

Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan



OFFICE OF THE CHIEF EXECUTIVE OFFICER

Ref No. CEO-CPPA-2025/936/319

Date: 14-04-2025

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 1230 MW CCPP Haveli Bahadur Shah Project of National Power Parks Management Company Limited (the "Company")

Please find attached the Application for Adjustment of Tariff as per clause 3.2 of the Negotiated Settlement Agreement (the "NSA") dated 08th April 2025.

Pursuant to Cabinet's approval dated 19th March, 2025, 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 NSA 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 Applicant and the Company will be pleased to provide any further information, clarification or explanation that may be required by the Authority in this regard during its evaluation of the attached tariff adjustment.

Yours sincerely,

For and on behalf of

CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED


Rihan Akhtar, Chief Executive Officer

Forwarded please.

☒ For nec. action ☐ For information

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

For kind information, please.

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

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

APPLICATION FOR ADJUSTMENT OF TARIFF

APPLICANT: CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED

IN RESPECT OF 1230 MW HAVELI BAHADAR SHAH POWER PROJECT OF
NATIONAL POWER PARKS MANAGEMENT COMPANY (PVT) LTD (NPPMCL)

DATED: April 14th, 2025



Tariff Adjustment Application

In respect of National Power Parks Management Company (Pvt) Ltd (NPPMCL) -
1230MW Haveli Bahadar Shah Power Project

Applicant

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).

CPPA-G is hereby 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-358/NPPMCL-2016/5888-5890 dated February 19, 2020 as amended vide tariff determinations No. NEPRA/R/SA(Tariff)/TRF-358/NPPMCL-2016/13846-13848 dated May 20, 2020, No. NEPRA/R/ADG(Trf)/TRF-471/NPPMCL-2019/8774-8776 dated February 18, 2021, No. NEPRA/R/ADG(Tariff)/TRF-593(HBS)/-2022/1942-47 dated February 03, 2025 and No. NEPRA/R/ADG(Tariff)/TRF-592(Balloki)/-2022/4574-78 dated March 27, 2025.

Generation License

The Authority granted the Company a Generation License bearing No. IGSPL/70/2016 for a term of 30 years from the COD on September 29, 2016.

PPA and Tariff

A Power Purchase Agreement was executed by and between the Company and CPPA-G on 29th October 2016 in respect of the Project ("the PPA").

Pursuant to the tariff determination of National Power Parks Management Company (Pvt) Ltd (NPPMCL) - Haveli Bahadar Shah ("NPPMCL - HBS") issued by the Authority on August 09, 2016 followed by below mentioned decisions of the Authority:

- a) Determination of the Authority in the matter of Tariff Petition filed by NPPMCL Haveli Bahadar Shah for Determination of Generation Tariff dated August 09, 2016.
- b) Decision of the Authority in the matter of Tariff Adjustments at COD of NPPMCL Haveli Bahadar Shah dated February 19, 2020.
- c) Decision of the Authority in the matter of Tariff Adjustments at COD of NPPMCL Haveli Bahadar Shah dated May 20, 2020.
- d) Decision of the Authority in the matter of Petition filed by NPPMCL Haveli Bahadar Shah for revision of COD Tariff Determination for Reduction of ROE dated February 18, 2021.
- e) Decision of the Authority dated March 10, 2021 notified vide S.R.O 104(I)/2024 on August 09, 2023 in the matter of change of base year 2007-2008 to base year 2015-16 for Consumer Price Index (CPI) for indexation of fixed and variable O&M (Local) components.
- f) Decision of the Authority in the matter of Tariff Adjustments at COD of NPPMCL Haveli Bahadar Shah dated February 03, 2025.
- g) Decision of the Authority under NEPRA (Review Procedure) Regulations, 2009 regarding Decision of the Authority, in the matter of Petition filed by NPPMCL Haveli Bahadar Shah for modification in the determination dated May 20, 2020, dated March 27, 2025.

(collectively referenced as "Tariff") of the Company

Grounds

Based on the NSA approved by the Federal Cabinet, the Applicant submits a tariff adjustment application as a necessary condition to bring into effect the terms of section 2.2(a) of the NSA.

Determination Sought

It is humbly prayed that the Authority:

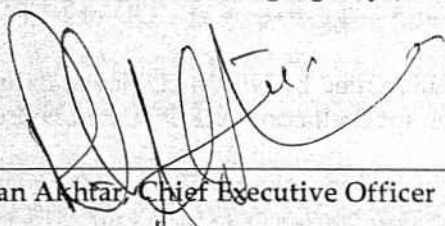
- (a) Accept this Application;
- (b) Revise indexation mechanism of the Operation and Maintenance Component of the Tariff as agreed between the Company and the Applicant in clause 2.2(a)(iii), (iv)&(v) of the NSA;
- (c) Revise the Foreign Component of ROE of the Tariff as agreed between the Company and the Applicant in clause 2.2(a)(vi) of the NSA;
- (d) Revise Insurance Component of the Tariff as agreed between the Company and the Applicant in clause 2.2(a)(xii) of the NSA;
- (e) Revise the Existing mechanism of "Take or Pay" to Hybrid Take and Pay" model, whereby the Company is entitled for 35% of ROE as part of CPP and remaining ROE component is subject to generation beyond 35% of the Contract Capacity [clause 2.2(a)(vii) of the NSA], and
- (f) Approve the Tariff Adjustment to become effective as provided in clause 2.1 of the NSA and notified accordingly.

The Applicant 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) Ltd


Rihan Akhtar, Chief Executive Officer



Section 1 - Summary of Particulars

A. Particulars of the Applicant

Name: Central Power Purchasing Agency (Guarantee) Limited (the "Applicant").
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, being duly authorized representative of the Applicant by virtue of board resolution dated April 07, 2025 appended herewith as Annex 2.

C. Applicant's Representatives

Mr. Rihan Akhtar, CEO CPPA .

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 Applicant in this Application is enclosed herewith as Annex 3.



Section 2 - Proposed Amendments

- 2.1 The Company and the Applicant have entered into the NSA, appended herewith as Annex-1.

Pursuant to Clause 2.2(a) of the NSA, 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. Fixed O&M shall be paid at the rate of *Rs. 0.4503 / kW/h; and
2. Variable O&M shall be paid at the rate of *Rs. 0.3978 / kW/h.

*These figures will be updated on the basis of NEPRA determination dated February 03, 2025, March 27, 2025 and NEPRA's determination to be announced on application of NPPMCL for indexation of tariff.

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 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 Oct-Dec, 2024 shall prevail. Illustrative Schedule for calculation is placed at Annex-4.

(b) RoE Component

From the Effective Date and onwards, the RoE component shall be redetermined to 13% rate of return, at the fixed exchange rate of PKR 168 / USD based on NEPRA's determined Quarterly indexation for the period Oct-



Dec 2024 as revised reference. Thereafter, there shall be no exchange rate indexation.

(c) **Insurance Component**

From the Effective Date, the Insurance Component of CPP shall be Pass-Through Item subject to a maximum limit to be capped at 0.8% of sum insured as per the provision of PPA.

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

As per clause 2.2 (a)(i) of the NSA, the Applicants agreed to implement a 'Hybrid Take-and-Pay Model', whereby tariff payment to the Company shall be made by the Power Purchaser 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 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 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 RLNG Reference Tariff (Rs./kW/h)	Proposed HSD Reference Tariff (Rs./kW/h)	Basis of Proposed Reference Tariff	Indexation
Fixed O&M (Local)	0.0611	0.0697	Indexed tariff for the quarter Oct-Dec 2024 based on the Tariff determined by NEPRA dated May 20, 2020	Lower of 5% per annum or actual average NCPI for preceding 12 months
Fixed O&M (Foreign)	*0.3892	*0.4440	Indexed tariff for the quarter Oct-Dec 2024 based on the Tariff determined by NEPRA dated February 03, 2025 and March 27, 2025	US CPI & PKR/US\$ provided that 70% PKR/US\$ depreciation and 100% PKR/US\$ appreciation is applicable. [Illustrative Schedule for calculation is placed at Annex-4]
Variable O&M (Foreign)	*0.3978	*0.5160		
ROE	*0.5151	*0.5878		Recomputed based on 13% rate of return, at the fixed exchange rate of PKR 168 / USD and no further exchange rate indexation
Insurance	-		As pass through items	Actual subject to a maximum limit to be capped at 0.8% of sum insured

Note: *These figures will be updated on the basis of NEPRA determination dated February 03, 2025, March 27, 2025 and NEPRA's determination to be announced on application of NPPMCL for indexation of tariff.

As above figures have been calculated on the understanding between the Company and CPPA-G, NEPRA to kindly review and verify.

Reference Parameters:	Oct-Dec 2024
Exchange Rate (PKR/US\$)	278.05
US CPI (All Urban Consumers)	314.796
N CPI (Local)	262.320
3 Month KIBOR	16.13%

Section 5 - Determination Sought

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

- (a) Accept this Application;
- (b) Revise indexation mechanism of the Operation and Maintenance Component of the Tariff as agreed between the Company and the Applicant in clause 2.2(a)(iii), (iv)&(v) of the NSA;
- (c) Revise the Foreign Component of ROE of the Tariff as agreed between the Company and the Applicant in clause 2.2(a)(vi) of the NSA;
- (d) Revise Insurance Component of the Tariff as agreed between the Company and the Applicant in clause 2.2(a)(xii) of the NSA;
- (e) Revise the Existing mechanism of "Take or Pay" to Hybrid Take and Pay" model, whereby the Company is entitled for 35% of ROE as part of CPP and remaining ROE component is subject to generation beyond 35% of the Contract Capacity (clause 2.2(a)(vii) of the NSA), and
- (f) Approve the Tariff Adjustment to become effective as provided in clause 2.1 of the NSA and notified accordingly.

