



Punjab Thermal Power (Pvt.) Limited



February 06, 2025
Ref: PTPL/CEO/948/2025

Registrar

National Electric Power Regulatory Authority
NEPRA Tower, Ataturk Avenue (East) G-5/1
Islamabad

SUBJECT: Addendum No. 2 to the tariff modification petition dated June 28, 2024.

Dear Sir,

Punjab Thermal Power (Private) Limited ("PTPL" or "the Petitioner" or the "Company") has submitted the petition for modification of Tariff Determination dated December 26, 2017 ("Reference Tariff") before the National Electric Power Regulatory Authority ("Authority") through its letter no. PTPL/CEO/8475/2024 dated June 28, 2024 (Modification Petition). Subsequently the Addendum to the Modification petition was also submitted on September 04, 2024 vide letter ref # PTPL/CEO/8821/2024.

In continuation of the above, this addendum number 02, is submitted to the Modification Petition, to be read as integral part thereof for the kind consideration of the Authority on basis explained herein:

1. Cost of Working Capital on Pass Through Items:

It is relevant to point out that Tariff Determination dated December 26, 2017 allow the company to claim the payment of tax on its income from generation of electricity, or any duties and/or taxes, not being of refundable nature as a pass-through item. Extract of the determination is reproduced below (**Annexure A**):

xiv. In case the company is obligated to pay any tax on its income from generation of electricity, or any duties and/or taxes, not being of refundable nature, are imposed on the company, the exact amount paid by the company on these accounts shall be reimbursed on production of original receipts. This payment shall be considered as a pass-through payment. However, withholding tax on dividend shall not be passed through.

Further under the PPA, the Company is allowed to claim the payment of tax on its income from generation of electricity, or any duties and/or taxes, not being of refundable nature as a pass-through item after the first (1st) Day of the Month following the Month in which the cost(s) was incurred by the Company, which shall become due on or before the thirtieth (30th) Day following the Day the invoice is received by the Power Purchaser as per the terms of the PPA. Relevant extract of the PPA are reproduced below (**Annexure B**):

PPA:

9.5b (iii) from and after the Simple Cycle Operations Start Date GT1 for the Simple Cycle Operations and from and after the Commercial Operations Date, any Pass-Through Item due in respect of the previous Month (or part-Month) in accordance with Schedule 1 (Tariff, Indexation and Adjustment);

9.6 a (i) the Power Purchaser shall pay the Company the amount shown on an invoice delivered in accordance with (A) Section 9.5(a) or Section 9.5(b) on or before the thirtieth (30th) Day following the Day the invoice is received by the Power Purchaser;

Schedule 1 to PPA:

11.1 From and after the Commercial Operation Date, Pass-Through Items shall be reimbursable by the Power Purchaser to the Company on the basis of the actual costs reasonably incurred by the Company to satisfy the requirements of the Power Purchase Agreement or to the extent that the Company is obligated pursuant to the Laws of Pakistan to make payment for such Pass-Through Item(s).



Punjab Thermal Power (Pvt.) Limited



11.2 The Company may present invoice(s) to the Power Purchaser for Pass-Through Items at any time on or after the first (1st) Day of the Month following the Month in which the cost(s) was incurred by the Company.

The Company is required to pay quarterly income tax to FBR on its income from power generation as per the requirement of the Income Tax Law¹. Further, the Company is also required to pay Punjab Workers' Profit Participation Fund and Workers' Welfare Fund to the relevant authorities on annual basis. Therefore, it significantly exposes the Company to the cashflow constraints as funds remain tied up for an average 40 days duration in each quarter as well as after the year end until the invoices are raised and become due & payable in terms of the PPA. During such period, the Company incurs significant financing cost to fund these payments from its working capital lines and no recovery of the same is allowed in any of the Tariff component including cost of working capital component of the Capacity Purchase Price. It is relevant to point out that the Project was envisaged on cost plus basis under 2015 power policy, whereby all costs are to be actualized in line with the signed contracts and savings of billions of rupees achieved through international competitive and transparent bidding process will be passed on to the end consumer at the time of COD tariff adjustments.

In view of the foregoing the authority is requested to allow the cost of working capital on pass through items on actual basis as a passthrough being legitimate and prudently incurred costs in terms of the NEPRA Act and power generation policy, as per the formula given below:

$$\text{CWC-PTI} = A \times B \times (C / D)$$

CWC-PTI = Cost of working capital on Pass Through Items be allowed as a pass through

A = Actual Amount of Taxes Paid to the Authorities

B = Prevailing three-month KIBOR + 2%

C = Actual number of days funds remained tied Up (from the date payment of taxes made to the authorities till the invoice to the Power Purchaser become due)

D = Actual number of days in a year (365 days)

All other figures and assumptions used in the calculation of Reference Generation Tariff Table are same as which were used for the calculation of Modification Petition.

The Petitioner remain available to provide further information / explanations regarding the above-mentioned matters, if required.

The Authority is requested to positively consider and incorporate the information submitted through this addendum as an integral part of the Modification Petition and hearing dated February 13th, 2025 to determine the tariff components accordingly.

Best Regards,

Salman Zakaria
Chief Executive Officer

¹ The income from Power Generation of the Company is not exempted under Section 132 of the Second Schedule to the Income Tax Ordinance 2001, being wholly owned by the Provincial Government, unlike other IPPS and Company owned by GoP



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-408/PTPL-2017/20789-20791
December 26, 2017

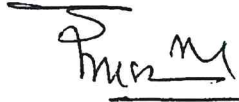
Subject: Determination of the Authority in the matter of Tariff Petition filed by Punjab Thermal Power (Private) Limited for Determination of Generation Tariff for 1,263.2 MW Power Project on RLNG/HSD at Jhang [Case No. NEPRA/TRF-408/PTPL-2017]

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annex-I, II, III & IV (45 pages) and Additional Note of Mr. Himayat Ullah Khan, Member NEPRA along with Annex-I of Additional Note (04 pages) in Case No. NEPRA/TRF-408/PTPL-2017.

2. The Determination is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
3. Order of the Authority's Determination along with Annex-I, II, III & IV needs to be notified in the official gazette.

Enclosure: As above


26 12 17
(Syed Safeer 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.

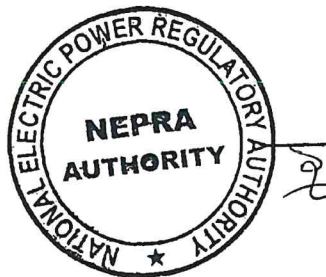


Schedule 10 to the EPC Agreement and shall be included in the project cost at the time of COD.

- xii. The dispatch will be at appropriate voltage level mutually agreed between the power purchaser and the power producer.
- xiii. The dispatch shall be in accordance with economic merit order.
- xiv. In case the company is obligated to pay any tax on its income from generation of electricity, or any duties and/or taxes, not being of refundable nature, are imposed on the company, the exact amount paid by the company on these accounts shall be reimbursed on production of original receipts. This payment shall be considered as a pass-through payment. However, withholding tax on dividend shall not be passed through.
- xv. Taxes and duties on the import of plant & machinery during the construction period have been included in the project cost and shall be adjusted on actual at the time of COD on the basis of verifiable documentary evidence.
- xvi. General assumptions, which are not covered in this determination, may be dealt with as per the standard terms of the Power Purchase Agreement.

VIII. NOTIFICATION

The above Order of the Authority along with 4 Annexes shall be notified in the Official Gazette in terms of Section 31(4) of the Regulations of Generation, Transmission and Distribution of Electric Power Act, 1997.



066618



CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED
(for and on behalf of Ex-WAPDA Distribution Companies)

– AND –

PUNJAB THERMAL POWER (PRIVATE) LIMITED

POWER PURCHASE AGREEMENT

RELATING TO

A 1242.7 MW (NET) POWER GENERATION COMPLEX

NEAR TRIMMU BARRAGE/HAVELI BAHADUR SHAH, PUNJAB, PAKISTAN

Dated as of 22nd June 2020

MADE IN

ISLAMABAD

THE ISLAMIC REPUBLIC OF
PAKISTAN



Schedule 1 (*Tariff, Indexation and Adjustment*). The liquidated damages payable under this Section 9.4(c) shall be in addition to any liquidated damages payable under Section 9.4(b) for the same hour, to the extent liquidated damages are payable under both sections.

- (d) If the Company is in breach of its obligation under Section 4.1(b) to achieve the Commercial Operations Date by the Required Commercial Operations Date, then for each Month (prorated daily) thereafter until the Commercial Operations Date is actually achieved, the Company shall pay the Power Purchaser as liquidated damages an amount equal to two and one-half Dollars (\$2.50) per kW of Contract Capacity per Month (prorated daily) until the Commercial Operations Date is achieved; provided however, the Company will not be liable to make the aforementioned liquidated damages payment to the Power Purchaser if the delay in achieving the Commercial Operations Date by the Required Commercial Operations Date has been caused solely due to the Simple Cycle Operations (provided further that the Company has notified the Power Purchaser in writing within twenty four (24) Hours of the occurrence of any such issue caused during the Simple Cycle Operations which may delay the achievement of the Commercial Operations Date). The Parties acknowledge and agree that it would be difficult or impossible at the date of this Agreement to determine with absolute precision the amount of damages that would or might be incurred by the Power Purchaser as a result of the Company's failure to perform those matters for which liquidated damages are provided under this Section 9.4.
- (c) The Parties agree that the amounts of liquidated damages provided under this Section 9.4 (*Liquidated Damages*) are in lieu of actual damages and are the Parties' reasonable and genuine estimates for the actual damages and/or losses that may reasonably be anticipated from such failures in respect of such matters, and do not constitute a penalty.

Section 9.5 Billing

- (a) At any time following the Commercial Operations Date, the Company may submit an invoice to the Power Purchaser for seventy percent (70%) of the estimated Available Capacity (at the Reference Site Condition) during that Month (or part-Month). Such invoice shall set forth for each hour of the relevant Month (or part- Month), the Capacity Price and the then prevailing estimated Available Capacity (at the Reference Site Condition), based on the then-Prevailing Tested Capacity, adjusted for expected hours of unavailability not excused under Section 9.1(c) or 9.1(d).
- (b) At any time on or after first (1st) Business Day of each Month the Company may submit an invoice to the Power Purchaser stated in Rupees for the following:
 - (i) from and after the Commercial Operations Date, the Capacity Payment (net of the amount shown in the invoice delivered pursuant to Section 9.5(a)) due in respect of the Available Capacity during the previous Month (or part-Month);
 - (ii) from and after the Commercial Operations Date, seventy percent (70%) of the estimated

Available Capacity (at the Reference Site Condition) during that Month. Such invoice shall set forth for each hour of the relevant Month (or part-Month) the Capacity Price, the Available Capacity and the then Prevailing Tested Capacity;

- (iii) from and after the Simple Cycle Operations Start Date GT1 for the Simple Cycle Operations and from and after the Commercial Operations Date, any Pass-Through Item due in respect of the previous Month (or part-Month) in accordance with Schedule 1 (*Tariff, Indexation and Adjustment*);
 - (iv) from and after the Simple Cycle Operations Start Date GT1 for the Simple Cycle Operations and from and after the Commercial Operations Date, any Unit Start-Up Charges due in respect of the previous Month (or part-Month) as determined in Schedule 1 (*Tariff, Indexation and Adjustment*);
 - (v) from and after the Simple Cycle Operations Start Date GT1 for the Simple Cycle Operations and from and after the Commercial Operations Date, any interest payable hereunder on amount not paid by the Due Date, showing the calculation of such claimed interest in reasonable detail;
 - (vi) from and after the Simple Cycle Operations Start Date GT1 for the Simple Cycle Operations and from and after the Commercial Operations Date, any Supplemental Tariff due in respect of the previous Month (or part Month) in accordance with Schedule 1 (*Tariff, Indexation and Adjustment*); and
 - (vii) not used; and
 - (viii) from and after the Commercial Operations Date, the Monthly NPD / Take-or-Pay Energy Shortfall Payment due in respect of the previous Month determined in accordance with Schedule 1 (*Tariff, Indexation and Adjustment*).
- (b1) At any time on or after first (1st) Business Day of each Month and on the first (1st) Business Day falling after the fifteenth (15th) Day of each Month, the Company may submit an invoice to the Power Purchaser stated in Rupees for the following:
- (i) any Simple Cycle Payment or Energy Payment, as applicable, due in respect of the previous Energy Period, such invoice shall set forth for each hour of the relevant Energy Period, the Simple Cycle Price or the Energy Price, as applicable, as determined in accordance with Schedule 1 (*Tariff, Indexation and Adjustment*) and such other information and calculations, in reasonable detail, so as to permit the Power Purchaser to confirm that the calculation of the amounts shown in the invoice complies with the provisions of this Agreement and Schedule 1 (*Tariff, Indexation and Adjustment*);
 - (ii) (A) the Test Energy Price for all Net Electrical Output produced after synchronization of the Complex (or part thereof) to the Grid System due in respect of the previous Energy Period, in accordance with Section 8.6A (*Payment for Net Electrical Output during*

- (d) Either Party may require clarification or substantiation of any amount included in an invoice or statement submitted under Section 9.5(a), (b), or (c) by delivering notice of such requirement to the other Party. The Party receiving such request shall provide the requested clarification and substantiation of such invoice or statement within five (5) Business Days of its receipt of such request.
- (e) Each Party shall be entitled to submit a revised invoice if an error is discovered in the calculation of an invoice at any time up to ninety (90) Days after the date that the original invoice was submitted.

Section 9.6 Payment

- (a) Subject to Section 9.7,
 - (i) the Power Purchaser shall pay the Company the amount shown on an invoice delivered in accordance with (A) Section 9.5(a) or Section 9.5(b) on or before the thirtieth (30th) Day following the Day the invoice is received by the Power Purchaser; and (B) Section 9.5(b1), on or before the twenty-fifth (25th) Day following the Day the invoice is received by the Power Purchaser, in each case less deductions for any Disputed amounts or portions of amounts shown in the invoice or deductions solely against the Simple Cycle Payment or the Energy Payments, as applicable, of such undisputed amounts which the Gas Supplier failed to pay to the Power Purchaser pursuant to Section 2 of the Reimbursement Agreement; and
 - (ii) the Company shall pay the Power Purchaser the amount shown on an invoice delivered in accordance with Section 9.5(c), less deductions for any Disputed amounts or portions of amounts shown in the invoice, on or before the thirtieth (30th) Day following the Day the invoice is received by the Company provided that, if such Due Date is not a Business Day, then the Due Date shall be the next following Business Day.

(in each case, the "Due Date"); provided that, if such date is not a Business Day, the Due and Payable Date shall be the next following Business Day.

- (b) Any invoice delivered pursuant to this Article IX (*Compensation, Payment and Billing*) shall be paid in Rupees except any invoice delivered under Section 9.4(d), which shall be paid in Dollars or the Rupee equivalent (at the prevailing exchange rate on the payment day).
- (c) Each Party shall have the right to set off any amounts due and payable by it to the other Party under this Agreement against any and all amounts then due and payable to it by the other Party under this Agreement. Such rights of set-off shall relate only to amounts that are then due and payable to and by a Party and are undisputed or have been determined to be payable by the



Expert or through arbitration.

- (d) Late payments by either Party of amounts due and payable under this Agreement shall bear interest at a rate per annum equal to the Delayed Payment Rate.
- (e) The Power Purchaser's obligation to pay any amount under this Agreement shall remain in full force and effect, and shall not be affected by the provisions of the Guarantee, except to the extent that the Power Purchaser's obligation to the Company has been discharged in accordance with the Guarantee.
- (f) In case no Monthly NPD / Take-or-Pay Energy Shortfall has arisen during a Month where the Company has received payments from the Gas Supplier pursuant to Section 3.6(b) of the Gas Supply Agreement, then the Company shall pay such recovered amounts to the Power Purchaser within five (05) Days from receipt of such amounts from the Gas Supplier
- (g) The Power Purchaser shall have no obligation to make any payment for Supplemental Charges, including Pass-Through Items or other payments required under Section 9.3 (*Pass-Through Item(s); Supplemental Tariffs*), unless the supporting information and data required under Section 9.3 (*Pass-Through Item(s); Supplemental Tariffs*) with respect thereto are provided to it.

Section 9.7 Payment Disputes

- (a) At any time within three hundred and sixty (360) Days after receipt of an invoice, a Party may serve notice (an "**Invoice Dispute Notice**") on the other Party that the amount of such invoice (or part thereof) is in dispute. Each Invoice Dispute Notice shall specify the invoice concerned and the amount in dispute, giving reasons as complete and as detailed as reasonably possible. A Party shall be entitled to submit any Dispute relating to an invoice to Dispute resolution in accordance with Article XVIII (*Resolution of Disputes*), so long as it has delivered an Invoice Dispute Notice to the other Party in accordance with this Section 9.7(a). A Party submitting an Invoice Dispute Notice may require such Dispute to be immediately referred to the Expert for determination pursuant to Section 18.2 (*Determination by Expert*).
- (b) Upon resolution of the Dispute under Section 18.1 (*Resolution by Parties*) or the determination of the Dispute by the Expert under Section 18.2 (*Determination by Expert*) and without prejudice to the right of either Party to refer a Dispute to arbitration, any amounts disputed and not paid but determined to be owed by a Party or any amounts paid and determined not to be owed shall be paid or repaid to the other Party, as the case may be, within thirty (30) Business Days after such resolution or determination, together with interest thereon from but excluding the date initially owed or paid until and including the date paid or repaid, as the case may be, at the Delayed Payment Rate.
- (c) Following such resolution or determination by an Expert, neither Party may refer a Dispute regarding such matter to arbitration under Section 18.3 (*Arbitration*), unless and until it has

SCHEDULE 1
TARIFF, INDEXATION AND ADJUSTMENT
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MDI charges are explained in Annex I-B of Schedule 1.

N = no. of Start-Ups, payable by the Power Purchaser.

SC_{Ref} = the Reference Start-Up Charge as per Annex I-B

SCF_{adjust_h} = the Startup Charges Adjustment Factor for the hour h ;

Where for HSD;

SCF_{adjust_h} = $HSDR_h / HSD_{Ref}$

HSD_{Ref} = Rs. 59.54 /ltr.

$HSDR_h$ = the per liter Rate of the High Speed Diesel (excluding GST) consumed during the hour h and calculated under the accounting convention of FIFO.

And for RLNG;

SCF_{adjust_h} = $RLNGR_h / RLNG_{Ref}$

$RLNG_{Ref}$ = US\$ 8.2464/MMBtu based on HHV

$RLNGR_h$ = RLNG price in US\$/MMBtu based on HHV (excluding GST) consumed during the hour h and calculated under the accounting convention of FIFO.

Subject to Section 10.1, Start-Up shall be counted as payable to the Company by the Power Purchaser even if the requested Start-Up is subsequently cancelled as a result of a change in any Despatch Instruction or Revised Despatch Instruction prior to the synchronization of the relevant unit to the Grid System unless the Power Purchaser issued a Revised Despatch Instruction Sufficiently prior to the Start-Up to enable the Company to cancel the Start-Up.

11. Pass Through Item(s)

- 11.1 From and after the Commercial Operation Date, Pass-Through Items shall be reimbursable by the Power Purchaser to the Company on the basis of the actual costs reasonably incurred by the Company to satisfy the requirements of the Power Purchase Agreement or to the extent that the Company is obligated pursuant to the Laws of Pakistan to make payment for such Pass-Through Item(s).



11.2 The Company may present invoice(s) to the Power Purchaser for Pass-Through Items at any time on or after the first (1st) Day of the Month following the Month in which the cost(s) was incurred by the Company. 11.3 All the Pass-Through Items, as allowed by NEPRA vide its Determination Orders No. NEPRA/TRF-408/PTPL-2017/20789-20791 and No. NEPRA/TRF-408/PTPL-2017/8922-8924 or any subsequent determination, if applicable, including but not limited to the following shall be reimbursed to the Company, subject to NEPRA's determination.

- (a) Payments by the Company into the Workers' Welfare Fund and the Workers' Profit Participation Fund for its employees required to be paid in relation to the Project pursuant to the Laws of Pakistan;
- (b) Corporate Income Tax, Minimum Turnover Tax, Provincial Sales Tax, Excise Duty or other Duty, levy, charge, value added tax, surcharge or other governmental impositions (including without limitation, export tax, octroi, *rawangi mahsool* and etc.) wherever and whenever payable on (i) the sale, exportation, or supply of electricity or electricity generating capacity by the Company to the Power Purchaser during the term, and / or (ii) the purchase, importation, consumption or utilization of fuel by the Company during the term, provided that the Company has not been previously compensated for any such item by the Power Purchaser or the GOP;
- (c) The cost of the Metering System, if not procured by the Power Purchaser, as provided in Section 7.1(b) of the Power Purchase Agreement;
- (d) Any upgrade to the protective devices of the Complex required by the Power Purchaser pursuant to Section 6.6 and Section 7.7 of the Power Purchase Agreement; and
- (e) Costs incurred or suffered by the Company in accordance with Section 14.4 of the Power Purchase Agreement.

For the avoidance of doubt, if a particular type of Tax is stated to be Pass Through item in this Section 11, then any change in Tax rate for such Tax upwards or downwards shall be treated as a Pass Through.

