

# Emerald Energy Limited

A/51-A, S.I.T.E., Karachi-75700 Pakistan.  
Tel: (92-21) 32578100-16 (17 Lines).  
Fax: (92-21) 32564600-32561050  
E-mail: liberty@libertymillslimited.com

OTHER GROUP COMPANIES  
Liberty Mills Limited  
Liberty Power Tech Limited – IPP (200 MW)



July 2, 2015

The Registrar  
National Electric Power Regulatory Authority  
NEPRA Tower, Attaturk Avenue (East),  
Sector G-5/1, Islamabad.

Dear Sir,

**Subject: Motion for Leave for Review against the determination of the Authority in matter of Upfront Tariff for Wind Power Generation dated June 24, 2015**

For information & mpa pt.  
- D/Rp-I/SAR  
- SA (Tech)  
- SAT-I  
- M/F  
AD(I) - At  
06.07.15  
cc: Chairman  
VC (in COA)  
M(T)  
M(M&E)  
M(L&C)

## INTRODUCTION

This Motion for Leave for Review is being submitted by Emerald Energy Limited ("the Company" or "the Petitioner") to the National Electric Power Regulatory Authority ("NEPRA" or "the Authority") under Rule 16(6) of National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 in respect of Authority determination of Upfront Tariff for Wind Power Generation ("the Upfront Tariff") dated June 24, 2016.

## CAPACITY FACTOR:

The Authority approved 35% net annual plant capacity factor for the Upfront Tariff. The company is of view that 35% of Capacity Factor for Annual Energy Production is high and exposes the Developers to risks of added uncertainties that are not adequately covered in tariff regime. The tariff benchmarked at 32% CF as that is the universal consensus amongst all Developers and most of all, the Lenders.

In view of the above, the company requests the Authority to please consider to revise capacity factor at 32%.

## CHOICE TO OPT THE UPFRONT TARIFF

As per the Upfront Tariff, the tariff will be available up to 180 days from the date of issuance of the Upfront Tariff by the Authority. The timeline of 180 days for opting for upfront tariff is not practical because of the following:

- The updated Grid Code for Wind is not available and its time-line is uncertain.
- NTDC is not providing base data for Grid Studies prior to the finalization of Grid Code

The company requests that the timeline for opting the Upfront Tariff may be rationalized as follows:

*Agm*

Registrar	7353
DY No.	8607-18
Dated	06/07/15

Senior Advisor Tariff-I  
Dy No 7068  
Date 2-7-15

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The later of the two:

- One year from Gazette Notification of the Upfront Tariff
- Nine months from availability of the new Grid Code

## ELIGIBILITY TO AVAIL THIS TARIFF

As per the Upfront Tariff, "Companies who have a certificate from the power purchaser (NTDC) regarding availability of power evacuation arrangement / capacity for absorption of power supplied into the national grid" will be eligible for the Upfront Tariff.

In this regard, please note that government departments' response in such matters does not fulfill the desired time requirement thus delay may take place. Therefore, it is suggested that:

- The NTDC approval may be placed in the 12 month window available for Financial Close and
- Any delays on part of NTDC in issuing this certificate may be condoned by NEPRA for an appropriate extension in the validity of the available time window.

## SINOSURE FEE

In the Upfront Tariff, the Authority did not consider Sinosure Fee as a separate cost head. Sinosure Insurance is a contingent requirement of Debt from China. It is approved by NEPRA for other Projects (Coal etc.). It is a mandatory cost for Chinese Debt and should be incorporated as a pass-through cost by NEPRA.

In the context of above, the company requests the Authority to allow the Sinosure Fee on actual basis as pass through.

## RETURN ON EQUITY DURING CONSTRUCTION

ROEDC is an accepted element in NEPRA's other determinations and uniform application of business rules as the authority approved the same for other tariff like Coal. Accordingly NEPRA is requested to incorporate this also in the Upfront Tariff.

## WITHHOLDING TAX ON DIVIDEND

In the upfront tariff, the Authority has decided not to allow withholding tax on dividend as a pass through item in this upfront tariff. However, in the Upfront Tariff of 2013 for Wind Generation, the Authority allowed the same as pass through.

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In view of the above, the company requests the Authority to continue the previous practice and allow withholding tax on dividend as pass through.

After having said so, the company reiterates and requests for favorably reconsideration of all the above points in the light of arguments and justifications presented to the authority.

We thank you,

Azam Sakrani  
Chief Executive

Cc:

Secretary – Energy Department  
Government of Sindh