



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Attaturk 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-2009/3200-3203
March 9, 2016

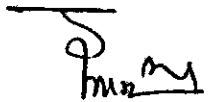
Subject:- Decision of the Authority in the matter of K-Electric Limited Request for
Quarterly Adjustment in its Tariff for the Quarter Ended September 2015

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with Annexure-I (13 pages) in respect of K-Electric Ltd. in Case No. NEPRA/TRF-133/KESC-2009(6).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

Enclosure: As above


09.03.16
(Syed Safer Hussain)

Secretary,
Ministry of Water & Power,
'A' Block, Pak Secretariat,
Islamabad

CC:

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



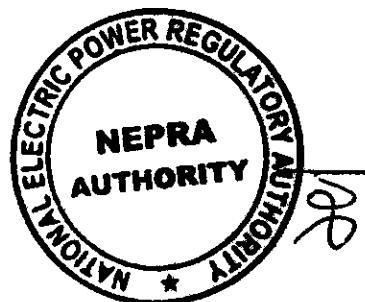
DECISION OF THE AUTHORITY IN THE MATTER OF K-ELECTRIC LIMITED REQUEST FOR QUARTERLY ADJUSTMENT IN ITS TARIFF FOR THE QUARTER ENDED SEPTEMBER, 2015

BACKGROUND

1. Pursuant to section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 and in accordance with the determination of the Authority in case No. NEPRA/TRF-133/KESC-2009(6) dated December 23, 2009 notified vide S.R.O. No. 11(I)/2010 dated January 01, 2010, K-Electric Limited (hereinafter referred to as "K-Electric" or "the company/utility") has been allowed certain adjustments in its tariff on quarterly basis. The adjustments allowed in the K-Electric's tariff on quarterly basis include the following:
 - impact of variation in the Capacity Charges and Operation and Maintenance (hereinafter referred to as the "O&M") components of the cost of power purchased by K-Electric from the external sources.
 - The impact of targeted Transmission and Distribution losses (hereinafter referred to as the "T & D losses") not allowed in the monthly Fuel Charges Adjustments (hereinafter referred to as "FCA").
2. In addition to the aforesaid adjustments in tariff, for allowing K-Electric recovery of its tariff in future on the latest price level, the tariff level is required to be adjusted at the price level of last month of the quarter i.e. in the current case the price level of September, 2015.

CURRENT REQUEST

3. K-Electric in accordance with the prescribed mechanism for adjustment of fuel and power purchase cost variations submitted quarterly adjustment request for the quarter July-September, 2015 (hereinafter referred to as the "current quarter") vide its letter No. RA&SP/NEPRA/071/1368 dated October 21, 2015. The summary of the adjustment as requested by K-Electric is tabulated below:





K-Electric Limited Tariff Adjustment for the Quarter July 2015 to September 2015

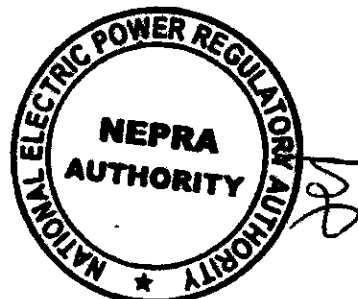
Items	DESCRIPTION	Proposed
1	Fuel Price Variation of September, 2015 over June, 2015 (Ps/kWh)	(31.213)
	Power Purchase Price Variation of September, 2015 over June, 2015 (Ps/kWh)	(73.428)
	Total Variation in Tariff (Ps/kWh)	(104.641)
	Un Recovered Cost	
	Variation in O&M cost of IPPs and Other External Sources (Mill Rs.)	(158.044)
	Variation in Capacity Charges of IPPs and Other External Sources (Mill Rs.)	10.902
	Un-recovered cost due to non-adjustment of T&D losses in FCA (Mill Rs.)	(584.207)
	Payment of WPPF/WWF to IPP's (TAPAL & Gul Ahmed) (Mill Rs.)	719.852
	Total Unrecovered Cost (Mill Rs.)	(11.497)
	Estimated Units to be Sold at 15% T&D losses July-Sep. 2015 (GWh)	3,109.142
2	Required Adjustments (Ps/kWh)	(0.370)
3	Reversal of Unrecovered Cost of Previous Quarter (Ps/kWh)	15.203
	Total Required Adjustment in K-Electric's Tariff (Ps/kWh) (1+2+3)	(89.808)

PUBLIC HEARING

4. Since the impact of the tariff adjustment, if any, affects the consumers, therefore, in order to meet the ends of natural justice, the Authority decided to provide an opportunity of hearing/filing of objections/comments to all the stakeholders. Accordingly, a public hearing for consideration of the requested adjustment was conducted by the Authority, on November 20, 2015 (Friday) at 11:30 am at Marriot Hotel, Karachi; notice thereof was published in the daily newspapers on November 11, 2015 and separate notices were also sent to the major stakeholders inviting their comments/objections in order to make the process of hearing meaningful and to reach at an informed and just decision.

ISSUES RAISED BY THE COMMENTATORS

5. The commentators namely Mr. Abu Bakar Usman, Mr. Arif Bilvani, Mr. Aneel Mumtaz and Mr. Anwar Kamal submitted certain submissions during the hearing as well as in writing. The Authority directed K-Electric to submit its response on the submissions of the aforementioned commentators which the company replied vide letter dated December 15, 2015. The relevant submissions of the aforementioned commentators, K-Electric's response thereon and Authority's position on those issues are explained in the proceeding paragraphs;
6. Mr. Abu Bakar Usman submitted that the price of furnace oil in market for the month of September, 2015 was Rs. 28,949 per metric ton as per the attached invoice of BYCO whereas K-Electric has used price of Rs. 30,085 per metric ton in it request. The Authority observed that the fuel price used by K-Electric is the moving/weighted average cost of the opening stock of furnace oil as well as the purchases K-Electric made during the month from BYCO and Pakistan State Oil ("PSO"). Hence, deriving the rate of furnace oil merely on the basis of invoice from BYCO without taking into account the cost of PSO and the cost of opening stock of furnace oil is not correct.

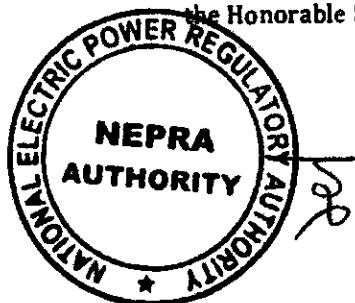




7. Mr. Usman also submitted that K-Electric has replaced S.I.T.E old gas turbine with 37% efficiency GE Janbacher engines, however, still claiming variations on old heat rates. The Authority noted that fuel price variations on each power plant of K-Electric including the one mentioned by the commentator is worked out on the basis of the efficiency targets (heat rates) approved by NEPRA. Before allowing these variations, the Authority always makes sure that fuel cost components and corresponding variations are worked out and allowed based on set efficiency benchmarks.

8. Mr. Arif Bilvani during the hearing as well as in writing reiterated his comments regarding the heat rates of K-Electric's owned generation plants which were submitted earlier vide letter dated October 05, 2015. The Authority observed that those submissions have already been addressed in the decision for the quarter April-June, 2015 whereby the Authority stated that it agreed with the submissions of the commentator that previous heat rate tests were conducted when K-Electric's power stations were on single cycle or partial combined cycle mode, which are now operating on combined cycle. The Authority also considered that the company's MYT is an efficiency based tariff in which no fixed return was allowed to K-Electric except for the gain that the utility realizes by bringing the efficiency in its operations. In view thereof, the Authority is of the view that the current MYT of K-Electric is set to expire in June, 2016 and the matter under discussion shall be considered at the time of the determination of new MYT for K-Electric.

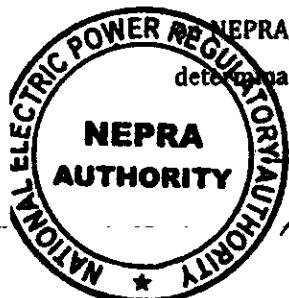
9. Anwar Kamal Law Associates ("AKLA") submitted that the decision of Economic Coordination Committee ("ECC") of treating K-Electric at par with other distribution companies ("DISCOs") for tariff purposes was not binding upon NEPRA. The commentator further submitted that K-Electric is keeping its own generation capacity idle and drawing power from NTDCL to the maximum in violation of the power purchase agreement signed between both the entities on January 26, 2010. In doing so, K-Electric is necessitating the operation of NTDCL's most expensive power plants which results burdening the consumers and the exchequer with billions of rupees on a recurring monthly basis while letting consumers face the menace of load shedding. The commentator further submitted that if at all it is necessary for NTDCL to supply electricity to K-Electric, then for Economic Dispatch of power plants operating in Pakistan, there should be only one basket. K-Electric in response submitted that it is responsible for the dispatch as per Economic Merit Order from its own generating units (with available fuels and plants) and import from external sources (including NTDC) in order to achieve lowest variable cost. Like any other prudent utility, K-Electric follows Economic Merit Order in meeting the system demand and to provide optimum relief to the consumers as is required under the provisions of the NEPRA Act and Rules made thereunder. The Authority noted that K-Electric has constantly been directed vide monthly FCA decisions to prudently utilize and exhaust its own generation sources to the maximum before resorting to the NTDCL. Further, the Authority from time to time also issued explanations/show cause notices to K-Electric for under-utilization and violations of power purchase agreement with NTDC, however, the same were challenged by K-Electric in the Honorable High Court of Sindh. Recently on December 09, 2015, an explanation has been served to K-





Electric/NTDC for the unauthorized purchase/ sale of power without any power purchase agreement and the legal proceedings in this regard are currently under process with the Authority.

10. AKLA also submitted that the Authority has allowed K-Electric to lease its power plants of 420 MW capacity to K-Energy for coal conversion and excluded the same from its Generation License with effect from the date of Licenses Proposed Modification ("LPM"). However, in all other decision of conversion cases (Pak Gen, Lalpir and Saba) by the Authority, plants were to remain available for dispatch during the construction period except for the last six months when the complex will be completely shut down. The Authority understands that it allowed the conversion of units 3 and 4 of BQPS-I on coal in view of their inefficient operations, costly generation, running life of those units and economic benefits of comparatively cheaper cost of power on coal. While processing the LPM, the Authority analyzed the low generation trend on those units in last couple of years due to certain technical problems/issues. Further, the Authority noted that it did not stop the company operating those units after LPM, even subjected the decision of LPM with the generation license decision of K-Energy. It is also important to mention here that those units continued operations on as and when required basis after the approval of aforementioned LPM.
11. Mr. Aneel Mumtaz submitted that hearing of K-Electric's FCA requests are conducted in Islamabad instead of Karachi rendering the consumers of K-Electric unable to participate in the hearing which is not justified. The Authority observed that in case of K-Electric, the monthly adjustment hearing is held in Islamabad whereas the hearing of quarterly tariff adjustment is held in Karachi. The Authority also noted that there is no such requirement in NEPRA's Act, Rules and Regulation to conduct public hearings for monthly/quarterly adjustments. The Authority, however, in pursuance of the order of the honorable Lahore High Court and to meet the ends of natural justice holds public hearings on aforesaid requests to ensure public participation, either in person or in writing. For that purpose, a public notice is advertised in two daily newspapers with nationwide circulation as well as separate notices are also sent to major stakeholders.
12. Mr. Aneel Mumtaz also submitted that the FCA decision for the month of September, 2015 was issued without addressing the submissions/ contentions of the commentators. The Authority understands that considering the circumstances, it was in the best interest of consumers to allow the benefit of minus Ps. 117/ kWh to the consumers without any delay through FCA decision for the month of September, 2015. Further, the Authority mentioned in the said decision that the submissions of the commentators would be addressed in quarterly adjustment decision for the quarter ended September, 2015.
13. Mr. Aneel Mumtaz also submitted that K-Electric's FCA request for the month of September, 2015, quarterly adjustment request for the quarter ended September, 2015 and monthly request of October, 2015 uploaded on NEPRA's website were not supported by any documentary evidence which contravenes section 9 of the regulations of the Authority dated 23, 2009. The Authority noted that K-Electric, along with its monthly

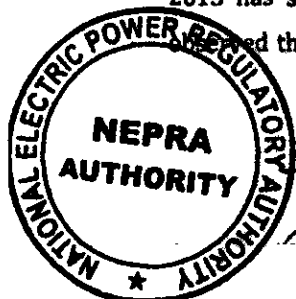


4



and quarterly requests, submits all the relevant data i.e. generation statistics, furnace oil stock purchases invoices, gas bills, power purchase invoices etc. Due to huge volume of all such documents, the same are not uploaded on NEPRA's website, however, any party can request the Authority for the provision of the same. Further, the adjustments are allowed by the Authority to K-Electric on the basis of submitted supporting documents after due verification by NEPRA Professionals.

14. Mr. Aneel Mumtaz further submitted that K-Electric in its petition for the monthly/quarterly adjustment does not state the unit wise expenditure of furnace oil and gas for BQPS-I as well all the other power plants. The Authority noted that K-Electric in its request although aggregates the unit wise cost of furnace oil and gas consumed in BQPS-I and on other power plants, however, it submits monthly generation statistics sheets along with its requests indicting the unit wise details of each power station in its generation fleet.
15. Mr. Aneel Mumtaz while making the comparison of K-Electric's tariff with the trends of oil prices in dollars in the international fuel market stated that fuel prices have decreased by 70% from 2008 to 2015, however, NEPRA has increased K-Electric's tariff for the residential consumer category using 1-100 units by 96%. The Authority is of the view that the contention of the commentator may not be justified to make the comparison with the international fuel prices stated in dollars as the same does not account for the local duties/taxes etc. Further, the power plants in K-Electric's system do not only operate on furnace oil rather on mix of different fuels therefore it is not appropriate to look at the change in tariff due to change in furnace oil prices only. The Authority also noted that besides fuel component, tariff of any utility also comprises of O&M and capacity charges which are indexed for inflation and exchange rate variations, hence, that impact should also be taken into account. Also, the practice of comparing the tariff of just one category of consumer is not justified as while establishing Schedule of Tariff, the factor of cross consumer subsidy also considered.
16. Mr. Aneel Mumtaz in his submission namely volume 27 (c), worked out the average fuel cost of all the power stations of K-Electric for the month of September, 2015. In that fuel cost of a particular month, the commentator added the other cost incurred by K-Electric during the whole FY 2014-15 and comes out with the number of Rs. 11.074/kWh as the average cost being incurred by the utility for producing, transmitting and distributing each unit. This average cost of Rs. 11.074/kWh was deducted by the commentator from the consumer category wise tariff determined by the Authority to compute the profit being earned by the utility. The Authority observed that taking out the fuel component of September, 2015 and adding therein the other cost incurred by the utility during the whole FY 2015 is not appropriate. The Authority also believes that the SoT of K-Electric is adjusted on quarterly basis, therefore, the numbers of any particular SoT cannot be used to indicate the amount of profit being earned by the utility for the whole year.
17. Mr. Aneel Mumtaz also submitted that K-Electric in its FCA adjustment request for the month of September, 2015 has submitted two different costs components for each power station of its fleet. The Authority noted that K-Electric is allowed adjustments both monthly and quarterly according to set efficiency and





auxiliary consumption benchmarks for its power stations as per the Authority's determination dated December 23, 2009. The higher figure mentioned in the FCA request reflects what actually is the cost being incurred by K-Electric and the lower number represents what is being allowed to be passed on to the consumers by the Authority.

18. Mr. Aneel Mumtaz further submitted that a paragraph stating the underutilization of K-Electric's power stations has been excluded from the monthly decisions of June and July, 2015. The Authority observed that the paragraph referred by the commentator was primarily related to the underutilization of generation fleet of K-Electric and found that the same was not stated as the utilization factor of power stations of K-Electric was within reasonable limits in those months. Nonetheless, K-Electric due to its poor performance of different supply chain functions was also issued a show cause notice by the Authority dated July 24, 2015 under sections 28 & 29 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 which is subjudice before the Honorable High Court of Sindh.

ANALYSIS

19. The generation data, rates, etc. of K-Electric (both from self-generation and power purchased from external sources) were verified from respective invoices and other underlying documents. K-Electric's request for the current quarter has been discussed in detail under the following headings:
- a) Changing the reference tariff from June, 2015 to September, 2015.
 - b) Under/Over-recovered costs for the Current Quarter.
 - c) Reversal of tariff adjustment pertaining to the previous quarter i.e. Apr-Jun, 2015 which was applicable for the current quarter only.

CHANGING THE REFERENCE TARIFF FROM JUNE 2015 TO SEPTEMBER 2015

20. K-Electric's last adjusted tariff is based on the fuel prices (both own generation and power purchase from external sources), O&M costs and capacity charges of June, 2015. For allowing K-Electric, the recovery of its tariff in future on the latest price level, it is required that its tariff be adjusted to the price level of September, 2015. According to the prescribed mechanism, changing the tariff level requires allowing variations in the fuel cost of company's own generation as well as in its power purchase cost from external sources (fuel cost, O&M costs and Capacity Charges) of September, 2015 over the reference month of June, 2015. K-Electric has requested for allowing following adjustments in its tariff on this account:





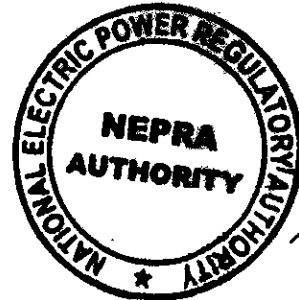
K-Electric Limited Tariff Adjustment for the Quarter July 2015 to September 2015

Description	Requested
Fuel cost variation of September, 2015 over June, 2015 (Mill Rs.)	(403.421)
Power purchase cost variation of September, 2015 over June, 2015 (Mill. Rs.)	(949.056)
Total Variation (Mill Rs.)	1,352.477
Units sold at 15% T&D losses for September, 2015 (GWh)	1292.495
Required adjustment in tariff (Ps/kWh)	(104.641)

21. During the hearing, K-Electric submitted that in its own generation, major reason for the claimed variation is the decrease in per unit fuel cost of generation from Bin Qasim Power Station- I from Rs. 9.496/ kWh in month of June, 2015 to Rs. 7.124 / kWh in September, 2015. The aforesaid decrease is caused by decline in weighted average furnace oil rate from Rs. 44,473 per metric ton in June, 2015 to Rs. 30,085 per metric ton in September, 2015.
22. K-Electric also submitted that in the fuel cost component of power purchase cost, major reason of the claimed variation is the decrease in per unit cost of NTDC from Rs. 4.631/ kWh in the reference month of June 2015 to Rs. 3.881/kWh in the month of September, 2015.
23. A comparative analysis of the adjustment in K-Electric's tariff required for bringing it to the tariff level of September, 2015 as requested by K-Electric and as approved by the Authority after verification of all the relevant documentary evidences is tabulated below:

Description	Requested	Approved
Fuel cost variation of September, 2015 over June, 2015 (Mill Rs.)	(403.421)	(707.432)
Power purchase cost variation of September, 2015 over June, 2015	(949.056)	(1,097.722)
Total Variation (Mill Rs.)	(1,352.477)	(1,805.154)
Units sold at 15% T&D losses for September, 2015 (GWh)	1,292.495	1,292.495
Required adjustment in tariff (Ps/kWh)	(104.641)	(139.664)

24. 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/metric ton) at K-Electric's end. The Authority has consistently been applying monthly weighted average method to work out the furnace oil rate and has used the same method for working out the above mentioned fuel charges variations.
25. For the power purchase cost variation, the Authority noted that the major reason of the difference between the variation requested by K-Electric and approved by the Authority is that K-Electric has used NTDC's invoiced fuel cost of Rs. 3.881/kWh for the month of September, 2015, whereas the Authority's approved fuel cost component of NTDC i.e. Rs. 3.5527/kWh, applicable to all Ex-Wapda Distribution Companies has been taken into account for the aforementioned variations.



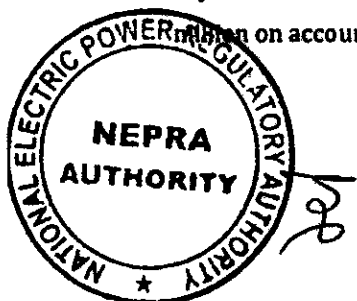


UNDER/OVER-RECOVERED COST FOR THE CURRENT QUARTER

26. As per the approved mechanism, the monthly variation on account of O&M cost and capacity charges components of the power purchase cost of K-Electric, accumulated and not allowed in the monthly adjustments, is required to be adjusted in the quarterly tariff adjustment of K-Electric. In addition, the cost of fuel that was not allowed to the utility to be passed on in the monthly FCAs to the extent of targeted T&D losses is required to be taken care of on quarterly basis in accordance with the prescribed mechanism. Furthermore, any costs that are allowed to be passed on under the approved mechanism but were not accounted for in the monthly FCAs are accounted for in the quarterly adjustment. K-Electric has requested for allowing it the recovery of the following unrecovered costs:

DESCRIPTION	Requested by K-Electric
Variation in O&M cost of IPPs and Other External Sources (Milli Rs)	(158.044)
Variation in Capacity Charges of IPPs and Other External Sources (Milli Rs)	10.902
Un-recovered cost of fuel in FCAs due to non-adjustment of T&D losses (Milli Rs)	(584.207)
Payment WPPF/WWF to IPP's (TAPAL&GAEL)	719.852
Total Unrecovered Cost (Milli Rs.)	(11.497)
Estimated Units to be Sold at 15% T&D losses Oct-Dec, 2015 (GWh)	3,109.142
Required Adjustments (Ps/kWh)	(0.370)

27. Variation in O&M Costs: The variation in O&M cost component of the power purchase cost is worked out by comparing the monthly weighted average O&M costs of all external power sources. This method yields results representing the change; both in prices and energy mix on month to month basis. K-Electric has claimed around minus Rs. 158.044 million variation on this account.
28. Variations in Capacity Charges: Similar to the mechanism of O&M costs, the variation in capacity charges is worked out by comparing the monthly weighted average cost of all the power stations from which K-Electric procures power on take or pay basis, which represents change in both prices and energy. K-Electric has claimed variation of around Rs. 10.092 million under this head.
29. Un-recovered fuel cost due to non-adjustment of T&D losses in monthly FCA: The variation in the cost of fuel (own generation + power purchases) that was not allowed to K-Electric to be passed on in the monthly FCAs to the extent of targeted T&D losses is required to be taken care of on quarterly basis. K-Electric has claimed around minus Rs 584.207 million under this head.
30. Payment of WPPF/WWF to IPP's (Tapal & Gul Ahmed): K-Electric has requested an amount of around Rs. 720 million on account of the payment made to IPPs (Tapal & Gul Ahmed) in respect of WPPF/ WWF. K-Electric in





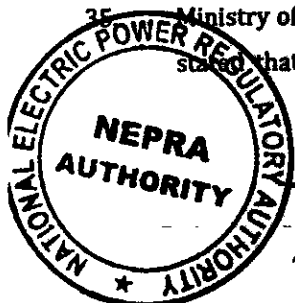
the instant petition has submitted that the requested WPPF/WWF amount is the total amount paid to IPPs (Tapal and Gul Ahmed) till date.

31. A comparative analysis of the adjustment in K-Electric tariff for the under/over-recovered costs of the current quarter to be adjusted as per request submitted by K-Electric and being approved by the Authority after verification of the relevant documentary evidence is tabulated below:

DESCRIPTION	Requested by K-Electric	Approved
Variation in O&M cost of IPPs and Other External Sources (Mill Rs)	(158.044)	(160.363)
Variation In Capacity Charges of IPPs and Other External Sources (Mill Rs)	10.902	10.902
Un-recovered cost of fuel in FCAs due to non-adjustment of T&D losses (Milli Rs)	(584.207)	(669.711)
Payment WPPF/WWF to IPP's (TAPAL&GAEL) (Mill Rs.)	719.852	-
FSA not allowed to be passed on to the consumers	-	(786.075)
Total Unrecovered Cost (Mill Rs.)	(11.497)	(1,605.247)
Estimated Units to be Sold at 15% T&D losses July-Sep. 2015 (GWh)	3,109.142	3,255.102
Required Adjustments (Ps/kWh)	(0.370)	(49.315)

32. The difference in the requested and worked out variation in O&M Cost is due to the reason that K-Electric in its request has used incorrect reference O&M rates for certain external power sources during the quarter.
33. The reason of difference in the requested and worked out variation in un-recovered fuel cost due to the non-adjustment of T&D losses is due to the inconsistency on part of K-Electric while calculating the price of furnace oil which is worked out by K-Electric using the moving average basis whereas the Authority has consistently been using monthly weighted average method to work out this rate. Furthermore, K-Electric while claiming variation under this account has used the energy cost component invoiced by NTDC whereas the approved figure has been calculated on the basis of NTDC's fuel cost component approved by the Authority.
34. K-Electric has claimed Rs. 719.852 million on account of payments made to IPP's i.e. Tapal and Gul Ahmed in respect of WPPF/ WWF. The Authority noted that previously such claims of K-Electric vide various quarterly adjustment requests have been disallowed by the Authority due to the rationale that such costs, as per the respective PPAs, are required to be passed through under supplemental charges for which there is no provision under the adjustment mechanism in effect. Accordingly, the current claim of these costs has not been taken into account.

35. Ministry of Water and Power vide its policy guidelines, Section 31 (4) of the NEPRA Act, 1997 on 21.05.2015 states that "Any negative adjustment on account of monthly FCA will not be passed on to the Domestic





consumers who have subsidized electricity tariff." In pursuance of the aforementioned guidelines, the Authority vide its decisions of K-Electric's FCA for the months of July, August and September, 2015 had directed the company not to pass on the impact of negative FCA to the life line consumers, agricultural consumers and the residential consumers using up to 300 units. As written in the respective monthly FCA decisions, the impact of FCA for the months of July and August, 2015 was to be adjusted in SoT of the current quarter whereas the impact of FCA for the month of September, 2015 was to be accounted for in SoT for quarter ended December, 2015. However, the Authority finds it more appropriate to adjust the FCA impact of September, 2015 also in the SoT of the current quarter. To work out this amount, K-Electric was directed vide letter dated December 14, 2015 to submit details of the FCA not passed on to the aforesaid consumers for the months of July, August and September, 2015. K-Electric vide letter dated December 15, 2015 submitted the requisite details as per which the amount of the FCA not passed on to the consumers works out to be minus Rs. 786.075 million which is being adjusted in the current quarter.

- 36. K-Electric in its current quarter request has estimated that 3,536.793 GWh units will be sold @ 15% T&D losses in the next quarter i.e. Oct-Dec, 2015. By the time of the issuance of this decision, actual number of units sold by K-Electric during the quarter Oct-Dec, 2015, i.e. 3255.10, have been received and the same have been used to work out under/over recovered part of adjustment of the current quarter.
- 37. The variation in tariff under this head will be applicable for the next quarter only i.e. Oct-Dec, 2015 and will cease automatically at the end of that quarter.

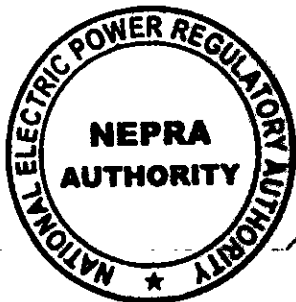
REVERSAL OF TARIFF ADJUSTMENT APPLICABLE FOR CURRENT QUARTER ONLY

- 38. The Authority in previous quarterly adjustment pertaining to April - June, 2015 allowed decrease of Ps 15.889/kWh in K-Electric's tariff on the basis of next quarter's units sold for adjustment of unrecovered amount of around Rs. 635.078 million to K-Electric. As per the adjustment mechanism in effect, the allowed decrease of Ps. 15.889/kWh is required to be adjusted back in the K-Electric's current quarterly adjustment in order to nullify its impact in the K-Electric's SoT.

OVERALL ADJUSTMENT IN TARIFF

- 39. The overall cumulative variation in the K-Electric's tariff after making all aforesaid adjustments that have been discussed in the preceding paragraphs, works out to be minus Ps. 173.090/kWh against the claimed figure of minus Ps. 89.808/kWh as detailed below;

	<u>Paisas per kWh</u>
• Changing the reference tariff from June, 2015 to September, 2015	(139.664)
• Under/Over-recovered costs for the current quarter	(49.315)
• Reversal of tariff adjustment applicable for current quarter only	15.889
	(173.090)



Handwritten signature

Handwritten mark



40. In order to allow the aforesaid adjustments in K-Electric's tariff, K-Electric is allowed adjustment in consumer end tariff for all consumer categories, except for the life-line consumers, by minus paise 174 per kWh.
41. In view of the foregoing, the revised SoT for the subject quarter to be applicable from October 01, 2015 to December 31, 2015 is attached herewith as Annexure-I.
42. **CLAW BACK MECHANISM - SHARING OF A PORTION OF K-ELECTRIC'S PROFIT WITH CONSUMERS FOR FY 2012, 2013 and 2014:** It is noted that based on the reported results of K-Electric for FYs 2012, 2013 and 2014, the Authority, in accordance with the claw back mechanism prescribed vide its determination dated December 23, 2009, worked out certain amounts that had to be shared by the utility with its consumers. In its previous quarterly decisions of K-Electric, the Authority directed the company to share that amount with its consumers. However, K-Electric filed civil suits against those decisions and implementation of claw back mechanism was suspended by the Honorable Sindh High Court. The impact of claw back amount has not been accounted for in the attached SoT and the same shall be considered in light of the final orders of the Honorable Court in this regard.
43. **INADVERTENT ERROR:** The Authority noted that it corrected an inadvertent error in the SoTs of K-Electric through its decision dated March 31, 2014. However, K-Electric while disagreeing with those corrections filed civil suit in the Honorable High Court of Sindh at Karachi. The Honorable High Court suspended that decision of the Authority to the extent of rectifications in K-Electric's SoT. Hence, in compliance with the orders of the Honorable Court, the effect of the aforementioned corrections has not been included in the attached SoT. The impact of correction and its adjustment shall be considered and worked out in the light of the decision of the Honorable Court.

AUTHORITY

(Khawaja Muhammad Naeem)
Member

(Himayat Ullah Khan)
Member

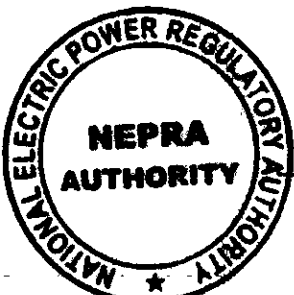
(Syed Masood Hassan Naqvi)
Member

(Maj. (R) Haroon Rashid)
Vice Chairman

(Brig. (R) Tariq Saddozai)
Chairman

8/3/16

09.03.16



11

SCHEDULE OF ELECTRICITY TARIFF
FOR K-ELECTRIC LIMITED
FORMERLY KARACHI ELECTRIC SUPPLY COMPANY LIMITED
DETERMINED FOR THE QUARTER JULY 15-SEPTEMBER 15
APPLICABLE FOR THE QUARTER OCTOBER 15-DECEMBER 15

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
a)	For Sanctioned load less than 5 kW	-	4.00	
i)	Up to 50 Units			
	For Consumption exceeding 50 Units			
ii)	1- 100 Units		11.59	
iii)	101- 200 Units		12.63	
iv)	201- 300 Units		13.36	
v)	301- 700 Units	15.45		
vi)	Above 700 Units	17.33		
b)	For Sanctioned load 5 kW & above			
	Time Of Use		18.33	12.33

As per decision of the Authority, residential consumers will be given benefit of only one previous slab.

Consumption exceeding 50 units but not exceeding 100 units will be charged under the 1-100 slab.

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 75/- per consumer per month

b) Three Phase Connections:

Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
a)	For Sanctioned load less than 5 kW	400.00	17.83	
b)	For Sanctioned load 5 kW & above		15.03	
	Time Of Use	400.00	19.33	13.83

Under tariff A-2, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
B1	Less than 5 kW (at 400/230 Volts)	-	14.33	
B2(a)	5-500 kW (at 400 Volts)	400.00	12.93	
B3(a)	For all loads upto 5000 KW (at 11,33 kV)	380.00	12.53	
B4(a)	For all loads upto 5000 KW (at 66,132 kV)	360.00	12.13	
	Time Of Use			
B2(b)	5-500 kW (at 400 Volts)	400.00	18.33	12.08
B3(b)	For All Loads up to 5000 kW (at 11,33 kV)	380.00	17.83	11.58
B4(b)	For All Loads (at 66,132 kV & above)	360.00	17.33	11.33
B5	For All Loads (at 220 kV & above)	340.00	16.83	11.08

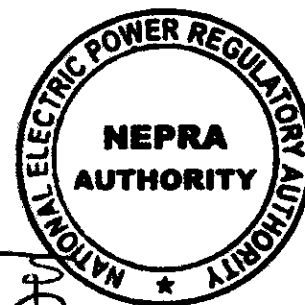
For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

For B5 consumers there shall be a fixed minimum charge of Rs. 1000,000 per month.



C - SINGLE POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE AND MIXED LOAD

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
C-1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		14.33
b)	Sanctioned load 5 kW & up to 500 kW	400.00		13.48
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		13.48
C-3(a)	For supply at 132 and above, up to and including 5000 kW	360.00		13.33
	Time Of Use			
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	18.33	12.33
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	17.33	11.53
C-3(b)	For supply at 132 kV up to and including 5000 kW	360.00	17.33	11.33

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
D-1	For all Loads	200.00		13.81
	Time of Use			
D-2	For all Loads	200.00	19.93	11.93

Note: The consumer having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
E-1(i)	Residential Supply	-		17.73
E-1(ii)	Commercial Supply	-		20.63
E-2 (i)	Industrial Supply	-		17.33
E-2 (ii)	Bulk Supply			
	(a) at 400 Volts	-		17.73
	(b) at 11 kV	-		17.33

For the categories of E-1(i) and E-2 (ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.300/- for the entire period of supply, even if no energy is consumed.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note:

Tariff consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.

G - PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
	Street Lighting	-		17.33

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
	Residential Colonies attached to industrial premises	-		15.33

Note: The SoT does not include amount determined by NEPRA to be clawed back from the profits of K-Electric for the Financial Year 2013-14 in compliance with the Orders of the Honorable High Court of Sindh.

