



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-304/NPGCL-2015/5712-5714
April 12, 2018

Subject: Decision of the Authority in the matter of Immediate Application of RLNG as Alternative Fuel for Northern Power Generation Co. Ltd. (NPGCL) - (Case No. NEPRA/TRF-304/NPGCL-2015)

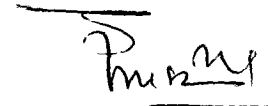
Dear Sir,

Please find enclosed herewith the subject decision of the Authority (02 pages) in the matter of Immediate Application of RLNG as Alternative Fuel for Northern Power Generation Co. Ltd. in Case No. NEPRA/TRF-304/NPGCL-2015.

2. The decision 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 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

3. Order of the Authority shall be notified in the official Gazette

Enclosure: As above


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(Syed Safeer Hussain)

Secretary,
Ministry of Energy,
'A' Block, Pak Secretariat
Government of Pakistan
Islamabad.

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



**DECISION OF THE AUTHORITY IN THE MATTER OF IMMEDIATE APPLICATION OF
RLNG AS ALTERNATIVE FUEL FOR NORTHER POWER GENERATION COMPANY
LIMITED**

1. Northern Power Generation Company Limited (hereinafter referred as "NPGCL") vide letter dated March 7, 2018, filed request for change in fuel price adjustment mechanism in order to utilize RLNG due to shortage of gas and cut in supply of furnace oil. NPGCL also requested immediate application of RLNG as alternative fuel in accordance with Clause 4(7) of NEPRA (Tariff Standards and Procedure) Rules, 1998. NPGCL vide letter dated 9th April 2018, further requested the Authority to expedite the matter for immediate application of RLNG as alternative fuel in view of the non-availability of gas and furnace oil, upcoming summer season and increase in demand of electricity.
2. The Authority has accepted the application of NPGCL and decided to initiate proceedings to modify the existing mechanism of fuel cost component on account of RLNG. The hearing in the matter has been scheduled on 17th April 2018 at NEPRA Tower, Islamabad. Notice of hearing in the matter has appeared in newspapers on 10th of April 2018 inviting interventions/comments from stakeholders. Individual letters were also sent to stakeholders on 10th April 2018.
3. The Authority has considered the request of NPGCL for immediate application of RLNG as alternative fuel in accordance with Rule 4(7) of NEPRA (Tariff Standards and Procedure) Rules, 1998. In a similar case of IPPs, the Authority vide its decision No. NEPRA/R/TRF-100/MFPA/17343-17361 dated 4th December 2015 has also allowed immediate application for adjustment in fuel cost component on account of utilization of RLNG under Rule 4(7) of NEPRA (Tariff Standards and Procedure) Rules, 1998 subject to an order of refund for the protection of consumers while the proceedings for devising the fuel price adjustment on RLNG were pending before the Authority.
4. In view of the prevailing shortage of gas and non-availability of furnace oil and in line with the above referred decision, the Authority has decided to allow immediate application of RLNG as alternative fuel in the instant case subject to an order of refund for the protection of the consumers, while the proceedings are pending before the Authority for change in the fuel price adjustment mechanism. The immediate application of RLNG as alternative fuel shall be subject to following conditions:
 - i) The dispatch shall be strictly in accordance with the economic merit order.
 - ii) Operation on simple cycle shall not be allowed.
5. Accordingly, the fuel price adjustment mechanism as provided in Authority's decision No. NEPRA/TRF-304/NPGCL-2015/14377-14379 dated 19th October 2016, in the matter of motion for leave for review filed by NPGCL, stands modified as under:

$$FC_{(Rev)} = FC_{(Ref)} * FP_{(Rev)} / FP_{(Ref)}$$

Where:

$FC_{(Rev)}$ = Revised fuel cost component of energy charge part of tariff

$FC_{(Ref)}$ = Reference fuel cost component

$FP_{(Ref)}$ = Reference RFO price of Rs. 39,000/ton and reference gas price of Rs. 588.23/MMBTU.

$FP_{(Rev)}$ = Revised applicable prices of RFO/Gas / RLNG as determined by the relevant agency

6. The reference fuel price and reference fuel cost component on gas and RLNG shall be the same. Other terms & conditions shall remain unchanged.





ORDER

7. Northern Power Generation Company Limited is hereby allowed, immediate application of RLNG as alternative fuel subject to final decision and an order of refund for the protection of the consumers, while the proceedings are pending before the Authority for change in the fuel price adjustment mechanism. The immediate application of RLNG as alternative fuel shall be subject to following conditions:

- The dispatch shall be strictly in accordance with the economic merit order.
- Operation on simple cycle shall not be allowed.

8. Accordingly, the fuel price adjustment mechanism as provided in Authority's decision No. NEPRA/TRF-304/NPGCL-2015/14377-14379 dated 19th October 2016 in the matter of motion for leave for review filed by NPGCL, stands modified as under:

$$FC_{(Rev)} = FC_{(Ref)} * FP_{(Rev)} / FP_{(Ref)}$$

Where:

$FC_{(Rev)}$ = Revised fuel cost component of energy charge part of tariff

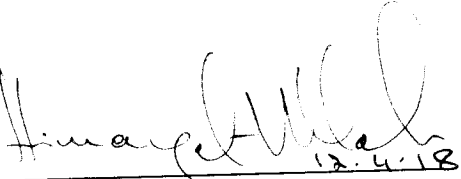
$FC_{(Ref)}$ = Reference fuel cost component

$FP_{(Ref)}$ = Reference RFO price of Rs. 39,000/ton and reference gas price of Rs. 588.23/MMBTU.


$FP_{(Rev)}$ = Revised applicable prices of RFO/Gas / RLNG as determined by the relevant agency

9. The reference fuel price and reference fuel cost component on gas and RLNG shall be the same. Other terms & conditions shall remain unchanged.
10. The above Order of the Authority shall be notified in the Official Gazette in terms of Section 31(4) of the Regulations of Generation, Transmission and Distribution of Electric Power Act, 1997.


AUTHORITY

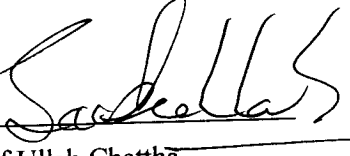

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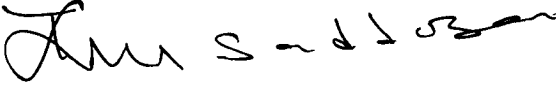
Himayat Ullah Khan
Member


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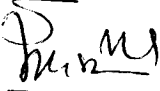
Rehmatullah
Member


Syed Masood ul Hassan Naqvi
Member


Saif Ullah Chattha
Vice Chairman 12.4.2018


Brig (R) Tariq Sadozai
Chairman




12.04.18