

Ref. No. RA&SP/NEPRA/071/283
Dated: 21 October 2014

The Registrar
National Electric Power Regulatory Authority
NEPRA Office Tower, Ataturk Avenue, G-5/1
Islamabad

Subject: **ADJUSTMENT IN K Electric (KE) SCHEDULE OF TARIFF ON ACCOUNT OF FUEL PRICE AND POWER PURCHASE COST VARIATION FOR QUARTER ENDED SEPTEMBER 2014.**

This is with reference to the Authority's tariff determination of 23rd December 2009 of KE (Formerly KESCL) on account of fuel price and power purchase cost variation, the required adjustment in KE's tariff for the quarter ended September 2014 is as under:

1. ADJUSTMENT IN KE SCHEDULE OF TARIFF

1.1. Adjustment in Tariff on Account of Fuel & Power Purchase Cost Variation

As per the applicable and approved tariff adjustment mechanism, the cost for the quarter Jul-Sep 2014 has decreased by Ps (17.552)/kWh which needs to be adjusted in KE's tariff. It may please be noted that the price of Gas is taken without GID-Cess as per the order of Sindh High Court, Suit # 2013 of 2014 dated 21.10.2014 (copy attached).

The table below gives the breakup of the required adjustment on units sold basis (taking into account the effect of NEPRA allowed T&D loss @ 15%);

DESCRIPTION	September 2014 (Over June-14)	
	Mill. Rs.	Ps/kWh
Fuel Price Variation	47.367	3.756
Power Purchase Price Variation	(268.703)	(21.308)
Total Variation in Tariff	(221.336)	(17.552)

1.2. Unrecovered Cost

The Authority in its determination dated 23rd December 2009 specified that the quarterly adjustment in schedule of tariff shall take care of;

- Monthly variation in the O&M cost and capacity charges for the power purchased from IPPs and other external sources; and
- Any un-recovered cost of fuel, due to non-adjustment of T&D losses in the monthly fuel price adjustment already allowed by Authority for recovery by KE through monthly bills of consumers.

Based on the approved mechanism and the details mentioned above, the unrecovered cost for the period Jul-Sep 2014 is as under:

Unrecovered Cost for the period January to September 2014	Amount Mill Rs.
Variation in O&M cost of IPPs and other sources	(177.416)
Variation in Capacity charges of IPPs and other sources	(55.373)
Unrecovered cost due to non-adjustment of T&D losses in FCA	(213.992)
Adjustment of NTDC Supplementary Invoices of FY 2013-14	87.346
Total required Adjustment in Quarterly Tariff	(359.435)
Estimated Units to be sold loss in the next quarter (GWH)	2,951.040
Required Adjustment in KE's Tariff (Ps/kWh)	(12.180)

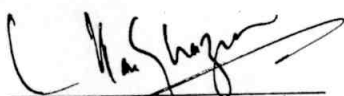
2. REQUEST FOR ADJUSTMENT IN TARIFF

In view of the above, the overall increase in the KEs tariff for the quarter ending September 2014, works out to be as follows:

Total Required Adjustment in KE's Tariff	Ps/kWh
Required Adjustment in KE's tariff	(17.552)
Unrecovered Cost for the quarter Jul-Sep 2014	(12.180)
Sub Total	(29.732)
Reversal of Unrecovered cost of previous quarter Apr-Jun 2014	19.584
Total Required Adjustment in KE Tariff	(10.148)

It is requested that the required adjustment in tariff may be allowed for the quarter ended 30th September, 2014. Further, we reiterate our earlier submission Ref.: GM(RA)/NEPRA/2014/274 dated: 03-Oct-14, regarding approval of pending Heat Rate results.

Sincerely



Muhammad Aamir Ghaziani
Director – Finance & Regulations

Encl.

K ELECTRIC (Formerly KESCL)

ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND		Jul-14	Aug-14	Sep-14	QTR
POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES					
UNITS SOLD	Mill kWh				1,261.051
FUEL PRICE VARIATION	Mill Rs				47.367
Cost of Power Purchase					
- Fuel Component	Mill Rs				5,624.821
- O&M Cost	Mill Rs				990.611
- Capacity Payment	Mill Rs				256.576
- Total Cost of Power Purchased	Mill Rs				6,872.007
Power Purchased	Mill kWh				635.549
Average Rate of Power Purchase		Jun-14	Sep-14		
- Fuel Component	Rs/kWh	9.212	8.850		(0.362)
- O&M Cost	Rs/kWh	1.591	1.559		(0.032)
- Capacity Payment	Rs/kWh	0.432	0.404		(0.029)
- Total Cost of Power Purchased	Rs/kWh	11.235	10.813		(0.423)
POWER PURCHASED COST VARIATION					
- Fuel Component	Mill Rs				(229.842)
- O&M Cost	Mill Rs				(20.583)
- Capacity Payment	Mill Rs				(18.279)
- Total Cost of Power Purchased	Mill Rs				(268.703)
Total Cost Variation (Fuel + Purchase)	Mill Rs				(221.336)
QUARTERLY INCREASE/DECREASE IN RATE					
- Fuel Price Variation	Ps/kWh				3.756
- Power Purchase Cost variation	Ps/kWh				(21.308)
- Total Cost Variation	Ps/kWh				(17.552)
Required adjustment in Tariff					
a Quarterly Revision of SOT for the Quarter 'A'	Ps/kWh				(17.552)
b Unrecovered Cost for current quarter	Ps/kWh				(12.180)
Sub - Total	Ps/kWh				(29.732)
c Reversal of tariff adjustment of prev. quarter	Ps/kWh				19.584
Total Required adjustment in KEL's Tariff	Ps/kWh				(10.148)

ADJUSTMENT IN TARIFF DUE TO UNRECOVERED COST

		Jul-14	Aug-14	Sep-14	QTR
a. Variation in O&M Cost Power Purchase		(21.183)	(135.650)	(20.583)	(177.416)
b. Variation in Capacity Cost Power Purchase		(13.524)	(23.571)	(18.279)	(55.373)
c. i Variation in Fuel & Power Purchase Cost					
Fuel Price Variation	Mill Rs	(222.443)	(812.879)	47.367	(987.956)
Power Purchase(fuel) variation	Mill Rs	136.514	(345.332)	(229.842)	(438.660)
	Mill Rs	(85.930)	(1,158.211)	(182.475)	(1,426.616)
Units Sent Out	Mill kWh	1,591.845	1,511.133	1,483.589	4,586.567
Increase/decrease in FSA Rate	Ps/kWh	(5.398)	(76.645)	(12.300)	(31.104)
T&D Losses		15.0%	15.0%	15.0%	
Units Sold as per NEPRA	Mill kWh	1,353.068	1,284.463	1,261.051	3,898.582
ii Recovery of Cost under Monthly FSA					
Fuel Price Variation	Mill Rs	(189.077)	(690.947)	40.262	(839.762)
Power Purchase(fuel) variation	Mill Rs	116.037	(293.532)	(195.366)	(372.861)
	Mill Rs	(73.040)	(984.480)	(155.104)	(1,212.623)
iii Unrecovered Cost due to non adjustment of T&D losses					
Fuel Price Variation	Mill Rs	(33.367)	(121.932)	7.105	(148.193)
Power Purchase(fuel) variation	Mill Rs	20.477	(51.800)	(34.476)	(65.799)
Total	Mill Rs	(12.889)	(173.732)	(27.371)	(213.992)

SUMMARY OF UNRECOVERED COST

- a. Variation in O&M Cost Power Purchase
b. Variation in Capacity Cost Power Purchase
c. Unrecovered Cost due to non adjustment of T&D losses
d. Other Adjustments of NTDC Supplementary Invoices FY 2013-14

(177.416)
(55.373)
(213.992)
87.346

Total Adjustment in Quarterly Tariff

(359.435)

Estimated Units to be sold in next quarter

2,951.040

Unrecovered Cost for current quarter

(12.180)