**National Electric Power Regulatory Authority**
**Islamic Republic of Pakistan**

**Registrar**

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No. NEPRA/TRF-234/GEPCO-2013/675-677
January 16, 2014

Subject: **Determination of the Authority in the matter of Petition filed by Gujranwala Electric Power Company Ltd. for Determination of its Consumer end Tariff Pertaining to FY 2013-14 [Case # NEPRA/TRF-234/GEPCO-2013]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V, VI & VII (74 pages) in Case No. NEPRA/TRF-234/GEPCO-2013.

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

3. Please note that only the Order of the Authority at para 35 of the Determination along with Annexure-I (Fuel Price Adjustment Mechanism), Annex-III (Schedule of Electricity Tariffs), Annex-IV (GEPCO Power Purchase Price), Annex-V (Terms and Conditions) and Annex-VII (Summary of Directions) needs to be notified in the official Gazette.

Enclosure: As above

**( Syed Safeer Hussain )**

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

CC:

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

National Electric Power Regulatory Authority

(NEPRA)

PETITION NO: NEPRA/TRF-234/GEPCO-2013

TARIFF DETERMINATION

FOR

GUJRANWALA ELECTRIC SUPPLY COMPANY

(GEPCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Determined on

Islamabad

January 16th, 2014

**Abbreviations**

| | |
|---|---|
| CpGenCap | The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months |
| CPPA | Central Power Purchasing Agency |
| DISCO | Distribution Company |
| DM | Distribution Margin |
| FY | Financial Year |
| GOP | Government of Pakistan |
| GWh | Giga Watt Hours |
| KV | Kilo Volt |
| kW | Kilo Watt |
| kWh | Kilo Watt Hour |
| MW | Mega Watt |
| NEPRA | National Electric Power Regulatory Authority |
| O&M | Operation and Maintenance |
| PPP | Power Purchase Price |
| PYA | Prior Year Adjustment |
| RAB | Regulatory Asset Base |
| RORB | Return on Rate Base |
| SRO | Statutory Regulatory Order |
| T&D | Transmission and Distribution |
| TOU | Time of Use |
| USCF | The fixed charge part of the Use of System Charges in Rs./kW/Month |

# DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY GUJRANWALA ELECTRIC POWER COMPANY (GEPCO) FOR DETERMINATION OF ITS CONSUMER END TARIFF PERTAINING TO FY 2013-14 CASE NO. NEPRA/TRF/234/GEPCO-2013

## PETITIONER

Gujranwala Electric Power Company Limited (GEPCO) 565-A Model Town, G.T. Road, Gujranwala.

## INTERVENER

All Pakistan Textile Mills Association (APTMA) Punjab Zone

## COMMENTATOR

Nil

## REPRESENTATION

1. Engineer Mchboob Alam, CEO
2. Mr. Muhammad Asad, Chief Financial Officer
3. Mr. Ahsan Nasecm Bhutta Operation Director
4. Engineer Javid Iqbal Ghuman Chief Engineer (P&E),
5. Engineer Munir Ahmed Mian Customer Services Director,
6. Syed llashmat Ali Kazmi, Director IIR&A

**The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by the parties, issues raised, evidence/record produced during hearings, and all other relevant material, hereby issues this determination.**

15/1/2014
(Maj (Rtd) Haroon Rashid
Member

15/1/2014.
(Habibullah Khiji)
Member

01.XIV
(Khawaja Muhammad Naeem)
Vice Chairman

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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16.01.2014

## 1. Background and Brief History

1.1 Gujranwala Electric Power Company Limited ("GEPCO") (hereinafter referred as petitioner) is a distribution licensee of NEPRA vide Distribution License No.04/1)1.12002 dated 23rd April 2002. The petitioner filed a petition for the determination of its consumer-end tariff on 15th July 2013 where in following relief was sought:-

- Determination of its consumer-end tariff for FY 2013-14.
- Approval of its Distribution Margin for the FY 2013-14 amounting to Rs. 9,638 million
- Allowing the investment of Rs 5,989 million.
- Allowing Financing Cost of Additional Working Capital to the extent of Rs. 1,198
- Allowing Prior year adjustment amounting to Rs. 1,887
- Allowing Line losses @ 11.5%.

1.2 In terms of rule 4 of the Tariff Standards and Procedure Rules 1998 (hereinafter referred to as "Rules"), the Petition was admitted by the Authority on August 19, 2013 and incompliance of the provisions of rules 6 & 7 of the Rules, notices of admission were sent to the persons considered to be affected or interested as per attached list. Salient features of the petition were also published alongwith notice of admission in the national newspapers on 23.8.2013 inviting filing of reply, comments and intervention request by any interested person within 7 days of the publication. Date of hearing to be conducted into the matter was also mentioned in the notice of admission so published in the newspapers.

## 2 <u>FILING OF OBJECTIONS/ COMMENTS:</u>

2.1 In response to the notice of admission and hearing, All Pakistan Textile Mills Association (APTMA) Punjab Zone through Mandiwala Associates filed an intervention request.

### 2.2 <u>All Pakistan Textile Mills Association:</u>

2.2.1 The concerns raised by the intervener inter-alia are as under:-

- The annual tariff determination has to be made before the start of the financial year so that without any delay it could be finalized before the start of the year. The petitioner is filed with a delay and is liable to be dismissed.
- Before admission of the petition, opportunity of hearing was not given to the stakeholders and the order of admission should be a speaking order. Due to this reason, the entire procedure was initiated in violation of law.
- The petitioner is a Company but for filing of petition, no proper authorization from its Board of Directors, thus the filing of the petition is incompetent and unlawful.

POWER REGULATORY NATIONAL ELECTRIC AUTHORITY
NEPRA
AUTHORITY

- The tariff petition and its estimations are not proper as it contains no exact and detailed information regarding the Feeder Wise Line Losses for the period in question. Even if the T & D losses be considered as mentioned in the petition still a huge amount has been shown under the head of Line Losses. The T & D losses are now solely attributable to the negligence and inefficiency on the part of the GEPCO. However, the consumer must not be allowed to suffer due to such deficiencies on the part of the DISCO when since 1997 they have been spending billions of rupees on the improvement of the same at the cost of the consumers without showing any improvement in the same. No separate bifurcations of technical losses and theft have been given in the petition. The losses caused due to theft should be disallowed as those are incurred solely due to corrupt practices and inefficiencies rampant in the DISCO. APTMA's members mills are connected either with B-IV or B-III category of connection through 132KV or 11KV independent lines directly, so they are not to be made liable to pay for the entire T & D losses attributable to Low Tension Lines. A prior study needs to be conducted regarding the line losses on each and every grid of GEPCO so as to determined what the line losses attributable to the 132KV or independent B-III lines and the other lines so that the exact measurement of the lines losses with regard to consumer category could be conducted to save the industrial consumers from bearing the burden of theft and line losses attributable to the domestic, commercial and other consumers.
- The entire mechanism of Power Purchase Price needs to be determined afresh while taking care of all the aspects of the matter. It has simply been taken as a Pass Through Item without caring for that all the Tariff Determinations made earlier for respective generation companies have already outlived and have no further utility as far as the protection of the consumer rights are concerned. It is a matter of record as well as public knowledge that huge bungling, misappropriation and wastage of precious consumer funds has regularly been taking place in the generation companies and more specifically in the public generation companies, so all the more it needs to be re-visited before embarking upon any fresh consumer end tariff determination.
- In the tariff petition GEPCO has requested from the authority for the forthcoming investment plan. This should not be allowed because already many projects are pending in the pipeline of GEPCO. Those projects should be completed first then after the completion of those projects authority should deeply see that either there is a need of the approval of forthcoming investment plan or not by the authority. Estimations for the future plans which are not forthcoming should not be approved at all as the cost of these plans are converted into the unit cost and the same has a direct effect on the high price of electricity.
- The sales targets mentioned in the petition are not realistic and in spite of having a negative growth in the previous year(s) the sales target has been enhanced without any legal justification and without mentioning any detailed reasons for the same.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- The O & M expenses (estimations), have not been taken from any audited accounts and instead just the presumptive trend has been made basis for seeking such estimations. Similarly all these expenses are increasing day by day. No justification with reference to the prudency of seeking an increase in the O & M expenses with their relative and proportionate impact on the improvement of the distribution company has been shown.
- The depreciation calculations have not been made in accord with international standards of estimating the same. There is no discussion or reasoning for estimating the Gross Fixed Assets in Operation for the FY 2012-14 at such a high rate and thus the depreciation while taking their figures as base figures do not reflect correct position.
- The operating expenses of the company have been shown at a very higher side keeping in view every acceptable standard prevailing in the similar industries all over the world. Those are to be checked by way of independent financial consultants or accountants. Similarly the petitioner company also needs to improve its efficiency in order to lessen the operating cost which again is a significant part of the tariff as determined as such no improvement of such expenses needs to be allowed.
- It's quite clear from the tariff petition that the operating expenses are also increasing day by. There are so many other expenses which can easily be diminished but the DISCO is showing no concern with it. Other operating expenses should be strictly watched by the authority and a direction should be given to the DISCO to reduce them rather than allowing all of those every time as most of the expenses are unnecessary and can be reduced easily.
- During the proceedings of tariff petition 2008-09 it was observed by the learned Authority that at least for the next year the proposal for the third party audit may be implemented keeping in view the admitted fact that the tariff petitions are based on un-audited accounts and specifically with reference to the prudency of the accounts. The reasoning coming forward in the previous determinations are neither valid nor touch the roots of the grievance. Whatever may be the quantum of the amounts bifurcated into different heads those are still needed to be verified by the third party audit and this seems to be the high time to introduce in a mandatory terms the third party independent audit to be conducted for every DISCO before even filing the Tariff Petition. It is a matter of fact that a very basic and mandatory provision of Nepra Act, 1997 regarding the prudency of the expenses has never been dealt with in its true perspective. This is the high time that every tariff determination must be made co-relative to the prudency test of all the expenses and at the least to ensure that third part audit could be the minimum requirement.
- The Revenue estimations have not been presented, prepared and calculated in accordance with the mandatory provisions of the Nepra Act and the rules framed there under and those are liable to be addressed seriously.
- Keeping in view the fact that the DISCO is an entirely government owned Company the determined rate of return is extremely high from any standard. As a matter of fact

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

being the Public Limited Company which is to operate like any public limited company operating in the private sector, the rate of return has to be earned and not to be granted by ensuring the same at such a high rate. This guaranteed rate is contributing significantly in the poor performance of the Company. First of all the guaranteed rate of return is liable to be abolished and in the alternative it could not be granted at such a highly exaggerated rate.

- In spite of the clear admission by GEPCO regarding overbilling been done to its consumers against which clear letters have also been on the record originated from not less than the Chairman of Board of Directors of GEPCO and in spite of observing in the previous tariff determination that action shall be taken against the delinquent officials no action so far has been taken at the end of NEPRA or GEPCO against said officials and the result is that even in this tariff determination over billing has been detected by NEPRA. Neither any penal action has been taken by NEPRA in this regard nor the exact amount of over-billing has been determined. As a matter of fact having come to know as a fact and admission regarding over billing being conducted by GEPCO, it was a statutory and bounden duty of NEPRA to first of all determine the exact amount and period of overbilling in entire GEPCO system and then the adjustment for the same along with separate penal action should have been ordered. On the one hand the consumers have been over bill heavily and on the other hand the rates have been increased enormously. This omission needs to be reviewed before proceeding any further.
- The Profit rate base calculated as sum of existing fixed assets with new assets is fanciful. Since number of years the Authority seems to shrug off its liability of a Regulator by allowing unnecessarily the Petitioner to increase artificially and in a fanciful manner its Fixed Asset Base just to base a high and guaranteed rate of return on such fixed assets, while simultaneously giving the benefit of depreciation as well. This not only needs to be reviewed but also to be verified through some independent sources.
- In all previous decisions a price hike component is linked with the periodic estimated increase in the volume of electricity to be supplied in future. On the basis of that price escalation is allowed. The perusal of all the previous decisions and subsequently filed petitions reveal that at the time of estimation such revenue is allowed however, projection in the volume of electricity is never adhered to subsequently by the company and in spite of less provision of electricity they get the higher rate.
- The depreciation policy of the company has neither been properly scrutinized nor effectively regulated by NEPRA. A huge amount has been claimed on the basis of depreciation of assets in an unrealistic manner and without caring that the fixed standard of depreciation cannot be implemented on every other item of assets. On different kinds of assets, it needs to be applied differently and in a rationale manner, which so far has been badly lacking in case of Petitioner Company which is

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

unnecessarily resulting into the higher determination of tariff. This also needs to be checked and rationalized without any further delay.

- The Petitioner has shown a high rate of new investments. It amounts to thrusting its decision on the Independent Regulator, which hampers its independence. All these items need to be scrutinized with a microscopic eye as every single item has shown to contribute largely on the cost of electricity. In this regard an example of the appointment of M/S. Power Planner International consultant by GEPCO previously can be mentioned. No prior approval of the terms of reference for the appointment of said consultant in spite of a direction in the previous tariff determination is on the record, which needs to be seriously looked into through this petition.
- As regards the Fuel Adjustment Charges, the monthly tariff adjustment under this head has proved to be constant pain for all the consumers as it is passed on to them after a lapse of many months in a situation when they have already sold out their products on the basis of costing conducted at a particular time. It is operating as an extortionist tool in favour of the power generators and distributors and to the total loss of the consumers. At the very outset it is pointed out that the reason and utility for which it was imposed has already outlived as on the one hand since its inception it has never been implemented in the manner and style as envisaged by the regulator and is determined and imposed after the lapse of many months and on the other hand it is causing constant loss to the consumers. This needs to be changed totally.
- It is understood that it has been happening just due to wrong understanding and interpretation of relevant provision of law i.e., Second Proviso to S.31(4) of the NEPRA Act, 1997. It is submitted that it nowhere binds the authority to determine the fuel adjustment charges in a mandatory manner on monthly basis. It simply says that the Authority may make the adjustments on monthly basis. However, if as submitted above and even admitted by the Authority, it is causing disturbance as well as loss to the consumers than the time frame can be modified as per requirements and the monthly adjustments is not to be done in every situation. Earlier on, when the fuel adjustment was being determined on bi-annual basis and the same was notified in the tariff in a prospective manner there was neither any complaint nor any dispute as in such situation the consumer was well aware that what would be the tariff for next six months and it was easy for him to pass on the effect of the cost to its own consumers. It is submitted that the mechanism of determining the Reference Fuel Cost for the twelve months must have some nexus with the reality. Earlier on the Reference Value has always been taken on the lesser side and the result has always been the higher rate of Fuel Adjustment Charges on the basis of actual. A rationale and prospective and realistic value of fuel needs to be taken to determine the Reference Fuel Cost so that the impact of Fuel Adjustment should be on lesser side. It is the basic and cardinal principle of electricity tariffs all over the world as well as in the NEPRA Act, 1997 and the Rules framed there under that the Tariff must be predictable. By indulging in Fuel Adjustment Determinations and that too willfully on a higher side has tarnished this

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

very basic principle of the predictability of the tariff and it needs to be rationalized and avoided by devising the solution to the problem as submitted earlier. Another reason for this wrong doing is that there is a huge difference between the Reference Fuel Value given to the power generators at the time of the determinations and there is no regular and periodical changes reflected in their fuel cost as per the fluctuations in the market. It is therefore the difference between the reference value and the actual cost of fuel which is being levied on the consumers in general on higher side. This creates loss for the industry which as submitted above, has sold its products on the basis of the rates / cost uncured in a particular month. The Reference Value so determined is liable to be adjusted pursuant to the formulae of NEPRA which was decided quite some time back. This formula has also outlived its utility as it provides no solution to the miseries of the consumers. It has become illogical as the Reference Value is always on a lower side and the industries after closing their accounts of a month and even annual at times, are to adjust the difference which is not possible as per the accounting principles. This formula also needs to be changed to fulfill the requirement of changing times. No heed is paid to the malpractices being done by the generating companies to determine and recover the fuel price adjustments, who are using in efficient machines, employing inefficient and outdated protocols and causing huge losses to the consumers. There is no check on them and practically none of them has been penalized due to inefficiencies and the costs are passed on to the consumers. This also needs to be addressed seriously.

3. **GEPCO's reply to All Pakistan Textile Mills Associations (APTMA)**

3.1 The petitioner responded to the intervener as per following:-

- The Petition has been filed in accordance with NEPRA Tariff (Standards & Procedure) Rules - 1998. However the intervener did not give any reference of the rule being violated.
- The notice of admission / public hearing regarding petition filed by Gujranwala Electric Power Company Ltd. for the determination of its consumer-end tariff pertaining to the FY 2013-14 was issued by the Authority on 27-08-2013 and hearing was held on September 9, 2013. The intervener referred rule 3 of Tariff Rules which is not relevant at all.
- Board of Director's approval before filling of tariff petition for FY 2013-14 was obtained. The certified copy of the resolution of BOD was part of the tariff petition.
- T&D losses presented in tariff petitions are based on facts and figures with details. Moreover, the feeder wise losses of GEPCO are regularly being submitted/e-mailed to the Authority on quarterly and yearly basis.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- Since GEPCO has no private consumers connected with 132 KV system, hence the transmission losses of GEPCO are purely technical having nil theft element. As a matter of fact these losses are showing decreasing trend i.e.1.64% (ending 06/2012) to 1.55% (ending 06/2013) showing improvement indicating a saving of 32 million units. It was also demonstrated with facts and figures in NEPRA H/Q during tariff petition hearing for the FY 2011-12 that transmission losses as per computerized load flow study come out 1.84%. This point was further explained with the figures of 2010-11 wherein calculated transmission losses as per load flow study are 1.79% against actual transmission losses of 1.85%.
- The distribution losses are also in single digit which are reduced from 9.75% (2011-12) to 9.35% (2012-13). The bifurcation of GEPCO overall losses is as under:

| | |
|---|---|
| Total losses for FY 2012-13: | 10.75% |
| Transmission Losses: | 1.55% |
| Distribution Technical Losses: | 8.40% |
| Administrative Losses: | 0.80% |

- Transmission network technical study was carried out by Power Planners International Consultant and report has already been provided to the Authority i.e. NEPRA.
- The Mechanism of Power Purchase Price has been defined in each year tariff determination for DISCO's and DISCOs adopt the same mechanism for calculating power purchase price.
- Detailed Reply for Investment Plan has been given along with tariff petition.
- The sales target mentioned in the tariff petition has carefully been forecasted by the GEPCO keeping in view the measures taken by the Government to improve power generation as well as development of power sector. Although negative growth occurred in last year due to severe load shedding but sales comparison of first quarter of FY year 2013-14 with last year is not only on higher side but is in line with the projection made in tariff petition for determination as follows:

| 2012-13 | | 2013-14 | |
|---|---|---|---|
| **Period** | **Units Sold (in Million)** | **Period** | **Units Sold (in Million)** |
| July-2012 | 614.57 | July-2013 | 649.42 |
| August-2012 | 607.70 | August-2013 | 701.68 |
| Sept-2012 | 623.80 | Sept-2013 | 724.49 |
| Total: | 1,846.07 | Total: | 2075.59 |
| %Age Increase / Growth: = 12.43% | | | |

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

- The O&M is being strictly incurred in accordance with Budget approved by the BOD GEPCO and NEPRA except Salary and Wages, which are paid as per Government policies and notifications.
- The Depreciation Calculations has been made in accordance with the International Accounting Standards and this activity is duly verified by external auditors M/S KPMG Taseer Hadi.
- M/S KPMG Taseer Hadi is our external auditors and audited financial statements are prepared as required under the Companies Ordinance 1984. There is no such requirement that this petition should be on the basis of audited accounts as the petitioners are not allowed expenses on the basis of audit accounts.
- The revenue requirement has been prepared as per NEPRA standard petition forms.
- The rate of return has been prepared as per NEPRA standard petition forms.
- The admission regarding over billing is not true The BoD never pointed out over billing at any time. The petitioner does perform its liability for correct billing to the customers through frequent directions in correspondence and meetings as well as by prescribed checks on reading and billing by the designated field officers and officials.
- The profit rate base is being calculated as per the Authority's standard petition forms.
- The Purchase/ Sale targets set by NEPRA keeping in view power generation available hence the petitioner is unaware about the generation plan.
- The Fuel Price Adjustment mechanism may please be discussed at the Authority's level.
- The Authority has considered the intervener's objections and petitioner's response and it is of the view that the most of objections raised by the intervener are without any basis and evidence, therefore does not merit consideration

## 4. HEARING

4.1 In order to arrive at just and informed decision, it was decided to conduct a hearing on 9th of September, 2013. The date of hearing was communicated and published along with the notice of admission to the interested stakeholders and general public for meaning full participation in the tariff setting process.

4.2 The following issues were framed for consideration. The same was communicated to the Petitioner and commentator for presenting written as well as oral evidence and arguments:-

i) Whether the Petitioner has complied with the direction of the Authority to complete installation of TOU meters by 31st March, 2013 and to submit reconciled number w.r.t., target for installation of TOU meters?

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

ii) Whether the Petitioner has complied with the direction of the Authority to expand its study of T&D study to 11 kV and below and submit the completion timelines by 31st March, 2013?

iii) Whether the Petitioner has complied with the direction of the Authority to create independent post retirement benefits fund at the earliest?

iv) Whether the Petitioner has complied with the direction of the Authority to get the reported figures of additional recruitments verified by its auditors and submitted a certificate from auditors in respect of replacement hiring, if any?

v) Whether the Petitioner has complied with the direction of the Authority to undertake a settlement mechanism of retired employees with WAPDA?

vi) Whether the Petitioner has complied with the Authority's directions to submit concrete recovery plan and issue of subsidy with GOP not later than 30th June, 2013?

vii) Whether the Petitioner has complied with the Authority's directions to submit comments on TOU metering for cellular companies (issue raised by IESCO) not later than 31st March, 2013?

viii) Whether the Petitioner has complied with the Authority's directions to submit comments on changing terms and conditions of lifeline consumers (issue raised by IESCO) not later than 31st March, 2013?

ix) Whether the Petitioner has complied with the Authority's directions to submit genuine working capital requirements need and the Petitioner's request to allow Rs. 2,629 million in this regard reasonable?

x) Whether the Petitioner's projected purchase of 7,200 GWhs and sales of 6,408 GWhs units for the FY 2013-14, is reasonable?

xi) Whether the Petitioner's proposed transmission and distribution losses of 11.5% for the FY 2013-14 based on no improvement from provisional losses of 10.75% for FY 2012-13, are justified?

xii) Whether the Petitioner's projected Power Purchase cost of Rs. 72,600 million (Rs 12.35 /kWh) for the FY 2013-14, is justified as against provisional cost of Rs. 12.30 /kWh for FY 2012-13?

xiii) Whether the Petitioner's projected O&M Cost of Rs 7,080 million for the FY 2013-14 based on the provisional cost of Rs. 7,726 million (Rs. 1.17 /kWh) for FY 2012-13 after accounting for inflation/increments, is justified?

xiv) Whether the Petitioner's proposed depreciation charge of Rs 1,418 million (Rs 0.24 /kWh) for the FY 2013-14 as against the provisional cost of Rs. 1,106 million (Rs. 0.19 /kWh) for FY 2012-13 after accounting for projected additions to fixed Assets, is justified?

xv) Whether the Petitioner's projected Return on Regulatory Asset base of Rs 2,335 million for the FY 2013-14 as against the Authority's approved return of Rs. 1,583 million for FY 2012-13, is justified?

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

xvi) Whether the Petitioner's projected Other Income of Rs 1,195 million for the FY 2013-14 as against the provisional income of Rs. 1,983 million for FY 2012-13, is reasonable?

xvii) Whether the Petitioner's proposed Investment plan of Rs 5,989 million for the FY 2013-14, is justified and keeping in view the prospective benefits as against the Authority's approved investment of Rs. 4,561 million for FY 2012-13?

xviii) Whether the proposed revenue requirement of Rs 90,725 million at an average sale rate of Rs 14.16/kWh for the FY 2013-14, is justified as against the Authority's approved average sale rate of Rs. 13.96 /kWh for the FY 2012-13?

xix) Whether prior year Adjustment calculated by GEPCO is accurate?

xx) What are the comments of Petitioner on the proposal for determination of uniform fixed charges for Agriculture consumers?

xxi) Analysis/suggestions/comments by the petitioner on sale of electricity to other distribution companies/DISCOs.

4.3 On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings of the Authority are given as under:

5. **Issue # 1 Whether the Petitioner has complied with the direction of the Authority to complete installation of TOU meters by 31st March, 2013 and to submit reconciled number w.r.t., target for installation of TOU meters?**

5.1 The Authority, while deciding the last determination for FY 2012-13 directed the Petitioner to complete installation of TOU meters and to submit reconciled report against target for installation of TOU meters. The petitioner submitted that direction of the Authority has been complied with 100% and the compliance has been reported to Authority vide letter no. 13046/47 dated 29-8-2013. The petitioner submitted as per the following:-

| Sr. | Category | Target | Target Achieved (till end of July-2013 | Balance Meters |
|---|---|---|---|---|
| 1. | Residential (A-1) | 25,205 | 25,205 | 0 |
| 2. | Commercial (A-2) | 9,562 | 9,562 | 0 |
| 3. | Industrial (B) | 39,441 | 39,441 | 0 |
| 4. | Bulk Supply (C) | 99 | 99 | 0 |
| 5. | Agricultural (D) | 22,902 | 22,902 | 0 |
| **Total:** | | **97,209** | **97,209** | **0** |

5.2 It has been noted that the compliance of Authority's direction with respect to installation of TOU meters has reasonably been done. In view thereof no further action in this regard is required.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

**6. Issue # 2 Whether the Petitioner has complied with the direction of the Authority to extend its study of T&D study to 11 kV and below and submit the completion timelines by 31st March, 2013?**

**6.1** The Authority in the determination of GEPCO for FY 2012-13 directed the Petitioner to extend its study of T&D losses to 11kV and below and report the same till March 31st 2013. In response thereof the Petitioner submitted that the direction has been complied with. The petitioner further stated that in fact third party study of T&D losses was initiated in the year 2011 and the contract in this regard was awarded to M/s Barqaab Consulting Services (Pvt) Ltd., through open bidding in February 2012. Complete study has been forwarded to the Authority for further guidance.

6.2 The T&D study has been discussed under issue # 11

7 **Issue # 3 Whether the Petitioner has complied with the direction of the Authority to create independent post retirement benefits fund at the earliest?**

7.1 The Authority issued this direction initially in the determination of the FY 2011-12. The same direction was given in the determination of FY 2012-13. However the Petitioner did not comply with the directions of the Authority to create a separate and independent post retirement benefits fund and requested the Authority to review its decision on the following basis.

- Para 48 of IAS 19 provides that entity may create fully or partly financed fund for defined benefit plans or may not create any fund.
- Para 49 of IAS 19 provides that the payment of funded benefits when they fall due depends not only on the financial position and the investment performance of the fund but also on an entity's ability (and willingness) to make good any shortfall in the fund's assets. Therefore, the entity is, in substance, underwriting the actuarial and investment risks associated with the plan. Consequently, the expense recognized for a defined benefit plan is not necessarily the amount of the contribution due for the period."
- An entity shall determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.
- The Authority has simply stated in the tariff determination FY 2012-13 (para 12.2.6) that actual amounts transferred into the fund would be allowed by the Authority. This statement can be withdrawn at any time in any determination subsequently. In the determination, the Authority has

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

not recognized the long term retirement benefit provision as on June 30, 2012 which stood at Rs. 6,609 million.

- The total provision was Rs. 8,205 million as on June 30, 2013 as per latest actuarial report.
- The imposition by the Regulator is not justified whereas the law allows not to create the Fund. And it should be purely a management decision.
- The Circular Debt has already created heavy burden on the national exchequer. The previous Government raised Rs. 239 billion loan to settle circular debt. The charge of the financial cost of this loan is yet to be decided.
- The settlement of balance circular debt in July-August 2013 has initially settled the financial problem of the sector, but this settlement was out of the public money.
- The implementation of the Authority instruction (payment of Rs. 8,205 million to the Fund) means creation of the circular debt.
- The Authority is requested to hire the services of an Actuary being specialized matter
- As an alternate, the Authority may consider to separate Head – "the post retirement expenses" from the Salaries and benefits and actual payments to the retired employees may be allowed in the tariff. An analysis is given as under:-

| Year | Salaries Expenses | Less: Provision | Actual Salaries | Benefits paid |
|---|---|---|---|---|
| 2012-13 | 6,241 | (2,186) | 4,055 | 728 |
| 2011-12 | 4,977 | (1,467) | 3,510 | 524 |
| 2010-11 | 4,106 | (1,266) | 2,840 | 437 |

**7.2** The Authority has carefully examined Petitioner's arguments to reconsider its decision with respect to the creation of separate fund. While making the said decision all relevant facts were considered by the Authority regarding the provisions of IAS -19 which allow both defined benefit schemes and creation of separate fund. Considering the liquidity position in the power sector, the petitioner was directed to create a separate fund and as National Regulator, its direction in this regard is in accordance with the Preface of the IASs. The Petitioner has talked about the fund management expense but it has not mentioned any specific amount pertaining to that on which the Authority can comment or decide. As far as recognizing actuarial valuations are concerned, the Authority in the past has been allowing the Petitioner Salaries, wages and other benefits including post retirement benefits and the Authority considers that the petitioner has to justify its request to allow certain cost on the basis of

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

documentary evidence as all the costs allowed in the tariff are to be recovered from the consumers. The Authority's decision for creating pension fund was to safeguard not only the interest of consumer but also the interests of the petitioner's employees. In Authority's opinion the post retirement benefits is the liability of the Distribution Company which has to be dealt under separate head since the Distribution Company cannot be allowed to use this fund for other purpose. As regards the DISCOs concern with respect to circular debt, the Distribution Company's revenue requirement is ensured through its determination. The Authority considers that the circular debt issue is mainly because of T&D losses etc; therefore the petitioner needs to improve its efficiency. MEPCO has created a separate fund against the Authority's direction and transferred the amount of Rs. 100 million and established the bye laws relating to Employees Pension Fund Trust. In view thereof, the Authority is of the view that the Petitioner's request is not valid and directs it to expedite the matter in this regard again. Till the time the petitioner does not comply with the Authority's direction in this regard the petitioner will be allowed retirement benefits to the extent of actual amount paid during last year. On persistent failure to comply with the Authority's directions, the Authority is constrained to initiate proceedings under relevant penal clause of the Act, Rules and Regulations.

8. **Issue # 4 Whether the Petitioner has complied with the direction of the Authority to get the reported figures of additional recruitments verified by its auditors and submitted a certificate from auditors in respect of replacement hiring, if any?**

8.1 In the determination of FY 2012-13, the petitioner claimed Rs. 659.27 million on account of additional recruitment during the year. The Authority noted that the recruitments were not made against the retirement, death and resignation of the employees. The Authority while disallowing the same directed the Petitioner to get certificate of additional recruitment certified by the external auditors.

8.2 The Petitioner did not comply with the direction and stated that its auditors replied as *"the certification required by NEPRA for verification of replacement hiring of 940 employees with no additional/incremental cost" is of specific nature and require specialized staff. We are unable to carry out this requirement at this point of time."* The response of Auditors was forwarded to NEPRA on May 02, 2013 seeking further advice and instructions in this regard.

8.3 The Authority noted that in case of MEPCO, auditors carried out the study in accordance with the international standards on related services 4400 applicable to agreed upon procedures engagements but in case of GEPCO M/s KPMG refused to carry out the same.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

8.4 The Authority considers that the Petitioner failed to give cogent reasons in support of its claim for additional cost on account of additional recruitment; therefore the Petitioner's request is declined.

9. **Issue # 5 Whether the Petitioner has complied with the direction of the Authority to undertake a settlement mechanism of retired employees with WAPDA?**

9.1 The Authority at Para 12.2.8 of determination for the FY 2012-13 directed the Petitioner to come up with a settlement mechanism of retired employees with WAPDA till 30 June 2012 and a way forward for the future payments of these retired employees not later than 30 June 2013.

9.2 It was informed that in response to Authority above directions a meeting, under the convenership of General Manager Finance (P) WAPDA, was convened in room No. 418-WAPDA house, Lahore on the subject issue. It was further informed that after a detailed discussion, the General Manager Finance (P) WAPDA agreed to adjust the amount appearing in the Books of GEPCO as well as other entities as on 30 June 2012, through global entry from the payable amount of CPPA to WAPDA. According to the petitioner the WAPDA also agreed to accept all kinds of liabilities, if arising at later stage, up to 30 June 2012. However, it was proposed by the General Manager Finance (P) WAPDA that from 1st July 2012 onwards the expenses incurred on the payment of Power Sector related employees would have to be adjusted by the respective DISCOs/GENCOs against their operational cost and necessary provision for this expenditure will be made in the Tariff Petition of 2012-13 while submitting to NEPRA. The financial impact of the above on the FY 2012-13 was Rs. 200 million and onward per year approximately Rs. 264 million.

9.3 The Authority considers that the instant matter involves financial implication; therefore the input of all the stakeholders is required in order to resolve the issue. In view thereof the Authority considered it appropriate to hold a joint meeting with all DISCOs including all stakeholders to devise a strategy to develop a settlement mechanism of retired employees with WAPDA. Till the final decision in the matter, the amount to be paid to the pensioners of WAPDA by the petitioner is be allowed to the petitioner subject to adjustment in the light of final decision of the Authority.

10 **Issue # 6 Whether the Petitioner has complied with the Authority's directions to submit concrete recovery plan and issue of subsidy with GOP not later than 30th June, 2013?**

10.1 The Petitioner submitted that as per directions of the Authority a committee under the headship of Secretary Water and Power has held several meetings at

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

the level of Govt. of Pakistan and Govt. of AJK to resolve recovery of the billed amount but the issue remained as usual with increase in receivables of AJK every month. The Petitioner vide Letter No. No.61606-10/CEO-GEPCO/CSD dated 19-04-2013 informed that the matter will be settled at GOP level.

10.2 During the hearing the Petitioner submitted that billing from March 2007 to date is being made as per NEPRA notified tariff but AJK is making payment @ 2.59 / kWh. Resultantly receivables in respect of AJK have been increased up to Rs. 2,584.54 Million ending June 2013 as under:-

| Period | BILLING | | | | PAYMENT | | | | Late Payment Surcharge | CLOSING BALANCE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AJK | GOP | WAPDA | TOTAL | AJK | GOP | WAPDA | TOTAL | | AJK | GOP | WAPDA | TOTAL |
| Balance as on 30/06/2002 | | | | | | | | | | | (4.219) | | (4.219) |
| 7/2002 to 03/2007 | 1402.4 | 701.635 | 411.14 | 2515.179 | 1402.396 | 659.074 | 411.14 | 2472.61 | 8.216 | 8.224 | 38.342 | - | 46.566 |
| 04/2007 to 06/2013 | 4642.65 | | | 4642.651 | 2420.734 | | | 2420.73 | 246.045 | 1711.195 | 38.342 | - | 1749.54 |
| 7/2002 to 06/2013 | 6045.05 | 701.635 | 411.14 | 7157.83 | 3823.13 | 659.074 | 411.14 | 4893.34 | 324.275 | 2546.2 | 38.342 | - | 2584.54 |

10.3 The Authority has considered the petitioner's contention and it is of the view that although the matter pertains to GOP & AJK but as a regulator of the power section it has also to protect the interest of the companies. The Authority considers that under recovery from the consumers of one area adversely affects the consumers of other area due to load shedding resulting from liquidity problem on account of circular debt. The Authority also noted that the consumers of AJK are being charged at the same rates as those of the consumers of all the distribution companies, whereas the payments are being made to the DISCOs on the old rates which is totally against the principle of fairness, equity and justice. The Authority considers that GOP needs to address this issue on priority basis in order to minimize the circular debt in the consumers as well as companies interest.

10.4 Further being the regulator of the power sector, NEPRA feels that the non-recovery of the billed amount is major reason of the circular debt therefore the matter related to receivables ought to be addressed on priority basis. After

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

considering the submission, the Authority is of the view that the matter be taken up with the Government of Pakistan. The difference between AJK government and NEPRA determined tariff be picked up by the GOP till resolving of the issue in order to ensure that the revenue requirement of the Petitioner is met.

11 **Issue # 7 Whether the Petitioner has complied with the Authority's directions to submit comments on TOU metering for cellular companies (issue raised by IESCO) not later than 31st March, 2013?**

11.1 The Petitioner submitted that TOU tariff needs to be rationalized for all offices including the telecom sector. According to the Petitioner, 90% of the offices of cellular companies have working hours from 09:00 hours to 17:00 hours i.e. during off-peak hours. These consumers are enjoying cross subsidy because they are availing the benefits resulting from application of TOU tariff consequently caused a negative impact on revenue as well as average sale rates. The Petitioner requested to disallow the installation of TOU meters in respect of those consumers who use constant loads throughout the day including all the telecom and cellular companies.

11.2 According to the Petitioner the negative impact of TOU billing is Rs. 13.88 million affecting the revenues of the company by Cellular companies which is indicated in the following chart:

| COMPARISON OF TOU / NORMAL BILLING TO THE CELLULAR COMPARISON FOR THE MONTH OF JUNE, 2013 | | | | |
|---|---|---|---|---|
| **Name of Cellular Company** | **No. of Connections** | **TOU Billing** | **Billing under Normal Tariff** | **Difference** |
| Cellular Companies | 1,955 | Rs. 38.42 Million | Rs. 52.30 Million | Rs. 13.88 Million |

11.3 The Authority noted that the relevant details were not provided by the petitioner. The Authority has carefully examined the petitioner's request and in the Authority's opinion this issue is common in other DISCOs which need to be addressed after consultative process with the stakeholders. In view thereof the Authority has decided to deal this matter separately.

12 **Issue # 8 Whether the Petitioner has complied with the Authority's directions to submit comments on changing terms and conditions of lifeline consumers (issue raised by IESCO) not later than 31st March, 2013?**

12.1 The Petitioner stated that domestic consumers having single phase connections be treated as life line. In this regard criteria should be stipulated for the consumers having average consumption of 50 units for 6 consecutive months.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

12.2 The Authority in principle agrees with the petitioner's contention however in order to arrive at an informed decision the relevant information along with financial impact is required. Since this issue cannot be addressed in the instant petition. The Petitioner is accordingly directed to come up with the relevant data and supporting working in the petition for the FY 2014-15.

**13 Issue # 9 Whether the Petitioner has complied with the Authority's directions to submit genuine working capital requirements need and the Petitioner's request to allow Rs. 2,629 million in this regard reasonable?**

13.1 The Authority in the determination of FY 2012-13 directed the Petitioner to submit its working capital requirement. The Petitioner stated that due to the annual tariff determination delays, the Petitioner remained unable to recover the regulatory revenue, resulting in the circular debt. Due to the financial constraints, the Petitioner is not able to get the electricity to serve its consumers. In order to provide some relief to the power sector, NEPRA is requested to provide the sufficient financing cost being incurred by power sector. The Petitioner while justifying its claim has provided the breakup which is as under:

| Sr. No. | Description | Rs. in Mln |
|---|---|---|
| 1. | FPA not billed as on 30-06-2012 | 5,668 |
| 2. | Un-recovered Revenue FY 2011-12 as assessed by NEPRA | 7,184 |
| 3. | Additional Working Capital as on 30-06-2012 | 12,852 |
| 4. | FPA not billed to Domestic Consumers up to June 2013 billing (51-350 units) | 3,814 |
| 5. | FPA not billed December 2012 to June 2013 | 1,818 |
| 6. | Unrecovered Revenue FY 2012-13 | 690 |
| 7. | Additional Working Capital as on 30-06-2013 | 6,322 |
| 8. | Financial Charges FY 2012-13 @ 12.50 p.a = (3+7)/2X12.50% | 1,198 |

13.3 The Authority noted that the Petitioner's claim for delay in finalizing the consumer-end tariff was not justified since the Petition for the FY 2012-13 was filed in the month of July 2013. NEPRA being quasi judicial body has to perform its functions in accordance with the provision of NEPRA Act and Rules made there-under. The Authority further noted that the information relevant to arriving at just and informed decision was not submitted by the Petitioner in time. The relevant documents i.e. audited accounts, consumer mix information and breakup of the investment etc was not provided within the time despite several directions issued by the Authority. The Authority considers that major reason for delay is attributed to provision of insufficient or non provision of information. The Authority has noted with great concern that the petitions are filed without proper homework and analysis due to which NEPRA has to

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

do the work; the DISCOs are required to do, causing delay in finalizing the petitioners. While determining the consumer-end tariff pertaining to the FY 2013-14 in the instant case, the Authority has taken the financial impact with consideration till the month of December 2012.

13.4 As regards the Petitioner's claim for working capital, the above calculation has been carefully examined and it has been observed that while calculating working capital requirement, the receivables and other current assets have not been accounted for by the Petitioner. It has been further noted that calculations made by the Petitioner are not in accordance with the international practices therefore the Petitioner's request in this regard does not merit consideration. In view thereof the Authority has decided not to accept the Petitioner's request in this respect.

**14. Issue # 10 Whether the Petitioner's projected purchase of 7,200 GWhs and sales of 6,408 GWhs units for the FY 2013-14, is reasonable?**

14.1 The Petitioner has projected its sales for the FY 2013-14 as 5,874 GWh assuming purchase of 6,600 GWhs. The Petitioner stated that its actual sales during the FY 2012-13 remained around 5,920 GWh with actual purchase of 6,633 GWhs as against the Authority's assessment of 7,090 GWhs. The Petitioner informed that the growth in receipt of units remained 5.24% over last FY 2011-12 and 7.00% the assessment for the FY 2012-13. While justifying the projected purchase the Petitioner stated that this negative growth was not due to the extraordinary increase in demand but was due to the reduced generation capacity utilization. Accordingly, keeping in view the current situation, the receipt of units is expected 6600 MkWh for the FY 2013-14. However, the Petitioner changed its estimates of purchase and sales of units at the time of hearing. According to the Petitioner the projected purchase for the FY 2013-14 would be 7,200 GWh with sales units of 6,408. The Petitioner presented the comparative following table:-

| Description | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|---|---|---|---|---|---|---|
| Purchase of units MKWh | 6,695 | 6,988 | 7315 | 6958 | 6633 | 7200 |
| Losses % | 11.03 | 10.98 | 11.94 | 11.22 | 10.75 | 11.00 |
| Sale of units MKwh | 5,957 | 6,220 | 6,442 | 6178 | 5920 | 6408 |

14.2 The intervener's objection with respect to sales target is not realistic and not based on facts and figures. The intervener did not present any specific reason for its objection therefore the contention of the intervener in this regard is not correct.

14.3 The Petitioner's estimated sales have been evaluated, keeping in view the addition of 7% generation capacity already added to the system and the historic load factor of the Petitioner. In the Authority's opinion, the Petitioner's purchase estimates for the FY 2013-14 appear a little over ambitious. Although there is an inbuilt mechanism in the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Authority's prescribed mechanism for adjusting any variation in resultant actual sales as against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer– end tariff due to any adjustment, the proposed estimates need to be rationalized. In view thereof, the Authority considers that in the instant case sales target of 6,208 GWh would be a fair assessment for the FY 2013-14. The assessment is based on expected purchase of 6,858 GWhs and after incorporating target T&D losses of 9.48% (as discussed below) for the FY 2013-14.

15. **Issue # 11 Whether the Petitioner's proposed transmission and distribution losses of 11.50 % for the FY 2013-14 based on no improvement from provisional losses of 10.75% for FY 2012-13, are justified?**

15.1 The Petitioner has requested a T&D losses target of 11.50% for the FY 2013-14. The actual T&D losses remained 11.97%, 11.22% and 10.75% for the FY 2010-11, FY 2011-12 and FY 2012-13 respectively. The Petitioner during the hearing pleaded that NEPRA is fixing target for T&D losses that are not based on technical/scientific considerations and are arbitrary. The units receipt (purchase of units) is on calendar month basis and the billing is based on batches. Almost 50% units are billed in the next month. Resultantly, the increase in the receipt of units in the periods indicates higher losses trend and vice versa. The Petitioner stated that resetting the target for T&D losses is requested based on the technical/scientific considerations. The technical energy loss of GEPCO STG network as calculated by M/s Power Planner International for FY 2010-11 is 2.06%. The Petitioner stated that the final report has been submitted to NEPRA vide letter No. 1806/FD/GEPCO/CPC dated 18-9-2012 for approval.

15.2 The intervener also objected on T&D losses projection for which Petitioner response was the same. The Authority considers that the intervener in fact did not provide any evidence in support. The Authority considers that the objections raised by the intervener regarding T&D losses are based on misunderstanding therefore does not merit Authority's consideration.

15.3 The Petitioner informed that its planning section has started work on feasibility for implementing the recommendations of M/s Power Planners International for reduction in the STG system losses. NEPRA had been setting target of total T&D losses at 10.50% by including 1% losses for STG system. Based on the technical study, the target for T&D losses should be set at 11.50%. Also with the increase in the generation, the load on the system will be increased and the technical losses (Transmission & Distribution) will also increase (2R formula). During the hearing the petitioner briefed the history of T&D losses as under:-

| PERIOD | TRANSMISSION LOSSES | DISTRIBUTION LOSSES | OVERALL AVERAGE LOSSES |
|---|---|---|---|
| 2012-13 | 1.55% | 9.35% | 10.75% |

NEPRA
AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

| | | | |
|---|---|---|---|
| 2011-12 | 1.64% | 9.75% | 11.22% |
| 2010-11 | 1.85% | 10.31% | 11.97% |
| 2009-10 | 0.81% | 10.25% | 10.98% |

15.4 The Authority has considered that the Petitioner concern over determining the T&D losses and it feels that the study indicates only the share of 132kV losses in the overall T&D losses. The Authority has been making its assessment on the basis of overall T&D losses target, whereby a target is set by using total purchases and total unit lost (after accounting for unit sold on the total purchases) over a particular period. In order to know the actual T&D losses at 132 kV, 66 kV, 11 kV and below, the Petitioner was directed to carry out study from a third party. The Authority nowhere assessed 132 KV and 11 KV & below target separately. Thus the petitioner's argument that the Authority must use 2.06% instead of 1% technical loss in the light of the findings of aforementioned study, is not justified unless the whole picture of T&D losses which includes 11KV and below, is not there, particularly in the context of administrative losses which in the instant case is around 1% to 2% (as acceded by the petitioner during the hearing for the FY 2011-12).

15.5 The information about study of T&D losses, as provided by the Petitioner, has been reviewed, and it is noted that the said study has been limited to only its Division No. 2. According to Company's statistics, the petitioner has 4 Circles, 23 Divisions and 114 Sub-divisions. Therefore only one Division does not represent the whole picture of the company in terms of T&D losses. In view of above, the Petitioner's proposal on T&D losses being based on incomplete analysis cannot be relied upon for setting target.

15.6 Based on the available information, evidence and keeping in view the aforementioned arguments along with comments by the technical division, the Authority considers that the Petitioner's request for setting target of 11.50% T&D losses for the FY 2013-14, is not justified. In the Authority's opinion it would be against the consumers' interest to allow additional administrative losses. The Authority considers that the Petitioner must improve its operational efficiency considering the investments already made for upgrading and improvement in its existing system. In view thereof it would be unjust for the consumers, if the burden of the inefficiencies on the part of the Petitioner is passed on to them. The Authority considers that the losses target set by the Authority pertaining to the FY 2012-13, 10.50% was not only realistic but also achievable; therefore there is no justification for allowing higher T&D losses. The Authority is of the opinion that considering the investment allowed in the instant case, there is still room for improvement; the Authority has therefore decided to set the T&D losses of 9.48% for the FY 2013-14.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

16. **Issue # 12 Whether the Petitioner's projected Power Purchase cost of Rs. 72,600 million (Rs 12.35 /kWh) for the FY 2013-14, is justified as against provisional cost of Rs. 12.30 /kWh for FY 2012-13?**

16.1 As discussed in Para 26 of annual requirement for FY 2013-14.

17. **Issue # 13 Whether the Petitioner's projected O&M Cost of Rs 7,080 million for the FY 2013-14 based on the provisional cost of Rs. 7,726 million for FY 2012-13 after accounting for inflation/increments, is justified?**

17.1 The Petitioner requested an amount of Rs. 7,080 million on account of Operations and Maintenance (O&M) expenses for FY 2013-14. It was stated that the un-audited actual O&M expenses during FY 2012-13 were Rs. 7,726 million as against the allowed O&M cost of Rs. 5,455 million for FY 2012-13. The breakup of the O&M expenses provided by the Petitioner is as under:

***Rs. Million***

| S. No. | Expense Head | Audited 2011-12 | Provisional 2012-13 | Determined 2012-13 | Projected 2013-14 |
|---|---|---|---|---|---|
| 1 | Salaries, wages and employees cost | 5,040 | 6,241 | 4,100 | 5,575 |
| 2 | Travelling Allowance | 165 | 210 | 174 | 200 |
| 3 | Repair and Maintenance | 476 | 645 | 495 | 550 |
| 4 | Vehicle Running | 174 | 215 | 200 | 220 |
| 5 | Miscellaneous Expenses | 321 | 415 | 486 | 535 |
| | **Total** | **6,176** | **7,726** | **5,455** | **7,080** |

17.2 For making fair assessment of the O&M expenses, the head wise analysis is given in the following paragraphs.

17.3 <u>Salaries, Wages & Other Benefits:</u>

17.3.1 The Petitioner submitted that salary wages and employees cost for Rs.5,575 million has been estimated and includes additional impact of 10% increase in basic salary from July 2013 plus annual increment, pension cost to increase 10% from July 2013 in the light of Federal Government Budget for the FY 2013-14 (Budget speech). The Petitioner further submitted that an additional cost of new recruitments which has been envisaged and included in the overall employee cost for Rs. 13.0 million per month. During the FY 2012-13, 323 numbers of employees of different grades have been Retired/deceased. Had they not been retired, the actual cost FY 2012-13 would have been more by Rs. 74.5 million. Also the required cost FY 2013-14 would have been more by Rs. 13.0 million per month without a fresh recruitment.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

17.3.2 The analysis of the actual expenditures on salaries, wages and benefits for the last three years indicates that the Petitioner's projected cost for salaries, wages and benefits for FY 2013-14 is 35.97% higher than the determined amount of FY 2012-13 whereas it is 10% less than the actual figure of FY 2012-13 as indicated in the following table.

| | 2010-11 | | 2011-12 | | 2012-13 | | 2013-14 |
|---|---|---|---|---|---|---|---|
| **Head of Account** | **Determined by NEPRA** | **Actual** | **Determined by NEPRA** | **Actual** | **Determined by NEPRA** | **Provisional Un-audited** | **Proposed** |
| Salaries, Wages & Benefits | 3,099 | 3,265 | 3,563 | 5,040 | 4,100 | 6,241 | 5,575 |
| +/- Over actual | | | 9.13% | 54.36% | -18.65% | 23.80% | -10.67% |
| +/- over NEPRA's allowed cost | | | 14.97% | 62.63% | 15.07% | 75.16% | 35.97% |

17.3.3 During the hearing, the petitioner presented the following comparative table for employee Cost:-

| Description | FY 2012-13 | FY 2011-12 | FY 2010-11 | FY 2009-10 |
|---|---|---|---|---|
| Actual – Rs. Mln | 6,241 | 5,040 | 3,265 | 3,040 |
| Determination – Rs. Mln | 4,100 | 3,563 | 3,099 | 2,694 |

17.3.4 The Petitioner stated that figures are based on the actual accounts as on June 30th 2013 which includes the provision for long term retirement benefits amounting to Rs.2,186 million. The actual expenses excluding the provision for the long term retirement provision were Rs. 4,055 million. The Petitioner further stated that Rs. 728 million were paid as long term retirement benefit therefore total expenses were Rs. 4,783 million. During FY 2012-13, 323 employees were retired and hiring of 92 employees was made under the rules. The Petitioner provided the following breakup in support of its claim:

**Increase in Salaries for FY 2013-14**

| | Rs. Million |
|---|---|
| - 10% increase in basic pay from July 2013 plus Annual increment | 25 |
| - 10% increase in long term retirement benefits | 06 |
| - New recruitments | 13 |
| - Payments for retirement benefits prior to 01-07-1998 | 22 |
| - Total | 66 |
| - **Impact per year** | **792** |

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

17.3.5 According to the Petitioner the increase of Rs. 792 million for the FY 2013-14 in the salaries, wages and other benefits has been worked on the basis of amount of Rs. 4,783 million allowed by the Authority during the FY 2011-12. According to the Petitioner this amount is exclusive of provision of retirement benefits.

17.3.6 The Authority considers that the petitioner's request to the extent of increase in salaries by GOP and annual increment is justified. The Authority however is not convinced with the petitioner's contention with respect to additional cost on account of new recruitments. In Authority's opinion the petitioner's request in this regard is self contradictory because it itself has stated that during FY 2012-13, 323 employees were retired whereas only 92 employees were hired. The Authority therefore considers that petitioner's request for allowing additional cost for additional hiring being without any basis not maintainable. The Authority on the basis of available record has assessed Rs. 4,447 million on account of salaries & wages and benefits for the FY 2013-14.

**18 Maintenance Expenses:**

18.1 The Petitioner requested to allow Rs. 550 million for the FY 2013-14 on account of maintenance expenses. While justifying its request the petitioner stated that Repair and maintenance expenses have been increased by 11% in order to cover the inflationary impact. In support of its request the Petitioner submitted the following comparative breakup of its expenses since FY 2009-10;

| Description | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|---|---|---|---|---|---|
| Actual – Rs. Mln | 386 | 450 | 450 | 645 | |
| Determination – Rs. Mln | 372 | 409 | 451 | 495 | 550 |

18.2 From the above table it is clear that the Petitioner's un-audited maintenance expenses were Rs. 645 million which is 30% more than the Authority's allowed amount of Rs. 495 million for the FY 2012-13. The same are 43% higher as compared to actual of Rs. 450 million for FY 2011-12. During the hearing the Petitioner stated that the distribution system is over loaded; therefore expense is creeping up due to heavy expenditure on maintaining and replacement of the distribution transformer and meters. In response to the Authority's observation, the Petitioner stated that it has to maintain its existing network; therefore this is not an investment or improvement rather a replacement of transformers because these have limited life.

18.3 Having considered the Petitioner's submissions, inflationary trend and rupee depreciation, the Authority considers that the increase request by the petitioner is on higher side and needs to be rationalized. In view thereof, the Authority has decided to

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

allow Rs. 544 million as against the request amount of Rs. 645 million for the FY 2013-14.

**19 Traveling Expenses:**

19.1 The Petitioner has requested to allow Rs. 200 million on account of travelling expense for the FY 2013-14. The requested amount is about 14.9 % higher than the Authority's assessed cost of Rs. 174 million allowed for the FY 2012-13. This is about 4.76% less than the actual cost Rs.210 million as per the draft accounts for the FY 2012-13.The Petitioner submitted that the travelling expenses have been assumed on the basis of rates of daily allowance increased by Federal Government effective from July 2010 and subsequently rates revision effective from 1st August 2012. During the hearing comparative table was presented with respect to the travelling expenditure:

| Description | FY 2012-13 | FY 2011-12 | FY 2010-11 | FY 2009-10 |
|---|---|---|---|---|
| Actual – Rs. Mln | 210 | 177 | 120 | 113 |
| Determination – Rs. Mln | 174 | 138 | 120 | 109 |

19.2 The Petitioner stated that the Authority has not allowed the impact of increase in travelling allowance for grade 1-16 as per GoP decision to increase the daily rates by 80% to 100% with effect from July 1, 2010. The Authority has only allowed 15% increase in the determination of the FY 2011-12 which was further increased of Rs. 174 million in the determination for the FY 2012-13. The Authority allows increase of Rs. 26 million which is justified due to hike in daily rates for the FY 2013-14.

19.3 Having analyzed the Petitioner's request it was noted that reasonable increase was allowed to the Petitioner every year under this head keeping in view the inflationary trend. Being cognizant of the fact that GOP has not announced any further increase in this account for FY 2012-13, the Petitioner's request cannot be considered as justified. Keeping in view the ever increasing consumer-end rate, the Petitioner needs to enforce financial discipline so that the end-consumers are not unnecessarily burdened for the Petitioner's inefficiencies. Here it is pertinent to mention that only those employees who work in rural sub-divisions and travel for routine maintenance, complaints and night patrolling are entitled for the travelling allowance. In view of the aforementioned reasons, past trend and comparison with other DISCOs, the Authority has decided to allow Rs. 191 million on account of travelling expenses for the FY 2013-14.

**20 Vehicle Running Expenses:**

20.1 The Petitioner requested to allow Rs. 220 million under the head of Vehicle maintenance for the FY 2013-14. The actual cost on this account as per the draft accounts for the FY 2012-13 is Rs. 215 million as against the allowed cost of Rs.200 million for the FY 2012-13. The Petitioner stated that Vehicle running expenses have

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

been increased by ten percent (10%) because of increasing trend in the international oil prices. During the hearing, the Petitioner presented the following comparative table for justification of its claim:-

| Description | FY 2012-13 | FY 2011-12 | FY 2010-11 | FY 2009-10 |
|---|---|---|---|---|
| Actual – Rs. Mln | 215 | 174 | 130 | 141 |
| Determination – Rs. Mln | 200 | 187 | 128 | 117 |

20.2 To substantiate the projection, the Petitioner stated that the POL prices increased tremendously but the Petitioner is still able to keep expenses within the determined amountdue to implementation of PSO commercial cards in the operations divisions. The sales tax invoice of PSO is being taken as input. Further the monthly impact of sales tax input was Rs. 1 million. The Petitioner submitted that 10% increase has been assumed because of increasing trend in the international oil prices.

20.3 The Petitioner's request and arguments have been considered in the context of service territory of the Petitioner. While making fair assessment the fact that the vehicle running cost is not only affected by the increase in fuel prices but also with the variation in the number of vehicles of the Petitioner which cannot be ignored. However, the petitioner is also expected to adopt efficiency measures to remain within reasonable limit. In view of the aforementioned reason, past trend, the Authority has decided to accept the petitioner's request on account of vehicle running cost to the tune of Rs. 220 million for the FY 2013-14.

**21 Other Expenses:**

21.1 The Petitioner requested to allow Rs.535 million for FY 2013-14 with respect to other expenses like rent, rates & taxes, power, light and water, bills collection charges, postage, telephone, office supplies, insurance expense, overhead expenses, auditor's remuneration, NEPRA fee and charges, advertisement & publicity, provision of obsolete stores, miscellaneous expenses etc. The projected expenditure is 29% higher than the actual expenditure of Rs.415 million (un-audited) for FY 2012-13 and 10% higher than the Authority's assessment of Rs.486 million for FY 2012-13. The Petitioner during hearing also informed about the impact of collection expenses, office supplies and advertisement and utility expenses. According to the Petitioner, 10% increase has been assumed as per previous trends and current inflation rate.

21.2 The Petitioner's request was considered keeping in view the past actual expenses as well as inflationary trend. The Authority which agreeing with the petitioner's argument feels that in view of the prevailing inflation in the country and rupee devaluation it becomes more important to enforce strict financial discipline to keep the increase in costs within reasonable limit so as to avoid unnecessary increase in the consumer-end rate. In view thereof the Petitioner's request in this regard cannot be

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

accepted as such and needs to be rationalized. Accordingly in the instant case, Rs. 429 million has been allowed for the FY 2013-14 on the account of other expenses.

**22 Issue # 14 Whether the Petitioner's proposed depreciation charge of Rs 1,418 million (Rs 0.24 /kWh) for the FY 2013-14 as against the provisional cost of Rs. 1,106 million (Rs. 0.19 /kWh) for FY 2012-13 after accounting for projected additions to fixed Assets, is justified?**

22.1 The Petitioner has requested for approval of Rs. 1,418 million on account of depreciation for the FY 2013-14 based on the estimated figure of the FY 2012-13.

22.2 The intervener objected to the petitioner's request with respect to depreciation on the ground that it was not worked out according to accounting statements. The Authority has carefully examined the petitioner's request keeping in view the intervener's objection. The Authority noted that the intervener's objection was not on the basis of any documentary evidence rather it was just an apprehension lacking understanding. Since the petitioner's request is in line with the Accounting Standards; therefore the intervener's objection in this regard is not being considered for making assessment in this regard.

22.3 In order to make fair assessment the Authority keeps in view the investment approved by it. After taking into account new investments, the Gross Fixed Assets in Operation for the FY 2013-14 will be Rs. 39,607 million. Accordingly the depreciation charge for the FY 2013-14 has been assessed as Rs. 1,269 million.

22.4 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2012-13, the Authority has assessed Rs. 612 million as amortization of deferred credit for the FY 2012-13, thus passing on the benefit to this extent to the consumers. Accordingly, the consumers would bear the net depreciation cost of Rs. 657 million (Rs. 1,269-Rs. 612).

**23 Issue # 15 Whether the Petitioner's projected Return on Regulatory Asset base of Rs 2,335 million for the FY 2013-14 as against the Authority's approved return of Rs. 1,583 million for FY 2012-13, is justified?**

**Return on Rate Base (RORB)**

23.1 The Petitioner has calculated the Return on Rate Base (RORB) assuming a Weighted Average Cost of Capital (WACC) of 11.25% and average regulatory asset base of Rs. 20,737 million in accordance with the following formula:

RORB = Rate Base x WACC

23.2 According to Rule 17(3)(iii) of the Tariff Standards and Procedure Rules 1998, tariffs should allow licensee a rate of return which promotes continued reasonable investment in equipment and facilities for improved and efficient service. For reliable

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

supply of electricity the company has to be made viable for which the company should be allowed comparable return of similar business. In the earlier determination the Rate of Return allowed to the investor was the Weighted Average Cost of Capital (WACC) comprising of two components (i) cost of debt & (ii) cost of equity.

23.3 The Authority has been allowing a Pre-tax rate of return to the Petitioner, which inherently allowed a provision for taxation to the Petitioner. An analysis of its draft accounts for the FY 2011-12, showed that being a loss making company, no actual payment had been made on that account. Again by using Pre- tax rate, the Authority would be allowing provision for tax which the Petitioner may or may not pay for the FY 2012-13, which will unnecessarily burden the consumers. In view thereof, the Authority has decided to use a post tax rate of return, which would guarantee interest payments and return on the assumed optimum capital structure of 80:20 (Debt ; Equity ).

23.4 The Authority's calculation of WACC was based on the following assumptions:

| | |
|---|---|
| Asset Beta | 0.37 |
| Debt: Equity Ratio | 80:20 |
| Tax Rate | 35% |
| Risk Free Rate | 9.2% |
| Market premium | 8% |
| Equity Beta | 1.33 |
| Cost of Equity | 19.86% |
| Pre-tax cost of Debt | 14.00% |

23.5 The cost of equity was calculated according to the following formula:

$$ke = RF + (RM - RF) \times \beta$$
$$= 9.2\% + (8\% \times 1.33)$$
$$= 19.86\%$$

The cost of debt was taken as post tax.

$$kd = \text{Cost of debt} \times (1 - \text{Tax Rate})$$
$$= 14.00\% \times (1 - 0.35\%)$$
$$= 9.10\%$$

23.6 In the above calculations the asset beta of developed market was used because in the local market no distribution company is listed on the stock market. Since the company has negative equity therefore a notional debt equity ratio of 80:20 had been adopted based on the above assumptions. The Weighted Average Cost of Capital (post tax) is worked out according to the following formula:

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

WACC = {ke x (E / V)} + {kd x (D / V)}

Where ke and kd are cost of equity and debt; E / V and D / V are equity and debt ratios respectively.

WACC = {19.86% x (20%)} + {9.10% x 80%}

= 11.25%

23.7 In the Authority's opinion the Rate of Return should be reasonable enough, sufficient to assure the confidence in the financial soundness of the utility, and should be adequate to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public service. The Authority considers that from the investor or the company point of view it is important that there be enough revenue not only for operating expenses but also for the capital cost of the business including the service of its debt. The Authority further considers that return to the equity owner should commensurate with the return on investment of other enterprises having comparable risks.

23.8 The Authority further considers that there is no discrimination between the public and private objection of determination of rate of return as objected by the intervener, therefore it has been misconceived. Secondly the intervener's contention that profit rate base calculated as sum of existing fixed assets with new assets is fanciful. The Authority is of the view that the contention is generalized without any specific number. High rate of new investment is also misconceived by the intervener and therefore is incorrect.

23.9 In view of the above discussion, the Authority considers that 11.25% WACC in the instant case is reasonable as well as comparable with the businesses having comparable risks.

23.10 Using the aforementioned WACC the Authority has assessed Rs. 2,149 million as return on rate base as per the following calculations:

| Description | Rupees in Million | |
|---|---|---|
| | FY 2012-13 | FY 2013-14 |
| Opening fixed assets in operation | 31,379 | 35,022 |
| Assets Transferred during the year | 3,643 | 4,585 |
| **Closing Fixed Assets in Operation** | **35,022** | **39,607** |
| Less: Accumulated Depreciation | 10,509 | 11,778 |
| **Net Fixed Assets in operation** | **24,513** | **27,829** |

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

| | | |
|---|---|---|
| + Capital Work in Progress (Closing) | 6,902 | 6,877 |
| Total Fixed Assets | 31,415 | 34,706 |
| Less: Deferred Credit | 13,087 | 14,837 |
| **Total** | **18,327** | **19,870** |
| Average Regulatory Assets Base | 14,071 | **19,098** |
| Return on Rate Base @ 11.25% | 1,583 | **2,149** |

24. **Issue # 16 Whether the Petitioner's projected Other Income of Rs 1,195 million for the FY 2013-14 as against the provisional income of Rs. 1,983 million for FY 2012-13, is reasonable?**

24.1 The Petitioner has projected Rs. 1,195 million as other income. The Petitioner deducted actual amount of Rs. 725 million as LPS from the projected amount for FY 2013-14. The other income as per the provisional accounts for the FY 2012-13 remained around Rs.1,983 million. According to information provided, the other income includes amortization of deferred credit, meter and rental income, late payment surcharge profit on bank deposit, sale of scrap, income from non-utility operations and commission on PTV fees and miscellaneous.

24.2 The amount of other income has been deducted from the Distribution Margin of the Petitioner considering it as non regulated income for the Distribution Company. Since CPPA has not entered into sale/purchase agreement with the DISCOs therefore in the absence of such agreements the Authority is constrained to continue previous practice. In view thereof, the Authority has assessed Rs. 1,987 million as other income, which also includes late payment surcharge. As soon as the Petitioner signs an agreement with the CPPA, the Authority will consider for revision of assessment of Other Income to the extent of late payment surcharge for the FY 2013-14

25. **Issue # 17 Whether the Petitioner's proposed Investment plan of Rs 5,989 million for the FY 2013-14, is justified and keeping in view the prospective benefits as against the Authority's approved investment of Rs. 4,561 million for FY 2012-13?**

25.1 The Petitioner has requested Rs. 5,989 million to execute its development/ investment plan for the FY 2013-14 in the areas of Distribution of Power (DOP), Energy Loss-Reduction (ELR), ERP, Secondary Transmission & Grid (STG), and others, which will be funded by Capital Contribution from the consumers, Exim Bank Korea and Asian Development Bank. The break-up of proposed investment provided by the Petitioner is as under:

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

| Particulars | Rs. In Million |
|---|---|
| DOP | 300 |
| ELR | 250 |
| ERP | 350 |
| 6th STG- Own Source | 808 |
| 6th STG- Loans | 3,331 |
| Capital contributions/grants | 1,000 |
| **Total** | **5,989** |

25.2 The Petitioner submitted the following details with respect to the investment:

25.3 Distribution of Power program

25.3.1 The petitioner submitted that major investment is planned for the construction of offices/residential buildings, water tanks, boundary walls of various grid stations and other civil works. The total amounts for said works are estimated at Rs. 75 million.

25.3.2 The Authority in the determination for the FY 2012-13 disallowed the cost of DOP (civil works) of Rs. 75 million with the direction to substantiate the same with documentary evidence. Accordingly the Petitioner provided the details of civil works carried out during the FY 2012-13 duly approved by BOD GEPCO. The Petitioner also requested to allow the same.

25.3.3 According to the Petitioner, the remaining allocation under DOP amounting to Rs. 225 million is for various works for distribution of power systems updating and extensions, tools & plant etc.

25.4 Energy Loss Reduction (ELR)

The Petitioner submitted that with the growth in demand on account of new consumers and additional usage of electricity by the existing consumers, the distribution system requires periodic up-gradation in order to avoid distribution system failure. Accordingly regular investment is made in the system Augmentation/Extension and up gradation of HT/LI line system in order to keep the down the ever increasing distribution losses being emerging all the times due to continuous increase in the demand.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

25.5 Secondary Transmission Lines & Grid Stations Project (STG)

25.5.1 The 132KV transmission lines and grid station construction are being upgraded. The details of the ongoing and new projects as follows:-

| Sr. No. | Projects | Rs. Mln |
|---|---|---|
| | **Already approved Works-Spill over FY 2012-13** | |
| A. | **Reconducting** | |
| 1 | 132 KV College Road Tehrisansi | 50.00 |
| 2 | 132 KV Pasroor Road GRW-Tehrisansi | 50.00 |
| 3 | 132 KV Aroop – Pasroor Raod GRW | 3.00 |
| 4 | 132 KV Aroop-Ghukkhar | 35.00 |
| | **Total-A** | **138.00** |

| Sr. No. | Projects | Rs. Mln |
|---|---|---|
| **B.** | **New Transmission Lines.** | |
| 1 | 132 KV Pasroor – Narowal Line | 200.00 |
| 2 | 132 KV SKT Old power house T/L | 35.00 |
| **3** | 132 KV J.P. Jattan – Barnala Awan sharif | 8.00 |
| **4** | 132 KV Ratti Gujrat | 10.00 |
| **5** | 132 KV Gujrat-1 In/Out lalamusa | 13.00 |
| **6** | 132 KV Ghukkhar – Sohwala in / out New Daska | 8.00 |
| | **Total-B** | **274.00** |
| **C** | Replacement of 20/26 MVA Power Transformer to be spared against 40MVA Power Transformers under augmentation program (under ADB Loan) | 100.00 |
| **D** | Other works carry forward against Grid Stations (Own Resources). | 60.00 |
| **E** | New Lines bays for new grids under Korean and ADB loans assigned and advance paid to NTDC | 80.00 |
| | **Grand Total** | **652.00** |

25.6 Secondary Transmission Lines & Grid Stations Project (STG) Loans

25.6.1 In accordance with the approved PC-1, the GoP has borrowed funds from ADB and Exim Bank Korea. The GoP has further re-lent these loans to GEPCO. According to the Petitioner the following projects have been awarded on turn-key basis:-

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

| Project Description | Contractor | Rs Mln |
|---|---|---|
| ADB-Tranche II | | |
| Turn key – new AIS Daska, Godhpur and double circuit Sahowala-Godhpur transmission line | Siemens | 680 |
| Turn key – one new GIS grid station and one new AIS grid station a at Gujranwala | ABB Consortium | 614 |
| Conversion of two 66KV grid stations to 132KV AIS grid stations and related transmission lines | Siemens | 645 |
| 127 KM transmission lines | ICC | 1,011 |
| 5 Nos Augmentation of 20/26 MVA with 40 MVA power transformers | Chint + others | 239 |
| Exim Bank Korea | | |
| Six new AIS and one new GIS grid stations on turnkey basis | Consortium of Daewoo and Hyundai | 3,738 |
| Total | | 6,927 |
| Less: Expenditure up to FY 2012-13 | | (3,596) |
| **Expenditure during FY 2013-14** | | **3,331** |

25.6.2 As per the Petitioner the above plans would be funded as per the following details:

| | |
|---|---|
| Loans | Rs. 3,331 million |
| Own Resources | Rs. 1,658 million |
| Capital Contributions/Deposit Works | Rs. 1,000 million |
| **Total** | **Rs. 5,989 million** |

25.6.3 The Petitioner stated that a new investment has been envisaged in the area of ERP for Rs.350 million. In this regard two quotations have been received from M/s Abacus and M/s Info Tech and Rs.10 million has been received as bid money. The process is under evaluation and it will be final in next two to three months. The petitioner during the hearing explained that DOP and ELR do not bring saving as these are supposed to maintain the system.

25.6.4 The Petitioner explained that reconducting of maximum load areas has also been planned for Rs. 138 million. The Authority sanctioned load is 5,605 and running load is 2,075. The Petitioner clarified that no new investment has been planned rather ongoing projects are required to be completed first before investing in news ventures. The Petitioner stated that the Company is committed to complete all running projects in the FY 2013-14

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

25.6.5 The intervener also raised objection on investment plant. The Authority assures the intervener that before approval of investment the Authority carried out detailed scrutiny of the investment details. The petitioner is enquired about the cost/benefit analysis before approval of such investments for future. Therefore the question of misleading investment plans does not arise at all.

25.6.6 Based on the available record, arguments, evidence and the fact that these allowed investments indirectly affect the annual Return on Rate Base ( RORB ) for a DISCO, hence while allowing investments for any control period the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets. Based thereon, it is expected that the Petitioner would be able to undertake the investment of Rs. 4,561 million during the FY 2013-14 (including the impact of consumer contributions of Rs. 2,361 million). Here it is pertinent to mention that the existing mechanism of determining RORB is self adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2013-14 (which is desirable), would be catered for in next year's returns.

25.6.7 In view of aforementioned, the Authority considers the requested amount for investment is reasonable and that the Petitioner would be able to incur the investment of Rs. 4,561 million during the FY 2013-14; accordingly the same is approved.

**26. Issue # 18 Whether the proposed revenue requirement of Rs 90,725 million at an average sale rate of Rs 14.16 /kWh for the FY 2013-14, is justified as against the Authority's approved average sale rate of Rs. 13.96 /kWh for the FY 2012-13?**

26.1 Annual Revenue Requirement comprises of the following:

1. Power Purchase Price
2. Distribution Margin
3. Prior Year Adjustment

26.2 For the assessment of annual Revenue Requirement, each of the components of average tariff is discussed in detail in the succeeding paragraphs.

**27 Power Purchase Price (PPP)**

27.1 All the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA) on behalf of DISCOs at the rates as per the Power Purchase Agreements (PPAs). 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 its Official Gazette. The Power

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Purchase Price for FY 2013-14 has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly adjustments with respect to Capacity and Transmission Charges.

27.2 The Authority has examined the written comments given by the intervener and it has noted that the intervener's objection was not supported with any evidence. The Authority considers that intervener's objection was due to lack of understanding of the power sector pricing mechanism. Since the intervener's objections in this regard was of general nature; therefore the Authority decided not to maintain the same.

27.3 From all the available sources i.e. hydel, thermal-gas, thermal-oil, nuclear, coal and imports, a total of 88,362 GWh power is expected to be generated during the FY 2013-14. The estimated/projected source-wise generation and cost of electricity is given in the following table:

| Description | Generation | | Energy Charges | |
|---|---|---|---|---|
| | GWh | Share | Rs. Million | Share |
| Hydel | 30,055 | 34.01% | 23,46 | 0.32% |
| Coal | 40 | 0.04% | 148 | 0.02% |
| HSD | 1,301 | 1.47% | 23,710 | 3.26% |
| Thermal - RFO | 31,023 | 35.11% | 566,182 | 77.90% |
| Thermal - Gas | 20,662 | 23.38% | 115,266 | 15.86% |
| Nuclear | 3,641 | 4.12% | 4,367 | 0.60% |
| Mixed | 1,067 | 1.21% | 11,202 | 1.54% |
| Import from Iran | 375 | 0.42% | 3,564 | 0.49% |
| Wind | 199 | 0.23% | 0.15 | 0.00% |
| Total | 88,362 | 100% | 726,786 | 100% |
| Capacity Charge | | | 218,136 | |
| Total Generation Cost | | | 944,915 | |

27.4 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges. But as per the tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of quarterly adjustment. From the above table it is clear that 34% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is to be around 78%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end tariff.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

The RFO prices over the last year have shown an increasing trend. During the FY 2012-13, the RFO price was projected at an average of Rs. 74,167 metric ton [excluding Sales Tax and including freight ] per metric ton, whereby the RFO prices during the first half of the FY 2013 -14 have touched a peak of around Rs. 78,000 [excluding Sales Tax and including freight] per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the Pak Rupee devaluation. For the FY 2013-14, RFO prices have been assumed on an average of Rs. 80,748 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. Following the previous generation trend, approximately 1.38% generation is expected to be generated on HSD due to the ongoing shortage of gas supply. The aforementioned generation is assumed in the light of ECC decision in the matter of Sapphire, Halmore, Orient and Saif whereby one turbine of these plants would run on HSD throughout the year. For the FY 2013-14, the HSD prices are being assumed on an average of Rs. 85.65 per litre [excluding Sales Tax]. The gas prices are also projected as per the latest OGRA's notification with a cushion of expected increase.

27.5 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority in its latest determination with respect to NTDC:

27.6 NTDC shall charge the DISCOs formed consequent to the unbundling of WAPDA (termed as XWDISCOs) and KESC, a transfer charge for procuring power from approved generating companies (termed as CPGENCOs) and its delivery to DISCOs for a billing period as under:

XTC = XCTC + XETC

Where:

XTC = Transfer charge to XWDISCOs & KESC

XCTC = Capacity Transfer Charge to XWDISCOs & KESC

XETC = Energy Transfer Charge to XWDISCOs & KESC

$$XCTC = \frac{CpGenCap + USCF}{XWD}$$

Where:

(i) CPGenCap = the summation of the capacity cost in respect of all CPGencos in Rs for a billing period minus the amount of liquidated damages received during the month.

(ii) XWD = the sum of the maximum demand of the XWDISCOs & KESC in kW recorded during a

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

| | | | |
|---|---|---|---|
| | | | billing period at all the delivery metering points at which power is received by the XWDISCOs & KESC. |
| (iii) | USCF | = | the fixed charge part of the use of system charges in Rs per kW per month. |

XETC = CpGenE (Rs) / XWUs (kWh)

Where:

| | | | |
|---|---|---|---|
| (i) | CPGenE | = | the summation of the variable charge rate (Rs per kWh) approved for each of the CPGenCOs times the energy in kWh procured from the respective CPGENCO during the billing period. |
| (ii) | XWUs | = | the summation of the energy units (kWh) recorded at the delivery metering point of all the XWDISCOs & KESC during a billing period. |

Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses up to a maximum of 3%. 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.

27.7 According to the above mechanism Rs.57,311 million, Rs.20,311 million and Rs.1,899 million is the share of the Petitioner on account of CpGenE, CpGenCap and USCF respectively for the FY 2013-14. The overall fixed charges comprising of CpGenCap and UOSC in the instant case work out as Rs.22,210 million which translates to Rs.2.34/kWh.

27.8 The annual PPP for the FY 2013-14 in the instant case works out as Rs.79,521 million. With the projected purchase of 6,858 GWh for the same period the average PPP turns out to be as Rs. 11.60/ kWh. On the basis of 9.48% T&D losses, the PPP per kWh is assessed as Rs. 12.81/kWh.

**28 Distribution Margin (DM):**

28.1 The Petitioner has requested to allow a Distribution Margin of Rs. 9,638 million for the FY 2013-14 against the determined Distribution Margin of Rs. 6,176 million for FY 2012-13. The assessment of Distribution has been discussed in the preceding paragraphs and works out to be Rs. 7,263 million for FY 2013-14.

POWER REGULATORY AUTHORITY NATIONAL ELECTRIC
NEPRA AUTHORITY

29. **Revenue Requirement:-**

29.1 Based on the proposed assessments made in the preceding paragraphs the Revenue Requirement for the FY 2013-14 may be assessed as per the following details;

| | | **Rs. (Million)** | **Rs. (Million)** |
|---|---|---|---|
| 1. | Power Purchase Price | | 79,521 |
| | CpGenE | 57,311 | |
| | CpGenCap | 20,311 | |
| | USCF | 1,899 | |
| 2. | Distribution Margin | | 7,263 |
| | O&M Cost | 5,832 | |
| | Depreciation | 1,269 | |
| | RORB | 2,149 | |
| | Gross DM | 9,250 | |
| | Less: Other Income | (1,987) | |
| | **Net DM** | **7,263** | |
| | 1st Qrt PPP Adjustment | | 378 |
| | **Total Assessed Revenue Requirement** | | **87,162** |

29.2 Based on the targeted sales of 6,208 GWh for the FY 2013-14, the Petitioner's average sale rate works out Rs. 14.04/kWh against the requested average sale rate of Rs. 14.16/kWh, consisting of Rs.12.81/kWh of adjusted PPP, Re. 1.17/kWh of DM and Rs. 0.06 of Power Purchase Price 1st Quarter adjustment of FY 2013-14.

29.3 The assessed Revenue Requirement of Rs. 87,162 would be recovered from the consumers during the FY2013-14, through the projected units of 6,208 GWh, as per Annex–II.

**30. Issue # 19 Whether prior year Adjustment calculated by GEPCO is accurate?**

30.1 According to the Petitioner, the ever increasing cost of generation, the delayed determination of tariff, monthly fuel price adjustment litigation and complexities, inability of the GoP to pass on the determined tariff to the consumers, non-implementation of the quarterly adjustment mechanism as given in the tariff determination FY 2012-13, are all the factors increasing the circular debt day by day resulting in reducing the generation and increasing the load shedding. The net impact will be the further increased tariff FY 2013-14. The item wise financial implications have been tabulated as under:-

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

**Prior Year Adjustments**

| | | |
|---|---|---|
| | Reference PPP during the FY 2012-13 | 76,692 |
| | Assessed Distribution Margin for the FY 2012-13 | 6,176 |
| | Assessed PYA for the FY 2012-13 | 7,184 |
| Add | 1st Qtr's PPP adjustment pertaining to the FY 2012-13 | (2,492) |
| | 2nd Qtr's PPP adjustment pertaining to the FY 2012-13 | (1,770) |
| | 3rd Qtr's PPP adjustment pertaining to the FY 2012-13 | (1,536) |
| | 4th Qtr's PPP adjustment pertaining to the FY 2012-13 | (3,293) |
| Less | Regulated PPP recovery on notified rates FY 2012-13 | 70,405 |
| Less | Regulated DM recovery on notified rates FY 2012-13 | 5,758 |
| Less | Regulated PYA recovery on notified rates FY 2012-13 | 6,708 |
| Add | Impact of consumer Mix variance for the FY 2012-13 (Reference Rate Rs. 13.96/Kwh Less Actual sale rate Rs13.57/Kwh) | 2,288 |
| Add | Tax paid during FY 2012-13 | 10 |
| Add | CPPA Final Invoice FY 2010-11 Adjustment | 101 |
| Add | Financial impact of working capital | 1,198 |
| Add | Long term retirement benefits of employees retired before 01-07-1998 | 200 |
| | **Net Prior Year Adjustment** | **1,887** |

30.2 The Petitioner, vide its letter dated 3rd December, 2013 requested to incorporate PYA of Rs. 7,184 million due to FPA notification dated 29th November, 2013. The Petitioner submitted the following working in this regard;

**Rs. Million**

| | | |
|---|---|---|
| | Reference PPP during the FY 2012-13 | 76,692 |
| | Assessed Distribution Margin for the FY 2012-13 | 6,176 |
| | Assessed PYA for the FY 2012-13 | 7,184 |
| Add | 1st Qtr's PPP adjustment pertaining to the FY 2012-13 | (1,625) |
| | 2nd Qtr's PPP adjustment pertaining to the FY 2012-13 | (804) |
| | 3rd Qtr's PPP adjustment pertaining to the FY 2012-13 | (186) |
| | 4th Qtr's PPP adjustment pertaining to the FY 2012-13 | (1,390) |
| Less | Regulated PPP recovery on notified rates FY 2012-13 | (70,405) |
| Less | Regulated DM recovery on notified rates FY 2012-13 | (5,758) |
| Less | Regulated PYA recovery on notified rates FY 2012-13 | (6,708) |
| Add | Impact of consumer Mix variance for the FY 2012-13 (Reference Rate Rs. 13.96/KWh Less Actual sale rate Rs13.57/Kwh) | 2,502 |

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

| | | |
|---|---|---|
| Add | Tax paid during FY 2012-13 | 10 |
| Add | CPPA Final Invoice FY 2010-11 Adjustment | 101 |
| Add | Financial impact of working capital | 1,198 |
| Add | Long term retirement benefits of employees retired before 01-07-1998 | 200 |
| | **Net Prior Year Adjustment** | **7,187** |

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

30.3 NEPRA being quasi judicial body act and perform its functions in accordance with the provision of NEPRA Act and Rules made there-under. In order to minimize the time for determining the consumer-end tariff the Authority has prescribed the Standardized Petition formats which have been communicated to all the Distribution Companies wherein the details of the requisite information to be submitted to NEPRA is clearly mentioned. The Petitioner filed its petition on 15th July 2013 wherein the relevant information in support of the PYA was not provided. The Petitioner was directed to provide detailed documentary evidence in support of its claim. For this purpose information direction was also issued to the Petitioner vide letter No. NEPRA/R/TRF-100-DISCOs/11338 dated 17th September, 2013. Hearing in the matter was held on 9th September 2013 wherein the Petitioner was further directed to provide the detailed justification/evidence within the 10 days of close of evidence after the date of hearing in accordance with the Rule 9(15) of the Tariff (Standards & Procedure) Rules - 1998. The Authority considers that the establishing of the claim through documentary evidence is the responsibility of the Petitioner. However, the Petitioner failed to provide the requisite information within stipulated time despite ample time provided to the Petitioner for justifying its claim. The Petitioner provided the information on 3rd December 2013 when the case was already considered and decided by the Authority on the basis of the available information. The Authority further noted that the calculations of the PYA are not correct. In view thereof the Authority decided not to consider the Petitioner's request in this regard.

**31. Issue # 20 What are the comments of Petitioner on the proposal for determination of uniform fixed charges for Agriculture consumers?**

31.1 The petitioner stated that the tube well consumers having sanctioned load up to 5 KW and above are being billed fixed charges on sanctioned load and recorded load simultaneously. The Petitioner already proposed that component of fixed charges should enhanced in order to ensure constant source of revenue in the form of fixed charges, discourage theft. The Petitioner requests that Authority to allow the previous method of billing of fixed charges based on higher of current MDI or 50% of sanctioned load whichever is maximum.

31.2 Since MEPCO in its tariff petition pertaining to the FY 2012-13, submitted that the consumer of agriculture tariff D-2 having sanctioned load less than 5 KW has to pay the fixed charges on the basis of sanctioned load in kilowatt even if no energy is consumed, whereby for the rest of the agricultural categories these are Rs. 350/month minimum fixed charges, in case no energy is consumed, which is highly contrary when compared with D-2 agriculture consumers. The Petitioner requests that Authority to allow the previous method of billing of fixed charges based on higher of current MDI or 50% of sanctioned load whichever is maximum. The Authority considers that since the matter pertains to all the XWDISCOs hence, it would be dealt in the tariff

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

determinations of the subsequent year. In view thereof, an issue was framed in all the XWDISCOs hearing and comments were sought on it.

31.3 The Authority after careful consideration of the Petitioner's comments and MEPCO's observations has decided to set minimum fixed charges of tube well tariff D-1(a) & D-1(b) i.e. when no energy is consumed as Rs. 2,000/month.

**32 Issue # 21 Analysis/suggestions/comments by the petitioner on sale of electricity to other distribution companies/DISCOs.**

32.1 The Petitioner stated that it has no objection on sale of electricity to other companies such as Bahria provided that NEPRA may frame/determine terms and conditions as well as tariff structure for sale and purchase of electricity for such companies.

**33. <u>Issue # 22 .Whether the concerns raised by the Interveners & Commentator are justified?</u>**

**33.1 Response of the Authority in the matter of concern's raised by APTMA's**

- There is no such specific requirement under the Rules and petition can be filed any time. Even for the sake of argument, if the Intervener's observation with respect to the late filing of petition is considered correct, the late filing of the instant petition does not make it time barred under the Tariff Standard & Procedure Rules, 1998. Here it is pertinent to mention that during the period whereby the petition was delayed, a tariff did exist for the Petitioner. The Authority may include the impact of delayed filing as a part of prior period adjustment.
- The Rule 3 is misinterpreted by the Intervener, as according to the said Rule a preadmission hearing is only required if the Registrar wants to reject a petition. In the instant case the petition is admitted by the Authority hence no pre admission is required.
- Non-filing of Board Resolution along with the tariff petition is considered as irregularity and not as illegality. Considering the fact that filing of the petition through the Chief Executive Officer of petitioner Company was not disputed by its Board of Directors rather the attached affidavit substantiated the same and it is also a well settled principle of law that the cases should be decided on merits and technicalities are to be avoided, the Authority is of the view that the petition is filed competently.
- On the issue of T&D losses , for the last few years, the Authority never allowed actual T&D losses of the Petitioner rather it has been doing its own assessment. The Authority's assessment is lower than the actual reported losses. The disallowed amount is purely theft. Here it is pertinent to mention that the Authority has already directed the Petitioner to carry out study of its T&D losses

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

at a level of 11 KV and below. This action would further validate Authority's assessment in this regard. Further, the tariffs of B-III & B-IV consumers are already lower than the other industrial consumers reflecting the lower level of T&D losses of the corresponding consumers.

- The Intervener's observation that the process of determining the Power Purchase Price is faulty as it is merely taken as a pass-through item, is not correct. The Authority while assessing the reference PPP components project/forecast generation from each available plant and the prices of fuels for future, using different forecasting techniques. The intervener's contention with respect to bungling, misappropriation and wastage of precious consumer funds in the generation companies is based on misunderstanding, the fuel component of every IPP ( under NEPRA regime) & GENCOs is worked out on the basis of reference parameters determined in the determination of each generation companies. In case the efficiency of a company drops below the level determined by the Authority the companies are not compensated for such an inefficiency. The only adjustment which is allowed in the fuel cost component is on account of fuel price variation being beyond the control of power generating companies. The impression that the inefficiency of generation companies is made part of tariff is not correct as the Authority's assessed level of efficiency is made part of fuel component only. Since the intervener has not attached the referred report with its intervention request, therefore no comments can be offered.
- The Intervener's concern on the Petitioner's proposed investments is not valid. The Authority's devised FORM 21 (A) of the standard petition formats requires the Petitioner to submit what it had already spent under the head of investments. Further, the same figure is validated by the audited accounts of the Petitioner. In addition to the aforementioned, investments for any DISCO, is a vital need and a continuous process, required to be done in order to maintain the existing distribution system to ensure smooth and reliable supply of electricity to the consumers.
- It is a misconception that if the expected sales target is not met it would raise the consumer end tariff as the Authority assess over/under recoveries only on regulated sales, not actual sales.
- The Authority while determining the O&M expense for any DISCO pertaining to period although considers actual results of any DISCO but at the same time some of the costs are disallowed on account of efficiency which the Authority expects from the DISCO. The Authority ensures that the Petitioner is allowed only prudently incurred operating cost.
- On the issue of depreciation it is recorded in the Petitioner's audited accounts are as per IAS-16. Further the note to the accounts, which details different categories of assets also mentions different rates of depreciation for different categories of assets.

POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- The increasing of other expenses each year by the Authority is logical keeping in view the inflationary trends. Here it is pertinent to mention that the Authority does not accept the actual other expenses as base expense for the inflationary increase rather the Authority does its own assessment with respect to the base expense on which the inflationary increase is allowed.
- The contention that the revenue estimations have not been presented and calculated in accordance with the mandatory provisions of the NEPRA Act, is a general statement. The Authority cannot comment on it unless the Petitioner submit its specific contentions in this regard.
- The Intervener's contention with respect to the profit rate base calculation is not correct as the figures are taken from the audited financial statements of the Petitioner, which are third party verified figures. Here it is pertinent to mention that while calculating the profit rate base the Authority excludes revaluation reserve of fixed assets, in order to protect the consumer's interest.
- The impression that the Authority has been allowing price increase based on estimated increase in the volume of electricity to be supplied in future, is not correct. The over and under recovery of fixed costs is established strictly on regulated sales.
- The argument of retrospective application of FPA is not valid as the current electricity billing cycle is also applied on retrospective basis. Further, if the FPA's application is done on prospective basis it would result in overbilling, which may result in consumer victimization. Here it is pertinent to mention that Lahore High Court has already adjudicated on the issue of retrospective implementation of FPA. As regard the Intervener's additional comments/proposals, on the existing FPA mechanism, are concerned , they are addressed point wise as below;
  - The interpretation of the word "may" by the Intervener along with its proposal are only workable in a zero subsidy regime as the aforementioned proposal would end up in high volatility with respect to GOP subsidies in this regard and may result in serious fiscal indiscipline. The existing FPA mechanism is judicious that the level of risk is defined and restricted to a certain reference price. Anything beyond or below that is purely consumer's risk. Here it is pertinent to mention that when there is negative FPA adjustment, the consumer's subsidized rate does not change and consumer gets an additional benefit of sharing the aforementioned risk. Further, when there is a positive FPA adjustment and it is recovered timely , it ensures a reliable supply of electricity to the consumers.
  - The impression that FPA references are intentionally kept at lower side which results in higher FPA for the consumers, is not correct. Had this been the case, there would have no negative FPA adjustments. However the Intervener may refer to the Authority decision in the matter of Petitioner pertaining to the FY 2011-12 ( para . 13 ) , whereby GOP requested the

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Authority to keep the reference fuel price at a lower level. The request was declined considering it inconsistent with the guidelines provided in the Tariff Standard & Procedure Rules – 1998.

33 **<u>Issue # 23 Future tariff determination methodology with respect to the consumer end tariffs of XWDISCOs.</u>**

33.1 **Change of tariff determination title for the next tariff Petition**

33.2 In terms of section 31(4) of NEPRA Act, 1997, the consumer-end tariffs for XWDISCOs is determined by NEPRA and intimated to the Government of Pakistan for notification in the official gazette. Once it is notified, it remains effective until the new tariff is notified by the GOP. Effectively, the Authority **"considers"** ( not to be understood as **"accepts"**) the actual/audited results of a certain financial year ( test year ) along with the projected increases in different components of costs, for future period, does its due diligence and determines the consumer-end tariff for future which remains in place ( after notification ) until a new tariff is determined and notified by the GOP. Although, the current title of the Authority's determinations speaks for itself with respect to the annual tariff determination regime, however, for the sake of other stakeholders, the Authority has felt that the subject / title of the petitions and determinations of XWDISCOs does not clearly specifies its objective. In view thereof , the Authority has decided to change the title for its decision as **" Tariff determination based on the projected results of the FY 2013-14 "** and at the same time making it mandatory for the Petitioner to specify the **"test year**' on which it has based its petition. (In the instant case, it is the actual results for the FY 2012-13). This change would be applicable on for the next tariff petition.

33.3 With the aforementioned change, the Petitioner would keep on coming to the Authority for the adjustments of its base tariff on monthly, quarterly and annual basis. If under any unusual change or circumstances, the Petitioner feels that it requires the Authority to reconsider its base rate, it may file a petition for the redetermination of its consumer end tariff, based on the actual/audited results of a test year (which may be latest audited year or a projected financial year immediately succeeding an audited financial year).

33.4 By simply changing the subject/title of the determination the following advantages are expected to yield ;

- Improve the understanding of, Interveners, Commentators & different stakeholders.
- It would encourage the GOP to notify the consumer-end tariff with immediate effect only.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

- It would encourage XWDISCOs to get their incremental cost approved from the Authority before it starts incurring it.

**Assessment of annual revenue requirement**

33.5 Under the changed title, the Authority would continue determining revenue requirement on annual basis and would continue to project monthly PPP references as;

- lesser revenue is generated in winter which is compensated by higher revenue generated in the summer;
- changes in generation mix resulting in lower PPP in wet seasons (with greater hydel generation) compensating high PPP in winter (with greater generation reliance on RFO);
- there is huge variation in T&D Losses due to seasonal fluctuation.

33.6 However, certain adjustments like impact of losses, variation in capacity transfer price and UoSC, impact of extra or lesser purchases of units would be made on quarterly basis as per the existing practice. Thus, following components of tariff are subject to annual assessment;

- Assessment of T&D losses target.
- Assessment of Sales target.
- Impact of Consumer mix variance.
- Month wise assessment of reference values with respect to PPP (including energy, capacity & transmission charges).
- Assessment of Distribution Margin, and ;
- Assessment of prior period assessment, if any.

33.7 The Petitioner may file a review on the Authority's assessment as per Rules.

**Quarterly Adjustments**

33.8 After considering the actual/audited results of a test year and projected increases for the future, the consumer-end tariff of the XWDISCOs would be worked out for future but subject to the quarterly adjustments. Thus, the scope of quarterly adjustments would be limited to;

1. The adjustments pertaining to the capacity and transmission charges would be done quarterly.
2. The impact of T&D losses on the components of PPP will be accounted quarterly.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

3. Impact of extra or lesser purchases of units on account of PPP.

4. Adjustment of Variable O&M as per actual.

**Monthly Fuel Adjustments**

33.9 The existing practice with respect to the adjustments on account of variation in fuel cost component of PPP on monthly basis would continue. This adjustment reflects in the consumers' monthly bill as Fuel Adjustment Charge.

33.10 In view of any abnormal changes the Authority may review these references along with any quarterly adjustment. Here it is pertinent to mention that PPP is pass through for all the DISCOs ( variable cost ) and its monthly references would continue to exist irrespective of the financial year, unless the new SOT is notified by the GOP. The recovery of fixed cost ( DM & PYA ) would also be done on the currently notified regulated sales.

## 34. Summary of Directions

34.1 The summary of all the directions passed in this determination are reproduced hereunder;

- To complete the study of T&D losses pertaining to 11 KV and below.
- To complete the creation of Independent Post retirement benefits funds at the earliest.
- To get the reported figure of additional recruitments verified by its Auditor and if it plans to carryout replacement hiring, a certificate from the Auditor of the Petitioner certifying that the recruitment is done as replacement hiring with no additional/incremental cost impact.
- WAPDA and Others (including Petitioner) to come up clearly on the settlement modality of accumulated costs in this regard not later than one month from the issuance of this determination.
- To submit basis/working on changing terms and conditions of lifeline consumers (issue raised by IESCO) in the tariff petition for FY 2014-15.
- To submit concrete recovery plan and issue of subsidy with GOP, no later than 30th March, 2014.
- To submit the next tariff petition for FY 2104-15 in accordance with the changed title.

## 35. ORDER

I. Gujranwala Electric Power Company (GEPCO) is allowed to charge its consumers' such tariff as set out in the schedule of tariff for GEPCO as per Annex-III.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA. The adjustment shall be determined. Adjustment on account of T&D losses, variation in capacity and transmission charges will be considered quarterly.

III. The terms and conditions related to the schedule of tariff shall be those as attached to this determination as Annex-V.

IV. GEPCO is allowed to charge Bulk Power Consumers through second tier authorization, if any, a use of system charge (UOSC) equal to:

i) Where only 132 kV system is involved

$$UOSC = DM \times \frac{(1-L)}{(1-0.01)} \quad Paisa/kWh$$

ii) Where only 11 kV distribution systems is involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.05)} \quad Paisa/kWh$$

iii) Where both 132 kV and 11 kV distribution systems are involved.

$$UOSC = DM \times \frac{(1-L)}{(1-0.06)} \quad Paisa/kWh$$

Distribution Margin for FY 2013-14 is set at Rs 1.17 /kWh. 'L' will be the overall percentage loss assessment for the year set at 9.48% for the FY 2013-14.

V. The residential consumers will be given the benefit of only one previous slab.

VI. Annex-I, III, IV,V & VII annexed with determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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**Annex-I**

## FUEL PRICE ADJUSTMENT MECHANISM

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

Fuel Price variation = Actual Fuel Cost Component - Reference Fuel Cost Component

Where:

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

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

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

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
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**Gujranwala Electric Power Company (GEPCO)**
**Estimated Sales Revenue on the Basis of New Tariff**

(0)

| Description | Sales GWh | Sales Mix | Load Factor | Tariff (NEPRA) Fixed Charge Rs./kW/ Month | Tariff (NEPRA) Variable Charge Rs./ kWh | Revenue (as per NEPRA) Fixed Charge Rs.Million | Revenue (as per NEPRA) Variable Charge Rs.Million | Revenue (as per NEPRA) Total |
|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | |
| Up to 50 Units | 242 | 3.90% | | | 4.00 | - | 968 | 968 |
| For peak load requirement less than 5 kW | | | | | | | | |
| 01-100 Units | 1,610 | 25.94% | | | 12.27 | - | 19,760 | 19,760 |
| 101-200 Units | 1,207 | 19.44% | | | 14.00 | - | 16,898 | 16,898 |
| 301-700Units | 323 | 5.20% | | | 17.00 | - | 5,487 | 5,487 |
| Above 700 Units | 64 | 1.03% | | | 19.00 | - | 1,218 | 1,218 |
| For peak load requirement 5 kW & above | | | | | | | | |
| Time of Use (TOU) - Peak | 3 | 0.05% | | | 19.00 | | 59 | 59 |
| Time of Use (TOU) - Off-Peak | 13 | 0.21% | | | 13.30 | | 171 | 171 |
| **Total Residential** | **3,462** | **55.77%** | | | | **-** | **44,561** | **44,561** |
| **Commercial - A2** | | | | | | | | |
| For peak load requirement less than 5 kW | 222 | 3.582% | | | 19.00 | - | 4,225 | 4,225 |
| For peak load requirement 5 kW & above | | | | | | | | |
| Regular | 11 | 0.17% | 17.74% | 400.00 | 16.00 | 33 | 173 | 206 |
| Time of Use (TOU) - Peak | 34 | 0.55% | 0.00% | - | 19.00 | - | 651 | 651 |
| Time of Use (TOU) - Off-Peak | 130 | 2.10% | 17.74% | 400.00 | 13.30 | 508 | 1,730 | 2,238 |
| **Total Commercial** | **398** | **6.40%** | | | | **541** | **6,779** | **7,320** |
| **Industrial** | | | | | | | | |
| B1 | 106 | 1.71% | | | 15.50 | - | 1,641 | 1,641 |
| B1 Peak | 42 | 0.68% | | | 19.00 | | 807 | 807 |
| B1 Off Peak | 206 | 3.32% | | | 13.30 | | 2,743 | 2,743 |
| B2 | 72 | 1.16% | 33.00% | 400.00 | 15.00 | 120 | 1,084 | 1,204 |
| B2 - TOU (Peak) | 87 | 1.40% | 0.00% | - | 19.00 | - | 1,655 | 1,655 |
| B2 - TOU (Off-peak) | 463 | 7.47% | 30.00% | 400.00 | 13.10 | 1,006 | 6,071 | 7,077 |
| B3 - TOU (Peak) | 38 | 0.61% | 0.00% | - | 19.00 | - | 722 | 722 |
| B3 - TOU (Off-peak) | 735 | 11.83% | 58.00% | 380.00 | 13.00 | 693 | 9,550 | 10,243 |
| B4 - TOU (Peak) | | | 0.00% | - | 19.00 | - | - | - |
| B4 - TOU (Off-peak) | - | 0.00% | 78.70% | 360.00 | 12.90 | - | - | - |
| **Total Industrial** | **1,750** | **28.19%** | | | **-** | **1,819** | **24,273** | **26,092** |
| **Single Point Supply for further distribution** | | | | | - | | | |
| C1(a) Supply at 400 Volts - less than 5 kW | 0 | 0.00% | | | 16.00 | - | 3 | 3 |
| C1(b) Supply at 400 Volts - 5 kW and upto 500 KW | 5 | 0.07% | 68.50% | 400.00 | 15.50 | 4 | 71 | 75 |
| Time of Use (TOU) - Peak | 0 | 0.01% | | | 19.00 | - | 9 | 9 |
| Time of Use (TOU) - Off-Peak | 2 | 0.04% | 68.50% | 400.00 | 13.30 | 2 | 30 | 32 |
| C2 Supply at 11, 33 kV upto & including 5000 KW | 100 | 1.60% | 65.00% | 380.00 | 15.30 | 80 | 1,523 | 1,603 |
| Time of Use (TOU) - Peak | 2 | 0.04% | | | 19.00 | - | 42 | 42 |
| Time of Use (TOU) - Off-Peak | 7 | 0.12% | 65.00% | 380.00 | 13.10 | 8 | 94 | 102 |
| C3 Supply at 66 KV & above and sanctioned load above 5000 KW | - | **0.00%** | **80.00%** | 360.00 | 15.20 | - | - | - |
| Time of Use (TOU) - Peak | - | **0.00%** | | | 19.00 | - | - | - |
| Time of Use (TOU) - Off-Peak | - | **0.00%** | **80.00%** | 360.00 | 13.00 | - | - | - |
| **Total Single Point Supply** | **116** | **1.8759%** | | | **-** | **93** | **1,772** | **1,866** |
| **Agricultural Tube-wells - Tariff D** | | 0 | | | - | | | |
| Scarp | 4 | 0.06% | | | 15.50 | - | 61 | 61 |
| Agricultual Tube-wells | 64 | 1.03% | 30.00% | 200.00 | 15.00 | 58 | 956 | 1,014 |
| Time of Day (TOD) - Peak | 51 | 0.82% | 0.00% | - | 19.00 | - | 967 | 967 |
| Time of Day (TOD) - Off-Peak | 210 | 3.38% | 33.00% | 200.00 | 13.00 | 217 | 2,731 | 2,948 |
| **Total Agricultural** | **329** | **5.29%** | | | | **275** | **4,716** | **4,990** |
| **Public Lighting - Tariff G** | 6 | 0.10% | | | 15.00 | - | 97 | 97 |
| **Tariff H - Residential Colonies attached to industries** | 1 | 0.02% | | | 15.00 | - | 16 | 16 |
| **Special Contracts - Tariff K (AJK)** | 146 | 2.35% | 60.00% | 360.00 | 14.38 | 120 | 2,100 | 2,220 |
| Time of Day (TOD) - Peak | | 0.00% | | | 19.00 | | | |
| Time of Day (TOD) - Off-Peak | | 0.00% | | 360.00 | 13.00 | | | |
| **Total** | **154** | **2.47%** | | | | **120** | **2,213** | **2,333** |
| **Total Revenue** | **6,208** | **100.005%** | | | | **2,848** | **84,314** | **87,162** |

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

# SCHEDULE OF ELECTRICITY TARIFFS FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

## A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | |
|---|---|---|---|---|
| a) | For Sanctioned load less than 5 kW | | | |
| i | Up to 50 Units | - | 4.00 | |
| | For Consumption exceeding 50 Units | | | |
| ii | 1 - 100 Units | - | 12.27 | |
| iii | 101 - 300 Units | - | 14.00 | |
| iv | 301 - 700 Units | - | 17.00 | |
| v | Above 700 Units | - | 19.00 | |
| b) | For Sanctioned load 5 kW & above | | | |
| | | | Peak | Off-Peak |
| | Time Of Use | - | 19.00 | 13.30 |

As per the Authority's decision residential consumers will be given the benefits of only one previous
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 CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | |
|---|---|---|---|---|
| a) | For Sanctioned load less than 5 kW | | 19.00 | |
| b) | For Sanctioned load 5 kW & above | 400.00 | 16.00 | |
| | | | Peak | Off-Peak |
| c) | Time Of Use | 400.00 | 19.00 | 13.30 |

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

# SCHEDULE OF ELECTRICITY TARIFFS FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

## B INDUSTRIAL SUPPLY TARIFFS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | |
|---|---|---|---|---|
| B1 | Upto 25 kW (at 400/230 Volts) | - | 15.50 | |
| B2(a) | exceeding 25-500 kW (at 400 Volts) | 400.00 | 15.00 | |
| | Time Of Use | | Peak | Off-Peak |
| B1 ( b) | Up to 25 KW | | 19.00 | 13.30 |
| B2(b) | exceeding 25-500 kW (at 400 Volts) | 400.00 | 19.00 | 13.10 |
| B3 | For All Loads up to 5000 kW (at 11,33 kV) | 380.00 | 19.00 | 13.00 |
| B4 | For All Loads (at 66,132 kV & above) | 360.00 | 19.00 | 12.90 |

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

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

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | |
|---|---|---|---|---|
| C -1 | For supply at 400/230 Volts | | | |
| a) | Sanctioned load less than 5 kW | - | 16.00 | |
| b) | Sanctioned load 5 kW & up to 500 kW | 400.00 | 15.50 | |
| C -2(a) | For supply at 11,33 kV up to and including 5000 kW | 380.00 | 15.30 | |
| C -3(a) | For supply at 66 kV & above and sanctioned load above 5000 kW | 360.00 | 15.20 | |
| | Time Of Use | | Peak | Off-Peak |
| C -1(c) | For supply at 400/230 Volts 5 kW & up to 500 kW | 400.00 | 19.00 | 13.30 |
| C -2(b) | For supply at 11,33 kV up to and including 5000 kW | 380.00 | 19.00 | 13.10 |
| C -3(b) | For supply at 66 kV & above and sanctioned load above 5000 kW | 360.00 | 19.00 | 13.00 |

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY



55

# SCHEDULE OF ELECTRICITY TARIFFS
# FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

## D - AGRICULTURE TARIFF

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | |
|---|---|---|---|---|
| D-1(a) | SCARP less than 5 kW | - | | 15.50 |
| D-2 | Agricultural Tube Wells | 200.00 | | 15.00 |
| | | | Peak | Off-Peak |
| D-1(b) | SCARP and Agricultural 5 kW & above | 200.00 | 19.00 | 13.00 |

**Under this tariff, there shall be minimum monthly charges Rs.2,000/- 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.**

## E - TEMPORARY SUPPLY TARIFFS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh |
|---|---|---|---|
| E-1(i) | Residential Supply | - | 19.00 |
| E-1(ii) | Commercial Supply | - | 19.00 |
| E-2 | Industrial Supply | - | 15.50 |

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

## F - SEASONAL INDUSTRIAL SUPPLY TARIFF

**125% of relevant industrial tariff**

**Note:**

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

## G- PUBLIC LIGHTING

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh |
|---|---|---|---|
| | Street Lighting | | 15.00 |

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY



56

# SCHEDULE OF ELECTRICITY TARIFFS
# FOR GUJRANWALA ELECTRIC POWER COMPANY (GEPCO)

## H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh |
|---|---|---|---|
| | Residential Colonies attached to industrial premises | - | 15.00 |

## K - SPECIAL CONTRACTS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | |
|---|---|---|---|---|
| | Azad Jammu & Kashmir (AJK) | 360.00 | 14.38 | |
| | | | Peak | Off-Peak |
| | Time of Use | 360.00 | 19.00 | 13.00 |

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY



57

# GEPCO Power Purchase Price
## FY 2013-14

| Name | July | August | September | October | November | December | January | February | March | April | May | June | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Units Purchased by DISCOs (GWh) | 803 | 869 | 756 | 648 | 503 | 453 | 365 | 360 | 420 | 458 | 560 | 662 | **6,857** |
| | | | | | | | | | | | | | kWh |
| CpGenE | 8.1224 | 7.6562 | 7.3375 | 7.7731 | 7.6317 | 9.7950 | 11.6243 | 9.2401 | 9.8870 | 9.1895 | 8.3413 | 7.0467 | **8.3575** |
| CpGenCap | 2.2757 | 2.0046 | 2.2999 | 2.5921 | 2.9674 | 3.2890 | 3.9483 | 4.1973 | 4.0926 | 3.7508 | 3.5185 | 2.9877 | **2.9620** |
| USCF | 0.2388 | 0.2012 | 0.2445 | 0.2510 | 0.2586 | 0.2792 | 0.3321 | 0.3445 | 0.3481 | 0.3331 | 0.3191 | 0.3105 | **0.2769** |
| Total PPP in Rs./kWh | **10.6369** | **9.8620** | **9.8819** | **10.6162** | **10.8577** | **13.3631** | **15.9046** | **13.7819** | **14.3278** | **13.2735** | **12.1788** | **10.3449** | **11.5965** |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Rs. in Million |
| CpGenE | 6,525 | 6,653 | 5,544 | 5,036 | 3,841 | 4,434 | 4,247 | 3,329 | 4,149 | 4,213 | 4,672 | 4,668 | **57,311** |
| CpGenCap | 1,828 | 1,742 | 1,738 | 1,679 | 1,494 | 1,489 | 1,443 | 1,512 | 1,717 | 1,720 | 1,971 | 1,978 | **20,311** |
| USCF | 191 | 172 | 183 | 161 | 130 | 127 | 120 | 123 | 146 | 154 | 182 | 210 | **1,899** |
| **PPP** | **8,544** | **8,567** | **7,465** | **6,876** | **5,465** | **6,050** | **5,810** | **4,964** | **6,012** | **6,087** | **6,825** | **6,856** | **79,521** |

Annex-V

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

## PART-I

### GENERAL DEFINITIONS

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

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.

12. "Consumer" means a person of his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).

14. NTDC means the National Transmission and Dispatch Company.

15. CPPA means Central Power Purchasing Agency (CPPA).

16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

**GENERAL CONDITIONS**

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

**PART-II**

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

**A-1 RESIDENTIAL AND GENERAL SERVICES**

1. This Tariff is applicable for supply to;

   i) Residences,
   ii) Places of worship,
   iii) Approved religious and charitable institutions,
   iv) Government and Semi-Government Offices and institutions,
   v) Government Hospitals and Dispensaries,
   vi) Educational institutions.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1 (a) tariff.

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-l(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company.

**A-2 COMMERCIAL**

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
   - i) Shops,
   - ii) Hotels and Restaurants,
   - iii) Petrol Pumps and Service Stations,
   - iv) Compressed Natural Gas filling stations,
   - v) Private Hospitals/Clinics/Dispensaries,
   - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
   - vii) Guest Houses/Rest Houses,
   - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.

2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company and convert it to-A-2 (c) Tariff.
6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

**B INDUSTRIAL SUPPLY**

**Definitions**

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

**Conditions**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

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

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

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

**B-2 SUPPLY AT 400 VOLTS**

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

**B-3 SUPPLY AT 11 kV AND 33 kV**

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

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

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

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

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

**C SINGLE POINT (SINGLE-METERING) SUPPLY**

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

i) To a licensee converted from a bulk supply status (who was procuring power from GEPCO as a consumer prior to grant of license to GEPCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.

ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

**General Conditions**

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

**C-I SUPPLY AT 400/230 VOLTS**

1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff'.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

**C-2 SUPPLY AT 11 kV AND 33 kV**

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

**C-3 SUPPLY AT 66 kV AND ABOVE**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

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

3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

## D AGRICULTURAL SUPPLY

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

**Special Conditions of Supply**

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

**D-1 (a)**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY



64

**D-1 (b)**

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 1(b) given in the Schedule of Tariff.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) for SCARP and D2 for Agricultural Supply, till that time.

**D-2**

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.

## E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

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

**Special Conditions of Supply**

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

## E -2 TEMPORARY INDUSTRIAL SUPPLY

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

**SPECIAL CONDITIONS OF SUPPLY**

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

## F SEASONAL INDUSTRIAL SUPPLY

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

65

not be classified as a seasonal industry for the purpose of the application of this Tariff.

**Definitions**

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

**Special Conditions of Supply**

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

## G PUBLIC LIGHTING SUPPLY

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

**Definitions**

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

**Special Conditions of Supply**

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

66

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

## H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

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

**Definitions**

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

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

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

**Special Conditions of Supply**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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**Annex VI**

# List

# Of

# Experts and interested/affected persons/parties

**in case of**

**Gujranwala Electric Power Company Limited**

**(GEPCO)**

| | | |
|---|---|---|
| A. Secretaries of various ministries | | 09 |
| B. Chambers of Commerce and Industry & General Public | | 13 |
| C. Power Companies | | 05 |
| D. Petitioner | | 01 |
| | Total:- | 28 |

*A. Secretaries of various ministries*

1. Secretary
   Cabinet Division
   Cabinet Secretariat
   Islamabad
2. Secretary
   Ministry of Industries & Production
   `A' Block, Pak Secretariat
   Islamabad
3. Secretary
   Ministry of Water & Power
   `A' Block, Pak Secretariat
   Islamabad
4. Secretary
   Ministry of Finance
   `Q' Block, Pak Secretariat
   Islamabad
5. Secretary
   Ministry of Commerce
   A-Block, Pak Secretariat
   Islamabad
6. Secretary
   Privatization Commission
   EAC Building
   Islamabad
   Tel: 9222242
7. Secretary
   Planning and Development Division
   `13' Block, Pak Secretariat
   Islamabad
8. Secretary
   Ministry of Petroleum & Natural Resources
   'A' Block, Pak Secretariat
   Islamabad
9. Secretary
   Irrigation & Power Department
   Govt. of Punjab
   Near Old Anarkali,
   Lahore
   Tele: 042-5760120

**B. Chambers of Commerce and Industry & General Public**

1. Chairman
Public Sector Utility, Sub-Committee
Karachi Chamber of Commerce & Industries
Aiwan-e-Tijarat Road, Shahrah-e-Liaquat
Karachi-2
2. President
The Federation of Pakistan
Chamber of Commerce and Industry
Federation House, Main Clifton
Karachi — 5675600
3. President,
Islamabad Chamber of Commerce & Industry,
Chamber House, Aiwan-e-Sanat-o-Tijarat Road,
Sector G-8/1, Islamabad.
4. President
Lahore Chamber of Commerce & Industry
11, Shahrah-e-Awan-e-Tijarat
Lahore
5. President
Gujranwala Chamber of Commerce & Industry,
Aiwan-e-Tijarat Road,
Gujranwala.
6. President
The Sialkot Chamber of Commerce & Industry
P.O.Box 1870, Shahrah-e- Aiwan-e-Sanat-o-Tijarat
Sialkot

7. President
Senior Citizen Foundation of Pakistan
5-P, Markaz G-7, Sitara Market
Islamabad

8. Chairman
All Pakistan Textile Mills Association (APTMA)
APTMA House, 44-A, Lalazar P.O. Box 5446
Moulvi Tamizuddin Khan Road
Karachi

9. Chairman
S.I.T.E. Association of Industry
H-16, S.I.T.E.
Karachi

10. M/s SHEHRI
206-G, Block — 2, P.E.C.H.S
Karachi — 75400

11. President
Institute of Electrical & Electronics Engineers of Pakistan (IEEEP)
4 — Lawrence Road
Lahore

12. President
The Institute of Engineers Pakistan
IEP Roundabout Engineering Centre
Gulberg — III
Lahroe — 54660

13. Chairman
Pakistan Engineering Council
Attaturk Avenue (East), G-5/2
Islamabad

**C. Power Companies**

1. Member Power
WAPDA
738 — WAPDA House
Shahra-e-Quaid-e-Azam
Lahore
Tel: 042-9202225
Fax: 042-9202454, 9202486

2. Managing Director
Pakistan Electric Power Company (PEPCO)
721-WAPDA House
Shahrah-e-Quaid-e-Azam
Lahore

3. Chief Operating Officer
Central Power Purchasing Agency
Room 107 WAPDA House
Shaharah-e-Qauid-e-Azam
LAHORE

4. Managing Director
Private Power and Infrastructure Board (PPIB)
House No. 50, Sector F-7/4
Nazimuddin Road
**Islamabad**

5. Chief Executive Officer
Karachi Electric Supply Corporation Ltd.
7th Floor, State Life Building No. 11
Abdullah Haroon Road
Karachi

**D. Petitioner**

Chief Executive Officer
Gujranwala Electric Power Company Ltd. (GEPCO)
565/A, Model Town
G.T. Road, Gujranwala

# National Electric Power Regulatory Authority (NEPRA)

## NOTICE OF ADMISSION / PUBLIC HEARING

### PETITION FILED BY GUJRANWALA ELECTRIC POWER COMPANY (GEPCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2013-14

**All stakeholders, interested/affected persons and the general public are notified that Gujranwala Electric Power Company (GEPCO) has filed a petition with the National Electric Power Regulatory Authority (NEPRA) for the determination of its consumer-end tariff pertaining to the FY 2013-14.**

### SALIENT FEATURES OF THE PETITION

1. The petitioner has prayed for determination of tariff for the Financial Year 2013-14, approval of Distribution Margin @ Rs. 1.47/kWh, Investment for Rs. 5,989 million, line losses @ 11% and average sales rate/tariff at Rs. 17.2703/kWh with the category-wise tariff as stated in table below.
2. It is also clarified that the Admission of the petition filed by GEPCO for determination of its consumer-end tariff pertaining to FY 2013-14 is not to be construed as the approval of tariff by NEPRA.

| Description | Requested Tariff for the FY 2013-14 | | NEPRA Determined Tariff Pertaining to the FY 2012-13 | |
|---|---|---|---|---|
| | Fixed Charges Rs./kW/M | Variable Charges Rs./kWh | Fixed Charges Rs./kW/M | Variable Charges Rs./kWh |
| Residential - A1 | | | | |
| Up to 50 Units | | 5.00 | | 4.00 |
| For consumption exceeding 50 units | | | | |
| 1-100 Units | | 15.15 | | 12.10 |
| 101-300 Units | | 19.00 | | 15.00 |
| 301-700 Units | | 23.20 | | 17.00 |
| Above 700 Units | | 26.00 | | 19.00 |
| For Sanctioned load 5 kW and above | | | | |
| Time of Day (TOU) - Peak | | 20.00 | | 19.00 |
| Time of Day (TOU) - Off Peak | | 12.00 | | 12.50 |
| Commercial - A2 | | | | |
| For sanctioned load less than 5kW - A2(a) | | 23.00 | | 18.00 |
| | | | | |
| For sanctioned load 5 kW & above - A2(b) | 400 | 20.30 | 400 | 16.00 |
| Time of Day (TOU) - A2(c)Peak | 400 | 21.00 | 400 | 19.00 |
| Time of Day (TOU) - A2(c)Off-Peak | 400 | 15.00 | 400 | 12.50 |
| Industrial | | | | |
| B1 upto 25 kW | | 17.00 | | 15.50 |
| B2(a) exceeding 25 -500 KW | 400 | 16.00 | 400 | 15.00 |
| B1(b) up to 25 KW (Peak) | | - | | 19.00 |
| B1(b) up to 25 KW (Off-Peak) | | - | | 12.50 |
| B2(b) - TOU (Peak) | 400 | 21.00 | 400 | 19.00 |
| B2(b) - TOU (Off-Peak) | 400 | 16.00 | 400 | 12.30 |
| B3 - TOU (Peak) | 380 | 21.00 | 380 | 19.00 |
| B3 - TOU (Off-Peak) | 380 | 13.00 | 380 | 12.20 |
| B4 - TOU (Peak) | | - | 360 | 19.00 |
| B4 - TOU (Off-Peak) | | - | 360 | 12.10 |
| Single Point Supply for further distribution | | | | |
| C-1(a) sanctioned load less than 5 kW | | 18.20 | | 15.00 |
| C-1(b) sanctioned load 5 KW & upto 500 kW | 400 | 16.10 | 400 | 14.50 |
| Time of use (TOU) - Peak | 400 | 21.00 | 400 | 19.00 |
| Time of use (TOU) - Off-Peak | 400 | 13.02 | 400 | 12.50 |
| C-2(a) Supply at 11 KV, 33 KV upto and including 5000 kW | 380 | 15.96 | 380 | 14.40 |
| Time of use (TOU) - Peak | 380 | 20.58 | 380 | 19.00 |
| Time of use (TOU) - Off-Peak | 380 | 12.85 | 380 | 12.30 |
| C-3 Supply at 66 KV and above and sanctioned load above 5000 kW | 360 | - | 360 | 14.30 |
| Time of use (TOU) - Peak | 360 | - | 360 | 19.00 |
| Time of use (TOU) - Off-Peak | 360 | - | 360 | 12.20 |
| Agricultural Tube-wells - Tariff D | | | | |
| D-1(a) Scarp less than 5 kW | | 15.40 | | 15.50 |
| D-2 Agricultural Tube Wells | 200 | 13.30 | 200 | 15.00 |
| D-1 (b) Peak | 200 | 20.30 | 200 | 19.00 |
| D-1 (b) Off-Peak | 200 | 12.74 | 200 | 12.20 |
| | | | | |
| Public Lighting - Tariff - G | | 21.00 | | 15.00 |
| Residential Colonies attached to industrial premises - Tariff - H | | 19.95 | | 15.00 |
| Azad Jammu & Kashmir (AJK) - Tariff - K | 360 | 18.20 | 360 | 13.33 |
| Time of use (TOU) - Peak | | - | 360 | 19.00 |
| Time of use (TOU) - Off-Peak | | - | 360 | 12.20 |

3. In terms of rules 6 of NEPRA (Tariff Standards & Procedures) Rules, 1998, any interested person who desires to participate in the proceedings may file an intervention request within seven days from the date of publication of this notice. Such intervention request shall state the name and address of the person filing the same, objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person making the same, the relief sought and the evidence, if any, in support of the case. In the intervention request, the intervener may specifically admit, deny or explain the facts stated in the petition and may also state additional facts which are relevant and necessary for reaching a just and informed decision in the proceedings. The intervention request shall be signed verified and supported by means of an affidavit in the same manner as in the case of the petition. The intervener shall also serve a copy of the intervention request duly attested as true copy on the petitioner or his authorized representative and the petitioner may file a rejoinder to the intervention request which shall be filed before the commencement of the hearing.
4. Any person may also file the comments in the matter within 7 days of the publication and the Authority, if deemed fit, may permit participation of such person into the proceedings and also may consider those comments in the final determination.
5. All stakeholders and interested / affected persons are also informed that in order to arrive at a just and informed decision, the Authority has also decided to hold a hearing in the subject matter according to the date, time and venue as mentioned below:

**Date:** September 9, 2013 (Monday)
**Time:** 1 p.m.
**Venue:** Avari Hotel Lahore

*All communications should be addressed to:*

**Registrar NEPRA**
2nd Floor, OPF Building, Shahrah-e-Jamhuriat,
G-5/2, Islamabad. Phone: 051-920 6500
Fax: 051-921 0215, E.mail: office@nepra.org.pk

PID(I)5101/12

*For further information please visit www.nepra.org.pk*

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Annex-VII

## SUMMARY OF DIRECTIONS:

The summary of all the directions passed in this determination are reproduced hereunder;

- To complete the study of T&D losses pertaining to 11 KV and below.
- To complete the creation of Independent Post retirement benefits funds at the earliest.
- To get the reported figure of additional recruitments verified by its Auditor and if it plans to carryout replacement hiring, a certificate from the Auditor of the Petitioner certifying that the recruitment is done as replacement hiring with no additional/incremental cost impact.
- WAPDA and Others (including Petitioner) to come up clearly on the settlement modality of accumulated costs in this regard not later than one month from the issuance of this determination.
- To submit basis/working on changing terms and conditions of lifeline consumers (issue raised by IESCO) in the tariff petition for FY 2014-15.
- To submit concrete recovery plan and issue of subsidy with GOP, no later than 30th March, 2014.
- To submit the next tariff petition for FY 2104-15 in accordance with the changed title.

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