

TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN
EXTRA ORDINARY, PART-I

National Electric Power Regulatory Authority

NOTIFICATION



Islamabad, the 15th day of January, 2026

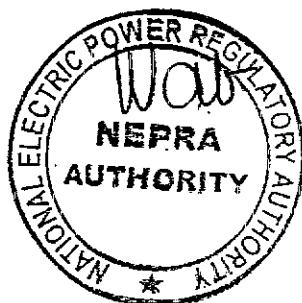
S.R.O. 80 (I)/2026.- In pursuance of Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), NEPRA hereby notifies the Decision of the Authority dated December 31, 2015 pursuant to Judgements of the Honorable Supreme Court of Pakistan, Islamabad High Court and NEPRA Appellate Tribunal in the matter of petitions filed by various parties regarding monthly fuel charges adjustments and quarterly tariff adjustments of XWDISCOs.

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


(Wasim Anwar Bhinder)
Registrar

DECISION OF THE AUTHORITY PURSUANT TO JUDGMENTS OF THE HONORABLE SUPREME COURT OF PAKISTAN, ISLAMABAD HIGH COURT AND NEPRA APPELLATE TRIBUNAL (NAT) IN THE MATTER OF PETITIONS FILED BY VARIOUS PARTIES REGARDING MONTHLY FUEL CHARGES ADJUSTMENTS (FCAs) AND QUARTERLY TARIFF ADJUSTMENTS (QTAs) OF XWDISCOs.

1. The Authority issued fifteen (15) determinations dated 09.03.2021, 13.06.2022, 07.07.2022, 12.08.2022, 12.09.2022, 14.10.2022, 16.12.2022, 11.01.2023, 16.02.2023, 18.04.2023, 25.05.2023, 12.06.2023, 19.07.2023, 08.08.2023, and 08.09.2023 regarding Fuel Charges Adjustments (FCAs). Additionally, five (5) determinations dated 29.07.2022, 14.10.2022, 17.01.2023, 12.04.2023, and 04.07.2023 were issued with respect to Quarterly Tariff Adjustments (QTAs). These determinations were subsequently challenged before the Honorable Lahore High Court, Lahore, through various connected writ petitions including WP No. 56406 of 2022, wherein the Lahore High Court vide its judgment dated 06.02.2023, set aside the aforementioned determinations.
2. The aforementioned judgment of the Honorable Lahore High Court was assailed by NEPRA and the Distribution Companies (DISCOs) before the Honorable Supreme Court of Pakistan through Civil Petitions including CP No. 491-L of 2023. By an order dated 16.10.2023, the Supreme Court was pleased to set aside the judgment dated 06.02.2023 passed by the Lahore High Court holding that the writ petitions were not maintainable, and that the concerned consumers may file appeals before the NEPRA Appellate Tribunal, wherein they may raise all permissible factual and legal grounds, specifically in relation to FCAs and QTAs.
3. Pursuant to the directions of the Honorable Supreme Court, more than 350 appeals were preferred before the NEPRA Appellate Tribunal by various consumers. The principal grounds agitated by the appellants included, inter alia, a challenge to the constitution and composition of the Authority, as well as the contention that the impugned determinations were liable to be set aside on the premise that they were not issued within the time period prescribed under Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (NEPRA Act).
4. Following the proceedings, the Tribunal, vide its consolidated judgment dated 13.02.2024, upheld the constitution and composition of the Authority and further held that the time limits prescribed under Section 31 of the NEPRA Act, with respect to the issuance of FCAs and QTAs determinations, are directory in nature rather than mandatory. Additionally, the Tribunal remanded the matter back to the Authority on the grounds that the hearings conducted were merely perfunctory, lacking meaningful engagement, and that



the impugned determinations failed to record adequate and reasoned justifications. The operative part of the Tribunal's order is reproduced hereunder:

"The tribunal in view of its findings on the above issues, partly allowed, the consolidated appeals. The impugned determinations of (FCAs) and (QTA), were set-aside and the same would be deemed pending before the Authority for its decision afresh, in accordance with Law, Rules, National Electricity Policy 2021, and National Electricity Plan 2023-2027 (if applicable), after affording meaningful and fair right of audience to the appellants."

However, the impugned notifications issued by the Federal Government or the Authority, as the case may be, pursuant to the aforesaid determinations shall remain in force. After a fresh decision by the Authority, suitable modifications/rectifications, and adjustments, if needed, shall be made in the said notifications of the Federal Government/Authority. The remaining prayer in these appeals is declined, and to this extent, the appeals stand dismissed."

5. In compliance with the directions contained in the judgment of the NEPRA Appellate Tribunal, the Authority resolved to afford an opportunity of hearing to the concerned consumers on 14.03.2024. However, before the scheduled hearing could take place, various consumers instituted appeals before the Honorable Islamabad High Court, assailing the Tribunal's judgment dated 13.02.2024. In total, more than 355 appeals were filed challenging the said judgment.
6. The Honorable Islamabad High Court, vide its judgement dated 26.06.2024 passed in Civil Miscellaneous Appeal No. 8 of 2024 titled *M/s Flying Paper Industries Limited vs Federation of Pakistan, NEPRA, and others*, dismissed the appeals filed against the Tribunal's decision. The Court upheld the Tribunal's order requiring the Authority to issue fresh determinations after conducting public hearing and ensuring meaningful stakeholder participation. Furthermore, the Court affirmed the validity of the notifications issued pursuant to the impugned determinations, in order to prevent any economic disruption. However, it permitted that appropriate adjustments may be made, if any, in light of the fresh determinations, once finalized by the Authority.
7. Pursuant to the decisions of the NEPRA Appellate Tribunal and the Honorable Islamabad High Court, the Authority decided to conduct a hearing in the matter on 03.09.2024. A public notice regarding the hearing was published in the leading newspapers on 24.08.2024 and simultaneously uploaded on NEPRA's website. In addition, individual notices were issued to the relevant stakeholders and the petitioners to ensure their participation in the proceedings.
8. The data pertaining to monthly FCAs and quarterly adjustments as submitted by the DISCOs, was also uploaded on NEPRA's website. Additionally, the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) was directed to make all the relevant



information available to the concerned parties. This directive was duly reflected in the public notice published in the newspapers.

9. The hearing was conducted as per the schedule on 03.09.2024. A summary of the key submissions made by the petitioners during the hearing is as under:

Nishat Mills Ltd. (NML)

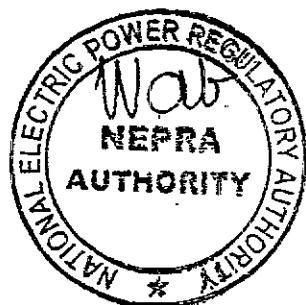
10. NML raised objections to NEPRA FCA determinations dated 12.06.2023, 19.07.2023, 08.08.2023 and 08.09.2023 and quarterly indexations decisions dated 12.04.2023 and 07.07.2023. NML requested the Authority to implement the judgment of the NEPRA Appellate Tribunal (NAT) dated 13.02.2024. It was submitted that the following three challenges were raised by NML before the Tribunal:
 - That NEPRA was not constituted in accordance with law - a contention that was dismissed by the NAT;
 - That the timelines stipulated under Section 31(7) of NEPRA Act are mandatory - a position which was also rejected by the NAT;
 - That the FCA and QTA determinations were flawed due to alleged violations of the Economic Merit Order (EMO) issued by NTDC from time to time.

11. NML further submitted that the NAT had framed Issue No. 6 which reads:
 - a. *Whether FCA and QTA determinations are bad for being in violation of economic merit order?*
12. While adjudicating upon the issue, the NAT had conducted a detailed examination and reproduced the observations of the then Chairman NEPRA and Members on the matter. The Tribunal had noted that the Authority itself recorded repeated observations regarding violation of the EMO resulting in a financial burden amounting to billions of rupees on the consumers. Although the Authority highlighted these deviations and did not conceal such violations, but it could not take effective measures to curb them or impose any penalties for such violations in this regard.
13. NML further submitted that similar observations regarding the EMO violations were recorded by the Authority in the impugned determinations as well. Referring to para 53 of the Tribunal's judgment it was pointed out that the Tribunal had unequivocally held that there have been clear deviations from, and violations of, the EMO, which resulted in an undue financial burden on the consumers.
14. The Tribunal had also observed that, although the Authority consistently identified violations of the EMO in its various determinations, it did not take sufficient or concrete enforcement action to prevent or remedy such violations. The Tribunal had further remarked that, where necessary, the Authority ought to have formally brought these



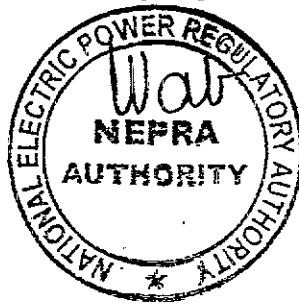
violations to the attention of the Ministry of Energy (Power Division), including the identification of the responsible entities, so that appropriate disciplinary or corrective measures could be initiated. The Tribunal had emphasized that such proactive regulatory engagement is essential for the Authority to effectively fulfil its statutory mandate under the NEPRA Act and to safeguard the economic interests of consumers.

15. NML further submitted that the Tribunal, in its findings, had held that violations of the EMO did indeed occur, as reflected in the impugned FCA and QTA determinations. It was observed that electricity had been procured from less efficient power plants, thereby imposing an undue financial burden on the consumers. In view of these findings, NML submitted that in line with the findings of the NAT, a third-party audit of the National Power Control Center (NPCC) and CPPA-G may be conducted - not only to establish the negligence of NPCC and CPPA-G but also to ascertain the actual amount that should have been passed on the consumers.
16. The Appellate Tribunal, in its judgement, had further emphasized that the Authority must exercise stricter oversight and monitoring of compliance needs to monitor the EMO more vigilantly and a third-party audit of NPCC and CPPA-G may be conducted for the last 3 years. NML also added that the findings by the NAT have only been challenged by IESCO to the extent of the meaningfulness of the hearing process but no challenge has been made at any higher forum to the findings regarding the EMO hence the same should be given effect. NML in this regard referred to Supreme Court judgments, with clear observations that any findings which are not challenged attain finality as between the parties and are to be complied with.
17. NML, highlighting the effect of deviations from the EMO, referred to the NEPRA decision dated 12.06.2023 and stated that as per the additional note to the said decision, the accumulated claim on account of part load operation of the three most efficient power RLNG plants is Rs. 3.238 billion for April 2023. The full utilization of these power plants could have minimized the load shedding on one hand while on the other hand it could help avoid part load charges of Rs. 3.238 billion. Similar observations were also given in the other FCA determinations which have been challenged.
18. NML also submitted that soon after receipt of the notice of hearing, it applied for certain information from NEPRA in accordance with the National Electric Power Regulatory Authority Standards Operating Procedures (SOPs) for Inspection, Examination and Provision of Copies of Documents, 2015, but they have not received anything yet. NML in the end submitted that with the provision of required data, and a third party audit, they would be able to file detailed observations to meaningfully assist the Authority in reaching a justifiable decision.



Fiving Paper Mills Limited (FPML)

19. FPML, while referring to the report prepared by the Committee headed by Mr. Muhammad Ali issued by the Ministry of Energy (Power Division) on 07.08.2019, submitted that the report points out discrepancies in the power sector of Pakistan. These include excessive returns, inflated project costs, exorbitant profits earned by IPPs, and pending privatization of XWDISCOs, which continue to rely on the GoP despite having independent Boards of Directors. The report, *inter alia*, recommended that the Government may conduct a forensic audit of all companies to identify malpractices, if any, regarding over invoicing of project cost, fuel usage, misreporting in financial statements, heat rate audit of fuel based IPP's, over invoicing and over payments etc. It also suggested identifying instances where power purchase payment obligations were materially altered in favor of the power producers due to misstatements, misreporting, or breaches of relevant contractual obligations.
20. FPML submitted that the matter is not merely confined to the correctness of the calculations carried out by the Authority in the impugned FCA and QTA determinations. Rather, it involves a deeper verification of the underlying documentation and claims, which, according to FPML, can only be established through a comprehensive forensic audit. It was argued that this very deficiency formed the basis of the learned Tribunal's findings, wherein the Tribunal concluded that a meaningful hearing had not been afforded to the petitioners. FPML contended that the record forming the basis of the determinations was either not subjected to effective scrutiny or was altogether unavailable in the determinations themselves, thereby undermining transparency and due process.
21. FPML submitted that before proceeding further, NEPRA should formulate comprehensive Terms of Reference (ToRs), including specific timelines for the provision of documents and records, deadlines for submission of responses and objections, and a structured hearing schedule. FPML emphasized that a final decision should only be rendered after examining the complete record placed before the Authority. It further stated that, following the NAT judgment, FPML had requested access to various documents and records forming the basis of tariff figures, but no response was received from NEPRA. Consequently, FPML was constrained to approach the Honorable Lahore High Court (LHC) through Writ Petition No. 49839 of 2024, which resulted in a judgment dated 27.08.2024.
22. In response to the Authority's inquiry regarding NEPRA's representation in WP No. 49839 of 2024 before the LHC, FPML clarified that NEPRA was not directly represented during the court proceedings. However, representation was made indirectly through the Federal Government via the Assistant Attorney General. FPML explained that through the said writ petition, it sought access to various critical documents and data, including: copies of the heat rates determined by NEPRA and CPPA-G at the time



of COD, results of heat rate tests conducted post COD, any audits conducted by NEPRA or CPPA-G or third parties; records of capacity tests of IPPs over the past 15 years; fuel procurement data and supporting financial statements of IPPs; records of payments made by CPPA-G to IPPs for fuel; and documentation reflecting returns on equity in excess of the limits prescribed under the Power Policies of 2002 and 2015, along with any actions taken by NEPRA in this regard.

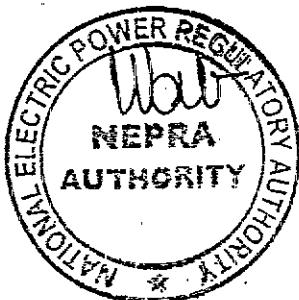
23. Additionally, FPML requested detailed information on several key issues including: the reasons for non-operation of efficient power plants at full capacity; high generation costs over the last 15 years in violation of the EMO; year-wise gas procurement for affordable generation over the last decade; losses in generation due to underutilization of efficient plants; Transmission and Distribution (T&D) losses exceeding NEPRA-approved thresholds and their financial impact on consumers; data on energy losses due to theft over the past 20 years; records of excess billing to consumers; fuel procurement audit reports of IPPs for FY 2021, 2022, and 2023; joint meter reports and verifications for the same period; payment records by CPPA-G on account of fuel; and the Power Purchase Agreements (PPAs) executed between CPPA-G and the IPPs. FPML raised a specific concern that the fuel cost reflected in the financial statements of IPPs differed significantly from the amounts claimed in the monthly invoices submitted to CPPA-G.

24. The Legal Department of NEPRA submitted that during pendency of proceedings before the NAT, all information requested by FPML was duly provided by NEPRA and CPPA-G. In response, FPML contended that the information shared was only provided on a sample basis and did not constitute the complete record. It was further submitted that a copy of the limited documentation that was made available had also been submitted before the NAT.

25. In response to a query raised by the Authority, CPPA-G submitted that the invoices raised by IPPs are verified by CPPA-G, through its own internal audit department. Subsequently, an external audit of CPPA-G is also conducted by a chartered accountant firm annually. In addition, the Auditor General of Pakistan (AGP) also conducts a statutory audit of CPPA-G. Any observations raised by the AGP are subsequently, addressed and dealt before the Public Accounts Committee (PAC), where, the majority of such observations are settled.

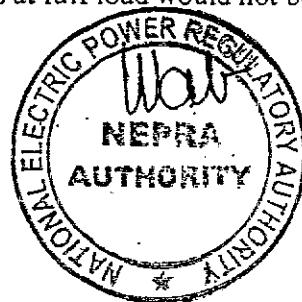
26. It was further pointed out that a substantial investment has been made in the Neelum Jhelum Power Project; however, the plant is currently not being operated. Had it been in operation, FCAs would have been significantly reduced.

27. CPPA-G clarified that Neelum Jhelum tariff is on take and pay basis hence no capacity payments are made if the plant is not in operation. Regarding operation of Guddu 747 on open cycle, it was also explained that a plant is run on simple cycle if its gas turbine is on outage, but still the plant even on open cycle is higher in the EMO.



Unicorn Prestige Limited (UPL)

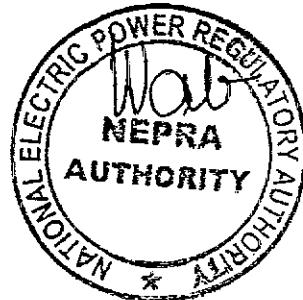
28. The representative of UPL submitted that while determining the FCAs or QTAs, certain key factors in these determinations are sometimes overlooked, therefore the Authority can determine a composite formula for looking at the adjustments on monthly and quarterly basis, for all those relevant factors. It was submitted that one of such factors could be to verify why CPPA-G purchases expensive electricity from power producers which are operating on RFO and HSD. This has been a consistent observation of the Authority for the last many years, so much so that the Government of Pakistan has given a statement before NEPRA that there is a complete ban on power generation on the basis of HSD and RFO. In this regard, the Ministry of Planning, Development and Special Initiatives in its comments during the hearing stated that Government has put a ban on utilization of RFO and HSD for power generation, however, still 1020 GWHs have been generated on RFO and HSD.
29. UPL further stated that NPCC has consistently failed to follow the EMO and give dispatch instructions to more efficient power plants. The Authority although took cognizance of the issue but that cognizance has never been dealt with. The Authority has asked NPCC to provide information with respect to hourly generation, plant availability, and reasons for deviation from the EMO and also to provide the financial impact of the deviation from that EMO, however, such information has never been provided to the Authority. Despite non-provision of the information, which should be part of the formula, the Authority is provisionally putting its burden on the consumers. This adjustment should rest with the Government and should not be passed on to the consumers.
30. UPL also mentioned that violation of the EMO on the basis of system constraints, contractual obligations, permanent faults and North-South balancing, are all issues that the Government is facing, and its burden should not be transferred to consumers.
31. Upon inquiry from the Authority, it was explained that amounts on account of EMO violations were being deducted from the monthly claims of CPPA-G and were not passed on to consumers.
32. UPL also submitted that NPCC's role in dispatching instructions should be keenly looked into and violations of the EMO for these justifications without any support should not be allowed. The Authority should verify key factors of dispatch of partial load by NPCC during forced outage, failure to achieve dispatch or failure of the plant to achieve dispatch instructions.
33. Upon inquiry from UPL for not dispatching various GENCOs at 100% load, it was explained that current fuel cost component of Jamshoro (GENCO-III) is Rs. 45/kWh and for Muzaffargarh it is Rs. 65/kWh. Therefore, giving dispatch to such costlier power plants at full load would not be in the interest of consumers at all.



UPL also highlighted the treatment of energy purchased by DISCOs through bilateral contracts, to which it was responded that from June 2023 onward, all bilateral contracts including energy procured through net metering, is treated as part of the individual energy basket of that particular DISCO.

Frontier Foundry (FF)

35. FF raised an objection about the scheduling of the hearing, as NEPRA during hearing in the Honorable Supreme Court had submitted that a hearing would be conducted in the first week of October 2024. FFL submitted that it is an intentional concealment of facts on part of the Authority. NEPRA's legal representative clarified that during the hearing, the Supreme Court was apprised that the Authority is in the process of finalizing the date of hearing. It was also explained that during the hearing, the Honorable Chief Justice expressed his displeasure as to why the matter is taking so long. In view of that, the Authority then convened and decided that the hearing is going to be conducted on 03.09.2024, and thereafter, notice of around 7 days was given to the parties. It was further clarified that the notice of the hearing was published in two newspapers and individual notices were issued to 165 parties and CPPA-G was directed to provide all the relevant information to all parties. The NAT was also informed regarding the proceedings and anyone approaching it can also join the hearing.
36. FF submitted that it has challenged several decisions from the period from FY 2019, FY 2022 and FY 2023, so, to process these decisions for observations simultaneously is an uphill task and would not be a rational to settle all those determinations in one hearing, because every case has different facts.
37. FF further submitted that the audited data is not available and the data available on CPPA-G's website may not be a credible source of information, hence it is requested that certified information may be provided so that FF can assist the Authority in relation to the impugned decisions.
38. For the understanding of the stakeholders, the process of determining the FCA was explained during the proceedings. It was clarified that CPPA-G files an FCA petition each month, containing plant-wise details of energy procured and associated fuel costs, supported by relevant certifications. This data is reviewed by NEPRA, and any discrepancies identified in the technical information are communicated to CPPA-G for rectification. While plant-wise energy and fuel cost data are uploaded on NEPRA's website, the detailed supporting financial and technical documents remain available with NEPRA.
39. The FCA calculation involves verification of plant-wise energy procured, which is then multiplied by the approved fuel cost component for each plant, this component being determined based on the approved heat rate for that plant. CPPA-G uses these approved fuel cost components when filing its monthly petition. If the approved component for a



specific month is not yet available, the previous month's approved rate is used, and any differential is adjusted by CPPA-G in the subsequent month's petition as a prior period adjustment.

40. Following submission, CPPA-G presents its FCA request in a public hearing. NEPRA then calculates the total verified fuel cost of all power plants and compares it with the reference fuel cost component. The variation, whether positive or negative, is passed on to consumers as part of the FCA.
41. FF submitted that a hearing can only be considered meaningful if the complete supporting documentation, on the basis of which the FCA is worked out, is made accessible to the consumers who ultimately bear these costs. FF further emphasized the importance of adhering to the timelines prescribed in the statute.

Best Way Cement Limited (BWCL)

42. BWCL submitted that all the information regarding FCA should be available with NEPRA and routing consumers towards CPPA-G and NTDC for seeking such information is not justified. BWCL also submitted that its two main contentions are still pending adjudication before the Honorable Supreme Court regarding the constitution of the Authority and the mandatory or directory nature of provisions of the NEPRA Act. Therefore, this hearing should be adjourned till the time the Supreme Court reaches its final decision on the aforementioned contentions.
43. BWCL, while referring to paragraphs 45 and 55 of the Tribunal's judgment, submitted that CPPA-G has been procuring energy from less efficient power plants, a matter on which the Authority has previously expressed reservations, though the outcome of those reservations remains unclear. BWCL further pointed out that in quarterly adjustments, the Authority factors in the impact of losses as indicated in its determinations. In addition, BWCL supported the idea of holding a dedicated briefing or training session to enhance understanding of the processes involved and the manner in which the Authority's decisions are ultimately reached.

Popular Group

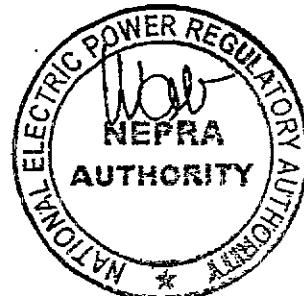
44. The petitioner adopted the arguments that were presented during the hearing and also requested for the documents that have been considered while making determinations.

CM Pak Islamabad

45. The representative of CM Pak was present during the hearing on ZOOM but was not able to communicate due to some issue with his mic.

SUPREME COURT PROCEEDINGS

46. It is further observed that the judgments of the NAT and the Honorable Islamabad High Court were challenged before the Honorable Supreme Court of Pakistan in CPLA



No. 3742 of 2024 titled *Holding Power Industries Limited and Others v. Federation of Pakistan, NEPRA and Others*, wherein the petitioners did not press or substantively agitate any of the grounds earlier raised before the Tribunal or the High Court. Instead, the petitioners confined their submissions to a new contention that they ought to be afforded an opportunity to inspect the underlying record and documents.

47. The Honorable Supreme Court, while disposing of the said proceedings on 06.09.2024, recorded the consensus of the parties that NEPRA shall, in the first instance, ascertain the relevancy of such record and documents as may assist in determining the disputes pending before it, direct CPPA-G and NTDC, as the case may be, to make the same available at NEPRA's offices, permit the petitioners to inspect such record, and thereafter decide the matters pending before it after having provided the petitioners a meaningful opportunity to examine the said record. The operative part of the order is reproduced hereunder:

Learned counsel representing National Electric Power Regulatory Authority (NEPRA) states that NEPRA has commenced the hearing of the cases, however, the learned counsel representing the petitioners state that the hearing cannot satisfactorily be concluded till relevant information is disclosed. NEPRA had directed the petitioners to obtain the requisite information from the Central Power Purchasing Agency Guarantee Limited ('CPPA-G') or from the National Transmission and Dispatch Company ('NTDC'). The learned counsel representing NEPRA states that the petitioners want to frustrate the hearing because they have also sought unnecessary and irrelevant information and documents. Learned counsel who represents CPPA-G states that CPPA-G will abide by any instructions received from NEPRA.

2. All sides agree that the petitioners may record/documents which help in determining the matters pending before NEPRA, and agree to the disposal of these petitions in the following terms:

- (i) NEPRA shall ascertain the relevancy of the record/documents which may help in determining the dispute pending before NEPRA and shall direct CPPA-G, NTDC and/or the concerned power producers, as the case may be, to provide the same in NEPRA's offices and permit the petitioners to inspect it.
- (ii) NEPRA will decide the matters pending before it after the aforesaid exercise is undertaken and after having provided the petitioners an opportunity to examine the said record/documents.



47. The order of this Court, dated 15 October 2023, passed in Civil Petition No. 491-1 of 2023, etc. and paragraph 8 thereof, shall be abided by all the parties.

(iv) Those petitioners who have paid or partly paid the disputed amounts their liability will be subject to the decision of NEPRA, and if any petitioner has over paid, such amount will be adjusted from its future bill(s) and if it has paid less then the same shall be billed to it.

3. All these petitions are disposed of in the above terms.

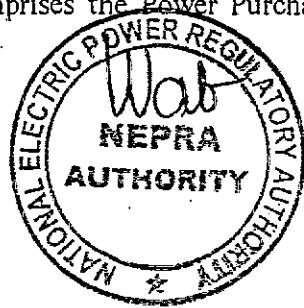
48. In compliance with the directions of the Honorable Supreme Court, the Authority initially scheduled its inspection for 04.10.2024; however, upon the request of the petitioners, the inspection was rescheduled to 11.10.2024. The particulars, scope, and proceedings of the said inspection stand delineated in the substantive analysis section of this decision as set out hereunder.

Observations/Decision of the Authority

49. The Authority observes that under the scheme of the NEPRA Act and the NEPRA Tariff (Standards and Procedure) Rules, 1998 ("Tariff Rules"), all Distribution Licensees are required to file tariff petitions before the Authority seeking the determination of the consumer-end tariff. Upon admission of such petitions, the Authority invites comments, replies, and intervention requests from relevant stakeholders. To ensure transparency and public participation, a public hearing is conducted, the notice of which is published in various national newspapers. Thereafter, based on the submissions of the petitioners, interveners, and commentators (if any), the documentary evidence produced, and arguments advanced, the Authority issues a detailed tariff determination.

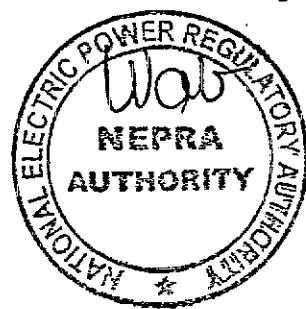
50. The approved determination is then communicated to the Federal Government for notification in the official Gazette in accordance with Section 31 of the NEPRA Act. Any interested or aggrieved party is afforded the opportunity to raise objections following the admission of the petition, and also to participate in the hearing process. Importantly, each such tariff determination contains within it a formula for calculating the monthly FCAs, which formula is duly approved and notified as part of the determination. Once notified, a tariff determination attains legal finality, and any periodic adjustments such as the FCAs or QTAs made in accordance with the prescribed formula, cannot be independently challenged as long as the parent determination remains in the field and unchallenged (*Power Cement Ltd. vs Federation of Pakistan*, 2023 CLC 1136).

51. It is imperative to clarify that the consumer-end tariff is structured to ensure the recovery of the revenue requirements of each DISCO, as determined by the Authority in accordance with the NEPRA Act and Tariff Rules. The revenue requirement of a DISCO comprises the Power Purchase Price (PPP) which includes energy charges, capacity



charges, and transmission charges, Market Operation fees, Distribution Margin, Prior Year Adjustments, and other operational components. The PPP is transferred to DISCOs through a transfer price mechanism. The energy charge component, which is highly sensitive to international oil prices and generation mix, is inherently volatile. To ensure financial sustainability of the DISCOs and avoid under-recovery, the mechanism for fuel cost adjustment is embedded in the consumer-end tariff itself.

52. The Authority emphasizes that electricity tariffs are determined strictly in accordance with the NEPRA Act, and the Tariff Rules and regulations made thereunder. These legal instruments provide that the tariff must permit licensees to recover costs that are prudently incurred to meet the demonstrated needs of their consumers. The Distribution and Supply tariffs comprise the following principal components:
 - Power Purchase Price (PPP);
 - Impact of Transmission and Distribution (T&D) Losses; and
 - Distribution and Supply Margins, which include Operation & Maintenance (O&M) expenses, depreciation, Return on Rate Base (RORB), other income, and prior year adjustments.
53. It is important to note that the PPP constitutes more than 80% of the overall consumer-end tariff. Among its components, fuel cost is a significant factor, and is subject to fluctuation due to volatile international oil prices and exchange rate variation. As such, a dynamic fuel cost adjustment mechanism is a foundational aspect of tariff regulation.
54. The fuel cost adjustment mechanism prescribed by the Authority is a standard regulatory tool that has been consistently applied for over two decades. It forms part of NEPRA's regulatory jurisprudence and is integral to maintaining cost-reflectivity and ensuring financial viability of the power sector. The Authority determines monthly FCAs on the basis of actual fuel prices and generation mix, compared against the reference prices and assumptions made in the approved tariff. Any increase or decrease is then adjusted in consumer bills for the relevant month, with no retrospective application.
55. The legality and validity of FCAs have already been conclusively upheld by the Honorable Supreme Court of Pakistan in PLD 2023 SC 316, wherein the Court affirmed the legality of FCAs determinations made by the Authority in accordance with the NEPRA Act and the applicable rules and regulations. This authoritative judgment removes any legal ambiguity surrounding the enforcement of FCAs mechanisms. Further, in CA No. 807 of 2024 dated 02.05.2018, the Supreme Court upheld the validity of the FCA and laid down four months and two months for processing increases and decreases in the tariff.
56. It is further noted that the Petitioners have sought to indirectly challenge the validity of the FCAs and QTAs formulae prescribed by the Authority in the original parent tariff determinations. In this regard, the Authority reiterates that the FCA and QTA mechanisms



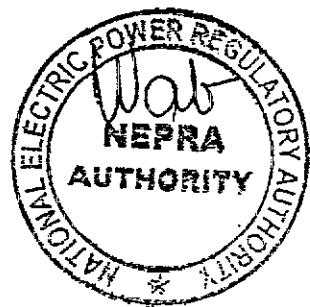
are not ad-hoc instruments but form an integral and notified component of each tariff determination issued under the NEPRA Act. The formulae for such periodic adjustments are based on actual generation mix, reference fuel cost assumptions, incremental variations, and other statutory parameters were subjected to public notice, stakeholder participation, and documentary scrutiny. No appeal or review was filed against the mechanism prescribed in the original tariff determination, nor were they set aside by any competent forum. Accordingly, once notified, the approved tariff determinations attain statutory finality.

57. The Authority has carefully considered the objections, submissions, and recommendations made by various Petitioners during the course of hearing. These objections broadly relate to: (i) the validity of the Authority's constitution; (ii) the mandatory or directory nature of statutory timelines; (iii) alleged violations of the EMO; (iv) demands for third-party or forensic audits; (v) assertions of non-availability or incomplete provision of record; and (vi) the legality and integrity of the FCA and QTA computation methodology. The Authority's findings on these categories of objections are set out herein.
58. Objections questioning the constitution and composition of the Authority, as well as the alleged mandatory nature of timelines prescribed in Section 31(7) of the NEPRA Act, have already been adjudicated by the NEPRA Appellate Tribunal in its judgment dated 13.02.2024, which upheld the Authority's composition and held Section 31(7) deadlines to be directory rather than mandatory. The Honorable Islamabad High Court also affirmed these findings. These issues were not pressed before the Honorable Supreme Court in CPLA No. 3392 of 2024. Accordingly, they stand conclusively settled, and cannot be re-examined within these remand proceedings, which are limited only to the re-determination of contested FCA and QTA decisions on their merits.
59. Certain Petitioners sought forensic audits of CPPA-G and NPCC, referencing NAT observations on EMO vigilance. The Authority notes that the remand scope is confined to the re-examination of specific FCA and QTA determinations. While the NAT stressed enhanced regulatory oversight, it did not make third-party audit a legal prerequisite for deciding the remanded petitions. The Authority clarifies that the FCA and QTA mechanisms are computationally driven exercises based on verifiable inputs, including metered energy dispatch, actualization of fuel prices incurred during the relevant month or quarter, tariff-approved heat rates, verified invoices, and audited financial reconciliations of CPPA-G (internal audit, external statutory audits, AGP reports and PAC review). Following inspection and re-verification, no error in FCA or QTA computation has been demonstrated that would warrant delaying determinations pending new audit exercises.
60. The Authority notes FPML's reliance on the report of the Committee headed by Mr. Muhammad Ali (Power Division, 07.08.2019), which raises broader sectoral concerns



such as excessive returns, over-invoicing and misreporting by IPPs. These recommendations are essentially policy-level and addressed to the Federal Government for consideration of system-wide reforms and audits. The present proceedings, however, are narrowly confined to the remanded FCAs and QTAs of certain periods. They cannot be converted into a roving inquiry into the power sector for the last 10-20 years, nor into a general forensic audit of all IPPs, DISCOs and sectoral practices.

61. FPML's demands encompass, *inter alia*, 15 years of capacity tests, 20 years of theft data, historic gas procurement and sectoral loss information. Most of this material does not form the direct computational basis of the particular FCA and QTA determinations under review and is not required to verify the mathematical correctness of the impugned charges.
62. For the purposes of deciding the remanded FCAs and QTAs, the Authority is required to ensure that:
 - the energy and fuel quantities,
 - the application of heat rates and fuel prices, and
 - the treatment of prior period adjustments and lossesare in line with the notified parent tariffs and applicable law. The record made available to FPML and other parties is sufficient to test this, and no concrete error has been identified.
63. The Authority has carefully examined the NAT's discussion under Issue No. 6 regarding the EMO and has duly considered the repeated assertions of the Petitioner's concerning alleged deviations from the EMO. At the very outset, it is clarified that, under the prevailing statutory and regulatory framework, the governing principle for system dispatch is Security-Constrained Economic Dispatch (SCED). NTDC, in its capacity as the licensed System Operator at the relevant time, bore the responsibility to implement SCED. The EMO is only one component within the SCED framework; the latter's primary objective is not limited to ensuring economic efficiency, but also encompasses the secure, reliable, and stable operation of the national power system.
64. The Authority observes that the concept of economic dispatch has, at times, been presented in an overly rigid manner. The NEPRA Act, and the NEPRA Licensing (Generation) Rules, 1999 recognize economic dispatch as a guiding principle, but at the same time acknowledge the need to balance it against system constraints and security requirements. Similarly, the Licensing (System Operator) Regulations, 2022 explicitly define SCED as a mechanism that considers not only variable costs but also incremental losses, load flow and other operational parameters necessary to maintain system integrity. Thus, EMO principles are embedded within a broader SCED framework, where deviations are permissible when warranted by transmission limitations, system stability, fuel constraints, outages or emergencies.



65. The Authority also records with concern that while NEDC, in its role as System Operator, was required to ensure transparent reporting of such deviations, as transmission licensee, it has consistently failed to address and remove network bottlenecks. This dual failure has resulted in continued constraints with inevitable economic cost. However, the Authority is of the considered view that FCA and QTA proceedings are not the appropriate forum to impose deductions on account of EMO non-compliance. Such issues fall to be dealt with under the enforcement mechanisms provided in the NEPRA Act.

66. In this context, reference may be made to the judgment of the Appellate Tribunal dated 13.02.2024, wherein it was categorically acknowledged that violations of EMO have occurred in the past and that such deviations carried financial implications. The Authority reiterates that such violations have consistently been recorded in its determinations and have neither been concealed nor disregarded. It is further clarified that the costs arising from EMO deviations have not been passed on to consumers under the impugned FCAs and QTAs. Wherever such violations have been identified, the Authority has taken cognizance under the law, including issuing directions to CPPA-G and NPCC for strict compliance.

67. Accordingly, while the concerns of the Petitioners are duly noted, the Authority is satisfied that no undue financial burden has been imposed upon consumers in the instant FCA and QTA determinations. The Authority further emphasizes that the enforcement of SCED principles, with EMO as its integral component, remains a regulatory priority to safeguard consumer interests through efficient and secure system operation.

68. The Authority further notes that certain objections indirectly assailed the FCA and QTA mechanisms as flawed or lacking scrutiny. The Authority reiterates that periodic adjustments are calculated strictly in accordance with the tariff-approved mechanism, which form part of the original notified determinations issued under the NEPRA Act. These mechanisms were subjected to public notice, stakeholder participation, and documentary scrutiny at the parent tariff stage, attained statutory finality upon notification, and were not set aside by any competent forum. The Petitioners have not pointed out any omission, double counting, misapplication of heat rate, incorrect fuel index, or erroneous prior-period adjustment within the impugned months and quarters.

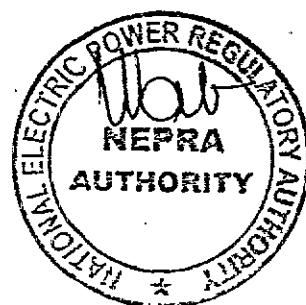
69. The Authority appreciates BWCL's suggestion for a dedicated briefing or training session on tariff and adjustment mechanisms. Such capacity-building and awareness initiatives are welcome and may be organized separately as part of NEPRA's outreach. However, this has no bearing on the legal validity of the FCA and QTA determinations presently under reconsideration.

70. In compliance with the directions of the Honorable Supreme Court of Pakistan recorded in CPLA No. 3392 of 2023, the Honorable Islamabad High Court, and the NEPRA



Appellate Tribunal, and in recognition of the concerns raised by the Petitioners during the hearing, the Authority made arrangements for a comprehensive inspection of the complete record and documentation pertaining to the impugned FCAs and QTAs. The inspection was held at NEPRA's Head Office on 11-10-2024. Formal notices of inspection were issued to all the Petitioners in advance, along with NEPRA's Standard Operating Procedures (SOPs) for Inspection, Examination, and Obtaining Certified Copies of Documents, as notified under the 2015 framework.

71. On the day of inspection, relevant officers from NEPRA, CPPA-G, and NPCC (NTDC) (the "inspection teams") were present to facilitate the process and address any queries from the Petitioners. The complete record was made available for examination, which included:
 - Invoices submitted by Independent Power Producers (IPPs) and DISCOs;
 - Joint Meter Reading (JMR) reports;
 - Economic Merit Order (EMO)-based dispatch instructions issued by NPCC;
 - Copies of executed Power Purchase Agreements (PPAs);
 - Heat rate test reports and annual dependable capacity test results;
 - Verification reports of invoices by CPPA-G;
 - Authority's tariff determinations and approved fuel cost components; and
 - Correspondence, certifications, and supporting documentation submitted during the monthly FCA and QTA determination processes.
72. The inspection teams gave a detailed walkthrough of the entire chain from the generation company's invoice submission, to the internal and external audit verification processes conducted by CPPA-G, and finally to NEPRA's analysis and approval methodology. Hard copies of relevant documents were placed on record for inspection, while soft data access was facilitated through CPPA-G's secure Data Exchange Portal. All queries raised by the Petitioners during the course of inspection were responded to in detail by the respective entities, ensuring transparency and full disclosure. Thus, the dedicated briefing or training session on tariff and adjustment mechanisms suggested by BWCL was carried out at the inspection in relation to the Petitioners who were present.
73. Following the inspection, certain Petitioners, including FPML and NML, formally requested copies of specific documents such as dispatch data, heat rate test reports, PPA clauses, and audit records. These requests were processed under NEPRA's SOPs and relevant documents were provided accordingly. However, it is important to record that despite being granted complete access to the underlying data and documentation, no Petitioner submitted any substantive objections or technical or legal rebuttals to the workings of the Authority with regard to the impugned FCAs and QTAs. Neither did they contest the mathematical or methodological accuracy of the determinations nor did



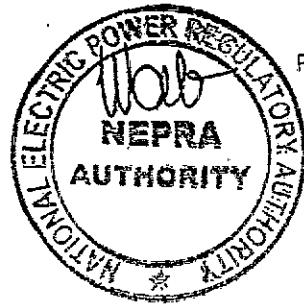
they raise any formal challenge to the computation of fuel costs, reference rates, heat rate applications, or the treatment of prior adjustments.

74. Nonetheless, acting in utmost good faith and in strict adherence to the principles of natural justice, the Authority, independent of the lack of further objections, proceeded to re-examine each of the impugned determinations afresh. The Authority conducted a thorough review of the monthly FCA and QTA petitions, including cross-verification of fuel cost data, energy dispatch records, applicable heat rates, capacity charges, and reference rates. It also re-evaluated the EMO compliance status based on NPCC's dispatch schedules and assessed the implications of any deviations. The process of validation included independent scrutiny by the Authority's tariff, technical, and legal divisions to ensure that each determination withstands scrutiny from procedural, economic, and legal perspectives.

75. The Authority further observes, with concern, that certain Petitioners appear to have engaged in conduct indicative of delaying tactics during the course of these proceedings. Only two entities, BWCL and FPML, formally sought access to specific documents. The requested record was duly provided to BWCL in accordance with NEPRA's prescribed procedures. FPML, however, instead of availing the inspection process, chose to challenge the mechanism by instituting Writ Petition No. 3838 of 2025 before the Honorable Islamabad High Court, which resulted in directions for arranging a five-day inspection window and making relevant documents available.

76. In compliance with the aforesaid directions, the Authority scheduled inspection proceedings from 14.04.2025 to 18.04.2025. Teams from CPPA-G, NPCC (NTDC), and NEPRA remained present and available for the entirety of the scheduled period. Despite this, the Petitioner failed to appear on the designated dates and attended only briefly on the final day, i.e., 18.04.2025, during which the record was reviewed for approximately two hours. No objections were submitted thereafter. Such conduct reflects an absence of meaningful engagement with the regulatory process and appears designed to create unwarranted procedural impediments only for the sake of delaying the process.

77. Subsequently, multiple writ petitions were filed before both the Honorable Islamabad High Court and the Honorable Lahore High Court not against any specific determination or order of the Authority but instead questioning broader elements of the existing tariff regime, including fixed charges, the uniform tariff mechanism, FCA, and QTA, all of which were framed pursuant to the directions of the Honorable Supreme Court of Pakistan. During court proceedings, the Petitioners either withdrew their prayers or sought adjudication on the basis of the existing record without pressing the original grounds. Pursuant to further directions issued by the Courts, an additional inspection opportunity was scheduled for 04.06.2025. Once again, the Petitioners failed to participate and instead sought adjournments. It is also pertinent to note that, despite requesting access to documents, the Petitioners did not deposit the requisite fee



prescribed under NEPRA's SOPs governing access to inspection and provision of documents.

78. Repeated opportunities for inspection and meaningful engagement were afforded on at least three separate occasions but were not availed. The filing of multiple non-maintainable proceedings, coupled with non-participation in inspection processes, reflects a pattern of conduct aimed at stalling regulatory proceedings and obstructing the due process mandated by law.
79. The Authority further records, for the sake of clarity and completeness, that matters relating to fixed charges are presently pending adjudication before the Appellate Tribunal, NEPRA, and no interim or final stay order has been granted therein. In view thereof, and in accordance with settled principles of law governing judicial propriety and jurisdictional restraint, the Authority is precluded from re-examining, modifying, or re-determining the fixed charge component during the pendency of appellate proceedings.
80. With respect to the uniform tariff mechanism, the Authority notes that repeated opportunities of hearing, inspection, and submission of objections were afforded to the Petitioners. However, the Petitioners either failed to participate meaningfully, sought repeated adjournments, or chose not to press their objections. Upon examination of the pleadings, the available record, and the conduct of the parties, the Authority has consciously applied its mind and finds that the challenges raised were general, unsubstantiated, and devoid of legal merit, warranting no interference with the existing uniform tariff framework.
81. The Authority further notes that the matters relating to FPA and QTA were remanded by the Appellate Tribunal, NEPRA, which remand order was subsequently upheld by the Honorable Islamabad High Court. Further, pursuant to the directions of the Islamabad High Court passed in Writ Petition No. 3278 of 2024, and Writ Petition 50115 of 2024; the Authority scheduled a hearing after due notice to all concerned parties; however, the Petitioners did not tender their appearance and sought adjournment without disclosing any substantiated basis for the same, thereby electing not to avail the opportunity so granted. In faithful compliance with the directions of the Honorable Supreme Court of Pakistan, the Authority also arranged comprehensive inspections of the complete and underlying record. Notwithstanding these procedural safeguards and multiple opportunities afforded, the Petitioners continued to initiate parallel proceedings before the Islamabad High Court and Lahore High Court and simultaneously filed applications before the Authority seeking redetermination of the uniform tariff, fixed charges, FPA, and QTA, without identifying any actionable error in the impugned determinations.
82. As already recorded hereinabove, while the issue of fixed charges remains sub judice, the record pertaining to the impugned FPA and QTA determinations does not disclose

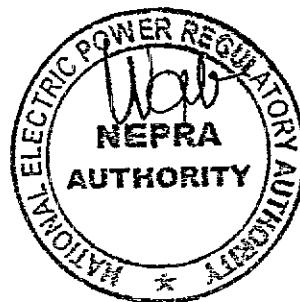


any material error, misapplication of approved methodology, mathematical inaccuracy, concealment of facts, or violation of statutory or regulatory provisions attributable to the Authority. The Authority is, therefore, satisfied that no grounds exist to warrant reopening, redetermination, or modification of the impugned determinations.

83. Accordingly, the Authority holds that no redetermination of the uniform tariff, FPA or QTA is warranted. The applications seeking redetermination of the uniform tariff, FPA, and QTA are therefore dismissed and stand disposed of. To the extent that any application seeks reconsideration of fixed charges, the same is disposed of by the Authority without prejudice to the pending proceedings before the Appellate Tribunal, NEPRA, the matter being sub judice.

84. Based on this exhaustive review, the Authority is satisfied that the impugned determinations of monthly Fuel Charges Adjustments and Quarterly Tariff Adjustments were carried out in accordance with the NEPRA Act, the NEPRA Tariff (Standards and Procedure) Rules, 1998, and relevant policy guidelines including the National Electricity Policy 2021 and, where applicable, the National Electricity Plan 2023–2027 and the MYT tariff determinations of the DISCOs. The record does not reflect any material error, concealment, or breach of statutory or regulatory obligations on the part of the Authority that would warrant alteration or setting aside of these determinations. Accordingly, the Authority confirms and reaffirms the following FCA and QTA decisions:

| Monthly FCAs | | | |
|--------------|--------|-------------|------------------|
| Sr. | Month | FCA Allowed | To be charged in |
| | | Rs. /kWh | |
| 1 | Jan-21 | 0.8954 | Mar-21 |
| 2 | Apr-22 | 3.9923 | Jun-22 |
| 3 | May-22 | 7.9040 | Jul-22 |
| 4 | Jun-22 | 9.8972 | Aug-22 |
| 5 | Jul-22 | 4.3435 | Sept-22 |
| 6 | Aug-22 | 0.1918 | Oct-22 |
| 7 | Oct-22 | (0.3213) | Dec-22 |
| 8 | Nov-22 | 0.1892 | Jan-23 |
| 9 | Dec-22 | (2.3166) | Feb-23 |
| 10 | Feb-23 | (0.0006) | Apr-23 |
| 11 | Mar-23 | 0.7917 | May-23 |
| 12 | Apr-23 | 1.6075 | Jun-23 |
| 13 | May-23 | 1.9039 | Jul-23 |
| 14 | Jun-23 | 1.8100 | Aug-23 |
| 15 | Jul-23 | 1.4630 | Sept-23 |



| SL. | Quarter | Quartermly Adjustments | | |
|-----|---------------|-------------------------------|------------------|----------------|
| | | QTA determined | To be applicable | Decision dated |
| 1. | Jan - Mar 22 | 1.3087 | Sep. to Nov. 22 | 29.07.2022 |
| 2. | Apr - Jun 22 | Ranging from 1.4874 to 4.4547 | Oct 22 to Jan 23 | 14.10.2022 |
| 3. | Jul - Sep. 22 | Ranging from 1.4874 to 4.4547 | Feb. to Mar. 23 | 17.01.2023 |
| 4. | Oct - Dec. 22 | 0.4689 | Apr. to Jun 23 | 12.04.2023 |
| 5. | Jan - Mar 23 | 1.2489 | Jul. to Sep. 23 | 04.07.2023 |

85. All other terms and conditions, including category-wise applicable rates, recovery timelines, and application mechanisms as prescribed in the original determinations, shall remain unchanged and continue to remain in force. The Authority reiterates its commitment to transparency, accountability, and procedural fairness, and assures all stakeholders that it remains vigilant in monitoring EMO compliance, fuel procurement accuracy, and overall cost-efficiency in the power sector.

86. This Order is issued to give effect to the directions of the Honorable Courts and in continuation of the Authority's mandate to safeguard consumer interests, ensure cost-reflective tariffs, and uphold regulatory discipline across the electricity value chain.

87. The other terms and conditions for applicability of these decisions and the category wise rates as mentioned in the original decisions shall remain same.

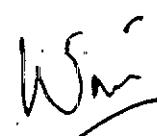
AUTHORITY



Amina Ahmed
Member



Engr. Maqsood Anwar Khan
Member



Waseem Mukhtar
Chairman





REGISTRAR

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No. NEPRA/TRF-100/Notifications/ 1189-91

January 15, 2026

The Manager
Printing Corporation of Pakistan Press
Shahrah-e-Suharwardi,
Islamabad

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

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

| S. No. | Decision | Issuance No. and Date |
|--------|--|---------------------------|
| 1. | Decision of the Authority pursuant to Judgements of the Honorable Supreme Court of Pakistan, Islamabad High Court and NEPRA Appellate Tribunal in the matter of petitions filed by various parties regarding monthly fuel charges adjustments and quarterly tariff adjustments of XWDISCOs | 21310-21332 31-12-2025 |

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

Encl: 01 Notifications

Wasim Bhinder
(Wasim Anwar Bhinder)

CC:

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