



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-133/KESC-2009/ 7059-63
August 9, 2012

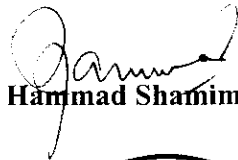
Chief Executive Officer
Karachi Electric Supply Company Ltd. (KESC)
KESC House, Punjab Chowrangi,
39 – B, Sunset Boulevard, Phase-II
Defence Housing Authority
Karachi.

Subject: **Decision of the Authority in the matter of Fuel Charges Adjustment for the Month of April 2012 for Karachi Electric Supply Company Ltd. and Notification (S.R.O. 974(I)/2012 dated 08.08.2012) Thereof**

Enclosed please find a copy of decision of the Authority in the matter of fuel charges for the month of April 2012 in respect of Karachi Electric Supply Company Ltd., along with Notification (S.R.O. 974(I)/2012 dated 08.08.2012) thereof. This is for information and further necessary action.

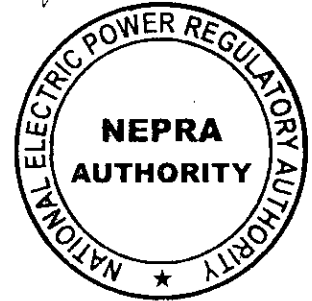
2. While affecting the recovery of Fuel Adjustment Charges, KESCL shall keep in view and strictly comply with the orders of the court(s), if any, notwithstanding this order.

Enclosure: As above


(Hammad Shamimi)

CC:

1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
3. Secretary, Ministry of Finance, Islamabad.
4. Secretary, Privatization Commission, Islamabad.





**DECISION OF THE AUTHORITY IN THE MATTER OFFUEL CHARGES ADJUSTMENT FOR THE
MONTH OF APRIL, 2012 FOR KARACHI ELECTRIC SUPPLY COMPANY LIMITED**

1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, (XL of 1997) and as per the mechanism for monthly fuel price adjustment prescribed and determined by the Authority for Karachi Electric Supply Company Limited (herein after referred to as "KESCL") in case No. NEPRA/TRF-133/KESCL-2009(6) dated December 23, 2009, duly notified in the official Gazette vide S.R.O No. 11(I)/2010 dated January 01, 2010, National Electric Power Regulatory Authority (herein after referred to as "the Authority") has to review and revise the approved tariff on account of any variation in the fuel charges on monthly basis. As per the mechanism prescribed by the Authority, KESCL is allowed monthly adjustment in fuel cost component for its own generation as well as power purchase cost from external sources on account of fuel price variation without taking into account the effect of transmission and distribution losses (hereinafter referred to as "T & D losses").
2. KESCL submitted its request of monthly fuel charges adjustment for the month of April, 2012 vide letter DRA&SP/NEPRA/071/917 dated May 29, 2012. KESCL certified through its request that the cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest. The summary of the requested adjustment is tabulated below:

Tariff Adjustment Summary	April-12 Requested
Variation in Fuel Price	
Own Generation (Million Rs)	1,246.514
External/PPP (Million Rs)	214.739
Total (Rs. in Million)	1,461.253
Total Units Sent Out (GWh)	1,300.474
Total Variation Ps/kWh	112.363

3. Since the impact of FCA, if any, is passed on to the consumers of electricity, therefore, in order to meet the ends of natural justice, the Authority decided to provide an opportunity of hearing to all the concerned while reviewing the fuel charges. A date of hearing for the aforesaid purpose was fixed as July 18, 2012 at NEPRA, Main Office, Islamabad; notice thereof was published in the leading national newspapers on July 07, 2012 inviting comments/objections from the concerned stakeholders to make the process of hearing more meaningful and to reach at an informed and just decision.
4. During the hearing, KESCL submitted that owing to various reasons such as difference in claimed and Authority's approved energy transfer charges of NTDC etc. the final figures in the submitted request have now changed. The summary of the revised adjustment request as presented by KESCL during the hearing is tabulated below.

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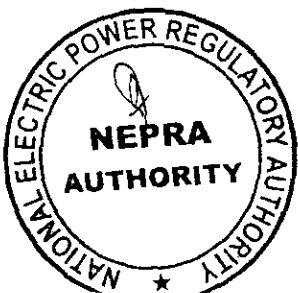




Tariff Adjustment Summary	April -12
	Requested
Variation in Fuel Price	
Own Generation (Million Rs)	1,246.514
External/PPP (Million Rs)	241.821
Total (Rs. in Million)	1,488.335
Total Units Sent Out (GWh)	1,300.207
Total Variation Ps/kWh	114.469

5. With respect to the variation in fuel cost of own generation, KESCL submitted that the rate of furnace oil consumed by KESCL during the month has increased from Rs. 71,843.20 per metric ton for the month of March 2012 i.e. reference month to Rs. 72,650.67 per metric ton for the month of April, 2012. KESCL generated around 198 GWh on furnace oil in the month of April, 2012 as compared to 105 GWh during the reference month, i.e. March, 2012. Since fuel cost variation is worked out both on account of cost and mix, therefore, this increase in generation also contributes towards the claimed variation.
6. Regarding the variation in the fuel component of power purchase cost, KESCL submitted that the prime reason is the increase in the energy transfer charge (fuel cost per kWh) of electric power purchased from NTDC. KESCL elaborated that it had purchased around 81% of its total power purchases from NTDC for the month of April, 2012 whose unit price has increased from Rs. 9.552/kWh for the month of March, 2012 to Rs. 9.667/kWh for the month of April, 2012.
7. The generation data, rates etc. of KESCL (both from self generation and power purchased from external sources) for the month of March, 2012 were scrutinized with respective invoices and other relevant documents by the Authority and no major discrepancies were found except some errors in recording fuel costs of few power purchases by KESCL.
8. In view of the above, the fuel cost variation of KESCL's own power generation and power purchases from external sources for the month of April, 2012 works out to be Rs. 1,486.900 million or Ps. 114.359/kWh, as per the details tabulated hereunder:

Tariff Adjustments Summary	April-12 Requested	April-12 Allowed
Variation in Fuel Price		
Own Generation (Million Rs)	1,246.514	1,246.517
External/PPP (Million Rs)	241.821	240.383
Total (Rs In Million)	1,488.335	1,486.900
Total Units Sent Out (GWh)	1,300.207	1,300.203
Total Variation (Ps/kWh)	114.469	114.359



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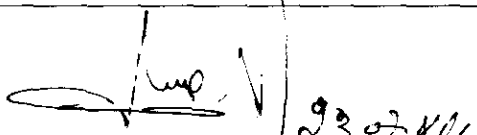


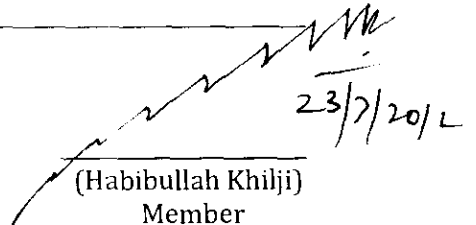
9. In order to allow KESCL for variation in fuel cost of its own generation as well as power purchased from external sources for the month of April, 2012, the Authority has therefore decided to pass on Ps. 114.359/kWh to the consumers of KESCL as FCA.
10. The paisa per kWh, rounded off after not allocating its effect on the consumption of life line consumers, to be charged by KESCL in the prospective billing month of October, 2012 from each consumer works out to be Ps. 115 /kWh and shall be charged by KESCL according to the following schedule:


FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
April 2012	115	October 2012

11. The adjustment as referred to in para 10 above:
- shall be applicable to all the consumer categories except lifeline consumers of KESCL; and
 - shall be shown separately in the consumer bills of October, 2012 on the basis of units billed for the month of April, 2012.

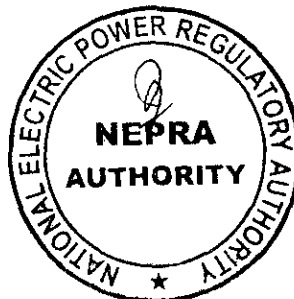
Authority:


(Khawaja Muhammad Naeem)
Member


(Habibullah Khilji)
Member


(Shaukat Ali Kundi)
Member

(on tour)
(Ghiasuddin Ahmed)
Acting Chairman/Member



TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN
EXTRA ORDINARY, PART-II

National Electric Power Regulatory Authority



NOTIFICATION

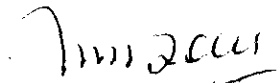
Islamabad, the 8th day of August 2012

S.R.O. 274/2012.- Pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011 and as per the mechanism for monthly fuel price adjustment prescribed and determined by the Authority vide Determination dated December 23, 2009 for Karachi Electric Supply Company Ltd. (KESCL), as notified vide SRO 11(1)/2010 dated January 01, 2010, National Electric Power Regulatory Authority (NEPRA) makes and notifies the following adjustment in the approved tariff on account of variation in fuel charge for the month of April 2012 in respect of KESCL.

Fuel Charges Adjustment to be Calculated on the basis of billing for the Month of	Fuel Charges Adjustment (Ps/kWh)	Be Charged in Consumer Bills to be Issued for the Month of
April 2012	115	October 2012

2. The above adjustment of **plus** Ps.115.00/kWh shall be applicable to all the consumer categories except lifeline consumers of KESCL. The said adjustment shall be shown separately in the consumer bills of October, 2012 on the basis of units billed for the month of April, 2012.

[Case No. NEPRA/TRF-133/KESCL-2009(6)]


(Syed Safer Hussain)
Registrar