



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-133/KESC-2009/ 6587 - 91
July 27, 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 February 2012 for Karachi Electric Supply Company Ltd. and Notification (S.R.O. 909(I)/2012 dated 26.07.2012) Thereof**

Enclosed please find a copy of decision of the Authority in the matter of fuel charges adjustment for the month of February 2012 in respect of Karachi Electric Supply Company Ltd., along with Notification (S.R.O. 909(I)/2012 dated 26.07.2012) thereof. This is for information and further necessary action.

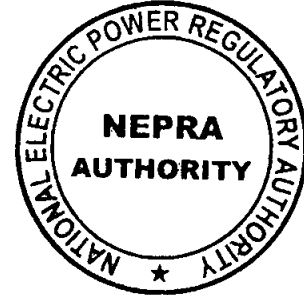
2. While affecting the recovery of Fuel Adjustment Charges, KESCL shall keep in view and strictly comply with the orders of the court(s), if any, notwithstanding this order.

Enclosure: As above


(Syed Safer Hussain)

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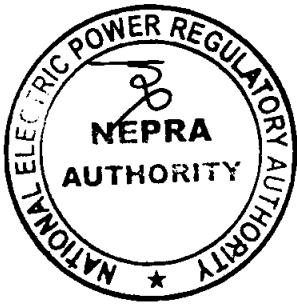
1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
3. Secretary, Ministry of Finance, Islamabad.
4. Secretary, Privatization Commission, Islamabad.





DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE MONTH OF FEBRUARY, 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 February, 2012 vide letter No. CMF/NEPRA/071/890 dated March 22, 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:



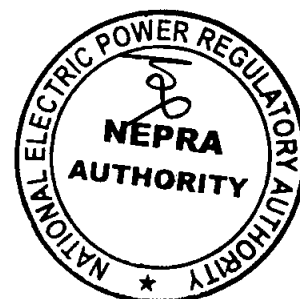
Tariff Adjustment Summary	February -12 Requested
Variation in Fuel Price	
Own Generation (Million Rs)	347.721
External/PPP (Million Rs)	(317.006)
Total (Rs. in Million)	30.716
Total Units Sent Out (GWh)	918.481
Total Variation Ps/kWh	3.344

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 June 11, 2012 at National Institute of Management (NIM), University Road, Block 11, NIPA Chowrangi, Gulshan-e-Iqbal, Karachi; notice thereof was published in the leading national newspapers on May 30, 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, KESCL's error in the submitted request on account of number of units sent out and issuance of December, 2011 FCA decision by the Authority post submission of February, 2012 FCA request by KESCL, 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.



Tariff Adjustment Summary	February -12 Requested
Variation in Fuel Price	
Own Generation (Million Rs)	343.897
External/PPP (Million Rs)	(310.978)
Total (Rs. in Million)	32.919
Total Units Sent Out (GWh)	918.320
Total Variation Ps/kWh	3.585

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. 64,745.94 per metric ton for the month of December 2011 i.e. reference month to Rs. 69,020.69 per metric ton for the month of February, 2012. KESCL generated around 70 GWh in the month of February, 2012 as compared to 55 GWh during the reference month, i.e. December, 2011. 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. Further, KESCL submitted that gas price has also increased in the current month to Rs. 507.86/MMBTu from Rs. 447.14/MMBTu in the reference month owing to application of Gas and Infrastructure Cess by Ministry of Petroleum and Natural Resources.
6. Regarding the variation in the fuel component of power purchase cost, KESCL submitted that the prime reason is the decrease 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 February, 2012 whose unit price decreased from Rs. 7.147/kWh for the month of December, 2011 to Rs. 7.082/kWh for the month of February, 2012.
7. The generation data, rates etc. of KESCL (both from self generation and power purchased from external sources) for the month of February, 2012 were scrutinized with respective invoices and other relevant documents by the Authority. The Authority noticed that KESCL, in the current month, has not complied with the directions of the Authority in dispatching electric power in economic merit order as Tapal and Gul Ahmed power plants, having comparatively lower fuel cost than furnace oil based KESCL's own generation on Bin Qasim Power Station, were not fully utilized. The Authority has decided to take up this particular matter with KESCL separately.
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 February, 2012 works out to be Rs. 32.919 million or Ps. 3.585/kWh, as per the details tabulated hereunder:





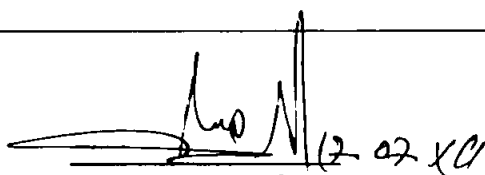
Tariff Adjustments Summary	February-12 Requested	February-12 Allowed
Variation in Fuel Price		
Own Generation (Million Rs)	343.897	343.897
External/PPP (Million Rs)	(310.978)	(310.978)
Total (Rs In Million)	32.919	32.919
Total Units Sent Out (GWh)	918.320	918.320
	3.585	3.585

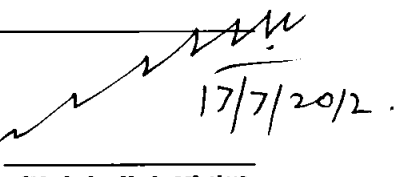
9. In order to allow KESCL for variation in fuel cost of its own generation as well as power purchased from external sources for the month of February, 2012, the Authority has therefore decided to pass on Ps. 3.585/kWh to the consumers of KESCL as FCA.
10. The paisa per kWh, rounded off after not allocating its effect on the consumption of life line consumers, to be charged by KESCL in the prospective billing month of August, 2012 from each consumer works out to be Ps. 4 /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
February 2012	4	August 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 August, 2012 on the basis of units billed for the month of February, 2012.

Authority:


(Khawaja Muhammad Naeem)
Member


(Habibullah Khilji)
Member


(Shaukat Ali Kundi)
Member


(Ghiasuddin Ahmed)
Acting Chairman/Member



National Electric Power Regulatory Authority



NOTIFICATION

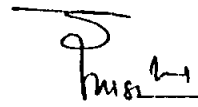
Islamabad, the 26th day of July 2012

S.R.O. 909(I)/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 February 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)	Charged in Consumer Bills to be Issued in the Month of
February 2012	4	August 2012

2. The above adjustment of plus Ps.4.00/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 August, 2012 on the basis of units billed for the month of February, 2012.

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


(Syed Safer Hussain)
26-7-12
Registrar