National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-386/QESCO-2017/10292-10294
July 6, 2018

Subject: **Determination of the Authority in the matter of Petition filed by Quetta Electric Supply Company Ltd. (QESCO) for the Determination of its Consumer end Tariff for the FY 2017-18 [Case # NEPRA/TRF-386/QESCO-2017]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV & V (58 pages) in Case No. NEPRA/TRF-386/QESCO-2017.

2. The Determination is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Order part along with Annexure-I, II, III, IV, & V of the Authority's Determination needs to be notified in the official Gazette.

Enclosure: As above

06 07 18
(Syed Safeer Hussain)

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

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

National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-386/QESCO-2017

TARIFF DETERMINATION
OF
QUETTA ELECTRIC SUPPLY COMPANY LIMITED (QESCO)
FOR THE FY 2017-18
DETERMINED UNDER
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad
6th July ~~June~~, 2018

Abbreviations

CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
ADB	Asian Development Bank
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	Capital Asset Pricing Model
CDP	Common Delivery Point
COSS	Cost of Service Study
CPPA (G)	Central Power Purchasing Agency Guarantee Limited
CWIP	Closing Work in Progress
DIIP	Distribution Company Integrated Investment Plan
DISCO	Distribution Company
DM	Distribution Margin
DOP	Distribution of Power
ELR	Energy Loss Reduction
ERC	Energy Regulatory Commission
ERP	Enterprise resource planning
FCA	Fuel Charges Adjustment
FY	Financial Year
GIS	Geographical Information System
GOP	Government of Pakistan
GWh	Giga Watt Hours
HHU	Hand Held Unit
HT/LT	High Tension/Low Tension
HSD	High Speed Diesel
IGTDP	Integrated Generation Transmission and Distribution Plan
IESCO	Islamabad Electric Supply Company Limited
KIBOR	Karachi Inter Bank Offer Rates
KSE	Karachi Stock Exchange
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
LPC	Late Payment Charges
MDI	Maximum Demand Indicator
MMBTU	One million British Thermal Units

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MoWP	Ministry of Water and Power
MVA	Mega Volt Amp
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
NOC	Network Operation Centre
NTDC	National Transmission & Despatch Company
O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Supply Company Limited
PDEIP	Power Distribution Enhancement Investment Program
PDP	Power Distribution Program
PPA	Power Purchase Agreement
PPAA	Power Procurement Agency Agreement
PPP	Power Purchase Price
PYA	Prior Year Adjustment
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RE	Rural Electrification
RFO	Residual Fuel Oil
RLNG	Re-gasified Liquefied Natural Gas
RoE	Return on Equity
RORB	Return on Rate Base
ROR	Rate of Return
SBP	State Bank of Pakistan
SOT	Schedule of Tariff
STG	Secondary Transmission Grid
SYT	Single Year Tariff
T&D	Transmission and Distribution
TFC	Term Finance Certificate
TOU	Time of Use
TOR	Term of Reference
TPM	Transfer Price Mechanism
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month
UOSC	Use of System Charges
WACC	Weighted average cost of capital
WAPDA	Water and Power Development Authority
XWDISCO	Ex-WAPDA Distribution Company

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DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY QUETTA ELECTRIC SUPPLY COMPANY LIMITED (QESCO) FOR THE DETERMINATION OF ITS CONSUMER END TARIFF

CASE NO. NEPRA/TRF-386/QESCO-2017

PETITIONER

Quetta Electric Supply Company Limited (QESCO), QESCO Headquarter, Zarghoon Road, Quetta.

INTERVENER

NIL

COMMENTATOR

NIL

REPRESENTATION

i. Mr. Rehmat Ullah Baloch, CEO
ii. Mr. Muhammad Khalid, Manager Commercial
iii. Mr. Shafaqat Ali Additional Manager GSO
iv. Mr. Yasir Faheem Dy Manager Finance

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The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by the parties, issues raised, evidence/record produced during hearings, and all other relevant material, hereby issues this determination.

Himayat Ullah Khan 22.6.18
Member

3/25/6.
Rehmatullah
Member

Saif Ullah Chattha 4.7.2018
Member

Brig (R) Tariq Saddozai
Chairman

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1. BACKGROUND

1.1 Quetta Electric Supply Company Limited (QESCO), hereinafter called "the Petitioner", being a Distribution Licensee of NEPRA filed a petition for the determination of its consumer-end tariff pertaining to the FY 2017-18 in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules"). The Petitioner has sought the following reliefs, inter alia;

- To adjust the consumer end tariff as per proposed schedule of electricity tariff.
- To allow PYA due to non-issuance of notification of consumer end tariff.
- To allow Distribution margin of Rs.1.36/kWh.
- To increase T&D losses from 17.50% to 22.50%.
- To allow an amount of Rs.118,066 million in aggregate as revenue requirement, i.e. Rs.13.86 per unit for the FY 2017-18.

2. PROCEEDINGS

2.1 As per the NEPRA Guidelines for determination of Consumer end Tariff (Methodology and Process), 2015, notified vide SRO 34(I)/2015 dated January 16, 2015, the XWDISCOs are required to submit their tariff petitions by January 31, every year for the subsequent year's tariff determination. Therefore, the Petitioner was required to submit its tariff petition for the FY 2017-18 on or before January 31, 2017, which it failed to do so.

2.2 In view thereof, the Authority vide letters dated February 15, March 07 & 27, 2017 directed the XWDISCOs to file their tariff petitions for at least two years i.e. FY 2016-17 and FY 2017-18 under Single Year Tariff (SYT) or under the Multi Year Tariff (MYT) Regime. Accordingly, the Petitioner filed its tariff Petitions for the FY 2016-17 and FY 2017-18 simultaneously vide letters dated May 02, 2017.

2.3 In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority on 16th May, 2017. In compliance with the provisions of rules 6 &7 of the Rules, notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on 3rd June, 2017 and separate notices were also sent to the parties which were considered to be affected or interested. Comments /replies and filing of intervention request was desired from any interested person within 7 days of the publication.

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3. FILING OF OBJECTIONS/ COMMENTS:

3.1 Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules. Neither any comments were filed nor any IR was received against the Petition.

4. FRAMING OF ISSUES

4.1 The pleadings so available on record were examined by the Authority and it was decided to conduct a hearing in order to arrive at a just and informed decision. On the basis of pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments:-

- Whether the petitioner's projected energy purchases and power purchase cost for the FY 2017-18 is justified?
- Whether the T & D losses target of 22.50% for the FY 2017-18 requested by the petitioner is reasonable?
- Whether the projected Distribution Margin (excluding Return on Regulatory Asset base) for the FY 2017-18 is justified?
- Whether the proposed RoRB based on WACC of 12.28% is justified?
- Whether the petitioner's proposed Investment Plan for the FY 2017-18, is justified?
- Whether the prior year adjustment related to the FY 2015-16 & FY 2016-17 calculated by the Petitioner is accurate?
- Whether the Petitioner request for incorporation of interest charge on PHPL loans is justified?
- Whether the tariff petition substantially complies with NEPRA Determination of Consumer-end Tariff (Methodology and Process) Guidelines, 2015?
- What are the concerns of the Petitioner on TOU metering of cellular company connections?
- Whether the concerns raised by the intervener/ commentator if any are justified?
- Any other issue that may come up during or after the hearing?

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5. HEARING

5.1 The hearing was scheduled to be held on June 20, 2017, for which notices were sent to the concerned parties and also published in the leading newspapers on June 03, 2017. Hearing was held on the due date at NEPRA Tower, Islamabad.

5.2 During the hearing, the Petitioner was represented by its Chief Executive Officer, along with his Financial and Technical team.

5.3 On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under:

6. Issue # 1.Whether the petitioner's projected energy purchases and power purchase cost for the FY 2017-18 is justified?

6.1 The Petitioner has proposed purchases of 10,995 GWh & sale of 8,521 GWh based on T&D losses of 22.50% in its Petition by assuming country vide generation plan and its 6% quota.

6.2 Following is the history of the Petitioner's purchases and sales over the last five years and projections made for the FY 2017-18;

Years	Purchase-GWh	% Growth	Sales-GWh	% Growth
2012	5,143		4,086	
2013	4,929	(0.04)	3,812	(0.07)
2014	4,956	0.01	3,744	(0.02)
2015	5,187	0.05	3,993	0.07
2016	5,547	0.07	4,220	0.06
2017 Projected	6,844	0.23	5,290	0.25
2018 Projected	10,995	0.61	8,521	0.61

6.3 The Petitioner has projected Power Purchase cost of Rs.98,917 million @ Rs.9.00/kWh (unadjusted) for the year 2017-18, which after accounting for the impact of requested losses of 22.50%, works out as Rs.11.61/kWh (adjusted). The Petitioner submitted that the proposed Power Purchase Price of Rs.9.00/kWh is calculated based on actual PPP of Rs.8.57/kWh the weighted average cost of purchases from CPPA-G by taking into account 5% impact of inflation. The Petitioner provided the following break-up of the requested cost in terms of Energy charge, Capacity charge and UoSC.

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Description	FY 17-18 (Projected) (Rs.in Mln)
Energy Transfer Charges	58,365
Capacity Transfer Charges	37,049
Use of System Charges	3,503
PPP	**98,917**

6.4 The NEPRA determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, (herein referred to as "The Methodology") prescribes the submission of generation plan by NTDC and procurement plan by CPPA (G). CPPA-G submitted its electricity demand forecast based on Power Market Survey (PMS) for the period from 2016 to 2026.

6.5 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales. Moreover, it is also important to have a realistic assessment of the monthly references of fuel cost for making monthly fuel cost adjustment pursuant to Section 31(7) of Regulation of Generation, Transmission and Distribution Act 1997.

6.6 Since, the instant tariff determination is being issued for the FY 2017-18, therefore, for the purpose of determining revenue requirement, the Authority observed that for variation in fuel cost up to May 2018 has already been provided through monthly FCA decisions and other adjustments up to December 2017 have been included in the instant determination. For the remaining period of FY 2017-18 i.e. January to June 2018, the variations on the basis of actual PPP against the reference PPP that remain notified during this period, XWDISCOs would file their adjustment requests which will be decided by the Authority, in accordance with the notified mechanism.

For the purpose of adjustments for variation in PPP in the FY 2018-19, the Authority decided to revise the PPP references in order to ensure minimum variation between the actual vis a vis projected costs. In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2018-19. As per the analysis, an increase of around 22.77% has been projected in the generation for FY 2018-19, over the actual generation made during the FY 2016-17. Here it is pertinent to mention that the actual generation for the FY 2016-17 was 5.87% more than actual generation for the FY 2015-16. However, keeping in view the GoP initiatives to eliminate load shedding form the Country, whereby, number of generation projects have been started, the Authority is of the view that projected growth of 22.77% in generation is achievable during the FY 2018-19. Accordingly, after incorporating all the expected upcoming additional generation, it is estimated that the overall system generation will be around 131,436 GWh, and after adjusting for the NTDC's permissible transmission losses, about 128,397 GWh is expected to be delivered to the distribution companies; the estimated share for the Petitioner from the pool, is accordingly assessed as 6,648 GWh, as against 10,995 GWh projected by it. After incorporating the T&D losses target of 17.50% for the FY 2017-18 (discussed under the relevant issue), the sales target in the instant case for the same period works out as 5,485 GWhs.

6.7 Similarly, to make a fair assessment of the Power Purchase Price (PPP), the Authority also carried out an in-house evaluation. As per the existing mechanism all the power generated from different sources is procured by the Central Power Purchasing Agency

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(CPPA-G) on behalf of DISCOs at the rates as per their Power Purchase Agreements (PPAs) and as per the Authority's determination. The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government in the Official Gazette. Accordingly, the Power Purchase Price has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly/ biannual PPP adjustment with respect to T&D losses, Capacity and Transmission Charges. Here it is pertinent to mention that while making the quarterly/ biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

6.8 From the available sources i.e. Hydel, Gas, RLNG, RFO, Nuclear, Coal, Solar, Wind, Bagasse and Imports. The estimated/projected generation and cost of electricity is given in the following table:

Fuel Type	Gen. MkWh	Share %	Cost Mln. Rs.	Share %	Rate Rs./kWh
Hydel	43,314	32.95%	4,214	1%	0.10
Coal	18,589	14.14%	103,562	21%	5.57
HSD	161	0.12%	2,400	0%	14.90
F.O.	2,721	2.07%	40,853	8%	15.01
Gas	22,088	16.80%	93,647	19%	4.24
Nuclear	8,913	6.78%	8,950	2%	1.00
Mixed	271	0.21%	2,763	1%	10.18
Import from Iran	496	0.38%	5,237	1%	10.55
Wind Power	3,234	2.46%	641	0%	0.20
Bagasse	3,517	2.68%	23,465	5%	6.67
Solar	701	0.53%	-	0%	-
RLNG	27,430	20.87%	198,491	41%	7.24
Total	**131,436**	**100%**	**484,224**	**100%**	**3.68**
Energy Charges [Net of NTDC Losses]	**128,397**		**484,224**		**3.77**
Cap. Charge [Rs. /kWh]			**664,374**		5.17
UOSC/MoF [Rs. /kWh]			**41,282**		0.32
Total Cost [Rs. /kWh]			**1,189,880**		**9.27**

6.9 Here it is pertinent to mention that the aforementioned energy charge includes variable O&M charges, however, as per the tariff methodology, variable O&M charges are not made part of monthly fuel charges adjustment and are adjusted as part of quarterly / biannual adjustments. As per the above table, around 21% of total generation is expected from RLNG, with around 41% share in the overall energy cost. Similarly, Generation form indigenous gas is expected around 17% with a cost share of around 19%. Coal is expected to generate around 14.14% of total energy, however, its share in the overall energy cost is expected to be around 21%. Meaning thereby that variation in generation mix and prices of RLNG/ Gas & Coal would have greater impact on the generation cost, thus, ultimately affecting the consumer-end tariff. Here it is

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pertinent to mention that with this increased generation from RLNG, Coal and Nuclear, the share of RFO in total generation and consequently in the overall cost has been limited to only 2% and 8% respectively.

6.10 Regarding projection of fuel prices, the Authority noted that RLNG prices in Pakistan are not only affected by the international market being linked with prices of crude but also by the exchange rate parity. Accordingly, keeping in view the prevailing prices of RLNG as notified by OGRA, crude oil prices projections and the rupee devaluation, RLNG prices have been projected as Rs.1,367/mmbtu. For indigenous gas, the existing price of Rs.500/mmbtu (including GIDC of Rs.100/mmbtu) as notified by OGRA have been considered.

6.11 Regarding price of coal, the Authority analysed the projections made by Argus consulting, World Bank and IMF reports, whereby a downward trend in coal prices has been projected for future periods. However, owing to the devaluation of Pak rupee, the Authority considers coal price of Rs.13,884/MT, on delivered basis, as reasonable.

6.12 The actual prices of RFO during the FY 2015-16 remained at around 39,462 per metric ton [excluding Sales Tax and including freight] as against the Authority's projections of around Rs.47,981 [excluding Sales Tax and including freight] for the same period. Similarly for the FY 2017-18, till February 2018, the actual RFO prices remained at around Rs.46,431 per ton [excluding Sales Tax and including freight]. However, due to non-notification of the Authority's determined tariff for the FY 2015-16, the fuel references of RFO determined for the FY 2014-15 i.e. 65,769 per metric ton [excluding Sales Tax and including freight] remained applicable during the FY 2015-16, FY 2016-17 and FY 2017-18 (till March 2018) resulting in higher monthly fuel charges adjustments during this period.

6.13 The RFO prices in Pakistan are not only affected by the international market but also by the exchange rate parity. Based on the international market condition/ projections and keeping in view the increasing trend of RFO prices, it can be presumed that RFO prices would increase in future. Consequently, RFO prices have been assumed on an average of Rs. 64,892 per metric ton [excluding Sales Tax and including freight] after incorporating the possible determinants of RFO prices. The HSD prices are being assumed on an average of Rs. 68.23 per litre [excluding Sales Tax], keeping in view the increasing trend of HSD price and recent devaluation of Pak Rupee.

6.14 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority. Energy transfer charge shall be

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calculated on the basis of units delivered after adjusting target transmission losses of NTDCL. NTDCL shall, for the purpose of clarity intimate to all DISCOs the generation part of the Transfer Charge during a billing period by deducting from the Transfer Charge the Transmission Charge or Use of System Charges.

6.15 According to the above mechanism Rs.35,500 million and Rs.2,197 million is the share of the Petitioner on account of CpGenCap and USCF & Market Operator Fee respectively for the FY 2017-18. The overall fixed charges comprising of CpGenCap and USCF in the instant case works out as Rs.37,696 million, which translate into Rs.2,335/kW/month on projected average monthly MDI of the Petitioner i.e. 1,346 MW or Rs.5.6706/kWh on units purchased basis.

6.16 *The annual PPP for the FY 2017-18 in the instant case works out as Rs.* 62,793 *million. With the projected purchase of*6,648 *GWh for the same period, the average PPP* of the Petitioner *turns out to be as Rs.*9.45*/kWh (Annex–IV)*, whereas, the national average determined PPP works out as Rs.9.27/kWh after accounting for the allowed level of NTDC losses. *On the basis of* allowed level of 17.50*% T&D losses for the FY 2017-18, the adjusted PPP* of the Petitioner *is assessed as Rs.*11.45*/kWh.*

7. **Issue # 2. Whether the T & D losses target of 22.50% for the FY 2017-18 requested by the petitioner is reasonable?**

7.1 The Petitioner in its petition, requested a T&D losses target of 22.50% for the FY 2017-18 including 2.50% as Margin for Law & order, against the Authority's allowed T&D Losses of 17.50% for the FY 2015-16.

7.2 The petitioner in the tariff petition, provided the following segregation of its T&D losses in respect of Technical and Administrative losses;

Technical Losses at Different Voltage Levels	
Transmission Losses at 132kV (%)	5.51%
11kV Losses (%)	12.19%
LT Losses	2.30%
Total Technical Losses	**20.00%**
Energy Balances	
Units Received (MkWh)	10,995
Units Sold (MkWh)	8,521
Units Lost (MkWh)	2,474
Units Lost (%)	22.50%
Technical Losses (%)	**20.00%**
Administrative Losses (%)	**2.50%**

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7.3 The Petitioner as per directions of the Authority has submitted its final report regarding study/ evaluation of Transmission & Distribution losses from 3rd party i.e. PPI, along-with the petition, based on the data pertaining to the FY 2012-13, wherein the following break-up of T&D losses has been provided;

TYPES OF LOSSES	%
Annual Energy Loss in HT Network including line and distribution transformers	11.264
Average Energy Loss in the LT Network	1.585
Average Energy Loss in the Cables	0.514
Average Annual Energy Loss for QESCO Distribution Network	13.363
Analytically evaluated Distribution Losses	13.263
Analytically evaluated T&T Losses	7.9
Total Analytically Evaluated T&D losses	**21.263**
Administrative / Commercial Losses	**1.437**
Total Losses	**22.7**

7.4 The summarized results of third party loss studies are shown below:

T&T Losses	07.90%
Distribution Losses	13.36%
Administrative / Commercial Losses	01.43%
Total	**22.70%**

7.5 The Petitioner, accordingly requested for adjustment of realistic Transmission and Distribution losses in the end user tariffs for the FY 2017-18 as the allowed target of T&D losses for the FY 2015-16 could not be achieved, due to low voltage profile, availability of only one double circuit 220 KV transmission line, scattered lengthy network and the fact that majority of the consumers are at tail end i.e. far away from generation units. The Petitioner further stated that administrative losses are due to law and order situation and non-cooperation of local administration. The Petitioner during the hearing stated that by implementing the SAP program, it expects to reduce the T&D losses by 0.2% during the FY 2017-18.

7.6 However, during hearing, the Petitioner also submitted an addendum to the tariff petition dated June 20, 2017, wherein, it mentioned that margin for law and order has inadvertently been mentioned as 1.43% in the petition, which is very low and instead a margin of 13.4%, as allowed to SEPCO being a neighboring DISCO, be allowed to QESCO. Accordingly, the Petitioner has requested T&D losses target of 34.46% for the FY 2017-18. It is important to mention here that the Authority in the matter of SEPCO has allowed a margin of 13% on account of law & order for the FY 2015-16.

7.7 Here it is also pertinent to mention that the study / report of T&D losses referred by the Petitioner was earlier submitted by the Petitioner along-with its tariff petition for the FY 2015-16. However, during hearing of the petition for the FY 2015-16, the

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Petitioner mentioned that it was not satisfied with the study and denied the whole study on technical grounds by mentioning that considering the law and order situation in the province, it was also not possible for the 3rd party to draw a conclusion on the sample data of an urban area. The Petitioner also vide its letter dated 7th February, 2016 disregarded the report owing to the following reasons;

- That the sample included feeders with a maximum length up to 18 km only.
- That the sample included 11KV feeders located in city area and municipal only.
- That most of the Petitioner's networks are located in the remote and isolated areas. These lines are expanded over long distances and extended up to 300 km. The profile of none of such feeders was examined by the Consultant.
- Mostly shoddy and inferior quality material is installed on rural feeders by the agriculture consumers where average losses range between 30% to 40%.
- Various efforts were made in the past to eradicate and uproot illegal and unauthorized tube-well connections and about 1800 FIRs were registered in this regard but GOB withdrew these FIRs on the pretext of law & order situation. The District administration also did not provide the assistance, rather the GoB insists to regularize the illegal tube-well connections having low quality conductor and transformers.
- Approx. 10000 illegal tube-well connections mostly with substandard material were regularized in this context.
- About 75% of the Petitioner's consumption consists of agriculture consumers. Due to fall in water level in all the areas of Balochistan, illegal and unauthorized shifting of tube-well connections from one place to another is a common practice using substandard material, which is one of the major cause of the increase in line losses.
- Out of 10 66kV grid stations, 6 are being fed from SEPCO's weak network. Since these grids are situated on the tail end, hence low voltages are always being experienced. During summer season the voltage level sinks to 47 kV and 8 kV on 66 kV and 11 kV respectively. This critical fall in voltage raises line losses extra ordinary.
- The Law and order situation throughout Balochistan is worst. QESCO officials are under continuous threat to perform their duties.

7.8 Thus the Petitioner made its case that had the consultant incorporated the aforementioned points, the results of technical loss number would have been higher. The Authority observed that although the Petitioner has rejected the same study

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earlier but in the instant petition is basing its request on the same study, however, has requested to reassess its case on the grounds of law & order.

7.9 Transmission Loss

7.9.1 The Authority while reviewing the above mentioned projected loss figures requested by the Petitioner, noted a clear mismatch between the Transmission Losses for FY 2017-18 i.e. 5.51% *(quoted in the petitions)*, 1.8% *(mentioned in the hearing presentation for the FY 2016-17)* and 7.901% *(assessed by PPI in transmission loss study).*

7.9.2 The Authority further while evaluating the Transmission loss study notes that PPI mentioned in the report that;

"The data of actual line current flows, bus voltages and power transformer load currents for entire 132kV and 66kV system of QESCO was gathered for the conditions of peak and off-peak hours of each month of 2012-13. Thus data for 24- snapshots of the year 2012-13 was captured and processed to be used as input to the Study. Thus the annual energy loss come out as 7.901%."

7.9.3 The Authority noted that the transmission loss study is based on old data of FY 2012-13 for QESCO network, however, the present situation of QESCO's 132kV, 66kV and 33kV assets is as under;

Sr. #	Description	As on 30th June, 2013	As on 30th June, 2017
1	Grid Stations	64	102
2	Transmission line length	5775 km	6589 km

7.9.4 From the above, it is obvious that there has been significant increase in the number of grid stations and in length of transmission lines as compared to the data gathered by PPI in 2013 for modeling and simulation of QESCO's transmission network for calculation of transmission losses. Since QESCO's existing transmission network has been expanded therefore the above mentioned additions would help in reducing transmission constraints and over-loading scenarios which resultantly would decrease transmission losses.

7.9.5 It has also been noted that the third party consultant also suggested in its transmission loss study that:

"For QESCO, the installation of switched shunt capacitor banks at 11kV levels to bring

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the power factor of distribution network as high as possible is very important as during peak conditions the low voltage on the network causes heavier loading on the lines in order to meet the load demand, thus causing high losses. In addition, to relieve the heavily loaded transmission lines and power transformers by installing more lines and transformers or re-conducting heavily loaded lines using Rail Conductor to bring the loading reasonably below the limit to operate the system comfortably and with low losses."

7.9.6 Based on the application of old data used and non-consideration of updated statistics of QESCO's transmission network by PPI in evaluation of transmission losses, the Authority therefore does not accept the third party study results and decides to maintain its earlier assessment of T&T loss of 4% for the FY 2017-18 for the Petitioner.

7.10 Distribution Losses

7.10.1 The Authority has also observed discrepancies between the Distribution Losses requested by the Petitioner i.e. 14.49% for FY 2017-18 (shown in the petitions), 21.4% for FY 2016-17 as mentioned in the hearing presentation) and 13.4% Distribution losses (assessed by PPI in loss study).

7.10.2 In addition, the Authority also noted that the evaluated T&D losses mentioned in the third party loss study are based on the values identified in the power market survey of QESCO conducted in FY 2012-13. As per the statement given by PPI in the third party loss study;

" QESCO is responsible for maintaining a distribution system supplying power to 0.53 million consumers through 540 HT feeders emanating from 64 grid stations of different capacity consisting of above 32,000 km 11kV line (HT), 14,000 km LT line and about 46,000 distribution transformers as on June 30th 2013. As per terms of contract the spot year of study was 2012-13. PPI conducted the HT analysis of 521 QESCO feeders and 130 LT samples. The result of 521 feeders has been evaluated, as the loading for some of the feeders was not available and some feeders have poor voltages i.e. less than the acceptable criterion, and there were some feeders having convergence problems. The result of 521 feeders and all 130 LTs has been incorporated in this report "

7.10.3 The Authority feels that the above statement is not representative of the present network conditions of QESCO as the losses will decrease with system improvements. The additions in the system may be noted from the following table;

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Description	As on 30th June, 2013	As on 30th June, 2017
No. of Consumers	0.53 million	0.58 million
No. of 11 kV feeders	540	628
Length of 11 kV lines	32000 km	35587 km
Length of LT lines	14000 km	15498 km
No. of Distribution Transformers	46000	55040

7.10.4 The Authority believes that the above mentioned additions in the distribution network, since 2013 till now, will reflect a positive impact on QESCO's network in reducing the overall distribution system constraints in terms of minimizing the system overloading and resultantly decrease the distribution losses. The Authority, therefore, does not accept the study's results.

7.10.5 Regarding Petitioner's plea of low voltage profile, generating units being located at a distance from its load centers and lengthy network lines, the Authority is of the opinion that by spending the allowed investment under STG and DOP programs for network expansion in the QESCO area results in significant decrease in losses. The Authority observes that QESCO was also allowed sufficient investment for its ELR program and from the available record, it has been revealed that QESCO has spent more amount than the allowed investment. The Authority feels that due to overhauling and rehabilitation activities identified under the ELR programs not only the losses will decline but the low voltage problems in QESCO's network would also be addressed.

7.10.6 In view of the above, the Authority notes that the petitioner's claimed Distribution losses are on higher side i.e. 14.49%, therefore, the Authority has decided to maintain its earlier assessment for Distribution losses of 11% for FY 2017-18. Similarly, the Authority also maintains its assessment of margin for the law & order i.e. 2.50% for the FY 2017-18.

7.10.7 Based on discussion made in the preceding paragraphs, the Authority hereby allows T&D losses of 17.50% to the Petitioner for the FY 2017-18, including 2.50% on account of margin for Law & Order, as per the following breakup;

132 kV Transmission & Transformation Losses (%)	11 kV Feeder Line Losses (%)	Losses on Distribution Transformers (%)	LT Line Losses (%)	Margin for Metering Error (%)	Margin for Law & Order (%)	Total T&D Losses Allowed (%)
4.00	6.80	1.32	2.38	0.50	2.50	**17.50**

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8. **Issue # 3.Whether the petitioner's proposed Investment Plan for the FY 2017-18 is justified?**

8.1 As per the NEPRA guidelines for the determination of consumer end tariff (Methodology and Process), 2015 (The Methodology) notified vide S.R.O. 34 (I)/2015 dated January 16, 2015, the submission of IGTDP by XWDISCOs and their approval by the Authority is required before filing of the tariff petition. The deadline for the submission of IGTDP, as per the Methodology, is September 01 each year. Here it is pertinent to mention that submission of the IGTDP by XWDISCOs with their tariff petitions, does not mean that the same has been accepted by the Authority as such.

8.2 The Petitioner has submitted a five year projected investments plan from FY 2016-17 till FY 2020-21, along-with its proposed financing plan, however, no further details with respect to its existing network conditions and the prospective improvements, to remove the existing network constraints, after carrying out the proposed investments has been provided. Further, no detailed financial and sensitivity analysis has been carried out by the Petitioner.

8.3 For the FY 2017-18, the Petitioner has requested an investment of Rs.13,577 million in the areas of Distribution of Power (DOP), Energy Loss Reduction (ELR), Secondary Transmission & Grid (STG), Power Distribution Enhancement Investment Program (PDEIP) including consumer financing etc. The break-up of proposed investment as provided by the Petitioner is as under:

Particulars	Rs. In Million
DOP	231
ELR	598
STG	6,288
PDEIP	3,382
Deposit Works	2,899
Computers, Vehicles and others	179
Total	**13,577**

8.4 The Petitioner plans to fund the aforementioned investments through following sources;

Particulars	Rs. In Million
PSDP/ Own Resources	7,223
Grant	2,850
Consumer Contribution	122

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Asian Development Bank	3,382
Total	**13,577**

8.5 The Petitioner has not submitted any detail, cost/benefit analysis, and scope of work in order to justify its requested investment.

8.6 Here it is pertinent to mention that during hearing, the Petitioner revised its investment plan as under by excluding therefrom the investments of Rs.179 million, claimed on account of Computers, Vehicle and others;

Particulars	**Rs. In Million**
DOP	231
ELR	598
STG	6,288
PDEIP	3,382
Deposit Works	2,899
Total	**13,577**

8.7 During the hearing the petitioner also stated that apart from the above investments, a five year SAP investment plan amounting to Rs.4,518 million has been prepared and PC-1 has also been submitted to Ministry of Water & Power (MoWP) for formal approval. PC-1 amounting to Rs. 22 billion for 7th STG has also been prepared, keeping in view the future generation as well as to overcome with the system constraints. The proposed scope of work as provided by the Petitioner is as under;

- New Grid Stations 28 No's
- Augmentation 10 No's
- Extension 44 No's
- T/L 1103 Km

8.8 The Authority in the Tariff Determination of QESCO for the FY 2015-16 directed the petitioner as under:

"The Authority in its tariff determination for FY 2013-14, directed the Petitioner to submit cost/benefit analysis report for the investments made during the last five years and technical/financial saving achieved thereon. The Authority on the information provided by the Petitioner, during its tariff determination process pertaining to the FY 2014-15, noted that only partial information was provided. In view thereof, the Authority again directed the Petitioner to submit the cost benefit analysis of total investments carried out during the last five years."

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8.9 The Petitioner was further directed that;

"Thus, the Authority again directs the Petitioner to provide project wise detail of actual investments made in FY 2013-14 and FY 2014-15 along-with the cost benefit analysis and also explain the reasons for variation in the reported numbers as discussed above. The Authority has also taken a serious notice of non-compliance of its direction in true letter & spirit by the Petitioner, which is serious violation of licensing terms that may lead to initiation of proceedings against the licensee under the relevant rules."

8.10 However, no such details have been provided by the Petitioner. The Authority also observed that the Petitioner did not provide project wise details in respect of the investment programs pertaining to FY 2017-18, its 5-Years SAP investment plans amounting to Rs.4,518 million and PC-1 amounting to Rs.22 billion for 7th STG programs. The Authority has shown serious concerns in this regard and therefore again directs the petitioner for strict compliance of the Authority's directions.

8.11 Although, the Petitioner failed to comply with the directions of the Authority in terms of providing cost benefit analysis of the investments carried out during the last five years as well as for the investments proposed for the FY 2017-18, yet the importance of investments cannot be ignored in order to provide safe and reliable electricity to the consumers. Therefore the Authority has carried out its own analysis / assessment of the Petitioner's Investment requirement for the FY 2017-18.

8.12 In order to have a fair assessment of the Petitioner's investment requirements, the Authority analyzed its historical trend in term of investments allowed vis a vis actual utilization (audited), as given hereunder;

Rs. in million

Investment	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Requested	3,600	3,600	3,956	7,580	6,311	13,398
Allowed	3,600	3,600	3,956	4,300	6,292	
Actual	4,211	3,301	4,145	7,115	6,292	
Excess / (Less)	611	(299)	189	2,815	-	-
%age	**117 %**	**92 %**	**105 %**	**165 %**	**100%**	-

8.13 From the aforementioned analysis, the Authority noted that the Petitioner has been able to utilize the investments allowed by the Authority rather has made extra

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investments. The following table shows detail of QESCO's network over the past five years period;

Description	2013	2014	2015	2016	2017
No. of Grid Stations	92	92	93	95	102
Length of Transmission Lines (KMs)	5,775	5,775	5,775	5,786	6,589
No. of 11 kV Feeders	551	550	570	610	628
Length of 11 kV Lines (KMs)	32,153	33,425	34,179	35,086	35,587
No. of Distribution Transformers	-	-	51,886	53,646	55,040

8.14 It is obvious from the above given table that no grid station has been added in 2014. Only 1 grid station (132 kV) was constructed in 2015 while 2 grids (132 kV) were added in QESCO's system in 2016. An addition of 7 grid stations (33 kV) was recorded in 2017. Similarly, no change has been noted in the transmission line network of QESCO in 2014 and 2015. Only 11 KMs (66 kV transmission line) were added in 2016, while, 803 KMs (33 kV transmission line) were added in the 2017. For 11 kV distribution network, 77 feeders (11 kV) were added in the system in 5 years period while addition of 3,434 KMs of 11 kV lines was recorded in the same period. As far as distribution transformers are concerned, 1760 transformers were added in 2016 and 1394 transformers were installed in 2017.

8.15 Although, importance of investments for ensuring reliable, safe and smooth supply of electricity, cannot be denied, however, the Authority, at the same time, has observed that the Petitioner's previous investments did not have a tangible impact on its overall system constraints i.e. reduction of T&D losses, achieving other performance parameters and improvement in voltage profiles as highlighted in the following table;

Description	2014-15	2015-16
SAIFI (nos.)	113	107
SAIDI (minutes)	7507	7290
Fatal Accidents	20	5
Actual T&D Losses (%)	24.40	23.80
New Connection Profile (%)*	12.50	20.30
Average Daily Load Shedding (minutes)	204	170

**Indicates percentage of consumers who were not connected within due time frame.*

8.16 The Authority has noted that the base line performance indices of QESCO are quite un-satisfactory specifically for SAIFI, SAIDI and T&D losses, essentially due to its inability to prepare targeted investment plans, monitoring and failure to meet the

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Authority's directions in this regard. The Authority, in view of the Federal Government consideration of shifting the Petitioner's tube-well connections on solar, believes that if implemented this program would positively impact QESCO's T&D losses. Accordingly, the Petitioner is directed to provide details of such plans.

8.17 Notwithstanding the above, the Authority, understands the significance of the investments required in order to cater for the future demands, minimize network constraints / overloading, improve performance standard indices and reduction in T&D losses.

8.18 Accordingly, based on the available record, arguments, evidence and the fact that allowed investments indirectly affect the annual Return on Rate Base (RORB, the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets, while allowing investments for any control period. In view thereof, the Authority has decided to allow an amount of Rs.8,000 million to the Petitioner for the FY 2017-18, including impact of deposit works of Rs.2,899 million.

8.19 Here it is pertinent to mention that the existing mechanism of determining RORB is self-adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2017-18 (which is desirable), would be catered for in next year's returns.

8.20 Further the Petitioner is also directed to provide;

i. Cost/benefit analysis report for the investments made during the last five years and technical/financial savings achieved

ii. Detailed report of projects against investments for the FY 2016-17 & 2017-18.

iii. Detailed report on plans for converting tube well connections on Solar.

8.21 The Authority also understands that village electrification although is carried out through consumer contribution / deposit works, however, impact of any impulsive village electrification, resulting in overloading and increased T&D losses has to be borne by the consumers, which is not desirable. The Authority further considers that imprudent village electrification, may dilute the impact of all the investments being made by the Petitioner.

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8.22 The Authority also observed that in past, village electrification was restricted to poles, lines and distribution transformers and its impact on the existing grid or strengthening of the grid due to the additional load in the form of village electrification was totally ignored.

8.23 In view thereof, the Authority feels that the Petitioner needs to spend at least 20% of the village electrification funds for improvement / up-gradation of the grid without which it should not undertake any village electrification resulting in overloading of its system. The village electrification would only be undertaken without augmentation of the grid, if it already has spare MVAs.

9. **Issue # 4.Whether the proposed RoRB based on WACC of 12.28% is justified?**

9.1 The Petitioner has requested an amount of Rs.4,968 million for the FY 2017-18 by using a Rate of Return of 12.28% and considering the recent inflation / price hike. However, no workings with respect to the component of calculation of the requested RoRB of 12.28% has been provided by the Petitioner.

9.2 The Authority uses the Capital Asset Pricing Model (CAPM) for calculation of Return of Equity (RoE) component of the WACC, being the most widely accepted model, which is applied by regulatory agencies all over the world to estimate the cost of capital for regulated utilities. Since the Authority uses Plain Vanilla WACC, hence the impact of tax shield is taken as zero, and in case any tax is paid it is treated as pass through. As per the Methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt. Accordingly for the purpose of assessment of WACC of the Petitioner for the FY 2017-18, the Authority in accordance with the approved methodology has decided to consider the capital structure of 70:30 (debt:equity) ratio.

9.3 The Authority observed that for the FY 2015-16, the Petitioner was allowed RoE of 16.67%, wherein the Market Risk Premium was considered as 7% with a Beta of 1.10 and Risk Free Rate was allowed as 8.9652%.

9.4 The Authority considers that there being no major change in the economic indicators of the country in term of Risk Free rate and the Market Risk premium as compared to FY 2015-16, therefore, the RoE allowed to the Petitioner for the FY 2015-16 still holds good. Accordingly, for the FY 2016-17, the Authority has decided to allow ROE of 16.67%.

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9.5 As regard the cost of debt, the Authority understands that it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. The Authority, for the tariff determination of XWDISCOs for the FY 2015-16, considering the future privatization policy of GoP, used a forward looking approach for estimating the cost of debt and allowed cost of debt of 9.76% for the FY 2015-16, based on 3 month's KIBOR of 7.01% as of 2nd July 2015 + 2.75% spread. In order to have a fair assessment of the cost of debt for the FY 2016-17, onwards, the Authority considers that although the KIBOR as of June 30, 2017 has decreased from what the Authority has assessed last year but keeping in view the future CPIs and ongoing pressure on Pak Rupee, which may result in increase in policy rate, the Authority has decided to keep the cost of debt unchanged i.e. 9.76%, based on based on 3 month's KIBOR of 7.01% as of 2nd July 2015 + 2.75% spread.

9.6 Consequent to the aforementioned discussion, the Authority has re-worked the WACC as below;

$$WACC = [Ke \times (E / V)] + [Kd \times (D / V)]$$

Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;

$$WACC = \{16.67\% \times 30\%\} + \{9.76\% \times 70\%\} = 11.83\%$$

9.7 Accordingly by using rate of return of 11.83%, the Authority has assessed Rs.4,581 million as return on rate base as per the following calculations;

Description	Rupees in Million	
	FY 2016-17 Actual	FY 2017-18 Projected
Opening fixed assets in operation	35,682	37,519
Assets Additions during the year	1,836	2,084
Closing Fixed Assets in Operation	**37,519**	**39,602**
Less: Accumulated Depreciation	11,773	13,263
Net Fixed Assets in operation	**25,745**	**26,339**
+ Capital Work in Progress (Closing)	21,839	27,755
Total Fixed Assets	**47,584**	**54,094**
Less: Deferred Credit	10,901	13,333
Total	**36,683**	**40,761**
Average Regulatory Assets Base		**38,722**
Return on Rate Base @ 11.83%		**4,581**

9.8 The Authority while going through the financial statements of the Petitioner observed that proper disclosure of the Petitioner's fixed assets on cost basis i.e. without revaluation was not available in the financial statements. Therefore, in order to assess cost of the fixed assets, the Authority carried out its own workings based on certain

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information obtained from the Petitioner. The same has been used for working out the net fixed assets of the Petitioner for the instant determination

9.9 The Authority during the tariff determination of the Petitioner for the FY 2015-16, noted that the Petitioner that has insufficient cash balance as on 30th June 2015 against its pending liability of receipt against deposit works and consumer security deposits, which indicated that the amount received against the aforementioned heads has been utilized somewhere else and the Petitioner failed to provide details in this regard. The Authority is of the view that the amount collected as security deposit cannot be utilized for any other reason and any profit earned thereon has to be distributed to the consumers. Also, the amount collected under the head of receipt against deposit works has to be spent for the purpose for which it has been collected. The utilization of the money collected against deposit works and security deposits other than the works for which it has been received is illegal and unlawful. In view thereof, the Petitioner in the tariff determination for the FY 2015-16 and FY 2016-17 was directed to provide rational / justification for improper utilization of the money because the consumers have to suffer unnecessary delay on this account.

9.10 Similarly for the FY 2017-18, the Authority observed that the Petitioner again has insufficient cash balance as on 30th June 2017, against its pending liability of receipt against deposit works and consumer security deposits, thus indicating that the amount received against the aforementioned heads has been utilized somewhere else for which no details have been provided. Thus, it would be unfair and unjust with the consumers to suffer due to the unlawful act of the Petitioner.

9.11 Accordingly, the Authority has decided, to include the amount of receipts against deposit works as a part of Deferred Credits for the assessment of RAB for FY 2017-18, after excluding therefrom the cash/ bank balances and the amount of stores & Spares available with the Petitioner as on June 30, 2017.

9.12 The Authority again directs the Petitioner to ensure that in future consumer's deposits are not utilized for any other purpose. The Petitioner is also directed to restrain from unlawful utilization of receipts against deposit works and security deposits, failing which, the proceedings under the relevant law may be initiated against the Petitioner. The Petitioner is also directed to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.

10. <u>Issue # 5.Whether the projected Distribution Margin (excluding Return on Regulatory Asset base) for the FY 2016-17 is justified?</u>

10.1 The Petitioner has requested a gross distribution margin of Rs.7,515 million *(excluding return on Regulatory Asset base)* which includes Rs.4,660 million on account of O&M cost and Rs.2,855 million for the Depreciation charges for the FY 2017-18. As per the

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Petitioner, the O&M cost has been based on inflation adjustments to QESCO's operating expenses from the latest available data, and depreciation has been calculated on the basis of present depreciation rates of different assets categories and relevant assets value. The Petitioner also projected other income for the FY 2017-18 as Rs.931 million, thus, its net Distribution margin *(excluding return on Regulatory Asset base)* for the FY 2017-18 works out as Rs.6,584 million.

10.2 According to the Petitioner its O&M expenses includes employees' Salaries & Wages and other benefits (excluding provision of Post-Retirement Benefit), Admin Expenses, Repair and Maintenance expenses, Travelling Expenses, Transportation Expenses, Management Fee and Miscellaneous expenses.

10.3 The Petitioner provided the following break-up of the requested O&M cost for the FY 2017-18 in its tariff petition;

Operation & Maintenance	**2017-18** **Rs. in Mln**
Salaries, Wages & benefits	3,268
Admin Expenses	218
Repair & Maintenance	683
Tarvelling	219
Transportation	272
Total O&M	**4,660**

10.4 Salaries Wages & Other Benefits (excluding postretirement benefits)

10.4.1 The Petitioner has requested Rs.3,268 million for FY 2016-17 under the head of Salaries Wages and Other Benefits. However, during hearing of the instant petition, the Petitioner revised its figures to Rs.3,419 million, by including therein around 10% increase in basic salary and increment on the projected cost of Rs.3,122 million for the FY 2016-17. The Petitioner also mentioned that the requested figure of Rs.3,419 million does not include the impact of Pension benefits.

10.4.2 The Authority while assessing the Pay & Allowances & other benefits *(excluding post-retirement benefits, discussed below)*, has taken into account the impact of GOP's recent announcement of 10% increase as ad-hoc allowance, 5% annual increment and merging ad-hoc relief of 2010 in running basic pay as per GOP notification. For the remaining heads, change in CPI-General of 5.02% has been assumed. By incorporating the aforementioned increases on the Petitioner actual expenses for the FY 2016-17 (excluding the impact of replacement hiring), the Pay & Allowances & other benefits of the Petitioner for the FY 2017-18 works out as Rs.3,168 million. The same is hereby allowed under the head of Pay & Allowances & other benefits *(excluding post-*

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retirement benefits) for the FY 2017-18. The Petitioner is also directed to provide certificate of replacement hiring from its Auditors as has been directed by the Authority in the previous tariff determinations.

10.5 Repair & Maintenance Expenses

10.5.1 The Petitioner requested an amount of Rs.683 million in the Petition on account of R&M cost for the FY 2017-18, calculated @ 1 % % of its net Fixed Assets value. The Authority observed that as per the audited financial accounts provided by the Petitioner for the FY 2016-17, its actual expenditure under Repair & Maintenance is around Rs.605 million.

10.5.2 The Authority believes that adherence to the service standards and improvement of customer services is only possible through continuous repair and maintenance of the distribution network, therefore, the Authority, keeping in view the impact of inflation, based on comparison with other XWDISCOs and the Petitioner's actual results in this regard has decided to allow an amount of Rs.666 million, by allowing an increase of 10% on the actual expenses of Rs.605 million incurred by the Petitioner during the FY 2016-17 under the head of repair & maintenance.

10.5.3 The Authority observed that in the tariff determination of QESCO, for the FY 2015-16, it had directed the Petitioner to maintain a proper record of its assets by way of tagging each asset for its proper tracking. In addition, the Petitioner was also directed to provide an explanation on the concerns raised by the Authority in terms of its R&M cost not later than 30th June, 2016. However, no such explanation has been received from the Petitioner. The petitioner is therefore once gain directed to maintain a proper record of its assets by way of tagging each asset for its proper tracking and also to provide explanation on the concerns raised by the Authority in terms of its R&M cost in the tariff determination for the FY 2015-16 not later than 30th September, 2018.

10.6 Travelling Expenses

10.6.1 The Petitioner has requested an amount of Rs.219 million on account of travelling cost for the FY 2017-18 based on around 5% CPI indexation on the cost of Rs.208 million, requested for the FY 2016-17. Here it is pertinent to mention that actual travelling cost of the Petitioner for the FY 2016-17 is Rs.215 million as per the audited accounts submitted by the Petitioner.

10.6.2 Although, the Petitioner, while requesting the amount of Rs.219 million for the FY 2017-18, has not substantiated its request with any evidence or details, however, the Authority understands that responsibility of QESCO includes the entire Balochistan

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province, which is around 43% of the total area of Pakistan and in order to properly monitor the area under its jurisdiction, the Petitioner needs to travel frequently, thus, resulting in higher travel costs.

10.6.3 In view of the above, keeping in view the actual expenditure of the Petitioner for the FY 2016-17 and comparison with other XWDISCOs, the Authority, has decided to allow the amount of Rs.219 million, as requested by the Petitioner, under the head of travelling cost for the FY 2017-18.

10.7 Transportation

10.7.1 The Petitioner has requested an amount of Rs.272 million on account of transportation charges, including vehicle repair costs, for the FY 2017-18 based on around 5% CPI indexation on the cost of Rs.259 million, requested for the FY 2016-17. However, as per the audited accounts provided by the Petitioner its actual transportation cost for the FY 2016-17 is Rs.192 million.

10.7.2 The Authority, keeping in view the actual expenditure of the Petitioner for the FY 2016-17, available evidence/information, past trend, trend of fuel prices and comparison with other XWDISCOs, has decided to allow the amount of Rs.272 million, under the head of transportation for the FY 2017-18, as requested by the Petitioner, considering the fact that the Petitioner's responsibility includes entire Balochistan province, which is around 43% of the total area of Pakistan and in order to properly monitor the area under its jurisdiction, the Petitioner needs to move frequently, thus, resulting in higher costs.

10.8 Other Expenses

10.8.1 The Petitioner has requested an amount of Rs.218 million on account of Other Expenses under the head of admin expenses, management fee and miscellaneous expenses for the FY 2017-18. However, the amount was revised by the Petitioner to only Rs.66 million during the hearing presentation.

10.8.2 The Authority observed that as per the audited accounts for the FY 2016-17, provided by the Petitioner, its actual Admn. expenses for the FY 2015-16 were Rs.243 million and for the FY 2016-17, the same has been around Rs.308 million. Therefore, the instant request of the Petitioner to allow only Rs.63 million under the head of Other / Admn. expenses for the FY 2017-18, is not understandable, for which no justification has been provided by the Petitioner.

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10.8.3 However, based on the available evidence/information, and the fact that Petitioner itself has requested to allow Rs.63 million under the head Other Expenses for the FY 2017-18, the Authority has decided to allow the same amount i.e. Rs.63 Million under the head of Admn./ Other Expenses for the FY 2017-18.

10.9 Post-Retirement Benefits

10.9.1 The Authority considering the overall liquidity position in the power sector and in order to ensure that the Petitioner fulfils its legal liability with respect to the post-retirement benefits, directed the Petitioner to create a separate fund in this regard before 30th June 2012. Subsequently, this deadline was extended by the Authority. The rationale was that the creation of funds would ensure that the Petitioner records it liability more prudently since the funds would be transferred into a separate legal entity. In addition to that these independent funds would generate their own profits, if kept separate from the company's routine operations and in the longer run reducing the Distribution Margin and eventually consumer-end tariff.

10.9.2 The Petitioner during its tariff determination for FY 2014-15 submitted that consultant M/s Zahid & Zahid has been hired for creation of postretirement benefits funds and the draft trust deed has been sent by the Consultant but the Petitioner requires Rs.3,085 million for Initial investment.

10.9.3 The Authority on the Petitioner's argument of liquidity crunch was of the view that it had been allowing provision for post-retirement benefits as a part of O&M cost till FY 2011-12. The direction of creating independent post retirement fund was passed during the FY 2011-12 and since the Distribution Companies were not creating independent fund, therefore, the actual amount on account of pension fund was being allowed for the last two years only, thus the argument of short liquidity was not relevant to the extent of investment in the post retirement fund. In view thereof the Authority in its determination for FY 2014-15 again directed the Petitioner to complete the process of creation of separate post retirement funds and to transfer amount in the post retirement benefit fund and claim the amount so transferred from the Authority in the next year's tariff determination by submission of evidence of the amount transferred.

10.9.4 Similarly in the tariff determination for the FY 2015-16, the Authority owing to non-creation of the separate post retirement fund, once again directed the Petitioner to create the fund by June 30, 2016.

10.9.5 The Petitioner neither in its instant petition i.e. FY 2017-18 nor afterwards has requested for any amount on account of post-retirement benefits.

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10.9.6 The Authority, however, understands that payment of postretirement benefits to the retired employees is a compulsory obligation of the Petitioner and by not demanding any amount in this regard does not absolve the Petitioner from its responsibility. Consequently, the Authority has decided to allow postretirement benefits for FY 2017-18, based on the actual payments made by the Petitioner during the FY 2016-17, and by allowing the impact of GoP increases thereon. Accordingly, an amount of Rs.728 million is hereby allowed to the Petitioner for the FY 2017-18, on account of postretirement benefits including the impact of payments for the Ex- WAPDA employees retired before 1998.

10.9.7 The Authority has seriously noted the non-compliance of its direction by the Petitioner in terms of non-creation of separate Post retirement fund, which is a serious violation of the licensing terms and may result in initiating legal proceedings against the petitioner under the relevant rules. The Authority, therefore directs the Petitioner to create the separate post-retirement benefits Fund before 30th September 2018.

10.9.8 Based on the discussion made in the preceding paragraphs, incorporating all the aforementioned increases, the Authority has assessed Rs.5,117 million on account of O&M expenses i.e. salaries, wages and other benefits including post-retirement benefits, traveling, transportation, other expenses and repair and maintenance expenses for the FY 2017-18.

10.10 Depreciation

10.10.1 The Petitioner on account of Depreciation Charges has requested an amount of Rs.2,855 million for the FY 2017-18. The Petitioner did not provide any working for the requested figure, however, has stated in the Petition that depreciation has been calculated on the basis of present depreciation rate of different asset categories and relevant asset value.

10.10.2 In order to make fair assessment, the Authority accounts for the investments approved by it for the year. After taking into account new investments, the Gross Fixed Assets in Operation for the FY 2017-18 have been worked out Rs.39,602 million. Accordingly, the depreciation charge for the FY 2017-18 has been assessed as Rs.1,490 million, calculated on actual depreciation rates for each category of Assets as per the Company's policy.

10.10.3 After carefully examining the relevant details and information pertaining to the deferred credit and amortization for the FY 2017-18, the Authority has assessed amortization of deferred credit to the tune of Rs.467 million for the FY 2017-18. Accordingly, consumers would bear net depreciation of Rs.1,023 million. The Authority while going through the financial statements of the Petitioner observed that

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proper disclosure of the Petitioner's fixed assets on cost basis i.e. without revaluation was not available in the financial statements. Therefore, in order to assess cost of the fixed assets, the Authority carried out its own workings based on certain information obtained from the Petitioner. The same has been used for working out the net fixed assets of the Petitioner for the instant determination. In view thereof, he Petitioner is directed to ensure that its financial statements provide clear disclosure of all of its fixed assets on cost basis as well.

10.11 Other Income

10.11.1 The Petitioner projected Rs.931 million as other income for the FY 2017-18. The Petitioner in the instant petition has stated that the said figure is exclusive of late payment surcharges.

10.11.2 As per the Tariff Methodology, Other Income may be determined in a manner that is consistent with the base year. Other income may be considered to be a negative other cost which may include, but not be limited to, amortization of deferred credit, meter and rental income, late-payment charges, profit on bank deposits, sale of scrap, income from non-utility operations, commission on PTV fees and miscellaneous income. Other income will be monitored to identify trends.

10.11.3 The Authority has decided to consider the amount of Other Income as proposed by the Petitioner for the FY 2017-18, including the amount of amortization of deferred credit but exclusive of the amount of late payment charges.

10.11.4 In view thereof, the Authority has assessed Rs.931 million as Other Income which does not include late payment charge but includes amortization of deferred credit.

10.11.5 The Authority in consistency with its earlier decision, on the issue, has not included the amount of LPS while assessing the other income for FY 2017-18. Here it is pertinent to mention that the LPS recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of Late Payment charge recovered from consumers shall be made part of other income and deducted from revenue requirement in the subsequent year.

13. Issue # 6.Whether the prior year adjustment related to the FY 2015-16 & FY 2016-17 calculated by the Petitioner is accurate?

13.1 The Petitioner, in its petition requested a positive amount of Rs.4,464 million on account of PYA pertaining to the FY 2016-17. The Petitioner submitted that the proposed PYA includes the impact of Recovery of FPA, Sales Mix Variance, Under Recovery of DM and Under Recovery of PPP.

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13.2 The Authority in its decision dated October 23, 2017 in the matter Suo Moto proceedings regarding periodical adjustments on account of Power Purchase Price (PPP) including impact of T&D losses on FCA and Prior Year Adjustment (PYA) pertaining to the FY 2016-17, in the consumer end tariff of QESCO already assessed a positive PYA amounting to Rs.1,371 and the same was incorporated in the consumer end tariff of the Petitioner for the FY 2015-16. For the FY 2016-17, the Authority determined a total PYA of Rs.1,634 million for the Petitioner including the impact of opening PYA of Rs.1,371 million and impact of DM (June 2016), Sales Mix Variance and Other Income for the entire FY 2015-16.

13.3 Regarding PYA to the extent of under/ over recovery of the assessed Distribution Margin, Other Income and Sales Mix Variance pertaining to the FY 2016-17, the Authority has worked out the same and the said amount has been included in the aforementioned PYA of Rs.1,634 million, thus, resulting in total positive PYA of Rs.861 million, as detailed hereunder;

	Description	Rs. In Million
	PYA Adjustemnet as Per Bi-Annaual Adjustment	**1,634**
Add/ (Less)	**Under/(Over) Recovery of Distribution Margin - 2016-17**	(1,353)
	Allowed	8,551
	Recovery	9,904
Add/ (Less)	**S.Mix Variance**	581
	Other Income - 2016-17	-
	Allowed	(938)
	Actual	(938)
	PYA fo the FY 2017-18	**861**

13.4 Here it is pertinent to mention that for the FY 2015-16 and FY 2016-17, the Authority while determining the Revenue Requirement of the Petitioner for the FY 2015-16 and FY 2016-17, did not include the amount of LPS while assessing the other income, in line with its earlier decision in this regard. The Authority noted that CPPA-G has still not raised any invoice to the Petitioner on account of late payment charges pertaining to the FY 2015-16, therefore, the amount of LPS allowed in the FY 2015-16, FY 2016-17 and FY 2017-18 shall be adjusted once the CPPA-G raises the late payment invoice.

14. Request for Biannual adjustment of Power Purchase Price for the Period from July 2017 to December 2017

14.1 Subsequently, QESCO vide its letters dated March 14, 2018, submitted its requests for Biannual adjustment of Power Purchase Price for the period from July to December 2017 amounting to Rs.4,124 million, pursuant to the NEPRA guidelines for determination of consumer end tariff (Methodology & Process 2015), Tariff determination of QESCO for the FY 2015-16 *(and subsequent re-determinations by the Authority in the matter of XWDISCOs)* on account of following;

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i. Capacity Charges
ii. Use of System Charges
iii. Variable O&M
iv. T&D losses
v. Impact of extra/less purchase of units

14.2 As per para 48 (7) of the NEPRA guidelines for determination of consumer end tariff (Methodology and Process), 2015 notified vide SRO 34 (I)/2015 dated January 16, 2015 (the Methodology), the Power Purchase Price (PPP) is a pass through item and is subject to periodic adjustments. The scope of quarterly/ biannual adjustments as prescribed in the methodology, at para 49, is as under;

- ✓ The adjustments pertaining to the capacity and transmission charges
- ✓ The impact of T&D losses
- ✓ Adjustment of Variable O&M

14.3 Further, the Authority in its redetermination decision dated September 18, 2009 in the matter of the Petitioner's tariff for the FY 2015-16, also prescribed the formula for calculation of quarterly/ biannual adjustments;

14.4 The Authority being cognizant of the fact that the period for which adjustment is being sought by the Petitioner i.e. July to December 2017, has already lapsed and variations on account of PPP (including impact of T&D losses on FCA) have not yet been recovered/ passed on to the consumers. The Authority believes that any such variations needs to be passed on to the consumers in order to ensure financial viability of the sector, which otherwise would result in huge prior period adjustments, thus, resulting in consumer end tariff distortions.

14.5 In view thereof, the Authority, as per rule 3 (1) of the NEPRA (Tariff Standards and Procedure) Rules, 1998 and in line with para 48 (7) and 49 of the Methodology and relevant paras of Tariff determinations / redeterminations of XWDISCOs for the FY 2015-16, has decided to include the impact of variation in PPP (including impact of T&D losses on FCA) pertaining to the period July to December 2017 in the consumer end tariff of the Petitioner in order to ensure recovery of the said costs. Thus, making the tariff more predictable both for the consumers' as well as for the utility as provided in under rule 17(3) of the Tariff Standards and Procedures, Rules 1998.

14.6 Accordingly, the Authority, based on the available actual data for the period July to December 2017, as provided by CPPA-G, worked out the following PPP adjustments (including impact of T&D losses on FCA) for the first two quarters of the FY 2017-18;

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Rs. in Millions

Description	QESCO
Actual Purchases	3,154
T&D losses target	17.50%
Allowed Losses	552
Regulated Sales	2,602
FUEL COST	
Actual Fuel Cost	14,761
Fuel Cost Recovered	22,077
FCA that should have been passed on	**(7,316)**
FCA actually passed on	6,035
FCA still to be passed on	**(1,280)**
VARIABLE O&M	
Cost billed by CPPA-G	887
Variable O&M recovered	806
Under / (Over) Recovery	**81**
CAPACITY CHARGES	
Cost billed by CPPA-G	10,802
Capacity Charges recovered	6,931
Under / (Over) Recovery	**3,871**
USE OF SYSTEM CHARGES	
Cost billed by CPPA-G	983
UoSC recovered	650
Under / (Over) Recovery	**333**
Total Under / (Over) recovered	**3,004**

14.7 In view thereof, the aforementioned adjustment of Rs.3,004 million has been included in the revenue requirement of the Petitioner.

14.8 Here it is pertinent to mention that for the FY 2015-16, the Authority while determining the Revenue Requirement of the Petitioner, did not include the amount of LPS while assessing the other income, in line with its earlier decision in this regard. Similarly for the FY 2016-17, The Authority noted that CPPA-G has still not raised any invoice to the Petitioner on account of late payment charges pertaining to the FY 2015-16, therefore, the amount of LPS allowed in the FY 2015-16, FY 2016-17 is still

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available with the Petitioner. However, same shall be adjusted upon receipt of late payment invoice from CPPA-G to the Petitioner.

14.9 It is also pertinent to mention that the amount of monthly FCA retained by the Petitioner pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers, (in accordance with Federal Government's policy guidelines dated May 21, 2015 with regard to fuel charges adjustment and subsidy rationalization of XWDISCOs) shall be adjusted while processing the quarterly adjustment for the Quarter April to June 2018, after accounting for the Net Tariff Differential Subsidy claim of the Petitioner, if any, for the FY 2017-18.

15 **Issue # 7.Whether the Petitioner request for incorporation of interest charge on PHPL loans is justified?**

15.1 The Petitioner has requested to allow financial charge to be incorporated into the tariff. The Petitioner requesting the interest charge has stated that a company with the name Power Holding (Pvt) limited (PHPL) has been established by the Ministry of Water and Power(GOP), who borrowed Rs. 136.454 billion to pay-off the liabilities of CPPA-G on behalf of distribution companies. Out of Rs. 136 billion, Rs.21 billion have been allocated to QESCO. Term of interest is KIBOR plus 1% and in case of default KIBOR plus 1%. The Petitioner further submitted that it is facing severe financial crunch and have no other source except to recover through tariff, for the debt services and accordingly requested that the aforementioned interest charges may be allowed in tariff.

15.2 The Authority with regards to interest on the amount of development loans is of the view that these are catered for in the calculation of WACC. However, on the issue of PHPL loans, the Authority while deciding the tariff petitions for the FY 2012-13, after a comprehensive discussion, has already adjudicated on the matter. The Authority considers that the Petitioner has not submitted any new rationale or evidence on which the Authority can adjudicate. In view thereof, the Authority maintains its earlier decision in this regard; hence has decided not to allow the interest cost.

16 **Issue # 8.What is the financial impact / loss of revenue due to TOU metering for cellular companies connections and other similar connections?**

16.1 The Authority observed that IESCO, in its tariff petition for the FY 2012-13, contended that by installing TOU meters on the connections that operate on a 24 hour basis, an undue benefit of lesser off peak rate is enjoyed by these sort of consumers as their demand remains constant throughout the day, irrespective of the differential tariff being offered in different time spectrum. IESCO presented a negative billing impact of Rs. 9 million per month approx. due to the installation of TOU meters on cellular company connections (who according to IESCO maintains constant load throughout the day). The same concern was noted and addressed in para 6.5 of the tariff determination of IESCO for the FY 2012-13 dated 27th March, 2013.

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16.2 Consequently, the Authority decided to deal the matter separately and directed all the XWDISCOs for comments on the issue. Subsequently, comments were filed by XWDISCOs and they supported the stance of IESCO in their tariff petitions for the FY 2013-14. The following arguments were presented by the XWDISCOs;

16.3 **Risks**

- Conversion to a TOU meter is only viable for consumers who are aware of the rules and are able to alter their consumption patterns to maximize plan benefits.
- The main objective of TOU tariff was reduced demand on the power system during peak hours by introducing TOU metering.
- Cellular companies run their business round the clock during peak hours as well thus do not contribute toward the reduction in power demand during the peak hours.
- A separate tariff may be introduced for cellular companies as they do not deserve TOU tariff due constant load behavior.
- The consumer of cellular companies are enjoying the cross subsidy because they are availing the benefits resulting from application of TOU tariff consequently causing a negative impact on revenue as well as average sale rates.
- GEPCO also submitted a negative billing impact of TOU metering of cellular connections of Rs. 13.88 million affecting the revenues of the company;

Comparison of TOU/ Normal Billing to the Cellular Companies for the Month of June, 2013				
Name of Company	No. Of Connections	TOU Billing	Billing under Normal Tariff	Difference
Cellular Companies	1,955	Rs.38.42 million	Rs. 52.30 million	Rs. 13.88 million

- XWDISCOs suggested discontinuation of TOU metering on all such connections and more specifically on cellular company connections. FESCO also requested for a separate tariff category for these connections.

16.4 Keeping in view the aforementioned arguments / comments submitted by the XW-DISCOs, the Authority decided to hold a separate hearing on the issue by taking all stakeholder onboard. Accordingly, a hearing was held on 8th July, 2014. The hearing was attended by representatives of IESCO and legal representatives of Cellular Companies. The representatives of IESCO reiterated their stance and requested the

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Authority to discontinue the installation of TOU meters on these connections. Whereas, the legal representatives of Cellular companies objected to the proceedings and demanded that evidence of losses being faced by DISCOs should be produced to review by cellular companies in order to provide further justification / evidence.

16.5 The legal representatives further objected to the suo-moto proceedings and named it as a brain storming session which needs to be followed by examination of evidence by cellular companies and a further hearing opportunity. The legal representatives of IESCO objected to the concerns of cellular companies' representatives and offered to present all the facts to the Authority. The Authority, during the hearing, required both DISCOs and cellular companies to provide their evidences in this regard to the Authority for consideration. As per directions of the Authority during the hearing, IESCO submitted data vide letter No. 7617-20/CE/IESCO/CD(S) dated 21stJuly, 2014. In the meantime some initial information was provided by Warid Telecom Company.

16.6 A number of cellular companies instead of providing data, went to the higher court against the suo-motto proceedings initiated by the Authority. The Honorable Islamabad High Court, dismissed their petition and the same was challenged by cellular companies before the Supreme Court of Pakistan. The decision of the Honorable Supreme Court is reproduced here as under;

"This petition is, therefore, converted into appeal and is allowed. Consequently the impugned judgment dated 22.07.2014 is set aside. This however shall not prevent NEPRA from furnishing the information relevant to the notice issued in the press and to proceed with the hearing after adhering to the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rule, 1998."

16.7 The representatives of Cellular companies Telecom, Mobilink and Ufone, M/s Aqlal Advocates later on submitted Motion for leave for review vide letter dated 25th July, 2014 and made the following submissions;

- The respondent is unable to file proper evidence without the pleadings and summary of evidence of IESCO being shared with them;
- Contrary to Authority's understanding, there is no technical capability in the network operations centre (NOC) of the respondents to measure and record the peak vs off-peak consumption of the BTS sites;
- The consumption data as submitted with the motion shows lower consumption in peak hours and is available with IESCO. Consequently, Authority is requested to seek such data from IESCO and share the same with the Respondents for them to be able to file counter-comments thereon before the Authority proceeds to accept and act upon such IESCO data.

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- Rule 9(9) and 9(15) of the Tariff Standards and Procedure Rules, 1998 provides for establishing a detailed schedule for the orderly disposition of the proceeding, entailing, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters. Thus the instant proceedings have been conducted without summaries of evidence, any discovery, interrogatories or pleadings of the parties which precludes the Respondents from meaningful participation in the proceedings by presenting their case properly and effectively.

16.8 On the afore stated submissions, the Cellular companies made following pleas;

- A detailed schedule for the orderly disposition of the proceeding, inter alia, for filing of interrogatories, discovery motions, objections and responses to objections and other procedural matters be established before further proceedings;

- After collection of all requisite evidence and giving adequate opportunities to the parties to consider and, if required, object to such evidence, declare close of evidence before the next hearing.

16.9 As per decision of Supreme Court of Pakistan the Authority again started proceedings, the Authority vide letter No. 1085-91 dated 23-01-2015 shared the information provided by IESCO with cellular companies for their comments. In response only M/s Mobilink provided their comments vide letter dated 9th March, 2015.

16.10 Consequently a letter was issued to the concerned stakeholders dated July 06, 2015 for their comments on the data provided by IESCO. However, no comments were received.

16.11 In view of aforementioned and as per the statutory requirements, the Authority framed the same issue in the tariff petitions for the FY 2015-16 and the relevant data was sought from the DISCOs for the onwards comments from the cellular companies. Accordingly, the data was provided by XWDISCOs during the hearings of their consumer end tariff petitions for FY 2015-16 and onward and the same was forwarded to the concerned stakeholders vide letter dated December 22, 2015 for provision of their comments. The Authority reviewed the comments from technical and financial prospective.

16.12 Further, in order to resolve the matter, the Authority framed an issue on the subject matter in the instant petition. The Authority observed that the Petitioner did not provide any response on the issue. However, the Authority noted that installation of ToU meters has been successful in achieving the desired results in terms of Demand Side Management. Further, XWDISCOs have a revenue caped tariff, meaning thereby that any under or over recovery due to sales mix is adjusted in the subsequent tariff.

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Therefore, the plea of XWDISCOs of any revenue/ financial loss is not justified. Therefore, the plea of XWDISCOs of any revenue/ financial loss is not valid.

17 **Issue # 9.Whether there is any major deviation in the petition from the NEPRA guidelines for determination of consumer-end tariff (Methodology & Process) notified vide SRO. 34(I) 2015 dated 16.01.2015?**

17.1 The Authority has observed several deviations from the minimum filing requirements indicated in the Methodology particularly with respect to CoSS, IGTDP and Generation plan etc. The Petitioner is required to fulfil all the requirements as provided in the Methodology while filing the next tariff petition failing which the Petitioner's petition may not be entertained.

18 **REVENUE REQUIREMENT**

18.1 Based on the assessments made in the preceding paragraphs the Revenue Requirement for the FY 2017-18 is assessed as per the following details;

1. **Power Purchase Price**			**Rs. 62,793 Million**
	CpGenE	Rs. 25,097 Million	
	CpGenCap	Rs. 35,500 Million	
	USCF & Market Fee	Rs. 2,197 Million	
2. **Distribution Margin (Net)**			**Rs.10,257 Million**
	O&M Cost	Rs. 5,117 Million	
	Depreciation	Rs. 1,490 Million	
	RORB	Rs. 4,581 Million	
	Gross DM	**Rs. 11,188 Million**	
	Less: Other Income	Rs. 931 Million	
3. **Prior Year Adjustment**			**Rs. 861 Million**
4. **1st & 2nd Qtr, Adj. FY-18**			**Rs. 3,004 Million**
5. **Total Assessed Revenue Requirement**			**Rs. 76,916 Million**

18.2 Based on the projected sales of 5,484 GWh for the FY 2017-18, the Petitioner's average sale rate works out as Rs.14.02/kWh, consisting of Rs.11.45 /kWh of adjusted PPP, Rs.1.87 /kWh of DM, Rs.0.55/kWh of 1st and 2nd Quarter of PPP adjustment for the FY 2017-18 and Rs.0.16 /kWh of Prior Year Adjustment.

18.3 This revenue would be recovered from the consumers through projected sales of 5,484 GWhs, as per Annex – II.

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19 ORDER

19.1 From what has been discussed above, the Authority hereby determines the tariff of the Petitioner Company for the Financial Year 2017-18 as under :-

I. Quetta Electric Supply Company Limited (QESCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for QESCO annexed to the determination.

II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA (G), adjustment of remaining components of PPP will be adjusted quarterly/biannually. Here it is pertinent to mention that while making quarterly/biannual adjustments of the PPP, the Authority may rationalize the SoT accordingly.

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

i) Where only 132 kV system is involved

$$UOSC = DM(Gross) \times \frac{(1-L)}{(1-0.04)} \times \text{AFI(T)} \quad Paisa/kWh$$

ii) Where only 11 kV distribution systems is involved.

$$UOSC = DM(Gross) \times \frac{(1-L)}{(1-0.0812)} \times \text{AFI(D)} \quad Paisa/kWh$$

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

$$UOSC = DM(Gross) \times \frac{(1-L)}{(1-0.1212)} \times \text{AFI(TD)} \quad Paisa/kWh$$

Where:

Gross Distribution Margin for FY 2017-18 is set at Rs.2.04/kWh (without excluding impact of other income)

'L' is the overall percentage loss assessment for the respective year.

AFI (T) = Adjustment factor for investment at 132 kV level i.e.25%

AFI (D) = Adjustment factor for investment at 11 kV level i.e. 44%.

AFI (TD) =Adjustment factor for investment at both 132 kV & 11 kV level i.e. 69%.

IV. The residential consumers will be given the benefit of only one previous slab.

V. T&D losses target of 17.50% has been assessed for QESCO for the FY 2017-18.

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VI. Total investment of Rs.8,000 million has been approved.

VII. The Order part, Annex-I, II, III, IV and V annexed with determination is hereby intimated to the Federal Government for notification in the official gazette in terms of section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

VIII. The Authority hereby determines and approves the following component wise cost and their adjustments mechanism in the matter of QESCO's tariff petition for the FY 2017-18.

TARIFF COMPONENT	Assessed Cost FY 2017-18	ADJUSTMENTS/ ASSESSMENT
POWER PURCHASE PRICE		
Energy Purchase Price		
Fuel Cost	23,316	Monthly, as per the approved mechanism.
Variable O&M	1,781	Quarterly/Biannually, as per the approved mechanism.
Capacity Charges	35,500	Quarterly/Biannually, as per the approved mechanism.
Use of System Charges/Market Operator Fee	2,197	Quarterly/Biannually, as per the approved mechanism.
T&D Losses	17.50%	Quarterly/Biannually, as per the approved mechanism.
NET DISTRIBUTION MARGIN	**10,257**	
O&M Cost		
Salaries, wages & other benefits	3,168	Annually
Post-Retirement benefits	728	----do-----
Repair and Maintenance	666	----do-----
Other operating expanses	554	----do-----
Depreciation	1,490	----do-----
Return on Rate Base	4,581	----do-----
Other Income	(931)	----do-----
1st & 2nd Qrt. Adj. FY-18	3,004	----do-----
Prior Year Adjustment	861	----do-----

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20 Summary of Directions

20.1 The summary of all directions passed in this determination are reproduce hereunder;

- To provide project wise detail in respect of the investments programs pertaining to FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18.
- To provide details in respect of its plan for shifting of tube-well connections on solar.
- To spend at least 20% of the village electrification funds for improvement / up-gradation of the grid without which it should not undertake any village electrification resulting in overloading of its system. The village electrification would only be undertaken without augmentation of the grid, if it already has spare MVAs.
- To restrain from unlawful utilization of receipts against deposit works and security deposits, and to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.
- To provide certificate of replacement hiring from its Auditors.
- To maintain proper record of its assets by way of tagging each asset for its proper tracking and also to provide explanation on the concerns raised by the Authority in terms of its R&M cost in the tariff determination for the FY 2015-16, not later than 30th September, 2018.
- To create the separate post-retirement benefits Fund before 30th September 2018.
- To provide a clear disclosure for all its assets on cost basis i.e. without revaluation, in notes to the financial statements.
- To fulfil all the requirements as provided in the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended, while filing of its next tariff petition.

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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 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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Quetta Electric Supply Company Limited (QESCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Revnue			Base Tariff		PYA 2017		1st & 2nd Qrt.Adj-18		Total Tariff	
	GWh	% Mix	Fixed Charge	Variable Charge	Total	Fixed Charge	Variable Charge	Amount	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge
			Mln. Rs.	Mln. Rs.	Mln. Rs.	Rs./kW/ M	Rs./ kWh	Mln. Rs.	Rs./ kWh	Mln. Rs.	Rs./ kWh	Rs./kW/ M	Rs./ kWh
Residential													
Up to 50 Units	29	0.53%	-	115	115		4.00	-	-	-	-		4.00
For peak load requirement less than 5 kW													
01-100 Units	272	4.96%	-	2,897	2,897		10.65	38	0.14	150	0.55		11.34
101-200 Units	105	1.92%	-	1,382	1,382		13.15	15	0.14	58	0.55		13.84
201-300 Units	80	1.46%	-	1,125	1,125		14.00	11	0.14	44	0.55		14.89
301-700Units	60	1.09%	-	899	899		15.00	8	0.14	33	0.55		15.69
Above 700 Units	92	1.68%	-	1,571	1,571		17.05	15	0.16	51	0.55		17.76
For peak load requirement exceeding 5 kW)													
Time of Use (TOU) - Peak	7	0.13%	-	124	124		17.05	1	0.16	4	0.55		17.76
Time of Use (TOU) - Off-Peak	41	0.74%	-	435	435		10.65	7	0.16	22	0.55		11.36
Temporary Supply	0	0.00%	-	-	-		13.00	-	0.16	-	0.55		13.71
Total Residential	**666**	**12.52%**	**-**	**8,547**	**8,547**			**95**		**362**			
Commercial - A2													
For peak load requirement less than 5 kW	72	1.32%	-	1,013	1,013		14.00	12	0.16	41	0.57		14.73
For peak load requirement exceeding 5 kW													
Regular	0	0.01%	1	4	5	400	13.00	0	0.16	0	0.57	400	13.73
Time of Use (TOU) - Peak	16	0.29%	-	270	270		17.05	3	0.16	9	0.57		17.78
Time of Use (TOU) - Off-Peak	59	1.07%	133	625	759	400	10.65	9	0.16	33	0.57	400	11.38
Temporary Supply	0	0.00%	-	-	-		14.00	-	0.16	-	0.57		14.73
Total Commercial	**147**	**2.68%**	**134**	**1,913**	**2,047**			**24**		**84**			
General Services-A3	**82**	**1.50%**	**-**	**1,178**	**1,178**		**14.32**	**13**	**0.16**	**45**	**0.55**		**15.03**
Industrial													
B1	1	0.02%	-	12	12		11.85	0	0.16	1	0.55		12.56
B1 Peak	3	0.06%	-	54	54		17.05	1	0.16	2	0.55		17.76
B1 Off Peak	16	0.30%	-	174	174		10.65	3	0.16	9	0.55		11.36
B2	0	0.00%	0	0	0	400	12.05	0	0.16	0	0.55	400	12.76
B2 - TOU (Peak)	13	0.24%	-	225	225		17.05	2	0.16	7	0.55		17.76
B2 - TOU (Off-peak)	73	1.32%	225	758	983	400	10.45	12	0.16	40	0.55	400	11.16
B3 - TOU (Peak)	3	0.05%		45	45		17.05	0	0.16	1	0.55		17.76
B3 - TOU (Off-peak)	64	1.16%	85	660	745	380	10.35	10	0.16	35	0.55	380	11.06
B4 - TOU (Peak)	0	0.00%		-	-		17.05	-	0.16	-	0.55		17.76
B4 - TOU (Off-peak)	0	0.00%	-	-	-	360	10.25	-	0.16	-	0.55	360	10.96
Temporary Supply	0	0.00%	-	-	-		12.55	-	0.16	-	0.55		13.26
Total Industrial	**173**	**3.15%**	**310**	**1,927**	**2,237**			**28**		**95**			
Single Point Supply for further distribution													
C1(a) Supply at 400 Volts-less than 5 kW	0	0.01%	-	6	6		13.05	0	0.16	0	0.55		13.76
C1(b) Supply at 400 Volts-exceeding 5 kW	1	0.02%	0	13	14	400	12.55	0	0.16	1	0.55	400	13.26
Time of Use (TOU) - Peak	4	0.08%	-	77	77		17.05	1	0.16	2	0.55		17.76
Time of Use (TOU) - Off-Peak	19	0.34%	36	198	235	400	10.65	3	0.16	10	0.55	400	11.36
C2 Supply at 11 kV	9	0.17%	11	116	127	380	12.35	2	0.16	5	0.55	380	13.06
Time of Use (TOU) - Peak	20	0.37%	-	342	342		17.05	3	0.16	11	0.55		17.76
Time of Use (TOU) - Off-Peak	83	1.52%	98	870	968	380	10.45	13	0.16	46	0.55	380	11.16
C3 Supply above 11 kV	0	0.00%	-	-	-	360	12.25	-	0.16	-	0.55	360	12.96
Time of Use (TOU) - Peak	0	0.00%	-	-	-		17.05	-	0.16	-	0.55		17.76
Time of Use (TOU) - Off-Peak	0	0.00%	-	-	-	380	10.35	-	0.16	-	0.55	360	11.06
Total Single Point Supply	**137**	**2.50%**	**146**	**1,622**	**1,768**			**22**		**76**			
Agricultural Tube-wells - Tariff D													
Scarp	15	0.28%	-	195	195		12.80	2	0.16	8	0.55		13.51
Time of Use (TOU) - Peak	20	0.36%	-	341	341		17.05	3	0.16	11	0.55		17.76
Time of Use (TOU) - Off-Peak	113	2.06%	100	1,203	1,303	200	10.65	18	0.16	62	0.55	200	11.36
Agricultual Tube-wells	4105	74.86%	2,496	52,877	55,374	200	12.88	657	0.16	2,258	0.55	200	13.59
Time of Use (TOU) - Peak	0	0.00%	-	-	-		17.05	-	0.16	-	0.55		17.76
Time of Use (TOU) - Off-Peak	0	0.00%	-	-	-	200	10.65	-	0.16	-	0.55	200	11.36
Total Agricultural	**4,254**	**77.56%**	**2,597**	**54,616**	**57,212**			**681**		**2,339**			
Public Lighting - Tariff G	5	0.09%	-	59	59		12.10	1	0.16	3	0.55		12.81
Residential Colonies	0	0.00%	-	1	1		12.10	0	0.16	0	0.55		12.81
Sub-Total	**5**	**0.09%**	**-**	**61**	**61**			**1**		**3**			
Special Contract - Tariff-J													
J-1 For Supply at 66 kV & above	-	0.00%	-	-	-	360	12.25	-	0.16	-	0.55	360	12.96
Time of Use (TOU) - Peek	-	0.00%	-	-	-		17.05	-	0.16	-	0.55		17.76
Time of Use (TOU) - Off-Peak	-	0.00%	-	-	-	360	10.35	-	0.16	-	0.55	360	11.06
J-2 (a) For Supply at 11, 33 kV	-	0.00%	-	-	-	380	12.35	-	0.16	-	0.55	380	13.06
Time of Use (TOU) - Peak	-	0.00%	-	-	-		17.05	-	0.16	-	0.55		17.76
Time of Use (TOU) - Off-Peek	-	0.00%	-	-	-	380	10.45	-	0.16	-	0.55	380	11.16
J-2 (b) For Supply at 66 kV & above	-	0.00%	-	-	-	360	12.25	-	0.16	-	0.55	360	12.96
Time of Use (TOU) - Peak	-	0.00%	-	-	-		17.05	-	0.16	-	0.55		17.76
Time of Use (TOU) - Off-Peak	-	0.00%	-	-	-	360	10.35	-	0.16	-	0.55	360	11.06
J-3 (a) For Supply at 11, 33 kV	-	0.00%	-	-	-	380	12.35	-	0.16	-	0.55	380	13.06
Time of Use (TOU) - Peak	-	0.00%	-	-	-		17.05	-	0.16	-	0.55		17.76
Time of Use (TOU) - Off-Peak	-	0.00%	-	-	-	380	10.45	-	0.16	-	0.55	380	11.16
J-3 (b) For Supply at 66 kV & above	-	0.00%	-	-	-	360	12.25	-	0.16	-	0.55	360	12.96
Time of Use (TOU) - Peak	-	0.00%	-	-	-		17.05	-	0.16	-	0.55		17.76
Time of Use (TOU) - Off-Peak	-	0.00%	-	-	-	360	10.35	-	0.16	-	0.55	360	11.06
Total Revenue	**5,484**	**100.00%**	**3,188**	**69,863**	**73,050**			**861**		**3,004**			

Tariff mentioned under Column "Total Tariff" shall remain applicable for a period of one year from the date of notification. After one year PYA 2017, 1st & 2nd Qart. Adjustment FY 2017-18 shall cease to exist and only tariff mentioned under Column 'Base Tariff' shall remain applicable till the same is superseded by next notification.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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SCHEDULE OF ELECTRICITY TARIFFS

QUETTA ELECTRIC SUPPLY COMPANY LIMITED (QESCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2017 Rs/kWh		1st & 2nd Qrt.Adj-18 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D		E	
a)	For Sanctioned load less than 5 kW									
i	Up to 50 Units	-	4.00		-		-		4.00	
	For Consumption exceeding 50 Units									
ii	001 - 100 Units	-	10.65		0.14		0.85		11.34	
iii	101 - 200 Units	-	13.15		0.14		0.55		13.84	
iv	201 - 300 Units		14.00		0.14		0.55		14.69	
v	301 - 700 Units	-	15.00		0.14		0.55		15.69	
vi	Above 700 Units	-	17.05		0.16		0.55		17.76	
b)	For Sanctioned load 5 kW & above									
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Time Of Use	-	17.05	10.65	0.16	0.16	0.55	0.55	17.76	11.36

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

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

a) Single Phase Connections: Rs. 75/- per consumer per month
b) Three Phase Connections: Rs. 150/- per consumer per month

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2017 Rs/kWh		1st & 2nd Qrt.Adj-18 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D		E	
a)	For Sanctioned load less than 5 kW		14.00		0.16		0.57		14.73	
b)	For Sanctioned load 5 kW & above	400.00	13.00		0.16		0.87		13.73	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
c)	Time Of Use	400.00	17.05	10.65	0.16	0.16	0.57	0.57	17.78	11.38

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

a) Single Phase Connections; Rs. 175/- per consumer per month
b) Three Phase Connections: Rs. 350/- per consumer per month

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2017 Rs/kWh	1st & 2nd Qrt.Adj-18 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E
a)	General Services	-	14.32	0.16	0.55	15.03

Under tariff A-3, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections; Rs. 175/- per consumer per month
b) Three Phase Connections: Rs. 350/- per consumer per month

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2017 Rs/kWh		1st & 2nd Qrt.Adj-18 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D		E	
B1	Upto 25 kW (at 400/230 Volts)	-	11.85		0.16		0.55		12.56	
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00	12.05		0.16		0.55		12.76	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW	-	17.05	10.65	0.16	0.16	0.58	0.55	17.76	11.36
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	17.05	10.45	0.16	0.16	0.55	0.55	17.76	11.16
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	17.05	10.38	0.16	0.16	0.55	0.55	17.76	11.06
B4	For All Loads (at 66,132 kV & above)	360.00	17.05	10.25	0.16	0.16	0.55	0.55	17.76	10.96

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.
For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.
For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.
Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSUMER CLASS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2017 Rs/kWh		1st & 2nd Qrt.Adj-18 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D		E	
C -1	For supply at 400/230 Volts									
a)	Sanctioned load less than 5 kW	-	13.05		0.16		0.58		13.76	
b)	Sanctioned load 5 kW & up to 500 kW	400.00	12.55		0.16		0.55		13.26	
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	12.35		0.16		0.55		13.06	
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	12.25		0.16		0.55		12.96	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	17.05	10.65	0.16	0.16	0.55	0.55	17.76	11.36
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	17.05	10.45	0.16	0.16	0.55	0.55	17.76	11.16
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	17.05	10.35	0.16	0.16	0.55	0.58	17.76	11.06

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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SCHEDULE OF ELECTRICITY TARIFFS
QUETTA ELECTRIC SUPPLY COMPANY LIMITED (QESCO)

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2017 Rs/kWh		1st & 2nd Qrt.Adj-18 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D		E	
D-1(a)	SCARP less than 5 kW	-	12.80		0.16		0.55		13.51	
D-2 (a)	Agricultural Tube Wells	200.00	12.88		0.16		0.55		13.59	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	200.00	17.05	10.65	0.16	0.16	0.55	0.55	17.76	11.36
D-2 (b)	Agricultural 5 kW & above	200.00	17.05	10.65	0.16	0.16	0.55	0.55	17.76	11.36

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 TDU metering.

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2017 Rs/kWh	1st & 2nd Qrt.Adj-18 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E
E-1(i)	Residential Supply	-	13.00	0.16	0.55	13.71
E-1(ii)	Commercial Supply	-	14.00	0.16	0.57	14.73
E-2	Industrial Supply	-	12.55	0.16	0.55	13.26

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note: Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2017 Rs/kWh	1st & 2nd Qrt.Adj-18 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E
	Street Lighting	-	12.10	0.16	0.55	12.81

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

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	PYA 2017 Rs/kWh	1st & 2nd Qrt.Adj-18 Rs/kWh	Total Variable Charges Rs/kWh
		A	B	C	D	E
	Residential Colonies attached to industrial premises	-	12.10	0.16	0.55	12.81

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

J - SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		PYA 2017 Rs/kWh		1st & 2nd Qrt.Adj-18 Rs/kWh		Total Variable Charges Rs/kWh	
		A	B		C		D		E	
J -1	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	12.25		0.16		0.55		12.96	
J-2										
(a)	For supply at 11,33 kV	380.00	12.35		0.16		0.55		13.06	
(b)	For supply at 66 kV & above	360.00	12.25		0.16		0.55		12.96	
J-3										
(a)	For supply at 11,33 kV	380.00	12.35		0.16		0.55		13.06	
(b)	For supply at 66 kV & above	360.00	12.25		0.16		0.55		12.96	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
J -1(b)	For supply at 66 kV & above and having sanctioned load of 20MW & above	360.00	17.05	10.35	0.16	0.16	0.55	0.55	17.76	11.06
J-2 (c)	For supply at 11,33 kV	380.00	17.05	10.45	0.16	0.16	0.55	0.55	17.76	11.16
J-2 (d)	For supply at 66 kV & above	360.00	17.05	10.35	0.16	0.16	0.55	0.55	17.76	11.06
J-3 (c)	For supply at 11,33 kV	380.00	17.05	10.45	0.16	0.16	0.55	0.58	17.76	11.16
J-3 (d)	For supply at 66 kV & above	360.00	17.05	10.35	0.16	0.16	0.55	0.55	17.76	11.06

Note: Tariff under Colum A and E of Annex-III shall remain applicable for one year from the date of notification. Colum C, D and E of Annex-III shall cease to exist after one year and only Colum A and B of Annex-III shall remain applicable, till the same is superseded by a next notification.

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Annex-IV

QESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	613	601	561	550	522	546	453	427	538	578	628	631	6,648

kWh

Fuel Cost Component	3.2708	2.5111	2.4588	2.9120	2.3306	3.4328	4.6523	3.6723	3.9777	4.3148	4.2633	4.3499	**3.507**
Variable O & M	0.2393	0.2332	0.2218	0.2402	0.2269	0.2838	0.3350	0.2726	0.2979	0.3218	0.2876	0.2685	**0.268**
CpGenCap	5.6869	4.0988	4.8011	4.6569	6.4599	4.9028	6.8592	6.9985	6.1598	5.1683	4.4007	4.8949	**5.3402**
USCF & MoF	0.3410	0.2567	0.3035	0.2937	0.3794	0.3014	0.3902	0.4264	0.3613	0.3358	0.2884	0.3338	**0.3304**
Total PPP in Rs. /kWh	**9.5379**	**7.0998**	**7.7851**	**8.1027**	**9.3968**	**8.9208**	**12.2367**	**11.3698**	**10.7966**	**10.1407**	**9.2400**	**9.8472**	**9.4459**

Rs in Million

Fuel Cost Component	2,006	1,509	1,380	1,602	1,216	1,875	2,108	1,567	2,140	2,493	2,676	2,743	**23,316**
Variable O & M	147	140	124	132	118	155	152	116	160	186	181	169	**1,781**
CpGenCap	3,488	2,464	2,695	2,562	3,370	2,678	3,109	2,986	3,314	2,986	2,762	3,087	**35,500**
USCF & MoF	209	154	170	162	198	165	177	182	194	194	181	211	**2,197**
PPP	**5,849**	**4,268**	**4,370**	**4,458**	**4,902**	**4,872**	**5,546**	**4,851**	**5,809**	**5,858**	**5,800**	**6,210**	**62,793**

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

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
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TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION LICENSEES)

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Quetta Electric Supply Company Limited (QESCO) engaged in the business of distribution 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 30 days or less reckoned from the date of last meter reading.
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 highest of maximum demand recorded in a month except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
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,.
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 exceeding 4 kW supply shall be given at three-phase.

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12. "Consumer" means a person of his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
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 Dispatch 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 (XL of 1997).

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 Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax 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.

At any point of time, if the floating average of last six months' consumption exceed 50 units, then the said consumer would not be classified as life line for the billing month even if its consumption is less than 50 units. For the purpose of calculating floating average, the consumption charged as detection billing would also be included.

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,
   ii) Hotels 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.

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2. 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)
3. 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).
4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company and convert it to-A-2 (c) Tariff.
6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters 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 operating on three phase 400 volts other than those meant for the irrigation or reclamation of Agriculture land.

1. 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 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 and Breeding Farms and
   iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

B-1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load upto a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.
3. All existing consumers under tariff B-1 shall be provided T.O.U metering arrangement by the Company and convert it to-B1 (b) Tariff.

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.

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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 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
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.
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 NEPRA eligibility criteria.
4. 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 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW 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 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 NEPRA Eligibility Criteria, 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 NEPRA Eligibility Criteria.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

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C BULK SUPPLY

"Bulk Supply" for the purpose of this Tariff, means the supply given at one point for self-consumption 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 up to and including 5000 kW.
2. 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 NEPRA eligibility criteria.
3. 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.
4. 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 NEPRA Eligibility Criteria, 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 NEPRA Eligibility Criteria.
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.

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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, viz. fish farms, fish hatcheries and fish nurseries.
   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.
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 having sanctioned load of less than 5 kW.
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 having sanctioned load less than 5 kW 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.

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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, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction works for all kinds of single phase loads. For connected load exceeding 4 kW, supply may be given at 400 volts (3 phase) to allow a balanced distribution of load on the 3 phases. Normally, temporary connections shall be allowed for a period of 3 months which can be extended on three months basis subject to clearance of outstanding dues.

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.

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

1. "Year" means any period comprising twelve consecutive months.
2. 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

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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 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.

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.

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"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.

J. SPECIAL CONTRACTS UNDER NEPRA (SUPPLY OF POWER) REGULATIONS 2015

Supply for the purpose of this tariff means the supply given at one or more common delivery points;

i. To a licensee procuring power from QESCO for the purpose of further supply within its respective service territory and jurisdiction.

ii. To an O&M operator under the O&M Agreement within the meaning of NEPRA (Supply of Power) Regulations 2015 duly approved by the Authority for the purpose of further supply within the service territory and jurisdiction of the QESCO

iii. To an Authorized agent within the meaning of NEPRA (Supply of Power) Regulations 2015, procuring power from the QESCO for further supply within the service territory and jurisdiction of the QESCO

J-1 SUPPLY TO LICENSEE

1. This tariff is applicable to a Licensee having sanctioned load of 20 MW and above receiving supply at 66 kV and above.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-1(b).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-1(b) as set out in the Schedule of Tariff.

SUPPLY UNDER O&M AGREEMENT

J-2 (a) SUPPLY AT 11 KV AND 33 KV

1. This tariff is applicable to an O&M operator receiving supply at 11 kV or 33 kV under the O&M Agreement duly approved by the Authority.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(c).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(c) as set out in the Schedule of Tariff.

J-2 (b) SUPPLY AT 66 KV AND ABOVE

1. This tariff is applicable to an O&M operator receiving supply at 66 kV & above under the O&M Agreement duly approved by the Authority.

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2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-2(d).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-2(d) as set out in the Schedule of Tariff.

SUPPLY TO AUTHORIZED AGENT

J-3 (a) SUPPLY AT 11 KV AND 33 KV

1. This tariff is applicable to an authorized agent receiving supply at 11 kV or 33 kV.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(c).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(c) as set out in the Schedule of Tariff.

J-3 (b) SUPPLY AT 66 KV AND ABOVE

1. This tariff is applicable to an authorized agent receiving supply at 66 kV & above.
2. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to J-3(d).
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff J-3(d) as set out in the Schedule of Tariff.

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