



# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

Registrar

NEPRA Tower, Ataturk Avenue(East), G-5/1, Islamabad  
Ph: +92-51-9206500, Fax: +92-51-2600026  
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-133/KESC-2009/514-519

January 16, 2015

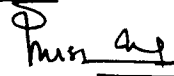
Chief Executive Officer  
K-Electric Limited (KEL)  
KE House, Punjab Chowrangi,  
39 – B, Sunset Boulevard, Phase-II  
Defence Housing Authority  
Karachi.

Subject: **Decision of the Authority in the matter of Fuel Charges Adjustment for the Month of November 2014 for K-Electric Limited (formerly Karachi Electric Supply Company Ltd.) and Notification (S.R.O. 36(I)/2015 dated 16.01.2015) Thereof**

Enclosed please find a copy of decision of the Authority (05 pages) in the matter of fuel charges for the month of November 2014 in respect of K-Electric Limited (formerly Karachi Electric Supply Company Ltd.), along with Notification (S.R.O. 36(I)/2015 dated 16.01.2015) thereof. This is for information and further necessary action.

2. While reflecting the Fuel Adjustment Charges, K-Electric Ltd. shall keep in view and strictly comply with the orders of the court(s), if any, notwithstanding this order.

Enclosure: As above

  
( Syed Safer Hussain )

CC:

1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
3. Secretary, Ministry of Finance, Islamabad.
4. Secretary, Privatization Commission, Islamabad.
5. The Registrar, Supreme Court of Pakistan, Islamabad.



**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE MONTH OF NOVEMBER 2014 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, (XL of 1997) and as per the mechanism for monthly fuel price adjustment prescribed by National Electric Power Regulatory Authority (herein after referred to as "the Authority") for K-Electric Limited (herein 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 revise the approved tariff on account of any variation in the fuel charges on monthly basis. As per the mechanism prescribed by the Authority, K-Electric 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. K-Electric submitted its request with regard to adjustment in fuel cost component of its tariff for the month of November, 2014 vide letter bearing reference No. RA&SP/NEPRA/071/1201 dated December 18, 2014. The summary of the adjustment request submitted by K-Electric is tabulated below;

<b>Tariff Adjustments - Summary</b>	<b>November-14</b>
<b>Variation in Fuel Price</b>	<b>Requested</b>
Own Generation (Million Rs)	(522.697)
External/PPP (Million Rs)	(1478.694)
<b>Total (Rs In Millions)</b>	<b>(2001.391)</b>
Total Units Sent Out (GWh)	1216.912
<b>Total Variation Ps/kWh</b>	<b>(164.465)</b>

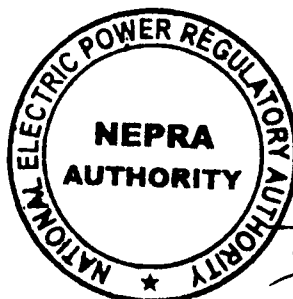
3. K-Electric, in its aforementioned request, certified that cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest.





Further, K-Electric also submitted that it dispatches power as per Economic Merit Order from its own 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 held on January 06, 2015 at NEPRA Tower Islamabad; notice thereof was published in the daily newspapers on December 27, 2014 and separate notices were also sent to the major stakeholders on December 29, 2014, 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 and to reach at an informed and just decision.
5. During the hearing, K-Electric submitted that in its own generation, major reasons for the claimed variation were the better generation mix on Bin Qasim Power Plant-I and decrease in prices of furnace oil in the current month of November 2014 as compared to the reference month of September 2014. The Generation Mix on Bin Qasim Power Plant-I in November 2014 improved to 47% and 53% on Furnace Oil and Gas respectively as compared to 57% and 43% on Furnace Oil and Gas respectively in September 2014. The price of furnace oil decreased from Rs. 68,383 per metric ton in the month of September 2014 to 54,936 per metric ton in the current month.
6. In the fuel cost component of power purchase cost, K-Electric submitted that major reason of the claimed variation is decrease in per unit cost of energy purchased from NTDC which decreased from Rs. 7.025/kWh in the reference month of September 2014 to Rs. 4.815/kWh in the current month. Furthermore, due to decrease in the price of furnace oil, per unit cost of power purchased from Tapal and Gul Ahmed also decreased from Rs. 14.111/kWh and Rs. 15.396/kWh respectively in the reference month of September 2014 to Rs. 12.892/kWh and Rs. 13.578/kWh respectively in the current month, which also contributed to the claimed variation. In addition, the fuel cost of energy procured from KANUPP and PASMIC, based on





K-Electric's own cost of generation, also decreased in November 2014 as compared to September 2014, due to decrease in K-Electric's own cost of generation.

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 and few discrepancies were found as 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 November, 2014 works out to be minus Rs. 2064.18 million or minus Ps. 169.64/kWh, as per the details tabulated hereunder:

<b>Tariff Adjustments - Summary</b>	<b>November-14</b>	<b>November-14</b>
<b>Variation in Fuel Price</b>	<b>Requested</b>	<b>Allowed</b>
Own Generation (Million Rs)	(522.697)	(533.859)
External/PPP (Million Rs)	(1478.694)	(1530.327)
<b>Total (Rs In Millions)</b>	<b>(2001.391)</b>	<b>(2064.186)</b>
Total Units Sent Out (GWh)	1216.912	1216.843
<b>Total Variation Ps/kWh</b>	<b>(164.465)</b>	<b>(169.635)</b>

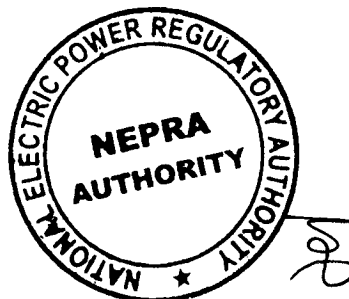
9. The difference between the requested and approved variation in fuel cost of own generation is due to inconsistency in the working of furnace oil rate (Rs/M.Ton) at K-Electric's end. The Authority has consistently been using monthly weighted average method to work out the furnace oil rate and has used the same for calculation of fuel charges variations of the current month.
10. In the fuel component of the power purchase cost, it was noticed that NTDC/CPA, for the reference as well as for the current month invoiced K-Electric at Rs. 7.025/kWh and Rs. 4.815/kWh respectively and the same were used by K-Electric in its request whereas the Authority's approved fuel cost component of NTDC/CPA, applicable to all XWDISCOs and K-Electric, for the reference and current months comes out to be Rs. 6.7665/kWh and Rs. 4.4495/kWh respectively. On the basis of the invoiced rates, the difference between the





overall weighted average fuel cost component of power purchased by K-Electric for the current and reference month comes out as minus Rs. 2.474/kWh whereas on the basis of the approved rates the result comes out as minus Rs. 2.561/kWh which is the major reason of the difference between the claimed and allowed figure of power purchase cost variation.

11. Based on the analysis of the data as submitted by K-Electric, the Authority has noted with grave concern that K-Electric 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 K-Electric 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, K-Electric 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, K-Electric 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.
12. In order to allow K-Electric variation in fuel cost of its own generation as well as power purchased from external sources for the month of November 2014, the Authority has decided to pass on minus Ps. 169.64/kWh to the consumers of K-Electric as FCA. The current month's variation is being allowed on provisional basis subject to adjustments if it is found that K-Electric, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order, the matter which is being dealt with K-Electric separately.
13. The paisa per kWh, rounded off after not allocating its effect on the consumption of life line and agriculture consumers, to be charged by K-Electric in the prospective billing month of March 2015 works out to be minus Ps. 173/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
November, 2014	(173)	March, 2015

14. The adjustment as referred to in para 13 above:

- i. shall be applicable to all the consumer categories except lifeline and agriculture consumers of K-Electric; and
- ii. shall be shown separately in the consumer bills of March 2015 on the basis of units billed for the month of November, 2014.

**Authority**

(Khawaja Muhammad Naeem) -  
Member

(Maj. (R) Haroon Rashid)  
Member

(Himayat Ullah Khan)  
Member

(Habibullah Khilji)  
Vice Chairman

Brig. (R) Tariq Saddozai  
(Chairman)

  
16.01.15

# National Electric Power Regulatory Authority



## NOTIFICATION

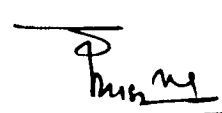
Islamabad, the 16<sup>th</sup> day of January 2015

S.R.O. **36** (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 November 2014 in respect of K-Electric Limited (formerly Karachi Electric Supply Company 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
November 2014	(173)	March 2015

2. The above adjustment of **minus** Ps.173.00/kWh shall be applicable to all the consumer categories except lifeline and agriculture consumers of K-Electric Ltd. (formerly Karachi Electric Supply Company Ltd.). The said adjustment shall be shown separately in the consumer bills of March 2015 on the basis of units billed for the month of November 2014.

[Case No. NEPRA/TRI-133/KE/SC1-2009(6)]

  
( Syed Safer Hussain )  
Registrar

16.01.15

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