



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/TRF-100/MFPA /3757 - 74

April 17, 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 Price Adjustment for the Month of September 2011 for XWDISCOs and Notification of the Decision (S.R.O. 374(I)/2012 dated 17.04.2012)**

Enclosed please find a copy of decision of the Authority in respect of fuel price adjustment for the month of September 2011 in respect of Ex-WAPDA Distribution Companies, along with its Notification (S.R.O. 374(I)/2012 dated 17.04.2012). This is for information and further necessary action accordingly.

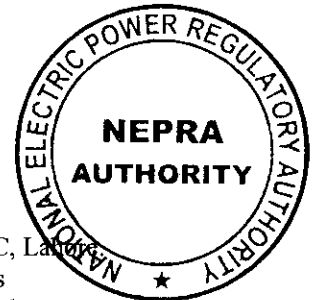
2. It may please be noted for strict compliance that Honourable High Court(s) have passed orders with regard to recovery of the fuel charge adjustments from the electricity consumers; therefore DISCOs are directed that while charging the fuel charge adjustment from their consumers, the Orders of the Honourable Court(s) must be kept in mind and ensure compliance of Orders of the Courts, 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:

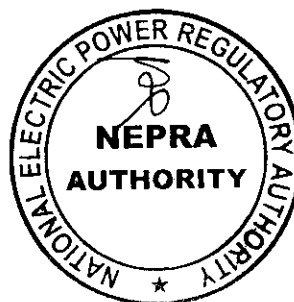
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Water & Power, 'A' Block, Pak Secretariat, Islamabad.
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
4. Managing Director, PEPCO, WAPDA House, Lahore.
5. Member (Power), WAPDA, WAPDA House, 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 SEPTEMBER 2011 FOR XW-DISCOs**

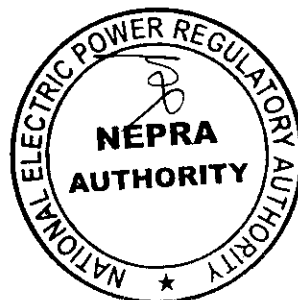
1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, (XL of 1997), the Authority has to review and revise the approved tariff on account of any variation in the fuel charges on a monthly basis.
2. In order to review and revise the approved tariff of the XWDISCOs due to variations in the fuel charges for the month of September 2011, 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, 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 3rd November 2011 in NEPRA Main Office; notice thereof was published in leading national newspapers on 27th October 2011 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. No written objection or comments were received regarding the proposed adjustments from any person. Further there was also no representation from the general public/consumers of electricity.
6. From the perusal of the information so provided by CPPA, it has been observed that the actual pool fuel charges of Rs. 5.6744/kWh for the month of September 2011 increased by Rs. 1.8076/kWh (Annex-I&II) as compared to the reference fuel charges, i.e. Rs. 3.8668/KWh as indicated in the Annexure-IV of the Authority's determination pertaining to the 1st Quarter of FY 2010-11.
7. As per details provided by CPPA 40.890 GWh, amounting to Rs. 449.799 million, were purchased under the head of mixed energy during September 2011. According to



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CPPA, mix energy was purchased from 13 small, captive and new captive power plants out of which four plants operated on furnace oil, one on bio-gas and eight on pipeline quality gas. According to the Interim Power Procurement (Procedures & Standards) Regulations 2005, filing of power acquisition requests in respect of energy purchased from small, captive and new captive power plants is mandatory. DISCOs have been directed to file power acquisition requests in respect of all small, captive and new captive power plants whom they have Power Purchase Agreements. The Authority has already initiated proceedings for approval of contracts in respect of power acquisition requests of HESCO for Anoud Textile Mills Limited and Omni Power Private Limited and in respect of power acquisition requests of FESCO for Sitara Energy Limited, Kohinoor Power Company Limited and Galaxy Textile Mills Limited. The Authority has decided to provisionally allow the cost of energy purchased from small, captive or new captive power plants who are licensees of NEPRA except Gadoon Textile Mills Limited who is not a licensee. Therefore, the actual cost of Rs. 98,201,558/- for 5,485,840 kWh energy delivered by Gadoon Textile Mills Limited to PESCO during September 2011 having an impact of Rs. 0.0113/kWh is being set aside and disallowed to be passed on to the consumers. The cost of energy allowed provisionally in respect of all other 12 small, captive and new captive power plants will be subject to adjustment on the basis of tariff determined/approved by the Authority on case to case basis.

8. During the course of hearing representative of CPPA was directed to provide the details of miscellaneous supplemental charges of Rs. 113.556 million pertaining to September 2011. According to the details provided by the CPPA, these include differential energy payment invoices by the four IPPs. The amount verified by CPPA in respect of these invoices was Rs. 72.988 million. However, CPPA provided documentary evidence of the verified amount of Rs. 11.968 million in respect of Saif Power and Liberty Power only. The Authority has decided to set aside Rs. 101.587 million on account of miscellaneous supplemental charges which was not duly supported by verifiable documentary evidence. The impact on this account of Rs. 0.0119/kWh is not being passed on to the consumers. The difference of Rs. 61.020 million between the verified amount of Rs. 72.988 million by CPPA and the amount allowed of Rs. 11.968 million will be considered in the succeeding months upon provision of verifiable documentary evidence by the CPPA.
9. In light of the decision of the Honourable Supreme Court of Pakistan dated 30th March 2012 regarding Rental Power Plants whereby the rental power plants were declared void ab initio, the fuel cost of Rs. 1,129.523 million in respect of 83.89 GWh of energy



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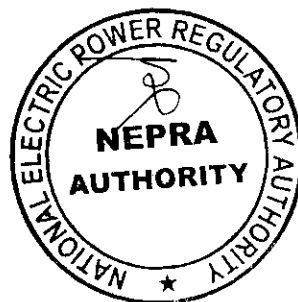


provided during September 2011 by three rental power plants namely Gulf, Karkey and Naudero-I having an impact of Rs. 0.0779/kWh is being set aside and disallowed to be passed on to the consumers.

10. The Authority also noted that during September 2011 NTDC claimed 3.04% transmission losses against the determined losses of 2.50% as per the Authority's determination dated 6th January 2006 (Case No. NEPRA/TRF-45/NTDC-2005). The Authority considers that the claimed transmission losses by NTDC are not consistent with the Authority's determination hence cannot be passed on to the consumers. The Authority has, therefore, decided to restrict the NTDC losses to 2.50% in accordance with its determination; accordingly the impact of Rs. 0.0338/kWh on this account is being disallowed to be passed on to the consumers.
11. In light of the discussion in Para 7 to 10 above, the Authority has reviewed and assessed an increase of Rs. 1.6726/kWh in the applicable tariff for EX-WAPDA DISCOS on account of variations in the fuel charges for the month of September 2011 as per the following details:

Actual Fuel Charges Component for September 2011	Rs. 5.5394/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 3.8668/kWh
Fuel Charges Variation for the month of September 2011 (Increase)	Rs. 1.6726/kWh

12. The assessed fuel charges adjustment of Rs. 1.6726/kWh for the month of September 2011 is lower by Rs. 1.3603/kWh than the adjustment of Rs. 3.0329/kWh for the month of August 2011; therefore, effectively there will be a decrease of Rs. 1.3603/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of August 2011.
13. The adjustment as referred to in Para 11 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 September 2011.



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- iii) DISCOs shall recover the fuel charges adjustment in respect of September 2011 in the billing month of May 2012.
- iv) While effecting 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

Top note is annexed -

Shaukat Ali Kundi

(Shaukat Ali Kundi)

Member

13.04.2012

Habibullah Khilji
13/4/2012

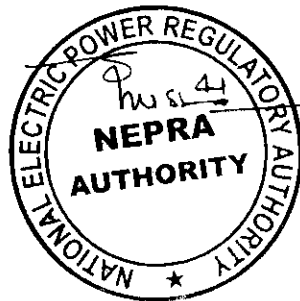
(Habibullah Khilji)

Member

Ghiasuddin Ahmed

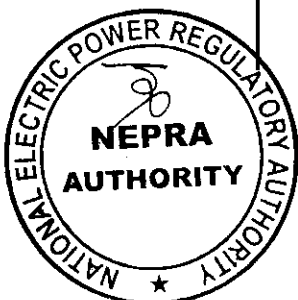
(Ghiasuddin Ahmed)

Vice Chairman



CENTRAL POWER PURCHASING AGENCY (CPPA)
Energy Procurement Report (Provisional)
September-2011

S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)	
1	<i>Hydel</i>					
	i. WAPDA	Hydel	6,516.00	3,708,372,986	218,794,006	
	ii. Jagran	Hydel	30.00	6,438,520	12,864,163	
	iii. Pehure	Hydel	17.90	4,119,120	19,837,270	
	iv. Malakand-III SHYDO	Hydel	81.46	30,971,300	236,317,257	
	Hydel Total:		6,645.36	3,749,901,926	487,812,696	
2	Ex-WAPDA GENCOs					
	i. GENCO-I					
	Jamshoro Block 1	RFO	205.00	32,225,000	532,333,826	
	Jamshoro Block 2	RFO	470.00	45,532,041	854,491,338	
	Unit 2-4	Gas		34,167,959	191,415,740	
	Kotri 3-7	Gas	106.50	30,472,000	143,164,117	
		Jamshoro Total		142,397,000	1,721,405,021	
	ii. GENCO-II					
	Guddu CC 11-13	Gas	390	179,243,688	677,290,200	
	Central Block 2				0	
	Guddu CC 5-10	Gas	530	240,568,461	1,008,126,193	
	Central Block 3	RFO	340	22,118,785	393,310,419	
	Guddu Steam 3-4	Gas		77,069,036	386,493,509	
	Central Block 4				0	
	Guddu Steam 1-2	Gas	140	29,981,630	160,944,388	
	Prev. Adjustment				295,303,159	
		Central Total		1,400.00	548,981,600	2,921,467,868
	iii. GENCO-III					
	Northern Block 1	RFO	558.00	142,391,537	2,457,157,878	
	MG Unit 1-3	Gas		970,964	4,707,913	
	Northern Block 2	RFO	270.00	61,048,837	1,039,755,294	
	MG Unit 4	Gas		109,548	526,466	
	Northern Block 3	RFO	360.00	11,983,600	234,949,263	
	GTPS FSD 5-9	Gas	117.00	(245,346)	-948,900	
	Northern Block 5 (SPS)	RFO	97.00	6,430,000	145,567,484	
	GTPS FSD 1-4	Gas	75.00	(39,654)	-273,442	
	Northern Block 7	RFO	91.00	877,600	15,728,962	
Shahdra	Gas		(36,520)	-219,354		
	Northern Total:		1,568.00	223,490,566	3,896,951,563	
iv. GENCO-IV						
	Coal	31.20	115,000	358,904		
	Total:		31.20	115,000	358,904	
v. Rental Power						
*Walter RPP (Nuodero)	Gas	51.00	13,859,126	14,020,586		
Gulf Rental	RFO	62.00	39,087,061	603,789,558		
Karkey	RFO	231.80	30,939,300	473,068,504		
	Total:		344.80	83,885,487	1,090,878,648	
	GENCOs Total:-		4,142.50	998,869,653	9,631,062,004	
3	IPPs					
	1	Kot Addu Block 1	RFO	328	73,415,900	1,022,899,892
			Gas			0
			HSD			0
		Kot Addu Block 2	RFO	748	242,001,100	3,371,788,658
			Gas			0
			HSD			0
	Kot Addu Block 3	Gas	268		0	
		HSD			0	
		KAPCO Total		1,344.00	315,417,000	4,394,688,550
	2	Hub Power	RFO	1,200.00	488,615,500	7,198,600,134
	3	Kohinoor Energy	RFO	124.00	70,595,000	994,116,410
	4	AES Lalpir	RFO	350.00	145,080,000	2,196,677,607
	5	Pak Gen Power Limited	RFO	348.60	177,144,160	2,694,239,913
	6	Southern Power	RFO	110.47	35,818,828	517,890,251
	7	Habibullah	Gas	129.15	76,235,098	262,639,360
	8	Fauji Kabirwala	Gas	151.20	70,527,000	247,110,632
9	Rousch	Gas	395.00	267,542,160	902,666,289	
10	Saba Power	RFO	125.55	17,756,383	269,799,361	
11	Japan Power	RFO	107.00	30,407,076	445,168,954	



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CENTRAL POWER PURCHASING AGENCY (CPPA)
Energy Procurement Report (Provisional)
September-2011

S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)
12	Uch	Gas	551.25	365,340,000	876,865,498
13	Altern	Gas	26.54	18,603,800	74,562,079
14	Liberty	Gas	211.85	118,587,000	1,178,875,559
15	Chashma Nuclear	Nucl.	300.00	-	0
	Chashma Nuclear-II	Nucl.	315.00	207,796,000	198,632,196
16	Tavanir Iran	Import	39.00	22,349,662	195,336,046
Sub-Total:			5,828.61	2,427,814,667	22,647,868,839
1	Attock-Gen	RFO	156.18	103,082,961	1,319,324,149
2	Atlas-Honda	RFO	213.86	103,336,800	1,416,714,681
3	Nishat Power	RFO	195.31	113,348,923	1,559,840,642
4	Foundation Power	Gas	177.00	101,193,105	358,270,427
5	Orient	Gas	212.74	36,407,656	112,334,410
		HSD		7,860,517	142,768,567
6	Nishat Chunian	RFO	195.72	107,115,542	1,434,268,744
7	Saif Power	Gas	209.79	37,156,874	183,044,040
		HSD		62,527,991	1,158,589,810
8	Engro Energy	Gas	215.34	121,272,141	416,958,217
9	Sapphire Power	Gas	212.11	20,250,633	64,419,400
		HSD		51,416,771	898,487,063
10	Hubco Narowal	RFO	213.82	124,072,079	1,737,824,175
11	Liberty Power	RFO	196.14	99,924,789	1,424,560,257
12	Halmore	Gas	206.81	29,846,341	97,466,411
		HSD		28,549,466	445,865,934
Sub-Total:			2,404.81	1,147,362,589	12,770,736,927
IPP,s Total:-			8,233.42	3,575,177,256	35,418,605,766
4	Others				
i.	TPS-Quetta	Gas	25.00	15,372,000	107,604,000
ii.	TPS-Shahdara	Gas		-	0
ii.	Zorlu	Wind	0.75	440,000	4,013,372
iii.	SPPs	Mixed	151.00	40,890,809	449,798,899
Others Total			176.00	56,702,809	561,416,271
G-Total:			19,197.28	8,380,651,644	46,098,896,737

Summary

1	Hydel			3,749,901,926	487,812,696
2	Coal			115,000	358,904
3	HSD			150,354,745	2,645,711,374
4	F.O.			2,324,348,802	34,353,866,354
5	Gas			1,884,454,700	7,763,366,897
6	Nuclear			207,796,000	198,632,196
7	Import from Iran			22,349,662	195,336,046
8	Wind Power			440,000	4,013,372
9	Mixed			40,890,809	449,798,899
Grand Total:				8,380,651,644	46,098,896,737

Energy Sale Price

Energy Cost (Rs.)	46,098,896,737
EPP charged to IPPs (Rs.)	58,740,259
EPP (Chargable) (Rs.)	46,040,156,478
Energy Sold (KWh)	8,113,722,797
Avg. Rate (Rs./KWh)	5.674357



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Source Wise Generation

Sources	Reference		Actual	
	September 2011			
	GWh	%	GWh	%
Hydel	3,676.60	44.8%	3,749.90	44.8%
Coal	-	0.0%	0.12	0.0%
HSD	9.35	0.1%	150.35	1.8%
RFO	2,234.29	27.2%	2,324.35	27.8%
Gas	2,016.07	24.6%	1,884.45	22.5%
Nuclear	194.80	2.4%	207.80	2.5%
Import Iran	23.06	0.3%	22.35	0.3%
Mixed	48.71	0.6%	40.89	0.5%
Wind	-	0.0%	0.44	0.0%
Total	8,202.87	100%	8,370.48	1.00
Sale to IPPs		0.0%	(2.69)	0.0%
Transmission Losses	(205.07)	-2.5%	(254.07)	-3.0%
Net Delivered	7,997.80	97.5%	8,113.72	96.9%

Source Wise Fuel Cost/Energy Purchase Price

Sources	Reference		Actual	
	September 2011			
	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh
Hydel	260	0.0707	488	0.1301
Coal	-		0	3.1209
HSD	141	15.0258	2,711	18.0280
RFO	22,845	10.2246	34,432	14.8135
Gas	6,955	3.4498	7,407	3.9308
Nuclear	99	0.5095	199	0.9559
Import Iran	115	4.9894	195	8.7400
Mixed	511	10.5000	450	11.0000
Wind	-		4	9.1213
Total	30,926	3.7701	45,847	5.4772
Supplemental Charges	-	-	252	0.0301
Sale to IPPs	-	-	(59)	(21.8662)
Grand Total	30,926	3.7701	46,040	5.5003
Transmission Losses	-	0.0967	-	0.1741
Net Total	30,926	3.8668	46,040	5.6744



NOTE OF MR. SHAUKAT ALI KUNDI IN THE MATTER OF FUEL CHARGE ADJUSTMENT FOR THE MONTH OF SEPTEMBER, 2011 FOR XW-DISCOs.

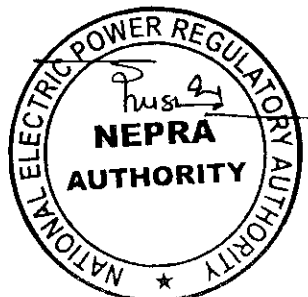
1. The decision on Fuel Charge Adjustment (FCA) for the month of September, 2011 for EX-WAPDA DISCOs was earlier signed by the Authority. But, that decision could not be notified because of the stay order issued by the Honourable Lahore High Court, Lahore on a Writ Petition filed by M/s Gulshan Spinning Mills. The revised decision is based on determination of FCA for XW-DISCOs for the month of September 2011, assuming the fuel cost component/cost of RFO @Rs. 45,000.00 per Metric Ton; to which I dissent.

2. It is a matter of record that tariff for the GEPCO for the FY 2011-12 was determined by the Authority on December 13, 2011; assuming fuel cost component/cost of RFO @ Rs.65,000/ M. Ton. This was sent to the Federal Government for notification in the Official Gazette. The Federal Government, however, filed a reconsideration request as per section 31(4) of the NEPRA Act for determining tariff of GEPCO assuming the cost of RFO at Rs. 45,000/Metric Ton. This reconsideration request was declined by NEPRA and the decision in this regard was intimated to the Federal Government on March 22, 2012.

3. After declining the GOP request for reconsideration, the tariff determination of NEPRA for GEPCO; as per NEPRA Act and relevant rules; has attained finality and deemed to have been notified in the official Gazette and the tariff so determined has thus become applicable and operative for all practical purposes. The "fuel cost component/cost of RFO @ Rs. 65,000.00 determined by NEPRA in its determination for GEPCO as such, should be assumed a bench mark for all future references while determining the Fuel Cost Adjustments of XW-DISCOs; for the fiscal year of 2011-12.

4. It is imperative that in view of the tariff determination for GEPCO for the FY 2011-12, adjustments due to variation in the fuel charges, if any, in the approved tariff of XW-DISCOs should have been made on the basis of new references determined for FY 2011-12 instead of FY 2010-11.

5. In view of the position explained above, I am of the considered view that for making any adjustments for the month of September, 2011, the reference/benchmarks determined by the authority for the financial year 2011-12 @ Rs.6.5484 / kWh while assuming the cost of furnace oil @ Rs.65,000/M.Ton should have been taken into consideration. There seems to be no legal justification for making adjustments on the basis of references determined for the previous year (FY 2010-11) which is now non-existent and irrelevant.



Shaukat Ali Kundi
(Shaukat Ali Kundi) 13.04.2012
Member (Licensing)

National Electric Power Regulatory Authority



NOTIFICATION

Islamabad, the 17th day of April, 2012

S.R.O. 374 (I)/2011 – 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 September 2011 in respect of Ex-WAPDA Distribution Companies (XWDISCOs):

Actual Fuel Charges Component for September 2011	Rs. 5.5394/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 3.8668/kWh
Fuel Charges Variation for the month of September 2011 (Increase)	Rs.1.6726/kWh

Note: The assessed fuel charges adjustment of Rs.1.6726/kWh for the month of September 2011 is lower by Rs.1.3603/kWh than the adjustment of Rs.3.0329/kWh for the month of August 2011; therefore, effectively there will be a decrease of Rs.1.3603/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of August 2011.

2. The above adjustment of Rs.1.6726/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 September 2011 by the XWDISCOs. XWDISCOs shall recover the fuel charges adjustment in respect of September 2011 in the billing month of May 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