



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-14/KESC-2002/7241-44
November 3, 2006

Subject:- **Tariff Adjustment of KESC due to Variation in Fuel Price and Cost of Power Purchased during the quarter July to September 2006**
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 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 July to September 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.

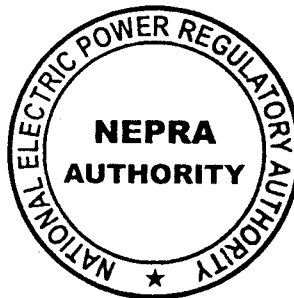
4. Please note that only Annexure-I to the attached determination containing the schedule of tariff needs to be notified in the official gazette.


5. In view of above, the determination intimated earlier, for notification vide letter No. NEPRA/TRF-14/KESC-2002/6016-9 dated 21.07.2006 needs to be notified prior to the notification of the attached schedule as mentioned at para 4 above.

6. 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.

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




3.11.06.
(Mahjoob Ahmad Mirza)

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 JULY TO SEPTEMBER 2006**

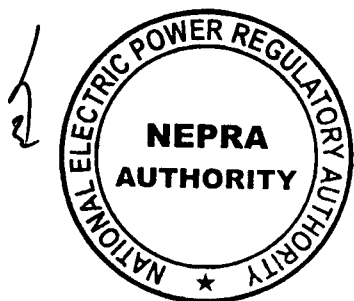
Pursuant to the determination made on September 10, 2002 in Case no. NEPRA/TRF-14/KESC-2002, as notified by the Federal Government vide SRO 716(I)/2002 dated 12th October 2002, the tariff of KESC is subject to adjustment: (a) every three (3) months to compensate for variation in the fuel price and cost 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/071/098 dated October 10, 2006. According to the information submitted by KESC, the variation in fuel cost due to fuel price variation and generation mix comes to Rs. 1222 million or Ps. 12.18/kWh, whereas variation in cost of purchase of power works out as 617 million or paisa 6.15. The combined effect has thus been calculated as Rs. 1839 Million or paisa 18.32/kWh. After accounting for the leftover balance of Rs. 2109 million on account of Fuel Price Variation and Rs. 197 million on account of Power purchase Cost Variation, the required adjustment for the quarter as per request of KESC has been worked out as Rs. 4145 million or Ps. 41.30/kWh.

3. The variation in fuel cost due to fuel price variation works out Rs. 1222 or Ps. 12.17/kWh. However, the examination of the information submitted by KESC, revealed that Variation in cost due to power purchase cost has not been correctly calculated by KESC. The actual variation due to power purchase cost, however, works out Rs. (282) million or Ps (2.80)/kWh. The combined effect thus works out as paisa 9.37/kWh.

4. KESC had a cumulative leftover balance at the end of June 2006 as Rs. 2109 million on account of variation in fuel price, and Rs. 197 million on account of variation in power purchase cost. After accounting for the leftover balance, the required increase in the average sale rate of KESC (Ps.623/kWh), on account of variation in fuel price works out as Ps. 33.19/kWh and on account of purchase of power as Ps. (0.84)/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.15.58/kWh and on account of power purchase cost as Ps. (0.84)/kWh. The combined (net) effect thus works out as Ps. 14.74/kWh. The cumulative leftover balance after allowing adjustment for the current quarter is Rs. 1768 million for fuel price variation while there is no leftover balance for power purchase cost variation. The leftover balance of Rs. 1768 million will, however, be adjusted in the next quarterly adjustment.

5. In order to compensate KESC for the variation in fuel cost and power purchase cost, the Authority has decided to allow a uniform increase in consumer-end tariff for all consumer

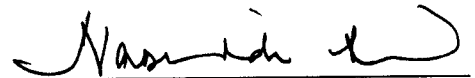


categories by Paisa 15.00 per kWh except for the class of life line consumers consuming up to 50 units per month.

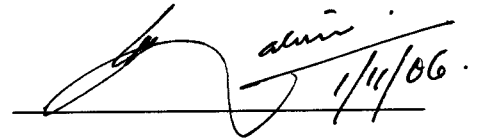
7. The Authority hereby recommends to the Federal Government that the KESC tariff be varied to the extent as indicated in para 5-6 to cater for variation in cost of fuel and power purchase for the quarter July to September 2006. For this purpose a new schedule of tariff, annexed to this determination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

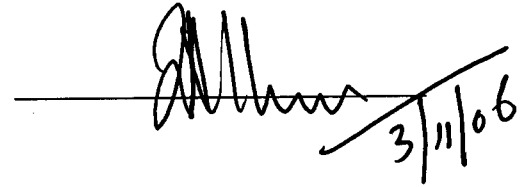
Nasiruddin Ahmed
Member



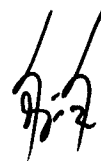
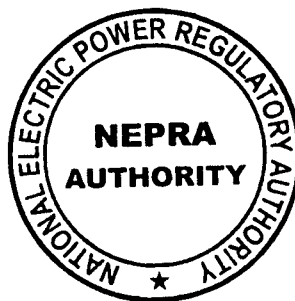
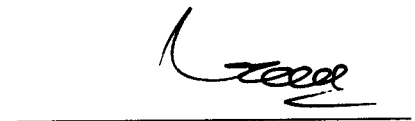
Abdul Rahim Khan
Member



Zafar Ali Khan
Member



Lt. Gen® Saeed uz Zafar
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	209	174
For next 200 units (101-300) in a month	-	63	209	247
For next 700 units (301-1000) in a month	-	156	209	382
Above 1000 units in a month	-	193	209	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	161	418
Above 100 units in a month	-	315	161	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	176	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	176	250
B-3* Up to 5000 kW (11 kV)	290	134	176	234
B-4* For all loads (at 66, 132 kV).	280	129	176	215
B-5* For all loads (at 220 kV and above)	273	129	176	208

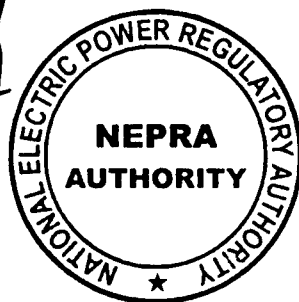
TIME OF DAY (TOD) TARIFF FOR INDUSTRIAL CONSUMERS

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	176	234	313
B-3 Upto 5000 kW (11 kV)	290	120	202	176	191	266
B-4 For all loads (at 66, 132 kV).	280	116	192	176	177	256
B-5 For all loads (at 220 kV and above)	273	116	192	176	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

BULK SUPPLY --- TARIFF - C

C-1 (a) 400 Volts	-	129	201	353
C-1 (b) 400 Volts	220	114	201	354
C-2 (a) 11 kV	-	115	201	333
C-2 (b) 11 kV	216	111	201	345
C3 (at 66, 132 & 220 kV) --- for all loads	214	106	201	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	189	236
D-2 Sindh and Balochistan	176	80	189	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	209	388
E-1 (ii) Commercial Supply	-	386	161	528

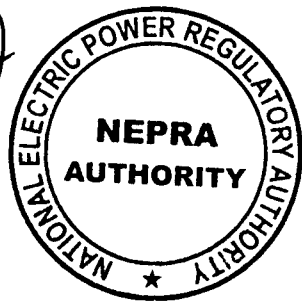
For the above two categories, the minimum bill of the consumer shall be Rs 46/- per day subject to minimum of Rs.200/- for the entire period of supply, even if no energy is consumed.

E-2 (i) Industrial supply	-	241	176	382
E-2 (ii) Bulk Supply				
(a) at 400 Volts	-	181	201	409
(b) at 11 kV	-	169	201	391
E-2 (iii) Bulk supply to other consumers	-	190	201	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	180	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 MileRs

- | | |
|---|------------------------|
| (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	209	426
Consumers not having their own transformers	151	209	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.

