National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
Tel: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

Registrar

No .NEPRA/R/ADG(Trf)/TRF-603&TRF-604/LESCO-2024/ 9199-05 June 14, 2024

Subject: **Decision of The Authority regarding Request filed by Lahore Electric Supply Company (LESCO) For Adjustment/Indexation of Tariff for the FY 2024-25 under the MYT**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority along with Annexure-I, I-A II, III, IV & V (total 42 pages).

2. The instant Decision of the Authority along with annexures, is hereby intimated to the Federal Government for filing of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The instant Decision of the Authority and the Order part along with Annexure-I, I-A II, III, IV & V be also notified in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application Decision of the Authority

Enclosure: **As above**

(Engr. Mazhar Iqbal Ranjha)

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

Copy to:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Secretary, Energy Department., Government of the Punjab, 8th Floor, EFU House, Main Gulberg, Jail Road, Lahore,
4. Chief Executive Officer, NTDC,414 WAPDA House, Shaharah-e-Qauid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad.
6. Chief Executive Officer, Lahore Electric Supply Company Limited (LESCO), 22-A Queens Road, Lahore

DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FILED BY LAHORE ELECTRIC SUPPLY COMPANY (LESCO) FOR ADJUSTMENT / INDEXATION OF TARIFF FOR FY 2024-25 UNDER THE MYT

1.1. **Background** The Authority determined tariffs of Lahore Electric Supply Company Limited (LESCO) (herein referred to as "Petitioner") under the Multi Year Tariff (MYT) regime, for a period of five years i.e. from FY 2023-24 to FY 2027-28, separately for both its Distribution and Supply of power functions vide tariff determinations dated 14.03.2024. The said decision was notified vide SRO dated 02.05.2024.

1.2. The Petitioner in line with the adjustment mechanism provided in its notified MYT determination, has filed its request for adjustment/ indexation of different components of its revenue requirement for the FY 2024-25, along-with break-up of costs in terms of Distribution and Supply functions. A Summary of the adjustments request submitted by the Petitioner is as follows ;

Description	Unit	Distribution Business	Power Supply Business	Total Revenue Requirement
Power Purchase Price	Rs. Mln	-	764,941	764,941
Margin				
Salaries, Wages & Other Benefit	Rs. Mln	28,931	2,816	31,748
PM Fianancial Assistance packag	Rs. Mln	273	27	300
New Hiring cost	Rs. Mln	8,011	780	8,791
Provision for Retirement Benefit	Rs. Mln	18,615	1,812	20,427
O&M Costs	Rs. Mln	10,046	978	11,024
Less charged to CWIP	Rs. Mln	(718)	-	(718)
Total O&M costs		65,159	6,413	71,572
Depreciation	Rs. Mln	16,142	1,571	17,713
Return on Rate Base	Rs. Mln	6,057	590	6,647
Gross Margin	Rs. Mln	87,358	8,574	95,932
Less: Other Income	Rs. Mln	(11,838)	(1,152)	(12,990)
Net Margin	Rs. Mln	75,519	7,421	82,939
Prior Year Adjustment	Rs. Mln	-	30,822	30,822
Revenue Requirement	Rs. Mln	75,519	803,183	878,702

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

2. Hearing

2.1. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and in the interest of natural justice, decided to conduct a hearing in the matter.

2.2. A Hearing in the matter was held on April 03, 2024, for which advertisement was published in newspapers on March, 24, 2024. . Separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. The salient features and details of the proposed adjustments along-with notice of hearing were also uploaded on NEPRA's Website for information of all concerned.

2.3. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments;

i. Whether the requested indexation/adjustments in tariff are in line with the MYT tariff determination and are justified?

Note - 9

1/42

ii. LESCO to present its Power Purchases Price (Energy & Cost) for the FY 2024-25, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?

iii. Whether LESCO has deposited the required amount in the Post Retirement Benefit fund in line with the amount allowed by the Authority?

iv. Whether the requested PYA, is justified?

v. Whether the existing tariff rate design needs to be modified, to levy fixed charges on all consumer categories and fixed charges be designed in a way to ensure that it accounts for a significant portion of fixed costs i.e. capacity charges, UoSC etc., in line with Strategic Directives given in NE Plan.

vi. Whether the existing tariff rate design needs to be modified for consumers having net metering generation facilities or generation facilities behind the meters installed by third parties or Captive generation power, to levy fixed charges, etc. in order to ensure recovery of fixed costs i.e. capacity charges, UoSC etc.?

vii. What will be the mechanism to recover fixed charges from consumers having meters not recording MDI?

viii. Whether the schedule of tariff be designed on cost of service basis or otherwise?

ix. Whether the rate design for Temporary connections needs to be revised or otherwise?

x. Whether the peak and off-peak timing and rate design needs to be revised, in line with Strategic Directives given in NE Plan?

xi. Whether prepaid metering shall be allowed to different consumers categories and what shall be appropriate tariff for such consumers considering various periodic adjustments in the base tariff?

xii. Whether the Petitioner has prepared any plan in consultation with the Federal Government for its organization restructuring in terms of segregation of responsibilities of Distribution and supply function in order to ensure independent and transparent working of both these functions.

xiii. Any other issue that may come up during or after the hearing?

3. <u>Filing of objections/ comments:</u>

3.1. The interested parties were given an opportunity to submit comments/replies and filing of Intervention Request (IR), if any within 7 days of the publication of notice of admission in accordance with Rule 6, 7 & 8 of the NEPRA Tariff (Standards & Procedure) Rules, 1998. However, no comments have been received in the matter.

3.2. During the hearing, the Petitioner was represented by its CEO along-with its technical and financial teams. On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;

4. <u>Whether the requested indexation/adjustments in tariff are in line with the MYT tariff determination and are justified?</u>

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

Mathi- 9

2/42

4.1. During the hearing , the Petitioner submitted that the requested annual indexation/adjustments are in line with the mechanism determined vide Authority determinations in the matter of MYT Petition of LESCO for Supply and Distribution Tariff and NEPRA guidelines for determination of consumer end tariff (Methodology & Process).

4.2. The Petitioner requested the following adjustments on account of its O&M costs, Other Income and RoRB along-with indexation factors for claimed amounts, for the FY 2024-25;

Description	Determined FY 2023-24	Actual (Projected) FY 2023-24	Adjustment/ Indexation Factor	Requested for FY 2024-25
	Rs. Mln.	Rs. Mln.		Rs. Mln.
Salaries, Wages & Other Benefits	22,821	25,391	- 20% Ad-hoc Relief - 5% Annual Increment Impact - 30% Enhancement of Rent Ceiling	31,330
New Hiring			New cost	8,791
Post Retirement Benefits	20,427	20,428		20,428
Other O & M Costs	7,095	8,502	CPI increase @ 29.66% (As on Dec-2023) is requested over FY 2023-24 Projected expenses.	11,024
Depreciation	6,426	6,048	As per MYT Mechanism and Approved Investment Plan	6,647
Return on Rate Base	17,275	16,634	WACC 21.18% has been assumed as determined by Authority for FY 2023-24, subject to change on the basis of KIBOR Rates FTM of Jul 24 is available.	17,713
Gross Distribution Margin	74,044	77,003		95,932

4.3. Regarding Indexation/adjustment the Petitioner submitted that requested expenses are projected based on the notified MYT mechanism as prescribed by the Authority. The petitioner further submitted that the following assumptions/ justification for the amounts requested for the FY 2024-25;

- ✓ Pay and Allowances: Adhoc Relief Allowance @ 25% of Basic Pay, having estimated financial impact is Rs. 3,520 million for FY 2024-25.

- ✓ Enhancement of Rent Ceiling @ 29.4% w.e.f. Jul-2024, having estimated financial impact of is Rs.859 million for FY 2024-25

- ✓ Increase in Other employee's benefits like orderly allowance, washing allowance etc. in addition to annual increment in basic pay of employees.

- ✓ Other O&M Expenses: Increase in other O&M expenses in line with previous Multiyear tariff methodology.

4.4. A summary of the allowed adjustment/ indexation, as per the mechanism provided in the MYT determination of the Petitioner is as under;

<u>Salaries, Wages and Other benefit</u>

4.5. Regarding Salaries, Wages and Other Benefits notified MYT decision provides following mechanism for adjustment;

Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

3/42

applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Salaries & Wages and benefits, would be actualized, based on the audited accounts of the Petitioner for the relevant year for its existing employees. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

Post-Retirement benefit

4.6. Regarding Post-retirement benefit notified MYT decision provides following mechanism for adjustment;

"Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, the Post-retirement Benefits would be actualized based on the audited accounts of the Petitioner for the relevant year. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be. It would be mandatory for the Petitioner to deposit the whole amount of allowed Post retirement benefits into the separate Fund and route all its pension payments through the Fund. If the Petitioner fails to transfer the whole amount of postretirement benefits into the Fund, the same shall be adjusted/deducted in the subsequent tariff determination and from thereon, only actual amounts paid and amount transferred into the fund would be allowed"

O&M expense

4.7. The O&M part of Distribution/supply Margin shall be indexed with CPI subject to adjustment for efficiency gains (X-factor). Accordingly the O&M will be indexed every year according to the following formula:

$$O\&M_{(Rev)} = O\&M_{(Ref)} \times [1+(\Delta CPI - X)]$$

Where:

$O\&M_{(Rev)}$	=	Revised O&M Expense for the Current Year
$O\&M_{(Ref)}$	=	Reference O&M Expense for the Reference Year
ΔCPI	=	Change in Consumer Price Index published by Pakistan Bureau of
X	=	Efficiency factor

4.8. Regarding Efficiency Factor, the Authority decided that;

"...The Authority in line with its decisions in the matter of XWDISCOs which have been allowed MYTs, has decided to keep the efficiency factor "X", as 30% of increase in CPI for the relevant year of the MYT control period. The Authority has further decided to implement the efficiency factor from the 3rd year of the control period..."

RORB

4.9. RORB assessment will be made in accordance with the following formula/mechanism;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

4/42

Adjustment Mechanism - RoRB	
RORB(Rev)	=RORB(Ref) x RAB(Rev) / RAB(Ref)
FY 2023-24, proposed RORB may be considered as reference cost for future adjustment. In addition the allowed RORB for previous year will be trued up based one actual investment (maximum cap to the extent of allowed investment)carried out during that year. Further KIBOR flucation on bi-annual basis also subject to adjustment.	

"In addition the allowed RAB for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the RAB, unless due to any regulatory decisions/interventions/approved plans for which the Petitioner obtains prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc.

The Authority also understands that interest payment is an obligatory cash flow liability unlike discretionary dividend payment and considering the fact that any default may hamper the financial position of the Petitioner, hence the Authority has decided to cover the risk of floating KIBOR. Accordingly, fluctuation in the reference KIBOR would be adjusted biannually. In addition, the Authority has also decided to allow sharing of benefit by introducing a claw back mechanism for any savings resulting from cheaper financing by the Petitioner to the extent of 2.00% spread. If the Petitioner manages to negotiate a loan below 2.00% spread, the savings would be shared equally between the consumers and the Petitioner through PYA mechanism annually. In case of more than one loan, the saving with respect to the spread would be worked out by a weighted average cost of debt. The sharing would be only to the extent of savings only i.e. if the spread is greater than 2.00%, the additional cost would be borne by the Petitioner."

Depreciation expense

4.10. Depreciation expense for future years will be assessed in accordance with the following formula/mechanism:

Adjustment Mechanism - DEPRECIATION (DEP)	
DEPRECIATION (Rev)	=DEP(Ref) x GFAIO(Rev) / GFAIO(Ref)
FY 2023-24, proposed Depreciation may be considered as reference cost for future adjustment. In addition the allowed Depreciation for previous year will be trued up based one actual investment (maximum cap to the extent of allowed investment) carried out during that year	

"In addition the allowed Depreciation for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the depreciation expenses, unless due to any regulatory decisions/interventions/approved plans for which the Petitioner obtains prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc."

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

5/42

Other Income

4.11. Other income will be assessed in accordance with the following formula/mechanism:

Adjustment Mechanism - Other Income (OI)	
OI(Rev)	=OI(Allowed Previous year) + {OI(allowed for previous year) – OI(Actual previous year)}
FY 2023-24, proposed Other income may be considered as reference cost for future adjustment. In addition the allowed Other Income for previous year will be trued up based on actual Other Income during that year	

4.12. Regarding adjustment of Salaries, Wages & Other Benefits, the petitioner was allowed an amount of Rs. 22,820 million for both, its Distribution and Supply function for FY 2023-24, used as reference for future adjustment/indexation of FY 2024-25. Therefore, for assessing the salaries & wages cost of the Petitioner for the FY 2024-25, the amount determined for the FY 2023-24 i.e. Rs.22,820 million, has been considered as the reference.

4.13. It is pertinent to mention here that the Federal Budget for the FY 2024-25, has not yet been announced by the Federal Government, therefore, the budgetary increases of Pay & allowances to be applicable for FY 2024-25, are not available as of to date. In view thereof, the Authority has decided to apply an Adhoc allowance of 15% on provisional basis on the amount of Pay & allowances allowed for the FY 2023-24. In addition, the impact of annual increment @ 5% has also been included in the assessed amount of Salaries, Wages & Other Benefits for the FY 2024-25. Accordingly, for the FY 2024-25, the amount of Pay & allowances has been worked out as Rs.24,729 million, which is hereby allowed to the Petitioner. Since the increases being allowed for the FY 2024-25, are on a provisional basis, therefore, the same shall be adjusted subsequently, based on actual increases of Pay & Allowances as announced by the Government in the Federal Budget for the FY 2024-25. The financial impact thereof, would be allowed separately as part of the PYA, either in the next adjustment request or tariff determination of the Petitioner as the case may be.

4.14. It is pertinent to mention here that the allowed Pay & Allowances amount of the Petitioner for the FY 2023-24, included the impact of GENCO employees transferred to the Petitioner. The Authority directed the Petitioner to provide proper details of such allocated employees in terms of pay scales, terms of adoption, approvals of the competent Authority for such adoption and placement details along-with their financial impact. However, no such details have been shared by the Petitioner. In view thereof, the Petitioner is again directed to submit the required details, along-with its next Tariff Petition.

4.15. Accordingly, for the FY 2024-25, the total Salaries, Wages & Other Benefits *(excluding post-retirement benefits)* of the Petitioner have been worked out as Rs.24,729 million for both the distribution and supply of power functions.

4.16. In order to bifurcate the allowed cost of Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Consequently, , the cost of Salaries, Wages and other benefits

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

6/42

(excluding postretirement benefits) for the FY 2024-25 pertaining to the distribution function works out as Rs.22,536 million and Rs.2,194 million for Supply function.

4.17. Regarding Post-retirement Benefits, the Authority allowed provision for post-retirement benefits to the Petitioner in the MYT tariff determination, with the direction to deposit the whole amount of allowed Post retirement benefits into the separate Fund and route all its pension payments through the Fund. If the Petitioner fails to transfer the whole amount of postretirement benefits into the Fund, the Authority would adjust the deficit payments in next year's provision and from thereon, only actual amounts paid and amount transferred into the fund would he allowed.

4.18. The Authority noted that the Petitioner was allowed a total amount of Rs.102 billion from FY 2015-16 to FY 2022-23 (in previous MYT control period) under the head of post-retirement benefits. As per the data submitted by the Petitioner, it has paid actual post-retirement benefits of around Rs.55.072 billion from FY 2015-16 till FY 2022-23. Further, the amount available in the Pension Fund by end of FY 2023, is around Rs.50.31 billion, as per the information provided by the Petitioner tabulated below;

Post Retirement Benefits Fund Detail				Rs.Mln.
YEAR	NEPRA allowed amount	Amount Paid to Pensioners	Profit earned	Accumulated Fund Balance net of Profit
2015-16	9,002	2,983		-
2016-17	9,002	3,742		-
2017-18	9,002	4,530		153
2018-19	9,002	6,913	454	14,039
2019-20	17,420	8,597	2,420	23,918
2020-21	17,420	8,778	1,402	30,620
2021-22	15,678	9,402	2,048	41,622
2022-23	15,678	10,126	6,055	50,306

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

4.19. Based on the information provided by the Petitioner, the Authority noted that the Petitioner has shown compliance with the directions of the Authority, whereby the excess amount has been deposited in the Fund.

4.20. Regarding assessment of post-retirement benefits for the FY 2024-25, the determination provides that it would be allowed based on the actuarial valuation report for the year for which assessment is being made or as per the latest available audited financial statements. As per the latest provisional financial statements of the Petitioner i.e. for the FY 2022-23, the provision for post-retirement benefits is Rs.20,427 million. The same is being allowed to the Petitioner for the FY 2024-25, for both the distribution and supply of power functions.

4.21. In order to bifurcate the allowed cost of Post-retirement benefits in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the allowed amount of post-retirement benefits for the FY 2024-25 pertaining to the distribution function works out as Rs.18,615 million and Rs.1,812 million for Supply function.

7/42

4.22. <u>Regarding Other O&M expenses</u>, (Repair & Maintenance, Travelling, Transportation and Other O&M expenses) the MYT tariff determination requires the same to be indexed with NCPI of December for the respective year after adjustment for the X factor i.e. 30% of CPI (applicable from 3rd year of tariff control period). Accordingly, for indexation of other O&M expenses for the FY 2024-25, the NCPI of December 2023 has been considered. The same as reported by Pakistan bureau of Statistics is 29.66%. Further, the Petitioner was allowed MYT from FY 2023-24, therefore, as per the notified MYT decision X-Factor would be applicable from 3rd year of control period, therefore, for adjustment/indexation of FY 2024-25, X-Factor has not been accounted for. With NCPI of December 2023 i.e. 29.66%, the Other O&M cost of the Petitioner for the FY 2024-25 works out as Rs.9,199 million based on reference cost of Rs.7,095 million.

4.23. Based on the above discussion, the total Other O&M cost of the Petitioner for the FY 2024-25, works out as Rs.9,199 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.24. In order to bifurcate the allowed cost of Other O&M expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the allowed amount of Other O&M for the FY 2024-25 pertaining to the distribution function works out as Rs.8,384 million and Rs.815 million for Supply function.

4.25. <u>Regarding Depreciation expenses</u>, the same are required to be worked out based on the Revised Gross Fixed Assets in Operation (GFAIO) for FY 2024-25, to be calculated based on Investment allowed for the FY 2024-25. For FY 2024-25, allowed investment for the Petitioner is Rs.19,806 million, by considering the same revised Gross Fixed Assets in Operation of the Petitioner for the FY 2024-25 works out as Rs.192,802 million. Accordingly, as per the allowed mechanism the total depreciation expense of the Petitioner for the FY 2024-25 works out as Rs.6,647 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.26. In order to bifurcate the allowed cost of depreciation expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the total allowed amount of Depreciation for the FY 2024-25 allocated to the distribution function.

4.27. In addition, the mechanism provided in the earlier MYT, also stipulates that the allowed Depreciation for the previous year will be trued up, based on actual investments for the respective year. Since, Audited accounts for the relevant years have not been provided by the Petitioner, therefore, true up of depreciation has not been made in the instant PYA. The same will be carried out once the Petitioner provides the audited financial statements of the relevant year.

4.28. <u>Regarding RoRB</u>, the reference RoRB is required to be adjusted every year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year, as per the mechanism provided in the MYT.

4.29. Accordingly, the revisedRAB of the Petitioner for the FY 2024-25, based on the Investment allowed for the FY 2024-25 i.e. Rs.19,806 million, and incorporating therein 100% balance of

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

CWIP, works out as Rs.102,691 million. The average RAB of the Petitioner however, for the purpose of calculation of RoRB, works out as Rs. 97,768 million for the FY 2024-25.

4.30. Here it is pertinent to mention that MYT determination of the Petitioner, allows adjustments on account of variation in KIBOR on biannual basis. The same would be adjusted subsequently once the actual KIBOR and Audited accounts of the Petitioner for the FY 2024-25, are available for true up of RORB.

4.31. Based on the foregoing, , and keeping in view the request of the Petitioner, the total RoRB of the Petitioner has been worked out as Rs.17,713 million, for the FY 2024-25. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.32. In order to bifurcate the allowed RoRB in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used, wherein, complete amount allocated to Distribution function.

4.33. In addition the earlier MYT determination of the Petitioner provided a mechanism that the allowed RAB for previous year will be trued up, based on actual investments for the respective year. Since, Audited accounts for the relevant years was not provided with the Petitioner, therefore, true up of RORB has not been made in the instant PYA. The same would be made once, the Petitioner provides the Audited Financial Statements of the relevant year.

4.34. The Authority in its earlier decisions, while allowing RORB on 100% balance of CWIP also directed DISCO to disclose the amount of Interest during Construction (IDC) separately in their financial statements. However, while going through the provisional Financial Statements of the Petitioner, it was observed that the Petitioner has not separately disclosed the amount IDC. Therefore, the amount of adjustment being allowed as part of PYA is purely on provisional basis, subject to downward adjustment based on the amount of IDC reflected in the financial statements of the Petitioner. In case the Petitioner fails to reflect the amount of IDC in its financial statements, the Authority may consider not to allow RORB on 100% balance of CWIP. The Petitioner is, therefore, again directed to provide the IDC amount for FY 2020-21 onward and reflect the same in its Audited Financial Statements as well.

4.35. <u>Regarding Other Income,</u> the same has been adjusted as per the mechanism provided in the MYT determination for the FY 2024-25. The same for the FY 2024-25 works out as Rs.12,990 million for the Petitioner. The Petitioner in line with the mechanism, also requested the same amount.

4.36. In order to bifurcate the allowed cost of Other Income in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the allowed amount of Other Income for the FY 2024-25 pertaining to the distribution function works out as Rs.12,093 million and Rs.897 million for Supply function.

4.37. Furthermore, the MYT determination also provides truing up of Other Income every year. Since, Audited accounts for the relevant years was not provided with the Petitioner, therefore, true up of Other Income has not been carried out in the instant PYA. The same would be made once, the Petitioner provides the Audited Financial Statements of the relevant year.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

9/42

5. **Whether the requested PYA, is justified?**

5.1. The Prior Year Adjustment includes the impact of variation in the following, based on the Authority's allowed benchmarks of T&D losses and recoveries;

- ✓ Impact of Negative/Positive FCAs not passed on/recovered
- ✓ Under/Over Recovery of allowed Quarterly Adjustments
- ✓ Under/Over Recovery of the assessed DM
- ✓ Under/Over Recovery of the previously assessed PYA
- ✓ Cost allowed in Motion for Leave for Review/interim tariff differential
- ✓ Sales Mix Variance
- ✓ Adjustment of excess LPS over supplemental charges
- ✓ MYT True ups

5.2. The Petitioner requested the following amount on account of PYA and also provided details for the amounts requested under some heads as mentioned below;

Description	Mln. Rs.
Prior Year Adjustment FY 2021-22	661
Minimum Tax Payments FY 2023-24	7,389
Distribution Margin 2022-23	5,539
Depreciation	441
Subtotal	14,031
Other Adjustments (AQTA, Other Income, Sales Mix Variance 2023, Pending FCA for Nov-2019 to Jun-2020)	16,792
Total Prior Year Adjustment (PYA)	30,822

5.3. Regarding Other PYA adjustments of Rs.30,822 million, the Petitioner submitted the following justification and details;

Sr. #	Description	Rs. Mln.
1	PYA-2022	661
2	FY 2023-24 (M. Tax payments)	7,389
3	DM-2023	5,539
4	Depreciation	441
	Total	14,031
5	AQTA- Under/ Over Recovered	
	2nd Qtr. FY 2022-23 (Apr. Jun. 23)	925
	3rd Qtr. FY 2022-23 (Jul. Sep. 23)	1,841
6	Other Income (2022-23)	(2,418)
7	Negative FCA Retained (Feb-2023)	(0.25)
8	Sales Mix Varaince 2023	3,523
9	Pending FCA (Nov-2019 to Jun-2020)	4,053
10	PYA- (against determined in MYT)	8,869
	Prior Year Adjustment	30,822

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

10/42

PYA-Fuel cost Adjustment for Nov-2019 to Jun-2020

5.4. The Petitioner submitted that Fuel Charges Adjustments for the month Nov 2019 to Jun 2020 of XW-DISCOS, were determined and notified by Authority vide SRO dated Aug 07, 2020. The said FCA was to be charged in two months i.e. Aug 2020 and Sep 2020. However, the said FCAs have not been charged to consumers so far. The financial impact of FCAs of above mentioned months is as below;

Rs. Mln.

FCA Month	Billing Month	Financial Impact
Jan-20 to Mar 20 & May 2020	Aug-20	1,886
Nov 2019, Dec 2019, Apr 2020 & Jun 2020	Sep-20	2,167
Total		4,053

- The Ministry of Energy (Power Division) has also forwarded the decision of ECC to Authority vide letter dated Dec 2021 pertaining to FCAs of above said months, to allow recovery of pending FCAs from consumers as Prior Year Adjustments or allow LESCO to charge its consumers as appropriate to reduce circular debt of power sector.

5.5. The Authority has considered the submissions of the Petitioner regarding PYA and point wise discussion is as under.

5.6. **On the issue of minimum tax**, Section 113 of the Income Tax Ordinance 2001 states as under;

113- Minimum tax on the income of certain persons.- (1) This section shall apply to a resident company, permanent establishment of a non-resident company, an individual (having turnover of hundred million rupees or above in the tax year 2017 or in any subsequent tax year) and an association of persons (having turnover of hundred million rupees or above in the tax year 2017 or in any subsequent tax year), where, for any reason whatsoever allowed under this Ordinance, including any other law for the time being in force (a) loss for the year; (b) the setting off of a loss of an earlier year; (c) exemption from tax; (d) the application of credits or rebates; or (e) the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than the percentage as specified in column (3) of the Table in Division IX of Part-I of the First Schedule, of the amount representing the person's turnover from all sources for that year;

Explanation; For the purpose of this sub-section, the expression "tax payable or paid" does not include- (a) tax already paid or payable in respect of deemed income which is assessed as final discharge of the tax liability under section 169 or under any other provision of this Ordinance; and (b) tax payable or paid under section 4B or 4C.

5.7. LESCO also provided an opinion in the matter from M/s Yousaf Adil, Chartered Accountants, wherein it has been submitted inter alia as under;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

11/42

"...from bare perusal of the above mentioned provisions of section 113, it is clear that the minimum tax shall be applicable on every company whose normal tax liability, calculated currently as 29% of the taxable income (under Division II of Part I to the Second Schedule of the Ordinance), is either zero or lower than the minimum tax calculated under section 113 of the Ordinance. This requirement is particularly relevant to the companies like Electric Distribution Companies (DISCOs) including LESCO who have historically reported substantial taxable losses. Since the normal tax liability of LESCO is zero due to taxable losses including brought forward taxable losses, therefore, given the absence of a normal tax liability, Section 113 of the Ordinance is invoked/applicable on LESCO. Therefore, LESCO is obliged to discharge its minimum tax obligation, calculated as prescribed under section 113 of the Ordinance..."

"Furthermore, it is important to highlight the historical context of Section 113 with respect to its applicability on DISOCs, which initially saw the issuance of SRO 171(1)/2008 dated February 21, 2008. This SRO provided relief to DISCOs, wherein the DISCOs were obligated to pay minimum tax under Section 113 (if applicable) solely on their distribution margin calculated as the difference between sales value of electricity and purchase cost of electricity. It is noteworthy that the aforementioned SRO, having lapsed in the tax year 2013, was not renewed or extended.

Additionally, in Section 113 of the Ordinance, there existed a proviso which stated that companies declaring gross losses (calculated as per the provision of section 113), would be excluded from the application of Section 113. The benefit of this proviso was availed by major DISCOs including LESCO, owing to the fact that such DISCOs were incurring gross losses. However, it is pertinent to note that this proviso was removed through the Finance Act of 2016."

"...till today, both of the above mentioned reliefs i.e. the extension of said SRO and the proviso to Section 113 have not been restored..."

"In consideration of the aforementioned circumstances and as per the existing legal framework from tax year 2017 and onwards, it is clarified that Section 113 is applicable to LESCO on its turnover calculated under the said section and no exemption is available from its applicability under the Ordinance even in the presence of gross losses incurred by LESCO".

5.8. In view of the relevant provisions of Income Tax Ordinance 2001 and the opinion submitted by LESCO, the Authority considers that minimum tax is applicable on every company even if it is incurring gross loss. In view thereof, the Authority has decided to allow the minimum tax of Rs.6,000 million, paid by the LESCO based on provided CPRs as tabulated below;

Description	Date	Requested (Rs. Mln.)	NEPRA Workings (Mln. Rs.)	CPRs
Minimum Tax Payment to FBR	FY 2022-23 (Last Two Qtrs)	3,089	1,950	IT20230227010122283604 IT20230328010124012 84
Minimum Tax Payment to FBR	26-09-2023	1,800	1,800	IT20220928010123166 18
Minimum Tax Payment to FBR	27-12-2023	2,500	2,250	IT20221228010123083 59
Total Minimum Tax Payments		**7,389**	**6,000**	

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

5.9. Regarding **non-recovery of FPA for the period from Nov. 19 to June 20**, the Authority observed that FCAs for the subject period were decided and notified by the Authority for its application on

12/42

consumers. However, the same was not applied by the Petitioner from Nov. 2019 to June 2020, due to ECC decision, therefore, nothing is pending on part of NEPRA.

5.10. **Regarding Sales mix**, the Authority in previous determination dated 14.07.2023, directed DISCOs to provide the reconciled date of sales mix with its reported revenue as per audited financial statement of the respective year. However, no such reconciliation has been submitted by the Petitioner, rather DISCOs have claimed new sales mix for FY 2022-23. Therefore, the Authority has decided not to allow the sales mix variance of FY 2022-23, till time direction of the Authority is complied with by providing reconciled data till FY 2022-23.

5.11. **Regarding impact of allowed vs provisional depreciation** for the FY 2022-23 of Rs.441 million, the Authority noted that MYT determination of the Petitioner prescribes truing up of Depreciation based on Audited account for the relevant year. Since the Petitioner has not provided its Audited accounts for the FY 2022-23, therefore, the request of the Petitioner to allow any such impact is not considered in the absence of Audited Financial Statements for the relevant year. Similarly, all other True ups which are to be based on the audited financial statements as prescribed in the MYT determination of the Petitioner for the period FY 2018-19 to FY 2022-23, would be considered once the Audited accounts of the Petitioner for the entire period is available.

5.12. Regarding impact of FCAs, the Authority in line with its earlier decision in the matter of negative FCA, has calculated impact of negative FCA pertaining to the period from January 2023 to December 2023 in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers, which has been retained by the Petitioner. As per the information provided by the Petitioner, it has retained only Rs.2,304 in this regard. The Authority has also worked out the impact of positive FCAs not recovered by the Petitioner from life line and EV consumers during the same period, which as per the Petitioner is only Rs.69.358 million. The workings have been carried out based on the information provided by the Petitioner. The Authority also considered the relevant clauses of the S.R.O. 189 (1)/2015 dated March 05, 2015 issued by GoP and the amount of subsidy claims filed by the Petitioner for these periods.

5.13. After considering all the aforementioned factors, the Authority observed that the Petitioner has not recovered a net amount of Rs.69.355 million, on account of positive FCAs pertaining to the lifeline and EV consumers. The Authority in view of the above and in line with its earlier decisions, may decide to allow the impact of Rs.69.355 million to LESCO as part of PYA. The above working has been carried out based on the data/ information provided by the Petitioner, however, the information submitted by the Petitioner regarding units billed to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers' needs reconciliation with PITC. Therefore, the Petitioner is directed to get its data reconciled with PITC and submit such reconciliation to the Authority for the period FY 2022-23 and FY 2023-24.

5.14. **Regarding under/ over recovery of other adjustments in terms of already allowed PYA, DM for the FY 2022-23, quarterly adjustments for the 2nd & 3rd quarter of FY 2022-23, reworking of other income for FY 2020-21 & FY 2021-22 after including therein the impact of amortization of deferred credits etc.**, the Authority has carried out its workings and the same has been included in the PYA of the Petitioner determined for the FY 2024-25.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

13/42

5.15. Based on the above discussion, decisions of the Authority under various head of accounts in the earlier paras and in line with the scope of MYT, the PYA of the Petitioner for the FY 2024-25 has been worked out and is tabulated below;

Description	Unit	LESCO
January 2023 to December 2023		
Impact of Negative FCA- retained	Rs. Mln	- 0.0023
Impact of Positive FCA- Lifeline + EV	Rs. Mln	69.36
Net	Rs. Mln	69.36
January 2023 to December 2023		
Tariff Diff. Subsidy	Rs. Mln	20,125
Surcharge	Rs. Mln	- 78,841
Net - Jul.20 to Mar. 23	Rs. Mln	- 58,717
Excess FCA impact -Adjusted as subsidy	Rs. Mln	
FCA Impact -Adjusted as PYA	Rs. Mln	69.36
2nd Qtr. FY 2022-23 (Apr. Jun. 23)		
Allowed Amount	Rs. Mln	4,846
Qtr. Rs./kWh	Rs./kWh	0.67
Recovered	Rs. Mln	3,922
Under/(Over) Recovery	Rs. Mln	923
3rd Qtr. FY 2022-23 (Jul. Sep. 23)		
Allowed Amount	Rs. Mln	13,002
Qtr. Rs./kWh	Rs./kWh	1.5965
Recovered	Rs. Mln	11,175
Under/(Over) Recovery	Rs. Mln	1,827
D.M FY 2022-23		
Allowed Amount	Rs. Mln	45,498
Rate. Rs./kWh	Rs./kWh	1.83
Recovered	Rs. Mln	39,776
Under/(Over) Recovery	Rs. Mln	5,539
PYA 2022		-
Allowed Amount	Rs. Mln	5,434
Rate. Rs./kWh	Rs./kWh	0.22
Recovered	Rs. Mln	4,260
Under/(Over) Recovery	Rs. Mln	661
Other Cost related to PYA		
D.M FY 2021-22 _Adjustment	Rs. Mln	
MLR Cost	Rs. Mln	
P.M Assistance Package	Rs. Mln	
Minimmum Tax	Rs. Mln	6,000
Other Adjustment of previous PYA	Rs. Mln	- 677
GENCO Pensioners	Rs. Mln	
Adjustment of Final tariff v.s Interim Tariff	Rs. Mln	24,976
Total		30,300
Total	Rs. Mln	39,319

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

6. <u>LESCO to present its Power Purchases Price (Energy & Cost) for the FY 2024-25, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?</u>

6.1. The Petitioner during hearing requested an amount of Rs.764,941 million on account of Power Purchase Price.

6.2. The Authority noted that Power Purchase Price (PPP) forecast of the Petitioner as well for all XWDISCOs for the FY 2024-25 has since been determined by the Authority through a separate decision, detailing the assumptions of the forecast and relevant share of the Petitioner. In view thereof, the Authority does not see any rationale to discuss this issue again herein in the instant decision. However, for the purpose of calculation of overall revenue requirement of the Petitioner, the PPP forecast for the FY 2024-25 as determined by the Authority, has been made part of the overall Revenue Requirement of the Petitioner. Further, Annex-I of the PPP decision, to the extent of the Petitioner, has been attached as Annex-IV with the instant decision. The PPP forecast of the Petitioner for the FY 2024-25 shall be used as reference for future adjustments of PPP including the monthly and quarterly adjustments.

7. <u>Whether the existing tariff rate design needs to be modified, to levy fixed charges on all consumer categories and fixed charges be designed in a way to ensure that it accounts for a significant portion of fixed costs i.e. capacity charges, UoSC etc., in line with Strategic Directives given in NE Plan?</u>

<u>What will be the mechanism to recover fixed charges from consumers having meters not recording MDI?</u>

7.1. The Petitioner during the hearing regarding fixed charges, while referring to SD-74 of NEP submitted that;

- ✓ "*Fixed charges shall be progressively incorporated in the tariffs of all consumer segments except consumers of protected category. Such fixed charges shall duly account for, inter alia, share of capacity cost in cost of service, market interventions, consumption behaviors and affordability of consumers. It is aimed that by FY-2027, the fixed charges shall account for at least 20% of the fixed cost of the respective categories evaluated through a cost-of-service study*"
- ✓ The sanctioned load can be used for recovery of fixed charges till replacement to MDI enabled meters.

7.2. The Authority observed that as per the current tariff structure, certain consumer categories like Commercial, Industrial, Bulk and Agriculture are levied fixed charges, based on billing demand. Billing demand means 50% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher, except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load. The Authority observed that capacity charges of generation companies which are fixed in nature, as it has to be paid based on plant availability, are charged to DISCOs based on the actual MDIs of DISCOs. However, the present consumer end tariff design is volumetric in nature, whereby major portion of the cost is recovered from consumers on units consumed basis i.e. per kWh, and only a small amount of around 3-4% is being recovered on MDIs basis from the consumers. The Authority has also considered NE Plan which provides that fixed charges shall be progressively incorporated in the tariffs of all consumer segments except consumers of protected category. Accordingly, the Authority in line with the relevant provisions of NE Plan 2023-27, has decided to levy fixed charges on certain consumer categories. The Authority has further decided to increase the rate of fixed charges currently applicable to certain categories, keeping in view the quantum of overall fixed charges in the revenue requirement of DISCOs, the cost of service (CoS) of each consumer category and the fact that NE Plan obligates that fixed charges shall account for at least 20% of the fixed cost of the respective categories evaluated through a cost-of-service study. The rate of fixed charges @ Rs./kW/Month for each consumer category, has been mentioned in the Schedule of Tariff (SoT) attached with the decision.

7.3. Here it is pertinent to mention that there are certain consumer categories, where actual load/ MDI is not being recorded. The Petitioner for such consumers, submitted that either a fixed

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

15/42

charge per connection or per KW sanctioned load be used for recovery of fixed charges. The Authority, for such consumers where MDI is not recorded, has decided to initially levy fixed charges at a fixed rate per month, as mentioned in the SoT attached with the decision. The Authority further directs the Petitioner to ensure that by the time it files its next tariff petition/ adjustment request, MDI for all consumers at all levels is properly recorded. However, at the same time, the Authority, not to overburden such consumers who are being levied fixed charges, has adjusted their variable rate (Rs./kWh), to minimize the impact of increase in fixed charges.

7.4. Here it is pertinent to mention that Rs.407.216 billion and Rs.34.124 billion is the share of the Petitioner on account of CpGenCap and UoSC (NTDC/ HVDC) & Market Operator Fee respectively for the FY 2024-25. The overall fixed charges comprising of CpGenCap and UoSC (NTDC/HVDC) & Market Operator Fee in the instant case works out as Rs.441.340 billion, which translate into Rs.6,955/kW/month based on projected average monthly MDI of the Petitioner.

8. <u>Whether the existing tariff rate design needs to be modified for consumers having net metering generation facilities or generation facilities behind the meters installed by third parties or Captive generation power, to levy fixed charges, etc. in order to ensure recovery of fixed costs i.e. capacity charges, UoSC etc.?</u>

8.1. The Petitioner during the hearing submitted following;

- ✓ **Clauses 4.4.1(d) & 5.6.7 NE Policy** provides that "*recovery of costs arising on account of open access, distributed generation etc.*"

- ✓ **Clause SD-14 NEP** provides that *"The existing distributed generation and net metering regulations shall be amended taking into account new global innovations, best practices & technological interventions and facilitating steering an enabling environment for energy transition on a sustainable basis. Accordingly, the Regulator shall amend the said regulations, latest by Mar 2023"*

- ✓ **Clause 90 NEP** provides that *"Stranded costs, arising on account of distributed generation (including self-consumption & net metering) for consumers utilizing grid connection, shall be recovered pursuant to the mechanism provided in Strategic Directive 074. The same shall be provided for in the distributed generation and net metering regulations, to be amended pursuant to the Strategic Directive 014".*

8.2. The Authority considers that the matter requires further deliberations, therefore, the same would be decided subsequently after having input from all the stakeholders.

9. <u>Whether the rate design for Temporary connections needs to be revised or otherwise?</u>

9.1. The Petitioner during hearing submitted followings;

The Ministry of Energy (Power Division) vide Letter No.12(35)/2018-DISCO-II(Part-III) dated 12.01.2024 directed LESCO to file petition for enhancement in the tariff rates of temporary connections before the Honorable Authority i.e. *<u>1.5 times of existing rates</u>*.

NEPRA AUTHORITY
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

16/42

✓ For the detailed reasons and rationale already submitted through LESCO's petition vide No. 191-96 dated 14.02.2024 (re-submitted) the rate design for Temporary Connection should be revised.

9.2. The Authority noted that as per the existing notified tariff terms & conditions, the Temporary Residential/ Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, exhibitions, political gathering, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction of house/buildings/plazas of single phase loads. A temporary electric power supply connection for the construction shall be provided by Distribution company initially for a period of six months which is further extendable on three month basis up to completion of the specific job/project for which the temporary connection was obtained. "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.

9.3. Different DISCOs raised their concerns regarding misuse of temporary connections by consumers as the existing tariff rates for temporary connections are lower than standard rates of comparable regular categories of consumers. DISCOs submitted that this provides incentive to some consumers to exploit by reselling electricity illegally due to delayed infrastructure completion. Therefore, to address such issues, tariff rates needs to be increased, coupled with MDI adjustment.

9.4. The Authority in order to address such issues and to discourage delay in infrastructure completion, has decided to increase the rates of temporary connections for Residential, Commercial and Industrial consumers. Accordingly, the rates for temporary connections have been revised along-with application of fixed charges, as mentioned in the SoT attached with this decision. The Authority considers that this will contribute to a fair and balanced tariff structure, encouraging responsible usage of temporary connections.

10. <u>Whether the schedule of tariff be designed on cost of service basis or otherwise?</u>

10.1. The Petitioner during hearing submitted following in this regard;

- **Clauses 82, 83 & 84 of the NEP** requires that the Schedule of Tariff should be made reflective of the Cost of Service without inter-tariff cross subsidy.
- However, till implementation of subsidy disbursement mechanism (**SD 67**) and action plan thereof (**SD 68**), the subsidy to the protected residential consumer may continue.
- **SD-82**; Tariffs for the residential consumers shall be progressively adjusted to align with the principle of cost-of-service, taking into account the following:
    - Subsidies to the protected categories of residential consumers shall be disbursed directly pursuant to the detailed action plan to be developed under Strategic Directive 067;
    - Residential consumers (below cost recovery) shall be cross subsidized by:
        - industrial & commercial consumers, pursuant to the Strategic Directive 084;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

Wattu - 9

17/42

    - other residential consumers (above cost recovery).

- **SD-83;** Tariff structure for agricultural consumers shall be segmented into sub-categories, taking into account the following
  - subsidies to the agricultural consumers shall be disbursed pursuant to the detailed action plan to be developed under Strategic Directive 068;
  - Agricultural consumers (below cost recovery) shall be cross-subsidized by:
    - industrial & commercial consumers, pursuant to the Strategic Directive 084;
    - other agricultural consumers (above cost recovery).
- **SD-84;** Cross-subsidy by the productive consumers, to subsidize residential and agricultural consumers, shall be progressively restricted to 20% of the respective cost of service of such consumers by FY-2027 .
- **SD-67;** In pursuance of phase-III of targeted subsidy reforms for the electricity consumers, protected consumers of the residential category shall be progressively transitioned towards direct subsidies. It is aimed that by FY-2026, subsidies to the residential protected consumers shall be provided under approved subsidy disbursement mechanism. Accordingly, following steps shall be taken by the MoE (Power Division), in collaboration with PASS Division:
  - devise a detailed action plan to enable direct payment of subsidies under the aforementioned program;
  - integrate Electricity-CNIC Database (ECD) with NSER (Strategic Directive 132);
  - develop integrated welfare score comprising of, inter alia, socio-economic aspects, energy poverty and electricity consumption for the purpose of subsidy eligibility;
  - the high-level roadmap has been provided in Figure 3. Provided further, the cost of integration of ECD with NSER shall be borne by the Government through appropriate budgetary mechanism.
- **SD-68;** MoE (Power Division), in collaboration with MoNFS&R, shall devise a detailed action plan to enable subsidy disbursements to the eligible agricultural consumers. Accordingly:
  - subsidy qualification criteria for targeting of agricultural subsidies shall be finalized by May 2024;
  - the devised mechanism along with the implementation plan shall be approved by the Government by July 2024;
  - By FY-2025, subsidies to the agricultural consumers shall be provided in pursuance to the approved implementation plan;

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

18/42

- MoNFS&R shall develop & integrate, in collaboration with PITC, the requisite database of agricultural consumers with the ECD for the purpose of mapping of agricultural consumers to respective categories.

10.2. The Authority observed that as per NE Plan 2023-27 under SD 82, Tariffs for residential consumers shall be progressively adjusted to align with the principle of cost-of-service, taking into account the following:

- ✓ Subsidies to the protected categories of residential consumers shall be disbursed directly pursuant to the detailed action plan to be developed under Strategic Directive 067;
- ✓ Residential consumers (below cost recovery) shall be cross subsidized by:
  - i. industrial & commercial consumers, pursuant to the Strategic Directive 084;
  - ii. Other residential consumers (above cost recovery).

10.3. Similarly, SD 83 states that Tariff structure for agricultural consumers shall be segmented into sub-categories, taking into account the following:

- ✓ subsidies to the agricultural consumers shall be disbursed pursuant to the detailed action plan to be developed under Strategic Directive 068;
- ✓ Agricultural consumers (below cost recovery) shall be cross-subsidized by:
  - i. industrial & commercial consumers, pursuant to the Strategic Directive 084;
  - ii. Other agricultural consumers (above cost recovery).

10.4. Further, SD 84 provides that cross-subsidy by the productive consumers, to subsidize residential and agricultural consumers, shall be progressively restricted to 20% of the respective cost of service of such consumers by FY-2026.

10.5. The Authority noted that as per different provisions of NE Plan mentioned above, tariff for residential consumers is progressively to be aligned with the principle of cost-of-service, and till such time, residential consumers below cost of service shall be cross subsidized by Industrial and Commercial consumers and other residential consumers. Similarly, for Agriculture consumers, the tariff structure same shall be segmented into sub-categories and agriculture consumers below cost of service shall be cross subsidized by Industrial and Commercial consumers and other agriculture consumers.

10.6. In view thereof, the Authority has decided to gradually reduce the quantum of cross subsidization among different consumer categories and the SoTs for the FY 2024-25, have been designed accordingly.

11. **Whether the peak and off-peak timing and rate design needs to be revised, in line with Strategic Directives given in NE Plan?**

11.1. The Petitioner during the hearing submitted that **SD-75 of NEP**; *"Regulator shall periodically assess and adjust accordingly (as required) the applicable peak rates and associated peak hours for electricity consumers on the basis of, inter alia, demand-supply balance, price elasticity of demand, daily & seasonal cycles and marginal costs. Provided further, first such assessment shall be carried out not later than December 2023'.*

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

19/42

11.2. Further, SD-75 has, inter alia, subjected such change to the assessment to be carried out by the Regulator (1st Assessment by 30.04.2024) . Any change require change or reprogramming of meters

11.3. The Authority noted that NE Plan envisages that first assessment of ToU tariff, is to be completed by March 2024. The Authority observed that USAID (PSIA) has been asked to provide technical assistance for carrying out the required assessment. USAID has intimated that said assessment require data from SO, CPPA, and NTDC, therefore, subject to the availability of data, it will be able to conduct the assessment by July / August 2024. In view thereof, the Authority would deliberate this issue, once the required assessment form USAID is received. Further, the authority also understands that the existing infrastructure f DISCOs also needs to be evaluated in terms of its capability to cater for multiple peak /off peak rates and times during a billing cycle.

11.4. In view thereof, the Authority has decided to continue with the existing mechanism of peak / off-peak hours and prevailing rate design. At the same time, the Petitioner is directed to evaluate the different proposals of tariff design so as to make it more efficient and cost reflective with the objective to maximize the utilization of available capacity.

12. <u>Whether prepaid metering shall be allowed to different consumers categories and what shall be appropriate tariff for such consumers considering various periodic adjustments in the base tariff?</u>

12.1. The Petitioner on the issue of pre-paid metering submitted that currently, no any proposal for pre-paid metering and billing is under consideration at LESCO. It is understood that the prepaid meters would require paradigm shift specially with respect to tariff restructuring (mechanism for FPA /QTA), meter infrastructure, CAPEX additional requirement etc. Therefore, the Hon'ble Authority / MoE may provide directions/ guidelines for this kind of initiatives

12.2. The Authority observed that various DISCOs have been allowed investments for AMR/AMI meters, in their MYT determinations / Investment plans. LESCO accordingly vide its letter dated 18.01.2024 also requested for pre-paid tariff for Advanced Metering Infrastructure (AMI) project and made the following submissions in this regards;

- ✓ The scope of the LESCO AMI project encompasses the implementation of an Advanced Metering Infrastructure (AMI) system, covering the deployment of Smart Meters, Data Concentrator Units (DCU) and essential communication infrastructure in the jurisdiction of Rawalpindi City Circle, Rawalpindi Cantt. Circle and Taxila Division along with the implementation of the new Billing System/Customer Information System (CIS) for whole LESCO . The project scope involves the installation of 879,564 smart meters, with the first phase targeting the installation of 135,000 smart meters in area of Rawalpindi City Circle. The new Billing system will be operational tentatively from June 2024.
- ✓ LESCO AMI Billing System has a value-added feature of Prepayment along with Post-payment functionality which is already in vogue. The new Billing System is capable to calculate the allowable units / consumption (KWh) and communicate this information to Meter Data Management System (MOMS). Consequently, smart meters are configured to operate exclusively within the limits of these calculated units. After the exhaust of these units, a remote disconnection order will be executed through the smart meter. Further, after the recharge of the new top up the reconnection order will be made automatically.

NEPRA AUTHORITY

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

20/12

✓ The inclusive development of this prepaid functionality offers various advantages for both the utility companies and consumers;

- Advance payment will improve the cash flow of utility companies.
- Mitigate the financial risk associated with bad debts and will increase the revenue collection.
- Diminishes traditional billing and collection expenses, leading to cost savings for utility companies. Remote disconnection and reconnection through the AMI system will improve overall efficiency and reduce cost.
- Offers diverse payment options, including online and mobile payments, enhancing convenience for consumers.
- Enabling consumers to actively monitor and manage their energy consumption pattern through a mobile application.

✓ To fully operationalize the salient feature of prepayment in the AMI system, it is imperative to accurately convert the energy top-up amount into units. Currently, prepaid tariff structure is not available. Therefore, it is requested to formulate the prepaid tariff structure initially up-to 25 KW for tariff categories such as Domestic, Commercial, General, Industrial and Temporary by considering the LESCO submissions:

- Formulation of prepaid tariff structure that will cater for both Protected and non-protected type of consumer categories.
- Incorporation of Fuel Price Adjustment (FPA) and Quarterly Tariff Adjustment (QTA) charges, minimum charges and PTV fee.
- Calculation of Electricity Duty (ED), GST and Income tax for non-filer consumers.
- Incorporation of extra tax and further tax for the industrial consumers.
- Imposition of fixed charges, especially related to Maximum Demand Indicator (MDI).

12.3. Considering the request of LESCO , the Authority made this "pre-paid metering" an issue for deliberations during tariff proceedings of all DISCOs for the FY 2024-25. However, no comments were received from any stakeholder on the issue including the Ministry of Energy (MoE).

12.4. The Authority understands that prepaid metering system is a modernized billing mechanism which integrates metering equipment with smart card technology. It may offer benefits for the stakeholders of electricity supply chain but at the same may also have some disadvantages. At the consumer end, it helps them to control electricity consumption patterns and provides a smart payment option. The availability of real time electricity consumption data, also motivates consumers towards utilization of energy-efficient appliances, thus, may help reduce the undue increase in electricity demand. Consequently, may reduce the burden of government in terms of subsidies, circular debt, and import bill. From DISCOs perspective, prepaid metering provides the opportunity to optimize billing & revenue of the distribution utility and improved cash flows, thus helping in meeting their financial obligations. It may also mitigate the financial risk associated with bad debts.

12.5. Similarly, in several cases around the world, prepaid metering has helped in significant reduction in non-technical losses. It also reduces financial burden of DISCOs for maintaining workforce employed for manual billing system and may also lead to improved employee to customer ratio.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

21/42

Remote disconnection and reconnection through the AMI system may also improve overall efficiency and reduce cost.

12.6. On the other hand, there may be resistance from the employees of DISCOs due to the fear of downsizing and reduction of non-technical staff. Another critical challenge could be the development of IT-based prepaid metering infrastructure, while replacing the conventional billing mechanism. The internet-based purchase of electricity requires specific technical expertise for designing, installing and managing the backend operations of the prepaid metering system and full coordination among power sector institutions on technical systems. Moreover, consumers' acceptance of the technology shift could be one of the challenges towards implementation of prepaid technology.

12.7. In view of the above discussion, the Authority has decided to allow the request of LESCO for pre-paid metering as a pilot project, and if successful, the same may be started in other DISCOs. LESCO in this regard shall ensure that all required Technical & IT infrastructure, Security controls and billing system etc. for prepaid metering, are in place.

12.8. The Authority has further noted that prepaid metering system had been implemented in neighboring countries like India and Bangladesh in 2005 with the aim of reducing electricity pilferage and non-payment from consumers in remote areas. The Authority observed that different approaches were adopted by these countries w.r.t. tariff for prepaid meters. Initially tariff for conventional and prepaid metering was kept same in India, to motivate the consumers. In Bangladesh, the aim of introducing prepaid metering was to eliminate electricity pilferage and to motivate consumers to adopt prepaid metering, a 2% discount was offered.

12.9. In view thereof and to promote the pre-paid metering, the Authority has decided to allow a flat variable rate (Rs./kWh) for pre-paid consumers along-with fixed charges, as mentioned in the SoT attached with the instant decision. No monthly FCAs or quarterly adjustments shall be charged from the pre-paid metering consumers. However, regarding applicable Federal and Provincial taxes, duties or surcharges, DISCO shall ensure to recover the same from pre-paid metering consumers, as the same are not part of NEPRA determined tariffs.

13. <u>Whether the Petitioner has prepared any plan in consultation with the Federal Government for its organization restructuring in terms of segregation of responsibilities of Distribution and supply function in order to ensure independent and transparent working of both these functions.</u>

13.1. The Petitioner submitted during the hearing that in house working for proposed organization restructuring in terms of segregation of responsibilities of Distribution and Supply function is under process. However, matter being relating to all DISCOs and to maintain the uniformity of restructuring process, directions/guidelines from the Federal Government is awaited. Once, the uniform directions/guidelines would be in place from the Federal Government, LESCO will comply immediately in true letter and spirit

13.2. The Authority, keeping in view the amended NEPRA Act, 2018, whereby sale of electric power has been removed from the scope of distribution licenses and transferred to supply licensee, directed the Petitioner in its earlier tariff determinations to make organizational restructuring in terms of segregation of responsibilities of the Distribution and Sale functions, in order to ensure independent and transparent working of both these functions.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

22/42

13.3. Since all the distribution companies are 100% owned by the GoP, therefore, DISCOs in consultation with GoP should develop a centralized restructuring plan and submit the same to NEPRA for consideration and necessary vetting for its compliance with NEPRA applicable documents.

13.4. The Authority observed that the Petitioner although in instant Petition has bifurcated its costs into Distribution and Supply of Power Functions, however, the petition was submitted with common accounts and both functions combined. No progress has been shared by the Petitioner in terms of its organizational restructuring. The Authority understands that a proper organization restructuring, is essential to improve the performance of the Petitioner and to ensure transparency for both functions. Therefore, the Petitioner is again directed that a restructuring plan in consultation with the Federal Government be prepared, within the stipulated time.

13.5. The Petitioner is directed to ensure compliance of the Authority's direction during the FY 2024-25 and submit its progress report along-with its annual adjustment/ indexation request or petition for the FY 2025-26. In case of non-compliance by the Petitioner, the Authority shall start legal proceedings against the Petitioner under relevant rules and regulations, which may not be limited to imposing of fines but also initiate process for adjustment in the revenue requirement of the Petitioner.

14. <u>Any Other issue that may come up during the hearing?</u>

<u>Revision in Tariff Terms & Conditions</u>

14.1. The Authority has also decided to revise the tariff Terms & conditions for certain consumer categories as under;

<u>Billing Demand</u>

Regarding change in mechanism of application of fixed charges based on actual MDI or sanctioned load or otherwise, large number of stakeholders raised their concerns in the matter especially with respect to calculation of their sanctioned loads. The Authority considering the concerns of consumers has decided to amend the definition of billing demand for the purpose of charging of fixed charges. The same has been reflected in Tariff Terms & Conditions attached with the instant decision.

<u>Month or Billing Period</u>

Various DISCOs have shown their concerns regarding definition of Billing month, appearing in the Tariff Terms & Conditions, as it does not take into account the month where no of days are in excess of 30. Considering the submissions of DISCOs, the Authority has decided to amend the definition of billing month. The same has been reflected in Tariff Terms & Conditions attached with the instant decision.

Further, the issue of delayed readings due to holidays etc., resulting in change in slab of domestic consumers, has also been addressed in the Tariff Terms & Conditions attached with the instant decision.

Late Payment charges (LPC)

The Authority also decided to rationalize the Late Payment charges (LPC) by modifying existing rate of 10% into two brackets and accordingly the Tariff Terms & Conditions have been modified.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

23/42

15. Revenue Requirement

15.1. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the adjusted revenue requirement of the Petitioner, for the FY 2024-25 is as under;

		Allowed FY 2024-25	
Description	Unit	DoP	SoP
Units Received	[MkWh]	26,150	26,150
Units Sold	[MkWh]	23,676	23,676
Units Lost	[MkWh]	2,474	2,474
Units Lost	[%]	9.46%	9.46%
Energy Charge			253,580
Capacity Charge			407,216
Transmission Charge & Market Operation Fee			34,124
Wire Business UoSC			61,802
Power Purchase Price	[Mln. Rs.]	-	756,722
Pay & Allowances		22,536	2,194
Post Retirement Benefits		18,615	1,812
Repair & Maintainance		2,682	261
Traveling allowance			
Vehicle maintenance		5,702	554
Other expenses			
O&M Cost	[Mln. Rs.]	49,535	4,821
Depriciation		6,647	-
RORB		17,713	-
O.Income		(12,093)	(897)
Margin	[Mln. Rs.]	61,802	3,924
Prior Year Adjustment			39,319
Revenue Requirement	[Mln. Rs.]	61,802	799,965
Average Tariff	[Rs./kWh]	2.61	33.79

15.2. The above determined revenue shall be recovered from the consumers through the projected sales of 23,676 GWhs, as per Annex – II.

15.3. The above assessment has been carried out based on the data/information provided by the Petitioner, which the Authority believes is correct and based on facts. In case of any deviation / misrepresentation observed at a later stage, the Petitioner shall be held responsible for the consequences arising out, under NEPRA Act, Rules and Regulations made thereunder. Any consequential adjustment, if required will be made accordingly.

16. ORDER

16.1. From what has been discussed above, the Authority hereby approves the following adjustments in the MYT of the Petitioner Company for the Financial Year 2023-24:-

I. Lahore Electric Supply Company Limited (LESCO), being a supplier, is allowed to charge its consumers such tariff as set out in the schedule of tariff for LESCO annexed to the decision.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

24/42

II. In addition to compensation of losses, LESCO, being a distribution licensee, is allowed to charge the users of its system a "Use of system charge" (UOSC) as under:

Description	For 132 kV only	For 11 kV only	For both 132kV & 11 kV
Asset Allocation	39.92%	31.90%	71.82%
Level of Losses	1.63%	5.82%	7.36%
UoSC Rs./kWh	1.22	1.13	2.42

III. The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.

IV. To file future monthly & quarterly adjustments on account of Power Purchase Price (PPP) in line with MYT determination, NEPRA Act and other applicable documents.

V. The Petitioner shall comply with the Tariff terms & Conditions for supply of electricity as annexed with decision as Annex-V.

17. <u>Summary of Direction</u>

17.1. The summary of all the directions passed in this decision by the Authority are reproduced hereunder. The Authority hereby directs the Petitioner to;

- provide the reconciled date of sales mix with its reported revenue as per audited financial statements.
- provide proper details of GENCO employees allocated to it by providing proper employee wise details, their pay scales, terms of adoption, approvals of competent authority for such adoption and placement details along-with their financial impact.
- provide year wise detail of amounts deposited in the Fund, amount withdrawn along-with profit/interest earned thereon since creation of Fund.
- provide the IDC amount with subsequent adjustment request and reflect the same in its Audited Financial Statements.
- get its data, regarding units billed to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers', reconciled with PITC and submit such reconciliation to the Authority for the period FY 2020-21 to FY 2023-24.
- evaluate the different proposals of tariff design so as to make it more efficient and cost reflective with the objective to maximize the utilization of available capacity.
- Prepare restructuring plan in consultation with the Federal Government during the FY 2024-25 and submit its progress report along-with its annual adjustment/ indexation request or petition for the FY 2025-26.
- ensure that by the time it files its next tariff petition/ adjustment request, MDI for all consumers at all levels is properly recorded.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

25/42

18. The instant decision of the Authority along-with annexures, is hereby intimated to the Federal Government for filling of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

19. The instant decision of the Authority and the Order part along with Annex-I, I-A, II, III, IV and V, be also notified in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application decision of the Authority.

AUTHORITY

Mathar Niaz Rana (nsc)
Member

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Amina Ahmed
Member

Waseem Mukhtar
Chairman

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

14/6/24

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 (G) 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 AUTHORITY

Annex-I-A

QUARTERLY ADJUSTMENT MECHANISM

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

Quarterly PPP $_{(Adj)}$= PPP$_{(Actual)}$ (excluding Fuel cost)-PPP$_{(Recovered)}$ (excluding Fuel cost)

Where;

PPP$_{(Actual)}$ is the actual cost, excluding Fuel cost, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

PPP$_{(Recovered)}$ is the amount recovered based on reference rate in Rs./kWh, excluding fuel cost, as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

Impact of T&D losses on FCA

= Monthly FCA allowed$_{(Rs./kWh)}$ x Actual units Purchase x % T&D losses

Where;

Monthly FCA allowed $_{(Rs./kWh)}$ is the FCA allowed by the Authority for the respective months of the concerned period.

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

The sum of amounts so worked for each month of the Quarter shall be divided by the Projected units to be sold as determined by the Authority to work out Rs./kWh Quarterly adjustment.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

28/42

Lahore Electric Supply Company (LESCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales	Revenue			Base Tariff			PYA 2023		Total Tariff		
	GWh	Fixed Charge	Variable Charge	Total	Fixed Charge	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Fixed Charge	Variable Charge
		Mln. Rs.	Mln. Rs.	Mln. Rs.	Rs./Con/ M	Rs./kW/ M	Rs./ kWh	Mln. Rs.	Rs./ kWh	Rs./Con/ M	Rs./kW/ M	Rs./ kWh
Residential												
For peak load requirement less than 5 kW												
Protected												
Up to 50 Units - Life Line	39	-	384	384	-	-	9.93			-	-	9.93
51-100 units - Life Line	52	-	707	707	-	-	13.64			-	-	13.64
01-100 Units	1597	-	43,994	43,994	-	-	27.54	2,663	1.67	-	-	29.21
101-200 Units	406	-	12,141	12,141	-	-	29.91	677	1.67	-	-	31.58
Un-Protected												
01-100 Units	561	-	15,437	15,437	-	-	27.54	935	1.67	-	-	29.21
101-200 Units	1291	-	37,814	37,814	-	-	29.29	2,152	1.67	-	-	30.95
201-300 Units	1889	-	62,719	62,719	-	-	33.21	3,149	1.67	-	-	34.87
301-400 Units	963	351	35,099	35,450	200	-	36.44	1,606	1.67	200	-	38.11
401-500 Units	537	251	20,259	20,510	400	-	37.73	895	1.67	400	-	39.40
501-600 Units	317	157	12,398	12,555	600	-	39.10	529	1.67	600	-	40.77
601-700Units	195	103	7,873	7,976	800	-	40.42	325	1.67	800	-	42.09
Above 700 Units	450	207	20,322	20,529	1,000	-	45.15	750	1.67	1,000	-	46.82
For peak load requirement exceeding 5 kW)												
Time of Use (TOU) - Peak	228	-	9,834	9,834	-	-	43.22	379	1.67	-	-	44.88
Time of Use (TOU) - Off-Peak	985	2,315	36,336	38,651	1,000	-	36.89	1,642	1.67	1,000	-	38.55
Temporary Supply	0	2	26	28	2,000	-	55.56	1	1.67	2,000	-	57.23
Total Residential	**9,509**	**3,385**	**315,343**	**318,728**				**15,702**				
Commercial - A2												
For peak load requirement less than 5 kW	594	5,965	20,655	26,620	1,000	-	34.76	991	1.67	1,000	-	36.42
For peak load requirement exceeding 5 kW					-	-						
Regular	16	122	544	666	-	2,000	33.34	27	1.67	-	2,000	35.01
Time of Use (TOU) - Peak	224	-	9,103	9,103	-	-	40.63	374	1.67	-	-	42.29
Time of Use (TOU) - Off-Peak	1053	10,783	31,670	42,453	-	2,000	30.06	1,756	1.67	-	2,000	31.73
Temporary Supply	52	36	2,584	2,621	5,000	-	49.89	86	1.67	5,000	-	51.56
Electric Vehicle Charging Station	0	-	-	-	-	-	38.25	-	1.67	-	-	39.91
Total Commercial	**1,940**	**16,906**	**64,557**	**81,463**				**3,234**				
General Services-A3	**909**	**229**	**35,587**	**35,816**	**1,000**	**-**	**39.14**	**1,516**	**1.67**	**1,000**	**-**	**40.80**
Industrial												
B1	33	68	845	914	1,000	-	25.28	56	1.67	1,000	-	26.94
B1 Peak	73	-	2,305	2,305	-	-	31.79	121	1.67	-	-	33.46
B1 Off Peak	721	520.68	18,312	18,832	1,000	-	25.38	1,203	1.67	1,000	-	27.05
B2	18	126	386	512	-	2,000	21.04	31	1.67	-	2,000	22.70
B2 - TOU (Peak)	344	-	10,713	10,713	-	-	31.14	573	1.67	-	-	32.81
B2 - TOU (Off-peak)	2056	18,555	42,234	60,790	-	2,000	20.54	3,428	1.67	-	2,000	22.21
B3 - TOU (Peak)	539	-	16,929	16,929	-	-	31.42	898	1.67	-	-	33.09
B3 - TOU (Off-peak)	3524	13,953	78,354	92,306	-	2,000	22.24	5,875	1.67	-	2,000	23.90
B4 - TOU (Peak)	188	-	5,957	5,957	-	-	31.76	313	1.67	-	-	33.42
B4 - TOU (Off-peak)	1590	8,217	35,412	43,629	-	2,000	22.27	2,651	1.67	-	2,000	23.93
Temporary Supply	2	1	77	78	5,000	-	36.25	4	1.67	5,000	-	37.92
Total Industrial	**9,089**	**41,440**	**211,524**	**252,965**				**15,152**				
Single Point Supply												
C1(a) Supply at 400 Volts-less than 5 kW	0	0	7	7	2,000	-	35.95	0	1.67	2,000	-	37.61
C1(b) Supply at 400 Volts-exceeding 5 kW	1	8	41	48	-	2,000	31.31	2	1.67	-	2,000	32.98
Time of Use (TOU) - Peak	5	-	217	217	-	-	42.04	9	1.67	-	-	43.71
Time of Use (TOU) - Off-Peak	40	128	1,301	1,429	-	2,000	32.44	67	1.67	-	2,000	34.11
C2 Supply at 11 kV	66	331	2,282	2,613	-	2,000	34.47	110	1.67	-	2,000	36.14
Time of Use (TOU) - Peak	66	-	2,834	2,834	-	-	43.24	109	1.67	-	-	44.91
Time of Use (TOU) - Off-Peak	275	1,733	8,639	10,371	-	2,000	31.43	458	1.67	-	2,000	33.09
C3 Supply above 11 kV	53	449	1,638	2,087	-	2,000	30.87	88	1.67	-	2,000	32.54
Time of Use (TOU) - Peak	44	-	1,853	1,853	-	-	42.18	73	1.67	-	-	43.85
Time of Use (TOU) - Off-Peak	190	1,115	5,763	6,877	-	2,000	30.31	317	1.67	-	2,000	31.98
Total Single Point Supply	**740**	**3,762**	**24,573**	**28,335**				**1,234**				
Agricultural Tube-wells - Tariff D												
Scarp	0	-	17	17	-	-	35.38	1	1.67	-	-	37.04
Time of Use (TOU) - Peak	0	-	13	13	-	-	28.63	1	1.67	-	-	30.30
Time of Use (TOU) - Off-Peak	1	1	17	18	-	500	21.95	1	1.67	-	500	23.61
Agricultual Tube-wells	79	141	1,630	1,771	-	500	20.73	131	1.67	-	500	22.40
Time of Use (TOU) - Peak	188	-	5,107	5,107	-	-	27.14	314	1.67	-	-	28.80
Time of Use (TOU) - Off-Peak	1053	2,589	27,332	29,921	-	500	25.96	1,755	1.67	-	500	27.63
Total Agricultural	**1,321**	**2,732**	**34,116**	**36,847**				**2,203**				
Public Lighting - Tariff G	159	44	6,142	6,186	2,000	-	38.59	265	1.67	2,000	-	40.26
Residential Colonies	8	4	302	305	2,000	-	39.05	13	1.67	2,000	-	40.71
Railway Traction	0	0	-	0	2,000	-	41.80	-	1.67	2,000	-	43.47
	167	**48**	**6,443**	**6,491**				**278**				
Pre-Paid Supply Tariff												
Residential					1,000		41.74		1.67	1,000	-	43.40
Commercial - A2						2,000	35.01		1.67	-	2,000	36.67
General Services-A3					1,000		43.05		1.67	1,000	-	44.72
Industrial						2,000	33.80		1.67	-	2,000	35.46
Single Point Supply						2,000	44.49		1.67	-	2,000	46.15
Agricultural Tube-wells - Tariff D						2,000	25.37		1.67	-	2,000	27.03
Grand Total	**23,675.82**	**68,502.77**	**692,142.76**	**760,645.52**				**39,319.35**				

Note: The PYA 2023 column shall cease to exist after One (01) year of notification of the instant decision.

Mata- 9

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

	Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2023 Rs/kWh		Total Variable Charges Rs/kWh	
			A	B	C		D		E= C+D	
	a)	For Sanctioned load less than 5 kW								
Protected	i	Up to 50 Units - Life Line	-		9.93		-		9.93	
Protected	ii	51 - 100 Units - Life Line	-		13.64		-		13.64	
Protected	iii	001 - 100 Units	-		27.54		1.67		29.21	
Protected	iv	101 - 200 Units	-		29.91		1.67		31.58	
Un-Protected	v	001 - 100 Units	-		27.54		1.67		29.21	
Un-Protected	vi	101 - 200 Units	-		29.29		1.67		30.95	
Un-Protected	iv	201 - 300 Units	-		33.21		1.67		34.87	
Un-Protected	viii	301 - 400 Units	200		36.44		1.67		38.11	
Un-Protected	ix	401 - 500 Units	400		37.73		1.67		39.40	
Un-Protected	x	501 - 600 Units	600		39.10		1.67		40.77	
Un-Protected	xi	601 - 700 Units	800		40.42		1.67		42.09	
Un-Protected	vi	Above 700 Units	1,000		45.15		1.67		46.82	
	b)	For Sanctioned load 5 kW & above			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
		Time Of Use	1,000		43.22	36.89	1.67	1.67	44.88	38.55
	c)	Pre-Paid Residential Supply Tariff	1,000		41.74		1.67		43.40	

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

As per Authority's decision, residential life line consumer will not be given any slab benefit.

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed. For consumers where monthly Fixed charges are applicable, no minimum charges shall be applicable on such consumers, even if no energy 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. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2023 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E= C+D	
a)	For Sanctioned load less than 5 kW	1,000		34.76		1.67		36.42	
b)	For Sanctioned load 5 kW & above		2,000	33.34		1.67		35.01	
				Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
c)	Time Of Use	-	2,000	40.63	30.06	1.67	1.67	42.29	31.73
d)	Electric Vehicle Charging Station	-		38.25		1.67		39.91	
e)	Pre-Paid Commercial Supply Tariff		2,000	35.01		1.67		36.67	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2023 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E= C+D
a)	General Services	1,000	-	39.14	1.67	40.80
c)	Pre-Paid General Services Supply Tariff	1,000	-	43.05	1.67	44.72

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2023 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E= C+D	
B1	Upto 25 kW (at 400/230 Volts)	1,000	-	25.28		1.67		26.94	
B2(a)	exceeding 25-500 kW (at 400 Volts)	-	2,000	21.04		1.67		22.70	
	Time Of Use			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW	1,000		31.79	25.38	1.67	1.67	33.46	27.05
B2(b)	exceeding 25-500 kW (at 400 Volts)	-	2,000	31.14	20.54	1.67	1.67	32.81	22.21
B3	For All Loads up to 5000 kW (at 11,33 kV)	-	2,000	31.42	22.24	1.67	1.67	33.09	23.90
B4	For All Loads (at 66,132 kV & above)	-	2,000	31.76	22.27	1.67	1.67	33.42	23.93
Pre-Paid Industrial Supply Tariff		-	2,000	33.80		1.67		35.46	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

C - SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2023 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E= C+D	
C -1	For supply at 400/230 Volts								
a)	Sanctioned load less than 5 kW	2,000		35.95		1.67		37.61	
b)	Sanctioned load 5 kW & up to 500 kW	-	2,000	31.31		1.67		32.98	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	-	2,000	34.47		1.67		36.14	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	2,000	30.87		1.67		32.54	
	Time Of Use			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	-	2,000	42.04	32.44	1.67	1.67	43.71	34.11
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	-	2,000	43.24	31.43	1.67	1.67	44.91	33.09
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	2,000	42.18	30.31	1.67	1.67	43.85	31.98
Pre-Paid Bulk Supply Tariff			2,000	44.49		1.67		46.15	

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

30/42

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

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2023 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B	C		D		E= C+D	
D-1(a)	SCARP less than 5 kW	-	-		35.38		1.67		37.04
D-2 (a)	Agricultural Tube Wells	-	500		20.73		1.67		22.40
				Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	-	500	28.63	21.95	1.67	1.67	30.30	23.61
D-2 (b)	Agricultural 5 kW & above	-	500	27.14	25.96	1.67	1.67	28.80	27.63
Pre-Paid for Agri & Scarp		-	2,000		25.37		1.67		27.03

Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2023 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E= C+D
E-1(i)	Residential Supply	2,000		55.56	1.67	57.23
E-1(ii)	Commercial Supply	5,000		49.89	1.67	51.56
E-2	Industrial Supply	5,000		36.25	1.67	37.92

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. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2023 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E= C+D
	Street Lighting	2,000		38.59	1.67	40.26

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2023 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E= C+D
	Residential Colonies attached to industrial premises	2,000		39.05	1.67	40.71

H -RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2023 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E= C+D
	Railway Traction	2,000		41.80	1.67	43.47

Note: The PYA 2023 column shall cease to exist after One (01) year of notification of the instant decision.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

31/42

LESCO

Annex - IV

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	2,910	3,392	2,760	1,942	1,485	1,475	1,682	1,454	1,729	1,960	2,538	2,821	26,150

Rs./kWh

Fuel Cost Component	9.3520	9.3877	9.8006	10.2752	7.8609	10.6364	13.0100	8.5276	9.2560	7.6803	7.3925	8.3341	9.2181
Variable O&M	0.4550	0.4854	0.5260	0.5218	0.4063	0.4337	0.6064	0.3927	0.4800	0.4277	0.4575	0.5072	0.4792
Capacity	12.0167	10.8794	12.6990	14.8473	19.9428	21.4827	20.2672	20.6758	18.9982	17.4324	15.8447	13.7377	15.5726
UoSC	1.0843	1.0363	1.1305	1.3051	1.6889	1.7316	1.6184	1.7120	1.5413	1.3626	1.1959	1.1174	1.3049
Total PPP in Rs./kWh	22.9080	21.7888	24.1561	26.9494	29.8989	34.2844	35.5020	31.3080	30.2754	26.9031	24.8906	23.6964	26.5748

Rs. in million

Fuel Cost Component	27,215	31,845	27,051	19,960	11,675	15,686	21,886	12,402	16,002	15,051	18,765	23,513	241,050
Variable O&M	1,324	1,646	1,452	1,014	603	640	1,020	571	830	838	1,161	1,431	12,530
Capacity	34,969	36,905	35,050	28,841	29,620	31,682	34,094	30,070	32,845	34,162	40,220	38,757	407,216
UoSC	3,155	3,515	3,120	2,535	2,508	2,554	2,723	2,490	2,665	2,670	3,036	3,152	34,124
Total PPP in Rs.Mln	66,663	73,911	66,673	52,349	44,407	50,562	59,723	45,534	52,342	52,721	63,182	66,853	694,920

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY

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

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means LESCO engaged in the business of distribution/supply 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 31 days or less reckoned from the date of last meter reading.

   If, for any reason, the scheduled reading period of a consumer exceeds the number of days in a calendar month, the total consumption should be prorated to match the number of days in that calendar month for determining the applicable slab rate and same be used for actual billing purpose.

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 50% of the sanction load or Actual maximum demand recorded in a month, whichever is higher, except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.

   Provided that for the purpose of fixed charges sanctioned load means maximum demand recorded so far.

   Provided further that in case of new connections or consumers who have renewed/revised their sanctioned load, the fixed charges will be charged on 50% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher. However, upon establishment of MDI in next six months, the adjustment of fixed charges will be made accordingly by the DISCO."

   Provided also that consumers having alternate/ dual source i.e. captive power, net metering etc. the existing mechanism of fixed charges shall remain the same i.e. the 50% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher.

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,.

33/42

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

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 5 kW and above supply shall be given at three-phase.

12. "Consumer" as defined in NEPRA Act.

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 Despatch Company.

15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).

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

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 (LPS) of 5% may be levied for next three (03) days after the due date and thereafter 10% LPS may be charged on the amount billed excluding Govt. taxes 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 7th 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%.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

PART-II

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

A-1 RESIDENTIAL

Definition

"Life Line Consumer" means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

The lifeline consumers to include residential Non-Time of Use (Non-ToU) consumers having maximum of last twelve months and current month's consumption ≤100 units; two rates for ≤ 50 and ≤100 units will continue.

"Protected consumers" mean Non-ToU residential consumers consuming ≤ 200 kWh per month consistently for the past 6 months.

Residential Non-ToU consumers not falling under the protected category would be categorized under "Un-protected consumer category".

1. This Tariff is applicable for supply to;

   i) Residences,

   ii) Places of worship,

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1(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 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/Flower Nurseries/Cold Storage

   ii) Hotels, Hostels 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.

   ix) Electric Vehicle Charging Stations (EVCS)

2. Electric Vehicle Charging Stations shall be billed under A-2(d) tariff i.e. Rs./kWh for peak and off-peak hours. For the time being, the tariff design is with zero fixed charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

35/42

3. The Electric Vehicle Charging Station shall provide "charging service" to Electric Vehicle shall provide charging service to Electric Vehicles as per the applicable tariff for EVCS plus Rs.24.44/kWh as margin for EVCS. The EVCS shall be billed by DISCOS under A-2(d) tariff. However, monthly FCAs either positive or negative shall not be applicable on EVCS.

4. 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)

5. 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).

6. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff A-2(c).

A-3 GENERAL SERVICES

1. This tariff is applicable to;

i. Approved religious and charitable institutions

ii. Government and Semi-Government offices and Institutions

iii. Government Hospitals and dispensaries

iv. Educational institutions

v. Water Supply schemes including water pumps and tube wells other than those meant for the irrigation or reclamation of Agriculture land.

Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices inside the premises and for normal working of the industry.

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, fish farms, fish nurseries & 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 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 25 kW.
2. Consumers having sanctioned load upto 25 kW shall be billed on single-part kWh rate.
3. Consumers under tariff B-1 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate. However, B-1 consumers having sanctioned load of less than 5 kW may opt for ToU meter
4. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff B1(b).

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 5 MW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.
3. 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.
4. 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 Eligibility Criteria laid down by the Authority read with Consumer Service Manual (CSM).
5. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA

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 5MW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5MW 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

37/42

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 Eligibility Criteria laid down by the Authority read with CSM, 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 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 Eligibility Criteria laid down by the Authority read with CSM.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C BULK SUPPLY

"Bulk Supply" for the purpose of this Tariff, means the supply given at one point for self-consumption to mix-load consumer not selling 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 a 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 more than 500 kW up to and including 5 MW.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. However, only such consumers be allowed extension of load beyond 5MW upto 7.5MW whose connection is at least three (3) years old. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA AUTHORITY

38/42

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 Eligibility Criteria laid down by the Authority read with CSM.
4. 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.
5. 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 Eligibility Criteria laid down by the Authority read with CSM, 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 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 Eligibility Criteria laid down by the Authority read with CSM.
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.

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.

39/42

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

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation.
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.
3. 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.
4. 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) till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. 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- 2(b) given in the Schedule of Tariff.
4. 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-2(a) till that time.

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, exhibitions, political gathering, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction of house/buildings/plazas of single phase loads. A temporary electric power supply connection for the construction shall be provided by Distribution company initially for a period of six months which is further extendable on three month basis up to completion of the specific job/project for which the temporary connection was obtained. However, there is no minimum time period for provision of temporary connection. The temporary connection for illumination, lighting, weddings, festivals, functions, exhibitions, political gatherings or national and religious ceremonies, civil or military functions etc., testing of industrial equipment or any other emergent requirement of temporary nature, can be provided for specific time period not exceeding two weeks. The sanctioning officer shall ensure that the temporary connection will be utilized for temporary purpose only.

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.

40/42

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

Definitions

"Year" means any period comprising twelve consecutive months.

1. 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

41/42

Wali 9

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. The supply under this tariff shall also be applicable for lamps used in public playgrounds and public parks.

Definitions

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

Special Conditions of Supply

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.

TARCTION

Supply under this tariff means supply of power in bulk to Railways for Railway Traction only.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA
AUTHORITY