



**Registrar**

# **National Electric Power Regulatory Authority** **Islamic Republic of Pakistan**

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No. NEPRA/ADG(Tariff)/TRF-599/JPCL-2023/ 14408-12

September 13, 2024

**Subject: Decision of the Authority in the matter of grant of Interim Tariff for EPC Stage requested by Jamshoro Power Company Limited for its 660 MW Coal Fired Power Project**

Dear Sir,

Please find enclosed herewith the Decision of the Authority along with Decision of Mr. Mathar Niaz Rana (nsc), Member (NEPRA) (total 06 pages) in Case No. NEPRA/TRF-599/JPCL-2023.

2. 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 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

  
(Wasim Anwar Bhinder)

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

**Copy to:**

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, Jamshoro Power Company Limited (JPCL), 660 MW Coal Power Project, Mohra Jabal, Dadu Road, Jamshoro, Sindh



**DECISION OF THE AUTHORITY IN THE MATTER OF GRANT OF INTERIM TARIFF FOR EPC STAGE REQUESTED BY JAMSHORO POWER COMPANY LIMITED FOR ITS 660 MW COAL FIRED POWER PROJECT.**

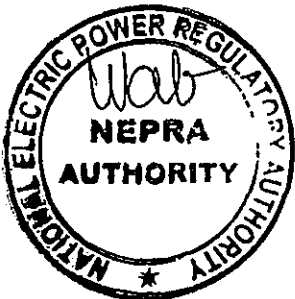
**BACKGROUND**

1. Jamshoro Power Company Limited (hereafter refer as "JPCL" or Petitioner) is a public limited company. The project company initially proposed to design, engineer, construct, insure, finance, commission, operate and maintain a project consisting of 2 x 660 MW coal power plant.
2. The detailed feasibility for the coal power project was completed by a US Power Consultant LLC as of September 2013. The Authority vide Modification No. II dated August 11, 2014 included a 2 x 660 MW coal power plant in the generation license of the petitioner. The Authority vide its decision dated July 6, 2015 approved the Feasibility Stage Tariff for 2 x 660 MW.
3. The company signed EPC and O&M contracts for first unit (Lot-I) with Siemens-HBEI consortium in 2018 and a financing agreement with Asian Development Bank (ADB) in 2014. According to JPCL, the project received recognition in IGCEP 2021-30 as committed project. However, according to JPCL, EPC contract of second unit (Lot II) was not signed due to non-availability of foreign financing which is pending due to Government of Pakistan's (GoP) decision.

**FILING OF EPC STAGE TARIFF PETITION**

4. JPCL vide its letter dated January 24, 2023 submitted the subject tariff petition for determination of reference generation tariff for its 660 MW coal fired power project (Lot-I). The Authority admitted the Petition and hearing in the matter was held on May 16, 2023. The petitioner requested following levelized tariff:

Tariff Component	100% Imported Coal	Blended 80% Imported and 20% Local Coal
<b>Energy Purchase Price</b>		
Fuel Cost	19.03	18.98
Ash Disposal	0.22	0.22
Limestone	0.09	0.09
Ammonia	0.06	0.06



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Tariff Component	100% Imported Coal	Blended 80% Imported and 20% Local Coal
<b>Energy Purchase Price</b>		
Variable O&M (Local)	0.07	0.07
Variable O&M (Foreign)	0.11	0.11
<b>Total EPP</b>	<b>19.58</b>	<b>19.53</b>
<b>Capacity Purchase Price</b>		
Fixed O&M (Local)	0.25	0.25
Fixed O&M (Foreign)	0.61	0.61
Cost of Working Capital	1.41	1.41
Insurance	0.17	0.17
ROE & ROEDC	1.92	1.96
Debt Servicing	3.18	3.18
<b>Total CPP</b>	<b>7.53</b>	<b>7.57</b>
<b>Total Tariff</b>	<b>27.11</b>	<b>27.10</b>

- The petitioner proposed two part tariff structure comprising of the Energy Purchase Price (variable) and the Capacity Purchase Price (fixed) on take or pay basis.
- ROE of 27.20% on imported coal and 27.66% on blended Coal.
- Reference exchange rate of PKR 218.25/USD is assumed.
- The petitioner assumed 85% capacity utilization factor.

#### REQUEST FOR INTERIM TARIFF

- JPCL vide letter No. CEO/JPCL/INTERIM-Tariff-CFPP/4408-09 dated May 27, 2024 submitted that the Commercial Operation of 660 MW plant is schedule in the last week of June-2024 and has requested to issue an interim tariff for EPC stage under Rule 4 (7) of NEPRA (Tariff Standards and Procedures) Rules, 1998.
- In support of its request JPCL provided a letter dated June 21, 2024, informing that the EPC contractor has submitted the schedule for remaining tests of 8.2 which are set to begin on July 1, 2024. JPCL has requested the operating committee to witness these tests with M/s NESPAK as an independent Engineer as per schedule of tests.



*Signature*

**DECISION OF THE AUTHORITY**

7. The request of immediate application of proposed tariff under Rule 4(7) has been examined. Rule 4(7) is 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 satisfactory security to be provided for refund, while the proceedings are pending before the Authority."*

8. The Authority considers that the processing of tariff petition needs more time due to the peculiar nature of the project. The testing is currently underway and test energy is being fed into the national grid. For smooth operation of the project, the project needs tariff for invoicing/billing of the delivered electricity and to manage its cash flows. Without having a tariff, the project shall not be able to recover its prudently incurred costs and shall not be in a position to operate the project. Therefore, the Authority has decided to allow interim tariff for operation of the plant subject to an order for refund for the protection of consumers, while the proceedings are pending before the Authority. Accordingly, the Authority has decided to approve the following two part interim tariff for the project:

Tariff Components	Approved Interim Tariff
<b>Energy Purchase Price (Rs./kWh)</b>	
Fuel Cost Component	13.4155
Ash Disposal	0.0590
Limestone	0.0900
Variable O&M Foreign	0.1075
Variable O&M Local	0.0654
<b>Total EPP (Rs./kWh)</b>	<b>13.7374</b>
<b>Capacity Purchase Price (Rs./kW/h)</b>	
Fixed O&M Foreign	0.4739
Fixed O&M Local	0.2476
Cost of Working Capital	1.1679
Insurance	0.1722
Return on Equity	0.9391
Debt Servicing	1.8920
<b>Total CPP (Rs./kW/h)</b>	<b>4.8927</b>





Tariff Components	Approved Interim Tariff
<b>Reference Index Value:</b>	
KIBOR 3 Months	20.44%
Coal Price (Rs./Ton)	38,660
Net Calorific Value (BTU/kg)	22,548

10. During the Pre-COD test energy sale, only fuel cost component shall be applicable.

### **ORDER**

11. Based on the documentary evidence and information provided by JPCL, the Authority has decided to allow following two part interim tariff under Rule 4(7) of the Tariff Standards & Procedure Rules -1998 subject to final decision and order of refund, if any, for the protection of the consumers while the proceedings are pending before the Authority:

Tariff Components	Approved Interim Tariff
<b>Energy Purchase Price (Rs./kWh)</b>	
Fuel Cost Component	13.4155
Ash Disposal	0.0590
Limestone	0.0900
Ammonia	-
Variable O&M Foreign	0.1075
Variable O&M Local	0.0654
<b>Total EPP (Rs./kWh)</b>	<b>13.7374</b>
<b>Capacity Purchase Price (Rs./kW/h)</b>	
Fixed O&M Foreign	0.4739
Fixed O&M Local	0.2476
Cost of Working Capital	1.1679
Insurance	0.1722
Return on Equity	0.9391
Debt Servicing	1.8920
<b>Total CPP (Rs./kW/h)</b>	<b>4.8927</b>
<b>Reference Index Value:</b>	
KIBOR 3 Months	20.44%
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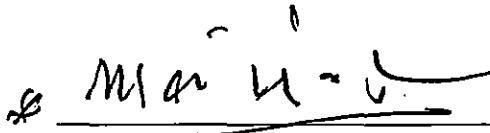
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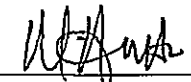
12. The application of provisional tariff shall be subject to following conditions:
- The reference fuel cost component shall be subject to adjustment for variation in coal price(s) and calorific value(s) against reference values based on average monthly coal consumption.
  - The reference cost of working capital shall be subject to quarterly indexation/adjustment on account of coal price(s), calorific value and 3-month KIBOR against reference values.
  - During the Pre-COD test energy sale, only fuel cost component shall be applicable.

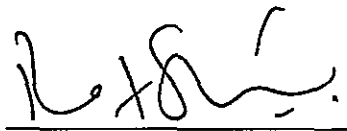
### NOTIFICATION

13. The above Order 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.

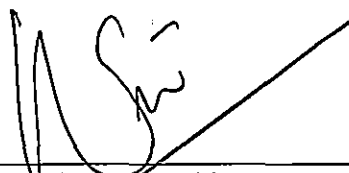
### AUTHORITY

  
Mathar Niaz Rana (nsc)  
Member

  
Engr. Maqsood Anwar Khan  
Member

  
Engr. Rafique Ahmed Shaikh  
Member

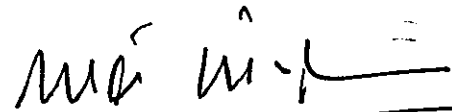
  
Amina Ahmed  
Member

  
Waseem Mukhtar  
Chairman



## DECISION OF MEMBER TARIFF

JPCL submitted the determination of the reference tariff on January 24, 2023. The issues were framed and a hearing has been conducted. The petition is now in an advanced stage. Therefore, I recommend that the pending petition be processed expeditiously to ensure that the tariff is awarded after careful examination of each tariff component for prudence. I respectfully disagree with the granting of interim relief at this stage as the pending petition is almost in advanced stage.



**Mathar Niaz Rana (nsc)**  
**Member Tariff**

