



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.

Tel: +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-2015/19391-95

November 10, 2025

Subject: **Decision of the Authority in the matter of Quarterly Indexation/Adjustment of the Tariff of 720 MW 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 **October - December 2025** quarter on account of N-CPI local, US CPI, and SOFR 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, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
2. Mr. Shehriyar Abbasi, Deputy Secretary, Cabinet Division, Cabinet 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 period's 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 2024 to Dec 2024. However, after the KPCL's compliance with the Authority's direction, indexation on all the tariff components were allowed from January 2025 onwards. KPCL's has now requested interim indexation for the October - December 2025 period.

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 October - December 2025 quarter 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."

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.

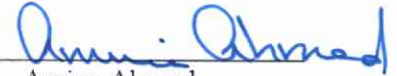


6. The revised tariff components attached as **Annex-I** are to be notified in the official gazette, in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.
7. CPPA (G) to ensure that all payments are consistent with 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	Oct - Dec 2025	Indexation
Variable Charge (Rs./kWh)			
V. O&M Local	0.1560	0.3216	N-CPI local
V. O&M Foreign	0.0497	0.1884	US CPI & Rs./US\$
Water Use Charge (WUC)	0.1500	0.2250	N-CPI local
Fixed Charge (Rs./kW/Month)			
Fixed O&M Local	99.1983	204.5753	N-CPI local
Fixed O&M Foreign	172.2791	652.9959	US CPI & Rs./US\$
ROE	630.9966	1,749.8355	Rs./ US\$
ROEDC	278.8558	773.3032	Rs./ US\$
Loan Repayment	1,064.8363	2,977.5590	Rs./ US\$
Interest Charge(Term SOFR+Daily SOFR)	632.3405	2,925.8282	SOFR & US\$
Sinosure	90.1963	252.2124	Rs./ US\$
Indexation Values			Sources (Websites)
Exchange Rate	101.60	281.75	NBP
Term SOFR 6 Month+CAS of 0.42826%	0.36%	4.1466%	cmegroup.com
Daily SOFR+CAS of 0.42826%	0.36%	4.3271%	cmegroup.com
Spread	4.50%	4.5%	Tariff Determination
N-CPI Local for O&M Local	131.01	270.18	Pakistan Bureau of Statistics
N-CPI Local for Water Use Charge	175.71	270.18	Pakistan Bureau of Statistics
US CPI	237.03	323.98	US Bureau of Labor Statistics
Outstanding Loan US\$ in Million (CDB)		350.18	Tariff Determination
Outstanding Loan US\$ in Million (CEXIM+SFR+IFC)		613.56	As per KPCL
Total Loan US\$ Million (CDB)+(CEXIM+SFR+IFC)		963.74	As per KPCL
Capacity (MW) Net	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 December 2025. Moreover, for outstanding loan of China Development Bank (CDB), Daily Simple SOFR, whereas for CEXIM, SFT & IFC 6 months term SOFR has been applied.

As per KPCL the project achieved COD on June 29, 2022 and WUC is subject to indexation on annual basis, therefore, the reference value is indexed w.e.f July 2025 with applicable N-CPI and will remain applicable till Jun 2026.

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

A

3/3

