



**National Electric Power Regulatory Authority**  
**Islamic Republic of Pakistan**

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**Registrar**

No. NEPRA/ADG(Tariff)/TRF-362/K-Electric-2016/13413-17

August 21, 2024

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 Monthly Fuel Charges Adjustment of K-Electric Limited for the months of May 2024 and June 2024 and Notification Thereof**

Enclosed please find herewith a copy of the Decision of the Authority in the matter of fuel charges adjustment for the months of **May 2024 and June 2024** (total 04 pages) in respect of K-Electric Limited and Notification (S.R.O. 1277(I)/2024 dated 21.08.2024) 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]

*Wasim Anwar Bhinder*  
(Wasim Anwar Bhinder)

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 OF K-ELECTRIC FOR THE MONTHS OF MAY AND JUNE 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 has 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, impact of change in the 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 KE 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 months of May and June 2024 vide letters dated 14.06.2024 and 12.07.2024 respectively. Summary of KE's FCA request for May 2024 and June 2024 is tabulated as hereunder,

| Month     | Variation |          |
|-----------|-----------|----------|
|           | Mln Rs.   | Rs. /kWh |
| May 2024  | 4,652     | 2.53     |
| June 2024 | 5,384     | 2.92     |

4. K-Electric in its requests submitted that calculation for the month of May and June 2024 for purchases from CPPA is based on CPPAG's approved rate for the month of April 2024 and May 2024 respectively, and is subject to actualization based on the Authority's decision for the month of May 2024 and June 2024. It also submitted that it dispatches as per EMO from its own generating units (with the available fuel resources) and import from external sources. K-Electric also certified that 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 20.07.2024, and also uploaded on NEPRA website, whereby hearing was scheduled on 30.07.2024. Further, individual notices were also served to the stakeholders for participation in the hearing. The following issues were framed for the hearing;
  - i. Whether the requested Fuel Price variation is justified?



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- ii. Whether KE has followed the merit order while giving dispatch to its power plants as well as power purchases from external sources?
6. The hearing was held as per the schedule on 30.07.2024 at NEPRA Tower and through ZOOM. The hearing was attended by CEO K-Electric along-with his financial and technical team, KE consumers, Industrial representatives, media and general public.
7. KE during the hearing presented its provisional request along-with details in terms of Generation Mix and price variances and explained the reasons for the requested FCAs.
8. Various concerns were raised by different commentators; the relevant submissions pertaining to FCAs are summarized hereunder;
- ✓ Korangi Association Trade & Industry (KATI) and Bin Qasim Association of Trade & Industry (BQATI) submitted that people are struggling to pay their bills due to macroeconomic situation, inflation and recent heat wave. They requested to charge FCA @ Rs.1 per unit for May 2024 and June 2024, as this is a provisional amount that is subject to adjustment later. The remaining determined balance may be adjusted during the winter months, when electricity consumption is lower.
  - ✓ Mr. Imran Shahid from Jamat-e-Islami rejected FCA request of K-Electric by not in the consumers' interest. It also submitted that K-Electric should get more power from CPPA-G as its own generation is much costlier as compared to CPPA-G. Mr. Amir Siyal, a commentator, also submitted that KE's own generation costs per unit is significantly higher than the cost per unit from power purchases from external sources.
  - ✓ Mr. Arif Bilwani inquired about operation of KCCPP plant on HSD, instead of operating comparatively cheaper BQPS-I on RFO. KE in response to the query of Mr. Bilwani explained that KCCP was dispatched on HSD in view of the load demand as per the merit order, and during such hours BQPS-I was already being operated on RFO. Mr. Bilwani further submitted that electricity supplied by KE's own generation fleet needs to be replaced with electricity from NTDC network, consequently, cost of electricity for K-Electric consumers would be significantly reduced.
  - ✓ On the point of allowing additional energy from National Grid to KE, the Authority noted that at present KE has a firm commitment of 1000 MW of energy from National Grid, which may increase to over 2000 MW, once the required interconnection arrangement between KE and NTDC is finalized. However, increase in quantum of electricity from National Grid to KE is a policy level decision.
  - ✓ Mr. Zeeshan inquired regarding low dispatch on natural gas from KE's own fleet. KE responded that SSGC provides natural gas on priority to residential consumers and the leftover quota is provided to K-Electric.
9. For the instant FCA petitions, K-Electric has requested fuel costs for its own power plants based on parameters allowed in the MYT of K-Electric for FY 2017-23, as the new MT of KE for the period FY 2024-30 has not yet been finalized. In case, the Authority approves any revised



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parameters of K-Electric's power plants under the new MYT i.e. FY 2024 to FY 2030, the difference in cost, if any, may be allowed in future adjustments, as previous adjustments, once the new MYT is notified.

10. Regarding the data / information provided by K-Electric for the energy purchased from external sources for May 2024 and June 2024, the Authority noted that for energy purchased from CPPA-G during May 2024, K-Electric used the fuel cost component of Rs.8.9623/kWh, approved by the Authority for the month of April 2024. Similarly, for the energy purchased from CPPA-G during June 2024, KE used the Fuel cost component of Rs.9.1190/kWh, approved by the Authority for May 2024. The Authority's approved fuel cost component for the energy purchased by KE from CPPA-G are Rs.9.1190/kWh for May 2024 and Rs.9.7545/kWh for June 2024. Accordingly, these approved Fuel Cost components have been considered, while working out the FCA of KE for the months of May and June 2024. This has resulted in a positive adjustment of Rs.118.76 million for May 2024 and Rs.459.32 million for June 2024.
11. Similarly, for generation from KCCP on HSD, KE considered a fuel price of Rs. 7,333.04/MMBtu for June 2024 based on CV of 42,798.25 Btu/Kg. The same has been corrected to Rs.7,179.86/MMBtu on the basis of CV of 43,695.09 Btu/Kg.
12. In view of the aforementioned, the Authority has decided to allow the positive FCA for the month of May 2024 and June 2024, to be passed on to consumers in their monthly bills of October 2024 and November 2024 respectively, as under;

| Generation                 | Unit           | Mar. 23<br>(Reference) | May-24        | Jun-24        |
|----------------------------|----------------|------------------------|---------------|---------------|
| Cost of KE's Own Plants    | Mln Rs         | 13,748                 | 23,981        | 25,576        |
| Cost of Power Purchases    | Mln Rs         | 10,135                 | 10,216        | 9,742         |
| <b>Total Fuel Cost</b>     |                | <b>23,638</b>          | <b>34,197</b> | <b>35,318</b> |
| KE's own Sent outs         | GWh            | 520                    | 889           | 956           |
| External Purchases         | GWh            | 958                    | 951           | 887           |
| <b>Total Purchases</b>     |                | <b>1,478</b>           | <b>1,840</b>  | <b>1,843</b>  |
| <b>Fuel Cost Component</b> |                |                        |               |               |
| Own Generation             | Rs./kWh        | 9.30                   | 13.04         | 13.88         |
| External Purchases         | Rs./kWh        | 6.858                  | 5.55          | 5.29          |
| 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>18.59</b>  | <b>19.16</b>  |
| FCA                        | Rs./kWh        |                        | 2.5934        | 3.1688        |
| Variation in Fuel Cost     | Mln Rs         |                        | 4,771         | 5,840         |

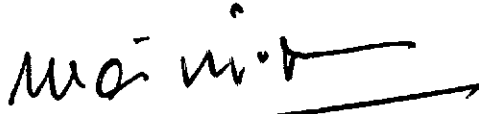
13. In the light of above, the Authority hereby directs K-Electric that the above positive adjustments;
  - a) Shall be applicable to all the consumer categories except Electric Vehicle Charging Stations (EVCS) and lifeline consumers.



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- b) 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.
- c) K-Electric shall reflect the fuel charges adjustment in respect of May 2024 and June 2024 in the billing month of October 2024 and November 2024 respectively.
- d) While effecting the Fuel Adjustment Charges, K-Electric shall keep in view and strictly comply with the orders of the courts notwithstanding this order.

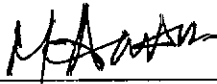
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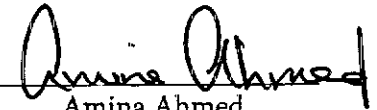
Mathar Niaz Rana (nsc)  
Member



Rafique Ahmed Shaikh  
Member



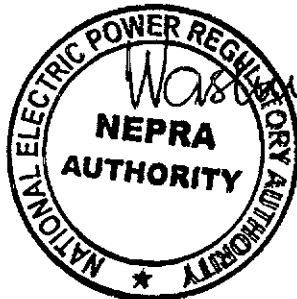
Engr. Maqsood Anwar Khan  
Member



Amina Ahmed  
Member



Waseem Mukhtar  
Chairman



Waseem Mukhtar

National Electric Power Regulatory Authority

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NOTIFICATION

Islamabad, the 21<sup>st</sup> day of August 2024

S.R.O. 1277 (I)/2024.- Pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as amended through Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act 2011 and as per the mechanism for monthly, quarterly and annual adjustments provided in the Tariff Determination of K-Electric Ltd. dated July 05, 2018 duly notified in the official Gazette vide SRO No. 576(I)/2019 dated May 22, 2019, National Electric Power Regulatory Authority (NEPRA) makes and notifies the following adjustment in the approved tariff on account of variation in fuel charges for the months of May and June 2024 in respect of K-Electric Limited:

| FCA to be calculated on the basis of billing for the Month of | Rs./kWh | Charged in Consumer Bills to be issued in the Billing Month of |
|---|---------|--|
| May 2024  | 2.5934  | October 2024   |
| June 2024   | 3.1688  | November 2024  |

2. The Positive FCA for the month of May 2024 and June 2024:

- Shall be applicable to all the consumer categories except Electric Vehicle Charging Stations (EVCS) and lifeline consumers.
- Shall be shown separately in the consumers' bills on the basis of units billed to the consumers in the respective months to which the adjustment pertains.
- K-Electric shall reflect the fuel charges adjustment in respect of May 2024 and June 2024 in the billing months of October 2024 and November 2024.
- While effecting the Fuel Adjustment Charges, K-Electric shall keep in view and strictly comply with the orders of the courts notwithstanding this order.

*Wasim Anwar Bhinder*  
(Wasim Anwar Bhinder)  
Registrar

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