

**National Electric Power Regulatory Authority
Registrar Office**

No. NEPRA/TRF-14/KESC-2002/073

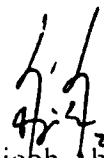
20 - 04 - 2005

Subject: **Tariff Adjustment of KESC due to Variation in Fuel Price and Cost of Power Purchased during the quarter January to March 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 decision sent to Cabinet Division along with copies to Secretary, Ministry of Water & Power and Secretary Ministry of Finance for notification in the official Gazette vide letter No. 068-70 dated 20.04.2005.

2. The above mentioned decision has also been sent to the M.D. KESC vide letter No. 072 dated 20.04.2005. A copy of the same is also enclosed for information, please.

DA/As above.


20.04.05
(Mahjoub Ahmad Mirza)
Registrar

Syed Insaf Ahmad
Director (Tariff)

For information:

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

Distribution:

5. Sr. Advisor (Licensing)
6. Mr. Nasib Zaman, 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

2nd Floor, OPF Building G-5/2, Islamabad
Phone: 9206797, Fax: 9210215
E-Mail: office@nepra.org.pk

Vice Chairman

No. NEPRA/TRF-14/KESC-2002-068-70
20-4-2005

Subject: **Tariff Adjustment of KESC due to Variation in Fuel Price and Cost of Power Purchased during the quarter January to March 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 Annexures (08 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 III 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 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.

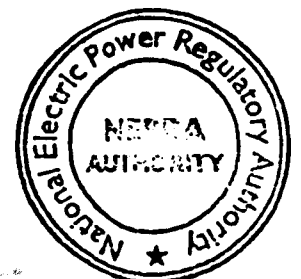
Yours sincerely,

Fazlullah Qureshi

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

CC:

1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.

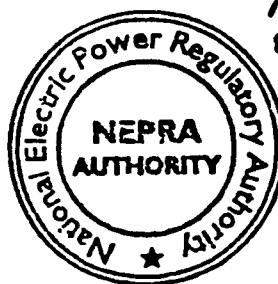


**DECISION OF THE AUTHORITY RELATING TO THE TARIFF
ADJUSTMENT OF KESC FOR VARIATION IN FUEL PRICE AND COST
OF POWER PURCHASE FOR THE QUARTER JAN-MAR 2005**

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/ET/040/970 dated April 9, 2005. The Authority considered the request duly supported with information relating to generation, fuel cost and purchase of power for the period January to March 2005 as submitted by KESC. According to KESC's submission the increase in fuel cost component due to fuel price variation and change in KESC's own generation mix worked out as Rs.2,208.77 million, which required an increase in average sale rate by paisa 24.36/kWh on this account. The increase in the cost of power purchased worked out was Rs.914.89 million that required a corresponding increase of paisa 10.09/kWh in average sale rate. Taking into account the combined effect of both the components (fuel and power purchase) the required increase in KESC's overall sale rate worked out as paisa 34.45/kWh.

3. The examination of the information submitted by KESC revealed that some of the factors such as US CPI, Exchange rate for non-escalable component of capacity charge and rate of power purchase from KANUPP attributing to variation in fuel cost were not supported with the documentary evidence. KESC was asked vide this office letter No.NEPRA/TRF-14/KESC-

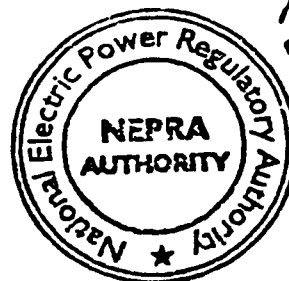


2002/ dated April 12, 2005 to provide proper justification and evidence in support thereof.

4. In response KESC has submitted revised information vide No. CMF/NEPRA/071/975 through fax on April 13, 2005. According to the revised information KESC has worked out variation in fuel cost due to fuel price variation and generation mix as Rs. 1,598.08 million that translates into paisa 17.63/kWh (Annex-I). The Authority considers the revised calculation by KESC with respect to fuel price variation as reasonable. According to the prescribed mechanism, the maximum adjustment due to variation in fuel price in a quarter can be allowed to the extent of 2.5% of average sale rate. The Authority has therefore decided to allow paisa 12.58/kWh as adjustment in sale rate on account of variation in fuel cost (corresponding to an amount of Rs. 1140.02 million) during this quarter while adjustment of the balance amount of Rs.458.10 million will be considered in next quarter.

5. KESC has worked out an additional burden of Rs. 147.59 million due to variation in cost of purchase of power; this translates into a corresponding required increase of paisa 1.63/kWh in average sale rate. It is observed from the information provided by KESC that the KANUPP has not obtained approval of its tariff as yet; therefore any variation in Purchase of Power from KANUPP cannot be allowed in the rate that is not approved by the Authority. The Authority has further observed that KESC has not provided any supporting documentary evidence regarding US CPI variation. The Authority therefore disallows the adjustment in capacity purchase price on this account during this quarter. Based upon the above correction to the information provided the required adjustment in average sale rate on account of purchase of power has been assessed as Rs. 9.81 million or paisa 0.11 /kWh (Annex-II) and is being allowed.

6. After taking into account the combined effect due to variation in fuel cost as paisa 12.58/kWh due to variation in price as paisa 0.11/kWh and power purchase price, the overall adjustment both on account of fuel price



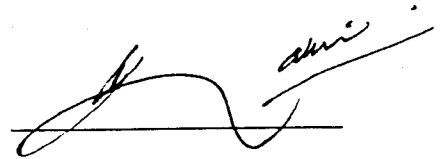
variation and power purchase price that can be allowed to be passed on to consumers works out as paisa 12.69/kWh.

7. In order to compensate KESC for variation in fuel cost and power purchase cost to the extent of Rs.1,149.83 million, the Authority has decided to allow a uniform increase in consumer-end tariff for all consumer categories by paisa 13.00 per kWh except for the class of life line consumers consuming up to 50 units per month for which the tariff is not being altered.

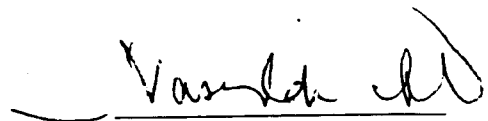
8. The Authority hereby recommends to the Federal Government that the KESC tariff be varied to the extent as indicated in para 7 to cater for variation in cost of fuel and power purchase for the quarter January to March 2005. For this purpose a new schedule of tariff, annexed to this determination as Annexure-III is hereby intimated for notification, in the official gazette in accordance with the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997), read with Rule 16 of the NEPRA Tariff Standards and Procedure Rules, 1998.

Authority

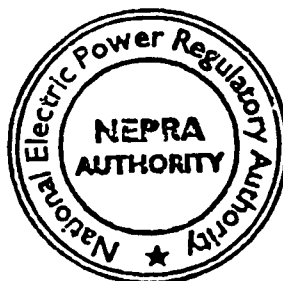
Abdul Rahim Khan
Member



Nasiruddin Ahmed
Member

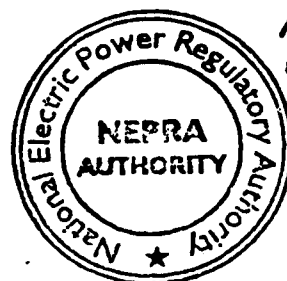


Fazlullah Qureshi
Vice Chairman/Member



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

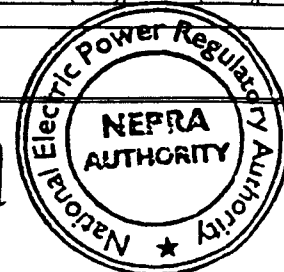
Description	Generation GWh				
	Past Quarter			Next 3	Total Jan to
	January 05	February 05	March 05	Quarters Apr- Dec 05	Dec 05
Generation on Furnace Oil at Bus Bar					
Korangi Thermal Power Station	19	19	24	422	483
Bin Qasim	160	124	122	1,266	1,674
Total Generation on F.O.	179	143	146	1,688	2,157
Generation on Gas at Bus Bar					
Korangi Thermal Power Station	73	65	79	427	644
Korangi/SITE Gas Turbine Power Station	38	38	54	583	713
Bin Qasim Power Station	323	324	408	4,287	5,342
Total Generation on Gas	434	427	541	5,296	6,699
Generation on LD/HSD Oil	0.00	0.00	0.00	0.14	0.15
Total Generation	614	570	687	6,985	8,856
Fuel Prices					
Furnace Oil (Without GST) Rs./M.Ton					
Previous Price	12,308	12,308	12,308	12,308	
Revised Price	12,236	12,925	13,442	13,442	
Gas Rs./MMBTU					
Previous Price	182	182	182	182	
Revised Price	182	197	197	197	
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	(0.43)	3.73	8.68	152.97	164.95
Bin Qasim	(2.84)	19.02	34.39	355.97	406.54
Sub-total	(3.27)	22.75	43.06	508.95	571.49
Variation in Fuel Cost - Gas Rs. Million					
Korangi Thermal Power Station	-	12.67	15.33	82.68	110.68
Korangi/SITE Gas Turbine Power Station	-	9.12	12.99	140.04	162.16
Bin Qasim	-	48.65	61.26	643.88	753.79
Sub-total	-	70.45	89.58	866.60	1,026.63
Total Variation in Fuel Cost Rs. Million	(3.27)	93.20	132.64	1,375.54	1,598.12
Units expected to be sold GWh	(Apr 2005 - Mar 2006)				9,066
Required Adjustment in average sale rate Ps./kWh					17.63
Maximum adjustment to be allowed in a quarter as percent of average sale rate					2.5%
Allowable adjustment in average sale rate Ps./kWh					12.58



9,066,000,000,000
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Karachi Electric Supply Corporation Ltd.
Adjustment in tariff on account of purchase of power
Quarters ending March 2005

Description	Purchase of Power GWh				
	Past Quarter			Next 3 Quarters Apr- Dec 2005	Total Jan Dec 2005
	January 2005	February 2005	March 2005		
Source of Purchase					
Tapal	25.70	28.42	63.90	692.35	810.37
Gul Ahmad	26.36	28.42	64.13	687.55	806.46
WAPDA	121.03	142.15	212.80	1,732.03	2,208.01
KANUPP	29.10	16.89	27.76	246.14	319.89
PASMIC	6.08	4.37	1.84	46.20	58.49
Total Purchase of Power	208.27	220.25	370.44	3,404.27	4,203.21
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	
PASMIC	223.67	223.67	223.67	223.67	
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	
PASMIC	223.67	242.12	242.12	242.12	
Reference Energy Purchase Price subject to fuel price change					
Ps/kWh					
Tapal	287.90	287.90	287.90	287.90	
Gul Ahmad	281.32	281.32	281.32	281.32	
Revised Energy Purchase Price subject to fuel price change					
Ps/kWh					
Tapal	291.32	290.89	273.68	273.68	
Gul Ahmad	298.90	309.18	284.79	284.79	
Fuel Prices					
Reference fuel prices					
Tapal	12,994.37	12,994.37	12,994.37	12,994.37	
Gul Ahmad	12,325.82	12,325.82	12,325.82	12,325.82	
Revised fuel prices					
Tapal	13,148.78	13,129.08	12,352.34	12,352.34	
Gul Ahmad	13,095.79	13,546.25	12,477.60	12,477.60	
Reference Energy Purchase Price other than fuel subject to indexation					
Ps/kWh					
Tapal	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					
Tapal	41.55	41.55	41.55	41.55	
Gul Ahmad	22.46	22.46	22.46	22.46	
Revised Energy Purchase Price Variable O&M					
Ps/kWh					
Tapal	42.55	42.55	42.55	42.55	
Gul Ahmad	23.00	23.00	23.00	23.00	
Indexation Factors for Energy Charges					
Reference Indexation Factors					
Tapal	2.246	2.62	2.62	2.62	
Gul Ahmad	2.62	2.62	2.62	2.62	
Revised Indexation Factors					
Tapal	2.358	2.68	2.68	2.68	
Gul Ahmad	2.68	2.68	2.68	2.68	
Reference Capacity Charges Rs./kW/Month					
Capacity Charges - non-escalable					
Tapal	293.31	293.31	293.31	293.31	
Gul Ahmad	600.63	600.63	600.63	600.63	
Capacity Charges -escalable					
Tapal	260.42	260.42	260.42	260.42	
Gul Ahmad	336.14	336.14	336.14	336.14	
Indexation Factors for Capacity Charges					
Reference Indexation Factors for escalable - US CPI	127.98	127.98	127.98	127.98	
Revised Indexation Factors for escalable - US CPI	127.98	127.98	127.98	127.98	
Reference Indexation Factors for escalable - Exchange Rate	58.82	58.82	58.82	58.82	
Revised Indexation Factors for non-escalable - Exchange Rate	60.23	60.23	60.23	60.23	
Dependable Capacity MW					
Tapal	127.50	127.50	127.50	127.50	
Gul Ahmad	127.50	127.50	127.50	127.50	
Variation in Cost of Purchase of Power Rs.Million					
Energy	5.91	10.01	(5.54)	(55.50)	(45.12)
Capacity	4.58	4.58	4.58	41.19	54.93
Total Variation in Cost of Purchase of Power	10.49	14.59	(0.96)	(14.30)	9.81
Overall units expected to be sold in next 12 months GWh	(April 05 - March 06)				9,066
Required Adjustment in average sale rate Ps./kWh					0.11
Maximum adjustment to be allowed in a quarter as percent of average sale rate					1.5%
Allowable adjustment in average sale rate Ps./kWh					0.11



KESC

SCHEDULE OF ELECTRICITY TARIFFS

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	-	41	85	174
For next 200 units (101-300) in a month	-	58	85	247
For next 700 units (301-1000) in a month	-	151	85	382
Above 1000 units in a month	-	188	85	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	-	286	37	418
Above 100 units in a month	-	310	37	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)	-	181	52	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	130	52	250
B-3* Up to 5000 kW (11 kV)	290	129	52	234
B-4* For all loads (at 66, 132 kV).	280	124	52	215
B-5* For all loads (at 220 kV and above)	273	124	52	208

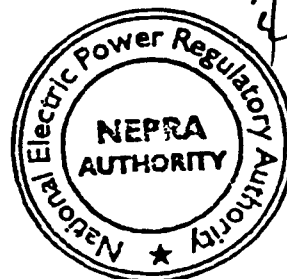
TIME OF DAY (TOD) TARIFF FOR INDUSTRIAL CONSUMERS

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	120	198	52	234	313
B-3 Upto 5000 kW (11 kV)	290	115	197	52	191	266
B-4 For all loads (at 66, 132 kV).	280	111	187	52	177	256
B-5 For all loads (at 220 kV and above)	273	111	187	52	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 Surchage
	Rs/kW/Month	Ps/kWh	Ps/kWh	Ps/kWh

BULK SUPPLY --- TARIFF - C

C-1 (a) 400 Volts	-	124	77	353
C-1 (b) 400 Volts	220	109	77	354
C-2 (a) 11 kV	-	110	77	333
C-2 (b) 11 kV	216	106	77	345
C3 (at 66, 132 & 220 kV) --- for all loads	214	101	77	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	75	65	236
D-2 Sindh and Balochistan	176	75	65	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	-	211	85	388
E-1 (ii) Commercial Supply	-	381	37	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.

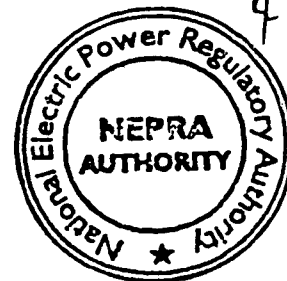
E-2 (i) Industrial supply	-	236	52	382
E-2 (ii) Bulk Supply	-	-	-	-
(a) at 400 Volts	-	176	77	409
(b) at 11 kV	-	164	77	391
E-2 (iii) Bulk supply to other consumers	-	185	77	407

SEASONAL INDUSTRIAL SUPPLY TARIFF-F

SUPPLY CHARGES
125% of the "Supply Charges"
of relevant industrial supply
tariff

ADDITIONAL SURCHARGE
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	Energy Charges	F.A.S	Additional Surcharge
	Rs/kW/Month	Ps/kWh	Ps/kWh	Ps/kWh

PUBLIC LIGHTING TARIFF-G

G-1 Units Charges	-	215	56	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

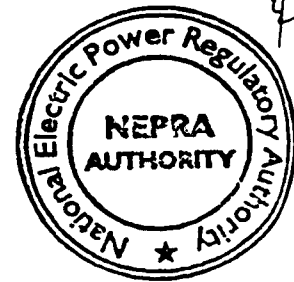
- | | |
|---|------------------------|
| (i) Where the entire capital cost in laying street lighting supply line which is exclusively meant for street lighting is borne by the Corporation. | 253 |
| (ii) Where the entire capital cost in laying street lighting supply line, which is exclusively meant for 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	145	85	426
Consumers not having their own transformers	146	85	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.





National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

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Website: www.nepa.org.pk

No. NEPRA/TRF-14/KESC-2002/ ۰۷۲


2۰۰۴, 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 January to March 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 Decision on the subject matter. The Decision has been sent to the Cabinet Division for notification in the official Gazette vide letter No. 068-70 dated 20-04-2005. A copy of the Decision is sent herewith for your information please.

DA/as above.


20.04.05
(Mahjoob Ahmad Mirza)