



Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan



OFFICE OF THE CHIEF EXECUTIVE OFFICER

Ref No. CEO - CPPAG-2025/9874

Date: 13-03-2025

THE REGISTRAR,
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
NEPRA Tower Attaturk Avenue (East),
G-5/1, Islamabad.

Subject: Application for Adjustment of Tariff Components in Respect of 216.8 MW Project of Engro Powergen Qadirpur Limited.

Please find attached joint Application for Adjustment of Tariff as per clause 3.1 of the Amendment Agreement dated 17th February 2025.

By way of background, it is submitted that in order to reduce consumer-end tariff and alleviate the burden on general public, both the Company and Power Purchaser have mutually agreed to enter into Amendment Agreement and adopt the 'Hybrid Take & Pay' model which is being submitted herewith for the approval of the Authority.

Since this Application is being submitted purely in National interest, it is most humbly requested that the applicable fee for this Application may kindly be waived off.

The Applicants will be pleased to provide any further information, clarification or explanation that may be required by the Authority in this regard during its evaluation of the attached tariff adjustment.

Yours sincerely,

For and on behalf of

CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED

Rihan Akhtar, Chief Executive Officer



Forwarded please:

☒ For nec. action ☐ For information

<input type="checkbox"/> DG (Lic.)	<input type="checkbox"/> DG (Admn/HR)
<input type="checkbox"/> DG (M&E)	<input type="checkbox"/> DG (CAD)
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<input type="checkbox"/> SLA	<input type="checkbox"/> Dir. (I.T)
<input type="checkbox"/> Consult (Tech.)	<input type="checkbox"/> Consult (CTBCM)

For kind information, please.

1. Chairman 2. M (Tech)
3. M (Lic.) 4. M (Trf. & Fin)
5. M (Law)

Signature
14.03.25

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BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

APPLICATION FOR ADJUSTMENT OF TARIFF

APPLICANTS: CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED &
ENGRO POWERGEN QADIRPUR LIMITED

IN RESPECT OF 216.8 MW PROJECT OF ENGRO POWERGEN QADIRPUR LIMITED

DATED: [March 07], 2025



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Tariff Adjustment Application

In respect of Engro Powergen Qadirpur Limited

Applicants

- i. The Central Power Purchasing Agency (Guarantee) Limited", a guarantee limited company with its registered office located at Shaheen Plaza, Fazl-ul Haq Road, Blue Area, Islamabad ("CPPA-G") and;
- ii. Engro Powergen Qadirpur Limited (the "Company") with its registered office located at 16th Floor, the Harbour Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi Pakistan

collectively referred as "the Applicants" are hereby jointly filing this Tariff Adjustment Application ("Application") before National Electric Power Regulatory Authority ("Authority") for adjustment in tariff components allowed to the Company through the Authority's determination bearing No. NEPRA/TRF-72/EEL-2007/2226-2228, dated April 01, 2011 as amended vide tariff determination No. NEPRA/R/ADG(Trf)/TRF-72IEPQL-2007/ 18203-18205 dated April 02, 2021.

Generation License

The Authority granted the Company a Generation License bearing No. IGSP/L/17/2007 for a term of 25 years on July 26, 2007.

PPA and Tariff

A Power Purchase Agreement was executed by and between the Company and National Transmission and Despatch Company Limited on July 01, 2008, novated to the Applicant vide novation agreement dated February 11, 2021 ("PPA"). The learned Authority determined the Reference Tariff No. NEPRA/R/TRF-72/EEPL-2007/3062-64, dated July 19, 2007, Commercial Operations Date Tariff No. NEPRA/TRF-72/EEL-2007/2226-2228, dated April 01, 2011, as amended vide tariff determination No. NEPRA/R/ADG(Trf)/TRF-72IEPQL-2007/ 18203-18205 dated April 02, 2021, NCPI tariff determination No. NEPRA/R/DG(Trf)/TRF-72/EPQL-2007/35678-82 dated October 30, 2023 (collectively referenced as "Tariff") of the Company.

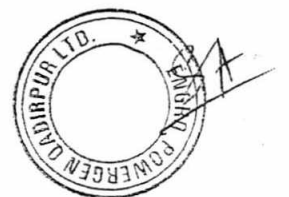
Ground

Based on the AA, the Applicants agreed to jointly develop and submit a tariff adjustment application as a necessary condition to bring into effect the terms of section 2.2(b) of the AA.

Determination Sought

It is humbly prayed that the Authority:

- (a) Accept this Application;
- (b) Revise indexation mechanism of the Operation and Maintenance Component of the Tariff as agreed between the Applicants in clause 2.2(b) of the AA;
- (c) Adjust Cost of Working Capital Component of the Tariff as agreed between the Applicants in clause 2.2(b) of the AA;



- (d) Revise indexation of Insurance Component of the Tariff as agreed between the Applicants in clause 2.2(b) of the AA;
- (e) Revise the existing mechanism of "Take or Pay" to Hybrid Take and Pay" model, whereby the Company is entitled for 35% of ROE and ROEDC as part of CPP and remaining ROE and ROEDC component is subject to generation beyond 35% of contract capacity as agreed between the Applicants in clause 2.2(b) of the AA; and
- (f) It is requested to implement the clause 3.2 of the AA which provides that *"the revised tariff shall be effective from: (a) the date of notification and (b) withdrawal of proceedings of NEPRA against the Company for abnormal profits and appropriate notice that the same stands fully and finally withdrawn and resolved (the "Revised Tariff Effective Date"), failing which the past excess adjustments (fuel and O&M) will be set aside."*; and
- (g) Approve the Tariff Adjustment to become effective as provided in clause 3.2 of the AA, reproduced above and notified accordingly.

The Applicants will be pleased to provide any further information, clarification or explanation as may be required by the Authority during its evaluation of the attached tariff adjustment.

Yours sincerely,

For and on behalf of

Central Power Purchasing Agency (Guarantee)



Rihan Akhtar,
Chief Executive Officer

Engro Powergen Qadirpur Limited

Semeen Akhtar,
Chief Executive Officer



Section 1 - Summary of Particulars

A. Particulars of the Applicants

Name: Engro Powergen Qadirpur Limited (the "Company").
Address: 16th Floor, the Harbour Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi Pakistan.
Phone: 021-35297875-84

Name: Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G").
Address: Shaheen Plaza, 73 West, Fazal-e-Haq Road, Blue Area, Islamabad, Pakistan.
Phone: 051-111-922-772
E-mail: info@cpga.gov.pk

B. Authorizations

This Application is being filed and submitted before the Authority by Mr. Rihan Akhtar, Chief Executive Officer CPPA-G and [Ms. Semeen Akhtar , Engro Powergen Qadirpur Limited] - the Company, being duly authorized representative of the Applicants by virtue of board resolutions appended herewith as Annex 2 & Annex 3 respectively.

C. Applicant's Representatives

Mr. Rihan Akhtar, CEO CPPA.

Ms. Semeen Akhtar , CEO Engro Powergen Qadirpur Limited

D. Processing Fee

The applicable fee for this Application, as determined by the Authority, is enclosed herewith.

E. Verification Through Affidavit

As required under the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 (the "Rules"), an affidavit verifying the statement of fact or opinion made by the Applicants in this Application is enclosed herewith as Annex 4 & 5.



Section 2 - Proposed Amendments

2.1 The Applicants have entered into the AA, appended herewith as Annex-1.

Pursuant to Clause 2.2(b) of the AA, the Applicants have agreed to adjust the Components of Tariff as per the following terms and conditions:

(a) **Indexation of Operation & Maintenance Components**

Operation & Maintenance Components' (the "O&M") as determined by NEPRA (for the quarter ended 30th September 2024) shall continue as revised reference with the following quarterly indexation mechanism:

- i). Fixed O&M - Local and Variable O&M - Local shall be indexed with lower of (a) five percent (5%) per annum or (b) the actual average National Consumer Price Index (the "NCPI") for the preceding twelve (12) months.
- ii). Fixed O&M - Foreign and Variable O&M - Foreign shall be indexed as per the existing mechanism provided that the PKR / USD depreciation shall be allowed only to the extent of 70% of the actual depreciation per annum. In case, the PKR appreciates against the USD in a year, then 100% of such appreciation shall be passed on to the consumers. For clarification, the indices used in the quarterly indexation determined by NEPRA for the period July-Sep, 2024 shall prevail.

(b) **Cost of Working Capital Component (the "CWC")**

The Sales Tax, currently included in the existing Cost of Working Capital Component shall be removed, and the current spread above KIBOR of 2% has been revised as 1%. The revised Working Capital Components in future shall be indexed at KIBOR +1% on a quarterly basis.

(c) **Insurance Component**

Insurance with effect from Agreement Year 2025-26 shall be revised such that it should be paid in actual subject to a maximum limit to be capped at 0.9% of allowed EPC Cost as per existing mechanism.



(d) **Hybrid Take and Pay Model**

As per clause 2.2 (b)(i) of the AA, the Applicants agreed to implement a 'Hybrid Take-and-Pay Model', whereby tariff payment to the Company shall be made by CPPA-G as provided hereunder.

From the Effective Date, prorated for remaining period of the current Agreement year, and thereafter for every Agreement year, the Company will be entitled to thirty-five percent (35%) of revised RoE and RoEDC components of tariff as part of CPP, which will be computed as per the terms of the Existing PPA. From the Effective Date, in case the Despatched and Delivered Net Electrical Output (the "NEO") of the Company exceeds thirty-five percent (35%) of the total Contract Capacity in terms of kWh, then the Company will be entitled to receive RoE and RoEDC components of tariff, which shall be calculated on the actual NEO exceeding thirty-five percent (35%) of the total Contract Capacity in terms of kWh and the Company shall claim the differential CPP accordingly.

(e) **Withdrawal of Proceedings for abnormal profits by NEPRA**

It is requested to implement the clause 3.2 of the AA which provides that *"the revised tariff shall be effective from: (a) the date of notification and (b) withdrawal of proceedings of NEPRA against the Company for abnormal profits and appropriate notice that the same stands fully and finally withdrawn and resolved (the "Revised Tariff Effective Date"), failing which the past excess adjustments (fuel and O&M) will be set aside."*

(f) **Termination of Arbitration Submission Agreement ("ASA")**

Pursuant to clause 2.2(b)(xiii) of the AA, the GoP agreed to unconditionally and irrevocably, withdraw and extinguish all claims against the Company, under the Arbitration Submission Agreement (ASA). The ASA dated 15th June 2022, shall stand terminated, and GoP and the Company are in the process of sending a joint communication to the tribunal established under the ASA for termination/relinquishment of the arbitration.



Section 3- Proposed Tariff

The following is the proposed tariff:

Tariff Component	Proposed Reference Tariff Gas (Rs./kW/h)	Proposed Reference Tariff HSD (Rs./kW/h)	Indexation
Fixed O&M (Local)	0.6056	0.6180	Lower of 5% per annum or actual average NCPI for the preceding 12 months
Variable O&M (Local)	0.1690	0.1723	
Fixed O&M (Foreign)	0.0461	0.0470	US CPI & PKR/US\$ provided that 70% PKR/US\$ depreciation and 100% PKR/US\$ appreciation is applicable.
Variable O&M (Foreign)	0.9198	0.9390	
Cost of Working Capital *	0.0704	0.0718	KIBOR + 1%
Insurance	[-]	[-]	Actual subject to a maximum limit to be capped at 0.9% of allowed EPC Cost

*As per Clause 2.2(b)(vi) of AA, NEPRA is requested to adjust Sales Tax on CWC, if any included in CWC Component

Reference Parameters:	
Exchange Rate (PKR/US\$)	278.80
US CPI (All Urban Consumers)	314.069
N CPI (Local)	254.78
3 Months KIBOR	20.24%



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Section 5 - Determination Sought

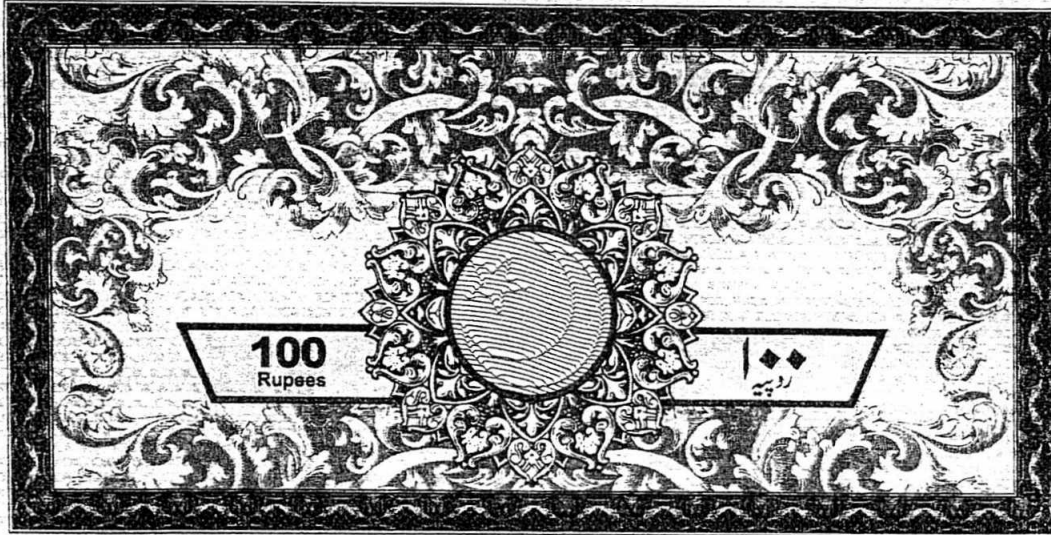
In light of the foregoing submissions, the learned Authority is kindly requested to:

- a) Accept this Application;
- b) Revise indexation mechanism of the Operation and Maintenance Component of the Tariff as agreed between the Company and the Applicant in clause 2.2(b) of the Agreement;
- c) Adjust Cost of Working Capital Component of the Tariff as agreed between the Company and the Applicant in clause 2.2(b) of the Agreement;
- d) Revise indexation of Insurance Component of the Tariff as agreed between the Company and the Applicant in clause 2.2(b) of the Agreement;
- e) Revise the existing mechanism of "Take or Pay" to Hybrid Take and Pay" model, whereby the Company is entitled for 35% of ROE and ROEDC as part of CPP and remaining ROE and ROEDC component is subject to generation beyond 35% of contract capacity as agreed between the Applicants in clause 2.2(b) of the AA; and
- f) It is requested to implement the clause 3.2 of the AA which provides that *"the revised tariff shall be effective from: (a) the date of notification and (b) withdrawal of proceedings of NEPRA against the Company for abnormal profits and appropriate notice that the same stands fully and finally withdrawn and resolved (the "Revised Tariff Effective Date"), failing which the past excess adjustments (fuel and O&M) will be set aside."*
- g) Approve the Tariff Adjustment to become effective as provided in clause 3.2 of the AA, reproduced above and notified accordingly.



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THIS AMENDMENT AGREEMENT (the "Agreement") is entered into at Islamabad on this 17th day of February 2025, by and between:

- (1) THE PRESIDENT OF ISLAMIC REPUBLIC OF PAKISTAN FOR AND ON BEHALF OF THE ISLAMIC REPUBLIC OF PAKISTAN (the "GoP");
- (2) THE CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED, a guarantee limited Company registered under the Companies Act, 2017, with its registered office located at Shaheen Plaza, Fazl-ul-Haq Road, Blue Area, Islamabad (the "Power Purchaser"); and
- (3) ENGRO POWERGEN QADIRPUR LIMITED, a Company incorporated under the laws of Pakistan, with its principal office located at 16th Floor, the Harbour Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi (the "Company")

(Each of the GoP, the Power Purchaser and the Company may hereinafter individually be referred to as a "Party" and collectively, as "the Parties")

WHEREAS:

1. The Power Purchaser and the Company entered into the Power Purchase Agreement on 26th October, 2007 (as amended from time to time) (the "Existing PPA"), and the Complex was commissioned on 27th March 2010;
2. The GoP and the Company entered into the Implementation Agreement on 29th October 2010 (the "Existing IA"); and
3. The Parties have mutually agreed to amend the Existing PPA and the Existing IA, and have also agreed to the 'Hybrid Take and Pay' model, in order to derive mutual benefits from such amendment.

NOW THEREFORE, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and undertakings herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

[Handwritten signature]



1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined herein or if the context otherwise requires, all capitalized terms used in this Agreement shall have the meanings assigned to them under the Existing PPA and the Existing IA

1.2 Interpretation

The rules of interpretation set out in the Existing PPA and the Existing IA shall be applied in the interpretation of the terms and provisions of this Agreement.

2. TERMS & CONDITIONS

2.1 Effective Date

This Agreement shall become effective on 1st November 2024 (the "Effective Date").

2.2 Voluntary Amendment of the Existing PPA and Existing IA

- a. The Parties are entering into this Agreement voluntarily, with free consent, without any duress, coercion, or any sort of intimidation by either party, for amendment of the Existing PPA and Existing IA.
- b. The Parties hereby agree to amend the Existing PPA and/or the Existing IA as of the Effective Date. The Parties have agreed to the following terms and conditions which shall be incorporated in the "Amended PPA" and the "Amended IA":
 - i. The Parties agree to implement a 'Hybrid Take-and-Pay Model', whereby tariff payment to the Company shall be made by the Power Purchaser as provided hereunder.
 - ii. The Parties agree that the indexation factors or adjustment factors as provided in this Agreement for the respective components shall be applicable hereinafter for any payment in connection with the Amended PPA.
 - iii. Subject to section 2.2(b)(iv)-(v), the 'Operation & Maintenance Components' (the "O&M") as determined by NEPRA (for the quarter ended 30th September 2024) shall continue.
 - iv. The quarterly indexation for local Fixed O&M and local Variable O&M shall be the lower of (a) five percent (5%) per annum or (b) the actual average National Consumer Price Index (the "NCPI") for the preceding twelve (12) months.
 - v. For each year (starting from 1st October), the current indexation mechanism of NEPRA shall continue for Foreign Fixed O&M and Foreign Variable O&M, provided that the PKR / USD depreciation shall be allowed only to the extent of 70% of the actual depreciation per annum. In case, the PKR appreciates against the USD in a year, then 100% of such appreciation shall be passed on to the consumers. For clarification, the indices used in the quarterly indexation determined by NEPRA for the period July-Sep, 2024 shall prevail.
 - vi. The Sales Tax, currently included in the existing Cost of Working Capital Component (the "CWC") shall be removed, and the current spread above KIBOR of 2% has been revised as 1%. The revised Working Capital Components in future shall be indexed at KIBOR +1% or actual, whichever is lower.
 - vii. From the Effective Date, prorated for remaining period of the current Agreement year, and thereafter for every Agreement year, the Company will be entitled to thirty-five percent (35%) of revised RoE and RoEDC

components of tariff as part of CPP, which will be computed as per the terms of the Existing PPA. From the Effective Date, in case the Despatched and Delivered Net Electrical Output (the "NEO") of the Company exceeds thirty-five percent (35%) of the total Contract Capacity in terms of kWh, then Company will be entitled to receive RoE and RoEDC components of tariff, which shall be calculated on the actual NEO exceeding thirty-five percent (35%) of the total Contract Capacity in terms of kWh and the Company shall claim the differential CPP accordingly.

- viii. Forced Outage or Partial Forced Outage and Scheduled Outage and other allowances shall remain the same as per Existing PPA. Subsequent to the current Agreement Year and from the Effective Date, the Period Weighting Factor shall be unity (i.e. factor one (1)).
- ix. The RoE and RoEDC shall not be accounted for in preparation of 'Economic Merit Order'.
- x. From the subsequent Agreement Year, i.e. 27th March, 2025, the Parties agree that the Insurance Component of CPP shall be revised such that it should be paid in actual subject to a maximum limit to be capped at 0.9% of allowed EPC Cost as per existing mechanism.
- xi. The GoP agrees that in relation to past fuel and O&M savings (amounts which have been reconciled and agreed), the Company has so far complied with 2002 Power Policy, Existing PPA, Tariff determination and applicable laws.
- xii. The Company waives, abandons and relinquishes all rights and claims it may have with respect to late payment interest as on 31st October 2024. For clarity, it includes late payment interest claims that will arise on payments made upto 31st October, 2024. The GoP shall facilitate to waive, abandon and relinquish LPS, back to back, with SNGPL and in the event of failure, the Power Purchaser shall pay to the Company only the LPS amount recoverable by the Company from SNGPL which is PKR 307,724,152 (Rupees Three Hundred and Seven Million Seven Hundred and Twenty Four Thousand and One Hundred Fifty Two).
- xiii. The Delayed Payment Rate under the Existing PPA shall be reduced to KIBOR + 1%, or actual whichever is lower without compounding, with effect from the Effective Date. The GoP will try to facilitate the same arrangement between SNGPL and the Company.
- xiv. The Arbitration Submission Agreement (ASA) dated 15th June 2022, shall stand terminated, and GoP and the Company shall send a joint communication to the tribunal established under the ASA for termination of the arbitration. The Parties have mutually agreed to settle all matters and under this Agreement.
- xv. The Power Purchaser shall pay within ninety days (90 days) of approval of this Agreement by the Cabinet, the remaining amount, if any (after adjusting payments made prior to the Cabinet's approval) PKR 8,040,190,674 (Rupees Eight Billion Forty Million One Hundred Ninety Thousand Six Hundred and Seventy Four) (details attached as *Annex-A*) to the Company as settlement of receivables accumulated up to the Effective Date (which includes invoices pertaining to the month of October 2024 which will be subject to verification by the Power Purchaser) arrived at after adjustment of the amount under the ASA.
- xvi. Standard Operating Procedures (SoPs) for sharing the savings in fuel and O&M for future, under the Master Agreement, shall apply according to the mechanism provided in *Annex-B*.

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[Signature]

- xvii. The terms of the Existing PPA and/or Existing IA, as applicable, relating to dispute resolution shall be amended such that arbitration shall be only conducted under Arbitration Act, 1940 of Pakistan with the seat and venue of the Arbitration to be Islamabad, Pakistan. This shall be revised in the Amended PPA and the Amended IA, as appropriate.
- xviii. The Parties agree that, subject to fulfilment of all legal formalities, the GoP shall try to facilitate the process of approval of supplemental 'Power Purchase Agreement' in relation to PEL Badar Gas.
- xix. The GoP agrees to try and facilitate the Company for further allocation of gas to increase the load factor and provide cheap generation to the system.
- xx. The Company agrees to participate in the Power Markets and any Competitive Trading Arrangement, at the sole discretion and direction of the Power Purchaser, in consultation with the Company.

3. TARIFF ADJUSTMENT APPLICATION

- 3.1 The Company and the Power Purchaser shall jointly develop a tariff adjustment application to be submitted to NEPRA as a necessary condition to bring into effect the terms of section 2.2(b) of this Agreement (the "Tariff Adjustment Application").
- 3.2 The Company and the Power Purchaser shall, within five (5) days from the execution of this Agreement, file the Tariff Adjustment Application with NEPRA. The revised tariff shall be effective from the date of notification (the "Revised Tariff Effective Date").
- 3.3 From the Effective Date to the Revised Tariff Effective Date, the Parties agree that the Company shall commence giving discount in its invoices consistent with the revised tariff and this Agreement (the "Tariff Discounts"). From and after the Revised Tariff Effective Date, billing and invoicing shall be as per the revised tariff.

4. OVERRIDING EFFECT

This Agreement shall override and have effect over all contracts and agreements between the Parties, prior to Effective Date, notwithstanding any contract or arbitration agreement or provision to the contrary or otherwise, in any contract, including the Existing PPA and the Existing IA, to which the Parties are or may be a party.

5. GOVERNING LAW & DISPUTE RESOLUTION

5.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Pakistan.

5.2 Dispute Resolution

Any dispute arising out of this Agreement shall be resolved through mutual negotiation, failing which, either of the Parties may initiate arbitration under the Arbitration Act, 1940, of Pakistan, with the seat and venue of the arbitration being Islamabad, Pakistan.

6. SUCCESSORS AND ASSIGNS

This Agreement shall be applicable upon and inure to the benefit of, and be enforceable by, the respective successors, permitted assigns and transferees of the Parties hereto.

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7. REPRESENTATION AND WARRANTIES

Each Party represents and warrants to and for the benefit of the other Party that it has full power and authority of entry into this Agreement and the execution thereof will not require any further consent or approval of any Person.

8. COPIES OF THE AGREEMENT TO BE DEEMED ORIGINAL

This Agreement will be prepared in triplicate and every copy of the Agreement will be considered and deemed to be original.

[Handwritten signature]

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IN WITNESS WHEREOF, the Parties have entered into this Agreement in and on the date and place first above written.

For and on behalf of:

For and on behalf of:

CENTRAL POWER PURCHASING AGENCY

ENGRO POWERGEN QADIRPUR LIMITED



(GUARANTEE) LIMITED

By: [Signature]
Name: Rihan Akhter

By: [Signature]

Name: SEMEEN AKHTER

Title: Chief Executive Officer

Title: CEO EPQL

PPiB for and on behalf of:

THE PRESIDENT OF THE ISLAMIC
REPUBLIC OF PAKISTAN

By: [Signature]

Name: SHAH JAHAN MIRZA

Title: MD, PPiB



Witness: [Signature]

Name: Khalid Umar

CNIC #: 61101-1590444-1

Witness: [Signature]

Name: USMAN HASSAN

CNIC #: 72201 7391020 7

Annexure-A

Balance Payable by CPPA (As of October 31, 2024)

Particulars	Amount in Rupees
Energy Payments (including GST)	5,467,663,110
Capacity Payments (including withholding tax)	1,908,980,569
Energy Payments (including GST) for the month of October 2024	795,156,392
Capacity Payments (including withholding Tax) for the month of October 2024	210,868,218
PLAC (To be Invoiced)	435,522,386
Fuel & O&M Saving	(778,000,000)
Net Payables	8,040,190,674

Note:

- 1) All Late Payment Interest (LPI) invoices/claims shall be waived till 31st October 2024, thereafter the invoices shall be paid according to the revised terms.
- 2) The invoices under process, not yet raised due to pending approval of NEPRA/NPCC and Pass-Through invoices to be raised pertains to the period prior to 31.10.2024 shall be paid subject to the verification of Power Purchaser.
- 3) Fuel and O&M Savings for FY 2023-24 & onward will be processed as per the Annexure-B (SOP) of this Agreement
- 4) In the event SNGPL fails to waive, relinquish or abandon SNGPL LPS of Rs. 307,724,152, the GoP shall pay the same amount.

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STANDARD OPERATING PROCEDURES (SOP) FOR REVIEW AND VERIFICATION OF SAVINGS UNDER MASTER AGREEMENT FOR THERMAL POWER PROJECTS

BACKGROUND INFORMATION

Pursuant to Master Agreements signed between the Power Purchaser (CPPA-G) and Thermal IPPs operating under Power Policy 2002 on Feb 11th, 2021, IPPs shall share savings in Fuel and O&M Components with the Power Purchaser (CPPA-G) on annual basis.

SUBMISSION OF STATEMENT OF FUEL COSTS AND O&M COSTS BY THE IPPS UNDER THE MASTER AGREEMENT:

As per Section 4 of the Master Agreement, IPPs agree to provide to the Power Purchaser its annual audited financial statements along with a copy of the statement of fuel cost and statement of O&M cost certified by their respective external auditors within six (6) months from the end of each financial year. For the avoidance of any doubt, the Power Purchaser shall review aforementioned documents, within sixty (60) Business Days in case of RFO Power Plant and within (30) Business Days in case of Gas based Power Plant, of submission of annual audited financial statements and auditor's certificate by the Company.

PURPOSE OF SOP

This SOP is documented to keep the uniformity and standardization in the process of calculation/reconciliation of fuel and/or O&M savings of RFO/Gas Based Power Plants under their respective Master Agreement, due to number of factors such as; provisions booked by IPPs, impact of delays in tariff determinations by NEPRA, Overhauling estimates, reconciliation of revenues and costs booked by IPPs as well as already verified Energy and Capacity invoices by the Power Purchaser in accordance with NEPRA Tariff determinations.

APPLICATION OF SOP

This SOP shall be applicable on all IPPs operating under Power Policy 2002, which have entered into Master Agreement & PPA Amendment Agreement with CPPA-G.

EFFECTIVE DATE OF SOP

SOPs shall be effective in accordance with the Master Agreement.

DEFINITIONS UNDER MASTER AGREEMENT(S)

a) FOR RFO PLANTS

i. FUEL SAVINGS:

Fuel Saving has the meaning formulated for Fuel Saving, denoted as Fuels as under, and shall equal:

$$\text{Fuels} = \text{FC}_{(\text{REV})} - \text{FC}_{(\text{A})}$$

Where:

$\text{FC}_{(\text{REV})}$ = Revenue derived from FCC_h (as determined in accordance with NEPRA tariff) of Energy Payment reported in the annual audited financial statements of the Company.

$\text{FC}_{(\text{A})}$ = Actual fuel cost incurred by the Company included in the annual audited financial statements.

ii. O&M SAVINGS

O&M Saving: has the meaning formulated for O&M Saving; denoted as O&Ms as under, and shall equal:

$$\text{O\&Ms} = \text{O\&M}_{(\text{REV})} - (\text{O\&M}_A + \text{O\&M}_P)$$

Where:

$\text{O\&M}_{(\text{REV})}$ = Annual Revenue derived from Fixed O\&M_h + Variable O\&M_h (as determined in accordance with NEPRA tariff) of Capacity Payment and Energy Payment reported in the annual audited financial statements of the Company excluding any prior year's payments.

O\&M_A = Actual O&M cost incurred by the Company (including capex) during the relevant financial year.

For avoidance of doubt, the O&M costs are the actual costs incurred by the Company and shall not include the items which are given as a separate component (other than O&M) in the Tariff or as pass-through item. O\&M_P = Annual Estimated O&M Cost proportionally derived for the reserves/ accrual established for all Overhaul(s) reported in the annual audited financial statements of the Company.

(It is stated in para 5.6 of Master Agreement that, "for avoidance of doubt. Overhauls shall be carried out as per OEM recommendations".)

b) FOR GAS PLANTS

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i. FUEL AND O&M SAVINGS:

Fuel and O&M Saving: has the meaning formulated for O&M saving, denoted as Fuel and O&Ms as under, and shall equal:

$$\text{Fuel and O\&Ms} = [\text{FC}_{(\text{REV})} - \text{FC}_{(\text{A})}] + [\text{O\&M}_{(\text{REV})} - (\text{O\&M}_{\text{A}} + \text{O\&M}_{\text{P}})]$$

Where:

$\text{FC}_{(\text{REV})}$ = Revenue derived from Fuel Cost Component (as determined in accordance with NEPRA tariff) of Energy Payment reported in the annual audited financial statements of the Company.

$\text{FC}_{(\text{A})}$ = Actual fuel cost incurred by the Company included in the annual audited financial statements.

$$\text{O\&M}_{(\text{REV})} = \text{FO\&M}_{(\text{LREV})} + \text{FO\&M}_{(\text{FRE})} + \text{VO\&M}_{(\text{FRE})} + \text{VO\&M}_{(\text{LREV})}$$

O\&M_{A} = Actual O&M Cost incurred by the Company (including Capex)

For avoidance of doubt, the O&M costs are the actual costs incurred by the Company and shall not include the costs which are given as a separate component (other than O&M) in the Tariff or as pass-through item.

O\&M_{P} = Annual Estimated O&M Cost proportionally derived for the reserves/ accrual established for all Overhaul(s) reported in the annual audited financial statements of the Company.

Detailed SOPs for calculation of Fuel and O&M savings are summarized below:

1. FUEL SAVING

1.1 Fuel Cost Revenue - ($\text{FC}_{(\text{REV})}$)

Following procedures shall be undertaken to review/verify the FC Revenue:

- a) The Fuel Cost (FC) revenue as stated in the fuel cost statement certified by the Company's auditors shall be compared with the FC revenue reported in the Company's audited financial statements and reconciled with the CPPA verifications to affirm actual revenue.
- b) Any provisional FC revenue including the Calorific Value (CV) Adjustment (for RFO plants) recorded in the financial statements or fuel cost statement due to the unavailability of Tariff determination shall be utilized for such calculations. However, if NEPRA's determination becomes available before/after the adjustment of fuel savings by CPPA-G, the NEPRA determined Tariff shall be used to calculate/re-calculate of such savings.
- c) Any revisions in FC revenue (including NEPRA's tariff revision) subsequent to the verification of Fuel Savings by CPPA-G shall be considered in the relevant period, and Fuel Savings shall be re-calculated and shared accordingly, if any.

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1.2 Actual Fuel Cost - (FCA)

Following procedures shall be undertaken to verify the Actual Fuel Cost (FCA):

- a) Actual Fuel Cost reported in statement of fuel cost certified by the Company's auditors and audited financial statements of the Company shall be evaluated to ascertain the adjustments (if any). The reconciled fuel cost shall be compared with NEPRA determinations regarding periodic Fuel Cost allowed (in case of gas fired power plants, such cost shall be compared with the actual gas bill generated by the gas supplier) for the relevant financial year.
- b) Actual Fuel Cost-(FCA) for calculation of Fuel Saving shall be lower of reconciled fuel cost and NEPRA FCC determinations (in case of gas fired power plants, such cost shall be compared with the actual gas bill generated by the gas supplier). as mentioned in 2.2 (a) above.

2. O&M SAVINGS

2.1 O&M Revenue - (O&M_(REV))

Following procedures shall be undertaken to verify the O&M revenue:

- a) Any provisional O&M revenue recorded in statement of O&M cost and/or audited financial statements of the Company due to non-availability of Tariff shall be considered for such calculations. However, if NEPRA's determination becomes available before/after the adjustment of O&M savings by CPPA-G, the NEPRA determined Tariff shall be used to calculate/re-calculate O&M savings and shared accordingly, if any.
- b) O&M revenue reported in statement of O&M cost certified by the Company's auditors shall be reconciled with O&M revenue reported in the audited financial statements of the Company. The reconciled O&M revenue shall be compared with the verified amount by CPPA-G for the relevant period.

2.2 Actual O&M Cost - (O&M_A)

Following procedures shall be undertaken to verify the O&M cost:

- a) Actual O&M cost reported in statement of O&M cost certified by the Company's auditors shall be reconciled with audited financial statements of the Company and revised for any adjustments.
- b) For the purposes of abovementioned clause (a), following items shall be adjusted from O&M Cost reported in statement of O&M cost:
 - NEPRA determined insurance cost in the head of Insurance Component shall be excluded.
 - Depreciation and amortization cost shall be excluded, being non-cash item, as full cost of the assets is already allowed in the relevant NEPRA's determination.
 - Finance cost is not part of O&M therefore the same shall be excluded.
 - CAPEX shall be included in O&M Cost.
 - Cash proceeds from the disposal of Plant and Machinery disposed during the year shall be subtracted from CAPEX.
 - Donations or contributions towards Corporate Social Responsibility (CSR) shall be excluded.
 - Exchange gain & loss shall be excluded.
 - Any loss on disposal of investments shall be excluded.
 - Any other cost not related to O&M shall be excluded.

2.3 Annual Estimated O&M Cost – (O&M_p)

Following procedures shall be undertaken to verify the Annual Estimated O&M cost:

- a) For RFO and Gas Plants, Annual Provision for Overhauling as given in Financial Statement shall be used to calculate O&M_p
- b) If the reserve for overhauling remains unutilized after completing the respective overhauling, the same shall be recovered in the relevant year (in the ratio of 60:40) between the Power Purchaser and the Company. At the end of the Term, unutilized overhauling reserve shall be shared in the ratio of 60:40 between the Power Purchaser and the Company.

The SOP shall be deemed to be an integral part of the Master Agreement.



[Signature]
SA



Central Power Purchasing Agency Guarantee Limited
A Company of Government of Pakistan



No. CPPA-G/2025/CS/ 6332-35

06th February 2025

BOARD RESOLUTION IV / 117 (A)

**APPROVAL OF NSA FOR REDUCTION IN CAPACITY PAYMENTS THROUGH REVISION
IN TARIFF OF 14 IPPS AND TERMINATION OF PAKGEN AGAINST INCLUSION OF
KAPCO IN NATIONAL GRID**

A meeting of Board of Directors of Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) was held on 31st January 2025 at CPPA-G office, Shaheen Plaza, 73-west, Fazal-e-Haq Road, Blue Area Islamabad.

The Board of Directors of Central Power Purchasing Agency Guarantee Limited (CPPA-G) has;

- I.** Resolved that "As approved by the Federal Cabinet, the Negotiated Settlement Agreements (NSAs) with fourteen (14) IPPs i.e. Nishat Power Limited, Nishat Churian Power Limited, Saif Power Limited, Sapphire Electric Company Limited, UCH-II Power (Private) Limited, Foundation Power Company (Dharki) Limited, Engro Power Qadirpur Limited, Attock Gen Limited, Narowal Energy Limited, Liberty Power Tech. Limited, Kohinoor Energy Limited, UCH Power (Private) Limited, Fauji Kabirwala Power Company Limited, Liberty (Daharki) Power Limited, be and are hereby approved."
- II.** Further resolved that "CEO CPPA-G be and is hereby authorized to:
- i) sign and execute the NSAs with abovementioned 14 IPPs, on behalf of CPPA-G.
 - ii) jointly file the tariff petitions with relevant IPPs based on the discounts in tariff offered by IPPs in above NSAs, with NEPRA;

CERTIFIED TO BE TRUE COPY

Certified that the above resolution was passed by the Board of Directors of Central Power Purchasing Agency (Guarantee) Limited in its 117th meeting held on 31st January 2025 and has been duly recorded in the minutes book of the Company.

CERTIFIED TO BE TRUE COPY

Company Secretary
CPPA-G Ltd.

Noman Rafiq
Company Secretary

Distribution:

- i. Chief Financial Officer, CPPA (G) Ltd.
- ii. Chief Legal Officer, CPPA (G) Ltd.
- iii. Chief Technical Officer, CPPA (G) Ltd.

CC for Information:

- 1. Chief Executive Officer, CPPA (G) Ltd.



16th Floor, The Harbor Front Building, U CO 92 (21) 111-211-211
HC#3, Marine Drive, Block 4, Clifton, T CO 92 (21) 35297875-84
Karachi-75300, Pakistan F CO 92 (21) 35293366

engro powergen qadirpur

CERTIFIED COPY OF EXTRACT OF BOARD RESOLUTION
OF ENGRO POWERGEN QADIRPUR LIMITED

I, Saqib Rafique, Company Secretary of Engro Powergen Qadirpur Limited (the "Company") hereby certify that the following resolution was passed by the Board of Directors in its 111th Meeting held on February 14th, 2025.

Quote

***RESOLVED** that the renegotiated terms of the Power Purchase Agreement and Implementation Agreement as presented to the Board (the "**Renegotiated Terms**") be and are hereby approved.*

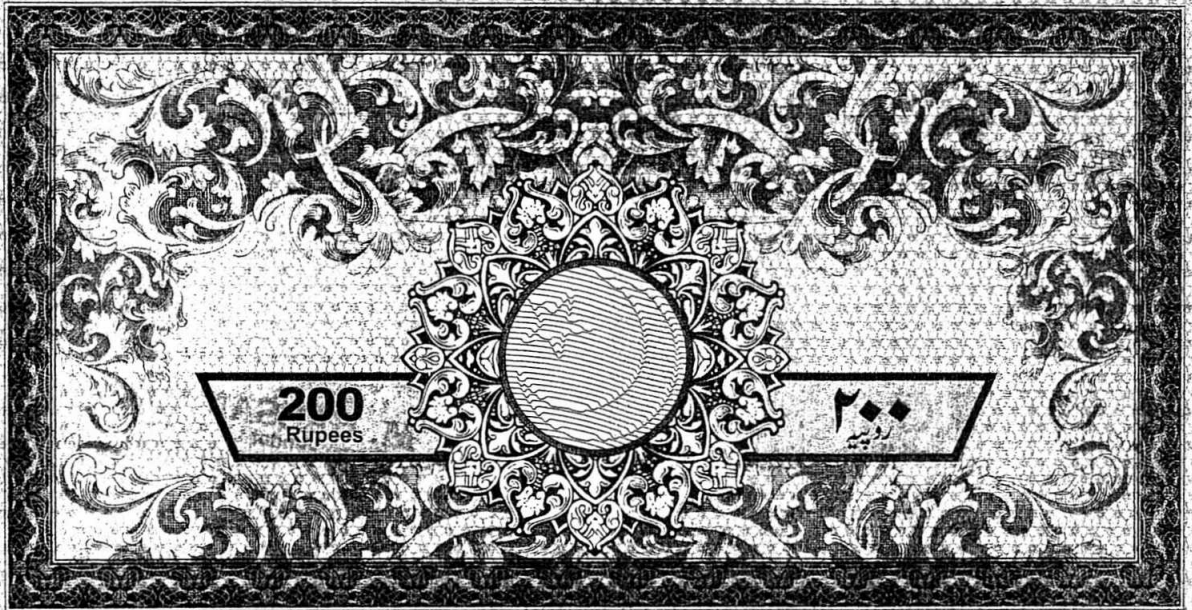
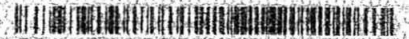
***RESOLVED FURTHER** that the Chief Executive Officer and/or the Chief Financial Officer or their delegates, acting jointly or severally, be and are hereby authorized to execute, on behalf of the Company, a supplemental or amendment to the Power Purchase Agreement and any all necessary documents certifying and confirming the Renegotiated Terms.*

Unquote

For and on behalf of
ENGRO POWERGEN QADIRPUR LIMITED

SAQIB RAFIQUE, ACA
Company Secretary





AFFIDAVIT

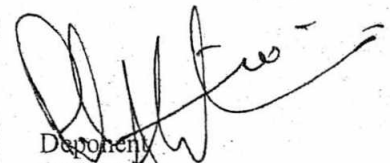
BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

I, **Rihan Akhtar**, Chief Executive Officer, **Central Power Purchasing Agency (G) Limited**, hereby solemnly affirm and declare that the contents of the accompanying Application for Adjustment of Tariff ("Application"), including all supporting documents, are true and correct to the best of my knowledge and belief and that nothing material has been concealed therefrom.

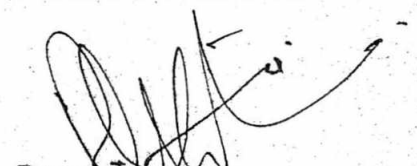
I also affirm that all further documentation and information to be provided by me in connection with the accompanying Application will also be true and correct to the best of my knowledge and belief.

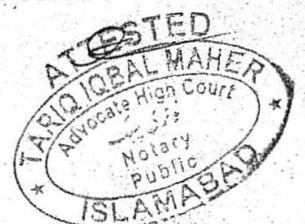
Islamabad
March 07, 2025




Deponent
Rihan Akhtar
Chief Executive Officer

Verified on oath at Islamabad on March 07, 2025 that the contents of the above Affidavit are true and correct to the best of my knowledge and belief.


Deponent
Rihan Akhtar
Chief Executive Officer



Serial No.	7285	Worth Paper	200/-	Dated 06-03-2025
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AFFIDAVIT

CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED

M. FASSAN CH
Stamp Vendor Lic. # 212
2-B Mezenine Floor, Ittehad Center,
Bank Area Islamabad
Tel: 4-88 500 1220999

نوٹ
یا شام آپہر کسی بھی سرکاری اراضی / CDA یا
ریاستی اداروں کی ملکیت میں کسی دوسری اراضی
کی خرید / فروخت کیلئے جاری نہیں کیا گیا



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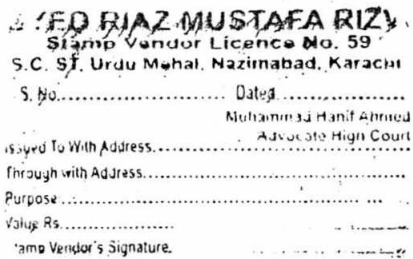
Biometric Verification
IGT STAMP PAPER
نام: محمد آفرین
CNIC : 3620303019539
Verification Status : Verified
Date : 06-03-2025
Time : 15:03:03
Service Charges : 120
eSahulat ID : 33023
Issue Date : 06-03-2025
Expiry Date : 06-05-2025



RECEIPT




THE UNIVERSITY OF CHICAGO



131776 10 MAR 2025

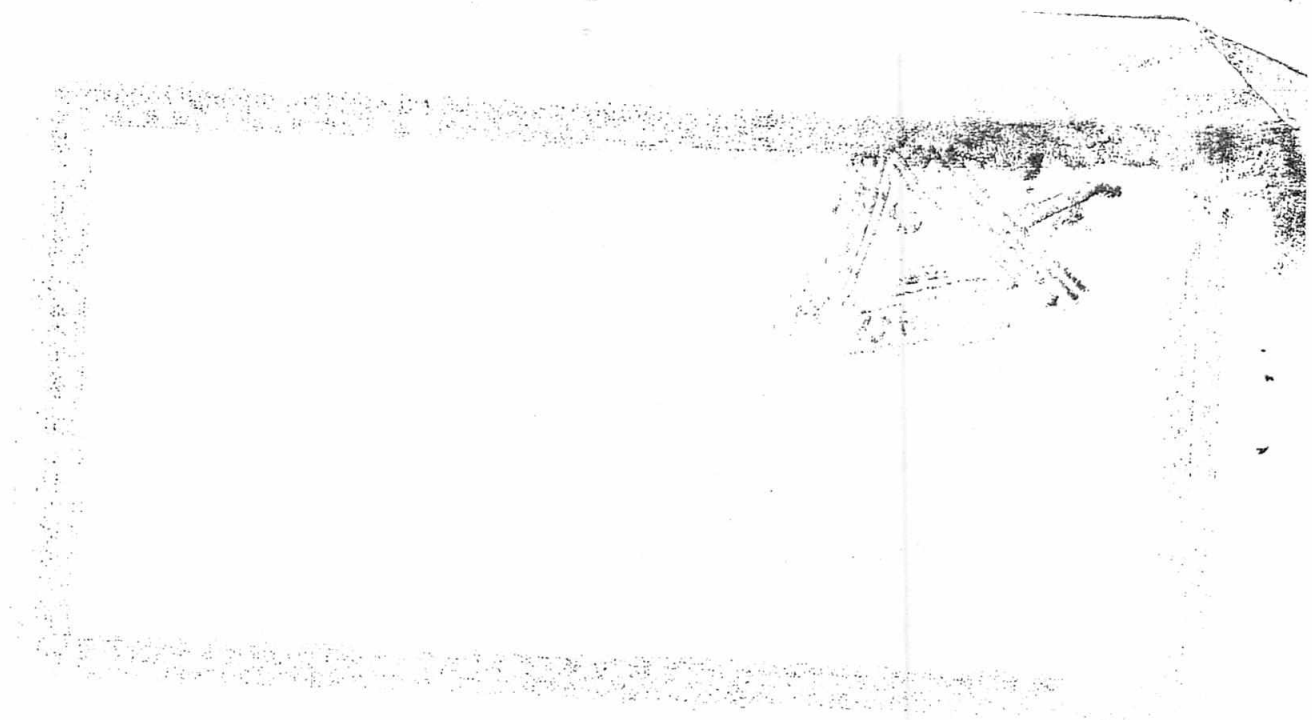
BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

I also affirm that all further documentation and information to be provided by me in connection with the accompanying Application will also be true and correct to the best of my knowledge and belief.


Deponent
Ms. Semeen Akhter
Chief Executive Officer

Depoent
Ms. Semeen Akhter
Chief Executive Officer





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