



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Tariff)/TRF-271/NPGCL-2014/ 2253-57

February 12, 2025

Chief Executive Officer  
Northern Power Generation Company Limited (NPGCL),  
Thermal Power Station, Mahmood Kot Road  
Muzaffar Garh

**Subject: Decision of the authority in the matter of Quarterly Indexation/Adjustment of Tariff for January-March 2025 Quarter for Northern Power Generation Company Limited (NPGCL) for its Nandipur Power Plant**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority along with Annex-I and Decision of Mr. Mathar Niaz Rana (nsc), Member(NEPRA) (total 04 pages) regarding quarterly indexation/adjustment of tariff of Northern Power Generation Company Limited for the quarter **January-March 2025** on account of US CPI, N-CPI, 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

*Wasim Anwar Bhinder*  
(Wasim 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. Thermal Power Station, Mahmood Kot Road Muzaffar Garh



**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTELY INDEXATION/ADJUSTMENT OF TARIFF FOR JANUARY-MARCH 2025 QUARTER FOR NORTHERN POWER GENERATION COMPANY LIMITED (NPGCL) FOR ITS NANDIPUR POWER PLANT.**

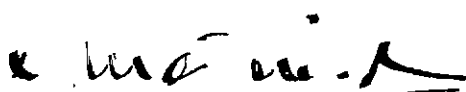
1. Pursuant to the Authority's decision dated January 27, 2016 notified vide S.R.O No. 634(I)/2017 dated July 10, 2017, Authority's decision dated April 11, 2022, notified vide S.R.O. No 743(I)/202 on May 27, 2022 for NPGCL's combined cycle power plant at Nandipur Gujranwala (NPGCL-Nandipur) and the decision of the Authority dated March 10, 2021 notified vide S.R.O. No. 1041(I)/2023 on August 09, 2023 in the matter of change of base year 2007-2008 to base year 2015-16 for Consumer Price Index (CPI) for indexation of fixed and variable O&M (Local) components, the relevant tariff components are required to be adjusted on account of US CPI, N-CPI, KIBOR and Exchange Rate variation.
2. The Authority in its collective and joint wisdom considering all aspects decided with consensus as under; which will be hereafter called as decision of Authority in the matter:-

"Indexation/adjustment for January-March 2025 quarter has been made in the tariff components in accordance with the requisite indexation/adjustment mechanism stipulated in the decision(s) of the Authority. The revised components are indicated hereunder shall be immediately applicable."

Tariff Components	Reference Jan 27, 2016 & Apr 11, 2022	Revised Jan-Mar 2025 Quarter
<b>Capacity Charge (Rs./kW/h)</b>		
Fixed O&M - Foreign	0.1276	0.4615
Fixed O&M - Local	0.1847	0.3742
Cost of Working Capital	0.0405	0.2129
ROE	0.4734	1.2816
Principal Repayment	0.5802	0.5971
Interest Charge	0.4830	0.7581
<b>Total</b>	<b>1.8894</b>	<b>3.6854</b>
<b>Energy Purchase Price (Rs./KWh)</b>		
Variable O&M - Foreign	0.2099	0.7591
Variable O&M - Local	0.0066	0.0134
<b>Total</b>	<b>0.2165</b>	<b>0.7725</b>


3. Indexation allowed to NPGCL-Nandipur is purely on provisional basis and shall be subject to adjustment/refund, if necessary, in the light of COD tariff true-up decision.
4. The above decision of the Authority along with revised tariff components attached as **Annex-I** are to be notified in the Official Gazette, in accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.
5. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

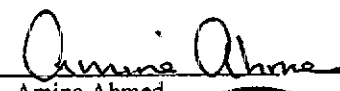
**AUTHORITY**

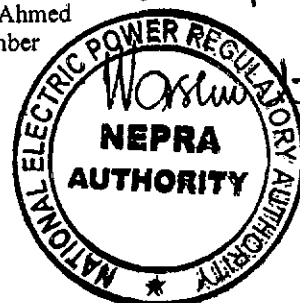
  
Mathar Niaz Rana (nsc)  
Member

  
Engr. Maqsood Anwar Khan  
Member

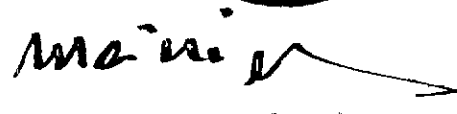
  
Engr. Rafique Ahmed Shaikh  
Member

  
Waseem Mukhtar  
Chairman

  
Amina Ahmed  
Member



9th Decision is attached 1/4

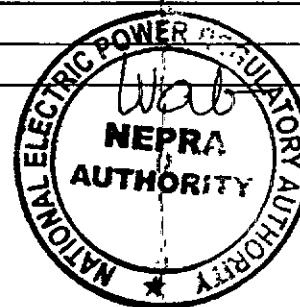


**Northern Power Generation Company Limited**  
**Nandipur (RLNG/Gas Based)**  
**Quarterly Indexation/Adjustment of Tariff**

Tariff Components	Reference Jan 27, 2016 & Apr 11, 2022	Revised Jan-Mar 2025 Quarter	Indexation
<b>Capacity Charge (Rs./kW/h)</b>			
Fixed O&M - Foreign	0.1276	0.4615	US CPI & Rs./US\$
Fixed O&M - Local	0.1847	0.3742	N-CPI Local
Cost of Working Capital	0.0405	0.2129	KIBOR
ROE	0.4734	1.2816	Rs./US\$
Principal Repayment	0.5802	0.5971	-
Interest Charge	0.4830	0.7581	KIBOR
<b>Total</b>	<b>1.8894</b>	<b>3.6854</b>	
<b>Energy Purchase Price (Rs./KWh)</b>			
Variable O&M - Foreign	0.2099	0.7591	US CPI & Rs./US\$
Variable O&M - Local	0.0066	0.0134	N-CPI Local
<b>Total</b>	<b>0.2165</b>	<b>0.7725</b>	
<b>Indexation Values:</b>			<b>Source</b>
Exchange Rate (Rs./USD)	103.00	278.850	NBP - Revised rate of Dec 31, 2024
US CPI (All Urban Consumers)	236.15	315.493	U.S. Bureau of Labor Statistics - Revised value of Nov 2024
N-CPI (Local)	131.01	265.460	Pakistan Bureau of Statistics - Revised value of Nov 2024
KIBOR 3 Months	8.53%	12.14%	NBP - Revised rate of Dec 31, 2024
KIBOR 6 Months	8.53%	12.16%	NBP - Revised rate of Dec 31, 2024
Principal (Rs. Million)	-	17,055	
Hours in Quarter	-	2,160	
Hours in Bi-annual	-	4,368	

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

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## DECISION OF MEMBER TARIFF

### QUARTERLY INDEXATION/ADJUSTMENT OF TARIFF FOR JANUARY-MARCH 2025 QUARTER FOR NORTHERN POWER GENERATION COMPANY LIMITED (NPGCL) FOR ITS NANDIPUR POWER PLANT.

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.

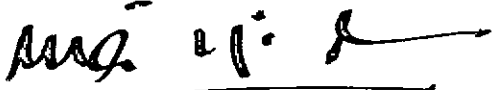
The record has shown that once full indexation and COD demands are granted as interim relief, IPPs are often reluctant to provide the necessary details to complete COD adjustments and finalize the COD tariff as this usually results in a reduction of their tariff adjustment against their reference tariff.

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 (nsc)

Member Tariff

4 February 2025

