

National Electric Power Regulatory Authority

NOTIFICATION



Islamabad, the 23rd day of September 2026

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S.R.O. (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 October 20, 2025 in the matter of Motion for Leave for Review filed by K-Electric, the Ministry of Energy, CPPA-G, Mr. Arif Bilwani, Syed Hafeezuddin, MNA and M/s KCCI through Mr. Tanveer Ahmed Barry against Multi Year Tariff Determination of K-Electric for its Supply function dated May 27, 2025 in Case No. NEPRA/TRF-614/K-Electric/Supply-2024.

2. While effecting the Decision, the concerned entities shall keep in view and strictly comply with the orders of the courts notwithstanding this Decision.

3. Notwithstanding the notification of the attached decision of the Authority, the consumers of K-Electric shall not be charged the tariff outlined therein, rather will be charged tariff as applicable to consumers of XWAPDA DISCOs pursuant to the policy guidelines issued by the Federal Government (communicated vide correspondence dated August 22, 2023) in order to give effect to the para 5.6.3 of the National Electricity Policy, 2021

Wasim Anwar Bhinder
(Wasim Anwar Bhinder)
Registrar

DECISION OF THE AUTHORITY IN THE MATTER OF MOTIONS FOR LEAVE FOR REVIEW FILED BY K-ELECTRIC, THE MINISTRY OF ENERGY, CPPA-G, MR. ARIF BILWANI, SYED HAFEEZUDDIN, MNA AND M/S KCCI THROUGH MR. TANVEER AHMED BARRY MYT DETERMINATION OF K-ELECTRIC FOR ITS SUPPLY FUNCTION DATED 27.05.2025

1. BACKGROUND

- 1.1. A brief background of the case is that NEPRA, in the matter of a petition filed by K-Electric Limited (hereinafter referred to as, "**KE**") for the Determination of Supply Tariff under Multi Year Tariff Regime for the control period from FY 2023-24 to FY 2029-30, issued the Supply Tariff determination dated 27.05.2025 (hereinafter referred to as the "**Impugned Determination**"). Upon issuance of the Impugned Determination, Motions for Leave for Review ("**Motions**") were filed by Ministry of Energy (Power Division) (MoE (PD)), Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), Karachi Chamber of Commerce and Industry (KCCI), Mr. Muhammad Arif Bilwani and Mr. Syed Hafeezuddin (hereinafter collectively referred to as "**Petitioners**" and individually as "**Petitioner**"). A Motion was also filed by KE.

2. FILING OF MOTIONS

- 2.1. The Petitioners filed their Motions pursuant to one or more of the following: Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "**NEPRA Act**"), NEPRA (Tariff Standards and Procedure) Rules, 1998 (the "**Tariff Rules**") and NEPRA (Review Procedure) Regulations, 2009 (the "**Review Regulations**"). For clarity, Table 1 below illustrates the specific provision(s) invoked by each Petitioner and KE in support of filing their Motions, along with the corresponding date of filing.

Table 1

Sr. No.	Review Filed By	Date of Filing	Relevant Provision
1	KE	10.06.2025	Regulation 3(2) of Review Regulations
2	MoE (PD)	03.06.2025	• Section 7(2)(g) of NEPRA Act • Rule 16(6) of Tariff Rules • Regulation 3(2) Review Regulations
3	CPPA-G	03.06.2025	• Section 7(2)(g) of NEPRA Act • Rule 16(6) of Tariff Rules • Regulation 3(2) Review Regulations
4	KCCI	10.06.2025	(no provision invoked)
5	Mr. Muhammad Arif	10.06.2025	Regulation 3(2) of Review Regulations
6	Mr. Syed Hafeezuddin	03.06.2025	• Section 7(2)(g) of NEPRA Act • Regulation 3(2) Review Regulations



3. ADMISSION OF MOTIONS BY THE AUTHORITY

- 3.1. The Motions were admitted by the Authority, and subsequently notice was issued to each Petitioner for the hearing of their respective Motions. A separate hearing was conducted against each Motion, wherein the relevant Petitioner, the MoE (PD), and KE were invited for the

hearing. It is noted that the hearing in the matter of Motions filed by KE was initially scheduled on 29.09.2025; however, on the request of KE vide letter dated 23.09.2025 and in the interests of justice, the hearing was rescheduled to 03.10.2025. Consequently, the hearing in the matter of the Motion filed by CPPA-G was rescheduled to 29.09.2025, which was earlier scheduled for 03.10.2025. Table 2 below provides the date of admission and the schedule of hearing for each Motions.

Table 2

Sr. No.	Review Filed By	Date of Admission	Date of Hearing
1	KE	24.06.2025	03.10.2025
2	MoE (PD)	29.08.2025	03.10.2025
3	CPPA-G	29.08.2025	29.09.2025
4	Mr. Muhammad Arif	29.08.2025	02.10.2025
5	Mr. Monem Zafar	29.08.2025	02.10.2025
6	Mr. Syed Hafeezuddin	29.08.2025	02.10.2025

- 3.2. The hearings were attended by CEO KE with his financial & technical Teams, CEO CPPA-G with his team, Additional Secretary Power on behalf of the Ministry of Energy, along with representatives from PPMC, Mr. Tanveer Barry representing KCCI, Mr. Arif Bilwani, and Mr. Hafeezuddin.

4. KE's Oral Objections on Maintainability of Motions

- 4.1. At the outset, KE raised objections regarding the maintainability of the Motions. At the beginning of each hearing, the Authority afforded KE an opportunity to present detailed submissions on the question of maintainability upon its request. In essence, KE's objections are as follows:

- Admission of Motions without affording KE an opportunity to be heard;
- Motions filed by Petitioners at serial numbers 2, 4, 5, and 6 - as reflected in Table 1 - were not accompanied by the mandatory review fee.
- The Petitioners at serial numbers 2 to 6 - as set out in Table 1- do not fall within the definition of "party" under the Review Regulations;
- The Petitioners at serial numbers 2 to 6 - as set out in Table 1- did not file requests for interventions in the hearings pertaining to the Impugned Determination;
- The MoE (PD) has no legal capacity and locus standi to file the Motions. Being an administrative unit of the Federal Government it lacks the requisite authorization from the Federal Government to file the Motion; and

The Motions do not introduce any new evidence, nor do they highlight any error apparent on the face of the record.



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- 4.2. The Authority provided the Petitioners an opportunity to advance their detailed responses to the objections raised by KE, regarding the maintainability of the Motions. The responses, as given by the Petitioners, to KE's objections, based on their oral and written submissions, are delineated below.

5. **RESPONSE BY MOE (PD)**

- 5.1. MoE (PD) submitted that the NEPRA Act and the Tariff Rules expressly allow it to file review motions, as any party may seek review under Section 7(2)(g) of the NEPRA Act and Rule 16(6) of the Tariff Rules. MoE (PD) contended that there exists no restriction within either the NEPRA Act or the Tariff Rules that bars the MoE (PD) from filing a review motion. It was further submitted that MoE (PD) falls within the definition of "person" as provided in the NEPRA Act, and is also a party to the Impugned Determination, within the meaning of the Review Regulations.
- 5.2. MoE (PD) submitted that under Article 97 of the Constitution of the Islamic Republic of Pakistan, 1973 (hereinafter, referred to as "**Constitution**"), the executive authority of the Federal Government extends to the matters of electricity. They contended that under Article 99 read with Article 90 of the Constitution, the Federal Government is required to make rules for the allocation and transaction of its business. Accordingly, the Federal Government has framed and issued the Federal Rules of Business, 1973. Rule 3(3) was cited by the MoE (PD), which provides that "*The business of government shall be distributed among the Divisions in the manner indicated in Schedule II*". They further cited Rule 2(vi) of the Rules of Business, 1973, which defines "Division" as a "*...self-contained administrative unit responsible for the conduct of business of the Federal Government in a distinct and specified sphere and declared as such by the Federal Government.*"
- 5.3. MoE (PD) further submitted that it is competent to conduct business on behalf of the Federal Government in the following matters as per entry 31B of Schedule II of the Rules of Business, 1973: (a) Electricity; (b) Karachi Electric Supply Corporation and Pakistan Electric Agencies Limited. They contended that, evidently, the Rules of Business, 1973, have made the MoE (PD) responsible for, inter alia, KE-related matters, and being responsible for KE-related matters, the MoE (PD) routinely files motions, which are admitted and dealt with by NEPRA. Therefore, cognizant of the role of the MoE (PD) in this entire scheme, NEPRA involves the MoE (PD) in every tariff determination process, including in review motions filed by KE against the same determinations.
- 5.4. MoE (PD) further submitted that the power of review is conferred upon the Authority under Section 7(2)(g) of the NEPRA Act and any restriction placed upon the Authority's power of



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review or upon the right of any party to seek a review of a decision, order, or determination through subordinate legislation, such as the Review Regulations, would be inconsistent with and violative of the parent Statute. In support of this submission, MoE (PD) relied upon PLD 2018 Islamabad 20 (upheld by the Hon'ble Supreme Court of Pakistan), wherein it was held that:

"In light of the observations made by the Hon'ble Supreme Court of Pakistan, the Rules and Regulations framed by NEPRA are subservient to the parent Statute; hence, any restriction imposed on the right of any party to seek review of any decision, order or determination would be in violation of the parent Statute, i.e., the Act. Respondent No.1 needs to amend the Rules and Regulations to bring them in harmony with the Statute."

- 5.5. Additionally, MoE (PD) submitted that in the event of any inconsistency between the provisions of the NEPRA Act and the subordinate legislation framed thereunder, the provisions of the Act must prevail. Reliance was also placed on 2016 SCMR 550, wherein the Honorable Supreme Court of Pakistan observed that:

"One must not lose sight of the fact that rules are subservient to the Statute. Rules must be interpreted in a manner that they remain within the confines of the Statute itself, and any interpretation that may outstretch the rules to take them beyond the pale of the Statute should be avoided."

6. RESPONSE BY CPPA-G

- 6.1. CPPA-G submitted that it is entitled to file a review under the Tariff Rules and the Review Regulations. Reference was made to sub-rule (6), (8), and (9) of Rule 16 of the Tariff Rules, which provide as follows:

"(6) Within ten days of service of a final order, determination or decision of the Authority, a party may file a motion for leave for review by the full strength of the Authority of such final order, determination or decision, as the case may be."

"(8) The Authority shall act upon a motion for leave for review within ten days of receipt of such motion unless it gives notice to the parties, in writing, that a longer period of time will be required and specifies the additional length of time necessary to consider the motion."



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(9) The Authority may refuse leave for review if it considers that the review would not result in the withdrawal or modification of the final order, determination or decision."

- 6.2. CPPA-G also referred to the Review Regulations, wherein Regulation 2(1)(d) defines a "party" as:

"A party to any order or decision of NEPRA or a person who participated in the proceedings for tariff determinations as an 'intervener,' and it includes a party to the power purchase contract approved by NEPRA."

- 6.3. CPPA-G further contended that it is a necessary and proper party to the instant proceedings, in light of 2014 CLC 261. The relevant part of the judgment quoted by CPPA-G is reproduced below:

"Needless to state, that a necessary party is one, without whom no proper order can be made effectively, whereas a proper party is one, in whose absence, although, effective order can be made but presence of such party is a necessity for a complete and final adjudication of the questions involved in any proceedings."

- 6.4. CPPA-G contended that in ICA No. 352/2017 titled *CPPA-G vs. Access Solar Pvt. Limited and others*, the Honorable Islamabad High Court has acknowledged the role of CPPA-G in the power sector. CPPA-G also submitted that NEPRA shared the Impugned Determination with it, which qualifies it as a party. Also, Authority admitted the Motion filed by CPPA-G and issued notices to relevant parties, including MoE (PD), thereby making CPPA-G a party.
- 6.5. It is noted that both CPPA-G and the MoE (PD), in their Motions, submitted that the Impugned Determination is contrary to and inconsistent with the principles enshrined in the NEPRA Act, the Tariff Rules, the NE Policy, the NE Plan, and other applicable legal frameworks governing tariff determinations. CPPA-G asserted that the Impugned Determination violates the NE Policy's mandate for affordable tariffs, that is, electricity at rates *"commensurate with consumers' ability to pay,"* and misapplies the law by seeking to treat provisions of the NE Plan as void. The NE Policy establishes affordability as a guiding principle and requires the Authority, while exercising its regulatory and tariff-setting functions, to ensure a fair balance between consumer interests and the financial sustainability of the power sector.



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- 6.6. Furthermore, CPPA-G contended that the Impugned Determination constitutes a non-speaking order lacking adequate reasoning. It notes that the Authority omitted to respond to or consider key objections, including the MoE (PD)'s detailed guidelines, thereby failing to meet the legal requirement that every order be passed with adequate reasons as mandated under Section 24A of the General Clauses Act, 1897.

7. RESPONSE BY MR. HAFEEZUDDIN

- 7.1. The Petitioner referred to Articles 4 and 8 of the Constitution and submitted that the issue before the Authority is of public interest. It was emphasized that it was the Authority's responsibility to properly address the issues before it.

8. KE'S WRITTEN RESPONSE TO MOE (PD)

- 8.1. Upon conclusion of the arguments presented by the Petitioners at serial numbers 2 to 6, the Authority permitted KE to rebut the responses of the said Petitioners. The Authority also provided the opportunity to all the Petitioners, including KE, to submit written arguments within seven (7) days.
- 8.2. KE, in its written response, dated 10.10.2025, submitted that in the absence of payment of the requisite fee, the Motions could not have been validly presented before the Authority. Reference was made to Regulation 4A of the Review Regulations, which states that, "*a motion for review will not be entertained unless it is accompanied by fees specified in the schedule from time to time.*"
- 8.3. KE further contended that the legal character of MoE (PD) is not in the form of an association of persons, concern, company, firm or undertaking authority, or body corporate set up or controlled by the Federal Government, as provided in the definition of "person" under the NEPRA Act, and being an administrative division/unit of the Federal Government, the MoE (PD) does not fall within the definition. Moreover, the MoE (PD) was not a party to the Impugned Determination as it chose not to participate in the proceedings nor was it admitted as an intervener, and therefore lacks the locus standi to seek a review.
- 8.4. KE also submitted that the Honorable Supreme Court in *Mustafa Impex v Government of Pakistan* (PLD 2016 SC 808) held that the term "Federal Government" refers to the collective authority of the Federal Cabinet and not just the Prime Minister or any individual ministry acting on its own. KE argued that the MoE (PD) had to be authorized by the Federal Government to file the Motion before the Authority, whose authorization was not shared; hence, the Motion was incompetently filed. It further added that the Motion fell entirely



outside the narrow and exceptional scope of review permitted under the law, and the MoE (PD) was attempting to convert the review process into a de facto appeal.

- 8.5. Additionally, KE submitted that as per Regulation 3(2) of the Review Regulations, a review may be entertained upon submission of new and important evidence, on the occurrence of some mistake or error apparent, and for other "sufficient reasons". However, the Motions raise numerous issues that are neither based on new evidence nor constitute errors apparent on the record. Instead, the Motions attempts to re-argue matters that have already been adjudicated and are beyond the permissible scope of review. In support of its contention, KE quoted the following case laws: 2025 SCMR 60 SC, 2025 SCMR 153 SC, PLD 2023 SC 825, and 2024 SCMR 107.

9. KE'S WRITTEN RESPONSE TO CPPA-G

- 9.1. KE submitted that CPPA-G was not a party to the Impugned Determination as it chose not to participate in the proceedings nor was admitted as an intervener, and therefore it lacked the *locus standi* to seek a review. Further, it was contended that through the determination made by the Authority dated 30.04.2025 titled "Determination of the Authority in the Matter of Request of CPPA-G Limited for Transfer of its License for Market Operator", CPPA-G's license has been modified and its role has been limited to carrying out functions in respect of legacy contracts pertaining to IPPs in its role as a Special Purpose Agent.
- 9.2. KE asserted that the Motions fall entirely outside the narrow and exceptional scope of review permitted under the law, and CPPA-G was attempting to reopen the issues at the time of the review to convert the review into a de facto appeal. Further, KE submitted that as evident from Regulation 3(2) of the Review Regulations, a review may be entertained upon submission of new and important evidence, on the occurrence of some mistake or error apparent, and for other "sufficient reasons". However, CPPA-G's Motion raises numerous issues that are neither based on new evidence nor constitute errors apparent on the record. KE submitted that the CPPA-G's Motion attempts to re-argue matters that have already been adjudicated and are beyond the permissible scope of review. In support of its contention, KE quoted the following case laws: 2025 SCMR 60 SC, 2025 SCMR 153 SC, PLD 2023 SC 825, and 2024 SCMR 107.

10. KE'S RESPONSE TO PETITIONERS AT SERIAL NUMBERS 4 TO 6 (TABLE 1)

- 10.1. KE submitted that Petitioners 4 to 6 did not pay the requisite fee at the time of filing their respective Motions. KE further added that without the fee, the Motions could not be validly presented before the Authority. KE referred to Regulation 4A of the Review Regulations,



which states that “a motion for review will not be entertained unless it is accompanied by fees specified in the schedule from time to time.”

- 10.2. KE contended that Petitioners 4 to 6 do not qualify as a party under the Review Regulations. The Petitioners 4 to 6 were not a party to the Impugned Determination as they chose not to participate in the proceedings nor were admitted as interveners; therefore, they lack the *locus standi* to seek a review. It was argued by KE that the Motions of Petitioners 4 to 6 fell outside the limited scope of review permitted under the Review Regulations and that the Petitioners were attempting to convert the review process into a de facto appeal.
- 10.3. Further, it was submitted that as evident from Regulation 3(2) of the Review Regulations, a review may be entertained upon submission of new and important evidence, on the occurrence of some mistake or error apparent, and for other “sufficient reasons”. However, the Motions raise numerous issues that are neither based on new evidence nor constitute errors apparent on the record. Instead, the Motions attempt to re-argue matters that have already been adjudicated and are beyond the permissible scope of review. In support of its contention, KE quoted the following case laws: 2025 SCMR 60 SC, 2025 SCMR 153 SC, PLD 2023 SC 825, and 2024 SCMR 107.

11. ANALYSIS, FINDINGS & DECISION OF THE AUTHORITY ON MAINTAINABILITY OF MOTIONS

- 11.1. A total of six Petitioners filed Motions against the Impugned Determination. All the Petitioners, including KE, were accorded a fair and adequate opportunity to be heard on the questions of maintainability and merits. Subsequent to the hearing, the Petitioners were directed to submit their written comments; however, CPPA-G and MoE (PD) requested that their oral presentations be treated as their written submissions, and KE was granted an additional period of seven (7) days to submit written comments or objections, which it duly furnished on the issues of maintainability and merits.
- 11.2. The Authority has duly examined the submissions advanced by the Petitioners and KE in their Motions. Due regard has also been given to the written contentions made by KE subsequent to the hearings.
- 11.3. In undertaking this exercise, the Authority has also paid due regard to the larger public interest and ensured that the proceedings are conducted in consonance with the principles of natural justice and procedural fairness. Upon due consideration of the pleadings and submissions, the Authority’s findings and decisions on the objections to the maintainability of the Motions are divided into the following parts, which reflect the issue of maintainability of the Motions:



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- i. Whether the Petitioners qualify as Parties & whether MoE (PD) has the necessary authorization to file its Motion?
- ii. Whether the Motions are maintainable in light of the criteria specified under Regulation 3(2) of the Review Regulations?
- iii. Whether the non-payment of the requisite fee makes the Motions non-maintainable?
- iv. Whether the motion filed by Petitioner 2 of Table 1 is maintainable when its representation before the Authority is undertaken by third parties without demonstrable legal authority?
- v. Conclusion on Maintainability

I. WHETHER THE PETITIONERS QUALIFY AS PARTIES & WHETHER MOE (PD) HAS THE NECESSARY AUTHORIZATION TO FILE ITS MOTION

- 11.4. The definition of party is provided under Regulation 2(1)(d) of the Review Regulations, which states as follows:

"2(1) (d) party means a party to any order or decision of NEPRA or a person who participated in the proceedings for tariff determinations as "intervener" and it Includes a party to the power purchase contract approved by NEPRA."

- 11.5. KE has objected that MoE (PD) is not a "party" to the Impugned Determination because it neither participated in, nor was admitted as, an intervener in the original proceedings. KE further submits that MoE (PD), being an administrative unit of the Federal Government, does not meet the statutory definition of a "person" with independent legal capacity to sue or be sued. Section 2(xxi) of the NEPRA Act defines "person" as follows:

"Person shall include an association of persons, concern, company, firm or undertaking [authority, or body corporate set up or controlled by the Federal Government or, as the case may be, the Provincial Government]."

- 11.6. On a plain reading of Section 2(xxi) of the NEPRA Act, MoE (PD) does not fall in the category of an association of persons, concern, company, firm, authority, or a body corporate set up or controlled by the Federal Government; it is an internal division/unit of the Federal Government. Accordingly, MoE (PD) does not fall within the Act's definition of a "person."



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- 11.7. The Honorable Supreme Court in *Mustafa Impex v. Government of Pakistan* (PLD 2016 SC 808) held that the term "Federal Government" refers to the Federal Cabinet acting collectively, not to any individual Ministry or Division acting independently. The Court also invalidated statutory formulations equating the Ministry of Information Technology and Telecommunication Division with the "Federal Government" (e.g., Section 2(fa) of the Pakistan Telecommunication (Re-organization) Act, 1996) as being ultra vires the Constitution.
- 11.8. Accordingly, MoE (PD)'s assertion that, as a self-contained Division, it may exercise the Federal Government's authority to initiate legal proceedings is misconceived and unlawful. Similarly, the MoE (PD), acting alone, cannot claim to represent the Federal Government before NEPRA unless duly authorized by the Cabinet, which is consonant with the contention advanced by KE
- 11.9. Further, the manner of initiation of legal proceedings by a division/department is enumerated under Appendix-F of the Secretariat Instructions issued under Rule 5(15) of the Rules of Business, 1973. The relevant part of the provision is as follows:

*"No-civil suit or legal proceedings shall be instituted or initiated on behalf of the Federal Government by any Division/Department without the prior consultation with the Law and Justice ** [**] Division"*

[Emphasis added]

- 11.10. No evidence has been placed on record that MoE (PD) obtained the requisite consultation or authorization. This omission goes to the root of maintainability, meaning thereby that compliance with Appendix-F is a mandatory precondition for instituting legal proceedings on behalf of the Federal Government. The Motion filed by MoE (PD) is therefore procedurally defective and, on this ground alone, non-maintainable.

- 11.11. CPPA-G contends it qualifies as a "party" under the Review Regulations because it is a signatory to the Power Purchase Agency Agreement (PPAA) with KE. The Review Regulations, however, extend "party" status to signatories to a power purchase contract approved by the Authority. CPPA-G and KE have executed no such Authority-approved power purchase agreement. The only instrument executed among CPPA-G and KE - the PPAA - was entered pursuant to Cabinet Committee on Energy decisions dated 19.06.2020 and 27.08.2020 to enable the supply of additional electricity to KE, and it was never approved by the Authority. Since the PPAA was never approved by the Authority, CPPA-G does not meet the definition of a "party" for purposes of the Review Regulations, notwithstanding its status as a PPAA signatory.



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11.12. This conclusion is reinforced by the legislative history. The definition of "party" was introduced into the Review Regulations vide S.R.O. 1036(I)/2014. At that time, the Authority was approving power purchase agreements under the erstwhile *Interim Power Procurement (Procedures and Standards) Regulations, 2005*, in exercise of its powers under Regulation 5(1). Accordingly, the phrase "power purchase contract approved by the Authority" in the Review Regulations refers to those Authority-approved PPAs, and not to the subsequent PPAA's, which are a distinct agency arrangement, and were not approved by the Authority. Since CPPA-G is not a counterparty to any Authority-approved PPA with KE, and the PPAA does not fall within that category, therefore, CPPA-G does not qualify as a "party" for purposes of the Review Regulations. Equating the PPAA with a PPA would, therefore, conflate two legally distinct instruments.

11.13. In view of the foregoing, none of the Petitioners except KE fall within the definition of a "party," as they were neither parties to the Impugned Determination, nor persons who participated in the proceeding that led to the issuance of the Impugned Determination. None of the Petitioners filed an intervention request to be admitted as interveners in the Impugned Determination, despite the issuance of public hearing notices. Accordingly, the Petitioners except KE lack the requisite *locus standi* to invoke the Authority's review jurisdiction; therefore, KE's objection on the *locus standi* of the Petitioners 2-6 of Table 1 has merit.

II. Whether the Motions meet the criteria specified under Regulation 3(2) of the Review Regulations?

11.14. Regulation 3(2) of the Review Regulations provides the manner in which the Authority may review its order/determination upon a motion filed by a party and is reproduced below:



"3(2) Any party aggrieved from any order of the Authority who, from the discovery of new and important matter of evidence, or on account of some mistake or error apparent on the face of the record, or from any other sufficient reasons, may file a motion seeking review of such order."

11.15. While the Petitioners were heard at substantial length, they failed to bring their case within the contours provided under Regulation 3(2) of the Review Regulations, as the contents of the

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Motions and submissions made by the Petitioners, during the hearings, clearly indicate that none of the three grounds enumerated under Regulation 3(2) have been satisfied.

- 11.16. It is also important to highlight that the contentions of the Petitioners, regarding merits, pertained to matters already adjudicated upon by the Authority, in the Impugned Determination, therefore, they cannot be invoked under NEPRA's review jurisdiction, especially when an efficacious (appellate) remedy is available under Section 12G (1) of the NEPRA Act. It is a well-settled principle that a review is not an appeal in disguise, nor does it afford a party a second opportunity to reargue a matter already adjudicated on the merits. The Supreme Court in the case of *Sajid Mehmood versus Muhammad Shafi* (2008 SCMR 554) held that: -

"The exercise of review jurisdiction does not mean a rehearing of the matter and, a decision, even though it is erroneous per se, would not be a ground to justify its review."

- 11.17. Further, the jurisdictional contours governing the scope of a review petition are well-settled and have been constantly delineated by the Superior Courts. In the case of *Mehmood Hussain Lark and others v. Muslim Commercial Bank Limited and others* reported as 2010 SCMR 1036, it was observed as under:

"We are of the view that before an error can be a ground of review, it is necessary, that it must be one which is apparent on the face of the record and that it must be so manifest, so clear, that no Court could permit such an error to remain on record. Incorrectness of a conclusion arrived at after a conscious perusal of record and in-depth examination of evidence cannot be made a ground for review because to permit a review on the ground of incorrectness would amount to granting the Court jurisdiction of re-hearing appeals against its own judgment."

[Emphasis added]

- 11.18. In the celebrated case, *Justice Qazi Faez Isa and others v. President of Pakistan and others* reported as PLD 2022 SC 119 it was held that under Order XLVII of the Code of Civil Procedure, 1908 three grounds for review are provided: (1) discovery of new and important matter or evidence which, after the exercise of due diligence, was not within knowledge of, or could not be produced by, the party seeking review at the time when the decree was passed or order



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made; (2) some mistake or error apparent on the face of the record; (3) or any other sufficient reason. The third ground has been interpreted by the courts to be read *ejusdem generis* in the context of the two preceding grounds.

- 11.19. Reference may also be made to the case of neighboring jurisdiction reported as *State of West Bengal and others v. Kamal Sengupta and another*, wherein it was held that;

"The term 'mistake or error apparent' by its very connotation signifies an error which is evident per se from the record of the case and does not require detailed examination, scrutiny and elucidation either of the facts or the legal position. If an error is not self-evident and detection thereof requires long debate and process of reasoning, it cannot be treated as an error apparent on the face of the record for the purpose of Order XLVII, Rule 1, C.P.C."

[Emphasis added]

- 11.20. Perusal of the afore-cited cases indicates that an error on the face of the record must be such an error that strikes one on mere looking at the record and would not require any in-depth process of reasoning on the points where there may conceivably be two opinions. Thus, an error that is required to be detected by a process of reasoning can hardly be said to be an error on the face of the record. The fundamental condition for entertaining a review motion is the demonstration of an error apparent on the face of the record, the correction of which is imperative to prevent a miscarriage of justice. The scope of review is confined to correcting manifest errors and does not extend to reconsideration of already adjudicated issues.
- 11.21. In sum, the Petitioners except KE have neither demonstrated discovery of new and important matter nor identified any mistake or error apparent on the face of the record nor raised any other sufficient reasons; their submissions seek to re-argue issues already adjudicated, which is impermissible in review. Accordingly, the Motions filed by Petitioners 2-6 of Table 1 do not satisfy Regulation 3(2) of the Review Regulations and are non-maintainable. For the avoidance of doubt, this finding is without prejudice to the Authority's independent power under Section 7(2)(g) of the NEPRA Act to review its own orders where warranted.

III. Whether the non-payment of the requisite fee makes the Motions non-maintainable?

- 11.22. Regulation 4A of the Review Regulations mandates that a motion for review needs to be accompanied by the requisite fee, and is reproduced as under:



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"4(A)A motion for review will not be entertained unless it is accompanied by fees specified in the schedule from time to time."

[Emphasis Added]

- 11.23. With respect to CPPA-G and MoE (PD), while they have filed the requisite fee; however, the Petitioners listed at Serial Numbers 4 to 6 of Table 1 have failed to pay the required fee.
- 11.24. It is settled law that if a party demonstrates a continuous default towards payment of the fee or exhibits a delinquent conduct continuously in making good the deficiency thereof, then neither law nor equity nor justice can grant him such a premium. The superior courts have also dismissed matters where, throughout the proceedings, a delinquent party avoided the payment of the Fee despite acknowledging its payability and quantum.
- 11.25. Therefore, to the extent of Petitioners listed at Serial Numbers 4 to 6 of Table 1, the Motions are non-maintainable on this count alone.

IV. Whether the motion filed by Petitioner 1 of Table 1 is maintainable when its representation before the Authority is undertaken by third parties without demonstrable legal authority?

- 11.26. Moreover, it emerged during the proceedings that MoE (PD) had been represented by officers of PPMC, assisted by external legal counsels, Mr. Munawar-us-Salam and Mr. Hassan Pervaiz, which the Authority noted with concern. Upon inquiry, MoE (PD) presented a letter dated 03.10.2025, wherein it was mentioned that, *"considering the urgency and importance of the matter involving critical decision related to the consumer end tariff in hearing proceedings, Power Division has authorized PPMC along with its legal counsel, M/s. CLM Pakistan, CPPA-G, and their allied teams are to assist this division during the hearing."* Conspicuously, no power of attorney issued in favor of the aforementioned external legal counsels was provided, despite repeated requests.
- 11.27. In view of the foregoing analysis, it is evident that the motion filed by the MoE (PD) suffers from multiple defects. KE objected to the engagement of private counsel by the MoE (PD) in view of the relevant provisions of the Rules of Business, 1973. In this regard, reference is made to the judgment of the Honorable Supreme Court in Rasheed Ahmed v. Federation of Pakistan and others (PLD 2017 SC 121), wherein the Court held that the Constitution and the Rules of Business, 1973 do not specifically permit the Federal Government to engage private counsel, except in exceptional circumstances involving complex or highly technical questions of law



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and only upon formal certification by the Attorney General or other law officers of their inability to attend to the matter.

12. Conclusion on Maintainability

- 12.1. The Petitioners 2-6 of Table 1 were heard at substantial length; however, they have not been able to bring their case within the contours of review jurisdiction. KE has also raised pertinent objections concerning the maintainability of the motions, which, upon examination, are found to possess considerable merit. In view of the detailed deliberations, it is evident that the Motions filed by the Petitioners 2-6 are not maintainable.

13. Exercise of the Authority's Review Jurisdiction

- 13.1. While the Motions are procedurally and legally non-maintainable, the matter does not conclude there. The Authority is vested with the power to review its decisions, orders, and determinations under section 7(2)(g) of the NEPRA Act, and the exercise of this power is not dependent upon a party-initiated review. Therefore, an examination of the Authority's statutory power of review, and matters connected thereto, is imperative.
- 13.2. The Authority notes that the Petitioners, in their respective roles, ought to have participated in the original proceedings as formal interveners to ensure their perspectives were integrated into the primary determination process. Their failure to do so is a procedural lapse. However, these entities have now chosen to file the Motions before the Authority, raising matters of significant importance. Therefore, to dismiss the matter purely on technical grounds would be to prioritize procedural form over substantive public interest, an outcome that would be contrary to the fundamental objectives of the NEPRA Act and well-settled jurisprudence of the superior courts. The points raised, though presented in procedurally flawed Motions, are of sufficient consequence to trigger the Authority's own jurisdiction of review.
- 13.3. In particular, the Petitioners articulated concerns about the fiscal implications of the Impugned Determination - namely the strain on the national exchequer, alignment with IMF-mandated subsidy-reduction objectives, and the burden on consumers - as well as internal inconsistencies within the tariff framework. While these are weighty matters, the proper avenue to have them addressed was through formal intervention during the hearing proceedings, which spanned more than two years and culminated in the Impugned Determination. Raising them at this belated stage undermines the finality and orderly conduct of tariff proceedings. Nevertheless, the Authority, being mindful of its mandate and in furtherance of the public interest and



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principles of natural justice, has considered the issues flagged in the Motions to the extent necessary.

- 13.4. Prior to undertaking the statutory analysis, the Authority notes the guiding jurisprudence favoring the attainment of substantial justice over rigid procedural form. The determination of a multi-year tariff for the utility serving Pakistan's largest metropolis and economic hub is unequivocally a matter of significant public importance. The parameters set by the Authority have far-reaching consequences for millions of consumers, the financial viability of a strategic utility, and the national exchequer.
- 13.5. It is a well-established principle that substantial justice should be prioritized over a rigid adherence to procedure and technicalities. The Honorable Supreme Court of Pakistan in the case of *S.D.O / A.M. Hasht Nagri Sub-Division, PESCO, Peshawar v. Khawazan Zad* (PLD 2023 SC 174) held as follows:

"Having examined the scope of the above-cited rules of procedure contained in the C.P.C., we must reiterate the principle, which is by now well settled, that 'the proper place of procedure in any system of administration of justice is to help and not to thwart the grant to the people of their rights... Any system, which by giving effect to the form and not to the substance defeats substantive rights, is defective to that extent. The courts, thus, always lean in favor of adjudicating the matters on merits rather than stifling the proceedings on procedural formalities. The rules of procedure are meant to facilitate the court proceedings for enforcing the rights of litigants, not to trap them in procedural technicalities for frustrating their rights."

[Emphasis added]

- 13.6. It is therefore appropriate, at this stage, to examine the Authority's statutory powers of review. Although the Motions are not maintainable, the legal basis for the Authority's power to review its own decisions (including through review on its own motion) is not contained in any single clause; rather, it is derived from a hierarchical legal framework. This structure begins with a broad enabling provision in the parent statute, the NEPRA Act, and is given explicit procedural form through delegated legislation, namely the Tariff Rules and the Review Regulations.



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Understanding this architecture is crucial to appreciating the nature and scope of the Authority's review power.

- 13.7. A detailed examination of Section 7 of the NEPRA Act, which outlines the "Powers and functions of the Authority," reveals a comprehensive list of responsibilities. Among these is the general and significant power provided to the Authority under Section 7 (2) (g) of the NEPRA Act, which states as follows:

"7 (2) In particular and without prejudice to the generality of the foregoing power, only the Authority, but subject to the provisions of sub-section (4), shall:

(g) review its orders, decisions or determinations:"

[Emphasis applied]

- 13.8. The aforementioned provision, though concise, is the legislative bedrock upon which the entire review mechanism is built. The legislature, in granting this power in such broad terms, effectively delegated the task of defining the specific procedures and triggers for review to the regulator itself. This legislative approach reflects an intent to afford NEPRA the necessary flexibility to design a review process that is fit for purpose and responsive to the unique and evolving demands of the power sector.

- 13.9. It is pertinent to mention that the Authority has the power to determine a tariff on a *suo moto* basis and is not dependent upon a petition to determine a tariff. Rule 3(1) of the Tariff Rules, in particular, unequivocally vests the Authority with the jurisdiction to initiate proceedings on its own motion (*suo motu*), independent of any party's application, and is reproduced below:

"3 (1) Any licensee, consumer or person interested in the tariff may file a petition with the Authority by filing it with the Registrar along with such fees as may be determined by the Authority from time to time. The Authority may also initiate proceeding suo moto."

[emphasis applied]

- 13.10. The Review Regulations are specified under Section 47 of the NEPRA Act, giving procedural form to powers granted to the Authority under Section 7(2)(g) of the NEPRA Act. Therefore, the NEPRA Act provides the grant of power, and the Review Regulations define its operational mechanics.



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- 13.11. Regulation 3(1) of the Review Regulations provides the unequivocal textual basis for the Authority's power to initiate a review on its own motion. It states as under:

"The Authority may, at any time, on its own motion, review any order passed by it and on so reviewing modify, reverse or confirm the same."

[Emphasis applied]

- 13.12. Section 7(2)(g) of the Act and subordinate legislation created thereunder provide ample power to the Authority to review its determinations, and empower the Authority to exercise review. Further, the Authority's power to initiate a review is not constrained by any period or ground-based limitations.
- 13.13. The failure of the Petitioners to meet the procedural requirements of Regulation 3(2) does not, in any way, curtail or extinguish the Authority's independent and broad power under Section 7(2)(g) of the NEPRA Act and as further specified under Regulation 3(1) of the Review Regulations. By finding the Motions non-maintainable, the Authority upholds the procedural integrity of its legal framework governing party-led reviews. By simultaneously exercising its own review, the Authority is lawfully exercising its distinct self-review power, which is the procedural embodiment of its statutory mandate under Section 7(2)(g) of the Act.
- 13.14. Further, MoE (PD), CPPA-G, and KE, in their Motions, also invoked Section 7(2)(g) of the NEPRA Act. Therefore, the Authority has decided to exercise its review jurisdiction under Section 7(2)(g) of the NEPRA Act, read in conjunction with all other enabling provisions, to consider the matters highlighted by the Petitioners.
- 13.15. The Authority's past precedents confirm that, where warranted in the public interest, it may revisit its own determinations on its own basis, notwithstanding procedural defects in party-initiated applications. In earlier determinations, the Authority recognized and exercised this self-review jurisdiction under the NEPRA Act, the Tariff Rules, and the Review Regulations to correct errors and align outcomes with sectoral realities. These previous decisions serve as a definitive blueprint, confirming that the Authority has consistently held that its inherent power to review and correct its determinations in the interest of justice is not constrained by procedural defects in applications brought before it. The Authority can self-review its determinations to address anomalies or to align its determinations with evolving sector dynamics, reinforcing this as a standard and necessary regulatory tool.



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- 13.16. The Authority has already conducted extensive, marathon hearings on the Motions, which were attended by senior representatives of MoE (PD), CPPA-G, KE, and other stakeholders. These hearings were not confined to the preliminary issue of maintainability. On the contrary, all parties were given a full and unfettered opportunity to present detailed arguments on the substantive merits of each and every point raised for review. The record of these hearings confirms that a comprehensive debate on all substantive issues has already taken place. Post-hearing, KE also submitted a letter dated 07.10.2025, setting out its positions on all merit-based, including asserted tariff impacts on cash flows, covenant compliance, and sectoral consequences. Accordingly, the letter reflects that KE's stance was fully captured on the record, and the Authority proceeds on that record.
- 13.17. The Authority is therefore in complete possession of the arguments, counter-arguments, and supporting evidence from all sides on the merits of the case. To conduct a second round of hearings on the very same issues would be a redundant exercise, serving only to delay the final resolution of this important matter. The Authority is satisfied that the requirements of natural justice have been met, and its obligation to hear the affected parties has been fulfilled.
- 13.18. In view of the foregoing analysis, reasoning, and findings, the Authority hereby determines as follows:
1. That for the reasons recorded in this Determination, the Motions filed by the Petitioners except KE against the Impugned Determination are found to be non-maintainable.
 2. That, notwithstanding the non-maintainability of the said Motions, the Authority in view of the substantive issues of public and sector-wide importance raised therein, which have significant financial implications for consumers and the national exchequer, hereby decides that a deliberation upon the substantive merits is incumbent upon the Authority, to discharge its obligations under the NEPRA Act.

14. Issues

- 14.1. The Authority, based on the pleadings made by KE and other Petitioners, in their Motions identified the following major issues related with Supply tariff; However, any issues that relate with Distribution tariff and highlighted in the Supply Reviews, have been discussed and deliberated in the Distribution Review Decision.
- i. Reference Fuel Cost Component
 - ii. Review of Power Purchase Price
 - iii. Actualization of Sales (Sent-Outs)
 - iv. Operation & Maintenance (O&M) Cost Saving Mechanisms
 - v. Late Payment Surcharge

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- vi. Shorter tariff control period
- vii. Other Income Sharing
- viii. Working Capital Allowance & Duplication of Net Metering
- ix. K-Solar
- x. Adjustment of open access charges in revenue requirement
- xi. EVCS tariff / terms and conditions (schedule of the determination)
- xii. Competitive trading bilateral contracts market ("CTBCM")
- xiii. Recovery Loss
- xiv. Seasonal Adjustments
- xv. Distribution Loss target
- xvi. Annual References vs Monthly References
- xvii. Disregard of Stakeholders Comments

14.2. In addition, KE also requested certain clarifications on different points of the Impugned Determination.

15. Issue wise discussion and decision of the Authority

15.1. On the basis of the pleadings / submissions made by KE, other Petitioners in their Motions, subsequent comments during the hearing & in writing by the Petitioners, and available record, the issue-wise discussion and findings of the Authority are given hereunder:

16. REFERENCE FUEL COST COMPONENT:

16.1. The MoE (PD) submitted on the issue of reference fuel cost component that in paragraph 12.10 of the Impugned Determination, the Authority has erroneously adopted a reference FCC of Rs.15.9947/kWh for each month of FY 2023-24, deviating from the principles consistently applied in determining FCC for XWDISCOs. Moreover, this reference FCC is to remain in effect until new Power Purchase Price (PPP) references for FY 2024-25 are determined and notified. The Rs.15.9947/kWh reference was originally determined for the last quarter of the Previous MYT (March to June 2023). This was extended on a provisional and interim basis for the subsequent periods i.e. the Authority has determined the FCC adjustments for KE consumers on the basis of this reference. The Impugned Determination has treated this provisional value as a fixed benchmark for the entire FY 2023-24, which is arbitrary and lacks any basis. Notably, the Authority had already determined PPP references for power procured by KE and XWDISCOs from CPPA-G for FY 2023-24 in its decision dated 14 July 2023, and for FY 2024-25 in its decision dated 14 June 2024.

16.2. It was further submitted by the MoE (PD) that these references, which include the FCC component, have been duly applied in the case of XWDISCOs, allowing them to recover FCC adjustments from consumers. In contrast, the Impugned Determination erroneously fails to adopt these updated PPP references for KE, despite the Authority's own acknowledgment that previous FCC adjustments were provisional. This inconsistency will result in a fiscal burden of approximately Rs. 28 billion on the Government of Pakistan for FY 2023-24 for FCC costs, which are duly passed to the end-consumers in the case of XWDISCOs. In view of the foregoing, it is



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imperative that the Impugned Determination be reviewed and the FCC references be determined for FY 2023-24 and FY 2024-25 in line with the PPP determinations for the relevant years.

- 16.3. CPPA-G also raised similar concerns by submitting that the Authority adopted the reference FCC as Rs. 15.9947/kWh for each month of the FY 2023-24, instead of determining the same on the principles adopted by the Authority for the purposes of determination of FCC for each tariff determination of the other distribution/supply companies. It also submitted that the Authority further decided that this reference FCC shall remain in effect until new Power Purchase Price references for FY 2024-25 are determined by the Authority and notified by the Federal Government. This approach is erroneous, both factually and legally. Following the expiry of the Previous MYT, the Authority erroneously adopted a provisional FCC reference of Rs. 15.9947/kWh for KE's FCC adjustments, which was applicable only for the last quarter of the Previous MYT (March to June 2023). For instance, vide determination dated 07 June 2024, the Authority allowed the FCC reference of Rs. 15.9947/kwh on provisional basis for the entire period from July 2023 to March 2024.
- 16.4. It was further submitted by CPPA-G that the Authority has continued to determine the FCA for KE consumers on a monthly basis using the same reference rate of Rs. 15.9947/kWh to date. Crucially, it may also be noted that the Authority vide decision dated 14 July 2023 determined the Power Purchase Price ("PPP") references for the FY 2023-24 (the "PPP FY 2024 Determination"), wherein reference FCC component was determined for FY 2023-24 for both XWDISCOs and KE in relation to the power procured by them from CPPA-G. Similarly, vide its determination dated 14 June 2024 (the "PPP FY 2025 Determination"), the Authority also determined the PPP references for the period of FY 2024-25. These PPP references were duly applied by the Authority in the case of the XWDISCOs, and the corresponding XWDISCO FCC adjustments were passed on to their respective consumers.
- 16.5. CPPA-G further stated that the Authority, despite the categoric position taken by it previously that the FCC adjustments are being undertaken as an interim and provisional basis, failed to determine the FCC vide the Determination and merely adopted the FCC reference of Rs. 15.9947/kWh. This has the effect of treating a provisional and outdated value as a fixed benchmark for an entire fiscal year. This departure from the Authority's own reference benchmarks is not only discriminatory but may also cause an artificial and unjustifiable fiscal burden of approximately Rs. 28 billion on the Government of Pakistan for FY 2023-24 alone. This burden was not absorbed in the case of XWDISCOs, where it was transferred to end-consumers, demonstrating clear regulatory inconsistency and prejudice. The Authority is, therefore, urged to rectify the same and by way of application of benchmarks adopted by the Authority for all tariff determinations to date, the Authority may approve, determine and recommend the FCC references for FY 2023-24 and FY 2024-25 in line with the respective PPP Determinations and to reissue KE's FCA determinations from July 2023 onwards accordingly. Moreover, it is requested that the Authority allow interim FCC references for FY 2025-26 based on the PPP projections for FY 2025-26, which are currently under consideration by the Authority.

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16.6. During the hearings, CPPA-G and MoE (PD), submitted that in Paragraph No. 12.10 of the Impugned Determination, the Authority has fixed a reference FCC of Rs. 15.9947/kWh for the entire FY 2023-24:

12.10. As previously noted, the Authority approved KE's monthly Fuel Charge Adjustments (FCAs) based on a reference Fuel Cost Component (FCC) of Rs. 15.9947/kWh. It is important to highlight that in its Petition, KE proposed adopting a monthly FCA mechanism similar to that of XWDISCOs, where the reference FCC is adjusted monthly to reflect the allowed Transmission and Transformation (T&T) losses. Accordingly, for determining KE's tariff for FY 2023-24, the reference FCC on a unit sent-out basis amounts to Rs.15.8747/kWh. When adjusted for allowed T&T losses, this translates to Rs.15.9947/kWh on a units-served basis. To maintain consistency and avoid revisions to already determined FCAs, and to ensure no additional burden is placed on consumers, the Authority has decided to allow the reference FCC of Rs.15.9947/kWh on a units-served basis for each month of the FY 2023-24.

16.7. It was further submitted that in paragraph No. 12.11 of the Impugned Determination, the Authority has continued the Reference FCC till the new PP Reference for FY 2024-25 is determined:

12.15. The month wise PPP references for the FY 2023-24 are attached as Annex-IV with the instant determination. Here it is pertinent to mention that by the time this new MYT of KE would be notified; almost entire FY 2024-25 would also have lapsed. In view thereof, till the time new PPP references for FY 2024-25 are determined by the Authority and are subsequently notified by the Federal Government, the existing PPP references being allowed for the FY 2023-24 would continue.

16.8. It was also presented that initially Rs.15.9947/kWh was FCC reference for the 4th quarter of FY-2023 based on the actual FCC determination for March 2023 dated May 11, 2023. Keeping in view expiry of the Previous MYT, the Authority determined provisional monthly FCAs in line with the mechanism in Previous MYT:

15. KE although has requested FCAs under three different scenarios, however, it is pertinent to highlight that as per Section 31 (7) (iv) of the Act, the Authority may, on a monthly basis and not later than a period of seven days, make adjustments in the approved tariff on account of any variations in the fuel charges and policy guidelines as the Federal Government may issue and, notify the tariff so adjusted in the official Gazette. Since, the MYT Petition of KE for the period from FY 2023-24 to FY 2029-30 have not yet been determined by the Authority, therefore, for the purpose of determining the instant provisional FCAs, the reference Fuel Cost number as allowed in the Interim Tariff for the quarter Jan. to March 2023, has been considered.



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Decision of the Authority in the matter of Motions for leave for review filed by K-Electric and other stakeholders against MYT determination of K-Electric for its Supply Function dated 27.05.2025

19. Based on above discussion, the provisional monthly FCAs and their total impact for nine months period from July 2023 to March 2024 has been worked out as under in line with the mechanism allowed in the MYT FY 2017-2023;

Generation	Mar. 23 (Reference)	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Cost of KE's Own Plants	13,748	23,413	18,955	18,421	20,922	13,810	9,704	8,478	7,932	10,106
Cost of Power Purchases	10,135	10,169	9,143	10,564	13,624	9,337	8,261	11,495	6,648	7,913
Total Fuel Cost	23,638	33,582	28,098	28,985	34,546	23,147	17,965	19,972	14,580	18,019
KE's own Share out	520	958	800	762	744	459	264	271	329	460
External Purchases	958	939	887	905	942	843	806	783	700	825
Total Purchases	1,478	1,897	1,687	1,667	1,686	1,303	1,070	1,053	1,028	1,285
Fuel Cost Component										
Own Generation		12.34	11.24	11.05	12.41	10.60	9.07	8.05	7.71	7.86
External Purchases		5.36	5.42	6.34	8.08	7.17	7.72	10.91	6.46	6.16
Deviation from EMO		-	-	-	-	-	-	-	-	-
Previous Adjustment		-	-	-	-	-	-	-	-	-
Avg. FCC	15.99	17.71	16.66	17.39	20.49	17.77	16.79	18.96	14.18	14.02
FCA		1.7111	0.6608	1.3946	4.4941	1.7704	0.7930	2.9696	(1.8180)	(1.9716)

- 16.9. It was also highlighted that through the Impugned Determination, the Authority has continued the provisional Reference FCC (which was determined for quarter starting March 2023) despite having determined the Reference Power Purchase Price for FY 2023-24 vide determination dated July 14, 2023 as under:

	Rs/kWh									
Fuel Cost Component	6.8935	6.6457	7.0711	7.8938	4.7831	5.4031	7.4894	4.4337	6.4417	5.4918
									5.7090	7.1403
										6.4237

- 16.10. Further it was submitted that the Reference PPP for FY 2024-25 was determined vide determination dated June 14, 2024. The updated PPP References have been applied for the consumers of XWDISCOs, however, FCC Adjustments for KE's consumers have been based on March 2023 references. For example, the FCC reference for March 2024 was Rs. 6.4417/kWh (as per PPP References), and accordingly the consumers of XWDISCOs were charged positive FCA of Rs. 2.8372/kWh (against actual FCC of Rs. 9.2789/kWh). Conversely, the impact of actual FCC has not been passed on to the consumers of KE and has been made part of KE's Base tariff. KE's consumers were benefitted with negative FCA of Rs. 1.9716/kWh. This inconsistency forced the GOP to bear an additional burden of about Rs. 28 billion for FY 2023-24.

- 16.11. The MoE (PD) and CPPA-G accordingly requested the Authority to review its decision of provisional FCC reference of Rs. 15.9947/kWh, and redetermine KE's FCC references based on the PPP determinations of FY 2024 and FY 2025 already applied to XWDISCOs. For determining references of KE's own power plants, the same set of assumptions as approved in PPP determinations by the Authority may be applied; Reissue FCA determinations from July 2023 onwards; and allow FCC references for FY 2025-26 based on the PPP determinations of FY 2026, which are already being applied to XWDISCOs.

- 16.12. KCCI, while referring to the Impugned Determination, submitted that in Para 12.10 thereof the Authority decided that to maintain consistency and avoid revisions to already determined FCAs, and to ensure no additional burden is placed on consumers, the Authority has decided to allow the reference FCC of Rs. 15.9947/kWh on a units served basis for each month of the FY 2023-2024, submitted that the Input cost of energy for FY 2023-24 has already been factored into production, pricing, and taxation across the economy. Any retrospective recalculation would result in economic distortion and unfair cost imposition on end-users. Accordingly, NEPRA was requested to stand by the Impugned Determination and resist any review attempts or



reinterpretation of this finalized FCA treatment and reopening it would compromise regulatory trust and market confidence.

16.13. KE during the hearing and in writing, while responding to the submissions of the MoE (PD) and CPPA-G submitted that as per Para 12.10 of the Impugned Determination, the reference FCC of Rs.15.9947/kWh was allowed for KE on a units-served basis for each month of FY 2023-24. This approach has been applied to ensure consistency in tariff setting, safeguard consumers against any retrospective adjustments, and mitigate uncertainty. Moreover, for the subsequent years, the MoE (PD) has implemented a uniform FCA mechanism, whereby any differential is absorbed by the Government, thereby ensuring continued consumer protection. KE further stated that power purchase prices are based on actual CPP payments made by KE to IPPs during the year. Further, power purchase cost of own generation is based on the approved tariffs which will be actualized based on the actual capacity payments to be allowed to these plants.

16.14. It was also stated that the Para 33.6 of the Impugned Determination provides a detailed mechanism for quarterly adjustments where the power purchase price will be adjusted based on the actual updated generation mix along-with indexations of tariff components of KE's own plant. Further, deliberation on KE's plants tariff is currently ongoing and any revision in tariff structure would accordingly be reflected in the quarterly adjustments of supply tariff.

16.15. The submissions of the MoE (PD) and CPPA-G have been analyzed. While setting up of the reference fuel cost components for the FY 2023-24, the Authority in order to maintain consistency and avoid revisions of already determined FCAs, considered it appropriate to maintain the already allowed provisional references on which monthly FCAs were determined, for the FY 2023-24. The MoE was issued a separate notice for participation in the proceedings of tariff determinations of KE and had the Ministry provided its input earlier, the Authority would have been able to address any such concerns of the MoE and CPPA-G in a timely manner. The Authority also noted that guidelines for uniform application of FCA, issued by the Federal Government dated 20.08.2025 could have been issued much earlier in order to avoid any such gaps.

16.16. Nonetheless, the Authority has considered the instant submissions made by the MoE (PD) and CPPA-G regarding limited available fiscal space, capped amount of subsidy and fiscal implications of around Rs.28 billion owing to non-revision of the allowed FCC references. In view of these financial implications, as highlighted by the MoE and CPPA-G, the Authority has decided to revise the fuel cost reference of PPP for the FY 2023-24 as under;

Description	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total FY 24
Sentout	1,897	1,687	1,667	1,686	1,303	1,070	1,053	1,028	1,285	1,410	1,840	1,841	17,768
Transmission loss	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Units Served (GWh)	1,882	1,674	1,654	1,673	1,293	1,062	1,045	1,021	1,275	1,400	1,826	1,828	17,635
Per Unit - Based on Units served													Rs. / kWh
Fuel Cost Component	16.71	15.26	16.38	17.84	13.52	10.55	11.31	8.30	11.04	11.64	16.61	17.55	14.50
Rs. /Mln													Rs. /Mln
Fuel Cost Component	31,449	25,547	27,096	29,853	17,488	11,204	11,825	8,469	14,081	16,297	30,331	32,064	253,705

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16.17. The Authority however understands that with the revision of these FCC references, already determined for the FY 2023-24, all monthly FCAs, already determined and applied for the FY 2023-24, would be required to be redetermined, and the additional impact would be passed on to the consumers of KE.

16.18. Considering the fact that FY 2023-24 has already lapsed and actual power purchase cost of KE to the extent of variable O&M and capacity charges is also now available, the Authority has decided to actualize such costs as detailed below along-with the transmission charges, as approved and have been made part of PPP references for the FY 2023-24:

Description	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total FY 24
Sentinel	1.897	1.887	1.887	1.886	1.903	1.870	1.903	1.828	1.285	1.410	1.840	1.841	17.748
Transmission loss	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.73%
Units Served (GWh)	1,882	1,674	1,654	1,673	1,293	1,162	1,045	1,021	1,275	1,403	1,826	1,628	17,633

Per Unit - Based on Units served													Rs. / kWh
Fuel Cost Component	16.71	15.26	15.36	17.84	13.92	10.55	11.31	8.30	11.04	11.64	16.61	17.56	14.50
Variable O&M	0.51	0.49	0.48	0.59	0.18	0.72	0.82	0.51	0.44	0.50	0.56	0.56	0.50
Capacity	6.77	9.18	8.33	10.03	12.75	15.83	13.62	13.29	13.09	11.40	8.11	8.10	10.32
Transmission - KE Own	2.16	2.18	2.06	2.04	2.35	1.97	1.92	2.18	2.34	2.34	2.23	2.32	2.18

Per Unit - Based on Units served													Rs. / kWh
Fuel Cost Component	31.449	25.547	27.096	29.853	17.488	11.204	11.825	8.499	14.081	16.297	20.331	32.064	255.705
Variable O&M - Own	455	367	348	423	286	187	123	162	210	248	487	519	3,850
Variable O&M - CTPA	322	264	249	295	194	129	87	251	225	296	319	309	2,965
Variable O&M - IPPs	185	145	197	274	175	99	129	106	124	124	219	197	1,971
Transmission - KE Own	4,075	3,650	3,400	3,421	3,036	2,097	2,012	2,224	2,980	3,277	4,077	4,242	38,491
Capacity - Own	6,107	5,857	5,639	5,419	5,343	5,052	4,830	3,664	4,708	4,688	4,275	4,053	60,833
Capacity - CTPA	5,519	8,506	6,593	9,749	9,078	10,081	8,420	8,689	10,223	9,728	8,670	8,717	103,972
Capacity - IPPs	1,120	1,011	1,549	1,822	2,050	1,078	985	1,217	1,764	1,545	1,854	1,430	17,234

It is clarified that PPP is pass through and its monthly references would continue to exist irrespective of the financial year, unless the reference are revised and notified by the GoP

16.19. In view of the above discussion, KE is directed to file its revise monthly FCA claims for the FY 2023-24 for consideration and approval of the Authority. Further, PPP references for FY 2024-25 and FY 2025-26, would be determined once KE files its revised annual adjustment/indexation request for these periods.

17. REVIEW OF POWER PURCHASE PRICE

17.1. The MoE (PD) submitted that the Authority has approved a significantly high-Power Purchase Cost to KE for FY 2023-24 without fully accounting for evolving market dynamics. Historically, around half of KE's electricity demand was met through imports from the national grid. However, with expanded interconnection capacity, over 75% of KE's future demand is expected to be met through these imports, reducing reliance on KE's own generation facilities. As grid imports increase due to their lower costs, KE's plants, including BQPS-I, KGTPS, SGTPS, and KCCPP, are expected to operate at minimal or no levels. Despite this reduced usage, the associated costs of maintaining these plants could still be passed on to consumers or subsidized by the government unless appropriately managed.

17.2. The MoE (PD) also submitted that while current tariffs for KE-owned plants include indexation mechanisms that adjust periodically based on inflation and currency changes, these mechanisms have recently been revised for other power plants to ease the burden on consumers. Similar revisions should now be applied to KE's generation facilities to maintain consistency and provide consumer relief. If the similar treatment is accorded to KE's generation facilities, it would yield significant cost savings of Rs. 140 billion during the Tariff Control Period. Given these developments, a comprehensive review of the tariff structures for all KE-region power plants is required to ensure affordability and fairness in electricity pricing.

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- 17.3. CPPA-G also raised similar concerns and submitted that in paragraph 36 of the Impugned Determination, the Authority has approved the Power Purchase Cost of Rs. 528,646 million for FY 2023-24. The Authority has allowed such exorbitant Power Purchase Cost without considering the market realities and needs of the sector. In this regard, it is important to highlight that, until FY 2024, approximately 50% of KE's electricity demand was met through imports from the national grid. However, with the planned expansion of interconnection capacity to 2,050 MW, the national grid is anticipated to supply over 75% of KE's total electricity demand - an amount projected to grow further in the coming years. As a result, the utilization of KE's own generation facilities has fallen to minimal level and is anticipated to fall further.
- 17.4. CPPA-G presented the following historical plant-wise dispatch data for each KE's generation facility.

		Capacity Factor (%)				
No	Generation Plants	2019-20	2020-21	2021-22	2022-23	2023-24
1	Bin Qasim TPS-I	54.9	77.72	55.1	35.85	15.74
2	Bin Qasim TPS-II	97.13	95.26	86.34	67.27	63.85
3	Bin Qasim TPS-III				U1-94.5 U2-86.3	85.8
4	Korangi Town GTPS-II	41.9	53.6	14.97	1.49	0.2
5	Site GTPS-II	50.05	27.72	13.29	3.29	0.02
6	Korangi CUPP	60.59	56.72	34.15	3.02	6.54
7	Gul Ahmed Energy	50.6	60.13	62.83	45.27	23.72
8	Tapal Energy	57.78	68.1	66.17	47.92	27.4
9	Sindh Nooriabad-I	84.01	89.9	79.49	65.31	67.33
10	Sindh Nooriabad-II	83.1	85.9	76.61	63.59	65.92

- 17.5. CPPA-G explained that with the anticipated increase in electricity imports from the national grid, driven primarily by lower generation costs on economic merit order, the dependence on KE's generation plants and its associated Independent Power Producers (IPPs) is expected to decline further. As a result, facilities such as BQPS-1, KGTPS, SGTPS, and KCCPP are projected to operate at minimal or zero dispatch levels. Despite reduced operational utilization, the costs associated with these plants, unless mitigated, will either be passed on to consumers through higher tariffs or subsidized through budgetary allocations by the Federal Government. Table below outlines the annual capacity payments for these power plants (excluding debt servicing obligations), along with their estimated impact on end-consumer tariffs.

Year	Capacity Payments	Impact on consumer tariff
	Million Rs	Rs. / kWh
2024	16,210	1.07
2025	12,718	0.82
2026	10,527	0.66
2027	10,307	0.63
2028	10,656	0.63
2029	10,911	0.63
2030	11,161	0.63



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- 17.6. Furthermore, CPPA-G submitted that in accordance with NEPRA-approved indexation mechanisms, the tariffs for KE-owned power plants will be subject to the following periodic adjustments as specified in the table below, which shall remain applicable throughout the remaining operational life of the respective power plants.

Component	Indexation Mechanism
Variable O&M Foreign	Exchange Rate, US CPI
Variable O&M Local	N-CPI
Fixed O&M Foreign	Exchange Rate, US CPI
Fixed O&M Local	N-CPI
Return on Equity	Exchange Rate
Insurance	Actual as per Insurance contract (capped)
Working Capital	Fuel cost, KIBOR+2%

- 17.7. CPPA-G further submitted that such adjustments have recently been modified in furtherance of negotiations and to provide relief to the consumers from high electricity prices. All these modifications in the relevant tariffs have been approved by the Authority or pending approval. Accordingly, it is imperative that the indexation mechanism for KE owned generation facilities also be modified accordingly for consistency and to provide relief to the consumers. The tentative impacts of the revised indexation for BQPS-II and BQPS-III are estimated to reduce KE's own generation cost by Rs. 7 billion for FY 2023-24 (estimated to be Rs. 57 billion over the Tariff Control Period). Further, retirement of BQPS-I, KGTPS, SGTPS, and KCUPP is estimated to reduce KE's own generation cost by Rs. 16 billion for FY 2023-24 (estimated to be around Rs. 82 billion over the Tariff Control Period). Considering the above-noted impacts, along with the rising trend of consumer tariffs in the KE region, it is requested to review the applicable tariff structure for all power plants operating in the KE region. While this document currently presents the impacts related only to KE-owned power plants, incorporating IPPs into the analysis would further enhance potential savings and amplify the positive effects on end consumers.
- 17.8. KCCI on this matter submitted that payments to idle Power Plants (take-or-pay); NEPRA approved capacity payments to several KE power plants (BQPS-I, KCCP, KGTPS, SGTPS) even though these plants will run at minimal or no output because KE sources cheaper power from the national grid Consumers and the government pay for capacity that is not used. This costs about Rs 12.7 billion in FY 2025 and roughly Rs 82.5 billion over the multi-year period.
- 17.9. KE during the hearing and in writing while responding to the submissions of the MoE (PD) and CPPA-G submitted that power purchase prices are based on actual CPP payments made by KE to IPPs during the year. Further, power purchase cost of own generation is based on the approved tariffs which will be actualized based on the actual capacity payments to be allowed to these plants. Further, Para 33.6 of the Impugned Determination mentions a detailed mechanism for quarterly adjustments where the power purchase price will be adjusted based on the actual updated generation mix along-with indexations of tariff components of KE's own plant. Further, deliberation on KE's plants tariff is currently ongoing and any revision in tariff structure would accordingly be reflected in the quarterly adjustments of supply tariff.

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- 17.10. The Authority noted that issue of Power Purchase Price pertains to KE's Generation Tariff, and has been deliberated in detail in the said decision, therefore, does not merits consideration in the instant decision.

18. ACTUALIZATION OF SALES (SENT-OUT)

- 18.1. The MoE (PD) on this issue of submitted that in paragraph 12.24 of the Impugned Determination, the Authority has introduced a notable shift from the longstanding price-cap regime historically applicable to KE, adopting a revenue-cap approach whereby actual units sent out are to be adjusted retrospectively, without any associated performance benchmarks. This change implies that any under or over-recovered revenue is to be trued-up in subsequent years, regardless of KE's operational performance. It was also stated that this transition has not been accompanied by any explanatory rationale or justification within the Impugned Determination. It marks a significant departure from the performance-based framework at the time of KE's privatization, which was designed to incentivize service quality, operational efficiency, and consumer satisfaction. The current approach, by contrast, ensures revenue certainty for KE without linking outcomes to performance. This could unintentionally dampen the incentives for improving demand growth and operational efficiencies. In view thereof, the MoE requested to review this aspect of the Impugned Determination.
- 18.2. The MoE (PD) reiterated its submissions during the hearing and submitted that the Impugned Determination effectively guarantees KE (being a private entity) revenue regardless of efficiency or service, weakening incentives for cost control and demand growth. The MoE requested the Authority to prescribe clear performance benchmarks and growth targets linked to sent-out units
- 18.3. CPPA-G also raised similar concerns and submitted that the Authority, through paragraph 12.24 of the Impugned Determination, has erroneously departed from the long-standing price-cap tariff regime historically applied to KE and has instead adopted a revenue-cap approach, allowing actualization of units sent out without any associated performance benchmarks. Under this new approach, any under-or-over recovered revenue is to be adjusted in subsequent periods, irrespective of KE's performance. This shift in regulatory approach lacks any basis or rationale in the Impugned Determination and fundamentally alters KE's tariff framework, which has been in place since its privatization. The privatization of KE was premised on introducing performance-based regulation to drive improvements in service quality, operational efficiency, and consumer satisfaction. Allowing ex-post adjustments based solely on actual sent-out units, without any performance-linked benchmarks, undermines the incentives for demand growth and efficiency gains, and instead ensures revenue certainty for KE irrespective of its operational performance. This represents a significant departure from performance-based regulation, effectively reverting to a retrospective cost-recovery model, which contradicts the very basis on which KE was privatized.
- 18.4. CPPA-G further submitted that the Authority has erroneously not prescribed any performance standards or growth targets linked to sent-out units, which could have otherwise ensured that KE remains incentivized to enhance demand, reduce losses, and improve service delivery.



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- 18.5. KCCI on this matter submitted that in the previous MYT regime, KE was pursuing a price cap tariff, whereas now KE is shifting from price cap to actually sent out units. In such a scenario, KE might have more financial incentive to increase load shedding in high loss areas as its revenue would be protected. Today, KE has been doing persistent & excessive load shedding of 10-12 hours daily, irrespective of areas. In this context, honest customers who always pay their bills end up facing more outages, simply because they live in "high-loss" neighborhoods. That's unfair & punishing people who are doing the right thing. Many residents of Karachi already miss out on the Federal Government, 'Sasti Bijli scheme' & are deprived due to continued load shedding.
- 18.6. Mr. Hafeezuddin submitted that allowing actualization of units served without strict controls on load shedding and theft risks is akin to punishing paying consumers while shielding inefficiency.
- 18.7. KE during the hearing and in writing, while responding the submissions made by MoE (PD) and CPPA-G submitted that as per Paras 12.18 to 12.24 of the Impugned Determination, KE's revenue requirement for FY 2024-30 was computed on projected units billed, taking into account uncontrollable factors such as economic growth, policies, and incentive packages. KE's request for actualization of sales was assessed in line with the treatment allowed for XW-DISCOs, where revenue-capped tariffs are applied, and under/over recovery due to sales variations is adjusted through quarterly or prior year adjustments. Furthermore, this would be required for implementing packages as well. Historical data (FY 2017-23) indicates consistent under-recovery of KE's targeted sent outs versus actuals, validating the need for such a mechanism. Considering the opening up of the sector through CTBCM, net metering, and enhanced consumer choice, the Authority recognized KE's limited control over demand growth. Therefore, actualization of sales (based on allowed T&D losses) has been allowed to ensure revenue neutrality while safeguarding consumer interest.
- 18.8. KE further submitted that actualization of sent-out is in line with the treatment allowed for XWDISCOs. Further, there was consistent under-recovery of KE's targeted sent-outs in the previous MYT, resulting in significant losses to the Company which was beyond KE's control. Therefore, actualization of sales (based on allowed T&D losses) should be allowed to ensure revenue neutrality while safeguarding consumer interest. It is pertinent to highlight that shifting to a revenue cap mechanism is necessary to allow the petitioner to recover prudent costs which also includes spending made on the network in order to ensure uninterrupted supply and increase network reliability. Furthermore, this would ensure sector wide consistency as the similar mechanism is allowed in case of other XWDISCOs. However, the matter is already discussed in detail in Para 12.25 of Impugned Determination. Further, monitoring of load shed along-with other performance benchmarks including, SAIFI, SAIDI is already strictly done by NEPRA.
- 18.9. The submissions have been analyzed. The primary contention of the MoE (PD) is that actualization of sent outs, would allow true up of any under or over-recovered revenue to KE in subsequent years, regardless of its operational performance. The Authority allowed actualization of sent-outs to KE, in light of recent developments, including opening up of the sector through CTBCM framework and growing adoption of net metering. These changes have increased the utility's risk exposure, particularly regarding potential consumer switching, as compared to



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previous years. With both distribution and supply tariffs being fully regulated, under a uniform national tariff regime, and given the increasing independence of consumers, KE has limited flexibility or control to offer incentives that could stimulate demand growth. It is also a fact that XWDISCOs are already being allowed this revenue capped tariff, and any under /over recovery of the allowed revenue, due to variation in sales is trued-up. Moreover, the actualization of sent out is not independent of regulatory targets in terms of T&D losses, as actualization of sent outs shall only be permissible up-to the allowed level of T&D losses.

18.10. In view of the aforementioned discussion, the Authority does not see any rationale to change its earlier decision, and hence has decided to maintain its earlier decision in this matter.

19. O&M COST AND ADJUSTMENT MECHANISM

19.1. KE on the issue of O&M costs submitted that allowing reference O&M for next year based on lower of actual or allowed of previous year is

- ✓ unprecedented (not applied to entities granted multi-year tariffs).
- ✓ would disincentivize the utility to bring any efficiency and save costs as all savings would unduly reduce the allowed amount for the remaining control period.
- ✓ would make operations unviable in period of low inflations – this is particularly important as NEPRA has not considered any increase factor for increase in O&M needs pursuant to the projected network expansion, capacity enhancements, increase in consumer base, to cover for increase in number of grids, etc.

19.2. KE also stated that sharing mechanism of 50:50 between KE & consumers, in case actual O&M for the year turns out to be lower than the allowed, has been introduced, which is also unprecedented as it is not included in tariffs for XWDISCOs, NTDC and other Transmission licensees.

19.3. KE accordingly requested to review the decision so that reference O&M cost for future years is based on the indexed allowed O&M of the previous year only. KE reiterated its submissions during the hearing.

19.4. MoE (PD) and CPPA-G on the issue of O&M cost submitted that the Authority has based KE's O&M cost for the FY 2023-24 on KE's unaudited financial statements. Instead, the approved O&M costs for the last year of the previous MYT i.e. FY 2022-23, should have been used as base/reference, particularly as the Impugned Determination is intended to apply over a seven-year Tariff Control Period. Furthermore, X-factor equal to 30% of CPI has been introduced, but only with effect from FY 2025-26, allowing KE a 2-year transitory period. KE has been operating under a performance-based MYT regime for nearly two decades and can no longer be considered in a transitional phase. The fundamental objective of the X-factor is to incentivize efficiency and cost reduction by gradually tightening the O&M allowance. Granting KE an additional two-year exemption undermines this principle and dilutes the core intent of the MYT framework.

19.5. It was also stated that as per the Impugned Determination, any O&M cost savings are to be shared equally between KE and consumers on a 50:50 basis. This decision to share O&M cost savings

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equally between KE and its consumers is at odds with the treatment of other DISCOs, where 100% of efficiency gains in O&M costs are passed onto the consumers. More critically, the 50:50 cost-sharing formula may create perverse incentives for KE to implement aggressive cost-cutting measures that could adversely impact reliability, preventive maintenance, and overall service quality. Such risks directly affect consumer welfare and long-term system sustainability. The MoE (PD) accordingly submitted that the Impugned Determination is liable to be reviewed keeping in view the foregoing.

- 19.6. The MoE (PD) and CPPA-G during the hearing while reiterating their submissions stated that approved O&M Costs for last year of the previous MYT (i.e. 2022-23) should be used instead of un-audited accounts. The approved O&M Costs for previous year (i.e. 2022-23) serve as a requisite benchmark that has also been vetted and approved by the Authority. Similarly, purpose of X-factor is to incentivize efficiency by gradually reducing O&M costs overtime. KE is not in a transitional phase and has been in the MYT regime since last 2 decades, therefore, allowing a further transitional period of 2 years at this stage does not make sense. It was also reiterated that sharing of O&M costs on 50% - 50% basis is inconsistent with the treatment accorded to other DISCOs, where entire benefit of savings is passed on to the consumers. The MoE (PD) requested to reset the base year using the O&M cost approved for the final year of the previous MYT, apply X-factor from start of current tariff control period (i.e., FY2023-24); and allow 100% pass-through of O&M savings to the consumers.
- 19.7. KCCI on this issue submitted that the MOE(PD) highlighted that the Petitioner's proposed O&M base figure of Rs.30.8 billion for FY 2024 could be lower than the actual expenditure incurred during the year. Given that the O&M revenue requirement primarily consists of fixed expenses, it is essential to ensure consumers are not overburdened. A thorough review by independent experts is necessary to obtain details of the actual O&M cost incurred by the Petitioner and to maintain fairness & transparency in the process.
- 19.8. Mr. Hafeezuddin submitted that inflated O&M costs, will directly impact inflation, erode household incomes, and reduce consumer purchasing power.
- 19.9. KE while responding to the submissions of the MoE (PD) CPPA-G during the hearing and in writing, submitted that as per NEPRA Guidelines 2015, the base year can be chosen from historical audited results or projections. KE had requested O&M costs based on actual O&M as per its FY 23 audited financial statements with CPI indexation in line with other DISCOs. A detailed assessment was done on the actual unaudited O&M cost for the FY 2024, and the requested indexed O&M. KE's actual unaudited O&M cost was lower than the requested, therefore, the same was reduced accordingly. The Impugned Determination further states that if KE's actual O&M cost for the FY 2023-24, once its audited accounts for FY 2023-24 are available, is lower than the amount being allowed, the entire difference shall be passed on to the consumers.
- 19.10. On the point of X-factor, KE stated that application of X-Factor from the 3rd year of the control period is consistent with the multi-year tariff regime and aligned with treatment of other DISCOs. The staggered application allows KE time to optimize its operations before efficiency targets take full effect. Therefore, the X-Factor of 30% CPI is imposed from FY 2025-26 onwards,

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ensuring balance between consumer protection and KE's operational readiness. In addition to the above, KE faces significantly higher operational challenges as compared to DISCOs where due to lack of planning and influx of Katchi Abadis, KE has to deal with significant amount of KUNDA connections, carry out several thousand disconnections each month, manage complaints due to frequent and in many cases unauthorized/uninformed road cutting/digging etc. which results in increase in O&M requirements. Despite this, KE is the most efficient in O&M in comparison with other DISCO's operating in Pakistan in per unit terms. Furthermore, the sharing mechanism added would incentivize KE to reduce its costs below the allowed levels.

- 19.11. KE in its written response submitted that the issue was deliberated in detail during the hearing where it was highlighted that the O&M is allowed to KE on the basis of unaudited FY 2024 financial statement as mentioned under para 19.10. Further, the Authority clarified that as per NEPRA Guidelines 2015, the base year can be chosen from historical audited results or projections. Therefore, detailed assessment was done on the actual unaudited O&M of FY 2024 and the requested indexed O&M based on FY 2023 numbers – however KE's actual unaudited O&M was lower than the requested, the same was reduced accordingly. It is also pertinent to mentioned that KE is the most efficient DISCO in term of per unit O&M with compare to all other DISCOs.
- 19.12. KE further submitted that the Authority has incorporated a performance-based framework to ensure accountability and cost efficiency. The sharing mechanism is designed to incentivize KE to operate below the allowed cost levels. The specific performance benchmarks have been established, including financial KPIs such as loss reduction, where any failure to meet targets results in KE bearing the associated costs. In addition, KE is subject to regulatory standards pertaining to reliability and safety, with defined penal provisions in place for non-compliance.
- 19.13. With reference to the comments regarding absence of efficiency incentives or penalties, KE highlighted that efficiency factors have been applied on KE's O&M cost under Para 19.22 of the Distribution Tariff Determination. Further, yearly targets for T&D loss & recovery have been given and in case of non-achievement of these targets, the impact of the same will be borne by KE.
- 19.14. Regarding submissions of the MoE (PD) and CPPA-G, the Authority noted that continuation of the O&M cost allowed for last year of previous MYT i.e. FY 2022-23, as reference/ base, would have resulted in higher O&M costs for the FY 2023-24, compared to what has been allowed. On the point of sharing of O&M cost savings, the Authority noted that in the matter of XWDISCOs no sharing of O&M savings is made with the consumers, rather the entire benefit is retained by XWDISCOs, except for Pay & Allowances and Post retirement benefits, which are actualized both upward or downward. Thus, the approach adopted in case of assessment of KE's O&M costs and its future indexation mechanism is more consumer centric, but at the same time ensures that KE is also allowed its prudently incurred cost. KE itself has stated that the allowed sharing mechanism would incentivize KE to reduce its costs below the allowed levels.
- 19.15. For application of X-factor from 3rd year onward during the new MYT, the Authority has already deliberated & discussed this issue in detail in the Impugned Determination and decided to apply the same from 3rd year of the MYT in line with DISCOs. Here it is also pertinent to mention that

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cost for the 1st year of the MYT 2024-30, has already been actualized based on the Audited numbers, which has further reduced.

19.16. On the point raised by KE to allow reference O&M cost for future years based solely on the indexed allowed O&M of the previous year, it is important to clarify the regulatory intent. The purpose of allowing lower of actual or indexed O&M cost, as reference for the subsequent year, is to ensure that any efficiency gains or cost reductions achieved in a particular year, are allowed to KE and consumers for the year, and its impact is not continued for the entire tariff control period. In instances, where KE achieves a significant reduction in O&M expenditure in a given year, allowing the indexed reference O&M of the previous year as the basis for the subsequent year, without taking into account the lower actual cost, would result in overstated allowable costs. This approach would effectively embed a higher cost level into future tariffs, enabling KE to derive a perpetual benefit from a one-time efficiency. Such treatment may not be prudent as it could lead to an evident over-recovery from the consumers during the control period. By applying the lower of actual or previously allowed O&M cost, the Authority has ensured that immediate benefit of cost savings is appropriately recognized and equitably shared between consumers and the utility.

19.17. In view of the aforementioned discussion, the Authority does not see any rationale to change its earlier decision, and hence has decided to maintain its earlier decision in this matter.

20. LATE PAYMENT SURCHARGE (LPS)

20.1. KE highlighted that the mechanism followed by XWDISCOs is different from the mechanism followed by KE. In case of XWDISCOs, daily cash collections from consumers are transferred directly to CPPA-G as per their existing mechanism. However, any shortfall in collection automatically leads to creation of circular debt as XWDISCOs are unable to fully discharge their liability towards CPPA-G. Conversely, KE procures power from multiple sources, primarily from CPPA-G, under long-term Power Purchase Agreements (PPAs). To meet its payment obligations, in case consumer collections are delayed beyond the 30-day period allowed under the working capital component in the tariff, KE relies on bank borrowings thereby incurring finance costs in order to avoid creating circular debt. For payments to CPPA-G, payments are settled through a Master Collection Account (MCA) Agreement, wherein specific consumer collections are earmarked for CPPA-G payments. These funds cannot be utilized by KE for any other purpose, eliminating any flexibility to defer payments. Additionally, for power procurement from other Independent Power Producers (IPPs), delays in payment may result in Late Payment Interest (LPI) charges / supplemental charges to KE. However, since the overall volume of these power purchases is low, the LPI amount would not be sufficient to manage the customer delays.

20.2. KE further highlighted that this mechanism in the Impugned Determination which encourages KE to delay payments to its suppliers instead of managing through bank borrowings will lead to creation of circular debt and accordingly is not in line with prudent business practices and neither in consumer interest. It also highlighted that timely payment to its IPPs by KE is also a major factor in the success of competitive bidding done by KE for its 640 MW renewable projects attracting the lowest tariffs. Hence, the mechanism linking KE's retention of LPS to the extent delayed payment charges is required to be reviewed. KE accordingly requested that it be



allowed to retain LPS received from consumers who have delayed their payments, as it is a legitimate cost recovery mechanism for financing the cost that is incurred due to delayed consumer receipts beyond the 30-day period allowed in the tariff's working capital component.

- 20.3. KE during the hearing and thereafter in writing reiterated its earlier submission.
- 20.4. The Authority has considered the submissions of KE. Regarding request to allow retention of entire amount of LPS, the Authority noted that KE has already been allowed working capital, to meet its financial obligations. Further, to compensate KE for any delayed recoveries from consumers, KE has also been allowed retention of LPS to the extent of supplemental charges, if any, which KE may incur owing to such delays, except supplemental charges billed by CPPA-G, as KE has entered into an MCA arrangement with CPPA-G. This treatment is also in line with methodology adopted in the matter of XWDISCOs.
- 20.5. In view of the aforementioned discussion, the Authority has decided to maintain its earlier decision in this matter.

21. TARIFF CONTROL PERIOD

- 21.1. A seven-year tariff period with limited mid-term correction mechanisms does not align with evolving energy market dynamics, especially under CTBCM. A shorter three-to-five-year horizon with mandatory mid-term reviews would be more prudent.
- 21.2. KCCI further submitted that several stakeholders opposed the 7-year control period, recommending a 4- or 5-year period with mid-term reviews to ensure accountability and responsiveness to market realities.
- 21.3. KCCI reiterated its submissions during the hearing.
- 21.4. The Authority observed that at the time of determination of KE's Supply tariff, Control period was discussed as a separate issue, wherein, complete justification for allowing 7 years tariff control period were provided. It is again noted that KE was initially allowed a MYT for a period of 07 years from 2002 to 2009, in view of its privatization. With its re-privatization, the applicability of the allowed MYT was further enhanced for another period of 07 year till June 2016. Subsequently, upon expiry of the MYT in June 2016, KE was again awarded a MYT for a control period of seven years till June 2023. Therefore, the contentions of the Petitioner that the allowed period exceeds industry norms is not correct.
- 21.5. The Authority at the time of Impugned Determination already considered the fact that nearly two years of the proposed MYT control period have already passed, therefore, allowing a tariff control period of five years, which effectively would result in three years, may not provide the necessary stability and predictability as envisaged under NEPRA Act. The Authority also noted that while approving the investment plan of KE, the Authority decided to appoint an independent third-party for evaluation of the allowed investment plan and the allowed amounts would be subject to adjustment in light of independent 3rd party report.

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- 21.6. The Petitioners have suggested for a shorter time period with mid-term review mechanism, to ensure accountability and responsiveness to market realities. In this regard it may be noted that while approving the investment plan of KE, the Authority decided to appoint a third-party audit/monitoring firm to perform quarterly audit/monitoring of the allowed investment plan and the amounts allowed shall be subject to adjustment in light of Audit/Monitoring by 3rd party. Further, indexation/ exchange rate variations for the approved investment amounts, are allowed only for the time period allowed for completion of such investments. In case the petitioner is able to complete the investment earlier than the allowed completion time, then actual time period will be considered for allowing exchange rate variations. In case of delay in the completion of the project(s), no exchange rate variation or any other adjustment shall be given beyond the allowed completion period against each project. Thus, the concerns raised by the Petitioners stand addressed.
- 21.7. In view of the aforementioned discussion and the fact that no cogent reasons have been provided by the Petitioners, the Authority has decided to maintain its earlier decision in this matter.

22. OTHER INCOME SHARING

- 22.1. On the issue of Other Income, the MoE (PD) and CPPA-G made similar submissions submitted that KE has been allowed to retain liquidated damages (LDs) to be recovered from contractors in cases involving unapproved cost overruns. However, in the previous MYT regime, such LDs were included in the "Other Income" category, and their benefit was accordingly passed on to consumers. Similarly, KE has also been allowed to retain interest income on bank deposits, up to the extent of the allowed Return on Rate Base (RoRB) and depreciation. The MoE and CPPA-G further submitted that since KE is already compensated for these items, such interest income should be passed on in full to consumers. The same principle may also be extended to interest income earned on MCA as well. Further, interest earned by KE from the Government due to delayed disbursement of Tariff Differential Subsidy (TDS) should also be included in Other Income, to ensure transparent regulatory treatment and consumer benefit.
- 22.2. It was further submitted that the Impugned Determination allows KE to retain 20% of income generated from the Regulatory Asset Base (RAB) for non-regulated business activities. Since RAB is funded through consumer tariffs, any income derived therefrom whether from regulated or non-regulated use should be fully credited back to the consumers.
- 22.3. The MoE (PD) and CPPA-G reiterated their submissions, and requested the Authority to fully pass on all types of other/additional incomes/gains to the consumers.
- 22.4. On the issue of other income, KCCI submitted that KE is allowed to keep money from fines imposed on its contractors, interest on bank deposits, and profits from side businesses. In effect, consumers have already paid for the assets that generate these incomes, so these funds should reduce KE's costs to customers, not paid its revenue. Effectively, it is being proposed that any such gain on assets that has been financed by consumers needs to be shared with consumers.
- 22.5. KE, while responding to the submissions of the MoE (PD) and CPPA-G during the hearing and in writing, submitted that interest income is not derived from primary operations / regulated activities of KE. It relates from KE's financial management and cash optimization strategies. It



reflects how the company manages its liquidity and excess funds, which is separate from the cost of providing electricity. Hence, in the Impugned Determination the Authority has considered KE's submissions as merit and therefore, allowed KE to retain interest income on deposits and return on bank deposits to the extent of allowed RoRB and Depreciation. However, since there is no depreciation or return in the supply business, the entire interest income on bank deposit will be treated as passthrough under Supply tariff in actual.

- 22.6. KE also stated that it requested no adjustment in working capital component pertaining to cash retained by banks under the MCA arrangement, which as per KE is a binding obligation as per the underlying agreements. MCA is a security arrangement provided by KE to CPPA-G for the PPAA. The interest income on MCA is against KE's cash stuck in the MCA arrangement to honor its obligations under the PPAA and accordingly, KE has to make borrowings to fund its working capital needs, adjustment for which is not allowed under the working capital component of tariff. In case MCA interest income is treated as pass-through, the corresponding adjustment for interest rate on borrowing (which is generally higher) would also require to be allowed which would result in higher tariff. Hence, the Authority in the Impugned Determination allowed KE to retain income from MCA on merits.
- 22.7. KE also mentioned that the Impugned Determination allows KE to retain LDs from its contractors/ suppliers, only in case the Authority does not allow any cost overruns / time extensions etc., for the said works. Mere inclusion of LD in other income in previous tariffs does not form a valid justification of making it completely passthrough in the current tariff. The Authority in the Impugned Determination stated that KE shall not be allowed any cost arising out on account of delay in tariff determinations / adjustments and consequently delay in release of TDS claims of KE by the GoP. Therefore, any interest earned by KE from the GoP on account of delay in release of TDS shall also not be captured through other income. Moreover, since the working capital is also restricted, therefore, KE will not be able to sustain if the cost of markup claimed by CPPA-G is not passed through and other income from delay in TDS is passed through. Regarding interest income on delayed TDS, KE would like to submit that PPAA and TDS agreement between KE and GoP are interlinked. KE has provided MCA as a security arrangement and agreed to LPS for delays under PPAA. Similarly, the TDS Agreement provides LPS for delays by GoP to KE. As stated in Para 20.16 of the Impugned Determination, since KE is not allowed any cost arising out on account of delay in tariff determinations / adjustments, hence, any interest earned by KE from the GoP on account of delay in release of TDS shall also not be captured through other income.
- 22.8. KE also submitted that as per the Impugned Determination, any additional income generated from the use of RAB for activities outside its regulated business should, in principle, be shared with consumers, however, passing on the full benefit of such income to KE's consumers would diminish KE's incentive to engage in such activities. Therefore, the Authority decided that any such gains, if they arise, shall be shared in an 80:20 ratio between the consumers and KE.
- 22.9. KE also raised the issue of gain / loss on disposal of Property Plant & Equipment (PPE) during the hearing, and submitted that the Impugned Determination directs KE to only pass-through gain on disposal of PPE to consumers as part of other income. Disallowing losses creates imbalance crediting gains to consumers, while penalizing KE in case of losses and undermining



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KE for effective utilization / disposal of asset. KE accordingly requested consistent treatment of gains and losses either, both as pass-through or neither.

- 22.10. The Authority noted that while deciding the Distribution Tariff petition of KE, each head of other income was discussed and deliberated in detail and accordingly KE was allowed to retain other income under some heads. On the point raised by the MoE (PD) and CPPA-G, for allowing retention of LDs, the Authority noted that KE was allowed to retain LDs from its contractors/suppliers only, in case the Authority does not allow any cost overruns/ time extensions etc., for the said works. If LDs from contractors/ suppliers are to be adjusted as part of other income, than any cost incurred by KE on account of overruns/ time extensions etc., would need to be compensated to KE.
- 22.11. Similarly, income from MCA maintained for payment of energy procured from CPPA-G, the Authority did not allow any cost for maintaining the MCA account to KE in the tariff and accordingly any income from such account has also not been adjusted as part of other income. In case, income from the MCA is to be adjusted as part of Other Income, then prudence demands that cost of maintaining MCA may also be allowed to KE. Similarly, adjustment of interest earned by KE from the Government due to delayed disbursement of Tariff Differential Subsidy (TDS), would also require allowing cost arising out on account of delay in tariff determinations/ adjustments and consequently delay in release of TDS claims of KE by the GoP.
- 22.12. On the point of KE to allow loss of disposal of PPE as well, the Authority decided not to allow any loss on sales of assets, as all assets are financed through tariff whereby, KE is allowed to recover their cost through depreciation. Moreover, KE is also allowed O&M cost to efficiently maintain such assets.
- 22.13. In view of the aforementioned discussion, the Authority does not see any rationale to change its earlier decision, and hence has decided to maintain its earlier decision in this matter.

23. RECOVERY LOSS

- 23.1. On the issue of recovery target, the MoE (PD) submitted that the Authority has set annual recovery targets for KE across the MYT Control Period i.e. 93.25% for the FY 2023-24, with gradual reduction to 96.50% in FY 2029-30. The recovery trajectory approved by the Authority effectively transfers the financial burden of KE's 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 as well as in the earlier determinations by the Authority. This is of particular importance as all XWDISCOs are held to a 100% recovery standard even though the reasons /justifications cited by KE for such lower recovery targets apply equally to XWDISCOs.
- 23.2. The MoE (PD) additionally submitted that Impugned Determination does not take into account KE's own historical performance. KE reported recovery rates of 94.90% in FY 2020-21 and 96.70% in FY 2021-22. Yet, the approved baseline target for FY 2023-24 has been lowered to 93.25%, a 3.44 percentage point decline from recent actual performance. Even by FY 2029-30, Impugned Determination has capped recovery at 96.51%, which remains below the 2021-22 actual rate. This trajectory disregards the principle of continuous improvement that underpins



the MYT framework and contravenes both the NE Policy and the NE Plan, which call for aligning recovery targets with prevailing market realities. The arbitrary adoption of KE's proposed recovery trajectory results in a huge financial burden that would be passed on to the paying consumers. For FY 2023-24 alone, the financial burden arising from the reduced recovery targets for KE is estimated at Rs. 36.253 billion. Over the full seven-year Tariff Control Period, this cost may exceed Rs. 200 billion, ultimately borne either by consumers through tariff hikes or the national exchequer through subsidies. The Authority has failed to acknowledge or account for this fiscal impact in the Impugned Determination.

- 23.3. In addition to the above, the MoE (PD) also highlighted that the previous MYT had provided for maximum cap on write-off of bad debts and provided a framework for recovery of bad debts by way of write-off by the Authority. However, no such cap and criteria for availing write-off has been provided in the Impugned Determination. The Authority has further held in paragraph 34.26 that Strategic Directive (SD) 31 of the NE Plan is inconsistent with Clause 5.3.2 of the NE Policy. This assertion exceeds the Authority's mandate. The Authority is statutorily bound to implement the NE Plan; it has no authority to hold any provision of the NE Policy or NE Plan as ultra vires. Be that as it may, 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. Additionally, in the context of proposed privatization of XWDISCOs, this different (and discriminatory) treatment between XWDISCOs and KE would have far-reaching implications. If this practice 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.
- 23.4. The Authority during the hearing inquired from the MoE (PD), that KE actual recovery is significantly lower and the proposal of the MoE not to allow any upfront recovery loss and a capped write off, to KE may hamper its financial viability, which may also impact KE ability to pay off its financial obligations including payment of energy procured from National Grid. The MoE (PD) responded that the Act mandates the Authority to allow only prudently incurred and any in-efficiencies on the part of utility company cannot be considered as prudent cost and should not be allowed.
- 23.5. In view of foregoing, the MoE (PD), requested that the recovery targets allowed to KE be realigned in accordance with the treatment accorded to XWDISCOs and applicable policy framework, including the binding prescriptions of the NE Policy and the NE Plan.
- 23.6. CPPA-G on this issue also made similar submission by mentioning that the Authority has set recovery targets for KE for each year of the MYT control period as follows:



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FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
93.25%	93.60%	94.40%	95.19%	95.70%	96.10%	96.50%

- 23.7. It was further submitted by CPPA-G that the recovery targets set by the Authority in the Impugned Determination effectively results in passing the cost of inefficiencies onto paying consumers, thereby penalizing compliant consumers while supporting non-payment. This approach conflicts with principles of prudent cost recovery set forth in Section 31 of the NEPRA Act read with the Tariff Rules as well regulatory precedents. The concessionary treatment is inconsistent not only with the Authority's prior determinations in KE's Previous MYT (wherein write off of bad debts was allowed with a maximum cap) but also with the standard of 100% recovery targets applied to all XWDISCOs. The absence of any reasoning or basis for such relaxed and concessionary targets for KE during the entire Tariff Control Period erroneously results in undermining the credibility of the regulatory framework. The Impugned Determination erroneously overlooks the fact that, as per KE's own submissions, its actual recovery performance has historically exceeded the approved baseline target. KE recorded recovery rates of 94.90% in FY 2020-21 and 96.70% in FY 2021-22, yet the Authority has approved a lower baseline target of 93.25% for FY 2023-24- representing a decline of 3.44 percentage points from recent historical performance. Even more concerning is that the final year target for FY 2029-30, set at just 96.51%, remains below the already achieved FY 2021-22 rate. This undermines the principle of continuous improvement, which forms the basic rationale behind MYT.
- 23.8. CPPA-G also while referring to the NEP Policy submitted that NE Plan requires alignment of the technical and recovery losses with the current market realities. Similarly, the Previous MYT establishes a detailed framework for the purposes of recovery losses to be met by way of write-off of bad debts. The NE Plan also provides a detailed methodology in this regard. Application of these frameworks is in line with the statutory duties enshrined in Section 7 read with Section 31 of the NEPRA Act, instead of adoption of recovery loss trajectory and accordingly allowing such non-recovery margin as bad debts is erroneous and unjustified. 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. The target recovery losses and its trajectory proposed by KE has by and large been adopted by the Authority which is clearly contrary to the principles specified above and in fact negate the basic principle of 'alignment with the current market realities'.
- 23.9. CPPA-G also highlighted that the Authority has held that Strategic Directive (SD) 31 of the NE Plan is inconsistent with Clause 5.3.2 of the NE Policy in the context of write-off of bad debts. At the outset, the Authority is bound to implement the NE Plan and has no power or authority to hold that a provision of the NE Plan is ultra vires. As only superior courts of Pakistan have been given exclusive and sole jurisdiction in this regard. Without prejudice, even otherwise it is pointed out that the first part of Clause 5.3.2 of the NE Policy provides for re-alignment of the targets for losses and collection in line with the market realities. While second part provided that "... timely recovery of bad debt that is prudent shall be allowed by the Regulator with the



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incorporation of facilitative provisions in the regulatory framework as per industry practices and procedures".

- 23.10. It is evident therefrom that NE Policy requires the Authority to put in place facilitative provisions in the regulatory framework for timely recovery of bad debts. These facilitative provisions are required to be put in place for both the XWDISCOs and KE. In furtherance to the above, SD 31 of the NE Plan laid down the criteria for both XWDISCOs and KE for claiming write-off of bad debt. Clause 6.1.3. of the NE Policy specifically provides that the NE Plan shall "...provide guidelines, implementation mechanisms and tools for the realization of the policy goals for the power sector ...". Evidently, SD 31 only provides the mechanism and tools for realization of the policy goal outlined in Clause 5.3.2 of the NE Plan. In accordance with Section 7(2)(ia), Section 14A(5) and Section 31(1), the Authority is duty bound to perform its functions, including determination of tariff, in accordance with the prescriptions of the NE Plan.
- 23.11. CPPA-G also stated that this treatment reflects exceptional regulatory leniency and stands in stark contrast with the 100% recovery targets imposed on XWDISCOs. It also deviates from Authority's own practice under KE's Previous MYT, where no such relaxation was granted. The justifications offered in paragraph 34.8 of the Impugned Determination—such as political instability, civil unrest, and tariff increases—are not unique to KE. These factors, if valid, should have warranted similar concessions for all XWDISCOs. Extending such considerations to one and not uniformly across the sector introduces regulatory discrimination, making the Impugned Determination erroneous and liable to be set aside. The fiscal impact of this preferential treatment is staggering. For FY 2023-24 alone, the financial burden resulting from reduced recovery targets for KE is estimated at Rs. 36.253 billion. Over the entire Tariff Control Period, the cumulative impact is expected to exceed Rs. 200 billion, which cost is ultimately borne by either consumers through tariff increase or the national exchequer. This critical aspect has been entirely and erroneously overlooked by the Authority in the Impugned Determination. Additionally, in the current context, where privatization of XWDISCOs is under active consideration, this sets a dangerous precedent. It may trigger similar demands from other DISCOs, undermining reform efforts and introducing fiscal distortions. If this leniency is applied sector-wide, it could result in an annual burden of Rs. 270 billion, accumulating to Rs. 1,500 billion over the next seven years. Such a trajectory threatens the financial sustainability of the power sector and directly contradicts the objectives of tariff rationalization and reform-led efficiency.
- 23.12. In light of the above, CPPA-G requested the Authority to revise and standardize the recovery loss targets to 100% for the Tariff Control Period, in line with established regulatory principles applicable to all XWDISCOs and shortfall (if any) in this regard be met by way of application of principles of write-off, subject to fulfilment of specified criteria for such write-off of bad debts, with a maximum cap of 1.69%, as was capped in Previous MYT 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.

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- 23.13. KCCI on the matter of recovery loss allowance submitted that KE is allowed to recover losses due to unpaid bills (recovery loss) up to a certain threshold (e.g. 92.76% to 95.48% recovery ratio over the MYT period). Legitimate, paying industrial and commercial customers may bear the cost of non-paying or defaulting users, especially in high-loss areas. Businesses have demanded zero-tolerance on illegal connections, which significantly contribute to losses passed on to paying consumers. NEPRA and KE should implement technology-driven metering and monitoring to eliminate theft. It also stated that KE was permitted to include "recovery losses" in its tariff even though its own records show recovers more than the level NEPRA allowed. No other utility received this special allowance. This adds roughly Rs.36 billion in FY 2024 and Rs.35 billion in FY 2025 to KE's revenue that consumers end up paying. Cumulative impact over a 7-year period is more than Rs 200 billion. KCCI accordingly requested that the retail margin and recovery loss allowances should be tied to KE's actual performance, with penalties for underperformance. A claw back mechanism should be introduced where gains due to better-than-expected performance are shared with consumers.
- 23.14. It was also stated that persistent high level of receivables at KE has increased by around 30% from Rs 233 billion in 2023 to around Rs 304 billion in 2024. Whereas DISCOs combined receivables surged by 17%, which stood at Rs2.01 trillion in 2024 compared to Rs1.72 trillion last year. KE's recovery rate was 96.69% in FY2021-22 that fell to 92.76% in FY 2022-23 & further dropped to 91.54% in FY 2023-24. KE's receivables grew much faster than all other DISCOs, showing that a strong recovery plan is urgently needed to fix the energy sector's problems. These issues raise genuine concerns about whether billing is being manipulated to make transmission and distribution losses look better than they are—something NEPRA itself has pointed out. If this continues, it's only fair that there's a proper investigation and accountability. Karachi's taxpayers deserve accurate bills & honest reporting—it's the foundation of trust between a utility & its consumer. Approving a 7-year multi-year tariff without first fixing these basic problems is an unfair burden on ordinary consumers while ignoring the deeper issues that need to be addressed.
- 23.15. Mr. Arif Bilwani on the matter of recovery loss submitted that allowing KE substantial Recovery losses, amounting to billions of rupees annually, to be recovered from compliant, paying consumers, is major point of contention. This decision appears to accept KE's narrative that macroeconomic challenges such as hyperinflation, exchange rate volatility, and political instability justify persistent high losses. However, these challenges were transitory and largely non-existent in 2025, having mostly affected 2023-24. Instead of reflecting current improved economic indicators, including historically low inflation, reduced interest rates, and political stabilization, the Authority has benchmarked the Recovery Ratio at 93.25% for 2023-24, increasing only to 96.5% by 2029-30. This undermines the previous performance levels (e.g., 96.7% in 2023) and ignores substantial capital expenditures previously allowed to improve KE's distribution system. It effectively nullifies progress made under prior regulatory regimes. The supposed Cap & Floor mechanism (with a mere 1.5% margin) is inadequate. A more rigorous, incentive-based sliding scale tied to actual recovery performance should have been employed, using past successful years as benchmarks.

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- 23.16. Mr. Bilwani further submitted that the Authority appears to have accepted KE's claimed Recovery Ratios for 2023-24 (91.5%) and 2024-25 (90.5%) without conducting any forensic audit or independent verification. Massive losses of Rs. 40 billion and Rs. 57 billion, cited by KE and recorded in the Impugned Determination, demand serious scrutiny, especially considering evidence presented in prior hearings (Write-Off case) suggesting, KE's involvement in fabricating inflated bills. The absence of action or investigation by NEPRA on such serious matters raises questions about the regulatory oversight process.
- 23.17. KE while responding to the submissions of stakeholders submitted that in the earlier decisions of the Authority, during the MYT 2017–2023, KE was allowed a write-off mechanism to compensate for the cost of recovery loss. Subsequently, KE's write-off claims were determined by the Authority in the recent decision, through which KE has already been allowed recovery of write-offs. Regarding XWDISCOs tariff, recovery losses also exist in their territories, however since these are government owned entities, their losses are taken up by the Government. Inefficiencies of DISCOs have resulted in the accumulation of circular debt of around PKR 1.6 trillion in the power sector. As per estimates, the annual impact of power theft and under-recovery by state-owned DISCOs is around PKR 600 billion. The cost of financing this circular debt is passed onto KE's consumers in the form of PHL surcharge of PKR 3.23/kWh.
- 23.18. Regarding the higher recovery ratio in FY 2022 (96.7%) compared to FY 2023 (92.7%), KE stated that FY 2022 included recovery of past arrears of PSC and Industry, which if capped at 100%, lowers the RR to 95.7%. The consumer mix in FY 2022 had a larger share of industrial sales, which generally have lower recovery losses. In FY 2023, industrial sales declined due to the economic downturn, while sales to residential and commercial consumers (with higher recovery losses) increased. Significant tariff increases (around 90% for residential and commercial consumers between FY 2021 and FY 2023 including taxes, duties, surcharges, and other adjustments) adversely impacted payment behavior, resulting in a sharp decline in recovery rates in FY 2023 and FY 2024.
- 23.19. KE also highlighted that NE Policy 2021 (para 5.3.2) recommends that the target setting for losses and collection should be in line with the ground realities to ensure sustainability of the distribution and supply segment. The Impugned Determination extensively deliberates on the provisions of NE Policy and Plan. Regarding cap on recovery loss, the Authority in the Impugned Determination has detailed an annual adjustment mechanism of recovery loss where multiple capping have been applied on the recovery loss revenue being allowed to KE. Therefore, the targets set by NEPRA are in line with NE Policy and are justified.
- 23.20. KE also in its written submissions stated that the Authority also endorsed the fact that recovery loss is also incurred by other DISCOs as well however the cost of non-achievement of the 100% recovery target for XWDISCOs is passed onto the circular debt and eventually recovered from consumers through imposition of surcharge. It is pertinent to highlight that in FY 2025 alone, the cost of non-achievement of T&D loss and recovery target for XWDISCOs had a financial implication of PKR 400 billion. However, in case of KE, the cost of non-achievement will be borne by KE on its own – e.g. KE's actual recovery ratio for FY 2025 is 90.6% as compared to



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93.6% allowed recovery target would result in a financial implication of around Rs. 18 billion for FY 2025 alone. Moreover, recovery loss is a genuine cost which is essential to be allowed to attract any private investment for privatization of state-owned DISCOs as no private investor would be willing to invest in DISCOs such as SEPCO, where the current recovery ratio is around 65%, by absorbing such losses from the outset of its investment. Furthermore, regarding the comments that write-off mechanism was allowed under the Previous MYT and no such mechanism of recovery loss was allowed in the Previous MYT, KE would like to highlight that the allowed write-off mechanism to compensate for the cost of recovery loss. However, the write-off mechanism was complex and took almost 6 years before it could be approved, such delays and uncertainty impact sustainability of the Company and does not allow KE to recover its prudent cost on timely basis hence is not inconsistent with NE Policy.

- 23.21. KE being the only vertically integrated utility was privatized with the intention of bringing efficiencies in the system which inter alia included improvement in recoveries and reduction in T&D losses. If the inefficiencies are still to be borne by the consumers or through subsidy, then the whole privatization process becomes meaningless. Passing on the burden for the unrecovered amount on to the paying consumers, would be against the principle of equity, fairness and justice. This has to be seen in the context of responsibility and accountability. In the instant case, whether it is the responsibility of paying consumers to ensure recovery from non-paying consumers or it is the responsibility of KE itself. Even if this practice is adopted, it would be counterproductive and will encourage the culture of non-payment and pilferage; thus, will further aggravate the inefficiencies.
- 23.22. The submissions of the MoE (PD), CPPA-G and other stakeholders have been analyzed. While allowing the upfront recovery loss, the Authority was cognizant of KE's actual recovery ratios and the impact of not allowing any recovery loss on KE's financial viability. KE also submitted that the proposed revisions or adjustments being sought by the MoE would have a grave impact on KE's cash flows.
- 23.23. Further the Authority is not in agreement with contentions of MoE (PD) and CPPA-G regarding strict compliance of NE Plan. The Authority in the Impugned Determination observed that NE Policy also envisages that target for collections needs to be revisited and aligned with the current market realities. Further the International precedents also suggest that 100% billing recovery is generally not mandated, instead, regulators allow for reasonable bad debt provisions and encourage utilities to improve collection efficiency through performance targets and incentives. While high recovery rates are desirable, regulators balance this with the realities of consumer behavior, economic conditions, and operational challenges, allowing for flexibility in recovery targets. The NE Policy only requires the regulator to incorporate facilitative provisions in the regulatory framework as per industry practice and procedure for timely recovery of bad debt. Therefore, the policy laid down a broad principle but left the finer detail regarding mode and manner of recovery of bad debts for the regulator to decide.
- 23.24. The NE Plan while restricting the clear provision of the NE Policy, provided that for recovery of bad debts, DISCOs shall claim write offs from the regulator. This prima facie is a clear inconsistency between the NE Policy and NE Plan and as per clause 6.1.3 of NE Policy, the

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strategic directive 31 to the extent of limiting the mode and manner of recovering bad debt by way of claiming write off from the regulator is void.

- 23.25. It may also be considered that determination of tariff is the exclusive domain of the Authority as per the NEPRA Act. This legal position has been settled by superior courts in numerous judgements. Further, section 14A (4) of the NEPRA Act provides that NE Plan, as approved by the Federal Government has to be in accordance with the NE Policy as approved by CCI. As per the provisions of NE Policy, those provisions of the NE Plan will be applicable which are not inconsistent with the NE Policy. The Supreme Court of Pakistan in the landmark case of *Gadoon Textile Mills vs. WAPDA* reported as 1997 SCMR 641 held that while general policy guidelines can be issued to statutory bodies, any guideline inconsistent with the governing statute is without legal effect. The Court noted that the Council of Common Interests may set policy for WAPDA, including tariff guidelines, "but such guideline cannot be inconsistent with" the statutory provisions for tariff fixation:

"It is supposed to formulate and regulate general policy matters as to their working, which may include general policy for the working of WAPDA. It may even include a guideline for fixation of tariff by WAPDA but such guideline cannot be inconsistent with subsection (2) of section 25 of the Act, which lays down statutory parameters for fixation of tariff."

- 23.26. Therefore, it is abundantly clear that it is the sole prerogative of the Authority to decide the nature of the facilitative provision regarding recovery of bad debts in the regulatory framework as per the Act and NE Policy.

- 23.27. Without prejudice to the above stated legal position, the Authority observed that both the MoE (PD) and CPPA-G, being major stakeholders in the Power Sector, and other stakeholders, have raised serious concerns on upfront recovery loss allowed to KE. It has been agitated that allowed recovery loss allowance effectively transfers the financial burden of KE's inefficiencies onto the paying consumers or on the national exchequer through subsidies. The financial burden, as highlighted by the MoE & CPPA-G, owing to reduced recovery targets is estimated at Rs.36 billion for the FY 2023-24, that may exceed over Rs. 200 billion during the MYT control period, which would be picked up by the Federal Government through fiscal space. The Authority also understands that as the MoE (PD) is actively pursuing privatization of other XWDISCOs, so the instant 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 future privatized DISCOs.

- 23.28. The Authority, therefore, keeping in view the submission of the MoE/ CPPA-G regarding limited available fiscal space, capped amount of subsidy and fiscal implications of around Rs.200 billion over the MYT control period, has decided not to allow any upfront recovery loss to KE, in order to ensure that no financial burden is passed on to the Federal Government through subsidies, considering application of uniform tariff across the country. Accordingly, KE's tariff is being determined on the basis of 100% recovery target. KE, 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;**



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FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
3.50%	3.50%	3.00%	2.50%	2.00%	1.50%	1.00%

Criteria for claiming actual write-offs

23.29. Actual write-offs, if any, against private consumers only, pertaining to billing made during the current MYT period i.e. FY 2024-30, 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;

- The claim shall be applicable for the default amount of a permanently disconnected consumer that may not be recovered through all efforts possible.
- The age of such non-recovery is over three (3) years.
- The amount of write off shall be claimed against connections given as per CSM and other applicable documents, duly supported by CNICs.
- Write-offs against receivables of any Government entity / PSC shall not be allowed.
- KE 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.
- KE BOD shall approve all write-off claims in accordance with the Authority's approved write-off policy. The KE 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 KE and shall be approved by the Authority. The Authority, may while granting approval alter, modify or add to the TORs, in its sole discretion.

23.30. Any write-off approved by the KE 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 2024-2030 shall be allowed by the Authority.

24. WORKING CAPITAL ALLOWANCE

24.1. The MoE (PD) on the issue of working capital submitted that the Authority has allowed KE a working capital cost of Rs. 2,437 million at a markup of 23.91%. This allowance deviates from both the previous MYT methodology and the treatment accorded to XWDISCOs. KE's purported working capital needs to be assessed and examined in line with the principles set-forth in Section 31 of the NEPRA Act read with Rule 17 of the Tariff Rules, particularly in the context that KE has already been allowed working capital for its generation, transmission, and distribution segments. Furthermore, the Authority has not permitted any working capital cost to XWDISCOs in their recently determined supply tariffs. Granting this benefit solely to KE without a clear rationale, is inconsistent and discriminatory.

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- 24.2. The MoE (PD) accordingly submitted that the Impugned Determination is liable to be reviewed and set aside. It requested the Authority to disallow the Rs.2,437 million working capital cost, and reclassify profit or interest on consumer security deposits as "Other Income".
- 24.3. CPPA-G on the issue stated that the Authority has erroneously allowed and recommended a working capital cost of Rs.2,437 million to KE at a markup of 23.91%. This represents a clear departure from both the methodology adopted in the Previous MYT for KE; and treatment accorded to XWDISCOs in their corresponding tariff determinations. CPPA-G also stated that Impugned Determination erroneously fails to conduct or to call for any prudency assessment of KE's working capital requirement for its supply business. Additionally, KE has already been allowed working capital coverage for its generation, transmission, and distribution segments. Granting an additional allowance for the supply business, without scrutinizing actual need, opens the door to double recovery. KE being vertically integrated utility for this purpose must have to be considered on consolidated basis. Furthermore, there is no time lag between the collection of consumer bills and the settlement of payments to power producers that would necessitate such financing. On this basis, the Authority denied working capital to XWDISCOs. This deviation renders the Impugned Determination erroneous, flawed and unsustainable in law.
- 24.4. CPPA-G also submitted that the Authority has not allowed any cost of working capital to the XWDISCOs in their recently determined supply tariffs. The current allowance to KE is therefore inconsistent discriminatory and without any reasoning for such preferential deviation from established regulatory treatment. In view thereof, CPPA-G requested the Authority to disallow the working capital cost of Rs. 2,437 million and reclassify the profit / interest earned on the security deposits under "Other Income" to ensure consistency and transparency or direct KE to pass on the benefit thereof to the consumers as per the mechanism provided in the Previous MYT.
- 24.5. Both the MoE (PD) and CPPA-G reiterated their submissions during the hearing.
- 24.6. KCCI on the issue submitted that a retail margin of 1.5% is approved, and KE is allowed to recover working capital costs (inclusive of receivables) annually. This shifts operational inefficiencies onto consumers, making electricity more expensive for businesses, particularly those already paying on time. Further it was submitted that NEPRA permitted KE a 24 percent markup on working capital, a much higher percentage than in its previous tariff and higher than any other power distributor. This increased KE's allowable revenue by about Rs. 2.4 billion in FY 2024 and is projected to total around Rs.15 billion over the control period of 7 years. Further it was submitted that a 23.91 percent markup was approved for KE's distribution working capital far higher than any other utility. This adds about Rs.0.8 billion in FY 2024 and roughly Rs.10 billion over the control period to KE's revenue requirement.
- 24.7. KE on the issue, while referring to para 17.16 of the Impugned Determination submitted that payable component related to net metering purchases appears to have been double counted in the computation of current liabilities for working capital in the Impugned Determination. Firstly, net metering purchases have been explicitly included under the CPP component, and secondly, these have been accounted for again as a separate line item relating to net metering payables within the current liabilities head. This results in a duplication of the net metering



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liability in the working capital calculation, thereby reducing KE's allowed working capital requirement. KE accordingly requested that only the incremental amount payable to net metering consumers, beyond what has already been incorporated within the CPP working capital component, be considered for inclusion, in order to avoid any duplication.

- 24.8. KE also raised the issue of working capital on systematic lag on FCA / QTA approvals & PYA by stating that allowance of working capital costs arising from the systematic lag in the recovery of FCAs and QTAs may also be allowed. KE would like to highlight that cost incurred till approval of recovery of FCA/QTA as part of the regulatory process, should be considered as a prudently incurred business cost since KE is obligated to make timely payments to its suppliers in accordance with contractual commitments, regardless of when these adjustments are ultimately recovered from the consumers, which it fulfills through short-term borrowings. Hence, substantial finance cost is incurred in this regard. KE also proposed a corresponding adjustment in cases of over recovery or negative adjustments. It also mentioned that these costs are being requested to ensure recovery of prudent cost and not as a penalty for delay in processing. The absence of a penalty clause in law does not negate the fact that such systematic lags are part of the regulatory process and hence should be considered as cost of business. KE therefore requested to allow the working capital costs associated with the systematic lag in the recovery of FCA, QTA and PYA, as a prudent and necessary cost to ensure the financial sustainability of KE.
- 24.9. KE during the hearing while responding to the submission of the MoE and CPPA-G submitted that working capital component approved under the Generation tariff and the Transmission, Distribution, and Supply tariffs are already crossed referred and does not include any duplication since these are these are prudent costs of every business. Disallowing it merely on the basis that these costs are not part of XWDISCO's tariffs would not be an appropriate rationale. However, in case of XWDISCO's, these become part of their losses which burdens the government leading to creation of circular debt and ultimately get charged to the consumers in the form of PHL surcharge. KE also reiterated that only the incremental amount payable to net metering consumers, beyond what has already been incorporated within the CPP working capital component, be considered for inclusion, in order to avoid any duplication.
- 24.10. KE in its written response submitted that working capital is a prudent cost and essential to manage timing mismatches between expenses and cost recovery, ensure adequate inventory of critical spares, and address cash flow gaps. Disallowing it merely on the basis that these costs are not part of XWDISCO's tariffs would not be an appropriate rationale, as in case of XWDISCOs, these become part of their losses which burdens the government leading to creation of circular debt and ultimately get charged to the consumers in the form of PHL surcharge. It is also pertinent to highlight that the working capital component approved under the Generation tariff and the Transmission, Distribution, and Supply tariffs are already crossed referred and does not include any duplication.
- 24.11. The Authority has carefully analyzed the comments submitted by the MoE (PD), CPPA-G and other stakeholders. The Authority on the point that XWDISCOs are not allowed any working capital, noted that XWDISCOs are allowed to retain the amount of LPS to the extent of supplemental charges. Moreover, XWDISCOs do not raise any short-term loans on their books for the purpose of working capital requirements, instead any shortfall is parked in circular debt,



to be subsequently paid by the consumers through surcharges. On the point that KE has already been allowed working capital for its generation, transmission and distribution segments, it may be noted that working capital component allowed under Generation, Transmission, Distribution, and Supply tariffs are already crossed referred. Therefore, the points that KE has already been allowed working capital for its generation, transmission and distribution segments, does not hold any merit for disallowing working capital requirements for the Supply function.

24.12. Regarding issue of reclassification of "Interest on Security Deposit" as part of other income, the Authority observed that KE utilizes the amount of Security Deposit to meet its working capital requirements, therefore, the amount of Security deposit was adjusted as part of working capital. Hence, consumers have been provided the benefit of interest/ profit on Security Deposit, through reduction in cost of working capital. However, as the interest/ profit on Security Deposits is primarily related with supply function, therefore, while working out the working capital requirement of KE for supply function, this amount has been adjusted.

24.13. In view thereof, the Authority has decided to maintain its earlier decision in the matter, however, the number of days used for the purpose of calculation of current liabilities part of the working capital, have been adjusted keeping in view the actual days involved. Similarly, Cash and Bank balances requirement earlier allowed for 15 days, have been excluded from working capital calculations. The Authority has also decided to adjust the double impact of net-metering cost, however, again rejects the inclusion of costs on account of lag in recovery of FCAs/ QTAs /PYA etc.

24.14. In view of the above discussion, the revised worked out cost of working capital and taking into account the actual data as provided by KE is tabulated below;

Description	Credit Period	Factors	FY 24
Sales			16,047
Current Assets			
Trade debt (25 days of Revenue Receivable)		5/73	36,298
Total Current Assets			36,298
Current Liabilities			
EPP	48.28	0.13	38,547
CPP	38.90	0.11	20,650
Transmission	30.00	0.08	3,571
Distribution	30.00	0.08	3,819
Total Liabilities			66,586
Net Working capital requirement			(30,288)
Cost of debt local			23.06%
Working Capital Cost			(6,985)
Security Deposit			15,395
Cost/Profit on S.D			3,550
Net Working capital requirement Rs./kWh			(10,535) (0.66)



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24.15. For this calculation, the actual weighted average KIBOR + Spread, as provided by KE (22.14% + 0.93%), has been applied. The proposed adjustment is made strictly on a provisional basis and will be subject to true-up in accordance with the MYT mechanism once KE provides complete information and the audited financial statements are made public. Further, for future indexation/actualization following mechanism shall apply for working capital.

Adjustment Mechanism 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 for future years 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), but excluding WC current cost and WC PYA, **OR** Actual average Receivables for the Financial Year (excluding opening receivables).

Current Liabilities

- ✓ Payables pertaining to allowed EPP cost (payable days), allowed CPP (including net metering purchases), with actualization of mix (payable days) of external power purchases, allowed transmission charges (30 days) & allowed Distribution Charges (30 days).
- ✓ Payable days would be actualized keeping in view the number of days payments remain outstanding.
- ✓ 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.
- ✓ The working capital requirement shall be adjusted for the following;
 - Average Security deposits from consumers available with KE as per the audited financial statements.
 - Average of net outstanding amounts payable by KE (incremental balances which are payable only) to net metering consumers at the end of each month during the year.
- ✓ For the purpose of 3-Month KIBOR, the actual weighted average KIBOR of finance cost incurred by KE for WC shall be considered. Similarly, for the purpose of spread, actual spread



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incurred by KE shall be considered. In case actual spread is lower than 1% cap, the same shall be adjusted downward only. No upward adjustment of spread is allowed.

- ✓ In case KE's overall working capital for its all functions for the year, as per its financial statements, is lower than the overall working capital amount allowed by the Authority, the working capital requirement shall be adjusted downward to the extent of actual amount. However, in case of excess amount, no upward adjustment shall be allowed.
- ✓ Any under/over recovery of the allowed cost of working capital shall also be adjusted as part of PYA next year.

24.16. KE is directed to ensure disclosure of its overall working capital requirement for the year in its audited financial statements.

25. K-SOLAR

25.1. The MoE (PD) submitted that the Authority has allowed KE to retain income from its K-Solar business without passing any part of it to consumers. This raises some important regulatory concerns. KE, as a regulated utility, benefits from guaranteed returns, access to consumer infrastructure, and other regulatory privileges, which should not be used for competitive commercial ventures without appropriate safeguards and approvals. Additionally, under Rule 4(3) of the Eligibility Criteria (Electric Power Supplier Licenses) Rules, 2023, a licensee holding both distribution and SOLR licenses is not permitted, nor may its affiliates or associated companies be permitted, to obtain any other supply or trader licenses. The MoE further submitted that as such, KE's involvement through K-Solar in supply-side solar ventures may be inconsistent with the Supplier Rules and the NEPRA Act, especially if KE's regulated assets or data are utilized. K-Solar's publicly available information suggests active involvement in commercial agreements such as PPAs and lease arrangements in KE's service area, raising potential concerns regarding ring-fencing and use of regulated resources.

25.2. The MoE (PD) therefore requested that the matter may be re-examined in light of the relevant legal provisions, and appropriate regulatory guidance and enforcement action may be considered. Any ongoing income from K-Solar should, pending further review, be passed on to consumers in line with the underlying regulatory principle of consumer benefit.

25.3. The MoE (PD) during the hearing reiterated its submissions and also stated that allowing K-Solar to operate under the umbrella of KE is in direct conflict with applicable legal regime. As per K-Solar's website, it enters into power purchase agreements and lease agreements for supply of solar powered energy. Admittedly, K-Solar is engaged in sale of electric power in absence of obtaining requisite licence under the applicable regime. The Authority has accordingly been requested to initiate appropriate enforcement actions and penalties under the relevant provisions of the NEPRA Act; and pass on any such income earned by KE from its K-Solar business to the consumers.

25.4. CPPA-G on this issue stated that the Authority has decided that the income generated from K-Solar shall not be passed on to consumers and has allowed KE to retain such income. The involvement of a regulated utility like KE, in an affiliated and potentially competitive venture



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such as K-Solar raises serious concerns regarding conflict of interest. Moreover, as a regulated entity, KE enjoys guaranteed returns, access to consumer data, and use of public infrastructure. These advantages should not be used for unregulated commercial ventures. Pertinently, KE, being a holder of the supplier of last resort license (the "SOLR"), is prohibited from engaging in any businesses other than the supplier business, as provided in the Eligibility Criteria (Electric Power Supplier Licenses) Rules 2023 (the "Supplier Rules"). In this regard, Rules 4 (3) of the Supplier Rules provides:

"(3) Where any person is holding a distribution as well as a supplier of last resort license, neither such person nor its affiliate or associated company shall be eligible to obtain any other supply license or electric power trader license."

- 25.5. CPPA-G further submitted that in view of the above KE is barred from engaging in any other supply business or obtain a license thereof under the NEPRA Act or obtaining license from any other agency to carry out any other business without the approval required under Section 33 of NEPRA Act. As is evident from the above, the bar equally applies on the subsidiaries or associated companies of KE such as K-Solar. K Solar, a subsidiary of KE, has been involved in the solar business in the Service Territory of KE. K-Solar's own website reflects that it enters into, inter alia, power purchase agreements and lease agreements with consumer for provisions of solar powered energy. Evidently, K-Solar's business conflicts with the core obligations of KE. Allowing such arrangements poses a significant risk to the performance of the KE's function as well as erroneously overlooks the statutory stipulations. Moreover, as noted above, it will be contrary to regulatory principles if K-Solar is allowed to utilize KE's regulated assets base (RAB) or any other resources linked to KE's licensed business. This not only raises serious concerns regarding misuse of regulated infrastructure but also undermines the principle of ring-fencing between regulated and unregulated activities.
- 25.6. In view of the foregoing, CPPA-G urged the Authority to re-examine and review the matter, prohibit KE and its affiliates from engaging in unregulated supply business, and initiate appropriate enforcement actions and penalties under the relevant provisions of the NEPRA Act. Furthermore, any income earned by KE from its K-Solar business, for as long as this activity continues, should be passed on to consumers.
- 25.7. KE on the issue while responding to the queries of the MoE and CPPA-G during the hearing submitted that the Authority in Para 20.2 of the Impugned Determination noted that since KE is being allowed Return and Depreciation on its total RAB, any additional income that arises, based on usage of such RAB for any activity other than regulated business, should logically be shared with the consumers. However, the Authority has decided that in case KE's RAB or any other resource is used by K-Solar, the financial impact of same shall be reported by KE separately, so that same is adjusted from KE's Revenue or benefit is passed on to consumers.
- 25.8. KE further submitted that K-Solar was incorporated after a comprehensive due diligence of the applicable laws and regulations, and the requisite approvals were duly obtained at the time of its formation. K-Solar operates as a separate legal entity, with no preferential treatment or undue



advantage derived from KE's regulated assets, consumer infrastructure, or data. Its operations are aligned with the applicable legal and regulatory framework.

- 25.9. KE also stated that under Para 20.3 of the Impugned Determination, the Authority has decided that since KE is being allowed return and depreciation on its total RAB, any additional income that arises, based on usage of such RAB for any activity other than regulated business, should be shared with the consumers. Hence, in case KE's RAB or any other resource is used by K-Solar, the income from the same will be reported by KE separately, so that same is adjusted from KE's revenue or benefit is passed on to consumers. Further regarding the analogy that KE's involvement through K-Solar in supply-side solar ventures may be inconsistent with the Supplier Rules is incorrect as SOLR is not allowed to enter the market of competitive supplier and there is no bar in entering a separate market where other players are already supplying solar solutions. Moreover, K-Solar was incorporated after a comprehensive due diligence of the applicable laws and regulations, and the requisite approvals were duly obtained at the time of its formation and also K-Solar operates as a separate legal entity. Hence, its operations are aligned with the applicable legal and regulatory framework.
- 25.10. The Authority while deciding the MYT Petition, deliberated the issue of income from K-Solar and decided that income from K-Solar shall not be adjusted, however, in case KE's RAB or any other resource is used by K-Solar, the financial impact of same shall be reported by KE separately, so that same is adjusted from KE's Revenue or benefit is passed on to consumers. On the point of Rules 4 (3) of the Supplier Rules raised by the MoE and CPPA-G, it is pertinent to mention that as per the available record, K-Solar has neither been issued any supplier license nor a trader license. Moreover, as submitted by KE, K-Solar operates as a separate legal entity, with no preferential treatment or undue advantage derived from KE's regulated assets, consumer infrastructure, or data.
- 25.11. In view of the aforementioned discussion, the Authority does not see any rationale to change its earlier decision, and hence has decided to maintain its earlier decision in this matter.

26. ADJUSTMENT OF OPEN ACCESS CHARGES IN REVENUE REQUIREMENT

- 26.1. On this issue, the MoE (PD) submitted that as per the Impugned Determination all open access-related charges, such as use of system charges, cross subsidy, marginal price, etc. will be adjusted in KE's allowed revenue requirement. However, these charges and their treatment are subject to determination under separate regulatory frameworks. Costs arising from open access should be treated in accordance with applicable policy and regulations, and any adjustments should be determined through separate proceedings that take into account the nature and prudence of such costs. A blanket provision for adjustment may lead to ambiguity and unintended outcomes.

- 26.2. The MoE (PD) also stated that the Impugned Determination appears to pre-emptively allow passthrough of imbalance-related procurement costs. This appears inconsistent with Regulation 32(2) of the NEPRA (Electric Power Procurement) Regulations, 2022, which provides the



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Authority discretion to restrict or disallow such passthrough in the interest of market discipline and consumer protection.

- 26.3. CPPA-G made similar submissions by submitting that in the Impugned Determination, the Authority has held that "...any charges to be recovered by KE on account of open access, including use of system charges, open access costs, cross subsidy, marginal price, or any other cost, as per the applicable framework; would be adjusted in the allowed revenue requirement of KE ...". The Authority is required to determine / approve the recovery of costs that arise due to advent of the open access and market liberalization in accordance with the applicable regulatory and policy framework. These costs may include use of system charges, cross subsidy, grid charges, stranded costs, etc.
- 26.4. CPPA-G further submitted that the manner and mechanism for imposition and recovery of these costs will also have to be dealt with in the respective determinations. The treatment of these costs, including imbalance-related costs will be provided therein and it cannot be provided now that all such costs will be adjusted from KE's revenue requirements. The Impugned Determination also provides for adjustment of these costs on annual basis in Prior Year Adjustments. It is submitted that the adjustment of these costs, if any, should also be dealt with in the relevant determinations and accordingly be allowed to be adjusted in accordance with such determination, finalized through separate regulatory proceedings.
- 26.5. CPPA-G also stated that the Impugned Determination is in conflict with Regulation 32(2) of the NEPRA (Electric Power Procurement) Regulations, 2022. Regulation 32(2) empowers the Authority to set limits on the procurement of electric power resulting from imbalances and to issue such directions as may be deemed appropriate to safeguard consumer interests. Accordingly, the Authority is obligated to assess the reasonableness and prudence of such costs and retain discretion to restrict or disallow passthrough where such procurement may adversely affect consumers or undermine market discipline.
- 26.6. Both CPPA-G and the MoE (PD) reiterated their submissions during the hearing.
- 26.7. KE while responding to the submissions of the MoE (PD) during the hearing stated that as per the Impugned Determination, any charges to be recovered by KE on account of open access, including use of system charges, open access costs, cross subsidy, marginal price, or any other cost, as per the applicable framework, would be adjusted in the allowed revenue requirement of KE. Hence there is no blanket approval of the same and it will be decided as per the applicable framework.
- 26.8. The submissions made by the stakeholders and comments of KE have been analyzed. Although, the Authority has already decided that any charges to be recovered by KE on account of open access, including use of system charges, open access costs, cross subsidy, marginal price, or any other cost, as per the applicable framework, would be adjusted in the allowed revenue requirement of KE, however, the Authority has decided to further clarify that any costs arising out on account of open access/ revenue recovered including use of system charges, cross subsidy, marginal price, open access costs or any other cost, shall be adjusted as per the applicable framework and in light of the relevant determinations of the Authority for such costs.

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27. EVCS TARIFF / TERMS AND CONDITIONS (SCHEDULE OF THE DETERMINATION)

- 27.1. On the issue of EVCS Tariff / Terms and Conditions, the MoE (PD) submitted that as per the Schedule of Electricity Tariff (Annex-III) in the Impugned Determination, the applicable tariff for Electric Vehicle Charging Stations (EVCS) in KE's service area does not appear to align with the Authority's more recent decisions dated 15.04.2025 and 22.05.2025, which were issued in response to Federal Government policy guidance. Additionally, clause 3 under 'A-2 Commercial' of Part-II (Annex-V) also appears to diverge from the aforementioned decision. The MoE requested that the Impugned Determination may be reviewed and aligned with its specific determinations on the subject-matter.
- 27.2. CPPA-G also made similar submission by submitting that as per the Schedule of Electricity Tariff (Annex-III) of the Impugned Determination, the applicable tariff for Electric Vehicle Charging Stations (EVCS) within KE's Service Territory is not aligned with the Authority's decision dated 15.04.2025 in the matter of motion and policy guidelines filed by the Federal Government for rationalization of tariff for Electric Vehicle Charging Stations (EVCS), which was further reviewed vide decision dated 22.05.2025. Similarly, Clause 3 under 'A-2 Commercial' of Part-II of the 'Terms and Conditions of Tariff' (Annex-V) in the subject decision stipulates an applicable tariff for EVCS, which is also in contradiction with the decision dated 22.05.2025. CPPA-G stated that the Impugned Determination suffers from mistake apparent on the face of the record and the same is liable to be reviewed and amended accordingly.
- 27.3. KE while responding to the submissions of the MoE (PD) and CPPA-G during the hearing and in writing stated that tariff determination issued is for FY 2024 and the applicable tariff for EVCS were issued for FY 2026. The same can be catered when SoT for FY 2026 is issued.
- 27.4. The submissions of the MoE (PD) and CPPA-G have been analyzed. Here it is pertinent to mention that for the FY 2023-24, the year for which KE tariff is being determined, no such anomaly in the tariff or tariff Terms & Conditions exist. The decisions referred by the MoE and the CPPA-G i.e. 15.04.2025 and 22.05.2025, relates with the FY 2024-25, for which tariff of KE is still to be determined. Once the Authority will determine KE's tariff for the FY 2024-25, the rates / Terms & Conditions for EVCS would be made uniform in line with other XWDISCOs.
- 27.5. In view of the aforementioned discussion, the Authority does not see any rationale to change its earlier decision, and hence has decided to maintain its earlier decision in this matter.

28. COMPETITIVE TRADING BILATERAL CONTRACTS MARKET ("CTBCM")

- 28.1. CPPA-G on the issue submitted that the Impugned Determination as well as the Generation Determination, Investment Determination, Transmission Determination and Distribution Determination does not take into account the requirements and obligations for implementation of CTBCM. For instance, the mechanism for capacity and energy verification, annual capacity tests, etc. laid down in these decisions is not in line with the CTBCM. Accordingly, it is imperative that the Impugned Determination as well as other decisions pertaining to KE are reviewed to account for the respective obligations under the CTBCM.



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- 28.2. KCCI on this issue submitted that with the Centralized Trading Bilateral Contract Market (CTBCM) approaching implementation, businesses should be allowed open access to cheaper or more reliable power sources, reducing their dependence on KE.
- 28.3. While responding to the submissions of CPPA-G, KE submitted that considering KE's uniqueness as a private vertically integrated utility and having separate licenses for each of its functions (Generation, Transmission, Distribution and Supply), the Authority directed KE to submit its own CTBCM Integration Plan. Further, in compliance with the Authority's directives, KE submitted its CTBCM Integration Plan in August 2021 – NEPRA issued its decision in the matter in May 2025. KE has filed a review motion with NEPRA on certain aspects of the CTBCM Integration Plan Determination. However, KE is the System Operator for its service area as per the Transmission License of KE and hence shall continue to perform the role of System Operator for its service territory. Hence, matters such as energy and capacity verification, annual capacity tests shall be conducted by KE on its own in accordance with the Service Level Agreements (SLA) submitted to NEPRA in compliance with the Generation Tariff Determination.
- 28.4. The Authority will address the concerns raised by CPPA-G in KE's review which is pending with the Authority.

29. SEASONAL ADJUSTMENTS

- 29.1. On the issue of seasonal adjustments, KE submitted that it had requested to allow FCA and quarterly adjustments during the year based on actual T&D losses. This approach was proposed to avoid any under/over recovery of costs resulting from seasonal variations in actual T&D losses. However, the Impugned Determination stipulates that such adjustments be calculated using the allowed level of T&D losses, consistent with the methodology adopted for XWDISCOs. Resultantly, the use of allowed rather than actual T&D losses will lead to under / over recovery of costs due to significant monthly fluctuations in actual T&D losses for which KE requested an under / over recovery adjustment mechanism as part of annual adjustment. The Impugned Determination, however, does not discuss this adjustment. In view thereof, KE requests to allow adjustments for any under / over recovery arising from seasonal/monthly variation in T&D losses as part of the PYA in order to ensure prudent recovery of costs.
- 29.2. The Authority observed that KE has been allowed an annualized target of T&D losses for each year of the MYT Control period. Accordingly, all adjustments are based on the annually allowed level of T&D loss. The same practice is followed in the matter of XWDISCOs as well. Since the matter primarily pertains to the assessment of T&D loss target of KE, therefore, any decision taken by the Authority in the investment plan/ assessment of T&D losses decision of KE, would be accordingly considered while making monthly/ quarterly Tariff adjustments.
- 29.3. In view of the aforementioned discussion, the Authority does not see any rationale to change its earlier decision, and hence has decided to maintain its earlier decision in this matter.



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30. ALLOWED LEVEL OF LOSSES

- 30.1. MoE (PD) and CPPA-G stated that the Authority has approved a Distribution loss allowance of 13.90% for KE. This figure is based on findings contained in the Investment Plan Determination, which is currently under review and pending before the Authority. The allowance granted to KE is notably higher than the levels applied to other distribution companies. The approved margin appears to include a component for commercial losses associated with law-and-order issues. However, this treatment differs from the approach typically applied to XWDISCOs, including those operating in regions with more pronounced security challenges. This differential treatment can have a material impact on the supply tariff and, by extension, on end consumers. For FY 2023-24 alone, the financial implication of the increased distribution loss target is estimated to be approximately Rs. 14 billion and Rs. 99 billion for the Tariff Control Period.
- 30.2. The MoE (PD) also stated that KE has been allowed to retain 25% of the gains from any reduction in distribution losses. While it is important to incentivize performance improvements, it is important that such mechanisms are balanced and consistent with broader sector practices to ensure fairness, particularly where entire gain in the context of XWDISCOs is passed on to consumers. This approach erroneously and disproportionately benefits KE and undermines consumer protection and contradicts the core principle that efficiency gains should primarily benefit consumers, not licensees. Furthermore, it is noted that the distribution loss figure stated in the Investment Decision was 13.46%, whereas the figure adopted in the Impugned Determination is 13.90%. Given the potential financial implications, estimated at approximately Rs. 3.1 billion for FY 2023-24 and Rs. 21 billion for the Tariff Contril Period, the MoE requested that Impugned Determination may kindly be reviewed.
- 30.3. In view of the foregoing, the MoE (PD) requested to revise the distribution loss target in line with the approved benchmark comparable to better performing XWDISCOs, including the law-and-order margin, recommended to be zero and ensure that the full benefit of any loss reduction is passed on to consumers. It was also requested that the Impugned Determinations do not determine separate voltage-wise losses for 220 kV and above, 132 kV, and 11 kV, therefore, the Authority may also determine voltage-wise losses separately for the KE region.
- 30.4. KCCI on the issue of losses submitted that NEPRA allowed loss at 13.90 percent, instead of the 13.46 percent. Losses are electricity that is generated but not billed, due to leaks or theft, or Kunda and around 7 percent of all such leakages can be attributed to theft. However, by permitting a higher loss level, KE passes on an extra Rs. 3.1 billion in FY 2024, rising to about Rs. 21 billion over the control period. KE received a special 2 percent margin to offset security costs in Karachi a perk not granted to any other utility, even those operating in equally or more volatile regions. Moreover, Law & Order in Karachi has improved considerably over the last few years, and thereby there exists no reason for such a margin. This margin adds approximately Rs.14 billion in FY 2024 and up to Rs. 99 billion over the multi-year period to KB's revenue requirement.
- 30.5. KCCI also submitted that NEPRA allowed higher transmission loss of 1.30 percent to KE, even though KE's historical losses are closer to 0.75 percent. KE keeps 75 percent of any savings, if it

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performs better than 1.30 percent, passing only 25 percent of savings to consumers. This encourages inefficiency and keeps bills high. Financial impact: about Rs. 4 billion in FY 2024, rising to roughly Rs. 28 billion over the control period. It also stated that KE Transmission and Distribution (T&D) losses which stood at 15.99% in 2023-24, have increased from 15.35% in 2021-22 and is significantly higher than the 14.8% loss reduction target KE itself committed to achieving as far back as 2016 in its MYT. Furthermore, KE's commercial losses are alarmingly high at 8.46% for the same period, a figure that is well above peer DISCOs such as IESCO, GEPCO, LESCO and FESCO. These companies operate with substantially lower commercial losses and even the total CPPA G system average stands at 6.29%. KE's loss targets (AT&C - 18%) remain high compared to global/regional peers. For example, Tata Power DDL reduced losses from 53% to 6.4% in 20 years. KE's privatization was meant to eliminate subsidies, improve efficiency, and reduce losses not sustain mediocrity.

- 30.6. Mr. Hafeezuddin submitted that NEPRAs decision lacks a firm stance against illegal connections and does not enforce performance-based disallowance linked to such non-technical losses, which heavily burden legitimate consumers. The absence of clear penalties or claw-back provisions for KE's failure to meet T&D loss reduction, investment timelines, and recovery targets makes the regime weak on accountability.
- 30.7. The Authority noted that issue of assessment of T&D losses pertains to KE's Investment Plan Determination which is under review, therefore, the issue does not merit discussion in instant decision.

31. ANNUAL REFERENCES VS MONTHLY REFERENCES

- 31.1. KE on this issue submitted that para 33.6 of the Impugned Determination provides that impact of Monthly references vis a vis recovery of annual average rate in schedule of tariff would be allowed as part of PYA along-with impact of T&T losses, if required based on allowed target. KE submitted that similar to the adjustment mechanism allowed for Fuel Cost, under /over recovery also arises in respect of Capacity Purchase Price (CPP) amounts. This is primarily due to the fact that CPP charges fluctuate on a monthly basis, while the recovery in the Schedule of Tariff (SoT) is based on an annual average rate. However, the existing tariff determination does not provide clarity or specific guidance on treatment of such variances for CPP. In light of the above, KE requested that a similar adjustment mechanism be allowed for CPP amounts in order to ensure prudent recovery of cost.
- 31.2. The submissions of the K-E have been analyzed. The Authority has decided to incorporate a similar adjustment mechanism in respect of Capacity Purchase Price (CPP) in the Impugned Determination.

32. CLARIFICATION/ UPDATES

- 32.1. In addition, KE has also sought certain clarifications/ updates over the Impugned Determination as mentioned hereunder;



Pass-through payments related to WWF/WPPF etc.

- 32.2. Regarding pass through of WWF/WPPF on an actual payment basis, KE stated that the Impugned Determination covers the following laws;
- Companies Profit (Workers' Participation) Act 1968
 - Workers Welfare Fund Ordinance, 1971.
- 32.3. KE also stated that in addition to above, the Sindh and Baluchistan Governments have also levied WPPF and WWF under the following laws which should also be covered in the decision of the Authority:
- Sindh Workers Welfare Fund Act, 2014.
 - Sindh Companies Profits (Workers' Participation) Act 2015
 - Baluchistan Workers Welfare Fund Act, 2022
 - Baluchistan Companies Profits (Workers' Participation) Act 2022
- 32.4. In view thereof, KE requested to include the laws duly enacted by Federal and Provincial Authorities, including any subsequent amendments, so as to cover the payments thereof made by KE to the Federal as well as to the Provincial Authorities under their respective laws.
- 32.5. The Authority in the matter of WWF/ WPPF decided in the Impugned Determination as under;
- "Regarding WWF and WPPF, the Authority has also decided to allow these costs as pass through, on actual payment basis, as part of annual PYA, subject to provision of verifiable documentary evidences, in the subsequent tariff adjustments. However, in case there is a policy decision not to allow WWF or WPPF as pass through costs in future owing to recent negotiations being carried out with power companies, the Authority may consider to review its decision for ICE as well."*
- 32.6. The Authority clarifies that WPPF and WWF paid under law duly enacted by Federal or Provincial Authorities, including any subsequent amendments, would to be allowed as pass through on payment basis, as part of annual PYA, subject to provision of verifiable documentary evidences. However, in case there is a policy decision not to allow WWF or WPPF as pass through costs in future owing to recent negotiations being carried out with power companies, the Authority may consider to review its decision for KE as well.

Corporate Tax

- 32.7. KE submitted that the Impugned Determination allows corporate tax to KE as pass through to the extent of current tax paid after netting off all adjustable taxes. In this regard, KE highlighted that corporate tax is paid during the year in following forms:
- ✓ As per the law, a taxpayer is required to pay advance income tax under section 147 of the ITO, 2001 on quarterly basis during the financial year (tax year) on its estimated income tax liability.



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- ✓ Similarly, under Part V of the ITO, 2001 advance/WHT income tax are deducted at source like on imports, payments against goods and services etc. which are adjustable against final corporate tax liability.

32.8. KE further stated that since these deduction of taxes at source and advance tax paid under section 147 are in the form of advance payments, therefore, are deductible against final tax liability including Minimum Tax under Section 113 of the ITO, 2001, Alternate Corporate Tax (ACT) under Section 113C and Super Tax under 4C ibid as per the law and balance, if any, is paid at the time of filing of return and hence total tax liability should be allowed to KE. However, any tax credits (including investment rebate) if any, adjustable under the prevailing law with corporate tax liability and result in savings in corporate tax, the same shall be adjusted.

32.9. Accordingly, KE has requested to allow aforementioned tax liability discharged including in the form of advance tax and withholding tax in full as pass through to KE and clarify the Impugned Determination decision accordingly.

32.10. The Authority in the matter of corporate tax decided in the Impugned Determination as under

"In view thereof, the Authority has decided to allow corporate tax to KE as pass through, to the extent of current tax paid after netting off all adjustable taxes (without the impact of deferred tax) subject to provision of verifiable documentary evidences, and shall be allowed through adjustment in tariff on annual basis as part of PYA."

32.11. The Authority clarifies that Tax Liability (without the impact of deferred tax), as per tax return under applicable Income Tax Ordinance 2001, as amended from time to time, discharged in form of advance tax, withholding tax and payment at the time of return filing is to be allowed as pass through, subject to provision of verifiable documentary evidences. However, in case there is any refund towards relevant tax Authorities, against the allowed amount of tax, the same shall be adjusted as part of PYA.

Retail Margin

32.12. KE submitted that for retail margin, the following has been stated in the Impugned Determination:

Para 15.16 - Decision of Supply Tariff

"In view of the above discussion, the Authority has decided not to allow any retail margin to the Petitioner for its supply function. However, the Authority may consider this issue going forward, once public owned DISCOs get privatized."

32.13. The Impugned Determination links the reconsideration of allowance of retail margin only to the privatization of DISCOs. In this regard, NEPRA vide determinations dated January 19, 2024, issued separate licenses for KE's Distribution and Supply segments. Within these licenses, KE is required to functionally and legally separate the distribution and supply segments into distinct legal entities. Accordingly, as per the directives of the Authority, KE is currently evaluating unbundling options for separate and distinct entities. With regard to the supply business, KE

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highlighted that the supply business is of asset-light nature having high risk profile. Once unbundled, without an appropriate retail margin the tariff for supply business would comprise costs only i.e. O&M, recovery loss and working capital. Therefore, post unbundling, supply segment, to operate as an independent business, would require some retail margin to ensure its operational and financial sustainability.

32.14. The Authority noted that it has already decided not to allow any retail margin to the Petitioner for its supply function. However, the Authority may consider this issue going forward, once public owned DISCOs get privatized.

Schedule of Tariff (SoT) and Terms & Conditions

32.15. KE highlighted that the SoT provided in Annex-III of the Impugned Determination does not specify any fixed or variable charges pertaining to C-3(a) category, unlike the SoTs of XWDISCOs, where such charges are mentioned. Accordingly, KE humbly requests that fixed and variable charges of C-3(a) category be also included in its SoT. In addition to the above, KE also highlighted that the SCARP-related clauses included under categories D-1 and D-2 in the Terms and Conditions (Annex-V) along-with references to categories D-1(a) & D-1(b) are not applicable to KE. Therefore, it is requested that the tariff Terms and Conditions for KE be revised in accordance with KE's billing to reflect that:

- All agricultural consumers with a sanctioned load of less than 5 kW (non-ToU) shall be billed under category D-1; and
- All Agricultural consumers with a sanctioned load exceeding 5 kW (ToU consumers) shall be billed under category D-2.

32.16. Accordingly, KE submitted that the SCARP-related clauses should be removed and replaced with the clauses that clarify the above.

32.17. The Authority has decided to make the necessary changes in the SoT along-with terms & conditions as requested by KE.

Pending decisions pertaining to previous MYT

32.18. KE submitted that decisions related to write-offs and End of Term, pertaining to the previous MYT, are pending with the Authority. In this regard, KE requests that these decisions be processed during the proceedings of the instant review motion. This will ensure that their impact is appropriately incorporated into the PYA of the current tariff.

32.19. The Authority noted that the matters referred by KE are still under process with the Authority, therefore, impact if any, if approved by the Authority would be allowed once these decisions are finalized.

32.20. In addition, KE vide letter dated vide its letter May 30, 2025, also sought clarification on the issue of recovery Loss by submitting that that under para 34.31 of the Impugned Determination, the Authority has included a detailed mechanism for actualization of allowed recovery loss in tariff. In this regard, for the purpose of annual adjustment, NEPRA while defining the mechanism for calculation of actual recovery loss in terms of percentage has inadvertently proposed to use gross amount collected from consumers which includes taxes and duties over "Consumer Revenue" which excludes taxes, duties, surcharges or fees etc.



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Para 34.31 (II)(a) - Decision of the Authority in the matter of Supply Tariff of KE for MYT FY 2024 to FY 2030

"At the end of each financial year, the gross amount billed to consumers during the year, excluding billing made to hook / unmetered connections, if any, as reported in the audited financial statements (referred to as Consumer Revenue) shall be considered"

Para 34.31 (II)(c) - Decision of the Authority in the matter of Supply Tariff of KE for MYT FY 2024 to FY 2030

"Actual recovery loss ratio of KE due to non-recovery of bills from consumers during the year, calculated based on Consumer Revenue worked out as per (a) above, and gross amount collected from consumers including collection from hook / unmetered connections, as reported in the audited financial statements shall be considered. Provided that, while calculating the gross amount collected, recovery from Public Sector Consumers (PSC) shall be taken as 100% and accordingly corresponding adjustments (positive or negative) for the PSC recovery shall be made. The actual recovery loss ratio shall be applied on Consumer Revenue worked out as per (a) above to calculate the actual recovery loss for the year (Actual Recovery Loss)."

32.21. KE submitted that for analyzing ratio of collections, gross collections should be analyzed over gross billing. The rate of recovery calculated in this manner may then be applied on the Consumer Revenue to assess the actual recovery loss excluding taxes and duties and fees as also mentioned in the Impugned Determination. The inconsistency in treatment of taxes, duties, surcharges or fees etc., for the purpose of analyzing actual collection ratio is an inadvertent error, and therefore request the Authority to amend the same for the purpose of actualization of recovery loss in tariff. In addition to the above, the Authority, while analyzing the actual collection ratio, excluded the billing to hook/unmetered connections from the gross billing (as per paragraph 34.31 (II)(a)), but included it in the collections (as per paragraph 34.31 (II)(c)). This inconsistent treatment results in a double deduction for KE. It is pertinent to highlight that KE is obligated to convert such connections to metered connections in line with the CSM and accordingly, KE undertakes various initiatives and efforts in this regard.

32.22. KE accordingly requested that to ensure a fair and accurate calculation of the actual recovery loss percentage, the billing to hook/unmetered connections should be consistently treated in both the gross billing and the collection amounts.

32.23. Regarding issue of Recovery loss, the Authority noted that since KE is not being allowed any upfront recovery loss, therefore, this issue is no more relevant and requires no further discussion.

Incremental units impact on quarterly / annual adjustments

32.24. KE submitted that NEPRA vide determination dated 06.12.2024, approved the implementation of Winter Demand Initiative FY 24-25 for consumers of KE and XWDISCOs ("Winter Package FY 24-25 Determination"), wherein, the Authority in paragraph 42, observed that KE has filed its MYT Petitions, requesting tariff adjustment based on actual sent-out data, in alignment with mechanism applied to XWDISCOs. The Authority further noted that the MYT



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determinations are currently under review. However, the paragraph 33.6 of the Impugned Determination, provides as follows:

"For the purpose of assessing recovery of PPP, the impact of units sold on marginal cost, under any incentive / incremental consumption / winter package etc., as notified from time to time, shall be dealt with as per the mechanism provided in the relevant determination of such incentive / incremental consumption package."

32.25. KE submitted that under the Winter Package FY 24-25 determination, the Authority observed that the treatment of incremental units / actualization of sent-out shall be finalized as part of the MYT determinations, therefore, KE requests to clarify the treatment of incremental units under MYT.

32.26. Regarding Treatment of Incentive / Incremental Consumption / Winter Package etc., the Authority while deciding the winter incentive package vide decision dated 06.12.2024, decided as follows:

"Regarding the implementation of the initiative for KE consumers, the Authority has observed that KE has filed its Multi-Year Tariff (MYT) Petitions, requesting a tariff adjustment based on actual sent-out data, in alignment with the mechanism applied to XWDISCOs. This request is currently under the Authority's review. The Authority is also cognizant of the fact that excluding KEL consumers from the winter package would not only negatively impact sales growth, a factor considered by the Federal Government when introducing the package, but would also result in discriminatory treatment of KE consumers. Therefore, the Authority recognizes that KEL consumers should not be deprived of the winter package benefits provided by the Federal Government. In light of this, the Authority has decided that KEL will be compensated in the same manner as other DISCOs for the duration of this winter package when determining/adjusting the consumer end tariff. As such, KEL is obligated to extend the same relief to its consumers as part of the winter package."

32.27. The Authority has already decided that KEL will be compensated in the same manner as other DISCOs for the duration of this winter package when determining/adjusting the consumer end tariff. Therefore, same treatment as allowed to other XWDISCOs for such incremental packages, while working out their monthly and quarterly adjustments, would also be extended to KE during such periods.

33. MISCELLANEOUS SUBMISSION MADE BY DIFFERENT STAKE HOLDERS

In addition to the above, KCCI made certain comments, which are generic in nature and does not require revision in any of the Authority's determined numbers. The same are reproduced hereunder for the purpose of record.

Potential increase in cost of Electricity and Increased Regulatory burden

KCCI submitted that the approved supply tariff incorporates various pass-through charges, including fuel cost adjustments (FCA), power purchase price (PPP), transmission and distribution





costs, recovery loss, and working capital adjustments. KE's weighted average cost per unit is around Rs. 44.69/kwh, inclusive of all charges. Businesses may face tariff volatility due to quarterly and annual adjustments especially in fuel prices, exchange rate fluctuations, and recovery ratios. KE's allowed costs, profit margins, and extra allowances will cause Karachi consumers' electricity bills to rise significantly compared to other regions.

- 33.2. KE in response submitted that determined tariff approved by the Authority is PKR 39.97 / kWh after a significant reduction and not PKR 44.69 / kWh which was requested by KE in its tariff petition. Further, FCA & quarterly indexations are required to be passed on to consumers as per the NEPRA Act which is applicable on all XWDISCOs.

Concerns about cross-subsidization and strengthen incentives for efficient consumers:

- 33.3. KCCI submitted that Industrial consumers are worried that their tariff payments are being used to subsidize other segments through uniform tariffs and government-mandated surcharges. KCCI also submitted that NEPRA should explore performance-based tariffs or rebates for businesses with high efficiency and timely payments. A differentiated tariff regime may be necessary to reward compliant commercial/industrial users
- 33.4. KE in response submitted that the request of the petitioner falls outside the purview of the instant determination and does not have any link with KE's tariff proceedings.

Transparency in Investment & performance monitoring:

- 33.5. KCCI submitted that while KE has committed to infrastructure investment, independent third-party audits should be conducted annually to validate progress and cost justification. Stakeholders should be allowed to review and comment on investment utilization and its effectiveness in reducing losses.
- 33.6. KE in response submitted that arguments raised are outside the purview of the instant determination and are under review by the Authority in separate proceedings.

Despite 20 Years of Privatization, KE has neither achieved Self-Reliance nor made significant Technological Advancements

- 33.7. KCCI submitted that KE was privatized in 2005 as a vertically integrated utility, but has failed to improve system efficiency resulting in persistently high electricity tariffs. K Electric was privatized to improve efficiency & ensure reliable uninterrupted power, but it has fallen short. The company's performance significantly lags behind global industry standards negatively impacting local businesses SMEs & Karachi's industrial sector. This has undermined KE's credibility as an energy provider with consumer trust remaining low since privatization particularly due to the recent surge in massive load shedding. Granting a long-term tariff control period of 7 years to such an energy producer is highly questionable because KE has neither achieved self-reliance nor made significant technological advancements.
- 33.8. KE would like to highlight that KE planned its own capacity additions including a 700MW coal power plant however, after four year of tariff approvals for the 700MW coal project, the federal

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government directed KE to abandon the same and instead directed to increase the off take from national grid to absorb the idle generation capacity in the national grid.

- 33.9. Furthermore, KE was committed 276MMCFD of local gas however, the commitment was not honored and instead KE was asked to offtake expensive RLNG resulting in higher Energy Purchase Price.
- 33.10. Moreover, KE has recently conducted successful competitive bidding for 640MW of renewables projects which would result in cheaper generation however the required approvals are still awaited.

Massive Gap in KE's Feeders Outage Reflects KE's Serious Deficiencies in KE's Network Reliability & Service Delivery

- 33.11. KCCI submitted that according to the NEPRA's State of Industry Report 2024, the duration of KE's all feeders' outages stood at 7,029,701 minutes in 2023-24 compared to the planned outages of 281,764 minutes. This means KE's feeders' actual outage duration was almost 25 times higher than what was anticipated in 2023-24. Such a gigantic gap between planned & actual feeders outages reflects serious deficiencies in KE's network reliability, its system maintenance & operational planning, & unpredictable power disruptions. The frequent tripping of circuit breakers, voltage drops & equipment failures not only disrupt power supply to consumers but also deteriorate the productive capacity of the industrial activity. Given such a significant gap between planned & actual outages, it raises serious concerns about how the regulator can justify awarding a Multi-Year Tariff for 7 years.

34. MYT ADJUSTMENTS / TRUE UP FOR THE FY 2023-24

- 34.1. Since KE has announced its financial results for FY 2023-24, however, the detailed audited accounts have not been shared, as they are not yet public. Since FY 2023-24 lapsed, it is imperative to adjust the certain heads of cost which are required to be actualized based on audited account, interest rates and exchange rates etc. In light of mechanism provided in MYT. In this regard information regarding Working Capital, PPP, O&M, Other Income etc. was obtained from KE.
- 34.2. Based on the information provided by KE, adjustments under different heads have been worked out for incorporation in the already determined tariff as part of the review motion. As the audited accounts are still pending publication, these adjustments would still be on provisional basis, subject to further adjustments in accordance with the MYT mechanisms once the audited accounts become available.
- 34.3. Regarding power purchase price and working capital, the actualization has been made part of revised assessed revenue requirement of the supply function instead of allowing same as part of true up.

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Impact of Negative FCA

- 34.4. As per the FCA decision impact of negative FCA (earlier determined for FY 2023-24), is not to be passed on to Life Line, residential consumer consuming upto 300 units and Agriculture consumers. However, Positive FCA is not passed on to Life Line consumers only. The impact of FCA retained by KE to be adjusted as part of PYA works out as Negative amount of Rs. 1,367 million and same has been made part of PYA.

Minimum tax / WWF / WPPF for FY 2023-24

- 34.5. MYT determination states that Minimum tax / WWF / WPPF is pass through and as per KE the impact of same is around Rs.8,443 million. In light of above, the Authority has decided to allow the same as part of PYA subject to adjustment based on Audited financial statement once available publicly and KE provides the relevant record as required under MYT determination.

Other Income - Supply

- 34.6. Regarding Other income the Authority has decided to true up the same based on audited accounts.

- 34.7. The Authority in Generation tariff determination 22.10.2024 decided as under;

In the event of dismantling, retirement or disposal of a plant or an asset before the completion of its useful life, any gain or loss shall be captured as other income based on the cost basis, rather than the revalued amount.

- 34.8. In light of the Authority's decision actual other income data was obtained from KE (including gain on disposal of Generation assets i.e. Rs.1.9 billion) and reported as Rs.7,826 million, as compared to allowed amount of Rs.6,240 million. As per the decision actual other Income (Including gain on disposal of Generation assets) i.e. Rs.7,826 million has been accounted for while working out the revenue requirement for FY 2023-24, instead of earlier allowed amount of Rs. 6,240 million on provisional basis. Once Audited financial statements are provided the final true up would be made in accordance with MYT tariff.
35. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the revised Revenue requirement, along-with revised annexures, of the Petitioner for its Supply Function for the FY 2023-24 has been worked out as under;



note 7

Decision of the Authority in the matter of Motions for leave for review filed by K-Electric and other stakeholders against MYT determination of K-Electric for its Supply Function dated 27.05.2025

Description	Unit	Supply Allowed Revenue Requirement
Setouts	GWHs	17,768
K.E System		7,471
Power Purchase		1,758
CPPA-G		8,538
T&T loss	[%]	0.75%
Distribution loss	[%]	9.00%
Total T&D loss	[%]	9.68%
Total T&D loss	[GWh]	1,720
Units Sold	[GWh]	16,047
Power Purchase Cost	Rs. Mln	485,022
Fuel Cost		255,705
Own Generation		163,646
Power Purchases		31,252
CPPA-G		60,807
Variable O&M		8,787
Own Generation		3,850
Power Purchases		1,971
CPPA-G		2,965
Capacity Charges		182,039
Own Generation		60,833
Power Purchases		17,234
CPPA-G		103,972
Transmission Cost		38,491
Wire Business Cost		46,459
Supply Margin		(12,450)
O&M Cost		5,911
Working Capital		(10,535)
Gross Margin		(4,623)
Other Income		(7,826)
Net Margin		(12,450)
Prior Year Adjustment (PYA)		386
Total Revenue Requirement		519,417
Average Tariff		
Power Purchase excluding Transmission Cost	Rs./kWh	27.83
Transmission Cost	Rs./kWh	2.40
Distribution Cost	Rs./kWh	2.90
Supply Margin	Rs./kWh	-0.78
Prior Year Adjustment (PYA)	Rs./kWh	0.02
Total Average Tariff	Rs./kWh	32.37

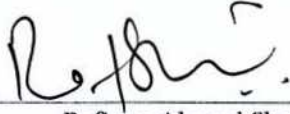


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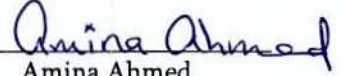
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36. The decision of the Authority is hereby intimated to the Federal Government in terms of section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

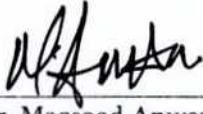
AUTHORITY



Rafique Ahmed Shaikh
Member



Amina Ahmed
Member



Engr. Maqsood Anwar Khan
Member



Waseem Mukhtar
Chairman





Periodic Adjustment Mechanisms

Monthly Fuel Charges Adjustment

Formula

Fuel charges/cost adjustment= Actual FCC - Ref. FCC

(based on T&T Loss adjusted units)

Where:

- Fuel Charge/ Cost adjustment is the difference between actual and reference fuel cost component
- Actual fuel cost component (FCC) for a particular month is worked out by dividing fuel cost of all power plants of KE's basket including external power purchases, which were operated in the month, including impact of any previous adjustments and PPA/PPAA/SLA factors, if applicable, by their total generation sent out during the month.
- Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination.
- The fuel charge/ cost adjustment determined by the Authority shall be shown separately in the bills of consumers and the billing impact shall be worked out on the basis of consumption billed to the consumers in the respective month.
- For the purpose of calculation of monthly FCAs, the actual fuel cost component shall be adjusted up-to the allowed level of T&T (Transmission) loss target on accumulative basis for the year.
- The impact of Monthly references vis a vis recovery of annual average rate in schedule of tariff would be allowed as part of PYA along-with impact of T&T losses, if required based on allowed target.

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Quarterly Adjustment

The quarterly adjustments, include variation of;

- i. Capacity Charges
- ii. Transmission Charges
- iii. Variable O&M
- iv. Distribution losses impact of FCA

Formula for adjustment

Quarterly PPP (Adj.) = PPP(Actual) (excluding Fuel cost)-PPP(Recovered) (excluding Fuel cost)

Where;

- PPP(Actual) is the cost other than fuel cost, as determined by the Authority for KE's own power plants and transmission network, plus cost of power purchases (excluding fuel cost) from external sources, based on the Authority's approved rates, including cost invoiced by CPPA-G to KE, adjusted for any cost disallowed by the Authority.
- PPP(Recovered) is the amount recovered based on reference rate in Rs./kWh other than fuel cost, as per the tariff determination that remained notified during the period based on allowed level of T&T Losses.
- Impact of Distribution losses on FCA = Monthly FCA allowed (Rs./kWh) x (Units served allowed as per FCA x allowed % of Distribution losses)

Where;

Monthly FCA allowed (Rs./kWh) is the FCA allowed by the Authority for the respective month.

- Distribution Loss % is percentage of Distribution 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 for the period in which recovery of the quarterly adjustment is to be made, as determined by the Authority, to work out Rs./kWh Quarterly adjustment.
- KE basket means KE own Generation including external power purchases
- The impact of Monthly references vis a vis recovery of annual average rate in schedule of tariff would be allowed as part of PYA.

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Karachi Electric Company Limited (K-Electric)
Estimated sales Revenue on the basis of New tariff

Tariff Category		Fixed Charges (Rs/kW/M)	Variable Charges (Rs/kWh)	Sales	Fixed Charges (Rs/Con/M) - Rs. Min	Fixed Charges (Rs/kW/M) - Rs. Min	Variable Charges (Rs/kWh) - Rs. Min	Total Revenue Rs. Min
Residential - A1								
Protected Life Line	Up to 50 Units		3.85	6	-	-	24	24
	51 to 100 Units		7.64	43	-	-	328	328
	101 - 100 Units		9.98	1,126	-	-	11,235	11,235
	101 - 200 Units		12.45	258	-	-	3,213	3,213
Non-Protected	101 - 100 Units per month		21.88	176	-	-	3,854	3,854
	101 - 200 Units per month		28.36	852	-	-	24,151	24,151
	201 - 300 Units per month		32.55	1,248	-	-	40,618	40,618
	301 - 400 Units per month		37.44	723	-	-	27,083	27,083
	401 - 500 Units per month		39.65	436	-	-	17,271	17,271
	501 - 600 Units per month		41.07	302	-	-	12,413	12,413
	601 - 700 Units per month		42.21	214	-	-	9,036	9,036
	Above 700 Units per month		47.13	525	-	-	24,722	24,722
TOU	Temporary Residential		57.38	30	-	-	1,727	1,727
	Time of Day (TOD) - Peak		46.29	239	-	-	11,074	
	Time of Day (TOD) - Off-Peak		39.97	1,149	-	-	45,923	56,996
Subtotal				7,327	-	-	232,673	232,673
Commercial - A2								
For peak load requirement up to 20 kW								
For Sanctioned Load up to 5 kW								
For Sanctioned Load exceeding 5 kW								
Temporary Commercial								
Time of Day (TOD) - Peak								
Time of Day (TOD) - Off-Peak								
EVCS (Electric Vehicle Charging Station)								
Subtotal				1,952	-	3,798	71,728	75,527
General Services - A3			41.93	494	-	-	20,701	20,701
Industrial								
B1 Up to 25 kW (400/230 volts)								
B1 Upto 25 kW (Peak) (at 400 / 230 volts)								
B1 Upto 25 kW (Off-Peak) (at 400 / 230 volts)								
B2 - 6-500 kW (400 volts)								
B2 - TOD (Peak)								
B2 - TOD (Off-Peak)								
B3 - For All Loads up to 5000 kW (at 11.33 kV)								
B3 - TOD (Peak)								
B3 - TOD (Off-Peak)								
B4 - For All Loads (at 66.132 kV & above)								
B4 - TOD (Peak)								
B4 - TOD (Off-Peak)								
B5 - TOD (Peak) (220 kV)								
B5 - TOD (Off-Peak)								
Temporary Industrial								
Subtotal				5,612	-	10,296	154,602	164,898
Single Point Supply for further distribution								
C1(a) Supply at 400 Volts - Peak Load								
C1(b) Supply at 400 Volts - Peak Load								
Time of Day (TOD) - Peak								
Time of Day (TOD) - Off-Peak								
Supply at 11 kV								
Time of Day (TOD) - Peak								
Time of Day (TOD) - Off-Peak								
Supply above 11 kV								
Time of Day (TOD) - Peak								
Time of Day (TOD) - Off-Peak								
Temporary at 400 volts								
Temporary at 11 kV								
Subtotal				558	-	823	20,533	21,795
Agricultural Tube-Wells - Tariff D								
Agricultural Tube-Wells (Sindh & Balochistan) D-1								
AGR Time of Day (TOD) - Peak								
AGR Time of Day (TOD) - Off-Peak								
Subtotal				42	-	34	1,202	1,236
Public Lighting - Tariff G								
Grand Total				16,047	-	14,951	504,465	519,417



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SCHEDULE OF ELECTRICITY TARIFF FOR K-ELECTRIC LIMITED

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units - Life Line	-		3.85
ii	51 - 100 Units - Life Line	-		7.64
iii	001 - 100 Units	-		9.98
iv	101 - 200 Units	-		12.45
v	001- 100 Units	-		21.88
vi	101- 200 Units	-		28.36
vii	201- 300 Units	-		32.55
viii	301- 400 Units	-		37.44
ix	401- 500 Units	-		39.65
x	501- 600 Units	-		41.07
xi	601- 700 Units	-		42.21
xii	Above 700 Units	-		47.13
b)	For Sanctioned load 5 kW & above			
	Time Of Use	-	Peak	Off-Peak
			46.29	39.97

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

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

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed:

a) Single Phase Connections: Rs. 75/- per consumer per month

b) Three Phase Connections: Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	For Sanctioned load less than 5 kW	-		36.88
b)	For Sanctioned load 5 kW & above	500		39.20
			Peak	Off-Peak
c)	Time Of Use	500	43.26	34.59
d)	Electric Vehicle Charging Station	-		43.84

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

a) Single Phase Connections: Rs. 175/- per consumer per month

b) Three Phase Connections: Rs. 350/- per consumer per month

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

A-3 GENERAL SERVICES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
a)	General Services	-		41.93

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

a) Single Phase Connections: Rs. 175/- per consumer per month

b) Three Phase Connections: Rs. 350/- per consumer per month

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
B1	Upto 25 kW (at 400/230 Volts)	-		28.86
B2(a)	25-500 kW (at 400 Volts)	500		28.79
B3(a)	For all loads upto 5000 KW (at 11,33 kV)	460		29.06
B4(a)	For all loads upto 5000 KW (at 66,132 kV)	440		28.49
	Time Of Use		Peak	Off-Peak
B1(b)	Upto 25 kW (at 400/230 Volts)	-	34.80	28.11
B2(b)	25-500 kW (at 400 Volts)	500	34.74	25.47
B3(b)	For All Loads up to 5000 kW (at 11,33 kV)	460	34.74	26.30
B4(b)	For All Loads (at 66,132 kV & above)	440	34.74	26.02
B5	For All Loads (at 220 kV & above)	340	34.74	25.19

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

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

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



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

C - SINGLE-POINT SUPPLY

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
C-1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		42.84
b)	Sanctioned load 5 kW & up to 500 kW	500		40.07
C-2(a)	For supply at 11,33 kV up to and including 5000 kW	460		40.01
C-3(a)	For supply at 132 and above, up to and including 5000 kW	440		39.92
	Time Of Use		Peak	Off-Peak
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	500	45.76	36.99
C-2(b)	For supply at 11,33 kV up to and including 5000 kW	460	45.76	35.47
C-3(b)	For supply at 132 kV up to and including 5000 kW	440	45.76	35.20

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

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
D-1	For all Loads	200		28.34
	Time of Use		Peak	Off-Peak
D-2	For all Loads	200	28.98	28.14

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

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
E-1(i)	Residential Supply	-		57.38
E-1(ii)	Commercial Supply	-		52.89
E-2 (i)	Industrial Supply	-		40.31
E-2 (ii)	Bulk Supply			
	(a) at 400 Volts	-		45.50
	(b) at 11 kV	-		45.50

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

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

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

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
	Street Lighting	-		42.35

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

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES	
		Rs/kW/M	Rs/kWh	
	Residential Colonies attached to industrial premises	-		42.35



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K-Electric Limited
Supply Tariff
Month wise Power Purchase Price References

Description	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total FY 24
Sentout	1,897	1,687	1,667	1,686	1,303	1,070	1,053	1,028	1,285	1,410	1,840	1,841	17,768
Transmission loss	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Units Served (GWh)	1,882	1,674	1,654	1,673	1,293	1,062	1,045	1,021	1,275	1,400	1,826	1,828	17,635

Per Unit - Based on Units served

	Rs. / kWh												
Fuel Cost Component	16.71	15.26	16.38	17.84	13.52	10.55	11.31	8.30	11.04	11.64	16.61	17.55	14.50
Variable O&M	0.51	0.49	0.48	0.59	(0.18)	0.72	0.82	0.51	0.44	0.50	0.56	0.56	0.50
Capacity	6.77	9.18	8.33	10.03	12.73	15.83	13.62	13.29	13.09	11.40	8.11	8.10	10.32
Transmission- KE Own	2.16	2.18	2.06	2.04	2.35	1.97	1.92	2.18	2.34	2.34	2.23	2.32	2.18

	Rs. / kWh												
Fuel Cost Component	31,449	25,547	27,096	29,853	17,488	11,204	11,825	8,469	14,081	16,297	30,331	32,064	255,705
Variable O&M - Own	455	367	348	423	286	187	123	162	210	285	487	519	3,850
Variable O&M - CPPA	322	304	249	295	(694)	479	607	251	228	296	319	309	2,965
Variable O&M - IPPs	185	145	197	274	173	99	129	106	124	124	219	197	1,971
Transmission- KE Own	4,075	3,650	3,400	3,421	3,036	2,097	2,012	2,224	2,980	3,277	4,077	4,242	38,491
Capacity - Own	6,107	5,857	5,639	5,419	5,340	5,652	4,830	3,664	4,708	4,688	4,275	4,653	60,833
Capacity - CPPA	5,519	8,506	6,593	9,749	9,078	10,081	8,420	8,689	10,223	9,728	8,670	8,717	103,972
Capacity - IPPs	1,120	1,011	1,549	1,622	2,050	1,078	985	1,217	1,764	1,545	1,854	1,439	17,234

It is clarified that PPP is pass through and its monthly references would continue to exist irrespective of the financial year, unless the reference are revised and notified by the GoP

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

	<u>* PEAK TIMING</u>	<u>OFF-PEAK TIMING</u>
Apr to Oct (inclusive)	6:30 PM to 10:30 PM	Remaining 20 hours of the day
Nov to Mar (inclusive)	6:00 PM to 10:00 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.
- CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).



16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act.

GENERAL CONDITIONS

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

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PART-II

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

A-1 RESIDENTIAL

Definition

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

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

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

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

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

A-2 COMMERCIAL

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



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

A-3 GENERAL SERVICES

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

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

B INDUSTRIAL SUPPLY

Definitions

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

Conditions

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



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

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

B-2 SUPPLY AT 400 VOLTS

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

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5 MW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. The consumers may be allowed extension of load 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 existing consumers under tariff B-3 shall be provided with a T.O.U metering arrangement by the Company and converted to B-3(b) tariff.
6. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

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

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



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

B-5 SUPPLY AT 220 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 220 kV and above and also for Industries having load of 5000 kW or below who opt to receive supply at 220 kV.
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 NEPRA Eligibility Criteria, 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 NEPRA Eligibility Criteria.
4. All the new industrial consumers shall be billed on the basis of ToU tariff B-5 given in the Schedule of 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.



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C-1 SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having a metering arrangement at 400/230 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 with a 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 with a 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 with the 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



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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) :
 - 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. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1 tariff given in the Schedule of Tariff

D-2

1. 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 given in the Schedule of Tariff.
2. 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 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



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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

1. “Year” means any period comprising twelve consecutive months.
2. 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.



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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 used in public playground and public parks, the supply under this tariff shall also be applicable for lamps.

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.

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“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.

NOTE

The above tariff terms and conditions are applicable for FY 2024. All the amendments in tariff terms and conditions and others issued for the subsequent periods shall be applicable from the effective date of relevant SROs.

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