

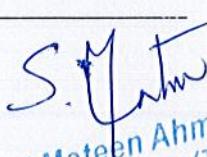
Government of Pakistan
Ministry of Energy

Islamabad, the 13th January, 2026.

NOTIFICATION

S.R.O. 44(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 further amendments shall be made in its notification No. S.R.O. 375(I)/2018 dated the 22nd day of March, 2018 as amended from time to time, 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 Hyderabad Electric Supply Company (HESCO), 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 from time to time.
3. Furthermore, the National Electric Power Regulatory Authority decisions dated 7th January, 2026 in respect of HESCO 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)



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
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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)

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 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 Requirements																	
XWDISCO		K-ELECTRIC		NEPCO		PESCO		QESCO		SEPCO		TESCO		PAHEZCO		TOTAL	
Units Received	GWh	12,398	25,605	15,834	12,063	18,427	10,373	5,486	4,750	3,995	1,554	3,094	113,382				
Units Sold	GWh	11,494	23,440	14,597	10,995	16,337	8,375	4,573	4,094	3,344	1,416	2,618	101,234				
Units Lost	GWh	904	2,165	1,329	1,088	2,090	1,998	963	656	652	138	476	12,348				
T&D Losses	%	7.29%	8.46%	7.87%	8.03%	11.34%	19.26%	17.53%	13.81%	16.81%	5.69%	15.59%	10.87%				
Energy Charge	Rs. Mn	100,987	208,165	128,641	98,017	149,524	84,420	44,484	38,857	32,315	12,735	25,301	923,558				
Capacity Charge	Rs. Mn	164,652	381,769	236,947	185,243	290,152	159,583	81,729	95,008	65,053	42,013	41,291	1,777,453				
Transmission & MOF	Rs. Mn	20,681	47,321	29,413	23,397	34,665	19,718	13,993	11,569	8,251	5,095	5,082	222,244				
Power Purchase Price	Rs. Mn	284,329	637,938	395,002	310,048	476,341	263,722	171,173	145,434	105,631	59,842	71,574	2,923,154				
Pay & Allowances	Rs. Mn	16,380	30,670	20,467	17,310	20,393	13,869	10,832	7,921	7,073	1,355	1,833	148,062				
Post Retirement Benefits	Rs. Mn	11,047	22,126	20,716	11,205	27,291	14,043	6,425	3,915	6,542	698	988	124,997				
Repair & Maintenance	Rs. Mn	2,625	3,000	1,296	3,561	2,039	1,543	2,839	1,603	1,446	391	137	20,481				
Traveling allowances	Rs. Mn	641	772	643	446	1,026	216	377	308	477	46	34	4,943				
Vehicle maintenance	Rs. Mn	1,116	2,169	1,099	1,261	742	325	689	558	269	82	11	8,314				
Other expenses	Rs. Mn	2,579	3,437	2,256	1,141	3,751	1,877	1,300	959	1,887	103	69	19,226				
DE&C Out	Rs. Mn	34,388	62,174	46,473	34,924	55,201	31,873	22,461	15,266	17,669	2,681	2,913	326,021				
Depreciation	Rs. Mn	5,981	6,728	6,615	5,339	9,195	3,328	1,845	1,953	1,894	710	803	44,383				
KORB	Rs. Mn	14,390	10,752	12,807	10,204	10,704	7,078	13,495	6,001	9,284	2,504	707	97,724				
O. Income	Rs. Mn	(5,281)	(12,600)	(7,313)	(4,563)	(6,535)	(6,111)	(1,333)	(1,978)	(2,665)	(728)	(652)	(54,760)				
Total Distribution/Supply Margin	Rs. Mn	46,478	67,054	58,582	45,902	66,565	35,169	36,659	21,242	26,182	5,165	3,771	413,579				
Prior Year Adjustment	Rs. Mn	(4,209)	(921)	16,974	22,426	8,794	15,745	(297)	3,361	2,120	3,443	(7)	71,372				
Revenue Requirement	Rs. Mn	328,598	704,041	470,558	378,369	551,699	315,635	207,845	172,737	133,934	70,432	75,437	8,408,305				
Working Capital	Rs. Mn	(4,493)	(4,260)	(3,831)	(1,869)	(4,338)	(3,167)	(1,811)	(2,797)	(603)	(1,036)	(565)	(28,938)				
Net-Revenue Requirement net of W.C	Rs. Mn	324,105	699,781	466,727	376,301	547,161	312,448	205,524	169,441	133,331	69,416	74,672	3,379,308				
Avg. Tariff with Working Capital	Rs./kWh	28.20	29.85	31.97	34.24	33.49	37.31	43.44	41.38	39.88	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

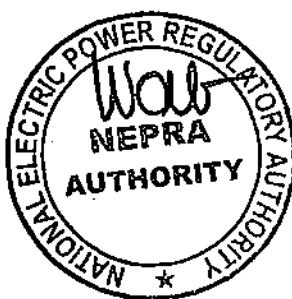


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sector' and under Clause 5.6.4 states that in due course, financial self-sustainability will eliminate the need for Government subsidies (except for any subsidies for lifeline, industry or agriculture consumers, as per prevailing Government considerations). 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



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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 Ferenal Government's applicable rates in SRO No. 575 (I)/2019 as modified from time to time.

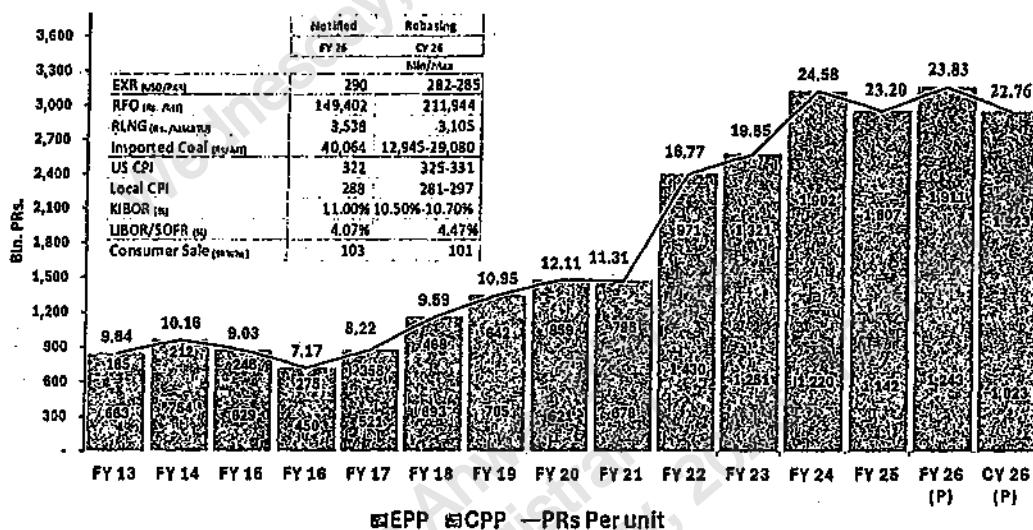


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Decision of the Authority regarding motion filed by Federal Government under Section 7 and 31 of NEPRA Act 1997 read with Rule 17 of NEPRA (Tariff standards and procedure) Rules, 1998 with respect to recommendation of Consumer end tariff

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 UoSC) and its break-up in terms of EPP and CPP over the years.

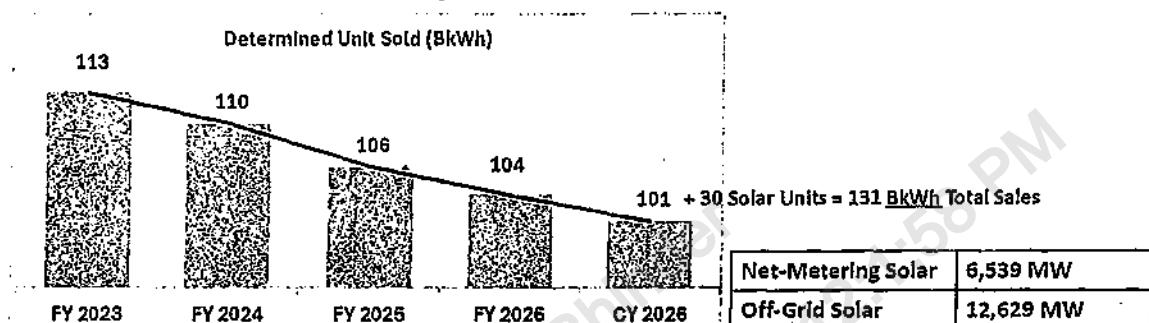


16. It was explained that over the years, determined unit sales have gone down from 113 bKWh in FY 2023 to projected 101 bKWh in CY 2026, primarily due to influx of solar net metering and off-grid solar. The capacity of net metering and off-grid solar has increased to 6,539 MW and 12,629 MW (as per the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

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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%		
Energy Charge	Bln	/Unit	Bln	/Unit	/Unit
	1,125	10.87	924	9.12	(1.74)
Capacity Charge	1,766	17.06	1,777	17.56	0.50
UoSC	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;





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	1,346,058	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%	11,574,126	34%	3,898	8%
	9,543,496	34%	8,527	16%	20,708,543	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:

	GoP Variable				GoP Fixed				Subsidy	
	Consumers		Units	Jul-25	Jan-26	Change	Jul-25	Jan-26	CY 26	
	Nos	%	dkWh	Rs/kWh		Rs./Con/M	Rs./kW/M	Rs./Con/M	Rs./kW/M	Bn Rs.
Up to 50 Units - Life Line	849,869	2%	413	3.95	3.95	400	400	400	400	13
51-100 Units - Life Line	533,271	1%	393	7.74	7.74	100	100	100	100	1
01-100 Units (Protected)	7,640,309	20%	15,007	10.54	10.54	200	200	200	200	584
101-200 Units (Protected)	12,530,378	32%	3,898	13.01	13.01	0	0	0	0	41
01-100 Units	913,495	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%	9,093	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	3,523,458	9%	7,929	37.36	37.36	1000	1250	1000	1250	(90)
General Services	228,509	1%	3,486	42.48	42.48	1000	1250	1000	1250	(35)
Industrial	301,384	1%	25,248	29.34	29.34	1000	1250	1000	1250	(102)
Bulk	2,658	0.01%	3,198	38.22	38.22	2000	1250	2000	1250	(45)
Agricultural	261,607	1%	6,501	28.99	28.99	0	400	0	400	15
Others	10,781	0%	9,198	29.02	29.02	2000	1250	2000	1250	(16)
National	38,603,101	100%	101,234	28.73	28.73					Subsidy Required 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;

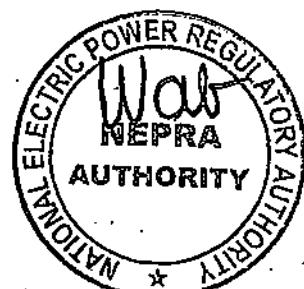
✓ Selective and Discriminatory Application of Base Tariff Reduction

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.

✓/✓



✓/✓



✓ 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.

Wazir



7/8



- ✓ 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**

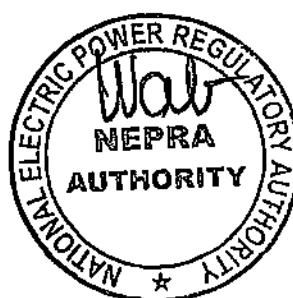
There is no change in base tariff of any consumer category / slab, therefore there is no selective or discriminatory treatment with industries. The reduction in NEPRA rate has been absorbed by a substantial change in domestic consumer mix towards low-tariff protected class. Accordingly, the national 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





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.

Malik Q



9/8



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

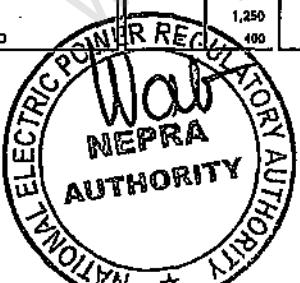
Member

Waseem Mukhtar

Chairman



10/18



11/18

SCHEDULE OF ELECTRICITY TARIFFS
RESIDENTIAL AVERAGE ENERGY CONSUMPTION SCHEDULE OF ELECTRICITY TARIFFS
RESIDENTIAL AVERAGE ENERGY CONSUMPTION SCHEDULE OF ELECTRICITY TARIFFS

GENERAL SUPPLY TARIFF FOR RESIDENTIAL CONSUMPTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cents / M	FIXED CHARGES Rs/kW/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES Rs/kWh		GOP APPLICABLE VARIABLE CHARGES Rs/kWh
				C		
		A	B	C	D	
a)	For Sanctioned load less than 5 kW				36.10	3.95
b)	Up to 40 Units - Life Line				36.10	7.74
c)	61 - 100 Units - Life Line				36.10	10.64
d)	101 - 200 Units				36.10	13.01
e)	201 - 300 Units				36.10	22.44
f)	301 - 400 Units				36.10	28.91
g)	401 - 600 Units	300			36.10	33.10
h)	601 - 800 Units	400			36.10	40.30
i)	801 - 1000 Units	500			36.10	41.65
j)	Above 1000 Units	1,000			36.10	42.65
b)	For Sanctioned load 5 kW & above				36.10	42.65
c)	Time Of Use	1,000			Peak	Off-Peak
d)	Pre-Paid Residential Supply Tariff	1,000			33.08	30.61
					33.08	46.88
					40.98	40.98
					40.98	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-3, there shall be minimum monthly customer charge at the following rates 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 Consumers Rs. 75/- per consumer per month

b) Three Phase Consumers Rs. 100/- per consumer per month

GENERAL SUPPLY TARIFF FOR COMMERCIAL CONSUMPTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cents / M	FIXED CHARGES Rs/kW/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES Rs/kWh		GOP APPLICABLE VARIABLE CHARGES Rs/kWh
				C		
		A	B	C	D	
a)	For Sanctioned load less than 5 kW			24.64	37.44	
b)	For Sanctioned load 5 kW & above	1,000	1,250	28.43	39.76	
c)	Time Of Use			1,250	33.08	35.12
d)	Electric Vehicle Charging Stations				33.08	33.67
e)	Pre-Paid Commercial Supply Tariff			1,250	39.76	42.58

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 SUPPLY TARIFF FOR COMMERCIAL CONSUMPTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cents / M	FIXED CHARGES Rs/kW/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES Rs/kWh		GOP APPLICABLE VARIABLE CHARGES Rs/kWh
				C		
		A	B	C	D	
a)	General Services	1,005	-	32.38	42.48	
b)	Pre-Paid General Services Supply Tariff	1,000	-	37.63	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.

GENERAL SUPPLY TARIFF FOR INDUSTRIAL SUPPLY TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cents / M	FIXED CHARGES Rs/kW/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES Rs/kWh		GOP APPLICABLE VARIABLE CHARGES Rs/kWh
				C		
		A	B	C	D	
B1	Up to 25 kW (at 400/230 Volts)			32.68	36.40	
B2(a)	exceeding 25-600 kW (at 400 Volts)	1,000	1,250	37.81	37.73	
	Time Of Use				Peak	Off-Peak
B1 (b)	Up to 25 kW	1,000	-	38.00	30.62	36.74
B2(b)	exceeding 25-600 kW (at 400 Volts)	-	1,150	35.00	25.49	36.68
M3	For All Loads up to 6000 kW (at 11.22 kV)	-	1,250	38.00	25.53	36.88
M4	For All Loads (at 66/110 kV & above)	-	1,250	38.00	24.74	37.85
	Pre-Paid Industrial Supply Tariff	-	1,250	38.00	25.53	40.73

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.

SINGLE POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cents / M	FIXED CHARGES Rs/kW/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES Rs/kWh		GOP APPLICABLE VARIABLE CHARGES Rs/kWh
				C		
		A	B	C	D	
C-1	For supply at 400/230 Volts			34.11	43.39	
	a) Sanctioned load less than 5 kW	2,000	-			
	b) Sanctioned load 5 kW & up to 500 kW	-	1,250	37.80	40.63	
C-2(a)	For supply at 11.22 kV up to and including 2000 kW	-	1,250	31.33	40.67	
C-2(b)	For supply at 11.22 kV & above and sanctioned load above 2000 kW	-	1,250	37.07	40.77	
	Time Of Use				Peak	Off-Peak
C-1(a)	For supply at 400/230 Volts 5 kW & up to 500 kW	-	1,250	38.00	29.12	43.31
C-1(b)	For supply at 11.22 kW up to and including 2000 kW	-	1,250	36.00	19.33	43.31
C-2(a)	For supply at 11.22 kV & above and sanctioned load above 2000 kW	-	1,250	35.00	23.45	43.31
	Pre-Paid Bulk Supply Tariff	-	1,250	35.00	27.94	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.



Matrix 9

SCHEDULE OF ELECTRICITY TARIFFS
FOR NATIONAL AVERAGE UNIFORM DETERMINED TARIFF WITH PVA ALONG WITH GOF APPLICABLE TARIFF
FOR AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cess. / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
D-1(i)	SCARP less than 3 kW				32.68	39.67
D-2 (i)	Agricultural Tube Wells		400		32.62	38.60
D-1(ii)	SCARP 3 kW & above			Peak	Off-Peak	Peak
D-2 (ii)	Agricultural 3 kW & above		400	55.00	61.30	42.79
	Per Valid for Agricultural Supply		400	38.00	39.70	36.84
			400		36.04	33.18

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 3 kW can opt for TOU metering.

SCHEDULE OF ELECTRICITY TARIFFS FOR TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cess. / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
E-1(i)	Residential Supply		2,000		34.81	47.94
E-1(ii)	Commercial Supply		4,000		34.68	43.44
E-2	Industrial Supply		8,000		36.13	42.26

SCHEDULE OF ELECTRICITY TARIFFS FOR SEASONAL INDUSTRIAL SUPPLY TARIFFS

Notes: Tariff-E-1 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.

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cess. / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
	Burst Lighting		3,000		33.60	43.91

SCHEDULE OF ELECTRICITY TARIFFS FOR RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cess. / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
	Residential Colonies attached to Industrial premises		2,000		26.60	42.10

SCHEDULE OF ELECTRICITY TARIFFS FOR SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cess. / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
1	Jammu & Kashmir (A-J-K)				31.68	38.45
	Time Of Use			Peak	Off-Peak	Peak
				35.01	31.34	38.88
2	Heavy Load		3,000		34.30	42.28

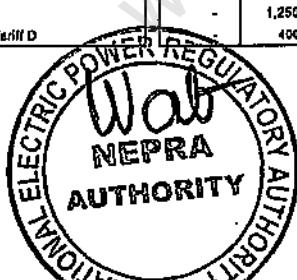
SCHEDULE OF ELECTRICITY TARIFFS FOR RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cess. / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITH PVA VARIABLE CHARGES		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
	Railway Traction		2,000		26.01	42.08

Math 9



Period	Description	Fixed Charges NEPRA Determined		Variable Charges (Rs./kWh) NEPRA Determined Tariff										Uniform National NEPRA Determined Tariff without PYA
		Rs./Cons. /Month	Rs./kW /Month	PESCO	ESCO									
	Residential													
	For peak load requirement less than 5 kW	-	-											
	Up to 50 Units - Lite Line	-	-	32.31	38.69	30.35	45.09	28.84	34.52	37.28	35.40	38.10	46.86	27.91
	51-100 units - Lite Line	-	-	32.92	39.30	30.89	45.70	28.55	35.13	37.07	34.14	39.71	47.57	26.52
	51-100 Units	-	-	35.53	43.82	34.75	49.40	32.34	34.78	35.83	31.53	40.87	47.82	29.88
	101-200 Units	-	-	35.40	43.89	34.81	49.27	32.20	34.84	35.83	31.40	40.53	47.49	29.55
	201-300 Units	-	-	34.02	51.64	34.28	53.26	32.82	34.88	35.17	31.08	43.19	50.20	28.47
	301-400 Units	-	-	34.63	53.08	33.31	54.88	34.05	33.58	33.42	29.73	44.61	51.83	30.26
	401-500 Units	200	-	34.99	53.18	33.80	54.81	34.15	34.09	34.10	30.35	44.69	51.89	30.44
	501-600 Units	400	-	35.79	52.82	33.58	54.33	33.43	33.20	32.87	30.09	43.83	51.48	29.11
	601-700 Units	600	-	35.17	52.00	32.94	53.77	32.81	32.68	32.25	29.47	43.21	50.87	28.49
	Above 700 Units	800	-	35.04	51.88	32.80	53.82	32.68	32.45	32.11	29.33	42.76	50.76	28.38
	Temporary Supply	1,000	-	34.91	51.71	32.64	53.48	32.51	32.29	31.95	29.18	42.60	50.63	28.23
	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	21.98	19.28	32.59	40.56	17.84
	For peak load requirement exceeding 5 kW													
	Regular	-	1,250	25.88	42.51	23.34	41.41	22.92	23.37	22.67	19.65	33.28	38.47	18.53
	Time of Use (TOU) - Peak	-	-	34.02	50.81	31.80	52.80	31.64	31.79	31.39	28.42	38.38	49.27	28.97
	Time of Use (TOU) - Off-Peak	-	1,250	28.12	43.02	23.70	44.80	23.85	23.77	23.39	20.52	31.48	41.37	19.07
	Temporary Supply	5,000	-	37.04	67.87	34.36	68.76	34.29	34.95	33.89	28.54	45.91	57.05	29.89
	Electric Vehicle Charging Station (EVCS)	-	-	31.83	52.14	31.25	52.12	15.97	14.35	24.66	17.87	41.21	52.49	27.25
	Total Commercial													
	General Services-A3	1,000	-	31.22	47.37	29.12	49.70	28.47	26.76	28.26	25.35	39.14	46.81	24.17
	Industrial													
	B1	1,000	-	41.82	40.91	30.88	55.87	38.51	29.84	20.40	31.43	32.18	33.23	35.01
	B1 Peak	1,000	-	44.84	43.44	33.94	56.73	38.65	31.29	31.08	33.43	35.50	38.43	35.13
	B1-Off Peak	-	-	39.40	38.39	28.51	53.30	34.21	27.24	27.03	29.38	30.44	36.88	32.69
	B2	-	1,250	40.21	38.63	29.35	54.12	35.05	28.70	26.80	28.60	30.81	31.83	33.81
	B2 - TOU (Peak)	-	-	44.85	42.89	33.89	58.31	39.38	30.89	30.76	32.31	33.23	38.40	37.94
	B2 - TOU (Off-peak)	-	1,250	35.03	32.54	24.85	49.45	29.39	20.90	20.77	23.90	28.07	28.51	28.13
	B3 - TOU (Peak)	-	-	44.70	43.14	33.87	56.79	39.51	31.00	30.94	31.49	34.13	36.58	37.99
	B3 - TOU (Off-peak)	-	1,250	30.10	28.53	19.37	44.18	24.00	19.47	16.34	18.89	20.53	21.86	22.39
	B4 - TOU (Peak)	-	-	44.70	43.09	33.07	57.87	38.39	31.07	31.03	32.03	35.03	35.58	37.99
	B4 - TOU (Off-peak)	-	1,250	34.84	32.23	23.21	49.00	28.83	20.21	20.17	21.27	24.17	25.70	28.13
	Temporary Supply	5,000	-	45.89	45.14	34.33	62.83	40.42	32.23	31.38	32.48	37.48	41.86	38.98
	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	32.05	30.87	31.00	28.94	40.93	47.74	26.38
	C1(b) Supply of 400 Volts-exceeding 5 kW	-	1,250	19.42	37.79	17.27	38.04	18.55	17.18	17.49	15.45	27.42	32.00	12.87
	Time of Use (TOU) - Peak	-	-	30.82	48.29	28.00	49.38	30.02	28.84	28.06	28.70	38.87	45.28	24.27
	Time of Use (TOU) - Off-Peak	-	1,250	24.47	42.94	21.65	43.03	23.97	22.19	22.71	24.45	32.52	38.83	17.82
	C2 Supply at 11 kV	-	1,250	20.12	35.50	16.10	38.75	19.26	17.67	16.20	16.14	28.13	33.06	13.57
	Time of Use (TOU) - Peak	-	-	33.12	52.17	31.43	52.03	32.59	31.21	31.41	29.43	41.72	45.33	28.57
	Time of Use (TOU) - Off-Peak	-	1,250	17.98	33.88	15.18	35.90	17.02	15.42	15.82	13.68	25.15	33.11	11.37
	C3 Supply above 11 kV	-	1,250	28.21	45.28	25.82	45.92	27.26	25.81	28.08	23.89	34.91	41.72	21.88
	Time of Use (TOU) - Peak	-	-	37.94	53.01	35.55	55.26	38.98	38.55	35.84	33.72	44.84	51.45	31.38
	Time of Use (TOU) - Off-Peak	-	1,250	28.28	43.33	23.87	43.81	25.32	23.87	24.13	22.04	32.88	39.77	19.71
	Total Single Point Supply													
	Agricultural Tube-wells - Tariff D													
	Scarp	-	-	25.18	42.30	23.02	43.51	22.63	22.94	21.34	19.52	33.18	39.84	18.08
	Time of Use (TOU) - Peak	-	-	22.17	39.38	19.87	40.40	19.81	20.10	19.00	18.54	30.30	38.78	15.07
	Time of Use (TOU) - Off-Peak	-	400	20.00	37.19	17.79	38.22	17.84	17.93	15.83	14.36	28.12	34.81	12.90
	Agricultural Tube-wells	-	400	32.80	49.51	30.45	31.20	30.16	30.47	28.79	27.13	41.03	47.67	25.68
	Time of Use (TOU) - Peak	-	-	38.59	55.93	34.28	54.81	33.98	34.28	32.86	30.88	44.73	51.51	29.49
	Time of Use (TOU) - Off-Peak	-	400	26.55	45.17	25.72	50.38	28.39	29.70	26.88	20.58	37.30	45.85	24.88
	Total Agricultural													
	Public Lighting - Tariff G	2,000	-	29.73	47.04	27.58	48.33	27.18	27.77	27.81	24.05	37.73	45.39	22.38
	Residential Colonies	2,000	-	25.07	42.47	22.81	43.87	22.52	23.11	19.41	33.07	40.73	47.71	28.20
	Railway Tracklet	2,000	-	-	-	-	-	25.45	-	28.09	-	-	-	28.03
	Tariff K - AJK	-	1,250	-	-	22.85	-	-	-	-	22.05	-	-	16.55
	Time of Use (TOU) - Peak	-	-	-	-	29.26	-	-	-	-	25.88	-	-	24.86
	Time of Use (TOU) - Off-Peak	-	1,250	-	-	24.58	-	-	-	-	21.16	-	-	20.18
	Tariff K - Rawalpindi	2,000	-	-	-	-	-	-	-	-	24.28	-	-	28.28
	Pre-paid Supply Tariff													
	Residential	1,000	-	40.62	55.17	39.15	59.58	37.94	39.24	38.68	34.82	47.08	58.70	34.28
	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
	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	27.80
	Industrial	-	1,250	40.19	58.00	28.48	55.88	34.80	24.81	23.81	26.32	31.70	29.07	30.23
	Single Point Supply	-	1,250	25.10	48.63	21.86	46.11	24.83	25.29	25.92	23.43	34.82	42.58	19.88
	Agriculture Tube-wells - Tariff D	400	-	33.25	50.24	32.03	38.09	34.49	35.01	32.10	28.26	41.97	55.31	28.32
														38.04



Math - 9

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SCHEDULE OF ELECTRICITY TARIFFS IN HOW MUCH AS THE NATIONAL AVERAGE UNIT FROM DETERMINED TARIFF WITHOUT PVA ALONG WITH GOVT APPLICABLE TARIFF

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Cents / M	TODAY CHARGES Rs. / KG / M	UNIFORM DETERMINED TARIFF WITHOUT PYA VARIABLE CHARGES		COT APPLICABLE VARIABLE CHARGES Rs./kWh
				Rs./kWh		
				A	B	C
a) For Sanctioned load less than 50W						
i) Up to 50 Units - Life Line					35.43	35.43
ii) 51 - 100 Units - Life Line					35.37	35.37
iii) 101 - 300 Units					35.33	35.33
iv) 301 - 500 Units					35.31	35.31
v) 501 - 100 Units					35.25	35.25
vi) 101 - 200 Units					35.24	35.24
vii) 201 - 300 Units					35.20	35.20
viii) 301 - 400 Units		100			34.70	34.70
ix) 401 - 500 Units		100			34.58	34.58
x) 501 - 800 Units		100			34.18	41.63
xi) 601 - 1000 Units		1,000			34.03	42.75
xii) Above 1000 Units		1,000			34.30	41.69
b) For Sanctioned load 5 kW, & above						
Time of Use						
Peak	Off-Peak	Peak	Off-Peak			
8,000	32.74	30.25	46.85	40.83		
1,000			45.05		45.12	

As part of the settlement, all registered residential consumers will be given the benefit of any savings achieved by the utility.

As you authority's discretion, read about it. You can never tell what it may say. It is better to be safe than sorry.

Under article A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed. For consumers where monthly fixed charges are applicable, no minimum charge shall be applicable to such consumers, even if no energy consumed.

Fig. 7B: per cent of *Trichinella* larvae per muscle
Fig. 14C: per cent of *Trichinella* larvae per muscle

Rs. 100/- per document per month

GENERAL SUPPLY, TANIER & COMMERCIAL

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT PTA VARIABLE CHARGES	COF APPLICABLE VARIABLE CHARGES
		Rs. / Cent / M	Rs. /kWh/M	Rs./kWh	Rs./kWh
a)	For Uncontrolled load less than 0.5kW	1,000		33.84	37.44
b)	For Standardised load 0.5kW & above		1,350	22.12	22.12
c)	Time of Day			Peak Off-Peak	Peak Off-Peak
d)	Mobile Telephone Charging Station		1,250	33.84 34.50	35.15
e)	Pre-Paid Commercial Simple Tariff			31.08 33.95	33.67
					42.38

Where Fixed Charges are applicable (Rs./sq.m./month), the charges shall be billed based on 33% of sanctioned load or Actual load for the month which ever is higher.

Sl. No.	TARIFF CATEGORY / PARTICULARS	FOOD CHARGES	FOOD CHARGES	UNIFORM DETERMINED TARIFF WITHOUT FVA VARIABLE CHARGES	GOF APPLICABLES VARIABLE CHARGES
		Rs. / Cent. / M	Rs./kWh/M	Rs./kWh	Rs./kWh
1	General Services	1.003	-	31.63	43.18
2	Per-PM General Services Service Tariff	1.000	-	31.53	43.18

Where Fixed Charges are applicable to the Month, the charges shall be billed based on 20% of mentioned load or Actual MWH for the month which ever is higher.

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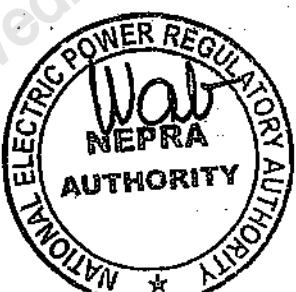
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	FIXED CHARGES	UNIFORM DETERMINED TARIFF WITHOUT FVA VARIABLE CHARGES	OF APPLICABLE VARIABLE CHARGES
		Rs./ Conn./M	Rs./kW/M	Rs./kWh	Rs./kWh
B1	Up to 32 kW (at 400/230 Volt)	3,000	-	3L66	30.80
B2(a)	exceeding 32-500 kW (at 400 Volt)	-	1,350	27.79	30.73
Times Of Use					
B1 (M)	Up to 32 kW	1,000	-	36.12	30.50
B2(b)	exceeding 32-500 kW (at 400 Volt)	-	1,250	34.25	24.71
B3	For All Loads up to 5000 kW (at 11,22 kV)	-	1,250	34.39	35.64
B4	For All Loads (at 66,132 kV & above)	-	1,350	34.63	35.68
Total Industrial Supply Tariff		-	1,350	30.99	30.73

These Fixed Charges are applicable for 12 Months. The charges shall be billed based on 75% of estimated load or Actual MDR for the month which ever is higher.

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Sl. No.	TARIFF CATEGORY / PARTICULARS	FDDO CHARGES Rs. / Cent / M	FDDO CHARGES Rs./kWh/M	UNIFORM DISMUTERIALIZED TARIFF WITHOUT PTA VARIABLE CHARGES		GDP APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
-1	For supply at 400/230 Volt					
-1(a)	Unconditioned load less than 5 kW		2.000		33.95	49.39
-1(b)	Unconditioned load 5 kW & up to 500 kW			1.250	27.14	40.65
-1(c)	For supply at 11,22 KV up to 10 and including 2000 kW			1.250	31.19	40.57
-1(d)	For supply at 55 KV & above and unconditioned load above 5000 kW			1.250	36.87	40.77
Type Of Use						
-1(e)	For supply at 400/230 Volt & 5 kW & up to 500 kW			1.250	34.35	29.34
-1(f)	For supply at 11,22 KV up to 10 and including 2000 kW			1.250	34.36	18.70
-1(g)	For supply at 55 KV & above and unconditioned load above 5000 kW			1.250	35.03	23.48
Total Fixed Supply Tariff					279.94	44.87

There Fixed Charges are applicable Rs. 15/-/Month, the charges shall be billed based on 25% of sanctioned Load or Actual KWH for the month which ever is higher.



SCHEDULE OF ELECTRICITY TARIFFS FOR AGRICULTURE
UNIFORM DETERMINED TARIFF (WITHOUT PVA) WITH GOF APPLICABLE TARIFF
AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Unit / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES Rs./kWh		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
D-1(a)	SCAUF less than 8 kW	-	-	32.22	38.67	
D-2 (a)	Agricultural Tube Wells	-	400	31.18	38.98	
D-1(b)	SCAF 8 kW & above	-	400	34.66	31.11	42.71
D-2 (b)	Additional 8 kW & above	-	400	34.33	39.02	38.67
	Overhead for Agt & Scauf	-	400	34.64	38.64	33.18

Under this tariff, there shall be minimum monthly charge Rs.3000/- per consumer per month, even if no energy is consumed.

Note: The consumers having sanctioned load less than 8 kW can opt for TOU metering.

SCHEDULE OF ELECTRICITY TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Unit / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES Rs./kWh		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
D-1(a)	Residential Supply	5,000	-	33.90	67.04	
D-1(b)	Commercial Supply	6,000	-	34.32	63.44	
D-2	Industrial Supply	8,000	-	34.08	42.98	

SCHEDULE OF ELECTRICITY TARIFFS FOR INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Unit / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES Rs./kWh		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
	Street Lighting	3,000	-	32.32	42.91	

SCHEDULE OF ELECTRICITY TARIFFS FOR RESIDENTIAL/CO-OP CO-OP TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Unit / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES Rs./kWh		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
	Residential Consumers attached to Industrial premises	3,000	-	33.30	43.18	

SCHEDULE OF ELECTRICITY TARIFFS FOR SPECIAL CONTRACTS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Unit / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES Rs./kWh		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
1	Abdul Jamil & Khawar (AJK)	-	1,000	33.05	38.48	
	Time Of Use	-	1,000	26.04	31.40	38.82
2	Rawal City	2,000	-	33.05	38.48	47.35

SCHEDULE OF ELECTRICITY TARIFFS FOR RAILWAY TRACTION

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs. / Unit / M	FIXED CHARGES Rs./kWh/M	UNIFORM DETERMINED TARIFF WITHOUT PVA VARIABLE CHARGES Rs./kWh		GOF APPLICABLE VARIABLE CHARGES Rs./kWh
				A	B	
	Railways Tractive	3,000	-	36.01	43.39	

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

Description	Fixed Charges (Rs/Con/M)	Fixed Charges (Rs/kW/M)	Variable Charges (Rs./kWh)
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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	2,000	-	40.53
E-1 (i) Temporary Residential			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
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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	-	1,250	27.13
Off-Peak	5,000	-	42.25
E-2 (i) Temporary Industrial			

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

Description	Fixed Charges (Rs/Con/M)	Fixed Charges (Rs/kW/M)	Variable Charges (Rs./kWh)
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C - Bulk Supply Tariff

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

D - Agriculture Tariff

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

-sub-total-

G - Public Lighting

Street Lighting	2,000	-	42.91
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H- Residential Colonies

Residential Colonies attached to Industrial Premises	2,000	-	42.10
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Note: The uniform GoP applicable rate for prepaid metering category mentioned in Annex-A-1 would also be applicable to K-Electric prepaid consumers.

Note: 7





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-634/HESCO-Distribution/2025/ 354-61

January 07, 2026

SUBJECT: DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (HESCO) FOR DETERMINATION OF DISTRIBUTION TARIFF UNDER MYT REGIME FOR THE FY 2025-26 TO FY 2029-30

Please find enclosed herewith the subject Determination of the Authority (total 31 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, Irrigation & Power Deptt., Govt. of Sindh, Sindh Seccy. No. 2, Tughliq House Karachi
4. Managing Director, National Grid Company (NGC) of Pakistan, 414 WAPDA House, Shahrah-e-auid-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, Hyderabad Electric Supply Company Limited (HESCO), WAPDA Offices Complex, Hussainabad, Hyderabad
7. Chief Executive Officer, Independent System and Market Operator (ISMO) of Pakistan, Pitrus Bukhari Road, Sector H-8/1, Islamabad



National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-634/HESCO-MYT/Distribution- 2025

DETERMINATION OF DISTRIBUTION OF POWER TARIFF PETITION

FOR

HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (HESCO)

FOR THE FY 2025-26 – FY 2029-30

UNDER

NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

January 07, 2026

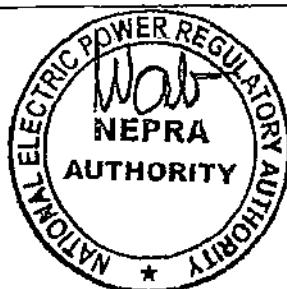


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Abbreviations

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



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4 January 2016



MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
NOC	Network Operation Centre
NTDC	National Transmission & Despatch Company
O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Supply Company
HESCO	Hyderabad 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



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**DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (HESCO) FOR
DETERMINATION OF DISTRIBUTION TARIFF UNDER MYT REGIME FOR THE FY
2025-26 TO FY 2029-30**

CASE NO. NEPRA/TRF-634/HESCO-MYT/Distribution- 2025

PETITIONER

Hyderabad Electric Supply Company Limited (HESCO), HESCO Headquarters, WAPDA Complex, Hussainabad, Hyderabad.

INTERVENER

Nil

COMMENTATOR

Nil

REPRESENTATION

HESCO was represented by its Chief Executive Officer along-with its Technical and Financial teams.



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1. Background

- 1.1. The Authority awarded a Multi-Year Tariff (MYT) to Hyderabad Electric Supply Company (HESCO), for a period of five years starting from 1st July 2021 till 30th June 2025. Upon expiry of its MYT on 30.06.2025, HESCO (hereinafter also called as "the Petitioner"), being a Distribution Licensee as well as Supplier of Last Resort, filed separate tariff petitions for the determination of its Distribution and Supply of Electric Power Tariff under the MYT Regime for another period of five years i.e. from FY 2025-26 to FY 2029-30, in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").
- 1.2. HESCO was required to file its new MYT petitions for the Distribution and Supply functions by January 2025, in line with the NEPRA Guidelines for determination of Consumer End tariff (Methodology and Process) 2015, after incorporating therein, the approved number of investments and target of T&D losses. However, the petitions were filed with considerable delay, and were based on the requested numbers of Investment and T&D losses. HESCO also requested for grant of interim tariff for the FY 2025-26, in order to allow for timely rebasing of consumer-end tariff effective July 1, 2025, as considerable time would be required to finalize the MYT petitions. The Authority acceded with the request of HESCO and granted an "Interim tariff", vide decision dated 23.06.2025 for FY 2025-26, subject to adjustment and/ or refund, based on the final determination of the Authority in the matter of MYT petitions of the Petitioner.
- 1.3. The Petitioner, inter alia, requested the following distribution margin for its distribution of power function for the five years control period:

Margin	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Pay & Allowances	Rs. Mn 8,347	8,885	9,250	9,652	10,093
Post-Retirement Benefit	Rs. Mn 8,728	9,601	10,561	11,617	12,779
New Hiring	Rs. Mn 1,264	1,605	1,973	2,354	2,741
Repair and Maintenance	Rs. Mn 2,365	2,411	2,700	3,028	3,400
Travelling expenses	Rs. Mn 369	385	424	466	513
Vehicle expenses	Rs. Mn 650	571	496	546	600
Other expense	Rs. Mn 950	974	1,005	1,105	1,221
PM assistance Package	Rs. Mn 473	520	572	629	692
Total O&M Costs	Rs. Mn 23,146	24,952	26,981	29,397	32,039
Depreciation	Rs. Mn 3,056	4,105	4,801	5,394	5,919
Return on Rate Base	Rs. Mn 6,050	9,284	11,511	12,945	14,033
Gross Distribution Margin	Rs. Mn 32,262	38,341	43,293	47,736	51,991
Less: Other Income	Rs. Mn (1,259)	(1,182)	(1,242)	(1,228)	(1,217)
Net Distribution Margin	Rs. Mn 31,003	37,159	42,051	46,508	50,774
Projected Sales	GWh 4,006	4,300	4,606	4,698	4,784
Requested Tariff	Rs./kWh 7.74	8.64	9.13	9.92	10.61

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 05, 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.





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:

- Whether the projected energy purchases and sales are justified?
- Whether the requested/projected O&M cost (including new hiring) is justified and what are the basis for such projections?
- Whether there should be any bifurcation of O&M on the basis of controllable and uncontrollable costs?
- Whether the requested/projected amount under heads of Other Income, Depreciations, PM assistance package and RORB based on WACC of 12% is justified?
- What will be adjustment mechanism for future indexation of different components of revenue requirement during the MYT? Whether there should any efficiency factor (X Factor)?
- Whether there will be any claw back mechanism or not?
- Whether the concerns raised by the intervener/ commentator if any are justified?
- 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 energy purchases and sales are justified?

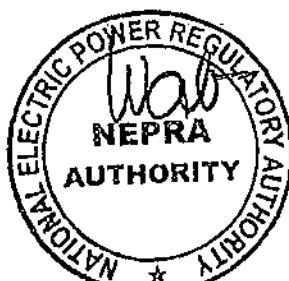
5.1. The Petitioner, in its petition submitted that Power Purchase projections;

Average tariff for tariff control period for HESCO in PKR/kwh					
Detail	2025-26	2026-27	2027-28	2028-29	2029-30
Total Units Purchase (GWh)	5,409	5,693	5,975	6,027	6,093
Total Units Sale (GWh)	4,006	4,300	4,606	4,688	4,784
T&D Losses (%)	25.94%	24.47%	22.91%	22.21%	21.49%

5.2. The Petitioner during hearing submitted that the projected energy purchases and sales submitted by HESCO are realistic, data-backed, and fully justified. The projections have been developed based on a comprehensive Power Market Survey (PMS) Report-2024 carried-out by HESCO in closed coordination with NGC / ISMO, which considers historical consumption trends, category-wise growth, system constraints, and future demand drivers across all divisions.

The Power Market Survey (PMS) - 2024 is as under:

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Sale Forecast for FY 2024-25	3,849 GWh
Actual Sale	3,916 GWh
Difference	67 GWh (Increase in Sale)
%Age Deviation	1.7%

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.

6. Whether the requested MYT for a control period of five years is justified?

6.1. The Petitioner submitted that the petition has been filed in accordance with the Rule 3(1) and Rule 4(7) of the Rules and NEPRA Performance Standards (Distribution) Rules 2005. As per Rule 17 (3) (1) of the Rules, tariff should allow that licensee the recovery of any and all costs prudently incurred to meet the demonstrated needs of their consumers. The Petitioner also submitted that it has filed Investment Plan and assessment of T&D losses for a period of five years, which are under deliberation with the Authority.

6.2. The Authority observed the Petitioner has requested for a five year tariff control period, in line with its five years investment plan. The Authority also noted that approval of the investment plan and assessment of T&D losses of the Petitioner for a five year period is at advanced stage, therefore, to align the investment requirements of the Petitioner, with its tariff determination, which is a tool to incur and recover the allowed amount of investments, the Authority has decided to approve the tariff request of the Petitioner under the MYT tariff regime for a control period of five year i.e. from FY 2025-26 till FY 2029-30. The terms & conditions, given by the Authority, in the Distribution and SoLR license, as modified from time to time, of the Petitioner would be applicable during the MYT control period.

7. Whether the requested/projected O&M cost (including new hiring) is justified and what are the basis for such projections?

8. Whether there should be any bifurcation of O&M on the basis of controllable and uncontrollable costs?

8.1. The Petitioner in its petition submitted following projections;

Operating and Maintenance Cost Breakup (PKR million)					
	2025-26	2026-27	2027-28	2028-29	2029-30
Pay and allowances	8,367	8,907	9,273	9,678	10,121
Post-retirement benefits	8,728	9,601	10,561	11,617	12,779
Pay and allow: new hiring	1,264	1,605	1,973	2,354	2,741
Repair and maintenance	2,365	2,411	2,700	3,028	3,400
Travelling allowance	369	385	424	466	513
Vehicle maintenance	650	571	496	546	600
Other expenses	950	974	1,005	1,105	1,221
PM assistance package	455	501	551	606	666
Total	23,148	24,955	26,983	29,400	32,042



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Plan for Additional Hiring

- 8.2. The Petitioner company is a staff deficient company and planning to hire the employees for its smooth operation and achieve efficiency.
- 8.3. The following is the year wise plan of hiring along with costs:

Detail	2025-26	2026-27	2027-28	2028-29	2029-30
	Tentative	Tentative	Tentative	Tentative	Tentative
Number of Employees (A+B)	7,126	6,907	6,688	6,504	6,309
A- Qualified Professionals	312	304	301	290	282
Engineers	231	227	228	223	218
Others	81	77	73	67	64
B- Staff	6,814	6,603	6,387	6,214	6,027
Technical	3,804	3,719	3,630	3,560	3,485
Clerical	604	578	560	536	512
Non-Technical	2,406	2,306	2,197	2,118	2,030

Basic pay, allowances and employee benefits

- 8.4. The Petitioner submitted that pay & allowances for FY 2025-26 have been estimated based on the Company's present strength. Pay & allowances and employee benefits including retirement benefits constitute a major portion of the Petitioner's O&M expenses.

Retirement benefits

- 8.5. The Petitioner submitted that it has created a separate fund for the retirement benefits for all employees of supply as well as for distribution business, which needs to be bifurcate in detail through an actuarial. For the purpose of this petition the retirement liabilities have been bifurcated proportionately on the basis of Basic pay and projected on the basis of CPI.

Post-retirement Benefits break-up in PKR million					
Head of Account	FY26	FY27	FY28	FY29	FY30
Pension	7,405.41	8,145.95	8,960.55	9,856.61	10,842.27
Free electricity (retired)	270.67	297.74	327.51	360.27	396.29
Medical	732.64	805.91	886.5	975.15	1,072.66
Leave Encashment	319.56	351.51	386.67	425.33	467.87
Total	8,728.29	9,601.02	10,561.23	11,617.35	12,779.09

- 8.6. NEPRA is requested to allow the above gross amount of retirement benefits in tariff for the tariff period.

Repairs and maintenance

- 8.7. The R&M expenses have been calculated at 4% for FY 2025-26 and 3% for the FY 2026-27 to 2029-30 of net fixed assets at the end of the year. In light of the above NEPRA is requested to allow the Company the following repairs and maintenance expense for the period FY2025-26 to FY2029-30.

Financial Year	2025-26	2026-27	2027-28	2028-29	2029-30
R&M expenses (Rs. in Million)	2,364.88	2,410.95	2,700.18	3,027.96	3,400.07



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Vehicle running Expenses

8.8. The Vehicle running expenses have been calculated on base year and indexed as per CPI. NEPRA is requested to allow the Petitioner the vehicle expense for the period FY2025-26 to FY2029-30 as requested.

Financial Year	2025-26	2026-27	2027-28	2028-29	2029-30
Vehicle expenses (Rs. in Million)	650.00	571.00	496.10	545.72	600.29

Travelling and Other operating expenses

8.9. Travelling expenses are paid to employees in lieu of discharge of duty out of head quarter. These expenses are necessary and company is liable to pay as per travelling rules of the company.

Financial Year	2025-26	2026-27	2027-28	2028-29	2029-30
Traveling expenses (Rs. in Million)	368.55	385.39	423.92	466.32	512.95

Other Expenses

8.10. Other expenses of the Petitioner are almost fixed in nature like building rent, collection expenses, stationery and supplies, legal fees, software license fees, NEPRA license fees, tariff petition fees, photo state expenses, audit fees etc. while collection expenses and software license fee are linked to growth in the Petitioner's customers. NEPRA license fees is computed on the basis of the mechanism prescribed by NEPRA and projected annual demand of electricity. All other expenses are increased by CPI during the entire tariff period.

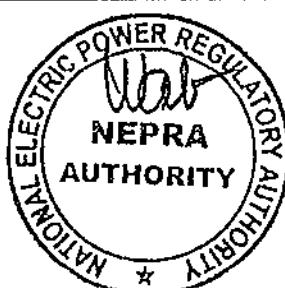
Financial Year	2025-26	2026-27	2027-28	2028-29	2029-30
Other expenses (Rs. in Million)	950.48	973.53	1,004.88	1,105.37	1,221.36

8.11. Regarding bifurcation of O&M expenses into controllable and uncontrollable components is justified. However, such bifurcation should be applied uniformly across all DISCOs under a standardized methodology developed and approved by the Authority to ensure consistency and comparability.

8.12. At present, HESCO's O&M projections are prepared on a functional cost basis (e.g., maintenance, establishment, administrative, and consumer services), following NEPRA's existing reporting formats. Nevertheless, HESCO acknowledges the need for gradual transition toward performance-linked cost classification.

8.13. However, in the absence of a uniform framework, any unilateral bifurcation may lead to inconsistencies in cross-DISCO comparison. Therefore, HESCO recommends that NEPRA may issue standardized definitions and cost segregation criteria, to be uniformly adopted by all DISCOs.

Controllable	Semi-Controllable	Uncontrollable
Repair & Maintenance	Store / Material Costs	Salaries, Wages & Other Benefits
Vehicle Running Expenses	Electricity & Water Charges	Provision for Retired Benefits
Travelling Expenses	Communication / Postage / Internet	
Other Expenses	Legal & Professional Fees	



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Efficiency Factor (X-Factor):

8.14. The Petitioner submitted that it is already struggling to achieve NEPRA's existing T&D losses and recovery targets, despite continuous operational efforts and implementation of the Distribution Investment Plan (DIP). The expected improvements under DIP are primarily focused on loss reduction and reliability enhancement, which will automatically yield measurable efficiency gains during the control period. Therefore, applying a separate X-Factor in addition to these existing performance targets would result in double counting of efficiency expectations.

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

8.16. 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;

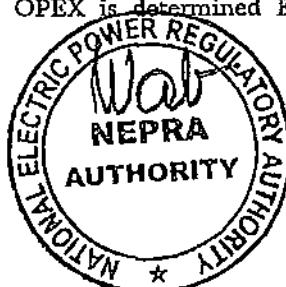
- ✓ *"(a) tariffs should allow licensees the recovery of any and all cost prudently incurred to meet the demonstrated needs of their customers Tariff."*
- ✓ *"(b) tariffs should generally be calculated by including a depreciation charge and a rate of return on the capital investment of each licensee 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;"*

8.17. 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.

8.18. 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.

8.19. Considering the fact that the MYT has been filed for a period of five years i.e. from FY 2025-26 to FY 2029-30, and the cost for the FY 2025-26 i.e. test year, is being assessed as reference cost during the MYT control period, the Authority has decided to consider the costs as per the Audited/ provisional accounts of the Petitioner for FY 2024-25 as base year.

8.20. 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.

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

Salaries, Wages and Other benefits (excluding post-retirement benefits)

8.22. 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 uncontrollable cost for XWDISCOs as long as they remain in public sector.

8.23. Considering the fact that the cost for the FY 2025-26 is being assessed, which would be used as reference during the MYT control period, the Authority has taken into consideration the costs as per the accounts of the Petitioner for the FY 2024-25, and information shared by the Petitioner subsequently in this regard. The Authority is of the view that since the previous MYT of the Petitioner has ended on 30.06.2025, therefore, it would be appropriate to account for the actual cost of the base year while projecting Salaries, Wages and Other benefits for the FY 2025-26, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.

8.24. The actual total cost as provided by the Petitioner for the FY 2024-25, under Salaries & Wages (excluding postretirement benefits, discussed separately) is Rs.9,225 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.

8.25. Accordingly, the cost of Salaries & Wages (excluding postretirement benefits, discussed separately), for both the Distribution and Supply Functions works out as Rs.10,483 million. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions as reference cost, to be adjusted in the remaining control period as per the adjustment mechanism prescribed in the instant determination.

8.26. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of Salaries, Wages and other benefits in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used.





Thus, the cost of Salaries, Wages and other benefits (excluding postretirement benefits) for the FY 2025-26 pertaining to the Distribution function works out as Rs.9,156 million.

8.27. The assessed Salaries & Wages costs for the FY 2025-26 i.e. Rs.9,156 million, shall be considered as the reference cost for future adjustment/ indexation of Salaries & Wages expenses, in the remaining tariff control period as per the mechanism given in the instant determination.

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

Additional Recruitment and Outsourcing

8.29. 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. The Authority understands that any allowing cost upfront either on account of new hiring, 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 new recruitment 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.

Post-Retirement Benefits

8.30. The Authority noted that the head of post-retirement benefit includes employees' pension, free electricity and medical facility. The Authority also understands that employees of XWDSCSOs are hired on Government pay scales, thus, any pension increase announced by the Federal Government in the Budget is also applicable on the retired employees of XWDISCOs.

8.31. Here it is pertinent to mention that the Authority in the previous MYT of HESCO, keeping in view it's operational performance, in terms of T&D losses and recovery, considered that allowing provision for post-retirement benefits instead of actual payments, would not be in the interest of the consumers as any additional amount over & above the actual payments, would be eaten-up by the inefficiencies of the Petitioner and the Petitioner would not be able to deposit the excess amount in the Fund. Hence, the Petitioner was allowed actual payments only, however, if the Petitioner still manages to deposit any additional amount in the Fund, the Authority may consider to allow the same as PYA in the subsequent adjustment request.



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- 8.32. The operational performance of HESCO over the last three years has remained stagnant in terms of recovery and T&D losses and remained well above the targets allowed by the Authority.
- 8.33. In view of the aforementioned and keeping in view the request of the Petitioner, the Authority has decided to allow post-retirement benefits for the FY 2025-26, keeping in view the actual payments as per the Audited/ provisional accounts of the Petitioner for the FY 2024-25, and the request of the Petitioner for the FY 2025-26. Accordingly, the cost of post-retirement benefits being allowed to the Petitioners for the FY 2025-26, works out as Rs.5,703 million, for both its distribution and Supply functions.
- 8.34. Since the Audited accounts of the Petitioner, do not provide bifurcation of post-retirement benefits in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of post-retirement benefits in terms of Distribution and Supply functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of post-retirement benefits for the FY 2025-26 pertaining to the Distribution function works out as Rs.5,187 million.

Repair & Maintenance Costs

- 8.35. The Authority has carefully examined the Petitioner's request and also analyzed the past trend of R&M expenses of the Petitioner. The Authority understands 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 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. In addition to aforementioned discussion, the Petitioner's request of annual adjustment in this regard is against the very spirit of multiyear tariff regime. The Authority also is of the view that since the previous MYT of the Petitioner has ended on 30.06.2025, therefore, it would be appropriate to account for the actual cost of the base year while projecting O&M expenses and other Misc. expenses for the FY 2025-26, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.
- 8.36. In view of the foregoing and keeping in view the current approved tariff methodology, the Authority has decided to allow an amount of Rs.2,258 million under R&M head, for the FY 2025-26, after incorporating the inflationary impact on the R&M cost as per the audited accounts of the Petitioner for the FY 2024-25 for both the Distribution and Supply functions. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions.
- 8.37. 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.2,210 million.
- 8.38. The assessed repair and maintenance cost for the FY 2025-26 i.e. Rs.2,210 million, shall be considered as the reference cost for working out future repair and maintenance expenses, in the remaining control period as per the adjustment mechanism prescribed in the instant determination.

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8.39. It is pertinent to note that, under the R&M head, expenditures relating to office buildings, 11 kV distribution lines, distribution transformers, and meters have exhibited a significant upward trend upon review of historical data. Accordingly, the Petitioner is directed to submit, within three (03) months of issuance of this decision, a certification confirming that no capital-expenditure (capex) items have been booked under O&M expenses. In the event of non-compliance, the assessed R&M expenses for FY 2025-26 and onward period shall be revised downward in subsequent tariff adjustment/indexation proceedings. Any difference between the revised assessed amount and the amount allowed under the instant determination shall be adjusted through PYA, and all future indexations shall be carried out on the basis of the revised figures.

8.40. 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.

Other O&M Expenses

8.41. 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, except vehicle running expenses, may be linked with CPI during the entire tariff control period. Accordingly, for assessment of Other O&M costs for the FY 2025-26, the Authority, keeping in view the cost as per the audited accounts of the Petitioner for the FY 2024-25, and incorporating therein inflationary impact, has decided to allow an amount of Rs.1,981 million to the Petitioner for the FY 2025-26. The said amount of Rs. 1,981 million is being allowed for both the Distribution and Supply of Power function for the FY 2025-26.

8.42. 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. 1,283 million.

8.43. By considering the figures as per financial statement, the Authority has incorporated all the costs including bill collection, building rent, NEPRA fee, insurance cost, rent, rates & taxes, and travelling, transportation etc.

8.44. The aforementioned assessment for the FY 2025-26 shall be considered as reference for working out future Other Operating Expenses for remaining tariff control period to be adjusted based on change in "NCPI-General", in line with the mechanism provided in the instant determination. However, the vehicle running expenses would be adjusted with "NCPI-Transport", in line with the mechanism provided in the instant determination.

8.45. In case the Petitioner's actual O&M cost (excluding pay & Allowances & post-retirement benefits) for the relevant year as per its audited accounts 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. For future indexation of O&M cost during the MYT control period, the lower of allowed O&M cost or actual O&M cost of the previous year, after excluding





therefrom the capex nature O&M and amount of O&M capitalized, if any, and pay & allowances & post-retirement benefits, shall be considered as reference.

8.46. If the actual O&M cost for the previous year, as referred above is not available at the time of projecting next year's O&M cost, the allowed cost for the previous year shall be considered as reference to be indexed as per the provided mechanism. Once the audited accounts for the previous year are available, the already projected O&M cost shall be reworked based on lower of allowed cost or actual O&M cost of the previous year. Any adjustment in this regard, if required, shall be made part of PYA. In addition, the allowed O&M cost shall also be adjusted based on mechanism provided in the instant determination. The Petitioner is also directed to disclose its O&M costs in terms of distribution and supply functions separately in its audited accounts.

PPMC Fee

8.47. 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.

8.48. 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.

8.49. 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.

8.50. 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.

8.51. 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.

8.52. 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



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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.

9. Whether the requested/projected amount under heads of Other Income, Depreciations, PM assistance package and RORB based on WACC of 12% is justified?

Depreciation

9.1. Regarding Depreciation the Petitioner submitted that Depreciation is charged on written down value (WDV) method. As per Petitioner's company policy, building and civil works are depreciated @ 2%, feeders and grids & equipment's @ 3.5%, other plant/equipment and vehicles @ 10%.

Description	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fixed Assets O/B	62,585	65,129	88,013	118,978	138,969	155,887
Additions /Deletion	2,545	22,883	30,965	19,990	16,918	14,907
Fixed Assets C/B	65,130	88,012	118,978	138,969	155,887	170,794
Accumulated Depreciation O/B	-25,300	-26,705	-29,894	-34,228	-39,269	-44,914
Depreciation for the year	-1,405	-3,189	-4,334	-5,040	-5,645	-6,179
Accumulated depreciation C/B	-26,705	-29,894	-34,228	-39,268	-44,914	-51,093
Net Book value	38,424	58,119	84,751	99,700	110,973	119,701

9.2. The Authority noted that as per the Methodology, depreciation expense for the test year, which in the instant case is FY 2025-26, will be determined by applying depreciation charge on the Gross Fixed Assets in Operation, including new investment and will be considered reference for the tariff control period.

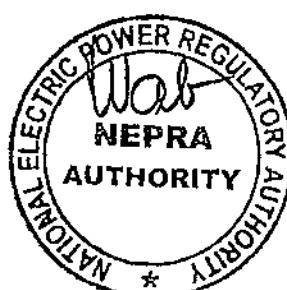
9.3. Regarding allowed investment for FY 2025-26 and FY 2026-27, since the Distribution Investment Plan (DIP) of the Petitioner is under regulatory proceedings, the Authority has decided to allow the following provisional Investments under head of own financing, which shall be subject to adjustments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

Rs. Mn	
Provisional Capex	HESCO
FY 2025-26	8,096
FY 2026-27	6,326

9.4. 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.

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

Provisional T&D Loss	HESCO
FY 2025-26	17.55%
FY 2026-27	17.55%



9 May



9.6. 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)	HESCO
FY 2025-26	8.30%
FY 2026-27	8.30%

9.7. 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 of the Petitioner, as the case may be.

9.8. Not used

9.9. Not used

9.10. After taking into account the new investments as mentioned above, the Gross Fixed Assets in Operation for the FY 2025-26 have been re-worked. Accordingly, the depreciation charge for the FY 2025-26 has been assessed as Rs.1,834 million calculated on actual depreciation rates for each category of Assets as per the Company policy, which will be considered as reference cost for working out future depreciation expenses for the remaining tariff control period, to be adjusted as per the mechanism provided in the instant determination.

9.11. After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2024-25, the Authority has projected amortization of deferred credit to the tune of Rs.951 million for the FY 2025-26. Accordingly, the consumers would bear net depreciation of Rs.883 million.

9.12. The actual depreciation reflected in the Audited accounts of the Petitioner for the FY 2024-25, 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.1,833 million.

RORB

9.13. The Regulatory Asset Base (RAB) is the gross fixed asset that is used in the distribution activities of the Company. The return on rate base is calculated by applying the WACC on



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the RAB. The Company's weighted average cost of capital is taken as 12.00%. Regulatory asset base for 2025-26 to 2029-30 is shown in required forms.

Detail	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fixed assets O/B	62,499	65,040	86,588	116,547	136,390	153,165
Addition	2,541	21,547	29,959	19,843	16,775	14,794
Fixed assets C/B	65,040	86,588	116,547	136,390	153,165	167,959
Less: Depreciation	-26,695	-29,751	-33,856	-38,658	-44,052	-49,971
Net fixed assets	38,345	56,837	82,691	97,732	109,113	117,988
WIP C/B	20,134	30,925	29,558	27,131	27,047	24,994
Fixed asset including WIP	58,479	87,762	112,249	124,863	136,160	142,982
Less: Deferred credit	-22,590	-22,653	-22,622	-22,637	-22,630	-22,633
	35,889	65,109	89,627	102,226	113,531	120,349
Regulatory Asset Base	35,318	55,863	76,700	94,705	107,840	115,911
WACC	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
RORB	4,238	6,704	9,204	11,365	12,941	13,909

9.14. 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;

9.15. 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.

9.16. 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





The cost of debt:

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

9.17. 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%;

9.18. 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.

9.19. 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, the Authority 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.

9.20. For risk free rate, the yield of 05 year 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.

9.21. By taking into account the aforementioned factors, the RoE of the Petitioner works out differently, however, keeping in view 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.

9.22. Regarding 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).

9.23. 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%;

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

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9.24. 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;

HESCO		
	FY 2024-25	FY 2025-26
Fixed Assets O/B	67,205	74,812
Addition	7,607	8,584
Fixed Assets C/B	74,812	83,376
Depreciation	26,960	28,793
Net Fixed Assets	47,852	54,582
Capital WIP C/B	57,018	64,188
Fixed Assets Inc. WIP	104,871	118,770
Less: Deferred Credits	22,312	24,425
Total	82,559	94,345
RAB		88,452
WACC		13.19%
RoRB		11,665

9.25. 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.1,1662 million.

9.26. The reference RoRB would be adjusted every Year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year as per the mechanism given in the instant determination.

9.27. In addition, the allowed RAB for previous year will be trued up downward, keeping in view the amount of investment allowed for the respective year, 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.

9.28. 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.

9.29. 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, 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

9.30. 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.

9.31. Since the other income would be tried up every year as per the mechanism provided in the instant determination, therefore, for the FY 2025-26, the Authority has decided to allow an amount of Rs.1,913 million based on audited accounts of the Petitioner for FY 2024-25, including the amount of amortization of deferred credit but exclusive of the amount of late payment charges (LPS).

9.32. 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.

9.33. 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.1,366 million.

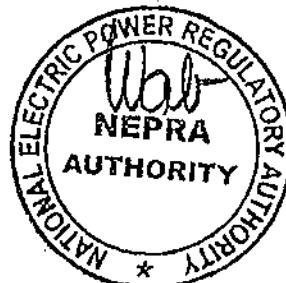
9.34. The reference Other Income determined for the FY 2025-26 would be adjusted annually as per the adjustment mechanism prescribed in the instant determination.

10. What will be adjustment mechanism for future indexation of different components of revenue requirement during the MYT? Whether there should any efficiency factor (X Factor)?

10.1. The Petitioner requested following adjustment mechanism for MYT control period;

Sl. No.	Description	Indexation / Adjustment Mechanism
1	Pay & Allowances	Govt. Statutory Increases, Annual Increases, Salaries, Wages & Benefits will be ascertained based on Audited Financial Statements.
2	Post-Retirement Benefits	Provision as per Latest Available Financial Statements.
3	Other O&M Costs	Adjusted every Year with CPI factor
4	RORB	The reference RORB would be adjusted every Year based on the amount of RAB worked Out for the respective year after taking into account the amount of investment diverted for that year. Fluctuation in the reference KIBOR would be adjusted Biannually.
5	Depreciation	Adjusted every Year as per the following formula: $DEP(Rcv) = DEP(Ref) \times GFA10(Rev) / GFA10(Ref)$
6	Other Income	True up as per NEPRA Mechanism

7. Matter





Indexation of O&M cost components

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

Adjustment Mechanism - Salaries, Wages & Other Benefits
Revised Salaries, Wages & Other Benefits Expenses = Ref. Salaries, Wages & Other Benefits x [1+(GoP Increase or CPI)]
The allowed Salaries, Wages & Other Benefits may be considered as reference cost for future adjustment.
The Authority may consider to allow GoP increase till the time the DISCOs remain in public sector, otherwise CPI indexation may allowed if DISCOs get privatized.
The allowed amount shall be actualized based on Audited accounts for the relevant year , considering the same as uncontrollable cost on part of XWDISCOs.

10.3. Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, the post-retirement benefits would be actualized based on the audited accounts of the Petitioner for the relevant year. The impact of any such adjustment would be allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

Adjustment Mechanism - Actual Post-retirement Benefits payment
Revised Post-Retirement Benefits = Ref. Post-retirement Benefits x [1+(GoP Increase or CPI)]
The allowed Post-Retirement Benefit may be considered as reference cost for future adjustment.
The Authority may consider to allow GoP increase till the time the DISCOs remain in public sector, otherwise CPI indexation may allowed if DISCOs get privatized.
The allowed amount shall be actualized based on Audited accounts for the relevant year , considering the same as uncontrollable cost on part of XWDISCOs.

10.4. **Transportation/Vehicle Running expense portion of O&M cost**

10.5. The reference costs would be adjusted every Year with Transport index of NCPI. The Adjustment mechanism would be as under;

Vehicle running/Transportation expenses (Rev) =

(Vehicle running/Transportation expenses (Ref.) x [1 + (Transport index of NCPI)])

10.6. **Remaining O&M costs will be indexed every year according to the following formula:**

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

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

Where

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

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O &M (Ref)	= Reference O&M Expense for the Reference Year
△ NCPI	= Change in NCPI published by Pakistan Bureau of Statistics for the month of December for the respective year. For O&M expenses, other than vehicle running expenses, NCPI-General shall be used, whereas for Vehicle Running expense, NCPI-Transport shall be used. Reference NCPI-General and NCPI-Transport of December 2024 for the purpose of future adjustment/ indexation shall be 4.07% and - 0.18% respectively.
X	= Efficiency factor i.e. 30% of NCPI relevant for indexation purpose

11. RORB

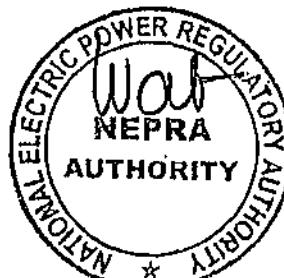
11.1. The reference RoRB would be adjusted every Year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year as per the following mechanism;

Adjustment Mechanism - RoRB	
RORB(Rev)	= $RORB(Ref) \times RAB(Rev) / RAB(Ref)$
The allowed RORB may be considered as reference cost for future adjustment.	
In addition the allowed RORB for previous year will be trued up based on actual investment (maximum cap to the extent of allowed investment) carried out during that year. Further KIBOR fluctuation on bi-annual basis also subject to adjustment. Further Spread of 1.50% is allowed as maximum cap, in case DISCOs manage to obtain financing on spread less than 1.5% the same shall be adjusted as part of PYA.	

11.2. In addition, PESCO to disclose the amount of IDC capitalized during the year and adjust its RAB for the year after excluding therefrom the impact of IDC capitalized during the year.

11.3. In addition, the allowed RAB for previous year will be trued up downward, keeping in view the amount of investment allowed for the respective year, 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.

11.4. 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, 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.



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12. Depreciation Expenses

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

$$\text{DEP (Rev)} = \text{DEP (Ref)} \times \text{GFAIO (Rev)}$$

GFAIO (Ref)

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

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

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

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

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

13. Other Income

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

Adjustment Mechanism - Other Income (OI)		
OI(Rev)	$= OI(\text{Allowed Previous year}) + [OI(\text{allowed for previous year}) - OI(\text{Actual previous year})]$	
The allowed Other Income may be considered as reference cost for future adjustment. In addition the allowed Other Income for previous year will be trued up based on actual Other Income during that year		

Working Capital

13.2. 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;

Distribution working Capital		Period	Period	HESCO
		336	335	2,501
Stores and Spares (3% of GFA)				
Trade debt (30 days of Revenue Receivable)	30	0.08		2,841
Total Current Assets				<u>5,342</u>
Current Liabilities	2/3	66.67%		3,562
Working Capital Requirement			1,781	
Less Receipt Against Deposit Work			11,645	
Net Working Capital			(9,864)	
Cost of debt local			12.00%	
Working Capital Cost			(1,184)	





13.3. As mentioned in the table above, the Petitioner's working capital requirement for the distribution function has been assessed as Rs.1,781 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 the Petitioner, its net cost of working capital for the distribution function works out as negative Rs.1,184 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 Petitioner for the CY 2026, and is subject to adjustment, as per the mechanism provided below, once the audited accounts of Petitioner for the FY 2025-26 are available.

Working capital (Distribution)

Formula for Future Adjustment

Revised cost of working capital = Working capital requirement as per given formula x Cost of debt on allowed parameters

-Working capital requirement shall be calculated based on assessed revenue requirement under each head for relevant year.

- -Cost of Debt shall 3 Months KIBOR + 1% spread as maximum cap, subject to downward adjustment at the end of each financial year.

Actualization of Previous year based on allowed revenue as PYA

Current Assets

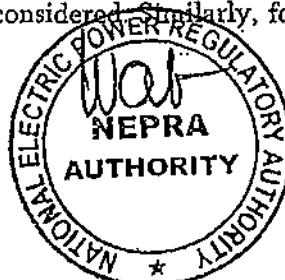
- Lower of 30 days receivables based on allowed revenue (including the impact of allowed adjustments), but excluding Working Capital cost OR Actual average Receivables for the Financial Year (excluding opening receivables).
- Stores & Spares - Lower of 3% of Avg. GFA (opening + closing)/2 or Actual average Stores & Spares, . GFA based on 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 PESCO

13.4. -For the purpose of 3 - Month KIBOR, the actual weighted average KIBOR of finance cost incurred by PESCO shall be considered. Similarly, for the purpose of spread,



actual weighted average spread incurred by PESCO 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.

13.5. 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.

14. Upfront Indexation/adjustment for the period July 2026 to December 2026

14.1. The Ministry of Energy (MoE) 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 Government in the month of July, each year with effect from 1st July.

14.2. The MoE 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 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 hereby issues 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. HESCO also vide letter submitted that the MoE 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. HESCO further stated that it has already submitted its Multi-Year Tariff (MYT) Petition for FY 2025-26 to FY 2029-30 for determination and the decision of the Authority is awaited. Meanwhile, an interim tariff for FY 2025-26 has been determined by the Authority in response to HESCO's request dated 29.05.2025.

14.7. HESCO accordingly requested that 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.

14.8. 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	HESCO
Salaries, Wages & Other Benefits	6,051
Post Retirement Benefits	5,276
Other O & M Costs	2,354
Depreciation	2,167
Return on Rate Base	4,703
Turn Over Tax	269
Gross Distribution Margin	20,820
Less: Other Income	(956)
Net Distribution Margin	19,864

14.9. 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.



14.10. 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 HESCO for the period from July 1, 2026 to December 31, 2026 as under:

Description		Unit	July to December 2026	FY 2026-27
Pay & Allowances			5,553	
Post Retirement Benefits			3,136	
Repair & Maintenance			1,199	
Traveling allowance			215	
Vehicle maintenance			288	
Other expenses			548	
O&M Cost	[Mln. Rs]		10,940	
Depreciation			1,037	
RORB			5,400	
O.Income			(957)	
Margin	[Mln. Rs]		16,420	

14.11. 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.

14.12. 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.

14.13. 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.

15. Whether there will be any claw back mechanism or not?

- 15.1. Although DISCOs made their submissions on this issue, however, the Authority noted that DISCOs were not able to fully comprehend the issue.
- 15.2. 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 DISCO and consumers equally.

16. Order

16.1. 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 FY 2025-26	Allowed CY 2026
		DOP	DOP
Units Purchased	[MkWh]		5,486
Units Sold	[MkWh]		4,523
Units Lost	[MkWh]		963
Units Lost	[%]		17.55%
Pay & Allowances		9,156	9,460
Post Retirement Benefits		5,187	5,844
Repair & Maintenance		2,210	2,778
Traveling allowance		350	326
Vehicle maintenance		408	517
Other expenses		525	661
O&M Cost	[Mln. Rs.]	17,836	19,586
Depreciation		1,833	1,844
RORB		11,662	13,490
O.Income		(1,366)	(952)
Margin	[Mln. Rs.]	29,964	33,968
Prior Year Adjustment	[Mln. Rs.]		-
Working Capital	[Mln. Rs.]		(1,184)
Revenue Requirement	[Mln. Rs.]	29,964	32,785
Average Tariff	[Rs/kWh]		7.25

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

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



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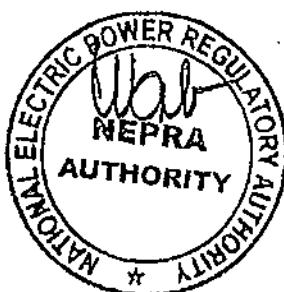
Description	ADJUSTMENTS/ INDEXATION	TIME LINES
Margin		
Salaries, Wages & Benefits		
Post-retirement Benefits	Annually as per the mechanism given in the decision	Request to be submitted by Petitioner in February of every year, so that adjustment / indexation for the next year is determined in timely manner.
Other operating expenses		
Depreciation		
Return on Regulatory Asset Base		
Other Income		
Prior Year Adjustment	Annually as per the mechanism given in the decision	
KIBOR	Bi-Annually, as per the decision	
Return on Equity (ROE)	No adjustment allowed over Reference ROE	
Spread	As per the mechanism in the decision	

Ref. NCPI-General of December 2019 i.e. 9.49%

- 16.5. 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.
- 16.6. 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.
- 16.7. The Petitioner is directed to ensure separate disclosure of each item in its audited financial statements as mentioned in the determination.
- 16.8. 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.
- 16.9. 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 Governmental agency of the Federal Government or the Provincial Government;
- 16.10. The Petitioner shall ensure that it develops, maintains and publicly makes available, its investment program for satisfying its service obligations and acquiring and selling its assets.
- 16.11. 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.
- 16.12. The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.

17. Summary of Direction

- 17.1. The Authority hereby directs the Petitioner to;
 - i. Provide year wise detail of amounts deposited in the Fund, amount withdrawn along with profit/interest earned thereon since creation of Fund each year.
 - ii. To certify that no capex nature expenses recorded as part of O&M expenses
 - iii. Provide the amount of IDC capitalized with its subsequent adjustment request and





reflect the same in its Audited Financial Statements each 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. To provide a certification from its Auditors that Repair and Maintenance expenditure does not include any CAPEX nature item.

18. 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.

19. 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

Amina 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-635/HESCO-Supply/2025/ 345-52

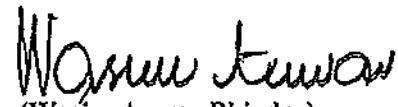
January 07, 2026

SUBJECT: DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (HESCO) FOR DETERMINATION OF SUPPLY TARIFF UNDER MYT REGIME FOR THE FY 2025-26 TO FY 2029-30

Please find enclosed herewith the subject Determination of the Authority alongwith Annexures (total 59 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, Irrigation & Power Deptt., Govt. of Sindh, Sindh Sectt. No. 2, Tughliq House Karachi
4. Managing Director, National Grid Company (NGC) of Pakistan, 414 WAPDA House, Shahrah-e-auid-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, Hyderabad Electric Supply Company Limited (HESCO), WAPDA Offices Complex, Hussainabad, Hyderabad
7. Chief Executive Officer, Independent System and Market Operator (ISMO) of Pakistan, Pitrak Bukhari Road, Sector H-8/I, Islamabad



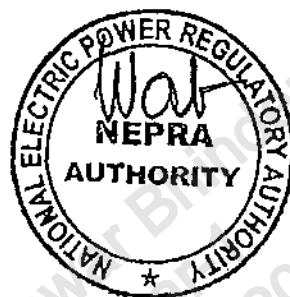
National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-635/HESCO/MYT-Supply/2025

DETERMINATION OF SUPPLY TARIFF PETITION
FOR
HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (HESCO)
FOR THE FY 2025-26 – FY 2029-30
UNDER
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998

Islamabad

JANUARY 07, 2026

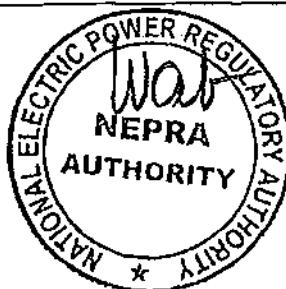


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Abbreviations

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





Determination of the Authority in the matter of MYT Petition
of HESCO for Supply Tariff under the MYT Regime

MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
NOC	Network Operation Centre
NTDC	National Transmission & Despatch Company
O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Supply Company
HESCO	Hyderabad 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
UQSC	Use of System Charges
WACC	Weighted average cost of capital
WAPDA	Water and Power Development Authority
XWDISCO	Ex-WAPDA Distribution Company

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**DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (HESCO) FOR
DETERMINATION OF SUPPLY TARIFF UNDER MYT REGIME FOR THE FY 2025-26 TO
FY 2029-30**

CASE NO. NEPRA/TRF-635/HESCO/MYT-Supply/2025

PETITIONER

Hyderabad Electric Supply Company Limited (HESCO), HESCO Headquarters, WAPDA Complex, Hussainabad, Hyderabad,

INTERVENER

Nil

COMMENTATOR

Nil

REPRESENTATION

HESCO was represented by its Chief Executive Officer along-with its Technical and Financial teams.

Q. Mehmood





1. Background

- 1.1. The Authority awarded a Multi-Year Tariff (MYT) to Hyderabad Electric Supply Company (HESCO), for a period of five years starting from 1st July 2021 till 30th June 2025. Upon expiry of its MYT on 30.06.2025, HESCO (hereinafter also called as "the Petitioner"), being a Distribution Licensee as well as Supplier of Last Resort, filed separate tariff petitions for the determination of its Distribution and Supply of Electric Power Tariff under the MYT Regime for another period of five years i.e. from FY 2025-26 to FY 2029-30, in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").
- 1.2. HESCO was required to file its new MYT petitions for the Distribution and Supply functions by January 2025, in line with the NEPRA Guidelines for determination of Consumer End tariff (Methodology and Process) 2015, after incorporating therein, the approved number of investments and target of T&D losses. However, the petitions were filed with considerable delay, and were based on the requested numbers of Investment and T&D losses. HESCO also requested for grant of interim tariff for the FY 2025-26, in order to allow for timely rebasing of consumer-end tariff effective July 1, 2025, as considerable time would be required to finalize the MYT petitions. The Authority acceded with the request of HESCO and granted an "Interim tariff", vide decision dated 23.06.2025 for FY 2025-26, subject to adjustment and/ or refund, based on the final determination of the Authority in the matter of MYT petitions of the Petitioner.
- 1.3. The Petitioner, inter alia, requested the following margin for its Supply of power function for the five years control period;

		FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Power Purchase Price	Rs. Mn	163,458	166,193	168,908	169,414	170,051
Energy Charges	Rs. Mn	52,155	54,890	57,605	58,111	58,748
Capacity Charges	Rs. Mn	101,067	101,067	101,067	101,067	101,067
UOSC/MOF/PMLTC	Rs. Mn	10,236	10,236	10,236	10,236	10,236
Distribution Business Cost	Rs. Mn	31,003	37,159	42,051	46,508	50,774
Supply Business Cost						
Salaries and benefits	Rs. Mn	826	879	915	955	988
Post-Retirement Benefit	Rs. Mn	863	950	1,045	1,149	1,264
New Hiring	Rs. Mn	125	159	195	233	271
Repair and Maintenance	Rs. Mn	4	238	267	299	336
Travelling expenses	Rs. Mn	36	38	42	46	51
Vehicle expenses	Rs. Mn	0	0	0	0	0
Other expense	Rs. Mn	82	90	99	109	121
PM assistance Package	Rs. Mn	47	51	57	62	68
Total O&M Costs	Rs. Mn	1,983	2,405	2,619	2,853	3,109
Advance Tax	Rs. Mn	501	538	576	586	598
Depreciation	Rs. Mn	(133)	(229)	(239)	(251)	(260)
Return on Rate Base	Rs. Mn	83	210	273	289	303
Gross Margin	Rs. Mn	2,433	2,924	3,229	3,477	3,750
Less: Other Income	Rs. Mn	(752)	(760)	(767)	(775)	(783)
Net Margin	Rs. Mn	1,681	2,164	2,462	2,702	2,967
Total Revenue Requirement	Rs. Mn	196,142	205,516	213,421	218,624	223,792
Projected Sales	GWh	4,006	4,300	4,606	4,688	4,784
Requested Tariff (Including Distribution Tariff)	Rs./kWh	48.96	47.79	46.34	46.63	46.78

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.

Note - 9





2.2. Hearing in the matter was scheduled on November 05, 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.

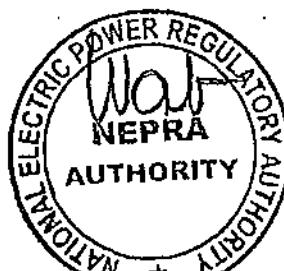
3. Issues of Hearing

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/projected O&M cost (including new hiring) is justified and what are the basis for such projections?
- iii. Whether there should be any bifurcation of O&M on the basis of controllable and uncontrollable costs / factors?
- iv. Whether the requested/projected amount under heads of Other Income, Advance Tax, PM Assistance package and RORB based on WACC of 12% is justified?
- v. What will be adjustment mechanism for future indexation of different components of revenue requirement during the MYT? Whether there should any efficiency factor (X Factor)?
- vi. Whether there should be any fixed charges on Units exported by net metering users to the extent of Transmission and Distribution charges or otherwise?
- vii. Whether the recovery target and provision for bad debt as provided in petition is justified?
- viii. 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?
- ix. Whether the Schedule of tariff be designed on cost-of-service basis or otherwise?
- x. Whether there will be any claw back mechanism or not?
- xi. Whether the concerns raised by the intervener/ commentator if any are justified?
- xii. 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 energy purchases and sales are justified?**
- 5.1. The Petitioner, in its petition submitted that Power Purchase projections;

Average tariff for tariff control period for HESCO in PKR/kwh					
Detail	2025-26	2026-27	2027-28	2028-29	2029-30
Total Units Purchase (GWh)	5,409	5,693	5,975	6,027	6,093
Total Units Sale (GWh)	4,006	4,300	4,606	4,688	4,784
T&D Losses (%)	25.94%	24.47%	22.91%	22.21%	21.49%

- 5.2. The Petitioner during hearing submitted that the projected energy purchases and sales submitted by HESCO are realistic, data-backed, and fully justified. The projections have been developed based on a comprehensive Power Market Survey (PMS) Report-2024 carried-out by HESCO in closed coordination with NGC / ISMO, which considers historical consumption trends, category-wise growth, system constraints, and future demand drivers across all divisions.

The Power Market Survey (PMS) - 2024 is as under;

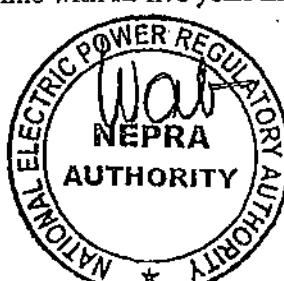
Sale Forecast for FY 2024-25 ----- 3,849 GWh
Actual Sale ----- 3,916 GWh
Difference ----- 67 GWh (Increase in Sale)
%Age Deviation ----- 1.7%

Description	Units	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		(Provisional)	(Requested)	(Requested)	(Requested)	(Requested)	(Requested)
Units Received	MkWh	5,421	5,409	5,693	5,975	6,027	6,093
Units Sold	MkWh	3,916	4,006	4,300	4,606	4,688	4,784
Power Purchase Price	Rs,in [M]	155,965	167,157	170,022	172,866	173,395	174,063

- 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.

6. **Whether the requested MYT for a control period of five years is justified?**

- 6.1. The Petitioner submitted that the petition has been filed in accordance with the Rule 3(1) and Rule 4(7) of the Rules and NEPRA Performance Standards (Distribution) Rules 2005. As per Rule 17 (3) (1) of the Rules, tariff should allow the licensee the recovery of any and all costs prudently incurred to meet the demonstrated needs of their consumers. The Petitioner also submitted that it has filed Investment Plan and assessment of T&D losses for a period of five years, which are under deliberation with the Authority.
- 6.2. The Authority observed the Petitioner has requested for a five-year tariff control period i.e. FY 2025-26 to FY 2029-30, in line with its five years investment plan. The Authority also



noted that approval of the investment plan and assessment of T&D losses of the Petitioner for the five year period is at advanced stage, therefore, to align the investment requirements of the Petitioner, with its tariff determination, which is a tool to incur and recover the allowed amount of investments, the Authority has decided to approve the tariff request of the Petitioner under the MYT tariff regime for a control period of five year i.e. from FY 2025-26 till FY 2029-30. The terms & conditions, given by the Authority, in the Distribution and SoLR license, as modified from time to time, of the Petitioner would be applicable during the MYT control period.

7. Whether the requested/projected O&M cost (including new hiring) is justified and what are the basis for such projections?
8. Whether there should be any bifurcation of O&M on the basis of controllable and uncontrollable costs / factors?
- 8.1. The Petitioner in its petition submitted following projections:

Operating and Maintenance Cost Breakup (PKR million)					
	2025-26	2026-27	2027-28	2028-29	2029-30
Pay and allowances	8,367	8,907	9,273	9,678	10,121
Post-retirement benefits	8,728	9,601	10,561	11,617	12,779
Pay and allow: new hiring	1,264	1,605	1,973	2,354	2,741
Repair and maintenance	2,365	2,411	2,700	3,028	3,400
Travelling allowance	369	385	424	466	513
Vehicle maintenance	650	571	496	546	600
Other expenses	950	974	1,005	1,105	1,221
PM assistance package	455	501	551	606	666
Total	23,148	24,955	26,983	29,400	32,042

Salary, Wages & Other Benefits:

- 8.2. Annual Increment has been projected as per BPS Scales & HESCO Pay Scales.
- 8.3. Ad-hoc Relief @ 20% projected for FY 2025-26 & @ 10% for each subsequent year of MYT control period.

Plan for Additional Hiring

- 8.4. The Company is a staff deficient company and planning to hire the employees for its smooth operation and achieve efficiency.
- 8.5. The following is the year wise plan of hiring along with costs:

Summary of new Hiring					
Detail	2025-26	2026-27	2027-28	2028-29	2029-30
	Tentative	Tentative	Tentative	Tentative	Tentative
Number of Employees (A+B)	7,126	6,907	6,688	6,504	6,309
A- Qualified Professionals	312	304	301	290	282
Engineers	231	227	228	223	218
Others	81	77	73	67	64
B- Staff	6,814	6,603	6,387	6,214	6,027
Technical	3,804	3,719	3,630	3,560	3,485
Clerical	604	578	560	536	512
Non-Technical	2,406	2,305	2,197	2,118	2,030

- 8.6. The petitioner also cadre wise detail for new recruitment.

Basic pay, allowances and employee benefits

M/s. Q



8.7. The Petitioner submitted that pay & allowances for FY 2025-26 have been estimated based on the Petitioner's present strength. Pay & allowances and employee benefits including retirement benefits constitute a major portion of the Company's O&M expenses.

Retirement benefits

8.8. The Petitioner submitted that it has created a separate fund for the retirement benefits for all employees of supply as well as for distribution business, which needs to be bifurcate in detail through an actuarial. For the purpose of this petition the retirement liabilities have been bifurcated proportionately on the basis of Basic pay. And projected on the basis of CPI.

Post-retirement Benefits break-up in PKR million					
Head of Account	FY26	FY27	FY28	FY29	FY30
Pension	7,405.41	8,145.95	8,960.55	9,856.61	10,842.27
Free electricity (retired)	270.67	297.74	327.51	360.27	396.29
Medical	732.64	805.91	886.5	975.15	1,072.66
Leave Encashment	319.56	351.51	386.67	425.33	467.87
Total	8,728.29	9,601.02	10,561.23	11,617.35	12,779.09

8.9. NEPRA is requested to allow the above gross amount of retirement benefits in tariff for the tariff period:

Repairs and maintenance

8.10. The R&M expenses have been calculated at 4% for FY 2025-26 and 3% for the FY 2026-27 to 2029-30 of net fixed assets at the end of the year. In light of the above NEPRA is requested to allow the Petitioner the following repairs and maintenance expense for the period FY2025-26 to FY2029-30.

Financial Year	2025-26	2026-27	2027-28	2028-29	2029-30
R&M expenses (Rs. in Million)	2,364.88	2,410.95	2,700.18	3,027.96	3,400.07

Vehicle running Expenses

8.11. The Vehicle running expenses have been calculated on base year and indexed as per CPI. NEPRA is requested to allow the Petitioner the vehicle expense for the period FY2025-26 to FY2029-30 as requested.

Financial Year	2025-26	2026-27	2027-28	2028-29	2029-30
Vehicle expenses (Rs. in Million)	650.00	571.00	496.10	545.72	600.29

Travelling and Other operating expenses

8.12. Travelling expenses are paid to employees in lieu of discharge of duty out of head quarter. These expenses are necessary and company is liable to pay as per travelling rules of the company.

Financial Year	2025-26	2026-27	2027-28	2028-29	2029-30
Traveling expenses (Rs. in Million)	368.55	385.39	423.92	466.32	512.95

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Other Expenses

8.13. Other expenses of the Petitioner are almost fixed in nature like building rent, collection expenses, stationary and supplies, legal fees, software license fees, NEPRA license fees, tariff petition fees, photo state expenses, audit fees etc. while collection expenses and software license fee are linked to growth in the Petitioner's customers. NEPRA license fees is computed on the basis of the mechanism prescribed by NEPRA and projected annual demand of electricity. All other expenses are increased by CPI during the entire tariff period.

Financial Year	2025-26	2026-27	2027-28	2028-29	2029-30
Other expenses (Rs. in Million)	950.48	973.53	1,004.88	1,105.37	1,221.36

8.14. Regarding bifurcation of O&M expenses into controllable and uncontrollable components is justified. However, such bifurcation should be applied uniformly across all DISCOs under a standardized methodology developed and approved by the Authority to ensure consistency and comparability.

8.15. At present, HESCO's O&M projections are prepared on a functional cost basis (e.g., maintenance, establishment, administrative, and consumer services), following NEPRA's existing reporting formats. Nevertheless, HESCO acknowledges the need for gradual transition toward performance-linked cost classification.

8.16. However, in the absence of a uniform framework, any unilateral bifurcation may lead to inconsistencies in cross-DISCO comparison. Therefore, HESCO recommends that NEPRA may issue standardized definitions and cost segregation criteria, to be uniformly adopted by all DISCOs.

Controllable	Semi-Controllable	Uncontrollable
Repair & Maintenance	Store / Material Costs	Salaries, Wages & Other Benefits
Vehicle Running Expenses	Electricity & Water Charges	Provision for Retired Benefits
Travelling Expenses	Communication / Postage / Internet	
Other Expenses	Legal & Professional Fees	

Efficiency Factor (X-Factor):

8.17. The Petitioner submitted that it is already struggling to achieve NEPRA's existing T&D losses and recovery targets, despite continuous operational efforts and implementation of the Distribution Investment Plan (DIP). The expected improvements under DIP are primarily focused on loss reduction and reliability enhancement, which will automatically yield measurable efficiency gains during the control period. Therefore, applying a separate X-Factor in addition to these existing performance targets would result in double counting of efficiency expectations.

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

8.19. 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."

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- ✓ *(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;"*

8.20. 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.

8.21. 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.

8.22. Considering the fact that the MYT has been filed for a period of five years i.e. from FY 2025-26 to FY 2029-30, and the cost for the FY 2025-26 i.e. test year, is being assessed as reference cost during the MYT control period, the Authority has decided to consider the costs as per the Audited/ provisional accounts of the Petitioner for the FY 2024-25 as base year.

8.23. 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.

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

Salaries, Wages and Other benefits (excluding post-retirement benefits)

8.25. 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



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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.

- 8.26. Considering the fact that the cost for the FY 2025-26 is being assessed, which would be used as reference during the MYT control period, the Authority has taken into consideration the costs as per the accounts of the Petitioner for the FY 2024-25, and information shared by the Petitioner subsequently in this regard. The Authority is of the view that since the previous MYT of the Petitioner has ended on 30.06.2025, therefore, it would be appropriate to account for the actual cost of the base year while projecting Salaries, Wages and Other benefits for the FY 2025-26, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.
- 8.27. The actual total cost as provided by the Petitioner for the FY 2024-25, under Salaries & Wages (excluding postretirement benefits, discussed separately) is Rs.9,225 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.
- 8.28. Accordingly, the cost of Salaries & Wages (excluding postretirement benefits, discussed separately), for both the Distribution and Supply Functions works out as Rs.10,483 million. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions as reference cost, to be adjusted in the remaining control period as per the adjustment mechanism prescribed in the instant determination.
- 8.29. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of Salaries, Wages and other benefits in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Thus, the cost of Salaries, Wages and other benefits (excluding postretirement benefits) for the FY 2025-26 pertaining to the Supply function works out as Rs.1,327 million.
- 8.30. The assessed Salaries & Wages costs for the FY 2025-26 i.e. Rs.1,327 million, shall be considered as the reference cost for future adjustment/ indexation of Salaries & Wages expenses, in the remaining tariff control period as per the mechanism given in the instant determination.
- 8.31. Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Authority has decided to actualize the Pay & Allowances cost of the Petitioner, based on its audited accounts for the relevant year for its existing employees. The impact of any such adjustment would be allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

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Additional Recruitment and Outsourcing

8.32. 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. The Authority understands that any allowing cost upfront either on account of new hiring, 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 new recruitment 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.

Post-Retirement Benefits

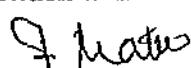
8.33. The Authority noted that the head of post-retirement benefit includes employees' pension, free electricity and medical facility. The Authority also understands that employees of XWDSICSOs are hired on Government pay scales, thus, any pension increase announced by the Federal Government in the Budget is also applicable on the retired employees of XWDISCOs.

8.34. Here it is pertinent to mention that the Authority in the previous MYT of HESCO, keeping in view it's operational performance, in terms of T&D losses and recovery, considered that allowing provision for post-retirement benefits instead of actual payments, would not be in the interest of the consumers as any additional amount over & above the actual payments, would be eaten-up by the inefficiencies of the Petitioner and the Petitioner would not be able to deposit the excess amount in the Fund. Hence, the Petitioner was allowed actual payments only, however, if the Petitioner still manages to deposit any additional amount in the Fund, the Authority may consider to allow the same as PYA in the subsequent adjustment request.

8.35. The operational performance of HESCO over the last three years has remained stagnant in terms of recovery and T&D losses and remained well above the targets allowed by the Authority.

8.36. In view of the aforementioned and keeping in view the request of the Petitioner, the Authority has decided to allow post-retirement benefits for the FY 2025-26, keeping in view the actual payments as per the Audited/ provisional accounts of the Petitioner for the FY 2024-25, and the request of the Petitioner for the FY 2025-26. Accordingly, the cost of post-retirement benefits being allowed to the Petitioners for the FY 2025-26, works out as Rs.5,703 million, for both its distribution and Supply functions.

8.37. Since the Audited accounts of the Petitioner, do not provide bifurcation of post-retirement benefits in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of post-retirement benefits in terms of Distribution and Supply functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of post-retirement benefits for the FY 2025-26 pertaining to the Supply function works out as Rs.516 million.





Repair & Maintenance Costs

8.38. The Authority has carefully examined the Petitioner's request and also analyzed the past trend of R&M expenses of the Petitioner. The Authority understands 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 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. In addition to aforementioned discussion, the Petitioner's request of annual adjustment in this regard is against the very spirit of multiyear tariff regime. The Authority also is of the view that since the previous MYT of the Petitioner has ended on 30.06.2025, therefore, it would be appropriate to account for the actual cost of the base year while projecting O&M expenses and other Misc. expenses for the FY 2025-26, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.

8.39. In view of the foregoing and keeping in view the current approved tariff methodology, the Authority has decided to allow an amount of Rs.2,258 million under R&M head, for the FY 2025-26, after incorporating the inflationary impact on the R&M cost as per the audited accounts of the Petitioner for the FY 2024-25 for both the Distribution and Supply functions. The same is hereby allowed to the Petitioner for the FY 2025-26 for both its distribution and Supply Functions.

8.40. 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 function works out as Rs.48 million.

8.41. The assessed repair and maintenance cost for the FY 2025-26 i.e. Rs.48 million, shall be considered as the reference cost for working out future repair and maintenance expenses, in the remaining control period as per the adjustment mechanism prescribed in the instant determination.

8.42. It is pertinent to note that, under the R&M head, expenditures relating to office buildings, 11 kV distribution lines, distribution transformers, and meters have exhibited a significant upward trend upon review of historical data. Accordingly, the Petitioner is directed to submit, within three (03) months of issuance of this decision, a certification confirming that no capital-expenditure (capex) items have been booked under O&M expenses. In the event of non-compliance, the assessed R&M expenses for FY 2025-26 and onward period shall be revised downward in subsequent tariff adjustment/indexation proceedings. Any difference between the revised assessed amount and the amount allowed under the instant determination shall be adjusted through PYA, and all future indexations shall be carried out on the basis of the revised figures.

8.43. 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.





Other O&M Expenses

8.44. 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, except vehicle running expenses, may be linked with CPI during the entire tariff control period. Accordingly, for assessment of Other O&M costs for the FY 2025-26, the Authority, keeping in view the cost as per the audited accounts of the Petitioner for the FY 2024-25, and incorporating therein inflationary impact, has decided to allow an amount of Rs.1,981 million to the Petitioner for the FY 2025-26. The said amount of Rs. 1,981 million is being allowed for both the Distribution and Supply of Power function for the FY 2025-26.

8.45. 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. 699 million.

8.46. By considering the figures as per financial statement, the Authority has incorporated all the costs including bill collection, building rent, NEPRA fee, insurance cost, rent, rates & taxes, and travelling, transportation etc.

8.47. The aforementioned assessment for the FY 2025-26 shall be considered as reference for working out future Other Operating Expenses for remaining tariff control period to be adjusted based on change in "NCPI-General", in line with the mechanism provided in the instant determination. However, the vehicle running expenses would be adjusted with "NCPI-Transport", in line with the mechanism provided in the instant determination.

8.48. In case the Petitioner's actual O&M cost (excluding pay & Allowances & post-retirement benefits) for the relevant year as per its audited accounts 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. For future indexation of O&M cost during the MYT control period, the lower of allowed O&M cost or actual O&M cost of the previous year, after excluding therefrom the capex nature O&M and amount of O&M capitalized, if any, and pay & allowances & post-retirement benefits, shall be considered as reference.

8.49. If the actual O&M cost for the previous year, as referred above is not available at the time of projecting next year's O&M cost, the allowed cost for the previous year shall be considered as reference to be indexed as per the provided mechanism. Once the audited accounts for the previous year are available, the already projected O&M cost shall be reworked based on lower of allowed cost or actual O&M cost of the previous year. Any adjustment in this regard, if required, shall be made part of PYA. In addition, the allowed O&M cost shall also be adjusted based on mechanism provided in the instant determination. The Petitioner is also directed to disclose its O&M costs in terms of distribution and supply functions separately in its audited accounts.

PPMC Fee

8.50. 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.

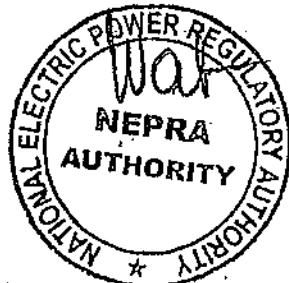
- 8.51. It has also been submitted that clause 34(f) of the IMF Country Report clearly acknowledges PPMC's role in supporting policy, regulatory and tariff affairs, sector reforms, privatization, CD management and integrated power and energy planning.
- 8.52. The Authority noted that the National Electricity 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.
- 8.53. 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.
- 8.54. 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.
- 8.55. 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.

9. Whether the requested/projected amount under heads of Other Income, Deprecations, PM assistance package and RORB based on WACC of 12% is justified?

Depreciation

- 9.1. Regarding Depreciation the petitioner submitted that Depreciation is charged on written down value (WDV) method. As per Company's policy, building and civil works are depreciated at 2%, feeders and grids & equipment's at @ 3.5%, other plant/equipment and vehicles at 10%.

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Description	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fixed Assets O/B.	62,585	65,129	88,013	118,978	138,969	155,887
Additions /Deletion	2,545	22,883	30,965	19,990	16,918	14,907
Fixed Assets C/B	65,130	88,012	118,978	138,969	155,887	170,794
Accumulated Depreciation O/B	-25,300	-26,705	-29,894	-34,228	-39,269	-44,914
Depreciation for the year	-1,405	-3,189	-4,334	-5,040	-5,645	-6,179
Accumulated depreciation C/B	-26,705	-29,894	-34,228	-39,268	-44,914	-51,093
Net Book value	38,424	58,119	84,751	99,700	110,973	119,701

9.2. The Authority noted that as per the Methodology, depreciation expense for the test year, which in the instant case is FY 2025-26, will be determined by applying depreciation charge on the Gross Fixed Assets in Operation, including new investment and will be considered reference for the tariff control period.

9.3. 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	PESCO
FY 2025-26	11,435
FY 2026-27	11,681

9.4. 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.

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

Provisional T&D Loss	HESCO
FY 2025-26	17.55%
FY 2026-27	17.55%

9.6. 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.

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Revised T&D Loss Target (Failure to submit study)	HESCO
FY 2025-26	8.30%
FY 2026-27	8.30%

9.7. 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 DIP of the Petitioner, as the case may be.

9.8. Not used

9.9. Not used

9.10. After taking into account the new investments as mentioned above, the Gross Fixed Assets in Operation for the FY 2025-26 have been re-worked. Accordingly, the depreciation charge for the FY 2025-26 has been assessed as Rs.1,834 million calculated on actual depreciation rates for each category of Assets as per the Company policy, which will be considered as reference cost for working out future depreciation expenses for the remaining tariff control period, to be adjusted as per the mechanism provided in the instant determination.

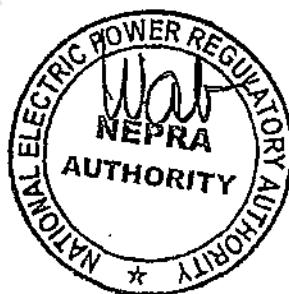
9.11. After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2024-25, the Authority has projected amortization of deferred credit to the tune of Rs.951 million for the FY 2025-26. Accordingly, the consumers would bear net depreciation of Rs.883 million.

9.12. The actual depreciation reflected in the Audited accounts of the Petitioner for the FY 2024-25, 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 function works out as Rs.1 million.

RORB

9.13. The Regulatory Asset Base (RAB) is the gross fixed asset that is used in the distribution activities of the Company. The return on rate base is calculated by applying the WACC on the RAB. The Company's weighted average cost of capital is taken as 12.00%. Regulatory asset base for 2025-26 to 2029-30 is shown in required forms.

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Return on Rate amount in PKR million						
Detail	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fixed assets O/B	62,499	65,040	86,588	116,547	136,390	153,165
Addition	2,541	21,547	29,959	19,843	16,775	14,794
Fixed assets C/B	65,040	86,588	116,547	136,390	153,165	167,959
Less: Depreciation	-26,695	-29,751	-33,856	-38,658	-44,052	-49,971
Net fixed assets	38,345	56,837	82,691	97,732	109,113	117,988
WIP C/B	20,134	30,925	29,558	27,131	27,047	24,994
Fixed asset including WIP	58,479	87,762	112,249	124,863	136,160	142,982
Less: Deferred credit	-22,590	-22,653	-22,622	-22,637	-22,630	-22,633
	35,889	65,109	89,627	102,226	113,531	120,349
Regulatory Asset Base	35,818	55,863	76,700	94,705	107,840	115,911
WACC	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
RORB	4,238	6,704	9,204	11,365	12,941	13,909

9.14. 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;

9.15. 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.

9.16. 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

The cost of debt:

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

9.17. 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%;

J. Maiti



9.18. 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.

9.19. 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, the Authority 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.

9.20. For risk free rate, the yield of 05 year 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.

9.21. By taking into account the aforementioned factors, the RoE of the Petitioner works out differently, however, keeping in view 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:

9.22. 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).

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

Cost of Equity;

Ke = 14.47%

The cost of debt is;

Kd = 12.64%

$$\text{WACC} = (Ke \times (E / V) + Kd \times (D / V))$$

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

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

9.24. 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;

Q. Maje





HESCO		
FY 2024-25 / FY 2025-26		
Fixed Assets O/B	67,205	74,812
Addition	7,607	8,584
Fixed Assets C/B	74,812	83,376
Depreciation	28,960	28,793
Net Fixed Assets	47,852	54,582
Capital WIP C/B	57,018	64,188
Fixed Assets Inc. WIP	104,871	118,770
Less: Deferred Credits	22,312	24,425
Total	82,659	94,345
RAB		88,452
WACC		13.19%
RORB		11,666

9.25. 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 function works out as Rs.4 million.

9.26. The reference RORB would be adjusted every Year based on the amount of RAB worked out for the respective year after taking into account the amount of investment allowed for that year as per the mechanism given in the instant determination.

9.27. In addition, the allowed RAB for previous year will be trued up downward, keeping in view the amount of investment allowed for the respective year, 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.

9.28. 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.

9.29. 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



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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

- 9.30. 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.
- 9.31. Since the other income would be trued up every year as per the mechanism provided in the instant determination, therefore, for the FY 2025-26, the Authority has decided to allow an amount of Rs. 1,913 million based on audited accounts of the Petitioner for FY 2024-25, including the amount of amortization of deferred credit but exclusive of the amount of late payment charges (LPS).
- 9.32. 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.
- 9.33. 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 Supply function works out as Rs.547 million.
- 9.34. The reference Other Income determined for the FY 2025-26 would be adjusted annually as per the adjustment mechanism prescribed in the instant determination.
10. **What will be adjustment mechanism for future indexation of different components of revenue requirement during the MYT? Whether there should any efficiency factor (X Factor)?**

- 10.1. The Petitioner requested following adjustment mechanism for MYT control period;

Sl. No	Description	Indexation / Adjustment Mechanism
1	Pay & Allowances	Govt. Statutory Increases, Annual Increment, Salaries, Wages & Benefits will be regulated based on Audited Financial Statements.
2	Post-Retirement Benefits	Provision as per Latest Available Financial Statements.
3	Other O&M Costs	Adjusted every Year with CBI factor
4	RORB	The reference RORB would be adjusted every Year based on the amount of RAB worked Out for the respective year after taking into account the amount of investment allowed for that year.
5	Depreciation	Fluctuation in the reference KIBOR would be adjusted bi-annually. Adjusted every Year as per the following formula: DEP(Rev) = DEP(Ref) * GFAIO (Rev) / GFAIO(Ref)
6	Other Income	True up as per NEPRA Mechanism

Indexation of O&M cost components

- 10.2. **Salaries & Wages and Post-retirement Benefits:** Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Salaries & Wages and benefits, would





be actualized, based on the audited accounts of the Petitioner for the relevant year for its existing employees, as long as they remain in public sector. The impact of any such adjustment would be allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

Adjustment Mechanism - Salaries, Wages & Other Benefits
Revised Salaries, Wages & Other Benefits Expenses = Ref. Salaries, Wages & Other Benefits $\times [1 + (\text{GoP Increase or CPI})]$
The allowed Salaries, Wages & Other Benefits may be considered as reference cost for future adjustment.
The Authority may consider to allow GoP increase till the time the DISCOs remain in public sector, otherwise CPI indexation may be allowed if DISCOs get privatized.
The allowed amount shall be actualized based on Audited accounts for the relevant year, considering the same as uncontrollable cost on part of XWDISCOs.

10.3. Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, the Post-retirement Benefits would be actualized based on the audited accounts of the Petitioner for the relevant year. The impact of any such adjustment would be allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

Adjustment Mechanism - Actual Post-retirement Benefits payment
Revised Post-Retirement Benefits = Ref. Post-Retirement Benefits $\times [1 + (\text{GoP Increase or CPI})]$
The allowed Post-Retirement Benefits may be considered as reference cost for future adjustment.
The Authority may consider to allow GoP increase till the time the DISCOs remain in public sector, otherwise CPI indexation may be allowed if DISCOs get privatized.
The allowed amount shall be actualized based on Audited accounts for the relevant year, considering the same as uncontrollable cost on part of XWDISCOs.

10.4. Transportation/Vehicle Running expense portion of O&M cost

10.5. The reference costs would be adjusted every Year with Transport index of NCPI. The Adjustment mechanism would be as under;

Vehicle running/Transportation expenses (Rev) =

(Vehicle running/Transportation expenses (Ref.) $\times [1 + (\text{Transport index of NCPI})]$)

10.6. Remaining O&M costs will be indexed every year according to the following formula:

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

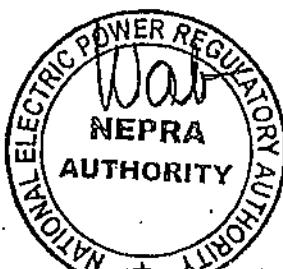
$$O \& M(\text{Rev}) = O \& M(\text{Ref.}) \times [1 + (\text{NCPI-X})]$$

Where

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

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

Δ NCPI = Change in NCPI published by Pakistan Bureau of Statistics for the month of December for the respective year. For O&M expenses, other than vehicle running expenses, NCPI-General shall be used, whereas for Vehicle Running expense, NCPI-Transport shall be used. Reference





NCPI-General and NCPI-Transport of December 2024 for the purpose of future adjustment/ indexation shall be 4.07% and - 0.18% respectively.

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

11. **RORB**

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

Adjustment Mechanism - RoRB	
RORB(Rev)	= $RORB(Ref) \times RAB(Rev) / RAB(Ref)$
<p>The allowed RORB may be considered as reference cost for future adjustment.</p> <p>In addition the allowed RORB for previous year will be trued up based on actual investment (maximum cap to the extent of allowed investment) carried out during that year. Further KIBOR fluctuation on bi-annual basis also subject to adjustment. Further Spread of 1.50% is allowed as maximum cap, in case DISCOs manage to obtain financing on spread less than 1.5% the same shall be adjusted as part of PYA.</p>	

11.2. In addition, PESCO to disclose the amount of IDC capitalized during the year and adjust its RAB for the year after excluding therefrom the impact of IDC capitalized during the year.

11.3. In addition, the allowed RAB for previous year will be trued up downward, keeping in view the amount of investment allowed for the respective year, 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.

11.4. 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, 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.

12. **Depreciation Expenses**

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

$$DEP (Rev) = DEP (Ref) \times GFAIO (Rev)$$



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GFAIO (Ref)

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

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

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

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

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

13. Other Income

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

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

Working Capital

13.2. 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;

Working Capital Statement		Credit Period	Factor	HESCO
Current Assets				
Trade debt (days of Revenue Receivable)	25	0.07	14,202	
Total Current Assets			14,202	
Current Liabilities				
EPP From CPPA	41	0.11	5,051	
CPP From CPPA	34	0.09	10,472	
Transmission	30	0.08	1,147	
Distribution	30	0.08	2,841	
Total Liabilities			19,511	
Net Cost of debt Capital			(5,309)	
Working Capital Cost			12%	
			(637)	

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13.3. As mentioned in the table above, The Petitioner's working capital requirement for the Supply function has been assessed as negative Rs.5,309 million and cost working capital requirement works out as negative Rs.637 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.

Working capital (Supply)

Revised cost of working capital = Working capital requirement as per given formula x Cost of debt on allowed parameters

- Working capital requirement shall be calculated based on assessed revenue requirement under each head for relevant year.
- Cost of Debt shall 3 Months KIBOR + 1% spread as maximum cap, subject to downward adjustment at the end of each financial year.

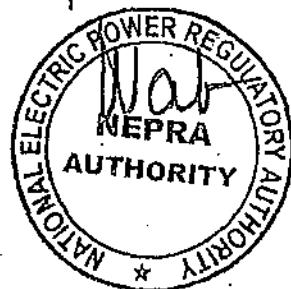
Actualization of Previous year based on allowed revenue as PYA

- 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.
- 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

13.4. 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.

13.5. 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.

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14. Upfront Indexation/adjustment for the period July 2026 to December 2026

14.1. The Ministry of Energy (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 Rules 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 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 hereby issues 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. HESCO also vide letter 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. HESCO further stated that it has already submitted its Multi-Year Tariff (MYT) Petition for FY 2025-26 to FY 2029-30 for determination and the decision of the Authority is awaited. Meanwhile, an interim tariff for FY 2025-26 has been determined by the Authority in response to HESCO's request dated 29.05.2025.
- 14.7. HESCO accordingly requested that 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.
- 14.8. 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	HESCO
Salaries, Wages & Other Benefits	6,051
Post Retirement Benefits	5,276
Other O & M Costs	2,354
Depreciation	2,167
Return on Rate Base	4,703
Turn Over Tax	269
Gross Distribution Margin	20,820
Less: Other Income	(956)
Net Distribution Margin	19,864

- 14.9. 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.
- 14.10. 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 HESCO for the period from July 1, 2026 to December 31, 2026 as under:

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		Revenue Requirement FY 2026-27
Pay & Allowances		5,553
Post Retirement Benefits		3,136
Repair & Maintenance		1,199
Traveling allowance		215
Vehicle maintenance		288
Other expenses		548
O&M Cost	[Mln. Rs.]	10,940
Depreciation		1,037
RORB		5,400
O.Income		(957)
Margin	[Mln. Rs.]	16,200

14.11. 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.

14.12. 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.

14.13. 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.

15. Whether the requested PYA is justified?

15.1. The Petitioner requested following PYA in its Tariff petition;

Particulars	Rs. Mln
Q'TA 4th Quarter FY 2022-23	1,141
Q'TA 1st Quarter FY 2023-24	547
Q'TA 2nd Quarter FY 2023-24	586
Q'TA 3rd Quarter FY 2023-24	864
Q'TA 4th Quarter FY 2023-24	-241
Q'TA 1st Quarter FY 2024-25	-96
Q'TA 2nd Quarter FY 2024-25	-1,725
Distribution Margin FY 2023-24	3,296
PYA FY 2022-23	741
PM Assistance Package	161
Advance Tax	481
Total	5,755



15.2. The Petitioner reiterated its aforementioned requested PYA during hearing.

15.3. The Authority has analyzed the PYA workings provided by the Petitioner and also obtained additional information in terms of category wise sales data from PITC. Based on the available information, Authority's decisions in terms of FCAs and Quarterly adjustments for the relevant period, mechanism provided in the MYT determination, and data provided by the Petitioner, the Authority has assessed the PYA of the Petitioner under various heads as under:

Description	Rs. Mln
HESCO	
QTR	2,733
D.M	3,027
PYA	1,910
Sales Mix	(159)
True Ups	-
2023-24	(3,255)
2024-25	(3,052)
Other Head	(2,436)
Total	(1,232)

15.4. The detailed head wise working of aforementioned PYA is attached as annexure-VI

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

16.1. The petitioner during the hearing submitted that fixed charges on units exported by net metering users to the extent of Transmission and Distribution (T&D) charges, HESCO submissions are as follows;

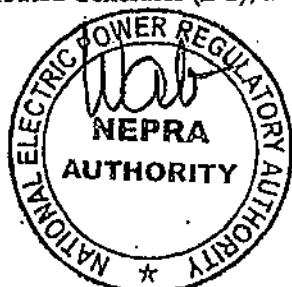
- ✓ Introduce fixed network usage charges based on sanctioned load or export capacity.
- ✓ Transition to a gross metering framework to avoid cross subsidies.

16.2. 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*

16.3. 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.

16.4. 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 by a Distributed Generator (DG), are being proposed.





16.5. 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.

17. Whether the recovery target and provision for bad debt as provided in petition is justified?

17.1. The Petitioner submitted that it has not claimed any provision for bad debts in its MYT petition. However, keeping in view the Futuristic Strategic Policy, the Authority may allow HESCO to write off bad debts outstanding for the previous years. The Petitioner requested following recovery target for control period as below:

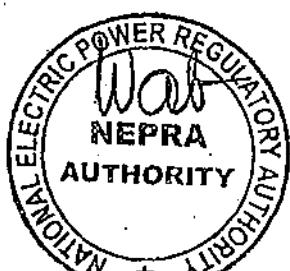
Description	Unit	FY 2024-25 (Actual)	FY 2025-26 (Projected)	FY 2026-27 (Projected)	FY 2027-28 (Projected)	FY 2028-29 (Projected)	FY 2029-30 (Projected)
Recovery Target	%Age	74.3	80.3	86.3	92.3	98.3	100
%Age Increase in Recovery	%	6%	6%	6%	6%	1.70%	

17.2. 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.

17.3. 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 Ministry of Energy (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.

17.4. For ready reference the grounds taken by the MoE (PD), being the owner of XWDISCOs, 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, 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.

17.5. 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, can be construed as a policy decision, meaning thereby that similar treatment will be offered to other DISCOs.

17.6. 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, MEPCO's tariff is being determined on the basis of 100% recovery target. MEPCO, however, will be allowed to claim write-offs, after fulfillment of the given criteria, as per the following limits, to be considered as maximum cap for the relevant year;

FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
3.00%	2.50%	2.00%	1.50%	1.00%

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 fulfillment 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 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.

18. 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?

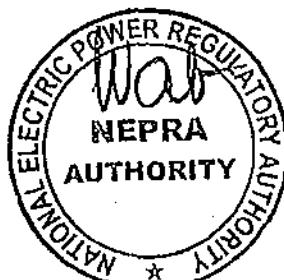
19. Whether there should be any Fixed Charges on consumer's categories who are currently not paying any fixed charges?

19.1. The Petitioner during the hearing submitted that any revisions or modifications in the existing fixed charge rates or their underlying mechanism shall be carried out in line with the provisions and policy guidelines of the National Electricity Plan (NEP) 2023-27, particularly Strategic Directive No. 74, which provides that:

"Fixed charges shall be progressively incorporated in the tariffs of all consumer segments except consumers of protected category. Such fixed charges shall duly account for, inter alia, share of capacity cost in cost of service, market interventions, consumption behaviors and affordability of consumers. It is aimed that by FY-2027, the fixed charges shall account for at least 20% of the fixed cost of the respective categories evaluated through a cost-of-service study."

19.2. 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 revise 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.

19.3. 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.



19.4. Here it is also to be highlighted that the Authority has recently initiated the process of amendments in NEPRA (Prosumer) Regulations, whereby, changes in both the methodology and rate for the exported units 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.

19.5. Similarly, for consumers, who are currently being charged, fixed charges as Rs./Consumer/Month, the Authority has also decided to maintain the existing practice.

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

20.1. The Petitioner submitted that schedule of tariff should be made reflective of the cost of service, without inter-tariff cross subsidy. The Petitioner also referred SD-82, 83 & 84 of NE plan. The Petitioner also submitted that, till implementation of subsidy disbursement mechanism [SD 67] and action plan thereof [SD 68], the subsidy to the protected residential consumers may continue.

20.2. The submissions of all DISCOs regarding the applicability of a cost-of-service (CoS) based tariff structure have been analyzed. Multiple DISCOs like Petitioner itself, 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.

20.3. 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:

- Subsidies to protected categories of residential consumers shall be disbursed directly pursuant to the detailed action plan to be developed under Strategic Directive 067;
- 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).

20.4. 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.

20.5. 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).

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21. Whether there will be any claw back mechanism or not?

21.1. Although DISCOs made their submissions on this issue, however, the Authority noted that DISCOs were not able to fully comprehend the issue.

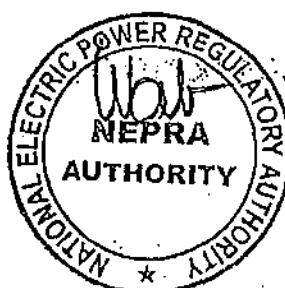
21.2. The Authority understands that sharing mechanism for any savings by the utility has already been provided under each head separately e.g. O&M costs, T&D losses, cost of debt etc. therefore, no such mechanism is separately required. However, still if there is any additional return by the Petitioner, which could not be comprehended at this stage, the same would be shared between DISCO and consumers equally.

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 2020-21 along-with upfront indexation/adjustment for the FY 2021-22 and FY 2022-23, to the extent of its distribution function is summarized as under;

Description		Units	OP	SOP
Units Purchased		[MWh]		5,486
Units Sold		[MkW]		4,523
Units Lost		[MkWh]		963
Units Lost		(%)		17.55%
Energy Charge				44,484
Capacity Charge				112,729
Transmission Charges/Market Fee				13,960
Wire Business				32,785
Power Purchase Price	[Min. Rs.]			203,9573
Pay & Allowances			1,327	1,371
Post Retirement Benefits			516	581
Repair & Maintenance			48	60
Traveling allowance			55	51
Vehidle maintenance			136	172
Other expenses			508	640
O&M Cost	[Min. Rs.]		2,590	2,875
Depreciation			1	1
RORB			4	5
O.Income			(547)	(381)
Margin	[Min. Rs.]		23,040	21,501
Prior Year Adjustment	[Min. Rs.]			(297)
Working Capital	[Min. Rs.]			(637)
Revenue Requirement	[Min. Rs.]		2,048	205,524
Average Tariff	[Rs/kWh]			43.44

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 under the NEPRA Act, Rules and Regulations made thereunder. Any consequential adjustment if required will be made accordingly.



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

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

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 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.

22.6. The Petitioner is directed to ensure separate disclosure of each item in its audited financial statements as mentioned in the determination.

22.7. 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.

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 Governmental agency 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;

i. To provide the reconciled date of sales mix for last 3 years with its reported revenue





as per audited financial statements.

- ii. To certify that no capex nature expenses recorded as part of O&M expenses.
- iii. To provide comprehensive reconciliation of PYA allowed under different heads for at least last 3 years with the revenue reported in audited accounts.
- iv. To provide year wise detail of amounts deposited in the Fund, amount withdrawn along- with profit/interest earned thereon since creation of Fund each year.
- v. To provide the amount of IDC capitalized with its subsequent adjustment request and reflect the same in its Audited Financial Statements each year.
- vi. 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.
- vii. To ensure that by the time it files its next tariff petition/ adjustment request, MDI for all consumers at all levels is properly recorded.
- viii. 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

Amina Ahmed
Member

M. Anwar

Engr. Maqsood Anwar Khan
Member

W.M.

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

Fuel Price variation = Actual Fuel Cost Component - 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;

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

$\text{PPP}_{(\text{Actual})}$ 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.

$\text{PPP}_{(\text{Recovered})}$ 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

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

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.

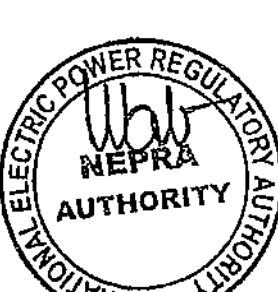


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HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED (HESCO)
Estimated Sales Revenue on the Basis of New Tariff

Description	Sales			Base Revenue			Base Tariff			FYA 2025			Total Tariff										
	GWh	% Mix	Fixed Charge	Variable Charge	Total	Min. Rs.	Fixed Charge	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Fixed Charge	Variable Charge									
Residential																							
Residential	For peak load requirement less than 5 kW																						
	Up to 50 Units - L1 to L10	35	1%	-	1,342	1,342	-	-	38.69	(2)	(0.07)	-	-	38.69									
	51-100 units - L1 to L10	37	1%	-	1,447	1,447	-	-	39.30	(2)	(0.07)	-	-	39.29									
	01-100 Units	579	10%	-	38,504	38,504	-	-	43.82	(5)	(0.07)	-	-	43.74									
Un-protected	101-200 Units	312	7%	-	13,653	13,653	-	-	43.69	(2)	(0.07)	-	-	43.69									
	01-100 Units	159	3%	-	8,174	8,174	-	-	51.04	(10)	(0.07)	-	-	51.04									
	101-200 Units	389	9%	-	20,844	20,844	-	-	53.05	(20)	(0.07)	-	-	53.01									
	201-300 Units	321	7%	-	17,051	17,051	-	-	53.16	(31)	(0.07)	-	-	53.01									
	301-400 Units	108	2%	37	5,685	5,723	200	-	52.02	(7)	(0.07)	200	-	52.01									
	401-500 Units	64	1%	34	3,355	3,399	400	-	52.20	(4)	(0.07)	400	-	52.14									
	501-600 Units	34	1%	29	1,755	1,784	600	-	52.00	(2)	(0.07)	600	-	51.93									
	601-700 Units	26	1%	25	1,033	1,058	800	-	51.68	(3)	(0.07)	800	-	51.81									
For peak load requirement exceeding 5 kW	Above 700 Units	80	2%	71	4,150	4,222	1,000	-	51.71	(6)	(0.07)	1,000	-	51.68									
	Time of Use (TOU) - Peak	8	0%	74	489	583	1,000	-	52.49	(4)	(0.07)	1,000	-	52.49									
	Time of Use (TOU) - Off-Peak	45	1%	-	2,043	2,043	1,000	-	49.87	(3)	(0.07)	1,000	-	49.91									
	Temporary Supply	0	0%	0	0	0	2,000	-	59.43	(0)	(0.07)	2,000	-	59.33									
Total Residential			2,493	65%	271	119,625	119,607				(16)												
Commercial - A2																							
For peak load requirement less than 5 kW	314	3%	1,435	4,758	6,192	1,000	-	-	41.82	(7)	(0.07)	1,000	-	41.71									
	For peak load requirement exceeding 5 kW																						
Regular	Regular	0	0%	-	-	-	-	-	1,250	42.51	-	(0.07)	-	1,250									
	Time of Use (TOU) - Peak	37	1%	-	1,895	1,895	-	-	50.91	(2)	(0.07)	-	-	50.81									
	Time of Use (TOU) - Off-Peak	143	3%	1,153	6,150	7,303	-	-	1,250	43.02	(9)	(0.07)	-	1,250									
	Temporary Supply	2	0%	9	115	125	5,000	-	57.87	(0)	(0.07)	5,000	-	57.84									
	Electric Vehicle Charging Station	0	0%	-	-	-	-	-	62.14	-	(0.07)	-	-	62.11									
	Total Commercial	235	7%	2,595	12,619	15,615					(19)												
General Services-A3			301	7%	110	14,457	14,458	1,000	-	47.97	(20)	(0.07)	1,000	-	47.91								
Industrial																							
D1	D1	0	0%	-	55	143	158	1,000	-	49.81	(0)	(0.07)	1,000	-	49.81								
	D1 Peak	6	0%	-	362	362	1,000	-	43.44	(1)	(0.07)	1,000	-	43.3									
	D1 Off-Peak	41	1%	71.65	1,582	1,654	1,000	-	38.39	(3)	(0.07)	1,000	-	38.3									
	D2	1	0%	3	30	33	-	-	1,250	38.83	(9)	(0.07)	-	1,250									
	D2 - TOU (Peak)	68	1%	-	2,639	2,639	-	-	42.89	(4)	(0.07)	-	-	42.9									
	D2 - TOU (Off-Peak)	332	7%	2,242	10,769	13,032	-	-	1,250	32.54	(22)	(0.07)	-	1,250									
	D3 - TOU (Peak)	91	2%	-	3,818	3,818	-	-	43.14	(9)	(0.07)	-	-	43.0									
	D3 - TOU (Off-Peak)	422	0%	1,851	12,052	14,004	-	-	1,250	28.53	(20)	(0.07)	-	1,250									
	D4 - TOU (Peak)	28	1%	-	1,209	1,209	-	-	49.08	(2)	(0.07)	-	-	49.0									
	D4 - TOU (Off-Peak)	147	3%	607	4,746	5,413	-	-	1,250	32.23	(10)	(0.07)	-	1,250									
Temporary Supply			0	0%	0	10	11	5,000	-	48.14	(0)	(0.07)	5,000	-	48.0								
Total Industrial			1,140	25%	4,953	37,679	42,631				(74)												
Single Point Supply																							
C1(a) Supply in 400 Volts less than 5 kW	C1(a) Supply in 400 Volts exceeding 5 kW	0	0%	1	5	8	2,000	-	51.30	(0)	(0.07)	2,000	-	51.2									
	Time of Use (TOU) - Peak	5	0%	18	158	200	-	-	1,250	37.79	(0)	(0.07)	-	1,250									
	Time of Use (TOU) - Off-Peak	3	0%	-	157	157	-	-	49.29	(0)	(0.07)	-	-	49.2									
	C2, Supply at 11 KV	19	0%	44	812	858	-	-	1,250	42.94	(1)	(0.07)	-	1,250									
	Time of Use (TOU) - Peak	8	0%	25	326	352	-	-	1,250	38.50	(1)	(0.07)	-	1,250									
	Time of Use (TOU) - Off-Peak	42	1%	-	311	311	-	-	52.17	(0)	(0.07)	-	-	52.1									
	C1 Supply above 11 KV	8	0%	41	349	380	-	-	1,250	35.68	(3)	(0.07)	-	1,250									
	Time of Use (TOU) - Peak	2	0%	-	109	109	-	-	55.01	(0)	(0.07)	-	-	54.9									
	Time of Use (TOU) - Off-Peak	10	0%	43	417	460	-	-	1,250	43.33	(1)	(0.07)	-	1,250									
Total Single Point Supply			193	2%	362	4,178	4,540				(7)												
Agricultural Tube-wells - Tariff D																							
Scarp	Scarp	0	0%	-	12	12	-	-	42.30	(0)	(0.07)	-	-	42.2									
	Time of Use (TOU) - Peak	16	0%	-	408	408	-	-	39.38	(1)	(0.07)	-	-	39.2									
	Time of Use (TOU) - Off-Peak	62	1%	100	2,307	2,407	-	-	400	37.18	(0)	(0.07)	-	400									
	Agricultural Tube-wells	2	0%	3	88	88	-	-	400	49.51	(0)	(0.07)	-	400									
	Time of Use (TOU) - Peak	18	0%	-	838	838	-	-	53.53	(1)	(0.07)	-	-	53.4									
	Time of Use (TOU) - Off-Peak	64	1%	157	3,084	3,241	-	-	400	48.17	(4)	(0.07)	-	400									
Total Agricultural			164	3%	239	6,735	6,994				(10)												
Public Lighting - Tariff C			32	1%	11	1,512	1,523	2,000	-	47.04	(2)	(0.07)	2,000	-	46.9								
Residential Ceteries			3	0%	2	142	143	2,000	-	42.47	(0)	(0.07)	2,000	-	42.4								
35			1%	13	1,654	1,666					(2)												
Pre-paid Supply Tariff																							
Residential			-	-	-	-	-	-	1,000	-	55.17	-	(0.07)	1,000									
Commercial - A2			-	-	-	-	-	-	1,250	-	50.18	-	(0.07)	1,250									
General Services - A3			-	-	-	-	-	-	1,000	-	55.15	-	(0.07)	1,000									
Industrial			-	-	-	-	-	-	1,250	-	38.00	-	(0.07)	1,250									
Single Point Supply			-	-	-	-	-	-	1,250	-	48.63	-	(0.07)	1,250									
Agriculture Tube-wells - Tariff D			-	-	-	-	-	-	400	-	50.24	-	(0.07)	400									
Grand Total			4,521	100%	8,564	197,257	205,821				297												

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



GENERAL SUPPLY TARIFF FOR INDUSTRIAL, COMMERCIAL & GENERAL SUPPLY (11 KV & 33 KV)

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs./kVA / M	FIXED CHARGES Rs./kVA / M	VARIABLE CHARGES Rs./kWh	PTA 2023		Total Variable Charges Rs./kWh
					A	B	
Residential Tariff							
1	a) For Residential load less than 6 kW			28.49	Peak	(0.07)	28.43
1.1	Up to 60 Units - Life Line			31.30	Off-Peak	(0.07)	30.24
1.2	61 - 100 Units - Life Line			43.82	Peak	(0.07)	43.76
1.3	601 - 1000 Units			42.49	Off-Peak	(0.07)	42.43
1.4	101 - 200 Units			37.45	Peak	(0.07)	37.43
1.5	601 - 100 Units			32.06	Off-Peak	(0.07)	32.00
1.6	101 - 200 Units			43.16	Peak	(0.07)	43.09
1.7	201 - 300 Units	100		33.82	Off-Peak	(0.07)	33.82
1.8	401 - 600 Units	400		51.20	Peak	(0.07)	51.14
1.9	601 - 1000 Units	400		51.00	Off-Peak	(0.07)	51.03
1.10	601 - 1000 Units	800		51.86	Peak	(0.07)	51.80
1.11	Above 700 Units	1,000		51.71	Off-Peak	(0.07)	51.63
1.12	b) For Residential load 6 kW & Above				Peak	Off-Peak	49.00
1.13	Time of Use	1,000		42.49	49.07	10.07	61.42
1.14	Pre-Paid Residential Supply Tariff			51.71		(0.07)	51.71
Commercial Tariff							
2	a) For Residential load less than 6 kW	1,000		41.82	Peak	(0.07)	41.75
2.1	For Residential load 6 kW & above		1,350	42.81	Off-Peak	(0.07)	42.49
2.2	Time of Use		1,350	40.81	Peak	42.04	10.07
2.3	Electric Vehicle Charging Station			42.14	Off-Peak	(0.07)	42.03
2.4	Pre-Paid Commercial Supply Tariff			51.19	Peak	(0.07)	51.13

As per Annex-III, certain only preferred residential consumers will be given the benefit of above rates.
As per Annex-III, residential life load consumer will not be given any slab benefit.
Under sub-A, there shall be minimum monthly customer charge of the following rates even if no meter is installed. For example where monthly fixed charges are applicable, no minimum load charge shall be applicable to such consumers, even if no meter is installed.
1) Single Phase Connection
Rs. 22/- per customer per month
2) Three Phase Connection
Rs. 150/- per customer per month

GENERAL SUPPLY TARIFF FOR INDUSTRIAL, COMMERCIAL & GENERAL SUPPLY (11 KV & 33 KV)

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs./kVA / M	FIXED CHARGES Rs./kVA / M	VARIABLE CHARGES Rs./kWh	PTA 2023		Total Variable Charges Rs./kWh
					A	B	
Residential Tariff							
1	a) For Residential load less than 6 kW	1,000		41.82	Peak	(0.07)	41.75
1.1	For Residential load 6 kW & above		1,350	42.81	Off-Peak	(0.07)	42.49
1.2	Time of Use		1,350	40.81	Peak	42.04	10.07
1.3	Electric Vehicle Charging Station			42.14	Off-Peak	(0.07)	42.03
1.4	Pre-Paid Commercial Supply Tariff			51.19	Peak	(0.07)	51.13

Where Fixed Charges are applicable Rs./kWh/month, the charges shall be billed based on 55% of maximum load or Actual MDI for the month which ever is higher.

GENERAL SUPPLY TARIFF FOR INDUSTRIAL, COMMERCIAL & GENERAL SUPPLY (11 KV & 33 KV)

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs./kVA / M	FIXED CHARGES Rs./kVA / M	VARIABLE CHARGES Rs./kWh	PTA 2023		Total Variable Charges Rs./kWh
					A	B	
General Services							
1	a) General Services	1,000		47.97	Peak	(0.07)	47.90
1.1	Pre-Paid General Services Supply Tariff	1,000		50.16	Off-Peak	(0.07)	50.09

Where Fixed Charges are applicable Rs./kWh/month, the charges shall be billed based on 55% of maximum load or Actual MDI for the month which ever is higher.

GENERAL SUPPLY TARIFF FOR INDUSTRIAL, COMMERCIAL & GENERAL SUPPLY (11 KV & 33 KV)

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs./kVA / M	FIXED CHARGES Rs./kVA / M	VARIABLE CHARGES Rs./kWh	PTA 2023		Total Variable Charges Rs./kWh
					A	B	
General Services							
1	a) General Services	1,000		40.93	Peak	(0.07)	40.84
1.1	Up to 33 kW (11,400/336 Units)		1,350	38.89	Off-Peak	(0.07)	38.78
1.2	Exceeding 33-800 kW (11,400 Units)			43.64	Peak	(0.07)	43.57
1.3	Time of Use		1,350	38.89	Off-Peak	(0.07)	38.78
1.4	Up to 33 kW	1,000		45.99	Peak	(0.07)	45.93
1.5	Exceeding 33-800 kW (11,400 Units)		1,350	42.14	Off-Peak	(0.07)	42.07
1.6	For All Loads up to 8000 kW (11,33,02 RT)			43.09	Peak	(0.07)	43.03
1.7	For All Loads (11,33,122 kW & above)		1,350	38.00	Off-Peak	(0.07)	37.93
1.8	Pre-Paid General Services Supply Tariff			42.85	Peak	(0.07)	42.76

Where Fixed Charges are applicable Rs./kWh/month, the charges shall be billed based on 55% of maximum load or Actual MDI for the month which ever is higher.

GENERAL SUPPLY TARIFF FOR INDUSTRIAL, COMMERCIAL & GENERAL SUPPLY (11 KV & 33 KV)

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs./kVA / M	FIXED CHARGES Rs./kVA / M	VARIABLE CHARGES Rs./kWh	PTA 2023		Total Variable Charges Rs./kWh
					A	B	
Commercial Tariff							
1	a) For supply 11,400/336 Units	3,000		53.50	Peak	(0.07)	53.41
1.1	Residential load less than 6 kW			37.79	Off-Peak	(0.07)	37.73
1.2	Residential load 6 kW & up to 800 kW		1,350	56.50	Peak	(0.07)	56.44
1.3	Residential load 6 kW & above and residential load above 8000 kW		1,350	43.24	Off-Peak	(0.07)	43.21
1.4	Time of Use		1,350	47.29	Peak	(0.07)	47.22
1.5	For supply 11,400/336 Units & up to 6,000 kW		1,350	43.19	Off-Peak	(0.07)	43.12
1.6	For supply 11,400/336 Units & up to 8,000 kW		1,350	53.17	Peak	(0.07)	53.09
1.7	Exceeding 8,000 kW & above and residential load above 8000 kW		1,350	43.21	Off-Peak	(0.07)	43.14
1.8	Exceeding 8,000 kW & above and residential load above 8000 kW		1,350	56.01	Peak	(0.07)	55.93
1.9	Pre-Paid Bulk Supply Tariff			42.83	Off-Peak	(0.07)	42.76

Where Fixed Charges are applicable Rs./kWh/month, the charges shall be billed based on 55% of maximum load or Actual MDI for the month which ever is higher.



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**DISCHARGED SCHEDULE OF DEACTIVATED TARIFFS
FOR HYDERABAD ELECTRIC SUPPLY COMPANY (HESCOM)
FOR THE PERIOD 1 JANUARY 2024 TO 31 DECEMBER 2024**

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs./Unit / M	Rs./kW / M	Rs./kWh	Rs./kWh	Rs./Unit	Rs./kWh	Rs./Unit	Rs./kWh
D-1(a)	Agricultural 6 kW	+	+	12.30		[0.07]		42.34	
D-2(a)	Agricultural Tube Wells	+	400	49.51		[0.07]		49.51	
D-3(a)	Residential 6 kW above	+	400	39.54	57.39	[0.07]	[0.07]	39.59	37.12
D-3(b)	Residential 6 kW below	+	400	32.03	47.17	[0.07]	[0.07]	32.46	45.10
	Pre-Paid (for Agp) in Kまと	+	400	40.24		[0.07]		80.18	

Note: This tariff, there shall be minimum monthly charges Rs.2,000/- per consumer per month even if no energy is consumed.

Note: The consumers having contracted load less than 8 kW except for TOL metering.

DISCHARGED SCHEDULE OF DEACTIVATED TARIFFS FOR TEMPORARY SUPPLY TARIFFS

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs./Unit / M	Rs./kW / M	Rs./kWh	Rs./kWh	Rs./Unit	Rs./kWh	Rs./Unit	Rs./kWh
E-1(a)	Residential Supply	2,000		69.43		[0.07]		87.47	
E-1(b)	Commercial Supply	8,000		67.87		[0.07]		67.83	
E-2	Industrial Supply	8,000		49.14		[0.07]		45.05	

DISCHARGED SCHEDULE OF DEACTIVATED TARIFFS FOR SECTORAL (INDUSTRIAL) SUPPLY TARIFFS FOR THE PERIOD 1 JANUARY 2024 TO 31 DECEMBER 2024

Note: Tariff consumers will have the option to convert to Regular Tariffed rate tariff. This option can be exercised at the time of a new connection or at the beginning of the contract. Once exercised, the option cannot be terminated for 10 years.

DISCHARGED SCHEDULE OF DEACTIVATED TARIFFS FOR PUBLIC UTILITIES, INDUSTRIAL PURPOSES, COMMERCIAL PURPOSES, AND RESIDENTIAL PURPOSES

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs./Unit / M	Rs./kW / M	Rs./kWh	Rs./kWh	Rs./Unit	Rs./kWh	Rs./Unit	Rs./kWh
	Industrial Supply	2,000		47.04		[0.07]		44.17	

DISCHARGED SCHEDULE OF DEACTIVATED TARIFFS FOR RESIDENTIAL PURPOSES (2024)

Sl. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES		VARIABLE CHARGES		PTA 2025		Total Variable Charge	
		Rs./Unit / M	Rs./kW / M	Rs./kWh	Rs./kWh	Rs./Unit	Rs./kWh	Rs./Unit	Rs./kWh
	Industrial Supply attached to Industrial Premises	2,000.00		49.57		[0.07]		42.41	

Note: The PTA 2025 rates shall accrue to establish one (01) year of utilization of the instant structure.



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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)	259	249	408	496	605	659	612	586	515	502	323	262	5,686
Fuel Cost Component	10,3954	6,7337	7,9952	8,2493	8,4315	7,7138	7,0529	7,0998	7,4396	7,6595	6,2441	8,0165	77,154
Variable O&M	0,3912	0,2367	0,3527	0,3719	0,4775	0,4350	0,4039	0,3860	0,316	0,249	0,3019	0,3112	0,3622
Capacity	35,240	36,1357	26,5553	18,1121	17,3547	13,7447	11,1946	19,5070	17,4995	20,3751	31,1931	35,6924	20,5485
UoSC	3,8305	3,6057	2,9660	2,3080	2,4531	2,0210	1,6696	1,8377	2,4398	2,5565	3,1520	3,9393	2,5446
Total Ppp in Rs. / kWh	49,7410	45,7729	37,8722	29,0438	28,7559	23,9164	22,5601	22,8526	27,7305	31,2622	40,5911	47,8893	31,2016

Fuel Cost Component	2,587	1,678	3,263	4,112	5,101	6,695	4,554	4,162	3,838	3,936	2,205	2,100	42,332
Variable O&M	101	74	144	185	289	267	259	227	201	213	107	84	2,151
Capacity	9,080	9,902	10,889	9,029	19,516	8,367	8,471	7,518	8,978	10,190	11,013	9,336	112,729
UoSC	990	693	1,212	1,151	1,490	1,230	1,206	1,089	1,245	1,279	1,148	1,027	13,360
Total Ppp in Rs. / kWh	12,856	12,582	15,455	14,077	17,397	14,559	16,485	12,395	14,262	15,616	14,473	12,547	171,173

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 GSP.

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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 HESCO 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 sanction 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.

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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-

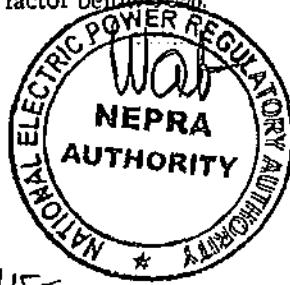
* To be duly adjusted in case of day light time saving

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%.

Mohd. J.



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 \leq 100 units; two rates for \leq 50 and \leq 100 units will continue.

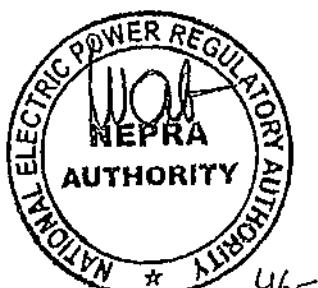
"Protected consumers" mean Non-ToU residential consumers consuming \leq 200 kWh per month consistently for the past 6 months.

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

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

A-2 COMMERCIAL

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



charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges.

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.

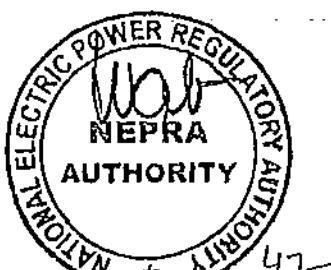
B INDUSTRIAL SUPPLY

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



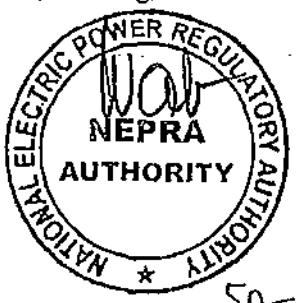
1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-1(a) tariff.
3. All new consumers having sanctioned load 5 kW 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



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.



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

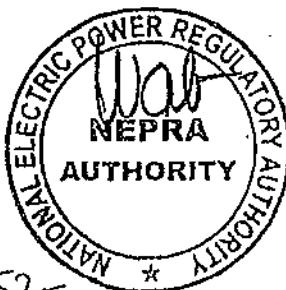
1. This tariff shall apply to Residential and Commercial consumers for temporary supply.
2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

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.

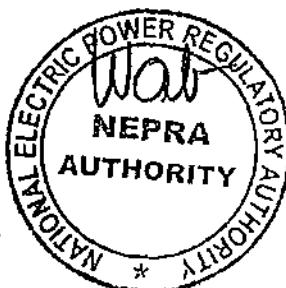
"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

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.



ANNEX—VI

Particulars		1/1/2013	31/12/2013	Change
TBIL Assets		407	11,626	11,219
Trade Receivables		11,250	11,250	0.00
Allowance for Doubtful Debts		171	171	0.00
Net Trade Receivables		11,079	11,079	0.00
TCA - Rs. 100k		100	100	0.00
TCA Import - Rs. 100k		100	100	0.00
TCA Export		100	100	0.00
TCA Profit		100	100	0.00
TCA Loss		100	100	0.00
TCA Profit - 100k + APL		100	100	0.00
TCA Loss		100	100	0.00
Particulars		361	10,069	9,708
TBIL Assets		10,069	10,069	0.00
Trade Receivables		142	142	0.00
Allowance for Doubtful Debts		439	439	0.00
Net Trade Receivables		7,782	7,782	0.00
TFB Assets		70,72	70,72	0.00
TCA - Rs. 100k		100	100	0.00
TCA Import - Rs. 100k		100	100	0.00
TCA Export		100	100	0.00
TCA Profit		100	100	0.00
TCA Loss		100	100	0.00
TCA Profit - 100k + APL		100	100	0.00
TCA Loss		100	100	0.00
Particulars		511	13,679	8,568
TBIL Assets		13,679	13,679	0.00
Trade Receivables		267	267	0.00
Allowance for Doubtful Debts		339	339	0.00
Net Trade Receivables		7,002	7,002	0.00
TCA - Rs. 100k		100	100	0.00
TCA Import - Rs. 100k		100	100	0.00
TCA Export		100	100	0.00
TCA Profit		100	100	0.00
TCA Loss		100	100	0.00
TCA Profit - 100k + APL		100	100	0.00
TCA Loss		100	100	0.00
Particulars		416	11,149	6,933
TBIL Assets		11,149	11,149	0.00
Trade Receivables		267	267	0.00
Allowance for Doubtful Debts		339	339	0.00
Net Trade Receivables		7,542	7,542	0.00
TFB Assets		20,29	20,29	0.00
TCA - Rs. 100k		100	100	0.00
TCA Import - Rs. 100k		100	100	0.00
TCA Export		100	100	0.00
TCA Profit		100	100	0.00
TCA Loss		100	100	0.00
TCA Profit - 100k + APL		100	100	0.00
TCA Loss		100	100	0.00
Particulars		111	13,595	8,584
TBIL Assets		13,595	13,595	0.00
Trade Receivables		257	257	0.00
Allowance for Doubtful Debts		337	337	0.00
Net Trade Receivables		7,921	7,921	0.00
TCA - Rs. 100k		100	100	0.00
TCA Import - Rs. 100k		100	100	0.00
TCA Export		100	100	0.00
TCA Profit		100	100	0.00
TCA Loss		100	100	0.00
TCA Profit - 100k + APL		100	100	0.00
TCA Loss		100	100	0.00
Particulars		224	11,000	6,976
TBIL Assets		11,000	11,000	0.00
Trade Receivables		257	257	0.00
Allowance for Doubtful Debts		337	337	0.00
Net Trade Receivables		7,906	7,906	0.00
TFB Assets		678	678	0.00
TCA - Rs. 100k		100	100	0.00
TCA Import - Rs. 100k		100	100	0.00
TCA Export		100	100	0.00
TCA Profit		100	100	0.00
TCA Loss		100	100	0.00
TCA Profit - 100k + APL		100	100	0.00
TCA Loss		100	100	0.00
Particulars		113	13,550	8,537
TBIL Assets		13,550	13,550	0.00
Trade Receivables		257	257	0.00
Allowance for Doubtful Debts		337	337	0.00
Net Trade Receivables		7,956	7,956	0.00
TFB Assets		678	678	0.00
TCA - Rs. 100k		100	100	0.00
TCA Import - Rs. 100k		100	100	0.00
TCA Export		100	100	0.00
TCA Profit		100	100	0.00
TCA Loss		100	100	0.00
TCA Profit - 100k + APL		100	100	0.00
TCA Loss		100	100	0.00
Particulars		353	16,626	11,069
TBIL Assets		16,626	16,626	0.00
Trade Receivables		258	258	0.00
Allowance for Doubtful Debts		338	338	0.00
Net Trade Receivables		13,030	13,030	0.00
TFB Assets		678	678	0.00
TCA - Rs. 100k		100	100	0.00
TCA Import - Rs. 100k		100	100	0.00
TCA Export		100	100	0.00
TCA Profit		100	100	0.00
TCA Loss		100	100	0.00
TCA Profit - 100k + APL		100	100	0.00
TCA Loss		100	100	0.00



Math. 9

ANNEX VI

Annex VI Working of PTA		ANNEX VI	
1. Purchase		2. Sales	
TAU Issues		3.27	3.00%
Sales after Levy		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
3. April		4.11	
Purchase		4.11	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
5. May		5.12	
Purchase		5.12	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
6. June		6.12	
Purchase		6.12	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
7. July		7.12	
Purchase		7.12	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
8. August		8.12	
Purchase		8.12	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
9. September		9.12	
Purchase		9.12	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
10. October		10.12	
Purchase		10.12	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
11. November		11.12	
Purchase		11.12	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%
12. December		12.12	
Purchase		12.12	10.00%
TAU Issues		2.21	2.1%
Calculator Issues		2.21	2.1%
Sales net of Instrumental value		2.21	2.1%
TP Sales		2.21	2.1%
ICA - Rs. 500		2.21	2.1%
ICA Issues - Rs. 500		2.21	2.1%
Life Use		2.21	2.1%
Prep-EVU		2.21	2.1%
Prefer. rate 300 + April		2.21	2.1%
TPS		2.21	2.1%



Hall 9

ANNEX-VI

Annex-VI (Wise Use of CVA)		NET/AMM REGULATORY AUTHORITY
Particulars		231
TAD/Lines		232
Other Lines		233
Other set of Instrumental value		234
NP Sales		235
ICA - Rs.1000		236
ICA Import - Rs.1000		237
ICA Use		238
Prep-ELV0		239
Prep-ELV1		240
Prep-ELV2		241
ELV0		242
ELV1		243
ELV2		244
Other set of Instrumental value		245
NP Sales		246
ICA - Rs.1000		247
ICA Import - Rs.1000		248
ICA Use		249
Prep-ELV0		250
Prep-ELV1		251
ELV0		252
ELV1		253
ELV2		254
Other set of Instrumental value		255
NP Sales		256
ICA - Rs.1000		257
ICA Import - Rs.1000		258
ICA Use		259
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ELV2		264
Other set of Instrumental value		265
NP Sales		266
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NP Sales		576
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Other set of Instrumental value		615
NP Sales		616
ICA - Rs.1000		617
ICA Import - Rs.1000		618
ICA Use		619
Prep-ELV0		620
Prep-ELV1		621
ELV0		622
ELV1		623
ELV2		624
Other set of Instrumental value		625
NP Sales		626
ICA - Rs.1000		627
ICA Import - Rs.1000		628
ICA Use		629
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ELV2		634
Other set of Instrumental value		635
NP Sales		636
ICA - Rs.1000		637
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ANNEX VI



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National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/R/ADG(Tariff)/TRF-100/CPPAG/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



(Wasim Anwar Blinder)

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. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad

Wasim Anwar Bhinder
Registrar-1
Wednesday, 14 January, 2026, 12:1:58 PM

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 winter 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)



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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:

- a. What is the basis of demand forecast for DISCOs under different scenarios?
- b. What is basis for set of assumptions considered for projecting power purchase prices?
- c. 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?
- d. 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 (1.5%)	26.2
5	Normal	290/300	Normal	Low (-5%)	25.69

Muhammad Iqbal



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-DISCO		
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:



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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 Platis, whereas local fuel prices are informed by inputs from OGRA, NEPRA, and TCEB. These assumptions are detailed below:

Years	Fuel Price Assumptions									
	Gas	Brent	Imp Coal	Imp Coal	Imp Coal	Thar Coal	RFO	Bagasse	HSD	
			API-4	ICI-3	ICI-4					
	Rs./MM BTU	\$/Barrel	\$/MTon	\$/MTon	\$/MTon	\$/MTon	\$/MTon	Rs./MT on	Rs./Litre	
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	5470	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.



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Other Assumptions:

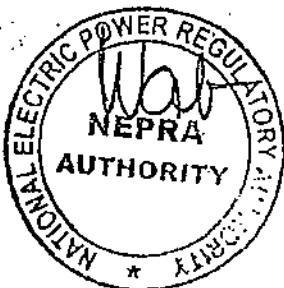
20.12. CPPA-G submitted that the following additional assumptions have been applied in the preparation of PPP references for CY 2026.

- **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, JPCI, 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:

Parameter	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Sold to DISCOS	125,822	125,822	127,815	125,822	125,822
Fuel Cost	999,469	1,024,504	1,023,006	1,031,652	967,286
Variable O&M	7.94	8.14	8.00	8.20	7.69
Variable O&M	50,106	51,001	51,245	50,106	50,106
Capacity Charges	0.40	0.41	0.40	0.40	0.40
Capacity Charges	1,974,602	2,022,158	1,974,602	1,974,602	1,974,602
Power Purchase Price (Exc. Trans.)	15.69	16.07	15.45	15.69	15.69
Power Purchase Price (Exc. Trans.)	3,024,177	3,097,663	3,048,853	3,056,360	2,991,994
Transmission + MOF Charges	24.04	24.62	23.85	24.29	23.78
Transmission + MOF Charges	1.91	1.91	1.83	1.91	1.91
Total	25.95	26.93	25.73	25.60	25.69



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 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;

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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	MWS												
	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Average
MWH	FESCO	3,070	2,930	2,456	3,423	3,873	3,314	3,744	3,824	3,453	3,524	2,734	3,152
	GEPCO	2,077	2,058	1,913	2,705	3,114	3,720	3,544	3,518	3,367	2,775	1,873	2,076
	IESCO	1,264	1,238	1,619	1,545	2,093	1,635	1,656	1,500	3,715	1,761	1,532	1,415
	SEPCO	565	513	862	3,179	1,093	1,202	1,243	1,262	1,149	928	729	947
	IESCO	3,740	1,771	1,671	2,352	7,211	3,142	2,470	7,795	2,743	2,138	1,645	2,201
	IESCO	4,922	3,858	4,417	5,847	6,745	6,767	6,731	6,384	6,230	5,692	4,229	4,234
	MEPCO	1,832	2,712	3,458	4,652	5,184	5,316	5,151	5,013	5,170	4,522	3,413	4,009
	PESCO	2,191	1,917	2,652	1,907	2,018	1,673	2,523	2,478	2,102	2,059	1,920	2,264
	IESCO	561	638	687	515	550	531	492	509	543	558	506	582
	IAZECO	580	523	641	512	518	657	671	611	665	517	515	603
Sub-Total	IESCO	1,218	1,394	1,109	1,454	1,215	1,155	1,232	1,197	1,371	1,431	1,411	1,499
	K-Electric	21,713	19,612	22,657	16,191	29,312	30,725	30,164	29,049	29,123	25,734	20,931	21,513
	Total	23,762	21,452	24,617	18,242	31,182	32,776	32,214	31,096	31,175	27,784	22,442	22,553

Description	MWS												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	
Fuel Cost Component	FESCO	9,249	5,284	8,120	11,246	13,940	13,591	12,709	13,215	11,702	10,434	5,429	7,117
	GEPCO	7,345	3,987	5,531	8,095	10,403	11,002	10,151	9,613	8,860	7,391	4,203	5,337
	IESCO	2,687	1,678	3,253	4,112	5,101	4,695	4,551	4,162	3,838	3,936	2,205	4,232
	SEPCO	1,947	1,018	2,748	2,663	3,493	3,517	3,523	3,458	3,413	2,944	1,451	1,425
	IESCO	9,663	4,649	5,474	7,640	10,262	11,231	10,191	9,497	9,259	7,259	4,450	6,793
	IESCO	16,181	8,698	19,577	17,516	23,591	21,801	20,217	20,943	19,250	16,834	9,410	17,042
	MEPCO	9,453	5,209	9,048	11,461	16,816	16,529	15,165	15,335	15,637	17,361	8,482	14,273
	IESCO	8,773	4,456	5,521	5,887	7,731	8,311	8,515	8,453	7,427	5,702	3,988	6,127
	IESCO	1,582	879	1,180	905	1,036	907	841	843	875	963	818	1,148
	IAZECO	2,612	1,407	1,761	2,360	2,441	2,611	2,657	2,915	2,345	1,600	1,260	1,919
Sub-Total	IESCO	4,362	2,450	3,316	2,564	3,283	3,045	2,422	2,521	3,233	3,211	2,393	3,350
	K-Electric	2,877	4,932	7,720	7,840	9,005	9,137	8,871	8,920	9,131	8,490	6,041	6,233
	Total	40,785	44,678	45,312	44,316	106,144	105,518	99,822	99,847	94,906	91,529	44,199	61,091

Description	MWS												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	
Variable O&M Component	FESCO	352	233	358	502	790	774	721	723	615	563	282	245
	GEPCO	218	176	214	365	583	576	577	516	503	410	203	222
	IESCO	101	74	344	185	282	267	259	227	201	213	107	84
	SEPCO	73	45	73	120	194	206	200	189	179	159	71	57
	IESCO	341	205	241	344	541	639	579	541	486	391	235	2,636
	IESCO	607	343	555	721	1,239	1,241	1,152	1,145	1,011	910	459	402
	MEPCO	356	230	339	613	933	911	861	849	780	657	313	290
	PESCO	311	196	243	265	418	474	434	462	360	328	193	245
	IESCO	60	39	52	45	59	52	48	46	46	51	41	38
	IAZECO	98	62	72	84	124	150	116	111	122	97	61	77
Sub-Total	IESCO	164	105	148	174	184	176	160	138	170	173	116	134
	K-Electric	2,744	1,731	2,545	3,648	5,500	5,644	5,160	4,966	4,503	3,944	2,018	2,197
	Total	3,042	1,959	2,441	3,801	6,012	6,064	5,470	5,457	4,422	4,422	2,350	2,447

Description	MWS												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	
Capacity Charge	FESCO	20,431	21,670	18,666	19,345	19,817	18,428	19,180	20,237	18,155	20,387	19,453	20,793
	GEPCO	13,825	14,969	12,552	15,509	15,934	16,411	18,157	18,565	17,637	16,054	13,021	13,243
	IESCO	9,030	9,002	10,833	9,029	10,506	9,167	8,473	7,918	8,976	10,193	11,013	9,336
	SEPCO	3,763	3,729	6,245	6,715	5,593	5,935	6,263	6,656	6,037	5,345	5,075	5,676
	IESCO	14,208	12,878	10,452	13,319	14,437	15,512	15,216	14,750	14,368	12,157	11,453	14,523
	IESCO	37,760	18,058	28,711	33,305	34,522	33,407	34,492	33,692	37,612	31,771	30,119	24,263
	MEPCO	16,919	19,793	22,452	26,527	26,438	27,415	25,990	27,061	26,190	23,935	18,423	28,151
	PESCO	14,586	13,913	15,886	16,572	10,317	12,923	13,178	13,057	14,144	11,922	13,370	15,313
	IESCO	4,266	4,619	4,391	3,390	2,814	2,870	2,522	2,687	2,843	3,229	4,147	4,276
	IAZECO	3,301	3,836	4,161	2,919	2,792	3,245	3,215	3,227	3,479	3,104	3,584	3,924
Sub-Total	IESCO	8,109	10,141	8,501	2,845	6,782	5,705	6,310	6,002	7,173	8,278	9,374	9,003
	K-Electric	13,643	14,503	13,209	11,677	10,491	10,120	10,502	10,819	10,731	11,459	14,273	13,529
	Total	158,153	157,541	155,515	160,975	160,493	161,407	165,025	164,111	163,163	160,730	159,316	155,501

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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	8,159	10,220	12,589	13,814	14,073	14,063	12,723	10,360	7,783	7,621	225,822
Fuel Cost Component	10,3954	6,7337	7,9952	8,2498	8,4315	7,7538	7,6929	7,0998	7,4596	7,8695	6,2441	8,0165	77,378
Variable O&M	0.3912	0.2957	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3915	0.4249	0.3019	0.3211	0.3900
Capacity	20,3515	23,7442	19,1671	15,7406	12,7487	11,7132	11,7260	11,6594	12,6262	15,5145	20,4691	20,4052	152,860
UoSC	2,2395	2,3689	2,1425	2,0058	1,8083	1,7223	1,6615	1,6050	1,7785	1,9467	2,1340	2,2444	1,9075
Total PPP in Rs. / MWh	33,3575	33,1445	29,6579	26,3681	23,4651	22,5883	20,8833	20,7623	22,4560	25,7558	29,1490	30,5871	25,3213

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
Fuel Cost Component	80,786	44,678	65,312	84,316	106,144	106,558	99,822	99,847	94,906	83,529	48,559	61,091	973,588
Variable O&M	3,040	1,369	2,881	3,801	6,012	5,064	5,670	5,457	4,982	4,492	2,350	2,447	49,075
Capacity	158,458	157,561	156,575	160,875	160,493	161,807	165,025	164,111	163,183	160,730	159,316	155,501	1,923,316
UoSC	17,248	17,724	17,506	20,500	22,765	23,793	23,383	22,572	22,629	20,167	16,509	17,104	240,000
Total PPP in Rs. MWh	259,232	219,912	242,273	269,492	295,413	298,222	293,900	291,937	285,701	266,829	226,874	236,743	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.

Asif Q



Annex-1													
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	956	950	1,072	1,184	1,265	1,265	1,224	1,079	967	777	12,239
Fuel Cost Component													
Variable O&M	10,3954	6,7337	7,9552	8,2458	8,4315	7,7338	7,0929	7,0998	7,4595	7,8696	6,2441	8,0165	77,116
Capacity	0,3912	0,2957	0,3527	0,3719	0,4775	0,4390	0,4029	0,3880	0,3915	0,4249	0,3019	0,3731	0,3856
UoSC	18,0079	20,3551	13,7831	12,2880	9,7899	8,5537	8,3030	8,5539	8,7668	10,9931	14,7558	17,4006	21,9174
Total PPP in Rs. / kWh	30,7583	29,4172	23,6719	22,4755	20,0871	17,9527	16,9752	17,2183	17,8337	20,5670	22,6379	27,6521	21,4735
Fuel Cost Component													
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	6,233	94,386
Capacity	296	217	341	353	512	520	510	491	479	438	292	250	4,719
UoSC	13,605	14,509	13,309	11,677	10,491	10,120	10,502	10,819	10,731	11,859	14,273	13,529	345,863
Total PPP in Rs. Min	23,316	21,546	22,858	21,359	21,526	21,265	21,470	21,778	21,819	22,296	22,094	21,499	262,874

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 SoP



Waqar 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)	710	592	692	932	1,234	1,426	1,432	1,382	1,284	965	673	691	12,053
Fuel Cost Component	10,3954	6,7937	7,5952	8,2498	8,4315	7,7138	7,0528	7,4596	7,8696	5,2441	8,0365	8,0365	7,7334
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	0,3920
Capacity	19,4608	25,1877	18,1446	15,6949	12,9136	12,9079	12,6828	13,4317	13,7259	16,6434	19,3734	19,8360	15,0051
UoSC	2,1223	2,5219	2,0286	2,0000	1,8317	1,8980	1,7971	1,8074	1,9034	2,0893	2,0197	2,1818	1,9719
Total PPP in Rs. / kWh	32,3697	34,8201	28,5211	26,3165	23,6544	22,9587	21,9757	22,7670	23,4805	27,0263	27,9391	30,3554	25,7025
Fuel Cost Component	7,385	3,989	5,591	8,039	10,404	11,002	10,154	9,813	9,580	7,591	4,203	5,537	93,288
Variable O&M	278	176	244	365	569	626	577	536	503	410	203	222	4,729
Capacity	13,825	14,969	12,552	15,409	15,934	18,412	18,157	18,565	17,627	16,034	15,041	13,700	18,8243
UoSC	1,508	2,494	1,403	1,964	2,460	2,707	2,573	2,553	2,444	2,014	1,360	1,507	23,787
Total PPP in Rs. / MWh	22,996	29,638	19,731	25,837	29,488	32,747	31,460	31,467	30,154	26,059	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 GEP



Moonya

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	1,332	1,344	1,996	2,143	2,138	2,188	1,992	1,571	1,038	902	18,427
Fuel Cost Component	10,3954	6,7337	7,9952	8,2498	8,4215	7,7138	7,0929	7,0998	7,4595	7,8695	6,2441	8,0165	7,7208
Variable O&M	0,3912	0,2987	0,3527	0,3719	0,4775	0,4590	0,4029	0,3880	0,3916	0,4149	0,3019	0,3211	0,3955
Capacity	20,7816	25,5938	19,8383	16,1204	13,2923	12,3384	12,8215	12,1059	13,5867	16,6733	23,9583	20,4203	15,7459
UoSC	2,2664	2,5547	2,2480	2,0542	1,8854	1,8143	1,8168	1,6650	1,8842	2,0821	2,4039	2,2461	1,9888
Total PPP in Rs. / kwh	33,8345	35,1810	30,4641	25,7963	24,0868	22,3054	22,1340	21,2585	23,3220	27,0595	32,0082	31,0045	25,8500

Fuel Cost Component	9,463	5,209	9,048	13,561	16,826	16,529	15,166	15,535	14,837	12,361	6,482	7,235	142,273
Variable O&M	356	230	399	611	953	941	851	849	780	667	313	250	7,251
Capacity	18,919	19,798	22,452	26,498	26,527	26,438	27,415	26,450	27,051	26,190	23,935	18,429	290,352
UoSC	2,053	1,976	2,510	3,377	3,763	3,888	3,643	3,753	3,285	2,495	2,027	36,685	
Total PPP in Rs. Min	30,301	27,233	34,409	44,047	48,069	47,795	47,327	46,518	46,450	42,505	33,225	27,931	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 GoP



Wadil Q

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	427	487	458	374	234	178	3,995
Fuel Cost Component	10.3954	6.7337	7.9952	8.2498	8.4315	7.7138	7.0929	7.0553	7.4556	7.8596	6.7442	8.0165	7.6968
Variable O&M	0.3912	0.2957	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3916	0.4249	0.3019	0.3221	0.3944
Capacity	20.1231	24.6701	27.9197	20.7993	13.4786	12.6593	12.8196	13.6770	13.1281	14.2868	21.6848	20.3817	16.2837
UoSC	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	39.3890	32.0714	24.2995	22.6735	22.1318	23.0460	22.7998	24.3740	30.5025	30.9611	26.4402

Fuel Cost Component	1.947	1.018	1.788	2.663	3.493	3.617	3.523	3.456	3.413	2.944	1.461	1.426	30.749
Variable O&M	73	45	79	120	198	206	200	189	179	159	71	57	1,576
Capacity	3.768	3.729	6.245	6.715	5.583	5.935	6.368	6.558	5.907	5.345	5.075	3.675	63.055
UoSC	411	372	698	856	792	873	902	916	833	671	529	309	8.251
Total PPP in Rs. Mln	6,199	5,163	8,810	10,354	10,066	10,630	10,993	11,229	10,933	9,119	7,135	5,598	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 GoP



Waqas
Anwar Bhinder

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	7.9352	8.2498	8.4315	7.7138	7.0929	7.0938	7.4596	7.8696	6.2441	6.0365	77.904
Variable O&M	0.3912	0.2957	0.3527	0.3719	0.4775	0.4390	0.4029	0.3880	0.3936	0.4249	0.3019	0.3211	0.3851
Capacity	15.3645	18.2135	19.0844	12.9483	9.3308	9.5135	11.1406	11.3160	11.0655	13.5595	17.7870	16.3828	13.3440
UoSC	1.6755	1.8179	2.1337	1.6500	1.3235	1.3989	1.5786	1.5564	1.5346	1.7055	1.8543	1.8130	1.6424
Total PPP in Rs. / kWh	27.8367	27.0519	29.5560	23.2200	19.5633	19.0551	20.2150	20.3603	20.4523	23.5948	26.1873	26.6333	23.1629
Fuel Cost Component	2.6112	1.407	1.743	1.860	2.441	2.631	2.047	2.035	2.345	1.800	1.260	1.935	24.105
Variable O&M	98	62	77	84	138	150	116	111	123	97	61	77	1.295
Capacity	3.861	3.805	4.161	2.919	2.702	3.245	3.216	3.227	3.479	3.109	3.588	3.978	41.291
UoSC	421	380	465	372	383	477	456	464	482	390	374	438	5.082
Total PPP in Rs. / kWh	6.593	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 GoP



Waqas 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)	795	662	690	714	917	1,080	1,200	1,191	996	724	639	764	10,273
Fuel Cost Component	10,3254	6,7337	7,3952	8,2493	8,4315	7,7138	7,0929	7,0998	7,4596	7,8696	6,2441	8,0165	7,7520
Variable O&M	0,3912	0,2967	0,3719	0,4775	0,4390	0,4029	0,3880	0,3616	0,4249	0,3019	0,3211	0,3866	
Capacity	18,3284	21,0717	23,1516	15,2153	11,3173	12,0104	10,9777	10,9754	14,2064	16,5918	20,9311	19,8188	25,3845
UoSC	1,9988	2,1031	2,5884	1,9389	1,6053	1,7668	1,5555	1,5095	1,5700	2,0705	2,1821	2,1799	1,9010
Total PPP in Rs./ kWh	31,1138	30,12053	34,0879	25,7759	21,8317	21,9252	20,0250	19,9726	24,0277	26,8869	29,6592	30,3363	25,8245

Fuel Cost Component	8,273	4,456	5,521	5,889	7,731	8,331	8,515	8,453	7,427	5,700	3,983	5,127	80,410
Variable O&M	311	196	243	265	438	474	484	462	390	308	193	245	4,010
Capacity	14,586	13,943	15,986	10,862	10,377	12,972	13,328	12,067	14,144	11,952	13,370	15,147	159,583
UoSC	1,591	1,392	1,787	1,384	1,472	1,907	1,867	1,797	1,961	1,500	1,394	1,666	19,718
Total PPP in Rs. Min	24,761	19,587	23,537	18,401	20,017	23,684	24,044	25,775	23,922	19,459	18,345	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 GoP

MoU-B



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]



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