



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad
Ph: 9206500, 9207200, Fax : 9210215
E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/TRF-133/KESC-2009/2190-2192
September 1, 2010

Subject:- **Decision of the Authority in the matter of Karachi Electric Supply Co. Ltd. Request for Monthly Adjustment of Fuel Cost of Its Own Generation and Power Purchase from External Sources, Due to Changes in the Fuel Prices for the Months of April and May 2010 [Case No. NEPRA/TRF-133/KESCL-2009(6)]**
Intimation of Decision 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 Decision of the Authority (04 pages) applying the Tariff Adjustment Mechanism specified in Case No. NEPRA/TRF-133/KESC-2009(6) notified vide SRO 11(I)/2010 dated January 01, 2010.

2. The Decision 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.

3. It is intimated that pursuant to orders of Honorable High Court of Sindh, Karachi, passed in Writ Petition No. 1380 of 2009 titled the Law Foundation and 16 others Vs NEPRA and 9 others on 25.06.2010, KESC is hereby directed not to pass on the Fuel Adjustment Charges (FAC) to the consumers till final orders are passed in the Petition. Copy of orders of Sindh High Court is enclosed for reference.

4. Please note that paras 11-12 of the Authority's Decision are required to be notified in the official Gazette. However, prior to the notification of the subject decision, Ministry of Water & Power may like to consult Law, Justice and Parliamentary Affairs Division for legal opinion in the light of order of the Sindh High Court as referred in para 3/above.

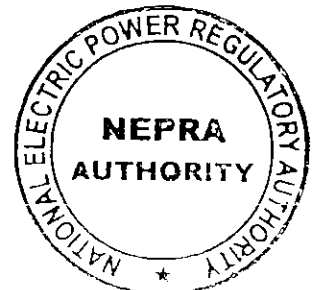
Enclosure: As above

Secretary,
Ministry of Water & Power,
'A' Block, Pak Secretariat,
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.
3. Secretary, Privatization Commission, Islamabad.


(Syed Safer Hussain)

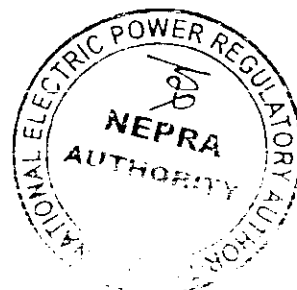


DECISION OF THE AUTHORITY IN THE MATTER OF KESCL REQUEST FOR MONTHLY ADJUSTMENT OF FUEL COST OF ITS OWN GENERATION AND POWER PURCHASE FROM EXTERNAL SOURCES, DUE TO CHANGES IN THE FUEL PRICES, FOR THE MONTHS OF APRIL AND MAY 2010.

Pursuant to the amendment made in Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, NEPRA is required to review the fuel charges on monthly basis in the approved tariff on account of any variation whatsoever. Further the monthly adjustment on account of fuel cost variation is to be done in accordance with the monthly adjustment mechanism for KESCL's fuel cost and the power purchase cost determined by the Authority in case No.NEPRA/TRF-133/KESCL-2009(6) dated December 23, 2009, duly notified by Government of Pakistan vide S.R.O No. 11(I)/2010 dated January 01, 2010. As per said mechanism KESCL was allowed the monthly adjustment of the fuel cost component for its own generation as well as power purchase cost due to variation in the fuel prices without taking in account the effect of T&D losses. The aforesaid variation in cost is to be passed on to the consumers in their monthly bills as Fuel Surcharge Adjustment (FSA).

2. In pursuance of the above, KESCL, vide letter No.CMF/NEPRA/071/162 dated May 29, 2010 submitted its request for adjustment of fuel cost component of its own generation and the fuel cost component of power purchased from external sources for the month of April 2010. Initial scrutiny of its working revealed that KESCL had taken fuel prices for June 2009 as reference for working out fuel cost variation for the month of April 2010. KESCL was therefore advised to resubmit its working based on fuel prices for the month of March 2010 as a reference. KESCL was further directed to submit its adjustment request for the month of May 2010 which had also become due in June 2010, for adjustment by the Authority simultaneously along with revised request for April 2010.

3. KESCL, vide its letter No.CMF/NEPRA/071/176 dated June 10, 2010 submitted revised data for April and May 2010. It was, however, observed that the rate for purchase of power from NTDC for the month of May 2010 was on provisional basis as KESCL had not received invoice for the month of May 2010 from NTDC till then. KESCL then resubmitted a request vide its letter No. CMF/NEPRA/071/194 dated June 22, 2010 while taking the original data from NTDC but that request was not submitted in accordance with approved monthly adjustment mechanism, that is, calculation was done on the basis of units sold rather than on units sent out basis. However, on the basis of information provided by KESCL, the Authority decided to hold a public hearing on



July 12, 2010. Accordingly, notice for the hearing along with invitation to the stakeholders for their comments/objections, if any, was published in the national newspapers on July 03, 2010. In this regard, no objections/comments were received by the Authority from any stakeholder. The request, as per the prescribed mechanism, was again submitted by the KESCL vide letter No. CMF/NEPRA/071/227 dated July 15, 2010

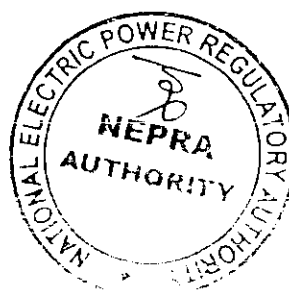
4. Hearing of the petition was held on July 12, 2010 at NEPRA main office building Islamabad which was attended by representatives of NTDC/CPPA, KESCL and other stakeholders. The Authority showed its displeasure to KESCL for not submitting monthly adjustment request on time as stipulated in the approved Mechanism for adjustment of fuel price variation. KESCL was also instructed by the Authority that its monthly fuel price adjustment request should clearly state the relief sought by it on units sent out basis rather than on units sold basis as already prescribed under the approved mechanism.

5. Arguing on delay in submission of monthly adjustment request KESCL informed that it receives invoice for the power purchased from NTDC on 21st of every month and as such it is unable to submit its monthly adjustment request within a week as per requirement of the mechanism. In response thereto, CPPA representatives responded that due to huge volume of work, manpower shortage and operational difficulties, CPPA is unable to raise invoices within the 1st week of the succeeding month. The Authority however, instructed the CPPA to furnish invoice to KESCL at least by 15th of every month and make all out efforts to adhere to the time lines already given by the Authority in its determinations.

6. Summary of the requested adjustment as provided in the letter dated July 15, 2010 is tabulated hereunder:

Description	April-10 Ps./kWh	May-10 Ps./kWh
1, Fuel Cost	(12.86)	(9.95)
2, Fuel Cost of Power Purchase	3.82	(0.793)
3, Total Monthly Variation (1+2) - Over March 2010	(9.04)	(10.74)

7. In order to consider the proposed adjustment, the Authority decided to verify the data as provided by KESCL from its backup record available at its head office in Karachi. Accordingly, a team of professionals comprising Senior Advisor (Tariff) and Assistant Director (Tariff) visited KESCL head office at Karachi from July 12, 2010 to July 14, 2010 to verify the following:-



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- KESCL own generation from its central Load Dispatch Centre; and
- Prices of furnace oil/gas and their quantities from store ledgers and actual invoices of fuel suppliers (PSO and SSGC).

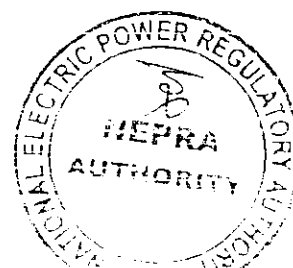
8. During verification of data, it was noted that there was a reduction in furnace oil cost by Rs 1.162 billion under Gas Load Management Program (GLMP) for the month of May 2010, which reduced KESCL's furnace oil price to Rs.30,120/Metric Ton. KESCL has not claimed any price differential in fuel price for the month of April 2010. The Ministry of Water and Power was asked vide letter No.-NEPRA/TRF-133/KESCL-2009/1145 dated July 26, 2010 to confirm the final amounts to be paid to PSO by the Government for the Month of May under GLMP program and nil for the month of April 2010. Ministry of Water and Power was also advised to submit its response within three working days otherwise the Authority would be constrained to accept the amount claimed by KESCL as correct and full/final for calculating fuel price and corresponding adjustment for the relevant months in KESCL's electricity tariff. In this regard no reply from the ministry has been received till to date despite a reminder sent vide letter No.-NEPRA/TRF-133/KESCL-2009/1417 dated August 05, 2010. Consequently KESCL's provided figures were considered correct.

9. External generation data of IPPs for the month of April and May 2010 was scrutinized with respective invoices, general ledgers on test basis and cross verified with KESCL's internal documentation in order to ensure that the amounts booked reconciles with the invoices raised. A slight reduction of around Rs.3 million in fuel price of April was identified. This reduction was due to the incorrect application of actual total fuel cost paid vis-à-vis fuel cost claimed by IPPs.

10. After detailed scrutiny of month-wise data of KESCL, the fuel cost variation of its own power generation and power purchases from external sources for the Months of April and May 2010 works out minus Rs.124.80 million (Ps 9.26/kWh) and minus Rs. 161.91 million (Ps. 10.74/kWh) respectively as given hereunder:

Tariff Adjustments Summary	Apr-10	May-10
	Allowed	Allowed
Variation in Fuel Price		
Own Generation (Million Rs)	-173.26	-149.96
External/PPP (Million Rs)	48.47	-11.95
Total (Rs In Million)	-124.8	-161.91
Total Unit Sent Out (GWh)	1347.48	1507.2
Total Variation Ps/kWh	-9.26	-10.74

11. In view of the aforementioned, the Authority has decided to pass on to the consumers in their monthly bills, the impact of fuel cost reduction for the months of April and May 2010 as per the following schedule:

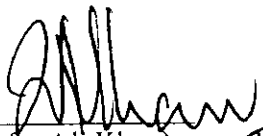


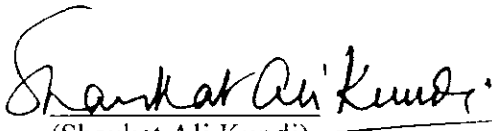
Monthly Consumer bill	Fuel Surcharge Adjustment (FSA)	Ps/kWh
September 2010	April 2010	(9.26)
	May 2010	(10.74)
	Total	(20.00)

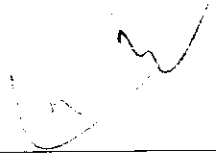
12. The adjustment as referred to in Para 11 above:

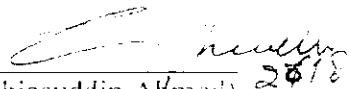
- i. shall be applicable to all the consumer categories except lifeline consumers of KESCL consuming up to 50 units per month; and
- ii. shall be shown separately in the consumer bills on the basis of consumption for the months of April and May 2010.

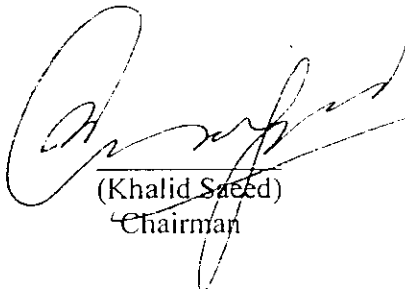
Authority:

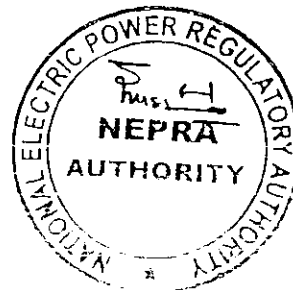

 (Zafar Ali Khan)
 Member
 24/8/10


 (Shaukat Ali Kundi)
 Member
 25.08.2010


 (Maqbool Ahmad Khawaja)
 Member


 Ghiasuddin Ahmed)
 Member/Vice Chairman
 26/8


 (Khalid Saeed)
 Chairman



1

IN THE HIGH COURT OF SINDH AT KARACHI

Case No. 1390 of 2009

Presented on 06.07.09

addl. Reg. Co. S.
Deputy Registrar (Writ)
on leave

THAMES THE LAW FOUNDATION,
THROUGH ITS MANAGING TRUSTEE
MR. JAWAID AHMED SIDDIQI
S/O MR. AZIZ UD DIN SIDDIQI LATE
MUSLIM, ADULT, R/O S-20, 31ST STREET,
OFF. KHAYABAN-E-MUHAFIZ CHASE VI, DHA
KARACHI

Sindh
2) HIGH COURT BAR ASSOCIATION,
THROUGH ITS SECRETARY
MR. MUNEEB UR REHMAN,
HIGH COURT BUILDING,
KARACHI

WILLIAMS TRUST
THROUGH ITS FOUNDER TRUSTEE
MR. A. HANIFA MAHMOOD

2009
2009

MR. TAJMUL HUSSAIN
S/O MR. MUHAMMAD HUSSAIN
MESAGAN APARTMENT, PHASE 1,
PLOT NO. 50, SECTOR 7,
KORANGI INDUSTRIAL AREA, KARACHI

3

MR. MUHAMMAD HUSNAIN
S/O MR. MUHAMMAD HUSNAIN
MESAGAN APARTMENT, PHASE 1,
PLOT NO. 50, SECTOR 7,
KORANGI INDUSTRIAL AREA, KARACHI



3

8) MR. SAIED BHOMBAL
 CHIEF EXECUTIVE OFFICER
 BHOMBAL AND COMPANY PRIVATE LTD,
 OLD RALLI BROS BUILDING,
 TALPUR ROAD, KARACHI.

9) MR. INAYATULLAH SHEIKH
 M/S AHSAN EL AH PRIVATE LIMITED
 249, SECTOR 7A, KORANGI INDUSTRIAL AREA, KARACHI

10) MR. SHAFIQ A K HUSSAIN
 19/1, 15TH STREET OFF KHAYABAN-E-TACHTEL,
 PHASE-V, DHA, KARACHI

11) MRS. UZRA SHAFIQ HUSSAIN
 W/O MR. SHAFIQ A K HUSSAIN
 19/1, 15TH STREET OFF KHAYABAN-E-TACHTEL,
 PHASE-V, DHA, KARACHI.

12) MR. YOUNIS RIZVI
 THROUGH ITS MEDIA SECRETARY
 UNITED DEFENCE CLIFTON ESTATE AGEN. TRS ASSOCIATION
 MEZZANINE FLOOR, 22-C, RAILWAY COMMERCIAL ESTATE
 PHASE-VI DHA, KARACHI

13) MR. KHAWAJA M. USMAN
 S/O MR. KHAWAJA ABDUL QAYOUM
 M/S PAKISTAN COTTON FASHION APPAREL
 MANUFACTURERS AND EXPORTERS ASSOCIATION
 5-AMBER COURT, 2ND FLOOR,
 SHAHEED-E-MILLAT ROAD, KARACHI

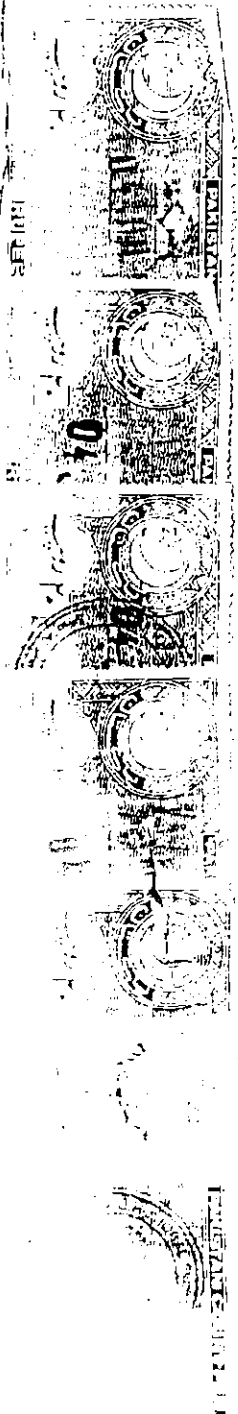
14) SYED RAZA ALI GARDEZI
 S/O BRIG. DR. SYED HAIDER ALI GARDEZI
 MUSLIM ADHUR
 P.O. BOX 1234, CLIFTON, KARACHI

MRS. AMRAT ALI
 HAVING HOUSE NO. 200
 BLOCK 2, P.O. BOX
 KARACHI

SHAHID AHMED
 S/O SHAHID AHMED
 MUSTAFI ADHUR
 K.O.A-72, BLOCK-5, 5A
 GULSHAN-2 ROAD,
 KARACHI



15) MRS. NAILA AHMED
 S/O MR. AHMED
 123, BLOCK 2, PHASE 5,
 GULSHAN-2 ROAD,
 KARACHI



VERSUS

5.

Att. W. / Reg. No.

1) NATIONAL ELECTRIC POWER REGULATORY AUTHORITY,
THROUGH ITS CHAIRMAN,
HAVING ITS OFFICE AT ISLAMABAD

2) KARACHI ELECTRIC SUPPLY COMPANY LTD.
COMPANY INCORPORATED UNDER COMPANY ORDINANCE,
THROUGH ITS CHIEF EXECUTIVE OFFICER,
STATE LIFE BUILDING NO. 10, ABDUL LAH PAKISTAN ROAD
KARACHI

Att. W. / Reg. No.

3) OIL AND GAS REGULATORY AUTHORITY
THROUGH ITS CHAIRMAN
ISLAMABAD

Att. W. / Reg. No.

4) FEDERATION OF PAKISTAN
THROUGH ITS SECRETARY WATER AND POWER
CIVIL SECRETARIAT,
ISLAMABAD.

Att. W. / Reg. No.

5) WATER AND POWER DEVELOPMENT AUTHORITY
THROUGH ITS CHAIRMAN
WAPDA HOUSE THE MALL
LAHORE.

Att. W. / Reg. No.

6) PAKISTAN ELECTRIC POWER COMPANY
THROUGH ITS MANAGING DIRECTOR,
LAHORE

7) THE PROVINCE OF SINDH
THROUGH ITS CHIEF SECRETARY
SINDH SECRETARIAT

Att. W. / Reg. No.

8) FEDERAL GOVT. OF PAKISTAN
STATE LIFE BUILDING
OFFICE CHANDRIGER ROAD
KARACHI

[Handwritten signature]

9) CITY DISTRICT ^{Govt.} KARACHI
THROUGH D.C.O.
CIVIC CENTER, UNIVERSITY ROAD
KARACHI

10) KESFORD RICHARDS & CO. (PVT.) LTD.
CHARTERED ACCOUNTANTS
10, CHANDRIGER ROAD,
KARACHI

Att. W. / Reg. No.

[Handwritten signature]

ORDER SHEET
IN THE HIGH COURT OF SINDH AT KARACHI
Constitution Petition No.D-1899/2009

Date: ORDER WITH SIGNATURE

- 1. For Order on CMA No. 177/10
- 2. For Order on CMA No. 1182/09
- 3. For Order on CMA No. 1183/09
- 4. For Interim Injunction
- 5. For Order on CMA No. 7312/09
- 6. Letter and documents filed in case No. 1183/09
- 7. Statement filed by Advocate for Petitioner dated 11/10/2010

25.06.2010

- Mr. Javed A. Siddiqui, Advocate for the Petitioner
- Mr. Nasir I. R. Shahid, Advocate
- Mr. Anwar Kamal & Mr. Iqbal Hameed, Advocates for the Respondent No. 1
- Muhammad Qureshi, Director Operations, I.D.P.
- Mr. Saman Ijaz, Advocate for Respondent No. 3
- Mr. Kamal Shariq, Advocate
- Mr. Abdul Bari, Director, I.D.S.
- Mr. Ashiq Raza, Deputy Attorney General
- Mr. Munzer Minzard, Advocate for C.D.C.
- Mr. Fazle Rabi Shaikh, Advocate for Respondent No. 4
- Mr. Saifullah, Assistant Advocate-General, Sindh



After having partly heard the arguments of both parties and after the
Mr. Javed A. Siddiqui, Advocate for the Petitioner, and

Mr. Kamal Shariq, Advocate for Respondent No. 3, and

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Mr. Kamal Shariq, Advocate for Respondent No. 3, and

Court in order to come to a just and proper conclusion vis-a-vis PAC Charges authorized by NEPRA for KESC. In this regard the Vice Chancellor may correspond directly with the Registrar of this Court.

A copy of this Order shall be sent to the Vice Chancellor, NED University of Engineering for compliance.

Sd. Saadul Karim

~~SAADUL KARIM~~
CHIEF JUSTICE

Sd. Tufail H. Ghaffar

~~TUFAIL H. GHAFFAR~~
JUDGE

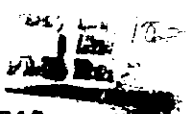
Certified to be True Copy

[Signature]
Assistant Registrar



ALL DOCUMENTS
RETURNED FOR
DPF MADE READ
FOR STIPPLE

Justice Saadul Karim



1/7/2016

[Signature]