

Monthly fuel price adjustment, Nepra increases tariff

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has formally notified cumulative increase of Rs 1.1711 per unit to be recovered in bills of August and Rs 1.0982 per unit in September, 2020 in Discos tariffs under monthly fuel price adjustment.

According to the notification, the regulator has notified an increase of Re 0.9824 per unit for November, 2019, Rs 1.1108 per unit for December, 2019, Rs 1.1108 per unit for January, Rs 1.2051 per unit for February 2020 and Re 0.1069 per unit for March 2020. However, tariff for three months. April, May and June 2020 have been reduced to Re 0.7040 per unit, Rs 1.2517 and Rs 1.0581 per unit respectively.

However, Nepra has clubbed cumulative increase of Rs 2.4228 of three months, January, February and March 2020 respectively with refund of Rs 1.2517 per unit for May 2020, aimed at passing an increase of Rs 1.1711 per unit to be charged in August 2020.

Likewise, positive impact of November and December 2019 of Rs 2.8603 per unit has been clubbed with negative impact of Rs 1.7621 per unit in April and June 2020, showing an increase of Rs 1.0982 per unit.

The bills of consumers who are not entitled to subsidy will be reduced but those consumers like domestic consumers using up to 300 per units per month and agriculture consumers who enjoy subsidy will have to pay more.

The positive impact has been calculated at Rs 34 billion whereas negative impact was 30 billion, which implies the net impact would be of only Rs 4 billion.

"Clubbing of positive and negative impact is the prerogative of Nepra. It has already practiced in KE's case," said an official.

Nepra, which followed the government's line in FCA's hearing reserved the decision on July 23, 2020 at a public hearing.

The Authority has gone through the information provided by CPPA-G seeking monthly fuel adjustments and due diligence is done accordingly. From perusal of the information so provided by CPPA-G, the actual pool fuel cost for the months from November 2019 to June 2020, vis- a- vis the reference fuel cost component.

On July 23, 2020, CPPA-G, during the hearing, regarding the adjustment claims not considered by the Authority, due to non-provision of required documentary evidences! working details, requested the Authority to allow some additional time to provide the missing information. The Authority directed CPPA-G to reconcile the claimed adjustments with NEPRA team within a period of three days and based on reconciliation if any additional amount is verified, the same may be included in the instant monthly FCAs.

During processing of the FCA claims, the Authority noted that rates for certain power plants were not in accordance with the rates approved by the Authority for the respective months. Consequently, the fuel costs claimed by CPPA-G, has been adjusted as per the NEPRA approved rates for that relevant month for the respective power plants. The fixed fuel cost of Engro Power Gen Thar has been restricted as per the allowed capacity of the plant.

Similarly, CPPA-G also claimed an amount of Rs.32.594 billion on account of previous adjustments and supplemental charges for the period from November 2019 to June 2020. However, the Authority has verified claims of Rs.24,585 billion, which has been included in the instant monthly FCAs.

CPPA-G has reported negative energy from some captive power plants for the monthly FCAs under consideration, meaning thereby that these plants have drawn energy from the grid. The total energy drawn by these plants has been adjusted based on the rates charged to IPPs for back feed billing (sale of energy to IPPs) for the energy delivered to these plants i.e. by Rs.3 million. The Authority also during the hearing observed that, prima facie, certain efficient power plants were not fully utilized and instead energy from costlier RFO based power plants was generated to the tune of over Rs.26 billion during the period from December 2019 to June 2020. The Authority noted that had this energy been generated from other sources like RLNG or Coal, this would have resulted in reduction in total fuel cost claimed by CPPA-G. In view thereof, the cost of furnace oil claimed by CPPA-G in the instant monthly FCAs is being allowed only on provisional basis, subject to its verification by the Authority.

Accordingly, both CPPA-G/ NPCC have been directed to provide complete justification in this regard, to the satisfaction of the Authority and submit complete details for generation made on RFO, showing hourly generation along-with the financial impact for deviation from EMO, if any, and the reasons, thereof,

The determination says that the Authority also being cognizant of the fact that the period for which FCAs are being allowed i.e. November 2019 to June 2020, has already lapsed and variations on account of fuel cost have not yet been recovered/ passed on to the consumers.

The Authority was of the view that that any such variations need to be passed on to the consumers in timely manner in order to ensure financial viability of the Discos , which otherwise would result in piling up of the legitimate costs and may impact their financial viability.