



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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

No. NEPRA/TRF-339/QESCO-2015/6775-6777
May 18, 2016

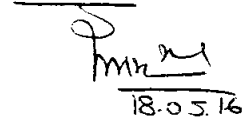
Subject: Decision of the Authority in the matter of Motion for Leave for Review filed by Quetta Electric Supply Company Ltd. (QESCO) against Tariff Determination of the Authority for Financial Year 2015-2016 dated March 25, 2016 [Case # NEPRA/TRF-339/QESCO-2015]

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (04 Pages) in the matter of Motion for Leave for Review filed by Quetta Electric Supply Company Ltd.

2. The Decision is being intimated to the Federal Government pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

Enclosure: As above


18.05.16

(Syed Safer Hussain)

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

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



**DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW
FILED BY QUETTA ELECTRIC SUPPLY COMPANY (QESCO) AGAINST TARIFF
DETERMINATION OF THE AUTHORITY for FY 2015-16 DATED MARCH 25, 2016**

1. Brief facts of the case are that the Quetta Electric Supply Company Limited (QESCO), hereinafter called "the Petitioner" is a distribution licensee and its consumer end tariff for the Financial Year 2015-16 was determined by NEPRA on 25.3.2016. The petitioner has filed a motion seeking leave for review for such determination on 31.3.2016 with a prayer to revise the target of Transmission & Distribution Losses from 17.50% to 22.7%.
2. To consider the motion for leave for review, notices were issued to the parties. In response, M/s Anwar Kamal Law Associates (AKLA) who was the intervener proceedings filed the following concerns:-
 - i. The Authority did not provide sufficient time to respond to the Notice and the data provided.
 - ii. The Petitioner's tariff should have been determined in July 2015 whereas the same has been issued in March 2016 to give undue benefits to the DISCOs & their owners in terms of time value of money.
 - ii. Neither the observations given in the Intervention Request were fully and truly reflected in the Determination nor have been addressed on merits.
 - iii. AKLA has requested for the Audio recording and transcript of the proceedings held on 09-02-2016 and 28-04-2016.
3. In order to meet with the ends of natural justice, a hearing to the parties was scheduled for 28.3.2016 for which notices issued to the petitioner as well as the intervener. On the date of hearing, only the petitioner was present.
4. Arguments heard and record perused. The written concerns so raised by the intervener have duly been considered. As regards the concern about non-provision of sufficient time to respond to the Notice and the data provided, the Authority observed that as per Section 16 (7) of the NEPRA (Tariff Standards & Procedure Rules 1998, Parties to





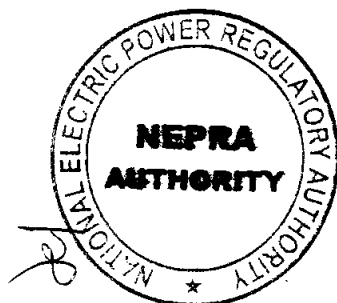
the proceedings shall be afforded a reasonable opportunity, orally or in writing as deemed fit by the Authority, to respond to a motion for leave for review. Since now writing response has been submitted by AKLA, therefore, the same is being considered. AKLA reiterated the issue of delayed submission of tariff petition and late determination of consumer end tariff by the Authority. The issue raised by AKLA was duly considered and addressed at para 8.3.1 to 8.3.2 of the impugned determination dated March 25, 2016. Furthermore M/s AKLA has not referred any specific issue which is not addressed in the said determination. The Authority has discussed observations of AKLA in detail under para 4.1 and 8.3.1 to 8.3.3 of the determination dated March 25, 2016.

5. In support of its motion for leave for review, it is the contention of the petitioner that in order to perform its obligatory duties as per NEPRA Performance Standards (Distribution) Rules 2005, the petitioner needs adequate funding. There are three main sources of funding available with petitioner.

- (i) internal efficiency improvements
- (ii) borrowings and
- (iii) adequate revenue through tariff.

6. The Petitioner also stated that it is already a highly motivated entity towards continuous internal efficiency improvements; yet such measures require financial resources either through borrowings or adequate tariff. As per general principles of banking industry, international or local, the financial viability of borrowing organization is always taken into consideration. In short, internal financial viability of a utility is the basic to embark upon and explore other resources of funding; which can only be ensured through adequate consumer end tariff. The Petitioner also submitted that being a power distribution licensee, it earnestly feels that the existing tariff does not fulfill its liquidity and financial viability requirements and therefore, is interested in adequate consumers-end tariff applicable to its license jurisdiction area. Accordingly the Petitioner has requested that;

[Handwritten signature]

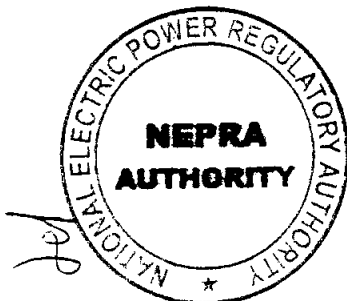




- Transmission and Distribution losses may be reconsidered as 22.7% as calculated by third party M/S Power Planner International, instead of 17.5% allowed for the year 2015-16.
- Final report has been received from the consultants and according to report, the recorded T&D losses are 22.7%, with break up as under;

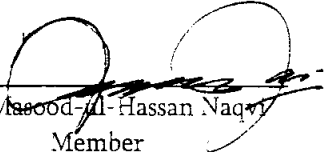
○ Distribution Losses	13.363%
○ T&T Losses	7.90%
○ Administrative and Commercial Losses	1.437%

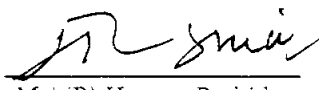
7. From the foregoing submissions of the Petitioner, the Authority has noted that all the arguments put forwarded by the Petitioner were duly considered in the said determination. The instant review motion is not supported with any new information, evidence / rationale to substantiate its review request, which may form any basis for the Authority to reconsider its earlier decision in this regard. Para 15.5 to 15.9 of the Petitioner's determination for the FY 2015-16 is referred in this regard.
8. In terms of rule 16(6) of NEPRA Tariff Standards & Procedure Rules, 1998 read with regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009, a motion seeking review of any order of the Authority is competent only upon discovery of new and important matter of evidence or on account of some mistake or error apparent on the face of record. The perusal of a determination sought to be reviewed clearly indicates that all material facts and representation made were examined in detail and there is no occasion to amend the impugned determination. No error inviting indulgence as admissible in law has been pleaded out. Therefore, the Authority is convinced that the review would not result in the withdrawal or modification of its determination.
9. From what has been discussed above, the Authority is of the considered view that the grounds agitated in the motion for leave for review are not sufficient enough justifying the modification of the impugned determination, hence the motion for leave for review is not accepted.



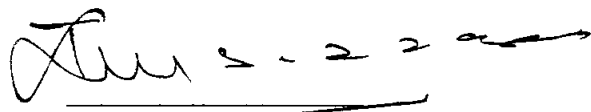


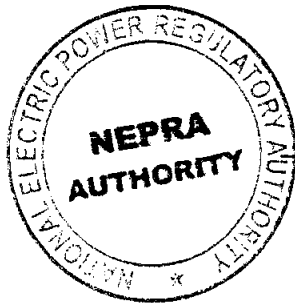
AUTHORITY

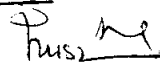

Syed Masood-ul-Hassan Naqvi
Member


Maj (R) Haroon Rashid
Member

Himayat Ullah Khan
Vice Chairman


Brig (R) Tariq Sadozai
Chairman




18.05.16