



National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
Tel: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

Registrar

No. NEPRA/ADG(Tariff)/TRF-44/CPGCL-2005/ 1647-51

February 01, 2024

Subject: **Decision of the Authority in the matter of Approval of Interim Tariff for Open Cycle Operations on Gas requested by Central Power Generation Company Limited for Its Block-I and Block-II. (CPGCL)**

Enclosed please find herewith the subject decision of the Authority (total 03 pages) regarding Interim tariff for Open Cycle Operations on Gas requested by Central Power Generation Company Limited (CPGCL) for Its Block-I and Block-II in Case No. NEPRA/TRF-44/CPGCL-2005.

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 or refer the matter to the Authority for reconsideration, 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 NEPRA Act.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

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

Copy to: (alongwith copy of subject Decision):

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.
4. Chief Executive Officer, Central Power Generation Company Ltd. (CPGCL), Guddu Thermal Power Station, Guddu (Kashmore).

DECISION OF THE AUTHORITY IN THE MATTER OF APPROVAL OF INTERIM TARIFF FOR OPEN CYCLE OPERATIONS ON GAS REQUESTED BY CENTRAL POWER GENERATION COMPANY LIMITED FOR ITS BLOCK-I AND BLOCK-II.

BACKGROUND

1. Central Power Generation Company Limited (hereinafter refer as "CPGCL" or "Petitioner") is a public limited company wholly owned by the Government of Pakistan and 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. The modification-I was issued on April 26, 2013 and Modification-II was issued on July 10, 2019.
2. The Authority determined generation tariff for CPGCL through its decision dated March 29, 2004 and revised generation tariff vide its decision dated February 24, 2006. Motion for leave for review was decided on June 8, 2006.

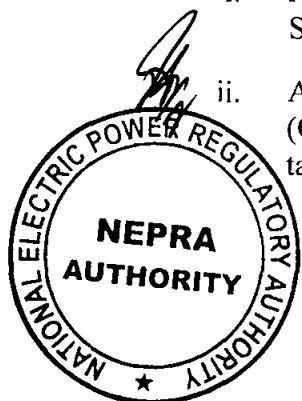
FILING OF MODIFICATION PETITION

3. CPGCL submitted modification petition for inclusion of open cycle operations for Block-I & II in the already determined tariff dated February 24, 2006 under Rule 3(1) of NEPRA Tariff (Standards & Procedure) Rules, 1998. The Summary of the Modification Petition is hereunder:

- i. Allow the Petitioner to undertake open cycle operations of Block-I & II on the System Operator/NPCC's demand.
- ii. Allow the Petitioner Fuel Cost Components of 150% (1.5 times) for open cycle (OC) operations on the approved combined cycle (CC) operations rates. Requested tariff is as hereunder:

Blocks	Reference	CC Operations	OC Operation
	Fuel Cost Component (Rs./kWh)		
Block-I (Unit # 11-13)	1.9537	8.9596	13.4394
Block-II (Unit # 5-10)	2.1707	9.9547	14.9321
Gas Rate (Rs./MMBTU)	228.96	1050	1050

- iii. Allow the open cycle tariff of Block-I & II respectively w.e.f. 24th February 2006, enabling to recover its prudent cost already incurred on open cycle generation, on the instruction of NPCC from time to time.
- iv. Allow the adjustment of heat rate under partial loading and other correction factors for ambient conditions as per the attached OEM's curve.
4. CPGCL in support of its petition submitted that CPGCL follows the instructions of National Power Control Center (NPCC) for operation of plant on combined and open cycle operation. The system operator, when confronted with exigent circumstances in the power sector, required the CPGCL to operate various gas turbines units under open-cycle operation, knowing full well that their associated steam generators are not available for technical reasons. In all likelihood, the petitioner will continue to be called upon by NPCC to conduct open-cycle operation of Block-I & II given the higher costs of running RFO and RLNG based power plants, as well as otherwise lack of sufficient cost-effective



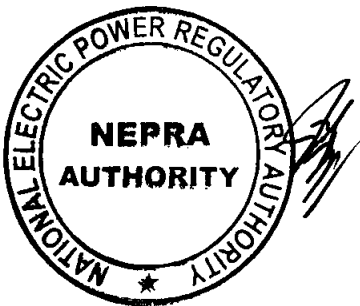
generation capacity in Pakistan at this time, and exigent circumstances which have emerged in the power sector. Therefore, the petitioner applies for modification of its tariff.

REQUEST FOR INTERIM TARIFF

5. Pursuant to Rule 4(7) of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998, the Petitioner vide letter dated September 22, 2023 requested interim tariff for open cycle operations including partial loading and other corrections factors.
6. As per Petitioner, the interim tariff is requested due to continuously operating the machines on open cycle mode and on partial loading on the instructions of NPCC and CPPA-G is considering energy invoices on combined cycle tariff rates, by doing this, CPGCL is facing financial loss.
7. As per the information submitted by CPGCL, Power Purchase Agreement (PPA) with Power Purchaser i.e. CPPA-G was entered into in 2015 and Schedule VI of Table I contains a provision for open cycle operations with 1.5 times of the combined cycle tariff. The Gas Turbines of Block-I & II of plant were continued to dispatch on open cycle as and when required.

DECISION OF THE AUTHORITY

8. Under Rule 4(7) of the Tariff Standard & Procedure Rule-1998, the interim tariff may be granted subject to subject to an order for refund for the protection of the consumers, or for satisfactory security to be provided for refund, while the proceedings are pending before the Authority.
9. The Authority in its collective and joint wisdom decided with consensus as under; which shall be hereafter called as decision of the Authority in the matter:
 - i. Based on documentary evidence and information provided by CPGCL, the Authority hereby granted interim tariff for open cycle operations (without partial loading and other corrections factors) on gas @1.5 times of combined cycle fuel cost component of Block-I and Block-II, under Rule 4(7) of the Tariff Standards & Procedure Rules-1998, subject to final decision of the Authority on the pending tariff modification petition and Order of refund, if any, for the protection of the consumers. The Approved tariff on open-cycle operations is reproduced hereunder:



Blocks	Reference Fuel Cost Component (Rs./kWh)
Block-I (Unit # 11-13)	13.4394
Block-II (Unit # 5-10)	14.9321
Reference Gas Price (Rs./MMBTU)	1,050

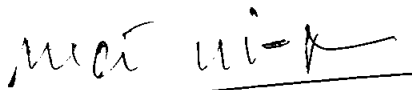
- ii. The reference fuel cost component(s) shall be subject to adjustment on account of gas price variation as and when notified by the relevant Authority.
- iii. The dispatch shall be in accordance with the economic merit order.
- iv. No capacity charges shall be paid on open cycle operation except during allowed outages under the PPA.

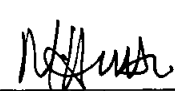
- v. The above interim tariff shall take effect from the date of filing of request for interim tariff i.e. September 22, 2023, till September 30, 2024. ✓

NOTIFICATION

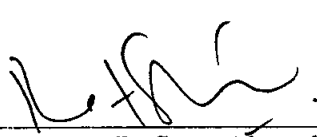
10. The above decision of the Authority is to be notified in the Official Gazette, in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
11. CPPA (G) to ensure that all payments are consistent with the tariff determination.

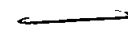
AUTHORITY



Mathar Niaz Rana (nsc)
Member


Engr. Maqsood Anwar Khan
Member

Agree with member Tariff
⊗

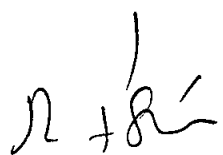
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Engr. Rafique Ahmed Shaikh
Member

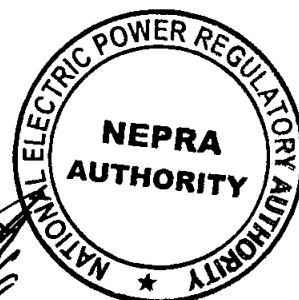

Amina Ahmed
Member


Waseem Mukhtar
Chairman

→ Interim Tariff shall be allowed till sum cut-off date, and that shall not be later than Sep 30, 2024.

→ CPGCL be directed to expedite resolution of steam turbine issues till Sep 30, 2024.


23/01/24




01/02/24