



Ref. No. RA&SP/NEPRA/071/153
Dated: April 20, 2016

The Registrar
N.E.P.R.A
NEPRA Office Tower,
Islamabad.

Subject: **ADJUSTMENT IN K-ELECTRIC SCHEDULE OF TARIFF ON ACCOUNT OF FUEL PRICE AND POWER PURCHASE COST VARIATION FOR QUARTER ENDED MARCH 2016.**

Dear Sir,

This is with reference to the Authority's tariff determination of 23rd December 2009 of KE on account of fuel price and power purchase cost variation. The submission is based on NTDC's power purchase invoice for the month of March 2016, received on 19-Apr-2016. The required adjustment in tariff for the quarter ended March 2016 is as under:

1. ADJUSTMENT IN KE SCHEDULE OF TARIFF

1.1. Adjustment in Tariff on Account of Fuel & Power Purchase Cost Variation

As per the applicable and approved tariff adjustment mechanism, the cost for the quarter Jan-Mar 2016 has decreased by Ps.16.829/kWh which needs to be adjusted in KE's tariff.

The table below gives the breakup of the required adjustment on units sold basis (taking into account the effect of NEPRA allowed T&D loss @ 15%):

DESCRIPTION	March 2016 (Over Dec-15)	
	Mill. Rs.	Ps/kWh
Fuel Price Variation	(422.137)	(37.174)
Power Purchase Price Variation	231.030	20.345
Total Variation in Tariff	(191.107)	(16.829)

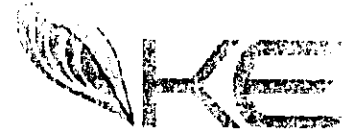
1.2. Unrecovered Cost

The Authority in its determination dated 23rd December 2009 specified that the quarterly adjustment in schedule of tariff shall take care of:

- Monthly variation in the O&M cost and capacity charges for the power purchased from IPPs and other external sources; and
- Any un-recovered cost of fuel, due to non-adjustment of T&D losses in the monthly fuel piece adjustment already allowed by Authority for recovery by KE through monthly bills of consumers.

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Based on the approved mechanism and the details mentioned above, the unrecovered cost for the period Jan-Mar 2016 is as under:

Unrecovered Cost for the period January – March 2016	Amount Mill Rs.
Variation in O&M cost of IPPs and other sources	(118.287)
Variation in Capacity charges of IPPs and other sources	19.887
Unrecovered cost due to non-adjustment of T&D losses in FCA	(45.697)
Payment of old Capacity Charges to GAEL *	377.184
Total required Adjustment in Quarterly Tariff	233.088
Estimated Units to be sold loss in the next quarter (Gwh)	3769.726
Required Adjustment in KE's Tariff (Ps/kWh)	6.183

* In its decision on quarterly tariff adjustment of Jan-Mar 2014, dated 25-Nov-2014, NEPRA decided to allow the old capacity charges of Rs. 377.184 million after the same have been paid by KE. These have now been paid and hence are claimed as un-recovered cost.

2. REQUEST FOR ADJUSTMENT IN TARIFF

The overall adjustment in the KEs tariff for the quarter ending March 2016, is as follows:

Total Required Adjustment in KE's Tariff	Ps/kWh
Required Quarterly Adjustment in KE's tariff	(16.829)
Unrecovered Cost for the current quarter	6.183
Required Adjustment for the quarter	(10.646)
Reversal of Unrecovered cost of previous quarter	(43.306)
Total Required Adjustment in KE Tariff	(53.952)

It is requested that the required adjustment in tariff may be allowed for the quarter Jan-Mar 2016.

Sincerely

M. Aamir Ghaziani
Director – Finance & Regulations

Encl.

K ELECTRIC (Formerly KESCL)

ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES				MAR 2016
UNITS SOLD	Mill kWh			1,135.573
FUEL PRICE VARIATION	Mill Rs			(422.137)
Cost of Power Purchase				
- Fuel Component	Mill Rs			3,080.643
- O&M Cost	Mill Rs			1,395.491
- Capacity Payment	Mill Rs			271.376
- Total Cost of Power Purchased	Mill Rs			4,747.510
Power Purchased	Mill kWh			589.878
Average Rate of Power Purchase		Dec-15	Mar-16	
- Fuel Component	Rs/kWh	4.594	5.223	0.628
- O&M Cost	Rs/kWh	2.543	2.366	(0.177)
- Capacity Payment	Rs/kWh	0.520	0.460	(0.060)
- Total Cost of Power Purchased	Rs/kWh	7.657	8.048	0.392
POWER PURCHASED COST VARIATION				
- Fuel Component	Mill Rs			370.528
- O&M Cost	Mill Rs			(104.350)
- Capacity Payment	Mill Rs			(35.149)
- Total Cost of Power Purchased	Mill Rs			231.030
Total Cost Variation (Fuel + Power Purchase)	Mill Rs			(191.107)
QUARTERLY INCREASE/DECREASE IN RATE				
- Fuel Price Variation	Ps/kWh			(37.174)
- Power Purchase Cost variation	Ps/kWh			20.345
- Total Cost Variation	Ps/kWh			(16.829)

ADJUSTMENT IN TARIFF DUE TO UNRECOVERED COST					
		Jan-16	Feb-16	Mar-16	QTR
a. Variation in D&M Cost Power Purchase	Mill Rs	(123.831)	109.894	(104.350)	(118.287)
b. Variation in Capacity Cost Power Purchase	Mill Rs	18.625	36.411	(35.149)	19.887
c. i. Variation in Fuel & Power Purchase Cost					
Fuel Price Variation	Mill Rs	(60.872)	(278.187)	(422.137)	(761.196)
Power Purchase(fuel) variation	Mill Rs	595.998	(509.978)	370.528	456.549
	Mill Rs	535.126	(788.165)	(51.609)	(304.648)
Units Sent Out	Mill kWh	1,032.521	1,029.728	1,335.969	3,398.218
Increase/decrease in FSA Rate	Ps/kWh	51.827	(76.541)	(3.863)	(8.965)
T&O Losses		15.0%	15.0%	15.0%	
Units Sold as per NEPRA	Mill kWh	877.643	875.269	1,135.573	2,888.485
ii. Recovery of Cost under Monthly FSA					
Fuel Price Variation	Mill Rs	(51.741)	(236.459)	(358.816)	(647.017)
Power Purchase(fuel) variation	Mill Rs	506.599	(433.481)	314.949	388.066
	Mill Rs	454.857	(669.940)	(43.867)	(258.950)
iii. Unrecovered Cost due to non adjustment of T&D losses					
Fuel Price Variation	Mill Rs	(9.131)	(41.728)	(63.321)	(114.179)
Power Purchase(fuel) variation	Mill Rs	89.400	(76.497)	55.579	68.482
Total	Mill Rs	80.269	(118.225)	(7.741)	(45.697)

SUMMARY OF UNRECOVERED COST

a. Variation in O&M Cost Power Purchase		(118.287)
b. Variation in Capacity Cost Power Purchase		19.887
c. Unrecovered Cost due to non adjustment of T&D losses		(45.697)
d. Payment of Old Capacity Charges of GAEL		377.184
Total Adjustment in Quarterly Tariff		233.088
Estimated Units to be sold in next quarter		3,769.726
Unrecovered Cost for current quarter		6.183
Required adjustment in Tariff		
a. Quarterly Revision of SOT for the Quarter 'A'	Ps/kWh	(16.829)
b. Unrecovered Cost for current quarter	Ps/kWh	6.183
Required Adj. for the quarter	Ps/kWh	(10.646)
c. Reversal of tariff adjustment of prev. quarter	Ps/kWh	(43.306)
Total Required adjustment in KE's Tariff	Ps/kWh	(53.952)