



Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan



OFFICE OF THE CHIEF EXECUTIVE OFFICER

Ref No. CEO-CPPA-G-2025/9867

Date: 10-03-2025

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 213.82 MW Project of Narowal Energy Limited.

Please find attached joint Application for Adjustment of Tariff as per clause 3.1 of the Amendment Agreement dated 28th 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.

Under the Amendment Agreement, the GoP agrees to unconditionally and irrevocably, withdraw and extinguish all claims against the Company, under the Arbitration Submission Agreement (ASA). 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/relinquishment of the arbitration.

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 Applicant 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 (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 type="checkbox"/> SLA	<input type="checkbox"/> Dir. (I.T)
<input type="checkbox"/> Consult (Tech.)	<input type="checkbox"/> Consult (CTDCM)

For kind information, please.

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

REGISTRAR OFFICE

Diary No: 2478

Date: 13-3-25

Shaheen Plaza, 73-West D, A K Fazal-e-Haq Road, Blue Area, Islamabad, Pakistan

Tel: +92-51-9216954

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

APPLICATION FOR ADJUSTMENT OF TARIFF

APPLICANTS: CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED &
NAROWAL ENERGY LIMITED

IN RESPECT OF 213.82 MW PROJECT

DATED: MARCH 07, 2025



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Tariff Adjustment Application

In respect of Narowal Energy 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. Narowal Energy Limited, a company incorporated under the laws of Pakistan, with its principal office located at Ocean Towers, 9th Floor, Main Clifton Road, Block 9, G-3 Clifton, Karachi, Pakistan ("the Company")

collectively 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-92/HUBCO2008/5356-58 dated June 08, 2012 as amended vide tariff determination NEPRA/R/ADG(Trf)/TRF-92/HUBCO-2008/18167-18169 dated April 02, 2021.

Generation License

The Authority granted the Company a Generation License bearing No. IGSPL/19/2008.

PPA and Tariff

A Power Purchase Agreement was executed by and between the Company and National Transmission and Despatch Company Limited on November 20, 2008 and novated to the CPPA-G vide novation agreement dated February 11, 2021 ("PPA"). The learned Authority determined the Reference Tariff No. NEPRA/R/TRF-92/HUBCO-2008/7607-9, dated May 23, 2008, Commercial Operations Date Tariff No. NEPRA/TRF-92/HUBCO-2008/5356-58 dated June 08, 2012, Adjustment of ROE and ROEDC under Master Agreement tariff No. NEPRA/R/ADG(Trf)/TRF-92/HUBCO-2008/18167-18169 dated April 02, 2021, and CPI determination dated October 19, 2023, (collectively referenced as "Tariff") of the Company.

Grounds

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:

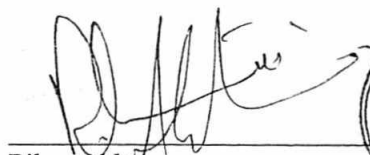
- (a) Accept this Application;
- (b) Revise indexation mechanism of the Operation and Maintenance Component of the Tariff as agreed between the Applicants in clause 2.2(b) of the AA;
- (c) Adjust Cost of Working Capital Component of the Tariff as agreed between the Applicants in clause 2.2(b) of the 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, and;
- (f) Approve the Tariff Adjustment to become effective as provided in clause 2.1 of the AA 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)
Limited



Rihan Akhtar
Chief Executive Officer



Narowal Energy Limited



Muhammad Saqib
Chief Financial Officer



Section 1 – Summary of Particulars

A. Particulars of the Applicants

Name: Narowal Energy Limited (the “Company”).
Address: Ocean Towers, 9th Floor, Main Clifton Road, Block 9, G-3 Clifton, Karachi, Pakistan.
Phone: 021-35874677-86

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@cppa.gov.pk

B. Authorizations

This Application is being filed and submitted before the Authority by Mr. Rihan Akhtar, Chief Executive Officer CPPA-G and Mr. Muhammad Saqib, Chief Financial Officer NEL, being duly authorized representative of the Applicant by virtue of board resolutions appended herewith as Annex 2 & Annex 3 respectively.

C. Applicant’s Representatives

Mr. Rihan Akhtar, CEO CPPA-G

Mr. Muhammad Saqib, CFO NEL

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 and Annex 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") shall be revised as under:

1. Total Fixed O&M: PKR 1,573,795,464 per annum, with the following:
Fixed O&M break-up:

a) Fixed O&M (Local):

PKR 324,808,826 per annum (Appox. PKR 0.1734 / kW/h)

b) Fixed O&M (Foreign):

PKR 1,248,986,638 per annum (Approx. PKR 0.6668 / kW/h)

2. Variable O&M:

a) Variable O&M (Local): PKR 0.9396 / kWh

b) Variable O&M (Foreign): PKR 1.6337/kWh

The aforementioned revised O&M shall be indexed quarterly as per the following 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 PKR 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 be the reference index for the next quarter.

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

The Cost of Working Capital Component shall be revised as PKR 0.1457/ kWh, based on the parameters of (1) 7 days' inventory at 100% load-factor, (2) 15 days' receivables at 15% load-factor, and (3) RFO Price of PKR 165,000 per ton (excluding Sales Tax), provided also that the spread over KIBOR on CWC has been revised from 2% to 1%. The revised CWC in future shall be indexed at KIBOR +1%.



(c) **Insurance Component**

Insurance with effect from July 1st, 2025 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.



Section 3 – Proposed Tariff

Following is the proposed tariff:

Tariff Component	Proposed Reference Tariff (Rs./kW/h)	Indexation
Fixed O&M (Local)	0.1734	Lower of 5% per annum or actual average NCPI for the preceding 12 months
Variable O&M (Local)	0.9396	
Fixed O&M (Foreign)	0.6668	US CPI & PKR/US\$ provided that 70% PKR/US\$ depreciation and 100% PKR/US\$ appreciation is applicable.
Variable O&M (Foreign)	1.6337	
Cost of Working Capital	0.1457	KIBOR + 1%
Insurance	Actual subject to a maximum limit to be capped at 0.9% of allowed EPC Cost w.e.f. FY 2025-26	

Reference Parameters:	
Exchange Rate (PKR/US\$)	278.80
US CPI (All Urban Consumers)	314.069
N CPI (Local)	254.78
3 Month KIBOR	16.55%

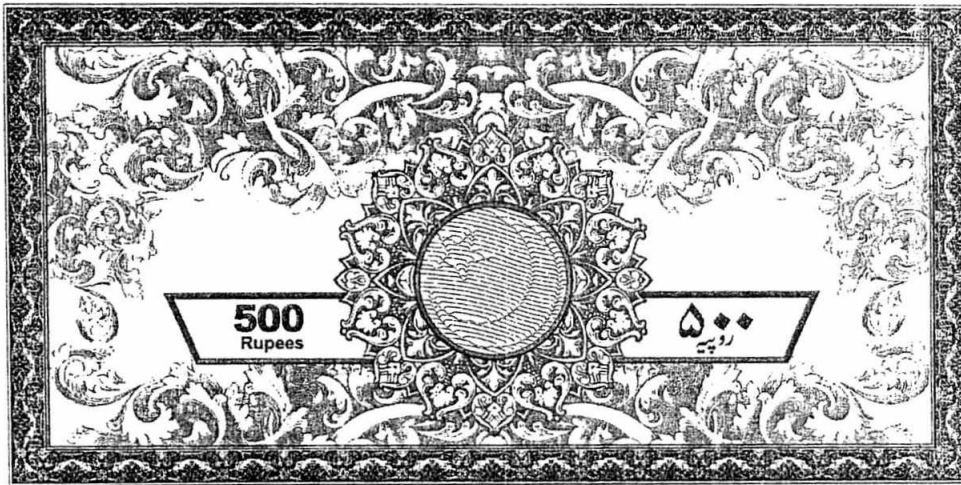


Section 4 – Determination Sought

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 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, and
- f) Approve the Tariff Adjustment to become effective as provided in clause 2.1 of the AA and notified accordingly.





THIS AMENDMENT AGREEMENT (the "Agreement") is entered into at Islamabad on this 28th 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) NAROWAL ENERGY LIMITED, a Company incorporated under the laws of Pakistan, with its principal office located at Ocean Towers, 11th Floor, Main Clifton Road, Block 9, G-3 Clifton, Karachi, Pakistan (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 20th November 2008 (as amended from time to time) (the "Existing PPA"), and the Complex was commissioned on 22nd April 2011;
2. The GoP and the Company entered into the Implementation Agreement on 27th October 2008 (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 signatures and initials]

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") shall be bifurcated into the following parts:
 1. Total Fixed O&M: PKR 1,573,795,464 per annum, with the following Fixed O&M break-up:
 - a. Fixed O&M (Local):
PKR 324,808,826 per annum (Approx. PKR 0.1734 / kW/h)
 - b. Fixed O&M (Foreign):
PKR 1,248,986,638 per annum (Approx. PKR 0.6668 / kW/h)
 2. Variable O&M:
 - a. Variable O&M (Local) in /kWh: 0.9396 /kWh
 - b. Variable O&M (Foreign) in /kWh: PKR 1.6337 / kWh
 - 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 be reference index for the next period.

- vi. The Cost of Working Capital Component (the "CWC") shall be revised PKR 0.1457/ kW/h, based on the parameters of (1) 7 days' inventory at 100% load-factor (2) 15 days' receivables at 15% load-factor, and (3) RFO Price of PKR 165,000 per ton (excluding Sales Tax), provided also that the spread over KIBOR on Cost of Working Capital Component (the "CWC") has been revised from 2% to 1%. The revised Working Capital Components in future shall be indexed at KIBOR +1% on quarterly basis.
- 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. 21st April 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.
- xi. The Company waives, abandons and relinquishes all rights and claims it may have with respect to late payment interest as on 31st October 2024, including the interest on any claim upto 31st October 2024. For clarity, it includes late payment interest claims that will arise on payments made upto 31st October, 2024. For delays in payment of amounts set forth herein, beyond the Effective Date, the Delayed Payment Rate as set forth above shall be payable.
- xii. The Delayed Payment Rate under the Existing PPA shall be KIBOR + 1% (prevailing on the due date of the invoice) per annum on any amount payable in Rupees against Principal Invoices calculated for the actual number of days for which the relevant amount remains unpaid on the basis of 365 days in a year, without compounding, with effect from the Effective Date.
- xiii. The GoP shall facilitate the Company in recognising the claim in respect of PKR 122 Million on account of pending Gazette Notification, regarding Withholding Tax on Dividend, which has been approved by NEPRA (through decision dated 28th January 2020).
- xiv. The Power Purchaser shall pay the remaining amount, if any (after adjusting payments made prior to the Cabinet's approval) from the outstanding balance of Nine Billion, Six Hundred Seventy Nine Million,

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Five Hundred and Seventy Thousand Pakistani Rupees (PKR 9,679,570,000), (details attached as *Annexure-A*), (which includes invoices pertaining to the month of October 2024 which will be subject to verification by the Power Purchaser) within ninety (90) days of approval of this Agreement by the Cabinet, which shall be full and final settlement of past payables and claims of the Parties. For avoidance of doubt, this settlement of payables does not include settlement of any Pass-Through Items not invoiced in the past. Accordingly, the GoP hereby agrees to unconditionally and irrevocably, withdraw and extinguish all claims against the Company, under the Arbitration Submission Agreement (ASA). 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/relinquishment of the arbitration.

- xv. In case actual 72k overhauling cost incurred is below Six Hundred Seventy Million, Pakistani Rupees (PKR 670,491,805), as calculated based on running hours till 30th June, 2021, hundred percent (100%) of the savings arising over the actual cost incurred in said overhauling shall be paid to the Power Purchaser. The actual cost shall be verified by the Power Purchaser.
- 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 *Annexure-B*.
- 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, or any new domestic enactment on arbitration 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 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 National Electric Power Regulatory Authority (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 as per 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.

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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 may be resolved through mutual negotiation within 30 days, failing which, either of the Parties may initiate arbitration under the Arbitration Act, 1940, or any new domestic enactment on arbitration 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.

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.



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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:

CENTRAL POWER PURCHASING AGENCY
(GUARANTEE) LIMITED



By: [Signature]
Name: Rashid Akhtar
Title: Chief Executive Officer

For and on behalf of:

NAROWAL ENERGY LIMITED

By: [Signature]
Name: MUHAMMAD SADRIS
Title: CFO



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: Khanif Akhtar
CNIC #: 66101-1490444-1

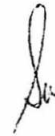
Witness: [Signature]
Name: UMAIR RAHEEM
CNIC #: 37405-6224467-3

Narowal Energy Limited					
Due date 31 Oct 24			Rs. In Million		
Description	Verified	Under Process	Total	Settled/ Surrendered	Net Payable
EPP+GST	4,877.48	58.75	4,936.22	-	4,936.22
LP	1,022.83	491.74	1,514.57	1,514.57	-
CPP+WHT	5,197.89	192.42	5,390.31	-	5,390.31
Fuel + O&M Savings			-	646.96	(646.96)
Total	11,098.19	742.90	11,841.10	2,161.53	9,679.57

Note 1: Under Process are subject to verification under relevant provisions of the PPA as well as tariff adjustment.

Note 2: LPI accrued but not yet billed by the Company for payments up till 31st October 2024 shall also stand surrendered/waived.

Note 3: Fuel and O&M Savings for FY 2023-24 and onwards will be processed as per Annexure-B (SOP) of this Agreement.

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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.

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1. 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 NIEPRA 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&M_s as under, and shall equal:

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

Where:

$\text{O\&M}_{(\text{REV})}$ = Annual Revenue derived from Fixed O&M_h + Variable O&M_h (as determined in accordance with NIEPRA 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

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:

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

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.

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

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:

2. FUEL SAVING

2.1 Fuel Cost Revenue - (FC_(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.

2.2 Actual Fuel Cost - (FC_A)

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

- 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 for the relevant financial year.
- b) Actual Fuel Cost-(FC_A) for calculation of Fuel Saving shall be lower of reconciled fuel cost and NEPRA FCC determinations, as mentioned in 2.2 (a) above.



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3. O&M SAVINGS

3.1 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.

3.2 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) If the following items are included in O&M Cost, then these 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, except the realized exchange gain & loss as disclosed in financial statement that relates to O&M.
 - Any loss on disposal of investments shall be excluded.
 - Any other cost not reasonably related to O&M shall be excluded.

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3.3 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) Section 2.2(b)(xiv) of the Agreement relates to overhauling pertaining to 72k (retained as PKR 670,491,805), saving thereof will be paid 100% to the Power Purchaser. For any O&M reserves created beyond 30th June 2021, if it remains unutilized for the next five years, on FIFO (first-in-first-out) basis, such unutilized reserves shall be recovered in the relevant year in half (the ratio of 50:50) between the Power Purchaser and the Company. At the end of the Term, unutilized O&M reserve shall be shared in half (the ratio of 50:50) between the Power Purchaser and the Company.

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



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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 Chunian 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:

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

HUBCO

Narowal Energy Limited

9th Floor Ocean Tower
Block-9, Main Clifton Road
Karachi Pakistan

+92 21 3587 4677-86
+92 21 3583 9018
+92 21 3587 0397

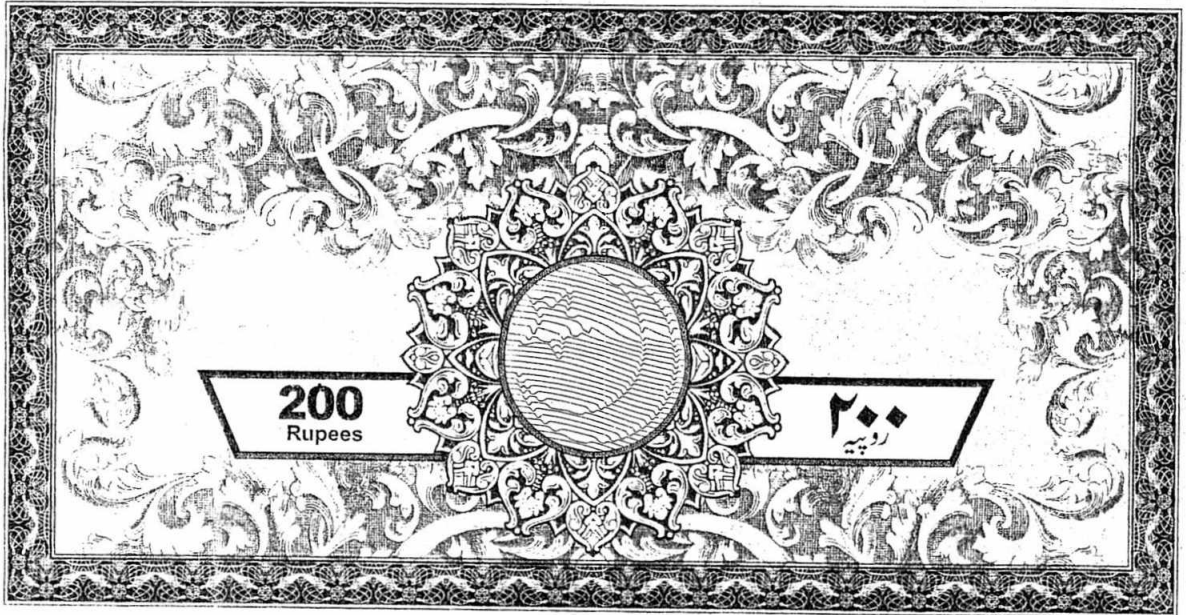
**CERTIFIED TRUE COPY OF THE RESOLUTION APPROVED BY CIRCULATION OF THE
BOARD OF DIRECTORS OF NAROWAL ENERGY LIMITED (THE "COMPANY / NEL")
DATED DECEMBER 17, 2024**

"RESOLVED THAT the Board hereby approves the terms of the Amendment Agreement as initialled upon the request of the Task Force constituted under the Prime Minister's office to amend the Company's Power Purchase Agreement (PPA) dated November 20th 2008 and the Implementation Agreement (IA) dated October 27 2008, relating to the Company's 213.60 MW power generation project located at Narowal, Punjab.

FURTHER RESOLVED THAT the Chief Executive Officer and/or the Chief Financial Officer, be and are hereby authorized for and on behalf of the Company to, singly sign, execute and deliver the initialled Amendment Agreement and negotiate, finalise, issue and deliver the amendments to the PPA and IA and all amendments, supplements, variations, communications, certificates, notices, acknowledgments and/or other ancillary, incidental and/or miscellaneous documents pertaining thereto with respect to the initialled Amendment Agreement and to do all acts, deeds, and take any or all necessary actions required for the aforesaid resolution."



Zamzam Sohail Kassamali
Company Secretary

AFFIDAVIT

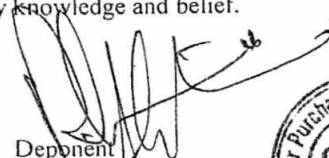
BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

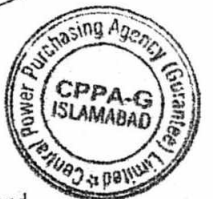
I, **Rihan Akhtar**, Chief Executive Officer, **Central Power Purchasing Agency (G) Limited**, hereby solemnly affirm and declare that the contents of the accompanying Application for Adjustment of Tariff ("Application"), including all supporting documents, are true and correct to the best of my knowledge 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.

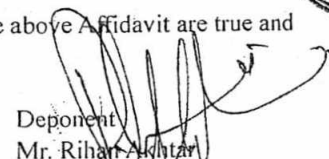
Islamabad

March 10, 2025


Deponent
Mr. Rihan Akhtar
Chief Executive Officer



Verified on oath at Islamabad on March 10, 2025 that the contents of the above Affidavit are true and correct to the best of my knowledge and belief.


Deponent
Mr. Rihan Akhtar
Chief Executive Officer

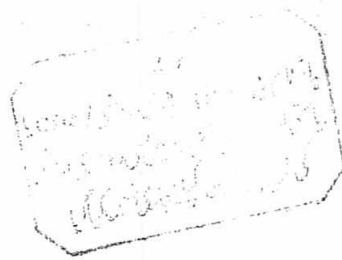


Serial No.	7285	Worth Paper	200/-	Dated 06-03-2025
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AFFIDAVIT

CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED

M. TARSAN CH
Stamp Vendor 1108712
2-0 Merajpur Road, Industrial Center,
Gurgaon, Haryana



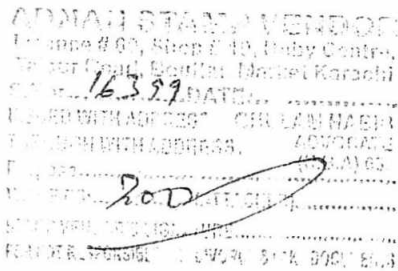
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Date : 06-03-2025
Time : 15:03:15
Service Charges : 120
eSahulat ID : 33023
Issue Date : 06-03-2025
Expiry Date : 06-05-2025

Biometric Verification
IGT STAMP PAPER
پاکستان پوسٹل سروس



RECEIPT





AFFIDAVIT

Deponent
Mr. Kamran Kamal
Chief Executive Officer

$$2+6=8$$

