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Office of the Director General (MIRAD),
2nd Floor, WAPDA Offices Complex
Hussainabad, Hyderabad

No.CEO/HESCO/DG(MIRAD)/DM(F)/1449-52

Dated: 07.08.2025

✓ Director NEPRA,
NEPRA Tower, Attaturk Avenue (East), G-5/1,
Islamabad.

Subject: **Petition for Determination of Use of System Charges for FY 2025-26**

In pursuance of Regulation-7 of NEPRA's Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022; enclosed please find HESCO's Petition for determination of Use of System Charges ("**UoSC Petition**") for the FY 2025-26.

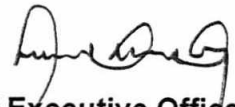
It may kindly be noted that the instant Petition includes HESCO Cost of Service Study ("**CoS Study**") FY 2025-26 as Annex-B thereto, forming fundamental basis for the instant UoSC Petition along-with the following documents;

- An original cheque amounting to Rs.953,416/- (after tax deduction) on account of petition fee,
- An Affidavit,
- A Board Resolution (is to be submitted on 08.08.2025, as Board meeting is scheduled on the same date).

D.A/As above

C.C to:

- Chief Financial Officer HESCO, Hyderabad.
- Chief Commercial Officer HESCO, Hyderabad.
- PSO to CEO HESCO, Hyderabad.
- Master File.


Chief Executive Officer,
HESCO, Hyderabad.

REGISTRAR OFFICE
Diary No: 9642
Date: 12-8-25

Forwarded please:

☒ For nec. action ☐ For information

<input type="checkbox"/> DG (Lic.)	<input type="checkbox"/> DG (Admin/HR)
<input type="checkbox"/> DG (M&E)	<input type="checkbox"/> DG (CAD)
<input type="checkbox"/> DG (Tech.)	<input type="checkbox"/> DG (ATC)
<input type="checkbox"/> ADG (T.F.)	<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)

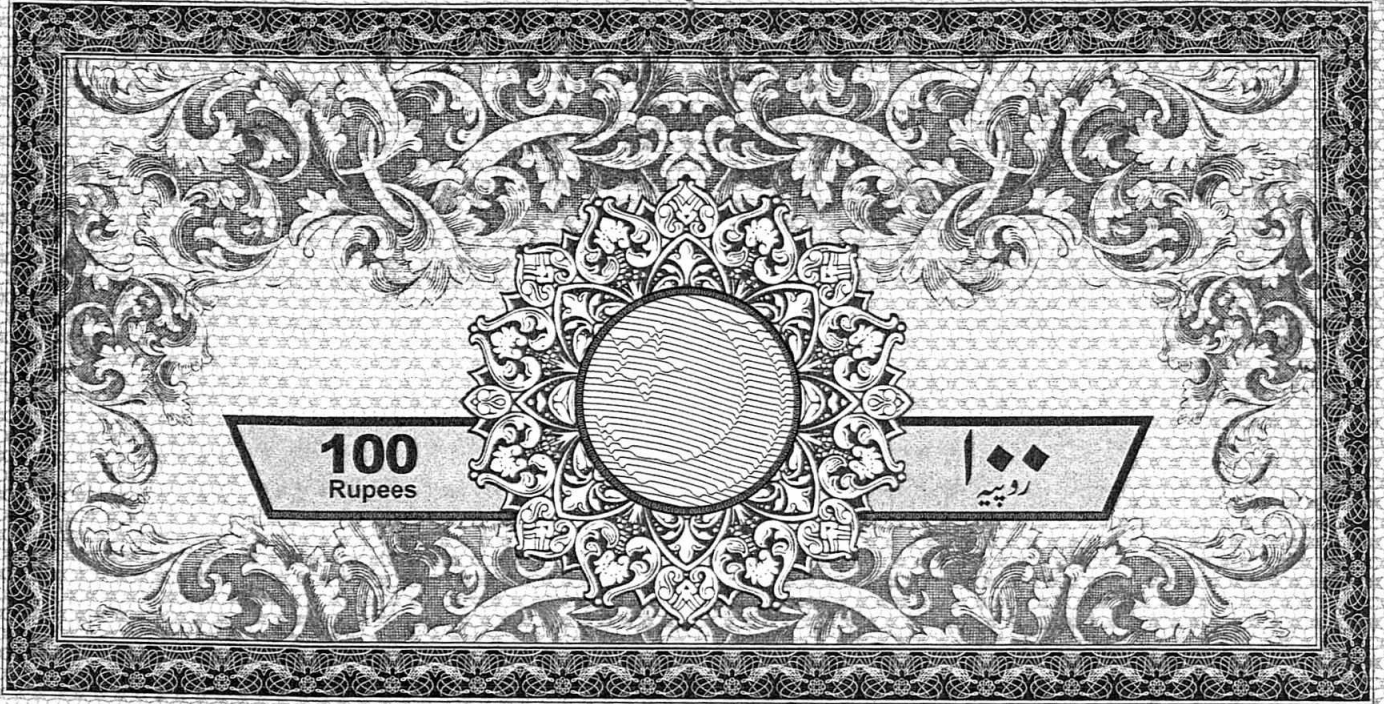
For kind information, please,

- Chairman
- M (Tech)
- M (Law)
- M (Dev)

Only
Cheque No. 106040978
Date 09/08/2023
NATIONAL BANK OF PAKISTAN
0045 SHAHBAZ BUILDING BRANCH
SHAHBAZ BUILDING HYDERABAD
Pay to the order of National Electric Supply Authority
Nine thousand five hundred and thirty one rupees
PK94NBPAD045004002731008
HYDERABAD ELECTRICITY SUPPLY
Hyderabad Electric
Signature
(HESCO)

⑈60409781⑈0700045⑈0045004002731008⑈0000⑈

A857788



SYED AHMED ALI
Government Stamp Vendor
Venus Photo State Court Road,
Hyderabad

AFFIDAVIT

341
07-08-2

I, Faizullah Dahri, Chief Executive Officer, Hyderabad Electric Supply Company Limited, being duly authorized representative / attorney of Hyderabad Electric Supply Company Limited, hereby solemnly affirm and declare that the contents of the accompanying petition filed vide No.CEO/HESCO/DG(MIRAD)/DM(F)/1449-52 dated 07.08.2025, related to the Use of System Charge (UoSC) for the FY 2025-26, including all supporting documents are true and correct to the best of my knowledge and belief and that nothing has been concealed. I also affirm that all further documents and information to be provided by me in connection with the accompanying petition shall be true to the best of my knowledge and belief.

Deponent


(FAIZULLAH DAHRI)
CHIEF EXECUTIVE OFFICER

Sub: EXTRACT OF THE DRAFT MINUTES OF 262ND MEETING OF BOARD OF DIRECTORS HESCO HELD ON FRIDAY, THE 8TH AUGUST, 2025.

Extract of the Board Resolution/Decision in the captioned BoD meeting, which was duly convened and where proper quorum was present, is reproduced as under for information and further necessary action, please:

Item No.	Addl. Agenda Item No.2
Item Contents:	THE HESCO BOD IS REQUESTED TO AUTHORIZE CEO HESCO FOR SUBMISSION OF USE OF SYSTEM CHARGE (UOSC) PETITION FOR FY 2025-26 BEFORE NEPRA AS PER REGULATORY REQUIREMENT
Board Resolution:	The Board, considered the directions contained in National Electricity Policy-2021 and National Electricity Plan, as amended read with Section-7 of the NEPRA's Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022 ("Open Access Regulations") and Rule-5 of the Eligibility Criteria (Electric Power Supply Licences) Rules, 2023, and the grounds for submission of petition for determination of Use of System Charges (UoSC) and RESOLVED to authorize the Chief Executive Officer HESCO for submission of Use of System Charge (UoSC) petition for FY 2025-26 before NEPRA, as per regulatory requirement.

The detailed Discussions / Decisions are contained in the draft minutes which are subject to confirmation in coming BoD meeting(s).


Manjhee Khan
Company Secretary

DISTRIBUTION:

1. The Chairman / Members HESCO Board.
2. The Chief Executive Officer, HESCO.
3. The Chief Engineer Development PMU, HESCO.
4. The Section Officer (CA-I), Ministry of Energy (Power Division), Islamabad.





**PETITION
FOR DETERMINATION OF
USE OF SYSTEM CHARGES
(UoSC)
FOR
FY 2025-26**

HYDERABAD ELECTRIC SUPPLY COMPANY

WAPDA OFFICES COMPLEX HUSSAINABAD HYDERABAD



HESCO
PETITION FOR DETERMINATION OF UoSC FY 2025-26

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Preamble

National Electric Power Regulatory Authority ("NEPRA"), in exercise of the powers under the Regulation of Generation, Transmission & Distribution of Electric Power Act 1997, as amended from time to time ("NEPRA Act") has promulgated the NEPRA open Access (Interconnection and Wheeling of Electric Power) Regulations 2022 ("Open Access Regulations") whose Regulation No.7 provides the time line for filing for the Petition for Determination of Use of System Charges i.e., 90 days from the date of promulgation.

In compliance of the Regulations and Regulatory Requirements, HESCO filed petition for determination of UoSC for FY 2023-24 on 05.10.2023 and 22.11.2023 (Addendum). Now, that Petition for FY 2025-26 is being filed for the determination of the Use of System / Wheeling Charges of HESCO to the extent of grid charges only. It is requested that all previous petitions related to use of system charge may be considered withdrawn.

Background

As a result of restructuring, Hyderabad Electric Supply Company (HESCO) was incorporated on April 23, 1998 and obtained Certificate for Commencement of Business on May 26, 1998. The HESCO is responsible for Supply of Electricity to almost 1.26 Million Consumers of different categories of 13 Districts (namely Hyderabad, Thatta, Sujawal, Jamshoro, Matiari, Nawab Shah, Sanghar, Umarkot, Mirpur Khas, Tharparkar, Badin, Tando Muhammad Khan, & Tando Allah Yar) Sindh Province, as set out in HESCO's Distribution License No. DL/05/2023, granted by National Electric Power Regulatory Authority (NEPRA) under the NEPRA Act, 1997 (as amended from time to time) on May 9, 2023. The Company is Headed by a Chief Executive Officer (CEO) and HESCO Board of Directors.

HESCO is supplying electric power services to its consumers in the Service Territory, as per Distribution License No.DL/05/2023, mentioned above under Electric Power Supply Licence No.SOLR/05/2023 granted by NEPRA under the NEPRA Act on December 27, 2023

After the approval of Competitive Trading and Bilateral Contracts Market (CTBCM) by the honorable Authority on November 12, 2020 (No. NEPRA/R/DL/LAM-01/40691-98) several implementation actions were taken. This included issuance of License for the Market Operator (MO), approval of Market Commercial Code (MCC), specifying of several Regulations and prescribing of multiple Eligibility Criteria Rules, to ensure smooth implementation of CTBCM and create balance in roles, rights and obligations of the stakeholders in the CTBCM.



Grounds of Petition:

Pursuant to the relevant directions of National Electricity Policy 2021 ("**NE Policy**") and National Electricity Plan, as amended ("**NE Plan**") read with Section-7 of the NEPRA's Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022 ("**Open Access Regulations**") and Rule 5 of the Eligibility Criteria (Electric Power Supply Licences) Rules, 2023, following are the grounds for petition for determination of Use of System Charges (**UoSC**):

- a. In compliance with the NE Policy Clause 4.4, Clause 5.5.2(f), Clause 5.5.2(g), Clause 5.5.4, Clause 5.6.5, Clause 5.6.7 and;
- b. In compliance with the Section-7 of Open Access Regulations, each distribution licensee, in consultation with the respective supplier of last resort shall, within ninety days following the date of notification of Open Access Regulation, submit separate petition to the Authority for Determination of Use of System Charges (**UoSC**). While the said obligation is already complied with by HESCO, however, determination of UoSC for the open access users, in alignment with the regulated tariff, is required to ensure compliance to intent of the law, the policy, the plan, the CTBCM and the rules.
- c. The HESCO vide letter No.CEO/CFO/HESCO/CPC/3856 dated 29.04.2025 (distribution business) and No.CEO/CFO/HESCO/CPC/3857 dated 29.04.2025 (supply business), submitted its Multi-Year Tariff Petition(s) for determination of consumer-end tariff for the tariff control period FY 2025-26 to 2029-30. In pursuance of the Act, Policy, Plan, Rules and Regulations, simultaneous determination of UoSC, in alignment with the said petitions is essential for systematic alignment with effectiveness of Commercial Market Operations of the power market envisaged under the CTBCM.

Directions in National Electricity Policy, 2021 (NE Policy):

The National Electricity Policy, 2021 issued under Section 14A of the NEPRA's Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 ("**The Act**") was prepared by the Government of Pakistan for the Development, Reform, Improvement and Sustainability of the Power Market and Power Sector.

The National Electricity Policy identifies the major goals sought to be achieved for the Power Sector, and in this respect, provides Policy directions. It also provides the key Guiding Principles to develop subservient frameworks that will steer the decision making in the power sector to achieve identified goals.

Various sections of the said National Electricity Policy, 2021, as relevant to the instant petition, are provided in the below lines.

Clause 4.4 (Financial Viability):

Clause 4.4.1 "*Sustainability of the entire power sector pivots around the financial and commercial viability of its individual sub-sectors. This will be done by:*



- a) *promoting investments on least cost basis balanced with development in the underserved areas;*
- b) *having cost-reflective tariffs in transmission and distribution, to the extent feasible;*
- c) *timely passing of costs to the consumers, while netting off any subsidies funded by the Government; and*
- d) *recovery of costs arising on account of open access, distributed generation, etc.*

Clause 5.5 (Market Development and Operation):

Clause 5.5.2(f) *"providing a level playing field to all market participants through uniform application of cross-subsidization and other grid charges to consumers of all suppliers";*

Clause 5.5.2(g) *"the Government shall take a decision on the recovery of costs that arise due to advent of the open access and market liberalization;"*

Clause 5.5.4 *"In order to ensure implementation of wholesale market design and its further evolution, the Regulator shall in a timely manner frame, modify and evolve regulatory framework for, inter alia, supply, procurement, open access / wheeling, competitive bidding, import of power, and ensure effective market monitoring and enforcement. Provided that after implementation of CTBCM, every transmission licensee and distribution licensee shall offer, to all market participants, non-discriminatory open access / wheeling to its respective transmission or distribution system and interconnection services in accordance with CTBCM on the terms determined under the policy and legal framework."*

Clause 5.6 (Cost of Service, Tariff and Subsidies):

Clause 5.6.5 *"The Regulator, in order to ensure liquidity of the power sector, provide a level playing field for the development of wholesale market and to facilitate prudent projects of the Government, may impose additional charge(s) which shall be deemed to be costs incurred by the distribution companies / electric power supplier(s). Such additional charge may take into account the sustainability, socio-economic objectives and commercial viability of the sector, affordability for the consumers and the policy of uniform tariff. Similarly, the Government may also incorporate, in the consumer-end tariff, any surcharge imposed by it, which shall also be deemed to be cost incurred by the distribution companies / electric power supplier(s) and shall be collected by them in discharge of their public service obligations."*

Clause 5.6.7 *"The Regulator will provide for recovery of costs arising on account of distributed generation and open access in the consumer-end tariff, as decided by the Government. Further, the Government may announce, from time to time, various concessional packages to incentivize additional consumption to minimize such costs".*



Directions in National Electricity Plan (NE Plan) 2023-27:

Strategic Directives 87 to 90 provided in Objective-5 (Financial Viability), Priority Area (Recovery of Open Access Charges) – 15 of National Electricity Plan 2023-27 provides:

- i. Open access charges shall be recovered from all consumers opting for open access through competitive supplier.
- ii. Grid charges, including use of transmission and distribution system charges, Market and system operator fee, cross subsidy charges, metering service charges etc., shall be recovered from all consumers, opting for open access, till the currency of this NE-Plan or as amended by the Government;
- iii. The Federal Government shall provide the frameworks or policy guidelines, from time to time, stipulating the mechanism for recovery of the stranded costs on account of market liberalization and open access.
- iv. Determination of use of system charges is a prerequisite of for CMOD (CTBCM).

Legal and Regulatory Framework:

The approved design of Competitive Trading Bilateral Contract Market (**CTBCM**) provides the right of choice to the eligible Bulk Power Consumers (**BPCs**) to opt for any Supplier of Electric Power. The design, within the framework of the Act, also provides the concept of Competitive Supplier of Electric Power besides the Supplier of Last Resort, for the purposes of said right of choice to the BPCs within the said wholesale market design.

The said right of choice, referred to as “open access”, envisages non-discriminatory access to the transmission and distribution network. It enables the eligible Bulk Power Consumers to procure power at competitive price, to meet their demand, from any supplier including the supplier of last resort. The foremost concern of DISCO emanates from apprehended loss of base load, good paymaster and subsidizing consumers to the open access; and resultant evident adverse impact on financial and operational efficiencies. It is plausibly noted that, in addition to and in line with the above-mentioned policy framework, the regulatory framework also provides suitable resource and relief to the DISCOs to mitigate the said possible adverse impact.

As per provision of Clause 5.5.4 of the said National Electricity Policy, 2021, the honorable Authority promulgated / specified several Regulations to ensure effective implementation of the market regime in Pakistan. This included promulgation of National Electric Power Regulatory Authority Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022 (**“Open Access Regulations”**).

For the purpose of this petition for determination of UoSC in terms of mentioned Open Access Regulations, following terms as defined in the legal and regulatory framework are reproduced as below:



Clause 2 (Definition) of the NEPRA's Act 1997 (Amended):

Clause 2(ii) "bulk-power consumer" means a consumer who purchases or receives electric power, at one premises, in an amount of one megawatt or more or in such other amount and voltage level and with such other characteristics as the Authority may specify and the Authority may specify different amounts and voltage levels and with such other characteristics for different areas".

Important definitions provided in Section-2 of NEPRA's Open Access Regulations are provided below:

2(1)(m) "open access" means the access to a network licensee's system or its associated facilities for movement and delivery of electric power, subject to the terms and conditions as provided in the Act, these regulations and use of system agreement, on non-discriminatory basis to:

- (i) an electric power supplier for supply of electric power to its consumer(s); or
- (ii) a captive generating plant for delivery of the electric power from generation facility to the destination of its use; or
- (iii) any other person, including a licensee for delivery of electric power from a designated place to another designated place;

2(1)(n) "open access user" means any person who is availing open access under these regulations;

2(1)(r) "use of system charges" shall include all charges related to use of distribution system, use of transmission system, system operator services, market operator services, metering service provider services and any other charges as determined by the Authority that may arise due to advent of the open access and market liberalization.

Part-III (OPEN ACCESS) Section-5 (Obligation to provide open access) is reproduced hereunder:

- (1) "A network licensee shall establish, operate and maintain its distribution system or transmission system, as the case may be, in a manner that ensure non-discriminatory open access in accordance with the Act, these regulations, Market Commercial Code, Grid Code, Distribution Code and other applicable documents.
- (2) A network licensee shall, on an annual basis, prepare an open access report demonstrating compliance with these regulations and licence terms and conditions, with the detail of its open access users, available and planned capacity, any issues identified in provision of open access, and any instances where open access was denied along with justification thereof. The said report shall also be made available on the website of the network licensee.
- (3) The report required under sub-regulation (2) shall be prepared and submitted to the Authority within a period of one month from the date of end of respective financial year and shall also be made available on the website of the network licensee.



- (4) *The distribution company shall develop the use of system agreement in accordance with the minimum provisions provided in Schedule I within ninety days of the notification of these regulations and shall obtain the approval of the Authority and publish the same in its website."*

Section-7 (Filing of petition and determination of use of system charges) is reproduced hereunder:

"Within ninety days following the date of notification of these regulations, each distribution licensee, in consultation with the respective supplier of last resort, shall prepare and submit separate petition to the Authority for determination of its use of system charges. Such petition shall be accompanied with a statement which will set out the basis upon which the use of system charges shall be calculated in such manner and with such details as shall be necessary."

Section-8 (Wheeling of electric power) is reproduced hereunder:

"An open access user shall be entitled to wheel electric power using system of network licensee subject to compliance with these regulations and the Market Commercial Code, upon coming into effect, and use of system agreement."

In addition to the Open Access Regulations as detailed above, the Federal Govt. of Pakistan also, inter alia, prescribed the Eligibility Criteria (Distribution Licenses) Rules, 2023 (**"the Distribution Rules"**) and Eligibility Criteria (Electric Power Supplier Licenses) Rules, 2023 (**"the Supplier Rules"**). The Rule 3(g)(C) requires an electric power supplier to be eligible, among others, for the following:

"collection and deposit of following charges, as may be determined by the Authority, in a timely manner, including but not limited to—

- i. transmission use of system charges;*
- ii. distribution use of system charges;*
- iii. market and system operator fee; and*
- iv. any other charges as provided in rule 5 of these rules;"*

The Rule 5(1) of the Supplier Rules (as amended) obligates a supplier of electric power to bill and collect from the bulk power consumers, and make timely deposit to the relevant distribution licensee in the designated account, all the (i) grid charges including the amount of cross subsidy, and (ii) other costs arising on account of market liberalization and advent of open access, namely, the stranded costs.

The Sub-Rule (2) of Rule 5 of the Supplier Rules requires the Authority to determine the (i) grid charges including the amount of cross subsidy and (ii) other costs arising on account market liberalization and advent of open access, namely, the stranded costs in accordance with the provision of National Electricity Policy, NE Plan and such other economic and social policy objectives as may be provided by the Federal Government to the Authority.



It may further be noted that as per Rule 5(2)(b) of the Supplier Rules, the grid charges shall include, but not limited to the use of transmission and distribution charges, market operation fee, metering service charges and cross subsidy to be imposed on uniform basis upon all bulk power consumers of the competitive suppliers.

The Federal Government shall provide the frameworks or policy guidelines, from time to time, stipulating the mechanism for recovery of stranded cost on account of market liberalization and open access.

Technical and Financial Attributes:

Adjoining the purposes of CTBCM, directions of the National Electricity Policy, 2021 and stipulations of the legal and regulatory framework; following understandings are inferred:

- i) The network licensee, the HESCO for the purposes of instant petition, is obligated to provide open access, to its network, to the open access users on non-discriminatory basis.
- ii) For the said obligation, the HESCO is entitled for recovery of UoSC in line with Use of System Agreement, as determined by the honorable Authority.
- iii) The UoSC shall include:
 - a. Transmission Use of System Charges (NGC, PGC) irrespective of the placement of BPC and the respective Generator.
 - b. System Operator Charges.
 - c. Metering Service Provider Charges.
 - d. Market Operator Charges.
 - e. Distribution Margin Charges w.r.t. the voltage level (132kV, 11kV etc) and consumer category wise for all possible BPCs.
 - f. Cross-Subsidy Charges (consumer category wise for all possible BPCs).
 - g. The Stranded Cost/ as per frameworks of policy guidelines provided by the Federal Government.
- iv) With reference to the above elements of UoSC, following clarification shall apply for clarity of application:
 - a. Currently applicable Transmission Use of System Charges (TUoSC), as already determined by the honorable Authority, compositely represent the charges relating to Transmission Network Operator(s) / Licensee(s), System Operator and Metering Service Provider. Accordingly, the said TUoSC remain part of UoSC till separate charges for each of the said service providers are separately determined by the honorable Authority.
 - b. Market Operator Fee / Charges (MOF) will be recovered by Market Operator as per the mechanism provided in the Market Commercial Code. Accordingly, without prejudice to being part of Cost of Service of HESCO, these shall not form part of use of system charges to be recovered directly by HESCO.



- c. Cross subsidy will be assessed based on Cost of Service analysis for the applicable consumer categories of all possible BPCs, which is according to the principles of uniformity as provided in the National Electricity Policy, 2021 (referred above).
- d. As prescribed by the Government on the recovery of costs that arise due to market liberalization and advent of the open access, namely, the Stranded Costs will be as determined by the Authority as per the frameworks and policy guidelines provided by the Federal Government. It is clarified that as per the provisions of the NE Plan, a separate request will be submitted for determination of this component upon arising of the need.
- e. As the transmission and distribution losses will be charged to market participants of open access through the mechanism as provided in the Market Commercial Code, therefore, such charges shall not be levied under these use of system charges as requested under this instant petition.

Explanation:

The use of system charges will be determined in terms of metered quantities (kWh or kW), in consideration of allowed %age of losses and also that arrangements under the Market Commercial Code (the parties, the BPC, Competitive Supplier and/or Generator) shall be committing to the Capacity Obligation (including all losses and reserve margin up to bus-bar) through Firm Capacity, therefore, such transmission or distribution losses, as the case may be, will not be charged separately. However, for the purposes of transparency of charges, the impact of such losses may be separately disclosed.

- f. The Use of System Charges, including the Distribution Margin Charges, as approved by Authority, will be applicable with reference to those eligible Bulk Power Consumers (BPCs) who opt for supply from a competitive supplier, other than supplier of last resort.
- g. The UoSC shall be with reference to the voltage level (132/66kV, 11/33kV) for the applicable consumer categories of all possible BPCs. The component-wise Cost of Service as per outcome detailed Cost of Service Study **Annex-B** and consequent assessment, as detailed above, of component-wise Use of System Charges for the applicable BPCs is provided at **Annex-A**.
- h. UoSC purposed in this petition, and as shall be determined by the Authority, shall be charged from the Competitive Supplier and any other open access user.
- i. Power Factor Penalty as provided in applicable documents shall remain applicable in addition to the UoSC.
- j. Any charges, taxes and surcharges as imposed by the Government shall be applicable.

Summarizing the above, following is the abstract of entitled entities for each element of the use of system charges:

Sr. No.	Use of System Charge Element	Entitled Entity
1.	Transmission Use of System Charge	NTDC and other TSPs through NTDC / NGC.
2.	System Operator Charge / Fee	System Operator through NTDC.
3.	MSP Charge / Fee	MSP through NTDC



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4.	Distribution Use of System Charge	HESCO as Distribution Licensee
5.	Cross Subsidy	HESCO as SOLR (Supply Licensee)
6.	Stranded Costs (to be determined separately)	HESCO as SOLR (Supply Licensee)

Basis of Use of System Charges:

The instant petition for determination of UoSC has been developed based on Cost of Service Study (FY 2025-26) carried out by HESCO forming integral part of this petition and provided separately as attached here to as **Annex-B**.

Method for recovery of Use of System Charges

The instant petition is for determination of UoSC for recovery of costs and charges relating to service providers (SO, TNO, MSP, DNO), stranded costs and the cross-subsidy currently being contributed by the eligible BPCs. It is pertinent to mention that most, if not all, costs and charges are fixed in nature, the natural mode of recovery should be the fixed (in terms of Rs./kW/Month) charge. However, following options are available for consideration and determination:

- UoSC recovery in term of Rs./kW/Month metered shall provide guaranteed stream of revenue to cover for costs which are fixed in nature. This may, however, over burden the relevant consumers thus undermining the very purpose of CTBCM and open access regime.
- UoSC recovery in term of Rs./kWh will render the service providers and the SoLR to face the revenue loss arising from low load factor of the eligible BPCs. On the other hand, the open access users shall be benefitted for any favorable Energy or Capacity Imbalance at the Market. This option may not provide a balanced approach to promised sharing of risks and rewards under CTBCM regime.
- UoSC recovery through a **hybrid approach**, i.e. partly through fixed charge in terms of Rs./kW/Month (subject to minimum MDI compared to the contracted load) and partly in terms of Rs./kWh may provide a balanced plausible approach for all the involved parties. It is submitted that, in-order to ensure level playing field for consumers of SoLR and Competitive Supplier, the recovery of use of system charges may have same charging mechanism.

As already mentioned, **Annex-A** to this petition also include proposed rates to be charged under each of the three (3) options narrated above.

Mechanism for Adjustment / Indexation of Use of System Charges:

Each component of UoSC detailed in the instant petition shall be subject to periodic adjustment / indexations. Whenever these components are adjusted for regulated consumers of the suppliers of last resort, at the same time, the corresponding adjustment in the relevant component of the proposed UoSC for eligible BPCs shall simultaneously be made.



Applicable Categories / Classification of Eligible BPCs:

While, in terms of existing stipulation contained in the Act, a consumer who purchases or receives electric power, **at one premises**, in an amount of **one megawatt or more** is considered as Bulk Power Consumer, following position, with regard to consumer with possibility of one megawatt or more load at connection voltage 11 kV and above, is brought out for consideration:

Sr. No.	Consumption Category	Tariff Category	Voltage Level	Remarks
1.	General	A-2 & A-3	N/A	As per the existing tariffs, no kW sanctioned load quantification or connection voltage is applicable to A-2 and A-3 tariff categories. Accordingly, these are not considered BPC for the purposes of this petition. However, these consumers, based on the sanctioned load, may be connected at 11kV level, as required. Any such consumers falling within the definition of BPC, and subject to the approval of the Authority, will be considered in the analogy of C-2.
2.	Industrial Consumer ranging from 500 kW to 5.0 MW. [Extendable to 7.5 MW under conditions]	B-3	11/33 kV	B-3 consumer ranges from 500 kW to 5.0 MW. [Extendable to 7.5 MW under conditions]. It is clarified here that the consumers of this category below 1MW shall not be treated as eligible for open access.
3.	Industrial	B-4	66/132 kV & above	This tariff is applicable for supply to Industries for all loads of more than 5MW receiving supply at 66kv, 132 kV and above and also for Industries having load of 5MW or below who opt to receive supply at 66 kV or 132 kV and above.



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4.	Bulk Supply Ranging from 500 kW to 5.0 MW. [extendable to 7.5 MW under conditions]	C-2(b)	11/33 kV	<p>Bulk Supply consumer ranges from 500 kW to 5.0 MW. [extendable to 7.5 MW under conditions]</p> <p>Although, the Bulk Supply C-2(a) customers are at 11/33 KV connection level. It is clarified here that the consumers of this category below 1MW shall not be treated as eligible BPCs for open access.</p> <p>The use of system charges indicated for C-2(b) category will apply for C-2(a).</p> <p>Further, the consumers falling under the resale shall not be considered as eligible BPC.</p>
5.	Bulk Supply	C-3(b)	66/132 kV	<p>C-3(b) consumer ranges above 5.0MW.</p> <p>The use of system charges indicated for C-3(b) category will apply for C-3(a).</p>
6.	Housing Colonies attached to Industries	H	N/A	<p>As per the existing tariffs, no kW sanctioned load quantification or connection voltage is applicable to H tariff category. Further, these connections are resale in nature. Accordingly, these are not considered BPC for the purposes of this petition.</p>

Note: Consumers of all or any of the above listed categories, found involved in resale of power beyond the point of supply, shall NOT be considered BPC irrespective of the applicable relevant sanctioned load and / or voltage of supply.



Other Important Aspects:

Following paragraphs of the petition highlights other important aspects which shall be taken into account while determining the said charges.

Government Subsidies:

Any subsidy provided by the Government to the industrial or any other eligible BPC, as applicable, will be dealt with according to the directions and terms and conditions thereof as decided by the Government. However, for the purposes of this petition, such subsidies are not considered.

Captive Power Producers and Users:

- (1) A captive power producer / user using the HESCO's network for wheeling of power to User destination will be considered "**Market Participant**" in terms of Market Commercial Code and will be dealt with accordingly. The use of system charges shall fully apply in manner applicable to any other eligible BPC
- (2) The cases of captive generation and consumption points at the same location taking additional supply from the local supplier of last resort (SOLR) shall be considered a regulated consumer of the SOLR with applicable regulated tariff. The quantum of additional sanctioned / contracted load (in terms of MW) shall be considered to determine its status as BPC in terms of the Act. In case, such BPC choose to exercise option for open access, the use of system charges shall apply in full.
- (3) In case of captive power producer / user supplying / receiving electric power at same premises where HESCO network is totally not used, the use of system charges shall NOT apply in any way or manner.

Applicability of Use of System Charges on New Eligible BPCs:

The Use of System Charges provided in the instant petition shall be applicable to all such BPCs who will opt to get supply of electric power from competitive supplier including the captive generator using the network to wheel its power to the destination of its use. Such charges shall be fully applicable to any new eligible BPC or incremental consumption, obtaining supply of electric power from competitive supplier without any exception.



Prayer:

In view of the above submissions, it is, humbly requested that the Authority may kindly consider and determine the Use of System Charges as calculated in the attached **Annex-A**, which contain detailed analysis.

In view of the aforementioned circumstances, grounds and facts especially the amendments in NE-Plan SD 87, it is respectfully prayed that this petition may kindly be admitted and the HESCO's UoSC may very graciously be determined to the extent of grid charges only in the first stage, as estimated in **Annex-A**.

For stranded cost (as capacity charges), the working has been done and attached in **Annex-B**, but as per the provisions of the NE Plan, a separate request will be submitted for determination of this component upon arising of the need.

Also, Authority is requested to allow inter disco settlement on behalf of uniform UoSC (as per provisions of NE Plan) on the similar lines as being done for consumer end tariff.

Additionally, it is also requested that all previous petitions related to use of system charge may be considered withdrawn.





Annex-A

PROPOSED USE OF SYSTEM CHRGES (UoSC) FOR FY 2025-26

HYDERABAD ELECTRIC SUPPLY COMPANY

WAPDA OFFICES COMPLEX HUSSAINABAD HYDERABAD



HESCO
PROPOSED UoSC FOR FY 2025-26

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges			
Consumption Category	Industrial				Industrial				Industrial -- B3			
Tariff Category	Industrial -- B3				Industrial -- B3				MDI Based	Volumetric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total	Rs./kW/ Month	Rs./kW	Rs./kW/ Month	Rs./kW
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh				
Generation Cost - Energy	10.946			10.946	9.644			9.644				
Generation Cost - Capacity		11,578.59	14.943	14.943		10,201.62	13.166	13.166				
Transmission Charges		1,166.05	1.493	1.493		1,027.38	1.315	1.315	1,027.38	1.315	308.21	0.921
Market Operator's Fee		4.00	0.017	0.017		3.52	0.015	0.015				
Distribution Use of System		2,426.96	3.132	3.132		2,138.34	2.760	2.760	2,138.34	2.760	641.50	1.932
Total Applicable Costs	10.946	15,175.60	19.586	30.532	9.644	13,370.86	17.257	26.901	3,165.72	4.075	949.71	2.852
Impact of allowed losses					1.302	1,804.73	2.329	3.631				
Total Cost of Service	10.946	15,175.60	19.586	30.532	10.946	15,175.60	19.586	30.532	3,165.72	4.075	949.71	2.852
Cross Subsidy				2.989				2.989	2,316.23	2.989		2.989
Average Applicable Tariff				33.521				33.521	5,481.95	7.064	949.71	5.842

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges			
Consumption Category	Industrial				Industrial				Industrial -- B4			
Tariff Category	Industrial -- B4				Industrial -- B4				MDI Based	Volumetric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total	Rs./kW/ Month	Rs./kW	Rs./kW/ Month	Rs./kW
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh				
Generation Cost - Energy	9.915			9.915	9.644			9.644				
Generation Cost - Capacity		10,487.94	12.665	12.665		10,201.62	12.319	12.319				
Transmission Charges		1,055.84	1.262	1.262		1,027.01	1.228	1.228	1,027.01	1.228	308.10	0.859
Market Operator's Fee		4.00	0.017	0.017		3.89	0.017	0.017				
Distribution Use of System		1,216.97	1.470	1.470		1,183.75	1.429	1.429	1,183.75	1.429	355.12	1.001
Total Applicable Costs	9.915	12,764.75	15.414	25.329	9.644	12,416.28	14.993	24.637	2,210.76	2.657	663.23	1.860
Impact of allowed losses					0.271	348.48	0.421	0.691				
Total Cost of Service	9.915	12,764.75	15.414	25.329	9.915	12,764.75	15.414	25.329	2,210.76	2.657	663.23	1.860
Cross Subsidy				7.956				7.956	6,588.21	7.956		7.956
Average Applicable Tariff				33.285				33.285	8,798.97	10.613	663.23	9.816

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges			
Consumption Category	Industrial				Industrial				Bulk Supply -- C2(b)			
Tariff Category	Bulk Supply -- C2(b)				Bulk Supply -- C2(b)				MDI Based	Volumetric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total	Rs./kW/ Month	Rs./kW	Rs./kW/ Month	Rs./kW
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh				
Generation Cost - Energy	10.946			10.946	9.644			9.644				
Generation Cost - Capacity		11,578.59	20.561	20.561		10,201.62	18.115	18.115				
Transmission Charges		1,166.05	2.060	2.060		1,027.38	1.815	1.815	1,027.38	1.815	308.21	1.271
Market Operator's Fee		4.00	0.017	0.017		3.52	0.015	0.015				
Distribution Use of System		2,300.36	4.085	4.085		2,026.79	3.599	3.599	2,026.79	3.599	608.04	2.519
Total Applicable Costs	10.946	15,048.99	26.723	37.669	9.644	13,259.32	23.545	33.189	3,054.17	5.414	916.25	3.790
Impact of allowed losses					1.302	1,789.68	3.178	4.480				
Total Cost of Service	10.946	15,048.99	26.723	37.669	10.946	15,048.99	26.723	37.669	3,054.17	5.414	916.25	3.790
Cross Subsidy				3.430				3.430	1,931.78	3.430		3.430
Average Applicable Tariff				41.099				41.099	4,985.95	8.845	916.25	7.220

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges			
Consumption Category	Industrial				Industrial				Bulk Supply -- C3(b)			
Tariff Category	Bulk Supply -- C3(b)				Bulk Supply -- C3(b)				MDI Based	Volumetric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total	Rs./kW/ Month	Rs./kW	Rs./kW/ Month	Rs./kW
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh				
Generation Cost - Energy	9.915			9.915	9.644			9.644				
Generation Cost - Capacity		10,487.94	19.152	19.152		10,201.62	18.629	18.629				
Transmission Charges		1,055.84	1.918	1.918		1,027.01	1.866	1.866	1,027.01	1.866	308.10	1.306
Market Operator's Fee		4.00	0.017	0.017		3.89	0.017	0.017				
Distribution Use of System		1,075.19	1.963	1.963		1,045.84	1.910	1.910	1,045.84	1.910	313.75	1.337
Total Applicable Costs	9.915	12,622.97	23.051	32.966	9.644	12,278.36	22.421	32.066	2,072.85	3.775	621.86	2.643
Impact of allowed losses					0.271	344.61	0.629	0.900				
Total Cost of Service	9.915	12,622.97	23.051	32.966	9.915	12,622.97	23.051	32.966	2,072.85	3.775	621.86	2.643
Cross Subsidy				8.121				8.121	4,573.46	8.121		8.121
Average Applicable Tariff				41.087				41.087	6,646.31	11.897	621.86	10.764





Annex-B

COST OF SERVICE STUDY FOR FY 2025-26

HYDERABAD ELECTRIC SUPPLY COMPANY

WAPDA OFFICES COMPLEX HUSSAINABAD HYDERABAD



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

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COST OF SERVICE STUDY FOR FY 2025-26

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Cost of Service (COS) Study:

A Cost of Service (COS) study is the fundamental tool for evaluating and establishing utility rates. With industry and technology changes, utilities are expanding the scope and use of COS studies and are preparing studies that distinguish full and partial requirements customer classes. This is due to the increasing presence of distributed energy resources and/or to accommodate customers' expectations of having more control over their usage and utility bills.

Cost of Service is the total cost incurred by a utility Company / DISCO in providing services to its customers and the allocation of the same to customer classes and / or voltage levels.

Fully Allocated Cost of Service Study (FACOS) Model:

FACOS is a model developed in MS Excel with the support of USAID for DISCO's to conduct Cost of Service Study. The methodology used to build the FACOS Model follows very closely the standards that are used internationally. The Model performs the standard three steps encompassed in most of Cost Studies, namely, functionalization, classification, and allocation. The functionalities adopted in the FACOS Model are duly considered and approved by the Authority, as detailed below;

As per Clause 21.5 of the decision of the Authority, on tariff determination in the matter of Gujranwala Electric Power Company Limited, No.NEPR/TRF-285/GEPCO-2014/4161-4163 dated March 20, 2015:

"21.5 Tariff based on Cost of Service Study model

21.5.1 The Power Development Program (PDP) of USAID has conducted a cost of service study for few DISCOs (IESCO, MEPCO, FESCO, LESCO and GEPCO) named as Fully Allocated cost of service study. This cost of service study is based on computation of cost of providing electricity to each consumer class and thereafter allocating the cost to each category and computation of tariff thereof. This study is based on international best practices and aims to map all the consumers of each DISCO with the cost centres and power distribution levels. The purpose of this study is to arrive at cost reflective tariffs giving proper price signals to the customers and to standardize the tariff-setting methodology and make it more understandable and agreeable.

21.5.2 The cost allocation model is based on certain standard assumptions as below;

- Energy Cost is 100% allocated on the basis of each customer class share in the total energy (kWh) received by DISCO at CDP points;
- Capacity Cost and Transmission cost is 100% allocated in the ratio of each customer class peak demand (kW) to the DISCO's computed peak demand.
- O&M cost to the extent of Repair and Maintenance, Depreciation, working capital (if any) and other income is allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) in accordance with the proportionate share of assets deployed to provide service at that voltage level divided by the total assets deployed for power distribution.



- *Advertising expense and bill collection charges are allocated 100% on the basis of proportionate number of Customers in each customer class to the total number of customers.*
- *Remaining heads of O&M cost, i.e., Salaries, wages and other miscellaneous expenses are allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) based on the allocated distribution margin (excluding advertising, bill collection and administrative expenses) for that voltage level divided by DISCO's total distribution margin (excluding advertising, bill collection and administrative expenses).*
- *Other income and amortization of deferred credit is allocated to each level of power distribution (132/66kV, 11kV, 0.4/0.2kV) based on the allocated distribution margin (excluding administrative expenses) for that voltage level divided by DISCO's total distribution margin (excluding administrative expenses).*
- *Prior year adjustment is allocated on the basis of respective share of each customer category in every functionally classified item.*

21.5.3 Based on these assumptions and actual data, a model has been worked out by PDP team and shared with NEPRA to assess the tariff based on cost of service. GEPCO has also submitted the consumer end tariff computation based on this model.

21.5.4 The Authority has carefully evaluated the study conducted by the PDP Team and appreciates its efforts in this regard. The Authority sees that the Petitioner has complied with the directions of the Authority. This cost of service will be used to assess consumer category wise cross subsidization, which would help in minimizing tariff distortions if any, among the consumer categories.

Major Steps of Cost of Service Study:

A class cost of service study begins with a detailed documentation of the numerous budgetary elements of the total revenue requirement. The detailed revenue requirements are the data inputs to the FACOS. At a high level, the FACOS process consists of the following three (3) basic steps:

1. **Functionalization** – The identification of each cost element as one of the basic utility service "functions" (e.g. generation/Power Purchase Price, transmission, distribution and customer).
2. **Classification** – The classification of the functionalized costs based on the billing component / determinant that each is associated with (e.g. kW of capacity, kWh of energy or number of customers).
3. **Allocation** – The allocation of the functionalized and classified costs to customer classes, based on respective service requirements / parameters e.g. kW of capacity, kWh of energy and the number of customers) of each class.



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Fundamental Assumptions:

Table 1

Description	FY 2025-26
Weighted Average Cost of Capital (WACC) (As per Tariff Determination for FY 2025-26)	12.00%
Capital Work in Progress ("CWIP")	CWIP 100%
Working Capital Allowance to be included in Rate Base	NO
Prior Year Adjustment (Rs. In Millions) (As per Tariff Determination for FY 2025-26)	-1,778.00
Demand Allocation Methodology (highest coincident peak in the year). Alternative is 12CP that means average of 12 months coincident peak.	12 CP (12 months coincident Peak)
Customer Growth %	3.00%
Model Year	FY 2025-26
Base Year	FY 2023-24

Projections and Revenue Requirement for Financial Year 2025-26:

The Revenue Requirement (RR) is the fundamental input to the Cost of Service of HESCO for allocation to different categories of consumers based on Capacity (kW), Energy (kWh) and number of consumers. The **Table 2** below explains the basis and sources for arriving at Revenue Requirement (or overall Cost of Service) of HESCO.

Table 2

Description	FY 2025-26	Source
Units Purchased (MkWh)	5,314.17	As per Tariff Determination for FY 2025-26
Units Sold (MkWh)	4,381.53	
Assessed T&D Losses	17.55%	
Consumer Growth	3.00%	HESCO demand forecast (Growth over base year i.e.2023-24)
Avg. Monthly MDI (MW) (Non-Coincidence at CDPs)	1,597.36	As per Tariff Determination for FY 2025-26
Peak Demand in June-2026 (MW at 11kV Coincident)	1,206.00	Demand Forecast. Allocated to customer categories after impact of losses at each voltage for calculation of fixed charge of Cost of Service (Allocation on monthly basis)
Energy Charges (Rs/kWh)	9.64	As per Tariff Determination for FY 2025-26
Capacity Charges (Rs/kW/Month)	5,788.8	
T.UoSC Rate (Rs/kW/Month)	580.69	
MOF (Rs/kW/Month)	4.00	As per Tariff Determination for FY 2025-26
Energy Charges (Rs. M)	51,250.79	
Capacity Charges (Rs. M)	110,949.41	
T.UoS Rate (Rs. M)	11,130.74	
MOF (Rs. M)	76.67	As per Tariff Determination for FY 2025-26
Power Purchase Price (Rs. M)	173,407.61	
O&M Cost (Rs. M)	6,920.00	
Depreciation (Rs. M)	1,949.00	
RORB (Rs. M)	6,785.28	



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Other Income (Rs. M)	-2,920.24	
Prior Year Adjustment (Rs. M)	1,778.00	As per Tariff Determination for FY 2025-26
Revenue Requirement (Rs. M)	194,363.65	
Cost per KWH (Sold)	44.36	

Summary of Revenue Requirement:

The extract of Revenue Requirement is provided in the **Table 3** below:

Table 3

Summary of Revenue Requirement	
Description	FY 2025-26 Rs. (M)
Energy Charges	51,250.79
Capacity Charges	110,949.41
T.UoS Rate	11,130.74
MOF	76.67
Power Purchase Price	173,407.61
O&M Cost	16,920.00
Depreciation	1,949.00
RORB	6,785.28
Other Income	- 2,920.24
Distribution Margin	22,734.04
Prior Year Adjustment	- 1,778.00
Revenue Requirement	194,363.65

Line Losses Charged on Voltage Levels:

Line losses for FY 2025-26 taken from HESCO's Tariff determination for FY 2025-26, as a percentage on purchased units is given in **Table 4**. Line losses as a percentage on received units at each voltage level are calculated on the basis of sales data of FY 2025-26.

Table 4

Losses FY 2025-26					
Voltage Level	0.2 KV	0.4KV	11KV	132KV	Total
Losses %age on purchased units	5.97%		8.85%	2.73%	17.55%
Losses %age on received units	7.93%		9.42%	2.73%	20.08%
					Source
					As per Tariff Determination for FY 2025-26
					Calculated as applied on units received at each voltage level



Customer Classification by Voltage Level:

While the Cost of Service study is based on allocation of the Revenue Requirement on Classes (categories) of the consumers at different voltage levels; the Table 5 below provides mapping of existing categories of consumers on the basis of applicable voltage levels.

Table 5

Classification by Voltage Level				
Voltage	132/66kV	11kV	0.4kV	0.2 kV
Customer Class	B4	B3	A1b	A1a
	C3a	C2a	A2b	A2a
	C3b	C2b	A2c	B1a
		H1	A2d	C1a
		H2	A3a	E1i
		K1a	B1b	E1ii
		K1b	B2a	E2
			B2b	
			C1b	
			C1c	
			D1a	
			D1b	
			D2a	
			D2b	
			G1	
			G2	

GoP Applicable Tariff Notified by NEPRA in July-2024:

GoP Applicable tariffs for various categories of consumers as notified by NEPRA vide No.NEPRA/R/ADG(Trf)/TRF-100/9641-61 dated 01.07.2025 are provided in Table 6 below.

Table 6

GoP Notified Tariff (01.07.2025)				
TARIFF CATAGORIES		Fixed Charges	Fixed Charges	Variable Charges
		Rs/Con/ M	Rs/kW/M	Rs/kWh (Oct to June)
A1 (a)	RESIDENTIAL -A1			
i	Up to 50 Units Life line			3.95
ii	51-100 units Life line			7.74
iii	01-100 Units			10.54
iv	101-200 Units			13.01
v	01-100 Units			22.44
vi	101-200 Units			28.91
vii	201-300 Units			33.10
viii	301-400Units	200.00		37.99
ix	401-500Units	400.00		40.20
x	501-600Units	600.00		41.62
xi	601-700Units	800.00		42.76
xii	Above 700 Units	1,000.00		47.69
A1(b)	Time of Use (TOU) – Peak			46.85
	Time of Use (TOU) - Off-Peak	1,000.00		40.53
E-1(i)	Temporary E-1 (i)	2,000.00		57.94



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	COMMERCIAL - A2			
A2 (a)	Commercial - For peak load requirement up to 5kW	1,000		37.44
A2 (b)	Sanctioned load 5 kw and above		1,250	39.76
A2 (c)	Time of Use (TOU) - Peak (A-2)		1,250	43.82
	Time of Use (TOU) - Off-Peak		1,250	35.15
E-1 (ii)	Temporary E-1 (ii)	5,000		53.44
A2 (d)	Electric Vehicles			23.57
	INDUSTRIAL			
B1(a)	B1	1,000		30.80
B1(b)	B1- TOU (Peak)			36.74
	B1 - TOU (Off-peak)	1,000		30.05
B2 (a)	B2		1,250	30.73
B2 (b)	B2 - TOU (Peak)		1,250	36.68
	B2 - TOU (Off-peak)		1,250	27.41
B3	B3 - TOU (Peak)		1,250	36.68
	B3 - TOU (Off-peak)		1,250	28.24
B4	B4 - TOU (Peak)		1,250	36.68
	B4 - TOU (Off-peak)		1,250	27.96
E-2	Temporary E-2	5,000		42.25
	BULK			
C1 (a)	C1(a) up to 5 kW	2,000		43.39
C1 (b)	C1(b) exceeding 5 kW		1,250	40.63
C1 (c)	Time of Use (TOU) – Peak		1,250	46.31
	Time of Use (TOU) - Off-Peak		1,250	37.54
C2 (a)	C2 Supply at 11 kV		1,250	40.57
C2 (b)	Time of Use (TOU) – Peak		1,250	46.31
	Time of Use (TOU) - Off-Peak		1,250	36.03
C3 (a)	C3 Supply above 11 kV		1,250	40.77
C3 (b)	Time of Use (TOU) – Peak		1,250	46.31
	Time of Use (TOU) - Off-Peak		1,250	35.76
	AGRICULTURAL TUBE WELLS - Tariff D			
D1 (a)	D1 Scarp			39.87
D2 (a)	D2 Agricultural Tube-wells		400	28.90
D1 (b)	Time of Use (TOU) – Peak		400	42.79
	Time of Use (TOU) - Off-Peak		400	34.71
D2 (b)	Time of Use (TOU) – Peak		400	29.54
	Time of Use (TOU) - Off-Peak		400	28.69
G	Public Lighting G	2,000		42.91
H	Residential Colonies H	2,000		42.10
K1	Special Contracts - Tariff K (AJK)			
K1 (i)	Time of Use (TOU) – Peak			
	Time of Use (TOU) - Off-Peak			
A3	General Service	1,000		42.48

Results from FACOS Model:

Revenue Requirement Allocation (in Percentage):

While developing the Fully Allocated Cost of Service Model, the detailed study for allocation of cost of service and rate base (for each component) to cost drivers (energy, demand and customer) was developed. Overall summary of the allocation is given in **Table 7** below:



Table 7

Revenue Requirement Allocation %age				
Description	Energy	Demand	Customer	Total
Energy Charges	100%	-		100%
Capacity Charges	-	100%		100%
T.UoSC	-	100%		100%
MOF	-	100%		100%
O&M Cost	-	82%	18%	100%
Depreciation	-	88%	12%	100%
RORB	-	87%	13%	100%
Other Income	-	95%	5%	100%
Prior Year Adjustment	-	59%	41%	100%

Revenue Requirement Allocation to Energy, Demand and Customer:

Based on the allocation percentages given in above table, the revenue requirement allocated to energy, demand and customer (cost triggers) is shown in **Table 8** below.

Table 8

Revenue Requirement Allocation Rs. (M)				
Description	Energy	Demand	Customer	Total
Energy Charges	51,251	-	-	51,251
Capacity Charges	-	110,949	-	110,949
T.UoSC	-	11,131	-	11,131
MOF	-	77	-	77
Power Purchase Price	51,251	122,157	-	173,408
O&M Cost	-	13,936	2,984	16,920
Depreciation	-	1,708	241	1,949
RORB	-	5,898	888	6,785
Other Income	-	2,774	146	2,920
Distribution Margin	-	18,768	3,966	22,734
Prior Year Adjustment	-	1,049	729	1,778
Revenue Requirements	51,251	139,876	3,237	194,364

Revenue as per GoP Tariff by Customer Category and Voltage Level:

The **Table 9** below provides detailed category-wise estimated revenue and average (Rs./kWh) thereof. Whereas the **Table 10** is summary of the said category-wise estimated revenue based on the supply Voltage level of relevant customer category, with average rate (Rs./kWh) thereof. As already mentioned, the calculation of revenue is based on GoP Tariff notified by NEPRA vide No.NEPRA/R/ADG(Trf)/TRF-100/9641-61 dated 01.07.2025 already provided in (Table 6 above).



Table 9

FY 2025-26

Consumer Category	MDI MW	Sales (GWh)	Fixed Charge Rs. (M)	Variable Charge Rs. (M)	Total Revenue Rs. (M)	Rs./kWh
Residential – A1(a)	0.00	2,332.46	179.14	56,435.77	56,614.90	24.27
Residential – A1(b)	0.00	42.61	61.96	1,775.73	1,837.68	43.13
Commercial – A2(a)	0.00	118.74	1,431.29	4,445.54	5,876.83	49.49
Commercial – A2(b)	0.00	0.00	0.00	0.02	0.02	44.41
Commercial – A2(c)	71.25	167.06	1,068.79	6,162.85	7,231.64	43.29
Commercial – A2(d)	0.00	0.00	0.00	0.00	0.00	0.00
Industrial – B1(a)	0.00	4.15	15.40	127.82	143.21	34.51
Industrial – B2(a)	0.08	0.26	1.13	8.13	9.26	35.01
Industrial – B1(b)	0.00	63.05	72.47	1,963.08	2,035.55	32.28
Industrial – B2(b)	155.95	414.78	2,339.26	11,975.44	14,314.69	34.51
Industrial – B3	117.55	463.38	1,763.25	13,769.83	15,533.08	33.52
Industrial – B4	40.28	158.79	604.24	4,681.16	5,285.40	33.28
Bulk Supply – C1(a)	0.00	0.19	0.50	8.18	8.68	46.06
Bulk Supply – C1(b)	1.06	4.29	15.92	174.17	190.09	44.34
Bulk Supply – C2(a)	1.67	8.01	25.01	324.93	349.94	43.69
Bulk Supply – C3(a)	4.66	13.24	69.95	539.60	609.55	46.05
Bulk Supply – C1(c)	3.05	22.92	45.70	888.33	934.03	40.76
Bulk Supply – C2(b)	12.25	46.66	183.80	1,733.79	1,917.59	41.10
Bulk Supply – C3(b)	1.02	4.18	15.33	156.54	171.87	41.09
Agricultural – D1(a)	0.00	0.74	0.00	29.69	29.69	39.87
Agricultural – D2(a)	0.60	2.01	2.89	58.05	60.94	30.34
Agricultural – D2(b)	43.68	106.55	209.64	3,074.68	3,284.32	30.82
Agricultural – D1(b)	26.35	91.52	126.47	3,282.21	3,408.68	37.24
Temporary Supply – E1(i)	0.00	0.00	0.02	0.28	0.30	62.90
Temporary Supply – E1(ii)	0.00	2.31	8.58	123.66	132.24	57.15
Temporary Supply – E2	0.00	0.00	0.48	0.00	0.48	0.00
Public Lighting – G	0.00	27.03	11.54	1,159.96	1,171.50	43.34
Residential Colonies – H	0.00	3.22	1.51	135.72	137.24	42.57
Azad Jammu Kashmir - K1a	0.00	0.00	0.00	0.00	0.00	0.00
Azad Jammu Kashmir - K1b	0.00	0.00	0.00	0.00	0.00	0.00
Rawat Lab - K2	0.00	0.00	0.00	0.00	0.00	0.00
A3 General	0.00	283.36	113.28	12,037.13	12,150.41	42.88
Total	479.45	4,381.53	8,367.54	125,072.30	133,439.84	30.46

Table 10

FY 2025-26

Consumer Class	MDI MW	Sales (GWh)	Fixed Charge Rs. (M)	Variable Charge	Total Revenue Rs. (M)	Rs./kWh
0.2kV	0.00	2,457.86	1,635.41	61,141.24	62,776.65	25.54
0.4kv	302.01	1,226.19	4,069.04	42,589.48	46,658.52	38.05
11kV	131.47	521.27	1,973.58	15,964.28	17,937.85	34.41
132/66kV	45.97	176.21	689.52	5,377.30	6,066.82	34.43
G. TOTAL	479.45	4,381.53	8,367.54	125,072.30	133,439.84	30.46



Cost of Service Functionalized Rates (Tariff Wise):

Based on the allocation of overall Revenue Requirement of HESCO to customer's categories, the resultant functional amounts (Rs. in million) for each customer category are summarized at Table 11 (A & B) below;

Table 11 (A)

FY 2025-26						
Classes	Voltage Level	No. of Customers	Energy	Demand	Generation Cost	
			GWH	MW	Energy (Rs. M)	Demand (Rs. M)
Residential -- A1(a)	0.2kV	818,015	2,332.46	350.66	27,729.52	52,917.05
Residential -- A1(b)	0.4kV	5,163.00	42.61	11.57	506.52	1,745.43
Commercial -- A2(a)	0.2kV	119,274.00	118.74	56.59	1,411.62	8,540.25
Commercial -- A2(b)	0.4kV	0.00	0.00	-	0.01	-
Commercial -- A2(c)	0.4kV	5,681.00	167.06	35.75	1,986.09	5,394.56
Commercial -- A2(d)	0.4kV	0.00	-	-	-	-
Industrial -- B1(a)	0.2kV	1,283.00	4.15	4.80	49.34	723.77
Industrial -- B2(a)	0.4kV	8.00	0.26	0.06	3.15	9.28
Industrial -- B1(b)	0.4kV	6,039.00	63.05	18.69	749.60	2,820.97
Industrial -- B2(b)	0.4kV	2,750.00	414.78	81.45	4,931.11	12,291.36
Industrial -- B3	11kV	141.00	463.38	49.84	5,072.15	6,924.54
Industrial -- B4	132/66kV	7.00	158.79	15.98	1,574.43	2,011.09
Bulk Supply -- C1(a)	0.2kV	21.00	0.19	0.04	2.24	6.57
Bulk Supply -- C1(b)	0.4kV	44.00	4.29	1.20	50.96	181.36
Bulk Supply -- C2(a)	11kV	7.00	8.01	1.25	87.67	173.73
Bulk Supply -- C3(a)	132/66kV	3.00	13.24	2.96	131.23	372.65
Bulk Supply -- C1(c)	0.4kV	130.00	22.92	3.54	272.45	533.53
Bulk Supply -- C2(b)	11kV	23.00	46.66	6.90	510.71	959.31
Bulk Supply -- C3(b)	132/66kV	1.00	4.18	0.64	41.47	80.11
Agricultural --D1(a)	0.4kV	52.00	0.74	0.08	8.85	12.41
Agricultural --D2(a)	0.4kV	87.00	2.01	1.05	23.88	158.03
Agricultural --D2(b)	0.4kV	9,329.00	106.55	35.09	1,266.75	5,295.11
Agricultural --D1(b)	0.4kV	240.00	91.52	9.93	1,088.09	1,497.97
Temp. Supply -- E1(i)	0.2kV	1.00	0.00	0.00	0.06	0.03
Temp. Supply -- E1(ii)	0.2kV	143.00	2.31	0.77	27.51	115.46
Temp. Supply -- E2	0.2kV	8.00	-	-	-	-
Public Lighting -- G	0.4kV	481.00	27.03	2.77	321.37	417.53
Resident. Colonies --	11kV	63.00	3.22	1.05	35.29	146.43
Azad J. Kashmir - K1a	11kV	0.00	-	-	-	-
Azad J. - K1b	11kV	0.00	-	-	-	-
Rawat Lab - K2	11kV	0.00	-	-	-	-
A3 General	0.4kV	9,440.00	283.36	45.55	3,368.73	6,874.14
Total	-	978,434	4,381.53	738.19	51,250.79	110,202.65



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table 11 (B)

Classes	Transmission	MOF	Distribution Cost		Total Cost
	Cost (Rs. M)	Cost (Rs. M)	Demand (Rs. M)	Customer (Rs. M)	
Residential – A1(a)	5,310.83	36.58	9,015.58	1,999.07	97,009
Residential – A1(b)	175.17	1.21	297.37	25.36	2,751
Commercial – A2(a)	857.11	5.90	1,455.02	101.77	12,372
Commercial – A2(b)	-	-	-	-	0
Commercial – A2(c)	541.41	3.73	919.08	99.43	8,944
Commercial – A2(d)	-	-	-	-	-
Industrial – B1(a)	72.64	0.50	123.31	3.56	973
Industrial – B2(a)	0.93	0.01	1.58	0.16	15
Industrial – B1(b)	283.12	1.95	480.61	37.53	4,374
Industrial – B2(b)	1,233.58	8.50	2,094.10	246.86	20,806
Industrial – B3	694.96	4.79	1,174.29	277.15	14,148
Industrial – B4	201.84	1.39	153.09	80.26	4,022
Bulk Supply – C1(a)	0.66	0.00	1.12	0.16	11
Bulk Supply – C1(b)	18.20	0.13	30.90	2.55	284
Bulk Supply – C2(a)	17.44	0.12	29.46	4.79	313
Bulk Supply – C3(a)	37.40	0.26	28.37	6.69	577
Bulk Supply – C1(c)	53.55	0.37	90.90	13.64	964
Bulk Supply – C2(b)	96.28	0.66	162.68	27.91	1,758
Bulk Supply – C3(b)	8.04	0.06	6.10	2.11	138
Agricultural – D1(a)	1.25	0.01	2.11	0.44	25
Agricultural – D2(a)	15.86	0.11	26.92	1.20	226
Agricultural – D2(b)	531.43	3.66	902.14	63.41	8,063
Agricultural – D1(b)	150.34	1.04	255.21	54.47	3,047
Temp. Supply – E1(i)	0.00	0.00	0.00	0.00	0
Temp. Supply – E1(ii)	11.59	0.08	19.67	1.98	176
Temp. Supply – E2	-	-	-	-	-
Public Lighting – G	41.90	0.29	71.14	16.09	868
Resident. Colonies –	14.70	0.10	24.83	1.93	223
Azad J. Kashmir - K1a	-	-	-	-	-
Azad J. - K1b	-	-	-	-	-
Rawat Lab - K2	-	-	-	-	-
A3 General	689.90	4.75	1,171.16	168.64	12,277
Total	11,060.10	76.19	18,536.77	3,237.15	194,363.65

Based on the cost drivers (energy, demand & customers) based allocation of overall Revenue Requirement of HESCO to the customers categories, the resultant functional (generation, transmission, MO Fee & Distribution) rates (in terms of Rs./kWh, Rs./kW/Month and Rs./Customer/Month, as applicable) are summarized at **Table 12 (A & B)** below;



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table 12 (A)

FY 2025-26						
Classes	Voltage Level	No. of Customers	Energy	Demand	Generation Cost	
			GWH	MW	Energy (Rs./kWh)	Demand (Rs./kW/ Month)
Residential -- A1(a)	0.2kV	818,015	2,332.46	350.66	11.89	12,575.69
Residential -- A1(b)	0.4kV	5,163	42.61	11.57	11.89	12,575.69
Commercial -- A2(a)	0.2kV	119,274	118.74	56.59	11.89	12,575.69
Commercial -- A2(b)	0.4kV	-	0.00	-	11.89	-
Commercial -- A2(c)	0.4kV	5,681	167.06	35.75	11.89	12,575.69
Commercial -- A2(d)	0.4kV	-	-	-	-	-
Industrial -- B1(a)	0.2kV	1,283	4.15	4.80	11.89	12,575.69
Industrial -- B2(a)	0.4kV	8	0.26	0.06	11.89	12,575.69
Industrial -- B1(b)	0.4kV	6,039	63.05	18.69	11.89	12,575.69
Industrial -- B2(b)	0.4kV	2,750	414.78	81.45	11.89	12,575.69
Industrial -- B3	11kV	141	463.38	49.84	10.95	11,578.59
Industrial -- B4	132/66kV	7	158.79	15.98	9.91	10,487.94
Bulk Supply -- C1(a)	0.2kV	21	0.19	0.04	11.89	12,575.69
Bulk Supply -- C1(b)	0.4kV	44	4.29	1.20	11.89	12,575.69
Bulk Supply -- C2(a)	11kV	7	8.01	1.25	10.95	11,578.59
Bulk Supply -- C3(a)	132/66kV	3	13.24	2.96	9.91	10,487.94
Bulk Supply -- C1(c)	0.4kV	130	22.92	3.54	11.89	12,575.69
Bulk Supply -- C2(b)	11kV	23	46.66	6.90	10.95	11,578.59
Bulk Supply -- C3(b)	132/66kV	1	4.18	0.64	9.91	10,487.94
Agricultural --D1(a)	0.4kV	52	0.74	0.08	11.89	12,575.69
Agricultural --D2(a)	0.4kV	87	2.01	1.05	11.89	12,575.69
Agricultural --D2(b)	0.4kV	9,329	106.55	35.09	11.89	12,575.69
Agricultural --D1(b)	0.4kV	240	91.52	9.93	11.89	12,575.69
Temp. Supply -- E1(i)	0.2kV	1	0.00	0.00	11.89	12,575.69
Temp. Supply -- E1(ii)	0.2kV	143	2.31	0.77	11.89	12,575.69
Temp. Supply -- E2	0.2kV	8	-	-	-	-
Public Lighting -- G	0.4kV	481	27.03	2.77	11.89	12,575.69
Resident. Colonies --	11kV	63	3.22	1.05	10.95	11,578.59
Azad J. Kashmir - K1a	11kV	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-
A3 General	0.4kV	9,440	283.36	45.55	11.89	12,575.69
Total	-	978,434	4,381.53	738.19	11.70	12,440.57



Table 12 (B)

Classes	Transmission	MOF	Distribution Cost		Total Rs./kWh
	(Rs./kW/ Month)	(Rs./kW/ Month)	Demand (Rs./kW/ Month)	Customer (Rs./kW/ Month)	
Residential -- A1(a)	1,262.12	8.69	2,142.55	475.08	41.59
Residential -- A1(b)	1,262.12	8.69	2,142.55	182.70	64.57
Commercial -- A2(a)	1,262.12	8.69	2,142.55	149.85	104.19
Commercial -- A2(b)	-	-	-	-	11.89
Commercial -- A2(c)	1,262.12	8.69	2,142.55	231.78	53.54
Commercial -- A2(d)	-	-	-	-	-
Industrial -- B1(a)	1,262.12	8.69	2,142.55	61.80	234.49
Industrial -- B2(a)	1,262.12	8.69	2,142.55	213.46	57.06
Industrial -- B1(b)	1,262.12	8.69	2,142.55	167.29	69.37
Industrial -- B2(b)	1,262.12	8.69	2,142.55	252.57	50.16
Industrial -- B3	1,162.04	8.00	1,963.54	463.42	30.53
Industrial -- B4	1,052.59	7.25	798.40	418.58	25.33
Bulk Supply -- C1(a)	1,262.12	8.69	2,142.55	309.36	57.04
Bulk Supply -- C1(b)	1,262.12	8.69	2,142.55	176.91	66.27
Bulk Supply -- C2(a)	1,162.04	8.00	1,963.54	319.25	39.11
Bulk Supply -- C3(a)	1,052.59	7.25	798.40	188.28	43.56
Bulk Supply -- C1(c)	1,262.12	8.69	2,142.55	321.49	42.08
Bulk Supply -- C2(b)	1,162.04	8.00	1,963.54	336.81	37.67
Bulk Supply -- C3(b)	1,052.59	7.25	798.40	276.79	32.97
Agricultural --D1(a)	1,262.12	8.69	2,142.55	449.11	33.67
Agricultural --D2(a)	1,262.12	8.69	2,142.55	95.13	112.51
Agricultural --D2(b)	1,262.12	8.69	2,142.55	150.61	75.67
Agricultural --D1(b)	1,262.12	8.69	2,142.55	457.29	33.29
Temp. Supply -- E1(i)	1,262.12	8.69	2,142.55	1,997.89	19.60
Temp. Supply -- E1(ii)	1,262.12	8.69	2,142.55	216.01	76.19
Temp. Supply -- E2	-	-	-	-	-
Public Lighting -- G	1,262.12	8.69	2,142.55	484.57	32.12
Resident. Colonies --	1,162.04	8.00	1,963.54	152.47	69.26
Azad J. Kashmir - K1a	-	-	-	-	-
Azad J. - K1b	-	-	-	-	-
Rawat Lab - K2	-	-	-	-	-
A3 General	1,262.12	8.69	2,142.55	308.52	43.33
Total	1,248.55	218.96	2,092.58	365.44	44.36

The above detailed functional rates recapitulated, in terms of Rs./kW/Month, for each function is given in Table 13 (A & B) below.



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table 13 (A)

FY 2025-26

Classes	Voltage Level	No. of Customers	Energy	Demand	Generation Cost	
			GWH	MW	Energy (Rs./kW/ Month)	Demand (Rs./kW/ Month)
Residential -- A1(a)	0.2kV	2,332	2,332.46	350.66	6,589.90	12,575.69
Residential -- A1(b)	0.4kV	43	42.61	11.57	3,649.46	12,575.69
Commercial -- A2(a)	0.2kV	119	118.74	56.59	2,078.63	12,575.69
Commercial -- A2(b)	0.4kV	0	0.00	-	-	-
Commercial -- A2(c)	0.4kV	167	167.06	35.75	4,629.94	12,575.69
Commercial -- A2(d)	0.4kV	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4	4.15	4.80	857.23	12,575.69
Industrial -- B2(a)	0.4kV	0	0.26	0.06	4,264.00	12,575.69
Industrial -- B1(b)	0.4kV	63	63.05	18.69	3,341.68	12,575.69
Industrial -- B2(b)	0.4kV	415	414.78	81.45	5,045.18	12,575.69
Industrial -- B3	11kV	463	463.38	49.84	8,481.19	11,578.59
Industrial -- B4	132/66kV	159	158.79	15.98	8,210.73	10,487.94
Bulk Supply -- C1(a)	0.2kV	0	0.19	0.04	4,291.21	12,575.69
Bulk Supply -- C1(b)	0.4kV	4	4.29	1.20	3,533.92	12,575.69
Bulk Supply -- C2(a)	11kV	8	8.01	1.25	5,842.68	11,578.59
Bulk Supply -- C3(a)	132/66kV	13	13.24	2.96	3,693.30	10,487.94
Bulk Supply -- C1(c)	0.4kV	23	22.92	3.54	6,421.92	12,575.69
Bulk Supply -- C2(b)	11kV	47	46.66	6.90	6,164.14	11,578.59
Bulk Supply -- C3(b)	132/66kV	4	4.18	0.64	5,429.55	10,487.94
Agricultural --D1(a)	0.4kV	1	0.74	0.08	8,971.29	12,575.69
Agricultural --D2(a)	0.4kV	2	2.01	1.05	1,900.31	12,575.69
Agricultural --D2(b)	0.4kV	107	106.55	35.09	3,008.49	12,575.69
Agricultural --D1(b)	0.4kV	92	91.52	9.93	9,134.66	12,575.69
Temp. Supply -- E1(i)	0.2kV	0	0.00	0.00	27,713.03	12,575.69
Temp. Supply -- E1(ii)	0.2kV	2	2.31	0.77	2,996.29	12,575.69
Temp. Supply -- E2	0.2kV	-	-	-	-	-
Public Lighting -- G	0.4kV	27	27.03	2.77	9,679.61	12,575.69
Resident. Colonies --	11kV	3	3.22	1.05	2,790.32	11,578.59
Azad J. Kashmir - K1a	11kV	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-
A3 General	0.4kV	283	283.36	45.55	6,162.83	12,575.69
Total	-	4,382	4,381.53	738.19	5,785.61	12,440.57



Table 13 (B)

Classes	Transmission	MOF	Distribution Cost		Total Rs./kW/ Month
	(Rs./kW/ Month)	(Rs./kW/ Month)	Demand (Rs./kW/ Month)	Customer (Rs./kW/ Month)	
Residential – A1(a)	1,262.12	8.69	2,142.55	475.08	23,054.02
Residential – A1(b)	1,262.12	8.69	2,142.55	182.70	19,821.21
Commercial – A2(a)	1,262.12	8.69	2,142.55	149.85	18,217.53
Commercial – A2(b)	-	-	-	-	-
Commercial – A2(c)	1,262.12	8.69	2,142.55	231.78	20,850.76
Commercial – A2(d)	-	-	-	-	-
Industrial – B1(a)	1,262.12	8.69	2,142.55	61.80	16,908.08
Industrial – B2(a)	1,262.12	8.69	2,142.55	213.46	20,466.50
Industrial – B1(b)	1,262.12	8.69	2,142.55	167.29	19,498.01
Industrial – B2(b)	1,262.12	8.69	2,142.55	252.57	21,286.79
Industrial – B3	1,162.04	8.00	1,963.54	463.42	23,656.79
Industrial – B4	1,052.59	7.25	798.40	418.58	20,975.49
Bulk Supply – C1(a)	1,262.12	8.69	2,142.55	309.36	20,589.62
Bulk Supply – C1(b)	1,262.12	8.69	2,142.55	176.91	19,699.88
Bulk Supply – C2(a)	1,162.04	8.00	1,963.54	319.25	20,874.11
Bulk Supply – C3(a)	1,052.59	7.25	798.40	188.28	16,227.76
Bulk Supply – C1(c)	1,262.12	8.69	2,142.55	321.49	22,732.46
Bulk Supply – C2(b)	1,162.04	8.00	1,963.54	336.81	21,213.13
Bulk Supply – C3(b)	1,052.59	7.25	798.40	276.79	18,052.52
Agricultural – D1(a)	1,262.12	8.69	2,142.55	449.11	25,409.45
Agricultural – D2(a)	1,262.12	8.69	2,142.55	95.13	17,984.49
Agricultural – D2(b)	1,262.12	8.69	2,142.55	150.61	19,148.15
Agricultural – D1(b)	1,262.12	8.69	2,142.55	457.29	25,581.00
Temp. Supply – E1(i)	1,262.12	8.69	2,142.55	1,997.89	45,699.96
Temp. Supply – E1(ii)	1,262.12	8.69	2,142.55	216.01	19,201.35
Temp. Supply – E2	-	-	-	-	-
Public Lighting – G	1,262.12	8.69	2,142.55	484.57	26,153.22
Resident. Colonies –	1,162.04	8.00	1,963.54	152.47	17,654.96
Azad J. Kashmir - K1a	-	-	-	-	-
Azad J. - K1b	-	-	-	-	-
Rawat Lab - K2	-	-	-	-	-
A3 General	1,262.12	8.69	2,142.55	308.52	22,460.39
Total	1,248.55	218.96	2,092.58	365.44	16,366.10



Unbundled Rates Rs./kWh (Tariff Wise):

The functional allocation of Revenue Requirement of HESCO (Generation, Transmission, MO Fee and Distribution Cost) to customers categories, in Rs./kWh are shown in Table 14 below.

Table 14

FY 2025-26							
Customer Class	Sales GWh	Demand MW	Gen. Rs./kWh	T. UoSC Rs./kWh	MOF Rs./kWh	D. UoSC Rs./kWh	Total Rate Rs./kWh
Residential – A1(a)	2,332	350.66	34.58	2.28	0.02	4.72	41.59
Residential – A1(b)	43	11.57	52.86	4.11	0.03	7.57	64.57
Commercial – A2(a)	119	56.59	83.81	7.22	0.05	13.11	104.19
Commercial – A2(b)	0	-	11.89	-	-	-	11.89
Commercial – A2(c)	167	35.75	44.18	3.24	0.02	6.10	53.54
Commercial – A2(d)	-	-	-	-	-	-	-
Industrial – B1(a)	4	4.80	186.29	17.50	0.12	30.57	234.49
Industrial – B2(a)	0	0.06	46.95	3.52	0.02	6.57	57.06
Industrial – B1(b)	63	18.69	56.63	4.49	0.03	8.22	69.37
Industrial – B2(b)	415	81.45	41.52	2.97	0.02	5.64	50.16
Industrial – B3	463	49.84	25.89	1.50	0.01	3.13	30.53
Industrial – B4	159	15.98	22.58	1.27	0.01	1.47	25.33
Bulk Supply – C1(a)	0	0.04	46.73	3.50	0.02	6.79	57.04
Bulk Supply – C1(b)	4	1.20	54.19	4.25	0.03	7.80	66.27
Bulk Supply – C2(a)	8	1.25	32.64	2.18	0.01	4.28	39.11
Bulk Supply – C3(a)	13	2.96	38.07	2.83	0.02	2.65	43.56
Bulk Supply – C1(c)	23	3.54	35.17	2.34	0.02	4.56	42.08
Bulk Supply – C2(b)	47	6.90	31.51	2.06	0.01	4.08	37.67
Bulk Supply – C3(b)	4	0.64	29.07	1.92	0.01	1.96	32.97
Agricultural – D1(a)	1	0.08	28.55	1.67	0.01	3.43	33.67
Agricultural – D2(a)	2	1.05	90.56	7.90	0.05	14.00	112.51
Agricultural – D2(b)	107	35.09	61.58	4.99	0.03	9.06	75.67
Agricultural – D1(b)	92	9.93	28.26	1.64	0.01	3.38	33.29
Temp. Supply – E1(i)	0	0.00	17.28	0.54	0.00	1.78	19.60
Temp. Supply – E1(ii)	2	0.77	61.79	5.01	0.03	9.36	76.19
Temp. Supply – E2	-	-	-	-	-	-	-
Public Lighting – G	27	2.77	27.33	1.55	0.01	3.23	32.12
Resident. Colonies –	3	1.05	56.37	4.56	0.03	8.30	69.26
Azad J. Kashmir - K1a	-	-	-	-	-	-	-
Azad J. - K1b	-	-	-	-	-	-	-
Rawat Lab - K2	-	-	-	-	-	-	-
A3 General	283	45.55	36.15	2.43	0.02	4.73	43.33
Total	4,382	738.19	36.85	2.52	0.02	4.97	44.36



Volumetric Rates at Each Customer Category:

The above functional rates combined in terms of the nature (Fixed or Variable) and resultant rates in terms of Rs./kW/Month and/or Rs./kWh are provided in **Table 15** below.

Table 15

Customer Class	Sales GWh	Allocated Cost Rs. (M)		Fixed Charge Rs./kW /Month	Variable Charge Rs./ kWh	Total Rate Rs./ kWh
		Fixed Cost	Variable Cost			
Residential -- A1(a)	2,332	67,280.05	29,728.59	15,989.05	12.75	41.59
Residential -- A1(b)	43	2,219.18	531.88	15,989.05	12.48	64.57
Commercial -- A2(a)	119	10,858.29	1,513.38	15,989.05	12.75	104.19
Commercial -- A2(b)	0	-	0.01	-	11.89	11.89
Commercial -- A2(c)	167	6,858.78	2,085.52	15,989.05	12.48	53.54
Commercial -- A2(d)	-	-	-	-	-	-
Industrial -- B1(a)	4	920.22	52.89	15,989.05	12.75	234.49
Industrial -- B2(a)	0	11.80	3.30	15,989.05	12.48	57.06
Industrial -- B1(b)	63	3,586.65	787.13	15,989.05	12.48	69.37
Industrial -- B2(b)	415	15,627.54	5,177.96	15,989.05	12.48	50.16
Industrial -- B3	463	8,798.57	5,349.29	14,712.18	11.54	30.53
Industrial -- B4	159	2,367.41	1,654.69	12,346.18	10.42	25.33
Bulk Supply -- C1(a)	0	8.35	2.40	15,989.05	12.75	57.04
Bulk Supply -- C1(b)	4	230.59	53.52	15,989.05	12.48	66.27
Bulk Supply -- C2(a)	8	220.75	92.46	14,712.18	11.54	39.11
Bulk Supply -- C3(a)	13	438.67	137.92	12,346.18	10.42	43.56
Bulk Supply -- C1(c)	23	678.34	286.09	15,989.05	12.48	42.08
Bulk Supply -- C2(b)	47	1,218.93	538.61	14,712.18	11.54	37.67
Bulk Supply -- C3(b)	4	94.31	43.59	12,346.18	10.42	32.97
Agricultural --D1(a)	1	15.78	9.30	15,989.05	12.48	33.67
Agricultural --D2(a)	2	200.92	25.07	15,989.05	12.48	112.51
Agricultural --D2(b)	107	6,732.33	1,330.17	15,989.05	12.48	75.67
Agricultural --D1(b)	92	1,904.56	1,142.56	15,989.05	12.48	33.29
Temp. Supply -- E1(i)	0	0.03	0.06	15,989.05	12.75	19.60
Temp. Supply -- E1(ii)	2	146.80	29.49	15,989.05	12.75	76.19
Temp. Supply -- E2	-	-	-	-	-	-
Public Lighting -- G	27	530.86	337.46	15,989.05	12.48	32.12
Resident. Colonies --	3	186.06	37.22	14,712.18	11.54	69.26
Azad J. Kashmir - K1a	-	-	-	-	-	-
Azad J. - K1b	-	-	-	-	-	-
Rawat Lab - K2	-	-	-	-	-	-
A3 General	283	8,739.96	3,537.37	15,989.05	12.48	43.33
Total	4,382	139,875.71	54,487.94	16,000.66	12.44	44.36

Note: Variable Cost in **Table 15** includes energy cost.



Revenue, Cost of Service and Subsidies (Tariff Category Wise):

Based on assessment of revenue and the cost of service for each category of consumer, as per the details provided herein before, the Subsidy or Cross Subsidy (the difference between revenue and cost) in terms of million rupees against each customer tariff category is provided in **Table 16 (A & B)** below. It may be noted that the negative figure means the customer is subsidized (revenue less than cost) whereas the positive figure shows that the customer is cross subsidizing (revenue more than cost). Average, in terms of Rs./kWh, assessment of subsidy or cross-subsidy, as the case may be, is also arrived in the last column of Table 16 (B) below.

Table 16 (A)

FY 2025-26						
Customer Class	Voltage	Sales GWh	Demand MW	Revenue As Per GoP Tariff		
				Demand Charge (M.PKR)	Energy Charge M.PKR	Total M.PKR
Residential -- A1(a)	0.2kV	2,332.46	350.66	179.14	56,435.77	56,614.90
Residential -- A1(b)	0.4kV	42.61	11.57	61.96	1,775.73	1,837.68
Commercial -- A2(a)	0.2kV	118.74	56.59	1,431.29	4,445.54	5,876.83
Commercial -- A2(b)	0.4kV	0.00	-	0.00	0.02	0.02
Commercial -- A2(c)	0.4kV	167.06	35.75	1,068.79	6,162.85	7,231.64
Commercial -- A2(d)	0.4kV	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4.15	4.80	15.40	127.82	143.21
Industrial -- B2(a)	0.4kV	0.26	0.06	1.13	8.13	9.26
Industrial -- B1(b)	0.4kV	63.05	18.69	72.47	1,963.08	2,035.55
Industrial -- B2(b)	0.4kV	414.78	81.45	2,339.26	11,975.44	14,314.69
Industrial -- B3	11kV	463.38	49.84	1,763.25	13,769.83	15,533.08
Industrial -- B4	132/66kV	158.79	15.98	604.24	4,681.16	5,285.40
Bulk Supply -- C1(a)	0.2kV	0.19	0.04	0.50	8.18	8.68
Bulk Supply -- C1(b)	0.4kV	4.29	1.20	15.92	174.17	190.09
Bulk Supply -- C2(a)	11kV	8.01	1.25	25.01	324.93	349.94
Bulk Supply -- C3(a)	132/66kV	13.24	2.96	69.95	539.60	609.55
Bulk Supply -- C1(c)	0.4kV	22.92	3.54	45.70	888.33	934.03
Bulk Supply -- C2(b)	11kV	46.66	6.90	183.80	1,733.79	1,917.59
Bulk Supply -- C3(b)	132/66kV	4.18	0.64	15.33	156.54	171.87
Agricultural --D1(a)	0.4kV	0.74	0.08	-	29.69	29.69
Agricultural --D2(a)	0.4kV	2.01	1.05	2.89	58.05	60.94
Agricultural --D2(b)	0.4kV	106.55	35.09	209.64	3,074.68	3,284.32
Agricultural --D1(b)	0.4kV	91.52	9.93	126.47	3,282.21	3,408.68
Temp. Supply -- E1(i)	0.2kV	0.00	0.00	0.02	0.28	0.30
Temp. Supply -- E1(ii)	0.2kV	2.31	0.77	8.58	123.66	132.24
Temp. Supply -- E2	0.2kV	-	-	0.48	-	0.48
Public Lighting -- G	0.4kV	27.03	2.77	11.54	1,159.96	1,171.50
Resident. Colonies --	11kV	3.22	1.05	1.51	135.72	137.24
Azad J. Kashmir - K1a	11kV	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-
A3 General	0.4kV	283.36	45.55	113.28	12,037.13	12,150.41
Total	-	4,381.53	738.19	8,367.54	125,072.30	133,439.84



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table 16 (B)

Customer Class	FY 2025-26 Cost of Service			Difference Subsidy M.PKR	Subsidy Rs.kWh
	Demand Cost (M.PKR)	Energy Cost M.PKR	Total M.PKR		
Residential -- A1(a)	67,280.05	29,728.59	97,008.65	(40,393.74)	(17.32)
Residential -- A1(b)	2,219.18	531.88	2,751.06	(913.37)	(21.44)
Commercial -- A2(a)	10,858.29	1,513.38	12,371.68	(6,494.85)	(54.70)
Commercial -- A2(b)	-	0.01	0.01	0.02	32.53
Commercial -- A2(c)	6,858.78	2,085.52	8,944.30	(1,712.65)	(10.25)
Commercial -- A2(d)	-	-	-	-	-
Industrial -- B1(a)	920.22	52.89	973.11	(829.90)	(199.98)
Industrial -- B2(a)	11.80	3.30	15.10	(5.84)	(22.06)
Industrial -- B1(b)	3,586.65	787.13	4,373.78	(2,338.23)	(37.08)
Industrial -- B2(b)	15,627.54	5,177.96	20,805.50	(6,490.81)	(15.65)
Industrial -- B3	8,798.57	5,349.29	14,147.86	1,385.22	2.99
Industrial -- B4	2,367.41	1,654.69	4,022.10	1,263.30	7.96
Bulk Supply -- C1(a)	8.35	2.40	10.75	(2.07)	(10.98)
Bulk Supply -- C1(b)	230.59	53.52	284.10	(94.01)	(21.93)
Bulk Supply -- C2(a)	220.75	92.46	313.21	36.73	4.59
Bulk Supply -- C3(a)	438.67	137.92	576.59	32.96	2.49
Bulk Supply -- C1(c)	678.34	286.09	964.43	(30.40)	(1.33)
Bulk Supply -- C2(b)	1,218.93	538.61	1,757.54	160.05	3.43
Bulk Supply -- C3(b)	94.31	43.59	137.89	33.97	8.12
Agricultural --D1(a)	-	25.08	25.08	4.62	6.20
Agricultural --D2(a)	200.92	25.07	225.99	(165.06)	(82.18)
Agricultural --D2(b)	6,732.33	1,330.17	8,062.50	(4,778.18)	(44.84)
Agricultural --D1(b)	1,904.56	1,142.56	3,047.11	361.57	3.95
Temp. Supply -- E1(i)	0.03	0.06	0.09	0.21	43.30
Temp. Supply -- E1(ii)	146.80	29.49	176.29	(44.05)	(19.04)
Temp. Supply -- E2	-	-	-	0.48	-
Public Lighting -- G	530.86	337.46	868.32	303.18	11.22
Resident. Colonies --	186.06	37.22	223.28	(86.04)	(26.69)
Azad J. Kashmir - K1a	-	-	-	-	-
Azad J. - K1b	-	-	-	-	-
Rawat Lab - K2	-	-	-	-	-
A3 General	8,739.96	3,537.37	12,277.33	(126.92)	(0.45)
Total	139,859.93	54,503.72	194,363.65	(60,923.80)	(13.90)



Revenue, Cost of Service, Subsidy and Revenue to Cost Ratios:

Revenue, Cost of Service and Subsidy in terms of million rupees for each category of the consumers is shown in Table 17 (A & B) below. The Table also provides the Revenue to Cost Ratio, which shows that:

- If this ratio is less than one, the relevant customer class is subsidized, i.e. the tariff revenue is less than the allocated cost;
- If this ratio is greater than one, the relevant customer class is cross subsidizing, i.e. the tariff revenue is higher than the allocated cost; and
- If this ratio is equal to one, the customer class is at adequately priced vis-à-vis the allocated cost.

Table 17 (A)

FY 2025-26					
Customer Class	Voltage	Sales GWh	Demand MW	Revenue As Per GoP Tariff	
				Fixed (Rs. M)	Variable (Rs. M)
Residential -- A1(a)	0.2kV	2,332.46	350.66	179.14	56,435.77
Residential -- A1(b)	0.4kV	42.61	11.57	61.96	1,775.73
Commercial -- A2(a)	0.2kV	118.74	56.59	1,431.29	4,445.54
Commercial -- A2(b)	0.4kV	0.00	-	0.00	0.02
Commercial -- A2(c)	0.4kV	167.06	35.75	1,068.79	6,162.85
Commercial -- A2(d)	0.4kV	-	-	-	-
Industrial -- B1(a)	0.2kV	4.15	4.80	15.40	127.82
Industrial -- B2(a)	0.4kV	0.26	0.06	1.13	8.13
Industrial -- B1(b)	0.4kV	63.05	18.69	72.47	1,963.08
Industrial -- B2(b)	0.4kV	414.78	81.45	2,339.26	11,975.44
Industrial -- B3	11kV	463.38	49.84	1,763.25	13,769.83
Industrial -- B4	132/66kV	158.79	15.98	604.24	4,681.16
Bulk Supply -- C1(a)	0.2kV	0.19	0.04	0.50	8.18
Bulk Supply -- C1(b)	0.4kV	4.29	1.20	15.92	174.17
Bulk Supply -- C2(a)	11kV	8.01	1.25	25.01	324.93
Bulk Supply -- C3(a)	132/66kV	13.24	2.96	69.95	539.60
Bulk Supply -- C1(c)	0.4kV	22.92	3.54	45.70	888.33
Bulk Supply -- C2(b)	11kV	46.66	6.90	183.80	1,733.79
Bulk Supply -- C3(b)	132/66kV	4.18	0.64	15.33	156.54
Agricultural --D1(a)	0.4kV	0.74	0.08	-	29.69
Agricultural --D2(a)	0.4kV	2.01	1.05	2.89	58.05
Agricultural --D2(b)	0.4kV	106.55	35.09	209.64	3,074.68
Agricultural --D1(b)	0.4kV	91.52	9.93	126.47	3,282.21
Temp. Supply -- E1(i)	0.2kV	0.00	0.00	0.02	0.28
Temp. Supply -- E1(ii)	0.2kV	2.31	0.77	8.58	123.66
Temp. Supply -- E2	0.2kV	-	-	0.48	-
Public Lighting -- G	0.4kV	27.03	2.77	11.54	1,159.96
Resident. Colonies --	11kV	3.22	1.05	1.51	135.72
Azad J. Kashmir - K1a	11kV	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-
A3 General	0.4kV	283.36	45.55	113.28	12,037.13
Total	-	4,381.53	738.19	8,367.54	125,072.30



Table 17 (B)

FY 2025-26						
Customer Class	Cost of Service		Difference / Subsidy		Revenue to Cost Ratio	
	Fixed (Rs. M)	Variable (Rs. M)	Fixed (Rs. M)	Variable (Rs. M)	Fixed	Variable
Residential -- A1(a)	67,280.05	29,728.59	(67,100.92)	26,707.17	0.00	1.90
Residential -- A1(b)	-2,219.18	531.88	(2,157.22)	1,243.85	0.03	-3.34
Commercial -- A2(a)	10,858.29	1,513.38	(9,427.00)	2,932.16	0.13	2.94
Commercial -- A2(b)	-	0.01	0.00	0.01	0.00	3.34
Commercial -- A2(c)	6,858.78	2,085.52	(5,789.99)	4,077.34	0.16	2.96
Commercial -- A2(d)	-	-	-	-	1.00	1.00
Industrial -- B1(a)	920.22	52.89	(904.82)	74.92	0.02	2.42
Industrial -- B2(a)	11.80	3.30	(10.67)	4.83	0.10	2.46
Industrial -- B1(b)	3,586.65	787.13	(3,514.19)	1,175.95	0.02	2.49
Industrial -- B2(b)	5,627.54	5,177.96	(13,288.28)	6,797.47	0.15	2.31
Industrial -- B3	8,798.57	5,349.29	(7,035.32)	8,420.53	0.20	2.57
Industrial -- B4	2,367.41	1,654.69	(1,763.17)	3,026.47	0.26	2.83
Bulk Supply -- C1(a)	8.35	2.40	(7.85)	5.78	0.06	3.40
Bulk Supply -- C1(b)	230.59	53.52	(214.67)	120.66	0.07	3.25
Bulk Supply -- C2(a)	220.75	92.46	(195.74)	232.48	0.11	3.51
Bulk Supply -- C3(a)	438.67	137.92	(368.72)	401.69	0.16	3.91
Bulk Supply -- C1(c)	678.34	286.09	(632.64)	602.24	0.07	3.11
Bulk Supply -- C2(b)	1,218.93	538.61	(1,035.13)	1,195.18	0.15	3.22
Bulk Supply -- C3(b)	94.31	43.59	(78.98)	112.95	0.16	3.59
Agricultural --D1(a)	-	25.08	-	4.62	1.00	1.18
Agricultural --D2(a)	200.92	25.07	(198.03)	32.97	0.01	2.32
Agricultural --D2(b)	6,732.33	1,330.17	(6,522.69)	1,744.52	0.03	2.31
Agricultural --D1(b)	1,904.56	1,142.56	(1,778.09)	2,139.66	0.07	2.87
Temp. Supply -- E1(i)	0.03	0.06	(0.01)	0.22	0.72	4.55
Temp. Supply -- E1(ii)	146.80	29.49	(138.22)	94.16	0.06	4.19
Temp. Supply -- E2	-	-	0.48	-	0.00	1.00
Public Lighting -- G	530.86	337.46	(519.31)	822.49	0.02	3.44
Resident. Colonies --	186.06	37.22	(184.55)	98.51	0.01	3.65
Azad J. Kashmir - K1a	-	-	-	-	1.00	1.00
Azad J. - K1b	-	-	-	-	1.00	1.00
Rawat Lab - K2	-	-	-	-	1.00	1.00
A3 General	8,739.96	3,537.37	(8,626.68)	8,499.76	0.01	3.40
Total	139,859.93	54,503.72	(131,492.38)	70,568.58	0.06	2.29



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Revenue, Cost of Service and Subsidies (Rs./kWh):

Revenue, Cost of Service and Subsidy in terms of Rs./kWh for each category of the consumers is shown in Table 18 below. The Table also provides the Revenue to Cost Ratio.

Table 18

FY 2025-26

Customer Class	Voltage	Sales GWh	Revenue Rs. /kWh	Cost Of Service Rs. /kWh	Subsidy Rs. /kWh	Revenue to Cost Ratio
Residential -- A1(a)	0.2kV	2,332.46	24.27	41.59	(17.32)	0.58
Residential -- A1(b)	0.4kV	42.61	43.13	64.57	(21.44)	0.67
Commercial -- A2(a)	0.2kV	118.74	49.49	104.19	(54.70)	0.48
Commercial -- A2(b)	0.4kV	0.00	44.41	11.89	32.53	3.74
Commercial -- A2(c)	0.4kV	167.06	43.29	53.54	(10.25)	0.81
Commercial -- A2(d)	0.4kV	-	-	-	-	0.00
Industrial -- B1(a)	0.2kV	4.15	34.51	234.49	(199.98)	0.15
Industrial -- B2(a)	0.4kV	0.26	35.01	57.06	(22.06)	0.61
Industrial -- B1(b)	0.4kV	63.05	32.28	69.37	(37.08)	0.47
Industrial -- B2(b)	0.4kV	414.78	34.51	50.16	(15.65)	0.69
Industrial -- B3	11kV	463.38	33.52	30.53	2.99	1.10
Industrial -- B4	132/66kV	158.79	33.28	25.33	7.96	1.31
Bulk Supply -- C1(a)	0.2kV	0.19	46.06	57.04	(10.98)	0.81
Bulk Supply -- C1(b)	0.4kV	4.29	44.34	66.27	(21.93)	0.67
Bulk Supply -- C2(a)	11kV	8.01	43.69	39.11	4.59	1.12
Bulk Supply -- C3(a)	132/66kV	13.24	46.05	43.56	2.49	1.06
Bulk Supply -- C1(c)	0.4kV	22.92	40.76	42.08	(1.33)	0.97
Bulk Supply -- C2(b)	11kV	46.66	41.10	37.67	3.43	1.09
Bulk Supply -- C3(b)	132/66kV	4.18	41.09	32.97	8.12	1.25
Agricultural --D1(a)	0.4kV	0.74	39.87	33.67	6.20	1.18
Agricultural --D2(a)	0.4kV	2.01	30.34	112.51	(82.18)	0.27
Agricultural --D2(b)	0.4kV	106.55	30.82	75.67	(44.84)	0.41
Agricultural --D1(b)	0.4kV	91.52	37.24	33.29	3.95	1.12
Temp. Supply -- E1(i)	0.2kV	0.00	62.90	19.60	43.30	3.21
Temp. Supply -- E1(ii)	0.2kV	2.31	57.15	76.19	(19.04)	0.75
Temp. Supply -- E2	0.2kV	-	-	-	-	0.00
Public Lighting -- G	0.4kV	27.03	43.34	32.12	11.22	1.35
Resident. Colonies --	11kV	3.22	42.57	69.26	(26.69)	0.61
Azad J. Kashmir - K1a	11kV	-	-	-	-	0.00
Azad J. - K1b	11kV	-	-	-	-	0.00
Rawat Lab - K2	11kV	-	-	-	-	0.00
A3 General	0.4kV	283.36	42.88	43.33	(0.45)	0.99
Total	-	4,381.53	30.46	44.36	(13.90)	0.69



Revenue, Cost of Service and Subsidies (11 kV and Above):

The revenue, cost of service and subsidies for customer categories that fall under 11kv are summarized at **Table 19** below.

Table 19

FY 2025-26						
Customer Class	Voltage	Sales GWh	Demand MW	Revenue As Per GoP Tariff		
				Demand Charge (M.PKR)	Energy Charge M.PKR	Total M.PKR
Industrial -- B3	11kV	463.38	49.84	1,763.25	13,769.83	15,533.08
Industrial -- B4	132/66kV	158.79	15.98	604.24	4,681.16	5,285.40
Bulk Supply -- C2(a)	11kV	8.01	1.25	25.01	324.93	349.94
Bulk Supply -- C3(a)	132/66kV	13.24	2.96	69.95	539.60	609.55
Bulk Supply -- C2(b)	11kV	46.66	6.90	183.80	1,733.79	1,917.59
Bulk Supply -- C3(b)	132/66kV	4.18	0.64	15.33	156.54	171.87
Residential Colonies --H	11kV	3.22	1.05	1.51	135.72	137.24
Cost of Service			Difference Subsidy M.PKR	Subsidy Rs.kWh		
Demand Cost (M.PKR)	Energy Cost M.PKR	Total M.PKR				
8,798.57	5,349.29	14,147.86	1,385.22	2.99		
2,367.41	1,654.69	4,022.10	1,263.30	7.96		
220.75	92.46	313.21	36.73	4.59		
438.67	137.92	576.59	32.96	2.49		
1,218.93	538.61	1,757.54	160.05	3.43		
94.31	43.59	137.89	33.97	8.12		
186.06	37.22	223.28	(86.04)	(26.69)		

Revenue/kWh, Cost of Service/kWh and Subsidies/kWh (BPC only):

With regard to the above analysis, the following points are emphasized:

1. The Industrial B-3 and Bulk Supply C2 customers are at 11kV connection level, however, any of these customers may not fall within the definition of BPC as contained in NEPRA Act, 1997, being less than 1 MW.
2. The customer categories A-2 and A-3, for purposes of cost of service assessment, have been considered at 0.4kV level. However, these costumers, based on the sanctioned load, may be connected at 11kV level, as required.
3. Consumer category for tariff H, i.e. housing colonies attached to industries, despite being connected at 11kV, cannot be considered as BPC for (i) principally being resale in nature and (ii) being less than 1 MW.

Based on the above clarification, the abstract of Revenue (Rs./kWh), the Cost of Service (Rs./kWh) and resultant cross-subsidy (Rs./kWh) is appended at **Table 20** below.



Table 20

FY 2025-26					
Customer Class	Voltage	Sale GWH	Revenue Rs. /KWH	Cost of Service Rs. /KWh	Subsidy Rs. /KWh
Industrial -- B3	11kV	463.38	33.52	30.53	2.99
Industrial -- B4	132/66kV	158.79	33.28	25.33	7.96
Bulk Supply -- C2(b)	11kV	46.66	41.10	37.67	-3.43
Bulk Supply -- C3(b)	132/66kV	4.18	41.09	32.97	8.12

Master Data for Results of HESCO's Cost of Service Study (FY 2025-26):

For interest of the readers to glance through overall master data for result of HESCO's Cost of Service Study (FY 2023-24), following Tables (Table 21 to Table 27) are added separately.

Final Remarks:

- The above Cost of Service Study Report (FY 2025-26) is a sincere human effort to arrive at judicious assessment of functional (generation, transmission, market operator, distribution and customer services) costs for each category of consumers demonstrating the needs and parameters associated with relevant category.
- The results of the study are to be used for the purposes of rate making of Use of System Charges for possible eligible Bulk Power Consumers.
- The Fully Allocated Cost of Service (FACOS) Model used for the purpose of this study is, in addition to being duly considered and approved by the Authority, realistically elaborate, professionally structured in line with international practices and reasonably accurate to provide equitable results in terms of costs associated with demonstrated needs of the customers. Human errors and omissions are, however, expected.
- The underlying assumptions made and considerations relied upon in carrying out this Cost of Service Study were adopted with all possible care and have been disclosed in details to the extent possible, without any prejudice.
- Inherent and unforeseen limitations of the FACOS model, assumptions made and consideration relied upon may not be as exhaustive as expected; accordingly, for the purposes of rate making of Use of System Charges, certain out of the model iterations may be necessary.
- While the Cost of Service is substantially (100%) covered by the GoP notified tariffs, inherent cross subsidization and possibility of stranded costs need considerate, careful, concerted and continuous attention for proactive mitigation thereof.
- While currently certain classes of consumers are enjoying benefit of inter and intra tariff subsidies, the other categories of consumers are paying huge cross-subsidies. For a robust, vibrant and successful wholesale, and later retail, power market, minimization, if not elimination, of intra and inter tariff subsidies shall remain fundamental requirement.
- Based on assessment of revenue and the cost of service for each category of consumer, the Subsidy or Cross Subsidy is the difference between revenue and cost in terms of million rupees against each customer tariff category is provided in Table 16 above. It may be noted that the negative figure represent that the customer is subsidized (GoP revenue is less than HESCO's Cost of Service).



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table-21

Cost of Service FY 2025-26														
Classes	Voltage Level	Energy GWh		Demand MW		Generation Cost		Transm	MOF	Distribution		Total Cost (Rs. M)	Cost Rs./kWh sold	Cost Rs./kWh Purchased
		Sold	Purch ased	at Met er	at CDP	Energy (Rs.M)	Demand (Rs.M)	Cost (Rs.M)	Cost (Rs.M)	Demand (Rs.M)	cust. Cost (Rs.M)			
Residential -- A1(a)	0.2kV	2,332	2,875	351	432	27,730	52,917	5,311	37	9,016	1,999	97,009	41.59	33.74
Residential -- A1(b)	0.4kV	43	53	12	14	507	1,745	175	1	297	25	2,751	64.57	52.38
Commercial -- A2(a)	0.2kV	119	146	57	70	1,412	8,540	857	6	1,455	102	12,372	104.19	84.52
Commercial -- A2(b)	0.4kV	0	0	-	-	0	-	-	-	-	-	0	11.89	9.64
Commercial -- A2(c)	0.4kV	167	206	36	44	1,986	5,395	541	4	919	99	8,944	53.54	43.43
Commercial -- A2(d)	0.4kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4	5	5	6	49	724	73	1	123	4	973	234.49	190.22
Industrial -- B2(a)	0.4kV	0	0	0	0	3	9	1	0	2	0	15	57.06	46.29
Industrial -- B1(b)	0.4kV	63	78	19	23	750	2,821	283	2	481	38	4,374	69.37	56.27
Industrial -- B2(b)	0.4kV	415	511	81	100	4,931	12,291	1,234	8	2,094	247	20,806	50.16	40.69
Industrial -- B3	11kV	463	526	50	57	5,072	6,925	695	5	1,174	277	14,148	30.53	26.90
Industrial -- B4	132/66kV	159	163	16	16	1,574	2,011	202	1	153	80	4,022	25.33	24.64
Bulk Supply -- C1(a)	0.2kV	0	0	0	0	2	7	1	0	1	0	11	57.04	46.27
Bulk Supply -- C1(b)	0.4kV	4	5	1	1	51	181	18	0	31	3	284	66.27	53.76
Bulk Supply -- C2(a)	11kV	8	9	1	1	88	174	17	0	29	5	313	39.11	34.46
Bulk Supply -- C3(a)	132/66kV	13	14	3	3	131	373	37	0	28	7	577	43.56	42.37
Bulk Supply -- C1(c)	0.4kV	23	28	4	4	272	534	54	0	91	14	964	42.08	34.14
Bulk Supply -- C2(b)	11kV	47	53	7	8	511	959	96	1	163	28	1,758	37.67	33.19
Bulk Supply -- C3(b)	132/66kV	4	4	1	1	41	80	8	0	6	2	138	32.97	32.07
Agricultural --D1(a)	0.4kV	1	1	0	0	9	12	1	0	2	0	25	33.67	27.32
Agricultural --D2(a)	0.4kV	2	2	1	1	24	158	16	0	27	1	226	112.51	91.27
Agricultural --D2(b)	0.4kV	107	131	35	43	1,267	5,295	531	4	902	63	8,063	75.67	61.38
Agricultural --D1(b)	0.4kV	92	113	10	12	1,088	1,498	150	1	255	54	3,047	33.29	27.01
Temp. Supply -- E1(i)	0.2kV	0	0	0	0	0	0	0	0	0	0	0	19.60	15.90
Temp. Supply -- E1(ii)	0.2kV	2	3	1	1	28	115	12	0	20	2	176	76.19	61.80
Temp. Supply -- E2	0.2kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Lighting -- G	0.4kV	27	33	3	3	321	418	42	0	71	16	868	32.12	26.06
Resident. Colonies --	11kV	3	4	1	1	35	146	15	0	25	2	223	69.26	61.02
Azad J. Kashmir - K1a	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
A3 General	0.4kV	283	349	46	56	3,369	6,874	690	5	1,171	169	12,277	43.33	35.15
Total		4,382	5,314	738	900	51,251	110,203	11,060	76	18,537	3,237	194,364	44.36	36.57



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table-22

Cost of Service FY 2025-26 (per kW or kWh at Sold)														
Classes	Voltage Level	Energy GWh		Demand MW		Generation Cost		Transm	MOF	Distribution		Total Fixed Cost (Rs./kWh/M)	Fixed Cost Rs./ kWh sold	Total Cost Rs./ kWh Sold
		Sold	Purchase	at Meter	at CDP	Energy (Rs./kW)	Demand (Rs./kW)	Cost (Rs./kW)	Cost (Rs./kW)	Demand (Rs./kW)	cust Cost (Rs./kW)			
Residential -- A1(a)	0.2kV	2,332	2,875	351	432	11.89	12,575.69	1,262.12	8.69	2,142.55	475.08	16,464.13	29.70	41.59
Residential -- A1(b)	0.4kV	43	53	12	14	11.89	12,575.69	1,262.12	8.69	2,142.55	182.70	16,171.74	52.68	64.57
Commercial -- A2(a)	0.2kV	119	146	57	70	11.89	12,575.69	1,262.12	8.69	2,142.55	149.85	16,138.90	92.30	104.19
Commercial -- A2(b)	0.4kV	0	0	-	-	11.89	-	-	-	-	-	-	-	11.89
Commercial -- A2(c)	0.4kV	167	206	36	44	11.89	12,575.69	1,262.12	8.69	2,142.55	231.78	16,220.83	41.65	53.54
Commercial -- A2(d)	0.4kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4	5	5	6	11.89	12,575.69	1,262.12	8.69	2,142.55	61.80	16,050.85	222.60	234.49
Industrial -- B2(a)	0.4kV	0	0	0	0	11.89	12,575.69	1,262.12	8.69	2,142.55	213.46	16,202.51	45.17	57.06
Industrial -- B1(b)	0.4kV	63	78	19	23	11.89	12,575.69	1,262.12	8.69	2,142.55	167.29	16,156.34	57.48	69.37
Industrial -- B2(b)	0.4kV	415	511	81	100	11.89	12,575.69	1,262.12	8.69	2,142.55	252.57	16,241.61	38.27	50.16
Industrial -- B3	11kV	463	526	50	57	10.95	11,578.59	1,162.04	8.00	1,963.54	463.42	15,175.60	19.59	30.53
Industrial -- B4	132/66kV	159	163	16	16	9.91	10,487.94	1,052.59	7.25	798.40	418.58	12,764.75	15.41	25.33
Bulk Supply -- C1(a)	0.2kV	0	0	0	0	11.89	12,575.69	1,262.12	8.69	2,142.55	309.36	16,298.41	45.15	57.04
Bulk Supply -- C1(b)	0.4kV	4	5	1	1	11.89	12,575.69	1,262.12	8.69	2,142.55	176.91	16,165.96	54.38	66.27
Bulk Supply -- C2(a)	11kV	8	9	1	1	10.95	11,578.59	1,162.04	8.00	1,963.54	319.25	15,031.43	28.16	39.11
Bulk Supply -- C3(a)	132/66kV	13	14	3	3	9.91	10,487.94	1,052.59	7.25	798.40	188.28	12,534.46	33.65	43.56
Bulk Supply -- C1(c)	0.4kV	23	28	4	4	11.89	12,575.69	1,262.12	8.69	2,142.55	321.49	16,310.53	30.19	42.08
Bulk Supply -- C2(b)	11kV	47	53	7	8	10.95	11,578.59	1,162.04	8.00	1,963.54	336.81	15,048.99	26.72	37.67
Bulk Supply -- C3(b)	132/66kV	4	4	1	1	9.91	10,487.94	1,052.59	7.25	798.40	276.79	12,622.97	23.05	32.97
Agricultural -- D1(a)	0.4kV	1	1	0	0	11.89	12,575.69	1,262.12	8.69	2,142.55	449.11	16,438.16	21.78	33.67
Agricultural -- D2(a)	0.4kV	2	2	1	1	11.89	12,575.69	1,262.12	8.69	2,142.55	95.13	16,084.18	100.62	112.51
Agricultural -- D2(b)	0.4kV	107	131	35	43	11.89	12,575.69	1,262.12	8.69	2,142.55	150.61	16,139.66	63.78	75.67
Agricultural -- D1(b)	0.4kV	92	113	10	12	11.89	12,575.69	1,262.12	8.69	2,142.55	457.29	16,446.34	21.40	33.29
Temp. Supply -- E1(i)	0.2kV	0	0	0	0	11.89	12,575.69	1,262.12	8.69	2,142.55	1,997.89	17,986.93	7.72	19.60
Temp. Supply -- E1(ii)	0.2kV	2	3	1	1	11.89	12,575.69	1,262.12	8.69	2,142.55	216.01	16,205.06	64.30	76.19
Temp. Supply -- E2	0.2kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Lighting -- G	0.4kV	27	33	3	3	11.89	12,575.69	1,262.12	8.69	2,142.55	484.57	16,473.82	20.23	32.12
Resident. Colonies --	11kV	3	4	1	1	10.95	11,578.59	1,162.04	8.00	1,963.54	152.47	14,864.65	58.31	69.26
Azad J. Kashmir - K1a	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
A3 General	0.4kV	283	349	46	56	11.89	12,575.69	1,262.12	8.69	2,142.55	308.52	16,297.56	31.44	43.33
Total		4,382	5,314	738	900	11.70	12,440.57	1,248.55	219.0	2,092.58	365.44	16,366.10	32.66	44.36



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table-23

Cost of Service FY 2025-26 (per kW or kWh at Purchased)														
Classes	Voltage Level	Energy GWh		Demand MW		Generation Cost		Transm	MOF	Distribution		Total Fixed Cost (Rs./kW/ M)	Fixed Cost Rs./kWh Purchased	Total Cost Rs./kWh Purchased
		Sold	Purchase	at Meter	at CDP	Energy (Rs./kW)	Demand (Rs./kW/)	Cost (Rs./kW/)	Cost (Rs./kW/)	Demand (Rs./kW/)	cust. Cost (Rs./kW/)			
Residential -- A1(a)	0.2kV	2,332	2,875	351	432	9.64	10,201.62	1,023.85	7.05	1,738.07	385.39	13,355.99	24.09	33.74
Residential -- A1(b)	0.4kV	43	53	12	14	9.64	10,201.62	1,023.85	7.05	1,738.07	148.21	13,118.80	42.74	52.38
Commercial -- A2(a)	0.2kV	119	146	57	70	9.64	10,201.62	1,023.85	7.05	1,738.07	121.56	13,092.16	74.88	84.52
Commercial -- A2(b)	0.4kV	0	0	-	-	9.64	-	-	-	-	-	-	-	9.64
Commercial -- A2(c)	0.4kV	167	206	36	44	9.64	10,201.62	1,023.85	7.05	1,738.07	188.02	13,158.62	33.79	43.43
Commercial -- A2(d)	0.4kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4	5	5	6	9.64	10,201.62	1,023.85	7.05	1,738.07	50.13	13,020.73	180.58	190.22
Industrial -- B2(a)	0.4kV	0	0	0	0	9.64	10,201.62	1,023.85	7.05	1,738.07	173.16	13,143.76	36.65	46.29
Industrial -- B1(b)	0.4kV	63	78	19	23	9.64	10,201.62	1,023.85	7.05	1,738.07	135.71	13,106.30	46.63	56.27
Industrial -- B2(b)	0.4kV	415	511	81	100	9.64	10,201.62	1,023.85	7.05	1,738.07	204.89	13,175.48	31.05	40.69
Industrial -- B3	11kV	463	526	50	57	9.64	10,201.62	1,023.85	7.05	1,730.03	408.31	13,370.86	17.26	26.90
Industrial -- B4	132/66kV	159	163	16	16	9.64	10,201.62	1,023.85	7.05	776.60	407.15	12,416.28	14.99	24.64
Bulk Supply -- C1(a)	0.2kV	0	0	0	0	9.64	10,201.62	1,023.85	7.05	1,738.07	250.96	13,221.56	36.63	46.27
Bulk Supply -- C1(b)	0.4kV	4	5	1	1	9.64	10,201.62	1,023.85	7.05	1,738.07	143.51	13,114.11	44.12	53.76
Bulk Supply -- C2(a)	11kV	8	9	1	1	9.64	10,201.62	1,023.85	7.05	1,730.03	281.28	13,243.84	24.81	34.46
Bulk Supply -- C3(a)	132/66kV	13	14	3	3	9.64	10,201.62	1,023.85	7.05	776.60	183.14	12,192.27	32.73	42.37
Bulk Supply -- C1(c)	0.4kV	23	28	4	4	9.64	10,201.62	1,023.85	7.05	1,738.07	260.80	13,231.39	24.49	34.14
Bulk Supply -- C2(b)	11kV	47	53	7	8	9.64	10,201.62	1,023.85	7.05	1,730.03	296.76	13,259.32	23.55	33.19
Bulk Supply -- C3(b)	132/66kV	4	4	1	1	9.64	10,201.62	1,023.85	7.05	776.60	269.24	12,278.36	22.42	32.07
Agricultural --D1(a)	0.4kV	1	1	0	0	9.64	10,201.62	1,023.85	7.05	1,738.07	364.33	13,334.92	17.67	27.32
Agricultural --D2(a)	0.4kV	2	2	1	1	9.64	10,201.62	1,023.85	7.05	1,738.07	77.17	13,047.77	81.63	91.27
Agricultural --D2(b)	0.4kV	107	131	35	43	9.64	10,201.62	1,023.85	7.05	1,738.07	122.18	13,092.77	51.74	61.38
Agricultural --D1(b)	0.4kV	92	113	10	12	9.64	10,201.62	1,023.85	7.05	1,738.07	370.96	13,341.56	17.36	27.01
Temp. Supply -- E1(i)	0.2kV	0	0	0	0	9.64	10,201.62	1,023.85	7.05	1,738.07	1,620.72	14,591.32	6.26	15.90
Temp. Supply -- E1(ii)	0.2kV	2	3	1	1	9.64	10,201.62	1,023.85	7.05	1,738.07	175.23	3,145.83	52.16	61.80
Temp. Supply -- E2	0.2kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Lighting -- G	0.4kV	27	33	3	3	9.64	10,201.62	1,023.85	7.05	1,738.07	393.09	13,363.69	16.41	26.06
Resident. Colonies --	11kV	3	4	1	1	9.64	10,201.62	1,023.85	7.05	1,730.03	134.33	13,096.89	51.38	61.02
Azad J. Kashmir - K1a	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
A3 General	0.4kV	283	349	46	56	9.64	10,201.62	1,023.85	7.05	1,738.07	250.27	13,220.87	25.50	35.15
Total		4,382	5,314	738	900	9.64	10,201.62	1,023.85	7.05	1,715.98	299.67	13,248.17	26.93	36.57



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table-24

Cost of Service FY 2025-26 (per kWh Sold)														
Classes	Voltage Level	Energy GWh		Demand MW		Generation Cost		Transm	MOF	Distribution		Total Fixed Cost (Rs./kWh)	Fixed Cost Rs./kWh Sold	Total Cost Rs./kWh Sold
		Sold	Purchase	at Meter	at CDP	Energy (Rs./kWh)	Demand (Rs./kWh)	Cost (Rs./kWh)	Cost (Rs./kWh)	Demand (Rs./kWh)	cust. Cost (Rs./kWh)			
Residential -- A1(a)	0.2kV	2,332	2,875	351	432	11.89	22.69	2.28	0.02	3.87	0.86	29.70	29.70	41.59
Residential -- A1(b)	0.4kV	43	53	12	14	11.89	40.97	4.11	0.03	6.98	0.60	52.68	52.68	64.57
Commercial -- A2(a)	0.2kV	119	146	57	70	11.89	71.93	7.22	0.05	12.25	0.86	92.30	92.30	104.19
Commercial -- A2(b)	0.4kV	0	0	-	-	11.89	-	-	-	-	-	-	-	11.89
Commercial -- A2(c)	0.4kV	167	206	36	44	11.89	32.29	3.24	0.02	5.50	0.60	41.65	41.65	53.54
Commercial -- A2(d)	0.4kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4	5	5	6	11.89	174.41	17.50	0.12	29.71	0.86	222.60	222.60	234.49
Industrial -- B2(a)	0.4kV	0	0	0	0	11.89	35.06	3.52	0.02	5.97	0.60	45.17	45.17	57.06
Industrial -- B1(b)	0.4kV	63	78	19	23	11.89	44.74	4.49	0.03	7.62	0.60	57.48	57.48	69.37
Industrial -- B2(b)	0.4kV	415	511	81	100	11.89	29.63	2.97	0.02	5.05	0.60	38.27	38.27	50.16
Industrial -- B3	11kV	463	526	50	57	10.95	14.94	1.50	0.01	2.53	0.60	19.59	19.59	30.53
Industrial -- B4	132/66kV	159	163	16	16	9.91	12.66	1.27	0.01	0.96	0.51	15.41	15.41	25.33
Bulk Supply -- C1(a)	0.2kV	0	0	0	0	11.89	34.84	3.50	0.02	5.94	0.86	45.15	45.15	57.04
Bulk Supply -- C1(b)	0.4kV	4	5	1	1	11.89	42.31	4.25	0.03	7.21	0.60	54.38	54.38	66.27
Bulk Supply -- C2(a)	11kV	8	9	1	1	10.95	21.69	2.18	0.01	3.68	0.60	28.16	28.16	39.11
Bulk Supply -- C3(a)	132/66kV	13	14	3	3	9.91	28.16	2.83	0.02	2.14	0.51	33.65	33.65	43.56
Bulk Supply -- C1(c)	0.4kV	23	28	4	4	11.89	23.28	2.34	0.02	3.97	0.60	30.19	30.19	42.08
Bulk Supply -- C2(b)	11kV	47	53	7	8	10.95	20.56	2.06	0.01	3.49	0.60	26.72	26.72	37.67
Bulk Supply -- C3(b)	132/66kV	4	4	1	1	9.91	19.15	1.92	0.01	1.46	0.51	23.05	23.05	32.97
Agricultural --D1(a)	0.4kV	1	1	0	0	11.89	16.66	1.67	0.01	2.84	0.60	21.78	21.78	33.67
Agricultural --D2(a)	0.4kV	2	2	1	1	11.89	78.67	7.90	0.05	13.40	0.60	100.62	100.62	112.51
Agricultural --D2(b)	0.4kV	107	131	35	43	11.89	49.69	4.99	0.03	8.47	0.60	63.78	63.78	75.67
Agricultural --D1(b)	0.4kV	92	113	10	12	11.89	16.37	1.64	0.01	2.79	0.60	21.40	21.40	33.29
Temp. Supply -- E1(i)	0.2kV	0	0	0	0	11.89	5.39	0.54	0.00	0.92	0.86	7.72	7.72	19.60
Temp. Supply -- E1(ii)	0.2kV	2	3	1	1	11.89	49.90	5.01	0.03	8.50	0.86	64.30	64.30	76.19
Temp. Supply -- E2	0.2kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Lighting -- G	0.4kV	27	33	3	3	11.89	15.45	1.55	0.01	2.63	0.60	20.23	20.23	32.12
Resident. Colonies --	11kV	3	4	1	1	10.95	45.42	4.56	0.03	7.70	0.60	58.31	58.31	69.26
Azad J. Kashmir - K1a	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
A3 General	0.4kV	283	349	46	56	11.89	24.26	2.43	0.02	4.13	0.60	31.44	31.44	43.33
Total		4,382	5,314	738	900	11.70	25.15	2.52	0.02	4.23	0.74	32.66	32.66	44.36



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table-25

Cost of Service FY 2025-26 (per kWh Purchased)														
Classes	Voltage Level	Energy GWh		Demand MW		Generation Cost		Transm	MOF	Distribution		Total Fixed Cost (Rs./kWh)	Fixed Cost Rs./kWh Purchased	Total Cost Rs./kWh Purchased
		Sold	Purchase	at Meter	at CDP	Energy (Rs./kWh)	Demand (Rs./kWh)	Cost (Rs./kWh)	Cost (Rs./kWh)	Demand (Rs./kWh)	cust. Cost (Rs./kWh)			
Residential -- A1(a)	0.2kV	2,332	2,875	351	432	9.64	18.40	1.85	0.01	3.14	0.70	24.09	24.09	33.74
Residential -- A1(b)	0.4kV	43	53	12	14	9.64	33.23	3.34	0.02	5.66	0.48	42.74	42.74	52.38
Commercial -- A2(a)	0.2kV	119	146	57	70	9.64	58.35	5.86	0.04	9.94	0.70	74.88	74.88	84.52
Commercial -- A2(b)	0.4kV	0	0	-	-	9.64	-	-	-	-	-	-	-	9.64
Commercial -- A2(c)	0.4kV	167	206	36	44	9.64	26.20	2.63	0.02	4.46	0.48	33.79	33.79	43.43
Commercial -- A2(d)	0.4kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4	5	5	6	9.64	141.48	14.20	0.10	24.10	0.70	180.58	180.58	190.22
Industrial -- B2(a)	0.4kV	0	0	0	0	9.64	28.44	2.85	0.02	4.85	0.48	36.65	36.65	46.29
Industrial -- B1(b)	0.4kV	63	78	19	23	9.64	36.29	3.64	0.03	6.18	0.48	46.63	46.63	56.27
Industrial -- B2(b)	0.4kV	415	511	81	100	9.64	24.04	2.41	0.02	4.10	0.48	31.05	31.05	40.69
Industrial -- B3	11kV	463	526	50	57	9.64	13.17	1.32	0.01	2.23	0.53	17.26	17.26	26.90
Industrial -- B4	132/66kV	159	163	16	16	9.64	12.32	1.24	0.01	0.94	0.49	14.99	14.99	24.64
Bulk Supply -- C1(a)	0.2kV	0	0	0	0	9.64	28.26	2.84	0.02	4.82	0.70	36.63	36.63	46.27
Bulk Supply -- C1(b)	0.4kV	4	5	1	1	9.64	34.32	3.44	0.02	5.85	0.48	44.12	44.12	53.76
Bulk Supply -- C2(a)	11kV	8	9	1	1	9.64	19.11	1.92	0.01	3.24	0.53	24.81	24.81	34.46
Bulk Supply -- C3(a)	132/66kV	13	14	3	3	9.64	27.39	2.75	0.02	2.08	0.49	32.73	32.73	42.37
Bulk Supply -- C1(c)	0.4kV	23	28	4	4	9.64	18.89	1.90	0.01	3.22	0.48	24.49	24.49	34.14
Bulk Supply -- C2(b)	11kV	47	53	7	8	9.64	18.12	1.82	0.01	3.07	0.53	23.55	23.55	33.19
Bulk Supply -- C3(b)	132/66kV	4	4	1	1	9.64	18.63	1.87	0.01	1.42	0.49	22.42	22.42	32.07
Agricultural -- D1(a)	0.4kV	1	1	0	0	9.64	13.52	1.36	0.01	2.30	0.48	17.67	17.67	27.32
Agricultural -- D2(a)	0.4kV	2	2	1	1	9.64	63.82	6.41	0.04	10.87	0.48	81.63	81.63	91.27
Agricultural -- D2(b)	0.4kV	107	131	35	43	9.64	40.31	4.05	0.03	6.87	0.48	51.74	51.74	61.38
Agricultural -- D1(b)	0.4kV	92	113	10	12	9.64	13.28	1.33	0.01	2.26	0.48	17.36	17.36	27.01
Temp. Supply -- E1(i)	0.2kV	0	0	0	0	9.64	4.38	0.44	0.00	0.75	0.70	6.26	6.26	15.90
Temp. Supply -- E1(ii)	0.2kV	2	3	1	1	9.64	40.48	4.06	0.03	6.90	0.70	52.16	52.16	61.80
Temp. Supply -- E2	0.2kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Lighting -- G	0.4kV	27	33	3	3	9.64	12.53	1.26	0.01	2.13	0.48	16.41	16.41	26.06
Resident. Colonies --	11kV	3	4	1	1	9.64	40.02	4.02	0.03	6.79	0.53	51.38	51.38	61.02
Azad J. Kashmir - K1a	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
A3 General	0.4kV	283	349	46	56	9.64	19.68	1.98	0.01	3.35	0.48	25.50	25.50	35.15
Total		4,382	5,314	738	900	9.64	20.74	2.08	0.01	3.49	0.61	26.93	26.93	36.57



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table-26

Cost of Service FY 2025-26 (Impact of Losses on per kW or kWh basis)														
Classes	Voltage Level	Energy GWh		Demand MW		Generation Cost		Transm	MOF	Distribution		Total Fixed Cost (Rs./kW M)	Total Fixed Cost (Rs./kWh)	Total Cost (Rs./kWh)
		Sold	Purchase	at Meter	at CDP	Energy (Rs./kWh)	Demand (Rs./kW)	Cost (Rs./kW)	Cost (Rs./kW)	Demand (Rs./kW)	cust. Cost (Rs./kW)			
Residential -- A1(a)	0.2kV	2,332	2,875	351	432	2.24	2,374.07	238.27	1.64	404.47	89.69	3,108.14	5.61	7.85
Residential -- A1(b)	0.4kV	43	53	12	14	2.24	2,374.07	238.27	1.64	404.47	34.49	3,052.94	9.95	12.19
Commercial -- A2(a)	0.2kV	119	146	57	70	2.24	2,374.07	238.27	1.64	404.47	28.29	3,046.74	17.43	19.67
Commercial -- A2(b)	0.4kV	0	0	-	-	2.24	-	-	-	-	-	-	-	2.24
Commercial -- A2(c)	0.4kV	167	206	36	44	2.24	2,374.07	238.27	1.64	404.47	43.76	3,062.21	7.86	10.11
Commercial -- A2(d)	0.4kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4	5	5	6	2.24	2,374.07	238.27	1.64	404.47	11.67	3,030.12	42.02	44.27
Industrial -- B2(a)	0.4kV	0	0	0	0	2.24	2,374.07	238.27	1.64	404.47	40.30	3,058.75	8.53	10.77
Industrial -- B1(b)	0.4kV	63	78	19	23	2.24	2,374.07	238.27	1.64	404.47	31.58	3,050.03	10.85	13.10
Industrial -- B2(b)	0.4kV	415	511	81	100	2.24	2,374.07	238.27	1.64	404.47	47.68	3,066.13	7.23	9.47
Industrial -- B3	11kV	463	526	50	57	1.30	1,376.97	138.19	0.95	233.51	55.11	1,804.73	2.33	3.63
Industrial -- B4	132/66kV	159	163	16	16	0.27	286.32	28.74	0.20	21.80	11.43	348.48	0.42	0.69
Bulk Supply -- C1(a)	0.2kV	0	0	0	0	2.24	2,374.07	238.27	1.64	404.47	58.40	3,076.85	8.52	10.77
Bulk Supply -- C1(b)	0.4kV	4	5	1	1	2.24	2,374.07	238.27	1.64	404.47	33.40	3,051.85	10.27	12.51
Bulk Supply -- C2(a)	11kV	8	9	1	1	1.30	1,376.97	138.19	0.95	233.51	37.97	1,787.59	3.35	4.65
Bulk Supply -- C3(a)	132/66kV	13	14	3	3	0.27	286.32	28.74	0.20	21.80	5.14	342.19	0.92	1.19
Bulk Supply -- C1(c)	0.4kV	23	28	4	4	2.24	2,374.07	238.27	1.64	404.47	60.69	3,079.14	5.70	7.94
Bulk Supply -- C2(b)	11kV	47	53	7	8	1.30	1,376.97	138.19	0.95	233.51	40.05	1,789.68	3.18	4.48
Bulk Supply -- C3(b)	132/66kV	4	4	1	1	0.27	286.32	28.74	0.20	21.80	7.56	344.61	0.63	0.90
Agricultural -- D1(a)	0.4kV	1	1	0	0	2.24	2,374.07	238.27	1.64	404.47	84.78	3,103.23	4.11	6.36
Agricultural -- D2(a)	0.4kV	2	2	1	1	2.24	2,374.07	238.27	1.64	404.47	17.96	3,036.41	19.00	21.24
Agricultural -- D2(b)	0.4kV	107	131	35	43	2.24	2,374.07	238.27	1.64	404.47	28.43	3,046.88	12.04	14.28
Agricultural -- D1(b)	0.4kV	92	113	10	12	2.24	2,374.07	238.27	1.64	404.47	86.33	3,104.78	4.04	6.29
Temp. Supply -- E1(i)	0.2kV	0	0	0	0	2.24	2,374.07	238.27	1.64	404.47	377.17	3,395.62	1.46	3.70
Temp. Supply -- E1(ii)	0.2kV	2	3	1	1	2.24	2,374.07	238.27	1.64	404.47	40.78	3,059.23	12.14	14.38
Temp. Supply -- E2	0.2kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Lighting -- G	0.4kV	27	33	3	3	2.24	2,374.07	238.27	1.64	404.47	91.48	3,109.93	3.82	6.06
Resident. Colonies --	11kV	3	4	1	1	1.30	1,376.97	138.19	0.95	233.51	18.13	1,767.75	6.93	8.24
Azad J. Kashmir - K1a	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
A3 General	0.4kV	283	349	46	56	2.24	2,374.07	238.27	1.64	404.47	58.24	3,076.69	5.94	8.18
Total		4,382	5,314	738	900	2.05	2,238.95	224.70	211.90	376.60	65.77	3,117.93	6.73	7.79



HESCO
COST OF SERVICE STUDY FOR FY 2025-26

Table-27

Cost of Service FY 2025-26 (Impact of Losses on per kWh basis)														
Classes	Voltage Level	Energy GWh		Demand MW		Generation Cost		Transm	MOF	Distribution		Total Fixed Cost	Total Fixed Cost	Total Cost
		Sold	Purchase	at Meter	at CDP	Energy (Rs./kWh)	Demand (Rs./kWh)	Cost (Rs./kWh)	Cost (Rs./kWh)	Demand (Rs./kWh)	cust. Cost (Rs./kWh)	(Rs./kWh)	(Rs./kWh)	(Rs./kWh)
Residential -- A1(a)	0.2kV	2,332	2,875	351	432	2.24	4.28	0.43	0.00	0.73	0.16	5.61	5.61	7.85
Residential -- A1(b)	0.4kV	43	53	12	14	2.24	7.73	0.78	0.01	1.32	0.11	9.95	9.95	12.19
Commercial -- A2(a)	0.2kV	119	146	57	70	2.24	13.58	1.36	0.01	2.31	0.16	17.43	17.43	19.67
Commercial -- A2(b)	0.4kV	0	0	-	-	2.24	-	-	-	-	-	-	-	2.24
Commercial -- A2(c)	0.4kV	167	206	36	44	2.24	6.10	0.61	0.00	1.04	0.11	7.86	7.86	10.11
Commercial -- A2(d)	0.4kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Industrial -- B1(a)	0.2kV	4	5	5	6	2.24	32.92	3.30	0.02	5.61	0.16	42.02	42.02	44.27
Industrial -- B2(a)	0.4kV	0	0	0	0	2.24	6.62	0.66	0.00	1.13	0.11	8.53	8.53	10.77
Industrial -- B1(b)	0.4kV	63	78	19	23	2.24	8.45	0.85	0.01	1.44	0.11	10.85	10.85	13.10
Industrial -- B2(b)	0.4kV	415	511	81	100	2.24	5.59	0.56	0.00	0.95	0.11	7.23	7.23	9.47
Industrial -- B3	11kV	463	526	50	57	1.30	1.78	0.18	0.00	0.30	0.07	2.33	2.33	3.63
Industrial -- B4	132/66kV	159	163	16	16	0.27	0.35	0.03	0.00	0.03	0.01	0.42	0.42	0.69
Bulk Supply -- C1(a)	0.2kV	0	0	0	0	2.24	6.58	0.66	0.00	1.12	0.16	8.52	8.52	10.77
Bulk Supply -- C1(b)	0.4kV	4	5	1	1	2.24	7.99	0.80	0.01	1.36	0.11	10.27	10.27	12.51
Bulk Supply -- C2(a)	11kV	8	9	1	1	1.30	2.58	0.26	0.00	0.44	0.07	3.35	3.35	4.65
Bulk Supply -- C3(a)	132/66kV	13	14	3	3	0.27	0.77	0.08	0.00	0.06	0.01	0.92	0.92	1.19
Bulk Supply -- C1(c)	0.4kV	23	28	4	4	2.24	4.39	0.44	0.00	0.75	0.11	5.70	5.70	7.94
Bulk Supply -- C2(b)	11kV	47	53	7	8	1.30	2.45	0.25	0.00	0.41	0.07	3.18	3.18	4.48
Bulk Supply -- C3(b)	132/66kV	4	4	1	1	0.27	0.52	0.05	0.00	0.04	0.01	0.63	0.63	0.90
Agricultural --D1(a)	0.4kV	1	1	0	0	2.24	3.15	0.32	0.00	0.54	0.11	4.11	4.11	6.36
Agricultural --D2(a)	0.4kV	2	2	1	1	2.24	14.85	1.49	0.01	2.53	0.11	19.00	19.00	21.24
Agricultural --D2(b)	0.4kV	107	131	35	43	2.24	9.38	0.94	0.01	1.60	0.11	12.04	12.04	14.28
Agricultural --D1(b)	0.4kV	92	113	10	12	2.24	3.09	0.31	0.00	0.53	0.11	4.04	4.04	6.29
Temp. Supply -- E1(I)	0.2kV	0	0	0	0	2.24	1.02	0.10	0.00	0.17	0.16	1.46	1.46	3.70
Temp. Supply -- E1(II)	0.2kV	2	3	1	1	2.24	9.42	0.95	0.01	1.60	0.16	12.14	12.14	14.38
Temp. Supply -- E2	0.2kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Lighting -- G	0.4kV	27	33	3	3	2.24	2.92	0.29	0.00	0.50	0.11	3.82	3.82	6.06
Resident. Colonies --	11kV	3	4	1	1	1.30	5.40	0.54	0.00	0.92	0.07	6.93	6.93	8.24
Azad J. Kashmir - K1a	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Azad J. - K1b	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
Rawat Lab - K2	11kV	-	-	-	-	-	-	-	-	-	-	-	-	-
A3 General	0.4kV	283	349	46	56	2.24	4.58	0.46	0.00	0.78	0.11	5.94	5.94	8.18
Total		4,382	5,314	738	900	2.05	4.41	0.44	0.00	0.74	0.13	5.73	5.73	7.79

