

Kamran Ali Khan
Registrar

Mr. Syed Safer Hussain,
Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Attaturk Avenue (East),
Sector G-5/1,
Islamabad.

Ref No. KE/BPR/NEPRA/2019/592
July 19, 2019

For information & n.a. Please

- SA(Tariff-I)
- Copy to:
- DG (M&E)
- M/F

CC: Chairman
- M (Tariff)

23 07 19.

Subject: Quarterly variations for the quarters ended June 2017 and June 2018 (revised) under Multi-Year Tariff 2017 – 2023

Dear Sir,

This is with reference to the mechanism for monthly and quarterly variations provided in the Multi-Year Tariff Determination of K-Electric Limited (KE) dated July 5, 2018 (MYT), notified vide SRO No. 576 (I)/2019 dated May 22, 2019.

In this regard, KE had submitted its quarterly variations for the period July 2016 to March 2019 vide letter dated May 27, 2019 (KE/BPR/NEPRA/2019/405) wherein KE had included provisional write off claims for FY 2017 and 2018 and had mentioned that verification by Auditors, as required under criteria for write-off claims in the MYT, is in progress and will be submitted in due course.

KE would like to submit that Auditors have completed their verification for write off claims of FY 2017 as mentioned in the note 32.2 of the Audited Financial Statements of FY 2017 (*enclosed*). Accordingly, revised quarterly variations for the quarter ended June 2017 including verified amount of write off claim is attached. Further, quarterly variation for June 2018 is also revised due to the consequential impact.

Summary of revised quarterly variations in the Schedule of Tariff (SoT) is given below.

Quarter	Quarterly Variation per unit (PKR/kWh)	
	Previously submitted	Revised
April to June, 2017	(1.154)	(1.219)
April to June, 2018	(0.243)	(0.178)

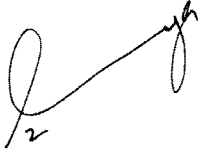
Dy. No.: 6531
REGISTRAR
Dated: 23-07-19

Moreover, verification by Auditors in respect of write off claims for FY 2018 is in progress and will be submitted to NEPRA upon completion.

AY

In view of the accumulated monthly and quarterly tariff variations, which are significantly impacting working capital position of the Company, we would humbly request NEPRA for expeditious processing of pending monthly and quarterly tariff variations.

Sincerely,



Ayaz Jaffar Ahmed
Director – Finance & Regulations

Enclosed: KE's Annual Report FY 2017
Calculation sheet of quarterly variation – June 2017 and June 2018

K ELECTRIC LIMITED

QUARTERLY ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES	Quarter ended June 2017 (Revised)
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		Jun-17
Required adjustment in Tariff		
Quarterly Revision to reset price levels	Rs/kWh	(0.805)
Unrecovered Cost for current quarter	Rs/kWh	(0.514)
Other tariff Adjustments - Refer 'Tariff Variation' sheet		
Annual CPI on O&M with T&D loss adjustment	Rs/kWh	0.073
T&D loss adjustment for Fuel cost	Rs/kWh	(0.054)
T&D loss adjustment for Power purchase cost	Rs/kWh	(0.038)
T&D loss adjustment for Power purchase O&M & Capacity cost	Rs/kWh	(0.021)
T&D loss adjustment of other components	Rs/kWh	(0.041)
Additional write off	Rs/kWh	0.281
Total	Rs/kWh	0.121
Reversal of unrecovered cost of previous quarter	Rs/kWh	(0.055)
Total Required adjustment in KE's Tariff	Rs/kWh	(1.219)
Total Required adjustment in KE's Tariff	Rs/kWh	(121.953)

Quarterly Revision to reset price levels		Jun-17												
Units Sent Out	GWh	1,754,567												
T&D Losses allowed	GWh	20,906												
Units billed	GWh	1,387,511												
Cost of Fuel - KE	Mill Rs	6,426,949												
Weighted Average Fuel cost per unit billed	Rs/kWh													
		<table border="1"> <thead> <tr> <th>Mar-17</th> <th>Jun-17</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td>3.925</td> <td>4.631</td> <td>0.706</td> </tr> </tbody> </table>	Mar-17	Jun-17	Variation	3.925	4.631	0.706						
Mar-17	Jun-17	Variation												
3.925	4.631	0.706												
Cost of Power Purchases														
- Fuel Cost	Mill Rs	3,858,490												
- O&M and Capacity Cost	Mill Rs	2,160,252												
- Total Cost of Power Purchases	Mill Rs	6,018,742												
Weighted Average Cost of Power Purchases (cost per unit billed)														
- Fuel Cost	Rs/kWh													
- O&M Cost and capacity cost	Rs/kWh													
- Total Cost of Power Purchases	Rs/kWh													
		<table border="1"> <thead> <tr> <th>Mar-17</th> <th>Jun-17</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td>4.030</td> <td>2.780</td> <td>(1.250)</td> </tr> <tr> <td>1.818</td> <td>1.556</td> <td>(0.262)</td> </tr> <tr> <td>5.848</td> <td>4.336</td> <td>(1.511)</td> </tr> </tbody> </table>	Mar-17	Jun-17	Variation	4.030	2.780	(1.250)	1.818	1.556	(0.262)	5.848	4.336	(1.511)
Mar-17	Jun-17	Variation												
4.030	2.780	(1.250)												
1.818	1.556	(0.262)												
5.848	4.336	(1.511)												
QUARTERLY INCREASE/DECREASE IN COST PER UNIT BILLED														
- Cost of Fuel - KE	Rs/kWh	0.706												
- Cost of Power Purchases - Total	Rs/kWh	(1.511)												
- Total Cost Variation	Rs/kWh	(0.805)												

Note: Please note that the SoT attached with the MYT notification is based on updated terms and conditions including changes in definition of lifeline consumers and the assumption of conversion of eligible consumers to "A3" category along with enabling of Time of Use (ToU) metering for Residential and Commercial consumers etc. However, as the MYT has been notified on May 22, 2019, these changes will be effective from the date of notification. Accordingly, KE would like to request NEPRA to adjust the related impact while issuing determination of Quarterly SoTs.

K ELECTRIC LIMITED

QUARTERLY ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES			Quarter ended June 2017 (Revised)				
			Mar-17	Apr-17	May-17	Jun-17	QTR
ADJUSTMENT IN TARIFF DUE TO UNRECOVERED COST			Reference				
Units Sent Out	GWh	a	1,482.834	1,680.225	1,754.667	4,917.726	
T&D Losses allowed		b	20.9%	20.9%	20.9%		
Units billed	GWh	c = a x (1-b)	1,172.922	1,329.058	1,387.941	3,889.921	
a. O&M and Capacity cost of Power purchases							
O&M and Capacity cost of Power purchases	Mill Rs	d	1,658.012	1,844.351	2,160.252		
O&M and Capacity cost of power purchases (per unit billed)	Rs/kWh	e = d/c	1.818	1.414	1.388	1.556	
Increase or decrease in O&M and Capacity cost (over Reference)	Rs/kWh	f	(0.404)	(0.430)	(0.262)		
O&M and Capacity Cost of Power Purchases - Monthly variations Amount	Mill Rs	g = f x c	(474.418)	(571.941)	(363.093)	(1,409.452)	
b. Unrecovered Cost of FCA due to non adjustment of T&D losses							
i Monthly variation in Fuel Cost (FCA) - Per unit							
Cost of Fuel - KE	Rs/kWh	h	0.178	0.543	0.558		
Cost of Fuel - Power Purchases	Rs/kWh	i	(0.433)	(0.917)	(0.9886)		
Total	Rs/kWh	j = h + i	(0.255)	(0.374)	(0.430)		
ii Monthly variation in Fuel Cost (FCA) - Amount							
Cost of Fuel - KE	Mill Rs	k = h x a	263.435	912.698	979.767	2,155.901	
Cost of Fuel - Power Purchases	Mill Rs	l = i x a	(641.893)	(1,540.449)	(1,734.597)	(3,916.936)	
Total	Mill Rs	m = k + l	(378.457)	(627.751)	(754.830)	(1,761.035)	
iii Unrecovered Cost of FCA due to non adjustment of T&D losses							
Cost of Fuel - KE	Mill Rs	n = k x b	55.058	190.754	204.771	450.583	
Cost of Fuel - Power Purchases	Mill Rs	o = l x b	(134.156)	(321.954)	(362.531)	(818.640)	
Total	Mill Rs	p = n + o	(79.098)	(131.200)	(157.759)	(368.057)	
Summary of Unrecovered cost for the quarter							
a. O&M and Capacity cost of Power purchases	Mill Rs					(1,409.452)	
b. Unrecovered Cost of FCA due to non adjustment of T&D losses	Mill Rs					(368.057)	
c. Other Adjustments							
WWF/WPPF / Bonus to IPPs - Note 1	Mill Rs					25.369	
Capacity Charges true up CPPA-G	Mill Rs					(252.659)	
Total Unrecovered cost for the quarter	Mill Rs	q				(2,004.809)	
Units to be sold in next quarter at allowed T&D losses	GWh	r				3,896.827	
Unrecovered Cost per unit for current quarter	Rs/kWh	s = q / r				(0.514)	

Notes:

1 Tapal Energy Excess Energy Bonus Rs.25.369 million.

Work Sheet- Power Purchase Cost Variation

DESCRIPTION		Mar-17	Apr-17	May-17	Jun-17
		Reference			
1	<u>O&M COST</u>				
a	KANUPP	Mill Rs. 29.053	35.484	23.434	42.154
b	TAPAL	Mill Rs. 73.418	78.074	83.921	85.610
c	GUL AHMED	Mill Rs. 46.407	47.137	53.972	52.136
d	CPPA-G	Mill Rs. 129.962	133.035	118.406	119.552
e	ANOUD POWER	Mill Rs. 8.202	8.202	8.419	8.328
f	INT IND (IIL)	Mill Rs. 9.831	9.063	10.286	9.939
g	FFBL	Mill Rs. -	-	12.493	19.201
	TOTAL	Mill Rs. 296.874	310.995	310.931	336.919
2	<u>CAPACITY COST</u>				
a	KANUPP	Mill Rs. -	-	-	-
b	TAPAL	Mill Rs. 135.443	136.215	142.291	142.291
c	GUL AHMED	Mill Rs. 131.355	131.413	131.413	131.413
d	CPPA-G	Mill Rs. 1,294.699	1,079.390	1,163.242	1,328.862
e	ANOUD POWER	Mill Rs. -	-	-	-
f	INT IND (IIL)	Mill Rs. -	-	-	-
g	FFBL	Mill Rs. -	-	96.475	220.736
	TOTAL	Mill Rs. 1,561.497	1,347.017	1,533.421	1,823.335
3	<u>TOTAL O&M & CAPACITY COST</u>				
a	KANUPP	Mill Rs. 29.053	35.484	23.434	42.154
b	TAPAL	Mill Rs. 208.861	214.289	226.212	227.901
c	GUL AHMED	Mill Rs. 177.763	178.549	185.385	183.543
d	CPPA-G	Mill Rs. 1,424.661	1,212.425	1,281.648	1,448.445
e	ANOUD POWER	Mill Rs. 8.202	8.202	8.419	8.328
f	INT IND (IIL)	Mill Rs. 9.831	9.063	10.286	9.939
g	FFBL	Mill Rs. -	-	108.968	239.937
	TOTAL	Mill Rs. 1,858.371	1,658.012	1,844.351	2,160.252

Annual Tariff Variation - June 2017 (Revised)

Description	Tariff level		Quarterly adjustments		Tariff level		T&D loss adjustment factor	T&D loss adjustment	Tariff level adjusted for T&D losses	CPI-X	CPI Indication	Tariff level adjusted for T&D losses and CPI
	July 2016 PKR / kWh	Sep 2016 PKR / kWh	Dec 2016 PKR / kWh	Mar 2017 PKR / kWh	June 2017 PKR / kWh	July 2017 PKR / kWh						
	a	b	c	d	e	f = sum a to f	g	h = f x g	i = f + h	j	k = i / j	l = i x k
Fuel and power purchase												
Fuel cost - own generation	3.720	0.885	(0.71.9)	0.059	0.706	4.631	0.986	(0.064)	4.567			4.567
Power purchase - fuel cost	2.860	(0.415)	1.978	(0.193)	(1.250)	2.780	0.986	(0.038)	2.742			2.742
Power purchase - O&M and capacity cost	1.522	(0.169)	0.640	(0.175)	(0.262)	1.556	0.986	(0.021)	1.535			1.535
Sub-total	8.002	0.101	1.489	(0.309)	(0.805)	8.967		(0.173)	8.844			8.844

Description	Tariff level		T&D loss adjustment factor	T&D loss adjustment	Tariff level adjusted for T&D losses	CPI-X	CPI Indication	Tariff level adjusted for T&D losses and CPI
	July 2016 PKR / kWh	Sep 2016 PKR / kWh						
Generation	0.421		0.986	(0.006)	0.415	5.07%	0.071	0.436
Transmission	0.213		0.986	(0.003)	0.210	3.51%	0.007	0.217
Distribution	1.137		0.986	(0.016)	1.121	3.51%	0.035	1.161
Sub-total	1.771			(0.024)	1.747		0.068	1.814

Description	Current CPI - May 2017	Reference CPI - May 2016	Increase in CPI (%)	Lower of fixed or 30% of CPI	CPI-X
Generation	5.02%	2.00%	1.51%	0.00%	5.02%
Transmission	5.02%	2.00%	1.51%	1.51%	3.51%
Distribution	5.02%	3.00%	1.51%	1.51%	3.51%

Description	Current CPI - May 2017	Reference CPI - May 2016	Increase in CPI (%)	Lower of fixed or 30% of CPI	CPI-X
Generation	5.02%	2.00%	1.51%	0.00%	5.02%
Transmission	5.02%	2.00%	1.51%	1.51%	3.51%
Distribution	5.02%	3.00%	1.51%	1.51%	3.51%

T&D loss adjustment factor for FY 2018

Current T&D level - FY 2018	C T&D	19.80%
Previous T&D level - FY 2017	P T&D	20.90%
T&D Adjustment factor	$(1 - P/T) / (1 - C/T)$	0.986

CPI

Current CPI - May 2017	216.33
Reference CPI - May 2016	205.99
Increase in CPI (%)	5.02%

Additional write off - Please refer working

0.213	0.210	0.241
(0.308)	(0.304)	
0.537	0.530	
1.448	1.428	
1.074	1.059	

Other components

0.213	0.210	0.241
(0.308)	(0.304)	
0.537	0.530	
1.448	1.428	
1.074	1.059	

K-Electric Limited

Calculation of additional write off component - June 2017 (revised)

Description		Amount	
Write off claim for FY 2017 - Note	PKR million	6,195	a
Amount recovered in FY 2017			
Write off component included in Tariff	PKR / kWh	0.213	b
Units billed FY 2017 (based on NEPRA allowed T&D)	GWh	13,189	c
Amount Recovered in FY 2017	PKR million	2,809	d = b x c
Remaining amount - FY 2017 (to be recovered in FY 2018)	PKR million	3,386	e = a - b
Units billed FY 2018 (based on NEPRA allowed T&D)	GWh	14,035	f
Additional write-off component	PKR / kWh	0.241	g = e / f

Note: Conditions for write off claim as specified in clause 34(xv) of the MYT Decision dated July 5, 2018 including approval by the Board of Directors and verification by the Auditors have been completed, as mentioned in note 32.2 of the Audited Financial Statements of FY 2017 (enclosed).

K ELECTRIC LIMITED

QUARTERLY ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES

Quarter ended June 2018 (Revised)

		Jun-18
Required adjustment in Tariff		
Quarterly Revision to reset price levels	Rs/kWh	0.656
Unrecovered Cost for current quarter	Rs/kWh	(0.215)
Other tariff Adjustments - Refer 'Tariff Variation' sheet		
Annual CPI on O&M with T&D loss adjustment	Rs/kWh	0.035
T&D loss adjustment for Fuel cost	Rs/kWh	(0.091)
T&D loss adjustment for Power purchase cost	Rs/kWh	(0.043)
T&D loss adjustment for Power purchase O&M & Capacity cost	Rs/kWh	(0.025)
T&D loss adjustment of other components	Rs/kWh	(0.038)
Revision of additional write off	Rs/kWh	(0.131)
Total	Rs/kWh	(0.285)
Reversal of unrecovered cost of previous quarter	Rs/kWh	(0.324)
Total Required adjustment in KE's Tariff	Rs/kWh	(0.178)
Total Required adjustment in KE's Tariff	Ps/kWh	(17.548)

Quarterly Revision to reset price levels

		Jun-18												
Units Sent Out	GWh	1,843.323												
T&D Losses allowed	GWh	19.80%												
Units billed	GWh	1,478.245												
Cost of Fuel - KE	Mill Rs	10,374.105												
Weighted Average Fuel cost per unit billed	Rs/kWh	<table border="1"> <thead> <tr> <th>Mar-18</th> <th>Jun-18</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">4.790</td> <td style="text-align: right;">7.017</td> <td style="text-align: right;">2.227</td> </tr> </tbody> </table>	Mar-18	Jun-18	Variation	4.790	7.017	2.227						
Mar-18	Jun-18	Variation												
4.790	7.017	2.227												
Cost of Power Purchases		Jun-18												
- Fuel Cost	Mill Rs	5,165.754												
- O&M and Capacity Cost	Mill Rs	2,880.537												
- Total Cost of Power Purchases	Mill Rs	8,046.422												
Weighted Average Cost of Power Purchases (cost per unit billed)		<table border="1"> <thead> <tr> <th>Mar-18</th> <th>Jun-18</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">4.486</td> <td style="text-align: right;">3.494</td> <td style="text-align: right;">(0.992)</td> </tr> <tr> <td style="text-align: right;">2.529</td> <td style="text-align: right;">1.949</td> <td style="text-align: right;">(0.580)</td> </tr> <tr> <td style="text-align: right;">7.015</td> <td style="text-align: right;">5.443</td> <td style="text-align: right;">(1.572)</td> </tr> </tbody> </table>	Mar-18	Jun-18	Variation	4.486	3.494	(0.992)	2.529	1.949	(0.580)	7.015	5.443	(1.572)
Mar-18	Jun-18	Variation												
4.486	3.494	(0.992)												
2.529	1.949	(0.580)												
7.015	5.443	(1.572)												
QUARTERLY INCREASE/DECREASE IN COST PER UNIT BILLED														
- Cost of Fuel - KE	Rs/kWh	2.227												
- Cost of Power Purchases - Total	Rs/kWh	(1.572)												
- Total Cost Variation	Rs/kWh	0.656												

Note: Please note that the SoT attached with the MYT notification is based on updated terms and conditions including changes in definition of lifeline consumers and the assumption of conversion of eligible consumers to "A3" category along with enabling of Time of Use (ToU) metering for Residential and Commercial consumers etc. However, as the MYT has been notified on May 22, 2019, these changes will be effective from the date of notification. Accordingly, KE would like to request NEPRA to adjust the related impact while issuing determination of Quarterly SoTs.

K ELECTRIC LIMITED

QUARTERLY ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES			Quarter ended June 2018 (Revised)				
			Mar-18	Apr-18	May-18	Jun-18	QTR
ADJUSTMENT IN TARIFF DUE TO UNRECOVERED COST			Reference				
Units Sent Out	GWh	a	1,555.703	1,848.735	1,843.323		
T&D Losses allowed		b	19.8%	19.8%	19.8%		
Units billed	GWh	c = a x (1-b)	1,247.673	1,482.686	1,478.345	4,208.704	
a. O&M and Capacity cost of Power purchases							
O&M and Capacity cost of Power purchases	Mill Rs	d	2,667.619	3,277.598	2,880.657		
O&M and Capacity cost of power purchases (per unit billed)	Rs/kWh	e = d/c	2.138	2.211	1.949		
Increase or decrease in O&M and Capacity cost (over Reference)	Rs/kWh	f	(0.391)	(0.318)	(0.580)		
O&M and Capacity Cost of Power Purchases - Monthly variations Amount	Mill Rs	g = f x c	<u>(487.404)</u>	<u>(471.707)</u>	<u>(857.671)</u>	<u>(1,816.782)</u>	
b. Unrecovered Cost of FCA due to non adjustment of T&D losses							
i. Monthly variation in Fuel Cost (FCA) - Per unit							
Cost of Fuel - KE	Rs/kWh	h	0.661	1.546	1.786		
Cost of Fuel - Power Purchases	Rs/kWh	i	(0.290)	(0.361)	(0.795)		
Total	Rs/kWh	j = h + i	<u>0.371</u>	<u>1.185</u>	<u>0.991</u>		
ii. Monthly variation in Fuel Cost (FCA) - Amount							
Cost of Fuel - KE	Mill Rs	k = h x a	1,028.194	2,857.929	3,292.836	7,178.957	
Cost of Fuel - Power Purchases	Mill Rs	l = i x a	(450.388)	(666.820)	(1,465.884)	(2,583.021)	
Total	Mill Rs	m = k + l	<u>577.806</u>	<u>2,191.109</u>	<u>1,826.952</u>	<u>4,595.936</u>	
iii. Unrecovered Cost of FCA due to non adjustment of T&D losses							
Cost of Fuel - KE	Mill Rs	n = k x b	203.582	565.870	651.981	1,421.424	
Cost of Fuel - Power Purchases	Mill Rs	o = l x b	(89.177)	(132.030)	(290.245)	(511.152)	
Total	Mill Rs	p = n + o	<u>114.406</u>	<u>433.840</u>	<u>361.736</u>	<u>909.982</u>	
Summary of Unrecovered cost for the quarter							
a. D&M and Capacity cost of Power purchases	Mill Rs					(1,816.782)	
b. Unrecovered Cost of FCA due to non adjustment of T&D losses	Mill Rs					909.982	
c. Other Adjustments	Mill Rs					26.600	
WWF/WPPF / Bonus to IPPs - Note 1	Mill Rs					(880.201)	
Total Unrecovered cost for the quarter	Mill Rs	q				<u>(880.201)</u>	
Units to be sold in next quarter at allowed T&D losses	GWh	r				4,090.327	
Unrecovered Cost per unit for current quarter	Rs/kWh	s = q / r				<u>(0.215)</u>	

Notes:

1 Tapal Energy Excess Energy Bonus Rs. 26.6 million.

Work Sheet- Power Purchase Cost Variation

DESCRIPTION		Mar-18	Apr-18	May-18	Jun-18
		Reference			
1	<u>O&M COST</u>				
a	KANUPP	Mill Rs. 25.828	23.210	34.364	37.883
b	TAPAL	Mill Rs. 78.472	83.372	95.701	74.075
c	GUL AHMED	Mill Rs. 46.875	52.255	52.836	44.975
d	CPPA-G	Mill Rs. 128.980	137.064	132.189	127.113
e	ANOUD POWER	Mill Rs. 7.389	9.454	9.580	10.219
f	INT IND (IIL)	Mill Rs. 8.936	9.171	9.706	9.173
g	FFBL	Mill Rs. 21.148	20.906	21.413	20.641
h	SNPC	Mill Rs. 48.540	42.408	47.731	44.417
	TOTAL	Mill Rs. 366.169	377.840	403.520	368.511
2	<u>CAPACITY COST</u>				
a	KANUPP	Mill Rs. -	-	-	-
b	TAPAL	Mill Rs. 146.404	137.353	147.020	149.240
c	GUL AHMED	Mill Rs. 135.540	137.445	137.445	137.445
d	CPPA-G	Mill Rs. 1,761.901	1,549.935	2,111.647	1,762.329
e	ANOUD POWER	Mill Rs. -	-	-	-
f	INT IND (IIL)	Mill Rs. -	-	-	-
g	FFBL	Mill Rs. 241.354	236.844	242.595	233.845
h	SNPC	Mill Rs. 232.712	228.201	235.370	228.693
	TOTAL	Mill Rs. 2,517.912	2,289.779	2,874.078	2,512.145
3	<u>TOTAL O&M & CAPACITY COST</u>				
a	KANUPP	Mill Rs. 25.828	23.210	34.364	37.883
b	TAPAL	Mill Rs. 224.877	220.725	242.721	223.919
c	GUL AHMED	Mill Rs. 182.415	189.700	190.280	182.420
d	CPPA-G	Mill Rs. 1,890.881	1,686.999	2,243.836	1,889.437
e	ANOUD POWER	Mill Rs. 7.389	9.454	9.580	10.219
f	INT IND (IIL)	Mill Rs. 8.936	9.171	9.706	9.173
g	FFBL	Mill Rs. 262.502	257.750	264.009	254.486
h	SNPC	Mill Rs. 281.253	270.610	283.101	273.110
	TOTAL	Mill Rs. 2,884.081	2,667.619	3,277.598	2,880.657

Annual Tariff Variation - June 2018 (Revised)

Description	Quarterly adjustments				Tariff components June 2018 PKR / MWh F = SUM(3 TO 1)	T&D loss adjustment factor Factor g	T&D loss adjustment PKR / MWh H = F * G	Tariff components adjusted for T&D losses July 2018 PKR / MWh I = F + H	CPI-X	CPI Inflation K = I - J	Tariff components adjusted for T&D losses and CPI July 2018 PKR / MWh L = I - K
	July 2017 PKR / MWh a	Sep 2017 PKR / MWh b	Dec 2017 PKR / MWh c	March 2018 PKR / MWh d							
Fuel and power purchase											
Fuel cost - own generation	4,567	(0,340)	(1,285)	1,948	2,227	0.987	(0,091)	6,927			6,927
Power purchase - fuel cost	2,742	(0,009)	0,991	0,763	3,494	0.987	(0,045)	3,449			3,449
Power purchase - O&M and capacity cost	1,535	0,118	0,607	0,669	(0,880)	0.987	(0,025)	1,923			1,923
Sub-total	8,844	(0,232)	0,513	2,880	0,656		(0,161)	12,299			12,299

Description	CPI	CPI-X	Additional write off - Please refer working	Reversal of Additional write off	T&D loss adjustment factor	T&D loss adjustment	Tariff components June 2018 PKR / MWh F = SUM(3 TO 1)	Factor g	T&D loss adjustment	Tariff components adjusted for T&D losses July 2018 PKR / MWh I = F + H	CPI-X	CPI Inflation K = I - J	Tariff components adjusted for T&D losses and CPI July 2018 PKR / MWh L = I - K
Generation	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	0.436	0.987	(0.066)	0.436	4.15%	0.016	0.449
Transmission	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	0.217	0.987	(0.066)	0.217	2.93%	0.006	0.221
Distribution	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	1.161	0.987	(0.066)	1.161	2.93%	0.034	1.179
Sub-total							1.814			1.814		0.056	1.849

Description	CPI	CPI-X	Additional write off - Please refer working	Reversal of Additional write off	T&D loss adjustment factor	T&D loss adjustment	Tariff components June 2018 PKR / MWh F = SUM(3 TO 1)	Factor g	T&D loss adjustment	Tariff components adjusted for T&D losses July 2018 PKR / MWh I = F + H	CPI-X	CPI Inflation K = I - J	Tariff components adjusted for T&D losses and CPI July 2018 PKR / MWh L = I - K
Generation	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	0.436	0.987	(0.066)	0.436	4.15%	0.016	0.449
Transmission	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	0.217	0.987	(0.066)	0.217	2.93%	0.006	0.221
Distribution	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	1.161	0.987	(0.066)	1.161	2.93%	0.034	1.179
Sub-total							1.814			1.814		0.056	1.849

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Generation	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	0.436	0.987	(0.066)	0.436	4.15%	0.016	0.449
Transmission	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	0.217	0.987	(0.066)	0.217	2.93%	0.006	0.221
Distribution	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	1.161	0.987	(0.066)	1.161	2.93%	0.034	1.179
Sub-total							1.814			1.814		0.056	1.849

T&D loss adjustment factor for FY 2019

Current T&D level - FY 2019	CT&D	16.75%
Previous T&D level - FY 2018 <th>PT&D</th> <td>19.80%</td>	PT&D	19.80%
T&D Adjustment factor <td>[1 - P T&D] / [1 - C T&D]</td> <td>0.987</td>	[1 - P T&D] / [1 - C T&D]	0.987

CPI

Current CPI - May 2018	225.4
Reference CPI - May 2017	216.32
Increase in CPI (%)	4.13%

Description	CPI	CPI-X	Additional write off - Please refer working	Reversal of Additional write off	T&D loss adjustment factor	T&D loss adjustment	Tariff components June 2018 PKR / MWh F = SUM(3 TO 1)	Factor g	T&D loss adjustment	Tariff components adjusted for T&D losses July 2018 PKR / MWh I = F + H	CPI-X	CPI Inflation K = I - J	Tariff components adjusted for T&D losses and CPI July 2018 PKR / MWh L = I - K
Generation	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	0.436	0.987	(0.066)	0.436	4.15%	0.016	0.449
Transmission	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	0.217	0.987	(0.066)	0.217	2.93%	0.006	0.221
Distribution	4.15%	4.15%	0.111	(0.241)	0.987	(0.066)	1.161	0.987	(0.066)	1.161	2.93%	0.034	1.179
Sub-total							1.814			1.814		0.056	1.849

K-Electric Limited

Calculation of additional write off component - June 2018 (Revised)

Description		Amount	
Write off claim for FY 2018 (Provisional) - Note	PKR million	4,545	a
Amount recovered in FY 2018			
Write off component included in Tariff	PKR / kWh	0.210	b
Units billed FY 2018 (based on NEPRA allowed T&D)	GWh	14,035	c
Amount Recovered in FY 2018	PKR million	2,949	d = b x c
Remaining amount - FY 2018 (to be recovered in FY 2019)	PKR million	1,596	e = a - b
Units billed FY 2019 (based on NEPRA allowed T&D)	GWh	14,439	f
Additional write off component	PKR / kWh	0.111	g = e / f

Note: Represents provisional amount of Write offs for FY 2018. Verification by Auditors, as required under criteria for write off claim under the MYT, is in progress and will be submitted to NEPRA upon completion.

- 31.1 The above includes net cycle day impact amounting to Rs. 1,508 million (2016: Negative Rs. 230 million).
- 31.2 This represents monthly fuel surcharge adjustment as per mechanism provided in MYT decision. The said amount has been / will be charged to the consumers subsequently as per notification by Ministry of Energy (Power).
- 31.3 This includes Rs. 2,809 million (2016: Rs. 2,423 million) in respect of supply of energy through street lights.
- 31.4 The above sales are net of sales tax of Rs. 33,477 million (2016: Rs. 31,061 million) on account of sale of energy.

	Note	2017 (Rupees in '000)	(Restated) 2016
32. TARIFF ADJUSTMENT			
Tariff adjustment	32.1 and 32.2	<u>15,285,893</u>	<u>22,089,527</u>
32.1 This represents tariff differential subsidy claim for variation in fuel prices, cost of power purchases, operation and maintenance cost, and adjustments required as per NEPRA's MYT decision and those resulting in adjustment of tariff due from Government.			
32.2 Includes Rs 6,195 million (comprising of 79,620 customers) recognized during the year against actual write-off of bad debts, as allowed by NEPRA under the MYT decision for the period from July 1, 2016 to June 30, 2017, through the decision dated July 5, 2018. The write-off amount has been claimed by the Company on May 27, 2019 on a provisional basis as part of quarterly tariff adjustment for the fourth quarter ended June 30, 2017 aggregating to Rs. 7,104 million.			

As required under the aforementioned NEPRA decision of July 5, 2018, for the purpose of claim of tariff adjustment in respect of actual write-off of bad debts, the Company ensured the following mandatory procedures:

- The defaulter connection against which the bad debts have been written off were disconnected prior to June 30, 2017 and the customers were inactive in the Company's system i.e. SAP up to June 30, 2017.
- The aforementioned amount of write-off of bad debts has been approved by the Company's Board of Directors, certifying that the Company has made all best possible efforts to recover the amount being written-off in accordance with the "Policy and Procedures for Write-off of Bad Debts".
- The actual write-off of bad debts has been determined in accordance with the terms of write-off detailed in the "Policy and Procedures for Write-off of Bad Debts", as approved by the Board of Directors of the Company.

Further, the statutory auditors of the Company verified that the write-off of bad debts amount is not-recoverable notwithstanding the efforts of the Company.

In case any amount written-off, as included in the aforementioned claim, is subsequently recovered from the customer, the recovered amount shall be adjusted in next year's tariff, as required under the aforementioned NEPRA decision of July 5, 2018.

In respect of all the defaulter connections, against which the aforementioned write-off amount has been claimed by the Company as tariff adjustment for the year ended June 30, 2017, the Company in addition to the defaulter customer identification and traceability procedures mentioned in the "Policy and Procedures for Write-off of Bad Debts" has carried out physical surveys for establishing the fact that the defaulter connection is physically disconnected and the defaulter customer who utilised the electricity is untraceable or recovery in the present circumstances is not possible.

There are number of locations / premises which were removed as a result of anti-encroachment drives by the government authorities, whereas, in a number of other cases the premises to which electricity was supplied is no more traceable due to change in either the mapping of the area (including unleased area), demolition of the original premises, structural changes (including division of single premises into many) to the original premises and discontinuation / demolition of single bulk PMT connection. In all of these cases due to the specific situation the connection and/or premises are no more traceable. In addition, there are certain defaulter customers; who were not able to pay off their outstanding dues, in various forms including outstanding amounts on hook connection at the time of transfer of defaulter customers to metered connections and other settlements. Accordingly, the same has been claimed as part of write-off for the year ended June 30, 2017 and corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.