

QUARTERLY PERFORMANCE REPORT POWER DISTRIBUTION COMPANIES

JANUARY-MARCH 2016



Ministry of Water & Power



QUARTERLY PERFORMANCE REPORT - POWER DISTRIBUTION COMPANIES

1 General

Power Sector in Pakistan was facing serious crises before 2015, owing due to the following reasons:

- i. Deterioration in Energy Mix causing:
 - a. Increase in Electricity Generation cost.
 - b. Shortage of Electricity due to insufficient available generation to supply the demand.
- ii. Inefficiencies and high cost in generation.
- iii. Inefficiencies in Transmission and Distribution of electricity in terms of its higher losses
- iv. Regulatory deficiencies in full recovery of the cost of service
- v. Mounting circular debt.
- vi. Heavy Reliance on Subsidies and shortage of budget for them

The purpose of this document is to detail the steps being taken to attain the overall objectives and goals of the GOP National Energy (Power) Policy 2013 and to develop an efficient and consumer oriented electric power system that meets the needs of its people and is economy sustainable and affordable. The document enumerates the steps taken and the results attained in the area of power distribution through managing revenues, collections and losses of DISCOs to establish credit worthiness of the sector and ensure liquidity.

The Government has taken number of steps both in long term and short term to achieve the vision laid down in the National Energy (Power) Policy 2013 for the power sector and to overcome the challenges. In the long term, the Government of Pakistan has set the following goals:

- i. Build a Power Generation Capacity that can meet Pakistan's energy needs in a sustainable manner
- ii. Create a culture of energy conservation and responsibility



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- iii. Ensure the generation of inexpensive and affordable electricity for domestic, commercial and industrial users by using the indigenous resources such as natural gas, coal and hydel.
- iv. Minimize the pilferage in fuel supply system to GENCOs
- v. Promote world class efficiency in Power Generation
- vi. Create a cutting edge and reliable transmission network
- vii. Minimize the inefficiencies in the distribution network
- viii. Improve regulation of the power sector
- ix. Phase out the financial losses across the system
- x. Align the ministries involved in energy sector and improve the sector Governance

In the short term, the objective has been to bring liquidity in the sector and plug the drain on the resources by:

- i. Bring existing capacity online
- ii. Stop pilferages in recoveries and reduce losses
- iii. Rationalization of Tariff
- iv. Implement Performance Contracts and governance of the sectoral entities and
- v. Enhance transparency and accountability through open access to information and public outreach.

2 Sector Performance

With better load management policies, fewer agitations and protests were witnessed during 2014-15, especially in the later part of the year. Not only, improvement in uninterrupted supply to the industrial sector has been ensured, load shedding in the domestic and commercial sectors remained predictable whereas unscheduled load shedding hours have been considerably reduced. The improved continued electricity supply to the industrial sector helped to increase the industrial production besides creating more employment opportunities.

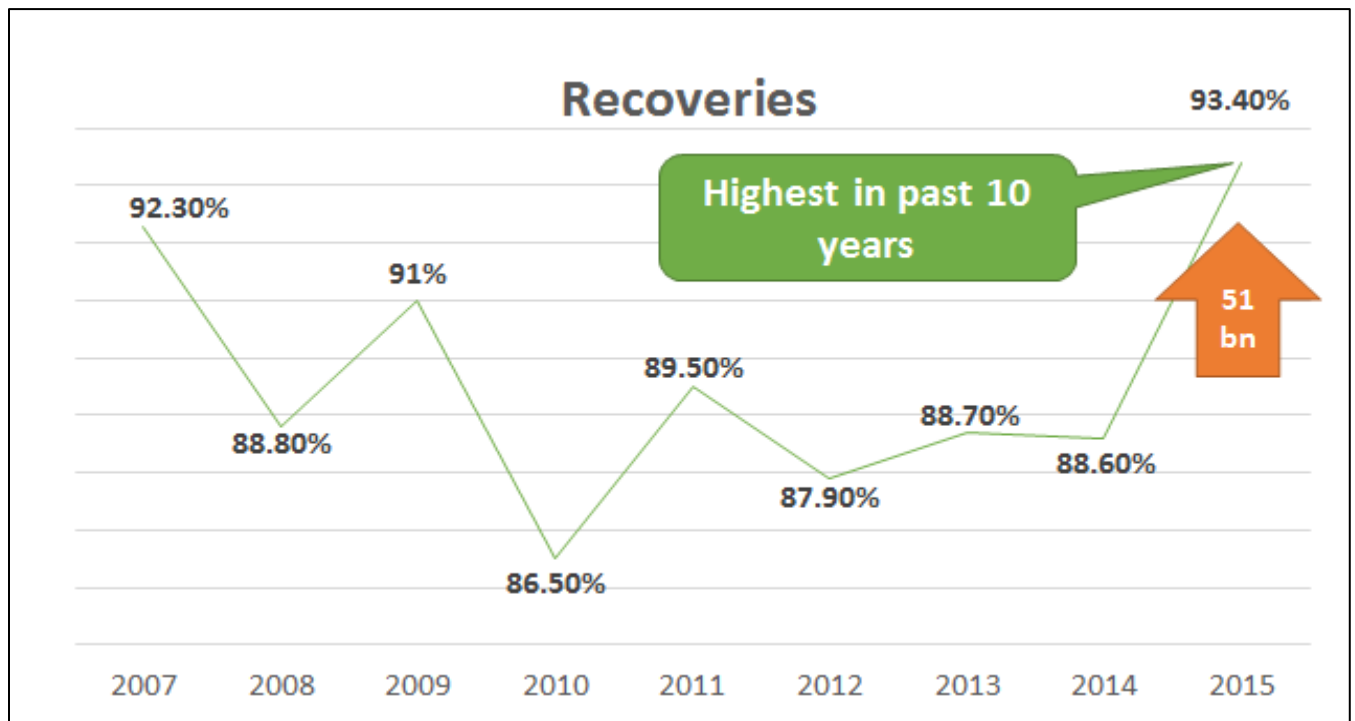


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The bulk of losses are in the Discos. Historically sector's effort at reducing distribution losses has been more successful among the urban-based public sector Discos mainly through investments. But during the last three quarters this improvement has been across urban and rural areas. Technical and non-technical losses have been identified at the feeder level, by third party, across the nation-wide network.

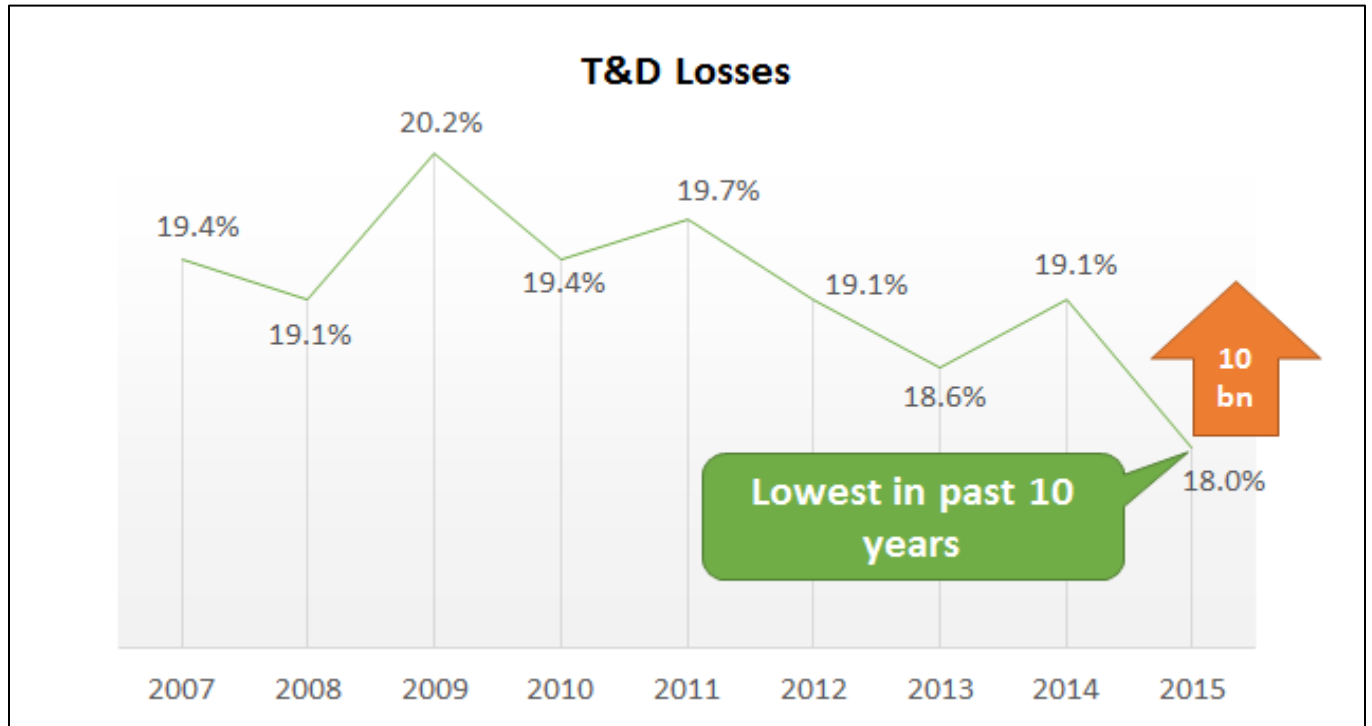
Reduction of losses and improvement of collections continued and showed results during this financial year through capital expenditures to strengthen infrastructure and revenue-based load management. Overall system losses in FY 2015-16 declined from 18.7% in FY 2014-15 to 18.0% in the second quarter and further to 16.3% in the third quarter, reflecting the efforts of better monitoring and management of DISCOs performance. Collections in the same period improved from 89.2% in 2014-15 to 93.4% in the second quarter of 2015-16 and further to 94% in the third quarter, reflecting on the efforts to recover arrears, resolve litigations with consumers, provision of incentives to collectors, and a better load management across consumers in rural and urban areas, and industries.

The recoveries of the sector were at the highest level compared to last 10 years:

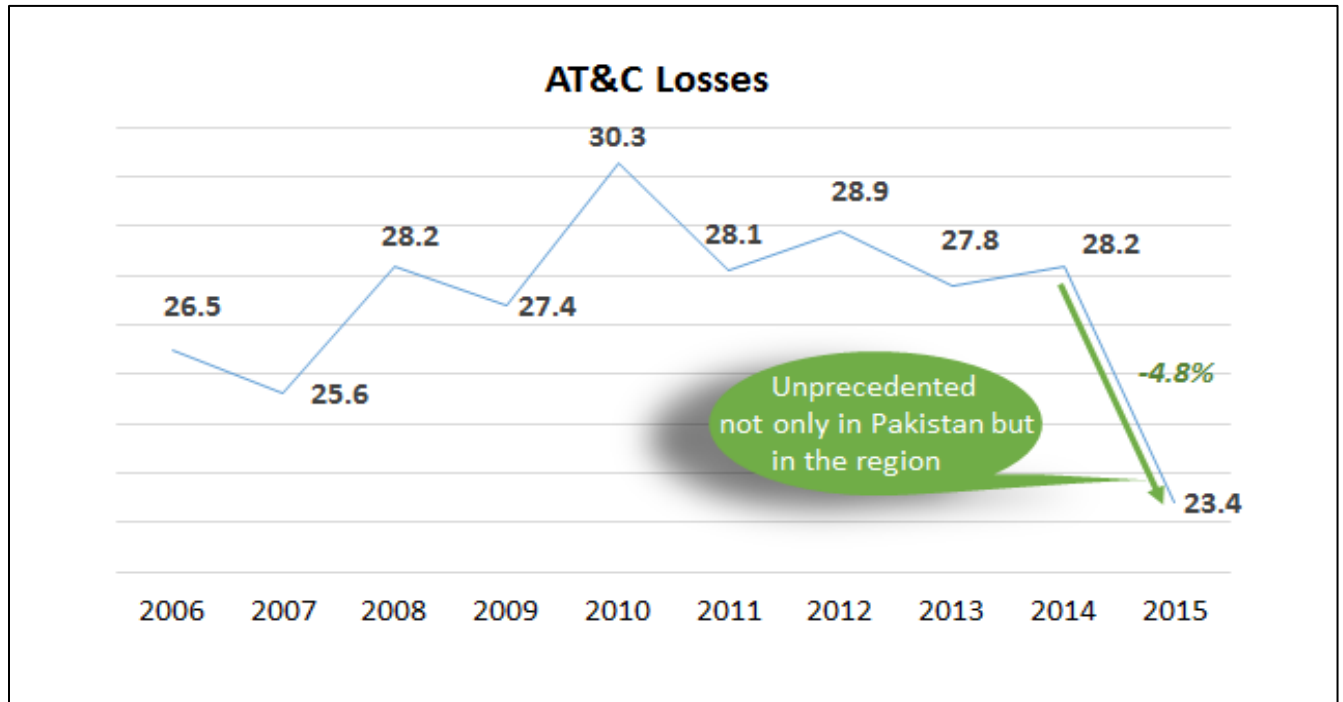


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The losses saw a downward trend at the reaching at the lowest in last 9-10 years:



The aggregated technical and commercial losses lowered to the lowest level in the last 10 years:



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DISCOs have been given quarterly quantitative targets for their technical and distribution losses, and collection from current consumers. The performances of DISCOs against targets of recovery in Q3 are given in table below;

Target Bill Collection (%)	Q1	Q2		Q3	
	Actual	Target	Actual	Target	Actual
LESCO	95.4	107.4	108.7	111.3	112.1
GEPCO	95.7	103.2	107.5	110.0	111.3
FESCO	95.9	107.1	113.6	105.5	105.9
IESCO	79.4	98.3	103.7	89.1	90.1
MEPCO	92.0	105.7	113.3	112.4	106.8
PESCO	81.7	90.9	94.9	96.6	87.7
TESCO	8.8	8.7	12.3	9.1	11.3
HESCO	52.8	81.7	90.7	93.9	90.9
SEPCO	42.0	51.3	64.7	77.6	70.6
QESCO	105.1	22.9	74.3	27.0	83.3
TOTAL DISCOs	86.9	95.6	101.5	98.5	97.3



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The performances of DISCOs against targets of losses in Q3 are given in table below;

Losses target (%)	Q1	Q2		Q3	
	Actual	Target	Actual	Target	Actual
LESCO	15.2	9.1	9.0	9.1	9.8
GEPCO	14.3	3.1	2.4	7.1	7.0
FESCO	11.9	5.3	2.4	6.7	5.8
IESCO	9.6	1.5	1.8	3.1	5.2
MEPCO	21.5	10.0	9.4	10.0	9.8
PESCO	41.7	26.2	27.2	26.1	27.8
TESCO	21.1	17.8	17.5	14.1	16.6
HESCO	29.2	18.7	20.4	23.2	22.7
SEPCO	42.6	30.6	30.8	30.5	30.6
QESCO	24.9	19.4	21.8	23.5	22.9
TOTAL DISCOs	21.1	12.4	11.9	13.2	13.4

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The above data which is on quarter basis when translated into performances of DISCOs on the 9 months basis as compared to same period last year, has shown remarkable improvements in the areas of losses and recovery as evident from following data:

Company Wise T&D Losses						
2015-16 (Jul-Mar)						
DISCOs	Units (Mkwh)			Losses	Same period Last Year	Incr/ (Dec.)
	Received	Billed	Lost			
				%Age	%Age	%Age
LESCO	14,457.87	12,736.32	1,722	11.9%	12.4%	-0.4%
GEPCO	6,375.95	5,804.08	572	9.0%	9.4%	-0.4%
FESCO	8,421.02	7,792.76	628	7.5%	9.2%	-1.8%
IESCO	6,816.34	6,400.23	416	6.1%	6.0%	0.1%
MEPCO	10,442.48	8,893.21	1,549	14.8%	15.7%	-0.9%
HESCO	3,602.18	2,707.54	895	24.8%	25.8%	-0.9%
SEPCO	2,928.35	1,866.88	1,061	36.2%	37.0%	-0.7%
QESCO	4,033.07	3,095.45	938	23.2%	22.7%	0.5%
PESCO	8,628.40	5,746.41	2,882	33.4%	33.7%	-0.3%
TESCO	958.47	781.17	177	18.5%	0.0%	18.5%
Total Discos	66,664	55,824	10,840	16.3%	17.6%	-1.3%

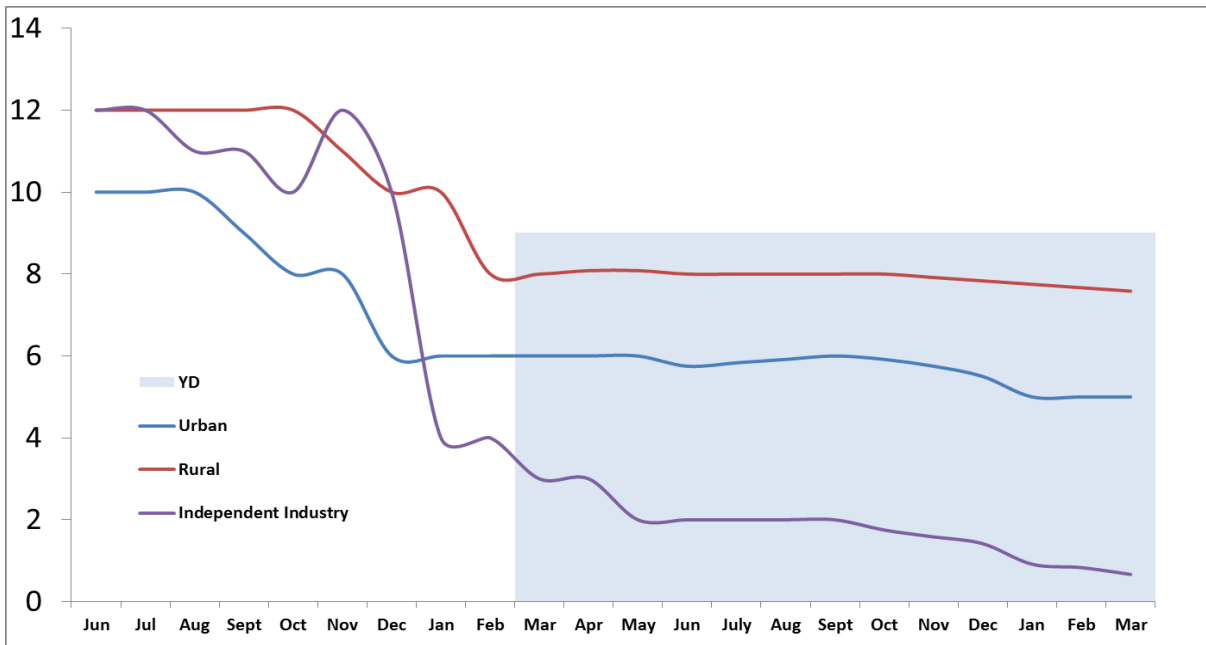
Company Wise Recovery Ratio						
DISCOs	Amount Rs. Million			Collection	Same period Last Year	Incr/ (Dec.)
	Billed	Collected	On to Receivables			
				%Age	%Age	%Age
LESCO	169,210	172,999	(3,789)	102.2%	99.5%	2.7%
GEPCO	68,586	70,027	(1,442)	102.1%	100.3%	1.8%
FESCO	95,872	98,011	(2,139)	102.2%	100.9%	1.3%
IESCO	83,244	74,596	8,648	89.6%	89.4%	0.2%
MEPCO	101,867	103,990	(2,123)	102.1%	104.0%	-1.9%
PESCO	68,897	60,496	8,401	87.8%	87.3%	0.5%
HESCO	35,593	26,110	9,483	73.4%	78.4%	-5.0%
SEPCO	25,786	14,032	11,754	54.4%	53.8%	0.6%
QESCO	39,470	30,135	9,335	76.3%	25.9%	50.5%
TESCO	1,975	1,051	924	53.2%	7.6%	45.6%
Total Discos	690,501	651,448	39,053	94.3%	88.5%	5.9%



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Improvement of 1.3% in losses and 5.9% in recoveries compared to same period during the last year clearly shows the positive results of policies adopted by MoWP are in the right place.

Another important indicator of the performance of DISCOs and the power sector is the reduction of load shedding hours for various areas and set of consumers in the country. During the last one year the load shedding hours have reduced, as evident from the following graph and unscheduled load shedding has been eliminated.



Customer Services and revenue protection:

For bringing transparency in the billing system and improve customer services several initiatives have been taken, one of them is mobile meter reading. Ministry of Water and Power is taking solid measures to overcome over-billing for extending relief to consumers. As part of such efforts, meter reading through mobile phone was being carried out in all the DISCOs and reading of the meter was being printed on the electricity bill. So far, complete system has been implemented in FESCO and it has shown very encouraging results including;



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- Substantial decrease in customer's complaints of wrong reading and over billing.
- Meter readers are compelled to record 100% reading due to image printing
- Workload decreased in meter reading sections
- Easy monitoring of Rise and Fall in consumptions of all consumers as computerized record is available.
- Consumer satisfaction and better image building of FESCO.
- Less/Excess charging at the will of meter reader obsolete
- Remarkable decrease in losses due to timely meter reading as now there is no chance of pending/ cumulated units.

The program in rest of DISCOs is on fast track for completion.

