

No. Tariff/2024-25(ICP)
Government of Pakistan
Ministry of Energy
(Power Division)

Islamabad, the November 24, 2024.

The Registrar
National Electric Power Regulatory Authority
NEPRA Tower, Attaturk Avenue (East)
Sector G-5/1
Islamabad

Subject: FEDERAL GOVERNMENT MOTION WITH RESPECT TO WINTER DEMAND INITIATIVE FY-2025 FOR ELECTRICITY CONSUMERS OF XWDISCOs AND K-ELECTRIC ON INCREMENTAL CONSUMPTION

The recent surge in electricity tariff, coupled with challenging economic conditions, has led to reduced demand across various consumer categories. During the winter months of FY 2023, demand decreased by 6%, with an additional 8% reduction recorded in FY 2024. Furthermore, the average winter demand for FY 2024 remained 11,196 MW lower, as compared to the demand observed during the summer months which represents the availability of ample reserves in the system to meet any potential increase in demand during winter. Given these, a subsidy-neutral interim relief initiative has been introduced to support electricity consumers nationwide.

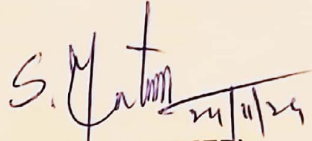
2. Historically, similar initiatives have led to beneficial growth in system demand. These initiatives of offering discount on incremental consumption, encourage the consumers to meet their baseline demand and avoid further tariff increases due to high fixed costs of the system. Any increase in the electricity demand during winters will not only enable optimum use of system generation capacity but it will also help in reducing gas demand due to shifting of utilization towards electricity.

3. Accordingly, the Winter Demand Initiative FY 2024-25 for industrial, domestic (exceeding 200 units), commercial and general services consumers of XWDISCOs and K-Electric has been approved by the Federal Government vide Case No. 596/Rule-19/2024/1028 dated: November 22, 2024, communicated vide letter no: Tariff/2024-25(ICP) (Annex-I) and it was decided that the same be submitted to the National Electric Power Regulatory Authority in terms of Section 31 of the NEPRA Act for approval and incorporation in the regulatory framework. The general provisions of the initiative are listed below:

- a) Tariff of 26.07 Rs/kWh shall be charged to all eligible consumers on the respective incremental consumption, above the benchmark consumption in the corresponding months.
- b) The initiative shall remain applicable for a three-month billing period effective from December 2024 to February 2025.
- c) The benchmark consumption will be the higher of either the relevant month's consumption in FY 2024 or the historical consumption over the past 3 years for the relevant months, based on the approved formula. This formula and other terms and conditions applicable to the initiative are provided at Annex-II for reference.
- d) The initiative is subsidy neutral.

4. Historically the implementation of similar initiatives for consumers of K-Electric faced challenges on account of the applicable tariff structure of KE determined by NEPRA and resulted in non-uniform application of the initiative across the country ultimately hindering the full realization of the initiative's intended impact. Therefore, it was decided that NEPRA establish a tariff adjustment mechanism for implementation of initiative for K-Electric without impacting the distribution and profit margin.

5. In light of the above, instant Motion is being filed by the Federal Government with respect to Consumer End Tariff Recommendations of XWDISCOs and K-Electric under section 7 and 31 of the Act read with Rule 17 of the Rules, so as to consider and approve the Winter Demand Initiative by incorporating the same in the regulatory framework and to establish a tariff adjustment mechanism for implementation of initiative for K-Electric without impacting the distribution and profit margin.


(SYED MATEEN AHMED)
Addl.Dir/SO (Tariff)

No. Tariff/2024-25(ICP)
Government of Pakistan
Ministry of Energy
(Power Division)

Islamabad, the November 24, 2024.

Subject: **WINTER DEMAND INITIATIVE FY-2025 FOR ELECTRICITY CONSUMERS ON INCREMENTAL CONSUMPTION**

The undersigned is directed to state that a Summary on "*Winter Demand Initiative FY-2025 for Electricity consumers on incremental consumption*" has been approved by the Cabinet in case no. 596/Rule-19/2024/1028 dated November 22, 2024.

2. Cabinet considered the summary dated: 20th November, 2024 submitted by the Power Division regarding Winter Demand Initiative FY-2025 for Electricity consumers on incremental consumption and approved the following:

- a) The proposal outlined in para 3.
- b) Issuance of guidelines to NEPRA for approval of proposed initiative and incorporation in the regulatory framework.
- c) Direction to NEPRA to establish a tariff adjustment mechanism for implementation of initiative for K-Electric without impacting the distribution and profit margin.
- d) Provision for RLNG allocation from the Petroleum Division to meet incremental demand (as provided in para 4).

3. The above is submitted to NEPRA Authority, for information and implementation please.


(Syed Mateen Ahmed)
Section Officer(Tariff)

Distribution: -

The Chairman (NEPRA)
NEPRA house, Islamabad

C.C: -

1. PSO to **Secretary**, Ministry of Energy, Power Division, Islamabad.
2. SPS to **Additional Secretary-II** Ministry of Energy, Power Division, Islamabad.
3. SPS to **Joint Secretary (T&S)**, Ministry of Energy, Power Division, Islamabad.
4. SPS to **Deputy Secretary (T&S)**, Ministry of Energy, Power Division, Islamabad.

Condition	Benchmark Consumption Criteria
Consumers with consumption data available for FY 2024, FY 2023 & FY 2022	$50\% * \text{Relevant month sales of FY 2024}$ $+$ $30\% * \text{Relevant month sales of FY 2023}$ OR $\text{FY 2024 Consumption whichever is higher}$ $+$ $20\% * \text{Relevant month sales of FY 2022}$
Consumers with consumption data available for FY 2024 & FY 2023 only	$50\% * \text{Relevant month sales of FY 2024}$ $+$ $30\% * \text{Relevant month sales of FY 2023}$ OR $\text{FY 2024 Consumption whichever is higher}$ $+$ $20\% * (\text{Higher of MDI for the relevant month or Sanctioned load}) * \text{Hrs} * (\text{Load Factor (\%) of particular consumer category})$
Consumers with consumption data available for FY 2024 only	$50\% * \text{Relevant month sales of FY 2024}$ $+$ $50\% * (\text{Higher of MDI for the relevant month or Sanctioned load}) * \text{Hrs} * (\text{Load Factor (\%) of particular consumer category})$ OR $\text{FY 2024 Consumption whichever is higher}$
New consumers	$(\text{Higher of MDI for the relevant month or Sanctioned load}) * \text{Hrs} * (\text{Load Factor (\%) of particular consumer category})$

Other Terms & Conditions:

- If consumption record for a specific consumer is not available, then benchmark consumption criteria for new consumers will be applied for the respective period.
- If the status of consumers was disconnected or status of consumer meter was defective during benchmark consumption calculation period, then benchmark consumption criteria for new consumers will be applied for the respective period.
- Detection units shall neither be used for either benchmark consumption calculation nor for incremental units calculation
- The benchmark consumption for consumers (other than non-ToU residential) who have shifted to a different tariff category during benchmark consumption calculation period, the consumption period in which the consumer was in the same tariff category will be used for benchmark calculation, whereas the formula for new consumers will be used in periods the consumer was in a different tariff category.
- If the meter of a specific consumer cannot record MDI, then only Sanctioned Load shall be used for calculation of benchmark consumption, where applicable.
- For cases involving MDI or sanctioned load, benchmark consumption for TOU consumers will be prorated for peak and off-peak hours based on the consumption in respective month.
- TOU consumers will be eligible to avail the package if and only if the sum of peak and off-peak consumption for the relevant month is greater than the aggregate benchmark consumption (Peak + off Peak). Provided further, where applicable, the incremental consumption shall be calculated based on aggregate consumption in both peak and off-peak hours for each month. Additionally, the incremental consumption shall be distributed among peak and off-peak periods on a pro-rata basis of the incremental units.
- For consumers having zero consumption in the benchmark consumption calculation period, or those who have opted for extension of load during benchmark period, their benchmark consumption for such months will be calculated based on the formula of new consumers.

- The package shall not be applicable to net metering /wheeling consumers or consumers having defective/lock meter for the applicable month.
- The incremental package shall be applicable up to only 25% units over the reference benchmark consumption for the respective months. Provided further, all the incremental sales over and above 25% of the benchmark consumption shall be charged normal tariffs as notified by the Government.
- This package will be applicable to units billed in a particular month.
- The load factors to be used for calculation of benchmark consumption are provided below for reference.
- Only positive FCA shall be passed on incremental sales as per the applicable mechanism,
- Quarterly adjustments & PHL-DSS Surcharge shall not be applicable on incremental consumption,
- Any further adjustment due to incremental consumption shall be pooled and passed on to all the consumers under the applicable adjustment mechanisms.

Where:

*MDI: Maximum Demand indicator of the respective consumer for the given month

*Hrs: No. of hours in the given month

*Load Factor: Load factor as provided in the consumer service manual (as updated from time to time)

Load Factor for different consumer categories

Percentage of Load Factor for Different Types of Connections		
Sr. No.	CATEGORY OF CONNECTION	Load factor to be charged
A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL		
01	Single Phase	20%
02	Three Phase	25%
A-2 GENERAL SUPPLY TARIFF - COMMERCIAL		
03	Single Phase	20%
04	Three phase	25%
A-3 GENERAL SERVICES		
05	Single phase	15%
06	Three phase	20%
B INDUSTRIAL SUPPLY		
07	B-1 except for ice factories, Cold Storage, Plastic Molding, Rice shellers	40%
08	B-2, except Ice Factories, Cold Storage, Plastic Molding, Rice shellers	50%
09	Ice Factory, Cold Storage,	70%
10	Plastic Molding Industry, Rice Sheller	50%
11	B-3 Textile Mills and Steel Furnaces Melting Industry and all other continuous industry	60%
12	Other normal Industry like Engineering Works	50%
13	Flour Mills B-2 & B-3	40%
14	B-4	50%