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National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Tariff)/TRF-573 & TRF-574/ 446-S3

January 07, 2026

Subject: Decision of the Authority in the matter of Motion for Leave for Review filed by Tribal Areas Electricity Supply Company (TESCO) against decision of the Authority's dated 14.06.2024 in the matter of Annual Adjustment/Indexation of tariff for FY 2024-25

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (total 05 pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 Calendar days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

(Wasim Anwar Bhinder)

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

Copy to:

1. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
2. Mr. Shehriyar Abbasi, Deputy Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Energy and Power Department, Government of Khyber Pakhtunkhwa, First Floor, A-Block, Abdul Wali Khan Multiplex, Civil Secretariat, Peshawar
4. Managing Director, National Grid Company (NGC) of pakistan, 414 WAPDA House, Shahrah-e-Qauid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad.
6. Chief Executive Officer, Tribal Areas Electric Supply Company Limited (TESCO), Room No. 213, 1st Floor, WAPDA House, Shami Road, Sakhi Chashma, Peshawar
7. Chief Executive Officer, Independent System and Market Operator (ISMO) of pakistan, Pitras Bukhari Road, Sector H-8/1, Islamabad

Decision of the Authority in the matter of Motion for Leave for Review filed by Tribal Areas Electric Supply Company (TESCO) against decision of the Authority's dated 14.06.2024 in the matter annual adjustment/indexation of Tariff for the FY 2024-25

1. The Authority determined Multi Year Tariffs (MYT) of Tribal Areas Electric Supply Company Limited (TESCO) (herein referred to as "Petitioner") for a period of five years i.e. from FY 2020-21 to FY 2024-25, separately for both its Distribution and Supply of power functions vide tariff determinations dated 02.06.2022. The tariff so determined was notified by the Federal Government vide SRO dated 25.07.2022. The Authority subsequently, under the allowed MYT framework, determined TESCO's annual adjustment / indexation for the FY 2024-25 vide decision dated 14.06.2024 (Impugned Decision).
2. The Petitioner being aggrieved with the Impugned Decision of the Authority, filed a Motion for Leave for Review (MLR), which was subsequently admitted by the Authority. To proceed further in the matter, the Authority decided to conduct a hearing in the matter. Notice of hearing was accordingly issued to the Petitioner, to present its case before the Authority. The hearing in the matter was held on 03.11.2025, at NERPA Tower, Islamabad
3. The Petitioner raised following issues in the MLR:
 - i. Repair & Maintenance
 - ii. RoRB
 - iii. Grounding of HT/LT Poles
 - iv. Wheeling Charges
4. The Petitioner's submission on each issue is as under;

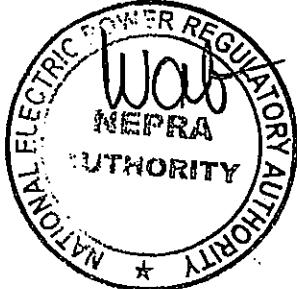
Repair & Maintenance

✓ The initial assessment of R&M amount of Rs.18.74 million, for the base year of MYT i.e., 2020-21, was based on the financial statements for the FY 2019-20, however these costs have since increased as reported in Financial Accounts for FY 2020-21 to FY 2022-23 as reproduced below;

Financial Year	Actual R&M Rs. Mn.
FY 2020-21	37
FY 2021-22	104
FY 2022-23	390

✓ Due to law & order situation, TESCO is constantly facing sabotage activities on its assets, which TESCO needs to cater to, in order to ensure uninterrupted supply of electricity to its consumers. TESCO would face the following potential problems if repair & maintenance is not allowed.

- **Increased System Failures:** Lack of maintenance can lead to more frequent and severe system breakdowns, causing power outages and disruptions to customers.
- **Safety Hazards:** Deteriorating infrastructure without proper maintenance can pose significant safety risks, including electrical fires, explosions, or electrocution, endangering both employees and the public.



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- **Reduced Equipment Lifespan:** Without regular maintenance, electrical equipment may fail prematurely, leading to costly replacements and repairs.
- **Higher Operational Costs:** Ignoring minor repairs can lead to bigger, more expensive problems, increasing overall operational costs for the company.
- **Decreased Reliability and Efficiency:** Systems that are not maintained can become less efficient and reliable, leading to energy waste and reduced performance.
- **Regulatory Non-Compliance:** Failing to adhere to industry standards and regulations for maintenance can result in legal penalties and fines.

✓ The Petitioner requested the Authority to consider amount of Rs.449 million for operational expenses under the head of repair and maintenance, while allowing for increasing the base reference.

RoRB

- ✓ The Authority allowed Rs.163 million costs for the FY 2024-25 as RoRB for the distribution business. This RoRB has been calculated based on RAB of Rs. 771 million.
- ✓ The RoRB working of NEPRA have to be aligned with the audited financial statements for FY 2022-23 of TESCO. A comparative statement of deferred credits working, based on methodology of MYT determination as per the actual audited account for FY 2022-23 has been prepared with following points presented for the Authority consideration:
 - While working out the Receipts Against Deposit Works, an amount of Rs.1,643 million has been added for the FY 2022-23 as per NEPRA working but as per note 16 of audited accounts of TESCO, the same has been reduced.
 - The Meter Security amount as per NEPRA working is Rs 726 million, while as per the balance sheet of audited accounts for the FY 2022-23, the same is Rs. Rs. 458 million.
 - The stores amount as per NEPRA working has been considered 0 (zero), while as per the balance sheet of the audited accounts for the FY 2022-23, same is Rs. 5,188 million.
- ✓ On the basis of above, Petitioner revised its working as per NEPRA working methodology of deferred credits and RoRB as below:

Description	Working of Deferred Credits			TESCO Rs. Min.			
	NEPRA Rs. Min.	2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
Deferred Credits							
O/B	9879	11172	12171	9879	11780	12779	
Addition	1901	999	1450	1901	999.3	1450	
C/B	11780	12171	13621	11780	12779	14229	
Deferred Income Amortized							
O/B	2882	3324	3833	2882	3295	3742	
Deferred Income amortized	412	509	587	412	447	498	
C/B	3295	3833	4420	3295	3742	4240	
	120	5	93				
Net	8485	8338	9201	8485	9037	9989	
Receipt Against Deposit Work							
O/B	0	0	0				
	13350	15919	20968	13350	11707	16756	
Addition	1643	5049	3668	-1643	5049	3668	
C/B	14993	20968	24635	11707	16756	20424	
Security Deposit							
	726	444	444	458	444	444	
	0	0	0				
Funds Available							
Deposit Account	0	750	750	36.96	750	750	
Capital Contribution/Security	1315	1077	1077	1,047.37	1077	1077	
Store	0	3540	3540	5188	3540	3540	
Short Term Investment	0	0	0				
Total Funds	1315	5367	5367	6272	5367	5367	
Total	24204	29750	34280	20650	26237	30857	
NET Figure	0	0	0	14378	20870	25490	



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✓ Based on the above discussion, revised working of RoRB is as under;

Projected RORB

Description of Assets	NEPRA			TESCO Working		
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2022-23	FY 2023-24	FY 2024-25
TESCO	TESCO	TESCO	TESCO	TESCO	TESCO	TESCO
Fixed Assets O/B	12,347	13,475	14,985	12,347	14,614	16,124
Addition	2,267	1,510	2,975	2,267	1,510	2,975
Fixed Assets C/B	14,614	14,985	17,959	14,614	16,124	19,099
Depreciation	5,067	5,506	6,186	5,067	5,599	6,213
Net Fixed Assets	9,547	9,479	11,774	9,547	10,525	12,886
Capital WIP C/B	9,958	18,002	15,583	11,534	16,072	18,215
Fixed Assets Inc. WIP	19,504	27,481	27,357	21,080	26,596	31,100
Less Finance cost Capitalized	-			-		
Less: Deferred Credits	19,604	24,383	28,913	14,378	20,870	25490
Total	(99)	3,099	(1,557)	6,702	5,726	5,610
Revised - RAB	1,510	3,101	771	4,728	6,214	5,668
WACC	17.07%			17.07%	17.07%	17.07%
RORB on Assets	258			807	1,061	968

✓ The Petitioner requested the Authority to consider the amount of Rs. 807 million as requested RoRB for PYA for FY 2022-23 and Rs. 968 million for FY 2024-25.

Grounding of HT/LT Poles

✓ TESCO has performed earthing of 57,689 HT and 51,601 LT structures through own resource in densely populated areas. Furthermore, procurement and tendering process have been initiated for fixing a further 5,000 earthing of HT/LT structures in mainly densely populated areas. TESCO plans to ground 34,486 HT and 40,455 structures during FY 2024-25 for which it would need an amount of Rs. 615 million as one-time expenditure during FY 2024-25.

✓ The Authority directed to carry out CAPEX as per the approved investment plan and in case the Petitioner desires to carry out additional investment as requested, approval of the same may be sought from the Authority.

✓ TESCO's Rs. 1,679 million investment plan, under the head of Distribution of Power has already been approved by the Authority for FY 2024-25. TESCO will make the grounding of HT/LT poles as part of current investment plan under DoP due to emergent nature of the work. The Petitioner requested the Authority to allow the same under DoP of the already allowed investment plan for Rs. 615 million, as own resources of TESCO.

Wheeling Charges

✓ The Authority in the Impugned Decision held that TESCO has not even paid the already allowed amount of wheeling charges to PESCO. The Authority directed TESCO to clear the payment of outstanding amounts to PESCO for the already allowed amount on account of wheeling charges and settle the issue with PESCO through help of Ministry of Energy (Power Division) and CPPA-G. No further Cost is allowed till clearance of already allowed amount. If TESCO fails to comply with the directions of the Authority, the already allowed



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amount of wheeling charges less the amount already paid to PESCO, be deducted as part of PYA in the next tariff indexation/adjustment request."

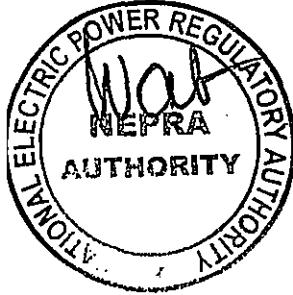
- ✓ TESCO has pending receivables from the GoP under the head of FATA Pick-Up Subsidy, and Tariff Differential Subsidy etc. of Rs.113.154 billion. As soon as the GoP will release the pending amount, TESCO will clear the pending receivables of PESCO under the head of wheeling charges.
- ✓ TESCO, has already communicated CPPA-G vide letter dated 19.04.2024 to sort out and mediate the wheeling charges dispute between TESCO and PESCO in light of NEPRA direction. In the light of proceeding paragraphs, the Authority is requested to allow wheeling charges of Rs.595.09 million for FY 2020-21, Rs.571.10 million for FY 2021-22 and Rs.406 million for FY 2022-23 as part of PYA and Rs.941 million for FY 2024-25.

5. A summary of the Petitioner's request in the MLR is as under;

Description	Units	Allowed by NEPRA FY 2024-25			Review Motion FY 2024-25		
		SoP	DoP	Total	SoP	DoP	Total
Units Received	GWh	1499	1499	1499	1499	1499	1499
Units Sold	GWh	1366	1366	1366	1366	1366	1366
Units Loss	GWh	133	133	133	133	133	133
Percentage Loss	%	8.89%	8.89%	8.89%	8.89%	8.89%	8.89%
Energy Charges	Mln. Rs.	14794	0	14794	14794	0	14794
Capacity Charges	Mln. Rs.	48088	0	48088	48088	0	48088
Transmission Charges	Mln. Rs.	4004	0	4004	4004	0	4004
Total Power Purchase	Mln. Rs.	66886	10	66886	66886	10	66886
Pay & Allowances	Mln. Rs.	284	1156	1440	284	1156	1440
Post-Retirement Benefits	Mln. Rs.	136	428	564	136	428	564
Repair & Maintenance	Mln. Rs.	3	29	32	50	449	499
Travelling Allowance	Mln. Rs.	10	24	34	10	24	34
Vehicle Maintenance	Mln. Rs.	13	22	35	13	22	35
Earthing of HT/LT Poles	Mln. Rs.	0	0	0	0	0	0
Other Expenses	Mln. Rs.	63	28	91	63	28	91
Total O. & M. Costs	Mln. Rs.	1509	1687	2196	1556	2107	2663
Depreciation	Mln. Rs.	9	614	623	9	614	623
RORB	Mln. Rs.	0	163	163	0	968	968
Other Income	Mln. Rs.	0	-540	-540	0	-540	-540
Wheeling Charges	Mln. Rs.	0	0	0	0	941	941
Distribution Margin	Mln. Rs.	518	1924	2442	565	4090	4655
PYA	Mln. Rs.	1993	0	1993	4114	0	4114
Revenue Requirement	Mln. Rs.	69397	1924	71321	71565	4090	75656
Power Purchase	Rs. / kWh	48.96	0.00	48.96	48.96	0.00	48.96
Distribution Margin		0.38	1.41	1.79	0.41	2.99	3.41
PYA		1.46	0.00	1.46	3.01	0.00	3.01
Average Tariff		50.80	1.41	52.21	52.39	2.99	55.38

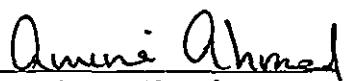
- 6. The Authority has carefully considered the submissions made by the Petitioner under each head.
- 7. On the point of allowing additional cost on account of R&M, the Authority noted that while setting up the reference costs for the test year of the MYT control period i.e., FY 2020-21, the same was based on the latest available audited accounts of the Petitioner at that time. The MYT determination further provided to index the reference/ allowed cost with CPI-X factor during the MYT control period. Thus, the costs allowed were in line with the MYT methodology and adjustments were allowed as per the mechanism provided therein. Hence, no further adjustment is allowed in this regard. The Petitioner is further directed to remain within the allowed costs.

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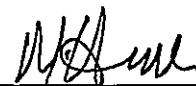


8. On the issue of RoRB for the FY 2023-24 and FY 2024-25, the same has been reworked in light of submissions of the Petitioner, whereby an amount of Rs.4 million for FY 2023-24 and Rs.968 million for the FY 2024-25 have been and included as part of PYA for the MYT tariff determined for the FY 2025-26. Regarding claim of the Petitioner for the FY 2022-23, the workings submitted by TESCO requires reconciliation with its audited accounts and the allowed investment plan. Therefore, it would be considered once this reconciliation is carried out.
9. Regarding request to allow Rs.615 million as part of DoP of the already allowed investment plan, for grounding of HT/ LT poles, the Authority noted that the issue relates to the investment plan of the Petitioner and once the same is allowed as part of approved DIP, the same would be accounted for while working out RAB and RoRB.
10. On the issue of wheeling charges, the Authority noted that vide Impugned decision, TESCO had been directed to clear the payment of outstanding amounts to PESCO for the already allowed amount on account of wheeling charges and settle the issue with PESCO with the help of Ministry of Energy (Power Division) and CPPA -G. Thus, no further cost is allowed till clearance of the already allowed amounts. TESCO is again directed to comply with the directions of the Authority, otherwise the already allowed amount of wheeling charges less any amount already paid to PESCO, would be deducted as part of PYA in the next tariff indexation/adjustment request.
11. The decision of the Authority is intimated to the Federal Government for notification in the official Gazette under Section 31(7) of the NEPRA Act.

AUTHORITY



Amina Ahmed
Member



Engr. Maqsood Anwar Khan
Member



Waseem Mukhtar
Chairman

