



# Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan



## OFFICE OF THE CHIEF EXECUTIVE OFFICER

Ref No. CEO-CPPAG-2025/44/25

Date: 18-02-2025

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 180.097 MW Project of Foundation Power Company Daharki Ltd.

REGISTRAR OFFICE  
Diary No. 2882  
Date: 20.3.25

Please find attached joint Application for Adjustment of Tariff as per clause 3.1 of the Amendment Agreement dated 14<sup>th</sup> March 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 that the Arbitration Submission Agreement (ASA) dated 28<sup>th</sup> June 2022 shall stand terminated, and GoP and the Company shall send a joint communication to the tribunal established under the ASA for termination 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 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.

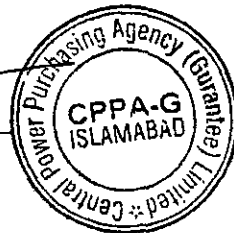
Yours sincerely,

For and on behalf of

CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED

*DRO (I)*

*for*  
Rihan Akhtar, Chief Executive Officer



Forwarded please:	
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<input type="checkbox"/> DG (Lin.)	<input type="checkbox"/> DG (Admin/HR)
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<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)	

BEFORE  
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

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APPLICATION FOR ADJUSTMENT OF TARIFF

APPLICANT: CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED

IN RESPECT OF 180.097 MW PROJECT of FOUNDATION POWER COMPANY  
(DAHARKI) LIMITED

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DATED: MARCH 18<sup>th</sup>, 2025

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## Tariff Adjustment Application

In respect of Foundation Power Company (Daharki) 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. Foundation Power Company (Daharki) Limited with its office located at 4th Floor Block no.3, Fauji Towers, 68 Tipu road, Chaklala, Rawalpindi ("the Company")

Collectively referred to 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-90/FPCDL-2007, 13171-13173, dated November 28, 2013 as amended vide tariff determination No. NEPRA/R/ADG(Trf)/TRF-90/FPCDL-2007/18185-18187 dated April 02, 2021.

### Generation License

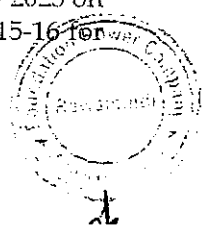
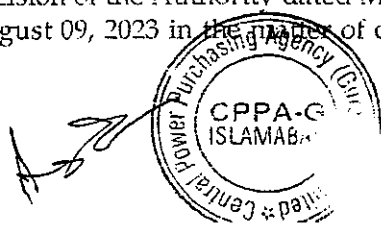
The Authority granted the Company a Generation License bearing No. IGSP/L/06/2007 for a term of 25 years on February 22, 2007.

### PPA and Tariff

A Power Purchase Agreement was executed by and between the Company and National Transmission and Despatch Company Limited on August 29, 2007 in respect of the Project and novated to the Applicant vide novation agreement dated February 11, 2021 ("PPA").

Pursuant to the tariff determination of Foundation Power Company (Daharki) Limited issued by the Authority on October 21, 2006 followed by below mentioned decisions of the Authority

- a) Determination of reference tariff No NEPRA/CM-88/2006 dated October 21, 2006
- b) Decision of the Authority regarding Generation Tariff petition filed by FPCDL dated June 13, 2008
- c) Decision of the Authority in the Matter of Change of Index for Indexation of Fixed and Variable O&M (Local) Components of Tariff No NEPRA/TRF-90/FPCDL-2007/11019-11021 dated December 20, 2012
- d) Decision of the Authority NEPRA/TRF-90/FPCDL-2007, 13171-13173 dated November 28, 2013, in the matter of Tariff Adjustments at COD
- e) Decision of the Authority in the Matter of Motion for Leave for Review filed by FPCDL No. NEPRA/TRF-90/FPCDL-2007/3053-3055 dated March 06, 2015 regarding Tariff Adjustment at COD
- f) Decision of the Authority in the matter of Application filed by CPPA-G No. NEPRA/R/ADG(Trf)/TRF-90/FPCDL-2007/18185-18187 dated April 02, 2021 regarding for Adjustment of ROE and ROEDC Components of Tariff.
- g) Decision of the Authority dated March 10, 2021 notified vide S.R.O. No. 104 1(1)/2023 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.

(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

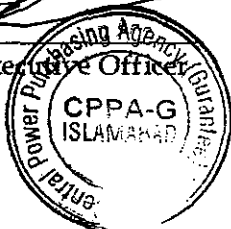
It is humbly prayed that the Authority:

- (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 Company and the Applicant 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 Foreign Component of ROE and ROEDC of the Tariff as agreed between the Applicants in clause 2.2(b) of the AA;
- (f) 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% contract capacity, and
- (g) Approve the Tariff Adjustment to become effective as provided in clause 2.1 of the AA 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



Foundation Power Company  
(Daharki) Ltd

Maj Gen Amjad Ahmed Butt (R),  
HI(M), Chief Executive Officer/  
Managing Director



## 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") as determined by NEPRA (for the quarter ended 30th September 2024) shall continue as reference with the following quarterly 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")**

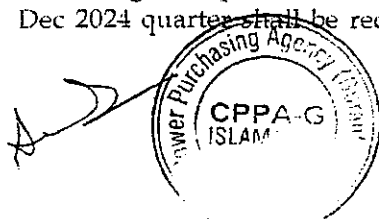
The Sales Tax, if included in the existing Cost of Working Capital Component "CWC" shall be removed, and the spread over KIBOR on CWC has been revised from 2% to 1%. The revised CWC in future shall be indexed at KIBOR +1%.

(c) **Insurance Component**

Insurance from subsequent Financial Year i.e 01 July 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) **RoE and ROEDC Component**

The foreign component of RoE and RoEDC as determined by NEPRA for the Oct-Dec 2024 quarter shall be recomputed based on 17% rate of return, at the fixed



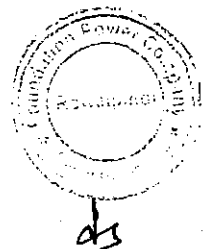
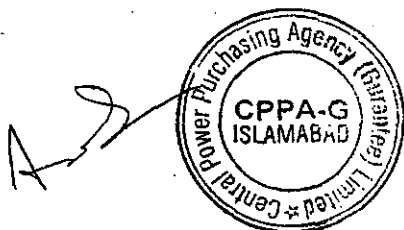
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exchange rate of PKR 168 / USD. Thereafter, there shall be no exchange rate indexation.

**(e) 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 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 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 1 - Summary of Particulars

### A. Particulars of the Applicants

**Name:** Foundation Power Company (Daharki) Limited (FPCDL/ the "Company").

**Address:** 4th Floor Block no.3, Fauji Towers, 68 Tipu Road, Chaklala, Rawalpindi.

**Phone:** +92 51 5763308

**Name:** Central Power Purchasing Agency (Guarantee) Limited (CPPA-G/ the "Applicant").

**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 Maj Gen Amjad Ahmed Butt (R), HI(M), Chief Executive Officer Officer/ Managing Director - FPCDL, being duly authorized representative of the Applicants by virtue of board resolution dated [11-03-25] appended herewith as Annex 2 & Annex 3 respectively.

### C. Applicant's Representatives

Mr. Rihan Akhtar, CEO, CPPA-G.

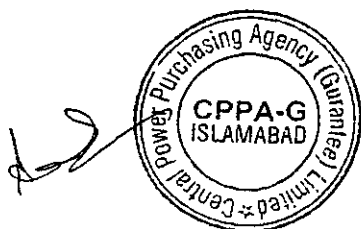
Maj Gen Amjad Ahmed Butt (R), HI(M), CEO/ MD, FPCDL

### 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 3 - Proposed Tariff

Following is the proposed tariff:

Tariff Component	Proposed Reference Tariff (Rs./kW/h)	Indexation
Fixed O&M (Local)	0.4457	Lower of 5% per annum or actual average NCPI for preceding 12 months
Variable O&M (Local)	0.1945	
Fixed O&M (Foreign)	0.4862	US CPI & PKR/US\$ provided that 70% PKR/US\$ depreciation and 100% PKR/US\$ appreciation is applicable.
Variable O&M (Foreign)	1.0377	
ROE	0.9598	Recomputed based on 17% rate of return, at the fixed exchange rate of PKR 168 / USD and no further exchange rate indexation
ROEDC	0.1651	
Cost of Working Capital	-	Sales Tax, if included, to be removed KIBOR + 1%
Insurance	-	Actual subject to a maximum limit to be capped at 0.9% of allowed EPC Cost w.e.f FY 2025-2026

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

Reference Parameters:	July- Sep 2024
Exchange Rate (PKR/US\$)	278.80
US CPI (All Urban Consumers)	314.069
N CPI (Local)	254.780
3 Month KIBOR	20.24%





## 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 Applicants in clause 2.2(b) of the AA;
- (c) Adjust Cost of Working Capital Component of the Tariff as agreed between the Company and the Applicant 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 Foreign Component of ROE and ROEDC of the Tariff as agreed between the Applicants in clause 2.2(b) of the AA;
- (f) 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% contract capacity, and
- (g) Approve the Tariff Adjustment to become effective as provided in clause 2.1 of the AA and notified accordingly.

