

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

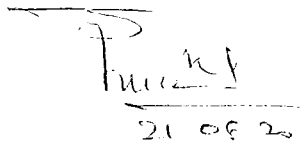
No. NEPRA/R/SA(Tariff)/TRF-457/DHPL-2018/22333-22335
August 21, 2020

Subject: Decision of the Authority in the matter of Tariff Proposal submitted by Dhadar Hydropower (Pvt.) Ltd. for 18.18 MW Hydropower Project (Case No. NEPRA/TRF-457/DHPL-2019)

Dear Sir,

Please find enclosed herewith the subject decision of the Authority (03 Pages) in the matter of Tariff Proposal submitted by Dhadar Hydropower (Pvt.) Ltd. for 18.18 MW Hydropower Project in Case No. NEPRA/TRF-457/DHPL-2019 for information.

Enclosure: As above


(Syed Safer Hussain)

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

- CC: 1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'A' Block, Pak Secretariat, Islamabad

**DECISION OF THE AUTHORITY IN THE MATTER OF TARIFF PROPOSAL
SUBMITTED BY DHADAR HYDROPOWER PRIVATE LIMITED FOR 18.18 MW
HYDROPOWER PROJECT.**

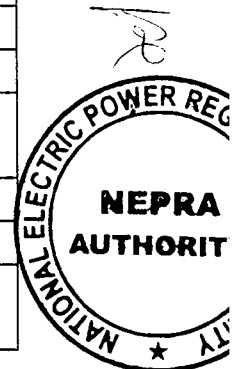
1. BACKGROUND

1.1 Dhadar Hydropower (Private) Limited (hereinafter referred to as the "Company" or DHPL), envisages to set up an 18.18 MW run-of-the-river, high head hydro power project (hereinafter referred to as the "Project") at Dhadar Nullah, near Batakundi, District Mansehra. Dhadar Nullah joins the Kunhar River near Batakundi village.

1.2 The company filed a Tariff Petition for determination of Feasibility Stage generation tariff for the Project pursuant to the National Electric Power Regulatory Authority (Tariff Standards and Procedures) Rules, 1998.

1.3 The salient features of the petition are as follows:

Project Size	18.18 MW (Gross)
Project Configuration	3 x 6.06 MW (Gross at Mean Site Conditions)
Project Site	Dhadar Nullah, District Mansehra
Interconnection	132 kV
Construction Period	36 months from Financial Close
Auxiliary Consumption	1%
Plant Factor	50.85%
Annual Generation	80.172 GWh
Feasibility-level Project Cost	USD 52.54 million
Capital Structure	80% Debt and 20% Equity
Levelized Tariff – PKR	PKR 11.4432 per kWh
Levelized Tariff - US Cents	US¢ 9.2061 per kWh



Project Cost	US\$ Million
EPC Cost	40.83
Land Cost	1.50
Development Costs	3.72
Insurance during Construction	0.41
Lender's fee and charges	1.47
Interest during Construction (IDC)	4.62
Total Project Cost	52.54

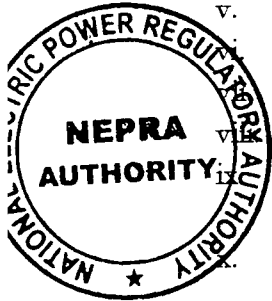
2. Proceedings:

2.1 The petition was lacking key documents such as Power Purchaser Consent, Evacuation Certificate and an approved Grid Interconnection Study, however, the Authority admitted

the Tariff Petition subject to submission of the requisite documents during the processing of the petition. In order to provide an opportunity of hearing to the Company the Authority decided to conduct a hearing in the matter, wherein issues for hearing and Notice of Admission/Hearing were published in the national newspapers on January 20, 2019.

2.2 On the basis of available record, following issues were also framed to be considered during the hearing:

- i. Whether the Plant Factor of 50.85%, annual energy of 80.172 GWh and auxiliary consumption @1% are justified?
- ii. Whether the EPC cost of US\$ 40.83 Million (US\$ 2.25 Million per MW) is justified?
- iii. Whether the Non-EPC costs are justifiable?
- iv. Whether a realistic estimate of duties and taxes has been included in the project cost?
- v. Whether the construction period of 36 months is justified?
- vi. Whether 18% IRR is justified?
- vii. Whether the O&M cost of US\$ 748,926 per annum is justified?
- viii. Whether the interconnection arrangement of the project is firm?
- ix. Whether NOCs have been obtained from the relevant Irrigation and Environmental Protection departments?
- x. Whether the Central Power Purchasing Agency (CPPA) agrees to purchase power from the project on Take or Pay basis?



3. **Hearing:**

3.1 The hearing in the matter was held on January 30, 2019 at 11:00 AM, at the NEPRA Headquarters, Islamabad, which was attended by the representatives of the Project Company, Central Power Purchasing Agency (CPPA-G) and other stakeholders.

3.2 Having considered the respective submissions of the Company and other stakeholders present in the hearing, the findings of the Authority on the subject tariff proposal are as under:-


4. **Finding of the Authority:**

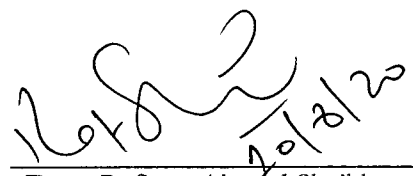
4.1 The Authority understands that the approved Grid Interconnection Study and Power Purchaser Consent are imperative in Hydropower project while considering and concluding the tariff proposal. Therefore, the Company was directed vide letter dated March 6, 2019 and December 18, 2019, to provide the requisite information but after the lapse of considerable time, the Company failed to fulfil the mandatory requirement.


4.2 The Authority is also of the considered opinion that obtaining the requisite documents first and then acquiring a valid Generation License should precede the submission of a Tariff Proposal for determination of tariff. In the instant case the Authority also learnt that, the Company has not even applied for Generation License.

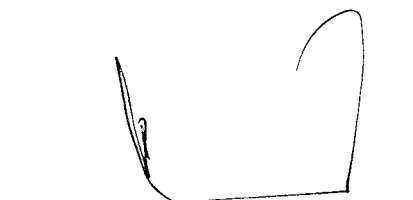
4.3 In terms of proviso to rule 16(2) of NEPRA Tariff (Standards & Procedure) Rules, 1998, in case of failure of any person to comply with directions of the Authority to provide any information or documents, the Authority may either dismiss the petition or may proceed to decide on the basis of available information. In the light of the above discussion, the Authority has decided to dismiss the petition, however, the Company may file the petition after fulfillment of deficiencies and in the manner prescribed in law.

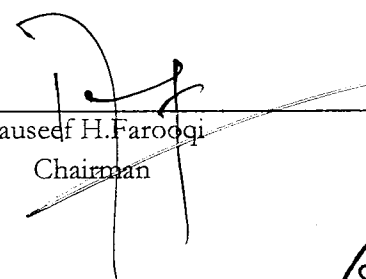
AUTHORITY


Saif Ullah Chattha
Member
5.8.2020


Engr. Rafique Ahmed Shaikh
Member
20/8/20


Rehmatullah Baloch
Member
21/8/2020


Engr. Bahadur Shah
Member


Tauseef H. Farooqi
Chairman


210820

