided by CPPA (G) by close of the month
Variable O&M		Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.
Capacity Charges		Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.
Transmission /UOSC & MOF Charges		Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.
Margin			
Salaries, Wages & Benefits		Annually as per the mechanism given in the decision	Request to be submitted by Petitioner in end of July of every year, so that adjustment / indexation for the next year's determined in timely manner.
Post-retirement Benefit			
Other operating expenses			
Depreciation			
Return on Regulatory Asset Base			
Other Income			
Prior Year Adjustment		Annually as per the mechanism given in the decision	
KIBOR		Bi-Annually, as per the decision	
Return on Equity (ROE)		No adjustment allowed over Reference ROE	
Spread		As per the mechanism in the decision	

23.4. For determination of use of system charges based on the aforementioned revenue requirement the Petitioner is directed to file its use of system charges petitions in line with applicable documents.

23.5. The Petitioner is directed to ensure separate disclosure of each item in its audited financial statements as mentioned in the determination.

23.6. The Petitioner is also directed to ensure breakup of its Operating cost in terms of Distribution and Supply function separately in its audited financial statements.

23.7. The Petitioner is responsible to provide service within its service territory on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority and make its system available for operation by any other licensee, consistent with applicable instructions established by the system operator.

23.8. The Petitioner shall follow the performance standards laid down by the Authority for distribution and transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency or Provincial Government;

23.9. The Petitioner shall ensure to develop, maintain and publicly make available, its investment program for satisfying its service obligations and acquiring and selling its assets.

23.10. The Petitioner shall disconnect the provision of electric power to a consumer for default in payment of power charges or to a consumer who is involved in theft of electric power on the request of Licensee.

23.11. 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.

24. <u>Summary of Direction</u>

24.1. The Authority hereby directs the Petitioner;

i. To provide the reconciled date of sales mix for last 3 years with its reported revenue as per audited financial statements.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

ii. To provide comprehensive reconciliation of PYA allowed under different heads for at least last 3 years with the revenue reported in audited accounts.

iii. To provide year wise detail of amounts deposited in the Fund, amount withdrawn along- with profit/interest earned thereon since creation of Fund each year.

iv. To provide the amount of IDC capitalized with its subsequent adjustment request and reflect the same in its Audited Financial Statements each year.

v. To get its data, regarding units billed to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers, reconciled with PITC and submit such reconciliation to the Authority every year.

vi. To ensure that by the time it files its next tariff petition/ adjustment request, MDI for all consumers at all levels is properly recorded.

vii. To provide a certification from its Auditors that Repair and Maintenance expenditure does not include any CAPEX nature item

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

26. The instant determination of the Authority along-with order part and Annexures, 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

Amina Ahmed
Member

Engr. Maqsood Anwar Khan
Member

Waseem Mukhtar
Chairman

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-I

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

Fuel Price variation = Actual Fuel Cost Component - 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) and for fuel cost of energy procured through bilateral contracts, 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;

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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-I-A

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;

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

Where;

PPP$_{(Actual)}$ is the actual cost, excluding Fuel cost, invoiced by CPPA-G to XWDISCOs and for energy procured through bilateral contracts, 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 tariff determination that remained notified during the period.

Impact of T&D losses on FCA

= Monthly FCA allowed$_{(Rs./kWh)}$ x Actual units Purchase x % 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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Gujranwala Electric Power Company (GEPCO)
Estimated Sales Revenue on the Basis of New Tariff

	Description	Sales GWh	Sales % Mix	Base Revenue Fixed Charge Mln. Rs.	Base Revenue Variable Charge Mln. Rs.	Base Revenue Total Mln. Rs.	Base Tariff Fixed Charge Rs./Con/M	Base Tariff Fixed Charge Rs./kW/M	Base Tariff Variable Charge Rs./kWh	PYA 2025 Amount Mln. Rs.	PYA 2025 Variable Charge Rs./kWh	Total Tariff Fixed Charge Rs./Con/M	Total Tariff Fixed Charge Rs./kW/M	Total Tariff Variable Charge Rs./kWh
	Residential													
	For peak load requirement less than 5 kW													
Protected	Up to 50 Units - Life Line	21	0%	-	634	634	-	-	30.35	43	2.04	-	-	32.
Protected	51-100 units - Life Line	23	0%	-	723	723	-	-	30.89	48	2.04	-	-	32.
Protected	01-100 Units	1559	14%	-	54,180	54,180	-	-	34.75	3,179	2.04	-	-	36.
Protected	101-200 Units	404	4%	-	13,980	13,980	-	-	34.61	823	2.04	-	-	36.
Un-Protected	01-100 Units	426	4%	-	14,616	14,616	-	-	34.28	869	2.04	-	-	36.
Un-Protected	101-200 Units	949	9%	-	31,618	31,618	-	-	33.31	1,935	2.04	-	-	35.
Un-Protected	201-300 Units	1430	13%	-	48,355	48,355	-	-	33.80	2,917	2.04	-	-	35.
Un-Protected	301-400 Units	691	6%	434	23,184	23,618	200	-	33.56	1,409	2.04	200	-	35.
Un-Protected	401-500 Units	334	3%	337	11,059	11,396	400	-	33.14	680	2.04	400	-	35.
Un-Protected	501-600 Units	171	2%	224	5,621	5,844	600	-	32.94	348	2.04	600	-	34.
Un-Protected	601-700Units	96	1%	143	3,134	3,277	800	-	32.80	195	2.04	800	-	34.
Un-Protected	Above 700 Units	183	2%	224	5,969	6,193	1,000	-	32.64	373	2.04	1,000	-	34.
	For peak load requirement exceeding 5 kW)													
	Time of Use (TOU) - Peak	65	1%	663	2,176	2,839	1,000	-	33.31	133	2.04	1,000	-	35.
	Time of Use (TOU) - Off-Peak	231	2%	-	7,116	7,116	1,000	-	30.78	471	2.04	1,000	-	32.
	Temporary Supply	1	0%	1	20	22	2,000	-	35.89	1	2.04	2,000	-	37.
	Total Residential	6,584	60%	2,026	222,384	224,410				13,425				
	Commercial - A2													
	For peak load requirement less than 5 kW	356	3%	4,366	8,069	12,435	1,000	-	22.65	726	2.04	1,000	-	24.
	For peak load requirement exceeding 5 kW						-	-						
	Regular	0	0%	0	2	3	-	1,250	23.34	0	2.04	-	1,250	25.
	Time of Use (TOU) - Peak	91	1%	-	2,885	2,885	-	-	31.60	186	2.04	-	-	33.
	Time of Use (TOU) - Off-Peak	319	3%	2,624	7,557	10,181	-	1,250	23.70	650	2.04	-	1,250	25.
	Temporary Supply	15	0%	23	516	540	5,000	-	34.36	31	2.04	5,000	-	36.
	Electric Vehicle Charging Station	2	0%	-	66	66	-	-	31.25	4	2.04	-	-	33.
	Total Commercial	784	7%	7,014	19,095	26,109				1,598				
	General Services-A3	166	2%	257	4,823	5,080	1,000	-	29.12	338	2.04	1,000	-	31.
	Industrial													
	B1	28	0%	94	859	953	1,000	-	30.88	57	2.04	1,000	-	32.
	B1 Peak	68	1%	-	2,294	2,294	1,000	-	33.94	138	2.04	1,000	-	35.
	B1 Off Peak	401	4%	671.39	11,425	12,096	1,000	-	28.51	817	2.04	1,000	-	30.
	B2	0	0%	0	0	0	-	1,250	29.35	0	2.04	-	1,250	31.
	B2 - TOU (Peak)	147	1%	-	4,953	4,953	-	-	33.69	300	2.04	-	-	35.
	B2 - TOU (Off peak)	852	8%	5,635	21,030	26,665	-	1,250	24.68	1,738	2.04	-	1,250	26.
	B3 - TOU (Peak)	118	1%	-	4,020	4,020	-	-	33.97	241	2.04	-	-	36.
	B3 - TOU (Off-peak)	996	9%	4,240	19,294	23,534	-	1,250	19.37	2,031	2.04	-	1,250	21.
	B4 - TOU (Peak)	3	0%	-	93	93	-	-	33.07	6	2.04	-	-	35.
	B4 - TOU (Off-peak)	15	0%	69	353	421	-	1,250	23.21	31	2.04	-	1,250	25.
	Temporary Supply	0	0%	1	5	5	5,000	-	34.33	0	2.04	5,000	-	36.
	Total Industrial	2,628	24%	10,709	64,325	75,035				5,358				
	Single Point Supply													
	C1(a) Supply at 400 Volts-less than 5 kW	0	0%	0	1	2	2,000	-	30.77	0	2.04	2,000	-	32.
	C1(b) Supply at 400 Volts-exceeding 5 kW	0	0%	0	2	2	-	1,250	17.27	0	2.04	-	1,250	19.
	Time of Use (TOU) - Peak	2	0%	-	46	46	-	-	28.00	3	2.04	-	-	30.
	Time of Use (TOU) - Off-Peak	7	0%	18	156	173	-	1,250	21.65	15	2.04	-	1,250	23.
	C2 Supply at 11 kV	0	0%	-	-	-	-	1,250	16.10	-	2.04	-	1,250	18.
	Time of Use (TOU) - Peak	29	0%	-	916	916	-	-	31.43	59	2.04	-	-	33.
	Time of Use (TOU) - Off-Peak	113	1%	558	1,707	2,265	-	1,250	15.16	229	2.04	-	1,250	17.
	C3 Supply above 11 kV	0	0%	-	-	-	-	1,250	25.82	-	2.04	-	1,250	27.
	Time of Use (TOU) - Peak	0	0%	-	-	-	-	-	35.55	-	2.04	-	-	37.
	Time of Use (TOU) - Off-Peak	0	0%	-	-	-	-	1,250	23.87	-	2.04	-	1,250	25.
	Total Single Point Supply	151	1%	576	2,827	3,403				307				
	Agricultural Tube-wells - Tariff D													
	Scarp	0	0%	-	1	1	-	-	23.02	0	2.04	-	-	25.
	Time of Use (TOU) - Peak	0	0%	-	-	-	-	-	19.97	-	2.04	-	-	22.
	Time of Use (TOU) - Off-Peak	0	0%	-	-	-	-	400	17.79	-	2.04	-	400	19.
	Agricultual Tube-wells	51	0%	73	1,547	1,620	-	400	30.48	103	2.04	-	400	32.
	Time of Use (TOU) - Peak	49	0%	-	1,668	1,668	-	-	34.28	99	2.04	-	-	36.
	Time of Use (TOU) - Off-Peak	253	2%	594	6,510	7,104	-	400	25.72	516	2.04	-	400	27.
	Total Agricultural	353	3%	667	9,725	10,392				719				
	Public Lighting - Tariff G	14	0%	15	396	411	2,000	-	27.58	29	2.04	2,000	-	29.
	Residential Colonies	1	0%	0	15	16	2,000	-	22.91	1	2.04	2,000	-	24.
	Tariff K - AJK	0	0%	-	-	-	-	1,250	22.95	-	2.04	-	1,250	24.
	Time of Use (TOU) - Peak	55	1%	-	1,616	1,616	-	-	29.28	113	2.04	-	-	31.
	Time of Use (TOU) - Off-Peak	261	2%	1,191	6,419	7,610	-	1,250	24.58	533	2.04	-	1,250	26.
		331	3%	1,206	8,446	9,653				676				
	Pre-paid Supply Tariff													
	Residential	-	-	-	-	-	1,000	-	39.15	-	2.04	1,000	-	41.
	Commercial - A2	-	-	-	-	-	-	1,250	28.33	-	2.04	-	1,250	30.
	General Services - A3	-	-	-	-	-	1,000	-	33.79	-	2.04	1,000	-	35.
	Industrial	-	-	-	-	-	-	1,250	28.46	-	2.04	-	1,250	30.
	Single Point Supply	-	-	-	-	-	-	1,250	21.88	-	2.04	-	1,250	23.
	Agriculture Tube-wells - Tariff D	-	-	-	-	-	-	400	32.03	-	2.04	-	400	34.
	Grand Total	10,995	100%	22,456	331,626	354,082				22,420				

Note: The PYA 2025 column shall cease to exist after One (01) year of notification of the instant decision.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-III

SCHEDULE OF ELECTRICITY TARIFFS
FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh		FPA 2025 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E=C+D	
a)	For Sanctioned load less than 5 kW								
i	Up to 50 Units - Life Line (Protected)	-		30.35		2.04		32.39	
ii	51 - 100 Units - Life Line (Protected)	-		30.89		2.04		32.93	
iii	001 - 100 Units (Protected)	-		34.75		2.04		36.79	
iv	101 - 200 Units (Protected)	-		34.61		2.04		36.65	
v	001 - 100 Units (Un-Protected)	-		34.28		2.04		36.32	
vi	101 - 200 Units (Un-Protected)	-		33.31		2.04		35.35	
iv	201 - 300 Units (Un-Protected)	-		33.80		2.04		35.84	
viii	301 - 400 Units (Un-Protected)	200		33.56		2.04		35.60	
ix	401 - 500 Units (Un-Protected)	400		33.14		2.04		35.18	
x	501 - 600 Units (Un-Protected)	600		32.94		2.04		34.98	
xi	601 - 700 Units (Un-Protected)	800		32.80		2.04		34.84	
vi	Above 700 Units (Un-Protected)	1,000		32.64		2.04		34.68	
b)	For Sanctioned load 5 kW & above			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Time Of Use	1,000		33.31	30.78	2.04	2.04	35.35	32.82
c)	Pre-Paid Residential Supply Tariff	1,000		39.15		2.04		41.19	

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. For consumers where monthly Fixed charges are applicable, no minimum charges shall be applicable on such consumers, even if no energy consumed.

a) Single Phase Connections: Rs. 75/- per consumer per month

b) Three Phase Connections: Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh		FPA 2025 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E=C+D	
a)	For Sanctioned load less than 5 kW	1,000		22.65		2.04		24.69	
b)	For Sanctioned load 5 kW & above		1,250	23.34		2.04		25.38	
				Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
c)	Time Of Use	-	1,250	31.60	23.70	2.04	2.04	33.64	25.74
d)	Electric Vehicle Charging Station	-	-	31.25		2.04		33.29	
e)	Pre-Paid Commercial Supply Tariff		1,250	28.33		2.04		30.37	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 25% of sanctioned Load or Actual MDI for the month which ever is higher.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh	FPA 2025 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E=C+D
a)	General Services	1,000	-	29.12	2.04	31.16
b)	Pre-Paid General Services Supply Tariff	1,000	-	33.79	2.04	35.83

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 25% of sanctioned Load or Actual MDI for the month which ever is higher.

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh		FPA 2025 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E=C+D	
B1	Upto 25 kW (at 400/230 Volts)	1,000	-	30.88		2.04		32.91	
B2(a)	exceeding 25-500 kW (at 400 Volts)	-	1,250	29.35		2.04		31.38	
	Time Of Use			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW	1,000		33.94	28.51	2.04	2.04	35.98	30.55
B2(b)	exceeding 25-500 kW (at 400 Volts)	-	1,250	33.69	24.68	2.04	2.04	35.73	26.72
B3	For All Loads up to 5000 kW (at 11,33 kV)	-	1,250	33.97	19.37	2.04	2.04	36.01	21.41
B4	For All Loads (at 66,132 kV & above)	-	1,250	33.07	23.21	2.04	2.04	35.11	25.25
	Pre-Paid Industrial Supply Tariff	-	1,250	28.46		2.04		30.50	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 25% of sanctioned Load or Actual MDI for the month which ever is higher.

C - SINGLE POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh		FPA 2025 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E=C+D	
C-1	For supply at 400/230 Volts								
a)	Sanctioned load less than 5 kW	2,000		30.77		2.04		32.81	
b)	Sanctioned load 5 kW & up to 500 kW	-	1,250	17.27		2.04		19.30	
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	-	1,250	16.10		2.04		18.14	
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	1,250	25.82		2.04		27.86	
	Time Of Use			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	-	1,250	28.00	21.65	2.04	2.04	30.04	23.69
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	-	1,250	31.43	15.16	2.04	2.04	33.47	17.20
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	1,250	35.55	23.87	2.04	2.04	37.59	25.91
	Pre-Paid Bulk Supply Tariff		1,250	21.88		2.04		23.92	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 25% of sanctioned Load or Actual MDI for the month which ever is higher.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

52

SCHEDULE OF ELECTRICITY TARIFFS
FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)
D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh		FTA 2025 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E=C+D	
D-1(a)	SCARP less than 5 kW	-	-	23.02		2.04		25.06	
D-2 (a)	Agricultural Tube Wells	-	400	30.48		2.04		32.52	
				Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	-	400	19.97	17.79	2.04	2.04	22.00	19.83
D-2 (b)	Agricultural 5 kW & above	-	400	34.28	25.72	2.04	2.04	36.32	27.76
Pre-Paid for Agri & Scarp		-	400	32.03		2.04		34.07	

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

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh	FTA 2025 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E=C+D
E-1(i)	Residential Supply	2,000		35.89	2.04	37.93
E-1(ii)	Commercial Supply	5,000		34.36	2.04	36.40
E-2	Industrial Supply	5,000		34.33	2.04	36.37

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

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

G - PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh	FTA 2025 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E=C+D
	Street Lighting	2,000		27.58	2.04	29.62

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh	FTA 2025 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E=C+D
	Residential Colonies attached to industrial premises	2,000.00		22.91	2.04	24.95

K - SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs / Cons / M	FIXED CHARGES Rs / kW / M	VARIABLE CHARGES Rs/kWh		FTA 2025 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E=C+D	
1	Azad Jammu & Kashmir (AJK)	-	1,250.00	22.95		2.04		24.99	
				Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Time Of Use	-	1,250.00	29.28	24.58	2.04	2.04	31.32	26.62

Note: The FTA 2025 column shall cease to exist after One (01) year of notification of the instant decision.

Mathi

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

53

Annex-IV

GEPCO

Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	710	592	692	982	1,234	1,426	1,432	1,382	1,284	965	673	691	12,063

Fuel Cost Component	10.3954	6.7337	7.9952	8.2498	8.4315	7.7138	7.0929	7.0998	7.4596	7.8696	6.2441	8.0165	7.7334
Variable O&M	0.3912	0.2967	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3916	0.4249	0.3019	0.3211	0.3920
Capacity	19.4608	25.2677	18.1446	15.6949	12.9136	12.9079	12.6828	13.4317	13.7259	16.6434	19.3734	19.8360	15.6051
UoSC	2.1223	2.5219	2.0286	2.0000	1.8317	1.8980	1.7971	1.8474	1.9034	2.0883	2.0197	2.1818	1.9719
Total PPP in Rs. / kWh	32.3697	34.8201	28.5211	26.3166	23.6544	22.9587	21.9757	22.7670	23.4805	27.0263	27.9391	30.3554	25.7025

Fuel Cost Component	7,385	3,989	5,531	8,099	10,404	11,002	10,154	9,813	9,580	7,591	4,203	5,537	93,288
Variable O&M	278	176	244	365	589	626	577	536	503	410	203	222	4,729
Capacity	13,825	14,969	12,552	15,409	15,934	18,411	18,157	18,565	17,627	16,054	13,041	13,700	188,243
UoSC	1,508	1,494	1,403	1,964	2,260	2,707	2,573	2,553	2,444	2,014	1,360	1,507	23,787
Total PPP in Rs. Mln	22,996	20,628	19,731	25,837	29,188	32,747	31,460	31,467	30,154	26,069	18,806	20,965	310,048

It is clarified that PPP is pass through for all 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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Annex-V

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 GEPCO 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 31 days or less reckoned from the date of last meter reading.

   If, for any reason, the scheduled reading period of a consumer exceeds the number of days in a calendar month, the total consumption should be prorated to match the number of days in that calendar month for determining the applicable slab rate and same be used for actual billing purpose.

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 25% 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.

   Provided that for the purpose of fixed charges sanctioned load means maximum demand recorded during preceding 60 months.

   Provided further that in case of new connections or consumers who have renewed/revised their sanctioned load, the fixed charges will be charged on 25% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher. However, upon establishment of MDI in next six months, the adjustment of fixed charges will be made accordingly by the DISCO."

   Provided also that consumers having alternate/ dual source i.e. captive power, net metering etc. the existing mechanism of fixed charges shall remain the same i.e. the 25% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher.

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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

55

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).

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 Surcharge (LPS) of 5% may be levied for next three (03) days after the due date and thereafter 10% LPS may be charged on the amount billed excluding Govt. taxes 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%.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

56

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

57

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.

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 category, plus margin, to be determined by the market forces itself. 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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

58

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

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

1. This tariff is applicable for supply to Industries having sanctioned load upto 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 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. 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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

4. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with Consumer Service Manual (CSM).
5. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

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

1. This tariff is applicable for supply to Industries for all loads of more than 5MW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5MW or below who opt to receive supply at 66 kV or 132 kV and above.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C BULK SUPPLY

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

General Conditions

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

C-I SUPPLY AT 400/230 VOLTS

Wahi. 9

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

60

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 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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.

3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).

4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

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

Special Conditions of Supply

1. This tariff shall apply to:

   i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):

   ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.

   iii) Tube-wells meant for aqua-culture.

   iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.

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

3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.

4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.

3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D-1(b) given in the Schedule of Tariff.

hatu. 9

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

62

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.

Malte

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

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

Definitions

"Year" means any period comprising twelve consecutive months.

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

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

64

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.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

65

ANNEX_VI

Annex-VI (Working of PYA

Description	Units	[illegible]
March		
Purchases		703
T&D Losses		9.00%
Sales after Losses		640
Sales net of Incremental units		640
ISP Sales		-
FCA - Rs. kWh		2.82
FCA Impact - Rs. Mln		10.0
Life Line		3.5
Prep-EVCs		0.0
Protec.-upto 300 + Agri		297.9
Units		3.5
April		
Purchases		789
T&D Losses		9.00%
Sales after Losses		718
Sales net of Incremental units		718
ISP Sales		-
FCA - Rs./kWh		3.33
FCA Impact - Rs. Mln		13.4
Life Line		4.0
Prep-EVCs		0.0
Protec.-upto 300 + Agri		331.1
Units		4.0
May		
Purchases		1,254
T&D Losses		9.00%
Sales after Losses		1,145
Sales net of Incremental units		1,145
ISP Sales		-
FCA - Rs. kWh		3.33
FCA Impact - Rs. Mln		16.1
Life Line		4.8
Prep-EVCs		0.0
Protec.-upto 300 + Agri		285.4
Units		4.8
June		
Purchases		1,416
T&D Losses		9.00%
Sales after Losses		1,288
Sales net of Incremental units		1,288
ISP Sales		-
FCA - Rs./kWh		2.56
FCA Impact - Rs. Mln		12.3
Life Line		4.7
Prep-EVCs		0.0
Protec.-upto 300 + Agri		249.3
Units		4.7
FY 2021		
July		
Purchases		1,492
T&D Losses		8.90%
Sales after Losses		1,360
Sales net of Incremental units		1,360
ISP Sales		
FCA - Rs. kWh		0.37
FCA Impact - Rs. Mln		210.6
Life Line		4.4
Prep-EVCs		0.0
Protec.-upto 300 + Agri		557.6
Units		562.0
August		
Purchases		1,341
T&D Losses		8.90%
Sales after Losses		1,222
Sales net of Incremental units		1,222
ISP Sales		
FCA - Rs. kWh		0.86
FCA Impact - Rs. Mln		473.0
Life Line		4.3
Prep-EVCs		0.0
Protec.-upto 300 + Agri		542.9
Units		547.2
September		
Purchases		1,282
T&D Losses		8.90%
Sales after Losses		1,168
Sales net of Incremental units		1,168
ISP Sales		
FCA - Rs./kWh		1.28
FCA Impact - Rs. Mln		217.6
Life Line		4.4
Prep-EVCs		0.0
Protec.-upto 300 + Agri		555.7
Units		560.1
October		
Purchases		969
T&D Losses		8.90%
Sales after Losses		883
Sales net of Incremental units		883
ISP Sales		
FCA - Rs. kWh		1.17
FCA Impact - Rs. Mln		593.8
Life Line		4.2
Prep-EVCs		0.0
Protec.-upto 300 + Agri		504.3
Units		508.6
November		
Purchases		677
T&D Losses		8.90%
Sales after Losses		616
Sales net of Incremental units		616
ISP Sales		-
FCA - Rs. kWh		0.76
FCA Impact - Rs. Mln		292.0
Life Line		3.3
Prep-EVCs		0.0
Protec.-upto 300 + Agri		378.7
Units		382.0

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Mak: 7

Annex_VI

Annex-VI (Working of PYA

Description	Units	GEPCO

December

Purchases	690
T&D Losses	8.90%
Sales after Losses	629
Sales net of Incremental units	608
ISP Sales	20.37
FCA - Rs./kWh	1.21
FCA Impact - Rs. Mln	332.6
Life Line	2.6
Prep+EVCs	0.0
Protec.+upto 300 + Agri	273.5
Units	275.1

January

Purchases	709
T&D Losses	8.90%
Sales after Losses	646
Sales net of Incremental units	621
ISP Sales	24.66
FCA - Rs./kWh	2.10
FCA Impact - Rs. Mln	547.9
Life Line	2.6
Prep+EVCs	0.0
Protec.+upto 300 + Agri	267.8
Units	270.4

February

Purchases	599
T&D Losses	8.90%
Sales after Losses	546
Sales net of Incremental units	527
ISP Sales	18.98
FCA - Rs./kWh	0.47
FCA Impact - Rs. Mln	127.0
Life Line	2.7
Prep+EVCs	0.0
Protec.+upto 300 + Agri	267.4
Units	270.1

March

Purchases	711
T&D Losses	8.90%
Sales after Losses	648
Sales net of Incremental units	648
ISP Sales	-
FCA - Rs./kWh	0.37
FCA Impact - Rs. Mln	1.0
Life Line	2.7
Prep+EVCs	0.0
Protec.+upto 300 + Agri	262.1
Units	264.9

April

Purchases	1,007
T&D Losses	8.90%
Sales after Losses	917
Sales net of Incremental units	917
ISP Sales	-
FCA - Rs./kWh	0.91
FCA Impact - Rs. Mln	3.9
Life Line	4.2
Prep+EVCs	0.0
Protec.+upto 300 + Agri	443.9
Units	4.2

May

Purchases	1,247
T&D Losses	8.90%
Sales after Losses	1,136
Sales net of Incremental units	1,136
ISP Sales	-
FCA - Rs./kWh	0.49
FCA Impact - Rs. Mln	2.2
Life Line	4.5
Prep+EVCs	0.0
Protec.+upto 300 + Agri	528.6
Units	533.2

June

Purchases	1,432
T&D Losses	8.90%
Sales after Losses	1,304
Sales net of Incremental units	1,304
ISP Sales	-
FCA - Rs./kWh	0.75
FCA Impact - Rs. Mln	3.5
Life Line	4.4
Prep+EVCs	0.0
Protec.+upto 300 + Agri	569.2
Units	573.6

July

Purchases	1,432
T&D Losses	8.85%
Sales after Losses	1,305
Sales net of Incremental units	1,305
ISP Sales	-
FCA - Rs./kWh	1.76
FCA Impact - Rs. Mln	7.7
Life Line	4.3
Prep+EVCs	0.0
Protec.+upto 300 + Agri	583.6
Units	587.9

August

Purchases	1,361
T&D Losses	8.85%
Sales after Losses	1,241
Sales net of Incremental units	1,241
ISP Sales	-
FCA - Rs./kWh	0.08
FCA Impact - Rs. Mln	0.4
Life Line	4.4
Prep+EVCs	0.1
Protec.+upto 300 + Agri	594.9
Units	4.4

September

Purchases	1,238
T&D Losses	8.85%
Sales after Losses	1,129
Sales net of Incremental units	1,129
ISP Sales	-
FCA - Rs./kWh	0.47
FCA Impact - Rs. Mln	2.0
Life Line	4.2
Prep+EVCs	0.0
Protec.+upto 300 + Agri	571.2
Units	575.4

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Math. 9

ANNEX-VI

Annex-VI (Working of PYA)

[illegible] Description [illegible]	Units	[illegible] GEPCO
October [illegible]		
Purchases		-
T&D Losses		-
Sales after Losses		-
Sales net of Incremental units		-
ISP Sales		-
FCA - Rs./kWh		-
FCA Impact - Rs. Mln		-
Life Line		4.1
Prep-EVCs		0.0
Protec. upto 300 - Agri		503.4
Units		4.1
4th Qtr. FY 2022-23 (Oct. 23 to Mar. 24)		
Allowed Amount		15,111
Qtr. Rs./kWh		3.56
Recovered		13,188
Under/(Over) Recovery		1,923
1st Qtr. FY 2023-24 (Jan. Mar. 24)		
Allowed Amount		304
Qtr. Rs./kWh		0.15
Recovered		283
Under/(Over) Recovery		21
2nd Qtr. FY 2023-24 (Apr. Jun. 24)		
Allowed Amount		3,048
Qtr. Rs./kWh		0.8937
Recovered		2,804
Under/(Over) Recovery		244
3rd Qtr. FY 2023-24 (Jun. Aug. 24)		
Allowed Amount		- 1,103
Qtr. Rs./kWh		- 0.27
Recovered		- 1,038
Under/(Over) Recovery		- 65
4th Qtr. FY 2023-24 (Sep. Nov. 24)		
Allowed Amount		7,694
Qtr. Rs./kWh		3.01
Recovered		7,983
Under/(Over) Recovery		- 289
1st Qtr. FY 2024-25 (Dec. 24)		
Allowed Amount		2,201
Qtr. Rs./kWh		3.47
Recovered		2,221
Under/(Over) Recovery		- 21
2nd Qtr. FY 2024-25 (Apr. Jun. 25)		
Allowed Amount		- 6,944
Qtr. Rs./kWh		- 2.31
Recovered		- 7,722
Under/(Over) Recovery		778
3rd Qtr. FY 2024-25 (May. July. 25)		
Allowed Amount		- 7,181
Qtr. Rs./kWh		- 2.01
Recovered		- 7,619
Under/(Over) Recovery		438
[illegible] Impact of Negative FCA [illegible]		
March 2024 to September 2025		
Positive FCA Impact to be allowed		4
Negative FCA Impact retained	Rs. Mln	- 16
Net Impact	Rs. Mln	- 12
FCA Impact - Adjusted in PYA	Rs. Mln	- 12
DM FY 2023-24		
Allowed Amount	Rs. Mln	35,843
Rate. Rs./kWh	Rs./kWh	3.06
Recovered	Rs. Mln	32,112
Under/(Over) Recovery	Rs. Mln	3,470
DM FY 2024-25		
Allowed Amount	Rs. Mln	41,826
Rate. Rs./kWh	Rs./kWh	3.87
Recovered	Rs. Mln	42,629
Under/(Over) Recovery	Rs. Mln	- 803
PYA 2023-24		
Allowed Amount	Rs. Mln	23,185
Rate. Rs./kWh	Rs./kWh	1.98
Recovered	Rs. Mln	20,884
Under/(Over) Recovery	Rs. Mln	2,301
PYA 2024-25		
Allowed Amount	Rs. Mln	2,593
Rate. Rs./kWh	Rs./kWh	0.24
Recovered	Rs. Mln	2,632
Under/(Over) Recovery	Rs. Mln	- 39
Other Cost related to PYA		
RORB FY 2022-23 True up	Rs. Mln	590
Depreciation FY 2022-23 True up	Rs. Mln	-
Other Income FY 2022-23 True up	Rs. Mln	-
Previous PYA difference	Rs. Mln	1,846
Minimum Tax	Rs. Mln	5,160
PM Assistance Package	Rs. Mln	119
MLR Adjustments - RORB FY 2020-21	Rs. Mln	
MLR Adjustments - RORB FY 2021-22	Rs. Mln	
Payroll fraudulent financial Reporting	Rs. Mln	
Negative FCA - Previous years 2019-2020 - 2024	Rs. Mln	
UOSC_3rd Qtr. Posting error	Rs. Mln	
NEPRA Supplier License fee	Rs. Mln	
Minimum Tax - FY 2025	Rs. Mln	7,917
Post-retirement benefit	Rs. Mln	
Pay & Allowances	Rs. Mln	374
Depreciation True up	Rs. Mln	
Total		16,006
Sales Mix Var.		
FY 2022-23	Rs. Mln	4,224
FY 2023-24	Rs. Mln	131
FY 2024-25	Rs. Mln	- 1,518
Excess LPS to be adjusted - FY 2024		
LPS Recovered from Consumers	Rs. Mln	4,013
Supplemental charges billed by CPPA	Rs. Mln	4,566
Net	Rs. Mln	[illegible]
Excess LPS to be adjusted - FY 2025		
LPS Recovered from Consumers	Rs. Mln	4,780
Supplemental charges billed by CPPA	Rs. Mln	3,974
Net	Rs. Mln	- 806
Total		- 806
Adjustment in PYA	Rs. Mln	- 806
[illegible]	Rs. Mln	25,980

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Mala 9

68

ANNEX-VI

Annex-VI (Working of PYA) [illegible]

Description	Unit	GEPCO
MYT Trued Up [illegible]		GEPCO
[illegible] FY 2023/24 [illegible]		
Provision for Post Retirement Benefit		
Allowed	Rs. Mln	57,986
Benefit Paid	Rs. Mln	28,493
Transferred to Account	Rs. Mln	36,684
Shortfall in deposit to be deducted/added	Rs. Mln	7,195
Provision for Post Retirement Benefit		
Allowed	Rs. Mln	
Benefit Paid/ Provision		
(Shortfall)/ Excess		
Pay & Allowances		
Allowed	Rs. Mln	
Actual	Rs. Mln	
Under/(Over) Recovery	Rs. Mln	-
Depreciation FY 2023-24		
Allowed	Rs. Mln	3,235
Actual	Rs. Mln	3,360
Under/(Over) Recovery	Rs. Mln	125
Depreciation FY 2024-25		
Allowed	Rs. Mln	3,176
Actual	Rs. Mln	4,098
Under/(Over) Recovery	Rs. Mln	922
RAB (Investment + KIBOR) FY 2023-24		
Allowed	Rs. Mln	9,703
Actual	Rs. Mln	10,152
Under/(Over) Recovery	Rs. Mln	449
RAB (Investment + KIBOR) FY 2024-25		
Allowed	Rs. Mln	10,501
Actual	Rs. Mln	9,958
Under/(Over) Recovery	Rs. Mln	- 543
Other Income FY 2023-24		
Allowed	Rs. Mln	3,491
Actual	Rs. Mln	4,478
Under/(Over) Recovery	Rs. Mln	- 987
Other Income FY 2024-25		
Allowed	Rs. Mln	3,961
Actual	Rs. Mln	4,555
Under/(Over) Recovery	Rs. Mln	- 591
Total MYT Rev Upd [illegible]	Rs. Mln	6,567
Total PYA FY 2024-25 [illegible]	Rs. Mln	32,516

Math, 7

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

ANNEX-VI

Annex-VI (Working of PYA

Description	Units	GEPCO
July		
Purchases		1,399
T&D Losses		9.00%
Sales after Losses		1,273
Sales net of Incremental units		1,230
ISP Sales		47.89
FCA - Rs./kWh		1.44
FCA Impact - Rs. Mln		7.6
Life Line		5.2
Prep-EVCs		0.0
Protec - upto 300 + Agri		539.0
Units		5.2
August		
Purchases		1,569
T&D Losses		9.00%
Sales after Losses		1,428
Sales net of Incremental units		1,355
ISP Sales		73.55
FCA - Rs./kWh		1.21
FCA Impact - Rs. Mln		8.5
Life Line		4.9
Prep-EVCs		
Protec - upto 300 + Agri		555.5
Units		4.9
September		
Purchases		1,299
T&D Losses		9.00%
Sales after Losses		1,182
Sales net of Incremental units		1,127
ISP Sales		55.28
FCA - Rs./kWh		0.35
FCA Impact - Rs. Mln		1.9
Life Line		4.9
Prep-EVCs		-
Protec - upto 300 + Agri		525.5
Units		4.9
October		
Purchases		818
T&D Losses		9.00%
Sales after Losses		744
Sales net of Incremental units		693
ISP Sales		51.09
FCA - Rs./kWh		3.03
FCA Impact - Rs. Mln		11.5
Life Line		3.8
Prep-EVCs		0.0
Protec - upto 300 + Agri		427.2
Units		3.8
November		
Purchases		643
T&D Losses		9.00%
Sales after Losses		585
Sales net of Incremental units		585
ISP Sales		-
FCA - Rs./kWh		4.12
FCA Impact - Rs. Mln		12.6
Life Line		3.1
Prep-EVCs		0.0
Protec - upto 300 + Agri		330.5
Units		3.1
December		
Purchases		643
T&D Losses		9.00%
Sales after Losses		585
Sales net of Incremental units		585
ISP Sales		-
FCA - Rs./kWh		4.56
FCA Impact - Rs. Mln		13.1
Life Line		2.9
Prep-EVCs		0.0
Protec - upto 300 + Agri		273.3
Units		2.9
January		
Purchases		740
T&D Losses		9.00%
Sales after Losses		674
Sales net of Incremental units		674
ISP Sales		-
FCA - Rs./kWh		7.09
FCA Impact - Rs. Mln		23.9
Life Line		3.4
Prep-EVCs		0.0
Protec - upto 300 + Agri		316.2
Units		3.4
February		
Purchases		606
T&D Losses		9.00%
Sales after Losses		551
Sales net of Incremental units		551
ISP Sales		-
FCA - Rs./kWh		4.91
FCA Impact - Rs. Mln		17.5
Life Line		3.6
Prep-EVCs		0.0
Protec - upto 300 + Agri		266.7
Units		3.6

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY