Islamabad Electric Supply Company Limited

Annual Adjustment and Indexation

Distribution and Supply Business

Financial Year 2026–27

Prior Year Adjustments for FY 2025–26 and Earlier Years

Under the Multi Year Tariff Regime

Submitted to the National Electric Power Regulatory Authority

11 September 2026

IESCO Headquarters
Street 40 G 7/4 Islamabad

Purpose of the application

IESCO seeks NEPRA's approval of the annual adjustment and indexation of its distribution and supply margin for FY 2026–27, together with prior year adjustments relating to FY 2025–26 and outstanding earlier-year claims. This application explains the adjustment mechanisms, additional operating requirements, supporting calculations and relief requested. It also presents the FY 2027–28 projections used to derive the proposed calendar year 2027 amounts.

The schedules present a proposed FY 2026–27 distribution and supply margin of Rs. 74,420 million and a PYA claim of Rs. 157,864 million. Together with indicative power purchase costs of Rs. 292,721 million, the consolidated working presents a revenue requirement of Rs. 525,005 million.

Contents

1 Applicant details

Islamabad Electric Supply Company Limited (IESCO or the Company) is a public limited company incorporated in Pakistan on 25 April 1998 under the Companies Ordinance, 1984, subsequently replaced by the Companies Act, 2017. The Company was established to take over the properties, rights and liabilities of the Islamabad Area Electricity Board of the Water and Power Development Authority (WAPDA) and commenced commercial operations on 1 June 1998.

IESCO is principally engaged in the distribution and supply of electricity within its designated service territory. NEPRA originally granted the Company Distribution Licence No. 01/DL/2001 on 2 November 2001, which expired on 1 November 2021.

Following IESCO's renewal application, NEPRA granted Distribution Licence No. DL/01/2023 dated 6 April 2023, authorising the non-exclusive distribution of electric power within its service territory for 20 years, from 6 April 2023 to 5 April 2043.

NEPRA also granted IESCO Electric Power Supply Licence No. SOLR/01/2023 dated 21 December 2023, authorising the Company to act as Supplier of Last Resort within its service territory for the period from 27 April 2023 to 26 April 2043.

2 Basis of the application

Following NEPRA's determination of its Distribution Integrated Investment Plan (DIIP), IESCO submitted separate multi-year tariff petitions for the five-year control period from FY 2023–24 to FY 2027–28. The supply petition was submitted through Letter No. 6153–56 dated 18 May 2023 and the distribution petition through Letter No. 6157–60 dated 18 May 2023.

Through Letter No. 6871–73 dated 5 June 2023, IESCO requested interim distribution and supply tariffs for FY 2023–24, effective from 1 July 2023 and subject to adjustment upon final determination, to facilitate timely recovery of its allowable costs.

NEPRA determined the interim distribution and supply tariffs for FY 2023–24 through Decision No. NEPRA/DG(Tariff)ITRF-607 & TRF-608/18263-69 dated 14 July 2023.

NEPRA subsequently issued the final supply tariff determination through Decision No. NEPRA/ADG(Tariff)ITRF-607/2460-64 and the final distribution tariff determination through Decision No. NEPRA/ADG(Tariff)ITRF-608/2466-70, both dated 14 March 2024, for FY 2023–24 to FY 2027–28.

The annual indexation for FY 2024–25 was determined through Decision No. NEPRA/R/ADG(Tariff)ITRF-607/&TRF-608/IESCO-2024/9223-29 dated 14 June 2024 and notified by the Government of Pakistan (GoP) through S.R.O. 1025(I)/2024 dated 12 July 2024.

The annual indexation for FY 2025–26 was determined through Decision No. NEPRA/ADG(Tariff)/TRF-607 & TRF-608/9289-95 dated 23 June 2025 and notified through S.R.O. 1158(I)/2025 dated 1 July 2025.

The tariff for calendar year 2026 was determined through Decision No. NEPRA/R/ADG(Trf)/TRF-607&TRF-608/246-53 dated 7 January 2026 and notified through S.R.O. 45(I)/2026 dated 13 January 2026.

Paragraph 47 of the calendar year 2026 determination directed IESCO to submit its annual indexation and adjustment request for FY 2026–27 to facilitate timely determination of the next tariff adjustment.

Accordingly, IESCO submits this application for annual adjustment and indexation of its distribution and supply margin for FY 2026–27, together with prior year adjustments for FY 2025–26 and outstanding claims relating to earlier years, under Rule 4(7) of the NEPRA (Tariff Standards and Procedure) Rules, 1998. The supporting schedules also present FY 2027–28 projections and the corresponding calendar year 2027 amounts for the Authority's consideration.

3 Distribution and supply margin

The proposed distribution and supply margin is summarised below. Amounts are in Rs. million unless otherwise stated. SoP denotes supply of power and DoP denotes distribution of power. Calendar year 2027 projections generally combine one half of FY 2026–27 and one half of FY 2027–28. Figures are presented at the precision used in the supporting schedules.

Energy balance	FY 2025–26 revised	FY 2026–27	FY 2027–28	CY 2027
Purchases million kWh	12,545	12,924	13,336	13,130
Sales million kWh	11,629	11,983	12,368	12,176
T&D losses	7.30%	7.28%	7.26%	7.27%

FY 2025–26 revised determined

Component	SoP Rs. million	DoP Rs. million	Total Rs. million	Rs. per kWh
Salaries wages and benefits	1,351	14,653	16,004	1.38
Post-retirement benefits	918	9,965	10,883	0.94
Repair and maintenance	7	2,653	2,661	0.23
Travelling	120	530	650	0.06
Transportation	208	923	1,131	0.10
Other expenses	481	2,133	2,614	0.22
Total O&M	3,086	30,856	33,943	2.92
Depreciation	—	6,152	6,152	0.53
Return on rate base	—	14,267	14,267	1.23
Other Income	(4,520)	(4,061)	(8,581)	(0.74)
Net distribution and supply margin	(1,433)	47,213	45,780	3.94

FY 2026–27 proposed

Component	SoP Rs. million	DoP Rs. million	Total Rs. million	Rs. per kWh
Salaries wages and benefits	2,563	27,794	30,357	2.53
Post-retirement benefits	1,665	18,062	19,727	1.65
Repair and maintenance	10	3,377	3,386	0.28
Travelling	129	571	700	0.06
Transportation	224	994	1,218	0.10
Other expenses	1,041	4,611	5,652	0.47
Total O&M	5,631	55,409	61,040	5.09
Depreciation	0	6,893	6,893	0.58
Return on rate base	—	15,405	15,405	1.29
Other Income	(4,697)	(4,221)	(8,918)	(0.74)
Net distribution and supply margin	934	73,486	74,420	6.21

FY 2027–28 projected

Component	SoP Rs. million	DoP Rs. million	Total Rs. million	Rs. per kWh
Salaries wages and benefits	2,657	28,807	31,464	2.54
Post-retirement benefits	1,825	19,803	21,628	1.75
Repair and maintenance	10	3,647	3,657	0.30
Travelling	139	617	756	0.06
Transportation	242	1,074	1,316	0.11
Other expenses	1,124	4,980	6,104	0.49
Total O&M	5,998	58,927	64,925	5.25
Depreciation	—	8,085	8,085	0.65
Return on rate base	—	18,173	18,173	1.47
Other Income	(4,932)	(4,432)	(9,364)	(0.76)
Net distribution and supply margin	1,065	80,754	81,819	6.62

CY 2027 proposed

Component	SoP Rs. million	DoP Rs. million	Total Rs. million	Rs. per kWh
Salaries wages and benefits	2,610	28,300	30,911	2.54
Post-retirement benefits	1,745	18,932	20,677	1.70
Repair and maintenance	10	3,512	3,522	0.29
Travelling	134	594	728	0.06
Transportation	233	1,034	1,267	0.10
Other expenses	1,082	4,796	5,878	0.48
Total O&M	5,814	57,168	62,982	5.17
Depreciation	—	7,489	7,489	0.62
Return on rate base	—	16,789	16,789	1.38
Other Income	(4,815)	(4,326)	(9,141)	(0.75)
Net distribution and supply margin	1,000	77,120	78,119	6.42

4 Operation and maintenance costs

Operation and maintenance costs comprise salaries, wages and other benefits, post-retirement benefits, and other O&M expenses. The applicable adjustment mechanisms and additional requirements are set out below.

4.1 Salaries wages and other benefits

Paragraph 23.1 of the distribution tariff determination and paragraph 20.1 of the supply tariff determination dated 14 March 2024 provide the following mechanism for actualising salaries, wages and other benefits:

> "Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Salaries & Wages and benefits, would be actualized, based on the audited accounts of the Petitioner for the relevant year for its existing employees. The impact of any such adjustment would be allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be".

Amounts in Rs. million

Determined 2025-26 (Revised)

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Salaries, Wages & Other Benefits	1,351	14,653	16,004

Indexation 2026–27

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Salaries, Wages & Other Benefits	2,009	21,787	23,796

Amounts in Rs. million

Indexation 2027-28

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Salaries, Wages & Other Benefits	2,085	22,608	24,693

Calendar year 2027 calculation

Component	Half of FY 2026–27	Half of FY 2027–28	CY 2027 total
Salaries, Wages & Other Benefits	11,898	12,347	24,245

Amounts in Rs. million

CY 2026 (Determined)

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Salaries, Wages & Other Benefits	1,383	14,997	16,380

CY 2027 (Indexed)

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Salaries, Wages & Other Benefits	2,047	22,197	24,245

The salary projections incorporate the following increases stated in the supporting workings as approved by the GoP:

A 7% Ad hoc Allowance for 2026 following revision of the basic pay scales.

A 50% increase in conveyance and special conveyance allowances.

A 15% Disparity Reduction Allowance.

The projections also reflect annual increments, employee postings and transfers, upgradations and other salary-related adjustments.

Board approved outsourcing

IESCO’s Board of Directors approved the engagement of third-party firms to provide assistant linemen (ALMs) and drivers through a resolution by circulation. The approved outsourcing arrangements and their financial impact are summarized below.

M/s Solochoicez Pvt. Ltd., M/s Tech Crest Solution (SMC Pvt.) Ltd. and M/s SoS Pvt. Ltd. joint venture

Lot	Category	Personnel	Annual rate per person Rs.	Total Rs.	Rs. million
I	Driver	308	929,927	286,417,454	286
II	ALM	403	727,685	293,256,942	293
III	ALM	371	727,685	269,971,031	270
IV	ALM	236	723,605	170,770,827	171
V	ALM	438	743,601	325,697,045	326
VI	ALM	457	743,601	339,825,456	340
Total		2,213	4,596,103	1,685,938,756	1,686

Contract prices are shown as recorded in the supporting schedule.

The Board's approval for drivers is referenced at Annexure A and the contract agreement at Annexure B.

The Board's approval for ALMs is referenced at Annexure C and the contract agreement at Annexure D.

M/s 360 Technologies Private Limited, M/s Singularity Technologies Private Limited and M/s Pak Multi Services Private Limited joint venture

Lot	Category	Personnel	Annual rate per person Rs.	Total Rs.	Rs. million
VIII	ALM	282	714,809	201,576,194	202
IX	ALM	204	714,809	145,821,077	146
Total		486	1,429,618	347,397,271	347

Contract prices are shown as recorded in the supporting schedule.

The relevant contract agreement is referenced at Annexure E.

M/s NCBMS Pvt. Ltd. and Piffers Security Services Pvt. Ltd. joint venture

Category	Personnel	Annual rate per person Rs.	Total Rs.	Rs. million
ALM in Attock Circle	382	610,237	233,110,640	233

The Board's approval is referenced at Annexure F.

Accounts assistant recruitment under process

Category	Personnel	Annual rate per person Rs.	Total Rs.	Rs. million
Accounts assistants	101	1,080,000	97,200,000	97

The recruitment advertisement is referenced at Annexure G.

Proposed additional recruitment

The proposed recruitment requirements and related financial impact for FY 2026–27 are set out below.

Amounts in Rs. million

SR. #	Description	Total Requirement FY 2026-27 (Nos.)	Amount (Rs. Million)
1	Recruitment already approved by BoD-IESCO (* 374 already completed)	* 1700	2,932
2	To Activate 07 No. Newly Created S/Divisions (**)	587	-
3	Requirement against New Creation of formations	1,146	696
4	Replacement Hiring against Retirements	197	133
	Total	3,700	3,761

The detailed recruitment schedule is referenced at Annexure H.

The supporting working identifies Rs. 326 million relating to 374 outsourced security guards for deduction from the approved recruitment requirement.

The seven subdivisions have already been approved and created by the Board but remain non-operational owing to staff shortages.

Other outsourced services are summarised below.

Amounts in Rs. million

Description	Amount (Rs. Million)
Computer Services (M/S NCBMS)	62
Security Services (M/S SOS Security)	326
Janitorial Services (M/S OPL)	12
Third-Party Hiring	37
Total	437

The supporting details are referenced at Annexure I.

The projected budget for Outside Services Employed is Rs. 437 million, representing a reduction from the previous year's approved budget.

The consolidated requirement for salaries, wages and other benefits, including additional recruitment and outsourced services, is set out below.

Consolidated salary requirement in Rs. million

Component	Personnel	FY 2026–27	FY 2027–28	CY 2027
Indexed salaries and benefits A	—	23,796	24,693	24,245
Solochoicez JV drivers and ALMs	2,213	1,686	1,686	1,686
360 Technologies JV ALMs	486	347	347	347
NCBMS and Piffers JV ALMs	382	233	233	233
Total contracted outsourcing B	3,081	2,266	2,266	2,266
Computer services	—	62	65	64

Component	Personnel	FY 2026–27	FY 2027–28	CY 2027
Security services	—	326	342	334
Janitorial services	—	12	13	12
Third-party hiring	—	37	39	38
Total other outsourced services C	—	437	459	448
Recruitment approved by the Board	1,770	2,932	3,079	3,006
Activation of seven subdivisions	587	—	—	—
Staff for newly created formations	1,146	696	731	713
Replacement of retiring employees	197	133	139	136
Total proposed recruitment D	3,700	3,761	3,949	3,855
Total B + C + D = F	6,781	6,464	6,674	6,569
Accounts assistants G	101	97	97	97
Total additional requirement H	6,871	6,561	6,771	6,666
Total requirement A + H	—	30,357	31,464	30,911

4.2 Post retirement benefits

Paragraph 23.2 of the distribution tariff determination and paragraph 20.2 of the supply tariff determination provide the following mechanism for actualising post-retirement benefits:

> “Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, Post-retirement Benefits would be actualized based on the audited accounts of the petitioner for the relevant year. The impact of any such adjustment would be allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be”.

Amounts in Rs. million

Determined 2025-26 (Revised)

Component	SoP Rs. million	DoP Rs. Million	Total Rs. million
Post-Retirement Benefits	918	9,965	10,883

Indexation 2026–27

Component	SoP Rs. million	DoP Rs. Million	Total Rs. million
Post-Retirement Benefits	1,604	17,403	19,007

The actuarial valuation reports as at 30 June 2026 and 30 June 2025 are referenced collectively at Annexure J.

Amounts in Rs. million

Indexation 2027-28

Component	SoP Rs. million	DoP Rs. Million	Total Rs. million
Post-Retirement Benefits	1,764	19,143	20,908

Calendar year 2027 calculation

Component	Half of FY 2026–27	Half of FY 2027–28	CY 2027 total
Post-Retirement Benefits	9,504	10,454	19,957

Amounts in Rs. million

CY 2026 (Determined)

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Post-Retirement Benefits	932	10,115	11,047

CY 2027 (Indexed)

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Post-Retirement Benefits	1,684	18,273	19,957

Additional retirement related requirement

Approximately 220 employees are expected to retire during FY 2026–27. The estimated additional requirement is Rs. 720 million, comprising approximately Rs. 535 million for commutation and Rs. 185 million for annual pension payments. IESCO requests inclusion of this requirement in the FY 2026–27 revenue requirement to meet the resulting pension obligations.

The comparison of retirement-related expenditure is set out below.

Measure	FY 2025–26	FY 2026–27 estimated
Retiring employees	272	220
Monthly pension expenditure Rs. million	17.36	15.43
Annual pension expenditure Rs. million	208.33	185.15
Commutation Rs. million	575.00	535.00

The total post-retirement benefit requirement is summarised below.

Component Rs. million	FY 2026–27	FY 2027–28	CY 2027
Indexed post-retirement benefits	19,007	20,908	19,957
Additional requirement	720	720	720
Total requirement	19,727	21,628	20,677

4.3 Other operation and maintenance expenses

Indexation mechanism

Paragraphs 22.5 and 22.6 of the distribution tariff determination and paragraphs 19.5 and 19.6 of the supply tariff determination prescribe annual indexation of other O&M costs by reference to the Consumer Price Index, adjusted for efficiency gains through the X factor. The mechanism stated in the determination is:

O&M revised = O&M reference × [1 + (ΔNCPI − X)]

For this calculation:

O&M revised means the revised O&M expense for the current year.

O&M reference means the reference O&M expense.

ΔNCPI means the change in the National Consumer Price Index published by the Pakistan Bureau of Statistics for the reference month specified in the applicable determination.

X is the efficiency factor, equal to 30% of the NCPI change used for indexation.

Following the transition from financial-year tariffs to calendar-year tariffs, IESCO has used June CPI in the accompanying workings in place of the December reference used under the previous mechanism. This application presents the basis for the Authority's consideration in determining the applicable annual indexation.

For FY 2026–27, the calculation applies the June 2026 CPI increase of 11.07% stated in the supporting working to the allowed FY 2025–26 costs, after deducting the efficiency factor.

For FY 2026-27

Efficiency factor = 30% × 11.07% = 3.321%

Net indexation = 11.07% − 3.321% = 7.749%

Revised O&M = Rs. 7,055 million × 1.07749

Revised O&M = Rs. 7,602 million, rounded.

For FY 2027-28

The FY 2027–28 working assumes an 8% increase for projection purposes.

Projected O&M = Rs. 7,602 million × 1.08

Projected O&M = Rs. 8,210 million, rounded.

For CY 2027

The calendar year projection is the average of the two financial-year amounts.

(Rs. 7,602 million + Rs. 8,210 million) ÷ 2 = Rs. 7,906 million.

Amounts in Rs. million

Determined 2025-26 (Revised)

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Repair & Maintenance	7	2,653	2,661
Travelling	120	530	650
Transportation	208	923	1,131
Other Expenses	481	2,133	2,614
Total O&M Cost	817	6,239	7,055

Indexation 2026–27

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Repair & Maintenance	8	2,859	2,867
Travelling	129	571	700
Transportation	224	994	1,218
Other Expenses	519	2,298	2,817
Total O&M Cost	880	6,722	7,602

Amounts in Rs. million

Indexation 2027-28

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Repair & Maintenance	9	3,088	3,096
Travelling	139	617	756
Transportation	242	1,074	1,316
Other Expenses	560	2,482	3,042
Total O&M Cost	950	7,260	8,210

Calendar year 2027 calculation

Component	Half of FY 2026–27	Half of FY 2027–28	CY 2027 total
Repair & Maintenance	1,434	1,548	2,982
Travelling	350	378	728
Transportation	609	658	1,267
Other Expenses	1,408	1,521	2,929
Total O&M Cost	3,801	4,105	7,906

Amounts in Rs. million

CY 2026 (Determined)

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Repair & Maintenance	7	2,618	2,625
Travelling	118	523	641
Transportation	205	910	1,116
Other Expenses	475	2,104	2,579
Total O&M Cost	806	6,155	6,961

CY 2027 (Indexed)

Component	SoP Rs. million	DoP Rs. million	Total Rs. million
Repair & Maintenance	8	2,973	2,982
Travelling	134	594	728
Transportation	233	1,034	1,267
Other Expenses	539	2,390	2,929
Total O&M Cost	915	6,991	7,906

Additional operating requirements

IESCO requests an additional Rs. 3,354 million under other O&M expenses for FY 2026–27, over and above the indexed allowance. The requirement comprises outstanding ground rent and conservancy charges, operational support for the Advanced Metering Infrastructure (AMI) project, AMI consultancy and change requests, and software renewal and maintenance. The purpose and financial impact of each item are set out below.

Ground rent and conservancy charges

Rs. 2,503 million has been provided under Property Tax at the request of the Director Administration to settle outstanding Annual Ground Rent (AGR) and conservancy charges. Supporting details are referenced at Annexure K.

AMI maintenance

The Chief Engineer Development (PMU) has proposed Rs. 519 million for AMI project operating expenditure, principally the maintenance service level agreement (SLA). Supporting details are referenced at Annexure L.

AMI professional fees

Rs. 98 million is required for annual foreign currency expenditure of approximately US$350,000 on AMI project change requests and consultancy. Supporting details are referenced at Annexure L.

Software renewal and maintenance

The proposed unified SLA for software renewal and maintenance is estimated at Rs. 234 million and is intended to replace the existing PITC agreement of Rs. 86 million.

Component Rs. million	FY 2026–27	FY 2027–28	CY 2027
Repair and maintenance	2,867	3,096	2,982
Travelling	700	756	728
Transportation	1,218	1,316	1,267
Other expenses	2,817	3,042	2,929
Total indexed O&M	7,602	8,210	7,906
Ground rent and conservancy charges	2,503	2,703	2,603
AMI maintenance	519	561	540
Professional fees	98	106	102
Software renewal and maintenance	234	253	243
Total additional requirement	3,354	3,622	3,488
Total requirement	10,956	11,833	11,394

5 Other Income

Other Income is presented as a deduction from the distribution and supply revenue requirement. The annual adjustment mechanism stated in the supporting working is:

Revised Other Income = Other Income allowed in the previous year + [Other Income allowed in the previous year − actual Other Income in the previous year].

Amounts in Rs. million

Other Income component	Rs. million
Total Other Income	10,122
Less Profit on Capital Contribution	(1,136)
Less Profit on Deposit Works	(116)
Add Amortization of Deferred Credit	3,035
Total	11,904
Less Late Payment Surcharge	(2,987)
Net Other Income	8,918
NEPRA Allowed Other Income	8,581

For FY 2026-27

The revenue requirement schedules use Other Income of Rs. 8,918 million for FY 2026–27.

For FY 2027-28

The revenue requirement schedules use projected Other Income of Rs. 9,364 million for FY 2027–28.

For CY 2027

The calendar year projection is the average of the two financial-year amounts.

(Rs. 8,918 million + Rs. 9,364 million) ÷ 2 = Rs. 9,141 million.

6 Depreciation

Paragraph 25.1 of the distribution tariff determination provides for assessment of depreciation for subsequent years using the following mechanism:

Revised depreciation = Reference depreciation × (Revised gross fixed assets in operation ÷ Reference gross fixed assets in operation).

In this formula, gross fixed assets in operation are abbreviated as GFAIO.

The supporting calculations are as follows:

For FY 2026-27

Revised depreciation = Rs. 6,152 million × (231,183 ÷ 206,344)

The asset ratio is approximately 1.1204.

Revised depreciation = Rs. 6,893 million, rounded.

For FY 2027-28

Projected depreciation = Rs. 6,893 million × (271,157 ÷ 231,183)

The asset ratio is approximately 1.1729.

Projected depreciation = Rs. 8,085 million, as presented in the supporting working.

For CY 2027

The calendar year projection is the average of the two financial-year amounts.

(Rs. 6,893 million + Rs. 8,085 million) ÷ 2 = Rs. 7,489 million.

6.1 Depreciation on revalued assets

IESCO applies the revaluation model to property, plant and equipment in its financial statements and charges depreciation on the revalued carrying amounts. The tariff workings, however, use historical-cost depreciation. IESCO requests the Authority to consider allowing depreciation on the revalued asset base or, alternatively, the incremental depreciation attributable to revaluation, subject to verification and the Authority's determination of its admissibility. The comparison below supports this separate request; the quantified indexation and PYA schedules continue to use the historical-cost basis.

Comparison Of Depreciation Cost Model Vs Revaluation Model Rs.(Million)

Depreciation Rs. million	FY 2025–26 cost model	FY 2025–26 revaluation model
NEPRA Allowed Depreciation	6,152	6,152
Actual Depreciation	5,655	12,453

7 Return on rate base

Paragraph 24.1 of the distribution tariff determination provides the following mechanism for adjustment of return on rate base (RORB):

Revised RORB = Reference RORB × (Revised regulatory asset base ÷ Reference regulatory asset base).

For FY 2026-27

Revised RORB = Rs. 14,267 million × (121,410 ÷ 112,431)

The regulatory asset base ratio is approximately 1.0798.

Revised RORB = Rs. 15,405 million, as presented in the supporting working.

For FY 2027-28

Projected RORB = Rs. 15,405 million × (143,238 ÷ 121,410)

The regulatory asset base ratio is approximately 1.1798.

Projected RORB = Rs. 18,173 million, as presented in the supporting working.

For CY 2027

The calendar year projection is the average of the two financial-year amounts.

(Rs. 15,405 million + Rs. 18,173 million) ÷ 2 = Rs. 16,789 million.

The supporting regulatory asset base (RAB) calculation is set out below.

Calculation Return on Rate Base (RORB) Rs.Million

Description	2024-25	2025-26	2026-27	2027-28	CY 2027
Opening Fixed Assets in Operation	132,521	152,540	206,344	231,183	218,764
Add: Assets Transferred during the Year	20,019	53,804	24,839	39,975	32,407
Closing Fixed Assets in Operation	152,540	206,344	231,183	271,157	251,170
Less: Accumulated Depreciation	50,759	56,413	65,156	75,499	70,327
Net Fixed Assets in Operation	101,781	149,931	166,027	195,659	180,843
Add: Capital Work in Progress (Closing)	67,192	44,097	42,734	41,303	42,019
Total Fixed Assets	168,973	194,028	208,761	236,962	222,862
Less: Deferred Credits	74,452	81,597	87,351	93,725	90,538
Net Regulatory Asset	94,522	112,431	121,410	143,238	132,324
Add Working Capital Requirement					
Regulatory Asset Base (RAB)	94,522	112,431	121,410	143,238	132,324
Average Regulatory Asset Base (RAB)	77,765	103,476			
Regulatory Return (WACC)		13.44%			
RORB		13,907			

The calculation of net deferred credit is set out below.

Calculation of Deferred Credit Rs.Million

Description	2024-25	2025-26	2026-27	2027-28	CY 2027
Deferred Credits	46,894	58,048	61,868	66,106	63,987
Add: Long Term Security Deposits	11,336	12,545	12,796	13,052	12,924
Add: Receipt Against Deposit Work	30,710	29,427	31,558	33,896	32,727
Less: Bank Balance Capital Contribution	(9,268)	(15,555)	(15,944)	(16,343)	(16,143)
Less: Bank Balance Deposit A/c	(1,842)	(276)	(283)	(290)	(287)
Less: Stores spares & Loose Tools	(3,379)	(2,591)	(2,643)	(2,696)	(2,670)
Net Deferred Credit	74,452	81,597	87,351	93,725	90,538

8 Prior year adjustments

8.1 Supplemental charges

CPPA-G billed supplemental charges of Rs. 6,867 million for FY 2022–23, Rs. 10,647 million for FY 2023–24, Rs. 7,827 million for FY 2024–25 and Rs. 4,544 million for FY 2025–26 in respect of late payments to independent power producers and other generators. The month-wise invoice amounts are set out below.

Month	FY 2022–23 Rs.	FY 2023–24 Rs.	FY 2024–25 Rs.	FY 2025–26 Rs.
July	644,012,733	1,187,139,544	1,876,082,157	413,441,901
August	1,073,183,339	1,380,160,376	768,396,608	1,731,917,863
September	355,600,955	410,746,758	726,820,344	1,281,795,602
October	652,815,344	799,860,714	1,078,043,474	68,206,178
November	618,562,497	962,399,810	466,095,577	81,872,196
December	705,472,233	586,746,127	519,651,534	279,671,066
January	459,965,543	817,596,838	518,223,890	122,986,987
February	675,146,459	1,430,345,531	432,946,920	176,829,071
March	159,864,132	817,848,593	332,418,092	2,943,562
April	162,449,352	869,755,124	337,283,517	36,714,206
May	705,572,249	637,763,409	488,258,932	250,240,320
June	654,668,058	746,184,633	283,370,470	97,202,891
Total	6,867,312,894	10,646,547,457	7,827,591,515	4,543,821,843

Aggregate supplemental charges: Rs. 29,885,273,709.

In connection with IESCO's inclusion in Batch I of the privatisation programme, the Ministry of Privatisation and Ministry of Energy correspondence bearing No. 14(19)2025-DISCO-III dated 22 May 2025, referenced at Annexure M, addressed recognition of supplemental charges. The Financial Advisor also called for resolution of outstanding disputes and recognition of unrecorded charges. IESCO has accordingly recognised these liabilities in its accounts and requests their consideration for tariff recovery on the basis of the supporting invoices.

IESCO requests allowance of Rs. 29,885 million in the Prior Year Adjustment.

Supporting documentation is referenced at Annexure N.

8.2 PPMC fee

Paragraph 27 of NEPRA's determination dated 7 January 2026 on revised annual rebasing timelines considered DISCO requests for the Power Planning and Monitoring Company (PPMC) management fee with reference to S.R.O. 1358(I)/2025.

The determination recognised PPMC's role in implementing power-sector reforms but required evidence of actual expenditure and services provided before allowing the cost.

Consideration of the fee was therefore deferred to the PYA process, subject to supporting documentation and compliance with the applicable notification.

IESCO's actual expenditure for the first quarter of FY 2025–26 was Rs. 27.8 million, inclusive of taxes.

IESCO requests allowance of Rs. 27.8 million in the Prior Year Adjustment.

Supporting documentation is referenced at Annexure O.

8.3 Actuarial remeasurement losses

IESCO recognised actuarial losses in Other Comprehensive Income (OCI) arising from remeasurement of employee post-retirement benefit obligations of Rs. 34,040 million in FY 2023–24, Rs. 6,558 million in FY 2024–25 and Rs. 7,353 million in FY 2025–26. The component-wise amounts are presented below.

IESCO requests the Authority to consider recovery of the aggregate Rs. 47,951 million through PYA, subject to its assessment of the actuarial evidence and admissibility of these remeasurement losses.

Actuarial Gain/Loss Charged to OCI

FY	Pension	Gratuity	Free medical	Free electricity	Total
2023-24	33,277	(12)	386	389	34,040
2024-25	6,821	(18)	28	(273)	6,558
2025-26	8,015	(5)	(489)	(169)	7,353
G.Total	48,113	(35)	(75)	(53)	47,951

8.4 Annual licence fees

IESCO's schedule records annual supply and distribution licence fees totalling Rs. 644.76 million for FY 2023–24 to FY 2026–27, rounded to Rs. 645 million for this claim.

The supporting details are set out below: -

NEPRA Annual License Fee For Supply & Distribution

Description	Rs.(Million)
NEPRA License Fee FY 2023-24 (Supply)	50.99
NEPRA License Fee FY 2023-24 (Distribution)	73.44
NEPRA License Fee FY 2024-25 (Supply)	60.44
NEPRA License Fee FY 2024-25 (Distribution)	99.38
NEPRA License Fee FY 2025-26 (Supply)	65.18
NEPRA License Fee FY 2025-26 (Distribution)	106.45
NEPRA License Fee FY 2026-27 (Supply)	66.15
NEPRA License Fee FY 2026-27 (Distribution)	122.73
Total	644.76

IESCO requests allowance of Rs. 645 million in the Prior Year Adjustment.

Supporting documentation is referenced at Annexure P.

8.5 Sales mix variance

IESCO claims a sales mix variance of Rs. 5,566 million for FY 2024–25. The supporting calculation, referenced at Annexure Q, uses the applicable base tariffs identified in the supporting working as S.R.O. 938(I)/2023 dated 26 July 2023 and S.R.O. 1025(I)/2024 dated 12 July 2024.

For FY 2025–26, IESCO claims a sales mix variance of Rs. 12,626 million. The supporting calculation, referenced at Annexure R, uses S.R.O. 1158(I)/2025 dated 1 July 2025 and S.R.O. 45(I)/2026 dated 13 January 2026, as modified by S.R.O. 279(I)/2026 dated 12 February 2026, for the relevant billing periods.

Amounts in Rs. million

FY	Sales Mix (Rs.Million)
2024-25	5,566
2025-26	12,626
Total	18,192

IESCO requests allowance of Rs. 5,566 million for FY 2024–25 and Rs. 12,626 million for FY 2025–26, totalling Rs. 18,192 million, through PYA.

8.6 Minimum tax

IESCO claims Rs. 4,536 million in respect of minimum tax attributed to FY 2025–26. The payment references and dates recorded in the supporting schedule are set out below.

Detail of Minimum Tax Paid

CPRN	Date	Tax Paid Rs.
IT2025062501011644597	25/06/2025	220,111,495
IT2025092601011670073	26/09/2025	1,579,004,752
IT2025123101012042038	31/12/2025	1,060,304,259
IT2026031901011453954	19/03/2026	749,443,188
IT2026061501011449401	15/06/2026	927,537,880
Total Tax Paid		4,536,401,574

IESCO requests allowance of Rs. 4,536 million in the Prior Year Adjustment.

Supporting documentation is referenced at Annexure S.

8.7 ADRC tax settlements

IESCO has had income tax and sales tax disputes with the Federal Board of Revenue (FBR). Recoveries in earlier periods were recorded as receivables from the FBR while the cases remained under litigation and management expected favourable outcomes.

IESCO subsequently referred tax disputes to the Alternative Dispute Resolution Committee (ADRC) under the applicable statutory framework for State-Owned Enterprises, including section 134A of the Income Tax Ordinance, 2001 for income tax disputes.

The ADRC process addressed longstanding disputed demands, including matters previously pending before appellate forums. Its decisions provided a basis for settlement and the related accounting treatment.

The amounts included in IESCO’s ADRC claim total Rs. 31,506 million. The case-wise schedule is set out below, with amounts stated in rupees.

Amounts in rupees

No.	Tax Period/Year	Tax Type	Order-in-Original No.	Amount paid
1	2022	Income Tax	100000183131051	320,061,711
2	2023	Income Tax	1000001922806030	165,179,845
3	2019	Income Tax	ITA No. 1581/IB/2022	44,569,196
4	2022	Income Tax	100000188007065	517,285,977
5	2025	Income Tax	100000228222337	220,111,495
6	June 20-July 21	Sales Tax	ONO No. 06/30/2023	4,935,839,804
7	Oct 22-Mar 23	Sales Tax	ONO No. 02/2019	8,218,705
8	Mar 23-June 23	Sales Tax	ONO No. 13/2024-2025	262,038,332
9	July 22-Feb 23	Sales Tax	ONO No. 12/2024-2025	573,079,637
10	July 21-June 22	Sales Tax	ONO No. 11/2024-2025	923,150,698
11	July 12-June 13	Sales Tax	ONO NO.55/2014	400,000,000
12	2020	Income Tax	100000251951759	216,311,869

No.	Tax Period/Year	Tax Type	Order-in-Original No.	Amount paid
13	2021	Income Tax	100000252227089	211,292,005
14	July 17-June 20	Sales Tax	ONO 01/30 of 2023	3,905,395,772
15	2019	Income Tax	100000244825603	436,949,394
16	2020	Income Tax	100000093044587	373,984,585
17	2021	Income Tax	100000118076149	361,103,553
18	2023	Income Tax	100000263043457	506,573,052
19	2024	Income Tax	100000263112453	1,002,760,908
20	Jul 16-June 17	Sales Tax	ONO 08/02 of 2025-26	85,606,389
21	2018	Income Tax	100000068140847	81,049,259
22	2016	Income Tax	100000074036170	175,212,301
23	2024	Income Tax	100000243465112	495,611,015
24	2017	Income Tax	100000068107223	82,060,329
25	2025	Income Tax	1000000271839530	1,065,240,802
26	2021	Income Tax	100000263240720	1,179,422,489
27	Jul 24-Oct 24	Sales Tax	04/01 of 2024/25	1,679,880,403
28	Jul 21-June 22	Sales Tax	ONO 12/02	3,001,051,855
29	Jul 22-Apr 24	Sales Tax	ONO 13/02	45,303,675
30	Nov-24	Sales Tax	ONO 2025-26	306,405,478
31	Jul 12-June 13	Sales Tax	ONO 55/2014	3,888,727,987
32	July 09-June 12	Sales Tax	ONO 02/2013	3,880,085,647
33	Jul 19-June 20	Sales Tax	01/11 VIDE ONO 02/21-22	154,064,664
34	Jul 09-Feb 10	Sales Tax	ONO 07/2010	1,519,729
35	2016-17	Sales Tax	09/2021-22	926,718
			TOTAL	31,506,075,278

IESCO has charged amounts arising from ADRC decisions to expenditure in FY 2024–25 and FY 2025–26 and requests their recovery through tariff adjustment. These settlements represent material costs relating to longstanding disputes. The claim is presented separately to enable the Authority to assess the supporting decisions, accounting recognition and amounts recoverable through tariff. The income tax and sales tax breakdown is as follows:

Amounts in rupees

Tax Type	Amount (Rs.)
Income Tax Cases	7,454,779,785
General Sales Tax	24,051,295,493
Total	31,506,075,278

IESCO requests allowance of Rs. 31,506 million in Prior Year Adjustments (PYA).

Supporting documentation is referenced at Annexure T.

Supporting documentation is referenced at Annexure T-1.

8.8 Disallowed input tax on AJK supplies

IESCO claims recovery of input tax disallowed in relation to the supply of electricity to Azad Jammu and Kashmir (AJK). The disallowance has resulted in a cost that cannot be adjusted against output sales tax.

The claim is based on the exemption for electricity supplied to AJK introduced through the Finance Act, 2024 at Serial No. 177 of the Sixth Schedule to the Sales Tax Act, 1990, and the consequent restriction on input tax attributable to exempt supplies.

From July 2024, IESCO has calculated and reported proportionate input tax disallowance in its sales tax returns by reference to electricity supplied to AJK at the agreed reduced tariff. IESCO requests tariff recovery of this cost, subject to verification of the statutory treatment and supporting return-wise calculations.

The monthly disallowed amounts for July 2024 to May 2026 are set out below in rupees.

Amounts in rupees

Month	Disallowed AJK input tax Rs.
07-2024	24,863,769
08-2024	49,271,763
09-2024	34,231,035
10-2024	31,648,122
11-2024	20,717,149
12-2024	11,850,102
01-2025	32,090,674
02-2025	54,732,211
03-2025	27,873,632
04-2025	21,492,790
05-2025	29,151,360
06-2025	40,439,304
07-2025	35,815,231
08-2025	26,986,903

Month	Disallowed AJK input tax Rs.
09-2025	27,786,167
10-2025	31,123,867
11-2025	26,627,541
12-2025	23,527,934
01-2026	37,765,554
02-2026	56,326,468
03-2026	31,185,236
04-2026	32,895,738
05-2026	28,583,542
TOTAL	736,986,092

IESCO requests allowance of Rs. 737 million in Prior Year Adjustments (PYA).

Supporting documentation is referenced at Annexure U.

8.9 Duties and taxes on AMI material

IESCO paid duties and taxes on imported AMI project material, including equipment for the data centre and backup data centre, meters and laboratory material.

Of the Rs. 15.712 billion paid in duties and taxes, Rs. 6.520 billion was recorded as recoverable from the FBR and Rs. 9.192 billion as non-recoverable duties and taxes. The latter represented approximately 38% to 40% of the material cost.

Paragraph 45 of the Authority’s review decision circulated through Letter No. NEPRA/DG(Tech.)/LAD-02/297 dated 24 January 2025 states:

> "Keeping in view the importance of this project, the Authority decided to allow taxes/duties for AMI project as per actual subject to provision of documentary evidence to the satisfaction of the Authority’’.

IESCO previously requested allowance of Rs. 9.192 billion through Letter No. 12224/IESCO/FDI/CPC dated 27 November 2025 during consumer-end tariff rebasing. The earlier submission references the supporting correspondence at Annexures V and W.

A further Rs. 323.910 million was paid in respect of the remaining imported material, including duties and taxes of Rs. 121.604 million.

IESCO therefore requests allowance of Rs. 9.3136 billion through PYA, presented as Rs. 9,314 million in the summary.

8.10 Actualisation of margin components

The Authority allowed salaries, wages and other benefits, post-retirement benefits, depreciation and Other Income for FY 2024–25 through its decision dated 14 June 2024, notified through S.R.O. 1025(I)/2024 dated 12 July 2024.

The corresponding FY 2025–26 allowances were determined through the decision dated 23 June 2025 and notified through S.R.O. 1158(I)/2025 dated 1 July 2025.

The calendar year 2026 determination dated 7 January 2026 was notified through S.R.O. 45(I)/2026 dated 13 January 2026. The full determination references are set out in section 2.

The following schedules compare the allowed amounts with the actual amounts stated in the FY 2024–25 and FY 2025–26 financial statements.

Amounts in Rs. million

Description	FY 2024-25	FY 2025-26
NEPRA Allowed Salaries, Wages & Other Benefits	13,334	16,004
Actual Salaries, Wages & Other Benefits	15,692	18,005
Shortfall in salary allowance	2,358	2,001

IESCO requests allowance of Rs. 2,358 million for FY 2024-25 and of Rs. 2,001 million for FY 2025-26 in the Prior Year Adjustment.

The supporting details are set out below:

Salary cost breakdown for FY 2024–25 in Rs. million

Cost component	Administration	Distribution	Customer services	Total
Salaries, wages and other benefits	2,078.91	12,120.07	907.93	15,106.91
Outsourced human resource services				
Computer Services	32.59	0.05	-	32.65
Security Services	93.82	0.97	-	94.80
Janitorial Services	1.48	0.18	-	1.66
Third Party Hiring Services	456.17	-	-	456.17
Total	2,662.97	12,121.28	907.93	15,692.18

Salary cost breakdown for FY 2025–26 in Rs. million

Cost component	Administration	Distribution	Customer services	Total
Salaries, wages and other benefits	2,821.78	13,511.26	1,035.69	17,368.73
Outsourced human resource services				
Computer Services	32.24	-	-	32.24
Security Services	143.91	-	-	143.91
Janitorial Services	9.61	0.17	-	9.78
Third Party Hiring Services	450.40	-	-	450.40
Total	3,457.94	13,511.43	1,035.69	18,005.06

Amounts in Rs. million

Description	FY 2024-25	FY 2025-26
NEPRA Allowed Post-Retirement Benefits	7,964	10,883
Actual Post-Retirement Benefits	11,428	19,530
Shortfall in benefit allowance	3,464	8,647

IESCO requests allowance of Rs. 3,464 million for FY 2024-25 and of Rs. 8,647 million for FY 2025-26 in the Prior Year Adjustment.

Amounts in Rs. million

Description	FY 2025-26
NEPRA Allowed Depreciation	6,152
Actual Depreciation	5,655
Excess Depreciation allowed for FY 2025-26	(497)

IESCO requests an adjustment of Rs. (497) million in the Prior Year Adjustment.

Amounts in Rs. million

Description	FY 2024-25	FY 2025-26
Other Income as per Financial Statements	10,489	10,122
Less: Late Payment Surcharges	(4,742)	(2,987)
Add: Amortization of deferred credit	2,538	3,035
Actual Other Income	8,285	10,170
Other Income Allowed by NEPRA	8,581	8,581
Actual less allowed Other Income	(296)	1,589

For FY 2024–25, actual Other Income was Rs. 296 million below the allowed amount, resulting in a positive PYA claim of Rs. 296 million. For FY 2025–26, actual Other Income exceeded the allowed amount by Rs. 1,589 million, resulting in a negative PYA adjustment of Rs. 1,589 million.

8.11 Actualisation of return on rate base

Amounts in Rs. million

Description	FY 2025-26
NEPRA Allowed RORB	14,267
Actual RORB	13,907
Excess RORB allowed for FY 2025-26	(360)

Calculation Return on Rate Base (RORB) Rs.Million

Description	2023-24	2024-25	2025-26
Opening Fixed Assets in Operation	121,812	132,521	152,540
Add: Assets Transferred during the Year	10,709	20,019	53,804
Closing Fixed Assets in Operation	132,521	152,540	206,344
Less: Accumulated Depreciation	44,322	50,759	56,413
Net Fixed Assets in Operation	88,199	101,781	149,931
Add: Capital Work in Progress (Closing)	40,164	67,192	44,097
Total Fixed Assets	128,363	168,973	194,028
Less: Deferred Credits	67,354	74,452	81,597
Net Regulatory Asset	61,009	94,522	112,431
Add Working Capital Requirement			
Regulatory Asset Base (RAB)	61,009	94,522	112,431
Average Regulatory Asset Base (RAB)		77,765	103,476
Regulatory Return (WACC)			13.44%
RORB			13,907

Calculation of Deferred Credit Rs.Million

Description	2023-24	2024-25	2025-26
Deferred Credits	39,585	46,894	58,048
Add: Long Term Security Deposits	10,205	11,336	12,545
Add: Receipt Against Deposit Work	24,909	30,710	29,427
Less: Bank Balance Capital Contribution	(4,091)	(9,268)	(15,555)
Less: Bank Balance Deposit A/c	(546)	(1,842)	(276)
Less: Stores spares & Loose Tools	(2,708)	(3,379)	(2,591)
Net Deferred Credit	67,354	74,452	81,597

IESCO requests an adjustment of Rs.(360) million for FY 2025-26 in the Prior Year Adjustment.

8.12 Distribution margin recovery

The reconciliation below compares the distribution margin allowance attributed to FY 2025–26 of Rs. 45,780 million with the amount recovered. The applicable tariff decisions include the calendar year 2026 determination dated 7 January 2026, notified through S.R.O. 45(I)/2026 dated 13 January 2026.

The distribution margin recovered during FY 2025–26 was Rs. 46,164 million.

Distribution Margin FY 2025-26

Description	Unit	July–December 2025	January–June 2026	Total
DM Allowed by NEPRA	Rs.Million	24,485	21,295	45,780
Projected Units Sold	Million kWh	6,221	5,408	
Net DM Notified	Rs./kWh	3.94	3.94	
Actual Units Sold	MkWh	6,241	5,476	
DM Recovered	Rs.Million	24,590	21,574	46,164
Net (Excess)/Less DM Recovered	Rs.Million	(105)	(279)	(384)

IESCO requests an adjustment of Rs. (384) million as Prior Year Adjustment.

8.13 Quarterly adjustment recovery

Quarter	Notification and recovery period	Allowed Rs. million	Recovered Rs. million	Balance Rs. million
FY 2024–25 Q4	1468 dated 7 August 2025; August–October 2025	(1,069)	(1,077)	8
FY 2025–26 Q1	2408 dated 10 December 2025; December 2025–February 2026	(503)	(513)	10
FY 2025–26 Q2	459 dated 6 March 2026; March–May 2026	4,051	3,958	93
Total		2,479	2,368	111

Monthly recovery details

Month	Units sold million kWh	Rate Rs. per kWh	Recovered Rs. million
August 2025	1,301	(0.3222)	(419)
September 2025	1,218	(0.3222)	(392)
October 2025	824	(0.3222)	(266)
December 2025	804	(0.2225)	(179)
January 2026	851	(0.2225)	(189)
February 2026	651	(0.2225)	(145)
March 2026	678	1.5626	1,059
April 2026	749	1.5626	1,171
May 2026	1,106	1.5626	1,728

IESCO requests recovery of the outstanding Rs. 111 million as Prior Year Adjustment.

8.14 Previous PYA recovery

The PYA recovery reconciliation below presents the allowance and recovery allocated to FY 2025–26, including the calendar year 2026 determination. The schedule records an allowed negative adjustment of Rs. 7,495 million and a recovered negative adjustment of Rs. 5,252 million.

PYA FY 2025-26

Description	Unit	July–December 2025	January–June 2026	Total
PYA Allowed by NEPRA	Rs. Million	(3,287)	(4,209)	(7,495)
Projected Units Sold	Million kWh	6,221	11,494	
Net PYA Notified	Rs./kWh	(0.53)	(0.37)	
Actual Units Sold	MkWh	6,198	5,316	
PYA Recovered	Rs. Million	(3,285)	(1,967)	(5,252)
Net (Excess)/Less PYA Recovered	Rs. Million	(2)	(2,242)	(2,244)

The working identifies Rs. 2,242 million of the negative PYA adjustment for implementation during July to December 2026. This amount is presented as a recovery reconciliation and is not added to the new PYA claim summarised below.

8.15 Additional recruitment costs

In paragraph 3.3.3.1 of its distribution tariff petition for FY 2023–24 to FY 2027–28, IESCO requested allowance for additional recruitment.

Paragraph 13.1 of NEPRA's distribution tariff determination No. NEPRA/ADG(Tariff)/TRF-608/2466-70 dated 14 March 2024 requires details of actual annual recruitment, its financial impact and the quantified benefits achieved, for consideration in subsequent adjustment and indexation requests.

The relevant extract is reproduced below:

> "The Authority observed that Salaries & Wages cost for the FY 2022-23, as per the information provided by the Petitioner, has been considered as base cost, therefore, impact of any new recruitment made till FY 2022-23 has already been accounted for. For future recruitment to be carried out in FY 2023-24 and onward, the Authority understands that allowing cost of additional hiring, upfront would be unfair with the consumers, without considering/ analyzing the benefits of such recruitment. The Authority understands that it will be in a better position to adjudicate on the issue once the Petitioner provides details of the actual cost incurred in this regard and substantiates the same with the quantified benefits accrued. Although, the Authority has decided to actualize the Pay & Allowances cost of the Petitioner, based on its audited accounts for the relevant year, however, that would only be to the extent of existing employees. Accordingly, the Petitioner is directed to provide detail of additional recruitment actually made during each year, along-with its financial impact and quantified benefits accrued, for consideration of the Authority, in its subsequent adjustment/ indexation request".

IESCO's claim relates to 285 newly recruited employees, with gross salaries of Rs. 897.486 million for July 2023 to June 2026.

IESCO requests allowance of Rs. 897.486 million in the FY 2025–26 PYA, supported by the employee-wise schedule referenced at Annexure X.

8.16 GENCO employee costs

Paragraph 12.7 of the same distribution tariff determination requires employee-wise details of GENCO staff allocated to IESCO, including pay scales, terms of absorption, approvals of the competent authority, placement and the financial impact of pay and allowances.

The relevant extract is reproduced below:

> "Here it is also pertinent to mention that DISCOs have been allocated GENCO employees and are drawing their salaries from DISCOs. The impact of such cost has been included by DISCOs in their Pay and Allowance cost for the FY 2022-23. While assessing Salaries, wages & Other Benefits for the FY 2023-24, the cost for the FY 2022-23, as provided by the Petitioner has been considered, therefore, impact of GENCO employees transferred to the Petitioner, if any, has already been accounted for in the cost being allowed for the FY 2023-24. The Petitioner is directed to provide proper details of employees allocated to it by providing proper Employees wise details, their pay scales, terms of adoption in DISCOs, approvals of competent authority for such adoption, placement in DISCOs and Financial impact of Pay & Allowances of such employees as well".

The claim relates to 115 GENCO employees absorbed or adjusted in IESCO, with gross salaries of Rs. 125.137 million for July 2023 to June 2026. The supporting details are referenced at Annexure Y.

IESCO requests allowance of Rs. 125.137 million through the FY 2025–26 PYA.

8.17 Consolidated PYA claim

The PYA claim is summarised below. Positive amounts represent additional recovery requested by IESCO; amounts in parentheses represent reductions in the revenue requirement.

Detail of Prior Year Adjustments (PYA)

Description	Rs.Million
Supplemental Charges FY 22-23, FY 23-24, FY 24-25 and FY 25-26	29,885
Minimum Tax Paid during FY 2025-26	4,536
Power Planning and Monitoring Company (PPMC) Fee	28
Actuarial Gain/Loss Charged to OCI for FY 2023-24,2024-25 & FY 2025-26	47,951
NEPRA License Fee	645
Consumer Mix Variance for FY 2024-25	5,566
Consumer Mix Variance for FY 2025-26	12,626
Tax Issues Alternative Dispute Resolution Committee (ADRC)	31,506
Claim of In-admissible Input Tax (AJK)	737
Paid Duties and taxes on AMI Material (CRRK)	9,314
Salary allowance shortfall for FY 2024–25	2,358
Salary allowance shortfall for FY 2025–26	2,001
Post-retirement benefit allowance shortfall for FY 2024-25	3,464
Post-retirement benefit allowance shortfall for FY 2025-26	8,647
Excess depreciation allowance for FY 2025–26	(497)
Other Income shortfall for FY 2024–25	296

Description	Rs.Million
Other Income surplus for FY 2025–26	(1,589)
Quarterly Adjustment 4th Quarter 2024-25, 1st and 2nd Quarter 2025-26	111
Excess Recovered Distribution Margin For FY 2025-26	(384)
Additional Recruitment	897
Absorption/Adjustment of GENCO Employees in IESCO:	125
Return on Rate Base (RORB) FY 2025-26	(360)
Total Prior Year Adjustment (PYA)	157,864

IESCO requests approval of the aggregate PYA claim of Rs. 157,864 million, as presented in the consolidated working, subject to the Authority's determination of the individual components.

9 Power purchase price

The NEPRA Guidelines for Determination of Consumer End Tariff (Methodology and Process), notified through S.R.O. 34(I)/2015 dated 16 January 2015, provide for CPPA-G's procurement plan and assessment of power purchase costs. As power purchase price (PPP) is the largest component of the consumer-end tariff and provides the reference for subsequent fuel cost and quarterly adjustments, IESCO requests the Authority to adopt the approved sector-wide PPP references on the basis of CPPA-G's submissions and the relevant planning assumptions.

For the purpose of this application, IESCO has prepared indicative power purchase cost projections using a 1% escalation over the FY 2025–26 actual or provisional cost components. These projections are subject to replacement by the references approved by the Authority.

The FY 2026–27 energy balance uses T&D losses of 7.28%, identified in the supporting working as the approved DIIP target. Projected purchases are 12,924 million kWh and projected sales are 11,983 million kWh. The power purchase cost comparison is set out below.

Rs. (Million)

Period and basis	EPP	CPP	UoSC	Total
FY 2024–25 determined	117,682	164,185	13,848	295,715
FY 2024–25 actual	131,825	140,873	14,814	287,512
FY 2025–26 determined	100,987	164,662	20,681	286,330
FY 2025–26 actual	125,267	149,924	14,633	289,823
FY 2026–27 projected	126,519	151,423	14,779	292,721
FY 2027–28 projected	127,784	152,937	14,927	295,649
CY 2027 projected	127,152	152,180	14,853	294,185

10 Revenue requirement

On projected sales of 11,983 million kWh, the FY 2026–27 revenue requirement presented in the consolidated working is Rs. 525,005 million, equivalent to Rs. 43.81/kWh. The comparative financial-year and calendar-year projections are set out below.

Component Rs. million	FY 2025–26 revised	FY 2026–27	FY 2027–28	CY 2027
Energy charges	121,482	126,519	127,784	127,152
Capacity charges	163,479	151,423	152,937	152,180
UoSC and market operator fee	15,935	14,779	14,927	14,853
Total power purchase cost	300,896	292,721	295,649	294,185
Net distribution and supply margin	45,780	74,420	81,819	78,119
Prior year adjustments	(7,495)	157,864	—	157,864
Total revenue requirement	339,181	525,005	377,467	530,168
Average tariff Rs. per kWh	29.17	43.81	30.52	43.54

Business allocation of the revenue requirement

Period	SoP Rs. million	DoP Rs. million	Total Rs. million
FY 2025–26 revised	291,968	47,213	339,181
FY 2026–27	451,519	73,486	525,005
FY 2027–28	296,714	80,754	377,467
CY 2027	453,049	77,120	530,168

The margin allocation and component tariff rates are set out in section 3. The power purchase component is attributed to the supply business.

11 Relief requested

IESCO respectfully requests the Authority to approve the annual adjustment and indexation of its distribution and supply margin for FY 2026–27, together with the associated calendar-year treatment, on the basis of the schedules and supporting evidence presented in this application.

IESCO further requests the Authority to determine the admissible prior year adjustments for FY 2025–26 and outstanding earlier-year claims; consider the separately identified additional cost requirements and depreciation request; adopt the approved power purchase price references; and pass any further orders it considers appropriate.

Respectfully submitted,

Engr. Khalid Mahmood

Chief Executive Officer

Islamabad Electric Supply Company Limited

Supporting annexure register

The following register identifies the supporting documents referenced in the application.

Reference	Supporting document
A	Board approval for outsourced drivers
B	Contract agreement for outsourced drivers
C	Board approval for outsourced ALMs
D	Contract agreement for outsourced ALMs
E	Additional ALM outsourcing contract agreement
F	Board approval for Attock Circle ALM outsourcing
G	Accounts assistant recruitment advertisement
H	Proposed recruitment and financial impact schedule
I	Other outsourced services schedule
J	Actuarial valuation reports as at 30 June 2025 and 30 June 2026
K	Ground rent and conservancy charge details
L	AMI maintenance and professional fee requirements
M	Ministry correspondence dated 22 May 2025 on supplemental charges
N	CPPA-G supplemental charge invoices
O	PPMC fee expenditure and supporting service documents
P	Supply and distribution licence fee details
Q	Sales mix variance calculation for FY 2024–25
R	Sales mix variance calculation for FY 2025–26
S	Minimum tax CPRNs
T	ADRC tax payment CPRNs
T-1	ADRC case orders and orders in original
U	Relevant extract from the Sales Tax Act 1990
V	AMI duty and tax claim correspondence
W	Additional supporting correspondence for the AMI duty and tax claim
X	Newly recruited employees and salary impact
Y	GENCO employee absorption and salary impact

10 Revenue requirement

On projected sales of 11,983 million kWh, the FY 2026–27 revenue requirement presented in the consolidated working is Rs. 525,005 million, equivalent to Rs. 43.81/kWh. The comparative financial-year and calendar-year projections are set out below.

Component Rs. million	FY 2025–26 revised	FY 2026–27	FY 2027–28	CY 2027
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Prior year adjustments	(7,495)	157,864	—	157,864
Total revenue requirement	339,181	525,005	377,467	530,168
Average tariff Rs. per kWh	29.17	43.81	30.52	43.54

Business allocation of the revenue requirement

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FY 2025–26 revised	291,968	47,213	339,181
FY 2026–27	451,519	73,486	525,005
FY 2027–28	296,714	80,754	377,467
CY 2027	453,049	77,120	530,168

The margin allocation and component tariff rates are set out in section 3. The power purchase component is attributed to the supply business.

11 Relief requested

IESCO respectfully requests the Authority to approve the annual adjustment and indexation of its distribution and supply margin for FY 2026–27, together with the associated calendar-year treatment, on the basis of the schedules and supporting evidence presented in this application.

IESCO further requests the Authority to determine the admissible prior year adjustments for FY 2025–26 and outstanding earlier-year claims; consider the separately identified additional cost requirements and depreciation request; adopt the approved power purchase price references; and pass any further orders it considers appropriate.

Respectfully submitted,

Engr. Khalid Mahmood
Chief Executive Officer
Islamabad Electric Supply Company Limited

outstanding disputes and recognition of unrecorded charges. IESCO has accordingly recognised these liabilities in its accounts and requests their consideration for tariff recovery on the basis of the supporting invoices.

IESCO requests allowance of Rs. 29,885 million in the Prior Year Adjustment.

Supporting documentation is referenced at Annexure N.

8.2 PPMC fee

Paragraph 27 of NEPRA's determination dated 7 January 2026 on revised annual rebasing timelines considered DISCO requests for the Power Planning and Monitoring Company (PPMC) management fee with reference to S.R.O. 1358(I)/2025.

The determination recognised PPMC's role in implementing power-sector reforms but required evidence of actual expenditure and services provided before allowing the cost.

Consideration of the fee was therefore deferred to the PYA process, subject to supporting documentation and compliance with the applicable notification.

IESCO's actual expenditure for the first quarter of FY 2025–26 was Rs. 27.8 million, inclusive of taxes.

IESCO requests allowance of Rs. 27.8 million in the Prior Year Adjustment.

Supporting documentation is referenced at Annexure O.

8.3 Actuarial remeasurement losses

IESCO recognised actuarial losses in Other Comprehensive Income (OCI) arising from remeasurement of employee post-retirement benefit obligations of Rs. 34,040 million in FY 2023–24, Rs. 6,558 million in FY 2024–25 and Rs. 7,353 million in FY 2025–26. The component-wise amounts are presented below.

IESCO requests the Authority to consider recovery of the aggregate Rs. 47,951 million through PYA, subject to its assessment of the actuarial evidence and admissibility of these remeasurement losses.

Actuarial Gain/Loss Charged to OCI

FY	Pension	Gratuity	Free medical	Free electricity	Total
2023-24	33,277	(12)	386	389	34,040
2024-25	6,821	(18)	28	(273)	6,558
2025-26	8,015	(5)	(489)	(169)	7,353
G.Total	48,113	(35)	(75)	(53)	47,951

8.4 Annual licence fees

IESCO's schedule records annual supply and distribution licence fees totalling Rs. 644.76 million for FY 2023–24 to FY 2026–27, rounded to Rs. 645 million for this claim.

The supporting details are set out below: -

ANNEX- O

Central Power Purchasing Agency (Guarantee) Limited
A Company of Government of Pakistan

OFFICE OF THE
CHIEF FINANCIAL OFFICER CPPA-G
SHAHEEN PLAZA, BLUE AREA, FAZAL-E-HAQ ROAD, ISLAMABAD

No. 9956/6716 /CFO/Chief (PC&RA)/B&R/Rec   Dated: 07-04-2026

Chief Financial Officer IESCO,
ISLAMABAD.

SUBJECT: DEBIT MEMO FOR MAR-2026

Please find enclosed herewith Debit note details as below pertains to your company for necessary and early adjustment at your end.

SR.NO	DEBIT MEMO NO.	MONTH	AMOUNT	ENCLOSUERS
1.	PPA-128/IESCO-16	MAR-2026	24,873,450	

MANAGER FINANCE (BILLING & RECOVERY)

O/o Finance Director
IESCO Islamabad
Dy No. 2895
Dated 15-04-26

Central Power Purchasing Agency Guarantee Limited

DEBIT NOTE SETTLEMENT

Document No: 32993
PPA-128/IESCO-16

ISSUNING OFFICE:	CENTRAL POWER PURCHASING AGENCY-GUARANTEE LIMITED	Effective Date Issue Date	: 31-MAR-26 : 31-MAR-26

RECEIVING OFFICE: ISLAMABAD ELECTRIC SUPPLY COMPANY

TYPE: Debit Memo for PEPCO Fee Allocation to DISCOs

Your account has been Debited for the amount Rs. 24,873,450

Twenty-four million eight hundred seventy-three thousand four hundred fifty rupees only.

Being the Debit raised on account of Payment made to PPMC Management fee Invoice for the Ist Quarter 2025-26 (Jul-Sep), and the remaing portion [redacted] of Last Invoice, as per invoice and detail attached herewith.

ACCOUNT CODE	DESCRIPTION	DEBIT	CREDIT
1212100	Accounts Receivables - Settlement Advice	24,873,450	
	TOTAL	24,873,450	

PREPARED BY

CHECKED BY

APPROVED BY

Server: erpprod.cppa.gov.pk

User: MUSHTAQ.HUSSAIN

Print Date: 31-Mar-26 03:03:11

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
Office of the Finance Director
IESCO Head office ,street 40,G-7/4 Islamabad

No.FDI/R/P 10402-08

Dated 17-10-2025

The CFO CPPA-G
Shaheen Plaza,
Blue Area,
Islamabad.

Subject: Confirmation of payment of PPMC Fee under SRO: 1358-I (2025)

Dear Sir,

With reference to your office letter No. CPPA/C(PC&RA)/(B&R)/6089/4003 dated 16th October 2025, it is important to highlight that IESCO vide letter no.8776-77/IESCO/CONSOL/ dated 18th September 2025 has already confirmed that all PPMC fee invoices paid by CPPA-G for FY 2025 has been acknowledged and booked.
Further, for future processing of PPMC invoice the Ministry of Energy (Power Division), has already notified comprehensive mechanism for processing of PPMC fee invoice vide SRO: 1358-I (2025) dated 29th July 2025 for all DISCO, PPMC and CPPA-G to follow.
DISCOs, PPMC and CPPA-G will continue to comply with applicable taxation laws as was complied with previous invoices.

In conclusion, we hereby authorize CPPA-G to proceed with the payment of invoice to PPMC as per mechanism notified by MOE (Power division) vide SRO: 1358-I (2025) at the earliest and we ensure booking of PPMC fee invoice once received as per practice.

Best Regard.

17/10/2025

DY.GM Finance / Finance Director
IESCO, Islamabad

CC:
1. Additional Secretory – II MoE (Power Division)
2. Chief Executive Officer - CPPA-G
3. Managing Director – PPMC
4. Chief Financial Officer – CPPA-G
5. Chief Legal Officer – CPPA-G
6. Chief Financial Officer – PPMC

Telephone: +92-51-9253289
E-mail: fdi.assets@iesco.com.pk
Website: www.iesco.com.pk
Fax: +92-51-9253286
Street 40, G-7/4, Islamabad

-74

POWER PLANNING AND MONITORING COMPANY (PVT) Ltd.

Office # 112, 1st Floor, Evacuee Trust Complex, Agha Khan Road, Islamabad

051-9211302,051-8489491,051-8489334 Ext.191 Email: qmts.ppmc@gmail.com

INVOICE FOR IESCO MANAGEMENT FEE THROUGH CPPA-G

1st QTR 2025-26

(Pursuant to SRO No. 1358-I(2025))

PPMC NTN No. : 3057721-7

IESCO MANGEMENT FEE INVOICE THROUGH CPPA-G		
	Billing Quarter	1st 2025-26
Central Power Purchasing Agency Guarantee Ltd. (CPPA-G)	Invoice No.	PPMC/2025/CF&RA/
Shaheen Plaza, Plot #73, West Fazl-e-Haq Road, Blue Area, Islamabad.	Issue Date	09-Mar-2026
GST No: 32-77-8761-137-50		

Sr. No.	DISCO	NTN/STRN Number	Distribution Margin	Fee for 1st QTR (2025-26)	Sales Tax(15%)	Total Management Fee (Rs.)
1	IESCO	2748840-3	45,772,000,000	24,180,000	3,627,000	27,807,000
Total			45,772,000,000	24,180,000	3,627,000	27,807,000

Payable to:	Power Planning & Monitoring Company (Private) Limited
Title of Account:	Power Planning & Monitoring Com Pvt
Account Number:	PK05HABB0013537902382601
Bank:	HBL
Branch:	F 6, islamabad

Team Lead (CA)
PPMC

c.c:

1. Managing Director, PPMC Islamabad
2. Chief Financial Officer, PPMC Islamabad

POWER PLANNING AND MONITORING COMPANY (PVT) LIMITED
Office of the
Chief Financial Officer (PPMC)
Room No.112, 1st Floor, Evacuee Trust Complex
F-5/1 Agha Khan Road, Islamabad.
Telephone: 051-9211302,051-8489-491,051-8489-334

No. /MDP/Acctts/PPMC/23-24 Dated: / /2024

Chief Executive Officer (IESCO),
Islamabad

Re-imbursement of Expenses for 01/2024 TO 06/2024

Re-imbursement of Expenses(O&M) for the Month 01,02,03,04,05 & 06/2024 as per PEPCO Memorandum No. 388-405/DGF/PEPCO/Mngt-F/2019 dated 14-03-2019. Payment on a/c of Expenses is payable through CPPA-GL Islamabad	Rs. 27,500,000
Total: (Rupees thirteen million seven hundred fifty thousand only)	Rs. 27,500,000

Payment of this Re-imbursement of Expenditure is to be made immediately:

Title of Account	Power Planning & Monitoring Company Pvt.
Account Number	A/c No. PK 05 HABB 0013537902382601
Bank Branch	HBL F-6 Super Market Islamabad

Budget & Accounts Officer
PPMC
28-06-2024.

C.C to

-Chief Executive Officer (CPPA-GL) Islamabad for information and necessary action please.

OFFICE NOTE

SECTION: INTER-DISCO'S RECEIVABLE/PAYABLES (R/P)

Office Note #: ____________

Dated: 20-04-2026

Subject: **BOOKING OF PEPCO MANAGEMENT FEE**

PUC's are Debit Note received from Central Power Purchasing Agency Guarantee Limited (CPPA-G) Islamabad on account of Payment made to PPMC Management fee invoice for the Ist Quarter 2025-26 (Jul-Sep), and the remaining portion of Last Invoice, as mentioned in the same invoice.

Serial#	CPPA Debit Note	Amount
01	PEPCO Management Fee	27,807,000
02	15% General Sales Tax	(4,171,050)
03	Net Amount	23,635,950
04	Last Invoice Balance	1,237,500
05	Total Amount	24,873,450

Worthy CEO IESCO is requested to accord approval for recording of amount in IESCO books during March 2026 for crediting the CPPA-G account accordingly.

Submitted for approval please.

ADD: DIRECTOR A/Cs

DIRECTOR A/Cs (CPC)

Dir A/cs-CPC

pl. discuss. 30/04.

Discussed. SRO as well as Decision of NBPRA is attached for reference pl.

5/5

07/05/2026

DGMF/FD IESCO

CEO IESCO

AD (R/P)

12/5/2026

Dir A/cs-CPC

12/5/2026

Telephone: 92-51-9253289
E-mail: fdrassets@iesco.com.pk
Website: www.iesco.com.pk
Fax: +92-51-9253286
Street 40, G-7/4, Islamabad

period from January 2026 to December 2026. The Schedule of Tariff (SoT) of the Petitioner has been designed accordingly.

22. Any under over recovery of the determined revenue requirement for the FY 2025-26, based on the allowed regulatory targets in terms of T&D losses, recovery etc., and provisional revenue requirement being allowed for the six months period i.e. from Jul. to Dec.26, would be adjusted subsequently, while determining the final revenue requirement of the Petitioner for the FY 2026-27.

23. T&D Loss Study

24. The Authority noted that the Investments and T&D Loss Targets for the Petitioner are already determined by the Authority for MYT control period from FY 2023-24 to FY 2027-28, therefore, the same approved Investments and T&D Loss Targets have been considered without any change.

25. The Petitioner is also directed to carry out a fresh study of its T&D loss study through an independent third party, as per the approved ToRs, which shall be communicated to the Petitioner separately by NEPRA. The independent third-party T&D loss study must be submitted by the Petitioner within nine (09) months of issuance of this decision.

26. The T&D loss study submitted by an independent third party shall be considered by the Authority and may, if deemed appropriate, be used for the review of T&D loss targets for the applicable period at the time of the next tariff rebasing for DISCOs (January 2027) or during the mid-term review (December 2027) of DIP, as the case may be.

27. PPMC Fee

28. Here it is pertinent to mention that some DISCOs during the hearing requested to allow cost on account of Management Fee of Power Planning and Monitoring Company (the "PPMC"). DISCOs in support of their request referred to the SRO 1358-I (2025) dated 29.07.2025, issued by the Ministry of Energy (PD), pursuant to the Federal Cabinet decision dated 27.10.2021, the National Electricity Policy, 2021, the National Electricity Plan (2023–2027), whereby it has been designated as a "designated entity" for the implementation of the priority areas of the NE Plan, and strategic roadmap as per the NE policy. The SRO further mandates the company to charge a fee from DISCOs, for the services rendered, as may be approved by the BoD of PPMC from time to time. The BoD of PPMC may, on annual basis, approve the annual budget and allocation of fees to DISCOs.

29. It has also been submitted that clause 34(f) of the IMF Country Report clearly acknowledges PPMC's role in supporting policy, regulatory and tariff affairs, sector reforms, privatization, CD management and integrated power and energy planning.

30. The Authority noted that the National Electricity Plan allows the designated entity to charge a regulatory fee, which shall be allowed by the Regulator. The Authority also noted that previously the Authority discontinued the PEPCO fee in the absence of appropriate structure in place. The Authority also takes cognizance of the SRO dated 29.07.2025, issued

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Diary # 4369

TO BE PUBLISHED IN THE OFFICIAL GAZETTE
GOVERNMENT OF PAKISTAN

Government of Pakistan
Ministry of Energy
(Power Division)

Islamabad, the, July 29, 2025

NOTIFICATION

S.R.O. 1350-I (2025). National Electricity Policy, 2021 (the "Policy"), as approved by Council of Common Interests (CCI), mandates that the Federal Government may designate an entity to perform the tasks assigned in Sections 5.3.5 and 6.2 of the Policy. Such functions, inter alia, include the monitoring of implementation of the Policy and the National Electricity Plan, as formulated from time to time, and formulation, implementation and monitoring of strategic roadmap for state-owned distribution companies.

2. In pursuance thereof as well as the National Electricity Plan (2023-27) (the "Plan"), the Federal Government, inter alia, designated Power Planning and Monitoring Company (Pvt.) Limited (the "Company") as a designated entity for the implementation of Priority Areas of the Plan.

3. Federal Cabinet, through its decision dated 27-10-2021, also approved the functions to be performed by the Company. Such functions, inter alia, also include management, planning, monitoring in respect of various functions and business of power sector entities as well as to act as support for the Ministry of Energy in monitoring, coordination and policy formulations in respect of DISCOs, GENCOs and NTDC.

4. Federal Cabinet also directed that the Company may continue to charge a fee from DISCOs for the services rendered as may be approved by the Board of Directors of the Company, from time to time.

5. The purpose of these SOPs is to ensure an efficient and transparent structure for the allocation of the fee between DISCOs, as decided by the Board of Directors of the Company, from time to time, in the following manner:

(a) Board of Directors of the Company may, on annual basis, approve the annual budget and allocation of fees to DISCOs.

(b) The allocated amount for DISCOs shall be distributed and met as per approved ratio based on Distribution Margin of the respective DISCO.

(c) The invoice by the Company for the payment of the allocated amount for each respective DISCO shall be made to DISCOs through CPPA-G.

(d) Upon receipt of such invoice, the amount shall be paid by CPPA-G, on behalf of the respective DISCO, to the Company directly by making adjustment in relevant account of the concerned DISCO. Such payment shall be, accordingly, reflected by the respective DISCO in its accounts.

(e) Invoice(s) shall be issued by the Company on quarterly basis, in advance, and payment shall be made accordingly.

(f) A reconciliation exercise shall be conducted on quarterly basis, between the Company, CPPA-G and the respective DISCO for settlement of any excess / under-payment of the fee amount.

(Umer Vaqar)
Section Officer (Corporate Affairs)

Central Power Purchasing Agency (Guarantee) Limited
A Company of Government of Pakistan

Office of the Chief Planning Coordination and Regulatory Affairs (CPPA-G)

Dated: 16.04.2026

CTO/CPPA/C(PC&RA)/(B&R)/10267

Chief Financial Officer
Islamabad Electric Supply Company
Islamabad.

SUBJECT: <u>DEDUCTION AND DEPOSIT OF WITHHOLDING TAX UNDER SECTION 153 OF THE INCOME TAX ORDINANCE FOR 1ST QTR (JUL-SEP) F.Y 2025-26.</u>

Ref: Your Office Letter No FDI/R/P 10402-08 Dated 17/10/2025

It is apprised that M/s Power Planning and Monitoring Company (PPMC) submitted its Management Fee invoice to CPPA-G related to M/s IESCO for releasing payment amounting to Rs. 24,180,000/- vide its letter No PPMC/2025/CF&RA/02 dated 09/03/2026.

Accordingly, CPPA-G requested your acknowledgement for releasing the amount to PPMC on your behalf vide letter no. CPPA/C(PC&RA)/(B&R)/6089/4003 dated 16/10/2025.

In response, QESCO has duly confirmed and acknowledged vide letter no. FDI/R/P 10402-08 dated 17/10/2025 that CPPA-G is authorized to make payment to M/s PPMC on behalf of M/s IESCO in respect of the management fee for the management services rendered.

Accordingly, CPPA-G has made payments amounting to Rs. 23,635,950/- (i.e. 85% of the total invoice value) on your behalf and issued debit notes so that M/s IESCO records the expense in its books of account. For the remaining 15% amount, M/s IESCO is liable to deposit the withholding income tax against the NTN of M/s PPMC under Section 153 of the Income Tax Ordinance, 2001 as the Management Fee is an expense of the DISCOs.

It is therefore requested that withholding income tax amounting to Rs 4,171,050/- may please be deposited to FBR in compliance of the income Tax Ordinance, 2001 and the Computerized Payment Receipt (CPRs) may be shared with M/s PPMC for income tax credit under intimation to CPPA-G as per the table below:

Particulars	Amount Rs	Remarks
PPMC Fee (Excluding GST)	24,180,000	GST Input Tax Credit may be claimed by your Company as declared by M/s PPMC M/s PPMC Invoice relating to M/s IESCO is attached as **Annexure-A**
Add: GST on ICT Services @ 15%	3,627,000	
Total invoice value	27,807,000	
85% total invoice value paid by CPPA	23,635,950	CPPA-G paid 85% of the Invoice value on behalf of M/s IESCO and issued Debit Note

Dated:

CTO/CPPA-C(PC&RA)/(B&R)_____________

		to M/s IESCO as attached as **Annexure-B.**
WHT @15 % of Rs 27,807,000	4,171,050	M/s IESCO to deposit the remaining 15 % of invoice value to FBR as a withholding income tax and record it as expense of M/s IESCO in its accounts accordingly.

We remain at your disposal should you require any further information or assistance.

Manager Finance (B&R)

POWER PLANNING AND MONITORING COMPANY (PVT) Ltd.
Office # 112, 1st Floor, Evacuee Trust Complex, Agha Khan Road, Islamabad
051-9211302,051-8489491,051-8489334 Ext.191 Email: gmts.ppmc@gmail.com

INVOICE FOR DISCO-WISE MANAGEMENT FEE THROUGH CPPA-G
1st QTR 2025-26
(Pursuant to SRO No 1358-I(2025))

PPMC NTN No. : 3057721-7

DISCO-WISE MANGEMENT FEE INVOICE THROUGH CPPA-G Central Power Purchasing Agency Guarantee Ltd. (CPPA-G) Shaheen Plaza, Plot #73, West Fazl-e-Haq Road, Blue Area, Islamabad. GST No: 32-77-8761-137-50	Billing Quarter	1st 2025-26
	Invoice No.	PPMC/2025/ CF&RA/01
	Issue Date	09-Mar-2026

Sr. No.	DISCO	NTN/STRN Number	Distribution Margin	Fee for 1st QTR (2025-26)	Sales Tax(15%)	Total Management Fee (Rs.)
1	IESCO	2748840-3	45,772,000,000	24,180,000	3,627,000	27,807,000
2	LESCO	3041094-7	70,148,000,000	37,050,000	5,557,500	42,607,500
3	FESCO	3048930-0	54,859,000,000	28,980,000	4,347,000	33,327,000
4	GEPCO	2972920-3	41,455,000,000	21,900,000	3,285,000	25,185,000
5	MEPCO	3011207-9	61,167,000,000	32,310,000	4,846,500	37,156,500
6	PESCO	2228080-4	42,649,000,000	22,530,000	3,379,500	25,909,500
7	HESCO	3016682-9	22,734,000,000	12,010,000	1,801,500	13,811,500
8	QESCO	3044052-1	27,551,000,000	14,550,000	2,182,500	16,732,500
9	SEPCO	3801689-3	15,796,000,000	8,340,000	1,251,000	9,591,000
10	TESCO	3557321-0	2,345,000,000	1,240,000	186,000	1,426,000
11	HAZECO	B577072-1	11,192,000,000	5,910,000	886,500	6,796,500
Total			395,668,000,000	209,000,000	31,350,000	240,350,000

Payable to:	Power Planning & Monitoring Company (Private) Limited
Title of Account:	Power Planning & Monitoring Com Pvt
Account Number:	PK05HABB0013537902382601
Bank:	HBL
Branch:	F-6, Islamabad

Team Lead (CA)
PPMC

1. Managing Director, PPMC Islamabad
2. Chief Financial Officer, PPMC Islamabad

DISCOs	Previous Invoice
FESCO	1,530,000.00
GEPCO	1,282,500.00
HAZECO	-
HESCO	630,000.00
IESCO	1,237,500.00
LESCO	2,070,000.00
MEPCO	1,485,000.00
PESCO	1,755,000.00
QESCO	585,000.00
SEPCO	585,000.00
TESCO	90,000.00
	11,250,000.00

Income Tax Detail For The Month of 05-2024

VR No.	Name Of Supplier	City/Desig.	NTN	Taxable Amount	Rate (%)	Tax Deducted	CB/CP	Tally
	PPMC		3057721-7	13,750,000.00	9.0	1,237,500.00	1,237,500.00	
	PPMC		3057721-7	13,750,000.00	9.0	1,237,500.00	1,237,500.00	
				27,500,000.00		2,475,000.00	2,475,000.00	

~~format~~ ~~certified~~

Payment of I. tax Process:

① PSID IN Favour of PPMC

② Invoice (ERP Generated)

③ Noting (Approved)

④ Supporting Documents

ISLAMABAD ELECTRIC SUPPLY COMPANY

Vendor Invoice

ocument No: 1900028431	Document Date: 30.09.2024	Posting Date: 30.09.2024		Period: 03/2025	
		Reference:		Currency: PKR	
eader Text	LPS No 44 (09.2024)				

Itm	Account	Description	Text	Dept.	Div.	Cir.	Amount	Dr/Cr
1	750700	Management Fee	LPS No 44 (09.2024)	100001	10000	100	8,992,500.00	Dr
2	CPPA	Central Power Purcha	LPS No 44 (09.2024)		10000	100	8,250,000.00	Cr
3	511300	Withholding Tax Paya	LPS No44 (09.2024)	100001	10000	100	742,500.00	Cr

Narration

15/11/2024
Case handed over Shehzad MA Audit for process of I-Tax pay...

ERP Generated Invoice.
Sample for the payment process.

PREPARED BY

CHECKED BY

APPROVED BY