

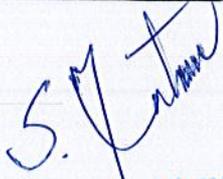
Government of Pakistan
Ministry of Energy

Islamabad, the 13th January, 2026.

NOTIFICATION

S.R.O. 43(I)/2026. - In pursuance of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the Federal Government is pleased to direct that the following amendments shall be made in its notification No. S.R.O. 1167(I)/2025 dated the 01st day of July, 2025, namely:-

2. In the aforesaid notification, the Schedule Of Electricity Tariffs determined by National Electric Power Regulatory Authority (the "**Authority**"), inclusive of GoP Tariff Rationalization, of Hazara Electric Supply Company (HAZECO), is substituted with the final tariff dated 12th January, 2026, intimated by the Authority, based on uniform tariff determined by the Authority in terms of sub-section (4) of section 31, both of which the Federal Government is pleased to notify as Annex-A-1, Annex-B-1, Annex-A, Annex-B in terms of sub-section 7 of section 31 of the Act. Provided that any modification in the targeted subsidy shall accordingly be reflected in the applicable variable charge specified in Annex-A-1, Annex-B-1.
3. Furthermore, the National Electric Power Regulatory Authority decisions dated 7th January, 2026 in respect of HAZECO and decision of power purchase price determination dated 7th January, 2026, is also hereby notified.
4. This notification shall come into force on and from the 1st day of January, 2026.


(Syed Mateen Ahmed)
Deputy Secretary (T&S)
Ministry of Energy
(Power Division)

Wasim Anwar Bhinder
Registrar-1
Wednesday, 14 January, 2026, 12:1:39 PM

Wasim Anwar Bhinder
Registrar-1
Wednesday, 14 January, 2026, 12:1:39 PM



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
Tel: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/R/ADG(Trf)/TRF-100/1004-23

January 12, 2026

Subject: **DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FILED BY THE FEDERAL GOVERNMENT UNDER SECTION 7 AND 31(7) OF THE NEPRA ACT 1997 (THE ACT) READ WITH THE RULE 17 OF NEPRA (TARIFF STANDARDS AND PROCEDURE) RULES, 1998 (THE RULES) WITH RESPECT TO RECOMMENDATION OF CONSUMER END TARIFF**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (total 18 Pages). The instant Decision including Annex-A & A-1, B & B-1 and C is intimated to the Federal Government for notification in terms of Section 31(7) of the Act.

2. Further, the Federal Government while notifying the instant Decision, shall also notify the individual Decisions of the Authority issued in the matter of each XWDISCO along with Decision of Power Purchase Price (PPP) Forecast for the CY 2026 dated 07.01.2026.

Enclosure: As above

Wasim Anwar Bhinder
(Wasim Anwar Bhinder)

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

Copy to:

Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad	Mr. Shehriyar Abbasi, Deputy Secretary Cabinet Division, Cabinet Secretariat, Islamabad
Secretary, Energy Department, Government of Punjab, 8th Floor, EFU House, Main Gulberg, Jail Road, Lahore	Secretary, Energy Department, Government of Sindh, 3 rd Floor, State Life Building No. 3, Opposite CM House, Dr. Zai-ud-din Ahmad Road, Karachi
Secretary, Energy and Power Department, Government of Khyber Pakhtunkhwa, First Floor, A-Block, Abdul Wali Khan Multiplex, Civil Secretariat, Peshawar	Secretary, Energy Department, Government of Balochistan, Civil Secretariat, Zarghoon Road, Quetta
Secretary, Water & Power, Government of Gilgit Baltistan, Near Kara Kuram International University, Gilgit	Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad

Chief Executive Officer, Hazara Electric Supply Company (HAZECO), 426/A, PMA Link Road, Jinnahabad Abbottabad	Chief Executive Officer, Sukkur Electric Power Company Ltd. (SEPCO), SEPCO Headquarters, Old Thermal Power Station, Sukkur
Chief Executive Officer, K-Electric Limited (KEL), KE House, Punjab Chowrangi,, 39 - B, Sunset Boulevard, Phase-II, Defence Housing Authority, Karachi	Chief Executive Officer, Hyderabad Electric Supply Company Ltd. (HESCO), WAPDA Water Wing Complex, Hussainabad, Hyderabad
Chief Executive Officer, Tribal Areas Electric Supply Company Ltd. (TESCO), 213-WAPDA House, Shami Road, Sakhi Chashma, Peshawar	Chief Executive Officer, Peshawar Electric Supply Company Ltd. (PESCO), WAPDA House, Sakhi Chashma, Shami Road, Peshawar
Chief Executive Officer, Islamabad Electric Supply Company Ltd. (IESCO), Street No. 40, G-7/4, Islamabad	Chief Executive Officer, Faisalabad Electric Supply Company Ltd. (FESCO), Abdullahpur, Canal Bank Road, Faisalabad
Chief Executive Officer, Gujranwala Electric Power Company Ltd. (GEPCO), 565/A, Model Town G.T. Road, Gujranwala	Chief Executive Officer, Lahore Electric Supply Company Ltd. (LESCO), 22-A, Queen's Road, Lahore
Chief Executive Officer, Multan Electric Power Company Ltd. (MEPCO), Complex, WAPDA Colony, Khanewal Road, Multan	Chief Executive Officer, Quetta Electric Supply Company Ltd. (QESCO), 14-A Zarghoon Road, Quetta



Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff

DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FILED BY THE FEDERAL GOVERNMENT UNDER SECTION 7 AND 31(7) OF THE NEPRA ACT 1997 (THE ACT) READ WITH RULE 17 OF THE NEPRA (TARIFF STANDARDS AND PROCEDURE) RULES, 1998 (THE RULES) WITH RESPECT TO RECOMMENDATION OF THE CONSUMER END TARIFF

1. NEPRA determined annual tariff adjustments / indexation and Multi Year Tariffs of XWDISCOs, for the CY 2026 vide decisions dated 07.01.2026. In addition, the Authority also determined Power Purchase Price forecast for the CY 2026 vide decision dated 07.01.2026. A summary of the component wise revenue requirement of each XWDISCO determined by the Authority, for CY 2026, is reproduced hereunder;

		CY 2026 (Distribution + Supply) Functions Revenue Requirement											
		WAPDA	WAPDA	WAPDA	WAPDA	WAPDA	WAPDA	WAPDA	WAPDA	WAPDA	WAPDA	WAPDA	Total
Units Received	GWh	13,398	25,606	15,836	12,063	18,427	10,373	5,466	4,750	3,995	1,554	3,094	113,562
Units Sold	GWh	11,494	23,440	14,597	10,995	16,337	8,375	4,094	3,344	2,816	1,116	2,618	101,234
Units Lost	GWh	904	2,166	1,239	1,068	2,090	1,998	963	656	652	138	476	12,348
T&D Losses	%	7.29%	8.46%	7.82%	8.85%	11.34%	19.26%	17.55%	13.81%	16.31%	8.89%	15.39%	10.17%
Energy Charge	Rs. Mln	100,987	208,268	128,641	98,017	148,524	84,420	44,484	38,857	32,325	12,733	25,301	923,582
Capacity Charge	Rs. Mln	164,662	381,769	236,947	188,343	290,152	159,583	112,729	95,008	65,055	42,013	41,291	1,777,453
Transmission & MDF	Rs. Mln	20,681	47,921	29,413	23,787	36,665	19,718	13,960	11,569	8,251	5,095	5,082	222,144
Power Purchase Price	Rs. Mln	246,329	637,958	399,002	310,048	476,341	263,722	171,173	145,434	105,631	59,842	71,874	2,923,154
Pay & Allowances	Rs. Mln	16,380	30,670	20,467	17,310	20,353	13,869	10,832	7,921	7,073	1,355	1,833	148,062
Post Retirement Benefits	Rs. Mln	11,047	22,124	20,716	11,205	27,291	14,043	6,425	3,915	6,542	698	988	124,997
Repair & Maintenance	Rs. Mln	2,625	3,000	1,296	3,561	2,039	1,543	2,839	1,603	1,416	391	137	20,481
Traveling Allowance	Rs. Mln	641	772	643	446	1,026	216	377	308	432	46	34	4,943
Vehicle maintenance	Rs. Mln	1,116	2,169	1,091	1,361	742	325	683	558	289	82	11	8,314
Other expenses	Rs. Mln	2,579	3,437	2,256	1,141	3,791	1,877	1,300	989	1,887	108	69	19,226
O&M Cost	Rs. Mln	34,388	62,174	46,473	34,924	35,201	31,873	22,461	19,266	17,669	2,681	2,913	326,021
Depreciation	Rs. Mln	3,981	6,728	6,613	5,339	9,195	3,228	1,845	1,953	1,894	710	803	44,393
RORB	Rs. Mln	14,390	10,752	12,807	10,304	10,704	7,078	13,495	6,001	9,284	2,504	707	97,924
O.Income	Rs. Mln	(8,281)	(12,600)	(7,313)	(4,565)	(8,535)	(6,111)	(1,333)	(1,978)	(2,665)	(729)	(632)	(84,760)
Total Distribution/Supply Margin	Rs. Mln	46,478	67,054	58,582	45,902	66,365	36,168	36,469	21,242	26,182	3,166	3,771	413,579
Prior Year Adjustment	Rs. Mln	(4,209)	(971)	16,974	22,470	8,794	15,749	(297)	8,561	2,110	5,443	(7)	71,572
Revenue Requirement	Rs. Mln	328,598	704,041	478,558	378,369	551,699	315,635	207,345	172,337	133,934	70,452	75,497	3,408,305
Working Capital	Rs. Mln	(4,493)	(4,260)	(3,831)	(1,868)	(4,338)	(3,187)	(1,821)	(2,797)	(603)	(1,036)	(585)	(28,998)
Net Revenue Requirement net of W.C	Rs. Mln	324,106	699,781	466,727	376,501	547,161	312,448	205,524	169,441	133,331	69,416	74,872	3,379,308
Avg. Tariff with Working Capital	Rs./kWh	28.20	29.85	31.97	34.24	33.49	37.81	45.44	41.38	39.68	49.03	28.60	33.38

2. The said decisions were intimated to the Federal Government, for filing of the uniform tariff application, in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter, "the Act"). The Federal Government was also requested to notify these decisions in terms of Section 31 of the NEPRA Act, while notifying the uniform tariff application decision of the Authority.
3. In response, the Ministry of Energy (MoE), Power Division (hereinafter, "MoE (PD)" or "the Petitioner"), vide letter No. Tariff/MYT 2025-26 dated 08.01.2026, filed Motion with respect to the recommendation of consumer end tariff for XWDISCOs and K-Electric for the CY 2026, under section 7 & 31 of the Act, read with Rule 17 of the NEPRA Tariff (Standards and Procedure) Rules, 1998 (hereinafter, "the Rules").
4. The MoE (PD) in its Motion stated that National Electricity Policy, 2021 (hereinafter, "the Policy") approved by the Council of Common Interests, provides under Clause 5.6.1 that the financial sustainability of the sector is premised on the recovery of full cost of service, to the extent feasible, through an efficient tariff structure, which ensures sufficient liquidity in the



Maha S



Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff

sector' and under Clause 5.6.4 states that in due course, financial self-sustainability will eliminate the need for Government subsidies (except for any subsidies for lifeline, industry or agriculture consumers, as per prevailing Government considerations). The Policy further states that in view of various parameters, including (a) the socio-economic objectives; (b) budgetary targets in field; and (c) recommendations of the Regulator with respect to consumer-end tariff for each State-Owned Distribution company, the Government may continue to propose uniform tariff across the consumers and regions. In pursuance thereto, the Regulator shall, in consumer interest, determine a uniform tariff (inclusive of quarterly adjustments) for all the State-Owned Distribution companies.

5. The MoE (PD) also stated that Section 31 (4) of the Act provides that the Authority shall, on the basis of uniform tariff application, determine a uniform tariff for public sector licensees, engaged in supply of electric power to consumers, in the consumer's interest, on the basis of their consolidated accounts. Accordingly, the Authority has been determining the uniform tariff to be charged from the consumers, including the impact of targeted subsidy and inter DISCO tariff rationalization / cross-subsidies, under the Act. The latest uniform tariff in field for XWDISCOs was determined by the Authority through its determination dated July 1, 2025 and was notified vide SRO 1157 to 1167 (I)/2025 dated July 1, 2025.
6. It was also mentioned that the Federal Government considered the schedules of tariff recommended by NEPRA for each XWDISCO for all categories of consumers dated 07.01.2026, and decided that as per the Policy, the uniform tariff should be made applicable per the provisions of section 31 (4) of the Act. Accordingly, the uniform tariff, being reflective of economic and social policy of the Federal Government and based on the consolidated revenue requirement approved and determined by the Authority for XWDISCOs (owned and controlled by the Federal Government), has been submitted for consideration and approval by the Cabinet on 08.01.2026 and in anticipation of the approval, the same is submitted to the Authority for consideration in terms of Section 31 of the Act along with the targeted tariff differential subsidy.
7. It has further been stated that inter-distribution companies' tariff rationalization is not aimed at raising any revenues for the Federal Government, as it is within the determined revenue requirements of the XWDISCOs consolidated in the terms of section 31 (4) of the Act. The tariff rationalization enables the fulfilment of the parameters set forth in the Constitution as well as the Policy. Once considered and approved, the same will lead to determination of "uniform final tariff", in terms of section 31 (7) of the Act, for notification by the Federal Government with effect from 01.01.2026, to the extent of modification of existing rates notified via SRO.1157 to 1167 (I)/2025 dated 01.07.2025, read in conformity with earlier issued applicable notifications.
8. Further, in accordance with the Policy, the Federal Government may maintain a uniform consumer-end tariff for K-Electric and State-Owned Distribution companies (even after privatization) through incorporation of direct / indirect subsidies. Accordingly, the Federal Government's applicable tariff for K-Electric consumers will also be consistent with the



Wah



Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff

proposed uniform national tariff of XWDISCOs. The same has been also submitted for approval of the Federal Government and in anticipation of the approval, the same is submitted to the Authority for consideration in terms of the provisions of the Act.

9. In light of the above, instant Motion has been filed by the Federal Government with respect to Consumer End Tariff Recommendations of XWDISCOs under section 7 and 31 of the Act read with Rule 17 of the Rules, so as to reconsider and issue the uniform schedule of tariff of XWDISCOs, by incorporating targeted subsidy and, inter distribution companies tariff rationalization pursuant to guidelines for the category of each of NEPRA determined notified rate (inclusive of subsidy/tariff rationalization surcharge/ inter disco tariff rationalization).
10. Further the Motion is also being filed with respect to Federal Government's applicable Consumer End Tariff Recommendations for K-Electric consumers, under section 7 and 31 of the Act read with Rule 17 of the Rules, so as to maintain uniform tariff across the country. The Authority is requested to issue revised Federal Government's applicable Schedule of Tariff for K-Electric Consumers to be notified with effect from 01.01.2026 in the official gazette by way of modification in SRO No 575(I)/2019 as modified from time to time.
11. Subsequently, the MoE (PD), vide letter dated 12.01.2026 conveyed the decision of the Cabinet, vide case No.7/Rule-19/2026/22 dated 11.01.2026, whereby the Cabinet approved the proposals as under;
 - a. Approve the uniform tariff of XWDISCOs, owned and controlled by the Federal Government, being reflective of economic and social policy of the Federal Government and based on the consolidated revenue requirement approved and determined by NEPRA for XWDISCOs (inclusive of targeted subsidy and inter-distribution companies tariff rationalization).
 - b. Authorize Power Division for submitting reconsideration / uniform tariff application request to NEPRA in terms of section 31 of the Act.
 - c. Authorize Power Division to notify the uniform tariff so determined by NEPRA and recommended by it as "final tariff", Power Purchase Price decision dated 07.01.2026 and XWDISCOs determination dated 07.01.2026 for notification in the official gazette, with effect from 01.01.2026 to the extent of modification of existing rates notified via SRO 1157 to 1167 (I)/2025 dated 01.07.2025, read in conformity with earlier issued applicable notifications.
 - d. Approve the application of Federal Government's applicable rate as mentioned for K-Electric consumers by way of tariff rationalization in order to maintain uniform tariff across the country with effect from 01.01.2026.
 - e. On the same pattern of XWDISCOs, authorize Power Division to approach NEPRA for issuance of Schedule of Tariff for K-Electric consumers to extent of Federal Government's applicable rates only and upon approval of NEPRA, the same may be notified with effect from 01.01.2026, in the official gazette by way of modification to the extent of Federal Government's applicable rates in SRO No. 575 (I)/2019 as modified from time to time.



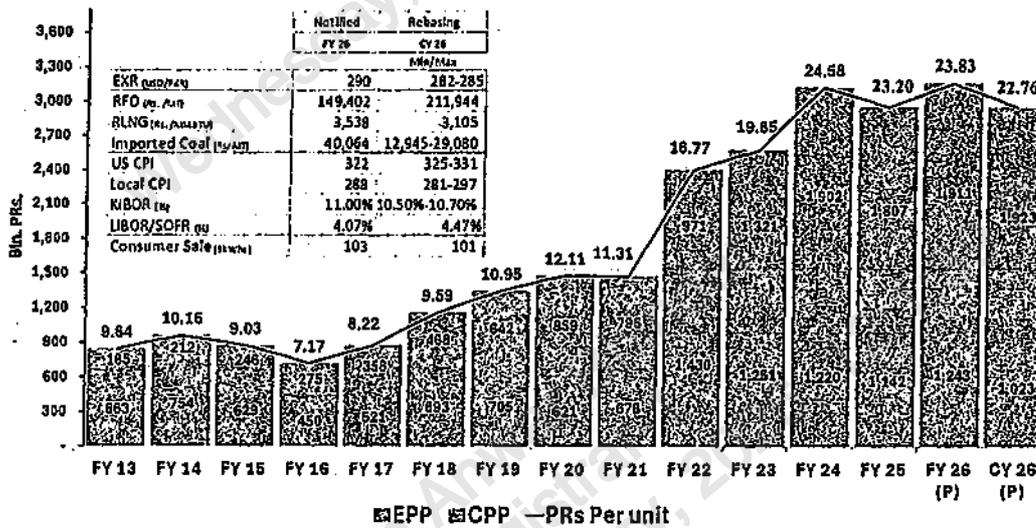
Mat-9

3/18



Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff

12. The Authority, in order to provide a fair opportunity to the Federal Government to present its case and other relevant stakeholders, decided to conduct a hearing in the matter which was scheduled on 12.01.2026 at NEPRA Tower Islamabad along with ZOOM. Notice of hearing was published in newspapers on 09.01.2026 and also uploaded on NEPRA website along-with copy of Motion filed by the MoE (PD).
13. The hearing was held as per the schedule on 12.01.2026, wherein the Federal Government was represented by Additional Secretary, MoE (PD), along-with team from PPMC and CPPA-G. Representatives from XWDISCOs, K-Electric, media, Industry, and general public were also present during the hearing.
14. The MoE (PD) during the hearing reiterated its submissions made in the Motion and also presented briefly on tariff mechanism and how each component of the tariff is adjusted through periodic adjustments such as FCA, QTA and annual adjustment/indexations. It submitted that base tariff is an indicative tariff and the consumers pay the delta between the base tariff and the actual costs through monthly and quarterly adjustments.
15. The MoE (PD) presented the following comparison of PPP (excluding UoS) and its break-up in terms of EPP and CPP over the years.



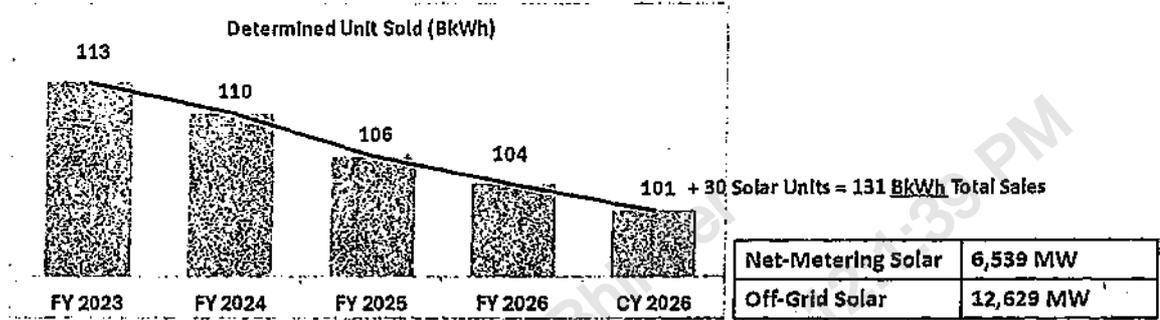
16. It was explained that over the years, determined unit sales have gone down from 113 bkWh in FY 2023 to projected 101 bkWh in CY 2026, primarily due to influx of solar net metering and off-grid solar. The capacity of net metering and off-grid solar has increased to 6,539 MW and 12,629 MW (as per the study carried out by PPMC) respectively, which has an impact of around Rs.3.5/kWh on grid rates.

Water 9





Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff



17. The MoE (PD) further stated that total revenue requirement of XWDISCOs for the CY 2026, as determined by NEPRA, has decreased by Rs.142 billion, as compared to FY 2025-26, resulting in reduction of Rs.0.62/kWh in the average base tariff for the CY 2026. While explaining the reasons, the MoE (PD) highlighted that major reason for reduction in average rate is decrease in the Power Purchase Price (PPP) for the CY 2026, as compared to FY 2025-26, as detailed below;

	FY 26		CY 26		Change
Units Received (BkWh)	116.40		113.58		
Units Sold (BkWh)	103.56		101.23		
T&D Losses (%)	11.04%		10.87%		
	Bln	/Unit	Bln	/Unit	/Unit
Energy Charge	1,125	10.87	924	9.12	(1.74)
Capacity Charge	1,766	17.06	1,777	17.56	0.50
UoS	174	1.68	222	2.19	0.51
Generation Cost	3,066	29.61	2,923	28.88	(0.73)
Distribution Margin	396	3.82	414	4.09	0.26
Prior Year Adjustments	59	0.57	72	0.71	0.14
Revenue Requirement	3,521	34.00	3,408	33.67	(0.33)
Working Capital	-	-	(29)	(0.29)	(0.29)
Net Revenue Requirement	3,521	34.00	3,379	33.38	(0.61)

18. The MoE (PD) explained that although average tariff has been reduced by Rs.0.62/kWh, however, the reduction in tariff has been eaten up by change in sales mix, as the quantum of subsidized consumers has increased exponentially from 9.5 million consumers in FY 2022 to 20.71 million consumers, as of June 2025. With this shift, the consumption for such subsidized consumers has also increased from 8,527 MKWhs in FY 2020-21 to 19,711 MKWhs as of June 2025, as mentioned below;

Handwritten signature





Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff

	FY 2022				CY 2026			
	Total Consumers (Oct-21)		DISCOs Units		Total Consumers (Jun-25)		DISCOs Units	
	Nos	%	MkWh	%	Nos	%	MkWh	%
Up to 50 Units - Life Line	1,348,058	5%	357	1%	1,339,127	4%	413	1%
51-100 units - Life Line	288,126	1%	1,298	2%	487,298	1%	393	1%
01-100 Units	5,007,591	18%	3,014	6%	7,307,992	22%	15,007	29%
101-200 Units	2,901,721	10%	3,858	7%	11,674,126	34%	3,898	8%
	9,543,496	34%	8,527	16%	20,708,643	61%	19,711	38%

19. The MoE (PD) also submitted that despite this change in sales mix, the Federal Government has decided to maintain the existing applicable tariff for each category of consumers, and out of total determined revenue requirement of Rs.3,379 billion, an amount of Rs.248 billion, would be picked up by the Federal Government as subsidy, as detailed hereunder:

Consumers	Units	GoP Variable			GoP Fixed				Subsidy CY 26	
		Jul-25	Jan-26	Change	Jul-25	Jan-26				
		Nos	%	MkWh	Rs./KWh	Rs./Con/M	Rs./KW/M	Rs./Con/M		Rs./KW/M
Up to 50 Units - Life Line	849,869	2%	413	3.95	3.95	0	0	0	0	13
51-100 units - Life Line	533,271	1%	393	7.74	7.74	0	0	0	0	11
01-100 Units (Protected)	7,640,109	20%	15,007	10.54	10.54	0	0	0	0	364
101-200 Units (Protected)	12,530,378	32%	3,898	13.01	13.01	0	0	0	0	303
01-100 Units	913,496	2%	3,003	22.44	22.44	0	0	0	0	41
101-200 Units	1,481,312	4%	6,479	28.91	28.91	0	0	0	0	47
Non-Prot. 201-300	5,632,066	15%	9,083	33.10	33.10	0	0	0	0	27
Non-Prot. > 300 & ToU	4,694,365	12%	13,399	41.10	41.10	200-1000	0	0	200-1000	(93)
Domestic	34,274,866	89%	51,675	25.54	25.54					521
Commercial	3,523,456	9%	7,929	37.36	37.36	1000	1250	1000	1250	(90)
General Services	228,909	1%	3,486	42.48	42.48	1000	0	1000	0	(35)
Industrial	301,384	1%	29,248	29.34	29.34	1000	1250	1000	1250	(102)
Bulk	2,698	0.01%	3,198	38.22	38.22	2000	1250	2000	1250	(45)
Agricultural	261,607	1%	6,501	28.99	28.99	0	2000	0	2000	15
Others	10,781	0%	3,198	29.02	29.02	2000	1250	2000	1250	(16)
National	38,603,101	100%	101,234	28.73	28.73					248

20. Various commentators during the hearing, raised their concerns about the proposed increase in tariff by the MoE (PD). Written comments were also received from Mr. Rehan Javed, an industrial user from Karachi. A summary of the written comments from the commentators are as under;

✓ **Selective and Discriminatory Application of Base Tariff Reduction**

The recently approved PKR 0.62 per unit reduction in base tariff has not been passed on to industrial consumers. This selective withholding is unjustified and discriminatory. When base costs decline, relief must flow uniformly.

✓ **Excessive and Unsustainable Industrial Cross-Subsidy**

Industrial tariffs continue to carry an estimated PKR 5-7 per unit cross-subsidy. This policy-driven burden has rendered Pakistani industry regionally uncompetitive. Removal of this cross-subsidy would immediately reduce tariffs to 9-10 US cents per unit, restoring competitiveness and supporting exports. Continuing this approach while seeking export growth reflects a policy contradiction.

Wab



6/18



✓ **Misuse of Uniform Tariff Concept**

Uniform tariff is being used to conceal inefficiencies rather than correct them. Costs are being socialized upward through industrial tariffs instead of addressing DISCO inefficiencies.

✓ **Structurally Flawed Industrial Tariff Design**

The tariff structure ignores the distinction between 8-hour and 24-hour industrial operations. Continuous industries improve load factor and grid stability, yet receive no recognition. Failure to rationally structure B2, B3, and B4 categories discourages efficient demand behavior.

✓ **Penalization of Higher Voltage Consumers**

Higher voltage B3, B4 consumers are charged equal or higher tariffs despite imposing lower system costs through reduced losses and infrastructure use. This violates cost-of-service principles, discourages efficiency, and perpetuates higher system losses.

✓ **Absence of Demand-Side Strategy**

Despite surplus capacity and rising capacity payments, there is no credible strategy to sell electricity as a product. Tariff design suppresses demand and accelerates grid exit. Without correction, grid hollowing will continue.

✓ Mr. Rehan Javed, during the hearing, reiterated his written comments.

✓ APTMA submitted that the inclusion of cross-subsidy in the off-peak tariff for B3 and B4 industrial consumers renders the tariff uncompetitive in international markets. It was contended that electricity tariffs in competing regional and global markets range between 5 to 9 US cents per kWh, whereas the prevailing industrial tariff in Pakistan stands at approximately 12.90 US cents per kWh, as submitted by the Ministry of Energy. APTMA further submitted that protected residential consumers are being heavily subsidized, the burden of which is being cross-subsidized by industrial consumers.

✓ Mr. Aamir Sheikh, Mr. Rehan Javed, Mr. Asim Riaz, and Mr. Arif Bilwani opposed the continuation of cross-subsidy being borne by industrial consumers. They submitted that a rationalized and lower industrial tariff would enable industries to expand operations, enhance export competitiveness, and generate employment. It was further argued that industrial growth would indirectly uplift low-consumption residential consumers through increased economic activity, while simultaneously reducing the fiscal burden of subsidies borne by the Federal Government.

✓ Mr. Arif Bilwani also requested that the peak and Off-peak rates should be abolished to the extent of industry.

✓ Mr. Aamir Sheikh further submitted that a reduction in the reference tariff on account of PPP could potentially lead to positive periodic adjustments, thus leading to increase in industrial tariff.

Wab



7/18



- ✓ Mr. Asghar Khattak submitted that effective CD management remains critical and emphasized that improved governance and utilization of funds recovered through the PHL surcharge could help alleviate reliance on cross-subsidization by industrial consumers.
 - ✓ Mr. Rehan Javed also submitted that as per CD report for September 2025, there is a loss of Rs. 87 billion on account of losses and Rs 84 billion on account of under recovery by XWDISCOs from July to September 2025. He further added that CD is being paid by the consumers through DSS of Rs 3.23 /kWh, which should not have been there if the tariff setting was appropriate and power sector was performing better.
21. The MoE (PD) provided its written response on the comments submitted in writing as well as raised during the hearing by stakeholders are as under;
- ✓ **Selective and Discriminatory Application of Base Tariff Reduction**

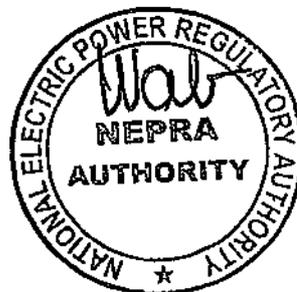
There is no change in base tariff of any consumer category / slab, therefore there is no selective or discriminatory treatment with industries. The reduction in NEPRA rate has been absorbed by a substantial change in domestic consumer mix towards low-tariff protected class. Accordingly, the national average applicable rate has also been decreased by Rs. 0.66/unit.
 - ✓ **Excessive and Unsustainable Industrial Cross-Subsidy**

NEPRA has determined the tariff of all categories / slabs at their cost of service. Accordingly, the true picture reflects industrial cross subsidy of Rs. 4/unit. Since June 2024, the industrial cross subsidy burden has already been reduced by Rs. 123 billion. The Federal Government is making further efforts to reduce the cross-subsidy burden from industrial sector gradually.
 - ✓ **Misuse of Uniform Tariff Concept**

The uniform tariff is designed to ensure national tariff equity and system stability while comprehensive reforms are undertaken to address DISCO inefficiencies through stricter performance benchmarks, enhanced regulatory oversight, loss-reduction targets, and governance improvements. The Federal Government remains committed to protecting industrial competitiveness and to transitioning toward a tariff regime where efficiency gains are transparently reflected and inefficiencies are systematically eliminated.
 - ✓ **Structurally Flawed Industrial Tariff Design & Penalization of Higher Voltage Consumers**

The tariff for B4 industrial category is lower than the B3 industry which is again lower than the B2 industrial consumers, taking into account both variable and fixed charges, which is in line with the efficiency economic principles.
 - ✓ **Absence of Demand-Side Strategy**

The rapid growth of behind-the-meter solar and net metering has altered electricity demand patterns, creating a gap between available generation capacity and grid-based demand. To address this imbalance, multiple demand-stimulation initiatives are being





Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff

implemented, including an incremental incentive package aimed at enhancing demand and optimizing the utilization of surplus capacity.

22. The Authority has thoroughly examined the submissions made in the Motion, comments of the stakeholders and available record and noted that as per the section 31(4) of the Act, the Authority has been mandated to determine a uniform tariff as reproduced below;
- 31. Tariff - (4) Subject to sub-sections (2) and (3), the Authority shall, on the basis of uniform tariff application, determine a uniform tariff for public sector licensees, engaged in supply of electric power to consumers, in the consumer's interest.*
23. Further, the Policy under Clause 5.6.3 states that the Regulator shall in public consumer interest, determine a uniform tariff (inclusive of quarterly adjustments) for all the state-owned distribution companies. Additionally, Government may maintain a uniform consumer-end tariff for K-Electric and state-owned distribution companies (even after privatization) through incorporation of direct / indirect subsidies.
24. The Authority also observed that the Petitioner in its Motion and also during the hearing has submitted that inter disco tariff rationalization is not aimed at raising any revenues for the Federal Government as it is within the determined consolidated revenue requirement of all the XWDISCOs for the CY 2026, rather the Federal Government would be providing a subsidy of around Rs.248 billion to different consumer categories during the period.
25. In light of the above and keeping in view of the relevant provisions of Act & Policy and the fact that the uniform tariff proposed by the Federal Government is within the determined consolidated revenue requirement of all the XWDISCOs for the CY 2026, the Authority has no objection in approving the Motion.
26. In view of the aforementioned discussion, the Authority has determined uniform tariff as required under section 31(4) of the Act, which is attached herewith as **Annex-A & A-I**. The Uniform Tariff so determined by the Authority includes impact of PYA of Rs.71.572 billion, to be passed on in a period of twelve months from the date of notification of the instant decision. Therefore, after a period of one year from the date of notification of the instant decision, the uniform tariff after excluding the impact of PYA is attached herewith as **Annex-B & B-I**, which would become applicable. For K-Electric, the applicable uniform tariff is attached as **Annex-C**.
27. Here it is pertinent to mention that the MoE (PD) has submitted to apply the tariff for both XWDISCOs and K-Electric consumers w.e.f. 01.01.2026. The Authority understands that NEPRA determined the revenue requirement / tariff for XWDISCOs for the CY 2026 i.e. January to December. If the tariff is not notified w.e.f. 1st January, it may result in under/over recovery of the allowed revenue requirement which would be adjusted in the next year's tariff as prior year adjustment. Therefore, in line with section 31(3)(a) which states that tariffs should allow licensee the recovery of any and all costs prudently incurred to meet the demonstrated needs of their customers, it would be appropriate to charge the tariff with effect from 1st January for the relevant year. The Authority thus, agrees with the request of the MoE (PD) to apply the tariff w.e.f. 01.01.2026.

Mahmud



9/18

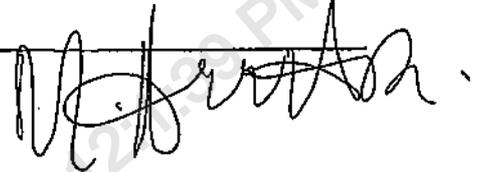


Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff

28. The Federal Government while notifying the instant decision, shall also notify the individual decisions of the Authority issued in the matter of each XWDISCO along-with decision of Power Purchase Price (PPP) forecast for the CY 2026, dated 07.01.2026.

AUTHORITY


Amina Ahmed
Member


Engr. Maqsood Anwar Khan
Member


Waseem Mukhtar
Chairman



Wasim Anwar Bhinder
Registar-1
Wednesday, 14 January, 2026, 12:1:39 PM

Description	Fixed Charges		Variable Charges (Rs./kWh)													Uniform National NEPRA Determined Tariff with PYA
	NEPRA		NEPRA Determined Tariff													
	Rs. / Cons. / Month	Rs. / kWh	PESCO	HESCO	SESCO	IOESCO	MEPSCO	ESSCO	LESKO	ISESCO	MSESCO	TSESCO	HAESCO	Uniform National NEPRA Determined Tariff with PYA		
Residential																
For peak load requirement less than 5 kW																
Protected	Up to 50 Units - Life Line	-	34.19	38.83	32.39	46.45	29.48	35.88	37.22	35.11	39.73	50.81	27.91	38.13		
	51-100 units - Life Line	-	34.80	39.24	32.93	47.06	30.09	38.29	37.03	33.77	40.34	51.42	28.52	38.13		
	01-100 Units	-	37.41	43.76	36.79	50.75	32.87	35.94	35.81	31.18	41.30	51.47	29.88	38.13		
	101-200 Units	-	37.28	43.82	36.85	50.83	32.74	35.81	35.48	31.03	41.17	51.33	29.85	38.13		
Un-Protected	01-100 Units	-	35.90	51.57	38.32	54.82	33.18	35.84	35.13	30.71	43.82	54.05	29.47	38.13		
	101-200 Units	-	36.71	53.00	35.35	56.04	34.88	34.75	33.38	29.37	45.24	55.47	30.27	38.13		
	201-300 Units	-	36.87	63.09	35.84	58.17	34.89	35.26	34.06	29.98	45.32	55.54	30.44	38.13		
	301-400 Units	200	37.87	62.55	35.80	55.89	33.97	34.37	32.82	29.72	44.47	55.34	29.11	35.59		
	401-500 Units	400	37.25	52.14	35.18	55.27	33.59	33.95	32.41	29.31	44.05	54.92	28.89	35.23		
	501-600 Units	600	37.05	51.83	34.98	55.13	33.35	33.74	32.20	29.10	43.83	54.72	28.69	34.87		
	601-700 Units	800	36.82	51.80	34.84	54.88	33.21	33.61	32.07	28.97	43.59	54.50	28.35	34.81		
Above 700 Units	1,000	36.78	51.65	34.68	54.83	33.05	33.48	31.92	28.82	43.24	54.47	28.23	35.07			
For peak load requirement exceeding 5 kW																
Time of Use (TOU) - Peak	1,000	-	37.50	52.42	35.35	55.54	33.69	34.22	32.88	29.57	44.00	55.19	28.93	33.08		
Time of Use (TOU) - Off-Peak	-	-	34.97	49.90	32.82	53.02	31.16	31.89	30.15	27.05	41.47	52.67	28.44	30.81		
Temporary Supply	2,000	-	40.80	59.37	37.93	61.89	38.70	37.38	35.24	30.65	48.24	62.59	32.04	34.31		
Total Residential																
Commercial - A2																
For peak load requirement less than 5 kW	1,000	-	28.77	41.76	24.89	44.87	22.77	23.84	21.95	18.90	33.23	44.42	17.83	24.54		
For peak load requirement exceeding 5 kW	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Regular	-	1,250	27.48	42.45	25.38	42.77	23.48	24.53	22.63	19.59	33.92	42.32	18.53	26.43		
Time of Use (TOU) - Peak	-	-	35.80	50.85	33.84	53.88	32.08	32.95	31.24	28.05	39.88	53.11	28.87	33.08		
Time of Use (TOU) - Off-Peak	-	1,250	28.00	42.95	25.74	45.96	24.18	24.93	23.35	20.15	32.09	45.21	19.07	25.12		
Temporary Supply	5,000	-	38.92	57.80	36.40	60.12	34.83	38.11	33.54	29.17	48.55	60.90	29.88	34.88		
Electric Vehicle Charging Station (EVCS)	-	-	33.71	52.08	33.28	53.48	18.51	15.51	24.82	17.50	41.84	58.33	27.27	33.08		
Total Commercial																
General Services-A3																
General Services-A3	1,000	-	33.10	47.90	31.16	51.08	29.01	29.94	28.21	24.88	39.78	50.36	24.17	32.38		
Industrial																
B1	1,000	-	43.88	48.84	32.91	57.23	37.05	30.70	29.38	31.07	32.82	37.08	35.01	32.55		
B1 Peak	1,000	-	48.72	43.37	35.88	60.09	40.18	32.48	31.05	33.08	38.13	40.27	38.12	35.00		
B1 Off Peak	-	-	41.28	38.32	30.55	54.65	34.76	28.40	28.01	31.00	34.84	32.69	30.82	30.82		
B2	-	1,250	42.09	38.76	31.38	65.45	35.59	27.86	28.58	28.23	31.44	35.87	33.60	27.87		
B2 - TOU (Peak)	-	-	46.53	42.93	35.73	59.87	39.90	32.05	30.72	31.95	35.88	40.25	37.94	35.00		
B2 - TOU (Off-peak)	-	1,250	39.91	32.47	28.72	50.81	29.93	24.06	20.73	23.54	28.71	32.35	28.13	25.48		
B3 - TOU (Peak)	-	-	48.58	43.07	36.01	60.15	40.04	32.24	30.90	31.13	35.77	40.41	37.89	35.00		
B3 - TOU (Off-peak)	-	1,250	31.98	28.47	21.41	45.55	25.44	17.84	16.30	16.82	21.18	25.81	23.39	20.63		
B4 - TOU (Peak)	-	-	46.58	43.03	35.11	59.23	38.93	32.23	30.98	31.67	35.87	39.41	37.89	35.00		
B4 - TOU (Off-peak)	-	1,250	36.72	32.17	25.25	49.36	30.07	21.37	20.13	20.91	24.80	29.85	28.12	24.24		
Temporary Supply	5,000	-	47.87	48.08	38.37	63.99	40.98	33.39	31.34	32.11	38.11	45.40	38.97	35.13		
Total Industrial																
Single Point Supply																
C1(a) Supply at 400 Volts-less than 5 kW	2,000	-	34.81	51.24	32.81	52.81	32.60	31.63	30.98	28.58	41.58	51.38	28.37	34.11		
C1(b) Supply at 400 Volts-exceeding 5 kW	-	1,250	21.30	37.73	19.30	39.40	19.08	19.32	17.45	15.07	28.05	35.85	12.88	27.80		
Time of Use (TOU) - Peak	-	-	32.70	48.22	30.04	50.74	30.58	29.70	28.02	26.43	39.51	49.12	24.27	35.00		
Time of Use (TOU) - Off-Peak	-	1,250	28.35	42.87	23.69	44.39	24.21	23.36	22.87	20.08	33.16	42.77	17.92	29.12		
C2 Supply at 11 kV	-	1,250	22.00	38.44	18.14	40.10	19.79	18.03	16.19	15.77	29.78	38.91	13.57	21.33		
Time of Use (TOU) - Peak	-	-	35.00	52.10	33.47	53.39	33.13	32.38	31.37	29.08	42.35	52.18	28.88	35.00		
Time of Use (TOU) - Off-Peak	-	1,250	19.28	35.82	17.20	37.32	17.58	16.58	15.58	13.30	25.78	36.95	11.37	19.33		
C3 Supply above 11 kV	-	1,250	30.09	45.21	27.85	48.88	27.80	26.88	26.03	23.83	35.54	45.56	21.65	37.37		
Time of Use (TOU) - Peak	-	-	39.82	54.94	37.88	59.81	37.53	36.71	35.77	33.38	45.27	55.29	31.39	35.00		
Time of Use (TOU) - Off-Peak	-	1,250	28.14	43.27	25.91	44.94	25.86	25.03	24.09	21.68	33.59	43.81	19.71	23.46		
Total Single Point Supply																
Agricultural Tube-wells - Tariff D																
Scarp	-	-	27.06	42.24	25.06	44.87	23.16	24.10	21.30	19.18	33.81	43.88	18.07	32.88		
Time of Use (TOU) - Peak	-	-	24.05	39.29	22.00	41.75	20.35	21.25	17.96	16.17	30.93	40.63	15.07	35.00		
Time of Use (TOU) - Off-Peak	-	400	21.88	37.12	19.83	39.58	18.18	19.09	15.78	14.00	28.78	38.45	12.90	31.30		
Agricultural Tube-wells	-	400	34.68	49.45	32.52	52.58	30.89	31.83	28.75	28.77	41.68	51.51	25.85	32.52		
Time of Use (TOU) - Peak	-	-	38.47	53.48	35.32	56.17	34.49	35.44	32.82	30.62	45.37	55.35	24.48	35.00		
Time of Use (TOU) - Off-Peak	-	400	28.43	48.10	27.78	51.74	29.93	30.88	28.82	28.21	37.84	48.70	24.89	29.70		
Total Agricultural																
Public Lighting - Tariff G																
Public Lighting - Tariff G	2,000	-	31.81	48.87	28.82	49.89	27.72	28.93	27.78	23.71	38.37	49.24	22.38	32.80		
Residential Colonies	2,000	-	28.95	42.41	24.95	45.03	23.05	24.27	23.09	19.05	33.70	44.57	17.71	25.60		
Railway Tracton	2,000	-	-	-	-	-	25.89	-	25.04	-	-	-	-	28.01		
Tariff K - AJK	-	1,250	-	-	24.99	-	-	-	-	21.88	-	-	18.55	21.88		
Time of Use (TOU) - Peak	-	-	-	-	31.32	-	-	-	-	25.49	-	-	24.80	28.01		
Time of Use (TOU) - Off-Peak	-	1,250	-	-	26.82	-	-	-	-	20.79	-	-	20.16	21.38		
Tariff K - Rawat Lnb	2,000	-	-	-	-	-	-	-	-	25.90	-	-	-	25.90		
Pre-paid Supply Tariff																
Residential	1,000	-	42.90	55.11	41.19	60.94	38.48	40.41	38.62	34.25	48.50	62.55	34.28	40.95		
Commercial - A2	-	1,250	32.85	50.12	30.37	63.50	28.31	29.50	27.83	24.13	38.31	52.38	22.54	29.66		
General Services - A3	1,000	-	38.07	55.09	35.83	68.71	33.38	34.43	32.45	28.73	45.74	57.91	27.80	37.23		
Industrial	-	1,250	42.07	37.93	36.50	57.04	35.14	25.97	23.77	23.98	32.34	32.92	30.22	29.09		
Single Point Supply	-	1,250	28.88	48.58	23.92	47.47	25.17	26.45	25.88	23.07	35.55	48.43	19.88	27.94		
Agriculture Tube-wells - Tariff D	-	400	35.13	50.18	34.07	37.44	35.03	38.17	32.08	25.85	42.81	59.15	29.32	38.04		



Math. 9

11/18

SCHEDULE OF ELECTRICITY TARIFFS
NATIONAL AVERAGE DETERMINED TARIFF WITH FPA ALONG WITH GOI APPLICABLE TARIFF

GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FPA VARIABLE CHARGES	GOI APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
a) For sanctioned load less than 6 kW	i) Up to 30 Vols - Life Line	-	-	36.13	3.50
	ii) 31 - 100 Vols - Life Line	-	-	36.13	7.74
	iii) 101 - 100 Vols	-	-	36.13	10.54
	iv) 101 - 200 Vols	-	-	36.13	13.01
	v) 201 - 100 Vols	-	-	36.13	22.44
	vi) 201 - 200 Vols	-	-	36.13	29.91
	vii) 201 - 300 Vols	-	-	36.13	33.10
	viii) 301 - 400 Vols	300	-	36.13	37.99
	ix) 401 - 500 Vols	400	-	36.13	40.20
	x) 501 - 600 Vols	500	-	36.13	41.63
	xi) 601 - 700 Vols	600	-	36.13	42.70
	xii) Above 700 Vols	1,000	-	36.13	47.69
	Time of Use		1,000	-	Peak 33.08, Off-Peak 30.81
Pre-Paid Residential Supply Tariff		1,000	-	49.85	48.19

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), there shall be minimum monthly customer charge at the following rates given if no energy is consumed. For consumers where monthly fixed charges are applicable, no minimum charges shall be applicable on such consumers, even if no energy consumed.
 a) Single Phase Connections: Rs. 75/- per consumer per month
 b) Three Phase Connections: Rs. 150/- per consumer per month

GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FPA VARIABLE CHARGES	GOI APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
a) For sanctioned load less than 6 kW	b) For sanctioned load 6 kW & above	1,000	1,250	34.64	37.44
				Peak 33.08, Off-Peak 30.81	Peak 45.84, Off-Peak 40.63
Time of Use		-	1,250	33.08, 30.81	45.84, 40.63
Electric Vehicle Charging Station		-	-	33.08	33.08
Pre-Paid Commercial Supply Tariff		-	1,250	33.08	42.38

Where Fixed Charges are applicable Rs./kWh/Month, the charges shall be billed based on 25% of sanctioned load or Actual MDI for the month which ever is higher.

GENERAL SUPPLY TARIFF - SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FPA VARIABLE CHARGES	GOI APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
a) General Services		1,000	-	32.58	42.14
b) Pre-Paid General Services Supply Tariff		1,000	-	32.58	42.48

Where Fixed Charges are applicable Rs./kWh/Month, the charges shall be billed based on 25% of sanctioned load or Actual MDI for the month which ever is higher.

INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FPA VARIABLE CHARGES	GOI APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
B1	Up to 25 kW (at 400/230 Vols) exceeding 25-500 kW (at 400 Vols)	1,000	1,250	32.68	33.80
				Peak 30.00, Off-Peak 27.67	Peak 45.84, Off-Peak 40.79
Time of Use		1,000	-	30.00, 27.67	45.84, 40.79
B1 (b)	Up to 25 kW exceeding 25-500 kW (at 400 Vols)	-	1,250	36.00	37.41
				Peak 33.08, Off-Peak 30.81	Peak 45.84, Off-Peak 40.63
B2 (a)		-	1,250	36.00	36.66
B2 (b)		-	1,250	36.00	36.24
B3 For All Loads up to 2000 kW (at 11.5 kV)		-	1,250	36.00	36.66
B4 For All Loads (at 66, 132 kV & above)		-	1,250	36.00	37.96
Pre-Paid Industrial Supply Tariff		-	1,250	36.00	36.72

Where Fixed Charges are applicable Rs./kWh/Month, the charges shall be billed based on 25% of sanctioned load or Actual MDI for the month which ever is higher.

SINGLE PHASE SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FPA VARIABLE CHARGES	GOI APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
G-1	For supply at 400/230 Vols	2,000	-	34.11	43.39
				Peak 33.08, Off-Peak 30.81	Peak 45.84, Off-Peak 40.63
a) Sanctioned load less than 6 kW		-	1,250	37.80	40.43
b) Sanctioned load 6 kW & up to 500 kW		-	1,250	31.33	40.97
G-2(a) For supply at 11.53 kV up to and including 5000 kW		-	1,250	37.37	40.77
G-2(b) For supply at 66 kV & above and sanctioned load above 5000 kW		-	1,250	37.37	40.77
Time of Use		-	-	Peak 33.08, Off-Peak 30.81	Peak 45.84, Off-Peak 40.63
G-1(c) For supply at 400/230 Vols 6 kW & up to 500 kW		-	1,250	33.08	42.31
G-1(d) For supply at 11.53 kV up to and including 5000 kW		-	1,250	36.00	46.31
G-1(e) For supply at 66 kV & above and sanctioned load above 5000 kW		-	1,250	36.00	46.31
Pre-Paid Single Supply Tariff		-	1,250	37.94	44.87

Where Fixed Charges are applicable Rs./kWh/Month, the charges shall be billed based on 25% of sanctioned load or Actual MDI for the month which ever is higher.



12/18

Math. 7

SCHEDULE OF ELECTRICITY TARIFFS
 (BASED ON THE AVERAGE FROM DETERMINED TARIFF WITH FYA ALONG WITH GOV APPLICABLE TARIFFS)

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FYA VARIABLE CHARGES	GOV APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
D-1(a)	SCARF less than 5 kW	-	-	32.58	39.87
D-2 (a)	Agricultural Tube Wells	-	400	35.63	36.50
D-3(a)	SCAMP 5 kW & above	-	400	Peak	43.79
				Off-Peak	34.71
D-3 (b)	Agricultural 5 kW & above	-	400	33.00	35.70
	(Fee Paid for April to Sept)	-	400	35.04	35.18

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 TDU metering.

TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FYA VARIABLE CHARGES	GOV APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
S-1(i)	Residential Supply	2,000	-	34.31	37.94
S-1(ii)	Commercial Supply	5,000	-	34.68	37.44
S-3	Industrial Supply	5,000	-	35.13	42.25

SEASONAL INDUSTRIAL SUPPLY TARIFF

100% of relevant industrial tariff
 Note: Tariff 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.

PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FYA VARIABLE CHARGES	GOV APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
	Street Lighting	2,000	-	32.60	42.91

RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FYA VARIABLE CHARGES	GOV APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
	Residential Colony attached to industrial premises	2,000	-	33.50	42.10

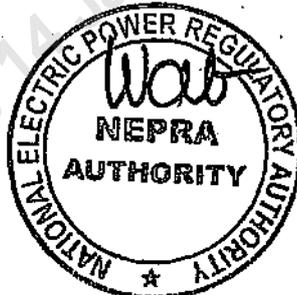
INDUSTRIAL PREMISES SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FYA VARIABLE CHARGES	GOV APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
1	Aval Junction & Keshari (A&K)	-	1,345	Peak	36.45
				Off-Peak	28.70
2	Time of Use	-	1,345	Peak	31.58
				Off-Peak	24.28
3	Rawal Job	2,000	-	35.90	42.25

RAILWAY TRACTION

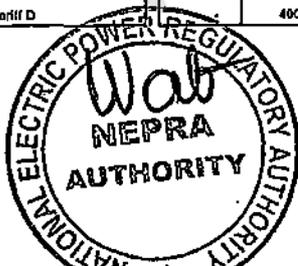
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITH FYA VARIABLE CHARGES	GOV APPLICABLE VARIABLE CHARGES
		Rs. / Cons. / M	Rs/kWh/M	Rs/kWh	Rs/kWh
		A	B	C	D
	Railway Traction	2,000	-	34.01	42.39

Notes 9



13/18

Description	Fixed Charges		Variable Charges (Rs./kWh)												
	NEPRA Determined		NEPRA Determined Tariff												
	Rs. / Cons. / Month	Ra. / kW / Month	PESCO	HESCO	GEPCO	QESCO	SEPCO	ISESCO	LESCO	ESSCO	SEPCO	TESCO	HAZECCO	Uniform National NEPRA Determined Tariff without PYA	
Residential															
For peak load requirement less than 5 kW															
Up to 50 Units - Life Line	-	-	32.31	36.89	30.35	45.09	24.84	34.52	37.28	35.48	39.10	46.99	27.91	35.43	
51-100 units - Life Line	-	-	32.92	39.30	30.89	45.70	29.55	35.13	37.07	34.14	39.71	47.57	28.52	35.37	
01-100 Units	-	-	35.53	43.82	34.75	49.40	32.34	34.78	35.65	31.53	40.87	47.82	29.33	35.33	
101-200 Units	-	-	35.40	43.89	34.61	48.27	32.20	34.64	35.52	31.40	40.53	47.49	28.85	35.31	
Up-Residential															
01-100 Units	-	-	34.02	51.84	34.28	53.28	32.82	34.60	35.17	31.08	43.19	50.20	29.47	35.35	
101-200 Units	-	-	34.63	53.08	35.31	54.69	34.05	35.50	35.12	29.73	44.81	51.83	30.28	35.34	
201-300 Units	-	-	34.99	53.18	35.80	54.81	34.15	34.09	34.10	30.35	44.69	51.89	30.44	35.30	
301-400 Units	200	-	35.79	52.92	35.68	54.33	33.43	33.20	32.87	30.09	43.83	51.49	29.11	34.70	
401-500 Units	400	-	35.37	52.20	35.14	53.91	33.01	32.78	32.45	29.87	43.42	51.08	28.99	34.38	
501-600 Units	600	-	35.17	52.00	32.94	53.77	32.81	32.56	32.25	29.47	43.21	50.87	28.49	34.15	
601-700 Units	800	-	35.04	51.86	32.80	53.82	32.88	32.45	32.11	29.33	42.78	50.78	28.38	34.03	
Above 700 Units	1,000	-	34.81	51.71	32.64	53.68	32.51	32.29	31.88	29.18	42.60	50.63	28.23	34.30	
For peak load requirement exceeding 5 kW															
Time of Use (TOU) - Peak	1,000	-	33.82	52.49	33.31	54.18	33.15	33.05	32.72	29.94	43.38	51.34	29.94	32.74	
Time of Use (TOU) - Off-Peak	-	-	33.09	49.97	30.78	51.85	30.82	30.53	30.19	27.42	40.84	48.82	28.41	30.28	
Temporary Supply	2,000	-	38.72	59.43	35.89	60.33	36.18	38.22	35.28	31.22	47.61	58.75	32.04	33.80	
Total Residential															
Commercial - A2															
For peak load requirement less than 5 kW	1,000	-	24.89	41.82	22.65	43.52	22.23	22.67	21.99	19.28	32.59	40.58	17.84	23.88	
For peak load requirement exceeding 5 kW	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Regular	-	1,250	25.58	42.51	23.34	41.41	22.92	23.37	22.67	19.95	33.28	38.47	18.53	28.10	
Time of Use (TOU) - Peak	-	-	34.02	50.91	31.80	52.50	31.54	31.79	31.28	28.42	39.38	48.27	28.97	32.64	
Time of Use (TOU) - Off-Peak	-	1,250	26.12	43.02	23.70	44.80	23.85	23.77	23.39	20.82	31.48	41.37	19.07	24.80	
Temporary Supply	5,000	-	37.04	57.87	34.38	58.78	34.20	34.93	33.59	29.34	45.91	57.05	28.99	34.22	
Electric Vehicle Charging Station (EVCS)	-	-	31.83	52.14	31.23	52.12	19.87	14.35	24.88	17.87	41.21	52.49	27.28	31.05	
Total Commercial															
General Services - A3	1,000	-	31.22	47.87	29.12	49.70	28.47	28.78	28.26	25.35	39.14	46.51	24.17	31.88	
Industrial															
B1	1,000	-	41.82	40.91	30.88	55.87	39.51	29.54	29.40	31.43	32.18	33.23	35.01	31.88	
B1 Peak	1,000	-	44.84	43.44	33.94	58.73	39.55	31.29	31.09	33.43	35.50	38.43	38.13	34.12	
B1 Off-Peak	-	-	39.40	38.39	28.61	53.30	34.21	27.24	27.03	29.38	30.44	30.99	32.89	28.69	
B2	-	1,250	40.21	38.83	29.35	54.12	35.05	28.70	28.60	30.81	31.83	33.81	33.81	27.79	
B2 - TOU (Peak)	-	-	44.68	42.89	33.89	58.31	39.38	30.89	30.78	32.31	35.23	38.40	37.94	34.25	
B2 - TOU (Off-Peak)	-	1,250	35.03	32.84	24.88	49.46	29.39	20.90	20.77	23.90	25.07	28.51	28.13	24.71	
B3 - TOU (Peak)	-	-	44.70	43.34	33.87	58.79	39.31	31.08	30.94	31.49	35.13	38.58	37.99	34.38	
B3 - TOU (Off-Peak)	-	1,250	30.10	29.59	19.37	44.19	24.50	16.47	16.34	18.89	20.53	21.88	23.39	19.82	
B4 - TOU (Peak)	-	-	44.70	43.09	33.07	57.87	38.39	31.07	31.03	32.03	35.08	37.99	37.99	34.57	
B4 - TOU (Off-Peak)	-	1,250	34.84	32.23	23.21	48.00	28.53	20.21	20.17	21.27	24.17	25.70	28.13	23.80	
Temporary Supply	5,000	-	45.89	48.14	34.33	62.83	40.42	32.23	31.38	32.48	37.48	41.58	38.98	34.08	
Total Industrial															
Single Point Supply															
C1(a) Supply at 400 Volts-less than 5 kW	2,000	-	32.93	51.30	30.77	61.55	32.08	30.67	31.00	28.94	40.93	47.74	28.38	33.95	
C1(b) Supply at 400 Volts-exceeding 5 kW	-	1,250	19.42	37.79	17.27	38.04	18.55	17.18	17.49	15.43	27.42	32.00	12.87	27.14	
Time of Use (TOU) - Peak	-	-	30.82	49.29	28.00	49.38	30.82	28.54	28.08	28.79	36.87	45.28	24.27	34.25	
Time of Use (TOU) - Off-Peak	-	1,250	24.47	42.94	21.85	43.03	23.87	22.19	22.71	20.45	32.52	38.93	17.92	28.34	
C2 Supply at 11 kV	-	1,250	20.12	38.50	18.10	38.75	18.28	17.87	18.20	16.14	28.13	33.08	13.57	21.39	
Time of Use (TOU) - Peak	-	-	33.12	52.17	31.43	52.03	32.69	31.21	31.41	29.43	41.72	48.33	28.57	34.38	
Time of Use (TOU) - Off-Peak	-	1,250	17.38	35.88	15.16	35.98	17.02	15.82	15.82	13.68	25.15	33.11	11.37	18.70	
C3 Supply above 11 kV	-	1,250	28.21	48.28	25.82	45.52	27.28	25.81	28.08	23.88	34.91	41.72	21.68	36.87	
Time of Use (TOU) - Peak	-	-	37.94	55.01	35.35	55.28	38.99	35.55	35.81	33.72	44.84	51.45	31.39	35.05	
Time of Use (TOU) - Off-Peak	-	1,250	28.28	43.33	23.87	43.58	25.32	23.87	24.13	22.04	32.98	39.77	19.71	23.48	
Total Single Point Supply															
Agricultural Tube-wells - Tariff D															
Scop	-	-	26.18	42.30	23.02	43.51	22.83	22.84	21.34	19.52	33.18	39.84	18.08	32.22	
Time of Use (TOU) - Peak	-	-	22.17	38.38	19.97	40.40	19.81	20.10	18.00	16.54	30.30	36.78	15.07	34.68	
Time of Use (TOU) - Off-Peak	-	400	20.09	37.19	17.79	38.22	17.84	17.83	15.83	14.38	26.12	34.61	12.90	31.11	
Agricultural Tube-wells	-	400	32.80	49.51	30.48	31.20	30.16	30.47	29.79	27.13	41.03	47.87	25.88	31.18	
Time of Use (TOU) - Peak	-	-	38.59	63.53	34.28	54.81	33.96	34.28	32.88	30.88	44.73	51.51	29.49	34.38	
Time of Use (TOU) - Off-Peak	-	400	28.55	48.17	26.72	48.38	28.39	28.70	28.88	20.88	37.30	48.85	24.89	28.05	
Total Agricultural															
Public Lighting - Tariff G	2,000	-	29.73	47.04	27.58	48.33	27.15	27.77	27.81	24.08	37.73	45.39	22.38	32.22	
Residential Colonies	2,000	-	25.07	42.47	22.91	43.87	22.52	23.11	23.13	18.41	33.07	40.73	17.71	25.20	
Railway Traction	2,000	-	-	-	-	-	25.45	-	-	28.08	-	-	-	28.03	
Tariff K - A+B	-	1,250	-	-	22.95	-	-	-	-	-	22.05	-	-	18.55	
Time of Use (TOU) - Peak	-	-	-	-	29.28	-	-	-	-	-	25.88	-	-	28.88	
Time of Use (TOU) - Off-Peak	-	1,250	-	-	24.58	-	-	-	-	-	21.16	-	-	21.40	
Tariff K - Rawal Lnd	2,000	-	-	-	-	-	-	-	-	-	28.28	-	-	28.28	
Pre-paid Supply Tariff															
Residential	1,000	-	40.82	55.17	39.15	59.58	37.84	38.24	38.88	34.82	47.88	58.70	34.29	40.85	
Commercial - A2	-	1,250	30.97	50.19	28.33	52.14	27.77	28.34	27.87	24.50	37.88	48.53	22.54	28.86	
General Services - A3	1,000	-	38.19	55.15	33.79	57.38	32.82	33.27	32.49	29.10	45.11	54.07	27.60	37.23	
Industrial	-	1,250	40.18	38.00	28.40	55.68	34.80	24.81	23.81	28.32	31.70	29.07	30.23	29.09	
Single Point Supply	-	1,250	25.10	48.63	21.88	48.11	24.83	23.29	23.92	23.43	34.82	42.58	18.88	27.94	
Agriculture Tube-wells - Tariff D	-	400	33.25	50.24	32.03	38.09	34.48	35.81	32.10	28.28	41.97	53.31	22.32	38.04	



Mali 7

14/18

SCHEDULE OF ELECTRICITY TARIFFS
RATIONAL AVERAGE UNIT FROM DETERMINED TARIFF WITHOUT PVA ALONG WITH GOP APPLICABLE TARIFF

TARIFFS OF RESIDENTIAL SUPPLY TARIFFS (RESIDENTIAL)

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES	GOP APPLICABLE VARIABLE CHARGES	
		Rs. / Conn. / M	Rs./kW/M	Rs/kWh	Rs/kWh	
		A	B	C	D	
I	a) For sanctioned load less than 5 kW	-	-	35.43	3.99	
	Up to 60 Watts - Life Line	-	-	38.37	7.79	
	61 - 100 Watts - Life Line	-	-	38.30	10.64	
	101 - 100 Watts	-	-	38.31	13.01	
	101 - 100 Watts	-	-	35.33	22.44	
	101 - 200 Watts	-	-	35.24	28.91	
	201 - 300 Watts	-	-	37.20	33.10	
	301 - 400 Watts	200	-	34.70	37.99	
	401 - 500 Watts	400	-	34.38	40.20	
	501 - 600 Watts	600	-	34.18	41.63	
	601 - 700 Watts	800	-	34.03	42.74	
	Above 700 Watts	1,000	-	34.30	47.69	
	b) For sanctioned load 5 kW & above	-	-	Peak	Off-Peak	Peak
Time Of Use	1,000	-	32.74	30.28	46.85	46.63
c) Pre-Paid Residential Supply Tariff	1,000	-	-	49.05	-	48.12

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 consumers will not be given any slab benefit.
 Under tariff A-1, there shall be minimum monthly customer charge at the following rate even if no energy is consumed. For consumers where monthly fixed charges are applicable, no minimum charges shall be applicable on such consumers, even if no energy consumed.
 a) Single Phase Connection: Rs. 76/- per consumer per month
 b) Three Phase Connection: Rs. 100/- per consumer per month

GENERAL SUPPLY TARIFFS (COMMERCIAL)

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES	GOP APPLICABLE VARIABLE CHARGES		
		Rs. / Conn. / M	Rs./kW/M	Rs/kWh	Rs/kWh		
		A	B	C	D		
a)	For sanctioned load less than 5 kW	1,000	-	33.66	37.44		
b)	For sanctioned load 5 kW & above	-	1,350	38.10	39.76		
				Peak	Off-Peak	Peak	Off-Peak
c)	Time Of Use	-	1,350	32.65	34.80	43.83	35.16
d)	Electric Vehicle Charging Station	-	-	37.00	-	37.00	37.97
e)	Pre-Paid Commercial Supply Tariff	-	1,350	-	39.94	-	42.39

Where fixed charges are applicable Rs./kW/Month, the charges shall be billed based on 25% of sanctioned Load or Actual MDI for the month which ever is higher.

GENERAL SERVICES TARIFFS (COMMERCIAL)

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES	GOP APPLICABLE VARIABLE CHARGES
		Rs. / Conn. / M	Rs./kW/M	Rs/kWh	Rs/kWh
		A	B	C	D
a)	General Services	1,000	-	31.88	42.48
b)	Pre-Paid General Services Supply Tariff	1,000	-	37.20	42.48

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 25% of sanctioned Load or Actual MDI for the month which ever is higher.

INDUSTRIAL SUPPLY TARIFFS (COMMERCIAL)

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES	GOP APPLICABLE VARIABLE CHARGES		
		Rs. / Conn. / M	Rs./kW/M	Rs/kWh	Rs/kWh		
		A	B	C	D		
B1	Up to 25 kW (at 400/230 Volts)	1,000	-	31.66	36.60		
B2(a)	exceeding 25-500 kW (at 400 Volts)	-	1,350	37.79	39.73		
				Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 kW	1,000	-	24.32	29.09	36.74	30.00
B2(b)	exceeding 25-500 kW (at 400 Volts)	-	1,350	34.38	34.73	36.68	37.41
B3	For All Loads up to 5000 kW (at 11,33 kV)	-	1,350	34.35	19.92	36.68	38.24
B4	For All Loads (at 66,132 kV & above)	-	1,350	34.87	23.80	36.68	37.66
c)	Pre-Paid Industrial Supply Tariff	-	1,350	-	39.09	-	36.72

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 25% of sanctioned Load or Actual MDI for the month which ever is higher.

TRIPLE POINT SUPPLY TARIFFS (COMMERCIAL)

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES	GOP APPLICABLE VARIABLE CHARGES		
		Rs. / Conn. / M	Rs./kW/M	Rs/kWh	Rs/kWh		
		A	B	C	D		
C-1	For supply at 400/230 Volts	-	-	-	-		
a)	Sanctioned load less than 5 kW	3,000	-	33.03	43.30		
b)	Sanctioned load 5 kW & up to 500 kW	-	1,350	27.14	40.63		
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	-	1,350	21.19	40.87		
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	1,350	24.97	40.77		
				Peak	Off-Peak	Peak	Off-Peak
C-1(a)	For supply at 400/230 Volts 5 kW & up to 500 kW	-	1,350	34.30	38.34	46.31	37.84
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	-	1,350	34.38	16.70	46.51	36.03
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	-	1,350	37.09	23.49	46.31	35.26
c)	Pre-Paid Triple Supply Tariff	-	1,350	-	37.14	-	44.87

Where Fixed Charges are applicable Rs./kW/Month, the charges shall be billed based on 25% of sanctioned Load or Actual MDI for the month which ever is higher.



Math. 7

15/18

SCHEDULE OF ELECTRICITY TARIFFS
NATIONAL AVERAGE UNIFORM DETERMINED TARIFF WITHIN THE YEAR ALONG WITH GOV APPLICABLE TARIFF
FOR AGRICULTURE TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES		GOV APPLICABLE VARIABLE CHARGES	
		Rs. / Cons. / M	Rs./KW/M	Rs/kwh	Rs/kwh	Rs/kwh	Rs/kwh
		A	B	C		D	
D-1(a)	SCAMP less than 5 kW	-	-	32.23		39.87	
D-2 (a)	Agricultural Tube Wells	-	400	21.18		28.90	
				Peak	Off Peak	Peak	Off Peak
D-1(b)	SCAMP 5 kW & above	-	400	34.86	33.11	43.79	34.71
D-2 (b)	Agricultural 5 kW & above	-	400	21.28	22.03	29.84	28.42
	Pre-Paid (see A-1) & 8000	-	400	38.04		45.18	

Under this tariff, there shall be minimum monthly charge Rs.1000/- per consumer per month, even if no energy is consumed.
 Note: The consumer having sanctioned load less than 5 kW can opt for TDU metering.

TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES		GOV APPLICABLE VARIABLE CHARGES	
		Rs. / Cons. / M	Rs./KW/M	Rs/kwh	Rs/kwh	Rs/kwh	Rs/kwh
		A	B	C		D	
H-1(b)	Residential Supply	2,000	-	33.90		41.94	
H-1(c)	Commercial Supply	6,000	-	34.23		42.44	
H-2	Industrial Supply	8,000	-	34.66		42.93	

SEASONAL INDUSTRIAL SUPPLY TARIFFS

125% of normal industrial tariff
 Note: Tariff of 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.

STREET LIGHTING TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES		GOV APPLICABLE VARIABLE CHARGES	
		Rs. / Cons. / M	Rs./KW/M	Rs/kwh	Rs/kwh	Rs/kwh	Rs/kwh
		A	B	C		D	
	Street Lighting	2,000	-	32.53		40.01	

RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES		GOV APPLICABLE VARIABLE CHARGES	
		Rs. / Cons. / M	Rs./KW/M	Rs/kwh	Rs/kwh	Rs/kwh	Rs/kwh
		A	B	C		D	
	Residential Colonies attached to Industrial premises	2,000	-	35.20		43.10	

SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES		GOV APPLICABLE VARIABLE CHARGES	
		Rs. / Cons. / M	Rs./KW/M	Rs/kwh	Rs/kwh	Rs/kwh	Rs/kwh
		A	B	C		D	
1	Asad Jamna & Rekarwala (AJR)	-	1,250	33.93		41.45	
	Time of Use		1,250	Peak	Off Peak	Peak	Off Peak
				34.94	31.40	43.87	38.70
2	Kawal Gab	8,000	-	35.36		43.28	

RAILWAY TRACTION TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES		GOV APPLICABLE VARIABLE CHARGES	
		Rs. / Cons. / M	Rs./KW/M	Rs/kwh	Rs/kwh	Rs/kwh	Rs/kwh
		A	B	C		D	
	Railway Traction	2,000	-	35.01		42.93	

Handwritten signature



16/10

GoP Applicable Schedule of Tariff for K-Electric Consumers

----- GoP Applicable Uniform -----

Description	Fixed Charges (Rs/Con/M)	Fixed Charges (Rs/kW/M)	Variable Charges (Rs./kWh)
-------------	--------------------------	-------------------------	----------------------------

A-1 General Supply Tariff - Residential

Upto 50 Units (Lifeline)	-	-	3.95
50-100 Units (Lifeline)	-	-	7.74
1-100 units (Protected)	-	-	10.54
101-200 units (Protected)	-	-	13.01
1-100 units	-	-	22.44
101-200 units	-	-	28.91
201-300 units	-	-	33.10
301-400 units	200	-	37.99
401-500 units	400	-	40.20
501-600 units	600	-	41.62
601-700 units	800	-	42.76
Above 700 units	1,000	-	47.69
Time of Use			
Peak	1,000	-	46.85
Off-Peak	-	-	40.53
E-1 (i) Temporary Residential	2,000	-	57.94

A-2 General Supply Tariff - Commercial

For sanctioned load less than 5kW	1,000	-	37.44
For sanctioned load 5kW & Above	-	1,250	39.76
Peak	-	-	43.82
Off-Peak	-	1,250	35.15
E-1 (ii) Temporary Commercial	5,000	-	53.44
Electric Vehicle Charging Station (EVCS)	-	-	23.57

A3 General Services

	1,000	-	42.48
--	-------	---	-------

B - Industrial Supply Tariff

B-1 less than 5kW / 25 kW (at 400/230 volts)	1,000	-	30.80
Peak	1,000	-	36.74
Off-Peak	-	-	30.05
B-2 5-500 kW / 25-500 kW (at 400 volts)	-	1,250	30.73
Peak	-	-	36.68
Off-Peak	-	1,250	27.41
B-3 for all loads upto 500kW (at 11, 33kV)	-	1,250	31.00
Peak	-	-	36.68
Off-Peak	-	1,250	28.24
B-4 for all loads (at 66kV, 132kV and above)	-	1,250	30.43
Peak	-	-	36.68
Off-Peak	-	1,250	27.96
B-5 for all loads (at 220kV & above)	-	-	36.68
Peak	-	-	36.68
Off-Peak	-	1,250	27.13
E-2 (i) Temporary Industrial	5,000	-	42.25

Wak. 7



17/18

GoP Applicable Schedule of Tariff for K-Electric Consumers

----- GoP Applicable Uniform -----

Description	Fixed Charges (Rs/Con/M)	Fixed Charges (Rs/kW/M)	Variable Charges (Rs./kWh)
-------------	-----------------------------	----------------------------	-------------------------------

G - Bulk Supply Tariff

C-1 For supply at 400/230 Volts			
a) Sanctioned load less than 5kW	2,000	-	43.39
b) Sanctioned load 5kW and upto 500kW	-	1,250	40.63
Peak	-	-	46.31
Off-Peak	-	1,250	37.54
C-2 For supply at 11,33kV upto and including 5000kW	-	1,250	40.57
Peak	-	-	46.31
Off-Peak	-	1,250	36.03
C-3 For supply at 132 kV and above upto and including 5000kW	-	1,250	40.77
Peak	-	-	46.31
Off-Peak	-	1,250	35.76
E-2 (ii) Temporary Bulk Supply			
(a) at 400Volts	5,000	-	46.06
(b) at 11kV	5,000	-	46.06

D - Agriculture Tariff

D-1 For all loads	-	400	28.90
D-2 For all loads - Time of Use			
Peak	-	-	29.54
Off-Peak	-	400	28.69

sub-total

G- Public Lighting

Street Lighting	2,000	-	42.91
-----------------	-------	---	-------

H- Residential Colonies

Residential Colonies attached to Industrial Premises	2,000	-	42.10
--	-------	---	-------

Note: The uniform GoP applicable rate for prepaid metering category mentioned in Annex-A-1 would also be applicable to K-Electric prepaid consumers.





Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
Tel: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-636/HAZECO/Distribution/TRF/2025/ 390-97

January 07, 2026

SUBJECT: DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY HAZARA ELECTRIC SUPPLY COMPANY LIMITED (HAZECO) FOR DETERMINATION OF DISTRIBUTION TARIFF FOR THE FY 2025-26

Please find enclosed herewith the subject Determination of the Authority (total 32 pages).

2. The Determination of the Authority, is hereby intimated to the Federal Government for filing of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The instant determination of the Authority along-with order part, be also notified in terms of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application decision of the Authority.

Enclosure: As above


(Wasim Anwar Bhinder)

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

Copy to:

1. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
2. Mr. Shehriyar Abbasi, Deputy Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Energy and Power Department, Government of Khyber Pakhtunkhwa, 1st Floor, A-Block, Abdul Wali Khan Multiplex, Civil Secretariat, Peshawar
4. Managing Director, National Grid Company (NGC) of Pakistan, 414 WAPDA House, Shaharah-e-Quaid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Ltd., (CPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Hazara Electric Supply Company (HAZECO), 426/A, PMA Link Road, Jinnahabad Abbottabad
7. Chief Executive Officer, Independent System and Market Operator (ISMO) of Pakistan, Pitras Bukhari Road, Sector H-8/1, Islamabad



National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-636/HAZECO/Distribution/TRF/2025

DETERMINATION OF DISTRIBUTION OF POWER TARIFF PETITION

FOR

HAZARA ELECTRIC SUPPLY COMPANY LIMITED (HAZECO)

FOR THE FY 2025-26 UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

January 07, 2026



Wab



Abbreviations

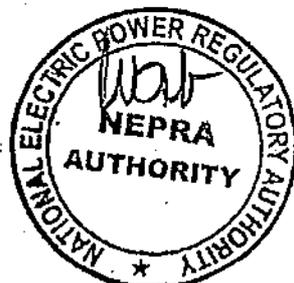
CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
ADB	Asian Development Bank
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	Capital Asset Pricing Model
CDP	Common Delivery Point
COSS	Cost of Service Study
GPPA (G)	Central Power Purchasing Agency Guarantee Limited
CTBCM	Competitive Trading Bilateral Contract Market
CWIP	Closing Work in Progress
CY	Calander Year (Jan. to Dec.)
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
HAZECO	Hazara Electric Supply Company Limited
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



Wahid



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
PESCO	Peshawar Electric Supply 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
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



Math'f



DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
HAZECO ELECTRIC SUPPLY COMPANY LIMITED (HAZECO) FOR DETERMINATION
OF DISTRIBUTION TARIFF FOR THE FY 2025-26

PETITION NO: NEPRA/TRF-636/HAZECO/Distribution TRF/2025

PETITIONER

Hazara Electric Supply Company Limited (HAZECO), WAPDA Computer Center, Abbotabad.

INTERVENER

Nil

COMMENTATOR

Nil

REPRESENTATION

HAZECO was represented by its Chief Executive Officer along-with his technical and financial teams.





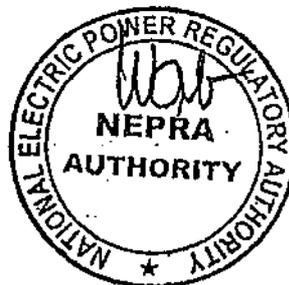
1. Background

- 1.1. The Authority issued Distribution and Supplier of Last Resort (SoLR) Licenses to Hazara Electric Supply Company (HAZECO) vide decisions dated 23.05.2025. The Petitioner was thus required to file its tariff Petitions for both the Distribution and Supply functions, in line with the NEPRA Guidelines for determination of Consumer End tariff (Methodology and Process) 2015, along-with its distribution investments plan and assessment of T&D losses. The Authority accordingly vide letter dated 23.05.2025, directed HAZECO to immediately file the Multi-Year Petitions for determination of tariff for the Distribution and Supply businesses and to also file interim tariff petitions for its Distribution and Supply business for the FY 2025-26, as the Tariff for the FY 2025-26 is required to be implemented w.e.f. 01.07.2025.
- 1.2. Pursuant thereto, the Petitioner filed its tariff petitions along-with application for grant of interim tariff for the FY 2025-26, vide letter dated 04.06.2025. The Authority admitted the tariff petitions filed by HAZECO and also while acceding to the request of the Petitioner, allowed an interim tariff for the FY 2025-26 vide decision dated 23.06.2025, after following the due process of law.
- 1.3. The Petitioner, inter alia, requested the following costs for its Distribution of power function for the FY 2025-26;

Description	Unit	FY 2025-26
Power Purchases	GWh	2,722
T&D Losses	%	15.39%
Units Lost	GWh	419
Units to be sold	GWh	2,303
Margin		
Salaries and benefits	Rs. Mln	4,583
Repair and Maintenance	Rs. Mln	229
Travelling expenses	Rs. Mln	51
Vehicle expenses	Rs. Mln	122
Other expenses	Rs. Mln	68
Total O&M Costs	Rs. Mln	5,053
Depreciation	Rs. Mln	748
Return on Rate Base	Rs. Mln	2,423
Gross Distribution Margin	Rs. Mln	8,224
Less: Other Income	Rs. Mln	-378
Net Distribution Margin	Rs. Mln	7,846
Requested Tariff	Rs./kWh	3.41

2. Proceedings

- 2.1. In terms of Rule 4 of the Rules, the Petition was admitted by the Authority. Since the impact of any such costs 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 parties and to meet the ends of natural justice, decided to conduct a hearing in the matter.
- 2.2. Hearing in the matter was scheduled on November 06, 2025, for which notice of admission / hearing along-with the title and brief description of the petition was published in the newspapers and also uploaded on NEPRA website; Individual notices were also issued to stakeholders/ interested parties.



J. Malik



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 projected power Purchases and sales are justified?
- ii. Whether the requested O&M cost for FY 2025-26, is justified and what are the basis for such projections?
- iii. Whether the requested new hiring is justified and what are basis for new hiring?
- iv. Whether the requested amount for FY 2025-26 under heads of Other Income, Deprecations and RORB based on WACC of 17.05% is justified?
- v. Whether the concerns raised by the intervener/ commentator if any are justified?
- vi. 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. In response no intervention request/ comments were received.

4.2. During the hearing, the Petitioner was represented by its Chief Executive Officer along-with its technical and financial teams.

4.3. On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under:

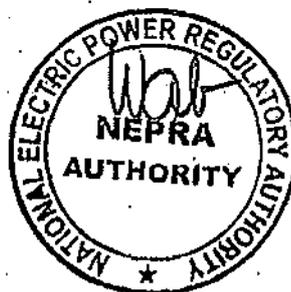
5. Whether the projected power Purchases and sales are justified?

5.1. The Petitioner, during the hearing submitted following historical trend of its purchases/ sales;

Year	Units Purchased (MkWh)	Units Sold (MkWh)
2023-24	2,517	2,121
2024-25	2,646	2,233
2024-25 (July-Sept)	788	643
2025-26 (Jul -Sept)	836	708

5.2. The Petitioner submitted that based on the forecast analysis as well as the historic trend, units projected sale for FY 2025-26 is 2,303 MkWh for 805,584 consumers & a growth of about 2 to 3 % is considered owing to increase in the demand.

5.3. 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 has determined the power purchases (GWhs) along-with its cost for each of the DISCOs through a separate decision, therefore, for the purpose of instant decision, the power purchases (GWhs) of the Petitioner as per the separate PPP decision, have been taken into account.



7 March



6. Whether the requested/projected O&M cost is justified and what are the basis for such projections?

7. Whether the requested new hiring is justified and what are basis for new hiring?

7.1. The Petitioner submitted that its Revenue Requirement for Distribution of Electricity has two components i.e. Distribution Margin and Financial Charges. The Distribution Margin of Distribution (Non-Sale Elements) comprises of Actual salaries and wages of GSO Circle, PD GSC and PD C&O, XEN Operations etc. since these circles / directorates are responsible for construction, rehabilitation, augmentation and similar activities involved in Distribution (Non-Sale Elements) for providing electricity to the end consumers. The Petitioner made the following submissions in this regard:

- ✓ The XEN offices comprise of technical as well as administrative staff, the salaries of technical officer and officials such as XEN, SDO, line man, assistant line man, line supervisor etc. have been allocated to Distribution (Non-Sale Elements) on actual basis except for meter reader, bill distributor and meter reader supervisor, as the same has been allocated to Power Supply (Sale of Electric Power) as their job description relates to billing and recovery.
- ✓ Moreover, the expenditure of HQ, and other offices has been allocated on the most suitable basis to Distribution (Non-Sale Elements) or Power Supply (Sale of Electric Power). Distribution Margin is calculated in the light of NEPRA Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015 and is equally important as HAZECO must earn sufficient distribution margin and adequate stream of cash flow to maintain its system, discharge its financial commitments, invest to expand and maintain the network and to provide a reasonable return to the sponsors on their investment.
- ✓ The sum of O&M Cost, Depreciation and RORB minus Other Income results in HAZECO's Distribution Margin, dividing this by the total units sold yields the average Distribution Margin per kwh. The bifurcated DM of HAZECO for Distribution Licensee for FY 2023-2024 was Rs.3.12/kWh and the DM for FY 2025-26 is projected Rs.3.41/kwh. O&M expenses include Salaries & Wages, Repair & Maintenance, Travelling, Vehicle Running and Other Expenses. Based on the impact of increase in inflation, salaries and other allowances, the Audited O&M Expense for Distribution (Non-Sale Elements) FY 2023-24 are Rs.4,127 million and the projections for FY 2024-25 & 2025-26 are as per detail below:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Salaries and Benefits	3,814	4,047	4,583
Repair and Maintenance	189	208	229
Travelling Expenses	36	41	51
Vehicle Expenses	57	85	122
Other Expenses	30	62	68
Grand-Total	4,127	4,443	5,052
%Increase/(Decrease)		8%	14%



Mak. S



- ✓ The Average O&M Expense (Rs./kWh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Salaries and Benefits	1.80	1.81	1.99
Repair and Maintenance	0.09	0.09	0.10
Traveling Expenses	0.02	0.02	0.02
Vehicle Expenses	0.03	0.04	0.05
Other Expenses	0.01	0.03	0.03
Grand-Total	1.95	1.99	2.19
%Increase/(Decrease)		2%	10%

- ✓ Salaries & Wages including employee's retirement benefits is the major component of O&M expense. The following additional increases are also made by GoP in its annual budget for FY 2024-25 along with various other impacts:

Increase in Pay & Allowances announced for FY 2025-26:

- Expected increase in salaries (15%).
 - Impact of Additional recruitment.
 - The cost of new hiring has been claimed as an additional requirement for the newly established HAZECO. In the absence of adequate staff hiring, the company will not be able to operationalize its functions effectively.
 - Employees Retirement Benefits have been based on the average of annual increase in the last two years audited figures.
- ✓ Keeping in view the above increases, the Salaries and Wages are based on the Bifurcated Audited Financial Statement of HAZECO for FY 2023-24 and Provisional figure for FY 2024-25 and projected for FY 2025-26 are as under:

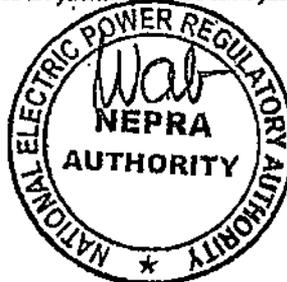
Mln. Rs.

Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Pay & Allowances	5,770	6,122	6,933

New Recruitment:

Description	FY 2026
	Prov.
New Hiring (Nos)	
Cost (Mln. Rs.) ^a	419

- ✓ The requirement for a Single Year Tariff (SYT) has been presented in the proposal based on a rational and data-driven approach. The consumer base growth has been assessed by comparing the number of consumers in January 2024 and January 2025, and the increase



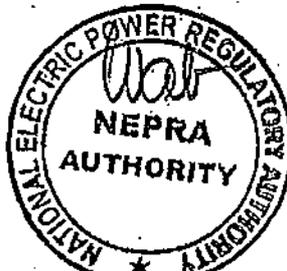


has been duly quantified. In addition, the projected retirements during FY 2025-26 have been factored in, and based on this analysis, the need for new hiring of qualified professionals and essential staff has been determined to ensure operational readiness and regulatory compliance.

- ✓ It is important to highlight that the projected human resource requirements presented herein are based on reasonable assumptions and operational forecasts, which may be revised as per ground realities during the course of implementation. Accordingly, the number and categories of staff may change depending on actual functional needs and regulatory considerations. Furthermore, the recruitment process at HAZECO will be carried out in accordance with the approved organogram and will also consider the manpower being transferred from PESCO under the bifurcation scheme. All recruitments will be undertaken in line with government policy guidelines and approvals from the competent forums.
- ✓ However, the then PEPCO has devolved all the matters regarding HR affairs of DISCOs being processed by the then PEPCO to DISCOs vide letter No. GMHR#5778-5810, dated 14.01.2021 conveying that respective BoDs should exercise the powers of the MD PEPCO which will bring an opportunity for the Company to proceed for HR requirements through its BoD against critical requirements as and when considered necessary or unavoidable.
- ✓ HAZECO is currently working on strength of 1,731 employees approximately out of which 58 are officers of different grades. The shortage of the staff is the main cause of losses and system constraints being faced by HAZECO at present.
- ✓ The O&M expenses are one of the major unknowns for XWDISCOs in Pakistan due to many uncontrollable factors such as statutory implications arising out of increase in salaries (as announced by the Federal Government), increase in certain expenses due to growth in consumer base, this includes increase in maintenance expenses; meter reading expenses, whereas other expenses are directly linked to the rate of petroleum. The employees' cost includes costs related to salaries and benefits of all staff (administrative, operational and security). To ensure an efficient, coordinated, economical distribution system and to build, maintain and operate the system more systematically, it will be employing a highly skilled and technically proficient team to manage all aspects of the distribution of power to ensure that all key commercial interests of all stakeholders are maintained, protected and prioritized.
- ✓ The O&M cost needs to be bifurcated into controllable and uncontrollable cost components and the 'Uncontrollable costs' are requested to be trued-up at the end of every year and the 'Controllable costs' should be indexed every year with CPI change less agreed efficiency factor, adjustable in last two years, to pass on the benefit of system efficiency to the consumers.

Controllable Cost:

- ✓ The controllable O&M costs are projected by assuming an inflation rate of 10%. The controllable cost during FY 2025-26 will also increase due to new projects (as envisaged in DM) and accordingly this new addition in per unit base cost of controllable component may be allowed in the related year in which project is planned to be completed and indexed subsequently as part of controllable cost component.





Uncontrollable Cost:

- ✓ With regards to uncontrollable cost different growth rates are projected for different cost streams based on management experience. Uncontrollable cost factors could be affected by growth in employee benefits, consumer growth rates and growth in regulatory fee etc. The uncontrollable cost will also increase due to new projects (as envisaged in DIIP) and accordingly projected cost includes impact of new projects.
- ✓ The detail of controllable and uncontrollable costs is as under;

Controllable Costs	Uncontrollable Costs
Travelling Expenses	Pay and Allowances – Existing
Office Supplies & Store handling	Rent, Rate & Taxes
Vehicle Expenses	Injuries & Damages
Power, Light & Water	Collection Expenses
Communication & Postage	Legal Charges
Advertising & Publicity	Management Fee
Subscription & Periodicals	Audit Charges
Misc. Expenses	
Bank Charges	
Insurance Premium	

Adjustment mechanism:

- ✓ The following adjustment mechanism is proposed:
 - a. The base year FY 2024-25 does not reflect the true cost and accordingly factor “N” is included to account for the new recruitments.
 - b. Adjustment in Salary & Pension (including pension part of post-retirement benefit) may be linked with the Increase announced by GoP in Annual Budget on actual basis.
 - c. 5% increase on account of Annual Increment may be allowed.
 - d. The remaining allowances / benefits may be adjusted on the basis of CPI for controllable costs and on the basis of actual in case of uncontrollable costs.
 - e. An additional variable “N” may be included to account for the New Hiring (excluding outsourcing of Services like Bill Distributor, Drivers etc.) against vacant positions and the same may be indexed as proposed above.
 - f. The O&M part of Distribution Margin shall be indexed with CPI (component wise).
- ✓ Accordingly, the O&M will be indexed for next year according to the following formula:

$$O\&M_{Rev} = [O\&M_{Ref} \times (1 + (\Delta CPI - X))] + O\&M_{Actual} + N$$

Where:

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

O&M (Ref) is Reference O&M Expense for the Reference Year which is controllable cost

O&M (Actual) is Actual O&M Expense for the Current Year and is uncontrollable cost



J. Mulla



*ACPI is Change in Consumer Price Index published by Pakistan Bureau of Statistics latest available on 1st July against the CPI as on 1st July of the Reference Year in terms of percentage (excluding pay & allowances and pension)

X is Efficiency factor and may be allowed to the extent that the actual expenses are less than the determined instead of 30%, which is on a very higher side as CPI is not a true reflection of DISCOs expenses

N is New Hiring (excluding outsourcing of Services like Bill Distributor, Drivers etc), including indexation of controllable and un-controllable costs to account for the expenditure that is not in the Base Cost

* Note: Change in CPI may be used component wise instead of general NCPI, e.g., for vehicle expenses, NCPI under transport category should be used or it should be linked with PSO prices.

Repair & Maintenance:

- ✓ Repair and Maintenance expenses have been assumed at around 2% of the net Fixed Assets in operation. HAZECO has to maintain its old and over loaded system in order to ensure un-interrupted power supply to the consumers, moreover cost of material has also increased due to inflationary pressure. Therefore, Repair & Maintenance expenditure has been projected for Distribution (Non-Sale Elements) as Rs.229 million for FY 2025-26.
- ✓ 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 FY 2025-26. The repair and maintenance are mainly for standalone items necessary for keeping the system in operation with no additional benefits.
- ✓ The projected Repair & Maintenance for Distribution of Power Business for FY 2025-26 is as under:

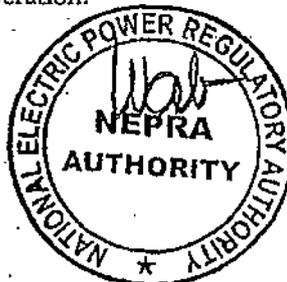
Mln. Rs.

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Repair And Maintenance	189	208	229
%Increase/(Decrease)		10%	10%

- ✓ The average Repair & Maintenance expense (Rs./Kwh) for FY 2025-26 is assessed as under:-

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Repair And Maintenance	0.09	0.09	0.10
%Increase/(Decrease)		5%	7%

- ✓ Adjustment in Repair & Maintenance may be linked with the percentage of Fixed Assets (i.e. 2% of the net Fixed Assets) in operation.



J. M. M. M.

Travelling expenses:

- ✓ Travelling Expenses for Distribution (Non-Sale Elements) have been projected Rs. 51 Million FY 2025-26, respectively.

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Travelling Expense	36	41	51
%Increase/(Decrease)			26%

- ✓ The Average Travelling Expense (Rs./kWh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Travelling Expense	0.02	0.02	0.02
%Increase/(Decrease)			7%

- ✓ Adjustment in Travelling Expenses may be linked with the CPI.

Vehicle running expenses:

- ✓ Vehicle Running Expenses for Distribution (Non-Sale Elements) were Rs. 57 million for the FY 2023-24 and projected for FY 2025-26 as Rs. 122 million.

Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Vehicle Expense	57	85	122
%Increase/(Decrease)			42%

- ✓ The Average Vehicle Expense (Rs./kWh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Vehicle Expense	0.03	0.04	0.05
%Increase/(Decrease)			38%

- ✓ Adjustment in Vehicle Running Expenses may be linked with the CPI.

Operating expenses:

- ✓ Other Expenses include Rent, Rates and Taxes, Utility expenses, communications, office supplies, professional fees, auditor's remuneration, outsourced services, management fees, electricity bill collection expenses etc.



Rs. in Million

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Other Expense	30	62	68
%Increase/(Decrease)			10%

- ✓ The Average Other Expenses (Rs./kWh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Other Expense	0.01	0.03	0.03
%Increase/(Decrease)			7%

Adjustment mechanism:

- ✓ Adjustment in Other Operating Expenses may be linked with the CPI.
- 7.2. The Petitioner presented the following head wise detail of the requested amounts and the parameters for the proposed increase:

DESCRIPTION	Rs. in Million			
	FY 2024-25	FY 2025-26	Difference	
	Distribution Tariff	Amount	%	
Salaries, Wages & other benefits	4,047	4,583	536	13%
Repair & Maintenance	208	229	21	10%
Travelling Expenses	41	51	10	25%
Vehicle Running Expenses	85	122	37	43%
Other Expenses	62	68	6	10%
Total O&M Cost	4,443	5,052	609	14%

- Salaries and other benefits: Increase is proposed based on GoP actual increase.
 - ✓ 10% ARA, 30% DRA and
 - ✓ annual increments.
 - ✓ 10% increase in Pension
 - ✓ Estimated cost of Rs.419 million for hiring against 163 positions of different cadres duly approved by the BOD
- Repair & Maintenance: The remaining costs are proposed to be adjusted on the basis of NCPI for controllable costs and on the basis of actual in case of uncontrollable costs.
- Travelling Expenses: Increase in line with inflation and as per NCPI and due to increase in number of employees.
- Vehicle Expense: Increase due to the POL price and number of increase in vehicle with new company.

- 7.3. Regarding new hiring the Petitioner submitted that:

- HAZECO is currently working with strength of 1770 employees, out of which 53 are officers of different grades. Total sanctioned strength of the company is 4534 out of which 183 are officers. There are 2764 vacant posts.
- The Petitioner was recently carved out from PESCO and some of the employees have opted to stay with the parent company i.e. PESCO. The new hiring is explicitly



Amal



justified by a "severe shortage of resources" and the need to mitigate "losses and system constraints and operations would be "unsustainable" without the required recruitment.

- The number of new hiring is projected based on two factors:
 - ✓ To fill the vacant positions required to operate the company business which is also primarily necessary to handle the market growth.
 - ✓ Subtracting the projected number of employee retirements.
- The cost of this new hiring is not included in the regular salary budget, however, it is claimed separately as an adjustment factor 'N' in the O&M formula. Estimated cost of Rs.293 million for hiring against 115 positions of different cadres duly approved by the BOD.

7.4. The Authority observed that as per section 31(3) of NEPRA Act, following general guidelines shall be applicable to the Authority in the determination, modification or revision of rates, charges and terms and 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;"

7.5. 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.

7.6. Here it is also pertinent to mention that as per the approved tariff methodology the Power Purchase Price is the only uncontrollable cost which is allowed a pass-through item. The other remaining costs are to be treated as controllable costs.

7.7. Considering the fact that the Petition has been filed for one year i.e. for the FY 2025-26, the Authority has decided to consider the costs as per the Audited/ provisional accounts of the Petitioner for the FY 2024-25 as base year.

7.8. 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



F. M. M. M.



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 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.

7.9. In view thereof, the head wise assessment of the Petitioner under each of the requested costs is as discussed hereunder.

8. Salaries, Wages and Other benefits (including post-retirement benefits)

8.1. The Authority noted that head of Salaries, Wages and Other Benefits include employees Pay & Allowances and Post-retirement benefits and accounts for over 80% of the Petitioner's total O&M costs, excluding therefrom depreciation and RoRB. 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. Therefore, salaries & wages cost of employees can be considered as un-controllable cost for XWDISCOs as long as they remain in public sector.

8.2. Considering the fact that the cost for the FY 2025-26 is being assessed, the Authority has taken into consideration the costs based on the bifurcated accounts of the Petitioner & PESCO for the FY 2024-25, and information shared by the Petitioner subsequently in this regard.

8.3. The actual total cost as provided by the Petitioner for the FY 2024-25, under Salaries & Wages (including post-retirement benefits) is Rs.3,804 million. The said amount has been considered as base cost and increases as approved by the Federal Government on Salaries and Wages in the Federal Budget for the FY 2025-26 i.e. ad-hoc relief allowance of 10% and DR allowance of 30%, along-with impact of annual increment i.e. 5% have been incorporated thereon.

8.4. Accordingly, the cost of Salaries & Wages (including post-retirement benefits), for both the Distribution and Supply Functions works out as Rs.4,203 million. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply functions.

8.5. 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 (including postretirement benefits) for the FY 2025-26 pertaining to the distribution function works out as Rs.2,694million.

8.6. 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 and other benefits cost of the





Petitioner, based on its audited accounts for the relevant year for its existing employees. The impact of any such adjustment would be allowed as part of PYA in the next tariff determination.

9. Additional Recruitment

9.1. Regarding additional recruitment, the Authority observed that Salaries & Wages cost for the FY 2024-25, as per the accounts of the Petitioner, has been considered as base cost, therefore, impact of any new recruitment made till FY 2024-25 has already been accounted for. For future recruitment, the Authority understands that allowing any cost upfront either on account of new hiring or outsourcing, would be unfair with the consumers, without considering/analyzing its benefits. The Authority understands that it will be in a better position to adjudicate on the issue, once the Petitioner provides details of 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 services actually outsourced during each year or new hiring if any, along-with its financial impact and benefits accrued, for consideration of the Authority, in its subsequent adjustment/ indexation request. This addresses the concern of the Petitioner regarding inclusion of an "N" factor.

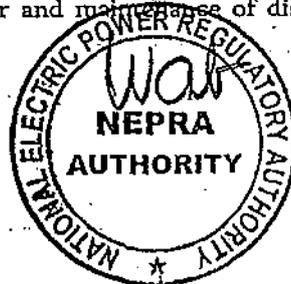
10. Repair & Maintenance Costs

10.1. Regarding Repair and maintenance expenses, the Petitioner has assumed the same at around 2% of the net Fixed Assets in operation. The Petitioner while justifying its submissions stated that it has to maintain its old and over loaded system in order to ensure un-interrupted power supply to the consumers, moreover cost of material has also increased due to inflationary pressure. Accordingly, the Petitioner projected repair & maintenance costs of Rs.229 million for Distribution Function for the FY 2025-26.

10.2. The Petitioner submitted that R&M 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. The Petitioner for the adjustment of above costs proposed that this may be linked with the percentage of Fixed Assets (i.e. 2% of the net Fixed Assets) in operation.

10.3. The Authority has carefully examined the Petitioner's request of linking the R&M cost as a percentage of Net Fixed Assets (NFAs). The Authority, while going through the actual expenditure incurred by the Petitioner on account of R&M during the FY 2022-23 and FY 2023-24, as per the Audited accounts for these periods showing bifurcation of costs between PESCO and HAZECO, observed that R&M costs works out as 1.03% and 1.38% of the NFAs for the FY 2022-23 & FY 2023-24 respectively. Moreover, the Petitioner has not provided any rationale or working to substantiate its request of setting R&M as 2% of NFAs except that it has to maintain old and over loaded system in order to ensure un-interrupted power supply to the consumers, and that cost of material has also increased due to inflationary pressure.

10.4. 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 requested for huge CAPEX of around Rs.5,365 million 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. Thus, the Petitioner's idea if adopted would result in undue benefit to the Petitioner in the long run. In addition to aforementioned discussion, the Petitioner's request of annual adjustment in this regard is against the very spirit of multiyear tariff regime.

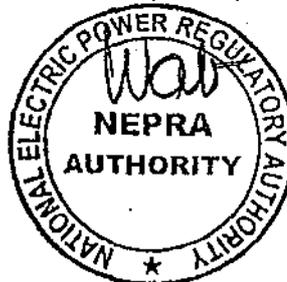
- 10.5. In view of the foregoing and keeping in view the current approved tariff methodology, the Authority has decided to allow an amount of Rs.172 million under R&M head for both the Distribution and Supply functions, for the FY 2025-26 after incorporating the inflationary impact on the R&M cost as per the data/ information provided by the Petitioner for the FY 2024-25 and keeping in view the bifurcated accounts of the Petitioner, for the FY 2024-25, provided by PESCO. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions.
- 10.6. Since the Audited 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 2025-26 pertaining to the distribution function works out as Rs.110 million.
- 10.7. The DISCOs are also directed to provide a certification from its Auditors that Repair and Maintenance expenditure does not include any CAPEX nature item. In case any CAPEX nature cost has been booked as R&M expenses, the same may be disclosed separately in the financial statements. The Authority may consider to revise the R&M assessment of the Petitioner, based on such disclosure/certification.

11. Other O&M Expenses

- 11.1. Other O&M expenses include Travelling costs, Vehicle Maintenance and other expenses i.e. Rent, Rates & Taxes, Power, Light and Water, Communication, Bill Collection Charges, Office supplies, Director Fees, Auditor Remuneration, Professional Fees, Outside Service Employed, Management Fees, NEPRA License Fees, Advertisement & Publicity, Subscriptions & Periodicals, Representation & Entertainment, Insurance, Bank Charges, and other miscellaneous expense.
- 11.2. The Petitioner projected its Other O&M costs including Travelling, Vehicle Maintenance and other expenses as under, for its distribution functions for the FY 2025-26;

Description	FY 2025-26
	Rs. Mln
Travelling Expenses	51
Vehicle running Expenses	122
Other Expenses	68
Total	241

- 11.3. 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 tariff control period. Here it is pertinent to mention that the Petitioner itself has requested



7/11/25



that other O&M expenses, may be linked with CPI. Accordingly, for assessment of Other O&M costs for the FY 2025-26, the Authority, has decided to allow an amount of Rs.214 million under Other O&M expenses for both the Distribution and Supply functions, for the FY 2025-26 after incorporating the inflationary impact on the Other O&M cost as per the data/ information provided by the Petitioner for the FY 2024-25 and keeping in view the bifurcated accounts of the Petitioner for the FY 2024-25, provided by PESCO. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions.

- 11.4. By considering the figures as per the financial statements, the Authority has incorporated all the costs including bill collection, building rent, NEPRA fee, insurance cost, rent, rates & taxes, and travelling, transportation etc.
- 11.5. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Other O&M costs in terms of Distribution and Supply 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 expenses for the FY 2025-26 pertaining to the distribution function works out as Rs.137 million.
- 11.6. In case the Petitioner's actual O&M cost for the FY 2025-26, once its audited accounts for the said year area available, is lower than the amount allowed for that year, any saving in this regard, shall be shared between consumers and the Petitioner in the ratio of 50:50.

PPMC Fee

- 11.7. Here it is pertinent to mention that some DISCOs during the hearing requested to allow cost on account of Management Fee of Power Planning and Monitoring Company (the "PPMC"). DISCOs in support of their request referred to the SRO 1358-I (2025) dated 29.07.2025, issued by the Ministry of Energy (PD), pursuant to the Federal Cabinet decision dated 27.10.2021, the National Electricity Policy, 2021, the National Electricity Plan (2023-2027), whereby it has been designated as a "designated entity" for the implementation of the priority areas of the NE Plan, and strategic roadmap as per the NE policy. The SRO further mandates the company to charge a fee from DISCOs, for the services rendered, as may be approved by the BoD of PPMC from time to time. The BoD of PPMC may, on annual basis, approve the annual budget and allocation of fees to DISCOs.
- 11.8. It has also been submitted that clause 34(f) of the IMF Country Report clearly acknowledges PPMC's role in supporting policy, regulatory and tariff affairs, sector reforms, privatization, CD management and integrated power and energy planning.
- 11.9. The Authority noted that the National Electricity Plan allows the designated entity to charge a regulatory fee, which shall be allowed by the Regulator. The Authority also noted that previously the Authority discontinued the PEPSCO fee in the absence of appropriate structure in place. The Authority also takes cognizance of the SRO dated 29.07.2025, issued by the Ministry of Energy (PD), pursuant to the Cabinet decision, as well as other justifications submitted by the DISCOs regarding the declaration of PPMC as a "designated entity" and its role in supporting policy, regulatory, and tariff matters, sector reforms, privatization, CD management, and integrated power and energy planning.
- 11.10. However, the Authority is of the view that it would be in a better position to adjudicate the matter, once the DISCOs provide details of the actual costs incurred and the functions/



Q. Wah?



services performed as designated entity for DISCOs and others, duly substantiated with documentary evidence and justifications.

- 11.11. Accordingly, the Authority has decided to pend upfront allowing such cost on account of PPMC at this stage and may consider the same as part of the PYA, subject to the Petitioner furnishing the above details, with proper justification and supporting documentary evidence, along with fulfillment of the process prescribed in the SRO No. 1358(I)/2025.
- 11.12. On the submissions of the Petitioner, to allow certain costs as uncontrollable, the Authority noted that as per the approved tariff methodology, Power Purchase Price is the only uncontrollable cost which is allowed a pass through item. However, considering the fact that XWDISCOs employees are hired on Government pay scales, thus, any salary and pension increase, announced by the Federal Government in Fiscal Budget is also applicable on such employees/ pensioners of XWDISCOs. Therefore, salaries & wages cost and pension expenses to the extent of such employees can be considered as un-controllable cost for XWDISCOs as long as they remain in public sector.

12. Whether the requested amount for FY 2025-26 under heads of Other Income, Depreciations and RORB based on WACC of 17.05% is justified?

Depreciation

- 12.1. The Petitioner has submitted that Depreciation is calculated on the basis of the value of existing Assets plus the additions in assets during the FY 2025-26. Actual depreciation for FY 2023-24 was Rs. 688 million. The assets are depreciated on straight line method as per utility practice i.e. land at 0 %, buildings and civil works at 2%, Plant and machinery at 3.5%, office equipment and mobile plant at 10% & other assets at 10%. Based upon these assumptions, figure for depreciation has been worked as Rs. 748 million for FY 2025-26.
- 12.2. Based upon these assumptions, the figure for depreciation has been worked as under for the distribution functions;

Mln. Rs.

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Depreciation	688	719	748
%Increase/(Decrease)			4%

- 12.3. The Average Depreciation Expense (Rs./kWh) for FY 2025-26 is assessed as under:

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Depreciation	0.32	0.32	0.32
%Increase/(Decrease)			1%

- 12.4. The Petitioner has proposed that adjustment in Depreciation Expenses may be linked with the Gross Fixed Assets in operation.



J. Math



- 12.5. The Authority noted that as per the Methodology, depreciation expense for the FY 2025-26, will be determined by applying depreciation charge on the Gross Fixed Assets in Operation, including new investment.
- 12.6. Regarding allowed investment for FY 2025-26 and FY 2026-27, since the Distribution Investment Plan (DIP) of the Petitioner is under regulatory proceedings, the Authority has decided to allow the following provisional Investments under head of own financing, which shall be subject to adjustments pursuant to the final decision of the Authority in matter of DIP of the Petitioner.

Rs. Mln	
Provisional Capex	HAZECO
FY 2025-26	5,364
FY 2026-27	5,364

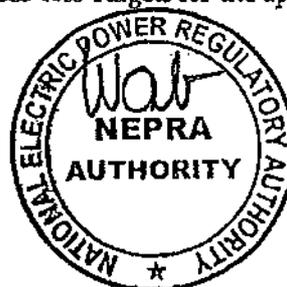
- 12.7. The Authority decided that the above approved Investments are provisionally allowed for purpose of tariff rebasing and does not include the cost for AMI, APMS, scanning meters, Data Centers, etc., the investment in this smart metering area can only be started once DIP is approved, wherein the detailed project wise scope and cost approvals shall be decided in the final decision of DIP of the Petitioner.
- 12.8. Regarding the T&D Losses target, the Authority has decided to provisionally approve the following loss target.

Provisional T&D Loss	HAZECO
FY 2025-26	15.39%
FY 2026-27	15.39%

- 12.9. The Petitioner is directed to carry out its T&D loss study through an independent third party, as per the approved terms of references (ToRs), which shall be communicated to the Petitioner separately by NEPRA. The independent third-party T&D loss study must be submitted by the Petitioner within nine (09) months of issuance of this decision. In case, the T&D loss studies are not submitted within the allowed time period, the following T&D Loss target shall become applicable for FY 2025-26 and FY 2026-27, and all relevant tariff adjustment shall be reworked on such revised targets. The financial impact of such revision shall be made part of PYA of subsequent tariff rebasing.

Revised T&D Loss Target (Failure to submit study)	HAZECO
FY 2025-26	7.70%
FY 2026-27	7.70%

- 12.10. The submitted T&D loss study by an independent third-party shall be considered by the Authority for revision / firm up of T&D loss Targets for the applicable period in the next



Math 9



rebasement of the tariff for DISCOs (January 2027) or mid-term (December 2027) review of the DIP, as the case may be.

12.11. Not used

12.12. Not used

12.13. In order to make fair assessment of the depreciation expense, the Authority accounts for the investments approved for the year. After taking into account the new investments as mentioned above, the Gross Fixed Assets in Operation for the FY 2025-26 have been worked out. Accordingly, the depreciation charge for the FY 2025-26 has been assessed as Rs.871 million calculated on actual depreciation rates for each category of Assets as per the Company policy.

12.14. The actual depreciation reflected in the audited accounts of the Petitioner, do not provide bifurcation of depreciation cost in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of depreciation cost in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the depreciation cost for the FY 2025-26 pertaining to the distribution function works out as Rs.784 million.

RoRB

12.15. The Petitioner has submitted that NEPRA allowed WACC of 20.4% to PESCO for the FY 2024-25 in its tariff determination for FY 2024-25, against the requested WACC of 21.27%, hence, the same needs to be reconsidered in view of the MYT determination, wherein adjustments on account of variation in KIBOR is permissible on biannual basis. HAZECO has calculated WACC of 17.05% based on the following calculations:

*Weighted Average Cost of Debt for FY 2024-25 include 3 month's Kibor plus 2% spread. By incorporating the above adjustment of ERC, the calculation of WACC and RORB will be as under: $WACC = [14.47\% \cdot 30\%] + [18.16\% \cdot 70\%] = 17.05\%$

12.16. HAZECO stated that it has no other source of revenue except Tariff to pay off the principal, interest and exchange risk payable to EAD except for consumer end Tariff and if not allowed, it will in any way effect the consumers as the same will be passed in the form of deficit financing resulting in financial hardship to the consumers.

12.17. HAZECO is of the opinion that return should be adequate enough to not only cover the cost of debt but also to cater for the exchange rate parity as well as reasonable return to the equity holders. The Authority is therefore requested to allow RORB @17.05% WACC, including debt as per following calculations:

matu 7





Description	UoM	2023-24	2024-25	2025-26
		Audited	Prov.	Proj.
Net Fixed Assets In Operation	[Mn Rs]	14,381	16,455	18,785
Add: Capital Work In Progress - Closing Bal	[Mn Rs]	5,490	6,366	8,568
Less: Cap. WIP-Deposit Portion	[Mn Rs]	1,100	1,202	1,304
Investment In Fixed Assets	[Mn Rs]	18,780	21,620	26,049
Less: Deferred Credits	[Mn Rs]	5,564	5,863	6,287
Regulatory Assets Base	[Mn Rs]	13,216	15,757	19,763
Average Regulatory Assets Base	[Mn Rs]	12,379	14,486	17,760
Rate of Return	[%age]	21.27%	17.05%	17.05%
Return on Rate Base	[Mn Rs]	2,633	2,470	3,028

12.18. In view thereof, HAZECO has requested the following RoRB for its Distribution Business for the FY 2025-26;

Mln. Rs.

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Act/Pro.	Proj.
RORB	2,106	1,976	2,423
%Increase/(Decrease)			23%

12.19. The Authority observed that as per Section 31(3) of the amended NEPRA Act, the following general guidelines shall be applicable to the Authority in the determination, modification or revision of rates, charges and terms and conditions for provision of electric power services;

(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;

12.20. In line with the aforementioned guidelines, the Authority allows DISCOs, a Weighted Average Cost of Capital (WACC) to account for the return on equity and cost of debt. Similarly, for recovery of principal portion of debt, the Authority includes a depreciation charge in the revenue requirement of DISCOs.

12.21. Consequent to the aforementioned discussion, the WACC works out as per formula given below;

Cost of Equity:

$$K_e = R_f + (R_M - R_f) \times \beta$$

Where;

R_f is the risk free Rate

R_M is the Market Return

β is Beta



M. A. Q.



The cost of debt:

$$K_d = \text{KIBOR} + \text{Spread}$$

12.22. Accordingly, the WACC as per the given formula works out as under;

$$\text{WACC} = ((K_e \times (E / V)) + (K_d \times (D / V)))$$

Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;

12.23. The Authority uses the Capital Asset Pricing Model (CAPM) for calculation of Return of Equity (RoE) component of the WACC, being the most widely accepted model, which is applied by regulatory agencies all over the world to estimate the cost of capital for regulated utilities. Further, as per the Tariff methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt.

12.24. The expected return on any investment is the sum of the risk-free rate and an extra return to compensate for the risk. This extra return or 'risk premium' is the difference between market rate of return and risk-free rate. Generally, the return on stock market index is taken as a measure of market rate of return. To have an appropriate measure of the market rate of return, analyzed KSE-100 Index return, over a period of 10 years i.e. FY 2016 to FY 2025. Further, return of different neighboring markets and other international markets were also analyzed.

12.25. For risk free rate, the yield of 05 years PIB is considered. The weighted average yield of accepted bids for 5 years PIB as of 17.07.2025 remained at 11.4916%. Regarding assessment of beta, the Authority has considered the earlier studies in the matter, range of betas used by international Regulators, and accordingly decided to use the beta of 1.10, while assessing the RoE component.

12.26. By taking into account the aforementioned factors, the RoE of the Petitioner works out differently, however, keeping the request of the Petitioner and the Authority's earlier decisions in the matter of other XWDISCOs and K-Electric, the Authority has decided to allow RoE component of 14.47%, PKR based.

12.27. As regard the cost of debt, it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. In order to have a fair evaluation of the cost of debt, the Authority has taken cost of debt as 3 month's KIBOR + 1.50% spread, as maximum cap. Consequently, the cost of debt has been worked out as 12.64% i.e. 3 Months KIBOR of 11.14% as of July 02, 2025 plus a spread of 1.50% (150 basis points).

12.28. In view thereof, the WACC for the FY 2025-26 has been worked out as under;

Cost of Equity;

$$K_e = 14.47\%$$

The cost of debt is;

$$K_d = 12.64\%$$

$$\text{WACC} = ((K_e \times (E / V)) + (K_d \times (D / V)))$$

Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;

$$\text{WACC} = ((14.47\% \times 30\%) + (12.64\% \times 70\%)) = 13.19\%$$



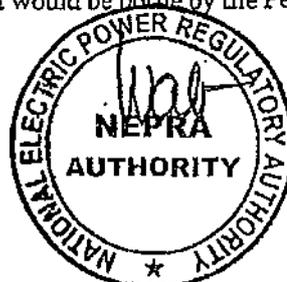
F. Math



- 12.29. Based on above and using WACC of 13.19% on RAB by including allowed investment for the FY 2025-26, the RoRB of the Petitioner for the FY 2025-26 has been worked out as under;

HAZECO	
Description	FY 2025-26
Fixed Assets C/B	24,063
Addition	2,410
Fixed Assets C/B	26,483
Depreciation	9,834
Net Fixed Assets	16,649
Capital WIP C/B	0,444
Fixed Assets inc. WIP	25,092
Less: Deferred Credits	14,091
Total	11,002
RAB	11,002
WACC	13.19%
RORB	1,451

- 12.30. The total amount of RoRB as worked out above has been allocated in terms of Distribution and Supply Functions, as per the criteria adopted by the Petitioner itself. Accordingly, the RORB for the FY 2025-26 pertaining to the distribution function works out as Rs.1,161 million.
- 12.31. The allowed RAB for the year will be trued up downward, keeping in view the amount of investment allowed for the FY 2025-26, other than consumer financed investments. In case, the Petitioner ends up making higher investments than the allowed (other than consumer financed investments), 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.
- 12.32. Here it is also pertinent to mention that the amount of receipts against deposit works has been adjusted while working out the cost of working capital, therefore, no adjustment on this account has been made from the RAB. In view thereof, any interest earned on such deposits shall not be adjusted as part of other income. The Petitioner therefore shall ensure a separate disclosure of such income in its audited accounts. In case of failure to disclose such income separately, the entire interest income shall be adjusted as part of other income.
- 12.33. 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 adjust savings, if any, resulting from cheaper financing by the Petitioner. If the Petitioner manages to negotiate a loan below 1.50% spread, the entire savings would be passed onto the consumers annually, through PYA. In case of more than one loan, the saving with respect to the spread would be worked out based on individual loans. In case, the spread is greater than the allowed cap of 1.50%, additional cost would be borne by the Petitioner itself. Similarly,



S. Hatt



if the Petitioner's total actual cost of debt remains lower than the cost allowed for the year, the entire savings would also be passed onto the consumers annually, through PYA.

Other Income

- 12.34. The Petitioner has submitted that main sources of other income include Interest Income, Sale of Scrap, Amortization of Deferred Credit, Rental & Service Income etc., whereas the Wheeling Charges and Late Payment Surcharge have been excluded as per decision of NEPRA.
- 12.35. Accordingly, the Petitioner has projected the following amounts as Other Income for the FY 2025-26 for its distribution functions:

Mln. Rs.

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Act/Pro.	Proj.
Other Income	-305	-340	-378
%Increase/(Decrease)			11%

- 12.36. The Average Other Income (Rs./kWh) for FY 2025-26 is assessed as under;

Distribution of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Act/Pro.	Proj.
Other Income	(0.14)	(0.15)	(0.16)
%Increase/(Decrease)			8%

- 12.37. Other income is considered to be a negative cost which may include, but not be limited to, amortization of deferred credit, meter and rental income, late-payment charges, profit on bank deposits, sale of scrap, income from non-utility operations, commission on PTV fees and miscellaneous income.
- 12.38. Since the other income would be tried up based on the Audited accounts of the Petitioner, therefore, for the FY 2025-26, the Authority has decided to allow an amount of Rs.627 million as requested by the Petitioner, including the amount of amortization of deferred credit but exclusive of the amount of late payment charges (LPS) for both of its Distribution and Supply functions.
- 12.39. 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 2025-26. 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.
- 12.40. 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 2025-26 pertaining to the Distribution function works out as Rs.431 million.



J. Khan



Working Capital

- 12.41. The Authority during proceedings directed the Petitioner to provide its working capital calculation and has considered the submissions of the Petitioner and in order to assess the working capital requirement of the Petitioner, the Authority obtained details of number of days available with the Petitioner to pay in terms of energy procured from National Grid. Based on the information provided by CPPA-G and in line with the mechanism adopted for KE, the working capital requirement of the Petitioner for its Distribution function has been assessed as under;

Distribution Working Capital	Grant Period (Days)	Factor	HAZECO
Stores and Spares (3% of GFA)	3%	3%	794
Trade debt (30 days of Revenue Receivable)	30	0.08	217
Total Current Assets			1,012
Current Liabilities	2/3	66.67%	674
Working Capital Requirement			337
Less Receipt Against Deposit Work			2,871
Net Working Capital			(2,534)
Cost of debt local		12.00%	
Working Capital Cost			(304)

- 12.42. As mentioned in the table above, the Petitioner's working capital requirement for the distribution function has been assessed as Rs.337 million. The Authority considers that receipts against deposit works, being related with distribution network business, are also required to be accounted for as part of working capital calculations. By including the amount of receipt against deposit works available with the Petitioner, as per the data provided by HAZECO, its net cost of working capital requirement for the distribution function works out as negative Rs.304 million, based on 11% KIBOR+ 1% spread. The allowed spread of 1% shall be the maximum cap, subject to downward adjustment at the end of each financial year, if actual spread remains lower. The same is allowed to HAZECO for the CY 2026, and is subject to adjustment, as per the mechanism provided below, once the audited accounts of HAZECO for the FY 2025-26 are available. The allowed cost of working capital shall be subject to adjustment as under;

Actualization of Previous year based on allowed revenue as PYA

Current Assets

- Lower of 30 days receivables based on allowed revenue (including the impact of allowed adjustments), but excluding Working Capital cost OR Actual average Receivables for the Financial Year (excluding opening receivables).
- Stores & Spares - Lower of 3% of Avg. GFA (opening + closing)/2 or Actual average Stores & Spares. GFA based on Audited account to the extent of allowed Investment.
- Lower of allowed Cash & bank balance or Actual Cash & Bank Balances (Excluding cash/bank balance not meant for O&M expenses)

Current liabilities

- 2/3rd of aforementioned current assets (Receivables + Stores & spares + Cash)





- Receipt against deposit work figure will be actualized based Audited Financial statement initially and finally based on third party evaluation.
 - Any other amount retained by HAZECO
 - For the purpose of 3 - Month KIBOR, the actual weighted average KIBOR of finance cost incurred by HAZECO shall be considered. Similarly, for the purpose of spread, actual weighted average spread incurred by HAZECO shall be considered. In case actual weighted average spread is lower than 1% cap, the same shall be adjusted downward only. No upward adjustment of spread is allowed.
- 12.43. Since the amount of receipts against deposit works has been adjusted while working out the cost of working capital, therefore, any interest earned on such deposits shall not be adjusted as part of other income. The Petitioner therefore shall ensure a separate disclosure of such income in its audited accounts. In case of failure to disclose such income separately, the entire interest income shall be adjusted as part of other income.
13. Whether there will be any claw back mechanism or not?
- 13.1. Although DISCOs made their submissions on this issue, however, the Authority noted that DISCOs were not able to fully comprehend the issue.
- 13.2. The Authority understands that sharing mechanism for any savings by the utility has already been provided under each head separately e.g. O&M costs, T&D losses, cost of debt etc. therefore, no such mechanism is separately required. However, still if there is any additional return by the Petitioner, which could not be comprehended at this stage, the same would be shared between the DISCO and consumers equally.
14. Upfront Indexation/adjustment for the period July 2026 to December 2026
- 14.1. The MoE (PD) vide letter dated 18.08.2025, submitted that NEPRA determines the consumer-end tariff for XWDISCOs and K-Electric in accordance with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the Act), read with Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules, 1998. The uniform rebased tariff, once determined, is notified by the Federal Government under Section 31(7) of the Act. The latest rebasing was notified on July 1, 2025. In accordance with the NEPRA (Tariff Standards and Procedure) Rules, 1998 read with Part 5 of the NEPRA Determination of Consumer-end Tariff (Methodology & Process) Guidelines, 2015, the Distribution Companies (DISCOs) are required to initiate the tariff determination process by submitting their minimum filing requirements by January 31st of each year. The submission is followed by Authority's internal meetings, public hearing, tariff determination and notification by the Government. Keeping in view the recent annual tariff determinations, the rebasing is notified by the Federal Government in the month of July, each year with effect from 1st July.
- 14.2. The MoE (PD) further mentioned that as an unfortunate coincidence, the consumers face high Fuel Charges Adjustments (FCAs) as well as the annual tariff rebasing, simultaneously in the summer months. This increase in tariff coupled with higher consumption leads to significant hike in the consumer electricity bills of summer months which in turn results in unaffordability, public dissatisfaction and nationwide protests in the country. The issue





can be streamlined if the timing of annual rebasing is shifted from summer to winter months where the electricity consumption is lower and any tariff increase can be absorbed in consumer bills. This would result in relatively stable and sustainable electricity prices throughout the year. The National Electricity Plan Strategic Directive 8 also stipulates that the Regulator shall also revisit the "Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015" to enable alignment of schedule of regulatory proceedings for planning activities and rate case & tariff determinations.

- 14.3. The MoE (PD) submitted that the Cabinet has approved that policy guidelines may be issued to NEPRA to revise the annual tariff determination process timelines by amending the relevant legal and regulatory framework in a way that the rebasing is notified with effect from 1st January, each year, after completion of all regulatory proceedings. In this regard, it is highlighted that NEPRA has already determined Power Purchase Price (PPP) references up to June 2026. Projections for the remaining six months will be shared subsequently.
- 14.4. In light of above and in exercise of powers under Section 31 of the Act, the Federal Government issued the following policy guidelines for implementation by NEPRA;
- "NEPRA shall revise the annual tariff determination process timelines by amending the relevant legal and regulatory framework (guidelines, rules and procedures) to ensure that annual rebasing is notified with effect from January 1st of each year, after completion of all regulatory proceedings."*
- 14.5. HAZECO also vide letter dated 20.10.2025 submitted that the MoE (PD) vide letter dated 16.10.2025, has conveyed that the Federal Government has approved the revision of the annual tariff determination schedule, making it effective from 1st January each year. The Authority has already determined the Power Purchase Price (PPP) references up to June 2026, accordingly, it is submitted that the references for the remaining period up to December 2026 may also be determined, in line with the above-mentioned directives.
- 14.6. HAZECO further stated that it has already submitted its Tariff Petitions for FY 2025-26 and the decision of the Authority is awaited. HAZECO accordingly requested the Authority to determine the consumer-end tariff for the period from July 1, 2026 to December 31, 2026 in accordance with the revised annual rebasing timeline effective January 1, 2026, to ensure smooth and timely transition to the revised rebasing schedule.
- 14.7. The matter was discussed during the hearing, and the Petitioner requested the following costs on account of interim indexation for the 06 months period from Jul. 26 to Dec. 26;

Rs. in Million

Description	Requested for FY 2025-26	(Jul to Dec 2026)
Salaries, Wages & Other Benefits	3,154	1,587
Post Retirement Benefits	3,780	1,919
Other O & M Costs	950	480
Depreciation	831	415.50
Return on Rate Base	3,028	1,514
Gross Distribution Margin	11,743	5,916
Less: Other Income	(550)	(270)
Net Distribution Margin	11,193	5,646
Units to be Sold	2,303	1,239
Per Unit DM	4.86	4.56





- 14.8. The Authority has considered the guidelines issued by the Federal Government regarding tariff rebasing to be made effective from 1st January, instead of July each year. The Authority is cognizant of the fact that rebasing of tariff effective July, if upward, coupled with high consumption, leads to increase in overall electricity bills during summer months; thus, adversely impacting DISCOs performance in terms of recoveries and losses. However, even with re-basing in January, the overall billing impact for the consumers in summer months would remain same, had the rebasing been made effective from July. Nonetheless, in light of NE Plan, SD 8 and the instant policy guidelines, the Authority has completed the consultation process for revision in "Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015", and the same are now in the process of notification.
- 14.9. Further, in light of the instant policy guidelines, the Authority has determined the revised Power Purchase Price (PPP) references for the period from January 2026 to December 2026 through a separate decision. Pursuant thereto and keeping in view the request of the Petitioner to also determine tariff for the period from July 1, 2026 to December 31, 2026, in accordance with the revised annual rebasing timelines, the Authority has also determined provisional revenue requirement of HAZECO for the period from July 1, 2026 to December 31, 2026 as under:

	Units	July to December 2026 FY 2026-27
Pay & Allowances	(Min. Rs.)	1,205
Post Retirement Benefits	(Min. Rs.)	1,055
Repair & Maintenance	(Min. Rs.)	91
Traveling allowance	(Min. Rs.)	25
Vehicle maintenance	(Min. Rs.)	25
Other expenses	(Min. Rs.)	63
O&M Cost	(Min. Rs.)	2,465
Depreciation	(Min. Rs.)	369
RORB	(Min. Rs.)	846
O. Income	(Min. Rs.)	(314)
Margin without PYA	(Min. Rs.)	3,937

- 14.10. For the purpose of rebasing for the period from Jan. to Dec. 2026, the amount recovered by the Petitioner, to the extent of distribution and supply margin along-with PYA, from Jul. to Dec. 25, based on interim tariff allowed for the FY 2025-26, has been adjusted from the revised assessed tariff for the FY 2025-26. The recovered amount has been calculated by applying the Rs./kWh rate as per the interim tariff (to the extent of Distribution & Supply Margin and PYA), with the projected unit sales from July to December 2025.
- 14.11. The adjusted revenue requirement so worked out for the period from Jan. to Jun. 26 has been clubbed together with the provisional revenue requirement determined for the period from Jul. to Dec. 2026, to work out the overall revenue requirement of the Petitioner for the period from January 2026 to December 2026. The Schedule of Tariff (SoT) of the Petitioner has been designed accordingly.
- 14.12. Any under over recovery of the determined revenue requirement for the FY 2025-26, based on the allowed regulatory targets in terms of T&D losses, recovery etc., and provisional revenue requirement being allowed for the six months period i.e. from Jul. to



J. Matt



Dec.26, would be adjusted subsequently, while determining the final revenue requirement of the Petitioner for the FY 2026-27.

15. Order

15.1. 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 2025-26 along-with upfront indexation/adjustment from July to December 2026 and Tariff table of CY 2026 (January 2026 to December 2026), to the extent of its Distribution function is summarized as under;

Description	Unit	Revised	Allowed GY 2026
		Allowed FY 2025 26 DOP	DOP
Units Purchased	(MkWh)		3,094
Units Sold	(MkWh)		2,618
Units Lost	(MkWh)		476
Units Lost	(%)		15.39%
Pay & Allowances	(Min. Rs.)	1,464	1,175
Post Retirement Benefits	(Min. Rs.)	1,230	633
Repair & Maintenance	(Min. Rs.)	110	88
Traveling allowance	(Min. Rs.)	30	22
Vehicle maintenance	(Min. Rs.)	30	(7)
Other expenses	(Min. Rs.)	77	(44)
O&M Cost	(Min. Rs.)	2,941	1,667
Depreciation	(Min. Rs.)	764	723
RORB	(Min. Rs.)	1,161	565
O.Income	(Min. Rs.)	(431)	(448)
Margin without FYA	(Min. Rs.)		(2707)
Prior Year Adjustment	(Min. Rs.)		-
Working Capital	(Min. Rs.)		(304)
Total	(Min. Rs.)	4,455	2,403
Revenue Requirement	(Min. Rs.)	4,455	2,403
Average Tariff	(Rs./kWh)		0.92

15.2. The above assessment has been carried out based on the data/information provided by the Petitioner, which the Authority believes is correct and based on facts. In case of any deviation / misrepresentation observed at a later stage, the Petitioner shall be held responsible for the consequences arising out, under NEPRA Act, Rules and Regulations made thereunder. Any consequential adjustment if required will be made accordingly.

15.3. The Petitioner is directed to submit its next tariff petition under the MYT regime by the end of July 2026, and the monthly and quarterly adjustments as per the following time lines;

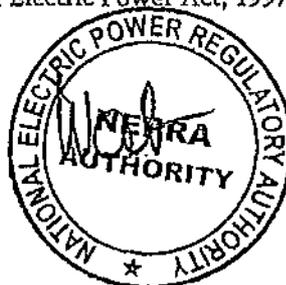
Description	From Through	ADJUSTMENT/ INDEXATION	TIME LINES
Power Purchase Price	From through	The Authority, keeping in view of any abnormal changes may review Power Purchase Price references along with any Quarterly adjustments.	Data to be provided by CPPA (G) by close of the month.
Fuel Cost			
Variable O&M			
Capacity Charges			
Transmission, T.O&C & M&F Charges			



J. Math



- 15.4. For determination of use of system charges based on the aforementioned revenue requirement the petitioner is directed to file its use of system charges petitions in line with applicable documents.
- 15.5. The Petitioner is responsible to provide distribution service within its service territory on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority and make its system available for operation by any other licensee, consistent with applicable instructions established by the system operator.
- 15.6. The Petitioner is directed to ensure separate disclosure of each item in its audited financial statements as mentioned in the determination.
- 15.7. The Petitioner is also directed to ensure breakup of its Operating cost in terms of Distribution and Supply function separately in its audited financial statements.
- 15.8. The Petitioner shall 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 agency of the Federal or Provincial Government;
- 15.9. The Petitioner shall ensure to develop, maintain and publicly make available, its investment program for satisfying its service obligations and acquiring and selling its assets.
- 15.10. The Petitioner shall 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.
- 15.11. 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.
16. Summary of Direction
- 16.1. The Authority hereby directs the Petitioner to;
 - i. provide the reconciled date of sales mix with its reported revenue as per audited financial statements each year.
 - ii. provide the IDC amount with subsequent adjustment request and reflect the same in its Audited Financial Statements each year.
 - iii. get its data, regarding units billed to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers, reconciled with PITC and submit such reconciliation to the Authority every year.
 - iv. ensure that by the time it files its next tariff petition/ adjustment request, MDI for all consumers at all levels is properly recorded.
 - v. provide a certification from its Auditors that Repair and Maintenance expenditure does not include any CAPEX nature item
17. The Determination of the Authority, is hereby intimated to the Federal Government for filing of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.



J. Malik



18. The instant determination of the Authority along-with order part, be also notified in terms of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application decision of the Authority.

AUTHORITY

Armina Ahmed
Member

Engr. Maqsood Anwar Khan
Member

Waseem Mukhtar
Chairman





Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
Tel: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-637/HAZECO/Supply/TRF/2025 381-88

January 07, 2026

SUBJECT: DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY HAZARA ELECTRIC SUPPLY COMPANY LIMITED (HAZECO) FOR DETERMINATION OF SUPPLY TARIFF FOR THE FY 2025-26

Please find enclosed herewith the subject Determination of the Authority alongwith Annexures (total 56 pages).

2. The Determination of the Authority, is hereby intimated to the Federal Government for filing of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The instant determination of the Authority along-with order part and Annexures, be also notified in terms of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application decision of the Authority.

Enclosure: As above


(Wasim Anwar Bhinder)

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

Copy to:

1. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
2. Mr. Shehriyar Abbasi, Deputy Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Energy and Power Department, Government of Khyber Pakhtunkhwa, 1st Floor, A-Block, Abdul Wali Khan Multiplex, Civil Secretariat, Peshawar
4. Managing Director, National Grid Company (NGC) of Pakistan, 414 WAPDA House, Shaharah-e-Quaid-e-Azam, Lahore
5. Chief Executive Officer, Central Power Purchasing Agency Guarantee Ltd., (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
6. Chief Executive Officer, Hazara Electric Supply Company (HAZECO), 426/A, PMA Link Road, Jinnahabad Abbottabad
7. Chief Executive Officer, Independent System and Market Operator (ISMO) of Pakistan, Pitras Bukhari Road, Sector H-8/1, Islamabad



National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-637/HAZECO/Supply/TRF/2025

DETERMINATION OF SUPPLY OF POWER TARIFF PETITION
FOR
HAZARA ELECTRIC SUPPLY COMPANY LIMITED (HAZECO)
FOR THE FY 2025-26 UNDER
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

JANUARY 07, 2026

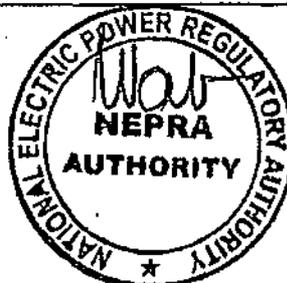


Wali, 9



Abbreviations

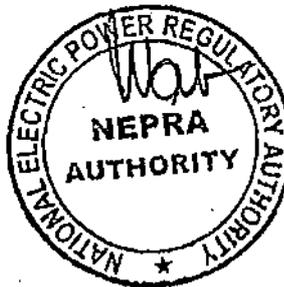
CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
ADB	Asian Development Bank
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	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
CY	Calander Year (Jan. to Dec.)
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
PESCO	Peshawar Electric Supply 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
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

J. M. A.





DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
HAZECO ELECTRIC SUPPLY COMPANY LIMITED (HAZECO) FOR DETERMINATION
OF SUPPLY OF POWER TARIFF FOR THE FY 2025-26

PETITION NO: NEPRA/TRF-637/HAZECO/Supply/TRF/2025

PETITIONER

Hazara Electric Supply Company Limited (HAZECO), WAPDA Computer Center, Abbotabad.

INTERVENER

Nil

COMMENTATOR

Nil

REPRESENTATION

HAZECO was represented by its Chief Executive Officer along-with his technical and financial teams.

F. M. M.





1. Background

- 1.1. The Authority issued Distribution and Supplier of Last Resort (SoLR) Licenses to Hazara Electric Supply Company (HAZECO) vide decisions dated 23.05.2025. The Petitioner, was thus required to file its tariff Petitions for both the Distribution and Supply functions, in line with the NEPRA Guidelines for determination of Consumer End tariff (Methodology and Process) 2015, along-with its distribution investments plan and assessment of T&D losses. The Authority accordingly vide letter dated 23.05.2025, directed HAZECO to immediately file the Multi-Year Petitions for determination of tariff for the Distribution and Supply businesses and to also file interim tariff petitions for its Distribution and Supply business for the FY 2025-26, as the Tariff for the FY 2025-26 is required to be implemented w.e.f. 01.07.2025.
- 1.2. Pursuant thereto, the Petitioner filed its tariff petitions along-with application for grant of interim tariff for the FY 2025-26, vide letter dated 04.06.2025. The Authority admitted the tariff petitions filed by HAZECO and also while acceding to the request of the Petitioner, allowed an interim tariff for the FY 2025-26 vide decision dated 23.06.2025, after following the due process of law.
- 1.3. The Petitioner, inter alia, requested the following costs for its Supply of power function for the FY 2025-26;

Particulars	Units	FY 2025-26
Power Purchases	GWh	2,722
T&D Losses	%	15.39%
Unk's Lost	GWh	419
Unk's to be sold	GWh	2,303
Power Purchases price	Rs. Mln	79,104
Wire Business Cost	Rs. Mln	7,846
Margin		
Salaries and benefits	Rs. Mln	2,350
Repair and Maintenance	Rs. Mln	10
Travelling expenses		21
Vehicle expenses		37
Other expense		412
Total O&M Costs	Rs. Mln	2,831
Depreciation	Rs. Mln	83
Return on Rate Base	Rs. Mln	605
Taxation	Rs. Mln	1,129
Gross Margin	Rs. Mln	4,648
Less: Other Income	Rs. Mln	-172
Net Margin	Rs. Mln	4,476
Total Revenue Requirement	Rs. Mln	91,426
Requested Tariff	Rs./kWh	39.70

2. Proceedings

- 2.1. In terms of Rule 4 of the Rules, the petition was admitted by the Authority. Since the impact of any such costs 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 parties and to meet the ends of natural justice, decided to conduct a hearing in the matter.
- 2.2. Hearing in the matter was scheduled on November 06, 2025, for which notice of admission / hearing along-with the title and brief description of the petition was published in the



J. Malik



newspapers on 25.10.2025, 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 requested/projected Power Purchases Price (Energy & Cost) for the FY 2025-26 is justified?
- ii. Whether the requested O&M cost for FY 2025-26, is justified and what are the basis for such projections?
- iii. Whether the requested new hiring is justified and what are basis for new hiring?
- iv. Whether the requested amount for FY 2025-26 under heads of Other Income, Deprecations, Tax and RORB based on WACC of 17.05% is justified?
- v. Whether there should be any fixed charges on Units exported by net metering users to the extent of Transmission and Distribution charges or otherwise?
- vi. Whether the recovery target and provision for bad debt as provided in petition is justified?
- vii. 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?
- viii. Whether the Schedule of tariff be designed on cost-of-service basis or otherwise?
- ix. Whether the Tariff terms & conditions as applicable in other DISCOs shall be applied in service territory of HAZECO or otherwise?
- x. 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. In response no intervention request/ comments were received.

4.2. During the hearing, the Petitioner was represented by its Chief Executive Officer along-with its technical and financial teams.

4.3. On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;

5. Whether the requested/projected Power Purchases Price (Energy & Cost) for the FY 2025-26 is justified?

5.1. The Petitioner, during the hearing submitted following historical trend of its purchases/ sales;





Year	Units Purchased (MkWh)	Units Sold (MkWh)
2023-24	2,517	2,121
2024-25	2,646	2,233
2024-25 (July-Sept)	788	643
2025-26 (Jul -Sept)	836	708

- 5.2. The Petitioner submitted that based on the forecast analysis as well as the historic trend, units projected sale for FY 2025-26 is 2,303 MkWh for 805,584 consumers & a growth of about 2 to 3 % is considered owing to increase in the demand. The Petitioner based on previous generation trend, projected the following PPP for the FY 2025-26;

Description	UoM	FY 2024-25	FY 2025-26
Energy Charges	(Rs. Mln)	28,018	28,584
Capacity Charges	(Rs. Mln)	44,419	45,277
Use of System Charges	(Rs. Mln)	5,091	5,224
Market Operator Fee	(Rs. Mln)	17	17
Power Purchase Price (PPP)	(Rs./Kwh)	29.31	29.06

- 5.3. The Petitioner further stated that actual PPP is regulated by NEPRA over the period, thus any subsequent increase / decrease in the PPP determined by NEPRA may be adjusted on monthly/quarterly/biannual basis.
- 5.4. 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 has determined the power purchases (GWhs) along-with its cost for each of the DISCOs through a separate decision, therefore, for the purpose of instant decision, the power purchases (GWhs) of the Petitioner as per the separate PPP decision, have been taken into account.
6. Whether the requested O&M cost is justified and what are the basis for such projections?
7. Whether the requested new hiring is justified and what are basis for new hiring?
- 7.1. The Petitioner submitted that its Margin consists of the following factors:

- Operation & Maintenance Expenses:
 - ✓ Operational Expenses:
 - Salary Wages & Other Benefits
 - Travelling Expenses
 - Vehicle Expenses
 - Other Expenses
 - ✓ Repair & Maintenance Expenses
 - ✓ Other Income

Male J





- ✓ Depreciation Expense
- ✓ Return on Rate Base
- ✓ Provision for bad debts

7.2. The sum of the O&M Cost, Depreciation, Provision for Bad Debts and RORB minus Other Income results in HAZECO's Distribution Margin, dividing this by the total units sold yields the average Distribution Margin per kWh.

Salaries and wages:

- 7.3. Actual salaries and wages of GSO Circle, PD GSC and PD C&O have been allocated to Supply Function (EPS), since these circles / directorates are responsible for construction, rehabilitation, augmentation, maintenance and similar activities involved in Distribution Function for providing electricity to the end consumers.
- 7.4. The XEN offices comprise of technical as well as administrative staff, the salaries of technical and administrative staff such as XEN, SDO, line man, assistant line man, line superintendents etc. have been allocated to Distribution Function on actual basis except for meter readers, bill distributors and meter reading supervisors, and the same has been allocated to Supply of Electricity as their job description relates to billing and recovery.
- 7.5. Power Supply (Sale of Electric Power) comprises of actual expenditures of revenue offices and salaries and wages of meter reader, bill distributor and meter reading supervisors, since their primary role is administrative in nature comprising of billing to consumers, addition of new connections and recovery from consumers. Provision for doubtful debts is allocated to the Supply Business (Sale of Electric Power) along with partial allocation of depreciation for the furniture and fixtures, computer equipment, vehicles etc.
- 7.6. Moreover, the expenditure of HQ, and other offices has been allocated on the most suitable basis to Distribution Function or Supply of Power. Based on the above assumptions HAZECO O&M expenditure for FY 2025-26 is bifurcated as under:

O&M Expenses

7.7. O&M expenses include Salaries & Wages, Repair & Maintenance, Travelling, Vehicle Running and Other Expenses. Based on the impact of increase in inflation, salaries and other allowances, the Audited O&M Expense for FY 2022-23 and FY 2023-24 are Rs. 5,225 million and Rs. 6,309 million respectively and the projections for FY 2024-25 & 2025-26 are as per detail below:

Description	Mln. Rs.			
	FY 2024-25			FY 2023-24
	NEPRA determination for PESCO (Inc HAZECO)	Prov. Total	Variance	Audited
Salaries and Benefits	30,780	6,122	24,658	5,770
Repair and Maintenance	1,493	218	1,275	198
Travelling Expenses	444	56	388	51
Vehicles Expenses	320	112	208	75
Other Expenses	1,650	436	1,214	215
Total	34,687	6,944	27,743	6,309

Matu 7





7.8. The breakup of O&M cost for FY 2025-26 for Supply of Power is as under:

Mln. Rs.

Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Salaries and Benefits	1,956	2,076	2,350
Repair and	9	9	10
Travelling Expenses	15	16	21
Vehicle Expenses	18	26	37
Other Expenses	184	374	412
Grand Total	2,181	2,502	2,831
% Increase/(Decrease)		15%	13%

7.9. Salaries & Wages including employee's retirement benefits is the major component of O&M expense. The following additional increases are also made by GoP in its annual budget for FY 2024-25 along with various other impacts.

Increase in Pay & Allowances announced for FY 2025-26:

- i. Expected increase in salaries (15%).
 - ii. Impact of Additional recruitment.
 - iii. The cost of new hiring has been claimed as an additional requirement for the newly established HAZECO. In the absence of adequate staff hiring, the Petitioner will not be able to operationalize its functions effectively.
 - iv. Employees Retirement Benefits have been based on the average of annual increase in the last two years audited figures.
- ✓ Keeping in view the above increases, the Salaries and Wages are based on the Bifurcated Audited Financial Statement of HAZECO for FY 2023-24 and Provisional figure for FY 2024-25 and projected for FY 2025-26 are as under:

Mln. Rs.

Description	FY 2024-25			FY 2023-24
	NEPRA determination for PESCO (Inc HAZECO)	Prov. Total	Variance	Audited
Salaries and Benefits	30,780	6,122	24,658	5,770

New Recruitment:

Description	FY 2026
	Prov.
New Hiring (Nos)	
Cost (Mln. Rs.)*	419

- ✓ The requirement for a Single Year Tariff (SYT) has been presented in the proposal based on a rational and data-driven approach. The consumer base growth has been assessed by comparing the number of consumers in January 2024 and January 2025, and the increase has been duly quantified. In addition, the projected retirements during FY 2025-26 have been factored in, and based on this analysis, the need for new hiring of qualified





professionals and essential staff has been determined to ensure operational readiness and regulatory compliance.

- ✓ It is important to highlight that the projected human resource requirements presented herein are based on reasonable assumptions and operational forecasts, which may be revised as per ground realities during the course of implementation. Accordingly, the number and categories of staff may change depending on actual functional needs and regulatory considerations. Furthermore, the recruitment process at HAZECO will be carried out in accordance with the approved organogram and will also consider the manpower being transferred from PESCO under the bifurcation scheme. All recruitments will be undertaken in line with government policy guidelines and approvals from the competent forums.
- ✓ However, the then PEPCO has devolved all the matters regarding HR affairs of DISCOs being processed by the then PEPCO to DISCOs vide letter No. GMHR#5778-5810, dated 14.01.2021 conveying that respective BoDs should exercise the powers of the MD PEPCO which will bring an opportunity for the Company to proceed for HR requirements through its BoD against critical requirements as and when considered necessary or unavoidable.
- ✓ HAZECO is currently working on strength of 1,731 employees approximately out of which 58 are officers of different grades. The shortage of the staff is the main cause of losses and system constraints being faced by HAZECO at present.
- ✓ The O&M expenses are one of the major unknowns for XWDISCOs in Pakistan due to many uncontrollable factors such as statutory implications arising out of increase in salaries (as announced by the Federal Government), increase in certain expenses due to growth in consumer base, this includes increase in maintenance expenses, meter reading expenses, whereas other expenses are directly linked to the rate of petroleum. The employees' cost includes costs related to salaries and benefits of all staff (administrative, operational and security). To ensure an efficient, coordinated, economical distribution system and to build, maintain and operate the system more systematically, it will be employing a highly skilled and technically proficient team to manage all aspects of the distribution of power to ensure that all key commercial interests of all stakeholders are maintained, protected and prioritized.
- ✓ The O&M cost needs to be bifurcated into controllable and uncontrollable cost components and the 'Uncontrollable costs' are requested to be trued-up at the end of every year and the 'Controllable costs' should be indexed every year with CPI change less agreed efficiency factor, adjustable in last two years, to pass on the benefit of system efficiency to the consumers.

Controllable Cost:

- ✓ The controllable O&M costs are projected by assuming an inflation rate of 10%. The controllable cost during FY 2025-26 will also increase due to new projects (as envisaged in DM) and accordingly this new addition in per unit base cost of controllable component may be allowed in the related year in which project is planned to be completed and indexed subsequently as part of controllable cost component.





Uncontrollable Cost:

- ✓ With regards to uncontrollable cost different growth rates are projected for different cost streams based on management experience. Uncontrollable cost factors could be affected by growth in employee benefits, consumer growth rates and growth in regulatory fee etc. The uncontrollable cost will also increase due to new projects (as envisaged in DIIP) and accordingly projected cost includes impact of new projects.
- ✓ The detail of controllable and uncontrollable costs is as under;

Controllable Costs	Uncontrollable Costs
Travelling Expenses	Pay and Allowances – Existing
Office Supplies & Store handling	Rent, Rate & Taxes
Vehicle Expenses	Injuries & Damages
Power, Light & Water	Collection Expenses
Communication & Postage	Legal Charges
Advertising & Publicity	Management Fee
Subscription & Periodicals	Audit Charges
Misc. Expenses	
Bank Charges	
Insurance Premium	

Adjustment mechanism:

- ✓ The following adjustment mechanism is proposed:
 - a. The base year FY 2024-25 does not reflect the true cost and accordingly factor "N" is included to account for the new recruitments.
 - b. Adjustment in Salary & Pension (including pension part of post-retirement benefit) may be linked with the Increase announced by GoP in Annual Budget on actual basis.
 - c. 5% increase on account of Annual Increment may be allowed.
 - d. The remaining allowances / benefits may be adjusted on the basis of CPI for controllable costs and on the basis of actual in case of uncontrollable costs.
 - e. An additional variable "N" may be included to account for the New Hiring (excluding outsourcing of Services like Bill Distributor, Drivers etc.) against vacant positions and the same may be indexed as proposed above.
 - f. The O&M part of Distribution Margin shall be indexed with CPI (component wise).

- ✓ Accordingly, the O&M will be indexed for next year according to the following formula:

$$O\&M_{Rev} = [O\&M_{Ref} \times (1 + (\Delta CPI - X))] + O\&M_{Actual} + N$$

Where:

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

O&M (Ref) is Reference O&M Expense for the Reference Year which is controllable cost

O&M (Actual) is Actual O&M Expense for the Current Year and is uncontrollable cost

F. H. Khan





*ACPI is Change in Consumer Price Index published by Pakistan Bureau of Statistics latest available on 1st July against the CPI as on 1st July of the Reference Year in terms of percentage (excluding pay & allowances and pension)

X is Efficiency factor and may be allowed to the extent that the actual expenses are less than the determined instead of 30%, which is on a very higher side as CPI is not a true reflection of DISCOs expenses

N is New Hiring (excluding outsourcing of Services like Bill Distributor, Drivers etc), including indexation of controllable and un-controllable costs to account for the expenditure that is not in the Base Cost

* Note: Change in CPI may be used component wise instead of general NCPI, e.g., for vehicle expenses, NCPI under transport category should be used or it should be linked with PSO prices.

Repair & Maintenance:

- ✓ Repair and Maintenance expenses have been assumed at around 2% of the net Fixed Assets in operation. HAZECO has to maintain its old and over loaded system in order to ensure un-interrupted power supply to the consumers; moreover cost of material has also increased due to inflationary pressure. Therefore, Repair & Maintenance expenditure has been projected for Distribution (Non-Sale Elements) as Rs.229 million for FY 2025-26.
- ✓ 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 FY 2025-26. The repair and maintenance are mainly for standalone items necessary for keeping the system in operation with no additional benefits.
- ✓ The projected Repair & Maintenance for Supply of Power Business for FY 2025-26 is as under:

Mln. RS.

Distribution and Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Repair and Minatenance	198	218	239
% Inrease/(Decrease)		10%	10%

Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Repair and Minatenance	9	9	10
% Inrease/(Decrease)			11%

- ✓ Adjustment in Repair & Maintenance may be linked with the percentage of Fixed Assets (i.e. 2% of the net Fixed Assets) in operation.

J. Matu





Travelling expenses:

- ✓ Travelling Expenses for Supply function have been projected at Rs. 21 million for the FY 2025-26.

Mln. Rs.

Distribution and Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Travelling Expense	51	57	72
% Increase/(Decrease)			26%

Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Travelling Expense	15	16	21
% Increase/(Decrease)			31%

- ✓ Adjustment in Travelling Expenses may be linked with the CPI.

Vehicle running expenses:

- ✓ Vehicle Running Expenses for Supply function were Rs. 18 million for the FY 2023-24 and projected for FY 2025-26 at Rs. 37 million.

Mln. Rs.

Distribution and Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Vehicle Expense	75	112	159
% Increase/(Decrease)			42%

Mln. Rs.

Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Vehicle Expense	18	26	37
% Increase/(Decrease)			42%

- ✓ Adjustment in Vehicle Running Expenses may be linked with the CPI.

Other Operating expenses:

- ✓ Other Expenses include Rent, Rates and Taxes, Utility expenses, communications, office supplies, professional fees, auditor's remuneration, outsourced services, management fees, electricity bill collection expenses etc. and are projected as under:

Mln. Rs.

Distribution and Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Other Expenses	215	436	480
% Increase/(Decrease)			10%



7 mark



Mln. Rs.			
Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Other Expenses	184	374	412
% Increase/(Decrease)			10%

Adjustment mechanism:

- ✓ Adjustment in Other Operating Expenses may be linked with the CPI.

7.10. The Petitioner presented the following head wise detail of the requested amounts and the parameters for the proposed increase;

Mln. Rs.		
Description	Unit	FY 2025-26
Salaries and benefits	Rs. Mln	2,350
Repair and maintenance	Rs. Mln	10
Travelling Expenses	Rs. Mln	21
Vehicle Expenses	Rs. Mln	37
Other expense	Rs. Mln	412
Total O&M Costs	Rs. Mln	2,831

- Salaries and other benefits: Increase is proposed based on GoP actual increase.
 - ✓ 10% ARA, 30% DRA and
 - ✓ annual increments.
 - ✓ 10% increase in Pension
 - ✓ Estimated cost of Rs.419 million for hiring against 163 positions of different cadres duly approved by the BOD
- Repair & Maintenance: The remaining costs are proposed to be adjusted on the basis of NCPI for controllable costs and on the basis of actual in case of uncontrollable costs.
- Travelling Expenses: Increase in line with inflation and as per NCPI and due to increase in number of employees.
- Vehicle Expense: Increase due to the POL price and number of increase in vehicle with new company.

7.11. Regarding new hiring the Petitioner submitted that;

- HAZECO is currently working with strength of 1770 employees, out of which 53 are officers of different grades. Total sanctioned strength of the company is 4534 out of which 183 are officers. There are 2764 vacant posts.
- The Company is recently carved out from PESCO and some of the employees have opted to stay with the parent company i.e. PESCO. The new hiring is explicitly justified by a "severe shortage of resources" and the need to mitigate "losses and system constraints and operations would be "unsustainable" without the required recruitment.
- The number of new hiring is projected based on two factors:
 - ✓ To fill the vacant positions required to operate the company business which is also primarily necessary to handle the market growth.



J. Math



- ✓ Subtracting the projected number of employee retirements.
 - The cost of this new hiring is not included in the regular salary budget, however, it is claimed separately as an adjustment factor 'N' in the O&M formula.
- 7.12. The Authority observed that as per section 31(3) of NEPRA Act, following general guidelines shall be applicable to the Authority in the determination, modification or revision of rates, charges and terms and 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;"
- 7.13. 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 DISCO'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.
- 7.14. Here it is also pertinent to mention that as per the approved tariff methodology the Power Purchase Price is the only uncontrollable cost which is allowed a pass-through item. The other remaining costs are to be treated as controllable costs.
- 7.15. Considering the fact that the Petition has been filed for one year i.e. for the FY 2025-26, the Authority has decided to consider the costs as per the Audited/ provisional accounts of the Petitioner for the FY 2024-25 as base year.
- 7.16. 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 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.

7.17. In view thereof, the head wise assessment of the Petitioner under each of the requested costs is as discussed hereunder.

8. Salaries, Wages and Other benefits (including post-retirement benefits)

8.1. The Authority noted that head of Salaries, Wages and Other Benefits include employees Pay & Allowances and Post-retirement benefits and accounts for over 80% of the Petitioner's total O&M costs, excluding therefrom depreciation and RoRB. 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. Therefore, salaries & wages cost of employees can be considered as un-controllable cost for XWDISCOs as long as they remain in public sector.

8.2. Considering the fact that the cost for the FY 2025-26 is being assessed, the Authority has taken into consideration the costs based on the bifurcated accounts the Petitioner & PESCO for the FY 2024-25, and information shared by the Petitioner subsequently in this regard.

8.3. The actual total cost as provided by the Petitioner for the FY 2024-25, under Salaries & Wages (including post-retirement benefits) is Rs.3,804 million. The said amount has been considered as base cost and increases as approved by the Federal Government on Salaries and Wages in the Federal Budget for the FY 2025-26 i.e. ad-hoc relief allowance of 10% and DR allowance of 30%, along-with impact of annual increment, i.e. 5% have been incorporated thereon.

8.4. Accordingly, the cost of Salaries & Wages (including postretirement benefits), for both the Distribution and Supply Functions works out as Rs.4,203 million. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply functions.

8.5. 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 (including postretirement benefits) for the FY 2025-26 pertaining to the Supply of power function works out as Rs.1,509 million

8.6. 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 and other benefits cost of the Petitioner, based on its audited accounts for the relevant year for its existing employees. The impact of any such adjustment would be allowed as part of PYA in the next tariff determination.

9. Additional Recruitment

9.1. Regarding additional recruitment, the Authority observed that Salaries & Wages cost for the FY 2024-25, as per the accounts of the Petitioner, has been considered as base cost, therefore, impact of any new recruitment made till FY 2024-25 has already been accounted





for. For future recruitment, the Authority understands that any allowing cost upfront either on account of new hiring or outsourcing, would be unfair with the consumers, without considering/ analyzing its benefits. The Authority understands that it will be in a better position to adjudicate on the issue, once the Petitioner provides details of 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 services actually outsourced during each year or new hiring if any, along-with its financial impact and benefits accrued, for consideration of the Authority, in its subsequent adjustment/ indexation request. This addresses the concern of the Petitioner regarding inclusion of an "N" factor.

10. Repair & Maintenance Costs

- 10.1. Regarding Repair and maintenance expenses, the Petitioner has assumed the same at around 2% of the net Fixed Assets in operation. The Petitioner while justifying its submissions stated that it has to maintain its old and over loaded system in order to ensure un-interrupted power supply to the consumers, moreover cost of material has also increased due to inflationary pressure. Accordingly, the Petitioner projected repair & maintenance costs of Rs.239 million for Distribution and Supply of Power Function for the FY 2025-26.
- 10.2. The Petitioner submitted that R&M 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. The Petitioner for the adjustment of above costs proposed that this may be linked with the percentage of Fixed Assets (i.e. 2% of the net Fixed Assets) in operation.
- 10.3. The Authority has carefully examined the Petitioner's request of linking the R&M cost as a percentage of Net Fixed Assets (NFAs). The Authority, while going through the actual expenditure incurred by the Petitioner on account of R&M during the FY 2022-23 and FY 2023-24, as per the Audited accounts for these periods showing bifurcation of costs between PESCO and HAZECO, observed that R&M costs works out as 1.03% and 1.38% of the NFAs for the FY 2022-23 & FY 2023-24 respectively. Moreover, the Petitioner has not provided any rationale or working to substantiate its request of setting R&M as 2% of NFAs except that it has to maintain old and over loaded system in order to ensure un-interrupted power supply to the consumers, and that cost of material has also increased due to inflationary pressure.
- 10.4. 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 requested for huge CAPEX of around Rs.5,365 million 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. Thus, the Petitioner's idea if adopted would result in undue benefit to the Petitioner in the long run. In addition to aforementioned discussion, the Petitioner's request of annual adjustment in this regard is against the very spirit of multiyear tariff regime.



J. Malik



- 10.5. In view of the foregoing and keeping in view the current approved tariff methodology, the Authority has decided to allow an amount of Rs.172 million under R&M head for both the Distribution and Supply functions, for the FY 2025-26 after incorporating the inflationary impact on the R&M cost as per the data/ information provided by the Petitioner for the FY 2024-25 and keeping in view the bifurcated accounts of the Petitioner, for the FY 2024-25, provided by PESCO. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions.
- 10.6. Since the Audited 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 2025-26 pertaining to the Supply of Power function works out as Rs.62 million.
- 10.7. The DISCOs are also directed to provide a certification from its Auditors that Repair and Maintenance expenditure does not include any CAPEX nature item. In case any CAPEX nature cost has been booked as R&M expenses, the same may be disclosed separately in the financial statements. The Authority may consider to revise the R&M assessment of the Petitioner, based on such disclosure/certification.

11. Other O&M Expenses

- 11.1. Other O&M expenses include Travelling costs, Vehicle Maintenance and other expenses i.e. Rent, Rates & Taxes, Power, Light and Water, Communication, Bill Collection Charges, Office supplies, Director Fees, Auditor Remuneration, Professional Fees, Outside Service Employed, Management Fees, NEPRA License Fees, Advertisement & Publicity, Subscriptions & Periodicals, Representation & Entertainment, Insurance, Bank Charges, and other miscellaneous expense.
- 11.2. The Petitioner projected its Other O&M costs including Travelling, Vehicle Maintenance and other expenses as under, for its Supply function for the FY 2025-26;

Mln. Rs.		
Description	Unit	FY 2025-26
Travelling Expenses	Rs. Mln	21
Vehicle Expenses	Rs. Mln	37
Other expense	Rs. Mln	412
Total O&M Costs	Rs. Mln	470

- 11.3. 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 tariff control period. Here it is pertinent to mention that the Petitioner itself has requested that other O&M expenses, may be linked with CPI. Accordingly, for assessment of Other O&M costs for the FY 2025-26, the Authority, has decided to allow an amount of Rs.214 million under Other O&M expenses for both the Distribution and Supply functions, for the FY 2025-26 after incorporating the inflationary impact on the Other O&M cost as per the data/ information provided by the Petitioner for the FY 2024-25 and keeping in view the bifurcated accounts of the Petitioner for the FY 2024-25, provided by PESCO. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions.





- 11.4. By considering the figures as per the financial statements, the Authority has incorporated all the costs including bill collection, building rent, NEPRA fee, insurance cost, rent, rates & taxes, and travelling, transportation etc.
- 11.5. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Other O&M costs in terms of Distribution and Supply 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 expenses for the FY 2025-26 pertaining to the Supply function works out as Rs.77 million.
- 11.6. In case the Petitioner's actual O&M cost for the FY 2025-26, once its audited accounts for the said year area available, is lower than the amount allowed for that year, any saving in this regard, shall be shared between consumers and the Petitioner in the ratio of 50:50.

PPMC Fee

- 11.7. Here it is pertinent to mention that some DISCOs during the hearing requested to allow cost on account of Management Fee of Power Planning and Monitoring Company (the "PPMC"). DISCOs in support of their request referred to the SRO 1358-I (2025) dated 29.07.2025, issued by the Ministry of Energy (PD), pursuant to the Federal Cabinet decision dated 27.10.2021, the National Electricity Policy, 2021, the National Electricity Plan (2023-2027), whereby it has been designated as a "designated entity" for the implementation of the priority areas of the NE Plan, and strategic roadmap as per the NE policy. The SRO further mandates the company to charge a fee from DISCOs, for the services rendered, as may be approved by the BoD of PPMC from time to time. The BoD of PPMC may, on annual basis, approve the annual budget and allocation of fees to DISCOs.
- 11.8. It has also been submitted that clause 34(f) of the IMF Country Report clearly acknowledges PPMC's role in supporting policy, regulatory and tariff affairs, sector reforms, privatization, CD management and integrated power and energy planning.
- 11.9. The Authority noted that the National Electricity Plan allows the designated entity to charge a regulatory fee, which shall be allowed by the Regulator. The Authority also noted that previously the Authority discontinued the PEPCO fee in the absence of appropriate structure in place. The Authority also takes cognizance of the SRO dated 29.07.2025, issued by the Ministry of Energy (PD), pursuant to the Cabinet decision, as well as other justifications submitted by the DISCOs regarding the declaration of PPMC as a "designated entity" and its role in supporting policy, regulatory, and tariff matters, sector reforms, privatization, CD management, and integrated power and energy planning.
- 11.10. However, the Authority is of the view that it would be in a better position to adjudicate the matter, once the DISCOs provide details of the actual costs incurred and the functions/services performed as designated entity for DISCOs and others, duly substantiated with documentary evidence and justifications.
- 11.11. Accordingly, the Authority has decided to pend upfront allowing such cost on account of PPMC at this stage and may consider the same as part of the PYA, subject to the Petitioner furnishing the above details, with proper justification and supporting documentary evidence, along with fulfillment of the process prescribed in the SRO No. 1358(I)/2025.



J. Hatt



11.12. On the submissions of the Petitioner, to allow certain costs as uncontrollable, the Authority noted that as per the approved tariff methodology, Power Purchase Price is the only uncontrollable cost which is allowed a pass-through item. However, considering the fact that XWDISCOs employees are hired on Government pay scales, thus, any salary and pension increase, announced by the Federal Government in Fiscal Budget is also applicable on such employees/ pensioners of XWDISCOs. Therefore, salaries & wages cost and pension expenses to the extent of such employees can be considered as un-controllable cost for XWDISCOs as long as they remain in public sector.

12. Whether the requested amount for FY 2025-26 under heads of Other Income, Deprecations and RORB based on WACC of 17.05% is justified?

Depreciation

12.1. The Petitioner has submitted that Depreciation is calculated on the basis of the value of existing Assets plus the additions in assets during the FY 2025-26. The assets are depreciated on straight line method as per utility practice i.e. land at 0 %, buildings and civil works at 2%, Plant and machinery at 3.5%, office equipment and mobile plant at 10% & other assets at 10%. Based upon these assumptions, figure for depreciation for supply function has been worked as Rs.83 million for FY 2025-26.

12.2. Based upon these assumptions, the figure for depreciation has been worked as under for the Supply functions;

Mln. Rs.

Distribution and Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Depreciation	764	799	831
% Increase/(Decrease)			4%

Mln. Rs.

Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Depreciation	76	80	83
% Increase/(Decrease)			4%

12.3. The Petitioner has proposed that adjustment in Depreciation Expenses may be linked with the Gross Fixed Assets in operation.

12.4. The Authority noted that as per the Methodology, depreciation expense for the FY 2025-26, will be determined by applying depreciation charge on the Gross Fixed Assets in Operation, including new investment.

12.5. Regarding allowed investment for FY 2025-26 and FY 2026-27, since the Distribution Investment Plan (DIP) of the Petitioner is under regulatory proceedings, the Authority has decided to allow the following provisional Investments under head of own financing, which shall be subject to adjustments pursuant to the final decision of the Authority in matter of DIP of the Petitioner.



J. Mathur

Rs. Mn

Provisional Capex	HAZECO
FY 2025-26	5,364
FY 2026-27	5,364

12.6. The Authority decided that the above approved Investments are provisionally allowed for purpose of tariff rebasing and does not include the cost for AMI, APMS, scanning meters, Data Centers, etc., the investment in this smart metering area can only be started once DIP is approved, wherein the detailed project wise scope and cost approvals shall be decided in the final decision of DIP of the Petitioner.

12.7. Regarding the T&D Losses target, the Authority has decided to provisionally approve the following loss target.

Provisional T&D Loss	HAZECO
FY 2025-26	15.39%
FY 2026-27	15.39%

12.8. The Petitioner is directed to carry out its T&D loss study through an independent third party, as per the approved terms of references (ToRs), which shall be communicated to the Petitioner separately by NEPRA. The independent third-party T&D loss study must be submitted by the Petitioner within nine (09) months of issuance of this decision. In case, the T&D loss studies are not submitted within the allowed time period, the following T&D Loss target shall become applicable for FY 2025-26 and FY 2026-27, and all relevant tariff adjustment shall be reworked on such revised targets. The financial impact of such revision shall be made part of PYA of subsequent tariff rebasing.

Revised T&D Loss Target (Failure to submit study)	HAZECO
FY 2025-26	7.70%
FY 2026-27	7.70%

12.9. The submitted T&D loss study by an independent third-party shall be considered by the Authority for revision / firm up of T&D loss Targets for the applicable period in the next rebasing of the tariff for DISCOs (January 2027) or mid-term (December 2027) review of the DIP, as the case may be.

12.10. Not used

12.11. Not used

M. A. J.



- 12.12. In order to make fair assessment of the depreciation expense, the Authority accounts for the investments approved for the year. After taking into account the new investments as mentioned above, the Gross Fixed Assets in Operation for the FY 2025-26 have been worked out. Accordingly, the depreciation charge for the FY 2025-26 has been assessed as Rs.871 million calculated on actual depreciation rates for each category of Assets as per the Company policy.
- 12.13. The actual depreciation reflected in the audited accounts of the Petitioner, do not provide bifurcation of depreciation cost in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of depreciation cost in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the depreciation cost for the FY 2025-26 pertaining to the Supply of Power function works out as Rs.87 million.

RoRB

- 12.14. The Petitioner has submitted that NEPRA allowed WACC of 20.4% to PESCO for the FY 2024-25 in its tariff determination for FY 2024-25, against the requested WACC of 21.27%, hence, the same needs to be reconsidered in view of the MYT determination, wherein adjustments on account of variation in KIBOR is permissible on biannual basis. HAZECO has calculated WACC of 17.05% based on the following calculations:

*Weighted Average Cost of Debt for FY 2024-25 include 3 month's Kibor plus 2% spread. By incorporating the above adjustment of ERC, the calculation of WACC and RORB will be as under: $WACC = [14.47\% * 30\%] + [18.16\% * 70\%] = 17.05\%$

- 12.15. HAZECO stated that it has no other source of revenue except Tariff to pay off the principal, interest and exchange risk payable to EAD except for consumer end Tariff and if not allowed, it will in any way effect the consumers as the same will be passed in the form of deficit financing resulting in financial hardship to the consumers.
- 12.16. HAZECO is of the opinion that return should be adequate enough to not only cover the cost of debt but also to cater for the exchange rate parity as well as reasonable return to the equity holders. The Authority is therefore requested to allow RORB at 17.05% WACC, including debt as per following calculations;

Wethu - 9





Description	UoM	2023-24	2024-25	2025-26
		Audited	Prov.	Proj.
Net Fixed Assets In Operation	[Mln Rs]	14,381	16,455	18,785
Add: Capital Work In Progress - Closing Bal	[Mln Rs]	5,498	6,366	8,568
Less: Cap. WIP-Deposit Portion	[Mln Rs]	1,100	1,202	1,304
Investment In Fixed Assets	[Mln Rs]	18,780	21,620	26,049
Less: Deferred Credits	[Mln Rs]	5,564	5,863	6,287
Regulatory Assets Base	[Mln Rs]	13,216	15,757	19,763
Average Regulatory Assets Base	[Mln Rs]	12,379	14,488	17,760
Rate of Return	[%age]	21.27%	17.05%	17.05%
Return on Rate Base	[Mln Rs]	2,633	2,470	3,028

12.17. In view thereof, HAZECO has requested the following RoRB for its Supply of Power function for the FY 2025-26;

Mln. Rs.

Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
RoRB	526	494	605
% Increase/(Decrease)			22%

12.18. The Authority observed that as per Section 31(3) of the amended NEPRA Act, the following general guidelines shall be applicable to the Authority in the determination, modification or revision of rates, charges and terms and conditions for provision of electric power services;

(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;

12.19. In line with the aforementioned guidelines, the Authority allows DISCOs, a Weighted Average Cost of Capital (WACC) to account for the return on equity and cost of debt. Similarly, for recovery of principal portion of debt, the Authority includes a depreciation charge in the revenue requirement of DISCOs.

12.20. Consequent to the aforementioned discussion, the WACC works out as per formula given below;

Cost of Equity:

$$K_e = R_f + (R_M - R_f) \times \beta$$

Where;

R_f is the risk free Rate

R_M is the Market Return

β is Beta

Muhammad Iqbal





The cost of debt;

$$K_d = \text{KIBOR} + \text{Spread}$$

12.21. Accordingly, the WACC as per the given formula works out as under;

$$\text{WACC} = ((K_e \times (E / V)) + (K_d \times (D / V)))$$

Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;

12.22. The Authority uses the Capital Asset Pricing Model (CAPM) for calculation of Return of Equity (RoE) component of the WACC, being the most widely accepted model, which is applied by regulatory agencies all over the world to estimate the cost of capital for regulated utilities. Further, as per the Tariff methodology, in case of negative equity the Authority would consider a minimum of 20% equity and any equity in excess of 30% would be considered as debt.

12.23. The expected return on any investment is the sum of the risk-free rate and an extra return to compensate for the risk. This extra return or 'risk premium' is the difference between market rate of return and risk-free rate. Generally, the return on stock market index is taken as a measure of market rate of return. To have an appropriate measure of the market rate of return, analyzed KSE-100 Index return, over a period of 10 years i.e. FY 2016 to FY 2025. Further, return of different neighboring markets and other international markets were also analyzed.

12.24. For risk free rate, the yield of 05 years PIB is considered. The weighted average yield of accepted bids for 5 years PIB as of 17.07.2025 remained at 11.4916%. Regarding assessment of beta, the Authority has considered the earlier studies in the matter, range of betas used by international Regulators, and accordingly decided to use the beta of 1.10, while assessing the RoE component.

12.25. By taking into account the aforementioned factors, the RoE of the Petitioner works out differently, however, keeping the request of the Petitioner and the Authority's earlier decisions in the matter of other XWDISCOs and K-Electric, the Authority has decided to allow RoE component of 14.47%, PKR based.

12.26. As regard the cost of debt, it is the interest rate on which a company would get borrowing from the debt market / commercial banks i.e. a rate at which banks lend to their customers. In order to have a fair evaluation of the cost of debt, the Authority has taken cost of debt as 3 month's KIBOR + 1.50% spread, as maximum cap. Consequently, the cost of debt has been worked out as 12.64% i.e. 3 Months KIBOR of 11.14% as of July 02, 2025 plus a spread of 1.50% (150 basis points).

12.27. In view thereof, the WACC for the FY 2025-26 has been worked out as under;

Cost of Equity;

$$K_e = 14.47\%$$

The cost of debt is;

$$K_d = 12.64\%$$

$$\text{WACC} = ((K_e \times (E / V)) + (K_d \times (D / V)))$$

Where E/V and D/V are equity and debt ratios respectively taken as 30% and 70%;

$$\text{WACC} = ((14.47\% \times 30\%) + (12.64\% \times 70\%)) = 13.19\%$$



Waf



- 12.28. Based on above and using WACC of 13.19% on RAB by including allowed investment for the FY 2025-26, the RoRB of the Petitioner for the FY 2025-26 has been worked out as under;

HAZECO	
Description	FY 2025-26
Fixed Assets O/B	24,063
Addition	2,419
Fixed Assets C/B	26,483
Depreciation	9,834
Net Fixed Assets	16,648
Capital WIP C/B	8,444
Fixed Assets Inc. WIP	25,092
Less: Deferred Credits	14,091
Total	11,002
RAB	11,002
WACC	13.19%
RORB	1,451

- 12.29. The total amount of RoRB as worked out above has been allocated in terms of Distribution and Supply Functions, as per the criteria adopted by the Petitioner itself. Accordingly, the RORB for the FY 2025-26 pertaining to the Supply of Power function works out as Rs.290 million.
- 12.30. The allowed RAB for the year will be trued up downward, keeping in view the amount of investment allowed for the FY 2025-26, other than consumer financed investments. In case, the Petitioner ends up making higher investments than the allowed (other than consumer financed investments), 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.
- 12.31. Here it is also pertinent to mention that the amount of receipts against deposit works has been adjusted while working out the cost of working capital, therefore, no adjustment on this account has been made from the RAB. In view thereof, any interest earned on such deposits shall not be adjusted as part of other income. The Petitioner therefore shall ensure a separate disclosure of such income in its audited accounts. In case of failure to disclose such income separately, the entire interest income shall be adjusted as part of other income.
- 12.32. 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 adjust savings, if any, resulting from cheaper financing by the Petitioner. If the Petitioner manages to negotiate a loan below 1.50% spread, the entire savings would be passed onto the consumers



J. Malik



annually, through PYA. In case of more than one loan, the saving with respect to the spread would be worked out based on individual loans. In case, the spread is greater than the allowed cap of 1.50%, additional cost would be borne by the Petitioner itself. Similarly, if the Petitioner's total actual cost of debt remains lower than the cost allowed for the year, the entire savings would also be passed onto the consumers annually, through PYA.

Other Income

- 12.33. The Petitioner has submitted that main sources of other income include Interest Income, Sale of Scrape, Amortization of Deferred Credit, Rental & Service Income etc., whereas the Wheeling Charges and Late Payment Surcharge have been excluded as per decision of NEPRA.
- 12.34. Accordingly, the Petitioner has projected the following amounts as Other Income for the FY 2025-26 for its Supply of Power function;

Mln. Rs.

Distribution and Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Other Income	-443	-494	-550
% Increase/(Decrease)			11%

Mln. Rs.

Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Other Income	-139	-155	-172
% Increase/(Decrease)			11%

- 12.35. Other income is considered to be a negative cost which may include, but not be limited to, amortization of deferred credit, meter and rental income, late-payment charges, profit on bank deposits, sale of scrap, income from non-utility operations, commission on PTV fees and miscellaneous income.
- 12.36. Since the other income would be tried up based on the Audited accounts of the Petitioner, therefore, for the FY 2025-26, the Authority has decided to allow an amount of Rs.627 million as requested by the Petitioner, including the amount of amortization of deferred credit but exclusive of the amount of late payment charges (LPS) for both of its Distribution and Supply functions.
- 12.37. 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 2025-26. 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.
- 12.38. 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.

F. Maitra





Accordingly, Other Income for the FY 2025-26 pertaining to the Distribution function works out as Rs.196 million.

Working Capital

12.39. The Authority during proceedings directed the Petitioner to provide it working capital calculation and has considered the submissions of the Petitioner and in order to access the working capital requirement of the Petitioner, the Authority obtained details of number of days available with the Petitioner to pay in terms of energy procured from National Grid. Based on the information provided by CPPA-G and in line with the mechanism adopted for KE, the working capital requirement of the Petitioner for its Distribution function has been assessed as under;

Supply working Capital	Credit Period Days	Factor	HAZECO
Current Assets			
Trade debt (days of Revenue Receivable)	25	0.07	5,167
Total Current Assets			5,167
Current Liabilities			
EPP From CPPA	41	0.11	2,873
CPP From CPPA	34	0.09	3,836
Transmission	30	0.08	418
Distribution	30	0.08	217
Total Liabilities			7,343
Net			(2,176)
Cost of debt local			12%
Working Capital Cost			(261)

12.40. As mentioned in the table above, The Petitioner's working capital requirement for the Supply function has been assessed as negative Rs.2,176 million and cost working capital requirement works out as negative Rs.261 million, based on 3 months KIBOR i.e. 11%+1% spread as maximum cap, subject to downward adjustment in case the actual spread remains lower. The same is allowed to the Petitioner for the CY 2026, and is subject to adjustment, as per the mechanism provided below, once the audited accounts of the Petitioner for the FY 2025-26 are available.

Actualization of Previous year based on allowed revenue as PYA

- **Current Assets**
 - Lower of 25 days receivables based on allowed revenue (including the impact of allowed adjustments), OR Actual average Receivables for the Financial Year (excluding opening receivables).
- **Current Liabilities**
 - Payables pertaining to EPP & CPP based on average Number of days data to be provided by CPPA-G.
 - Transmission charges (30 days) & Distribution Charges (30 days) or based on contractual agreement, if any.
 - Actualization of the aforementioned heads shall be based on allowed costs after accounting for the impacts of allowed adjustments.

J. Mulla





- All heads based on allowed days to be actualized after incorporating the impact of allowed adjustments, if any. While actualizing these heads impact of working capital cost be excluded.
 - Amount retained by the Petitioner on account of Net metering settlement
 - Any other amount retained by the Petitioner

3 Month KIBOR + 1% Spread as maximum cap subject to downward adjustment. For the purpose of 3 - Month KIBOR, the actual weighted average KIBOR of finance cost incurred by the Petitioner shall be considered, if any. Similarly, for the purpose of spread, actual weighted average spread incurred by the Petitioner shall be considered, if any. In case actual weighted average spread is lower than 1% cap, the same shall be adjusted downward only. No upward adjustment of spread is allowed.

- Here it is also pertinent to mention that since the amount of receipts against deposit works has been adjusted while working out the cost of working capital, therefore, any interest earned on such deposits shall not be adjusted as part of other income. The Petitioner therefore shall ensure a separate disclosure of such income in its-audited-accounts. In case of failure to disclose such income separately, the entire interest income shall be adjusted as part of other income.

13. Whether there should be any fixed charges on Units exported by net metering users to the extent of Transmission and Distribution charges or otherwise?

13.1. The petitioner during the hearing submitted that as net-metering consumers rely on the Grid; both for backup supply during low or No Solar Generation and for Exporting Surplus Energy, therefore, fixed charges may be imposed. In the absence of Fixed Charges on Exports, these consumers avoid contributing to Grid Maintenance Cost, creating Cross-Subsidization where non-solar users bear higher fixed costs. Increasing penetration of net-metering reduces DISCO revenue, leading to inequity. Technical challenges such as voltage fluctuations and protection issues also require additional investment. Levying fixed charges on these consumers can contribute to fair and equitable cost recovery across the system.

13.2. The petitioner recommended the following Possible Solutions:

- ✓ Introduce fixed network usage charges based on sanctioned load or export capacity.
- ✓ Transition to a gross metering framework to avoid cross-subsidies.
- ✓ Restrict oversized DG installations exceeding sanctioned load.

13.3. The Authority noted that vide decision dated 23.06.2025; all DISCOs have been directed to undertake a comprehensive study as outlined below, to thoroughly examine the impact of ToU tariff timings and Distributed Solar integration on utilities operations.

- Comprehensive study on the impact of existing time-of-use (ToU) tariff timings and proposed measures for aligning demand with evolving load patterns
- Comprehensive assessment of the financial and technical impacts of distributed solar photovoltaic (PV) integration on distribution utility operations and infrastructure

13.4. DISCOs were also directed to jointly develop, through mutual consultation, a uniform Terms of Reference (ToR) to carry out the above studies and submit the same to NEPRA





- for approval. DISCOs have prepared and submitted the ToRs, which are currently under review.
- 13.5. Here it is also pertinent to highlight that the Authority has elicited public opinion on the NEPRA (Prosumer) Regulations, whereby, changes in both the methodology and rate for the units being exported are being proposed.
- 13.6. The Authority therefore considers it appropriate to review the quantum of fixed charges to be levied on Net Metering Consumers, once the aforementioned studies are completed, and also once the NEPRA (Prosumer) Regulations are notified / changes in the current methodology and rate of units exported are finalized. Therefore, for the purpose of instant determination, the Authority has decided not to make any changes in this regard. However, for consumers, who are currently paying fixed charges at Rs. per consumer per month, the Authority has decided to apply fixed charges at Rs./kW/month. The rate to be applicable on Rs./kW/month has been discussed as a separate issue in the instant determination.
- 13.7. Here it is also pertinent to highlight that the Authority has also initiated the process of amendments in NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, whereby, amendments in both the methodology and rate for the units being exported by a Distributed Generator (DG), are being proposed.
- 13.8. The Authority therefore considers it appropriate to review the quantum of fixed charges to be levied on Net Metering Consumers, once the aforementioned studies are completed, and also the amendments proposed in NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, are finalized. Therefore, for the purpose of instant determination, the Authority has decided not to make any changes in this regard.
14. 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?
15. Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?
- 15.1. The Petitioner recommended revising fixed charges for different consumer categories and stated that N.E Plan provides direction to progressively include the Fixed Charges in all categories (Except protected) and recommended that;
- ✓ Fixed Charges may be based on actual recorded MDI or 25% of the highest recorded in last 12 months, whichever is higher.
 - ✓ Imposition of per kW fixed charges for net-metering consumers to ensure fair Grid cost sharing and Distribution line sharing.
- 15.2. The Authority noted that earlier fixed charges were being levied at around Rs.400-500/kW/month based on higher of 50% of sanctioned load or actual MDI for the month. The rate was subsequently enhanced to Rs.2,000/kW/month vide decisions dated 14.06.2024, however, the Federal Government vide its Motion for uniform tariff dated 03.07.2024, requested to revised the same downward as Rs.1,250/kW/month based on higher of 25% of the sanctioned load or actual MDI for the month. The Authority vide





decision dated 11.07.2024, in the matter of uniform tariff Motion, considering the concerns raised by stakeholders, and prevailing economic challenges decided to restrict fixed charges at Rs.1,250/kW/month.

- 15.3. The prime objective of revision in fixed charges and corresponding reduction in variable charges is to incentivize consumers to increase their electricity consumption from national grid, thus, lowering their overall effective tariff.
- 15.4. Here it is also pertinent to highlight that the Authority has elicited public opinion on the NEPRA (Prosumer) Regulations, whereby, changes in both the methodology and rate for the units being exported are being proposed. These changes, once approved, may result in increased consumption from the Grid, consequently leading to higher recovery of fixed costs, as part of variable charges. In view thereof, for the purpose of instant determination, the Authority has decided to maintain the existing rate of fixed charges for the consumers who are currently being charged fixed charges at Rs./kW/month along-with the applicability mechanism.
- 15.5. Similarly, for consumers, who are currently being charged, fixed charges as Rs./Consumer/Month, the Authority has also decided to maintain the existing practice.

16. Whether the schedule of tariff be designed on cost-of-service basis or otherwise?

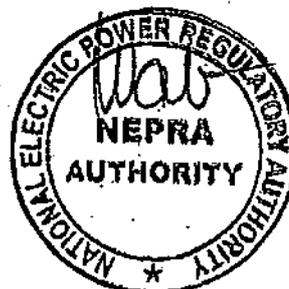
16.1. The Petitioner submitted that, the schedule of tariff should be made reflective of the Cost of Service, as NE Plan emphasizes cost-of-service based tariffs for transparent cost recovery and equitable design. Tariff design based on the Cost of Service (CoS) ensures transparency, financial sustainability and equitable cost allocation among consumers. The current uniform tariff structure creates cross-subsidization where some categories subsidized others distorting cost signal and discouraging efficiency. A CoS-based design aligns tariffs with actual cost causation while promoting efficient consumption.

16.2. The Petitioner recommended to:

- ✓ Gradually transition to CoS-based tariff design to avoid consumer shock.
- ✓ Segment consumers by voltage and usage pattern to reflect actual service costs.
- ✓ Replace broad cross-subsidies with targeted subsidies funded by the Federal Govt.
- ✓ To conduct updated CoS studies for all DISCOs to establish credible cost benchmarks

16.3. The submissions of all DISCOs regarding the applicability of a cost-of-service (CoS) based tariff structure have been analyzed. Multiple DISCOs like HESCO, GEPCO, QESCO, HAZECO, and PESCO explicitly referred to the NE Plan SD-82, 83 and 84, which call for transitioning toward CoS-based tariffs to promote transparency, financial sustainability, and equitable allocation of costs among consumer categories. DISCOs in general have supported CoS based tariff design, which would enhance transparency, and equitable cost allocation among consumers in terms of actual costs they impose on the system.

16.4. The Authority noted that NE Plan provides that tariffs for the residential consumers shall be progressively adjusted to align with the principle of cost-of-service, taking into account the following:





- a. Subsidies to protected categories of residential consumers shall be disbursed directly pursuant to the detailed action plan to be developed under Strategic Directive 067;
- b. Residential consumers (below cost recovery) shall be cross subsidized by:
- Industrial & commercial consumers, pursuant to the Strategic Directive 084;
 - Other residential consumers (above cost recovery).
- 16.5. SD 84 states that Cross-subsidy by the productive consumers, to subsidize residential and agricultural consumers, shall be progressively restricted to 20% of the respective cost of service of such consumers by FY-2026.
17. In light of the aforementioned provisions of NE Plan, the Authority, has decided to gradually reduce the quantum of cross subsidization by the Industrial consumers in order to make it cost reflective and major burden of cross subsidization is being shifted towards commercial and other residential consumers (above cost of service).
18. Whether the recovery target and provision for bad debt as provided in petition is justified?
- 18.1. The Petitioner on the issue submitted that HAZECO is pursuing the recovery of arrears from its consumers but due to the worst law and order situation the recovery campaign is affected. Administrative & Political obligations do not allow the Petitioner to take severe action against the defaulters. Moreover, disconnection creates law and order situation in terms of road blockade, blast of transmission towers and attacks on HAZECO staff, Grid Stations and offices. Accordingly, provision for doubtful debts is made on the basis of ageing formula agreed with the Auditors and approved by BoD PESCO in its 75th meeting. Actual provision for FY 2022-23 was Rs.356 million & Rs.545 million for FY 2023-24.
- 18.2. The Petitioner also provided the following recovery plan:
- Recovery Plan
- ✓ Prompt billing
 - ✓ Recording Correct Meter Reading
 - ✓ Delivery of bills in time.
 - ✓ Reconciliation of billing disputes with Govt agencies.
 - ✓ Timely debit of Audit Notes.
 - ✓ Prompt disconnection of running defaulter consumer
 - ✓ Installation of ABC cables on high loss feeders in order to control theft of energy & to make effective disconnection so that defaulter consumers may be compelled to make payment of arrears.
 - ✓ Out of court settlement of disputed cases.
 - ✓ Recovery through HAZECO Police from defaulters.
 - ✓ Kuli Kachehri on weekly basis are being held on circle level to redress the genuine grievances of the consumers on the spot and to recover the outstanding dues from the defaulters.





- ✓ Combing of feeders is being carried out through HAZECO field formations in their respective areas aiming at removal of direct hooks, replacement of sluggish and defective meters, proper meterization and accurate billing through MMR system so as to eliminate theft of energy, bring the defaulter as well as un-registered consumers in billing network and to recover the legitimate arrears of HAZECO.
- ✓ Posting of Recovery Magistrate for recovery of outstanding arrears.
- ✓ Recovery under Land Revenue Act, by Tehsildar Recovery Officer.

18.3. The Petitioner shared the following detail of provisions:

Supply of Power Business			
Description	2023-24	2024-25	2025-26
	Audited	Prov.	Proj.
Recovery %age	99%	93%	94%
As sales %age	0.7%	0.7%	0.6%
Provision of Bad debts (Mln. Rs.)	545.00	556.00	567.00
% Increase/ Decrease		2%	2%

- 18.4. Here it is pertinent to mention that previously XWDISCOs have not been allowed any recovery loss and tariff setting has been at 100% recovery assumptions. Write offs were allowed to certain XWDISCOs on provisional basis, subject to fulfillment of the laid down criteria, but since no XWDISCO was able to actually write-off any amount, the provisionally allowed amounts of write-offs were adjusted back.
- 18.5. The Authority although initially allowed recovery loss to K-Electric, however, subsequently in the matter of Motion for Leave for Review filed by various stakeholders including the MoE (PD) itself, and the CPPA-G, the Authority decided not to allow any upfront recovery loss and only a capped amount of write-offs was allowed to K-Electric, subject to fulfillment of the prescribed criteria.
- 18.6. For ready reference the grounds taken by the MoE (PD), and the CPPA-G in their MLRs in the matter of KE's MYT FY 2024-30 are reproduced below;
- ✓ Allowing of a recovery loss trajectory, effectively transfers the financial burden of DISCO inefficiencies onto paying consumers, thereby penalizing compliant customers while subsidizing non-payment. The MoE (PD) also submitted that this approach is inconsistent with the principle of prudent cost recovery enshrined in Section 31 of the NEPRA Act and the Tariff Rules.
 - ✓ Clause 5.3.2 of the NE Policy envisages that "timely recovery of bad debt that is prudent shall be allowed by the Regulator with the incorporation of facilitative provisions in the regulatory framework as per industry practices and procedures." In this context, SD 31 of the NE Plan operationalizes Clause 5.3.2 of the NE Policy by laying out clear criteria for bad debt write-offs applicable across the sector. Clause 6.1.3 of the NE Policy reinforces that the NE Plan shall serve as the implementation tool for achieving policy goals.
 - ✓ Consequently, the Authority is legally obligated under Sections 7(2)(ia), 14A(5), and 31(1) of the NEPRA Act to align tariff determinations with the NE Plan and apply its prescriptions uniformly to all DISCOs. If this practice of allowing recovery loss is extended sector-wide, the projected annual burden would rise to Rs.270 billion.



J. Math



potentially accumulating to Rs.1,500 billion over seven years. Such a development would jeopardize the financial sustainability of the power sector and run contrary to the goals of tariff rationalization and reform-based efficiency.

- ✓ The Act mandates the Authority to allow only prudently incurred costs and any inefficiencies on the part of utility company cannot be considered as prudent cost and should not be allowed.
 - ✓ It is the duty of the Authority while discharging its function of determining and recommending tariff that: (a) the interests of the consumers and the companies engaged in providing electric power services is duly protected in accordance with the principles of transparency and impartiality; and (b) it shall be guided by the NE Policy, the NE Plan and the guidelines of the Federal Government.
 - ✓ Recovery shortfall (if any) be met by way of application of principles of write-off, subject to fulfilment of specified criteria for such write-off of bad debts, in line with industry practices and procedures in other regulatory jurisdictions, which shall duly protect the interests of the consumers and companies engaged in providing electric power services and would be consistent with the NE Policy and the NE Plan.
- 18.7. The Authority while deciding the MLR of the MoE (PD) and CPPA-G in the matter of KE's MYT, also construed that since the MoE (PD) is actively pursuing privatization of other XWDISCOs, so the submissions made by the MoE (PD) in its Motions for not allowing any up-front recovery loss, may be construed as a policy decision, meaning thereby that similar treatment will be offered to other DISCOs.
- 18.8. In view of the above discussion and the fact that allowing recovery loss allowance effectively transfers the financial burden of DISCO's inefficiencies onto the paying consumers or on the national exchequer through subsidies, the Authority has decided not to allow any upfront recovery loss to the Petitioner. Accordingly, HAZECO's tariff is being determined on the basis of 100% recovery target. HAZECO, however, will be allowed to claim write-offs upto 1% of allowed revenue requirement for the FY 2025-26, after fulfilment of the given criteria, to be considered as maximum cap.

Criteria for claiming actual write-offs

- a. Actual write-offs, if any, against private consumers only, pertaining to billing made during the current MYT period i.e. FY 2026-30, after fulfilment of the following criteria subject to maximum cap as provided above. The claim shall be verified by third party/auditor, based on the following criteria;
- i. The claim shall be applicable for the default amount of a permanently disconnected consumer that may not be recovered through all efforts possible.
 - ii. The age of such non-recovery is over three (3) years.
 - iii. The amount of write off shall be claimed against connections given as per CSM and other applicable documents, duly supported by CNICs.
 - iv. Write-offs against receivables of any Government entity / PSC shall not be allowed.
 - v. Petitioner's BOD shall develop a write-off policy, in accordance with the aforementioned criteria and submit it to the Authority for its approval. The

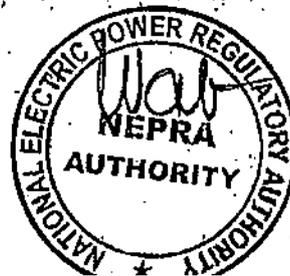


9 Matt



Authority, may while granting approval alter, modify or add to the write-off policy, in its sole discretion.

- vi. Petitioner's BOD shall approve all write-off claims in accordance with the Authority's approved write-off policy. The Petitioner's BOD approved write-off shall be subject to independent third-party verification that the write-offs are as per the Authority's approved write-off policy. The terms of references (TORs) for third party / auditor verification of write-offs shall be prepared by Petitioner and shall be approved by the Authority. The Authority, may while granting approval alter, modify or add to the TORs, in its sole discretion.
 - vii. Any write-off approved by the Petitioner's BOD, in accordance with the write-off policy approved by the Authority, and verified by the third-party independent auditor, in accordance with the approved TORs, after expiry of the MYT 2026-2030 shall be allowed by the Authority.
19. Whether the Tariff terms & conditions as applicable in other DISCOs shall be applied in service territory of HAZECO or otherwise?
- 19.1. The Petitioner during the hearing submitted that Tariff terms and conditions as applicable in other DISCOs can be applicable in the service territory of HAZECO up to the extent of the nature of the component of the tariff and context therein.
- 19.2. The Authority noted that considering the uniform tariff regime across the Country, the Tariff terms & conditions are applicable in other DISCOs shall also be applicable in the territory of HAZECO. Accordingly, the applicable tariff Terms & Conditions are attached herewith the instant decision.
20. Whether there will be any claw back mechanism or not?
- 20.1. Although DISCOs made their submissions on this issue, however, the Authority noted that DISCOs were not able to fully comprehend the issue.
- 20.2. The Authority understands that sharing mechanism for any savings by the utility has already been provided under each head separately e.g. O&M costs, T&D losses, cost of debt etc. therefore, no such mechanism is separately required. However, still if there is any additional return by the Petitioner, which could not be comprehended at this stage, the same would be shared between the DISCO and consumers equally.
21. Upfront Indexation/adjustment for the period July 2026 to December 2026
- 21.1. The MoE (PD) vide letter dated 18.08.2025, submitted that NEPRA determines the consumer-end tariff for XWDISCOs and K-Electric in accordance with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the Act), read with Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules, 1998. The uniform rebased tariff, once determined, is notified by the Federal Government under Section 31(7) of the Act. The latest rebasing was notified on July 1, 2025. In accordance with the NEPRA (Tariff Standards and Procedure) Rules, 1998 read with Part 5 of the NEPRA Determination of Consumer-end Tariff (Methodology & Process) Guidelines, 2015, the Distribution Companies (DISCOs) are required to initiate the tariff determination process by submitting their minimum filing requirements by January 31st



- of each year. The submission is followed by Authority's internal meetings, public hearing, tariff determination and notification by the Government. Keeping in view the recent annual tariff determinations, the rebasing is notified by the Federal Government in the month of July, each year with effect from 1st July.
- 21.2. The MoE (PD) further mentioned that as an unfortunate coincidence, the consumers face high Fuel Charges Adjustments (FCAs) as well as the annual tariff rebasing, simultaneously in the summer months. This increase in tariff coupled with higher consumption leads to significant hike in the consumer electricity bills of summer months which in turn results in unaffordability, public dissatisfaction and nationwide protests in the country. The issue can be streamlined if the timing of annual rebasing is shifted from summer to winter months where the electricity consumption is lower and any tariff increase can be absorbed in consumer bills. This would result in relatively stable and sustainable electricity prices throughout the year. The National Electricity Plan Strategic Directive 8 also stipulates that the Regulator shall also revisit the "Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015" to enable alignment of schedule of regulatory proceedings for planning activities and rate case & tariff determinations.
- 21.3. The MoE (PD) submitted that the Cabinet has approved that policy guidelines may be issued to NEPRA to revise the annual tariff determination process timelines by amending the relevant legal and regulatory framework in a way that the rebasing is notified with effect from 1st January, each year, after completion of all regulatory proceedings. In this regard, it is highlighted that NEPRA has already determined Power Purchase Price (PPP) references up to June 2026. Projections for the remaining six months will be shared subsequently.
- 21.4. In light of above and in exercise of powers under Section 31 of the Act, the Federal Government issued the following policy guidelines for implementation by NEPRA;
"NEPRA shall revise the annual tariff determination process timelines by amending the relevant legal and regulatory framework (guidelines, rules and procedures) to ensure that annual rebasing is notified with effect from January 1st of each year, after completion of all regulatory proceedings."
- 21.5. HAZECO also vide letter dated 20.10.2025 submitted that the MoE (PD) vide letter dated 16.10.2025, has conveyed that the Federal Government has approved the revision of the annual tariff determination schedule, making it effective from 1st January each year. The Authority has already determined the Power Purchase Price (PPP) references up to June 2026, accordingly, it is submitted that the references for the remaining period up to December 2026 may also be determined, in line with the above-mentioned directives.
- 21.6. HAZECO further stated that it has already submitted its Tariff Petitions for FY 2025-26 and the decision of the Authority is awaited. HAZECO accordingly requested the Authority to determine the consumer-end tariff for the period from July 1, 2026 to December 31, 2026 in accordance with the revised annual rebasing timeline effective January 1, 2026, to ensure smooth and timely transition to the revised rebasing schedule.
- 21.7. The matter was discussed during the hearing, and the Petitioner requested the following costs on account of interim indexation for the 06 months period from Jul. 26 to Dec. 26;



Description	Rs. in Million	
	Requested for FY 2025-26	(Jul to Dec 2026)
Salaries, Wages & Other Benefits	3,154	1,587
Post Retirement Benefits	3,780	1,919
Other O & M Costs	950	480
Depreciation	831	415.50
Return on Rate Base	3,028	1,514
Gross Distribution Margin	11,743	5,916
Less: Other Income	(550)	(270)
Net Distribution Margin	11,193	5,646
Units to be Sold	2,303	1,239
Per Unit DM	4.86	4.56

21.8. The Authority has considered the guidelines issued by the Federal Government regarding tariff rebasing to be made effective from 1st January, instead of July each year. The Authority is cognizant of the fact that rebasing of tariff effective July, if upward, coupled with high consumption, leads to increase in overall electricity bills during summer months; thus, adversely impacting DISCOs performance in terms of recoveries and losses. However, even with re-basing in January, the overall billing impact for the consumers in summer months would remain same, had the rebasing been made effective from July. Nonetheless, in light of NE Plan, SD 8 and the instant policy guidelines, the Authority has completed the consultation process for revision in "Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015", and the same are now in the process of notification.

21.9. Further, in light of the instant policy guidelines, the Authority has determined the revised Power Purchase Price (PPP) references for the period from January 2026 to December 2026 through a separate decision. Pursuant thereto and keeping in view the request of the Petitioner to also determine tariff for the period from July 1, 2026 to December 31, 2026, in accordance with the revised annual rebasing timelines, the Authority has also determined provisional revenue requirement of HAZECO for the period from July 1, 2026 to December 31, 2026 as under:

	Units	July to December 2026
Pay & Allowances	(Min. Rs.)	1,205
Post Retirement Benefits	(Min. Rs.)	1,055
Repair & Maintenance	(Min. Rs.)	91
Traveling allowance	(Min. Rs.)	25
Vehicle maintenance	(Min. Rs.)	25
Other expenses	(Min. Rs.)	63
O&M-Cost	(Min. Rs.)	2,465
Depreciation	(Min. Rs.)	369
ROBB	(Min. Rs.)	846
O.Income	(Min. Rs.)	(314)
Margin without PYA	(Min. Rs.)	

21.10. For the purpose of rebasing for the period from Jan. to Dec. 2026, the amount recovered by the Petitioner, to the extent of distribution and supply margin along-with PYA, from Jul. to Dec. 25, based on interim tariff allowed for the FY 2025-26, has been adjusted from the revised assessed tariff for the FY 2025-26. The recovered amount has been calculated



J. Malik



by applying the Rs./kWh rate as per the interim tariff (to the extent of Distribution & Supply Margin and PYA), with the projected unit sales from July to December 2025.

21.11. The adjusted revenue requirement so worked out for the period from Jan. to Jun. 26 has been clubbed together with the provisional revenue requirement determined for the period from Jul. to Dec. 2026, to work out the overall revenue requirement of the Petitioner for the period from January 2026 to December 2026. The Schedule of Tariff (SoT) of the Petitioner has been designed accordingly.

21.12. Any under over recovery of the determined revenue requirement for the FY 2025-26, based on the allowed regulatory targets in terms of T&D losses, recovery etc., and provisional revenue requirement being allowed for the six months period i.e. from Jul. to Dec.26, would be adjusted subsequently, while determining the final revenue requirement of the Petitioner for the FY 2026-27.

22. Order

22.1. 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 2025-26 along-with upfront indexation/adjustment from July to December 2026 and Tariff table of CY 2026 (January 2026 to December 2026), to the extent of its Supply function is summarized as under;

Description	Unit	Revised Allowed	
		SO T	SO T
		Allowed CY 2026	
Units Purchased	(MKWH)		3,094
Units Sold	(MKWH)		2,618
Units Lost	(MKWH)		476
Units Lost	(%)		15.39%
Energy Charge			25,301
Capacity Charge			41,291
Transmission Charges/Market Fee			5,082
Power Purchase Price			71,674
Wire Business			2,403
Power Purchase Price with Wire Business	(Min. Rs.)		74,077
Pay & Allowances	(Min. Rs.)	820	658
Post Retirement Benefits	(Min. Rs.)	689	355
Repair & Maintenance	(Min. Rs.)	62	49
Traveling allowance	(Min. Rs.)	17	12
Vehicle maintenance	(Min. Rs.)	17	(4)
Other expenses	(Min. Rs.)	43	(25)
O&M Cost	(Min. Rs.)	1,648	1,046
Depreciation	(Min. Rs.)	87	80
RORB	(Min. Rs.)	290	141
O.Income	(Min. Rs.)	(196)	(204)
Margin without PYA	(Min. Rs.)		
Prior Year Adjustment	(Min. Rs.)		(7)
Working Capital	(Min. Rs.)		(261)
Total	(Min. Rs.)	1,829	795
Revenue Requirement	(Min. Rs.)	1,829	74,872
Average Tariff	(Rs./KWh)		28.60

Handwritten signature/initials.





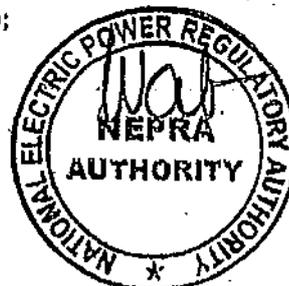
- 22.2. The above assessment has been carried out based on the data/information provided by the Petitioner, which the Authority believes is correct and based on facts. In case of any deviation / misrepresentation observed at a later stage, the Petitioner shall be held responsible for the consequences arising out, under NEPRA Act and the rules and regulations made thereunder. Any consequential adjustment if required will be made accordingly.
- 22.3. The Petitioner is directed to submit its next tariff petition under the MYT regime by the end of July 2026, and the monthly and quarterly adjustments as per the following time lines:

Description	Pass Through	ADJUSTMENTS/ INDICATION	TIME LINES
Power Purchase Price		The Authority, keeping in view of any abnormal changes may review Power Purchase Price referencos along with any Quarterly adjustment.	
Fuel Cost	Pass through	Monthly, as per the approved mechanism. Impact of FCA on T&D loss is would be adjusted on Quarterly basis.	Data to be provided by COPA (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, T&D & NDF 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.

- 22.4. For determination of use of system charges based on the aforementioned revenue requirement the petitioner is directed to file its use of system charges petitions in line with applicable documents.
- 22.5. The Petitioner is directed to ensure separate disclosure of each item in its audited financial statements as mentioned in the determination.
- 22.6. The Petitioner is also directed to ensure breakup of its Operating cost in terms of Distribution and Supply function separately in its audited financial statements.
- 22.7. The Petitioner is responsible to provide service within its service territory on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority and make its system available for operation by any other licensee, consistent with applicable instructions established by the system operator.
- 22.8. The Petitioner shall 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 agency of the Federal or Provincial Government;
- 22.9. The Petitioner shall ensure to develop, maintain and publicly make available, its investment program for satisfying its service obligations and acquiring and selling its assets.
- 22.10. The Petitioner shall 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.
- 22.11. 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.

23. Summary of Direction

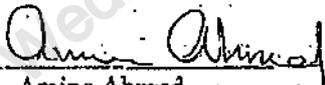
- 23.1. The Authority hereby directs the Petitioner to;

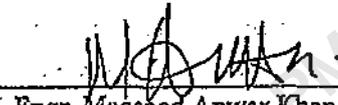




- i. To provide the reconciled date of sales mix for last 3 years with its reported revenue as per audited financial statements.
 - ii. To provide comprehensive reconciliation of PYA allowed under different heads for at least last 3 years with the revenue reported in audited accounts.
 - iii. To provide the amount of IDC capitalized with its subsequent adjustment request and reflect the same in its Audited Financial Statements each year.
 - iv. To get its data, regarding units billed to lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture consumers, reconciled with PITC and submit such reconciliation to the Authority every year.
 - v. To provide a certification from its Auditors that Repair and Maintenance expenditure does not include any CAPEX nature item
24. The Determination of the Authority, is hereby intimated to the Federal Government for filing of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
25. The instant determination of the Authority along-with order part and Annexures, be also notified in terms of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, while notifying the uniform tariff application decision of the Authority.

AUTHORITY


Amina Ahmed
Member


Engr. Maqsood Anwar Khan
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) and for fuel cost of energy procured through bilateral contracts, 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;

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 and for energy procured through bilateral contracts, 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 tariff determination that remained notified during the period.

Impact of T&D losses on FCA

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

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.



Hazara Electricity Supply Company (HAZECO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales		Base Revenue			Base Tariff			PYA 2025		Total Tariff			
	GVWh	% Mix	Fixed Charge	Variable Charge	Total	Fixed Charge	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Fixed Charge	Variable Charge	
			Rs./Cm. Rs.	Rs./Cm. Rs.	Rs./Cm. Rs.	Rs./Cm/M	Rs./M/M	Rs./KWh	Rs.	Rs./KWh	Rs./Cm/M	Rs./M/M	Rs./KWh	
Residential														
For peak load requirement less than 5 kW														
Projected	Up to 50 Units - Life Line	27	1.0%	-	740	740	-	-	27.01	(0.07)	(0.00)	-	-	27.9
	51-100 units - Life Line	19	0.7%	-	539	539	-	-	28.82	(0.05)	(0.00)	-	-	28.8
	01-100 Units	590	22.5%	-	17,884	17,884	-	-	29.98	(1.04)	(0.00)	-	-	28.9
	101-200 Units	121	4.6%	-	3,618	3,618	-	-	29.85	(0.34)	(0.00)	-	-	29.8
Un-Projected	01-100 Units	14	0.5%	-	408	408	-	-	29.47	(0.04)	(0.00)	-	-	29.4
	101-200 Units	44	1.7%	-	1,337	1,337	-	-	30.26	(0.12)	(0.00)	-	-	30.2
	201-300 Units	106	4.1%	-	3,280	3,280	-	-	30.44	(0.30)	(0.00)	-	-	30.4
	301-400 Units	30	1.2%	53	883	890	200	-	29.11	(0.08)	(0.00)	200	-	29.1
	401-500 Units	12	0.5%	9	350	350	400	-	28.89	(0.03)	(0.00)	400	-	28.6
	501-600 Units	6	0.2%	5	157	162	800	-	28.49	(0.02)	(0.00)	600	-	28.4
	601-700 Units	3	0.1%	3	78	80	800	-	28.36	(0.01)	(0.00)	800	-	28.3
Above 700 Units	11	0.4%	7	309	318	1,000	-	28.23	(0.03)	(0.00)	1,000	-	28.2	
For peak load requirement exceeding 5 kW														
	Time of Use (TOU) - Peak	4	0.2%	61	123	174	1,000	-	28.84	(0.01)	(0.00)	1,000	-	28.9
	Time of Use (TOU) - Off-Peak	14	0.5%	-	359	359	1,000	-	28.41	(0.00)	(0.00)	1,500	-	28.4
	Temporary Supply	-	0.0%	0	-	0	2,000	-	32.04	-	(0.00)	2,000	-	32.0
Total Residential		1,002	38.3%	87	29,872	29,959	-	-	-	(2.71)	-	-	-	-
Commercial - A2														
For peak load requirement less than 5 kW														
		71	2.7%	825	1,275	2,059	1,000	-	17.84	(0.20)	(0.00)	1,000	-	17.8
For peak load requirement exceeding 5 kW														
	Regular	-	0.0%	-	-	-	-	1,250	18.53	-	(0.00)	-	1,250	18.5
	Time of Use (TOU) - Peak	23	0.8%	-	631	631	-	-	26.97	(0.08)	(0.00)	-	-	26.9
	Time of Use (TOU) - Off-Peak	62	2.5%	737	1,752	2,490	-	1,250	16.07	(0.23)	(0.00)	-	1,250	16.0
	Temporary Supply	0	0.0%	1	8	9	5,000	-	20.99	(0.00)	(0.00)	5,000	-	20.9
	Electric Vehicle Charging Station	-	0.0%	-	-	-	-	-	27.28	-	(0.00)	-	-	27.2
Total Commercial		187	7.1%	1,663	3,668	5,229	-	-	-	(0.52)	-	-	-	-
General Services - A3														
		97	3.7%	89	2,349	2,446	1,000	-	24.17	(0.27)	(0.00)	1,000	-	24.1
Industrial														
	D1	0	0.0%	14	7	21	1,000	-	35.01	(0.00)	(0.00)	1,000	-	35.0
	D1 Peak	1	0.0%	38	38	38	1,000	-	36.13	(0.09)	(0.00)	1,000	-	36.1
	D1 Off-Peak	7	0.3%	13.70	221	234	1,000	-	32.89	(0.02)	(0.00)	1,000	-	32.8
	D2	-	0.0%	-	-	-	-	1,250	33.61	-	(0.00)	-	1,250	33.6
	D2 - TOU (Peak)	18	0.7%	-	675	675	-	-	37.84	(0.05)	(0.00)	-	-	37.9
	D2 - TOU (Off-peak)	112	4.3%	733	2,929	3,982	-	1,250	28.13	(0.31)	(0.00)	-	1,250	28.1
	D3 - TOU (Peak)	74	2.8%	-	2,795	2,795	-	-	37.99	(0.20)	(0.00)	-	-	37.8
	D3 - TOU (Off-peak)	521	18.9%	2,282	12,184	14,468	-	1,250	23.38	(1.45)	(0.00)	-	1,250	23.3
	D4 - TOU (Peak)	30	1.1%	-	1,122	1,122	-	-	37.69	(0.08)	(0.00)	-	-	37.6
	D4 - TOU (Off-peak)	30	1.1%	225	631	1,058	-	1,250	28.13	(0.08)	(0.00)	-	1,250	28.1
	Temporary Supply	-	0.0%	-	-	-	5,000	-	38.88	-	(0.00)	5,000	-	38.9
Total Industrial		791	30.2%	3,247	20,801	24,948	-	-	-	(2.20)	-	-	-	-
Single Point Supply														
C1(a) Supply of 400 Volts less than 5 kW														
		0	0.0%	0	-	0	2,000	-	28.38	-	(0.00)	2,000	-	28.3
C1(b) Supply of 400 Volts exceeding 5 kW														
		0	0.0%	1	5	6	-	1,250	12.87	(0.00)	(0.00)	-	1,250	12.8
	Time of Use (TOU) - Peak	3	0.1%	-	79	79	-	-	24.27	(0.01)	(0.00)	-	-	24.2
	Time of Use (TOU) - Off-Peak	13	0.5%	32	227	259	-	1,250	17.92	(0.04)	(0.00)	-	1,250	17.9
C2 Supply at 11 kV														
		4	0.1%	11	48	50	-	1,250	13.57	(0.01)	(0.00)	-	1,250	13.5
	Time of Use (TOU) - Peak	5	0.2%	-	140	140	-	-	20.57	(0.01)	(0.00)	-	-	20.5
	Time of Use (TOU) - Off-Peak	24	0.9%	117	277	393	-	1,250	11.37	(0.07)	(0.00)	-	1,250	11.3
C3 Supply above 11 kV														
		-	0.0%	-	-	-	-	1,250	21.69	-	(0.00)	-	1,250	21.6
	Time of Use (TOU) - Peak	3	0.1%	-	98	98	-	-	31.39	(0.01)	(0.00)	-	-	31.3
	Time of Use (TOU) - Off-Peak	10	0.4%	48	197	245	-	1,250	18.71	(0.03)	(0.00)	-	1,250	18.7
Total Single Point Supply		69	2.4%	209	1,070	1,279	-	-	-	(0.17)	-	-	-	-
Agriculture Tube-wells - Tariff D														
S&P														
	Time of Use (TOU) - Peak	0	0.0%	-	0	0	-	-	18.08	(0.00)	(0.00)	-	-	18.0
	Time of Use (TOU) - Off-Peak	0	0.0%	0	1	1	-	400	12.60	(0.00)	(0.00)	-	400	12.9
Agriculture Tube-wells														
	Time of Use (TOU) - Peak	1	0.0%	-	29	29	-	-	29.48	(0.00)	(0.00)	-	-	29.4
	Time of Use (TOU) - Off-Peak	5	0.2%	12	133	145	-	400	21.89	(0.01)	(0.00)	-	400	21.6
Total Agricultural		6	0.2%	13	183	176	-	-	-	(0.02)	-	-	-	-
Public Lighting - Tariff G														
		1	0.0%	5	29	34	2,000	-	22.38	(0.00)	(0.00)	2,000	-	22.3
Residential Colonies														
		1	0.0%	0	10	10	2,000	-	17.71	(0.00)	(0.00)	2,000	-	17.7
Tariff K - A/J														
		-	0.0%	-	-	-	-	1,250	18.55	-	(0.00)	-	1,250	18.5
	Time of Use (TOU) - Peak	97	3.7%	-	2,417	2,417	-	-	24.85	(0.27)	(0.00)	-	-	24.8
	Time of Use (TOU) - Off-Peak	373	14.2%	1,709	7,511	9,280	-	1,250	20.18	(1.04)	(0.00)	-	1,250	20.1
Total Tariff K - A/J		472	18.0%	1,714	9,967	11,741	-	-	-	(1.31)	-	-	-	-
Pre-paid Supply Tariff														
Residential														
		-	-	-	-	-	1,000	-	34.28	-	(0.00)	1,000	-	34.2
Commercial - A2														
		-	-	-	-	-	-	1,250	22.54	-	(0.00)	-	1,250	22.5
General Services - A3														
		-	-	-	-	-	1,000	-	27.60	-	(0.00)	1,000	-	27.6
Industrial														
		-	-	-	-	-	-	1,250	30.23	-	(0.00)	-	1,250	30.2
Single Point Supply														
		-	-	-	-	-	-	1,250	19.88	-	(0.00)	-	1,250	19.8
Agriculture Tube-wells - Tariff D														
		-	-	-	-	-	-	400	29.32	-	(0.00)	-	400	29.3
Grand Total		2,518	100%	9,391	67,688	74,679	-	-	-	-	-	-	-	7

Note: The PYA 2025 column shall cease to exist after One (01) year of notification of the instant decision.

Maliq



ANNEXURE III - TARIFF SCHEDULE OF ELECTRICITY TARIFFS FOR HAZARA ELECTRICITY COMPANY (HAZEC)

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs / Conn / M	Rs / kW / M	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
		A	B	C		D		E=C+D	
D-1(i)	DCMP less than 1 kW	-	-	18.01		(0.00)		18.01	
D-2 (i)	Agricultural Take With	-	400	23.61		(0.00)		23.61	
D-1(i)	DCMP 1 kW & above	-	400	18.01	13.99	(0.00)	(0.00)	18.01	12.99
D-2 (i)	Agricultural 1 kW & above	-	400	17.57	14.83	(0.00)	(0.00)	17.57	14.83
	Free-Take for Dept & Govt	-	400	24.23		(0.00)		24.23	

Under this tariff, there shall be minimum monthly charge Rs2000/- per consumer per month, even if no energy is consumed.
 Note: The consumers having sanctioned load less than 1 kW can opt for TOU metering.

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs / Conn / M	Rs / kW / M	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
		A	B	C		D		E=C+D	
D-1(i)	Residential Supply	3,000	-	22.04		(0.00)		22.04	
D-1(iii)	Commercial Supply	6,000	-	25.59		(0.00)		25.59	
D-2	Industrial Supply	9,000	-	24.97		(0.00)		24.97	

125% of Domestic Industrial tariff
 Note: Tariff provision for WTP 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.

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs / Conn / M	Rs / kW / M	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
		A	B	C		D		E=C+D	
	Street Lighting	3,000	-	23.98		(0.00)		23.98	

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs / Conn / M	Rs / kW / M	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
		A	B	C		D		E=C+D	
	Residential Supply available to industrial premises	3,000.00	-	17.71		(0.00)		17.71	

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs / Conn / M	Rs / kW / M	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
		A	B	C		D		E=C+D	
	Hand Lamps & Meters (LAMP)	-	1,150.00	18.89		(0.00)		18.89	
	Time of Use	-	1,150.00	Peak	06.74	Peak	05.74	Peak	06.74
		-		Off-Peak	24.58	Off-Peak	23.58	Off-Peak	24.58

Note: The PTA 2025 column shall apply to other after One (01) year of implementation of the tariff decision.

Mark: 9



Wasim Anwar Regulator Under Wednesday, 14 January 2025, 12:13:39 PM

HAZECO

Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	251	209	218	225	390	341	289	285	314	229	202	241	3,094
Fuel Cost Component	10,3954	5,7937	7,5952	8,2498	8,4245	7,7138	7,0929	7,0998	7,4595	7,8696	6,2441	8,0165	7,7904
Variable O&M	0.3912	0.2867	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3910	0.4249	0.3019	0.3211	0.3861
Capacity	15,95625	18,2135	19,0844	12,9483	9,3108	9,5135	11,1406	11,3160	11,0665	13,5946	17,7970	15,4828	13,3440
UoSC	1,6756	1,8179	2,1937	1,6500	1,9295	1,9689	1,5786	1,5564	1,5346	1,7038	1,8543	1,8190	1,6474
Total PPP in Rs. / MWh	27,4267	27,0619	29,1560	29,2200	19,5533	19,0651	20,2150	20,3603	20,4923	23,5948	25,1873	26,6333	23,1679
Fuel Cost Component	2,612	1,407	1,743	1,860	2,441	2,693	2,047	2,025	2,345	1,900	1,260	1,935	24,106
Variable O&M	98	62	77	84	138	150	116	111	123	97	61	77	1,195
Capacity	3,861	3,806	4,161	2,519	2,702	3,245	3,216	3,227	3,479	3,109	3,588	3,978	41,291
UoSC	421	380	455	372	393	477	456	444	482	390	374	438	5,082
Total PPP in Rs. Mhr	6,593	5,658	6,447	5,295	5,694	6,502	5,895	5,806	6,490	5,397	5,282	6,428	71,674

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

F. Mulla



**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 HAZECO 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 31 days or less reckoned from the date of last meter reading.

If, for any reason, the scheduled reading period of a consumer exceeds the number of days in a calendar month, the total consumption should be prorated to match the number of days in that calendar month for determining the applicable slab rate and same be used for actual billing purpose.

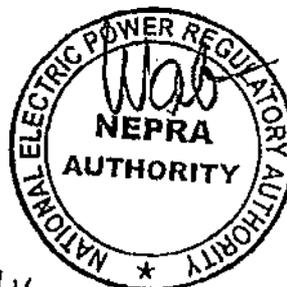
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the 25% 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.

Provided that for the purpose of fixed charges sanctioned load means maximum demand recorded during preceding 60 months.

Provided further that in case of new connections or consumers who have renewed/revised their sanctioned load, the fixed charges will be charged on 25% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher. However, upon establishment of MDI in next six months, the adjustment of fixed charges will be made accordingly by the DISCO."

Provided also that consumers having alternate/ dual source i.e. captive power, net metering etc. the existing mechanism of fixed charges shall remain the same i.e. the 25% of the sanctioned load or actual maximum demand recorded in a month, whichever is higher.

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.



Final

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:

	<u>* PEAK TIMING</u>	<u>OFF-PEAK TIMING</u>
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).
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 Surcharge (LPS) of 5% may be levied for next three (03) days after the due date and thereafter 10% LPS may be charged on the amount billed excluding Govt. taxes 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.

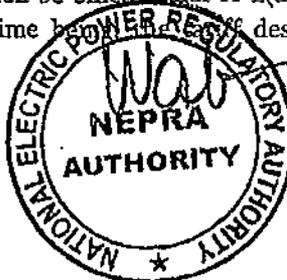
"Protected consumers" mean Non-ToU residential consumers consuming ≤ 200 kWh per month consistently for the past 6 months.

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 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.

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 category, plus margin, to be determined by the market forces itself. 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.

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 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. 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.
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



Wab

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-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 Time-of-Use (T.O.U) tariff C-1(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 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



J. Malik

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.
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. 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.



J. M. M. M.

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.

D-2

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

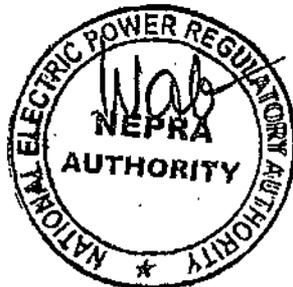
1. This tariff shall apply to Residential and Commercial consumers for temporary supply.
2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

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 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.

H. 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.

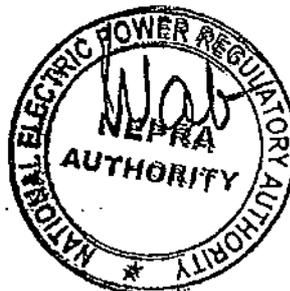
"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

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.





National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
Tel: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

Registrar

No. NEPRA/R/ADG(Tariff)/TRF-100/CPAG/473-76

January 07, 2026

Subject: Decision of the Authority in the matter of request filed by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for Approval of Power Purchase Price Forecast for the CY 2026 i.e. January 2026 to December 2026

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority alongwith Annexure I, II & III (total 33 Pages) in the matter of Petition filed by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for Approval of Power Purchase Price Forecast for the CY 2026 i.e. January 2026 to December 2026.

2. The instant Decision of the Authority alongwith Annex I, II & III attached to the Decision, is intimated to the Federal Government for filing of uniform tariff application in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The instant Decision alongwith Annex-I, II & III attached with the Decision be also notified in terms of Section 31 of the NEPRA Act, while notifying the uniform tariff application decision of the Authority.

Enclosure: As above

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


(Wasim Anwar Bhinder)

Copy to:

1. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
2. Mr. Shehriyar Abbasi, Deputy Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad



6. The Ministry of Energy (Power Division) (MoE-PD) vide letter dated 18.08.2025, submitted that the Authority determines the consumer-end tariff for XWDISCOs and K-Electric in accordance with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the NEPRA Act), read with Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules, 1998 and the uniform rebased tariff, once determined by the Authority, is notified by the Federal Government under Section 31(7) of the NEPRA Act. It was further submitted that the latest rebasing was notified on July 1, 2025. In accordance with the NEPRA (Tariff Standards and Procedure) Rules, 1998 read with Part 5 of the NEPRA Determination of Consumer-end Tariff (Methodology & Process) Guidelines, 2015, the Distribution Companies (DISCOs) are required to initiate the tariff determination process by submitting their minimum filing requirements by January 31st of each year. The submission is followed by internal deliberation by the Authority, public hearing, tariff determination and subsequent notification by the Federal Government. In view of the established tariff determination cycle recent annual tariff determinations, the rebasing of consumer-end tariff is notified by the Federal Government in the month of July, with effect from 1st July each year.
7. The Ministry further submitted that, in practice, the incidence of higher (FCAs) and annual tariff rebasing coinciding during the summer months results in elevated electricity bills owing to increased seasonal consumption, which, according to the Ministry, has implications for consumer affordability. It was contended that such impacted could be moderated if the timing of annual rebasing is aligned with periods of relatively lower electricity consumption, such as winters months, thereby enabling smoother absorption of tariff variations and contributing greater stability in consumer bills over the year. Strategic Directive 8 of the National Electricity Plan (NE Plan), which envisages, that the Regulator shall also revisit the "Guidelines for Determination of Consumer End Tariff (Methodology and Process), 2015" to enable alignment of regulatory proceedings for planning activities and schedule of rate case and tariff determinations.
8. The MoE submitted that the Federal Cabinet has approved issuance of policy guidelines for consideration by the Authority, with a view to revisiting the annual tariff determination process timelines through amendments to the relevant legal and regulatory framework, so as to enable notification of the rebased tariff with effect from 1st January, each year, following completion of all the requisite regulatory proceedings. In this regard, it is highlighted that the Authority has already determined (PPP) references up to June 2026 and that projections for the remaining period would be shared subsequently.
9. In light of above and in exercise of its powers under Section 31 of the NEPRA Act, the Federal Government issued the following policy guidelines for implementation by NEPRA;
"NEPRA shall revise the annual tariff determination process timelines by amending the relevant legal and regulatory framework (guidelines, rules and procedures) to ensure that annual rebasing is notified with effect from January 1st of each year, after completion of all regulatory proceedings."
10. Pursuant to the above, and in order to give effect to the rebasing w.e.f. January 2026, CPPA-G was directed vide letter dated 07.10.2025 to submit the (PPP) forecast for Calendar Year (CY) 2026 (January–December 2026)



Math. 7



14. Considering that the PPP constitutes a substantial component of the consumer end tariff, the Authority, in order to ensure transparency and afford an opportunity of hearing to all the stakeholders, decided to conduct a public hearing in the matter. Accordingly, a public hearing was held on 18.11.2025 at NEPRA Tower Islamabad. Notice of the public hearing was published in the National Dailies on 12.11.2025, inviting comments and objections from the interested/ affected parties. In addition, individual notices were issued to the Petitioner and other relevant stakeholders. The following issues were framed for deliberation during the public hearing:
- What is the basis of demand forecast for DISCOs under different scenarios?
 - What is basis for set of assumptions considered for projecting power purchase prices?
 - Which is the optimal achievable power purchase price scenario for rebasing of consumer end tariff for the period from January to December 2026, in order to minimize the future FCA and quarterly adjustments?
 - What methodology has been adopted for allocation of generation (GWh) to DISCOs along with power purchase price cost?
15. The hearing was held as per the schedule, wherein the Petitioner was represented by the CEO CPPA-G, along-with its technical and financial teams. The hearing was also attended by representatives of the Ministry of Energy (MoE), including the Additional Secretary, MD PPMC, ISMO, NGC, as well as other stakeholders, members of the general public and representatives of the media.
16. CPPA-G presented its case before the Authority and submitted that, in light of the policy guidelines approved by the Federal Cabinet, the annual rebasing of DISCO's/SOLR is proposed to be aligned with Calendar year instead of Fiscal year. Consequently, the Authority, vide dated 7th October 2025 directed CPPA-G to submit the Power Purchase Price Report in consultation with relevant stakeholders including NGC and ISMO. CPPA-G submitted that, following internal deliberations and consultation with the relevant stakeholders, it prepared and submitted the PPP forecast report for consideration of the Authority.
17. The following synopsis of PPP forecast for CY 2026 was presented by CPPA-G:

Scenario	Demand	Exchange Rate	Hydrology	Fuel Prices	PPP
1	Normal (1%)	290/300	Normal	Normal	25.95
2	Normal	300/310	Normal	Normal	26.53
3	High (2.5%)	290/300	Normal	Normal	25.73
4	Normal	290/300	Normal	High (+5%)	26.2
5	Normal	290/300	Normal	Low (-5%)	25.69





19.3. The demand forecast for DISCOs has been developed based on macroeconomic projections and historical electricity consumption trends. Based on historical elasticity estimates and GDP projections by IMF, economic growth is expected to result in a corresponding increase in electricity demand, ranging from 1% to 2.5%. These projections form the basis for the normal and high demand scenarios used in this analysis. The detailed demand assumptions for XW-DISCOs and K-Electric are presented in the tables below:

Demand Assumptions - XW-DISCOs		
Months	Demand (132 KV Level) (GWh)	
	Normal	High
Jan-26	7,014	7,118
Feb-26	5,903	5,990
Mar-26	7,203	7,310
Apr-26	9,270	9,408
May-26	11,517	11,688
Jun-26	12,630	12,817
Jul-26	12,809	12,999
Aug-26	12,799	12,989
Sept-26	11,499	11,669
Oct-26	9,281	9,419
Nov-26	6,816	6,917
Dec-26	6,843	6,945

Demand Assumptions - K-Electric		
Months	Demand (132 KV Level)	
	Normal	High
Jan-26	758	777
Feb-26	732	751
Mar-26	966	990
Apr-26	950	974
May-26	1,072	1,098
Jun-26	1,184	1,214
Jul-26	1,265	1,296
Aug-26	1,265	1,296
Sept-26	1,224	1,255
Oct-26	1,079	1,106
Nov-26	967	992
Dec-26	777	797

19.4. CPPA-G presented the following demand trends for the last two years, based on which it has assumed a growth of 1% in the instant PPP forecast:



Handwritten signature



20.3. During the hearing, CPPA-G explained that indent (water release) forecasts are inherently uncertain and, therefore, cannot be predicted with precision. In view of such variability, CPPA-G submitted that the adoption of extreme hydrology assumption may not be prudent for the purposes of PPP forecasting. Furthermore, the Indus River System Authority (IRSA), in its letter to ISMO dated 26 November 2025, has reiterated that reservoir operations are governed by clause 14(c) of the Water Apportionment Accord, 1991. As per the said framework, reservoir releases are prioritized to meet provincial irrigation requirements and are determined by provincial indents, prevailing meteorological conditions, and observed gains/losses along river reaches.

Fuel Prices

20.4. With regards to the fuel prices, CPPA-G submitted that fuel costs constitute a significant driver of the fuel cost component within the (PPP). Accordingly, the forecast incorporates assumptions for normal fuel prices, based on reputable data sources to ensure accuracy and relevance. For imported fuels, price assumptions are based on market data published by Argus Media and Platts, whereas local fuel prices are informed by inputs from OGRA, NEPRA, and TCEB. These assumptions are detailed below:

Fuel Price Assumptions									
Years	Gas	Brent	Imp	Imp	Imp	Thar	RFO	Bagasse	HSD
			Coal	Coal	Coal				
	Rs./MM	\$/Barrel	API-4	ICI-3	ICI-4	\$/MTon	\$/MTon	Rs./MTon	Rs/Litre
	BTU		\$/MTon	\$/MTon	\$/MTon	\$/MTon	\$/MTon		
Jan-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Feb-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Mar-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Apr-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
May-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Jun-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Jul-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Aug-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Sept-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Oct-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Nov-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Dec-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81

20.5. Additionally, for the assessment of PPP references under high fuel price scenario, a 5% escalation in fuel prices, including imported coal, RLNG, and RFO, above the baseline assumptions has been incorporated into the analysis. The scenario with low fuel prices takes into account a 5% reduction in the fuel price during the horizon.

Econometric Parameters

20.6. With respect to key macroeconomic parameters, projections have been developed for, inter alia, SOFR, KIBOR, U.S. inflation, and domestic inflation. The inflation data for the United States and Pakistan has been sourced from the IMF's World Economic Outlook report. To estimate KIBOR and SOFR, appropriate spreads have been applied in line with historical trends and prevailing market dynamics.



Handwritten signature/initials



Other Assumptions:

- 20.12. CPPA-G submitted that the following additional assumptions have been applied in the preparation of PPP references for CY 2026.
- **HVDC+AC Corridor Transfer Capability:** Transfer limits are set at 3,200 MW for Winter (January & February), 3,600 MW for Winter (November & December), and 5,000 MW for Summer 2026 (following the commissioning of Lahore North), as per the Normal Operation arrangement of the SCS Strategy Table provided by M/s NARI.
 - **RLNG Offtake:** The mandatory 50% offtake under contractual obligations for RLNG has been assumed in this dispatch plan.
 - **RLNG and RFO Projections:** These are based on assumed demand scenarios. However, actual fuel demand may vary depending on real-time system conditions and will be managed in accordance with prevailing contractual agreements.
 - **Renewable Energy Generation:** Assumed based on the previous year's energy profile.
 - **Imports and Other Sources:** Import from Iran has been considered in the overall assessment. However, generation from net metering has not been included in the analysis to the extent of incremental additions during January to December 2026.
 - **Fuel Source Assumptions:** HSRPEL, PQEPC, CPHGCL, JPCL, and LEPCL are assumed to operate exclusively on imported coal.
 - **Future Projects:** Incorporated based on the best available technical assessments and information. However, actual dispatch may differ in response to prevailing system conditions.
- 20.13. CPPA-G submitted that they have considered various national and international reports to determine the assumptions used in the setting of reference (PPP).
- 20.14. Based on the aforementioned assumptions, CPPA-G presented the following five scenarios of PPP forecast for CY 2026:

Description	Unit	Scenario-I	Scenario-II	Scenario-III	Scenario-IV	Scenario-V
Sold to DISCOS	GWh	125,822	125,822	127,815	125,822	125,822
Fuel Cost	Mln Rs	999,469	1,024,504	1,023,006	1,031,652	967,286
	Rs./kWh	7.94	8.14	8.00	8.20	7.69
Variable O&M	Mln Rs	50,106	51,031	51,245	50,106	50,106
	Rs./kWh	0.40	0.41	0.40	0.40	0.40
Capacity Charges	Mln Rs	1,974,602	2,022,158	1,974,602	1,974,602	1,974,602
	Rs./kWh	15.69	16.07	15.45	15.69	15.69
Power Purchase Price (Exc. Trans)	Mln Rs	3,024,177	3,097,663	3,048,853	3,056,360	2,991,994
	Rs./kWh	24.04	24.62	23.85	24.29	23.78
Transmission + MOF Charges	Rs./kWh	1.91	1.91	1.88	1.91	1.91
	Rs./kWh	25.95	26.53	25.73	26.20	25.69



Matter
7 10



22. What methodology has been adopted for allocation of generation (GWhs) to DISCOs along with power purchase price cost?

22.1. CPPA-G submitted that, the actual monthly consumption pattern of DISCO's at the 132kV level, as observed during the immediately preceding period, has been maintained across all the scenarios. The Authority in its determination for SPA registration has mentioned the allocation of capacity on the basis of coincidental MDI initially, prior to transition to allocation factors. CPPA-G submitted that the implementation of the said mechanism remains contingent upon the Authority's determination in the matter of petition filed by NGC and accordingly, the actual allocation trends would be available once the MSP (NGC) would start providing data in accordance with the determination.

22.2. In view of the above, the allocation of CPP to DISCOs continue on non-coincidental basis. For this, the latest MDI data for the CY 2025 have been used for allocation of CPP among DISCOs. During hearing, no DISCO objected either to the criteria or the proposed quantum of energy allocated to each DISCO by CPPA-G.

23. Various stakeholders submitted their comments in the matter. A summary of relevant comments is as under:

- ✓ Mr. Rehan Javed, a commentator, expressed reservations regarding the accuracy and reliability of the data presented by CPPA-G. He submitted that, during the recent quarterly adjustment hearing for XWDISCOs for the first quarter of FY 2025-26, the actual demand reported was lower than CPPA-G's projections. According to him, this outcome reinforces their earlier submissions during the FY 2025-26 rebasing proceedings, which he asserted were more reflective of ground realities.
- ✓ He further highlighted the absence of accurate and consolidated data on behind-the-meter solarization across Pakistan, noting that this gap undermines the credibility of demand forecasts. Mr. Rehan also raised concerns that rapid advancements in battery storage technology could accelerate consumer migration away from the national grid if tariffs are not rationalized. Additionally, he inquired about the rationale for the B2 industrial tariff being lower than the B3 industrial tariff.
- ✓ Mr. Tanveer Barry, a commentator, noted that according to CPPA-G's submissions, the lowest projected Power Purchase Price (PPP) for CY 2026 is Rs.25.69/kWh, while the highest stands at Rs.26.53/kWh. He questioned why no further reduction in PPP is observed, particularly when the Federal Government has recently renegotiated and terminated several IPP contracts. In response, CPPA-G clarified that the impact of these renegotiations had already been incorporated during the previous rebasing, wherein the PPP decreased from Rs.27.00/kWh in FY 2024-25 to Rs.25.98/kWh in FY 2025-26.
- ✓ Mr. Barry further submitted that electricity demand is unlikely to increase in the future due to high tariffs, increasing consumer shift toward solar solutions, and the continued closure of industrial units.
- ✓ Mr. Aamir Sheikh, a commentator, submitted that in the previous rebasing exercise, an exchange rate of PKR 290/USD had been used, as it aligned with the rate incorporated in the Federal Government's annual budget. He requested that the





28. The Authority notes that vide its decision dated 23.06.2025, a demand growth assumption of 2.8% has been approved for the period up to June 2026. However, based on the actual data reported up to October 2025, the Authority observes that the projected growth has not materialized to the extent previously anticipated, indicating the need to rationalize the growth assumption used in the PPP forecast. Further, the Authority, vide decision dated 09.12.2025, also approved the incremental consumption package for industrial and agricultural consumers which may also stimulate electricity demand.
29. In view of the foregoing and for the purposes of the projecting the PPP for CY 2026, the Authority considers the demand growth of 1% as projected by CPPA-G, to be reasonable for the present determination.
30. The Authority observes that other critical factor that impacts electricity prices is the exchange rate parity. Pakistan's power sector costs are generally tied with dollar indexation, and any change in exchange rate parity directly impacts the energy and capacity charges of generation segment, which constitute over 85% of the total cost of power sector. With devaluation of PKR against U.S. dollar, cost in local currency increases, potentially leading to higher electricity prices for consumers, therefore, accurate assessment of PKR/ USD as far as possible, is one of the most crucial elements of PPP forecast.
31. CPPA-G presented multiple exchange rate scenarios in its PPP projections, ranging between Rs.290/USD to Rs.300/USD and Rs.300/USD to Rs.310/USD, based on historical trends and forward-looking assumptions. While such analysis provides useful sensitivity, however, reliance on higher exchange rate assumptions also carries the risk of embedding unnecessary upfront conservatism in the tariff, which can be avoided by making a more rationale projection. CPPA-G also vide email dated 06.01.2026, realized this fact and submitted revised PPP projection under Scenario-1 by revisiting the exchange rate forecast as well as KIBOR.
32. In view of the foregoing, and considering the need to balance tariff stability, consumer affordability, and macroeconomic realism, the Authority has decided to opt the revised exchange rate forecast submitted by CPPA-G ranging from Rs.282/USD to Rs.285/USD for the CY 2026. Although, this would avoid unnecessary upfront burdening of the consumers, however, in case of any volatility in exchange rate beyond projections, the same would be catered through periodic adjustments.
33. Regarding fuel prices for both imported as well as local fuels, the Authority considers the projections made by CPPA-G under normal fuel price scenario are satisfactory, keeping in view the reports and data relied upon by CPPA-G, while making such projections.
34. For other economic parameters i.e. LIBOR, US inflation and PAK inflation, the Authority considers the projections made by CPPA-G for the CY 2026, as reasonable. However, for KIBOR, the Authority keeping in view the recent reduction in policy rate by the SBP and revised submissions of CPPA-G, has decided to account for KIBOR @ 10.70% from Jan. to June 2026 and 10.50% from Jul. to Dec. 2026.
35. In view of the discussion made in the preceding paragraphs, the assumptions and source wise estimated/projected generation along-with estimated cost of electricity generation for the CY 2026 is approved as under;





around 32% of the total projected PPP. The National Average Power Purchase Price (NAPPP) works out as Rs.25.32/kWh and the National Average Energy Purchase Price (NAEPP) works out as Rs.8.13/kWh. The generation cost is transferred to the DISCOs as per the prescribed mechanism.

37. DISCOs wise PPP for CY 2026 is as under;

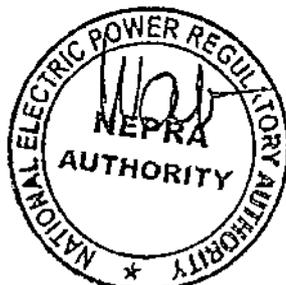
Description	MWh												Average
	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	
FESCO	3,070	2,920	2,856	3,403	3,873	3,814	3,744	3,834	3,463	3,524	2,734	3,152	3,372
GEPCO	2,077	2,051	1,911	2,705	3,114	3,730	3,514	3,518	3,367	2,755	1,973	2,076	2,721
HESCO	1,754	1,238	1,619	1,843	2,053	1,595	1,654	1,500	1,745	1,761	1,582	1,415	1,603
SEPCO	568	513	562	1,179	1,091	1,302	1,241	1,263	1,148	924	719	549	927
IESCO	2,740	1,771	1,671	2,351	2,811	3,142	2,970	2,726	2,745	2,138	1,645	2,261	2,374
MEPCO	4,972	3,458	4,427	5,647	6,245	6,247	6,231	6,384	6,230	5,427	4,329	4,734	5,502
MEPSCO	2,812	2,722	3,818	4,632	5,181	5,316	5,312	5,018	5,170	4,527	3,438	2,793	4,709
PEPCO	1,191	1,017	2,452	1,991	2,028	2,623	2,523	2,426	2,702	2,666	1,920	2,795	2,264
TEESCO	641	628	657	595	550	581	492	509	343	353	396	642	585
HAZECCO	550	513	641	512	528	657	618	611	665	517	513	603	583
QESCO	1,314	1,394	1,309	1,454	1,315	1,155	1,212	1,137	1,371	1,411	1,439	1,439	1,378
Sub-Total	21,732	19,612	22,637	26,192	29,912	30,724	30,161	29,049	29,125	25,734	20,811	21,513	25,503
K-Electric	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050
Total	23,782	21,662	24,687	28,242	31,962	32,774	32,211	31,099	31,175	27,784	22,861	23,563	27,553

Description	MWh of Rupees												Total
	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	
FESCO	9,349	5,284	4,120	11,145	13,840	13,521	12,709	13,215	11,208	10,434	8,279	7,117	122,468
GEPCO	7,145	3,321	5,511	8,093	10,404	11,002	10,154	9,813	9,560	7,591	4,703	5,527	33,258
HESCO	2,687	1,674	3,253	4,112	5,101	4,554	4,162	3,834	3,936	3,205	2,100	2,332	42,332
SEPCO	1,947	1,018	1,218	2,663	3,423	3,517	3,323	3,456	3,413	2,814	1,461	1,428	30,748
IESCO	8,069	4,649	5,474	7,620	10,262	11,231	10,191	9,837	9,260	7,240	4,450	6,293	86,151
MEPCO	16,181	8,611	12,577	17,516	22,591	21,601	20,227	20,847	19,250	16,854	9,250	12,013	218,251
MEPSCO	9,463	5,209	9,078	11,561	15,816	16,529	15,165	15,525	14,857	12,161	6,482	7,215	141,273
PEPCO	4,273	4,216	5,611	5,849	7,731	6,331	6,435	6,453	7,427	5,700	3,948	6,122	80,819
TEESCO	1,582	879	1,150	995	1,036	907	841	848	875	564	848	1,163	17,748
HAZECCO	2,612	1,407	1,743	2,840	2,441	2,631	2,042	2,025	2,345	1,600	1,760	1,815	24,106
QESCO	4,362	2,450	3,156	2,964	3,283	3,025	2,822	2,521	3,123	3,211	3,233	3,950	37,050
Sub-Total	72,909	39,748	52,512	74,476	97,109	97,422	90,851	90,567	85,716	73,039	42,558	54,528	879,302
K-Electric	7,977	4,937	7,720	7,843	8,035	9,137	8,271	8,230	9,131	8,290	6,041	8,233	84,816
Total	80,785	44,678	60,232	82,319	105,144	106,559	99,122	98,797	94,846	81,329	48,599	62,761	964,118

Description	MWh of Rupees												Total
	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	
FESCO	252	233	353	502	790	774	722	722	615	563	281	285	6,197
GEPCO	278	176	244	365	589	626	577	512	503	410	203	212	4,718
HESCO	101	74	164	185	283	267	259	227	201	213	107	68	2,121
SEPCO	73	45	78	120	198	266	200	183	179	159	71	57	1,516
IESCO	341	205	241	344	581	631	579	541	466	391	215	272	4,816
MEPCO	609	343	551	791	1,240	1,231	1,155	1,145	1,011	920	435	481	10,017
MEPSCO	356	230	339	611	853	841	841	849	760	667	313	290	7,251
PEPCO	311	196	243	265	453	474	484	492	390	308	193	215	4,010
TEESCO	60	38	52	45	59	52	48	46	46	32	41	46	516
HAZECCO	94	62	77	84	119	150	116	111	123	97	61	77	1,855
QESCO	164	109	148	134	186	176	160	138	170	173	116	134	2,807
Sub-Total	2,744	1,751	2,740	3,448	5,500	5,546	5,150	4,966	4,503	3,944	2,058	2,199	44,356
K-Electric	296	217	311	352	512	520	510	491	473	456	292	250	4,718
Total	3,040	1,968	3,051	3,800	6,012	6,066	5,670	5,457	4,977	4,400	2,350	2,449	49,074

Description	MWh of Rupees												Total
	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	
FESCO	20,431	21,670	18,666	19,145	19,817	18,838	19,183	20,237	18,155	20,387	19,453	20,759	216,947
GEPCO	13,825	14,369	12,552	15,409	15,314	18,411	18,157	18,565	17,637	16,054	13,011	13,700	188,743
HESCO	9,020	9,002	10,439	9,029	10,506	8,367	8,412	7,918	8,076	10,190	11,013	9,325	112,712
SEPCO	3,768	3,729	6,245	6,715	5,543	5,435	6,368	6,651	6,027	5,345	5,075	3,526	65,915
IESCO	14,308	12,878	10,852	13,399	14,437	15,522	15,216	14,750	14,388	12,297	11,433	14,512	164,682
MEPCO	32,760	18,058	28,741	33,309	34,522	33,407	34,490	33,692	32,612	31,271	30,133	28,263	311,769
MEPSCO	18,919	19,739	22,452	26,478	26,527	26,418	27,415	25,490	27,061	26,190	23,915	18,428	250,151
PEPCO	11,586	13,941	15,946	10,852	10,272	12,372	13,173	13,057	14,144	11,552	13,370	15,147	159,543
TEESCO	4,266	4,619	4,311	3,390	2,814	2,770	3,121	2,687	2,843	2,229	4,107	4,278	42,013
HAZECCO	3,851	3,826	4,151	2,919	2,702	3,145	3,216	3,227	3,479	3,109	3,248	3,978	41,231
QESCO	6,329	10,141	7,501	8,265	6,762	5,704	5,310	6,002	7,179	8,278	9,328	9,890	95,060
Sub-Total	144,513	142,612	143,255	149,158	150,002	151,548	154,528	153,282	152,453	148,871	145,043	144,913	1,777,413
K-Electric	13,645	14,399	13,309	11,677	10,431	10,110	10,502	10,819	10,731	11,659	14,273	13,523	145,610
Total	158,158	157,011	156,564	160,835	160,433	161,657	165,030	164,101	163,183	160,530	159,316	158,436	1,923,023

Waliq



KWDISCOs (with K-Electric)

Annex-j

Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	7,771	6,635	8,169	10,220	12,589	13,814	14,073	14,063	11,723	10,360	7,783	7,621	125,822

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	10,3954	6,7337	7,9952	8,2498	8,4315	7,7138	7,0929	7,0998	7,4596	7,8695	6,2441	8,0185	7,7378
Capacity	0,3912	0,2967	0,3527	0,3719	0,4775	0,4390	0,4029	0,3880	0,3915	0,4249	0,3019	0,3211	0,3900
LoSC	20,3515	23,7442	19,1671	15,7405	12,7487	11,7132	11,7260	11,6694	12,8262	15,5146	20,4691	20,4052	15,2860
Total PPP In Rs. / kWh	33,3575	33,1445	29,6579	26,3681	23,4661	21,5883	20,8833	20,7623	22,4560	25,7558	28,1490	30,9871	25,3213

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	80,786	44,678	65,312	84,316	106,144	106,558	99,822	99,847	94,906	81,529	48,599	61,091	973,588
Capacity	3,040	1,959	2,861	3,801	6,012	6,064	5,670	5,457	4,982	4,402	2,350	2,447	49,075
LoSC	158,158	157,541	156,575	160,875	160,483	161,807	165,025	164,111	163,183	160,730	159,316	155,501	1,923,316
Total PPP In Rs. / kWh	259,232	219,912	242,273	269,492	295,433	298,222	293,500	291,887	285,701	266,829	226,874	236,143	3,185,979

It is clarified that PPP is pass through for all 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

Muhammad



Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	758	732	966	950	1,072	1,184	1,265	1,265	1,224	1,079	967	777	12,239

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	10,3954	6,7337	7,9924	8,2498	8,4315	7,7138	7,0929	7,0998	7,4596	7,8696	6,2441	8,0165	7,7116
Capacity	0,3912	0,2967	0,3527	0,3719	0,4775	0,4950	0,4029	0,3880	0,3916	0,4249	0,3019	0,3211	0,3856
LoSC	18,0079	20,3551	13,7831	12,2880	9,7895	8,5437	8,3020	8,5539	8,7668	10,9931	14,2538	17,4006	11,9174
Total PPP in Rs. / kWh	1,9639	2,0316	1,5410	1,5659	1,3856	1,2563	1,1765	1,1765	1,2157	1,3793	1,5381	1,9139	1,4589
	30,7583	29,4172	23,6719	22,4755	20,0871	17,9527	16,9752	17,2183	17,8337	20,6670	22,8379	27,6521	21,4735

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	7,877	4,932	7,720	7,840	9,035	9,137	8,971	8,980	9,131	8,490	6,041	5,233	94,386
Capacity	296	217	341	353	512	520	510	491	479	458	292	250	4,719
LoSC	13,645	14,909	13,309	11,677	10,491	10,120	10,502	10,819	10,731	11,859	14,273	13,529	145,863
Total PPP in Rs. / MWh	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	17,855
	23,306	21,546	22,858	21,359	21,526	21,265	21,470	21,778	21,829	22,285	22,094	21,499	262,824

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



Handwritten signature

Watermark: Web: www.nepra.gov.pk, Anwar Bhinder, Registrar-1, 14 January, 2026, 12:1:39 PM

Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	710	592	692	982	1,234	1,426	1,432	1,382	1,284	965	673	591	12,065

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	0.3912	0.2967	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3916	0.4209	0.3019	0.3711	0.3920
Capacity	19.4608	25.2677	18.1446	15.6949	12.9236	12.9079	12.6828	13.4317	13.7259	16.6434	19.3734	19.8360	15.6051
UoS	2.1223	2.5219	2.0286	2.0000	1.8317	1.8980	1.7971	1.8474	1.9034	2.0883	2.0197	2.1818	1.5719
Total PPP in Rs. / KWh	32.3697	34.8201	28.5211	26.3166	23.6544	22.9587	21.9757	22.7670	23.4805	27.0263	27.9391	30.3554	25.7025

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	7.365	3.939	5.531	8.099	10.404	11.002	10.154	9.813	9.580	7.591	4.203	5.537	93.268
Capacity	278	175	244	365	589	626	577	536	503	410	203	222	4,729
UoS	13.825	14.969	12.552	15.409	15.334	18.411	18.157	18.565	17.627	16.054	13.041	13.700	188.243
Total PPP in Rs. / MWh	22.896	20.628	19.731	25.827	29.188	32.747	31.460	31.467	30.154	25.065	18.806	20.965	310.048

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

Wahid



Watermark: Anwar Bhinder, Registrar-1, 14 January, 2026, 12:1:39 PM

Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	910	774	1,132	1,644	1,586	2,143	2,138	2,188	1,992	1,571	1,038	802	16,427

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	0.3912	0.2967	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3916	0.4249	0.3019	0.3211	0.3935
Capacity	20.7816	25.5958	19.8383	16.1204	13.2923	22.3384	12.8215	12.1059	13.5867	16.6733	23.0583	20.4208	15.7455
UpSC	2.2664	2.5547	2.2180	2.0542	1.8854	1.8143	1.8168	1.6650	1.8843	2.0921	2.4039	2.2461	1.9898
Total PPP in Rs. / kWh	33.8345	35.1810	30.4041	25.7963	24.0868	22.3054	22.1340	21.2589	23.9220	27.0599	32.0082	31.0045	25.6500

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	9.463	5.209	9.048	13.561	16.876	16.529	15,166	15,535	14,857	12,361	6,482	7,235	142,273
Capacity	356	230	399	611	953	941	861	849	780	667	313	290	7,251
UpSC	18,919	19,798	22,432	26,498	26,527	26,438	27,415	26,450	27,061	26,190	23,935	18,429	290,152
Total PPP in Rs. / Mln	30,801	27,213	34,409	44,047	48,065	47,795	47,227	46,518	46,450	42,505	33,225	27,881	476,341

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

Handwritten signature



Watermark: Anwar Bhinder, Registrar-1, 14 January, 2026, 12:1:39 PM

Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	187	151	224	323	414	469	497	487	458	374	234	178	3,995

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	0.3912	0.2967	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3916	0.4249	0.3019	0.3211	0.3946
Capacity	20.1231	24.6701	27.9197	20.7993	13.4786	12.6593	12.8196	13.6770	13.1281	14.2868	21.6948	20.3617	16.2837
UoS	2.1946	2.4623	3.1215	2.6504	1.9118	1.8615	1.8165	1.8811	1.8205	1.7926	2.2618	2.2418	2.0654
Total PPP in Rs. / kWh	33.1042	34.1629	33.3950	32.0714	24.2995	22.6735	22.1318	23.0460	22.7998	24.3740	30.5025	30.9611	26.4402

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	1.947	1.018	1.788	2.663	3.493	3.617	3.529	3.456	3.413	2.944	1.461	1.426	30.749
Capacity	73	45	79	120	198	206	200	189	179	159	71	57	1,576
UoS	3.768	3.729	6.245	6.715	5.583	5.935	6.368	6.658	6.007	5.345	5.075	3.626	65.055
Total PPP in Rs. / kWh	6.399	5.163	8.810	10.354	10.066	10.630	10.993	11.219	10.433	9.119	7.236	5.508	105.631

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

Handwritten signature



Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	251	209	218	225	290	341	289	285	314	229	202	241	3,094

Fuel Cost Component	10,3954	6,7337	7,9952	8,2498	8,4315	7,7138	7,0929	7,0998	7,4596	7,8696	6,2441	8,0155	7,7904
Variable O&M	0,3912	0,2967	0,3527	0,3719	0,4775	0,4350	0,4029	0,3880	0,3916	0,4249	0,3019	0,3211	0,3861
Capacity	15,3645	18,2159	19,0844	12,9483	9,3308	9,5135	11,1406	11,3160	11,0665	13,4945	17,7870	16,4828	13,3440
UseC	1,6756	1,8179	2,1337	1,6500	1,3235	1,3989	1,5786	1,5564	1,5946	1,7058	1,8543	1,8130	1,6424
Total PPP in Rs. / KWh	27,8267	27,0619	29,5660	23,2200	19,5633	19,0651	20,2250	20,3603	20,4523	23,5948	26,1873	26,6333	23,1629

Fuel Cost Component	2,612	1,407	1,743	1,860	2,441	2,631	2,047	2,025	2,345	1,800	1,260	1,935	24,106
Variable O&M	98	62	77	84	138	150	116	111	123	97	61	77	1,195
Capacity	3,861	3,806	4,161	2,919	2,702	3,245	3,216	3,227	3,479	3,109	3,588	3,978	41,291
UseC	421	380	485	372	383	477	456	444	482	390	374	438	5,052
Total PPP in Rs. / Min	5,993	5,655	6,447	5,235	5,664	6,502	5,835	5,806	6,430	5,397	5,282	6,428	71,674

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

Handwritten signature



Description	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	AUG-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Units Purchased by DISCOs (GWh)	796	662	690	714	917	1,080	1,200	1,331	996	724	639	754	10,373

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	AUG-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	10,3954	6,7337	7,9952	8,2458	8,4315	7,7138	7,0929	7,0998	7,4596	7,8096	6,2441	8,0165	7,7520
Capacity	0.3912	0.2967	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3916	0.4249	0.3019	0.3211	0.3866
UoSC	18,3284	21,0717	29,1516	15,2153	11,3173	12,0104	10,9777	10,9754	14,2064	16,5018	20,9311	19,8388	15,3849
Total PPP in Rs. / kWh	1,9988	2,1031	2,5884	1,9389	1,5053	1,7660	1,5555	1,5095	1,5700	2,0705	2,1821	2,1799	1,9010
	31,1138	30,2033	34,0879	25,7759	21,8317	21,9282	20,0280	19,9728	24,0277	26,8669	29,6592	30,3363	25,4245

Fuel Cost Component	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	AUG-26	Sep-26	Oct-26	Nov-26	Dec-26	Total
Variable O&M	8,273	4,456	5,521	5,889	7,731	8,331	8,515	8,453	7,427	5,700	3,988	5,127	60,410
Capacity	311	196	243	255	438	474	484	462	300	208	193	245	4,010
UoSC	14,586	13,943	15,986	10,862	10,377	12,972	13,178	13,067	14,144	11,992	13,370	15,147	159,583
Total PPP in Rs. / Min	1,591	1,392	1,787	1,384	1,472	1,507	1,867	1,797	1,961	1,500	1,394	1,666	19,718
	24,761	19,987	23,537	18,401	20,017	23,684	24,044	23,779	23,922	19,459	18,965	23,185	263,722

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

Handwritten signature



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) and for fuel cost of energy procured through bilateral contracts, 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;

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.

(Tariff) MYT-2025-26



Mat. 9
S. M. Ahmed
(Syed Majeen Ahmed)
Deputy Secretary (T&S)
Ministry of Energy
(Power Division)

Wasim Anwar Bhinder
Registrar-1
Wednesday, 14 January, 2026, 12:1:39 PM

Wasim Anwar Bhinder
Registrar-1
Wednesday, 14 January, 2026, 12:1:39 PM