



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-362/K-Electric-2016/20740-20742

October 24, 2022


Subject: **Decision of the Authority in the matter of Quarterly Adjustments of K-Electric Limited for the Quarter ending June 2022 [Case # NEPRA/TRF-362/K-Electric-2016]**

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with quarterly Schedule of Tariff (SoT) (15 Pages).

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

Enclosure: As above

  
24 x 22  
( Syed Safer Hussain )

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

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

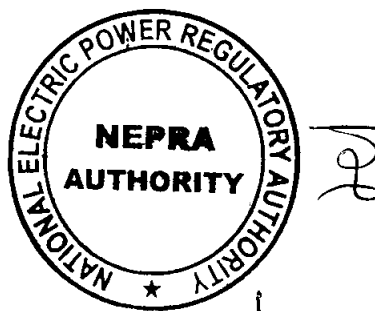
**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY ADJUSTMENT OF  
K-ELECTRIC LIMITED FOR THE QUARTER ENDING JUNE 2022**

**Background**

1. Pursuant to the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, and as per the mechanism for monthly, quarterly and annual adjustments provided in the tariff determination of K-Electric Limited (herein referred to as "K-Electric or KE") dated July 05, 2018, duly notified in the official Gazette vide SRO No. 576(I)/2019 dated May 22, 2019, the Authority has to review and revise the approved tariff on monthly, quarterly and annual adjustments.
2. As per the mechanism provided in the determination, impact of change in KE's own generation fuel cost component due to variation in fuel prices, generation mix and volume shall be passed on to the consumers directly in their monthly bills in the form of Fuel Charges Adjustment (FCA). Similarly, impact of change in the fuel component of Power Purchase Price (PPP) due as to variation in fuel prices and energy mix shall also be passed on to the consumers through monthly FCA.
3. However, the impact of monthly variations in K-Electric own generation's fuel cost component as well power purchase price to the extent of targeted T&D losses, not taken into account in the monthly FCAs, has to be adjusted on quarterly basis. In addition, the monthly variations in the variable O&M and fixed costs of the PPP, as allowed by the Authority, are required to be adjusted on quarterly basis. The impact of these variations is to be worked out based on targeted units to be sold in the next quarter and to be adjusted in the SoT of K-Electric. The actual payments in respect of WWF, WPPF etc. to the IPPs being pass through are to be adjusted on yearly basis upon production of verifiable documentary evidence.
4. Pursuant to notification of the determined MYT, K-Electric filed its Quarterly Adjustment request on account of Power Purchase Price (PPP) and Prices level reset for the quarter ending June 2022 along with supporting documents.
5. K-Electric initially requested an adjustment of Rs.14.852/kWh, however, subsequently it revised its request to Rs. 14.533/kWh vide letter dated August 18, 2022.

**Hearing**

6. Since the impact of any adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.
7. The hearings were accordingly held on August 31, 2022 at NEPRA Tower and through ZOOM. The advertisement for hearing was published in newspapers and separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features



*M. S. Malik*

and details of the proposed adjustments along-with with notice of hearing were also uploaded on NEPRA's website for information of all concerned.

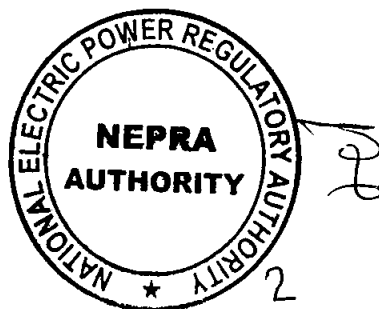
8. Following issues were framed for discussion during the hearing;
  - i. Whether the requested quarterly variations are justified?
  - ii. Whether the existing fixed charges applicable to different consumer categories needs to be revised?
9. K-Electric, in its adjustment requests, has certified that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

**Issue: Whether the requested quarterly variations are justified?**

12. While going through the data / information provided by K-Electric regarding quarterly adjustments, the Authority's observations are as under;
13. The Authority in order to work out the amount of adjustments claimed by K-Electric for the energy purchased from National Grid, obtained details of actual Power Purchase cost from CPPA-G for the cost it billed to KE for the relevant period. The Authority noted that as per the information submitted by CPPA-G, the energy claimed by K-Electric, is in reconciliation with the energy reported by CPPA-G. KE regarding cost billed by CPPA-G for the energy purchased from national grid, has claimed an amount of Rs.14,229.26 million for Capacity Payment, UoSC & MoF and Rs.813.32 million for Variable O&M. The Capacity charges and variable O&M claimed by K-Electric has been verified from the DISCO wise settlement information provided by CPPA-G and has been considered as part of the current quarterly adjustment .

**Previous Adjustments of CPPA-G**

14. Here it is pertinent to mention that K-Electric was allowed fuel cost of energy purchased from CPPA-G for the month of June 2022, based on the Fuel Cost Component (FCC) of Rs. 15.8398/kWh. However, the FCC as per the monthly Fuel Charge Adjustment for the month of June 2022 for XWDISCOs approved by the Authority is Rs.15.8316/kWh. Based on the above



*H. J. Malik*

a deduction of Rs.6.25 million has been made as previous adjustment in the instant quarterly adjustment.

**OurSun**

15. K-Electric in its adjustment has request Rs.575.684 million for the energy purchased from Oursun, including impact of Insurance cost of around Rs.10 million KE in its request has included insurance component of Rs.0.3944/kWh for the period from April to June 2022, whereas, the Authority has only allowed insurance for the period November 30, 2020 till November 29, 2021. Therefore, the amount of insurance has been not been considered while working out the instant quarterly adjustment, resulting in a deduction of around Rs.10 million. Accordingly, an amount of Rs.566 million is allowed on account of energy purchased from Oursun.
16. K-Electric is directed to claim the said amount in its next quarterly adjustment once the Authority approves the cost of Insurance post November 2021 period.

**Tapal Energy Limited (TEL)**

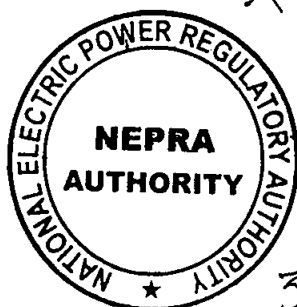
17. For the energy purchased from Tapal Eenergy, KE has claimed Rs.448.28 million as capacity and Rs.183.61 million as Variable O&M. Here it is pertinent to mention the contract of Tapal Energy with K-Electric expired on 19 June 2022, however, the Authority vide decision dated June 17, 2022 in exercise of powers conferred under Section 7 read with Section 31 of the NEPRA Act, determined and approved a provisional tariff, for immediate application, for Tapal Energy for sale of power to KE subject to final decision and an order of refund, if any, for the protection of the consumers while the proceedings are pending before the Authority. Accordingly, the cost for the energy delivered for the period w.e.f. 20 June 2022 onward has been considered based on the provisionally allowed tariff.
18. In view thereof, the cost claimed by KE for Tapal Energy amounting to Rs.632 million has been considered while working out the instant quarterly adjustment.

**Gul Ahmed Energy Limited (GAEL)**

19. For the energy purchased from Gul Ahmed, K-Electric has claimed cost of Rs. 538.23 million as capacity and Rs.214.14 million on account of variable O&M. The cost being in line with the Authority's approved tariff has been considered, while working out the instant quarterly adjustment.

**SNPC & SNPC-II**

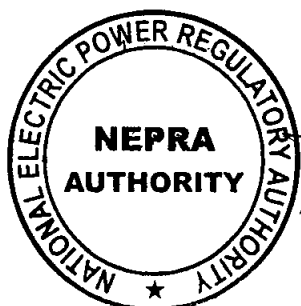
20. The Authority in the matter of Review Motions filed by SNPC and SNPC-II, against determination of the Authority dated December 31, 2019 in the matter of Quarterly Adjustment of K-Electric, decided as under:



- a) "to re-determine/ modify the tariff awarded to the petitioner vide decision dated August 04, 2017, for which separate proceedings shall be carried out by the Authority. The Petitioner, is accordingly directed, in terms of Section 44 of NEPRA Act, to provide complete details in this regard.
- b) to provisionally allow the Petitioner its debt servicing and Insurance component, as per its reference generation tariff dated August 04, 2017....."
21. Here it is pertinent to mention that subsequently, the Authority vide two different decisions dated June 4, 2021 has approved revision of Net Capacity & Heat Rate of SNPC & SNPC II. Pursuant thereto the Authority vide decisions dated September 21, 2021 approved revised reference capacity components based on revised net capacity. The same has been notified by NEPRA on May 31, 2022.
22. Afterwards, NEPRA vide two decisions dated June 20, 2022, revised capacity charges for SNPC & SNPC II for the period under review.
23. K-Electric in its request has requested Rs.178.715 million under the head of Variable O&M for SNPC, SNPC II & O&M related to STDC's line losses. The Authority vide decision dated June 20, 2022 has approved Quarterly indexation of both SNPC and SNPC-II, for the quarter April to June 2022, whereas the Authority amongst others also allowed indexation of O&M foreign as Rs.0.7349/kWh. K-Electric in its adjustment request has claimed the Foreign O&M of both SNPC and SNPC-II and O&M cost of STDC losses as Rs.0.6025/kWh for the months of April and May 2022, however, for the month of June 2022, the rate has been claimed by K-Electric as approved by the Authority vide decision dated June 20, 2022.
24. Since K-Electric itself has claimed the lower rate of Rs.0.6025/kWh for the O&M Foreign for the months of April & May 2022, therefore, the amount as claimed by K-Electric has been considered. Accordingly, amount of variable O&M costs of Rs.178.715 million as claimed by K-Electric has been considered for the instant quarterly adjustments.
25. Regarding fixed O&M and debt servicing component, K-Electric has requested Rs. 265.49 million for capacity charges of SNPC & Rs. 248.87 million for SNPC II for the period Apr – Jun 2022 as per the decision of the Authority dated 20.06.2022.
26. Accordingly, the fixed O&M and Debt servicing costs of SNPC and SNPC-II, have been included in the instant tariff adjustments of K-Electric, as per the indexed rates approved by the Authority vide decision dated 20.06.2022 and the insurance component as per the reference rate. However, the cost being allowed is strictly on provisional basis, subject to its adjustment/refund, if necessary, in the light of the final decision(s) of the Authority.

**STDC Wheeling Charges**

27. The Authority determined tariff of STDC, a 101.59 MW capacity, 132 kV transmission line project vide its determination dated February 10, 2017 and allowed a tariff of Rs.0.4547/kW/hour for the first ten years of the project. Later on, in the Review decision dated June 14, 2018, the tariff was enhanced to Rs.0.4665/kW/hour for the first ten years.
28. NEPRA subsequently vide decision dated February 10, 2022 has approved indexation for the period under review to Rs.0.5981/kW/Hr



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29. K-Electric has claimed Rs.132.01 million on account of STDC capacity cost, based on the approved rate of Rs.0.5981/kW/Hr for the period April to June 2022. The same being in line with the decision of the Authority has been accounted for in the instant quarterly adjustment.
- Previous adjustment of Rs. 916 million SNPC Revised Fuel Cost Component for the period Jan 2018 to May 2022 as per decision of NEPRA dated June 20, 2022**
30. Here it is pertinent to mention that the Authority vide two different decisions dated June 4, 2021 has approved revision of Net Capacity & Heat Rate of SNPC & SNPC II. Pursuant thereto the Authority vide decisions dated September 21, 2021 approved revised reference capacity components and fuel cost component, based on revised net capacity and heat rates. The same has been notified by NEPRA on May 31, 2022. NEPRA subsequently vide two decision dated June 20, 2022, also revised fuel cost components of both SNPC and SNPC-II for all the previous periods.
31. K-Electric based on the above mentioned decision of June 20, 2022, has claimed an amount of Rs.916 million as previous adjustment for SNPC and SNPC-II for revision of the FCC of both SNPC and SNPC and its impact of allowed losses for STDC for the period from Jan 2018 till May 2022.
32. The amount claimed by K-Electric i.e. Rs.916 million has been considered on provisional basis, in line with the decision of the Authority dated 20.06.2022, for the purpose of instant quarterly adjustments.

**Fauji Power Company Limited (FPCL)**

33. The Authority vide decision dated February 9, 2022 has issued CoD determination of FPCL. In the CoD decision, the Authority has revised the reference components of FPCL and the components of Water Charges, Ash Disposal & Limestone have been decided as ZERO. The above are subject to Quarterly adjustment on actual basis subject to documentary evidence to be submitted by power producer within three months of issuance of the CoD decision.
34. KE in its adjustment request has claimed an amount of Rs.663.54 million on account of EPP (excluding Fuel) and CPP for the purchases made from FPCL for the instant quarter.
35. Here it is pertinent to mention that the Authority has only issued quarterly adjustment of FPCL to the extent of Fixed and variable O&M cost for the quarter Jan.-Mar. 22 dated 21.01.2022. Accordingly, for the purpose of instant quarterly adjustments, the rates of fixed and Variable O&M have been considered as per the decision of the Authority for the quarter Jan-Mar 2022 dated 21.01.2022. The remaining tariff components have been claimed by KE as per the COD determination of FPCL dated 09.02.2022, which have accordingly been considered while working out the instant quarterly adjustments.
36. In view thereof, the total cost of Rs.663.5 million has been allowed to KE on account of energy purchased from FPCL for the quarter Apr.-Jun. 2022.

**Previous Adjustments of FPCL**



37. KE in its quarterly claim also requested Rs.148.8 million as previous adjustment owing to revision in fuel prices of Coal of FPCL for the month of March & April 2022. The Authority vide its decision dated May 26, 2022, allowed Fuel Cost component of Rs.17.2306/kWh w.e.f. March 01, 2022, however, KE in its FCA request for March and April 2022, had requested fuel cost based on previously determined FCC rate. The difference of change in fuel cost components has now been requested by KE as previous adjustment for the month of March & April 2022 and the same has being considered being in line with the determination of the Authority.

#### Lotte Chemical

38. For the energy purchased from Lotte Chemical during the quarter, K-Electric has claimed an amount of Rs.13.52 million for all EPP (excluding Fuel) and CPP. The same being in line with the Authority's determined tariff has been considered.

#### Lotter Chemical Previous Adjustment

39. KE in its quarterly claim also requested Rs.0.188 million as previous adjustment owing to revision in RLNG rates by OGRA for the month of May 2022, the same has been verified and included while working out instant Quarterly adjustments.

#### Lucky Cement

40. For the energy purchased from Lucky Cement during the quarter, K-Electric has claimed an amount of Rs.1.85 million for EPP (excluding Fuel) and CPP for the instant quarter. The same being in line with the Authority's determined tariff has been considered in the instant quarterly adjustment.

#### Gharo Solar

41. For the energy purchased from Gharo Solar, K-Electric has claimed an amount of Rs. 346.11 million for EPP (excluding Fuel) and CPP. The same being in line with the Authority's determined tariff has been considered.

#### Previous Adjustments of Gharo Solar

42. K-Electric has requested an amount of Rs.14.68 million on account of Gharo's Differential Energy Payment for the period Dec 23, 2021 to May 31, 2022 on account of Insurance cost.
43. Regarding Insurance cost the Authority vide decision dated June 15, 2022, has allowed Insurance cost component Rs.0.2966/kWh, for the period from December 23, 2021 to December 22, 2022. The request of the Petitioner has been considered being in line with the determination of the Authority.

#### IIL & ISL

44. For the energy purchased from IIL & ISL, K-Electric has claimed an amount of Rs. 27.28 million for EPP (excluding Fuel) and CPP for the instant quarter. The same being in line with the Authority's determined tariff has been considered.

Previous adjustment of Rs. 590 million on account of Heat Rate impact of SGTPS from July 2016 to June 2022 as per NEPRA's decision dated Jul 26, 2022



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45. K-Electric has requested previous adjustment of Rs.590 million on account of SGTPS Heat Rate impact from July 2016 to June 2022 as per NEPRA's decision dated July 26, 2022 regarding revision in heat rates of SGTPS.
46. The amount claimed by KE has been considered on provisional basis, as the same is under verification by NEPRA Technical section. The amount being allowed would be subject to adjustment if any on the basis of final verification by NEPRA.

**Previous adjustment of Rs. 60.7 million on account of Annual T&D Indexation on Mid term review adjustment based on NEPRA's decision dated March 01, 2022**

47. K-Electric has requested previous adjustment of Rs. 60.7 million on account of annual T&D Indexation on Mid-Term review adjustment component, based on NEPRA's Mid Term Review decision dated March 01, 2022.
48. K-Electric provided the working in this regard, whereby, K-Electric has claimed that while adjustment of tariff with losses in the quarterly adjustment for the quarter ending June 2020 & June 2021, the tariff adjusted did not include the negative adjustment allowed in the Mid Term Review decision. K-Electric accordingly has claimed an amount of Rs. 60.7 million on this account.
49. The claim of KE has been checked, and an amount of Rs.56.39 million has been. The reason for variation between the amount claimed vis a vis amount verified is due to rounding off and the fact that cost of O&M, Depreciation and RoRB of Unit 3 and 4 of BQPS-I was excluded from the tariff owing to decommissioning of these Units, which also has been adjusted with the allowed level of T&D losses. KE in its calculation has also considered those units on which quarterly is not charged.

**Previous adjustment of Rs.3,931 million on account Impact relating to average sales rate, netting of KANUPP with purchases and grossing up**

50. K-Electric has requested Rs.3,931 million on account of impact relating to average sales rate, netting of KANUPP with purchases and grossing up. K-Electric has submitted that out of total claimed amount, Rs.2,357 million is due to sales mix, Rs.219 million is for the insufficient grossing up due to life line consumers and Rs.1,355 million is due to netting off import and export of KANUPP.
51. The Authority has considered the request of the Petitioner and decided to allow the amount of Rs.2,357 million to ensure recovery of Rs.12.8172/kWh as base tariff. Further the amount of Rs.219 million due to insufficient grossing up, for the impact of lifeline consumers is also being allowed.
52. KE has submitted that an amount of Rs.1,355 million is due to netting off import and export of KANUPP. KE has submitted that netting off the import and export of KANUPP and consequently the impact of KANUPP while working out the impact due to grossing up, impact of FCA and average sale rate short allowed has not been considered. The Authority has noted that it has already deliberated on the matter of netting off of import and export units in details in previous quarterly adjustments. The Authority accordingly has decided to maintain its earlier decision in the matter, and has decided to disallow the amount of Rs.1,355 million. *J*





**Previous adjustment of negative Rs. 40 million on account of revision in RLNG rate for own generation in the month of January 2022.**

53. K-Electric was allowed cost of RLNG for operation of its own power plants based on RLNG rate of Rs. 2,529/MMBTU for January 2022, however, subsequently OGRA revised the tariff to Rs.2,498./MMBTU. Based on the revised rate of OGRA, a deduction of Rs. 40 million has been made in the instant quarterly adjustment.

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

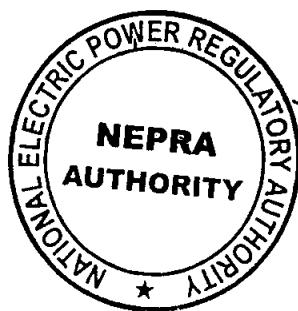
54. The Authority in determination dated June 8, 2022 in the matter of Quarterly Adjustments of K-Electric for the Quarters ending September 2021 and December 2021 allowed Rs.146 million to be allowed in every quarterly adjustment till September 2022 on account of WPPF of K-Electric. Accordingly, an amount of Rs.146 million is also being made part of the instant adjustment as previous adjustment.

**CV adjustment of Tapal Energy Limited for previous period**

55. It is pertinent to mention that in the FCA decision of K-Electric for the period from June 2019 to December 2019, the cost of Tapal Energy was based on reference CV, as no other CV report was submitted by Tapal Energy. From January 2020 to October 2021, CV was considered based on Third Party CV reports for each fortnight as provided by Tapal Energy. From Nov 2021 to Jan 2022, the highest CV of the fortnight as per the third party reports was considered for the complete month. During the process KE was repeatedly directed to provide third party consignment wise CV test reports of RFO purchased by TAPAL. However, no such report is being submitted by Tapal Energy, instead it started providing Tapal's own lab and fuel supplier CV reports for the fuel purchased. Accordingly, from Feb 2022 onwards CV as per the fuel supplier has been considered.
56. For the period prior to Jan 2022, KE has been directed to provide Fuel Supplier CV, which KE hasn't. Accordingly, for the period June 2019 to October 2021, the highest CV as per the Fortnight report provided by TAPAL has been considered till the time Tapal Energy provides CV as per the fuel supplier. This has resulted in a deduction of Rs. 34.764 million, which has been accounted for in the instant quarterly adjustment.

**Adjustment on account of non-inclusion of excess net metering units in the monthly FCA claim.**

57. The Authority during proceedings of monthly FCAs of KE directed it to provide details of net metering units for inclusion in monthly FCAs. Based on the above from March 2022 onwards excess units of net metering as provided by KE and their cost is being made part of the monthly FCA workings. For the previous periods, KE was asked to provide details of previous Net Metering units and its financial impact, had the same been accounted for in the respective monthly FCAs.
58. KE in its response has provided an impact of Rs.11.7762 million, to be deducted. The Authority understands that the impact worked out by KE is incomplete as any inclusion of units in monthly FCA would also impact the workings of the quarterly adjustment. Accordingly, the quarterly adjustments of K-Electric for the period since January 2019, after inclusion of excess net metering units in the total sent out. This has resulted in additional deduction of Rs.84.65



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million, thus the total deduction to be made in the current quarterly adjustment is Rs.96.42 million, which has accordingly been deducted.

**ADJUSTMENT FOR NEGATIVE / POSITIVE FCA FOR CERTAIN CONSUMER CATEGORIES**

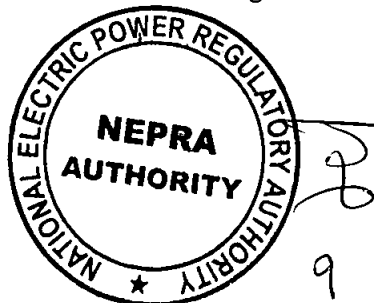
59. As per the Authority’s decision, negative FCA is not to be passed on to lifeline consumers, residential consumers with consumption up-to 300 units and agriculture consumers, similarly positive FCA is also not passed on to the life line consumers and the same is adjusted in quarterly adjustment.
60. Further, the Authority vide decision dated January 11, 2022, in the matter of request of the Ministry of Energy (Power Division) for extension in Support Package for Additional Consumption and Abolishment of Time of Use Tariff Scheme for Industrial Consumers of K-Electric decided that Positive monthly FCA would be applicable to B1, B2, B3, B4 and B5 industrial consumers on the incremental sales till continuation of the instant package, however, negative FCA would not be allowed. KE filed MLR against the said decision which was decided by the Authority however, KE has obtained stay order against both the decisions of the Authority.
61. K-Electric in its quarterly adjustment has requested an amount of Rs.57.98 million on account of positive/negative FCA not recovered/passed on to the consumers during the instant quarter. The amount being claimed by K-Electric is in line with the decision of the Authority and accordingly has been considered. The reason for this adjustment being that during the period April to June 2022, the FCAs allowed to K-Electric remained positive.

**Annual Indexation - K-Electric’s own cost**

62. As per the MYT 2017, the O&M components for the Generation, Transmission and Distribution allowed to K-Electric are subject to annual CPI-X indexation as per the following mechanism;
- ✓ Generation component to be indexed with CPI as of May for the respective year
  - ✓ Transmission component to be indexed with CPI-X as of May for the respective year, where X is 2% or 30% of change in CPI whichever is lower
  - ✓ Distribution component to be indexed with CPI-X as of May for the respective year, where X is 3% or 30% of change in CPI whichever is lower
63. Accordingly, the reference O&M components allowed to K-Electric have been indexed as per the prescribed mechanism based on change in CPI and applicable X factor as under;

O&M	Ref.	FY 2022-23
<b>Description</b>		
Generation	0.4212	0.6465
Transmission	0.2130	0.2959
Distribution	1.1369	1.5301

64. As per the MYT 2017 determination, the entire tariff components are subject to adjustment with the allowed level of T&D losses targets for the respective year.



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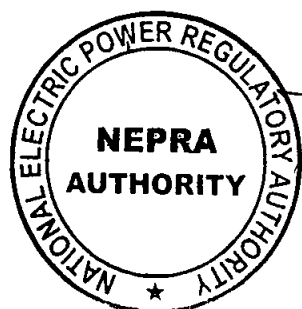
65. Accordingly, total tariff so worked out after allowing for quarterly adjustments & indexation on O&M components, has been adjusted with allowed level of T&D losses for the respective year.

Description	Unit	June 2022
<b>Annual Adjustments</b>	Rs./kWh	<b>(0.0362)</b>
Adjustment of O&M	Rs./kWh	0.2424
Adjustment of Own Generation FCC with T&D losses Target	Rs./kWh	(0.1525)
Adjustment of Power Purchase FCC with T&D losses Target	Rs./kWh	(0.0796)
Adjustment of Power Purchase Variable O&M & Capacity Cost with T&D losses Target	Rs./kWh	(0.0283)
Adjustment of other Tariff Components with T&D Losses Target	Rs./kWh	(0.0183)
Bad debts	Rs./kWh	(0.0014)
Other income	Rs./kWh	0.0020
Depreciation	Rs./kWh	(0.0035)
Return component	Rs./kWh	(0.0095)
Base rate adjustment component	Rs./kWh	(0.0070)
Mid Term Adjustment	Rs./kWh	0.0012

66. The above components include the components related to BQPS 1 Unit 3 & 4 which have been decommissioned. The Authority in the quarterly adjustment for the quarter ending September 2020 deducted an amount of Rs. 0.0904/kWh. Based on the allowed annual indexation a component of Rs. 0.0062/kWh has been deducted from the quarterly adjustment for the quarter ending June 2022.
67. Based on the discussion in the preceding paragraphs and information provided by K-Electric, the Authority has determined the following quarterly adjustment for the Quarter ending June 2022.
68. K-Electric in its request has requested its quarterly adjustment based on the projected units to be sold in the next quarter of 4,615 GWh. Now KE has provided its actual sent out units for the months of Jul – Sep 2022, which after adjusting for allowed losses works out as 4,390 GWh. Accordingly the same have been used in the calculation of Quarterly Adjustment.

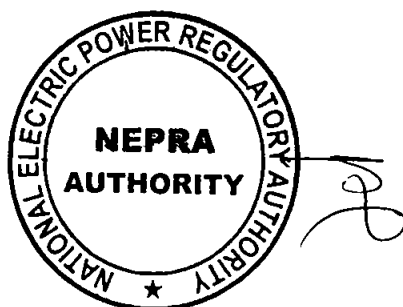
**Write-offs**

69. As per the decision of the Authority dated July 05, 2018, K-Electric has not been allowed any provision on account of the doubtful debts in the tariff, however, bad debts written off @ 1.69% of K-Electric's assessed sales revenue has been allowed in the base case. For the purpose of actual write offs in future, K-Electric is required to complete the following procedures;
- ✓ *The defaulter connection to be written off shall be disconnected.*
  - ✓ *The amount of write off shall be approved by the KE BoD which shall certify that KE has made all best possible efforts to recover the amount being written off.*
  - ✓ *KE Auditors shall verify that the amount is non-recoverable notwithstanding the efforts of the company.*
  - ✓ *The terms of write off shall also be given in detail.*



✓ *In case any amount written off is subsequently recovered from the customer, the recovered amount shall be adjusted in next year's tariff.*

70. In view thereof, K-Electric in its instant adjustment claimed actual write offs amounting to Rs.15,000 million (Gross) for the FY 2021-22.
71. The net amount claimed by K-Electric, after accounting for the recovery made through write off component built in the MYT tariff 2017, is Rs.11,455 million. KE has claimed that the amount of write offs recovered through tariff for the FY 2021-22 i.e. Rs.3,545 million, has been worked out by K-Electric by multiplying the Write-off component of Rs.0.213/kWh built in the MYT 2017 with the Units billed during FY 2021-22 (based on NEPRA allowed T&D loss target). The write off request was subsequently revised by KE vide letter dated 13.10.2022 to Rs.14,489 million. KE has further submitted that verification of Auditor as required under the criteria for write-off claim under the MYT will be submitted to NEPRA in due course.
72. Here it is pertinent to mention that the Authority had a meeting with K-Electric and its Auditors on the issue of Write-Off amounts, claimed by K-Electric in its quarterly tariff adjustments and verified by the Auditors, for the FY 2016-17, FY 2017-18 and FY 2018-19, which was held on 23.02.2021. Based on the discussions during the meeting, the Authority directed K-Electric's Auditors vide letter dated 01.03.2021, to submit written response on various issues. The Auditors have submitted their response vide letter dated 21.05.2021, received in NEPRA on 24.05.2021 and the same is under consideration.
73. During the preliminary analysis of the provided consumer wise details of write-offs and the response submitted by the Auditors, the Authority is of the view that claim of write-off requires further deliberation and analysis. Therefore, for the purpose of instant quarterly adjustments, the amount of write-offs of Rs.14,489 million claimed by K-Electric, including amount already built in the tariff, has not been included in the instant workings. Further, the amount already built in the tariff i.e. Rs.4,040 million has also been deducted. The Authority will decided the matter accordingly.
74. Based on the discussion made in the preceding paras, the Authority hereby determines the following quarterly adjustment of K-Electric for the quarter April-June 2022.



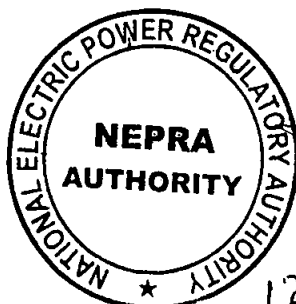
H. Malik

**Decision of the Authority in the matter of Quarterly Adjustment  
of K-Electric Limited for the Quarter ending June 2022**

Description	Unit	Apr-22	May-22	Jun-22
<b>Adjustment in SOT for the Quarter</b>	Rs./kWh			12.6818
FCC of Own Generation	Rs./kWh			18.3858
FCC adjusted on Target T&D Losses	Rs./kWh			21.8748
Reference Own Generation FCC adjusted on Target T&D Losses	Rs./kWh			11.7530
Required adjustment in SOT of Own Generation to level up the tariff	Rs./kWh			10.1218
<b>Power Purchases</b>				
Fuel Cost	Rs./kWh			9.5992
FCC adjusted on Target T&D Losses	Rs./kWh			11.4208
Reference Power Purchase FCC adjusted on Target T&D Losses	Rs./kWh			8.3335
Required adjustment in SOT of Power Purchase FCC to level up the tariff	Rs./kWh			3.0873
Variable O&M and Capacity	Rs./kWh			3.40915
Variable O&M and Capacity adjusted on Target T&D Losses	Rs./kWh			4.05610
Reference Power Purchase Variable O&M and Capacity based on Target T&D Losses	Rs./kWh			4.33560
Required adjustment in SOT of Power Purchase Variable O&M and Capacity to level up the tariff	Rs./kWh			(0.2795)
<b>Total Adjustment in SoT to Level up the Tariff</b>	Rs./kWh			12.9296
Cost of BQPS-I Unit 3 & 4				(0.0062)
<b>Impact of Variation in Fuel cost to the extent of T&amp;D losses</b>				
<b>Own Generation</b>				
Monthly Approved FCA	Rs./kWh	4.9166	7.8838	8.5074
Total Units Sent Out	Gwh	1,927	1,999	1,955
Allowed Level of T&D losses	%	15.95%	15.95%	15.95%
Impact of Losses on FCA for Own Generation	Rs.Mln	1,510.82	2,514.02	2,652.64
Total impact of Losses FCA				6,677.48
<b>Power Purchases</b>				
<b>Fuel Cost</b>				
Monthly Approved FCA	Rs./kWh	0.3552	1.6342	2.5949
Total Units Sent Out	Gwh	1,927	1,999	1,955
Allowed Level of T&D losses	%	15.95%	15.95%	15.95%
Impact of Losses on FCA for Power Purchases	Rs.Mln	109	521	809
Total impact of Losses on FCA	Rs.Mln			1,439
G. Total	Rs.Mln			8,117
<b>Impact of Variation in Variable O&amp;M and Capacity</b>	Rs.Mln	(1,204.16)	(896.60)	(459.25)
Total impact of Variable O&M and Capacity	Rs.Mln			(2,560)
Net Impact of Life Line, 300 units & Agriculture units	Rs.Mln			57.98
<b>Total Un-Recovered Cost of the Quarter</b>	Rs.Mln			5,615
WWF	Rs.Mln	-	-	-
WPPF	Rs.Mln	-	-	-
Previous Adjustment	Rs.Mln	-	-	4,270
Write Off	Rs.Mln	-	-	(4,040)
LDs	Rs.Mln	-	-	-
Units Sold during Next Quarter on allowed T&D Losses	GWh			4,390
<b>Adjustment for the Quarter</b>	Rs./kWh			1.3314
Reversal of Previous Quarter	Rs./kWh			(1.5368)
<b>Net Adjustment for the Quarter</b>	Rs./kWh			(0.2054)
<b>Annual Adjustments</b>	Rs./kWh			(0.0362)

**Whether the existing fixed charges applicable to different consumer categories needs to be revised?**

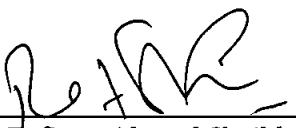
75. The Authority noted that as per the currently notified consumer end tariff of K-Electric, notified w.e.f. 25.07.2022, the applicable fixed charges are Rs.440/kW/M, Rs.460/kW/M and Rs.500/kW/M for different consumer categories.
76. Therefore, to make the determined and applicable fixed charges uniform, the rate of fixed charges for different consumer categories are being revised from Rs.400/kW/M, 420/kW/M and 440/kW/M to Rs.440/kW/M, 460/kW/M, and 500/kW/M respectively.
77. Here it is pertinent to mention that K-Electric vide letter dated April 10, 2022 has submitted that its average sale rate on actual sales is short from allowed determined tariff of Rs. 12.82/kWh. Keeping in view the submission of KE, the Authority has decided not to adjust the



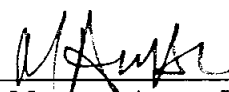
variable charges for the time being, although fixed charges have been revised upward. KE shall submit its complete working of the sales mix in its quarterly adjustment subsequently.

78. Here it is pertinent to mention that the Authority vide decision dated 09.03.2022 in the matter of retargeting power sector subsidies phase-II removed one slab benefit, except for the protected consumers, from the applicable tariff upon the request of the Federal Government. Although the said decision has been notified by the Federal Government w.e.f. July 07, 2022, however, the determined SoT for the instant quarter i.e. Apr.-Jun 2022 is being issued as per previous practice.
79. K-Electric is allowed to charge the “use of system charges” from the user of its system, as per the mechanism provided in its MYT 2017 determination. The use of system charges shall be worked out, by using the latest allowed numbers of transmission or distribution margin components or both, as the case may be, and shall be adjusted on the allowed level of loss assessment for the respective year.
80. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the quarterly Schedule of Tariffs (SoTs) of K-Electric, for the quarter Apr. - Jun. 2022 has been prepared and is attached herewith, which shall be applicable in the quarter Jul. – Sep. 2022.
81. The instant decision is being intimated to the Federal Government, prior to its notification in the official Gazette as per Section 31(7) of the NEPRA Act.

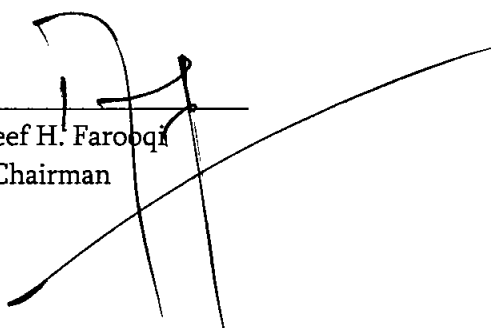
**AUTHORITY**



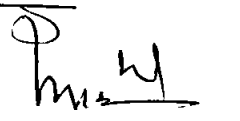
Rafique Ahmed Shaikh  
Member



Engr. Maqsood Anwar Khan  
Member



Tauseef H. Farooqi  
Chairman



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

APPLICABLE FOR THE QUARTER JULY - SEPTEMBER 2022

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
Protected  Unprotected	a) For Sanctioned load less than 5 kW	-						
	i) Up to 50 Units - Life Line		4.00				4.00	
	ii) 51 - 100 Units - Life Line		26.96		12.71		39.67	
	iii) 001 - 100 Units		26.96		12.71		39.67	
	iv) 101 - 200 Units		28.55		12.71		41.26	
	v) 001- 100 Units		26.96		12.71		39.67	
	vi) 101- 200 Units		28.55		12.71		41.26	
	vii) 201- 300 Units		29.76		12.71		42.47	
	viii) 301- 400 Units		30.81		12.71		43.52	
	ix) 401- 500 Units		30.81		12.71		43.52	
	x) 501- 600 Units		30.81		12.71		43.52	
	xi) 601- 700 Units		30.81		12.71		43.52	
xii) Above 700 Units	33.16		12.71		45.87			
b) For Sanctioned load 5 kW & above								
	Time Of Use		34.37	30.19	12.71	12.71	47.08	42.90

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

As per Authority's decision residential life line consumers will not be given any slab benefit.

As per Authority's decision for one slab benefit in the un-protected residential consumer category slabs from 301-700, the slab rates of 201-300 slab would be used for previous Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

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

Rs. 75/- per consumer per month  
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		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
a)	For Sanctioned load less than 5 kW	500.00	31.12		12.71		43.83	
b)	For Sanctioned load 5 kW & above		30.35		12.71		43.06	
c)	Time Of Use		34.36	30.13	12.71	12.71	47.07	42.84
d)	Electric Vehicle Charging Station		30.13		12.71		42.84	

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

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

Rs. 175/- per consumer per month  
Rs. 350/- per consumer per month

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

**A-3 GENERAL SERVICES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	Quarterly Adjustment Rs/kWh	TOTAL VARIABLE CHARGES Rs/kWh
a)	General Services	-	31.31	12.71	44.02

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

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

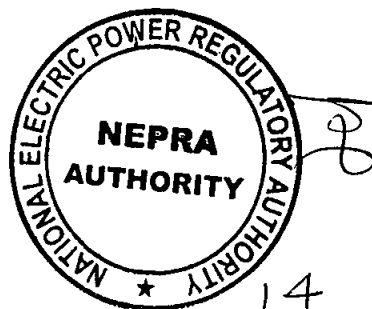
Rs. 175/- per consumer per month  
Rs. 350/- per consumer per month

**B INDUSTRIAL SUPPLY TARIFFS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1	Upto 25 kW (at 400/230 Volts)	-	31.36		12.71		44.07	
B2(a)	25-500 kW (at 400 Volts)	500.00	30.51		12.71		43.22	
B3(a)	For all loads upto 5000 KW (at 11,33 kV)	460.00	30.36		12.71		43.07	
B4(a)	For all loads upto 5000 KW (at 66,132 kV)	440.00	29.86		12.71		42.57	
	Time Of Use		34.36	30.36	12.71	12.71	47.07	43.07
B1(b)	Upto 25 kW (at 400/230 Volts)	-	34.36		12.71		47.07	
B2(b)	25-500 kW (at 400 Volts)	500.00	29.86		12.71		42.57	
B3(b)	For All Loads up to 5000 kW (at 11,33 kV)	460.00	29.36		12.71		42.07	
B4(b)	For All Loads (at 66,132 kV & above)	440.00	29.11		12.71		41.82	
B5	For All Loads (at 220 kV & above)	340.00	28.36		12.71		41.07	

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

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



**C - SINGLE-POINT SUPPLY**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C-1	For supply at 400/230 Volts							
a)	Sanctioned load less than 5 kW	-		31.36		12.71		44.07
b)	Sanctioned load 5 kW & up to 500 kW	500.00		30.36		12.71		43.07
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	460.00		30.36		12.71		43.07
C-3(a)	For supply at 132 and above, up to and including 5000 kW Time Of Use	440.00		29.86		12.71		42.57
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	500.00	34.36	29.86	12.71	12.71	47.07	42.57
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	460.00	34.36	29.36	12.71	12.71	47.07	42.07
C-3(b)	For supply at 132 kV up to and including 5000 kW	440.00	34.36	29.11	12.71	12.71	47.07	41.82

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

**D - AGRICULTURE TARIFF**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1	For all Loads	200.00		29.08		12.71		41.79
	Time of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-2	For all Loads	200.00	34.36	28.66	12.71	12.71	47.07	41.37

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

**E - TEMPORARY SUPPLY TARIFFS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
E-1(i)	Residential Supply	-		31.86		12.71		44.57
E-1(ii)	Commercial Supply	-		32.46		12.71		45.17
E-2 (i)	Industrial Supply	-		32.91		12.71		45.62
E-2 (ii)	Bulk Supply							
	(a) at 400 Volts	-		32.86		12.71		45.57
	(b) at 11 kV	-		32.84		12.71		45.55

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

**F - SEASONAL INDUSTRIAL SUPPLY TARIFF**

125% of relevant industrial tariff

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

**G. PUBLIC LIGHTING**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Street Lighting	-		31.76		12.71		44.47

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

**H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh		Quarterly Adjustment Rs/kWh		TOTAL VARIABLE CHARGES Rs/kWh	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Residential Colonies attached to industrial premises	-		31.86		12.71		44.57

