Subject: **<u>Five Years Distribution Integrated Investment Plan (DIIP) submitted by Multan Electric Power Company (MEPCO) for Tariff Control Period from FY 2025-26 to FY 2029-30</u>**

Following issues have been framed by the Authority for public hearing of MEPCO on subject matter:

i. Whether the current energy (GWh) and demand (MW) forecasts are justified and what is correlation of the last 10 years GDP and CAGR of MEPCO? Whether the PMS time series-based special demand forecast is aligned with econometric based global demand forecast used for IGCEP? Whether the results of PMS are fully reflective in the distribution investment plan (DIP) or there are any variances?

ii. How has the demand forecasting by MEPCO addressed the growth of VRE integration especially distributed energy resources (DERs)/net metering, growth of Electric Vehicles (EVs), transition of captive and domestic loads from gas to electricity and demand changing factors etc.?

iii. Whether the transmission and distribution system planning and associated investments claimed in DIP are based on Served Demand Forecast or Computed Peak Demand Forecast? Whether it has been aligned with planning criteria adopted in TSEP and IGCEP?

iv. What are the reasons MEPCO has not fully executed previous MTY allowed investments? MEPCO is required to justify the under-utilization of allowed investments head-wise/project-wise in the previous DIP FY 2020-21 to FY 2024-25?

v. What are the impacts on performance targets in terms of T&D losses, recovery, SAIFI, SAIDI, Safety, etc. as a result of incomplete implementation of previous DIP FY 2020-21 to FY 2024-25?

vi. Whether the claimed investment of PKR 119,466 million for five years tariff control period from FY 2025-26 to FY 2029-30 is justified? MEPCO is required to justify the need assessment and techno-commercial benefits against each project such as additional sales (GWh), reduction in losses (GWh, %), improvement in performance indicators i.e. voltages (kV, %), improvement in SAIFI/SAIDI against each project.

vii. Whether the financing arrangements to undertake the proposed DIP of PKR 119,466 million are available with MEPCO? What is the financing breakdown and sources of the arrangement for each project/head included in the DIP? Substantial reliance of financing is shown to be on own resources? What is the company's projected financial performance and condition over the next five years?

viii. What are MEPCO's plans for removal of the existing transmission network constraints, which include overloading of grid stations, overloading of transmission lines, overloading of feeders, low voltage issues and higher technical losses etc.?

ix. Whether the claimed cost of PKR 36,881 million under the head of STG is justified? Whether the PC-I of STG projects have been approved by relevant forums?

x. What are the reasons for non-completion of several STG projects allowed in previous DIP FY 2020-21 to FY 2024-25? MEPCO is required to provide clear timelines in terms of the start date and completion date for the projects included in DIP along with year-wise cost allocation for each project.

xi. What are the current and projected HT and LT ratios after implementation of DIP and its impact on distribution losses at various voltage levels and how does it compare to the already set benchmarks and envisaged future improvement trends? Whether the cost claimed for GIS mapping covers complete HT and LT mapping of Distribution System or otherwise?

xii. Whether the claimed cost of PKR 28,657 million for HT expansion and rehabilitation under the head of Common Distribution System Expansion and Rehabilitation is justified?

xiii. Whether the claimed cost of PKR 19,959 million for LT expansion and rehabilitation under the head of Common Distribution System Expansion and Rehabilitation is justified?

xiv. Whether the claimed cost of PKR 11,690 million under the head of Asset Performance Management System (APMS) is justified? Whether, the PC-I of the APMS project is approved by Planning Commission?

xv. Whether claimed cost of PKR 98 million under the head of ABC Cable / Insulation of Conductors is justified? What are the criteria for installation of ABC cables?

xvi. Whether the claimed cost of PKR 4,568 million and PKR 216 million under the head of safety improvement and earthing of structure respectively is justified? What is the basis for treating the cost of earthing in DIP and not in O&M and R&M head in tariff petition?

xvii. Whether the claimed cost of PKR 145 million under the head of SCADA pilot project is justified? Whether the SCADA project can be included for full scope implementation at MEPCO? Whether any consultation with NTDC for integration is made or otherwise?

xviii. Whether the claimed cost of PKR 4,683 million under the head of AMI/AMR at consumer level and PKR 5,167 million at distribution transformer level is justified? MEPCO to justify the need assessment and proposed benefits of AMI/AMR meters?

xix. Whether claimed cost of PKR 1,062 million under the head of IT & ERP is justified? MEPCO to justify the need assessment and proposed benefits of IT & ERP?

xx. Whether claimed cost of PKR 1,891 million under the head of transport directorate plan is justified?

xxi. Whether claimed cost of PKR 3,509 million under the head of civil work is justified?

xxii. Whether claimed cost of PKR 545 million under the head of Transformer Workshop is justified?

xxiii. Whether claimed cost of PKR 122 million under the head of GIS is justified?

xxiv. Whether claimed cost of PKR 150 million under the head of Research & Development is justified?

xxv. Whether claimed cost of PKR 123 million under the head of public relations and image building is justified?

xxvi. Whether the requested reduction of 2.15% (i.e. from 12.19% to 10.04%) in Technical Losses targets for five years control period from FY 2025-26 to FY 2029-30 is justified? Why has the third-party study regarding T&D losses not been conducted as yet? How are the study results going to be linked with the targets of this DIP?

xxvii. What will be the mechanism to adjust back the cost of CAPEX i.e. RoRB and depreciation for allowed investment in tariff with interest cost for any under invested CAPEX in particular year?

xxviii. What will be the mechanism of adjusting back the cost of CAPEX (i.e., RoRB and depreciation for allowed investment in tariff with interest cost) for any underutilized CAPEX in a particular year?

xxix. Any other issue that may come up during the hearing.

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