



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

Registrar

NEPRA Tower, Ataturk Avenue (East) G-5/1, Islamabad
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Web: www.nepra.org.pk, E-mail: info@nepra.org.pk

No. NEPRA/TRF-133/KESC-2009/9439-43

August 11, 2014

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

Subject: **Decisions of the Authority in the matter of Fuel Charges Adjustment for the Months of October, November, December 2013 and January, February, March 2014 for Karachi Electric Supply Company Ltd. and Notifications Thereof**

Enclosed please find herewith copies of the following decisions of the Authority regarding fuel charges adjustment in respect of Karachi Electric Supply Company Ltd. for the months of October, November, December 2013 and January, February, March 2014 and Notifications thereof:

- i) Copy of decision of the Authority (04 pages) for the month of October 2013 and Notification thereof i.e. SRO 721(I)/2014 dated 08.08.2014.
- ii) Copy of decision of the Authority (05 pages) for the month of November 2013 and Notification thereof i.e. SRO 722(I)/2014 dated 08.08.2014.
- iii) Copy of decision of the Authority (05 pages) for the month of December 2013 and Notification thereof i.e. SRO 723(I)/2014 dated 08.08.2014.
- iv) Copy of decision of the Authority (05 pages) for the month of January 2014 and Notification thereof i.e. SRO 724(I)/2014 dated 08.08.2014.
- v) Copy of decision of the Authority (06 pages) for the month of February 2014 and Notification thereof i.e. SRO 725(I)/2014 dated 08.08.2014.
- vi) Copy of decision of the Authority (05 pages) for the month of March 2014 and Notification thereof i.e. SRO 726(I)/2014 dated 08.08.2014.

2. While reflecting the Fuel Adjustment Charges, KESCL shall keep in view and strictly comply with the orders of the court(s), if any, notwithstanding the subject decisions of the Authority.

Enclosure: As above


(Syed Safeer Hussain) 11.08.14

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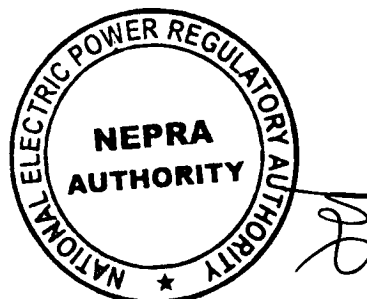
1. Secretary, Ministry of Water & Power, 'A' Block, Pak Secretariat, Islamabad.
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
4. Secretary, Privatization Commission, EAC Building, Islamabad.

**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE
MONTH OF OCTOBER, 2013 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 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 request with regard to adjustment in the fuel cost component of its tariff for the month of October, 2013 vide its letter RA&SP/NEPRA/071/1128 dated November 19, 2013. The summary of the adjustment request submitted by KESCL is tabulated below;

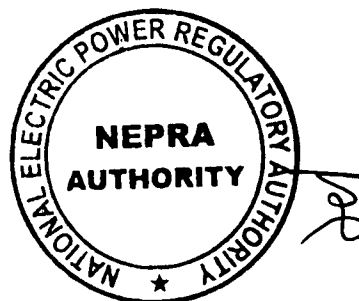
Tariff Adjustments - Summary	October-13
Variation in Fuel Price	Requested
Own Generation (Million Rs)	(225.263)
External/PPP (Million Rs)	862.984
Total (Rs In Millions)	637.721
Total Units Sent Out (GWh)	1,414.45
Total Variation Ps/kWh	45.086

3. KESCL, in its aforementioned request, certified that the cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest. Further, KESCL also submitted that it dispatches power as per Economic Merit Order from its own generating units (with the available fuel resources) and from external sources.





4. 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 on December 12, 2013 at NEPRA Tower, Islamabad; notice thereof was published in the daily newspapers dated December 04, 2013 and separate notices were also sent to the major stakeholders on December 06, 2014 informing thereby the general public/concerned stakeholders about the date and venue of the hearings and inviting their comments/objections to make the process of hearing more meaningful and to reach at an informed and just decision. Subsequently, the hearing was rescheduled to December 13, 2013 due to non-availability of the Authority on the fixed date. Accordingly, notice to communicate the revised date of hearing was published in the daily newspapers on December 11, 2013.
5. During the hearing, KESCL submitted that main reason of the claimed variations in the fuel cost component of its own generation is the decrease in generation on furnace oil which has decreased from 217.071 GWh in the reference month of September 2013 to 176.784 GWh in the current month of October 2013.
6. In the fuel cost component of power purchase cost, KESCL submitted that the major reason of claimed variation is the increase in fuel cost of the energy procured from NTDC which has increased from Rs. 6.748 /kWh in the month of September, 2013 to Rs. 8.464/kWh in the month of October, 2013.
7. The information (both of self generation and power purchased from external sources) as submitted by KESCL in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority and few discrepancies were found as explained at paras 9 & 10 below.
8. The fuel cost variation of KESCL's own power generation and power purchases from external sources for the month of October, 2013 works out to be Rs. 618.410 million or Ps. 43.725/kWh, as per the details tabulated hereunder:

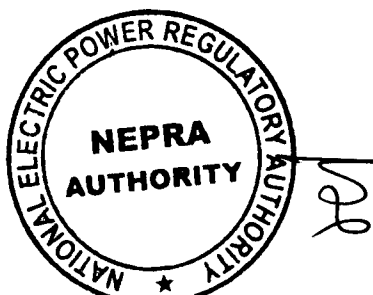




Tariff Adjustments - Summary	October-13	October-13
Variation in Fuel Price	Requested	Allowed
Own Generation (Million Rs)	(225.263)	(231.619)
External/PPP (Million Rs)	862.984	850.029
Total (Rs In Millions)	637.721	618.410
Total Units Sent Out (GWh)	1,414.45	1414.310
Total Variation Ps/kWh	45.086	43.725

9. The difference between the claimed and approved variation in fuel cost of own generation is due to inconsistency in the working of furnace oil rate (Rs/M.Ton) at KESCL's end. The Authority has consistently been using monthly weighted average method to work out the furnace oil rate and has used the same for calculation of fuel charges variations of the current month.
10. In the fuel component of the power purchase cost, it was noticed that NTDC/CPPA, for the current month invoiced KESCL Rs. 8.464/kWh and the same was used by KESCL in its request whereas the Authority's approved energy transfer rates of NTDC/CPPA, applicable to all XWDISCOs and KESCL, for the current month comes out to be Rs. 8.2501/kWh. The variations have been allowed by the Authority on the basis of approved energy transfer rates.
11. Based on the analysis of the data as submitted by KESCL, the Authority has noted with grave concern that KESCL is subjecting its consumers to undue and unauthorized load shedding by continuously underutilizing the available energy of its system (own + external). Moreover it was also noted that KESCL is keeping its available generation capacity idle and relying more on the energy purchased from NTDC in violation of the terms of the power purchase agreement signed between the mentioned utilities. By doing so, KESCL is necessitating the operations of the most expensive power plants in NTDC system as well as aggravating the menace of load shedding in the whole country. In view thereof, KESCL is hereby directed to prudently utilize the available energy of its system and strictly comply with the terms of the aforementioned power purchase agreement to eliminate/reduce the load shed in its territorial jurisdiction and in the whole country.

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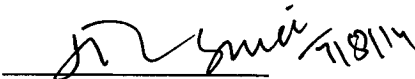


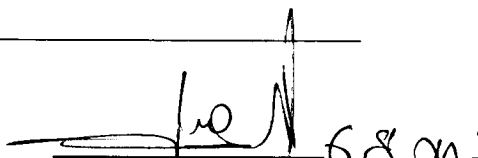
12. In order to allow KESCL variation in fuel cost of its own generation as well as power purchased from external sources for the month of October, 2013, the Authority has decided to pass on Ps. 43.725/kWh to the consumers of KESCL as FCA. The current month's variation is being allowed on provisional basis subject to adjustments if it is found that KESCL, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order, the matter which is being dealt with KESCL separately.
13. 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 September, 2014 works out to be Ps. 44/kWh and shall be charged by KESCL according to the following schedule;

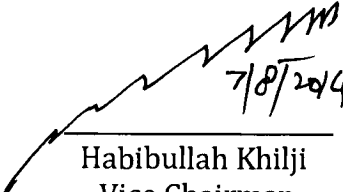
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
October, 2013	44	September, 2014

14. The adjustment as referred to in para 13 above:
- shall be applicable to all the consumer categories except lifeline consumers of KESCL; and
 - shall be shown separately in the consumer bills of September, 2014 on the basis of units billed for the month of October, 2013.

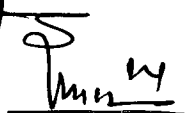
Authority


Major (Retd.) Haroon Rashid
Member


Khawaja Muhammad Naeem
Member


Habibullah Khilji
Vice Chairman




08.08.14

National Electric Power Regulatory Authority



NOTIFICATION

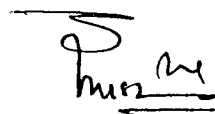
Islamabad, the 8th day of August 2014

S.R.O. 721 (I)/2014.- 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 October 2013 in respect of KESCL.

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
October 2013	44	September 2014

2. The above adjustment of **plus** Ps.44.00/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 September, 2014 on the basis of units billed for the month of October, 2013.

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


08.08.14
(Syed Safeer Hussain)
Registrar

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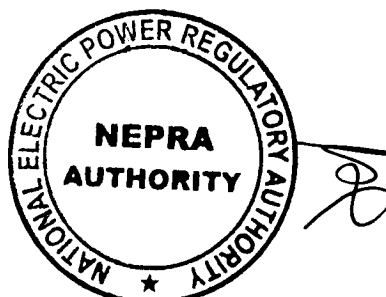


**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE
MONTH OF NOVEMBER, 2013 FOR KARACHI ELECTRIC SUPPLY COMPANY LIMITED**

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 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 request with regard to adjustment in the fuel cost component of its tariff for the month of November, 2013 vide its letter No. RA&SP/NEPRA/071/1132 dated December 17, 2013. However, a revised request was later on submitted by KESCL vide letter No. RA&SP/NEPRA/071/1143 on January 31, 2014, in view of the FCA decisions of the Authority for the months of July, August & September 2013. The summary of the revised adjustment request submitted by KESCL is tabulated below;

Tariff Adjustments - Summary	November-13
Variation in Fuel Price	Requested
Own Generation (Million Rs)	(747.071)
External/PPP (Million Rs)	184.064
Total (Rs In Millions)	(563.007)
Total Units Sent Out (GWh)	1160.519
Total Variation Ps/kWh	(48.513)

3. KESCL, in its aforementioned request, certified that the cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest.

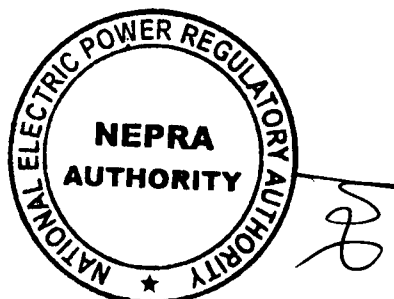




Further, KESCL also submitted that it dispatches power as per Economic Merit Order from its own generating units (with the available fuel resources) and from external sources.

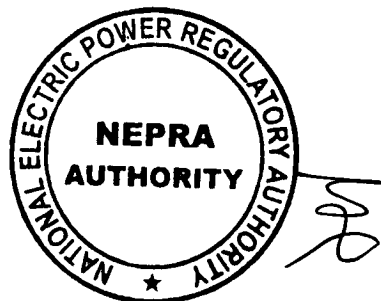
4. Since the impact of FCA, if any, is passed on to the consumers of electricity, therefore, in order to meet the ends of natural justice, the Authority decided to provide an opportunity of hearing to all the concerned while reviewing the fuel charges. A date of hearing for the aforesaid purpose was fixed on March 31, 2014 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers dated March 21, 2014 and separate notices were also sent to the major stakeholders informing thereby the general public/concerned stakeholders about the date and venue of the hearings and inviting their comments/objections to make the process of hearing more meaningful and to reach at an informed and just decision. However, during the course of the hearing, few commentators showed impudent behavior owing to which the Authority decided to postpone the said hearing. The hearing was later on held on May 28, 2014 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers on May 21, 2014 and separate notices were also sent to the major stakeholders on May 22, 2014.
5. During the hearing, KESCL submitted that main reason of the claimed variations in the fuel cost component of its own generation is the decrease in generation on furnace oil which has decreased from 217.071 GWh in the reference month of September 2013 to 57.640 GWh in the current month of November, 2013. KESCL further submitted that being the cooler month, the current month's demand was on the lower side and is the reason of low generation on furnace oil by it.
6. In the fuel cost component of power purchase cost, KESCL submitted that the major reason of claimed variation is the increase in fuel cost of the energy procured from NTDC which has increased from Rs. 6.5722 /kWh in the month of September, 2013 to Rs. 7.644/kWh in the month of November, 2013.
7. Mr. Qazi Ahmed Kamal, representing Karachi Chamber of Commerce and Industry, during the hearing as well as in written form submitted that the Section 31(4) of the NEPRA Act, inter alia, provides that "the Authority may, on a monthly basis and not later than a period of seven days, make adjustments in the approved tariff on account of, any variations in the

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fuel charges and, policy guidelines as the Federal Government may issue and, notify the tariff so adjusted in the official Gazette." While referring to this section, the aforementioned commentator submitted that in accordance with the mentioned section, the utility's monthly FCA decision should be issued by the Authority within seven (07) days of the following month, i.e. the decision for the month of November, 2013 should be issued in the first week of December, 2013. Since the hearing of the FCA's request for the month of November, 2014 is being heard in the month of May, 2014, therefore, it is a clear violation of the mentioned Section as the same is time barred and therefore should not be entertained. In this regard, the Authority has observed that the FCA request is normally submitted by KESCL by the end of third week of the following month, as KESCL claims that it receives invoice for the power purchased from NTDC on 21st day of the subsequent month and therefore it is unable to submit its monthly adjustment request within a week. NTDC representatives in this regard have submitted that due to operational difficulties, they are unable to raise invoice in the first week of the succeeding month. The Authority also noted that subsequent to the receipt of FCA request from KESCL, a public hearing is conducted, in pursuance of the Order of the Honorable Lahore High Court, for which an advertisement is published in the daily newspapers normally giving notice period in excess of one week to the general public to file comments in respect thereof. Afterwards, all the claims of the petitioner are verified to authenticate them. Hence, the delay, if any, is due to verification exercise carried out by the Authority and conducting of hearing to ensure participation of general public so as to reach an informed and just decision.

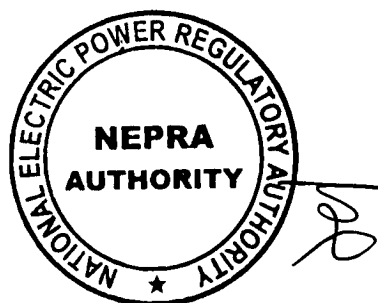
8. The information (both of self generation and power purchased from external sources) as submitted by KESCL in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority and few discrepancies were found as explained at paras 10 & 11 below.
9. The fuel cost variation of KESCL's own power generation and power purchases from external sources for the month of November, 2013 works out to be minus Rs. 712.549 million or Ps. 61.399/kWh, as per the details tabulated hereunder:



Tariff Adjustments Summary	Nov-13 Requested	Nov-13 Allowed
Variation in Fuel Price		
Own Generation (Million Rs)	(747.071)	(744.758)
External/PPP (Million Rs)	184.064	32.209
Total (Rs In Million)	(563.007)	(712.549)
Total Units Sent Out (GWh)	1160.519	1160.518
Adjustment (Ps/kWh)	(48.513)	(61.399)

10. The difference between the claimed and approved variation in fuel cost of Own generation is due to inconsistency in the working of furnace oil rate (Rs/M.Ton) at KESCL's end. The Authority has consistently been using monthly weighted average method to work out the furnace oil rate and has used the same for calculation of fuel charges variations of the current month.
11. In the fuel component of the Power Purchase cost, it was noticed that NTDC/CPPA, for the current month invoiced KESCL Rs. 7.644/kWh and the same was used by KESCL in its request whereas the Authority's approved energy transfer rates of NTDC/CPPA, applicable to all XWDISCOs and KESCL, for the current month comes out to be Rs. 7.2977/kWh. The variations have been allowed by the Authority on the basis of approved energy transfer rates.
12. Based on the analysis of the data as submitted by KESCL, the Authority has noted with grave concern that KESCL is subjecting its consumers to undue and unauthorized load shedding by continuously underutilizing the available energy of its system (own + external). Moreover it was also noted that KESCL is keeping its available generation capacity idle and relying more on the energy purchased from NTDC in violation of the terms of the power purchase agreement signed between the mentioned utilities. By doing so, KESCL is necessitating the operations of the most expensive power plants in NTDC system as well as aggravating the menace of load shedding in the whole country. In view thereof, KESCL is hereby directed to prudently utilize the available energy of its system and

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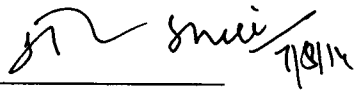
strictly comply with the terms of the aforementioned power purchase agreement to eliminate/reduce the load shed in its territorial jurisdiction and in the whole country.

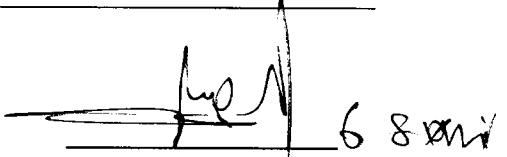
13. In order to allow KESCL variation in fuel cost of its own generation as well as power purchased from external sources for the month of November, 2013, the Authority has decided to pass on minus Ps. 61.399/kWh to the consumers of KESCL as FCA. The current month's variation is being allowed on provisional basis subject to adjustments if it is found that KESCL, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order, the matter which is being dealt with KESCL separately.
14. The paisa per kWh, rounded off after not allocating its effect on the consumption of life line and agriculture consumers, to be charged by KESCL in the prospective billing month of October, 2014 works out to be minus Ps. 63/kWh and shall be charged by KESCL according to the following schedule;

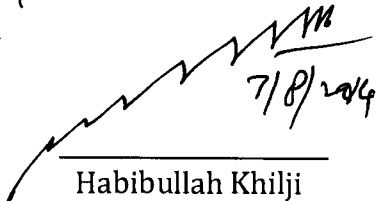
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
November, 2013	(63)	October, 2014


15. The adjustment as referred to in para 14 above:
- shall be applicable to all the consumer categories except lifeline and agriculture consumers of KESCL; and
 - shall be shown separately in the consumer bills of October, 2014 on the basis of units billed for the month of November, 2013.

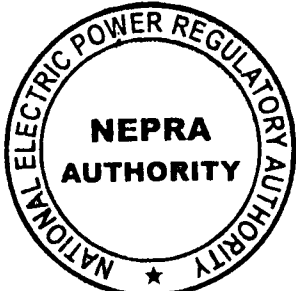
Authority


 Major (Retd.) Haroon Rashid
 Member


 Khawaja Muhammad Naeem
 Member


 Habibullah Khilji
 Vice Chairman


 08.08.14



National Electric Power Regulatory Authority



NOTIFICATION

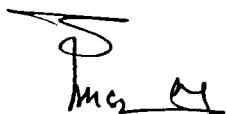
Islamabad, the 8th day of August 2014

S.R.O. 722 (I)/2014.- 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 November 2013 in respect of KESCL.

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
November 2013	(63)	October 2014

2. The above adjustment of minus Ps.63.00/kWh shall be applicable to all the consumer categories except lifeline and agriculture consumers of KESCL. The said adjustment shall be shown separately in the consumer bills of October, 2014 on the basis of units billed for the month of November, 2013.

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


(Syed Safer Hussain) 08.08.14
Registrar

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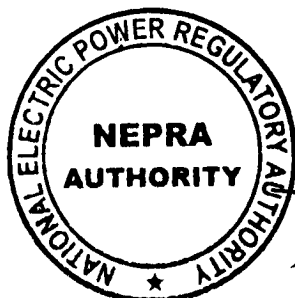
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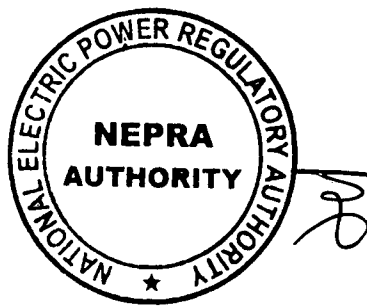
**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE
MONTH OF DECEMBER, 2013 FOR KARACHI ELECTRIC SUPPLY COMPANY LIMITED**

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 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 request with regard to adjustment in the fuel cost component of its tariff for the month of December, 2013 vide its letter No. RA&SP/NEPRA/071/1141 dated January 20, 2014. However, a revised request was later on submitted by KESCL vide letter No. RA&SP/NEPRA/071/1143 dated January 31, 2014, in view of the decisions of the Authority in the matter of FCAs for the month of July, August & September 2013 as well as due to revision in the invoice of NTDC for the month of December 2013. The summary of the revised adjustment request submitted by KESCL is tabulated below;

Tariff Adjustments - Summary	December-13
Variation in Fuel Price	Requested
Own Generation (Million Rs)	(811.893)
External/PPP (Million Rs)	855.074
Total (Rs In Millions)	43.181
Total Units Sent Out (GWh)	1057.961
Total Variation Ps/kWh	4.081

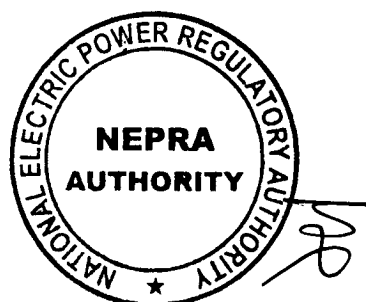


3. KESCL, in its aforementioned request, certified that the cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest. Further, KESCL also submitted that it dispatches power as per Economic Merit Order from its own generating units (with the available fuel resources) and from external sources.
4. 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. Hearing for the aforesaid purpose was fixed on March 31, 2014 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers dated March 21, 2014 and separate notices were also sent to the major stakeholders informing thereby the general public/concerned stakeholders about the date and venue of the hearings and inviting their comments/objections to make the process of hearing more meaningful and to reach at an informed and just decision. However, during the course of the hearing, few commentators showed impudent behavior owing to which the Authority decided to postpone the said hearing. The hearing was later held on May 28, 2014 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers on May 21, 2014 and separate notices were also sent to the major stakeholders on May 22, 2014.
5. During the hearing, KESCL submitted that main reason of the claimed variations in the fuel cost component of its own generation is the decrease in generation on furnace oil which has decreased from 217.071 GWh in the reference month of September 2013 to 45.896 GWh in the current month of December 2013. KESCL further submitted that being the cooler month, the current month's demand was on the lower side and is the reason of low generation on furnace oil by it.
6. In the fuel cost component of power purchase cost, KESCL submitted that the major reason of claimed variation is the increase in fuel cost of the energy procured from NTDC which has increased from Rs. 6.5722 /kWh in the month of September, 2013 to Rs. 8.975/kWh in the month of December, 2013.
7. The Authority inquired from KESCL about the status of Authority's direction regarding signing of Gas Supply Agreement (GSA) with Sui Sothern Gas Company Limited (SSGCL). In



response KESCL explained the Authority that an agreement (Payment Plan) has been signed between both the entities where SSGC has agreed to supply 130 MMCFD to KESCL in winter months (November-March) and 210 MMCFD in summer months (April-October). KESCL has been obliged to make payment of outstanding amount linked with per month quantity of gas supplied by SSGC.

8. While referring the numbers as presented by KESCL in its request, Mr. Abu Bakar Usman, Director Pasban submitted that KESCL's average cost of generation on gas is Rs. 5/kWh and on furnace oil is Rs. 16 to 18/kWh. He submitted that the prices of gas from quite a long period has remained constant with a major share of generation on gas whereas the prices of furnace oil showed a decreasing trend from December, 2013 onwards. Further, the cost of purchase of power being incurred by the KESCL is in the range of Rs. 5 to Rs. 11 per kilo watt hour. While quoting all the mentioned statistics, he questioned the Authority that despite of considerably low cost of generation why KESCL is charging around Rs. 15/kWh from industrial consumers and Rs. 18/kWh from the commercial consumers. The Authority understands that all the figures as quoted by the commentator cannot be seen in isolation as the tariff is an average figure which is a combination of the costs from all the generation sources. Moreover, the numbers as presented by the commentator only include the cost of fuel while ignoring the O&M and depreciation costs/capacity charge of KESCL's own generation and power purchases.
9. The information (both of self generation and power purchased from external sources) as submitted by KESCL in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority and few discrepancies were found as explained at paras 11 & 12 below.
10. The fuel cost variation of KESCL's own power generation and power purchases from external sources for the month of December, 2013 works out to be minus Rs. 0.064 million or minus Ps. 0.006/kWh, as per the details tabulated hereunder:

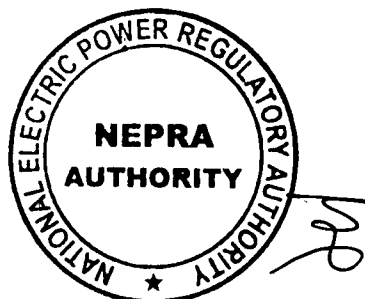




Tariff Adjustments Summary	Dec-13 Requested	Dec-13 Allowed
Variation in Fuel Price		
Own Generation (Million Rs)	(811.893)	(811.325)
External/PPP (Million Rs)	855.074	811.261
Total (Rs In Million)	43.181	(0.064)
Total Units Sent Out (GWh)	1057.961	1057.959
Adjustment (Ps/kWh)	4.081	(0.006)

11. The difference between the claimed and approved variation in fuel cost of Own generation is due to inconsistency in the working of furnace oil rate (Rs/M.Ton) at KESCL's end. The Authority has consistently been using monthly weighted average method to work out the furnace oil rate and has used the same for calculation of fuel charges variations of the current month.
12. In the fuel component of the Power Purchase cost, it was noticed that NTDC/CPPA, for the current month invoiced KESCL Rs. 8.975/kWh and the same was used by KESCL in its request whereas the Authority's approved energy transfer rates of NTDC/CPPA, applicable to all XWDISCOs and KESCL, for the current month comes out to be Rs. 8.8793/kWh. The variations have been allowed by the Authority on the basis of approved energy transfer rates.
13. Based on the analysis of the data as submitted by KESCL, the Authority has noted with grave concern that KESCL is subjecting its consumers to undue and unauthorized load shedding by continuously underutilizing the available energy of its system (own + external). Moreover it was also noted that KESCL is keeping its available generation capacity idle and relying more on the energy purchased from NTDC in violation of the terms of the power purchase agreement signed between the mentioned utilities. By doing so, KESCL is necessitating the operations of the most expensive power plants in NTDC system as well as aggravating the menace of load shedding in the whole country. In view thereof, KESCL is hereby directed to prudently utilize the available energy of its system and

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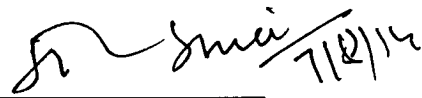




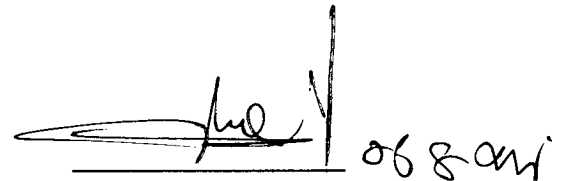
strictly comply with the terms of the aforementioned power purchase agreement to eliminate/reduce the load shed in its territorial jurisdiction and in the whole country.

14. In order to allow KESCL variation in fuel cost of its own generation as well as power purchased from external sources for the month of December, 2013, the Authority has decided to pass on Ps. 0/kWh (rounded off) to the consumers of KESCL as FCA. The current month's variation is being allowed on provisional basis subject to adjustments if it is found that KESCL, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order, the matter which is being dealt with KESCL separately.

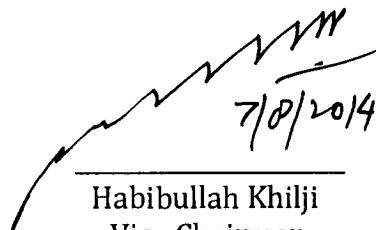
Authority


7/12/14

Major (Retd.) Haroon Rashid
Member



06/08/14

Khawaja Muhammad Naeem
Member


7/12/2014.

Habibullah Khilji
Vice Chairman




08.08.14

National Electric Power Regulatory Authority



NOTIFICATION

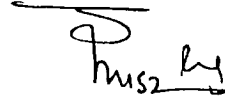
Islamabad, the 8th day of August 2014

S.R.O. 723 (I)/2014.- 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 December 2013 in respect of KESCL.

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
December 2013	(0.006)	Nil

The Authority has decided to pass on Ps.0/kWh (rounded off) to the consumers of KESCL as FCA for the month of December 2013.

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


(Syed Safer Hussain) 8.08.14
Registrar

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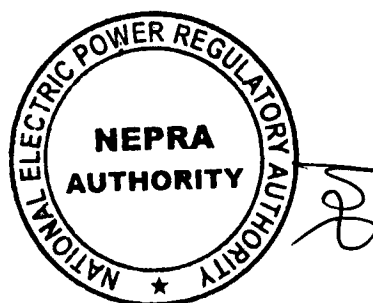


**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE
MONTH OF JANUARY 2014 FOR KARACHI ELECTRIC SUPPLY COMPANY LIMITED**

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 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 request with regard to adjustment in the fuel cost component of its tariff for the month of January, 2014 vide its letter bearing reference No. RA&SP/NEPRA/071/1147 dated February 18, 2014. The summary of the adjustment request submitted by KESCL is tabulated below;

Tariff Adjustments - Summary	January-14
Variation in Fuel Price	Requested
Own Generation (Million Rs)	(96.592)
External/PPP (Million Rs)	1455.099
Total (Rs In Millions)	1358.507
Total Units Sent Out (GWh)	973.779
Total Variation Ps/kWh	139.509

3. KESCL, in its aforementioned request, certified that the cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest.

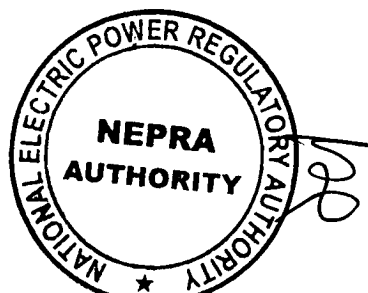




Further, KESCL also submitted that it dispatches power as per Economic Merit Order from its own generating units (with the available fuel resources) and from external sources.

4. 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 on May 28, 2014 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers dated May 21, 2014 and separate notices were also sent to the major stakeholders on May 22, 2014 informing thereby the general public/concerned stakeholders about the date and venue of the hearings and inviting their comments/objections to make the process of hearing more meaningful and to reach at an informed and just decision
5. During the hearing, KESCL submitted that main reason of the claimed variations in the fuel cost component of its own generation is the decrease in prices of furnace oil from Rs. 70,396 per metric ton in the reference month of December 2013 to Rs. 68,543 per metric ton in the current month.
6. In the fuel cost component of power purchase cost, KESCL submitted that the major reason of claimed variation is the increase in fuel cost of the energy procured from NTDC which has increased from Rs. 8.975 /kWh in the month of December, 2013 to Rs. 12.056/kWh in the month of January, 2014.
7. One of the commentator namely Mr. Qazi Ahmed Kamal representing S.I.T.E Association Industry submitted during the hearing as well as in written comments that it is very disturbing to see that there are plants in KESCL system that have an auxiliary consumption level higher than the set benchmark of 6.1%. Another commentator namely Mr. Arif Bilwani submitted that the target of auxiliary consumption for KESCL's generation fleet as set by the Authority vide its determination dated December 23, 2009 is on the quite higher side as the same was based on inefficient power stations. Now since KESCL has brought efficient power generation sources in its fleet, therefore, the target of auxiliary consumption should be revised. The Authority noted that under the multi-year tariff regime, set performance targets are used for allowing adjustment in tariff and

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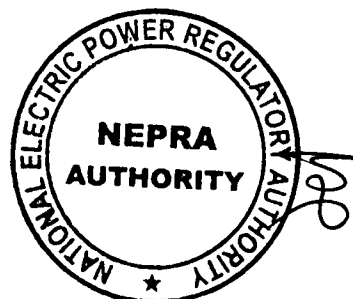
benefit/loss of operations at lower/higher than the set targets is availed/suffered by the utility itself. Nevertheless, it was found by the Authority from the figures and corresponding documentary evidences, as submitted by KESCL, that it is underperforming as compared to the set benchmarks.

8. The information (both of self generation and power purchased from external sources) as submitted by KESCL in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority and few discrepancies were found as explained at paras 11 & 12 below.
9. The fuel cost variation of KESCL's own power generation and power purchases from external sources for the month of January, 2014 works out to be Rs. 1294.320 million or Ps. 132.917/kWh, as per the details tabulated hereunder:

Tariff Adjustments - Summary	January-14	January-14
Variation in Fuel Price	Requested	Allowed
Own Generation (Million Rs)	(96.592)	(100.926)
External/PPP (Million Rs)	1455.099	1395.246
Total (Rs In Millions)	1358.507	1294.320
Total Units Sent Out (GWh)	973.779	973.778
Total Variation Ps/kWh	139.509	132.917

10. The difference between the claimed and approved variation in fuel cost of Own generation is due to inconsistency in the working of furnace oil rate (Rs/M.Ton) at KESCL's end. The Authority has consistently been using monthly weighted average method to work out the furnace oil rate and has used the same for calculation of fuel charges variations of the current month.
11. In the fuel component of the Power Purchase cost, it was noticed that NTDC/CPPA, for the current month invoiced KESCL Rs. 12.056/kWh and the same was used by KESCL in its request whereas the Authority's approved energy transfer rates of NTDC/CPPA, applicable to all XWDISCOs and KESCL, for the current month comes out to be Rs. 11.8273/kWh. The

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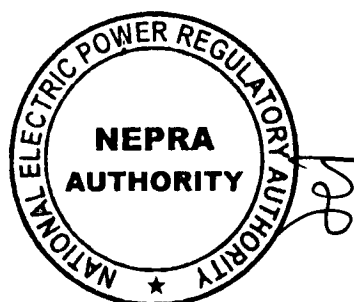




variations have been allowed by the Authority on the basis of approved energy transfer rates.

12. Based on the analysis of the data as submitted by KESCL, the Authority has noted with grave concern that KESCL is subjecting its consumers to undue and unauthorized load shedding by continuously underutilizing the available energy of its system (own + external). Moreover it was also noted that KESCL is keeping its available generation capacity idle and relying more on the energy purchased from NTDC in violation of the terms of the power purchase agreement signed between the mentioned utilities. By doing so, KESCL is necessitating the operations of the most expensive power plants in NTDC system as well as aggravating the menace of load shedding in the whole country. In view thereof, KESCL is hereby directed to prudently utilize the available energy of its system and strictly comply with the terms of the aforementioned power purchase agreement to eliminate/reduce the load shed in its territorial jurisdiction and in the whole country.
13. In order to allow KESCL variation in fuel cost of its own generation as well as power purchased from external sources for the month of January 2014, the Authority has decided to pass on Ps. 132.917/kWh to the consumers of KESCL as FCA. The current month's variation is being allowed on provisional basis subject to adjustments if it is found that KESCL, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order, the matter which is being dealt with KESCL separately.
14. 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, 2014 works out to be Ps. 134/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
January, 2014	134	October, 2014





15. The adjustment as referred to in para 14 above:
- i. shall be applicable to all the consumer categories except lifeline consumers of KESCL; and
 - ii. shall be shown separately in the consumer bills of October, 2014 on the basis of units billed for the month of January, 2014.

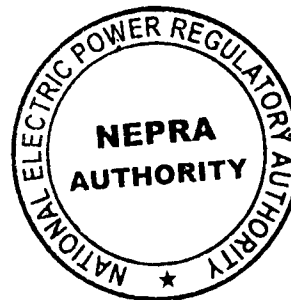
Authority

Major (Retd.) Haroon Rashid
Member

Khawaja Muhammad Naeem
Member

7/8/2014

Habibullah Khilji
Vice Chairman



7/8/2014

National Electric Power Regulatory Authority



NOTIFICATION

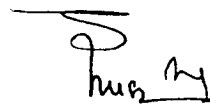
Islamabad, the 8th day of August 2014

S.R.O. 724 (I)/2014.- 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 January 2014 in respect of KESCL.

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
January 2014	134	October 2014

2. The above adjustment of plus Ps.134.00/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, 2014 on the basis of units billed for the month of January 2014.

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


(Syed Safeer Hussain)
Registrar
08.08.14

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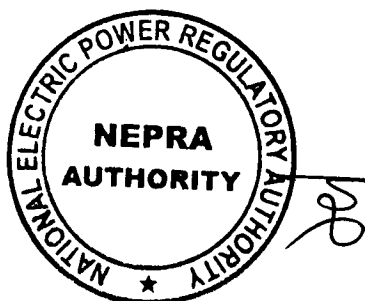


**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE
MONTH OF FEBRUARY 2014 FOR KARACHI ELECTRIC SUPPLY COMPANY LIMITED**

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 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 request with regard to adjustment in the fuel cost component of its tariff for the month of February, 2014 vide its letter bearing reference No. RA&SP/NEPRA/071/1153 dated March 18, 2014. The summary of the adjustment request submitted by KESCL is tabulated below;

Tariff Adjustments - Summary	February-14
Variation in Fuel Price	Requested
Own Generation (Million Rs)	708.029
External/PPP (Million Rs)	(411.62)
Total (Rs In Millions)	296.409
Total Units Sent Out (GWh)	935.023
Total Variation Ps/kWh	31.701

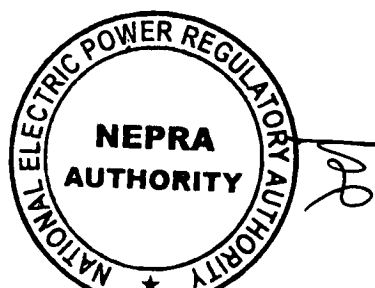
3. KESCL, in its aforementioned request, certified that the cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest.



Further, KESCL also submitted that it dispatches power as per Economic Merit Order from its own generating units (with the available fuel resources) and from external sources.

4. 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 on May 28, 2014 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers dated May 21, 2014 and separate notices were also sent to the major stakeholders on May 22, 2014 informing thereby the general public/concerned stakeholders about the date and venue of the hearings and inviting their comments/objections to make the process of hearing more meaningful and to reach at an informed and just decision
5. During the hearing, KESCL submitted that even though the prices of furnace oil have decreased from Rs. 70,396/MTon to Rs. 66, 559/MTon, however, the main reason of the claimed variations in the fuel cost component of its own generation is the increase in generation on furnace oil which has increased from 45.896 GWh in the reference month of December 2013 to 94.821 GWh in the current month.
6. In the fuel cost component of power purchase cost, KESCL submitted that the major reason of claimed variation is the decrease in the fuel cost of energy procured from NTDC which has decreased from Rs. 8.975 /kWh in the month of December, 2013 to Rs. 7.833/kWh in the month of February, 2014.
7. One of the commentator namely Mr. Qazi Ahmed Kamal, representing S.I.T.E Association Industry, submitted during the hearing as well as in written comments that NEPRA being the custodian of the rights of the end user has an obligation to audit the amount of fuel that is used up, the manner in which it is used up and what is the resultant output from the consumption. He said that since fuel charges variation besides change in prices includes change in the fuel usage of all sources, therefore, reviewing all the root causes of the increase or decrease is a mandatory exercise which necessitates in-depth inquiry of the variation in the fuel usage levels being claimed. To accomplish this, he said that he has time and again asked NEPRA to conduct an energy audit to verify the fuel consumption and

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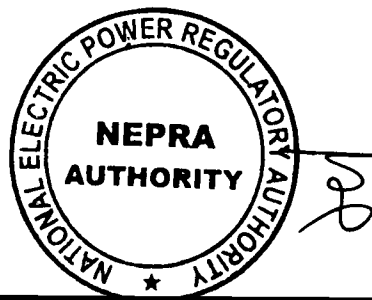




output ratio rather than relying on KESCL's provided information / data. Regarding the point as submitted by Mr. Kamal, the Authority noted that the allowed variations are not worked out on the basis of fuel quantity actually consumed by KESCL but the amount of fuel that should have been consumed based on the heat rates of each power station as already specified, after due deliberations, by the Authority. Hence, this method eliminates the requirement of auditing the actual quantity of fuel used up at KESCL's generation fleet.

8. Mr. Kamal further submitted that there must be a mandatory level of line losses that must form a basis of all such fuel related payments. If KESCL violates that standard then it should not be given the benefit. In this regard, The Authority noted that vide its determination dated December 23, 2009 has already set target of line losses for KESCL which was 25% in the year 2009-10 and decreases by 2% every year. The losses based on which the fuel variations are allowed during the year 2013-14 are 17% irrespective of actual losses of KESCL.
9. While stating the efficiency statistics of different power stations operating in the country as published in the NEPRA's State of Industry Report and making a comparison thereof with the efficiency of generation sources in KESCL's fleet, Mr. Qazi submitted that NEPRA must standardize, based on energy audit/heat rate test by an international expert, the fuel consumption level of each power station/unit required to produce one unit of electric power in order to ensure efficient usage of fuel and reduce the tariff burden on the consumers. With respect to the point of standardization of the efficiency levels of the generation sources of KESCL, the Authority noted that the fuel charges variations are allowed to KESCL on the basis of the station-wise efficiency benchmarks as set by the Authority vide its determinations dated September 10, 2002 and December 23, 2009. Further, the Authority in its determination dated December 23, 2009 directed KESCL to perform heat rate (efficiency) test for all its upcoming power plants at the time of commissioning and submit the same to the Authority for approval. It was also decided that KESCL shall not be allowed any adjustment in tariff on account of fuel price variation till approval of heat rates of such power plants. In accordance with the mentioned directions, an independent firm was appointed by KESCL and heat rates of its power stations namely Korangi Gas-II, S.I.T.E Gas-II and Korangi Combined Cycle Power Plants were carried out in

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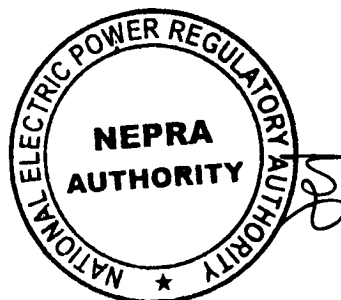


the presence of the NEPRA professionals, however, certain observations on the performance of heat rates tests were raised by the Independent Consultants appointed by NEPRA; pursuant to which the Authority decided to approve the more efficient provisional heat rates as final for monthly adjustment of fuel charges variations. Moreover, in accordance with the aforementioned directions of the Authority, the heat rate of the Bin Qasim-II was also carried out by KESCL through an Independent Consultant in presence of NEPRA professionals as observers, however, the Authority did not approve the result of heat rate due to non-observance of complete procedures of heat rate test by KESCL. KESCL has therefore been asked to carry out the heat rate test of Bin Qasim-II again by fulfilling all the pre-requisites and performance requirements of heat rate test.

10. The information (both of self generation and power purchased from external sources) as submitted by KESCL in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority and few discrepancies were found as explained at paras 12 & 13 below.
11. The fuel cost variation of KESCL's own power generation and power purchases from external sources for the month of February, 2014 works out to be Rs. 227.952 million or Ps. 24.379/kWh, as per the details tabulated hereunder:

Tariff Adjustments - Summary	February-14	February-14
Variation in Fuel Price	Requested	Allowed
Own Generation (Million Rs)	708.029	707.462
External/PPP (Million Rs)	(411.620)	(479.510)
Total (Rs In Millions)	296.41	227.952
Total Units Sent Out (GWh)	935.023	935.021
Total Variation Ps/kWh	31.701	24.379

12. The difference between the claimed and approved variation in fuel cost of Own generation is due to inconsistency in the working of furnace oil rate (Rs/M.Ton) at KESCL's end. The Authority has consistently been using monthly weighted average method to work out the

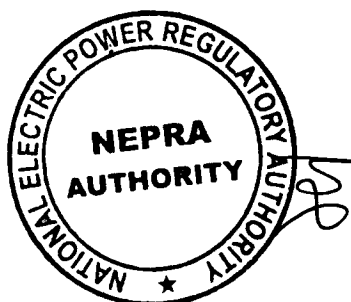




furnace oil rate and has used the same for calculation of fuel charges variations of the current month.

13. In the fuel component of the Power Purchase cost, it was noticed that NTDC/CPPA, for the current month invoiced KESCL Rs. 7.833/kWh and the same was used by KESCL in its request whereas the Authority's approved energy transfer rates of NTDC/CPPA, applicable to all XWDISCOs and KESCL, for the current month comes out to be Rs. 7.578/kWh. The variations have been allowed by the Authority on the basis of approved energy transfer rates.
14. Based on the analysis of the data as submitted by KESCL, the Authority has noted with grave concern that KESCL is subjecting its consumers to undue and unauthorized load shedding by continuously underutilizing the available energy of its system (own + external). Moreover it was also noted that KESCL is keeping its available generation capacity idle and relying more on the energy purchased from NTDC in violation of the terms of the power purchase agreement signed between the mentioned utilities. By doing so, KESCL is necessitating the operations of the most expensive power plants in NTDC system as well as aggravating the menace of load shedding in the whole country. In view thereof, KESCL is hereby directed to prudently utilize the available energy of its system and strictly comply with the terms of the aforementioned power purchase agreement to eliminate/reduce the load shed in its territorial jurisdiction and in the whole country.
15. In order to allow KESCL variation in fuel cost of its own generation as well as power purchased from external sources for the month of February 2014, the Authority has decided to pass on Ps. 24.379/kWh to the consumers of KESCL as FCA. The current month's variation is being allowed on provisional basis subject to adjustments if it is found that KESCL, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order, the matter which is being dealt with KESCL separately.
16. 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 November, 2014 works out to be Ps. 25/kWh and shall be charged by KESCL according to the following schedule;

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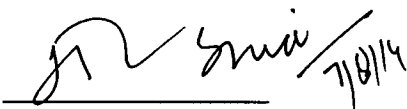


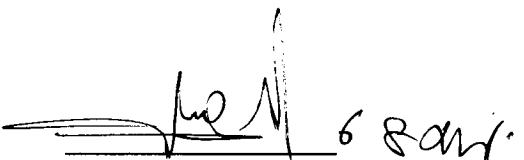


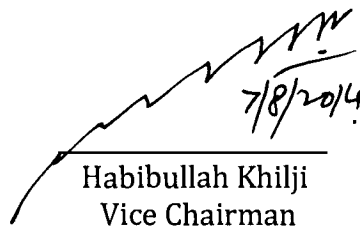
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
February, 2014	25	November, 2014

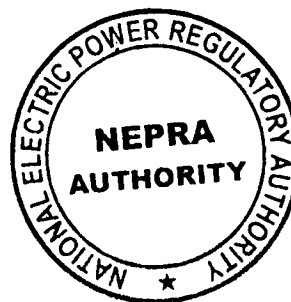
17. The adjustment as referred to in para 16 above:
- i. shall be applicable to all the consumer categories except lifeline consumers of KESCL; and
 - ii. shall be shown separately in the consumer bills of November, 2014 on the basis of units billed for the month of February, 2014.

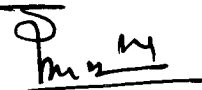
Authority


Major (Retd.) Haroon Rashid
Member


Khawaja Muhammad Naeem
Member


Habibullah Khilji
Vice Chairman




08.08.14

National Electric Power Regulatory Authority



NOTIFICATION

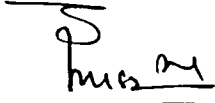
Islamabad, the 8th day of August 2014

S.R.O. 725 (I)/2014.- 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 2014 in respect of KESCL.

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 2014	25	November 2014

2. The above adjustment of **plus** Ps.25.00/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 November, 2014 on the basis of units billed for the month of February 2014.

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


(Syed Safer Hussain) 08.08.14
Registrar

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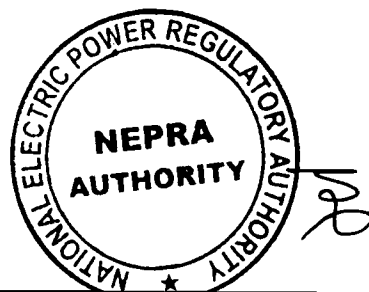


**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE
MONTH OF MARCH 2014 FOR KARACHI ELECTRIC SUPPLY COMPANY LIMITED**

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 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 request with regard to adjustment in the fuel cost component of its tariff for the month of March, 2014 vide its letter bearing reference No. RA&SP/NEPRA/071/162 dated April 15, 2014. The summary of the adjustment request submitted by KESCL is tabulated below;

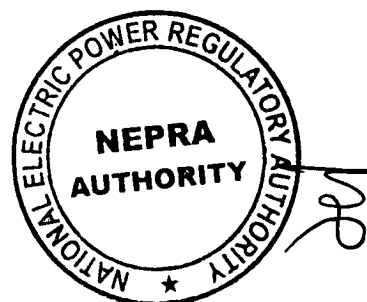
Tariff Adjustments - Summary	March-14
Variation in Fuel Price	Requested
Own Generation (Million Rs)	820.447
External/PPP (Million Rs)	275.264
Total (Rs In Millions)	1095.710
Total Units Sent Out (GWh)	1169.855
Total Variation Ps/kWh	93.662

3. KESCL, in its aforementioned request, certified that the cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest. Further, KESCL also submitted that it dispatches power as per Economic Merit Order from its own generating units (with the available fuel resources) and from external sources.





4. 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 on May 28, 2014 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers dated May 21, 2014 and separate notices were also sent to the major stakeholders on May 22, 2014 informing thereby the general public/concerned stakeholders about the date and venue of the hearings and inviting their comments/objections to make the process of hearing more meaningful and to reach at an informed and just decision
5. During the hearing, KESCL submitted that even though the prices of furnace oil have decreased from Rs. 70,396/MTon (reference month) to Rs. 66, 780/MTon (current month), however, the main reason of the claimed variations in the fuel cost component of its own generation is the increase in generation on furnace oil which has increased from 45.896 GWh in the reference month of December 2013 to 142.523 GWh in the current month.
6. In the fuel cost component of power purchase cost, KESCL submitted that the major reason of claimed variation is the increase in the fuel cost of energy procured from NTDC which has increased from Rs. 8.975 /kWh in the month of December, 2013 to Rs. 9.182/kWh in the month of March, 2014.
7. Mr. Qazi Ahmed Kamal representing Karachi Chambers of Commerce and Industry submitted that Section 31 Clause 3 (b) of the NEPRA Act provides *opportunity for customers and other interested parties to participate meaningfully in the tariff approval process*. In light of that, the Authority in the notice advertised in the daily newspapers states that "In view of the interest of the matter, the general public is invited to attend the hearings and present its views in the case so as to assist the authority in arriving at informed decisions." Mr. Qazi submitted that this statement gives right to the consumers/commentators to state their comments or grievances under the law as long as they are meaningful and the Authority should hear them as per the most basic objective of conducting public hearing, however, the approach of the Authority has been different as consumers participation are usually cut shortened on account of shortage of time at Authority's end. The Authority

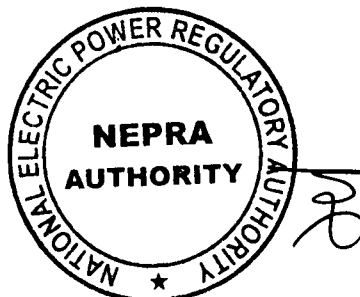


understands that all the commentators, under the NEPRA rules, are entitled to provide their comments on the issue to assist the Authority in arriving at informed decision. The Authority has however observed that the comments raised by the commentators at times are not related to the issue for which hearing is being held by the Authority. The referred sub section of the NEPRA Act cannot be interpreted to mean that all consumers appearing as commentators in the hearing are at liberty to raise and discuss any issue not related to the subject matter of the hearing and the Authority is fully entitled to cut short the time and direct consumer/ commentator to focus his arguments on the subject matter of hearing only.

8. The information (both of self generation and power purchased from external sources) as submitted by KESCL in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority and few discrepancies were found as explained at paras 10 & 11 below.
9. The fuel cost variation of KESCL's own power generation and power purchases from external sources for the month of March, 2014 works out to be Rs. 1,005.900 million or Ps. 85.985/kWh, as per the details tabulated hereunder:

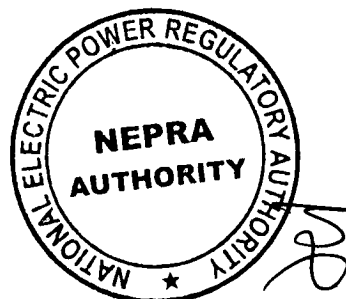
Tariff Adjustments - Summary	March-14	March-14
Variation in Fuel Price	Requested	Allowed
Own Generation (Million Rs)	820.447	815.102
External/PPP (Million Rs)	275.264	190.798
Total (Rs In Millions)	1095.710	1,005.900
Total Units Sent Out (GWh)	1169.855	1169.854
Total Variation Ps/kWh	93.662	85.985

10. The difference between the claimed and approved variation in fuel cost of Own generation is due to inconsistency in the working of furnace oil rate (Rs/M.Ton) at KESCL's end. The Authority has consistently been using monthly weighted average method to work out the furnace oil rate and has used the same for calculation of fuel charges variations of the current month.



11. In the fuel component of the Power Purchase cost, it was noticed that NTDC/CPA, for the current month invoiced KESCL Rs. 9.182/kWh and the same was used by KESCL in its request whereas the Authority's approved energy transfer rates of NTDC/CPA, applicable to all XWDISCOs and KESCL, for the current month comes out to be Rs. 8.9067/kWh. The variations have been allowed by the Authority on the basis of approved energy transfer rates.
12. Based on the analysis of the data as submitted by KESCL, the Authority has noted with grave concern that KESCL is subjecting its consumers to undue and unauthorized load shedding by continuously underutilizing the available energy of its system (own + external). Moreover it was also noted that KESCL is keeping its available generation capacity idle and relying more on the energy purchased from NTDC in violation of the terms of the power purchase agreement signed between the mentioned utilities. By doing so, KESCL is necessitating the operations of the most expensive power plants in NTDC system as well as aggravating the menace of load shedding in the whole country. In view thereof, KESCL is hereby directed to prudently utilize the available energy of its system and strictly comply with the terms of the aforementioned power purchase agreement to eliminate/reduce the load shed in its territorial jurisdiction and in the whole country.
13. In order to allow KESCL variation in fuel cost of its own generation as well as power purchased from external sources for the month of March 2014, the Authority has decided to pass on Ps. 85.985/kWh to the consumers of KESCL as FCA. The current month's variation is being allowed on provisional basis subject to adjustments if it is found that KESCL, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order, the matter which is being dealt with KESCL separately.
14. 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 December, 2014 works out to be Ps. 87/kWh and shall be charged by KESCL according to the following schedule;

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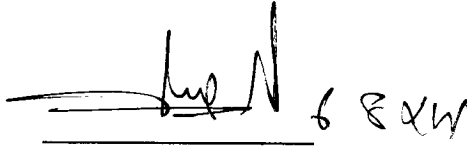


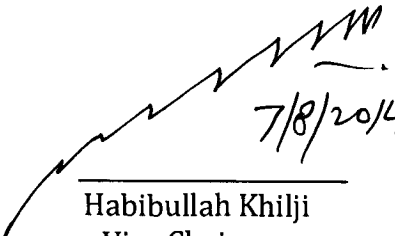
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
March, 2014	87	December, 2014

15. The adjustment as referred to in para 14 above:
- shall be applicable to all the consumer categories except lifeline consumers of KESCL; and
 - shall be shown separately in the consumer bills of December, 2014 on the basis of units billed for the month of March, 2014.


Authority


Major (Retd.) Haroon Rashid
Member


Khawaja Muhammad Naeem
Member


7/8/2014.
Habibullah Khilji
Vice Chairman




08.08.14

National Electric Power Regulatory Authority



NOTIFICATION

Islamabad, the 8th day of August 2014

S.R.O. *726* (I)/2014.- 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 March 2014 in respect of KESCL.

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
March 2014	87	December 2014

2. The above adjustment of **plus** Ps.87.00/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 December, 2014 on the basis of units billed for the month of March 2014.

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

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(Syed Safeer Hussain)
Registrar

08.08.14

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