



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/TRF-100/MFPA/6053-70

July 11, 2012

1. Chief Executive Officer, FESCO.
2. Chief Executive Officer, GEPCO.
3. Chief Executive Officer, HESCO.
4. Chief Executive Officer, IESCO.
5. Chief Executive Officer, LESCO.
6. Chief Executive Officer, MEPCO.
7. Chief Executive Officer, PESCO.
8. Chief Executive Officer, QESCO.
9. Chief Executive Officer, SEPCO.

Subject: Decision of the Authority in the matter of Fuel Charges Adjustment for the Month of May 2012 for XWDISCOs and Notification (S.R.O. 849(I)/2012 dated 10.07.2012) Thereof

Enclosed please find herewith a copy of decision of the Authority alongwith Dissenting Note of Mr. Shaukat Ali Kundi, Member regarding fuel charges adjustment for the month of May 2012 in respect of Ex-WAPDA Distribution Companies and Notification (S.R.O. 849(I)/2012 dated 10.07.2012) thereof. This is for information and further necessary action.

2. It may please be noted for strict compliance that Honourable High Court(s) have passed orders with regard to recovery of the fuel charge adjustments from the electricity consumers; therefore DISCOs are directed that while charging the fuel charge adjustment from their consumers, the Orders of the Honourable Court(s) must be kept in mind and ensure compliance with the Order(s) of the Court(s), whatsoever, in this regard. In case of non-compliance of Courts Order the concerned DISCO shall be held responsible for violating / defying the orders of the Honourable Court(s).

Enclosure: As above.

(Syed Safer Hussain)

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Water & Power, 'A' Block, Pak Secretariat, Islamabad.
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
4. Managing Director, PEPCO, WAPDA House, Lahore.
5. Member (Power), WAPDA, WAPDA House, Lahore.
6. Managing Director, NTDC, 414 WAPDA House, Lahore.
7. Chief Operating Officer, CPPA, WAPDA House, Lahore.
8. General Manager, WAPDA Power Privatization Organization (WPPO) of NTDC, Lahore.
9. All Pakistan Textile Mills Association (APTMA) through Rashid Law Associates Attorneys & Corporate Consultants, 5th Floor, Ajmal House, 27-Egerton Road, Lahore.



**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT
FOR THE MONTH OF MAY 2012 FOR EX-WAPDA DISCOS**

1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, (XL of 1997), the Authority has to make adjustments in the approved tariff on account of any variations in the fuel charges on a monthly basis.
2. In order to make adjustments in the approved tariff of the XWDISCOs due to variations in the fuel charges for the month of May 2012, necessary information as to the details of fuel charges was obtained from Central Power Purchasing Agency (CPPA).
3. Notwithstanding the fact that the monthly adjustment on account of fuel charges variation is made in pursuance of the provisions of section 31(4) of the Act XL of 1997 as well as on the basis of a mechanism/formula already determined by the Authority, yet the impact of such adjustments, if any, is passed on to the consumers of electricity, therefore, in order to meet the ends of natural justice, the Authority decided to provide an opportunity of hearing to all concerned while reviewing and revising the approved tariff on account of the variation in the fuel charges.
4. A date of hearing for the aforesaid purpose was fixed as 27th June 2012 in NEPRA Main Office; notice thereof was published in the leading national newspapers on 21st June 2012 inviting comments/objections from the interested persons. The salient features and details of the proposed adjustment were also mentioned in the said notice.
5. On the date fixed for hearing, representatives from Central Power Purchasing Agency (CPPA), Wapda Private Power Organization (WPPO), National Power Control Cell (NPCC), Ministry of Water & Power and media were present; however, no representative from Ministry of Finance attended the public hearing despite the service of notice. Neither any one from the general public or consumers attended the hearing nor was any objections/comments filed by any interested person against the proposed adjustment.
6. From the perusal of the information so provided by CPPA, it has been observed that the actual pool fuel charges of Rs. 8.0608/kWh for the month of May 2012 increased by Rs. 1.5201/kWh (Annex-I&II) as compared to the reference fuel charges, i.e. Rs. 6.5407/kWh as indicated in the Annexure-IV of the Authority's determination pertaining to the Ex-WAPDA DISCOs for FY 2011-12.



7. As per details provided by CPPA, 61.79 GWh were purchased from small, captive and new captive power plants during May 2012. CPPA estimated an amount of Rs. 803.23 million on account of this energy. CPPA was directed to provide details of actual cost of energy purchased from small, captive and new captive power plants, however, CPPA only provided details of actual cost of Rs. 684.80 million for 50.57 GWh. The Authority is, therefore, constrained to set aside the cost of energy purchased from small, captive or new captive power plants to the extent of Rs. 118.42 million (Rs. 803.22 million – Rs. 684.80 million) along with 11.22 GWh (61.79 GWh – 50.57 GWh) for which CPPA has not provided any details. Accordingly in the instant adjustment, cost of Rs. 684.80 million for 50.57 GWh purchased from small, captive and new captive power plants has been considered provisionally, subject to adjustment on the basis of tariff determined/approved by the Authority on case to case basis.
8. Details of supplemental charges/previous EPP Adjustment showed that CPPA entertained a claim of Rs. 49.289 million from Sapphire Electric Company Limited regarding purchase of energy before COD. On the basis of evidence provided by CPPA, the claim is not justified and is being disallowed.
9. NTDC reported 2.49% transmission losses which is within the allowed limit of 2.5% as per the Authority's determination dated 9th May 2011 (Case No. NEPRA/TRF-165/NTDC-2010).
10. The Authority has reviewed and assessed an increase of Rs. 1.5096/kWh in the applicable tariff for EX-WAPDA DISCOS on account of variations in the fuel charges for the month of May 2012 as per the following details:

Actual Fuel Charges Component for May 2012	Rs. 8.0503/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 6.5407/kWh
Fuel Charges Variation for the month of May 2012 (Increase)	Rs. 1.5096/kWh

11. The assessed fuel charges adjustment of Rs. 1.5096/kWh for the month of May 2012 is lower by Rs. 0.4734/kWh than the adjustment of Rs. 1.9830/kWh for the month of April 2012, therefore, effectively there will be a decrease of Rs. 0.4734/kWh in the bill



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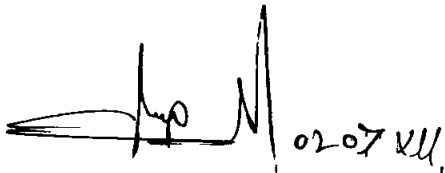


of the consumers on account of fuel charges adjustment as compared to the month of April.

12. The adjustment as referred to in Para 10 above ;

- i) shall be applicable to all the consumer categories except lifeline consumers of all the DISCOs;
- ii) shall be shown separately in the consumers' bill on the basis of units billed to the consumers in the month of May 2012.
- iii) DISCOs shall recover the fuel charges adjustment in respect of May 2012 in the billing month of December 2012.
- iv) While affecting the recovery of Fuel Adjustment Charges, the concerned DISCOs shall keep in view and strictly comply with the orders of the courts notwithstanding this order.

AUTHORITY

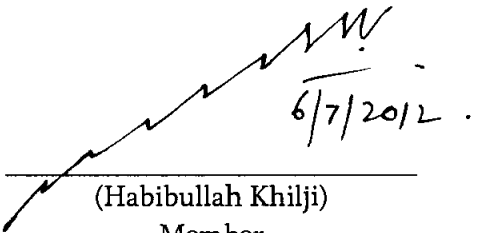


(Khawaja Muhammad Naeem)
Member

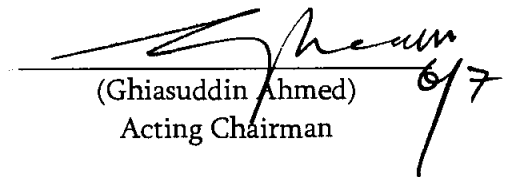
My dissenting note is attached -



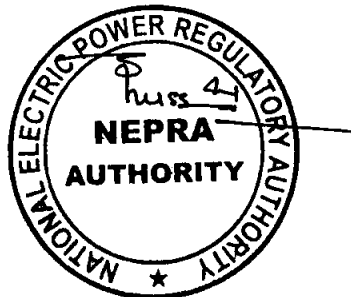
(Shoukat Ali Kundi) 04.07.2012
Member


6/7/2012

(Habibullah Khilji)
Member


6/7

(Ghiasuddin Ahmed)
Acting Chairman



CENTRAL POWER PURCHASING AGENCY (CPPA)
Energy Procurement Report (Provisional)
May/2012

S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)		
1	Hydel						
	i. WAPDA	Hydel	6,516.00	2,144,507,517	165,277,194		
	ii. Jagran	Hydel	30.00	16,621,150	33,209,058		
	iii. Pehure	Hydel	17.90	2,246,400	10,818,438		
	iv. Malakand-III SHYDO	Hydel	81.46	41,317,300	246,503,629		
	Hydel Total:		6,645.36	2,204,692,367	455,808,318		
2	Ex-WAPDA GENCOs						
	i. GENCO-I						
	Jamshoro Block 2	RFO	470.00	61,580,800	1,840,290,557		
	Jamshoro Block 3				8		
	Kotri 3-7	Gas	106.50	58,355,000	310,547,804		
	Jamshoro Block 4				0		
	Kotri 1-2	Gas	17.00		0		
	Prev. Adjustment				0		
		Jamshoro Total		798.50	139,935,000	2,150,838,381	
	ii. GENCO-II						
	Guddu CC 11-13	Gas	390	136,045,810	596,928,073		
	Guddu CC 5-10	Gas	530	247,948,602	1,210,931,383		
	Central Block 3	RFO	340		0		
	Guddu Steam 3-4	Gas		101,090,409	591,845,294		
	Guddu Steam 1-2	Gas	140	69,310,979	433,831,279		
		Central Total	1,400.00	554,395,800	2,834,736,030		
	iii. GENCO-III						
	Northern Block 1	RFO		147,940,391	2,995,506,863		
	MG Unit 1-3	Gas	558.00	754,275	4,151,303		
	Northern Block 2	RFO		78,762,380	1,566,967,105		
	MG Unit 4	Gas	270.00	530,224	3,437,872		
	Northern Block 3	RFO	360.00	(915,380)	-20,873,177		
	GTPS FSD 5-9	Gas	117.00	9,626,892	42,256,280		
	Northern Block 5 (SPS)	RFO	97.00	10,308,000	283,310,305		
	SPS FSD 1-2	Gas			0		
	GTPS FSD 1-4	Gas	75.00	(35,892)	-286,816		
	Northern Block 7	RFO	91.00	7,960,772	213,571,874		
	Shahdra	Gas		(30,190)	-181,334		
		Northern Total:	1,568.00	255,000,452	5,087,858,295		
	iv. GENCO-IV						
		Coal	31.20	2,884,000	8,761,003		
		Total:	31.20	2,804,000	8,751,003		
	v. Rental Power						
	*Walter RPP (Nuodero)	Gas	44.97	(47,851)	-178,794		
	Gulf Rental	RFO	62.00		0		
	Reshman	RFO			0		
	Karkey	RFO	231.80		8		
		Total:	338.77	(47,051)	(178,794)		
		GENCOs Total:-	4,136.47	952,088,201	10,082,004,894		
	3	IPPs					
		1	Kot Addu Block 1	RFO	325	212,324,000	3,361,058,980
			Kot Addu Block 2	RFO	752	406,471,000	7,013,033,896
				Gas		91,621,700	454,188,597
			Kot Addu Block 3	Gas	249	84,975,300	292,600,163
				HSD			
			KAPCO Total	1,336.00	759,292,000	11,140,781,636	
		2	Hub Power	RFO	1,200.00	667,948,300	11,463,936,954
		3	Kohinoor Energy	RFO	124.00	52,702,000	1,618,035,826
		4	AES Laipir	RFO	350.00	268,910,000	3,567,240,716
		5	Pak Gen Power Limited	RFO	348.60	179,634,766	3,134,234,248
6		Southern Power	RFD	110.47	9,466,260	162,711,877	
7		Habibullah	Gas	129.15	75,872,807	345,397,209	
8		Fauji Kabirwala	Gas	151.20	109,561,088	446,042,736	
9		Rousch	Gas	395.80	1,296,354	0	
10		Saba Power	RFO	125.55	1,395,002	25,273,940	
11		Japan Power	RFO	107.00	11,133,184	216,400,773	
12	Uch	Gas	551.25	388,210,000	1,838,636,136		
13	Altam	Gas	26.54	20,667,300	108,418,468		
14	Liberty	Gas	211.85	125,379,000	1,366,176,322		
15	Chashma Nuclear	Nucl.	300.00	219,891,000	319,655,547		
16	Chashma Nuclear-II	Nucl.	315.00	219,946,800	176,789,797		
17	Tavanir Iran	Import	39.00	32,603,177	308,349,892		
	Sub-Total:		5,820.61	3,095,297,090	34,928,062,076		



CENTRAL POWER PURCHASING AGENCY (CPPA)
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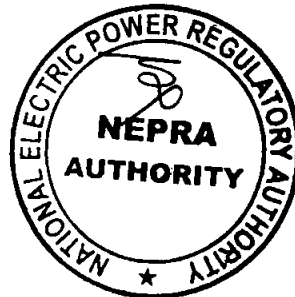
S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)
1	Attock-Gen	RFO	156.18	101,260,388	1,694,043,361
2	Atlas-Honda	RFO	213.86	60,828,640	953,596,160
3	Nishat Power	RFO	195.31	70,673,100	1,157,434,763
4	Foundation Power	Gas	177.00	121,859,860	520,981,345
5	Orient	Gas	212.74	97,724,048	402,243,762
		HSD		2,279,911	42,709,495
6	Nishat Chunlian	RFO	195.72	94,588,239	1,533,944,508
7	Salf Power	Gas	200.70	89,531,934	377,415,984
		HSD		36,337,119	735,299,987
8	Engro Energy	Gas	215.34	164,343,505	708,636,502
9	Saphire Power	Gas	212.11	76,623,145	360,436,224
		HSD		43,382,218	876,906,896
10	Hubco Narowal	RFO	213.82	117,750,664	2,048,020,469
11	Liberty Power	RFO	195.14	81,713,005	1,330,166,885
12	Halmore	Gas	206.61	85,675,408	367,617,204
		HSD		-	-
Sub-Total:			2,404.81	1,232,471,074	13,104,967,068
IPP,s Total:-			8,225.42	4,327,768,164	48,033,029,164
4	Others				
i.	TPS-Quetta	Gas	25.00	14,703,000	110,272,500
ii.	Zorlu	Wind	0.75	616,000	5,618,721
iii.	SPPs	Mixed	151.00	61,766,760	803,227,880
Others Total			176.00	77,105,760	919,119,101
G-Total:			19,183.25	7,561,654,492	59,489,961,477

Summary

1	Hydel			2,204,692,367	455,808,318
2	Coal			2,804,000	8,751,003
3	HSD			80,099,248	1,650,523,960
4	F.O.			2,605,624,521	46,668,814,872
5	Gas			2,132,492,419	10,092,441,496
6	Nuclear			439,636,000	496,425,344
7	Import from Iran			32,803,177	308,349,692
8	Wind Power			616,000	5,618,721
9	Mixed			61,766,760	803,227,880
Grand Total:				7,561,654,492	59,489,961,477

Energy Sale Price

Energy Cost (Rs.)	59,489,961,477
Cost not chargeable to DISCOs (Rs.)	69,401,282
EPP (Chargeable) (Rs.)	59,420,560,195
Energy Sold (KWh)	7,371,516,601
Avg. Rate (Rs./KWh)	8.0608



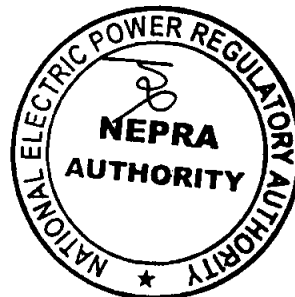
Annex-II

Source Wise Generation

Sources	Reference		Actual	
	May 2012			
	GWh	%	GWh	%
Hydel	2,935.55	34.64%	2,204.69	29.2%
Coal	7.74	0.09%	2.80	0.0%
HSD	161.82	1.91%	81.00	1.1%
RFO	3,279.69	38.70%	2,605.62	34.5%
Gas	1,588.82	18.75%	2,132.49	28.2%
Nuclear	443.62	5.23%	439.84	5.8%
Import Iran	22.01	0.26%	32.80	0.4%
Mixed	34.91	0.41%	61.79	0.8%
Wind	0.63	0.01%	0.62	0.0%
Total	8,474.79	100.0%	7,561.65	100.0%
Sale to IPPs	-	0.00%	(2.16)	0.0%
Transmission Losses	(211.87)	-2.50%	(187.98)	-2.49%
Net Delivered	8,262.92	97.50%	7,371.52	97.5%

Source Wise Fuel Cost/Energy Purchase Price

Sources	Reference		Actual	
	May 2012			
	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh
Hydel	501.24	0.1707	455.81	0.2067
Coal	23.71	3.0631	8.75	3.1209
HSD	2,899.69	17.9191	1,655.50	20.4384
RFO	42,818.82	13.0558	44,998.95	17.2699
Gas	6,706.86	4.2213	9,833.25	4.6112
Nuclear	496.45	1.1191	496.43	1.1287
Import Iran	191.51	8.7000	308.35	9.4000
Mixed	401.49	11.5000	803.23	13.0000
Wind	5.76	9.1213	5.62	9.1213
Total	54,045.53	6.3772	58,565.88	7.7451
Supplemental Charges	-	-	924.08	0.1222
Sale to IPPs	-	-	(69.40)	(32.1848)
Grand Total	54,045.53	6.3772	59,420.56	7.8581
Transmission Losses	-	0.1635	-	0.2027
Net Total	54,045.53	6.5407	59,420.56	8.0608



Dissenting Note of Mr. Shaukat Ali Kundi, Member NEPRA
in the matter of Fuel Charge Adjustment for the month of May, 2012
for XW-DISCOs.

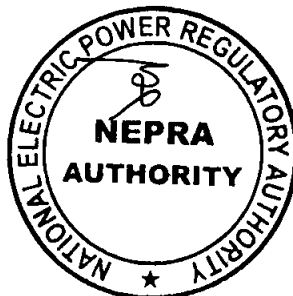
↓ In my earlier dissenting note in the matter of Fuel Charges Adjustments for Ex-WAPDA Distribution Companies, for the month of August, 2011, I had observed and disallowed fuel charges adjustments on account of the following:-

- i) Non adherence to the merit order of the GENCOs' power plants;
- ii) Non-carrying out of scheduled maintenance by GENCOs;
- iii) Non-replacement of damaged parts in time by GENCOs;
- iv) Operation of plants on higher auxiliary consumption at very low efficiency by GENCOs.

(2). Reportedly, none of the above observations have been taken care of by the public sector GENCOs and are still generating electricity at much higher cost. Not only this, the GENCOs were directed by NEPRA time and again to execute the Power Purchase Agreements (PPAs) and other necessary agreements with Central Power Purchasing Agency (CPPA), but this direction has also not been followed. Besides, the GENCOs were also directed by NEPRA for installation of flow meters duly calibrated to avoid pilferage of cost/fuel and such direction was also not complied with.

(3). NEPRA also directed CPPA to sign / execute power purchase agreements with GENCOs and power sale agreements with DISCOs but these entities failed to comply with those directions. Such agreements between Power Sellers and Purchasers are considered very crucial and important documents in bringing necessary financial discipline into the working of such entities. The commercial relationship for sale and purchase of power between CPPA and DISCOs and GENCOs is required to be governed through such Sale / Purchase Agreements. CPPA has been claiming mark up from NEPRA on delayed payments to the IPPs owing to some contractual terms, though was refused by NEPRA under the head of fuel charges adjustments, however, at the same time, there is no mechanism of penalizing the DISCOs for delayed payment because there is no formal PPA signed inter-se the parties. In the absence of these vitally important agreements, commercial operations of GENCOs, DISCOs and CPPA in my opinion is not being carried out effectively and transparently.

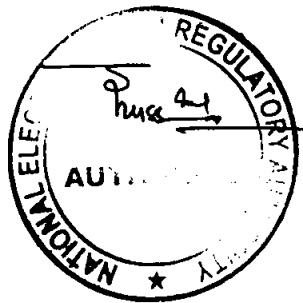
(4). Reportedly, a number of generating units of GENCOs were kept on a 'standby' mode on the instructions of NPCC. As per standard operating practices standby mode of power plants is kept to a minimum, however, the standby mode in case of GENCOs remained in the range 3 to 11 months over a year. What is more alarming is that during this standby mode the generating units in question were drawing power from the main grid to meet their auxiliary load requirements. Preliminary analysis shows that collectively generating units in all the GENCOs may be consuming around 50 MW from the National Grid without any benefit to the overall system operation. ↓



(5). ↓ The GENCOs have been receiving their capacity charges based on their historical installed capacity whereas, their present installed capacity has considerably deteriorated over the years. Consequently, they are contributing far less capacity than what they are being paid for in terms of power generation capacity to the system.

(6). In light of the above, I am of the considered opinion that inefficiencies in the aforesaid entities involved in the Supply Chain of Electric Power services still persist, hence do not find any justification and prudence in allowing increase in tariff on account of fuel charges adjustments and passing it on to the consumers; I therefore differ with the majority decision. At the same time, the petitioner i.e. CPPA is directed to immediately execute Sale / Purchase Agreements with GENCOs and DISCOs as the absence of these formal commercial agreements is a cause of the inefficiency of GENCOs and DISCOs which eventually is adding to the miseries of the end-consumers. ↓

Shaukat Ali Kundi
(Shaukat Ali Kundi) 04.07.2012
Member (Licensing)



National Electric Power Regulatory Authority



NOTIFICATION

Islamabad, the 10th day of July, 2012

S.R.O. 849 (I)/2012: - Pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011, the National Electric Power Regulatory Authority makes and notifies the following adjustment in the approved tariff on account of variation in fuel charge for the month of May 2012 in respect of Ex-WAPDA Distribution Companies (XWDISCOs):

Actual Fuel Charges Component for May 2012	Rs. 8.0503/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 6.5407/kWh
Fuel Charges Variation for the month of May 2012 (Increase)	Rs.1.5096/kWh

Note: The assessed fuel charges adjustment of Rs.1.5096/kWh for the month of May 2012 is lower by Rs.0.4734/kWh than the adjustment of Rs.1.9830/kWh for the month of April 2012; therefore, effectively there will be a decrease of Rs.0.4734/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of April 2012.

2. The above adjustment of Rs.1.5096/kWh shall be applicable to all the consumer categories except lifeline consumers of all the XWDISCOs. The said adjustment shall be shown separately in the consumers' bills on the basis of units billed to the consumers in the month of May 2012 by the XWDISCOs. XWDISCOs shall recover the fuel charges adjustment in respect of May 2012 in the billing month of December 2012.

3. While affecting the recovery of Fuel Adjustment Charges, the concerned DISCOs shall keep in view and strictly comply with the orders of the courts notwithstanding this order.


(Syed Safer Hussain)
Registrar