



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-46/NPGCL-2005/ 7098-7102
August 10, 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 (For Gas w.e.f. July 01, 2012) for Northern Power Generation Company Ltd. (Case No. NEPRA/TRF-46/NPGCL-2005)**

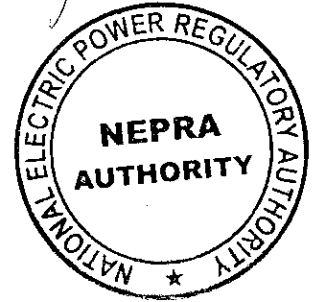
Enclosed please find herewith the subject decision of the Authority along with Schedule of Fuel Cost Part of Energy Charges applicable w.e.f. July 01, 2012 at Annex-I and Note of Dissent of Mr. Shaukat Ali Kundi, Member NEPRA (03 pages) regarding the adjustment in the fuel part of energy charge in respect of Northern Power Generation Company Ltd. The notification on the subject decision will follow.

Enclosure: As above

CC:

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


(Hamid Shamimi)





**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 LIMITED**

Pursuant to paragraph 61 (iii) of the Authority's decision dated May 02, 2006 in respect of generation tariff for Northern Power Generation Company Ltd. (NPGCL), adjustments have been made in the fuel part of energy charge subsequent to change in gas price with effect from July 01, 2012. The block-wise revised fuel cost component for NPGCL on account of gas price variation is indicated hereunder:

Blocks	Description	Revised Fuel Cost Component Rs./kWh
		Gas
I	Muzaffargarh Units 1,3	6.0412
II	Muzaffargarh Unit 4	5.9875
III	Muzaffargarh Units 5,6	6.8083
IV	GTPS Faisalabad Units 5,9	4.8125
V	SPS Faisalabad Units 1,2	8.0459
VI	GTPS Faisalabad Units 1,4	8.6049
VII	NPGS Multan Units 1,4	7.9038

2. 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)**.

AUTHORITY

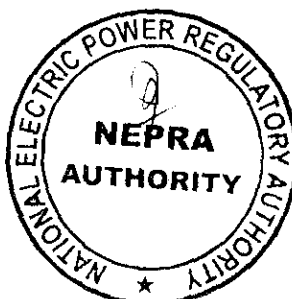
The note attached

Shaukat Ali Kundi
(Shaukat Ali Kundi)
Member
06.08.12

Habibullah Khilji
(Habibullah Khilji)
Member
7/8/2012

Khawaja Muhammad Naeem
(Khawaja Muhammad Naeem)
Member
26.07.11

Ghiasuddin Ahmed
(Ghiasuddin Ahmed)
Acting Chairman
7/8



NORTHERN POWER GENERATION COMPANY LTD.

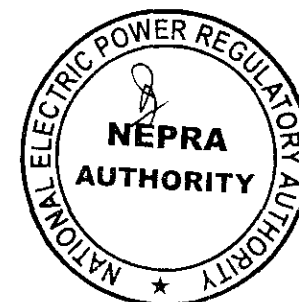
Schedule of Fuel Cost Part of Energy Charge

Adjustment on account of fuel price variation for gas on July 01, 2012

Fuel Price	Unit	Reference	Previous	Revised
Gas	Rs./MMBTUs	240.91	507.86	560.00

Blocks	Description	Reference Fuel Cost Component Rs./kWh	Previous Fuel Cost Component Rs./kWh	Revised Fuel Cost Component Rs./kWh
		Gas	Gas	Gas
I	Muzaffargarh Units 1,3	2.5989	5.4787	6.0412
II	Muzaffargarh Unit 4	2.5758	5.4300	5.9875
III	Muzaffargarh Units 5,6	2.9289	6.1744	6.8083
IV	GTPS Faisalabad Units 5,9	2.0703	4.3644	4.8125
V	SPS Faisalabad Units 1,2	3.4613	7.2967	8.0459
VI	GTPS Faisalabad Units 1,4	3.7018	7.8037	8.6049
VII	NPGS Multan Units 1,4	3.4002	7.1679	7.9038

7. Safdar



Note of Dissent of Mr. Shaukat Ali Kundi, Member (Licensing)
NEPRA in the matter of Adjustment in the Energy Charge Part of
Tariff Relating to Gas Price Variation w.e.f. July 01, 2012 with
respect to Northern Power Generation Company Limited (NPGCL)
Case No. NEPRA/TRF-46/NPGCL-2005

↓ The requested adjustment in the Energy Charge Part of Tariff relating to Gas Price Variation includes Unit No. 1 & 4 of Natural Gas Power Station (NGPS) Pirangheb Multan, Unit No. 1-9 of GTPS Faisalabad and Unit No. 1 & 2 SPS, Faisalabad of NPGCL. According to the terms and conditions of the granted Generation Licence of NPGCL all these Units have already completed their respective useful life and cannot be operated any further.

(2). According to the information available with NEPRA, NGPS Multan the Net Efficiency of these units during FY-2010-11 was 21.75% only against designed efficiency of 33.00%. I am of the view that the above units of NGPS Pirangheb, Unit 1-4 of GTPS Faisalabad (Gas Turbine operating on Open Cycle and SPS Faisalabad (Old Steam Turbines) are old and inefficient units and allowing their operation of Natural Gas, which is precious resource is not desirable at all. Allowing the operation and resultantly the adjustment in fuel cost component to these units would result in higher per unit cost. Therefore, in my view allowing the proposed adjustment in the energy charge part is not justifiable on legal as well as on economic grounds.

(3). Further, I will like to point out that Natural Gas is precious resource and is depleting very fast. It is essential that the available Natural Gas is utilized on efficient power plants in the system. Diverting Natural Gas to efficient plants will not only generate more units of electricity on lower rates but will also result in lowering consumer end tariff. In the light of above, I decline the adjustment in Energy Charge Part of the above mentioned Power Plants/Units of NPGCL.

Shaukat Ali Kundi
(Shaukat Ali Kundi)
Member (Licensing)

06.08.12

