

**National Electric Power Regulatory Authority
Registrar Office**

No. NEPRA/TRF-14/KESC-2002/1126


26.7.2005

Subject: Tariff Adjustment of KESC due to Variation in Fuel Price and Cost of Power Purchased during the quarter April to June 2005
Intimation of Determination of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

Please find enclosed a copy of subject determination sent to Cabinet Division along with copies to the Advisor to the Prime Minister on Energy, Secretary, Ministry of Water & Power and Secretary Ministry of Finance for notification in the official Gazette vide letter No. 975-78 dated 22.07.2005.

2. The above mentioned determination has also been sent to the M.D. KESC vide letter No. 1122 dated 25.07.2005. A copy of the same is also enclosed for information, please.

DA/As above.


26.07.05.
(Mahjoob Ahmad Mirza)
Registrar

Mr. Naseeb Zaman
Director (Tariff)

For information:

1. Chairman
2. Vice Chairman / Member (Tariff)
3. Member (Privatization)
4. Member (Licensing)

Distribution:

5. Sr. Advisor (Licensing)
6. Syed Insaf Ahmad, Director (Tariff)
7. Director (Licensing)
8. Director (CAD & Coord)
9. Deputy Director (PR&P) [Please co-ordinate with the concerned office for early issuance of Gazette notification]
10. Deputy Director (I.T.)
11. Assistant Director (Library)
12. Assistant Director (Tariff-Record)



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Vice Chairman

No. NEPRA/TRF-14/KESC-2002/975-78
22-07-2005

Subject: **Tariff Adjustment of KESC due to Variation in Fuel Price and Cost of Power Purchased during the quarter April to June 2005**
Intimation of Determination of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

My dear Secretary,

Please find enclosed the determination of the Authority along with Annexes-I, II & III (07 pages) applying the Tariff Adjustment Mechanism specified in Case No. NEPRA/TRF-14/KESC-2002 notified vide SRO 716(I)/2002, dated 12th October 2002.

2. The determination is being intimated to the Federal Government for the purposes of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

3. Please note that only Annexure-I to the attached determination containing the schedule of tariff needs to be notified in the official gazette.

4. In view of above, the determinations intimated earlier, for notification vide letters No. NEPRA/TRF-14/KESC-2002/12241-43, dated 26.11.2004, No. NEPRA/TRF-14/KESC-2002/12686-88 dated 09.02.2005 and No. NEPRA/TRF-14/KESC-2002/068-70 dated 20.04.2005 need to be notified prior to the notification of the attached schedule as mentioned at para 3 above.

5. The approval of the tariff is subject to the terms and conditions of schedule of tariff as notified vide SRO 819(I)/2001 dated 29th November 2001 and SRO 325(I)/2002 dated 11th June 2002.

DA/As above.

Yours sincerely,

(Fazlullah Qureshi)

The Secretary,
Cabinet Division,
Government of Pakistan
Cabinet Secretariat,
Islamabad

CC:

1. Advisor to the Prime Minister on Energy, Prime Minister's Secretariat, Islamabad.
2. Secretary, Ministry of Water & Power, Islamabad.
3. Secretary, Ministry of Finance, Islamabad.

**DETERMINATION OF THE AUTHORITY ON TARIFF ADJUSTMENT
OF KESC FOR VARIATION IN FUEL PRICE AND COST OF POWER
PURCHASE FOR THE QUARTER APR-JUNE 2005**

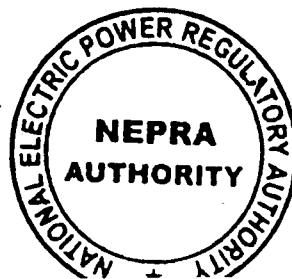
Pursuant to the determination made on September 10, 2002 in Case no. NEPRA/TRF-14/KESC-2002, as notified by the Federal Government vide SRO 716(I)/2002 dated 12th October 2002, the tariff of KESC is subject to adjustment: (a) every three (3) months to compensate for variation in the fuel price and cost of power purchased and (b) every year (in July) for indexation due to CPI (inflation).

2. The KESC pursuant to the above mentioned tariff determination has submitted tariff adjustment request vide its communication no. CMF/NEPRA/071/09 dated July 06, 2005. According to the information submitted by KESC, the variation in fuel cost due to fuel price variation and generation mix works out Rs. 2,852 million or paisa 30.48/kWh whereas variation in cost of purchase of power works out as Rs. 1522.88 million or paisa 16.27/kWh (Annex II). The combined effect has thus been calculated as paisa 46.75/kWh.

3. The examination of the information revealed that KESC had taken into account the price increase announced on July 1, 2005, whereas as per determination the price of fuel applicable should have been that of June 30th 2005. KESC was requested telephonically to correct their calculation which has accordingly been revised vide KESC letter No. CMF/NEPRA/071/24 dated 15 July, 2005 as Rs. 2,412 million or Paisa 25.77/kWh for fuel price (Annex III).

4. According to the prescribed mechanism, the maximum adjustment that can be allowed in a quarter due to variation in fuel price is 2.5% of average sale rate and due to variation in power purchase price is 1.5% of average sale rate. Therefore, the allowable adjustment in sale rate on account of variation in fuel cost has been assessed as paisa 12.89/kWh and on account of variation in power purchase price as paisa 7.74/kWh. The overall allowable adjustment both on account of fuel price variation and power purchase price works out as paisa 20.63/kWh. In order to compensate KESC for variation in fuel cost and power purchase cost, the Authority has decided to allow a uniform increase in consumer-end tariff for all consumer categories by paisa 21.00 per kWh except for the class of life line consumers consuming up to 50 units per month.

5. The variable O&M costs of KESC have been indexed on the basis of CPI and are due to be adjusted in July 2005. The CPI for the month of March 2005 was 124.37 as notified by Federal Bureau of Statistics whereas for the



month of March 2004 the CPI was 112.81 increasing by 10.25%. Consequently the Authority has decided to revise the O&M components as under:

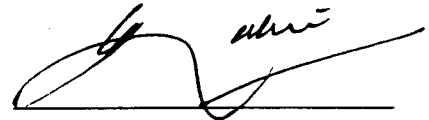
Paisa/kWh

O&M Components	Existing July 2004	Revised July 2005	Difference
Generation	10.76	11.86	1.10
Transmission	4.31	4.75	0.44
Distribution	34.46	37.99	3.53
Total	49.53	54.61	5.07

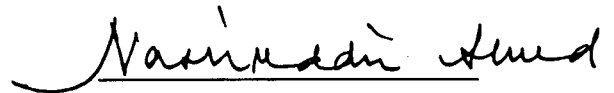
6. The Authority hereby recommends to the Federal Government that the KESC tariff be varied to the extent as indicated in para 4 to cater for variation in cost of fuel and power purchase for the quarter April to June 2005 *and CPI.* For this purpose a new schedule of tariff, annexed to this determination as Annexure-I is hereby intimated for notification, in the official gazette in accordance with the provisions of Section 3(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997), read with Rule 6 of the NEPRA Tariff Standards and Procedure Rules, 1998.

Authority

Abdul Rahim Khan
Member



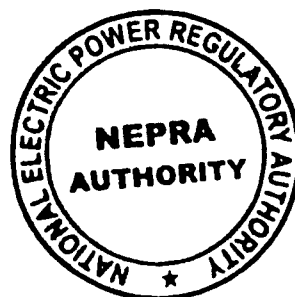
Nasiruddin Ahmed
Member



Fazlullah Qureshi
Vice Chairman/Member



Saeed uz Zafar
Chairman


KESC

SCHEDULE OF ELECTRICITY TARIFFS

30-07-2005

TARIFF CATEGORY/PARTICULARS	Fixed Charges	Energy Charges	F.A.S	Additional Surcharge
	Rs/kW/Month	Ps/kWh	Ps/kWh	Ps/kWh

RESIDENTIAL — TARIFF A-1

Up to 50 units consumption in a month	-	61	-	79
<u>For consumption above 50 units</u>				
For first 100 units (1-100) in a month	-	46	106	174
For next 200 units (101-300) in a month	-	63	106	247
For next 700 units (301-1000) in a month	-	156	106	382
Above 1000 units in a month	-	193	106	469

Under this Tariff, there shall be minimum monthly charges at the following rates, even if no energy is consumed during the month.

- a. Single phase connections Rs.45/-
 b. Three phase connections Rs.100/- plus Rs.25/- per kW for load in excess of 5 kW

COMMERCIAL — TARIFF A-2

For first 100 units in a month	-	291	58	418
Above 100 units in a month	-	315	58	430

Under this Tariff, there shall be minimum monthly charges at the following rates, even if no energy is consumed during the month.

- a. Single phase connections Rs 150/-
 b. Three phase connections Rs 300/- plus Rs 30/- per kW for load in excess of 10 kW

INDUSTRIAL — TARIFF - B

B-1 Up to 40 kW (At 400 Volts)	-	186	73	337
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There shall be minimum monthly charges of Rs. 70 per kW for first 20 kilowatt of load and Rs. 90 per kW for loads between 20-40 kW even if no energy is consumed.

B-2 From 41-500 kW (at 400 volts)	300	135	73	250
B-3* Up to 5000 kW (11 kV)	290	134	73	234
B-4* For all loads (at 66, 132 kV).	280	129	73	215
B-5* For all loads (at 220 kV and above)	273	129	73	208

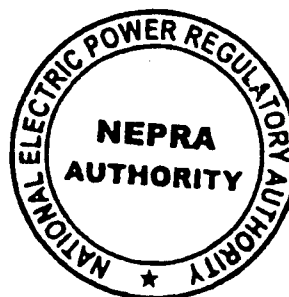
TIME OF DAY (TOD) TARIFF FOR INDUSTRIAL CONSUMERS

PARTICULARS	Fixed Charges Rs/kW/Month	Energy Charges		F A S Ps/kWh	Additional Surcharge	
		Off-Peak Hours	Peak Hours		Off-Peak Hours	Peak Hours
		Ps/kWh	Ps/kWh		Ps/kWh	Ps/kWh
B-2 From 41-500 kW (at 400 volts)	300	125	203	73	234	313
B-3 Upto 5000 kW (11 kV)	290	120	202	73	191	266
B-4 For all loads (at 66, 132 kV).	280	116	192	73	177	256
B-5 For all loads (at 220 kV and above)	273	116	192	73	170	251

Note: B-2 consumers can opt for TOD Tariff

All B-3 & B-4 consumers were to be converted to TOD Tariff by 30-06-2000, after installation of electronic meters with TOD provisions. Normal Tariff (*) will be only applicable to B-3, B-4 and B-5 consumers who have not been provided with TOD meters, till such time TOD meters are provided.

The time period for measuring the maximum demand of B-2, B-3, B-4 and B-5 industrial and TOD meters has been changed from 15 minutes to 30 minutes. Change to take effect on installation of meters capable of measuring the maximum demand in 30 minutes period.



TARIFF CATEGORY/PARTICULARS	Fixed Charges	Energy Charges	F.A.S	Additional
	Rs/kW/Month	Ps/kWh	Ps/kWh	Surcharge Ps/kWh

BULK SUPPLY — TARIFF - C

C-1 (a) 400 Volts	-	129	98	353
C-1 (b) 400 Volts	220	114	98	354
C-2 (a) 11 kV	-	115	98	333
C-2 (b) 11 kV	216	111	98	345
C3 (at 66, 132 & 220 kV) --- for all loads	214	106	98	315

Note: The time period for measuring the maximum demand of C-1, C-2, and C-3 meters has been changed from 15 minutes to 30 minutes. Change to take effect on installation of meters capable of measuring maximum demand in 30 minutes period.

AGRICULTURE — TARIFF - D

D-1 Sindh and Balochistan	72	80	86	236
D-2 Sindh and Balochistan	176	80	86	172

Note: Consumer falling in category D shall have the option to choose between Tariff D-1 and D-2.

TEMPORARY SUPPLY — TARIFF - E

E-1 (i) Domestic Supply	-	216	106	388
E-1 (ii) Commercial Supply	-	386	58	528

For the above two categories, the minimum bill of the consumer shall be Rs 46/- per day subject to minimum of Rs.200/- for the entire period of supply, even if no energy is consumed.

E-2 (i) Industrial supply	-	241	73	382
E-2 (ii) Bulk Supply				
(a) at 400 Volts	-	181	98	409
(b) at 11 kV	-	169	98	391
E-2 (iii) Bulk supply to other consumers	-	190	98	407

SEASONAL INDUSTRIAL SUPPLY TARIFF-F

SUPPLY CHARGES	ADDITIONAL SURCHARGE
125% of the "Supply Charges" of relevant industrial supply tariff	125% of the Additional Surcharge of the relevant industrial supply tariff

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



TARIFF CATEGORY/PARTICULARS	Fixed Charges Rs/kW/Month	Energy Charges Ps/kWh	F.A.S Ps/kWh	Additional Surcharge Ps/kWh
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PUBLIC LIGHTING TARIFF-G

G-1 Units Charges	-	220	77	488
G-2 (a) for 60 watts		Rs 495/per year per lamp		470
(b) for 100 watts		Rs 908/per year per lamp		470

Note: Consumer falling in category G shall have the option to choose between Tariff G-1 and G-2.

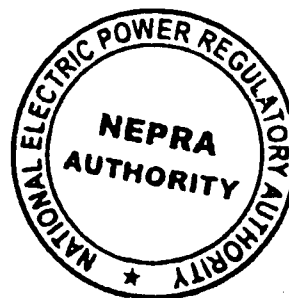
Fixed Line Charges Per Month Per Mile	Rs
(i) Where the entire capital cost in laying street lighting supply line which is exclusively meant for street lighting is borne by the Corporation.	253
(ii) Where the entire capital cost in laying street lighting supply line, which is exclusively meant for street lighting is borne by the Consumer.	23
(iii) Where the entire capital cost in laying street lighting supply line, over the existing distribution system is borne by the Corporation.	158
(iv) Where the entire capital cost in laying street lighting supply line, over the existing distribution system is borne by the consumer.	33
(v) For street lighting supply through underground cables.	Rates to be negotiated

RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES (TARIFF-H)

Consumers having their own transformers	150	106	426
Consumers not having their own transformers	151	106	428

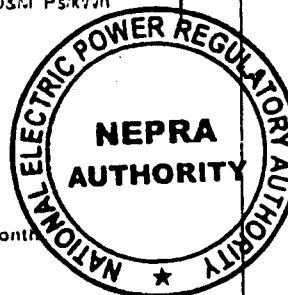
Note:

Terms and conditions of the Schedule of Tariff as notified vide SRO 819(1)/2001 dated November 29, 2001 shall continue to remain in force.



Karachi Electric Supply Corporation Ltd.
Adjustment in tariff on account of purchase of power
Quarters ending Apr-Jun 2005

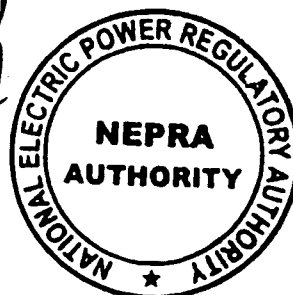
Description	Purchase of Power GWh				
	4th Quarter			Next 3 Quarters Jul Mar 2005-06	Total Apr - Mar 2005-06
	Apr-05	May-05	Jun-05		
Source of Purchase					
Total	81.39	87.86	80.75	613.22	863.22
Gul Ahmad	83.88	85.93	82.09	608.97	860.77
WAPDA	232.09	348.08	350.63	1,271.30	2,202.15
KANUPP	27.11	19.04	7.48	210.43	264.07
PASNIC	2.62	0.52	1.56	46.03	50.74
Total Purchase of Power	427.10	541.33	522.56	2,749.95	4,240.95
Reference Energy Purchase Price not subject to indexation - Ps/kWh					
WAPDA	369.00	369.00	369.00	369.00	
KANUPP	245.58	245.58	245.58	245.58	
PASNIC	242.12	242.12	242.12	242.12	
Revised Energy Purchase Price not subject to indexation - Ps/kWh					
WAPDA	369.00	369.00	369.00	369.00	
KANUPP	245.58	245.58	245.58	245.58	
PASNIC	242.12	242.12	242.12	242.12	
Reference Energy Purchase Price subject to fuel price change - Ps/kWh					
Total	273.68	273.68	273.68	273.68	
Gul Ahmad	284.79	284.79	284.79	284.79	
Revised Energy Purchase Price subject to fuel price change - Ps/kWh					
Total	303.90	343.98	372.38	372.38	
Gul Ahmad	294.20	351.22	383.17	383.17	
Fuel Prices					
Reference fuel prices					
Total	12,352.34	12,352.34	12,352.34	12,352.34	
Gul Ahmad	12,477.60	12,477.60	12,477.60	12,477.60	
Revised fuel prices					
Total	13,716.54	15,751.16	16,807.31	16,807.31	
Gul Ahmad	12,893.04	15,383.23	16,737.98	16,737.98	
Reference Energy Purchase Price other than fuel subject to indexation - Ps/kWh					
Total	18.50	18.50	18.50	18.50	
Gul Ahmad	10.00	10.00	10.00	10.00	
Reference Energy Purchase Price Variable O&M - Ps/kWh					
Total	42.55	42.55	42.55	42.55	
Gul Ahmad	23.09	23.09	23.09	23.09	
Revised Energy Purchase Price Variable O&M - Ps/kWh					
Total	42.71	42.71	42.71	42.71	
Gul Ahmad	23.09	23.09	23.09	23.09	
Indexation Factors for Energy Charges					
Reference Indexation Factors					
Total	2.63	2.63	2.63	2.63	
Gul Ahmad	2.63	2.63	2.63	2.63	
Revised Indexation Factors					
Total	2.69	2.69	2.69	2.69	
Gul Ahmad	2.69	2.69	2.69	2.69	
Reference Capacity Charges - Rs./kWh/Month					
Capacity Charges - non-escalable					
Total	300.34	300.34	300.34	300.34	
Gul Ahmad	615.10	615.10	615.10	615.10	
Capacity Charges -escalable					
Total	266.70	266.70	266.70	266.70	
Gul Ahmad	344.24	344.24	344.24	344.24	
Indexation Factors for Capacity Charges					
Reference Indexation Factors for escalable - US CPI	127.93	127.93	127.93	127.93	
Revised Indexation Factors for escalable - US CPI	130.32	130.32	130.32	130.32	
Reference Indexation Factors for escalable - Exchange Rate	60.23	60.23	60.23	60.23	
Revised Indexation Factors for non-escalable - Exchange Rate	59.37	59.37	59.37	59.37	
Dependable Capacity MW					
Total	125.48	125.48	125.48	125.48	
Gul Ahmad	127.50	127.50	127.50	127.50	
Variation in Cost of Purchase of Power - Rs Million					
Energy	32.03	121.33	166.65	1,205.83	1,522.57
Capacity	0.03	0.03	0.03	0.23	0.31
Total Variation in Cost of Purchase of Power	32.72	123.41	166.68	1,206.06	1,522.88
Overall units expected to be sold in next 12 months - GWh (Jul 2005 - Jun 2006)					9,360
Required adjustment in average sale rate - Ps /kWh					16.27
Maximum adjustment to be allowed in a quarter as percent of average sale rate					1.5%
Allowable adjustment in average sale rate - Ps /kWh					7.74



Karachi Electric Supply Corporation Ltd.
Adjustment in tariff due to variation in fuel price
Quarters ending Apr - Jun 2005

Description	Generation gWh				
	4th Quarter			Next 3 Quarters Jul-Mar	Total Apr-Mar 2005-06
	Apr-05	May-05	Jun-05		
Generation on Furnace Oil at Bus Bar					
Korangi Thermal Power Station	29	31	33	380	474
Bin Qasim	124	149	217	1,260	1,749
Total Generation on F.O.	153	180	250	1,640	2,223
Generation on Gas at Bus Bar					
Korangi Thermal Power Station	74	68	68	465	675
Korangi/SITE Gas Turbine Power Station	68	76	67	547	758
Bin Qasim Power Station	424	424	397	4,265	5,510
Total Generation on Gas	566	568	533	5,277	6,944
Generation on LD/HSD Oil	0.00	0.83	0.26	0.14	1.23
Total Generation	719	749	783	6,918	9,168
Fuel Prices					
Furnace Oil (Without GST) Rs./M.Ton					
Previous Price	13,442	13,442	13,442	13,442	
Revised Price	14,680	15,966	16,628	16,628	
Gas Rs./MMBTU					
Previous Price	197	197	197	197	
Revised Price	197	197	197	209	
Coverision Factor					
Furnace Oil Kg/kWh					
Korangi Thermal Power Station	0.32	0.32	0.32	0.32	
Bin Qasim	0.25	0.25	0.25	0.25	
Gas BTu/kWh					
Korangi Thermal Power Station	12,900	12,900	12,900	12,900	
Korangi /SITE Gas Turbine Power Station	16,000	16,000	16,000	16,000	
Bin Qasim	10,000	10,000	10,000	10,000	
Variation in Fuel Cost - F.O. Rs. Million					
Korangi Thermal Power Station	11.52	25.21	34.01	387.32	458.05
Bin Qasim	37.97	93.06	171.22	994.90	1,297.16
Sub-total	49.49	118.26	205.23	1,382.23	1,755.21
Variation in Fuel Cost - Gas Rs. Million					
Korangi Thermal Power Station	-	-	-	68.72	68.72
Korangi/SITE Gas Turbine Power Station	-	-	-	100.18	100.18
Bin Qasim	-	-	-	488.36	488.36
Sub-total	-	-	-	657.26	657.26
Total Variation in Fuel Cost Rs. Million	49.49	118.26	205.23	2,039.48	2,412.46
Units expected to be sold GWh	(Jul 2005 - Jun 2006)				
Required Adjustment in average sale rate Ps./kWh					9,360
Maximum adjustment to be allowed in a quarter as percent of average sale rate					25.77
Allowable adjustment in average sale rate Ps./kWh					2.5%
					12.89

* Rate of Gas applicable from 01.07.2005 as per OGRA Notification S.RO (I)/2005 dt. 30.06.2005





National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-14/KESC-2002// 2 2


25 - 07 - 2005

Managing Director,
Karachi Electric Supply Corporation Ltd.
7th Floor, State Life Building No. 11,
Abdullah Haroon Road,
KARACHI.

Subject: **Tariff Adjustment of KESC due to Variation in Fuel Price and Cost of Power Purchased during the quarter April to June 2005**
Intimation of Determination of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

The Authority has made its Determination on the subject matter. The Determination has been sent to the Cabinet Division for notification in the official Gazette vide letter No. 975-78 dated 22-07-2005. A copy of the Determination is served herewith for your information please.

DA/as above.


25.07.05
(Mahjoob Ahmad Mirza)