LAHORE ELECTRIC SUPPLY COMPANY

OFFICE OF CHIEF EXECUTIVE OFFICER LESCO

22-A, Queens Road Lahore
www.lesco.gov.pk

REGISTRAR OFFICE
Diary No: 9123
Date: 11.8.25

SUB: RE-SUBMISSION OF PETITION IN RESPECT OF LESCO FOR DETERMINATION OF USE OF SYSTEM CHARGES FOR THE FY 2025-26

LESCO hereby submits its petition for determination of Use of System Charges/Grid Charges for FY 2025-26 in alignment with NEPRA Determination and in accordance with Rule 3 of the NEPRA (Tariff Standards and Procedure) Rules, 1998 (Tariff Rules) along with the fee prescribed for filing petition.

All previous petitions of LESCO for determination of Use of System Charges may kindly be considered as withdrawn.

For any clarification or additional information or any other matter relating to the said petition, Engr. M. Jaffer Murtaza (Director General MIRAD) LESCO (0370-4990065, email:dgmiradlesco@gmail.com) may be contacted please.

D.A:

i. Petition for determination of Use of System Charges FY 2025-26
ii. BoD Resolution
iii. Affidavit of CEO LESCO on E-Stamp paper worth Rs.100/-regarding the correctness, authenticity and accuracy of documents and information submitted
iv. Cheque as the applicable fee for filing the petition

Cheque of Rs. 112,666/-

Chief Executive Officer
LESCO

To:

Registrar,
National Electric Power Regulatory Authority (NEPRA)
Islamabad

Copy:

1. Chief Financial Officer, LESCO
2. Customer Servies Director LESCO
3. Chief Law Officer LESCO
4. Head (Market Operations), ISMO, Islamabad
5. Master File

No. 387-91 /MRD Dated 07/08/2025

DRO(I)

Forwarded please:

☑ For nec. action	☐ For information
☐ DG (Lic.)	☐ DG (Admn/HR)
☐ DG (M&E)	☐ DG (CAD)
☐ DG (Tech.)	☐ DG (ATC)
☐ ADG (Trf.)	☐ ADG (Fin.)
☐ SLA	☐ Dir. (I.T)
☐ Consult (Tech.)	☐ Consult (CTBCM)

For kind information, please.
1. Chairman 2. M (Tech)
3. M (Law) 4. M (Dev)

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
CHIEF FINANCIAL OFFICE LESCO HQ
22-A Queens Road Lahore.
Ph: 99204820-30 Ext. (130)
E-Mail: mcomlesco@gmail.com

Subject: **PAYMENT ON A/C OF PETITION FOR USE OF SYSTEM CHARGES (UoSC) FOR THE FY 2025-26 IN RESPECT OF LESCO**

A crossed cheque No.**26803471** dated 06.08.2025 amounting to Rs.1,121,666/- (Rupees eleven lac twenty one thousand six hundred sixty six only) on account of subject payment for the financial year 2025-26.

Kindly acknowledge its receipt

DA: Original Cheque no.26803471 dated 06.08.2025

Asstt. Manager (CA)
LESCO

To

Registrar, NEPRA
NEPRA, Tower Attaturk Avenue, G-5/I
Islamabad

Copy:
1. DG (MIRAD) LESCO.
2. Master file

No 328-30 dated 07 -08-2025

UNITED BANK LTD.
Queens Road Lahore
Queens Road Branch, Chowk Ganga Ram, Lahore. (1174)

Date 06 08 2025

Cheque No. 26803471

Pay National Electric Power Regulatory Autority or ~~bearer~~

Rupees One Million One Hundred Twenty-One Thousand Six Hundred Sixty-Six

PKR 1,121,666/-

Pakistani Rupees And Zero Paise*****

IBAN : PK75 UNIL 0112 1174 0030 0149

LESCO IMPREST A/C.

Signature Signature

Please do not write below this line.

⑈ 26803471⑈ 086117401121174003001 49⑈ 000⑈

LAHORE ELECTRIC SUPPLY COMPANY

PETITION FOR DETERMINATION OF

USE OF SYSTEM CHARGES (UoSC)

For The Year 2025-26

22 – A, QUEEN'S ROAD, LAHORE, PAKISTAN

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EXECUTIVE SUMMARY

1. 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.

2. In compliance of the Regulations and Regulatory Requirements, LESCO filed petition for determination of UoSC for FY 2023-24 on 31.01.23. Addendums were filed afterwards. Hearings were called by NEPRA. Now, as per recent amendments in the NE Plan and determined tariff for financial year FY2025-26, Petition for FY 2025-26 is being filed for the determination of the Use of System / Wheeling Charges for LESCO to the extent of grid charges only.

PETITIONER'S DETAILS

A. Petitioner

3. LESCO is a Public Company Limited by Shares, incorporated under Section 32 of the repealed Companies Ordinance 1984 (now Companies Act, 2017), having registered office at 22-A Queens Road, Lahore.

4. LESCO was established in execution of the approval of the Council of Common Interest which dates back in 1993, as part of the reforms by restructuring of Water and Power Development Authority (WAPDA) along with the then Area Electricity Boards.

5. Geographically, LESCO is located in the central part of Punjab. It has boundaries with the Gujranwala Electric Power Company Limited (GEPCO) in the north, Faisalabad Electric Supply Company Limited (FESCO) in the east and Multan Electric Power Company Limited (MEPCO) in the south. LESCO territory

encompasses 16,151.49 sq. km of area and covers the districts of Lahore, Nankana, Sheikhupura, Kasur, and Okara. At present, it has over 7 million consumers. It has been providing the Distribution Services since 2002 under the License issued by NEPRA.

6. There are less than 1% Bulk Power Consumers ("**BPCs**") in the overall consumer mix of LESCO; however, they consume around 26% of the overall electricity supply in the Territory of LESCO.

B. License Details:

7. On 01.04.2002, NEPRA granted the Distribution Licence bearing No. 03/DL/2002 to LESCO so as to engage in the distribution services and to make sale of electric power to consumers in the provided Service Territory and the Concession Territory for the period of 20 years from the date of issue of License. Before the expiry, LESCO submitted the application for renewal/ extension of the License under Regulation 13 of the NEPRA Licensing (Application, Modification, Extension and Cancellation) Procedure Regulations 2021. Pending the proceedings, by the orders dated 31.05.2022 and 13.12.2022, said License was provisionally renewed. Through letter dated 09.05.2023, the approval of the Authority has been conveyed for the grant of fresh Distribution Licence under Section 20 & 21 of the NEPRA Act, until 08.05.2043.

C. Key Representatives:

8. Chief Executive Officer LESCO, Chief Financial Officer LESCO and Director General MIRAD LESCO have, individually or jointly, been authorized by the LESCO Board of Directors to sign all necessary documents for filing of this Petition for Determination of the UoSC Petition, and also to appear before NEPRA as and when required.

GROUNDS OF PETITION:

9. Under Section 23 E (1) of NEPRA Act 1997, LESCO is the deemed Licensee for Supply of Electric Power. In such capacity, LESCO is required by the Open Access Regulations to seek determination of UoSC by NEPRA.

10. Hence, this Petition that is being submitted on the following grounds:

a) The request for determination of the Cost of Service in providing the open access / wheeling of its network, is being made after taking into consideration the provisions of the Open Access Regulations as well as the Clause 4.4, Clause 5.5.2(f), Clause 5.5.2(g), Clause 5.5.4, Clause 5.6.5 and Clause 5.6.7 of the National Electricity Policy 2021 ("**NE Policy**") and SD 87 and 88 of NE-Plan so as to ensure recovery of legitimate consideration for aforesaid facilities in accordance with the market practices.

b) As an integral part of consideration for provisions of the facilities include the determination of grid charges, including cross subsidy, for maintaining system to the BPCs who would serve the notice in terms of Section 22 (2) of the NEPRA Act and quit.

c) In making request, LESCO is aware of the fact that the Open access envisages non-discriminatory access to the transmission and distribution network. It enables the eligible BPCs to procure power at competitive price, to meet their demand, from suppliers other than supplier of last resort. However, LESCO is also considering the fact that under existing tariff regime, the BPCs are significant use of the electricity and contributes in the Revenue Requirements. Hence, it is believed that while making any determination, the Authority shall take into consideration all these factors (and such other those may crop during hearing) to ensure financial viability of LESCO.

LEGAL AND REGULATORY FRAMEWORK

11. The regulatory directions for the future competitive market, defines the role of the Petitioner. To state, LESCO is aware of the fact that the approved design of Competitive Trading and Bilateral Contract Market (CTBCM) provides the right of choice to the eligible BPCs to opt for any Supplier of Electric Power – whether the concept of Competitive Supplier as well as the Supplier of Last Resort (which is the Distribution Company). As such, role of LESCO shall be of the Distribution Company as well as the Supplier of Last Resort.

12. Keeping in view this role, the Petition is drafted and being filed in terms of the NEPRA Act, Open Access Regulations, NE Policy and NE-Plan as well as any other applicable document, as a mandatory stipulation for compliance by LESCO. For ease of reference, the following provisions are relied upon,

a) Section 2 (ii) of NEPRA Act which defines the Bulk-Power Consumer;

b) Definitions given in Regulations 2(1)(m) (*open access*), 2(1)(n) (*open access user*), 2(1)(r) (*use of system charges*) of the Open Access Regulations;

c) Provisions of Regulation 5 (Obligation to provide open access); Regulation 7 (Filing of petition and determination of use of system charges) and Regulation 8 (Wheeling of electric power) of the Open Access Regulations; and

d) Directions of the NE Policy and NE-Plan, as stated hereinafter.

DIRECTIONS IN NATIONAL ELECTRICITY POLICY AND NATIONAL ELECTRICITY PLAN

13. The Government of Pakistan has issued the NE Policy and NE Plan under Section 14-A of the NEPRA Act.

14. The provisions of said Policy are meant to provide for the development, reform, improvement and sustainability of the power market and power sector and

identifies the major goals sought to be achieved. It also provides key guiding principles to develop subservient frameworks that will steer the decision making in the power sector to achieve identified goals.

15. LESCO relies upon the NE Policy, in particular the clauses those appear to be directly and substantially relevant and applicable, as integral part of this Petition and therefore opts to reproduce them for quick & ready reference: –

Clause 4.4 (Financial Viability)

"*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 5.5.2 (Market Development & Operations):

"*The approved wholesale market design, its implementation and subsequent development takes into account the following:*

...

(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;

(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 Market Development & Operations):

"*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 5.6.5 (Cost of Service, Tariff & Subsidies):

"*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 (Cost of Service, Tariff & Subsidies):

"*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*

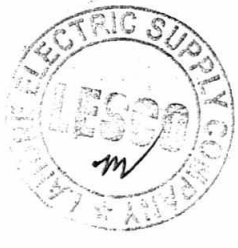
the Government. Further, the Government may announce, from time to time, various concessional packages to incentivize additional consumption to minimize such costs."

16. LESCO relies upon the NE Plan SD 87, in particular the strategic directives those appear to be directly and substantially relevant and applicable, as integral part of this Petition and therefore opts to reproduce them for quick & ready reference: –

SD 87 of National Electricity Plan:

Open access charge shall be recovered as per the following mechanism:

> *a) the grid charges shall include, but not limited to, the use of transmission and distribution system charges, market and system operator fee, metering service charges and cross subsidy. Such grid charges shall be imposed on a uniform basis upon all bulk power consumers and any other open access user to provide level playing field to equally placed bulk power consumers of the respective supplier of last resort.*
>
> *(b)(i) the frameworks / policy guidelines issued by the Federal Government, from time to time, stipulating the mechanism to deal with stranded costs on account of market liberalization and open access. The framework / policy guidelines shall be applicable for a period of five years and the quantum of demand allowed for wheeling under the framework / policy guideline shall be 800MW, such quantum may be revised by the Federal Government based on market realities and the need for further liberalization. The frameworks / policy guidelines shall: (A) reflect market realities; (B) include measures and incentives to facilitate open access / wheeling of an allowed quantum of demand for a given period under the Competitive Trading Bilateral Contract Market (CTBCM); (C) provide mechanism for a transparent competitive auction process for allocation of the allowed quantum and applicability of contribution to the stranded costs thereto; and (D) such other matters as deemed necessary to*



safeguard consumer interests and advance the economic and social policy objectives of the Federal Government. The Authority shall approve the competitive auction results within thirty days of submission by the Independent System and Market Operator of Pakistan (Guarantee) Limited (ISMO).

(b)(ii) in the event the framework / policy guidelines is not in field or the quantum of demand allowed for a particular period has been exhausted; or any person intends to avail open access without the competitive auction process stipulated in the frameworks / policy guidelines, then the Authority shall, on an application made by respective licensee or ISMO (as the case may be), determine other costs equal to the total generation capacity charges recovered from the equally placed bulk power consumers of the suppliers of last resort, either in a volumetric form (kWh) or through fixed charges. Such costs shall continue to be paid in the said manner till such time as may be reviewed by the Federal Government as per the procedure laid down in the applicable rules.

SD 88 of National Electricity Plan:

Prior to the CMOD, the Regulator shall determine open access charges in accordance with the provisions of Strategic Directive 087. Such charges shall only be applicable for the consumers opting for open access through national grid. Accordingly, the Regulator shall devise a robust framework to settle the inter-DISCO differentials on account of uniform open-access charges till the time of applicability of uniform tariff.

TECHNICAL AND FINANCIAL CONSIDERATIONS

17. Adjoining the purposes of CTBCM, directions of the NE Policy and stipulations of the legal and regulatory framework; following understandings are inferred:

a) LESCO, in its capacity as the network licensee is obligated to provide open access to its network to the open access users on non-discriminatory basis for purposes of wheeling of electric power.

b) In opinion of LESCO it shall have to serve as the Supplier of Last Resort even in cases of those electricity consumers who have either disengaged or are never engaged with the distribution network, requiring sale & purchase of power through LESCO, but could be captive or contracted with Competitive Supplier. Keeping a standby system for such non-consumers shall require guidelines from the Authority.

c) In consideration thereof, LESCO is entitled for recovery of charges (UoSC) in line with use of system agreement which, by law, require the determination of the Authority.

d) The UoSC shall include the charges/ fees related to the following,

i) Use of Transmission System, which includes the charges approved for the National and Provincial Grid Companies,

ii) Market Operator,

iii) System Operator,

iv) Metering Service Provider,

v) Use of Distribution System which includes the Distribution Margin charges,

vi) Cross-Subsidy,

vii) any other charges as determined by the Authority that may arise due to advent of the open access and market liberalization

18. With reference to the above elements of UoSC, following clarification shall apply for clarity of application:

a. For purposes of this Petition, LESCO has considered the charges for Use of Transmission System and fees / charges related to the System Operator and Metering Service Provider collectively in line with the existing institutional scheme and tariff determinations for the Transmission Companies. For reference, these charges shall hereinafter be called as **Grid Charges**.

b. The fee for Market Operator, determined and notified by NEPRA as the Market Operator Fee, from time to time.

c. The Grid Charges and Market Operator Fee are determined by NEPRA. These are invoiced to LESCO by CPPA. The amount is collected along with the bills and transferred to CPPA.

d. Cross Subsidy is included to ensure the recovery of 100% of the Revenue Requirement of LESCO, while keeping in consideration the directions enshrined through the NE Policy.

i) For Stranded Cost, it is clarified here 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 explained in the Market Commercial Code, therefore, such charges shall not be levied under these UoSC as requested under this instant Petition.

f. UoSC proposed in this Petition, and as shall be determined by NEPRA, shall be charged from the Competitive Supplier and any other open access user as a charge upon the eligible BPCs who would leave the market for wheeling.

g. Any taxes and surcharges as imposed by the Government shall be applicable.

19. The calculations of the Petition for determination of UoSC are appended as **Annex-1**.

FEATURES OF PETITION:

A. Basis of Calculation:

20. LESCO has carried out the Cost-of-Service study for the FY 2025 – 26 based on data utilized by LESCO for filing indexation of consumer end tariff for the period of FY 2025-26 under MYT control period 2023-24 to 2028. Moreover, the guidelines and instructions given by NEPRA and MO during different trainings / meetings have also been used while applying the FACOS Model. It is pertinent to mention that the Cost of Service Study (FY 2025-26) is an integral part of this petition and appended as **Annex-2**.

B. Method for Recovery

21. Since the UoSC include the fixed cost as a major component of the pass through element, therefore, the appropriate mode for recovery shall be as the fixed charge in terms of Rs./kW/Month to be invoiced to the Competitive Supplier. However, only problem foreseen by LESCO is that the quantum of the bill may overburden the consumer or the Competitive Supplier affecting timely recovery.

22. Considering the possibility of recovery of the UoSC on Rs./kWh basis, LESCO apprehends the revenue loss arising from low load factor of the eligible BPCs. On the other hand, the open access users could be benefitted for any favorable Energy or Capacity Imbalance in the Market. In any case, this option may not provide a balanced approach to promised sharing of risks and rewards under CTBCM regime.

23. UoSC recovery, as another option, can be considered to be effective through a **hybrid approach**, i.e. partly through fixed charge in terms of Rs./kW/Month and partly in terms of Rs./kWh. This 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 Supplier of Last Resort and Competitive Supplier, the recovery of UoSC may have same charging mechanism. 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.

24. LESCO has presented its working in Annex-1 on all the three options, stated above.

C. Adjustment/Indexation

25. 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 be made simultaneously.

D. Applicable Categories / Eligible BPCs

26. LESCO suggests and has accordingly worked out the UoSC on the basis that the BPCs eligible for the open access/ wheeling under the Open Access Regulations shall be the one having 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 at one premises.

27. In this regard, reliance is placed on the definition of BPCs as provided in the NEPRA Act and Consumer Service Manual. The BPCs in the consumer mix of LESCO fall in the categories of B-4, C-3, B-3, C-2, A2 and A-3.

OTHER IMPORTANT ASPECTS

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

A. Government Subsidies

29. 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 have not been considered.

B. Captive Power Producers and Users

30. A captive power producer / user using the LESCO network for wheeling of power to its own other unit at destination will be considered "Market Participant" in terms of Market Commercial Code and will be dealt with accordingly. The UoSC shall fully apply in manner applicable to any other eligible BPC.

31. The cases where captive generation and the consumption are at the same point and the consumer is taking additional supply from LESCO, as the SoLR, shall be considered as a regular consumer under the applicable Tariff according to the connected load. The quantum of additional sanctioned / contracted load (in terms of MW) shall be considered to determine its status as BPC in terms of the NEPRA Act. In case, such BPC choose to exercise option for a competitive supplier, the UoSC shall apply in full and LESCO may exercise the right to disconnect the supply as regular consumer.

32. In case of Captive Power Producer/ user supplying/ receiving electric power at same premises where LESCO network is not used, the UoSC shall not apply in anyway or manner.

C. Applicability of UoSC on New Eligible BPCs

33. The UoSC 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.

D. Applicability of UoSC on Non-Consumers

34. In opinion of LESCO it shall have to serve as the Supplier of Last Resort even in cases of those electricity consumers who have disengaged by serving the notice under Section 22 NEPRA Act but who would remain connected with the distribution network that has to be kept as standby by LESCO. For such situation, it is apprehended that LESCO might incur the additional cost. In this regard, however, further guidelines from the Authority are solicited.

Prayer:

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 LESCO's UoSC may very graciously be determined to the extent of grid charges only in the first stage, as estimated in **Annex-1**.

For stranded cost, the working has been done and attached in **Annex-2,** 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-1(i)

Cost of Service & Proposed Use of System Charges (Proposal I)

For Eligible BPC's (One MW & above at One Premise)

LESCO

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
											30.00%	70.00%
Consumption Category	Industrial				Industrial				Industrial -- B4			
Tariff Category	Industrial -- B4				Industrial -- B4				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	9.818			9.818	9.662			9.662				
Generation Cost - Capacity		17,920.29	19.213	19.213		17,637.15	18.910	18.910				
Transmission Charges		1,750.49	1.877	1.877		1,722.83	1.847	1.847	1,722.83	1.847	516.85	1.293
Market Operator's Fee		6.75	0.007	0.007		6.65	0.007	0.007				
Distribution Use of System		3,949.49	4.234	4.234		3,887.09	4.168	4.168	3,887.09	4.168	1,166.13	2.917
Total Applicable Costs	9.818	23,627.02	25.332	35.150	9.662	23,253.71	24.932	34.594	5,609.92	6.015	1,682.98	4.210
Impact of allowed losses					0.155	373.31	0.400	0.555				
Total Cost of Service	9.818	23,627.02	25.332	35.150	9.818	23,627.02	25.332	35.150	5,609.92	6.015	1,682.98	4.210
Cross Subsidy				(2.479)				(2.479)	-	-		-
Average Applicable Tariff				32.671				32.671	5,609.92	6.015	1,682.98	4.210

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Bulk Supply				Bulk Supply				Bulk Supply -- C3(b)			
Tariff Category	Bulk Supply -- C3(b)				Bulk Supply -- C3(b)				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	9.818			9.818	9.662			9.662				
Generation Cost - Capacity		26,738.64	19.005	19.005		26,316.17	18.705	18.705				
Transmission Charges		2,611.88	1.856	1.856		2,570.62	1.827	1.827	2,570.62	1.827	771.19	1.279
Market Operator's Fee		10.08	0.007	0.007		9.92	0.007	0.007				
Distribution Use of System		5,899.92	4.193	4.193		5,806.70	4.127	4.127	5,806.70	4.127	1,742.01	2.889
Total Applicable Costs	9.818	35,260.52	25.062	34.880	9.662	34,703.41	24.666	34.328	8,377.32	5.954	2,513.19	4.168
Impact of allowed losses					0.155	557.12	0.396	0.551				
Total Cost of Service	9.818	35,260.52	25.062	34.880	9.818	35,260.52	25.062	34.880	8,377.32	5.954	2,513.19	4.168
Cross Subsidy				6.624				6.624	9,319.61	6.624		6.624
Average Applicable Tariff				41.504				41.504	17,696.92	12.578	2,513.19	10.792

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Commercial				Commercial				Commercial -- A2(c)			
Tariff Category	Commercial -- A2(c)				Commercial -- A2(c)				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.718			10.718	9.662			9.662				
Generation Cost - Capacity		7,902.79	16.036	16.036		7,124.62	14.457	14.457				
Transmission Charges		771.96	1.566	1.566		695.95	1.412	1.412	695.95	1.412	208.78	0.989
Market Operator's Fee		2.98	0.006	0.006		2.68	0.005	0.005				
Distribution Use of System		1,811.36	3.676	3.676		1,633.00	3.314	3.314	1,633.00	3.314	489.90	2.320
Total Applicable Costs	10.718	10,489.09	21.284	32.002	9.662	9,456.25	19.188	28.851	2,328.95	4.726	698.68	3.308
Impact of allowed losses					1.055	1,032.83	2.096	3.151	-	-	-	-
Total Cost of Service	10.718	10,489.09	21.284	32.002	10.718	10,489.09	21.284	32.002	2,328.95	4.726	698.68	3.308
Cross Subsidy				11.218				11.218	5,528.15	11.218		11.218
Average Applicable Tariff				43.220				43.220	7,857.10	15.944	698.68	14.526

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Industrial				Industrial				Industrial -- B3			
Tariff Category	Industrial -- B3				Industrial -- B3				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.433			10.433	9.662			9.662				
Generation Cost - Capacity		10,185.67	13.429	13.429		9,433.31	12.438	12.438				
Transmission Charges		994.96	1.312	1.312		921.47	1.215	1.215	921.47	1.215	276.44	0.850
Market Operator's Fee		3.84	0.005	0.005		3.55	0.005	0.005				
Distribution Use of System		2,394.47	3.157	3.157		2,217.61	2.924	2.924	2,217.61	2.924	665.28	2.047
Total Applicable Costs	10.433	13,578.94	17.903	28.336	9.662	12,575.94	16.581	26.243	3,139.07	4.139	941.72	2.897
Impact of allowed losses					0.771	1,003.00	1.322	2.093	-	-	-	-
Total Cost of Service	10.433	13,578.94	17.903	28.336	10.433	13,578.94	17.903	28.336	3,139.07	4.139	941.72	2.897
Cross Subsidy				4.857				4.857	1,968.69	4.857		4.857
Average Applicable Tariff				33.193				33.193	5,107.76	8.996	941.72	7.754

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Bulk Supply				Bulk Supply				Bulk Supply -- C2(a)			
Tariff Category	Bulk Supply -- C2(a)				Bulk Supply -- C2(a)				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.433			10.433	9.662			9.662				
Generation Cost - Capacity		10,315.88	12.625	12.625		9,553.91	11.693	11.693				
Transmission Charges		1,007.68	1.233	1.233		933.25	1.142	1.142	933.25	1.142	279.97	0.800
Market Operator's Fee		3.89	0.005	0.005		3.60	0.004	0.004				
Distribution Use of System		2,450.25	2.999	2.999		2,269.27	2.777	2.777	2,269.27	2.777	680.78	1.944
Total Applicable Costs	10.433	13,777.70	16.862	27.295	9.662	12,760.02	15.616	25.279	3,202.51	3.919	960.75	2.744
Impact of allowed losses					0.771	1,017.68	1.245	2.016				
Total Cost of Service	10.433	13,777.70	16.862	27.295	10.433	13,777.70	16.862	27.295	3,202.51	3.919	960.75	2.744
Cross Subsidy				16.398				16.398	8,351.02	16.398		16.398
Average Applicable Tariff				43.694				43.694	11,553.53	20.318	960.75	19.142

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Bulk Supply				Bulk Supply				Bulk Supply -- C2(b)			
Tariff Category	Bulk Supply -- C2(b)				Bulk Supply -- C2(b)				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.433			10.433	9.662			9.662				
Generation Cost - Capacity		10,848.26	11.327	11.327		10,046.97	10.491	10.491				
Transmission Charges		1,059.68	1.106	1.106		981.41	1.025	1.025	981.41	1.025	294.42	0.717
Market Operator's Fee		4.09	0.004	0.004		3.79	0.004	0.004				
Distribution Use of System		2,627.34	2.743	2.743		2,433.28	2.541	2.541	2,433.28	2.541	729.98	1.779
Total Applicable Costs	**10.433**	**14,539.38**	**15.181**	**25.615**	**9.662**	**13,465.44**	**14.060**	**23.723**	**3,414.68**	**3.565**	**1,024.41**	**2.496**
Impact of allowed losses					0.771	1,073.94	1.121	1.892				
Total Cost of Service	10.433	14,539.38	15.181	25.615	10.433	14,539.38	15.181	**25.615**	**3,414.68**	**3.565**	**1,024.41**	**2.496**
Cross Subsidy				16.340				16.340	6,946.57	16.340		16.340
Average Applicable Tariff				41.954				41.954	**10,361.26**	**19.905**	**1,024.41**	**18.835**

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	General				General				A3 General			
Tariff Category	A3 General				A3 General				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.718			10.718	9.662			9.662				
Generation Cost - Capacity		9,705.94	14.552	14.552		8,750.23	13.119	13.119				
Transmission Charges		948.10	1.421	1.421		854.74	1.281	1.281	854.74	1.281	256.42	0.897
Market Operator's Fee		3.66	0.005	0.005		3.30	0.005	0.005				
Distribution Use of System		2,256.76	3.383	3.383		2,034.54	3.050	3.050	2,034.54	3.050	610.36	2.135
Total Applicable Costs	**10.718**	**12,914.45**	**19.362**	**30.080**	**9.662**	**11,642.80**	**17.455**	**27.118**	**2,889.28**	**4.332**	**866.78**	**3.032**
Impact of allowed losses					1.055	1,271.65	1.907	2.962				
Total Cost of Service	**10.718**	**12,914.45**	19.362	30.080	**10.718**	**12,914.45**	19.362	**30.080**	**2,889.28**	**4.332**	**866.78**	**3.032**
Cross Subsidy				12.680				12.680	4,945.87	12.680		12.680
Average Applicable Tariff				42.760				42.760	**7,835.15**	**17.012**	**866.78**	**15.713**

Annex-1 (ii)

Cost of Service & Proposed Use of System Charges (Proposal II)

For Eligilble BPC's (One MW & above at One Premise)

FESCO

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Industrial				Industrial				Industrial -- B4			
Tariff Category	Industrial -- B4				Industrial -- B4				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	9.818			9.818	9.662			9.662				
Generation Cost - Capacity		17,920.29	19.213	19.213		17,637.15	18.910	18.910				
Transmission Charges		1,750.49	1.877	1.877		1,722.83	1.847	1.847	1,722.83	1.847	172.28	1.662
Market Operator's Fee		6.75	0.007	0.007		6.65	0.007	0.007				
Distribution Use of System		3,949.49	4.234	4.234		3,887.09	4.168	4.168	3,887.09	4.168	388.71	3.751
Total Applicable Costs	**9.818**	**23,627.02**	**25.332**	**35.150**	**9.662**	**23,253.71**	**24.932**	**34.594**	**5,609.92**	**6.015**	**560.99**	**5.413**
Impact of allowed losses					0.155	373.31	0.400	0.555				
Total Cost of Service	**9.818**	**23,627.02**	**25.332**	**35.150**	**9.818**	**23,627.02**	**25.332**	**35.150**	**5,609.92**	**6.015**	**560.99**	**5.413**
Cross Subsidy				(2.479)				(2.479)	-	-		-
Average Applicable Tariff				**32.671**				**32.671**	**5,609.92**	**6.015**	**560.99**	**5.413**

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Industrial				Industrial				Bulk Supply -- C3(b)			
Tariff Category	Bulk Supply -- C3(b)				Bulk Supply -- C3(b)				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	9.818			9.818	9.662			9.662				
Generation Cost - Capacity		26,738.64	19.005	19.005		26,316.17	18.705	18.705				
Transmission Charges		2,611.38	1.856	1.856		2,570.62	1.827	1.827	2,570.62	1.827	257.06	1.644
Market Operator's Fee		10.08	0.007	0.007		9.92	0.007	0.007				
Distribution Use of System		5,899.92	4.193	4.193		5,806.70	4.127	4.127	5,806.70	4.127	580.67	3.714
Total Applicable Costs	**9.818**	**35,260.52**	**25.062**	**34.880**	**9.662**	**34,703.41**	**24.666**	**34.328**	**8,377.32**	**5.954**	**837.73**	**5.359**
Impact of allowed losses					0.155	557.12	0.396	0.551				
Total Cost of Service	**9.818**	**35,260.52**	**25.062**	**34.880**	**9.818**	**35,260.52**	**25.062**	**34.880**	**8,377.32**	**5.954**	**837.73**	**5.359**
Cross Subsidy				6.624				6.624	9,319.61	6.624		6.624
Average Applicable Tariff				41.504				41.504	**17,696.92**	**12.578**	**837.73**	**11.983**

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Industrial				Industrial				Commercial -- A2(c)			
Tariff Category	Commercial -- A2(c)				Commercial -- A2(c)				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.718			10.718	9.662			9.662				
Generation Cost - Capacity		7,902.79	16.036	16.036		7,124.62	14.457	14.457				
Transmission Charges		771.96	1.566	1.566		695.95	1.412	1.412	695.95	1.412	69.59	1.271
Market Operator's Fee		2.98	0.006	0.006		2.68	0.005	0.005				
Distribution Use of System		1,811.36	3.676	3.676		1,633.00	3.314	3.314	1,633.00	3.314	163.30	2.982
Total Applicable Costs	**10.718**	**10,489.09**	**21.284**	**32.002**	**9.662**	**9,456.25**	**19.188**	**28.851**	**2,328.95**	**4.726**	**232.89**	**4.253**
Impact of allowed losses					1.055	1,032.83	2.096	3.151				
Total Cost of Service	**10.718**	**10,489.09**	**21.284**	**32.002**	**10.718**	**10,489.09**	**21.284**	**32.002**	**2,328.95**	**4.726**	**232.89**	**4.253**
Cross Subsidy				11.218				11.218	5,528.15	11.218		11.218
Average Applicable Tariff				**43.220**				**43.220**	**7,857.10**	**15.944**	**232.89**	**15.471**

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Industrial				Industrial				Industrial -- B3			
Tariff Category	Industrial -- B3				Industrial -- B3				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.433			10.433	9.662			9.662				
Generation Cost - Capacity		10,185.67	13.429	13.429		9,433.31	12.438	12.438				
Transmission Charges		994.96	1.312	1.312		921.47	1.215	1.215	921.47	1.215	92.15	1.093
Market Operator's Fee		3.84	0.005	0.005		3.55	0.005	0.005				
Distribution Use of System		2,394.47	3.157	3.157		2,217.61	2.924	2.924	2,217.61	2.924	221.76	2.631
Total Applicable Costs	**10.433**	**13,578.94**	**17.903**	**28.336**	**9.662**	**12,575.94**	**16.581**	**26.243**	**3,139.07**	**4.139**	**313.91**	**3.725**
Impact of allowed losses					0.771	1,003.00	1.322	2.093				
Total Cost of Service	**10.433**	**13,578.94**	**17.903**	**28.336**	**10.433**	**13,578.94**	**17.903**	**28.336**	**3,139.07**	**4.139**	**313.91**	**3.725**
Cross Subsidy				4.857				4.857	1,968.69	4.857		4.857
Average Applicable Tariff				**33.193**				**33.193**	**5,107.76**	**8.996**	**313.91**	**8.582**

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Industrial				Industrial				Bulk Supply -- C2(a)			
Tariff Category	Bulk Supply -- C2(a)				Bulk Supply -- C2(a)				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.433			10.433	9.662			9.662				
Generation Cost - Capacity		10,315.88	12.625	12.625		9,553.91	11.693	11.693				
Transmission Charges		1,007.68	1.233	1.233		933.25	1.142	1.142	933.25	1.142	93.32	1.028
Market Operator's Fee		3.89	0.005	0.005		3.60	0.004	0.004				
Distribution Use of System		2,450.25	2.999	2.999		2,269.27	2.777	2.777	2,269.27	2.777	226.93	2.500
Total Applicable Costs	**10.433**	**13,777.70**	**16.862**	**27.295**	**9.662**	**12,760.02**	**15.616**	**25.279**	**3,202.51**	**3.919**	**320.25**	**3.527**
Impact of allowed losses					0.771	1,017.68	1.245	2.016				
Total Cost of Service	**10.433**	**13,777.70**	**16.862**	**27.295**	**10.433**	**13,777.70**	**16.862**	**27.295**	**3,202.51**	**3.919**	**320.25**	**3.527**
Cross Subsidy				16.398				16.398	8,351.02	16.398		16.398
Average Applicable Tariff				43.694				43.694	**11,553.53**	**20.318**	**320.25**	**19.926**

Cost Assessment Level	Cost of Service (Inclusive of Energy Loss Impact)				Cost of Service (Separated Energy Loss Impact)				PROPOSED Use of System Charges (Proposal-1)			
Consumption Category	Industrial				Industrial				Bulk Supply -- C2(b)			
Tariff Category	Bulk Supply -- C2(b)				Bulk Supply -- C2(b)				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.433			10.433	9.662			9.662				
Generation Cost - Capacity		10,848.26	11.327	11.327		10,046.97	10.491	10.491				
Transmission Charges		1,059.68	1.106	1.106		981.41	1.025	1.025	981.41	1.025	98.14	0.922
Market Operator's Fee		4.09	0.004	0.004		3.79	0.004	0.004				
Distribution Use of System		2,627.34	2.743	2.743		2,433.28	2.541	2.541	2,433.28	2.541	243.33	2.287

Total Applicable Costs	**10.433**	**14,539.38**	15.181	25.615	**9.662**	**13,465.44**	**14.060**	**23.723**	**3,414.68**	**3.565**	**341.47**	**3.209**
Impact of allowed losses					0.771	1,073.94	1.121	1.892				
Total Cost of Service	**10.433**	**14,539.38**	15.181	25.615	**10.433**	**14,539.38**	**15.181**	**25.615**	**3,414.68**	**3.565**	**341.47**	**3.209**
Cross Subsidy				16.340				16.340	6,946.57	16.340		16.340
Average Applicable Tariff				41.954				41.954	**10,361.26**	**19.905**	**341.47**	**19.548**

Cost Assessment Level	**Cost of Service (Inclusive of Energy Loss Impact)**				**Cost of Service (Separated Energy Loss Impact)**				**PROPOSED Use of System Charges (Proposal-1)**			
Consumption Category	Industrial				Industrial				A3 General			
Tariff Category	A3 General				A3 General				MDI Based	Volumatric	Hybrid	
Functional Cost Element	Variable	Fixed		Total	Variable	Fixed		Total				
	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kWh	Rs./kW/ Month	Rs./kWh	Rs./kW/ Month	Rs./kWh
Generation Cost - Energy	10.718			10.718	9.662			9.662				
Generation Cost - Capacity		9,705.94	14.552	14.552		8,750.23	13.119	13.119				
Transmission Charges		948.10	1.421	1.421		854.74	1.281	1.281	854.74	1.281	85.47	1.153
Market Operator's Fee		3.66	0.005	0.005		3.30	0.005	0.005				
Distribution Use of System		2,256.76	3.383	3.383		2,034.54	3.050	3.050	2,034.54	3.050	203.45	2.745
Total Applicable Costs	**10.718**	**12,914.45**	19.362	30.080	**9.662**	**11,642.80**	**17.455**	**27.118**	**2,889.28**	**4.332**	**288.93**	**3.899**
Impact of allowed losses					1.055	1,271.65	1.907	2.962				
Total Cost of Service	**10.718**	**12,914.45**	19.362	30.080	**10.718**	**12,914.45**	**19.362**	**30.080**	**2,889.28**	**4.332**	**288.93**	**3.899**
Cross Subsidy				12.680				12.680	4,945.87	12.680		12.680
Average Applicable Tariff				42.760				42.760	**7,835.15**	**17.012**	**288.93**	**16.579**

LAHORE ELECTRIC SUPPLY COMPANY

The Life for Progress

Cost of Service Study

For the Tariff Control Period 2025-26

22/A QUEEN'S ROAD, LAHORE

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1. Cost of Service 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 (FACOS) is a model developed in MS Excel with the support of USAID for DISCO's for conducting Cost of Service Study. The methodology used to build the FACOS Model follows very closely the standards that are used internationally.

2. 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:

i. Functionalization
ii. Classification
iii. Allocation

3. Key Assumptions & Parameters:

1) Decision of the NEPRA Authority in the matter of request filed by Lahore Electric Supply Company (LESCO) for Adjustment/Indexation of tariff for FY 2025-26 under MYT dated 23.06.2025 taken considered as basis for:

i. Revenue requirement
ii. The projected energy received and energy sold
iii. The average monthly billing demand
iv. The Projected Number of consumer for stipulated categories
v. Model Year, Prior Year and Base year perceived as FY 2025-26, FY 2024-25 and FY 2023-24 respectively
vi. LESCO Line losses for the FY 2025-26 at 8.78% consisting of 132KV at 1.58%, 11KV at 5.36%, and 440V/220V at 1.84%

2) The coincidental peaks (CP12) have been used as allocation factor. CP12 was arrived based on LESCO's system peak on 11KV feeders for 12 months of FY2023-24, the then allocated among tariff categories based on sanctioned load.
3) For rate calculation the projected demand was considered in accordance with Power Market Survey of LESCO

Description	FY 2025-26	Source
Units Purchases (MkWh)	25,919	As per NEPRA DM Indexation/determination for FY 2025-26 stated above.
Units Sales (MkWh)	23,644	
Assessed T&D Losses	8.78%	As per NEPRA DM Indexation/determination for FY 2025-26 stated above.
Consumer Growth over Base Year	6.29%	
Average Monthly MDI (MW) (Coincidental at meter level)	3,991	The coincidental peaks (CP12) FY2024-25 (Actual) at CDP adjusted for losses to arrive at meter level, used as allocation factor for customer categories.
Avg Demand in June-2026	2,854	Demand Forecast (PMS) allocated to customer categories based on mix of FY2024-25 as above, after impact of losses at each voltage for calculation of fixed charge of Cost of Service. (Allocation is on monthly basis)
Avg. Monthly MDI Recorded (MW) FY2025-26	3,431	Only for those consumers where Fixed Charge (Rs./kW/M) is applicable as per NEPRA Determination.
Energy Charge (Rs/kWh)	10.59	Used as per NEPRA Determination FY 2025-26.
Capacity Charge (Rs/kW/Month)	8,859	
T.UoSC+MOF (Rs/kW/Month)	868.71	

4. Revenue Requirement:

According to the Section 6(u) of NFPRA Guidelines for determination of consumer end tariff, Revenue Requirement is the minimum amount of revenue required by a company to run its operations smoothly. Moreover, Section 13(b) elucidates that it comprises inter-alia of cost of power purchase, cost of transmitting such power, Distribution Margin (cost of capital for rate base, depreciation of assets and expenses for operation and maintenance). Further, the Section 16, explains for formula as under:

Revenue Requirement = Power Purchase Price (PPP) + Distribution Margin (DM) + Prior Year Adjustment (PYA)

$$RR_D = PPP_D + DM_D \pm PYA_D$$

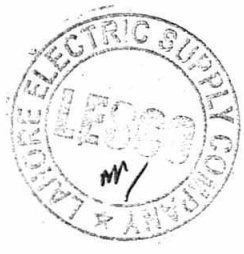


Table 1: Revenue Requirement (As per NEPRA determination dated 23-06-2025)

Description	FY 2025-26	
	Rs.mln	Rs/KWh
Units Received [MkWh]	25,919	
Units Sold [MkWh]	23,644	
Units Lost [MkWh]	2,276	
Units Lost [%]	8.78%	
Energy Transfer Charge	250,445	10.59
Capacity Transfer Charge	364,781	15.43
Transmission Charge/ MOF	35,770	1.51
Power Purchase Price	**650,996**	**27.53**
Pay & Allowances	27,976	1.18
Provision for Retirement Benefits	24,291	1.03
Maintenance	3,026	0.13
Other Expenses	6,433	0.27
Other Income	-12,990	-0.55
Depreciation	7,375	0.31
Return on Assets	14,038	0.59
Distribution Margin	**70,149**	**2.97**
Prior Year Adjustments (PYA)	16,072	0.68
TOTAL REVENUE REQUIRMENT	**737,216**	**31.18**

5. Cost of Service Analysis:

5.1. Customer Classification:

The customer categories mapped in line with the respective voltage levels. It is worth mentioning here that some of the tariff categories at different voltages level have been classified as under.

Table 2: Customer Classification with Voltage level:

Classification by Voltage Level			
Voltage			
132/66kV	**11kV**	**0.4kV**	**0.2 kV**
Industrial **B4**	Industrial **B3**	Residential **A1(b)**	Residential **A1(a)**
Single Point Supply **C3(a)**	Single Point Supply **C2(a)**	Commercial **A2(b)**	Commercial **A2(a)**
Single Point Supply **C3(b)**	Single Point Supply **C2(b)**	Commercial **A2(c)**	Industrial **B1(a)**
	Residential Colonies	Electric Vehicles	Single Point Supply

	H1	A2(d)	C1(a)
	Railway Traction **H2**	Industrial **B1(b)**	Temporary Supply **E1(i)**
		Industrial **B2(a)**	Temporary Supply **E1(ii)**
		Industrial **B2(b)**	Temporary Supply **E2**
		Single Point Supply **C1(b)**	
		Single Point Supply **C1(c)**	
		Agricultural **D1(a)**	
		Agricultural **D1(b)**	
		Agricultural **D2(a)**	
		Agricultural **D2(b)**	
		Public Lighting **G**	

Among this classification, the BPCs has been selected according to defined criteria i.e., Load of 1MW and above.

5.1. Functionalization:

These include identification of each cost element as one of the basic utility service "functions" including Generation, Transmission, and Distribution. Therefore, the cost elements stagged against each function as under.

Table 3: Functionalization of Utility Service:

Description	Generation	Transmission	Distribution
Energy Transfer Charge	✓		
Capacity Transfer Charge	✓		
Transmission Charge / MOF etc.		✓	
O&M			✓
Depreciation			✓
Return on Assets			✓
Other Income			✓
Prior Year Adjustment	✓		✓

5.2. Classification:

The classification of the functionalized costs based on the billing component/determinant that each is associated with i.e. kWs of capacity, kWhs of energy, and number of customers. The cost was classified according to minimum system classification coefficients.

Table 4: Classification of the Functionalized Costs:

Description	Rs. mln	Energy	Demand	Customer
Energy Charge	250,445	100%	0%	0%
Capacity Charge	364,781	0%	100%	0%

Transmission Charge / MoF etc.	35,770	0%	100%	0%
Total PPP Cost	**650,996**	**38%**	**62%**	**0%**
Billing, Collection & Sales Expense	646	0%	0%	100%
Other O&M	61,079	0%	86%	14%
Total O&M Cost	**61,725**	0%	**85%**	**15%**
Other Income	-12,990	0%	92%	8%
Depreciation	7,375	0%	83%	17%
Return on Assets	14,038	0%	83%	17%
Sub-Total	**8,423**	**0%**	**67%**	**33%**
Prior Year Adjustment	**16,072**	**0%**	**83%**	**17%**
Total Revenue Requirement	737,216	**34%**	**64%**	**2%**

5.1. Allocation:

The allocation of the functionalized and classified costs to voltage levels and customer classes was made based on each class's respective service requirements including kWs of capacity, kWhs of energy, and the number of customers. The Voltage and customer categories wise cost allocation is detailed as under:

Table 5: Functionalized Cost by Voltage Level Customer Classification:

Line No	Voltage Class	Customer	Sales	Demand	Generation Cost		Transmission	Distribution Cost		Total Cost
		No.	MkWh	MW	Energy (PKR.M)	Demand (PKR.M)	Demand (PKR.M)	Demand (PKR.M)	Customer (PKR.M)	(PKR.M)
1	0.2 kV	7,054,873	9,920	0	106,320	154,357	15,136	31,883	7,456	315,151
2	0.4kV	441,752	7,556	0	80,981	116,334	11,408	24,029	3,928	236,681
3	11kV	1,665	4,207	0	43,889	55,972	5,489	11,178	2,164	118,691
4	132/66 kV	73	1,961	0	19,255	38,117	3,738	4,693	890	66,693
	Sub Total	**7,498,363**	**23,644**	**0**	**250,445**	**364,781**	**35,770**	**71,783**	**14,438**	**737,216**

Table 6: Functionalized Rates by Voltage Level Customer Classification:

Line No	Voltage Class	Generation Tariff		Transmission Tariff	Distribution Tariff		Total Tariff
		Energy (Rs/kWh)	Demand (Rs/kW/Month)	Cost (Rs/kW/Month)	Demand (Rs/kW/Month)	Customer/Month	Energy (Rs/kWh)
1	0.2 kV	10.72	7,721.17	757.13	1,594.82	88	31.77
2	0.4kV	10.72	7,721.17	757.13	1,594.82	741	31.32
3	11kV	10.43	7,516.06	737.02	1,500.99	108,315	28.22
4	132/66 kV	9.82	7,072.64	693.53	870.79	1,013,307	34.00
	Sub Total	**10.59**	**7,616.30**	**746.85**	**1,498.76**	**160.45**	**31.18**

Table 7: Functionalized Cost by Existing Customer Classification:

Tariff	Voltage Class	Customer	Sales	Demand	Generation Cost		Transmission	Distribution Cost		Total Cost
		No.	MkWh	MW	Energy (PKR.M)	Demand (PKR.M)	Demand (PKR.M)	Demand (PKR.M)	Customer (PKR.M)	(PKR.M)
Residential										
A1(a)	0.2kV	6,551,389	9,174	1,096	98,330	139,631	13,692	27,477	6,896	286,026
A1(b)	0.4kV	192,920	1,353	193	14,506	26,247	2,574	5,165	704	49,196
Commercial										
A2(a)	0.2kV	497,076	645.2	117	6,915	13,678	1,341	2,692	485	25,111
A2(b)	0.4kV	521	14.4	3	154	292	29	57	7	539
A2(c)	0.4kV	73,876	1,294.1	219	13,870	20,753	2,035	4,084	673	41,415
A2(d)	0.4kV	0	0.0	0.00	0	0	0.0	0	0.0	0
Industrial										
B1(a)	0.2kV	5,696	18	8	189	789	77	155	13	1,224
B2(a)	0.4kV	3,005	18	5	188	489	48	96	9	830
B1(b)	0.4kV	43,390	466	79	4,997	8,914	874	1,754	242	16,782
B2(b)	0.4kV	21,144	2,273	294	24,363	34,727	3,405	6,834	1,182	70,511
B3	11kV	1,387	3,763	413	39,263	50,539	4,956	9,945	1,936	106,638
B4	132/66kV	57	1,636	146	16,065	31,440	3,083	6,187	742	57,518
Single Point Supply / Bulk										
C1(a)	0.2kV	9	13.70	0.01	146.80	0.50	0.05	0.10	10.29	158
C1(b)	0.4kV	123	1	0.16	14	17	2	3	1	38
C2(a)	11kV	51	70	7	731	884	87	174	36	1,912
C3(a)	132/66kV	0	0	0	0	0	0	0	0	0
C1(c)	0.4kV	140	24	2	262	225	22	44	13	566
C2(b)	11kV	70	366	32	3,817	4,144	406	815	188	9,371
C3(b)	132/66kV	16	325	19	3,190	6,175	606	1,215	147	11,334
Agricultural										
D1(a)	0.4kV	368	0	0.1	4	9	1	2	0	15
D2(a)	0.4kV	22,448	41	5	442	535	52	105	21	1,157
D2(b)	0.4kV	62,666	1,071	92	11,475	11,173	1,096	2,199	557	26,500
D1(b)	0.4kV	253	2	0	25	12	1	2	1	41
Temporary Supply/ General / Others										
E1(i)	0.2kV	78	0.4	0	3.8	2	0.2	0.4	0.3	7
E1(ii)	0.2kV	607	50.6	5	542.1	632	62.0	124.4	38.0	1,398
E2	0.2kV	18	18.0	0	192.8	36	3.5	7.1	13.5	253
G	0.4kV	1,832	165.3	11	1,771.5	1,155	113.3	227.3	85.9	3,353
H1	11kV	157	7.5	2	78.4	186	18.2	36.6	3.9	323
H2	11kV	0	0.0	0	0.0	0.0	0.0	0.0	0.0	0
A3	0.4kV	19,066	831	104	8,909	12,096	1,186	2,380	432	25,003
Total		**7,498,363**	**23,644**	**2,854**	**250,445**	**364,781**	**35,770**	**71,783**	**14,438**	**737,216**

Table 8: Functionalized Rates by Existing Customer Classification:

Tariff	Voltage Class	Generation Tariff		Transmission Tariff	Distribution Tariff		Total Tariff
		Energy (Rs/kWh)	Demand (Rs/kW/Month)	Cost (Rs/kW/Month)	Demand (Rs/kW/Month)	Customer/Month	Energy (Rs/kWh)
Residential							
A1(a)	0.2kV	10.72	10,616.14	1,041.01	2,089.07	87.71	31.18
A1(b)	0.4kV	10.72	11,356.60	1,113.61	2,234.78	303.96	36.35
Commercial							
A2(a)	0.2kV	10.72	9,723.62	953.49	1,913.44	81.30	38.92
A2(b)	0.4kV	10.72	7,998.45	784.32	1,573.96	1,194.48	37.56
A2(c)	0.4kV	10.72	7,902.79	774.94	1,555.13	758.99	32.00

A2(d)	0.4kV	0.00	0.00	0.00	0.00	0.00	
Industrial							
B1(a)	0.2kV	10.72	8,668.51	850.02	1,705.82	193.62	69.49
B2(a)	0.4kV	10.72	8,156.09	799.78	1,604.98	253.37	47.24
B1(b)	0.4kV	10.72	9,448.85	926.54	1,859.37	465.56	35.99
B2(b)	0.4kV	10.72	9,832.64	964.18	1,934.90	4,657.93	31.02
B3	11kV	10.43	10,185.67	998.79	2,004.37	116,329.85	28.34
B4	132/66kV	9.82	17,920.29	1,757.24	3,526.41	1,078,798.52	35.15
Single Point Supply / Bulk							
C1(a)	0.2kV	10.72	6,852.01	671.90	1,348.36	95,321.14	11.52
C1(b)	0.4kV	10.72	8,827.76	865.64	1,737.15	473.96	27.88
C2(a)	11kV	10.43	10,315.88	1,011.56	2,029.99	58,436.72	27.30
C3(a)	132/66kV	0.00	0.00	0.00	0.00	0.00	
C1(c)	0.4kV	10.72	7,615.24	746.74	1,498.55	7,584.29	23.12
C2(b)	11kV	10.43	10,848.26	1,063.77	2,134.75	225,028.68	25.61
C3(b)	132/66kV	9.82	26,738.64	2,621.96	5,261.71	776,052.67	34.88
Agricultural							
D1(a)	0.4kV	10.72	7,801.60	765.02	1,535.22	39.66	45.98
D2(a)	0.4kV	10.72	8,644.74	847.69	1,701.14	79.66	28.03
D2(b)	0.4kV	10.72	10,090.81	989.49	1,985.70	740.24	24.75
D1(b)	0.4kV	10.72	5,263.72	516.15	1,035.81	396.81	17.71
Temporary Supply/ General / Others							
E1(i)	0.2kV	10.72	7,979.87	782.50	1,570.30	281.57	19.52
E1(ii)	0.2kV	10.72	9,782.51	959.26	1,925.03	5,219.38	27.65
E2	0.2kV	10.72	15,332.23	1,503.46	3,017.12	62,592.19	14.06
G	0.4kV	10.72	9,119.95	894.29	1,794.65	3,909.02	20.29
H1	11kV	10.43	6,855.78	672.27	1,349.10	2,050.82	43.00
H2	11kV	0.00	0.00	0.00	0.00	0.00	
A3	0.4kV	10.72	9,705.94	951.75	1,909.96	1,888.93	30.08
Total		**10.59**	**7,616.30**	**746.85**	**1,498.76**	**160.45**	**31.18**

Table 9: Volumetric Cost / Rates by Voltage Level Customer Classification:

Line No	Voltage Class	Sales	Allocated Cost			Fixed Charge	Variable Charge	Total Rate
		MkWh	Fixed Cost (PKR.M)	Variable Cost (PKR.M)	Total Cost (PKR.M)	Rs/kW/Month	Rs/kWh	Rs/kWh
1	0.2 kV	9,920	201,375	113,776	315,151	10,073.13	11.47	31.77
2	0.4kV	7,556	151,771	84,910	236,681	10,073.13	11.24	31.32
3	11kV	4,207	72,639	46,052	118,691	9,754.06	10.95	28.22
4	132/66 kV	1,961	46,548	20,145	66,693	8,636.96	10.27	34.00
Total		**23,644**	**23,644**	**472,334**	**264,883**	**737,216**	**9,861.91**	**31.18**

Table 10: Volumetric Rates by Existing Customer Classification:

Tariff	Voltage Class	Sales	Allocated Cost			Fixed Charge	Variable Charge	Total Rate
		MkWh	Fixed Cost (PKR.M)	Variable Cost (PKR.M)	Total Cost (PKR.M)	Rs/kW/Month	Rs/kWh	Rs/kWh
Residential								
A1(a)	0.2kV	9,174	180,799	105,226	286,026	13,746.22	11.47	31.18
A1(b)	0.4kV	1,353	33,986	15,210	49,196	14,704.99	11.24	36.35
Commercial								
A2(a)	0.2kV	645	17,710	7,400	25,111	12,590.55	11.47	38.92

A2(b)	0.4kV	14	378	161	539	10,356.72	11.24	37.56
A2(c)	0.4kV	1,294	26,872	14,543	41,415	10,232.86	11.24	32.00
A2(d)	0.4kV	0.0	0.0	0.0	0	0.00	0.00	0.00
Industrial								
B1(a)	0.2kV	18	1,022	202	1,224	11,224.35	11.47	69.49
B2(a)	0.4kV	18	633	197	830	10,560.84	11.24	47.24
B1(b)	0.4kV	466	11,542	5,239	16,782	12,234.76	11.24	35.99
B2(b)	0.4kV	2,273	44,966	25,544	70,511	12,731.71	11.24	31.02
B3	11kV	3,763	65,440	41,198	106,638	13,188.83	10.95	28.34
B4	132/66kV	1,636	40,710	16,808	57,518	23,203.93	10.27	35.15
Single Point Supply / Bulk								
C1(a)	0.2kV	13.7	1	157	158	8,872.27	11.47	11.52
C1(b)	0.4kV	1.4	22	15	38	11,430.56	11.24	27.88
C2(a)	11kV	70.0	1,145	767	1,912	13,357.44	10.95	27.30
C3(a)	132/66kV	0.0	0	0	0	0.00	0.00	0.00
C1(c)	0.4kV	24.5	291	275	566	9,860.53	11.24	23.12
C2(b)	11kV	365.8	5,366	4,005	9,371	14,046.78	10.95	25.61
C3(b)	132/66kV	324.9	7,996	3,338	11,334	34,622.31	10.27	34.88
Agricultural								
D1(a)	0.4kV	0.3	12	4	15	10,101.84	11.24	45.98
D2(a)	0.4kV	41.3	693	464	1,157	11,193.57	11.24	28.03
D2(b)	0.4kV	1,070.7	14,468	12,032	26,500	13,066.00	11.24	24.75
D1(b)	0.4kV	2.3	15	26	41	6,815.69	11.24	17.71
Temporary Supply/ General / Others								
E1(i)	0.2kV	0.4	3	4	7	10,332.67	11.47	19.52
E1(ii)	0.2kV	50.6	818	580	1,398	12,666.80	11.47	27.65
E2	0.2kV	18.0	47	206	253	19,852.81	11.47	14.06
G	0.4kV	165.3	1,496	1,857	3,353	11,808.89	11.24	20.29
H	11kV	7.5	241	82	323	8,877.15	10.95	43.00
A3	0.4kV	831.22	15,661.82	9,341.05	25,002.87	12,567.66	11.24	30.08
Total		**23,644**	**472,334**	**264,883**	**737,216**	**9,861.91**	**11.20**	**31.18**

Table 11: Unbundled Cost/ Rates by Voltage Level Customer Classification:

Sr.No.	Voltage Class	Sales MkWh	Generation Cost(PKR.M)	Transmission Cost(PKR.M)	Distribution Cost(PKR.M)	Generation per kWh	Transmission per kWh	Distribution per kWh	Total Rate per kWh
1	0.2 kV	9,920	260,676	15,136	39,339	26.28	1.53	3.97	31.77
2	0.4kV	7,556	197,316	11,408	27,957	26.11	1.51	3.70	31.32
3	11kV	4,207	99,861	5,489	13,342	23.74	1.30	3.17	28.22
4	132/66 kV	1,961	57,373	3,738	5,583	29.25	1.91	2.85	34.00
Total		**23,644**	**615,226**	**35,770**	**86,220**	**26.02**	**1.51**	**3.65**	**31.18**

Table 12: Unbundled Cost/ Rates by Existing Customer Classification:

Tariff	Voltage Class	Sales MkWh	Generation Cost(PKR.M)	Transmission Cost(PKR.M)	Distribution Cost(PKR.M)	Generation per kWh	Transmission per kWh	Distribution per kWh	Total Rate per kWh
Residential									
A1(a)	0.2kV	9,174	237,961	13,692	34,373	25.94	1.49	3.75	31.18
A1(b)	0.4kV	1,353	40,753	2,574	5,869	30.11	1.90	4.34	36.35
Commercial									
A2(a)	0.2kV	645	20,593	1,341	3,176	31.92	2.08	4.92	38.92
A2(b)	0.4kV	14	446	29	65	31.04	1.99	4.52	37.56
A2(c)	0.4kV	1,294	34,623	2,035	4,757	26.75	1.57	3.68	32.00
A2(d)	0.4kV	0.0	0	0.00	0	0.00	0.00	0.00	0.00
Industrial									
B1(a)	0.2kV	18	978	77	168	55.53	4.39	9.57	69.49
B2(a)	0.4kV	18	677	48	105	38.52	2.73	5.99	47.24
B1(b)	0.4kV	466	13,911	874	1,997	29.84	1.87	4.28	35.99
B2(b)	0.4kV	2,273	59,090	3,405	8,016	26.00	1.50	3.53	31.02
B3	11kV	3,763	89,802	4,956	11,881	23.86	1.32	3.16	28.34
B4	132/66kV	1,636	47,506	3,083	6,929	29.03	1.88	4.23	35.15
Single Point Supply / Bulk									
C1(a)	0.2kV	13.7	147	0.05	10	10.75	0.00	0.76	11.52
C1(b)	0.4kV	1	32	2	4	23.57	1.26	3.05	27.88
C2(a)	11kV	70	1,615	87	210	23.06	1.24	3.00	27.30
C3(a)	132/66kV	0	0	0	0	0.00	0.00	0.00	0.00
C1(c)	0.4kV	24	487	22	57	19.90	0.90	2.33	23.12
C2(b)	11kV	366	7,961	406	1,004	21.76	1.11	2.74	25.61
C3(b)	132/66kV	325	9,366	606	1,363	28.82	1.86	4.19	34.88
Agricultural									
D1(a)	0.4kV	0.34	13	1	2	37.55	2.63	5.80	45.98
D2(a)	0.4kV	41	978	52	127	23.69	1.27	3.07	28.03
D2(b)	0.4kV	1,071	22,649	1,096	2,755	21.15	1.02	2.57	24.75
D1(b)	0.4kV	2	36	1	3	15.72	0.49	1.50	17.71
Temporary Supply/ General / Others									
E1(i)	0.2kV	0.4	6	0	1	16.94	0.61	1.98	19.52
E1(ii)	0.2kV	51	1,174	62	162	23.21	1.23	3.21	27.65
E2	0.2kV	18	229	4	21	12.72	0.20	1.15	14.06
G	0.4kV	165	2,927	113	313	17.71	0.69	1.90	20.29
H	11kV	8	264	18	40	35.18	2.43	5.38	43.00
A3	0.4kV	831	21,004	1,186	2,812	25.27	1.43	3.38	30.08
Total		**23,644**	**615,226**	**35,770**	**86,220**	**26.02**	**1.51**	**3.65**	**31.18**

5.2. Revenue, Cost of Service, and Cross Subsidies:

For the sake of analysis, LESCO used the GoP applicable Tariffs for various categories as notified by NEPRA dated 01.07.2025:

Table 13: Revenue (GOP) by Voltage Level Customer Classification:

Line No	Voltage Class	Sales	Revenue (GOP)				Avg. Tariff
		MkWh	Customer Charge (PKR)	Demand Charge (PKR)	Variable (PKR.M)	Total (PKR.M)	Rs/kWh
1	0.2 kV	9,920	7,141	0	286,990	294,131	29.65
2	0.4kV	7,556	3,108	23,464	261,564	288,136	38.13
3	11kV	4,207	4	15,980	127,660	143,644	34.15
4	132/66 kV	1,961	0	7,417	59,530	66,947	34.13
	Total	**23,644**	**10,254**	**46,861**	**735,744**	**792,859**	**33.53**

Line No	Voltage Class	Sales	Revenue (NEPRA)				Avg. Tariff
		MkWh	Customer Charge (PKR)	Demand Charge (PKR)	Variable (PKR.M)	Total (PKR.M)	Rs/kWh
1	0.2 kV	9,920	7,141	0	331,322	338,463	34.12
2	0.4kV	7,556	3,108	23,464	222,532	249,104	32.97
3	11kV	4,207	4	15,980	87,334	103,318	24.56
4	132/66 kV	1,961	0	7,417	38,914	46,331	23.62
	Total	**23,644**	**10,254**	**46,861**	**680,102**	**737,216**	**31.18**

Table 14: Revenue by Existing Customer Classification:

Tariff	Voltage Class	Sales	Revenue				Avg. Tariff (GOP)
		MkWh	Customer Charge (PKR)	Demand Charge (PKR)	Variable (PKR.M)	Total (PKR.M)	Rs/kWh
Residential							
A1(a)	0.2kV	9,174	1,069	0	258,214	259,283	28.26
A1(b)	0.4kV	1,353	2,315	0	56,486	58,801	43.45
Commercial							
A2(a)	0.2kV	645	5,965	0	24,155	30,120	46.68
A2(b)	0.4kV	14	0	67	571	638	44.42
A2(c)	0.4kV	1,294	0	8,279	47,653	55,932	43.22
A2(d)	0.4kV	0	0	0	0	0	
Industrial							
B1(a)	0.2kV	17.61	68	0	542	611	34.68
B2(a)	0.4kV	17.57	0	75	540	615	35.01
B1(b)	0.4kV	466	521	0	14,518	15,039	32.26
B2(b)	0.4kV	2,273	0	12,820	65,650	78,470	34.52
B3	11kV	3,763	0	14,320	110,596	124,916	33.19
B4	132/66kV	1,636	0	6,227	47,234	53,461	32.67
Single Point Supply / Bulk							
C1(a)	0.2kV	13.7	0	0	594	595	43.41
C1(b)	0.4kV	1	0	5	55	60	44.34
C2(a)	11kV	70	0	219	2,841	3,060	43.69

C3(a)	132/66kV	0	0	0	0	0	0.00
C1(c)	0.4kV	24	0	49	950	999	40.80
C2(b)	11kV	366	0	1,441	13,907	15,348	41.95
C3(b)	132/66kV	325	0	1,191	12,296	13,486	41.50
Agricultural							
D1(a)	0.4kV	0.34	0.00	0.00	13	13	39.87
D2(a)	0.4kV	41	0	59	1,766	1,825	44.23
D2(b)	0.4kV	1,071	0	2,107	30,886	32,993	30.82
D1(b)	0.4kV	2	0	3	70	73	31.51
Temporary Supply/ General / Others							
E1(i)	0.2kV	0.351	2	0	20	22	63.28
E1(ii)	0.2kV	51	36	0	2,703	2,740	54.16
E2	0.2kV	18	1	0	760	761	42.31
G	0.4kV	165	44	0	7,092	7,136	43.17
H	11kV	8	4	0	316	320	42.60
A3	0.4kV	831	229	0	35,314	35,543	42.76
Total		**23,644**	**10,254**	**46,861**	**735,744**	**792,859**	**33.53**

5.1. Cross Subsidy Charge:

A cross subsidy, which occurs when one class or group of electricity consumers is charged a higher price to provide a subsidy to another class of electricity consumers who are charged a lower price. The cross-subsidy charge (CSC) will the amount that will be lost if the BPCs opts for any other competitive supplier. To arrive at the CSC, the Revenue based on GoP applicable Tariffs for various categories and Cost of Service for each eligible tariff categories are compared. The following formula has been used:

Cross-Subsidy Charge = (Revenue as per GOP – Cost of Service)

Table 15: (Subsidy)/Cross Subsidy by Voltage Level Customer Classification:

Line No	Voltage Class	Sales	CoS	Avg. Tariff (GOP)	GOP Tariff - (Subsidy)/Cross Subsidy
		MkWh	Rs/kWh	Rs/kWh	Rs/kWh
1	0.2 kV	9,920	31.77	29.65	-2.12
2	0.4kV	7,556	31.32	38.13	6.81
3	11kV	4,207	28.22	34.15	5.93
4	132/66 kV	1,961	34.00	34.13	0.13
Total		**23,644**	**31.18**	**33.53**	**2.35**

Table 16: (Subsidy)/Cross Subsidy by Existing Customer Classification:

Tariff	Voltage Class	Sales	CoS	Avg. Tariff (GOP)	GOP Tariff - (Subsidy)/Cross Subsidy
		MkWh	Rs/kWh	Rs/kWh	Rs/kWh
Residential					
A1(a)	0.2kV	9,174	31.18	28.26	-2.91
A1(b)	0.4kV	1,353	36.35	43.45	7.10
Commercial					
A2(a)	0.2kV	645	38.92	46.68	7.76
A2(b)	0.4kV	14	37.56	44.42	6.86
A2(c)	0.4kV	1,294	32.00	43.22	11.22
A2(d)	0.4kV	0	0.00	0.00	0.00
Industrial					
B1(a)	0.2kV	17.61	69.49	34.68	-34.81
B2(a)	0.4kV	17.57	47.24	35.01	-12.23
B1(b)	0.4kV	466	35.99	32.26	-3.74
B2(b)	0.4kV	2,273	31.02	34.52	3.50
B3	11kV	3,763	28.34	33.19	4.86
B4	132/66kV	1,636	35.15	32.67	-2.48
Single Point Supply / Bulk					
C1(a)	0.2kV	14	11.52	43.41	31.89
C1(b)	0.4kV	1.4	27.88	44.34	16.45
C2(a)	11kV	70	27.30	43.69	16.40
C3(a)	132/66kV	0	0.00	0.00	0.00

C1(c)	0.4kV	24	23.12	40.80	17.68
C2(b)	11kV	366	25.61	41.95	16.34
C3(b)	132/66kV	325	34.88	41.50	6.62
Agricultural					
D1(a)	0.4kV	0.34	45.98	39.87	-6.11
D2(a)	0.4kV	41	28.03	44.23	16.20
D2(b)	0.4kV	1,071	24.75	30.82	6.06
D1(b)	0.4kV	2	17.71	31.51	13.79
Temporary Supply/ General / Others					
E1(i)	0.2kV	0.351	19.520	63.278	43.758
E1(ii)	0.2kV	50.581	27.648	54.165	26.517
E2	0.2kV	17.988	14.065	42.306	28.241
G	0.4kV	165.285	20.288	43.173	22.885
H	11kV	7.512	42.996	42.600	-0.396
A3	0.4kV	831.219	30.080	42.760	12.680
Total		**23,644**	**31.18**	**33.53**	**2.35**

5.1. Tariff Options:

i. Volumetric (Rs./kWh):

Use of system charges 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 (Annex-1).

ii. Based on Demand (Rs./kW/Month):

Use of system charges 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 (Annex-1).

iii. Hybrid Model:

Use of system charges recovery through a hybrid approach, i.e. partly through fixed charge in terms of Rs./kW/Month based on Demand and partly in terms of Rs./kWh may provide a balanced plausible approach for all the involved parties. It is submitted that, to ensure level playing field for consumers of SOLR and Competitive Supplier, the recovery of use of system charges may have same charging mechanism (Annex-1).

- **Proposal-I**

  In the hybrid proposal, it has been assumed that 70% of the use of system charges would be recovered through Rs./kWh, and 30% of the cost would be recovered through Rs./kW/Month.

- **Proposal-II**

  In the hybrid proposal, it has been assumed that 90% of the use of system charges would be recovered through Rs./kWh, and 10% of the cost would be recovered through Rs./kW/Month.

Other Important Aspects:

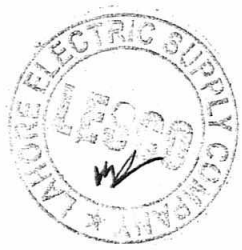
- The above Cost of Service Study Report (FY 2025-26) is a sincere human effort to arrive at judicious assessment of functional (generation, transmission, market operator, distribution and customer services) costs for each category of consumers demonstrating the needs and parameters associated with relevant 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 realistically elaborate, professionally structured in line with international

LAHORE ELECTRIC SUPPLY COMPANY LESCO

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, without any prejudice and have been disclosed in details to the extent possible.
- 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.
- The impact of loss has been also presented separately only, excluding energy charge.

----End---



LAHORE ELECTRIC SUPPLY COMPANY LIMITED

OFFICE OF THE COMPANY SECRETARY

EXTRACT MINUTES OF 257TH MEETING OF BOARD OF DIRECTORS OF LAHORE ELECTRIC SUPPLY COMPANY (LESCO) HELD ON 10TH FEBRUARY, 2023

A meeting of Board of Directors of Lahore Electric Supply Company (the Company/LESCO) was held on Friday, 10th February, 2023, at 10:00 a.m., at 22-A Queens Road, Lahore. The Extract minutes on the subject meeting are given hereunder for necessary compliance and action.

Agenda Item No. 05
To Consider and Approve the Consumer End Multiyear Tariff Petition for FY 2023-24 to FY 2027-28 along with its assumptions and the revenue requirement.

RESOLUTION:
RESOLVED that approval is hereby accorded by the Board to file Company's annual Multiyear Tariff Petitions for Distribution of Power Tariff and Supply of Power Tariff for FY 2023-24 to FY 2027-28 for determination of revenue requirement, use of System Charges (open access) and consumer end tariff for various categories of consumers before National Electric Power Regulatory Authority (NEPRA).

RESOLVED that Chief Executive Officer LESCO along with GM/Technical Director, GM /Operation Director, Chief Financial Officer, Customer Services Director, Human Resource Director, Chief Law Officer, DG (IT), DG (MIRAD), and DG (Admn) are hereby authorized :-

a) *To sign individually or jointly the necessary documents for filing of Multiyear tariff petitions for DOP, SOP and UOSC (Open access) for a tariff control period FY 2023-24 to FY 2027-28.*

b) *To file subsequent review petitions after the determinations on the said applications during tariff control period, if any.*

c) *To pay the necessary tariff petitions filing fees.*

d) *To appear before the Authority as needed and do all acts necessary for completion and processing of the applications.*

(Responsibility to execute this decision – CFO)

Awais Yasin
(Company Secretary)

The extract minutes are being issued provisionally in the best interest of work on the request of the management The complete minutes of this meeting would be issued in due course of time after approval of the Board and other codal formalities

E-STAMP

ID : PB-LHR-827AFF95C533AE28
Type : Low Denomination
Amount : Rs 100/-

Scan for online verification

SYED ASGHAR ABBAS RIZVI
142 Stamp Vendor
Mob 0309-2592627 LICENCE # 345
Serial No ____ Date ____ Amount 100
This Stamp Paper is Not Issued For any Sale & Purchase of Property Sign

Description : CERTIFICATE OR OTHER DOCUMENT - 19
Applicant : CEO LESCO [10000-0000000-0]
Representative From : CEO LESCO
Agent : FAHEEM IQBAL [35301-1990717-7]
Address : LAHORE
Issue Date : 7-Aug-2025 8:50:45 AM
Delisted On/Validity : 14-Aug-2025
Amount in Words : One Hundred Rupees Only
Reason : IN FAVOR OF NEPRA
Vendor Information : syed asghar Abbas Rizwi | PB-LHR-345 | Nawaz Sharif Colony

نوٹ یہ ٹرانزیکشن تاریخ اجرا سے سات دنوں تک کیے جانے قابل استعمال ہے۔ای اسٹامپ کی تصدیق بذریعہ ویب سائٹ،کیو آر کوڈ سے کی جا سکتی ہے۔

Ch. Moeen Sultan
ATTESTED
CH. MOEEN SULTAN
Oath Commissioner
Lahore High Court

AFFIDAVIT

I, Muhammad Ramzan S/o Taj Din, Chief Executive Officer Lahore Electric Supply Company Limited (LESCO) having CNIC No.35202-9028955-7, being duly authorized representative / attorney of Lahore Electric Supply Company Limited (LESCO), 22-A, Queens Road, Lahore, solemnly affirm and testify that the contents of application for filing petition for determination of Use of System Charges FY 2025-26 and annexed documents are true and correct to the best of my knowledge, belief on the basis of provided confirmations by the concerned formations put before me; and further declare that:

1. I am the Chief Executive Officer of the Lahore Electric Supply Company Limited (LESCO) and fully aware of the affairs of the Company particularly to endorse petition for determination of Use of System Charges FY 2025-26 under MYT regime.

2. Whatsoever stated in the application and accompanied documents is true and nothing has been concealed.

Deponent

Engr. Muhammad Ramzan
Chief Executive Officer
LESCO