



Registrar

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No. NEPRA/TRF-133/KESC-2009/3173-3176
March 31, 2014

Subject:- **Decision of the Authority in the matter of Karachi Electric Supply Company Limited (KESCL) Quarterly Adjustment in Tariff for the Quarter Ended September 2013 and Rationalization of Schedule of Tariff of Residential Consumers of KESCL [Case No. NEPRA/TRF-133/KESCL-2009(6)]**

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with revised schedule of electricity tariff, Annexure-I (15 pages) in respect of Karachi Electric Supply Company Ltd. in Case No. NEPRA/TRF-133/KESC-2009(6).

2. The Decision is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

3. Please note that revised schedule of tariff attached to the Decision as Annex-I is required to be notified in the official Gazette.

Enclosure: As above


(Syed Safer Hussain)

Secretary,
Ministry of Water & Power,
'A' Block, Pak Secretariat,
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Secretary, Privatization Commission, EAC Building, Islamabad.



**DECISION OF THE AUTHORITY IN THE MATTER OF KARACHI ELECTRIC SUPPLY COMPANY LIMITED
QUARTERLY ADJUSTMENT IN TARIFF FOR THE QUARTER ENDED SEPTEMBER, 2013 AND
RATIONALIZATION OF SCHEDULE OF TARIFF OF RESIDENTIAL CONSUMERS OF KARACHI ELECTRIC
SUPPLY COMPANY LIMITED**

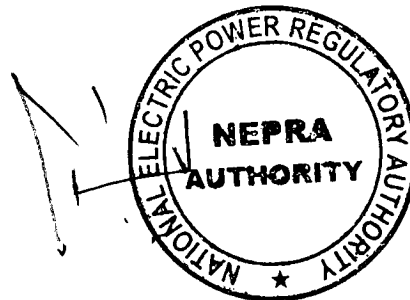
A. QUARTERLY ADJUSTMENT IN TARIFF

BACKGROUND

1. Pursuant to section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 and in accordance with the determination of the Authority in case No. NEPRA/TRF-133/KESC-2009(6) notified vide S.R.O. No. 11(I)/2010 dated January 01, 2010, Karachi Electric Supply Company Limited (hereinafter referred to as the "KESCL") has been allowed certain adjustments in its tariff on quarterly basis. The adjustments allowed in the KESCL's tariff on quarterly basis include the following:
 - Impact of variation in the fixed component of power purchase cost and variable operation and maintenance costs (hereinafter referred to as the "O&M costs") of power purchased by KESCL from the external sources.
 - The impact of transmission and distribution losses (hereinafter referred to as the "T & D losses") not recovered in the monthly fuel charges adjustment.
2. In addition to the aforesaid adjustments in tariff, for allowing KESCL recovery of its revenue in future on the latest price level, the tariff level is required to be adjusted to the price level of last month of the quarter i.e. in the current case, the price level of September, 2013.

CURRENT REQUEST

3. KESCL in accordance with the prescribed mechanism for adjustment of fuel cost and power purchase cost variation submitted quarterly adjustment request for the quarter July-September, 2013 (hereinafter referred to as the "current quarter") vide its letter No. RA&SP/NEPRA/071/1120 dated October 28, 2013. The summary of the adjustment as requested by KESCL is tabulated below;



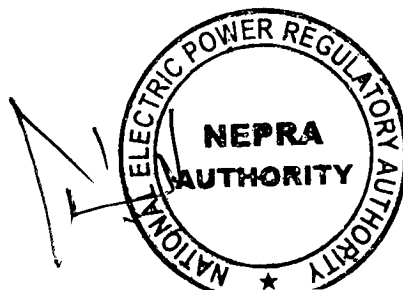


KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL

Sr. no.	DESCRIPTION	Requested Adjustment
1	Fuel Price Variation of September, 2013 over June, 2013 (Ps/kWh)	26.625
	Power Purchase Price Variation of September, 2013 over June, 2013 (Ps/kWh)	31.846
	Total Variation in Tariff (Ps/kWh)	58.471
	Un Recovered Cost	
	Variation in O&M cost of IPPs and Other External Sources (Mill Rs)	85.521
	Variation in Capacity Charges of IPPs and Other External Sources (Mill Rs)	23.534
	Un-recovered cost of fuel in FCAs due to non-adjustment of T&D losses (Mill Rs)	31.947
	Total Unrecovered Cost (Mill Rs.)	141.002
	Estimated Units to be Sold at 17% T&D losses October-December, 2013 (GWh)	2,794.091
2	Required Adjustments (Ps/kWh)	5.046
3	Reversal of Unrecovered Cost of Previous Quarter (Ps/kWh)	18.078
	Total Required Adjustment in KESCL's Tariff (Ps/kWh) (1+2+3)	81.595

PUBLIC HEARING

4. Since the impact of tariff adjustment, if any, affects the consumers, therefore, in order to meet the ends of natural justice, the Authority considered it just and appropriate to provide an opportunity of hearing/filing of objections/comments to all the stakeholders. Accordingly, a public hearing for consideration of the requested adjustment was scheduled by the Authority on November 18, 2013 at Marriott Hotel, Karachi; notice thereof was published in the daily newspapers dated November 05, 2013 and separate notices were also sent to the major stakeholders on November 06, 2013 inviting thereby comments/objections from the concerned stakeholders to make the process of hearing meaningful and to reach at an informed and just decision. The comments, related to subject matter of hearing, as submitted by different commentators are given hereunder;
5. Mr. Qazi Ahmed Kamal representing Karachi Chambers of Commerce and Industry submitted that Section 31 Clause 3 (b) of the NEPRA Act provides *opportunity for customers and other interested parties to participate meaningfully in the tariff approval process*. In light of that, the Authority in the notice advertised in the daily newspapers states that "In view of the interest of the matter, the general public is invited to attend the hearings and present its views in the case so as to assist the authority in arriving at informed decisions." Mr. Qazi submitted that this statement gives right to the consumers/commentators to state their comments or grievances under the law as long as they are meaningful and the Authority should hear them as per the most basic objective of conducting public hearing, however, the approach of the Authority has been different as consumers participation is usually cut short on account of shortage of time at Authority's end. The same point was also raised by another commentator named Mr. Aneel Mumtaz s/o Mumtaz Ali Khan who submitted that he was not allowed to submit his comments by the Authority during the hearing. The Authority noted that all the commentators are entitled to provide their comments on the issue in



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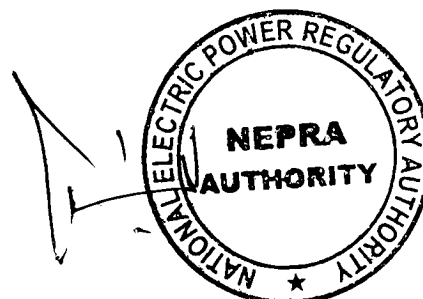


*KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL*

hand to assist the Authority in arriving at an informed decision. The Authority has however observed that the comments raised by the commentators at times are not related to the issue for which hearing is being held by the Authority. The provisions of the NEPRA law cannot be interpreted to mean that all the consumers appearing as commentators in the hearing are at liberty to raise and discuss any issue not related to the subject matter of the hearing. The Authority is fully entitled to cut short the time and direct consumers/commentators to focus his arguments on the subject matter of hearing only.

6. Mr. Qazi Ahmed Kamal further submitted that in the Authority's determination of 2009, KESCL was allowed an additional 15 paisa per kWh in its O&M cost based on the rationale and plea of licensee that it is bearing the additional burden of unwanted 7600 employees as the same was not accounted for in the Authority's initial multi-year tariff determination dated September 10, 2002. He requested the Authority to review the allowed amount in KESCL's tariff adjustments since the licensee has terminated the services of around 4000 employees in the year 2011 under Voluntary Separation Scheme. In this regard, the Authority noted that details regarding number of employees retrenched and the amount of savings or vice versa in Operation & Maintenance cost have been submitted by KESCL which is being further analyzed by the Authority.
7. Mr. Qazi Ahmed Kamal submitted that NEPRA in its determination decided that "while approving monthly adjustments in tariff, the Authority shall ensure that KESCL has dispatched the units in the Economic Merit Order". In this regard, the Authority noted that it has already been cognizant of this issue and the proceedings in this regard have been initiated by issuing explanations under NEPRA (Fines) Rules, 2002 which are currently under process.
8. Mr. Qazi Ahmed Kamal submitted that KESCL is compelling the consumers to sign affidavits to restore power where it has been disconnected. Further, KESCL is involved in Average billing, Over billing, Theft /Pilferage, Voltage Fluctuation etc. With respect to the point of undertaking sought by KESCL and other general issues as raised by the commentator, the Authority suggested that the consumers can file complaints regarding this issue and of other issues with NEPRA in the prescribed manner.
9. Mr. Aneel Mumtaz inquired that why is KESCL operating its power plants namely Korangi Gas-II, S.I.T.E Gas-II and Korangi Combined Cycle on single cycle mode. He stated that if these plants are operated on combined cycle mode then per unit cost and ultimately the tariff would be on the quite lower side. KESCL representative informed the Authority that they are in the process of converting the said power stations into combined cycle mode, however, it is a time consuming job. The Authority in this regard directed the utility to expedite the conversion process.

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*KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL*

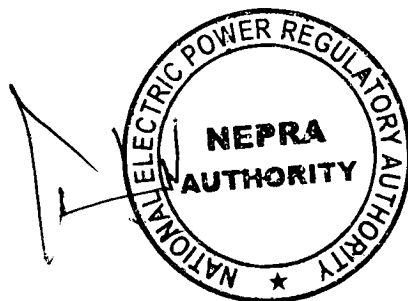
10. Mr. Aneel Mumtaz asked that why there is a difference between KESCL's submitted furnace oil rate and the rate worked out by NEPRA. In this regard, the Authority noted that KESCL in its request worked out the furnace oil rate while taking the prices of furnace oil consumed on moving average method whereas the Authority has consistently been using monthly weighted average method to calculate the same. The Authority vide its monthly fuel charges adjustment decisions has already directed KESCL to work out the rate of furnace oil on monthly weighted average basis to avoid any inconsistency.
11. Mr. Aneel Mumtaz inquired that why the cost of gas based power generation at KESCL's owned generation sources has not changed while the prices of furnace oil change so rapidly. In this regard, the Authority noted that the cost of gas based power generation is linked with the prices of gas which last time changed in the month of January, 2013 to Rs. 515.230/MMBTUs from Rs. 487/MMBTU in the month of December, 2012, however, the prices of furnace oil are changed on fortnightly basis as determined by the relevant Authority.
12. Mr. Aneel Mumtaz furthermore submitted that there are three gas turbines in the Bin Qasim Combined Cycle Power Station, however, from the summary of gas supply as submitted by KESCL with its monthly fuel charges adjustment request, it appears that gas is being supplied to five units. KESCL clarified that there are three gas turbines in the said power station but five gas meters are installed from which gas is being supplied.

ANALYSIS

13. The generation data and rates, as submitted by KESCL (both from self generation and power purchased from external sources) were scrutinized with respective invoices and other underlying documents. KESCL's request for the current quarter has been discussed, in detail, under the following headings:
- a) Changing the reference tariff from June, 2013 to September, 2013
 - b) Under-recovered costs for the Current Quarter
 - c) Reversal of tariff adjustment pertaining to the previous quarter i.e. Apr-Jun, 2013 which was applicable for the current quarter only

a) **Changing the reference tariff from June, 2013 to September, 2013**

14. KESCL's last adjusted tariff is based on the fuel prices (both own generation and power purchase), O&M costs and capacity charges of June, 2013. For allowing KESCL recovery of its tariff in future on the latest price level, it is required that KESCL's tariff be adjusted to the price level of September, 2013. Changing the tariff level requires allowing variations in the fuel cost of KESCL's own generation as well as in the KESCL's power purchase cost (fuel cost, O&M costs and Capacity Charges) of September, 2013 over the reference month of June, 2013. KESCL has requested for allowing following adjustments in its tariff on this account:



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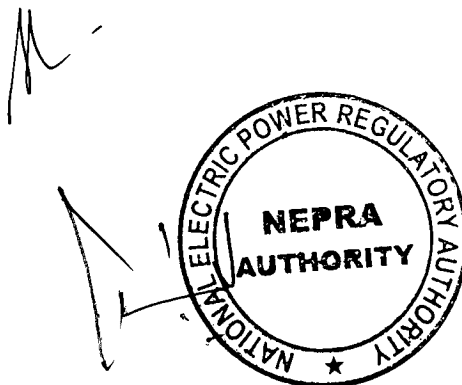
*KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL*

Description	As Requested
Fuel cost variation of September, 2013 over June, 2013 (Mill Rs.)	308.749
Power purchase cost variation of September, 2013 over June, 2013 (Mill. Rs.)	369.287
Total Variation (Mill Rs.)	678.036
Units sold at 17% T&D losses for September, 2013 (GWh)	1,159.617
Required adjustment in tariff (Ps/kWh)	58.471

15. According to KESCL, the main reason of variation as claimed by it is the increase in Furnace oil price (hereinafter referred to as "F.O"). The weighted average rate of F.O for the month of September, 2013 as submitted by KESCL, comes out to be Rs. 70,092/MTon as compared to Rs. 64,769/MTon in the reference month of June, 2013.
16. With respect to the power purchase cost, KESCL has submitted that the overall power purchase cost of the energy purchased from external sources of KESCL, i.e. fuel cost, O&M cost and capacity charges, has increased from Rs. 9.864/ kWh for the month of June, 2013 to Rs. 10.462/ kWh for the month of September, 2013 i.e. an increase of Rs. 0.598/KWh. Besides others, the major reason of this increase is the increase in the cost (fuel cost + fixed cost) of the electricity purchased from National Transmission and Dispatch Company (hereinafter referred to as "NTDC"). The cost of energy purchased from NTDC for the month of June, 2013, as per the submission of KESCL, comes out to be Rs. 8.424/kWh against Rs. 7.934/kWh in the reference month.
17. A comparative analysis of the adjustment in KESCL tariff required for bringing it to the tariff level of September, 2013 as requested and as approved by the Authority in light of the detailed analysis is tabulated below;

Description	As Requested	Approved
Fuel cost variation of September, 2013 over June, 2013 (Mill Rs.)	308.749	309.262
Power purchase cost variation of September, 2013 over June, 2013 (Mill. Rs.)	369.287	288.705
Total Variation (Mill Rs.)	678.036	597.967
Units sold at 17% T&D losses for September, 2013 (GWh)	1,159.617	1,159.616
Required adjustment in tariff (Ps/kWh)	58.471	51.566

18. The difference between the claimed and approved 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. The Authority has consistently been using monthly weighted average method for working out the furnace oil rate and has used the same for calculation of fuel charges variations.





KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL

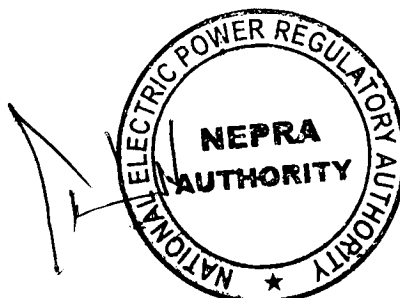
19. The difference between requested and worked out power purchase cost variation is mainly due to the reason that KESCL in its request used invoiced energy transfer rate of NTDC, i.e Rs. 6.748/kWh for the month of September, 2013 whereas the Authority's approved NTDC rate is Rs. 6.572/kWh which has been used in the aforementioned calculations.

b) **Over/Under Recovered costs for the current quarter**

20. KESCL has requested for allowing adjustments of the following under-recovered costs:

Description	Requested by KESCL
Variation in O&M cost of IPPs and Other External Sources (Mill Rs.)	85.521
Variation in Capacity charges of IPPs and Other External Sources (Mill Rs.)	23.534
Un-recovered cost of fuel in FCAs due to non-adjustment of T&D losses (Mill Rs.)	31.947
Total Over-recovered Cost (Mill Rs.)	141.002
Estimated Units to be Sold July-September, 2013 (GWh)	2,794.091
Required Adjustments (Ps/kWh)	5.046

21. Variations in O&M Costs: The variations in O&M costs are worked out by comparing the monthly weighted average O&M costs of all external power sources. This method yields results representing the change both in prices and energy mix on month to month basis. As tabulated above, KESCL has claimed roughly Rs. 86 million variations on this account. The main reason of claimed variation is the increase in the charges against the energy purchased from NTDC by KESCL in the months of August and September, 2013.
22. Variations in Capacity Charges: Similar to the mechanism of O&M costs, the variation in Capacity Charges is worked out by comparing the monthly weighted average cost of all the power stations KESCL procures power from, which represents change in both prices and energy. As shown above, KESCL has claimed around Rupees 24 million variations under this head. The reason of the claimed variation is the increase in the Capacity Charges of the two IPPs (Tapal and Gul Ahmed) during the current quarter as compared to the reference month.
23. Un-recovered fuel cost due to non-adjustment of T&D losses in monthly FCA: The variation in the cost of fuel (own + power purchases) that was not allowed to KESCL to be passed on in the monthly FCAs to the extent of targeted T&D losses is required to be taken care of on quarterly basis. KESCL under this head has claimed about Rs. 32 million.
24. A comparative analysis of the adjustment required in KESCL tariff for the un-recovered cost of the current quarter, as per request submitted by KESCL and calculation made after detailed analysis is tabulated below:

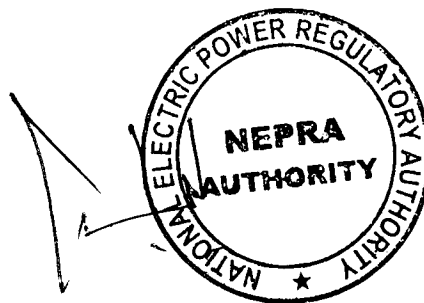




KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL

Description	Requested by KESCL	Approved
Variation in O&M Cost of IPPs and Other External Sources (Mill Rs.)	85.521	84.627
Variation in Capacity Charges of IPPs and Other External Sources (Mill Rs.)	23.534	23.536
Un-recovered Cost of fuel in FCAs due to non-adjustment of T&D losses (Mill Rs.)	31.947	(16.488)
Total Over-recovered Cost (Mill Rs.)	141.002	91.674
Est. units to be sold @17% T&D losses in next quarter (Oct-Dec'13) GWh	2,794.091	3,632.929
Required Adjustment in KESCL's tariff (Ps/kWh)	5.046	2.523

25. The difference in the requested and approved variation in O&M cost of IPPs is due to an error on part of KESCL while recording the fixed cost of energy purchased from International Industries Limited in each month of the current quarter.
26. The difference in the requested and worked out variation in un-recovered fuel cost due to non-adjustment of T&D losses is mainly due to the reason that KESCL while claiming variation on this account used energy transfer rate as invoiced by NTDC in each month of the quarter. On the basis of Authority's approved energy transfer rate of NTDC, the aforementioned variations are worked out.
27. Further, KESCL in its request estimated that 2,794.091 GWh units will be sold @ 17% T&D losses in the next quarter (October-December, 2013), however as KESCL's monthly FCA requests for the quarter of October-December, 2013 have been received, therefore, actual units sold out figure @ 17% T&D losses for the quarter October-December, 2013, i.e. 3,632.929 GWh has been used to calculate the unrecovered cost in Ps/kWh.
28. The variation in tariff allowed by the Authority under this head, will be applicable for the next quarter only i.e. October-December, 2013 and will cease automatically at the end of that quarter.
- c) **Reversal of tariff adjustment which was applicable for the current quarter only**
29. The Authority in its previous quarterly adjustment pertaining to April-June, 2013 allowed Ps. 15.747/kWh decrease in KESCL's tariff for adjustment of over-recovered amount of Rs 564.413 million by KESCL. As per the direction in the same decision, this decrease of Ps. 15.747/kWh is required to be adjusted back in the KESCL's current quarterly adjustment in order to nullify its impact in the schedule of tariff. KESCL in its request claimed that Ps. 18.078/kWh be adjusted on this account as the decision for the quarter April-June, 2013 had not been issued by the Authority till the date of filing of request for the current quarter by KESCL.





Overall Adjustment in Tariff

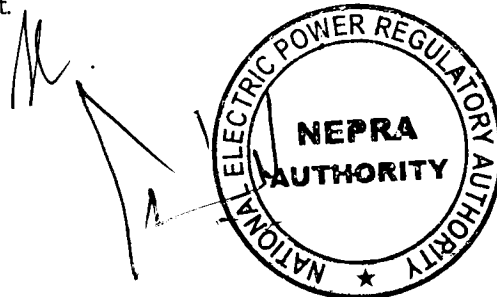
30. The overall cumulative variation in the KESCL's tariff after making the quarterly adjustment as discussed in the preceding paragraphs works out to be Ps. 69.837/kWh against the claimed figure of Ps. 81.595/kWh as detailed below:

	<u>Paisas per kWh</u>
• Changing the reference tariff from June, 2013-September, 2013	51.566
• Unrecovered costs for the current quarter	2.523
• Reversal of tariff adjustment which was applicable for the current quarter only	15.747
Total	<hr/> <u>69.837</u> <hr/>

31. In order to allow adjustment in KESCL's tariff for the aforesaid cost variation for the current quarter, KESCL is allowed a uniform increase in consumer-end tariff for all consumer categories by paisa 70 per kWh except for the life-line consumers.

B. RATIONALIZATION OF SCHEDULE OF TARIFF OF RESIDENTIAL CONSUMERS OF KARACHI ELECTRIC SUPPLY COMPANY LIMITED

32. The Authority noted that there was an inconsistency in the NEPRA's determined SoT for the residential consumers of Discos and KESCL as the former's SoT has been developed on the basis of one-slab benefit whereas the SoT of KESCL in its multi-year tariff determination dated December 23, 2009 was developed on the basis of all previous slab benefits.
33. As a matter of its policy and practice, Government of Pakistan (hereinafter referred to as "GoP") used to apply uniform tariff all across the country by charging the tariff of the most efficient Distribution Company (hereinafter referred to as "DISCO") that is the one having the minimum rates. The different rates for different DISCOs including KESCL as determined by NEPRA were being notified by GoP as Schedule-I and the applicable uniform rates were notified as Schedule-II.
34. The difference of electricity rates between the two Schedules was used to be picked up by the GoP in the form of tariff differential subsidy (hereinafter referred to as "TDS") which was paid to the respective DISCO by the GoP directly. Further, the GoP's Schedule-II was being developed and charged from the consumers all across the country on the basis of all previous slabs benefit.

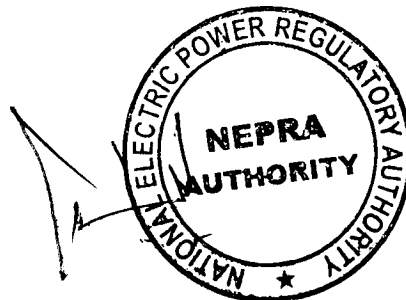




*KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL*

35. On September 30, 2013, GoP revised the Schedule-II by changing the amount of subsidy for certain consumer categories. As a result, the rates of electricity for those categories of consumers in previous Schedule-II, notified on 5th August, 2013, were increased. However, during the hearings of HRC cases bearing No. 14392/2013 and 709/2009 pertaining to "load shedding" and "increase in electricity rates" before the Honorable Supreme Court of Pakistan, the Attorney General of Pakistan conceded before the Honorable court that any notification by the GoP under Section 31(4) could only be made upon the intimation of NEPRA. As the notification dated September 30, 2013 was not recommended by NEPRA, therefore, the Attorney General agreed before the Honorable Court that the said notification will be recalled and a reconsideration request under first proviso of Section 31(4) of NEPRA Act would be made before NEPRA for amending the notification after incorporating therein the amount of subsidy proposed by the GoP.
36. As per its statement before the Honorable Supreme Court, the Federal Government withdrew the notification dated 30th September 2013 and a Re-consideration request under section 31(4) of the NEPRA Act was filed vide letter No. PI-4(18)/ 12 dated October 04, 2013 and subsequently dated October 8, 2013.
37. Since the reconsideration request did not require any modification or revision in the NEPRA determined rates of all DISCOs and the purpose was only to make the procedure for notification of the NEPRA determined/approved rates in line with the provision of NEPRA Act and Rules made there under, therefore, the Authority considered that the same merited consideration. In case of Discos, the said request was accepted and the amount of subsidy as indicated by the GoP in the Annexes-A & B attached with the reconsideration request was mentioned against the corresponding column of NEPRA's already approved SoTs of different DISCOs and the same was intimated to the GoP on October 11, 2013 for notification in the official gazette in terms of Section 31(4) of NEPRA Act.
38. As explained hereinabove, the NEPRA's determined SoT for the residential consumers of Discos has been developed on the basis of one-slab benefit whereas the rates for the residential consumers in the SoT of KESCL were developed on the basis of providing the advantage of all the previous slab rates. Thus, in order to maintain the uniformity and to add the indicated subsidy in reconsideration request of GoP in case of KESCL, it was essential to bring in line the SoT, to the extent of charging mechanism of residential consumers of KESCL with all other Discos by rationalizing the SoT of KESCL for its residential consumers on the basis of one previous slab benefit.

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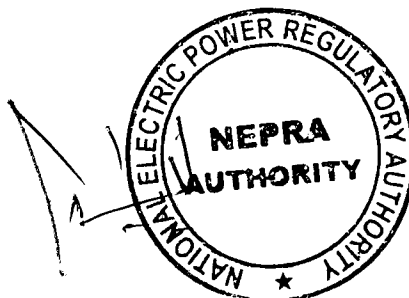
*KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL*

39. Thus, in order to bring in line the SoT of KESCL with all other Discos, the Authority, in exercise of its powers under Rule 3(1) of the NEPRA (Tariff Standards and Procedure) Rules, 1998 read with Section 7 (3)(a) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, initiated proceedings and on the basis of information of consumer mix data based on one slab benefit feature as provided by KESCL of units consumption under each category/slab of residential consumers for the financial year 2012-13, the revised residential consumers rates were developed on the basis of the latest notified tariff for the quarter January-March, 2012 which are given hereunder;

Residential Consumer	Existing SoT	Revised SoT
	Rs/kWh	Rs/kWh
Up to 50 units	2.00	2.00
For Consumption Exceeding 50 Units		
01-100 units	14.89	14.73
101-200 units	16.39	15.58
201-300 units	16.39	15.95
301-700 units	18.59	18.45
Above 700 units	20.19	20.19

40. The Authority decided to hold hearings and accordingly notices were published in the daily newspapers dated November 05, 2013 informing the general public about the proposed rates developed on the basis of the latest NEPRA's issued tariff for the quarter January-March, 2012 and inviting their comments/feedback on the proposed rates, however; due to an error, a corrigendum thereof was published in the newspapers dated November 06, 2013. The hearing of the said matter was held on November 19, 2013 at Marriott Hotel, Karachi. It was mentioned in the advertisement that the proposed rates were based on the notified tariff for the quarter January-March, 2012 and will be made applicable in the quarterly tariff adjustment decision of July-September, 2013 after making adjustments of all the pending quarterly tariff decisions.

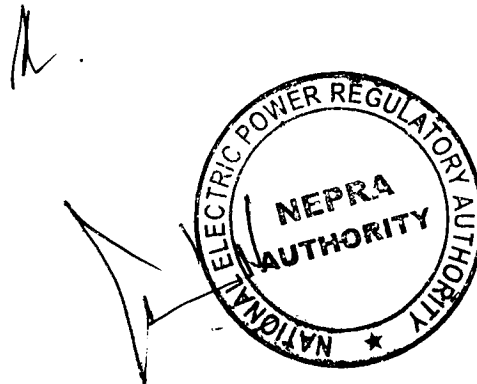
41. During the hearing, Mr. Qazi Ahmed Kamal, representing Karachi Chambers of Commerce and Industry, submitted before the Authority that vide October 04, 2013 request, the Federal Government of Pakistan requested the Regulator (NEPRA) for reconsideration of its determination of tariff of DISCOs for the financial year 2012-13 and latest applicable tariff of KESCL. In this regard, he asked the Authority why the reconsideration request is being applied to residential consumers only as the wording encompasses the tariff of DISCOs and KESCL for all consumer classes. The Authority noted that SoT for residential consumers, as determined earlier, for DISCOs is developed on the basis of one previous slab benefit for residential consumers. In case of KESCL, the rates of residential consumers were developed based on all previous slabs benefits, hence, in order to bring in line the SoT of KESCL with other DISCOs operating in Pakistan and to eradicate the charging discrimination between the consumers of DISCOs and KESCL, it was necessary to change the SoT of KESCL for residential consumers to the extent of charging terms.





KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL

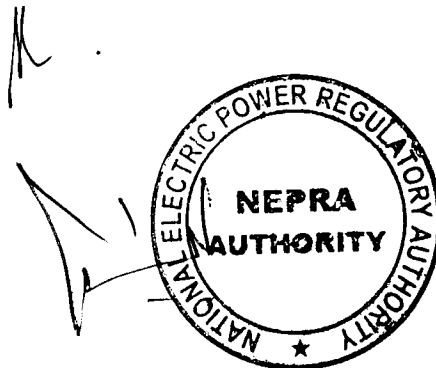
42. While quoting a press-clipping stating that NEPRA has withdrawn the feature of slab benefit, Mr. Kamal submitted that the said press clipping is saying that the rates have already been imposed and bills in the month of November, 2013 will be with this effect. So if all this is pre-determined then, ^{is that} is the purpose of conducting this hearing to fulfill the legal requirements with the submissions destined for the great rubbish bin. The Authority noted that the press-clipping as referred by the commentator was for DISCOs for which the Authority had already issued its determination on October 11, 2013 and the said determination was notified by GoP and applied. In the case of KESCL the charging terms for residential consumers had to be brought in line with those of DISCOs for the purpose of which the Authority considered that a hearing of the stakeholders is required before any decision regarding revision of SoT could be made.
43. Mr. Kamal submitted before the Authority the impact on the bills of consumers having different level of consumption, in case the proposed changes are implemented. He submitted that the bills of the consumer using 300 units will increase by 87.5%, having 300-700 units consumption will increase by 140% and above 700 units will increase by 20% and the average bill of 100-300 units consumers will increase by 210%. One of the commentators named Mr. Arif Bilwani also elaborated this point and submitted that it will be highly unjustifiable for the domestic consumers if the present system of allowing benefits of all the previous slabs is done away with and benefit of only one slab is allowed. In this regard, the Authority noted that the rates as proposed had been devised keeping in view the provision of maximum possible relief to the consumers.
44. One of the commentator submitted before the Authority that there are two anomalies in the SoT as developed by NEPRA. Firstly, there is slab of 1-50 units and a slab of 1-100 units for which there is no clarification as to what would be the charging mechanism if a user is consuming more than 50 units. Secondly, he submitted that the rate of less than 50 units consumers is Rs. 2/kWh and the rate of next slab that is 1-100 slab is Rs. 14/kWh hence such sharp hike between the two slabs should be avoided. The Authority considered the observations and decided that these two anomalies will be addressed/clarified in the final decision of the Authority.





DECISION OF THE AUTHORITY

45. In view of the reconsideration request of GoP, quarterly adjustment request by KESCL, consumer mix data provided by KESCL and comments of stakeholders, the Authority has decided as follows;
- i. KESCL is allowed a uniform increase in consumer-end tariff for all consumer categories, except for the life-line consumers, by paisa 70 per kWh as cost variation adjustment for the quarter July-September, 2013.
 - ii. The Authority has rationalized the SoT of KESCL by changing the charging mechanism of residential consumers from all slab benefit feature to one-slab benefit. The rates have been developed based on actual consumer mix data for the year 2012-13, as provided by KESCL.
 - iii. A new slab has been added in the previous SoT of KESCL by dividing 101-300 into two slabs, i.e. slab of 101-200 and 201-300.
 - iv. As mentioned in the advertisement that the proposed rates were based on the notified tariff for the quarter January-March, 2012 and will be made applicable in the quarterly tariff adjustment decision of July-September, 2013 after making adjustments of all the pending quarterly tariff decisions. Accordingly, the SoT attached herewith indicates the rates developed on the basis of January-March, 2012 approved tariff after making adjustments therein of all the subsequently quarterly variations, including current quarter's variations, as allowed by the Authority as well as after deducting there from the impact of inadvertent error occurred while approving the SoT for the period July'09 to Mar'10.
 - v. Under one slab benefit feature, the consumers will be charged only two rates that is the rate of the current slab (the slab any consumer is falling under) and the rate of the slab immediately preceding the current slab. For example, if a consumer in any particular month consumed 250 units then 50 units will be charged under the slab of 201-300 and the 200 units will be charged under the slab of 101-200. Similarly, if a consumer in any month consumed electricity between 301 and 700 units then initial 300 units will be charged under the slab of 201-300 and the remaining units will be charged under the slab of 301-700 units. In case of above 700 units consumption of a consumer in any month, 700 units will be charged under the slab of 301-700 units and the remaining consumption will be charged under the slab of above 700 units.



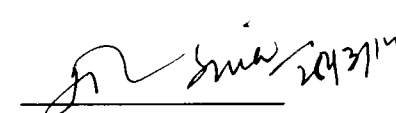


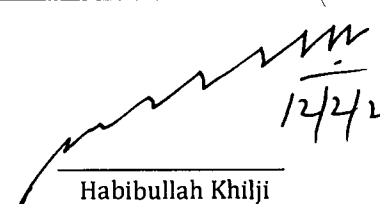
**KESCL Tariff Adjustment for the Quarter July-September, 2013
& Rationalization of Schedule of Tariff of Residential Consumers of
KESCL**

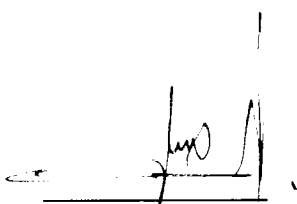
- vi. The rate of less than 50 units consumers (life line consumers) has been increased from Rs. 2/kWh, as proposed in the advertisement, to Rs. 4/kWh. In addition, a note has been added in the SoT clarifying which consumers will be charged life line rates.
- vii. The revised schedule of tariff to be applicable from January 01, 2014 onwards is attached herewith as **Annexure-I**. Since the time of recovery as specified above has lapsed, therefore, KESCL is hereby allowed to adjust the bills of pertinent consumers as per the following schedule;

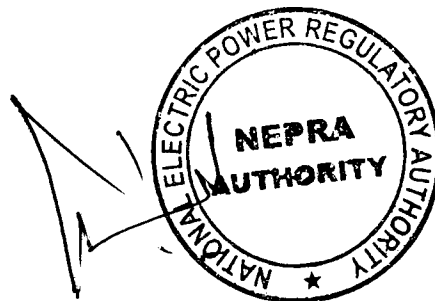
Adjustment for the Month of	To be Charged in the Monthly Bills of
January, 2014	May, 2014
February, 2014	June, 2014
March, 2014	July, 2014

Authority


Major (Retd.) Haroon Rashid
Member


Habibullah Khilji
Member


Khawaja Muhammad Naeem
Vice Chairman



**REVISED SCHEDULE OF ELECTRICITY TARIFF FOR KARACHI ELECTRIC SUPPLY COMPANY LIMITED (KESCL) DETERMINED FOR THE QUARTER
JULY 13 TO SEPTEMBER 13**

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	DETERMINED TARIFF		GOVERNMENT SUBSIDY	
		FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs./kWh
a)	For Sanctioned load less than 5 kW				
i	Up to 50 Units	-	4.00	-	-
	For Consumption exceeding 50 Units				
ii	1- 100 Units	-	14.20	-	9.10
iii	101- 200 Units	-	15.60	-	8.28
iv	201- 300 Units	-	16.10	-	2.39
v	301- 700 Units	-	18.21	-	2.59
vi	Above 700 Units	-	20.48	-	2.19
b)	For Sanctioned load 5 kW & above				
			Peak		Peak
	Time Of Use	-	21.48	-	3.19
			Off-Peak		Off-Peak
			15.48		2.69

As per the Authority's decision, residential consumers will be given the benefit of only one previous slab.

Consumption exceeding 50 units but not exceeding 100 units will be charged under the 1-100 slab.

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:

Rs. 75/- per consumer per month

b) Three Phase Connections:

Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	DETERMINED TARIFF		GOVERNMENT SUBSIDY	
		FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs./kWh
a)	For Sanctioned load less than 5 kW		20.98		2.69
b)	For Sanctioned load 5 kW & above	400.00	18.18	-	1.89
			Peak		Peak
	Time Of Use	400.00	22.48	-	4.19
			Off-Peak		Off-Peak
			16.98		4.19

Under tariff A-2, 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

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	DETERMINED TARIFF		GOVERNMENT SUBSIDY	
		FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs./kWh
B1	Less than 5 kW (at 400/230 Volts)	-	17.48	-	1.88
B2(a)	5-500 kW (at 400 Volts)	400.00	16.08	-	0.98
B3(a)	For all loads upto 5000 KW (at 11,33 kV)	380.00	15.68		-
B4(a)	For all loads upto 5000 KW (at 66,132 kV)	360.00	15.28		-
	Time Of Use		Peak		Peak
B2(b)	5-500 kW (at 400 Volts)	400.00	21.48	-	2.38
B3(b)	For All Loads up to 5000 kW (at 11,33 kV)	380.00	20.98	-	1.88
B4(b)	For All Loads (at 66,132 kV & above)	360.00	20.48	-	1.38
B5	For All Loads (at 220 kV & above)	340.00	19.98	-	3.48
			Off-Peak		Off-Peak
			15.23		1.83
			14.73		1.43
			14.48		1.28
			14.23		1.11

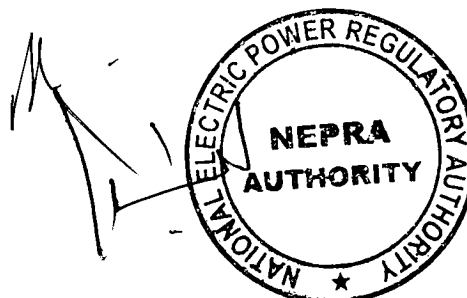
For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.

For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.

For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.

For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

For B5 consumers there shall be a fixed minimum charge of Rs. 1000,000 per month.



C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER

CONSUMER CLASS

Sr. No.	TARIFF CATEGORY / PARTICULARS	DETERMINED TARIFF		GOVERNMENT SUBSIDY	
		FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs./kWh
C-1	For supply at 400/230 Volts				
a)	Sanctioned load less than 5 kW	-	17.48	-	2.19
b)	Sanctioned load 5 kW & up to 500 kW	400.00	16.63	-	1.84
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00	16.63	-	2.04
C-3(a)	For supply at 132 and above, up to and including 5000 kW	360.00	16.48	-	1.99
	Time Of Use		Peak Off-Peak		Peak Off-Peak
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	21.48 15.48	-	3.19 2.69
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	20.98 14.68	-	2.69 2.09
C-3(b)	For supply at 132 kV up to and including 5000 kW	360.00	20.48 14.48	-	2.19 1.99

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	DETERMINED TARIFF		GOVERNMENT SUBSIDY	
		FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs./kWh
D-1	For all Loads	200.00	17.08	200.00	5.58
	Time of Use		Peak Off-Peak		Peak Off-Peak
D-2	For all Loads	200.00	23.08 15.08	200.00	11.70 3.70

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

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	DETERMINED TARIFF		GOVERNMENT SUBSIDY	
		FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs./kWh
E-1(i)	Residential Supply	-	20.88	-	-
E-1(ii)	Commercial Supply	-	23.78	-	-
E-2 (i)	Industrial Supply	-	20.48	-	-
E-2 (ii)	Bulk Supply				
	(a) at 400 Volts	-	20.88	-	-
	(b) at 11 kV	-	20.48	-	-

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	DETERMINED TARIFF		GOVERNMENT SUBSIDY	
		FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs./kWh
	Street Lighting	-	20.48	-	4.54

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	DETERMINED TARIFF		GOVERNMENT SUBSIDY	
		FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs./kWh
	Residential Colonies attached to industrial premises		18.48	-	2.48

15

