



# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

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**Registrar**

No. NEPRA/R/ADG(Trf)/TRF-309/KPCL-2015/ 7182-86

May 27, 2025

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 alongwith **Annex-I** (total 03 pages) regarding Quarterly Indexation/Adjustment of tariff for **January-March 2025 & April-June 2025** Quarters on account of N-CPI local, US CPI, SOFR and Exchange Rate variation 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**

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 OF 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 Karot Power Company Pvt. Ltd (KPCL) for the determination of EPC Stage Generation Tariff in respect of the 720-MW Karot Hydropower Project, decision of the Authority dated April 27, 2016, in the matter of Motion for Leave for Review, 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) 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 for generation IPPs which is notified vide SRO 73(1)12025 dated January 28, 2025 in the official Gazette, 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. Similarly the indexation requests for the subsequent periods upto December 2023 were also provisionally approved.

3. However, 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. KPCL has now complied with the Authority's direction.

4. Thus 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 Jan - Mar 2025 & Apr - June 2025 quarters provisionally on account of exchange rate variation, N-CPI local, US CPI and SOFR. The revised tariff indicated in the attached Annex-I shall be immediately applicable. The company is further directed to submit the debt servicing adjustment request as per the applicability of the Authority decision regarding the transition from LIBOR to SOFR from July 01, 2023 to December 31, 2024, immediately.*

5. The indexation allowed shall be subject to adjustment in the light of the final decision of the Authority w.r.t KPCL's COD tariff adjustment.

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.

*sd 7*





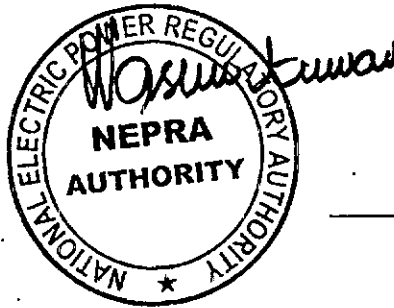
7. CPPA (G) to ensure that all payments are consistent with tariff determination(s).

AUTHORITY

Engr. Rafique Ahmed Shaikh  
Member

Amina Ahmed  
Member

Engr. Maqsood Anwar Khan  
Member



Waseem Mukhtar  
Chairman

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

Tariff Components	Revised Reference Tariff	Jan-Mar 2025	Apr-June 2025	Indexation
<b>Variable Charge (Rs./kWh)</b>				
V. O&M Local	0.1560	0.3160	0.3142	N-CPI local
V. O&M Foreign	0.0497	0.1816	0.1848	US CPI & Rs./US\$
Water Use Charge (WUC)	0.1500	0.2175	0.2175	N-CPI local
<b>Fixed Charge (Rs./kW/Month)</b>				
Fixed O&M Local	99.1983	201.0014	199.8581	N-CPI local
Fixed O&M Foreign	172.2791	629.3527	640.5067	US CPI & Rs./US\$
ROE	630.9966	1,731.8248	1,742.6933	Rs./ US\$
ROEDC	278.8558	765.3438	770.1469	Rs./ US\$
Loan Repayment	1,064.8363	2,922.5354	2,922.5354	Rs./ US\$
Interest Charge(Term SOFR+Daily SOFR)	632.3405	3,102.2273	3,102.2273	SOFR & US\$
Sinosure	90.1963	247.5517	247.5517	Rs./ US\$
<b>Indexation Values</b>				<b>Sources (Websites)</b>
Exchange Rate	101.60	278.85	280.60	NBP
Term SOFR 6 Month+CAS of 0.42826%	0.36%	4.25%	4.25%	cmegroup.com
Daily SOFR+CAS of 0.42826%		4.97%	4.97%	cmegroup.com
Spread	4.50%	4.50%	4.50%	Tariff Determination
N-CPI Local for O&M Local	131.01	265.46	263.95	Pakistan Bureau of Statistics
N-CPI Local for Water Use Charge	175.71	254.78	254.78	Pakistan Bureau of Statistics
US CPI	237.03	315.49	319.08	US Bureau of Labor Statistics
Outstanding Loan US\$ in Million (CDB)		641.72	641.72	Tariff Determination
Outstanding Loan US\$ in Million (CEXIM+SFR+IFC)		366.25	366.25	As per KPCL
Total Loan US\$ Million (CDB)+(CEXIM+SFR+IFC)		1007.97	1007.97	As per KPCL
Capacity (MW) Net	712.80	712.80	712.80	Tariff Determination

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

The debt servicing and Sinosure components are subject to indexation biannually and are indexed till June 2025. Moreover, for outstanding loan of China Development Bank (CDB), 6 term SOFR, whereas for CEXIM, SFT & IFC Daily SOFR has been applied.

WUC is subject to indexation on annual basis, therefore, the reference value is indexed with applicable N-CPI and will remain applicable till Jun 2025.

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

