



Registrar

# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-541/CPGCL-2020/1378-1380  
January 12, 2021

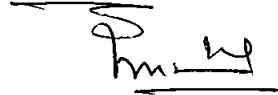
**Subject: Determination of the Authority in the matter of Tariff Modification Petition filed by Central Power Generation Company Ltd. (CPGCL) for Modification/Revision of Tariff Determination dated 24<sup>th</sup> February 2006 (Case No. NEPRA/TRF-541/CPGCL-2020)**

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority (03 pages) in the matter of Tariff Modification Petition filed by Central Power Generation Company Ltd. (CPGCL) for Modification/Revision of Tariff Determination dated 24<sup>th</sup> February 2006 in Case No. NEPRA/TRF-541/CPGCL-2020.

2. The Determination is being intimated to the Federal Government for the purpose of notification of adjustment in the approved tariff through the official Gazette pursuant to Section 31 (7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
3. The Order of the Authority's Determination is to be notified in the official Gazette.

Enclosure: As above



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( Syed Safeer Hussain )

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

CC:

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

**TARIFF MODIFICATION PETITION FILED BY CENTRAL POWER  
GENERATION COMPANY LIMITED (CPGCL) FOR  
MODIFICATION/REVISION OF TARIFF DETERMINATION DATED 24<sup>th</sup>  
FEBRUARY 2006**

**1. INTRODUCTION**

- 1.1. Central Power Generation Company Limited (“CPGCL” or the “Petitioner”) is a public limited company wholly owned by the Government of Pakistan incorporated on October 26, 1998. CPGCL commenced its commercial operations on March 1, 1999. The Company was granted Generation License number GL/02/2002 on July 1, 2002.
- 1.2. The tariff for Block I-IV of CPGCL’s TPS Guddu was determined on 24th February 2006. As per para 47 of the said determination, Return on Equity (RoE) of 13.92% was approved by the Authority. Accordingly annual ROE of Rs. 452.76 million was allowed on equity investment of Rs. 3,252.59 million. This translated into ROE tariff component of Rs. 26.95/kW/Month on the basis of net capacity of 1,400 MW.

**2. FILING OF MODIFICATION PETITION**

- 2.1. CPGCL vide letter No. CPGCL/CEO/20/181 dated 19th October 2020 filed tariff modification petition for revision/modification of its tariff determination dated 24th February 2006. According to CPGCL, Power Division vide letter dated 6<sup>th</sup> October 2020 communicated the decision No. CCE/46/13/2020 dated 27<sup>th</sup> August 2020 of the Cabinet Committee on Energy (CCoE), whereby, it was decided inter alia that the RoE of GENCOs would be reduced to 10%.
- 2.2. Accordingly, CPGCL requested the Authority to modify CPGCL’s tariff determination dated 24<sup>th</sup> February 2006 for Blocks I-IV to the extent that the RoE is reduced from 13.92% to 10%. CPGCL submitted following comparison of ROE at 13.92% and 10%.

Description	@13.92%			@10%			Difference
	01-07-19 to 10-07-19	11-07-19 to 30-06-20	Total	01-07-19 to 10-07-19	11-07-19 to 30-06-20	Total	
Dependable Capacity (MW)	1,400	920	-	1,400	920	-	-
Equity as per Tariff (Rs. Mil)	3,253			3,253			-
Equity (Rs./kW/Month)	26.95	26.95	-	19.36	19.36	-	7.59
Equity (Revenue) (Rs. Million)	12	290	302	9	208	217	85

**3. HEARING**

- 3.1. Hearing in the matter was held on December 01, 2020 through video link on Zoom. Notice of Admission/Hearing was published in newspaper on 18<sup>th</sup> November 2020



inviting comments/interventions from stakeholders. Individual notices were also issued to stakeholders on 19<sup>th</sup> November 2020. In response, no comments or intervention requests were received

- 3.2. The hearing was participated by CEO CPGCL. During the hearing it was observed that the last tariff for petitioner company was determined in 2006 but no subsequent petition for the determination/modification was filed by the petitioner. It is also a matter of record that tariff so determined was not multiyear and CPGCL was required to file tariff petition for succeeding periods. CPGCL informed that tariff petition for old blocks is under preparation and shall be submitted soon. Subsequently, CPGCL was directed to file tariff petition vide letter No. NEPRA/D(Trf)/TRF-541/CPGCL-2020 dated December 24, 2020.

#### **4. ANALYSIS & DECISION**

- 4.1. The petitioner requested for reducing the RoE from 13.92% to 10% in line with the CCoE decision. As per the CCoE decision dated 27<sup>th</sup> August 2020, GENCOs have been directed to approach NEPRA and get their RoE re-determined on the basis of 10%. Accordingly, on the basis of equity of Rs. 3,253 million, the ROE component on 10% works out Rs. - 19.36/kW/Month as provided below:

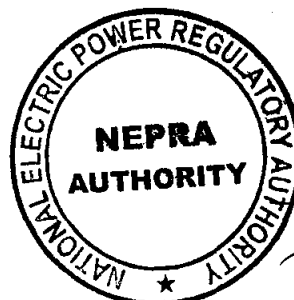
Description	Unit	ROE	
		13.92%	10%
Equity	Rs. (Mil)	3,253	3,253
Annual RoE @ 13.92%	Rs (Mil)	452.76	325.30
Net Capacity as per existing tariff	MW	1,400	1,400
RoE Component	Rs./kW/Month	26.95	19.36

#### **5. ORDER**

- I. The petition filed by CPGCL for modification of tariff has been considered by the Authority and it is of the view that reduction in the ROE component is in the consumers' interest because it will result in reduction of tariff. Accordingly, the petition is accepted and it is decided to modify the reference tariff dated 24<sup>th</sup> February 2006 of Central Power Generation Company Limited (CPGCL) for Block I-IV of TPS Guddu for delivery of electricity to the Central Power Purchasing Agency (Guarantee) Limited to the extent of following ROE tariff component:

Description	Unit	Tariff
ROE	Rs./kW/Month	19.36

- II. The modified tariff component shall take effect from the date of issuance of the instant decision.







## 6. NOTIFICATION

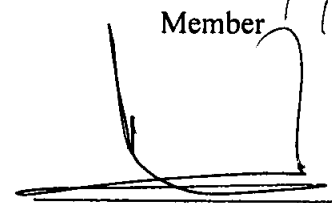
- 6.1. The above Order of the Authority is intimated to the Federal Government for notification in the Official Gazette in terms of Section 31(7) of the Regulations of Generation, Transmission and Distribution of Electric Power Act, 1997.

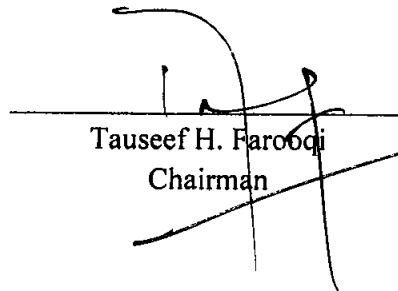
### AUTHORITY

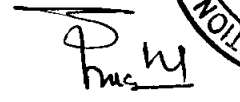
  
Saif Ullah Chattha  
Member 30.12.2020

  
Engr. Rafique Ahmed Shaikh  
Member 30/12/20

  
Rehmatullah Baloch  
Member 3/11/2021

  
Engr. Bahadur Shah  
Member

  
Tauseef H. Farooqi  
Chairman

  
P. H. M.  
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