



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/TRF-40/FESCO-2005/2387-2390
September 8, 2010

Subject: Decision of the Authority in the matter of Faisalabad Electric Supply Company Ltd. Pursuant to the Amendment in Section 31 of NEPRA Act (Act No. XL of 1997) through Ordinance No. XVIII & XXIX of 2009 and Ordinance No. XIV of 2010 [Case # 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 the subject decision of the Authority along with Annexure-I (09 pages) in Case No. NEPRA/TRF-40/FESCO-2005.

2. The Decision is being intimated to the Federal Government for the purpose of notification of the approved tariff in 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 revised Schedule of Tariff (Annex-I) annexed with the decision needs to be notified in the official Gazette which will replace the Schedule-I of the SRO 855(I)/2010 dated 31st August, 2010.

Enclosure: As above

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.
3. Secretary, Privatization Commission, Islamabad.


(Syed Safer Hussain)





DECISION OF THE AUTHORITY IN THE MATTER OF FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO), PURSUANT TO THE AMENDMENT IN SECTION 31 OF THE NEPRA ACT (ACT NO. XL OF 1997) THROUGH ORDINANCE NO. XVIII & XXIX OF 2009 AND ORDINANCE NO. XIV OF 2010

1. Background

- 1.1 A multi-year tariff of Faisalabad Electric Supply Company (hereafter "FESCO") was determined by the Authority on February 23, 2007, which was notified in the official Gazette vide SRO NO. 155(I)/2007 dated 24th February 2007. In the said determination, the Authority had prescribed a mechanism of biannual adjustment in Power Purchase Price due to variation in fuel price and generation mix. The mechanism being part of the Order of the Authority was also notified through the aforementioned S.R.O.
- 1.2 However, subsequent to an amendment in section 31(4) of the NEPRA Act through Finance Bill, 2008, the biannual PPP adjustment mechanism provided in the said multi-year tariff was modified by the Authority in exercise of its suo moto powers vide order dated 23rd August 2008. Said order was assailed before the Honorable Lahore High Court, Lahore by All Pakistan Textile Mills Association etc and vide order dated 17th April, 2009 the matter was remanded back to NEPRA for a decision afresh after publication of due notice in the press and permitting the Interveners and Commentators to participate in the proceedings.
- 1.3 Accordingly in compliance of the orders of the Honorable Lahore High Court, Lahore, fresh proceedings in the matter were initiated. Filing of objections etc was solicited by the interested parties and a hearing was also conducted by the Authority. Vide its decision dated 5th September, 2009, the matter was decided which resulted in upholding of earlier decision of Authority dated 23rd August, 2008.
- 1.4 NEPRA Act was further amended through Ordinance No. XVIII & XXIX of 2009 and Ordinance No. XIV of 2010, whereby NEPRA is obligated to review the fuel charges in the approved tariff on a monthly basis and to notify the same in the official gazette.
- 1.5 In terms of the above mentioned amendments in NEPRA Act, the Authority considered it just and appropriate to amend the monthly Power Purchase Price (PPP) adjustment mechanism for FESCO because FESCO purchases its electricity from CPPA at basket price, like any other DISCO. Therefore, vide order dated 17th of December, 2009, the Authority had modified the monthly PPP adjustment mechanism for FESCO. It was decided to make the adjustments in two stages; at first stage the fuel part component of CpGenE (CPGENCO





Energy) will be determined on monthly basis without taking into account the impact of T&D losses, which would be directly reflected in the consumer bills as fuel cost adjustment and at the second stage the impact of T&D losses will be taken care of on quarterly basis in addition to variation in PPP on account of, generation mix, CpGenCap (CPGENCO Capacity) and USCF (Use of System Charge).

1.6 In the perspective of above mentioned background and with reference to para IV of the decision of the Authority dated 17th of December, 2009, Faisalabad Electric Supply Company (FESCO), hereinafter called "FESCO", being a Distribution Licensee of NEPRA filed a request for the Adjustment of its consumer- end tariff pertaining to the 4th Quarter (April – June 2010) of the FY2009-10 and through the instant decision, said request of FESCO is being adjudicated upon by the Authority.

1.7 For making the adjustments in question, no formal proceedings such as inviting reply, comments, intervention requests and conduct of hearing etc is required. However, considering the above referred directions of the Honorable Court that in order to meet with the ends of natural justice, the Authority published the salient features of the request of adjustment of FESCO in the national newspapers on 3rd July, 2010, inviting of objections and comments by the interested/affected persons within 15 days of the publication.

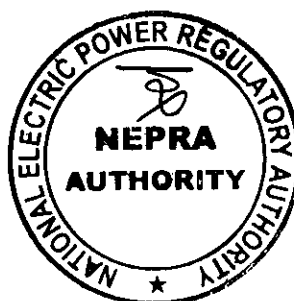
2. Filing of objections/comments

2.1 In response to the notice published in the newspapers, no objection or comments were received from any person.

3. Hearing

3.1 Notwithstanding non-filing of any objection from any person, the Authority decided to hold a hearing into the matter keeping in view the above referred directions of the Honorable High Court and for that very purpose yet another notice was published in the leading national newspapers on 6th of August, 2010 wherein all the interested parties were informed that the hearing into the matter shall be conducted on 12th of August, 2010.

3.2. On 12th August, 2010, hearing was conducted which was attended by the representatives of FESCO. Despite of publication of two notices in the newspapers, neither any person opted to file written comments/objections to the request of FESCO nor did any person participate in the hearing. The Authority, therefore, is left with no option but to rely upon the information so provided by FESCO for the purposes of making the requisite adjustments which are hereby made as under:-





4. Adjustment with respect to Power Purchase Price (PPP)

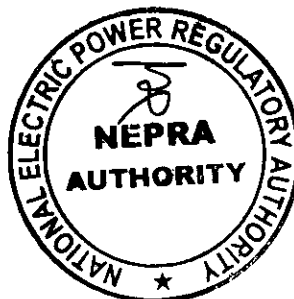
- 4.1 According to the existing mechanism, while giving monthly fuel cost adjustments, the impact of T&D losses is not accounted for and accordingly the same is accounted for on quarterly basis in addition to variation in PPP on account of Capacity payments and Use of System Charge. Based upon that practice, the Authority has assessed the impact of Rs. 225.33 million pertaining to the Fuel part of the PPP, which has not been passed on to the consumers in monthly fuel price adjustments. Similarly, the impact not passed on to the life line consumers has been assessed as Rs. 40.54 million. Combined together the overall quarterly impact of Energy purchase price (CpGenE) for the fourth quarter has been worked out as Rs. 265.86 million.
- 4.2 In the fourth quarter, there was a decrease of Rs. 745.35^{million} in Generation Capacity Charge (CpGenCap), whereas the Use of System Charge (USCF) increased by Rs. 78.44 million.
- 4.3 During 4th quarter the petitioner purchased 166 GWh less than the reference purchases of 2,828 GWh indicated in Annex – IV of the Authority's determination dated 17th December 2009. The impact on this account has been worked out as Rs. 1,238.28 million that has necessitated the reduction in revenue requirement to this extent.
- 4.4 In view of all the above adjustments the overall downward adjustment in PPP has been assessed as Rs. (1,639.32) million for the 4th quarter of the FY 2009-10.

5. Adjustment with respect to DM and PYA

- 5.1 Consequent to the less sales as against the reference sales, the Petitioner could not recover Rs. 145.04 million and Rs. 82.02 million on account of DM and PYA respectively during the 4th quarter of the FY 2009-10. This under recovery of revenue is also being accounted for while assessing the adjustment for the 4th quarter of the FY 2009-10.

6. Revenue Requirement for the 4th quarter of the FY 2009-10.

- 6.1 Based on the revenue requirement determined in the 1st quarterly determination for the FY 2009-10, the revenue requirement for the 4th quarter of the FY 2009-10 works out as Rs 23,711.18 million which includes Rs. (1,639.32) million of PPP adjustment. The Petitioner however during the same period on the basis of notified rates was able to recover Rs. 25,312.98 million thus indicated over recovery of Rs. 1,601.80 million.
- 6.2 The Authority considers that the petitioner could not cover its certain allowable costs, therefore, this surplus is being adjusted against the un-recovered cost for the FY 2009-10 as under:-

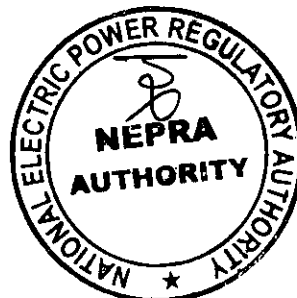




○ Annual Revenue Requirement	Rs. 80,192 million
○ Add: Impact of Quarterly PPP Adj. Qrt-I	Rs. 106 million
○ Less: Revenue earned in quarter – I	Rs. 19,407 million
○ Less; Revenue earned in quarter- II	Rs. 14,770 million
○ Less; Impact of Quarterly PPP Adj. Qrt-II	Rs. 206 million
○ Less, Impact of Quarterly PPP Adj. Qrt-III	Rs. 4,122 million
○ Less, Revenue earned in quarter- III	Rs. 16,442 million
○ Less, Impact of Quarterly PPP Adj. Qrt-IV	Rs. 1,639 million
○ Less, Revenue earned in quarter- IV	Rs. 25,313 million
○ Add, un recovered costs during the year	Rs. 2,893 million
○ Less, impact of favorable consumer mix*	Rs. 717 million
○ Net Un recovered Costs for the year	Rs. 575 million

* the impact of consumer mix has been worked out on the basis of information provided by the Petitioner in FORM – 3. This amount would be revisited in the light of annual audited accounts pertaining to the FY 2009-10.

- As per the above working, Rs. 575 million would be the net un-recovered costs for the whole FY 2009-10. The Authority considers that since the year has already passed; therefore it is not possible to ensure recovery of this un-recovered cost during FY 2009-10. The Authority has accordingly decided to carry forward this amount in the next financial year. In view thereof the already notified Schedule of Tariff is not being altered.



2



6.3 The Schedule of Tariff (Annex- I) annexed with the determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act which will replace the Schedule -I of the SRO. 855 (I) 2010 dated 31st August , 2010.

AUTHORITY

Shaukat Ali Kundi

(Shaukat Ali Kundi)
Member

08.09.2010

Maqbool Ahmad Khawaja

(Maqbool Ahmad Khawaja)
Member

Zafar Ali Khan

(Zafar Ali Khan)
Member

8/9/10

Ghiasuddin Ahmed

(Ghiasuddin Ahmed)
Member/Vice Chairman

8/9

Khalid Saeed

Khalid Saeed
Chairman



**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 less than 5 kW			
i	Up to 50 Units	-	2.00	
	For Consumption exceeding 50 Units			
ii	01-100 Units	-	8.00	
iii	101-300 Units	-	11.00	
iv	301-700Units	-	13.25	
v	Above 700 Units	-	15.00	
b)	For Sanctioned load 5 kW & above			
	Time Of Use	-	Peak 14.50	Off-Peak 8.00

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

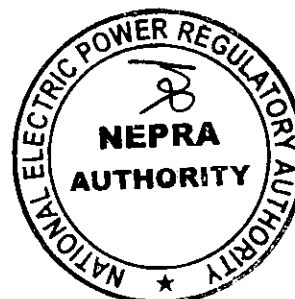
- a) Single Phase Connections: Rs. 75/- per consumer per month
b) Three Phase Connections: Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED	VARIABLE CHARGES	
		CHARGES Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW		14.50	
b)	For Sanctioned load 5 kW & above	400.00	12.00	
			Peak	Off-Peak
c)	Time Of Use	400.00	14.50	8.00

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	VARIABLE CHARGES	
		CHARGES Rs/kw/M	Rs/kWh	
B1	Less than 5 kW (at 400/230 Volts)	-	10.70	
B2(a)	5-500 kW (at 400 Volts)	400.00	9.50	
	Time Of Use		Peak	Off-Peak
B2(b)	5-500 kW (at 400 Volts)	400.00	14.50	8.00
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	14.40	7.50
B4	For All Loads (at 66,132 kV & above)	360.00	14.30	7.00

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	VARIABLE CHARGES	
		CHARGES Rs/kw/M	Rs/kWh	
C -1	For supply at 400/230 Volts			
	a) Sanctioned load less than 5 kW	-	11.20	
b)	Sanctioned load 5 kW & up to 500 kW			
		400.00	10.50	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	10.40	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	10.30	
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	14.50	8.00
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.40	7.50
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.30	7.00



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

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED	VARIABLE CHARGES	
		CHARGES Rs/kW/M	Rs/kWh	
D-1(a)	SCARP less than 5 kW	-	10.00	
D-2	Agricultural Tube Wells	200.00	7.00	
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW and above	200.00	14.50	6.00

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED	VARIABLE CHARGES	
		CHARGES Rs/kW/M	Rs/kWh	
E-1(i)	Residential Supply	-	15.00	
E-1(ii)	Commercial Supply	-	14.50	
E-2	Industrial Supply	-	10.70	

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	VARIABLE CHARGES	
		CHARGES Rs/kW/M	Rs/kWh	
	Street Lighting		12.00	



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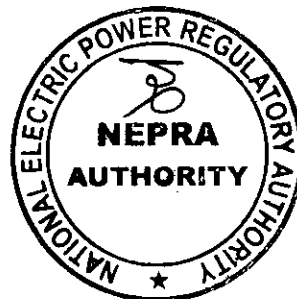
**SCHEDULE OF ELECTRICITY TARIFFS
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)**

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

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED	VARIABLE CHARGES
		CHARGES Rs/kW/M	Rs/kWh
	Residential Colonies attached to industrial premises	-	12.00

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8