



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/PAR-101/17038-17040
October 17, 2017

Subject: **Decision of the Authority in the matter of Indexation of Fuel Cost Component of Shakarganj Energy Private Limited for the Year 2016-17 (Case No. NEPRA/PAR-101)**

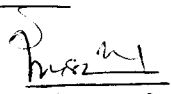
Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (02 Pages) regarding adjustment in the matter of Indexation of Fuel Cost Component of Shakarganj Energy Private Limited for the Year 2016-17 w.e.f. 01.10.2015 to 30.09.2016 and 01.10.2016 to 30.09.2017.

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

3. The indexed Fuel Cost Component is to be notified in the official Gazette.

Enclosure: As above


17 x 17
(Syed Safer Hussain)

Secretary
Ministry of Energy
'A' Block, Pak Secretariat
Islamabad

CC:

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

DECISION OF THE AUTHORITY IN THE MATTER OF INDEXATION OF FUEL COST COMPONENT OF

SHAKARGANG ENERGY PRIVATE LIMITED FOR THE YEAR 2016-17.

Faisalabad Electric Supply Company ("FESCO") vide its letter dated June 08, 2017 requested National Electric Power Regulatory Authority (hereinafter referred to as the "Authority" or "NEPRA") to notify the revised Fuel Cost Component (hereinafter referred to as "FCC") of M/s Shakargang Energy Private Limited (hereinafter referred to as "SEPL") for the period starting from October 01, 2016 to September 30, 2017.

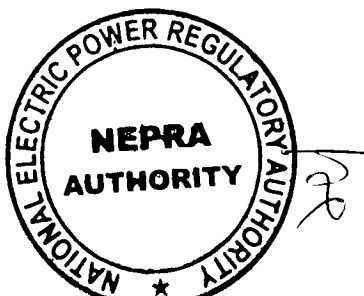
SEPL is a captive bagasse based power generation facility at Village Bhone, 57-Km Jhang- Sargodha Road, Tehsil and District Jhang, Punjab. SEPL was awarded a generation license by NEPRA dated April 28, 2009 which was modified on June 29, 2011 and then on May 12, 2015. As per the latest decision, the gross capacity of SEPL is 31.5 MW (29.20 MW net) in crushing season and 16.5 MW (15.20 MW net) in off season.

FESCO filed a Power Acquisition Request (hereinafter referred to as "PAR") dated October 30, 2012 in respect of purchase of 14-18 MW power on "Take and Pay" basis from SEPL under NEPRA's Interim Power Procurement (Procedures & Standards) Regulations 2005 (hereinafter "IPPR-2005"). A copy of the Power Acquisition Contract (hereinafter referred to as "PAC") was also submitted with the aforesaid PAR. The referred PAC was signed on a tariff of Rs. 5.15/kWh comprising of FCC of Rs. 3.62/kWh and fixed component of Rs 1.53/kWh. FCC was worked out using reference gas price of Rs. 238.38/MMBtu which was to be adjusted on the basis of variation in gas prices.

During the proceedings of the aforesaid PAR, FESCO dated July 15, 2013 requested the Authority to limit the approval of PAR for the capacity of 4-6 MW. FESCO submitted that the procurement of 14-16 MW capacity was linked with the construction of 132 kV line/grid for which financing arrangement could not be agreed between FESCO and SEPL. The Authority acceding to the aforesaid request of FESCO issued a decision on PAR dated September 26, 2013 thereby permitting FESCO to procure 4-6 MW from SEPL and also approved the PAC.

Subsequently, the Authority initiated suo moto proceedings to bring consistency in the workings and adjustment mechanism of the FCC of bagasse based captive power plants and new bagasse co-generation projects under the Upfront Tariff, 2013. Using imported coal prices of USD 100.67 per ton and the net efficiency of 22.50%, the Authority worked out and approved Rs. 6.29/kWh as FCC of SEPL vide decision dated November 24, 2014. The mechanism of annual adjustment of FCC was also prescribed in the said decision. FESCO was directed to change the PAC while incorporating the revised FCC and its corresponding adjustment mechanism.

Afterwards, NEPRA vide its letter dated May 26, 2016 clarified FESCO that the approved FCC of Rs. 6.29/kWh is applicable for FY 2015-16. The revised FCC for the year 2016-17 applicable from October 01, 2016 shall be adjusted in accordance with the approved mechanism. Accordingly, FESCO as referred at paragraph 1 above has requested the Authority to notify the revised FCC of SEPL for the period starting from October 01, 2016 to September 30, 2017.



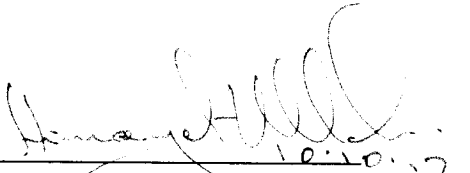
To process the subject request, NEPRA vide letter No. NEPRA/SAT-I/PAR-78/PAR-12565 dated July 25, 2017 directed FESCO to submit the PAC with SEPL which was submitted on August 11, 2017. It was noted that the changes with respect to revised FCC and corresponding adjustment mechanism have been made in PAC.

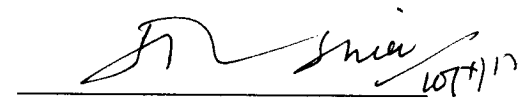
In pursuance of the modified FCC adjustment mechanism, the Authority hereby approves the indexed FCC of SEPL which works out as tabulated hereunder,

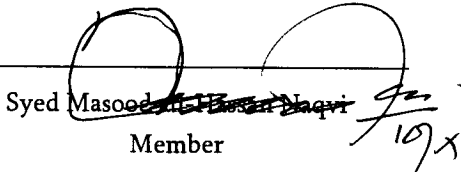
Period	SEPL (Rs. / kWh)
w.e.f. October 1, 2015 to September 30, 2016	6.29
w.e.f. October 1, 2016 to September 30, 2017 (Indexed)	6.72

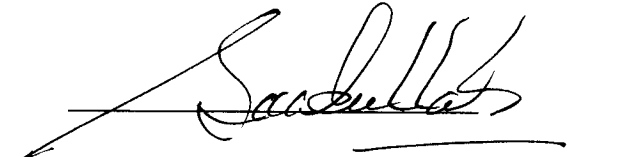
The above indexed FCC is to be notified in the official gazette in accordance with the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

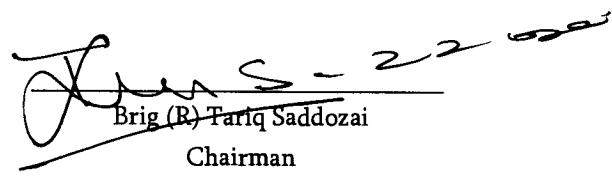
AUTHORITY


Himayat Ullah Khan
Member


Maj (R) Haroon Rashid
Member


Syed Masood Ali Naqvi
Member


Saif Ullah Chattha
Member/ Vice Chairman 11.10.2017


Brig (R) Tariq Saddozai
Chairman

