



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-543/JPCL-2020/1384-1386

January 12, 2021

Subject: Decision of the Authority regarding Request filed by Jamshoro Power Company Ltd. (JPCL) for Immediate Application of Tariff regarding Reduction in Return on Equity (RoE) as decided in Cabinet Committee on Energy (CCoE) (Case No. NEPRA/TRF-543/JPCL-2020)


Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (03 pages) in Case No. NEPRA/TRF-543/JPCL-2020.

2. The Decision 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 Decision is to be notified in the official Gazette.

Enclosure: As above


12 01 21
(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.

**DECISION OF THE AUTHORITY REGARDING REQUEST FILED BY JAMSHORO
POWER COMPANY LIMITED FOR IMMEDIATE APPLICATION OF TARIFF
REGARDING REDUCTION IN RETURN ON EQUITY (ROE) AS DECIDED IN
CABINET COMMITTEE ON ENERGY (CCOE)**

1. INTRODUCTION

- 1.1. Jamshoro Power Company Limited ("JPCL" or the "Petitioner") is a public limited company wholly owned by the Government of Pakistan incorporated on August 3, 1998. The Company commenced its commercial operation on March 1, 1999. JPCL was granted a Generation License No. GL/01/2002 on July 1, 2002
- 1.2. The Authority determined tariff of JPCL on September 12, 2014. Review motion in the matter was decided on September 01, 2015.

2. FILING OF MODIFICATION PETITION

- 2.1 JPCL vide letter dated 19th October 2020 submitted the tariff modification petition under Rule 3(1) of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998 for revision/modification of the tariff determinations dated 12th September 2014 and 1st September 2015. Salient features of the modification petition are as under:

- i. The petitioner has requested the following CPP tariff:

Capacity Purchase Price	Existing Tariff	Requested Tariff		Indexation
	(Rs./kW/ Month)	(Rs./kW/ Month)	Rs. mlns	
Salaries & Wages	189.54	365.97	2,850	Requested as per actual or CPI
Repair & Maintenance	49.63	49.63	387	CPI
Administrative Expenses	22.24	22.24	173	CPI
Other Income	(4.59)	(4.59)	(36)	CPI
Total Escalable Component	256.82	433.25	3,374	
Insurance	1.06	1.06	8	Same as approved
RoE	100.96	84.88	661	
Finance Charges	2.98	2.98	23	Same as approved
Depreciation	76.56	76.56	596	Requested as per actual
Total Non-Escalable Component	181.56	165.48	1,288	
Total Capacity Purchase Price	438.38	598.73	4,663	

- ii. The Petitioner requested to allow CPI Indexation on the existing Variable O&M of Rs. 0.0925/kWh.
- iii. Reduction in RoE from 13.11% to 10% that will result in reduction of annual RoE from 866 Million Rupees per annum to 661 million rupees per annum in pursuance of CCOE decision dated 27th August 2020.
- iv. The Petitioner requested for grant of startup cost in line with the Authority's decision in GENCO-III case dated 19th October 2016 with effect from 26th November 2010,

until the date of the Authority's decision, and onward in line with the mechanism proposed to CPPA by JPCL vide letter dated 7th October 2020.

- v. The Petitioner did not request for any change in approved Heat Rates except on account of Partial Loading.
- vi. The Petitioner requested to allow calculation of the fuel cost component on partial loading either on the basis of the data contained in Table-11, or alternatively, in Table-9 of the tariff Petition.
- vii. All other terms and conditions of the existing tariff determination by the Authority on 1st September 2015 shall remain unchanged.

3. APPLICATION FOR INTERIM RELIEF

- 3.1. JPCL vide letter No. CEO/JPCL/9819-20 dated 8th December 2020 requested interim relief in reference tariff component of RoE in compliance of CCoE decision for reduction in RoE as per Rule 4(7) of NEPRA Tariff (Standards and Procedure) Rules, 1998 reproduced as under:

"The Authority may, while admitting a petition, allow the immediate application of the proposed tariff subject to an order for refund for the protection of consumers, or for the satisfactory security to be provided for refund, while the proceedings as pending before the Authority"

- 2.2 JPCL submitted that due to urgency of nature, an interim determination for reduction in ROE may please be issue on priority basis. Whereas, rest of the request as mentioned in tariff petition may please be processed accordingly.

4. ANALYSIS & DECISION

- 4.1. CCOE vide its decision No. CCE-46/13/2020 dated 27th August 2020 decided to reduce return on equity of GENCOs to 10% and asked GENCOs to get necessary approvals from NEPRA. In pursuance of the CCOE decision, JPCL filed tariff modification petition inter alia the reduction in ROE tariff component.
- 4.2. The Authority approved Return on Equity (RoE) of 13.11%. Accordingly, annual RoE of Rs. 915.34 million was allowed on equity investment of Rs. 6,982 million. This translated into RoE tariff component of Rs. 100.96/kW/Month on the basis of net capacity of 755.52 MW.
- 4.3. In line with the decision of the CCOE, 10% ROE works out Rs. 698.20 million on equity investment of Rs. 6,982 million. This ROE translates into ROE component of Rs. 77.01/kW/Month as provided below:

Description	Unit	Approved
Reference Equity Investment	Rs. (Mlns)	6,982.00
Return on Equity	%	10%
Annual RoE Charge	Rs. (Mlns)	698.20
RoE Component	Rs./kW/h	77.01



- 4.4. The Authority has considered the request of JPCL for interim tariff under Rule 4(7) and considered that it is in the consumer's interest, therefore, decided to approve ROE component of Rs. 77.01/kW/Month purely on provisional basis and shall be subject to adjustment/refund, if necessary, in the light of final decision of the Authority in the subject tariff modification petition.

5. ORDER

- I. Jamshoro Power Company Limited is hereby allowed provisional application of following revised RoE tariff component subject to final decision and an order of refund for the protection of the consumers, while the proceedings are pending before the Authority in the matter of tariff modification petition:

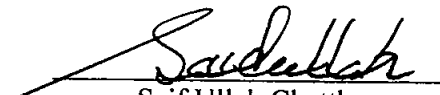
Description	Unit	Tariff
ROE	Rs./kW/Month	77.01

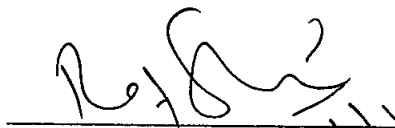
- II. The revised tariff component shall take effect from the date of issuance of the instant decision.


6. NOTIFICATION

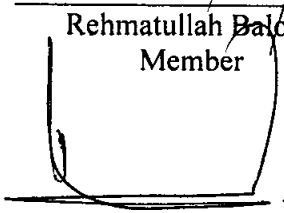
- 6.1. The above Order of the Authority is intimated to the Federal Government for notification in the Official Gazette in terms of Section 31(7) of the Regulations of Generation, Transmission and Distribution of Electric Power Act, 1997.

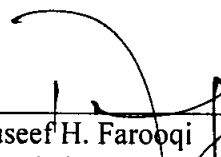
AUTHORITY

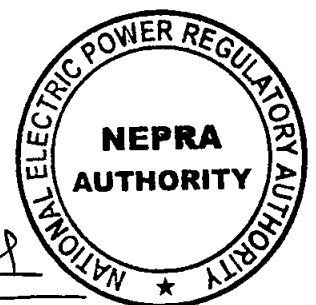

Saif Ullah Chattha
Member 30.12.2020

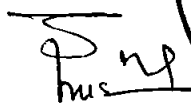

Engr. Rafique Ahmed Shaikh
Member


21/1/2021
Rehmatullah Baloch
Member


Engr. Bahadur Shah
Member


Tauseef H. Farooqi
Chairman




12.01.21