National Electric Power Regulator Regulatory Authority
Registrar Office
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ION

No. NEPRA/R/TRF-100/DISCOs /3374 January 22, 2021

Subject: **Federal Government Motion with respect to Recommendation of Consumer End Tariff for XWDISCOs, under Section 7, 31(4) and 31(7) 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 Procedures) Rules, 1998.**

Enclosed please find subject Motion with respect to recommendation of Consumer-end Tariff for XWDISCOs, submitted by Federal Government through Ministry of Energy (Power Division) vide letter No. Tariff/XWDISCO's-2019-20 dated 21.01.2021.

2. Senior Advisor (Technical), ADG(Tariff), and Senior Legal Advisor (SLA) are requested to give their comments in the matter for submission of the case for Authority's consideration.

3. Provision of requisite comments by 25.01.2021 will be appreciated, please.

Encl: As above

22/1/21

(Iftikhar Ali Khan)
Director

1. Senior Advisor (Tech)
2. ADG (Tariff)
3. Senior Legal Advisor (SLA)

For information:

1. Registrar
2. Assistant Registrar [to pursue]

Tariff Division NEPRA
Dy. No. 582
Dated 22-01-21

Tariff/XWDISCOs-2019-20
Ministry of Energy
Power Division
****

For information & n/a
January 21st, 2021.

- Addl. Dir (I)/AR-II
- MF
copy to:
- ADG (TA).
- SLA.

22/1/21.
Chairman
- Member (M&E)
- M (CA) - M (M&E)

The Registrar
National Electric Power Regulatory Authority
NEPRA Tower, Attaturk Avenue (East)
Sector G-5/1
Islamabad

Subject: **<u>FEDERAL GOVERNMENT MOTION WITH RESPECT TO RECOMMENDATION OF CONSUMER END TARIFF FOR XWDISCOS, UNDER SECTION 7 & 31 (4) AND 31 (7) OF REGULATION, GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 (THE "ACT") READ WITH RULE 17 OF THE NEPRA TARIFF (STANDARDS AND PROCEDURES) RULES, 1998</u>**

Please refer to the subject and to the Tariff Determination(s) for XWDISCOS (the "**Consumer End Tariff Recommendation"**, as detailed in **Annexure-A** hereto), recommended under section 7 of the Act to the Federal Government by the National Electric Power Regulatory Authority (the "**Authority**") for notification under section 31 (7) of the Act.

2. In this regard, reference is made to the National Power Policy, 2013 (the "**Policy**"), developed by the Federal Government and approved by Council of Common Interest, which is in vogue (**Annexure-B**). One of the essential components of the Power Policy is to safeguard the low-end consumers from any price escalation and tariff rationalization/uniformity with an aim to minimize/eliminate subsidy within industrial, commercial and bulk consumers.

3. In pursuance of the same, Economic Co-Ordination Committee (ECC), vide its decision in Case No. ECC-106/22/2018 dated October 24, 2018, which was, thereafter, approved and ratified by the Cabinet, approved the Methodology for Arriving at Uniform Tariff and its Adjustment (**Annexure-C**). The same formed basis of uniform tariff determination for XWDISCOs dated December 19, 2018 by the Authority (the "**Determination**") in terms of section 31 (4) of the Act. The Determination was duly notified by the Federal Government vide SRO Nos. 1 to 10 of 2019.

4. Section 31 (4) of the Act provides that the Authority shall, in the public consumer interest, determine a uniform tariff for distribution licensees wholly owned and controlled by common shareholder, on the basis of their consolidated accounts. However, the Authority forwarded the Consumer End Tariff Recommendation on individual basis without consolidation of the respective revenue requirement leading to uniform tariff. In the interest reflected in the National Power Policy and the National Power Tariff and Subsidy Policy Guidelines, 2014, it is proposed that the revenue requirement of XWDISCO be consolidated so that the consolidated revenue requirements be reflective of consolidated accounts.

REGISTRAR
Dy. No. 1419
Date 22-1-2021

5. That the Federal Government considered the schedule of tariff recommended for each XWDISCO for all categories of consumers across the country and region. The Federal Government decided that as per the previous policy as well as methodology re uniform tariff already approved and in vogue, the uniform tariff should be made applicable per the provisions of section 31 (4) of the Act. Accordingly, to structure the discretion for arriving

at such uniform tariff further appropriate guidelines were also adopted (**Annexure-D**), which, along with Annexure-C, be read as an integral part of this request.

6. Thereafter, the uniform tariff (**Annexure-E**), being reflective of economic and social policy of the Federal Government and based on the consolidated revenue requirement approved and determined by the Authority for XWDISCOs (owned and controlled by the Federal Government), was considered and approved by the Cabinet in Case No. 42/Rule-19/2021 on 15-01-2021 and it was decided that the same be submitted to the Authority for consideration in terms of section 31 (4) of the Act along with **targeted tariff differential subsidy of Rs. 185 Billion** to be incorporated therein to ensure uniform tariff.

7. The inter-distribution companies' tariff rationalization is not aimed at raising any revenues for the Federal Government, as it is within the determined revenue requirements of the XWDISCOs consolidated in the terms of section 31 (4) of the Act. The tariff rationalization enables the fulfilment of the parameters set forth in the Constitution as well as the policy approved by the CCI, including, (i) the socio-economic objectives; (ii) the budgetary targets in field; (iii) protection of low-end consumers from price escalation through provision of subsidy; and (iv) maintaining uniform of tariff across the country and regions for each of the consumer category.

8. Once considered and approved, the same will lead to determination of "uniform final tariff", in terms of section 31 (7) of the Act, for Notification by the Federal Government to the extent of modification and supersession of existing determined notified rate (inclusive of subsidy/tariff rationalization surcharge/inter disco tariff rationalization) in SRO Nos. 374(1)/2018 to 383(1)/2018 dated March 22, 2018 as modified by SRO Nos. 01 to 10 of January 01, 2019.

9. In light of the above, instant Motion is being filed by the Federal Government with respect to Consumer End Tariff Recommendations under section 7, 31 (4) and 31 (7) of the Act read with Rule 17 of the NEPRA Tariff (Standards and Procedures) Rules, 1998 so as to issue the uniform schedule of tariff of XWDISCOs, by incorporating targeted subsidy and inter distribution companies tariff rationalization pursuant to guidelines (**Annexure-C and D**) for the category of each of NEPRA determined notified rate (inclusive of subsidy/tariff rationalization surcharge/ inter disco tariff rationalization) in SRO Nos. 374(1)/2018 to 383(1)/2018 dated March 22, 2018 as modified by SRO Nos. 01 to 10 of January 01, 2019.

10. That for the purposes of this motion it is requested that a hearing be provided for the purposes of providing detailed submissions including session with the technical professional team of the Authority prior to hearing. Further, additional grounds may also be presented subsequently.

11. In view of above, the Authority is also requested to condone the delay, if any, in filing this request under section 31 of the Act.

(Syed Mateen Ahmed)
Section Officer (Tariff)

C.C:

1. PSO to Minister for energy, Power Division.
2. PSO to Secretary Power Division, Ministry of Energy.
3. SPS to Additional Secretary (II) Power Division, Ministry of Energy.
4. SPS to Joint Secretary (PF), Power Division, Ministry of Energy.

Annex-A

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
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Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/R/ADG(Trf)/TRF-337/43963-43965
December 8, 2020

Subject: **Decision of the Authority in the matter of Request filed by Lahore Electric Supply Company Ltd. (LESCO) for Adjustment/Indexation of Tariff for the FY 2019-20 under Multi Year Tariff (MYT)** [Case # NEPRA/TRF-337]

Dear Sir,

Please find enclosed herewith subject Decision of the Authority along with Annexure-II, III, IV & V (48 Pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Order Part along with revised Annexure-II, III, IV & V attached with this Decision are to be notified in the official Gazette which will replace the already notified Annexure-II, III, IV & V vide SRO 05(I)/2019 dated January 01, 2019.

Enclosure: As above

(Muhammad Ramzan)

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

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-336/IESCO-2015/45341-45343
December 12, 2020

Subject: **Decision of the Authority in the matter of Request filed by Islamabad Electric Supply Company Ltd. (IESCO) for Adjustment/Indexation of Tariff for the FY 2019-20 under Multi Year Tariff (MYT)** [Case # NEPRA/TRF-336/IESCO-2015]

Dear Sir,

Please find enclosed herewith subject Decision of the Authority along with Annexure-II, III, IV & V (45 Pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Order Part along with revised Annexure-II, III, IV & V attached with this Decision are to be notified in the official Gazette which will replace the already notified Annexure-II, III, IV & V vide SRO 04(I)/2019 dated January 01, 2019.

Enclosure: As above

11 12 20

(Syed Safeer Hussain)

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

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-508/HESCO-2019/45335-45337
December 11, 2020

Subject: **Determination of the Authority in the matter of Petition filed by Hyderabad Electric Supply Company Ltd. (HESCO) for the Determination of its Supply of Electric Power Tariff for the FY 2018-19 [Case # NEPRA/TRF-508/HESCO-2019]**

Dear Sir,

Please find enclosed herewith subject Determination of the Authority along with Annex-I, I-A, II, III, IV & V (49 Pages) in Case No. NEPRA/TRF-508/HESCO-2019.

2. The Determination is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Determination of the Authority along with Annex-I, I-A, II, III, IV & V is to be notified in the official Gazette.

Enclosure: As above

11.12.20
(Syed Safeer Hussain)

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

CC:
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

No. NEPRA/R/ADG(Trf)/TRF-527/GEPCO-2019/46508-46510
December 24, 2020

Subject: **Determination of the Authority in the matter of Petition filed by Gujranwala Electric Power Company Ltd. (GEPCO) for Determination of its Supply of Power Tariff for the FY 2019-20** [Case # NEPRA/TRF-527/GEPCO-2019]

Dear Sir,

Please find enclosed herewith subject Determination of the Authority along with Annex-I, I-A, II, III, IV & V (51 Pages) in Case No. NEPRA/TRF-527/GEPCO-2019.

2. The Determination is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Determination of the Authority along with Annex-I, I-A, II, III, IV & V are to be notified in the official Gazette.

Enclosure: As above

24.12.20
(Syed Safeer Hussain)

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

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-339/43969-43971
December 8, 2020

Subject: **Decision of the Authority in the matter of Request filed by Faisalabad Electric Supply Company Ltd. (FESCO) for Adjustment/Indexation of Tariff for the FY 2019-20 under Multi Year Tariff (MYT) [Case # NEPRA/TRF-339]**

Dear Sir,

Please find enclosed herewith subject Decision of the Authority along with Annexure-II, III, IV & V (51 Pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Order Part along with revised Annexure-II, III, IV & V attached with this Decision are to be notified in the official Gazette which will replace the already notified Annexure-II, III, IV & V vide SRO 03(I)/2019 dated January 01, 2019.

Enclosure: As above

(Muhammad Ramzan)

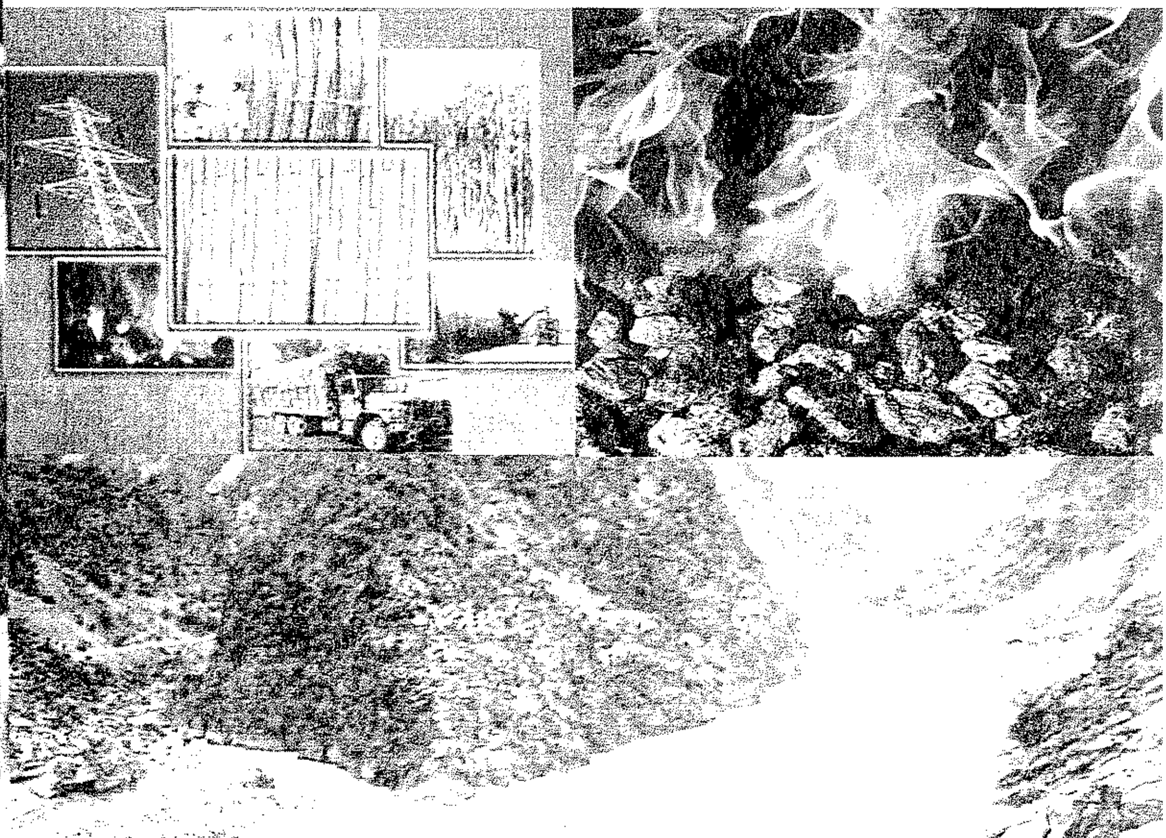
Secretary
Ministry of Energy (Power Division)
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

Annex-B

National Power Policy 2013



Government of Pakistan

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1. INTRODUCTION

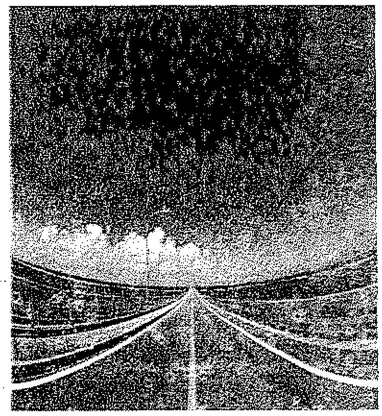
The Ministry of Water and Power of the Government of Pakistan has developed an ambitious power policy to support the current and future energy needs of the country. This bold strategy will set Pakistan on a trajectory of rapid economic growth and social development. Simultaneously, it will address the key challenges of the power sector in order to provide much needed relief to the citizens of Pakistan.

This document will frame the broad contours of the energy policy articulating the vision for the power sector, highlighting its key challenges, setting major goals, summarizing policy principles, and highlighting the strategy devised to achieve Pakistan's aspirations. This document does not elaborate on issues surrounding operational strategy, nor does it lay out detailed implementation plans.

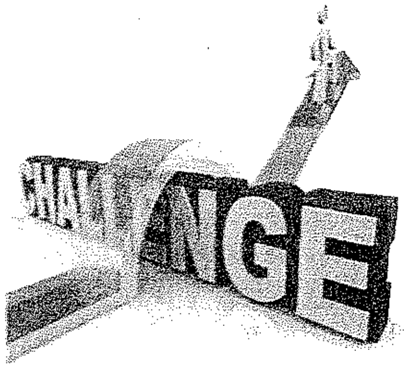
The major sections of the report follow:

2. VISION

"Pakistan will develop the most efficient and consumer centric power generation, transmission, and distribution system that meets the needs of its population and boosts its economy in a sustainable and affordable manner."



3. CHALLENGES



Pakistan's power sector is currently afflicted by a number of challenges that have led to a crisis:

1. A yawning supply-demand gap where the demand for electricity far outstrips the current generation capacity leading to gaps of up to 4,500 – 5,500 MW. The supply-demand gap has continuously grown over the past 5 years until reaching the existing levels. Such an enormous gap has led to load-shedding of 12-16 hours across the country.

2. Highly expensive generation of electricity (~Rs 12 / unit) due to an increased dependence on expensive thermal fuel sources (44% of total generation). RFO, HSD, and Mixed are the biggest sources of thermal electricity generation in Pakistan and range in price from ~Rs 12 / unit for mixed, to ~Rs 17 / unit for RFO, and a tremendously expensive ~Rs 23 / unit for HSD. Dependence on such expensive fuel sources has forced Pakistan to create electricity at rates that are not affordable to the nation and its populace.

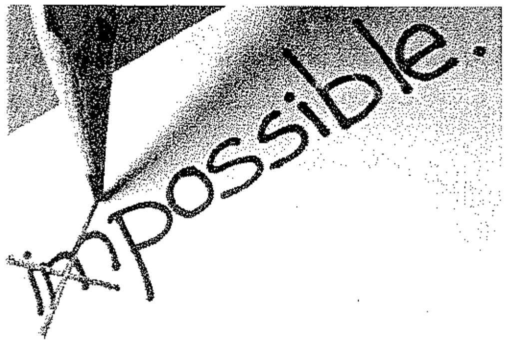
3. A terribly inefficient power transmission and distribution system that currently records losses of 23-25% due to poor infrastructure, mismanagement, and theft of electricity. The cost of delivering a unit of electricity to the end consumer has been estimated at Rs. 14.70 by the NEPRA. This means that the inefficiencies are costing the tax payers additional 2.70 rupees per unit over and above the cost of generation (~Rs. 12). The Ministry of Water and Power has estimated the true cost of delivering a unit of electricity to the end consumer at greater than Rs. 15.60 after taking into account the collection losses and the real losses to the distribution companies. If the system assumes the NEPRA suggested transmission and distribution loss of 16%, the theft alone is estimated to be costing the national exchequer over Rs 140 billion annually.

4. The aforementioned inefficiencies, theft, and high cost of generation are resulting in debilitating levels of subsidies and circular debt. Reducing these losses would lead to significant improvement in the bankability and profitability of the sector, and could be used to improve the efficiency of the power system / network as a whole.

The limited and crumbling transmission system of Pakistan has created serious issues of access to electricity, particularly in Balochistan and other far flung rural areas of the country.

4. GOALS

To achieve the long-term vision of the power sector and overcome its challenges, the Government of Pakistan has set the following nine goals:



i. Build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.

ii. Create a culture of energy conservation and responsibility

iii. Ensure the generation of inexpensive and affordable electricity for domestic, commercial, and industrial use by using indigenous resources such as coal (Thar coal) and hydel.

iv. Minimize pilferage and adulteration in fuel supply

v. Promote world class efficiency in power generation

vi. Create a cutting edge transmission network

vii. Minimize inefficiencies in the distribution system

viii. Minimize financial losses across the system

ix. Align the ministries involved in the energy sector and improve the governance of all related federal and provincial departments as well as regulators

A clear strategy has to be articulated for each of the aforementioned goals in order to actualize the power sector's aspirations.

5. TARGETS

Pakistan has set key targets in terms of the demand-supply gap, affordability, efficiency, financial viability and governance of the system. The extent to which the policy can meet these targets will measure the success of the policy and the nation's ability to overcome the key problems afflicting the power sector.

Supply Demand Gap: Goals i and ii pertain to this target

- *Target*: Decrease supply demand gap from 4500 - 5000 MW today to 0 by 2017

Affordability: Goal iii pertains to this target

- *Target*: Decrease cost of generation from 12c / unit today to ~10c / unit by 2017

Efficiency: Goals iv to vii pertain to this target

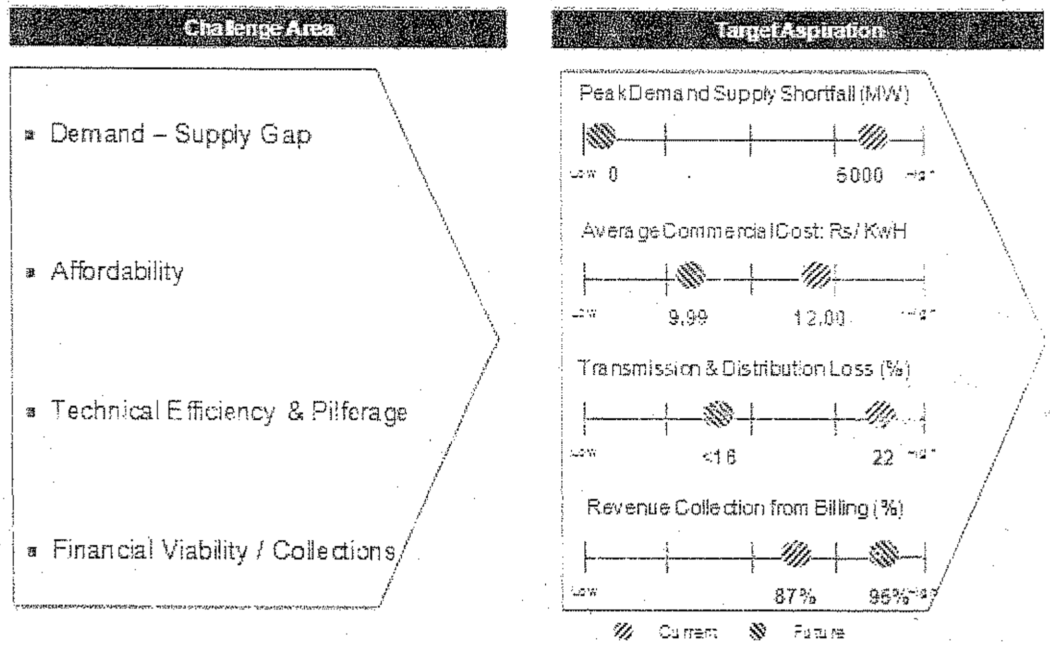
- *Target*: Decrease transmission and distribution losses from ~23-25% to ~16% by 2017

Financial Viability and Collections: Goal viii pertains to this target

- *Target*: Increase collection from ~85% to 95% by 2017.

Governance: Goal ix pertains to this target

- Target: Decrease decision making processing time at the Ministry, related departments and regulators from long to short durations
  - The exact processing times are not currently available; will be established shortly



6. POLICY PRINCIPLES

The process of policy and strategy formulation is informed by the following organizing principles: (i) efficiency, (ii) competition, and (iii) sustainability.

6.1 EFFICIENCY

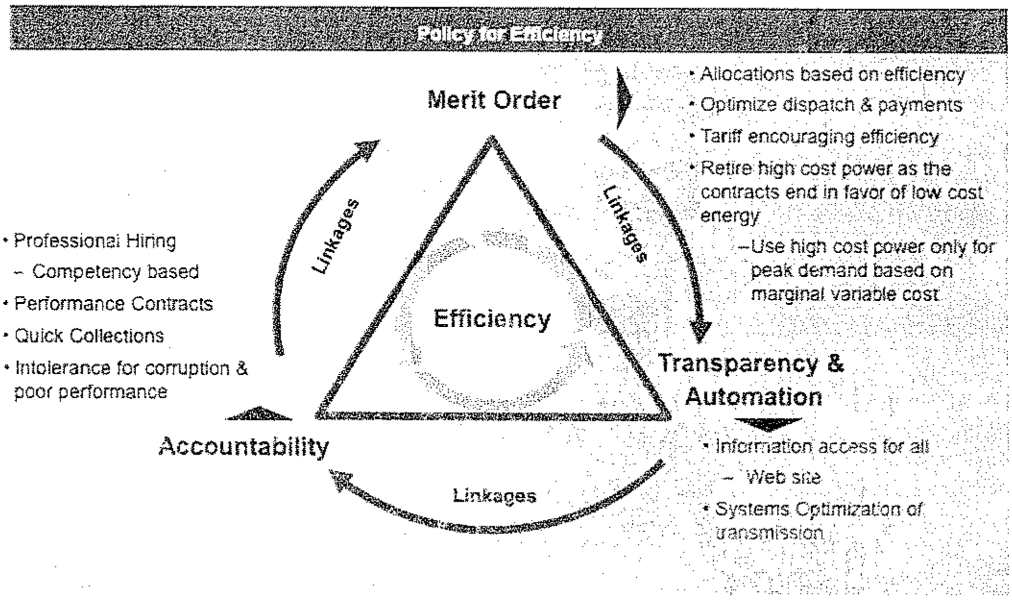
Efficiency is the cornerstone of developing competitiveness. The principle of efficiency will be predicated on three pillars: merit order, transparency / automation, and accountability.

Merit order will be observed all across the system - fuel allocation, dispatch, payments, and power mix. Merit order allocations will obviously come into play once the supply and demand gaps have been minimized.

Transparency will be achieved by providing seamless access to information through a public website

Accountability will be ensured by hiring professionals solely on the basis of competency, signing performance contracts, and exercising zero tolerance towards corruption and poor performance.

The above is illustrated in the following image:



6.2 COMPETITION

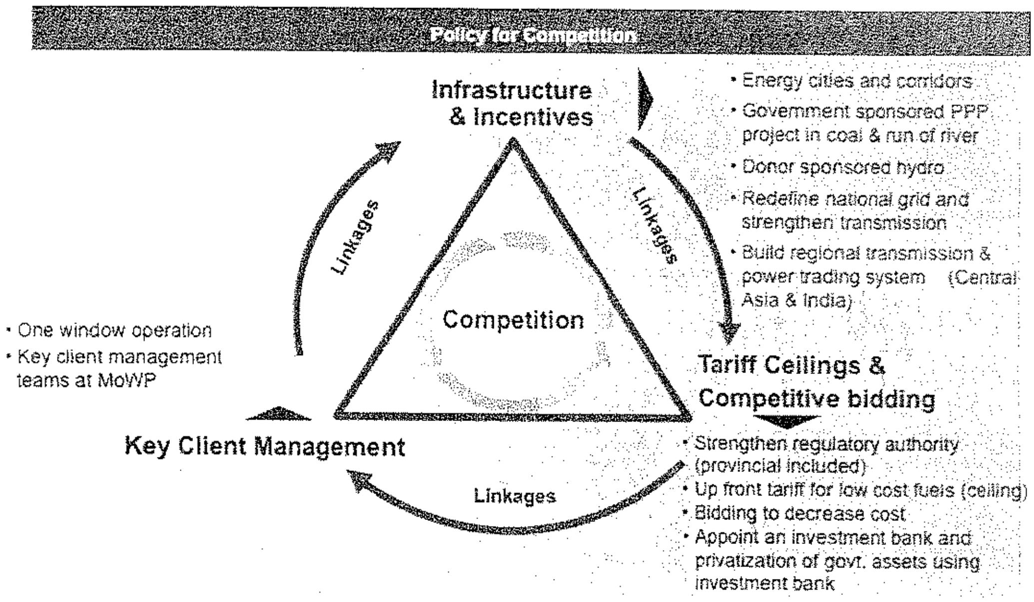
Competition creates the edge essential for developing a robust energy cluster. The principle of competition will be built on three pillars: infrastructure development, up front tariff and competitive bidding, and key client management.

Infrastructure will be developed and incentives provided to attract greater private sector investments. Government would like to limit its role to policy making, and unless necessary, service delivery will be promoted through a fiercely competitive and transparent private sector.

In this light, NEPRA will be strengthened to create a world class regulatory authority with sophisticated and efficient capacity to establish tariffs and set the foundation for a competitive bidding process.

The government will assign "key client managers or relationship managers" at the MoWP who will act as a 'one window operation' for investors in the power sector and ensure the timely completion of investments and projects.

The above is illustrated in the following image:



6.3 Sustainability

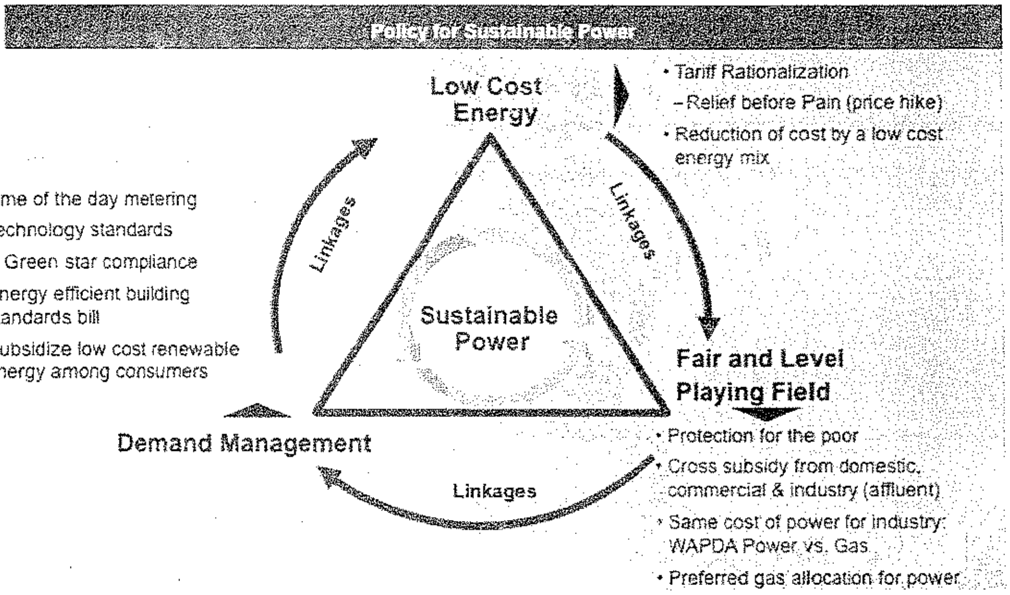
Sustainability is the underpinning of long term transformation. The principle of sustainability will be grounded on three pillars: low cost energy, fair and level playing field, and demand management.

Altering the fuel mix towards less expensive fuels will lead to low cost energy. Investments required for the low cost fuel mix will necessitate rationalization of the electricity tariff.

Fairness will be ensured by protecting the poor and cross-subsidizing their consumption from the affluent. A level playing field will be created by providing power at comparable prices to all industrial users.

Demand management will be introduced through novel policy, pricing and regulatory instruments.

The above is illustrated in the following image:



7. STRATEGY

Within the framework of the above policy principles, the GoP has designed strategies for each of the goals listed in section 4 to actualize its vision and overcome the power crisis.

7.1 SUPPLY STRATEGY

The supply strategy will meet Goal (i):

Build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.

The broad contours of the supply strategy are illustrated in the following figure:

Supply / Capacity Strategy

Goal: Build a power generation capacity that can meet Pakistan's energy needs in the long-term

Strategy	
Incent Investment Through New Econ Model	▪ Target power and gas subsidy directly only at the abject poor ▪ Provide more expensive but dedicated electricity to users utilizing captive power and generators ▪ Phase out subsidy over period of three years
Bring Existing Capacity Online	▪ Retire circular debt immediately and clear GST refunds ▪ Set maximum delay limit for payables (RFO 45-60 days / Gas 30-45 days) ▪ Provide financing to plants that lie dormant due to lack of funds or disputes
Complete Pipeline Projects	▪ Bring pipeline projects online on war footing – Prioritize projects that can be brought online in two to three years, particular coal, run-of-the-river and bio-mass projects ▪ Assign key project manager from Ministry of Water and Power to each pipeline project with the sole responsibility of ensuring project comes online

Overall, the strategy to achieve the above goal is focused on attracting and directing local and foreign investments toward rapidly expanding the power generation capacity. Investments can only be encouraged if the sector is made attractive and bankable by eliminating all subsidies, except for those that target the abject poor, to prevent build-up of circular debt. The poor (consumers using up to 200 units) will be protected from any price escalation. To the extent possible tariff rationalization will minimize or eliminate subsidy within the industrial, commercial and bulk consumers.

In developing new power generation projects, a preference shall be afforded to up-front or feed-in tariff which shall set the upper ceiling. In addition, competitive bidding may be used to minimize the cost of generation. Previous policy frameworks (such as 2002 power policy) may also continue to be operational. However, the 2013 power policy shall override any other policy in relation to energy issues to the extent of inconsistencies.

In the short run, the government has already brought the existing capacity online by retiring the circular debt. This action has provided financing to plants that were previously dormant due to a lack of feedstock and / or disputes. The retirement of debt has resulted in an additional supply of over 1700 MW. In tandem, an aggressive rehabilitation and expansion program for the GENCOs is underway which would add 1,447 MW within a year: rehabilitation projects at Guddu, Jamshoro, and Muzzafargarh will yield 700 MW while the expansion of Guddu will add 747 MW.

The maximum delay limits for payables set for RFO and gas (listed in the diagram above) should also apply to hydel IPPs and Wapda in order to ascertain that national power generation capacity does not sit idle in the future.

In the medium term, the MoWP will attract new investments and expedite the pipeline projects on a war footing. A number of projects have reached or will reach financial closure within 2013 – these include 50 MW FFC Energy Limited, 56MW Zorlu Jhimpir project, 50 MW Foundation Wind Energy I, 50 MW China Three Gorges, and 50 MW Foundation Wind Energy II. Thus 256MW have already reached financial closure this year, and an additional 100 MW (Sapphire and Metro) will reach financial closure by the end of 2013. The Uch-II power project (404 MW) has reached financial closure already and is expected to come online by December 2013. Grange Power Holdings is also scheduled to reach financial closure shortly and should be online by October 2014.

In addition to the above listed projects that have reached financial closure, LOS' have been issued for 450MW worth of wind energy projects and an additional 2,276MW of wind projects are currently in the feasibility assessment process. This cumulative 2,726 MW of wind electricity (if deemed feasible) could come online in 2016. At the same time, 341MW of solar energy projects are also currently in the feasibility assessment process and could come online by 2015 if deemed feasible. There is also a push towards Bagasse which could yield 83 additional megawatts of electricity by 2016.

A significant push will also be made towards building medium and long-term hydel capacity in the country. Six projects totalling 388MW of hydel power are expected to be completed by February 2015. The smaller Patrind and Gulpur hydropower projects are expected to be completed by December 2017 and will add 247MW to the grid. An additional 969MW is anticipated from the Neelum-Jhelum HPP project by November 2016. A number of hydel projects are expected to come online in 2017 including the fourth and fifth Tarbela expansions which have the potential to add 1,910 MW (1,410 MW in fourth expansion, 500 MW in fifth expansion).

The government is also poised to announce a coal corridor with a capacity to generate 6000 – 7000 MW in the near future.

In the long run, large infrastructure programs including the Indus Basin Cascade will be aggressively developed. Dasu has a potential of generating 2,160MW, Patan 2,800 MW, and Thakot 2,800 MW. The detailed engineering design for these projects is being carried out and will optimally be constructed using a BOT PPP method.

Other longer-term projects are also under consideration, such as Bunji (7,100 MW potential) and Diamer-Bhasha (4,500 MW potential) whose completion by 2020 could ensure the energy independence and security of Pakistan.

To achieve its medium and long terms goals, the government will develop infrastructure and provide incentives to attract greater private sector investments. The government will set the foundations of energy cities and corridors, and sponsor public-private partnership (PPP) for coal and run of river projects. The government will assign "key client managers or relationship managers" at the MoWP who will act as a 'one window operation' for investors in the power sector and ensure the timely completion of investments and projects.

The government is actively considering innovative business models including various wholesale business models supported by wheeling charges. These innovative business models once concluded may allow the generation companies to sell electricity to NTDC, DISCOs and the private sector alike. Successful implementation of these models will encourage rapid investments in power generation, bring power generation closer to the load centres, and result in a reduction in electricity prices.

Encouraging the private sector to participate in the utility market necessitates a world-class regulatory function. NEPRA will be strengthened in this regard, and a world-class regulatory authority will control the Tariff and Competitive Bidding process. Up-front tariffs will be set for low cost fuels and competitive bidding will be used to push the costs further downwards.

7.2 Demand Strategy

The demand management strategy will meet Goal (ii):

Create a culture of conservation and responsibility.

The broad contours of the demand management strategy are illustrated in the following figure:

Demand Management Strategy	
Goal: Create a culture of energy conservation and responsibility	
Strategy	
Improve Technology Standards	▪ Set energy conservation and product labeling standards ▪ Ban imports of non-efficient consumer electronics in Pakistan ▪ Provide Pakistani manufacturers three year time limit to bring products up to par with efficiency
Time of Use tariffs	▪ Impose specific timings and restrictions for: – Shopping, and other recreational activities, billboard lighting, street lighting, commercial lighting, neon lighting, air conditioning ▪ Introduce 'Time of Use' meters that charges different rates for peak and off-peak electricity usage
Pricing Signal	▪ Provide more expensive but dedicated electricity to heavy users utilizing captive power plants and generators (commercial and residential) ▪ Phase out subsidy over period of three years ▪ Pass true economic cost of electricity generation to consumers over time – Maintain subsidy for abject poor

The GoP will pass energy conservation legislation aimed at three key areas: a) technology / product labelling standards, b) power time of use, and c) improving the energy efficiency of the existing and new infrastructure .

The strategy will set energy conservation and product labelling standards which would ban the import of inefficient electronics into the country. The local industry will be granted a three-year exemption period to bring its product production to the required levels of power efficiency. Green energy building codes will be established and introduced across the Country.

Energy services companies may also be encouraged in the private sector to audit and improve the energy efficiency of the existing industrial, commercial and residential footprint and create a culture of conservation and productivity.

The strategy may also impose timing restrictions for evening commercial activities and introduce 'time of use' metering to discourage utilization during the peak hours by charging different rates for on- and off-peak timings. Solar and alternative power solutions will be encouraged for end users, street lighting, electronic billboards, neon lighting, shop front signage, etc. In addition, the price signal articulated through reducing and targeting subsidy (mentioned in the above section) will naturally optimize demand and utilization.

A conservation program based upon energy saver lighting is already underway with a potential of saving 1000 MW if all 50 million consumers were to be converted to florescent bulbs. In addition, technology solutions such conical bafflers for water heaters will be introduced.

7.3 Affordable Power Strategy

The affordable power strategy will meet Goal (iii):

Ensure the generation of inexpensive and affordable electricity for domestic, commercial & industrial use.

The broad contours of the affordable power strategy are illustrated in the following figure:

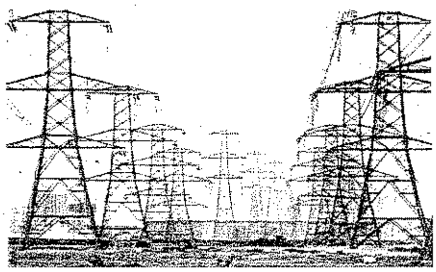
Affordable Power Strategy	
Goal: Ensure the generation of inexpensive and affordable electricity for domestic, commercial and industrial use	
Strategy	
Move Towards Cheaper Fuels	• Identify expensive RFO and HSD plants and convert them to gas or coal • Shift tariff incentives towards low cost energy sources (hydel – run of the river, gas, coal, nuclear, biomass, etc.) • Proliferate mining across the country and expedite coal projects at Thar blocks
Gas Conservation for Power	• Increase price for gas consumption for all users except for poor residential users • Reduce utilization of gas in CNG and UFG in particular - 10% gas diversion can generate 2,000 MW • Divert gas to the power sector and ensure firm supply to the power plants

The strategy focuses on shifting Pakistan's energy mix toward low cost sources such as hydel, gas, coal, nuclear and biomass. Local and foreign investments will be aggressively sought for small and medium size run of river hydel projects. Selected hydel projects under development will be positioned for privatization. Multilateral agencies will be invited to partner in large infrastructural hydel projects. LNG terminals will be developed on war footing to rapidly increase the gas supply for the power and industrial sectors. In addition, gas will be preferentially directed to the power sector by eliminating UFG. Nuclear power will be developed in close collaboration with friendly countries such as China. Development of coastal energy corridors based upon imported coal (mixed later with local coal), rapid proliferation of coal mining all across the country – especially at Thar, and conversion of expensive RFO based plants to coal are the central tenets of coal policy. The proposed strategy will change the energy mix of Pakistan in favour of low cost sources and significantly reduce the burden of energy to the end consumer

7.4 Supply-Chain Strategy

The supply-chain strategy will meet Goal (iv):

Minimize pilferage and adulteration in fuel supply.



Once the relief from load shedding is forthcoming because of a decreased supply and demand gap, this strategy will focus on redirecting the supply of fuel from inefficient GENCOs to the most efficient IPPs. This reallocation alone has the potential of saving Rs 3 billion per month and generation an additional 500MW of electricity. At the same time, the MoWP will sign performance contracts with GENCOs, PSO, and fuel transporters and hold them accountable for the quality and theft of oil. Fuel procurement contracts may be made open sourced to eliminate the power of a single supplier. Leakage will be plugged by building fuel pipelines where possible and open decanting. More specifically a 22 KM pipeline will be constructed to plug the supply chain leakage in Muzzafargarh. In the event that fuel is found to be missing or adulterated, the full economic value of the fuel will be appropriated to the end receiver.

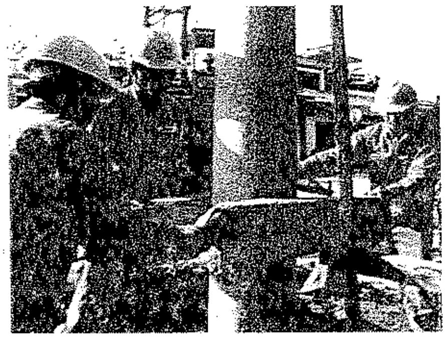
The broad contours of the supply chain strategy are illustrated below:

Supply Chain Strategy	
Goal: Minimize pilferage and adulteration in the fuel supply to improve productivity	
Strategy	
Redirect Supply to IPPs	▪ Reduce allocation to GENCOs until they are at higher efficiency levels ▪ Move fuel allocation from GENCOs to IPPs ▪ Moving 4000 mtoe from GENCOs to IPPs will save Rs 75 billion / year – Rs 13 billion / month spent on GENCOs produces 650MW – 10 billion / month at IPPs produces 1,150 MW
Accountability Liberalization and Quality Assurance	▪ Sign performance contracts with GENCOs, PSO, and fuel transporters ▪ Open fuel procurement contracts through tendering to eliminate role of single supplier ▪ Eliminate trucking and open decanting by building pipelines (for Muzaffargarh TPS) ▪ Measure the quantity and quality of fuel moving from the port to GENCO ▪ Appropriate full economic, value added cost of quality or quantity loss to the end receiver

7.5 Generation Strategy

The generation strategy will meet Goal (v):

Promote world class efficiency in power generation.

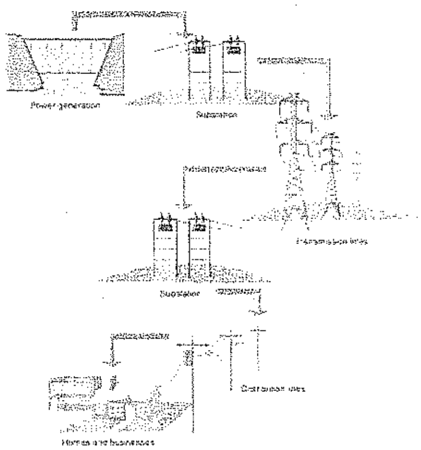


The broad contours of the strategy are illustrated below:

Generation Strategy	
Goal: Promote world class efficiency in power generation	
Strategy	
Provide Fuel to Efficient Plants	▪ Establish plant efficiency through heat rate testing ▪ Prioritize and allocate fuel based upon the efficiency levels ▪ Make allocations and efficiency levels transparent online ▪ Monitor the efficiency of these plants on a continuous basis
Privatize GENCOs	▪ Either privatize; or lease GENCOs to private sector on the basis of O&M contracts ▪ Pilot two GENCOS immediately ▪ Prepare the remaining GENCOS for subsequent privatization through corporatization

The strategy focuses on establishing plant efficiency through external heat rate testing, building a merit order accordingly, and allocating fuel to the more meritorious plants. Merit order will privilege fuel allocation on the basis of efficiency and optimize dispatch and payments. Transparency will be achieved by providing greater and easier access to information through a public website. Allocations will be made public online to increase the transparency. The strategy calls for the privatization or O&M based leasing of GENCOs.

7.6 Transmission Strategy



The transmission strategy will meet Goal (vi):

Create *a cutting-edge transmission network.*

The broad contours of the strategy are illustrated below:

Transmission Strategy	
Goal: Create a world class transmission and distribution network	
Strategy	
Optimize Transmission	▪ Sign performance contracts with NTDC – 2.5% are NEPRA allowed losses; 3.6% are the current existing losses ▪ Dispatch based upon economic order ▪ Install transmission effectiveness analysis software and hardware to optimize transmission – Software already exists but has not been utilized due to lack of technical expertise
Redefine and Redesign National Grid	▪ Build future medium /small sized power plants closer to load centers to minimize line losses ▪ Expand high voltage transmission lines further North beyond Ravat - Majority of new hydel projects will be situated beyond Ravat - High voltage lines minimize losses ▪ Strengthen 220KV rings around large cities to minimize losses ▪ Redesign merit order to also take into consideration transmission losses of plants
Incent Private Sector Investments	▪ Create a new business model based upon whole sales transactions, exchanges and wheeling charges ▪ Incentivize the private sector to make investments in transmission, especially for the new generation plants placed off grid or in areas where the grid is weak

The strategy is based on installation of upgraded SCADA software to optimize transmission and monitor its losses. Dispatch will be based on economic order and internal/ audit controls will be established on dispatch and payment.

The transmission strategy requires the redesigning of the national grid in a manner that minimizes line losses. Plants will be built closer to load centers; high voltage transmission lines will be expanded; and the 220kv rings around cities will be strengthened.

Private sector will be provided incentives to build and strengthen the transmission infrastructure. Innovative business and regulatory models will be deployed to weaken the monopolies, increase efficiencies, and decrease costs through competition. Wheeling charges and whole sale markets may be introduced to introduce multiple buyers and sellers in the market place.

Regional transmission networks may also be encouraged to promote power trade and optimize deficits and surpluses.

7.7 Distribution Strategy

The distribution strategy will meet Goal (vii):

Minimize inefficiencies in the distribution system.

The broad contours of the strategy are illustrated below:

Distribution Strategy	
Goal: Minimize operational and financial inefficiencies in the distribution system	
Strategy	
Performance Contracts (Short Term)	▪ Sign performance contracts with the key stakeholders / heads of the distribution companies (DISCOs) to ensure their accountability with respects to effective distribution ▪ Ensure that performance contracts cover: – Reduction in distribution losses (technical losses as well as theft related losses) – Full collections of distribution companies' receivables from consumers using ATC index
Smart Metering and Feeder level accounting (Short Term)	▪ USAID has funded Smart Meters at all feeders in Pakistan. Project is 65% complete and will finish in 60 days. ▪ Use Smart Meters to Develop an online system of monitoring electricity distribution from CDPs, feeders, transformers and consumer end meters ▪ Manage profit and loss accounts at the feeder level ▪ Hold XEN accountable for P&L and reward or remove
Privatization of DISCOs	▪ Privatize a limited number of DISCOs as pilot and document key learnings ▪ Devolve the P&L of the remaining DISCOs to the feeder level and hold XEn accountable to improve performance ▪ Privatize all DISCOs over a period of time

In the short-term, performance contracts will be signed with the heads of DISCOs (distribution companies) and their respective boards focused on reducing distribution losses due to technical reasons, theft, and lack of recovery / collections. Board independence and appointment of competent board members is the corner stone of improving the performance of DISCOs.

Smart meters will be installed at the feeder and CDP level, profit and loss accounts will to be managed at the feeder level, and the accountability will be appropriated to the Executive Engineer. A regime of reward and punishment will be used to improve efficiency and decrease theft. A Theft Act will be passed that would harshly punish defaulters and other electricity thieves to eliminate theft at the consumer level.

In the medium term, the efficiency will be improved by privatizing a selected number of DISCOs. The remaining DISCOs will be privatized over a period of time.

7.8 Financial Efficiency Strategy

The financial efficiency strategy will meet Goal (viii):

Minimize financial losses across the system

The broad contours of the strategy are illustrated below:

Financial Efficiency Strategy

Goal: Minimize financial losses across the system

Strategy	
Collect Receivables	• Automatically adjust already agreed upon amounts owed by provinces and government dept to power sector from the NFC Award and department budgets • Appoint independent, reliable 'Adjuster' to settle payment disputes with provinces and govt depts within a period of three to six months • Agree upon transparent procedure for future billing and collections • Collect GST refunds from FBR and devise a mechanism to avoid future build-ups
Punish Defaulters and Eliminate Theft	• Eliminate transmission and distribution theft • Focus load-shedding in areas where collections are low • Pass legislation that allows for defaulters connections to be severed – Defaulters connections are severed after 60 days of non-payment – Defaulters will only be reconnected with pre-paid card based meters

GST refunds will be collected from the FBR and a mechanism will be built to avoid future build-ups.

The financial efficiency strategy is geared towards punishing private defaulters and proposes severing the electric connections of defaulters after 60 days of non-payment and only reconnecting them to the grid with pre-paid meters. External collection agencies may also be sourced to improve cash flows. At the same time, load-shedding may be focused on areas of high theft and low collections as opposed to the current structure of indiscriminate load-shedding.

The strategy also covers the independent audit of all financial transactions within the power sector. An independent firm will be used to audit these transactions and ensure the greatest degree of financial propriety within the power sector.

7.9 Governance Strategy

The governance strategy will meet Goal (ix):

Align the ministries involved in the energy sector and improve governance.

The governance strategy calls for the notification of an Official Coordination Committee comprising the Ministry of Water & Power, the Ministry of Petroleum, the Ministry of Finance, the Ministry of Planning and Development, a member from each province, and a representative from AJK and GB each This council will ensure information integration between all these ministries and will assist in policy formulation and decision making related to energy. The CCI will provide monitoring and oversight to the implementation of the National Power Policy.

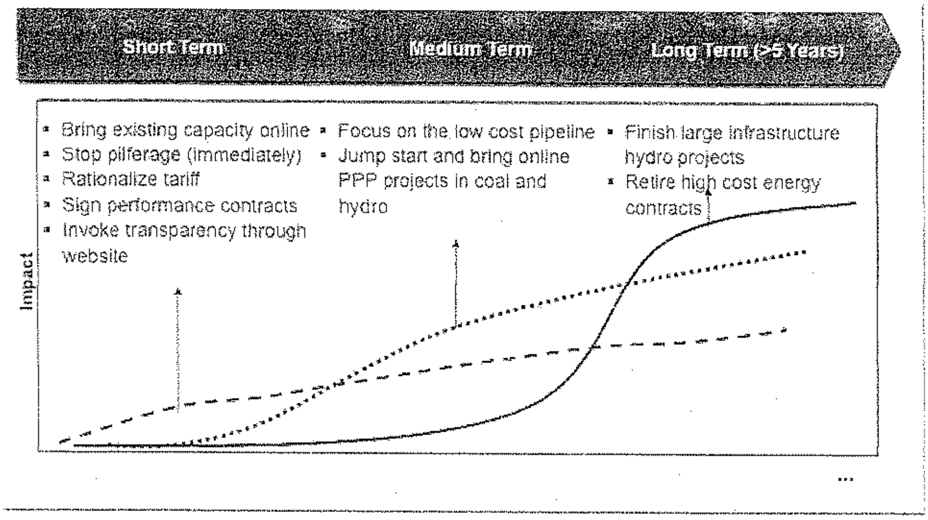
The strategy requires the reformation of structural and regulatory aspects of NEPRA and OGRA to improve efficiencies. New business models including power exchanges and wheeling charges will be explored. NEPRA's reform will include a change in the establishment period for the base tariff from 8-10 months to 90 days; the aim of this reform will be to minimize the potential for circular debt accumulation.

Finally, the Ministry of Water and Power will be restructured to strengthen its functional expertise. Directorates will be created for key functions (i.e. generation, transmission, and distribution) and key organizations such as CPPA, PPIB, AEDB, and NTDC will be reformed.

The broad contours of the strategy are illustrated below:

Governance Strategy	
Goal: Align the ministries involved in the energy sector and improve governance	
Strategy	
Reform and Coordinate Planning	• Notify Official Coordination Council between Ministry of Water & Power, Ministry of Petroleum, Ministry of Finance, and the Planning Commission - Ensure information integration between all Ministries • Reform the structural and regulatory aspects of NEPRA and OGRA • Restructure Ministry of Water and Power to strengthen functional expertise - Create directorates for each function (Generation, Transmission, Distribution) - Ensure power sector reform (PEPCO, CPPA, NTDC)

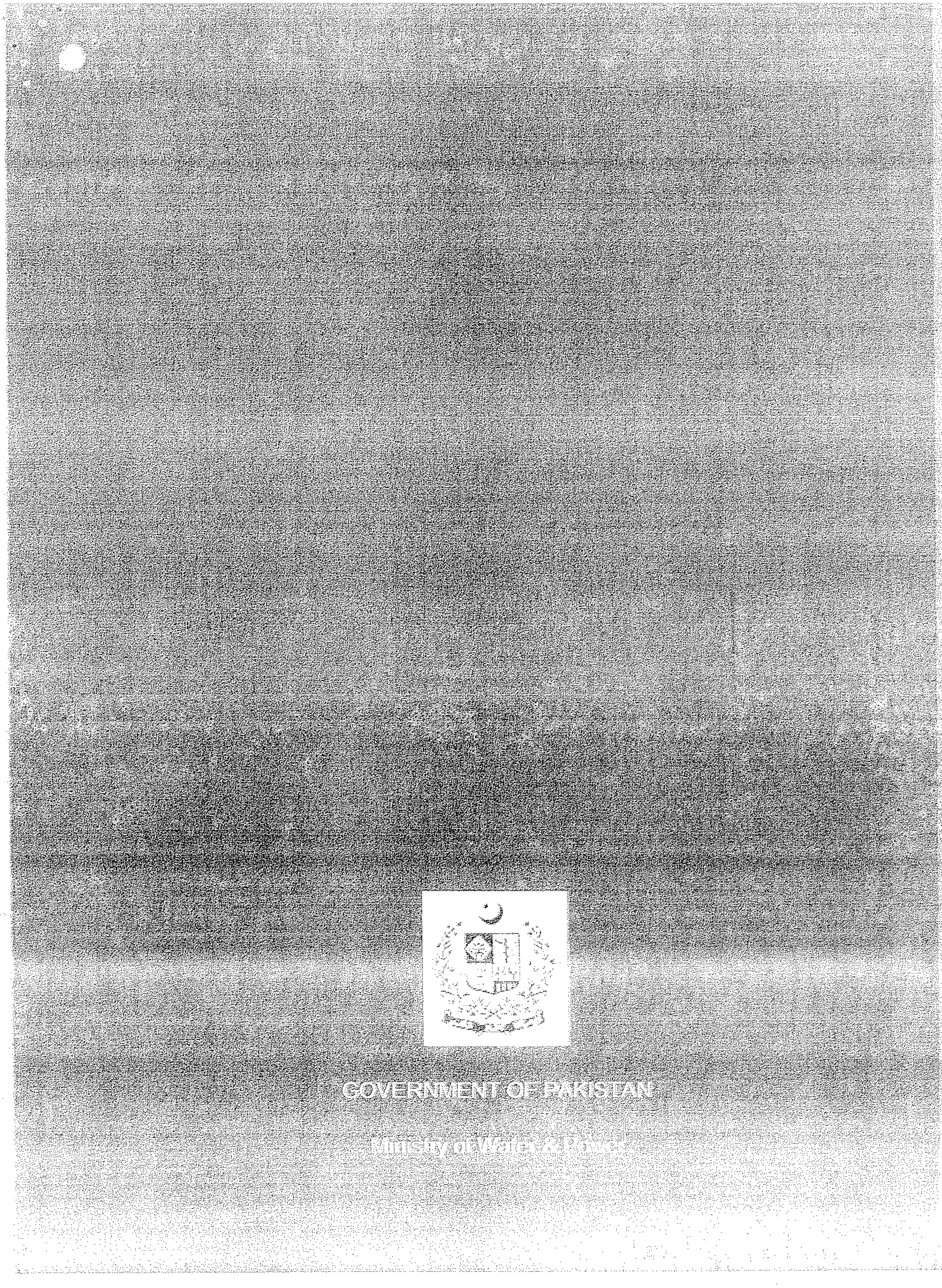
8. PRIORITIZATION



The strategy has been prioritized to maximize the impact of the various strategic initiatives. In the short term we will bring existing capacity online, stop thefts of all form, rationalize the tariff, sign performance contracts, and ensure transparency. In the medium term we will bring low-cost pipeline projects online, and jump start coal and hydro PPP projects. Finally, in the long term we will finish large infrastructure hydel projects and retire high cost energy contracts to ensure that Pakistan moves towards cheap electricity generation

9. IMPACT

The successful implementation of this policy will lead to enormous improvement within the power sector. By 2017, the supply-demand gap could be eradicated completely; and by the end of the five-year term of the current government the country will have a power surplus which can then be regionally traded. In essence, by the end of the decade Pakistan could be transformed from an energy strapped, importer of power to a regional exporter of power. The cost of power generation will be reduced to an affordable amount, and the efficiency improvements in transmission and distribution will decrease the burden of power to the end consumer. In summary, prosperity and social development will become a reality in a Roshan Pakistan.


GOVERNMENT OF PAKISTAN
Ministry of Water & Power

Annex-C

SECRET

Case No.ECC-106/22/2018
Dated: 24th October, 2018

TARIFF RATIONALIZATION FOR POWER SECTOR

DECISION

The Economic Coordination Committee (ECC) of the Cabinet noted the presentation regarding **Tariff Rationalization for Power Sector** and approved as under:

- For Domestic consumers upto 300 units no tariff will be increased. Rs.1.6/unit will be increased for 301-700 units consumers and Rs 2.7/unit will be increased for above 700 units.

Description	Proposed Uniform Tariff	Increase
Residential		
Up to 50 Units	2.00	-
For peak load requirement less than 5 kW		
01-100 Units	5.79	-
101-200 Units	8.11	-
201-300 Units	10.20	0.00
301-700 Units	17.60	1.60
Above 700 Units	20.70	2.70
Load Exceeding 5 kW		
Time of Use (TOU) - Peak	20.70	2.70
Time of Use (TOU) - Off-Peak	14.38	1.88

- For commercial consumers upto 5 kW, no tariff will be increased.

Description	Proposed Uniform Tariff	Increase
Commercial - A2		
Load up to 5 kW	18.00	-
Load Exceeding 5 kW		
Regular	19.68	3.68
Time of Use (TOU) - Peak	21.60	3.60
Time of Use (TOU) - Off-Peak	15.63	3.13

- No tariff increase for general services A3 category

Description	Proposed Uniform Tariff	Increase
General Services-A3	17.56	-

CABINET DIVISION
CABINET COMMITTEE
GOVERNMENT OF PAKISTAN

SECRET

- For bulk supply consumers , new tariff will be as under:

Description	Proposed Uniform Tariff	Increase
Bulk Supply		
C1(a) Supply at 400 Volts- up to 5 kW	18.68	3.68
C1(b) Supply at 400 Volts-exceeding 5 kW	18.18	3.68
Time of Use (TOU) - Peak	21.60	3.60
Time of Use (TOU) - Off-Peak	15.00	2.50
C2 Supply at 11 kV	17.98	3.68
Time of Use (TOU) - Peak	21.60	3.60
Time of Use (TOU) - Off-Peak	14.80	2.50
C3 Supply above 11 kV	17.88	3.68
Time of Use (TOU) - Peak	21.60	3.60
Time of Use (TOU) - Off-Peak	14.70	2.50

- For agricultural tube well consumers, the tariff will be charged at the rate of Rs.5.35 per unit:

Description	Proposed Uniform Tariff	Increase
Agricultural		
Scarp	15.68	3.68
Time of Use (TOU) - Peak	18.60	3.60
Time of Use (TOU) - Off-Peak	11.35	2.50
Agricultural Tube-wells	5.35	(6.15)
Time of Use (TOU) - Peak	5.35	(5.00)
Time of Use (TOU) - Off-Peak	5.35	(3.50)

- For other categories following rates will be applicable:

Description	Proposed Uniform Tariff	Increase
Total Agricultural		
Public Lighting	18.68	3.68
Resid. Colon.att. to ind	18.68	3.68
Railway Traction	18.68	3.68
Special Contracts - AJK	15.90	3.68
Time of Use (TOU) - Peak	21.60	3.60
Time of Use (TOU) - Off-Peak	14.70	2.50
Special Contracts - Rawat Lab.	18.68	3.68

2. The industrial consumers will continue to be provided with Rs.3/unit as Industrial Support Package (ISP). The funding of the ISP will be met through the efficiency gains of Power sector by improvement in recovery and reduction in losses. The tariff change for the industrial consumers will remain within the revenue requirements. Average tariff increase

over the last notified tariff will be Rs 0.78/unit. The 5 zero rated industries will be given a rate of US cents 7.5/unit.

Description	Proposed Uniform Tariff	Increase
Industrial		
B1	15.28	0.78
B1 Peak	18.84	0.84
B1 Off Peak	13.28	0.78
B2	14.78	0.78
B2 - TOU (Peak)	18.78	0.78
B2 - TOU (Off-peak)	13.07	0.78
B3 - TOU (Peak)	18.78	0.78
B3 - TOU (Off-peak)	12.98	0.78
B4 - TOU (Peak)	18.78	0.78
B4 - TOU (Off-peak)	12.88	0.78

3. Power Division/ DISCOs will reduce on-going losses and improve fresh recoveries for which a target of Rs. 60 billion is set for the current financial year 2018-19. In addition recovery of past dues to the tune of Rs. 80 billion will also be ensured during CFY, to off-set the impact of Industrial Support Package.

4. The NHP payable to the provinces, built in the tariff, other than the flow of Rs.33 billion for FY 2018-19 will be paid to the Provinces by WAPDA through commercial borrowing.

CABINET DIVISION
CABINET COMMITTEE
GOVERNMENT OF PAKISTAN

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Government of Pakistan
Ministry of Energy
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Islamabad, the 01 January, 2019.

NOTIFICATION

S.R.O. 10 (I)/2019. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification no: 383(I)/2018 dated March 22, 2018, with immediate effect:

2. In the aforesaid notification the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the **"Authority"**), inclusive of GoP Tariff Rationalization, of Tribal Area Electric Supply Company (TESCO), is substituted with the final tariff dated 19-12-2018 intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Schedule-I&II in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in the Schedule-I.

3. In the aforesaid notification the Annex-I and IA, Annex-II and IIA, Annex-III, Annex-IV, Annex-V mentioned in paragraph no. 1 are respectively substituted with the Order dated 31-08-2018 of the Authority at Annex-I, Fuel Price Adjustment Mechanism and Quarterly/Biannual Adjustment Mechanism at Annex-II and IIA, TESCO Estimated Sales Revenue at Annex-III, TESCO Power Purchase Price at Annex-IV, the Terms and Conditions of Tariff (For Supply Of Electric Power To Consumers By Distribution Licensee) at Annex-V, which are also notified in respect of TESCO and paragraph no. 2 in the aforesaid notification is deleted.

1.a

Annex-C-1

SECRET

Case No.1/3/2013 Dated 31.07.2013	National Energy (Power) Policy, 2013-2018

ANNEXURE B/1

DECISION

The Council of Common Interests considered the National Energy (Power) Policy, 2013-2018, submitted by Ministry of Water and Power revised by the CCI Technical Committee recommendations at para 5 above and approved the Policy accordingly subject to deletion of provision regarding at source deduction of receivables through the federal adjuster.

SECRET

Annex

Methodology of Tariff Determination for Distribution Companies and Notification thereof by the Federal Government in terms of the Provisions of "Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997" (the "Act")

A. *Pre Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018*

1. In terms of section 31 (1) of the Act (prior to amendment in the year 2018) read with National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 (the "Tariff Rules"), National Electric Power Regulatory Authority (NEPRA), after ascertaining the prudency of costs and conducting public hearing, arrived at a determination for 'revenue requirement' of each distribution company separately under Rule 17 (3) of the Tariff Rules comprising of: (a) Power Purchase Price; (b) Impact of T&D losses; (c) Distribution Margin; and (d) Prior Year Adjustment;

2. Such determined revenue requirement is reflected in estimated sales revenue as set out in Annexure-II of the tariff determination, to be recovered from the consumer by way of the schedule of tariff annexed as Annexure-III of the determination.

   a. Pre Amendment – Uniform Tariff Methodology

3. Keeping in view various parameters, including (a) the socio economic objectives; (b) the budgetary targets in field; and (c) the policy of maintaining uniform tariff rates across the consumers and regions; (d) recommendations of NEPRA with respect to consumer end tariff for each distribution company, the Federal Government used to arrive at uniform tariff to be charged from all the categories of consumers, which in essence was the lowest recommended tariff for each category of consumers out of all the ten distribution company.

4. In terms of section 31 (4) of the Act (prior to amendment in the year 2018), the recommended tariff by NEPRA was notified as Schedule-I and the rates at which a distribution company shall receive payment from its consumers was notified as Schedule-II, from time to time. The difference between the two schedules was to be paid by the Federal Government, as tariff differential subsidy.

5. Lately however, the targeted subsidy allocation in the federal budget declined. Consequently, the methodology mentioned above was revised. Since 2014-15, the process was that national average for each category was taken as the benchmark and thereafter for such distribution companies where the recommended rate for such category by NEPRA was more subsidy was specified and for such distribution companies where recommended rate was less surcharge in terms of section 31(5) of NEPRA Act was specified. This exercise was undertaken in view of the available targeted subsidy amount. The surcharge was initially referred to as Universal Obligation and lastly as Tariff Rationalization Surcharge. The same was to be collected by

XWDISCOs and deposited with CPPA-G for the purposes of settlement of the notified prudent costs of the approved generation companies and the transmission companies.

a. Other Surcharges

6. In addition: (i) Neelum Jhelum surcharge @ Rs. 0.10/unit was also charged till June 2018; and (ii) Financing Cost surcharge @ Rs. 0.43/unit is also being charged.

7. In compliance with the directions of the Honorable Superior Court, lately such imposition of surcharges was also routed through NEPRA, prior to notification of the consumer end tariff.

B. Post Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 (the "Amendment Act, 2018")

8. By way of the Amendment Act, 2018 two-pronged strategy was adopted. Firstly, all surcharges to date imposed were ratified and validated by the Parliament in terms of section 51 of the Act. Secondly, the authority and obligation to determine uniform tariff in the public consumer interest has now been vested in NEPRA for such distribution companies, which are owned and controlled by a common shareholder on the basis of their consolidated accounts.

The legal framework for tariff determination, notification and steps entailed are as follows:

9. In terms of the amended section 31 (1) of the Act, NEPRA has to determine the "Individual" tariff of each distribution company for the provision of electric power services. The same is reproduced below for ease of reference:

> *"(1) The Authority shall, in the determination, modification or revision of rates, charges and terms and conditions for the provision of electric power services, be guided by the national electricity policy, the national electricity plan and such guidelines as may be issued by the Federal Government in order to give effect to the national electricity policy and national electricity plan."*

10. Accordingly, on the basis of individual accounts of each XWDISCOs and other factors prescribed by the Act including section 31 (2) & (3) of the Act, separate revenue requirements and schedule of tariff for each XWDISCOs has been determined and recommended by NEPRA for notification in terms of section 31 (7) of the Act. The details whereof are as follows:

#.	DISCOs	Admitted Date	Hearing Date	Determination Date
1	LESCO	15 Mar 2018 (PPP Adjustment) 28 July 2018 (PYA, DM Adjustment)	31-07-18	31-Aug-18
2	IESCO	15-Mar-18	15-08-18	31-Aug-18
3	FESCO	1 Mar 2018 (PPP Adjustment)) 18 Aug 2018 (PPP, PYA, DM Adjustments	15-08-18	31-Aug-18
4	GEPCO	28-Mar-18	12-04-18	20-Jul-18
5	HESCO	22-Nov-17	4-01-18	6-Jul-18
6	QESCO	16-May-17	20-06-17	6-Jul-18
7	PESCO	13-Feb-18	12-04-18	12-Jul-18
8	MEPCO	12-Oct-17	28-11-17	6-Jul-18
9	TESCO	10-May-18	11-07-18	31-Aug-18
10	SEPCO	7-Feb-18	20-03-18	3-Jul-18

Additionally, the quarterly adjustments for 2017-18 of GEPCO, HESCO, QESCO, PESCO, MEPCO, TESCO and SEPCO have also been recommended by NEPRA date September 10, 2018, by superseding schedule of tariff earlier determined, for notification in term of section 31(7) of Act.

11. It is thus evident from the above that the process for some of the distribution companies including hearing of the tariff determinations was completed prior to Amendment Act, 2018. Whereas, for others the same was undertaken post the Amendment Act, 2018. However, tariff determination and recommendations based on individual accounts of each distribution company owned and controlled by the Federal Government by NEPRA is post the Amendment Act, 2018. In essence the determined prudent revenue requirement is to the tune of Rs. 1,611 billion, i.e., a sum of Rs. 396 billion over and above the uniform notified tariff in field at present.

12. Presently the consolidated prudent revenue requirement of Rs. 1,611 billion recommended by NEPRA is to be recovered by way of <u>differential tariff</u> for each category of consumer for each XWDISCO. As an illustration the differential rate in each consumer category for residential and industrial consumer for one XWDISCO in each Province is as follows:

Particular	Punjab	Sindh	Baluchistan	KPK
	GEPCO	SEPCO	QESCO	PESCO
Residential		Rs / kWh		
Up to 50 Units	4.00	4.00	4.00	4.00
For peak load requirement less than 5 kW				
01-100 Units	9.52	17.41	12.13	18.04
101-200 Units	11.49	18.65	14.64	21.38
201-300 Units	12.75	21.35	15.49	21.69
301-700Units	15.73	23.20	16.49	23.04
Above 700 Units	16.39	25.59	18.54	24.11
Load Exceeding 5 kW				
Time of Use - Peak	16.28	25.59	18.54	24.04
Time of Use - Off-Peak	9.78	19.64	12.16	18.49
Industrial		Rs / kWh		
B3 - TOU (Peak)	16.28	25.60	18.54	24.04
B3 - TOU (Off-peak)	9.48	19.34	11.84	18.19
B4 - TOU (Peak)	16.28	25.59	18.53	24.04
B4 - TOU (Off-peak)	9.38	19.24	11.73	18.09

13. It is pointed out that at present the schedule of tariff based on tariff rationalization (subsidy/surcharge) applies the same rate for each category of consumer while maintaining national average at Rs. 12.92/- per unit, inclusive of subsidy of Rs. 1.19/- per unit. Whereas in order to recover the additional determined revenue requirement of Rs. 396 billion only, the national average is to be maintained at Rs. 15.53/- per unit.

14. It is also pointed out that the National Power Policy, 2013 (the **"Power Policy"**) developed by the Federal Government and approved by CCI is in vogue. One of the essential components of the Power Policy is to safeguard the low-end consumers from any price escalation and tariff rationalization/uniformity with an aim to minimize/eliminate subsidy within industrial, commercial and bulk consumers.

15. Similarly, in pursuance of the Power Policy, the National Power Tariff and Subsidy Policy Guidelines, 2014 (the **"Tariff and Subsidy Policy"**) is also in vogue. The Tariff and Subsidy Policy aim to strike a balance between the interest of consumers and the interest of providers of capital. The main objective of the Tariff and Subsidy Policy is: (a) in the context of tariff policy to ensure: (i) financial viability of the sector entities while protecting interests of the consumers; and (ii) predictability in regulatory actions; and (b) in the context of national subsidy policy: (i) subsidy policy for low income residential customers; (ii) subsidy not to exceed amount funded by the federal budget; and (iii) tariff adjustment mechanism. The Tariff and Subsidy Policy also

maintains the commitment of the Federal Government for now to continue a uniform national tariff.

16. Furthermore, period of one year for alignment of rules and regulations with the amended provisions of the Act, prescribed under section 50, is in the field. Additionally, section 31 (4) of the Act, provides that after determination of tariff for each individual distribution company, NEPRA has to determine a "uniform tariff for distribution licensees", wholly owned or controlled by a common shareholder, on the basis of their consolidated accounts. The same has been apparently done to take into account, inter alia, the socio economic objectives as well as the policy of maintaining uniform tariff rates across the consumers and regions. The same is reproduced below for ease of reference:

> *"(4) Subject to sub-sections (2) and (3), the Authority shall, in the public consumer interest, determine a uniform tariff for distribution licensees wholly owned and controlled by a common shareholder, on the basis of their consolidated accounts."*

17. In view of above it is evident that NEPRA has already determined revenue requirements of each XWDISCO based on individual accounts of each XWDISCO, which determinations led to recommendations for differential schedule of tariff. However, the process enshrined in section 31(4) of the Act so as to provide for uniform tariff is yet to be adopted. In view of the period of one year prescribed in Section 50 of the Act, the public consumer interest reflected in the National Power Policy and the Tariff and Subsidy Policy it is proposed that the revenue requirements of each XWDISCO determined by NEPRA on the basis of individual account of each XWDISCO be consolidated so that the consolidated revenue requirement be reflective of consolidated accounts. Thereafter, the consolidated revenue requirement be utilized for the purposes of arriving at uniform tariff cross each category of consumer of XWDISCO (i.e. national average), subject to its adjustment on account of targeted subsidy. For achieving and implementing the above purpose, amendment of the Tariff Rules is also being proposed so as to provide the mechanism/procedure/standard for the purposes of determination of uniform tariff.

18. In view of the economic and social policy objectives mentioned above as well as the proposed methodology for uniform tariff being within the consolidated revenue requirements, reflective of principles of prudence, and full cost of service subject to targeted subsidy, set forth in the Act, is proposed. Accordingly, the uniform tariff based on the consolidated revenue requirement approved and determined by NEPRA for XWDISCOs while taking into account targeted subsidy, ~~of Rs. 167 billion is proposed.~~ Once the same is considered by NEPRA, uniform tariff in terms of section 31 (4) of the Act for XWDISCOs wholly owned and controlled by the Federal Government is to be recommended by NEPRA for notification under section 31 (7) of the Act.

19. Notification of NEPRA's "final tariff" is to be made by the Federal Government in the official gazette within fifteen days of intimation in terms of section 31 (7) of the Act. The same is reproduced below for ease of reference:

> *"(7) Notification of the Authority's approved tariff, rates, charges and other terms and conditions for the supply of electric power services by generation, transmission and distribution companies shall be made by the Federal Government in the official Gazette, within fifteen days of intimation of the final tariff by the Authority-:*
>
> *Provided that the Authority may, on a monthly basis and not later than a period of seven days, make adjustments in the approved tariff on account of any variations in the fuel charges and policy guidelines as the Federal Government may issue and notify the tariff so adjusted in the official Gazette."*

20. It is further proposed that for such category of customer of each XWDICO where the recommended rate of NEPRA in terms of section 31(1) of the Act is more than uniform tariff determined under section 31(4) of the Act such XWDISCO shall be entitled to claim the differential as subsidy, which shall be released subject to adjustment on account of inter disco tariff rationalization. Similarly, for such category of customer of each XWDISCO where recommended rate in terms of section 31(1) of the Act is less than uniform tariff under section 31(4) of the Act, such DISCO shall be obligated to deposited such additional charge as inter disco tariff rationalization adjustment directly with CPPA-G for the purposes of adjustment of liabilities of approved and notified generation and transmission costs.

21. As stated above, for the purposes of bringing the Tariff Rules in conformity with the amended provisions of the Act, with respect to the uniform tariff determination of the consumer category, appropriate amendments are required to be made in the Tariff Rules in exercise of the powers conferred by Section 46 read with Section 50 (2) of the Act. Separate summary for that has been circulated for comments.

Annex-D

Methodology of Tariff Determination for XWDISCOsand Notification thereof by the Federal Government in terms of the Provisions of "Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997" (the "Act")

1. Economic Co-Ordination Committee (**ECC**) vide its decision in Case No. ECC-106/22/2018 dated October 24, 2018, which was, thereafter, approved and ratified by the Cabinet, approved the Methodology for Arriving at Uniform Tariff and its Adjustment. The same was communicated to National Electric Power Regulatory Authority (**NEPRA**) by the Federal Government vide letter No. MoWP tariff/2017-18 dated November 09, 2018, for determination and recommendation of uniform tariff for XWDISCOs in light thereof. Accordingly, NEPRA, through its determination dated December 19, 2018 (the "**Determination**"), considered and approved the uniform tariff to be charged from the consumers including the impact of targeted subsidy and inter disco tariff rationalization in terms of section 31 (4) of the Act. The Determination was duly notified by the Federal Government vide SRO Nos. [1] to [10]of 2019 dated January 2019.

2. National PowerPolicy, 2013 (the "**Power Policy**") developed by the Federal Government and approved by Council of Common Interest is in vogue. One of the essential components of the Power Policy is to safeguard the low-end consumers from any price escalation and tariff rationalization/uniformity with an aim to minimize/eliminate subsidy within industrial, commercial and bulk consumers.The guidelines proposed by NEPRA in the Determination are also reflective of the same and also reflected herein.

3. Similarly, in pursuance of the Power Policy, the National Power Tariff and Subsidy Policy Guidelines, 2014 (the "**Tariff and Subsidy Policy**") is also in vogue. The Tariff and Subsidy Policy aim to strike a balance between the interest of consumers and the interest of providers of capital. The main objective of the Tariff and Subsidy Policy is: (a) in the context of tariff policy to ensure: (i) financial viability of the sector entities while protecting interests of the consumers; and (ii) predictability in regulatory actions; and (b) in the context of national subsidy policy: (i) subsidy policy for low income residential customers; (ii) subsidy not to exceed amount funded by the federal budget; and (iii) tariff adjustment mechanism. The Tariff and Subsidy Policy also maintains the commitment of the Federal Government for now to continue a uniform national tariff.

4. The tariff determinations of NEPRA under section 31 (1) of the Act are recommending the prudent revenue requirement of Rs. 1681Billion to be recovered by way of **differential tariff** for each category of consumer for each XWDISCO, attached herewith as Annex – I. As an illustration the differential rate in each consumer category for residential and industrial consumer for one XWDISCO in each Province is as follows:

Description	Punjab	Sindh	Baluchistan	KPK
	GEPCO	SEPCO	QESCO	PESCO
Residential	Rs./ kWh			
Up to 50 Units	4.00	4.00	4.00	4.00
For peak load requirement less than 5 kW				
01-100 Units	12.72	17.28	20.69	13.88
101-200 Units	14.65	20.31	23.14	17.06
201-300 Units	15.90	23.00	23.59	17.57
301-700Units	18.85	24.61	24.46	18.81
Above 700 Units	19.46	26.99	27.70	20.58
For peak load requirement exceeding 5 kW)				
Time of Use (TOU) -- Peak	19.39	27.00	27.91	19.84
Time of Use (TOU) - Off-Peak	12.90	21.05	21.51	12.41
Industrial	Rs./ kWh			
B3 - TOU (Peak)	18.99	26.84	22.34	19.27
B3 - TOU (Off-peak)	12.19	18.59	15.64	13.86
B4 - TOU (Peak)	18.99	26.84	22.34	19.71
B4 - TOU (Off-peak)	12.09	20.49	15.54	14.23

5. Keeping in view the social and economic policy objectives of the Federal Government, in line with the provision of section 31 (2) of the Act as well as the Power Policy approved by CCI, the proposed Uniform Tariff proposes uniform rate in each consumer category for residential and industrial consumer for XWDISCOs in each Province.Thereby maintaining level playing field and also protecting citizens of each Province, equally and in the same manner.

6. It is further pointed out that the proposed SOT based on differential tariff leads to recovery of consolidated revenue requirements of all XWDISCOs at a national average of Rs. 16.69/- per unit. Keeping in view the socioeconomic objectives as well as budgeted/targeted subsidy inclusive of inter disco tariff rationalization, it is proposed that the consolidated revenue requirements be recovered by maintaining national average at Rs. 14.88/- per unit and subsidy of Rs. 1.81/- per unit as reflected in **Annex - II**.

7. In line with the Power Policy, the Tariff and Subsidy Policy as well as section 31 (4) of the Act, the proposed Uniform Tariff incorporates targeted subsidies as well as inter disco

tariff rationalization within the uniform tariff, which would lead to protection of the target low-end consumer category from any price escalation.

8. Accordingly, from the above factors and workings, the public consumer interest being fulfilled through the proposed Uniform Tariff is evident, while remaining within the scope of section 31 (2) and (3) of the Act, as is required to be depicted in terms of section 31 (4) of the Act, with respect to XWDISCOs owned and controlled by the Federal Government.

9. The proposed Uniform Tariff is based on the consolidated revenue requirement of XWDISCOs in respect of which the Uniform Tariff is being sought, determined by NEPRA in respective tariff determinations for such XWDISCOs;the same is based on actual and projected statements of expenses, receipts and income for such distribution licensees as examined by NEPRA and depicts a consolidated picture of such accounts. The same is attached herewith as **Annex – III**.

10. In view of the economic and social policy objectives mentioned above as well as the methodology for uniform tariff being within the consolidated revenue requirements, reflective of principles of prudence, and full cost of service subject to targeted subsidy, set forth in the Act, is proposed. Accordingly, the uniform tariff based on the consolidated revenue requirement approved and determined by NEPRA for XWDISCOs while taking into account targeted subsidy is proposed. Once the same is considered by NEPRA, uniform tariff in terms of section 31 (4) of the Act for XWDISCOs wholly owned and controlled by the Federal Government is to be recommended by NEPRA for notification under section 31 (7) of the Act.

11. It is further proposed that for such category of customer of each XWDICO where the recommended rate of NEPRA in terms of section 31(1) of the Act is more than uniform tariff determined under section 31(4) of the Act such XWDISCO shall be entitled to claim the differential as subsidy, which shall be released subject to adjustment on account of inter disco tariff rationalization. Similarly, for such category of customer of each XWDISCO where recommended rate in terms of section 31(1) of the Act is less than uniform tariff under section 31(4) of the Act, such DISCO shall be obligated to deposit such additional charge as inter disco tariff rationalization adjustment directly with CPPA-G for the purposes of adjustment of liabilities of approved and notified generation and transmission costs.

Rs. /kWhs Variable Rates Only

NEPRA Determined Tariff

Description	IESCO	LESCO	GEPCO	FESCO	MEPCO	PESCO	HESCO	QESCO	SEPCO	TESCO
Residential										
Up to 50 Units	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
For peak load requirement less than 5 kW										
01-100 Units	12.00	13.75	12.72	13.72	15.83	13.88	19.30	20.69	17.28	12.06
101-200 Units	15.13	15.20	14.65	17.09	16.36	17.06	20.95	23.14	20.31	14.21
201-300 Units	16.71	16.94	15.90	17.83	17.43	17.57	22.34	23.59	23.00	15.17
301-700Units	17.72	18.37	18.85	18.14	19.92	18.81	23.38	24.46	24.61	15.59
Above 700 Units	19.82	20.70	19.46	19.59	20.90	20.58	25.03	27.70	26.99	16.47
Load Exceeding 5 kW										
Time of Use (TOU) - Peak	18.46	20.27	19.39	19.19	20.85	19.84	25.03	27.91	27.00	16:47
Time of Use (TOU) - Off-Peak	10.98	13.97	12.90	13.38	15.16	12.41	19.08	21.51	21.05	11.97
Temporary Supply	23.55	19.62	19.46	20.24	20.27	19.85	24.93	23.54	24.65	16.47
Total Residential										
Commercial - A2										
Load up to 5 kW	17.83	20.35	18.16	18.23	19.39	19.84	23.79	18.64	26.93	16.57
Load Exceeding 5 kW										
Regular	14.68	17.91	14.49	17.85	17.55	15.17	21.62	18.29	24.83	14.54
Time of Use (TOU) - Peak	18.58	20.28	18.99	19.10	20.38	20.71	24.72	22.34	26.84	16.54
Time of Use (TOU) - Off-Peak	11.18	13.36	12.49	13.30	14.45	14.47	19.22	15.94	20.89	12.04
Temporary Supply	17.83	19.74	18.13	19.23	20.23	19.86	23.79	18.14	26.93	16.57
Total Commercial										
General Services-A3	13.79	15.45	15.02	14.24	17.73	14.39	21.43	18.24	22.55	14.10
Industrial										
B1	16.82	18.58	13.66	18.02	19.20	17.36	21.29	19.34	28.41	12.50
B1 Peak	18.72	20.87	19.16	19.52	20.30	19.85	24.89	22.54	27.01	16.50
B1 Off Peak	11.02	13.02	12.66	11.91	14.60	14.30	19.39	16.09	21.06	12.00
B2	14.17	15.77	12.99	14.39	16.52	14.72	20.62	17.29	23.74	11.97
B2 - TOU (Peak)	18.57	20.17	18.99	19.32	20.12	19.71	24.72	22.29	26.84	16.47
B2 - TOU (Off-peak)	10.97	13.47	12.29	12.95	14.22	13.96	19.02	15.74	20.69	11.77
B3 - TOU (Peak)	18.57	21.41	18.99	19.08	20.59	19.27	24.72	22.34	26.84	16.47
B3 - TOU (Off-peak)	10.77	12.44	12.19	12.87	13.12	13.86	18.82	15.64	18.59	11.67
B4 - TOU (Peak)	18.87	21.08	18.99	18.87	20.12	19.71	24.72	22.34	26.84	16.47
B4 - TOU (Off-peak)	11.17	12.83	12.09	12.77	14.02	14.23	18.72	15.54	20.49	11.57
Temporary Supply	23.22	15.52	17.11	17.48	17.05	15.35	29.29	18.14	24.41	12.50
Total Industrial										
Bulk Supply										
C1(a) Supply at 400 Volts- up to 5	18.33	17.47	14.16	18.25	18.73	17.86	22.62	19.54	29.71	13.00
C1(b) Supply at 400 Volts-	17.68	16.80	13.49	17.62	18.05	17.22	22.12	18.84	26.94	12.47
Time of Use (TOU) - Peak	20.66	20.10	18.99	20.60	21.10	19.71	24.72	23.34	26.84	16.47
Time of Use (TOU) - Off-Peak	11.18	13.60	12.49	14.70	12.89	16.47	19.22	15.94	20.89	11.97
C2 Supply at 11 kV	14.51	16.31	13.29	16.42	16.00	15.02	20.92	17.64	24.04	12.27
Time of Use (TOU) - Peak	18.72	20.10	18.99	20.60	18.13	20.65	24.72	22.34	26.84	16.47
Time of Use (TOU) - Off-Peak	8.95	13.20	12.29	14.60	14.10	13.96	19.02	15.74	20.69	11.77
C3 Supply above 11 kV	14.38	15.07	13.19	16.32	0.08	14.92	20.82	17.54	23.94	12.17
Time of Use (TOU) - Peak	18.89	20.10	18.99	18.22	20.15	19.71	24.72	22.34	26.84	16.47
Time of Use (TOU) - Off-Peak	11.06	13.10	12.19	12.47	14.05	13.86	18.82	15.64	20.59	11.67
Total Bulk Supply										
Agricultural										
Scarp	18.73	20.36	14.66	16.00	18.28	13.91	25.48	18.29	28.54	12.50
Time of Use (TOU) - Peak	23.09	23.26	19.16	20.18	20.83	19.85	24.89	23.10	26.86	16.50
Time of Use (TOU) - Off-Peak	13.93	13.28	12.36	14.38	15.00	13.15	18.99	16.34	20.61	11.70
Agricultural Tube-wells	16.68	20.36	13.66	16.00	13.83	14.01	20.79	17.64	22.91	12.00
Time of Use (TOU) - Peak	18.73	21.75	19.16	20.23	19.91	19.85	24.89	22.54	26.86	16.50
Time of Use (TOU) - Off-Peak	13.93	14.73	12.36	13.32	12.38	13.15	18.99	16.14	18.41	11.70
Total Agricultural										
Public Lighting	16.78	21.05	13.53	15.43	17.63	15.66	22.74	17.64	24.01	12.50
Resid. Colon.att. to ind	16.01	21.66	13.66	15.58	18.06	15.66	22.74	17.64	24.01	12.50
Railway Traction	-	19.17	-	-	-	-			-	
Special Contracts - AJK	14.23		14.18	-	-	15.00		-	-	
Time of Use (TOU) - Peak	17.95		18.97	-	-	19.75		-	-	
Time of Use (TOU) - Off-Peak	10.52		13.72	-	-	13.95		-	-	
Special Contracts - Rawat Lab.	17.07		-	-	-	-		-	-	

Description	IESCO	LESCO	GEPCO	FESCO	MEPCO	PESCO	HESCO	QESCO	SEPCO	TESCO	National Avg.	Uniform Applicable
	NEPRA Determined Tariff											Proposed
Residential												
Up to 50 Units	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.95
For peak load requirement less than 5 kW												
01-100 Units	12.00	13.75	12.72	13.72	15.83	13.88	19.30	20.69	17.28	12.06	14.59	7.74
101-200 Units	15.13	15.20	14.65	17.09	16.36	17.06	20.95	23.14	20.31	14.21	16.41	10.06
201-300 Units	16.71	16.94	15.90	17.83	17.43	17.57	22.34	23.59	23.00	15.17	17.53	12.15
301-700Units	17.72	18.37	18.85	18.14	19.92	18.81	23.38	24.46	24.61	15.59	19.07	19.55
Above 700 Units	19.82	20.70	19.46	19.59	20.90	20.58	25.03	27.70	26.99	16.47	20.61	22.65
Load Exceeding 5 kW												
Time of Use (TOU) - Peak	18.46	20.27	19.39	19.19	20.85	19.84	25.03	27.91	27.00	16.47	20.27	22.65
Time of Use (TOU) - Off-Peak	10.98	13.97	12.90	13.38	15.16	12.41	19.08	21.51	21.05	11.97	13.10	16.33
Temporary Supply	23.55	19.62	19.46	20.24	20.27	19.85	24.93	23.54	24.65	16.47	21.73	22.79
Total Residential												
Commercial - A2												
Load up to 5 kW	17.83	20.35	18.16	18.23	19.39	19.84	23.79	18.64	26.93	16.57	19.56	19.95
Load Exceeding 5 kW												
Regular	14.68	17.91	14.49	17.85	17.55	15.17	21.62	18.29	24.83	14.54	19.22	21.63
Time of Use (TOU) - Peak	18.58	20.28	18.99	19.10	20.38	20.71	24.72	22.34	26.84	16.54	21.02	23.55
Time of Use (TOU) - Off-Peak	11.18	13.36	12.49	13.30	14.45	14.47	19.22	15.94	20.89	12.04	13.49	17.58
Temporary Supply	17.83	19.74	18.13	19.23	20.23	19.86	23.79	18.14	26.93	16.57	19.24	20.34
Total Commercial												
General Services-A3	13.79	15.45	15.02	14.24	17.73	14.39	21.43	18.24	22.55	14.10	17.05	19.51
Industrial												
B1	16.82	18.58	13.66	18.02	19.20	17.36	21.29	19.34	28.41	12.50	18.31	17.23
B1 Peak	18.72	20.87	19.16	19.52	20.30	19.85	24.89	22.54	27.01	16.50	21.19	20.79
B1 Off Peak	11.02	13.02	12.66	11.91	14.60	14.30	19.39	16.09	21.06	12.00	13.41	15.23
B2	14.17	15.77	12.99	14.39	16.52	14.72	20.62	17.29	23.74	11.97	17.87	16.73
B2 - TOU (Peak)	18.57	20.17	18.99	19.32	20.12	19.71	24.72	22.29	26.84	16.47	20.98	20.73
B2 - TOU (Off-peak)	10.97	13.47	12.29	12.95	14.22	13.96	19.02	15.74	20.69	11.77	13.50	15.02
B3 - TOU (Peak)	18.57	21.41	18.99	19.08	20.59	19.27	24.72	22.34	26.84	16.47	21.11	20.73
B3 - TOU (Off-peak)	10.77	12.44	12.19	12.87	13.12	13.86	18.82	15.64	18.59	11.67	12.63	14.93
B4 - TOU (Peak)	18.87	21.08	18.99	18.87	20.12	19.71	24.72	22.34	26.84	16.47	20.93	20.73
B4 - TOU (Off-peak)	11.17	12.83	12.09	12.77	14.02	14.23	18.72	15.54	20.49	11.57	12.97	14.83
Temporary Supply	23.22	15.52	17.11	17.48	17.05	15.35	29.29	16.14	24.41	12.50	18.38	18.31
Total Industrial												
Bulk Supply												
C1(a) Supply at 400 Volts- up to 5	18.33	17.47	14.16	18.25	18.73	17.86	22.62	19.54	29.71	13.00	24.36	20.63
C1(b) Supply at 400 Volts-	17.68	16.80	13.49	17.62	18.05	17.22	22.12	18.84	26.94	12.47	21.31	20.12
Time of Use (TOU) - Peak	20.66	20.10	18.99	20.60	21.10	19.71	24.72	22.34	26.84	16.47	22.43	23.55
Time of Use (TOU) - Off-Peak	11.18	13.60	12.49	14.70	12.89	16.47	19.22	15.94	20.89	11.97	15.00	16.95
C2 Supply at 11 kV	14.51	16.31	13.29	16.42	16.00	15.02	20.92	17.54	24.04	12.27	17.03	19.93
Time of Use (TOU) - Peak	18.72	20.10	18.99	20.60	18.13	20.65	24.72	22.34	26.84	16.47	20.40	23.55
Time of Use (TOU) - Off-Peak	8.95	13.20	12.29	14.60	14.10	13.96	19.02	15.74	20.69	11.7	12.89	16.75
C3 Supply above 11 kV	14.38	15.07	13.19	16.32	0.08	14.92	20.82	17.54	23.94	12.17	15.11	19.83
Time of Use (TOU) - Peak	18.89	20.10	18.99	18.22	20.15	19.71	24.72	22.34	26.34	16.47	19.51	23.55
Time of Use (TOU) - Off-Peak	11.06	13.10	12.19	12.47	14.05	13.86	18.82	15.64	20.59	11.67	11.68	16.65
Total Bulk Supply												
Agricultural												
Scarp	13.73	20.36	14.66	16.00	18.28	13.91	25.48	18.29	28.54	12.50	22.92	17.63
Time of Use (TOU) - Peak	23.09	23.26	19.16	20.18	20.83	19.85	24.89	23.10	26.86	16.50	23.76	20.55
Time of Use (TOU) - Off-Peak	13.93	13.28	12.36	14.38	15.00	13.15	18.99	16.34	20.61	11.70	14.25	13.30
Agricultural Tube-wells	16.68	20.36	13.66	16.00	13.83	14.01	20.79	17.64	22.91	12.00	17.63	7.30
Time of Use (TOU) - Peak	18.73	21.75	19.16	20.23	19.91	19.85	24.89	22.54	26.86	16.50	21.44	7.30
Time of Use (TOU) - Off-Peak	13.93	14.73	12.36	13.32	12.38	13.15	18.99	16.14	18.41	11.70	13.04	7.30
Total Agricultural												
Public Lighting	16.78	21.05	13.53	15.43	17.63	15.66	22.74	17.64	24.01	12.50	19.02	20.63
Resid. Colon.att. to ind	16.01	21.66	13.66	15.58	18.06	15.66	22.74	17.64	24.01	12.50	21.02	20.63
Railway Traction	-	19.17	-	-	-	-			-		19.17	20.63
Special Contracts - AJK	14.23		14.18	-	-	15.00		-	-		14.23	17.85
Time of Use (TOU) - Peak	17.95		18.97	-	-	19.75		-	-		18.63	23.55
Time of Use (TOU) - Off-Peak	10.52		13.72	-	-	13.95		-	-		11.95	16.65
Special Contracts - Rawat Lab.	17.07		-		-	-		-	-		17.07	20.63
Avg. Sale Rate (Rs. /kWh)	14.29	15.99	15.69	16.26	16.88	16.85	22.97	18.84	21.58	14.54	16.69	14.85
Variable	13.57	15.21	15.14	15.61	16.27	16.28	22.49	18.25	21.11	14.46	16.05	14.21
Fixed	0.72	0.78	0.55	0.65	0.61	0.57	0.48	0.58	0.47	0.07	0.63	0.63
Revenue Requirement (Bln. Rs.)												
Variable	150	337	157	214	271	191	99	100	74	25	1,617	1,432
Fixed	8	17	6	9	10	7	2	3	2	0	64	64
Avg.	158	354	162	223	281	198	101	103	76	25	1,681	1,495
Avg Rate at (100.731 BkWhs)											16.69	14.85
Subsidy Requirement											1.84	185

Annex-III

Consolidated Revenue Requirement

Description	Unit	IESCO	LESCO	GEPCO	FESCO	MEPCO	PESCO	HESCO	QESCO	SEPCO	TESCO	Total
Units Received	[BkWh]	12.1	24.9	11.4	15.3	19.6	14.9	5.4	6.6	4.3	1.9	116.4
Units Sold		11.1	22.2	10.4	13.7	16.7	11.7	4.4	5.5	3.5	1.7	100.7
Units Lost		1.0	2.7	1.1	1.5	2.9	3.2	1.1	1.1	0.8	0.2	15.7
Losses	[%]	**8.60%**	**10.88%**	**9.51%**	**10.10%**	**14.90%**	**21.33%**	**19.47%**	**17.15%**	**18.11%**	**11.96%**	**13.46%**
Energy Charge		70	145	67	89	114	87	32	38	25	11	677
Capacity Charge		72	165	76	105	133	103	49	49	35	9	794
Transmission Charge		4	9	4	6	7	6	3	3	2	0	43
Power Purchase Price	Bln.	**146**	**319**	**146**	**200**	**254**	**195**	**83**	**89**	**62**	**21**	**1,515**
O&M Cost		12	35	14	23	19	19	9	6	7	3	148
Depriciation		3	3	2	4	5	3	1	1	1	0	25
RORB		5	6	4	6	7	4	4	6	2	1	45
O.Income		(2)	(8)	(1)	(6)	(4)	(3)	(1)	(1)	(1)	(1)	(29)
Distribution Margin	Bln.	**17**	**37**	**19**	**27**	**26**	**23**	**13**	**12**	**9**	**3**	**189**
Prior Year Adjustment	Bln.	**(5)**	**(2)**	**(3)**	**(4)**	**1**	**(20)**	**4**	**1**	**5**	**1**	**(23)**
Revenue Requirement	Bln.	**158**	**354**	**162**	**223**	**281**	**198**	**101**	**103**	**76**	**25**	**1,681**
Power Purchase Price	[Rs./kWh]	13.22	14.41	14.14	14.55	15.24	16.59	18.96	16.36	17.59	12.10	15.04
Distribution Margin		1.57	1.68	1.88	2.00	1.57	1.99	3.07	2.24	2.52	1.97	1.88
PYA Adjustments		(0.50)	(0.10)	(0.32)	(0.28)	0.07	(1.74)	0.93	0.24	1.47	0.47	(0.22)
Average Tariff		**14.29**	**15.99**	**15.69**	**16.26**	**16.88**	**16.85**	**22.97**	**18.84**	**21.58**	**14.54**	**16.69**

Annex-E

Rs. /kWhs Variable Rates Only — NEPRA Determined Tariff — Proposed

Description	IESCO	LESCO	GEPCO	FESCO	MEPCO	PESCO	HESCO	QESCO	SEPCO	TESCO	National Avg.	Uniform Applicable
Residential												
Up to 50 Units	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.95
For peak load requirement less than 5 kW												
01-100 Units	12.00	13.75	12.72	13.72	15.83	13.88	19.30	20.69	17.28	12.06	14.59	7.74
101-200 Units	15.13	15.20	14.65	17.09	16.36	17.06	20.95	23.14	20.31	14.21	16.41	10.06
201-300 Units	16.71	16.94	15.90	17.83	17.43	17.57	22.34	23.59	23.00	15.17	17.53	12.15
301-700Units	17.72	18.37	18.85	18.14	19.92	18.81	23.38	24.46	24.61	15.59	19.07	19.55
Above 700 Units	19.82	20.70	19.46	19.59	20.90	20.58	25.03	27.70	26.99	16.47	20.61	22.65
Load Exceeding 5 kW												
Time of Use (TOU) - Peak	18.46	20.27	19.39	19.19	20.85	19.84	25.03	27.91	27.00	16.47	20.27	22.65
Time of Use (TOU) - Off-Peak	10.98	13.97	12.90	13.38	15.16	12.41	19.08	21.51	21.05	11.97	13.10	16.33
Temporary Supply	23.55	19.62	19.46	20.24	20.27	19.85	24.93	23.54	24.65	16.47	21.73	22.73
Total Residential												
Commercial - A2												
Load up to 5 kW	17.83	20.35	18.16	18.23	19.39	19.84	23.79	18.64	26.93	16.57	19.56	19.95
Load Exceeding 5 kW												
Regular	14.68	17.91	14.49	17.85	17.55	15.17	21.62	18.29	24.83	14.54	19.22	21.63
Time of Use (TOU) - Peak	18.58	20.28	18.99	19.10	20.38	20.71	24.72	22.34	26.84	16.54	21.02	23.55
Time of Use (TOU) - Off-Peak	11.18	13.36	12.49	13.30	14.45	14.47	19.22	15.94	20.89	12.04	13.49	17.58
Temporary Supply	17.83	19.74	18.13	19.23	20.23	19.86	23.79	18.14	26.93	16.57	19.24	20.34
Total Commercial												
General Services-A3	13.79	15.45	15.02	14.24	17.73	14.39	21.43	18.24	22.55	14.10	17.05	19.51
Industrial												
B1	16.82	18.58	13.66	18.02	19.20	17.36	21.29	19.34	28.41	12.50	18.31	17.23
B1 Peak	18.72	20.87	19.16	19.52	20.30	19.85	24.89	22.54	27.01	16.50	21.19	20.79
B1 Off Peak	11.02	13.02	12.66	11.91	14.60	14.30	19.39	16.09	21.06	12.00	13.41	15.23
B2	14.17	15.77	12.99	14.39	16.52	14.72	20.62	17.29	23.74	11.97	17.87	16.73
B2 - TOU (Peak)	18.57	20.17	18.99	19.32	20.12	19.71	24.72	22.29	26.84	16.47	20.98	20.73
B2 - TOU (Off-peak)	10.97	13.47	12.29	12.95	14.22	13.96	19.02	15.74	20.69	11.77	13.50	15.02
B3 - TOU (Peak)	18.57	21.41	18.99	19.08	20.59	19.27	24.72	22.34	26.84	16.47	21.11	20.73
B3 - TOU (Off-peak)	10.77	12.44	12.19	12.87	13.12	13.86	18.82	15.64	18.59	11.67	12.63	14.93
B4 - TOU (Peak)	18.87	21.08	18.99	18.87	20.12	19.71	24.72	22.34	26.84	16.47	20.93	20.73
B4 - TOU (Off-peak)	11.17	12.83	12.09	12.77	14.02	14.23	18.72	15.54	20.49	11.57	12.97	14.83
Temporary Supply	23.22	15.52	17.11	17.48	17.05	15.35	29.29	18.14	24.41	12.50	18.38	18.31
Total Industrial												
Bulk Supply												
C1(a) Supply at 400 Volts- up to 5	18.33	17.47	14.16	18.25	18.73	17.86	22.62	19.54	29.71	13.00	24.36	20.63
C1(b) Supply at 400 Volts-	17.68	16.80	13.49	17.62	18.05	17.22	22.12	18.84	26.94	12.47	21.31	20.13
Time of Use (TOU) - Peak	20.66	20.10	18.99	20.60	21.10	19.71	24.72	23.34	26.84	16.47	22.43	23.55
Time of Use (TOU) - Off-Peak	11.18	13.60	12.49	14.70	12.89	16.47	19.22	15.94	20.89	11.97	15.00	16.65
C2 Supply at 11 kV	14.51	16.31	13.29	16.42	16.00	15.02	20.92	17.04	24.04	[illegible]	17.03	19.83
Time of Use (TOU) - Peak	18.72	20.10	18.99	20.60	18.13	20.65	24.72	22.34	26.84	16.47	20.40	23.55
Time of Use (TOU) - Off-Peak	8.95	13.20	12.29	14.60	14.10	13.96	19.02	15.74	20.69	11.77	12.69	16.75
C3 Supply above 11 kV	14.39	15.07	13.19	16.32	0.08	14.92	20.82	17.54	23.94	12.17	15.11	19.83
Time of Use (TOU) - Peak	18.89	20.10	18.99	18.22	20.15	19.71	24.72	22.34	26.84	16.47	19.51	23.55
Time of Use (TOU) - Off-Peak	11.06	13.10	12.19	12.47	14.05	13.86	18.82	15.64	20.59	11.67	11.68	16.65
Total Bulk Supply												
Agricultural												
Scarp	18.73	20.36	14.66	16.00	18.28	13.91	25.48	18.29	28.54	12.50	22.92	17.63
Time of Use (TOU) - Peak	23.09	23.26	19.16	20.18	20.83	19.85	24.89	23.10	26.86	16.50	23.76	20.55
Time of Use (TOU) - Off-Peak	13.93	13.28	12.36	14.38	15.00	13.15	18.99	16.34	20.61	11.70	14.25	13.30
Agricultural Tube-wells	16.68	20.36	13.66	16.00	13.83	14.01	20.79	17.64	22.91	12.00	17.63	7.30
Time of Use (TOU) - Peak	18.73	21.75	19.16	20.23	19.91	19.85	24.89	22.54	26.86	16.50	21.44	7.30
Time of Use (TOU) - Off-Peak	13.93	14.73	12.36	13.32	12.38	13.15	18.99	16.14	18.41	11.70	13.04	7.30
Total Agricultural												
Public Lighting	16.78	21.05	13.53	15.43	17.63	15.66	22.74	17.64	24.01	12.50	19.02	20.63
Resid. Colon.att. to ind	16.01	21.66	13.66	15.58	18.06	15.66	22.74	17.64	24.01	12.50	21.02	20.63
Railway Traction	-	19.17	-	-	-	-			-		19.17	20.63
Special Contracts - AJK	14.23		14.18	-	-	15.00		-	-		14.23	17.85
Time of Use (TOU) - Peak	17.95		18.97	-	-	19.75		-	-		18.63	23.55
Time of Use (TOU) - Off-Peak	10.52		13.72	-	-	13.95		-	-		11.95	16.65
Special Contracts - Rawat Lab.	17.07		-	-	-	-		-	-		17.07	20.63
Avg. Sale Rate (Rs. /kWh)	14.29	15.99	15.69	16.26	16.88	16.85	22.97	18.84	21.58	14.54	16.69	14.85
Variable	13.57	15.21	15.14	15.61	16.27	16.28	22.49	18.25	21.11	14.46	16.05	14.21
Fixed	0.72	0.78	0.55	0.65	0.61	0.57	0.48	0.58	0.47	0.07	0.63	0.63
Revenue Requirement (Bln. Rs.)												
Variable	150	337	157	214	271	191	99	100	74	25	1,617	1,432
Fixed	8	17	6	9	10	7	2	3	2	0	64	64
Avg.	158	354	162	223	281	198	101	103	76	25	1,681	1,495
Subsidy Requirement												185