



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

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

May 3, 2012

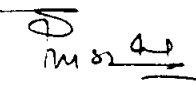
1. Chief Executive Officer, FESCO.
2. Chief Executive Officer, GEPCO.
3. Chief Executive Officer, HESCO.
4. Chief Executive Officer, IESCO.
5. Chief Executive Officer, LESCO.
6. Chief Executive Officer, MEPCO.
7. Chief Executive Officer, PESCO.
8. Chief Executive Officer, QESCO.
9. Chief Executive Officer,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

Subject: **Decision of the Authority in the matter of Fuel Price Adjustment for the Month of December 2011 for XWDISCOs and Notification (S.R.O. 449(I)/2012 dated 02.05.2012) Thereof**

Enclosed please find a copy of decision of the Authority alongwith Note of Mr. Shaukat Ali Kundi, Member regarding fuel price adjustment for the month of December 2011 in respect of Ex-WAPDA Distribution Companies and Notification (S.R.O. 449(I)/2012 dated 02.05.2012) thereof. This is for information and further necessary action.

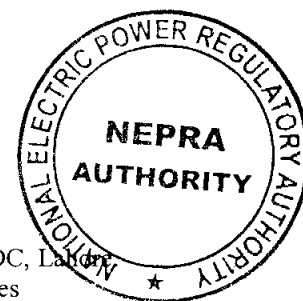
2. It may please be noted for strict compliance that Honourable High Court(s) have passed orders with regard to recovery of the fuel charge adjustments from the electricity consumers; therefore DISCOs are directed that while charging the fuel charge adjustment from their consumers, the Orders of the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

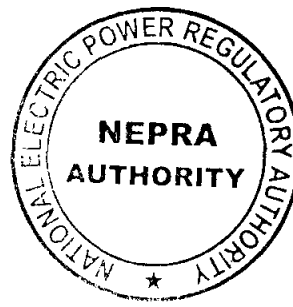
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Water & Power, 'A' Block, Pak Secretariat, Islamabad.
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
4. Managing Director, PEPCO, WAPDA House, Lahore.
5. Member (Power), WAPDA, WAPDA House,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

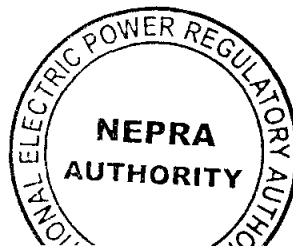
1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, (XL of 1997), the Authority has to review and revise the approved tariff on account of any variation in the fuel charges on a monthly basis.
2. In order to review and revise the approved tariff of the XWDISCOs due to variations in the fuel charges for the month of December 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 20th March 2012 in NEPRA Main Office; notice thereof was published in the leading national newspapers on 8th March 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), Ministry of Water & Power, general public and media were present; however, no representative from Ministry of Finance and National Power Control Cell (NPCC) attended the public hearing despite the service of notice. Comments from the following were also received:-
 - i. Rashid Law Associates, Attorneys & Corporate Consultants
 - ii. Afzal & Afzal, Advocates & Corporate counselors
 - iii. The Islamabad Steel Mills Association
 - iv. The Pakistan Steel Melters Association
 - v. Haripur Chamber of Commerce & Industry
 - vi. Hattar Industrialists Association



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6. The Authority has examined the data provided by CPPA for making adjustments in the approved tariff and it has also heard the concerns raised during the course of hearing. Majority of the concerns of the commentators pertain to the merits of the tariff determinations wherein the tariffs for different companies were determined by the Authority. In this regard, it may be clarified that before determining the tariff, detailed process as to filing of replies, comments, objections, intervention requests, production of evidence and arguments is observed. The concerns now being raised, though without any instance but could be subject matter at the time of determination of tariff and may not be relevant for the purposes of making adjustments in the already determined tariff.
7. After going through the concerns raised during the course of instant hearing, the Authority is of the view that the same are not within the scope of this hearing because it is meant only for making adjustments on the basis of a formula/mechanism already prescribed and notified in the official gazette. There is absolutely no dispute raised by any of the commentators as to the wrong application of the formula for adjustments or the costs of fuel charges, therefore, none of the concerns raised by the commentators are considered to be relevant for the purposes of making fuel charges adjustments.
8. In so far as the concerns of commentators as to making adjustments within 7 days, it may be explained that there is no starting point of 7 days provided in law, however, the Authority has to make adjustments after receipt of actual data from CPPA. Further that a process of hearing is also to be observed in the light of directions of Honorable Lahore High Court for which a prior public notice is to be given to all concerned.
9. As regards the issuance of stay orders from the Courts, Authority has decided to issue the directions to all the DISCOs to affect recovery of fuel charges keeping in view the stay orders from the Honorable Courts.
10. From the perusal of the information so provided by CPPA, it has been observed that the actual pool fuel charges of Rs. 7.2693/kWh for the month of December 2011 increased by Rs. 0.9875/kWh (Annex-I&II) as compared to the reference fuel charges, i.e. Rs. 6.2818/KWh as indicated in the Annexure-IV of the Authority's determination pertaining to the 1st Quarter of FY 2010-11.
11. As per details provided by CPPA 74.49 GWh, amounting to Rs. 1,005.62 million, were purchased under the head of mixed energy during December 2011. 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



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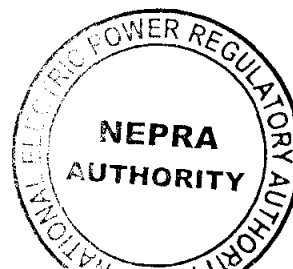


requests in respect of all small, captive and new captive power plants whom they have Power Purchase Agreements. The Authority has decided to provisionally allow the cost of energy purchased from small, captive or new captive power plants who are licensees of NEPRA except Gadoon Textile Mills Limited who is not a licensee. Therefore, the actual cost of Rs. 121.105 million for 6.427 GWh energy delivered by Gadoon Textile Mills Limited to PESCO during December 2011 is being set aside and disallowed to be passed on to the consumers. The cost of energy allowed provisionally in respect of all other 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.

12. 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. 1,245.398 million in respect of 87.417 GWh of energy provided during December 2011 by four rental power plants namely Gulf, Karkey, Reshman and Naudero-I is being set aside and disallowed to be passed on to the consumers.
13. The Authority also noted that during December 2011 NTDC claimed 2.67% transmission losses against the determined losses of 2.50% as per the Authority's determination dated 9th May 2011 (Case No. NEPRA/TRF-165/NTDC-2010). 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 transmission losses beyond 2.5% is being disallowed to be passed on to the consumers.
14. The Authority has reviewed and assessed an increase of Rs. 0.8653/kWh in the applicable tariff for EX-WAPDA DISCOS on account of variations in the fuel charges for the month of December 2011 as per the following details:

Actual Fuel Charges Component for December 2011	Rs. 7.1471/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 6.2818/kWh
Fuel Charges Variation for the month of December 2011 (Increase)	Rs. 0.8653/kWh

15. The assessed fuel charges adjustment of Rs. 0.8653/kWh for the month of December 2011 is lower by Rs. 0.3048/kWh than the adjustment of Rs. 1.1701/kWh for the month






of November 2011; therefore, effectively there will be a decrease of Rs. 0.3048/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of November.

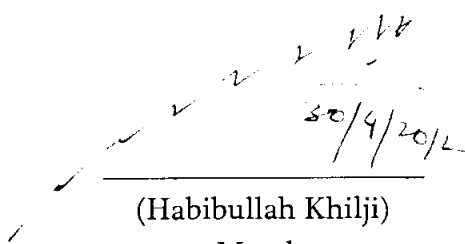
16. The adjustment as referred to in Para 14 above ;

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

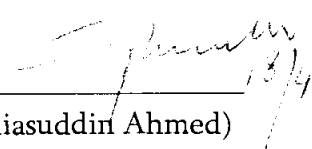
AUTHORITY



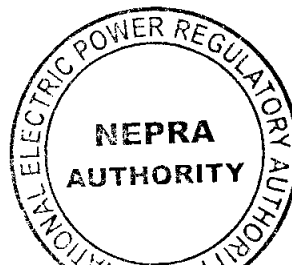
(Shaukat Ali Kundi)
Member



(Habibullah Khilji)
Member



(Ghiasuddin Ahmed)
Vice Chairman



Decision of Mr. Shaukat Ali Kundi Member (Licensing) in the matter of Fuel Price Adjustment for XW-DISCOs for the month of December 2011

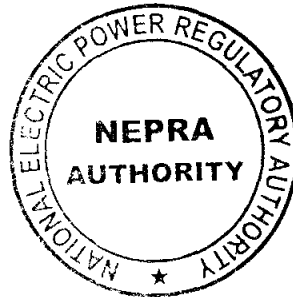
In my considered opinion, the benchmark for the fuel cost component has already been established by the Authority while determining the tariff determination of Discos for the year 2011-2012, therefore, the same fuel cost reference which is Rs.65,000.00 per kWh should have been taken into consideration while calculating fuel cost adjustment of Ex WAPDA Discos, rather than taking into consideration Rs. 45,000.00 as reference fuel cost component which is now non-existent and irrelevant.

In my dissenting note in the matter of Fuel Cost Adjustment of EX Wapda Discos for the month of August 2011, I have pointed out inefficiencies and mismanagement within the Gencos which seems to have not been taken care of so far. I am, therefore, inclined not to pass on any undue burden to the consumers.

(Shaukat Ali Kundi)

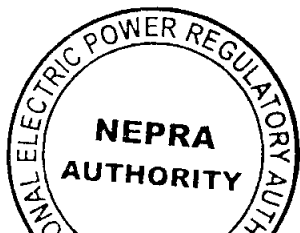
Member

Dated 30.04.2012



CENTRAL POWER PURCHASING AGENCY (CPPA)
Energy Procurement Report (Provisional)
December-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	1,974,246,525	130,290,061		
	ii. Jagran	Hydel	30.00	1,306,810	2,611,006		
	iii. Pehure	Hydel	17.90	3,908,520	18,823,041		
	iv. Malakand-III SHYDO	Hydel	81.46	17,971,900	99,739,206		
	Hydel Total:		6,645.36	1,997,433,755	251,463,315		
2	Ex-WAPDA GENCOs						
	i. GENCO-I						
	Jamshoro Block 1	RFO	205.00	78,350,000	1,371,050,948		
	Jamshoro Block 2	RFO	470.00	78,960,000	1,595,185,344		
	Kotri 3-7	Gas	106.50	(293,000)	0		
	Jamshoro Total		798.50	157,017,000	2,966,236,292		
	ii. GENCO-II						
	Guddu CC 11-13	Gas	390	194,263,826	734,045,293		
	Guddu CC 5-10	Gas	530	341,321,568	1,430,342,163		
	Central Block 3	RFO	340	7,457,167	138,491,523		
	Guddu Steam 3-4	Gas		83,405,332	418,269,399		
	Guddu Steam 1-2	Gas	140	28,249,207	151,644,568		
	Central Total		1,400.00	654,697,100	2,872,792,946		
	iii. GENCO-III						
	Northern Block 1	RFO		248,052,717	4,531,430,291		
	MG Unit 1-3	Gas	558.00	1,043,685	5,060,515		
	Northern Block 2	RFO	270.00	-	0		
	MG Unit 4	Gas		(463,263)	-2,226,349		
	Northern Block 3	RFO	360.00	(781,141)	-16,127,436		
	GTPS FSD 5-9	Gas	117.00	(315,127)	-1,218,785		
	Northern Block 5 (SPS)	RFO	97.00	-	0		
	GTPS FSD 1-4	Gas	75.00	(30,873)	-212,891		
	Northern Block 7	RFO	91.00	(234,457)	-5,207,548		
	Shahdra	Gas		(32,820)	-197,131		
	Northern Total:		1,568.00	247,238,721	4,511,300,666		
	iv. GENCO-IV						
		Coal	31.20	5,209,000	16,256,768		
	Total:		31.20	5,209,000	16,256,768		
	v. Rental Power						
	*Walter RPP (Nuodero)	Gas	44.97	14,149,790	53,769,202		
	Gulf Rental	RFO	62.00	29,509,456	481,282,426		
	Reshman	RFO		5,142,106	83,456,874		
	Karkey	RFO	231.80	38,616,400	626,889,897		
	Total:		338.77	87,417,752	1,245,398,399		
	GENCOs Total:-		4,136.47	1,151,579,573	11,611,985,072		
	3	IPPs					
		1	Kot Addu Block 1	RFO	325	204,622,000	3,170,728,838
				HSD		-	0
			Kot Addu Block 2	RFO		226,849,000	3,903,140,264
				Gas	762	-	0
				HSD		-	0
				Gas	249	-	0
				HSD		-	0
		KAPCO Total		1,336.00	431,471,000	7,073,869,102	
		2	Hub Power	RFO	1,200.00	603,530,700	9,792,732,617
		3	Kohinoor Energy	RFO	124.00	43,051,000	637,568,804
		4	AES Lalpir	RFO	350.00	104,187,000	1,618,831,247
		5	Pak Gen Power Limited	RFO	348.60	132,633,814	2,125,318,797
		6	Southern Power	RFO	110.47	23,967,340	363,396,087
		7	Habibullah	Gas	129.15	50,983,822	176,383,631
8		Fauji Kabirwala	Gas	151.20	115,344,000	404,734,534	
9		Rousch	Gas	395.00	282,561,170	931,477,185	
10	Saba Power	RFO	125.55	20,900,119	330,468,501		
11	Japan Power	RFO	107.00	18,281,109	270,598,086		
12	Uch	Gas	551.25	365,790,000	907,624,219		
13	Altern	Gas	26.54	14,800	60,399		
14	Liberty	Gas	211.85	130,272,000	1,296,368,353		
15	Chashma Nuclear	Nucl.	300.00	225,058,000	255,022,323		
16	Chashma Nuclear-II	Nucl.	315.00	152,894,000	146,151,375		
17	Tavanir Iran	Import	39.00	21,285,280	191,141,814		
	Sub-Total:		5,820.61	2,722,225,154	26,521,747,074		



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

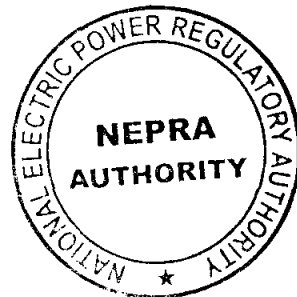
S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)
1	Attock-Gen	RFO	156.18	92,555,123	1,343,972,833
2	Atlas-Honda	RFO	213.86	49,218,240	700,335,398
3	Nishat Power	RFO	195.31	61,492,206	861,935,695
4	Foundation Power	Gas	177.00	93,509,640	305,912,076
5	Orient	Gas		-	-132,587
		HSD	212.74	13,628,452	244,100,109
6	Nishat Chunian	RFO	195.72	59,658,166	858,875,325
7	Saif Power	Gas	209.79	-	0
		HSD		9,224,637	209,891,769
8	Engro Energy	Gas		161,681,143	474,605,527
		HSD	215.34	-	0
9	Saphire Power	Gas	212.11	-	0
		HSD		20,679,450	401,295,100
10	Hubco Narowal	RFO	213.82	102,213,481	1,453,715,048
11	Liberty Power	RFO	196.14	50,364,993	743,770,873
12	Halmore	Gas		-	-160,445
		HSD	206.81	15,259,354	290,705,334
Sub-Total:			2,404.81	729,484,885	7,888,822,055
IPPs Total:-			8,225.42	3,451,710,039	34,410,569,129
4	Others				
i.	TPS-Quetta	Gas	25.00	(191,080)	-1,433,100
ii.	Zorlu	Wind	0.75	488,000	4,451,194
iii.	SPPs	Mixed	151.00	74,490,114	1,005,616,539
Others Total			176.00	74,787,034	1,008,634,633
G-Total:			19,183.25	6,675,510,401	47,282,652,149

Summary

1	Hydel			1,997,433,755	251,463,315
2	Coal			5,209,000	16,256,768
3	HSD			58,791,893	1,145,992,312
4	F.O.			2,278,596,539	36,981,840,732
5	Gas			1,861,263,820	7,284,715,777
6	Nuclear			377,952,000	401,173,698
7	Import from Iran			21,285,280	191,141,814
8	Wind Power			488,000	4,451,194
9	Mixed			74,490,114	1,005,616,539
Grand Total:				6,675,510,401	47,282,652,149

Energy Sale Price

Energy Cost (Rs.)	47,282,652,149
EPP charged to IPPs (Rs.)	94,655,886
EPP (Chargable) (Rs.)	47,187,996,263
Energy Sold (KWh)	6,491,368,848
Avg. Rate (Rs./KWh)	7.269344



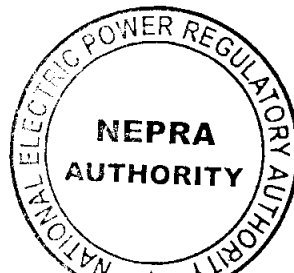
Annex-II

Source Wise Generation

Sources	Reference		Actual	
	December 2011			
	GWh	%	GWh	%
Hydel	1,316.70	19.5%	1,997.43	29.9%
Coal	0.24	0.0%	5.21	0.1%
HSD	-	0.0%	58.79	0.9%
RFO	3,202.41	47.3%	2,278.60	34.1%
Gas	1,977.17	29.2%	1,861.26	27.9%
Nuclear	207.41	3.1%	377.95	5.7%
Import Iran	16.56	0.2%	21.29	0.3%
Mixed	48.71	0.7%	74.49	1.1%
Wind		0.0%	0.49	0.0%
Total	6,769.20	100%	6,675.51	100%
Sale to IPPs	-	0.0%	(5.94)	-0.1%
Transmission Losses	(169.23)	-2.5%	(178.21)	-2.67%
Net Delivered	6,599.97	97.5%	6,491.37	97.2%

Source Wise Fuel Cost/Energy Purchase Price

Sources	Reference		Actual	
	December 2011			
	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh
Hydel	161.24	0.1225	251.46	0.1259
Coal	0.65	2.6975	16.26	3.1209
HSD	-		1,103.70	18.7730
RFO	33,451.17	10.4456	35,848.25	15.7326
Gas	7,146.97	3.6147	7,354.17	3.9512
Nuclear	105.68	0.5095	399.14	1.0561
Import Iran	82.63	4.9894	191.14	8.9800
Mixed	511.43	10.5000	1,005.62	13.5000
Wind	-		4.45	9.1213
Total	41,460	6.1248	46,174.19	6.9170
Supplemental Charges		-	1,108.46	0.1660
Sale to IPPs		-	(94.66)	(15.9477)
Grand Total	41,460	6.1248	47,188.00	7.0688
Transmission Losses	-	0.1570	-	0.2005
Net Total	41,460	6.2818	47,188.00	7.2693



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

National Electric Power Regulatory Authority



NOTIFICATION

Islamabad, the 2nd day of May, 2012

S.R.O. (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 December 2011 in respect of Ex-WAPDA Distribution Companies (XWDISCOs):

Actual Fuel Charges Component for December 2011	Rs. 7.1471/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 6.2818/kWh
Fuel Charges Variation for the month of December 2011 (Increase)	Rs.0.8653/kWh

Note: The assessed fuel charges adjustment of Rs.0.8653/kWh for the month of December 2011 is lower by Rs.0.3048/kWh than the adjustment of Rs.1.1701/kWh for the month of November 2011; therefore, effectively there will be a decrease of Rs.0.3048/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of November 2011.

2. The above adjustment of Rs.0.8653/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 December 2011 by the XWDISCOs. XWDISCOs shall recover the fuel charges adjustment in respect of December 2011 in the billing month of July 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