# National Electric Power Regulatory Authority
## Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-570&TRF-571/QESCO-2021/ 9207-13 June 14, 2024

Subject: **Decision of the Authority regarding request filed by Quetta Electric Supply Company (QESCO) for Adjustment/Indexation of Tariff for the FY 2024-25 under the MYT**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority along with Annexure-I, I-A II, III, IV & V (total 40 pages).

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

Enclosure: **As above**

**(Engr. Mazhar Iqbal Ranjha)**

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

**Copy to:**

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
3. Secretary, Irrigation & Power Department, Government of Balochistan, Balochistan Sectt. No. 7, Quetta
4. Chief Executive Officer, NTDC,414 WAPDA House, Shaharah-e-Qauid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Ltd. (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Quetta Electric Supply Company (QESCO), Zarghoon Road, Quetta

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

## 1. Back Ground

1.1. The Authority determined tariffs of Quetta Electric Supply Company Limited (QESCO) (herein referred to as "Petitioner") under Multi Year Tariff (MYT) regime, for a period of five years i.e. from FY 2020-21 to FY 2024-25, separately for its Distribution and Supply of power functions vide tariff determinations dated June 02, 2022. The tariff so determined was notified by the Federal Government vide SRO dated 25.07.2022. QESCO, being aggrieved from its determination dated 02.06.2022, filed Motion for Leave for Review (MLR), which was accordingly decided by the Authority vide decision dated January 16, 2023. The Authority subsequently determined QESCOs annual adjustment / indexation for the FY 2023-24 vide decision dated 14.07.2023 along-with other XWDISCOs.

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

| Description | Unit | Distribution Business | Power Supply Business | Total Revenue Requirement |
|---|---|---|---|---|
| Power Purchase Price | Rs. Mln | | 193,071 | 193,071 |
| Margin | | | | |
| Pay & Allowances | Rs. Mln | 7,099 | 2,002 | 9,101 |
| Post-Retirement benefits | Rs. Mln | 2,097 | 591 | 2,688 |
| O&M Costs | Rs. Mln | 2,648 | 323 | 2,971 |
| Depreciation | Rs. Mln | 2,731 | 206 | 2,937 |
| Return on Rate Base | Rs. Mln | 12,767 | 1,419 | 14,185 |
| Gross Margin | Rs. Mln | 27,342 | 4,541 | 31,882 |
| Less: Other Income | Rs. Mln | (1,796) | (115) | (1,911) |
| Net Margin | Rs. Mln | 25,546 | 4,426 | 29,972 |
| Prior Year Adjustment | Rs. Mln | | 13,903 | 13,903 |
| Revenue Requirement | Rs. Mln | 25,546 | 211,400 | 236,946 |

## 2. Hearing

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

2.2. Hearing in the matter was held on April 02, 2024, for which advertisement was published in newspapers on 20.03.2024. Separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features and details of the proposed adjustments along-with notice of hearing were also uploaded on NEPRA's Website for information of all concerned.

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2.3. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting evidence and arguments both verbally and in writing;

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

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

iii. Whether the requested PYA, is justified?

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

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

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

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

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

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

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

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

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

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

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

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

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

4.1. The petitioner has submitted the following basis of indexation in its instant request:

| Description | Determined FY 2023-24 | Indexation / Adjustment Basis | Indexed / Adjusted Cost FY 2024-25 |
|---|---|---|---|
| Pay & Allowances | 7,914 | Govt. Statutory Increases & 5% Annual Increment | 9,101 |
| Post-Retirement Benefits | 1,873 | Benefits paid | 2,688 |
| O&M Costs | 2,460 | CPI of December 2023 (Less 30% efficiency factor) | 2,971 |
| Depreciation | 2,632 | Allowed Investment for FY 2024-25 | 2,937 |
| RORB | 15,994 | Allowed Investment for FY 2024-25 | 14,185 |
| Other Income | -1,911 | As per Mechanism | -1,911 |
| Total | 28,962 | | 29,972 |

4.2. The Petitioner submitted during the hearing that the indexation/adjustment is requested as per the indexation formulas and mechanism given in MYT tariff determination.

Salaries wages & other benefits

Revised Salaries wages & other benefits. = Ref. salaries wages & Other benefits x[ 1+(GOP increase or CPI)]

Post-retirement benefits

Revised Post retirement benefits. = Ref. Post-retirement benefits x[ 1+(GOP increase or CPI)]

Operation & Maintenance Exp.

Operation & Maintenance Exp. = Ref. O&M cost x[ 1+(CPI -X factor)]

RoRB

RORB (Rev) =RORB(Ref) x RAB(Rev) / RAB(Ref)

Depreciation

DEP (Rev) = DEP (Ref) x GFAIO (Rev)/GFAIO (Ref)

Other Income

OI (Rev) = OI (current year) + { OI(current year)- OI(previous year)}

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4.3. The Authority has considered the submissions of the Petitioner under each head and noted that MYT of the Petitioner provided the following adjustment/ indexation mechanism;

Salaries, Wages and Other benefit

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

*"The reference costs shall be adjusted every year with the increase announced by the GoP, being beyond the Petitioner's control, for the respective year till the time the Petitioner*

*remains in the public sector. In addition a 5% increase as requested by the Petitioner would be allowed on the amount of Basic pay to account for the impact of annual increment..."*

**Post-Retirement benefit**

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

*"... the allowed amount of post-retirement benefits would also be adjusted every year with the Pension increase announced by the GoP for the respective year, till the time the Petitioner remains in the public sector. In case, the Petitioner is privatized during the MYT" period, the allowed cost would be adjusted with CPI-X factor.*

**O&M expense**

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

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

Where:

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

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4.7. Regarding Efficiency Factor, the Authority decided that;

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

**RORB**

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

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

*"In addition the allowed RAB for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the RAB, unless due to any regulatory decisions/interventions/approved plans for which the Petitioner obtains*



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*prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc.*

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

<u>Depreciation expense</u>

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

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

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

<u>Other Income</u>

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

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

4.11. <u>Regarding adjustment of Salaries, Wages & Other Benefits</u>, the Authority observed that the Federal Budget for the FY 2024-25, has not yet been announced by the Federal Government, therefore, budgetary increases of Pay & allowances to be applicable for FY 2024-25, are not available as of to date. In view thereof, the Authority has decided to apply an Adhoc allowance



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4.12. Accordingly, for the FY 2024-25, the total Salaries, Wages & Other Benefits *(excluding post-retirement benefits)* of the Petitioner have been worked out as Rs.8,661 million for both the distribution and supply of power functions.

4.13. In order to bifurcate the allowed cost of Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the cost of Salaries, Wages and other benefits (excluding postretirement benefits) for the FY 2024-25 pertaining to the distribution function works out as Rs.6,689 million and Rs.1,972 million for Supply function.

4.14. <u>Regarding Post-retirement Benefits</u>, the Authority in the MYT determination of the Petitioner, allowed actual payment of postretirement benefits and decided that the allowed amount of post-retirement benefits would also be adjusted every year with the pension increase announced by the GoP for the respective year, till the time the Petitioner remains in the public sector.

4.15. Regarding assessment of Post-retirement benefits for the FY 2024-25, the Authority observed that the Federal Budget for the FY 2024-25, has not yet been announced by the Federal Government, therefore, budgetary increases of Pension Benefits for FY 2024-25, are not available as of to date. In view thereof, the Authority has decided to apply an increase of 10% on provisional basis on the amount of Pension Benefits allowed for the FY 2023-24. Accordingly, for the FY 2024-25, the Post-retirement benefits of the Petitioner has been worked out as Rs.2,060 million, which is hereby allowed to the Petitioner. Since the increases being allowed for the FY 2024-25, are on provisional basis, therefore, the same shall be adjusted subsequently, based on actual increases of Pension Benefits as announced by the Government in the Federal Budget for the FY 2024-25. The financial impact thereof, would be allowed separately as part of PYA, either in next adjustment request or tariff determination of the Petitioner as the case may be.

4.16. In order to bifurcate the allowed cost of Post-retirement benefits of Rs.2,060 million, in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the allowed amount of post-retirement benefits for the FY 2024-25 pertaining to the distribution function works out as Rs.1,591 million and Rs.469 million for Supply function.

4.17. <u>Regarding Other O&M expenses</u>, the MYT tariff determination requires the same to be indexed with NCPI of December for the respective year after adjustment for the X factor i.e. 30% of CPI. Accordingly, for indexation of other O&M expenses for the FY 2024-25, the NCPI of December

2023 has been considered. The same as reported by Pakistan bureau of Statistics is 29.66%. With this NCPI, and after accounting for the X-factor, the Other O&M cost of the Petitioner for the FY 2024-25 works out as Rs.2,974 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.18. In order to bifurcate the allowed cost of Other O&M expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, the allowed amount of Other O&M for the FY 2024-25 pertaining to the distribution function works out as Rs.2,639 million and Rs.334 million for Supply function.

4.19. Regarding Depreciation expenses, the same are required to be worked out based on the Revised Gross Fixed Assets in Operation (GFAIO) for FY 2024-25, to be calculated based on Investment allowed for the FY 2024-25. For FY 2024-25, allowed investment for the Petitioner is Rs.2,915 million, by taking into account the same revised Gross Fixed Assets in Operation of the Petitioner for the FY 2024-25 works out as Rs.90,572 million. Accordingly, as per the allowed mechanism the total depreciation expense of the Petitioner for the FY 2024-25 works out as Rs.2,915 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.20. In order to bifurcate the allowed cost of depreciation expenses in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Thus, from the total allowed amount of Depreciation for the FY 2024-25 Rs.2,894 million has been allocated to the distribution function and Rs.21 million has been allocated to the supply function.

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

| **Depreciation** | QESCO |
|---|---|
| Allowed | 1,645 |
| Actual | 1,736 |
| **Under/(Over) Recovery** | 39 |

4.22. Here it is clarified that the Authority is in the process of evaluating the investments actually carried out by the Petitioner, whether the same in line with the allowed investment plan or otherwise. Therefore, for the purpose of truing up of Depreciation expenses for the FY 2022-23, depreciation expense as reported in Audited financial statements of the Petitioner have been considered, keeping in view the mechanism prescribed in the MYT determination. Any adjustment based on the final evaluation of the Authority, if required, would be made in next adjustment/indexation request of the Petitioner.

4.23. Regarding RoRB, the reference RoRB is required to be adjusted every year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year, as per the mechanism provided in the MYT. Further, the Authority in the same decision of the Petitioner, decided to allow WACC by including 100% balance of CWIP in the RAB instead of allowing ROE component only to the extent of 30% of CWIP balance.

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4.24. Accordingly, the revised RAB of the Petitioner for the FY 2024-25, based on the Investment allowed for the FY 2024-25, and incorporating therein 100% balance of CWIP, works out as Rs.78,634 million. The average RAB of the Petitioner however, for the purpose of calculation of RoRB, works out as Rs.74,281 million for the FY 2024-25.

4.25. Here it is pertinent to mention that the Authority vide determination dated 02.06.2022, allowed adjustments on account of variation in KIBOR on biannual basis. The same would be adjusted subsequently once the actual KIBOR and Audited accounts of the Petitioner for the FY 2024-25, are available for true up of RORB.

4.26. Based on the above discussion, the total RoRB of the Petitioner for the FY 2024-25 works out as Rs.14,185 million. The same is being allowed to the Petitioner for both the distribution and supply of power functions.

4.27. In order to bifurcate the allowed RoRB in terms of Distribution and Supply Functions, the criteria adopted by the Authority in the MYT determination has been used. Based on the aforementioned, Rs.14,171 million has been allocated to the distribution function and Rs.14 million has been allocated to the supply function.

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

| RORB | Unit | QESCO |
|---|---|---|
| Allowed KIBOR | % | 7.45% |
| Actual KIBOR 04.07.2022 | % | 15.32% |
| Actual KIBOR 03.01.2023 | % | 17.06% |
| RoRB (Investment + KIBOR) | | |
| Allowed | Rs.Mln | 3,884 |
| Actual | Rs.Mln | 8,952 |
| Under/(Over) Recovery | | 5,068 |

4.29. Here it is pertinent to mention, that amount of investments appearing in the financial statements has been restricted to the extent of allowed investment.

4.30. The Authority in its earlier decisions, while allowing RORB on 100% balance of CWIP also directed DISCO to disclose the amount of Interest during Construction (IDC) separately in their financial statements. While going through the Financial Statements of the Petitioner, it was observed that the Petitioner has separately disclosed the amount of IDC. The Petitioner shall continue with this practice in future and in case the Petitioner fails to reflect the amount of IDC in its future financial statements, the Authority may consider not to allow RORB on 100% balance of CWIP. The Petitioner is, therefore directed to continue to reflect the IDC amount its Audited Financial Statements.

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

4.32. Here it is also pertinent to mention that the Authority while working out the RoRB of the Petitioner for the FY 2024-25, has adjusted RAB with insufficient balances of cash and other items vis a vis deposit works & security deposits balances.

4.33. Regarding Other Income, the same has been adjusted as per the mechanism provided in the MYT determination for the FY 2024-25. The same for the FY 2024-25 works out as Rs.1,911 million for the Petitioner. Further, the MYT determination also provides truing up of Other Income every year. Accordingly, the allowed Other income for the FY 2022-23, has also been trued up based on Audited Financial Statement of the Petitioner for FY 2022-23, resulting in negative adjustment of Rs.471 million. The same has been made part of PYA for FY 2024-25.

5. Whether the requested PYA, is justified?

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

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

5.2. The Petitioner requested the following amount on account of PYA and also provided its workings/ justifications under each head as mentioned hereunder;

| Description | Mln. Rs. |
|---|---|
| Post-retirement benefits | 439 |
| Minimum Tax | 7,404 |
| PM Assistance Package | 840 |
| Sales Mix Variance | 677 |
| Under Recovery of DM | 2,071 |
| Under Recovery of PYA | 2,003 |
| Quarterly Adjustments | 120 |
| True up of Depreciation | 39 |
| True down of Other income | 309 |
| **Total (Over)/Under recovery** | **13,903** |

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**Post-retirement benefits FY 2022-23:**

5.3. The under recovered amount has been calculated to the tune of Rs.439 million under the head of Post-retirement benefits for the FY 2022-23;

| Description | Mln. Rs. |
|---|---|
| Amount allowed for FY 2022-23 | 1,594 |
| Actual amount as per the Audited financial statements | 2,033 |
| Under Recovery | 439 |

**Minimum Tax:**

5.4. As per the direction of the Authority detail of actual tax assessments and amount paid to FBR along with the amount allowed by the Authority on account of tax payments since FY 2014-15 is as follows;

| Tax year | Tax paid by QESCO (As per return) | Assessment made by FBR | Differential demand created under Section 138 (1) by RTO Quetta FBR | Differential amount paid under protest/ amount taken away by FBR | Balance Payable |
|---|---|---|---|---|---|
| | A | B | C | D | E |
| 2014-15 | 9,664,434 | 504,151,136 | 494,486,702 | 494,486,702 | |
| 2015-16 | 63,030,023 | 636,746,924 | 573,716,901 | 573,716,901 | |
| 2016-17 | 372,088,579 | 701,166,686 | 329,078,107 | 329,078,107 | |
| 2017-18 | 543,564,338 | 921,896,943 | 476,044,571 | 476,044,571 | |
| 2018-19 | 561,793,018 | 906,757,033 | 344,964,015 | 344,964,015 | |
| 2019-20 | 680,562,733 | Not yet made | | | |
| 2020-21 | 621,913,862 | 1,434,568,527 | 812,654,665 | 384,367,182 | 428,287,483 |
| 2021-22 | 831,777,766 | Not yet made | | | |
| 2022-23 | 1,117,060,145 | Not yet made | | | |
| TOTAL | 4,801,454,898 | 5,105,287,249 | 3,030,944,961 | 2,602,657,478 | 428,287,483 |

5.5. It is requested to allow the amount of Rs. 7,404,112,376 (Rs. 4,801,454,898+ Rs. 2,602,657,478) on account of Minimum tax paid to FBR.

**PM ASSISTANCE PACKAGE:**

5.6. The amount requested under this head is Rs.840 million to redress the grievances of bereaved families of deceased employees, who approached through different channels for payment of their entitled assistance package including direct application to QESCO management, complaints to Wafaqi Mohtasib, complaints at PM's Performance Delivery Unit (PMDU) etc.

**Sales Mix Variance (2022-23):**

5.7. The amount requested under this head is Rs.677 million.

**Under recovery of Distribution Margin FY 2022-23:**

5.8. The under recovery on this part is calculated as follows:

| Description | Mln. Rs. |
|---|---|
| DM Allowed | 14,073 |
| DM Recovered | 12,002 |
| Under Recovery | 2,071 |

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UNDER RECOVERY OF PRIOR YEAR ADJUSTMENT 2022-23:

5.9. The under recovery on this part is calculated as follows:

| Description | Mln. Rs. |
|---|---|
| PYA Allowed | 13,612 |
| PYA Recovered | 11,609 |
| **Under Recovery** | **2,003** |

IMPACT OF QUARTERLY ADJUSTMENTS:

5.10. The impact of quarterly adjustments of Rs.120 million is as under;

| Description | Mln. Rs. |
|---|---|
| 2nd Quarter 2022-23 AQTA 13 | *-542* |
| 3rd Quarter 2022-23 AQTA 14 | *662* |
| **Total (Over)/under recovery** | ***120*** |

TRUE UP OF DEPRECIATION:

5.11. The true up of depreciation of Rs.39 million is as under;

| Description | Mln. Rs. |
|---|---|
| Depreciation allowed for FY 2022-23 | 1,645 |
| Actual depreciation as per Audited Financial Statements | 1,684 |
| **True Up of Depreciation** | **39** |

OTHER INCOME 2022-23:

5.12. The true down of other income of Rs.309 million is as under:

Mln. Rs.

| Description | FY 2022-23 |
|---|---|
| Allowed Amount | 1,337 |
| As per Audited FS | 1,028 |
| True up of Other income | 309 |

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

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

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

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

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

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

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

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

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

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

5.16. In view of the relevant provision of Income Tax Ordinance 2001 and the opinion submitted by LESCO, the Authority considers that minimum tax is applicable on every company even if it is incurring gross loss. In view thereof, the Authority has decided to allow QESCO, minimum tax of Rs.7,404 million, paid by the Petitioner for the FY 2022-23 as per the CPRs provided by the Petitioner.

5.17. **Regarding Sales mix**, the Authority in previous determination dated 14.07.2023, directed DISCOs to provide the reconciled date of sales mix with its reported revenue as per Audited Financial Statement of the respective year. However, no such reconciliation has been submitted by the



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Petitioner, rather DISCOs have claimed new sales mix for FY 2022-23. Therefore, the Authority has decided not to allow the sales mix variance of FY 2022-23, till the time, the Petitioner complies with the direction of the Authority and submits the reconciled data till FY 2022-23.

5.18. Regarding request of the Petitioner to allow differential of Post-retirement benefits for the FY 2022-23, it is submitted that the Petitioner was allowed a total amount of Rs.7,796 million on account of both Salaries & Wages and Post-retirement benefits for the FY 2022-23. The actual expenditure of the Petitioner for the FY 2022-23 under both Salaries & Wages and Post-retirement benefits, as per its audited accounts is Rs.7,713 million. Thus, the Petitioner has already been allowed sufficient amount to meet its cost under both these heads for the FY 2022-23 as detailed below;

| | FY 2022-23 | | Mln. Rs. |
|---|---|---|---|
| | Allowed | Actual | Shortfall/ Excess |
| Salaries | 6,202 | 5,680 | 522 |
| Pension | 1,594 | 2,033 | - 439 |
| Total | 7,796 | 7,713 | 83 |

5.19. In view thereof, the request of the Petitioner to allow any additional cost for post-retirement benefits is not justified, and not allowed.

5.20. Regarding PM assistance package, the Authority earlier in its decision dated 14.07.2023, directed the Petitioner to provide employees' name, CNIC numbers, designations, dates of death, their financial impact etc., once the actual payment is made to such employees, along-with payment proof. The Petitioner in this regard has submitted such details. In view thereof, the request of the Petitioner to allow the cost of Rs.840 million on account of PM Package is accepted and the amount is allowed as part of PYA.

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

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

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| Description | Unit | QESCO |
|---|---|---|
| **January 2023 to December 2023** | | |
| Impact of Negative FCA- retained | Rs. Mln | - 0.14 |
| Impact of Positive FCA- Lifeline + EV | Rs. Mln | 11.87 |
| **Net** | Rs. Mln | 12 |
| **January 2023 to December 2023** | | |
| Tariff Diff. Subsidy | Rs. Mln | 36,181 |
| Surcharge | Rs. Mln | - 838 |
| **Net - Jul.20 to Mar. 23** | Rs. Mln | 35,343 |
| **Excess FCA Impact -Adjusted as subsidy** | Rs. Mln | |
| **FCA Impact -Adjusted as PYA** | Rs. Mln | 11.73 |
| **2nd Qtr. FY 2022-23 (Apr. Jun. 23)** | | |
| Allowed Amount | Rs. Mln | - 1,688 |
| Qtr. Rs./kWh | Rs./kWh | - 1.01 |
| Recovered | Rs. Mln | - 1,457 |
| **Under/(Over) Recovery** | Rs. Mln | - 542 |
| **3rd Qtr. FY 2022-23 (Jul. Sep. 23)** | | |
| Allowed Amount | Rs. Mln | 2,433 |
| Qtr. Rs./kWh | Rs./kWh | 1.4611 |
| Recovered | Rs. Mln | 2,180 |
| **Under/(Over) Recovery** | Rs. Mln | 253 |
| **D.M FY 2022-23** | | |
| Allowed Amount | Rs. Mln | 14,071 |
| Rate. Rs./kWh | Rs./kWh | 2.33 |
| Recovered | Rs. Mln | 11,845 |
| **Under/(Over) Recovery** | Rs. Mln | 2,071 |
| **PYA 2022** | | - |
| Allowed Amount | Rs. Mln | 11,634 |
| Rate. Rs./kWh | Rs./kWh | 1.93 |
| Recovered | Rs. Mln | 7,683 |
| **Under/(Over) Recovery** | Rs. Mln | 2,003 |
| **Other Cost related to PYA** | | |
| D.M FY 2021-22 _Adjustment | Rs. Mln | |
| MLR Cost | Rs. Mln | |
| P.M Assistance Package | Rs. Mln | 840 |
| Minimmum Tax | Rs. Mln | 7,404 |
| Other Adjustment of previous PYA | Rs. Mln | - 2,055 |
| GENCO Pensioners | Rs. Mln | |
| Adjustment of Final tariff v.s Interim Tariff | Rs. Mln | |
| **Total** | | 6,189 |
| **Total** | Rs. Mln | 9,986 |

| MYT True Ups | | QESCO |
|---|---|---|
| **FY 2022-23** | | |
| **Depreciation** | | |
| Allowed | Rs. Mln | 1,645 |
| Actual | Rs. Mln | 1,736 |
| **Under/(Over) Recovery** | Rs. Mln | 39 |
| **RoRB (Investment + KIBOR)** | | |
| Allowed | Rs. Mln | 3,884 |
| Actual | Rs. Mln | 8,952 |
| **Under/(Over) Recovery** | Rs. Mln | 5,068 |
| **Other Income** | | |
| Allowed | Rs. Mln | - 1,338 |
| Actual | Rs. Mln | - 1,808 |
| **Under/(Over) Recovery** | Rs. Mln | - 471 |
| **Total MYT Rue Ups** | Rs. Mln | 4,637 |
| **G. Total PYA FY 2022-23** | Rs. Mln | 14,623 |

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

6.1. The Petitioner during hearing presented that in accordance with section 32 of NEPRA Act and NEPRA Power Procurement Regulations QESCO prepared and submitted its Power Acquisition Program for the period 2022-23 to 2026-27. The subjected PAP was prepared in accordance with IGCEP 2022-31 and QESCO demand forecast base year 2021-22.

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

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| Description | 2024-25 | Projected rate per Kwh | Power purchase |
|---|---|---|---|
| Energy (MkWh) As per PAP | 7,327 | | |
| Energy (MkWh) As Projection | 6,859 | 28 | 193071 |
| Peak Demand (MW) as per PAP | 1,206 | | |

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

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

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

7.1. The Petitioner during the hearing submitted that the fixed charges may be recovered as per sanctioned load. The Petitioner further submitted that the basic concept for implementing peak & off-peak rate design is to shave system peak and try to straight the capacity demand at the country level. There is no need to change the existing peak & off-peak rate design as it serves the purpose.

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

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NE Plan obligates that fixed charges shall account for at least 20% of the fixed cost of the respective categories evaluated through a cost-of-service study. The rate of fixed charges @ Rs./kW/Month for each consumer category, has been mentioned in the Schedule of Tariff (**SoT**) attached with the decision.

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

7.4. Here it is pertinent to mention that Rs.111,769 million and Rs.9,354 million is the share of the Petitioner on account of CpGenCap and UoSC (NTDC/ HVDC) & Market Operator Fee respectively for the FY 2024-25. The overall fixed charges comprising of CpGenCap and UoSC (NTDC/HVDC) & Market Operator Fee in the instant case works out as Rs.121,123 million, which translate into Rs.7,029/kW/month based on projected average monthly MDI of the Petitioner.

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

8.1. The Petitioner on the issue submitted that NEPRA has determined the fixed charges as well as Use of System charges for 11 Kv and 132 Kv BPC. The net metering connections mostly installed on QESCO network are on Low voltage i.e 430 Volts. Though, the local generation through solar by consumers reduce the burden on the system, but on the other hand net metering consumers get benefits by using local network. The Petitioner further submitted that the imposition of use of system as well as capacity charges need to be leveled against net metering consumers by balancing mechanism of variable and fixed charges.

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

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

10.1. The petitioner submitted that the methodology of existing rate design of temporary connections is appropriate, however the existing rates needs to be enhanced.

10.2. The Authority noted that as per the existing notified tariff terms & conditions, the Temporary Residential/ Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, exhibitions, political gathering, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction of house/buildings/plazas of single phase loads. A temporary electric power supply connection for the construction shall be provided by

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Distribution company initially for a period of six months which is further extendable on three month basis up to completion of the specific job/project for which the temporary connection was obtained. "Temporary Industrial Supply" means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of "Industrial Supply", during the construction phase prior to the commercial operation of the Industrial concern.

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

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

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

11.1. The Petitioner, during the hearing, submitted that cross subsidy is essential keeping in view the socio-economic factor, so the tariff mechanism may be designed to support cross subsidy element for interim period of three years.

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

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

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

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

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

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

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

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

12.1. The Petitioner during the hearing submitted that fixed charges may be levied on all consumers' categories except domestic up to 5 KW.

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

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

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

13.1. The Petitioner on the issue of pre-paid metering submitted that prepaid metering may be allowed starting from general consumers with preference to commercial consumers on prevailing tariff rates.

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

✓ The scope of the IESCO AMI project encompasses the implementation of an Advanced Metering Infrastructure (AMI) system, covering the deployment of Smart Meters, Data



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Concentrator Units (DCU) and essential communication infrastructure in the jurisdiction of Rawalpindi City Circle, Rawalpindi Cantt. Circle and Taxila Division along with the implementation of the new Billing System/Customer Information System (CIS) for whole IESCO. The project scope involves the installation of 879,564 smart meters, with the first phase targeting the installation of 135,000 smart meters in area of Rawalpindi City Circle. The new Billing system will be operational tentatively from June 2024.

✓ IESCO AMI Billing System has a value-added feature of Prepayment along with Post-payment functionality which is already in vogue. The new Billing System is capable to calculate the allowable units / consumption (KWh) and communicate this information to Meter Data Management System (MOMS). Consequently, smart meters are configured to operate exclusively within the limits of these calculated units. After the exhaust of these units, a remote disconnection order will be executed through the smart meter. Further, after the recharge of the new top up the reconnection order will be made automatically.

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

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

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

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

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

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

13.5. Similarly, in several cases around the world, prepaid metering has helped in significant reduction in non-technical losses. It also reduces financial burden of DISCOs for maintaining workforce employed for manual billing system and may also lead to improved employee to customer ratio. Remote disconnection and reconnection through the AMI system may also improve overall efficiency and reduce cost.

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

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

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

13.9. In view thereof and to promote the pre-paid metering, the Authority has decided to allow a flat variable rate (Rs./kWh) for pre-paid consumers along-with fixed charges, as mentioned in the SoT attached with the instant decision. No monthly FCAs or quarterly adjustments shall be charged from the pre-paid metering consumers. However, regarding applicable Federal and

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Provincial taxes, duties or surcharges, DISCO shall ensure to recover the same from pre-paid metering consumers, as the same are not part of NEPRA determined tariffs.

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

14.1. The Petitioner submitted during the hearing that QESCO has prepared new organogram in terms of segregation of responsibilities of Distribution and supply function. The consultation on said organogram is underway at senior management level and shortly will be placed before BOD for consideration and approval, once board passed the resolution matter will be taken up with Federal Government.

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

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

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

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

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

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

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

<u>Billing Demand</u>

Regarding change in mechanism of application of fixed charges based on actual MDI or sanctioned load or otherwise, large number of stakeholders raised their concerns in the matter especially with respect to calculation of their sanctioned loads. The Authority considering the

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concerns of consumers has decided to amend the definition of billing demand for the purpose of charging of fixed charges. The same has been reflected in Tariff Terms & Conditions attached with the instant decision.

Month or Billing Period

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

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

Late Payment charges (LPC)

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

## 16. Revenue Requirement

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

| | | Allowed FY 2024-25 | |
|---|---|---|---|
| Description | Unit | DOP | SOP |
| Units Purchased | [MkWh] | 6,323 | 6,323 |
| Units Sold | [MkWh] | 5,450 | 5,450 |
| Units Lost | [MkWh] | 873 | 873 |
| Units Lost | [%] | 13.81% | 13.81% |
| Energy Charge | | | 61,485 |
| Capacity Charge | | | 111,769 |
| Transmission Charges/Market Fee | | | 9,354 |
| **Power Purchase Price** | | - | **182,608** |
| Wire Business | | | 26,196 |
| **Power Purchase Price with Wire Business** | [Mln. Rs.] | - | 208,804 |
| Pay & Allowances | | 6,689 | 1,972 |
| Post Retirement Benefits | | 1,591 | 469 |
| Repair & Maintainance | | 1,332 | 27 |
| Traveling allowance | | 380 | 71 |
| Vehicle maintenance | | 458 | 27 |
| Other expenses | | 469 | 209 |
| **O&M Cost** | [Mln. Rs.] | **10,919** | **2,776** |
| Depriciation | | 2,894 | 21 |
| RORB | | 14,171 | 14 |
| O.Income | | (1,788) | (123) |
| **Margin without PYA** | [Mln. Rs.] | 26,196 | 2,687 |
| Prior Year Adjustment | [Mln. Rs.] | - | 14,623 |
| **Revenue Requirement** | [Mln. Rs.] | 26,196 | 226,114 |
| **Average Tariff** | [Rs./kWh] | 4.81 | 41.49 |

16.2. The above determined revenue shall be recovered from the consumers through the projected sales of 5,450 GWhs, as per Annex – II.

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

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17. ORDER

17.1. From what has been discussed above, the Authority hereby approves the following adjustments in the MYT of the Petitioner Company for the Financial Year 2024-25;

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

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

| Description | For 132 kV only | For 11 kV only | For both 132kV & 11 kV |
|---|---|---|---|
| Asset Allocation | 27.90% | 42.93% | 70.82% |
| Level of Losses | 1.30% | 9.61% | 10.79% |
| UoSC Rs./kWh | 1.38 | 2.34 | 3.87 |

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

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

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

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

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

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

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

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

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

AUTHORITY

Mathar Niaz Rana (nsc)
Member

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Ms. Amina Ahmed
Member

Waseem Mukhtar
Chairman

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**Annex-I**

## FUEL PRICE ADJUSTMENT MECHANISM

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

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

Where:

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

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA (G) in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.

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Annex-I-A

## QUARTERLY ADJUSTMENT MECHANISM

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

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

Where;

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

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

Impact of T&D losses on FCA

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

Where;

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

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

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

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**Annex-II**

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

| Description | Sales | Base Revenue | | | Base Tariff | | | PYA 2023 | | Total Tariff | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GWh | Fixed Charge | Variable Charge | Total | Fixed Charge | Fixed Charge | Variable Charge | Amount | Variable Charge | Fixed Charge | Fixed Charge | Variable Charge |
| | | Mln. Rs. | Mln. Rs. | Mln. Rs. | Rs./Con/ M | Rs./kW/ M | Rs./ kWh | Mln. Rs. | Rs./ kWh | Rs./Con/ M | Rs./kW/ M | Rs./ kWh |
| **Residential** | | | | | | | | | | | | |
| For peak load requirement less than 5 kW | | | | | | | | | | | | |
| Protected | | | | | | | | | | | | |
| Up to 50 Units - Life Line | 8 | - | 96 | 96 | - | - | 12.19 | | | - | - | 12.19 |
| 51-100 units - Life Line | 36 | - | 600 | 600 | - | - | 16.70 | | | - | - | 16.70 |
| 01-100 Units | 239 | - | 8,006 | 8,006 | - | - | 33.43 | 648 | 2.70 | - | - | 36.13 |
| 101-200 Units | 34 | - | 1,228 | 1,228 | - | - | 35.81 | 93 | 2.70 | - | - | 38.52 |
| Un-Protected | | | | | | | | | | | | |
| 01-100 Units | 30 | - | 1,134 | 1,134 | - | - | 38.22 | 80 | 2.70 | - | - | 40.92 |
| 101-200 Units | 76 | - | 3,294 | 3,294 | - | - | 43.13 | 207 | 2.70 | - | - | 45.84 |
| 201-300 Units | 115 | - | 5,336 | 5,336 | - | - | 46.51 | 310 | 2.70 | - | - | 49.21 |
| 301-400 Units | 60 | 20 | 3,009 | 3,029 | 200 | - | 49.75 | 164 | 2.70 | 200 | - | 52.45 |
| 401-500 Units | 28 | 12 | 1,438 | 1,450 | 400 | - | 51.03 | 76 | 2.70 | 400 | - | 53.74 |
| 501-600 Units | 13 | 8 | 681 | 689 | 600 | - | 52.46 | 35 | 2.70 | 600 | - | 55.17 |
| 601-700Units | 8 | 5 | 439 | 444 | 800 | - | 53.76 | 22 | 2.70 | 800 | - | 56.47 |
| Above 700 Units | 26 | 12 | 1,528 | 1,540 | 1,000 | - | 58.50 | 71 | 2.70 | 1,000 | - | 61.21 |
| For peak load requirement exceeding 5 kW) | | | | | | | | | | | | |
| Time of Use (TOU) - Peak | 2 | - | 129 | 129 | - | - | 56.52 | 6 | 2.70 | - | - | 59.22 |
| Time of Use (TOU) - Off-Peak | 9 | 25 | 471 | 496 | 1,000 | - | 50.19 | 25 | 2.70 | 1,000 | - | 52.89 |
| Temporary Supply | 0 | - | 1 | 1 | 2,000 | - | 72.45 | 0 | 2.70 | 2,000 | - | 75.15 |
| **Total Residential** | **686** | **82** | **27,390** | **27,472** | | | | **1,737** | | | | |
| **Commercial - A2** | | | | | | | | | | | | |
| For peak load requirement less than 5 kW | 88 | 1,340 | 4,248 | 5,588 | 1,000 | - | 48.12 | 239 | 2.70 | 1,000 | - | 50.82 |
| For peak load requirement exceeding 5 kW | | | | | - | - | | | | | | |
| Regular | 0 | - | - | - | - | 2,000 | 46.71 | - | 2.70 | - | 2,000 | 49.42 |
| Time of Use (TOU) - Peak | 20 | - | 1,060 | 1,060 | - | - | 53.99 | 53 | 2.70 | - | - | 56.69 |
| Time of Use (TOU) - Off-Peak | 76 | 775 | 3,289 | 4,064 | - | 2,000 | 43.42 | 205 | 2.70 | - | 2,000 | 46.13 |
| Temporary Supply | 2 | 0 | 106 | 107 | 5,000 | - | 66.90 | 4 | 2.70 | 5,000 | - | 69.61 |
| Electric Vehicle Charging Station | 0 | - | - | - | - | - | 58.54 | - | 2.70 | - | - | 61.24 |
| **Total Commercial** | **185** | **2,116** | **8,703** | **10,819** | | | | **501** | | | | |
| **General Services-A3** | 272 | 116 | 14,251 | 14,367 | 1,000 | - | 52.42 | 735 | 2.70 | 1,000 | - | 55.13 |
| **Industrial** | | | | | | | | | | | | |
| B1 | 0 | 1 | 9 | 10 | 1,000 | - | 38.67 | 1 | 2.70 | 1,000 | - | 41.37 |
| B1 Peak | 2 | - | 78 | 78 | - | - | 45.19 | 5 | 2.70 | - | - | 47.89 |
| B1 Off Peak | 9 | 16.06 | 346 | 362 | 1,000 | - | 38.77 | 24 | 2.70 | 1,000 | - | 41.48 |
| B2 | 0 | 0 | 0 | 0 | - | 2,000 | 34.43 | 0 | 2.70 | - | 2,000 | 37.13 |
| B2 - TOU (Peak) | 15 | - | 673 | 673 | - | - | 44.53 | 41 | 2.70 | - | - | 47.24 |
| B2 - TOU (Off-peak) | 83 | 753 | 2,831 | 3,584 | - | 2,000 | 33.93 | 226 | 2.70 | - | 2,000 | 36.64 |
| B3 - TOU (Peak) | 9 | - | 407 | 407 | - | - | 44.81 | 25 | 2.70 | - | - | 47.51 |
| B3 - TOU (Off-peak) | 102 | 402 | 3,617 | 4,019 | - | 2,000 | 35.63 | 275 | 2.70 | - | 2,000 | 38.33 |
| B4 - TOU (Peak) | 0 | - | - | - | - | - | 45.15 | - | 2.70 | - | - | 47.85 |
| B4 - TOU (Off-peak) | 0 | - | - | - | - | 2,000 | 35.66 | - | 2.70 | - | 2,000 | 38.36 |
| Temporary Supply | 0 | - | - | - | 5,000 | - | 53.25 | - | 2.70 | 5,000 | - | 55.96 |
| **Total Industrial** | **220** | **1,172** | **7,963** | **9,135** | | | | **595** | | | | |
| **Single Point Supply** | | | | | | | | | | | | |
| C1(a) Supply at 400 Volts-less than 5 kW | 0 | 0 | 1 | 1 | 2,000 | - | 49.31 | 0 | 2.70 | 2,000 | - | 52.01 |
| C1(b) Supply at 400 Volts-exceeding 5 kW | 1 | 7 | 51 | 58 | - | 2,000 | 44.68 | 3 | 2.70 | - | 2,000 | 47.38 |
| Time of Use (TOU) - Peak | 4 | - | 247 | 247 | - | - | 55.41 | 12 | 2.70 | - | - | 58.11 |
| Time of Use (TOU) - Off-Peak | 20 | 63 | 903 | 966 | - | 2,000 | 45.80 | 53 | 2.70 | - | 2,000 | 48.50 |
| C2 Supply at 11 kV | 3 | 13 | 122 | 134 | - | 2,000 | 47.83 | 7 | 2.70 | - | 2,000 | 50.53 |
| Time of Use (TOU) - Peak | 26 | - | 1,482 | 1,482 | - | - | 56.60 | 71 | 2.70 | - | - | 59.31 |
| Time of Use (TOU) - Off-Peak | 119 | 747 | 5,312 | 6,059 | - | 2,000 | 44.79 | 321 | 2.70 | - | 2,000 | 47.49 |
| C3 Supply above 11 kV | 0 | - | - | - | - | 2,000 | 44.23 | - | 2.70 | - | 2,000 | 46.94 |
| Time of Use (TOU) - Peak | 0 | - | - | - | - | - | 55.54 | - | 2.70 | - | - | 58.24 |
| Time of Use (TOU) - Off-Peak | 0 | - | - | - | - | 2,000 | 43.67 | - | 2.70 | - | 2,000 | 46.38 |
| **Total Single Point Supply** | **173** | **830** | **8,118** | **8,948** | | | | **467** | | | | |
| **Agricultural Tube-wells - Tariff D** | | | | | | | | | | | | |
| Scarp | 0 | - | 3 | 3 | - | - | 48.74 | 0 | 2.70 | - | - | 51.44 |
| Time of Use (TOU) - Peak | 0 | - | 0 | 0 | - | - | 41.99 | 0 | 2.70 | - | - | 44.70 |
| Time of Use (TOU) - Off-Peak | 0 | 0 | 0 | 0 | - | 500 | 35.31 | 0 | 2.70 | - | 500 | 38.01 |
| Agricultual Tube-wells | 3897 | 7,004 | 132,849 | 139,853 | - | 500 | 34.09 | 10,540 | 2.70 | - | 500 | 36.79 |
| Time of Use (TOU) - Peak | 0 | - | 3 | 3 | - | - | 40.50 | 0 | 2.70 | - | - | 43.20 |
| Time of Use (TOU) - Off-Peak | 0 | 1 | 17 | 18 | - | 500 | 39.33 | 1 | 2.70 | - | 500 | 42.03 |
| **Total Agricultural** | **3,898** | **7,005** | **132,873** | **139,878** | | | | **10,542** | | | | |
| Public Lighting - Tariff G | 17 | 5 | 863 | 868 | 2,000 | - | 51.92 | 45 | 2.70 | 2,000 | - | 54.63 |
| Residential Colonies | 0 | 0 | 4 | 4 | 2,000 | - | 52.39 | 0 | 2.70 | 2,000 | - | 55.09 |
| | **17** | **5** | **867** | **871** | | | | **45** | | | | |
| **Pre-Paid Supply Tariff** | | | | | | | | | | | | |
| Residential | | | | | 1,000 | | 56.37 | | 2.70 | 1,000 | - | 59.07 |
| Commercial - A2 | | | | | | 2,000 | 49.70 | | 2.70 | - | 2,000 | 52.41 |
| General Services-A3 | | | | | 1,000 | | 57.67 | | 2.70 | 1,000 | - | 60.37 |
| Industrial | | | | | | 2,000 | 48.53 | | 2.70 | - | 2,000 | 51.23 |
| Single Point Supply | | | | | | 2,000 | 59.18 | | 2.70 | - | 2,000 | 61.89 |
| Agricultural Tube-wells - Tariff D | | | | | | 2,000 | 40.06 | | 2.70 | - | 2,000 | 42.77 |
| **Grand Total** | **5,450** | **11,326** | **200,165** | **211,491** | | | | **14,623** | | | | |

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

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# SCHEDULE OF ELECTRICITY TARIFFS
# FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)

## A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

| | Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | | PYA 2023 Rs/kWh | | Total Variable Charges Rs/kWh | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | A | B | C | | D | | E= C+D | |
| | a) | For Sanctioned load less than 5 kW | | | | | | | | |
| Protected | i | Up to 50 Units - Life Line | - | | 12.19 | | - | | 12.19 | |
| Protected | ii | 51 - 100 Units - Life Line | - | | 16.70 | | - | | 16.70 | |
| Protected | iii | 001 - 100 Units | - | | 33.43 | | 2.70 | | 36.13 | |
| Protected | iv | 101 - 200 Units | - | | 35.81 | | 2.70 | | 38.52 | |
| Un-Protected | v | 001 - 100 Units | - | | 38.22 | | 2.70 | | 40.92 | |
| Un-Protected | vi | 101 - 200 Units | - | | 43.13 | | 2.70 | | 45.84 | |
| Un-Protected | iv | 201 - 300 Units | - | | 46.51 | | 2.70 | | 49.21 | |
| Un-Protected | viii | 301 - 400 Units | 200 | | 49.75 | | 2.70 | | 52.45 | |
| Un-Protected | ix | 401 - 500 Units | 400 | | 51.03 | | 2.70 | | 53.74 | |
| Un-Protected | x | 501 - 600 Units | 600 | | 52.46 | | 2.70 | | 55.17 | |
| Un-Protected | xi | 601 - 700 Units | 800 | | 53.76 | | 2.70 | | 56.47 | |
| Un-Protected | vi | Above 700 Units | 1,000 | | 58.50 | | 2.70 | | 61.21 | |
| | b) | For Sanctioned load 5 kW & above | | | Peak | Off-Peak | Peak | Off-Peak | Peak | Off-Peak |
| | | Time Of Use | 1,000 | | 56.52 | 50.19 | 2.70 | 2.70 | 59.22 | 52.89 |
| | c) | Pre-Paid Residential Supply Tariff | 1,000 | | 56.37 | | 2.70 | | 59.07 | |

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

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

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed. For consumers where monthly Fixed charges are applicable, no minimum charges shall be applicable on such consumers, even if no energy consumed.

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

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

## A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | | PYA 2023 Rs/kWh | | Total Variable Charges Rs/kWh | |
|---|---|---|---|---|---|---|---|---|---|
| | | A | B | C | | D | | E= C+D | |
| a) | For Sanctioned load less than 5 kW | 1,000 | | 48.12 | | 2.70 | | 50.82 | |
| b) | For Sanctioned load 5 kW & above | | 2,000 | 46.71 | | 2.70 | | 49.42 | |
| | | | | Peak | Off-Peak | Peak | Off-Peak | Peak | Off-Peak |
| c) | Time Of Use | - | 2,000 | 53.99 | 43.42 | 2.70 | 2.70 | 56.69 | 46.13 |
| d) | Electric Vehicle Charging Station | - | | 58.54 | | 2.70 | | 61.24 | |
| e) | Pre-Paid Commercial Supply Tariff | | 2,000 | 49.70 | | 2.70 | | 52.41 | |

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

## A-3 GENERAL SERVICES

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | PYA 2023 Rs/kWh | Total Variable Charges Rs/kWh |
|---|---|---|---|---|---|---|
| | | A | B | C | D | E= C+D |
| a) | General Services | 1,000 | - | 52.42 | 2.70 | 55.13 |
| c) | Pre-Paid General Services Supply Tariff | 1,000 | - | 57.67 | 2.70 | 60.37 |

## B INDUSTRIAL SUPPLY TARIFFS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | | PYA 2023 Rs/kWh | | Total Variable Charges Rs/kWh | |
|---|---|---|---|---|---|---|---|---|---|
| | | A | B | C | | D | | E= C+D | |
| B1 | Upto 25 kW (at 400/230 Volts) | 1,000 | - | 38.67 | | 2.70 | | 41.37 | |
| B2(a) | exceeding 25-500 kW (at 400 Volts) | - | 2,000 | 34.43 | | 2.70 | | 37.13 | |
| | Time Of Use | | | Peak | Off-Peak | Peak | Off-Peak | Peak | Off-Peak |
| B1 ( b) | Up to 25 KW | 1,000 | | 45.19 | 38.77 | 2.70 | 2.70 | 47.89 | 41.48 |
| B2(b) | exceeding 25-500 kW (at 400 Volts) | - | 2,000 | 44.53 | 33.93 | 2.70 | 2.70 | 47.24 | 36.64 |
| B3 | For All Loads up to 5000 kW (at 11,33 kV) | - | 2,000 | 44.81 | 35.63 | 2.70 | 2.70 | 47.51 | 38.33 |
| B4 | For All Loads (at 66,132 kV & above) | - | 2,000 | 45.15 | 35.66 | 2.70 | 2.70 | 47.85 | 38.36 |
| Pre-Paid Industrial Supply Tariff | | - | 2,000 | 48.53 | | 2.70 | | 51.23 | |

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

## C - SINGLE-POINT SUPPLY

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | | PYA 2023 Rs/kWh | | Total Variable Charges Rs/kWh | |
|---|---|---|---|---|---|---|---|---|---|
| | | A | B | C | | D | | E= C+D | |
| C -1 | For supply at 400/230 Volts | | | | | | | | |
| a) | Sanctioned load less than 5 kW | 2,000 | | 49.31 | | 2.70 | | 52.01 | |
| b) | Sanctioned load 5 kW & up to 500 kW | - | 2,000 | 44.68 | | 2.70 | | 47.38 | |
| C -2(a) | For supply at 11,33 kV up to and including 5000 kW | - | 2,000 | 47.83 | | 2.70 | | 50.53 | |
| C -3(a) | For supply at 66 kV & above and sanctioned load above 5000 kW | - | 2,000 | 44.23 | | 2.70 | | 46.94 | |
| | Time Of Use | | | Peak | Off-Peak | Peak | Off-Peak | Peak | Off-Peak |
| C -1(c) | For supply at 400/230 Volts 5 kW & up to 500 kW | - | 2,000 | 55.41 | 45.80 | 2.70 | 2.70 | 58.11 | 48.50 |
| C -2(b) | For supply at 11,33 kV up to and including 5000 kW | - | 2,000 | 56.60 | 44.79 | 2.70 | 2.70 | 59.31 | 47.49 |
| C -3(b) | For supply at 66 kV & above and sanctioned load above 5000 kW | - | 2,000 | 55.54 | 43.67 | 2.70 | 2.70 | 58.24 | 46.38 |
| Pre-Paid Bulk Supply Tariff | | | 2,000 | 59.18 | | 2.70 | | 61.89 | |

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

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# SCHEDULE OF ELECTRICITY TARIFFS
# FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)

## D - AGRICULTURE TARIFF

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | | FYA 2023 Rs/kWh | | Total Variable Charges Rs/kWh | |
|---|---|---|---|---|---|---|---|---|---|
| | | A | B | C | | D | | E= C+D | |
| D-1(a) | SCARP less than 5 kW | - | - | | 48.74 | | 2.70 | | 51.44 |
| D-2 (a) | Agricultural Tube Wells | - | 500 | | 34.09 | | 2.70 | | 36.79 |
| | | | | Peak | Off-Peak | Peak | Off-Peak | Peak | Off-Peak |
| D-1(b) | SCARP 5 kW & above | - | 500 | 41.99 | 35.31 | 2.70 | 2.70 | 44.70 | 38.01 |
| D-2 (b) | Agricultural 5 kW & above | - | 500 | 40.50 | 39.33 | 2.70 | 2.70 | 43.20 | 42.03 |
| Pre-Paid for Agri & Scarp | | - | 2,000 | | 40.06 | | 2.70 | | 42.77 |

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

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

## E - TEMPORARY SUPPLY TARIFFS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | FYA 2023 Rs/kWh | Total Variable Charges Rs/kWh |
|---|---|---|---|---|---|---|
| | | A | B | C | D | E= C+D |
| E-1(i) | Residential Supply | 2,000 | | 72.46 | 2.70 | 75.16 |
| E-1(ii) | Commercial Supply | 5,000 | | 66.90 | 2.70 | 69.61 |
| E-2 | Industrial Supply | 5,000 | | 53.26 | 2.70 | 55.96 |

## F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

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

## G- PUBLIC LIGHTING

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | FYA 2023 Rs/kWh | Total Variable Charges Rs/kWh |
|---|---|---|---|---|---|---|
| | | A | B | C | D | E= C+D |
| | Street Lighting | 2,000 | | 61.92 | 2.70 | 64.63 |

## H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

| Sr. No. | TARIFF CATEGORY / PARTICULARS | FIXED CHARGES Rs. / Cons. / M | FIXED CHARGES Rs/kW/M | VARIABLE CHARGES Rs/kWh | FYA 2023 Rs/kWh | Total Variable Charges Rs/kWh |
|---|---|---|---|---|---|---|
| | | A | B | C | D | E= C+D |
| | Residential Colonies attached to industrial premises | 2,000 | | 52.39 | 2.70 | 55.09 |

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

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Annex - IV

| Description | July | August | September | October | November | December | January | February | March | April | May | June | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Units Purchased by DISCOs (GWh) | 629 | 654 | 523 | 409 | 425 | 549 | 469 | 409 | 505 | 544 | 591 | 616 | 6,323 |

Rs./kWh

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fuel Cost Component | 9.3520 | 9.3877 | 9.8006 | 10.2752 | 7.8609 | 10.6364 | 13.0100 | 8.5276 | 9.2560 | 7.6803 | 7.3925 | 8.3341 | 9.2479 |
| Variable O&M | 0.4550 | 0.4854 | 0.5260 | 0.5218 | 0.4063 | 0.4337 | 0.6064 | 0.3927 | 0.4800 | 0.4277 | 0.4575 | 0.5072 | 0.4754 |
| Capacity | 13.9519 | 12.9720 | 15.0273 | 23.6366 | 24.6742 | 19.6092 | 19.9768 | 23.6524 | 19.1093 | 16.3449 | 15.6524 | 14.4328 | 17.6752 |
| UoSC | 1.2589 | 1.2356 | 1.3378 | 2.0777 | 2.0896 | 1.5806 | 1.5952 | 1.9585 | 1.5503 | 1.2776 | 1.1814 | 1.1739 | 1.4792 |
| Total PPP in Rs./kWh | 25.0178 | 24.0806 | 26.6918 | 36.5113 | 35.0310 | 32.2599 | 35.1885 | 34.5311 | 30.3956 | 25.7305 | 24.6837 | 24.4481 | 28.8778 |

Rs. in million

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fuel Cost Component | 5,881 | 6,141 | 5,129 | 4,198 | 3,343 | 5,840 | 6,105 | 3,485 | 4,674 | 4,182 | 4,370 | 5,132 | 58,479 |
| Variable O&M | 286 | 318 | 275 | 213 | 173 | 238 | 285 | 160 | 242 | 233 | 270 | 312 | 3,006 |
| Capacity | 8,773 | 8,486 | 7,864 | 9,657 | 10,493 | 10,766 | 9,373 | 9,666 | 9,650 | 8,899 | 9,253 | 8,888 | 111,769 |
| UoSC | 792 | 808 | 700 | 849 | 889 | 868 | 749 | 800 | 783 | 696 | 698 | 723 | 9,354 |
| Total PPP in Rs.Mln | 15,732 | 15,754 | 13,969 | 14,917 | 14,898 | 17,711 | 16,511 | 14,112 | 15,350 | 14,010 | 14,591 | 15,055 | 182,608 |

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

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**Annex-V**

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

## PART-I

### GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means QESCO engaged in the business of distribution/supply of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 31 days or less reckoned from the date of last meter reading.

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

2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.

3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.

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

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

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

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

5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.

6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes' duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes' duration.

7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.

8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh,.

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9. Point of supply means metering point where electricity is delivered to the consumer.

10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

| | * PEAK TIMING | OFF-PEAK TIMING |
|---|---|---|
| Dec to Feb (inclusive) | 5 PM to 9 PM | Remaining 20 hours of the day |
| Mar to May (inclusive) | 6 PM to 10 PM | -do- |
| June to Aug (inclusive) | 7 PM to 11 PM | -do- |
| Sept to Nov (inclusive) | 6 PM to 10 PM | -do- |

* To be duly adjusted in case of day light time saving

11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load 5 kW and above supply shall be given at three-phase.

12. "Consumer" as defined in NEPRA Act.

13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).

14. NTDC means the National Transmission and Despatch Company.

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

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

**GENERAL CONDITIONS**

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.

2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Surcharge (LPS) of 5% may be levied for next three (03) days after the due date and thereafter 10% LPS may be charged on the amount billed excluding Govt. taxes and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after $7^{th}$ day from the date of delivery of bill.

3. The supply provided to the consumers shall not be available for resale.

4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

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## PART-II

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

### A-1 RESIDENTIAL

**Definition**

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

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

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

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

1. This Tariff is applicable for supply to;
   i) Residences,
   ii) Places of worship,
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-l(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company.

### A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
   i) Shops/Flower Nurseries/Cold Storage
   ii) Hotels, Hostels and Restaurants,
   iii) Petrol Pumps and Service Stations,
   iv) Compressed Natural Gas filling stations,
   v) Private Hospitals/Clinics/Dispensaries,
   vi) Places of Entertainment, Cinemas, Theaters, Clubs;
   vii) Guest Houses/Rest Houses,
   viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
   ix) Electric Vehicle Charging Stations (EVCS)
2. Electric Vehicle Charging Stations shall be billed under A-2(d) tariff i.e. Rs./kWh for peak and off-peak hours. For the time being, the tariff design is with zero fixed charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges.

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3. The Electric Vehicle Charging Station shall provide "charging service" to Electric Vehicle shall provide charging service to Electric Vehicles as per the applicable tariff for EVCS plus Rs.24.44/kWh as margin for EVCS. The EVCS shall be billed by DISCOS under A-2(d) tariff. However, monthly FCAs either positive or negative shall not be applicable on EVCS.
4. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
5. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
6. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff A-2(c).

**A-3 GENERAL SERVICES**

**1.** This tariff is applicable to;

i. Approved religious and charitable institutions

ii. Government and Semi-Government offices and Institutions

iii. Government Hospitals and dispensaries

iv. Educational institutions

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

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

**B INDUSTRIAL SUPPLY**

**Definitions**

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices inside the premises and for normal working of the industry.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;

   i) Poultry Farms

   ii) Fish Hatcheries, fish farms, fish nurseries & Breeding Farms and

   iii) Software houses

**Conditions**

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

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

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

**B-2 SUPPLY AT 400 VOLTS**

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

**B-3 SUPPLY AT 11 kV AND 33 kV**

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5 MW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.
3. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
4. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with Consumer Service Manual (CSM).
5. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

**B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE**

This tariff is applicable for supply to Industries for all loads of more than 5MW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5MW or below who opt to receive supply at 66 kV or 132 kV and above.

2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this

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acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.

3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

## C BULK SUPPLY

"Bulk Supply" for the purpose of this Tariff, means the supply given at one point for self-consumption to mix-load consumer not selling to any other consumer such as residential, commercial, tube-well and others.

**General Conditions**

If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

## C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff'.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

## C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of more than 500 kW up to and including 5 MW.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. However, only such consumers be allowed extension of load beyond 5MW upto 7.5MW whose connection is at least three (3) years old. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.



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3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with CSM.
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
5. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b).

**C-3 SUPPLY AT 66 kV AND ABOVE**

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

**D AGRICULTURAL SUPPLY**

"Agricultural Supply" means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

**Special Conditions of Supply**

1. This tariff shall apply to:
   i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
   ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
   iii) Tube-wells meant for aqua-culture.
   iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.



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3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.

4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

**D-1**

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.

3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D-1(b) given in the Schedule of Tariff.

4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) till that time.

**D-2**

1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.

3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 2(b) given in the Schedule of Tariff.

4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-2(a) till that time.

## E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

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

**Special Conditions of Supply**

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.

2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

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**E -2 TEMPORARY INDUSTRIAL SUPPLY**

"Temporary Industrial Supply" means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of "Industrial Supply", during the construction phase prior to the commercial operation of the Industrial concern.

**SPECIAL CONDITIONS OF SUPPLY**

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

**F SEASONAL INDUSTRIAL SUPPLY**

"Seasonal Industry" for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

**Definitions**

"Year" means any period comprising twelve consecutive months.

1. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

**Special Conditions of Supply**

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the

service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

## G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps. The supply under this tariff shall also be applicable for lamps used in public playgrounds and public parks.

**Definitions**

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

**Special Conditions of Supply**

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

## H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

**Definitions**

"One Point Supply" for the purpose of this Tariff, means the supply given by one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

"General and Domestic Consumption", for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

**Special Conditions of Supply**

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

## TARCTION

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

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