



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/ADG(Trf)/TRF-362/K-Electric-2016/ 15-19

January 01, 2024

Subject: **Decision of the Authority in the matter of Quarterly Adjustments of K-Electric Limited for the Quarter ending March 2023 [Case # NEPRA/TRF-362/K-Electric-2016]**

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with quarterly Schedules of Electricity Tariff (total 14 Pages).

2. The decision is being sent to the Federal Government for intimation and action, if any, by the Federal Government under Proviso (ii) of Section 31(7) of NEPRA Act, before its notification by NEPRA pursuant to the said Proviso of Section 31(7) of NEPRA Act, 1997.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

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

CC:

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
4. Chief Executive Officer, K-Electric Limited (KEL) KE House, Punjab Chowrangi, 39 – B, Sunset Boulevard, Phase-II Defence Housing Authority Karachi.

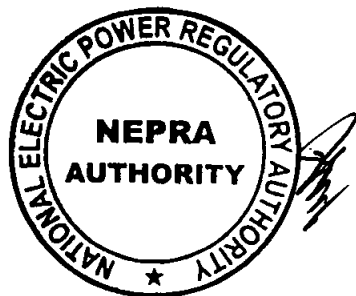
**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY ADJUSTMENT OF
K-ELECTRIC LIMITED FOR THE QUARTER ENDING MARCH 2023**

Background

1. Pursuant to the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, and as per the mechanism for monthly, quarterly and annual adjustments provided in the tariff determination of K-Electric Limited (herein referred to as "K-Electric or KE") dated July 05, 2018, duly notified in the official Gazette vide SRO No. 576(I)/2019 dated May 22, 2019, the Authority has to review and revise the approved tariff on monthly, quarterly and annual adjustments.
2. As per the mechanism provided in the determination, impact of change in KE's own generation fuel cost component due to variation in fuel prices, generation mix and volume shall be passed on to the consumers directly in their monthly bills in the form of Fuel Charges Adjustment (FCA). Similarly, impact of change in the fuel component of Power Purchase Price (PPP) due as to variation in fuel prices and energy mix shall also be passed on to the consumers through monthly FCA.
3. However, the impact of monthly variations in K-Electric own generation's fuel cost component as well power purchase price to the extent of targeted T&D losses, not taken into account in the monthly FCAs, has to be adjusted on quarterly basis. In addition, the monthly variations in the variable O&M and fixed costs of the PPP, as allowed by the Authority, are required to be adjusted on quarterly basis. The impact of these variations is to be worked out based on targeted units to be sold in the next quarter and to be adjusted in the SoT of K-Electric. The actual payments in respect of WWF, WPPF etc. to the IPPs being pass through are to be adjusted on yearly basis upon production of verifiable documentary evidence.
4. Pursuant to notification of the determined MYT, K-Electric filed its Quarterly Adjustment request on account of Power Purchase Price (PPP) and Prices level reset for the quarter ending March 2023 along with supporting documents.
5. K-Electric requested an adjustment of positive Rs.5.170/kWh, for the quarter ending March 2023.

Hearing

6. Since the impact of any adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.
7. The hearings were accordingly held on May 31, 2023 at NEPRA Tower and through ZOOM. The advertisement for hearing was published in newspapers and separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features and details of the proposed adjustments along-with notice of hearing were also uploaded on



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NEPRA's website for information of all concerned. Following issue was framed for discussion during the hearing;

i. Whether the requested quarterly variations are justified?

8. K-Electric, in its adjustment requests, has certified that it despatches as per Economic Merit Order from its own generation units (with the available fuel resources) and import from external sources. It also certified that the cost of fuel and power purchase claims do not include any amount of late payment surcharge/mark-up/interest.
9. K-Electric provided the plant wise generation statistics sheet, signed by K-Electric employees. The plant wise statistic sheets provide information in terms of Plant Capacity, Actual Units Generated, Actual Auxiliary consumption, Net Generation and Bus Bar sent outs, Actual Heat Rates, fuel consumption & cost of Fuel and Generation cost per unit. In addition K-Electric also provided copies of invoices raised by Fuel Suppliers and copies of invoices raised by IPPs.
10. The Authority based on the information, data and record provided by K-Electric, has analyzed the quarterly adjustments of K-Electric and accordingly discussion on the issues pertaining to quarterly adjustment is as under;

Issues: Whether the requested quarterly variations are justified?

11. While going through the data / information provided by K-Electric regarding quarterly adjustments, the Authority has noted certain observations, which are discussed hereunder;

Energy purchased from National Grid (CPPA-G)

12. The Authority in order to work out the amount of adjustments claimed by K-Electric for the energy purchased from National Grid, obtained details of actual Power Purchase cost from CPPA-G for the cost it billed to KE for the relevant period. The Authority noted that as per the information submitted by CPPA-G, the energy claimed by K-Electric, is in reconciliation with the energy reported by CPPA-G. Regarding cost for the energy purchased from national grid, K-Electric has claimed an amount of Rs.19,646.42 million including Capacity charges, UoSC, MoF and variable O&M. The same being in accordance with the DISCOs settlement information provided by CPPA-G, has been allowed for working out the current quarterly adjustment.

PREVIOUS ADJUSTMENT OF MARKET OPERATOR FEE (MoF) FROM JUL -DEC. 2022

13. K-Electric has requested an amount of Rs.8.143 million as previous adjustment of MoF for the quarter July 2022 to December 2022, due to the change in MoF rate, vide Authority decision dated November 23, 2022, from Rs.1.71/kW/M to Rs.2.77/kW/M. The same has been accounted for as part of current quarter cost, as the same has been billed by CPPA-G to KE during the instant quarter i.e. January to March 2023. Accordingly, the Authority has decided to allow the aforementioned amount of Rs.8.143 million due to revision in Market Operator Fee rates.



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NTDC – Previous Adjustment - True Up

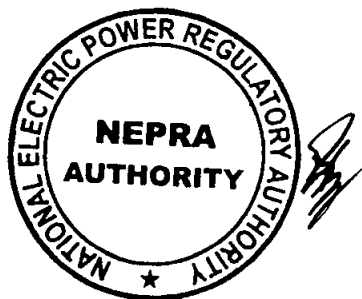
14. K-Electric, in the instant quarterly adjustment, has claimed an amount of Rs.505 million due to a NTDC true up invoice dated 15.04.2016 for the period from July 2014 to June 2015. Subsequently, KE vide email dated 18.08.2023 submitted that this invoice was identified by CPPA-G during the process of reconciliation, however, it was neither received by KE nor claimed by KE as part of quarterly adjustments requests from NEPRA. KE further mentioned that upon further analysis, it was observed that since NEPRA considers energy rate as per its approved rate for XWDISCOs, therefore, the true up portion of energy part of the said invoice is not required to be considered. Accordingly, KE requested to consider only the differential of Capacity Transfer charges of 26 million for the purpose of instant quarterly adjustment.
15. The Authority noted that claim submitted by KE is around 07 years old, and pertains to the previous Multi Year Tariff period. Therefore, KE is directed to bring proper reconciliation of amount claimed vis a vis amount already allowed by the Authority for the said period, along-with detailed justification for not claiming this cost earlier, during the period to which it pertains.
16. Accordingly, for the purpose of instant quarterly adjustment, the Authority has decided not to allow the amount of Rs.26 million.

KE – Previous Adjustment – Impact on Revision in Negative FCA

17. K-Electric, in the instant quarterly adjustment, has claimed an amount of Rs.1,142 million due to the fact that impact of negative FCA for July 2022 earlier not passed on to the residential consumers up-to 300 units, has now been passed on to such consumers in light of NEPRA's decision dated March 09, 2023 regarding staggering of FCAs of KE. Here it is pertinent to mention that as per practice, the amount of negative monthly FCAs is not passed on to the residential consumers consuming upto 300 Units. However, the Federal Government in its Motion dated 16.02.2023 requested the Authority to pass on the impact of negative FCA to residential consumers as well. The Motion was decided by the Authority vide decision dated 09.03.2023. Thus, reducing the amount retained by KE on account of not passing on the benefit of negative FCA to residential consumers. Based on the above, the amount of Rs.1,142 million claimed by KE has been made part of the instant quarterly adjustment.

KE – Previous Adjustment - Reversal of tax on undisputed profit for FY 2018, FY 2019

18. K-Electric has claimed a negative amount of Rs.1,130 million on account of reversal of tax on undistributed profits for the FY 2018 and FY 2019.
19. The MYT determination of KE, provides the following:
"Any corporate tax liability to the extent of current tax paid (without the impact of deferred tax impact) would be treated as pass through and shall be allowed through adjustment in the tariff"
20. Upon inquiry regarding the requested adjustment, KE submitted that for FY 2018, K-Electric claimed an amount of PKR 1,452 million on account of Tax, the breakup of which is as follow:



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Description	Amount (PKR Million)
Turnover / Tax Chargeable	2,347
Tax on Undistributed Reserves u/s 5A	686
Total Tax Liability	3,033
Tax Credit claimed u/s 65B	(1,581)
Net Tax Liability	1,452

21. For FY 2019, K-Electric did not claim any amount on account of Tax as there was no tax liability during the year.

Description	Amount (PKR Million)
Turnover / Tax Chargeable	2,439
Tax on Undistributed Reserves u/s 5A	444
Total Tax Liability	2,883
Tax Credit claimed u/s 65B	(2,883)
Net Tax Liability	-

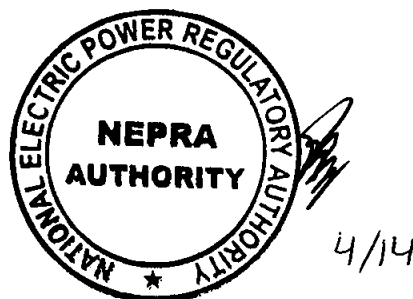
22. KE also submitted that the imposition of tax on distributed profits under section 5A of the Income Tax Ordinance has been struck down by the Honorable High Court of Sindh and in the light of the said decision, the Commissioner Inland Revenue Appeals has allowed us a relief in this regard.
23. Accordingly, KE has requested adjustment of tax on undistributed reserves for the FY 18 and FY 19 amounting to PKR 686 million and PKR 444 million respectively, through quarterly adjustment for the quarter ended March 2023. KE further submitted that in case of reversal of decision by the Honorable Supreme Court of Pakistan, KE will have the right to claim back this amount in subsequent periodic/quarterly adjustment.
24. Based on the above, a negative amount of Rs.1,130 million (Rs.646+444= 1130 million) has been adjusted as previous adjustment in the quarter ending March 2023.

Oursun

25. K-Electric in its adjustment request has claimed Rs.663.362 million for the energy purchased from Oursun.
26. It is been observed that KE has incorporated 276,613 NPMV units while working out the instant quarterly request of Oursun. The same have been provisionally deducted, while working out the instant quarterly adjustment along with its consequential cost. The allowed cost after exclusion of NPMV units cost works out as Rs.655.79 million. K-Electric is again directed to incorporate the revised mechanism of calculation of NPMV units in its EPA with Oursun and submit the same for approval of the Authority, as already directed in the Authority's earlier decision dated 04.08.2023.

Previous Adjustment already allowed on account of WPPF of K-Electric

27. The Authority in its decision dated 04.08.2023, in the matter of Quarterly Adjustments of K-Electric for the Quarters ending December 2022 approved Rs.74.34 million, to be allowed in every quarterly adjustment till September 2023, on account of WPPF of K-Electric. Accordingly, an amount of Rs.74.34 million is also being made part of the instant adjustment, under previous adjustment, on account of WPPF of KE for the FY 2022.



Tapal Energy Limited (TEL)

28. For the energy purchased from Tapal Energy, KE has claimed Rs.209.3 million as capacity and Rs.93.499 million as Variable O&M. M. Here it is pertinent to mention the Authority vide decision dated 23.01.2023, decided to extend the term of tariff till 30th April 2023 or lifting of the moratorium period before the stipulated date, whichever comes earlier, on the same terms & conditions approved vide decision dated 9th June 2020.
29. In view thereof, the cost claimed by K-Electric for Tapal Energy amounting to Rs.302.8 million has been considered while working out the instant quarterly adjustment.

TAPAL - Previous Adjustment

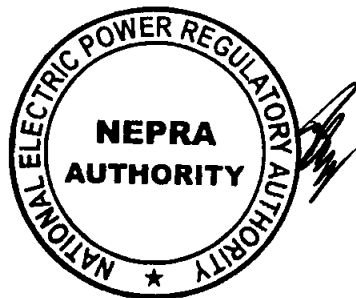
30. KE, in the instant quarterly adjustment, has claimed an amount of Rs.115.19 million due to change in the CPP for the period from June to December 2022 as per the Authority's decision dated 23.01.2023. Similarly, an amount of Rs.23.766 million has been claimed on account of revision in VO&M rates for the period from June to December 2022 as per the Authority's decision dated 23.01.2023.
31. Based on the Authority's decision dated 23.01.2023, the revised CPP and Variable O&M of Tapal for the period from July to December 2022, works out as Rs.137.49 million, against the claimed cost of Rs.138.957 million. Based on the aforementioned, an amount of Rs.137.49 million has been allowed in the instant quarterly adjustment.

Gul Ahmed Energy Limited (GAEL)

32. Here it is pertinent to mention the Authority vide decision dated 22.02.2023, decided to extend the term of tariff till 30th April 2023 or lifting of the moratorium period before the stipulated date, whichever comes earlier, on the same terms & conditions approved vide decision dated 3rd June 2020.
33. For the O&M of GAEL, K-Electric has claimed Rs.75.254 million for the period from January 2023 to March 2023. The same has been accounted for in the instant quarterly adjustment, being in line with the components, if worked out, based on the decision of the Authority dated June 3, 2020.
34. For the Capacity of GAEL, K-Electric has claimed Rs.175.529 million for the period from January to March 2023. The amount of capacity charges works out as Rs.174.459 has and the same has been accounted for in the instant quarterly adjustment, being in line with the components, based on the decision of the Authority dated June 3, 2020. The reason for difference is due to the fact that KE for the month of January 2023 has not used the rates in line with the decision dated 03.06.2020.

SNPC & SNPC-II

35. The Authority in the matter of Review Motions filed by SNPC and SNPC-II, against determination of the Authority dated December 31, 2019 in the matter of Quarterly Adjustment of K-Electric, decided as under;



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- a) "to re-determine/ modify the tariff awarded to the petitioner vide decision dated August 04, 2017, for which separate proceedings shall be carried out by the Authority. The Petitioner, is accordingly directed, in terms of Section 44 of NEPRA Act, to provide complete details in this regard.
- b) to provisionally allow the Petitioner its debt servicing and Insurance component, as per its reference generation tariff dated August 04, 2017....."

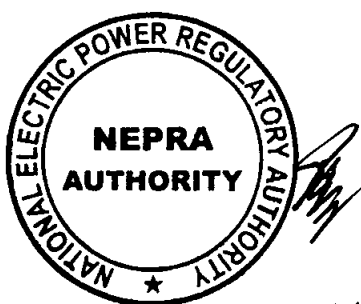
36. Here it is pertinent to mention that subsequently, the Authority vide two different decisions dated June 4, 2021 has approved revision of Net Capacity & Heat Rate of SNPC & SNPC II. Pursuant thereto the Authority vide decisions dated September 21, 2021 approved revised reference capacity components based on revised net capacity. The same has been notified by NEPRA on May 31, 2022.
37. Afterwards, NEPRA vide two decisions dated August 11, 2022, has revised capacity charges for SNPC & SNPC II for the period under review which included the RoE and RoEDC.
38. K-Electric has requested Rs.333.98 million for capacity charges of SNPC & Rs.326.61 million for SNPC II for the period January – March 2023. The same has been accounted for in the instant working.
39. Here it is pertinent to mention that variable & fixed O&M, Debt servicing, Insurance and ROE/ROEDC of SNPC and SNPC-II, have been included in the instant tariff adjustments of K-Electric, as per the rates approved by the Authority. However, the cost being allowed is strictly on provisional basis, subject to its adjustment, if required, in the light of the final decision(s) of the Authority, based on third party audit/ verification of capacity charges of SNPC & SNPC-II.

Variable O&M of SNPC/SNPC-II & STDC's line losses

40. The Authority vide decision dated January 09, 2020, allowed a Transmission loss level with a cap of 2% to STDC, from the date of decision i.e. 09.01.2020. Therefore, for the period from 09.01.2020 onward, STDC losses with a cap of 2% have been considered while allowing the instant tariff adjustments of K-Electric.
41. K-Electric in its request has requested Rs.172.292 million under the head of O&M for SNPC, SNPC II & O&M related to STDC's line losses. The Authority vide decision dated April 28, 2023 has approved Quarterly indexation of both SNPC and SNPC-II, for the quarter January to March 2023. The same has been accounted for in the instant quarterly adjustments.

SNPC & SNPC-II Previous Adjustment – Fuel Cost

42. KE, in the instant quarterly adjustment, has claimed an amount of Rs.70.5149 million due to change in the fuel cost component for the month of February 2023. The Authority vide decision dated 19.04.2023, revised the FCC of SNPC & SNPC-II w.e.f. January 2023 from Rs.7.0224/kWh to Rs.8.6039/kWh and Rs.6.9791/kWh to Rs.8.5508/kWh respectively.
43. In view thereof, the claimed amount of Rs.70.5149 million as requested by KE, has been considered as part of the instant quarterly adjustment



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STDC Wheeling Charges

44. The Authority determined tariff of STDC, a 101.59 MW capacity, 132 kV transmission line project vide its determination dated February 10, 2017 and allowed a tariff of Rs.0.4547/kW/hour for the first ten years of the project. Later on, in the Review decision dated June 14, 2018, the tariff was enhanced to Rs.0.4665/kW/hour for the first ten years.
45. NEPRA subsequently vide decision dated August 17, 2022 has approved indexation for the period under review to Rs.0.6301/kW/Hr.
46. K-Electric has claimed Rs.137.54 million on account of STDC capacity cost, and the same has been accounted for in the instant quarterly adjustment.

Anoud Power Generation Ltd. (APGL)

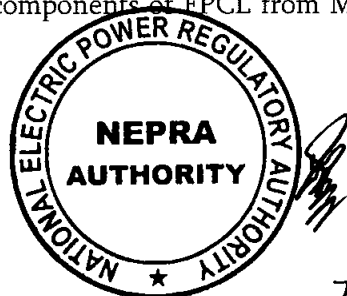
47. Anoud Power Generation Ltd. (APGL) only supplied energy to KE till Sep. 2020 and thereafter no energy has been delivered. As per Cause 1.5 of the 1st addendum dated 27.04.2010 to the PPA between K-Electric and APGL, in case APGL supplies less than the minimum monthly guaranteed units of 5,040,000 kWh to KESC, KESC shall be entitled to make certain deductions at the end of billing month in the billing amount.
48. Accordingly, LDs to be imposed on Anoud Power Plant for non-supply of guaranteed energy, till Dec. 2022, have already been deducted from the quarterly adjustments of KE. Similarly, for the period from Jan. to March 2023, no energy has been supplied by APGL to KE, consequently, an amount of Rs.48.2 million has been deducted from the instant quarterly adjustment of KE i.e. January to March 2023, in line with the Authority's earlier decisions.

Fauji Power Company Limited (FPCL)

49. The Authority vide decision dated February 9, 2022 issued CoD determination of FPCL. In the CoD decision, the Authority revised the reference components of FPCL and the components of Water Charges, Ash Disposal & Limestone have been decided as ZERO. The above are subject to Quarterly adjustment on actual basis subject to documentary evidence to be submitted by power producer within three months of issuance of the CoD decision.
50. The period of 3 months have lapsed on May 8, 2022 and as per record no such detail/evidence has been submitted by FPCL. In view thereof, while processing the instant quarterly adjustment for the period January to March 2022 no cost is allowed on account of Water Charges, Ash Disposal & Limestone. Here it is pertinent to mention that KE has also not claimed any cost on this account.
51. For the other components i.e. O&M, Cost of Working Capital, Insurance, RoE, Debt Repayment & Interest Charges, KE in its adjustment request has claimed an amount of Rs.728.266 million, and the same has been considered.

FPCL Previous Adjustment- Revision in Capacity Component

52. KE in its quarterly claim also requested Rs.1,843.739 million as previous adjustment owing to revision in capacity components of FPCL from May 2017 to December 2022. The Authority



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vide its decisions dated January 27, 2023 and March 13, 2023, revised capacity charge components FPCL from April 2017 to December 2022. The difference of change in capacity charge components has now been requested by KE as previous adjustment. The cost claimed by KE is in line with the revised rates approved by the Authority. Therefore, the Authority has decided to allow the aforementioned amount of Rs.1,843.74 million as previous adjustment on account of revision in capacity cost components of FPCL.

FPCL Previous Adjustment- Revision in Variable O&M Component

53. KE in its quarterly claim also requested Rs.11.079 million as previous adjustment owing to revision in Variable O&M component of FPCL from April 2022 to December 2022. The Authority vide its decisions dated 27.01.2023 and 13.03.2023, revised variable O&M components of FPCL from April 2022 to December 2022. The difference of change in variable O&M components have now been requested by KE as previous adjustment. The cost claimed by KE is in line with the revised rates approved by the Authority, therefore, the Authority has decided to allow Rs.11.079 million as previous adjustment on account of revision in Variable O&M cost components of FPCL.

FPCL Previous Adjustment- Fuel Price Adjustment

54. KE in its quarterly claim also requested negative Rs.106 million as previous adjustment owing to revision in fuel cost component of FPCL from October 2022 to January 2023. The Authority vide its decision dated March 13, 2023, revised the fuel cost components of FPCL from October 26, 2022 and January 01, 2023. The difference due to change in fuel cost components have now been requested by KE as previous adjustment. The same i.e. Rs.105.583 million, being in line with the decision of the Authority has been made part of the instant quarterly adjustment.

Lotte Chemical

55. For the energy purchased from Lotte Chemical during the quarter, K-Electric has claimed an amount of Rs.3.067 million for EPP (excluding Fuel) and CPP. The same being in line with the Authority's determined tariff has been considered.

Lucky Cement

56. For the energy purchased from Lucky Cement during the quarter, K-Electric has claimed an amount of Rs.0.227 million for EPP (excluding Fuel) and CPP for the instant quarter. The same being in line with the Authority's determined tariff has been considered in the instant quarterly adjustment.

Gharo Solar

57. K-Electric, for the period January 2023 – March 2023, has claimed an amount of Rs.381.135 million as variable O&M and capacity charges on account of energy purchased from Gharo Solar. It is been observed that KE has accounted for generation of 284,049 kWh as NPMV while working out the instant quarterly request of Gharo Solar. The NPMV units of Gharo Solar have been provisionally deducted, while working out the instant quarterly adjustment along with its consequential cost. The allowed cost after exclusion of NPMV units cost works out as Rs.377.05 million, which is considered for the instant quarterly adjustment.

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IIL & ISL

58. For the energy purchased from IIL & ISL, K-Electric has claimed an amount of Rs.15 million for EPP (excluding Fuel) and CPP for the instant quarter. The same being in line with the Authority's determined tariff has been considered.

IIL- Gas Price Differential - Previous Adjustment

59. KE, in the instant quarterly request, claimed an amount of Rs.0.121 million due to change in gas price for IIL as notified by OGRA w.e.f. January 01, 2023. The differential between the already allowed cost and the revised claimed has been worked out as Rs.0.121 million and the same has been made part of the instant quarterly adjustment.

Net Metering Cost

60. The Authority in the monthly FCA decision of KE for the month of December 2022 decided that amount being allowed to Net Metering Units @ 19.32/kWh, be considered as part of the Capacity cost instead of monthly FCAs. In view thereof, the Authority directed K-Electric to only include the unit of Net Metering in its monthly FCAs and the cost thereof be included as part of Capacity costs w.e.f. January 2023.
61. Based on the aforementioned, the cost for net metering units of 15.68 GWh i.e. Rs.303.03 million @ Rs.19.32/kWh, for the period from January 2023 to March 2023, has been included in the instant quarter.

ADJUSTMENT FOR NEGATIVE / POSITIVE FCA FOR CERTAIN CONSUMER CATEGORIES

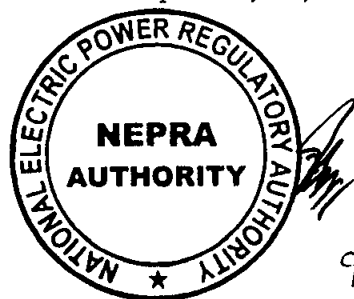
62. As per the Authority's decision, negative FCA is not passed on to lifeline consumers, residential consumers with consumption up-to 300 units and agriculture consumers, and the same is adjusted in quarterly adjustment. Similarly positive FCA is also not passed on to the life line consumers.
63. Accordingly, for the purpose of instant quarterly adjustment, a net impact of Rs.16.648 million has been considered to account for the negative/ positive FCAs not passed on/ recovered from the consumers for the period from January to March 2023.

Minor Adjustments

64. During verification of data, minor adjustments amounting to Rs.0.349 million were observed. These adjustments included Rs.0.016 million for lower claim of Tapal during the FCA of January 2023, Rs.0.04776 million for lower fuel adjustment claim of Tapal during the FCA of July 2022 and Rs.0.28585 million Gul Ahmad's CV dispute delta in November 2022.
65. In view of the aforementioned, an amount of Rs.0.349 million has been deducted in the instant quarterly adjustment.

Cost of Debt-Sinosure Fee KE

66. K-Electric vide letter dated 18.10.2022, requested NEPRA to allow cost of Insurance Premium of around Rs.9.727 billion, in light of the KE's MYT determination dated 09.10.2017, as a separate period cost in the next quarterly adjustment. The amount claimed by KE includes



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premium paid to Sinosure to provide coverage for Chinese component and to Euler Hermes for providing coverage for German component. The Authority in order to arrive at a just & informed decision, and to provide a fair opportunity to KE to present its case, and all the relevant stakeholders involved, decided to conduct a hearing in the matter, which was held on 03.05.2023. The Authority after considering the submissions of K-Electric, has decided to condone the delay in filing of the request by KE and has decided to allow the premium paid to Sinosure for coverage of the Chinese component and to Euler Hermes for providing coverage for the German component of financing. The Authority has further decided not to allow the withholding tax being adjustable.

67. Accordingly, the Authority has decided to allow the an amount of Rs.9.146 billion, to K-Electric, as Cost of debt-Insurance Premium as a separate cost in the instant quarterly adjustment i.e. quarter ending March 2023;

		Sinosure [BQPS-III]	Sinosure TP 1000	Hermes [BQPS-III]	Total
Principal	USD	292	66	123	480
Interest	USD	96	11	31	138
Total	USD	387	77	154	618
Premium Requested	USD	23	5	22	51
Tax Requested	USD	3	1	-	3
Total Requested	USD	26	6	22	54

Premium Requested	PKR	4,336	868	3,944	9,148
Tax Requested	PKR	482	96	-	578
Total Requested	PKR	4,818	964	3,944	9,726
Requested Premium (as % of Debt servicing)		6.04%	7.01%	14.34%	8.23%

Premium Allowed	PKR	4,336	866	3,944	9,146
Tax allowed	PKR	-	-	-	-
Total	PKR	4,336	866	3,944	9,146

Previously Deducted Cost of BQPS-I

68. The Authority vide its order dated 06.10.2023, in the matter of Modification-XI in the Generation License of K-Electric, remanded to the Authority by the NEPRA Appellate Tribunal decided to accede to the request of K-Electric and allowed the actual/prudent cost relating to the interim operation of Unit-3 of BQPS-I (from May 01, 2021, to August 15, 2021). Accordingly, the earlier decisions of the Authority (dated September 15, 2021 and May 12, 2022) in this regard, stand modified to this extent. In view thereof, the cost of operation of unit-3 of BQPS-I, which was earlier deducted by the Authority amounting to Rs.1,425 million for the period from June to August 2021, is included in the instant quarterly adjustment i.e. quarter ended March 2023. Here it is pertinent to mention that KE in light of the said order has requested the Authority vide letter dated 10.11.2023, to include the earlier deducted amount of Rs.1,425 million of BQPS-I, in the instant quarterly adjustment decision for the quarter Jan. to Mar. 2023.



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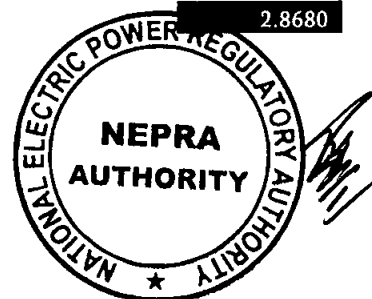
69. K-Electric in its request has requested its quarterly adjustment based on the projected units to be sold in the next quarter of 4,881 GWh. Now KE has provided its actual sent out units for the months of April – June 2023, which after adjusting for allowed losses works out as 4,458 GWh. Accordingly the same have been used in the calculation of Quarterly Adjustment.

70. Based on the discussion made in the preceding paras, the Authority hereby determines the following quarterly adjustment of K-Electric for the quarter January-March 2023.

Description	Unit	Jan-23	Feb-23	Mar-23
Adjustment in SOT for the Quarter	Rs./kWh			6.933
FCC of Own Generation	Rs./kWh			9.1372
FCC adjusted on Target T&D Losses	Rs./kWh			10.7954
Reference Own Generation FCC adjusted on Target T&D Losses	Rs./kWh			7.1672
Required adjustment in SOT of Own Generation to level up the tariff	Rs./kWh			3.6282
Power Purchases				
Fuel Cost	Rs./kWh			6.8575
FCC adjusted on Target T&D Losses	Rs./kWh			8.1020
Reference Power Purchase FCC adjusted on Target T&D Losses	Rs./kWh			7.0820
Required adjustment in SOT of Power Purchase FCC to level up the tariff	Rs./kWh			1.0200
Variable O&M and Capacity	Rs./kWh			5.59823
Variable O&M and Capacity adjusted on Target T&D Losses	Rs./kWh			6.61417
Reference Power Purchase Variable O&M and Capacity based on Target T&D Losses	Rs./kWh			7.19744
Required adjustment in SOT of Power Purchase Variable O&M and Capacity to level up the tariff	Rs./kWh			(0.5833)
Total Adjustment in SoT to Level up the Tariff	Rs./kWh			4.0649
Cost of BQPS-I Unit 3 & 4				
Impact of Variation in Fuel cost to the extent of T&D losses				
Own Generation				
Monthly Approved FCA	Rs./kWh	(0.8862)	0.4333	3.0709
Total Units Sent Out	Gwh	1,027	1,117	1,478
Allowed Level of T&D losses	%	15.36%	15.36%	15.36%
Impact of Losses on FCA for Own Generation	Rs.Mln	(139.85)	74.33	697.10
Total impact of Losses FCA				631.58
Power Purchases				
Fuel Cost				
Monthly Approved FCA	Rs./kWh	2.5975	0.1461	0.8633
Total Units Sent Out	Gwh	1,027	1,117	1,478
Allowed Level of T&D losses	%	15.36%	15.36%	15.36%
Impact of Losses on FCA for Power Purchases	Rs.Mln	410	25	196
Total impact of Losses on FCA	Rs.Mln			631
G. Total	Rs.Mln			1,263
Impact of Variation in Variable O&M and Capacity	Rs.Mln	1,057.99	866.39	(729.60)
Total impact of Variable O&M and Capacity	Rs.Mln			1,195
Net Impact of Life Line, 300 units & Agriculture units	Rs.Mln			16.65
Total Un-Recovered Cost of the Quarter	Rs.Mln			2,474
WWF	Rs.Mln	-	-	-
WPPF	Rs.Mln	-	-	-
Adjustments	Rs.Mln	-	-	12,565
Write Off	Rs.Mln	-	-	-
LDs	Rs.Mln	-	-	-
Units Sold during Next Quarter on allowed T&D Losses	GWh			4,458
Adjustment for the Quarter	Rs./kWh			3.3735
Reversal of Previous Quarter	Rs./kWh			(0.5055)
Net Adjustment for the Quarter	Rs./kWh			2.8680

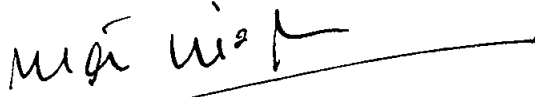
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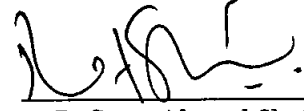


71. The instant decision is being intimated to the Federal Government, prior to its notification in the official Gazette as per Section 31(7) of the NEPRA Act.

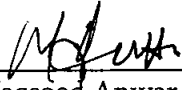
AUTHORITY



Mathar Niaz Rana (nsc)
Member



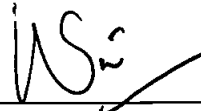
Rafique Ahmed Shaikh
Member



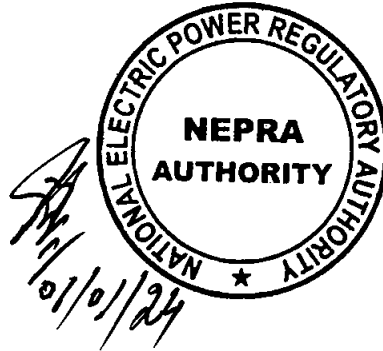
Engr. Maqsood Anwar Khan
Member



Amina Ahmed
Member



Waseem Mukhtar
Chairman



**SCHEDULE OF ELECTRICITY TARIFF
FOR K-ELECTRIC LIMITED**

APPLICABLE FOR THE QUARTER APRIL - JUNE 2023

Protected
Unprotected

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
a)	For Sanctioned load less than 5 kW	-	4.00				4.00	
i	Up to 50 Units - Life Line	-	23.16		6.95		30.11	
ii	51 - 100 Units - Life Line	-	23.16		6.95		30.11	
iii	001 - 100 Units	-	24.75		6.95		31.70	
iv	101 - 200 Units	-	23.16		6.95		30.11	
v	001- 100 Units	-	24.75		6.95		31.70	
vi	101- 200 Units	-	25.96		6.95		32.91	
vii	201- 300 Units	-	27.01		6.95		33.96	
viii	301- 400 Units	-	27.01		6.95		33.96	
ix	401- 500 Units	-	27.01		6.95		33.96	
x	501- 600 Units	-	27.01		6.95		33.96	
xi	601- 700 Units	-	29.36		6.95		36.31	
xii	Above 700 Units	-						
b)	For Sanctioned load 5 kW & above	-						
	Time Of Use	-	30.57	26.39	6.95	6.95	37.52	33.34

As per Authority's decision residential consumers will be given the benefit of only one previous slab.
As per Authority's decision residential life line consumers will not be given any slab benefit.
As per Authority's decision for one slab benefit in the un-protected residential consumer category slabs from 301-700, the slab rates of 201-300 slab would be used for previous slab benefit upto 300 units.
Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

- a) Single Phase Connections:
- b) Three Phase Connections:

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
a)	For Sanctioned load less than 5 kW	-	27.32		6.95		34.27	
b)	For Sanctioned load 5 kW & above	500.00	26.55		6.95		33.50	
	Time Of Use	500.00	30.56	26.33	6.95	6.95	37.51	33.28
d)	Electric Vehicle Charging Station	-	26.33		6.95		33.28	

Under tariff A-2(a), there shall be minimum monthly charges at the following rates even if no energy is consumed.

- a) Single Phase Connections: Rs. 175/- per consumer per month
- b) Three Phase Connections: Rs. 350/- per consumer per month

Fixed Charges shall be billed based on 50% of Sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
a)	General Services	-	27.51		6.95		34.46	

Under tariff A-3, there shall be minimum monthly charges at the following rates even if no energy is consumed.

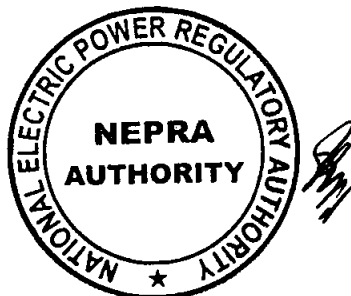
- a) Single Phase Connections:
- b) Three Phase Connections:

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1	Upto 25 kW (at 400/230 Volts)	-	27.56		6.95		34.51	
B2(a)	25-500 kW (at 400 Volts)	500.00	26.71		6.95		33.66	
B3(a)	For all loads upto 5000 KW (at 11,33 kV)	460.00	26.56		6.95		33.51	
B4(a)	For all loads upto 5000 KW (at 66,132 kV)	440.00	26.06		6.95		33.01	
	Time Of Use		30.56	26.56	6.95	6.95	37.51	33.51
B1(b)	Upto 25 kW (at 400/230 Volts)	-	27.56		6.95		34.51	
B2(b)	25-500 kW (at 400 Volts)	500.00	26.06		6.95		33.01	
B3(b)	For All Loads up to 5000 kW (at 11,33 kV)	460.00	25.56		6.95		32.51	
B4(b)	For All Loads (at 66,132 kV & above)	440.00	25.31		6.95		32.26	
B5	For All Loads (at 220 kV & above)	340.00	24.56		6.95		31.51	

For B1 & B1 (b) consumers there shall be a fixed minimum charge of Rs. 350 per month.
month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

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C - SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C-1	For supply at 400/230 Volts	-	27.56		6.95		34.51	
a)	Sanctioned load less than 5 kW	-	27.56		6.95		34.51	
b)	Sanctioned load 5 kW & up to 500 kW	500.00	26.56		6.95		33.51	
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	460.00	26.56		6.95		33.51	
C-3(a)	For supply at 132 and above, up to and including 5000 kW	440.00	26.06		6.95		33.01	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	500.00	30.56	26.06	6.95	6.95	37.51	33.01
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	460.00	30.56	25.56	6.95	6.95	37.51	32.51
C-3(b)	For supply at 132 kV up to and including 5000 kW	440.00	30.56	25.31	6.95	6.95	37.51	32.26

Fixed Charges shall be billed based on 50% of Sanctioned Load or Actual MDI for the month which ever is higher.

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1	For all Loads	200.00	25.28		6.95		32.23	
	Time of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-2	For all Loads	200.00	30.56	24.86	6.95	6.95	37.51	31.81

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
E-1(i)	Residential Supply	-	28.06		6.95		35.01	
E-1(ii)	Commercial Supply	-	28.66		6.95		35.61	
E-2 (i)	Industrial Supply	-	29.11		6.95		36.06	
E-2 (ii)	Bulk Supply	-						
	(a) at 400 Volts	-	29.06		6.95		36.01	
	(b) at 11 kV	-	29.04		6.95		35.99	

For the categories of E-1(i&ii) and E-2 (i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note: Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.

G - PUBLIC LIGHTING

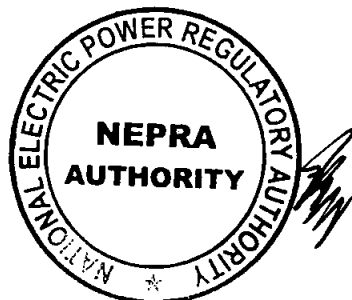
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Street Lighting	-	27.96		6.95		34.91	

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kw of lamp capacity installed.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kw/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Residential Colonies attached to industrial premises	-	28.06		6.95		35.01	

Note 2



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