



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-2009/2585-2588
September 21, 2010

Subject:- **Decision of the Authority in the matter of Monthly Adjustment of Karachi Electric Supply Co. Ltd. for Fuel and Power Purchase Cost Variation Due to Changes in the Fuel Prices for the Month of June 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 (03 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.

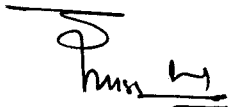
2. The Decision is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.
3. Pursuant to the 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, the Fuel Adjustment Charges (FAC) of KESC shall not be passed on 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 para 7 of the Authority's Decision is 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 MONTHLY
ADJUSTMENT OF KESCL FOR FUEL AND POWER PURCHASE COST
VARIATION DUE TO CHANGES IN THE FUEL PRICES FOR THE MONTH
OF JUNE 2010.**

Pursuant to the amendment made in Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, the Authority is required to review the fuel charges on monthly basis in the approved tariff on account of any variation. Further the monthly adjustments on account of fuel cost variations is to be done in accordance with the monthly adjustment mechanism for Karachi Electric Supply Company Limited (KESCL) 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(1)/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 to 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 submitted its request for adjustment of fuel cost component of its own generation and the power purchase cost for the month of June 2010 vide letter No.CMF/NEPRA/071/227 dated July 15, 2010. In the request, the cost of power purchased from NTDC was taken on provisional basis by taking into account the rates of May 2010 as the invoice for June 2010 was not received by KESCL till then. KESCL then submitted June, 2010 updated data vide letter No.CMF/NEPRA/071/234 on July 22, 2010 based on the actual power purchase data from NTDC. The request was advertised in National Dailies on July 29, 2010. In order to consider the proposed adjustment the Authority conducted a public hearing on August 05, 2010.

3. Pursuant to the advertisement in national dailies no objections/comments were received by the Authority from any stakeholder. The hearing was, however, attended by the Finance Director, CPPA who besides rising issues of long overdue receivables from KESCL, also requested the Authority to bring consistency in the advertisement formats of KESCL and DISCOs. It was pointed out by the Authority that the advertisement clearly specified that complete petition of KESCL was available for download from NEPRA website. Therefore any information which CPPA desired could have been obtained from the NEPRA website. In the hearing, KESCL was directed to certify on regular basis that the cost of fuel and power purchase as being claimed by KESCL does not include any amount on account of late payment surcharge/mark-up/interest, etc. In compliance with the Authority's direction, the requisite certification was provided by KESCL vide letter No. CMF/NEPRA/071/260 dated August 06, 2010.

4. The summary of the requested adjustment as provided in the latest letter is indicated below.

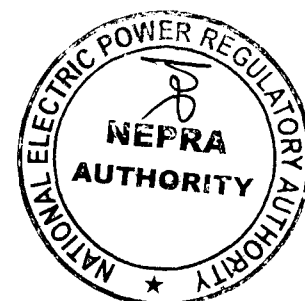


Description	June-10 (Requested)
1, Fuel Cost of Own Generation (Million Rs)	(388.637)
2, Fuel Cost of Power Purchase (Million Rs)	(209.670)
3, Total Monthly Variation (1+2)-(Million Rs)	(598.307)
Total Units Sent Out(GWh)	1,445.111
Total Variation Ps/kWh	(41.402)

5. As per the above data, decrease of Ps 41.402/kWh for the month of June 2010 was proposed. It was noticed by the Authority that in June 2010 KESCL reduced its furnace oil cost by Rs 1.048 billion under Gas Load Management Program (GLMP) which reduced its weighted average furnace oil price to Rs 27,266/metric ton. 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 June 2010 under GLMP program. 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 month 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.

6. External generation data of IPPs for the month of June 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. After detailed scrutiny of both self and external generation data, the fuel cost variation of its own power generation and power purchases from external sources for the month of June 2010 works out minus Rs. 598.31 million (Ps 41.40/kWh):

Tariff Adjustments Summary	Jun-10 Allowed
Variation in Fuel Price	
Own Generation (Million Rs)	-388.64
External/PPP (Million Rs)	-209.67
Total (Rs In Million)	598.31
Total Unit Sent Out (GWh)	1445.11
Total Variation Ps/kWh	-41.4



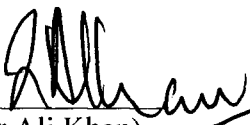
7. The paisa per kWh, rounded off after taking in to account its effect on consumption of life line consumers, to be charged by KESCL in the prospective billing month of October-10 from each consumer shall be according to the following schedule:

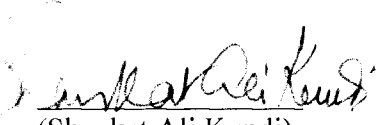
Monthly Consumer bill	Fuel surcharge Adjustment (FSA)	Ps/kWh
October 2010	June 2010	(42)

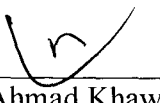
The adjustment as referred to in para 7 above shall be:

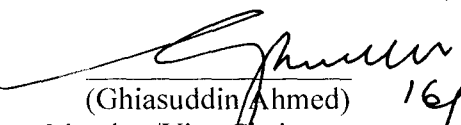
- i. applicable to all the consumer categories except lifeline consumers of KESCL; and
- ii. shown separately in the consumers bill on the basis of consumption for the month of June, 2010.

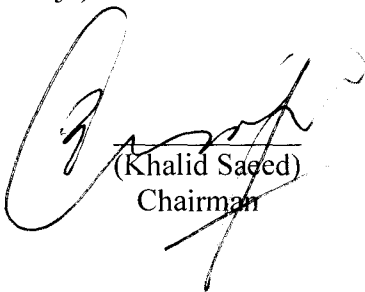
Authority:

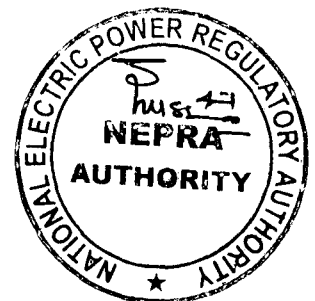

 (Zafar Ali Khan)
 Member
 9/9/10


 (Shaukat Ali Kundi)
 Member
 15.9.2010


 (Maqbool Ahmad Khawaja)
 Member


 (Ghiasuddin Ahmed)
 Member/Vice Chairman
 16/9


 (Khalid Saeed)
 Chairman



①

IN THE HIGH COURT OF SINDH AT KARACHI

Constitution Petition No. D 1380 of 2009

Presented on 06.07.09

[Signature]
Deputy Registrar (Writ)
on Leave

1) M/S 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, 34TH STREET,
OFF. KHAYABAN-E-MUHAFIZ OHASE VI, DHA
KARACHI.

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

3) HELPLINE TRUST
THROUGH ITS FOUNDER TRUSTEE,
MR. A. HAMEED MAKER SON OF
MR. EBRAHIM MAKER
15-C, 12TH ITTEHAD LANE, PHASE-II EXT., DHA, KARACHI.

4) MR. AQIL LODHI ADVOCATE
CHAIRMAN HUMAN RIGHTS COMMITTEE
SINDH BAR COUNCIL
KARACHI

F-1380, 1
06.7.09

5) MR. TANWEER AHMED MAGOOR
S/O MR. MIAN MOHAMMAD SIDDIQ
M/S MIAN MUHAMMAD SHAFI & CO.
PLOT NO.50, SECTOR 7-A,
KORANGI INDUSTRIAL AREA, KARACHI.

[Handwritten mark]

6) MR. MUHAMMAD ARIF
S/O MR. MUHAMMAD ILYAS
M/S MEHRAN MARBLE INDUSTRIES
1-D-9/3 GASBA METROVII NEAR MUGHAL KASBA
MANGHOPIR ROAD, KARACHI



7) MR. ZAHID SAEED S/O MR. SAIED ISMAIL
M/S INDUS PHARMA
PLOT NO 63, SECTOR 2A,
KORANGI INDUSTRIAL AREA, KARACHI

③

- 8) MR. SAEED BHOMBAL,
CHIEF EXECUTIVE OFFICER
BHOMBAL AND COMPANY PRIVATE LTD,
OLD RALLI BROS BUILDING,
TALPUR ROAD, KARACHI.
- 9) MR. INAYATULLAH SHEIKH
M/S AHSAN ELAHI PRIVATE LIMITED,
249, SECTOR 7A, KORANGI INDUSTRIAL AREA, KARACHI
- 10) MR. SHAFEEQ A.K. HUSSAIN
19/1, 15TH STREET OFF KHAYABAN-E-TAUHEED,
PHASE-V, DHA, KARACHI.
- 11) MRS. UZRA SHAFEEQ HUSSAIN
W/O MR. SHAFEEQ A.K. HUSSAIN
19/1, 15TH STREET OFF KHAYABAN-E-TAUHEED,
PHASE-V, DHA, KARACHI.
- 12) MR. YOUNIS RIZVI
THROUGH ITS MEDIA SECRETARY
UNITED DEFENCE CLIFTON ESTATE AGENCIES ASSOCIATION
MEZZANINE FLOOR, 22-C, RAHAT COMMERCIAL LANE, N
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, ADULT
R/O. 165-A, BLOCK-3, P.E.C.H.S.,
KARACHI.
- 15) SHEHRI: CBE (CITIZENS FOR A BETTER ENVIRONMENT)
A SOCIETY REGISTERED UNDER THE
SOCIETIES REGISTRATION ACT, 1860
THROUGH ITS GENERAL SECRETARY
MRS. AMBER ALIBHAI
HAVING ITS OFFICE AT 206-G
BLOCK 2, P.E.C.H.S.
KARACHI.
- 16) KHATIB AHMED
S/O SHAIKH AHMED
MUSLIM, ADULT,
R/O A-72, BLOCK-13/C
GULSHAN-E-IQBAL
KARACHI
- 17) MRS. NAILA AHMED
W/O AHMED SALAHUDDIN
MUSLIM, ADULT, R/O, 9-B/1,
27TH STREET, DHA, PHASE-5 EXT
KARACHI.



VERSUS

5

*Atwal
Kawad*

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

M. Ali

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

3) OIL AND GAS REGULATORY AUTHORITY
THROUGH ITS CHAIRMAN
ISLAMABAD

DAG

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

DAG

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

Secy

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

7) THE PROVINCE OF SINDH
THROUGH ITS CHIEF SECRETARY
SINDH SECRETARIAT
SHAHREA KAMAL ATA TURK
KARACHI.

DAG

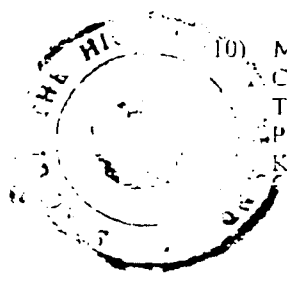
8) SECURITY EXCHANGE COMMISSION PAKISTAN
THROUGH ITS REGISTRAR
STATE LIFE BUILDING
OFF I.I. CHUNDRIGER ROAD
KARACHI

→

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

10) M/S FORD RHODES SIDAT HAIDER ASLAM & CO
CHARTERED ACCOUNTANTS
THROUGH ITS PRINCIPAL OFFICER
PROGRESSIVE PLAZA M BEAUMONT ROAD
KARACHI

RESPONDENTS



ORDER SHEET
IN THE HIGH COURT OF SINDH AT KARACHI
Constitution Petition No.D-1380-2009

Date ORDER WITH SIGNATURE

1. For Orders on CMA No.477/10.
2. For Orders on CMA No.1182/09
3. For Orders on CMA No.1183/09
4. For Katcha Peshi
5. For Orders on CMA No.7512/09
(Letter a/w documents filed by NEPRA)
(Statement filed by Advocate for Petitioner dated 19.06.2010)

25.06.2010

Mr. Javed A. Siddiqui, Advocate for the Petitioner
Mr. Nasir J. R. Shaikh, Advocate
Mr. Anwar Kamal & Mr. Kashif Hamid, Advocates along with Mr. Sagor
Muhammad Qureshi, Director Operation NEPRA.
Ms. Saman Inayat, Advocate for Respondent No.3
Mr. Kumal Shirazi, Advocate
Mr. Abdul Rauf, Director KFSC.
Mr. Ashiq Raza, Deputy Attorney General
Mr. Manzoor Ahmed, Advocate for C.D.G.K.
Mr. Fazle Rabi Shaikh, Advocate for Respondent No.10
Mr. Saifullah, Assistant Advocate-General, Sindh.

After having partly heard the arguments of both Mr. Anwar Kamal and
Mr. Javed Ahmed Siddiqui, we would adjourn this matter to 10th August, 2010.

to be taken up at Serial No I. In the meanwhile by consent it is ordered that
KFSC may charge Fuel Adjustment Charges to the consumers which have
already been determined by the NEPRA vide Notification SRO 387(D) 2010
dated 04.06.2010, i.e. up to the month of March, 2010. However, thereafter
although NEPRA may determine FAC charges for the months of April, May
and June, 2010, etc., these shall not be passed on to the consumer till final
orders passed in the Petition.

We would request the Vice Chancellor NED University of Engineering
Karachi to nominate a suitable gentleman who is well versed and qualified in
Power generation both Hydro and fuel powered to assist this

Court in order to come to a just and proper conclusion vis-à-vis FAC 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.

Dr. Sarwar ul-Jalil

~~Asst. Registrar~~

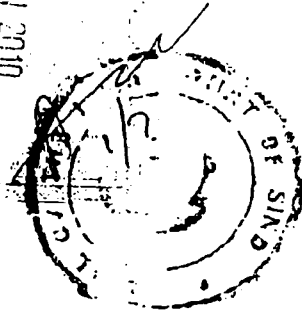
CHIEF JUSTICE

Dr. Tufail H. Elshahhat

JUDGE



09 JUN 2010



Certified To Be True Copy

Asst. Registrar 11/7/2010

Asst. Registrar

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 01-07-10 BY [signature]

Thirty June 2010
First July 2010

01-07-10

5 [signature]
[signature]

11/7/2010

Asst. Registrar 11/7/2010