

Ref. No. RA&SP/NEPRA/071/1368  
Dated: 21 October 2015

The Registrar  
N.E.P.R.A  
NEPRA Office Tower,  
Islamabad.

For information & n/a fl.  
S/A7 - II  
Cep 10:  
S A (Geh)  
Gm (Geh)  
m/f  
28.x.15  
cc: Chairman  
VC (m (CA)  
m (T)  
m (m&E)  
m (Lic)

Subject: **ADJUSTMENT IN K-ELECTRIC SCHEDULE OF TARIFF ON ACCOUNT OF FUEL PRICE AND POWER PURCHASE COST VARIATION FOR QUARTER ENDED SEPTEMBER 2015.**

This is with reference to the Authority's tariff determination of 23<sup>rd</sup> December 2009 of KE on account of fuel price and power purchase cost variation. The submission is based on NTDC's power purchase invoice for the month of Sep-15, received on 16-Oct-2015 and is subject to change after the issuance of pending tariff determinations. The required adjustment in tariff for the quarter ended September 2015 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 2015 has decreased by Ps.104.6/kWh which needs to be adjusted in KE's tariff.

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 2015 (Over Jun-15)	
	Mill. Rs.	Ps/kWh
Fuel Price Variation	(403.421)	(31.213)
Power Purchase Price Variation	(949.056)	(73.428)
<b>Total Variation in Tariff</b>	<b>(1,352.477)</b>	<b>(104.641)</b>

Registrar  
By No. 11287  
Dated 28-10-15

## **1.2. Unrecovered Cost**

The Authority in its determination dated 23<sup>rd</sup> 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.

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Senior Advisor Tariff  
By No. 10238  
Date 28-10-15

Based on the approved mechanism and the details mentioned above, the unrecovered cost for the period Jul-Sep 2015 is as under:

<b>Unrecovered Cost for the period July – September 2015</b>	<b>Amount Mill Rs.</b>
Variation in O&M cost of IPPs and other sources	(158.044)
Variation in Capacity charges of IPPs and other sources	10.902
Unrecovered cost due to non-adjustment of T&D losses in FCA	(584.207)
Payment of WPPF & WWF to IPPs (TAPAL & GAEL) *	719.852
<b>Total required Adjustment in Quarterly Tariff</b>	<b>(11.497)</b>
<b>Estimated Units to be sold loss in the next quarter (Gwh)</b>	<b>3,109.142</b>
<b>Required Adjustment in KE's Tariff (Ps/kWh)</b>	<b>(0.370)</b>

\* This is the total amount of WPPF & WWF paid to TAPAL & GAEL

## 2. REQUEST FOR ADJUSTMENT IN TARIFF

The overall adjustment in the KEs tariff for the quarter ending September 2015, is as follows:

<b>Total Required Adjustment in KE's Tariff</b>	<b>Ps/kWh</b>
Required Quarterly Adjustment in KE's tariff	(104.641)
Unrecovered Cost for the current quarter	(0.370)
<b>Sub Total</b>	<b>(105.011)</b>
Reversal of Unrecovered cost of previous quarter	15.203
<b>Total Required Adjustment in KE Tariff</b>	<b>(89.808)</b>

It is requested that the required adjustment in tariff may be allowed for the quarter Jul-Sep 2015.

Sincerely



**M. Aamir Ghaziani**  
Director – Finance & Regulations

Encl.

**K ELECTRIC (Formerly KESCL)**

ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES		Jul-15	Aug-15	Sep-15	QTR
UNITS SOLD	Mill kWh				1,292.495
FUEL PRICE VARIATION	Mill Rs				(403.421)
Cost of Power Purchase					
- Fuel Component	Mill Rs				2,902.184
- O&M Cost	Mill Rs				952.889
- Capacity Payment	Mill Rs				262.096
- Total Cost of Power Purchased	Mill Rs				4,117.169
Power Purchased	Mill kWh				621.646
Average Rate of Power Purchase		Jun-15	Sep-15		
- Fuel Component	Rs/kWh	6.147	4.669		(1.479)
- O&M Cost	Rs/kWh	1.600	1.533		(0.067)
- Capacity Payment	Rs/kWh	0.402	0.422		0.019
- Total Cost of Power Purchased	Rs/kWh	8.150	6.623		(1.527)
POWER PURCHASED COST VARIATION					
- Fuel Component	Mill Rs				(919.301)
- O&M Cost	Mill Rs				(41.744)
- Capacity Payment	Mill Rs				11.989
- Total Cost of Power Purchased	Mill Rs				(949.056)
Total Cost Variation (Fuel + Power Purchase)	Mill Rs				(1,352.477)
QUARTERLY INCREASE/DECREASE IN RATE					
- Fuel Price Variation	Ps/kWh				(31.213)
- Power Purchase Cost variation	Ps/kWh				(73.428)
- Total Cost Variation	Ps/kWh				(104.641)
Required adjustment in Tariff					
a Quarterly Revision of SOT for the Quarter 'A'	Ps/kWh				(104.641)
b Unrecovered Cost for current quarter	Ps/kWh				(0.370)
Sub - Total	Ps/kWh				(105.011)
c Reversal of tariff adjustment of prev. quarter	Ps/kWh				15.203
Total Required adjustment in KEL's Tariff	Ps/kWh				(89.808)

ADJUSTMENT IN TARIFF DUE TO UNRECOVERED COST		Jul-15	Aug-15	Sep-15	QTR
a. Variation in O&M Cost Power Purchase	Mill Rs	(21.523)	(94.778)	(41.744)	(158.044)
b. Variation in Capacity Cost Power Purchase	Mill Rs	7.583	(8.670)	11.989	10.902
c. i Variation in Fuel & Power Purchase Cost					
Fuel Price Variation	Mill Rs	(947.903)	(680.145)	(403.421)	(2,031.469)
Power Purchase( fuel) variation	Mill Rs	(324.791)	(619.153)	(919.301)	(1,863.245)
	Mill Rs	(1,272.694)	(1,299.297)	(1,322.722)	(3,894.714)
Units Sent Out	Mill kWh	1,639.800	1,541.963	1,520.582	4,702.346
Increase/decrease in FSA Rate	Ps/kWh	(77.613)	(84.263)	(86.988)	(82.825)
T&D Losses		15.0%	15.0%	15.0%	
Units Sold as per NEPRA	Mill kWh	1,393.830	1,310.669	1,292.495	3,996.994
ii Recovery of Cost under Monthly FSA					
Fuel Price Variation	Mill Rs	(805.718)	(578.123)	(342.908)	(1,726.749)
Power Purchase( fuel) variation	Mill Rs	(276.072)	(526.280)	(781.406)	(1,583.758)
	Mill Rs	(1,081.790)	(1,104.403)	(1,124.314)	(3,310.507)
iii Unrecovered Cost due to non adjustment of T&D losses					
Fuel Price Variation	Mill Rs	(142.185)	(102.022)	(60.513)	(304.720)
Power Purchase( fuel) variation	Mill Rs	(48.719)	(92.873)	(137.895)	(279.487)
Total	Mill Rs	(190.904)	(194.895)	(198.408)	(584.207)

SUMMARY OF UNRECOVERED COST					
a. Variation in O&M Cost Power Purchase					(158.044)
b. Variation in Capacity Cost Power Purchase					10.902
c. Unrecovered Cost due to non adjustment of T&D losses					(584.207)
d. Other Adjustments					
- Payment of WPPF & WWF to IPPs (TAPAL & GUL)					719.852
Total Adjustment in Quarterly Tariff					(11.497)
Estimated Units to be sold in next quarter					3,109.142
Unrecovered Cost for current quarter					(0.370)