



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

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No. NEPRA/TRF-105/HESCO-2008/1018-1020
March 06, 2009

Subject: Decision of the Authority in the Matter of Monthly Adjustment of Power Purchase Price (PPP) for Hyderabad Electric Supply Company Ltd. (HESCO) [Case No. NEPRA/TRF-105/HESCO-2008 (3)] - Intimation of Decision of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

Dear Sir,

Please find enclosed decision of the Authority along with Annex-I (02 pages) in respect of monthly adjustment of Power Purchase Price variation for the month of January 2009 for HESCO in Case No. NEPRA/TRF-105/HESCO-2008 (3) as notified by the Federal Government vide SRO 964(I)/2008.

2. The decision is being intimated to the Federal Government for the purposes of notification of adjustments in the Power Purchase Price through 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.

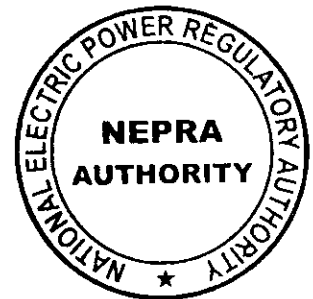
3. Please note that only Annex-I attached with the decision needs to be notified in the official Gazette.

Enclosure: As above.


(Arshad Mehmood)

The Secretary
Cabinet Division
Government of Pakistan
Cabinet Secretariat
Islamabad

CC: 1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Ministry of Finance, Islamabad



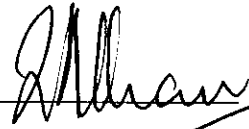
March 6, 2009

Decision of the Authority in the Matter of
Monthly Adjustment of Power Purchase Price (PPP) for
Hyderabad Electric Supply Company Limited (HESCO)

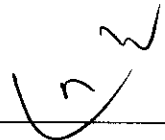
The Authority considered HESCO's request for monthly adjustment of power purchase price (PPP) variation for the month of January 2009 pursuant to paragraph II of the order of the Authority dated 23rd August 2008 notified by the Federal Government vide SRO 964(I)/2008. According to the information/evidence placed before the Authority, the actual PPP for the month of January 2009, charged to HESCO by Central Power Purchasing Agency (CPPA), was Rs. 6.7047/kWh, which was Rs. 1.2633/kWh higher than the reference PPP of Rs.5.4414/kWh. After incorporating the impact of target distribution losses of 34%, the required upward per unit adjustment in the determined tariff has been assessed as Rs. 1.96 (Annex I). This adjustment shall apply to all consumer categories except life line residential consumers.

Authority


Zafar Ali Khan
Member


6/3/09

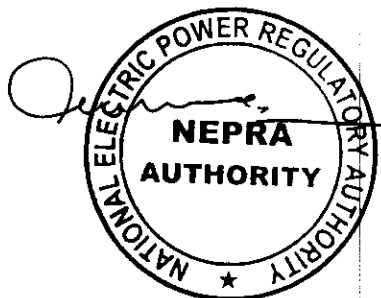
Maqbool Ahmad Khawaja
Member

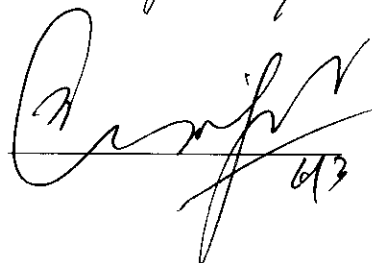


Ghiasuddin Ahmed
Member


6/3

Khalid Saeed
Chairman




6/3

Hyderabad Electric Supply Company Limited
Adjustment for Power Purchase Price
For the Month of January 2009

$$\Delta PPP = \pm \frac{(PPP_{(Act)} - PPP_{(Ref)})}{(1 - L)}$$

Where:

ΔPPP is the variation in Power Purchase Price including fuel price variation in terms of Rs./kWh purchased occurred in a month against the reference PPP.

$PPP_{(Act)}$ is the actual PPP (Rs. 6.7047/kWh purchased for January 2009) during the month for which the adjustment is required to be made.

$PPP_{(Ref)}$ is the reference power purchase price (PPP) of Rs. 5.4414/kWh.

L is the target losses which are 34% for FY 2008-09.

Replacing values in the formula we get,

$$\Delta PPP = (6.7047 - 5.4414) / (1 - 34\%)$$

$$\Delta PPP = (+) \text{ Rs. } 1.91/\text{kWh}$$

According to the decision of the Authority, the impact of variation in the power purchase price shall not be passed on to the lifeline residential consumers. The ratio of lifeline consumers in HESCO's total sales is around 2.69%. The adjusted ΔPPP shall be calculated as under:

$$\Delta PPP = 1.91 / (1 - 2.69\%)$$

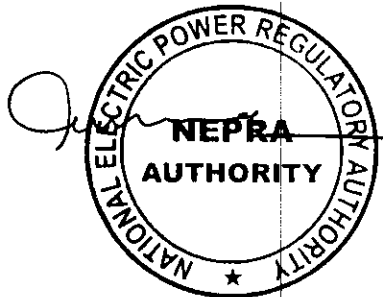
$$\Delta PPP = (+) \text{ Rs. } 1.96/\text{kWh}$$

The impact of change in the power purchase price will be calculated according to the following formula:

$$\text{PPP Adjustment} = \pm \Delta PPP \times U(C)$$

Where:

$U(C)$ are units consumed by the consumer during the month for which the adjustment is required to be made.



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