



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 October 2011 for XWDISCOs and Notification (S.R.O. 447(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 October 2011 in respect of Ex-WAPDA Distribution Companies and Notification (S.R.O. 447(I)/2012 dated 02.05.2012) thereof. This is for information and further necessary action.

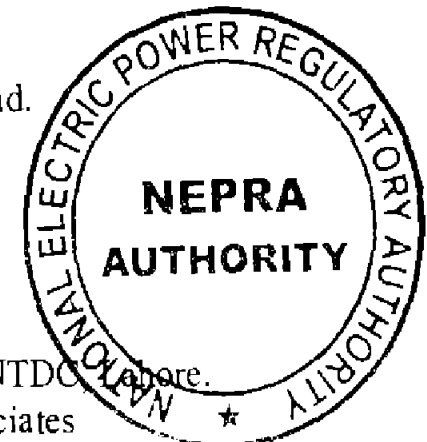
2. It may please be noted for strict compliance that Honourable High Court(s) have passed orders with regard to recovery of the fuel charge adjustments from the electricity consumers; therefore DISCOs are directed that while charging the fuel charge adjustment from their consumers, the Orders of the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

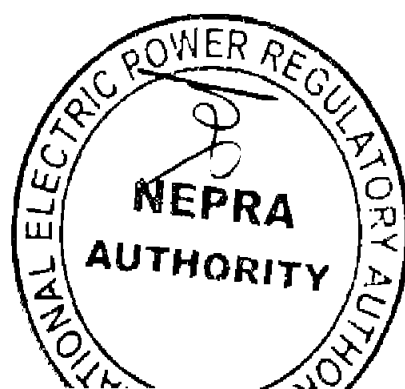
CC:

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.



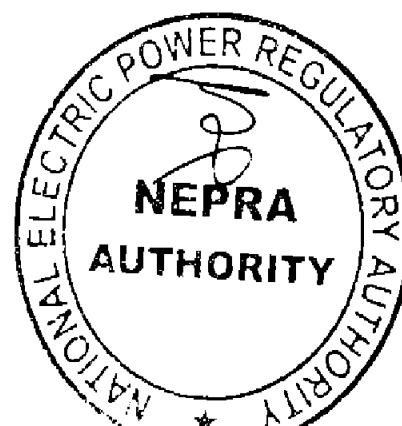
**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT
FOR THE MONTH OF OCTOBER 2011 FOR XW-DISCOS**

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 October 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



/s/ @

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. 6.9541/kWh for the month of October 2011 increased by Rs. 2.2395/kWh (Annex-I&II) as compared to the reference fuel charges, i.e. Rs. 4.7146/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 60.02 GWh, amounting to Rs. 810.28 million, were purchased under the head of mixed energy during October 2011. According to the Interim Power Procurement (Procedures & Standards) Regulations 2005, filing of

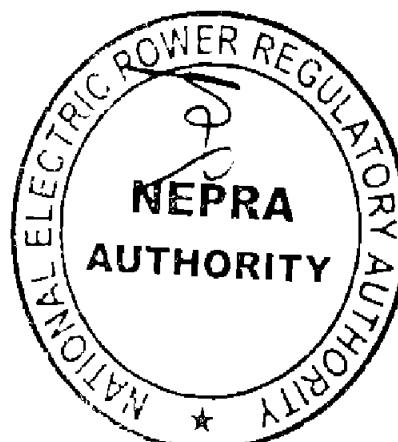


power acquisition requests in respect of energy purchased from small, captive and new captive power plants is mandatory. DISCOs have been directed to file power acquisition requests in respect of all small, captive and new captive power plants whom they have Power Purchase Agreements. The Authority has 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. 114.826 million for 6.479 kWh energy delivered by Gadoon Textile Mills Limited to PESCO during October 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. 1,460.802 million in respect of 95.624 GWh of energy provided during October 2011 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 has reviewed and assessed an increase of Rs. 2.1267/kWh in the applicable tariff for EX-WAPDA DISCOS on account of variations in the fuel charges for the month of October 2011 as per the following details:

Actual Fuel Charges Component for October 2011	Rs. 6.8413/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 4.7146/kWh
Fuel Charges Variation for the month of October 2011 (Increase)	Rs. 2.1267/kWh

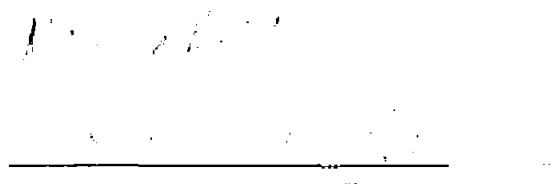
14. The assessed fuel charges adjustment of Rs. 2.1267/kWh for the month of October 2011 is higher by Rs. 0.4541/kWh than the adjustment of Rs. 1.6726/kWh for the month of September 2011; therefore, effectively there will be an increase of Rs. 0.4541/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of September 2011.
15. The adjustment as referred to in Para 13 above ;



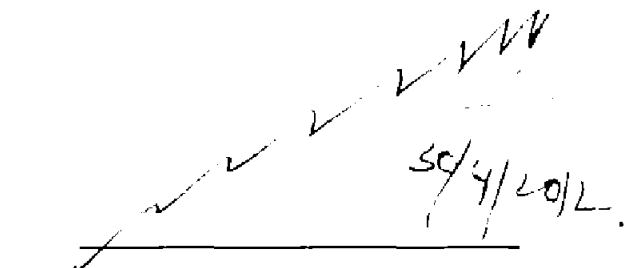


- i) shall be applicable to all the consumer categories except lifeline consumers of all the DISCOs;
- ii) shall be shown separately in the consumers' bill on the basis of units billed to the consumers in the month of October 2011.
- iii) DISCOs shall recover the fuel charges adjustment in respect of October 2011 in the billing month of June 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.

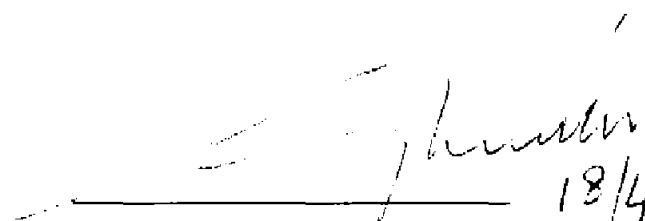
AUTHORITY



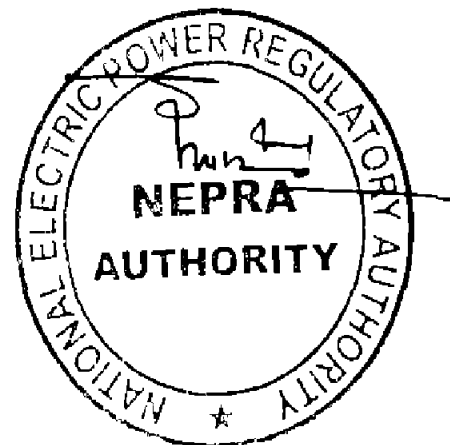
(Shaukat Ali Kundi)
Member



(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 October 2011

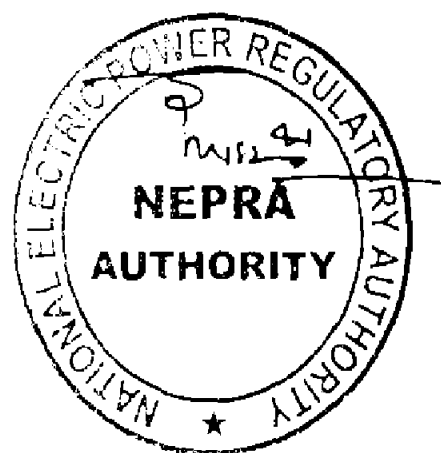
In my considered opinion, the benchmark for the fuel cost component has already been established by the Authority while determining the tariff determination of Discos for the year 2011-2012, therefore, the same fuel cost reference which is Rs.65,000.00 per kWh should have been taken into consideration 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)

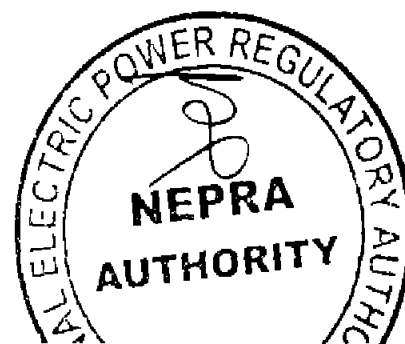
Member

Dated 30.04.2012



CENTRAL POWER PURCHASING AGENCY (CPPA)
Energy Procurement Report (Provisional)
October-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	2,444,667,037	144,235,355	
	ii. Jagran	Hydel	30.00	5,345,390	10,680,089	
	iii. Pehure	Hydel	17.90	7,053,120	33,967,121	
	iv. Malakand-III SHYDO	Hydel	81.46	33,720,800	187,944,766	
	Hydel Total:		6,645.36	2,490,786,347	376,827,331	
2	Ex-WAPDA GENCOs					
	i. GENCO-I					
	Jamshoro Block 1	RFO	205.00	83,820,000	1,390,291,241	
	Jamshoro Block 2	RFO	470.00	33,670,000	642,889,465	
	Kotri 3-7	Gas	106.50	9,102,000	42,711,135	
		Jamshoro Total		798.50	126,592,000	2,075,891,841
	ii. GENCO-II					
	Guddu CC 11-13	Gas	390	190,430,229	719,559,663	
	Guddu CC 5-10	Gas	530	290,025,551	1,215,381,073	
	Central Block 3	RFO	340	10,653,236	189,830,855	
	Guddu Steam 3-4	Gas		78,205,105	392,190,781	
	Guddu Steam 1-2	Gas	140	22,482,179	120,686,585	
		Central Total		1,400.00	591,796,300	2,637,648,957
	iii. GENCO-III					
	Northern Block 1	RFO		182,696,852	3,167,422,989	
	MG Unit 1-3	Gas	558.00	1,273,316	6,173,927	
	Northern Block 2	RFO		64,509,967	1,106,916,699	
	MG Unit 4	Gas	270.00	110,243	529,806	
	Northern Block 3	RFO	360.00	28,106,922	554,481,797	
	GTPS FSD 5-9	Gas	117.00	(428,636)	-1,657,793	
	Northern Block 5 (SPS)	RFO	97.00	27,028,000	613,374,120	
	GTPS FSD 1-4	Gas	75.00	(54,364)	-374,878	
	Northern Block 7	RFO	91.00	4,787,800	85,017,807	
	Shahdra	Gas		(31,340)	-188,241	
		Northern Total:		1,568.00	307,998,760	5,531,696,233
iv. GENCO-IV						
	Coal	31.20	2,113,000	6,594,461		
	Total:		31.20	2,113,000	6,594,461	
v. Rental Power						
*Walter RPP (Nuodero)	Gas	44.97	353,244	1,342,327		
Gulf Rental	RFO	55.80	39,713,387	622,150,777		
Karkey	RFO	231.80	55,557,700	837,309,266		
	Total:		332.57	95,624,331	1,460,802,370	
	GENCOs Total:-		4,130.27	1,124,124,391	11,712,633,862	
3	IPPs					
	1	Kot Addu Block 1	RFO	325	150,698,200	2,285,323,877
		Kot Addu Block 2	RFO		367,056,200	5,214,236,370
			Gas	762	13,986,100	49,282,251
			HSD		1,950,100	35,601,112
	Kot Addu Block 3	Gas	249	63,808,000	245,943,160	
		HSD		3,807,400	74,572,134	
		KAPCO Total		1,336.00	601,306,000	7,904,958,904
	2	Hub Power	RFO	1,200.00	586,848,500	8,552,062,909
	3	Kohinoor Energy	RFO	124.00	67,473,000	953,911,586
	4	AES Lalpir	RFO	350.00	211,059,000	3,187,087,565
	5	Pak Gen Power Limited	RFO	348.60	151,940,264	2,299,835,905
	6	Southern Power	RFO	110.47	31,545,110	459,279,067
	7	Habibullah	Gas	129.15	62,326,071	215,623,275
	8	Fauji Kabirwala	Gas	151.20	78,638,000	285,037,069
	9	Rousch	Gas	395.00	292,939,259	988,354,113
	10	Saba Power	RFO	125.55	15,528,365	234,316,817
11	Japan Power	RFO	107.00	35,786,100	509,994,073	
12	Uch	Gas	551.25	390,640,000	928,880,453	
13	Altern	Gas	26.54	21,405,200	86,231,498	
14	Liberty	Gas	211.85	138,761,000	1,369,193,599	
15	Chashma Nuclear	Nucl.	300.00	177,358,000	198,481,338	
	Chashma Nuclear-II	Nucl.	315.00	204,490,000	195,471,991	
16	Tavanir Iran	Import	39.00	23,171,560	199,467,772	
	Sub-Total:		5,820.61	3,091,215,429	28,568,187,934	



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

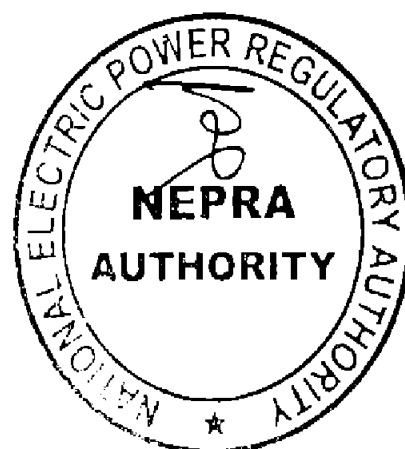
S.No.	Power Producer	Fuel	Dep. Capacity MW	Energy KWh	Total Energy Cost (Rs.)
1	Attock-Gen	RFO	156.18	106,417,846	1,436,485,024
2	Atlas-Honda	RFO	213.86	78,103,728	1,140,330,481
3	Nishat Power	RFO	195.31	79,080,541	1,090,047,557
4	Foundation Power	Gas	177.00	129,902,010	385,260,959
5	Orient	Gas	212.74	44,189,059	136,587,323
		HSD		32,377,937	562,861,660
6	Nishat Chunian	RFO	195.72	87,349,945	1,208,506,057
7	Saif Power	Gas	209.79	44,130,796	148,893,611
		HSD		54,960,827	975,558,550
8	Engro Energy	Gas	217.30	140,846,967	561,133,293
		HSD		1,869,000	34,083,389
9	Sapphire Power	Gas	212.11	35,109,234	112,382,962
		HSD		58,332,191	1,037,557,074
10	Hubco Narowal	RFO	213.82	140,892,979	1,933,834,072
11	Liberty Power	RFO	196.14	78,975,876	1,077,849,762
12	Halmore	Gas	206.81	10,272,694	31,232,734
		HSD		41,273,433	729,203,651
Sub-Total:			2,406.77	1,164,085,063	12,601,808,159
IPP,s Total:-			8,227.38	4,255,300,492	41,169,996,093
4	Others				
	i. TPS-Quetta	Gas	25.00	10,489,000	78,667,500
	ii. TPS-Shahdara	Gas			0
	ii. Zorlu	Wind	0.75	272,000	2,480,994
	iii. SPPs	Mixed	151.00	60,020,436	810,275,886
Others Total			176.00	70,781,436	891,424,380
G-Total:			19,179.01	7,940,992,666	54,150,881,666

Summary

1	Hydel			2,490,786,347	376,827,331
2	Coal			2,113,000	6,594,461
3	HSD			194,570,888	3,449,437,570
4	F.O.			2,719,299,518	40,792,786,137
5	Gas			2,068,910,917	8,119,058,186
6	Nuclear			381,848,000	393,953,329
7	Import from Iran			23,171,560	199,467,772
8	Wind Power			272,000	2,480,994
9	Mixed			60,020,436	810,275,886
	Prev. Adjustment				
Grand Total:				7,940,992,666	54,150,881,666

Energy Sale Price

Energy Cost (Rs.)	54,150,881,666
EPP charged to IPPs (Rs.)	85,868,854
EPP (Chargable) (Rs.)	54,065,012,812
Energy Sold (KWh)	7,774,539,522
Avg. Rate (Rs./KWh)	6.954111

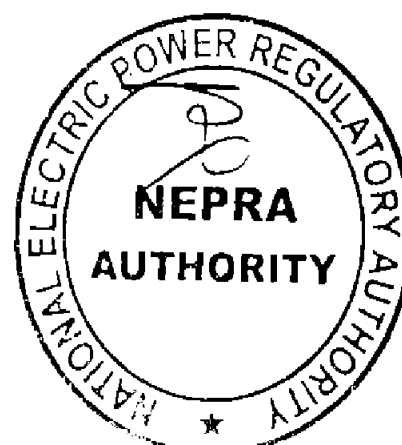


Source Wise Generation

Sources	Reference		Actual	
	October 2011			
	GWh	%	GWh	%
Hydel	2,558.29	34.8%	2,490.79	31.4%
Coal	9.09	0.1%	2.11	0.0%
HSD	-	0.0%	194.57	2.5%
RFO	2,392.27	32.6%	2,719.30	34.2%
Gas	2,089.71	28.5%	2,068.91	26.1%
Nuclear	223.75	3.0%	381.85	4.8%
Import Iran	21.79	0.3%	23.17	0.3%
Mixed	48.71	0.7%	60.02	0.8%
Wind	-	0.0%	0.27	0.0%
Total	7,343.61	100%	7,940.99	100%
Sale to IPPs		0.0%	(4.85)	-0.1%
Transmission Losses	(183.59)	-2.5%	(161.60)	-2.04%
Net Delivered	7,160.02	97.5%	7,774.54	97.9%

Source Wise Fuel Cost/Energy Purchase Price

Sources	Reference		Actual	
	October 2011			
	Mlns. Rs.	Rs./kWh	Mlns. Rs.	Rs./kWh
Hydel	276.62	0.1081	376.83	0.1513
Coal	24.53	2.6975	6.59	3.1209
HSD	-		3,470.28	17.8355
RFO	25,334.03	10.5899	40,524.89	14.9027
Gas	7,387.36	3.5351	8,058.61	3.8951
Nuclear	114.00	0.5095	393.95	1.0317
Import Iran	108.71	4.9894	199.47	8.6083
Mixed	511.43	10.5000	810.28	13.5000
Wind	-		2.48	9.1213
Total	33,756.66	4.5967	53,843.38	6.7804
Supplemental Charges		-	307.50	0.0387
Sale to IPPs		-	(85.87)	(17.6999)
Grand Total	33,756.66	4.5967	54,065.01	6.8083
Transmission Losses	-	0.1179	-	0.1458
Net Total	33,756.66	4.7146	54,065.01	6.9541



Wednesday II 02 May 2012

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

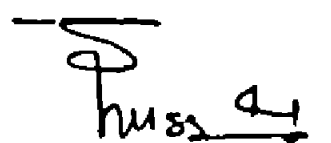
S.R.O. ^{AA7} (I)/2012: – Pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011, the National Electric Power Regulatory Authority makes and notifies the following adjustment in the approved tariff on account of variation in fuel charge for the month of October 2011 in respect of Ex-WAPDA Distribution Companies (XWDISCOs):

Actual Fuel Charges Component for October 2011	Rs. 6.8413/kWh
Corresponding Reference Fuel Charges Component (Determined)	Rs. 4.7146/kWh
Fuel Charges Variation for the month of October 2011 (Increase)	Rs.2.1267/kWh

Note: The assessed fuel charges adjustment of Rs.2.1267/kWh for the month of October 2011 is higher by Rs.0.4541/kWh than the adjustment of Rs.1.6726/kWh for the month of September 2011; therefore, effectively there will be an increase of Rs.0.4541/kWh in the bill of the consumers on account of fuel charges adjustment as compared to the month of September 2011.

2. The above adjustment of Rs.2.1267/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 October 2011 by the XWDISCOs. XWDISCOs shall recover the fuel charges adjustment in respect of October 2011 in the billing month of June 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