



# National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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## Registrar

No. NEPRA/R/TRF-100/MFPA

May 3, 2012

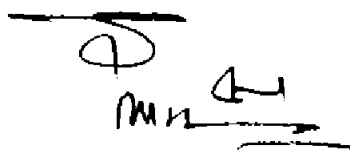
1. Chief Executive Officer, FESCO.
2. Chief Executive Officer, GEPCO.
3. Chief Executive Officer, HESCO.
4. Chief Executive Officer, IESCO.
5. Chief Executive Officer, LESCO.
6. Chief Executive Officer, MEPCO.
7. Chief Executive Officer, PESCO.
8. Chief Executive Officer, QESCO.
9. Chief Executive Officer,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

Subject: **Decision of the Authority in the matter of Fuel Price Adjustment for the Month of January 2012 for XWDISCOs and Notification (S.R.O. 450(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 January 2012 in respect of Ex-WAPDA Distribution Companies and Notification (S.R.O. 450(I)/2012 dated 02.05.2012) thereof. This is for information and further necessary action.

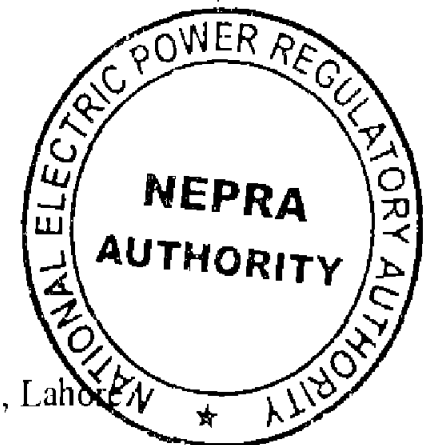
2. It may please be noted for strict compliance that Honourable High Court(s) have passed orders with regard to recovery of the fuel charge adjustments from the electricity consumers; therefore DISCOs are directed that while charging the fuel charge adjustment from their consumers, the Orders of the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

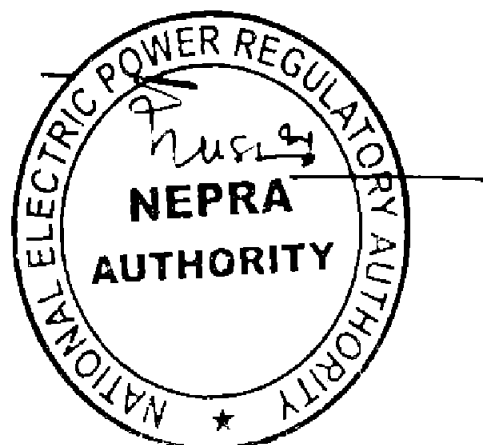
CC:

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, 5<sup>th</sup> Floor, Ajmal House, 27-Egerton Road, Lahore.

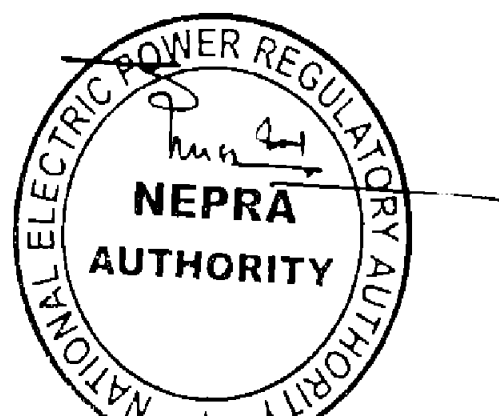


**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT  
FOR THE MONTH OF JANUARY 2012 FOR XW-DISCOS**

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 January 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, 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 20<sup>th</sup> March 2012 in NEPRA Main Office; notice thereof was published in the leading national newspapers on 8<sup>th</sup> 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



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. 9.2812/kWh for the month of January 2012 increased by Rs. 1.9611/kWh (Annex-I&II) as compared to the reference fuel charges, i.e. Rs. 7.3201/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 71.74 GWh, amounting to Rs. 968.45 million, were purchased under the head of mixed energy during January 2012. 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

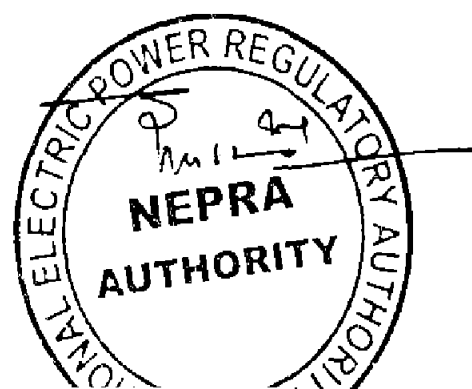


captive power plants is mandatory. DISCOs have been directed to file power acquisition requests in respect of all small, captive and new captive power plants whom they have Power Purchase Agreements. The Authority has decided to provisionally allow the cost of energy purchased from small, captive or 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. 128.802 million for 6.766 GWh energy delivered by Gadoon Textile Mills Limited to PESCO during January 2012 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 30<sup>th</sup> March 2012 regarding Rental Power Plants whereby the rental power plants were declared void ab initio, the fuel cost of Rs. 1,222.958 million in respect of 85.363 GWh of energy provided during January 2012 by three rental power plants namely Gulf, Karkey and Naudero-I is being set aside and disallowed to be passed on to the consumers.
13. The Authority also noted that during January 2012 NTDC reported 3.85% transmission losses against the determined losses of 2.50% as per the Authority's determination dated 9<sup>th</sup> May 2011 (Case No. NEPRA/TRF-165/NTDC-2010). However, CPPA has already reduced the energy charge by Rs. 763.40 million on account of NTDC transmission losses beyond 2.5%. The financial impact of increased transmission losses is, therefore, not being passed on to the consumers.
14. The Authority has reviewed and assessed an increase of Rs. 1.8715/kWh in the applicable tariff for EX-WAPDA DISCOS on account of variations in the fuel charges for the month of January 2012 as per the following details:

Actual Fuel Charges Component for January 2012	Rs. 9.1915/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 7.3201/kWh
<b>Fuel Charges Variation for the month of January 2012 (Increase)</b>	<b>Rs. 1.8715/kWh</b>

15. The assessed fuel charges adjustment of Rs. 1.8715/kWh for the month of January 2012 is higher by Rs. 1.0062/kWh than the adjustment of Rs. 0.8653/kWh for the month of



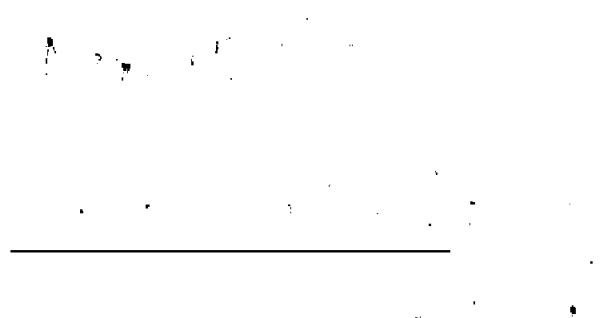
December 2011; therefore, effectively there will be an increase of Rs. 1.0062/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of December.

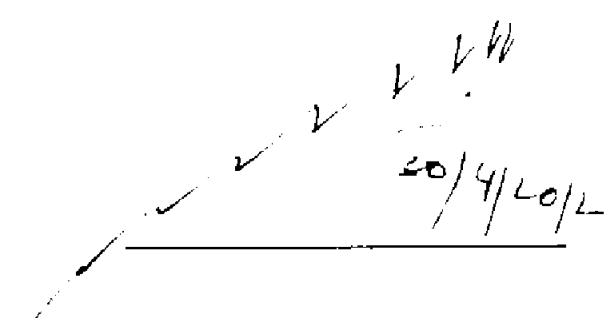
16. The adjustment as referred to in Para 14 above ;

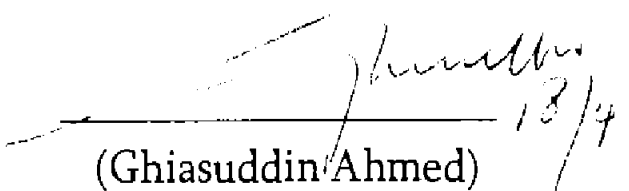
- i) shall be applicable to all the consumer categories except lifeline consumers of all the DISCOs;
- ii) shall be shown separately in the consumers' bill on the basis of units billed to the consumers in the month of January 2012.
- iii) DISCOs shall recover the fuel charges adjustment in respect of January 2012 in the billing month of August 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.

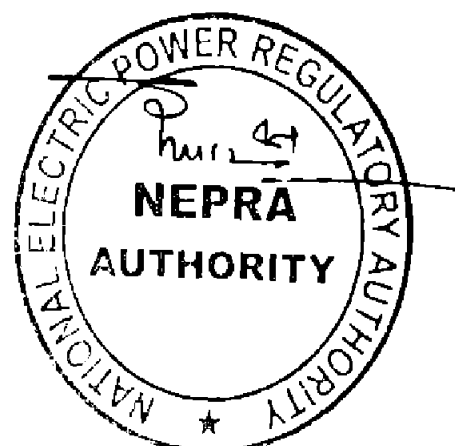
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**AUTHORITY**

  
\_\_\_\_\_  
(Shaukat Ali Kundi)  
Member

  
\_\_\_\_\_  
(Habibullah Khilji)  
Member

  
\_\_\_\_\_  
(Ghiasuddin Ahmed)  
Vice Chairman

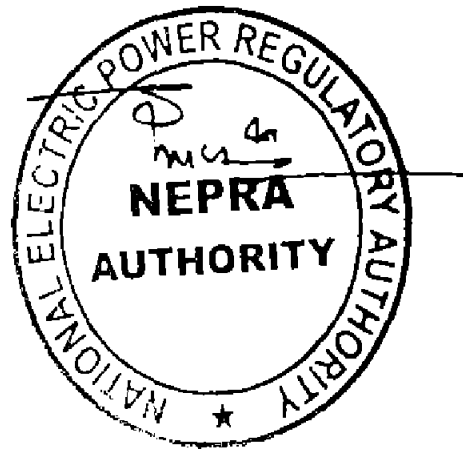


**Decision of Mr. Shaukat Ali Kundi Member (Licensing) in the matter of Fuel Price Adjustment for XW-DISCOs for the month of January 2012**

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.

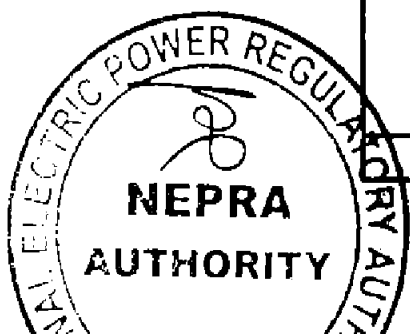
In my dissenting note in the matter of Fuel Cost Adjustment of EX Wapda Discos for the month of August 2011, I have pointed out inefficiencies and mismanagement within the Gencos which seems to have not been taken care of so far. I am, therefore, inclined not to pass on any undue burden to the consumers.

*Shaukat Ali Kundi*  
(Shaukat Ali Kundi)  
Member  
Dated 30.04.2012



**CENTRAL POWER PURCHASING AGENCY (CPPA)**  
**Energy Procurement Report (Provisional)**  
**January-2012**

S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)	
1	<i>Hydel</i>					
	i. WAPDA	Hydel	6,516.00	972,112,041	74,920,675	
	ii. Jagran	Hydel	30.00	242,630	484,775	
	iii. Pehure	Hydel	17.90	(21,960)	-105,757	
	iv. Malakand-III SHYDO	Hydel	81.46	19,038,000	147,381,025	
	<b>Hydel Total:</b>		<b>6,645.36</b>	<b>991,370,711</b>	<b>222,680,718</b>	
2	<b>Ex-WAPDA GENCOs</b>					
	<b>i. GENCO-I</b>					
	Jamshoro Block 1	RFO	205.00	56,425,000	983,484,202	
	Jamshoro Block 2	RFO	470.00	95,840,891	1,935,186,783	
	Kotri 3-7	Gas	106.50	4,005,000	30,033,496	
		<b>Jamshoro Total</b>		<b>798.50</b>	<b>159,375,000</b>	<b>2,966,137,156</b>
	<b>ii. GENCO-II</b>					
	Central Block 1					
	Guddu CC 11-13	Gas	390	173,216,054	654,514,181	
	Guddu CC 5-10	Gas	530	350,120,984	1,467,216,996	
	Central Block 3	RFO	340	13,395,451	262,017,701	
	Guddu Steam 3-4	Gas		114,391,047	573,659,661	
	Guddu Steam 1-2	Gas	140	15,948,264	85,611,876	
		<b>Central Total</b>		<b>1,400.00</b>	<b>667,071,800</b>	<b>3,043,020,415</b>
	<b>iii. GENCO-III</b>					
	Northern Block 1	RFO	558.00	212,001,296	3,848,020,250	
	MG Unit 1-3	Gas		869,017	4,782,809	
	Northern Block 2	RFO	270.00	130,023,805	2,331,881,672	
	MG Unit 4	Gas		182,453	995,281	
	Northern Block 3	RFO	360.00	870,280	17,986,928	
	GTPS FSD 5-9	Gas	117.00	(306,548)	-1,345,562	
	GTPS FSD 1-4	Gas	75.00	(38,452)	-301,029	
	Northern Block 7	RFO	91.00	(235,400)	-5,228,493	
	Shahdra	Gas		(29,530)	-177,370	
		<b>Northern Total:</b>		<b>1,568.00</b>	<b>343,336,921</b>	<b>6,196,614,486</b>
	<b>iv. GENCO-IV</b>					
		Coal	31.20	-	0	
	<b>Total:</b>		<b>31.20</b>	<b>-</b>	<b>-</b>	
<b>v. Rental Power</b>						
*Walter RPP (Nuodero)	Gas	44.97	13,256,221	50,373,640		
Gulf Rental	RFO	62.00	26,605,371	434,303,416		
Karkey	RFO	231.80	45,501,800	763,271,558		
	<b>Total:</b>		<b>338.77</b>	<b>85,363,392</b>	<b>1,247,948,613</b>	
	<b>GENCOs Total:-</b>		<b>4,136.47</b>	<b>1,255,147,113</b>	<b>13,453,720,670</b>	
3	<b>IPPs</b>					
	1	Kot Addu Block 1	RFO	325	221,738,000	3,639,082,874
			HSD		-	0
		Kot Addu Block 2	RFO	762	191,232,000	3,476,196,641
			Gas		-	-
		HSD		-	-	
		Gas	249	-	-	
		HSD		-	-	
		<b>KAPCO Total</b>		<b>1,336.00</b>	<b>412,970,000</b>	<b>7,115,279,515</b>
	2	Hub Power	RFO	1,200.00	862,139,200	13,692,286,298
	3	Kohinoor Energy	RFO	124.00	43,067,000	649,163,355
	4	AES Lalpir	RFO	350.00	140,655,000	2,256,815,381
	5	Pak Gen Power Limited	RFO	348.60	74,594,906	1,207,205,543
	6	Southern Power	RFO	110.47	20,823,902	314,791,848
	7	Habibullah	Gas	129.15	14,088,382	55,906,926
	8	Fauji Kabirwala	Gas	151.20	114,684,000	439,933,470
	9	Rousch	Gas	395.00	308,287,941	1,359,849,076
10	Saba Power	RFO	125.55	2,074,567	34,290,518	
11	Japan Power	RFO	107.00	26,727,740	411,810,549	
12	Uch	Gas	551.25	418,300,000	1,102,832,788	
13	Altern	Gas	26.54	-	-36,981	
14	Liberty	Gas	211.85	138,277,900	1,491,105,449	
15	Chashma Nuclear	Nucl.	300.00	224,167,000	326,992,403	
16	Chashma Nuclear-II	Nucl.	315.00	211,637,000	202,303,808	
17	Tavanir Iran	Import	39.00	20,769,162	187,337,823	
	<b>Sub-Total:</b>		<b>5,820.61</b>	<b>3,033,263,700</b>	<b>30,847,867,769</b>	



**CENTRAL POWER PURCHASING AGENCY (CPPA)**  
**Energy Procurement Report (Provisional)**  
**January-2012**

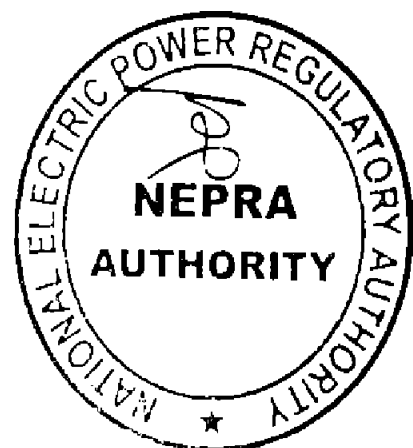
S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)
1	Attock-Gen	RFO	156.18	95,479,273	1,565,084,080
2	Atlas-Honda	RFO	213.86	84,643,152	1,266,682,302
3	Nishat Power	RFO	195.31	75,766,096	1,111,403,631
4	Foundation Power	Gas	177.00	129,481,780	550,601,843
5	Orient	Gas	212.74	-	0
		HSD		30,199,785	507,712,236
6	Nishat Chunian	RFO	195.72	71,413,233	1,042,661,538
7	Saif Power	Gas	209.79	-	0
		HSD		38,040,378	698,457,611
8	Engro Energy	Gas	215.34	157,186,741	793,078,925
		HSD		-	0
9	Sapphire Power	Gas	212.11	-	0
		HSD		29,555,460	606,424,248
10	Hubco Narowal	RFO	213.82	87,217,117	1,424,170,556
11	Liberty Power	RFO	196.14	74,075,214	1,099,712,581
12	Halmore	Gas	206.81	-	0
		HSD		22,198,499	375,804,731
Sub-Total:			2,404.81	895,256,728	11,041,794,282
IPP,s Total:-			8,225.42	3,928,520,428	41,889,662,051
4	Others				
i.	TPS-Quetta	Gas	25.00	(65,000)	-487,500
ii.	Zorlu	Wind	0.75	464,000	4,232,283
iii.	SPPs	Mixed	151.00	71,737,104	968,450,904
Others Total			176.00	72,136,104	972,195,687
G-Total:			19,183.25	6,247,174,356	56,538,259,126

**Summary**

1	Hydel			991,370,711	222,680,718
2	Coal			-	-
3	HSD			119,994,122	2,188,398,826
4	F.O.			2,652,074,894	43,762,281,710
5	Gas			1,954,960,363	8,675,580,651
6	Nuclear			435,804,000	529,296,211
7	Import from Iran			20,769,162	187,337,823
8	Wind Power			464,000	4,232,283
9	Mixed			71,737,104	968,450,904
Grand Total:				6,247,174,356	56,538,259,126

**Energy Sale Price**

Energy Cost (Rs.)	56,538,259,126
Cost not chargeable to DISCOs (Rs.)	821,950,785
EPP (Chargeable) (Rs.)	55,716,308,342
Energy Sold (KWh)	6,003,167,874
Avg. Rate (Rs./KWh)	<b>9.281151</b>



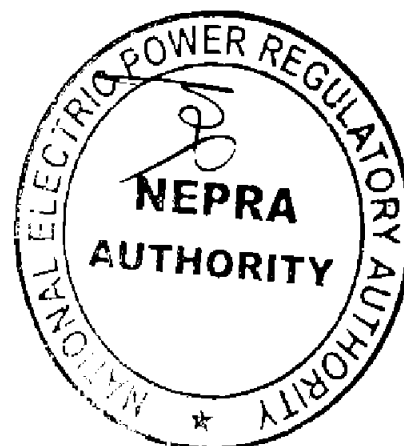


## Source Wise Generation

Sources	Reference		Actual	
	January 2012			
	GWh	%	GWh	%
Hydel	570.05	9.3%	991.37	15.9%
Coal	5.30	0.1%	-	0.0%
HSD	-	0.0%	119.99	1.9%
RFO	3,286.81	53.4%	2,652.07	42.5%
Gas	2,004.58	32.6%	1,954.96	31.3%
Nuclear	220.23	3.6%	435.80	7.0%
Import Iran	17.16	0.3%	20.77	0.3%
Mixed	48.71	0.8%	71.74	1.1%
Wind	-	0.0%	0.46	0.0%
<b>Total</b>	<b>6,152.82</b>	<b>100.0%</b>	<b>6,247.17</b>	<b>100%</b>
Sale to IPPs	-	0.0%	(3.48)	-0.1%
Transmission Losses	(153.82)	-2.5%	(240.53)	-3.85%
Net Delivered	5,999.00	97.5%	6,003.17	96.1%

## Source Wise Fuel Cost/Energy Purchase Price

Sources	Reference		Actual	
	January 2012			
	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh
Hydel	91.22	0.1600	222.68	0.2246
Coal	14.29	2.6975	-	-
HSD	-		2,312.14	19.2688
RFO	35,636.21	10.8422	42,442.89	16.0037
Gas	7,462.08	3.7225	8,541.39	4.3691
Nuclear	112.21	0.5095	529.30	1.2145
Import Iran	85.60	4.9894	187.34	9.0200
Mixed	511.43	10.5000	968.45	13.5000
Wind			4.23	9.1213
<b>Total</b>	<b>43,913.04</b>	<b>7.1371</b>	<b>55,208.42</b>	<b>8.8373</b>
Supplemental Charges		-	1,329.84	0.2129
Sale to IPPs		-	(58.55)	(16.8472)
<b>Grand Total</b>	<b>43,913.04</b>	<b>7.1371</b>	<b>56,479.71</b>	<b>9.0408</b>
Transmission Losses	-	0.1830	(763.40)	0.2403
<b>Net Total</b>	<b>43,913.04</b>	<b>7.3201</b>	<b>55,716.31</b>	<b>9.2812</b>



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

**National Electric Power Regulatory Authority**



**NOTIFICATION**

Islamabad, the 2<sup>nd</sup> day of May, 2012

S.R.O. <sup>450</sup> (1)/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 January 2012 in respect of Ex-WAPDA Distribution Companies (XWDISCOs):

Actual Fuel Charges Component for January 2012	Rs. 9.1915/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 7.3201/kWh
<b>Fuel Charges Variation for the month of January 2012 (Increase)</b>	<b>Rs.1.8715/kWh</b>

Note: The assessed fuel charges adjustment of Rs.1.8715/kWh for the month of January 2012 is higher by Rs.1.0062/kWh than the adjustment of Rs.0.8653/kWh for the month of December 2011; therefore, effectively there will be an increase of Rs.1.0062/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of December 2011.

2. The above adjustment of Rs.1.8715/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 January 2012 by the XWDISCOs. XWDISCOs shall recover the fuel charges adjustment in respect of January 2012 in the billing month of August 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