



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-100/IPI/2508-2510
February 22, 2017

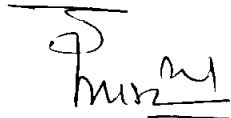
Subject: **Approval of Extension of Tariff effective from 1st January 2016 to 31st December 2016 in Contract dated 6th November 2002 between CPPA-G/NTDC and TAVANIR, Iran for Supply of 74 MW**

Dear Sir,

Please find enclosed herewith the subject decision of the Authority (02 pages) with respect to Approval of Extension of Tariff effective from 1st January 2016 to 31st December 2016 in Contract dated 6th November 2002 between CPPA-G/NTDC and TAVANIR, Iran for Supply of 74 MW.

2. The decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

Encl: As above


22.02.17
(Syed Safer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC: 1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



Approval of Extension of Tariff effective from 1st January 2016 to 31st December 2016 in Contract dated 6th November 2002 between CPPA-G / NTDC and TAVANIR, Iran for Supply of 74 MW

CPPA-G vide letter dated 16.12.2016 submitted the subject matter for consideration / approval of the Authority. CPPA-G submitted that WAPDA and Power Generation and Transmission Management Company Iran TAVANIR) entered into a Contract for sale and purchase of electricity on 6th November 2002 for supply of electricity in QESCO area of Baluchistan on 132Kv Jakigur (Iran) – Mand (Pakistan) transmission line. The Contract was subsequently assigned to NTDC by WAPDA on 4th October 2011. Its further assignment to CPPA-G by NTDC is in process. The tariff agreed in the Contract was @ 3.00 US cents/kWh, which was effective upto 31st December 2005. Accordingly to CPPA-G the tariff thereafter was revised from time to time through Amendment No. I, II & III and approved by NEPRA.

2. CPPA-G further submitted that during the visit of President of Iran, a meeting was held in Islamabad between the representatives of NTDC and TAVANIR and an Amendment No. 4 to the Contract for sale of Purchase of electricity was initiated. The parties (i.e NTDC & TAVANIR) agreed to revised the tariff for a period of one year (effective from 01-01-2016 to 31-12-2016) on the basis of same formula, which was agreed in Amendment No. 2 and with certain modification in the upper and lower cap of the crude oil prices. The revised Tariff agreed through Amendment No. 4 dated March 25, 2016 is as follows:

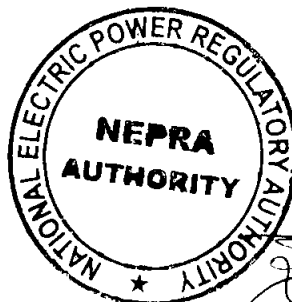
$$R = 2.5 + 0.07 * P$$

Where:

- R: Electricity Energy payable in US\$ cents per each kWh
- 2.5: US Cents per kWh for the fixed portion of the delivered electricity cost of 51.5.00 US\$ < P < 100.00 US\$

Wherein P is monthly average crude oil price ranging from US\$ 51.5 to US\$ 100 per barrel. By applying this formula, the payable Tariff will remain within the range of US Cents 6.10 /kWh to US Cents 9.50 Cents/kWh.

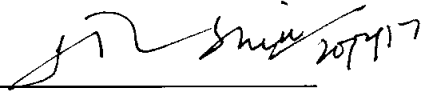
3. CPPA-G submitted that the BOD of NTDC has accorded its approval of Amendment No. 4 as conveyed vide Company Secretary NTDC letter No. C.S/BTDC/675-76 dated 01-04-2016. Further, ECC of the Cabinet has also accorded its approval in case No. ECC/116/19/2016 Dated 23rd September 2016 as conveyed vide Section Officer (NTDC) Ministry of Water and Power Letter No. 11(55)/2015-NTDC dated 30th September 2016. CPPA-G requested to accord approval to include the above mentioned Tariff into transfer price chargeable to DISCOs for the Year 2016.
4. The Authority considered the request submitted by CPPA-G. In pursuance of Regulation 7 of NEPRA Interim Power Procurement (Procedure & Standards) regulations 2005, cases

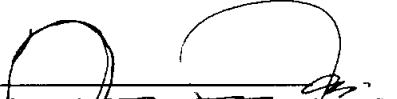


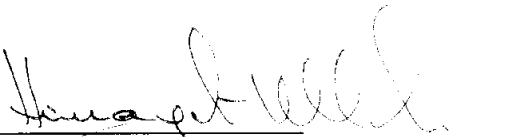


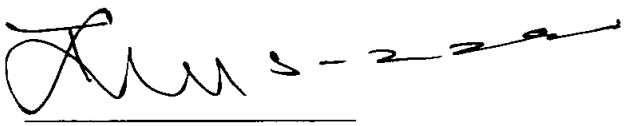
of import of power need to be filed to NEPRA after GOP approval/understanding. In this regard GOP vide ECC's decision dated 3.9.2015 accorded approval. Due to change in lower and upper cap of the crude oil prices in the agreed formula, the tariff has been reduced which is beneficial for the end-consumers. Accordingly the Authority has decided to approve the Amendment No. 4 as submitted by the CPPA-G.


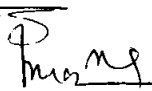
AUTHORITY


(Major (R) Haroon Rashid)
Member


(Syed Masood ul Hassan Naqvi)
Member


(Himayat Ullah Khan)
Vice Chairman


(Brig. (R) Tariq Sadozai)
Chairman



22.02.17