

KAPCO/CEO/2025/514

February 12, 2025

The Registrar,  
NEPRA Tower Attaturk Avenue (East)  
Sector G-5/1  
Islamabad, Pakistan

Dear Sir,

Forwarded please:

<input checked="" type="checkbox"/> For nec. action	<input type="checkbox"/> For information
<input type="checkbox"/> DG (Lic.)	<input type="checkbox"/> DG (Admin/HR)
<input type="checkbox"/> DG (M&E)	<input type="checkbox"/> DG (CAD)
<input type="checkbox"/> DG (Tech.)	<input type="checkbox"/> DG (ATC)
<input type="checkbox"/> ADG (Trf.)	<input type="checkbox"/> ADG (Fin.)
<input checked="" type="checkbox"/> SLA	<input type="checkbox"/> Dir. (I.T)
<input type="checkbox"/> Consult (Tech.)	<input type="checkbox"/> Consult (GT&M)

For kind information, please:

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

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We, Kot Addu Power Company Limited (the "Company" or "Petitioner"), in relation to the extended operations of (i) multi-fuel-based generation facility / combined cycle thermal power plant, Energy Block I and Energy Block II (the "Plant" as described below in Section 1 of the Addendum) and (ii) switchyard facility which is being operated at 2 voltage levels (i.e., 132 kV and 220 kV) (the "Switchyard Facility"), each located at Kot Addu, District Muzaffargarh, Punjab, Pakistan (the "Generation Facility"), submitted a tariff petition dated March 08, 2023 bearing reference no. KAPCO/CEO/2023/471 (the "Tariff Petition") to National Electric Power Regulatory Authority (the "NEPRA" or "Authority"). The Plant configuration below is as per the NEPRA approved integrated generation capacity expansion plan (2022-2031).

### Plant Configuration:

Energy Blocks	GTs/STGs	Capacity (RLNG)	Capacity (LSFO)
EB-I	GT: 13-14, STG: 15	347 MW	334 MW
EB-II	GT: 1, STG: 9 *	148 MW	144 MW
Total		495 MW	478 MW

\* Respective share of steam turbine (STG 9)

The Petitioner entered into a power purchase agreement for a period of 25 years commencing from June 27, 1996, and expiring on June 26, 2021 (the "Original PPA") which was extended till October 24, 2022, through Third Amendment to the PPA. Upon expiry, the Petitioner wishes to enter into a new power purchase agreement for the extended operations of the Generation Facility between the Petitioner and the Central Power Purchasing Agency-Guarantee (the "CPPA-G" as the Power Purchaser) (the "New PPA").

The Petitioner, through this letter, submits revision to its Tariff Petition as an addendum (the "Addendum"), containing revision in key terms and conditions. For all matters pertaining to the Generation Facility, please note that the terms of the Addendum shall prevail over the Tariff Petition and other ancillary documents. The references to concepts / components revised below shall stand replaced in the Tariff Petition and other ancillary documents and are to be construed according to the Addendum.

Yours sincerely,

for and on behalf of Kot Addu Power Company Limited

*Shahab Qader Khan*  
SHAHAB QADER KHAN  
CHIEF EXECUTIVE



REGISTRAR OFFICE  
Diary No: 1579  
Date: 14-2-25

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TARIFF (DEPARTMENT)

Dir (T-I)..... Dir (T-II).....  
Dir (T-III)..... Dir (T-IV).....  
Dir (T-V)..... Addl. Dir (RE).....  
Date: 17-02-25

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**Addendum to Tariff Petition**

**On behalf of the Kot Addu Power Company Limited**

February 12, 2025



**Legal Basis:** Through this Addendum, the Petitioner seeks to submit the revised terms to the Tariff Petition, to NEPRA under the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997 (the "**NEPRA Act**") read with NEPRA (Tariff Standards and Procedure) Rules, 1998 and other applicable provisions of NEPRA laws.



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**SECTION 1**

**PROJECT DETAILS**

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## 1. PROJECT DETAILS

*All capitalized terms used herein shall, unless otherwise defined, bear the meanings ascribed to them in the Tariff Petition.*

- 1.1. The requested term for the New PPA is three (3) Agreement Years from the Effective Date of the New PPA (the “Term”).
- 1.2. The Plant configuration below is as per the NEPRA approved integrated generation capacity expansion plan (2022-2031).

### Plant Configuration:

Energy Blocks	GTs/STGs	Capacity (RLNG)	Capacity (LSFO)
EB-I	GT: 13-14, STG:15	347 MW	334 MW
EB-II	GT: 1, STG: 9 *	148 MW	144 MW
Total		495 MW	478 MW

\* Respective share of steam turbine (STG 9)



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## SECTION 2

### REFERENCE GENERATION TARIFF SUMMARY

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## 2. REFERENCE GENERATION TARIFF SUMMARY

### 2.1 THE REFERENCE GENERATION TARIFF COMPONENTS

2.1.1. The Reference Generation Tariff key components for the Plant are given below:

- (a) the energy purchase price component of the Reference Generation Tariff (the “**Energy Purchase Price**”); and
- (b) the capacity purchase price component of the Reference Generation Tariff (the “**Capacity Purchase Price**”).

### 2.2 SUMMARY

2.2.1. Net dependable capacities (at reference site conditions) assumed for combined cycle operations on RLNG and LSFO are as follows:

Net capacity (MW)	Gas/RLNG	LSFO
Energy Block I	347	334
Energy Block II	148	144
<b>Total</b>	<b>495</b>	<b>478</b>

2.2.2. The proposed Reference Generation Tariff is hereunder:

ENERGY BLOCKS	ENERGY PURCHASE PRICE	CAPACITY PURCHASE PRICE	TOTAL REFERENCE GENERATION TARIFF
	PKR/kWh	PKR/kWh	PKR/kWh
Gas / RLNG			
ENERGY BLOCK I	28.9152	1.3858	30.3010
ENERGY BLOCK II	31.5948		32.9806
LSFO			
ENERGY BLOCK I	30.4554	1.4361	31.8915
ENERGY BLOCK II	33.0409		34.4770

2.2.3. Following key indexations and escalations are being requested:

Tariff component	Indexation
Fuel	Fuel price
Variable O&M (Local)	National CPI or 5 % whichever is lower
Fixed O&M (Local)	National CPI or 5 % whichever is lower
Working Capital Cost	KIBOR
Insurance	As per actual capped at 0.9% of the EPC Cost



#### 2.2.4. Pass-through items:

In addition to the pass-through items stipulated in the similar precedent power purchase agreements for thermal projects selling electric power to the national grid and in the Tariff Petition herein, any taxes, including but not limited to, the following:

- Corporate Income Tax, minimum turnover tax, alternate corporate tax etc., duties and levies
- Workers Welfare Fund
- Workers Profit Participation Fund.
- Black start facility (BSDG) is to be reconfigured with GT-1. Its actual cost of reconfiguration will be reimbursed by the Power Purchaser.
- Any cost incurred by the Petitioner on the requirement of NTDC for protective devices and installation/replacement of auto transformers. The Petitioner will seek NEPRA's approval of such cost, before incurring costs, and after the approval, the Power Purchaser will pay such cost.

Further, the Petitioner requests to allow reimbursement of pass-through items within a month of the actual payment / invoice date.

#### 2.2.5. Actual Heat rate determination/ adjustments:

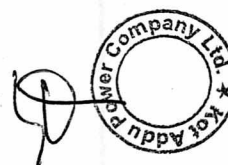
The Petitioner requests the Authority to review and determine the actual heat rates of the generation facility for the purpose of New PPA. Benchmark efficiencies are given in the table below.

	Gas/RLNG	LSFO
Energy Block I	46.44%	45.54%
Energy Block IIA	42.57%	42.05%

#### 2.2.6. Other adjustments:

In addition to the recurring adjustments stipulated in similar precedent power purchase agreements for thermal projects selling electric power to the national grid, the Petitioner is requesting adjustments for:

- (a) Startup costs of half module or full module as determined by third party, as mutually agreed with the Power Purchaser. Until the determination of this cost, the Petitioner's submitted cost will be paid.
- (b) Ambient site conditions as used for capacity declaration.
- (c) Part load adjustment (as specified in **Annexure A**).
- (d) In case of open cycle/simple cycle operations as per dispatch instructions of NPCC particularly for Blackout operations, 1.5 time of Fuel Cost Component will be paid.
- (e) Heat rate adjustment of three percent (3%) relating to operations under the half module in case of Energy Block-I (1 GT + half ST).





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**SECTION 3**  
**CAPACITY PURCHASE PRICE**

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### 3. CAPACITY PURCHASE PRICE

#### 3.1 SUMMARY

3.1.1. The Capacity Purchase Price component of the Reference Generation Tariff is payable on the basis of available capacity declared periodically from the New PPA Commencement Date. This component is calculated on PKR/kW/h basis. The Capacity Purchase Price component of the Reference Generation Tariff comprises of the following components:

- (a) the fixed operations and maintenance cost (the “**Fixed O&M Cost Component**”);
- (b) the cost of working capital (the “**Cost of Working Capital Component**”);
- (c) the return on equity (the “**ROE**”) up to the total Generation Facility availability at twenty-five percent (25%); and
- (d) the insurance cost is capped at 0.9% of the EPC Cost.

3.1.2. A summary of the Capacity Purchase Price component of the proposed Reference Generation Tariff is provided in the table below:

Type of Fuel	Fixed O&M	Capacity Purchase Price (PKR/kWh)			
		Cost of W/C	ROE	Insurance	Total CPP
Gas/RLNG	0.6774	0.1545	0.3388	0.2151	1.3858
LSFO	0.7015	0.1600	0.3519	0.2227	1.4361

ROE is @ 84.4% load factor, requested to be paid on Take or Pay basis till twenty-five percent (25%) of availability and for any generation above this limit, to be based on actual generation.

#### 3.2 FIXED O&M COST COMPONENT

##### 3.2.1. Assumptions

The Fixed O&M Cost Component of the Capacity Purchase Price represents the fixed costs of the management and staff of the Generation Facility; fixed cost of staff for operations and maintenance and firefighting; plant administration; security; transportation and medical benefits; overheads; office costs; environmental monitoring fee, professional fees such as audit, tax and legal; standby auxiliary consumption; as well as other fixed operational costs that are of recurring nature and do not change with dispatch levels.

The requested Fixed O&M Cost Component is PKR 2.350 Billion per year subject to indexation. The minimum Fixed O&M Cost Component being claimed by the Petitioner to make the Plant available are as follows:

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<b>Total Fixed Cost</b>	<b>Requested (PKR million)</b>
Salaries, wages, and benefits	935.0
Health and medication	60.0
3 <sup>rd</sup> party contract services	111.0
Security charges	92.0
Standby auxiliary consumption	599.0
Legal & professional	92.0
Computers, printing & stationery	60.0
Site infrastructure maintenance & running	129.0
Other expenses including corporate and regulatory expenses	272.0
<b>Total</b>	<b>2,350.0</b>

### 3.2.2. Indexation and Escalation

Quarterly Indexation shall be applicable to the Fixed O&M Cost Component as per the National CPI or 5 % whichever is lower.

### 3.3 **COST OF WORKING CAPITAL COMPONENT**

#### 3.3.1. Assumptions

The Petitioner has requested the Cost of Working Capital Component of PKR 535.8 million based on LSFO inventory equivalent to seven (7) days of generation at hundred percent (100%) load factor. Cost of short-term borrowing has been assumed at three (3) months' KIBOR + 1% (to be indexed on quarterly basis). Further, the cost of thirty (30) days SBLC, (at the rate of 1% per annum) has been assumed as part of the Cost of Working Capital Component.

### 3.4 **THE ROE**

#### 3.4.1. Assumptions

The requested ROE is PKR 0.3519/kWh for LSFO and PKR 0.3388/kWh for Gas / RLNG. The requested minimum guaranteed ROE is to be twenty-five percent (25%) as part of the Capacity Purchase Price. In case the Petitioner's despatch exceeds twenty-five percent (25%) of the total available capacity, the Petitioner will receive the ROE component as part of the Energy Purchase Price for the actual dispatch beyond twenty-five percent (25%).

#### 3.4.2. Claw-Back Mechanism

The Petitioner offers incorporation of a claw-back mechanism for savings in aggregate in respect of the following components: (a) Fuel Cost Component; (b) Variable O&M Cost Component; and (c) Fixed O&M Cost Component and such savings shall be shared between the Petitioner and the Power Purchaser on a 50:50 basis.




### 3.5 THE INSURANCE COST

#### 3.5.1. Assumptions

The Petitioner paid Rs 746 million against insurance cost during FY 2024. Accordingly, considering the ever-increasing insurance costs around due to uncertainties associated with global economic outlook, increased country risk, technical specification of the Facility and inflationary trends, the Authority is hereby requested to allow insurance costs PKR 0.2151/KWh on Gas/RLNG and PKR 0.2227/KWh on LSFO as per actual.

#### 3.5.2. Indexation and Escalation

The insurance cost will be adjusted each year as per actual capped at 0.9% of the EPC Cost.



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**SECTION 4**  
**ENERGY PURCHASE PRICE**

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#### 4. ENERGY PURCHASE PRICE

##### 4.1 SUMMARY

4.1.1. The energy purchase price component of the Reference Generation Tariff (the “**Energy Purchase Price**”) is based on the actual kWh off-take, and consists of:

- (i) the fuel component (the “**Fuel Cost Component**”); and
- (ii) the variable O&M component (the “**Variable O&M Cost Component**”).

4.1.2. A summary of the Energy Purchase Price is provided in the following table:

Energy Block I			
Energy Purchase Price (PKR/kWh)			
Type of Fuel	Fuel Cost Component	Variable O&M	Total EPP
Gas/RLNG	28.0460	0.8692	28.9152
LSFO	29.5862		30.4554

Energy Block II			
Energy Purchase Price (PKR/kWh)			
Type of Fuel	Fuel Cost Component	Variable O&M	Total EPP
Gas/RLNG	30.5956	0.9992	31.5948
LSFO	32.0417		33.0409

Variable O&M component is taken as average of Gas/RLNG and LSFO, as determined by NEPRA through provisional tariff determination dated August 04, 2023. Indexation is requested to be applied from the date of provisional tariff determination till the date of final determination.

4.1.3. Following net block wise efficiencies (LHV) at reference site conditions have been considered for the Tariff Petition, which are subject to actual heat rate test:

	Gas/RLNG	LSFO
Energy Block I	46.44%	45.54%
Energy Block II	42.57%	42.05%



## 4.2 FUEL COST COMPONENT

### 4.2.1. Assumptions

It is submitted that there will be separate Fuel Cost Component for each fuel type and the energy invoice will be based on the applicable fuel and generation scenario.

The main assumptions used to derive at the Fuel Cost Component are provided below:

#### Gas/RLNG:

<b>GAS PRICE:</b>	USD 12.3695 per MMBtu (HHV), subject to adjustment as per actual). General Sales Tax ("GST") is not included in the Gas price and shall be a pass-through to Power Purchaser at actual
<b>HEAT RATE:</b>	7,752 KJ/kWh – Energy Block I 8,457 KJ/kWh – Energy Block II
<b>OUT PUT CAPACITY:</b>	347.0 MW (net at Site reference conditions) – Energy Block I 148.0 MW (net at Site reference conditions) – Energy Block II
<b>LHV-HHV FACTOR</b>	1.108732
<b>GST ON FUEL</b>	The actual GST charged on the Fuel Cost Component of Tariff is to be claimed at actuals from the Power Purchaser through monthly supplemental invoice.

#### LSFO:

<b>LSFO PRICE:</b>	PKR 150,817.50 per ton (including transportation cost, subject to adjustments as per actuals). General Sales Tax ("GST") is not included in the LSFO price and shall be a pass-through to the Power Purchaser at actual
<b>HEAT RATE:</b>	7,905 KJ/kWh – Energy Block I 8,561 KJ/kWh – Energy Block II
<b>OUT PUT CAPACITY:</b>	334.0 MW (net at Site reference conditions) – Energy Block I 144.0 MW (net at Site reference conditions) – Energy Block II
<b>CALORIFIC VALUE:</b>	40,297.0 KJ/Kg
<b>LHV-HHV FACTOR</b>	1.06



#### 4.2.2. Indexation & Escalation

The Fuel Cost Component shall be adjusted on account of:

- (i) Fuel price variation during the New PPA Term including freight charges; and
- (ii) the actual transportation charges, if applicable.

#### 4.2.3. Indexation Formula

The Fuel Cost Component shall be indexed based on the following formula:

<b>FCC<sub>Gas/RLNG (Rev)</sub></b>	<b>=</b>	<b>FCC<sub>Gas/RLNG (Ref)</sub> * P<sub>Gas/RLNG (Rev)</sub> / P<sub>Gas/RLNG (Ref)</sub></b>
Where:		
<b>FCC<sub>Gas/RLNG (Rev)</sub></b>	<b>=</b>	The revised Fuel Cost Component on Gas/RLNG
<b>FCC<sub>Gas/RLNG (Ref)</sub></b>	<b>=</b>	The reference Fuel Cost Component on Gas/RLNG
<b>P<sub>Gas/RLNG (Rev)</sub></b>	<b>=</b>	The revised delivered HHV Gas/RLNG price notified by the relevant authority
<b>P<sub>Gas/RLNG (Ref)</sub></b>	<b>=</b>	The reference Gas/RLNG price of USD 12.3695 / MMBtu (Rs 3,442.7794 per MMBTU)
<b>FCC<sub>LSFO (Rev)</sub></b>	<b>=</b>	<b>FCC<sub>LSFO (Ref)</sub> * P<sub>LSFO (Rev)</sub> / P<sub>LSFO (Ref)</sub></b>
Where:		
<b>FCC<sub>LSFO (Rev)</sub></b>	<b>=</b>	The revised Fuel Cost Component on LSFO
<b>FCC<sub>LSFO (Ref)</sub></b>	<b>=</b>	The reference Fuel Cost Component on LSFO
<b>P<sub>LSFO (Rev)</sub></b>	<b>=</b>	The revised HHV LSFO price (including transportation charges) notified by the relevant authority
<b>P<sub>LSFO (Ref)</sub></b>	<b>=</b>	The reference LSFO price of PKR 150,817.50 / ton (including transportation charges)

- 4.2.4. To safeguard consumer interests and ensure dispatch in accordance with the Economic Merit Order, the petitioner respectfully seeks the authority's approval to offer a discount on the delivered fuel price. This discounted price would be factored into the calculation of the fuel cost component for the Economic Merit Order. The petitioner commits to informing the power





purchaser and the system operator in writing of the discounted fuel price for each fuel parcel (on a FIFO basis) before the system operator (CPPA-G) issues the Economic Merit Order. Furthermore, the petitioner will apply the same discounted fuel price when calculating the fuel cost component, as determined by NEPRA. This ensures that the fuel price used for billing the power purchaser is consistent with the prices applied in merit order calculations.

#### 4.3 VARIABLE O&M COST COMPONENT

##### 4.3.1. Assumptions

This component represents the variable cost of material and labor required for plant maintenance, GT overhauls and major repairs and renewals. The projected Variable O&M costs being claimed by the Petitioner have been estimated keeping in view the anticipated recurring and major repairs and overhauls during the extended term to ensure smooth and reliable plant operations. The requested Variable O&M Cost Component is as follows: (i) Energy Block I to 0.8692/ kWh; and (ii) Energy Block II to 0.9992/kWh (subject to indexation).

##### 4.3.2. Indexation and Escalation

The Variable O&M Cost Component of the Energy Purchase Price shall be quarterly indexed to the lower of five percent (5%) or National CPI, as notified by the Pakistan Bureau of Statistics.

##### 4.3.3. Indexation Formula

The Variable O&M Cost Component shall be indexed based on the following formula:

<b>VO&amp;M<sub>(Rev)</sub></b>	<b>=</b>	<b>VO&amp;M<sub>(Ref)</sub> * CPI<sub>(Rev)</sub> / CPI<sub>(Ref)</sub></b>
Where:		
VO&M <sub>(Rev)</sub>	=	The revised Variable O&M Component of Tariff
VO&M <sub>(Ref)</sub>	=	The reference Variable O&M Component of Tariff
CPI <sub>(Rev)</sub>	=	The revised annual National CPI or 5% whichever is lower
CPI <sub>(Ref)</sub>	=	The reference annual National CPI dated August 04, 2023

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**SECTION 5**

**SWITCHYARD FACILITY & TRANSFER CHARGES**

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## **5. SWITCHYARD FACILITY & TRANSFER CHARGES**

### **5.1. Transfer of Switchyard Facility**

At the end of the Term, the Petitioner shall be bound to transfer the switchyard facilities to NTDC against the payment of the market value to be determined by an independent valuer, duly registered with State Bank of Pakistan.

In case of land, the value of land shall not be less than DC rate applicable to the area on which switchyard is situated.

NTDC shall enter into a separate agreement with the Petitioner for finalization of the modalities of the take-over (including the control room operations) within 1 year of tariff determination.

If there is any delay in transfer of Switchyard facility to NTDC after the expiry of the Term and the Petitioner continues to operate the Switchyard Facility then the Petitioner will be paid at least 30% of the Fixed Cost and ROE components of the Capacity Purchase Price for that period.

Notwithstanding anything to the contrary in this Agreement, the Petitioner shall have the right to evacuate its power through the Switchyard Facility after expiry of the Term and/or Transfer of the Switchyard Facility.

### **5.2. Costs in relation to installation of Transformers**

NTDC shall provide up to two (02) 160 MVA transformers 220/132 kV for the replacement of old transformers at the Switchyard Facility of Petitioner, whereas the ownership of these transformers shall remain with NTDC. The Petitioner shall be responsible for the installation, operation and configuration of these transformers with the systems of the Petitioner subject to reimbursement of actual cost. The Petitioner will be responsible for the operations and maintenance (including insurance coverage) of these transformers.

The Petitioner will be responsible for the operations and maintenance (including insurance coverage) of these transformers. The Petitioner shall not be responsible for the damage of these transformers or associated equipment unless it is due to gross negligence of the Petitioner.

### **5.3 Recovery of Switchyard Charges**

Upon request of the NTDC/system operator and MoE, the Petitioner has kept the Switchyard Facility available for continued utilization by both NTDC and MEPCO since expiry of the Original PPA without any compensation.

The Petitioner requests the honorable Authority to allow the reimbursement of Switchyard Facility Charges (incurred in relation to insurance premium, other operation and maintenance costs of Switchyard and required ROE for a period from October 25, 2022 till date) to the Petitioner, which accumulates to a total of PKR 1.611 Billion (till December 31, 2024), as given in **Annexure-B**.

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**SECTION 6**

**POWER PURCHASER**

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6. **THE POWER PURCHASER**

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- 6.1. It is requested that during the applicability of the Reference Generation Tariff, CPPA-G be designated to act as the Power Purchaser.
- 6.2. We understand that through the Order of NEPRA dated February 12, 2024 (Case No. RA-SPA/01) (the “**Order**”), NEPRA has allowed CPPA-G to continue its functions as the agent of the ex-WAPDA distribution companies for the procurement of electric power. Pursuant to the Order, NEPRA has extended CPPA-G’s Certificate of Registration (No. MOR/01/2018, dated November 16, 2018), to the extent of CPPA-G’s agency functions only, previously issued by NEPRA under rule 3 of the National Electric Power Regulatory Authority (Market Operator Registration, Standards and Procedure) Rules, 2015, as amended from time to time until CPPA-G is registered as the “special purpose agent” by NEPRA (under section 25A of the NEPRA Act).
- 6.3. Furthermore, the Authority may also consider amending the NEPRA (Electric Power Procurement) Regulations, 2022, as necessary, to authorize CPPA-G to act as a Power Purchaser if deemed appropriate by the Authority.



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## SECTION 7

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### CRITICAL ADJUSTMENTS AND PASS-THROUGH ITEMS

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## **7. CRITICAL ADJUSTMENTS & PASS-THROUGH ITEMS**

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### **7.1. Effects Resulting from the New Power Purchase Agreement**

- 7.1.1. As noted above, the terms and conditions of the New PPA are to be finalized between the Parties after approval of the Reference Generation Tariff and Switchyard Facility Transfer Charges by the Authority in terms of this Tariff Petition – as a result of the risk allocation contained therein or from additional cost contemplated for the New PPA, may have an effect on the proposed Reference Generation Tariff and Switchyard Facility Charges. Therefore, it is submitted before the Authority that any cost or risks emanating from such New PPA not already factored in the Reference Generation Tariff and Switchyard Facility Charges calculation will be, fundamentally, assumed to be a pass-through item or otherwise shall result in a supplemental tariff for the Petitioner.



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## SECTION 8

### GENERAL ASSUMPTIONS

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## **8. GENERAL ASSUMPTIONS**

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### **8.1. FOREWORD**

- 8.1.1. The Reference Generation Tariff including Switchyard Facility Charges have been prepared on the following assumptions. Any changes to these assumptions will result in changes in the Reference Generation Tariff or the Switchyard Facility Charges.

### **8.2. ASSUMPTIONS IN RELATION TO REFERENCE GENERATION TARIFF**

- 8.2.1. Any GST that may be levied on any of the components of the Reference Generation Tariff shall be reimbursed by the Power Purchaser at the time of settlement of respective invoice on the due date.
- 8.2.2. Any change in taxes/duties shall be adjusted as per actuals and will be pass-through to be paid by the Power Purchaser.
- 8.2.3. Annual Scheduled, Washing and Maintenance Outages, excluding outages on account of Power Purchaser, shall be allowed as per Original PPA without any liquidated damages. Liquidated damages for outages in excess thereof and their computation shall be in accordance with the New PPA. Additionally, it has been assumed that the scheduled outage allowance saving in any agreement year shall be carried forward to the subsequent years for necessary adjustment, until the expiry of New PPA.
- 8.2.4. All invoicing and payment terms are assumed to be with a credit period of 25 days subject to terms and conditions given in the New PPA.
- 8.2.5. LSFO & Gas (RLNG) are primary fuel.
- 8.2.6. Tolerance of + / - 1.5 % in dispatch is assumed during normal operation.
- 8.2.7. The average Facility availability shall be 84.4%, over New PPA term.
- 8.2.8. The dispatch criteria will be on Energy Purchase Price. To safeguard consumer interests and ensure dispatch in accordance with the Economic Merit Order, the petitioner respectfully seeks the Authority's approval to offer a discount on the delivered fuel price. This discounted price would be factored into the calculation of the fuel cost component for the Economic Merit Order. The petitioner commits to informing the power purchaser and the system operator in writing of the discounted fuel price for each fuel parcel (on a FIFO basis) before the system operator (CPPA-G) issues the Economic Merit Order. Furthermore, the petitioner will apply the same discounted fuel price when calculating the fuel cost component, as determined by NEPRA. This ensures that the fuel price used for billing the power purchaser is consistent with the prices applied in merit order calculations.
- 8.2.9. All requested indexations will be allowed.
- 8.2.10. Ambient temperature and correction factors will be applied as per the PPA.
- 8.2.11. Part load adjustment charges will be as per PPA annexure- A.
- 8.2.12. Hot, warm, cold starts will be determined as per technical limits



- 8.2.13. The cost of all unit/module starts will be pass-through to the Power Purchaser as per below table with indexation of HSD & Gas Price, till the final determination of startup cost by mutually agreed third party assigned for heat rate testing.

Type of start	Reference Single GT (Simple Cycle) Start-Up Charges	Reference Half Module Start-Up Charges (Combine Cycle) (1GT*ST)
	PKR	PKR
Hot Start (Gas/RLNG)	361,793	2,170,759
Hot Start (LSFO/HSD)	740,506	3,344,318
Warm Start (Gas/RLNG)	361,793	2,894,345
Warm Start (LSFO/HSD)	740,506	4,459,090
Cold Start (Gas/RLNG)	361,793	4,341,517
Cold Start (LSFO/HSD)	740,506	6,688,635

*Note: 15 free start-ups per Gas Turbine (total 45) will be allowed, 10 Hot, 25 Warm and 10 Cold for each year. For any additional starts, the above costs shall be charged subject to indexations as applicable on FCC.*

#### Indexation Formula

$$SC_{adjust} = \text{Fuel Price}_h / \text{Fuel Price}_{ref}$$

Fuel Price<sub>ref</sub> = the fuel price in Rupees 259.34 per Liter for HSD and USD 12.3695 per MMBtu for RLNG/ Gas (as applicable) as at the Effective Date

Fuel Price<sub>h</sub> = the fuel price in Rupees per Liter/MMBTU (as applicable) for the relevant Month that includes hour h;

- 8.2.14. All of the above assumptions and terms and conditions shall be included in the Reference Generation Tariff and incorporated in the New PPA between the Petitioner and the Power Purchaser.



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## **SECTION 9**

## **CONCLUSION**

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## 8. CONCLUSION

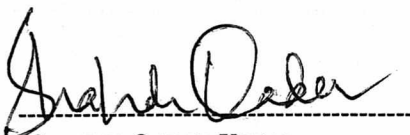
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- 8.1. In light of the submissions, including the technical and financial analysis and information contained in this Tariff Petition, it is hereby requested:
- 8.1.1. That given the remaining useful life of the Generation Facility and as the Petitioner is desirous of continuing to generate power for onward sale to the Power Purchaser, the Reference Generation Tariff for the Plant and for Switchyard Facility shall be approved by the Authority in accordance with the applicable NEPRA laws, along with other enabling provisions of law;
  - 8.1.2. That the honorable Authority directs CPPA-G to act on behalf of the suppliers of last resort under Regulation 8(1)(f) of the NEPRA (Electric Power Procurement) Regulations, 2022 and negotiate, finalize and execute the New PPA with the Petitioner or amend the Regulations to enable CPPA-G to execute the PPA;
  - 8.1.3. That the Petitioner is allowed to recover the Switchyard Facility costs of PKR 1.611 Billion (till December 31, 2024) plus the costs being incurred by the Petitioner on a day-to-day basis for making the Switchyard Facility available, up until the date of the final determination by the honorable Authority in respect of the Tariff Petition; and
  - 8.1.4. Any other relief that the honorable Authority may deem fit and appropriate.
- 8.2. It is further requested that the honorable Authority determines the Tariff Petition in an expeditious manner given that the Original PPA has expired and there is an immediate need for the Facility to operate without any form of disruption for the reliability of the local area network.

Respectfully submitted,

FOR AND ON BEHALF OF THE PETITIONER,

**KOT ADDU POWER COMPANY LIMITED**



SHAHAB QADER KHAN  
CHIEF EXECUTIVE



**Annexure- A**

**Part Load Adjustment**  
**(Percentage increase in Fuel Cost Component)**

Load Reduction %	Block I Full Module Operation	Block I Half Module Operation	Block II
0	0.00	3.00	0.00
2	0.30	3.30	0.40
4	0.57	3.57	0.79
6	0.83	3.83	1.17
8	1.08	4.08	1.57
10	1.33	4.33	1.98
12	1.59	4.59	2.41
14	1.88	4.88	2.88
16	2.19	5.19	3.39
18	2.54	5.54	3.96
20	2.94	5.94	4.58
22	3.39	6.39	5.27
24	3.90	6.90	6.03
26	4.49	7.49	6.87
28	5.17	8.17	7.80
30	5.93	8.93	8.83
32	6.79	9.79	9.95
34	7.77	10.77	11.19
36	8.85	11.85	12.54
38	10.07	13.07	14.01
40	11.42	14.42	15.61
42	12.92	15.92	17.34
44	14.57	17.57	19.20
46	16.38	19.38	21.21
48	18.36	21.36	23.36
50	20.52	23.52	25.67
52	22.87	25.87	28.13
54	25.42	28.42	30.76
56	28.17	31.17	33.54
58	31.14	34.14	36.50
60	34.33	37.33	39.63

Note: Heat rate adjustment of three percent (3%) relating to operations under the half module in case of Energy Block-I (1 GT + half ST) incorporated for Block-I PLAC during half Module Operation



## Annexure – B

Recovery of Switchyard Charges

Rs in Thousand

Description	Oct-22 to Jun-23	2023-24	Jul-24 to Dec-24	Total Cost	Switchyard (allocation %)	Switchyard
<b>Fixed Cost</b>						
Salaries, wages and benefits	1,126,976	564,406	338,189	2,029,571	20%	405,914
Security Charges	51,691	90,785	49,093	191,569	20%	38,314
Health & Medication	55,603	68,537	21,472	145,611	20%	29,122
3rd Party Contract Services	94,575	199,159	71,409	365,142	20%	73,028
Electricity import for self consumption	264,041	538,401	254,033	1,056,475	20%	211,295
Travelling	51,611	29,396	57,803	138,811	20%	27,762
Motor vehicles running	77,322	101,431	33,005	211,758	20%	42,352
Postage, telephone and telex	7,605	11,918	7,716	27,240	20%	5,448
Legal and professional charges	65,891	77,852	36,325	180,068	20%	36,014
Computer charges	22,980	28,768	13,163	64,911	20%	12,982
Printing, stationery and periodicals	3,346	15,452	11,956	30,754	20%	6,151
Repairs and maintenance	50,377	68,651	25,085	144,114	20%	28,823
Auditors remuneration	10,374	10,632	4,717	25,723	20%	5,145
Training expenses	275	-	-	275	20%	55
Rent, rates and taxes	10,561	57,093	107,789	175,444	20%	35,089
Colony running cost/	39,411	57,769	23,705	120,885	20%	24,177
Education fee	20,170	27,244	14,890	62,304	20%	12,461
Donations/CSR	77	-	-	77	20%	15
Other expenses	33,317	66,682	50,581	150,580	20%	30,116
<b>Total Fixed Cost</b>	<b>1,986,202</b>	<b>2,014,175</b>	<b>1,120,933</b>	<b>5,121,310</b>		<b>1,024,262</b>
<b>Maintenance Costs</b>						
Plant maintenance	19,368	8,158	6,720	34,246	Actual	34,246
Repair and renewals	25,277	15,012	-	40,289	Actual	40,289
<b>Total</b>	<b>44,645</b>	<b>23,170</b>	<b>6,720</b>	<b>74,535</b>		<b>74,535</b>
<b>Plant insurance</b>	<b>628,665</b>	<b>656,815</b>	<b>314,316</b>	<b>1,599,796</b>	<b>10%</b>	<b>159,980</b>
<b>ROE related to Switchyard</b>	<b>109,896</b>	<b>161,092</b>	<b>81,208</b>	<b>352,195</b>	<b>-</b>	<b>352,195</b>

Total Claim till 31-Dec-2024

1,610,971



Ref: KAPCO/CEO/2025/517

Dated: March 03, 2025

**THE REGISTRAR**

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

Dear Sir,

**SUBJECT: CAPACITY PURCHASE COMPONENT UNIT ( Rs/KW/H)**

We write in furtherance of our **Addendum to Tariff Petition dated February 12, 2025** (the "**Addendum**").

We wish to clarify that Capacity Purchase Price is calculated on Rs/kW/h basis. Therefore, Capacity Purchase Price unit be read as **Rs/ KW/h** in line paragraph 3.1.1 of Addendum instead of Rs/KWh.

It is further stated that Capacity Purchase Price shall be on Take or Pay basis except ROE component requested to be paid on Take or Pay basis till twenty-five percent (25%) of availability and for any generation above this limit, to be based on actual generation.

FOR AND ON BEHALF OF THE PETITIONER,

**KOT ADDU POWER COMPANY LIMITED**

Shahab Qader Khan  
Chief Executive Officer