



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-133/KESC-2009/178-181  
January 7, 2016

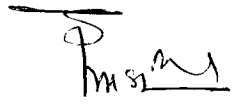
Subject:- **Decision of the Authority in the matter of K-Electric Limited Request for Quarterly Adjustment in its Tariff for the Quarter Ended June 2015**

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with Annexure-I (14 pages) in respect of K-Electric 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 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.

Enclosure: As above

  
07.01.16  
( Syed Safeer 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 K-ELECTRIC LIMITED REQUEST FOR QUARTERLY ADJUSTMENT IN ITS TARIFF FOR THE QUARTER ENDED JUNE, 2015**

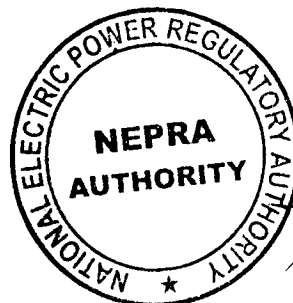
**BACKGROUND**

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, K-Electric Limited (hereinafter referred to as "K-Electric" or "the company/utility" ) has been allowed certain adjustments in its tariff on quarterly basis. The adjustments allowed in the K-Electric's tariff on quarterly basis include the following:
  - Impact of variation in the Capacity Charges and Operation and Maintenance (hereinafter referred to as the "O&M") components of the cost of power purchased by K-Electric from the external sources.
  - The impact of targeted transmission and distribution losses (hereinafter referred to as the "T & D losses") not allowed in the monthly Fuel Charges Adjustments (hereinafter referred to as "FCA").
2. In addition to the aforesaid adjustments in tariff, for allowing K-Electric recovery of its tariff in future on the latest price level, the tariff level is required to be adjusted at the price level of last month of the quarter i.e. in the current case the price level of June, 2015.

**CURRENT REQUEST**

3. K-Electric in accordance with the prescribed mechanism for adjustment of fuel and power purchase cost variations submitted quarterly adjustment request for the quarter April-June, 2015 (hereinafter referred to as the "current quarter") vide its letter No. RA&SP/NEPRA/071/1350 dated August 28, 2015. The summary of the adjustment as requested by K-Electric is tabulated below:

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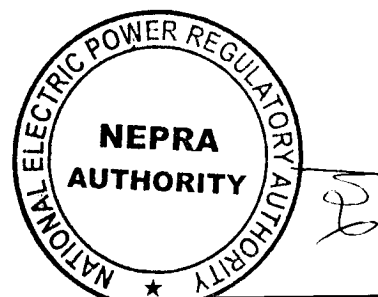
	DESCRIPTION	Proposed
1	Fuel Price Variation of June, 2015 over March, 2015(Ps/kWh)	27.383
	Power Purchase Price Variation of June, 2015 over March, 2015 (Ps/kWh)	(25.358)
	<b>Total Variation in Tariff (Ps/kWh)</b>	<b>2.025</b>
	<b>Un Recovered Cost</b>	
	Variation in O&M cost of IPPs and Other External Sources (Mill Rs)	(452.576)
	Variation in Capacity Charges of IPPs and Other External Sources (Mill Rs)	(14.177)
	Un-recovered cost of fuel in FCAs due to non-adjustment of T&D losses	(36.697)
	Payment of Bonus to Tapal (Mill Rs.)	44.671
	FSA of Mar-15 not allowed to pass on to the consumers (Mill Rs.)	(137.565)
	<b>Total Unrecovered Cost (Mill Rs.)</b>	<b>(596.344)</b>
2	Estimated Units to be Sold at 15% T&D losses July-Sep. 2015 (GWh)	3,536.793
	<b>Required Adjustments (Ps/kWh)</b>	<b>(16.861)</b>
3	<b>Annual CPI on O&amp;M</b>	<b>0.615</b>
4	<b>Reversal of Unrecovered Cost of Previous Quarter (Ps/kWh)</b>	<b>(54.180)</b>
	<b>Total Required Adjustment in KE's Tariff (Ps/kWh) (1+2+3+4)</b>	<b>(68.401)</b>

### PUBLIC HEARING

4. Since the impact of the tariff adjustment, if any, affects the consumers, therefore, in order to meet the ends of natural justice, the Authority decided 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 conducted by the Authority, on September 28, 2015 (Monday) at 11:30 am at National Institute of Management, Karachi; notice thereof was published in the daily newspapers on September 16, 2015 and separate notices were also sent to the major stakeholders inviting thereby comments/objections from the concerned stakeholders to make the process of hearing meaningful and to reach at an informed and just decision.

### ISSUES RAISED BY THE COMMENTATORS

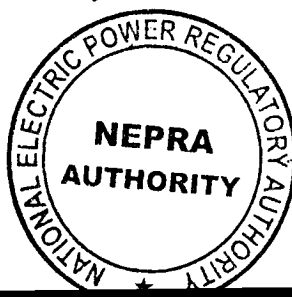
5. During the hearing and in writing, commentators namely Mr. Abu Bakar Usman (Director Pasban Pakistan), Mr. Arif Bilvani and Mr. Aneel Mumtaz submitted comments on several issues. The Authority directed K-Electric to advance its response on the comments of the aforementioned participants. K-Electric vide letter dated October 15, 2015 filed its reply on those submissions. The comments relevant to monthly adjustments have already been discussed in the respective FCA decisions for the months of June and July, 2015. Other comments/issues relevant to the subject matter are discussed in the following paragraphs.
6. Mr. Abu Bakar Usman, Director PASBAN Pakistan commented that favorable variation in the O&M cost and capacity charges of external generation sources of K-Electric's system in the month of June





2015 over March, 2015 should be made part of the monthly adjustment so that the advantage thereof can be passed on to the consumers of K-Electric. The Authority noted that as per the prescribed mechanism, the variations (increase/decrease) only in fuel prices is adjusted on monthly basis whereas the variations in O&M cost and capacity charges paid to external generation sources by K-Electric are adjusted on quarterly basis in the Schedule of Tariff ("SoT") of K-Electric.

7. Mr. Arif Bilvani submitted that K-Electric is being allowed variations/adjustment in the fuel costs of each of its own generation plants. These fuel costs are worked out on the basis of the heat rates set by the Authority vide its determination dated December 23, 2009. Subsequently, K-Electric has taken certain measures which warrant the revision in these heat rates. For instance, the heat rate of Bin Qasim Power Plant-I (BQPS-I) was set at 10,650 BTUs/kWh, however, the company has carried out the overhauling & refurbishment of this power station owing to which heat rate has improved. Similarly, heat rate of Korangi Combined Cycle Power Plant ("KCPP") was set at 9,110 Btu/ kWh when it was partially on combined cycle which now is being operated fully on combined cycle for the last two years. Furthermore, the two gas based power plants, i.e. Korangi Gas-II ("KTGT-II") and Site Gas-II ("STGT-II"), efficiency of which were determined at 9,500 Btu/kWh when these plants were being operated on single cycle which have been converted to combined cycle by the licensee and heat rates have substantially come down. In view thereof, Mr. Bilvani requested the Authority to immediately issue orders for carrying out heat rate tests of all the generating stations anew before allowing licensee any adjustments in its tariff so as to pass on the benefit of increased efficiency to consumers. K-Electric in response submitted that it is operating on Multi Year Tariff (MYT) which is a performance based tariff, whereby the company is allowed to retain efficiency gains obtained through investments as no fixed return on investments is allowed. Thus investments made for conversion to combined cycle mode of existing power plants do not affect the tariff mechanism and needs no revision in the determined heat rates. It has been noted that the efficiency of Bin Qasim-I was approved by the Authority vide its determination dated September 12, 2002. As per the generation statistics submitted by K-Electric along with each monthly FCA requests, it has been found that the actual efficiency of this power station is still lower than what has been allowed by the Authority. Regarding the rest of the generation fleet of K-Electric, it has been noted that the heat rates of KCPP, KTGT-II and STGT-II were initially approved on provisional basis by the Authority. However, as per the heat rate test results, the actual efficiencies appeared lower than those approved by the Authority, hence, the Authority decided to consider the provisionally allowed figures as final. Nevertheless, the Authority is fully cognizant of the fact that previous heat rate tests were conducted when these power stations were on single cycle or partial combined cycle mode, which are now operating on combined cycle. The Authority also consider and agrees



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with K-Electric's response that the company's MYT is an efficiency based tariff in which no fixed return was allowed to K-Electric except for the gain that the utility realizes by bringing the efficiency in its operations. In view of all the stated above, the Authority feels that the current MYT of K-Electric is set to expire in June, 2016 and the matter under discussion shall be considered at the time of the determination of new MYT for K-Electric.

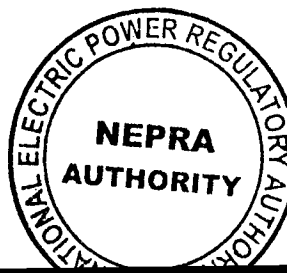
8. Mr. Aneel Mumtaz submitted that in the tariff determination of K-Electric dated December 23, 2009, it is mentioned that while approving monthly adjustment in tariff, the Authority shall ensure that K-Electric has dispatched all its generating units in the economic merit order. For this purpose, K-Electric shall also submit certain documents for verification. He further submitted that the numbers in tariff petitions of K-Electric are not substantiated by any supporting documents/invoices/purchase orders, etc. K-Electric in response to aforementioned comments submitted that K-Electric provides all the details/information and the relevant data is uploaded by NEPRA on its website. Furthermore all information, i.e generation statistics, fuel purchases and its consumption, power purchase costs etc. are verified by the NEPRA professionals while allowing the monthly FCA and quarterly adjustments. The Authority noted that the utility while claiming monthly and quarterly adjustments in its tariff submits all the pertaining documents which are duly verified by NEPRA professionals before allowing the requested adjustments.

### ANALYSIS

9. The generation data, rates, etc. of K-Electric (both from self-generation and power purchased from external sources) were verified from respective invoices and other underlying documents. K-Electric's request for the current quarter has been discussed in detail under the following headings:
- Changing the reference tariff from March, 2015 to June, 2015.
  - Under/Over-recovered costs for the Current Quarter.
  - Reversal of tariff adjustment pertaining to the previous quarter i.e. Jan-Mar, 2015 which was applicable for the current quarter only.

### CHANGING THE REFERENCE TARIFF FROM MARCH 2015 TO JUNE 2015

10. K-Electric's last adjusted tariff is based on the fuel prices (both own generation and power purchase from external sources), O&M costs and capacity charges of March, 2015. For allowing K-Electric, the recovery of its tariff in future on the latest price level, it is required that its tariff be adjusted to the price level of June, 2015. According to the prescribed mechanism, changing the tariff level requires



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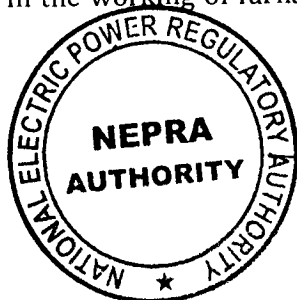
allowing variations in the fuel cost of company's own generation as well as in its power purchase cost from external sources (fuel cost, O&M costs and Capacity Charges) of June, 2015 over the reference month of March, 2015. K-Electric has requested for allowing following adjustments in its tariff on this account:

Description	Requested
Fuel cost variation of June, 2015 over March, 2015 (Mill Rs.)	384.424
Power purchase cost variation of June, 2015 over March 2015 (Mill.	(355.994)
<b>Total Variation (Mill Rs.)</b>	<b>28.429</b>
Units sold at 15% T&D losses for June, 2015 (GWh)	1403.873
<b>Required adjustment in tariff (Ps/kWh)</b>	<b>2.025</b>

11. The Authority noted that main reason of K-Electric's claimed variation of Rs. 384.424 million in the fuel cost component of its own generation, is the increase in the cost of furnace oil from Rs. 41,622/metric ton in the month of March, 2015 to Rs. 44,908/metric ton in the month of June, 2015. Further, generation on furnace oil at Bin Qasim Power Station-I increased from 62% in March, 2015 to 66% in June, 2015.
12. In the power purchase cost, the Authority noted that major reason of the claimed variation of minus Rs. 355.994 million is the decrease in per unit cost of NTDC from Rs. 8.236/ KWh in the reference month of March, 2015 to Rs. 6.881/KWh in the month of June, 2015.
13. A comparative analysis of the adjustment in K-Electric's tariff required for bringing it to the tariff level of June, 2015 as requested and approved by the Authority after verification of all the relevant documentary evidences is tabulated below:

Description	Requested	Approved
Fuel cost variation of June, 2015 over March, 2015 (Mill Rs.)	384.424	351.836
Power purchase cost variation of June 2015 over March 2015 (Mill	(355.994)	(459.495)
<b>Total Variation (Mill Rs.)</b>	<b>28.429</b>	<b>(107.660)</b>
Units sold at 15% T&D losses for June, 2015 (GWh)	1403.873	1,403.872
<b>Required adjustment in tariff (Ps/kWh)</b>	<b>2.025</b>	<b>(7.669)</b>

14. 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/metric ton) at K-Electric's end. The Authority





has consistently been applying monthly weighted average method to work out the furnace oil rate and has used the same method for working out the above mentioned fuel charges variations.

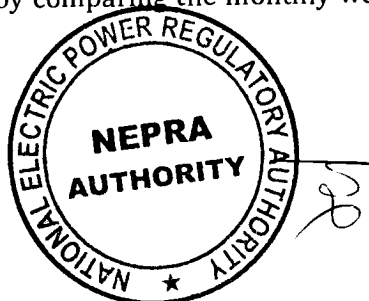
15. As for the power purchase cost variation, the Authority noted that the major reason of the difference between the variation requested by K-Electric and approved by the Authority is that K-Electric has used NTDC's invoiced fuel cost of Rs. 4.856/kWh for the month of June, 2015, whereas the Authority's approved fuel cost component of NTDC/CPPA, applicable to all Ex-Wapda Distribution Companies (hereinafter referred to as "XWDISCOs") and K-Electric, for the month of June, 2015 comes out to be Rs. 4.6309/kWh.

**UNDER/OVER-RECOVERED COST FOR THE CURRENT QUARTER**

16. As per the approved mechanism, the monthly variation on account of O&M cost and capacity charges components of the power purchase cost of K-Electric, accumulated and not allowed in the monthly adjustments, is required to be adjusted in the quarterly tariff adjustment of K-Electric. In addition, the cost of fuel that was not allowed to the utility 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 in accordance with the prescribed mechanism. Furthermore, any costs that are allowed to be passed on under the approved mechanism but were not accounted for in the monthly FCAs are accounted for in the quarterly adjustment. K-Electric has requested for allowing it the recovery of the following unrecovered costs:

DESCRIPTION	Requested by K-Electric
Variation in O&M cost of IPPs and Other External Sources (Mill Rs)	(452.576)
Variation in Capacity Charges of IPPs and Other External Sources (Mill	(14.177)
Un-recovered cost of fuel in FCAs due to non-adjustment of T&D losses	(36.697)
Payment of Bonus to Tapal (Mill Rs.)	44.671
FSA of Mar-15 not allowed to pass on to the consumers (Mill Rs.)	(137.565)
<b>Total Unrecovered Cost (Mill Rs.)</b>	<b>(596.344)</b>
Estimated Units to be Sold at 15% T&D losses July-Sep. 2015 (GWh)	3,536.793
<b>Required Adjustments (Ps/kWh)</b>	<b>(16.861)</b>

17. Variation in O&M Costs: The variation in O&M cost component of the power purchase cost is 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. K-Electric has claimed around minus Rs. 452.576 million variation on this account.

18. 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 from which K-Electric procures power on take or pay basis, which represents change in both prices and energy. K-Electric has claimed variation of around minus Rs. 14.177 million under this head.
19. Un-recovered fuel cost due to non-adjustment of T&D losses in monthly FCA: The variation in the cost of fuel (own generation + power purchases) that was not allowed to K-Electric 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. K-Electric under this head claimed around minus Rs. 36.697 million.
20. Payment of Bonus to Tapal: K-Electric has also requested for Rs. 44.671 million on account of payment of bonus to Tapal (an independent power producer in K-Electric's system) in line with section 9.6 of the Power Purchase Agreement (PPA) signed between K-Electric and Tapal. The mentioned section of the PPA states that **"In the event that the Net Electrical Output ("NEO") during any Agreement Year is in excess of 680,433,000 kWh, the KESCL shall pay to the Company within sixty (60) days of the end of such agreement year, in addition to any other payments due to the Company pursuant to Section 9.2, an amount equal to Rs. 0.08 for each kWh by which the Net Electrical Output (NEO) of the complex during the year is greater than 680,433,000 kWh. The amount of bonus payable pursuant to this Section 9.6 shall be adjusted from time to time in accordance with Schedule 6."**
21. Adjustment on account of FPA not passed on to Lifeline, Agriculture and Domestic consumers consuming units up-to 300 Units: MoWP vide its letter No.5-PF/02/2013-Subsidy dated May 21, 2015 issued the policy guidelines under Section 31 (4) of the NEPRA Act, 1997 with regard to the FCA and subsidy rationalization of XWDISCOs. In the mentioned guidelines, MoWP stated, inter alia, that **"Any negative adjustment on account of monthly FCA will not be passed on to the domestic consumers who have subsidized electricity tariff."** In pursuance to these guidelines, the Authority from the month of March, 2015 onward has been directing K-Electric not to pass on the impact of minus FCA, if any, to the agriculture, lifeline and domestic consumers, consuming up to 300 units so that the GoP's subsidies can be saved to the extent of that amount. Accordingly, K-Electric has requested for adjustment of an amount of minus Rs. 137.565 million not passed on to aforementioned consumers for the month of March, 2015.



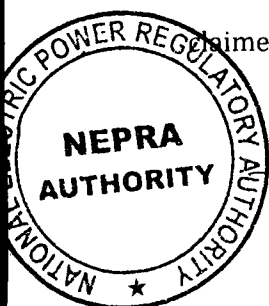




22. A comparative analysis of the adjustment in K-Electric tariff for the under/over-recovered costs of the current quarter to be adjusted as per request submitted by K-Electric and being approved by the Authority after verification of the relevant documentary evidence is tabulated below:

DESCRIPTION	Requested by K-Electric	Approved
Variation in O&M cost of IPPs and Other External Sources (Mill)	(452.576)	(452.088)
Variation in Capacity Charges of IPPs and Other External Sources	(14.177)	(14.177)
Un-recovered cost of fuel in FCAs due to non-adjustment of T&D	(36.697)	4.155
Payment of Bonus to Tapal (Mill Rs.)	44.671	44.671
FSA of Mar-15 and May 2015 not allowed to pass on to the consumers (Mill Rs.)	(137.565)	(217.639)
<b>Total Unrecovered Cost (Mill Rs.)</b>	<b>(596.344)</b>	<b>(635.078)</b>
Estimated Units to be Sold at 15% T&D losses July-Sep. 2015	3,536.793	3,996.99
<b>Required Adjustments (Ps/kWh)</b>	<b>(16.861)</b>	<b>(15.889)</b>

23. The difference in the requested and worked out variation in O&M Cost is primarily due to some discrepancies at K-Electric's end while claiming these variations.
24. The reason of difference in the requested and worked out variation in un-recovered fuel cost due to non-adjustment of T&D losses is the inconsistency on part of K-Electric while calculating the price of furnace oil which is worked out by K-Electric using the moving average basis whereas the Authority has consistently been using monthly weighted average method to work out this rate. Furthermore, K-Electric while claiming variation under this account has used the energy cost component invoiced by NTDC whereas the approved figure has been calculated on the basis of NTDC's fuel cost component approved by the Authority.
25. The Authority noted that K-Electric was also directed not to pass on the negative FCA for the month of May 2015 to the agriculture, lifeline and domestic consumers, consuming up to 300 units and was directed to claim that amount in the subject quarterly adjustment. Since the monthly FCA decision of May, 2015 was issued after the company filed subject request, therefore, a letter No. NEPRA/R/SAT-I/TRF-133/14905 dated October 09, 2015 was sent to K-Electric requesting it to provide the details of the FCA amount not passed on to aforementioned categories for the month of May, 2015. K-Electric vide its letter No. RA&SP/NEPRA/071/1363 dated October 15, 2015 submitted the required information while claiming minus Rs. 50.551 million. In total, K-Electric claimed minus 188.116 million both for the months of March and May, 2015. K-Electric requested



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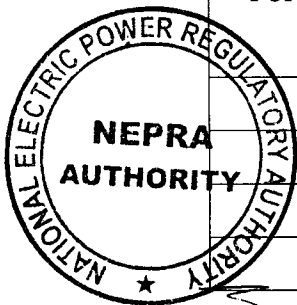
that that impact of FCA not passed on to the consumers should be based on actual recovery basis rather than units billed. The Authority noted that both monthly and quarterly adjustments in tariff are made on units billed/sold figure arrived at based on targeted T&D losses and no adjustment is made in the tariff for the difference in units billed and units recovered, therefore, the tabulated above amount of minus Rs. 217.639 million has been computed on units billed instead of units recovered basis. This is the reason of the difference between the claimed and approved amount.

26. K-Electric in its request has estimated that 3536.793 GWh units will be sold @ 15% T&D losses in the next quarter i.e. Jul-Sep, 2015. Actual number of units sold by K-Electric during the quarter July-Sep. 2015, i.e. 3996.98 has been received and the same have been used to work out minus Ps. 15.889/kWh impact for the current quarterly adjustment.
27. The variation in tariff under this head will be applicable for the next quarter only i.e. Jul-Sep, 2015 and will cease automatically at the end of that quarter.

**YEALRY INDEXATION OF O&M COST COMPONENTS**

28. As per the mechanism prescribed in the Authority's determination dated December 23, 2009, K-Electric's allowed O&M cost components of Generation, Transmission and Distribution need to be adjusted on yearly basis for application of inflation in the tariff. Further, K-Electric's O&M components, once indexed, are subject to reduction by certain efficiency factor. The approved efficiency (X) factor is required to be applied to the O&M cost component of each supply chain function undertaken by K-Electric. The existing O&M cost i.e. applicable for the year 2014-15, along with the X factor for each segment is indicated hereunder;

Portion of Tariff to which CPI is applicable	Existing Tariff (Ps/kWh)	X Factor (%)
Generation O&M	27.712	2
Transmission O&M	11.091	2
Distribution O&M	105.825	3
<b>Total</b>	<b>144.628</b>	



29. K-Electric in its request submitted that its tariff needs to be adjusted by Ps. 0.615/kWh on account of yearly indexation of O&M cost component effective from July, 2015 to June, 2016. The variable O&M cost components of K-Electric were last indexed on the basis of CPI for May, 2014. According to the report for the month of May, 2015, available on the

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website of Pakistan Bureau of Statistics, consumer price index for the month of May, 2015 has increased by 3.16% from the corresponding month of last year, i.e. May, 2014. The Authority noted that O&M cost indexation/adjustment on the basis of 3.16 % increase minus the specified efficiency factors comes out to be Ps.0.615/kWh which is same as claimed by K-Electric. The detailed workings are tabulated below:

Break-up of O&M Cost	Existing Tariff (Ps/kWh)	Indexation (%)	Efficiency Factor (%)	Increase Required (%)	Increase Required (Ps/kWh)	Revised Tariff (Ps/kWh)
Generation	27.7120	3.16%	2%	1.16%	0.321	28.033
Transmission	11.0910	3.16%	2%	1.16%	0.128	11.219
Distribution	105.8250	3.16%	3%	0.16%	0.166	105.991
<b>Total</b>	<b>144.6280</b>				<b>0.615</b>	<b>145.243</b>

**REVERSAL OF TARIFF ADJUSTMENT APPLICABLE FOR CURRENT QUARTER ONLY**

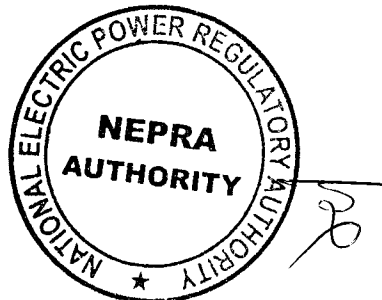
30. The Authority in its previous quarterly adjustment pertaining to Jan-March, 2015 allowed Ps 53.873/kWh increase in K-Electric's tariff on the basis of next quarter's units sold for adjustment of unrecovered amount of Rs. 2,170.401 million by K-Electric. As per the same decision, the allowed increase of Ps. 53.873/kWh is required to be adjusted back in the K-Electric's current quarterly adjustment in order to nullify its impact in the K-Electric's SoT. Accordingly the same has been adjusted back in the current quarter.

**OVERALL ADJUSTMENT IN TARIFF**

31. The overall cumulative variation in the K-Electric's tariff after making all aforesaid adjustments that have been discussed in the preceding paragraphs, works out to be minus Ps. 76.819/kWh against the claimed figure of minus Ps. 68.401/kWh as detailed below;

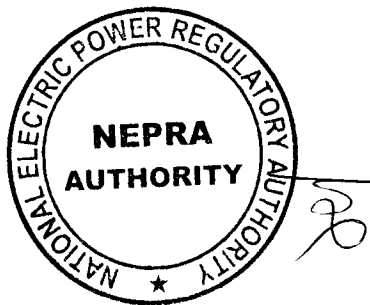
- |   | <u>Paisas per kWh</u> |
|---|-----------------------|
| • Changing the reference tariff from Mar, 2015 to Jun, 2015         | (7.669)               |
| • Under/Over-recovered costs for the current quarter                | (15.889)              |
| • Reversal of tariff adjustment applicable for current quarter only | (53.873)              |
| • Yearly Indexation in O&M cost components                          | 0.615                 |

(76.815)





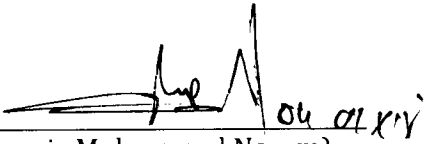
32. In order to allow aforesaid adjustments in K-Electric's tariff, **K-Electric is allowed adjustment in consumer end tariff for all consumer categories, except for the life-line consumers, by minus paisa 77 per kWh.**
33. In view of the foregoing, the revised SoT for the subject quarter to be applicable from July 01, 2015 to September 30, 2015 is attached herewith as **Annexure-I**. MoWP is requested to adjust the amount of subsidy of K-Electric for the quarter July-September, 2015 on the basis of the attached SoT.
34. **CLAW BACK MECHANISM - SHARING OF A PORTION OF K-ELECTRIC'S PROFIT WITH CONSUMERS FOR FY 2012, 2013 and 2014:** It is noted that based on the reported results of K-Electric for FYs 2012, 2013 and 2014, the Authority, in accordance with the claw back mechanism vide its determination dated December 23, 2009, worked out certain amounts that had to be shared by the utility with its consumers. In its previous quarterly decisions of K-Electric, the Authority directed the company to share that amount with its consumers. However, K-Electric filed civil suits against those decisions and implementation of claw back mechanism was suspended by the Honorable Sindh High Court. The impact of claw back amount has not been accounted for in the attached SoT and the same shall be considered in light of the final orders of the Honorable Court in this regard.
35. **INADVERTENT ERROR:** The Authority noted that it corrected an inadvertent error in the SoTs of K-Electric through its decision dated March 31, 2014. However, K-Electric while disagreeing with those corrections filed civil suit in the Honorable High Court of Sindh at Karachi. The Honorable High Court suspended that decision of the Authority to the extent of rectifications in K-Electric's SoT. Hence, in compliance with the orders of the Honorable Court, the effect of the aforementioned corrections has not been included in the attached SoT. The impact of correction and its adjustment shall be



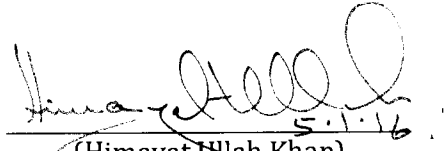


considered and worked out in the light of the decision of the Honorable Court.

**AUTHORITY**



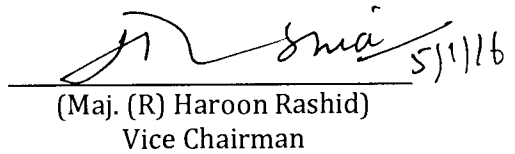
(Khawaja Muhammad Naeem)  
Member



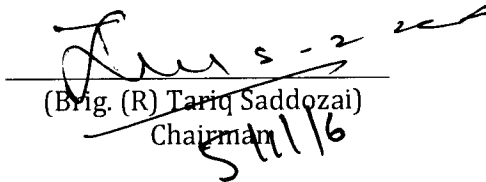
(Himayat Ullah Khan)  
Member



(Syed Masood ul Hassan Naqvi)  
Member

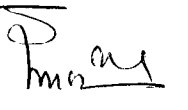


(Maj. (R) Haroon Rashid)  
Vice Chairman



(Brig. (R) Tariq Saddozai)  
Chairman



  
07.01.16

**SCHEDULE OF ELECTRICITY TARIFF  
FOR K-ELECTRIC LIMITED  
(FORMERLY KARACHI ELECTRIC SUPPLY COMPANY LIMITED)  
DETERMINED FOR THE QUARTER APRIL'15-JUNE'15  
APPLICABLE FOR THE QUARTER JULY'15-SEPTEMBER'15**

**A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
a)	For Sanctioned load less than 5 kW	-	4.00	
i	Up to 50 Units		13.33	
	For Consumption exceeding 50 Units		14.37	
ii	1- 100 Units		15.10	
iii	101- 200 Units		17.19	
iv	201- 300 Units		19.07	
v	301- 700 Units	-	-	
vi	Above 700 Units	-	-	
b)	For Sanctioned load 5 kW & above	-	-	
	Time Of Use	-	20.07	14.07

As per decision of the Authority, residential consumers will be given 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	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
a)	For Sanctioned load less than 5 kW	400.00	19.57	
b)	For Sanctioned load 5 kW & above		16.77	
	Time Of Use	400.00	21.07	15.57

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	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
B1	Less than 5 kW (at 400/230 Volts)	-	16.07	
B2(a)	5-500 kW (at 400 Volts)	400.00	14.67	
B3(a)	For all loads upto 5000 KW (at 11,33 kV)	380.00	14.27	
B4(a)	For all loads upto 5000 KW (at 66,132 kV)	360.00	13.87	
	Time Of Use		Peak	Off-Peak
B2(b)	5-500 kW (at 400 Volts)	400.00	20.07	13.82
B3(b)	For All Loads up to 5000 kW (at 11,33 kV)	380.00	19.57	13.32
B4(b)	For All Loads (at 66,132 kV & above)	360.00	19.07	13.07
B5	For All Loads (at 220 kV & above)	340.00	18.57	12.82

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**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
C-1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		16.07
b)	Sanctioned load 5 kW & up to 500 kW	400.00		15.22
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		15.22
C-3(a)	For supply at 132 and above, up to and including Time Of Use	360.00		15.07
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	20.07	14.07
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	19.57	13.27
C-3(b)	For supply at 132 kV up to and including 5000 kW	360.00	19.07	13.07

**D - AGRICULTURE TARIFF**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak
D-1	For all Loads Time of Use	200.00		15.55
D-2	For all Loads	200.00	21.67	13.67

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	
			Peak	Off-Peak
E-1(i)	Residential Supply	-		19.47
E-1(ii)	Commercial Supply	-		22.37
E-2 (i)	Industrial Supply	-		19.07
E-2 (ii)	Bulk Supply			
	(a) at 400 Volts	-		19.47
	(b) at 11 kV	-		19.07

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	
			Peak	Off-Peak
	Street Lighting	-		19.07

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	
			Peak	Off-Peak
	Residential Colonies attached to industrial premises	-		17.07

Note: The SoT does not include amount determined by NEPRA to be clawed back from the profits of K-Electric for the Financial Year 2013-14 in compliance with the Orders of the Honorable High Court of Sindh.

