



**Registrar**

# **National Electric Power Regulatory Authority**

## **Islamic Republic of Pakistan**

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No. NEPRA/R/ADG(Trf)/TRF-491/MWPL-2019/39067-71

December 29, 2023

Subject: **DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW FILED BY METRO WIND POWER LIMITED AGAINST DECISION OF AUTHORITY IN THE MATTER OF INTERIM RELIEF FOR QUARTERLY INDEXATION/ADJUSTMENT OF REFERENCE GENERATION TARIFF**

Enclosed please find herewith the subject Decision of the Authority (05 pages) in the matter of Motion for Leave for Review filed by Metro Wind Power Limited against Decision of Authority in the matter of interim relief for quarterly indexation / adjustment.

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: As above

  
(Syed Zavar Haider)

Secretary,  
Ministry of Energy (Power Division),  
Government of Pakistan  
'A' Block, Pak Secretariat, Islamabad.

**Copy to:** (alongwith copy of subject Decision)

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, Metro Wind Power Limited <sup>7th</sup> Floor, Al-Tijarah Centre, 32-1-A, Block 6, P.E.C.H.S., Main Shahra-e-Faisal Road, Karachi



**DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW FILED BY METRO  
WIND POWER LIMITED AGAINST DECISION OF THE AUTHORITY IN THE MATTER OF INTERIM RELIEF  
FOR QUARTERLY INDEXATION/ADJUSTMENT OF REFERENCE GENERATION TARIFF**

**Background:**

Metro Wind Power Limited ("MWPL" or "the petitioner") is a 60 MW wind power project set up at Jhimpir, district Thatta, Sindh. The Authority in its Tariff determination dated November 19, 2018 approved a levelized tariff of Rs. 5.5633/kWh (US Cents 4.6360/kWh) based on 100% SBP concessionary loan financing scheme with following provision:

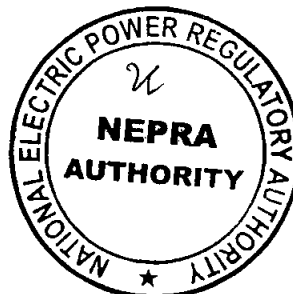
*"In case the petitioner is not able to secure financing under SBP scheme then the tariff of MWPL shall be adjusted on conventional local/foreign financing, or a mix of both, at the time of its COD. However, the petitioner shall have to prove through documentary evidence issued by SBP/commercial bank that it exhausted the option of availing financing under SBP scheme before availing part/full of conventional local/foreign loan. For conventional full/part of local loan, if any, the tariff of the petitioner shall be approved on applicable KIBOR plus spread of 2.25% and foreign loan on applicable LIBOR plus spread of 4.25%. For conventional loans, the term of debt servicing shall not be lesser than thirteen years."*

2. In light of above provision of tariff determination, MWPL filed a Tariff modification request on September 25, 2019. MWPL cited the unavailability of the SBP Scheme 2019 for projects exceeding 50 MW in capacity, which made MWPL's 60 MW project ineligible for such financing. MWPL arranged 100% financing in foreign currency through the International Finance Corporation (IFC) and furnished a Term Sheet dated September 16, 2019, as evidence of this foreign financing arrangement.
3. The Authority considered the submissions of MWPL and issued its decision in the matter of tariff modification of MWPL on July 23, 2020. The relevant extract of the Authority's decision is reproduced as under:

*"The Authority considered both of these filings and is of the view that apparently the petitioner seems to have fulfilled the documentary requirements as stated in the Tariff Determination for the adjustment/revision of its tariff on foreign loan. The Authority also noted that the Term Sheet dated September 16, 2019, as provided in respect of the foreign loan includes conditions (financing cost, repayment period, etc.) which are in line with the Tariff Determination. Nevertheless, the Authority noted that Tariff Determination states the provision of requested adjustment at the time of COD of the Project and the petitioner has not achieved that milestone. The requirement of its foreign lenders has been stated as the reason by the Petitioner to seek this adjustment before the FC. The Authority deliberated in detail on these submissions, however, decided to maintain its earlier decision that the required adjustment shall be made in the tariff at the time of COD of the Project."*

4. Subsequently, MWPL after achieving its COD on June 06, 2022, filed a COD tariff adjustment vide letter dated December 14, 2022. While this request was under process, MWPL requested to grant interim quarterly indexation/adjustment for the quarters from Apr-Jun 2022 till finalization of COD tariff decision on the basis of 100% foreign financing.

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5. considering the liquidity crunch faced by the petitioner, the Authority issued its decision on interim indexation/adjustment of the tariff of MWPL on May 05, 2023 on a provisional basis, subject to an order of refund, if any upon the final decision of the COD true-up adjustment of reference generation tariff. The said interim adjustment was allowed on 50% of the debt based on foreign financing and 50% of the debt on SBP refinancing scheme. Further adjustment of Local O&M was allowed based on CPI General (Base Year 2007-2008) subject to adjustment with N-CPI (Base Year 2015-16) upon notification of Authority's decision dated March 10, 2021 regarding replacement of CPI (General) with N-CPI on August 09, 2023.

**Review Sought:**

6. MWPL vide letter dated June 20, 2023, filed a motion for leave for review ("Review Motion") against the aforementioned decision of the Authority in the matter of quarterly indexation /adjustment of tariff issued on May 05, 2023 ("impugned decision"). MWPL through the subject review motion requested to review the indexation of debt servicing component based on 100% foreign financing instead of 50% SBP and 50% foreign and indexation of O&M components on account of N-CPI instead of CPI (General). The petitioner further submitted that the impugned decision will lead to the Project defaulting on its debt obligations to foreign lenders.

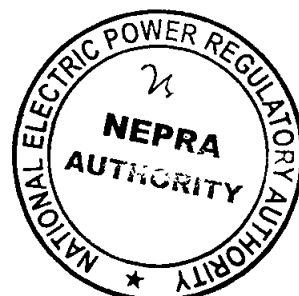
**Proceedings:**

7. The subject review motion was admitted for consideration on July 19, 2023 and the Authority decided to hold the hearing in the matter on October 03, 2023. In this regard, notices of the hearing were issued to the relevant stakeholders on September 25, 2023. Accordingly, the hearing in the matter was held as per schedule which was attended by the representatives of MWPL, CPPA-G etc. The petitioner during the hearing withdraw review of O&M component since this issue was resolved through Authority's decision dated October 30, 2023 issued subsequent to notification of Authority's decision dated March 10, 2021 regarding replacement of CPI (General) with N-CPI on August 09, 2023.

**Submissions in Review Motion:**

8. MWPL in the subject review motion made following submission for the review of indexation of debt servicing;
- The Authority determined the tariff based on 100% financing under the State Bank of Pakistan RE Refinancing Scheme, 2016 (SBP Scheme) at a fixed rate of 6%.
  - The Authority further allowed that if the Company couldn't secure financing under the SBP Scheme, then conventional debt with a 13-year repayment term can be secured at LIBOR plus 4.25% for foreign debt and KIBOR plus 2.25% for local debt.
  - The SBP Scheme expired in June 2019, and a revised scheme was issued for renewable energy projects, but the Project didn't qualify as it exceeded the 50 MW limit as per the RE financing scheme.
  - The Project had to secure 100% foreign currency debt financing from the International Finance Corporation (IFC) and Deutsche Investitions- und Entwicklungsgesellschaft (DEG).
  - The Company in its tariff modification petition requested the Authority to adjust the reference Tariff Determination to reflect the foreign financing structure instead of the local SBP scheme financing.

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- The Authority granted the change in debt composition in response to the Tariff Modification Petition and stated that the said adjustment in tariff shall be made at the time of Commercial Operation Date (COD).
- The Authority had already recognized the detrimental impact of the debt composition mismatch and agreed to make the adjustment post-COD.

**Discussion and decision of the Authority:**

9. The Authority noted that reference tariff determination was allowed based on 100% SBP financing. Subsequently, the Authority through the tariff modification decision dated July 23, 2020 considered petitioner submissions regarding its non-eligibility for availing SBP financing being 60MW and granted approval for 100% foreign financing based on the IFC's term sheet dated September 16, 2019, however, the desired adjustment in the tariff was allowed to be made at the time of COD tariff adjustment decision.
10. Considering MWPL submission regarding the revenue shortfall being faced by it, the Authority in its impugned decision decided to allow interim quarterly indexation of 50% of the debt based on foreign financing and 50% on SBP refinancing scheme subject to an order of refund, if any upon the final decision of the COD.
11. The Authority noted that the MWPL was informed that the actual composition of debt in terms of foreign and local lending or SBP at the time of COD will be adjusted. On the basis of the above, MWPL has availed 100% foreign financing from its lenders. Any change at this stage may affect the investor confidence and jeopardize the project.
12. In view of the foregoing, the Authority has decided to allow interim adjustment of debt servicing based on 100% foreign financing subject to adjustment, if any, upon the COD true-up adjustment decision. Accordingly the revised debt servicing components for the relevant quarters are attached as **Annex-I**.

**Order:**

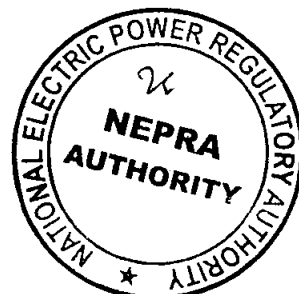
13. Pursuant to the tariff decision of the Authority dated November 19, 2018 and July 23, 2020 in the matter Metro Wind Power Limited (MWPL) and review motion decision dated May 17, 2021 notified vide S.R.O No 677(1)/2022 dated May 27, 2022, the Authority in its collective and joint wisdom after examining from all aspects decided with consensus as under; which will be hereafter called as decision of the Authority in the matter:

*"Allowed interim quarterly adjustment of debt servicing on 100% foreign financing till finalization of COD true-up/adjustment".*

14. The debt servicing component for the relevant quarters from April-June, 2022 to October-December, 2023 (**Annex-I**) have been indexed on account of exchange rate (PKR/USD) and LIBOR variations in accordance with the requisite indexation/adjustment mechanism stipulated in the above referred decision(s) of the Authority.

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15. The indexation of debt servicing allowed through this decision will supersede the earlier decisions in the matter and the same is on interim basis and shall be subject to adjustments, if necessary, in the light of the final decision of the Authority with respect to MWPL's COD tariff adjustment.
16. The adjusted/ indexed debt servicing attached as **Annex-I** is to be notified in the official gazette in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997. CPPA-G to ensure that all the payments are consistent with tariff determination.

**AUTHORITY**

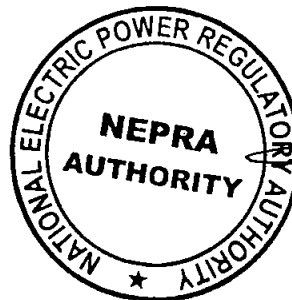
(Mathar Niaz Rana (nsc))  
Member

(Engr. Maqsood Anwar Khan)  
Member

(Rafique Ahmed Shaikh)  
Member

(Amina Ahmed)  
Member

(Waseem Mukhtar)  
Chairman



**METRO WIND POWER LIMITED**  
**Quarterly Indexation/Adjustment of Debt Servicing Component**

Description	Reference	Apr-June 2022	July-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-June 2023	July-Sep 2023	Oct-Dec 2023	Indexation
	(Rs./kWh)								
100% Foreign (Commercial)	3.7474	5.7210	7.2294	9.0305	9.5363	12.2327	12.5888	12.7067	LIBOR & PKR/USD
<b>Indices</b>									
Exchange Rate PKR/USD	120.00	183.20	206.00	229.95	226.90	284.10	287.10	289.10	NBP
LIBOR-3 month	0.9616%	0.9616%	2.2851%	3.7547%	4.7673%	5.1927%	5.5454%	5.6571%	Global-rates.com or moneycafe.com
Outstanding Debt (USD)		59,145,294	58,334,422	57,513,289	56,681,765	55,839,719	54,987,018	54,123,526	Tariff Determination
Benchmark Energy (kWh)	49,932,000	49,932,000	49,932,000	49,932,000	49,932,000	49,932,000	49,932,000	49,932,000	

