

National Electric Power Regulatory Authority

NOTIFICATION



Islamabad, the 02nd day of May, 2024

S.R.O. 630 (I)/2024.- In pursuance of Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), NEPRA hereby notifies the Determination of the Authority dated 14th March, 2024 in the matter of Petition filed by Lahore Electric Supply Company Limited (LESCO) for Determination of Supply of Power Tariff under MYT Regime for the FY 2023-24 to FY 2027-28 in Case No. NEPRA/TRF-603/LESCO/MYT-Supply/2023.

2. While effecting the Determination, the concerned entities including Central Power Purchasing Agency Guarantee Limited (CPPAGL) shall keep in view and strictly comply with the orders of the courts notwithstanding this Decision.


(Engr. Mazhar Iqbal Ranjha)
Registrar





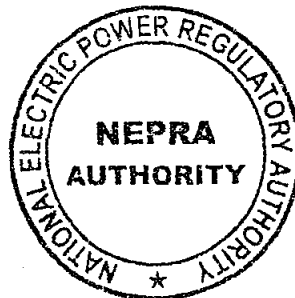
National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-603/LESCO-2023

DETERMINATION OF SUPPLY OF POWER TARIFF PETITION
FOR
LAHORE ELECTRIC SUPPLY COMPANY LIMITED (LESCO)
FOR THE FY 2023-24 – FY 2027-28
UNDER
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

16th Mar, 2024

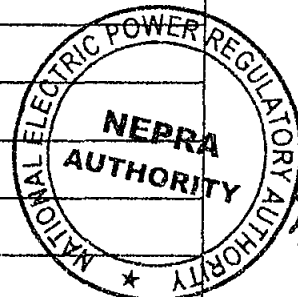


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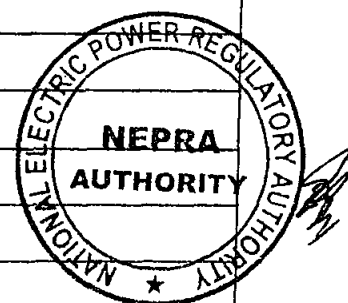
Abbreviations

CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
ADB	Asian Development Bank
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	Capital Asset Pricing Model
CDP	Common Delivery Point
COSS	Cost of Service Study
CPPA (G)	Central Power Purchasing Agency Guarantee Limited
CTBCM	Competitive Trading Bilateral Contract Market
CWIP	Closing Work in Progress
DIIP	Distribution Company Integrated Investment Plan
DISCO	Distribution Company
DM	Distribution Margin
DOP	Distribution of Power
ELR	Energy Loss Reduction
ERC	Energy Regulatory Commission
ERP	Enterprise resource planning
FCA	Fuel Charges Adjustment
FY	Financial Year
GIS	Geographical Information System
GOP	Government of Pakistan
GWh	Giga Watt Hours
HHU	Hand Held Unit
HT/LT	High Tension/Low Tension
HSD	High Speed Diesel
IGTDP	Integrated Generation Transmission and Distribution Plan
IESCO	Islamabad Electric Supply Company Limited
KIBOR	Karachi Inter Bank Offer Rates





KSE	Karachi Stock Exchange
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
LPC	Late Payment Charges
MDI	Maximum Demand Indicator
MMBTU	One million British Thermal Units
MoWP	Ministry of Water and Power
MVA	Mega Volt Amp
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
NOC	Network Operation Centre
NTDC	National Transmission & Despatch Company
O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Power Company
GEPCO	Gujranwala Electric Power Company Limited
PDEIP	Power Distribution Enhancement Investment Program
PDP	Power Distribution Program
PPA	Power Purchase Agreement
PPAA	Power Procurement Agency Agreement
PPP	Power Purchase Price
PYA	Prior Year Adjustment
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RE	Rural Electrification
RFO	Residual Fuel Oil
RLNG	Re-gasified Liquefied Natural Gas
RoE	Return on Equity
RORB	Return on Rate Base
ROR	Rate of Return

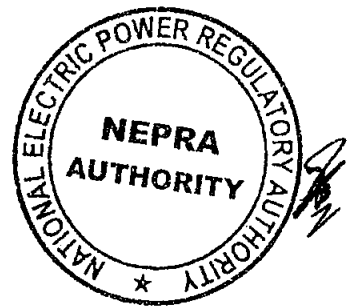


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SBP	State Bank of Pakistan
SOT	Schedule of Tariff
STG	Secondary Transmission Grid
SYT	Single Year Tariff
T&D	Transmission and Distribution
TFC	Term Finance Certificate
TOU	Time of Use
TOR	Term of Reference
TPM	Transfer Price Mechanism
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month
UOSC	Use of System Charges
WACC	Weighted average cost of capital
WAPDA	Water and Power Development Authority
XWDISCO	Ex-WAPDA Distribution Company

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DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
LAHORE ELECTRIC SUPPLY COMPANY LIMITED (LESCO) FOR DETERMINATION OF
SUPPLY OF POWER TARIFF UNDER MYT REGIME FOR THE FY 2023-24 TO FY 2027-28

CASE NO. NEPRA/TRF-603/LESCO-2023

PETITIONER

Lahore Electric Supply Company Limited (LESCO), 22-A Queens Road, Lahore.

INTERVENER

NIL

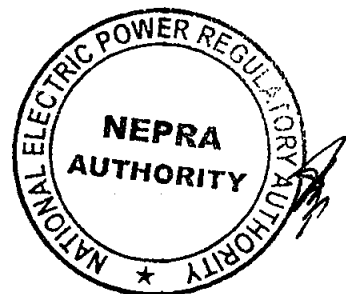
COMMENTATOR

NIL

REPRESENTATION

Chief Executive Officer and along-with its Technical and Financial team

Mahmud Q

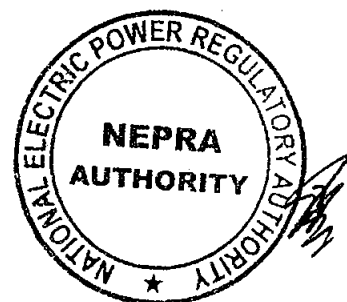




1. Background

- 1.1. The amendments in the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was passed by the National Assembly on 15th March, 2018, which was published in the official Gazette on 30th April 2018 (the "Amendment Act"), resulting in restructuring of the energy sector. One of the fundamental changes as per the amendment Act is the introduction of a competitive retail energy sector, wherein, supply function has been segregated from the distribution license.
- 1.2. As per the amended Act, function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a), whereby 'sale' of electric power has been removed from the scope of 'Distribution Licensee' and transferred to 'Supply Licensee'.
- 1.3. The Section 23(E) of the Act, provides NEPRA with the powers to grant Electric Power Supply License for the supply of electric power. Section 23E(1), however, provided that the holder of a distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date. Thus, all existing Distribution Licensees were deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, can continue to do so. Subsequently, the Authority vide order dated 09.05.2023, granted distribution license to LESCO on a non-exclusive basis for a period of 20 years till May 2043. Similarly, the Petitioner has also been granted, Electric Power Supply License as a Supplier of Last Resort (SoLR) for the supply of electric power within its Service Territory on a non-discriminatory and non-exclusive basis, for a period of 20 years till April 2043 vide order of the Authority dated 27.12.2023.
- 1.4. In view thereof, Lahore Electric Supply Company Limited (LESCO), hereinafter called "the Petitioner", being a Distribution as well as a Supplier of Last Resort (SoLR) filed separate tariff petitions for the determination of its Distribution and Supply of Electric Power Tariff under the MYT Regime for a period of five years i.e. from FY 2023-24 to FY 2027-28, in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").
- 1.5. The Petitioner, inter alia, has requested for Supply of Power Tariff cost for the five years period as detailed below;

Description	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Projected						
Units Purchases	GWh	31,546	32,515	33,774	35,014	36,517
T&D Losses	%	9.99%	9.46%	8.78%	8.17%	7.50%
Units to be Sold	GWh	28,393	29,438	30,808	32,152	33,777
Power Purchase Cost	Mln Rs.	642,892	671,237	703,694	730,887	761,423
Distribution Business Cost	Mln Rs.	76,152	86,137	99,707	114,493	132,296
O&M	Mln Rs.	5,349	6,432	7,544	8,760	10,262
Other Income	Mln Rs.	(9,795)	(10,112)	(10,436)	(10,762)	(11,092)
Power Supply Margin	Mln Rs.	9,643	10,069	10,555	10,963	11,421
Minimum Tax	Mln Rs.	8,256	8,272	8,739	9,148	9,617
Prior Year Adjustments	Mln Rs.	33,783				
Total Revenue Requirement of Supply Business	Mln Rs.	766,280	772,035	819,803	863,489	913,927
Net Average Sale Rate	Rs./kWh	26.99	26.23	26.61	26.86	27.06



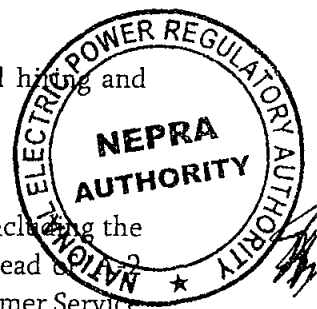


2. Proceedings

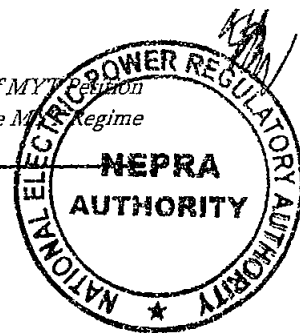
- 2.1. In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority. However, considering the fact that the Supply license of the Petitioner as a deemed supplier was valid only till April 2023, the Authority decided to deliberate the term of the MYT period as a separate issue during the hearing. Since the impact of any such 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.
- 2.2. Hearing in the matter was scheduled on August 08, 2023, for which notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on July 26, 2023 and also uploaded on NEPRA website; Individual notices were also issued to stakeholders/ interested parties.

3. Issues of Hearing

- 3.1. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments;
- i. Whether the request of Petitioner to allow MYT for a period of five years is justified?
 - ii. Whether LESCO has deposited the required amount in the Post Retirement Benefit fund in line with the amount allowed by the Authority in previous MYT?
 - iii. LESCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?
 - iv. Whether the requested O&M cost, minimum tax and other Income is justified?
 - v. What should be the adjustment mechanisms during the MYT? Whether there should any efficiency factor (X Factor)?
 - vi. Whether the salaries, allowance and post-retirement benefits shall linked with GoP increase or otherwise?
 - vii. Whether the request of the Petitioner for supply margin is justified?
 - viii. Whether the request of the Petitioner for replacement hiring, Additional hiring and creation of divisions/sub-division is justified?
 - ix. Whether the requested PYA, is justified?
 - x. Whether the existing Tariff Terms and Conditions needs to be modified (including the request of Cold Storage to charge "B Industrial Supply" Category tariff instead of "Commercial" category tariff), and keeping in view the amendments in Consumer Service Manual or otherwise?
 - xi. Whether the existing fixed charges applicable to different consumer categories needs to be revised and requires any changes in mechanism for charging of such charges based on Actual MDI or Sanction Load or otherwise? Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?
 - xii. Whether the concerns raised by the intervener/ commentator if any are justified?
 - xiii. Whether the requested RORB along-with determinant factors and annual adjustment



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mechanism as requested by the Petitioner is justified?

xiv. Any other issue that may come up during or after the hearing?

4. Filing Of Objections/ Comments

4.1. Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules.

4.2. During the hearing, the Petitioner was represented by its Chief Executive Officer along-with its technical and financial teams; On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;

5. Whether the request of Petitioner to allow MYT for a period of five years is justified?

5.1. The Authority noted that the Petitioner has filed its MYT Petition for a period of five years i.e. FY 2023-24 to FY 2027-28, however, the Supply license of the Petitioner is valid only till April 2023. In view thereof, the Authority decided to deliberate the matter during the hearing.

5.2. The Petitioner submitted that the petition has been filed in accordance with the Rule 3(1) of Part II and Rule 4(7) of NEPRA Tariff Standards and Procedure Rules 1998 and NEPRA Performance Standards (Distribution) Rules 2005. As per Rule 17 (3) (1) of Tariff Rules for recovery of any and all costs prudently incurred to meet the demonstrated needs of their consumers. It also stated that the Authority has directed LESCO to file MYT Tariff Petition for next five year i.e. FY 2023-24 to 2027-28 vide decision in the matter of adjustment/ Indexation of tariff for the FY 2021-22 under MYT regime as per applicable guidelines, rules and procedures. The Petitioner during the hearing submitted that its 5 years Investment Plan has already approved by the Authority and in line with approved investment plan, tariff control period of 05 years is requested to be considered. Regarding Supply License LESCO submitted that application for supply License has already been filed before the Authority for consideration, therefore, for supply activity, tariff for 05 year may also be granted.

5.3. The Authority, observed that at the time of filing of the Petition, the Petitioner's Supply license as a deemed supplier was valid only till April 2023. However, subsequently the Authority vide order dated 27.12.2023, allowed the Petitioner Electric Power Supply License as a Supplier of Last Resort (SoLR) for supply of electric power within its Service Territory on a non-discriminatory and non-exclusive basis, for a period of 20 years till April 2043. Further, the Authority also approved the investment of the Petitioner for a period of five (05) years i.e. from FY 2023-24 till FY 2027-28. In view thereof, the Authority has decided to approve the tariff request of the Petitioner under the MYT tariff regime for a control period of five year i.e. from FY 2023-24 till FY 2027-28. The terms & conditions, given by the Authority, in the Distribution and SoLR license, as modified from time to time, of the Petitioner would be applicable during the MYT control period.

6. LESCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?

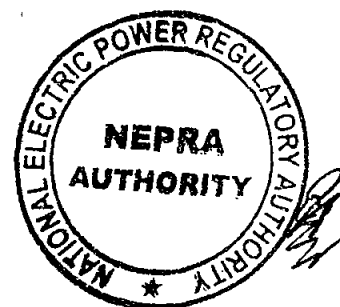
6.1. Regarding Power Purchase Price the Petitioner submitted that it is paying to CPPA-G (or on behalf of CPPA-G) Power Purchase Price (PPP) for the electricity it procures, including a transmission charge for transporting electricity across the transmission network owned



and operated by NTDCL and PMLTC along with the Market Operator Fee (MoF) of CPPA-G. The total cost of power comprises generation and transmission cost elements. The generation price consists of a Capacity Purchase Price (CPP) and Energy Purchase Price (EPP) including variable O&M. EPP is computed on the basis of average energy purchase price of IPPs, Hydel, Nuclear and other sources of generation across the country. The UOSC & MoF is being charged accordingly to NTDCL & CPPA-G tariff determined by NEPRA. The PPP is transferred to IESCO according to the Transfer Price Mechanism (TPM) subject to adjustments and passed on to the end consumers. Total purchase starts at 31,546 GWh which is assumed to grow at a CAGR of 3.73%, and reaches 36,517 GWh by FY 25. The PPP for the five-year control period has been taken on the basis of actual data available for the FY 2022-23 (July'22 to Nov'22). The purchase cost is calculated as the number of units of energy purchased times the PPP rate.

- 6.2. The Petitioner further submitted that the Authority has granted licenses to Captive Power Plants / Small Power Producers and Solar PV companies in LESCO's territory. These companies are involved in the sale of energy to BPCs while net metering is also increasing leading to the capacity being maintained while the energy is reducing. Therefore, the Authority should issue higher tariff for such categories of consumers so that the capacity component may be fully recovered from the consumers.
- 6.3. The Petitioner regarding Power Purchases provided following details;

Power Purchase Price (PPP) Break-up (Rs. In Millions)					
	FY24	FY25	FY26	FY27	FY28
Energy Transfer Charge	334,011	344,132	357,290	370,252	385,973
Capacity Transfer Charge	275,853	292,129	309,364	322,073	335,304
Transmission Charge (Inc. MOF)	33,028	34,976	37,040	38,562	40,146
Power Purchase Price	642,892	671,237	703,694	730,887	761,423



- 6.4. The Authority noted that PPP is the major component of consumer-end tariff, which accounts for around 90% of total consumer-end tariff. The Authority while rebasing of consumer-end tariff for the FY 2023-24, determined PPP for all XWDISCOs including the Petitioner, vide decision dated 14.07.2023. The Federal Government notified the determined PPP references for the FY 2023-24, vide SRO dated 26.07.2023, from July 2023. Accordingly, from July 2023 onward, all the monthly FCAs & quarterly adjustments are being allowed based on the notified PPP references for the FY 2023-24.
- 6.5. In view thereof, the Authority has decided that the PPP of the Petitioner for the FY 2023-24, already notified vide SRO 26.07.2023, shall be included as part of the overall Revenue requirement of the Petitioner for the FY 2023-24.
7. Whether the salaries, allowance and post-retirement benefits shall linked with GoP increase or otherwise?
8. Whether the request of the Petitioner for replacement hiring, Additional hiring and creation of divisions/sub-division is justified?
9. Whether the requested O&M cost, minimum tax and other Income is justified?
10. Whether LESCO has deposited the required amount in the Post Retirement Benefit fund in line with the amount allowed by the Authority in previous MYT?

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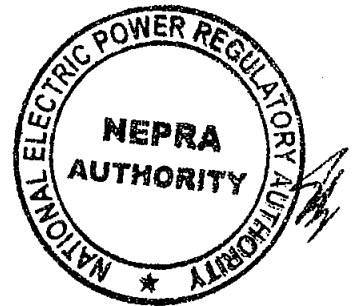
10.1. The Petitioner requested the following O&M costs in its tariff petition;

Operating and Maintenance Cost Breakup (Rs. in Millions)					
	FY24	FY25	FY26	FY27	FY28
Salaries, Wages and other Benefits	30,765	37,825	43,771	49,083	55,215
Post-Retirement Benefits	20,428	22,473	24,723	27,198	29,921
Repair & Maintenance	3,520	4,801	6,550	8,935	12,190
Others	5,511	7,410	9,999	13,531	18,353
Total Projected Annual Cost	60,224	72,509	85,042	98,747	115,678
Proj.Cost-Wire Business	54,882	66,077	77,498	89,987	105,417
Proj.Cost-Supply Business	5,342	6,432	7,544	8,760	10,262

10.2. The Petitioner provided the following justification regarding amount requested under each head of account;

- ✓ Basic pay, Allowances and Employee benefits: The pay & allowances for FY 2023-24 have been estimated to be Rs. 30,765 Million, out of which Rs. 28,036 Million & Rs. 2,729 million have been projected for Wire Business & Power Supply Business respectively. Pay & allowances and employee benefits including retirement benefits constitute a major portion of the Company's O&M expenses.

Basic Pay, Allowance & Employee Benefits (Rs. In Millions)					
	FY24	FY25	FY26	FY27	FY28
Basic Pay & Adhoc Relief	11,446	12,970	14,579	16,278	18,072
Employee Benefits	14,464	16,064	17,200	18,438	20,599
New Hiring Cost	4,855	8,791	11,992	14,367	16,543
Total Salaries & Wages	30,765	37,825	43,771	49,083	55,215
Proj.Cost-Wire Business (Mil. Rs.)	28,036	34,470	39,888	44,729	50,317
Proj.Cost-Supply Business (Mil. Rs.)	2,729	3,355	3,883	4,354	4,898



- ✓ Plan for Replacement Hiring: LESCO has planned for induction of the following number of employees during tariff control period against existing yard stick.

New induction against existing Yardstick. (Rs. In Million)					
	FY24	FY25	FY26	FY27	FY28
No. of Employees	3,829	2,644	1,621	567	421
Projected Annual Cost (Mil. Rs.)	2,727	4,576	5,717	6,112	6,404
Proj.Cost-Wire Business (Mil. Rs.)	2,485	4,171	5,210	5,570	5,836
Proj.Cost-Supply Business (Mil. Rs.)	242	406	507	542	568

- ✓ The Company is a staff deficient by 35.46% and at present working at working strength of 20,253 Nos. of employees against the sanctioned strength of 32,560 Nos. in different cadres. Therefore, the company has planned for induction of above stated number of employees during the tariff control period.
- ✓ The following manpower statistics highlights the shortage of staff in the company:

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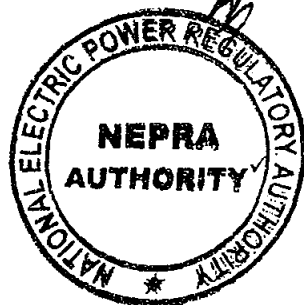


Man power statistics

S. No	Description	Sanctd.	Actual Working Strength			Total	Deficiency	%age
			Reg.	Cont.	Daily wages			
Officers (BPS-17 and above)								
a.	Technical	577	431	1	0	432	145	25.13%
b.	Non-Technical	134	76	8	0	84	50	37.31%
Sub-Total		711	507	9	0	516	195	27.43%
Officials (BPS-01 to 16)								
a.	Technical	19,048	13,167	369	172	13,708	5,340	28.03%
b.	Non-Technical	8,650	4327	110	7	4,444	4,206	48.62%
c.	Clerical	4,151	2252	93	0	2,345	1,806	43.51%
Sub-Total		31,849	19,746	572	179	20,497	11,352	31.84%
Total Manpower		32,560	20,253	581	179	21,013	11,547	35.46%

- ✓ As evident from the tables above, the Company has been requesting NEPRA for allowing cost of hiring staff at positions where it is under-staffed. The deficiency in staff is clearly great importance at the officer level as per approved yardstick which stands at 35.46%. The deficiency and the associated financial impact have successively increased over the years, as the Company's consumer base is continually expanding. The consumer base of the company is expected to be increased at average rate of 5.01% or 0.344 million consumers per year.

- ✓ In order to meet the technical and operational targets, it is proposed that 3,829 vacancies are to be filled by the Company during FY2023-24. This recruitment will increase the base year O&M by Rs.2,727 million. The projected cost of Rs.2,539 million & Rs.188 million assigned to the Wire Business & Power Supply Business respectively. In the same manner Rs.1,850 million, 1,139 million, and 683 Million have been projected for recruitment against vacant posts under existing yardstick of LESCO during FY 2024-25, 2025-26, and 2026-27 respectively.



LESCO's Plan for creation of new offices along with additional hiring for newly created offices: LESCO has planned for induction of the following number of employees during tariff control period against human resource requirement of newly created offices.

New induction against creation of new offices					
	FY24	FY25	FY26	FY27	FY28
No. of Employees	2,504	2,468	2,438	2,336	2,235
Projected Annual Cost (Mil. Rs.)	2,128	4,214	6,275	8,255	10,139
Proj. Cost-Wire Business (Mil. Rs.)	1,939	3,840	5,719	7,523	9,240
Proj. Cost-Supply Business (Mil. Rs.)	189	374	557	732	899

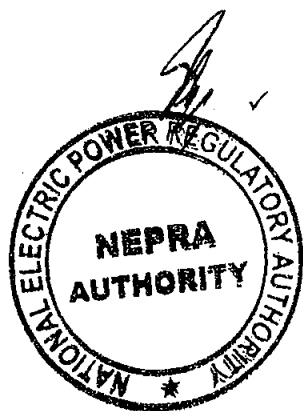
- ✓ Post-Retirement Benefits: There are post-retirement benefits including expenses related to pension, medical, free supply, and gratuity/ leave encashment. The Company fully understands its legal obligation to record and pay these liabilities. Since the unbundling of WAPDA, the Company has been making timely payments to all its retired employees. Keeping in view the above, the gross Post Retirement Benefits have been projected for 2022-23 on the basis of last actuarial Valuation Report and other available information with estimated average 10% increase for FY 2023-24 till FY 2027-28 as under:

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Post-Retirement Benefits Break-up (PKR Millions)						
	FY23	FY24	FY25	FY26	FY27	FY28
Pension	11,205	1,852	2,037	2,241	2,465	2,712
Medical	2,112	3,924	4,316	4,748	5,223	5,745
Utility Expense	3,567	2,323	2,556	2,811	3,092	3,402
Leave Encashment	1,684	12,328	13,563	14,922	16,418	18,063
Total Post-Retirement Benefits	18,568	20,428	22,473	24,723	27,198	29,921
% Change		10.00%	10.00%	10.00%	10.00%	10.00%
Proj. Cost-Wire Business	16,921	18,615	20,479	22,530	24,785	27,267
Proj. Cost-Supply Business	1,647	1,812	1,994	2,193	2,413	2,654

- ✓ NEPRA is requested to allow the above gross amount of retirement benefits in tariff for the tariff control period subject to adjustment on the basis of actual contribution in the fund.
 - ✓ Other Operating Expenses: All other expenses are increased by CPI-X during the entire tariff control period including Repair & Maintenance. The amount of settlement guarantee fund and security covers as per Market Commercial Code required is also part of other operating expenses.
 - ✓ Repair & Maintenance: The repair & maintenance cost shall enable the company to ensure smooth and efficient functioning of the transmission and distribution system in operation. Moreover, it shall contribute to the benefit of the consumers at large by reducing power outages, system breakdowns and better service quality in addition to contribution in reduction of the T&D Losses. Foregoing in view, NEPRA is requested to allow full amount of the repair & maintenance projected for tariff control period in this MYT. The repair and maintenance are mainly for standalone items necessary for keeping the system in operation with no additional benefits.
- The adherence to service standards and improvement of customer services is only possible through continuous repair and maintenance of distribution network etc. Timely repair and maintenance are vital to continuous and reliable supply of electricity. Delays in scheduled repairs ultimately result in system breakdowns which in turn not only has an impact on the end-consumer, including adversely affecting industrial and agricultural production, but also damages the distribution network which then requires further investments. Furthermore, non-undertaking of routine repairs results in accumulation of faults with the utility which requires significant investments, a few years down the line against an issue that could have been dealt earlier at a significantly lower cost. Repairs are thus an important aspect in controlling the increase in end-user tariff and necessary, if distribution loss targets are to be achieved.
- ✓ Segregation between "Controllable" and "Uncontrollable" cost: The segregation is proposed between controllable and un-controllable costs. The employee related costs (Salaries & Wages and Retirement Costs) are treated as uncontrollable to be passed through on actual basis in the Tariff. All other Costs are considered to be controllable and subject to adjustment with CPI only including Repair & Maintenance. The segregation of controllable and uncontrollable factors and their treatment in MYT is of vital importance. Non-segregation of these costs may force the Company to absorb some "uncontrollable costs" beyond its control, which are not fully recovered from its tariff resulting in financial losses to the Company. In light of the above, it is submitted



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that any increase in uncontrollable costs be adjusted on an annual basis in the MYT tariff.

- ✓ With a view to allow the Company greater autonomy over its operations relating to network management, repair & maintenance cost has been assumed to be increased on the basis of CPI increase which is consistent with the actual requirements due to vast & old distribution system. However, the company is also planning to maintain Fixed Assets Register by way of Fixed Assets tagging and after completion of fixed assets tagging the maintenance cost should be linked with gross fixed assets.
- ✓ Adjustment Mechanism for O&M Costs: The efficiency factor "X" is being proposed as zero '0' for the Tariff Control Period on the premise that the implementation of CTBCM will further affect the cost effectiveness of the Company when most of the industrial and bulk power consumers will be leaving LESCO and the Company will only be serving the low category domestic consumers, Further all the efficiencies and associated benefits, will be achieved through the implementation of Distribution integrated investment plan (DIIP) are inherently reflected through reduction of T&D losses and which ultimately reduce the average sale rate for end consumer.

10.3. The Authority observed that the Petitioner revised its requested amounts under different heads in its presentation during the hearing by stating that the numbers have been revised based on NEPRA Interim tariff determination decision dated 14.07.2023.

10.4. The Petitioner submitted that it has calculated/ worked out the O&M Cost and Depreciation Expenses on projected results of FY 2023 for 1st Year of the Tariff Control period i.e. FY 2023-24 and requested to determine O&M expenses for 1st Year of Tariff Control Period provisionally subject to change on the basis of submission of Audited Accounts of FY 2023. Thereafter, it shall be adjusted/ indexed – annually, on reference or base year actual results.

10.5. The Petitioner accordingly presented the following revised numbers for the FY 2023-24, during hearing of its instant Petition;

Description	FY 2023-24 (Rs. Mln)
O&M Cost	62,651
Depreciation Expenses	6,048

10.6. The Petitioner provided the following break-up of its O&M costs for the FY 2023-24;

Description	Mln. Rs.				
	2022-23		2023-24 (Projected)		
	Determined	Prov. Exp.	DOP	SOP	Total
Salaries, Wages & other Benefits	19,274	22,495	30,457	2,965	33,421
Post Retirement Benefits	15,678	18,568	18,615	1,812	20,428
Repair & Maintenance	2,705	2,580	3,207	312	3,520
Travelling Expenses	362	522	713	69	783
Others	2,132	3,323	4,100	399	4,499
Total O&M Cost	40,151	47,488	57,092	5,557	62,651



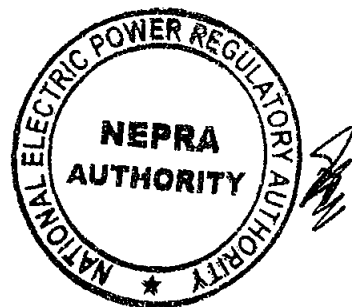
10.7. The revenue requirement of XWDISCOs, generally include the following;

- i. Power Purchase Price (PPP)
- ii. Distribution/Supply Function Costs
- iii. Prior Year Adjustments, if any.

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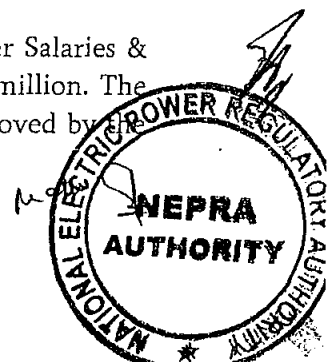


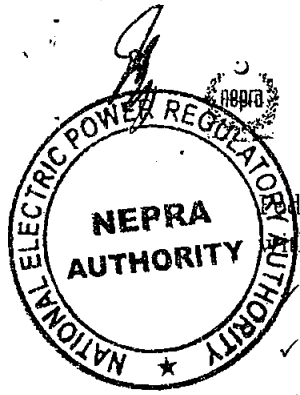
11. Power Purchase Price (PPP)
12. The issue of PPP has already been discussed in the earlier paragraphs of the instant determination, therefore, need not to be discussed here again.
- 12.1. The Distribution/Supply function costs of XWDISCOs include the following major components;
- Operation & Maintenance Expenses (O&M)
 - Salaries & Wages
 - Post-Retirement Benefits
 - Other OPEX
 - Repair & Maintenance Expenses
 - Travelling Allowance
 - Vehicles Fuel and Repair & Maintenance
 - Other Miscellaneous Expenses
 - Depreciation
 - Return on Rate Base (RORB) (RAB*WACC)
 - Other Income (*deducted from the Revenue Requirement*)
- 12.2. The amended NEPRA Act under Section 31(3), *inter alia*, has prescribed that the following general guidelines shall be applicable to the Authority in the determination, modification or revision of rates, charges and terms & conditions for provision of electric power services;
- ✓ "(a) tariffs should allow licensees the recovery of any and all cost prudently incurred to meet the demonstrated needs of their customers Tariff."
 - ✓ (b) tariffs should generally be calculated by including a depreciation charge and a rate of return on the capital investment of each licensee commensurate to that earned by other investments of comparable risk;
 - ✓ (c) tariffs should allow licensees a rate of return which promotes continued reasonable investment in equipment and facilities for improved and efficient service;
 - ✓ (d) tariffs should include a mechanism to allow licensees a benefit from and penalties for failure to achieve the efficiencies in the cost of providing the service and the quality of service;"
- 12.3. Further, as per NEPRA determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, the Authority shall choose a base year for the purpose of determining the affected company's revenue requirement under multi-year tariff regime or annual tariff regime. "Base Year" has been defined as the year on which the annual or multiyear tariff projection is being made, which may be a historical financial year, for which the actual results/audited accounts are available. It may be a combination of actual results and projected results for the same financial year or it may be a pure projection of a future financial year.





- 12.4. Considering the fact that the MYT has been filed for the period pertaining to the FY 2023-24 to FY 2027-28, and the cost for the FY 2024-25 i.e. test year, is being assessed as reference cost during the MYT control period, the Authority has decided to consider the costs as per the provisional accounts of the Petitioner for the FY 2022-23 & the additional information provided by the Petitioner for FY 2022-23, as base year. Here it is pertinent to mention that audited accounts of the Petitioner for the FY 2022-23, are not available.
- 12.5. The Authority considers that for projections or assessment of OPEX costs, the two commonly used approaches are the Ex-Ante approach and the Ex-Post approach. In a regime where the allowed OPEX is determined Ex-Ante, there will inevitably be deviations between the allowed and actual OPEX in the form of efficiency savings or losses. Thus resulting in two broad options, one that the utility bears all savings or losses, i.e. no action is taken by the Regulator. The 2nd approach that the utility shares the savings or losses with consumers. The former provides the utility with a profit incentive to cut costs, but at the same time places the utility at greater financial risk in the face of losses. The latter somewhat dilutes efficiency incentives, but also limits the losses/gains for the utility and its customers. However, the widely used approach is that no adjustments to allowed Revenues or OPEX allowances are made in the next period to compensate for a deviation from allowed OPEX in the current period except for certain allowed adjustments in terms of CPI etc.
- 12.6. Accordingly, keeping in view the guidelines given in the Act, request of the Petitioner, information provided by the Petitioner subsequently and decisions of the Authority in similar cases, the head wise assessment of the Petitioner under each of requested costs is discussed hereunder;
13. **Pay & Allowances;**
- 13.1. The Authority noted that head of Salaries, Wages and Other Benefits include employees Pay & Allowances and Post-retirement benefits and accounts for over 86% of the Petitioner's total O&M costs, excluding depreciation. The Authority understands that employees of XWDISCOs are hired on Government pay scales, thus, any salary increase announced by the Federal Government in Fiscal Budget is also applicable on the employees of XWDISCOs, and the Petitioner is required to pay its employees, increases in salaries & wages announced by the Federal Government through Budget. Therefore, salaries & wages cost of employees can be considered as un-controllable cost for XWDISCOs as long as they remain in public sector.
- 13.2. Considering the fact that the cost for the FY 2023-24 is being assessed, which would be used as reference during the MYT control period, the Authority has taken into consideration the costs as per the provisional accounts of the Petitioner for the FY 2022-23/ information shared by the Petitioner subsequently in this regard. The Authority is of the view that since the previous MYT of the Petitioner has ended on 30.06.2023, therefore, it would be appropriate to account for the actual cost of the base year while projecting Salaries, Wages and Other benefits for the FY 2023-24, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.
- 13.3. The actual total cost as provided by the Petitioner for the FY 2022-23, under Salaries & Wages (excluding postretirement benefits, discussed separately) is Rs.20,343 million. The said amount has been considered as base cost and following increases as approved by the





Federal Government on Salaries and Wages in the Federal Budget for the FY 2023-24 along with impact of annual increment i.e. 5% have been incorporated thereon;

- Adhoc relief allowance @ 32.5% on avg. - 30% (BPS-17-22) & 35% (BPS 1-16)
- ✓ Annual increment @ 5% of basic pay for 7 months
- ✓ Adhoc relief allowance FY 2021-22 revised based on revised basic pay scale

13.4. Accordingly, the cost of Salaries & Wages (*excluding postretirement benefits, discussed separately*), for both the Distribution and Supply Functions works out as Rs.22,880 million. The same is hereby allowed to the Petitioner for the FY 2023-24 for both its distribution and Supply Functions as reference cost, to be adjusted in the remaining control period as per the adjustment mechanism prescribed in the instant determination.

13.5. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of Salaries, Wages and other benefits in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Thus, the cost of Salaries, Wages and other benefits (excluding postretirement benefits) for the FY 2023-24 pertaining to the Supply of Power function works out as Rs.2,025 million.

13.6. The assessed Salaries & Wages costs for the FY 2023-24 i.e. Rs.2,025 million, shall be considered as the reference cost for future adjustment/ indexation of Salaries & Wages expenses, in the remaining tariff control period as per the mechanism given in the instant determination.

13.7. Here it is also pertinent to mention that DISCOs have been allocated GENCO employees and are drawing their salaries from DISCOs. The impact of such cost has been included by DISCOs in their Pay and Allowance cost for the FY 2022-23. While assessing Salaries, wages & Other Benefits for the FY 2023-24, the cost for the FY 2022-23, as provided by the Petitioner has been considered, therefore, impact of GENCO employees transferred to the Petitioner, if any, has already been accounted for in the cost being allowed for the FY 2023-24. The Petitioner is directed to provide proper details of employees allocated to it by providing proper Employees wise details, their pay scales, terms of adoption in DISCOs, approvals of competent authority for such adoption, placement in DISCOs and Financial impact of Pay & Allowances of such employees as well.

13.8. Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Authority has decided to actualize the Pay & Allowances cost of the Petitioner, based on its audited accounts for the relevant year for its existing employees. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

14. Additional Recruitment

14.1. The Authority observed that Salaries & Wages cost for the FY 2022-23, as per the information provided by the Petitioner, has been considered as base cost, therefore, impact of any new recruitment made till FY 2022-23 has already been accounted for. For future recruitment to be carried out in FY 2023-24 and onward, the Authority understands that allowing cost of additional hiring, upfront would be unfair with the consumers, without



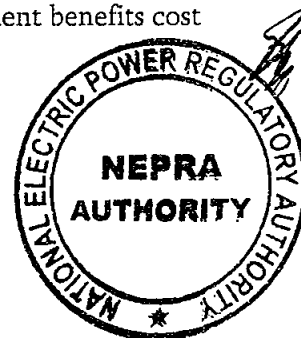
considering/ analyzing the benefits of such recruitment. The Authority understands that it will be in a better position to adjudicate on the issue once the Petitioner provides details of the actual cost incurred in this regard and substantiates the same with the quantified benefits accrued. Although, the Authority has decided to actualize the Pay & Allowances cost of the Petitioner, based on its audited accounts for the relevant year, however, that would only be to the extent of existing employees. Accordingly, the Petitioner is directed to provide detail of additional recruitment actually made during each year, along-with its financial impact and quantified benefits accrued, for consideration of the Authority, in its subsequent adjustment/ indexation request.

15. Post-Retirement Benefit

15.1. The head of Post-retirement benefit includes employees' pension, free electricity and medical facility. Here it is pertinent to mention that since employees of XWDSICSOs are hired on Government pay scales, therefore, any pension increase announced by the Federal Government in the Budget is applicable on the retired employees/ pensioners of DISCOs.

15.2. The Petitioner has requested the following amounts under its post-retirement benefits cost during the MYT control period;

Post-Retirement Benefits Break-up (PKR Millions)						
	FY23	FY24	FY25	FY26	FY27	FY28
Pension	11,205	1,852	2,037	2,241	2,465	2,712
Medical	2,112	3,924	4,316	4,748	5,223	5,745
Utility Expense	3,567	2,323	2,556	2,811	3,092	3,402
Leave Encashment	1,684	12,328	13,563	14,922	16,418	18,063
Total Post-Retirement Benefits	18,568	20,428	22,473	24,723	27,198	29,921
% Change		10.00%	10.00%	10.00%	10.00%	10.00%
Proj. Cost-Wire Business	16,921	18,615	20,479	22,530	24,785	27,267
Proj. Cost-Supply Business	1,647	1,812	1,994	2,193	2,413	2,654



15.3. It is pertinent to mention here that the Authority in its previous determinations, considering the overall liquidity position in the power sector and in order to ensure that XWDISCOs fulfil their legal obligations with respect to the post-retirement benefits, directed the XWDISCOs to create a separate fund in this regard. The rationale behind creation of separate fund was to ensure that DISCOs record their liability prudently as the funds would be transferred into a separate legal entity, which would also generate its own profits, as it would be kept separate from the Company's routine operations, thus reducing the Distribution Margin and eventually consumer-end tariff in longer run.

15.4. In compliance with the Authority's direction, the Petitioner has created a separate Fund for its post-retirement benefits and provided following details of its pension fund and Payments;

		NEPRA allowed amount	Amount Paid to Pensioners	Amount to be Transferred to Fund
LESCO	2015-16	9,002	2,983	6,019
	2016-17	9,002	3,742	5,260
	2017-18	9,002	4,530	4,472
	2018-19	9,002	6,913	2,089
	2019-20	17,419	8,597	8,822
	2020-21	17,420	8,778	8,642
	2021-22	15,678	9,402	6,276
	2022-23	15,678	10,126	5,551
		102,203	55,072	47,131
Fund Balance- Rs. Mln				50,306

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- 15.5. From the above table, it is clear that the Petitioner has complied with the earlier directions of the Authority and deposited excess amount in the fund over & above its actual payments. In view thereof, the Authority has also decided to allow the Petitioner, provision for Post-retirement benefits, for the FY 2023-24.
- 15.6. Here it is pertinent to mention that since audited accounts of the Petitioner for the FY 2022-23, are not yet available, therefore, information provided by the Petitioner for the FY 2022-23, has been relied upon for working out provision for post-retirement benefits for the FY 2023-24.
- 15.7. The amount for the FY 2023-24, has been worked out by applying pension increases announced by the Federal Government in Budget FY 2024, on the amount provided by the Petitioner for the FY 2022-23. The Authority observed that the amount requested by the Petitioner for the FY 2023-24, is reasonable and hence the same is allowed to the Petitioner for its both Distribution and Supply of Power Functions. Thus, the Petitioner is allowed an amount to Rs.20,427 million as provision for post-retirement benefits, for the FY 2023-24, as per its request, for its both Distribution and Supply of Power Functions.
- 15.8. The Petitioner is directed to deposit the amount of provision, over and above their actual post-retirement benefit payments, in the Fund and in case of failure to deposit the excess amount in the Fund, the same shall be adjusted/deducted in the subsequent tariff determination and from thereon, only actual amounts paid and amount transferred into the fund would be allowed.
- 15.9. Since the accounts of the Petitioner, do not provide bifurcation of post-retirement benefits in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of post-retirement benefits in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of post-retirement benefits for the FY 2023-24, pertaining to the Supply of Power Function, works out as Rs.1,812 million, to be adjusted in the MYT Control period as per the adjustment mechanism provided in the instant determination.
- 15.10. Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, the Authority has decided to actualize the post-retirement benefits cost of the Petitioner for the relevant year, based on its audited accounts. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.
16. Repair & Maintenance Costs
- 16.1. The Petitioner has requested the following regarding repair & maintenance cost during the control period;

Description	Mln Rs.				
	2022-23		2023-24 (Projected)		
	Determined	Prov. Exp.	DOP	SOP	Total
Repair & Maintenance	2,705	2,580	3,207	312	3,520

- 16.2. No doubt that the adherence to service standards and improvement of customer services is only possible through continuous repair and maintenance of distribution network, however, at the same time the Petitioner has also been allowed huge CAPEX of over Rs.107 billion during the MYT control period from FY 2023-24 till FY 2027-28, for making additional



investment in Fixed Assets, resulting in new, expensive and efficient equipment, leading to overall reduction in R&M cost and increasing the total Assets base.

- 16.3. Considering the fact that the cost for the FY 2023-24 is being assessed, which would be used as reference during the MYT control period, the Authority has taken into consideration the costs as per the provisional accounts of the Petitioner for the FY 2022-23 / information shared by the Petitioner subsequently in this regard. The Authority is of the view that since the previous MYT of the Petitioner has ended on 30.06.2023, therefore, it would be appropriate to account for the actual cost of the base year while projecting O&M expenses and other Misc. expenses for the FY 2023-24, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.
- 16.4. While going through the information of provisional amount of Repair & Maintenance expenses submitted by LESCO, it is noted that significant amount under head of Repair of Meter has been included in R&M cost. The Authority in the matter of other DISCOs also observed such significant amount under this head, which was excluded from the expenses and DISCO were directed to capitalize the said cost instead of expensing out. Based on the same analogy, the Authority has decided to exclude cost of meters, while working out R&M expenses of the Petitioner for the FY 2023-24. The Petitioner is directed to capitalize all such costs, as part of their fixed assets, instead of expensing out the same.
- 16.5. In view of the foregoing and keeping in view the current approved tariff methodology, the Authority has decided to allow an amount of Rs.2,270 million under R&M head, for the FY 2023-24, after incorporating the inflationary impact on the R&M cost, as per the provisional accounts of the Petitioner for the FY 2022-23, for its both Distribution and Supply Functions, excluding amount related to meters. NCPI as of December 2022 has been applied, as per the provisional accounts of the Petitioner for the FY 2022-23, to work out the Repair and Maintenance expenses for FY 2023-24. Here it is pertinent to mention that the Petitioner itself has requested that all other expenses are increased by CPI-X during the entire tariff control period including Repair & Maintenance. The same is hereby allowed to the Petitioner for the FY 2023-24 for both its distribution and Supply Functions. The allowed cost for the FY 2023-24, shall be considered as maximum cap, subject to downward adjustment only in case actual figures of FY 2022-23 as per the Petitioner's audited accounts, remain lower than its provisionally provided figures.
- 16.6. Since the accounts of the Petitioner, do not provide bifurcation of the R&M costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of R&M costs in terms of Distribution and Supply functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of R&M for the FY 2023-24 pertaining to the Supply of Power Function works out as Rs.201 million.
- 16.7. The assessed repair and maintenance cost for the FY 2023-24 i.e. Rs.201 million, shall be considered, as reference cost for working out future repair and maintenance expenses, during the remaining tariff control period, as per the adjustment mechanism prescribed in the instant determination, unless revised downward, in case actual figures of FY 2022-23 as per the Petitioner's audited accounts, remain lower than its provisionally provided figures.

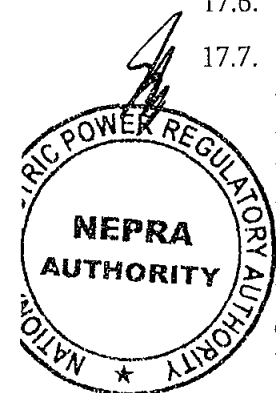
17. Other O&M Expenses

- 17.1. Other O&M expenses includes Travelling costs, Transportation and Other Expenses. The Petitioner requested following amounts under these heads;



Description	Mln. Rs.				
	2022-23		2023-24 (Projected)		
	Determined	Prov. Exp.	DOP	SOP	Total
Travelling Expenses	362	522	713	69	783
Others	2,132	3,323	4,100	399	4,499
Total O&M Cost	2,494	3,845	4,813	468	5,282

- 17.2. The Authority noted that as per the approved tariff methodology, all other operating expenses are part of O&M costs which are to be assessed through NCPI-X formulae for the whole tariff control period. Here it is pertinent to mention that the Petitioner itself has requested that all other expenses are increased by NCPI-X during the entire tariff control period including Repair & Maintenance. Accordingly, for assessment of Other O&M cost for pertaining to the FY 2023-24 (reference cost), the Authority, keeping in view the cost as per the provisional accounts of the Petitioner for the FY 2022-23, has decided to allow an amount of Rs.4,825 million for the FY 2023-24, after incorporating the inflationary impact on Other O&M cost for the FY 2022-23. NCPI as of December 2022 has been applied, as per the provisional accounts of the Petitioner for the FY 2022-23, to work out the Repair and Maintenance expenses for FY 2023-24. The said amount of Rs.4,825 million is being allowed for both the Distribution and Supply of Power function for the FY 2023-24.
- 17.3. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Other O&M costs in terms of Distribution and Supply of Power Functions, therefore, for the purpose of allocation of total cost of Other O&M costs in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of Other O&M costs for the FY 2023-24 pertaining to the Supply of Power function works out as Rs.428 million.
- 17.4. By allowing the costs as mentioned above, the Authority has incorporated the costs including bill collection, building rent, NEPRA fee, insurance cost, transportation, rent, rates & taxes, and travelling etc. However, Management Fees of PEPCO, has not been considered as each DISCO is an independent entity having its own board of Directors, thus, allowing any cost on the pretext of PEPCO Management fee is not logical. Further, the Ministry of Energy (MoE), itself in the Peshawar High Court submitted that PEPCO shall be dissolved after June 2011. Accordingly, the cost of PEPCO fee, if any, has not been allowed to the Petitioner.
- 17.5. The assessed amount of Other O&M expenses for the FY 2023-24 i.e. Rs.428 million, shall be considered as the reference cost for future adjustment/ indexation during the remaining tariff control period as per the mechanism given in the instant determination.
- 17.6. Other Income
- 17.7. Regarding Other Income, the Petitioner has submitted that Other Income includes mark-up on bank deposits, amortization of deferred credit and income from other sources. As there is no clear trend found during the past, hence, other income has been assessed on the basis of last five year moving average except for the amortization of deferred credit which has been calculated @ 3.5% on the accumulated balance of contributions against connection installed/ deposit works i.e. consumer financed assets. The Petitioner further mentioned that the Late Payment Surcharge has been excluded from the total Other Income as per decision of NEPRA, which will be adjusted against surcharge. The other income will relate to supply business only. The Petitioner submitted the following on account of other income;





	Mln. Rs.				
	FY24	FY25	FY26	FY27	FY28
Amortization of Deferred Credits	2,452	2,603	2,757	2,908	3,060
Profit on bank deposit	4,481	4,571	4,662	4,756	4,851
Service fee for collection of TV Fee	49	51	52	53	54
Meter & Service Rent	444	448	453	457	462
Miscellaneous	2,368	2,439	2,513	2,588	2,666
Total Other income (Excl. LPS)	9,795	10,112	10,436	10,762	11,092

17.8. Since the other income would be trued up every year as per the mechanism provided in the instant determination, therefore, for the FY 2023-24, the Authority has decided to consider the amount as requested by the Petitioner, including the amount of amortization of deferred credit but exclusive of the amount of late payment charges. In view thereof, the Authority has assessed Rs.9,795 million as Other Income for the both Distribution and supply functions for the FY 2023-24, which does not include late payment charge but includes amortization of deferred credit.

17.9. The Authority in consistency with its earlier decision, on the issue, has not included the amount of LPS while assessing the other income for the FY 2023-24. Here it is pertinent to mention that the LPS recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only, and in the event of non-submission of evidence of payment to CPPA (G), the entire amount of Late Payment charge recovered from consumers shall be made part of other income and deducted from revenue requirement in the subsequent year.

17.10. The total amount of Other Income as worked out above has been allocated in terms of Distribution and Supply Functions, as per the criteria adopted by the Petitioner itself. Accordingly, Other Income for the FY 2023-24 pertaining to the Supply of Power Function works out as Rs.676 million, which is hereby allowed. The same would be adjusted as per the adjustment/ indexation mechanism given in the instant determination.

18. Whether the request of the Petitioner for supply margin is justified?

18.1. The Petitioner has also requested supply margin during the tariff control period as under;

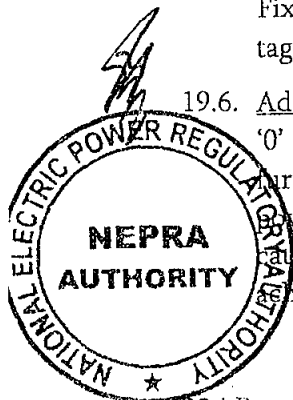
LESCO	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Power Supply Margin	Mln Rs.	9.543	10.089	10.555	10.983	11.421

18.2. The Petitioner submitted that according to Para 16(2) of the NEPRA Guidelines for determination of consumer end tariff (Methodology and process), dated 16th January, 2015, tariff should allow licensee, a rate of return, which promotes continued reasonable investment in equipment and facilities for improved and efficient service. It is important that returns provided to the Company commensurate with the risks associated with the sector. The rate of return should provide for a return which is proportionate with the prevailing cost of funds being incurred by the Company and with the risk involved in delivering the utility services. The Regulator has not provided any guidelines regarding allowing Return to the Power Supply Business. In view of the above and also to provide incentive to the Power Supply Business, the Petitioner requested Power Supply Margin @ 1.5% of the Power Purchase Price.

18.3. The Authority observed that the Petitioner has been allowed return on its Regulatory Asset Base (RAB) as per the Authority's approved WACC and the same has been included as part of the Petitioner's Distribution function revenue requirement.



- 18.4. Although, the function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a) of the Amended Act, however, the amended Act, also under proviso to Section 23E(1), provided that holder of a Distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power for a period of five years from such date. Thus, all existing Distribution Licensees were deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, would continue to do so. Subsequently, the Authority has also issued supplier license to the Petitioner. Hence, practically there is no change in the overall nature of operations or functions being performed by the existing DISCOs, therefore, allowing any separate margin to the Petitioner for its Supply function, considering the fact that it has been allowed return on its overall rate base, does not merit consideration. Further, being a regulated activity, the Authority besides allowing return on assets, has also allowed all the prudently incurred cost to the Petitioner for both its Distribution and Supply Functions. Thus, the request of the Petitioner does not merit consideration.
19. What should be the adjustment mechanisms during the MYT? Whether there should any efficiency factor (X Factor)?
- 19.1. Regarding adjustment mechanism of different components, the Petitioner submitted as under;
- 19.2. Other Operating Expenses: All other expenses are increased by CPI-X during the entire tariff control period including Repair & Maintenance.
- 19.3. Segregation between "Controllable" and "Uncontrollable" cost: The segregation is proposed between controllable and un-controllable costs. The employee related costs (Salaries & Wages and Retirement Costs) are treated as uncontrollable to be passed through on actual basis in the Tariff. All other Costs are considered to be controllable and subject to adjustment with CPI only including Repair & Maintenance.
- 19.4. The segregation of controllable and uncontrollable factors and their treatment in MYT is of vital importance. Non-segregation of these costs may force the Company to absorb some "uncontrollable costs" beyond its control, which are not fully recovered from its tariff resulting in financial losses to the Company. In light of the above, it is submitted that any increase in uncontrollable costs be adjusted on an annual basis in the MYT tariff.
- 19.5. Repair & Maintenance: With a view to allow the Company greater autonomy over its operations relating to network management, repair & maintenance cost has been assumed to be increased on the basis of CPI increase which is consistent with the actual requirements due to vast & old distribution system. However, the company is also planning to maintain Fixed Assets Register by way of Fixed Assets tagging and after completion of fixed assets tagging the maintenance cost should be linked with gross fixed assets.
- 19.6. Adjustment Mechanism for O&M Costs: The efficiency factor "X" is being proposed as zero '0' for the Tariff Control Period on the premise that the implementation of CTBCM will further affect the cost effectiveness of the Company when most of the industrial and bulk power consumers will be leaving LESCO and the Company will only be serving the low category domestic consumers. Further all the efficiencies and associated benefits, will be achieved through the implementation of Distribution integrated investment plan (DIIP) are

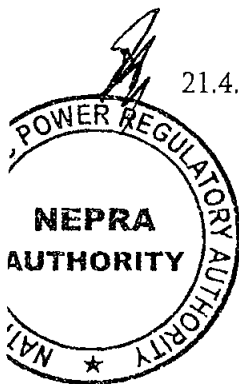


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inherently reflected through reduction of T&D losses and which ultimately reduce the average sale rate for end consumer.

- 19.7. On the issue of Z-Factor, the petitioner submitted that there shall be a provision for costs incurred as a result of force majeure events such as earthquakes, flooding, wind storms, thunder storms, acts of terrorism, etc. In the absence of a provision for such events and adjustments restricted strictly to the CPI-X factor, the Company will be unable to recoup the costs required to undertake the necessary repairs.
- 19.8. It is proposed that an additional Z factor should be included in the MYT to cover costs for such events. These costs shall be computed after the occurrence of such an event at which point the Company shall estimate the financial impact of such an event and request NEPRA's approval for inclusion in the prior year Adjustment in subsequent year. As replacement of any equipment as result of such damage shall be covered through proposed investments to be approved by NEPRA, it is anticipated that major costs falling under Z factor will comprise repair & maintenance and incidental costs. In the event that insurance coverage is available at a reasonable cost, recoveries made under such an arrangement will not be incorporated in the tariff for the subsequent period.
20. **Indexation Mechanism:**
21. The allowed/ assessed components of Revenue Requirement for the FY 2023-24 shall be adjusted/ indexed during the MYT control period, as per the following mechanism:
- 21.1. The Petitioner has submitted that O&M component of the Distribution Margin shall be indexed with NCPI, however, efficiency factor "X" has been proposed as zero '0' for the Tariff Control Period.
- 21.2. The Authority, while assessing the O&M costs of the Petitioner i.e. rent, rates & taxes, collection expenses, repair & maintenance, travelling, transportation, management fee, and Audit Charges etc., has incorporated these costs in the reference cost, keeping in view the provisional accounts of the Petitioner for the FY 2022-23 and the amount requested by the Petitioner, to be adjusted in the remaining MYT control period as per the adjustment mechanism mentioned below. The risk / benefits of any future cost fluctuations thereof lies with the Petitioner along with an opportunity for optimizing overall costs under these head. The treatment is in line with the very spirit of multi- year tariff regime and in accordance with Authority's approved tariff methodology.
- 21.3. On the issue of Z-Factor, the Authority noted that the Petitioner has been allowed Insurance cost as part of its O&M charges. The insurance coverage is supposed to cover any damages/ loss to assets of the Petitioner, due to earthquakes, flooding, wind storms, thunder storms, acts of terrorism, etc. If the Petitioner still wants any further coverage, it may opt for further insurance to mitigate its commercial risk through its profits.
- 21.4. Regarding adjustment of O&M costs with the efficiency factor X, the Authority noted that the Petitioner although has proposed to index its O&M costs with NCPI minus X, however, at the same time it has been requested to keep the X-factor as zero. The Authority in line with its earlier decisions in the matter of MYTs, has decided to keep the efficiency factor "X", as 30% of increase in NCPI for the relevant year of the MYT control period. The Authority has further decided to implement the efficiency factor from the 3rd year of the control period, in order to provide the Petitioner with an opportunity to improve its operational performance, before sharing such gains with the consumers.



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- 21.5. The reference O&M costs, would be adjusted every Year with NCPI-X factor. However, the X factor would be applicable from the 3rd year of the MYT control period. The Adjustment mechanism would be as under;

$$O \& M (Rev) = O \& M (Ref) \times [1 + (\Delta NCPI - X)]$$

Where

O & M (Rev) = Revised O&M Expense for the Current Year

O & M (Ref) = Reference O&M Expense for the Reference Year

$\Delta NCPI$ = Change in NCPI published by Pakistan Bureau of Statistics for the month of December for the respective year. Reference NCPI for the purpose of future adjustment/ indexation shall be 29.47%.

X = Efficiency factor i.e. 30% of NCPI relevant for indexation purpose

22. Salaries & Wages and Post-retirement Benefits:

- 22.1. Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Salaries & Wages and benefits, would be actualized, based on the audited accounts of the Petitioner for the relevant year for its existing employees. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

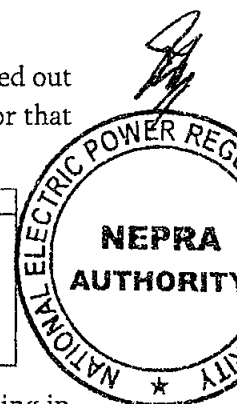
- 22.2. Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, the Post-retirement Benefits would be actualized based on the audited accounts of the Petitioner for the relevant year. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be. It would be mandatory for the Petitioner to deposit the whole amount of allowed Post retirement benefits into the separate Fund and route all its pension payments through the Fund. If the Petitioner fails to transfer the whole amount of postretirement benefits into the Fund, the same shall be adjusted/deducted in the subsequent tariff determination and from thereon, only actual amounts paid and amount transferred into the fund would be allowed.

23. RORB

- 23.1. The reference RoRB would be adjusted every Year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year as per the following mechanism;

Adjustment Mechanism - RoRB	
RORB(Rev)	= RORB(Ref) \times RAB(Rev) / RAB(Ref)
FY 2023-24, proposed RORB may be considered as reference cost for future adjustment. In addition the allowed RORB for previous year will be trued up based on a actual investment (maximum cap to the extent of allowed investment) carried out during that year. Further KIBOR fluctuation on bi-annual basis also subiec to adjustment.	

- 23.2. In addition the allowed RAB for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the RAB, unless due to





any regulatory decisions/interventions/approved plans for which the Petitioner obtains prior approval of the Authority. In such case the Authority may also revise the efficiency targets in terms of T&D losses etc.

- 23.3 The Authority also understands that interest payment is an obligatory cash flow liability unlike discretionary dividend payment and considering the fact that any default may hamper the financial position of the Petitioner, hence the Authority has decided to cover the risk of floating KIBOR. Accordingly, fluctuation in the reference KIBOR would be adjusted biannually. In addition, the Authority has also decided to allow sharing of benefit by introducing a claw back mechanism for any savings resulting from cheaper financing by the Petitioner to the extent of 2.00% spread. If the Petitioner manages to negotiate a loan below 2.00% spread, the savings would be shared equally between the consumers and the Petitioner through PYA mechanism annually. In case of more than one loan, the saving with respect to the spread would be worked out by a weighted average cost of debt. The sharing would be only to the extent of savings only i.e. if the spread is greater than 2.00%, the additional cost would be borne by the Petitioner.

24. Depreciation Expenses

- 24.1. The reference Depreciation charges would be adjusted every Year as per the following formula;

Adjustment Mechanism - DEPRECIATION (DEP)	
DEPRECIATION (Rev)	= DEP(Ref) x GFAIO(Rev) / GFAIO(Ref)
FY 2023-24, proposed Depreciation may be considered as reference cost for future adjustment. In addition the allowed Depreciation for previous year will be trued up based on actual investment (maximum cap to the extent of allowed investment) carried out during that year	

Where: DEP (Rev) = Revised Depreciation Expense for the Current Year

DEP (Ref) = Reference Depreciation Expense for the Reference Year

GFAIO (Rev) = Revised Gross Fixed Assets in Operation for the Current Year

GFAIO (Ref) = Reference Gross Fixed Assets in Operation for the Reference Year

- 24.2. In addition the allowed Depreciation for previous year will be trued up downward only, keeping in view the amount of investment allowed for the respective year. In case, the Petitioner ends up making higher investments than the allowed, the same would be the Petitioner's own commercial decision and would not be considered while truing up the depreciation expenses, unless due to any regulatory decisions/interventions/approved plans for which the Petitioner obtains prior approval of the Authority.

25. Other Income

- 25.1. Other Income shall be adjusted annually as per the following mechanism during the MYT control period to calculate future Other Income.

Adjustment Mechanism - Other Income (OI)	
OI(Rev)	= OI(Allowed Previous year) + {OI(allowed for previous year) - OI(Actual previous year)}
FY 2023-24, proposed Other income may be considered as reference cost for future adjustment. In addition the allowed Other Income for previous year will be trued up based on actual Other Income during that year	

26. Whether the requested Prior Years Adjustment is justified?

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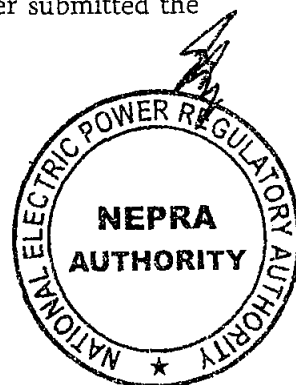


- 26.1. The Petitioner submitted that Rule 53 of NEPRA Tariff Guidelines provides that under-recovery or over-recovery of the cost-of-service incurred during the previous year shall be accounted for going forward during the current year under the head of prior period adjustment. The Petitioner accordingly requested a PYA of Rs.37,071 million as detailed below, presented during hearing of its instant MYT Petition;

Description	Mln. Rs.
Minimum Tax payments	18,640
Sales Mix Variance (FY 2021, FY 2022)	5,605
FPA (Nov-2019 to Jun-2020)	4,053
Quarterly Tariff adjustment Under/ Over Recovery (FY 2019-20, FY 2020-21 & FY 2021-22)	(512)
Distribution Margin	9,285
Total	37,071

- 26.2. Regarding claim of distribution margin of Rs.9,285 million, the Petitioner submitted the following break-up;

No.	5- PYA - Distribution Margin	Rs.
1	PM Assistance Package	842
2	FY 2021-22 (Extra recovered)	-683
3	<u>True up under MYT Regime</u>	
i.	Pay & Allowances (FY 2022-23)	769
ii.	Depreciation	2,442
iii.	Other Income	5,916
	Total	9,285



- 26.3. The Petitioner provided the following justification for different costs requested under the head of PYA;

Minimum Tax Payments:

- ✓ DISCO's were not required to pay Advance Tax u/s 147 of the Income Tax Ordinance till TY 2016 as the provisions of section 113 (Minimum Tax on Turnover) of ITO 2001 were not applicable due to presence of Gross Loss proviso which were omitted by Finance Act 2016.
- ✓ The amounts were paid including the WHT taxes deducted at source adjustable against the tax liability calculated as Minimum Tax u/s 113 during the FY-2020, FY-2021 & FY-2022 respectively which is tax liability of LESCO as per prevailing FBR statute. The Authority is requested to allow Rs. 18,640 million as prior year adjustment being the actual amount paid as minimum tax payments.

Prime Minister Assistance Package

- ✓ The Establishment Division's office memorandum No. 8/ 10 / 2013-E-(PT) dated 03.08.2016 regarding Assistance Package for Families of Employees who Die in Service, was adopted by PEPCO Board of Directors. The BoD, LESCO adopted the same memorandum dated 03.08.2016 regarding Assistance Package for Families of Employees Who Die in Service.
- ✓ In this regard, LESCO has made payments in previous period (FY 2016-17 to FY 2021-22) of Rs.842 Million. The Authority has already principally agreed that actual

payments welfare assistance package would be allowed. Therefore, it requested to allow the actual amount against prior year adjustment.

Applicable Quarterly Tariff Adjustments - under/over recovery:

- ✓ The net under / over recovery against the quarterly adjustment for FY 2019-20, 2020-21 & 2021-22 (up-to 3rd quarter) has been calculated after incorporating the financial impact on sales to Life line consumers which is amounting to Rs.(512) million:

Distribution Margin:

- ✓ As the Financial year of FY 2021-22 lapsed, the DM adjustment on allowed losses for FY 2021-22 is also required to be adjusted. The DM adjustment for FY 2021-22 is amounting to Rs. 683 million over recovered.

True Up Under MYT Regime:

- ✓ Pay & Allowances: As per MYT -Redetermination the Authority has decided to allow LESCO GoP increase in pay & allowances till the LESCO remains under the status of public utility. In this regard it is submitted that GOP enhance rent ceiling /house acquisition @ 44% w.e.f. 01-07-2021 vide office memorandum No. F4(8)/92-policy dated 28-09-2021 which was also adopted by LESCO accordingly. The financial impact has been not incorporated by Authority while determination of pay & allowances for FY 2021-22. Therefore, it is requested to allow Rs. 769 million as the financial impact of enhancement of house acquisition under the head of pay & allowances for FY 2021-22 to onward.
- ✓ Depreciation: As per MYT-redetermination the depreciation expenses may be adjusted based on actual results. The Authority is requested to allow Rs 2,442 million against depreciation expenses as prior year adjustment.
- ✓ Other Income: As per MYT redetermination the other income will be adjusted based on actual results. The Authority is requested to allow Rs. 5,916 million as prior year adjustment being the over determined value for FY 2019-20 to FY 2021-22.
- ✓ Sales Mix Variance: The sales mix variance amounting to Rs. 2740 million for FY 2020-21 & Rs. 2,865 million for FY 2021-22 has been calculated keeping in view the ISP-incremental sales.

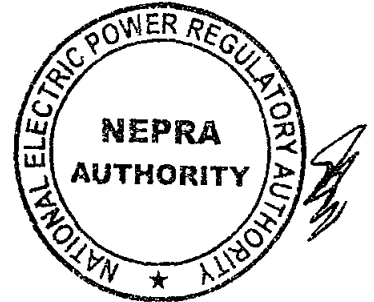
26.4. Other Issues

Supplementary Charges than Late Payment Surcharge

- ✓ The Authority during the DM indexation for FY 2020-21 & FY 2021-22 adjusted the value of Rs.9,427 million (excess LPS than Supplementary Charges) which pertains to FY 2014-15 to FY 2017-18. However, the adjustment of excess supplementary charges than LPS up-to FY 2021-22 did not consider by the Authority, where amount charged by CPPAG is in excess as compared to LPS. Therefore, it is requested before Authority to reconsider LESCO's request and to allow Rs.19,273 million as tabulated hereunder;



Supplementary Charges & Late Payment Surcharge			
Rs. Mln.			
Year	S. Charges Invoice	Late Payment Surcharge	Difference
Prior from 2014-15	11,438	-	11,438
FY 2014-15	1,156	2,956	-1,800
FY 2015-16	311	2,760	-2,449
FY 2016-17	177	3,022	-2,845
FY 2017-18	1,204	3,537	-2,333
FY 2018-19	4,013	3,649	364
FY 2019-20	6,478	3,692	2,786
FY 2020-21	8,783	4,765	4,019
FY 2021-22	12,929	2,837	10,092
Total	46,490	27,217	19,273



Financial Implication of GENCO / NTDC Pensioners

- ✓ It is requested that Economic Co-Ordination Committee in case No. ECC-347/32/2021 dated 23.03.2021, has approved adjustment of Pensioners of GENCOs w.r.t. Power Plants Under closure. As per para no.06 of the decision "Pensions of these employees will be paid by the relevant DISCOs on their retirement according to the rules of DISCOs. In turn the relevant DISCOs and WAPDA would claim adjustment of the same from NEPRA in their Tariff". The Details are as follows:

Sr. No	Transfer from	No of Pensioners	Monthly Pension	Annual
1	GENCO I	4	0.4	21.53
2	GENCO II	43	1.97	33.96
3	GENCO III	83	3.05	154.56
4	GENCO IV	4	0.05	1.09
	Total:	134	5.48	211.15

- ✓ Further NTDC has forwarded 136 Nos. PPO files pertaining to Ex-GSC retired employees of the formations transferred to LESCO on the grounds that the assets and liabilities of PD (GSC) LESCO (132 KV Grid System Construction) have been transferred to LESCO and that the said employees have served in the formation which is currently part of LESCO. The impact of these pensioners is tabulated bellow:

Sr.No	Transfer From	No of Pensioners	Monthly Pension	Annual
1	NTDC Pensioners	136	6.4	76.31

- ✓ The petitioner has requested the Authority to allow the payment of the pensioners and incorporate the impact in the decision.

26.5. The Prior Year Adjustment includes the impact of variation in the following, based on the Authority's allowed benchmarks of T&D losses and recoveries;

- ✓ Difference between the actual PPP billed and the amount recovered by the DISCO.
- ✓ Difference between the assessed DM and the amount actually recovered.
- ✓ Difference between previously assessed PYA and the amount actually recovered.
- ✓ Difference between actual other income and the amount allowed
- ✓ Variation due to Sales Mix.

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- 26.6. It is important to highlight that variation between the PPP billed to DISCOs by CPPA-G and the amount recovered by the DISCOs, based on the Authority's allowed benchmarks of T&D losses and recoveries, are being accounted for separately through Quarterly/Bi-Annual Adjustment mechanism, therefore, in the instant PYA, impact of any over/ under recovery of the allowed quarterly adjustments has been accounted for.
- 26.7. Regarding minimum tax/ turnover tax, the Authority has decided to provisionally allow actual tax payments as claimed in the petition, net off of the amount of Refund outstanding from FBR, if any and the amount already allowed by the Authority. Accordingly, an amount of Rs.18,640 million is hereby allowed to the Petitioner on account of minimum tax/ turnover tax. The amount being allowed on provisional basis, is subject to adjustment in subsequent tariff adjustment/indexation, once the audited accounts of the Petitioner till FY 2022-23 are provided.
- 26.8. On the issue of P.M assistance Package, the Authority observed that the Petitioner in line with earlier decisions of the Authority has provided the details regarding actual payments on account of P.M assistant package along-with detail of employees name, designation, date of death, along with the financial impact. The Authority has therefore decided to allow the actual amount paid by the Petitioner i.e. Rs.841.5 million, based on the information provided by the Petitioner. Accordingly, the amount of Rs.841.5 million has been included as part of PYA.
- 26.9. Regarding under / over recovery of the quarterly adjustments, it is pertinent to mention that Quarterly adjustments are allowed to XWDISCOs based on projected sales for the period in which recovery is allowed. Therefore, any under/over recovery based on actual sales for the period (based on Authority's allowed benchmarks of T&D losses) viz a viz projected sales on which recovery was assumed, is tried up and any such under/Over recovery is made part of PYA. Accordingly, the under / over recovery against the allowed quarterly adjustments for the period FY 2019-20, FY 2020-21 & FY 2021-22 (upto 3rd qtr) has been worked out as negative amount of Rs.5,824 million, after incorporating therein the impact of sales to Life line consumers. The same is hereby included as part of PYA.
- 26.10. Regarding under/ over recovery of allowed distribution margin, the Authority noted that XWDISCOs tariff are revenue cap tariff, and any under/over recovery on account of allowed Distribution Margin is adjusted as part of PYA. Accordingly, the Petitioner PYA is adjusted by negative Rs.683 million on account of under/ over recovery of the allowed DM for the period FY 2021-22.
- 26.11. The Authority noted that the Petitioner while working out PYA regarding under/ over recovery of the allowed DM, has also included cost on account of actualization of Salaries & Wages and O&M costs. The Authority noted that no such provision is available in the Multi Year Tariff determination of the Petitioner regarding actualization of Salaries & Wages and O&M costs. In view thereof, the claimed adjustment for Pay & Allowance & O&M are not justified, hence declined.
- 26.12. Regarding supplemental charges, the Authority has not allowed Supplemental charges separately rather XWDISCOs are allowed to retain the amount of late Payment charges to off-set the impact of supplemental charges billed by CPPA-G. Here it is pertinent to mention that while accounting for LPS against Supplemental Charges, the Authority individually accounts for the amount of LPS against each DISCO's supplemental charges as per the

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decision of the Authority for the respective year. In view thereof, the request of the Petitioner is not acceded to.

- 26.13. On the issue of GENCO Pensioners' the Authority has decided to allow the impact of GENCO pensioner of Rs. 211.15 million to LESCO as part of PYA. Regarding NTDC pensioner the Authority in the matter of other XWDISCOs has decided as under;

"Regarding NTDC Pensioners, the Petitioner is directed to submit a separate case before the Authority detailing all the facts and reasons along-with financial impact of NTDC Pensioners, as the Authority vide letter dated 17.11.2022, directed all DISCOs and WAPDA to ensure payments to the GENCO pensioners provisionally, in light of the ECC decision dated 23.09.2021."

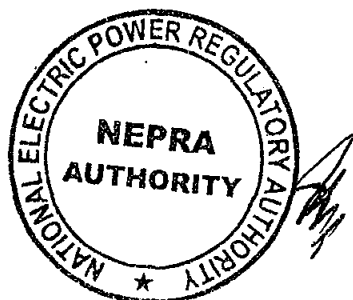
- 26.14. In light of above decision of the Authority, the Petitioner is also directed to submit a separate case before the Authority detailing all the facts and reasons along-with financial impact of NTDC Pensioners.

- 26.15. The Authority in line with its earlier decision in the matter of negative FCA, has calculated the impact of net negative FCA pertaining to the period from July 2020 to December 2022 in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers which has been retained by the Petitioner. The Authority also considered the relevant clauses of the S.R.O. 189 (1)/2015 dated March 05, 2015 issued by GoP and the amount of subsidy claims filed by the Petitioner for the period.

- 26.16. After considering all the aforementioned factors, the Authority observed that the Petitioner has retained a net amount of Rs.1,099 million on account of negative FCA for the period from July 2020 to December 2022, pertaining to the lifeline consumers, domestic consumers (consuming up to 300 units) and Agriculture Consumers, which is still lying with the Petitioner. The Authority further observed that as per the information for Tariff Differential Subsidy claims provided by Petitioner, it has recovered net surcharges during the period from July 2020 to December 2022.

- 26.17. Consequently, the net amount of Rs.1,099 million retained by LESCO on account of negative FCA for the period from July 2020 to December 2022, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 Units) and Agriculture Consumers, which is still lying with LESCO has been adjusted in the PYA. The above working has been carried out based on the data/ information provided by the Petitioner.

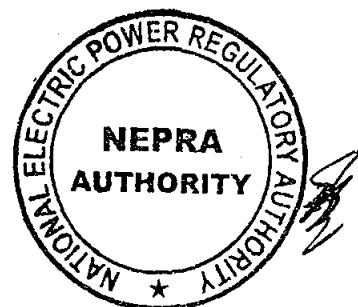
- 26.18. Based on the discussion made in the preceding paras, the PYA of the Petitioner has been worked out as under;





*Determination of the Authority in the matter of MYT Petition
of LESCO for Supply of Power Tariff under the MYT Regime*

Description	LESCO
July 2020 to December 2022	
Impact of Negative FCA- retained	1,280
Impact of Positive FCA- Lifeline	181
Net	- 1,099
July 2020 to December 2022	
Tariff Diff. Subsidy	103,358
Surcharge	- 114,569
Net - Jul.20 to Mar. 23	- 11,210
Excess Negative FCA -Adjusted as subsidy	-
Excess Negative FCA -Adjusted as PYA	- 1,099
2nd & 3rd Qtr. FY 2019-20 (Oct.20 to Sep.21)	
Allowed Amount	27,952
Qtr. Rs./kWh	1.1825
Recovered	26,911
Under/(Over) Recovery	1,041
4th Qtr. FY 2019-20	
Allowed Amount	19,092
Qtr. Rs./kWh	0.8080
Recovered	20,748
Under/(Over) Recovery	- 1,656
1st & 2nd Qtr. FY 2020-21 (Oct. 21-Sept.22)	
Allowed Amount	20,847
Qtr. Rs./kWh	0.94
Recovered	24,202
Under/(Over) Recovery	- 3,355
3rd Qtr. FY 2020-21 (Oct.21-Sept.22)	
Allowed Amount	- 1,610
Qtr. Rs./kWh	- 0.0728
Recovered	- 1,869
Under/(Over) Recovery	260
4th Qtr. FY 2020-21 (Feb. Apr. 22)	
Allowed Amount	- 2,746
Qtr. Rs./kWh	- 0.5299
Recovered	- 2,715
Under/(Over) Recovery	- 32
1st Qtr. FY 2021-22 (Jun. Aug. 22)	
Allowed Amount	1,429
Qtr. Rs./kWh	0.2588
Recovered	1,971
Under/(Over) Recovery	- 542
2nd Qtr. FY 2021-22 (Jul. Sep. 22)	
Allowed Amount	11,159
Qtr. Rs./kWh	2.0204
Recovered	15,110
Under/(Over) Recovery	- 3,951

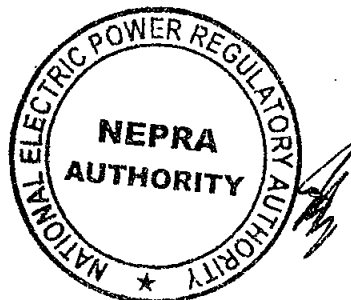




*Determination of the Authority in the matter of MYT Petition
of LESCO for Supply of Power Tariff under the MYT Regime*

Description		LESCO
4th Qtr. FY 2021-22 (Oct. 22 Jan. 23)		
Allowed Amount		17,150
Qtr. Rs./kWh		2.6820
Recovered		15,954
Under/(Over) Recovery		1,196
1st Qtr. FY 2022-23 (Feb. Mar. 23)		
Allowed Amount		8,476
Qtr. Rs./kWh		2.7646
Recovered		7,260
Under/(Over) Recovery		1,216
D.M FY 2021-22		
Allowed Amount		42,656
Rate. Rs./kWh		1.08
Recovered		39,014
Under/(Over) Recovery		683
FYA 2019-20		
Allowed Amount		2,142
Rate. Rs./kWh		0.10
Sales till Feb.11 2022		22,389
Recovered		2,165
Under/(Over) Recovery		23
Sales Mix Var.		
FY 2019-20		261
FY 2020-21		2,644
FY 2021-22		2,384
Excess LPS to be adjusted - FY 2020-21		
LPS Recovered from Consumers		4,765
Supplemental charges billed by CPPA		8,783
Net		4,019
Excess LPS to be adjusted - FY 2021-22		
LPS Recovered from Consumers		2,837
Supplemental charges billed by CPPA		12,929
Net		10,092
Adjustment in FYA		-
Other Costs - FY 2020-21 to FY 2022-23		
Pay & Allowance FY 2023 Adjustment		
Turn over/Min. Tax		18,640
P.M Assistance Package		842
Supplier NEPRA Fee- FY 2021-22		48
Supplier NEPRA Fee- FY 2022-23		72
Genco Pensioners FY 2022 & FY 2023		211
Total		19,813
Total		14,613

MYT True Ups		LESCO
FY 2020-21		
Depreciation		
Allowed		5,672
Actual		4,239
Under/(Over) Recovery		567
RoRB (Investment + KIBOR)		
Allowed		7,622
Actual		6,154
Under/(Over) Recovery		1,468
Other Income		
Allowed		10,572
Actual		7,451
Under/(Over) Recovery		3,121
FY 2021-22		
Depreciation		
Allowed		4,177
Actual		5,190
Under/(Over) Recovery		1,013
RoRB (Investment + KIBOR)		
Allowed		10,886
Actual		8,390
Under/(Over) Recovery		2,496
Other Income		
Allowed		10,572
Actual		8,564
Under/(Over) Recovery		2,008
Past Retirement Benefit - FY 2015-16 to FY 2022-23		
Allowed		102,203
Amount paid to pensioner		55,072
Amount transferred to fund		50,306
Amount already adjusted		101
Net Adjustment		3,074
Net Adjustment		-
Total MYT True Ups		2,746
G.Total FYA FY 2021-22 & FY 2022-23		17,359



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27. Whether the existing fixed charges applicable to different consumer categories needs to be revised and requires any changes in mechanism for charging of such charges based on Actual MDI or Sanctioned Load or otherwise? Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?

27.1. Regarding revision in applicable fixed charges on different consumer categories and change in mechanism of application of fixed charges based on actual MDI or sanctioned load or otherwise, the Authority noted that large number of stakeholders raised their concerns in the matter. The Authority considering such large representations of the stakeholders decided to initiate separate proceedings in this regard. Accordingly, a separate hearing in the matter was held on 06.06.2023. Therefore, any amendments/modification in the terms & conditions for application of fixed charges would be made based on the final outcome of the separate proceedings being carried out by the Authority.

28. Whether the existing Tariff Terms and Conditions needs to be modified (including the request of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" category tariff), and keeping in view the amendments in Consumer Service Manual or otherwise?

28.1. The Authority has made the following changes in the Consumer Service Manual, which have already been intimated to all DISCOs vide letter dated December 14, 2022;

For Industries

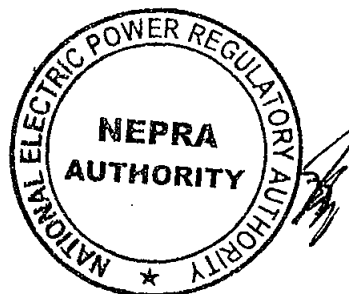
The consumers may be allowed extension of load above 5MW to 7.5 MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load above 5MW to 7.5 MW.

28.2. The above changes are required to be reflected in the Tariff terms & conditions, in the instant tariff Decisions/determinations of DISCOs.

29. Regarding request of Cold Storages to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" tariff, the Authority, considering large representations of the stakeholders decided to initiate separate proceedings in this regard. Accordingly, a separate hearing in the matter was held on 06.06.2023. Therefore, any amendments/modification in the terms & conditions for application of fixed charges would be made based on the final outcome of the separate proceedings being carried out by the Authority.

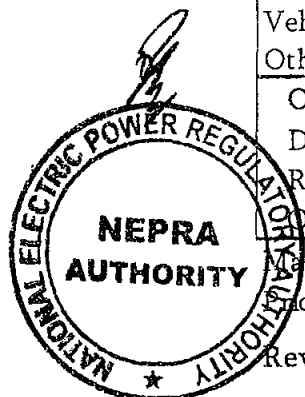
30. Order

30.1. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the allowed revenue requirement of the Petitioner, for the FY 2023-24, to the extent of its Supply of power function is summarized as under;





Description	Unit	SoP
Units Received	[MkWh]	25,518
Units Sold	[MkWh]	22,966
Units Lost	[MkWh]	2,552
Units Lost	[%]	10.00%
Energy Charge		171,942
Capacity Charge		369,610
Transmission Charge & Market Operation Fee		29,785
Wire Business UoSC		60,459
Power Purchase Price	[Mln. Rs.]	631,797
Pay & Allowances		2,025
Post Retirement Benefits		1,812
Repair & Maintainance		201
Traveling allowance		
Vehicle maintenance		428
Other expenses		
O&M Cost	[Mln. Rs.]	4,465
Depreciation		-
RORB		-
Dep. Income		(676)
Margin	[Mln. Rs.]	3,789
Minor Year Adjustment		17,359
Revenue Requirement	[Mln. Rs.]	652,944
Average Tariff	[Rs./kWh]	28.43



30.2. Here it is pertinent to mention that the Authority allowed Interim Tariff to LESCO vide decision dated 14.07.2023, whereby LESCO was allowed a revenue requirement of Rs.627,968 million for its Supply Function for the FY 2023-24, subject to adjustment/ refund based on the final outcome of the MYT determination. The said interim tariff has since been notified by the GoP vide SRO dated 26.07.2023, to be effective from 01.07.2023.

30.3. As now, the Authority has determined the MYT of LESCO for the control period from FY 2023-24 to FY 2027-28, whereby a revenue requirement of Rs.652,944 million has been assessed for the Supply Function (*including distribution function cost*) of the Petitioner for the FY 2023-24. Accordingly, the net differential amount of Rs.24,976 million (*including Rs.7,735 million for Distribution function*), shall be allowed as part of PYA in the subsequent adjustment / indexation determination of the Petitioner for the FY 2024-25.

30.5. Lahore Electric Supply Company Limited (LESCO), being a Distribution and Supply licensee, is allowed to charge its consumers, the following "Use of system charge" (UOSC) for the FY 2023-24, or as amended by the Authority from time to time;

made

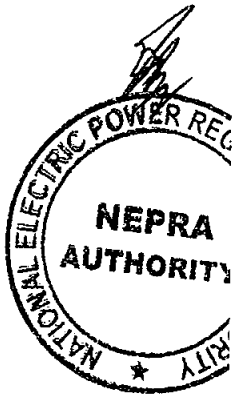


Description	For 132 kV only	For 11 kV only	For both 132kV & 11 kV
Asset Allocation	39.92%	31.90%	71.82%
Level of Losses	1.75%	6.10%	7.74%
UoSC Rs./kWh	1.18	1.10	2.37

- 30.6. The Petitioner is directed to follow the following time lines for submission of its future indexation/adjustment during the MYT control period;

Description	ADJUSTMENTS/ INDEXATION	TIME LINES
Power Purchase Price	The Authority, keeping in view of any abnormal changes may review Power Purchase Price references along with any Quarterly adjustment	
Fuel Cost	Monthly, as per the approved mechanism. Impact of FCA on T&D losses would be adjusted on Quarterly basis.	Data to be provided by CPPA (G) by close of the month
Variable O&M	Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.
Capacity Charges	Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.
Transmission /UOSC & MOF Charges	Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.
Margin		
Salaries, Wages & Benefits	Annually as per the mechanism given in the decision	
Post-retirement Benefit		
Other operating expenses	Annually as per the mechanism given in the decision	
Depreciation		
Return on Regulatory Asset Base	Bi-Annually, as per the decision	
Other Income		
Prior Year Adjustment	Annually as per the mechanism given in the decision	Request to be submitted by Petitioner in February of every year, so that adjustment / indexation for the next year is determined in timely manner.
KIBOR	Bi-Annually, as per the decision	
Return on Equity (ROE)	No adjustment allowed over Reference ROE	
Spread	As per the mechanism in the decision	

Ref. NCPI-General of December 2022 i.e. 29.47%



- 30.7. Responsible to provide distribution/supply service within its service territory on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority,
- 30.8. To make its system available for operation by any other licensee, consistent with applicable instructions established by the system operator.
- 30.9. To follow the performance standards laid down by the Authority for distribution and transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency [or Provincial Government;
- 30.10. To develop, maintain and publicly make available, with the prior approval of the Authority, an investment program for satisfying its service obligations and acquiring and selling its assets
- 30.11. To disconnect the provision of electric power to a consumer for default in payment of power charges or to a consumer who is involved in theft of electric power on the request of Licensee.
- 30.12. The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.

Matter 7



31. Summary of Direction

31.1. A summary of all directions passed in this determination by the Authority are reproduced hereunder. The Authority hereby directs the Petitioner to;

- i. To complete tagging of its assets.
- ii. To capitalize the cost of meters instead of expensing out.
- iii. To restrain from unlawful utilization of receipts against deposit works & security deposits, and to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.
- iv. To provide its working regarding under/(over) recovery of quarterly adjustments along-with break-up of units sold for each category, for each quarter, for consideration of the Authority.
- v. To submit the details of remedial measures taken by LESCO for the achievement of performance standards as laid down in NEPRA Performance Standards.
- vi. To clear all pending connections to its eligible consumers as specified in the Consumer Eligibility Criteria and Performance Standard Distribution Rules, 2005 and submit a detailed compliance report to NEPRA on a monthly basis.

DISCOs shall ensure Open Access to all the relevant entities/licensees without discrimination and shall objectively evaluate and make available on the website of DISCO the network available capacity, current allocation of the capacity and the future investment required to be made part of distribution system planning.

To take all possible measures to facilitate consumers in terms of complaint handling, connection provision as per CSM and establish one window solutions.

- ix. To submit its annual adjustment / indexation requests by February every year, so that adjustment / indexation for the next year is determined in timely manner

31.2. The Authority, keeping in view the amended NEPRA Act, 2018, whereby sale of electric power has been removed from the scope of distribution licenses and transferred to supply licensee, directed the Petitioner in its earlier tariff determinations to make organizational restructuring in terms of segregation of responsibilities of the Distribution and Sale functions, in order to ensure independent and transparent working of both these functions.

31.3. Since all the distribution companies are 100% owned by the GoP, therefore, DISCOs in consultation with GoP should develop a centralized restructuring plan and submit the same to NEPRA for consideration and necessary vetting for its compliance with NEPRA applicable documents.

31.4. The Authority observed that the Petitioner although in instant Petition has bifurcated its costs into Distribution and Supply of Power Functions, however, the petition was submitted with common accounts and both functions combined. No progress has been shared by the Petitioner in terms of its organizational restructuring. The Authority understands that a proper organization restructuring, is essential to improve the performance of the Petitioner and to ensure transparency for both functions. Therefore, the Petitioner is again directed that a restructuring plan in consultation with the Federal Government may be prepared, within the stipulated time.



- 31.5. The Petitioner is directed to ensure compliance of the Authority's direction during the FY 2024-25 and submit its progress report along-with its annual adjustment/ indexation request for the FY 2025-26. In case of non-compliance by the Petitioner, the Authority shall start legal proceedings against the Petitioner under relevant rules and regulations, which may not be limited to imposing of fines but also initiate process for adjustment in the revenue requirement of the Petitioner.
32. It is pertinent to mention that as per the Authority's Determination dated July 14, 2023, the interim tariff allowed to the petitioner was subject to adjustment/ refund based on the final outcome of the MYT determination. However, it is crucial to note that the Uniform Tariff has been notified by the Federal Government taking into account the interim tariff (which is in effect and implemented) and any adjustment at this stage may result in process of redetermination of uniform tariff for FY 2023-24. This will lead to practical difficulties, considering that only a few months are left in FY 2023-24.
33. In view thereof, while being mindful of the interest of the consumers and companies providing electric power services in accordance with principles of transparency and impartiality as enshrined in section 7 (6) of the NEPRA Act, the differential net amount of Rs.24,976 million for Supply function (*including Rs.7,735 million for Distribution function*), shall be allowed as part of PYA in the subsequent adjustment/indexation determination of the Petitioner for the FY 2024-25 and for the FY 2023-24, the interim tariff notified by the GOP vide SRO dated 26.07.2023, will remain effective.
34. The determination of the Authority including Annex-I, I-A, II, III, IV and V annexed with the determination, is hereby intimated to the Federal Government in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

AUTHORITY

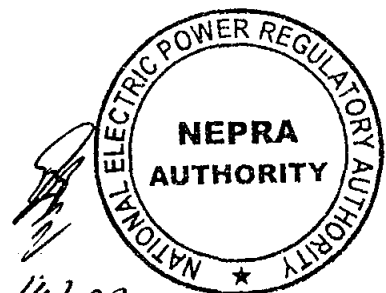
Mathar Niaz Rana (nsc)
Member

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Amina Ahmed
Member

Waseem Mukhtar
Chairman



FUEL PRICE ADJUSTMENT MECHANISM

Actual variation in fuel cost component against the reference fuel cost component for the corresponding months will be determined according to the following formula

$$\text{Fuel Price variation} = \text{Actual Fuel Cost Component} - \text{Reference Fuel Cost Component}$$

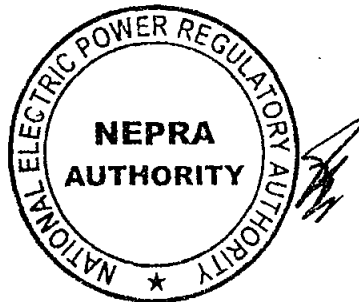
Where:

Fuel Price variation is the difference between actual and reference fuel cost component

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA (G) in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.



QUARTERLY ADJUSTMENT MECHANISM

Quarterly adjustment shall be the Actual variation in Power Purchase Price (PPP), excluding Fuel Cost Component, against the reference Power Purchase Price component and the impact of T&D losses on FCA, for the corresponding months and shall be determined according to the following formula;

$$\text{Quarterly PPP}_{(Adj)} = \frac{\text{PPP}_{(Actual)} (\text{excluding Fuel cost}) - \text{PPP}_{(Recovered)} (\text{excluding Fuel cost})}{\text{Where;}}$$

Where;

$\text{PPP}_{(Actual)}$ is the actual cost, excluding Fuel cost, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

$\text{PPP}_{(Recovered)}$ is the amount recovered based on reference rate in Rs./kWh, excluding fuel cost, as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

Impact of T&D losses on FCA

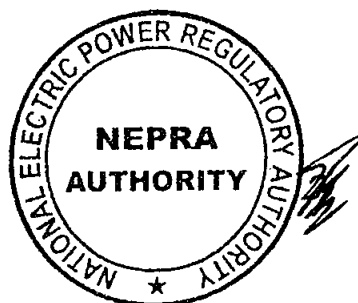
$$= \frac{\text{Monthly FCA allowed}_{(Rs./kWh)} \times \text{Actual units Purchase} \times \% \text{ T\&D losses}}{\text{Where;}}$$

Where;

Monthly FCA allowed $(Rs./kWh)$ is the FCA allowed by the Authority for the respective months of the concerned period.

T&D Loss % is percentage of T&D losses that remained notified during the period.

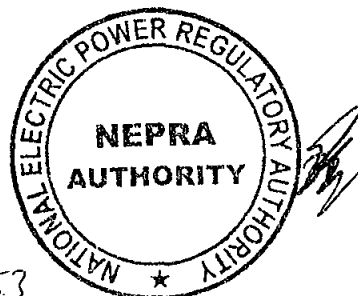
The sum of amounts so worked for each month of the Quarter shall be divided by the Projected units to be sold as determined by the Authority to work out Rs./kWh Quarterly adjustment.



Lahore Electric Supply Company (LESCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Revenue			Base Tariff		PYA 2022		Total Tariff	
	GWh	Fixed Charge	Variable Charge	Total		Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge
			Min. Rs.			Rs./kWh M	Rs./kWh	Min. Rs.	Rs./kWh	Rs./kWh M	Rs./kWh
Residential											
For peak load requirement less than 5 kW											
Protected											
Up to 50 Units - Life Line	38	-	262	262		6.80					6.80
51-100 units - Life Line	44	-	477	477		10.74					10.74
01-100 Units	1467	-	15,758	15,758		10.74	1,100	0.75			11.49
101-200 Units	349	-	4,557	4,557		13.06	258	0.74			13.80
Un-Protected											
01-100 Units	491	-	8,162	8,162		16.63	363	0.74			17.37
101-200 Units	1258	-	27,802	27,802		22.10	956	0.76			22.86
201-300 Units	1805	-	45,653	45,653		25.29	1,372	0.76			26.05
301-400 Units	924	-	26,503	26,503		28.68	702	0.76			29.44
401-500 Units	516	-	15,942	15,942		30.89	392	0.76			31.65
501-600 Units	309	-	9,986	9,986		32.31	235	0.76			33.07
601-700 Units	183	-	6,296	6,296		33.45	143	0.76			34.21
Above 700 Units	413	-	15,860	15,860		38.37	314	0.76			39.13
For peak load requirement exceeding 5 kW	0	-									
Time of Use (TOU) - Peak	208	-	7,793	7,793		37.54	158	0.76			38.30
Time of Use (TOU) - Off-Peak	919	-	28,680	28,680		31.22	698	0.76			31.98
Temporary Supply	0	-	16	16		37.66	0	0.76			38.44
Total Residential	8,931	-	213,748	213,748				6,693			
Commercial - A2											
For peak load requirement less than 5 kW	564	-	18,847	18,847		33.39	429	0.76			34.15
For peak load requirement exceeding 5 kW											
Regular	17	34	602	636	500	35.06	13	0.76	500	35.82	
Time of Use (TOU) - Peak	208	-	7,682	7,682		37.00	158	0.76			37.76
Time of Use (TOU) - Off-Peak	947	3,149	29,391	32,540	500	31.03	720	0.76	500	31.79	
Temporary Supply	46	-	1,549	1,549		33.74	35	0.76			34.50
Electric Vehicle Charging Station	0	-	6	6		28.15	0	0.76			28.91
Total Commercial	1,783	3,183	58,078	61,261				1,356			
General Services-A3											
	849	-	28,059	28,059		33.04	645	0.76			33.80
Industrial											
B1	38	-	1,148	1,148		29.83	29	0.76			30.59
B1 Peak	71	-	2,358	2,358		33.39	54	0.76			34.15
B1 Off Peak	536	-	14,929	14,929		27.83	408	0.76			28.59
B2	19	33	568	600	500	29.33	15	0.76	500	30.09	
B2 - TOU (Peak)	334	-	11,138	11,138		33.33	254	0.76			34.09
B2 - TOU (Off-peak)	2010	6,015	55,506	61,520	500	27.62	1,527	0.76	500	28.38	
B3 - TOU (Peak)	642	-	21,389	21,389		33.33	488	0.76			34.09
B3 - TOU (Off-peak)	3756	6,249	103,403	109,652	460	27.53	2,855	0.76	460	28.29	
B4 - TOU (Peak)	240	-	7,999	7,999		33.33	182	0.76			34.09
B4 - TOU (Off-peak)	1578	2,540	43,293	45,832	440	27.43	1,200	0.76	440	28.19	
Temporary Supply	3	-	91	91		30.91	2	0.76			31.67
Total Industrial	9,228	14,836	261,821	276,656				7,013			
Single Point Supply											
C1(a) Supply at 400 Volts-less than 5 kW	0	-	6	6		34.08	0	0.76			34.84
C1(b) Supply at 400 Volts-exceeding 5 kW	2	2	62	64	500	33.58	1	0.76	500	34.34	
Time of Use (TOU) - Peak	3	-	126	126		37.00	3	0.76			37.76
Time of Use (TOU) - Off-Peak	26	42	797	839	500	30.40	20	0.76	500	31.16	
C2 Supply at 11 kV	61	67	2,030	2,097	460	33.38	46	0.76	500	34.14	
Time of Use (TOU) - Peak	61	-	2,262	2,262		37.00	46	0.76			37.76
Time of Use (TOU) - Off-Peak	256	439	7,721	8,160	460	30.20	194	0.76	460	30.96	
C3 Supply above 11 kV	127	405	4,235	4,641	440	33.28	97	0.76	440	34.04	
Time of Use (TOU) - Peak	27	-	988	988		37.00	20	0.76			37.76
Time of Use (TOU) - Off-Peak	114	165	3,433	3,598	440	30.10	87	0.76	440	30.86	
Total Single Point Supply	677	1,120	21,659	22,779				515			
Agricultural Tube-wells - Tariff D											
Scarp	1	-	17	17		30.08	0	0.76			30.84
Time of Use (TOU) - Peak	0	-	14	14		33.00	0	0.76			33.76
Time of Use (TOU) - Off-Peak	1	1	21	22	200	25.75	1	0.76	200	26.51	
Agricultural Tube-wells	76	68	1,507	1,575	200	19.75	58	0.76	200	20.51	
Time of Use (TOU) - Peak	185	-	3,659	3,659		19.75	141	0.76			20.51
Time of Use (TOU) - Off-Peak	1087	1,430	21,477	22,907	200	19.75	826	0.76	200	20.51	
Total Agricultural	1,361	1,499	26,694	28,193				1,027			
Public Lighting - Tariff G	140	-	4,633	4,633		33.11	106	0.76			33.87
Residential Colonies	8	-	258	258		33.10	6	0.76			33.86
Railway Traction	0	-	1	1		33.12	0	0.76			33.88
Grand Total	22,966	20,638	614,949	635,585				17,359			

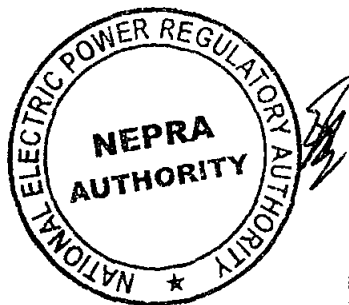
Note: The PYA 2022 column shall cease to exist after 1 year of notification of the instant decision.



SCHEDULE OF ELECTRICITY TARIFFS **FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

A-1. GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		PYA 2022		Total Variable Charges	
		Rs/kw/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
a)	For Sanctioned load less than 5 kW	-	6.80		-		6.80	
i	Up to 50 Units - Life Line	-	10.74		-		10.74	
ii	51 - 100 Units - Life Line	-	10.74		0.75		11.49	
iii	001 - 100 Units	-	13.06		0.74		13.80	
iv	101 - 200 Units	-	16.63		0.74		17.37	
v	001 - 100 Units	-	22.10		0.76		22.86	
vi	101 - 200 Units	-	25.29		0.76		26.05	
iv	201 - 300 Units	-	28.68		0.76		29.44	
viii	301 - 400 Units	-	30.89		0.76		31.65	
ix	401 - 500 Units	-	32.31		0.76		33.07	
x	501 - 600 Units	-	33.45		0.76		34.21	
xi	601 - 700 Units	-	38.37		0.76		39.13	
vi	Above 700 Units	-						
b)	For Sanctioned load 5 kW & above	-						
	Time Of Use	-	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
		-	37.54	31.22	0.76	0.76	38.30	31.98



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

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

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	VARIABLE CHARGES		PYA 2022		Total Variable Charges	
		Rs/kw/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
a)	For Sanctioned load less than 5 kW	-	33.39		0.76		34.15	
b)	For Sanctioned load 5 kW & above	500.00	35.06		0.76		35.82	
	Time Of Use	500.00	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
			37.00	31.03	0.76	0.76	37.76	31.79
d)	Electric Vehicle Charging Station	-	28.15		0.76		28.91	

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;

Rs. 175/- 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	VARIABLE CHARGES		PYA 2022		Total Variable Charges	
		Rs/kw/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
a)	General Services	-	33.04		0.76		33.80	

Under tariff A-3, 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	VARIABLE CHARGES		PYA 2022		Total Variable Charges	
		Rs/kw/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
B1	Upto 25 kW (at 400/230 Volts)	-	29.83		0.76		30.59	
B2(a)	exceeding 25-500 kW (at 400 Volts)	500.00	29.33		0.76		30.09	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW		33.39	27.83	0.76	0.76	34.15	28.59
B2(b)	exceeding 25-500 kW (at 400 Volts)	500.00	33.33	27.62	0.76	0.76	34.09	28.38
B3	For All Loads up to 5000 kW (at 11.33 kV)	460.00	33.33	27.53	0.76	0.76	34.09	28.29
B4	For All Loads (at 66, 132 kV & above)	440.00	33.33	27.43	0.76	0.76	34.09	28.19

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	VARIABLE CHARGES		PYA 2022		Total Variable Charges	
		Rs/kw/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
C-1	For supply at 400/230 Volts	-	34.08		0.76		34.84	
u)	Sanctioned load less than 5 kW	-	33.58		0.76		34.34	
b)	Sanctioned load 5 kW & up to 500 kW	500.00	33.36		0.76		34.14	
C-2(a)	For supply at 11.33 kV up to and including 5000 kW	460.00	33.23		0.76		34.04	
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00						
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	500.00	37.00	30.40	0.76	0.76	37.76	31.16
C-2(b)	For supply at 11.33 kV up to and including 5000 kW	460.00	37.00	30.20	0.76	0.76	37.76	30.96
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	37.00	30.10	0.76	0.76	37.76	30.86

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

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**SCHEDULE OF ELECTRICITY TARIFFS
FOR LAHORE ELECTRIC SUPPLY COMPANY (LESCO)**

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		PYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
D-1(a)	SCARP less than 5 kW	-	30.08		0.76		30.84	
D-2 (a)	Agricultural Tube Wells	200.00	19.75		0.76		20.51	
			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-1(b)	SCARP 5 kW & above	200.00	33.00	28.75	0.76	0.76	33.76	26.51
D-2 (b)	Agricultural 5 kW & above	200.00	19.75	19.75	0.76	0.76	20.51	20.51

Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.

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	VARIABLE CHARGES		PYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
E-1(i)	Residential Supply	-	37.68		0.76		38.44
E-1(ii)	Commercial Supply	-	33.74		0.76		34.50
E-2	Industrial Supply	-	30.91		0.76		31.67

For the categories of E-1(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	VARIABLE CHARGES		PYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
	Street Lighting	-	33.11		0.76		33.87

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

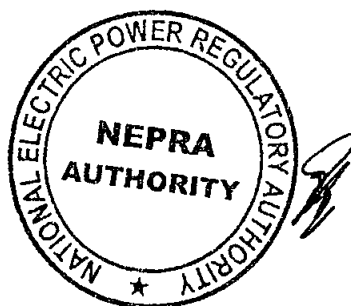
H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		PYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
	Residential Colonies attached to industrial premises	-	33.10		0.76		33.86

I - RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		PYA 2022		Total Variable Charges
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh
		A	B		C		D
	Railway Traction	-	33.12		0.76		33.88

Note: The PYA 2022 column shall cease to exist after One (01) year of notification of the instant decision.

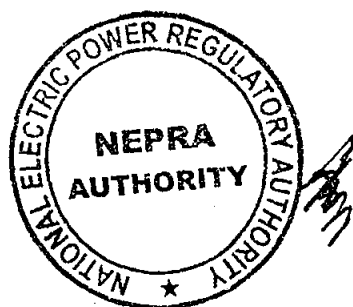


Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	2,895	2,916	2,638	2,139	1,432	1,437	1,455	1,457	1,693	2,045	2,583	2,826	25,518

	Rs./kWh												
Fuel Cost Component	6.8935	6.6457	7.0711	7.8938	4.7831	5.4031	7.4894	4.4337	6.4417	5.4918	5.7090	7.1403	6.4237
Variable O&M	0.3123	0.3073	0.3166	0.3949	0.3237	0.2866	0.3193	0.2330	0.3145	0.3178	0.3037	0.3169	0.3144
Capacity	10.0029	10.1444	11.7316	15.2900	17.1210	20.2731	18.4578	18.8867	17.8594	18.1821	14.4414	12.2586	14.4843
UoSC	0.8019	0.8132	0.9405	1.2646	1.4161	1.6768	1.6082	1.6456	1.5561	1.3486	1.0711	0.9092	1.1672
Total PPP in Rs./kWh	18.0106	17.9106	20.0598	24.8433	23.6440	27.6397	27.8748	25.1990	26.1717	25.3402	21.5253	20.6250	22.3897

	Rs. in million												
Fuel Cost Component	19,960	19,376	18,656	16,889	6,850	7,767	10,899	6,458	10,908	11,232	14,748	20,178	163,919
Variable O&M	904	896	835	845	464	412	465	339	533	650	785	896	8,023
Capacity	28,963	29,577	30,951	32,712	24,519	29,143	26,861	27,509	30,242	37,185	37,307	34,641	369,610
UoSC	2,322	2,371	2,481	2,706	2,028	2,410	2,340	2,397	2,635	2,758	2,767	2,569	29,785
Total PPP in Rs.Mln	52,150	52,220	52,924	53,152	33,860	39,732	40,565	36,703	44,317	51,825	55,606	58,284	571,337

It is clarified that PPP is pass through for all the DISCOs and its monthly references would continue to exist irrespective of the financial year, unless the new SOT is revised and notified by the GoP



note 9

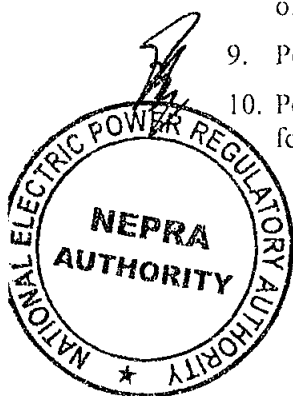
**TERMS AND CONDITIONS OF TARIFF
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY LICENSEES)**

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means LESCO engaged in the business of distribution/supply of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the 50% of the sanctioned load or Actual maximum demand recorded in a month, whichever is higher, except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes' duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes' duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:



*** PEAK TIMING**

OFF-PEAK TIMING

Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

* To be duly adjusted in case of day light time saving

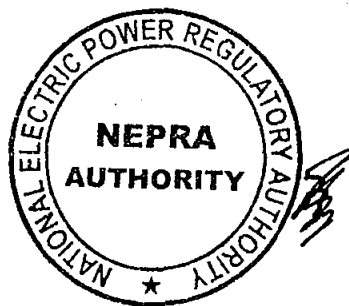
11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load 5 kW and above supply shall be given at three-phase.
12. "Consumer" as defined in NEPRA Act.
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).

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14. NTDC means the National Transmission and Despatch Company.
15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act.

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.



PART-II

(Definitions and Conditions for supply of power specific to each consumer category)

A-1 RESIDENTIAL

Definition

"Life Line Consumer" means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

The lifeline consumers to include residential Non-Time of Use (Non-ToU) consumers having maximum of last twelve months and current month's consumption ≤ 100 units; two rates for ≤ 50 and ≤ 100 units will continue.

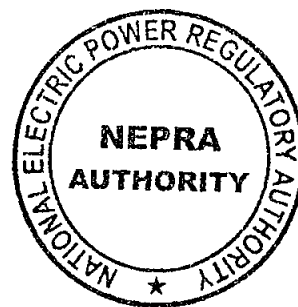
"Protected consumers" mean Non-ToU residential consumers consuming ≤ 200 kWh per month consistently for the past 6 months.

Residential Non-ToU consumers not falling under the protected category would be categorized under "Un-protected consumer category".

1. This Tariff is applicable for supply to;
 - i) Residences,
 - ii) Places of worship,
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-1(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A-1(b) Tariff by the Company.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
 - i) Shops/Flower Nurseries/Cold Storage
 - ii) Hotels, Hostels and Restaurants,
 - iii) Petrol Pumps and Service Stations,
 - iv) Compressed Natural Gas filling stations,
 - v) Private Hospitals/Clinics/Dispensaries,
 - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
 - vii) Guest Houses/Rest Houses,
 - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
 - ix) Electric Vehicle Charging Stations (EVCS)
2. Electric Vehicle Charging Stations shall be billed under A-2(d) tariff i.e. Rs./kWh for peak and off-peak hours. For the time being, the tariff design is with zero fixed charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges.



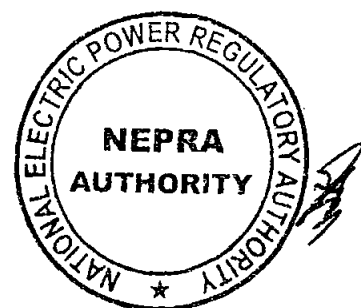
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3. The Electric Vehicle Charging Station shall provide "charging service" to Electric Vehicle shall provide charging service to Electric Vehicles as per the applicable tariff for EVCS plus Rs.24.44/kWh as margin for EVCS. The EVCS shall be billed by DISCOS under A-2(d) tariff. However, monthly FCAs either positive or negative shall not be applicable on EVCS.
4. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
5. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
6. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff A-2(c).

A-3 GENERAL SERVICES

1. This tariff is applicable to;
 - i. Approved religious and charitable institutions
 - ii. Government and Semi-Government offices and Institutions
 - iii. Government Hospitals and dispensaries
 - iv. Educational institutions
 - v. Water Supply schemes including water pumps and tube wells other than those meant for the irrigation or reclamation of Agriculture land.

Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.



B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices inside the premises and for normal working of the industry.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;
 - i) Poultry Farms
 - ii) Fish Hatcheries, fish farms, fish nurseries & Breeding Farms and
 - iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

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B-1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load upto 25 kW.
2. Consumers having sanctioned load upto 25 kW shall be billed on single-part kWh rate.
3. Consumers under tariff B-1 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate. However, B-1 consumers having sanctioned load of less than 5 kW may opt for ToU meter
4. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff B1(b).

B-2 SUPPLY AT 400 VOLTS

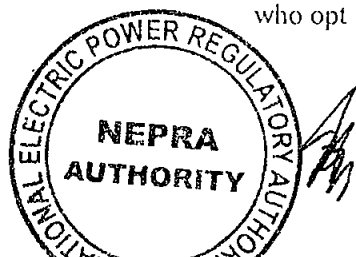
1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5 MW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. The consumers may be allowed extension of load above 5MW to 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load above 5MW to 7.5 MW. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.
3. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
4. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with Consumer Service Manual (CSM).
5. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5MW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5MW or below who opt to receive supply at 66 kV or 132 kV and above.



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2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C BULK SUPPLY

“Bulk Supply” for the purpose of this Tariff, means the supply given at one point for self-consumption to mix-load consumer not selling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

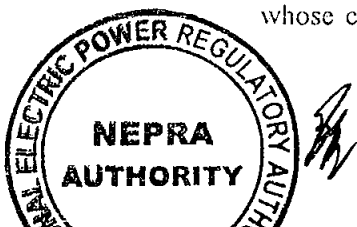
If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-I(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of more than 500 kW up to and including 5 MW.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. However, only such consumers be allowed extension of load beyond 5MW upto 7.5MW whose connection is at least three (3) years old. While allowing extension in load, the



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DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.

3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with CSM.
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
5. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b).

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

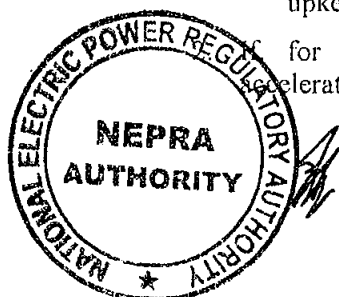
D AGRICULTURAL SUPPLY

“Agricultural Supply” means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

Special Conditions of Supply

1. This tariff shall apply to:
 - i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
 - ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
 - iii) Tube-wells meant for aqua-culture.
 - iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.

for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this



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acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.

3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D-1(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) till that time.

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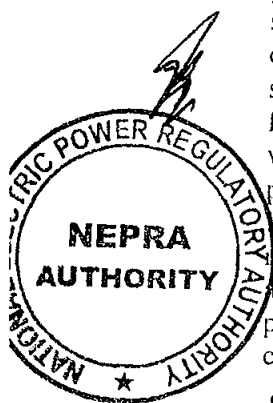
1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D-2(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-2(a) till that time.

E-1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, exhibitions, political gathering, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction of house/buildings/plazas of single phase loads. A temporary electric power supply connection for the construction shall be provided by Distribution company initially for a period of six months which is further extendable on three month basis up to completion of the specific job/project for which the temporary connection was obtained. However, there is no minimum time period for provision of temporary connection. The temporary connection for illumination, lighting, weddings, festivals, functions, exhibitions, political gatherings or national and religious ceremonies, civil or military functions etc., testing of industrial equipment or any other emergent requirement of temporary nature, can be provided for specific time period not exceeding two weeks. The sanctioning officer shall ensure that the temporary connection will be utilized for temporary purpose only.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.



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2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

E-2 TEMPORARY INDUSTRIAL SUPPLY

“Temporary Industrial Supply” means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of “Industrial Supply”, during the construction phase prior to the commercial operation of the Industrial concern.

SPECIAL CONDITIONS OF SUPPLY

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

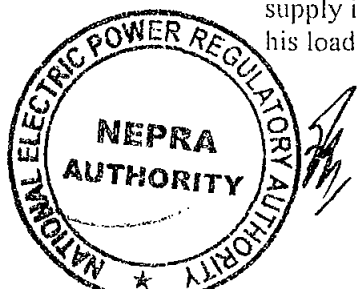
Definitions

“Year” means any period comprising twelve consecutive months.

1. All “Definitions” and “Special Conditions of Supply” as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company’s Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company’s Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out



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separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.

5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps. The supply under this tariff shall also be applicable for lamps used in public playgrounds and public parks.

Definitions

"Month" means a calendar month or a part thereof in excess of 15 days.

Special Conditions of Supply

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

II RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

Definitions

"One Point Supply" for the purpose of this Tariff, means the supply given by one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

"General and Domestic Consumption", for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

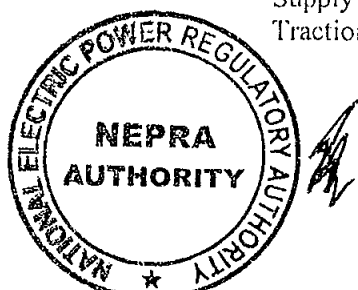
"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bona-fide employees of the factory, the establishment or the factory owners or partners, etc.

Special Conditions of Supply

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

TARCTION

Supply under this tariff means supply of power in bulk to Railways for Railway Traction only.



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REGISTRAR

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Website: www.nepra.org.pk, Email: info@nepra.org.pk

No. NEPRA/TRF-100/Notifications/ 5827-29

May 02, 2024

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

Subject: **NOTIFICATION REGARDING DECISIONS OF THE AUTHORITY**

In pursuance of Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997); enclosed please find herewith following Decisions of the Authority as per following detail for immediate publication in the official Gazette of Pakistan:

S. No.	Decision	Issuance No. and Date
1	Determination of the Authority dated 14 th March, 2024 in the matter of Petition filed by Lahore Electric Supply Company Limited (LESCO) for Determination of Supply of Power Tariff under MYT Regime for the FY 2023-24 to FY 2027-28	2442-2446 14.03.2024
2.	Determination of the Authority dated 14 th March, 2024 in the matter of Petition filed by Lahore Electric Supply Company Limited (LESCO) for Determination of Distribution Tariff under MYT Regime for the FY 2023-24 to FY 2027-28	2436-2440 14.03.2024
3.	Determination of the Authority dated 14 th March, 2024 in the matter of Petition filed by Faisalabad Electric Supply Company Limited (FESCO) for Determination of Supply of Power Tariff under MYT Regime for the FY 2023-24 to FY 2027-28	2448-2452 14.03.2024
4.	Determination of the Authority dated 14 th March, 2024 in the matter of Petition filed by Faisalabad Electric Supply Company Limited (FESCO) for Determination of Distribution Tariff under MYT Regime for the FY 2023-24 to FY 2027-28	2454-2458 14.03.2024
5.	Determination of the Authority dated 14 th March, 2024 in the matter of Petition filed by Islamabad Electric Supply Company Limited (IESCO) for Determination of Supply of Power Tariff under MYT Regime for the FY 2023-24 to FY 2027-28	2460-2464 14.03.2024
6.	Determination of the Authority dated 14 th March, 2024 in the matter of Petition filed by Islamabad Electric Supply Company Limited (IESCO) for Determination of Distribution Tariff under MYT Regime for the FY 2023-24 to FY 2027-28	2466-2470 14.03.2024

2. Please also furnish thirty five (35) copies of the Notifications to this Office after its publication.

Encl: 06 Notifications

(Engr. Mazhar Iqbal Ranjha)

CC:

1. Chief Executive Officer, Central Power Purchasing Agency (Guarantee) Limited, 73 East, AK Fazl-e-Haq Road, Block H, G-7/2, Blue Area, Islamabad
2. Syed Mateen Ahmed, Section Officer (T&S), Ministry of Energy – Power Division, 'A' Block, Pak Secretariat, Islamabad

Received
Amir
02/05/24

