



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-543/JPCL-2020/35192-35195

August 27, 2021


Subject: Determination of the Authority in the matter of Tariff Petition filed by Jamshoro Power Company Ltd. (JPCL) (Case No. NEPRA/TRF-543/JPCL-2020)

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority (21 Pages) in the matter of Tariff Petition filed by Jamshoro Power Company Ltd. (JPCL) in Case No. NEPRA/TRF-543/JPCL-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.

Enclosure: As above


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(Syed Safeer Hussain)

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

CC: 1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Secretary, Privatization Commission, 5-A, EDB Building, Constitution Avenue, Islamabad.

**National Electric Power Regulatory Authority
(NEPRA)**

Determination of the Authority

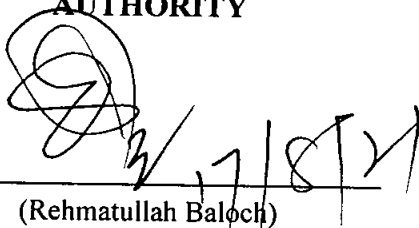
**JAMSHORO POWER COMPANY LIMITED (GENCO-I)
(CASE NO. NEPRA/TRF-543/JPCL-2020)**

August ----, 2021

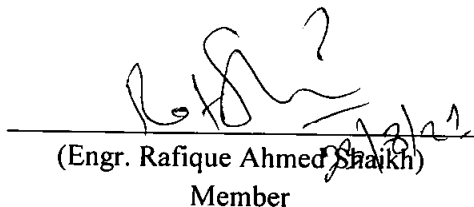


The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by the parties, issues raised, evidence/record produced during hearings, and all other relevant material, hereby issues this determination.

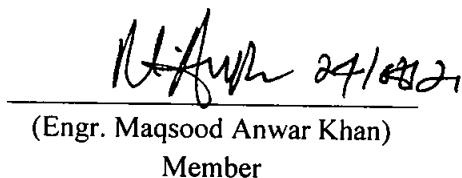
AUTHORITY



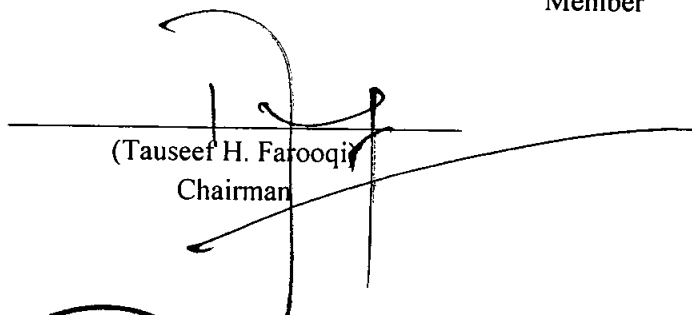
(Rehmatullah Baloch)
Member



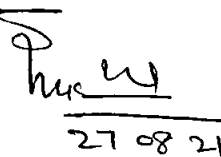
(Engr. Rafique Ahmed Shaikh)
Member



(Engr. Maqsood Anwar Khan)
Member



(Tauseef H. Farooqi)
Chairman


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1. BACKGROUND

- 1.1. Jamshoro Power Company Limited (JPCL) is a public limited company wholly owned by the GoP. JPCL was incorporated on August 3, 1998 to own and operate thermal power generation facilities at Jamshoro and Kotri. The Company commenced its commercial operation on March 1, 1999. It was organized to take over all the properties, rights, assets, obligation and liabilities of Jamshoro Thermal Power Station 880MW and Kotri Gas Turbine Power Station 174MW with a total name plate capacity of 1054 MW – owned by WAPDA previously.
- 1.2. JPCL was granted a Generation License No. GL/01/2002 on July 1, 2002 by National Electric Power Regulatory Authority hereinafter referred to as “NEPRA” or “Authority”, to engage in the business for a term of nineteen (19) years, pursuant to Section 15 of the 1997 Regulation of Generation, Transmission and Distribution of Electric Power Act. Four modifications have so far been made in the Generation License. Kotri Power Station has been completely de-licensed and the term of the TPS Jamshoro has been extended upto year 2029.
- 1.3. JPCL’s previous tariff determination was issued on 12th September 2014. Review motion in the matter was decided on 1st September 2015. JPCL’s tariff comprised of capacity purchase price (CPP), fuel cost component and variable O&M component of Rs. 0.0925/kWh. Breakup of JPCL’s CPP is provided hereunder:

#	Component	Rs. /kW/Month
A	Escalable component (Fixed O&M)	256.82
	Salaries Wages and benefits	189.54
	Repair and Maintenance	49.63
	Admin and Generatl Expenses	22.24
	Other Income	(4.59)
B	Non-Escalable Component	181.56
	Insurance	1.06
	ROE	100.96
	Financial Charges	2.98
	Depreciation	76.56
C	Total Capacity Purchase Price (A+B)	438.38

- 1.4. The reference fuel cost components of TPS Jamshoro are subject to fuel price adjustment and are provided hereunder:

Energy Purchase Price	RFO	Gas	RLNG
	Rs./kWh		
JPCL Unit # 1	19.5519	-	-
JPCL Unit # 2	21.9576	6.9505	19.0945
JPCL Unit # 3	21.3659	6.7688	18.5952
JPCL Unit # 4	20.9160	6.6282	18.2090

2. FILING OF MODIFICATION PETITION

- 2.1. JPCL vide letter No. CEO/JPCL/3480 dated 19th October 2020 filed the subject petition for approval/determination of revised tariff under Rule 3(1) of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998).

2.2. The petitioner sought extension of the JPCL tariff for a further period of 5 years up to 30th June 2025 with inter alia the following modifications/revisions:

i. Capacity Purchase Price:

Components	Rs. in Million	Rs./kW/Month
Escalable component (Fixed O&M)	3,374	433.25
Salaries & Wages	2,850	365.97
Repair & Maintenance	387	49.63
Administrative Expenses	173	22.24
Other Income	(36)	(4.59)
Non-Escalable Component	1,288	165.48
Insurance	8	1.06
RoE	661	84.88
Finance Charges	23	2.98
Depreciation	596	76.56
Total Capacity Purchase Price	4,663	598.73

- ii. Net capacity of 649.017 MW.
- iii. CPI Indexation on Fixed O&M cost, with effect from 1 July 2014
- iv. CPI Indexation on the existing Variable O&M of Rs. 0.0925/kWh with effect from June 2020.
- v. 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.
- vi. Startup cost w.e.f. 26th November 2010 (i.e. the date of execution of PPA between JPCL and CPPA-G) in line with the Authority's decision in GENCO-III case dated 19th October 2016 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.
- vii. The Petitioner did not request for any change in approved Heat Rates except on account of Partial Loading.
- viii. Adjustment/approval of correction factors that were established (CDC Load Vs CDC Heat Rate) as a result of 2013 CDC and Heat Rate Tests in order to apply them on percentage basis on partial loading.

2.3. The Authority admitted the Petition on 11th November 2020. Notice of Admission along with salient features was published in the newspaper on 24th November 2020 inviting comments/intervention from general public. Individual notices were also sent to relevant stakeholders on 24th November 2020.

3. COMMENTS OF STAKEHOLDERS

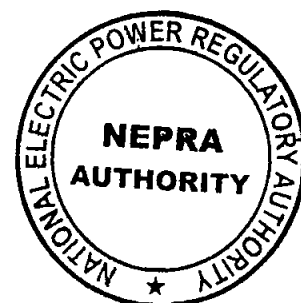
3.1. In response to the notice of admission, comments have been received from the following stakeholders:

- i. Central Power Purchasing Agency (Guarantee) Limited

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- ii. Ministry of Planning & Development
- iii. Punjab Power Development Board

3.2. The comments of CPPA-G are as under:

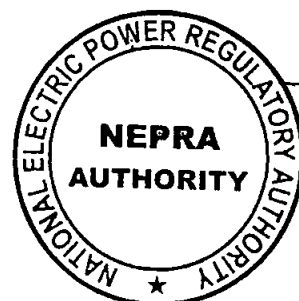
- i. CPI indexation on the existing Variable O&M of Rs. 0.0925/kWh may be reviewed based on existing tariff framework by the Authority.
- ii. Reduction in RoE from 13.11 % to 10 % may please be decided in line with MoU signed by the Company.
- iii. JPCL has requested the authority for grant of Start-up Cost in line with the Authority's decision in GENCO-III case dated 19-10-2016 with effect from 26-10-2010. To date such provision does not exist in Tariff Determination by NEPRA as well as in Power Purchase Agreement. Hence, mechanism proposed to CPPA by JPCL vide a letter No. CEO/JPCL/REO/8296-97 dated 07-10-2020 has been returned to JPCL for a decision or directions by the Authority on the petition. It is also informed that case of Start-up Charges/Cost in respect of Northern Power Generation Company Limited (NPGCL) has been sent to the Authority for years 2014-15 onwards vide CPPA No. DGMT-CONV/MT-N&G/GENCO-111/25278-82 dated 17-10-2019 and further information or clarification vide CPPA No. DGMT-CONV/MT-N&G/GENCO-111/1451-56 dated 17-01-2020. It is requested that the Authority may look into both cases of Start-up Charges of JPCL and NPGCL in the light of its letter No. NEPRA/DS(Tech)/LAG-03/23322 dated 09-12-2019 while conveying observations or comments on Start-up Charges submitted by NPGCL.
- iv. JPCL has also sought review of Correction Factors for the purpose of Partial Load Adjustment Charges in Tariff Determination dated 01-Sep-2015. Using Operation Curves OEM data and Actual Operation Curves after Testing (CDC), the Correction Factors are established through Interpolation method. Moreover, the partial loading taken is at 5 % interval which is sufficient to compensate for partial load operation. The Authority may review in case any gap is proved by JPCL through its working or original petition.

3.3. Comments submitted by Ministry Planning & Development are as under:

- i. As per Table 3, the number of serving employees in 2014-15 were 1558 which reduced to 1481 in 2019-20 whereas the number of retired employees increased from 372 to 858. Employees retired during this period were 486 whereas the number of serving employees reduced only by 77. The sanctioned strength of JPC was not provided and in the absence of this it is difficult to know that how many vacant posts were filled per year. Most of the units of JPC remained closed then what is the justification of hiring. The Authority may ask JPC to prepare/rationalize the posts in accordance with work load on its units. This would reduce their salaries and pension expenses.
- ii. As most of units of JPCL are not operational, the administrative expenses should be reduced rather claiming increase.
- iii. How can CPI indexation be allowed on sale of scrap as it would be on actual basis. Similarly, indexation on interest rates cannot be allowed as the interest rates are fixed by State Bank of Pakistan.

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- iv. Even after reduction of ROE from 13% to 10% the overall increase in CPP is from Rs. 438.38 to Rs. 598.73 per kW/month, due to increase in head of salaries and wages from Rs. 189.54 to Rs. 365.97 per kW/month. This is despite closure/underutilization of many units under JPC.
- v. If other public sector power producers are availing allowance/tariff of startup cost and correction factors then JPCL may be allowed after fulfilment of all codal & technical formalities.

3.4. Comments submitted by Punjab Power Development Board are as under:

- i. JPCL has requested for tariff enhancement pertaining to salaries and wages from Rs. 189.54 to Rs. 365.97 per kW/month with a yearly commutative impact of 2.85 billion. It is further indicated that the enhancement of tariff may be provided with indexation through CPI or as per actual.
- ii. Salaries & pension if applicable are increased as per Govt notification; therefore, the CPI indexation may result in to different tariff numbers.
- iii. The enhanced tariff heads may be correlated with the performance of the plant keeping in consideration of consumer end interest as indicated in Para 2.2.1, 2.5.4 & 3.3.3 of NEPRA State of Industry Report.

4. ISSUES FRAMMED

4.1. On the basis of the contents of the Petition, following issues have been framed for hearing:

- i. Whether the proposed tariff shall be on "Take and Pay" or "Take or Pay" basis?
- ii. Whether the increase in Salaries and Wages is justified?
- iii. Whether the requested other Escalable Components are justified?
- iv. Whether the requested CPI Indexation on the existing Variable O&M of Rs. 0.0925/kWh is justified?
- v. Whether the requested other Non-Escalable Components are justified?
- vi. Whether the Reduction in RoE from 13.11% to 10% is justified?
- vii. Whether the requested startup cost is justified?
- viii. Whether the requested calculation of the fuel cost component on partial loading is justified?

5. INTERIM TARIFF

5.1. JPCL vide letter No. CEO/JPCL/9819-20 dated 8th December 2020 (PUC) 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, i.e. 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"

- 5.2. 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.
- 5.3. The Authority considered the request of Interim Tariff in RM 20-694 on 29th December 2021 and approved the ROE component of Rs. 77.01/kW/h vide its decision dated 12th January 2021. The approved ROE component shall be subject to an order of refund, if required, in the light of final decision of the Authority in the matter.

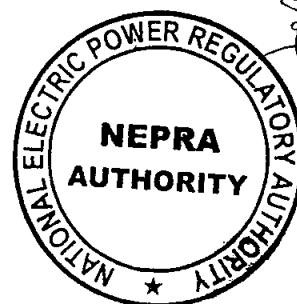
6. HEARING

- 6.1. The hearing in the subject matter was decided on 13th January 2021 through video link on Zoom. Notice of hearing was made public on 1st January 2021. Individual notices were also sent to stakeholders on 1st January 2021. However, the Hearing was postponed on the request of the petitioner and rescheduled on 16th February 2021.
- 6.2. The hearing was held as per revised schedule and was participated by representatives from the Petitioner and CPPA.

CONSIDERATION OF SUBMISSIONS OF THE PETITIONER, VIEWS OF THE STAKEHOLDERS, ANALYSIS AND DECISION ON IMPORTANT ISSUES

7. Whether the proposed tariff shall be on “Take and Pay” or “Take or Pay” basis?

- 7.1. The existing tariff of the Petitioner is on ‘take or pay’ basis and the Petitioner requested the proposed tariff on same basis. The Petitioner during the hearing submitted that the issue was not the part of the petition. JPCL submitted following concerns on the subject issue:
- Shifting the tariff to take and pay will push JPCL further down the economic merit order.
 - JPCL is a public sector company with all its staff have protection of services. Take and pay scheme would result into financial disaster for the company.
 - If no off-take from NPCC for entire year, JPCL shall have zero revenue. JPCL will become default and will fail to manage necessary expenses like admin & general, repair & maintenance cost, loan liabilities, insurance cost and financial charges etc.
 - In the absence of necessary funds to sustain its work force, JPCL will forced to either procure funds from the federal government or through debt or to introduce VSS/MSS scheme that will have burden to the national exchequer.
- 7.2. JPCL further submitted that if the Regulator enforce tariff on take and pay basis then the financial impact on account of following should be addressed:
- Salary / wages / pension and other benefits of the employees.
 - Admin & General expenses, repair & maintenance cost, loans liabilities, insurance cost, financial charges.
 - Any other unforeseen expenses.
- 7.3. The submissions of the Petitioner have been evaluated. None of the commentators submitted any comments on the subject issue. As per the merit order dated 16th February 2021, TPS Jamshoro is at



serial numbers 26 to 30 on gas and at 80 to 96 on RFO and RLNG in the list. The details of energy delivered to the system from JPCL during the last four years is as under:

Description	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Energy Dispatched (GWh)	3,828	1,887	916	213
Net Capacity (MW)	755	755	755	649
Utilization Factor (%)	57.85%	28.51%	13.84%	3.75%

- 7.4. The utilization factor of these plants is expected to be remained similar in the future years because of its lower position in the merit order list. The lower utilization factor resulted in per unit capacity charges of Rs. 18.29/kWh in FY 2019-20 on unit delivered basis. As per the CCOE decision dated 10th September 2020, Units 2&3 of TPS Jamshoro were identified to be decommissioned immediately, Units 1&4 to be retained till COD of 1st unit of 2x660 MW coal fired power project, tentative date of which is September 2022.
- 7.5. Keeping in view the extremely low utilization of these units, decommissioning plan of the GoP and in line with other similar GENCO power plant, the Authority has decided to allow 'take & pay' tariff on the basis of average actual utilization of 26% over the last four years.

8. Whether the increase in Salaries and Wages is justified?

- 8.1. The Petitioner requested annual salaries & wages cost of Rs. 2,850 million translated into Rs. 365.97/kW/Month on the basis of net capacity of 649.017 MW for units 1-4 of TPS Jamshoro. According to the Petitioner the salary and wages expense includes pay and allowances, overtime, conveyance allowance, and generation allowance to the employees of the Company etc. Expenses under this head also include medical and hospitalization expenses, education and training, pension charges and free electricity to JPCL's employees. The Authority has previously allowed JPCL Rs. 1,718 million for salaries expenses. JPCL requested to allow salary expenses with effect from 1st July 2014 on an actual basis up to 30th June 2025.
- 8.2. JPCL submitted that during hearing in the last tariff petition, the Authority directed JPCL to cut down salary expense by laying off employees. The Authority gave the example of employees per MW at various power plants in Bangladesh, however, it is submitted that such cases are distinguishable from JPCL as its employees have protection of service and cannot be laid-off in the manner that contractual employees might be.
- 8.3. The Petitioner further submitted that it has not hired any employees, except for hiring in strategic positions, for close to a decade now. According to the Petitioner, the number of employees is steadily decreasing while the number of pensioners is on the rise. The Petitioner provided following comparison of serving and retired employees in the past five financial years:

FY	Number of Employees		Total
	Serving	Retired	
2014-15	1558	372	1930
2015-16	1546	495	2041
2016-17	1536	647	2183
2017-18	1563	698	2261
2018-19	1530	777	2307
2019-20	1481	858	2339



- 8.4. According to the Petitioner, the pay-scales of JPCL's employees are pegged with the pay-scales of the GoP. Accordingly, JPCL's employees become entitled to any revision in the salaries or emoluments of GoP's employees in the annual budget, or otherwise. It is therefore reasonable that the salary and wage component of JPCL's Fix O&M Cost should be linked with revisions in pay and pension by the GoP and should also cater for an annual increment on an actual basis, or alternatively, linked with CPI indexation. This will allow JPCL to recover through its tariff, the actual cost of salaries, wages, and pensions incurred by it. Crucially, a majority of JPCL's employees are lower-scale employees, performing functions that are normally outsourced by IPPs. A category-wise breakup of JPCL's employees is as follows:

Employee Scale	TPS Jamshoro	GTPS Kotri	Total
Executive / Managerial (BPS 17 and above)	143	22	165
Supervisor / Support Staff (BPS 11 – 16)	453	158	611
Labour and Security Staff (BPS 1 – 10)	588	117	705
Total	1184	297	1481

- 8.5. The Petitioner vide its email dated 17-2-2021 provided following breakdown of the employees as on 30th June 2020:

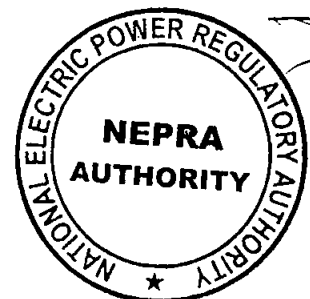
Particulars	JPCL		
	Jamshoro	Kotri	Totals
Sanctioned Strength	1,338	388	1,726
Working Strength	1,180	295	1,475
Retired Employees	485	416	901

- 8.6. The Petitioner vide above email also provided following details of employees' cost over the last five years:

Year	Rs. in Mlns.
FY 2015-16	2,815
FY 2016-17	2,605
FY 2017-18	2,794
FY 2018-19	3,361
FY 2019-20	3,804

- 8.7. The further breakup of employees cost pertaining to FY 2019-20 is provided hereunder:

Description	Rs. in Mlns.
TPS Jamshoro	2,850
Kotri	954
Total	3,804



- 8.8. The Petitioner vide letter No. CEO/JPCL/TD/56630-32 dated 3rd June 2021 submitted that the federal government has approved for the grant of 25% disparity reduction allowance (DRA) effective 1st March 2021 for employees of BPS 1-19 vide notification that endorsed through GHCL, Islamabad No. GHCL/HR&Admin/MOE/1358-61 dated 19-3-2021. The Petitioner requested to allow to pass on the impact of DRA in the tariff so that the decision of the federal government may be implemented in its true spirit. The Petitioner provided following impact of the disparity allowance on employees cost:

Particulars	Jamshoro	Kotri	Total
	Rs. in Million		
DRA @ 25% per Month	10.59	2.48	13.07
DRA @ 25% per annum	127.02	29.81	156.83

- 8.9. Out of actual salaries & wages cost of Rs. 3,804 million for FY 2019-20, cost of Rs. 954 million pertains to de-licenced power plant Kotri. The Petitioner has requested cost of Rs. 2,850 million which pertains to TPS Jamshoro only. The request of the Petitioner seems justified. Accordingly, the Authority has decided to allow cost of Rs. 2,850 million on account of salaries & wages which shall be subject to indexation on the basis of changes in NCPI (General) as published by PBS in line with other power plants. The reference NCPI (General) shall be of June 2020. The request of the Petitioner for adjustment of salaries & wages with actual increase by GoP is not in line with other power plants and has not been considered. Since the DRA has not been approved by the BOD, the same has also not been considered.

9. Whether the requested other Escalable Components are justified?

- 9.1. Other non-escalable components include administrative expenses, repair & maintenance expense and other income. According to the Petitioner, under its existing tariff, JPCL has been incurring significant losses on account of the fact that the Fixed O&M Cost component of the CPP in its tariff was determined without CPI indexation, and therefore, does not reflect the actual expenses incurred by the company over the past many years. The component wise findings of each items is provided in the succeeding paragraphs.

Administrative Expenses

- 9.2. The Petitioner requested annual administrative expenses of Rs. 173 million translated into Rs. 22.24/kW/Month on the basis of net capacity of 649.017MW. The Petitioner submitted that Administrative expenses include communication charges, office supplies, advertising, subscription and periodicals, traveling expenses, professional fees, transportation expenses and fees paid to regulatory authorities, etc.
- 9.3. According to the Petitioner, the Authority previously allowed administrative expenses amounting to Rs. 201.607 million which translated into a tariff of Rs. 22.24/kW/Month (on the basis of net capacity of 755MW), however the same is insufficient, in light of the escalation of nearly all costs and prevailing high inflation. The Authority is accordingly requested to allow CPI indexation of the administrative expenses with effect from 1st July 2014, up to 30th June 2025, with the permission to also allow any extraordinary or unusual expense after submission of relevant evidence.
- 9.4. The submissions of the Petitioner have been evaluated. The Petitioner was asked to provide plant wise breakup of actual administrative cost for the last 3 years reconciled with the financial

statements. In response, the Petitioner vide email dated 22-2-2021 provided breakup of the actual administrative cost over the last three years which is as under:

Description	FY 2019-20	FY 2018-19	FY 2017-18
Rs. in Million			
Light , Heat & Power	71	68	91
Communication	3	3	3
Office Supplies	4	5	4
Advertising & Publicity	8	6	6
Travelling Expenses	22	20	18
Legal, Audit & Professional Exp.	17	19	16
Vehicle Running Costs	71	68	58
NEPRA Fee	17	16	15
Other Expenses	1	3	1
Administrative Expenses	214	209	212
Management Fees (GHCL)	45	58	53
Total Administrative Expenses	259	267	264

- 9.5. The requested cost of Rs. 173 million on account of administrative expenses is within the actual cost incurred during the last three years, therefore, approved as such which shall be subject to indexation on the basis of NCPI of June 2020. The request of the Petitioner to allow indexation w.e.f. 1st July 2014 has no justification and has not been considered.

Repairs and Maintenance

- 9.6. The Petitioner requested annual repairs and maintenance cost of Rs. 387 million translated into Rs. 49.63/kW/Month on the basis of net capacity of 649.017MW. The Petitioner submitted that repair and maintenance works include maintenance of Steam Power Generation Plant, Water treatment Plant, repair and maintenance of Balance of Plant including repair and maintenance of buildings and infrastructure, etc. According to the Petitioner, the Authority had previously approved Rs. 450 million per annum (Rs. 49.63/kW.Month on the basis of 755.52MW) as repair and maintenance cost with the reimbursement of the actual expenditure after provision of documentary evidence.
- 9.7. The Petitioner also requested the Authority to allow CPI indexation of the repair and maintenance expense with effect from 1st July 2014, up to 30th June 2025, with the permission to also allow any extraordinary or unusual expense after submission of relevant evidence.
- 9.8. The submissions of the Petitioner have been examined. The detail of actual repairs and maintenance expenses over the last four years is provided hereunder:

Description	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	Average
Rs. in Million					
Repair and Maintenance Costs	136	208	250	600	299
Capital Expenditure (CAPEX)	22	149	188	397	189
Total Repair and Maintenance Expenses	158	357	438	997	487
Units Delivered (GWh)	213	916	1887	3254	1,568



- 9.9. Capitalized cost on account of repairs & maintenance is reimbursed/recovered through depreciation. It would be a double recovery of the capex if the same is also allowed under repairs & maintenance cost, therefore, the same has not been considered under repairs & maintenance cost.
- 9.10. The trend of repairs & maintenance cost shows that the cost declines gradually with the decrease in net output. The trend also shows that the cost is semi variable in nature. Accordingly, the Authority has decided to allow average repairs & maintenance cost of Rs. 299 million over the last four years along with CPI indexation on the basis of NCPI of June 2020.

Other Income

- 9.11. The Petitioner requested other income of Rs. 35.75 million translated into Rs. 4.59/kW/Month on the basis of net capacity of 649.017MW. According to the Petitioner, JPCL's 'Other Income' consists of interest, and income from sale of scrap. The tariff component for Other Income, as per the previous determination was Rs. 4.59/kW/Month. It is requested that the Authority may kindly allow this expense be adjusted along as per the CPI for the revised tariff effective from 1st July 2014 up to 30th June 2025. The company is thus seeking CPI indexation of all components of Fixed O&M Cost, except for the costs of salaries and wages, which the Authority is requested to allow as per actual.
- 9.12. The submissions of the Petitioner pertaining to other income have been evaluated. The detail of other income as per financial statements is as under:

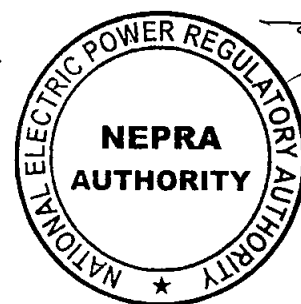
Description	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	Average
	Rs. in Million				
Interest income	15	28	9	6	14
Scrap	2	26	-	42	17
Rent on leased properties	13	5	8	4	8
Miscellaneous	-	8	6	8	5
Total	30	67	22	61	45

- 9.13. Keeping in view that the Kotri Power Plant has been delicensed, the request of the Petitioner to allow other income of Rs. 35.75 million seems justified and approved as such.

10. Whether the requested CPI Indexation on the existing Variable O&M of Rs. 0.0925/kWh is justified?

- 10.1. The Petitioner requested to allow CPI indexation on the existing Variable O&M of Rs. 0.0925/kWh. The actual variable O&M expense for the last three years is as under:

Components	2019-20	2018-19	2017-18
	Rs. Million		
Water	8	13	13
HSD	8	12	12
Chemical	17	72	84
Oil & Lubricants	3	6	9
Total VO&M Costs:	36	104	118
NEO (GWh)	213	916	1,887
Cost per kWh	0.1701	0.1136	0.0627



- 10.2. The request of the Petitioner for providing CPI indexation on variable O&M is in line with the indexation allowed to other power plants and approved which shall be subject to CPI indexation on the basis of NCPI of June 2020.

11. Whether the requested other Non-Escalable Components are justified?

Insurance Cost

- 11.1. The Petitioner requested annual insurance of Rs. 8 million translated into Rs. 1.06/kW/Month on the basis of net capacity of 649.017MW. According to the Petitioner the cost of insurance is paid as per the internal policy. The insurance premium is Rs. 10 Million. The tariff works out to be Rs. 1.06 per kW/Month as previously allowed by NEPRA. The Authority is requested to retain this tariff component as it is up to 30th June 2025.
- 11.2. The submissions of the Petitioner have been evaluated. According to the financial statements, the actual insurance cost for the last four years is provided hereunder:

Description	FY 2019-20(P)	FY 2018-19	FY 2017-18	FY 2016-17
	Rs. in Million			
Insurance Cost	2.40	4.37	8.55	8.92

- 11.3. As per the above information, insurance cost is declining over the years and the most recent insurance cost is only Rs. 2.4 million. There is no justification for the requested cost of Rs. 8 million, therefore, the Authority has decided to allow insurance cost of Rs. 2.4 million in line with the latest financial year.

Depreciation Cost

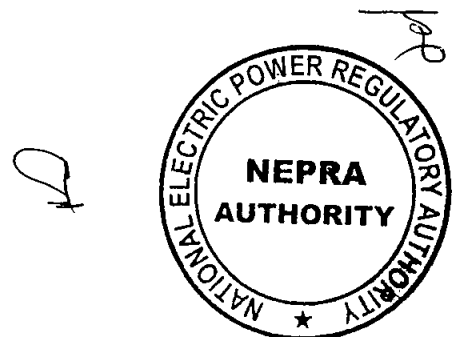
- 11.4. The Petitioner requested annual depreciation cost of Rs. 596 million translated into Rs. 76.56/kW/Month on the basis of net capacity of 649.017MW. According to the Petitioner, depreciation cost may change as a result of addition or deletion in the fixed assets and would require adjustments accordingly. According to the Petitioner, in the existing tariff, the Authority had allowed depreciation costs of Rs. 694 million as requested by JPCL which translated into a tariff of Rs. 76.56/kW/Month. The Authority is requested to allow the depreciation cost as per actual in its determination, up to 30 June 2025.

- 11.5. The Petitioner submitted following actual depreciation cost over the last three years:

Description	FY 2019-20(P)	FY 2018-19	FY 2017-18
	Rs. in Millions		
Depreciation	153	510	984

- 11.6. As per the above information, depreciation cost is declining over the years and the most recent depreciation cost is Rs. 153 million which also include Rs. 108 million pertaining to depreciation of assets financed through USAID. Therefore, the actual depreciation cost pertaining to company's assets works out Rs. 44.54 million. There is no justification for the requested cost of Rs. 596 million, therefore, the Authority has decided to allow Rs. 44.54 million as depreciation cost in line with the latest financial year.

2



Finance Charges

- 11.7. The Petitioner requested annual financial charges of Rs. 23 million translated into Rs. 2.98/kW/Month on the basis of net capacity of 649.017MW. JPCL submitted that in the existing tariff, the Authority has allowed Rs. 2.98 per kW/Month as finance charges. , JPCL requested that the same tariff for debt servicing may be retained in view of the outstanding balance of the principal amount. According to the Petitioner, following loans are still owed by JPCL:

Lender:	GoP
Balance Principal Amount:	Rs. 88.253m (as on 30 th June 2020)
Interest Rate:	17.50%
Term:	1997 – 2024

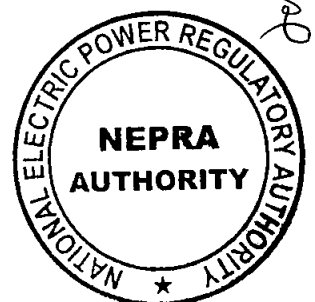
- 11.8. As per the information provided by the Petitioner, the mark up works out Rs. 15.44 million on the outstanding loan of Rs. 88.253 million at 17.50% and the same has been considered for approval. Accordingly, the Authority has decided to allow annual finance charges of Rs. 15.44 million in the tariff.

12. Whether the Reduction in RoE from 13.11% to 10% is justified?

- 12.1. The Petitioner requested annual ROE of Rs. 661 million translated into Rs. 84.88/kW/Month on the basis of net capacity of 649.017MW. The Petitioner submitted that the existing RoE allowed by the Authority is @ 13.11%, which amounts to Rs. 866 million. According to the Petitioner, on 6th October 2020, JPCL received a letter from the Ministry of Energy (Power Division), communicating a decision by the Cabinet Committee on Energy (“CCoE”) dated 27th August 2020 in Case No. CCE/46/13/2020, whereby, it was decided inter alia that the RoE component of the GENCOs’ tariff would be reduced to 10% and the GENCOs were directed to approach the Authority for revision of their tariffs accordingly. The CCoE further directed that: “...the necessary approvals / process for submission of the tariff revision petition to NEPRA may be completed within two weeks’ time”. The CCoE’s decision further stated that the financial deficit from reduction of the GENCOs’ RoE would be catered through support from the Finance Division. In accordance with the CCoE decision. According to the Petitioner, the reduction of ROE to 10% will result in ROE being reduced to Rs. 661m, thus resulting in an annual negative impact of Rs. 205m in JPCL's RoE.
- 12.2. 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.
- 12.3. The Authority considered the request of JPCL for interim tariff under Rule 4(7) and, being in the consumers’ interest, 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. The interim decision was issued on 12th January 2021. The interim tariff was made applicable w.e.f. the date of issuance.



- 12.4. Since depreciation is the recovery of capital investment, it would be appropriate to allow return on net fixed assets in operation instead of equity capital in line with applicable mechanism in case of distribution companies, recently determined tariff of NPGCL or in case of generation companies where equity is redeemed. Accordingly, the Petitioner was asked to provide schedule of fixed assets as on 30th June 2020. The Petitioner was also asked to inform whether written down value (WDV) of the assets include assets financed through USAID. The Petitioner vide email dated 13th June 2021 provided provisional Schedule of Assets as on 30th June 2020 as the financial statements for FY 2019-20 have not yet been finalized. The Petitioner further informed that WDV does not include assets financed through USAID. According to the Schedule of Assets, the net fixed assets in operation are Rs. 480.302 million as on 30-6-2020. The outstanding long term loan is Rs. 88.253 million, therefore, the remaining value of net fixed assets representing equity are Rs. 392.05 million and the same is used for allowing return on equity. Accordingly on the basis of 10% return on equity, the ROE works out Rs. 39.20 million and the same is being approved.
- 12.5. Accordingly, the interim tariff approved w.e.f. 12th January 2020 shall stand revised to Rs. 5.03/kW/month till the date of issuance of the instant determination after which the tariff shall be on take & pay basis as specified in the order part. CPPA-G shall adjust the differential amount in accordance with the interim tariff decision.
- 13. Whether the requested startup cost is justified?**
- 13.1. According to the Petitioner, JPCL's existing tariff was approved 'on 1st September 2015, which was made effective from 1st July 2014. This determination did not cater for any startup costs, due to which, JPCL has been unable to raise any invoice for these costs to CPPA.
- 13.2. According to the Petitioner, in a similar case moved by Northern Power Generation Company Limited (GENCO-III), the Authority was of the view that startup costs should be in line with those allowed for IPPs and a separate invoice should be raised for these costs on the basis of the actual startup costs, in line with the respective PPAs. According to the Petitioner, the Authority therefore decided in GENCO-III's case that it would settle the matter with CPPA and submit the same for the Authority's approval. According to the Petitioner, they understand that GENCO-III and CPPA have finalized their working on startup costs and have submitted the same for the Authority's approval. In view of the foregoing, JPCL vide letter dated 7th October 2020 communicated to CPPA, a startup cost calculation mechanism, for its concurrence and onward transmission to the Authority for its approval.
- 13.3. The Petitioner further submitted that JPCL has not been granted any startup costs for the period from November 2010 (when JPCL's first PPA was executed) to date. On account of this, JPCL has suffered significant financial losses which are reflected in JPCL's annual financial statements in the portion of fuel cost usage variance.
- 13.4. JPCL, in line with the decision dated 19th October 2016 in GENCO-III's case, requested the Authority to allow startup costs to JPCL 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.



13.5. The submissions of the Petitioner have been examined. The Petitioner did not request any startup cost in 2014 petition or review motion, therefore, the same was not deliberated. The Authority in case of NPGCL vide its decision dated 19th October 2016 decided as under:

“The Authority considered the request of NPGCL with respect to start-up cost. The Authority is of the view that the start-up cost should be in line with the Independent Power Producers and separate invoice should be raised based on actual cost in accordance with the Power Purchase Agreement. The Authority has therefore decided not to allow the start-up cost as part of variable O&M. The power purchaser and power producer shall deal the matter in line with the PPA and submit the same to NEPRA for approval.”

13.6. CPPA-G in its comments submitted that JPCL has requested the authority for grant of Start-up Cost in line with the Authority's decision in GENCO-III case dated 19-10-2016 with effect from 26-10-2010. To date such provision does not exist in Tariff Determination by NEPRA as well as in Power Purchase Agreement. Hence, mechanism proposed to CPPA by JPCL vide a letter No. CEO/JPCL/REO/8296-97 dated 07-10-2020 has been returned to JPCL for a decision or directions by the Authority on the petition.

13.7. CPPA-G has further informed that case of startup charges in respect of NPGCL has been sent to the Authority for the year 2014-15 onward vide letter dated October 17, 2019 and further information/clarification vide letter dated January 17, 2020. Further CPPA-G has requested the Authority that it may look into both cases of startup charges of JPCL and NPGCL in the light of earlier correspondences, etc. in the matter of NPGCL.

13.8. In view of the above mentioned facts and comments of CPPA-G, the Authority has decided to club both cases of startup charges of NPGCL and JPCL and process it separately. Working level meeting in the matter was held in NEPRA on 2nd August 2021 which was participated by the representatives of CPPA-G, NPCC, NPGCL, JPCL. Separate decision in the matter shall be made to address the issue of startup charges.

14. Whether the requested calculation of the fuel cost component on partial loading is justified?

14.1. According to the Petitioner, the Authority allowed the following results of CDC / Heat Rate tests that were carried out in 2013 by JPCL for Units 1 – 4 of TPS Jamshoro:

Unit No	CDC Net Load (MW)	CDC Net Heat rate (Btu/kWh)
1	182.45	10859
2	154.73	12197
3	155.36	11868
4	156.48	11614
Total	649.02	-

14.2. According to the Petitioner, thereafter, the Authority allowed the Heat Rates for partial loading of Units 1-4 of TPS Jamshoro to be adjusted on the basis of the following partial loading correction curves supplied by the OEM:

Unit 1		Unit 2		Unit 3		Unit 4	
% Loading	Correction Factor	% Loading	Correction Factor	% Loading	Correction Factor	% Loading	Correction Factor
100	1.0000	100	1.0000	100	1.0000	100	1.0000
95	1.0001	95	0.9990	95	0.9990	95	0.9990
90	1.0020	90	1.0005	90	1.0005	90	1.0005
85	1.0058	85	1.0044	85	1.0044	85	1.0044
80	1.0114	80	1.0107	80	1.0107	80	1.0107
75	1.0280	75	1.0194	75	1.0194	75	1.0194
70	1.0281	70	1.0306	70	1.0306	70	1.0306
65	1.0392	65	1.0441	65	1.0441	65	1.0441
60	1.0522	60	1.0601	60	1.0601	60	1.0601
55	1.0670	55	1.0785	55	1.0785	55	1.0785
50	1.0836	50	1.0993	50	1.0993	50	1.0993

14.3. According to the Petitioner, JPCL applied the aforementioned correction factor for calculation of the partial loading heat rate, which is as under:

% Loading	OEM Net Loading	Correcti on Factor	Unit-1	Unit-2	Unit-3	Unit-4	Correcti on Factor	Unit-2	Unit-3	Unit-4
			Approved Heat Rate	OEM Net Loading				Approved Heat Rate		
100	234.94	1.0000	10859	205.85	205.85	205.85	1.0000	12197	11868	11614
95	223.19	1.0001	10860	195.56	195.56	195.56	0.9990	12185	11856	11602
90	211.45	1.0020	10881	185.27	185.27	185.27	1.0005	12203	11874	11620
85	199.70	1.0058	10922	174.97	174.97	174.97	1.0044	12251	11920	11665
80	187.95	1.0114	10983	164.68	164.68	164.68	1.0107	12328	11995	11738
75	176.21	1.0280	11163	154.39	154.39	154.39	1.0194	12434	12098	11839
70	164.46	1.0281	11164	144.10	144.10	144.10	1.0306	12570	12231	11969
65	152.71	1.0392	11285	133.80	133.80	133.80	1.0441	12735	12391	12126
60	140.96	1.0522	11426	123.51	123.51	123.51	1.0601	12930	12581	12312
55	129.22	1.0670	11587	113.22	113.22	113.22	1.0785	13154	12800	12526
50	117.47	1.0836	11767	102.93	102.93	102.93	1.0993	13408	13046	12767

14.4. According to the Petitioner, in August 2018, the Authority directed JPCL to apply the approved OEM correction factor for calculation of the partial loading heat rate with respect to the CDC load. The results are as under:

% Loading	CDC Net Loading	Correction Factor	Unit-1	Unit-2	Unit-3	Unit-4	Correction Factor	Unit-2	Unit-3	Unit-4
			Approved CDC Heat Rate	CDC Net Loading				Approved CDC Heat Rate		
100	182.45	1.0000	10859	154.73	155.36	156.48	1.0000	12197	11868	11614
95	173.32	1.0001	10860	146.99	147.60	148.65	0.9990	12185	11856	11602
90	164.20	1.0020	10881	139.26	139.83	140.83	1.0005	12203	11874	11620
85	155.08	1.0058	10922	131.52	132.06	133.00	1.0044	12251	11920	11665
80	145.96	1.0114	10983	123.78	124.29	125.18	1.0107	12328	11995	11738
75	136.83	1.0280	11163	116.05	116.52	117.36	1.0194	12434	12098	11839
70	127.71	1.0281	11164	108.31	108.75	109.53	1.0306	12570	12231	11969
65	118.59	1.0392	11285	100.58	100.99	101.71	1.0441	12735	12391	12126
60	109.47	1.0522	11426	92.84	93.22	93.89	1.0601	12930	12581	12312
55	100.35	1.0670	11587	85.10	85.45	86.06	1.0785	13154	12800	12526
50	91.22	1.0836	11767	77.37	77.68	78.24	1.0993	13408	13046	12767

14.5. According to the Petitioner, the application of the results of Table-10 of the petition has resulted in an entirely unfeasible situation for JPCL, as the application of OEM correction factor to the CDC load has completely distorted the picture regarding the actual fuel consumption by JPCL's units. According to the Petitioner, a more accurate way would be to apply correction factors obtained as a result of comparing CDC Loading and CDC Heat Rates, which is as under:

% Loading	CDC Net Loading	Correction Factor	Unit-1 CDC Heat Rate	CDC Net Loading	Correction Factor	Unit-2 CDC Heat Rate	CDC Net Loading	Correction Factor	Unit-3 CDC Heat Rate	CDC Net Loading	Correction Factor	Unit-4 CDC Heat Rate
100	182.45	1.0000	10859	154.73	1.0000	12197	155.36	1.0000	11868	156.48	1.0000	11614
95	173.32	1.0050	10913	146.99	1.0055	12264	147.60	1.0058	11937	148.65	1.0066	11691
90	164.20	1.0115	10984	139.26	1.0135	12362	139.83	1.0129	12021	140.83	1.0158	11798
85	155.08	1.0193	11069	131.52	1.0239	12489	132.06	1.0212	12120	133.00	1.0274	11932
80	145.96	1.0285	11168	123.78	1.0367	12645	124.29	1.0307	12232	125.18	1.0415	12096
75	136.83	1.0391	11284	116.05	1.0519	12830	116.52	1.0415	12361	117.36	1.0582	12290
70	127.71	1.0511	11414	108.31	1.0695	13045	108.75	1.0535	12503	109.53	1.0773	12512
65	118.59	1.0644	11558	100.58	1.0895	13289	100.99	1.0668	12661	101.71	1.0989	12763
60	109.47	1.0792	11719	92.84	1.1120	13563	93.22	1.0812	12832	93.89	1.1230	13043
55	100.35	1.0953	11894	85.10	1.1369	13867	85.45	1.0970	13019	86.06	1.1496	13351
50	91.22	1.1128	12084	77.37	1.1642	14200	77.68	1.1139	13220	78.24	1.1788	13691

14.6. The Petitioner requested that in order to obtain a realistic view of the fuel component on partial loading, JPCL may be allowed to apply CDC Correction Factors on percentage-loading of actual partial load, with respect to the CDC Load as per above Table. Alternatively, JPCL may be allowed to apply OEM Correction Factors on percentage-loading of actual partial load, with respect to OEM Load as per 3rd last Table (Table 9 of the Petition).

14.7. According to JPCL, it is noteworthy that in the present scenario, and particularly in light of the recommendations of the IGCEP-2047, the System Operator / NPCC plans to operate the base load

of the units of TPS Jamshoro on an ON/OFF basis in order to balance the grid and as spinning reserve during the intermittent outage of 600MW plus Nooriabad wind corridor, other Variable Renewable Energy (VRE) plants outages, and in the absence of hydal generation. This frequent ON/OFF will have a significant negative impact on the heat rate and efficiency of these units. JPCL will sustain heavy losses on account of fuel usage variance, notwithstanding the grant of startup costs to JPCL. This operational trend was witnessed between 22nd June 2020 and 12th October 2020 whereby NPCC's despatch demand was on this pattern, and TPS Jamshoro's base load / steam units were operated like gas turbines to balance the load or the grid, resulting in deterioration of their heat rate and efficiency.

- 14.8. CPPA-G in its comments in the matter submitted that JPCL has sought review of Correction Factors for the purpose of Partial Load Adjustment Charges in Tariff Determination dated 01-Sep-2015. Using Operation Curves OEM data and Actual Operation Curves after Testing (CDC), the Correction Factors are established through Interpolation method. Moreover, the partial loading taken is at 5 % interval which is sufficient to compensate for partial load operation. The Authority may review in case any gap is proved by JPCL through its working or original petition.
- 14.9. The submissions of the Petitioner along with comments of CPPA-G have been examined. The Authority has already rejected the application of correction factors obtained as a result of comparing CDC Loading and CDC Heat Rates and directed JPCL to apply the approved OEM correction factor for calculation of the partial loading heat rate with respect to the CDC load. It would be pertinent to mention that as per international benchmarks and best practices, OEM approved correction factors/curves are used. Therefore, the request of JPCL for the review of the correction factors for the purpose of Partial Load Adjustment Charges does not merit consideration and the Authority has decided to uphold its earlier decision in the matter.

15. SUMMARY OF TARIFF

- 15.1. Summary of the approved capacity charges on 'take & pay' basis are as under:

Description	Approved Cost	Approved Tariff
	Rs. in Mlns	Rs./kWh
Escalable Component:		
Fixed O&M-Salaries & Wages	2,850.00	1.9280
Fixed O&M-Repair & Maintenance	299.00	0.2023
Fixed O&M-Administrative Expenses	173.00	0.1170
Total Escalable	3,322.00	2.2473
Non-Escalable Component:		
Insurance	2.40	0.0016
Depreciation	44.54	0.0301
Finance Charges	15.44	0.0104
Return on Equity/Investment	39.20	0.0265
Total Non-Escalable	101.58	0.0686
Other Income	(35.75)	(0.0242)
Total CPP	3,387.83	2.2917

- 15.2. There shall be no change in existing variable O&M component and fuel cost components.

16. ORDER

16.1. Jamshoro Power Company Limited (JPCL) is hereby allowed to charge the following tariff on take & pay basis for sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited:

Capacity Charges

Description	Rs./kWh
Escalable Component:	
Fixed O&M-Salaries & Wages	1.9280
Fixed O&M-Repair & Maintenance	0.2023
Fixed O&M-Administrative Expenses	0.1170
Total Escalable	2.2473
Non-Escalable Component:	
Insurance	0.0016
Depreciation	0.0301
Finance Charges	0.0104
Return on Equity/Investment	0.0265
Total Non-Escalable	0.0686
Other Income	(0.0242)
Total CPP	2.2917

Energy Charges

Energy Purchase Price	RFO	Gas	RLNG
	Rs./kWh		
JPCL Unit # 1	19.5519	-	-
JPCL Unit # 2	21.9576	6.9505	19.0945
JPCL Unit # 3	21.3659	6.7688	18.5952
JPCL Unit # 4	20.9160	6.6282	18.2090
Variable O&M	0.0925	0.0925	0.0925

16.2. The following adjustments/indexations shall be applicable:

i) Fuel Cost component

Fuel cost component on each fuel shall be subject to adjustment on account of actual variation in the price of fuel as per following mechanism:

$FCC_{(Rev)}$	=	$FCC_{(Ref)} \times P_{(Rev)} / P_{(Ref)}$
Where:		
$FCC_{(Rev)}$	=	Revised Fuel cost component on RFO/Gas/RLNG
$FCC_{(Ref)}$	=	Reference Fuel cost component on RFO/Gas/RLNG
$P_{(Rev)}$	=	Revised Ex-GST delivered price of RFO/Gas/RLNG
$P_{(Ref)}$	=	Reference Ex-GST delivered price of RFO Rs. 72,897/ton, Gas Rs. 588.23/MMBTU and RLNG Rs. 1,615.99/MMBTU.

ii) Inflation Indexation

O&M components of tariff shall be adjusted on account of local Inflation (NCPI) biannually on 1st July and 1st January on the basis of latest available NCPI (General) published by Pakistan Bureau of Statistics as per the following mechanism:

$V. O\&M_{(REV)}$	=	$V. O\&M_{(REF)} * NCPI_{(REV)} / NCPI_{(REF)}$
$F. O\&M_{(REV)}$	=	$F. O\&M_{(REF)} * NCPI_{(REV)} / NCPI_{(REF)}$
Where:		
$V. O\&M_{(REV)}$	=	The revised Variable O&M Component of Tariff
$F. O\&M_{(REV)}$	=	The revised Fixed O&M Component of Tariff
$V. O\&M_{(REF)}$	=	The reference Variable O&M Component of Tariff
$F. O\&M_{(REF)}$	=	The reference Fixed O&M Component of Tariff
$CPI_{(REV)}$	=	The revised NCPI (General)
$CPI_{(REF)}$	=	The reference NCPI (General) for June 2020

iii) Adjustment on Account of Calorific Value

The adjustment on account of variation in calorific value will be allowed as per the following mechanism:

- a) The reference CV will be 18364 Btu/lb. There will however be no adjustment below the minimum limit of 18200 Btu/lb.
- b) JPCL shall maintain and submit, annually a detailed record of consignment wise CV of the oil received and consumed for power generation for the adjustment on account of variation against the reference calorific value duly supported with the copies of test reports certified by the fuel supplier.

16.3. The impact of taxes has not been accounted for in the tariff. In case JPCL is obligated to pay any tax, the exact amount paid shall be reimbursed as per existing practice.

16.4. The above determined tariff shall take effect from the date of issuance of the instant decision.

16.5. The above tariff along with adjustment/indexation mechanism will continue to remain in force till the next tariff determined by the Authority and notified in the official gazette.

17. NOTIFICATION

17.1. The above tariff is intimated to the Federal Government for notification in the official gazette in accordance with Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.