

Mr. Syed Safeer Hussain,
Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Attaturk Avenue (East),
Sector G-5/1,
Islamabad.

Ref No. KE/BPR/NEPRA/2020/450
April 30, 2020

Subject: Quarterly variation for the quarter January 2020 to March 2020 under Multi-Year Tariff 2017 – 2023

Dear Sir,

This is with reference to the mechanism for monthly and quarterly variations provided in the Multi-Year Tariff Determination of K-Electric Limited (KE) dated July 5, 2018 (MYT), notified vide SRO No. 576 (I)/2019 dated May 22, 2019.

In this regard, please find attached calculation of quarterly variation for the quarter January 2020 to March 2020 along with relevant supports, for Authority's approval.

Quarter	Quarterly Variation per unit (PKR / kWh)
January to March, 2020	0.233

Economic Dispatch Order

KE dispatches as per Economic Merit Order from its own generating units (with the available fuel resources) and import from external sources. It is also certified that the cost of fuel and power purchase claim does not include any amount of late payment surcharge / mark-up / interest. Requisite details including generation statistic sheets and invoices have already been submitted with monthly cost variations for the months of January to March 2020.

Heat Rate

In the MYT, NEPRA determined provisional Heat rates for KE's generating plants and directed KE to conduct fresh Heat rate test for its plants, based on which final Heat rates will be determined by NEPRA.

In this regard, NEPRA has issued its decision on Heat rate for BQPS – II plant on January 1, 2020 and accordingly the calculations are based on Heat rates determined therein.

Further, Heat rate tests of other plants have been conducted and Independent Engineers' reports have been submitted to NEPRA. The working for required adjustment will be submitted to NEPRA after determination of final Heat rates for these plants based on the test results.

Further, KE would humbly request NEPRA for expeditious processing of pending monthly variations for July 2019 to March 2020 and quarterly tariff variations for the period April 2019 to December 2019.

Sincerely,



Ayaz Jaffar Ahmed
Director – Finance & Regulations

Enclosed:

- Calculation sheet of quarterly adjustment – January 2020 to March 2020
- Supporting Documents for the quarter – January 2020 to March 2020

K ELECTRIC LIMITED

QUARTERLY ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES	Quarter ended Mar 2020
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		Mar-20
Required adjustment in Tariff		
Quarterly Revision to reset price levels	Rs/kWh	0.758
Unrecovered Cost for current quarter	Rs/kWh	0.875
Reversal of unrecovered cost of previous quarter	Rs/kWh	(1.399)
Total Required adjustment in KE's Tariff	Rs/kWh	0.233
Total Required adjustment in KE's Tariff	Ps/kWh	23.316

Quarterly Revision to reset price levels

Units Sent Out	GWh	1,229.990
T&D Losses allowed	GWh	17.76%
Units billed	GWh	1,011.544
Cost of Fuel - KE	Mill Rs	6,948.931

		Dec-19	Mar-20	Variation
Weighted Average Fuel cost per unit billed	Rs/kWh	5.759	6.870	1.111

		Mar-20
Cost of Power Purchases		
- Fuel Cost	Mill Rs	3,778.301
- O&M and Capacity Cost	Mill Rs	4,385.901
- Total Cost of Power Purchases	Mill Rs	8,164.202

		Dec-19	Mar-20	Variation
Weighted Average Cost of Power Purchases (cost per unit billed)				
- Fuel Cost	Rs/kWh	4.263	3.735	(0.527)
- O&M Cost and capacity cost	Rs/kWh	4.162	4.336	0.174
- Total Cost of Power Purchases	Rs/kWh	8.424	8.071	(0.353)

QUARTERLY INCREASE/DECREASE IN COST PER UNIT BILLED		
- Cost of Fuel - KE	Rs/kWh	1.111
- Cost of Power Purchases - Total	Rs/kWh	(0.353)
- Total Cost Variation	Rs/kWh	0.758

Note: Please note that the latest SoT determined by NEPRA, applicable for the quarter April to June 2019, is based on sales mix of FY 17 to 19. However, post MYT notification on May 22, 2019 updated terms and conditions have been applied including changes in definition of lifeline consumers and conversion of eligible consumers to "A3" category along with enabling of Time of Use (ToU) metering for Residential and Commercial consumers etc. Accordingly, KE would request NEPRA to adjust the impact while issuing determination of Quarterly SoTs

K ELECTRIC LIMITED

QUARTERLY ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES			Quarter ended Mar 2020				
			Dec-19	Jan-20	Feb-20	Mar-20	QTR
ADJUSTMENT IN TARIFF DUE TO UNRECOVERED COST			Reference				
Units Sent Out	GWh	a	969.089	1,062.076	1,229.990		
T&D Losses allowed		b	17.8%	17.8%	17.8%		
Units billed	GWh	c = a x (1-b)	796.978	873.451	1,011.544	2,681.974	
a. O&M and Capacity cost of Power purchases							
O&M and Capacity cost of Power purchases	Mill Rs	d	3,918.530	4,965.186	4,385.901		
O&M and Capacity cost of power purchases (per unit billed)	Rs/kWh	e = d/c	4.162	4.917	5.685	4.336	
Increase or decrease in O&M and Capacity cost (over Reference)	Rs/kWh	f	0.755	1.523	0.174		
O&M and Capacity Cost of Power Purchases - Monthly variations Amount	Mill Rs	g = f x c	601.786	1,330.188	176.210	2,108.184	
b. Unrecovered Cost of FCA due to non adjustment of T&D losses							
i Monthly variation in Fuel Cost (FCA) - Per unit							
Cost of Fuel - KE	Rs/kWh	h	0.207	0.897	0.913		
Cost of Fuel - Power Purchases	Rs/kWh	i	0.450	0.081	(0.434)		
Total	Rs/kWh	j = h + i	0.657	0.977	0.480		
ii Monthly variation in Fuel Cost (FCA) - Amount							
Cost of Fuel - KE	Mill Rs	k = h x a	200.800	952.239	1,123.591	2,276.630	
Cost of Fuel - Power Purchases	Mill Rs	l = i x a	436.013	85.881	(533.469)	(11.576)	
Total	Mill Rs	m = k + l	636.813	1,038.120	590.122	2,265.054	
iii Unrecovered Cost of FCA due to non adjustment of T&D losses							
Cost of Fuel - KE	Mill Rs	n = k x b	35.662	169.118	199.550	404.329	
Cost of Fuel - Power Purchases	Mill Rs	o = l x b	77.436	15.252	(94.744)	(2.056)	
Total	Mill Rs	p = n + o	113.098	184.370	104.806	402.274	
Summary of Unrecovered cost for the quarter							
a. O&M and Capacity cost of Power purchases	Mill Rs					2,108.184	
b. Unrecovered Cost of FCA due to non adjustment of T&D losses	Mill Rs					402.274	
c. Other Adjustments							
WPPF to IPPs and other adjustments - Note 1	Mill Rs					788.546	
Total Unrecovered cost for the quarter	Mill Rs	q				3,299.004	
Estimated Units to be sold in next quarter at allowed T&D losses	GWh	r				3,771.928	
Unrecovered Cost per unit for current quarter	Rs/kWh	s = q / r				0.875	

Notes:

1 Tapal Energy Limited WWF Rs. 35.581 million, Gul Ahmed Energy Limited adjustment Rs. 4.335 million, FPCL FPA Rs. 26.284 million, Anoud deduction Rs. 2.022 million, Oursun True up adjustment Rs. 172.999 million, KE WPPF Rs. 551.369 million.

Work Sheet- Power Purchase O&M and Capacity Cost

DESCRIPTION		Dec-19	Jan-20	Feb-20	Mar-20	
1 O&M COST						
a	KANUPP	Mill Rs.	23.405	52.807	20.483	35.613
b	TAPAL	Mill Rs.	15.415	18.183	22.972	17.151
c	GUL AHMED	Mill Rs.	8.888	7.576	10.476	7.378
d	CPPA-G - Note 1	Mill Rs.	122.183	199.813	206.219	188.262
e	ANOUD POWER	Mill Rs.	9.466	9.348	11.296	11.882
f	INT IND (IIL)	Mill Rs.	9.688	6.913	9.672	10.934
g	FFBL	Mill Rs.	19.951	9.625	17.234	22.419
h	SNPC - Note 2 & 3	Mill Rs.	52.141	42.356	44.332	59.438
i	OURSUN	Mill Rs.	11.928	12.923	13.842	15.238
j	CPPA-G - 150 MW - Note 1	Mill Rs.	12.214	18.226	11.950	12.304
k	Gharo Solar	Mill Rs.	2.812	6.216	7.072	8.419
TOTAL		Mill Rs.	288.092	383.986	375.548	389.037
2 CAPACITY COST						
a	KANUPP	Mill Rs.	-	-	-	-
b	TAPAL	Mill Rs.	29.619	32.410	40.947	30.572
c	GUL AHMED	Mill Rs.	14.655	11.645	17.813	12.545
d	CPPA-G	Mill Rs.	2,176.656	2,589.294	3,339.192	2,762.825
e	ANOUD POWER	Mill Rs.	-	-	-	-
f	INT IND (IIL)	Mill Rs.	-	-	-	-
g	FFBL	Mill Rs.	215.316	104.075	186.341	242.410
h	SNPC - Note 2 & 3	Mill Rs.	195.491	180.424	221.346	234.408
i	OURSUN	Mill Rs.	81.366	96.515	103.373	113.800
j	CPPA-G - 150 MW	Mill Rs.	472.960	475.351	629.622	539.588
k	Gharo Solar	Mill Rs.	20.282	44.830	51.004	60.717
TOTAL		Mill Rs.	3,206.344	3,534.545	4,589.638	3,996.864
3 TOTAL O&M & CAPACITY COST						
a	KANUPP	Mill Rs.	23.405	52.807	20.483	35.613
b	TAPAL	Mill Rs.	45.034	50.593	63.919	47.723
c	GUL AHMED	Mill Rs.	23.543	19.221	28.289	19.923
d	CPPA-G	Mill Rs.	2,298.839	2,789.107	3,545.411	2,951.087
e	ANOUD POWER	Mill Rs.	9.466	9.348	11.296	11.882
f	INT IND (IIL)	Mill Rs.	9.688	6.913	9.672	10.934
g	FFBL	Mill Rs.	235.267	113.701	203.575	264.829
h	SNPC - Note 2 & 3	Mill Rs.	247.632	222.780	265.678	293.846
i	OURSUN	Mill Rs.	93.294	109.438	117.214	129.038
j	CPPA-G - 150 MW	Mill Rs.	485.174	493.576	641.573	551.891
k	Gharo Solar	Mill Rs.	23.094	51.046	58.076	69.135
TOTAL		Mill Rs.	3,494.437	3,918.530	4,965.186	4,385.901

Note 1: O&M rate used for February and March 2020 is provisional and based on Energy Purchase data submitted by CPPA-G to NEPRA for the month of January 2020.

Note 2: STDC wheeling charges included above are provisional as the invoices are yet to be received

Note 3: SNPC capacity charges for the month of January 2020 to March 2020 include O&M expenses at indexed rates determined by NEPRA whereas other components are included at reference rates, and are subject to change based on NEPRA's decision on SNPC's review motion dated January 17, 2020. Further, as NEPRA has disallowed all the Capacity Charges of SNPC other than fixed O&M in the quarterly tariff decision dated December 31, 2019, KE has withheld the payments of Capacity Invoices for the period January 2020 to till date owing to huge amount of receivable from SNPC on account of disallowed Capacity payments.