

Subject: Five Years Distribution Investment Plan (DIP) submitted by Peshawar Electric Supply Company (PESCO) for FY 2025-26 to FY 2029-30

The issues framed for the hearing of PESCO are as follows:

- i. Whether the energy (GWh) and power (MW) demand forecasts are justified? PESCO to provide the consumer category wise peak demand (MW) and energy (GWh) growth projections and associated growth rate considered during the period of FY 2025-26 to FY 2029-30. Whether the transmission and distribution investments are aligned with IGCEP and TSEP.
- ii. Whether the growth projections/growth rates and the associated investments with regards to the Hazara circle I & II of PESCO (proposed to be HAZECO) are include in the submitted DIP?
- iii. Whether the TESCO's proposed plans for network segregation have been accounted for in PESCO's growth projections/growth rates and the associated investments?
- iv. PESCO is required to justify the under-utilization of allowed investments head wise/project-wise in the previous DIP FY 2020-21 to FY 2024-25? What are the impacts of utilized investment on performance targets in terms of T&D losses, recovery, SAIFI, SAIDI. Voltage Profile. Safety, etc?
- v. Whether the financing arrangements to undertake the proposed DIP of PKR 123,808 million are available with PESCO? Has the company explored and identified alternative commercial financing avenues as a contingency plan in case internal resources and public sector funding are unavailable?
- vi. Whether the claimed cost of PKR 28,422 million under the head of STG is justified? Whether the PC-I of STG projects have been approved by relevant forums? What are PESCO's plans for removal of the existing transmission network constraints? Also,
- vii. PESCO need to justify the spill over of the STG projects from previous investment plan and its impact on cost escalation of these projects?
- viii. Whether the claimed cost of PKR 22,395 million for expansion for Distribution of Power (DOP) and PKR 23,990 million for Energy Loss Reduction (ELR)/rehabilitation of common distribution system is justified? What will be the High Tension (HT) and Low Tension (LT) ratios after implementation of distribution investments and its impact on performance of PESCO?
- ix. Whether the claimed cost of PER 28,259 million (USD 101.65 million) under the head of the World Bank Project, including Asset Performance Management System (APMS), Aerial Bundled Cable (ABC) installation, Advance Metering Infrastructure (AMI), Geographic Information System (GIS) mapping, billing & IT infrastructure upgradation, technical assistance and etc. is justified? Whether, the PC-I of these projects is approved by Planning Commission?

- x. Whether the investment of PKR 9,785 claimed by PESCO for Functional Improvement Plan is justified? Which includes Commercial improvement, Financial Improvement Plan, Safety, Civil, Material Management, Admin & Services (A&S), Technical Services Wing (TSW), Legal, Finance, Operations, MIRAD, Communications, and Security improvement plans.
- xi. Whether the claimed T&D losses target ranging from 38.5% for FY 2025-26 to 35.5% for FY 2029-30 is justified? Whether the third-party study regarding T&D losses assessment has been carried out? How will the study's findings be integrated into the targets outlined in this DIP?
- xii. What mechanism will be employed to reconcile the cost of capital expenditures (CAPEX), including Return on Regulatory Asset Base (RoRB) and depreciation, with allowed investments in tariff, considering interest costs for under-invested CAPEX in a particular year?
- xiii. Any other Issue(s) that may come up during hearing.
