



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(TRF)/TRF-516/CPA-G-2019/6689-6691

February 8, 2021

Subject: Determination of the Authority in the matter of Petition filed by Central Power Purchasing Agency (Guarantee) Limited (CPA-G) for Determination of Market Operation Fee for the FY 2019-20 (Case No. NEPRA/TRF-516/CPA-G-2019)

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority (27 pages) in Case No. NEPRA/TRF-516/CPA-G-2019.

2. The Determination is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The Order Part along with summary of directions of the Authority of the instant Determination are to be notified in the official Gazette.

Enclosure: As above


(Iftikhar Ali Khan)

Secretary
Ministry of Energy (Power Division)
'A' Block, Pak Secretariat
Islamabad

CC:

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



National Electric Power Regulatory Authority

(NEPRA)

DETERMINATION OF MARKET OPERATION FEE FOR THE FY 2019-20

UNDER

NEPRA TARIFF STANDARDS & PROCEDURE RULES - 1998

OF

CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED (CPPA-G)

Feb 8,
~~January~~, 2021

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DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY
CENTRAL POWER PURCHASING AGENCY (GUARANTEE) LIMITED (CPPA-G) FOR
DETERMINATION OF MARKET OPERATION FEE FOR THE FY 2019-20

CASE NO. NEPRA/TRF-516-2019

PETITIONER

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)

Shaheen Plaza, 73-West, Blue Area, Islamabad.

INTERVENER

NIL

COMMENTATOR

NIL

REPRESENTATION

- Chief Financial Officer
- DG HR and Admn.
- Technical & Finance Team

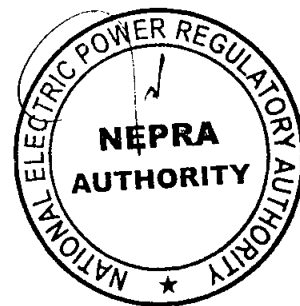
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ABBREVIATIONS

CPPA-G	Central Power Purchasing Agency (Guarantee) Limited
MoF	Market Operator Fee
FY	Financial Year
GOP	Government of Pakistan
MoE	Ministry of Energy
NTDCL	National Transmission & Despatch Company Limited
GWh	Giga Watt Hours
KV	Kilo Volt
Kw	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
O&M	Operation and Maintenance
PEPCO	Pakistan Electric Power Company
SRO	Statutory Regulatory Order
T&T	Transmission and Transformation Losses



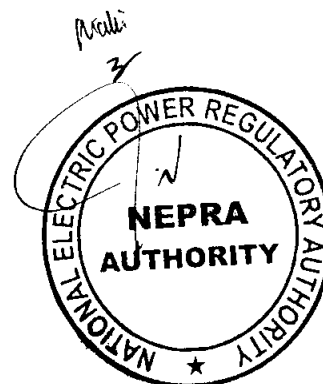
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1. Background

- 1.1. CPPA-G, hereinafter called "the Petitioner", filed petition for determination of its Market Operator Fee (MoF) for the FY 2018-19 in terms of Rule 3 and Sub-Rule 7 of the Tariff Standards & Procedure Rules-1998 ("the Rules") and in line with the Chapter 11 of the approved Commercial Code vide letter no. CPPA-G/2016/CEO/6985 dated 25 February, 2019.
- 1.2. CPPA-G in its Petition for the FY 2019-20 has requested the following reliefs :
 - ✓ To approve Market Operation Fee @ Rs.1.9388/kW/Month for the FY 2019-20.
 - ✓ For Immediate application of above mentioned Market Operations Fee under Sub-Rule 7 of Rule 4 of the NEPRA (Tariff Standards and Procedures) Rules, 1998.
 - ✓ Any other relief which the Authority deems fit.

2. Proceedings

- 2.1. In terms of rule 4 of the Rules, the Petition was admitted by the Authority in January 2020. While admitting the same, the Authority considered Petitioner's request for the immediate application of the proposed fee, under rule 4 (7) of the Rules, noted that market operator fees determined by the Authority for the FY 2018-19 is already being charged by the Petitioner during the period under consideration, therefore, the request of the Petitioner for immediate application of the proposed fee is not logical and does not merit consideration.
- 2.2. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter. However, hearing in the matter was held in June after easing out of the COVID-19 situation in the country.
- 2.3. The notice of admission / hearing was published in the newspapers on June 10, 2020 whereby hearing in the matter was scheduled on June 18, 2020 through ZOOM. Separate notices of admission and hearing were also sent to the interested parties under Rule 4(5)(6) of the Tariff Rules 1998. Comments/Replies and filing of intervention request; if any, were desired from the interested parties within 7 days of the publication.
- 2.4. Owing to the prevalent COVID-19 situation in the country, the hearing in the matter was held in June after easing out of situation of COVID-19. The notice of admission / hearing was published in the newspapers on June 10, 2020 whereby hearing in the matter was scheduled on June 18, 2020 through ZOOM. Separate notices of admission and hearing were also sent to the interested parties under Rule 4(5)(6) of the Tariff Rules 1998. Comments/Replies and filing of intervention request; if any, were desired from the interested parties within 7 days of the publication.



3. Filing of objections/ comments:

3.1. In response to the notice of hearing, neither any Intervention nor any comments were received.

4. Issues of the Hearing

4.1. On the basis of the pleadings, following issues were framed to be considered during the hearing and for presenting oral and documentary evidence;

- i. Whether the petitioner has complied with the directions of the Authority given in the earlier market operation fee determination?
- ii. Whether the Petitioner has complied with the direction given in chapter 11, clause 11.2 (Market Transaction Audit) of the commercial code/rule 14 (Accounting practices & Audit) of NEPRA (Market Operator Registration, Standards & procedures) Rules, 2015?
- iii. Whether the Petitioner has complied with the direction mentioned in chapter 10 (Reporting Mechanism) of the Commercial Code/Rule 8 (Submission of Annual Report) of the NEPRA Market Rules, 2015?
- iv. Whether the CPPA-G has complied with the terms and conditions of its registration?
- v. Whether the requested General Establishment Cost is justified?
- vi. Whether the requested Administrative Costs, Office Operations, Services & Maintenance, Insurance & Finance Charges are justified?
- vii. Whether the requested capital expenditure is reasonable and justified?
- viii. What is actual amount of investment incurred vis-à-vis allowed?
- ix. Whether the requested Prior Year Adjustment and Other Income is justified?
- x. Whether the request of the Petitioner to actualize (upwards/downwards) administrative cost costs based on financial statement for the FY 2019-20 is justified?
- xi. Any other issue that may come up during or after the hearing.

5. Hearing

5.1. Hearing in the matter was held on June 18, 2020 at NEPRA Tower Islamabad which was attended by the Petitioner and other stakeholders i.e. media, general public etc.

5.2. On the basis of the pleadings, record/evidence produced during the course of hearing and afterwards, the issue-wise findings of the Authority are given hereunder:

6. Whether the petitioner has complied with the directions of the Authority given in the earlier market operation fee determination?

6.1. The Authority gave certain directions to the Petitioner in its MoF determination for the FY 2018-19, which are discussed hereunder;

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- 6.2. **Expedite the process regarding basket price model and share the same with NEPRA.**
- 6.2.1. The Petitioner during the hearing submitted that Basket Price Model for the FY 2019-20 was shared with the Authority vide letter dated March 12, 2019, in response to which NEPRA conducted a consultative session wherein it was decided that CPPA-G will submit the updated references for the FY 2020-21 along with the future perspective of Basket price for next 5 years i.e. FY 2024-25. CPPA-G vide letter dated July 23, 2020 re-submitted the Power Purchase Price and End Consumer Tariff Outlook Report (FY 2021-30). CPPA-G submitted that it has developed the Report for FY 2021 with indicative End Consumer Tariffs up to FY 2030, which will assist the Authority in establishing the monthly references of Power Purchase Price for the year 2020-21 for DISCOs, based on their monthly Energy & Capacity demand projections, through a regulatory consultative process. Moreover, the report outlines the indicative end consumer tariff outlook up to FY-2030 for ready references and electricity price projections based on Indicative Generation Capacity Expansion Plan (IGCEP) report submitted to the Authority by NTDC.
- 6.2.2. The Authority observed that although CPPA-G has submitted its Power Purchase Price (PPP) forecast for the FY 2020-21, however, PPP references are required to be updated periodically in order to cater for the impact of upcoming addition in Generation, changes in demand pattern, and other variables like exchange rate parity, changes in local/ US CPIs, LIBOR/ KIBOR etc. In view thereof, CPPA-G is directed to submit its PPP forecast report updated every year after accounting for the aforementioned variables, for consideration of the Authority.
- 6.3. **To continue sharing progress on PPA Bifurcation and HR Development on quarterly basis**
- 6.3.1. The Petitioner submitted during the hearing that the bifurcated-PPA draft has been prepared by the consultants and is under internal review. Once the draft will be finalized, it will be shared with the Authority.
- 6.3.2. The Authority noted that CPPA-G during its Market Operation Fee proceedings for the FY 2018-19, submitted that bi-furcated PPA draft has been prepared and is under internal review and once approved by ECC, it is anticipated to be utilized for new generation contracts that may happen between mid of 2018 to June 2020 i.e. the Commercial Operations Date (COD) of the Competitive Trading Bilateral Contract Market (CTBCM). CPPA-G also submitted that with the assistance of ADB's consultants, during this transition time period to CTBCM will also prepare and get approved the Market based bi-furcated PPAs that will come in action from June 2020 i.e. with the COD of CTBCM.
- 6.3.3. The Authority has noted with concern that CPPA-G has again submitted that bifurcated-PPA draft is still under internal review and will be shared with the Authority once finalized. CPPA-G is thus directed to ensure submission of the finalized draft PPA to the Authority not later than 31st March 2020.
- 6.3.4. On the HR report, the Petitioner submitted that Progress report on HR Key developments for the year 2018-2019 has already been forwarded to NEPRA vide this office Letter No. CEO/CPPA-G/HR&A/4229-32 dated 28-8-2019 and report for the remaining quarters is in preparation process and will be compiled soon.

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- 6.3.5. The Authority has noted with concern that despite clear directions of the Authority, CPPA-G is not sharing its HR development Report with the Authority on quarterly basis. The last report shared by the Petitioner vide letter dated 28.08.2019 pertains to the quarter Apr-Jun 2019, and thereafter no report has been submitted to the Authority. In view thereof, the Petitioner is directed to submit its latest HR development Report to the Authority not later than 31st March 2021 and continue sharing its progress in this regard at the end of each quarter. The Petitioner is further directed to include department wise detail of employees, functions being performed by each department and plans for future recruitment, if any, along-with their proposed JDs etc. in its HR Report. In addition, CPPA-G to is also directed to provide composition of its Board of Directors, with brief profile of each member, basis of their appointment and their roles and responsibilities.
- 6.4. Provide a detailed report in terms of purchase of ERP software & license, its implementation, post Go-Live support & consultant level staff training, establishment of Data center, and web solutions including public assess, portals and email services etc. for consideration/ perusal of the Authority.
- 6.4.1. The Authority had directed CPPA-G in the tariff determination for the FY 2018-19 to provide a detailed report in terms of purchase of ERP software & license, its implementation, post Go-Live support & consultant level staff training, establishment of Data center, and web solutions including public assess, portals and email services etc. by December 31, 2019.
- 6.4.2. CPPA-G on the issue submitted that Report in this regard has been submitted to the Authority vide letter no. CPPA-G/2019/CIO/1390-92 dated: 23-09-2019. The Report, inter alia, states inauguration of CPPA Data Exchange Portal (CDXP), which provides a centralized and secure IT platform to connect the power sector stakeholders to interact and exchange data and information electronically. The CDXP would serve as foundation for development of Competitive Wholesale Electricity Market. With the online invoice submission module of the CDXP, all generation companies are submitting their invoices online, which are verified online and status of each invoice is being updated to the relevant power generation company through dashboard of CDXP. The Report also mentions launching of CPPA monitoring portal for the officials of Ministry of Energy and management of CPPA-G, providing information related to daily recovery position of DISCOs, payment made and liability position of all the Power Generators.
- 6.4.3. The Authority appreciates the efforts of the Petitioner in this regard and directs it to continue sharing its progress on ERP implementation in terms of Billing and Settlement Systems including utility specific solutions to deal with billing, settlement and payment mechanism, etc. for consideration of the Authority on quarterly basis. The Petitioner is also directed to ensure provision of monthly information to the Authority in terms of energy generated, billing, and collection etc. as per the prescribed formats, already shared with the Petitioner.
- 6.5. To finalize the agreement with NTDCL without further delay and submit a copy of the same to the Authority by December 31, 2019
- 6.5.1. The Authority directed the Petitioner in its Market Operation Fees for the FY 2018-19 to finalize the agreement with NTDCL regarding losses being incurred in excess of the



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Authority's allowed limit, without further delay and submit a copy of the same to the Authority by 31.12.2019.

6.5.2. The Petitioner during the hearing submitted that UoSC / T&T losses agreement is to be executed with NTDC, as per the Grid Code, 2015. NTDC is required to execute Connection Agreements with the DISCOs & K-Electric prior to the preparation and execution of the UoSC / T&T losses agreement. A draft UoSC/ T&T losses agreement has been prepared and after the connection agreement, the UoSC/T&T losses agreement would also be finalized.

6.5.3. The Authority had been directing the Petitioner since FY 2016-17 to enter into a formal agreement with NTDCL, wherein a mechanism for calculation of impact of excess losses over & above the Authority's allowed limit be clearly stipulated. CPPA-G shared the draft agreement during proceedings of its market operator fees for the FY 2017-18, however, the Authority has noted with concern that even after lapse more than two year, the same has not yet been finalized. In view thereof, the Petitioner is again directed to finalize the agreement with NTDCL without further delay and submit a copy of the final agreement with NTDCL not later than June 30, 2021. The Petitioner is also directed to submit a monthly reconciliation report of the T&T losses with NTDCL. Further, as decided during hearing of the instant petition filed by CPPA-G, the draft for the tripartite agreement finalized with IPPs be shared with the Authority before submission to ECC for approval.

6.6. **To ensure submission of a comprehensive report on the issue of circular debt on quarterly basis, highlighting the reasons thereof and the party wise breakup of amount payable and receivables in this regard**

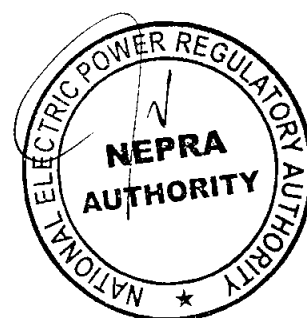
6.6.1. Regarding Circular debt, CPPA-G as per the circular debt reporting formats agreed in the Cabinet Committee on Energy (CCoE) in the meeting held on March 27, 2020, has started sharing monthly reports and the same is also presented by the Ministry of Energy in the CCoE meetings. However, CPPA-G is also directed to provide party wise breakup of amounts payable & receivables as per the following format on monthly basis, in addition to the circular debt reporting as per the agreed formats.

Sr.#	Company Name	Opening Payable/Receivable Amount	Billing During the Month	Amount Paid/Received during the Month	Balance Amount Payable/Receivable
1					
2					

6.6.2. At the same time, CPPA-G is also directed to share the Circular Debt handling plan prepared by the Ministry of Energy (Power Division) for perusal of the Authority.

6.7. **Reflect the costs incurred on account of legal fees/ litigation charges under a separate head and the said costs be made part of market operation fees, to get the same approved from the Authority.**

6.7.1. The Authority observed from the Capacity costs billed by CPPA-G to DISCOs that CPPA-G reflects the costs incurred on account of legal fees/ litigation charges in such capacity



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charges. The Authority accordingly directed CPPA-G to make these legal costs as part of its market operation fees and the same shall be got approved from the Authority.

- 6.7.2. CPPA-G during the hearing submitted that the legal/litigation fee is not part of CPPA-G Market Operations fee. CPPA-G being the agent of DISCOs doesn't book any of legal fees/Litigation fees because this expense is the liability of DISCOs as most of these Legal/Litigations matters are related to DISCOs. Thus, these expenses are directly charged to DISCOs through PPP Cost. The Authority in this regard is requested to allow the same.
- 6.7.3. The Authority understands that the legal fees incurred by CPPA-G not only includes charges on account of litigation carried out by CPPA-G on behalf of DISCOs but also includes costs incurred for litigation against various IPPs/ Generation companies regarding Capacity charges disputes, suits filed against NEPRA, arbitration carried out in international courts etc., therefore, CPPA-G is the concerned entity to provide all the relevant details in this regard. In view thereof, CPPA-G is directed to provide the detail of all legal cases against various entities including international arbitrations and their status and also those cases filed against NEPRA since July 2015 per below sample / format:

Sr.	Party	Case Initiation date	Court where case has been filed	Nature of Case	Quantum of Amount	Legal Fees
1	Orient Power	06-Jun-18	London, CIA	Capacity charges dispute	Rs.100 Million	Rs.10 Million

- 6.7.4. In addition to above, monthly report regarding LDs imposed on Generation Companies along-with reasons specifically pursuant to Section 9.4(b)(iii) and (c) of the 2002 Power Policy PPAs be submitted to the Authority.

6.8. **To ensure submission of Audited financial reports of every year in time.**

- 6.8.1. The Petitioner has submitted its annual reports for the period FY 2018-19, however, reports for the FY 2019-20 have not yet been provided. The Petitioner is directed to ensure submission of its Audited financial reports of every year in time.

7. **Whether the Petitioner has complied with the direction given in chapter 11, clause 11.2 (Market Transaction Audit) of the commercial code/rule 14 (Accounting practices & Audit) of NEPRA (Market Operator Registration, Standards & procedures) Rules, 2015?**

8. **Whether the Petitioner has complied with the direction mentioned in chapter 10 (Reporting Mechanism) of the Commercial Code/Rule 8 (Submission of Annual Report) of the NEPRA Market Rules, 2015?**

9. **Whether the CPPA-G has complied with the terms and conditions of its registration?**

- 9.1. The Petitioner submitted during the hearing that it is regularly sharing its financial statement / annual reports with the Authority. The Petitioner further submitted that it is also sharing its financial statement and CD / payables to IPPS and other required reports with market participants on regular basis.

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9.2. Regarding terms & conditions of its Registration, the Petitioner requested the Authority to conduct a separate hearing in this regard.

10. Whether the requested General Establishment Cost is justified?

10.1. The Petitioner has requested an amount of Rs.684.16 million under the head of General Establishment cost for the FY 2019-20. As per the Petitioner, the General Establishment Cost includes Pay & allowances, employees' benefits, trainings & capacity building and outsourcing consultancy services. A summary of the amount requested by the Petitioner for the FY 2019-20 vis a vis the amount allowed for the FY 2018-19 is as under;

Description	Rs. in Mln	
	FY 2018-19	FY 2019-20
	Allowed	Requested
General Establishment Costs		
Pay & Allowances	536.00	624.5
<i>Salaries & Wages</i>	434.60	453.86
<i>Employee Benefits</i>	71.53	104.42
<i>New Hiring</i>	29.86	66.22
Trainings and Capacity Building	20.00	35.27
Outsources consultancy Expenses	5.35	24.4
Total	561.35	684.17

10.2. Pay & Allowances

10.2.1. The Petitioner submitted that pay and allowances for the FY 2019-20 are proposed at Rs.624.5 million against the allowed amount of Rs.536 million for the FY 2018-19 based on projections of 10% increase over Basic pay of each employee, keeping in view pay scales structure already approved by the BoD of CPPA-G.

10.2.2. Regarding employees' benefits, the Petitioner submitted that it consists of provident fund, gratuity, earned leaves, EOBI, GLI, medical benefits and pension contribution obligation of deputation employees. These benefits of Rs.104.42 million are projected keeping in view the pay scales structure already approved by the BoD, CPPA-G.

10.2.3. The Petitioner on the issue of new hiring cost of Rs.66.22 million submitted that HR department has planned to fill vacant positions in various departments and the proposed hiring is expected to be completed by the end of 3rd Quarter of the FY 2019-20.

10.2.4. Considering the fact that FY 2019-20 for which the costs are being assessed has already lapsed, therefore, the Authority has decided to analyze the actual expenditure of the Petitioner for the FY 2019-20. As per the information provided by the Petitioner, its actual expenditure (provisional) for the FY 2019-20 under the head pay & allowances is around Rs.540 million as detailed below;



	Rs. in Mln
Description	FY 2019-20 (Provisional)
Pay & Allowances	443.54
Employee Benefits	78.24
Bonus	18.16
New Hiring Cost	-
Total	539.94

10.2.5. The Authority, considering the facts that cost under Pay & Allowances and benefits is incurred by CPPA-G as per the pay structure and the organogram approved by its Board of Directors, CPPA-G being a non-profit Federal entity, and the expenses represent actual cost incurred by CPPA-G, has decided to allow the amount of Rs.539.94 million under the head of Pay & Allowances and Benefits for the FY 2019-20. For new hiring, the Petitioner is directed to apprise the Authority regarding its plans for future recruitment, along-with their proposed JDs etc., before making any such hiring.

10.3. Training & Capacity Building

10.3.1. Regarding, Training & Capacity Building costs, the Petitioner has requested an amount of Rs.35.27 million for the FY 2019-20. The Petitioner while justifying the said cost submitted that it includes cost associated with training courses / workshops planned for the employees of CPPA-G, comprising of local and foreign training and capacity building. The Petitioner also submitted that its BoD has already approved the policy of capacity building of human resources by induction of management trainees, to move with future timeline mentioned in the market rules. The Petitioner further stated that as per the directions of the Authority, CPPA-G is conducting workshops / training programs like EMP for power sector stakeholders. In addition, the Petitioner submitted that the amount requested is in line with the previous trends and would be utilized mainly on the following training programs;

- ✓ IT department training regarding Network developer, Oracle Trainings, Microsoft Share Point, ISMS, ITIL, COBIT, PMP
- ✓ SMD department training consists of training regarding International Workshop for Power Sector Entities (Wholesale Competitive Power Market Design in Pakistan) (Legal, Policy, Regulatory and Institutional Framework) - Comparison with International Models, Courses on Power Market Development, trainings on international exchange, Participation in International Conferences on Market Development, Electricity Market Professional (EMP) Program at LUMS and Indigenous Workshops on Power Market Development for Power Sector Entities.

10.3.2. A scrutiny of the provided information by the Petitioner revealed that major chunk of the requested amount is for the Electricity Market Professional (EMP) Program at LUMS, involving training of all key stakeholders i.e. DISCOs, NTDC, NPCC, NEPRA and CPPA-G in terms of moving from single buyer market to competitive trading market. The remaining amount has primarily been requested for IT related trainings of the CPPA-G staff and Indigenous Workshops on Power Market Development and capacity building of employees.

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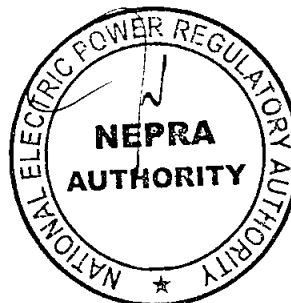
- 10.3.3. Considering the fact that the FY 2019-20 has already lapsed, the Authority, in order to have a fair assessment of the Petitioner's Training & Capacity building cost, decided to analyze the actual expenditure of the Petitioner in this regard for the FY 2019-20 in comparison with the actual expenditure incurred during the last year i.e. FY 2018-19.
- 10.3.4. As per the data submitted by the Petitioner its actual cost for the FY 2019-20 under the head Training & Capacity Building remained at around Rs.20.44 million, as compared to Rs.25.87 million for the FY 2018-19, thus, showing a reduction of about 21%. The major reason for this reduction could be non-completion of training programs such as Electricity Market Professional (EMP) Program owing to the COVID-19 situation.
- 10.3.5. In view of the above discussion and the fact that CPPA-G is a non-profit organization, and the expenses represent the actual costs incurred by CPPA-G, the Authority has decided to allow the amount of Rs.20.44 million for the Training & Capacity Building for the FY 2019-20 to the Petitioner against the amount of Rs.35.27 million requested by the Petitioner.

10.4. **Outsourced Consultancy**

- 10.4.1. The Petitioner under this head requested an amount of Rs.24.40 million for the FY 2019-20. The Petitioner while justifying its cost submitted that it includes costs relevant to the various HR consultancy services which are proposed to be outsourced in the FY 2019-20. These services mostly include outsourcing of Demand Forecast Consultant, Consultant Generation and Expansion Planning, Consultant System Operator Strengthening, Recruitment Firm, Information Security Management Systems Consultant for ISMS Certification (ISO 27001), Master Data Management Consultant for Data Preparation/ Data Institutionalization, Documentation Consultant for Preparing Documents/ formats of deliverables for Software Development Framework and tax consultant.
- 10.4.2. The Petitioner in addition vide email dated September 18, 2020 submitted that its actual cost under this head for the FY 2019-20 is around Rs.23.1 million, however, the Authority noted that sum of consultant wise breakup of costs data provided by the Petitioner works out as Rs.22.49 million as mentioned below;

Sr.	Name of Consultant	Purpose of Assignment	Hiring Date	Contract Period	Monthly Remuneration	Annual
1	Shahid Raheem	Revision of Regulatory Codes and facilitation in the matters related to SO	Mar 1, 2020	18 months	600,000	2,400,000
2	Bilal Ahmed	Facilitating in Demand Forecasting	Nov 14, 2019	18 months	600,000	4,540,000
3	Abdul Razaq	Facilitating in GEP (Generation Expansion Planning)	Jan 1, 2020	18 months	600,000	3,600,000
4	Info Tech Private Limited	Technical & Functional Support for ERP	May, 2019	12 months	567,294	6,807,531
5	Audit Oversight Board, Baker Tilly, Carbon8 (PVT) Limited, Nauman Associates Consulting Acturics & Others	Consultancy Services regarding Annual Supervision Fee, Tax Consultants, IAS-19 Actuarial Valuation of employee's Gratuity scheme of CPPA & Others	-	-	-	5,149,357
Total					2,367,294	22,496,888

- 10.4.3. It has also been observed from the provided data that "Info Tech Private Ltd." was hired on May 2019 for a period of 12 months meaning thereby its contract was supposed to expire on April 2020, however, the Petitioner has claimed the amount for the complete



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FY 2019-20, instead of 10 months. Based on the above, the Authority has decided to allow an amount of Rs.21.4 million keeping in view the actual cost of the Petitioner for the FY 2019-20, after deduction of 2 months of Info Tech Private Limited.

10.4.4. The said cost of Rs.21.4 million is being allowed on provisional basis, subject to submission of detailed Reports by CPPA-G for the assignments out carried out by the Consultants upon completion of their contract period.

10.4.5. In view of the discussion made in the preceding paras, the Petitioner is hereby allowed a total amount of Rs.581.74 million, under the head of General establishment costs for the FY 2019-20 as detailed below;

Rs. in Mln	
General Establishment Costs	FY 2019-20 (Allowed)
Pay & Allowances	443.54
Employee Benefits	78.24
Bonus	18.16
Training & Capacity Building	20.44
Consultancy Services	21.36
Total	581.74

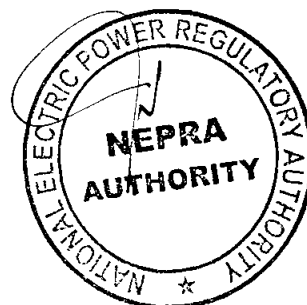
11. Whether the requested Administrative Costs, Repair & Maintenance, Insurance & Finance Charges are justified?

11.1. The Petitioner has requested an amount of Rs.199.35 million for the FY 2019-20 under the head of Administrative Costs, Repair & Maintenance, Insurance & Finance Charges, as per the following break-up;

Description	Rs. in Mln	
	FY 2018-19 Allowed	FY 2019-20 Requested
Administrative Costs		
Rent Rate, Taxes, Power Light, Communication etc.	87.50	111.79
Office Supplies, Stationery	5.85	6.53
Other Expenses	25.70	42.79
Sub-Total	119.05	161.11
Repair & Maintenance		
Repair and Maintenance	12.00	25.64
Vehicle Expenses Repair, Fuel & Oil	7.02	7.70
Sub-Total	19.02	33.34
Insurance & Financial Charges	1.51	4.90
Grand Total	139.58	199.35

Administrative Costs

11.2. The Administrative costs, as per the Petitioner, includes rent, rate and taxes, power light, communication, office supplies and other expenses, Sports & Recreation/ Entertainment,



travelling expenses, BoD and Auditor Fees and other general miscellaneous expenses. The break-up of the requested amount of Rs.161.11 million for the FY 2019-20, as provided by the Petitioner, is as under;

Description	Rs. in Mln	
	FY 2018-19 Allowed	FY 2019-20 Requested
Administrative Costs		
Rent Rate, Taxes, Power Light, Communication etc.	87.50	111.79
Office Supplies, Stationery	5.85	6.53
Other Expenses	25.70	42.79
Total	119.05	161.11

- 11.3. Regarding Rent, Rate & Taxes, the Petitioner submitted that it includes expenses that are mainly related to building rent, paid for occupying office space to carry out CPPA-G operations. The Petitioner further submitted that out of total requested increase of 42.06 million for administrative expenses, major portion of around Rs.19.47 is for Rental charges. It has also been stated that in the FY 2018-19, the amount of rent for CPPA-G office in Blue Area Islamabad was assumed for 9 months, which has now been considered for 12 months period with increase of 5%, as per the Rental contract, over the last year rent, resulting in increase of Rs.19.47. The Petitioner further submitted that it holds around 2,325 and 1,589 square feet space in WAPDA house and Sunny view Lahore respectively, for which rent has been estimated as Rs.4.7 million. Thus, the total amount required for rent, rate and taxes is Rs.86.62 million for the FY 2019-20.
- 11.4. Regarding power light and water, the Petitioner stated that in order to estimate expenses, the electricity bill is assumed @ 1 million p/m whereas, water and gas expenditure are assumed around 0.2 million, thus resulting in total cost of around Rs.12.24 million for the FY 2019-20.
- 11.5. Regarding Communication, it has been submitted by the Petitioner that these charges mainly included expenses relevant to telephone charges, employees' cell phone charges, internet charges, courier services charges for external communication through letters. The Petitioner also stated that keeping in view the historical trend and cell phone charges limits allowed to each employee, an amount of Rs.12.94 million is proposed for the FY 2019-20.
- 11.6. The Petitioner regarding Office supplies, printing & Stationery, submitted that it comprises of general day to day operational expenses, for which Rs.6.53 million has been projected for the FY 2019-20.
- 11.7. Regarding Other administrative expenses, the Petitioner submitted that this head includes cost of outsourcing services, entertainment, recreation activities, advertisement and publications, subscription & periodicals, travelling fee, BOD and auditor fee and other general miscellaneous expenses. The Petitioner has requested an amount of Rs.42.79 million under this head for FY the 2019-20.
- 11.8. The Authority considering the fact that the FY 2019-20 has already lapsed, decided to analyze the actual expenditure incurred by the Petitioner in this regard. The Petitioner provided the following detail of its actual expenses under these heads for the FY 2019-20;

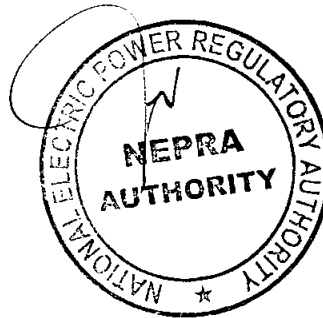


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Rs. in Mln	
Description	FY 2019-20 (Provisional)
Rent Rate & Taxes	83.58
Power Light etc.	9.44
Communication	10.10
Office Supplies & Other Expenses	9.20
Entertainment	1.30
Travelling Expenses	8.45
BOD and Auditor Fee	17.18
Outsourcing Services	3.36
Advertisement, Publications	2.30
Subscription & Others	2.30
Total	144.90

- 11.9. The Authority on the issue of Rent, Rate and Taxes observed that for the CPPA-G head office in Islamabad, the Petitioner has already provided its lease agreement which entails annual increase of 5%. Since the Building was rented in October 2018, the rent for the first three month of FY 2019-20 needs to be considered without applying thereon the impact of 5% increase being still in the first year of agreement, however, for the remaining nine months of the FY 2019-20, the rent needs to be enhanced by 5%. For the space occupied by the Petitioner at Lahore i.e. 2,325 and 1,589 square feet space in WAPDA house and Sunny view Lahore respectively, the Authority has decided to consider the rental amount as proposed by the Petitioner.
- 11.10. In view thereof, the Authority considers the amount requested by the Petitioner for the FY 2019-20 i.e. Rs.83.58 million as reasonable, keeping in view the relevant clauses of the Tenancy Agreement. The Authority has therefore, decided to allow the amount of Rs.83.58 million on account of Rent, rates & taxes to the Petitioner for the FY 2019-20.
- 11.11. For the remaining heads i.e. Communication, Office Supplies, Travelling, Power & light, Advertisement, Publication & Subscription, Representative & Entertainment, BoD Fee etc. the Authority keeping in view the request of the Petitioner, Inflationary impacts and comparison of actual expenses incurred during the FY 2019-20 vis a vis cost allowed for the FY 2018-19, has decided to allow the following amounts for the FY 2019-20;



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Rs. in Mln	
Description	FY 2019-20 Allowed
Power Light etc.	9.44
Communication	7.28
Office Supplies & Other Expenses	6.53
Entertainment	1.30
Travelling Expenses	5.66
BOD and Auditor Fee	17.18
Outside Service employed	3.36
Advertisement, Publications	2.30
Subscription & Others	
Total	53.04

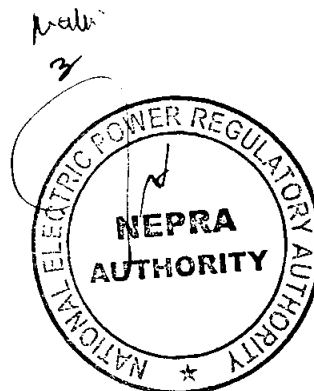
- 11.12. In view of the above discussion, the Petitioner is allowed a total amount of Rs.136.62 million under the head "Administrative expenses" including rent, rate, taxes, Communication, Office Supplies, Travelling, Power & light, Advertisement, Publication & Subscription, Representative & Entertainment, Travelling, BoD Fee etc. for the FY 2019-20.

Insurance and Financial Charges

- 11.13. Regarding insurance and financial charges, the Petitioner submitted that that insurance expenses of Rs.2.5 million are requested @ 3% of various I.T equipment's i.e. Laptops/Desktops, Data Center Hardware, Printers, Equipment for Networking, Video Conferencing Solution & etc. The Financial charges are normal bank charges, charged by banks against total transactions / projected payments of over Rs.1.5 trillion, which have been projected as Rs.2.4 million for the FY 2019-20.
- 11.14. The Authority considering the fact that FY 2019-20 has already lapsed, decided to allow the actual cost incurred by the Petitioner in this regard. The actual cost, as per the information provided by the Petitioner, is Rs.0.09 million and Rs.0.89 million for the Insurance charges and Financial Charges respectively for the FY 2019-20. Accordingly, the same is hereby allowed for the FY 2019-20.

Repair and Maintenance

- 11.15. The Petitioner regarding Repair Maintenance has stated that it includes expenses of repair and maintenance of furniture, office equipment & vehicle, repair and maintenance of IT equipment, I.T services and running cost of vehicle including fuel, oil and lubricants and annual fee and token taxes. The Petitioner accordingly has requested an amount of Rs.33.34 million for the FY 2019-20. The Petitioner during the hearing provided the following break-up of the requested amount;



Description	Mln. Rs.		
	FY 2018-19 Allowed	Actual	FY 2019-20 Requested
R& M General		3.31	2.62
I.T Services (Email Services, Internet Expansion, Software Renewals, Toners & etc)	12.00	3.70	19.33
Vehicle Expenses Repair		4.19	3.68
Vehicle Expenses-Fuel & Oil (Running Cost)	7.02	4.62	6.80
Vehicle Expenses-License		0.22	0.90
Grand-total	19.02	16.04	33.34

- 11.16. For analysis purpose, a comparison of the Petitioner's allowed & actual costs for the FY 2018-19 and amounts requested & actually incurred during the FY 2019-20 has been carried out. The comparison reveals that actual R&M costs for General & I.T Services for the FY 2019-20 is around Rs.17.11 million as against actual cost of Rs.7.01 million for the FY 2018-19. Thus showing an increase of 144% over actual cost of FY 2019-20. Since no detailed workings / justification has been given by the Petitioner for such huge increase, the Authority has decided to allow for the FY 2019-20, the impact of inflationary increase over the actual cost incurred during the FY 2018-19. Accordingly, the Petitioner is allowed an amount of Rs.7.61 million for R&M of its General & I.T Services.
- 11.17. For the remaining heads, like Vehicle repairs, Fuel & Oil etc., which are not as such linked with inflation, rather with prices of Fuel etc., the Authority has decided to allow the actual cost incurred by the Petitioner in these heads for the FY 2019-20 i.e. Rs.9.95 million.
- 11.18. Based on the above, the Petitioner is allowed a total amount of Rs.17.56 million under the head of Repair & Maintenance for the FY 2019-20 as detailed below;

Description	Rs. in Mln
	FY 2019-20 Allowed
R&M General	7.61
R&M I.T	
Vehicle Expenses Repair	3.63
Vehicle Expenses-Fuel & Oil	6.01
Vehicle Expenses-License	0.31
Total	17.56

- 11.19. In view of the foregoing discussion, the Petitioner is hereby allowed a total amount of Rs.155.15 million under the head of Administrative Costs, Repair & Maintenance, Insurance & Finance Charges for the FY 2019-20 as detailed below;



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Rs. in Mln	
Description	FY 2019-20 Allowed
Administrative Costs	
Rent Rate & Taxes	83.58
Power Light etc.	9.44
Communication	7.28
Office Supplies & Other Expenses	6.53
Entertainment	1.30
Travelling Expenses	5.66
BOD and Auditor Fee	17.18
Outside Service employed	3.36
Advertisement, Publications Subscription & Others	2.30
Total	136.62
Repair & Maintenance	
R&M General	7.61
R&M I.T	
Vehicle Expenses Repair	3.63
Vehicle Expenses-Fuel & Oil	6.01
Vehicle Expenses-License	0.31
Total	17.56
Insurance & Financial charges	0.97
Grand Total	155.15

11.20. The request of the Petitioner for actualization of the allowed costs has been discussed as a separate issue. However, the Petitioner is directed to get its Market Operation Fee approved from the Authority well in time in order to ensure that its actual expenses do not exceed the limits approved by the Authority.

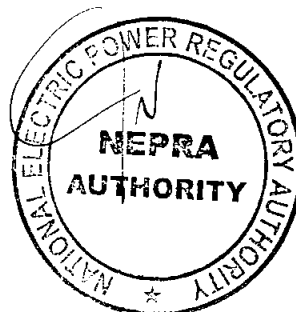
12. Whether the requested capital expenditure is reasonable and justified?

13. What is actual amount of investment incurred vis-à-vis allowed?

13.1. The Petitioner requested an amount of Rs.53.17 million as CAPEX for the FY 2019-20 for its IT & software and new office space renovation. The Petitioner during the hearing provided breakup of the requested amount for the FY 2019-20 viz a viz the amount allowed / requested for the FY 2018-19 as under;

Description	Min. Rs.		
	FY 2018-19 Allowed	Actual	FY 2019-20 Requested
IT Equipment & Software	40.90	39.43	18.17
Office Space Renovation	79.86	36.28	35.00
Total	120.76	75.71	53.17

13.2. The Petitioner regarding CAPEX for the IT Equipment and Software stated that the ERP Financial including utility specific solutions to deal with billing, settlement and payment mechanism will tremendously improve CPPA-G's capability to operate more effectively and also bring more transparency to market operation and provide timely information to all market participants. The Petitioner further submitted that the proposed expenses for

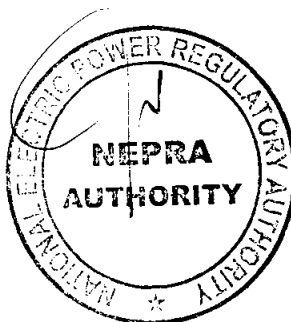


the IT equipment includes Data Institutionalization and Publishing, IT Infrastructure Transformation, Operational Software's, ERP Implementation (Extension), IT Management Solutions, record management, video conference solution, In-house Application Development Environment and data center. The Petitioner accordingly requested an amount of Rs.18.17 million in the head of IT software's /equipment, with the following breakup;

CPPA-G - IT Budget 2019-2020 (CAPEX)					
Sr./Target	Actions	Amount	Qty	Total	
1	Strategic Target 7: IT Infrastructure Transformation	Laptops Core-i7, 8GB RAM, 512 SSD Hard Disk or latest SPECS	143,000	34	4,862,000
		Power Backup Solution (Online) for Access Switch 2kVA	200,000	12	2,400,000
		Storage	2,000,000	1	2,000,000
		DB Vault	3,800,000	1	3,800,000
				13,062,000	
2	Operational Softwares	Office 365 E3 Purchase of (30) Additional Licenses	2,000,000	1	2,000,000
	Total:			2,000,000	
		Misc Software (Visual Studio+Illustrator All Apps, Network Peromance/ Monitring System)	1,108,000		1,108,000
	Total:			1,108,000	
3	Record Management	Phisical Archiving	2,000,000		2,000,000
		Total:			2,000,000
	Total Budget:				18,170,000

- 13.3. The Petitioner regarding office space renovation & other CAPEX stated that the Authority had allowed an amount of Rs.79.86 million in the head of office space & renovation in the determination for the FY 2018-19, out of which it utilized an amount of Rs.36.28 million in FY 2018-19. The Petitioner accordingly requested the Authority to allow carry forwarding of the balance amount of Rs.43.58 million in the FY 2019-20, so that the remaining renovation work could be completed. The Petitioner for the FY 2019-20 also submitted that for smooth operations of CPPA-G office, a backup electricity supply generator is required, therefore for the Generator and other misc. CAPEX, an amount of Rs.35 million may be allowed for the FY 2019-20, in addition to the amount of Rs.43.58 million to be carried forward.
- 13.4. Here it is pertinent to mention that in the Market Operation Fee for the FY 2018-19, the Authority allowed an amount of Rs.79.864 million to the Petitioner for the office renovation for the FY 2018-19, and decided that it may consider to revise the allowed amount once the actual expenditure of the Petitioner as per its Audited financial statements for the FY 2018-19 are available. The Petitioner was also directed to provide the documentary evidence along-with complete details/ justification of the amount incurred.
- 13.5. The Petitioner during the hearing of instant petition provided the following detail of its actual CAPEX vis-à-vis amount allowed for the FY 2018-19;

Description	Rs. in Mln	
	FY 2018-19	
	Alloc	Actual
ITEquipment & Software	40.90	39.43
Office Space Renovation	79.86	36.28
Total	120.76	75.71



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- 13.6. The Petitioner afterwards also submitted details of its actual CPAEX for the FY 2019-20, as mentioned hereunder, as the period for which the amount is being requested has already lapsed;

Rs. in Mln	
Capex	FY 2019-20 (Provisional)
I.T Equipment	11.48
Office Space Renovation	44.87
Total	56.35

- 13.7. The Authority from the given information noted that the Petitioner incurred a total CAPEX of Rs.81.15 million for the Office Space Renovation both during the FY 2018-19 & FY 2019-20 i.e. Rs.36.28 million in the FY 2018-19 and Rs.44.87 million in FY 2019-20, against the allowed amount of Rs.79.86 million. However, despite the Authority's clear directions, no documentary evidence along-with complete details/justification of amount incurred has been submitted. The Authority therefore, has decided not to allow the additional amount of Rs.1.29 million, incurred over and above the already allowed amount of Rs.79.86 million for the FY 2018-19 and again directs the Petitioner to provide documentary evidence along with complete details/justification of amount incurred. Hence, no amount for CAPEX for office space renovation is being allowed for the FY 2019-20, and only the balance amount of Rs.43.58 million available from the already allowed CAPEX during the FY 2018-19, is being carried forward.
- 13.8. For the CAPEX requested under the head of I.T equipment & Software i.e. Rs.18.17 million, the Authority observed that actual cost incurred by the Petitioner in this regard during FY 2019-20 remained at Rs.11.48 million. Accordingly, the Authority has decided to restrict the CAPEX for I.T Equipment to the tune of actual expenditure i.e. Rs.11.48 million for the FY 2019-20, instead of requested amount of Rs.18.17 million.
- 13.9. In view of the foregoing discussion, the Petitioner is hereby allowed a total CAPEX of Rs11.48 million for the FY 2019-20.

14. Whether the requested Prior Year Adjustment (PYA) and Other Income is justified?

- 14.1. The Petitioner has requested a negative PYA of Rs.53.56 million and Other income of Rs.281.31 million for the FY 2019-20. Regarding Other Income, the Petitioner has not provided any reasoning for the requested amount either in its petition or afterwards.
- 14.2. For the Prior Year Adjustment, the Petitioner submitted that the Authority allowed an amount of Rs.391.93 million (Rs.1.3894 /kW/M) net of other income, to meet the Revenue Requirement for the FY 2018-19. The Petitioner also stated that the Authority in its Market Fee determination for the FY 2018-19, mentioned to actualize the allowed amounts based on actual results of the FY 2018-19, therefore the determined revenue requirement for the FY 2018-19 has been actualized keeping in view the actual results of FY 2018-19, to work out the upward / downward revision in the allowed tariff. The Petitioner provided the following working of its PYA for the FY 2018-19;



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FY 2018-19			
Determined	1.3894	23.507	391.93
Recovery	1.4510	23.593	415.39
			(23.46)
O&M Expenses			
Determined	700.93		
Actual	<u>674.47</u>		(26.46)
Other Income			
Determined	(309.62)		
Actual	<u>(334.93)</u>		(25.31)
Tax			
Determined	162.01		
Actual/ Provisional	<u>183.68</u>		21.67
PYA for FY 2018-19			(53.56)

- 14.3. Here it is pertinent to mention that the Authority in the Market fee determination of the Petitioner for the FY 2018-19, allowed actualization to the extent of Pay & Allowances portion, CAPEX and Other income only, once the Audited accounts of the Petitioner for the FY 2018-19 are available.
- 14.4. Regarding Other Income for the FY 2018-19, the Authority noted that the Petitioner has claimed its Other Income as Rs.334.93 million, however, as per the Financial Statements of the Petitioner for the FY 2018-19, its actual Other income is Rs.334.09 million (interest income). Accordingly, for working out the PYA of the Petitioner for the FY 2018-19, actual Other income of Rs.334.09 for the FY 2018-19 has been used.
- 14.5. Regarding actualization of CAPEX, as discussed earlier under the issue of CAPEX, the Petitioner was allowed an amount of Rs.79.86 million for its office space renovation for the FY 2018-19, however, it only spent an amount of Rs.36.28 million in the FY 2018-19. The remaining amount of Rs.43.58 million has thus been allowed to be carried forwarded to the FY 2019-20, therefore, no adjustment in this regard has been made in the PYA. For the remaining CAPEX of Rs.40.90 million, allowed for the FY 2018-19 for IT Equipment & Software, the amount of Rs.1.43 million, which the Petitioner did not spend during the FY 2018-19 has been adjusted back through PYA.
- 14.6. For the remaining heads, the amount allowed for the FY 2018-19 was to be considered as maximum cap, subject to its downward revision only, if the actual expenditure of the Petitioner remains lower than the allowed amount, however, the Petitioner has actualized its entire O&M costs. Therefore, for the purpose of calculation of PYA, the amount allowed for all such heads has been clubbed together, but since the actual expenditure of the Petitioner remained higher than the amount allowed for the FY 2018-19 by Rs.0.89 million, therefore, no adjustment in this regard has been allowed.
- 14.7. The Authority has been allowing Tax as a pass through to CPPA-G, therefore on similar lines, the amount of Tax paid has been actualized while working out the instant PYA. The Authority, while going through the PYA workings provided by the Petitioner observed that the Petitioner requested a positive amount of Rs.21.67 million as tax actualization, wherein, Rs.162.01 million has been assumed as the amount allowed and Rs.183.68 as



actual/provisional amount of Tax paid. The Authority, however, noted that the Petitioner was only allowed an amount of Rs.14.07 million under the head of Tax for the FY 2018-19, and not Rs.162.01 million as mentioned by the Petitioner. Moreover, a review of the financial statements of the Petitioner for the FY 2018-19, revealed that actual tax paid is Rs.30.11 million as against Rs.183.68 million claimed by the Petitioner. Therefore, while working out the PYA of the Petitioner for the FY 2018-19, the correct numbers of tax allowed and paid has been considered.

- 14.8. Based on the discussion made above, the Petitioner's PYA pertaining to the FY 2018-19, has been worked out as negative Rs.60.74 million as against the amount of Rs.53.56 million claimed by the Petitioner, as detailed below;

			Rs. In Min
FY 2018-19			
Determined	1.3894	23,507	391.92
Recovery	1.4610	23,694	415.40
Over Recovered			(23.48)
Pay and Allowance			
Determined			536.00
Actual			508.64
			(27.35)
Other Income			
Determined			(309.62)
Actual			(334.09)
			(24.47)
CAPEX FY 19			
Determined			40.90
Actual			39.43
			(1.47)
Tax			
Determined			14.07
Actual / Provisional			30.11
			16.04
PYA for FY 2018-19			(60.74)

15. Other Income

- 15.1. Regarding assessment of Other Income for the FY 2019-20, since the FY 2019-20 has already lapsed, the Petitioner provided its actual other income for the FY 2019-20, which as per the Petitioner is Rs.450.738 million. The same is hereby allowed to the Petitioner for the FY 2019-20, subject to its actualization once the Audited accounts of the Petitioner are available for the FY 2019-20.

16. Whether the request of the Petitioner to actualize (upwards/downwards) administrative cost costs based on financial statement for the FY 2019-20 is justified?

- 16.1. The Petitioner has requested that considering CPPA-G being a non-profit organization, its administrative costs being allowed for the FY 2019-20, may be actualized (upward /downward) upon finalization of its audited financial statements of the FY 2019-20.

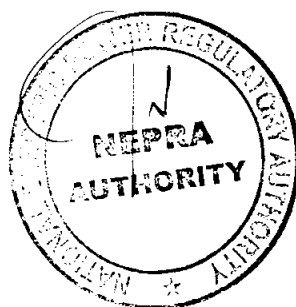


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- 16.2. Although, the Petitioner has requested to actualize all of its administrative costs, however, the Authority has decided to consider actualization of costs only to the extent of Pay & Allowances part, CAPEX, Tax payments and Other income, once the Audited Financial Statements of the Petitioner for the FY 2019-20 are available. For the remaining heads, the amount allowed in aggregate, shall be considered as the maximum cap, subject to its downward revision only, if the actual expenditure of the Petitioner in total, remains lower than the amount allowed.
- 16.3. Based on the assessments made in the preceding paragraphs the Market Operation fee of the Petitioner for the FY 2019-20 is assessed as per the following details;

Revenue Requirement (Mln. Rs.)	236.90
Avg. monthly MDI (MW)	23,640
Market Operation Fee (Rs. /kW/M)	0.8351

Description	FY 2019-20
	Amount Allowed (Rs. in Mln)
General Establishment Costs	581.74
Pay & Allowances	539.94
Salaries & Wages	443.54
Employee Benefits	78.24
Bonus	18.16
Trainings and Capacity Building	20.44
Outsources consultancy Expenses	21.36
Administrative Costs	136.62
Rent Rate & Taxes	83.58
Power Light etc.	9.44
Communication	7.28
Office Supplies & Other Expenses	6.53
Advertisement, Publications & Subscription	2.30
Representation & Entertainment	1.30
Travelling Expenses	5.66
Professional Fee & BOD Fee	17.18
Outside Service Employed	3.36
Repair & Maintenance	17.56
R&M General & IT Services	7.61
Vehicle Expenses Repair	3.63
Vehicle Expenses-Fuel & Oil	6.01
Vehicle Expenses-License	0.31
Insurance	0.09
Finance Charges	0.89
CAPEX	11.48
IT Equipment & Software	11.48
Total	748.37
Other Income	(450.74)
Prior Year Adjustment (PYA)	(60.74)
Net Revenue Requirement	236.90



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17. **ORDER**

- I. The Central Power Purchasing Agency Guarantee (CPPA-G) is hereby allowed to charge such fee on such terms and conditions as provided hereunder:
- II. Central Power Purchasing Agency Guarantee (CPPA-G), for provision of Market Operator and allied services, is allowed to recover its assessed fees for the FY 2019-20 on the following rates, based on average monthly MDI of 23,640 MW for the FY 2019-20.

Market Operator Fee (MOF) = Rs. 0.8351/kW/month

- III. CPPA-G shall charge the DISCOs, a transfer charge for procuring power from approved generating companies & its delivery to DISCOs for a billing period as under;

$$TP = CTP_{(Gen)} + UOSC_{(Trans)} + MOF + ETP_{(Gen)}$$

Where:

- TP = Transfer Price to XWDISCOs or any other Market Participant
- $CTP_{(Gen)}$ = Capacity Transfer Price to XWDISCOs or any other Market Participant in Rs./kW/Month
- $UOSC_{(Trans)}$ = Use of System Charge to XWDISCOs or any other Market Participant in Rs./kW/Month
- MOF = Market Operator Fee to XWDISCOs or any other Market Participant in Rs./kW/Month
- $ETP_{(Gen)}$ = Energy Transfer Price to XWDISCOs or any other Market Participant in Rs./kWh
- $CTP_{(Gen)}$ = $\frac{GenC}{PD(sys)}$
- $UOSC$ = $\frac{USCF}{PD(sys)}$

Where:

- $GenC$ = Summation of the Capacity Cost pertaining to generation in Rupees for a billing period minus the amount of liquidated damages received during that billing period.
- $USCF_{(Trans)}$ = NTDC transmission charge in Rupees for a billing period.
- MOF = CPPA-G market operator charges in Rupees for a billing period.
- $PD(sys)$ = Peak Demand of the System recorded during a billing period in kW.



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Note : To calculate the CTP ,UOSC and MOF in Rupees for each XWDISCOs or any other Market Participant for a billing period, the rate of CTP, UOSC and MOF will be further multiplied by the particular XWDISCO or any other Market Participant demand recorded at the time of system peak in kW.

$$ETP = \frac{GenE}{EUs}$$

Where:

GenE = Total Energy charge in Rupees during a billing period.

EUs = Energy units (kWh) recorded at the Common Delivery Metering Points of all the DISCOs or any other Market Participant during a billing period.

- IV. CPPA-G shall, for the purpose of clarity intimate to all XWDISCOs or any other Market Participant the generation part of the Transfer Charge, during a billing period, by deducting from the Transfer Charge, the Transmission Charge or Use of System Charges of NTDCL and the Market Operator fee of CPPA-G.
- V. The following generation entities and extraneous sources of import of electricity stand approved who would be providing electric power to CPPA-G for onward delivery to the XWDISCOs or any other Market Participant;
- i. All Hydroelectric Generating Stations owned and operated by WAPDA.
 - ii. Chashma Nuclear Power Generating Station.
 - iii. All IPPs selling power to WAPDA under a long-term contract for which sovereign guarantees have been provided by the Federal Government.
 - iv. The thermal generation companies formed out of unbundling of WAPDA for a period up-to 01.07.2009 or till the Competitive Market Operation Date determined by the Authority (whichever is later).
 - v. Other generation entities (in the public sector, private sector or under public-private partnership, initiated, sponsored or developed by the Federal Government or any Provincial Government) approved by NEPRA to provide power to CPPA-G for onward delivery to the XWDISCOs or any other Market Participant for a specific period.
 - vi. Sources of electricity imported from another country or the territory of Azad Jammu and Kashmir under an approval of the Federal Government for provision of power to meet the demand of any or all of the XWDISCOs or any other Market Participant as approved by NEPRA.
 - vii. Electricity purchased by CPPA-G from any generation company within Pakistan through Power Purchase Agreement pursuant to NEPRA Interim Power Procurement Regulations, 2005.



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18. Summary of Directions

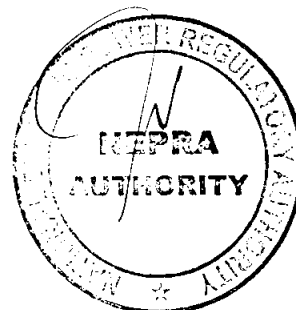
The directions of the Authority given in the instant determination are mentioned hereunder for strict compliance by the Petitioner. The Petitioner is directed to;

- i. Submit its Power Purchase Price (PPP) forecast report updated every year after accounting for upcoming addition in Generation, changes in demand pattern, and other variables like exchange rate parity, changes in local/ US CPIs, LIBOR/ KIBOR etc., for consideration of the Authority.
- ii. Submit its latest HR development Report to the Authority not later than 31st March 2021 and continue sharing its progress in this regard at the end of each quarter and also to include department wise detail of employees, functions being performed by each department and plans for future recruitment, if any, along-with their proposed JDs etc. in its HR Report.
- iii. Provide composition of its Board of Directors, with brief profile of each member, basis of their appointment and their roles and responsibilities.
- iv. Ensure provision of monthly information to the Authority in terms of energy generated, energy, capacity & other charges, and payments etc. as per the prescribed formats, already shared with the Petitioner, including Fuel stocks held at each Power Plant on monthly basis. CPPA-G is also directed to submit complete details for deviation from EMO, showing hourly generation along-with financial impact for deviation from EMO, and the reasons thereof, in coordination with NPCC, while submitting the monthly FCA data.
- v. Finalize the agreement with NTDCL without further delay and submit a copy of the final agreement with NTDCL not later than June 30, 2021.
- vi. Submit monthly reconciliation report of the T&T losses with NTDCL.
- vii. Share draft of the tripartite agreement finalized with IPPs, with the Authority before submission to ECC for approval.
- viii. Provide party wise breakup of amounts payable & receivables as per the following format on monthly basis, in addition to the monthly circular debt reporting as per the agreed formats.

Sr.#	Company Name	Opening Payable/Receivable Amount	Billing During the Month	Amount Paid/Received during the Month	Balance Amount Payable/Receivable
1					
2					

- ix. Share the Circular Debt handling plan prepared by the Ministry of Energy (Power Division) for perusal of the Authority.
- x. Provide the detail of all legal cases against various entities including international arbitrations and their status and also those cases filed against NEPRA since July 2015 on the below format:

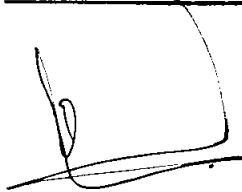
Mulla



Sr.	Party	Case Initiation date	Court where case has been filed	Nature of Case	Quantum of Amount	Legal Fees
1	Orient Power	06-Jun-18	London, CIA	Capacity charges dispute	Rs.100 Million	Rs.10 Million

- xi. Provide monthly report regarding LDs imposed on Generation Companies along-with reasons specifically pursuant to Section 9.4(b)(iii) and (c) of the 2002 Power Policy PPAs.
 - xii. Ensure submission of its Audited financial reports of every year in time.
 - xiii. Apprise the Authority regarding its plans for future recruitment, along-with their proposed JDs etc., before making any such hiring.
 - xiv. Share detailed plan for complete digitization of whole record, invoices as well as correspondence since the start of each Project along-with timelines.
 - xv. Shift its entire office setup at Islamabad by June 30, 2021.
19. The order part along-with summary of directions of the Authority of the instant determination are intimated to the Federal Government for notification in the official gazette under Section 31(7) of the NEPRA Act.

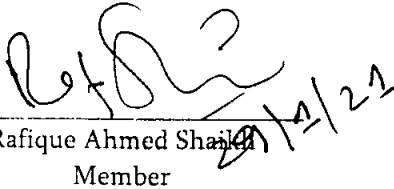
AUTHORITY



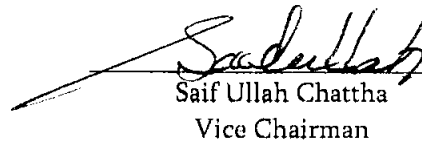
Engr. Bahadur Shah
Member



Rehmatullah Baloch
Member

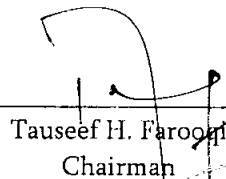


Rafique Ahmed Shaikh
Member

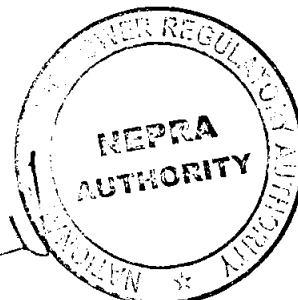


Saif Ullah Chattha
Vice Chairman

25.1.2021



Tauseef H. Farooq
Chairman



8-2-21