



**Registrar**

# **National Electric Power Regulatory Authority**

## **Islamic Republic of Pakistan**

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No. NEPRA/R/ADG(Tariff)/TRF-611/CPPA-G/2023-24/ 9734-37

June 27, 2024

**Subject: 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 2023-24 [Case No. NEPRA/TRF-611/CPPA-G-2023-24]**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority (total 35 Pages) in Case No. NEPRA/TRF-611/CPPA-G/2023-24.

2. The Decision 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 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of the NEPRA Act.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

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

**Copy to:**

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad



*Determination of the Authority in the matter of petition filed by CPPA-G  
for determination of Market Operation Fee for the FY 2023-24*

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National Electric Power Regulatory Authority

(NEPRA)

DETERMINATION OF MARKET OPERATION FEE FOR THE FY 2023-24

UNDER

NEPRA TARIFF STANDARDS & PROCEDURE RULES - 1998

OF

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

27<sup>th</sup> June, 2024

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*Determination of the Authority in the matter of petition filed by CPPA-G  
for determination of Market Operation Fee for the FY 2023-24*

**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 2023-24**

**CASE NO. NEPRA/TRF-611/CPPA-G/2023-24**

**PETITIONER**

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

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

**INTERVENER**

Nil

**COMMENTATOR**

Nil

**REPRESENTATION**

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



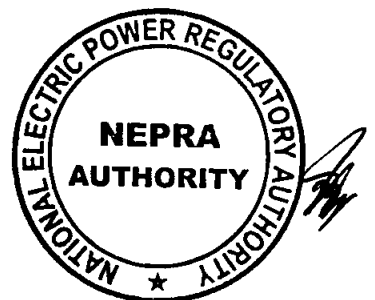


*Determination of the Authority in the matter of petition filed by CPPA-G  
for determination of Market Operation Fee for the FY 2023-24*

**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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*Determination of the Authority in the matter of petition filed by CPPA-G  
for determination of Market Operation Fee for the FY 2023-24*

1. **Background**

- 1.1. CPPA-G, hereinafter called "the Petitioner", filed a petition for determination of its Market Operator Fee (MoF) for the FY 2023-24 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.
- 1.2. CPPA-G in its Market Operation Fee Petition requested following reliefs for the FY 2023-24:
- To approve the Market Operation Fee @Rs.2.51 per kW/Month for the FY 2023-24, excluding legal charges which may be allowed as part of DISCOs Quarterly Adjustment OR to approve Market Operation Fee @Rs.4.96 per kW/Month for the FY 2023-24 including legal charges.
  - To allow the actualization of expenditure based on the audited financial statements of FY 2023-24, when available.
  - To allow 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, may also be granted
2. The Petitioner requested the following amounts for the FY 2023-24;

Description	Mln Rs.	
	FY 2023-24 Requested With Legal Charges	FY 2023-24 Requested W/O Legal Charges
General Establishment Costs	1,660	1,660
Administrative Costs	278	278
Office Operations, Services & Maintenance	136	136
Insurance	4	4
Financial Charges	2	2
CAPEX	64	64
<b>Total Revenue Requirement</b>	<b>2,144</b>	<b>2,144</b>
Other Income	(997)	(997)
Recovery of Loan from Employees (FY 23 & 24)	(72)	(72)
Recoverable loan Advances to Employees	88	88
Tax	120	61
PYA	339	(404)
<b>Revenue Requirement + CAPEX</b>	<b>1,622</b>	<b>820</b>
Avg MDI	27,228	27,228
Rs./kW/M	4.96	2.51



3. **Proceedings**

- 1.3. 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 public hearing in the matter.
- 1.4. The notice of admission / hearing was published in the newspapers on December 13, 2023 whereby hearing in the matter was scheduled on December 19, 2023. Separate notices of admission and hearing were also sent to the interested parties under Rule 4(5)(6) of the Tariff

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Rules 1998. Comments/Replies and filling of intervention request; if any, were desired from the interested parties within 7 days of the publication.

4. Filing of objections/ comments:

1.5. In response to the notice of hearing, neither any intervention nor any comments were received.

5. Issues of the Hearing

1.6. 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 requested General Establishment Cost is justified?
- ii. Whether the requested Administrative Costs, Office Operations, Services & Maintenance, Taxes, Insurance & Finance Charges are justified?
- iii. Whether the requested capital expenditure is reasonable and justified?
- iv. Whether the requested recoverable loan advances to employees is justified?
- v. Whether the requested Prior Year Adjustment and Other Income is justified?
- vi. Whether the request of the Petitioner for actualization of expenditure based on audited financial statement is justified?
- vii. Whether the legal charges are justified and if so whether the same should be allowed as part of instant petition or be allowed as part of DISCOs Quarterly Adjustment?
- viii. Any other issue that may come up during or after the hearing.

6. Issue Wise Discussion

6.1. Based on the submissions made by the Petitioner in the Petition, during the hearing and after consideration of the available record/ information, issue wise discussion is as under

6.2. Whether the requested General Establishment Cost is justified?

6.2.1. The Petitioner requested an amount of Rs.1,660 million under the head of General Establishment cost for FY 2023-24, against the allowed amount of Rs.882 million for the FY 2022-23 as under;





*Determination of the Authority in the matter of petition filed by CPPA-G  
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Description	Min.Rs
	FY 2023-24 Requested
Pay & Allowances	995
Employee Benefits (PF, Gratuity, EOBI, GLI, Medical)	177
Bonus (Yearly Based on BoD Approval)	82
Restructuring of Pay & Allowances of Working Employees Inc Benefits	214
New Hiring Cost including benefits (Calculated for 6 Months Only)	107
Trainings and Capacity Building	20
Consultancy Services	64
<b>Total</b>	<b>1,660</b>

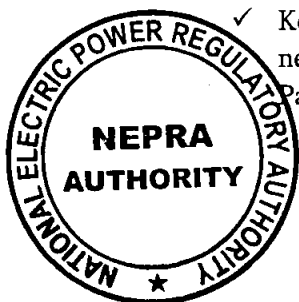
6.2.2. The Petitioner regarding the General Establishment Cost has submitted that this mainly includes cost associated with pay & allowances and other benefits of the employees, training and capacity building cost, cost regarding consultancy services and new hiring cost.

**Pay & Allowances**

✓ The pay and allowances for FY 2023-24 are proposed at Rs.995 million against the last year allowed figure of Rs.705 million for FY 2022-23. The petitioner further submitted that the pay & allowances for FY 2023-24 are projected after applying inflation and performance-based increment over "Actual Basic pay" of each employee for the month of April 2023 keeping in view "pay scales structure" already approved by the Authority. The increase in overall pay and allowances cost is substantiated by the following:

- Annual Increment Policy for CPPAG Employees as approved by the Board of CPPA-G, according to which employees are entitled to annual increment based on performance as well as annual inflation compensation envisaged by average inflation rate for the immediately preceding year as published by Pakistan Bureau of Statistics. Therefore, the requested figure is inclusive of annual CPI rate declared by the Pakistan Bureau of Statistics. Keeping in view the above and "pay scales structure" already approved by the Authority, Pay & Allowances for FY 2023-24 are projected after applying 40% increase over "Actual Basic pay" (Inflation and Performance based) of each employee for the period of April 2023.
- Board of CPPA-G has also approved "Promotion / Upgradation Policy" for CPPA-G employees upon certain performance and experience-based criteria, therefore, as per the approved promotion policy, increase in pay and allowances for 30 employees becoming eligible in the next financial year, has also been considered.

✓ Keeping in view the above and the fact that these expenses cater essential business needs of the company, the Authority is requested to approve the same in the head of Pay & Allowance of the Employees for FY 2023-24.

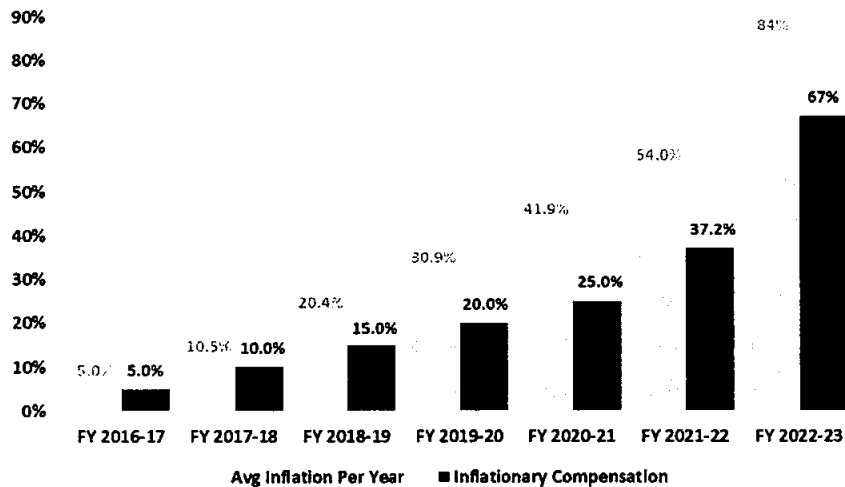


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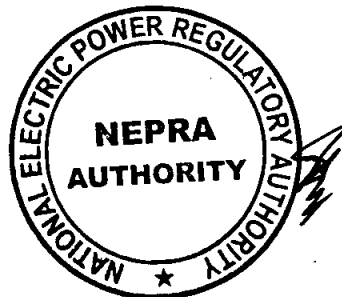


*Determination of the Authority in the matter of petition filed by CPPA-G for determination of Market Operation Fee for the FY 2023-24*

- ✓ The Petitioner regarding employees' benefits submitted that the head consist of provident fund, gratuity, earned leave, EOBI, GLI, medical benefits, overtime and Honoraria. Corresponding with the pay and allowances cost, the employees' benefits are projected around Rs. 177 million for FY 2023-24 keeping in view the "pay scales structure" already approved by the Authority.
- ✓ Restructuring of Pay & Allowances:- The Petitioner requested Rs.214 million under this head and submitted that the pay-scales of CPPAG have not been revised since its operationalization in 2016. There is immediate need of revision in basic pay-scales due to the following reasons:
  - In recent years, high inflation rate in the country has posed various challenges for the employees eroding their purchasing power and leading to a decline in their standard of living. Despite high inflation of about 84% in the last seven years, no revision has been made in the pay scales approved by the BoD CPPAG whereas inflationary compensation awarded to CPPAG employees was fixed at 5% till 2021. Accordingly, in comparison to the overall cost of living which has increased from 2017 to 2023 and the purchasing power of CPPAG employees has been effectively decreased by 17% as per following detail:



- CPPA-G is currently facing severe issues in employee retention and recruitment of the external candidates, as the other power sector companies working in the ambit of government of Pakistan as well as the private sector has significantly revised their pay scales to make them more compatible to the overall job market. CPPA-G employee structure is comprised of around 77% of professional staff which is well trained for and handling over 3 trillion worth of power purchase invoices. It is very challenging for the organization to retain these employees while their high demand in the market represented by the following matrix:



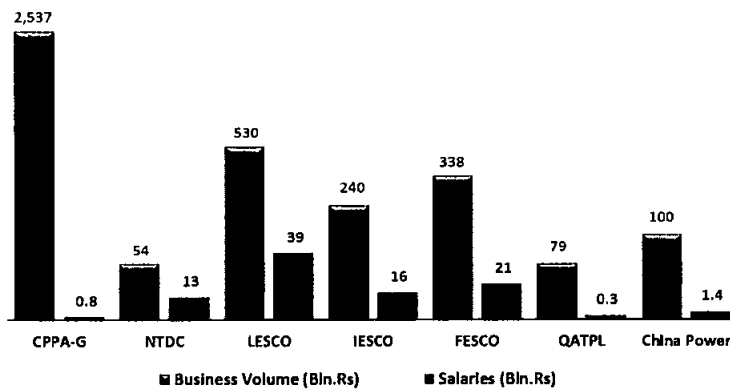




*Determination of the Authority in the matter of petition filed by CPPA-G for determination of Market Operation Fee for the FY 2023-24*

Period	NOCs Issued	Resignations	Job offers rejected by candidates
2016 to till date	400	60	45
FY 2022-23	94	17	No hiring
% FY 23	24%	28%	

- Considering the comparison of business quantum/ turnover among CPPAG and other Power Sector Entities, it is evident that CPPA-G, handling business of Rs.2.536 trillion, has Pay & Allowances of Rs.791.54 million in FY-22, leading to average cost of employee of Rs.0.298 million, which is on the lower side as compared to the other power sector companies detailed below:

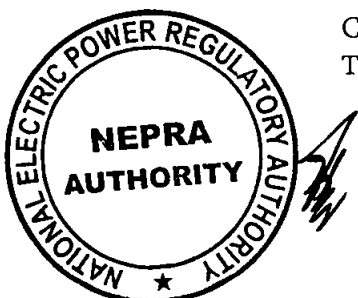


- Below is the comparison between basic pay offered by CPPAG and other Power Sector Entities. CPPAG is facing sever issues in engagement of fresh talent from the market, as it is offering Rs. 101,063 to Assistant Managers, far behind to attract the talent and retain professional staff.

Cadre	CPPA-G	PPMC	NEPRA	NPPMCL	KAPCO	China Power	FEL
Assistant Manager	101,063	140,000	154,526	150,788	200,000	245,000	250,000
Deputy Manager	202,125	225,000	213,860	222,693	-	-	-
Manager	303,188	750,000	340,029	309,833	450,000	425,000	563,000
Dy. GM / GM	359,370	1,250,000	479,102	487,403	800,000	675,000	1,013,500

\* Car facility, Fuel or monetization are not included in above package

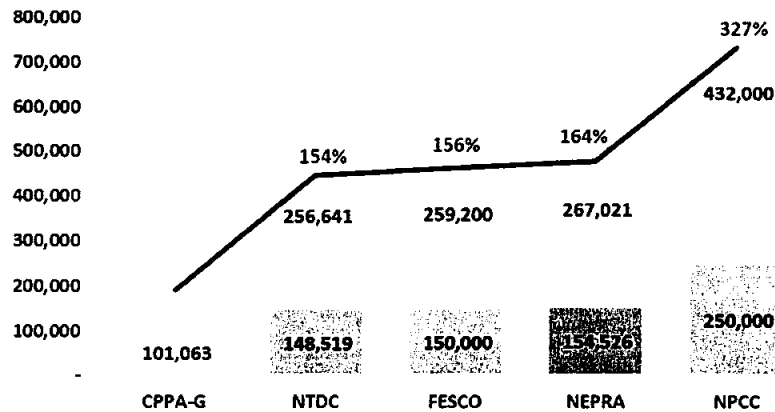
- Below is the highlight of the pay offered for Assistant Manager (entry level) at Management Scale in CPPAG compared with NTDC, FESCO, NEPRA and NPCC. In Year 2016, CPPAG was offering more competitive market-based package however from time-to-time other entities have revised their pay packages, and currently offering much higher pay packages in contrary to the pay package offered by CPPAG i.e., still Rs.101,063 and no revision has been made in the pay scales of 2016. The comparison is graphed below:



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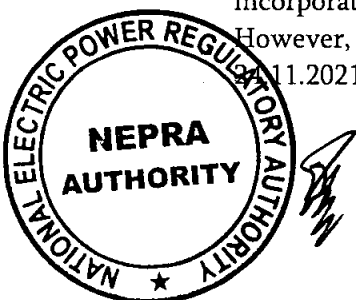


*Determination of the Authority in the matter of petition filed by CPPA-G for determination of Market Operation Fee for the FY 2023-24*



- Further, other Government Entities provide lucrative retirement benefits like Pension, Medical, Free Electricity Supply and Leave Fare Assistant (LFA). Disparity Reduction Allowance with 25% + 15% and Executive Allowance of 150% of the basic salary was also granted to other GoP employees. The same has not been granted to CPPA-G employees.
- Keeping in view the market-based compensation system, revision in basic pay structure of CPPAG employees is proposed wherein maximum benefit is being requested for low cadre employees, which includes support staff (from G-1 to G-5) as in the current prevailing scenario where government on different occasions have added "Disparity Reduction Allowance & Executive Allowance" as part of Basic Pay, to minimize the impact of Inflation on their lives, so it was very obvious that benefits of such pay adjustments should also be provided to low paid employees in CPPAG.
- Secondly CPPAG have faced turnover in two major positions i.e. (Assistant Manager's & Deputy Managers), as the other power sector companies are offering much lucrative pay packages, so the requested raise in basic pay structure is to reduce anomalies and basic aim is to attract the talent from the market and to retain trained management staff.
- It's essential to recognize the importance of fair compensation packages that reflect the true value of employees' contributions. Further, market-based compensation is vital of employees' motivation and job satisfaction, attracting and retaining skilled talent.

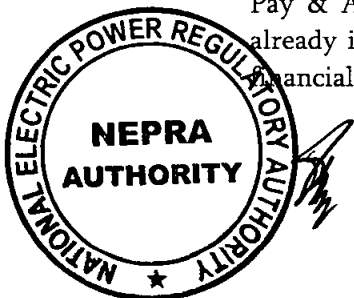
6.2.3. The Authority, in order to have a fair assessment of the Petitioner's request, obtained detail of actual working employees along with the proposed hiring from the Petitioner. As per information submitted by the Petitioner, its actual working strength is 215 employees. While going through the requested Pay & allowances, it was noted that the Petitioner incorporated an increase of 40% in the Pay & allowances of all employees w.e.f. July 2024. However, as per the Board of Directors (BoD) resolution submitted by the Petitioner dated 11.2021, the Board has approved that the Employees are entitled for followings;





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- 6.2.4. Annual Increment policy for CPPA-G Employees effective from 1<sup>st</sup> July 2021, be and is hereby approved whereby CPPA-G employees are entitled to annual increment (for each financial year) based on individual performance as per the bell curve & ranking and annual inflation compensation based on Average inflation rate for the period of July-June for immediately preceding year as published by Pakistan Bureau of Statistics.
- 6.2.5. As per Board approve resolution approved Performance Increment ranges from 4% to 8%.
- 6.2.6. Accordingly, while working out the Pay & Allowances cost of the Petitioner for the FY 2023-24, and in line with the approval of BoD, the impact of average NCPI works out as 29.042% for the FY 2022-23, i.e. increase to be allowed as compensation for inflation in FY 2023-24. Further impact of annual increment has also been considered for assessing Pay & Allowances for FY 2023-24.
- 6.2.7. Pay and Allowance cost for those employees who have resigned / left CPPA-G, has been excluded from the total cost w.e.f. the date of resignation of such employees.
- 6.2.8. Based on above, the Pay & Allowances cost of the Petitioner for the FY 2023-24 works out as Rs.924.6 million, which is hereby allowed.
- 6.2.9. The Petitioner further requested a bonus of Rs. 82 million based on one gross salary for each employee. CPPA-G in this regard provided a Board resolution dated 12.04.2022 regarding bonus on gross pay basis approved by the Board for FY 2021-22.
- 6.2.10. The Authority while analyzing the request of the Petitioner, noted that the Petitioner requested bonus @ 1 gross salary, based on BoD resolution approved for the FY 2021-22. However, no such resolution/approval has been submitted by the Petitioner for the FY 2023-24. It has also been observed that as per the approved HR manual of the Petitioner, the bonus has been defined as *"a lump sum payment given on basic pay basis as approved by the CEO on the basis of Annual Performance Evaluation Reports or on an appropriate occasion or meritorious services."*
- 6.2.11. Based on the above, the Authority has decided to allow Bonus equivalent to one (01) Basic pay, for each of the working employees, which accordingly works out as Rs.42.7 million. The same is allowed to the Petitioner for the FY 2023-24. In case the BoD approves Bonus @ one gross pay, the impact of differential amount would be allowed as PYA in the next MoF determination.
- 6.2.12. Regarding request of the Petitioner to allow restructuring of Pay scales of working employees including benefits, the Petitioner initially claimed an amount of Rs.214 million, however, after wards CPPA-G provided approval of the BoD, and accordingly revised its request to Rs.233.650 million, for the six months period, starting from January 2024. The BOD approval along-with impact as shared by CPPA-G for consideration of the Authority.
- 6.2.13. The Authority observed that with the proposed restructuring of pay scales, the increase in Pay & Allowances would be ranging from 84% to 200%, over and above the increases already incorporated on account NCPI & annual increments. Thus, resulting in additional financial impact, which would ultimately be reflected in the consumer-end tariff.



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*Determination of the Authority in the matter of petition filed by CPPA-G  
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Although, CPPA-G BOD has approved the restructuring of Pay scales, however, with annual CPI indexation and increments, the salaries of existing employees are already being increased regularly. In view thereof, the Authority has decided not to allow restructuring of pay scales for existing employees. However, as submitted by CPPA-G, pay scales for initial hiring of employees have not been revised, therefore, the Authority directs CPPA-G to implement the revised pay scales structure to the extent of new appointments only.

- 6.2.14. The Petitioner regarding employees' benefits submitted that it consists of provident fund, gratuity, earned leave, EOBI, GLI, medical benefits, overtime and Honoraria. Corresponding with the pay and allowances cost, the Petitioner has requested employees' benefits of Rs.177 million for FY 2023-24.
- 6.2.15. Based on the data provided by the Petitioner regarding employee benefits and excluding therefrom the impact of employees who have resigned/ left CPPA-G, the Authority has assessed an amount of Rs.168 million on account of employee benefits for the FY 2023-24, which is hereby allowed to of the Petitioner.
- 6.2.16. Accordingly, the Pay & Allowances including employee benefits and bonus cost of the Petitioner for the FY 2023-24 has been assessed as Rs.1,135 million.
- 6.2.17. Regarding cost of new hiring the Petitioner submitted that the HR department has planned to fill 77 positions in various departments against the vacant posts of 122. The department wise justification of the proposed hiring as submitted by the Petitioner is as under:
- ✓ Technical department of CPPA-G is engaged in the procurement of Power under the contractual arrangement, and handling of technical matters on recurring basis. Added to this Technical department is also taking care of development work for new IPPs including negotiation of PPAs reviewing feasibility studies, monitoring project development activities, preparation of market model EPA's/PPA's, reviewing Grid Code etc. In routine, technical section processes invoices of existing IPPs, have close liaison with the PPIB / AEDB and other Government functionaries and other regulatory affairs with NEPRA. It is highlighted that there is constant increase in workload due to increase in the projects and special assignments being referred to CPPA-G from the various forums. The workload is increased manifold due to data requirement of audit and other investigating agencies, mainly data pertains to previous period which is very time-consuming exercise. Technical Section is facing acute shortage of personal especially after the retirement / repatriation of officers to their parent departments. On the above justification 10 vacant position are proposed to be filled in technical department.
  - ✓ Finance department of CPPA-G is engaged in the procurement of Power under the contractual arrangement, treasury management, taxation and handling of audit functions on recurring basis. It is pertinent to be mentioned that many new power projects are added in the portfolio of CPPA-G in the last few years and various power projects are in pipeline which is expected to be added in the upcoming years in portfolio of CPPA-G. Apart from this, special purpose assignments from relevant Government functionaries especially from NAB, FIA, AGP office etc. are becoming a



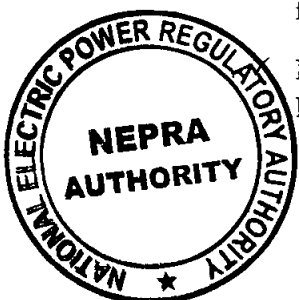
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routine part of the finance department. In this connection, senior officers of the Finance Department are constantly engaged in the data analysis, development work and other special purpose assignment along with their routine tasks which is assigned to them. However, with the constant increase in workload, existing human resource strength in the finance department are becoming scarce which may be detrimental not only to the timely and high quality accomplishment of the deliverables but also reduce the overall conduciveness of work environment within the finance department. Considering the above, 12 vacant position are proposed to be filled in Finance department.

- ✓ HR & Admin department is playing a critical role in the success of CPPAG, and its role and responsibilities have grown significantly in recent years. With an increase in the number of task / assignments, it is essential to have the right number of HR professionals to ensure that CPPAG stays competitive and can take advantage of new initiatives being taken including a gigantic task of developing the Market Operator function of CPPAG owing to the grant of license to operate. As the number of interventions grow, the HR department requires to scale accordingly to support the growing needs of the business. Since inception of CPPA-G, the strength of the other departments have been increased gradually on need basis which was not the case with HR & Admin. Now there is a requirement to fill vacant positions to undertake not only the emerging tasks resulting the growth of organization including the formal commencement of organization growth and formation of Market Operator, but also to equip them in advance on the related skills and tools that would enables HR to undertake their responsibilities. It is pertinent to mention here that HR department is critically involved in implementation of Integrated Management System (IMS) in CPPAG which also adds up to the responsibility areas for the compliance purposes. On the above justification 15 vacant position are proposed to be filled in technical department.
- ✓ Plan Implementation Unit (PIU), Policy & Planning and Budgeting, Reporting and Regulatory departments of CPPA-G are engaged in diverse roles & functions contributing to the power sector developments and reforms. These include power purchase price simulations, power market development, scenario/sensitivity analyses, research & development in aspects related to market interventions, corporate budgeting and regulatory affairs, end consumer tariff evaluations, economic analysis, etc. The stated functions are directly related with the core & allied functions of CPPA-G, i.e., power procurements and market development. Moreover, P&P and BR&RA departments are also engaged in providing technical support, analysis and advice to the Power Division, Regulator, DFIs and other key stakeholders in the energy sector. These multi-dimensional and multi-variate developments require the underlying departments to be restructured and staffed with best in-class human resources to enable coping with the functional requirements. In view of above, 15 vacant position are proposed to be filled in PIU department.

MOD Department the test run period of the CTBCM for 6-month as approved by NEPRA has been concluded and the commencement of competitive wholesale market



*Noted*



is anticipated soon. For smooth & effective transition towards CTBCM and for the compliance of the MO functions and obligations as stipulated under the MO license, it is crucial that the adequate human resources are available to undertake their respective functions and are equipped with requisite technical knowledge and skills. Now there is a need to hire some vacant positions required to undertake not only the emerging tasks resulting from the formal commencement of CTBCM in April 2023, but also to equip them in advance on the related skills and tools that would make them enables to undertake their responsibilities. On the above justification 4 vacant position are proposed to be filled in MOD department.

- ✓ IT department with an increase in the number of software development projects being undertaken in house, complex data center operations, and information technology governance requirements, it is essential to have the right number of IT professionals. Additionally, the need for IT Governance, Service Management, and foolproof Information Security infrastructure has become paramount. It is pertinent to mention, that the IT industry is constantly evolving, and it's essential for CPPA to have professionals who are up-to-date with the latest technologies and trends. Having the right number of IT professionals on staff will ensure that CPPA stays competitive and can take advantage of new initiatives being taken including a gigantic task of developing integrated systems for the Market Operator function of CPPA owing to the grant of license to operate. As the number of interventions grow, the IT department needs to scale accordingly to support the growing needs of the business and to ensure that the organization is well-equipped to handle software development projects, data center operations, information technology governance requirements and a sound information security infrastructure. This will help to strengthen the organizations defenses against cyber threats, provide opportunities for career development, and ensure that the organization stays competitive. It will also support the scalability of the IT department as the business under the purview of CPPA grows. On the above justification 7 vacant position are proposed to be filled in IT department.
- ✓ Legal Department is involved with the operational matters emanating from the market operator functions and of CPPA-G's agency role, and the interface. The legal department has been also involved with court appearances, watching briefs over sensitive sectoral matters, preparations/representations for safeguarding the interest of CPPA-G before different statutory forums. It is submitted that the recruitment is required for Regulatory Affairs and Compliance, which is to comprise of additional resources. The hired resources dedicated for Regulatory Affairs would ensure that all such matters be addressed effectively without impinging upon CPPA-G's other legal matters. Further, induction of the vacant posts would ensure that each 'silo' within the Legal Department is fully staffed and able to effectively leverage in-house human capital in order to respond to all of CPPA-G's legal matters. In this regard 3 vacant position are proposed to be filled in Legal department.

Company Secretary Department performs essential functions for CPPA-G Employees Gratuity Fund (CPPA EGF) and CPPA-G Employees Contributory Provident Fund (CPPA ECPF) like maintaining updated Trust deed and Rules compliant with the ICT



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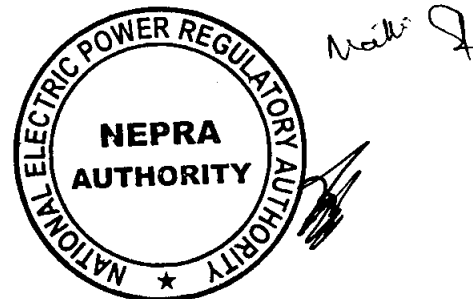


Trust Act, 2020, Income Tax Ordinance, 2001, Income Tax Rules 2002, Companies Act, 2017 and all other applicable laws., accounting and financial reporting of the Funds, coordination with auditors of the Funds, maintain accounting record of the Funds in Oracle financial module, timely placement to ECPF & EGF funds in risk free Islamic mode of investment with the view to gain maximum profits, registration of the Funds under Islamabad Capital Territory Trust Act, 2020, correspondence with Tax authorities for exemption from withholding taxes and follow-up refunds taxes already withheld. These funds are growing with the passage of time. In order to cater the potential for increased volume and compliance of the funds with the applicable laws, the vacant posts to be filled in Company Secretary department. On the above justification 3 vacant position are proposed to be filled in Company Secretary department.

- ✓ Internal Audit Department & Risk Management Department is primarily responsible to provide independent and objective opinions/conclusions to the audit committee regarding adequacy and effectiveness of CPPA's governance, risk management and control processes. In addition, IA is responsible to provide consulting advisory service and special assignments, on management request or Audit Committee directions. In addition to legacy role of CPPAG, the CTBCM represents a paradigm shift from the legacy Single Buyer Market to multiple buyer model and will have major impact on the current business processes and functions of CPPA. These may give rise to risks which are not yet fully understood, recognized and addressed but has potential to cause significant risk for CPPAG. To address these emerging risks and ensure effective, efficient and coherent governance and internal control system, Internal Audit is expected to understand the legal framework of wholesale market (such as, Market commercial code, procurement regulations, open access regulation and proposed rules) and its impact on existing CPPAG operations, and to assess the design and operational effectiveness of the structures and systems /1 developed and implemented along with its integration with existing processes. Considering the facts 5 vacant post to be filled in IA department and 2 post to be filled in Risk Management department.

6.2.18. The petitioner submitted that CPPA-G vacant positions are very crucial and required to be filled at earliest to address the increased workload of CPPA-G. It also submitted that currently, the existing staff is over-burdened so distributing the workload is much essential. Inducting new employees is necessary for tasks completing efficiently, meeting deadlines, and delivering exceptional results. Accordingly, CPPA-G requested to allow Rs.107 million on account of cost to be incurred against the proposed new hiring for the FY 2023-24.

6.2.19. In order to have fair assessment of the cost against new hiring, the Petitioner was asked to provide updated status of hiring made. The Petitioner submitted that only 12 positions have been occupied till date as detailed below;





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Name	Department	Total Salary	Total Benefits	G.Total
Mr. Bilal Khan Khattak	HR&Admin	101,063	330,415	431,478
Mr. Muhammad Ahsan Arshad	Finance	101,063	330,415	431,478
Mr. Usman Ghias	Finance	101,063	330,415	431,478
Mr. Farrukh Hussnain	Finance	101,063	330,415	431,478
Mr. Zaveen Nagash	HR&Admin	101,063	330,415	431,478
Mr. Muhammad Shahzad Saleem	Policy Implementation Unit	101,063	330,415	431,478
Mr. Usama Maqsood	Technical	101,063	330,415	431,478
Mr. Muhammad Taha Iqbal	Strategy & Market Development	101,063	330,415	431,478
Mr. Hamza Tariq Bhatti	Risk Management	101,063	330,415	431,478
Mr. Syed Ayub Shah	HR&Admin	101,063	330,415	431,478
Mr. Muhammad Adnan Kamil	Technical	101,063	330,415	431,478
Mr. Muhammad Tariq	Information Technology	101,063	330,415	431,478
Monthly Impact		1,212,750	3,964,980	5,177,730
8.5 Months Impact		10,308,375	33,702,330	44,010,705

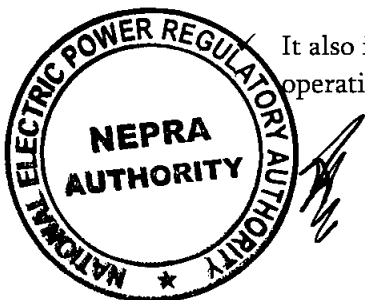
6.2.20. The Authority based on the data provided by the Petitioner carried out its own working, keeping in view the date of joining of the newly hired employees and their pay packages. Accordingly, the cost of employees hired against vacant posts during the FY 2023-24, has been worked as Rs.44 million including Pay & allowances, Benefits and Bonus. The same is hereby allowed to the Petitioner for the FY 2023-24. If the Petitioner makes any further recruitment during the FY 2023-24, it shall provide employees wise detail along-with their financial impact for consideration of the Authority in its next tariff petition. The Authority may consider to allow such impact as PYA subsequently.

**Training and Capacity Building**

6.2.21. On the issue of Training and Capacity Building, the Petitioner has requested an amount of Rs.20 million. The Petitioner in order to justify its request submitted that;

- ✓ Training of employees is essential for organizational success as it enhances their skills, knowledge, and productivity. It equips them with up-to-date industry practices, fosters innovation, and improves job satisfaction, leading to increased employee engagement and retention. Ultimately, investing in employee training ensures a competent workforce capable of meeting business objectives and adapting to evolving market demands.
- ✓ It includes cost associated with training for job-related technical and soft skills specialized courses/workshops planned for the employees in the FY 2023-24. This strategic allocation of resources aims to enhance our workforce's skillset, fortify our organization's position, and foster a culture of excellence.
- ✓ The requested amount would be utilized across various departments including Finance Rs.2.06 million, Technical Rs.1.57 million, MOD Rs.6.9 million, HR& Admin Rs.1.25 million, Plan Implementation Unit (PIU) Rs.3.93 million, Legal Rs.0.38 million, Information Technology Rs.1.46 million, Company Secretary Rs.1.19 million, and Internal Audit Rs 1.14 million.

It also includes the training for advanced technical skills enhancement in our pursuit of operational excellence as it will empower our workforce to overcome industry



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challenges and increase their operational efficiency. Additionally, adding training for soft skills development, focusing on effective communication, collaboration, leadership, diversity & inclusion, and adaptability. By investing in our employees' soft skills, we aim to ignite synergy, drive superior performance, and achieve substantial returns.

- ✓ Adding Market trainings and capacity building of all stakeholders in the power sector for effective implementation of CTBCM and operations of the competitive market. Market Operators across the globe are mandated to offer and organize market-related trainings to the market stakeholders. For this purpose, Power Sector School of Excellence. ha .been established in collaboration with Lahore University of Management Sciences (LUMS) which will roll out various trainings among the participants nominated by power sector organizations. Furthermore, corporate trainings (including soft skills trainings) are envisaged for CPPA employees.

6.2.22. The Petitioner accordingly requested that Authority to approve an amount of Rs.20 million for FY 2023-24 under the head of training & capacity building.

6.2.23. The Authority in order to assess the request of the Petitioner, analyzed the actual cost of the Petitioner for the FY 2022-23 under this head. The Authority noted that the Petitioner was allowed an amount of Rs.10 million under the head of training & capacity building for the FY 2022-23, however, based on the actual accounts, the Petitioner has only incurred an expense of Rs.5 million under the head of Training & Capacity Building. This shows that the claim of the Petitioner remains on the higher side. It is also a fact that the CPPA-G has completed the Dry Run of the market and submitted its Final Test Run Report and amendments to the Commercial Code for approval of the Authority. Therefore, it can be construed that majority of the trainings related to Market have already been conducted.

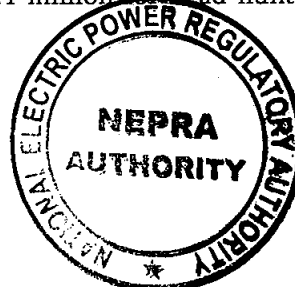
6.2.24. In view of the above and keeping in view the actual expenditure of the Petitioner for the FY 2022-23, the Authority has decided to allow an amount of Rs.4.62 million under the head of Training and Capacity Building to CPPA-G for the FY 2023-24.

#### Consultancy Services

6.2.25. Regarding Consultancy Services of FY 2023-24, the Petitioner has requested a total amount of Rs.64 million for various consultants as detailed below.

#### Headhunting & Testing Services

6.2.26. The Petitioner submitted that Headhunting & Testing Services is required to make the process of recruitment transparent and fair. CPPAG hired the services of third party since 2021-2022, which mostly includes outsourcing of Recruitment Firm, Engagement of Headhunting Company for the transparency in Hiring process of CPPA-G. It also stated that currently hiring of Assistant Managers and MTOs through Open Testing Services and Deputy Managers and above through People Headhunting Firm is in process. The Petitioner has accordingly requested an amount of Rs.3.9 million for both Headhunting & Testing services for FY 2023-24, which included Rs.2.1 million for head hunting consultancy and Rs.1.8 million for testing services.



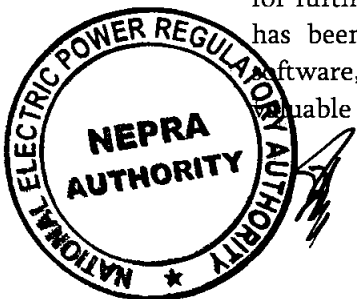


- 6.2.27. The Authority while going through the employee wise information of the Petitioner, noted that CPPA-G has around 13 professionals are part of its HR & Admin team, therefore, hiring of an additional consultancy firm for the purpose of recruitment/ headhunting, is not understandable. The services being envisaged from Consultancy firm, needs to be performed by the Petitioner's own HR department, otherwise, there may not be a justification for having a large in-house HR department. Accordingly, the Authority has decided not to allow the cost of Rs.2.1 million for headhunting services. Regarding testing service, the Authority noted that Testing Service Company charges a nominal fee from the employer, whereas a substantial portion of cost is recovered from the candidates. Therefore, the claim of Rs.1.8 million regarding testing service is also on the higher side. Accordingly, for the purpose of testing service, the Petitioner is allowed an amount of Rs.0.5 million for the FY 2023-24.

Economics Consultant

- 6.2.28. Regarding Economics Consultant, the Petitioner requested an amount of Rs.18 million for the FY 2023-24. In support of its request, the Petitioner submitted that Plan Implementation Unit (PIU) plays a pivotal role in informing policy formulation and decision-making processes through advanced economic analysis and modeling techniques. Their expertise in macro-econometric and micro-econometric models, coupled with simulation and data analysis using software packages, enables them to provide valuable insights for policy formulation. Their support in developing a dis-aggregated Computable General Equilibrium (CGE) model for the energy sector of Pakistan facilitates the evaluation of energy policies and their impact on energy prices, production, consumption, emissions, GDP, and employment. It is necessary for economic analysis of various policy recommendations including tariff increases, industrial support packages, long term energy scenarios etc. Additionally, their skills in economic forecasting, risk assessment, research, and collaboration with stakeholders further contribute to evidence-based decision making and the integration of economic analysis into useful products. It also mentioned that the Authority had also been directing CPPA-G regarding need of economic analysis before any policy implementation. The proposed budget for Economics Consultant Rs.18 million for FY 2023-24.

- 6.2.29. The Authority observed that as per the Petitioner, its Plan Implementation Unit (PIU), Policy & Planning and Budgeting, Reporting and Regulatory departments of CPPA-G are engaged in diverse roles & functions contributing to power sector developments and reforms. These include power purchase price simulations, power market development, scenario/sensitivity analyses, research & development in aspects related to market interventions, corporate budgeting and regulatory affairs, end consumer tariff evaluations, economic analysis etc. Further, the Petitioner has also mentioned to fill the 15 vacant positions in its PIU department. Thus, the existing professionals of CPPA-G are substantially equipped to perform the required analysis/ evaluations, therefore, the request for further appointment of an Economic Consultant is not justified. Further, CPPA-G also has been allowed handsome amount under the head of "IT" for purchase of various software, which provide necessary support for carrying put the required analysis and valuable insight for policy making, thus, further limiting the need for hiring of economic



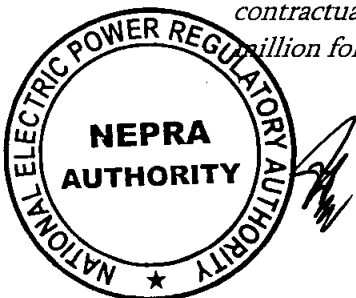
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consultant. Moreover, as submitted by the Petitioner, the economic consultant has not been hired, as of to-date. Therefore, the Authority does not see any justification for hiring of the economic consultant and the Petitioner is directed to perform the functions / analysis intended through economic consultant, from its in-house resources. Accordingly, no cost is allowed for the purpose of hiring of the economic consultant.

- 6.2.30. Regarding Business Process Restructuring Consultant for PIU, the Petitioner stated that the same is required for in-depth assessment of the organization's existing processes, identifying process bottlenecks, inefficiencies, and areas for improvement. Also to collaborate with key stakeholders to understand business requirements and goals and develop a BPR strategy, including objectives, approach, and timeline. Redesign processes, incorporating best practices and innovative solutions. Create detailed process maps, standard operating procedures, and documentation. Provide guidance and support during the implementation phase. Monitor and measure the performance of reengineered processes. Conduct regular progress updates and communicate findings to stakeholders. The Petitioner accordingly requested an amount of Rs.9 million for Business Process Restructuring, for the FY 2023-24.
- 6.2.31. Similarly, for Business Reengineering Consultant for MOD, the Petitioner stated that it has provided significant contributions and value addition at CPPA-G and has played a pivotal role in CPPA getting the MO license from the Authority. Importance of "BPR Consultant" role significantly increased, when it was decided that the MMS application will be developed in-house by the IT department. The "BPR Consultant" got the additional responsibility of Business Analyst for MMS Project. His role was to act as a mediator between the business functions team and IT team, and he was responsible to develop of the requirement specifications for the MMS application implementation. With reference to the NEPRA CTBCM Dry Run Plan under the MO License determination, "BPR Consultant" is currently engaged in the development of MMS Phase-2 modules which is an on-going project and envisaged to complete by 2024 as per the NEPRA approved test run plan. Additionally, "BPR Consultant" has also proposed and streamlined various new practices and processes of the market operations and development for MOD. One of his vital contributions is to successfully rollout Agile Project Management framework which helped MOD and IT Department to work in a collaborative way for rapid application development and that significantly reduced the development time and improved the product quality. In addition to this, an amount of Rs.8.4 million has been budgeted for ongoing support in Business Process Re-engineering/process refinement.
- 6.2.32. Regarding Business Process Reengineering, the Authority observed that as per the previous Market Operation Fee determination of CPPA-G, wherein the Petitioner shared the contract of consultant, the Authority decided as under;

*The Authority while going through the contract of the Consultant, noted that as per the contract the monthly salary of the Consultant is Rs.0.5 million. Accordingly, keeping in view the submissions/ justifications made by CPPA-G in its MLR, during the hearing and contractual obligation of CPPA-G, the Authority has decided to allow an amount of Rs.6 million for the BPR Consultant instead of requested amount of Rs.8 million.*



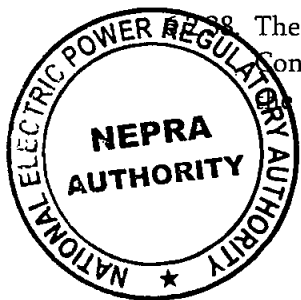
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- 6.2.33. The contract for the already hired business process reengineering consultant has expired in July 2023 and no new contract has been shared by the Petitioner. CPPA-G verbally informed that consultant may continue to work in future and might be on the payroll of USAID. In view thereof, the Authority has decided to allow only an amount of Rs.0.5 million to the Petitioner on account of Salary for the Consultant for the month of July 2023.
- 6.2.34. Regarding Business Process Restructuring Consultant, the Authority considers that all required software are now operational and CPPA-G has also hired required professionals at market based salaries, to deal with the upcoming opening up of competitive market and to perform its functions as MO and SPA. Therefore, the request of the Petitioner for Business Process Restructuring Consultant is not allowed and accordingly no cost is being allowed in this regard for the FY 2023-24.
- 6.2.35. Regarding Legal Consultant for MOD, the Petitioner submitted that it is required for disputes and matters of litigations, which may arise from its role as MO in the wholesale competitive market. Safeguarding MO against such eventualities and ensuring smooth functioning of the CTBCM shall be a priority matter, therefore, as a prudent measure, Legal services from legal firms and technical experts may be required, for which Rs.3 million has been requested.
- 6.2.36. Regarding request of CPPA-G for Legal consultant, it is pertinent to mention that already 07 Legal professional are working in CPPA-G. The Petitioner further is intending to hire 03 further legal professionals, with the intention to ensure that each 'silo' within the Legal Department is fully staffed and able to effectively leverage in-house human capital in order to respond to all of CPPA-G's legal matters. The Authority also observed that for the purpose of litigations, the Petitioner normally hires external counsel, which are charged from XWDISCOs as part of Capacity charges. In view thereof, the Authority considers that CPPA-G, with its existing strength, is sufficiently equipped to handle all its legal issues. Therefore, the request of the Petitioner to allow legal consultant for MOD is declined.
- 6.2.37. The Petitioner has also requested Professional Services for CPPA-G's IMS Audit (Internal & External), required for Certifying and Accrediting CPPA-G for ISO 20000 & ISO 27001. The Information Security Management System (ISO27001) at CPPA-G ensures the security of critical processes and information within CPPA-G and its interactions with regulatory bodies, government entities, and external parties. This encompasses internal operations, services provided by CPPA-G, and the necessary supporting processes, technology, and information. On the other hand, 5020000 focuses on the planning, management, and delivery of IT services to internal departments and web portal services for external government and private entities. These services can include IT infrastructure management, asset management, ERP system support, business applications and portal development, email exchange, network connectivity, information backup, internet service, software development and QA, and IT support services. The proposed budget for Professional Services for CPPA IMS Audit (Internal & External) is Rs.3 million for FY 2023-24.

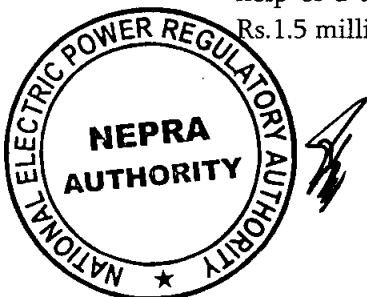
6.2.38. The Authority noted that as per the latest information provided by the petitioner, no such consultant has been hired yet, therefore, the claimed cost in this regard is not allowed for FY 2023-24.



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- 6.2.39. The Petitioner on the issue of Techno Commercial Consultant, submitted that it is assisting legal counsel in explaining techno-commercial facts and identifying pertinent documents for arbitration cases. The consultant ensures strong foundation for legal proceedings. Secondly, appearing as a witness or knowledgeable expert before local and international arbitration tribunals showcases their expertise, strengthening CPPA's position in such proceedings. Thirdly, providing input on the Solarization initiative based on experience with existing EPAs and relevant power policies aids in informed decision-making for the governments renewable energy goals. Additionally, ensuring effective liaison with the Privatization Commission facilitates smooth privatization of government-owned power projects, safeguarding CPPA-G's interests. Lastly, assisting the IT Department in digitizing CPPA-G/WPPO records promotes efficient data management, accessibility, and data-driven decision-making within the organization. The Petitioner requested an amount of Rs.15.6 million in this regard for the FY 2023-24.
- 6.2.40. On the point of hiring Techno Commercial Consultant, the Authority has observed that existing employee strength of the Petitioner is around 215 with 168 professionals. Around 34 finance professionals are employed by CPPA-G specifically to perform the required Techno-Commercial functions, in light of NEPRA Tariff determinations & respective PPA/EPA, and to explain the details thereof, before legal counsel in case of any dispute/arbitration. The Authority also allowed CPPA-G, in its previous MoF determinations, cost for BPR consultant to lead and manage the automation of ERP/ back office functions for CPPA-G and MO. Hence, with the implementation of ERP, data exchange portal and other related softwares, to deal with billing, settlement and payment mechanisms, CPPA-G's capability to operate more effectively, transparently and provide timely information to all participants has considerably improved. The Authority also observed that currently the record is automatically being digitized after implementation of exchange portal, and the digitization of old record, which was started back in FY 2021-22, must have been completed by now. Therefore, the Authority does not see any justification for hiring of a techno-commercial consultant and hence the request of the Petitioner to hire a techno-commercial consultant is declined. The Authority also considers that in case any input is required on solarization initiatives for the Government's renewable energy goals and to liaison with the Privatization Commission for smooth privatization of government-owned power projects, the Federal Government may itself hire services of a Techno-Commercial Consultant.
- 6.2.41. Regarding Tax Consultant, the Petitioner submitted that the same is required for tax compliance, advisory and income / sales tax appeal services related to CPPA-G. The Petitioner requested an amount of Rs.3 million for tax consultancy and tax appeals for the FY 2023-24.
- 6.2.42. Regarding Tax consultant, the Petitioner has requested an amount of Rs.1.5 million for the FY 2023-24. The Authority understands that Tax is a specialized job and for Tax compliance, advisory and income / sales tax appeal services etc., the Petitioner may require help of a tax consultant. Accordingly, the Petitioner is allowed the requested amount of Rs.1.5 million for Tax Consultant for the FY 2023-24.



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- 6.2.43. In view of the above, CPPA-G is allowed a total amount of Rs.2.5 million under the head of Consultancy Services for the FY 2023-24.
- 6.2.44. Based on the discussion in the preceding paragraphs, the total amount allowed to the Petitioner under the head of General Establishment Cost for the FY 2023-24 works out as Rs.1,186 million, as detailed below;

Description	Allowed for FY 2023-24
<b>General Establishment Costs (Mln.Rs.)</b>	<b>1,186</b>
Pay & Allowances	1,179
Salaries & Wages	924.58
Employee Benefits	167.98
Bonus	42.74
New Hiring	44.01
Restructuring of Pay & Allowances of Working Employees	
Trainings and Capacity Building	4.62
Outsources consultancy Expenses	2.50

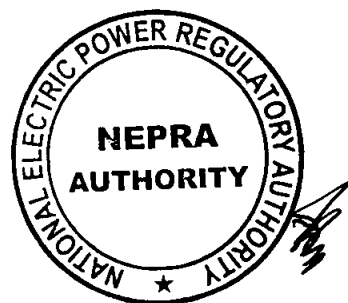
6.3. Whether the requested Administrative Costs, Office Operations, Services & Maintenance, Taxes, Insurance & Finance Charges are justified?

- 6.3.1. The Petitioner has requested a total amount of Rs.540 million under the head of Administrative costs, Office operations, Services & Maintenance, Taxes, Insurance & Finance Charges for the FY 2023-24 and submitted the following head wise justification for the requested amount;

Administration Cost

- ✓ The Petitioner submitted that administrative expenses include are rent, rate & taxes, power light & water, telephone Internet fax & Postage, office supplies and other expenses, subscription of periodicals, presentation & entertainment, travelling expenses, BOD and auditor fees, Office running expenses (outsourced services) advertisement & publication expenses, NEPRA Petition fee and NEPRA Licenses fee. The breakup of the cost requested for the FY 2023-24 is as follows:

Description	Mln.Rs	
	FY 2022-23 Allowed	FY 2023-24 Requested
Rent Rate & Taxes, Power Light, Communication etc.	128	155
Office Running Exp.(outsourced services)	11	18
NEPRA Licence Fee & Petition Fee	17	17
Office Supplies & Other Expenses	60	88
<b>Total</b>	<b>216</b>	<b>278</b>



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- ✓ The administrative expenses are requested at Rs.278 million for FY 2023-24 as compared with the last year allowed figure of Rs.216 million for FY 2022-23. This has increase of 29% over the last year allowed administrative cost. The requested administrative cost along with justifications is discussed in detail in the following paragraphs.

**Rent, Rate & Taxes:**

- ✓ These expenses are mainly related to the building rent, being paid for occupying office space to carry out CPPA-G operations. There would be an Increase of 15% in the rent of office building as the contract is expiring in September 2023 and new contract will be effective after increased rates. Last year CPPA-G also held around 2,325 and 1,589 square feet space in WAPDA house and sunny view Lahore respectively, Recently, CPPAG has evacuated the office space of 2,325 sq/ft of WAPDA House so currently the budget for 1,589 sq/ft is estimated with the revised rates by WAPDA House. The estimated rent of the office is around Rs. 100 per square feet. The total amount required in this head are Rs. 115 million for FY 2023-24.

**Power light and Water:**

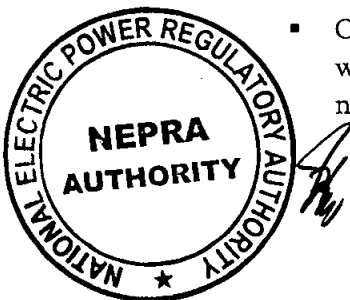
- ✓ In order to estimate expense in this head the electricity bill of building is assumed @ 1.8 million p/m for the financial year, keeping in view expected increase in electricity prices and the average historical bill of almost of same size NEPRA building. Water expenditures are assumed around Rs.1.2 million and after consolidating the above figures an amount of Rs. 22.95 million for the FY 2023-24 are requested in the head of power, light and water.

**Communication:**

- ✓ This head mainly includes Internet bandwidth and email services amounting to Rs. 6.6 million (recurring cost). Reimbursement of employees' official cell phone connection as per approved limits amounting to Rs. 9.7 million and Telephone charges & courier for external communication amounting to Rs. 1.5 million. Keeping in view the historical trend of these expenses an amount of Rs. 17.8 million is requested for the FY 2023-24.

**Office Running Expenses (Outsourcing Services):**

- ✓ This head includes services mainly relevant to followings:
  - Security Services: CPPA is a public sector entity and its building is located in commercial area which is vulnerable to security risks, due to which a 24/7 security is required to protect the building and the valuable assets of the company. Therefore, the Company engaged the services of a seasoned guarding services by 3rd party to provide security round the clock. The proposed budget for security services for FY 2023-24 is Rs.7.8 million.
  - Outsource Staff: Upon shifting to a six-story building i.e., Shaheen Plaza Blue Area with a 57,000 sqft area and with increased employees in the professional cadre, dire need of support staff was envisaged to keep the housekeeping intact. Secondly due



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to non-sanctioned posts and to meet the exigency, CPPA outsourced the supporting staff to meet the urgent requirement. The proposed budget for outsource staff for FY 2023-24 is Rs.3 million.

- Creative Agency: was hired to offer a fusion of branding and communications with digital marketing and graphic design. This creative agency is offering the CPPA a range of specializations and experience in areas from designing instruments of communication such as Annual Reports, Periodic Reports, newsletters, brochures, flyers etc. that are used in different mode of communication by the organization while dissemination of the required information to respective stakeholders. Not only this, but the agency also helping the CPPA in designing of the MO website which is being developed in contrast with the international modern websites. Other activities that are facilitated by the agency are development of corporate identity such as logos, employee id cards, visiting cards, letterheads, signatures etc. This is essential in the beginning years of MO to establish itself as a key player in the power sector. Furthermore, the strategy to keep lean the communication department coupled with the branding and communications requirements identified above, the onboarding of the creative agency is necessary. The proposed budget for creative agency for FY 2023/24 is Rs.3 million.
  - Other Services include Mineral water, Newspapers, TV Cable, Cleaning & Pest Control Service, Elevator Services, Generator services, Record Shifting, Glass Window Cleaning Services and etc. The proposed budget for these services for FY 2023-24 are Rs.3.9 million.
- ✓ The Petitioner has requested an amount of Rs.17.7 million in this regard for the FY 2023-24.

NEPRA Licensing Fee & Petition Fee:

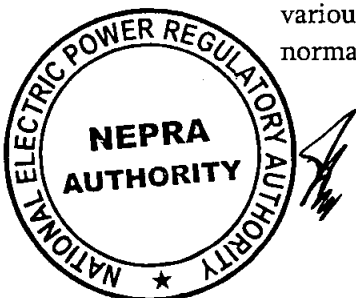
- ✓ This head mainly includes the CPPA-G annual licensing fee and petition fee to the Regulator. An amount of Rs.17 million has been requested for NEPRA Licensing Fee & Petition Fee for the FY 2023-24.

Others Administrative Expenses:

- ✓ The remaining head of administrative expense consists of office supplies, entertainment, travelling, advertisement and publications, BOD and auditor fee, and other expenses. These are recurring expenses and normal inflation is applied on last year actual expenditure. Other administrative expenses are requested at Rs.88 million for FY 2023-24 against the last year allowed figure of Rs. 60 million.

Insurance, Financial Charges

- ✓ The Petitioner requested insurance expenses of Rs.4 million for FY 2023-24, for its various assets like office cars, I.T equipment and other assets. Financial charges are normal bank charges, charged by banks against total transactions / projected payments



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of over Rs. 1.5 trillion. Finance charges of Rs. 2 million have been requested for the FY 2023-24.

**Office Operations, Services & Maintenance**

- ✓ The office operations, services & maintenance expenses consist of repair and maintenance of furniture, office equipment, vehicle, IT equipment's, I.T services, software's and running cost of vehicle inclusive of fuel, oil and lubricants, annual fee and token taxes.
- ✓ The head wise breakup of the cost proposed for FY 2023-24 is as follows:

Description	Mln.Rs	
	FY 2022-23 Allowed	FY 2023-24 Requested
R&M General	5	7
I.T Services (Email Services, Internet Expansion, Software Renewals, & etc)	45	95
Vehicle Running Cost POL, Repair & licences	21	34
<b>total</b>	<b>71</b>	<b>136</b>

- ✓ The office Operations, Services & Maintenance expenses are proposed an amount of Rs. 136 million for FY 2023-24, against the last year allowed amount of Rs. 71 million. The proposed Office operation, services & maintenance cost along with justifications is discussed in detail in the following paragraphs.

**Repair & Maintenance General:**

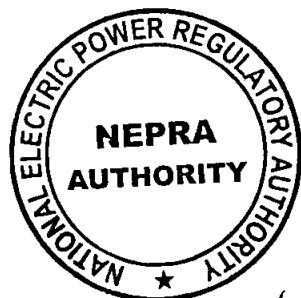
- ✓ This head includes R&M of office furniture, Sanitary & Plumbing works, Carpentry items, Electrical Fixtures, Gardening, R&M Lifts and other misc items. These expenditures mainly relate to office day to day operations. The budget in this head is proposed to be Rs. 7 million for FY 2023-24. The Petitioner requested to allow an amount of Rs. 7 million for FY 2023-24.

**IT Services:**

- ✓ This head mainly includes the cost related to software licenses fee, I.T support, I.T services and I.T repair & maintenance. These expenses represent annual subscriptions and license renewal of already executed contracts. The Petitioner requested to allow an amount of Rs. 94.5 million for FY 2023-24 in the head of I.T Services.

**Vehicle Running Cost:**

- ✓ This head includes the following:



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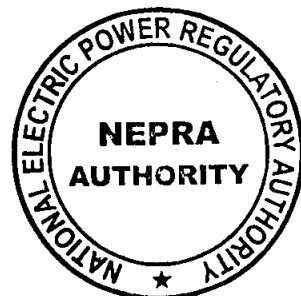
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*Determination of the Authority in the matter of petition filed by CPPA-G  
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- Vehicle running cost (Petrol/ Diesel, Oil lubricant & etc) amounts to Rs. 29 million. The major increase in this head is due to recent hike in oil prices as well as expected future increase in Petrol Oil and Lubricant prices in international and local market.
  - Vehicle R&M and vehicle registration & annual token tax amounting Rs. 5 million representing nominal increase has been assumed in FY 2023-24.
- ✓ The Petitioner requested to allow an amount of Rs. 34 million for the FY 2023-24 in the head of vehicle running cost.
- ✓ In view of above, the Authority is requested to approve a total amount of Rs.136 million for the FY 2023-24 under the head of office operations, services & maintenance and vehicle running costs.
- 6.3.2. The Petitioner also requested that all these expenses are legitimate and essential in nature and any reduction in these expenses would result in disruption of operational activities of CPPA-G. Hence, the Authority is requested to allow actualization of expenditure of Office Operations, Services and Maintenance based on audited financial statements for the FY 2023-24 when available.
- 6.3.3. The Authority for assessment of Rent, Rate & Taxes, has considered the rental agreement of the Petitioner for its office at Islamabad. The Rental agreement, entails annual increase of 5%. Accordingly by applying increase of 5% every year on the base amount, the rental amount works out as Rs.98.4 million for the FY 2023-24.
- 6.3.4. For the space occupied at WAPDA House and Sunny View Lahore, the amount requested by the Petitioner has been considered. Regarding, Rs.3.6 million requested for rental space for shifting of record from Lahore to Islamabad, the Authority observed that the Petitioner did not share any information in this regard neither any process for such acquisition has been initiated. In view thereof, the Authority has decided not to allow this cost during the FY 2023-24.
- 6.3.5. Based on the above discussion, the Authority has decided to allow an amount of Rs.100.24 million to the Petitioner under the head of rent, rates and taxes for the FY 2023-24.
- 6.3.6. Regarding remaining heads claimed under admin expenses, the Authority in order to work out the cost for the FY 2023-24, has decided to allow NCPI increase of 29.4% as of June 2023, on actual expenses as reported by the Petitioner in its Audited Financial Statements for the FY 2022-23. However, for office Supplies and Traveling expenses, since the amount requested by Petitioner is lower vis a vis amount worked out after incorporating NCPI increase, therefore, for these heads the Authority has decided to allow the amount requested by the Petitioner. Consequently, the Petitioner is allowed the following Admin expenses for the FY 2023-24;

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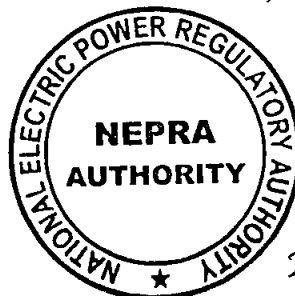


*Determination of the Authority in the matter of petition filed by CPPA-G  
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Description	Allowed FY 2023-24
<b>Administrative Costs (Mln. Rs.)</b>	<b>232</b>
Rent Rate & Taxes	100
Power Light etc.	18
Telephone Fax & Postage Telegram etc.	13
Office Supplies & Other Expenses	17
Subscription & Periodicals	0.17
Sports & Entertainment	6
Advertisement & Publication	3
Travelling Expenses	24
BoD & Audit Fee	16
NEPRA Fees	17
General Misc. Expenses	17

<b>Repair &amp; Maintenance (Mln. Rs.)</b>	<b>114</b>
Repair and Maintenance	6
Vehicle Expenses Repair, Fuel & Oil	25
R&M of I.T Services	83

- 6.3.7. Regarding Insurance, Financial Charges, the Petitioner has requested a total amount of Rs.6 million on account of financial charges and insurance cost for the FY 2023-24. The insurance expenses of Rs.4 million have been requested for the FY 2023-24, for various assets like office cars, I.T equipment and other assets. The Financial charges, of Rs.2 million have been requested which as per the Petitioner are normal bank charges, charged by banks against total transactions / projected payments of over Rs.1.5 trillion.
- 6.3.8. The Authority considering the actual expenditure of the Petitioner for the FY 2022-23 under these heads, has decided to allow an amount of Rs.2.26 million for Insurance & Financial Charges for the FY 2023-24.
- 6.3.9. Regarding, Taxes the Petitioner has requested an amount of Rs.120 million under this head. The Authority observed that as per the Petitioner's Audited Financial Statements for the FY 2022-23, it has paid an amount of Rs.194 million, therefore, the request of the Petitioner for the FY 2023-24 seems reasonable. In view thereof, the Authority has decided to allow the amount of Rs.120 million on account of Tax for the FY 2023-24, subject to its actualization.
- 6.4. **Whether the requested capital expenditure is reasonable and justified?**
- 6.4.1. The Petitioner has requested capital expenditure for following categories for FY 2023-24.
- ✓ IT Equipment & Software
  - ✓ Other CAPEX
- 6.4.2. The summary of CAPEX requested for FY 2023-24 and the justification submitted by the Petitioner is as under;



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Description	Mln. Rs.	
	FY 2022-23	FY 2023-24
	Allowed	Requested
IT Equipment & Software	110	53
Other Capex	5	12
<b>Total</b>	<b>115</b>	<b>64</b>

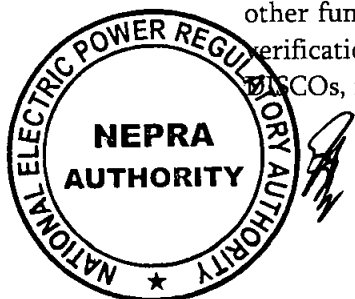
**IT Equipment and Software:**

- 6.4.3. The Petitioner submitted the following for CAPEX requested for IT equipment and Software for FY 2023-24;

Actions	Amount (Mln Rs.)	Requirement Reasons
<b>IT Infrastructure Transformation</b>		
Laptops Core-i7, 16GB RAM, 512 SSD Hard Disk or latest SPECS	10.00	As Per IT Asset Policy Acceptable Use of Life of Laptops is Three Years, whereas current operational stock contains 49 Laptops ageing more than Four Years. Further, 77 New Employees are expected to join the company in FY 23-24.
Window Server 2022 Licenses	2.00	CPPA critical IT services which will be hosted on the newly procured server will run on Window Server machines will require Window server's licenses for security and smooth operations.
Additional Licenses for Solar winds Network Performance Monitor	1.50	Addition of 100 Nodes to Already purchased Solar wind NPM. Critical for monitoring Network Equipment & Services and patch management
Analog Telephone Adapters (8 ATAs)	1.00	Currently 8 ATAs are faulty needs to be procured for activation of Host based Exchange Solution
SAN Storage for Primary Data center Site	5.00	6TB Usable SAN Storage is end of life and end of support needs to be replaced for providing storage needs of business applications
Server	5.00	Four Servers are end of life needs to be replaced with the new one with OEM Warranty and Support
Data center Expansion Phase-II	2.00	For enabling CTBCM and ensuring 24/7 availability of services the current CPPA-G's Datacenter space is being used at its full capacity. Therefore new datacenter facility is required to be established.
Data center Expansion Phase-I Additional Works Pending payment for 22-23	2.28	During Datacenter Phase I some necessary additional work was performed by the successful bidder for which the payment is pending.
Firewalls (Already Purchase Order Issued- Delivery delayed due to LC opening restriction)	20.80	
Hardware- Equipment for video recording	3.00	Video recording is required online meeting
<b>Total</b>	<b>52.58</b>	

**Other CAPEX:**

- 6.4.4. Regarding Other CAPEX of Rs.11.7 million for FY 2023-2, the Petitioner stated that procurement of new racks at basement for record after scanning, Security Cameras in CPPA-G Building, Renovation work at lower ground of building, Extension of daycare and ladies common room and purchase of office chairs are required.
- 6.4.5. The Authority understands that the Petitioner would be acting as Market Operator and would be responsible for the administration, maintenance and implementation of the Commercial Code, supervision of compliance by Market Participants and performing such other functions as provided in the Market Rules. It also performs the functions of invoice verification, billing & settlement, and procurement of electric power on behalf of the DISCOs, including import of power from other countries. The Petitioner is also responsible



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for collecting information, statistics & publishing reports and information relating to the performance of the Market. The Authority noted that in order to perform all these tasks in an efficient and transparent manner, IT equipment and related softwares are the essential tools. The Authority has also considered the actual expenditure of the Petitioner in this regard for the F'Y 2022-23m which remained at around Rs.102 million. In view thereof, the Authority has decided to allow CAPEX of Rs.64 million to the Petitioner for the FY 2023-24. The Petitioner is directed to provide head wise detail of actual expenditure incurred against each item as mentioned above during the FY 2023-24, along-with its next MOF Petition.

6.5. Whether the requested recoverable loan advances to employees is justified?

6.5.1. The Petitioner submitted that as a practice in public sector organizations, CPPAG tends to take care of employees' personal and social needs so that they are in a better position to perform their duties. Employee loan has been approved by BoD of CPPAG, to be disbursed upon certain eligibility criteria in terms of service tenure with CPPAG. Hence, the budget amount in employee loan has been incorporated for eligible employees only and will be recoverable in equal monthly installments. As per the approved SOP, the loan amount shall not exceed the terminal benefits available on the date of loan disbursement. The Petitioner requested to allow an amount of Rs. 88 million for FY 2023-24 for employee's loan.

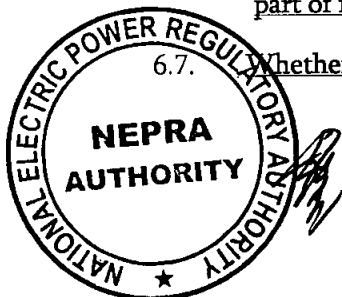
6.5.2. The Authority noted that in its earlier decision dated 22.05.2023, in the matter of Review Motion filed by the Petitioner against its Market Operation fee determination for the FY 2022-23, the Authority on the issue of recoverable loan advances decided as under;

*"The Authority noted that in the MoF determination dated 23.11.2022, the Authority did not allow the amount of loans to employees of CPPA-G, considering the fact that base tariff was being increased by around Rs.7.9/kWh, which would have further increased as a result of this amount. However, considering the submissions made by CPPA-G in the MLR & during the hearing, minimal increase in tariff as stated by CPPA-G, and the fact that loans being allowed as mentioned by CPPA-G are 100% secured/refundable against their terminal benefits, the Authority has decided to allow the Loan advance to employees of Rs.221 million as requested by CPPA-G."*

6.5.3. Accordingly, in line with its earlier decision and the submissions made by the Petitioner, whereby the loans being proposed are 100% secure and refundable, the Authority has decided to allow the requested amount of Rs.88 million to the Petitioner on account of loan advances to employees for the FY 2023-24. Here it is pertinent to mention that the Petitioner would also be recovering around Rs.72 million from its employees on account of loans given in previous year, and the amount so recovered would be deducted/adjusted back in the revenue requirement of CPPA-G. Thus the net impact of the new loans would be around Rs.16 million for the FY 2023-24.

6.6. Whether the legal charges are justified and if so whether the same should be allowed as part of instant petition or be allowed as part of DISCOs Quarterly Adjustment?

6.7. Whether the requested Prior Year Adjustment and Other Income is justified?



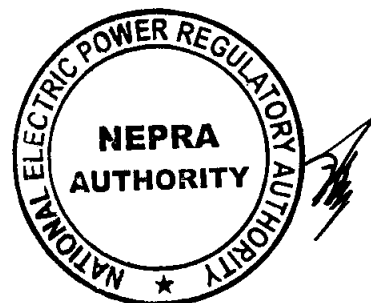
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*Determination of the Authority in the matter of petition filed by CPPA-G  
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- 6.7.1. The Petitioner regarding Prior Year Adjustment has requested a positive PYA of Rs.339 million. The Petitioner submitted that the Authority determined MoF of Rs. 3.48/kW/M to meet the revenue requirement of the Company for the FY 2022-23. Therefore, the working of the PYA for FY 2022-23 (provisional) has been computed based on the determination of FY 2022-23 and expenditure of CPPA-G for FY 2022-23 as tabulated below:

<b>FY 2022-23</b>		
MOF Determined		1,152
MOF Recovery		1,092
		<b>59.70</b>
<b>General Establishment Cost</b>		
Determined	882	
Actual	943	<b>60.90</b>
<b>Administrative Cost</b>		
Determined	216	
Actual	208	<b>(7.81)</b>
<b>Insurance &amp; Finance Charges</b>		
Determined	3.0	
Actual	2.3	<b>(0.74)</b>
<b>R&amp;M &amp; IT Services</b>		
Determined	71	
Actual	90	<b>18.89</b>
<b>Capex</b>		
Determined	115	
Actual	119	<b>3.99</b>
<b>Other Income</b>		
Determined	518	
Actual	1,266	<b>(748.27)</b>
<b>Tax</b>		
Determined	50	
Actual	189	<b>139.37</b>
<b>Loan to Employees</b>		
Determined	221	
Actual	214	<b>(7.30)</b>
<b>Legal Charges (Sep-19 to Jun-23)</b>		
Determined	-	
Actual	743	<b>743.16</b>
<b>Differential of office rent &amp; Other O&amp;M</b>		<b>77.00</b>
<b>PYA for FY 2022-23</b>		<b>1,339</b>



- 6.7.2. The Petitioner further submitted that NEPRA in its decision of Periodic Adjustments in Tariff for the 3<sup>rd</sup> Quarter FY 2022-23 filed by XWDISCOs dated July 4th, 2023 stated that:

*"Here it is pertinent to mention that the Authority in the determinations of CPPA-G Market Operation fee observed that CPPA-G reflects the costs incurred on account of legal / litigation charges in the capacity costs billed to DISCOs. In view thereof, CPPA-G was directed to include the said Cost in its market operation fees and got it approved from the Authority".*

- 6.7.3. The Petitioner accordingly stated that it is engaged in local and international legal proceedings in its capacity as agent of DISCOs, and the litigation charges incurred by CPPA-G on behalf of DISCOs are passed on to DISCOs in accordance with the Article III of the Power Procurement Agency Agreement (PPAA) between CPPA-G and DISCOs dated

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June 03, 2015. CPPA-G has been requesting the Authority to allow cost of legal charges in Quarterly decision of Periodic Adjustment in Tariff of XWDISCOs, but the Authority has disallowed cost of legal charges billed to distribution companies by CPPA-G which has piled up to Rs. 743.16 million from Sep-19 to Jun-23. As per the Authority's direction, the cost of legal charges amounting to Rs.743.16 million have now been claimed in Market Operation Fee.

6.7.4. Regarding differential of office rent & Other O&M- requested as part of PYA, the Petitioner submitted that a reconciliation has been carried out for the actual office rent & other actual O&M expenses incurred by CPPA-G as per the audited financial statements and' office rent & other O&M expenses allowed by the Authority in Market Operation Fee for FY-20 and FY-21. As per the reconciliation, the difference of Rs.77 million is yet to be allowed by the Authority. The reconciliation has already been submitted to the Authority.

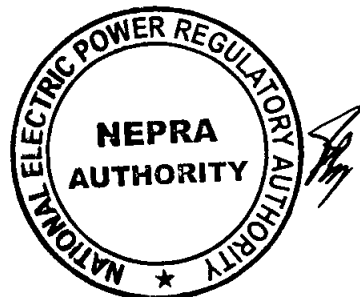
6.7.5. For Calculation of PYA, the Authority laid down following criteria in the previous determination of MoF of CPPA-G;

*"The amounts allowed in the original decision of the MoF and in the MLR for the FY 2022-23, under each head of account i.e. General Establishment, R&M, Insurance & Financial Charges, Other CAPEX and CAPEX, excluding other income & tax, shall be considered as upper cap under each head, subject to downward adjustment only, once the Audited accounts of the Petitioner for the FY 2022-23 are available. The Petitioner is directed to seek prior approval of the Authority for making any expenditure beyond the allowed Market Operation Fee for the FY 2022-23, under any head of account."*

6.7.6. Regarding Legal Charges, the Authority in its previous determinations of MoF decided and directed the Petitioner to make these legal costs as part of its market operation fees and the same shall be got approved from the Authority and 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.

6.7.7. The Petitioner now in light of direction of the Authority has requested Rs.743.16 million on account of legal charges as part of PYA, however, the Authority direction regarding provision of detail of all legal cases has not been fully complied with by CPPA-G. Considering the fact that Legal charges have already been incurred by CPPA-G and it has also provided certain information regarding case wise detail of legal charges and the cost thereof, the Authority has decided to allow an amount of Rs.500 million on account of legal charges as part of PYA. The remaining amount would be allowed subject to provision of complete information by CPPA-G in terms of case wise detail and the cost thereof for the total amount of Rs.743 million.

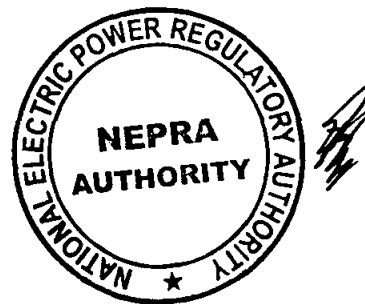
6.7.8. Based on the aforementioned decision of the Authority, PYA of petitioner for FY 2022-23 has been worked out as under;





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PYA for FY 2022-23		Rs. Mln
FY 2022-23		
MOF Determined		1,152
MOF Recovery		1,092
		59.70
General Establishment Cost		
Determined	882	
Actual	943	-
Administrative Cost		
Determined	216	
Actual	208	(7.81)
Insurance & Finance Charges		
Determined	3	
Actual	2	(0.74)
R&M & IT Services		
Determined	71	
Actual	90	-
Capex		
Determined	115	
Actual	119	-
Other Income		
Determined	518	
Actual	1,266	(748.27)
Tax		
Determined	50	
Actual	189	139.37
Loan to Employees		
Determined	221	
Actual	214	(7.30)
Legal Charges		
Determined	-	
Actual	743	500
Differential-Office rent & Other O&M		-
PYA for FY 2022-23		(64.88)



**Other Income**

- 6.8. The petitioner has requested Rs.997 million as other income for FY 2023-24. Since Other Income is required to be trued up based on the Audited Financial Statement of FY 2023-24, therefore, the Authority has decided to allow the requested amount of Rs.997 million as other income, subject to adjustment based on Audited Financial Statement of FY 2023-24.
- 6.9. **Whether the request of the Petitioner for actualization of expenditure based on audited financial statement is justified?**
- 6.9.1. The Petitioner in its petition on the issue has submitted that CPPA-G is operating under Market Rules 2015 and performing various functions on behalf of DISCOs, meets its operational needs solely through Market Operation Fee determined by the Authority. It is important to highlight that around 70% of total Market Operation Fee represents salaries & wages of employees and remaining 30% portion covers other essential needs like office rent for space requirement, travelling, office supplies, repair & maintenance, BoD & Audit Fee, NEPRA Licensing Fee, IT services, CAPEX etc. It is submitted to the Authority that all expenditures are essential and legitimate in nature and by applying a cut on the actual expenditure, CPPAG will be unable to run its operational activities smoothly. Hence the Petitioner requested to allow the actualization of expenditure based on the audited financial statements of FY 2023-24 when available.

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- 6.9.2. The Authority observed that the Petitioner in its previous Petitions of MoF also requested actualization of allowed expenses based on Audited accounts. The Authority on the issue vide its determination of MoF dated 23.11.2022 decided as under;

*"....the amount allowed under the head of General Establishment, R&M, Insurance & Financial Charges and CAPEX, excluding other income & tax, shall be considered as upper cap under each head, subject to downward adjustment only, once the Audited accounts of the Petitioner for the FY 2022-23 are available.*

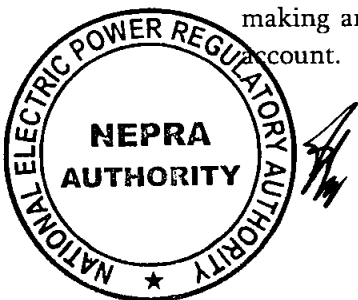
*Further, other income and tax shall be trued based on the Audited accounts for the FY 2022-23. In addition to the above any under/over recovery of the allowed revenue requirement due to MDI or late notification etc. shall be considered as part of PYA."*

- 6.9.3. Subsequently in the MLR decision of the Petitioner dated 06.07.2023, the Authority again decided that;

*"CPPA-G has already been directed that allowed amounts shall be considered as upper cap under each head, subject to downward adjustment only, once the Audited accounts of the Petitioner for the FY 2022- 23 are available. In view of thereof, the Authority has decided not to allow actualization of expenditure related to Pay & Allowances and benefits Costs, rather the allowed amount shall be considered as upper cap under each head, subject to downward adjustment only, once the Audited accounts of the Petitioner for the FY 2022-23 are available. The Petitioner is further directed to seek prior approval of the Authority, for making any expenditure beyond the allowed cost for the FY 2022-23, under any head of account.*

- 6.9.4. The Authority understands that allowing actualization of certain expenses which are of controllable nature defeats the very purpose of filing Petition before the Authority and its subsequent determination. The determination assesses the prudent operational costs, with the objective that the Petitioner manages its operations within the allowed limits, rather brings in efficiency by reducing these costs. At the same time, the Authority also understands that there are certain heads like Tax and Other Income, which are not directly in the control of the Petitioner, therefore are actualized based on the Audited Financial statements. Here it is also pertinent to mention that the Authority had permitted the Petitioner to seek prior approval of the Authority, for making any expenditure beyond the allowed cost for the FY 2023-24, under any head of account.

- 6.9.5. In view thereof and in line with its earlier decision, the Authority has decided that allowed amounts shall be considered as upper cap under each head, subject to downward adjustment only, once the Audited accounts of the Petitioner for the FY 2023- 24 are available. However, other income and tax shall be trued based on the Audited accounts for the FY 2023-24. In addition, any under/over recovery of the allowed revenue requirement for the FY 2023-24 due to variation in projected MDI or late notification etc. shall be considered as part of PYA. The Petitioner is also directed to seek prior approval of the Authority, for making any expenditure beyond the allowed cost for the FY 2023-24, under any head of account.



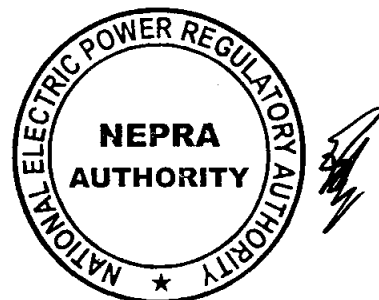
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*Determination of the Authority in the matter of petition filed by CPPA-G  
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7. Based on the discussion made in the above paragraphs, the Revenue Requirement of the Petitioner for the FY 2023-24 has been determined as follows;

Description	Allowed for FY 2023-24
General Establishment Costs (Mln. Rs.)	1,186
Pay & Allowances	1,179
Salaries & Wages	925
Employee Benefits	168
Bonus	43
New Hiring	44
Restructuring of Pay & Allowances of Working Employees	
Trainings and Capacity Building	5
Outsourced consultancy Expenses	2.50
Administrative Costs (Mln. Rs.)	232
Rent Rate & Taxes	100
Power Light etc.	18
Telephone Fax & Postage Telegram etc.	13
Office Supplies & Other Expenses	17
Subscription & Periodicals	0.2
Sports & Entertainment	6
Advertisement & Publication	3
Travelling Expenses	24
BoD & Audit Fee	16
NEPRA Fees	17
General Misc. Expenses	17
Repair & Maintenance (Mln. Rs.)	114
Repair and Maintenance	6
Vehicle Expenses Repair, Fuel & Oil	25
R&M of I.T Services	83
Tax Paid	120
Insurance & Financial Charges	2
<b>Gross Fee</b>	<b>1,655</b>
PYA	(65)
Other Income	(997)
Recoverable Loan from (Mln. Rs.)	16
Loan to employees	88
Recovery of loan	(72)
CAPEX (Mln. Rs.)	64
IT Equipment & Software	53
Other Capex	12
<b>Net Revenue</b>	<b>673</b>



8. ORDER

- The Central Power Purchasing Agency Guarantee (CPPA-G) is hereby allowed to charge such fee on such terms and conditions as provided hereunder:
- 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 2023-24 on the following rates, based on average projected monthly MDI of 27,288 MW for the FY 2023-24.

**Market Operator Fee (MOF) = Rs.2.06/kW/month**

- 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,

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by deducting from the Transfer Charge, the Transmission Charge or Use of System Charges of NTDC and the Market Operator fee of CPPA-G.

9. Summary of Directions

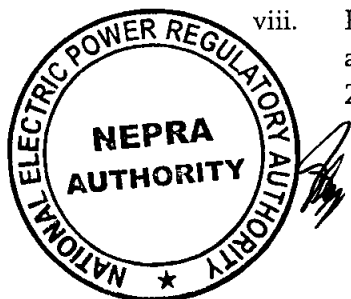
9.1. The directions of the Authority given in the instant determination are mentioned hereunder for strict compliance by the Petitioner.

9.2. 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 and IGCEP etc., for consideration of the Authority.
- ii. Continue sharing its HR development progress at the end of each quarter and also include therein 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. Apprise the Authority regarding its plans for future recruitment, along-with their proposed JDs etc., before making any such hiring.
- iv. Provide composition of its Board of Directors, with brief profile of each member, basis of their appointment and their roles and responsibilities.
- v. 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, and within the given timelines, as also directed by the Authority in the monthly FCA decisions, while submitting the monthly FCA data.
- vi. Submit monthly reconciliation report of the T&T losses with NTDC.
- vii. 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					

- viii. 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:



*Mathi*



*Determination of the Authority in the matter of petition filed by CPPA-G for determination of Market Operation Fee for the FY 2023-24*

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

- ix. To make legal costs as part of its market operation fees and the same shall be got approved from the Authority
- x. Provide monthly report regarding LDs imposed on Generation Companies along-with reasons.
- xi. Seek prior approval of the Authority, for making any expenditure beyond the allowed cost for the FY 2023-24, under any head of account.
- xii. Provide head wise detail of actual expenditure incurred against each item UNDER CAPEX during the FY 2023-24, along-with its next MOF Petition.
10. The decision along-with order part & 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**

Mathar Niaz Rana (nsc)  
Member

Rafique Ahmed Shaikh  
Member

Engr. Maqsood Anwar Khan  
Member

Waseem Mukhtar  
Chairman

Amina Ahmed  
Member

