



PESHAWAR ELECTRIC SUPPLY COMPANY LIMITED

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OFFICE OF THE
CHIEF EXECUTIVE OFFICER
PESCO, PESHAWAR

No. 1353 /FD/PESCO/CP&C

Date: 29/05/2025

The Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Attaturk Avenue, Sector G-5/1,
ISLAMABAD.

PROCT

Forwarded please:

For nec. action For Information

<input type="checkbox"/> DG (Lic.)	<input type="checkbox"/> DG (Adm/HR)
<input checked="" type="checkbox"/> DG (M&E) SA	<input type="checkbox"/> DG (CAD)
<input type="checkbox"/> DG (Tech.)	<input type="checkbox"/> DG (ATC)
<input type="checkbox"/> ADG (Trf.)	<input type="checkbox"/> ADG (Fin.)
<input type="checkbox"/> SLA	<input type="checkbox"/> Dir. (I.T)
<input type="checkbox"/> Consult (Tech.)	<input type="checkbox"/> Consult (CTBCM)

Dear

For kind information, please.

1. Chairman 2. M (Tech)

3. (Law) 4. (Gen)

Subject: **APPLICATION FOR THE GRANT OF INTERIM TARIFF FOR SUPPLY & DISTRIBUTION OF POWER TARIFF FOR FY 2025-26 (DISTRIBUTION LICENSE NO. 07/DL/2023 DATED 09TH MAY, 2023 & SUPPLIER LICENSE NO. SOLR/07/2023 DATED 27TH DEC, 2023).**

Reference: NEPRA letter No. NEPRA/IR/Tariff-626&627/6916 dated 23-05-2025

PESCO submitted its Multi-Year Tariff (MYT) Petition for the period FY 2025-26 to FY 2029-30 with the Authority on 29th April, 2025. The petition was prepared in accordance with the approved regulatory framework along with detailed projections, cost assumptions, and supporting data for both the Distribution and Supply functions. Moreover, the investment plan has been submitted on February 27, 2025, while the decision is awaited.

Furthermore, PESCO is under the process of unbundling/spin off for the incorporation of Hazara Electric Supply Company (HAZECO), which necessitated internal restructuring, separation of operational data, and reconfiguration of service areas. Accordingly, the Licence Modification Applications were filed, which have now been decided on May 23, 2025. The delay is mainly due to the bifurcation of PESCO and the regulatory proceedings w.r.t. the processing of the Licence Modification Applications and the related matters.

As per NEPRA directions conveyed vide letter under reference regarding filing of application for grant of interim tariff for FY 2025-26, this application is being filed in compliance thereof. The detail of revenue requirement for determination of tariff for Distribution of Power & Supply function for FY 2025-26 is enclosed at **Annex-A**, for consideration of the Authority.

It is pertinent to mention here that the Transmission & Distribution (T&D) Loss and recovery target of PESCO are not based on prevailing ground realities and needs to be reconsidered, in view of the Strategic Roadmap signed with MoE(PD) (copy enclosed as **Annex-B**) which is in line with National Electricity Policy.

TARIFF (DEPARTMENT)

Dir (T-I)..... Dir (T-II).....

Dir (T-III)..... Dir (T-IV).....

Dir (T-V)..... Addl. Dir (RE).....

Date: 3-6-25

AS

Tariff Division Record
Dy No. 2489
Dated 3-6-25
REGISTRAR OFFICE
Diary No. 6619
Date: 02-06-25

The relevant Paragraph 5.3.2 of the National Electricity Policy, 2021 is reproduced as under:

"5.3.2. So as to ensure and put in place efficient tariff structures for sufficient liquidity in the power market, the target for losses and collections shall be revisited by the Regulator, in order to align the same with the current market realities. These targets shall be reflected in the determinations of the Regulator. Moreover, timely recovery of bad debt that is prudent shall be allowed by the Regulator with the incorporation of facilitative provisions in the regulatory framework as per industry practices and procedures"

Moreover, the T&D losses and Recovery targets outlined in the Strategic Roadmap Agreement for the period FY 2025-29, executed between the Ministry of Energy (Power Division) and PESCO have been determined in consideration of the prevailing operational environment and aligned with the principles set forth in the National Electricity Policy, 2021. As per the said agreement, the target for T&D loss is 39.24% and of recovery is 92.28%, and the Authority is requested to consider the said targets while determining the interim tariff of PESCO for FY 2025-26.

Prayer:

PESCO respectfully submits to the Authority to consider the request of interim tariff for FY 2025-26 and the proposed recovery and T&D loss benchmarks in line with Strategic Roadmap Agreement for the period FY 2025-29, and simultaneously approve an Interim Tariff for FY 2025-26 for both Distribution and Supply functions (Statement is enclosed as **Annex-A**). This will allow for timely rebasing of consumer-end tariffs effective July 1, 2025, and ensure financial viability for the company until the MYT determination process is concluded.

Encl: As above


CHIEF EXECUTIVE OFFICER
PESCO

PESCO

Revenue Requirements Breakup	FY 2025-26		
	Distribution Tariff	Supply of Power	TOTAL
	Mln Rs	Mln Rs	Mln Rs
No. of Units Purchased(MkWH)		11,951	11,951
T&D Losses (As per Strategic Roadmap)		39.24%	39.24%
Recovery (As per Strategic Roadmap)		92.28%	92.28%
Power Purchase Price		302,678	302,678
O&M Costs:			
Pay & Allowances	21,643	11,101	32,743
Travelling Expenses	293	118	410
Vehicle Running Expenses	391	120	511
Other Expenses	257	1,558	1,815
Repair & Maintenance	1,511	69	1,580
Total O&M Cost	24,095	12,965	37,059
Depreciation	5,016	557	5,574
Return on Rate Base	9,855	2,463	12,318
Less: Other Income	(4,308)	(1,962)	(6,270)
Distribution Margin (D.M)	34,658	14,023	48,682
Turnover Tax		3,423	3,423
Prior Period Adjustments		29,344	29,344
Revenue Requirement	34,658	349,468	384,126

