



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/ADG(Tariff)/TRF-271/NPGCL-2014/ 1260-64

January 24, 2025

Subject: **Decision of the Authority in the matter of Quarterly Indexation/Adjustment of Cost of Working Capital, Return on Equity and Debt Service Components of Tariff for 23<sup>rd</sup> July-September 2015 to July-September 2024 Quarters for Northern Power Generation Company Limited (NPGCL) for its Nandipur Power Plant**

Dear Sir,

Please find enclosed herewith subject Decision of the Authority along with revised tariff components at **Annex-I, II-A, II-B, II-C**, Decision of Mr. Mathar Niaz Rana (nsc), Member (NEPRA) and additional note of Mr. Rafique Ahmed Shaikh, Member (NEPRA) (total 09 pages) regarding quarterly Indexation/Adjustment of tariff of Northern Power Generation Company Ltd. for its Nandipur Power Plant for **23<sup>rd</sup> July-September 2015 to July-September 2024 Quarters** on account of KIBOR and Exchange Rate variation in Case No. NEPRA/TRF-271/NPGCL-2014.

2. The Decision is being sent to the Federal Government for intimation under Proviso (ii) of Section 31(7) of NEPRA Act, before its notification by NEPRA pursuant to the said Proviso of Section 31(7) of NEPRA Act, 1997.

Enclosure: **As above**

  
(Waseem 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, Northern Power Generation Co. Ltd. (NPGCL) Thermal Power Station, Mahmood Kot Road, Muzaffar Garh



**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/ADJUSTMENT OF COST OF WORKING CAPITAL, RETURN ON EQUITY AND DEBT SERVICE COMPONENTS OF TARIFF FOR 23<sup>RD</sup> JULY-SEPTEMBER 2015 TO JULY-SEPTEMBER 2024 QUARTERS FOR NORTHERN POWER GENERATION COMPANY LIMITED (NPGCL) FOR ITS NANDIPUR POWER PLANT.**

Pursuant to the Authority's decisions dated January 27, 2016 notified vide S.R.O No. 634(I)/2017 on July 10, 2017 and dated April 11, 2022, notified vide S.R.O. No 743(I)/202 on May 27, 2022 for NPGCL's combined cycle power plant at Nandipur Gujranwala, the relevant tariff components are required to be adjusted on account of KIBOR and Exchange Rate variation.

NPGCL-Nandipur has requested for interim tariff relief through quarterly indexation/adjustment due to significant devaluation of PKR against USD as well as increase in KIBOR and RLNG prices since COD. These factors have contributed to significant revenue shortfall since COD, prompting NPGCL-Nandipur to seek interim tariff relief.

The Authority observed that NPGCL-Nandipur achieved COD on RFO in 2015 and on Gas in 2017. Despite the Authority's clear directions to submit the true-up adjustment request at COD, the company delayed its COD true-up request until January 2024, resulting in a lag of approximately 9 years. The Authority expresses its serious concerns regarding the delay by NPGCL-Nandipur in submitting the COD adjustment request and this inefficiency of the management at NPGCL Nandipur power plant has resulted in balloon payment which has affected the financial stream of company and also unusual burden on the end-consumers.

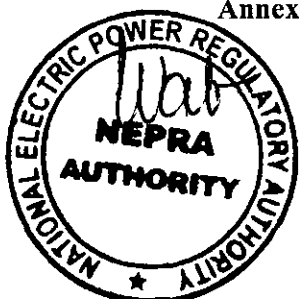
Considering these factors, the Authority has decided to grant interim tariff relief from date of COD, in accordance with Rule 4(7) of the Tariff Standard & Procedure Rules 1998, on provisional basis, subject to COD tariff adjustment decision of the Authority.

Therefore, the Authority in its collective and joint wisdom considering all aspects decided with consensus as under; which shall be hereafter called as decision of Authority in the matter:-

Cost of Working Capital, Return on Equity and Debt Service components from 23<sup>rd</sup> July-September 2015 to July-September 2024 quarters have been revised on account of KIBOR and Exchange Rate variation in accordance with the requisite indexation/adjustment mechanism stipulated in the decision(s) of the Authority. The revised tariff are attached as Annex-I for RFO fuel and Annex-II-A, Annex-II-B and Annex-II-C for Gas/RLNG fuel.

Indexation allowed to NPGCL-Nandipur is purely on provisional basis till finalization of its COD tariff by the Authority and shall be subject to adjustment, if necessary, in the light of final decision of the Authority.

The decision of the Authority along with revised tariff components attached as **Annex-I, Annex-II-A, Annex-II-B and Annex-II-C** are to be notified in the Official Gazette, in



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accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

**AUTHORITY**

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Mathar Niaz Rana (nsc)  
Member

*Engr. Maqsood Anwar Khan*

Engr. Maqsood Anwar Khan  
Member

*Additional note attached.*

*Engr. Rafique Ahmed Shaikh*

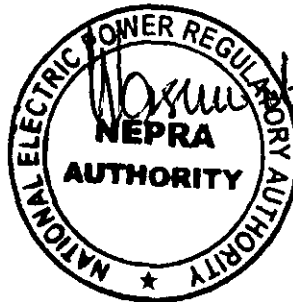
Engr. Rafique Ahmed Shaikh  
Member

*Amina Ahmed*

Amina Ahmed  
Member

*Waseem Mukhtar*

Waseem Mukhtar  
Chairman



✓ *My decision is attached*

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**Northern Power Generation Company Limited - Nandipur (RFO Based)**  
**Quarterly Indexation/Adjustment of Tariff**

Tariff Components	Reference Jan 27, 2016	Revised 23 <sup>rd</sup> Jul to Sep 2015 Quarter	Revised Oct to Dec 2015 Quarter	Revised Jan to Mar 2016 Quarter	Revised Apr to Jun 2016 Quarter	Revised Jul to Sep 2016 Quarter	Revised Oct to Dec 2016 Quarter	Revised Jan to Mar 2017 Quarter	Revised Apr to Jun 2017 Quarter	Indexation
Capacity Charge (Rs./kW/h)										
Cost of Working Capital	0.1213	0.1039	0.0993	0.0977	0.0961	0.0930	0.0929	0.0932	0.0935	KIBOR
ROE	0.8237	0.8133	0.8349	0.8381	0.8381	0.8373	0.8377	0.8381	0.8385	Rs./US\$
Principal Repayment	0.2344	0.2263	0.2263	0.2410	0.2410	0.2516	0.2516	0.2683	0.2683	-
Interest Charge	0.8746	0.7534	0.7534	0.7085	0.7085	0.6547	0.6547	0.6587	0.6587	KIBOR
<b>Total</b>	<b>2.0540</b>	<b>1.8969</b>	<b>1.9139</b>	<b>1.8853</b>	<b>1.8837</b>	<b>1.8366</b>	<b>1.8369</b>	<b>1.8583</b>	<b>1.8590</b>	
<b>Indexation Values:</b>										<b>Source</b>
Exchange Rate (Rs./USD)	103.00	101.70	104.40	104.80	104.80	104.70	104.75	104.80	104.85	NBP - Revised rate of relevant months
KIBOR 3 Months	8.53%	7.01%	6.60%	6.49%	6.35%	6.05%	6.04%	6.12%	6.12%	NBP - Revised rate of relevant months
KIBOR 6 Months	8.53%	7.04%	6.62%	6.51%	6.36%	6.06%	6.06%	6.15%	6.16%	NBP - Revised rate of relevant months
Principal (Rs. Million)		29,327		28,916		28,482		28,026		
Hours in Quarter		2,208	2,208	2,184	2,184	2,208	2,208	2,160	2,184	
Hours in Bi-Annual		4,416		4,368		4,416		4,368		

Note: O&M tariff components were approved by the Authority through various decisions.

- Based on the data declared by Northern Power Generation Company Limited (Nandipur).



**Northern Power Generation Company Limited - Nandipur (Gas/RLNG Based)**  
**Quarterly Indexation/Adjustment of Tariff**

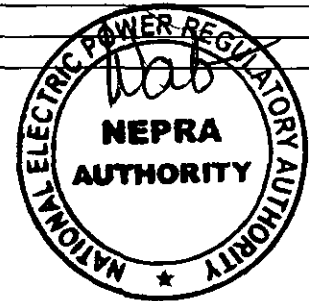
Tariff Components	Reference Jan 27, 2016	Revised Apr to Jun 2017 Quarter	Revised Jul to Sep 2017 Quarter	Revised Oct to Dec 2017 Quarter	Revised Jan to Mar 2018 Quarter	Revised Apr to Jun 2018 Quarter	Indexation
<b>Capacity Charge (Rs./kW/h)</b>							
Cost of Working Capital	0.0405	0.0312	0.0332	0.0319	0.0349	0.0440	KIBOR
ROE	0.7760	0.7899	0.7911	0.7945	0.8325	0.8694	Rs./US\$
Principal Repayment	0.2247	0.2694	0.2694	0.2856	0.2856	0.2992	-
Interest Charge	0.8385	0.6178	0.6178	0.6097	0.6097	0.6262	KIBOR
<b>Total</b>	<b>1.8797</b>	<b>1.7083</b>	<b>1.7115</b>	<b>1.7217</b>	<b>1.7627</b>	<b>1.8388</b>	
<b>Indexation Values:</b>							<b>Source</b>
Exchange Rate (Rs./USD)	103.00	104.85	105.00	105.45	110.50	115.40	NBP - Revised rate of relevant months
KIBOR 3 Months	8.53%	6.12%	6.14%	6.15%	6.16%	6.50%	
KIBOR 6 Months	8.53%	6.16%	6.15%	6.16%	6.21%	6.61%	
Principal (Rs. Million)		28,918		28,385		27,823	
Hours in Quarter		2,184	2,208	2,208	2,160	2,184	
Hours in Bi-annual		4,392		4,368		4,392	

Tariff Components	Reference Jan 27, 2016	Revised Jul to Sep 2018 Quarter	Revised Oct to Dec 2018 Quarter	Revised Jan to Mar 2019 Quarter	Revised Apr to Jun 2019 Quarter	Revised Jul to Sep 2019 Quarter	Indexation
<b>Capacity Charge (Rs./kW/h)</b>							
Cost of Working Capital	0.0405	0.0500	0.0663	-	0.0750	0.0946	KIBOR
ROE	0.7760	0.9161	0.9365	1.0480	1.0600	1.2393	Rs./US\$
Principal Repayment	0.2247	0.2992	0.3171	0.3171	0.3326	0.3326	-
Interest Charge	0.8385	0.6262	0.7533	0.7533	0.9006	0.9006	KIBOR
<b>Total</b>	<b>1.8797</b>	<b>1.8915</b>	<b>2.0732</b>	<b>2.1184</b>	<b>2.3682</b>	<b>2.5671</b>	
<b>Indexation Values:</b>							<b>Source</b>
Exchange Rate (Rs./USD)	103.00	121.60	124.30	139.10	140.70	164.50	NBP - Revised rate of relevant months
KIBOR 3 Months	8.53%	6.92%	8.32%	10.55%	10.99%	12.97%	
KIBOR 6 Months	8.53%	7.04%	8.59%	10.80%	11.10%	13.11%	
Principal (Rs. Million)			27,231		26,607		
Hours in Quarter		2,208	2,208	2,160	2,184	2,208	
Hours in Bi-annual			4,368		4,392		

Note: O&M tariff components were approved by the Authority through various decisions.

- Based on the data declared by Northern Power Generation Company Limited (Nandipur).

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## Northern Power Generation Company Limited - Nandipur (Gas/RLNG Based)

## Quarterly Indexation/Adjustment of Tariff

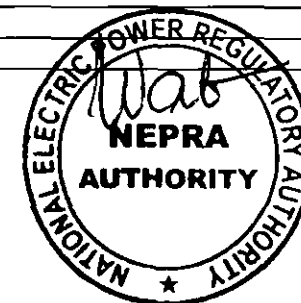
Tariff Components	Reference Jan 27, 2016	Revised Oct to Dec 2019 Quarter	Revised Jan to Mar 2020 Quarter	Revised Apr to Jun 2020 Quarter	Revised Jul to Sep 2020 Quarter	Revised Oct to Dec 2020 Quarter	Indexation
<b>Capacity Charge (Rs./kW/h)</b>							
Cost of Working Capital	0.0405	0.1083	0.1042	0.0945	0.0448	0.0422	KIBOR
ROE	0.7760	1.1806	1.1704	1.2563	1.2714	1.2537	Rs./US\$
Principal Repayment	0.2247	0.3508	0.3508	0.3695	0.3695	0.3918	-
Interest Charge	0.8385	1.0618	1.0618	0.8588	0.8588	0.5977	KIBOR
<b>Total</b>	<b>1.8797</b>	<b>2.7015</b>	<b>2.6872</b>	<b>2.5791</b>	<b>2.5445</b>	<b>2.2854</b>	
<b>Indexation Values:</b>							<b>Source</b>
Exchange Rate (Rs./USD)	103.00	156.70	155.35	166.75	168.75	166.40	NBP - Revised rate of relevant months
KIBOR 3 Months	8.53%	13.85%	13.55%	11.22%	7.26%	7.25%	
KIBOR 6 Months	8.53%	13.90%	13.49%	11.16%	7.24%	7.30%	
Principal (Rs. Million)		25,949		25,255		24,524	
Hours in Quarter		2,208	2,184	2,184	2,208	2,208	
Hours in Bi-annual		4,392		4,392		4,368	

Tariff Components	Reference Jan 27, 2016 & Apr 11, 2022	Revised Jan to Mar 2021 Quarter	Revised Apr to Jun 2021 Quarter	Revised Jul to Sep 2021 Quarter	Revised Oct to Dec 2021 Quarter	Revised Jan to Mar 2022 Quarter	Indexation
<b>Capacity Charge (Rs./kW/h)</b>							
Cost of Working Capital	0.0405	0.0491	0.0609	0.0620	0.0937	0.1347	KIBOR
ROE	0.4734	0.7391	0.7060	0.7276	0.7857	0.8179	Rs./US\$
Principal Repayment	0.2247	0.3918	0.4104	0.4104	0.4350	0.4350	-
Interest Charge	0.8385	0.5977	0.6105	0.6105	0.6085	0.6085	KIBOR
<b>Total</b>	<b>1.5771</b>	<b>1.7777</b>	<b>1.7878</b>	<b>1.8105</b>	<b>1.9229</b>	<b>1.9961</b>	
<b>Indexation Values:</b>							<b>Source</b>
Exchange Rate (Rs./USD)	103.00	160.80	153.60	158.30	170.95	177.95	NBP - Revised rate of relevant months
KIBOR 3 Months	8.53%	7.29%	7.59%	7.45%	7.78%	10.54%	
KIBOR 6 Months	8.53%	7.35%	7.88%	7.69%	8.15%	11.46%	
Principal (Rs. Million)			23,753		22,941		
Hours in Quarter		2,160	2,184	2,208	2,208	2,160	
Hours in Bi-annual			4,392		4,368		

Note: O&M tariff components were approved by the Authority through various decisions.

- Based on the data declared by Northern Power Generation Company Limited (Nandipur).

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## Northern Power Generation Company Limited - Nandipur (Gas/RLNG Based)

## Quarterly Indexation/Adjustment of Tariff

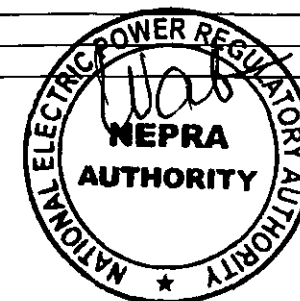
Tariff Components	Reference Jan 27, 2016 & Apr 11, 2022	Revised Apr to Jun 2022 Quarter	Revised Jul to Sep 2022 Quarter	Revised Oct to Dec 2022 Quarter	Revised Jan to Mar 2023 Quarter	Revised Apr to Jun 2023 Quarter	Indexation
<b>Capacity Charge (Rs./kW/h)</b>							
Cost of Working Capital	0.0405	0.1634	0.2673	0.2817	0.2538	0.3580	KIBOR
ROE	0.4734	0.8420	0.9468	1.0569	1.0429	1.3058	Rs./US\$
Principal Repayment	0.2247	0.4564	0.4564	0.4838	0.4838	0.5069	-
Interest Charge	0.8385	0.8267	0.8267	0.9796	0.9796	1.2457	KIBOR
<b>Total</b>	<b>1.5771</b>	<b>2.2885</b>	<b>2.4972</b>	<b>2.8020</b>	<b>2.7601</b>	<b>3.4164</b>	
<b>Indexation Values:</b>							<b>Source</b>
Exchange Rate (Rs./USD)	103.00	183.20	206.00	229.95	226.90	284.10	NBP - Revised rate of relevant months
KIBOR 3 Months	8.53%	11.95%	15.16%	15.77%	17.00%	21.98%	
KIBOR 6 Months	8.53%	12.52%	15.35%	15.91%	17.04%	22.07%	
Principal (Rs. Million)		22,084		21,181		20,230	
Hours in Quarter		2,184	2,208	2,208	2,160	2,184	
Hours in Bi-annual		4,392		4,368		4,392	

Tariff Components	Reference Jan 27, 2016 & Apr 11, 2022	Revised Jul to Sep 2023 Quarter	Revised Oct to Dec 2023 Quarter	Revised Jan to Mar 2024 Quarter	Revised Apr to Jun 2024 Quarter	Revised Jul to Sep 2024 Quarter	Indexation
<b>Capacity Charge (Rs./kW/h)</b>							
Cost of Working Capital	0.0405	0.3884	0.3770	0.3638	0.3820	0.3548	KIBOR
ROE	0.4734	1.3195	1.3287	1.2979	1.2800	1.2814	Rs./US\$
Principal Repayment	0.2247	0.5069	0.5342	0.5342	0.5636	0.5636	-
Interest Charge	0.8385	1.2457	1.2263	1.2263	1.1020	1.1020	KIBOR
<b>Total</b>	<b>1.5771</b>	<b>3.4605</b>	<b>3.4662</b>	<b>3.4222</b>	<b>3.3276</b>	<b>3.3018</b>	
<b>Indexation Values:</b>							<b>Source</b>
Exchange Rate (Rs./USD)	103.00	287.10	289.10	282.40	278.50	278.80	NBP - Revised rate of relevant months
KIBOR 3 Months	8.53%	22.91%	22.66%	21.46%	21.99%	20.24%	
KIBOR 6 Months	8.53%	22.97%	22.95%	21.49%	21.71%	20.14%	
Principal (Rs. Million)			19,227		18,169		
Hours in Quarter		2,208	2,208	2,184	2,184	2,208	
Hours in Bi-annual			4,392		4,392		

Note: O&M tariff components were approved by the Authority through various decisions.

- Based on the data declared by Northern Power Generation Company Limited (Nandipur).

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## DECISION OF MEMBER TARIFF

### APPLICATION OF INTERIM RELIEF FOR INDEXATION OF REFERENCE TARIFF OF COMBINED CYCLE POWER PLANT (CCPP) NANDIPUR NORTHERN POWER GENERATION COMPANY LTD.

There appears to be substantial deviation from the initial scope of Work as per the last approved PC-I and cost of some components has increased manifold, for example Gas Works cost of Rs. 500 million increased to Rs. 1,969 million. NPGCL is a public sector project and subject to regulatory regime of Government of Pakistan/Ministry of Planning Development and Special Initiatives. I am of the view that the sponsor should get the revised PC-I approved with the change of scope and cost and submit the same for further processing of tariff determination.

Secondly, interim tariff does not establish any rights or obligations regarding the awarded components and remains subject to refund or adjustment in accordance with Rule 4(7) of the Tariff Rules and previously granted interim measures. This tariff has been provided as interim relief to support debt servicing and other essential operational requirements of the plant and all components will be finally discussed and decided in the COD decision after due diligence and prudence to which this interim relief is subject to adjustments.

The record has shown that once full indexation and COD demands are granted as interim relief, IPPs are often reluctant to provide the necessary details to complete COD adjustments and finalize the COD tariff as this usually results in a reduction of their tariff adjustment against their reference tariff.

In case of Karot Hydropower, the Authority allowed interim indexation of tariff components i.e. O&M, Water Use Charge and debt servicing components and restricted the ROE and ROEDC components at revised reference for the quarter Jan-Mar 2024 till June 2024 for ensuring the submission of audit report and other required information by the Karot HPP.

Given the substantial evidence indicating that NPGCL's delayed submission of COD adjustment request after almost 7 years despite Authority's directions and that IPPs tend to delay the finalization of COD stage tariff adjustments after receiving full interim relief through indention, particularly when negative adjustments are anticipated, I do not support the provision of complete interim relief. Instead, I recommend that while indexation may be applied from the COD date, it should not be allowed on the Return on Equity (ROE) components to ensure IPPs remain incentivized to complete COD adjustments in a timely manner. Since NPGCL has not submitted the COD request or sought indexation of ROE for the past seven years, a further delay in indexation of ROE component for a few months will not compromise the Company's financial viability.





Furthermore, it is advisable to provisionally approve the reference cost of the working capital component for RFO fuel based on actual inventory with a maximum cap of 15-days rather than 60 days and actual load factor achieved by the power plant. Similarly, working capital components for RLNG fuel should also be based on the actual plant load factor.

*Mathar Niaz Rana*

Mathar Niaz Rana (nsc)  
Member Tariff



*K. W. A.*

- The case officer must conclude the true-up petition within 6 months. If the petitioner fails to provide required documents during processing, the case will be decided on the available record, and interim relief will be withdrawn.
- Regarding the working capital issue raised by the Member (Tariff), the tariff department shall present a working paper to the Authority, outlining the facts and proposing a way forward.

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