



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

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**Registrar**

No. NEPRA/TRF-46/NPGCL-2005/770-773  
January 30, 2012

Chief Executive Officer  
Northern Power Generation Co. Ltd.  
Thermal Power Station  
Mahmood Kot Road  
Muzaffar Garh

**Subject: Decision of the Authority in the Matter of Adjustment of the Energy Charge Part of Tariff Relating to Fuel (Applicable w.e.f. 31.10.2010 and 15.08.2011) for Northern Power Generation Company Ltd. (Case No. NEPRA/TRF-46/NPGCL-2005)**

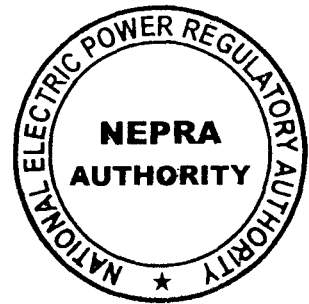
Enclosed please find herewith the subject decision of the Authority along with Schedule of Fuel Cost Part of Energy Charges applicable w.e.f. 31.10.2010 at Annex-I & Schedule of Fuel Cost Part of Energy Charges applicable w.e.f. 15.08.2011 at Annex-II (04 pages) regarding the adjustment in the fuel part of energy charge in respect of Northern Power Generation Company Ltd. The notification on the subject decision will follow.

Enclosure: As above

( Syed Safeer Hussain )

CC:

1. Secretary Ministry of Water & Power, Islamabad
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Ministry of Finance, Islamabad.





**DECISION OF THE AUTHORITY IN THE MATTER OF ADJUSTMENT OF THE ENERGY CHARGE PART OF THE TARIFF RELATING TO FUEL FOR NORTHERN POWER GENERATION COMPANY LTD. (Case No. NEPRA/TRF-46/NPGCL-2005)**

Northern Power Generation Company Ltd. (NPGCL) in pursuance of paragraph 61 (iii) of the Authority's decision dated May 02, 2006 requested the Authority to allow adjustment on account of HSD price variation for 2<sup>nd</sup> fortnight of October 2010. The Authority while observing that NPGCL's request for adjustment on HSD being a costly option and having great impact on the generation cost, directed NPGCL to justify its request as follows:

- i) *Why and under what circumstances HSD was purchased for generation of electricity?*
- ii) *Under whose instructions HSD was purchased for generation of electricity?*
- iii) *The cost of electricity generated on HSD Faisalabad Unit 1, 4 becomes Rs. 27 per kWh which is on higher side?*

2. NPGCL in its response stated that:

*"maximum power generation on WAPDA Power thermal units was required by NPCC Islamabad and SNGPL Authority was not allocating gas quota for operating of thermal units.*

*To meet the situation a limited quantity of HSD oil 1.4 million liters was purchased after prior approval of MD PEPCO (letter No. GMTH/DFE/555/12512-13 dated 30.12.2009) for operating only two gas turbines together with CCP, whenever required by NPCC.*

*The cost of electricity generated on HSD oil for GTs along with CCP comes out Rs. 17 to Rs. 19.50 only."*

3. Keeping in view the NPGCL's response, the Authority decided to carry out in house detailed study regarding the following;

- i) *How much electricity was generated?*
- ii) *How much and which fuel was consumed;*
- iii) *What was the average cost of generation for each plant month-wise; and*
- iv) *What was the plant life.*

4. The said study revealed that the Ex-WAPDA GENCOs plants efficiency was deteriorated as a result of poor maintenance and aging. It was further observed that the GENCOs performance had potential to their present capacity appreciably. The Authority accordingly advised Ministry of Water & Power vide letter dated 23<sup>rd</sup> August 2011 to prepare the rehabilitation plan for these GENCOs. In the meanwhile NPGCL submitted its request for adjustment of the HSD price variation for 1<sup>st</sup> fortnight of August 2011. The Authority directed CPPA / NTDC to justify the operation of the GTPS Faisalabad on HSD with documentary evidence. CPPA/NTDC was also directed to provide the merit order for the month of October 2010 and August 2011. CPPA/NTDC in response vide letter No. COO(CPPA)/CE-I/Dir. Tech-V/8670-71 dated October 11, 2011 informed that the power plants were operated strictly as per merit order. CPPA/NTDC stated that:

**October 2010**

*There was extreme load management in the month of October 2010 and in order to minimize the quantum of load management all available generation resources were required to put on bar. HSD on the GTPS Faisalabad units were burnt as per merit order with the approval of the competent*



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Authority. Copy of the merit order with daily energy sheet of 1<sup>st</sup> and 2<sup>nd</sup> October 2010 showing GTPS Faisalabad, SPS Faisalabad and NPGS Multan on bar as per merit order) as a documentary evidence.

**August 2011**

Ramadan fall in the month of August and as per GOP instruction, no load management during Ifitari & Sehri peak, as such all available generation resources were required to put on bar. HSD on the GTPS Faisalabad units were burnt as per merit order and in compliance with NEPRA's letter mentioned referred at Serial No. 3 (copy of the merit order with daily energy sheets of 19<sup>th</sup> and 20<sup>th</sup> August 2011 showing GTPS Faisalabad, SPS Faisalabad on bar as per merit order) as a documentary evidence.

5. Having considered the arguments and documentary evidence submitted by the NPGCL, CPPA/NTDC, the Authority has decided to allow the adjustment for 2nd fortnight of October 2010 and 1st fortnight of August 2011. The block-wise fuel cost component of NPGCL, revised on account of variation in HSD prices, w.e.f 31st October 2010 and 15th August 2011 is given hereunder:

**With effect from 31-10-2010**

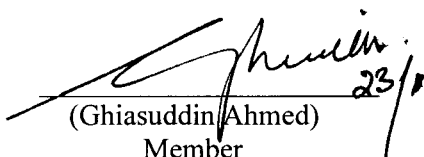
Block	Description	Revised Fuel Cost Component Rs./kWh
		HSD
IV	GTPS Faisalabad Units 5-9	15.5526
VI	GTPS Faisalabad Units 1-4	27.8080

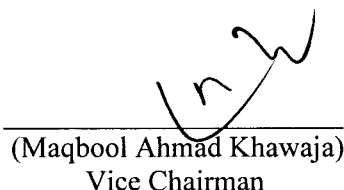
**With effect from 15-8-2011**

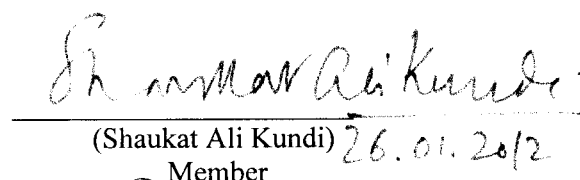
Block	Description	Revised Fuel Cost Component Rs./kWh
		HSD
IV	GTPS Faisalabad Units 5-9	19.5934
VI	GTPS Faisalabad Units 1-4	35.0329

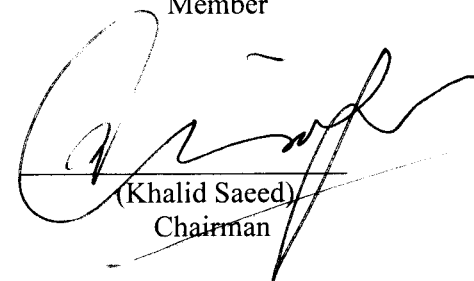
6. The revised tariff shall become immediately applicable as mentioned in S.R.O 997(I)/2006 dated September 20, 2006. The revised energy charge part of tariff relating to fuel to be notified in the official Gazette is attached as **Annex-I & II**.

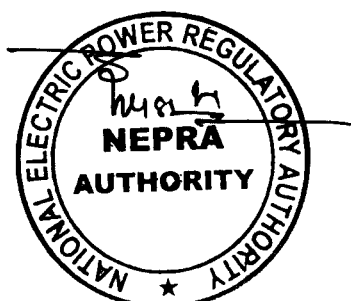
**AUTHORITY**

  
(Ghiasuddin Ahmed)  
Member

  
(Maqbool Ahmad Khawaja)  
Vice Chairman

  
(Shaukat Ali Kundi)  
Member

  
(Khalid Saeed)  
Chairman



# **NORTHERN POWER GENERATION COMPANY LTD.**

## **Schedule of Fuel Cost Part of Energy Charge**

Adjustment on account of fuel price variation for HSD on October 31, 2010

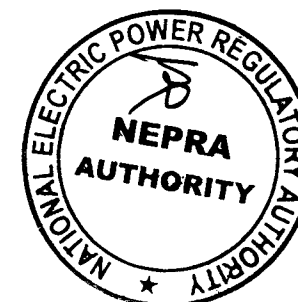
Fuel Price	Unit	Reference	Previous	Revised
HSD	Rs./Litre			
Faisalabad		35.41	66.09	63.43

Blocks	Description	Reference Fuel Cost Component Rs./kWh	Previous Fuel Cost Component Rs./kWh	Revised Fuel Cost Component Rs./kWh
		HSD	HSD	HSD
IV	GTPS Faisalabad Units 5,9	8.6823	16.2048	15.5526
VI	GTPS Faisalabad Units 1,4	15.5239	28.9741	27.8080

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**NORTHERN POWER GENERATION COMPANY LTD.****Schedule of Fuel Cost Part of Energy Charge**

Adjustment on account of fuel price variation for HSD on August 15, 2011

Fuel Price	Unit	Reference	Previous	Revised
HSD Faisalabad	Rs./Litre	35.41	66.09	79.91

Blocks	Description	Reference Fuel Cost Component Rs./kWh	Previous Fuel Cost Component Rs./kWh	Revised Fuel Cost Component Rs./kWh
		HSD	HSD	HSD
IV	GTPS Faisalabad Units 5,9	8.6823	16.2048	19.5934
VI	GTPS Faisalabad Units 1,4	15.5239	28.9741	35.0329



