



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

2nd Floor, OPF Building, G-5/2, Islamabad,
Ph: 051-9206500, 9207200, Fax: 9210215
E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-133/KESC-2009/11700-11705
September 27, 2013

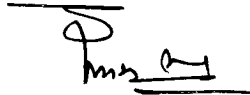
Chief Executive Officer
Karachi Electric Supply Company Ltd. (KESC)
KESC House, Punjab Chowrangi,
39 – B, Sunset Boulevard, Phase-II
Defence Housing Authority
Karachi.

Subject: Decision of the Authority in the matter of Fuel Charges Adjustment for the Month of April 2013 for Karachi Electric Supply Company Ltd. and Notification (S.R.O. 829(I)/2013 dated 26.09.2013) Thereof

Enclosed please find a copy of decision of the Authority (04 pages) in the matter of fuel charges for the month of April 2013 in respect of Karachi Electric Supply Company Ltd., along with Notification (S.R.O. 829(I)/2013 dated 26.09.2013) thereof. This is for information and further necessary action.

2. While reflecting the Fuel Adjustment Charges, KESCL shall keep in view and strictly comply with the orders of the court(s), if any, notwithstanding this order.

Enclosure: As above


(Syed Safeer Hussain)

CC:

1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
3. Secretary, Ministry of Finance, Islamabad.
4. Secretary, Privatization Commission, Islamabad.
5. The Registrar, Supreme Court of Pakistan, Islamabad.

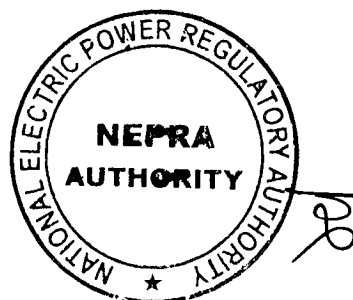


**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL CHARGES ADJUSTMENT FOR THE
MONTH OF MAY, 2013 FOR KARACHI ELECTRIC SUPPLY COMPANY LIMITED**

1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, (XL of 1997) and as per the mechanism for monthly fuel price adjustment prescribed by the Authority for Karachi Electric Supply Company Limited (herein after referred to as "KESCL") in case No. NEPRA/TRF-133/KESCL-2009(6) dated December 23, 2009, duly notified in the official Gazette vide S.R.O No. 11(I)/2010 dated January 01, 2010, National Electric Power Regulatory Authority (herein after referred to as "the Authority") has to review and revise the approved tariff on account of any variation in the fuel charges on monthly basis. As per the mechanism prescribed by the Authority, KESCL is allowed monthly adjustment in fuel cost component for its own generation as well as power purchase cost from external sources on account of fuel price variation without taking into account the effect of transmission and distribution losses (hereinafter referred to as "T & D losses").
2. KESCL submitted request with regards to adjustment in the fuel cost component of its tariff for the month of May, 2013 vide letter RA&SP/NEPRA/071/1143 dated June 17, 2013. The summary of the requested adjustment is tabulated below;

Tariff Adjustment Summary	May -13 Requested
Variation in Fuel Price	
Own Generation (Million Rs)	(416.323)
External/PPP (Million Rs)	(642.029)
Total (Rs. In Million)	(1,058.352)
Total Units Sent Out (GWh)	1,445.227
Total Variation Ps/kWh	(73.231)

3. KESCL, in its aforementioned request, certified that the cost of fuel and power purchase claimed by it did not include any amount of late payment surcharge/mark-up/interest. Further, KESCL also submitted that it dispatches power as per Economic Merit Order from its own generating units (with the available fuel resources) and from external sources.





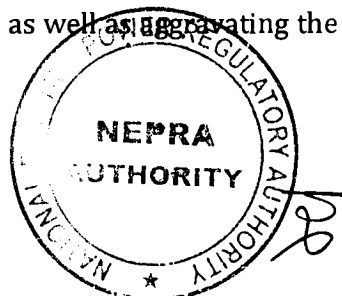
4. Since the impact of FCA, if any, is passed on to the consumers of electricity, therefore, in order to meet the ends of natural justice, the Authority decided to provide an opportunity of hearing to all the concerned while reviewing the fuel charges. A date of hearing for the aforesaid purpose was fixed as August 13, 2013 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers dated August 03, 2013 and separate notices were also sent to the major stakeholders on August 05, 2013 informing thereby the general public/concerned stakeholders about the date and venue of the hearings and inviting their comments/objections to make the process of hearing more meaningful and to reach at an informed and just decision.
5. During the hearing, KESCL submitted that the major reason of the claimed minus variations is the decrease in prices of furnace oil which have decreased to Rs. 65,264/MTon in the current month as compared to Rs. 67,102/MTon for the reference month of March, 2013. Further, the favorable generation mix on Bin Qasim-I power station that is 79% of furnace oil based net generation as compared to 86% of reference month also contributed towards the claimed variation.
6. Regarding the variation in the fuel component of power purchase cost, KESCL submitted that the major reason of claimed minus variation is the decrease in fuel cost of the energy procured from NTDC which has decreased from Rs. 9.136/kWh in the month of March, 2013 to Rs. 7.669/kWh in the month of May, 2013.
7. The information (both of self generation and power purchased from external sources) as submitted by KESCL in its FCA request for the current month was checked with respective invoices and other relevant documents by the Authority and few discrepancies were found as explained at paras 9 & 10 below.
8. The fuel cost variation of KESCL's own power generation and power purchases from external sources for the month of May, 2013 works out to be minus Rs. 1,016.648 million or minus Ps. 70.345/kWh, as per the details tabulated hereunder:





Tariff Adjustments Summary	May-13 Requested	May-13 Allowed
Variation in Fuel Price		
Own Generation (Million Rs)	(416.323)	(392.362)
External/PPP (Million Rs)	(642.029)	(624.286)
Total (Rs In Million)	(1,058.352)	(1,016.648)
Total Units Sent Out (GWh)	1,445.227	1,445.226
	(73.231)	(70.345)

9. The difference between the claimed and allowed variation in fuel cost of own generation is due to inconsistency in the working of furnace oil rate (Rs/M.Ton) at KESCL's end. KESCL in its request worked out the mentioned rate while taking the prices of furnace oil consumed during the current as well as in reference month on moving average method whereas the Authority has consistently been using monthly weighted average method and have used the same for calculation of fuel charges variations of the current month. KESCL has already been directed, in the FCA decision for the month of April, 2013, to work out the monthly consumption rate of furnace oil on **monthly weighted average** basis to avoid any inconsistency in the future (July, 2013 onwards) failing which the decision will be taken in the interests of consumers.
10. In the fuel component of the power purchase cost, it was noticed that NTDC/CPA, for the reference as well as for the current month invoiced KESCL Rs. 9.136/kWh and Rs. 7.669/kWh respectively and the same were used by KESCL in its request whereas the Authority's approved energy transfer rates of NTDC/CPA, applicable to all XWDISCOs and KESCL, for the reference and current months comes out to be Rs. 9.093/kWh and Rs. 7.662/kWh respectively. On the basis of the invoiced rates, the difference between the overall weighted average fuel cost component of power purchased by KESCL for the current and reference month comes out as minus Rs. 0.996/kWh whereas on the basis of the approved rates the result comes out as minus Rs. 0.969/kWh which is the major reason of the difference between the claimed and allowed figure of power purchase cost variation.
11. Based on the analysis of the data as submitted by KESCL, the Authority has noted with grave concern that KESCL is subjecting its consumers to undue and unauthorized load shedding by continuously underutilizing the available energy of its system (own + external). Moreover it was also noted that KESCL is keeping its available generation capacity idle and relying more on the energy purchased from NTDC in violation of the terms of the power purchase agreement signed between the mentioned utilities. By doing so, KESCL is necessitating the operations of the most expensive power plants in NTDC system as well as aggravating the menace of load shedding in the



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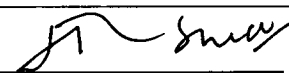
whole country. In view thereof, KESCL is hereby directed to prudently utilize the available energy of its system and strictly comply with the terms of the aforementioned power purchase agreement to eliminate/reduce the load shed in its territorial jurisdiction and in the whole country.

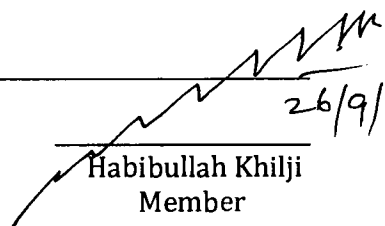
12. In order to allow KESCL variation in fuel cost of its own generation as well as power purchased from external sources for the month of May, 2013, the Authority has decided to pass on minus Ps. 70.345/kWh to the consumers of KESCL as FCA. The current month's variation is being allowed on provisional basis subject to adjustments if it is found that KESCL, while dispatching power from the generation sources of its system, has not followed the Economic Merit Order, the matter which is being dealt with KESCL separately.
13. The paisa per kWh, rounded off after not allocating its effect on the consumption of life line and agriculture consumers, to be charged by KESCL in the prospective billing month of October, 2013 works out to be minus Ps. 71 /kWh and shall be charged by KESCL according to the following schedule;

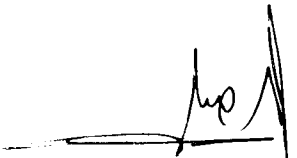
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
May, 2013	(71)	October, 2013

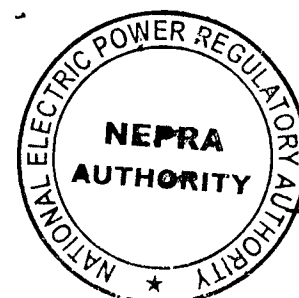
14. The adjustment as referred to in para 13 above:
- shall be applicable to all the consumer categories except lifeline and agriculture consumers of KESCL; and
 - shall be shown separately in the consumer bills of October, 2013 on the basis of units billed for the month of May, 2013.


Authority


Major (Retd.) Haroon Rashid
Member


Habibullah Khilji
Member


Khawaja Muhammad Naeem
Vice Chairman



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27.09.13

National Electric Power Regulatory Authority



NOTIFICATION

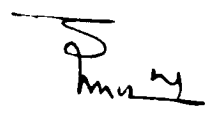
Islamabad, the 26th day of September 2013

S.R.O. **828** (I)/2013.- Pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011 and as per the mechanism for monthly fuel price adjustment prescribed and determined by the Authority vide Determination dated December 23, 2009 for Karachi Electric Supply Company Ltd. (KESCL), as notified vide SRO 11(1)/2010 dated January 01, 2010, National Electric Power Regulatory Authority (NEPRA) makes and notifies the following adjustment in the approved tariff on account of variation in fuel charge for the month of April, 2013 in respect of KESCL.

Fuel Charges Adjustment to be Calculated on the basis of billing for the Month of	Fuel Charges Adjustment (Ps/kWh)	Be Charged in Consumer Bills to be Issued for the Month of
April 2013	(26)	October 2013

2. The above adjustment of **minus** Ps.26.00 kWh shall be applicable to all the consumer categories except lifeline and agriculture consumers of KESCL. The said adjustment shall be shown separately in the consumer bills of October, 2013 on the basis of units billed for the month of April, 2013.

[Case No. NEPRA TRF-133 KESCL-2009(6)]


(Syed Safer Hussain)
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Islamic Republic of Pakistan

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No. NEPRA/TRF-133/KESC-2009/11654

September 26, 2013

The Manager
Printing Corporation of Pakistan Press (PCPP)
Khayaban-e-Suharwardi,
Islamabad

Subject: Publication of Notification of Fuel Charges Adjustment

Pursuant to amendment in Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (NEPRA Act) through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011 (Act No. XVIII of 2011), the National Electric Power Regulatory Authority has been mandated to make the adjustments in the approved tariff on account of any variation in the fuel charges and notify the same in the official Gazette.

2. In exercise of power conferred by second proviso of sub-section 4 of Section 31 of NEPRA Act, the Authority has made adjustments in the approved tariff of Karachi Electric Supply Company Ltd. and the same will be notified in the official Gazette.

3. Enclosed please find herewith one (01) notification, regarding fuel charges adjustment for the month of April 2013 in the approved tariff of Karachi Electric Supply Company Ltd. for immediate publication in the official Gazette of Pakistan.

4. Thirty five (35) copies of Notification may please be furnished to this office after publication.

Encl: (01 Notification & CD)

(Syed Safer Hussain)

National Electric Power Regulatory Authority



NOTIFICATION


Islamabad, the 26th day of September 2013

S.R.O. *828* (I)/2013.- Pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011 and as per the mechanism for monthly fuel price adjustment prescribed and determined by the Authority vide Determination dated December 23, 2009 for Karachi Electric Supply Company Ltd. (KESCL), as notified vide SRO 11(1)/2010 dated January 01, 2010, National Electric Power Regulatory Authority (NEPRA) makes and notifies the following adjustment in the approved tariff on account of variation in fuel charge for the month of April, 2013 in respect of KESCL.

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2. The above adjustment of **minus** Ps.26.00/kWh shall be applicable to all the consumer categories except lifeline and agriculture consumers of KESCL. The said adjustment shall be shown separately in the consumer bills of October, 2013 on the basis of units billed for the month of April, 2013.

[Case No. NEPRA TRF-133-KESCL-2009(6)]


(Syed Safer Hussain)
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