

National Electric Power Regulatory Authority  
NEPRA

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Subject: **HEARING IN THE MATTER OF FIVE YEARS DISTRIBUTION INVESTMENT PLAN (DIP) SUBMITTED BY HYDERABAD ELECTRIC SUPPLY COMPANY (HESCO)**

Following issues have been framed for public hearing of HESCO in the matter of Five Years Distribution Investment Plan.

1. Whether the energy (GWh) and power (MW) demand forecasts are justified? HESCO to provide the consumer category wise peak demand (MW) and energy (GWh) growth projections and associated growth rate considered during the period of FY 2025-26 to FY 2029-30? Whether the transmission and distribution investments are aligned with IGCEP and TSEP?
2. HESCO 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? What are the impacts of utilized investment on performance targets in terms of T&D losses, recovery, SAIFI, SAIDI, Voltage Profile, Safety, etc?
3. Whether the financing arrangements to undertake the proposed DIP of PKR 110,316 million are available with HESCO? Has the company explored and identified alternative commercial financing avenues as a contingency plan in case internal resources and public sector funding are unavailable?
4. Whether the claimed cost of PKR 57,359 million under the head of STG is justified? Whether the PC-I of STG projects have been approved by relevant forums? What are HESCO's plans for removal of the existing transmission network constraints?
5. Whether the claimed cost of PKR 4,176 million for expansion of common distribution system and PKR 11,006 million for rehabilitation of common distribution system is justified? What will be the HT and LT ratios after implementation of distribution investments and its impact on performance of HESCO?
6. Whether the claimed cost of PKR 1,800 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?
7. Whether claimed cost of PKR 2,750 million under the head of model sub-division is justified? What are the criteria for selection of model sub-division and what are the intended benefits / benchmarks for the model sub division program of HESCO?
8. HESCO to justify its investments claimed for technological interventions such as GIS mapping, AMI/AMR meters, HHUs, IT equipment & ERP, Software tools and trainings.

9. What are the HESCO's plans for increasing the number of transformer repair workshops at the circle level? What are the reasons for non-inclusion of CAPEX requirements with regards to ariel bundle cables (ABC) and SCADA related projects in the DIP of HESCO?
10. Whether the claimed cost of PKR 4,200 million under the head of earthing & grounding 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?
11. HESCO to justify its investments claimed for operational measures such as operational vehicles including bucket mounted vehicles, Furniture & Office equipment, CCTV cameras, etc.
12. Whether the T&D losses target ranging from 23.50% for FY 2025-26 to 16.80% for FY 2029-30 is justified? Why has the third-party study regarding T&D losses not been conducted as yet? How will the study's findings be integrated into the targets outlined in this DIP?
13. What mechanism will be employed to reconcile the cost of capital expenditures (CAPEX), including Return on Regulatory Base (RoRB) and depreciation, with allowed investments in tariff, considering interest costs for under-invested CAPEX in a particular year?
14. Any other Issue(s) that may come up during hearing

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