



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad
Ph: 9207200, 9205225 Fax : 9210215
E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/TRF-40/FESCO-2005/9735-38
August 22, 2008

Subject: **Decision of the Authority in the Matter of Biannual Adjustment in the Consumer-end Tariff for Faisalabad Electric Supply Company Ltd. (FESCO) on account of Change in Power Purchase Price (Case No. NEPRA/TRF-40/FESCO-2005) - Intimation of Decision of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)**

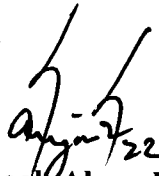
Dear Sir,

Please find enclosed decision of the Authority along with Annex-I & II (07 pages) in respect of biannual adjustment on account of change in Power Purchase Price for the 2nd half of FY 2007-08 for Faisalabad Electric Supply Company Ltd. in Case No. NEPRA/TRF-40/FESCO-2005.

2. The decision is being intimated to the Federal Government for the purpose of notification of adjustment in the approved tariff through the official Gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

3. Please note that only the Schedule of Tariff (Annex-II) attached with the decision needs to be notified in the official Gazette.

Enclosure: As above.


22.08.08
(Mahjood Ahmad Mirza)

The Secretary
Cabinet Division
Government of Pakistan
Cabinet Secretariat
Islamabad.

CC: 1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.
3. Secretary, Privatization Commission, Islamabad.

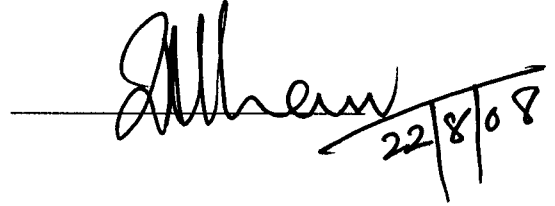


**Decision of the Authority in the Matter of Adjustment of
RORB, O&M and PPP for Faisalabad Electric Supply
Company Limited (FESCO)**

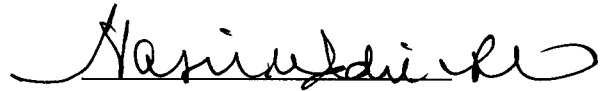
Pursuant to paragraph 74,76 and 77 of the Authority's determination dated March 09, 2007 in respect of RORB adjustment, O&M adjustment and biannual adjustment in power purchase price for Faisalabad Electric Power Company Limited (FESCO), adjustments have been made in the consumer end tariff as per Annex-I. The schedule of tariff has been revised for notification in the official Gazette as per the attached Annex-II. The tariff will become immediately applicable in accordance with the paragraph II of Annex-I of S.R.O. 155 (I)/2007 dated 23rd February 2007.

Authority

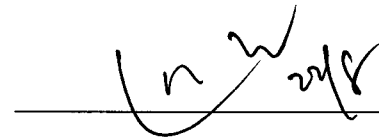
Zafar Ali Khan
Member/Vice Chairman


22/8/08

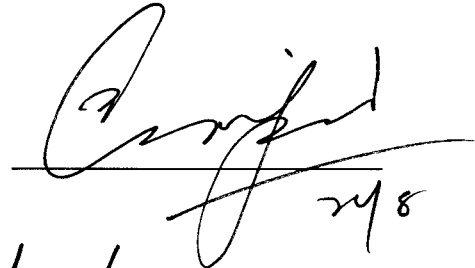
Nasiruddin Ahmed
Member

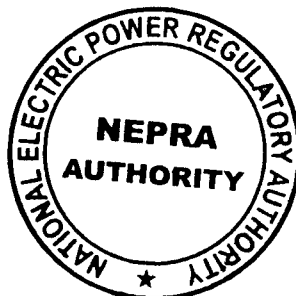


Maqbool Ahmad Khawaja
Member


24/8

Khalid Saeed
Chairman


24/8





Faisalabad Electric Supply Company (FESCO)
Annual Adjustments in Tariff

1. 2nd Biannual Power Purchase Price Adjustment

$$\Delta PP_2 = \left[\frac{PPa_2 - PPa_1}{1 - L_2} - (\Delta PP_{2.1}) \right]$$

Where:

ΔPP_2 is the change in PPP for the FY 2007-08.

PPa_2 is the actual weighted average power purchase price for the duration of FY 2007-08 which is Rs. 4.6912 per kWh.

PPa_1 is the actual weighted average power purchase price for the duration of FY 2006-07 which is Rs. 3.7153 per kWh.

LQ_2 is the target losses for the FY 2007-08 which are 11.43%.

$\Delta PP_{2.1}$ is the change in PPP for the 1st half of FY 2007-08

Replacing values in the formula we get,

$$\Delta PP_2 = ((4.6912 - 3.7153) / (1 - 11.43\%)) - 0.4392$$

$$\Delta PP_2 = \text{Rs. } 0.6626/\text{kWh}$$

2. Annual O&M adjustment

The O&M part of distribution margin shall be indexed with CPI subject to adjustment for efficiency gains (X factor). Accordingly the O&M will be indexed every year according to the following formula;

$$O\&M_1 = O\&M_0 * [1 + (CPI - X)]$$

Where:

$O\&M_0$ is the O&M expense for the previous year adjusted for variation in forecasted and actual units sold which is Rs. 0.4170/kWh (0.3912*9,144units/8,578.21units)

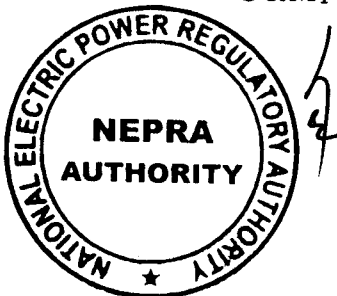
$O\&M_1$ is the O&M expense for the new year

CPI is the percentage change (over previous period) in consumer price index as notified by the Federal Bureau of Statistics (FBS) Government of Pakistan. CPI for May 2008 is 172.87 against 144.94 for May 2007.

X is the efficiency factor which is 3% for FY 2008-09

Replacing values in the formula we get,

$$O\&M_1 = \text{Rs. } 0.4170/\text{kWh} * (1 + (19.27\% - 3\%))$$



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$$O\&M_1 = \text{Rs. } 0.4170/\text{kWh} * 1.1627$$

$$O\&M_1 = \text{Rs. } 0.4848/\text{kWh}$$

$$\Delta O\&M_1 = \text{Rs. } 0.0936/\text{kWh}$$

3. Annual RORB & Depreciation Adjustment

RORB and depreciation shall be adjusted according to the actual rate base and actual gross fixed assets in operation respectively as on 30th June 2008 according to the following formula;

RORB Adjustment

$$TRN9 = TRN8 * RABa8 / RABa7$$

Where:

TRN9 is the RORB tariff component for FY 2008-09

TRN8 is the RORB tariff component for FY 2007-08 adjusted for variation in forecasted and actual units sold which is Rs. 0.2808/kWh (0.2634*9,144units/8,578.21units).

RABa8 is the actual Regulatory Asset Base as on 30th June 2008 i.e. Rs. 17,434 million.

RABa7 is the actual Regulatory Asset Base as on 30th June 2007. The reference value used in previous adjustment is 13,531 million.

Replacing values in the formula we get,

$$TRN9 = \text{Rs. } 0.2808/\text{kWh} * 17,437/13,531$$

$$TRN9 = \text{Rs. } 0.3618/\text{kWh}$$

$$\Delta TRN = \text{Rs. } 0.0984$$

Depreciation Adjustment

$$TD9 = TD8 * AGFAIOa8 / AGFAIOa7$$

Where:

TD9 is the Depreciation component of tariff for FY 2008-09

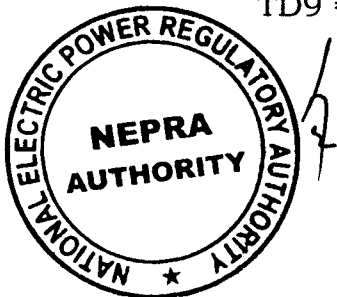
TD8 is the Depreciation component of tariff for FY 2007-08 adjusted for variation in forecasted and actual units sold which is Rs. 0.0976/kWh (0.09152*9,144units/8,578.21units)

AGFAIOa8 is the actual gross fixed assets in operation as on 30th June 2008 i.e. Rs. 29,971 million

AGFAIOa7 is the actual gross fixed assets in operation as on 30th June 2007. The reference value used in previous adjustment is Rs. 22,879 million.

Replacing values in the formula we get,

$$TD9 = \text{Rs. } 0.0976/\text{kWh} * 29,971 / 22,879$$



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TD9 = Rs. 0.1278/kWh
ΔTD = Rs. 0.0363/kWh

Average sale rate on 1st July 2008 will be

$$Rt_2 = Rt_{2.1} \pm (\Delta PP_2 + \Delta O \& M + \Delta TRN + \Delta TD)$$

Where:

Rt₂ is the revised average sale rate

Rt_{2.1} is the reference average sale rate which is Rs. 5.2982

ΔPP₂ is the change in PPP for the FY 2007-08

ΔO&M is the change in O&M for the FY 2007-08

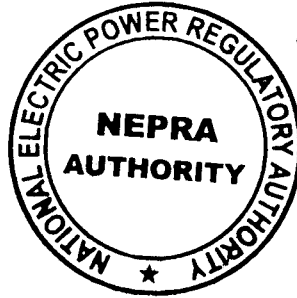
ΔTRN₉ is the change in RORB for the FY 2007-08

ΔTD₉ is the change in depreciation for the FY 2007-08

Replacing values in the formula we get,

$$Rt_2 = \text{Rs. } 5.2982/\text{kWh} + (0.6626 + 0.0936 + 0.0984 + 0.0363)$$

$$Rt_2 = \text{Rs. } 6.1891/\text{kWh}$$



**SCHEDULE OF ELECTRICITY TARIFFS
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)**

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED	VARIABLE CHARGES	
		CHARGES Rs/kW/M	Rs/kWh	
a)	For Sanctioned load up to 20 kW			
i	Up to 50 Units	-		1.60
	For Consumption exceeding 50 Units			
ii	For first 100 Units	-		4.04
iii	For next 200 Units	-		6.29
iv	For next 700 Units	-		8.27
v	Above 1000 Units	-		9.27
b)	For Sanctioned load exceeding 20 kW			
	Time Of Use	315.00	Peak 8.37	Off-Peak 5.67

Under this tariff, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 75/- per consumer per month

b) Three Phase Connections:

Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED	VARIABLE CHARGES	
		CHARGES Rs/kW/M	Rs/kWh	
a)	For Sanctioned load up to 20 kW			
i	For first 100 Units	-		9.27
ii	Above 100 Units	-		9.52
b)	For Sanctioned load exceeding 20 kW	365.00		6.77
	Time Of Use	315.00	Peak 8.37	Off-Peak 5.67

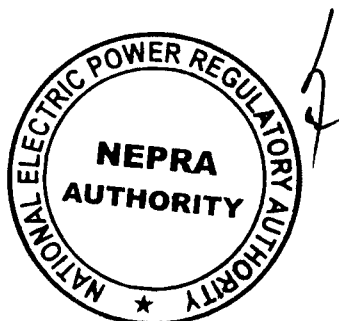
Under this tariff, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections;

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month



**SCHEDULE OF ELECTRICITY TARIFFS
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)**

B INDUSTRIAL SUPPLY TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES	
			Rs/kWh	
B1	Up To 20 kW (at 400/230 Volts)	-	8.27	
B2(a)	21-500 kW (at 400 Volts)	315.00	6.27	
	Time Of Use		Peak	Off-Peak
B2(b)	21-500 kW (at 400 Volts)	315.00	8.37	5.67
B3	For All Loads up to 5000 kW (at 11,33 kV)	305.00	8.12	5.27
B4	For All Loads (at 66,132 kV & above)	295.00	7.87	5.02

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

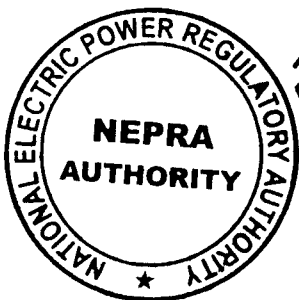
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

**C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE
AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSUMER CLASS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES	
			Rs/kWh	
C -1	For supply at 400/230 Volts			
a)	Sanctioned load up to 20 kW	-	8.27	
b)	Sanctioned load above 20 kW & up to 500 kW	315.00	7.27	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	305.00	7.02	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	295.00	6.77	
	Time Of Use (Optional)		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts above 20 kW & up to 500 kW	315.00	8.37	5.67
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	305.00	8.12	5.27
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	295.00	7.87	5.02



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**SCHEDULE OF ELECTRICITY TARIFFS
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)**

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES	
			Rs/kWh	
D-1(a)	SCARP less than 20 kW	-	7.27	
D-2	Agricultural Tube Wells	90.00	4.00	
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural more than 20 kW	305.00	8.37	3.75

Note:- The consumers having sanctioned load less than 20 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES	
			Rs/kWh	
E-1(i)	Residential Supply	-	9.27	
E-1(ii)	Commercial Supply	-	9.52	
E-2	Industrial Supply	-	8.27	

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

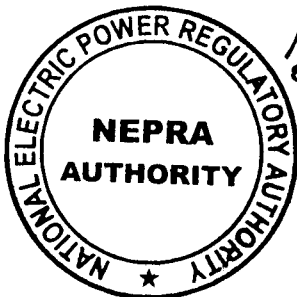
Note:

Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES	
			Rs/kWh	
	Street Lighting		9.52	

There shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.



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**SCHEDULE OF ELECTRICITY TARIFFS
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)**

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Residential Colonies attached to industrial premises	-	8.77

