



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/TRF-40/FESCO-2005/4949-4953

December 31, 2010

Subject: **Decision of the Authority in the matter of Faisalabad Electric Supply Company Ltd. [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 herewith the subject Decision of the Authority along with Annexure-I, II, III, IV & V (22 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 only Annexure-I (Fuel Price Adjustment Mechanism), Annex-III (Schedule of Electricity Tariff), Annex-IV (CpGenE, CpGenCap & USCF) and Annex-V (Terms and Conditions) need to be notified in the official Gazette.

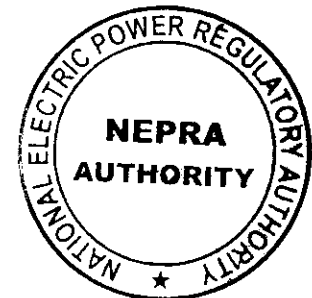
Enclosure: As above

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

CC:

1. Secretary, Cabinet Division, 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),**

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 from 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 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 1st Quarter (July - August 2010) of the FY2010-11 and through the instant decision, said request of FESCO is being adjudicated upon by the Authority.
- 1.5 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



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adjustment of FESCO along with the notice of Hearing in the national newspapers on 30th October, 2010, inviting of objections and comments from the interested/affected persons within 15 days of the publication.

2. Filing of objections/comments

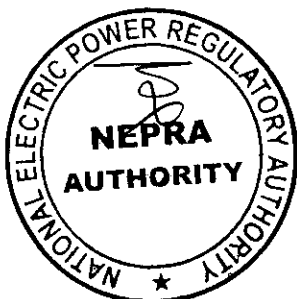
2.1 In response to the notice published in the newspapers, no objection or comments were received from any person.

3. Hearing

3.1 On 11th November, 2010, hearing was conducted which was attended by the representatives of FESCO. Despite ~~of~~ publication of notice 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, was 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:-

3.2 The current situation is that the Ordinance through which section 31(4) of the NEPRA Act was amended providing for quarterly determinations stood lapsed, however, law regarding monthly review and revision of approved tariff on account of any variations in the fuel charges is still there. The Authority feels that the concept of the quarterly adjustments is relevant for DISCOS to get the required level of liquidity in order to run their operations smoothly. Thus, the Authority considered it just and appropriate to continue the quarterly adjustments alongwith 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, the order of the Authority dated 17th of December, 2009 would remain in the field. Thus, the Authority decides 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 CpGenCap (CPGENCO Capacity) and USCF (Use of System Charge).

3.3 Further, the tariff of FESCO with respect to its distribution business i.e. Distribution Margin, was determined on a multi-year basis on 23rd February 2007, comprising of Operation and Maintenance Expenses (O&M), other income, Depreciation, amortization of deferred credit and Return on Rate Base (RORB) are subject to adjustment as per the already notified



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mechanism vide S.R.O No. 155(I)/2007 dated 24th February 2007. The Distribution Margin for the FY 2010-11 based on the notified mechanism works out as Rs. 7,703 million.

3.4. In order to make the above referred adjustments, the PPP price for FESCO has been determined based on the generation plan for FY 2010-11 which is annexed with this order as Annexure IV. The Summary of revenue requirement assessed is given as under. The revenue requirement would be recovered through the consumer – end tariff as per Annex- II.

4. Revenue Requirement assessed for the FY 2010- 11.

4.1 Total revenue requirement for FESCO for FY 2010-11 has been assessed as under:

○ Power Purchase Price	Rs. 70,933 million
○ Distribution Margin	Rs. 7,706 million
○ Prior Year Adjustment	Rs. 1,555 million
Total Revenue Requirement	Rs. 80,194 million

4.2 Based on the targeted sales of 8,779 GWh for the FY 2010-11, the Petitioner's average sale rate works out as Rs.9.1343/kWh, which consists of Rs.8.0794/kWh adjusted PPP, Rs. 0.8777 /kWh DM and Rs. Rs. 0.1771 prior year adjustment.

5. Prior Period Adjustment.

5.1 The Authority during the course of 4th quarter's tariff determination pertaining to the FY 2009-10, assessed the un- recovered costs to the tune of Rs. 575 million, with respect to the FY 2009-10. The said cost included the impact of consumer mix, which was worked out on the basis of information provided by the Petitioner in FORM – 3. While determining the impact of consumer – mix, it was also decided to revisit the same, in the light of annual audited accounts for the FY 2009-10. On the basis of annual audited accounts for the FY 2009-10, the amount under the head of un recovered cost has been reassessed to the tune of Rs. 1,555 million. The increase on this account is attributed to the reassessment of the impact of consumer – mix for the FY 2009-10.

6. Impact of First Quarter's Adjustment pertaining to the FY 2010-11.

6.1 According to the existing mechanism, the impact of T&D losses will be taken care of on quarterly basis in addition to variation in PPP on account of CpGenCap and USCF. The Authority has assessed Rs. 368 million quarterly adjustments as per the actual invoices of CPPA on account of the aforementioned reasons on the basis of 10.83% target T&D losses to be recovered in the subsequent quarters. The Adjustment also includes rebasing of CPGenE references as per Annex- IV, since the Authority has been giving CPGenE adjustments for the period starting from (1st July 2010 – 30th September 2010) as per references determined for the FY 2009-10. For future adjustments NEPRA's monthly projections for FY 2010-11 on





account of CpGenE, CpGenCap and USCF would become reference (as per Annex-IV).

7. Revenue Requirement for the 1st quarter of the FY 2010-11.

7.1 Based on the revenue requirement assessed for the whole FY 2010-11, the revenue requirement for the 1st quarter of the FY 2010-11 works out as Rs. 23,801 million (this amount includes Rs. 368 million of PPP adjustment for the 1st quarter of the FY 2010-11). The amount recovered by the Petitioner for the same period on the basis of notified rates is Rs. 26,170 million; thus, giving a revenue surplus of Rs. 2,369 million. The surplus is being adjusted in the revenue requirement of the next three quarters of the FY 2010-11.

8. Net Revenue Requirement after 1st Quarter's adjustments

Annual revenue requirement for the FY 2010-11	Rs.	80,194 million
Add; Assessed quarterly adjustment (PPP)	Rs.	368 million
Less; Revenue earned by the Petitioner in 1 st quarter of FY 2010-11,	Rs.	26,170 million

Net Revenue requirement to be recovered in the next

three quarters of the FY2010-11, Rs. 54,392 million

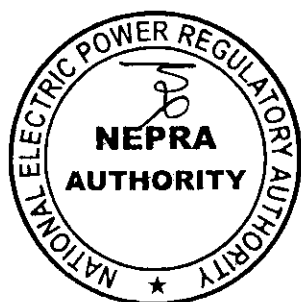
This net revenue would be recovered from the consumers in the next three quarters of the FY2010-11, through the projected units for the next three quarters of the FY 2010-11 i.e. 6,214 GWh, as per Annex - II.

- Average Sale Rate of FY 2010-11 (Nine months) Rs. 8.7530/kWh.
- Assessed Transmission & Distribution Losses target would remain at 10.83%

9. Decision of the Authority with respect to enhancing threshold load limit from less than 5 KW to up to 25 KW for B-1 industrial consumer category.

9.1 In some of the DISCOs certain consumers objected to the change of threshold of B-1 consumers on the ground that their bills have increased by more than double due to this change. The Authority in its decision dated 16th August 2010 with respect to B-1 & B-2 consumers in compliance of Orders of the High Court of Sindh Sukkur Bench held that

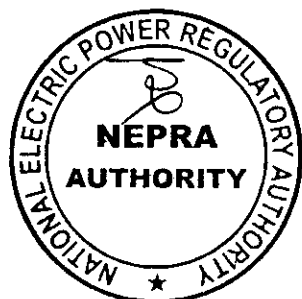
"In the given situation, notwithstanding the finality of the earlier determinations on the subject, the Authority feels that there may be a case for re-considering the minimum load level of the subject categories. However, as explained earlier, any variation in the load would tantamount to review of earlier tariff determinations of





the Authority which are relevant not only for the present complainants but also for the other industrial consumers of electricity across the country. For any such review not only the requisite data is required from all the concerned Distribution Companies but also an opportunity of hearing is also to be given to the stakeholders."

- 9.2 During GEPCO's hearing with respect to 1st Quarter of the FY 2010-11, the commentator Daska Engineering Industrial Association also raised similar concerns. The Authority considers that a decision in this regard would be relevant for all the DISCOs including the FESCO, hence the issue of change of category of tariff from B-1 to B-2 is also being discussed in this decision.
- 9.3 In view of Intervener's concerns raised during the hearing all the DISCOs were directed to provide relevant data/analysis indicating the financial impact as a result of change of category from B-1 to B-2. In response GEPCO, FESCO and IESCO submitted the details. The information provided by the aforementioned DISCOs were analyzed and it was observed that the consumers which were affected due to change in threshold were grinding machine, Atta Chakie, Molding Press, Metal Works, Dana Press, Silver Works, Copper Works, Sanitary Works, Melting Industry & Khrad Machine. It was also observed that in most of the cases the MDI recorded was 3-4 times higher than the sanctioned load which indicates that the sanctioned load of these consumers does not reflect the actual load of these small industrial consumers and has adverse affects on the distribution network. Another factor that resulted in increase in tariff was the application of low power factor penalty which is applicable in the case of two-part tariff. The information provided by the DISCOs indicated that in most of the cases the power factor was not up to the required standard which indicates that the consumers have not installed the equipment of required standard to minimize the disturbances in the network and safeguard the system from damage due to frequency variation.
- 9.4 On the issue of enhancing threshold load for B-1 industrial consumers from less than 5 KW to up to 25 KW, the Authority is of the view that the Commentator's pleading in this regard does merit consideration. Although by transferring these consumers to B-2 category resulted in revealing their actual maximum loads along with the substandard quality of their installed equipment which resulted in higher consumer bills. The Authority is also aware of the importance of the cottage industries as they play key role in employment creation. In view of aforementioned, the Authority has decided that;
- the existing threshold of less than 5 kW for the B-1 consumers category be increased to up to 25 kW , considering the fact that the smallest transformer available is of 25 KVA;
 - TOU meters shall be installed for all the industrial consumers including B-1





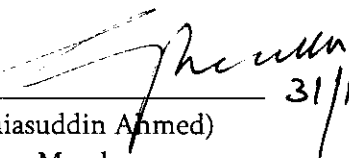
consumers;

- The TOU tariff for B-1 consumers shall be determined with peak and off-peak rates but without fixed charges as has been determined in the case of Residential (TOU);
- Low Power Factor Penalty should not be imposed on B-1.
- MDI should be recorded to maintain the record of actual load of these consumers but fixed charges should not be applied.

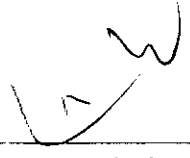
10. Decision of the Authority with respect to the restricting slab benefit to the previous one slab only in case of Residential Consumers.

- 10.1 The Authority considers that the residential consumers having consumption more than 300 units represents mostly from affording class of society. These consumers take the benefit of the subsidized first two consumer slabs which are mainly meant for low income group of people. The Authority is of the view that the benefit of subsidized residential rates should be restricted to low income groups only. In view thereof, the Authority has decided that the residential consumers will be given the benefits of only one previous slab.
- 10.2. The Fuel Price Adjustment Mechanism Annex-I, Schedule of Tariff at Annex-III, CpGenE, CpGenCap and USCF Annex-IV and Terms and Conditions at Annex-V related to the tariff be sent to the Federal Government for notification in the official gazette under Section 31(4) of the Act.

AUTHORITY

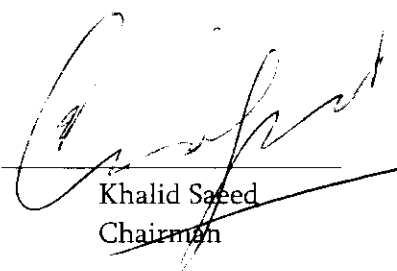

(Ghiasuddin Ahmed)
Member

31/12/10


(Maqbool Ahmad Khawaja)
Member


(Shaukat Ali Kundi)
Member/Vice Chairman

31.12.2010


Khalid Saeed
Chairman



FUEL PRICE ADJUSTMENT MECHANISM

Actual variation in fuel cost component against the reference fuel cost component for the corresponding months will be determined according to the following formula

$$\text{Fuel Price variation} = \text{Actual Fuel Cost Component} - \text{Reference Fuel Cost Component}$$

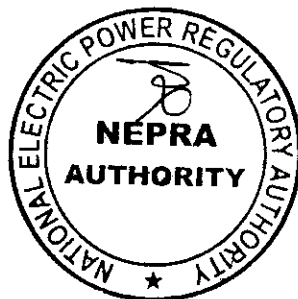
Where:

Fuel Price variation is the difference between actual and reference fuel cost component

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer on the basis of units billed to the consumer in the respective month.

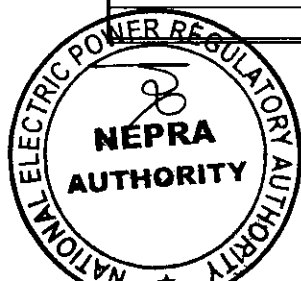


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Faisalabad Electric Supply Company (FESCO)
Estimated Sales Revenue on the Basis of New Tariff

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Description	Sales GWh	Sales Mix	New Tariff (NEPRA)		Revenue (as per NEPRA)		
			Fixed Charge Rs./kW/ Month	Variable Charge Rs./ kWh	Fixed Charge Rs. Million	Variable Charge Rs. Million	Total
Residential							
Up to 50 Units	190	3.05%		2.00	-	379	379
For peak load requirement less than 5 kW							
01-100 Units	350	5.64%		7.25	-	2,539	2,539
101-300 Units	1,296	20.85%		9.00	-	11,661	11,661
301-700 Units	563	9.06%		10.75	-	6,054	6,054
Above 700 Units	306	4.93%		13.50	-	4,136	4,136
For peak load requirement 5 KW & above							
Time of Use (TOU) - Peak	16	0.25%		12.25		190	190
Time of Use (TOU) - Off-Peak	37	0.60%		6.70		251	251
Total Residential	2,758	44.38%				25,210	25,210
Commercial - A2							
For peak load requirement less than 5 kW	240	3.85%		13.00		3,114	3,114
For peak load requirement 5 kW & above							
Regular	113	1.82%	400.00	11.50	187	1,300	1,486
Time of Use (TOU) - Peak				12.00			
Time of Use (TOU) - Off-Peak			400.00	6.50			
Total Commercial	353	5.67%			187	4,414	4,600
Industrial							
B1	311	5.00%		8.90	-	2,766	2,766
B2	-	0.00%	400.00	7.59	-	-	-
B2 - TOU (Peak)	320	5.16%	400.00	11.08	545.20	3,550	4,095
B2 - TOU (Off-peak)	608	9.78%	400.00	6.50	1,034.10	3,950	4,984
B3 - TOU (Peak)	0	0.01%	380.00	10.99	0	4	4
B3 - TOU (Off-peak)	457	7.35%	380.00	6.25	433	2,856	3,289
B4 - TOU (Peak)	-	0.00%	360.00	10.69	-	-	-
B4 - TOU (Off-peak)	435	7.00%	360.00	5.97	346	2,597	2,943
Total Industrial	2,131	34.30%			2,358	15,723	18,081
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.01%		9.90	-	5	5
C1(b) Supply at 400 Volts- 5 KW &	10	0.16%	400.00	8.75	11	85	96
Time of Use (TOU) - Peak	-			11.31	-	-	-
Time of Use (TOU) - Off-Peak	3	0.05%	400.00	6.50		21	21
C2 Supply at 11 kv	53	0.86%	380.00	8.65	56	462	518
Time of Use (TOU) - Peak	-			10.91	-	-	-
Time of Use (TOU) - Off-Peak	20	0.32%	380.00	6.25			
C3 Supply above 11 kv	49	0.78%	360.00	8.51	36	413	448
Time of Use (TOU) - Peak	-			10.51	-	-	-
Time of Use (TOU) - Off-Peak	49	0.79%	360.00	5.87	36	290	326
Total Single Point Supply	184	2.97%			139	1,275	1,414
Agricultural Tube-wells - Tariff D							
Scarp	51	0.82%		8.50	-	433	433
Agricultural Tube-wells	340	5.47%	200.00	6.00	207	2,039	2,246
Time of Use (TOU) - Peak	53	0.85%	200.00	10.11	32	534	566
Time of Use (TOU) - Off-Peak	334	5.38%	200.00	4.55	204	1,521	1,724
Total Agricultural	778	12.52%			443	4,527	4,970
Public Lighting - Tariff G	6	0.10%		12.00	-	75	75
Tariff H	4	0.06%		11.22	-	42	42
Total	6,214	100.000%			3,126	51,266	54,392



**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	-	7.25	
iii	101-300 Units	-	9.00	
iv	301-700Units	-	10.75	
v	Above 700 Units	-	13.50	
b)	For Sanctioned load 5 kW & above		Peak	Off-Peak
	Time Of Use	-	12.25	6.70

As per the Authority's decision residential consumers will be given the benefits of only one previous slab.

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		13.00	
b)	For Sanctioned load 5 kW & above	400.00	Peak	Off-Peak
c)	Time Of Use	400.00	12.00	6.50

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



B INDUSTRIAL SUPPLY TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED	VARIABLE CHARGES	
		CHARGES Rs/kW/M	Rs/kWh	
B1	Upto 25 kW (at 400/230 Volts)	-	8.90	
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00	7.59	
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		12.25	6.70
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	11.08	6.50
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	10.99	6.25
B4	For All Loads (at 66,132 kV & above)	360.00	10.69	5.97

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

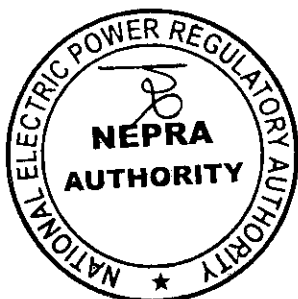
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

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	-	9.90	
b)	Sanctioned load 5 kW & up to 500 kW	400.00	8.75	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	8.65	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	8.51	
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	11.31	6.50
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	10.91	6.25
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	10.51	5.87



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	-	8.50	
D-2	Agricultural Tube Wells	200.00	6.00	
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW and above	200.00	10.11	4.55

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	-	13.50
E-1(ii)	Commercial Supply	-	13.00
E-2	Industrial Supply	-	8.90

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

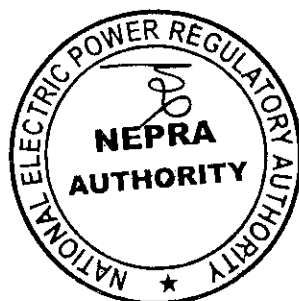
Note:

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

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	-	11.22



**FESCO Power Purchase Price
FY 2010-11**

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Projected Unit purchased by DISCO	987	994	896	770	725	672	558	629	739	822	986	1,068	9,846
	kWh												
CpGenE	4.3508	3.6013	3.8668	4.7146	5.0245	6.2818	7.3201	6.4931	6.1167	6.3624	5.6094	5.2246	5.2674
CpGenCap	1.3574	1.1626	1.4777	1.8055	1.8531	2.1776	2.0887	2.2688	1.8471	1.8517	1.6667	1.5711	1.7081
USCF	0.2071	0.1857	0.2054	0.2430	0.2315	0.2625	0.2530	0.2825	0.2309	0.2480	0.2344	0.2112	0.2290
Total PPP in Rs./kWh	5.9152	4.9496	5.5499	6.7631	7.1091	8.7220	9.6618	9.0443	8.1947	8.4621	7.5105	7.0070	7.2044

	Rs. in Million												
CpGenE	4,296	3,579	3,464	3,630	3,641	4,223	4,083	4,086	4,520	5,227	5,531	5,581	51,861
CpGenCap	1,340	1,155	1,324	1,390	1,343	1,464	1,165	1,428	1,365	1,521	1,643	1,678	16,817
USCF	204	185	184	187	168	177	141	178	171	204	231	226	2,254
PPP	5,840	4,919	4,972	5,208	5,152	5,864	5,389	5,691	6,056	6,952	7,405	7,485	70,933

A projected amount of Rs. 16,817 million and Rs. 2,254 million is the share of the petitioner on account of CpGenCap and USCF respectively for the FY 2010-11. The overall fixed charges comprising of CpGenCap and USCF in the instant case work out as Rs. 19,071 million, which translate into Rs. 847.247/kW/month or Rs.1.937/kWh.

The annual PPP for the FY 2010-11, works out as Rs. 70,933 million. With the projected unit purchase of 9,846 GWh for the same period the average PPP works out to be as Rs. 7.2044 / kWh. On the basis of 10.83% T&D losses for the FY2010-11 (as per determination dated 10th January 2008 (Annex -III). In order to bring in predictability in the consumer-end tariff the quarterly T&D loss target is being maintained at the same level assessed for the whole year.

The Target Losses of the years 08, 09, 10 and 11 as year 2, 3, 4 and 5 are as under: {

Year	Losses in %
2	11.43
3	11.23
4	11.03
5	10.83



**TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION
LICENSEES)**

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Faisalabad Electric Supply Company (FESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the highest of maximum demand recorded in a month except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh,.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

	<u>* PEAK TIMING</u>	<u>OFF-PEAK TIMING</u>
Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

* To be duly adjusted in case of day light time saving



11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.
12. "Consumer" means a person or his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA means Central Power Purchasing Agency (CPPA).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Surcharge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

PART-II

(Definitions and Conditions for supply of power specific to each consumer category)

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;
 - i) Residences,
 - ii) Places of worship,
 - iii) Approved religious and charitable institutions,
 - iv) Government and Semi-Government Offices and institutions,
 - v) Government Hospitals and Dispensaries,
 - vi) Educational institutions.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1 (a) tariff.



3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-1(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company no later than June 30, 2011.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:

- i) Shops,
 - ii) Hotels and Restaurants,
 - iii) Petrol Pumps and Service Stations,
 - iv) Compressed Natural Gas filling stations,
 - v) Private Hospitals/Clinics/Dispensaries,
 - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
 - vii) Guest Houses/Rest Houses,
 - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
 3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
 4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
 5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company-and converted to-A-2 (c) Tariff no later than June 30, 2011.
 6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry and also for water pumps and tube-wells operating on three phase 400 volts, other than those meant for the irrigation or reclamation of agricultural land.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;
 - i) Poultry Farms
 - ii) Fish Hatcheries and Breeding Farms and
 - iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for



1
seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

B-1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load upto a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff no later than June 30, 2011.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
4. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW or below who opt to receive supply at 66 kV or 132 kV and above.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building,



Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.

4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C SINGLE POINT (SINGLE-METERING) SUPPLY

“Single-Point Supply” for the purpose of this Tariff, means the supply given at one point:

- i) To a licensee converted from a bulk supply status (who was procuring power from FESCO as a consumer prior to grant of license to FESCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.
- ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

C-1 SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-1(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by June 30th 2011.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of up to and including 5000 kW.
2. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
4. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b) by June 30th 2011.

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be



- ↓ available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply. or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b) by June 30, 2011.
 4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

“Agricultural Supply” means the supply for Lift Irrigation Pumps and or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

Special Conditions of Supply

1. This tariff shall apply to:
 - i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
 - ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
 - iii) Tube-wells meant for aqua-culture, viz. fish farms, fish hatcheries and fish nurseries.
 - iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1 (a)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff. ↓



D-1 (b)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 1(b) given in the Schedule of Tariff.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by June 30, 2011 and shall be governed by D-1(a) till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.
2. The fixed charges under this Tariff shall be recovered on the basis of sanctioned load in kilowatt as the billing demand and such charges will be applicable even if no energy is consumed during a month.

E-1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction works for all kinds of single phase loads. For connected load exceeding 4 kW, supply may be given at 400 volts (3 phase) to allow a balanced distribution of load on the 3 phases. Normally, temporary connections shall be allowed for a period of 3 months which can be extended on three months basis subject to clearance of outstanding dues.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.
2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

E-2 TEMPORARY INDUSTRIAL SUPPLY

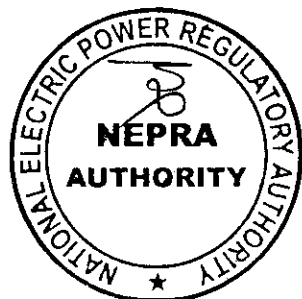
“Temporary Industrial Supply” means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of “Industrial Supply”, during the construction phase prior to the commercial operation of the Industrial concern.

SPECIAL CONDITIONS OF SUPPLY

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in



one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

1. "Year" means any period comprising twelve consecutive months.
2. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps.

Definitions

"Month" means a calendar month or a part thereof in excess of 15 days.



Special Conditions of Supply

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

Definitions

“One Point Supply” for the purpose of this Tariff, means the supply given by one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

“General and Domestic Consumption”, for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated. cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

“Residential Colony” attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

Special Conditions of Supply

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

G



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