

Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan



OFFICE OF THE CHIEF EXECUTIVE OFFICER

Ref No. CEO-CPPA-2025/441/322

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 Central Power Generation Company Limited- 747MW.

Please find attached joint Application for Adjustment of Tariff as per clause 3.1 of the MoU dated 22th January 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

Rihaan Akhtar, Chief Executive Officer

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)
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<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 (CTBCM)

For kind information, please:

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

REGISTRAR OFFICE

Diary No: 4596

Date: 16-04-25

DRO(I)
Jan

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

APPLICATION FOR ADJUSTMENT OF TARIFF

APPLICANTS: CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED &
CENTRAL POWER GENERATION COMPANY LIMITED

IN RESPECT OF 747MW CCPP GUDDU PROJECT OF CENTRAL POWER GENERATION
COMPANY LIMITED

DATED: 14-04-2025

Tariff Adjustment Application

In respect of Central Power Generation Company Limited for its 747 MW CCPP Guddu

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. Central Power Generation Company Limited (the "**Company**") with its registered office located at GHCL office, 1st Floor, OPF Building, Sector G-5/2, Islamabad (shifted from Lahore to Islamabad in Oct 2024).

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-322/CPGCL-2015/5716-5718, dated April 26, 2016, as amended vide tariff determination No. NEPRA/TRF-322/CPGCL-2015/4815-4817 dated April 07, 2017 and No. NEPRA/R/Dir(Trf)/TRF-536/CPGCL-2020/32838-32840 dated July 28, 2021.

Generation License

The Authority granted the Company a Generation License bearing No. GL/02/2002 having modification -II & III vide No. NEPRA/R/LAG-01/4191-93 dated April 26, 2013 (for inclusion of 747 MW CCPP Guddu) for a term valid upto June 30, 2042 and No. NEPRA/R/LAG-01/2157-64 dated July 10, 2019 respectively.

PPA and Tariff

A Power Purchase Agreement was executed by and between the Company and Central Power Purchasing Agency (Guarantee) Limited on September 20, 2015 ("**PPA**"). The learned Authority determined the Reference Tariff for 747 MW CCPP Guddu vide No. NEPRA/TRF-322/CPGCL-2015/5716-18, dated April 26, 2016, as amended vide its determination No. NEPRA/TRF-322/CPGCL-2015/4815-4817 dated April 07, 2017, and ROE adjustment vide determination No. NEPRA/R/Dir(Trf)/TRF-536/CPGCL-2020/32838-32840 dated July 28, 2021. The Tariff Modification Petition has been submitted with NEPRA by the Company on February 26, 2024, the determination is pending with NEPRA. (collectively referenced as "**Tariff**") of the Company.

Ground

Based on the MOU, CPPA-G and the Company 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 MOU.



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 MOU;
- (c) Revise indexation of Insurance Component of the Tariff as agreed between the Applicants in clause 2.2(b) of the MOU;
- (d) Revise indexation of ROE (including ROEDC) Foreign Components of the Tariff as agreed between the Company and the Applicant in clause 2.2(b) of the MOU;
- (e) Revise the existing mechanism of "Take or Pay" to Hybrid Take and Pay" model, whereby the Company is entitled for 35% of ROE (including ROEDC) as part of CPP and remaining ROE (including ROEDC) component is subject to generation beyond 35% of contract capacity,
- (f) Approve the Tariff Adjustment to become effective as provided in clause 3.2 of the MOU and notified accordingly.

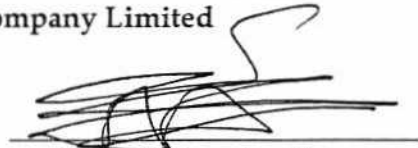
The Applicants will be pleased to provide any further information, clarification or explanation as may be required by the Authority during its evaluation of the attached tariff adjustment.

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


Rihan Akhtar, Chief Executive Officer



Central Power Generation
Company Limited


Sajjad Hussain Abro,
Chief Executive Officer



Section 1 - Summary of Particulars

A. Particulars of the Applicants

Name: Central Power Generation Company Limited (the "Company").
Address: GENCO-II, TPS, Guddu Pakistan (GHCL office, 1st Floor, OPF Building, Sector G-5/2, Islamabad)
Phone: 0722-691088

Name: Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser").
Address: Shaheen Plaza, 73 West, Fazal-e-Haq Road, Blue Area, Islamabad, Pakistan.
Phone: 051-111-922-772
E-mail: ceo@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 Sajjad Hussain Abro CEO - 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, CEOCPPA.

Mr. Sajjad Hussain Abro, CEO, Central Power Generation Company 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.



Section 2 - Proposed Amendments

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

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

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

Operation & Maintenance Components' (the "O&M") as determined by NEPRA (for the quarter ended 31st December 2024) shall continue as revised reference with the following quarterly indexation mechanism:

- i). Fixed 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 be reference index for the next period.



(b) Insurance Component

Insurance 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.

(c) Hybrid Take and Pay Model

As per clause 2.2 (b)(i) of the MOU, 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.

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 (including RoEDC) component 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 (including RoEDC) component 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 as separate invoice accordingly.

(d) Foreign Component of ROE and ROEDC

The foreign components of RoE and RoEDC as determined by NEPRA for the Oct-Dec 2024 quarter shall be recomputed based on 13% rate of return, at the fixed exchange rate of PKR 168 / USD. Thereafter, there shall be no exchange rate indexation.

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Section 3- Proposed Tariff

The following is the proposed tariff:

Tariff Component	Proposed Reference Tariff (Rs./kW/h)	Indexation
Fixed O&M (Local)	0.1712	Lower of 5% per annum or actual average NCPI for the preceding 12 months
Variable O&M (Foreign)	1.1142	US CPI & PKR/US\$ provided that 70% PKR/US\$ depreciation and 100% PKR/US\$ appreciation is applicable.
Fixed O&M (Foreign)	0.5110	
RoE *	0.8479	Recomputed based on 13% rate of return, at the fixed exchange rate of PKR 168 / USD and no future exchange rate indexation
Insurance	-	Actual subject to a maximum limit to be capped at 0.9% of allowed EPC Cost

Reference Parameters:	
Exchange Rate (PKR/US\$)	278.050
US CPI (All Urban Consumers)	314.796
N CPI (Local)	262.32

* The RoE component has been recomputed based on 13% with dollar indexation of PKR 168/ USD as per following.

$$RoE_{Rev} = RoE_{Ref} * ER_{Rev} / ER_{Ref} * 168 / ER_{Rev} * 13\% / 10\%$$

Where:

RoE_{Rev} = Revised ROE Component of Tariff;

ER_{Rev} = The revised TT & OD selling rate of US dollar as notified by the National Bank of Pakistan

ER_{Ref} = The reference TT & OD selling rate of US dollar as notified by the National Bank of Pakistan

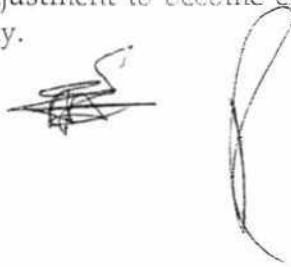
RoEDC Component being not separately available, computation has been made without taking into account the impact of its redemption.

Note: The RoE component has been recomputed ignoring the RoEDC component being not available as a part of tariff. Therefore, the impact of RoEDC redeemed, if any, may please be considered while determining the tariff on part of NEPRA.

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 MOU;
- c) Revise indexation of Insurance Component of the Tariff as agreed between the Applicants in clause 2.2(b) of the MOU;
- d) Revise indexation of ROE (including ROEDC) Component of the Tariff as agreed between the Company and the Applicant in clause 2.2(b) of the MOU;
- e) Revise the existing mechanism of "Take or Pay" to Hybrid Take and Pay" model, whereby the Company is entitled for 35% of ROE (including ROEDC) as part of CPP and remaining ROE (including ROEDC) component is subject to generation beyond 35% of contract capacity,
- f) Approve the Tariff Adjustment to become effective as provided in clause 3.2 of the MOU and notified accordingly.

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