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National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-339/13632-13634

August 31, 2018

Subject: Decision of the Authority in the matter of Request filed by Faisalabad Electric Supply Company Ltd. (FESCO) regarding Adjustment in the Tariff Components for the FY 2016-17 and FY 2017-18 under Multi Year Tariff Regime [Case # NEPRA/TRF-339]

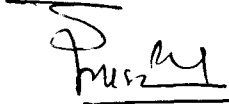
Dear Sir,

Please find enclosed herewith the subject Decision of the Authority along with Annexure-I-A, II, III & IV (24 pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Order Part along with Annexure-I-A, II, III & IV of the Authority's Decision are to be notified in the official Gazette.

Enclosure: As above


31 08 18
(Syed Safer Hussain)

Secretary
Ministry of Energy (Power Division)
'A' Block, Pak Secretariat
Islamabad

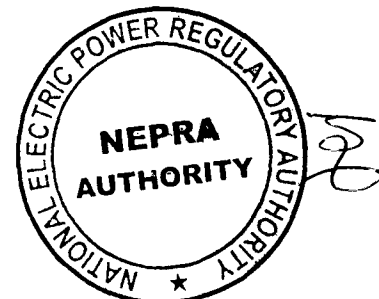
CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



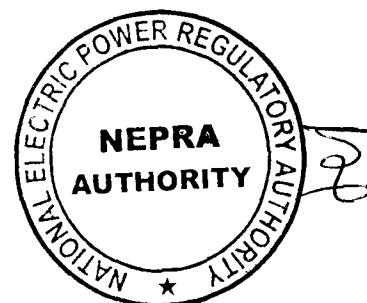
DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED (FESCO) REGARDING ADJUSTMENT IN THE TARIFF COMPONENTS FOR THE FY 2016-17 AND FY 2017-18 UNDER MULTI YEAR TARIFF REGIME

1. The Authority determined tariff of Faisalabad Electric Supply Company Limited (FESCO) under Multi Year Tariff (MYT) regime, for a period of five years i.e. from FY 2015-16 to FY 2019-20, vide tariff determination # NEPRA/TRF-329/FESCO-2015/18462-18464 dated December 31, 2015. The same was intimated to the Federal Government for its notification in the official gazette. FESCO, being aggrieved from the aforesaid determination, filed a Motion for Leave for Review (MLR) which was accordingly disposed-of vide decision dated May 11, 2016. The MLR decision was also intimated to the Federal Government for its notification in the official gazette. Subsequently, a reconsideration request u/s 31(4) of the then applicable Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was filed by the Federal Government, which was also decided by the Authority on July 01, 2016 and the decision was intimated to the Federal Government.
2. FESCO filed a writ petition in Islamabad High Court (IHC) Islamabad against the aforementioned decisions of the Authority. Pursuant to the directions of the Honorable IHC, vide judgment dated June 22, 2017, the tariff of LESCO was re-determined by the Authority on September 18, 2017 and was intimated to the Federal Government for notification in the official gazette.
3. The tariff so intimated to the Federal Government was not notified and a considerable period lapsed; as a result thereof certain substantial legitimate costs could not be passed on to the consumers. Therefore, the Authority in exercise of its suo moto powers, vide its decision dated October 23, 2017 allowed the impact of periodical adjustments on account of Power Purchase Price (PPP) including impact of T&D losses on FCA and Prior Year Adjustment (PYA) pertaining to the FY 2016-17 in the consumer end tariff of LESCO and the same was also intimated to the Federal Government for notification in the official gazette.
4. The Federal Government vide SRO.376(I)/2018 dated March 22, 2018 notified the MYT of FESCO determined for the FY 2015-16 to 2019-20 along-with periodical adjustments on account of PPP pertaining to the FY 2016-17 with immediate effect. The said SRO also contains a mechanism for periodic adjustments on account of variation in some of the cost components.
5. In accordance with the above referred notified tariff, FESCO vide its letter dated March 01, 2018 filed a request for adjustments for variation in Tariff components for the period i.e. FY 2016-17 and FY 2017-18, and adjustment in PPP for the period from July to December 2017, as given below;
 - i. Capacity and Transmission Charges
 - ii. Impact of T&D losses on the component of PPP
 - iii. Adjustment of Variable O&M PPP adjustment including T&D losses
 - iv. Operation & Maintenance Cost (O&M) 8



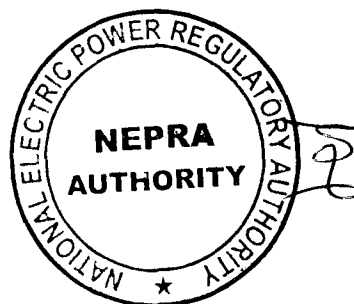


- v. Depreciation Expenses
 - vi. RoRB
 - vii. Other Income
 - viii. Prior Year Adjustments
6. Subsequently, FESCO vide letter dated August 18, 2018 also requested to allow the variation in PPP and PYA for the entire FY 2017-18 and distribution margin for the FY 2018-19.
 7. The MYT tariff determination of FESCO and its subsequent redetermination also prescribes, the Salaries & wages, Depreciation, RoRB and Other Income components to be actualized whereas remaining components of the Distribution Margin are subject to CPI-X indexation.
 8. Although the proposed adjustments are formula based and as per already prescribed mechanism but the impact of any such adjustments has to be passed on to the consumers, therefore, the Authority, in order to provide an opportunity of hearing to all concerned and to meet the ends of natural justice, decided to conduct a hearing on the issue. The hearing was initially scheduled on July 31, 2018 at NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad. Salient features and details of the proposed adjustments were published in newspapers on July 20, 2018 and also uploaded on NEPRA's Website for information of all concerned. The hearing scheduled on July 31, 2018 was however postponed and was rescheduled for August 15, 2018. Advertisement for rescheduling of the hearing was published in the newspapers on August 08 2018. On the date of hearing, the Petitioner was represented by Director Finance IESCO. The Petitioner during hearing of the instant request, also submitted that adjustment on account of PPP may be allowed for the entire FY 2017-18 as the same has already lapsed and variations on account of PPP (*including impact of T&D losses on FCA*) have not yet been recovered/ passed on to the consumers.
 9. Written comments were received from APTMA vide letter dated August 13, 2018. A brief of comments filed by APTMA is as under;
 - i. Purpose of the Multi-year tariff is that consumers, especially industrial consumers would know that the same tariff will remain in vogue for next five years, but increase in the MYT every year under the cover of O&M cost, Depreciation Expense, Return on Rate Base, Other Income, Distribution Margin, Prior Year Adjustments (PYA) and Power Purchase Price defeats the very spirit of determining consumer end Multi-Year Tariff.
 - ii. Delay in filing of tariff petitions to NEPRA, its determination and implementation results in Prior Year Adjustments. The law bars implementation of a notification from retrospective effect and past recovery of tax/surcharge/adjustment cannot be realized. APTMA members are corporate entities and close their account books with the closure of financial year. PYA cause flaws and complications in their account books of succeeding financial years. No Prior Year Adjustment is due for LESCO, FESCO & IESCO and hence may be declined



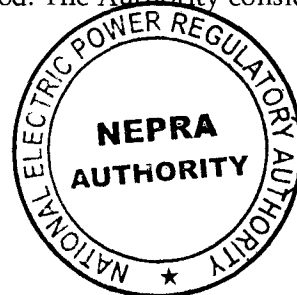


- iii. NEPRA does not ensure economic dispatch priority of power plants, which is the major cause of Power Purchase Price adjustment. This must be ensured, so that consumers are least burdened on this score.
 - iv. DISCOs have failed to achieve the target of T&D losses set by NEPRA despite the fact that NEPRA allowed heavy investments in the Transmission and Distribution Systems. The recovery position has also not been satisfactory.
 - v. The tariff charged from B-3 & B-4 consumers is based on the total T&D losses of DISCOs. The same may be reviewed considering the fact that B-4 and B-3 consumers are connected at 132 kV system and 11 kV system respectively.
 - vi. The revision in the O&M cost may not be allowed because the consumer service has deteriorated.
 - vii. The industrial consumers especially, B-3 & B-4 are not provided with pictures of reading on the electricity bills and are not given the reading at the time of recording the reading. Excess charging of readings were proved but still refunds are not allowed, which reflects mismanagement on the part of DISCOs.
 - viii. Distribution margin may not be enhanced being unjustified and will encourage more inefficiencies. The losses, recovery, interruptions & customer service are below par and unsatisfactory.
10. During hearing, APTMA requested for grant of additional time to file further input. The Authority allowed a period of 10 days for filing of comments. APTMA filed its detailed comments vide letter dated August 27, 2018, a brief of which is as under;
- i. The adjustment request of FESCO has not been submitted in accordance with the timelines stipulated in its multi-year tariff, and is incomplete and is without certain supporting information.
 - ii. The tariff of FESCO should be determined afresh, after following appropriate course of law, as LESCO multiyear tariff, is fundamentally based on the consideration that FESCO will be privatized, which has not happened, thus, rendering the multi-year tariff redundant.
 - iii. No variation prior to the date of notification of the Authority Reconsideration decision, on account of indexation of O & M and other cost heads is due, since as per the decision, this tariff would only become valid once it is notified and five years of control period would start from the date of notification of tariff.
 - iv. The efficiency factor X should be made applicable from first year of the tariff control period as FESCO has not been privatized.
 - v. Adjustment be made as per the allowed mechanism for the amount of postretirement benefits allowed to FESCO and be proportionately reduced on the basis of actual vs allowed salaries & wages and other benefits.
 - vi. Repair & Maintenance costs higher than actual cannot be allowed. *or*




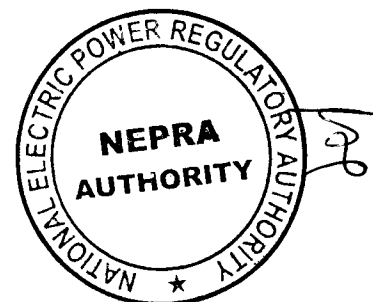


- vii. Depreciation cost claimed by FESCO should be restricted as per the actual investments made. Further, the additional amount of Rs.221 million on account of depreciation due to error may not be allowed.
 - viii. Other Income be worked out inclusive of Late-payment surcharges.
 - ix. The revenue requirement of FESCO needs to be adjusted for variation in KIBOR and savings in spread needs to be passed on to the consumers.
 - x. The amount of write-offs already allowed should be adjusted back as adjustment request of FESCO is completely silent about the evidence for write-offs.
 - xi. Impact of negative FCA has not been accounted for in its workings of PPP adjustments.
 - xii. Impact of negative consumer mix may be adjusted in revenue requirement
 - xiii. The over recovery made by FESCO due to higher than benchmark purchased may be adjusted.
 - xiv. T&D losses shall be allowed as already determined by the Authority.
 - xv. Independent Audit of data submitted by FESCO be carried out.
 - xvi. To either completely waive off the fixed charges or alternately end cross subsidization of fixed charges.
 - xvii. The penalty charges recovered from FESCO be used to reduce Industrial Supply tariff (category-B).
11. The Authority has considered the concerns raised on behalf of APTMA and is of the following views:-
- i. Multiyear tariff is awarded to the Petitioner with the spirit that it would reduce the element of uncertainty in the consumer end tariff to a greater degree. However, there are certain costs which are considered to be beyond the control of the Petitioner e.g. PPP, delay in notification leading to PYA (which comprises of under/ over recovery of the different components of Tariff). The same adjustment mechanisms were also provided with the determinations in order to ensure the sustainability and viability of the Petitioner.
 - ii. While assessing the PYA, the Authority allows only legitimate cost for a particular period. The same may be a refund for the consumers (in case of over recovery) or an additional cost for the consumers (in case of under recovery), thus works both ways. Here it is pertinent to mention that as per the system envouge, the consumers also pay their bills in arrears.
 - iii. On the issue of Merit Order, the commentator has given a general statement without any specific reference to any particular incidence.
 - iv. On the point of non-achievement of T&D losses target, it is pertinent to mention that the assessed regulatory targets do not become binding on the utility unless it is notified, with the exception to the assessed Distribution Margin and prior year adjustment as both represents fixed costs pertaining to a specific period. The Authority considers it would not



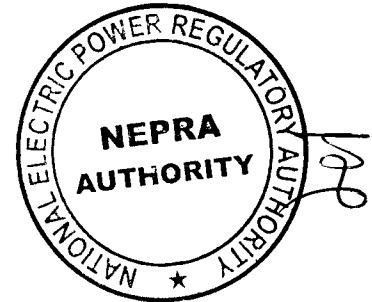
be fair and just for the XWDISCOs to consider the assessed regulatory targets instead of notified regulatory targets for a period as DISCOs have not be allowed reasonable / required time for achievement of the assessed targets. Accordingly, the target of T&D losses and amount of investment allowed in the MYT shall be applicable for future period of five years.

- v. While determining the tariff, the Authority do consider the voltage level at which a specific consumer is connected.
 - vi. On the issue of O&M cost, the Authority while making its assessment ensures that only prudently incurred costs are allowed. Disallowing any legitimate cost may result in operational difficulties for the Petitioner eventually creating further problems for the consumers. The DM determined for the FY 2015-16, therefore, needs to be trued up/ indexed subsequently, thus allowing the utility to recover its prudently incurred costs.
12. The Authority on the comments raised by APTMA vide letter dated August 27, 2018 is of the following view:-
- i. Regarding point of MYT being fundamentally based on the privatization scenario, the Authority is of the view that the determined MYT was based on the Petitioner's prudently incurred costs and caters for both the scenarios i.e. either FESCO is privatized or remains in the public sector. An example in this regard is the truing up of the Salaries & wages cost if FESCO is not privatized.
 - ii. The Authority appreciates the understanding of APTMA that the MYT tariff would only become valid once it is notified and the control period of five years shall start from the date of notification. Accordingly, indexation / adjustments of various components of Distribution Margin, and targets of T&D losses and Investments, as prescribed in the MYT shall be applicable after notification of the MYT. However, there are certain costs which are beyond the control of the Petitioner i.e. variation in PPP, delay in notification leading to PYA (which comprises of under/ over recovery of the different components of Tariff) which are required to be adjusted in timely manner in order to ensure the sustainability and viability of the company. In addition certain costs of the Petitioner are bound to increase with time e.g. O&M costs, whether the tariff is notified or not. If regulatory cover is not provided for the costs that are part of O&M, it would seriously affect the operation of the Petitioner. Accordingly, the Authority has decided to adjust the Petitioner's prudently incurred costs for the FY 2016-17 and FY 2017-18 including assessment of impact of PPP and PYA in the instant decision.
 - iii. On the point of cross subsidization, the Authority in accordance with Rules, tries to minimize the existing level of cross subsidization while determining the consumer end tariff of any XWDISCO. Further, while assessing the rate design for any consumer category, the Authority has to consider the relevant provisions of its Rules and the inherent nature of cross subsidization due to specific consumption pattern of any XWDISCO. However, the Authority while assessing the tariff design for the industrial consumers (as a whole) tries to minimize the existing level of cross subsidization. 





- iv. On the issue of reducing industrial tariffs through penalty proceeds, the Authority considers that the request of the commentator is without any concrete rationale. Here it is pertinent to mention that the fixed charges already paid by the industrial consumers does not cover the actual fixed charges that the industrial consumer should have been paying.
 - v. Regarding accounting for the impact of negative FCA and sales mix, the Authority while calculating the Petitioner's PYA in the instant decision, has adjusted the same.
 - vi. On the point of inclusion of LPS in Other Income, the Authority observed that this issue has already been deliberated and decided by the Authority in its earlier decisions.
 - vii. The issue of additional depreciation claim of Rs.221 million has been addressed under the relevant head.
13. The Authority in view of the foregoing discussion decided to adjust the different components of the Revenue requirement of the Petitioner including the Power Purchase Price, as per the mechanism/ criteria prescribed by the Authority. The details of adjustments is as under:-
14. **Power Purchase Price**
- 16.1 The Authority being cognizant of the fact that the period for which adjustment is being sought by the Petitioner i.e. July 2017 to June 2018, has already lapsed and variations on account of PPP (*including impact of T&D losses on FCA*) have not yet been recovered/ passed on to the consumers. The Authority believes that any such variations needs to be passed on to the consumers in order to ensure financial viability of the sector, which otherwise would result in huge prior period adjustments, thus, resulting in consumer end tariff distortions.
- 16.2 Accordingly, the Authority, based on the available actual data for the period July 2017 to June 2018, as provided by CPPA-G, worked out the following PPP adjustments (*including impact of T&D losses on FCA*) for the FY 2017-18;↴



Million Rs.

Description	FESCO
FUEL COST	
Actual Fuel Cost	76,887
Fuel Cost Recovered	98,179
FCA that should have been passed on	(21,292)
FCA actually passed on	19,282
FCA still to be passed on	(2,010)
VARIABLE O&M	
Cost billed by CPPA-G	4,133
Variable O&M recovered	4,049
Under / (Over) Recovery	84
CAPACITY CHARGES	
Cost billed by CPPA-G	62,127
Capacity Charges recovered	36,742
Under / (Over) Recovery	25,385
USE OF SYSTEM CHARGES	
Cost billed by CPPA-G	5,035
UoSC recovered	3,719
Under / (Over) Recovery	1,316
Impact of Recovery on Annual PPP Rate	(984)
Total (Under) / Over recovered PPP	23,792

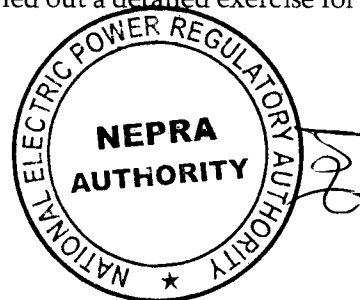
16.3 In view thereof, the aforementioned adjustment of Rs.23,792 million has been included in the revenue requirement of the Petitioner as Prior Year Adjustment.

15. Up-dation of PPP references

17.1 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff, it is important to make realistic assessment of purchases and sales. It is also important to have a realistic assessment of the monthly references of fuel cost for making monthly fuel cost adjustment pursuant to Section 31(7) of the NEPRA Act.

17.2 The Authority being cognizant of the fact that the period for which adjustment is being sought i.e. July 2017 to June 2018, has already lapsed, therefore, for the purpose of determining revenue requirement of the Petitioner, actual generation cost has been considered for the FY 2017-18. Here it is important to mention that adjustment for variation in fuel cost up to June 2018 has already been provided through monthly FCA decisions and other adjustments up-to June 2018 have been included in the instant determination.

17.3 For the purpose of adjustments for variation in PPP in the FY 2018-19, the Authority decided to revise the PPP references in order to ensure minimum variation between the actual vis a vis projected costs. In view thereof, the Authority has carried out a detailed exercise for estimating

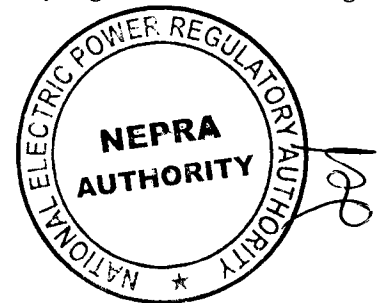





station wise generation pertaining to the FY 2018-19. As per the analysis, an increase of around 22.77% has been projected in the generation for FY 2018-19, over the actual generation made during the FY 2016-17. Here it is pertinent to mention that the actual generation for the FY 2016-17 was 5.87% more than actual generation for the FY 2015-16. However, keeping in view the GoP initiatives to eliminate load shedding from the Country, whereby, number of generation projects have been commissioned, the Authority is of the view that projected growth of 22.77% in generation is achievable during the FY 2018-19. Accordingly, after incorporating all the expected upcoming additional generation, it is estimated that the overall system generation will be around 131,436 GWh, and after adjusting for the NTDC's permissible transmission losses, about 128,397 GWh is expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool, is accordingly assessed as 15,832 GWh. After incorporating the T&D losses target of 10.24 % for the FY 2017-18, the sales target in the instant case for the same period works out as 14,211 GWhs.

- 17.4 Similarly, to make a fair assessment of the Power Purchase Price (PPP), the Authority also carried out an in-house evaluation. As per the existing mechanism all the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA-G) on behalf of DISCOs at the rates as per their Power Purchase Agreements (PPAs) and as per the Authority's determination. The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government in the Official Gazette. Accordingly, the Power Purchase Price has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly/ biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges. Here it is pertinent to mention that while making the quarterly/ biannual adjustments of the PPP, the Authority may rationalize the Schedule of Tariff accordingly.
- 17.5 From the available sources i.e. Hydel, Gas, RLNG, RFO, Nuclear, Coal, Solar, Wind, Bagasse and Imports. The estimated/projected generation and cost of electricity is given in the following table:

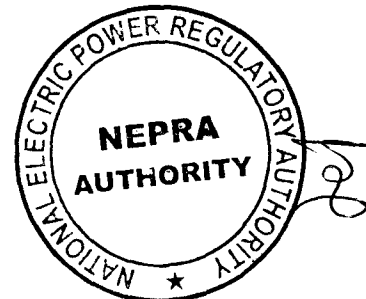
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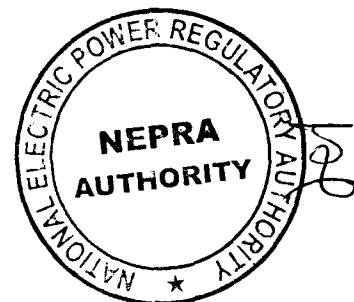


Fuel Type	Gen.	Share	Cost	Share	Rate
	MkWh	%	Mln. Rs.	%	Rs./kWh
Hydel	43,314	32.95%	4,214	1%	0.10
Coal	18,589	14.14%	103,562	21%	5.57
HSD	161	0.12%	2,400	0%	14.90
F.O.	2,721	2.07%	40,853	8%	15.01
Gas	22,088	16.80%	93,647	19%	4.24
Nuclear	8,913	6.78%	8,950	2%	1.00
Mixed	271	0.21%	2,763	1%	10.18
Import from Iran	496	0.38%	5,237	1%	10.55
Wind Power	3,234	2.46%	641	0%	0.20
Bagasse	3,517	2.68%	23,465	5%	6.67
Solar	701	0.53%	-	0%	-
RLNG	27,430	20.87%	198,491	41%	7.24
Total	131,436	100%	484,224	100%	3.68
Energy Charges [Net of NTDC Losses]	128,397		484,224		3.77
Cap. Charge [Rs. /kWh]			664,374		5.17
UOSC/MoF [Rs. /kWh]			41,282		0.32
Total Cost [Rs. /kWh]			1,189,880		9.27

- 17.6 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges, however, variable O&M charges are not made part of monthly fuel charges adjustment and are adjusted as part of quarterly / biannual adjustments. As per the above table, around 21% of total generation is expected from RLNG, with around 41% share in the overall energy cost. Similarly, Generation from indigenous gas is expected around 17% with a cost share of around 19%. Coal is expected to generate around 14.14% of total energy, however, its share in the overall energy cost is expected to be around 21%. Meaning thereby that variation in generation mix and prices of RLNG/ Gas & Coal would have greater impact on the generation cost, thus, ultimately affecting the consumer-end tariff. Here it is pertinent to mention that with this increased generation from RLNG, Coal and Nuclear, the share of RFO in total generation and consequently in the overall cost has been limited to only 2% and 8% respectively.
- 17.7 Regarding projection of fuel prices, the Authority noted that RLNG prices in Pakistan are not only affected by the international market being linked with prices of crude but also by the exchange rate parity. Accordingly, keeping in view the prevailing prices of RLNG as notified by OGRA, crude oil prices projections and the rupee devaluation, RLNG prices have been projected as Rs.1,367/mmbtu. For indigenous gas, the existing price of Rs.500/mmbtu (including GIDC of Rs.100/mmbtu) as notified by OGRA have been considered.
- 17.8 Regarding price of coal, the Authority analyzed the projections made by Argus consulting, World Bank and IMF reports, whereby a downward trend in coal prices has been projected for



- future periods. However, owing to the devaluation of Pak rupee, the Authority considers coal price of Rs.13,884/MT, on delivered basis, as reasonable.
- 17.9 The actual prices of RFO during the FY 2015-16 remained at around 39,462 per metric ton [excluding Sales Tax and including freight] as against the Authority's projections of around Rs.47,981 [excluding Sales Tax and including freight] for the same period. Similarly for the FY 2017-18, till February 2018, the actual RFO prices remained at around Rs.46,431 per ton [excluding Sales Tax and including freight]. However, due to non-notification of the Authority's determined tariff for the FY 2015-16, the fuel references of RFO determined for the FY 2014-15 i.e. 65,769 per metric ton [excluding Sales Tax and including freight] remained applicable during the FY 2015-16, FY 2016-17 and FY 2017-18 (till March 2018) resulting in higher monthly fuel charges adjustments during this period.
- 17.10 The RFO prices in Pakistan are not only affected by the international market but also by the exchange rate parity. Based on the international market condition/ projections and keeping in view the increasing trend of RFO prices, it can be presumed that RFO prices would increase in future. Consequently, RFO prices have been assumed on an average of Rs. 64,892 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. The HSD prices are being assumed on an average of Rs. 68.23 per liter [excluding Sales Tax], keeping in view the increasing trend of HSD price and recent devaluation of Pak Rupee.
- 17.11 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority. Energy transfer charge shall be calculated on the basis of units delivered after adjusting the target transmission losses of NTDC. NTDC shall, for the purpose of clarity intimate to all DISCOs, the generation part of the Transfer Charge during a billing period by deducting from the Transfer Charge the Transmission Charge or Use of System Charges.
- 17.12 According to the above mechanism Rs.87,445 million and Rs.5,432 million is the share of the Petitioner on account of CpGenCap and USCF & Market Operator Fee respectively for the purpose of assessment of revenue requirement for the FY 2017-18. The overall fixed charges comprising of CpGenCap and USCF & Market Operator Fee in the instant case works out as Rs.92,876 million, which translate into Rs.2,326/kW/month based on projected average monthly MDI of the Petitioner i.e.3,327 MW or Rs.5.86/kWh on units purchased basis.
- 17.13 The annual PPP of the Petitioner in the instant case works out as Rs.152,633 million. With the projected purchase of 15,832 GWh for the same period, the average PPP of the Petitioner turns out to be as Rs.9.64/kWh (Annex – IV), whereas, the national average determined PPP works out as Rs.9.27/kWh after accounting for the allowed level of NTDC losses. On the basis of allowed level of T&D losses of 10.24% for the Petitioner for the FY 2017-18, the adjusted PPP is assessed as Rs.10.74/kWh.



16. **Distribution Margin**

18.1 Regarding assessment of the distribution margin of the Petitioner for the FY 2016-17 and FY 2017-18, the Authority observed that the MYT of FESCO was determined for a control period of five years i.e. from FY 2015-16 to FY 2019-20. However, the said tariff has been notified by the Federal Government effective March 22, 2018, therefore, in case of the Petitioner, logically the MYT control period of five years should start from March 22, 2018 till March 21, 2023, but since the targets were determined for the period starting from the month of July, hence the five years control period would start from July 2018 till June 2023. Consequently the Authority has decided to assess the Distribution Margin of the Petitioner for the FY 2016-17 and FY 2017-18 and the components so determined pertaining to the FY 2017-18 have been indexed as per the mechanism prescribed in the MYT determination, to be applicable from July 2018. Further, the same updated reference components for the FY 2018-19 would be used for making future adjustments/ indexations during the tariff control period as per the mechanism prescribed in the MYT determination / redetermination of the Petitioner. This would ensure that the Petitioner recovers its assessed DM timely.

18.2 Similarly, the target of T&D losses and amount of investment allowed in the MYT shall be applicable for future period of five years starting from July, 2018.

17. **Salaries, Wages & Other benefits (excluding Postretirement benefits)**

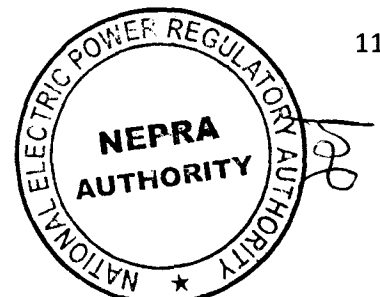
19.1 The Authority in its MYT re-determination of the Petitioner for the FY 2015-16 decided that;

".....On the concern of FESCO to allow GoP increases regarding Salaries & wages for the future period, being beyond FESCO's control, the Authority has decided to allow the impact of increases in salaries & wages, as announced by GOP, in the tariff for the respective year, till the time, FESCO remains in the public sector....."

19.2 In view thereof, and the fact that FY 2016-17 has already lapsed, the Authority has decided to consider the actual cost incurred by the Petitioner during the FY 2016-17 in this regard. The Authority observed that as per the Audited accounts submitted by the Petitioner, for the FY 2016-17, its actual expenditure under Salaries, Wages and other benefits (*excluding postretirement benefits*) is around Rs.7,141 million (*after excluding the cost charged to CWIP*). The same is hereby allowed to the Petitioner for the FY 2016-17.

19.3 For the FY 2017-18, the Authority has made its own assessment of Salaries, Wages & other benefits (*excluding post-retirement benefits*) whereby the increases announced by the Federal Government for the FY 2017-18 have been incorporated on the amount of salaries & wages assessed for the FY 2016-17. The same works out as Rs.7,985 million, which is hereby allowed.

19.4 For the FY 2018-19, the Authority has assessed the amount of Salaries & wages as per its decision in the MYT determination, whereby increases announced by GoP for the FY 2018-19 has been applied on the amount determined for the FY 2017-18. The same works out as Rs.9,031



million. The same updated reference components for the FY 2018-19 would be used for working out future cost during the tariff control period as per the mechanism prescribed in the MYT determination / redetermination of the Petitioner.

18. **Postretirement Benefits**

- 20.1 Regarding postretirement benefits, the Authority, in the Petitioner's MYT determination allowed provision for the post-retirement benefits, based on the Petitioner's last three years average provision as per its financial statements for the FY 2012-13, FY 2013-14 and FY 2014-15. The Petitioner was accordingly allowed an amount of Rs.3,242 million for the FY 2015-16 including the impact of the employees retired before unbundling of WAPDA, subject to the condition that it would deposit the whole amount into separate fund. It was also decided that if the Petitioner fails to transfer the whole amount of post-retirement benefits into the Fund, the Authority would adjust the deficit payments in the next year's provision and from thereon, only actual amounts paid and amount transferred into the fund would be allowed. In case of complete failure to transfer any amount into the fund, the Authority would only allow actual payments, rather than provision.
- 20.2 However, since the MYT determined for FY 2015-16 to FY 2019-20 did not remain applicable during the FY 2016-17 and most part of the FY 2017-18, therefore, the Authority, in order to ensure that the Petitioner's references for future adjustment/ indexation during the tariff control period are appropriate, has decided to allow the Petitioner, provision for postretirement benefits for the FY 2016-17 as per its audited financial statements. Accordingly, for the FY 2016-17, the Petitioner is allowed an amount of Rs.4,952 million. For the FY 2017-18, in the absence of Audited Financial Statements, the Authority has made its own assessment by allowing the GoP increases on the amount determined for the FY 2016-17. Accordingly, an amount of Rs.5,447 million including the impact of the employees retired before unbundling of WAPDA is allowed for the FY 2017-18 as provision for the postretirement benefits, subject to the condition that it would deposit the whole amount into separate fund net off actual payments made during the respective years. It is also decided that if the Petitioner fails to transfer the allowed amount of post-retirement benefits into the Fund, the Authority would adjust the deficit payments in the next year's provision and from thereon, only actual amounts paid and amount transferred into the fund would be allowed. In case of complete failure to transfer any amount into the fund, the Authority would only allow actual payments, rather than provision. Here it is pertinent to mention that even after making actual payment of its pension obligations, the Petitioner with the allowed level of provision for postretirement benefits, would be able to deposit a minimum accumulated amount of around Rs.4 billion for the three years period i.e. FY 2015-16, FY 2016-17 and FY 2017-18 in the Fund. The net amount to be deposited in the fund pertaining to the FY 2015-16, FY 2016-17 and FY 2017-18 has been included as part of PYA for the FY 2017-18.
- 20.3 For the FY 2018-19, the Authority has maintained its assessment of Rs.5,447 million made for the FY 2017-18, as Audited Financial statements for the FY 2017-18 are not available. The



Petitioner would be recovering this additional amount of Rs. 5,447 billion during the FY 2018-19, and the same shall be deposited by the Petitioner in the Fund net of actual payments. This amount would be in addition to the aforementioned amount of Rs.4 billion. The same updated reference components for the FY 2018-19 would be used for working out future cost during the tariff control period as per the mechanism prescribed in the MYT determination / redetermination of the Petitioner.

19. **Depreciation**

21.1 The Authority in its MYT determination of the Petitioner for the FY 2015-16 decided that;

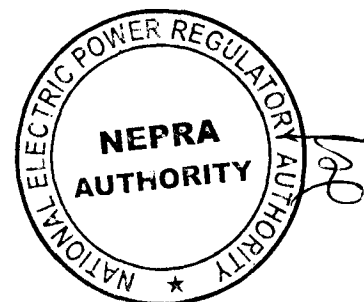
“Considering the fact that Depreciation expense for the FY 2015-16 & onwards has been allowed based on estimated level of investments and in case the actual investments carried out turns out to be different from the estimated level, i.e. in case the Petitioner ends up in making higher investments than the allowed, the benefit of the incremental benefit must be passed on to the Petitioner and vice versa. In view thereof, the Authority has decided to true up the benefit of incremental investments and vice versa each year through the Prior Year Adjustment mechanism.”

21.2 In view of the above and the fact that FY 2016-17 has already lapsed, the Authority has decided to consider the actual cost incurred by the Petitioner during the FY 2016-17 in this regard. The Authority observed that as per the Audited financial accounts provided by the Petitioner for the FY 2016-17, its expenditure under depreciation is around Rs.3,163 million. The same is hereby allowed. After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2016-17, the Authority has assessed amortization of deferred credit to the tune of Rs.1,258 million for the FY 2016-17, thus, consumers would bear net depreciation of Rs.1,905 million.

21.3 For the FY 2017-18, the Authority in order to make fair assessment of the Petitioner’s depreciation expense, considered an investment of Rs.5,681 million for the FY 2017-18. The Authority keeping in view the Petitioner’s previous capitalization trend, and rates of depreciation as per the Company policy has assessed an amount of Rs.3,415 million for the FY 2017-18. The same is hereby allowed.

21.4 For assessing the depreciation pertaining to the FY 2018-19, the Authority has considered the investment of Rs.11,084 million allowed to the Petitioner for the first year of MYT control period, the Petitioner’s previous capitalization trend and rates of depreciation as per the Company policy. Accordingly, an amount of Rs.3,751 million has been assessed. The same updated reference components for the FY 2018-19 would be used for working out future cost during the tariff control period as per the mechanism prescribed in the MYT determination / redetermination of the Petitioner.

21.5 On the request of the Petitioner to allow additional depreciation of Rs.221 pertaining to FY 2015-16 owing to calculation error in its reported figures of financial statements, the Authority is of the view that it can only consider the aforementioned cost in the light of corresponding restated financial statements, which at this point of time are not available. In view thereof, the Authority directs the Petitioner to resubmit its request with the required evidence in future adjustments. &



20. **RORB**


22.1 The Authority in its MYT determination of the Petitioner for the FY 2015-16 decided that;

“.....considering the fact that RAB for the FY 2015-16 & onwards has been calculated based on the allowed level of investments and in case the Petitioner ends up making an investment higher than already allowed, so in order to allow the impact of the incremental investment the Authority has decided to annually true up the RAB, as per actual investments.....”

22.2 In view thereof and the fact that FY 2016-17 has already lapsed, the Authority considered the actual investment made by the Petitioner during the FY 2016-17, which as per its audited accounts is Rs.8,034 million, to work out the RORB. For the FY 2017-18, based on the information provided by the Petitioner during hearing of the instant adjustment request, the Authority has made its own assessment keeping in view the Petitioner's previous trend. Accordingly, an amount of Rs.5,681 million has been considered for the FY 2017-18. The Authority in consistency with its decision in the matter of other XWDISCOs has decided to use the same WACC i.e. 11.83% for the FY 2016-17 and FY 2017-18. Accordingly, based on the WACC of 11.83%, an RoRB of Rs.2,983 million and Rs.3,159 million has been worked out for the Petitioner for the FY 2016-17 and FY 2017-18 respectively; the same is hereby allowed to the Petitioner. The references established for the FY 2017-18 shall be considered as the reference/base cost for working out future RoRB during the tariff control period as per the mechanism prescribed in the MYT determination.

22.3 For the FY 2018-19, the Authority while calculating the RoRB has accounted for the investment of Rs.11,084 million allowed to the Petitioner for the first year of MYT control period. The Authority has used the same WACC of 11.83% as allowed for the FY 2017-18 and accordingly an amount of Rs.3,455 million has been assessed as RoRB. The same updated reference components for the FY 2018-19 would be used for working out future RoRB during the tariff control period as per the mechanism prescribed in the MYT determination / redetermination of the Petitioner.

21. **Repair & maintenance, Transportation, Travelling and Misc. Other Expenses**

23.1 As per the mechanism provided in the Petitioner's MYT determination of FY 2015-16, the O&M part of the Distribution Margin shall be indexed with CPI subject to adjustment for efficiency gains (X factor). However, since the MYT 2015-16 did not remain applicable during the FY 2016-17 and most part of the FY 2017-18, therefore, the Authority, in order to ensure that the Petitioner's references for future adjustment/ indexation during the tariff control period are appropriate, has assessed the Petitioner's O&M cost i.e. Repair & maintenance, Transportation, Travelling and Misc. Other Expenses for the FY 2016-17 and FY 2017-18, after considering the Petitioner's request, its actual past trends and comparison with other XWDISCOs. Accordingly, the following costs are hereby allowed to the Petitioner for the FY 2016-17 and FY 2017-18 under the head Repair & Maintenance, Transportation, Travelling and Misc. Other Expenses; 



Description	Million Rs.	
	FY 2016-17	FY 2017-18
Repair & Maintenance	324	456
Travelling	280	1,449
Transportation	229	
Other Expenses	964	
Total	1,797	1,905

23.2 The amount of O&M costs assessed for the FY 2017-18 has been indexed based on change in CPI for the month of May 2018, which works out as Rs.1,985 million. The same updated reference cost for the FY 2018-19 would be used for working out future costs during the tariff control period as per the mechanism prescribed in the MYT determination / redetermination of the Petitioner.

22. **Other Income**

24.1 As per the mechanism provided in the Petitioner's MYT determination of FY 2015-16, the Other Income is to be adjusted annually. In view thereof and the fact that FY 2016-17 has already lapsed, the Authority considered the Other Income of the Petitioner as per its audited accounts for the FY 2016-17, which is Rs.2,352 million. The same is hereby allowed. For the FY 2017-18, the Authority keeping in view the Petitioner's previous trend has assessed an amount of Rs.2,425 million, which is also allowed. The references established for the FY 2017-18 shall be considered as the reference/base cost for working out future Other Income during the tariff control period as per the mechanism prescribed in the MYT determination.

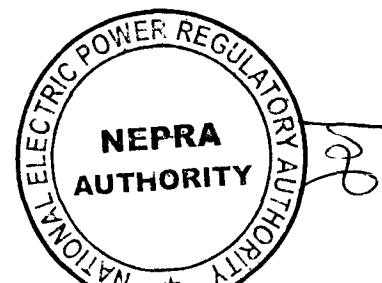
24.2 Regarding assessment of Other Income for the FY 2018-19, the Authority has decided to maintain its earlier assessment of Rs.2,425 million as Audited Financial statements for FY 2017-18 are not available. The same updated reference cost for the FY 2018-19 would be used for working out other income during the tariff control period as per the mechanism prescribed in the MYT determination / redetermination of the Petitioner.


23. **Minimum Tax paid**

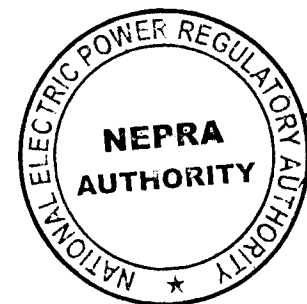
24.1 The Petitioner has also requested to allow an amount of Rs.228 million on account of minimum tax paid for the FY 2017-18. The Petitioner also provided evidence for payment of the same to FBR. Considering the fact that Tax is considered as a pass through cost, the Authority has decided to allow the amount of Rs.228 million on account of actual tax paid for the FY 2017-18, as requested by the Petitioner.

24. **PRIOR YEAR ADJUSTMENT**

25.1 The Authority through Suo Moto proceedings, vide its decision dated October 23, 2017 while allowing the impact of periodical adjustments on account of Power Purchase Price (PPP) including impact of T&D losses on FCA, also allowed the impact of Prior Year Adjustment (PYA) pertaining to the FY 2016-17 in the consumer end tariff of the Petitioner. The Authority

- although determined a positive component of PYA, however, from July to March 21, 2018, the tariff determined for the FY 2014-15 remained notified, which included a negative PYA component. The Petitioner, thus, instead of recovering PYA from the consumers, passed on extra amount to the consumers. The Authority has adjusted the impact of the same in the instant decision.
- 25.2 Considering the fact that the FY 2016-17 and FY 2017-18 has already lapsed, therefore, the Authority has incorporated the impact of difference in the Distribution margin determined for the FY 2016-17 and FY 2017-18 and the distribution margin recovered by the Petitioner during these periods, in the assessed revenue requirement in the instant decision as part of Prior Year Adjustment (PYA). Further, the impact of sales mix variance for the FY 2016-17 has also been incorporated in the instant PYA. However, the impact of Sales mix variance and difference in the Other Income for the FY 2017-18 shall be adjusted in the future adjustments, once the Audited financial statements of the Petitioner for the FY 2017-18 are available.
- 25.3 Here it is pertinent to mention that CPPA-G vide its letter dated March 20, 2018 revised the PPP cost billed to the Petitioner during the FY 2016-17, whereby, a reduction of around Rs.2,972 million has been reported by CPPA-G to the extent of cost charged to the Petitioner. The same amount has also been adjusted while assessing the PYA.
- 25.4 The Authority in accordance with its earlier decision in the matter, as explained at para 13.18 to 13.19 of its redetermination, dated September 18, 2017, in the matter of GoP's reconsideration request of FESCO, calculated the impact of negative FCA pertaining to the FY 2017-18 in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers which has been retained by the Petitioner. The Authority also considered the relevant clauses of the S.R.O.189 (I)/2015 dated March 05, 2015 issued by GoP and the amount of subsidy claims filed by the Petitioner for the FY 2017-18.
- 25.5 After considering all the aforementioned factors, the Authority has decided that an amount of Rs.7,291 million pertaining to FCA in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers for the FY 2017-18, calculated on the basis of mix allowed in the tariff that remained notified during this period, lying with the Petitioner, must be adjusted in the instant proceedings as part of PYA. Here it is pertinent to mention that the above figures have been worked on the basis of information provided by FESCO.
- 25.6 Further, for the FY 2015-16, the Authority while determining the Revenue Requirement of the Petitioner, did not include the amount of LPS while assessing the other income, in line with its earlier decision in this regard. The Authority noted that CPPA-G has still not raised any invoice to the Petitioner on account of late payment charges pertaining to the FY 2015-16, therefore, the amount of LPS allowed in the FY 2015-16 and also for the FY 2016-17 is still available with the Petitioner. However, same shall be adjusted upon receipt of late payment invoice from CPPA-G to the Petitioner.
- 25.7 Consequently, the Authority has assessed following PYA of the Petitioner for the FY 2017-18: 





Description	Rs. in Mln
Under / (Over) recovered PPP FY 2017-18 (as calculated above)	23,792
Under / (Over) recovered PYA FY 2017-18	17,494
Under / (Over) recovered DM FY 2016-17 & FY 2017-18	7,489
Revision in PPP by CPPA-G for the FY 2016-17	(2,972)
Negative Sales Mix FY 2016-17	(1,495)
Adjustment of excess FCA retained FY 2017-18	(7,291)
TOTAL PYA	37,017

26. REVENUE REQUIREMENT

26.1 Based on the assessments made in the preceding paragraphs and the fact that PPP references have been revised by the Authority, the Revenue Requirement of the Petitioner has been revised as under;

1. Power Purchase Price	Rs. 152,633 Million
CpGenE	Rs.59,757 Million
CpGenCap	Rs.87,445 Million
USCF & Market Fee	Rs. 5,432 Million
2. Distribution Margin (Net)	Rs.21,244 Million
O&M Cost	Rs.16,462 Million
Depreciation	Rs. 3,751 Million
RORB	Rs. 3,455 Million
Gross DM	Rs. 23,669 Million
Less: Other Income	Rs. 2,425 Million
3. Prior Year Adjustment	Rs. 37,017 Million
4. Total Assessed Revenue Requirement	Rs.210,894 Million

27. ORDER


I. Based on the above assessments, the periodic adjustments in the multiyear tariff notified vide SRO NO.376(I)/2018 dated March 22, 2018 are being made to the following effect:-

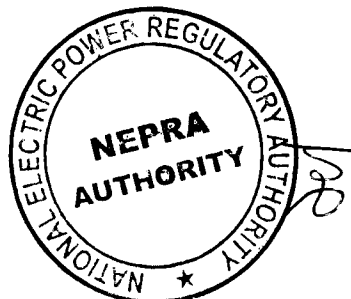
TARIFF COMPONENT	Amount (Rs. in Mln.)	ADJUSTMENTS/ INDEXATION/ TIMELINES
POWER PURCHASE PRICE		
Fuel Cost	555,35	As prescribed in the MYT determination notified vide SRO.376(I)/2018 dated March 22, 2018.
Variable O&M	4,222	
Capacity Charges	87,445	
UoSc & MoF	5,432	
T&D Losses	10.24%	





NET DISTRIBUTION MARGIN	21,244
O&M Cost	
Salaries, wages & other benefits	9,031
Post-Retirement benefits	5,447
Repair and Maintenance	475
Other operating expanses	1,510
Depreciation	3,751
Return on Rate Base	3,455
Other Income	(2,425)
Prior Year Adjustment	37,017
KIBOR Spread	2.75%
KIBOR (In case of foreign financing the Authority may allow the adjustment of LIBOR)	7.01%


- II. The references established for the FY 2018-19 shall be considered as the reference/base cost for working out the future Distribution Margin during the tariff control period as per the mechanism prescribed in the MYT determination.
- III. Accordingly, the Annex-II-A (Quarterly/ Biannual adjustment mechanism), Annex-III (Estimated Sales Revenue), Annex-IV (PPP) and Schedule of Electricity Tariff attached with the notification issued vide SRO.376(I)/2018 dated March 22, 2018 shall be replaced with the Annex-I-A (Quarterly/ Biannual adjustment mechanism), Annex-II (Estimated Sales Revenue), Annex-III (Schedule of Electricity Tariff) and Annex-VI (PPP) respectively attached with this decision.
- IV. The SoT attached with the instant decision of the Authority, includes column of PYA 2016, Write offs and PYA 2107 which are already notified vide SRO.378/(I)/2018 dated March 22, 2018 and would continue to be notified till March 21, 2019. The aforementioned columns have been reproduced for the purpose of clarity only. If the competent Authority decides to re-notify the aforementioned columns with the instant SoT, the aforementioned columns shall remain notify till March 21, 2019 only and would cease to exist thereafter. All other Annexures attached with the aforementioned SRO shall remain intact.
- V. Tariff under Colum A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.
- VI. All other points mentioned in the order part notified vide SRO.376(I)/2018 dated March 22, not reproduced here shall remain the same.
- VII. The Order part, Annex-I-A, II, III and IV annexed with this decision are intimated to the Federal Government for notification in the official gazette under Section 31(7) of the NEPRA Act. 







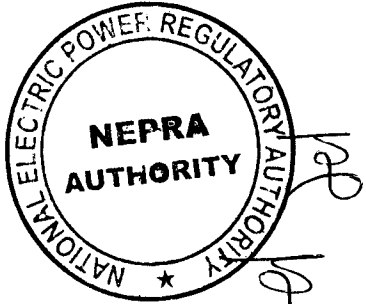
Decision of the Authority in the matter of request filed by Faisalabad Electric Supply Company Limited (FESCO) regarding adjustment in the Tariff Components for the FY 2016-17 and FY 2017-18 Under Multi-Year tariff regime

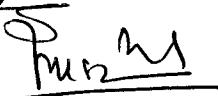
AUTHORITY


Saif Ullah Chattha
Member 31-8-2018


Rehmatullah
Vice Chairman 23/8/2018


Brig (R) Tariq Saddozai
Chairman




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QUARTERLY/BIANNUAL ADJUSTMENT MECHANISM

Quarterly/ Biannual adjustment shall be the Actual variation in Power Purchase Price (PPP), excluding Fuel Cost Component, against the reference Power Purchase Price component and the impact of T&D losses on FCA, for the corresponding months and shall be determined according to the following formula;

$$\text{Quarterly/Biannual PPP}_{(Adj)} = \frac{\text{PPP}_{(Act)} (\text{excluding FCC}) - \text{PPP}_{(Ref)} (\text{excluding FCC})}{(1 - \text{T\&D Loss \%}) \times (1 - \text{Life line Consumption \%})}$$

Where;

PPP_(Act) is the actual cost in Rs./kWh, excluding FCC, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

PPP_(Ref) is the reference cost in Rs./kWh as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

T&D Loss % is percentage of T&D losses that remained notified during the period.

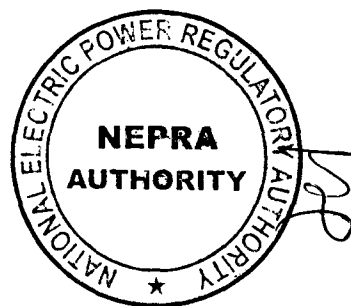
Quarterly/Biannual impact of T&D losses on FCA_(Adj)

$$= \left[\frac{\text{FCA}_{(Allowed)}}{(1 - \text{T\&D Loss \%}) \times (1 - \text{Life line Consumption \%})} \right] - \text{FCA}_{(Allowed)}$$

Where;

FCA_(allowed) is the FCA allowed by the Authority for the respective months of the concerned period.

T&D Loss % is percentage of T&D losses that remained notified during the period.

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

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
			Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
			A	B	C	D	E	F	G					
D-1(a)	SCARF less than 5 kW	-	11.47		2.65		1.75		(1.04)		0.01		14.84	
D-2 (a)	Agricultural Tube Wells	200.00	11.47		2.65		1.75		(1.04)		0.01		14.84	
D-1(b)	SCARF 5 kW & above	200.00	15.55	9.85	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.04	13.22
D-2 (b)	Agricultural 5 kW & above	200.00	15.70	9.90	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	13.27

Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.
Note: The consumers having sanctioned load less than 5 kW can opt for TOU metering.

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
			Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
			A	B	C	D	E	F	G					
E-1(i)	Residential Supply	-	15.70		2.65		1.75		(1.04)		0.01		19.07	
E-1(ii)	Commercial Supply	-	15.70		2.65		1.75		(1.04)		0.01		19.07	
E-2	Industrial Supply	-	15.70		2.65		1.75		(1.04)		0.01		19.07	

For the categories of E-1(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.

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

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

G - PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
			Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
			A	B	C	D	E	F	G					
	Street Lighting	-	11.45		2.65		1.75		(1.04)		0.01		14.82	

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

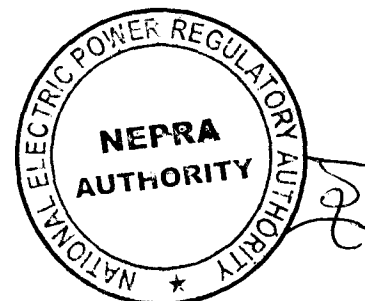
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
			Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
			A	B	C	D	E	F	G					
	Residential Colonies attached to industrial	-	11.45		2.65		1.75		(1.04)		0.01		14.82	

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.

J. SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
			Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
			A	B	C	D	E	F	G					
J-1	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	11.42		2.65		1.75		(1.04)		0.01		14.79	
J-2	(a) For supply at 11.33 kV	380.00	11.52		2.65		1.75		(1.04)		0.01		14.89	
	(b) For supply at 66 kV & above	360.00	11.42		2.65		1.75		(1.04)		0.01		14.79	
J-3	(a) For supply at 11.33 kV	380.00	11.52		2.65		1.75		(1.04)		0.01		14.89	
	(b) For supply at 66 kV & above	360.00	11.42		2.65		1.75		(1.04)		0.01		14.79	
J-1(b)	Time Of Use For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	15.70	9.60	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	12.97
J-2 (a)	For supply at 11.33 kV	380.00	15.70	9.70	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	13.07
J-2 (a)	For supply at 66 kV & above	360.00	15.70	9.60	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	13.07
J-3 (a)	For supply at 11.33 kV	380.00	15.70	9.70	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	13.07
J-3 (a)	For supply at 66 kV & above	360.00	15.70	9.60	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	12.97

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.



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

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D		E		F		G	
a)	For Sanctioned load less than 5 kW	-	4.00		-		-		-		-		4.00	
i)	Up to 50 Units	-	4.00		-		-		-		-		4.00	
	For Consumption exceeding 50 Units	-	9.90		2.64	1.75	-		(1.04)	0.02	-		13.27	
ii)	001 - 100 Units	-	13.40		2.64	1.75	-		(1.04)	0.03	-		16.78	
iii)	101 - 200 Units	-	14.18		2.65	1.73	-		(1.04)	0.03	-		17.52	
iv)	201 - 300 Units	-	14.60		2.66	1.72	-		(1.04)	0.03	-		17.97	
v)	301 - 700 Units	-	15.70		2.65	1.73	-		(1.04)	0.03	-		19.07	
vi)	Above 700 Units	-	15.70		2.65	1.73	-		(1.04)	0.03	-		19.07	
b)	For Sanctioned load 5 kW & above	-	15.70		2.65	1.75	-		(1.04)	0.01	-		19.07	
	Time Of Use	-	15.70	9.90	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	13.27

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

Under tariff A-1, there shall be minimum monthly customer charge 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

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D		E		F		G	
a)	For Sanctioned load less than 5 kW	-	14.70		2.65		1.78		(1.04)		0.01		18.07	
b)	For Sanctioned load 5 kW & above	400.00	14.48		2.65		1.75		(1.04)		0.01		17.82	
	Time Of Use	400.00	15.70	9.90	2.65	2.65	1.78	1.78	(1.04)	(1.04)	0.01	0.01	19.07	13.27

Under tariff A-2, 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

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D		E		F		G	
a)	General Services	-	13.55		2.65		1.75		(1.04)		0.01		16.92	

Under tariff A-3, 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

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D		E		F		G	
B1	Upto 25 kW (at 400/230 Volts)	-	11.72		2.68		1.75		(1.04)		0.01		15.09	
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00	11.22		2.65		1.75		(1.04)		0.01		14.59	
	Time Of Use		15.70	9.90	2.68	2.68	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	13.27
B1 (b)	Up to 25 kW	-	15.70		2.68		1.75		(1.04)		0.01		19.07	
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	15.70		2.65		1.75		(1.04)		0.01		19.07	
B3	For All Loads up to 5000 kW (at 11.33 kV)	380.00	15.70		2.68		1.78		(1.04)		0.01		19.07	
B4	For All Loads (at 66,132 kV & above)	350.00	15.70		2.68		1.75		(1.04)		0.01		19.07	

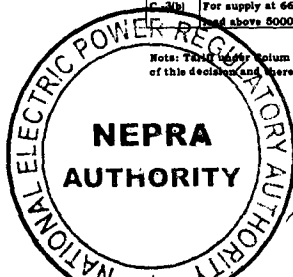
For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.
For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.
For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.

C. SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2018		FYA 2017		FYA 2016		Write Off		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D		E		F		G	
C-1	For supply at 400/230 Volts	-	12.22		2.65		1.75		(1.04)		0.01		15.59	
a)	Sanctioned load less than 5 kW	-	12.22		2.65		1.75		(1.04)		0.01		15.59	
b)	Sanctioned load 5 kW & up to 500 kW	400.00	11.72		2.65		1.75		(1.04)		0.01		15.09	
C-2(a)	For supply at 11.33 kV up to and including 5000 kW	380.00	11.52		2.65		1.75		(1.04)		0.01		14.89	
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	11.42		2.65		1.75		(1.04)		0.01		14.79	
	Time Of Use		15.70	9.90	2.65	2.65	1.75	1.75	(1.04)	(1.04)	0.01	0.01	19.07	13.17
C-1(i)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	15.70		2.65		1.75		(1.04)		0.01		19.07	
C-2(b)	For supply at 11.33 kV up to and including 5000 kW	380.00	15.70		2.65		1.75		(1.04)		0.01		19.07	
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	15.70		2.65		1.75		(1.04)		0.01		19.07	

Note: Tariff under Column A and G shall remain applicable till March 21, 2019 only and thereafter only Column A, B and C shall remain applicable. Column C shall also cease to exist after one year from the date of notification of this decision and thereafter only Column A and B shall remain applicable till the same is superseded by next notification.



FESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	1,563	1,600	1,531	1,263	1,023	1,040	964	941	1,164	1,350	1,703	1,690	15,832
	kWh												
Fuel Cost Component	3.2708	2.5111	2.4588	2.9120	2.3306	3.4328	4.6523	3.6723	3.9777	4.3148	4.2633	4.3499	3.508
Variable O & M	0.2393	0.2332	0.2218	0.2402	0.2269	0.2838	0.3350	0.2726	0.2979	0.3218	0.2876	0.2685	0.267
CpGenCap	5.1765	5.2705	5.2080	4.7609	6.5221	6.7735	7.1161	6.9180	6.2001	4.9680	4.7690	4.6165	5.523
USCF/MoF	0.3104	0.3301	0.3292	0.3003	0.3830	0.4164	0.4049	0.4215	0.3637	0.3228	0.3125	0.3148	0.3431
Total PPP in Rs. /kWh	8.9969	8.3449	8.2177	8.2132	9.4626	10.9066	12.5082	11.2843	10.8393	9.9274	9.6324	9.5498	9.6406

	Rs in Million												
Fuel Cost Component	5,114	4,017	3,765	3,679	2,383	3,570	4,487	3,455	4,629	5,827	7,258	7,351	55,535
Variable O & M	374	373	340	303	232	295	323	256	347	435	490	454	4,222
CpGenCap	8,093	8,432	7,975	6,015	6,670	7,044	6,863	6,508	7,215	6,709	8,119	7,802	87,445
USCF/MoF	485	528	504	379	392	433	390	397	423	436	532	532	5,432
PPP	14,066	13,350	12,583	10,377	9,677	11,342	12,063	10,616	12,613	13,407	16,399	16,139	152,633

It is clarified that PPP is pass through for all the DISCOs and its monthly references would continue to exist irrespective of the financial year, unless the new SOT is revised and notified by the GOR.

