

Ref. No. RA&SP/NEPRA/071/1400
Dated: February 15, 2016

The Registrar
N.E.P.R.A
NEPRA Office Tower,
Islamabad.

For information & u/a p.
SAT-1 MF 19/2
cc: Chairman - MA
18/2

Subject: **REVISED SUBMISSION OF ADJUSTMENT IN K-ELECTRIC SCHEDULE OF TARIFF ON ACCOUNT OF FUEL PRICE AND POWER PURCHASE COST VARIATION FOR QUARTER ENDED DECEMBER 2015.**

Dear Sir,

This is with reference to our submission of quarterly tariff adjustment Ref. No. RA&SP/NEPRA/071/ dated January 27, 2016 for the month of December 2015.

KE has submitted Quarterly Tariff Adjustment for the period Oct-Dec 2015 based on power purchase invoice of NTDC with total charges of Rs. 8.280/kWh. However, NEPRA in its determination of NTDC for XDISCOs issued vide ref: NEPRA/R/TRF/-100/MFPA/1789-1807 and notified vide SRO # 90(I)/2016 has determined total charges to Rs. 7.092/kWh. Therefore, we have revised our tariff adjustment petition for the quarter ended December 2015 as under:

1. ADJUSTMENT IN KE SCHEDULE OF TARIFF

1.1. Adjustment in Tariff on Account of Fuel & Power Purchase Cost Variation

As per the applicable and approved tariff adjustment mechanism of 23rd December 2009, by taking into account the effect of NEPRA allowed T&D loss @ 15%, the variation in cost of fuel and power purchase for the quarter Oct-Dec 2015 is Ps. 70.310/kWh, which needs to be adjusted in KE's tariff on units sold basis, breakup of the same is as under:

DESCRIPTION	December 2015 (Over Sep-15)	
	Mill. Rs.	Ps/kWh
Fuel Price Variation	(25.988)	(2.947)
Power Purchase Price Variation	646.101	73.257
Total Variation in Tariff	620.114	70.310

1.2. Unrecovered Cost

The Authority in its determination dated 23rd December 2009 specified that the quarterly adjustment in schedule of tariff shall take care of:

- Monthly variation in the O&M cost and capacity charges for the power purchased from IPPs and other external sources; and
- Any un-recovered cost of fuel, due to non-adjustment of T&D losses in the monthly fuel price adjustment already allowed by Authority for recovery by KE through monthly bills of consumers.

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Based on the approved mechanism and the details mentioned above, the unrecovered cost for the period Oct-Dec 2015 is as under:

Unrecovered Cost for the period October – December 2015	Amount Mill Rs.
Variation in O&M cost of IPPs and other sources	932.082
Variation in Capacity charges of IPPs and other sources	69.469
Unrecovered cost due to non-adjustment of T&D losses in FCA	218.980
Payment of Bonus to IPPs (GAEL)	16.945
Adj. for Revision of Fixed Cost of KANUPP w.e.f. July 2015	5.823
Adj. for fuel cost not considered in SOT of Apr-Jun 2015 *	22.860
Total required Adjustment in Quarterly Tariff	1,266.159
Estimated Units to be sold loss in the next quarter (Gwh)	2611.996
Required Adjustment in KE's Tariff (Ps/kWh)	48.475

*This represents impact of fuel invoice for the month of Apr-15 & debit note not considered in SOT of Apr-Jun 2015, amounting to Rs. 88 million.

Further, KE has filed a petition with NEPRA to approve WPPF and WWF paid to IPPs (Tapal and GuL) as pass through item, therefore payment on this account amounting to Rs. 257.198 million is not included in unrecovered cost and will be claimed once approved as pass through item.

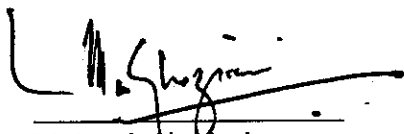
2. REQUEST FOR ADJUSTMENT IN TARIFF

The overall adjustment in the KEs tariff for the quarter ending December 2015, is as follows:

Total Required Adjustment in KE's Tariff	Ps/kWh
Required Quarterly Adjustment in KE's tariff	70.310
Unrecovered Cost for the current quarter	48.475
Required Adjustment for the quarter	118.785
Reversal of Unrecovered cost of previous quarter	24.668
Total Required Adjustment in KE Tariff	143.453

It is requested that the required adjustment in tariff may be allowed for the quarter Oct-Dec 2015.

Sincerely



M. Aamir Ghaziani
Director – Finance & Regulations

Encl.

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K ELECTRIC (Formerly KESCL)

ADJUSTMENT IN TARIFF DUE TO VARIATION IN FUEL AND		Oct-15	Nov-15	Dec-15	QTR
POWER PURCHASE COST INCLUDING O&M AND CAPACITY CHARGES					
UNITS SOLD	Mill kWh				881.969
FUEL PRICE VARIATION	Mill Rs				(25.988)
Cost of Power Purchase					
- Fuel Component	Mill Rs				2,332.257
- O&M Cost	Mill Rs				1,290.726
- Capacity Payment	Mill Rs				263.788
- Total Cost of Power Purchased	Mill Rs				3,886.770
Power Purchased	Mill kWh				507.634
Average Rate of Power Purchase		Sep-15	Dec-15		
- Fuel Component	Rs/kWh	4.429	4.594		0.165
- O&M Cost	Rs/kWh	1.533	2.543		1.010
- Capacity Payment	Rs/kWh	0.422	0.520		0.098
- Total Cost of Power Purchased	Rs/kWh	6.384	7.657		1.273
POWER PURCHASED COST VARIATION					
- Fuel Component	Mill Rs				83.742
- O&M Cost	Mill Rs				512.599
- Capacity Payment	Mill Rs				49.761
- Total Cost of Power Purchased	Mill Rs				646.101
Total Cost Variation (Fuel + Power Purchase)	Mill Rs				620.114
QUARTERLY INCREASE/DECREASE IN RATE					
- Fuel Price Variation	Ps/kWh				(2.947)
- Power Purchase Cost variation	Ps/kWh				73.257
- Total Cost Variation	Ps/kWh				70.310
Required adjustment in Tariff					
a Quarterly Revision of SOT for the Quarter 'A'	Ps/kWh				70.310
b Unrecovered Cost for current quarter	Ps/kWh				48.475
Required Adj. for the quarter	Ps/kWh				118.785
c Reversal of tariff adjustment of prev. quarter	Ps/kWh				24.668
Total Required adjustment in KE's Tariff	Ps/kWh				143.453

ADJUSTMENT IN TARIFF DUE TO UNRECOVERED COST		Oct-15	Nov-15	Dec-15	QTR
a. Variation in O&M Cost Power Purchase	Mill Rs	128.077	291.406	512.599	932.082
b. Variation in Capacity Cost Power Purchase	Mill Rs	(1.828)	21.535	49.761	69.469
c. i Variation in Fuel & Power Purchase Cost					
Fuel Price Variation	Mill Rs	20.559	(38.216)	(25.988)	(43.645)
Power Purchase(fuel) variation	Mill Rs	844.165	575.605	83.742	1,503.511
	Mill Rs	864.723	537.389	57.754	1,459.866
Units Sent Out	Mill kWh	1,579.255	1,215.023	1,037.610	3,831.889
Increase/decrease in FSA Rate	Ps/kWh	54.755	44.229	5.566	38.098
T&D Losses		15.0%	15.0%	15.0%	
Units Sold as per NEPRA	Mill kWh	1,342.367	1,032.770	881.969	3,257.106
ii Recovery of Cost under Monthly FSA					
Fuel Price Variation	Mill Rs	17.475	(32.484)	(22.089)	(37.098)
Power Purchase(fuel) variation	Mill Rs	717.540	489.264	71.180	1,277.984
	Mill Rs	735.015	456.781	49.091	1,240.886
iii Unrecovered Cost due to non adjustment of T&D losses					
Fuel Price Variation	Mill Rs	3.084	(5.732)	(3.898)	(6.547)
Power Purchase(fuel) variation	Mill Rs	126.625	86.341	12.561	225.527
Total	Mill Rs	129.709	80.608	8.663	218.980

SUMMARY OF UNRECOVERED COST

a. Variation in O&M Cost Power Purchase	932.082
b. Variation in Capacity Cost Power Purchase	69.469
c. Unrecovered Cost due to non adjustment of T&D losses	218.980
d. Other Adjustments	
- KANUPP Revision of Fixed Cost wef July 2015	5.823
- Adj. for fuel cost not considered in SOT of Apr-Jun 2015	22.860
- Payments for Bonus to IPPs (Gul)	16.945
Total Adjustment in Quarterly Tariff	1,266.159
Estimated Units to be sold in next quarter	2,611.996
Unrecovered Cost for current quarter	48.475