



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Ataturk Avenue (East) G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600021
Web: www.nepra.org.pk, E-mail: info@nepra.org.pk

No. NEPRA/R/TRF-UTB-2013/6642-6644
June 19, 2014

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 letter No. NEPRA/R/TRF-UTB-2013/5152-5154 dated 29.05.2014 whereby determination of the Authority in the matter of Suo-Moto Proceedings for Development of Upfront Tariff for New Bagasse Based Co-generation Power Projects was communicated to Federal Government for notification in the official Gazette. Subsequently the decision of the Authority was modified to the extent of certain amendments in the terms and conditions on August 28, 2013 and communicated to Federal Government vide letter No. NEPRA/TRF/UTB-2013/10477-10483 dated 28.08.2013.

2. Enclose please find herewith the subject Decision of the Authority (02 pages) with reference to above referred Determination of the Authority dated 29.05.2013 whereby Clause IV(iii) of the Determination is 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. Please note that only Order of the Authority at para 7 of the Decision needs to be notified in the official Gazette.

Enclosure: As above

(Syed Safer Hussain)

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.

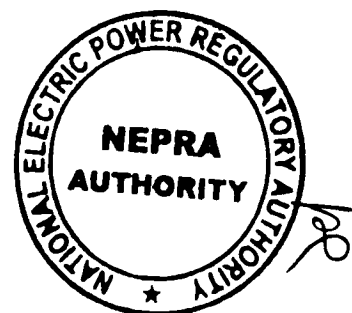
Decision of the Authority in the matter of Upfront Tariff for New Bagasse based Co-generation Projects-
Extension for date of acceptance of Upfront Tariff

The 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(I)/2013 dated September 3, 2013. The afore mentioned 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 of 365 days for acceptance of Upfront tariff by the Co-generation projects as reproduced hereunder.

"The option for accepting Upfront tariff by co-generation projects will be applicable for one year (365 days) from the date of approval of Upfront Tariff by the Authority"

2. The aforementioned period of 365 days has expired on May 28, 2014. In the mean time Pakistan Sugar Mills Association (PSMA) Punjab Zone as well as sponsors of Shahtaj Sugar Mills Limited vide their letters dated April 15, 2014 and dated March 26, 2014 respectively requested for extension of last date for opting Upfront tariff. PSMA (Punjab Zone) a representative body of sugar mills submitted that keeping in view 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, we would like to request the Authority to kindly extend the validity of the Upfront tariff till 28 February 2015, or such other reasonable period as the Authority may deem appropriate. M/s Shahtaj Sugar Mills Association submitted that they are in the process of obtaining necessary approval and other requirements such as finalization of financing documents as well as Implementation and Power Purchase Agreements are required to be done prior to acceptance of Upfront tariff which is not possible within the current validity date. It, therefore, requested that deadline for acceptance of Upfront Tariff may be extended upto May 28, 2015.

3. The Authority considered the aforementioned requests in its meeting held on May 20, 2014, 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 two co-generation projects have opted for 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 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. In view of the aforementioned and to provide an opportunity to all those interested in availing Upfront Tariff, the Authority decided to initiate Suo Moto proceedings under section 7(2)(g) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Regulation 3(1) of the NEPRA (Review Procedure) Regulations 2009 for extension in the last date for acceptance of Upfront tariff by the co-generation projects.

5. Accordingly a hearing in the matter was held on June 18, 2014 at Marriott Hotel Islamabad which was attended by representatives of various sugar mills, ministry of Commerce and other stakeholders. All the stakeholders unanimously supported the proposed extension in the period for acceptance of Upfront Tariff by the Co-generation projects.

6. The Authority after considering all comments of 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 one year while all other terms and conditions of Upfront Tariff will remain same.

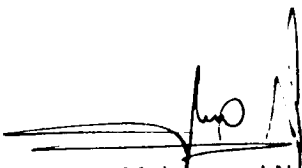
7. Order.

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 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 and accordingly to substitute the clause IV(iii) with the following:

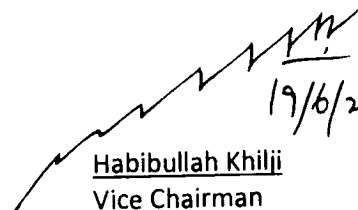
"The option for accepting Upfront Tariff by Co-generation projects will be applicable up to May 28, 2015"

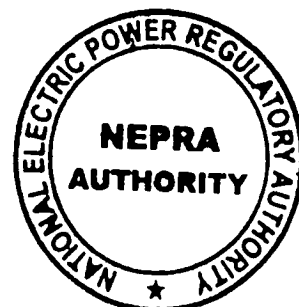
8. The order at paragraph 7 is recommended for notification by the Federal Government in the official gazette in accordance with Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

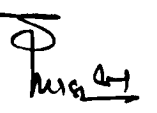
Authority


Khawaja Mohammad Naeem
Member


Maj (Rtd) Haroon Rashid
Member


Habibullah Khilji
Vice Chairman




19.06.14