

KE seeks to recover Rs2.26 billion from consumers under FCA

KARACHI: K-Electric Limited is seeking to collect an additional Rs2.26 billion against fuel charges adjustment from its consumers, as the fuel cost in January, February and March was higher this year.

Fuel costs get adjusted in subsequent months. The utility company proposed to return Rs878 million to consumers through downward revision in the electricity bills, as fuel cost in April was low.

K-Electric also filed its requests for quarterly adjustments in tariff on account of variation in power purchase price (other than fuel), impact of T&D losses as per mechanism provided in the Multi Year Tariff (MYT).

K-Electric has proposed a reduction of 11.5 paisas/kWh for October-December 2019, and increase of 23.3 paisas/kWh for January-March-2020. The new impact increase of 11.8 paisas/kWh would be collected from the consumers in addition to fuel cost adjustment.

As per the mechanism provided in the determination, impact of change in KE's own generation fuel cost component due to variation in fuel prices, generation mix and volume should 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 and energy mix should also be passed on to the consumers through monthly FCA.

K-Electric informed National Electric Power Regulatory Authority (NEPRA) that the company dispatched power as per economic merit order from its own generating units (with the available fuel resources) and import from external sources.

The company also certified that the cost of fuel and power purchase claim did not include any amount of late payment surcharge and interest.

NEPRA would conduct a hearing on June 23, 2020 to determine whether the requested fuel price variations were justified; whether the requested quarterly variations were justified; whether the claw back working provided by K-Electric was justified; and whether the utility company has followed the procedure given in the MYT determination.

K-Electric, through written as well as oral evidence and arguments, would have to assure the authority that it optimally utilised the capacity of its power plants to meet with the demand of its system.