



# National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad  
Ph: +92-51-9206500, Fax: +92-51-2600028  
Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

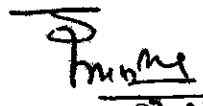
No. NEPRA/TRF-271/NPGCL-2014/ **3206-10**  
March 9, 2016

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 Fuel Price Adjustment of Northern Power Generation Company Ltd. for its Nandipur Power Project (Case No. NEPRA/TRF-271/NPGCL-2014)**

Enclosed please find herewith the subject decision of the Authority along with Revised Fuel Cost Components for the months of August, 2015, October 2015, November 2015, December 2015, January 2016 and February 2016 at Annex-I (04 pages) in the matter of Fuel Price Adjustment of Northern Power Generation Company Ltd for its Nandipur Power Project. The notification on the subject decision will follow.

Enclosure: As above

  
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(Syed Safer Hussain)

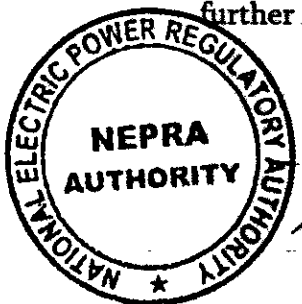
CC:

1. Secretary, Ministry of Water & Power, Islamabad
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Ministry of Finance, Islamabad.
4. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited  
6<sup>th</sup> Floor, Shaheed-e-Millat Secretariat, Jinnah Avenue, Blue Area, Islamabad



**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL PRICE ADJUSTMENT OF  
NORTHERN POWER GENERATION COMPANY (NPGCL) FOR ITS NANDIPUR  
POWER PROJECT**

1. NPGCL vide its letter dated May 29, 2015 submitted a request for adjustment in the energy part of its tariff on account of fuel purchased during the period prior to and subsequent to the achievement of COD. In support, NPGCL stated that it has started generating electricity to the National Grid from time to time under the approval of Ministry of Water & Power. NPGCL, further stated that huge amount has been incurred for the dispatch of electricity to the national grid on account of RFO and HSD fuel.
2. It is to be noted that tariff determination for NPGCL's 425 MW Nandipur Power Project was given by the Authority on April 14, 2015 (hereinafter referred to "the Determination"). Subsequently, the Authority also decided upon the motion of leave for review filed by NPGCL against the Determination. While considering the information submitted by NPGCL, certain clarifications were sought wherein, NPGCL was asked to explain/clarify its position including but not limited to the following issues:
  - i. Whether, the fuel cost is incurred for testing/commissioning of the plant before the start of commercial operations or otherwise?
  - ii. An amount of Rs.812.65 million for fuel cost has already been allowed in the Determination, under the head of fuel during testing. If the plant was operated before COD then why adjustment of fuel in addition to the one already allowed in the Determination for the said purpose has been claimed?
  - iii. Whether the plant has achieved COD?
  - iv. Why in certain months, Fuel Cost Component has been claimed on HSD consumption, whereas no such provision of HSD consumption is allowed in the Determination, except for HSD to be consumed during testing phase for which cost based on expected fuel price has already been allowed.
3. In response, NPGCL vide letter dated November 25, 2015 submitted that most of the fuel cost relates to the fuel consumed during the testing/commissioning of the Gas Turbine units. However, at various instances, GTGs were operated upon the directions of the Govt. of Pakistan, conveyed through MoW&P Letter No.GPI-1(47)/2012 dated 17.07.2014. According to NPGCL, the letter clearly stated that the fuel should be arranged for the continuous operation of Nandipur and Guddu Power Plant. Similarly, as per NPGCL, the plant was operated on HSD in certain months as per the same directions of GoP because no arrangement were available for the use of HSFO at site NPGCL further informed that Nandipur Power Project achieved its COD on July 23, 2015.

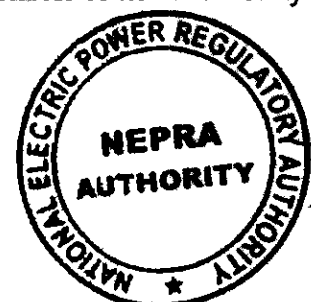




4. The Authority reviewed the requests and subsequent response to the Authority's clarifications and considered it pertinent to clarify that as per para 39 of the Determination, a net amount of Rs 812.65 million has already been allowed for fuel to be consumed during the testing phase which was based on estimated fuel cost (RFO/HSD) of Rs 1845.26 million minus Rs 1032.61 million estimated sale of testing energy to CPPA-G. This was based on the 121.349 GWh units prescribed by the EPC contractor to be used for testing purposes on different load profiles and fuel i.e. RFO/HSD. Cost of Fuel for testing amounting to Rs 812.65 million was allowed as a separate cost head in the Determination and required to be adjusted on the basis of actual prices prevailing at the time of testing and based on agreed testing protocols with EPC contractors. The NPGCL has not submitted COD adjustment request therefore, an adjustment on this account can't be allowed at this time.
5. For post-COD sale of energy the Authority is aware that Nandipur Power Project has dispatched energy into the national grid, fuel cost component being a pass through items needs to be adjusted.
6. In the view of the foregoing the Authority has decided that the Fuel Cost of energy delivered by Nandipur Power Project prior to COD shall be adjusted at the time of its COD adjustments in the project cost. However, the Authority has also decided to revise the fuel cost component post COD based on the actual fuel prices prevailing in the relevant month. Accordingly, revised fuel cost component of NPGCL for its Nandipur Power Project from August 2015 to January 2016 on fortnightly basis is indicated below:

Period	Revised Fuel Cost Component (Rs/kWh)	
	1st Fortnight	2nd Fortnight
Aug-15	8.2174	
Oct-15	6.5838	7.2013
Nov-15	6.8125	6.6788
Dec-15	-	6.0641
Jan-16	4.9973	4.8563
Feb-16	4.4222	4.9180

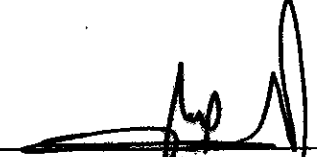
7. The Revised Fuel Cost allowed to Nandipur Power Project is purely on provisional basis and shall be subject to adjustment, if any, in the light of final decision of the Authority at the time of COD adjustment.

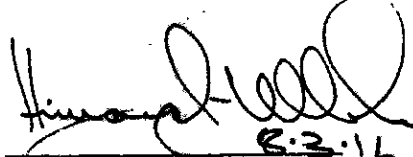





8. The above referred revised fuel cost component attached as **Annex-I** is to be notified in the official gazette in accordance with the provision of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

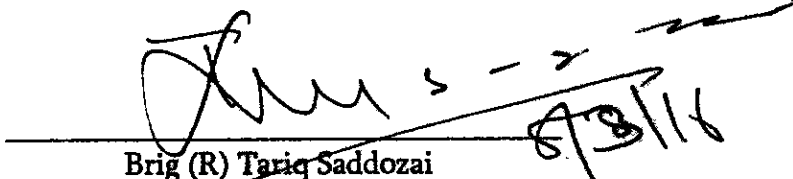
Authority

  
Khawaja Muhammad Naeem  
Member

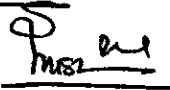
  
Himayat Ullah Khan  
Member

  
Syed Masood ul-Hassan  
Member

  
Maj (R) Haroon Rashid  
Vice Chairman

  
Brig (R) Tariq Sadozai  
Chairman



  
09.03.16

S.No	Reference Authority Determination April 14, 2015 (Rs./M.Ton)	Reference Component (Rs.kWh)	Period	Revised Fuel Price (Rs./M.Ton)		Revised Fuel Cost Component (Rs.kWh)	
				1st Fortnight	2nd Fortnight	1st Fortnight	2nd Fortnight
1	38,265.00	7.5247	Aug-15	41,787.41		8.2174	
2	38,265.00	7.5247	Oct-15	33,480.42	36,620.42	6.5838	7.2013
3	38,265.00	7.5247	Nov-15	34,643.42	33,963.43	6.8125	6.6788
4	38,265.00	7.5247	Dec-15	-	30,837.55	-	6.0641
5	38,265.00	7.5247	Jan-16	25,412.55	24,695.55	4.9973	4.8563
6	38,265.00	7.5247	Feb-16	22,488.21	25,009.21	4.4222	4.9180

