



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad
Ph: 9206500, 9207200, Fax: 9210215
E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/R/TRF-100/MFPA /1567-82

February 29, 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, QESCO.

Subject: Decision of the Authority in the matter of Fuel Price Adjustment for the Month of August 2011 for XWDISCOs and Notification of the Decision (S.R.O. 202(I)/2012 dated 28.02.2012)

Enclosed please find a copy of decision of the Authority in respect of fuel price adjustment for the month of August 2011 in respect of Ex-WAPDA Distribution Companies, along with its Notification (S.R.O. 202(I)/2012 dated 28.02.2012). 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.



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Registrar

No. NEPRA/R/TRF-100/MFPA / 1584-93

February 29, 2012

Chief Executive Officer,
Peshawar Electric Supply Company (PESCO)
WAPDA House, Shami Road,
Sakhi Chashma,
Peshawar

Subject: **Decision of the Authority in the matter of Fuel Price Adjustment for the Month of August 2011 for XWDISCOs and Notification of the Decision (S.R.O. 202(I)/2012 dated 28.02.2012)**

Enclosed please find a copy of decision of the Authority in respect of fuel price adjustment for the month of August 2011 in respect of Ex-WAPDA Distribution Companies, along with its Notification (S.R.O. 202(I)/2012 dated 28.02.2012). This is for information and further necessary action accordingly.

2. Though no specific order from Peshawar High Court has been received, however, as reported in the newspapers that the Honourable Peshawar High Court has passed certain restraining order (copy of news clipping is enclosed).
3. PESCO, is therefore, advised to seek recovery of fuel adjustment charges keeping in view the orders of Peshawar High Court and shall ensure strict compliance of order of the Court in this regard.

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.
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TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN
EXTRA ORDINARY, PART-II

National Electric Power Regulatory Authority



NOTIFICATION

Islamabad, the 28th day of February, 2012

S.R.O. 202(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 charges for the month of August 2011 in respect of Ex-WAPDA Distribution Companies (XWDISCOs):

Actual Fuel Charge Component for August 2011	Rs. 6.6342/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 3.6013/kWh
Fuel Charges Variation for the month of August 2011 (Increase)	Rs. 3.0329/kWh

Note: The assessed fuel charges adjustment of Rs.3.0329/kWh for the month of August 2011 is higher by Rs.0.99/kWh than the adjustment of Rs.2.0429/kWh for the month of July 2011; therefore, effectively there will be an increase of Rs.0.99/kWh in the bills of the consumers on account of fuel charges adjustment as compared to the month of July 2011.

2. The above adjustment of Rs.3.0329/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 consumer in the month of August 2011 by the XWDISCOs. XWDISCOs shall recover the fuel charges adjustment in respect of August 2011 in the billing month of March 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



**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES
ADJUSTMENT FOR THE MONTH OF AUGUST 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. Accordingly the Authority after conducting hearing on 14th October 2011 at NEPRA's main office gave it decision. The decision was dissented by the three Members of the Authority on the following issues:
 - i) Karkey rental power plant partial operation
 - ii) Inclusion of cost of wind energy
 - iii) Operation of low efficiency/high cost GENCOs plants of SPS Faisalabad Unit 1-2 and NGPS Multan Unit 1&3
 - iv) Underutilization of KESC's Bin Qasim Plant
2. In view of the above dissents of the three Members, the decision could not be notified therefore the Authority decided to reconsider its decision. The above referred issues were thoroughly re-examined and discussed in Regulatory Meeting RM 12-142 dated 17th February 2012. The Authority further considers that in the current scenario when demand supply gap is increasing even disallowing fuel cost of electricity generated by Karkey and cost of wind energy & Zorlu would further increase the shortfall which would result in disrupting the economic activities. The Authority considers that it is not in the interest of the consumers to disrupt the available electricity which in the current scenario is minimizing the demand supply gap.
3. While deciding the fuel charges adjustment, From the perusal of the information so provided by CPPA, it has been observed that the actual pool fuel charges of Rs. 6.6618/kWh for the month of August 2011 increased by Rs. 3.0605/kWh (Annex-I&II) as compared to the reference fuel charges, i.e. Rs. 3.6013/KWh as indicated in the Annexure-IV of the Authority's determination pertaining to the 1st Quarter of FY 2010-11.



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4. The Authority noted that CPPA charged Rs. 744.676 million as fuel cost for Karkey Rental Power Plant for 48.568 GWh energy delivered during August 2011. The fuel price adjustment request with respect to Karkey Rental Power Plant is pending before the Authority. However, under Rule 4(7) of Tariff Standards & Procedure Rules 1998, the Authority may, while admitting a petition, allow the immediate application of the proposed tariff subject to an order for refund for the protection of consumers, or for satisfactory security to be provided for refund, while the proceedings are pending before the Authority. In view thereof, the Authority has decided to pass on, provisionally, to the consumers the fuel cost regarding energy generated by Karkey Rental Power Plant subject to the condition that the fuel cost will be adjusted in the succeeding period, if required, in accordance with the decision of the Authority regarding the pending fuel price adjustment of Karkey Rental Power Plant. Lakhra Power Generation Company (LPGCL) and Central Power Purchasing Agency (CPPA) are directed to adjust the amount of the outstanding fuel charges against penalties imposed on Karkey Rental Power Plant due to delayed COD and advance rent and unless such penalties and advance rent are offset, no payment be made to Karkey Rental Power Plant.

5. As per details provided by CPPA 39.695 GWh, amounting to Rs. 396.948 million, were purchased under the head of mixed energy during August 2011. According to CPPA, mix energy was purchased from 11 small, captive and new captive power plants out of which four plants operated on furnace oil, one on bio-gas and six 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 the 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 cost of Rs. 94,977,949/- as submitted by CPPA for 6,374,359 kWh energy delivered by



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Gadoon Textile Mills Limited to PESCO during August 2011 having an impact of Rs. 0.0100/kWh has been disallowed to be passed on to the consumers. The cost of energy allowed provisionally in respect of all other 10 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.

6. The Authority also noted that during August 2011 NTDC claimed 2.75% 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. 0.0177/kWh on this account is being disallowed to be passed on to the consumers.
7. The Authority has reviewed and assessed an increase of Rs. 3.0329/kWh in the applicable tariff for EX-WAPDA DISCOS on account of variations in the fuel charges for the month of August 2011 as per the following details:

Actual Fuel Charges Component for August 2011	Rs. 6.6342/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 3.6013/kWh
Fuel Charges Variation for the month of August 2011 (Increase)	Rs. 3.0329/kWh

8. The assessed fuel charges adjustment of Rs. 3.0329/kWh for the month of August 2011 is higher by Rs. 0.99/kWh than the adjustment of Rs. 2.0429/kWh for the month of July 2011; therefore, effectively there will be an increase of Rs. 0.99/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of July 2011.



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 August 2011.
- iii) DISCOs shall recover the fuel charges adjustment in respect of August 2011 in the billing month of March 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

Since it's a revised decision, the title should have been "REVISED DECISION". However, I stick to my earlier note of dissent dated 02.11.2011, attached to the original decision.

Shaukat Ali Kundi

(Shaukat Ali Kundi) 28.09.2012

Member

Ghiasuddin Ahmed
(Ghiasuddin Ahmed)
17/2

Member

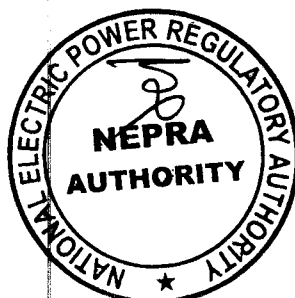
Khalid Saeed
(Khalid Saeed) 17/2/12

Chairman



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

S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)	
1	Hydel					
	i. WAPDA	Hydel	6,516.00	3,818,043,266	118,908,877	
	ii. Jagran	Hydel	30.00	3,803,080	7,798,314	
	iii. Pehure	Hydel	17.90	6,185,620	29,786,846	
	iv. Malakand-III SHYDO	Hydel	81.46	29,796,800	243,623,504	
	Hydel Total:		6,645.36	3,867,928,646	400,119,541	
2	Ex-WAPDA GENCOs					
	i. GENCO-I					
	Jamshoro Block 1	RFO	205.00	80,165,000	1,326,871,475	
	Jamshoro Block 2	RFO	470.00	125,164,000	2,383,969,108	
	Unit 2-4	Gas		1,741,000	9,631,187	
	Kotri 3-7	Gas	106.50	27,034,000	124,900,993	
		Jamshoro Total		798.50	234,104,000	3,825,372,763
	ii. GENCO-II					
	Central Block 1					
	Guddu CC 11-13	Gas	390	182,861,216	615,596,126	
	Central Block 2				0	
	Guddu CC 5-10	Gas	530	293,790,688	1,096,619,199	
	Central Block 3	RFO	340	50,257,262	896,207,195	
	Guddu Steam 3-4	Gas		94,183,369	422,994,906	
	Guddu Steam 1-2	Gas	140	10,696,100	51,117,215	
		Central Total		1,400.00	631,788,615	3,082,534,639
	iii. GENCO-III					
	Northern Block 1	RFO	558.00	202,263,787	3,492,769,139	
	MG Unit 1-3	Gas		591,541	2,888,206	
	Northern Block 2	RFO	270.00	82,275,658	1,400,810,566	
	MG Unit 4	Gas		322,715	1,560,904	
	Northern Block 3	RFO	360.00	9,068,488	173,461,377	
	GTPS FSD 5-9	Gas		4,644,412	17,962,728	
		HSD	117.00	5,135,556	83,349,047	
	Northern Block 5	RFO	97.00	26,593,000	615,579,318	
	GTPS FSD 1-4	Gas	75.00	(89,968)	-620,392	
	Northern Block 7	RFO	91.00	5,611,500	98,780,961	
	Shahdra	Gas		(85,200)	-511,747	
		Northern Total:		1,665.00	336,231,486	5,885,990,104
	iv. GENCO-IV					
			Coal	31.20	12,698,000	51,463,527
		Total:		31.20	12,698,000	51,463,527
	v. Rental Power					
	*Walter RPP (Nuodero)	Gas	51.00	22,519,494	85,574,077	
	Gulf Rental	RFO	62.00	42,687,936	686,562,138	
Karkey	RFO	231.80	48,568,000	744,675,778		
	Total:		344.80	113,775,430	1,496,811,993	
	GENCOs Total:-		4,239.50	1,328,597,531	14,342,173,027	
3	IPPs					
	1	Kot Addu Block 1	RFO	328	211,698,060	2,733,445,378
			HSD		10,339,200	147,209,079
		Kot Addu Block 2	RFO	748	329,225,750	4,892,331,797
		Kot Addu Block 3	HSD	268	4,026,000	66,901,146
		KAPCO Total		1,344.00	555,289,000	7,639,887,400
	2	Hub Power	RFO	1,200.00	823,932,800	12,266,229,180
	3	Kohinoor Energy	RFO	124.00	77,966,000	1,108,888,710
	4	AES Lalpir	RFO	350.00	167,207,000	2,394,572,642
	5	Pak Gen Power Limited	RFO	348.60	206,712,000	3,149,466,177
	6	Southern Power	RFO	110.47	31,332,621	455,356,194
	7	Habibullah	Gas	129.15	36,176,839	132,073,133
	8	Fauji Kabirwala	Gas	151.20	107,384,000	366,087,480
	9	Rousch	Gas	395.00	281,377,221	987,039,264
	10	Saba Power	RFO	125.55	15,380,893	233,795,726
	11	Japan Power	RFO	107.00	44,204,835	638,731,318
	12	Uch	Gas	551.25	375,750,000	898,217,017
13	Altern	Gas	26.54	19,044,300	74,582,348	
14	Liberty	Gas	211.85	123,611,000	1,239,912,498	
15	Chashma Nuclear	Nucl.	300.00	15,213,000	17,024,868	
	Chashma Nuclear-II	Nucl.	315.00	169,065,000	128,853,758	
16	Tavanir Iran	Import	39.00	22,471,081	194,938,232	
	Sub-Total:		5,828.61	3,064,116,590	31,926,647,935	



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

S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)
1	Attock-Gen	RFO	156.18	104,269,234	1,446,717,732
2	Atlas-Honda	RFO	213.86	147,828,912	2,048,467,989
3	Nishat Power	RFO	195.31	131,387,236	1,788,339,827
4	Foundation Power	Gas	177.00	123,468,305	379,302,828
5	Orient	Gas	212.74	48,626,342	148,878,078
		HSD		18,403,628	320,189,226
6	Nishat Chunian	RFO	195.72	113,777,068	1,487,361,328
7	Salf Power	Gas	209.79	29,914,795	89,169,542
		HSD		43,166,445	763,824,691
8	Engro Energy	Gas	215.34	145,028,380	517,698,648
9	Saphire Power	Gas	212.11	78,630,614	249,828,236
		HSD		41,697,856	713,447,030
10	Hubco Narowal	RFO	213.82	144,039,829	1,966,701,236
11	Liberty Power	RFO	196.14	140,817,931	1,934,369,629
12	Halmore	Gas	206.81	80,616,696	266,776,383
		HSD		20,108,339	391,366,266
Sub-Total:			2,404.81	1,408,771,499	14,502,290,858
IPP,s Total:-			8,233.42	4,472,888,089	46,428,938,793
4	Others				
	i. TPS-Quetta	Gas	25.00	14,839,000	103,873,000
	ii. Zorlu	Wind	0.75	432,000	3,940,402
	iii. SPPs	Mixed	151.00	39,694,861	396,948,510
Others Total			176.00	54,965,851	504,761,912
G-Total:			19,294.28	9,514,380,116	61,675,993,272

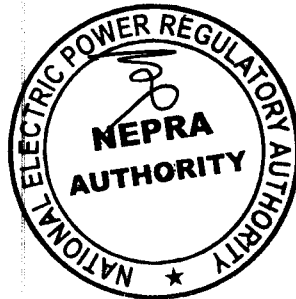
Summary

1	Hydel			3,657,928,645	400,119,541
2	Coal			12,698,000	51,463,527
3	HSD			142,876,923	2,486,266,475
4	F.O.			3,352,324,767	50,126,423,916
5	Gas			2,101,676,849	7,870,024,044
6	Nuclear			184,278,000	146,878,626
7	Import from Iran			22,471,081	194,938,232
8	Wind Power			432,000	3,940,402
9	Mixed			39,694,861	396,948,510
	Prev. Adjustment				-
Grand Total				9,514,380,116	61,675,993,272

Energy Sale Price

Energy Cost (Rs.)	61,675,993,272
EPP charged to IPPs (Rs.)	57,517,516
EPP (Chargable) (Rs.)	61,618,475,756
Energy Sold (KWh)	9,249,482,892
Avg. Rate (Rs./KWh)	6.661829

24/8/11



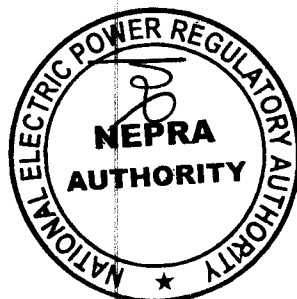
Annex-II

Source Wise Generation

Sources	Reference		Actual	
	August 2011			
	GWh	%	GWh	%
Hydel	4,256.11	47.6%	3,657.93	38.4%
Coal	-	0.0%	12.70	0.1%
HSD	2.52	0.0%	142.88	1.5%
RFO	2,200.34	24.6%	3,352.32	35.2%
Gas	2,195.31	24.6%	2,101.68	22.1%
Nuclear	214.98	2.4%	184.28	1.9%
Import Iran	23.60	0.3%	22.47	0.2%
Mixed	47.98	0.5%	39.69	0.4%
Wind	-	0.0%	0.43	0.0%
Total	8,940.85	100.0%	9,514.38	100.0%
Sale to IPPs	-	0.0%	(2.80)	0.0%
Transmission Losses	(223.52)	-2.5%	(262.09)	-2.8%
Net Delivered	8,717.32	97.5%	9,249.48	97.2%

Source Wise Fuel Cost/Energy Purchase Price

Sources	Reference		Actual	
	August 2011			
	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh
Hydel	264.82	0.0622	495.95	0.1356
Coal	-		39.63	3.1209
HSD	37.80	15.0258	2,502.85	17.5175
RFO	22,565.96	10.2557	50,245.65	14.9883
Gas	7,794.13	3.5504	7,797.39	3.7101
Nuclear	109.53	0.5095	178.63	0.9694
Import Iran	117.76	4.9894	194.82	8.6698
Mixed	503.82	10.5000	396.95	10.0000
Wind	-		3.94	9.1213
Total	31,393.82	3.5113	61,855.82	6.5013
Supplemental Charges	-	-	(179.83)	(0.0189)
Sale to IPPs	-	-	(57.52)	(20.5252)
Grand Total	31,393.82	3.5113	61,618.48	6.4764
Transmission Losses	-	0.0900	-	0.1855
Net Total	31,393.82	3.6013	61,618.48	6.6618



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DISSENTING NOTE OF MR SHAUKAT ALI KUNDI, MEMBER NEPRA
IN THE MATTER OF FUEL PRICE ADJUSTMENT OF XWAPDA DISCOS FOR
AUGUST 2011 (HEARING HELD ON OCTOBER 04, 2011)

✓ After having heard the petition at length and perusal of the record I have observed the following:

- The merit order of the power plants has not been strictly adhered to, as a result thereof, the inefficient plants are operated while comparatively efficient plants are not operated at their full capacity.
 - Due to lack of funds as reported by CEOs neither scheduled maintenance nor forced outages could be carried out timely. This resulted in partial loading of machine and higher heat rates resulting in increased fuel cost.
 - Worn out/damaged parts are not being replaced in time by GENCOs resultantly, the auxiliary consumption is increased and the machines are derated (i.e. there is a loss of capacity).
 - A nominal amount is being spent on O&M of the GENCOs plants as compared to the similar plants of IPPs. This results in forced outages, aborted start up of plants and increased operational costs.
 - Malpractices in procurement of spares in execution of works in GENCOs, pilferage of RFO, lubricants and consumable chemicals are also adds to higher generation cost.
2. From the above it is abundantly clear that these factors specially ignoring the merit order of plants by NPCC has contributed to higher generation cost. It is also abundantly clear that management of the respective GENCOs have failed miserably to improve upon the performance of their plant(s).
3. National Power Control Centre (NPCC) is mandated to implement the merit order through load dispatch instructions. Prima facie, it failed to implement the same. Strict implementation of merit order would have saved a lot of fuel cost resulting in reduction of consumer end tariff. However, factors enumerated above have contributed to the higher generation cost, and eventually the consumer-end tariff. In my opinion passing on inefficiencies of the GENCOs and NTDC to the consumer is in no way justified, hence I differ to the decision of the Authority.

Shaukat Ali Kundi

(Shaukat Ali Kundi) 09.11.2011
Member (Licensing)/Vice Chairman

