



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/TRF-40/FESCO-2005/3516-3519
May 13, 2011

Subject: **Decision of the Authority in the matter of Quarterly Adjustment pertaining to the 2nd Quarter of the FY 2010-11 for 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 (10 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-II) annexed with decision needs to be notified in the official Gazette which will replace the Schedule-I of the SRO 235(I)/2011 dated 15.03.2011. The Annex-I & II of this decision will replace the Annex-II & III of the earlier decision dated 31st December, 2010.

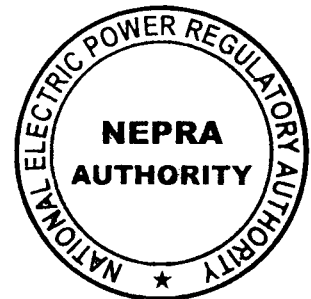
Enclosure: As above

(Syed Safer Hussain)

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

CC:

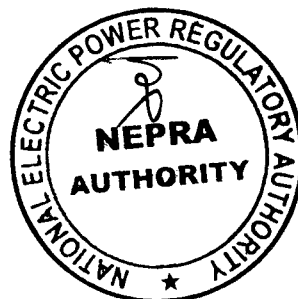
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.
- ✓ 3. Secretary, Privatization Commission, Islamabad.



**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY ADJUSTMENT
PERTAINING TO THE 2nd QUARTER OF THE FY 2010-11 FOR
FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)**

1. Background

- 1.1 A multi-year tariff of Faisalabad Electric Supply Company Limited (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 for biannual adjustment in Power Purchase Price (hereafter "PPP") 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 Subsequent to aforementioned determination of the Authority, an amendment in section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as "NEPRA Act") through Finance Bill, 2008 was made which required NEPRA to review and revise the approved tariff on account of any variations in the fuel charges on a monthly basis. Accordingly for the purposes of implementation of amended provision of law, the biannual PPP adjustment mechanism provided in the multi-year tariff of FESCO was modified by the Authority vide order dated 23rd August 2008. Said order was challenged before the Honorable Lahore High Court, Lahore by All Pakistan Textile Mills Association, etc. The Honorable Lahore High Court vide order dated 17th April, 2009 remanded the matter 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 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. The matter was decided by the Authority vide its decision dated 5th September, 2009 whereby earlier decision of Authority dated 23rd August, 2008 was upheld.
- 1.4 NEPRA Act was further amended through Ordinance No. XVIII dated 31st of July 2009, Ordinance No. XXIX dated 26th November 2009 and Ordinance No. XIV dated 20th April 2010, and the Authority was not only required to determine overall electricity tariff on a quarterly basis but also to review and notify the fuel charges in the approved tariff on account of any variation on a monthly basis. Pursuant to said amendment in NEPRA Act, the Authority modified the existing mechanism of adjustment of PPP with the monthly fuel adjustment mechanism and the revised mechanism was issued along with the decision of the Authority on 17th of December, 2009. Vide para IV of the said decision, the Authority also specified the quarterly adjustments mechanism pertaining to FESCO.



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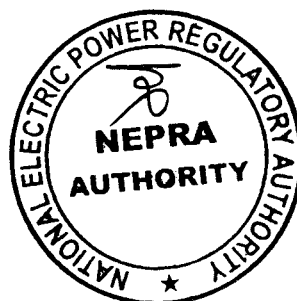
- 1.5 While making adjustments in FESCO's consumer-end tariff pertaining to the 1st quarter of the FY 2010-11, the Ordinances referred vide para 1.4 above, through which the concept of quarterly determinations was introduced stood lapsed, however, amendment made in section 31(4) through Finance Act, 2008 regarding monthly review and revision of approved tariff on account of any variations in the fuel charges remains operative. The Authority felt that the concept of 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 along with the monthly fuel adjustment mechanism for FESCO. The Authority decided to make the adjustments in two stages; at first stage the fuel part component of CpGenE (CPGENCO Energy) is to 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). The decision in this regard was issued by the Authority on 31st December, 2010.
- 1.6 In the perspective of above background, FESCO filed a request for the adjustment of its consumer-end tariff pertaining to the 2nd quarter (Oct-Dec 2010) of the FY 2010-11 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, in order to meet with the ends of natural justice, the Authority considered it just and appropriate to conduct a public hearing on 10th of February, 2011. Accordingly salient features of the request of adjustment of FESCO along with the notice of Hearing were published in the national newspapers on 2nd February 2011, inviting filing of objections/comments and participation from the interested/affected persons.

2. Filing of objections/comments

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

3. Hearing

On 10th February, 2011 hearing was conducted which was attended by the representatives of FESCO. Despite 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.



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4. Impact of 2nd Quarter's Adjustment pertaining to the FY 2010-11.

As discussed in Para 1.5 of the instant decision, the quarterly adjustments are discussed here under;

4.1 Adjustments pertaining to Capacity and Transmission Charges:

4.2.1 FESCO requested adjustments pertaining to the capacity and transmission charges to the tune of Rs. (566) million and Rs. (41.14) million respectively. The adjustment sought is with respect to the 2nd quarter of the FY 2010-11 only.

4.2.2 While making monthly adjustments in the tariff of FESCO due to variation in the fuel charges, most of the relevant information was provided by Central Power Purchasing Agency ("CPPA") including the information regarding capacity and transmission charges. FESCO's instant request has been evaluated not only on the basis of information provided by FESCO itself, but also based on the available information provided by CPPA for monthly adjustments. It was noted that the actual capacity charges for the 2nd quarter of the FY 2010-11, also included the impact of mark-up on delayed payments to IPPs. The impact on this account is being disregarded in the instant quarterly adjustment. After incorporating these changes the actual cost for the months of October, November and December, 2010 works out as Rs. 1.59 /Kwh , Rs. 1.60 /Kwh and Rs. 1.72 /Kwh respectively against the claimed invoiced cost of Rs. 1.62 /Kwh , Rs.1.69 /KWh and Rs. 1.74 /Kwh for the said months.

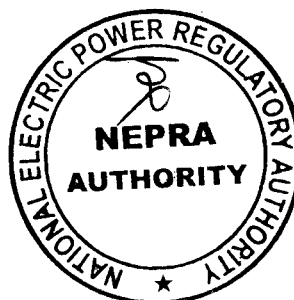
4.2.3 Based on the above assessment, the adjustment for the 2nd quarter of the FY 2010-11, has been worked out as Rs. (668) million and Rs. (41) million on account of capacity and transmission charges respectively. The break-up of these costs is given below ;

- Price Variance on Capacity payments for the 2nd Quarter ; Rs. (596) million.
- Impact of losses on Capacity payments for the 2nd Quarter ; Rs. (72) million.
- Price Variance on Transmission charges for the 2nd Quarter ; Rs. (36) million.
- Impact of losses on Transmission charges for the 2nd Quarter ; Rs. (4) million.

4.3 *Impact of T&D Losses on PPP component:*

4.3.1 In the instant request, FESCO has not separately quantified the impact of T&D Losses on the different components of PPP. FESCO requested an overall adjustment (including the impact of T&D losses) pertaining to the Energy, Capacity and Transmission component of PPP.

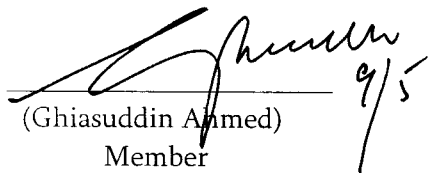
4.3.2 FESCO has requested an overall adjustment of Rs. (424) million in the Energy component.

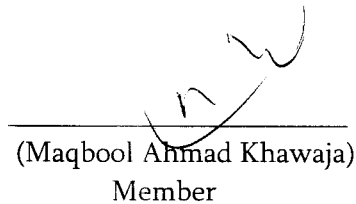


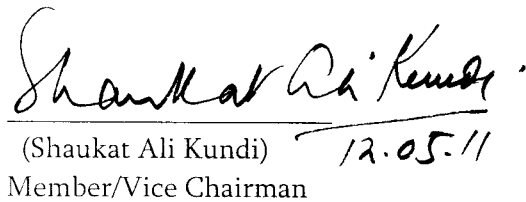
This net revenue would be recovered from the consumers in the next two quarters of the FY2010-11, through the projected units sold for the next two quarters of the FY 2010-11 i.e. 4,282 GWh, as per Annex – I. Average Sale Rate of FY 2010-11 for the remaining six months works out to be Rs. 8.5713/kWh.

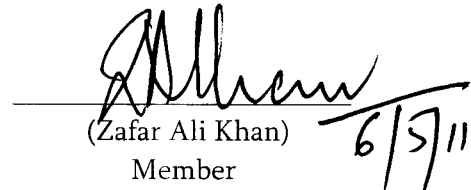
- 5.2 The revised Schedule of Tariff annexed with this decision is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act which will replace the Schedule- I of the SRO. 235 (I)/2011 dated 15th March, 2011. The Annex-I & II of this decision will replace the Annex-II & III of the earlier determination dated 31st December 2010.

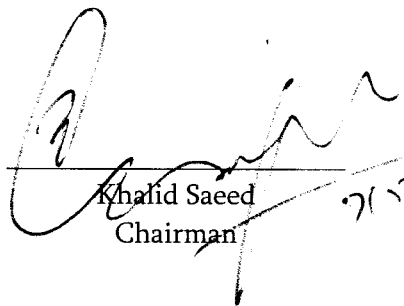
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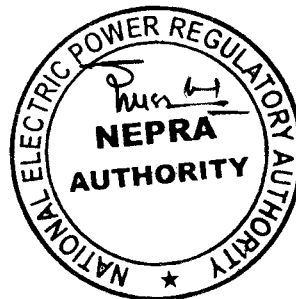

(Ghasuddin Ahmed)
Member


(Maqbool Ahmad Khawaja)
Member


(Shaukat Ali Kundi) 12.05.11
Member/Vice Chairman


(Zafar Ali Khan) 6/5/11
Member

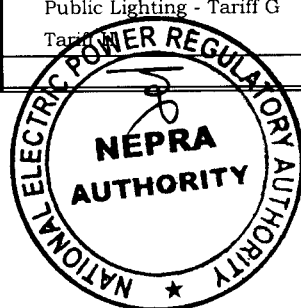

Khalid Saeed
Chairman



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	131	3.05%		2.00	-	261	261
For peak load requirement less than 5 kW							
01-100 Units	241	5.64%		6.26	-	1,509	1,509
101-300 Units	893	20.85%		8.50	-	7,588	7,588
301-700 Units	388	9.06%		10.65	-	4,133	4,133
Above 700 Units	211	4.93%		13.29	-	2,805	2,805
For peak load requirement 5 KW & above							
Time of Use (TOU) - Peak	11	0.25%		12.25		131	131
Time of Use (TOU) - Off-Peak	26	0.60%		6.70		173	173
Total Residential	1,900	44.38%			-	16,601	16,601
Commercial - A2							
For peak load requirement less than 5 kW	165	3.85%		13.00	-	2,146	2,146
For peak load requirement 5 kW & above							
Regular	78	1.82%	400.00	11.50	129	896	1,024
Time of Use (TOU) - Peak				12.00			
Time of Use (TOU) - Off-Peak			400.00	6.50			
Total Commercial	243	5.67%			129	3,041	3,170
Industrial							
B1	214	5.00%		8.90	-	1,906	1,906
B2	-	0.00%	400.00	7.59	-	-	-
B2 - TOU (Peak)	221	5.16%	400.00	11.08	372.77	2,446	2,819
B2 - TOU (Off-peak)	419	9.78%	400.00	6.50	707.05	2,722	3,429
B3 - TOU (Peak)	0	0.01%	380.00	10.99	0	3	3
B3 - TOU (Off-peak)	315	7.35%	380.00	6.25	298	1,968	2,266
B4 - TOU (Peak)	-	0.00%	360.00	10.69	-	-	-
B4 - TOU (Off-peak)	300	7.00%	360.00	5.97	238	1,789	2,028
Total Industrial	1,468	34.30%			1,616	10,834	12,450
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.01%		9.90	-	3	3
C1(b) Supply at 400 Volts- 5 KW &	7	0.16%	400.00	8.75	8	58	66
Time of Use (TOU) - Peak	-			11.31	-	-	-
Time of Use (TOU) - Off-Peak	2	0.05%	400.00	6.50		15	15
C2 Supply at 11 kV	37	0.86%	380.00	8.65	38	319	357
Time of Use (TOU) - Peak	-			10.91	-	-	-
Time of Use (TOU) - Off-Peak	14	0.32%	380.00	6.25			
C3 Supply above 11 kV	33	0.78%	360.00	8.51	25	284	309
Time of Use (TOU) - Peak	-			10.51	-	-	-
Time of Use (TOU) - Off-Peak	34	0.79%	360.00	5.87	25	200	225
Total Single Point Supply	127	2.97%			96	879	974
Agricultural Tube-wells - Tariff D							
Scarp	35	0.82%		8.50	-	298	298
Agricultural Tube-wells	234	5.47%	200.00	6.00	143	1,405	1,548
Time of Use (TOU) - Peak	36	0.85%	200.00	10.11	22	368	390
Time of Use (TOU) - Off-Peak	230	5.38%	200.00	4.55	140	1,048	1,188
Total Agricultural	536	12.52%			305	3,120	3,425
Public Lighting - Tariff G	4	0.10%		12.00	-	51	51
Tariff H	3	0.06%		11.22	-	29	29
Total	4,282	100.00%			2,146	34,555	36,700



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**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	-	6.26	
iii	101-300 Units	-	8.50	
iv	301-700Units	-	10.65	
v	Above 700 Units	-	13.29	
b)	For Sanctioned load 5 kW & above			
	Time Of Use	-	Peak 12.25	Off-Peak 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.

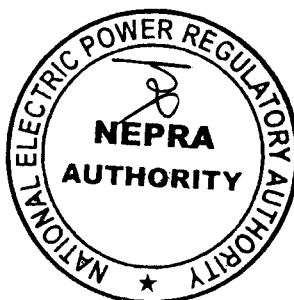
- a) Single Phase Connections: Rs. 75/- per consumer per month
b) Three Phase Connections: Rs. 150/- per consumer per month

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	11.50	
			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.

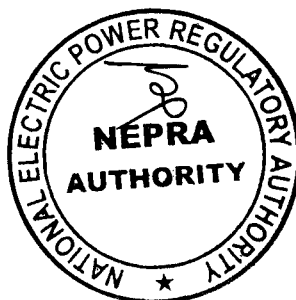
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

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	-	13.29
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

