



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-309/KPCL-2015/ 8210-14

June 04, 2024

Subject: Decision of the Authority in the matter of Quarterly Indexation/Adjustment of the Tariff of 720 MW Karot Hydropower Project of Karot Power Company (Pvt.) Ltd. (KPCL) (Case No. NEPRA/TRF-309/KPCL-2015)

Dear Sir,

Please find enclosed herewith the Decision of the Authority along with revised tariff components at **Annex-I** (total 03 pages) regarding Quarterly Indexation/Adjustment of tariff for the quarters **January-March 2024 and April-June 2024** on account of variations in the Exchange Rate, N-CPI Local, US CPI and LIBOR in respect of Karot Power Company (Pvt.) Ltd. in Case No. NEPRA/TRF-309/KPCL-2015.

2. The Decision is being sent to the Federal Government for intimation and action, if any, by the Federal Government under Proviso (ii) of Section 31(7) of the NEPRA Act, before its notification by NEPRA pursuant to the said Proviso of Section 31(7) of NEPRA Act, 1997.

Enclosure: As above

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


(Engr. Mazhar Iqbal Ranjha)

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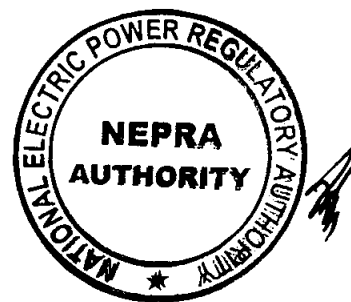
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
4. Chief Executive Officer, Karot Power Co. Pvt. Ltd., L-6, Serena Business Complex, G-5/1, Islamabad

**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY
INDEXATION/ADJUSTMENT OF THE TARIFF OF 720 MW KAROT
HYDROPOWER PROJECT OF KAROT POWER COMPANY (Pvt.) Ltd. (KPCL)**

1. Pursuant to the stipulated mechanism in the tariff determination of the Authority dated February 24, 2016, in the matter of the petition filed by KPCL for the determination of EPC Stage Generation Tariff in respect of the 720-MW Karot Hydropower Project, read with the decision of the Authority dated April 27, 2016, in the matter of the Motion for Leave for Review filed by KPCL against the above-referred tariff determination of the Authority, and the decision of the Authority dated March 10, 2021, notified via S.R.O. No. 1041(1)/2023 on August 09, 2023, regarding the change of base year from 2007-2008 to 2015-16 for the Consumer Price Index (CPI) for indexation of fixed and variable O&M (Local) components, the tariff components of KPCL are required to be indexed/adjusted.
2. According to KPCL, it achieved Commercial Operations Date (COD) on June 29, 2022, and submitted its request for a 'One Time Adjustment of Tariff at COD' on September 30, 2022, which is under process. Subsequently, KPCL, via a letter dated October 25, 2022, also submitted a request for interim indexations on tariff components computed on a reduced project cost of USD 1,562 million instead of the approved USD 1,698 million, on account of applicable variations in exchange rate, LIBOR, US CPI, and Local CPI for the period from COD till October-December 2022. Based on the reduced project cost, the relevant tariff components were revised and accordingly, the Authority, via decision dated February 09, 2023, approved the interim indexation from COD till December 2022, subject to adjustment in light of the COD decision of the Authority.
3. Subsequently, the Authority, via decisions dated May 29, 2023, August 11, 2023, and November 03, 2023, also approved KPCL's quarterly indexation requests on revised references on an interim basis till October-December 2023, subject to adjustment in light of the COD decision of the Authority.
4. However, the Authority, while considering KPCL's interim indexation requests for the January-March 2024 and April-June 2024 quarters, observed that it has not complied with the directions of the Authority communicated via letter no. NEPRA/ADG(trf)/TRF-309/KPCL-2015/22156 dated November 17, 2022, which was related to the submission of a project cost audit report as per the approved ToR.
5. Therefore, the Authority in its collective and joint wisdom decided with consensus as under; which will be hereafter called as the decision of the Authority in the matter:

***"Allowed interim indexation of tariff components i.e. O&M, Water Use Charge (WUC),
Debt Servicing components and restricted the ROE and ROEDC components***

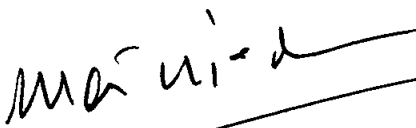
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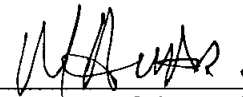
provisionally at the revised reference for the quarter Jan-Mar till Jun 2024 for ensuring the submission of the audit report and other required information by Karot HPP."

6. Hence the tariff components except ROE/ROEDC have been indexed for Jan-Mar 2024 and April-Jun 2024 quarters on account of exchange rate variation, N-CPI local, US CPI, and LIBOR. The revised tariff indicated in the attached Annex-I shall be immediately applicable.
7. The indexation allowed is on an interim basis and shall be subject to adjustments, if necessary, in the light of the final decision of the Authority with respect to KPCL's COD tariff adjustment.
8. The above referred revised tariff components attached as **Annex-I** is to be notified in the official gazette, in terms of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The power purchaser to ensure that all payments are consistent with tariff determination(s).

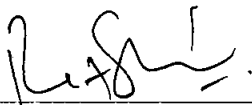
AUTHORITY



Mathar Niaz Rana (nsc)
Member



Engr. Maqsood Anwar Khan
Member



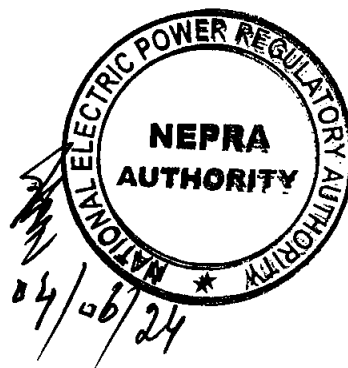
Engr. Rafique Ahmed Shaikh
Member



Amina Ahmed
Member



Waseem Mukhtar
Chairman



Karot Power Company
720 MW Karot Hydropower Project
Quarterly Indexation/Adjustment

Tariff Components	Revised Reference Tariff	Jan - Mar 2024	April-Jun 2024	Indexation
Variable Charge (Rs./kWh)				
V. O&M Local	0.1560	0.3014	0.3096	N-CPI local
V. O&M Foreign	0.0497	0.1790	0.1784	US CPI & Rs./US\$
Water Use Charge (WUC)	0.1500	0.1946	0.1946	N-CPI local
Fixed Charge (Rs./kW/Month)				
Fixed O&M Local	99.1983	191.6805	196.8748	N-CPI local
Fixed O&M Foreign	172.2791	620.3102	618.2684	US CPI & Rs./US\$
ROE	630.9966	630.9966	630.9966	Rs./ US\$
ROEDC	278.8558	278.8558	278.8558	Rs./ US\$
Loan Repayment	907.5283	2,660.5539	2,660.5539	Rs./ US\$
Interest Charge	789.6485	3,703.0996	3,703.0996	LIBOR & US\$
Sinosure	105.5500	293.3791	293.3791	Rs./ US\$
Indexation Values				Sources (Websites)
Exchange Rate	101.6	282.40	278.50	NBP
6-month LIBOR	0.36%	5.762%	5.762%	Global-rates.com or moneycafe.com
Spread on LIBOR	4.50%	4.50%	4.50%	
N-CPI Local for O&M Local	131.01	253.15	260.01	Pakistan Bureau of Statistics
N-CPI Local for Water Use Charge	175.71	227.96	227.96	Pakistan Bureau of Statistics
US CPI	237.031	307.051	310.326	US Bureau of Labor Statistics
Outstanding Loan US\$ in Million		1092.9627	1092.9627	
Capacity (MW)		712.800	712.800	

Based on the data declared by Karot Power Company (Pvt.) Limited.

The debt servicing and Sinosure components are subject to indexation biannually and the values indexed for Jan-Mar 2024 will be applicable till Jun 2024. Moreover, WUC is subject to indexation on annual basis, therefore, the reference value is indexed with applicable N-CPI.

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