



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad  
Ph: +92-51-9206500, Fax: +92-51-2600026  
Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

No. NEPRA/R/ADG(Tariff)TRF-100/ 19019-22

December 06, 2024

Subject: **DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FILED BY  
FEDERAL GOVERNMENT WITH RESPECT TO WINTER DEMAND  
INITIATIVE FY 24-25 FOR ELECTRICITY CONSUMERS ON INCREMENTAL  
CONSUMPTION OF XWDISCOS & K-ELECTRIC**

Dear Sir,

Enclosed please find herewith the subject Decision of the Authority along with Additional note of Mr. Mathar Niaz Rana (nsc), Member (NEPRA) (total 14 Pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: As above

*Wasim Anwar Bhinder*  
(Wasim Anwar Bhinder)

Secretary,  
Ministry of Energy (Power Division),  
'A' Block, Pak Secretariat,  
Islamabad

Copy to:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G),  
Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad

---

**National Electric Power Regulatory Authority**

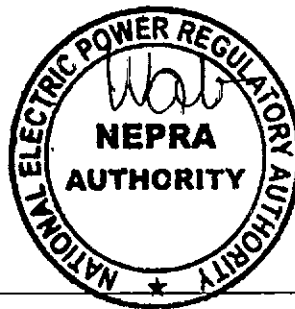
**(NEPRA)**

**DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FILED BY THE FEDERAL  
GOVERNMENT WITH RESPECT TO WINTER DEMAND INITIATIVE  
FY 24-25 FOR ELECTRICITY CONSUMERS ON INCREMENTAL CONSUMPTION OF  
XWDISCOS & K-ELECTRIC**

**Islamabad**

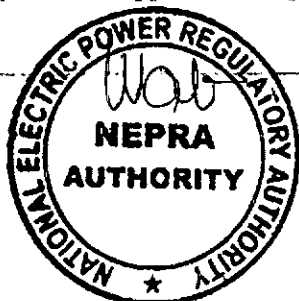
**December , 2024**

---



## Background

1. The Ministry of Energy (MoE) Power Division (PD) vide letter dated November 24, 2024 has submitted a Motion with respect to Winter Demand Initiative (WDI) for Industrial, Domestic (*exceeding 200 units*), Commercial, and General service consumers of XWDISCOs and K-Electric (Motion).
2. The MoE in the Motion submitted that recent surge in electricity tariff, coupled with challenging economic conditions, has led to reduced demand across various consumer categories. During the winter months of FY 2023, demand decreased by 6%, with an additional 8% reduction recorded in FY 2024. Furthermore, the average winter demand for FY 2024 remained 11,196 MW lower, as compared to the demand observed during the summer months which represents the availability of ample reserves in the system to meet any potential increase in demand during winter. Given these, a subsidy-neutral interim relief initiative has been introduced to support electricity consumers nationwide. It has further been stated that historically, similar initiatives have led to beneficial growth in system demand. These initiatives of offering discount on incremental consumption, encourage the consumers to meet their baseline demand and avoid further tariff increases due to high fixed costs of the system. Any increase in the electricity demand during winters will not only enable optimum use of system generation capacity but it will also help in reducing gas demand due to shifting of utilization towards electricity.
3. The MoE submitted that Winter Demand Initiative FY 2024-25 for industrial, domestic (exceeding 200 units), commercial and general services consumers of XWDISCOs and K-Electric has been approved by the Federal Government vide Case No. 596/Rule-19/2024/1028 on 22<sup>nd</sup> November, 2024 communicated vide letter No.Tariff/2024-25(ICP), and it was decided that the same be submitted to the National Electric Power Regulatory Authority in terms of Section 31 of the NEPRA Act for approval and incorporation in the regulatory framework.
4. The general provisions of the initiative are listed below:
  - ✓ Tariff of 26.07 Rs/kWh shall be charged to all eligible consumers on the respective incremental consumption, above benchmark consumption in corresponding months.
  - ✓ The initiative shall remain applicable for a three-month billing period effective from December 2024 to February 2025.
  - ✓ The benchmark consumption will be the higher of either the relevant month's consumption in FY 2024 or the historical consumption over the past 3 years for the relevant months, based on the approved formula. This formula and other terms and conditions applicable to the initiative are provided in the Motion.
  - ✓ The initiative is subsidy neutral.
5. The Ministry of Energy, also conveyed approval of the Cabinet vide letter dated 24.11.2024 wherein following has been submitted;
  - ✓ Cabinet considered the summary dated 20.11.2024, submitted by the Power division regarding Winter Demand Initiative FY 2025 for electricity consumers on incremental consumption and approved the proposal, with issuance of guidelines to NEPRA for



Malti  
P

approval of initiative and incorporation in the regulatory framework. Direction to be issued to NEPRA to establish a tariff adjustment mechanism for implementation of initiative for K-Electric without impacting the distribution and profit margin.

6. The MoE also communicated the following "Other terms and conditions" for application of the proposed initiative;

- ✓ If consumption record for a specific consumer is not available, then benchmark consumption criteria for new consumers will be applied for the respective period.
- ✓ If the status of consumers was disconnected or status of consumer meter was defective during benchmark consumption calculation period, then benchmark consumption criteria for new consumers will be applied for the respective period.
- ✓ Detection units shall neither be used for either benchmark consumption calculation nor for incremental units calculation.
- ✓ The benchmark consumption for consumers (other than non-ToU residential) who have shifted to a different tariff category during benchmark consumption calculation period, the consumption period in which the consumer was in the same tariff category will be used for benchmark calculation, whereas the formula for new consumers will be used in periods the consumer was in a different tariff category.
- ✓ If the meter of a specific consumer cannot record MDI, then only Sanctioned Load shall be used for calculation of benchmark consumption, where applicable.
- ✓ For cases involving MDI or sanctioned load, benchmark consumption for TOU consumers will be prorated for peak and off-peak hours based on consumption in respective month.
- ✓ TOU consumers will be eligible to avail the package if and only if the sum of peak and off-peak consumption for the relevant month is greater than the aggregate benchmark consumption (Peak + off Peak). Provided further, where applicable, the incremental consumption shall be calculated based on aggregate consumption in both peak and off-peak hours for each month. Additionally, the incremental consumption shall be distributed among peak and off-peak periods on a pro-rata basis of incremental units.
- ✓ For consumers having zero consumption in the benchmark consumption calculation period, or those who have opted for extension of load during benchmark period, their benchmark consumption for such months will be calculated based on the formula of new consumers.
- ✓ The package shall not be applicable to net metering /wheeling consumers or consumers having defective/lock meter for the applicable month.
- ✓ The incremental package shall be applicable up to only 25% units over the reference benchmark consumption for the respective months. Provided further, all the incremental sales over and above 25% of the benchmark consumption shall be charged normal tariffs as notified by the Government.
- ✓ This package will be applicable to units billed in a particular month.
- ✓ The load factors to be used for calculation of benchmark consumption are provided for reference.



- ✓ Only positive FCA shall be passed on incremental sales as per applicable mechanism.
- ✓ Quarterly adjustments & PHL-DSS Surcharge shall not be applicable on incremental consumption.
- ✓ Any further adjustment due to incremental consumption shall be pooled and passed on to all the consumers under the applicable adjustment mechanisms.

7. Regarding benchmark consumption and load factors, the Ministry provided the following;

Condition	Benchmark Consumption Criteria
Consumers with consumption data available for FY 2024, FY 2023 & FY 2022	50% * Relevant month sales of FY 2024 + 30% * Relevant month sales of FY 2023 OR FY 2024 Consumption whichever is higher + 20% * Relevant month sales of FY 2022
Consumers with consumption data available for FY 2024 & FY 2023 only	50% * Relevant month sales of FY 2024 + 30% * Relevant month sales of FY 2023 OR FY 2024 Consumption whichever is higher + 20% * (Higher of MDI for the relevant month or Sanctioned load) * Hrs *(Load Factor (%) of particular consumer category)
Consumers with consumption data available for FY 2024 only	50% * Relevant month sales of FY 2024 + 50% * (Higher of MDI for the relevant month or Sanctioned load) * Hrs *(Load Factor (%) of particular consumer category) OR FY 2024 Consumption whichever is higher
New consumers	(Higher of MDI for the relevant month or Sanctioned load) * Hrs *(Load Factor (%) of particular consumer category)

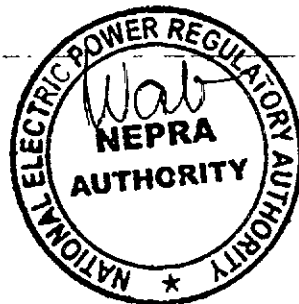
Where:

- \*MDI: Maximum Demand indicator of the respective consumer for the given month
- \*Hrs: No. of hours in the given month
- \*Load Factor: Load factor as provided in the consumer service manual (as updated from time to time)

Percentage of Load Factor for Different Types of Connections		
Sr. No.	CATEGORY OF CONNECTION	Load factor to be charged
<b>A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL</b>		
01	Single Phase	20%
02	Three Phase	25%
<b>A-2 GENERAL SUPPLY TARIFF - COMMERCIAL</b>		
03	Single Phase	20%
04	Three phase	25%
<b>A-3 GENERAL SERVICES</b>		
05	Single phase	15%
06	Three phase	20%
<b>B INDUSTRIAL SUPPLY</b>		
07	B-1 except for ice factories, Cold Storage, Plastic Molding, Rice shellers	40%
08	B-2, except Ice Factories, Cold Storage, Plastic Molding, Rice shellers	50%
09	Ice Factory, Cold Storage,	70%
10	Plastic Molding Industry, Rice Sheller	50%
11	B-3 Textile Mills and Steel Furnaces Melting Industry and all other continuous industry	60%
12	Other normal Industry like Engineering Works	50%
13	Flour Mills B-2 & B-3	40%
14	B-4	50%

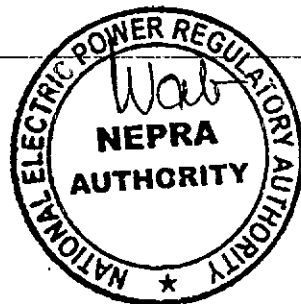
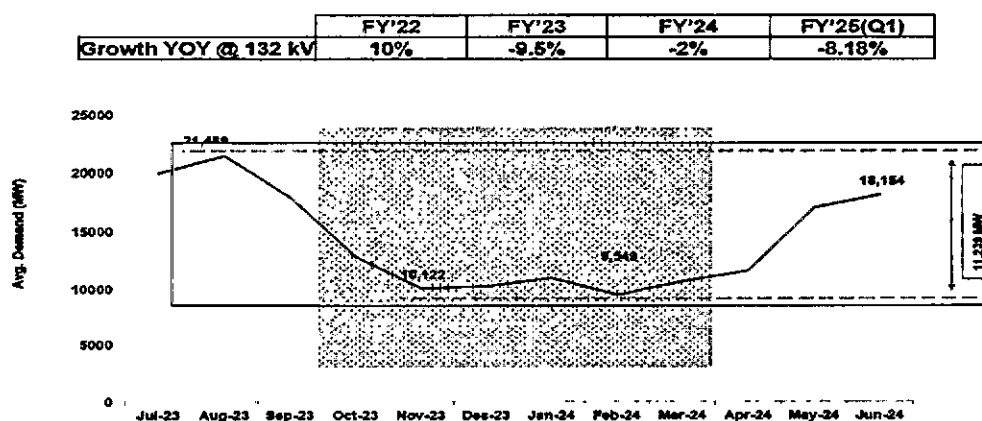
#### Proceedings

8. The Authority, considering the impact of the proposed initiative on the consumers and the fact that any adjustments pursuant thereto, has to be made part of the consumer end tariff,



decided to conduct a hearing in the matter in order to provide an opportunity to all the stakeholders and meet the ends of natural justice.

9. Hearing in the matter was accordingly scheduled on November 26, 2024 through Zoom; Notice of hearing along-with brief description of the initiative was published in newspapers; Individual notices were also issued to stakeholders & interested parties. The Motion filed by the MoE was also uploaded on NEPRA website.
10. During hearing, the MoE was represented by its Additional Secretary, Deputy Secretary and their financial and technical teams. Hearing was also attended by CPPA-G, K-Electric, XWDISCOs, General Public, Media and large number of industrial representatives.
11. Comments/objection, if any, were desired from the interested person/party through publication of notice for hearing. In response thereof, written comments were received from Korangi Industrial and Trade Association (KATI), and Mr. M Arif.
- 11.1. Mr. Rehan Javed representing KATI, vide email dated 23.11.2024, submitted that exclusion of net metering industrial consumers will significantly reduce effectiveness of this package in increasing electricity demand during the winter season. About 50 percent of industries have net metering facility throughout Pakistan and most of them utilize it for self-consumption, hardly any unit are sold to grid. Excluding them from the package means more than 50% of the industrial sector will be left out, severely limiting the potential for increased consumption. Industrial users are key to boosting electricity demand, therefore, excluding net metering users means the package will fail to achieve its intended goals. Residential and commercial connections won't increase their demand either. Mr. Javed requested to allow industries with net metering to participate and extend all benefits to all industries regardless of net metering connections or not.
- 11.2. Mr. Muhammad Arif vide email dated 26.11.2024, raised concerns regarding the criteria used for calculation of benchmark units.
12. The MoE during the hearing, reiterated its submissions made in the Motion, and presented that average system demand during summer months is above 21,000 MW, whereas the same during winter months goes down to around 11,000 MW. Thus, ample reserves are available in the system to meet any potential increase in demand during winter. The MoE presented the following details in this regard;



13. The Ministry presented that historically such incremental consumption packages have led to increased demand growth, whereby from Nov. 19 to Feb. 2020, the "use more pay less" package resulted in cumulative growth of 16%. Similarly, the industrial support package (ISP) for incremental consumption also significantly contributed towards demand growth as given below;

Consumer Category	Months			
	Nov-19	Dec-19	Jan-20	Feb-20
Domestic	18%	23%	27%	18%
Commercial	12%	16%	18%	18%
General Services	12%	16%	18%	18%
Industrial	13%	16%	15%	20%
Weighted Avg.	13%	17%	17%	20%
Cum. W-Avg	16%			

Category	FY 2021	FY 2022	FY 2023	FY 2024 (Jul-Oct'23)	FY 2024 (Nov-Jun'24)
B1	14%	(3%)	(5%)	17%	(13%)
B2	13%	3%	(10%)	1%	(6%)
B3	17%	17%	(12%)	(10%)	(21%)
B4	14%	45%	0%	1%	(33%)
Total (YOY)	15%	14%	(8%)	(2%)	(18%)

Various other factors including economic activity, energy prices & import restrictions by the Government have also contributed to the demand growth

14. The Ministry also presented prospective savings for various consumer categories depending on the number of incremental units as under;

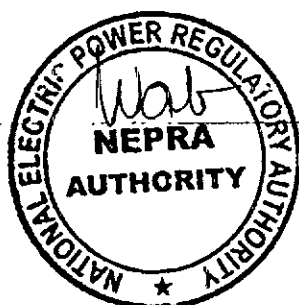
	Applicable Rate*	Incremental Rate**	Savings
<b>Industrial</b>			
B1	35.18	26.07	9.11
B1 Peak	41.12	26.07	15.05
B1 Off Peak	34.43	26.07	8.36
B2	35.11	26.07	9.04
B2 - TOU (Peak)	41.06	26.07	14.99
B2 - TOU (Off-peak)	31.79	26.07	5.72
B3 - TOU (Peak)	41.06	26.07	14.99
B3 - TOU (Off-peak)	32.62	26.07	6.55
B4 - TOU (Peak)	41.06	26.07	14.99
B4 - TOU (Off-peak)	32.34	26.07	6.27
<b>Residential</b>	37.49 - 52.07	26.07	11.42 - 26
<b>Commercial</b>	39.53 - 48.78	26.07	13.46 - 22.71
<b>General Services</b>	46.87	26.07	20.8

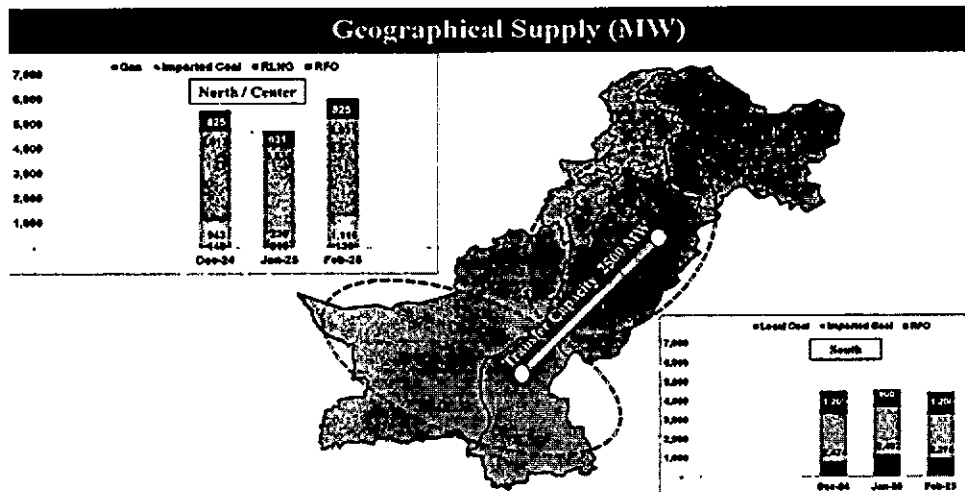
\* Applicable rate includes FC surcharge, QTA without taxes. Furthermore, zero QTA has been assumed for the analysis, however in case of any QTA the same will be adjusted for relevant months

\*\* Taxes shall be applicable over and above the incremental rate

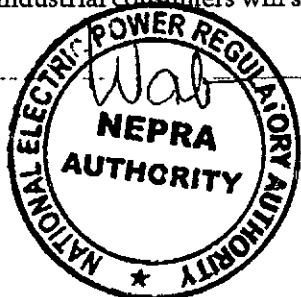
15. The Ministry also presented the following detail of geographical supply;

*Handwritten signature/initials*





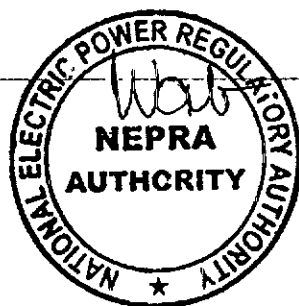
16. Upon inquiry from the Authority regarding input from NTDC/NPCC while working out the initiative, the Ministry responded that package was designed with all relevant stakeholders on board including NTDC/ NPCC, and was worked out on PLEXOS software, keeping in view system constraints, plant availability and fuel sources.
17. Additional Secretary, MoE, Power Division, submitted that the package has been designed after thorough analysis and having inputs from all stakeholders and may even continue, keeping in view the results of the proposed initiative.
18. Regarding concerns raised by Mr. Tanveer Bari and other stakeholders on the applicability of the instant initiative in K-Electric, as the earlier allowed ISP was not passed on to the consumers of Karachi, K-Electric during the hearing and subsequently vide letter dated 26.11.2024, explained that KE's Multi Year Tariff (MYT) Petitions are under determination with the Authority, wherein KE has requested adjustment in Tariff based on actual sent outs, in line with the mechanism followed for XWDISCOs. If the Authority considers the request of K-Electric and allows adjustment of tariff based on actualization of sent outs, the billing of incremental consumption at marginal tariff would not impact recovery of determined revenue requirements of K-Electric. Thus, KE would be allowed to recover its annual revenue requirement through annual sales excluding incremental units, hence there may not be any issue in application of the initiative for the consumers of K-Electric.
19. While responding to the point of K-Electric regarding application date of the package, the Ministry submitted that since the initiative is applicable for the billing months of Dec. 24 to Feb. 2025, therefore, consumption appearing in the billing months of Dec. 24, Jan. and Feb. 25 would be considered for the purpose of calculation of incremental consumption.
20. On the point of K-Electric for load factor of B-5 consumer category, the Ministry agreed to use the load factor as prescribed for B-4 category.
21. Almost all of the commentators including Mr Rehan Javen representing KATI, Mr. Arif Bilwani, Mr. Zubair from Cherat Cement, Mr. Muhammad Ramzan representing Mehmood Textile and Masood Spinning Mills, Mr. Abu Bakar Ismail etc., requested that net metering consumers should be included in the initiative, as most of the industries in order to minimize their cost have installed net metering connections. It was submitted that exclusion of net metering industrial consumers will significantly reduce effectiveness of the initiative.





Industrial consumers are key for increase in the electricity demand, therefore, excluding net metering consumers may result in failure of the initiative to achieve the desired results.

22. Cherat Cement Company Ltd. (CCCL) in its comments submitted vide emails dated 25.11.24 and 26.11.24, stated that relief should be given to all industrial consumers including wheeling consumers, without any discrimination, and to utilize surplus idle capacity the CAP of 25% should be removed. CCCL submitted that it has sanctioned load of 20 MW with PESCO and getting only fraction around 2MW from wheeling generator (PEDO), thus has surplus capacity to increase the consumption to maximum impact if relief is indiscriminately provided to all consumers. CCCL proposed that utilization net of wheeled unit in prior period should be used as benchmark and compared with net utilization in month for relief amount need to be computed. CCCL further requested clarity regarding computation of 25% threshold and requested to remove such capping in order to utilize the idle capacity to maximum effect, otherwise the weighted average impact relief on overall unit would not be sufficient to attract further consumption.
23. North Star Textiles Ltd (NSTL) in its comments submitted vide email dated 27.11.24, stated that purpose of winter package is to increase consumption, however, in the current shape this package will not increase consumption. The issue is how the benchmark consumption will be calculated. PD has correctly stated that a formula will have to be used to calculate units for months in which record is not available. However, it will be unfair to use formula for the month in which consumption is available and is zero. In the presence of 25% cap, there is very less chance of package being misused like in the past. Formula should only be used in months where actual reading is not available for any reason.
24. Bestway Cement Ltd. (BCL) vide email dated 26.11.24 requested for clarification regarding higher of MDI for the relevant month or sanctioned load for the purpose of calculation of benchmark units.
25. Mahmood Textile Mills Ltd. (MTML) and Masood Spinning Mills Ltd. (MSML) vide emails dated 26.11.24 requested that proposed initiative may also be extended to net metering consumers and the clause i.e. "The package shall not be applicable to net metering consumers for the applicable month", be deleted.
26. Representative of LESCO inquired about the benchmark consumption criteria, which was accordingly responded by the MoE.
27. Subsequent to the hearing, the MoE vide letter dated 27.11.2024, in order to further clarify the queries raised during the hearing by industrial consumers, submitted the following;
  - ✓ Applicable months: The initiative shall be applicable in billing months of December 2024, January 2025 and February 2025. All eligible consumers can take benefit of the initiative in their electricity bills pertaining to these three billing months.
  - ✓ Capping of 25% consumption: The marginal price of Rs. 26.07/unit offered for incremental usage has been computed keeping in view the maximum historical incremental consumption. If the cap is removed and incremental consumption goes above this threshold, the marginal cost will rise and it can lead to higher Fuel Charges



Adjustments (FCAs) for all consumers. Therefore, in order to protect consumers from further tariff increase, the cap is enacted.

28. On the issue of extending the initiative to Net-metering industrial consumers, the MoE has stated that the initiative was designed in a way that it would not apply to net-metering, wheeling and defective metered consumers due to their diminished dependency on the grid. However, if the Authority understands that allowing net-metering consumers would be beneficial for the industrial growth and economic activity, the Authority may also include these consumers as beneficiaries of the initiative by incorporating the same in the regulatory framework.
29. The Authority has carefully considered the submissions made by the Federal Government in the Motion & during hearing and comments from the stakeholders.
30. The Authority noted that various stakeholders during the hearing and in their written comments, raised concerns regarding exclusion of net metering consumers and requested to include the same as part of the instant initiative, in order to achieve the desired results. The Authority also noted that the MoE in its correspondence dated 28.11.2024, submitted that the initiative was designed in a way that it would not apply to net-metering, wheeling and defective metered consumers due to their diminished dependency on the grid. However, if the Authority understands that allowing net-metering consumers would be beneficial for the industrial growth and economic activity, the Authority may also include these consumers as beneficiaries of the initiative by incorporating the same in the regulatory framework.
31. It is settled jurisprudence that the Federal Government is well within its right to introduce, modify or withdraw subsidies and offer relief packages. This is an integral part of its socioeconomic policies, which the Authority must give effect to as per Section 31 of the Act. The courts on numerous occasions have also held that any subsidy or a relief package is to be given effect through the tariff. Having said that there is no vested right in favor of the consumer with reference to a subsidy or a relief package, and it remains operative for as long as it is required as per the Government policy.
32. It is pertinent to mention that Supreme Court while discussing the nature of the relief packages and subsidies has held that "Essentially, it is based on a policy decision of the Federal Government and is not the outcome of a NEPRA determination. As per Section 31 of the Act, NEPRA is guided by government policies and must consider them, which means that it must reflect the subsidy through the tariff."
33. In the instant case the MoE through the Motion categorically denied the benefit of this initiative to the consumers availing net metering and wheeling. However subsequently left the decision to extend this benefit to the afore said consumers to the Authority if it is beneficial for the industrial growth and economic activity.
34. The Authority is mindful that in light of the afore mentioned legal position it is not within its mandate to in anyway supplement, supplant or extend the scope of any relief package offered by the Federal Government in fulfilment of its socio-economic objectives as enshrined in the Act. The role of NEPRA is limited to only reflecting the relief package

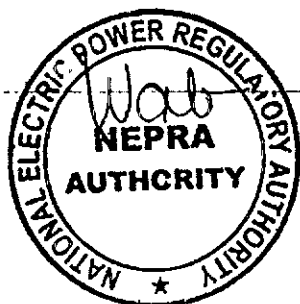


Math P

9/14

through the tariff, since as per the Act the Distribution Licensees can only charge such tariff as is approved by the Authority.

35. Having said that in the instant case the Federal Government through its subsequent correspondence appears to have moved from its earlier position in wake of comments received from different commentators and has written a letter worded to connote its agreement and acquiescence to extend the relief package to the consumers using net metering, subject to the better judgement of the Authority.
36. In the given situation, the Authority is faced with a legal conundrum whereby at one end it is inclined to protect the interest of the aforementioned consumers, who will obviously benefit if this initiative is extended to them and at the other end has to confine its self to the stipulations of the Act. Ideally the Federal Government should have clearly stipulated whether to extend the scope of this winter demand initiative to consumers using net metering and wheeling. However, since the MoE has resiled from its stance in its subsequent correspondence and left the decision to the better judgement of the Authority, therefore in view of section 7(6) of the Act the Authority is of a view that the applicability of the winter demand initiative should be in a non-discriminate manner.
37. Even otherwise, the Authority understands that prime objective of the proposed initiative is to enhance demand, for which industrial consumers play a pivotal role. Exclusion of net metering consumers, which at present accounts for around 2,500 MW, may hamper this initiative. The Authority also observed that as per CPPA-G and NPCC, sufficient capacity is available in the system to cater for the additional demand in winter months and the rate of Rs.26.07/kWh for incremental consumption, has been worked out, keeping in view maximum historical incremental consumption, system constraints, plants availability and fuel sources etc. In view thereof and keeping in view the submissions of the MoE and other relevant stakeholders, the Authority has decided to include net metering and wheeling industrial consumers, as part of the Winter demand initiative.
38. The Authority considers that the proposed initiative, being subsidy neutral, would not have an impact on NEPRA determined tariff, as variation in marginal cost, if any, would be passed on through monthly FCAs. On the other hand, if marginal cost remains lower, the benefit of the same would be shared with the consumers through quarterly tariff adjustments.
39. Regarding calculation of benchmark units for the month in which consumption is available and is zero as raised by NSTL, the Authority noted that Motion clearly states that for consumers having zero consumption in the benchmark consumption calculation period, or those who have opted for extension of load during benchmark period, their benchmark consumption for such months will be calculated based on the formula of new consumers.
40. On the point of higher of MDI or Sanctioned load for the purpose of calculation of benchmark units as raised by BCL, the Authority observed that Motion clearly provides the formula as mentioned in para 7 of the instant decision.
41. On the issue regarding computation of 25% threshold, the Motion states that incremental package shall be applicable up to only 25% units over the reference benchmark consumption for the respective months. Provided further, all the incremental sales over and



above 25% of the benchmark consumption shall be charged normal tariffs as notified by the Government.

42. Regarding the implementation of the initiative for KE consumers, the Authority has observed that KE has filed its Multi-Year Tariff (MYT) Petitions, requesting a tariff adjustment based on actual sent-out data, in alignment with the mechanism applied to XWDISCOs. This request is currently under the Authority's review. The Authority is also cognizant of the fact that excluding KEL consumers from the winter package would not only negatively impact sales growth, a factor considered by the Federal Government when introducing the package, but would also result in discriminatory treatment of KE consumers. Therefore, the Authority recognizes that KEL consumers should not be deprived of the winter package benefits provided by the Federal Government. In light of this, the Authority has decided that KEL will be compensated in the same manner as other DISCOs for the duration of this winter package when determining/adjusting the consumer end tariff. As such, KEL is obligated to extend the same relief to its consumers as part of the winter package.
43. In view of the above discussion, the Authority hereby approves the instant winter demand initiative, as outlined in the preceding paragraphs, including net metering and wheeling industrial consumers, as mentioned hereunder;
  - i. The Winter Demand Initiative (WDI) shall be applicable to all eligible Industrial, Commercial, General service consumers and Domestic (*ToU and non-ToU consumers exceeding 200 units*) consumers of XWDISCOs and K-Electric.
  - ii. Tariff of 26.07 Rs/kWh shall be charged to all eligible consumers on the respective incremental consumption, above benchmark consumption in corresponding months.
  - iii. The initiative shall remain applicable for a three-month billing period effective from December 2024 to February 2025.
  - iv. The initiative is subsidy neutral.
44. The benchmark consumption will be the higher of either the relevant month's consumption in FY 2024 or the historical consumption over the past 3 years for the relevant months, based on the approved formula. This formula and other terms and conditions applicable to the initiative are provided hereunder;

Calculation of Benchmark Consumption:

Condition	Benchmark Consumption Criteria
Consumers with consumption data available for FY 2024, FY 2023 & FY 2022	$50\% \times \text{Relevant month sales of FY 2024}$ $+$ $30\% \times \text{Relevant month sales of FY 2023}$ OR FY 2024 Consumption whichever is higher $+$ $20\% \times \text{Relevant month sales of FY 2022}$
Consumers with consumption data available for FY 2024 & FY 2023 only	$50\% \times \text{Relevant month sales of FY 2024}$ $+$ $30\% \times \text{Relevant month sales of FY 2023}$ OR FY 2024 Consumption whichever is higher $+$ $20\% \times (\text{Higher of MDI for the relevant month or Sanctioned load}) \times \text{Hrs} \times (\text{Load Factor (\%)} \text{ of particular consumer category})$
Consumers with consumption data available for FY 2024 only	$50\% \times \text{Relevant month sales of FY 2024}$ $+$ $50\% \times (\text{Higher of MDI for the relevant month or Sanctioned load}) \times \text{Hrs} \times (\text{Load Factor (\%)} \text{ of particular consumer category})$ OR FY 2024 Consumption whichever is higher
New consumers	$(\text{Higher of MDI for the relevant month or Sanctioned load}) \times \text{Hrs} \times (\text{Load Factor (\%)} \text{ of particular consumer category})$



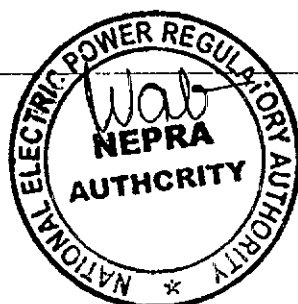
Where:

- \*MDI: Maximum Demand indicator of the respective consumer for the given month
- \*Hrs: No. of hours in the given month
- \*Load Factor: Load factor as provided in the consumer service manual (as updated from time to time)

Percentage of Load Factor for Different Types of Connections		
Sr. No.	CATEGORY OF CONNECTION	Load factor to be charged
<b>A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL</b>		
01	Single Phase	20%
02	Three Phase	25%
<b>A-2 GENERAL SUPPLY TARIFF - COMMERCIAL</b>		
03	Single Phase	20%
04	Three phase	25%
<b>A-3 GENERAL SERVICES</b>		
05	Single phase	15%
06	Three phase	20%
<b>B INDUSTRIAL SUPPLY</b>		
07	B-1 except for ice factories, Cold Storage, Plastic Molding, Rice shellers	40%
08	B-2, except Ice Factories, Cold Storage, Plastic Molding, Rice shellers	50%
09	Ice Factory, Cold Storage,	70%
10	Plastic Molding Industry, Rice Sheller	50%
11	B-3 Textile Mills and Steel Furnaces Melting Industry and all other continuous industry	60%
12	Other normal Industry like Engineering Works	50%
13	Flour Mills B-2 & B-3	40%
14	B-4	50%

#### 45. Other Terms & Conditions:

- i. If consumption record for a specific consumer is not available, then benchmark consumption criteria for new consumers will be applied for the respective period.
- ii. If the status of consumers was disconnected or status of consumer meter was defective during benchmark consumption calculation period, then benchmark consumption criteria for new consumers will be applied for the respective period.
- iii. Detection units shall neither be used for either benchmark consumption calculation nor for incremental units calculation
- iv. The benchmark consumption for consumers (other than non-ToU residential) who have shifted to a different tariff category during benchmark consumption calculation period, the consumption period in which the consumer was in the same tariff category will be used for benchmark calculation, whereas the formula for new consumers will be used in periods the consumer was in a different tariff category.
- v. If the meter of a specific consumer cannot record MDI, then only Sanctioned Load shall be used for calculation of benchmark consumption, where applicable.
- vi. For cases involving MDI or sanctioned load, benchmark consumption for TOU consumers will be prorated for peak and off-peak hours based on the consumption in respective month.
- vii. TOU consumers will be eligible to avail the package if and only if the sum of peak and off-peak consumption for the relevant month is greater than the aggregate benchmark consumption (Peak + off Peak). Provided further, where applicable, the incremental consumption shall be calculated based on aggregate consumption in

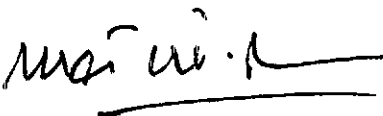


Mohd R

both peak and off-peak hours for each month. Additionally, the incremental consumption shall be distributed among peak and off-peak periods on a pro-rata basis of incremental units.

- viii. For consumers having zero consumption in the benchmark consumption calculation period, or those who have opted for extension of load during benchmark period, their benchmark consumption for such months will be calculated based on the formula of new consumers.
- ix. The package shall not be applicable to consumers having defective/lock meter for the applicable month.
- x. The package shall also be applicable to net metering and wheeling industrial consumers only.
- xi. The incremental package shall be applicable up to only 25% units over the reference benchmark consumption for the respective months. Provided further, all the incremental sales over and above 25% of the benchmark consumption shall be charged normal tariffs as determined by the Authority and notified by the Federal Government.
- xii. This package will be applicable to units billed in a particular month.
- xiii. Only positive FCA shall be passed on incremental sales as per the applicable mechanism.
- xiv. Quarterly adjustments & PHL-DSS Surcharge shall not be applicable on incremental consumption.
- xv. Any further adjustment due to incremental consumption shall be pooled and passed on to all the consumers under the applicable adjustment mechanisms.
46. The Decision of the Authority is intimated to the Federal Government for notification in the official Gazette in terms of section 31(7) of NEPRA Act, 1997.

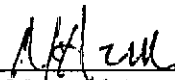
#### AUTHORITY

\* 

Mathar Niaz Rana (nsc)  
Member



Rafique Ahmed Shaikh  
Member

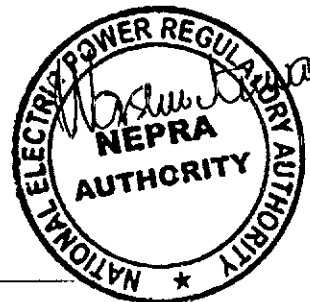


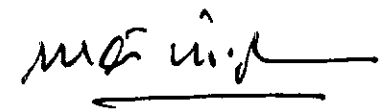
Engr. Maqsood Anwar Khan  
Member

Amina Ahmed  
Member



Waseem Mukhtar  
Chairman



My additional note is also attached  
13/14  


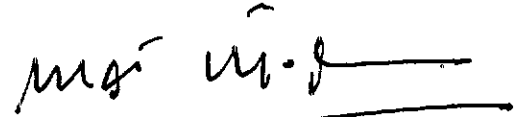
**ADDITIONAL NOTE OF THE MEMBER (TARIFF)**  
**WINTER DEMAND INITIATIVE FY 25 FOR ELECTRICITY**  
**CONSUMERS ON INCREMENTAL CONSUMPTION OF**  
**XWDISCOS & K-ELECTRIC**

In accordance with the Federal Government's directive, as outlined in paragraph 5 of the decision, the Authority will consider incorporating a tariff adjustment mechanism into K-Electric (KE)'s Multi-Year Tariff (MYT) determination for the period of winter package. This mechanism aims to protect KE's financial stability by ensuring that its distribution costs and profit margins are not adversely affected by the winter demand initiative. The proposed adjustment would facilitate the fair and consistent implementation of the initiative, while respecting KE's unique regulatory status and obligations under its legal framework.

2. KE operates under a distinct regulatory and operational framework compared to public sector Distribution Companies (DISCOs), necessitating a tailored approach to align the initiative with KE's specific financial, legal structure and operational realities.

3. By adopting a customized approach, the winter demand initiative can be effectively implemented ensuring both regulatory compliance and the achievement of broader policy objectives. This will allow for a fair application of the initiative, safeguarding KE's sustainability and the interests of its consumers.



  
Mathar Niaz Rana (nsc)  
Member (Tariff)