

1. Framing of issues

1.1 Following are the consolidated issues framed to be discussed during the hearing.

1.2 Status of Authority's Direction

What is the compliance status by NTDCL on the directions of the Authority given in the tariff determination for FY 2017-18 & FY 2018-19:

- i. To file its next tariff petition timely under Multi-Year Tariff (MYT) regime.
- ii. To submit on quarterly basis the investment made and progress made against the investment being allowed in this tariff.
- iii. To ensure efficient and timely utilization of Loans and Credits from DFIs. The commitment charges due to non-utilization within loan/credit period will not be allowed.
- iv. Conclude the long in-process creation of separate post retirement funds and to transfer the amount claimed and already allowed by the Authority for this retirement fund and separately managed.
- v. To file tariff petition timely and complete in all aspects to avoid PYA made belatedly.
- vi. To file next tariff petition on the basis of calculation of MDI on coincidental basis. Share on quarterly basis the progress on the implementation for recording of MDI on coincidental basis.
- vii. To provide loading position of its 500 kV and 220 kV components to the Authority on quarterly basis and recent improvements.
- viii. To submit the updated progress regarding dispersal of power from major power plants, wind corridors, solar parks, hydel projects on monthly basis.
- ix. To ensure evacuation of the electricity from the upcoming power plants as per timelines of interconnection approval granted by NTDC.
- x. To ensure timely right of way and other associated tasks assigned to NTDCL for timely completion of HVDC / all HVAC Transmission lines.
- xi. To ensure installation of Secured Metering System (SMS) on remaining Common Delivery Points (CDPs). To apprise periodically the progress made on import of electricity with TAVANIR Iran and to submit the outcome (if any) of the Joint Working Group formed in this regard.
- xii. To ensure completion of its planned activities within the prescribed timeframe to avoid tripping incidents in future. Progress in this regard to be shared with the Authority on a quarterly basis.
- xiii. To ensure implementation of reliability indices for all in-process and future projects.

1.3 Technical Issues

- i. Whether the consistent level of loss target of 3.0% for a period of next three (03) years i.e. FY 2019-20, 2020-21 and 2021-22 is reasonable?
- ii. Whether the Petitioner's proposed Investment programs of Rs. 39,062 million, Rs. 56,443 million and Rs. 69,046 million for FY 2019-20, 2020-21 and 2021-22 respectively are justified? NTDC needs to clarify that what is the criteria being adopted for the selection of such projects to be implemented in instant tariff period?

- iii. The Authority has allowed a total investment of Rs. 41,380 million against 22 priority projects to NTDC for FY 2018-19. NTDC is required to submit detailed project-wise Benefit to Cost analysis in respect of each project. The detailed report, inter alia, must include time line for project implementation, analysis and way forward.
- iv. NTDC filed the instant MYT petition for next 3 years on non-coincidental MDI basis and as per claim by NTDC, infrastructure for MDI calculation on co-incident basis will be finalized in October, 2020. NTDC has failed to meet its own commitments for coincidental measurement of demand for the past 4 years. NTDC must provide such information for instant MYT petition.
- v. Whether Land Acquisition and ROW issues have been resolved causing delays in implementation of development projects of NTDC?
- vi. What steps have been taken by NTDC for power evacuation from upcoming power generation projects? Whether the issues of power curtailment from HUBCO, Port Qasim, Patrind, Lucky Electric and Renewable Energy Projects have been resolved or otherwise?
- vii. Whether NTDC has paid Liquidated Damages (LDs) to other entities for its failure to complete projects on time. NTDC needs to provide details in this regard.
- viii. Transmission line issues in Gawadar Region.
- ix. Steps taken by NTDC for resolution of the intermittence issues in Jhampir wind Corridor.

1.4 **Monitoring and Enforcement Issues**

- i. What are NTDC's Plan for Removal of System Constraints which results in under-utilization of efficient power plants and also affect continuity of supply to DISCOs. Whether, these plans are reflected in MYT.
- ii. NTDC has filed MYT tariff petition of non-coincidental Maximum Demand basis despite Authority's directions in previous tariff determination dated 31-7-2019 to file next tariff petition on the basis of calculation of MDI on coincidental basis.
- iii. NTDC has pleaded for 3% T&T Losses inter alia on the ground that power flows from south to north region resulting in longer distances. Whether this ground is justified in view of recently commissioned RLNG based power plants located near to load centers.
- iv. whether NTDC's statement at page 32 that '*Pakistan faces chronic power shortages across industrial, commercial, and residential sectors which severely hamper the economic growth of the country*' is justified as currently Pakistan is operating in Generation Surplus Scenario
- v. What steps have been taken by NTDC to ensure implementation of reliability indices such as voltage variations (Normal +-5% and N-1 +-10%), frequency variations (1%), loss of supply incidents and system collapses?
- vi. What measures have been taken by NTDC to reduce the number of unplanned/forced outage events at grid stations and transmission lines?

1.5 **General Establishment and Administration Cost**

- i. Whether the Petitioner's requested General Establishment & Administration (GE&A) cost Rs. 11,149 million, Rs. 14,031 million & Rs. 15,599 for the FY 2019-20, FY 2020-21, and FY 2021-22 is justified?
- ii. Whether the Petitioner has maintained a separate post-retirement benefit fund?
- iii. Whether the proposed Repair & Maintenance expenditures (including for Rs. 716 million, Rs. 875 million and Rs. 1,064 for the FY 2019-20 and FY 2020-21 and FY 2021-22 is justified?
- iv. Whether the proposed travelling expense expenditures for Rs. 34.5 million, Rs. 59.6 million and Rs. 48.6 for the FY 2019-20, FY 2020-21 and FY 2021-22 is justified?
- v. Whether the proposed professional fee expenditures for Rs. 34.5 million, Rs. 59.6 million and Rs. 48.6 for the FY 2019-20, FY 2020-21 and FY 2021-22 is justified?
- vi. Whether the petitioner's projected insurance of Rs. 304.2 million, Rs. 325.5 million and Rs. 348.2 for the FY 2019-20, FY 2020-21 and FY 2021-22 is justified?
- vii. Whether the petitioner's projected depreciation Rs. 12,007 million, Rs. 13,468 million and Rs. 14,615 million for the FY 2019-20, FY 2020-21 and FY 2021-22 is justified? The additional capitalization of assets to be referred.
- viii. What are the reasons for substantial increase in financial charges of Rs. 9,135 million, Rs. 9,443 million and Rs. 9,893 for the FY 2019-20, FY 2020-21 and FY 2021-22 is justified?
- ix. Whether the Petitioner's projected Return on Equity at 16% Rs. 39,062 million, Rs. 56,443 million and Rs. 69,064 for the FY 2019-20, FY 2020-21 and FY 2021-22 are justified?
- x. Whether the requested Cost of Debt of 12% is justified?
- xi. Whether the Petitioner's projected Other Income of Rs. 1,507 million, Rs. 1,343 million and Rs. 1,421 for the FY 2019-20, FY 2020-21 and FY 2021-22 is reasonable?
- xii. Whether the proposed Average Monthly MDI MW/Month 23,646, 24,333 & 25,550 for the FY 2019-20, FY 2020-21 and FY 2021-22 on non-Coincidental Basis by the petitioner is justified?
- xiii. Whether the cost over-run and commitment charges paid by the NTDCL needs to be adjusted in the transmission tariff? How the component of the requested Prior Year Adjustments (PYA) is justified?

1.6 **Others**

- i. Briefly explain the status of the direction given to NTDCL in tariff determination of Matiari Lahore Transmission Line?
- ii. Any other issue that may come up during the Regulatory Meeting.