



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-309/KPCL-2015/ **15668-72**

September 23, 2025

Subject: **Decision of the Authority in the matter of Quarterly Indexation/Adjustment due to LIBOR to SOFR transition alongwith ROE and ROEDC Components of tariff of Karot Hydropower Project**

Dear Sir,

Please find enclosed herewith the Decision of the Authority alongwith **Annex-I** (total 03 pages) regarding Quarterly Indexation/Adjustment due to LIBOR to SOFR transition along with ROE and ROEDC Components of tariff of Karot Hydropower Project 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**

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

(Wasim Anwar Bhinder)

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 DUE TO LIBOR TO SOFR TRANSITION ALONG
WITH ROE AND ROEDC COMPONENTS OF TARIFF OF KAROT
HYDROPOWER PROJECT**

1. Pursuant to the stipulated mechanism in the tariff determination of the Authority dated February 24, 2016, in the matter of Karot Power Company Pvt. Ltd (KPCL) for EPC Stage Generation Tariff in respect of the 720-MW Hydropower Project, decision of the Authority dated February 09, 2022 for Quarterly Indexation and the decisions of the Authority dated December 05, 2024 and December 13, 2024 regarding the transition from London Interbank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR) with effect from July 01, 2023 notified vide SRO 73(1)2025 dated January 28, 2025 in the official Gazette, the Interest component of KPCL is required to be indexed/adjusted.

2. KPCL was required to submit the Audit report with its COD true-up petition in compliance to Authority's letter dated November 17, 2022. Due to non-compliance with the Authority's direction, the Authority restricted the indexation of ROE & ROEDC components on revised reference from Jan-Mar 2024 till Dec 2024. After the KPCL's compliance, the Authority vide decision dated May 27, 2025 notified vide SRO 23rd June, 2025 allowed the indexation of Return on Equity (ROE) and Return on Equity During Construction (ROEDC) for the requested period from Jan-Mar 2025 and onwards provisionally. Now, pursuant to the above decisions of the Authority, KPCL has requested for the revision of interest component based on SOFR values from Jan 2024 to December 2024 (instead of July 2023 to December 2024) along with the indexation of the ROE and ROEDC of the restricted period from Jan 2024 to Dec 2024.

3. The Authority in its collective and joint wisdom decided with consensus as under; which will be hereafter called as decision of the Authority in the matter.

"Interest component has been revised on account of SOFR variation from July 2023 to Dec 2024 in accordance with the requisite indexation/adjustment mechanism stipulated in the decision of the Authority dated 5th & 13th December 2024. Further the ROE and ROEDC components of restricted period (Jan-Dec 2024) have also been indexed. The revised tariff components are adjusted on provisional basis subject to adjustments in the light of the COD decision and are indicated at Annex-I which shall be immediately applicable."

4. The instant decision shall supersede the relevant decisions of the Authority dated Aug 11, 2023, Nov 03, 2023 to the extent of Interest Component (Foreign) and dated Jun 04, 2024, Sep 10, 2024 and Nov 19, 2024 to the extent of Interest (Foreign), ROE and ROEDC components only.

5. The adjusted/indexed tariff attached as **Annex-I** is 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.

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6. CPPA-G to ensure that all the payments are consistent with tariff determination.

AUTHORITY

(Rafique Ahmed Shaikh)
Member

(Amina Ahmed)
Member

(Engr. Maqsood Anwar Khan)
Member

(Waseem Mukhtar)
Chairman



Karot Power Company
720 MW Karot Hydropower Project

Tariff Components	Revised Reference Tariff	Jul - Sep 2023	Oct - Dec 2023	Jan - Mar 2024	April-Jun 2024	Jul - Sep 2024	Oct - Dec 2024	Indexation
ROE	630.9966	N/A	N/A	1,753.8724	1,729.6511	1,731.5143	1,726.8563	Rs./ US\$
ROEDC	278.8558	N/A	N/A	775.0873	764.3832	765.2066	763.1481	Rs./ US\$
Interest Charge(Term SOFR+Daily SOFR)	789.6485	3,835.5219	3,835.5219	3,655.1587	3,655.1587	3,496.1703	3,496.1703	SOFR & US\$
Indexation Values								Sources (Websites)
Exchange Rate	101.60	287.10	289.10	282.40	278.50	278.80	278.05	NBP
Term SOFR 6 Month+CAS of 0.42826%	0.36%	5.81890%	5.81890%	5.58598%	5.58598%	5.68297%	5.68297%	cmegroup.com
Daily SOFR+CAS of 0.42826%		5.1580%	5.1580%	5.7056%	5.7056%	5.7449%	5.7449%	cmegroup.com
Spread	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	Tariff Determination
Outstanding Loan US\$ in Million (CEXIM+SFR+IFC)		721.822365	721.8224	695.8286	695.8286	669.1329	669.13	As per KPCL
Outstanding Loan US\$ in Million (CDB)		411.97	411.97	397.13	397.13	381.90	381.90	As per KPCL
Total Loan US\$ Million (CDB)+(CEXIM+SFR+IFC)		1133.7921	1133.7921	1092.9627	1092.9627	1,051.03	1,051.03	Tariff Determination
Capacity (MW) Net	712.8	712.8	712.80	712.80	712.80	712.80	712.80	Tariff Determination

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

The interest component is subject to indexation biannually and for outstanding loan of CEXIM, SFT & IFC 6 months term SOFR whereas for China Development Bank (CDB), Daily Simple SOFR has been applied.

The above indexations are on provisional basis and shall be subject to adjustment in light of COD adjustment decision of the Authority.

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