



**Registrar**

# **National Electric Power Regulatory Authority**

## **Islamic Republic of Pakistan**

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No. NEPRA/TRF-600/KAPCO-2023/ *16348-52*

October 09, 2025

Chief Executive Officer,  
Kot Addu Power Co. Ltd. (KAPCO) 5-B/3,  
Gulberg-III, Lahore

Subject: **Decision of the Authority in the matter of Fuel Price Adjustments on LSFO for the months of June 2025 to August 2025 for Kot Addu Power Company Limited**

Enclosed please find herewith the subject Decision of the Authority alongwith **Annex-I** and Additional Note of Mr. Rafique Ahmed Shaikh, Member (NEPRA) (total 04 pages) regarding Fuel Price Adjustments on LSFO for the months of **June 2025 to August 2025** for Kot Addu Power Company Limited in Case No. NEPRA/TRF-600/KAPCO-2023.

Enclosure: **As above**

*Wasim Anwar Bhinder*  
(Wasim Anwar Bhinder)

**Copy to:**

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

**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL PRICE ADJUSTMENTS ON LSFO FOR THE MONTHS OF JUNE 2025 TO AUGUST 2025 FOR KOT ADDU POWER COMPANY LIMITED.**

1. Pursuant to the decision of the Authority dated September 23, 2025 in the matter of tariff petition filed by Kot Addu Power Company Limited (hereinafter refer as "KAPCO") for reference generation tariff, the fuel portion of energy charge part of tariff is required to be adjusted on account of variation in fuel prices.
2. KAPCO requested the following Fuel Cost Components (FCCs) and corresponding LSFO prices for the months of June 2025 to August 2025:

| Month       | Fortnight       | Ref. FCC Block-I (Rs./kWh) | Ref. FCC Block-II (Rs./kWh) | Rev. FCC Block-I (Rs./kWh) | Rev. FCC Block-II (Rs./kWh) | LSFO Price (Rs./M.Ton) |
|-------------|-----------------|----------------------------|-----------------------------|----------------------------|-----------------------------|------------------------|
| June 2025   | 1 <sup>st</sup> | 29.5862                    | 32.0417                     | 27.2501                    | 29.5117                     | 138,909.22             |
|             | 2 <sup>nd</sup> |                            |                             | 29.6866                    | 32.1504                     | 151,329.22             |
| July 2025   | 1 <sup>st</sup> |                            |                             | 29.3829                    | 31.8215                     | 149,781.23             |
|             | 2 <sup>nd</sup> |                            |                             | 25.6618                    | 27.7916                     | 130,812.70             |
| August 2025 | 1 <sup>st</sup> |                            |                             | 25.6842                    | 27.8158                     | 130,926.75             |
|             | 2 <sup>nd</sup> |                            |                             | 25.6870                    | 27.8189                     | 130,941.29             |

3. Subsequently, KAPCO on September 26, 2025 provided CPPA-G's letters related to FCCs for the economic merit order and weighted average LSFO inventory price under the previous PPA. The weighted average LSFO inventory price is Rs. 169,208.76/M. Ton for total LSFO inventory of 64,216 M.Tons. KAPCO also provided price quotations from PSO for the applicable market price of each period.
4. KAPCO requested revised FCCs on the basis of references of provisional tariff allowed by the Authority vide decision dated April 9, 2025. However, the Authority vide its determination dated September 23, 2025 revised the reference FCCs and same have been used for calculation of revised FCCs. Further, the revised FCCs shall be subject to adjustment based on actual heat rate test of Block-I & II and in case the actual heat rates are established lower than the benchmark, the FCCs shall be adjusted downward.
5. Based on the Authority's prescribed mechanism, the applicable revised LSFO prices for the relevant periods have been considered based on lower of actual average price or market price or merit order price, if applicable. The revised LSFO prices along with revised FCCs for the relevant fortnights are indicated hereunder which shall be immediately applicable on the units delivered basis:



| Month       | Fortnight       | FCC Block-I<br>(Rs./kWh) | FCC Block-II<br>(Rs./kWh) | LSFO Price<br>(Rs./M.Ton) |
|-------------|-----------------|--------------------------|---------------------------|---------------------------|
| June 2025   | 1 <sup>st</sup> | 26.9785                  | 29.2176                   | 138,834.15                |
|             | 2 <sup>nd</sup> | 29.3920                  | 31.8314                   | 151,254.36                |
| July 2025   | 1 <sup>st</sup> | 29.1057                  | 31.5214                   | 149,781.23                |
|             | 2 <sup>nd</sup> | 25.4052                  | 27.5137                   | 130,737.69                |
| August 2025 | 1 <sup>st</sup> | 25.4419                  | 27.5535                   | 130,926.75                |
|             | 2 <sup>nd</sup> | 25.4301                  | 27.5407                   | 130,866.15                |

6. The above decision of the Authority along with revised fuel cost components attached as **Annex-I** are to be notified in the Official Gazette in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
7. CPPA-G to ensure that all payments are consistent with the tariff determination.

#### AUTHORITY

⊗ I reiterate my earlier dissent on the matter.

  
Engr. Rafique Ahmed Shaikh  
Member

  
Amina Ahmed  
Member

  
Engr. Maqsood Anwar Khan  
Member

  
Waseem Mukhtar  
Chairman



**Kot Addu Power Company Limited**  
**Schedule of Fuel Cost Part of Energy Charge**  
**Adjustment on account of Fuel Price Variation for Low Sulphur Furnace Oil**

| Period                | Block | Reference Fuel Cost Component Rs./kWh | Reference Price Rs./M.Ton | Current PSO Price (ARL) Rs./M.Ton | Weighted Average Inventory Price Rs./M.Ton | Price in Merit Order Rs./M.Ton | Revised Applicable Price Rs./M.Ton | Revised Fuel Cost Component Rs./kWh |
|-----------------------|-------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------------|--------------------------------|------------------------------------|-------------------------------------|
| June 3 to 15, 2025    | I     | 29.3071                               | 150,817.50                | 138,909.22                        | 169,208.76                                 | 138,834.15                     | 138,834.15                         | 26.9785                             |
|                       | II    | 31.7395                               |                           |                                   |                                            |                                |                                    | 29.2176                             |
| Period                | Block | Reference Fuel Cost Component Rs./kWh | Reference Price Rs./M.Ton | Current PSO Price (ARL) Rs./M.Ton | Weighted Average Inventory Price Rs./M.Ton | Price in Merit Order Rs./M.Ton | Revised Applicable Price Rs./M.Ton | Revised Fuel Cost Component Rs./kWh |
| June 16 to 30, 2025   | I     | 29.3071                               | 150,817.50                | 151,329.22                        | 169,208.76                                 | 151,254.36                     | 151,254.36                         | 29.3920                             |
|                       | II    | 31.7395                               |                           |                                   |                                            |                                |                                    | 31.8314                             |
| Period                | Block | Reference Fuel Cost Component Rs./kWh | Reference Price Rs./M.Ton | Current PSO Price (ARL) Rs./M.Ton | Weighted Average Inventory Price Rs./M.Ton | Price in Merit Order Rs./M.Ton | Revised Applicable Price Rs./M.Ton | Revised Fuel Cost Component Rs./kWh |
| July 1 to 15, 2025    | I     | 29.3071                               | 150,817.50                | 149,781.23                        | 169,208.76                                 | 151,254.36                     | 149,781.23                         | 29.1057                             |
|                       | II    | 31.7395                               |                           |                                   |                                            |                                |                                    | 31.5214                             |
| Period                | Block | Reference Fuel Cost Component Rs./kWh | Reference Price Rs./M.Ton | Current PSO Price (ARL) Rs./M.Ton | Weighted Average Inventory Price Rs./M.Ton | Price in Merit Order Rs./M.Ton | Revised Applicable Price Rs./M.Ton | Revised Fuel Cost Component Rs./kWh |
| July 16 to 31, 2025   | I     | 29.3071                               | 150,817.50                | 130,812.70                        | 169,208.76                                 | 130,737.69                     | 130,737.69                         | 25.4052                             |
|                       | II    | 31.7395                               |                           |                                   |                                            |                                |                                    | 27.5137                             |
| Period                | Block | Reference Fuel Cost Component Rs./kWh | Reference Price Rs./M.Ton | Current PSO Price (ARL) Rs./M.Ton | Weighted Average Inventory Price Rs./M.Ton | Price in Merit Order Rs./M.Ton | Revised Applicable Price Rs./M.Ton | Revised Fuel Cost Component Rs./kWh |
| August 1 to 15, 2025  | I     | 29.3071                               | 150,817.50                | 130,926.75                        | 169,208.76                                 | 130,737.69                     | 130,737.69                         | 25.4052                             |
|                       | II    | 31.7395                               |                           |                                   |                                            |                                |                                    | 27.5137                             |
| Period                | Block | Reference Fuel Cost Component Rs./kWh | Reference Price Rs./M.Ton | Current PSO Price (ARL) Rs./M.Ton | Weighted Average Inventory Price Rs./M.Ton | Price in Merit Order Rs./M.Ton | Revised Applicable Price Rs./M.Ton | Revised Fuel Cost Component Rs./kWh |
| August 16 to 31, 2025 | I     | 29.3071                               | 150,817.50                | 130,941.29                        | 169,208.76                                 | 130,866.15                     | 130,866.15                         | 25.4301                             |
|                       | II    | 31.7395                               |                           |                                   |                                            |                                |                                    | 27.5407                             |

- Out of 64,216 tons of LSFO Inventory, KAPCO consumed 11,031 tons, 6,901 tons and 8,715 tons in the months of June 2025, July 2025 and August 2025, respectively.

- Based on the data declared by Kot Addu Power Company Limited.





#### **Additional Note of Member (Technical) – Interim Tariff Request filed by KAPCO**

It is a well-established fact that the installed generation capacity in the CPPAG system, as of June 2024, totalling around 42,512 MW, including around 25000 MW of thermal generation, exceeds the current demand. The utilization of thermal generation capacity in the past two financial years, FY 2023 and FY 2024, remained at around 32% and 29%, respectively. Furthermore, a significant portion of this surplus capacity available in pool is more cost-effective than the proposed interim tariff by KAPCO. Additionally, it is important to note that this is not the first time the case for extending the operation of KAPCO power plant has been presented to the Authority. Previously, the Authority approved an extension of 485 days for this plant.

It is important to note that, when renewing the Generation License for KAPCO on September 8, 2022, for a period of three years, the Authority explicitly directed the NTDC and MEPCO to resolve the identified technical issues within this timeframe. These issues were causing KAPCO to operate in violation of the Economic Merit Order (EMO). Unfortunately, despite the clear direction from the Authority, and with only six months remaining in the three-year period, the situation has not improved as required.

It is relevant to highlight that, on one hand, all stakeholders are working diligently to eliminate costly "Take or Pay" generation capacity. On the other hand, the extension for operation of KAPCO's more expensive generation capacity is being proposed on a "Take or Pay" basis, citing transmission and grid constraints. Moreover, it is worth mentioning that the 4,000 MW HVDC line, built to transfer cheaper generation from the south to the north, is operating at a low utilization rate (around 38 % during FY 2024) despite the full capacity payment charges being paid for.

The failure to address these issues has resulted in a situation where the country is unable to optimally utilize its more economical and indigenous energy resources in the South, primarily due to the limitations of the transmission system. Consequently, we find ourselves reinvesting in outdated and inefficient generation capacity, further exacerbating the problem.

These facts highlight significant flaws in both the planning and execution of power generation and transmission system projects. It is unfair to shift the burden of these inefficiencies onto electricity consumers, particularly when these issues stem from inadequate planning and execution by the power transmission company.

In light of the responsibilities outlined for power transmission company, including NTDC and DISCOs in NEPRA Act and Applicable Documents, I am of the considered opinion that the interim tariff should be granted to this company strictly on a "Take and Pay" basis. However, whenever this plant operates in violation of the Economic Merit Order (EMO), the differential cost between the available cheaper generation and the cost of generation from the plant operated in violation of EMO should not be passed on to electricity consumers. Instead, this cost should be borne by the entities responsible for providing a constraints-free transmission system.



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