TRF-101
(original)

The Karachi Electric Supply Company Limited

Formerly know as: The Karachi Electric Supply Corporation Limited

Ref: DD RA&SP/071/453
June 02, 2008

Mr. Mahjoob Ahmed Mirza.
Registrar,
NEPRA,
2nd Floor, OPF Building,
G-5/2, Islamabad

Subject: **TARIFF PETITION IN RESPECT OF PURCHASE OF POWER FROM NTDC AND APPLICATION OF NTDC RATE FOR PURCHASE OF POWER BY KESC**

We are enclosing Tariff Petition along with the Cross Cheque No.2414823 dated June 02, 2008, in an amount of Rs.1,831,050 in favour of National Electric Power Regulatory Authority being the fee for determination of change in NTDC rate for export of power to KESC. The Tariff petition is being filed in accordance with Rule 3(1) of NEPRA Tariff Standards and Procedure Rules, 1998.

It is therefore, requested to admit the Tariff Petition and kindly acknowledge and issue the receipt.

Best Regards

Abdul Rauf Yousuf
Director, Regulatory Affairs

Registrar
Dy. No. 5815
Dated 03.06.08

Payee A/C Only

National Bank of Pakistan

CORPORATE (CHAPPAL PLAZA)
CHAPAL PLAZA HASRAT MOHANI ROAD KHI

CHEQUE No. CC/1 2414823

CURRENT A/C No. 0000071306

Date 02.06.2008

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY Or bearer

Rupees One million eight hundred thirty one thousand fifty only

Rs. 1,831,050/=

KARACHI ELECTRIC SUPPLY CORP

DO NOT WRITE BELOW THIS LINE

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TARIFF PETITION

BY

KARACHI ELECTRIC SUPPLY COMPANY LIMITED

IN RESPECT OF

PURCHASE OF POWER FROM NTDC

AND

APPLICATION OF RATE AS BEING CHARGED BY NTDC TO DISCOs

Dated: June 02, 2008

Tariff Petition by Karachi Electric Supply Company Limited
03 June, 2008

C O N T E N T S

1. DETAILS OF THE PETITIONER

1.1 NAME AND ADDRESS

Karachi Electric Supply Company Limited ("KESC")

Head Office

7th Floor, State Life Building No.11
Abdullah Haroon Road, Karachi.

Registered Office

2nd Floor, Handicraft Building,
Abdullah Haroon Road, Karachi.

1.2 REPRESENTATIVES

Representatives of KESC:

- Syed Muhammad Amjad - Chief Executive Officer
- Moonis Abdullah Alvi - Director, Treasury
- Abdul Rauf Yousuf - Director, Regulatory Affairs

1.3 GROUNDS OF PETITIONER'S INTEREST/ LICENSE DETAILS

Karachi Electric Supply Corporation Limited (KESC), incorporated on September 13, 1913, is a Public Limited Company providing public utility services, more specifically generation, transmission and distribution to the city of Karachi and its suburbs under a license granted by the National Electric Power Regulation Authority (Authority). The Generation and Distribution Licences have been granted and Transmission Licence is in process of approval with NEPRA. The KESC is listed on Karachi, Lahore and Islamabad Stock Exchanges.

2. SUMMARY OF THE PETITION

This petition is being submitted for modification in the determination of NTDC Tariff made by NEPRA in Case No.NEPRA/TRF-19/NTDC-2003 dated 14 April, 2004 for: -

1.1. Supply of Power to KESC up to 750 MW by NTDC through CPPA.

2.2 Application to KESC of a tariff given to other DISCOs, instead of the rate on Marginal cost basis for supply of power to KESC by NTDC.

The changes in NTDC tariff structure will enable KESC to meet its immediate power demand at a cost that will ensure continued operations and availability of funds for the necessary capital expenditure required to rehabilitate the Transmission and Distribution network. This will also ensure availability and reliability of supply and improve customer service at a sustainable end user tariff.

3. CONFIRMATION OF COMPLIANCE WITH TARIFF STANDARDS AND PROCEDURES

This Petition is being filed in accordance with the NEPRA Tariff Standards and Procedure Rules 1998 Part II Sec. 3. The information required to be filed under the Rules can be found under the following Sections:

Rules reference			Requirement	Petition reference
3	(2)	(a)	Name and address	1.1 & 1.2
		.	Grounds giving rise to petitioner's interest & Licensee details	1.3
		(b)	Grounds and facts of petition	4
		(c)	Relief sought	5
		(d)	Comparative schedule of charges, costs, units and price	6
		(e)	Comparative table of the existing tariff Design and the proposed tariff	
		(f)	Summary of evidence	7

4. GROUNDS AND FACTS ON WHICH THE PETITION IS BASED

4.1 STRUCTURE OF NTDC

National Transmission and Dispatch Company (NTDC), one of the Successor Companies of WAPDA, granted Transmission Licence by NEPRA on December 31, 2002. Under the current arrangements (Single Buyer Model Policy), which will continue until FY 2012, NTDC, through CPPA, is the single buyer for all the power from Generating Companies. NTDC is also a controlling body for sale of energy to all Distribution Companies. Accordingly NTDC charge the average pool price for supply of power to Distribution Companies.

4.2 NTDC PETITION FOR DETERMINATION OF TARIFF

Prior to tariff determination of NTDC by NEPRA in April 2004, KESC rate was fixed at Rs.3.69/kWh. In 2003 NTDC filed a tariff petition for determination of the transmission/wheeling charges for transmission of power to DISCOs and KESC.

4.3 AUTHORITY'S DETERMINATION OF NTDC TARIFF IN 2004

The Authority (NEPRA) made its determination on tariff petition filed by NTDC in Case No. NEPRA/TRF-19/NTDC-2003, as under: -

4.3.1 DETERMINATION OF NTDC TARIFF FOR DISCOS

(a) Use of system charges

NTDC shall charge its user for provision of transmission and allied services the two-part tariff i.e. a fixed and variable charge.

(b) Transfer Price or Transfer Charge to XWDISCOs

NTDC shall charge the XWDISCOs a transfer charge for procuring power from GENCOs and its delivery to XWDISCOs for a billing period i.e. the energy transfer charge to XWDISCOs shall be total variable charge of GENCOs **minus Marginal Generation Energy Charge established during a billing period for delivering electricity to KESC.**

4.3.2 DETERMINATION OF NTDC TARIFF FOR KESC ON THE BASIS OF MARGINAL GENERATION ENERGY CHARGES

The Authority in its determination observed that:

(a) Assured or dedicated supply to KESC for its requirement can not be allowed because KESC is vertically integrated utility and not in the system of NTDC and has not handed over its 220

KV transmission lines to NTDC as such could not be treated as DISCO.

(b) NTDC is not bound to make any commitment for supplying power to KESC. KESC can avail electricity to be supplied through NTDC only if the generation from its sources is surplus to the requirement of XWDISCOs and other DISCOs BPCS under contract with the generation companies

(c) KESC's installed capacity has been de-rated and the Utility failed to restore it to meet its requirement. It is the sole responsibility of KESC to increase its generation capability through installation of new units by KESC or by Private Power according to its needs.

(d) KESC may however purchase from any other source but it would have to pay wheeling charges to NTDC.

(e) If KESC is supplied surplus power by NTDC, without commitment, KESC would pay marginal cost of generation during the billing period and Use of System Charges.

4.4 IMPLEMENTATION OF THE NEPRA DECISION FROM JULY 2004

The Authority had determined NTDC tariff for KESC was applicable from July 2004. However, the decision was implemented from June 2006. The NTDC is charging on marginal cost basis since June 2006 but it is an established fact that no record on hourly basis is available with NTDC till date.

4.5 EFFECT OF ADDITIONAL COST OF POWER PURCHASE FROM NTDC TO KESC ON THE BASIS OF MARGINAL COST BASIS

4.5.1 NTDC has raised the bills for export of power to KESC from June 2006, claiming that these bills are based on hourly marginal cost. The total amount of bills issued by NTDC from June 2006 to April 2008 is Rs. 61,549 million at an average rate of Rs.7.10/kWh (including GST of Rs. 7,667 million) The amount @ Rs.3.69/kWh, as per KESC, works out to Rs. 36,772 million (including GST of Rs. 2,870 million) for the said period. As a result the difference comes to Rs. 24,777 million. The bill issued by NTDC for the month of April 2008 has been calculated @ Rs. 10.11/kWh (Marginal rate = Rs.8.84/kWh + 1.27/kWh GST). (Refer Annexure-A). The rate will enhance further as the furnace oil price has increased by about 20% in last two months.

4.5.2 The fuel prices have increased significantly since June 2006, the date of bills issued by NTDC on marginal cost basis based on furnace oil price. The furnace oil price has increased from Rs.24,219/MTon in June 2006 to Rs.45.025/M.Ton over the last two years i.e. an increase of 86%. (Refer Annexure-B)

4.5.3 The analysis show that the additional cost, difference between Rs.3.50/kWh, the average rate applicable to DISCOs, and the NTDC rate on marginal cost basis at F. Oil price of Rs.39,152/M.Ton (Rs.45,025/M.Ton with GST), works out Rs.33.5 billion per annum (with GST Rs.38.5 billion) to KESC. The additional impact of this addition cost of KESC applicable consumer end tariff works out to Rs. 3.12/kWh or 56.4% increase (Annexure-C). The issue of uniform tariff for KESC and WAPDA has been raised in the media and National Assembly. The gap between KESC and WAPDA, as a result of this additional cost, would have socio-economic and political consequences.

4.6 JUSTIFICATION FOR SUPPLY OF POWER FROM NTDC AND UNIFORM TARIFF FOR KESC AND DISCOs

4.6.1 KESC has remained under the effective control of the Federal Government up to November 2005 and since last so many years was owned, controlled and managed by the Government/WAPDA. No efforts were made to either increase KESC's own generation capacity or to even maintain the installed generation capacity of KESC during this period. Only two IPPs (250 MW) have been established in the KESC system in 1997. Consequently, KESC which at one stage was exporting power to WAPDA has sent this situation gradually reversed and has become dependent on the import of power from WAPDA/NTDC to meet its increasing demand for power.

4.6.2 KESC has been privatized in December 2005. KESC is diligently working to address the supply shortfall through the development of new generating capacity and to improve operational situation and service. A new 220 MW fast track project is to be commissioned in 2008, and contracts have been agreed for a further 560 MW combined cycle project to be commissioned in 2010-2011. However, these solutions will take time to materialize and in the interim measures must be put in place to bridge the power supply gap till this new capacity become available to KESC.

4.6.3 Given the strategic and economic importance of Karachi, the heartland of Pakistan, and the sensitive nature of the matter, there is an urgent need to ensure continuous supply of stable electrical power to the Industrial, commercial and residential consumers within KESC's licensed territory at a reasonable and sustainable tariff. Indeed, this is also the main objective of the Federal and the Provincial Government.

4.6.4 KESC will have to continue purchasing electricity from NTDC until KESC has sufficient generation of its own, which is expected to be the case by 2012. To this end, KESC has requested that NTDC enter into a five-year Power Purchase Agreement (PPA) with KESC for the sale of up to 750 MW of electric power to KESC. The existence of PPA will have the following advantages:

i. It will assure the supply of electricity to KESC for the medium term pending the enhancement of KESC's own generating capacity; and

ii. It will settle the terms and conditions (as between KESC and NTDC) on which electrical power is purchased by KESC thereby increasing certainty and reducing future disputes on this matter.

4.6.5 KESC has repeatedly insisted that the marginal cost pricing formula applied by WAPDA/NTDC for the supply of power to KESC is discriminatory and amounts to an abrogation of responsibility by WAPDA/NTDC toward the consumers and citizens of Karachi. Determinations of NEPRA on this issue, dating from April 2004 and 5 June 2006, do not take into account several factors including the legacy that KESC has to bear. It is, therefore, axiomatic that the tariff charged by NTDC for supply of electrical power to KESC is reasonable, fair and non-discriminatory, so as to enable KESC to be able to apply a sustainable consumer end tariff, and that its limited resources are not unduly burdened, particularly during the present remedial phase in which the management is attempting to attend to and remedy the severe problems which have been accumulating for approximately a decade.

4.6.6 Therefore, it is most unfortunate that KESC is in the midst of a serious situation as result of a tariff determination by NEPRA dated April 14, 2004 (issued upon a tariff application submitted by NTDC) in terms of which NTDC has been permitted to charge a tariff based on marginal cost of generation and the use of system charge for export of power to KESC which comes to Rs. 10.48/Kwh as per at existing furnace oil price whereas the corresponding rate applicable to the "Ex-WAPDA Discos" is about Rs. 3.50/Kwh, i.e. a difference of Rs. 6.98/Kwk.

4.6.7 Under the same determination, KESC has not been assured of a dedicated supply, but will only be entitled to supply of surplus if any, of electrical power after the requirements of the Ex-WAPDA Discos have been met. The rationale given by NEPRA for this decision in its determination is in the following terms:

"... We cannot allow an assured or dedicated supply to KESC for its requirement. Firstly, because KESC is vertically integrated utility and has not yet requested for its integrated status to be unbundled as yet, secondly because KESC is not contributing to payment of capacity charges to NTDC."1 (Paragraph 77 of NEPRA determination dated 14 April, 2004)

4.6.8 KESC is a legitimate consumer of NTDC, as it has been receiving power directly from NTDC since last many years as per its requirements, up to 750 MW. KESC would have to resort to massive load shedding due to non-availability of power as per requirement, resultantly lead to serious economic and social consequences.

4.6.9 The very substantial difference between the tariff being applied to the Ex-WAPDA DISCOs and that payable by KESC arises because: (i) in NEPRA's opinion, for the aforementioned reasons, KESC does not fall within the same class as the Ex-WAPDA DISCOs – essentially because it is "vertically integrated"; and (ii) consequently, although the tariff payable by the Ex-WAPDA DISCOs is computed by determining the "average pool price" of all the generation companies feeding NTDC, the price payable by KESC is computed on the basis of the "marginal cost of generation during the billing period along with use of system charge".

4.6.10 The potentially disastrous consequences of excluding KESC from the benefit being given to the Ex-WAPDA DISCOs and the discriminatory tariff regime applicable to KESC include the following:

- The difference between the KESC and Ex-WAPDA DISCOs tariffs represents an additional cost of Rs. 33.5 billion per annum for KESC (Rs. 3.12/Kwh or 56.4% over the existing average applicable tariff of KESC).
- The substantially higher tariff fails to take into consideration the fact that **KESC is also acting as a DISCO (and also holds a separate Distribution License for this purpose granted by NEPRA)** and, hence, has to bear the cost of transmission and distribution losses up to the consumer end. KESC claim to qualify as DISCO is also justified from the treatment meted out by NTDC itself by supplying electricity directly according to KESC requirements over the years.
- The NTDC tariff is a "pass-through" item in the KESC tariff. Consequently, if the same is applied, the Federal Government will face the dilemma of either providing a suitable subsidy to KESC (so as to maintain a reasonable consumer end tariff) or KESC will be forced to pass on the entire additional burden to its consumers, which realistically is neither practical nor prudent.
- Any addition in KESC tariff will make the gap between tariffs of KESC and WAPDA wider and nourish feeling of discrimination. Such huge difference in tariff would in turn bring undesirable socio-economic and political consequences.

4.6.11 As regards, the rationale for treating and classifying KESC differently from the Ex-WAPDA DISCOs for the purposes of determination of tariff payable to NTDC, it has already been clarified that there is no mandatory provision of law which requires such treatment. Indeed, in KESC's opinion, in the broader perspective such treatment is discriminatory and violative of the guarantees against unreasonable or discriminatory classification enshrined in the Constitution of the Islamic Republic of Pakistan, 1973.

4.6.12 It is a well known fact that the power was supplied to KESC by NTDC through Jamshoro link which was limited to 600 MW. To ensure uninterrupted additional supply the proposal of NTDC for establishment of new NTDC-KESC 500/220 KV INTER CONNECTION (HUBCO-KESC Link) was approved by the ECNEC in 2003. The cost of the project amounting to was Rs. 3.1 billion, was entirely borne by NTDC. It clearly indicates that KESC was considered a legitimate consumer like other ex WAPDA DISCOs.

4.6.13 The NEPRA, in NTDC tariff determination, has observed that KESC has not handed over its 220 KV transmission lines to NTDC. KESC firmly believes that in any event this objection can be overcome by treating the 220 KV Transmission lines of NTDC up to the Interconnection points of KESC which are under the control of NTDC may be considered the responsibility of NTDC. While the Transmission system of KESC, which has been upgraded to 220 KV for smooth supply of power to its consumers, should be treated as the Transmission lines of KESC. Hence KESC may be given the status of DISCOs. This is a simple and practical solution to the objection raised by NEPRA. Al-Tuwairqi 220KV transmission is also a dedicated line and could not be used as a wheeler for transmission of power to DISCOS or KESC.

4.6.14 KESC's claim to qualify as DISCO is also justified from the treatment meted out by NTDC itself by supplying electricity directly according to Company's requirements over the years. On the contrary, TSML does not qualify as a Disco and will be supplied power through HESCO.

4.6.15 In the circumstances, it is not only fair, reasonable and equitable that KESC should be also treated at par with the Ex-WAPDA Discos in the context of supply of electrical power through NTDC/CPPA but also in the national and public interest since, in the absence of such treatment, the viability of KESC will become doubtful. The consequences for the millions of consumers of KESC will also obviously be grave.

4.6.16 Under Section 7(6) of the NEPRA Act, NEPRA is under a mandatory obligation to "protect the interest of consumers and companies providing electric power services" in accordance with guidelines laid down by the Federal Government.

4.6.17 The Prime Minister Secretariat has also observed that the marginal cost decision by NEPRA will generate violent reaction in Karachi.

4.6.18 The National Assembly Standing Committee on Water and Power recommended in July 2006, immediately after charging tariff on marginal cost basis by NTDC on export of power to KESC, that the KESC should be treated like other DISCOs and allowed to purchase power from NTDC at the same rate as applicable to other DISCOs in the country.

4.6.19 Under Section 31(2) of the NEPRA Act, the Authority while determining the standards referred to in subsection (1) shall

"(e) keep in view the economic and social policy objectives of the Federal Government; and (f) determine tariffs so as to eliminate exploitation and minimize economic distortions."

4.6.20 The above guidelines are evidently necessary for the purposes of protecting the interest of the consumers of KESC (as the same will ensure the application of a reasonable tariff to them) and KESC itself as the provider of electrical power services and hence fall completely within the purview and scope of Section 7(6) of the NEPRA Act.

4.7 PRIVATIZATION OF KESC

4.7.1. KESC, an integrated utility Company is providing electricity to the exclusive territory of 6,000 Sqkm with 2.0 million registered customers. KESC is at the heart of the economic growth for Karachi, a city with population of 18 million approximately. The KESC has a potential to become a powerhouse of economic growth and to make Karachi a brighter city.

4.7.2 KESC has been privatized to develop the Utility as a whole by bringing in new investors in order to ensure un-interrupted power supply to its consumers and overcome the ever-increasing demand.

4.7.3 The Management of KESC has to face many challenges due to shortage of its own generation, limited power supply from NTDC, increase in power demand, limited gas supply, exorbitant increase in furnace oil prices, old and deteriorated assets, unpredicted interruptions, load shedding, voltage and frequency problems, higher technical and non-technical losses and unsatisfactory service etc.

4.7.4 Management of KESC keenly desires to win the trust of consumers with an excellent service and best supply of energy, to ensure a profitable organization for the benefit of our shareholders and to make the privatization policy of the GOP a real success. The aim of the management is to reduce financial losses and provide better service to its consumers. Management is confident to turn around KESC as an efficient and viable organization.

4.7.5 KESC wants to move forward with a realistic approach to put the Company onto a viable footing, enabling it to finance the capital expenditure required for availability and reliability of supply of power, to reduce energy losses, improve customer service and run its operations efficiently. However, the efforts of the Management will not bear fruit and the Company will not be able to undertake the plans for system improvement, if it has to continue to resort to load shedding and supply of power at a cheaper rate, with the resultant effect on availability of cash required for capital expenditure.

4.8 CONCLUSION

Supply of power up to 750 MW up to 2012 by NTDC an applying to KESC a tariff given to other DISCOs ensures:

(i) A transparent, level playing field.

(ii) Enables KESC to apply a sustainable end user tariff. Passing the cost of the NTDC 'marginal cost' to consumers in Karachi is unsustainable, discriminatory, and severely limits the resources that KESC needs in order to improve its capacity and operations in Karachi.

(iii) Ensures that the limited resources available to KESC are not needlessly dissipated but are instead spent on service improvement, and to ensure that KESC retains its ability to engage in rebuilding its key infrastructure and enhancing its generation capacity.

(iv) Non availability of power from NTDC will result in load shedding. This will accelerate the trend of shifting of industries to self-generation. All other classes of customers will be inclined not to pay the electricity bills due to poor service by KESC. Consequently, financial condition of KESC will further aggravate.

5. DETERMINATION SOUGHT

In view of the facts stated above: -

(1) KESC's may be given status of DISCO for purchase of power from NTDC up to 750 MW through CPPA by removing the conditions set in the determination of NTDC tariff by NEPRA

(ii) The rate for import of power from NTDC through CPPA should be the same as applicable to other DISCOs.

6. COMPARISON OF EXISTING AND PROPOSED COST OF POWER PURCHASED FROM NTDC

DESCRIPTION	Marginal Rate	DISCOs Rate
Average Rate (Rs/kWh)	10.48	3.50
Additional Cost to KESC (Mill Rs)	33,515	
Additional tariff required (Rs/kWh)	3.12	
Increase in tariff due to application of marginal rate	56.4%	

7. SUMMARY OF EVIDENCE

1. Financial impact of marginal cost on import of power from NTDC from June 2006 to April 2008 — Annexure - A
2. Furnace oil prices since 1999 — Annexure - B
3. Effect of Marginal cost on KESC consumer end tariff — Annexure - C

Annexure-A (i)

K. E. S. C. LTD.

STATEMENT SHOWING COMPARATIVE COST OF POWER PURCHASE FROM NTDC

MONTH	UNITS	AS PER NTDC (MILLION RUPEES)					AS PER KESC (MILLION RUPEES)					DIFFERENCE (MILLION RUPEES)				
	IMPORTED Mill. Kwh	ENERGY	UOSC	TOTAL	GST	TOTAL	ENERGY	UOSC	TOTAL	GST	TOTAL	ENERGY	UOSC	TOTAL	GST	TOTAL
2005-06																
Jun-06	424	2,453	122	2,576	368	2,944	1,566		1,566	235	1,801	887	122	1,010	133	1,143
2006-07																
Jul-06	461	2,557	149	2,706	384	3,090	1,700	-	1,700	255	1,955	857	149	1,006	129	1,135
Aug-06	461	2,618	139	2,757	393	3,150	1,700	-	1,700	255	1,955	918	139	1,057	138	1,195
Sep-06	473	2,511	138	2,650	377	3,026	1,744	-	1,744	262	2,006	767	138	905	115	1,021
Oct-06	483	2,400	138	2,537	360	2,897	1,782	-	1,782	267	2,049	617	138	755	93	848
Nov-06	436	1,988	132	2,120	298	2,418	1,609	-	1,609	241	1,851	378	132	510	57	567
Dec-06	384	1,828	124	1,953	274	2,227	1,417	-	1,417	212	1,629	412	124	536	62	598
Jan-07	273	1,326	96	1,421	199	1,620	1,007	-	1,007	151	1,158	319	96	414	48	462
Feb-07	290	1,371	103	1,473	206	1,679	1,071	-	1,071	161	1,232	300	103	402	45	447
Mar-07	345	1,748	120	1,868	262	2,130	1,274	-	1,274	191	1,465	474	120	594	71	665
Apr-07	385	1,981	123	2,103	297	2,401	1,419	-	1,419	213	1,632	562	123	684	84	768
May-07	473	2,755	141	2,896	413	3,310	1,746	-	1,746	262	2,008	1,009	141	1,150	151	1,302
Jun-07	442	2,482	138	2,620	372	2,992	1,630	-	1,630	244	1,874	852	138	990	128	1,118
	4,905	25,565	1,540	27,105	3,835	30,939	18,100	-	18,100	2,715	20,815	7,465	1,540	9,005	1,120	10,125
2007-08																
Jul-07	469	2,658	141	2,799	399	3,198	1,731	-	1,731	260	1,991	927	141	1,068	139	1,207
Aug-07	430	2,672	134	2,806	401	3,207	1,588	-	1,588	238	1,827	1,083	134	1,218	163	1,380
Sep-07	448	2,759	141	2,901	414	3,315	1,653	-	1,653	248	1,901	1,106	141	1,247	166	1,413
Oct-07	385	2,431	123	2,554	365	2,919	1,420	-	1,420	213	1,633	1,012	123	1,134	152	1,286
Nov-07	307	2,110	100	2,210	316	2,526	1,133	-	1,133	170	1,303	977	100	1,077	147	1,224
Dec-07	278	2,239	97	2,336	336	2,672	1,027	-	1,027	154	1,181	1,212	97	1,309	182	1,491
	2,318	14,869	736	15,606	2,230	17,836	8,552	-	8,552	1,283	9,835	6,317	736	7,053	948	8,001
Jun 2006 - Dec 2007	7,647	42,887	2,399	45,286	6,433	51,719	28,218	-	28,218	4,233	32,451	14,669	2,399	17,068	2,200	19,268
Jan-08	251	1,957	92	2,049	294	2,343	927	-	927	139	1,066	1,030	92	1,122	154	1,277
Feb-08	242	1,902	86	1,988	285	2,274	893	-	893	134	1,027	1,009	86	1,095	151	1,247
Mar-08	225	1,817	84	1,902	273	2,174	829	-	829	124	953	989	84	1,073	148	1,221
Apr-08	301	2,549	109	2,657	382	3,040	1,109	-	1,109	166	1,275	1,440	109	1,548	216	1,764
	1,018	8,225	371	8,596	1,234	9,830	3,758	-	3,758	564	4,321	4,467	371	4,839	670	5,509
Jun 2006 - Apr 2008	8,666	51,112	2,770	53,883	7,667	61,549	31,976	-	31,976	4,796	36,772	19,136	2,770	21,906	2,870	24,777

Annexure-A (ii)

K. E. S. C. LTD.

STATEMENT SHOWING COMPARATIVE RATE OF POWER PURCHASE FROM NTDC

MONTH	UNITS IMPORTED Mill. Kwh	AS PER NTDC (RUPEES / KWH)					AS PER KESC (RUPEES / KWH)					DIFFERENCE (RUPEES / KWH)				
		ENERGY	UOSC	TOTAL	GST	TOTAL	ENERGY	UOSC	TOTAL	GST	TOTAL	ENERGY	UOSC	TOTAL	GST	TOTAL
2005-06																
Jun-06	424	5.78	0.29	6.07	0.87	6.94	3.69	-	3.69	0.55	4.24	2.09	0.29	2.38	0.31	2.69
2006-07																
Jul-06	461	5.55	0.32	5.87	0.83	6.71	3.69	-	3.69	0.55	4.24	1.86	0.32	2.18	0.28	2.46
Aug-06	461	5.68	0.30	5.98	0.85	6.84	3.69	-	3.69	0.55	4.24	1.99	0.30	2.29	0.30	2.59
Sep-06	473	5.31	0.29	5.61	0.80	6.40	3.69	-	3.69	0.55	4.24	1.62	0.29	1.92	0.24	2.16
Oct-06	483	4.97	0.29	5.25	0.75	6.00	3.69	-	3.69	0.55	4.24	1.28	0.29	1.56	0.19	1.76
Nov-06	436	4.56	0.30	4.86	0.68	5.54	3.69	-	3.69	0.55	4.24	0.87	0.30	1.17	0.13	1.30
Dec-06	384	4.76	0.32	5.09	0.71	5.80	3.69	-	3.69	0.55	4.24	1.07	0.32	1.40	0.16	1.56
Jan-07	273	4.86	0.35	5.21	0.73	5.94	3.69	-	3.69	0.55	4.24	1.17	0.35	1.52	0.18	1.69
Feb-07	290	4.72	0.35	5.08	0.71	5.78	3.69	-	3.69	0.55	4.24	1.03	0.35	1.39	0.15	1.54
Mar-07	345	5.06	0.35	5.41	0.76	6.17	3.69	-	3.69	0.55	4.24	1.37	0.35	1.72	0.21	1.93
Apr-07	385	5.15	0.32	5.47	0.77	6.24	3.69	-	3.69	0.55	4.24	1.46	0.32	1.78	0.22	2.00
May-07	473	5.82	0.30	6.12	0.87	6.99	3.69	-	3.69	0.55	4.24	2.13	0.30	2.43	0.32	2.75
Jun-07	442	5.62	0.31	5.93	0.84	6.77	3.69	-	3.69	0.55	4.24	1.93	0.31	2.24	0.29	2.53
	4,905	5.21	0.31	5.53	0.78	6.31	3.69	-	3.69	0.55	4.24	1.52	0.31	1.84	0.23	2.06
2007-08																
Jul-07	469	5.67	0.30	5.97	0.85	6.82	3.69	-	3.69	0.55	4.24	1.98	0.30	2.28	0.30	2.57
Aug-07	430	6.21	0.31	6.52	0.93	7.45	3.69	-	3.69	0.55	4.24	2.52	0.31	2.83	0.38	3.21
Sep-07	448	6.16	0.32	6.47	0.92	7.40	3.69	-	3.69	0.55	4.24	2.47	0.32	2.78	0.37	3.15
Oct-07	385	6.32	0.32	6.64	0.95	7.59	3.69	-	3.69	0.55	4.24	2.63	0.32	2.95	0.39	3.34
Nov-07	307	6.87	0.33	7.20	1.03	8.23	3.69	-	3.69	0.55	4.24	3.18	0.33	3.51	0.48	3.99
Dec-07	278	8.04	0.35	8.39	1.21	9.60	3.69	-	3.69	0.55	4.24	4.35	0.35	4.70	0.65	5.36
	2,318	6.42	0.32	6.73	0.96	7.70	3.69	-	3.69	0.55	4.24	2.73	0.32	3.04	0.41	3.45
Jun 2006 - Dec 2007	7,647	5.61	0.31	5.92	0.84	6.76	3.69	-	3.69	0.55	4.24	1.92	0.31	2.23	0.29	2.52
Jan-08	251	7.79	0.37	8.16	1.17	9.32	3.69	-	3.69	0.55	4.24	4.10	0.37	4.47	0.61	5.08
Feb-08	242	7.86	0.36	8.22	1.18	9.39	3.69	-	3.69	0.55	4.24	4.17	0.36	4.53	0.63	5.15
Mar-08	225	8.09	0.38	8.47	1.21	9.68	3.69	-	3.69	0.55	4.24	4.40	0.38	4.78	0.66	5.44
Apr-08	301	8.48	0.36	8.84	1.27	10.11	3.69	-	3.69	0.55	4.24	4.79	0.36	5.15	0.72	5.87
	493	8.08	0.36	8.44	1.21	9.65	3.69	-	3.69	0.55	4.24	4.39	0.36	4.75	0.66	5.41
Jun 2006 - Apr 2008	8,666	5.90	0.32	6.22	0.88	7.10	3.69	-	3.69	0.55	4.24	2.21	0.32	2.53	0.33	2.86

K. E. S. C. Ltd.
R A & S P OFFICE

Annexure "B"

PRICE OF FURNACE OIL

EFFECTIVE FROM		WITHOUT GST RS./M.Ton	GST @15% RS./M.Ton	WITH GST RS./M.Ton	Accumulated Increase Over April 1999 Price W/O GST		With GST
April	1999	5,500	0	5,500			
W.e.f.							
May 19,	1999	6,070	0	6,070	10%		10%
Jul 12,	2000	9,833	1,475	11,308	79%		106%
Jul 01	2001	9,760	1,464	11,224	77%		104%
Jul 01	2002	10,168	1,525	11,694	85%		113%
Jul 01	2003	11,001	1,650	12,651	100%		130%
Jul 01	2004	11,591	1,739	13,329	111%		142%
Jul 01	2005	17,643	2,646	20,289	221%		269%
Jul 01	2006	21,060	3,159	24,219	283%		340%
Jun 01	2006	22,170	3,326	25,496	303%		364%
Jul 01	2007	23,007	3,451	26,458	318%		381%
Jul 16	2007	23,657	3,549	27,206	330%		395%
Aug 01	2007	24,679	3,702	28,381	349%		416%
Aug 16	2007	24,459	3,669	28,128	345%		411%
Sep 01	2007	23,370	3,506	26,876	325%		389%
Sep 16	2007	24,451	3,668	28,119	345%		411%
Oct 01	2007	25,495	3,824	29,319	364%		433%
Oct 16	2007	25,662	3,849	29,511	367%		437%
Nov 01	2007	29,323	4,398	33,721	433%		513%
Nov 16	2007	32,674	4,901	37,575	494%		583%
Dec.01	2007	31,774	4,766	36,540	478%		564%
Dec.16	2007	29,743	4,461	34,204	441%		522%
Jan. 01	2008	30,327	4,549	34,876	451%		534%
Jan. 16	2008	31,860	4,779	36,639	479%		566%
Feb. 01	2008	29,820	4,473	34,293	442%		524%
Feb. 16	2008	30,178	4,527	34,705	449%		531%
Mar. 01	2008	31,121	4,668	35,789	466%		551%
Mar. 16	2008	32,749	4,912	37,661	495%		585%
Apr. 01	2008	32,803	4,920	37,723	496%		586%
Apr. 16	2008	34,112	5,117	39,229	520%		613%
May 01,	2008	36,519	5,478	41,997	564%		664%
May 16,	2008	39,152	5,873	45,025	612%		719%

K.E.S.C. LTD **ANNEXURE - C**

EFFECT OF MARGINAL COST ON KESC TARIFF

Units Purchased	Per Month	gWh	400
Units Purchased	Per Annum	gWh	4,800
Average rate applicable to DISCC		Rs/kWh	3.50
Rate at Marginal cost	May 16, 2C	Rs/kWh	10.48
Additional rate		Rs/kWh	6.98
Fuel cost			
- at DISCOs Rate		Mill Rs	16,800
- at Marginal cost		Mill Rs	50,315
Additional cost per annum		Mill Rs	33,515
Estimated Units sold per annum		gWh	10,746
Additional rate		Rs/kWh	**3.12**
Existing tariff of KESC		Rs/kWh	5.53
%age Increase in Tariffr			**56.4%**

Working of Rate at Marginal cost of generation

Average Thermal Efficiency (Estimated)		33.0%
Fuel consumption	BTU/kWh	10,342
Cost of furnace oil (16-05-2008)	Rs/M.Ton	39,512
Cost of furnace oil (Eq:MMBTU)	Rs/MMBTU	979.20
Cost of fuel (Variable rate)	Rs/kWh	10.13
Use of System Charges		
	Rs/kW	100.15
- Fixed	Rs/kWh	0.23
- Variable	Rs/kWh	0.12
Total energy charges	Rs/kWh	10.48
GST	Rs/kWh	1.52
Total bill amount	Rs/kWh	12.00

KESC

- PAKISTAN

100 RS.

ONE HUNDRED RUPEES

ایک سو (۱۰۰) روپیہ

پاکستان

WAHEED BAIG Stamp Vender
Lic. No. ... Karachi
S. No. 37241
ISSUED TO ... KESC
PURPOSE ... Karachi
RUPEES ...
VALUE ... 100
STAMP VENDOR ...

02 JUN 2008

AFFIDAVIT

I, Abdul Rauf Yousuf son of Muhammad Yousuf, Muslim, adult, Chief Manager Finance, KESC Ltd., 7th Floor, State Life Building No.11, Abdullah Haroon Road, Saddar, Karachi, being the duly authorized representative of the Karachi Electric Supply Company Ltd. (KESC), hereby solemn affirm and declare that the content of the Tariff Petition dated 2nd June 2008 including all supporting documents are true and correct to the best of my knowledge and belief and that nothing has been concealed.

Verified on oath this 2nd day of June 2008.

DEPONENT

ABDUL RAUF YOUSUF
Director Regulatory Affairs

ATTESTED
M. Iqbal Kallue
NOTARY PUBLIC
ISLAMABAD
Advocate High Court

4/6/08

KESC

PAKISTAN 100 RS.

ONE HUNDRED RUPEES

ایک سو (۱۰۰) روپیہ

پاکستان

37242 02 JUN 2008

KESC

1021

AFFIDAVIT

I, Moonis Abdullah Alvi S/o Syed Riazuddin Alvi, Muslim, adult, Director Treasury, KESC Ltd., 7th Floor, State Life Building No.11, Abdullah Haroon Road, Saddar, Karachi, Karachi, being the duly authorized representative of the Karachi Electric Supply Company Ltd. (KESC), hereby solemn affirm and declare that the content of the Tariff Petition dated 2nd June 2008 including all supporting documents are true and correct to the best of my knowledge and belief and that nothing has been concealed.

Verified on oath this 2nd day of June 2008

DEPONENT

MOONIS ABDULLAH ALVI
Director Treasury

ATTESTED
M. Iqbal Kallue
NOTARY PUBLIC
ISLAMABAD
Advocate High Court
4/6/08