



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/TRF-14/KESC-2002/6016-9
July 21, 2006

Subject:- **Tariff Adjustment of KESC due to Variation in Fuel Price and Cost of Power Purchased during the quarter April to June 2006 and O&M CPI Indexation 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)**

Dear Sir,

Please find enclosed the determination of the Authority along with Annex-I (05 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. Summary of decision is:

- Adjustment on account of variation in fuel price and cost of power purchased during the quarter April to June 2006 as well as CPI indexation of O&M costs for FY 2006.

3. The determination is being intimated to the Federal Government for the purpose 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.

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

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 November 29, 2001 and SRO 325(I)/2002 dated June 11, 2002.

DA/As above.

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

CC:

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

**DETERMINATION OF THE AUTHORITY ON TARIFF ADJUSTMENT OF
KESC FOR VARIATION IN FUEL PRICE AND COST OF POWER PURCHASE
FOR THE QUARTER APRIL TO JUNE 2006**

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/071/516 dated April 17, 2006. According to the information submitted by KESC, the variation in fuel cost due to fuel price variation and generation mix comes to Rs. 1959 million or Ps. 19.88/kWh, whereas variation in cost of purchase of power works out as 1077 million or paisa 10.93. The combined effect has thus been calculated as Rs. 3,036 Million or paisa 30.81/kWh.

3. The examination of the information revealed that KESC had taken into account the gas price increase announced on July 01 2006, whereas as per determination the price of fuel applicable should have been that of June 30th 2006. After making the necessary correction variation in fuel cost due to fuel price and generation mix works out as Rs. 585 million or paisa 5.94/kWh and variation in power purchase cost as Rs.1077 million or paisa 10.93/kWh. The combined effect thus works out as paisa 16.87/kWh.

4. KESC had a cumulative leftover balance at the end of March 2006 as Rs. 2990 million on account of variation in fuel price, whereas there was no leftover on account of variation in purchase of power cost. After accounting for the leftover balance, the required increase in the average sale rate of KESC on account of variation in fuel price works out as Ps. 36.28/kWh and on account of purchase of power as Ps. 10.93/kWh. According to the prescribed mechanism, the maximum adjustment that can be allowed in a quarter due to variation in fuel price is 2.5% and due to variation in power purchase price is 1.5% of average sale rate. Therefore, the allowable adjustment on account of variation in fuel price works out as Ps.14.88/kWh and on account of power purchase cost as Ps. 8.93/kWh. The combined effect thus works out as Ps. 23.81/kWh. The cumulative leftover balance after allowing adjustment for the current quarter is Rs. 2109 million for fuel price and Rs. 197.36 million for power purchase which will be adjusted in next quarterly adjustments.

5. 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 24.30 per kWh except for the class of life line consumers consuming up to 50 units per month.

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6. The variable O&M costs of KESC have been indexed on the basis of CPI and are due to be adjusted in July 2006..The CPI for the month of March 2006 was 132.97 as notified by Federal Bureau of Statistics whereas for the month of March 2005 the CPI was 124.37 increasing by 6.91%. Consequently the Authority has decided to revise the O&M components as under:

Paisa / kWh			
O & M Components	Existing July 2005	Revised July 2006	Difference
Generation	11.86	12.68	0.82
Transmission	4.75	5.08	0.33
Distribution	37.99	40.62	2.63
Total	54.61	58.38	3.78

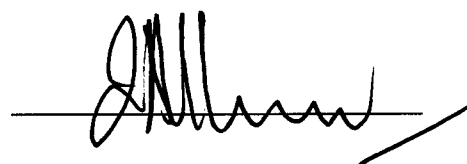
7. The Authority hereby recommends to the Federal Government that the KESC tariff be varied to the extent as indicated in para 5-6 to cater for variation in cost of fuel and power purchase for the quarter April to June 2006 and CPI indexation. For this purpose a new schedule of tariff, annexed to this 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


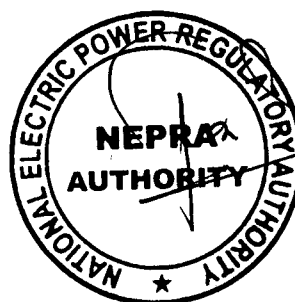
Abdul Rahim Khan
Member



Zafar Ali Khan
Member



Nasiruddin Ahmad
Acting Chairman


KESC

SCHEDULE OF ELECTRICITY TARIFFS

TARIFF CATEGORY/PARTICULARS	Fixed Charges	Energy Charges	F.A.S	Additional
	Rs/kW/Month	Ps/kWh	Ps/kWh	Surcharge 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	194	174
For next 200 units (101-300) in a month	-	63	194	247
For next 700 units (301-1000) in a month	-	156	194	382
Above 1000 units in a month	-	193	194	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	146	418
Above 100 units in a month	-	315	146	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	161	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	161	250
B-3* Up to 5000 kW (11 kV)	290	134	161	234
B-4* For all loads (at 66, 132 kV).	280	129	161	215
B-5* For all loads (at 220 kV and above)	273	129	161	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	161	234	313
B-3 Upto 5000 kW (11 kV)	290	120	202	161	191	266
B-4 For all loads (at 66, 132 kV).	280	116	192	161	177	256
B-5 For all loads (at 220 kV and above)	273	116	192	161	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 Surcharge
	Rs/kW/Month	Ps/kWh	Ps/kWh	Ps/kWh
<u>BULK SUPPLY --- TARIFF - C</u>				
C-1 (a) 400 Volts	-	129	186	353
C-1 (b) 400 Volts	220	114	186	354
C-2 (a) 11 kV	-	115	186	333
C-2 (b) 11 kV	216	111	186	345
C3 (at 66, 132 & 220 kV) --- for all loads	214	106	186	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	174	236
D-2 Sindh and Balochistan	176	80	174	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	194	388
E-1 (ii) Commercial Supply	-	386	146	528

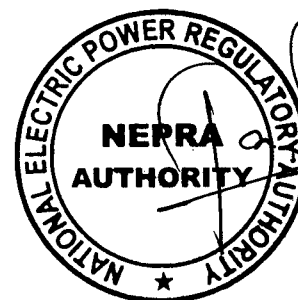
For the above two categories, the minimum bill of the consumer shall be Rs 46/- per day subject to minimum of Rs.200/- for the entire period of supply, even if no energy is consumed.

E-2 (i) Industrial supply	-	241	161	382
E-2 (ii) Bulk Supply				
(a) at 400 Volts	-	181	186	409
(b) at 11 kV	-	169	186	391
E-2 (iii) Bulk supply to other consumers	-	190	186	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	Energy Charges	F.A.S	Additional Surcharge
	Rs/kW/Month	Ps/kWh	Ps/kWh	Ps/kWh

PUBLIC LIGHTING TARIFF-G

G-1 Units Charges	-	220	165	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	194	426
Consumers not having their own transformers	151	194	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.

