

F. NO P-III-3(2)/2009
Government of Pakistan
Ministry of Energy
Power Division

Islamabad, the September 28, 2023

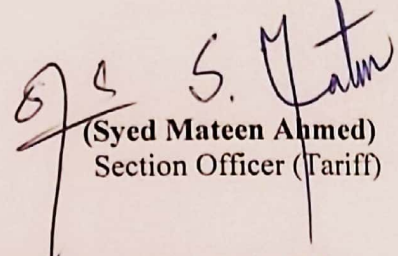
The Manager,
Printing Corporation of Pakistan Press,
Islamabad.

Subject: **PRINTING OF NOTIFICATION OF K-ELECTRIC**

I am directed to enclose one notification in original of K-Electric for immediate publication in the Official Gazette of Pakistan extra ordinary part-II within 24-48 hours as delay will otherwise result in loss to exchequer to be than explain by PCPP to PAC and other quarters.

2. It is requested that 15 copies of the printed notification in Official Gazette may please be furnish to this Ministry on urgent basis.

Encl: As above.


(Syed Mateen Ahmed)
Section Officer (Tariff)

Cc,

1. The Registrar NEPRA, Islamabad. W.r.t NEPRA'S letter NEPRA/R/DG(Trf)/TRF-362/K-Electric-2016/33499-502 dated September 27 2023.
2. Chief Executive Officer, K- Electric, Karachi

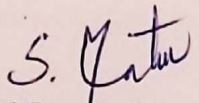
TO BE PUBLISHED IN THE OFFICIAL GAZETTE
GOVERNMENT OF PAKISTAN.

Government of Pakistan
Ministry of Energy
Power Division

Islamabad, the September 28th, 2023

NOTIFICATION

S.R.O 1364(1)/2023. - 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), the Federal Government is pleased to notify as under the tariff determined by the National Electric Power Regulatory Authority in respect of K-Electric, namely: -
[F.No. P-III 3(2) /2009]


Syed Mateen Ahmed
Section Officer (Tariff)



DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FILED BY THE MINISTRY OF ENERGY (POWER DIVISION) WITH RESPECT TO RECOMMENDATION OF CONSUMER END TARIFF FOR K-ELECTRIC AND POLICY GUIDELINES FOR UNIFORM QUARTERLY ADJUSTMENTS UNDER SECTION 7 & 31 OF NEPRA ACT 1997 READ WITH RULE 17 OF THE NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES, 1998

1. The Ministry of Energy (MoE), Power Division (PD) vide letter dated 22.08.2023, filed Motion with respect to recommendation of consumer-end tariff for K-Electric and Policy Guidelines for uniform quarterly adjustments under Section 7 & 31 of the NEPRA Act, 1997 read with Rule 17 of NEPRA Tariff (Standards and Procedure) Rules, 1998.
2. The MoE submitted that NEPRA determined the Multi Year Tariff vide decision dated July 05, 2018, for KE, duly notified by the Federal Government on May 22, 2019. Subsequently, various quarterly tariff adjustments for KE were determined by the Authority. The quarterly adjustment was notified by Federal Government vide SRO 1037(1)/2020 as amended from time to time, to maintain uniform tariff in the country.
3. The MoE also submitted that the Authority has determined Periodic Adjustment in Tariff for the 2nd Quarter of FY 2022-23 for XWDISCOs i.e. Rs.0.4689/kWh and recommended uniform rate for consumers of XWDISCOs with recovery period of three months from April, May and June 2023. The same has been notified for XWDISCOs vide SRO dated 13.04.2023.
4. The MoE further stated that in accordance with the National Electricity Policy, 2021 the Government may maintain a uniform consumer-end tariff for K-Electric and state-owned distribution companies (even after privatization) through incorporation of direct / indirect subsidies. Accordingly, KE applicable uniform variable charge is also required to be modified so as to recover the revenue requirements of KE determined by the Authority, consistent with the uniform national tariff of XWDISCOs. The same has been approved by the Federal Government and it was decided that the same be submitted to the Authority for consideration in terms of the provisions of the NEPRA Act.
5. In light of the above, instant Motion is being filed with respect to Consumer End Tariff Recommendations of KE, under Section 7, 31 (4) and 31 (7) of the NEPRA Act read with Rule 17 of the NEPRA Rules so as to reconsider and issue for KE, modified uniform variable charge, to maintain uniform tariff across the country and to recover the revenue requirements of KE determined by the Authority keeping in view the proposed targeted subsidy and cross subsidies. The Authority is, accordingly, requested to issue separate SoT with prospective application of applicable uniform rates after incorporating tariff rationalization i.e. Rs.0.4689/kWh for all categories of consumers of K-Electric, except life line consumers. The

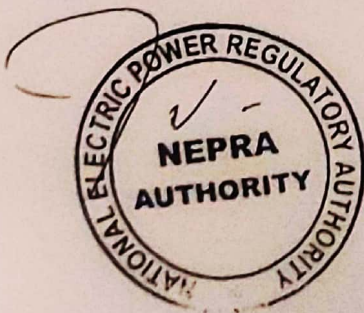


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adjustment shall be applicable on the consumption of April, May & June 2023, to be recovered from consumers in Sep., Oct. & Nov. 2023, respectively.

6. The MoE also referred to Section 31 of NEPRA Act which states that "The Authority shall, in the determination, modification or revision of rates, charges and terms and conditions for the provision of electric power services, be guided by the national electricity policy, the national electricity plan and such guideline, as may be issued by the Federal Government in order to give effect to the national electricity policy and national electricity plan" and "The Authority, in the determination, modification or revision of rates, charges and terms and conditions for the provision of electric power services shall keep in view the economic and social policy objectives of the Federal Government".
7. The MoE further, provided Policy Guidelines issued by the Federal Government to NEPRA for uniform application of quarterly adjustments on XWDISCOs and K-Electric consumers, that in the onward quarterly tariff determinations of XWDISCOs, NEPRA shall also determine the same tariff rationalization to be recovered from K-Electric consumers with same applicability period, keeping in view financial sustainability of the sector and uniform tariff policy of the Federal Government. Subsequently, the MoE vide letter dated 24.08.2023, submitted that the same has been ratified by the Federal Cabinet vide Case No. 131/25/23 dated August 09, 2023. The relevant extract of the Policy Guidelines submitted by the MoE is as under;
 - i. In order to maintain uniform tariff across country, NEPRA shall determine application of quarterly tariff determinations (QTAs) of XWDISCOs on KE consumers by way of tariff rationalization. NEPRA shall determine the same tariff rationalization for K-Electric consumers as determined for XWDISCOs consumers, with same application period, keeping in view financial sustainability of the sector and uniform tariff policy of the Federal Government.
 - ii. Subsidy or surcharge against the determined tariff for K-Electric consumers shall be assessed on an annual basis instead of monthly or quarterly basis.
 - iii. Federal Government's motion with respect to recommendation of consumer end tariff for K-Electric Limited dated March 17, 2023 pursuant to the 1st Quarterly adjustment of FY 2022-23 determination for XWDISCOs, shall be considered accordingly."
8. In light of the above Policy Guidelines, the MoE requested the Authority to reconsider its decision dated 22.05.2023, and issue separate SoT with prospective application of applicable uniform rates after incorporating tariff rationalization requested in Motion dated 17.03.2023 (Rs.1.4874 to Rs.4.4547/kWh for different consumer categories, except life line consumers).



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Such adjustment shall be applicable on the consumption of Feb. and Mar. 2023 to be recovered from the consumers of KE in Sep. and Oct. 2023, respectively.

9. The MoE also requested that for the purposes of Motion, a hearing opportunity be provided for providing detailed submissions. The Authority was also requested to condone the delay, if any, in filing this request under section 31 of the NEPRA Act.
10. The Authority in order to provide an opportunity of hearing to the Petitioner, relevant stakeholders and to meet ends of natural justice, decided to conduct a hearing on the issue. Hearing in the matter was accordingly scheduled on 11.09.2023, for which advertisement was published in newspapers and separate notices were also sent to the stakeholders for inviting comments from the interested/ affected parties. Salient features and details of the proposed adjustments were uploaded on NEPRA's Website for information of all concerned. Hearing was held as per the Schedule.
11. During the hearing, the MoE was represented by Joint Secretary (PF), along-with representative from CPPA-G. K-Electric, media, and general public were also present during the hearing.
12. The MoE during the hearing reiterated its submissions and also requested to revise the applicability period for the proposed Motion as under;

| Applicable QTAs | DISCOs | K-Electric - Filed | K-Electric - Proposed |
|-----------------|--------|--------------------|-----------------------|
| Quarter 1 FY 23 | | | |
| Quarter 2 FY 23 | | | |
| Quarter 4 FY 23 | | | |

13. The Authority directed the Ministry to provide its submissions in writing, with regard to revision in applicability period of the proposed quarterly adjustments and how these policy guidelines cover pending quarterly adjustments for the 2nd quarter of FY 2022-23.
14. The commentators during the hearing opposed the Motion in general. Mr. Abubakar Ismail, submitted that each period has its own economics and delayed recovery of such costs should not be allowed since the current economic situation will put a lot of burden on the consumers.
15. Mr. Tanveer Bari, representing KCCI, submitted that the motion will add a huge burden on the consumers, especially, after the recent rebasing. He added that the industries are struggling, circular debt is swelling and electricity theft is not being controlled. He further added that the capacity payments are over Rs.3 trillion, which is putting the country in a vicious, never ending cycle.

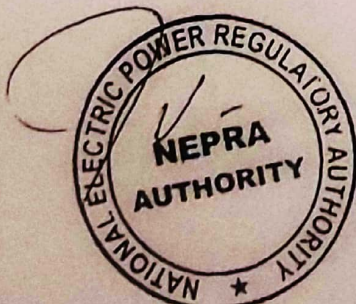
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16. Mr. Ahsan Zaman, submitted that cash based industries are struggling to cover such cost, which are levied with delays. It was also pointed out that KE has sanctioned load of over 15,000 MW to its consumers, whereas its generation capacity including IPPs is around 4,000 MW.
17. Mr. Arif Bilwani, during hearing and in writing submitted that he understands the Ministry of Energy's desire to maintain a uniform consumer tariff for K Electric and Discos in line with the National Electric Policy, 2021 (clause 5.6.3), however, it is imperative to consider the broader context of this policy. Clause 3.1.1 of the NE Policy emphasizes that "electric supply shall be at affordable rates," and the motion underscores the importance of making electricity accessible to all consumers at rates that align with their ability to pay. The issue of affordability is equally crucial as striving for uniformity in tariffs as the imposition of surcharges, QTAs, and other similar measures may have repercussions on the affordability of electricity for the average consumer.
18. Korangi Association of Trade and Industry (KATI) also highlighted the issue of affordability and the importance of making electricity accessible to all consumers at rates that align with their ability to pay. KATI requested the Authority to take into account the principles of affordability, accessibility, fairness and interest of the consumers while making the decision, as the imposition of surcharges, QTAs, and other similar measures may have repercussions on the affordability of electricity for the average consumer.
19. Mr. Hafiz Naeem-ur-Rehman, of Jamat-e-Islami, also highlighted the affordability issue, and submitted that the same is not being addressed while referring to the recent price hikes. He also mentioned that KE should be given more energy from the national grid as its own generation is very expensive and KE should be penalized for their failure to induct cheap generation.
20. Subsequent to hearing, the Authority vide email dated 12.09.2023, directed the MoE to submit its written response, with regard to revision in applicability period of the proposed Quarterly adjustments and how the policy guidelines cover pending quarterly adjustments for the 2nd quarter of FY 2022-23 & the 3rd quarter of FY 2022-23 (*Motion still to be filed by the MoE*).
21. The MoE vide email dated 20.09.2023, submitted its response as under;
 - ✓ The Authority has powers to revise the applicability timelines keeping in view the practicability under Section 31 of the Act and the same powers have been exercised in the past whenever the already approved timelines were lapsed and were no longer practical....."
 - ✓ The Cabinet approved the summary regarding the application of uniform tariff for KE consumers and the para 7(c)(i) of the summary to issue policy guidelines to NEPRA. Since



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these are general guidelines issued to NEPRA, all of the pending quarterly adjustments as well as new quarterly determinations shall also be determined for the K-Electric consumers, accordingly.

- ✓ If QTAs are not applied in KE, the principle of uniformity is defeated and creates a liability for the Federal Government.
22. The Authority observed that, vide decision dated 22.05.2023, in the matter of Motion filed by the MoE for application of XWDISCOs 1st quarterly adjustment of FY 2022-23 on the consumers of KE, the Authority decided that it shall not allow any such Motion and any such further adjustments shall only be processed pursuant to policy guidelines by the Federal Government, envisioned under Section 31 of the NEPRA Act.
23. The decision of the Authority dated 22.05.2023, clearly stipulated to issue guidelines that specifically cater for the quarters requiring adjustments prior to the implementation of such policy guidelines. The quarterly adjustments pending for recovery from KE consumers prior to the formulation of policy guidelines included 1st, 2nd and 3rd quarterly adjustments of FY 2022-23, which have already been charged from the consumers of XWDISCOs.
24. The Authority noted that the Policy guidelines forwarded by the MoE, only mention for the 1st quarter of FY 2022-23 at para 2 c (iii) of the guidelines, however, nothing specifically is mentioned in terms of other pending quarterly adjustments i.e. 2nd & 3rd quarters for the FY 2022-23.
25. In view of the foregoing discussion, response of the MoE and the Policy Guidelines forwarded by the MoE, the Authority understands that the Guidelines only envisage the 1st quarterly adjustment of FY 2022-23 and also for the future quarterly adjustments. Nothing has been mentioned in the Guidelines in terms of other pending quarterly adjustments i.e. 2nd & 3rd quarters for the FY 2022-23. The Authority, therefore, has decided to allow application of 1st quarterly adjustment of FY 2022-23 ranging from Rs.1.4874 to Rs.4.4547/kWh for different consumer categories, except life line consumers, **attached as Annex-I**, based on the consumption of February 2023 and March 2023, to be recovered from the consumers of K-Electric in months of October and November 2023 respectively.
26. Regarding, 2nd quarterly adjustment for the FY 2022-23 i.e. Rs.0.4689/kWh, the Authority would process the same or any other such pending adjustment (**3rd Quarter of FY 2022-23**), once the policy guidelines clearly stipulates for such quarters, which are pending recovery from KE consumers, prior to the formulation of policy guidelines.
27. Regarding request of the Federal Government to issue a separate SoT for application of 1st quarterly adjustment of FY 2022-23, the Authority has decided to issue a separate SoT, which



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is attached herewith as **Annex-I**, to be applicable for the months of October & November 2023, on the consumption of February 2023 and March 2023 respectively on consumers of K-Electric. The amount so allowed shall be accounted for by K-Electric in its subsidy claims. The Federal Government is also requested to adjust this amount while processing the subsidy claims of K-Electric.

28. The instant decision along-with **Annex-I** is intimated to the Federal Government for notification in terms of Section 31(7) of the NEPRA Act.

AUTHORITY

Mathar Niaz Rana (nsc)
Member

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Amina Ahmed
Member

Waseem Mukhtar
Chairman



27/9/23

SCHEDULE OF ELECTRICITY TARIFF FOR K-ELECTRIC LIMITED

Annex - I

| | Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|-------------|---------|------------------------------------|----------------------------------|----------|
| | | | Peak | Off-Peak |
| Protected | a) | For Sanctioned load less than 5 kW | | |
| | i | Up to 50 Units - Life Line | | |
| | ii | 51 - 100 Units - Life Line | | |
| | iii | 001 - 100 Units (Protected) | | |
| Unprotected | iv | 101 - 200 Units (Protected) | 1.4874 | |
| | v | 001- 100 Units | 1.4874 | |
| | vi | 101- 200 Units | 1.4874 | |
| | vii | 201- 300 Units | 1.4874 | |
| | viii | 301- 400 Units | 1.4874 | |
| | ix | 401- 500 Units | 3.2116 | |
| | x | 501- 600 Units | 3.2116 | |
| | xi | 601- 700 Units | 3.2116 | |
| | xii | Above 700 Units | 3.2116 | |
| | b) | For Sanctioned load 5 kW & above | | |
| | | Time Of Use | 3.2116 | 3.2116 |

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

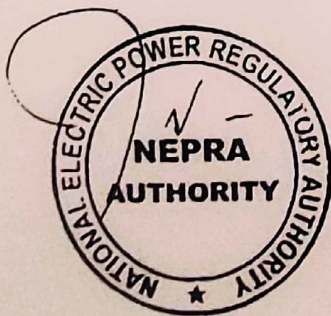
| Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|---------|------------------------------------|----------------------------------|----------|
| | | Peak | Off-Peak |
| a) | For Sanctioned load less than 5 kW | | |
| b) | For Sanctioned load 5 kW & above | 2.6847 | 4.4547 |
| c) | Time Of Use | 4.4547 | 4.4547 |
| d) | Electric Vehicle Charging Station | 4.4547 | |

A-3 GENERAL SERVICES

| Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|---------|-------------------------------|----------------------------------|--|
| a) | General Services | 4.4547 | |

B INDUSTRIAL SUPPLY TARIFFS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|---------|---|----------------------------------|----------|
| | | Peak | Off-Peak |
| B1 | Upto 25 kW (at 400/230 Volts) | 4.4547 | |
| B2(a) | 25-500 kW (at 400 Volts) | 4.4547 | |
| B3(a) | For all loads upto 5000 KW (at 11,33 kV) | 4.4547 | |
| B4(a) | For all loads upto 5000 KW (at 66,132 kV) | 4.4547 | |
| | Time Of Use | | |
| B1(b) | Upto 25 kW (at 400/230 Volts) | 4.4547 | 4.4547 |
| B2(b) | 25-500 kW (at 400 Volts) | 4.4547 | 4.4547 |
| B3(b) | For All Loads up to 5000 kW (at 11,33 kV) | 4.4547 | 4.4547 |
| B4(b) | For All Loads (at 66,132 kV & above) | 4.4547 | 4.4547 |
| B5 | For All Loads (at 220 kV & above) | 4.4547 | 4.4547 |



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SCHEDULE OF ELECTRICITY TARIFF FOR K-ELECTRIC LIMITED

Annex - I

C - SINGLE-POINT SUPPLY

| Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|---------|--|----------------------------------|----------|
| C-1 | For supply at 400/230 Volts | | |
| a) | Sanctioned load less than 5 kW | 4.4547 | |
| b) | Sanctioned load 5 kW & up to 500 kW | 4.4547 | |
| C-2(a) | For supply at 11,33 kV up to and including 5000 kW | 4.4547 | |
| C-3(a) | For supply at 132 and above, up to and including 5000 kW | 4.4547 | |
| | Time Of Use | Peak | Off-Peak |
| C-1(c) | For supply at 400/230 Volts 5 kW & up to 500 kW | 4.4547 | 4.4547 |
| C-2(b) | For supply at 11,33 kV up to and including 5000 kW | 4.4547 | 4.4547 |
| C-3(b) | For supply at 132 kV up to and including 5000 kW | 4.4547 | 4.4547 |

D - AGRICULTURE TARIFF

| Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|---------|-------------------------------|----------------------------------|----------|
| D-1 | For all Loads | 4.4547 | |
| | Time of Use | Peak | Off-Peak |
| D-2 | For all Loads | 4.1447 | 4.1447 |

E - TEMPORARY SUPPLY TARIFFS

| Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|----------|-------------------------------|----------------------------------|--|
| E-1(i) | Residential Supply | 4.4547 | |
| E-1(ii) | Commercial Supply | 4.4547 | |
| E-2 (i) | Industrial Supply | 4.4547 | |
| E-2 (ii) | Bulk Supply | | |
| | (a) at 400 Volts | 4.4547 | |
| | (b) at 11 kV | 4.4547 | |

G. PUBLIC LIGHTING

| Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|---------|-------------------------------|----------------------------------|--|
| | Street Lighting | 4.4547 | |

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

| Sr. No. | TARIFF CATEGORY / PARTICULARS | TOTAL VARIABLE CHARGES Rs/kWh | |
|---------|--|----------------------------------|--|
| | Residential Colonies attached to industrial premises | 4.4547 | |

Note: Such adjustments shall be applicable on the consumption of February and March 2023 to be recovered from consumers in October and November 2023, respectively.



Auth. [Signature]