



# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

No. NEPRA/ADG(Tariff)/TRF-362/K-Electric-2016/ 176-180

January 07, 2025

Chief Executive Officer,  
K-Electric Limited (KEL),  
KE House, Punjab Chowrangi,  
39 – B, Sunset Boulevard, Phase-II  
Defence Housing Authority,  
Karachi.

Subject: **Decision of the Authority in the matter of Provisional Monthly Fuel Charges Adjustments requested by K-Electric Limited for October 2024**

Enclosed please find herewith a copy of the Decision of the Authority in the matter of fuel charges adjustment for the month of **October 2024** (total 06 pages) in respect of K-Electric Limited and Notification (S.R.O. 06(I)/2025 dated 07.01.2025) thereof. This is for information and further necessary action.

2. While effecting the Fuel Adjustment Charges, K-Electric Ltd. shall keep in view and strictly comply with the orders of the court(s), if any, notwithstanding this order.

Enclosure: [Decision along with Notification is also available on NEPRA's website]

  
(Syed Zavar Haider)

Copy to:

1. Secretary, Ministry of Energy, Power Division, 'A' Block, Pak Secretariat, Islamabad
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
4. Secretary, Privatization Commission, 4<sup>th</sup> Floor, Kohsar Block, Constitution Avenue, New Secretariat, Islamabad

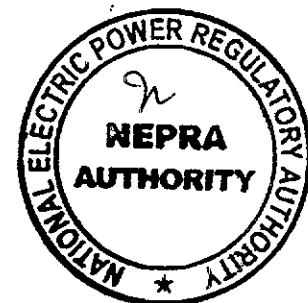
**DECISION OF THE AUTHORITY IN THE MATTER OF PROVISIONAL MONTHLY FUEL CHARGES ADJUSTMENTS REQUESTED BY K-ELECTRIC LIMITED FOR OCTOBER 2024.**

1. The Authority determined a Multi-Year Tariff ("MYT") for K-Electric Limited (herein referred to as "K-Electric" or "KE") for a period of seven (07) years, from July 2016 to June 2023, which expired on June 30, 2023. The MYT provided a mechanism wherein the Authority had to review and revise the approved tariff through monthly, quarterly and annual adjustments. As per the mechanism, impact of change in KE's own generation fuel cost component due to variation in fuel prices, generation mix & volume shall be passed on to the consumers directly in their monthly bills in the form of Fuel Charges Adjustment (FCA). Similarly, the impact of change in fuel component of Power Purchase Price (PPP) due to variation in fuel prices & energy mix shall also be passed on to consumers through monthly FCA.
2. Pursuant to the expiry of its MYT, K-Electric filed petitions for determination of a new MYT for the period from July 2023 to June 2030 for its Generation, Transmission, Distribution and Supply business separately. The Authority while admitting these petitions, granted K-Electric an interim tariff. The interim tariff was determined on the basis of allowed quarterly adjustments for the quarter ending in March 2023 and the same is subject to adjustment once the final MYT of KE for the control period FY 2024-30 is determined.
3. In view thereof, K-Electric filed its provisional monthly FCA request for the month of October 2024 vide its letter dated 15.11.2024. The summary of KE's FCA request for October 2024 is tabulated as hereunder,

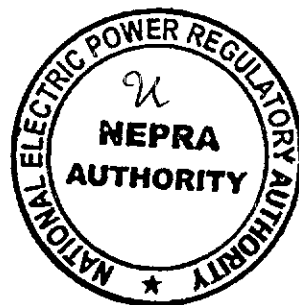
| Month        | Variation |          |
|--------------|-----------|----------|
|              | Mln Rs.   | Rs. /kWh |
| October 2024 | (461)     | (0.27)   |

4. K-Electric in its instant request submitted that:
  - ✓ its provisional FCA request for October 2024 is with regard to NEPRA's decisions regarding provisional FCAs for the period from July 2023 to June 2024, whereby provisional FCAs have been allowed based on parameters defined in MYT 2017-2023.
  - ✓ provisional FCAs are subject to adjustment once MYT 2024-2030 is determined.
  - ✓ provisional monthly FCA for October 2024 is being requested based on March 2023 as interim reference tariff.
  - ✓ in KE's FCA request of October 2024, calculation of CPPA-G's fuel cost is based on CPPA-G's requested rate in the matter of FCA for the month of October 2024 and is subject to actualization based on NEPRA's decision.

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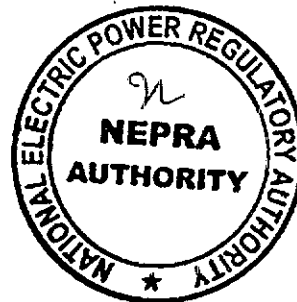
- ✓ it dispatches as per Economic Merit Order from its own generating units (with the available resources) and import from external resources.
  - ✓ the cost of fuel and power purchase claim does not include any amount of late payment surcharge/ markup/ interest.
5. In order to arrive at an informed decision, the Authority decided to conduct a public hearing in the matter. An advertisement in this regard was published in newspapers on 29.11.2024, and also uploaded on NEPRA website, whereby hearing was scheduled on 05.12.2024. Further, individual notices were also served to the stakeholders for participation in the hearing.
6. KE vide its letter dated 29.11.2024 informed that the CFO and his team are unavailable on the scheduled date due to prior commitments, therefore, KE requested that the hearing may be rescheduled to any other date.
7. Acceding to the request of KE, the Authority rescheduled the hearing on 12.12.2024 for which advertisement was published in the newspapers on 02.12.2024 and notices were also served to the stakeholders for participation in the hearing.
8. The following issues were framed for the hearing;
- i. Whether the requested Fuel Price variation is justified?
  - ii. Whether KE has followed the merit order while giving dispatch to its power plants as well as power purchases from external sources?
9. The hearing was held as per the schedule on 12.12.2024 at NEPRA Tower and through ZOOM. The hearing was attended by CFO KE along-with his financial & technical team, KE consumers, media representatives, other stakeholders and general public.
10. During the hearing commentators made various submissions on the request of KE. A summary of comments by the commentators and response of KE thereof is as follows:
- ✓ Mr. Arif Bilvani submitted that why compressors are required at BQPS-II for operations on PLL RLNG despite it being supplied through high pressure pipeline. The Authority noted that this issue was earlier raised by Mr. Bilvani during proceedings of FCA for Sep. 2024, which was addressed by the Authority in FCA decision of September 2024 as under;  
*The Authority noted that the matter of requirement of compressors for BQPS-II operations in case of utilization of (i) PLL-RLNG and (ii) PLL+SSGC RLNG was exhaustively deliberated and decided by Authority in July 2023, wherein the heat rate report of BQPS-II, and correspondence of JE-NESPAK on the matter was also considered. The Authority further, noted that RLNG from PLL is a high-pressure resource and does not require compressors, whereas the supply from SSGC need compressors. Further, BQPS-II plant comprises of three GTs and those two compressors are required if all 3 GT's are in operation on SSGC resource. Similarly, the plant needs two compressors if 2 GT's*



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are operating on SSGC resource, whereas if 1 GT is on SSGC then only 1 compressor is required. In short, the compressor arrangement is relevant/required if SSGC-RLNG is being utilized in the plant (whether completely or partially/in dual mode along with PLL) and compressor is not required/relevant for supply from PLL.

- ✓ Mr. Bilvani also inquired if operational issues experienced by KE at BQPS-III like change of parts are covered under warranty and such services are free of charge, to which KE responded that such services are free of charge. Mr. Bilvani further inquired that whether loss of business at BQPS-III is insured if KE cannot fully utilize the capability of BQPS-III. He further inquired if BQPS-III has remained within its allowed outage allowance and that BQPS-III could not be operated at its minimum load due to which NTDC supply had to be curtailed. If NTDC supply was further utilized, it would have further increased negative FCA.
- ✓ In response, KE submitted that loss of business due to forced outage is covered under insurance but in the instant month, BQPS-III has not been on forced outage rather, BQPS-III capacity has been fully utilized. However, in an instance, BQPS-III operated at minimum 340 MW and could not be curtailed to its minimum load of 250MW as per the communication of OEM to avoid any disruption in the operations, due to which NTDC had to be curtailed which resulted in a financial impact of Rs.6 million. KE also submitted that utilization of NTDC supply has increased in October 2024 as compared to March 2023 (Reference month). Power Purchase from CPPA-G in October 2024 is 1,064 MW whereas it was around 1,030 MW in March 2023. Power from CPPA-G was evacuated based on maximum availability of CPPA-G. Further, the operations of RLNG are based on the Economic Merit Order wherein KE utilizes cheaper sources of electricity generation before going onto the expensive ones.
- ✓ The Authority has reviewed KE's response regarding BQPS-III issue of non-curtailment below 340 MW. However, the submitted information is insufficient to substantiate the case and requires further analysis, supported by additional documents to be provided by KE. Accordingly, the Authority will conduct detailed examination of the matter & conclude it separately.
- ✓ Mr. Bilvani & Mr. Tanvir Bari also submitted that in Oct. 2024, generation cost has increased due to utilization of RLNG from SSGC & PLL instead of cheaper power purchase from CPPA.
- ✓ KE responded that power purchase from CPPA-G has been utilized to the maximum in October 2024 as per contracted capacity of 1,030 MW but the same appears less in proportion of the total power purchases as other sources have also been engaged due to increase in demand compared to reference month of March 2023. KE further submitted that cost of electricity in KE system when compared with CPPA-G is higher because unlike CPPA-G, KE does not have availability of Nuclear or Hydro based power plants in its fleet, nor does KE is provided sufficient supply of Indigenous / Low Btu gas to operate its own plants. However, it is worth mentioning here that had indigenous gas was provided to KE as committed, KE's fuel cost would have been significantly lower. KE is actively working to rationalize its energy cost for which KE has issued 640 MW of Renewable RFPs. Competitive Bidding Process for 150MW Winder Bela Solar Projects, and 220 MW Site Neutral Hybrid (Wind & Solar), 150 MW Deh Metha Ghar SSEP Solar project and 120 MW Deh Halkani SSEP Solar projects have

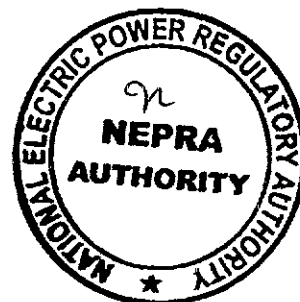


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been concluded and the Bid Evaluation Reports for these projects have been submitted with NEPRA.

- ✓ KE also submitted that interconnection capacity with National Grid has been enhanced upon energization of 500 kV KKI grid with NTDC. Further, KE has substantially completed the overhead portion of the interconnection line and has requested NTDC to energize the Dhabeji interconnection through an interim arrangement via this overhead transmission line for which NTDC confirmation on KE request is still awaited. Additionally, KE is also working to offtake power from Jamshoro Coal Power project after its conversion to Local Coal.
  - ✓ Mr. Aneel Mumtaz inquired the reason for considering Fuel Cost Component of March 2023 as reference instead of September 2024 for working out FCA for October 2024. KE submitted that MYT Decision dated July 05, 2018, was applicable for the previous control period which ended on June 30, 2023. KE has filed Tariff petition for control period from FY 2024 to FY 2030. KE's MYT petition is under determination of Authority, therefore, as an interim arrangement and as per NEPRA's letter dated February 02, 2024, reference of March 2023, has been used for the calculation of FCA for the month of October 2024.
11. While reviewing the FCA request, the Authority observed that for energy purchased from FPCL, for October 2024, KE has used fuel cost component of Rs. 19.8983/kWh. The Authority vide its decision dated November 07, 2024 has revised the fuel cost component of FPCL with effect from 15.08.2024 to Rs.18.7832/kWh. On the basis of revised fuel cost component, the KE's claimed fuel cost for FPCL for October 2024 has been adjusted downwards by Rs.44.045 million.
  12. The Authority also noted that for energy purchased from CPPA-G during October 2024, KE has used fuel cost component of Rs.9.2593/kWh as against the Authority's approved rate of Rs.9.2453/kWh. On the basis of the Authority's approved rate, the KE's claimed fuel cost for CPPA-G for October 2024 has been adjusted downwards by Rs.11.08 million.
  13. It is pertinent to mention here that the Authority vide its different decisions revised the fuel cost components (FCC) of FPCL from November 2023 till September 2024. This revision in the FCC of FPCL has necessitated revision in the fuel cost already allowed to FPCL for the said period through monthly FCAs. Accordingly, based on the revised FCCs of FPCL, as approved by the Authority, a negative adjustment of Rs.327 million has been worked out. The same has been accounted for in the instant FCA of October 2024.
  14. The Authority also observed that KE, while working out fuel cost of HSD for 1.31 GWhs of electricity from KCCP, has used HSD price of Rs.7,345/mmbtu. The same has been corrected to Rs. 7,339/mmbtu, which resulted in downward adjustment of Rs.0.070 million. The same has been adjusted in the FCA of October 2024.

*Mumtaz*

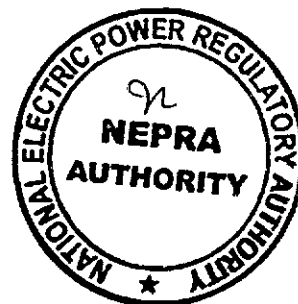


15. Based on the aforementioned discussion, the Authority has decided to allow a negative FCA of Rs.0.4919/kWh for October 2024, to be passed on to consumers in the billing month of January 2025 as under:

| Generation                    | Unit           | Mar. 23<br>(Reference) | Oct-24          |
|-------------------------------|----------------|------------------------|-----------------|
| Cost of KE's Own Plants       | Mln Rs         | 13,748                 | 18,053          |
| Cost of Power Purchases       | Mln Rs         | 10,135                 | 8,513           |
| <b>Total Fuel Cost</b>        |                | <b>23,638</b>          | <b>26,565</b>   |
| KE's own Sent outs            | GWh            | 520                    | 802             |
| External Purchases            | GWh            | 958                    | 912             |
|                               |                | <b>1,478</b>           | <b>1,714</b>    |
| <b>Fuel Cost Component</b>    |                |                        |                 |
| Own Generation                | Rs./kWh        | 9.30                   | 10.53           |
| External Purchases            | Rs./kWh        | 6.86                   | 4.97            |
| Deviation from EMO            | Rs./kWh        | (0.00)                 | -               |
| Previous Adjustment           | Rs./kWh        | (0.16)                 | -               |
| <b>Fuel Cost Component</b>    | <b>Rs./kWh</b> | <b>15.99</b>           | <b>15.50</b>    |
| <b>FCA</b>                    | <b>Rs./kWh</b> |                        | <b>(0.4919)</b> |
| <b>Variation in Fuel Cost</b> | <b>Mln Rs</b>  |                        | <b>(843)</b>    |

16. The aforementioned FCA is being allowed on provisional basis subject to adjustment, once the Authority approves new MYT of KE for the period FY 2024-30. The difference in cost, if any based on the new approved MYT FY 2024-30 would be allowed in future adjustments, once the new MYT is notified.
17. In the light of above, the Authority hereby directs KE that the aforementioned negative adjustment;
- Shall be applicable to all the consumer categories except lifeline consumers, domestic consumers consuming up-to 300 units, Electric Vehicle Charging Stations (EVCS), Prepaid electricity consumers of all categories who opted for pre-paid tariff and agriculture consumers. It is hereby clarified that negative adjustment on account of monthly FCA is also applicable to the domestic consumers having Time of Use (ToU) meters irrespective of their consumption level.
  - Shall be shown separately in the consumers' bills on the basis of units billed to the consumers, in the respective month to which the adjustment pertains.
  - KE shall reflect the fuel charges adjustment in respect of October 2024 in the billing month of January 2025.

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- d) While effecting the Fuel Adjustment Charges, KE shall keep in view and strictly comply with the orders of the courts notwithstanding this order.

AUTHORITY

*Mathar Niaz Rana*

Mathar Niaz Rana (nsc)  
Member

Rafique Ahmed Shaikh  
Member

*Engr. Maqsood Anwar Khan*

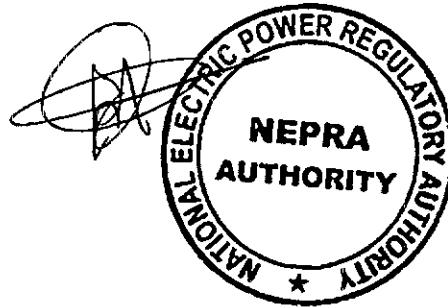
Engr. Maqsood Anwar Khan  
Member

*Amina Ahmed*

Amina Ahmed  
Member

*Waseem Mukhtar*

Waseem Mukhtar  
Chairman



National Electric Power Regulatory Authority

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NOTIFICATION

Islamabad, the 07<sup>th</sup> day of January, 2025

S.R.O. 06 (I)/2025: – Pursuant to amendment in Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (NEPRA Act) through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011 (Act No. XVIII of 2011), amended subsequently through Act No. XIV of 2021, the National Electric Power Regulatory Authority has been mandated to make the adjustments in the approved tariff on account of any variation in the fuel charges and notify the same in the official Gazette.

2. In exercise of power conferred by fourth proviso of sub-section 7 of Section 31 of NEPRA Act, the Authority has made the following adjustment on account of variation in fuel charges for the month of **October 2024** in the approved tariff K-Electric (KE):

| FCA to be calculated on the basis of billing for the Month of | Rs./kWh  | To be Charged in the Billing Month of |
|---|----------|---------------------------------------|
| October 2024  | (0.4919) | January 2025                          |

3. The aforementioned FCA is being allowed on provisional basis subject to adjustment, once the Authority approves new MYT of KE for the period FY 2024-30. The difference in cost, if any based on the new approved MYT FY 2024-30 would be allowed in future adjustments, once the new MYT is notified.

4. The Negative FCA for the month of **October 2024**:

- Shall be applicable to all the consumer categories except lifeline consumers, domestic consumers consuming up-to 300 units, Electric Vehicle Charging Stations (EVCS), Prepaid electricity consumers of all categories who opted for pre-paid tariff and agriculture consumers. It is hereby clarified that negative adjustment on account of monthly FCA is also applicable to the domestic consumers having Time of Use (ToU) meters irrespective of their consumption level.
- Shall be shown separately in the consumers' bills on the basis of units billed to the consumers, in the respective month to which the adjustment pertains.
- KE shall reflect the fuel charges adjustment in respect of **October 2024** in the billing month of **January 2025**.
- While effecting the Fuel Adjustment Charges, KE shall keep in view and strictly comply with the orders of the courts notwithstanding this order.

(Syed Zavar Haider)  
Director