



Registar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/TRF-221/APPL-2013/4871-4873
May 15, 2014

Subject: **Determination of the National Electric Power Regulatory Authority in the matter of Tariff Petition filed by ALKA Power (Pvt.) Ltd.**

Dear Sir,

Enclosed please find herewith the Decision of the Authority (03 pages) in the matter of petition filed by Alka Power (Pvt.) Ltd. for determination of EPC Stage Generation Tariff for its 1.8 MW Hydropower Project to be set up at Jhang Branch Canal, District Hafizabad, Punjab, for information.

Encl: As above

(Syed Safer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

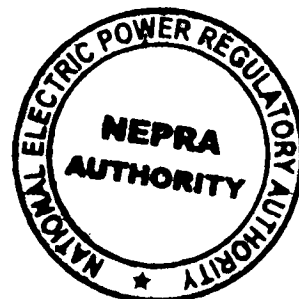
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



**DETERMINATION OF THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
IN THE MATTER OF TARIFF PETITION FILED BY
ALKA POWER (PVT.) LIMITED**

Alka Power (Pvt.) Limited (hereunder referred to as the "Petitioner") filed a Tariff Petition (hereinafter referred to as the "Petition") before the National Electric Power Regulatory Authority (hereinafter referred to as the "Authority") pursuant to Rule 3 of the NEPRA (Tariff Standards & Procedure) Rules, 1998 (hereinafter referred to as the "Tariff Rules") for determination of EPC Stage Generation Tariff for its 1.8 MW hydropower project envisaged to be set up at Fall structure RD-69, Jhang Branch Canal, District Hafizabad, Punjab. The Authority admitted the Petition on December 03, 2013 in accordance with sub-rule 3 of rule 4 of the tariff rules. Pursuant to the admission, notices of Public Hearing were published in daily newspapers on December 15, 2013 and March 23, 2014 for information & invitation to all the stakeholders for their participation in the tariff setting process either through their comments or becoming a party to the case as Interveners. Further, in accordance with sub-rule 5 of rule 4 of the Tariff Rules, the Authority served notices to the respondents and other parties, which in the opinion of the Authority were likely to be affected or interested or may be of assistance to the Authority for arriving at a just and informed determination, for filing comments, replies or communications in opposition or in support of the Petition. In accordance with section 7(5) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 the Authority also sought recommendations of the Government of Punjab on this Petition.

2. Subsequent to the publication of Notice of Public Hearing, comments were received from the National Transmission & Despatch Company Limited (NTDC) and Punjab Power and Development Board (PPDB) regarding the feasibility study, hydrological risk, financing structure, return on equity, various project capital and operational cost estimates; whereas an Intervention request was also filed by Mazhar Law Associates on behalf of M/s First IBL Modaraba (FIBLM); whereby the Intervener sought dismissal of the subject tariff petition on grounds of dispute regarding shareholding of the company between FIBLM and members of the Board of Directors of the Petitioner. The intervener requested the Authority to suspend its determination till decision of the Company Petition pending before the Honorable Lahore High Court Lahore. The submissions of the commentators and intervener have been given due consideration by the Authority.





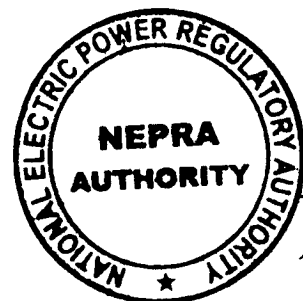
3. Summary of the key technical and financial parameters of the project, as submitted by the Petitioner is as follows:

Capacity	1.8 MW
Plant Factor	76.10 %
Net Annual Energy Generation	11.88 GWh
Debt : Equity Ratio	80 : 20
Tariff Control Period	30 Years
Proposed Levelized Tariff (1-30 Years)	Rs. 9.08/kWh

4. The Hearings were held on January 07, 2014 and April 08, 2014 at NEPRA Building, Ataturk Avenue, G-5/1, Islamabad and were attended by the Petitioner, the Intervener and other stakeholders.

5. During the hearing held on April 08, 2014 the Authority, inter alia, questioned the Petitioner regarding the origin of the Plant & Machinery required to be procured under the stipulations of its signed EPC contract. In response, the Petitioner stated that the Plant & Machinery would be of either Chinese or Local origin, to which the Authority expressed its reservations on firmness and finality of the EPC contract submitted by the Petitioner. Further, the Authority called upon the Petitioner to quote provisions in its EPC contract, according to which the contract was still legally valid; however, the Petitioner was unable to produce a convincing response to this query of the Authority during the Hearing. The Authority thereupon discontinued the hearing in view of lack of preparedness on the Petitioner's part, and advised the Petitioner to address all outstanding issues related to the execution of the project and to provide all necessary and relevant information and documents. Despite clear directions of the Authority, the Petitioner could not address the issues and also failed to provide all relevant and necessary information and documents.

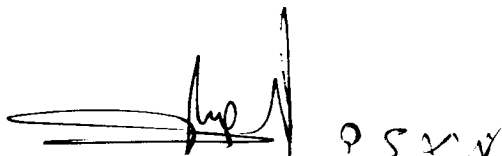
6. According to the NEPRA Tariff (Standards & Procedure) Rules, 1998, the Authority has a stipulated period of four months to decide a Petition and it cannot extend this period indefinitely due to inability of Petitioner to provide necessary information and documents. The Authority feels that extending the processing period up to the maximum allowed period may not be sufficient to address all outstanding issues of the Petition. In view of the aforementioned facts of the case the Authority




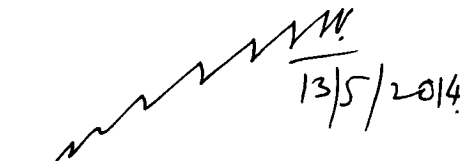


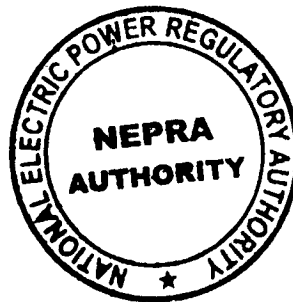
has decided to dismiss the Petition, however, the Petitioner may file fresh Petition with all necessary information and documents in the manner prescribed in law.

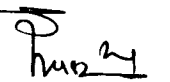
AUTHORITY


(Khawaja Muhammad Naeem)
Member


(Maj. (R) Haroon Rashid)
Member


(Habibullah Khilji)
Vice Chairman




15.04.14