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Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-559&TRF-560/MEPCO-2021/ 9183-89 June 14, 2024

Subject: **Decision of The Authority regarding Request filed by Multan Electric Power Company (MEPCO) 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 51 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 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 Ltd. (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Multan Electric Power Co. Ltd. , MEPCO Headquarter, Khanewal Road, Multan

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

1. Background

1.1. The Authority determined tariffs of Multan Electric Power Company Limited (MEPCO) (herein referred to as "Petitioner") under Multi Year Tariff (MYT) regime, for a period of five years i.e. from FY 2020-21 to FY 2024-25, separately for both its Distribution and Supply of power functions vide tariff determinations dated June 02, 2022. The tariff so determined was notified by the Federal Government vide SRO dated 25.07.2022. Meanwhile, MEPCO, being aggrieved by the determination dated 02.06.2022, filed Motion for Leave for Review (MLR), which was accordingly decided by the Authority vide decision dated January 12, 2023. The Authority subsequently determined MEPCOs annual adjustment / indexation for the FY 2023-24 vide decision dated 14.07.2023 along-with other XWDISCOs.

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 ;

Rs. in Million

Description	Unit	Distribution Business	Power Supply Business	Total Revenue Requirement
Margin				
Pay & Allowance	Rs. Mln	17,216	3,779	20,996
Post Retirement Benefit	Rs. Mln	19,866	4,361	24,226
O&M Costs	Rs. Mln	7,450	951	8,401
Depreciation	Rs. Mln	6,986	-	6,986
Return on Rate Base	Rs. Mln	17,716	-	17,716
Gross Margin	Rs. Mln	69,233	9,091	78,324
Less: Other Income	Rs. Mln	(4,116)	(1,923)	(6,039)
Net Margin	Rs. Mln	65,117	7,168	72,285
Prior Year Adjustment	Rs. Mln	-	88,539	88,539
Revenue Requirement	Rs. Mln	65,117	95,706	160,823

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 on the matter was held on April 03, 2024, for which advertisement was published in newspapers on March, 20, 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.

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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?

ii. MEPCO 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 MEPCO 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 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 and Procedure) Rules, 1998 (Tariff Rules). However, no comments have been received in the matter.

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3.2. During the hearing, the Petitioner was represented by its CEO along-with its technical and financial teams. Based on the 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>

4.1. During the hearing, the Petitioner submitted that the requested adjustments are in line with the mechanism determined vide Tariff redetermination and NEPRA guidelines for determination of consumer end tariff (Methodology & Process). However, MEPCO has taken the X-Factor at Zero, due to factors discussed separately.

4.2. The Petitioner requested the following adjustments on account of its O&M costs, Depreciation, Other Income, RoRB for the FY 2024-25;

Rs. in Millions

Description	FY 2023-24			FY 2024-25		
	Determined			Indexation/Adjustment		
	DOP	SOP	Total	DOP	SOP	Total
O&M Cost	26,497	6,986	33,483	44,532	9,091	53,623
Depreciation Expense	6,208	-	6,208	6,986	-	6,986
RORB	13,808	-	13,808	17,716	-	17,716
Other Income	-4,844	-2,264	-7,108	-4,116	-1,924	-6,040
Distribution Margin	41,669	4,722	46,391	65,117	7,168	72,285

4.3. Regarding O&M cost the petitioner submitted in its petition request that in line with Adjustment Mechanism given in MYT, the adjusted O&M Cost i.e. Salaries & wages, Post Retirement Benefit and other O&M Costs for the FY 2024-25 for Distribution and Supply Business are as below:

Description	Determined			Adjustment/Indexation		
	FY 2023-24			FY 2024-25		
	DOP	SOP	Total	DOP	SOP	Total
O&M Cost						
Pay & Allowance	13,805	3,095	16,900	17,216	3,779	20,996
Post Retirement Benefit	8,256	1,850	10,106	19,866	4,361	24,226
Repair & Maintenance	1,801	-	1,801	2,336	-	2,336
Travelling Allowance	1,167	264	1,431	1,522	334	1,856
Vehicle Maintenance	601	-	601	779	-	779
Other Expenses	868	1,777	2,645	2,813	617	3,430
Total O&M Cost	26,497	6,986	33,483	44,532	9,091	53,623

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4.4. The petitioner further submitted that Pay & Allowances for FY 2024-25 have been projected as:

- Adhoc. Relief Allowance @ 40% of Basic Pay.
- Annual Increment @ 5% of Basic Pay for 7 Months.
- Impact of 5 months for Last Annual Increment.
- Impact of CPI on other Employee Benefits i.e. Medical Expense, Free Supply etc.

4.5. Post Retirement Benefit as per Actuarial Report FY 2022-23 (Projection for FY 2023-24).

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4.6. Other O&M Cost adjusted as per following formula:

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

Where

$O\&M_{(Ref)}$ = Determined O&M Cost for FY 2023-24

CPI = Dec-23 i.e. 29.7%

X-Factor = 0% of CPI

4.7. The Petitioner also stated that as the decision of instant MYT was applicable w.e.f. 25.07.2022 i.e. after expiry of two years control period and till such time the actual results of the expired period had already attained, therefore it is requested that the X-factor may be taken as 0% for remaining 03 years period of the current MYT on the same analogy of KESC which was also allowed 0% X-factor for the Year 1, 2 & 3 of its MYT determined on Sep 10, 2002 on the basis of sustaining losses and accumulated losses in its Balance Sheet.

4.8. MEPCO is sustaining losses for the consecutive last two years with huge accumulated loss of Rs 191 Billion at the end of FY 2022-23.

4.9. MEPCO has not incorporated the financial Impact of hiring against vacancies and creations of new offices as per Authority decision vide 02.06.2022 Para 31 & 32 of Distribution Business and Para 21 & 22 of Supply Business of MYT Determination.

4.10. The Petitioner regarding depreciation expense for the FY 2023-24, submitted as under;

In line with Adjustment Mechanism given in MYT, Depreciation Expense has been assessed in accordance with following formula/Mechanism.

$DEP_{(Rev)} = DEP_{(Ref)} \times GFAIO_{(Rev)} / GFAIO_{(Ref)}$

Where:

DEP (Rev) = Revised Depreciation Expense for the Current Year

DEP (Ref) = Reference Depreciation Expense for the Reference Year

GFAIO (Rev) = Revised Gross Fixed Assets in Operation for the Current Year

GFAIO (Ref) = Reference Gross Fixed Assets in Operation for the Reference Year

4.11. The calculations for Depreciation for the FY 2023-24 & FY 2024-25 are as under;

Rs. in millions

Description	FY 2023-24	FY2024-25
	Determined	Adjustment / Indexation
Gross Fixed Assets (Opening Balance)	186,409	202,037
Addition in Fixed Assets	15,628	25,316
Gross Fixed Assets (Closing Balance)	**202,037**	**227,353**
Depreciation Expense	6,208	6,986

4.12. On the issue of RoRB, the Petitioner mentioned that in line with Adjustment Mechanism given in MYT, calculation of Weighted Average Cost of Capital (WACC) is given below:

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Rs. in millions

Weighted Average Cost of Capital (WACC)			
For FY 2024-25			
Description	3 Months KIBOR (Offer Rate)	Spread	Total
KIBOR Dated 02 Jan, 2024	21.46%	2.00%	23.46%
Weighted Average Cost of Debt			23.46%
Description	Cost	Ratio	Rate
Cost of Equity	14.47%	30%	4.34%
Weighted Average Cost of Debt	23.46%	70%	16.42%
Weighted Average Cost of Capital (WACC)			20.76%

4.13. The petitioner further submitted that for Working of RORB based on projected Investment and WACC is given below:

Description	FY 2022-23	FY 2023-24	FY 2024-25
	Actual	Actual/ Projected	Adjustment /Indexation
Gross Fixed Assets (Opening Balance)	172,294	186,409	202,037
Addition	14,115	15,628	25,316
Gross Fixed Assets (Closing Balance)	186,409	202,037	227,353
Accumulated Depreciation	-68,830	-75,038	-82,024
Net Fixed Assets	117,579	126,999	145,329
Capital WIP	22,405	25,266	24,916
Net Fixed Assets Incl. CWIP	139,984	152,265	170,245
Less Deferred Credit	-69,558	-73,676	-78,189
Regulatory Assets Base (RAB)	70,426	78,589	92,057
Avg Regulatory Assets Base			85,323
Rate of Return/WACC			20.76%
Return on Rate Base			17,716

4.14. On the issue of other income, the Petitioner submitted that in line with Adjustment Mechanism given in MYT, Other Income has been assessed in accordance with following Formula/Mechanism.

$OI_{(Rev)} = OI_{(I)} + \{OI_{(I)} - OI_{(o)}\}$

$OI_{(Rev)}$ = Revised Other Income for the Current Year.

$OI_{(I)}$ = Actual Other Income as per latest Financial Statement.

$OI_{(O)}$ = Actual/Assessed Other Income used in the previous year.

4.15. As per above mechanism Other Income for the FY 2024-25 is assessed as under:

$OI_{(Rev)} = OI_{(I)} + \{OI_{(I)} - OI_{(o)}\}$

$OI_{(I)}$ = Rs.6,574 Million (Actual Other Income for FY 2022-23).

$OI_{(O)}$ = Rs.7,108 Million (Assessed Other Income for FY 2023-24).

$OI_{(Rev)}$ = 6,574 + {6,574 –7,108}

$OI_{(Rev)}$ = 6,040

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4.16. Detail of other Income (Net of LPS & Non-Recurring item) for FY 2022-23:

Head	Amount in Million
Other Income (Audited FY 2022-23)	16,984
Late Payment Surcharge	-5,628
Subtotal (A)	**11,355**
Non-recurring Items	
Contract liabilities transferred to other income	3,222
Liabilities Written Liquidity Damages (LD)	751
Liabilities Written Back	807
Sub total	**4,781**
Total	**6,574**

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

Salaries, Wages and Other benefit

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

"The reference costs shall be adjusted every year with the increase announced by the GoP, being beyond the Petitioner's control, for the respective year till the time the Petitioner remains in the public sector. In addition a 5% increase as requested by the Petitioner would be allowed on the amount of Basic pay to account for the impact of annual increment..."

Post-Retirement benefit

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

"Post-retirement benefits 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. 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 Authority would adjust the deficit payments in the next year's provision and from thereon, only actual amounts paid and amount transferred into the fund would he allowed."

O&M expense

4.20. 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:

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

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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

4.21. 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

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

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

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

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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."

<u>Other Income</u>

4.24. 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	

4.25. <u>Regarding adjustment of Salaries, Wages & Other Benefits</u>, the petitioner was allowed an amount of Rs.16,900 million for both of 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.16,900 million, has been considered as reference.

4.26. 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, 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.18,385 million, which is hereby allowed to the Petitioner. Since the increases being allowed for the FY 2024-25, are on 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 PYA, either in the next adjustment request or tariff determination of the Petitioner as the case may be.

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4.27. Additionally, the allowed Pay & Allowances amount for the Petitioner for the FY 2023-24, included 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 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.

4.28. 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.18,385 million for both the distribution and supply of power functions.

4.29. 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. Based on the aforementioned, an amount of Rs.15,018 million has been allowed as part of the Distribution function and an amount of Rs.3,367 million has been allowed as part of the Supply function.

4.30. 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.

4.31. The Authority noted that the Petitioner was allowed a total amount of Rs.29.24 billion under the head of post-retirement benefits, for the FY 2020-21, FY 2021-22, and FY 2022-23 respectively in its MYT determination/ adjustment requests. As per the data submitted by the Petitioner, it has paid actual post-retirement benefits of around Rs.21.629 billion from FY 2020-21 till FY 2022-23. Further, the amount available in the Pension Fund as of June 2023, is around Rs.8.13 billion, as per the information provided by the Petitioner.

4.32. 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 audited financial statements of the Petitioner i.e. for the FY 2022-23, the provision for post-retirement benefits is Rs.18,328 million. The same is being allowed to the Petitioner for the FY 2024-25, for both the distribution and supply of power functions.

4.33. 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.14,973 million and Rs.3,355 million for Supply function.

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4.34. **Regarding 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. 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%. With this NCPI, and after accounting for the X-factor, the Other O&M cost of the Petitioner for the FY 2024-25 works out as Rs.7,822 million based on reference cost of Rs.6,478 million.

4.35. Based on the above discussion, the total Other O&M cost of the Petitioner for the FY 2024-25, including Supplier License Fee, works out as Rs.7,822 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.36. In order to bifurcate the allowed cost of Other O&M in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Based on the aforementioned, an amount of Rs.5,357 million has been allowed as part of the Distribution function and an amount of Rs.2,465 million has been allowed as part of the Supply function.

4.37. On the request of the Petitioner not to account for the impact of X-factor, the Authority observed that this request of the Petitioner is not in line with the MYT determination, which clearly prescribes application of X-Factor, as 30% of increase in CPI for the relevant year, of the MYT control period. Therefore, the request of the Petitioner is not allowed.

4.38. **Regarding Depreciation expenses**, 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. The revised (GFAIO) of the Petitioner for the FY 2024-25 works out as Rs.198,872 million, after including therein the impact of allowed investment for the FY 2024-25 i.e. Rs.13,831 million. Consequently, , as per the allowed mechanism the total depreciation expense of the Petitioner for the FY 2024-25 is calculated to be Rs.6,622 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.39. 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. Based on the aforementioned, the entire amount of Rs.6,622 million has been allowed as part of the Distribution function.

4.40. In addition, the mechanism provided in the MYT, also stipulates that the allowed Depreciation for the previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In view thereof, the depreciation cost allowed for FY 2022-23, has been trued up and made part of PYA of the Petitioner for the FY 2024-25 as under;

Depreciation	
Allowed	6,214
Actual	6,195
Under/(Over) Recovery	**31**

4.41. It is clarified here that the Authority is in the process of evaluating whether the investments actually carried out by the Petitioner align with the allowed investment plan or otherwise.

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Therefore, for the purpose of truing up of Depreciation expenses for the FY 2022-23, the depreciation expense as reported in Audited financial statements of the Petitioner have been considered, in accordance with the mechanism prescribed in the MYT determination. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner.

4.42. Regarding RoRB, 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. Further, the Authority in the earlier decision of the Petitioner, decided to allow WACC by including 100% balance of CWIP in the RAB instead of allowing ROE component only to the extent of 30% of CWIP balance.

4.43. Accordingly, the revised RAB of the Petitioner for the FY 2023-24, based on the Investment Rs.13,831 million allowed for the FY 2024-25, and incorporating therein 100% balance of CWIP, works out as Rs.78,216 million. The average RAB of the Petitioner however, for the purpose of calculation of RoRB, works out as Rs.60,794 million for the FY 2024-25.

4.44. It is relevant to mention here that the Authority vide its determination dated 02.06.2022, allowed 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 the true up of RORB.

4.45. Based on the foregoing discussion, the total RoRB of the Petitioner for the FY 2024-25 works out as Rs.12,852 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.46. 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. Based on the aforementioned, the entire amount of Rs.12,852 million has been allowed as part of the Distribution function.

4.47. In addition the mechanism also provides that the allowed RAB for the previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. Further, the variations on account of KIBOR are also required to be allowed on biannual basis. In view thereof, the RoRB cost allowed for the FY 2022-23, has been trued up and made part of PYA of the Petitioner for the FY 2024-25, on both these accounts as under;

RORB	Unit	MEPCO
Allowed KIBOR	%	7.45%
Actual KIBOR 04.07.2022	%	15.32%
Actual KIBOR 03.01.2023	%	17.06%
RoRB (Investment + KIBOR)		
Allowed	Rs.Mln	6,466
Actual	Rs.Mln	9,770
Under/(Over) Recovery		3,304

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4.48. The amount of investments appearing in the financial statements has been restricted to the extent of allowed investments.

4.49. The Authority in MLR decision 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 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 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.

4.50. It is also clarified that the Authority is in the process of evaluating the investments actually carried out by the Petitioner, whether the same in line with the allowed investment plan or otherwise. Therefore, for the purpose of truing up of RAB for the FY 2022-23, investments as reported in the Audited financial statements of the Petitioner, have been considered. However, the amount of investment appearing in the financial statements has been restricted to the extent of allowed investment. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner.

4.51. <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.7,108 million for the Petitioner.

4.52. In order to bifurcate the allowed Other Income in terms of Distribution and Supply Functions, the criteria established by the Authority in the MYT determination has been used. Based on the foregoing, , an amount of Rs.4,822 million has been allowed as part of the Distribution function and an amount of Rs.2,264 million has been allowed as part of the Supply function.

4.53. Further, the MYT determination also provides truing up of Other Income every year. Accordingly, the allowed Other income for the FY 2022-23, has also been trued up based on Audited/Provisional Financial statement of the Petitioner for FY 2022-23, resulting in negative adjustment of Rs.9,577 million. The same has been made part of PYA for the FY 2024-25.

5. <u>Whether the requested PYA, is justified?</u>

5.1. <u>The Prior Year Adjustment</u> 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
- ✓ Sales Mix Variance

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- ✓ 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 its workings/ justification under each head as mentioned hereunder;

Sr. No	Description	Rs. In Million
1	Sales Mix Variance FY 2022-23	4,898
2	Under/Over Recovery of Quarterly Adjustment.	12,512
3	Under/Over Recovery of PYA	248
4	Under/Over Recovery of DM	6,118
5	Differential QTA (ISP) Nov-20 to Jun-21	1,646
6	Post-Retirement Benefits (PRB) charged to OCI	42,416
7	Minimum/Turnover Tax	5,552
8	PPMC Over Head Charges	68
9	NEPRA Fee (SoLR)	81
10	GENCO Employees Actuarial Liability	627
11	GENCO Pensioners Actuarial Liability	4,340
12	Post-Retirement Benefits (PRB) FY 2022-23	7,724
13	True-up FY 2022-23	-953
14	Fuel Cost Adjustment (Nov-19 to Jun-20)	3,262
Total		88,539

<u>Sales Mix Variance</u>

5.3. The Sales Mix Variance for FY 2022-23 at the base tariff notified vide SRO dated 12.02.2021 (remained effective up to 24.07.2022) & SRO dated 25.07.2022 (effective from 25.07.2022);

Sales Mix Variance	Mln. Rs.
FY 2022-23	4,898
Under/(Over) Recovery	4,898

<u>Under/Over Recovery of Quarterly Adjustment</u>

5.4. The status of Under/Over recovery against various Quarterly Adjustments allowed by NEPRA is given below:

Description	Mln. Rs.
2nd Qtr FY 2022-23	
Allowed Amount	2,354
QTA. Rs/kWh	0.4
Recovered	1,974
Under/(Over) Recovery	380
3rd Qtr FY 2022-23	
Allowed Amount	10,173
QTA. Rs/kWh	1.4958
Recovered	8,157
Under/(Over) Recovery	2,016
4th Qtr FY 2022-23	
Allowed Amount	25,330
QTA. Rs/kWh	3.9858
Recovered	15,214
Under/(Over) Recovery	10,116
Total Under/(Over) Recovery	12,512

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5.5. QTA for first Quarter of FY 2023-24 has been determined by the Authority vide its determination dated 12th Dec, 2023 with effective period Jan-2024 to Mar-2024. Over/under recovery will be ascertained on completion of effective period and Authority will be apprised accordingly.

Under/Over Recovery of PYA-2021

5.6. In MYT Determination, the Authority has allowed Prior Year Adjustment (PYA-2021) of Rs.1,015 Million, against which actual recovery during the period 25.07.2022 to 30.06.2023 remained Rs.767 Million, which resulted in under recovery of Rs.248 Million as tabulated hereunder:

Description	Units Sold	Rate	Mln. Rs.
PYA-2021 Allowed In MYT			1,015
PYA Recovered			
Residential Consumers			
0-50 Units (Lifeline)	58	-	-
51-100 Units (Lifeline)	68	0.01	1
0-100 Units (Protected)	2,356	0.07	165
101-200 Units (Protected)	443	0.08	35
Other Slabs of Residential Categories	4,768	0.05	238
Subtotal	7,692		439
Other Consumers (Net of ISP-II Incre. Units)	6,556	0.05	328
Total PYA Recovered	14,248		767
Under/(Over) Recovery			248

Under/Over Recovery of Distribution Margin (DM) for FY 2022-23

5.7. In MYT Determination, the Authority has allowed Distribution Margin (DM) for FY 2022-23 of Rs.35,501 million against which actual recovery remained Rs.29,383 million, which resulted in under recovery of Rs.6,118Million as tabulated hereunder:

Rs. In Million

Description	01 Jul 2022 to 24 Jul 2022	25 Jul 2022 to 30 Jun 2023	Total
DM Allowed In MYT			35,501
DM Recovered			
Units Sold (kWh)	2,018	14,714	16,732
ISP-2 Incremental Units (kWh)	-24	-466	-490
Net Metering (adjusted) Units kWh	-3	-56	-58
Net Unit Sold (kWh)	1,992	14,192	16,184
DM Rate Rs/kWh	1.57	1.85	1.57 & 1.85
DM Recovered	3,127	26,256	29,383
Under/(Over) Recovered			6,118

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Differential QTA (ISP Incremental Units) Nov-20 To Jun-21

5.8. The Federal Government Introduced Industrial Support Package for incremental units w.e.f. Nov-2020 which was subsidy neutral. CPPA-G requested the Authority, in the matter of QTA requests of DISCOs for first Quarter of FY 2021-22, to allow the adjustment of gap in the

Quarterly Tariff Adjustment of DISCOs which was acceded to and mechanism in this regard was devised and made effective since July 2021.

5.9. MEPCO included the impact of incremental units for the period Nov-2020 to June-2021 in its QTA claim for First Quarter of FY 2021-22, however the same was not considered/allowed by Authority. MEPCO hereby submit its claim amounting RS 1,646 Million (Working attached as Annex-D) on account of differential amount of QTA after netting off incremental units of ISP relating to the period Nov-2020 to June-2021.

5.10. The Authority is requested to allow Rs.1,646 Million on account of differential amount of QTA after netting off incremental units of ISP relating to the period Nov-2020 to June-2021 as PYA.

<u>Post-Retirement Benefits Charged to Other Comprehensive Income</u>

5.11. The Company provides Pension Scheme, Free Electricity Scheme and Free Medical Facility Scheme for all its employees. Further, the Company employees are also entitled for accumulated compensated absences which are en-cashed at the time of retirement upto maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified Actuarial Consultant using projected Unit Credit Actuarial Cost Method. Latest actuarial study has been carried out for the period 30thJune 2021 to30thJune 2023. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Past service cost is recognized immediately in the statement of profit or loss.

5.12. Re-measurement of the net defined benefit liability (except for compensated absences), which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit or loss. Re-measurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.

5.13. In line with Authority decision against Review Motion of MEPCO "that going forward keeping in view the pension obligation of petitioner, amount deposited in the fund and quantum of future tariff increases, Authority may allow some additional amount in this regard in order to protect the financial liabilities of the petitioner". Accordingly, in the light of Actuarial Valuation carried out for the period 30thJune,2021 to 30thJune, 2023, MEPCO has charged Rs 5,363million,Rs. 16,770 million & Rs 20,283 million through Other Comprehensive Income (OCI) for FY 2020-21 to FY 2022-23 respectively which may please be allowed.

Sr. No.	Year	Mln. Rs.
1	FY 2020-21	5,363
2	FY 2021-22	16,770
3	FY 2022-23	20,283
Total		42,416

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Minimum/Turnover Tax

5.14. In compliance of Authority determination in the MYT as well as adjustment/indexation for FY 2023-24, detail regarding assessment of Minimum Tax U/S 113/147, including the impact of TDS and other income, for the MYT period is given here under:

Mln. Rs.

Description	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023
Sale of Electricity	199,343	216,781	345,844	372,963
Tariff Differential Subsidies	93,131	72,383	70,284	77,811
Other Income	4,142	5,282	6,872	16,984
Gross Turnover	296,616	294,446	423,000	467,758
Rate of Minimum Tax	1.50%	1.50%	1.25%	1.25%
Assessment of Tax U/S 113/147	4,449.24	4,416.69	5,287.50	5,846.98

5.15. It is imperative to mention that the amount of tax refund appearing in the financial statements relate to Sale Tax refunds, the same cannot be adjusted against Income Tax liability/assessment.

5.16. As regards payment of Minimum Tax U/S 113/147 of Income Tax Ordinance, MEPCO has calculated the amount of Minimum/Turnover Tax excluding the impact of TDS and other income as under:

Payment of Minimum Tax U/S 113/147 Of IT Ordinance

Mln. Rs.

Description	Tax Year 2022	Tax Year 2023	Total
Total Advance Tax paid U/S 147	1,741	3,811	5,552

5.17. On the issue of minimum tax, the Authority in the MYT determination of the GEPCO decided as under;

"Regarding minimum Tax, the Authority while going through the financial statements of the DISCOs including the Petitioner, has observed that significant amount of tax refund is appearing from FBR. In view thereof, the Authority has decided to allow actual tax paid by the Petitioner net off of the amount of Tax Refund outstanding from FBR, if any, once the Petitioner provides detail of actual tax assessments vis a vis tax paid for the last five years. Accordingly, the Petitioner is directed to provide details of actual tax assessments, tax allowed and the amount of tax paid for the last five years."

Since the Petitioner has complied with the direction of the Authority and provided the details of actual tax assessments vis a vis tax paid for the last five years, therefore, the amount of minimum tax of Rs.5,834 million, is being allowed to the Petitioner as part of PYA for FY 2023-24. However, the amount is being allowed on provisional basis, subject to adjustment based on the final outcome of the proceedings being carried out by the Petitioner against FBR."

5.18. Accordingly Booking of the Minimum Tax U/S 113/147 paid by MEPCO as detailed above has been made in accordance with direction of Authority and on the same analogy of GEPCO, as reflected below:

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Booking Minimum Tax for Tax Year 2023	Mln. Rs.
	Tax Year 2023
As Expenses @ 0.25% as Fast-Moving Consumer Goods (FMCG)	937
As Receivable @1.00% (1.25%-0.25% due to litigation)	2,874
Total Tax Paid	3,811

5.19. It is worth-mentioned that if the matter is decided in favor of MEPCO, the amount of receivable will become due from FBR. However in case of decision against MEPCO, the amount of receivable will be ultimately adjusted against Tax Liability U/S 113/147 and will be booked as expense. MEPCO is contesting the issue of Minimum/Turnover Tax with FBR on following grounds:

- Minimum tax is not payable on Tariff Differential Subsidies.
- Minimum Tax is not payable on other income.
- Rate of Minimum tax should be @ 0.25% as electricity falls under the category of Fast-Moving Consumer Goods (FMCG).

5.20. In view of above, Authority is requested to allow the amount of Rs.5,552 Million on account of Minimum / Turnover Tax as PYA.

<u>PPMC Overhead Charges</u>

5.21. In earlier determinations, the Authority has not allowed any cost pertaining to PEPCO management fee with the remarks that each DISCO is an independent entity having its own Board of Directors. However, it is apprised that the Federal Government has transformed PEPCO as Power Planning and Monitoring Company (PPMC) vide its notification issued in Oct 2021, whereby PPMC has been incorporated as a firm limited by shares with SECP having defined scope of activities.

5.22. Further intimated that MEPCO has received debit notes of Rs.68 Million for the FY 2021-22 & FY 2022-23 against PPMC overhead charges. The Authority is requested to allow Rs.68 Million as PYA.

<u>NEPRA FEE (SoLR)</u>

5.23. MEPCO has paid Rs.81 Million on account of NEPRA Supply License Fee for the Fiscal Year 2023-24. The Authority is requested to allow Rs.81 Million on account of NEPRA Supply License Fee as a pass-through item under Prior Year Adjustment (PYA).

<u>GENCO EMPLOYEES ACTUARIAL LIABILITY</u>

5.24. The ECC of the cabinet approved adjustment of employees of GENCOs Power Plants under closure with following stipulations:

"It is proposed that 2,368 Pensioners of GENCOs may be adjusted in their pension disbursing DISCOs or WAPDA. Similarly, 1,753 employees of these plants would be adjusted in DISCOs. Pensions of these employees will be paid by the relevant DISCOs on their retirement according to rules of the relevant DISCOs. In turn the respective DISCOs and WAPDA would claim adjustment of the same from NEPRA in their tariffs."

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5.25. In pursuance of above, 331 employees (out of 1,753 Employees) allocated to MEPCO however, 132 employees reported/joined MEPCO till 30 June 2022. This adjustment of GENCOs Employees in MEPCO is subject to Determination of NEPRA to allow this cost or otherwise.

5.26. As per Actuarial Report prepared by Anwar Associates Consulting Actuaries, opening actuarial liability of these employees is assessed as Rs.627 Million. The Authority is requested to consider and allow Rs.627 Million as PYA.

GENCO PENSIONERS ACTUARIAL LIABILITY

5.27. ECC of the cabinet approved adjustment of Pensioners of GENCOs Power Plants under closure with following stipulations:
"It is proposed that 2,368 Pensioners of GENCOs may be adjusted in their pension disbursing DISCOs or WAPDA. Similarly, 1,753 employees of these plants would be adjusted in DISCOs. Pensions of these employees will be paid by the relevant DISCOs on their retirement according to rules of the relevant DISCOs. In turn the respective DISCOs and WAPDA would claim adjustment of the same from NEPRA in their tariffs."

5.28. In pursuance of above, 563 pensioners (out of 2,368 Pensioners) have been adjusted in MEPCO however due to family pensioners more than one surviving widows against one PPO number the total pensioner increase to 571 pensioners. This adjustment of GENCOs Pensioners in MEPCO is subject to Determination of NEPRA to allow this cost or otherwise.

5.29. As per Actuarial Report prepared by Nauman Associates Consulting Actuaries, opening actuarial liability of these Pensioners is assessed as Rs.4,340 Million. Authority is requested to consider and allow Rs.4,340 Million as PYA.

POST RETIREMENT BENEFITS FY 2022-23

5.30. The Authority has allowed Post Retirement Benefits of Rs.10,604 Million for FY 2022-23, whereas as per Audited Accounts for FY 2022-23 based on Actuarial Valuation Report for FY 2022-23, Post Retirement Benefits Provision for FY 2022-23 is Rs.18,328 Million. Accordingly, Authority is requested to allow the differential amount of Rs.7,724 Million as PYA on account of Post-Retirement Benefits.

TRUE UP FY 2022-23

5.31. In line with MYT Adjustment Mechanism, True up of Depreciation, RORB (Investment & KIBOR) & Other Income for FY 2022-23 is elaborated below:

Mln. Rs.

MYT True Ups FY 2022-23	
Depreciation	
Allowed	6,214
Actual	6,182
Under/(Over) Recovery	-31
RORB (Investment + KIBOR)	
Allowed	6,466
Actual	11,462
Under/(Over) Recovery	4,996
Other Income	
Allowed	-5,438
Actual	-11,355
Under/(Over) Recovery	-5,917
Total MYT True Up	-953

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5.32. Working of RORB based on actual Investment and variation on account of KIBOR is given below:

For FY 2022-23			
Description	3 Months KIBOR	Spread	Total
KIBOR Dated 04 Jul, 2022	15.32%	2.00%	17.32%
KIBOR Dated 03 Jan, 2023	17.06%	2.00%	19.06%
Weighted Average Cost of Debt			**18.19%**
Description	Cost	Ratio	Rate
Cost of Equity	14.47%	30%	4.34%
Weighted Average Cost of Debt	18.19%	70%	12.73%
Weighted Average Cost of Capital (WACC)			**17.07%**

RORB Calculation		
	Mln. Rs.	Mln. Rs.
Description	FY 2021-22	FY 2022-23
	Actual	Actual
Gross Fixed Assets (Opening Balance)	163,152	172,294
Net Addition	9,142	14,115
Gross Fixed Assets (Closing Balance)	172,294	186,409
Accumulated Depreciation	-62,635	-68,830
Net Fixed Assets	109,659	117,579
Capital WIP	19,754	22,405
Net Fixed Assets Inc CWIP	129,413	139,984
Less Deferred Credit	-65,582	-69,558
Total	63,831	70,426
Avg Regulatory Rate Base (RAB)		67,129
Rate of Return/WACC		17.07%
Return on Rate Base		11,462

5.33. In terms of MYT Determination (Distribution Business) of MEPCO, the Authority has decided that the allowed amount of RAB and depreciation will be trued up downward only keeping in view the amount of investment allowed for the respective year. This mechanism tantamount discouragement and penalizing the petitioner regarding investment over and above the investment allowed. Hence, it is requested that the amount of Allowed investment may also be adjusted/ increased keeping in view the inflationary impact.

<u>Fuel Cost Adjustment (NOV-19 TO JUN-20) not Recovered</u>

5.34. FCA amounting to Rs.3,262 million for the period Nov-19 to Jun-20 was notified vide SRO dated 07/08/2020, which was to be charged from the consumers in Aug & Sep 2020. However, the amount has not been charged from the consumers. As the amount of FPA is yet to be charged from the consumers, the Authority is requested to allow Rs.3,262 million as PYA.

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

5.36. **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.

5.37. LESCO in its adjustment/ indexation request for the FY 2024-25 provided an opinion in the matter from M/s Yousaf Adil, Chartered Accountants, wherein it has been submitted inter alia as under;

"...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."

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"...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".

5.38. In view of the relevant provision 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 MEPCO, minimum tax of Rs.5,552 million, paid by the Petitioner for the FY 2022-23 as per the CPRs provided by the Petitioner.

5.39. 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 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.

5.40. **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 sales mix variance of FY 2022-23, is not allowed to DISCOs, till the time direction of the Authority is complied with by providing reconciled data till FY 2022-23.

5.41. Regarding post-retirement benefits charged to Other Comprehensive Income (OCI) for the FY 2020-21, FY 2021-22 and FY 2022-23, the Authority observed that it already allowed post-retirement benefits to the Petitioner as per its request for the FY 2020-21 and FY 2021-22, and around 99% of its request for the FY 2022-23. The Petitioner now in the light of Actuarial valuation carried out for the period 30th June, 2021 to 30th June, 2023, has charged Rs.42,416 million, through Other Comprehensive Income (OCI) for the FY 2020-21 to FY 2022-23 and requested the said amount as part of PYA. The Authority noted that the Petitioner also requested the amount of post-retirement benefits charged to OCI in its Review Motion, which was decided by the Authority vide decision dated 12.01.2023, wherein the Authority decided that going forward keeping in view the pension obligation of the Petitioner, amount deposited in the Fund and quantum of future tariff increases, it may allow some additional amounts in this regard for depositing in the fund, in order to protect the financial liabilities of the Pensioners. However, considering the increase in tariff for the FY 2024-25, owing to rebasing and annual indexation/ adjustment of XWDISCO'S Distribution/ Supply Margin for the FY 2024-25, the Authority has decided not to allow this amount in the instant adjustment request and may consider this in future keeping in view the quantum of future tariff increases.

5.42. Regarding PEPCO management fee, the Authority noted that the matter has already been decided by the Authority in the earlier tariff determination of the Petitioner, whereby no such cost was allowed. The Authority observed that each DISCO is an independent entity having its own board of Directors, thus, allowing any cost on the pretext of PEPCO, which as per the Petitioner has been transformed as Power Planning and Monitoring Company (PPMC), is not logical. The

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Petitioner is again directed to provide details of PEPCO Management Fees, if any, claimed previously so that same could be adjusted in the subsequent tariff determinations.

5.43. Regarding request of the Petitioner to allow differential for QTAs on account of ISP incremental units from Nov-20 to June-21, the Authority noted that while working out the Sales mix of the Petitioner for the FY 2020-21, the impact of incremental sales on account of ISP has already been accounted for. Therefore, no further adjustment on this account is required, as the matter already stands addressed.

5.44. Regarding SoLR fee for the FY 2023-24 claimed as part of PYA, it is submitted that while working out the other O&M cost of the Petitioner for the FY 2023-24, the fee billed by NEPRA on account of SoLR license was included in the reference cost of Other O&M expenses for the FY 2022-23 and accordingly, the indexation for the FY 2023-24 for Other O&M expenses was allowed based on the revised reference cost i.e. including license fee of SoLR. In view thereof, no further adjustment is required on this account. Relevant extract of the decision of the Authority dated 14.07.2023, in the matter of annual indexation/ adjustment of the Petitioner for the FY 2023-24 is reproduced hereunder;

6.24 "Here it is pertinent to mention that NEPRA has also imposed Supplier License fee on the Petitioner from FY 2021-22 onward, however, the said cost is not part of the reference cost allowed to the Petitioner under Other O&M expenses. Accordingly, while working out the other O&M cost of the Petitioner for the FY 2023-24, the fee billed by NEPRA on account of Supplier license has been included in the reference cost of Other O&M expenses for the FY 2022-23. Further, the fee for the FY 2021-22 and FY 2202-23, not previously allowed to the Petitioner has also been included as part of PYA..."

5.45. Regarding pension liability of GENCO Pensioners & GENCO employees, it is submitted that such costs were also requested by the Petitioner in its annual indexation/ adjustment request for the FY 2023-24. The Authority in the matter vide decision dated 14.07.2023 decided as under;

Regarding impact of GENCO Pensioners, the Authority observed that the Petitioner in the MYT determination has been allowed provision for post-retirement benefits based on the actuarial valuation report for the year for which assessment is being made or as per the latest available audited financial statements. Since the Petitioner for the FY 2023-24, has already been allowed provision of post-retirement benefits as per latest available accounts of the FY 2021-22, therefore, the Authority considers that no additional amount is to be allowed for the GENGO Pensioners in the instant adjustment/ indexation request for the FY 2023-24. The Petitioner is, however, directed to ensure payments to these pensioners provisionally and submit proper case by providing complete details of allocated pensioners, their pension amounts along-with approvals of competent authorities for consideration of the Authority.

5.46. In view thereof, it is clear from the above that the Petitioner was allowed provision of post-retirement benefits as per the audited financial statements for the FY 2021-22, which we understand included all employees as well as active Pensioners of the Petitioners as of June 2022. Therefore, no additional amount is to be allowed for the GENGO Pensioners in the instant adjustment/ indexation request for the FY 2024-25. Further, while making assessment of post-retirement benefits for the FY 2024-25, provision as per the Audited accounts for the FY 2022-23

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has been accounted for, which we understand includes all employees as well as active Pensioners of the Petitioners as of June 2023.

5.47. Regarding difference of provision for the FY 2022-23 based on Audited Accounts of FY 2022-23 vis a vis Actuarial Valuation Report for FY 2022-23, it is submitted that as per the MYT determination of the Petitioner dated 02.06.2022, Post-retirement benefits are 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. Thus, assessment of Post-retirement benefits for the FY 2022-23, was allowed based on the latest available financial statements of the Petitioner at that time. The same has now become a past & closed transaction, for which no adjustment is provided.

5.48. **Regarding impact of monthly FCAs**, the Authority in line with its earlier decision, 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, which works out as Rs.0.36 million. 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 works out as Rs.259.6 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.

5.49. After considering all the aforementioned factors, the Authority observed that the Petitioner has not recovered a net amount of Rs.259.23 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, has decided to allow the impact of Rs.259.23 million to MEPCO as part of PYA. The above working has been carried out based on the data/ information provided by the Petitioner.

5.50. **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, MYT True ups for 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.

5.51. 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 as under, which is hereby allowed to the Petitioner for the FY 2024-25;

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Description	Unit	MEPCO
January 2023 to December 2023		
Impact of Negative FCA- retained	Rs. Mln	- 0.36
Impact of Positive FCA- Lifeline + EV	Rs. Mln	259.60
Net	Rs. Mln	259.23
January 2023 to December 2023		
Tariff Diff. Subsidy	Rs. Mln	76,722
Surcharge	Rs. Mln	- 8,495
Net - Jul.20 to Mar. 23	Rs. Mln	68,227
Excess FCA impact -Adjusted as subsidy	Rs. Mln	
FCA Impact -Adjusted as PYA	Rs. Mln	259.23
2nd Qtr. FY 2022-23 (Apr. Jun. 23)		
Allowed Amount	Rs. Mln	2,354
Qtr. Rs./kWh	Rs./kWh	0.40
Recovered	Rs. Mln	1,986
Under/(Over) Recovery	Rs. Mln	368
3rd Qtr. FY 2022-23 (Jul. Sep. 23)		
Allowed Amount	Rs. Mln	10,173
Qtr. Rs./kWh	Rs./kWh	1.4958
Recovered	Rs. Mln	9,336
Under/(Over) Recovery	Rs. Mln	836
D.M FY 2022-23		
Allowed Amount	Rs. Mln	35,501
Rate. Rs./kWh	Rs./kWh	1.85
Recovered	Rs. Mln	30,246
Under/(Over) Recovery	Rs. Mln	5,255
PYA 2022		-
Allowed Amount	Rs. Mln	1,014
Rate. Rs./kWh	Rs./kWh	0.05
Recovered	Rs. Mln	681
Under/(Over) Recovery	Rs. Mln	333
Other Cost related to PYA		
D.M FY 2021-22 _Adjustment	Rs. Mln	- 970
MLR Cost	Rs. Mln	
P.M Assistance Package	Rs. Mln	
Minimnum Tax	Rs. Mln	5,552
Other Adjustment of previous PYA	Rs. Mln	- 7,831
GENCO Pensioners	Rs. Mln	
Adjustment of Final tariff v.s Interim Tariff	Rs. Mln	
Total		- 3,249
Total	Rs. Mln	3,803

MYT True Ups		MEPCO
FY 2022-23		
Depreciation		
Allowed	Rs. Mln	6,214
Actual	Rs. Mln	6,195
Under/(Over) Recovery	Rs. Mln	- 31
RoRB (Investment + KIBOR)		
Allowed	Rs. Mln	6,466
Actual	Rs. Mln	9,770
Under/(Over) Recovery	Rs. Mln	3,304
Other Income		
Allowed	Rs. Mln	- 5,438
Actual	Rs. Mln	- 15,015
Under/(Over) Recovery	Rs. Mln	- 9,577
Total MYT Rue Ups	Rs. Mln	- 6,304
G. Total PYA FY 2022-23	Rs. Mln	- 2,502

6. <u>MEPCO 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 presented that in accordance with section 32 of NEPRA Act and NEPRA Power Procurement Regulations MEPCO prepared and submitted its Power Acquisition Program for the period 2022-23 to 2026-27, vide **letter No. CE/MEPCO/DG(MIRAD)/M-16/514** Dated: 30-03-2023. The subjected PAP was prepared in accordance with IGCEP 2022-31 and MEPCO demand forecast base year 2021-22.

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6.2. Furthermore, the petitioner submitted that MEPCO demand forecast base year FY 2022-23 shows the declining trend of demand in horizon years that may alter the outcome. The updated IGCEP and MEPCO demand forecast shall be considered for preparation and submission of Power acquisition program in due course of time to the Authority.

Sr No	Supply Demand	Actual		Forecasted			
		Previous Year	Current Year	Year-1	Year-2	Year-3	Year-4
		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
1	Capacity Obligations (MW)	3,510	5,432	5,773	6,112	5,160	4,094
2	Contracted Commissioned (MW)	4,335	4,842	4,655	4,653	4,651	4,648
3	Committed/ Contracted (MW)	0	639	543	1,045	1,184	1,555
4	Uncontracted (MW) ((2+3)-1)	825	48	-576	-414	675	2,109
5	Future Procurement (MW)	0	9	136	162	177	191
6	Cost Reduction Projects (MW)	0	0	50	50	50	50
7	Constraints Removal (MW)	0	85	245	85	85	0
8	Total Credited Capacity (MW) (2+3+5+6+7)	4,335	5,574	5,628	5,995	6,147	6,429
9	Surplus/ (Shortage) of Supply (MW) (8-1)	825	142	-145	-117	987	2,349
10	CO Compliance (%) – Surplus / (Shortage)	24%	3%	-3%	-2%	19%	57%

6.3. The petitioner also submitted actual/projected units purchased for FY 2024 & FY 2025.

Description	Actual/Projected			Projected
	Jul-Feb	Mar-Jun	Total FY 2023-24	FY 2024-25
Units Purchased MkWh	12,891	6,785	19,676	20,003

6.4. 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>

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7.1. The Petitioner during the hearing submitted that the mechanism to recover fixed charges from consumers with meters not recording the Maximum Demand Indicator (MDI) may involve implementing alternative methodologies such as conversion of non-static meters to static meters to record MDI and recovery of fixed costs to all consumer having load above 5 KW.

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 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 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.346,694 million and Rs.29,072 million 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.375,766 million, which translate into Rs.6,949/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>

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8.1. The Petitioner submitted during the hearing that for consumers with net metering or distribution generator interconnection facilities / wheeling consumers incorporating modifications to the existing tariff structure is essential to ensure equitable recovery of fixed costs, such as the use of system charges and capacity charges. Implementing these charges or adjustments in the tariff design can help maintain technical and financial viability while encouraging renewable energy adoption.

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 the hearing, submitted that assessing whether the rate design for temporary connections requires revision entails evaluating factors like duration of usage, infrastructure costs, and service demands. Considering potential fluctuations in demand and operational expenses, a periodic review of the rate design is crucial to ensure fairness and sustainability in temporary connection tariffs.

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 on the matter submitted that currently the schedule of tariff is not as per cost of service, some tariffs are being providing inter tariff cross subsidy such as B3 B4 on the other side

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some tariffs are receiving inter tariff cross subsidy such as A1 etc. In case of schedule of tariff is designed according to cost of service that may result into increase in tariff of certain consumer categories like A1 etc. and may disturb the payment discipline and purchasing power of consumers especially protected consumers resulting in bad debts that may not be desirable at this stage.

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, Strategic Directive 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. Furthermore, Strategic Directive 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 <u>aligned with the principle of cost-of-service</u>, 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. <u>Whether the peak and off-peak timing and rate design needs to be revised, in line with Strategic Directives given in NE Plan?</u>

11.1. The Petitioner during the hearing submitted that appropriate time of use design for peak and off-peak electricity tariffs may vary depending on the specific context and goals of the electricity provider. A clear and simple tariff structure that is easy for consumers to understand is important for effective time of use design. Consumers should be able to easily comprehend when peak and

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off-peak periods occur, and how the tariffs apply during those times, to make informed decisions about their electricity usage. Peak and off peak rate may be applicable to all tariff including residential tariff.

11.2. 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.

11.3. 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. **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?**

12.1. The Petitioner on the issue of pre-paid metering submitted that determining whether prepaid metering should be extended to various consumer categories necessitates careful consideration of affordability, convenience, and administrative feasibility. Establishing appropriate tariffs for such consumers, with periodic adjustments reflecting changes in the basic tariff, ensures equitable access to electricity while promoting financial sustainability for utility providers.

12.2. The Authority observed that various DISCOs have been allowed investments for AMR/AMI meters, in their MYT determinations / Investment plans. IESCO 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 IESCO 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 IESCO. 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.
- ✓ IESCO 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

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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.

✓ 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 IESCO 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 IESCO, 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.

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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. 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 IESCO for pre-paid metering as a pilot project, and if successful, the same may be started in other DISCOs. IESCO 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 MEPCO management has undertaken an initiative /exercise starting from Operation Sub-Division, Division, Circle and Head Office level for segregation of responsibilities (Officers/Officials) between Supply & Distribution Business. Accordingly, after finalization of this exercise, Agenda will be presented after deliberation with top management before MEPCO BoD for consideration & approval of Organizational Restructuring. However, it is also deemed appropriate to simultaneously take up the matter with Ministry of Energy (Power Division) through PPMC to devise a mechanism/principle guidelines in this regard for uniformity & consistency throughout the Power Sector.

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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.

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 initiate 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.

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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.

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;

Description	Unit	Allowed FY 2024-25	
		DOP	SOP
Units Received	[MkWh]	20,716	20,716
Units Sold	[MkWh]	18,367	18,367
Units Lost	[MkWh]	2,349	2,349
Units Lost	[%]	11.34%	11.34%
Energy Charge			199,567
Capacity Charge			346,694
Transmission Charge & Market Operation Fee			29,072
Power Purchase Price	[Mln. Rs.]	-	575,334
Wire Business Margin			49,979
Power Purchase Price with Wire Business	[Mln. Rs.]	-	625,313
Pay & Allowances		15,018	3,367
P.M Assistance Package			
Post Retirement Benefits		14,973	3,355
Repair & Maintainance		2,175	-
Traveling allowance		1,409	319
Vehicle maintenance		725	-
Other expenses		1,048	2,146
O&M Cost	[Mln. Rs.]	35,349	9,187
Depriciation		6,622	-
RORB		12,852	-
Working Capital			
O.Income		(4,844)	(2,264)
Margin	[Mln. Rs.]	49,979	6,923
Prior Year Adjustment			- 2,502
Bad Debts			
Revenue Requirement	[Mln. Rs.]	49,979	629,734
Average Tariff	[Rs./kWh]	2.72	34.29

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15.2. The above determined revenue shall be recovered from the consumers through the projected sales of 18,367 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 2024-25

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

II. In addition to compensation of losses, MEPCO, 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	26.40%	43.70%	70.10%
Level of Losses	1.30%	7.16%	8.37%
UoSC Rs./kWh	0.83	1.52	2.41

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;

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

- To provide the reconciled date of sales mix with its reported revenue as per audited financial statements.
- To 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.
- To provide year wise detail of amounts deposited in the Fund, amount withdrawn along-with profit/interest earned thereon since creation of Fund.
- To provide the IDC amount with subsequent adjustment request and reflect the same in its Audited Financial Statements.
- To 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.
- 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.

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- To 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.
- To ensure that by the time it files its next tariff petition/ adjustment request, MDI for all consumers at all levels is properly recorded.

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

Ms. Amina Ahmed
Member

Waseem Mukhtar
Chairman

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Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

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

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

Where:

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

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA (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.

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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 $_{(Adj)}$= $\underline{PPP_{(Actual)}\text{ (excluding Fuel cost)}-PPP_{(Recovered)}\text{ (excluding Fuel cost)}}$

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

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

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.

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Multan Electric Power Company (MEPCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales	Base 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												
Up to 50 Units - Life Line	62	-	280	280	-	-	4.54			-	-	4.54
51-100 units - Life Line	93	-	845	845	-	-	9.06			-	-	9.06
01-100 Units	2850	-	80,991	80,991	-	-	28.42	(392)	(0.14)	-	-	28.28
101-200 Units	616	-	18,964	18,964	-	-	30.79	(85)	(0.14)	-	-	30.65
01-100 Units	630	-	18,072	18,072	-	-	28.70	(86)	(0.14)	-	-	28.56
101-200 Units	1498	-	50,348	50,348	-	-	33.61	(206)	(0.14)	-	-	33.48
201-300 Units	2173	-	80,343	80,343	-	-	36.97	(299)	(0.14)	-	-	36.83
301-400 Units	912	273	36,679	36,952	200	-	40.20	(125)	(0.14)	200	-	40.07
401-500 Units	426	168	17,662	17,830	400	-	41.49	(58)	(0.14)	400	-	41.35
501-600 Units	228	98	9,782	9,880	600	-	42.86	(31)	(0.14)	600	-	42.72
601-700Units	133	60	5,895	5,954	800	-	44.18	(18)	(0.14)	800	-	44.04
Above 700 Units	282	102	13,794	13,896	1,000	-	48.90	(39)	(0.14)	1,000	-	48.76
For peak load requirement exceeding 5 kW)												
Time of Use (TOU) - Peak	38	-	1,761	1,761	-	-	46.85	(5)	(0.14)	-	-	46.71
Time of Use (TOU) - Off-Peak	154	438	6,237	6,675	1,000	-	40.51	(21)	(0.14)	1,000	-	40.37
Temporary Supply	1	2	35	37	2,000	-	59.63	(0)	(0.14)	2,000	-	59.50
Total Residential	**10,096**	**1,140**	**341,687**	**342,827**				**(1,366)**				
Commercial - A2												
For peak load requirement less than 5 kW	526	6,067	20,094	26,161	1,000	-	38.19	(72)	(0.14)	1,000	-	38.06
For peak load requirement exceeding 5 kW					-	-						
Regular	0	1	6	7	-	2,000	36.79	(0)	(0.14)	-	2,000	36.65
Time of Use (TOU) - Peak	116	-	5,115	5,115	-	-	44.07	(16)	(0.14)	-	-	43.93
Time of Use (TOU) - Off-Peak	549	5,616	18,385	24,001	-	2,000	33.51	(75)	(0.14)	-	2,000	33.37
Temporary Supply	17	29	916	945	5,000	-	53.79	(2)	(0.14)	5,000	-	53.65
Electric Vehicle Charging Station	0	-	-	-	-	-	48.75	-	(0.14)	-	-	48.61
Total Commercial	**1,208**	**11,713**	**44,516**	**56,228**				**(166)**				
General Services-A3	**412**	**486**	**17,602**	**18,087**	**1,000**	**-**	**42.71**	**(57)**	**(0.14)**	**1,000**	**-**	**42.58**
Industrial												
B1	24	65	704	769	1,000	-	29.02	(3)	(0.14)	1,000	-	28.89
B1 Peak	42	-	1,483	1,483	-	-	35.54	(6)	(0.14)	-	-	35.41
B1 Off Peak	298	386.53	8,686	9,073	1,000	-	29.13	(41)	(0.14)	1,000	-	28.99
B2	0	0	0	0	-	2,000	24.78	(0)	(0.14)	-	2,000	24.65
B2 - TOU (Peak)	145	-	5,044	5,044	-	-	34.89	(20)	(0.14)	-	-	34.75
B2 - TOU (Off-peak)	899	8,109	21,828	29,937	-	2,000	24.29	(123)	(0.14)	-	2,000	24.15
B3 - TOU (Peak)	142	-	4,984	4,984	-	-	35.17	(19)	(0.14)	-	-	35.03
B3 - TOU (Off-peak)	939	3,718	24,402	28,121	-	2,000	25.98	(129)	(0.14)	-	2,000	25.85
B4 - TOU (Peak)	86	-	3,066	3,066	-	-	35.51	(12)	(0.14)	-	-	35.37
B4 - TOU (Off-peak)	513	2,649	13,340	15,989	-	2,000	26.02	(70)	(0.14)	-	2,000	25.88
Temporary Supply	2	2	82	84	5,000	-	40.49	(0)	(0.14)	5,000	-	40.35
Total Industrial	**3,089**	**14,930**	**83,619**	**98,549**				**(424)**				
Single Point Supply												
C1(a) Supply at 400 Volts-less than 5 kW	0	0	1	1	2,000	-	39.52	(0)	(0.14)	2,000	-	39.38
C1(b) Supply at 400 Volts-exceeding 5 kW	2	11	63	74	-	2,000	34.88	(0)	(0.14)	-	2,000	34.75
Time of Use (TOU) - Peak	7	-	310	310	-	-	45.61	(1)	(0.14)	-	-	45.48
Time of Use (TOU) - Off-Peak	41	130	1,472	1,602	-	2,000	36.01	(6)	(0.14)	-	2,000	35.87
C2 Supply at 11 kV	1	4	34	38	-	2,000	38.04	(0)	(0.14)	-	2,000	37.90
Time of Use (TOU) - Peak	33	-	1,566	1,566	-	-	46.81	(5)	(0.14)	-	-	46.67
Time of Use (TOU) - Off-Peak	161	1,017	5,648	6,665	-	2,000	35.00	(22)	(0.14)	-	2,000	34.86
C3 Supply above 11 kV	0	-	-	-	-	2,000	34.44	-	(0.14)	-	2,000	34.30
Time of Use (TCU) - Peak	7	-	313	313	-	-	45.75	(1)	(0.14)	-	-	45.61
Time of Use (TOU) - Off-Peak	35	203	1,173	1,376	-	2,000	33.88	(5)	(0.14)	-	2,000	33.74
Total Single Point Supply	**287**	**1,366**	**10,580**	**11,946**				**(39)**				
Agricultural Tube-wells - Tariff D												
Scarp	0	-	1	1	-	-	38.95	(0)	(0.14)	-	-	38.81
Time of Use (TOU) - Peak	1	-	35	35	-	-	32.20	(0)	(0.14)	-	-	32.06
Time of Use (TOU) - Off-Peak	17	30	445	475	-	500	25.52	(2)	(0.14)	-	500	25.38
Agricultual Tube-wells	0	1	10	11	-	500	24.30	(0)	(0.14)	-	500	24.16
Time of Use (TOU) - Peak	475	-	14,598	14,598	-	-	30.71	(65)	(0.14)	-	-	30.57
Time of Use (TOU) - Off-Peak	2733	6,721	80,715	87,437	-	500	29.53	(375)	(0.14)	-	500	29.40
Total Agricultural	**3,227**	**6,752**	**95,804**	**102,557**				**(443)**				
Public Lighting - Tariff G	40	35	1,697	1,732	2,000	-	42.13	(6)	(0.14)	2,000	-	41.99
Residential Colonies	7	2	307	309	2,000	-	42.60	(1)	(0.14)	2,000	-	42.46
Railway Traction	0	-	0	0	2,000	-	45.33	(0)	(0.14)	2,000	-	45.19
	47	**37**	**2,004**	**2,041**				**(7)**				
Pre-Paid Supply Tariff												
Residential					1,000		45.72		(0.14)	1,000	-	45.58
Commercial - A2						2,000	38.80		(0.14)	-	2,000	38.66
General Services-A3					1,000		46.98		(0.14)	1,000	-	46.85
Industrial						2,000	37.92		(0.14)	-	2,000	37.78
Single Point Supply						2,000	48.41		(0.14)	-	2,000	48.28
Agricultural Tube-wells - Tariff D						2,000	29.29		(0.14)	-	2,000	29.16
Grand Total	**18,367**	**38,423**	**595,813**	**632,236**			-	**2,502**				

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

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Annex-III

SCHEDULE OF ELECTRICITY TARIFFS
FOR MULTAN ELECTRIC POWER COMPANY (MEPCO)

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		FPA 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	-		4.54		-		4.54	
Protected	ii	51 - 100 Units - Life Line	-		9.06		-		9.06	
Protected	iii	001 - 100 Units	-		28.42		(0.14)		28.28	
Protected	iv	101 - 200 Units	-		30.79		(0.14)		30.65	
Un-Protected	v	001 - 100 Units	-		28.70		(0.14)		28.56	
Un-Protected	vi	101 - 200 Units	-		33.61		(0.14)		33.48	
Un-Protected	iv	201 - 300 Units	-		36.97		(0.14)		36.83	
Un-Protected	viii	301 - 400 Units	200		40.20		(0.14)		40.07	
Un-Protected	ix	401 - 500 Units	400		41.49		(0.14)		41.35	
Un-Protected	x	501 - 600 Units	600		42.86		(0.14)		42.72	
Un-Protected	xi	601 - 700 Units	800		44.18		(0.14)		44.04	
Un-Protected	vi	Above 700 Units	1,000		48.90		(0.14)		48.76	
	b)	For Sanctioned load 5 kW & above			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
		Time Of Use	1,000		46.85	40.51	(0.14)	(0.14)	46.71	40.37
	c)	Pre-Paid Residential Supply Tariff	1,000		45.72		(0.14)		45.58	

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		FPA 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		38.19		(0.14)		38.06	
b)	For Sanctioned load 5 kW & above		2,000	36.79		(0.14)		36.65	
				Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
c)	Time Of Use	-	2,000	44.07	33.51	(0.14)	(0.14)	43.93	33.37
d)	Electric Vehicle Charging Station	-		48.75		(0.14)		48.61	
e)	Pre-Paid Commercial Supply Tariff		2,000	38.80		(0.14)		38.66	

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	FPA 2023 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E= C+D
a)	General Services	1,000	-	42.71	(0.14)	42.58
c)	Pre-Paid General Services Supply Tariff	1,000	-	46.98	(0.14)	46.85

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cons. / M	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		FPA 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	-	29.02		(0.14)		28.89	
B2(a)	exceeding 25-500 kW (at 400 Volts)	-	2,000	24.78		(0.14)		24.65	
	Time Of Use			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW	1,000		35.54	29.13	(0.14)	(0.14)	35.41	28.99
B2(b)	exceeding 25-500 kW (at 400 Volts)	-	2,000	34.89	24.29	(0.14)	(0.14)	34.75	24.15
B3	For All Loads up to 5000 kW (at 11,33 kV)	-	2,000	35.17	25.98	(0.14)	(0.14)	35.03	25.85
B4	For All Loads (at 66,132 kV & above)	-	2,000	35.51	26.02	(0.14)	(0.14)	35.37	25.88
Pre-Paid Industrial Supply Tariff		-	2,000	37.92		(0.14)		37.78	

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		FPA 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		39.52		(0.14)		39.38	
b)	Sanctioned load 5 kW & up to 500 kW	-	2,000	34.88		(0.14)		34.75	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	-	2,000	38.04		(0.14)		37.90	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	2,000	34.44		(0.14)		34.30	
	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	45.61	36.01	(0.14)	(0.14)	45.48	35.87
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	-	2,000	46.81	35.00	(0.14)	(0.14)	46.67	34.86
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	2,000	45.75	33.88	(0.14)	(0.14)	45.61	33.74
Pre-Paid Bulk Supply Tariff			2,000	48.41		(0.14)		48.28	

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.

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SCHEDULE OF ELECTRICITY TARIFFS
FOR MULTAN ELECTRIC POWER COMPANY (MEPCO)

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	-	-		38.95		(0.14)		38.81
D-2 (a)	Agricultural Tube Wells	-	500		24.30		(0.14)		24.16
				Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	-	500	32.20	25.52	(0.14)	(0.14)	32.06	25.38
D-2 (b)	Agricultural 5 kW & above	-	500	30.71	29.53	(0.14)	(0.14)	30.57	29.40
Pre-Paid for Agri & Scarp		-	2,000		29.29		(0.14)		29.16

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		59.63	(0.14)	59.50
E-1(ii)	Commercial Supply	5,000		53.79	(0.14)	53.65
E-2	Industrial Supply	5,000		40.49	(0.14)	40.35

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		42.13	(0.14)	41.99

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		42.60	(0.14)	42.46

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		45.33	(0.14)	45.19

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

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Annex - IV

Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	2,582	2,751	2,278	1,630	1,086	964	1,070	1,006	1,266	1,707	2,102	2,275	20,716

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	9.1549
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	0.4786
Capacity	12.3136	10.8613	13.3913	16.8544	21.7507	28.2196	24.0943	24.0220	23.7653	17.5107	15.9001	14.4575	16.7356
UoSC	1.1111	1.0345	1.1922	1.4815	1.8420	2.2747	1.9240	1.9891	1.9280	1.3688	1.2001	1.1759	1.4034
Total PPP in Rs./kWh	23.2317	21.7689	24.9100	29.1329	31.8599	41.5643	39.6348	34.9313	35.4293	26.9874	24.9501	24.4748	27.7725

Rs. in million

Fuel Cost Component	24,147	25,822	22,325	16,748	8,539	10,251	13,917	8,582	11,714	13,112	15,536	18,960	189,653
Variable O&M	1,175	1,335	1,198	851	441	418	649	395	607	730	962	1,154	9,915
Capacity	31,794	29,875	30,504	27,472	23,627	27,196	25,774	24,175	30,076	29,894	33,417	32,890	346,694
UoSC	2,869	2,846	2,716	2,415	2,001	2,192	2,058	2,002	2,440	2,337	2,522	2,675	29,072
Total PPP in Rs.Mln	59,985	59,878	56,744	47,485	34,608	40,057	42,398	35,154	44,837	46,072	52,437	55,679	575,334

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

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Annex-V

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 MEPCO 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,.

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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%.

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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.

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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.

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.

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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.

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

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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.

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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.

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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.

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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

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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.

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