



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-105/HESCO-2008/210-12
January 15, 2009

Subject: Modified Decision of the Authority on Federal Government's Request for the Reconsideration of Hyderabad Electric Supply Company Ltd. (HESCO) Decision Dated 1st January, 2009 [Case No. NEPRA/TRF-105/HESCO-2008 (3)]

Reference: Ministry of Water & Power U.O. No. PI-4(18)/2009 dated 10.01.2009.

Dear Sir,

In continuation of this office letter No. NEPRA/TRF-105/HESCO-2008/105-107 dated 01.01.2009 whereby decision of the Authority was sent. Please find enclosed herewith modified decision of the Authority (02 pages) in the matter of request for reconsideration by Ministry of Water & Power regarding decision of the Authority dated 01.01.2009 in the case of Hyderabad Electric Supply Co. Ltd. [Case No. NEPRA/TRF-105/HESCO-2008 (3)] for information and further necessary action.

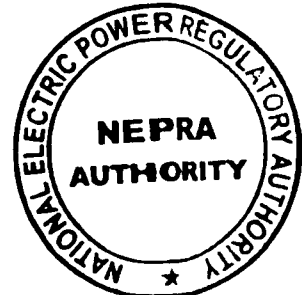
Enclosure: As above

The Secretary
Cabinet Division
Government of Pakistan
Cabinet Secretariat
Islamabad

CC:

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

(Hussnain Zaigham)





Case No. NEPRA/TRF-105/HESCO-2008

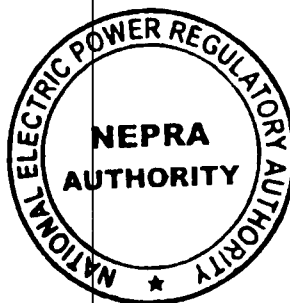
January 15, 2009

**MODIFIED DECISION OF THE AUTHORITY IN THE MATTER OF
ADJUSTMENT OF POWER PURCHASE PRICE FOR THE MONTH OF
NOVEMBER 2008 FOR HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED
(HESCO)**

Federal Government, pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) required the Authority to reconsider its decision with respect to the adjustment on account of variation in Power Purchase Price for the month of November, 2008 in respect of Hyderabad Electric Supply Company Ltd. (HESCO) communicated to the Federal Government vide letter No. NEPRA/TRF-105/HESCO-2008/105-107 dated January 1, 2009 for notification in the official gazette. Federal Government sought reconsideration for the following:

- i) The enblock proposed adjustment will result in further reduction in the already heavily subsidized the lifeline and agriculture tube-well categories tariff thereby increasing the Government subsidy contrary to the policy to phase out the subsidy gradually.
- ii) For further monthly adjustment NEPRA may keep in view the applicable tariff rates, as per Schedule-II attached with SRO No. 1177(I)/2008, SRO No. 1178(I)/2008, SRO No. 1179(I)/2008, SRO 1180(I)/2008, SRO No. 1181(I)/2008, SRO No. 1182 (I)/2008, SRO No. 1183 (I)/2008 and SRO No. 1181 (I)/2008 dated 12-11-2008.

2. The Authority has considered the basis for reconsideration with respect to the Authority's decision regarding Power Purchase Adjustment for the month of November, 2008. In the Authority's opinion the basis for reconsideration request, in order to make it consistent with GOP Policy for phasing out the subsidy gradually, is valid. The GOP policy is also consistent with the standards and guidelines as per Rule 17 of Tariff Standards and Procedure Rules – 1998. In view of the aforementioned, the Authority has decided to accept the Federal Government's request for reconsideration under Rule 16(12) of NEPRA Tariff Standards and Procedure Rules – 1998.



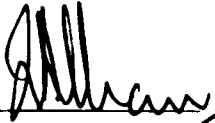
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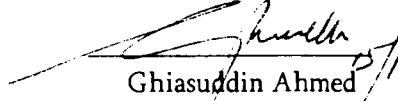
3. In view of the abovementioned, the Authority has decided to:

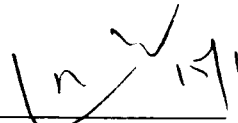
- i) Accept the Federal Government's request for reconsideration under Rule 16(12) of NEPRA Tariff Standards and Procedure Rules – 1998.
- ii) Exclude life-line consumers from variation of PPP in order to protect from market uncertainties.

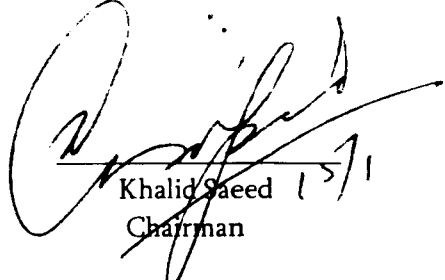
4. Based on the above decision, the Authority's earlier decision dated January 1, 2009 on account of PPP variation for the month of November 2008 stands modified. Accordingly, the upward PPP adjustment of Rs. 0.07/kWh, as approved by the Authority shall apply to all the consumer categories except life-line residential consumer category.

AUTHORITY


Zafar Ali Khan
Member


Ghiasuddin Ahmed
Member


Maqbool Ahmad Khawaja
Member


Khalid Saeed
Chairman

