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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Tariff)/TRF-615/CPPA-G/2024-25/ 11766-69

August 01, 2025

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 2024-25

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority (total 33 Pages) in the matter of Petition filed by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for Determination of Market Operation Fee for the FY 2024-25 in Case No. NEPRA/TRF-615/CPPA-G/2024-25.

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

Wasim Anwar Bhinder
(Wasim Anwar Bhinder)

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 2024-25*

National Electric Power Regulatory Authority

(NEPRA)

DETERMINATION OF MARKET OPERATION FEE FOR THE FY 2024-25

UNDER

NEPRA TARIFF STANDARDS & PROCEDURE RULES - 1998

OF

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

July , 2025

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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 2024-25*

**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 2024-25**

CASE NO. NEPRA/TRF-615/CPPA-G/2024-25

PETITIONER

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

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

INTERVENER

Nil

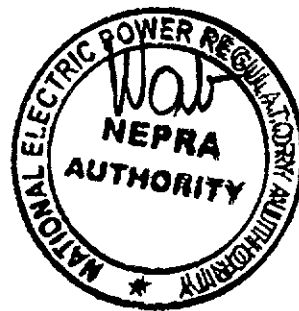
COMMENTATOR

Nil

REPRESENTATION

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

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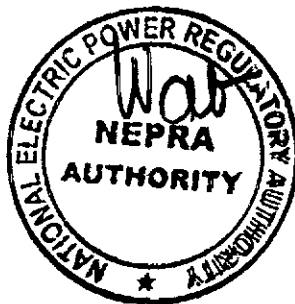




*Determination of the Authority in the matter of petition filed by CPPA-G
for determination of Market Operation Fee for the FY 2024-25*

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 2024-25*

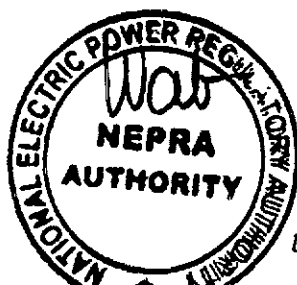
1. **Background**

- 1.1. CPPA-G, hereinafter referred to as "the Petitioner", filed a petition for determination of its Market Operator Fee (MoF) for the FY 2024-25 in terms of Rule 3 and Sub-Rule 7 of the Tariff Standards & Procedure Rules-1998 ("the Rules") and in compliance of the Chapter 11 of the approved Commercial Code.
- 1.2. CPPA-G in its Market Operation Fee Petition requested the following for the FY 2024-25:
- To approve the Market Operation Fee @ Rs.3.85/kW/Month for FY 2024-25, excluding legal charges, which may be considered as a part of DISCOs Quarterly Adjustment; OR alternatively approve Market Operation Fee @ Rs.5.19/kW/Month for FY 2024-25, including legal charges.
 - To allow actualization of expenditures based on audited financial statements of FY 2024-25, once 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 in the circumstances may also be granted.
2. The Petitioner requested the following revenue for FY 2024-25;

	Allowed FY 2023-24	Requested FY 2024-25		
		CPPA	MO	CPPA+MO
General Establishment Costs	1,142	1,925	242	2,167
Administrative Costs	232	297	11	308
Office Operations, Services & Maintenance	116	174	-	174
CAPEX	64	118	-	118
Revenue Requirement	1,554	2,514	253	2,767
Recoverable loan Advances to Employees	88	119	-	119
New Hiring Cost	44	242	13	255
Tax	120	449	-	449
PYA	(565)	-	-	-
Legal Charges	500	400	-	400
Less: Other Income	(997)	(2,249)	-	(2,249)
Less :Recovery of Loan From Employees FY 24	(72)	(54)	-	(54)
Net Revenue Requirement	672	1,422	266	1,688
Avg. MDI	27,228	27,102	27,102	27,102
Rs. /kW/M	2.06	4.37	0.82	5.19
Unit Sold (MkWh)	100,731	106,152	106,152	106,152
Paissa Per Unit	0.007	1.34	0.25	1.59

3. **Proceedings**

- 3.1. 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.



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3.2. The hearing was initially scheduled for 29.01.2025, and a notice of admission / hearing was published in the newspapers on 15.01.2025 and also uploaded on NEPRA website. Notices of hearing were also sent to the interested parties, inviting comments and filing of intervention requests, if any. However, the hearing was later rescheduled for 30.01.2025, and a notice for rescheduling of hearing was published in newspapers and also uploaded on NEPRA website.

4. **Filing of objections/ comments:**

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

5. **Issues of the Hearing**

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

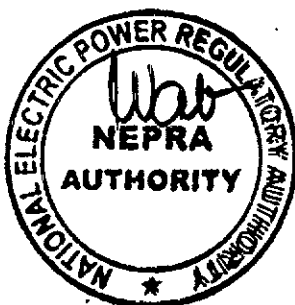
- i. CPPA-G to provide Justification/basis of bifurcation of requested revenue requirement in terms of Agency function and Market Operation function for FY2024-25.
- ii. Whether the requested General Establishment cost, Administrative Costs, New hiring, Tax and Legal charges are justified?
- iii. Whether the requested Insurance, Finance Charges, Office Operation, Services & Maintenance (R&M General, IT Services, R&M, Support Fee, etc.) are justified?
- iv. Whether the requested capital expenditure is reasonable and justified?
- v. Whether the requested Other Income, recovery of loan and Prior Year Adjustment (if any) is justified?
- vi. Whether the request of the Petitioner for actualization of expenditure based on audited financial statement is justified?
- vii. 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 considering the available record/ information, the issue wise discussion is as under

7. **CPPA-G to provide Justification/basis of bifurcation of requested revenue requirement in terms of Agency function and Market Operation function for FY2024-25.**

7.1. During the hearing, the petitioner provided the following breakdown of costs, bifurcated into agency function and market operation function;



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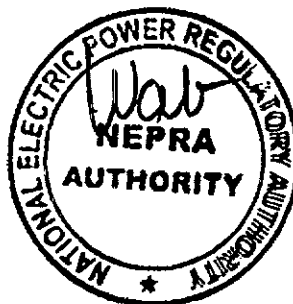


*Determination of the Authority in the matter of petition filed by CPPA-G
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	Mn.Rs			Cost Effurcation
	CPPA	MO	Total	
General Establishment Costs	1,925	242	2,167	Employee Based
Administrative Costs	297	11	308	Employee Based
Office Operations, Services & Maintenance	174	-	174	Shared Services
CAPEX	118	-	118	Shared Services
Revenue Requirement	2,514	253	2,767	
Recoverable loan Advances to Employees	106	13	119	Employee Based
New Hiring Cost	242	13	255	Employee Based
Tax	449	-	449	
PYA (Decision awaited)	-	-	-	
Legal Charges	400	-	400	Shared Services
Less: Other Income	(2,249)	-	(2,249)	
Less: Recovery of Loan From Employees	(54)	-	(54)	
Net Revenue Requirement	1,409	279	1,688	

- 7.2. The Petitioner submitted that employee costs constitute a major portion of its revenue requirements, therefore, the expenses have been allocated based on number of employees. Additionally, certain costs related to the shared services, have been claimed as part of CPPA-G revenue requirement.
- 7.3. The Authority observed that around 70% of the costs have been allocated between CPPA-G and MO functions, based on the number of employees, while the remaining cost of shared services has been claimed as part of CPPA-G's revenue requirement. For the purpose of MoF petition for the FY 2024-25, the Authority agrees with the approach of allocating costs based on the number of employees. However, considering that the transfer of License for Market Operator from CPPA-G to ISMO (being a separate legal entity) has been approved by the Authority vide its determination dated 30.04.2025, CPPA-G is directed that from FY 2025-26 onward, only such costs that are relevant to CPPA-G shall be claimed as part of its Fee Petition.
8. **Whether the requested General Establishment cost, Administrative Costs, New hiring, Tax and Legal charges are justified?**
- 8.1. The Petitioner submitted that the General Establishment Cost includes Pay & Allowances, Employees benefits, Training & Capacity Building, Consultancy and new hiring. The Petitioner has requested the approval for a total of Rs.2,422 million under the head of General Establishment Cost as detailed below with following justifications;

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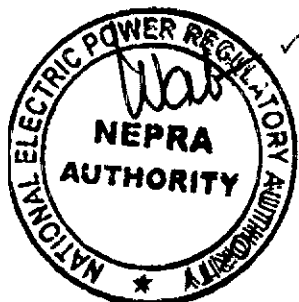


*Determination of the Authority in the matter of petition filed by CPPA-G
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	Min.Rs FY 2024-25 Requested
Pay & Allowances	1,674
Employee Benefits (PF, Gratuity, EOBI, GLI, Medical Facility & etc)	321
Bonus (Yearly Based on BoD Approval)	139
Trainings and Capacity Building	10
Consultancy Services	22
Total	2,167
New Hiring Cost including benefits	255
Total Cost	2,422

Pay & Allowances

- ✓ The Petitioner submitted that the pay and allowances for FY 2024-25 are requested at Rs. 1,674 million and have been projected after applying inflation and performance-based increment over "Actual Basis Pay" of each employee for the month of April 2024 in line with the "pay scales structure" already approved by the BoD. The increase in the overall pay and allowances cost is substantiated by the significant rise in the inflation rate, as reported by the Pakistan Bureau of Statistics, the regular performance-based increment for employees, Promotion / Upgradation Policy for CPPA-G employees approved by the BoD, and impact of the revised pay scales for CPPAG employees for the entire year. It is important to note that the pay revisions were approved during FY 2023-24, with a budgetary consideration for only a six-month impact. However, in FY 2024-25, the full year impact of these revised pay scales is being accounted for. It is important to note that approximately 75% of our workforce consists of highly trained professionals responsible for managing around Rs. 4 trillion rupees worth of power purchase invoices. These employees are skilled experienced, and critical for maintaining operational efficiency and avoiding disruptions. With the uncompetitive salaries and benefits, it is very challenging for the organization to retain these employees especially considering their high demand in the market. CPPA-G is continuously making efforts to offer competitive pay structure to their employees as per the latest market pay scales to avoid any loss of human resources, which could ultimately disrupt the operations of the organization. Furthermore, it is essential to highlight that the proposed pay structure has been approved by the BoD of CPPAG, which includes government nominated representatives. After due diligence, the BoD approves only those changes in the pay structure that are essential for smooth functioning of the organization. Therefore, it is essential to treat pay and allowances head as a passthrough item.
- ✓ 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 2024-25.
- ✓ The employees' benefits head consist of provident fund, gratuity, earned leaves, bonus, EOBI, GLI, medical benefits, staff-level overtime, and honoraria. The increase in



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employees' benefits aligns with the increase made in pay and allowances. For FY 2024-25, employees' benefits are estimated to be approximately Rs. 460 million, keeping in view the "pay scales structure" already approved by the BoD. Moreover, the BoD also approved increase in the provident fund percentage from 5% to 8%.

- 8.1.1. As per Board resolution, vii / 77 approval of annual increment policy for CPPA-G employee issued on 21.11.2021, the Board has approved following;



Central Power Purchasing Agency Guarantee Limited
A Company of Government of Pakistan

No. CPPA-G/2021/CSI/1767-69

24th Novem

BOARD RESOLUTION VII / 77

APPROVAL OF ANNUAL INCREMENT POLICY FOR CPPA-G EMPLOYEES

A meeting of Board of Directors of Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) 18th November 2021 at CPPA-G office, Shaheen Plaza, 73-west, Fazal-e-Haq Road, Blue Area Islamabad

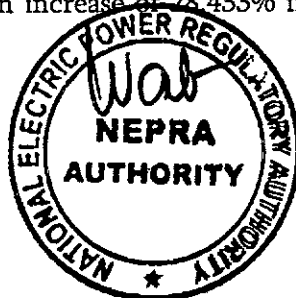
The Board of Directors of Central Power Purchasing Agency Guarantee Limited (CPPA-G) has decide

- I. Resolved that "Annual Increment Policy for CPPA-G Employees effective from 1st July 20: hereby approved whereby CPPA-G employees are entitled to annual increment (for each fu based on individual performance as per the Bell Curve & ranking and annual inflation compen on Average inflation rate for the period of July-June for the immediately preceding year as Pakistan Bureau of Statistics. The criteria for the determination of performance-based inc follows:

S. No	Ranking of Employees	Marks	Bell Curve %age	Performance Increment	In Con
1	Average	50-59	7%	4%	Avera Rate-t for the June.
2	Satisfactory	60-69	20%	5%	
3	Good	70-79	35%	6%	
4	Very Good	80-89	28%	7%	
5	Outstanding	90-100	10%	8%	

- II. Further resolved that "In view of the hardships CPPA-G Employees in Grades G-1 & G-2. allowed extra 2% increment over and above the inflation compensation."
- III. Further resolved that "The above-mentioned Increment Policy will remain in force till any CPPA-G Board in future."
- IV. Further resolved that "CEO CPPA-G be and is hereby authorized to execute the abovementi

- 8.1.2. The Authority, in order to conduct a fair assessment of the Petitioner's request, obtained details of actual working employees along with the proposed hiring from the Petitioner. As per information submitted by the Petitioner, its actual working strength is 231 employees. Upon reviewing the requested Pay & allowances, it was noted that the Petitioner incorporated an increase of 28.433% in the Pay & allowances of all employees w.e.f. July 2024.



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- 8.1.3. Regarding Restructuring cost on account of Pay & Allowances, the earlier decision of the Authority is as under;

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. 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.

- 8.1.4. The Authority has carefully considered the submissions made by the Petitioner. The Authority noted that the Petitioner was not allowed cost for the restructuring of pay & allowances for its existing employees, vide Authority's decision dated 27.06.2024, which resulted in a shortfall between the amount allowed vis a vis actual cost. Although the Authority did not allow this cost earlier, it was on the understanding that the Petitioner would get it approved in its MoF prior to its implementation. However, it is also a fact that the MoF petition for the FY 2023-24 was decided in June 2024, whereas CPPA-G's BoD approved restructuring w.e.f. January 2024, thus resulting in a considerable time gap. Considering the fact that restructuring of Pay & Allowances has already been approved by the BoD of CPPA-G and was accordingly implemented by CPPA-G, the Authority has decided to allow cost for restructuring of Pay & Allowances this time. However, in future no such cost would be allowed unless CPPA-G gets it approved as part of its MoF fee, prior to its implementation.

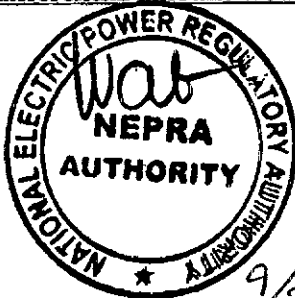
- 8.1.5. Accordingly, CPPA-G is allowed an amount of Rs.1,586 million on account of Pay & Allowances and Rs.304 million on account of Employee Benefits for the FY 2024-25.

- 8.1.6. The Petitioner further requested a bonus amount of Rs. 139 million based on one gross salary of each employee.

- 8.1.7. While analyzing the request of the Petitioner, it has been noted that the Petitioner has requested bonus @ 1 gross salary for FY 2024-25. 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.*"

- 8.1.8. The Authority in MOF determination for FY 2023-24 has decided as under;

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.



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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 2024-25

8.1.9. Upon inquiry CPPA-G, explained the last bonus approved by the BOD was equivalent to One (1) gross salary.



Central Power Purchasing Agency Guarantee Limited
A Company of Government of Pakistan



No. CPPA-G/2022/CS/3008-3010

14th June 2022

BOARD RESOLUTION III-2 / 83

CTBCM PROGRESS UPDATES AND STATUS OF CPPA-G AND OTHER ENTITIES ACTIONS

A meeting of Board of Directors of Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) was held on 10th June 2022 at CPPA-G office, Shaheen Plaza, 73-west, Fazal-e-Haq Road, Blue Area Islamabad.

The Board of Directors of Central Power Purchasing Agency Guarantee Limited (CPPA-G) has decided as follows;

IX. Further resolved that "On this memorable occasion of getting the Market Operator (MO) License by CPPA-G:

i) *Company Secretary CPPA-G is hereby authorized to issue appreciation letters (on behalf of the Board) to be sent to all the present and previous CEOs and Board members for their guidance and support for obtaining the Market Operator License, Further the Specimen appreciation letters were approved by the Board."*

ii) *All the employees (Regular, Contract, Deputation, Daily Wages) of CPPA-G are hereby rewarded One Month Gross Salary and MTOs (as per monthly stipend), as Bonus on last month pay / stipend drawn basis with the following exceptions:*

- Those employees who are involved in serious acts of misconduct of embezzlement, fraud and unethical acts etc, will not be allowed this bonus however they will get the benefit if they are exonerated from the charges.*
- Those employees who are on extraordinary leave for more than three months are not eligible for the bonus.*
- Employees having less than six months service (on the payroll of CPPA-G) will not be eligible for the Bonus.*



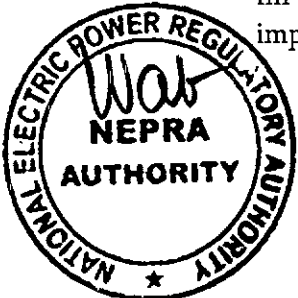
iii) *For acknowledging their relentless efforts in the success of CTBCM, the following employees are hereby allowed an additional One Month Gross Salary as second Bonus:*

8.1.10. In light of above, the Authority has decided to allow Bonus equivalent to One (1) basic salary for FY 2024-25 as per the relevant clause of the HR manual. In the event that the BOD approves a Bonus equivalent to One (1) gross salary or any other amount, the difference between the of amount allowed vis a vis approved by the BoD shall be adjusted as part of PYA.

8.1.11. The impact of Bonus equivalent to One (1) basic salary for FY 2024-25, works out as Rs.78.26 million.

New Hiring Cost

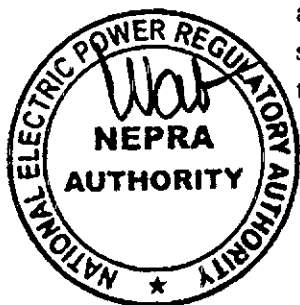
8.1.12. Regarding new hiring, the Petitioner has submitted that the HR department has planned to fill 76 positions in various departments against the vacant posts of 137, with financial impact of Rs.255 million. The department wise detail of proposed hiring is as below:



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- ✓ **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 6 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 specially from NAB, FIA, AGP office etc. are becoming a 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. Consider the above 16 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 has 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



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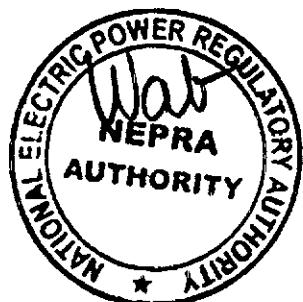


*Determination of the Authority in the matter of petition filed by CPPA-G
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Integrated Management System (IMS) in CPPAG which also adds up to the responsibility areas for the compliance purposes. On the above justification 7 vacant position are proposed 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, 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 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, but also to equip them in advance on the related skills and tools that would make them enables to undertake their responsibilities. The new hire will not only support the current team but would also be tasked with emerging responsibilities as the CTBCM will start and market will start growing. On the above justification 7 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

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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 organization's protection 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 15 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 5 vacant position are proposed to be filled in Legal department. On the above justification 5 vacant position are proposed to be filled in Legal department.
- ✓ **Internal Audit & 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 developed and implemented along with its integration with existing processes. Considering the facts 3 vacant post to be filled in IA department and 1 post to be filled in Risk Management department.

8.1.13. In order to have fair assessment of new hiring the Petitioner was asked to provide the updated status of hiring to which the Petitioner submitted that 27 positions have been occupied till date.

8.1.14. Based on above assessment methodology, as adopted for working out existing employees projected Pay & Allowance along-with benefits, Pay and Allowance, bonus and other



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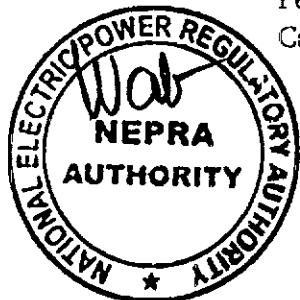
benefits of newly hired 27 employees works out as Rs. 176 million for FY 2024-25. The Authority has decided to allow only amount for the employees currently hired i.e. Rs.176 million (including benefits) in the instant petition. If the Petitioner makes any further recruitment during the FY 2024-25, it shall provide employees wise detail along-with their financial impact for consideration of the Authority in its next tariff petition.

Training and Capacity Building:

8.1.15. Regarding training and capacity charges, the Petitioner has submitted the following;

- ✓ Training and capacity building are indispensable pillars of organizational success, nurturing our workforce's capabilities to meet evolving challenges and seize opportunities. 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. The Training programs planned for the FY 2024-25 have been meticulously curated based on comprehensive Training Needs Assessments (TNA) conducted by respective departments. These initiatives encompass a wide array of technical skill enhancement and soft skills development, ensuring a well-rounded approach to talent development and retention. Specifically, it includes the function related technical trainings for advanced technical skills enhancement in our pursuit of operational excellence as it will empower our workforce to overcome industry challenges and increase their operational efficiency. Additionally, adding training for soft skills development, focusing on effective team and time management, communication, cross functional teams' collaboration, future leadership development, gender sensitization, Anti-harassment, diversity & inclusion, and adaptability. By investing in our employees' soft skills, we aim to ignite synergy, drive superior performance, and achieve substantial returns. This head includes cost associated with training for job-related technical and soft skills specialized courses/workshops planned for the employees of CPPA-G in FY 2024-25. This strategic allocation of resources aims to enhance our workforce's skillset, fortify our organization's position, and foster a culture of excellence. The required budget will be utilized across various departments including Finance department Rs. 1.5 million, Technical department Rs. 1.5 million, HR & Admin department Rs. 1 million, Plan Implementation Unit (PIU) department Rs. 1.5 million, Legal department Rs. 0.5 million, Information Technology department Rs. 1 million, Company Secretary department Rs. 0.5 million, and Internal Audit and Risk Management department 0.5 million, and Market Operation Development (MOD) department Rs.2 million.
- ✓ The Authority is requested to approve an amount of Rs. 10 million for FY 2024-25 under the head of training & capacity building.

8.1.16. The Authority noted that the Petitioner was allowed an amount of Rs.4.6 million for Training and Capacity building for FY 2023-24, however, based on the actual accounts, the Petitioner has only incurred an expense of Rs.4.4 million under the head of Training & Capacity Building.



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8.1.17. It is also a fact that the market has become operational and is in its dry run stage since May 2023. Therefore, the Authority believes that the majority of the training related to market operations has already been conducted. CPPA-G was also directed to provide its actual Training and Capacity building expenses until December 2024. CPPA-G reported that Rs. 3.51 million has been incurred till December 2024, therefore, considering the actual expenses for the FY 2024-25 and the cost incurred during the 2023-24, the Authority has decided to allow a maximum budget of Rs.5 million, under this head, subject to downward adjustment only, based on the audited financial statements of FY 2024-25.

Consultancy Services

8.1.18. Regarding Consultancy charges, the Petitioner submissions are as under;

- ✓ **Headhunting & Testing Services** is required to make the process of recruitment transparent and fair CPPAG hired the services of third party since 2021-2022 in this head mostly includes outsourcing of Recruitment Firm, Engagement of Head-hunting Company for the transparency in Hiring process of CPPA, Currently CPPAG hiring Assistant Managers and Junior Executives through Open Testing Services and Deputy Managers and above through People Headhunting Firm. The proposed budget for Headhunting & Testing services is Rs.4.15 million for FY 2024-25 (head hunting Rs.2 million and Testing Service Rs.2.15 million).
- ✓ **Business Reengineering Consultant for MOD** is working as a Business Analyst for Market Management System (MMS) Project. His role is to act as a mediator between the business functions team and IT team, and responsible to develop 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. Additionally, "BPR Consultant" is also implementing market operations process streamlining and preparation of manuals. He has also successfully rollout Agile Project Management framework which helped MOD and IT Department to work collaboratively for rapid application development and that significantly reduced the development time and improved the product quality. An amount of Rs 12 million has been budgeted for a local consultant who has already been contracted and engaged for two years. The proposed budget for Business Process Restructuring Rs. 12 million for FY 2024-25. CPPA-G also shared contract of consultant which is effective for two years starting from March 2024.
- ✓ **Consultant for BOD Performance Evaluation under SOE Act 2023** As per annexure 2 of the SOEs Ownership and Management Policy, 2023, "The Federal Government of Pakistan requires that State-owned Enterprise (SOE) directors, independent and ex-officio, undertake periodic evaluation of the Board's performance and the contribution made by individual directors. The performance evaluation review framework shall be applicable on independent and ex-officio directors. Within six months of the approval of the Policy the Central Monitoring Unit (CMU) will distribute a default template to be used by all SOEs for director evaluations. The default will set the minimum



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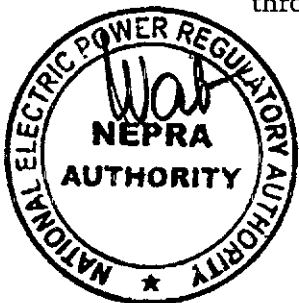


requirements for director and Board performance assessments. Boards may adopt a more robust performance review framework provided it has been approved by the relevant line Ministry and CMU." Since no such template has been shared by CMU, CPPA-G Board of Directors in its meeting held on 5th October 2023 approved appointment of the Pakistan Institute of Corporate Governance (PICG) for performance evaluation of the Board of Directors. The proposed budget for performance evaluation of the Board of Directors is Rs.0.7 million for FY 2024-25.

- ✓ **Tax Counsel** for Tax matters of CPPA-G employee benefits funds. Employees Gratuity Fund and Employees Contributory Provident Fund were duly registered on 14th October 2016 under the Trust Act, 1882. On 27th August 2020, the Islamabad Capital Territory Trust Act, 2020 (the Act) was promulgated. As per Section 112 of the Act, all the trusts registered in Islamabad Capital Territory under the repealed Act are required to be freshly registered under this Act. Through Islamabad Capital Territory Trust (Amendment) Ordinance, 2021 dated 5th November 2021 Trust Act was amended to incorporate the provisions regarding specialized trusts created by legal persons. Application for registration under Islamabad Capital Territory Trust (Amendment) Ordinance, 2021 was submitted to the Directorate of Labor and Industries, Islamabad. However, the concerned office verbally informed that the Ordinance has lapsed after 90 days of issuance. Therefore, specialized Trusts cannot be registered under the Islamabad Capital Territory Trust Act, 2020. Income of recognized provident and gratuity funds is exempt from tax under the Income Tax Ordinance, 2001. However, after 31st December 2021, exemption was not granted due to non-registration of the Trust under the ICT Trust Act, 2020. To challenge provisions of the ICT Trust Act, 2020 and avoid financial loss in the form of withholding of income tax Ordinance, 2001, services of Tax Counsel are required to file writ Petition before the Islamabad High Court (IHC). The proposed budget Tax Counsel is Rs.1 million for FY 2024-25.
- ✓ **Tax Consultant** is required for tax compliance, advisory and income / sales tax appeal services related to CPPA-G. The proposed budget for tax consultancy and tax appeals Rs.4 million for FY 2024-25.
- ✓ Furthermore, it is delineated that the requested 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 also requested to allow the actualization of expenditure of administrative cost based on the audited financial statements of FY 2024-25 when available.

8.1.19. While reviewing the employee-wise information, the Authority noted that the Petitioner already employs around 15 professionals as part of its HR & Admin team. Therefore, the hiring of a head-hunting firm, in addition to the existing strength on CPPA-G's payroll, is not deemed necessary. Accordingly, the request of CPPA-G to allow Rs. 2 million for head hunting firm is not acceded to and the Petitioner is directed to carry out this activity through its own HR department.

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8.1.20. Regarding the testing service, the Authority understands that only a nominal fee is charged from the employer, while the rest is charged from the candidates by the firm. In view thereof, the Authority has decided to allow an amount of Rs.1 million to CPPA-G for testing services.

8.1.21. Regarding Business Reengineering Consultant for MOD, the Authority vide MoF determination for the FY 2023-24 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 the MLR and during the hearing and the 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.

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.

8.1.22. The Authority understands that all required software are now operational, and CPPA-G has also hired the necessary professionals at market-based salaries, to address the upcoming opening of the competitive market and to perform its functions as MO and SPA. Moreover, the dry run of the market has already been completed, which demonstrates that all required software and IT procedures are now implemented & operational, leading to start of CTBCM shortly. Therefore, the Authority does not see any justification for allowing a separate Business Process Reengineering Consultant. Accordingly, request of the Petitioner to allow an amount of Rs.3 million for Business Process Restructuring Consultant is declined.

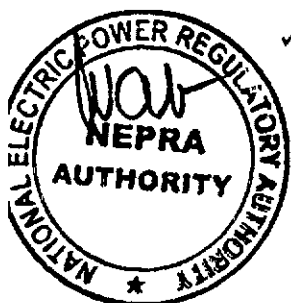
8.1.23. Regarding Consultant for BOD Performance Evaluation under SOE Act 2023, the Authority noted that performance evaluation of BoD is a legal requirement, under the SOE Act. Therefore, the Authority has decided to allow an amount of Rs.0.7 million as requested by CPPA-G.

8.1.24. Regarding consultant for Tax related issues, tax appeals and counsel, the Petitioner has requested an amount of Rs. 5 million for the FY 2024-25. The Authority understands that Taxation is a specialized job and for filing of Tax Appeals and petition for agency related matters, the Petitioner may require help of specialized Tax consultant. Therefore, the Authority has decided to allow cost of Rs.2 million for FY 2024-25, for tax related matters to CPPA-G.

Legal Charges

- ✓ CPPA-G has also submitted in its Petition that it is required to engage the Counsel for representation, filing, and defending the stance of CPPAG before the numerous forums.

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i.e., NEPRA, FBR, Pakistan Information Commission, Federal Ombudsman, Appellate Tribunal (NEPRA), Civil Courts, District Courts, High Courts, Supreme Court and International Court of Arbitration. The engagement of legal counsel is crucial to ensure that CPPAG's interests are effectively represented and defended in all relevant legal and regulatory matters.

- ✓ To facilitate these legal processes, the Legal Department has established an approved schedule of fees and maintains a panel of advocates, as approved by BoD of CPPAG. This schedule outlines the remuneration for various legal services provided by the advocates, ensuring transparency and consistency in legal expenses. The panel of advocates consists of pre-qualified legal professionals who have been vetted and approved based on their expertise and experience, ensuring that CPPAG is represented by competent and capable legal counsel in all required forums. In this regard, the Authority is requested to allow an amount of Rs. 400 million for FY 2024-25 in the head of legal Charges legal charges.
- ✓ Since CPPA-G is engaged in the local and international legal proceedings in its capacity as agent of DISCOs, the litigation charges incurred by CPPA-G on behalf of DISCOs may be passed on to DISCOs in accordance with the Article III of the Power Procurement Agency Agreement (PPAA) between CPPA-G and DISCOs dated June 03, 2015. Accordingly, CPPA-G once again requests to Authority to allow cost of legal charges in Quarterly decision of Periodic Adjustment in Tariff of XWDISCOs.

8.1.25. Regarding the Legal charges the Petitioner in the FY 2023-24 was allowed an amount of Rs.500 million against the requested cost of Rs.743 million, with following directions;

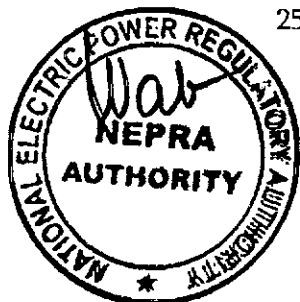
Provide the detail of all legal cases against various entities including international arbitrations and their status and also those cases filed against NEPRA since July 2015.

To make legal costs as part of its market operation fees and the same shall be got approved from the Authority

8.1.26. In light of above directions from the Authority, CPPA-G has requested Rs.400 million as legal charges and has provided the required details, including international arbitrations, along with their current status. Additionally, CPPA-G has claimed Rs.507.55 million as the differential between legal charges allowed vis a vis amount actually spend till FY 2023-24 as part of PYA.

8.1.27. In light of the above, the Authority has decided to allow an amount of Rs.400 million on account of legal charges for the FY 2024-25. Additionally, the amount of Rs.507.55 million has also been allowed to CPPA-G in the MLR decision of the MoF for the FY 2023-24. The said amount has been incorporated into the instant decision as Prior Year Adjustment. For future claims of legal charges, the Authority has decided to allow CPPA-G to claim the same as part of capacity charges in the quarterly adjustments of XWDISCOs.

8.1.28. Based on aforementioned discussion General Establishment expenses allowed for FY 2024-25 viz a viz amount requested by CPPA-G is tabulated below;



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Description	Requested FY 2024-25	Allowed FY 2024-25
General Establishment Costs (Mln.Rs.)		
Salaries & Wages	1,674	1,586
Employee Benefits	321	304
Bonus	139	78
New Hiring	255	176
Outsources consultancy Expenses	22	3.70
Trainings and Capacity Building	10	5.0
Total	2,422	2,153
Legal Charges	400	400

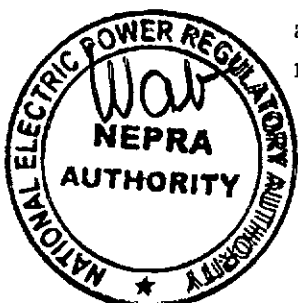
8.2. Whether the requested Administrative Costs, Office Operations, Services & Maintenance, Taxes, Insurance & Finance Charges are justified?

Administration Cost

- 8.2.1. The Petitioner has requested an amount of Rs.301 million for Administrative Costs, whereas, it was allowed an amount of Rs.232 million for these heads for the FY 2023-24. The Petitioner while justifying its request has submitted that administrative expenses include 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, Environment, Social Governance (ESG), NEPRA Petition fee and NEPRA Licenses fee. Head wise breakup of the cost proposed for FY 2024-25 is as follows:

Description	Mln.Rs
Rent, Rate and Taxes	107
Power and Light etc.	29
Communication	23
Office Running Exp. (outsourced services)	22
BoD and Auditor Fee	21
Environment, Social Governance (ESG)	5
NEPRA License and Petition Fee	21
Other Expenses	73
Total	301

- ✓ **Rent, Rate & Taxes;** These expenses are mainly related to the building rent, being paid for occupying office space Shaheen Plaza, Islamabad (approx. 57,322 sq ft) to carry out CPPA-G operations. In last year, an Increase of 15% in the rent was requested as rent agreement was expiring. However, after successful negotiation with the owner only 5% increase was agreed, accordingly the current year request is low as last year. CPPA-G also held around 1,589 square feet space at sunny view Lahore where major historical records of CPPAG is placed. Recently, WAPDA has revised their rates with 10% annual



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increase so currently the budget for 1,589 sq/ft is estimated with the revised rates by WAPDA House. The estimated rent of the store is around Rs. 110 per square feet. The total amount required in this head are Rs. 107 million for FY 2024-25.

- ✓ **Power light and Water;** In order to estimate expense in this head the electricity bill of building is assumed @ 2 million p/m for each 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 million and after consolidating the above figures an amount of Rs. 28.9 million for FY 2024-25 are proposed in the head of power, light and water.
- ✓ **Communication;** This head includes mainly the expenses relevant to office telephone charges, employees cell phone charges, office internet charges, office courier services charges for external communication through letters. The inflation reported by the Pakistan Bureau of Statistics in April 2024 has been applied on the previous year's approved budget. The Authority is requested to allow an amount of Rs. 23 million for FY 2024-25 under the head of Communication.
- ✓ **Office Running Expenses (Outsourcing Services);** This head includes services mainly include Security Service, Outsource Staff, Creative Agency, Cleaning & Pest Control Service, Window Cleaning Services, Elevator Service, Daycare Services and other services. The inflation reported by the Pakistan Bureau of Statistics in April 2024 and has been applied on the previous year's approved budget. The Authority is requested to allow an amount of Rs. 22 million for FY 2024-25 under the head of office running expenses.
- ✓ **BoD Fee & Auditor Fee;** Board & Committee meetings fee is remuneration for Board members to undertake their oversight responsibility for Governance and Strategic Planning, Policy Development, Financial Oversight, maintaining effective governance practices, Risk Management, Stakeholder Engagement, Organization Evaluation and Accountability etc. External Auditor fee is duly approved by the Board of Directors for conducting the Statutory Annual Audit of CPPA-G. The Authority is requested to allow an amount of Rs. 21 million for FY 2024-25 under the head of BoD Fee & Auditor Fee.
- ✓ **Environment, Social and Governance (ESG);** CPPA-G is embarking on a significant journey by introducing the Environment, Social, and Governance (ESG) component for the first time in the Business Plan of CPPA-G which is in stages of finalization, aligning with our commitment to sustainability and responsible corporate practices. With an eye towards future sustainable initiatives, we have outlined key activities for the years 2024-25 as part of our inaugural ESG plan. The identified activities for the upcoming year include initiatives to reduce our environmental footprint, enhance community engagement, promote employee welfare, and strengthen governance practices. Additionally, recognizing the importance of capacity building, we are committed to equipping our ESG team with the necessary skills and knowledge for conscious execution and transparent reporting. This plan is meticulously crafted in alignment with the ongoing finalization of CPPA-G's Business Plan, underscoring our holistic



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approach towards sustainable growth and corporate excellence. The Authority is requested to allow an amount of Rs. 5 million for FY 2024-25 under the head of Environment, Social Governance (ESG).

- ✓ **NEPRA Licensing Fee & Petition Fee;** This head mainly includes the CPPA-G annual licensing fee and petition fee to the Regulator. The proposed budget in NEPRA Licensing Fee & Petition Fee head Rs. 21 million. The Authority is requested to approve an amount of Rs. 21 million for FY 2024-25 under the head of NEPRA Licensing Fee & Petition Fee.
- ✓ **Other Administrative Expenses;** The remaining head of administrative expense consists of routine nature office supplies, printing & stationery, entertainment, subscription & periodicals travelling, advertisement and publications, sports & recreation activities, and other expenses. The inflation reported by the Pakistan Bureau of Statistics in April 2024 has been applied on the previous year's approved budget. The Authority is requested to approve an amount of Rs. 73 million for FY 2024-25, in the head of other administrative cost.
- ✓ Furthermore, it is delineated that the requested 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 also requested to allow the actualization of expenditure of Administrative Cost based on the audited financial statements of FY 2024-25 when available.

Insurance, Financial Charges

8.2.2. The Petitioner proposed insurance expenses of Rs.6 million for FY 2024-25, for its various assets like office cars, IT equipment and other assets. The Petitioner submitted the following justification for the requested amount;

- ✓ Insurance is necessary to protect from financial losses due to damage, theft, or other unforeseen events. Company assets can be expensive to replace, and without insurance, a sudden loss could disrupt operations and lead to significant costs. Insurance ensures that a business can quickly recover and replace essential items, minimizing downtime and maintaining continuity. Financial charges are normal bank charges, charged by banks against total transactions / projected payments of over Rs.3 trillion. Finance charges of Rs. 2 million is proposed for FY 2024-25.

Furthermore, it is delineated that the requested 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 also requested to allow the actualization of expenditure of Insurance and Financial Charges, based on the audited financial statements of FY 2024-25 when available.

Office Operations, Services & Maintenance

8.2.3. Regarding office operations, services & maintenance expenses, the Petitioner has requested an amount of Rs.174 million, against the last year allowed amount of Rs. 114 million. As per



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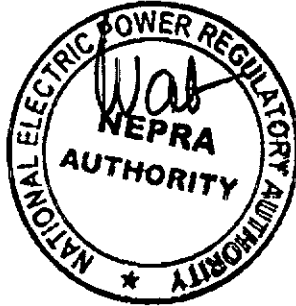
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the Petitioner, these heads include repair and maintenance of furniture, office equipment, vehicle, IT equipment's, IT services, software's and running cost of vehicle inclusive of fuel, oil and lubricants, annual fee and token taxes. Head wise breakup of the cost proposed for FY 2024-25 is as follows:

Description	Min.Rs
Repair and Maintenance General	9
Vehicle Expenses Repair, Fuel & Oil	43
IT Services (email, Internet, Softwares renewals etc.)	122
Total	174

8.2.4. The Petitioner has provided the following justification of the requested amounts;

- ✓ **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 inflation reported by the Pakistan Bureau of Statistics in April 2024 has been applied on the previous year's approved budget. The Authority is requested to allow an amount of Rs. 9 million for FY 2024-25.
- ✓ **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 head wise breakup of the cost proposed for FY 2024-25 is as follows. The Authority is requested to allow an amount of Rs.122 million for FY 2024-25 in the head of I.T Services.



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Actions	Mta. Rs.		Detail
	Annual Cost	Recurring/ New	
Software licenses Fee			
MS Office 365 E3	15,000,000	Recurring	Annual Subscription of Microsoft Office 365 E3 Licenses (Share point ECM, MS Office, MS Teams, One Drive etc.), ECM, Leave Management System, R&I System, File Tracking System and Record Management System.
Azure Storage Account	176,400	Recurring	Annual Subscription for data storage of ECM repositor, Digital Resource Library.
Cloud Service for APPs & Database CDXP Application & Database Backup	3,300,000	Recurring	Daily Merit Order application and CDXP Invoice Submission
Adobe CC 2019 Package (Creative Cloud for Teams - Annual Subscription) Renewal	300,000	Recurring	"Annual Subscription Graphics Designing Tools for creation of (CPPA-G visitor card design, Employee Card Designing, Web page designing)"
GenyMotion (Emulator for Android Development - Annual Subscription) Renewal	100,000	Recurring	Emulator for Android Development -Annual Subscription) Renewal
Wonder Share	60,000	Recurring	Recording of Trainings conducted By Market Operations & Development
Dark Trace (Enterprise Immune System) License renewal	6,986,250	Recurring	"Renewal - To provide Darktrace's Enterprise Immune System in CPPA network which determines what data is collected and what information Darktrace is able to use for analysis. Using machine learning and AI algorithms, Darktrace creates a unique behavioral model that defines this 'pattern of life' for each device, user and the network as a whole."
Info Blox (Blox One DDI & Threat Defence Advanced)	9,334,935	Recurring	Renewal - To protect corporate users and roaming users of CPPA from DNS based Threat Vectors and to provide the visibility what is going on DNS protocol. Price is locked in USD and payment will be made in PKR.
Deep Security	11,790,000	Recurring	Deep Security provides advanced server security for physical, virtual, and cloud servers. It protects enterprise applications and data from breaches and business disruptions without requiring emergency patching. This comprehensive, centrally managed platform helps you simplify security operations while enabling regulatory compliance and accelerating the ROI of virtualization and cloud projects.
Oracle EBS Applications License (Renewal of Licensing)	2,000,000	Recurring	Oracle Support Renewal for ORACLE EBS which is procured for ERP Phase-I Oracle Support Renewal is essential for organizations that rely on Oracle products and services to run their business operations, support is critical for ensuring that your organization's systems remain secure, perform optimally, and comply with industry.
Edify LMS & Phishing Simulator/ Microsoft Viva Plan	3,430,000	Recurring	Learning Management System & Phishing Simulator to Provide online trainings and awareness to the CPPA-G's Employees to Fulfill ISO 20000 & 27001 Standard compulsion or we may shift to Microsoft Viva Plan.
Oracle Database Enterprise, SOA Suit, Data Integrator, WebLogic Support Renewal	7,500,000	Recurring	Is being used as Enterprise Service Bus for seamless integration of application of POP Analytics (APEX), CDXP, Merit Order, Wind forecast, Leave management System, ECM and POP ERP hence its Oracle support renewal is essential for organizations that rely on Oracle products and services to run their business operations, support is critical for ensuring that your organization's systems remain secure, perform optimally, and comply with industry regulations. It also provides access to technical support and new features, maximizing the value of your investment in Oracle products.
Oracle Enterprise Linux Support Renewal	2,000,000	Recurring	Operating System of Test and Production Servers of ERP.
Oracle Database Vault yearly support renewal	500,000	Recurring	Oracle DB Vault is a robust security solution that adds an extra layer of protection to Oracle databases, helping organizations safeguard sensitive data and meet regulatory compliance requirements effectively.
Solar Wind NPM License Renewal	435,513	Recurring	"Solar Wind NPM License Renewal agreement between CPPA-G and M/s Techaccess for 3 years costing USD 1434.05"
Renewal of Symantec Antivirus Endpoint Protection (300 Clients)	1,973,700	Recurring	Symantec Antivirus Endpoint Protection (200 Clients) License Renewal and 100 additional licenses agreement between CPPA-G and M/s Techaccess for 3 years costing USD 6579.15
CPPA-ZOOM Account Yearly (two accounts) and Purchase of two New Account	210,000	Recurring	Renewal cost of ZOOM account.
Git Hub Team	49,500	Recurring	GitHub, Inc. is an Internet hosting service for software development and version control using Git. It provides the distributed version control of Git plus access control, bug tracking, software feature requests, task management, continuous integration, and wikis for every project.
Dynamic Application Security Testing (DAST) Tool and Penetration Testing	4,000,000	Recurring	DAST tool and Penetration testing will help to test web applications of CPPA-G in aspects of information and cyber security, to avoid any type of vulnerabilities, information loss, cyber attacks etc.
Canva Pro	37,500	Recurring	This tool is used for designing.
"The Maintenance & Renewal of Support Services and Service Level Agreement (SLA) For Servers, Storage Software and Network Equipment (with parts)-Renewal of agreement with CNS E"	15,000,000	Recurring	The Maintenance & Renewal of Support Services and Service Level Agreement (SLA) For Servers, Storage Software and Network Equipment (with parts)-agreement between CPPA-G and M/s CNS-E for three years. The support contract is required for continuity of business in case of any fault occurred in critical IT equipment (Servers, Storage Network Equipment etc) costing USD 99082
Power BI Premium Account Per User Account Seventeen Users	1,000,000	New	"Dashboards, Data visualization and data Analytics have the vital role in the organization development and decision making. To cope these challenges with the recent market trends, Many Business Intelligence tools that will enable the human resources of different departments like Information Technology, Strategic and Market Development, Policy & Planning and Finance Business Users to build the Dashboards, Visualization the data/graphs and perform different analysis on the data for day-to-day business operations. In this regard, multiple business intelligence tools available in market like Microsoft Power Business Intelligence (MS Power BI) and Oracle Analytics are being explored and found that MS Power BI is more user friendly, economical, and easily availability of certified trainer. End users of CPPA to be trained with the trending MS Power BI tool to cope the analysis challenges that arises day to day."
Migration of ECM Portal data to Backup server hosted at CPPA-G datacenter (File Backup solution)	3,750,000	New	Migration of ECM Portal data to Backup server hosted at CPPA-G datacenter (File Backup solution)
WEB Housing for Wind, Leave Management System, Monitoring Portal	500,000	New	WEB Housing of upcoming two new software
Figma License	150,000	New	For creation of HI-Feds, High-level functional and non-functional requirements (HI-feds) are necessary in the software development lifecycle as they provide a clear understanding of the project's objectives, functionalities, and performance expectations, serving as a blueprint to guide the development process and ensure alignment with stakeholder needs from the outset.
MS Office 365 E3 Licenses for Newly joining CPPA-G by June 2024 till September, 2024 (100)	1,000,000	New	Providing Office 365 licenses to new induction in FY 24-25.



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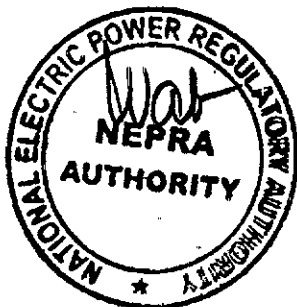
*Determination of the Authority in the matter of petition filed by CPPA-G
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IT Support & Services			
Website Domain Name Registration	20,000	Recurring	CPPA-G's Web hosting, new server and domain Registration Fee needs to be paid annually
OEM Support Renewal for One Data center Server	800,000	Recurring	One R740 Server is getting out of support. (Service - Tag 2BMKVP3). Manufacturer support services required.
Web Hosting Services Charges (VPS Hosting)	250,000	Recurring	CPPA-G's website along with monitoring portal, wind forecast portal to a better hosting service so that 99.9% uptime can be achieved
ERP Phase-I (Renewal of Support)	23,368,090	Recurring	Annual Support Renewal of ERP Phase -I
DELL Storage SCV3020 Expansion support renewal	825,000	Recurring	For 20 Dsk support renewal is required as the existing DELL support is expiring in April 2024.
Old Record Migration to ECM	500,000	Recurring	Digitization of Old Historical Record to ECM to Vendor
Backup Server Hosting with M/S Nayatel (RACK SPACE Hosting)	950,000	Recurring	Backup Server is hosted at M/s Nayatel Datacenter
Maintenance & Support Services for IT Infrastructure - Data Centre Site Facilities (with parts)- Agreement with M/s Fortek	1,000,000	Recurring	Maintenance & Support Services for IT Infrastructure - Data Centre Site Facilities (with parts) agreement between CPPA-G and M/s Fortek. This support contract is required for smooth operation of datacenter facility which is required for the continuity of the CPPA-G IT Services.
Sangfor HCI Software & Service	3,000,000	Recurring	Renewal of Software License Subscription & Upgrade-
Market Operator website Support Services Nextbridge (Including Last Year Support Cost)	661,500	Recurring	Hosting and Support of Market Operator (MO) website
Telerik Devcraft Complete	510,000	Recurring	Third party components used in software development for rapid application development
Grand Total	122,468,388		

✓ **Vehicle Running Cost;** This head includes vehicle running cost (Petrol/ Diesel, Oil lubricant & etc.) amounts to Rs. 36 million and vehicle repair and maintenance, registration & annual token tax amounting Rs. 6 million. The inflation reported by the Pakistan Bureau of Statistics in April 2024 has been applied on the previous year's approved budget. The Authority is requested to allow an amount of Rs. 43 million for FY 2024-25 in the head of vehicle running cost.

8.2.5. Furthermore, it is clarified that the requested expenses are legitimate and essential in nature, and any reduction in these expenses would result in the disruption of the operational activities of CPPA-G. Therefore, the Authority is also requested to allow the actualization of expenditure for Office Operations, Services, and Maintenance based on the audited financial statements of FY 2024-25 once available.

8.2.6. The Authority considers that expenses under this category are generally essential and necessary for Company's daily operations. In order to conduct a fair assessment of these costs, the Petitioner was asked to provide its actual expenditure incurred for the period from July to December 2024. Based on the actual expenditure of the Petitioner till Dec. 2024, the Authority has decided to allow the following costs under these heads;



Author



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Description	Requested FY 2024-25	Allowed FY 2024-25
Administrative Costs (Mln. Rs.)	301	235
Rent Rate & Taxes	107	104
Power Light etc.	29	24
Telephone Fax & Postage Telegram etc.	23	10
Office Supplies & Other Expenses	22	15
Subscription & Periodicals	-	-
Sports & Entertainment	10	7
Advertisement & Publication	12	0
Travelling Expenses	30	22
BoD & Audit Fee	21	21
NEPRA Fees	21	11
General Misc. Expenses	22	20
Environment, Social Governance (ESG)	5	-
Repair & Maintenance (Mln. Rs.)	174	145
Repair and Maintenance	9	5
Vehicle Expenses Repair, Fuel & Oil	43	17
R&M of IT Services	122	122

8.2.7. Regarding Insurance, Financial Charges, the Petitioner has requested a total amount of Rs.8 million in this regard for the FY 2024-25. The Petitioner also provided actual expenses incurred under the head of Insurance and Financial charges till December, based on which the Authority has decided to allow Rs.2.95 million for Insurance and Financial charges for the FY 2024-25.

8.2.8. However, regarding Environment, Social Governance (ESG), the Authority observed that these are essentially of CSR activities, and should not be borne by consumers. Therefore, no cost is being allowed for these activities. CPPA-G may carry out such activities from its own sources, if available, , as passing on such costs to consumers would be against the principal of prudence.

Taxes

8.2.9. CPPA-G, in its MOF petition, has requested a tax amount of Rs.449 million, for which no detailed workings/calculations have been provided.

8.2.10. As per section 153(1)(b) of income tax ordinance, the rate applicable for services related entities e.g. CPPA-G is 9% of gross amount. The proposed gross amount of revenue including the impact of Other Income works out as Rs.1,555 million. By applying 9% tax on gross amount the tax liability for CPAA-G for FY 2024-25 works out as Rs.140 million, which is being allowed to the Petitioner, subject to true up based on verifiable payment documentary evidence.



Noted



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for determination of Market Operation Fee for the FY 2024-25*

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

8.3.1. The Petitioner has requested CAPEX of Rs.118 million for the FY 2024-25 in the following heads as detailed below;

Description	Mln.Rs
IT Equipment and Software	93
New Vehicle	19
Other Capex	5
Total	117

8.3.2. The Petitioner has provided the following justification for each head of account.

- ✓ **IT Equipment and Software's;** The Proposed Capex in head of IT equipment and Software for FY 2024-25 is as follows:

Actions	Amount	Requirement Reasons
IT Infrastructure Transformation		
Laptops Core-i7, 16GB RAM, 512 SSD Hard Disk or latest SPECS	15,000,000	CPPA-G hiring is in process for 75 new employees for at least 50 new laptops are required for smooth working.
SAN Storage for Primary Data center Site	40,000,000	6TB Usable SAN Storage PS4210 is end of life and end of OEM support, needs to be replaced for providing necessary storage for business applications
Server	35,000,000	Four Servers (Dell PowerEdge R730) are end of life needs to be replaced with the new one with OEM Warranty and Support.
Microsoft Visual Studio 2022 or latest (4 Users)	500,000	Licenses required for newly hired resources in Software development team.
SQL Server Database License for High Availability	2,500,000	SQL Server's high availability features can help support CPPA operations by ensuring high availability, data integrity, rapid recovery, scaling to meet demand, and disaster recovery. These features are critical for ensuring that CPA operations can operate efficiently, effectively, and with minimal disruptions
DPA Monitoring and SQL Sentry tools for MMS database monitoring	200,000	Database Performance Analyzer (DPA) and SQL Sentry are tools that can help proactively monitor MMS (Mission-Critical Microsoft SQL Server) operations by providing real-time performance data, alerts, and analysis.
Wonder Share	60,000	Screen Recording Software for recording online trainings.
Total	93,260,000	

- ✓ The Authority is requested to allow an amount of Rs. 93.2 million for FY 2024-25 in the head of IT software's and equipment.
- ✓ **Purchase of Vehicles;** As we continue to witness the growth and expansion of our organization, it has become increasingly evident that our current fleet of vehicles is insufficient to meet the evolving transportation needs of our workforce. A comprehensive justification for the purchase of additional vehicles for office use.
- ✓ **Rapid Increase in Workforce:** Over the past few months, our organization has experienced a significant increase in the number of employees across various departments. This expansion has naturally resulted in a surge in the demand for transportation services to facilitate daily commutes, meetings, and field visits. Heightened Activities within Technical, Finance, Legal, PIU and MOD Departments: The Technical, Finance, Legal, PIU and MOD departments play a pivotal role in our organization's operations, with responsibilities ranging from conducting testing in different IPPs and different meeting and workshop conduct by MOD regarding CTBCM. The intensification of activities within these departments has necessitated frequent travel for inspections and demonstrations. As a result, our existing fleet is



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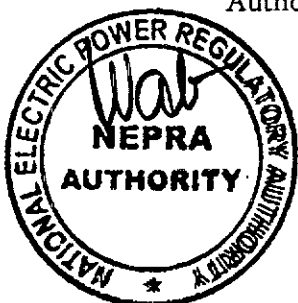
unable to adequately support the transportation requirements of these departments and other official.

- ✓ **Essential Requirement for Dispatch Rider:** The efficient and timely delivery of documents, parcels, and other official correspondence is crucial for the smooth functioning of our organization. A dedicated bike for the dispatch rider is essential to ensure swift and reliable delivery services to Ministries and other stakeholders. Currently, we lack a dedicated vehicle for this purpose, leading to delays and inefficiencies in our communication channels. The proposed vehicles for purchase include 01 staff van, 01 1000 cc car and 02 motor bikes. The Authority is requested to allow an amount of Rs.19.4 million for FY 2024-25 for the purchase of new vehicles.
- ✓ **Other CAPEX;** In other CAPEX, procurement of new racks at basement for record after scanning, Renovation work, purchase of office chairs and misc. items for day to day operations. The Authority is requested to approve an amount of Rs.5 million for FY 2024-25 the head of other CAPEX.

8.3.3. Furthermore, the petitioner has delineated that the requested expenses are legitimate and essential in nature, and any reduction in these expenses would result in the disruption of operational activities of CPPA-G. Therefore, the Petitioner requests that the Authority allow allow the actualization of Capital expenditure based on the audited financial statements of FY 2024-25 when available.

8.3.4. The Authority understands that the Petitioner would be acting as a 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. Additionally, it will handle 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 for collecting information, statistics & publishing reports and information relating to the performance of the Market. The Authority understands that in order to perform all these tasks in an efficient and transparent manner, IT equipment and related software are the essential tools. In view thereof, the Authority has decided to allow the request CPAEX of IT Equipment and Software of Rs.93.2 million to the Petitioner for the FY 2024-25. The Petitioner is directed to provide head wise detail of actual expenditure incurred against each item as mentioned above during the FY 2024-25, along-with its next MoF Petition. The amount being allowed shall be the maximum cap subject to downward adjustment based on Audited accounts of the Petitioner for the FY 2024-25.

8.3.5. Regarding other Capex for office renovation, the Petitioner has requested for purchase of Office chairs/ racks for new hiring as well as for visitors. The actual expenditure incurred till December 2024 is around Rs.1.17 million, therefore, considering the justification provided by the Petitioner and actual expenditure incurred till December 2024, the Authority has decided to allow an amount of Rs.2 million for the FY 2024-25.



Wab



8.3.6. Regarding Capex for vehicles, CPPA-G existing fleet consist of 13 vehicles, which are sufficient enough to cater for the need of CPPA-G. However, for efficient and timely delivery of documents, parcels, and other official correspondence, the Authority has decided to allow two (02) bikes, at cost of Rs.0.4 million for FY 2024-25 as requested by CPPA-G. The amount being allowed shall be the maximum cap subject to downward adjustment based on Audited accounts of the Petitioner for the FY 2024-25.

8.4. **Whether the requested Other Income, recovery of loan and Prior Year Adjustment (if any) is justified?**

Loan Recoverable

8.4.1. The Petitioner submitted that as per practice in public sector organizations, CPPA-G tends to take care of employees' personal and social needs so that they are in a better position to perform their duties. Employee loan secured against terminal benefits, has been approved by BoD of CPPAG, to be disbursed upon certain eligibility criteria in terms of service tenure with CPPAG. Hence, the budgeted 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.

8.4.2. The Petitioner accordingly requested to allow an amount of Rs. 119 million for FY 2024-25 for employee's loan.

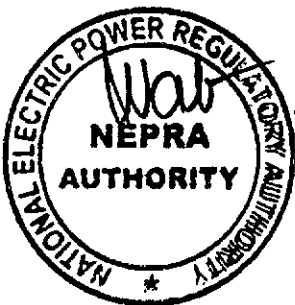
8.4.3. The Authority through its earlier decision has allowed recoverable loan advances to CPPA-G. The Authority decision regarding recoverable loan advances is as under;

"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 1/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."

8.4.4. In view thereof, an amount of Rs. 119 million is being allowed to CPPA-G, considering the fact the loan amount is secure and refundable. CPPA-G is directed to provide complete report regarding Loan amount paid to employees and amount recovered through installment during the year in subsequent MoF petition.

8.4.5. Here it is pertinent to mention that CPPA-G also reported recovery of Rs.54 million from employees against loan given in previous year, therefore, the same amount is deducted/adjusted back in the revenue requirement of CPPA-G. Thus, a net impact of Rs.65 million is being allowed under this head.

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Prior Year Adjustment

- 8.4.6. The Petitioner in its MOF petition has not requested any amount as part of PYA however, submitted that, PYA working will be shared after the Authority's decision regarding MLR FY 2023-24.
- 8.4.7. In light of MOF decision of the Authority for FY 2023-24 and the subsequent MLR, head wise workings for the PYA has been carried out and accordingly a negative amount of Rs.1,339 million has been worked out as Prior Year Adjustment. The same has been made part of Revenue requirement of CPPA-G for the FY 2024-25, as tabulated below;

			Allowed
FY 2023-24			Rs. Mln
MOF Determined	2.06	27,588	673
MOF Recovery	3.48	25,287	1,056
			(383)
General Establishment Cost			
Determined	1,186		
Actual	1,496		-
Allowed in MLR			309.94
Administrative Cost			
Determined	232		
Actual	226		(6.55)
Insurance & Finance Charges			
Determined	2		
Actual	3		-
R&M & IT Services			
Determined	114		
Actual	117		-
Capex			
Determined	64		
Actual	41		(23.55)
Other Income			
Determined	997		
Actual	2,315		(1,318)
Tax			
Determined	120		
Actual	56		(63.90)
Loan to Employees			
Determined	16		
Actual	- 35		(51.72)
Legal Charges (Sep-19 to Jun-23)			
Determined	500		
Actual	1,008		507.55
PYA for FY 2023-24			(1,029)



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Other Income

8.5. The Petitioner has requested Rs.2,249 million as other income for FY 2024-25. Since Other Income is to be trued up based on the Audited Financial Statement of FY 2024-25, therefore, the requested amount is being allowed to CPPA-G, subject to adjustment based on Audited Financial Statement of FY 2024-25.

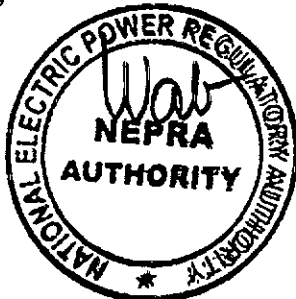
8.6. **Whether the request of the Petitioner for actualization of expenditure based on audited financial statement is justified?**

8.6.1. The Petitioner in its petition on the issue has submitted that CPPA-G, 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 Authority is requested to allow the actualization of expenditure based on the audited financial statements of FY 2023-24 when available.

8.6.2. For Actualization of expenditures based on audited financial statement the Authority's MOF earlier decision for FY 2023-24 is reproduced hereunder;

"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.

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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8.6.3. Based on the aforementioned decision of the Authority, the allowed amount is allowed as upper cap and subject to downward adjustment only, except for Other Income, Bonus and Tax, based on the audited account of FY 2024-25.

9. Based on aforementioned issue wise discussion and analysis following revenue requirement is worked out and placed before the Authority for consideration please.

Description	Rs. Mln	
	Requested FY 2024-25	Allowed FY 2024-25
General Establishment Costs (Mln. Rs.)		
Salaries & Wages	1,674	1,586
Employee Benefits	321	304
Bonus	139	78
New Hiring	255	176
Outsources consultancy Expenses	22	3.70
Trainings and Capacity Building	10	5.0
Total	2,422	2,153
Legal Charges	400	400
Administrative Costs (Mln. Rs.)		
	301	235
Rent Rate & Taxes	107	104
Power Light etc.	29	24
Telephone Fax & Postage Telegram etc.	23	10
Office Supplies & Other Expenses	22	15
Subscription & Periodicals	-	-
Sports & Entertainment	10	7
Advertisement & Publication	12	0
Travelling Expenses	30	22
BoD & Audit Fee	21	21
NEPRA Fees	21	11
General Misc. Expenses	22	20
Environment, Social Governance (ESG)	5	-
Repair & Maintenance (Mln. Rs.)		
	174	145
Repair and Maintenance	9	5
Vehicle Expenses Repair, Fuel & Oil	43	17
R&M of LT Services	122	122
Others heads		
	(1609)	(2812)
Tax	449	140
Insurance & Financial Charges	8	3
PYA		(1,029)
Other Income	(2,249)	(2,249)
Recoverable Loan	65	65
Loan to employees	119	119
Recovery of loan	(54)	(54)
CAPEX	118	96
IT Equipment & Software	93	93
Others (Furniture & Fixtures)	5	2
Replacement of Vehicles	19	0.40
Net Revenue	1,688	(41)



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10. **ORDER**

- I. The Central Power Purchasing Agency Guarantee (CPPA-G) is hereby allowed to charge such fee on such terms and conditions as provided hereunder:
- II. CPPA-G, for provision of Market Operator and allied services, is allowed to charge its assessed fee for the FY 2024-25 on the following rate, based on average projected monthly MDI of 27,102 MW for the FY 2024-25.

Market Operator Fee (MOF) = Negative (Rs.0.13/kW/month)

- III. CPPA-G shall, for the purpose of clarity intimate to all XWDISCOs or any other Market Participant, the generation part of the Transfer Charge, during a billing period, by deducting from the Transfer Charge, the Transmission Charge or Use of System Charges of NTDCL and the Market Operator fee of CPPA-G.

11. **Summary of Directions**

- 11.1. The directions of the Authority given in the instant determination are mentioned hereunder for strict compliance by the Petitioner.
- 11.2. 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. Bifurcate the cost of MO and CPPA separately and also reflect such bifurcation in audited financial statements as well.
 - v. Provide composition of its Board of Directors, with brief profile of each member, basis of their appointment and their roles and responsibilities.
 - vi. 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.



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- vii. Submit monthly reconciliation report of the T&T losses with NTDCL.
- viii. Provide party wise breakup of amounts payable & receivables as per the following format on monthly basis, in addition to the monthly circular debt reporting as per the agreed formats.

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

- ix. 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:

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

- 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 2024-25, under any head of account.
- xii. Provide head wise detail of actual expenditure incurred against each item UNDER CAPEX during the FY 2024-25, along-with its next Petition.
12. The decision along-with order part & summary of directions of the Authority in the instant determination are intimated to the Federal Government for notification in the official gazette under Section 31(7) of the NEPRA Act.

AUTHORITY

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Amina Ahmed
Member

Waseem Mukhtar
Chairman

