



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/R/TRF-UTB-2013/9261-9263
June 17, 2015

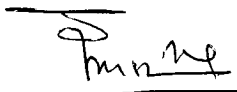
Subject: Decision of the Authority in the matter of Upfront Tariff for New Bagasse Based Co-generation Projects – Extension for Date of Acceptance of Upfront Tariff

Dear Sir,

Please refer to this office letters No. NEPRA/R/TRF-UTB-2013/5152-5154 dated 29.05.2013, No. NEPRA/TRF/UTB-2013/10477-10483 dated 28.08.2013 and No. NEPRA/R/TRF-UTB-2013/6642-6644 dated 19.06.2014 whereby the Determination/Decisions of the Authority were communicated to Federal Government for notification in the official Gazette.

2. Enclose please find herewith the subject Decision of the Authority (03 pages) with reference to above referred Determination of the Authority dated 29.05.2013 whereby Clause IV(iii) of the Determination is further substituted.
3. The Decision is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
4. Order of the Authority at para 5 of the Decision is to be notified in the official Gazette.

Enclosure: As above


(Syed Safer Hussain) 17/06/15

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

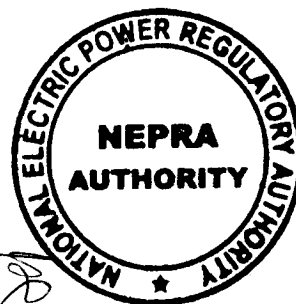


**DECISION OF THE AUTHORITY IN THE MATTER OF UPFRONT TARIFF FOR
NEW BAGASSE BASED CO-GENERATION PROJECTS - EXTENSION FOR DATE
OF ACCEPTANCE OF UPFRONT TARIFF**

The National Electric Power Regulatory Authority (hereinafter referred to as the "Authority") has approved upfront tariff for New bagasse based Co-generation projects to be set up under the frame work of Co-generation policy of Government of Pakistan (hereinafter referred to as GoP) on May 29, 2013 containing the reference approved tariff for 30 years along with the applicable terms and conditions for the Co-generation projects and notified by GoP vide SRO No. 771(1)/2013 dated September 3, 2013. The aforementioned decision of the Authority was modified to the extent of certain amendments in the terms and conditions on August 28, 2013 and notified by GoP vide SRO No.938(1)/2013 dated October 14, 2013. The Authority at clause IV item (iii) of the approved terms and conditions had mentioned the period for acceptance of Upfront tariff by the Co-generation projects as one year (365 days) from the date of approval of the Upfront Tariff, which was later extended by means of an amendment made to the aforementioned clause through decision of the Authority dated June 19, 2014 as under:

"The option for accepting Upfront Tariff by Co-generation projects will be applicable up to May 28, 2015"

2. The extended period for acceptance of the upfront tariff has expired on May 29, 2015. In the meantime the Alternative Energy Development Board (AEDB) vide its letters dated February 19, 2015 and April 06, 2015; the Pakistan Sugar Mills Association Punjab Zone (PSMA-Punjab) vide its letters dated April 01, 2015 and May 26, 2015; Shahtaj Sugar Mills Limited vide its letter dated April 29, 2015; Etihad Power Generation Limited vide its letter dated May 11, 2015; Pakistan Sugar Mills Association Sindh Zone (PSMA-Sindh) vide its letter dated May 18, 2015; Thal Industries Corporation vide its letters dated May 25, 2015; and Almoiz Industries Limited vide its letter dated May 25, 2015, requested for extension of last date for opting the Upfront tariff. AEDB has submitted that several investors intending to set up high pressure boilers to supply power to the national grid are currently at various stages of development, and in view of that has requested NEPRA for further extension of the upfront tariff. PSMA-Punjab, a representative body of sugar mills submitted that certain conditions (including environmental and grid approval and a generation license or an application thereof) are required to be satisfied for acceptance of Upfront tariff and a number of Co-generation projects are currently in various stages of development. In view thereof, the





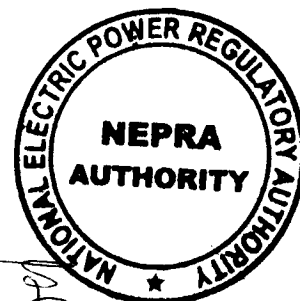
PSMA-Punjab has requested the Authority to extend the validity of the Upfront tariff till 31 December 2016, or such other reasonable period as the Authority may deem appropriate. Similarly, PSMA-Sindh has also supported the idea of extension of validity period of the upfront tariff in order to allow ample time to the sugar mills sector to set up economically viable projects based on indigenous fuel. Investors such as M/s Shahtaj Sugar Mills Limited, Thal Industries Corporation and Almoiz Industries Limited submitted that they are in the process of obtaining necessary approvals and fulfilling other requirements that are necessary to be completed prior to acceptance of the upfront tariff, however, the time for acceptance of the upfront tariff is insufficient to complete all procedural requirements of various government entities. In view thereof, all aforementioned investors have also requested for extension in deadline for acceptance of Upfront Tariff.

3. The Authority considered the aforementioned requests in its meeting held on June 10, 2015, wherein it was observed by the Authority that the main objective to approve Upfront Tariff for New Bagasse based Co-generation projects is to facilitate co-generation projects for setting up power generation plants by making maximum use of available indigenous fuel of bagasse, for their captive use as well as supply of surplus electricity to the grid, which would contribute in fulfilling gap between the existing demand and supply position of the country. The Authority also noticed that up till now only five co-generation projects with a cumulative capacity of 154.70 MW have been granted the Upfront tariff, while there are several others who have either filed their application or are in the process of fulfilling all the requirements applicable for acceptance of the approved Upfront tariff. The Authority also observed that the approved upfront tariff for co-generation power projects is a generic tariff to be uniformly applicable for all co-generation power projects once these projects are operational and therefore, the requested extension in date of acceptance of Upfront Tariff by the Co-generation projects would not have any effect on either the approved Upfront tariff or other applicable terms and conditions.

4. The Authority after considering comments of all the stakeholders and relevant record made available to it has decided to extend the period for acceptance of Upfront Tariff by the Co-generation projects by two year while all other terms and conditions of Upfront Tariff will remain same.

5. **ORDER**

Pursuant to section 7(2)(g) and section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Regulation 3 (1) of the National





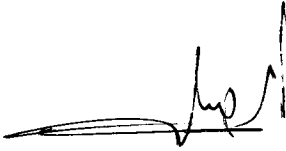
Electric Power Regulatory Authority (Review Procedure) Regulations, 2009, the Authority

has decided to further review clause IV(iii) of the determination of National Electric Power Regulatory Authority in the matter of upfront tariff for New Bagasse based Co-generation Projects dated May 29, 2013, as amended through decision of the Authority dated June 19, 2014, and accordingly decided to substitute the clause IV(iii) with the following:

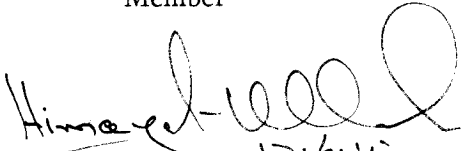
"The option for accepting Upfront Tariff by Co-generation projects will be valid up to May 28, 2017"

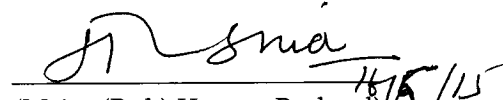
6. The order at paragraph 5 is recommended for notification by the Federal Government in the official gazette in accordance with Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997


AUTHORITY

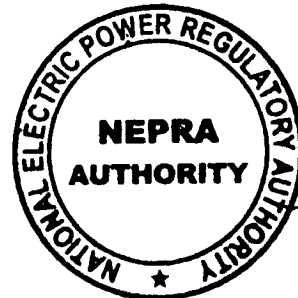

16.6.15
(Khawaja Muhammad Naeem)
Member

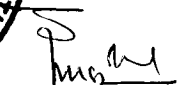

16/6/15
(Syed Masood ul Hassan Naqvi)
Member


17.6.15
(Himayat Ullah Khan)
Member


16/6/15
(Major (Rtd.) Haroon Rasheed)
Member


16/6/15
(Brig. (R) Tariq Saddozai)
Chairman




17.06.15