



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-133/KESC-2009/4291-96

April 4, 2016

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

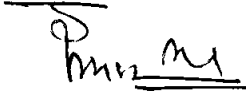
**Subject: Decisions of the Authority in the matter of Fuel Charges Adjustment for the Months of December 2015 and January 2016 for K-Electric Limited (formerly Karachi Electric Supply Company Ltd.) and Notifications Thereof**

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 December 2015, January 2016 and Notifications thereof:

- i) Copy of decision of the Authority (03 pages) for the month of December 2015 and Notification thereof i.e. SRO 277(I)/2016 dated 01.04.2016.
- ii) Copy of decision of the Authority (03 pages) for the month of January 2016 and Notification thereof i.e. SRO 278(I)/2016 dated 01.04.2016.

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 (Decision along Notification is also available on NEPRA's website)

  
(Syed Safer Hussain) 04.04.16

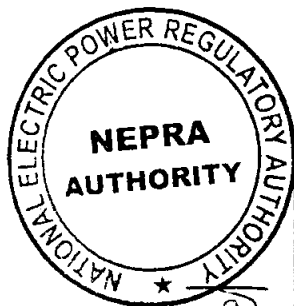
CC:

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 DECEMBER, 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 (hereinafter referred to as the "Act") 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, in case No. NEPRA/TRF-133/KESCL-2009(6) dated December 23, 2009, 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 without taking into account the effect of allowed transmission and distribution losses (hereinafter referred to as "T&D losses").
- K-Electric submitted its monthly FCA request based on the power purchase invoice of Central Power Purchasing Authority (CPPA-G) for the month of December, 2015 (hereinafter referred to as "current month") vide its letter dated January 27, 2016. Subsequent to the notification of the Authority's decision in the matter of FCA for the month of December, 2015 for Ex-WAPDA Distribution Companies ("XWDISCO's) dated February 04, 2016, K-Electric vide letter dated February 15, 2016 submitted its revised FCA request for the month of December, 2015 based on the Authority's approved fuel cost component of CPPA-G. The summary of the adjustment request submitted by K-Electric is tabulated below;



Tariff Adjustments - Summary	December-15
<b>Variation in Fuel Charges</b>	<b>Requested</b>
Own Generation (Million Rs.)	(25.988)
External/PPP (Million Rs.)	83.742
<b>Total (Millions Rs.)</b>	<b>57.754</b>
Total Units Sent Out (GWh)	1,037.610
<b>Total Variation Ps/kWh</b>	<b>5.566</b>

- 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, directly affects the consumers of electricity, therefore, in order to arrive at an informed and just decision, the Authority decided to provide an opportunity of hearing to all the concerned stakeholders. The hearing on the subject matter was held on March 17, 2016 at Marriott Hotel, Karachi. Notice thereof was published on March 09, 2016 and March 10, 2016 in newspapers with nationwide circulation.

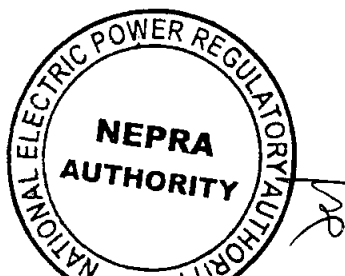


Separate notices were also sent to the major stakeholders informing thereby the general public/concerned stakeholders about the date and venue of the hearing and inviting their comments/objections to make the process of hearing more meaningful.

5. During the hearing K-Electric submitted that in its own generation, major reason for the claimed variation is the decrease in per unit weighted average fuel cost of generation from Bin Qasim Power Station-1 ("BQPS-1") from Rs. 7.124/kWh in reference month of September, 2015 to Rs. 6.911/kWh in the current month. K-Electric submitted that the reason for the said decrease is the reduction in price of furnace oil from Rs. 30,085/ metric ton in the reference month to Rs. 28,206 / metric ton in the current month. In the fuel cost component of power purchase cost, K-Electric submitted that major reason of the claimed variation is the increase in per unit cost of CPPA-G from Rs. 3.553/ kWh in the reference month of September, 2015 to Rs. 4.268/kWh in the current month.
6. The information (both of self-generation and power purchased from external sources) submitted by K-Electric vide FCA request for the current month was verified with respective invoices and other relevant documents. Certain deviations was noticed which are explained at para 8 below.
7. The fuel cost variation of K-Electric's own power generation and power purchases from external sources for the month of December, 2015 works out to be around Rs. 49.642 million or Ps. 4.784/ kWh, as per the details tabulated hereunder:

<b>Tariff Adjustment - Summary Variation in Fuel Charges</b>	<b>December-15 Requested</b>	<b>December-15 Allowed</b>
Own Generation (Million Rs.)	(25.988)	(34.100)
External/PPP (Million Rs.)	83.742	83.742
<b>Total (Million Rs.)</b>	<b>57.754</b>	<b>49.642</b>
Total Units Sent Out (GWh)	1,037.610	1,037.610
<b>Total Variation Ps/kWh</b>	<b>5.566</b>	<b>4.784</b>

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) by K-Electric. The Authority consistently uses 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 view of the discussion in preceding paragraphs, the Authority has decided to pass on Ps. 4.784/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 can be subjected 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 or has failed to utilize its power stations prudently, which would have resulted in undue and unauthorized load shedding.

10. 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 April, 2016 works out to be Ps. 5.00/ 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
December, 2015	5.00	April, 2016

11. The adjustment as referred to in para 10 above:

- shall be applicable to all the consumer categories except lifeline consumers of K-Electric; and
- shall be shown separately in the consumer bills of April, 2016 on the basis of units billed for the month of December, 2015.

**AUTHORITY**

Khawaja Muhammad Naeem  
Member

Himayat Ullah Khan  
Member

Syed Masood-ul-Hassan Naqvi  
Member

Maj (R) Haroon Rashid  
Vice Chairman

Brig (R) Tariq Saddozai  
Chairman

  
01.04.16

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

**National Electric Power Regulatory Authority**

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**NOTIFICATION**

Islamabad, the 1<sup>st</sup> day of April 2016

S.R.O. 277 (I)/2016.- 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 December 2015 in respect of K-Electric Limited:

<b>FCA to be calculated on the basis of billing for the Month of</b>	<b>Ps/kWh</b>	<b>Charged in Consumer Bills to be issued in the Month of</b>
December 2015	5.00	April 2016

2. The above adjustment of plus Ps.5.00/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 April 2016 on the basis of units billed for the month of December 2015.

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

( Syed Safer Hussain ) 01.04.16  
Registrar



**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE MONTH OF JANUARY, 2016 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 (hereinafter referred to as the "Act") 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, in case No. NEPRA/TRF-133/KESCL-2009(6) dated December 23, 2009, 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 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 January, 2016 (hereinafter referred to as the "current month") based on the provisional power purchase rates of Central Power Purchasing Agency Guarantee Limited (CPPA-G) vide its letter dated February 16, 2016. Subsequent to the notification of decision of the Authority in the matter of FCA for the month of January, 2016 for Ex WAPDA Distribution Companies (XWDISCOs) dated March 03, 2016, K-Electric vide letter dated March 03, 2016, submitted its revised FCA request for the month of January, 2016 which was based on the Authority's approved fuel cost component of CPPA-G. The summary of the adjustment request submitted by K-Electric is tabulated below;



Tariff Adjustments - Summary		January-16
<b>Variation in Fuel Charges</b>		<b>Requested</b>
Own Generation (Million Rs.)		(68.347)
External/PPP (Million Rs.)		594.384
<b>Total (Millions Rs.)</b>		<b>526.037</b>
Total Units Sent Out (GWh)		1,032.521
<b>Total Variation Ps/kWh</b>		<b>50.947</b>

- 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, directly affects the consumers of electricity, therefore, in order to arrive at an informed and just decision, the Authority decided to provide an opportunity of hearing to all the concerned stakeholders. The hearing on the subject matter was held on March 17, 2016 at Marriott Hotel, Karachi. Notice thereof was published on March 09, 2016 and March 10, 2016 in newspapers with nationwide circulation.

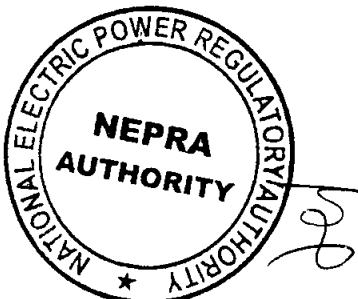


Separate notices were also sent to the major stakeholders informing thereby the general public/concerned stakeholders about the date and venue of the hearing and inviting their comments/objections to make the process of hearing more meaningful.

5. During the hearing K-Electric submitted that in its own generation, major reason for the claimed variation is the decrease in per unit weighted average fuel cost of generation from Bin Qasim Power Station-I ("BQPS-I") from Rs. 6.911/kWh in reference month of December, 2015 to Rs. 6.205/kWh in the current month. K-Electric submitted that the reason for the said decrease is the reduction in price of furnace oil which has decreased from Rs. 28,206/ metric ton in the reference month to Rs. 23,329 / metric ton in the current month. In the fuel cost component of power purchase cost, K-Electric submitted that major reason of the claimed variation is the increase in per unit cost of CPPA-G from Rs. 4.268/ kWh in the reference month of December, 2015 to Rs. 5.824/kWh in the current month.
6. The information (both of self-generation and power purchased from external sources) submitted by K-Electric vide FCA request for the current month was verified with respective invoices and other relevant documents. Few deviations were noticed which are explained at para 8 below.
7. The fuel cost variation of K-Electric's own power generation and power purchases from external sources for the month of January, 2016 works out to be around Rs. 535.129 million or Ps. 51.827/ kWh, as per the details tabulated hereunder:

Tariff Adjustment - Summary Variation in Fuel Charges	January-16 Requested	January-16 Allowed
Own Generation (Million Rs.)	(68.347)	(60.872)
External/PPP (Million Rs.)	594.384	596.000
<b>Total (Million Rs.)</b>	<b>526.037</b>	<b>535.129</b>
Total Units Sent Out (GWh)	1,032.521	1,032.522
<b>Total Variation Ps/kWh</b>	<b>50.947</b>	<b>51.827</b>

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) by K-Electric. The Authority consistently uses 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. The difference in requested and allowed fuel cost of the power purchase is due to the reason that K-Electric in its instant FCA request has used incorrect fuel cost component i.e. Rs. 4.228/ kWh for Anoud Power Generation Limited for the current month which has been correctly accounted for as Rs. 4.5416/kWh in allowed power purchase cost.






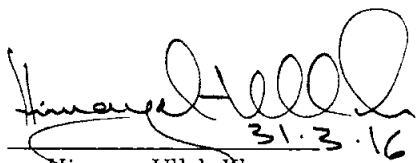
9. In view of the discussion in preceding paragraphs, the Authority has decided to pass on Ps. 51.827/kWh to the consumers of K-Electric as FCA for the current month. It is to be noted that the aforementioned FCA is being allowed on the provisional basis and can be subjected to adjustments if it is found that K-Electric, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order or has failed to utilize its power stations prudently, which would have resulted in undue and unauthorized load shedding.
10. 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 May, 2016 works out to be Ps. 52/ kWh and shall be charged by K-Electric according to the following schedule;

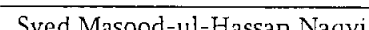
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
January, 2016	52	May, 2016

11. The adjustment as referred to in para 10 above:
- shall be applicable to all the consumer categories except lifeline consumers of K-Electric; and
  - shall be shown separately in the consumer bills of May, 2016 on the basis of units billed for the month of January, 2016.

**AUTHORITY**

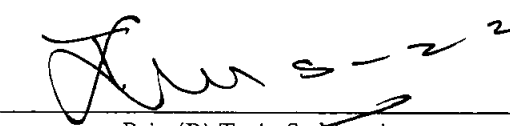
  
Khawaja Muhammad Naeem  
Member

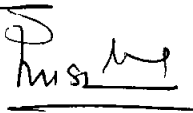
  
Himayat Ullah Khan  
Member

  
Syed Masood-ul-Hassan Naqvi  
Member

  
Maj (R) Haroon Rashid  
Vice Chairman



  
Brig (R) Tariq Sadozai  
Chairman

  
01.04.16



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**National Electric Power Regulatory Authority**

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**NOTIFICATION**

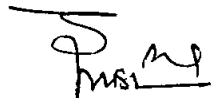
Islamabad, the 1<sup>st</sup> day of April 2016

S.R.O. 278 (I)/2016.- 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 II(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 January 2016 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
January 2016	52	May 2016

2. The above adjustment of **plus** Ps.52.00/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 May 2016 on the basis of units billed for the month of January 2016.

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

  
01.04.16  
( Syed Safer Hussain )  
Registrar

