



National Electric Power Regulatory Authority Islamic Republic of Pakistan

Registrar

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600025
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-133/KESC-2009/16307-13

December 5, 2016

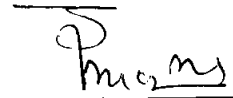
Chief Executive Officer
K-Electric Limited (KEL)
KE House, Punjab Chowrangi,
39 – B, Sunset Boulevard, Phase-II
Defence Housing Authority,
Karachi.

Subject: **Decision of the Authority in the matter of Fuel Charges Adjustment for the Month of October 2016 for K-Electric Limited and Notification (S.R.O. 1139(I)/2016 dated 02.12.2016) Thereof**

Enclosed please find herewith a copy of decision of the Authority (04 pages) in the matter of fuel charges for the month of October 2016 in respect of K-Electric Limited (formerly Karachi Electric Supply Company Ltd.), along with Notification (S.R.O. 1139(I)/2016 dated 02.12.2016) thereof. This is for information and further necessary action.

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

Enclosure: As above (Decision along Notification is also available on NEPRA's website)


05.12.16

(Syed Safer 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.

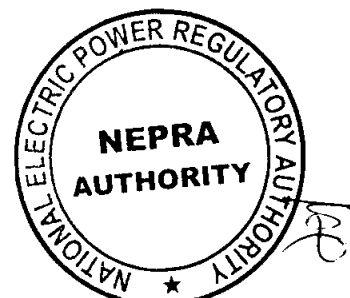


**DECISION OF THE AUTHORITY IN THE MATTER OF PROVISIONAL FUEL CHARGES
ADJUSTMENT FOR THE MONTH OF OCTOBER, 2016 FOR K-ELECTRIC LIMITED.**

1. Pursuant to the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "Act") and as per the mechanism for monthly Fuel Charges Adjustment (hereinafter referred to as "FCA") prescribed by National Electric Power Regulatory Authority (hereinafter referred to as the "Authority") for K-Electric Limited (hereinafter referred to as the "K-Electric"), in case No. NEPRA/TRF-133/KESCL-2009(6) dated December 23, 2009, notified in the official Gazette vide S.R.O No. 11(I)/2010 dated January 01, 2010, the Authority reviews and adjusts the approved tariff of K-Electric on account of variation in the fuel charges on monthly basis. These adjustments are allowed in the fuel cost component of K-Electric's own generation as well as its power purchases from external sources without taking into account the effect of allowed Transmission and Distribution losses (hereinafter referred to as "T&D losses").
2. K-Electric submitted its provisional FCA request for the month of October, 2016 (hereinafter referred to as the "current month") vide letter dated November 18, 2016. The summary of the adjustment request submitted by K-Electric is tabulated as hereunder:

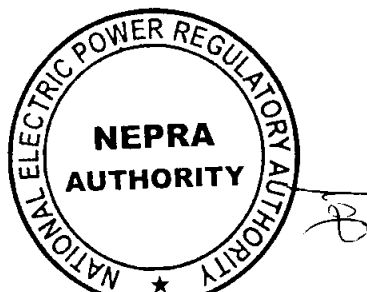
Tariff Adjustments - Summary	October-16
Variation in Fuel Charges	Requested
Own Generation (Million Rs.)	196.786
External/PPP (Million Rs.)	526.420
Total (Millions Rs.)	723.206
Total Units Sent Out (GWh)	1,510.943
Total Variation Ps/kWh	47.864

3. K-Electric, in its aforementioned FCA request, certified that cost of fuel, in own generation and power purchase, claimed by it does not include any amount of late payment surcharge/mark-up/interest. Further, K-Electric also submitted that it dispatches power as per Economic Merit Order (hereinafter referred to as "EMO") from its own generation units (with the available fuel resources) and import from external sources.





4. The control period of the determination dated December 23, 2009 has expired in June, 2016 and the petition for new Multi Year Tariff ("MYT") has been filed by K-Electric which is under proceedings before the Authority. K-Electric has stated that the submissions made in its subject FCA request are provisional and in case of any adjustments, revised petition will be filed accordingly. The Authority has considered the submissions of K-Electric and decided to initiate the FCA proceedings to ensure K-Electric the recovery of its legitimate costs in a timely manner. However, the allowed adjustments shall be provisional, subject to adjustment based on new tariff and corresponding mechanism to be determined through new MYT petition of K-Electric.
5. Since the impact of FCA, if any, directly affects the consumers of K-Electric, therefore, the Authority decided to provide an opportunity of hearing, to arrive at an informed and just decision, based on the comments/ views/ opinion of all the stakeholders. The hearing on the subject matter was held on November 29, 2016 (Tuesday) at NEPRA Tower, Islamabad. Public notice thereof was published on November 23, 2016 in two newspapers with nationwide circulation and individual notices were also sent to the major stakeholder.
6. During the hearing, K-Electric submitted that in own generation, the claimed variation is due to the increase in per unit weighted average fuel cost of generation in Bin Qasim Power Station ("BQPS-I") from Rs. 7.498/ kWh in reference month of September, 2016 to Rs. 8.069/ kWh in October, 2016. The aforementioned increase has occurred due to increase in weighted average price of furnace oil from Rs. 30,209 metric ton in September, 2016 to Rs. 32,212 / metric ton in October, 2016.
7. In the fuel component of power purchase cost, major reason of the claimed variation is the increase in fuel cost of power purchase from 4.458/kWh in the reference month of September, 2016 to Rs. 5.335 /kWh in October, 2016 due to increase in fuel costs of all the external sources.
8. The information (both of self-generation and power purchased from external sources) submitted by K-Electric vide FCA request for the current month was verified with respective invoices and



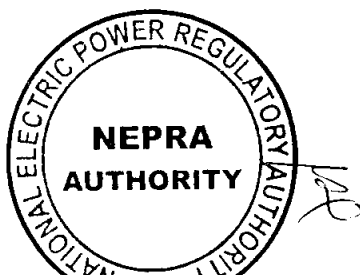


other relevant documents. Few deviations were noticed which are explained at para 10 & 11 below.

9. The fuel cost variation of K-Electric's own power generation and power purchases from external sources for the month of October, 2016 works out to be Rs. 706.242 million or Ps. 46.742/ kWh, as per the details tabulated hereunder:

Tariff Adjustment – Summary Variation in Fuel Charges	October-16 Requested	October-16 Allowed
Own Generation (Million Rs.)	196.786	185.949
External/PPP (Million Rs.)	526.420	520.293
Total (Million Rs.)	723.206	706.242
Total Units Sent Out (GWh)	1,510.943	1,510.941
Total Variation Ps/kWh	47.864	46.742

10. The difference between the requested and approved variation in fuel cost of own generation is due to inconsistency in the working of furnace oil rate (Rs./metric ton) by K-Electric. The Authority consistently uses monthly weighted average method to work out the rate of furnace oil consumed in BQPS-I and the same has been used in calculation of fuel charges variations of the current month.
11. The difference between the requested and approved variation in power purchase cost from external sources is due to the reason that K-Electric in its request has used a provisional fuel cost component of CPPA-G whereas the Authority has taken into account the approved fuel cost component of CPPA-G, approved fuel cost component for Ex WAPDA Distribution Companies ("XWDISCOs").
12. In view of the discussion in preceding paragraphs, the Authority has decided to pass on Ps. 47 /kWh to the consumers of K-Electric as FCA for the month of October, 2016. The worked out amount of FCA i.e. Ps. 47/ kWh will be charged by K-Electric in the prospective billing month of December, 2016 according to the following schedule:





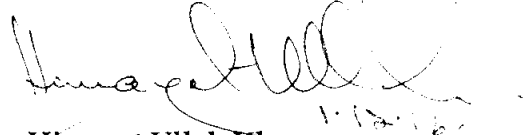
FCA to be calculated on the basis of billing for the month of	Ps/kWh	Charged in consumer bills to be issued in the month of
October, 2016	47	December, 2016

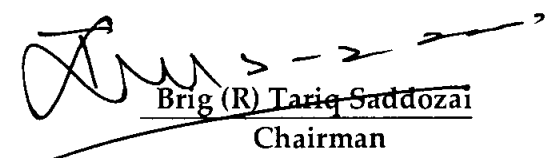
13. The adjustment as referred to in para 12 above:
- shall be applicable to all the consumer categories except lifeline consumers of K-Electric; and
 - shall be shown separately in the consumer bills of December, 2016 on the basis of units billed for the month of October, 2016.
 - is on provisional basis and will be adjusted/ refunded once the new tariff of K-Electric is determined and notified.

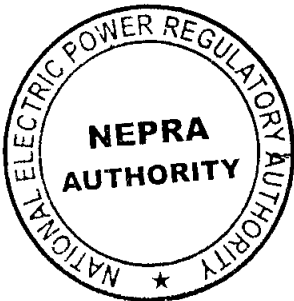
AUTHORITY

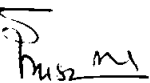

Masood ul Hassan
Member


Maj (R) Haroon Rashid
Member


Himayat Ullah Khan
Vice Chairman/Member


Brig (R) Tariq Sadozai
Chairman




02.12.16

To Be Published in
Official Gazette of Pakistan Part-II

National Electric Power Regulatory Authority



NOTIFICATION

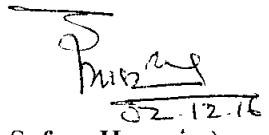
1139
Islamabad, the 1st day of December 2016

S.R.O. (I)/2016.- 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 K-Electric Ltd. (formerly Karachi Electric Supply Company Limited), as notified vide SRO 11(I)/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 charges for the month of October 2016 in respect of K-Electric Limited:

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
October 2016	47	December 2016

2. The above adjustment of plus Ps. 47.00/kWh shall be applicable to all the consumer categories except lifeline consumers of K-Electric Ltd. The said adjustment shall be shown separately in the consumer bills of December 2016 on the basis of units billed for the month of October 2016. This adjustment is on provisional basis and will be adjusted/refunded once the new tariff of K-Electric is determined and notified.

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


52.12.16
(Syed Safer Hussain)
Registrar

