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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-556/CHP-2021/ 8255-59

June 05, 2024

Subject: **Decision of the Authority in the matter of Quarterly Indexation of the relevant Reference Tariff Components of Chianwali Hydropower Project of Punjab Power Development Company Limited**

Dear Sir,

Please find enclosed herewith the Decision of the Authority along with revised tariff components at **Annex-I** (total 03 pages) regarding the Quarterly Indexation of the Chianwali Hydropower Project of Punjab Power Development Company Limited for the Quarters **July-September 2023 to April-June 2024** on account of US CPI, N-CPI (Local), Exchange Rate (PKR/USD/JPY) and LIBOR variations in Case No. NEPRA/TRF-556/CHP-2021.

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**

(Engr. Mazhar Iqbal Ranjha)

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, Punjab Power Development Company Limited, Old Anarkali, 2nd Floor, Central Design Building, Irrigation Secretariat, Lahore

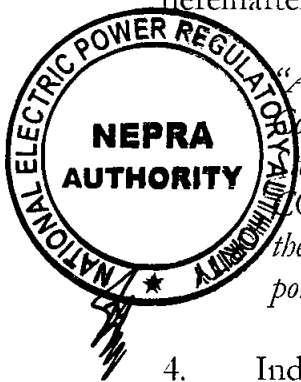


**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY
INDEXATION OF THE RELEVANT REFERENCE TARIFF
COMPONENTS OF CHIANWALI HYDROPOWER PROJECT OF
PUNJAB POWER DEVELOPMENT COMPANY LIMITED**

1. Pursuant to the Authority's decision dated April 11, 2022 in the matter of Tariff petition filed by Punjab Power Development Company Limited (hereinafter referred as "PPDCL") for 5.38 MW Chianwali Hydropower Project and the decision of the Authority dated March 10, 2021 notified vide S.R.O. No, 1041(1)/2023 on August 09, 2023 in the matter of change of base year 2007-2008 to base year 2015-16 for Consumer Price Index (CPI) for indexation of fixed and variable O&M (Local) components, the relevant tariff components are required to be adjusted on account of US CPI, N-CPI, Exchange Rate and LIBOR Yen variation.

2. PPDCL vide letter dated December 19, 2023 informed that it has achieved Commercial Operations Date (COD) on September 21, 2023, and has accordingly submitted a COD tariff adjustment application to the Authority wherein they also requested for an interim relief by the Authority. Subsequently vide letter dated 19th December 2023 PPDCL also requested the Authority to allow indexation of Tariff components for the period from COD till the announcement of COD tariff by the Authority. PPDCL on April 19, 2024 also requested to index the tariff till the Quarter April-June 2024

3. The Authority considered the request of PPDCL and in its collective and joint wisdom considering all aspects decided with consensus as under, which will be hereinafter referred to as the decision of the Authority in the matter;



"Acceded to the request of Chianwali Hydropower Project by Punjab Power Development Company Limited and granted interim relief under Rule 4(7) of the NEPRA Tariff Standard and Procedure Rules 1998 by allowing indexation of Tariff Components from COD date and shall be subject to adjustments if necessary, in the light of the final decision of the Authority in COD tariff. Further, the Water Use Charges (WUC) shall be paid to the power producer upon production of payment evidence to the power purchaser"

4. Indexations/adjustments for the quarters July –Sept 2023 to April-June 2024 have been made in the tariff components on a provisional basis on account of US CPI, N-CPI (Local), exchange rate (PKR/USD/JPY) and LIBOR variations in accordance with the requisite indexation/adjustment mechanism stipulated in the decision(s) of the Authority and shall be subject to adjustments if necessary, in the light of the final decision of the Authority in COD tariff.

5. 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.

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6. Power Purchaser to ensure that all the payments are consistent with tariff determination.

AUTHORITY

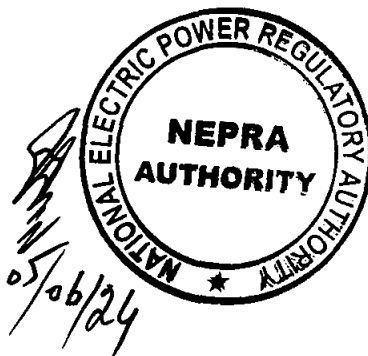
Mathar Niaz Rana (nsc)
Member

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed
Member

Waseem Mukhtar
Chairman



PUNJAB POWER DEVELOPMENT COMPANY LIMITED (PPDCL)
CHIANWALI HYDROPOWER PROJECT
INTERIM INDEXATIONS

Tariff Components	Reference Tariff Mar 10, 2021 & Apr 11, 2022	Indexed Tariff Jul-Sept 2023	Indexed Tariff Oct-Dec 2023	Indexed Tariff Jan-Mar 2024	Indexed Tariff Apr-Jun 2024	Indexations
Variable O&M-Local (Rs./kWh)	0.5751	1.0007	1.0503	1.1112	1.1414	N-CPI Local
Fixed O&M - Local (Rs./kWh)	1.3804	2.4019	2.5211	2.6673	2.7396	N-CPI Local
Fixed O&M - Foreign (Rs./kWh)	0.2557	0.9185	0.9337	0.9121	0.9091	US CPI & Rs./US\$
Return on Equity (Rs./kWh)	3.0298	3.0298	3.0298	3.0298	3.0298	NIL
ROEDC (Rs./kWh)	0.9392	0.9392	0.9392	0.9392	0.9392	NIL
Debt Service (Rs./kWh)	4.1524	9.0003	9.0003	8.9843	8.9843	JPY/PKR & LIBOR
Indexation Values						Sources
Exchange Rate (US\$/PKR)	102.93	287.10	289.10	282.40	278.50	NBP
Exchange Rate (JPY/PKR)	0.9033	2.0013	2.0013	1.9967	1.9967	NBP
N-CPI Local Base Yr. 2015-16	131.01	227.96	239.27	253.15	260.01	Pakistan Bureau of Statistics
US CPI	236.15	304.13	307.03	307.05	310.33	US Bureau of Labor Statistics
6 Month Yen LIBOR	0.1890%	0.07165%	0.07165%	0.07165%	0.07165%	Global-rates.com
Capacity MW	5.38	5.38	5.38	5.38	5.38	Tariff Determination April 11, 2022
Outstanding Loan USD Mln	21.26	21.26	21.26	20.77	20.77	Tariff Determination April 11, 2022
Tariff Component	Reference Tariff Mar Apr 11, 2022	Tariff Sep 21, 2023 to Sep 20, 2024			Indexations	
Water Use Charge* (Rs./kWh)	0.15000	0.1500			N-CPI Local	
Indexation Values					Source	
N-CPI Local Base Yr. 2015-16	131.01	131.01			Pak Bureau of Statistics	

Based on the information provided by PPDCL.

*Water Use Charge (WUC) is subject to indexation on annual basis. According to PPDCL, Chianwali hydropower project achieved COD on Sept 21, 2023, thus the same will remain applicable till Sept 20, 2024. Moreover, WUC shall be paid to the power producer upon production of payment evidence to the power purchaser.

The above indexations are on provisional basis and shall be subject to indexation in the light of Authority's COD Decision.

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