



Registrar

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.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/R/ADG(Trf)/TRF-309/KPCL-2015/ 17640-44

November 19, 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.**

Dear Sir,

Please find enclosed herewith the Decision of the Authority along with **Annex-I** (total 03 pages) regarding Quarterly Indexation/Adjustment of tariff for the quarter **October-December 2024** 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 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**


(Wasim Anwar Bhinder)

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

Copy to:

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
OFF THE TARIFF OF 720MW KAROT POWER COMPANY (PVT.) LTD.**

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 Motion for Leave for Review and the decision of the Authority dated March 10, 2021, regarding the change of base year from 2007-2008 to 2015-16 for the Consumer Price Index (CPI), 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, vide 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, vide 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, vide decisions dated May 29, 2023, August 11, 2023, November 03, 2023, June 04, 2024 and September 10, 2024, also approved KPCL's quarterly interim indexation requests on revised references on an interim basis till July-September, 2024, subject to adjustment in light of the COD decision of the Authority.

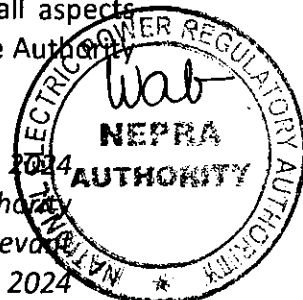
4. However, the Authority, while considering KPCL's interim indexation requests for the January - March 2024, April - June 2024 and July - September 2024 quarters, observed that it has not complied with the directions of the Authority communicated vide letter no. NEPRA/ADG(trf)/TRF-309/KPCL-2015/22156 dated November 17, 2022, which was related to the submission of a project cost audit report as per the approved ToR and other documentary evidence related to COD tariff adjustment. The Authority therefore decided to allow the indexation of tariff components while restricting ROE/ROEDC components on reference till December 31, 2024.

5. Therefore, the Authority in its collective and joint wisdom considering all aspects decided with consensus as under; which will be hereafter called as decision of the Authority in the matter:

"Allowed interim indexation of tariff components for the period of Oct-Dec 2024 while restricting ROE and ROEDC on revised reference components. The Authority further directs KPCL to submit the audit report on the project cost and other relevant documentary evidence pertaining to COD tariff adjustment till December 31, 2024 failing which the matter will be decided based on available information."

6. The revised tariff components attached as **Annex-I** are to be notified in the official gazette, in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

Ad Math





7. CPPA (G) to ensure that all payments are consistent with tariff determination(s).

AUTHORITY

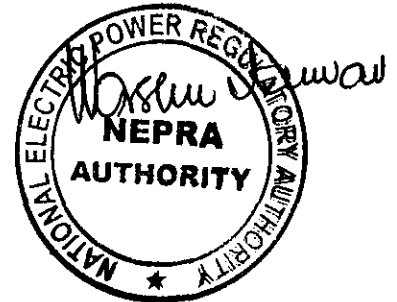
Mathar Niaz Rana (nsc)
Member

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	Revised Reference Tariff	Oct - Dec 2024	Indexation
Variable Charge (Rs./kWh)				
V. O&M Local	0.1161	0.1560	0.3123	N-CPI local
V. O&M Foreign	0.0497	0.0497	0.1806	US CPI & Rs./US\$
Water Use Charge (WUC)	0.1500	0.1500	0.2175	N-CPI local
Fixed Charge (Rs./kW/Month)				
Fixed O&M Local	73.8339	99.1983	198.6238	N-CPI local
Fixed O&M Foreign	172.2791	172.2791	626.1607	US CPI & Rs./US\$
ROE	630.9966	630.9966	630.9966	Rs./ US\$
ROEDC	278.8558	278.8558	278.8558	Rs./ US\$
Loan Repayment	957.1964	1,009.5828	2,770.3907	Rs./ US\$
Interest Charge	739.9803	687.5939	3,515.6337	LIBOR & US\$
Sinosure		98.0776	269.1343	Rs./ US\$
Indexation Values			Sources (Websites)	
Exchange Rate	101.60	101.60	278.05	NBP
6-month LIBOR	0.36%	0.36%	5.76%	Global-rates.com or moneycafe.com
Spread on LIBOR	4.50%	4.50%	4.50%	Tariff Determination
N-CPI Local for O&M Local	131.01	131.01	262.32	Pakistan Bureau of Statistics
N-CPI Local for Water Use Charge	175.71	175.71	254.78	Pakistan Bureau of Statistics
US CPI	237.03	237.03	314.796	US Bureau of Labor Statistics
Outstanding Loan US\$ in Million			1,051.03	Tariff Determination
Capacity (MW)	712.80	712.80	712.80	

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 July-Sep 2024 will be applicable till Dec 2024. Moreover, WUC is subject to indexation on annual basis, therefore, the reference value is indexed with applicable N-CPI.

S. J. Malik

