



**Registrar**

# **National Electric Power Regulatory Authority**

## **Islamic Republic of Pakistan**

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No. NEPRA/ADG(Trf)TRF-442/TWPL-2018/ 4092-96

March 22, 2024

**Subject: Decision of the National Electric Power Regulatory Authority in the matter of Tariff Adjustment at Commercial Operations Date of Lucky Renewables (Pvt.) Limited (Formerly Tricom Wind Power (Pvt.) Limited)**

Dear Sir,

Enclosed please find herewith the subject Decision of the Authority along with Annex I, II & III, Dissent Note of Mr. Mathar Niaz Rana (nsc), Member (NEPRA) and jointly signed Additional Note of Mr. Rafique Ahmed Shaikh, Mr. Maqsood Anwar Khan Members (NEPRA) and Mr. Waseem Mukhtar Chairman (NEPRA) (total 32 pages) in the matter of Tariff Adjustment at Commercial Operation Date (COD) of Lucky Renewables (Pvt.) Limited (Formerly Tricom Wind Power (Pvt.) Limited).

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

**(Engr. Mazhar Iqbal Ranjha)**

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

**CC:**

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, Lucky Renewables (Pvt.) Limited, LuckyOne Mall, 3rd Floor, LA-2/B, Block-21, Main Rashid Minhas Road,, Opp. UBL Sports Complex, Karachi



**DECISION OF THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY IN THE MATTER OF  
TARIFF ADJUSTMENT AT COMMERCIAL OPERATIONS DATE OF LUCKY RENEWABLES (PVT.)  
LIMITED (FORMERLY TRICOM WIND POWER (PVT.) LIMITED)**

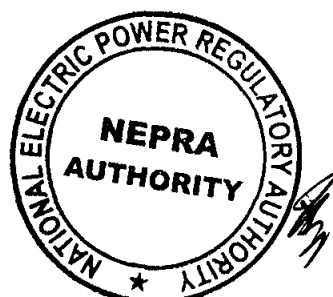
**Introduction:**

1. M/s. Lucky Renewables (Pvt.) Limited ("LRPL" or "the petitioner" or "the company") formerly known as Tricom Wind Power (Pvt.) Ltd. is a company formed to develop 50 MW wind power project ("the Project"). The Generation License to the Company was issued by the National Electric Power Regulatory Authority ("NEPRA" or "the Authority") on August 8, 2018.
2. The Authority issued the tariff determination of LRPL on November 19, 2018 wherein a levelized tariff of PKR. 5.7388/kWh (US Cents 4.7824/kWh) was approved. The Authority then issued its decision on July 23, 2020 in the matter of tariff modification petition filed by LRPL. Afterwards, the decision in the matter of motion for leave for review filed by LRPL against the tariff modification decision was issued on May 17, 2021 (all the mentioned decisions shall be collectively or separately be referred to as "Tariff Determination").

**Adjustment of Tariff at Commercial Operations Date**

3. Following mechanism was approved in the Tariff Determination for the adjustment of tariff at the Commercial Operations Date ("COD") of the company:
  - The EPC cost shall be adjusted at actual considering the approved amount as the maximum limit. Applicable foreign portion of the EPC cost will be adjusted at COD on account of variation in PKR/USD parity, on production of authentic documentary evidence to the satisfaction of the Authority. The adjustment in approved EPC cost shall be made only for the currency fluctuation against the reference parity values.
  - The petitioner has submitted M/s DNV-GL certification No. TC-236603-A-2 date May 29, 2015 about the design, specification and country of origin of various component of the wind turbine to be installed for this project. At the time of COD stage tariff adjustments, the petitioner will have to provide a confirmation from the EPC contractor as to the fullest compliance of the equipment having same design and origin of manufacture as given in the type certificate. Where needed, the bill of lading and other support documents will also have to be submitted.
  - PDC, Insurance during construction and Financing Fee and Charges shall be adjusted at actual at the time of COD considering the approved amount as the maximum limit. The amounts allowed on these accounts in USD will be converted in PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD.
  - Duties and/or taxes, not being of refundable nature, relating to the construction period directly imposed on the company up to COD will be allowed at actual upon production of verifiable documentary evidence to the satisfaction of the Authority.
  - IDC will be recomputed at COD on the basis of actual timing of debt draw downs (for the overall debt allowed by the Authority at COD) for the project construction period of fifteen months allowed by the Authority. For full/part of conventional local or foreign loans or a mix of both, if

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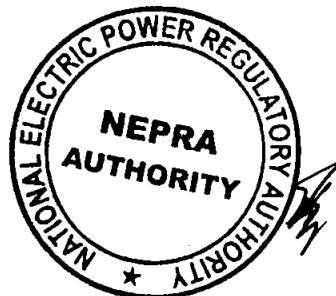
availed by the company, the IDC shall also be allowed adjustment for change in applicable KIBOR/LIBOR.

- The tariff has been determined on debt: equity ratio of 80:20. The tariff shall be adjusted on actual debt: equity mix at the time of COD, subject to equity share of not more than 20%. For equity share of more than 20%, allowed IRR shall be neutralized for the additional cost of debt: equity ratio.
  - The reference tariff has been worked out on the basis of cost of 6% offered under SBP financing scheme. In case cost negotiated by the company under SBP scheme is less than the said limit of 6%, the savings in that cost shall be shared between the power purchaser and the power producer in the ratio of 60:40 respectively. For full or part of local or foreign loan, if any, the savings in the approved spreads shall be shared between the power purchaser and power producer in the ratio of 60:40.
  - ROEDC will be adjusted at COD on the basis of actual equity injections (within the overall equity allowed by the Authority at COD) for the project construction period of fifteen months allowed by the Authority.
4. The Authority vide Tariff Determination issued on May 17, 2021, changed the adjustment clause with respect to O&M component of tariff which is produced below:
- The O&M cost, its mix, and the corresponding mechanism thereof as approved in the Tariff Determination of Tricom Wind Power (Pvt) Limited shall be applicable for the period during which the Petitioner has already finalized the WP and LT O&M Agreements, i.e. 13 years. During this time, however, the Petitioner shall be required to submit, on an annual basis, the documentary evidence/report pertaining to actual expenditures on account of O&M. The savings, if any, in the actual O&M cost compared to the approved O&M cost shall completely be passed on to the consumers.
  - Subsequent to the lapse of the LT O&M Contract, in order to claim O&M costs, the Petitioner shall be required to carry out competitive bidding for the selection of the O&M contractor in accordance with NEPRA's applicable law. Based on this competitive bidding process, the Authority shall make revisions in the O&M cost, while capping the prevailing level of the approved O&M cost. Those revisions may also entail changing the mix of the approved O&M cost (local and foreign) as well as the indexation mechanism (indices, frequency etc.).

**Filing of Tariff Adjustment Request at COD**

5. LRPL submitted that the company has successfully achieved COD on September 1, 2021 at 00:00 Hrs. In this regard, LRPL has submitted Notification of COD of Complex issued by Central Power Purchasing Agency (Guarantee) Ltd. vide No.CPPA-G/CTO/DGMT(R)/MT(B&W)/TWPPL/2333-44 dated September 23, 2021.
6. The company through letter No. LRPL.NEPA-2022-0810 dated August 04, 2022 submitted its application for adjustment of tariff at COD with supporting documents. The Company requested to adjust / true-up the relevant tariff components in line with the parameters defined in the Tariff Determination.

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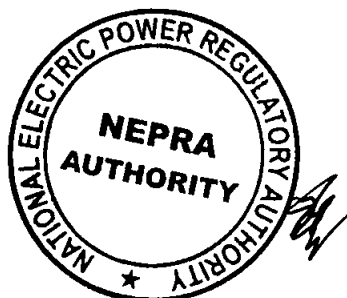
7. It was noted that the information submitted by LRPL along with its request for adjustment of tariff was not complete. Accordingly, LRPL was required time and again to submit various information through numerous telephonic conversation and emails. Due to its inability to submit the required information within the required timeframe, LRPL vide letter dated February 10, 2023 requested NEPRA to put on hold tariff true-up application temporarily. Subsequently, LRPL vide letter dated August 17, 2023 submitted addendum to the above tariff adjustment application regarding evidence of final payment to EPC contractor and certificate issued by EPC Contractor. LRPL also submitted an Undertaking for Correctness of Information dated January 5, 2024 wherein LRPL has been mentioned that the information/data submitted is correct and nothing has been concealed or misstated.
8. Below is the summary of project cost allowed by the Authority in the Tariff Determination and claimed by LRPL in its tariff adjustment application dated August 04, 2022:

Project Cost Heads	Determined		Claimed at COD	
	USD Million	PKR Million	USD Million	PKR Million
EPC Cost	57.94	6,952.80	57.94	9,273.85
Duties and Taxes	-	-	0.59	95.44
Project Development Cost	2.50	300.00	2.60	387.47
Insurance during construction	0.29	34.80	0.33	50.80
Financing Fee and Charges	1.22	145.80	1.69	269.65
Interest during Construction	1.96	235.32	2.30	368.00
<b>Total Project Cost</b>	<b>63.91</b>	<b>7,668.72</b>	<b>65.45</b>	<b>10,445.21</b>

9. **Audit of Project Cost:**
10. LRPL submitted Audit Report of Naveed Zafar Ashfaq Jaffery & Co. dated September 07, 2022. In the said Audit Report, the project cost as verified by the Auditors is given below:

Description	Project Costs	
	USD Million	PKR Million
EPC Cost	57.94	9,273.85
Duties and Taxes	0.59	95.44
Project Development Cost and Non-EPC cost	2.60	387.47
Insurance during construction	0.33	50.80
Financing Fee and Charges	1.69	269.65
Interest during Construction	2.30	368.00
<b>Total Project Cost</b>	<b>65.45</b>	<b>10,445.21</b>

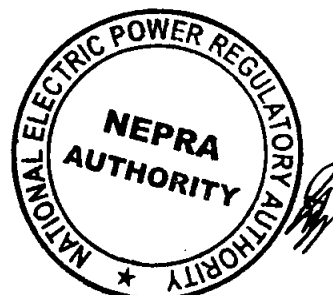
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**Force Majeure and Construction Period:**

11. The Tariff Determination stipulated that the *"the targeted maximum construction period after financial close is fifteen months. No adjustment will be allowed in this tariff to account for financial impact of any delay in project construction. However, the failure of the company to complete construction within fifteen months will not invalidate the tariff granted to it."*
12. In the tariff adjustment application and during the processing thereof, LRPL informed that post issuance of the Tariff Determination, the company obtained Letter of Support ("LOS") from Alternative Energy Development Board ("AEDB") on November 06, 2019, signed the Energy Purchase Agreement ("EPA") with CPPAGL on November 11, 2019 and signed Implementation Agreement ("IA") with GOP on November 12, 2019. Accordingly, LRPL achieved Financial Closing ("FC") on November 18, 2019. In the EPA, the Required Commercial Operations Date ("RCOD") is defined as 15 months following the date on which FC occurs, i.e. in the instant matter the RCOD comes out as February 18, 2021. However, LRPL achieved Commercial Operations Date ("COD") with effect from September 1, 2021.
13. In the tariff adjustment application, LRPL has requested construction period of about 21 months from the date of FC i.e. from November 19, 2019 till actual COD i.e. September 01, 2021 as opposed to the construction period of 15 months allowed in the Tariff Determination. The main reason for the delay in achieving COD as cited by LRPL is COVID-19 Pandemic. LRPL further submitted that other reasons for the delay in commencement of construction works as per LRPL were delay in approving for remittance of foreign exchange by State Bank of Pakistan (SBP), grant of exemption certificate by Ministry of Energy ("MOE"), approvals/exemption certificate by Survey of Pakistan, Civil Aviation Authority and Director Air Traffic Services.
14. LRPL submitted that due to the situation prevailing during Pandemic, the EPC contractors issued Force Majeure Event ("FME") notices to it, pursuant to relevant provisions under the construction (onshore) and supply (offshore) contracts. According to the company, the above declarations from the EPC contractors forced the company to also issue notice to the CPPAGL on February 06, 2020 under the EPA for declaring FME. Further, notice of FME was also served by National Transmission & Despatch Company Ltd. ("NTDCL") to CPPAGL on February 06, 2020. LRPL submitted that CPPAGL recognized the impact of FME and issued a confirmation of an extension in RCOD upto October 12, 2021 (i.e. 237 days from February 6, 2020 to September 30, 2020) vide letter dated September 22, 2021. LRPL further submitted it was not only its obligations that got impacted by COVID-19; CPPAGL also notified the company of occurrence of an Other Force Majeure Event ("OFME") vide letter dated March 27, 2020 due to the Pandemic as intimated to the power purchaser by the transmission operator, i.e. NTDCL.
15. LRPL in tariff adjustment application submitted that construction work was started on September 30, 2020. LRPL submitted that although extension of 237 days was granted by the power purchaser, however, due to the company's delay mitigation measures the actual delay was restricted to 196 days, thereby reducing the delayed cost by 41 days.
16. For justification of the extended period claims, LRPL also referred the Authority's decision dated September 02, 2021 in the matter of tariff modification petition filed by Pak Matari Lahore Transmission Company (Pvt.) Ltd. ("PMLTCPL"), decision dated July 3, 2017 in the matter of tariff adjustment at COD of Uch-II Power (Pvt.) Ltd. and decision dated November 23, 2012 in the matter

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of motion for leave for review filed by Sapphire Electric Company Ltd ("SECL") and requested to allow extension in RCOD as approved by the power purchaser and the corresponding justified costs incurred up to the COD.

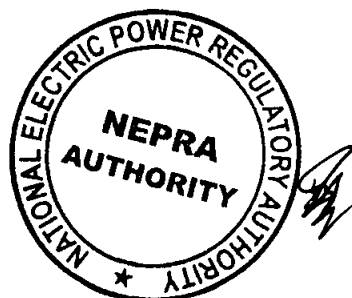
17. The Authority has noted that under the EPA signed between LRPL and CPPAGL, a complete chapter is devoted to the FME. The FMEs have been divided into 03 categories namely, i.e. (i) CLFME (ii) PPFME and (iii) OFME. The instances under which above stated FMEs can be invoked have also been listed under the respective categories. The Authority further noted that the compensation to the power producer due to the delay in the construction period has only been allowed under CLFME and PPFME, whereas no such compensation is provided for the occurrence of OFME. However, it is given in the EPA that the timelines that the parties are obligated to meet shall be extended. Particularly, it is provided in the section 6.5 (a) of the EPA that COD shall be extended on day-for-day basis in case of OFME that materially and adversely affects the purchaser's ability to perform its obligations.
18. The Authority considered the submission of the petitioner and noted that in similar case of Master Green Energy Ltd. ("MGEL"), AEDB and CPPAG recommended no additional cost on account of this delay/extension should be allowed.
19. As far as the cases (Uch-II, Sapphire) are concerned, these cases are distinguishable from the present case and further in recent precedents the Authority has consistently departed from this practice and subscribed to a view that the parties while signing the contracts should take into account the potential risks and the mechanism for the compensation thereof. In the absence of any such compensation on the occurrence of OFME, it is not appropriate to allow any additional cost to the petitioner in this respect. It is pertinent to mention here that in similar case of MGEL, the power purchaser and the GOP (AEDB) endorsed extension in RCOD with no additional cost on account of this delay/extension as the same is not covered under the EPA/IA. In addition, the Authority has noted that the petitioner itself admitted that in case of PMLTCPL, the Authority allowed extension in RCOD without allied cost.
20. Keeping in view the above, the Authority has decided not to allow Interest during Construction ("IDC") and Return on Equity during Construction ("ROEDC") for the period declared as OFME i.e. from February 06, 2020 till September 29, 2020 since no compensation for the OFME period is provided in the EPA. Accordingly, the Authority has decided to allow IDC and ROEDC after financial close (November 19, 2019) till the declaration of OFME (February 5, 2019) and then from cessation of OFME & re-start of construction works (September 30, 2020) till actual COD (September 01, 2021). Accordingly, the construction period works out to be 13 months and 21 days and hereby allowed for the purpose of calculations of IDC and ROEDC.

**Adjustment of Engineering Procurement and Construction Cost:**

21. The Authority in the Tariff Determination allowed Engineering Procurement and Construction ("EPC") cost of USD 57.94 million to LRPL while stating the following mechanism for its adjustment at COD;

*"The EPC cost shall be adjusted at actual considering the approved amount as the maximum limit. Applicable foreign portion of the EPC cost will be adjusted at COD on account of variation in PKR/USD parity, on production of authentic documentary*

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*evidence to the satisfaction of the Authority. The adjustment in approved EPC cost shall be made only for the currency fluctuation against the reference parity values."*

*".....the petitioner will have to provide a confirmation from the EPC contractor as to the fullest compliance of the equipment having same design and origin of manufacture as given in the type certificate. Where needed, the bill of lading and other support documents will also have to be submitted."*

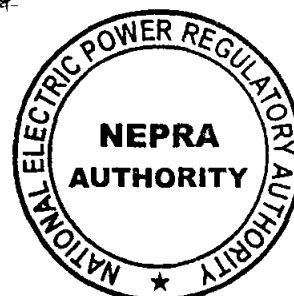
22. LRPL in its adjustment application followed by addendum application has claimed EPC cost of USD 57.94 million (PKR 9,273.85 million). The breakup of the EPC cost as approved in the Tariff Determination, claimed by LRPL and as verified through Audit Report is given hereunder:

Description	Tariff Determination		Claimed at COD		Audit Report
	USD Million	PKR Million	USD Million	PKR Million	PKR Million
Offshore EPC	57.94	6,952.80	46.24	7,423.17	9,273.85
Onshore EPC			11.70	1,850.68	
<b>Total</b>	<b>57.94</b>	<b>6,952.80</b>	<b>57.94</b>	<b>9,273.85</b>	<b>9,273.85</b>

**Offshore EPC Cost:**

23. For the claim of EPC offshore cost, the petitioner has submitted copy of offshore supply contract dated July 09, 2019 signed with Hangzhou Huachen Electric Power Control Company Limited ("HEPCCL") for the amount of USD 46.24 million. In addition to above said contract, LRPL submitted copies of commercial invoices, SWIFT payment messages, relevant bank statements, SBP and Business Recorder exchange rate sheets. Further, the milestone completion certificates issued by Lender' Technical Adviser's / Owner's Engineer namely DNV GL, and import documents such as copy of Commercial Invoices, Goods Declaration ("GD"), Bill of Lading ("BL") were also submitted by LRPL.
24. During processing, LRPL has also submitted the certificate of compliance issued by HEPCCL dated June 12, 2023 which states that the wind turbines installed at LRPL Site contains equipment of same design, specification, and country of origin as mentioned in M/s DNV-GL certification No. TC-236603-A-2 dated May 29, 2015.
25. The Audit Report provides that the schedule of costs, as prepared by management of the company, with respect to EPC offshore was obtained. Then the amounts paid and other details appearing therein were matched with the respective invoice dates, invoice amount in USD, exchange rate and payment date with copy of commercial invoice, milestone completion certificate, swift acknowledgement, SBP exchange rate sheet /Brecorder.com exchange rate sheet (for payments made from United National Bank Limited — United Kingdom) and bank statement, where applicable and no difference was found. The Audit report also indicated payable amount which is converted into Pakistan rupee based on exchange rate as of date of COD for the Equipment Supply Contract.
26. In the supply contract, it is noted that the price of USD 46.24 million was agreed between the parties. They also agreed on the schedule stating the different milestones based on which the

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above price was to be paid to the supply contractor. It is noted that as per the milestone schedule the cost of the equipment under different milestones is USD 40.70 million while the rest of the payment pertains to the final delivery of the equipment which amounts to USD 5.55 million.

27. It is noted that LRPL has made payments of EPC offshore cost from three bank accounts i.e. USD Currency UBL-UK USD Account, Bank Al-Habib PKR proceed account and Bank Al Habib PKR escrow account. For the payments made from USD Account, LRPL has used the exchange rates applicable on the payment dates, as obtained from the SBP's website, to compute the corresponding PKR amount. For the payments made from PKR Accounts, the petitioner has used SBP weighted average exchange rates applicable on the date of payment.
28. The comparison of offshore EPC cost as claimed by LRPL, verified by Auditors and as being allowed in this decision, is given below:

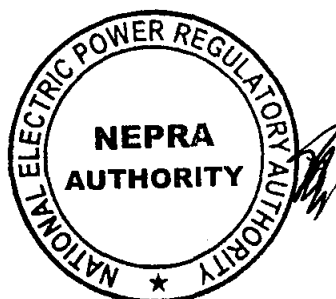
Claimed by LRPL		Verified by Auditors		Approved	
USD Million	PKR Million	USD Million	PKR Million	USD Million	PKR Million
46.24	7,423.17	46.24	7,423.17	46.24	7,422.67

29. The reason of difference of PKR 0.50 million between the cost claimed by LRPL and approved is due to the exchange rate variation - LRPL had used PKR/USD exchange rate of 160 for conversion of an invoice No.20HC/TC/11-2 amounting USD 2.22 million into PKR whereas as a matter of consistency for all the payments of EPC offshore cost, the exchange rates prevailing on the payment dates, as per SBP website, have been used.

#### Onshore EPC Cost

30. For the claim of the EPC onshore cost, the petitioner has submitted copy of EPC construction contract dated July 09, 2019 signed with Hydrochina International Engineering Company (Pvt) Limited ("HIECL") for USD 12 million and subsequent amendments thereon. In addition to the said contract, LRPL also submitted copies of sales tax invoices, pay orders, real-time gross settlement ("RTGS") message, relevant bank statements, SBP weighted average customer exchange rates sheets, Withholding Tax ("WHT") Computerized Payment Receipts ("CPR") and milestone completion certificate issued by Owner's Engineer namely Renewable Resources (Pvt.) Ltd. and DNV GL, where applicable.
31. The Audit Report provides that the schedule of costs, as prepared by management of the company, with respect to EPC onshore was obtained. Then the amounts paid and other details appearing therein were matched with respect to the invoice date, invoice amount, payment date with copy of vendor invoice, sales tax invoice, swift acknowledgement, SBP's weighted average exchange rates sheets, milestone completion certificates, cheque, CPR for WHT paid to FBR, CPR number with copy of sales tax invoice, pay order and CPR to Sindh Revenue Board ("SRB") and bank statement, where applicable and no difference was found. The Audit report further stated that for the amounts payable, schedule of costs prepared by management were obtained and matched with the Schedule of Payment of Contracts and converted into Pakistan Rupee as per the mechanism defined under the Contract.

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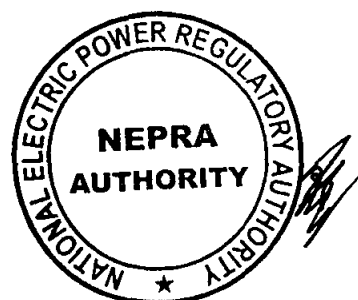
32. In the onshore contract, it is noted that the price of USD 12.00 million was agreed between the parties and as per LRPL, subsequently, revised to USD 11.70 million based on negotiation. The parties also agreed on the schedule based on milestones for the payment. Out of total paid USD 11.70 million, an amount of USD 10.753 million was paid to the subcontractor namely Orient Energy System (Pvt.) Ltd. on account of invoices raised for payments of onshore construction cost.
33. The onshore contract provides that 50% of the USD amount shall be converted into equivalent PKR at the exchange rate on the date of Notice to Proceed ("NTP") (PKR 155.8839/USD prevailing on November 2, 2019) while the remaining 50% being converted into equivalent PKR on date of payment. In each case, the SBP weighted average exchange rates (sell side) of USD/PKR shall be considered. The Authority has noted that LRPL used SBP weighted average exchange rate (sell side) on the date of invoice instead of date of payment for conversion of 50% invoice payment. The claim of the petitioner analysed and found beneficial being lower exchange rate hence allowed.
34. The comparison of onshore EPC cost, as claimed by LRPL, verified by Auditors and is being allowed in this decision after review and verification of the above documents as per precedent, is given below:

Claimed by LRPL		Verified by Auditors		Approved	
USD Million	PKR Million	USD Million	PKR Million	USD Million	PKR Million
11.70	1,850.68	11.70	1,850.68	11.70	1,848.16

35. The difference - ~ of PKR 2.51 million between the costs claimed by LRPL and allowed is due to that (i) PKR 2.29 million related to invoice no. TC/AP-ONSHORE/001-2020 regarding advance payment for which LRPL had used PKR/USD exchange rate of 156.4091 for conversion of USD amount into PKR whereas for payment of 50% invoice, SBP weighted average exchange rate of on the date of NTP i.e. 155.9938 and for remaining 50% invoice payment, exchange rate on the date of invoice i.e. 155.0271 have been used as per payment mechanism. (ii) PKR 0.21 million related to invoice no. 210943-0001 and 210943-0002. LRPL had used exchange rate other than applicable on the date of invoice (to the extent of 50%). For conversion of these amounts into PKR, SBP weighted average exchange on the date of invoice (for 50% of amount), have been used.
36. Below is the comparison of EPC cost claimed by LRPL and as allowed by the Authority in this decision:

EPC	Claimed by LRPL		Approved	
	USD	PKR	USD	PKR
	Million			
Offshore	46.24	7,423.17	46.24	7,422.67
Onshore	11.70	1,850.68	11.70	1,848.16
<b>Total</b>	<b>57.94</b>	<b>9,273.85</b>	<b>57.94</b>	<b>9,270.83</b>

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**Adjustment of Duties and Taxes:**

37. The Tariff Determination did not account for the impact of duties and taxes and provides the following with respect to the adjustment of this head:

*"Duties and/or taxes, not being of refundable nature, relating to the construction period directly imposed on the company up to COD will be allowed at actual upon production of verifiable documentary evidence to the satisfaction of the Authority."*

38. LRPL in its COD tariff application has requested for the duties and taxes of USD 0.591 million (PKR 95.436 million). Breakup of which is given hereunder:

Description	Tariff Determination		Claimed by LRPL		Verified by Auditors
	USD Million	PKR Million	USD Million	PKR Million	PKR Million
SIDC Cess	As per actual		0.59	95.44	95.44

39. The Audit Report provides that schedule of SIDC prepared by management was obtained by the Auditors. Then the amounts paid were matched with the details appearing therein with respect to respective Goods Declaration (GD) number, GD date, Bill of Lading (BL) number, BL date, invoice date, invoice amount (USD), commercial invoice, packing list, SIDC challan, pay order/customer's advice to excise & taxation (if any), invoice from clearing agent (if any), review certificate by the Independent Engineer for verification of SIDC and bank statement, where applicable and no difference was found. Two amounts were paid by the Contractors for which the Company is liable to pay them as they demand and Company has already recorded Payable to account for that amount.
40. In support of its claim with respect to the SIDC payment, LRPL has submitted copies of relevant commercial invoices, shipment invoices, GDs, BLs, Cess CPRs, cheques, bank statement and certificate of Independent Engineer etc. The comparison of duties and taxes, as claimed by LRPL, verified by Auditors and as being allowed in this decision, after review and verification of the above documents, is given below:

Description	Claimed by LRPL		Verified by Auditors	Approved	
	USD Million	PKR Million	PKR Million	USD Million	PKR Million
SIDC	0.59	95.44	95.44	0.58	93.54

41. The reason for difference in the claimed and approved amount is that cumulative payment of PKR 1.90 million could not be verified with bank statement.

**Adjustment of Project Development Cost:**

42. The Authority in the Tariff Determination allowed USD 2.50 million in respect of the Project Development Cost ("PDC") to LRPL while stating the following mechanism for its adjustment at COD:

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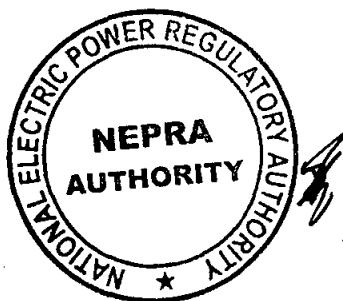
*"PDC...shall be adjusted at actual at the time of COD considering the approved amount as the maximum limit. The amount allowed on this account in USD will be converted in PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD."*

43. As per the above mechanism, the maximum amount allowed to LRPL under PDC head @PKR 120/USD works out to be about PKR 300.00 million. The petitioner in its COD adjustment request has claimed PDC of PKR 387.47 million, equivalent to about USD 2.60 million.
44. The petitioner submitted that due to higher exchange rate during the construction period, the company filed Modification Petition for reconsideration of exchange rate from PKR 120/USD to PKR 160/USD at the then prevailing exchange rate. According to the LRPL, the Authority vide decision dated July 23, 2020 decided that *"18. the revision/adjustments of tariff on account of debt mix, repayment terms and exchange rate as requested by the Petitioner in the subject modification petition shall be made at the time of COD of the Project."* The LRPL further submitted that during construction and development phase Company was required to engage some services where fees and costs were payable in foreign currency. However, the Authority in its determination stated that the amount allowed under PDC will be converted to PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD which restricts the Petitioner to recover the legitimate costs incurred under Project Development budget. The LRPL further stated that the Authority in the past had allowed variation of PKR/USD exchange rate on PDC heads which are denominated in foreign currency. Furthermore, NTDC has invoiced PKR 13.3 million (USD 83,851) on account of fee charged for reviewing design documents, which was not budgeted in the Project Development Cost. Moreover, keeping in view the Corporate Social Responsibility the Petitioner incurred PKR 10.82 million (USD 65,533). LRPL submitted that in view of the above and the extension in RCOD, requested the Authority to allow the actual incurred cost under PDC. LRPL submitted following detailed breakup of the claimed PDC:

PDC Heads	Claimed	
	PKR	USD
	Million	
Technical Consultant	126.13	0.87
Advisor's Fee	61.97	0.41
Land Lease	13.19	0.12
Government Authorities	43.28	0.28
Fixed Assets & Others	33.62	0.23
Salaries and Benefits	83.04	0.52
Travelling and Vehicle Running Expense	10.64	0.07
Other Admin Costs	4.77	0.03
CSR Activities	10.83	0.07
<b>Total</b>	<b>387.47</b>	<b>2.60</b>

45. The Auditor's Report provides that the company incurred PDC amounting to PKR 387.47 million (USD 2.60 million). The Audit report also provides that the schedules of costs prepared by the management were obtained and the amount paid were checked the documents as mentioned under different heads:

*[Handwritten signatures]*



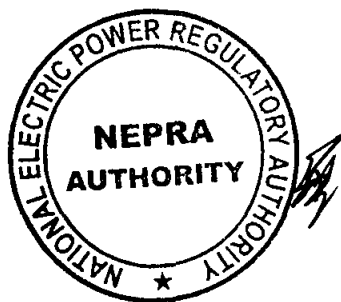
- Technical Consultants: Copy of sales tax invoice, pay order to consultants, pay order to FBR, CPRs and bank statements, where applicable.
  - Advisors Fee: Copy of commercial invoice, pay order to advisor, and bank statement and CPRs, where applicable.
  - Land Lease: Copy of lease agreement, treasury challan and pay order, where applicable.
  - Regulatory Fee: Copy of invoice/challan and cheque/pay order, where applicable.
  - Fixed Assets: Copy of sale tax invoice and cheque, where applicable.
  - Salaries and Benefits: Copy of salary sheet, cheque, computerized payment receipt (CPR) and bank statement where applicable.
  - Travelling Conveyance: Copy of invoice/claim expense voucher, pay order/petty cash voucher, where applicable.
  - Other Admin Costs: Copy of invoice/claim, expense voucher, and pay order/petty cash voucher, where applicable.
  - CSR: Copy of invoice/claim, expense voucher, and pay order/petty cash voucher, where applicable.
  - The Auditor also stated that no difference was found.
46. It is pertinent to note here that petitioner's understanding regarding tariff modification decision dated July 23, 2020 that "18. the revision/adjustments of tariff on account of debt mix, repayment terms and exchange rate as requested by the Petitioner in the subject modification petition shall be made at the time of COD of the Project." also relates to PDC is not correct since the cost allowed under PDC i.e. PKR 300 million was the maximum limit allowed. Hence, no further adjustment in the rupee term was allowed by the Authority in the decision of July 23, 2020. It is pertinent to mention that the Petitioner itself acknowledged the same in its COD adjustment application at para 3.1.(c).
47. The claim submitted by LRPL has been analysed considering the expenses incurred till revised RCOD. The Authority has noted that the company incurred the total cost of PKR 387.47 million till revised RCOD of September 01, 2021. The relevant documents as submitted by the company in relation to the claim of the PDC have been checked. Considering the above details, the Authority has decided to allow the expenses on account of PDC to the limit of Tariff Determination, i.e. PKR 300 million. To convert the approved PKR amount in USD, the average exchange rate of PKR 157.63/USD has been taken into account. The said average exchange rate has been computed using three rates of each month, i.e. rate at the start, middle and end of that month as published by NBP on its website for the construction period of 13 months and 21 days i.e. from November 19, 2019 till September 01, 2021. Accordingly, the corresponding USD amounts works out to be about USD 1.90 million, which is being allowed in the decision.

#### Adjustment of Insurance during Construction

48. The Authority in the Tariff Determination allowed USD 0.29 million for insurance during construction while stating the following mechanism for its adjustment at COD:

*"...Insurance during construction...shall be adjusted at actual at the time of COD considering the approved amount as the maximum limit. The amounts allowed on these accounts in USD will be converted in PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD."*

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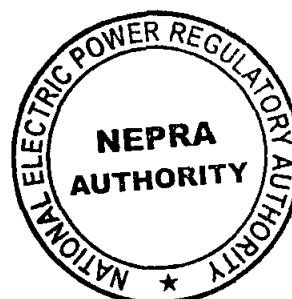


49. As per the above mechanism, the maximum amount allowed to LRPL under captioned head @PKR 120/USD works out to be about PKR 34.80 million.
50. The petitioner in its adjustment request has claimed insurance amount of PKR 50.80 million (equivalent to about USD 0.33 million). LRPL submitted that owing to a 6.5 month delay due to the FME, it had to extend its construction period insurance. The company informed that initially the insurance for the shorter extended period of 03 months was procured free-of-cost, however, due to the continuing impact of the FME, the further extension was charged by the insurer. Keeping in view the above, the petitioner requested that the increase in insurance cost should be allowed.
51. As per the details submitted by LRPL the breakup of the claimed insurance during construction for the period from November 19, 2019 till September 01, 2021 is given hereunder:

Description	Al-Falah Insurance (18 Nov 2019 to 17 Feb 2021)	Atlas Insurance & Habib Insurance (18 Feb 2021 to 31 Aug 2021)	Total Premium net of Sales Tax
	PKR Million		
Marine Cargo & Marine Delay in start up	15.86	-	15.86
Erection All Risk, Delay in Startup and Third Party Liability, Operational All Risk, Business Interruption and Third Party Liability	26.28	4.03	30.31
Terrorism Insurance	3.57	1.06	4.63
<b>Total</b>	<b>45.71</b>	<b>5.09</b>	<b>50.80</b>
PKR/USD exchange rate	154.79	177.95	158.75
<b>Total Premium USD Million</b>	<b>0.29</b>	<b>0.03</b>	<b>0.32</b>

52. The Auditors in their Report has also verified the amount of PKR 50.80 million in respect of the insurance cost. The Audit Report provides that the schedule of costs prepared by management was obtained and the amount paid and the details appearing therein with respect to insurance policy date, insurance policy amount and payment date with copy of insurance policies, premium bill, premium paid receipts and bank statement were matched and no difference was found. Further it provides that for the amount payable the PKR/USD exchange rate as on the date of COD was used.
53. In support of its claim, the petitioner has submitted copies of insurance policies, premium invoices, premium payment receipts, extension letters, withdrawal requests and bank statements. The claim of the petitioner have been checked and found that the claimed amount under insurance during construction is higher than the approved maximum limit. Considering the above details and allowed in precedent case of MGEL, the Authority has decided to allow the expenses under the captioned head to the limit of Tariff Determination, i.e. PKR 34.80 million. The corresponding USD amount has been worked out on the basis of the average of the exchange rates prevailing on the respective payment dates prior to September 1, 2021. The resultant amount works out to be about USD 0.22 million which is being allowed in this decision.

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### Adjustment of Financing Fee and Charges:

54. The Authority in the Tariff Determination had allowed financing fee and charges of USD 1.22 million. The caption head was allowed at the rate of 2.50% of the approved debt in the Tariff Determination. Following mechanism for the adjustment of financing fee and charges at the time of COD was prescribed:

*"....Financing Fee and charges shall be adjusted at actual at the time of COD considering the approved amount as the maximum limit. The amounts allowed on these accounts in USD will be converted in PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD."*

55. As per the above mechanism, the maximum amount allowed to LRPL under this head @ PKR 120/USD works out to be about PKR 145.80 million. The petitioner in its COD adjustment application has claimed financing fee and charges amounting to PKR 269.65 million. In terms of USD, the corresponding amount of USD 1.69 million has been claimed by the petitioner. Below is the detailed breakup of financing fee and charges as claimed by the petitioner and as verified by the Auditors:

Description	Claim		Audited	
	USD	PKR	USD	PKR
	Million			
Local Financing fee	0.31	48.79	1.69	269.65
Foreign Financing fee	0.72	116.41		
Advisors Fee	0.65	104.45		
<b>Total</b>	<b>1.69</b>	<b>269.65</b>	<b>1.69</b>	<b>269.65</b>

56. LRPL submitted that the decision to allow financing fee and charges at the reference exchange rate of PKR 120 was based on the assumption of 100% local SBP financing. As submitted in the Tariff Modification Petition, the SBP financing was available up to maximum of 50% of the total debt requirements, therefore, the company arranged the balance amount in form of foreign financing through International Finance Corporations ("IFC"). Accordingly, the fees and costs under foreign financing were directly linked to exchange rate fluctuations. Furthermore, the local debt assumed in the Tariff Determination is PKR 6.13 billion and Financing Fee and Charges at 2% of debt at PKR 145 million, therefore, restricting financing fee and charges at maximum of applying reference exchange rate of PKR 120 on USD values is not justified. LRPL further stated that the increase in Financing Fee and Charges from allowed limit of USD 1.22 million to actual incurred USD 1.69 million is due to extended construction period and the increase should therefore be allowed.
57. The Audit Report provides that for financing fee and charges, schedule of costs prepared by management were obtained and the amount paid and the details appearing therein with respect to invoice amount, invoice date, instrument of payment such as cheque, remittance debit advice, swift message and payment date, FBR CPR if any where WHT was paid, and bank statement were verified and no difference was found. For the payable amount schedule of costs were matched with the amount of invoice issued by the Lender by pro-rating same till the date of COD.

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58. LRPL in support of its claim has submitted copies of financing agreements and Lender's Legal and Technical Contracts/agreement, Invoices, payment evidences bank statements including tax challans, relevant exchange rate etc. which have been checked. It was noted that although the Authority vide the modification decision issued on July 23, 2020 recognized that the foreign financing be also obtained by LRPL. However, the term of adjustment of financing fee and charges was not modified. Considering the decision for not allowing additional cost related to extended period, the Authority has decided to allow the expenses under the captioned head to the limit of Tariff Determination, i.e. PKR 145.80 million. The corresponding USD amount has been worked out on the basis of the average of the exchange rates prevailing on the respective payment dates prior to September 1, 2021. The resultant amount works out to be about USD 0.91 million which is being allowed in this decision.

**Adjustment of Debt Amount and Interest during Construction:**

59. The Tariff Determination was issued on debt to equity ratio of 80:20 while stating that the tariff shall be adjusted on actual debt to equity mix at the time of COD, subject to equity share of not more than 20%. In the COD adjustment application, LRPL has submitted that the total project cost has been financed by the company as per the following details:

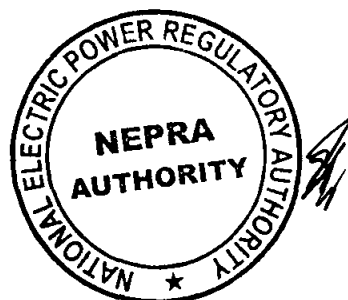
Description	PKR	USD
	Million	
Equity	2,213.37	13.50
<b>Debt Financing:</b>		
SBP-Local	4,146.58	26.07
Commercial-Foreign	4,217.93	26.07
<b>Total Debt</b>	<b>8,364.51</b>	<b>52.14</b>

60. The Tariff Determination of LRPL was approved on the basis of 100% SBP concessionary debt refinancing scheme for renewable energy projects issued on June 02, 2016 ("SBP Scheme 2016") with the following provisions:

*"In case the petitioner is not able to secure financing under SBP scheme then the tariff of LRPL 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 that it exhausted the option of availing financing under SBP scheme before availing part/full of conventional local/foreign loan."*

61. The aforesaid refinancing scheme was revised by SBP on July 26, 2019 ("SBP Scheme 2019") and allowed renewable energy projects, having capacity of more than 20 MW, to obtain up to 50% of financing (debt) under the said Scheme. Since the Project is of more than 20 MW capacity, therefore, the petitioner filed Tariff Modification Petition dated September 18, 2019 requesting the Authority to base tariff on a mix of foreign and local financing, on the pretext that not more than 50% financing can be obtained under SBP Scheme 2019. The decision of the Authority on the Modification Petition was issued on July 23, 2020 whereby the Authority decided that the

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adjustment of tariff on mix of local and foreign financing shall be made at the time of tariff adjustment at COD of the Project.

62. LRPL submitted that in view of the SBP Scheme 2019 as stated above, the company was only able to secure concessionary finance under the Revised SBP Scheme for the maximum of fifty percent (50%) of its debt requirement. Accordingly, LRPL had to arrange the balance debt financing in foreign currency from IFC. Stating that LRPL requested the Authority to adjust the tariff determination and tariff table to reflect the 50:50 financing mix of local and foreign financing, instead of hundred percent (100%) SBP Scheme local financing.
63. On the review of the latest financing documents as submitted by the petitioner, it was noted that following debt commitments were secured by the LRPL:

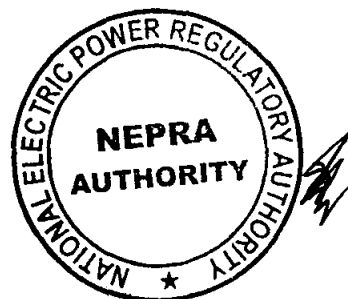
Source of debt	Financiers	Debt Commitment
SBP RE Scheme debt	<ul style="list-style-type: none"><li>Bank Al Habib Limited (55.56%)</li><li>Allied Bank Limited (44.44%)</li></ul>	PKR 4,500 million
Commercial Foreign debt (LIBOR)	<ul style="list-style-type: none"><li>International Finance Corporation</li></ul>	USD 26.07 million

64. LRPL submitted that out of total debt financing, 50% was secured in local debt (PKR) and 50% in foreign debt (USD). The amount of debt as claimed by LRPL and verified by the Auditors is provided as under:

Source of debt	Claimed by LRPL		Verified by Auditors	
	Amount in USD (Million)	Amount in PKR (Million)	Amount in USD (Million)	Amount in PKR (Million)
SBP RE Scheme debt-Local	26.07	4,146.58	26.07	4,146.58
Commercial Foreign debt	26.07	4,217.93	26.07	4,217.93
<b>Total</b>	<b>52.14</b>	<b>8,364.51</b>	<b>52.14</b>	<b>8,364.51</b>

65. It is noted that the SBP loan has been secured by the company for 10 years repayment period at the cost of 5% (5.40% inclusive of savings) to be paid on quarterly basis having equal principal instalments. The foreign loan has been obtained by the company for 13 years repayment period at the Cost of LIBOR + 4.25% to be paid on quarterly basis having certain fixed percentage of principal repayments.
66. The Audit Report provides that schedule of debt drawdown prepared by management were obtained and match the amount received and the details appearing therein with respect to receipt date and amount, with copy of bank statements, swift messages for loan receipt (for foreign loan), and SBP Rate Sheet, where applicable and no difference was found.
67. LRPL has submitted copies of financing agreements, copies of bank statements in which debt drawdown were credited, NBP rate sheets and audited accounts for the construction period. The submission of LRPL have been checked with source document. For calculating the debt mix, the foreign currency loan was converted to PKR using the PKR/USD exchange rate prevailing on the date of disbursement and for local currency loan was converted to USD using the PKR/USD

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exchange rate prevailing on the date of disbursement. The final position and terms of different loans, as obtained by LRPL and approved in this decision, is provided below:

Debt Sources	Amount in USD (Million)	Amount in PKR (Million)	%age of debt in USD term	Interest Rate	Repayment Period
SBP RE Scheme	25.77	4,146.58	49.71%	<ul style="list-style-type: none"><li>• Rate before refinancing is KIBOR+2%</li><li>• SBP Refinancing rate is 5%+0.4% saving</li></ul>	10 years
Commercial Foreign loan	26.07	4,217.93	50.29%	3 month LIBOR + 4.25%	13 years
<b>Total</b>	<b>51.84</b>	<b>8,364.51</b>	<b>100.00%</b>		

68. The difference amount of ~USD 0.30 million between claimed and allowed debt is due to the reason that LRPL had used exchange rates for conversion of local debt in USD other than applicable rates on the date of disbursement. For conversion of local debt in USD and foreign debt in PKR, NBP exchange rates available on its website on the date of disbursement of amount have been used.
69. In the Tariff Determination, the IDC of USD 1.96 million (PKR 235.35 million) was approved. The said amount of IDC was computed on the basis of 100% SBP refinancing scheme at 6% interest rate using certain percentage of drawdowns for the construction period of 15 months. The Tariff Determination provides the following mechanism with respect to adjustment of IDC at the time of COD:

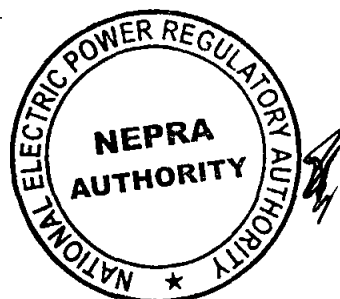
*"IDC will be recomputed at the time of COD on the basis of actual timing of debt drawdowns (for the overall debt allowed by the Authority at COD) for the project construction period of fifteen months allowed by the Authority."*

*"The reference tariff has been worked out on the basis of cost of 6% offered under SBP financing scheme. In case cost negotiated by the company under SBP scheme is less than the said limit of 6%, the savings in that cost shall be shared between the power purchaser and the power producer in the ratio of 60:40 respectively."*

*"In case the company shall secure full or part of local conventional loan then the tariff of company shall be adjusted at the time of COD at applicable KIBOR + spread of 2.25%. The savings in the approved spreads during the loan tenor shall be shared between the power purchaser and power producer in the ratio of 60:40. The tenor of the debt servicing shall not be less than thirteen years for this loan."*

*"In case the company shall secure full or part of foreign conventional loan then the tariff of company shall be adjusted at the time of COD at applicable LIBOR + spread of 4.25%. The savings in the approved spreads during the loan tenor shall be shared between the power purchaser and power producer in the ratio of 60:40. The tenor of the debt servicing shall not be less than thirteen years for this loan."*

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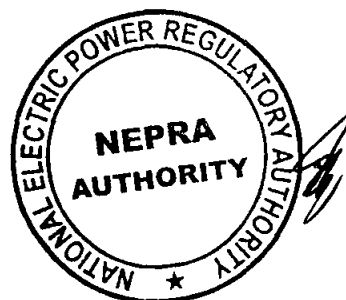
*"In case the company shall secure foreign loan under any credit insurance (Sinasure etc.) then the cost of that insurance shall be allowed to the maximum limit of 0.6% of the yearly outstanding principal and interest amounts. For that purpose, the spread over that full/part of loan shall be considered as 3.5% as the maximum limit. The savings in the spread during the loan tenor shall be shared between the power purchaser and power producer in the ratio of 60:40."*

70. LRPL in its COD tariff application has requested for IDC based on actual debt drawdown for the actual construction period of more than 20 months. Below are the details of IDC as claimed by LRPL and as verified by Auditors:

Description	Claimed by LRPL		Verified by Auditors	
	USD Million	PKR Million	USD Million	PKR Million
SBP RE scheme	1.81	292.39	368.00	2.30
Commercial Foreign Loan	0.73	115.17		
Subordinated Loan and advance against shares	0.12	16.67		
Less: Interest Income	(0.36)	(56.23)		
<b>Net IDC</b>	<b>2.30</b>	<b>368.00</b>	<b>368.00</b>	<b>2.30</b>

71. LRPL claimed net IDC after adjustment of interest income. The amount of IDC come out to be USD 2.65 million (PKR 424.23 million) before adjustment of interest income.
72. Audit report provides that schedule of costs prepared by management was obtained and matched the amount paid and the details appearing therein with respect to payment date, interest rate and exchange rate with copy of invoice, swift acknowledgement, bank debit advice, SBP KIBOR rate sheet, ICE LIBOR historical rate report and bank statement, where applicable and no difference was found. For the payable amount, we obtained schedule of costs, prepared by management, and matched the amount with the invoice issued by the Lender by pro-rating till the date of COD and converted into Pakistan Rupee by using Exchange rate as on the date of COD.
73. LRPL in support of the claim has submitted copies of financing agreement, interest payment invoices, bank statement, exchange rate sheets, KIBOR rate sheets, swift acknowledgement, bank debit advice, LIBOR rates, where applicable which have been checked. In addition, as per the sharing mechanism provided in the tariff determination the calculation of saving in SBP loan (i.e. 1%) as a result of sharing of spread in a ratio of 60:40 (Purchaser: Producer) has also been checked and considered. Based on the documentary evidence submitted by the company, the interest payments made by the company as verified on account of local and foreign debt for the construction period from November 19, 2019 till September 01, 2021 excluding OFME period of 237 days i.e. from February 06, 2020 till September 30, 2020 and as per precedent case of MGEL is given hereunder:

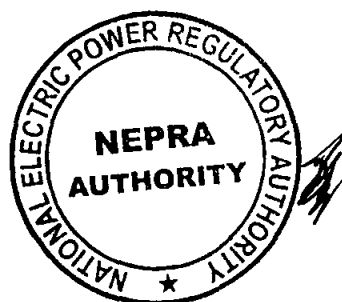
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IDC	Total Drawdowns	Interest Rate	Interest Amount	
			USD in million	PKR in million
<b>Local Loan:</b>	<b>PKR in million</b>			
SBP RE scheme	4,146.58	<ul style="list-style-type: none"> <li>Rate before refinancing is KIBOR+2%</li> <li>SBP Refinancing rate is 5%+0.4% saving</li> </ul>	1.81	292.39
<b>Foreign Loan:</b>	<b>USD in million</b>		-	-
Commercial Foreign loan	26.07	• LIBOR+4.25%	0.73	115.17
<b>Total Interest payment</b>			<b>2.54</b>	<b>407.57</b>

74. The interest amount of PKR 292.39 million in respect of SBP loan includes interest amount of PKR 43.28 million paid at KIBOR +2% till the time before loan was refinanced by the SBP excluding the OFME period as mentioned above. After which the interest has been paid at the refinance rate of 5.4%. It is noted that LRPL has not submitted documentary evidence of payment of interest on subordinated loan and advance against shares amounting to USD 0.12 million, therefor, IDC is not allowed in this regard.
75. The amount of PKR has been converted in USD using the rate prevailing on the date of the interest payment, as obtained from NBP's website. Likewise, the amount of interest amount paid in USD has been converted in PKR using the above said mechanism.
76. Since, the project achieved COD 41 days earlier of revised RCOD, therefore, the Authority has decided to allow the construction period of 13 months and 21 days. Accordingly, the amount of IDC to be allowed to the petitioner has also been restricted till September 1, 2021 excluding OFME period of 237 days i.e. from February 06, 2020 till September 30, 2020, which has been computed using the following steps:
- The amount of IDC as actually paid and verified till COD has been added in the capital cost (EPC, Duties, PDC, insurance during construction, Financing Fee) as allowed in this decision to arrive at the verified project cost.
  - The amount of verified project cost was then segregated between debt and equity in the ratio of 80:20 as was approved in the Tariff Determination
  - That amount of debt was then sub-divided into their actual positions i.e. SBP loan (49.71%) and foreign loan (50.29%).
  - The percentage of each loan as actually disbursed till COD (September 1, 2021) was applied on the verified debt amount.
  - The IDC was then recomputed on the portion of debt amounts which is disbursed till COD using the actual schedule of drawdowns.
77. Accordingly, the amount of allowed IDC, following at the above steps, worked out as under which is being approved in the decision:

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Description	Approved IDC	
	USD	PKR
	Million	
SBP Loan	1.34	212.55
Commercial Foreign loan	0.71	113.05
<b>Total</b>	<b>2.05</b>	<b>325.60</b>

#### Adjustment of Interest Income

78. The petitioner has claimed that it has earned an interest income to the tune of PKR 56.23 million against debt and equity injections. The said amount of the interest income has also been verified by the Auditors. The Audit report provide that the schedule of interest income prepared by management was obtained and the amount received and the details appearing therein with respect to receipt date and exchange rate with copy of bank statements and SBP exchange rate sheet were matched and no difference was found.
79. Given the fact that interest cost to the limit of COD (September 1, 2021) excluding the OFME period has been allowed, therefore, the impact of interest income has also been limited to COD excluding the OFME period, i.e. PKR 46.79 million.
80. Recapitulating above, the project cost determined in the Tariff Determination, claimed in the tariff adjustment application, verified in the Audit Report and being allowed by the Authority in this decision is provided as under:

Description	Determined		Claimed		Auditors		Allowed	
	USD	PKR	USD	PKR	USD	PKR	USD	PKR
	Million							
Total EPC Cost	57.94	6,952.80	57.94	9,273.85	57.94	9,273.85	57.94	9,270.83
Duties and Taxes	-	-	0.59	95.44	0.59	95.44	0.58	93.54
Project Development Cost	2.50	300.00	2.60	387.47	2.60	387.47	1.90	300.00
Insurance during construction	0.29	34.80	0.33	50.80	0.33	50.80	0.22	34.80
Financing Fee and Charges	1.22	145.80	1.69	269.65	1.69	269.65	0.91	145.80
Interest during Construction	1.96	235.20	2.66	424.23	2.66	424.23	2.05	325.60
Interest Income	-	-	(0.36)	(56.23)	(0.36)	(56.23)	(0.30)	(46.79)
<b>Total Project Cost</b>	<b>63.91</b>	<b>7,668.60</b>	<b>65.45</b>	<b>10,445.21</b>	<b>65.45</b>	<b>10,445.21</b>	<b>63.31</b>	<b>10,123.78</b>

81. Based on the above project cost, following table shows the amount of different debts which have been used to compute the debt servicing component of the tariff being approved in this decision:

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Loans	USD	PKR
	Million	
SBP loan	25.18	4,026.26
Foreign loan	25.47	4,072.77
<b>Total</b>	<b>50.65</b>	<b>8,099.03</b>

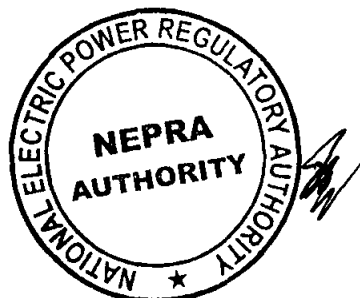
**Adjustment of Equity Amount, Return on Equity and Return on Equity during Construction ("ROEDC"):**

82. The total equity injected by the different stakeholders, as submitted by LRPL, is provided as under:

Shareholders	Amount PKR in million
Lucky Energy (Pvt.) Ltd.	1,084.55
Lucky Textile Mills Ltd.	1,128.82
<b>Total</b>	<b>2,213.37</b>

83. The Audit Report provides that the schedule of equity contribution by company shareholders prepared by management were obtained and matched the amount received and the details appearing therein with respect to shares and their amount, with copy of share certificate, return of allotments of shares (SECP - Form 3), bank statement, and SBP Rate Sheet, where applicable and no difference was found.
84. All the injected equity amount were deposited in Bank Al Habib Ltd. PKR Current account except for equity injected before financial close amounting to PKR. 500 million no evidence of equity credited to the bank accounts has been submitted by the petitioner. However, the same can be verified through SECP form 3. For the purpose of verification, equity claim has been verified from the audited accounts for the financial year ending June 2021.
85. Based on the review and verification of the above documents, the claim of LRPL has been found correct. The equity in term of equivalent USD amount comes out to be 13.50 million.
86. LRPL in support of equity injections has submitted copies of copies of bank statements in which equity was injected, share certificates, SECP form 3, exchange rate sheets and audited accounts. Based on the review and verification of the above documents, there is no difference noted in the equity amount as injected by the petitioner and as audited by the Auditors. The ratio of equity contribution comes out to be higher than what was prescribed in the Tariff Determination therefore, the Authority has decided to consider the equity contribution more than 20% as being financed by debt, in accordance with the Tariff Determination. Based on the project cost being approved in this decision, the amount of equity works being allowed in this decision comes out as following:

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Equity Share (20%)	USD	PKR
	Million	
	12.66	2,024.76

87. The ROEDC component of PKR 0.1163/kwh was approved in the Tariff Determination, while stating the following mechanism for its adjustment:

*"ROEDC will be adjusted at COD on the basis of actual equity injections (within the overall equity allowed by the Authority at COD) for the project construction period of fifteen months allowed by the Authority."*

88. It is noted that about 100% of the equity amount had been disbursed till COD. Therefore, the amount of ROEDC to be allowed has been computed while proportionating the same on the approved equity amount over the actual equity amount. The detailed computations are explained in the following table:

Computation of ROEDC	USD Million
A. Actual Equity Injection	13.50
B. Percentage of Actual Injections over Total	100%
C. Total Approved Equity Amount	12.66
D. Amount Drawn (C*B)	12.66
E. ROEDC Verified	1.84
F. ROEDC Assessed (E/A*D)	1.73

89. Using the PMT formula, the ROEDC component works out to be PKR 0.2367/kWh (using exchange rate of PKR 158.30/USD as on 30th June, 2021). The amount of annual ROE, using rate of 14%, at approved equity amount of USD 12.66 million comes out as USD 1.67 million. Accordingly, the ROE component works out to be PKR 1.5866/kWh (using exchange rate of PKR 158.30/USD as on 30th June, 2021).
90. It is important to mention here that the equity IRR of 14% per annum was allowed to LRPL and the calculations in the Tariff Determination were made assuming the payment is to be made on annual basis, whereas the payment of ROE is to be paid on monthly basis as per EPA. Therefore, the Authority has decided to approve IRR while using the monthly payment of return components as has also been allowed in the recent similar COD case of MGEL.

#### Operation and Maintenance ("O&M") Cost

91. The Authority in the Tariff Determination allowed O&M cost of USD 23,000 per MW per annum for LRPL. The allowed O&M had approved in the ratio of 50:50 in local and foreign components. Detail is as under:

*E. H. S. A.*



O&M	Tariff (PKR/kWh)	Indexation
Local	0.4146	CPI (General)
Foreign	0.4146	US-CPI and PKR/USD Exchange rate
<b>Total</b>	<b>0.8292</b>	

92. Further, the Authority vide review motion decision dated May 17, 2021 decided as under:

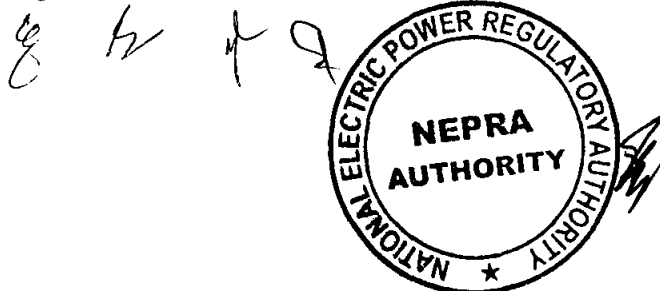
*"The O&M cost, its mix, and the corresponding mechanism thereof as approved in the Tariff Determination of Master Green Energy Limited shall be applicable for the period during which the Petitioner has already finalized the WP and LT O&M Agreements, i.e. 13 years. During this time, however, the Petitioner shall be required to submit, on an annual basis, the documentary evidence/report pertaining to actual expenditures on account of O&M. The savings, if any, in the actual O&M cost compared to the approved O&M cost shall completely be passed on to the consumers."*

*Subsequent to the lapse of the LT O&M Contract, in order to claim O&M costs, the Petitioner shall be required to carry out competitive bidding for the selection of the O&M contractor in accordance with NEPRA's applicable law. Based on this competitive bidding process, the Authority shall make revisions in the O&M cost, while capping the prevailing level of the approved O&M cost. Those revisions may also entail changing the mix of the approved O&M cost (local and foreign) as well as the indexation mechanism (indices, frequency etc.)."*

93. The petitioner in its COD adjustment application has claimed local O&M of PKR 0.5378/kWh and foreign O&M of PKR 0.5839/kWh. The tariff being approved in this decision is to be applicable for the energy supplied by the company during the quarter July-September, 2021, therefore, the O&M Cost being allowed in this decision has been adjusted/indexed, as per the prescribed mechanism, on the indices applicable for the said quarter which is detailed as under:

O&M Cost	Determined	Claimed	Approved
	PKR/kWh		
Local O&M	0.4146	0.5431	0.5378
Foreign O&M	0.4146	0.6239	0.5839
<b>Indexation values:</b>			
CPI (General) / N-CPI	229.27	147.12	145.24
PKR/USD exchange rate	120	166.45	158.30
US-CPI	252.146	273.567	269.195

- For the purpose of calculation of approved numbers; N-CPI, US CPI for month of May, 2021 has been used. The exchange rate of June 30, 2021 has been used.
- Due to discontinuation of CPI, the equivalent value of reference N-CPI of May 2020 and revised N-CPI for the month of May, 2021 has been used as per the decision of the Authority regarding replacement of the base year of CPI 2007-8 with N-CPI 2015-16 issued on March 10, 2021 notified in the official gazette.



**Insurance during operation:**

94. The Tariff Determination provide following provision with regard adjustment of insurance during operations at COD:

*"The actual insurance cost for the minimum cover required under contractual obligations with the power purchaser, not exceeding 0.4% of the approved EPC cost, will be treated as pass through. Insurance component of reference tariff shall be adjusted annually as per actual upon production of authentic documentary evidence..."*

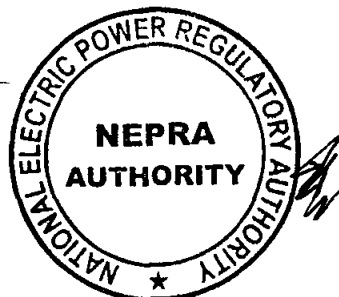
95. LRPL has not submitted documentary evidence of operational insurance. It is noted that in the Tariff Determination, reference insurance component has been calculated considering 0.4% of the allowed EPC cost (USD 57.94 million) which works out USD 0.23 million per annum. Based on same mechanism, the insurance component has been adjusted/revised at COD and is being allowed as PKR 0.2204/kWh. The adjustment mechanism of operational insurance is given in order part of this decision.

96. **ORDER**

In pursuance of section 7(3)(a) read with Rule 3 of the NEPRA (Tariff Standards & Procedure) Rules, 1998, the Authority hereby approves the following generation tariff along with terms and conditions for Lucky Renewables (Pvt.) Limited ("LRPL") (formerly Tricom Wind Power (Pvt.) Limited) for its 50 MW wind power project for delivery of electricity to the power purchaser:

- Levelized tariff works out to be Rs. 7.2290/kWh (US Cents 4.5667/kWh).
- Net Annual Plant Capacity Factor of 38% has been approved.
- The aforementioned tariff is applicable for twenty five (25) years from COD.
- Debt to Equity ratio of 80:20 has been approved.
- Debt Repayment period of 10 years has been taken into account for local financing under SBP Scheme.
- Debt Repayment period of 13 years has been taken into account for foreign financing.
- The cost of financing of debt of 5.4% (inclusive of saving) for SBP loan and LIBOR+4.25% for foreign loan, both for construction and operation period has been considered.
- Return on Equity during construction and operation of 14% on monthly payment basis has been allowed.
- Construction period of 13 months and 21 days has been used for the workings of ROEDC and IDC from financial close till actual COD (excluding OFME period of 237 days).
- Insurance during operation has been calculated at 0.4% of the allowed EPC cost.
- Reference Exchange Rates of 158.30 PKR/USD of June 30, 2021 has been used.
- Detailed component wise tariff is attached as **Annex-I** of this decision.
- Debt Servicing Schedule for SBP financing is attached as **Annex-II** of this decision.
- Debt Servicing Schedule for foreign financing is attached as **Annex-III** of this decision.

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## A. Indexation

Adjustment of O&M, return on equity, return on equity during construction shall be made on quarterly basis for the quarters starting from 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October, based on latest available information. Adjustment of debt servicing components, where applicable, shall also be made on quarterly basis. Insurance component shall be adjusted on annual basis. The indexation for the 1<sup>st</sup> quarter i.e. July-September 2021 except for insurance component has already been made in this decision. The indexation mechanisms for subsequent quarters is given hereunder:

### i) Operation and Maintenance Costs

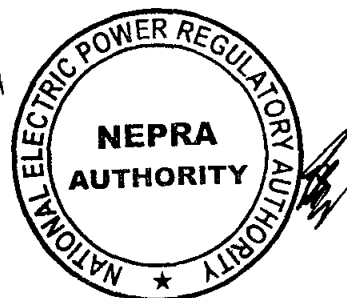
O&M components of tariff shall be adjusted based on revised rates of local Inflation (N-CPI) as notified by Pakistan Bureau of Statistics, foreign inflation (US CPI) as notified by US Bureau of Labor Statistics and TT&OD selling rate of US Dollar as notified by National Bank of Pakistan according to the following formula:

$F. O\&M_{(REV)}$	=	$F. O\&M_{(REF)} * US CPI_{(REV)} / US CPI_{(REF)} * ER_{(REV)} / ER_{(REF)}$
$L. O\&M_{(REV)}$	=	$L. O\&M_{(REF)} * N-CPI_{(REV)} / N-CPI_{(REF)}$
Where;		
$F. O\&M_{(REV)}$	=	The revised O&M Foreign Component of Tariff
$L. O\&M_{(REV)}$	=	The revised O&M Local Component of Tariff
$F. O\&M_{(REF)}$	=	The reference O&M Foreign Component of Tariff
$L. O\&M_{(REF)}$	=	The reference O&M Local Component of Tariff
$US CPI_{(REV)}$	=	The revised US CPI (All Urban Consumers) of the middle month of preceding quarter as notified by US Bureau of Labor Statistics
$US CPI_{(REF)}$	=	The reference US CPI (All Urban Consumers) of 269.195 of May, 2021
$N-CPI_{(REV)}$	=	The revised N-CPI of the middle month of preceding quarter as notified by Pakistan Bureau of Statistics
$N-CPI_{(REF)}$	=	The reference N-CPI of 145.24 for the month of May, 2021
$ER_{(REV)}$	=	The revised TT & OD selling rate of US dollar as notified by the National Bank of Pakistan as at the last day of the preceding quarter
$ER_{(REF)}$	=	The reference TT & OD selling rate of PKR 158.30/USD for the month June 30, 2021

### ii) Insurance during Operation

The actual insurance cost for the minimum cover required under contractual obligations with the Power Purchaser, not exceeding 0.4% of the approved EPC cost, will be treated as pass through. Insurance component of reference tariff shall be adjusted annually as per actual upon production of authentic documentary evidence to the satisfaction of the Authority according to the following formula:

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AIC	=	$Ins_{(Ref)} / P_{(Ref)} * P_{(Act)}$
Where;		
AIC	=	Adjusted insurance component of tariff
$Ins_{(Ref)}$	=	Reference insurance component of tariff
$P_{(Ref)}$	=	Reference premium @ 0.4% of approved EPC Cost at PKR 158.30/USD of June 30, 2021
$P_{(Act)}$	=	Actual premium or 0.4% of the EPC Cost converted into PKR on exchange rate prevailing at the time of insurance premium payment of the insurance coverage period, whichever is lower.

iii) **Return on Equity**

The total ROE (ROE + ROEDC) component of the tariff will be adjusted annually on account of change in PKR/USD parity. The variation relating to these components shall be worked out according to the following formula:

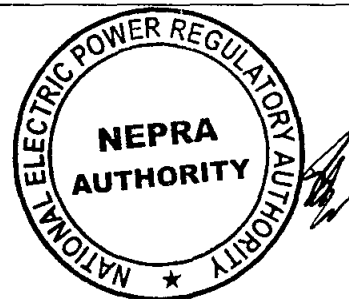
$ROE_{(Rev)}$	=	$ROE_{(Ref)} * ER_{(Rev)} / ER_{(Ref)}$
Where;		
$ROE_{(Rev)}$	=	Revised ROE Component of Tariff
$ROE_{(Ref)}$	=	Reference ROE Component of Tariff
$ER_{(Rev)}$	=	The revised TT & OD selling rate of US dollar as notified by the National Bank of Pakistan as at the last day of the preceding quarter
$ER_{(Ref)}$	=	The reference TT & OD selling rate of Rs. 158.30/USD of June 30, 2021

iv) **Indexations applicable to debt**

The principal component of foreign debt will be adjusted on quarterly basis, on account of revised TT & OD selling rate of US Dollar, as notified by the National Bank of Pakistan as at the last day of the preceding period, over the applicable reference exchange rate. The interest part of tariff component for the foreign loan shall also be adjusted with respect to change in applicable LIBOR according to the following formula:

$\Delta I$	=	$P_{(REV)} * (LIBOR_{(REV)} - 0.14575\%) / 4$
Where;		
$\Delta I$	=	The variation in interest charges applicable corresponding to variation in 3 month LIBOR. $\Delta I$ can be positive or negative depending upon whether 3 month LIBOR $_{(REV)}$ per annum > or < 0.14575%. The interest payment obligation will be enhanced or reduced to the extent of $\Delta I$ for each quarter under adjustment.

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P (REV)	=	The outstanding principal (as indicated in the attached debt service schedule to this order at Annex-III), on a quarterly basis at the relevant calculations date.
LIBOR (REV)	=	Revised 3 month LIBOR as at the last day of the preceding quarter.

The foreign interest component will also be adjusted on quarterly basis, on account of revised TT & OD selling rate of US Dollar, as notified by the National Bank of Pakistan as at the last day of the preceding quarter, over the applicable reference exchange rate.

#### B. Terms and Conditions

The following terms and conditions shall apply to the determined tariff:

- The O&M Cost, its mix, and the corresponding mechanism thereof as approved shall be applicable for 13 years from COD. During this time, however, the Petitioner shall be required to submit, on an annual basis, the documentary evidence/report pertaining to actual expenditures on account of O&M. The savings, if any, in the actual O&M cost compared to the approved O&M cost shall completely be passed on to the consumers.

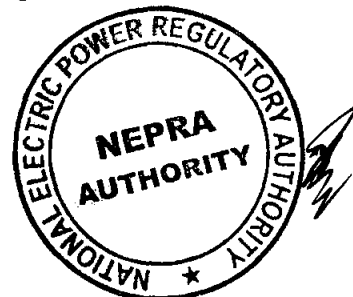
Subsequent to the lapse of the LT O&M Contract, in order to claim O&M costs, the Petitioner shall be required to carry out competitive bidding for the selection of the O&M contractor in accordance with NEPRA's applicable law. Based on this competitive bidding process, the Authority shall make revisions in the O&M cost, while capping the prevailing level of the approved O&M cost. Those revisions may also entail changing the mix of the approved O&M cost (local and foreign) as well as the indexation mechanism (indices, frequency etc.).

- This tariff will be limited to the extent of net annual energy generation supplied to the power purchaser up to 38% net annual plant capacity factor. Net annual energy generation supplied to the power purchaser in a year, in excess of 38% net annual plant capacity factor will be charged at the following tariffs:

<u>Net annual plant capacity factor</u>	<u>% of prevalent tariff allowed to power producer</u>
Above 38% up to 40%	5%
Above 40% up to 42%	10%
Above 42% up to 44%	20%
Above 44% up to 46%	40%
Above 46% up to 48%	80%
Above 48%	100%

- The risk of wind resource shall be borne by the power producer.
- The company is required to maintain the availability levels as declared in the Tariff Petition and the studies provided therein. Power purchaser shall conduct detailed monitoring/audit of the operational record/log of all the wind turbines to verify

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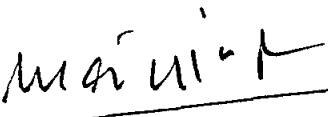


output/capacity of the power plant so that the power producer cannot intentionally suppress the capacity factor.

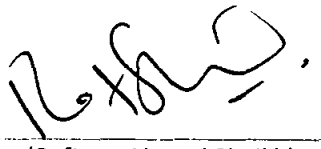
- In the tabulated above tariff no adjustment for certified emission reductions has been accounted for. However, upon actual realization of carbon credits, the same shall be distributed between the power purchaser and the power producer in accordance with the applicable GOP Policy, amended from time to time.
- The savings in the cost of any financing during any time of debt servicing period shall be shared between the company and the power purchaser in the ratio of 40:60.
- In case the company is obligated to pay any tax on its income from generation of electricity, or any duties and/or taxes, not being of refundable nature, are imposed on the company, the exact amount paid by the company on these accounts shall be reimbursed on production of original receipts. This payment shall be considered as a pass-through payment. However, withholding tax on dividend shall not be a pass through item.

97. The Order part along with three Annexures is recommended for notification by the Federal Government in the official Gazette in accordance with Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.


**AUTHORITY**

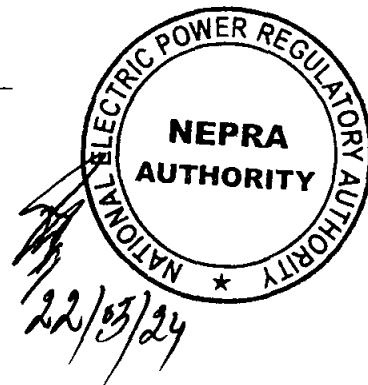
\*   
(Mathar Niaz Rana (nsc))  
Member

  
(Eng. Maqsood Anwar Khan)  
Member

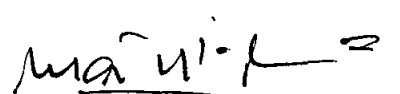
  
(Rafique Ahmed Shaikh)  
Member

  
(Amina Ahmed)  
Member

  
(Waseem Mukhtar)  
Chairman



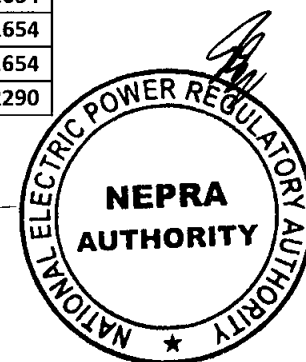
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\* My dissent on certain points is attached  


**Lucky Renewables (Pvt.) Limited**  
**Tariff Table**

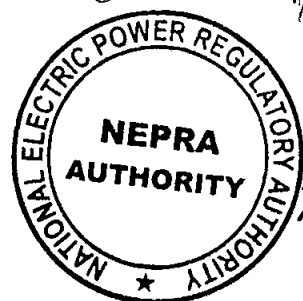
Year	O&M-Local	O&M-Foreign	Insurance	Return on Equity	ROEDC	Foreign Loan - Principal	Foreign Loan - Interest	SBP Loan - Principal	SBP Loan - Interest	Total
	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh
1	0.5378	0.5839	0.2204	1.5866	0.2367	1.2500	1.0445	2.4190	1.2573	9.1363
2	0.5378	0.5839	0.2204	1.5866	0.2367	1.3299	0.9883	2.4190	1.1267	9.0294
3	0.5378	0.5839	0.2204	1.5866	0.2367	1.4171	0.9284	2.4190	0.9960	8.9260
4	0.5378	0.5839	0.2204	1.5866	0.2367	1.5068	0.8646	2.4190	0.8654	8.8213
5	0.5378	0.5839	0.2204	1.5866	0.2367	1.6037	0.7968	2.4190	0.7348	8.7197
6	0.5378	0.5839	0.2204	1.5866	0.2367	1.7054	0.7247	2.4190	0.6042	8.6187
7	0.5378	0.5839	0.2204	1.5866	0.2367	1.8168	0.6479	2.4190	0.4735	8.5227
8	0.5378	0.5839	0.2204	1.5866	0.2367	1.9331	0.5661	2.4190	0.3429	8.4266
9	0.5378	0.5839	0.2204	1.5866	0.2367	2.0542	0.4792	2.4190	0.2123	8.3302
10	0.5378	0.5839	0.2204	1.5866	0.2367	2.1850	0.3868	2.4190	0.0816	8.2379
11	0.5378	0.5839	0.2204	1.5866	0.2367	2.3255	0.2885	-	-	5.7794
12	0.5378	0.5839	0.2204	1.5866	0.2367	2.4709	0.1838	-	-	5.8202
13	0.5378	0.5839	0.2204	1.5866	0.2367	2.6259	0.0727	-	-	5.8640
14	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
15	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
16	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
17	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
18	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
19	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
20	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
21	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
22	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
23	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
24	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
25	0.5378	0.5839	0.2204	1.5866	0.2367	-	-	-	-	3.1654
Levelized Tariff Rs./kWh	0.5378	0.5839	0.2204	1.5866	0.2367	1.3439	0.5605	1.6375	0.5217	7.2290

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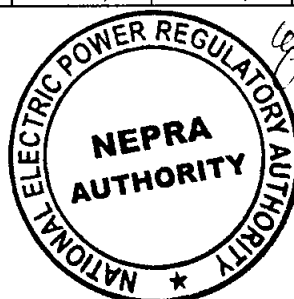
**Lucky Renewables (Pvt.) Limited**  
**Debt Servicing Schedule - SBP Loan**

Period	Outstanding	Principal	Interest	Annual Principal	Annual Interest
	Rs.	Rs.	Rs.	Rs./kWh	Rs./kWh
1	4,026,255,901	100,656,398	54,354,455	-	-
2	3,925,599,504	100,656,398	52,995,593	-	-
3	3,824,943,106	100,656,398	51,636,732	-	-
4	3,724,286,709	100,656,398	50,277,871	2.4190	1.2573
5	3,623,630,311	100,656,398	48,919,009	-	-
6	3,522,973,914	100,656,398	47,560,148	-	-
7	3,422,317,516	100,656,398	46,201,286	-	-
8	3,321,661,119	100,656,398	44,842,425	2.4190	1.1267
9	3,221,004,721	100,656,398	43,483,564	-	-
10	3,120,348,323	100,656,398	42,124,702	-	-
11	3,019,691,926	100,656,398	40,765,841	-	-
12	2,919,035,528	100,656,398	39,406,980	2.4190	0.9960
13	2,818,379,131	100,656,398	38,048,118	-	-
14	2,717,722,733	100,656,398	36,689,257	-	-
15	2,617,066,336	100,656,398	35,330,396	-	-
16	2,516,409,938	100,656,398	33,971,534	2.4190	0.8654
17	2,415,753,541	100,656,398	32,612,673	-	-
18	2,315,097,143	100,656,398	31,253,811	-	-
19	2,214,440,746	100,656,398	29,894,950	-	-
20	2,113,784,348	100,656,398	28,536,089	2.4190	0.7348
21	2,013,127,951	100,656,398	27,177,227	-	-
22	1,912,471,553	100,656,398	25,818,366	-	-
23	1,811,815,156	100,656,398	24,459,505	-	-
24	1,711,158,758	100,656,398	23,100,643	2.4190	0.6042
25	1,610,502,361	100,656,398	21,741,782	-	-
26	1,509,845,963	100,656,398	20,382,921	-	-
27	1,409,189,565	100,656,398	19,024,059	-	-
28	1,308,533,168	100,656,398	17,665,198	2.4190	0.4735
29	1,207,876,770	100,656,398	16,306,336	-	-
30	1,107,220,373	100,656,398	14,947,475	-	-
31	1,006,563,975	100,656,398	13,588,614	-	-
32	905,907,578	100,656,398	12,229,752	2.4190	0.3429
33	805,251,180	100,656,398	10,870,891	-	-
34	704,594,783	100,656,398	9,512,030	-	-
35	603,938,385	100,656,398	8,153,168	-	-
36	503,281,988	100,656,398	6,794,307	2.4190	0.2123
37	402,625,590	100,656,398	5,435,445	-	-
38	301,969,193	100,656,398	4,076,584	-	-
39	201,312,795	100,656,398	2,717,723	-	-
40	100,656,398	100,656,398	1,358,861	2.4190	0.0816



**Lucky Renewables (Pvt.) Limited**  
**Debt Servicing Schedule - Foreign Loan**

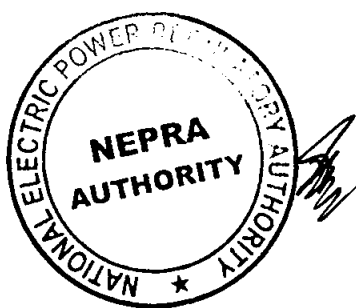
Period	Outstanding	Repayment percentage	Principal	Interest	Annual Principal	Annual Interest
	USD	%	USD	USD	Rs./kWh	Rs./kWh
1	25,469,985	1.26%	320,922	279,899	-	-
2	25,149,063	1.28%	326,016	276,372	-	-
3	24,823,047	1.30%	331,110	272,790	-	-
4	24,491,937	1.32%	336,204	269,151	1.2500	1.0445
5	24,155,733	1.34%	341,298	265,456	-	-
6	23,814,436	1.36%	346,392	261,706	-	-
7	23,468,044	1.38%	351,486	257,899	-	-
8	23,116,558	1.41%	359,127	254,037	1.3299	0.9883
9	22,757,431	1.43%	364,221	250,090	-	-
10	22,393,210	1.45%	369,315	246,087	-	-
11	22,023,896	1.47%	374,409	242,029	-	-
12	21,649,487	1.50%	382,050	237,914	1.4171	0.9284
13	21,267,437	1.52%	387,144	233,716	-	-
14	20,880,293	1.54%	392,238	229,461	-	-
15	20,488,056	1.57%	399,879	225,151	-	-
16	20,088,177	1.59%	404,973	220,757	1.5068	0.8646
17	19,683,204	1.62%	412,614	216,306	-	-
18	19,270,590	1.64%	417,708	211,772	-	-
19	18,852,883	1.67%	425,349	207,181	-	-
20	18,427,534	1.69%	430,443	202,507	1.6037	0.7968
21	17,997,091	1.72%	438,084	197,777	-	-
22	17,559,007	1.75%	445,725	192,963	-	-
23	17,113,283	1.77%	450,819	188,064	-	-
24	16,662,464	1.80%	458,460	183,110	1.7054	0.7247
25	16,204,004	1.83%	466,101	178,072	-	-
26	15,737,903	1.86%	473,742	172,950	-	-
27	15,264,162	1.89%	481,383	167,744	-	-
28	14,782,779	1.92%	489,024	162,454	1.8168	0.6479
29	14,293,755	1.95%	496,665	157,079	-	-
30	13,797,091	1.98%	504,306	151,621	-	-
31	13,292,785	2.01%	511,947	146,079	-	-
32	12,780,838	2.04%	519,588	140,453	1.9331	0.5661
33	12,261,251	2.07%	527,229	134,743	-	-
34	11,734,022	2.10%	534,870	128,950	-	-
35	11,199,152	2.14%	545,058	123,072	-	-
36	10,654,095	2.17%	552,699	117,082	2.0542	0.4792
37	10,101,396	2.20%	560,340	111,008	-	-
38	9,541,056	2.24%	570,528	104,850	-	-
39	8,970,529	2.27%	578,169	98,581	-	-
40	8,392,360	2.31%	588,357	92,227	2.1850	0.3868
41	7,804,003	2.34%	595,998	85,761	-	-
42	7,208,006	2.38%	606,186	79,211	-	-
43	6,601,820	2.42%	616,374	72,550	-	-
44	5,985,446	2.46%	626,562	65,776	2.3255	0.2885
45	5,358,885	2.49%	634,203	58,891	-	-
46	4,724,682	2.53%	644,391	51,921	-	-
47	4,080,292	2.57%	654,579	44,840	-	-
48	3,425,713	2.61%	664,767	37,646	2.4709	0.1838
49	2,760,946	2.65%	674,955	30,341	-	-
50	2,085,992	2.69%	685,143	22,924	-	-
51	1,400,849	2.73%	695,331	15,394	-	-
52	705,519	2.77%	705,519	7,753	2.6259	0.0727



## Dissent Note of Member Tariff

1. The tariff determinations of LRPL provides that the EPC cost shall be verified and adjusted at actual considering the approved amount as the maximum limit. Further, it has been provided in the tariff determination that only the applicable foreign portion of the EPC costs will be subjected to the PKR/USD exchange rate fluctuations during the construction period. It has been noted that LRPL has claimed EPC cost of USD 57.94 million (equivalent to PKR 9,273.85 million) bifurcated into EPC offshore cost of USD 46.24 million (PKR 7,423.17 million) and EPC onshore cost of USD 11.70 million (PKR 1,850.68 million). Since, the tariff determination only allows for the PKR/USD indexation for the foreign portion of the EPC cost therefore the maximum limit of local portion of the EPC cost works out to be PKR 1,404 million (USD. 11.7 million \* Rs.120/USD). In addition, while working out equivalent USD the exchange rate applicable on the date of payment should be used as this will otherwise result in allowing more USD than actually paid. After adjusting for maximum limit and using the applicable PKR/USD of the date of payment the allowed onshore EPC amount worked out by tariff department is USD 8.80 million. The additional impact of allowing the EPC onshore cost as per the claim of the petitioner on the levelized tariff works out to be US cent 0.1805/kWh may not be passed on to the consumers.

2. The Tariff determination provides that the targeted maximum construction period after prescribed date/time of FC is 15 months. Tariff determination provides that no adjustment will be allowed in this tariff to account for financial impact of any delay in project construction. Based on the above the insurance during construction cost during the OFME period amounting to Rs. 7.71 million may not be passed on to the end consumer. The impact of allowing this additional cost on levelized tariff works out to be US cent 0.0030/kWh may not be passed on to the consumers.



*Mathar Niaz Rana*

**Mathar Niaz Rana (nsc)**  
**Member Tariff**



## Additional Note by Majority Members of the Authority

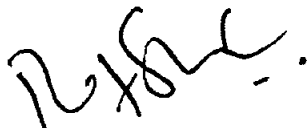
### Onshore EPC Cost

It is noted that before the issuance of the tariff determination for the current project, NEPRA had granted tariffs for 24 other wind power projects. Each of those projects had been allowed exchange rate variations on both the offshore and onshore portions of the total EPC cost. That is, both the offshore and onshore EPC costs were considered the foreign portion, and accordingly allowed variations due to changes in exchange rates. Accordingly, the Authority is of the view that the applicable foreign portion in the instant case should include the onshore portion of the EPC cost, and variation due to change in parity be allowed. This interpretation was also applied by the Authority in cases including Master Wind and Ghara Solar, both of which had similar wording of adjustment in their respective determinations.

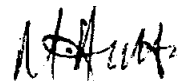
In this relation, it is also important to take note of the fact that the cost items such as Project Development Cost, Insurance during Construction, and Financing Fees were locked in PKR in the tariff determination of the project, and were not allowed exchange rate variations during the construction period. Likewise, if the then Authority had decided not to allow exchange rate variations on the onshore portion of the EPC cost, it would have been mentioned in similar language in the tariff determination of the company. It is pertinent to mention here that the onshore costs being allowed for the project are the actual expenses incurred by the company, and they have been verified by the Tariff Department, as mentioned in the report of the case. This means that no additional expenses are being allowed, but only the ones that have been incurred and verified.

### Insurance during Construction

Regarding insurance during construction, it is noted that NEPRA has prescribed a certain percentage of EPC cost to compute this cost item in the Benchmarking Guidelines. This percentage remains constant irrespective of the construction period of the projects. In other words, if the insurance is prescribed to be 0.4% of the EPC cost for renewable energy projects, the same percentage is applied to projects with various construction periods. Given the above, it may not be justified to deduct the amount due to a lesser construction period, owing to OFME or other reasons. Therefore, the insurance to the maximum cap as stated in the tariff determination has been allowed. It is important to note that the same treatment has been followed for the cost heads of Project Development Cost and Financing Fee.



(Rafique Ahmed Shaikh)  
Member



(Maqsood Anwar Khan)  
Member



(Waseem Mukhtar)  
Chairman

