



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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

No. NEPRA/TRF-133/KESC-2009/ 15913-17

November 4, 2015

Chief Executive Officer
K-Electric Limited (KEL)
KE House, Punjab Chowrangi,
39 – B, Sunset Boulevard, Phase-II
Defence Housing Authority
Karachi.

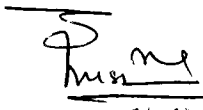
Subject: **Decisions of the Authority in the matter of Fuel Charges Adjustment for the Months of June, July and August 2015 for K-Electric Limited (formerly Karachi Electric Supply Company Ltd.) and Notifications Thereof**

Enclosed please find herewith copies of the following decisions of the Authority regarding fuel charges adjustment in respect of K-Electric Ltd. (formerly Karachi Electric Supply Company Ltd.) for the months of June, July and August, 2015 and Notifications thereof:

- i) Copy of decision of the Authority (04 pages) for the month of June 2015 and Notification thereof i.e. SRO 1078(I)/2014 dated 03.11.2015.
- ii) Copy of decision of the Authority (04 pages) for the month of July 2015 and Notification thereof i.e. SRO 1079(I)/2014 dated 03.11.2015.
- iii) Copy of decision of the Authority (03 pages) for the month of August 2015 and Notification thereof i.e. SRO 1080(I)/2014 dated 03.11.2015.

2. While reflecting the Fuel Adjustment Charges, K-Electric Ltd. (formerly 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


04.11.15
(Syed Safer Hussain)

CC:

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.

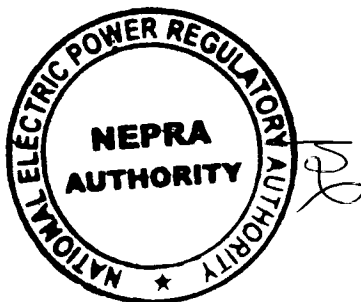


DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE MONTH OF JUNE 2015 FOR K-ELECTRIC LIMITED (FORMERLY KARACHI ELECTRIC SUPPLY COMPANY LIMITED)

1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 and as per the mechanism for monthly Fuel Charges Adjustment (hereinafter referred to as "FCA") prescribed by National Electric Power Regulatory Authority (hereinafter referred to as "the Authority") for K-Electric Limited (hereinafter referred to as "K-Electric") (formerly Karachi Electric Supply Company Limited) 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, the Authority has to review and adjust the approved tariff of K-Electric on account of variation in the fuel charges on monthly basis. These adjustments are allowed in the fuel cost component of K-Electric's own generation as well as its power purchases from external sources without taking into account the effect of allowed transmission and distribution losses (hereinafter referred to as "T&D losses").
2. K-Electric submitted its FCA request for the month of June, 2015 (hereinafter referred to as the "current month") vide its letter No. RA&SP/NEPRA/071/1346 dated August 10, 2015. Subsequently, based on the invoice of NTDC, K-Electric submitted its revised FCA request for the current month vide its letter No. RA&SP/NEPRA/071/075 dated August 24, 2015; summary of the which is tabulated below:

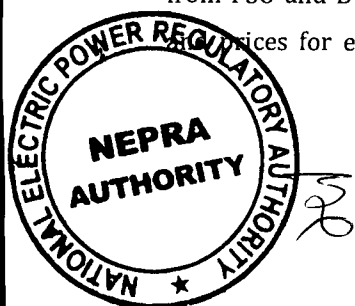
Tariff Adjustments - Summary	June-15
Variation in Fuel Price	Requested
Own Generation (Million Rs.)	384.424
External/PPP (Million Rs.)	(191.234)
Total (Millions Rs.)	193.190
Total Units Sent Out (GWh)	1651.616
Total Variation Ps/kWh	11.697

3. K-Electric, in its aforementioned FCA request, certified that cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest. Further, K-Electric also submitted that it dispatches power as per Economic Merit Order from its own generation units (with the available fuel resources) and import 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 and to arrive at an informed and just decision, the Authority decided to provide an opportunity of hearing to all the concerned stakeholders. The hearing for the aforesaid purpose was held on September 28, 2015 at National Institute of Management, Karachi. Notice thereof was published in the daily newspapers on September 16, 2015 and separate notices were also sent to the major stakeholders informing thereby the general public/concerned stakeholders about the date and venue of the hearing and inviting their comments/objections to make the process of hearing more meaningful.





5. For the fuel price variations on its own generation, K-Electric in the hearing submitted that the reason for the claimed amount of Rs. 384.424 million is the increase in the cost of furnace oil (Rs. 41,622/metric ton in the reference month of March, 2015 to Rs. 44,908/metric ton in the current month) and increased generation on furnace oil on Bin Qasim Power Station-I (from 62% in the reference month to 66% in the current month). For fuel component variation of power purchase cost, K-Electric submitted that the major reason of the claimed variation of minus Rs. 191.234 million is the decrease in per unit cost of NTDC from Rs. 6.014/ KWh in the reference month of March, 2015 to Rs. 4.856/KWh.
6. One of the commentators namely Mr. Abu Bakar Usman, Director Public Issues, PASBAN during the hearing as well as in writing submitted that K-Electric has preferred to purchase power from NTDC without utilization of its own generation to the maximum which consequently results in load shedding. K-Electric, responding that contention, submitted that it follows Economic Merit Order ("EMO") for its own generating units and import of power from external sources. The EMO of K-Electric's generating units is subject to available fuel, scheduled & forced outages. The Authority considered this contention of the commentator and is of the view that the case of utilization factor of generating stations of K-Electric's own system is being dealt with by the Authority in separate proceedings against the company. For that purpose, multiple explanations/show cause notices under the applicable law have been issued to K-Electric, however, the same have been challenged and are at different stages of litigation in the Honorable High Court of Sindh and before the Authority.
7. Mr. Abu Bakar Usman also submitted that K-Electric in its subject request has claimed a reduction of Rs. 0.293/KWh in the fuel component of the power purchase cost despite the fact that only in the case of NTDC there is a reduction of Rs. 1.158/kWh. K-Electric in response submitted that as per the approved/prescribed mechanism, fuel price variation (increase/decrease) of the power purchase component is worked out on the basis of average cost of all power stations. Whereas the commentator has calculated the variation of each individual power station separately; thus claiming an excessive reduction which is not in accordance with the tariff mechanism. The Authority has considered this submission of the commentator and response thereon of K-Electric and is of the view that the method/formula adopted by K-Electric for its claim is correct and is in compliance with the approved mechanism.
8. Mr. Abu Bakar Usman further submitted that K-Electric in its FCA request has used furnace oil price of Rs. 44,908/ metric ton whereas as per Pakistan State Oil ("PSO") price list, the furnace oil price for June, 2015 comes out to be Rs. 43,751/ metric ton. This difference of Rs. 1,157/metric ton when multiplied with the consumption of 86,665 metric tons results in cost differential of around Rs. 100.27 million which on furnace oil generation of 328.273 GWh translates into a burden of Ps. 30/ kWh. Mr Usman also submitted that price of furnace oil in May, 2015 was Rs. 41,624/metric ton, therefore, the benefit of low cost of opening stock, i.e. Rs. 3,283/metric ton should also be adjusted in FCA for June, 2015. K-Electric in response submitted that the furnace oil is purchased from PSO and BYCO in accordance with the published rates and all such invoices including the rates, quantity and prices for each month are verified by NEPRA before allowing the fuel price variation to K-Electric. The



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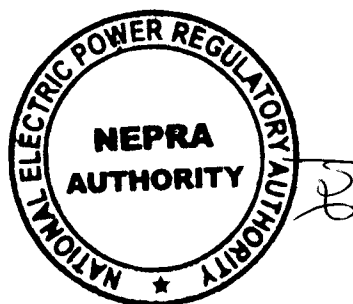


Authority noted that while allowing the fuel charges variations to K-Electric, the invoices raised by the furnace oil vendors to K-Electric are duly checked and verified. To add further, it is informed that the financial charges paid by K-Electric to these vendors for late payment or on any other account are not included in those prices. Regarding the argument of the commentator of passing on the benefit of the low cost of opening stock, the Authority noted that variations are computed and allowed based on the weighted average cost of opening stock and during the month purchases of furnace oil. In this way, the benefit of low cost of opening stock, if any, becomes part of the allowed variations.

9. The information (both of self-generation and power purchased from external sources) as submitted by K-Electric in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority. Few discrepancies were found which are explained at paras 11 & 12 below.
10. The fuel cost variation of K-Electric's own generation and power purchases from external sources for the month of June, 2015 works out to be Rs. 56.258 million or Ps. 3.406/ kWh; the details of which are tabulated hereunder;

Tariff Adjustment - Summary	June-15	June-15
Variation in Fuel Price	Requested	Allowed
Own Generation (Million Rs.)	384.424	351.836
External/PPP (Million Rs.)	(191.234)	(295.578)
Total (Million Rs.)	193.190	56.258
Total Units Sent Out (GWh)	1651.616	1651.615
Total Variation Ps/kWh	11.697	3.406

11. The difference between the requested and approved variation in fuel cost of own generation is due to inconsistency in the working of furnace oil rate (Rs./metric ton) at K-Electric'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 National Transmission and Dispatch Company ("NTDC")/Central Power Purchasing Agency("CPPA"), for the current month invoiced K-Electric at Rs. 4.856/kWh and the same was used by K-Electric in its request, whereas the Authority's approved fuel cost component of NTDC/CPPA, applicable to all Ex-WAPDA distribution companies ("XWDISCOs") and K-Electric, for the current month of June, 2015 comes out to be Rs. 4.631/kWh, which is the reason for the difference between the claimed and allowed figure of power purchase cost variation.
13. In view of the discussion in preceding paragraphs, the Authority has decided to pass on Ps. 3.406/kWh to the consumers of K-Electric as FCA for the current month. It is to be noted that the aforementioned FCA is being allowed on provisional basis and if it is found that K-Electric, while dispatching power from the generation



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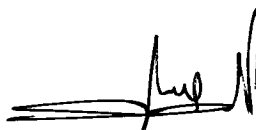


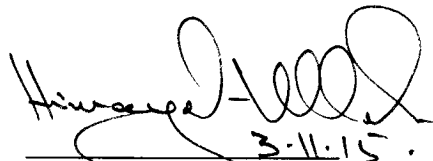
sources of its system, has not followed the EMO or not prudently utilized its power stations, the same will be adjusted accordingly and will be made part of the proceedings initiated against the company in this regard.

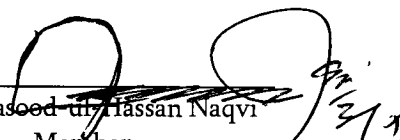
14. The paisa per kWh, rounded off, after not allocating its effect on the consumption of life line consumers to be charged by K-Electric in the prospective billing month of November, 2015 works out to be Ps. 3/ kWh and shall be charged by K-Electric according to the following schedule;

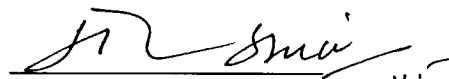
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
June, 2015	3	November, 2015


AUTHORITY

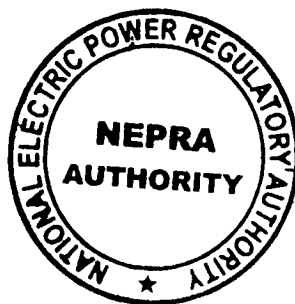

03/11/15
Khawaja Muhammad Naeem
Member

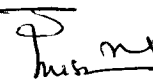

3-11-15
Himayat Ullah Khan
Member


3/11/15
Syed Masood ul Hassan Naqvi
Member


3/11/15
Maj (R) Haroon Rashid
Vice Chairman


3/11/15
Brig (R) Tariq Saddozai
Chairman




03/11/15

**To Be Published in
Official Gazette of Pakistan Part-II**

National Electric Power Regulatory Authority



NOTIFICATION

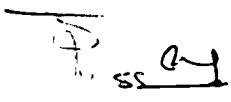
Islamabad, the 3rd day of November 2015


1078-
S.R.O. (I)/2015.- 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 K-Electric Ltd. (formerly Karachi Electric Supply Company Limited), as notified vide SRO 11(I)/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 June 2015 in respect of K-Electric Limited.

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
June 2015	3	November 2015

2. The above adjustment of **plus** Ps.3.00/kWh shall be applicable to all the consumer categories except lifeline consumers of K-Electric Ltd. The said adjustment shall be shown separately in the consumer bills of November 2015 on the basis of units billed for the month of June 2015.

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


03. XI. 15
(Syed Safer Hussain)
Registrar


03-
3/11/15



DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE MONTH OF JULY 2015 FOR K-ELECTRIC LIMITED (FORMERLY 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 and as per the mechanism for monthly Fuel Charges Adjustment (hereinafter referred to as "FCA") prescribed by National Electric Power Regulatory Authority (hereinafter referred to as "the Authority") for K-Electric Limited (hereinafter referred to as "K-Electric") (formerly Karachi Electric Supply Company Limited) 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, the Authority has to review and adjust the approved tariff of K-Electric on account of variation in the fuel charges on monthly basis. These adjustments are allowed in the fuel cost component of K-Electric's own generation as well as its power purchases from external sources without taking into account the effect of allowed transmission and distribution losses (hereinafter referred to as "T&D losses").
2. K-Electric submitted its FCA request for the month of July, 2015 (hereinafter referred to as the "current month") vide its letter No. RA&SP/NEPRA/071/1349 dated August 28, 2015 The summary of the adjustment request submitted by K-Electric is tabulated below:

Tariff Adjustments - Summary	July-15
Variation in Fuel Price	Requested
Own Generation (Million Rs.)	(978.979)
External/PPP (Million Rs.)	(323.003)
Total (Millions Rs.)	(1301.982)
Total Units Sent Out (GWh)	1639.800
Total Variation Ps/kWh	(79.399)

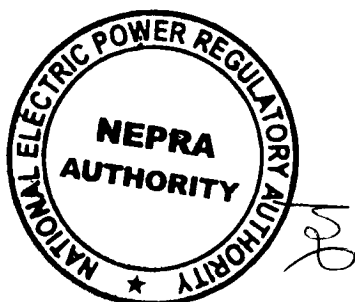
3. K-Electric, in its aforementioned FCA request, certified that cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest. Further, K-Electric also submitted that it dispatches power as per Economic Merit Order from its own generation units (with the available fuel resources) and import 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 and to arrive at an informed and just decision, the Authority decided to provide an opportunity of hearing to all the concerned stakeholders. The hearing for the aforesaid purpose was held on September 28, 2015 at National Institute of Management, Karachi. Notice thereof was published in the daily newspapers on September 16, 2015 and separate notices were also sent to the major stakeholders informing thereby the general public/concerned stakeholders about the date and venue of the hearing and inviting their comments/objections to make the process of hearing more meaningful.





5. For the fuel price variations on its own generation, K-Electric in the hearing submitted that the reason for the claimed amount of minus Rs. 978.979 million is the decrease in the cost of furnace oil (Rs. 44,908/metric ton in the reference month of June, 2015 to Rs. 42,644/metric ton in the current month) and decreased generation on furnace oil on Bin Qasim Power Station-I (from 66% in the reference month to 38% in the current month). For fuel component variation of power purchase cost, K-Electric submitted that the major reason of the claimed variation of minus Rs. 323.003 million is the decrease in per unit cost of NTDC from Rs. 4.856/ KWh in the reference month of June, 2015 to Rs. 4.584/KWh in the current month.
6. One of the commentators namely Mr. Abu Bakar Usman Director Public Issues, PASBAN during the hearing and in writing submitted that in the month of July 2015, K-Electric has only generated 1010 MW out of the installed capacity of 2,341 MW which is the main reason for load shedding. He requested that K-Electric may be directed by the Authority to generate power from its own generation fleet to the maximum. K-Electric in response has submitted that it follows Economic Merit Order (EMO) for its own generating units and import of power from external sources. The EMO of K-Electric's generating units is subject to available fuel, scheduled & forced outages. The Authority considered this contention of the commentator and is of the view that the case of utilization factor of generating stations of K-Electric's own system is being dealt with by the Authority in separate proceedings against the company. For that purpose, multiple explanations/show cause notices under the applicable law have been issued to K-Electric, however, the same have been challenged and are at different stages of litigation in the Honorable High Court of Sindh and before the Authority.
7. The information (both of self-generation and power purchased from external sources) as submitted by K-Electric in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority. Few discrepancies were found which are explained at paras 9 & 10 below.
8. The fuel cost variation of K-Electric's own power generation and power purchases from external sources for the month of July, 2015 works out to be minus Rs. 1,278.501 million or minus Ps. 77.967/ kWh, as per the details tabulated below:

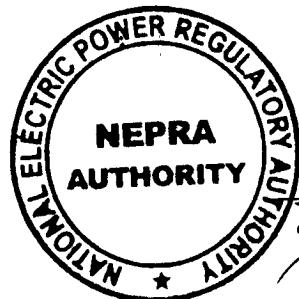
Tariff Adjustment - Summary	July-15	July-15
Variation in Fuel Price	Requested	Allowed
Own Generation (Million Rs.)	(978.979)	(954.471)
External/PPP (Million Rs.)	(323.003)	(324.030)
Total (Million Rs.)	(1301.982)	(1278.501)
Total Units Sent Out (GWh)	1639.800	1639.792
Total Variation Ps/kWh	(79.399)	(77.967)





9. The difference between the requested and approved variation in fuel cost of own generation is due to inconsistency in the working of furnace oil rate (Rs./metric ton) at K-Electric'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, the Authority noted that National Transmission and Dispatch Company ("NTDC")/Central Power Purchasing Agency ("CPPA"), for the reference and current months invoiced K-Electric at Rs. 4.856/kWh and Rs. 4.584/kWh respectively and the same rates were used by K-Electric in its FCA request. Whereas the Authority's approved fuel cost components of NTDC/CPPA, applicable to all Ex-WAPDA distribution companies ("XWDISCOs") and K-Electric, for the reference and current months are Rs. 4.631/kWh and Rs. 4.356/kWh respectively. This is the main reason for the difference between the claimed and allowed figure of power purchase cost variation.
11. In view of the discussion in preceding paragraphs, the Authority has decided to pass on minus Ps. 77.967/kWh to the consumers of K-Electric as FCA for the current month. It is to be noted that the aforementioned FCA is being allowed on provisional basis and if it is found that K-Electric, while dispatching power from the generation sources of its system, has not followed the EMO or not prudently utilized its power stations, the same will be adjusted accordingly and will be made part of the proceedings initiated against the company in this regard.
12. The paisa per kWh to be charged by K-Electric in the prospective billing month of November, 2015 works out to be minus Ps. 77.967/ kWh and shall be charged by K-Electric according to the following schedule;

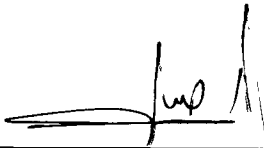
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
July, 2015	(77.967)	November, 2015

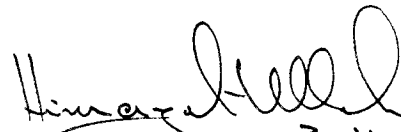


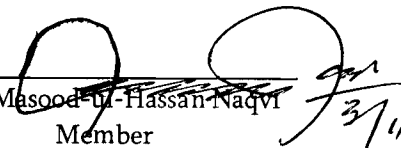


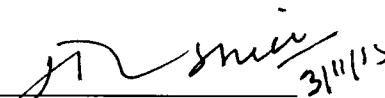
13. As per the policy Guidelines of Government of Pakistan ("GoP") dated May 21, 2015, the impact of aforementioned FCA of minus PS. 77.967/ kWh for July, 2015 shall not be passed on to the life line consumers, agriculture consumers and domestic consumers, consuming up-to 300 Units. K-Electric is hereby directed to provide the details of units billed to each of these consumer categories in July, 2015 so that the same amount could be adjusted in K-Electric's Schedule of Tariff through quarterly adjustment for the quarter July-Sep, 2015 to ensure reduction in GoP subsidy to the extent of that amount.

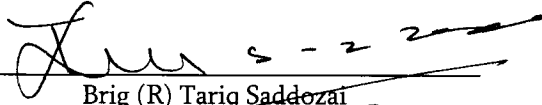
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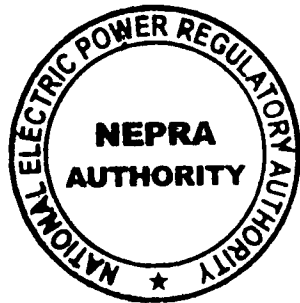

03.11.15
Khawaja Muhammad Naeem
Member

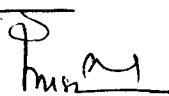

3.11.15
Hidayat Ullah Khan
Member


3/11
Syed Masood-ul-Hassan Naqvi
Member


3/11/15
Maj (R) Haroon Rashid
Vice Chairman


3/11/15
Brig (R) Tariq Sadozai
Chairman




03.11.15

**To Be Published in
Official Gazette of Pakistan Part-II**

National Electric Power Regulatory Authority



NOTIFICATION

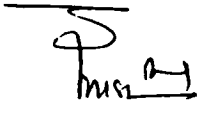
Islamabad, the 3rd day of November 2015

S.R.O. ¹⁰⁷⁹ (I)/2015.- 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 K-Electric Ltd. (formerly Karachi Electric Supply Company Limited), as notified vide SRO 11(I)/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 July 2015 in respect of K-Electric Limited:

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
July 2015	(77.967)	November 2015

2. The above adjustment of **minus** Ps.77.967/kWh shall be applicable to all the consumer categories except lifeline consumers, agriculture consumers and domestic consumers, consuming up-to 300 Units of K-Electric Ltd. The said adjustment shall be shown separately in the consumer bills of November 2015 on the basis of units billed for the month of July 2015.

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


03 11. 15
(Syed Safer Hussain)
Registrar

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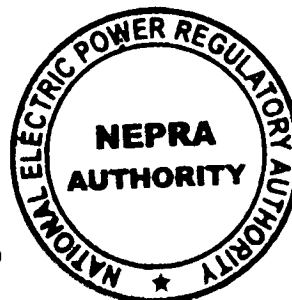
03/11/15

DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE MONTH OF AUGUST 2015 FOR K-ELECTRIC LIMITED (FORMERLY KARACHI ELECTRIC SUPPLY COMPANY LIMITED)

- Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 and as per the mechanism for monthly Fuel Charges Adjustment (hereinafter referred to as "FCA") prescribed by National Electric Power Regulatory Authority (hereinafter referred to as "the Authority") for K-Electric Limited (hereinafter referred to as "K-Electric") (formerly Karachi Electric Supply Company Limited) 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, the Authority has to review and adjust the approved tariff of K-Electric on account of variation in the fuel charges on monthly basis. These adjustments are allowed in the fuel cost component of K-Electric's own generation as well as its power purchases from external sources without taking into account the effect of allowed transmission and distribution losses (hereinafter referred to as "T&D losses").
- K-Electric submitted its FCA request for the month of August, 2015 (hereinafter referred to as "current month") vide letter No. RA&SP/NEPRA/071/1358 dated September 21, 2015. The summary of the adjustment request as submitted by K-Electric is tabulated below:

Tariff Adjustments - Summary	August-15
Variation in Fuel Price	Requested
Own Generation (Million Rs.)	(706.120)
External/PPP (Million Rs.)	(609.410)
Total (Millions Rs.)	(1315.530)
Total Units Sent Out (GWh)	1541.963
Total Variation Ps/kWh	(85.315)

- K-Electric, in its aforementioned FCA request, certified that cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest. Further, K-Electric also submitted that it dispatches power as per Economic Merit Order from its own generation units (with the available fuel resources) and import from external sources.
- 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 and to arrive at an informed and just decision, the Authority decided to provide an opportunity of hearing to all the concerned stakeholders. The hearing for the aforesaid purpose was held on October 29, 2015 at NEPRA Tower, Islamabad. Notice thereof was published in the daily newspapers on October 22, 2015 and separate notices were also sent to the major stakeholders informing thereby the general public/concerned stakeholders about the date and venue of the hearing and inviting their comments/objections to make the process of hearing more meaningful.

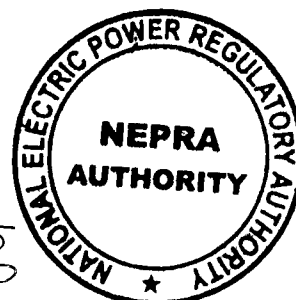




5. For the fuel price variations on its own generation, K-Electric in the hearing submitted that the reason for the claimed amount of minus Rs. 706.120 million is the decrease in the cost of furnace oil (Rs. 44,908/metric ton in the reference month of June, 2015 to Rs. 36,409/metric ton in the current month) and decreased generation on furnace oil on Bin Qasim Power Station-I (from 66% in the reference month to 53% in the current month). For fuel component variation of power purchase cost, K-Electric submitted that the major reason of the claimed variation of minus Rs. 609.410 million is the decrease in the weighted average fuel component of power purchase cost from Rs. 6.306/kWh in June, 2015 to Rs. 5.401/ kWh in the current month. This decrease mainly comprises of reduction in fuel cost of KANUPP, IPPs (Tapal and Gul Ahmed) and NTDC by Rs. 1.455/kWh, Rs 1.629/kWh and Rs. 0.552/kWh respectively in current month over reference month of June, 2015.
6. The information (both of self-generation and power purchased from external sources) as submitted by K-Electric in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority. Few discrepancies were found which are explained at paras 8 & 9 below.
7. The fuel cost variation of K-Electric's own power generation and power purchases from external sources for the month of August, 2015 works out to be minus Rs. 1411.590 million or Ps. 91.545/ kWh, as per the details tabulated hereunder:

Tariff Adjustment - Summary	August-15	August-15
Variation in Fuel Price	Requested	Allowed
Own Generation (Million Rs.)	(706.120)	(701.493)
External/PPP (Million Rs.)	(609.410)	(710.097)
Total (Million Rs.)	(1315.530)	(1411.590)
Total Units Sent Out (GWh)	1541.963	1541.962
Total Variation Ps/kWh	(85.315)	(91.545)

8. The difference between the requested and approved variation in fuel cost of own generation is due to inconsistency in the working of furnace oil rate (Rs./metric ton) at K-Electric'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.
9. In the fuel component of the power purchase cost, the Authority noted that National Transmission and Dispatch Company ("NTDC")/Central Power Purchasing Agency ("CPPA"), for the reference and current months invoiced K-Electric at Rs. 4.856/kWh and Rs. 4.304/kWh respectively and the same rates were used by K-Electric in its FCA request. Whereas the Authority's approved fuel cost components of NTDC/CPPA, applicable to all Ex-WAPDA distribution companies ("XWDISCOs") and K-Electric, for the reference and current months are Rs. 4.631/kWh and Rs. 3.855/kWh respectively. This is the main reason for the difference between the claimed and allowed figure of power purchase cost variation.



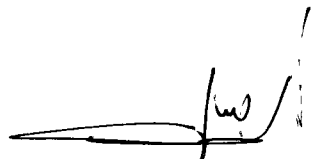



10. In view of the discussion in preceding paragraphs, the Authority has decided to pass on minus Ps. 91.545/kWh to the consumers of K-Electric as FCA for the current month. It is to be noted that the aforementioned FCA is being allowed on provisional basis and if it is found that K-Electric, while dispatching power from the generation sources of its system, has not followed the EMO or not prudently utilized its power stations, the same will be adjusted accordingly and will be made part of the proceedings initiated against the company in this regard.
11. The paisa per kWh to be charged by K-Electric in the prospective billing month of December, 2015 works out to be minus Ps. 91.545/ kWh and shall be charged by K-Electric according to the following schedule;

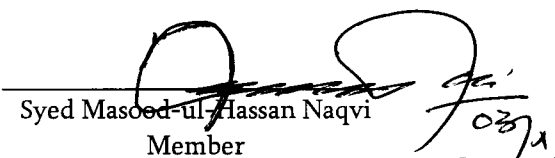
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
August, 2015	(91.545)	December, 2015

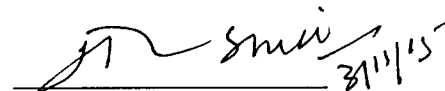
12. As per the policy Guidelines of Government of Pakistan ("GoP") dated May 21, 2015, the impact of aforementioned FCA of minus PS. 91.545/ kWh for August, 2015 shall not be passed on to the life line consumers, agriculture consumers and domestic consumers, consuming up-to 300 Units. K-Electric is hereby directed to provide the details of units billed to each of these consumer categories in August, 2015 so that the same amount could be adjusted in K-Electric's Schedule of Tariff through quarterly adjustment for the quarter July-Sep 2015, to ensure reduction in GoP subsidy to the extent of that amount.

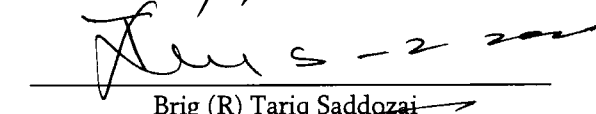
AUTHORITY

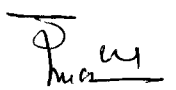

03.11.15
Khawaja Muhammad Naeem
Member

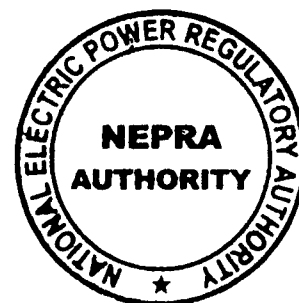

3.11.15
Himayat Ullah Khan
Member


03/11/15
Syed Masood-ul-Hassan Naqvi
Member


31/11/15
Maj (R) Haroon Rashid
Vice Chairman


3/11/15
Brig (R) Tariq Saddozai
Chairman


03.11.15



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National Electric Power Regulatory Authority



NOTIFICATION

Islamabad, the 3rd day of November 2015


S.R.O. 1080 (I)/2015.- 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 K-Electric Ltd. (formerly Karachi Electric Supply Company Limited), as notified vide SRO 11(I)/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 August 2015 in respect of K-Electric Limited:

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
August 2015	(91.545)	December 2015

2. The above adjustment of **minus** Ps.91.545/kWh shall be applicable to all the consumer categories except lifeline consumers, agriculture consumers and domestic consumers, consuming up-to 300 Units of K-Electric Ltd. The said adjustment shall be shown separately in the consumer bills of December 2015 on the basis of units billed for the month of August 2015.

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


03.XI.15
(Syed Safer Hussain)
Registrar


3/11/15

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