

**OFFICE OF THE CHIEF EXECUTIVE OFFICER**Ref No. CEO-CPPAG-2025/9863Date: 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 195.722 MW Project of Nishat Chunian Power Limited.

REGISTRAR OFFICE
Date: 12-3-25
Ref No: 2422

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.

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



[Signature]
12-03-25

Forwarded please:

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<input type="checkbox"/> DG (Lic.)	<input type="checkbox"/> DG (Admn/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 (CTGCM)

For kind information, please.

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

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

APPLICATION FOR ADJUSTMENT OF TARIFF

APPLICANTS: CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED
& NISHAT CHUNIAN POWER LIMITED

IN RESPECT OF 195.722 MW PROJECT OF NISHAT CHUNIAN POWER LIMITED

DATED: MARCH 07, 2025

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TABLE OF CONTENTS

Tariff Adjustment Application

1. Summary of Particulars
2. Proposed Amendments
3. Proposed Tariff
4. Determination Sought

ANNEXES

- Annex 1: Amendment Agreement dated 28th February, 2025 (the "AA")
Annex 2: Resolution of Board of Directors of CPPA-G
Annex 3: Resolution of Board of Directors of Nishat Chunian Power Limited
Annex 4: Affidavit Chief Executive Officer of CPPA-G
Annex 5: Affidavit Chief Executive Officer of Nishat Chunian Power Limited

B.



Tariff Adjustment Application

In respect of Nishat Chunian Power 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. Nishat Chunian Power Limited (the "Company") with its registered office located at 59-Shadman Colony-II, Shadman, Lahore.

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-70/NCPL-2007-1343-45, dated March 06, 2007, as amended vide tariff determination bearing No. NEPRA/TRF-70/NCPL-2007/4957-4959 dated December 31, 2010 and NEPRA/R/ADG(Trf)/TRF-70/NCPL-2007/18173-18175 dated April 02, 2021.

Generation License

The Authority granted the Company a Generation License bearing No. IGSPL/14/2007 for a term of 25 years on September 06, 2007.

PPA and Tariff

A Power Purchase Agreement was executed by and between the Company and National Transmission and Despatch Company Limited on November 13, 2007 and novated to CPPA-G vide novation agreement dated February 11, 2021 ("PPA"). The learned Authority determined the Reference Tariff No. NEPRA/R/TRF-70/NCPL-2007-1343-45, dated March 06, 2007, Commercial Operations Date Tariff No. NEPRA/TRF-70/NCPL-2007/4957-4959, dated December 31, 2010, MLR Tariff No. NEPRA/Tariff-70/NCPL-2007/2040-2042, dated March 24, 2011, Adjustment of ROE and ROEDC under Master Agreement tariff No. NEPRA/R/ADG(Trf)/TRF-70/NCPL-2007/18173-18175 dated April 02, 2021, and CPI determination dated October 31, 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 from the subsequent financial year, i.e. 2025-26;
- (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

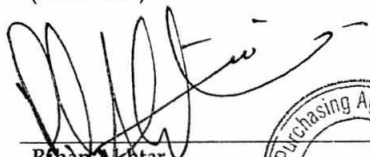


and ROEDC component is subject to generation beyond 35% of contract capacity as agreed between the Applicants in clause 2.2(b) of the AA; and

- (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.

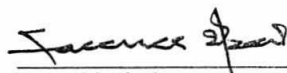
The Applicants will be pleased to provide any further information, clarification or explanation as may be required by the Authority during its evaluation of the attached tariff adjustment.

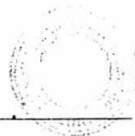
Yours sincerely,
For and on behalf of
Central Power Purchasing Agency
(Guarantee)


Raza Akhtar
Chief Executive Officer



Nishat Chunian Power Limited


Farrukh Ifzal
Chief Executive Officer



Section 1 - Summary of Particulars

A. Particulars of the Applicants

Name: Nishat Chunian Power Limited (the "Company").
Address: 59-Shadman Colony-II, Shadman, Lahore
Phone: 042-35761730

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 Mr. Farrukh Ifzal, Chief Executive Officer of 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 .

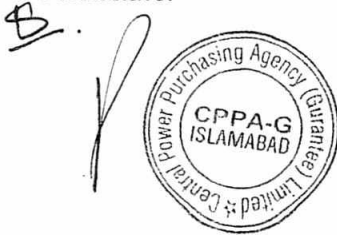
Mr. Farrukh Ifzal , CEO Nishat Chunian Power Limited.

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 & 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 1.43 Billion per annum, with the following Fixed O&M break-up:
 - a. Fixed O&M (Local):
PKR 0.65 Billion per annum (Approx. PKR 0.3796/kW/h)
 - b. Fixed O&M (Foreign):
PKR 0.78 Billion per annum (Approx. PKR 0.4536/kW/h)
2. Variable O&M:
 - a. Variable O&M (Local) : PKR 0.5496/kWh
 - b. Variable O&M (Foreign) : PKR 2.4296 /kWh

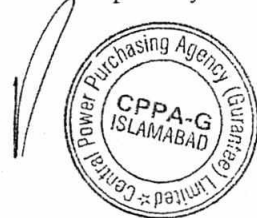
The revised O&M shall be indexed quarterly as per the following indexation mechanism:

- 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 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 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% on a quarterly basis.

B.



(c) **Insurance Component**

Insurance with effect from Financial 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.

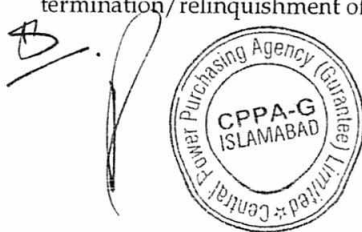
From the Effective Date, prorated for remaining period of the current Agreement year, and thereafter for every Agreement year, the Company will be entitled to thirty-five percent (35%) of revised RoE and RoEDC components of tariff as part of CPP, which will be computed as per the terms of the Existing 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 (Rs./kW/h)	Indexation
Fixed O&M (Local)	0.3796	Lower of 5% per annum or actual average NCPI for the preceding 12 months
Variable O&M (Local)	0.5496	
Fixed O&M (Foreign)	0.4536	US CPI & PKR/US\$ provided that 70% PKR/US\$ depreciation and 100% PKR/US\$ appreciation is applicable.
Variable O&M (Foreign)	2.4296	
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 Months KIBOR (dated 26 th Sep 2024, i.e. the date of calculation of revised CWC)	16.55%

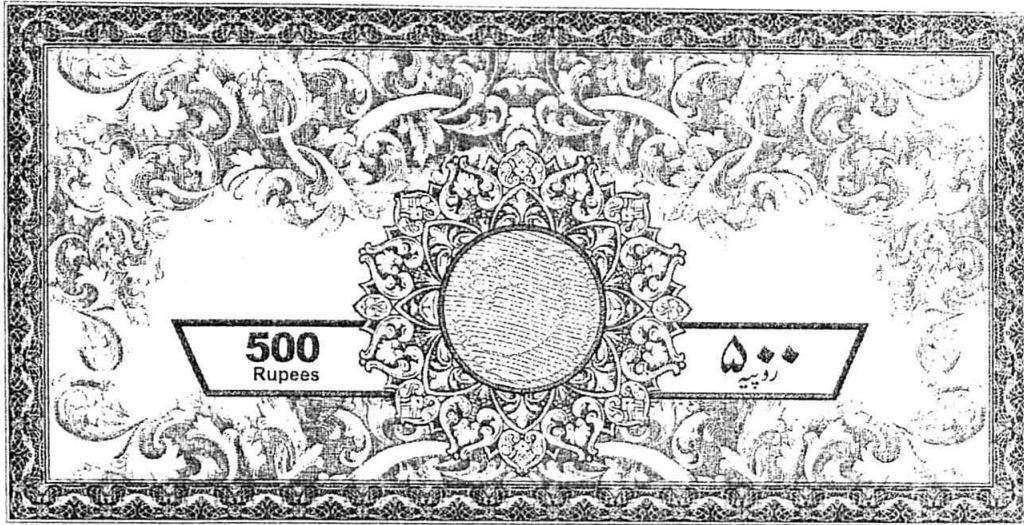
Section 5 – Determination Sought

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 from the subsequent financial year, i.e. 2025-26;
- 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.

B.





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) NISHAT CHUNIAN POWER LIMITED, a Company incorporated under the laws of Pakistan, with its principal office located at 31-Q, Gulberg II, Lahore, 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 13th November 2007 (as amended from time to time) (the "Existing PPA"), and the Complex was commissioned on 21st July 2010;
2. The GoP and the Company entered into the Implementation Agreement on 15th September 2007 (the "Existing IA");
3. The GoP and the Company entered into the Arbitration Submission Agreement on 15th June 2022 (the "ASA"), and
4. The Parties have mutually agreed to amend the Existing PPA and the Existing IA, and terminate the Arbitration Submission Agreement, dated 15th June 2022, 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:

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 1.43 Billion per annum, with the following Fixed O&M break-up:
 - a. Fixed O&M (Local):
PKR 0.65 Billion per annum (Approx. PKR 0.3796 / kW/h)
 - b. Fixed O&M (Foreign):
PKR 0.78 Billion per annum (Approx. PKR 0.4536 / kW/h)
 2. Variable O&M:
 - a. Variable O&M (Local) in kWh: PKR 0.5496 / kWh
 - b. Variable O&M (Foreign) in kWh: PKR 2.4296 / 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 prevail.

- vi. The Cost of Working Capital Component (the "CWC") 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 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 a 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 financial year, i.e. 2025-26, 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 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 the late payment interest claims that will arise on payments made up to 31st October 2024.
- xii. The Delayed Payment Rate under the Existing PPA shall be 3 Months 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 Power Purchaser shall pay Six Billion, Six Hundred Seventy Three Million, One Hundred Fifty Nine Thousand, Six Hundred and Eighty Eight Pakistani Rupees (PKR 6,673,159,688), (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) and also in relation to the undertaking given by the Company (dated 15th November 2021), and the original undertaking shall be released and returned to the Company. 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.

- xiv. In case actual 72k overhauling cost is below Three Billion, Nine Hundred Forty Four Million and Three Hundred Thirty Five Thousand Pakistani Rupees (PKR 3,944,335,000), as calculated based on running hours till 30th June, 2021, based on the head of capital reserve in the statement of changes in equity for the financial year ended 30th June, 2024, 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.
- xv. 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*.
- xvi. 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.
- xvii. 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: (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.
- 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, 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

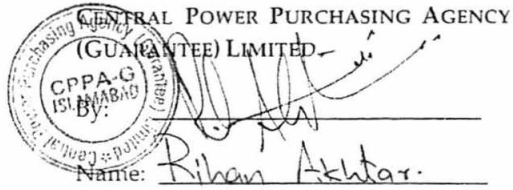
This Agreement will be prepared in triplicate and every copy of the Agreement will be considered and deemed to be original.



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:



Title: Chief Executive Officer

NISHAT CHUNIAN POWER LIMITED

By: Farrukh Iqbal

Name: FARRUKH IQBAL

Title: CHIEF EXECUTIVE OFFICER

PPIB for and on behalf of:

THE PRESIDENT OF THE ISLAMIC
REPUBLIC OF PAKISTAN

By: Shah Jahan Mirza

Name: SHAH JAHAN MIRZA

Title: MD, PPIB



Witness: Muhammad Bilal

Name: Muhammad Bilal

CNIC #: 61101-1885444-1

Witness: Muhammad Bilal

Name: Muhammad Bilal

CNIC #: 35202-4662859-3

Annexure-A

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

Particulars	Amount in Rupees
Energy Payments (including GST)	5,421,745,247
Capacity Payments (including Withholding tax)	4,443,108,737
Energy Payments (including GST) under verification	19,151,966
Capacity Payments (including Withholding Tax) under verification	255,743,355
Past Excess Adjustments (Fuel and O&M) (till 30.06.2023)	(3,466,589,617)
Net Payables	6,673,159,688

- 1) Late Payment Interest as at 31st October 2024 and/or to be claimed against payments made till 31st October 2024 shall be waived off.
- 2) The invoices under process, not yet raised due to pending approval of NEPRA/NPCC and Pass-Through invoices to be raised pertaining to the period prior to 31st October 2024 shall be paid subject to the verification of Power Purchaser.
- 3) Fuel and O&M Savings for FY 2023-24 will be processed as per Annexure-B (SOP) of this Agreement.
- 4) Any amount adjusted is without prejudice, solely for the purpose of settlement and must not be used in any civil or criminal proceedings.



**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\&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 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

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.

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

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 - ($FC_{(REV)}$)

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

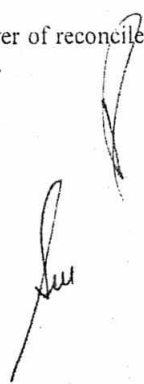
- a) The Fuel Cost (FC) revenue as stated in the fuel cost statement certified by the Company's auditors shall be compared with the FC revenue reported in the Company's audited financial statements and reconciled with the CPPA verifications to affirm actual revenue.
- b) Any provisional FC revenue including 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.

1.2 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.





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) 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, 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 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) Section 2.2(b)(xiv) of the Agreement relates to overhauling pertaining to 72k (retained as PKR 3,944,335,000), saving thereof will be paid 100% to the Power Purchaser. For any overhauls after the said 72k overhaul, if the reserve for such overhauling remains unutilized after completing the respective overhauling or 5th year of creating such overhauling reserve in the financial statements, whichever is earlier, the same 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 overhauling 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.





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



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

06th February 2025

Annex 2

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.


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.



**NISHAT
CHUNIAN
POWER LTD.**

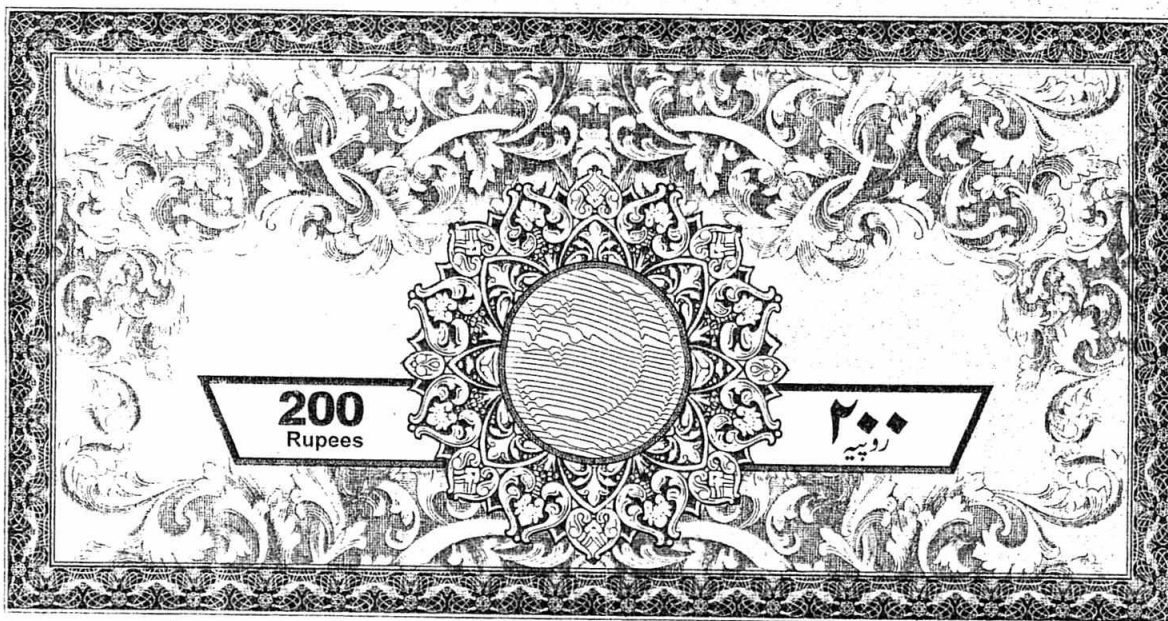
Annex 3

**CERTIFIED TRUE COPY OF RESOLUTION PASSED BY THE BOARD OF
DIRECTORS OF NISHAT CHUNIAN POWER LIMITED ON DECEMBER 04, 2024**

RESOLVED that Mr. Farrukh Ifzal, Chief Executive/Director of the Company be and is hereby authorized on behalf of the Company to represent the Company before the Government of Pakistan ("GoP") and the Central Power Purchasing Agency (Guarantee) Limited ("CPPA") and to sign/execute any document with respect to amendments to Power Purchase Agreement, Implementation Agreement, and to revise tariff as proposed by the Task Force Constituted by the Prime Minister of Pakistan to convert the existing tariff to 'Hybrid Take and Pay' model.

ALSO RESOLVED that the certified copy of this Resolution duly signed by the Chief Executive, or any of the Directors or Company Secretary be issued as and when required.


Syed Tasawar Hussain
Company Secretary



AFFIDAVIT


Amex 4

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.

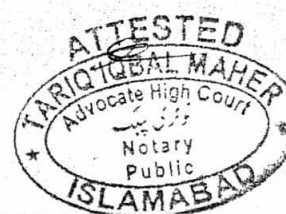
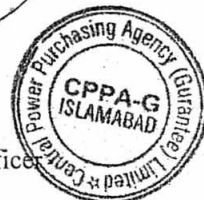
Islamabad
March 07, 2025


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.	7284	Worth Paper	200/-	Dated 06-03-2025
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AFFIDAVIT

CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED

Stamp Vendor Lic. 1212
2nd Mezzanine Floor, Metro Center,
Blue Area Islamabad

نوٹ
یہ شام پورہ کسی بھی سرکاری راضی / CDA
سیاسی اداروں کی ملکیت میں کسی دوسری راضی
کی خرید و فروخت کیا جائی نہیں کیا گیا

3302325030615015301



CNIC : 3620303019539
Verification Status : Verified
Date : 06-03-2025
Time : 15:04:31
Service Charges : 120
eSahulat ID : 33023
Issue Date : 06-03-2025
Expiry Date : 06-05-2025

Biometric Verification
IGT STAMP PAPER
نام: محمد یونس

RECEIPT



E-STAMP



ID : PB-LHR-1391DA781299A635
Type : Low Denomination
Amount : Rs 300/-



Scan for online verification

Description : AFFIDAVIT - 4
Applicant : Farrukh Ifzal CEO [35202-9290256-7]
Representative From : Nishat Chunian Power Limited
Agent : Salman [35202-4945193-9]
Address : Lahore
Issue Date : 6-Mar-2025 3:06:28 PM
Delisted On/Validity : 13-Mar-2025
Amount in Words : Three Hundred Rupees Only
Reason : Affidavit in favor of NEPRA
Vendor Information : Ghulam Qadir | PB-LHR-1642 | Raja Centre Gulberg

نوٹ: یہ ڈائریکشن تاریخ اجرا سے سات دنوں تک کے لیے قابل استعمال ہے۔ اس اسٹامپ کی تصدیق بائرو- ویب سائٹ، کیو آر کوڈ یا ایس ایم ایس سے کی جاسکتی ہے۔

Type "eStamp <16 digit eStamp Number>" send to 8100


AFFIDAVIT

BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

I, Farrukh Ifzal, Chief Executive Officer, Nishat Chunian Power 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
Mr. Farrukh Ifzal
Chief Executive Officer



Annex 5

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
Mr. Farrukh Ifzal
Chief Executive Officer



$$2+9=11$$