



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/R/TRF-130/LESCO-2009/2373-2375
September 8, 2010

Subject: Determination of the Authority in the matter of Petition filed by Lahore Electric Supply Company Ltd. for Determination of Consumer-end Tariff for 4th Quarter (April - June 2010) of FY 2009-10 [Case # NEPRA/TRF-130/LESCO-2009(4)/4th Quarter]
Intimation of Determination 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 the subject Determination of the Authority along with Annexure-I (13 pages) in Case No. NEPRA/TRF-130/LESCO-2009(4)/4th Quarter.

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 revised Schedule of Tariff (Annex-I) annexed with determination needs to be notified in the official Gazette which will replace the Schedule-I of the SRO 857(I)/2010 dated 31st August, 2010.

Enclosure: As above

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

CC:

1. Secretary, Cabinet, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.


(Syed Safeer Hussain)



**NATIONAL ELECTRIC POWER REGULATORY
AUTHORITY
(NEPRA)**

PETITION NO: NEPRA/TRF-130/LESCO-2009

FOURTH QUARTER (APRIL-JUNE, 2010)

TARIFF DETERMINATION

FOR

LAHORE ELECTRIC SUPPLY COMPANY

(LESCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

September 9, 2010

Write-up:	Sajid Akram	Dy. Director Tariff
Vetted by:	Muhammad Shafique	Legal Advisor-II
Checked by:	Syed Insaf Ahmad	D.G. Tariff
Seen by:	Zafar Ali Khan	Member (T)

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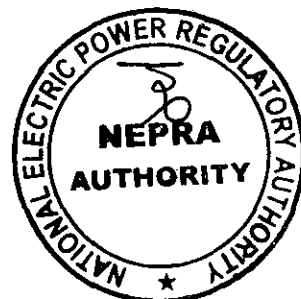
(LESCO)

DETERMINED UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

September , 2010





Abbreviations

APTMA	All Pakistan Textile Mills Association
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
PEPCO	Pakistan Electric Power Company
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



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**Determination Of The Authority In The Matter Of Petition Filed By Lahore
Electric Supply Company Ltd. (LESCO) For Determination Of Consumer End
Tariff For Quarter – IV (April - June 2010) of FY 2009-10**

CASE NO. NEPRA/TRF/130/LESCO-2009

PETITIONER

Lahore Electric Supply Company (LESCO), 22 A Queens Road, Lahore

INTERVENERS

None.

COMMENTATORS

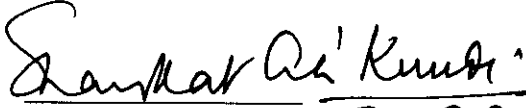
None.

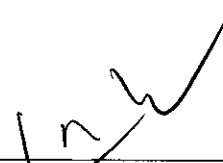


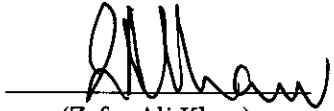
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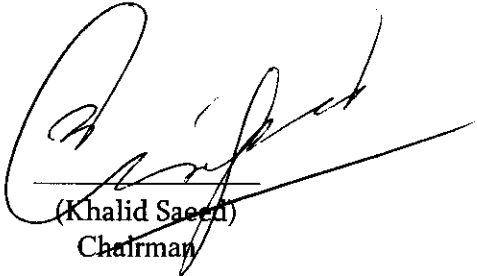
The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration the contents of the petition and the document and evidence submitted by the petitioner, hereby issues this determination.

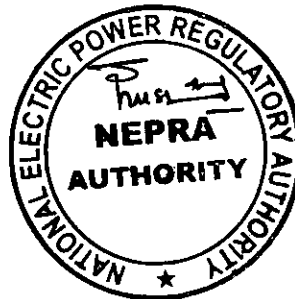

(Shaukat Ali Kundi) 07.09.2010
Member


(Maqbool Ahmad Khawaja)
Member


(Zafar Ali Khan) 7/9/10
Member


(Ghiasuddin Ahmed) 7/9
Vice Chairman


(Khalid Saad)
Chairman



1. Background and Brief History

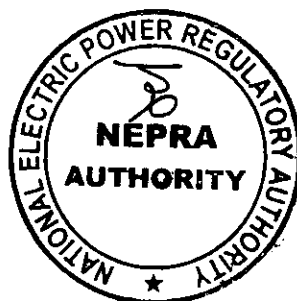
1.1 Lahore Electric Supply Company Limited (LESCO) (hereinafter referred as “the petitioner”), being Distribution Licensee of NEPRA is providing the public utility services of distribution and supply of electricity within the territories as defined in its Licence. It filed a petition for the determination of its consumer-end tariff pertaining to the 4th quarter (April- June 2010), inter-alia with the following reliefs:-

- To determine overall electricity tariff/consumer end tariff for the 4th Quarter
- To ratify the baseline for the Transmission and Distribution losses.
- To determine and allow the recovery of revenue requirements for the 3rd, 4th quarters of 2009-10 and FY-2010-11 jointly w.e.f. 1.7.2010, keeping in view the time constraints.

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 and in compliance of the provisions of sub rules (5) & (6) of rule 4 of the Rules. Notices of admission were sent to the parties which are considered to be affected or interested. The advertisement by publication of the title and brief description of the petition was also affected in the leading national newspapers on 3rd July, 2010 inviting filing of reply, comments and intervention requests by any interested person/party within 15 days of the publication.

2 Filing of reply/intervention request/comments

- 2.1 In response to the notice of admission and advertisement thereof, neither reply of the petition was filed by any person nor did anybody opt to file intervention request or comments.
- 2.2 As per sub-rule (2) of rule 7 of the Rules, in the event the respondent or the intervener does not file a reply, the Authority may decide the petition on the basis of inter-alia, the document and evidence submitted by the petitioner. In the instant case, since no reply, intervention request or comments were filed, therefore, the Authority considered it appropriate to decide the petition on the basis of available record.
- 2.3 The contents of the petition as well as the documents submitted by the petitioner are gone through and examined by the Authority. The findings of the Authority on the respective points raised in the petition are given as under:-



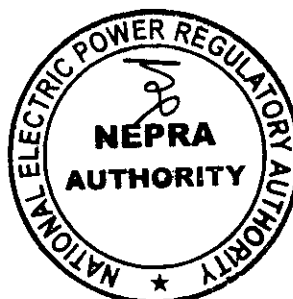
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3. Petitioner's reconsideration request on account of resetting the T&D losses target for the FY 2009-10 by rectifying the baseline of the same.

3.1 The petitioner contented that the baseline for T&D losses may be rectified in the light of the determination dated 23rd February, 2007 adjusted vide determination dated 10th January, 2008. The petitioner requested that the Transmission losses be allowed to be fixed on the basis of actual figures after installation of proper and accurate measuring apparatus on the 132 kV transmission network. However, till that time the Transmission loss already allowed vide determination of 2nd quarter of FY 2009-2010 be considered. It is further contended in the petition that the target of Distribution losses be fixed by considering the baseline as 13.2% (actual figure of 2004-05) & reducing it by 0.2% for each financial year of 2005-06, 2006-07, 2007-08 & 2008-09, as the Authority has been reducing for every year.

3.2 The contentions raised have been duly considered and the Authority is of the considered view that the same are not valid because the Authority in its decision dated 10th January, 2008 had taken into account the actual T&D losses of 12.5% which were reported by the Petitioner itself. From thereon the element of efficiency was incorporated while setting the T&D losses target for each subsequent year. In Authority's opinion, the Petitioner's request for increasing T&D losses is not justified particularly keeping in view the large industrial consumers base. Principally, the overall losses in the instant case should be lowered as compared to the other DISCOs. The Authority further considered that the stance was also taken by the petitioner in its tariff petitions for the 2nd and 3rd quarters of FY 2009-10 and was not given any weight age by the Authority. The determinations for the 2nd and 3rd quarters are independent decisions which remained un-challenged by the petitioner, thus the decision so arrived at by the Authority was accepted by the petitioner. If at all, the petitioner was aggrieved from any such decision, then a remedy of review under rule 16(6) of the Rules was available but the same was also not availed within the stipulated time and now the petitioner could not be allowed to seek the review of an earlier determination of the Authority while filing fresh tariff petition for another quarter. Even otherwise, the petitioner's request is also not maintainable on its merits as well for the simple reason that the Petitioner has been continuously undertaking investments for the up gradation and improvement of its existing system.



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4. **Petitioner's quarterly adjustment's calculation, pursuant to the para. 9.4 of the Authority's determination dated 10th December, 2009 with respect to PPP, T&D losses, DM and Prior quarter adjustments.**

5.1 **Adjustment with respect to Power Purchase Price (PPP)**

According to the existing mechanism, while giving monthly fuel cost adjustments, the impact of T&D losses is not accounted for and accordingly the same is accounted for on quarterly basis in addition to variation in PPP on account of Capacity payments and Use of System Charge. Based upon that practice, the Authority has assessed the impact of Rs. 419.31 million pertaining to the Fuel part of the PPP, which has not been passed on to the consumers in monthly fuel price adjustments. Similarly, the impact not passed on to the life line consumers has been assessed as Rs. 26.75 million. Combined together the overall quarterly impact of Energy purchase price (CpGenE) for the fourth quarter has been worked out as Rs. 446.06 million.

- 5.2 In the fourth quarter, there was a decrease of Rs. 914.38 million in Generation Capacity Charge (CpGenCap), whereas the Use of System Charge (USCF) increased by Rs. 185.12 million.

- 5.3 During 4th quarter the petitioner purchased 202 GWh less than the reference purchases of 4,750 GWh indicated in Annex – IV of the Authority's determination dated 10th December 2009. The impact on this account has been worked out as Rs. 1,610 million that has necessitated the reduction in revenue requirement to this extent.

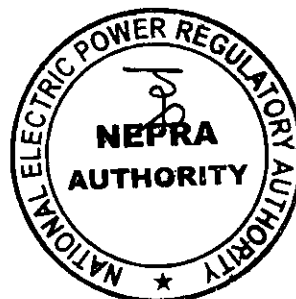
- 5.4 In view of all the above adjustments the overall downward adjustment in PPP has been assessed as Rs. 1,893.23 million for the 4th quarter of the FY 2009-10.

6. **Adjustment with respect to DM and PYA**

Consequent to the less sales as against the reference sales, the Petitioner could not recover Rs. 96.96 million and Rs. 167.52 million on account of DM and PYA respectively during the 4th quarter of the FY 2009-10. This under recovery of revenue is also being accounted for while assessing the adjustment for the 4th quarter of the FY 2009-10.

7. **Revenue Requirement for the 4th quarter of the FY 2009-10.**

- 7.1 Based on the revenue requirement determined in the 1st quarterly determination for the FY 2009-10, the revenue requirement for the 4th quarter of the FY 2009-10 works out as Rs 40,967.06 million (this amount includes Rs. (1,893.23) million of PPP adjustment for the 4th quarter of the FY 2009-10). The Authority observed that on the basis of notified rates and the subsequent monthly Fuel adjustments, the petitioner recovered Rs. 42,940.15 million during the quarter; thus giving a





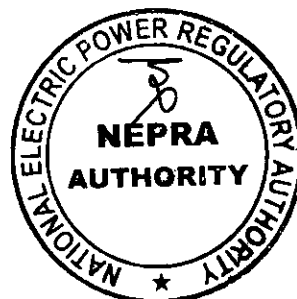
revenue surplus of Rs. 1,973.09 million. The Authority considers that the petitioner could not cover its certain allowable costs. This surplus is being adjusted against the un-recovered cost for the FY 2009-10 as under:-

Un recovered costs for the FY 2009-10 after adjusting the impact of variations pertaining to the Quarter – I, Quarter- II, Quarter – III and Quarter – I V works out as follows;

○ Annual Revenue Requirement	Rs. 132,461	million
○ Add: Impact of Quarterly PPP Adj. Ist Qrt	Rs. 414	million
○ Less: Revenue earned in quarter – I	Rs. 32,755	million
○ Less; Revenue earned in quarter- II	Rs. 24,775	million
○ Add; Impact of Quarterly PPP Adj.2 nd Qrt	Rs. 915	million
○ Less, Impact of Quarterly PPP Adj. Qrt-III	Rs. 3,597	million
○ Less, Revenue earned in quarter- III	Rs. 29,802	million
○ Less, Impact of Quarterly PPP Adj. Qrt-IV	Rs. 1,893	million
○ Less, Revenue earned in quarter- IV	Rs. 42,940	million
○ Add, un recovered costs during the year	Rs. 7,083	million
○ Less, impact of favorable consumer mix *	Rs. 2,931	million
○ Net Un recovered Costs for the FY2009-10	Rs. 2,179	million

* the impact of consumer mix has been worked out on the basis of information provided by the Petitioner in FORM – 3. This amount would be revisited in the light of annual audited accounts pertaining to the FY 2009-10.

- As per the above working, Rs. 2,179 million would be the net un-recovered costs for the whole FY 2009-10. The Authority considers that since the year has already passed; therefore it is not possible to ensure recovery of this un-recovered cost during FY 2009-10. The Authority has accordingly decided to carry forward this amount in the next financial year. In view thereof the already notified Schedule of Tariff is not being altered.



7. ORDER

From what has been discussed above, the Authority hereby determines the tariff of the petitioner Company for the 4th Quarter of the Financial Year 2009-10 as under:-

- I. Lahore Electric Supply Company (LESCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for LESCO annexed to the determination.
- 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. Adjustment on account of T&D losses, variation in capacity and transmission charges will be considered quarterly.

- III. LESCO is allowed to charge the users of its system a "Use of system charge" (UOSC) equal to:

- i) Where only 132 kV system is involved

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

- ii) Where only 11 kV distribution systems is involved.

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

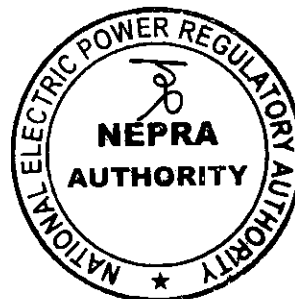
- iii) Where both 132 kV and 11 kV distribution systems are involved.

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

Where:

Distribution Margin for FY 2009-10 is set at Rs. 0.5603/kWh. 'L' will be the overall percentage loss assessment for the year set at 12.0% or FY 2009-10.

- IV. The revised Schedule of Tariff annexed with determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act which will replace the Schedule _ I of the SRO. 857(1)/2010 dated 31st August, 2010.



**SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-		2.00
	For Consumption exceeding 50 Units			
ii	001 - 100 Units	-		8.30
iii	101 - 300 Units	-		11.25
iv	301 - 700 Units	-		13.75
v	Above 700 Units			15.50
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	14.50	8.00

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 75/- per consumer per month

b) Three Phase Connections:

Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			14.00
b)	For Sanctioned load 5 kW & above	400.00		11.50
			Peak	Off-Peak
c)	Time Of Use	400.00	14.50	8.00

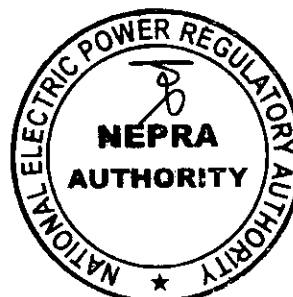
Under tariff A-2, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections;

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month



SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)
B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
B1	Less than 5 kW (at 400/230 Volts)	-		10.00
B2(a)	5-500 kW (at 400 Volts)	400.00		9.50
	Time Of Use			
B2(b)	5-500 kW (at 400 Volts)	400.00	14.50	8.00
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	14.40	7.80
B4	For All Loads (at 66,132 kV & above)	360.00	14.30	7.60

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

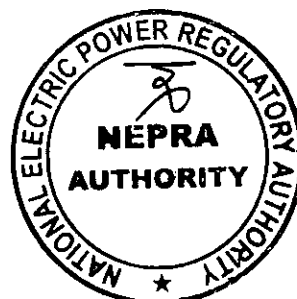
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

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	
			Peak	Off-Peak
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		10.50
b)	Sanctioned load 5 kW & up to 500 kW	400.00		10.50
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		10.40
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		10.30
	Time Of Use			
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	14.50	8.00
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	14.40	7.80
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	14.30	7.60



SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)
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	-		10.00
D-2	Agricultural Tube Wells	200.00		7.00
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	14.50	6.00

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	-		15.50
E-1(ii)	Commercial Supply	-		14.00
E-2	Industrial Supply	-		10.00

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

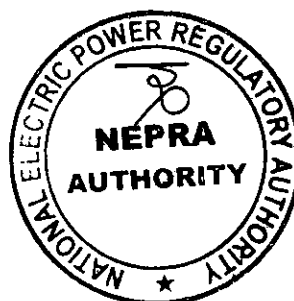
Note:

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	-		13.00

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



SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)
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	-	13.00

I - RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Railway Traction	-	10.00

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