



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/UTCPPG-2017/650-652

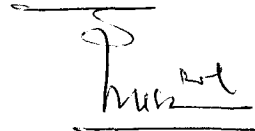
January 16, 2018

Subject: Decision of the Authority in the matter of Review Motions filed against Authority's Decision dated 31st July 2017 in the matter of Upfront Tariff for Captive Power Plants on Gas for Short Term Utilization of the Available Generation Capacity

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (02 pages) in the matter of Review Motions filed by Sitara Energy Ltd. and Mekotex (Pvt.) Ltd. against Authority's Determination dated 31st July 2017 in the matter of Upfront Tariff for Captive Power Plants on Gas for Short Term Utilization of the Available Generation Capacity for information.

Enclosure: As above


16 01 18
(Syed Safer Hussain)

Secretary
Ministry of Energy
'A' Block, Pak Secretariat
Islamabad

CC:

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

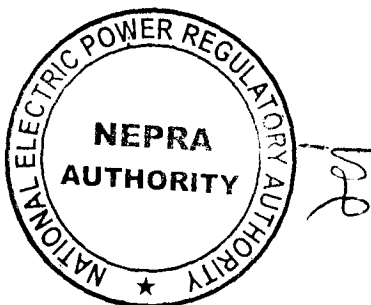


DECISION OF THE AUTHORITY IN THE MATTER OF REVIEW MOTION FILED AGAINST AUTHORITY'S DECISION DATED 31ST JULY 2017 IN THE MATTER OF UPFRONT TARIFF FOR CAPTIVE POWER PLANTS ON GAS FOR SHORT TERM UTILIZATION OF THE AVAILABLE GENERATION CAPACITY

- 1.1. The Authority in exercise of powers under Section 7 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Rule 3(1) of the NEPRA (Tariff Standards and Procedures) Rules, 1998 and Regulation 3(1) of NEPRA Upfront Tariff (Approval & Procedure) Regulations, 2011 initiated suo moto proceedings for determination of upfront tariff for short term utilization of the available generation capacity from captive power plants on Gas. The said upfront tariff was issued on July 31, 2017.
- 1.2. The upfront tariff on gas for CPPs comprised of fuel cost component and fixed cost component. The fuel cost component was allowed on the basis of net LHV thermal efficiency of 37.50%, LHV-HHV factor of 1.1076 and reference Gas price of Rs. 600 per MMBTU. The following upfront tariff on Gas was approved for captive power plants on take and pay basis:

Description	Rs./kWh
Reference Fuel Cost Component	6.0469
Fixed Cost Component	1.6504
Total Generation Cost of delivered unit	7.6973

- 1.3. The reference fuel cost component was subject to adjustment on account of variation in Gas price.
- 1.4. Being aggrieved from the Determination of the Authority dated July 31, 2017 (hereinafter referred to as the "Impugned Determination"), the following companies filed Review Motions under Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 and National Electric Power Regulatory Authority (Review Procedure) Regulations, 2009:
- Sitara Energy Limited (SEL) on August 25, 2017
 - Mekotex (Private) Limited (MPL) on August 16, 2017
- 1.5. The Petitioners submitted identical review motions on the following items:
- Efficiency, Fuel cost component & Degradation
 - O&M
 - Plant Availability
 - Return on Equity
 - Cost of Working Capital



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- vi. Indexation of fixed cost component
- vii. Restriction on operation on RLNG
- viii. Applicability Period

- 1.6. The Authority admitted the Review Motions filed by SEL and MPL on September 13, 2017 and September 27, 2017, respectively. In order to consider the review motions, an opportunity of hearing was granted to the Petitioners. Hearing was held on October 17, 2017 at NEPRA Tower, Islamabad which was attended by the Petitioners. During the hearing, the Petitioners could not produce any additional evidence in support of their review motions nor could point out any error in the Impugned Determination.
- 1.7. Keeping in view of the above stated facts, the Authority is of the view that in terms of Regulation 3(2) of the NEPRA (Review Procedure) Regulations, 2009, a motion seeking review of any order or decision of the Authority is competent only upon discovery of new and important matter of evidence or on account of some mistake or error apparent on the face of record or for any other sufficient reasons. The perusal of the Impugned Determination sought to be reviewed clearly indicated that all material facts and issues were examined in detail and there is no occasion to amend or modify the Impugned Determination. Therefore, the Authority is convinced that the Review Motions shall not result in the withdrawal or modification of the Impugned Determination, hence the Review Motions are hereby dismissed.

AUTHORITY

(Himayat Ullah Khan)
Member

(Syed Masood-ul-Hassan Naqvi)
Member

(Saif-Ullah Chattha)
Vice Chairman 12-1-2018

(Brig (R) Tariq Saddozai)
Chairman



16.01.18