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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Tariff)/TRF-81/SHYDO-2007/30810-30812

June 30, 2021

Subject: Decision of the Authority in the matter of Quarterly Indexation / Adjustment of Tariff for Malakand-III Hydropower Project of Pakhtunkhwa Energy Development Organization (PEDO) Case No. NEPRA/TRF-81/SHYDO-2007

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with revised tariff components (Annex-I) (02 pages) regarding quarterly indexation/adjustment of tariff for Malakand-III Hydropower Project of Pakhtunkhwa Energy Development Organization's Malakand-III (PEDO) for three quarters w.e.f. October 1, 2020 – June 30, 2021 on account of US CPI, CPI (Local), US\$/PKR Exchange Rate variation in Case No. NEPRA/TRF-81/SHYDO-2007.

2. The decision is being intimated to the Federal Government for the purpose of notification of adjustment in the approved tariff through the official Gazette pursuant to Section 31 (7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. Revised tariff components to be notified in the official Gazette are attached as Annex-I.

Enclosure: As above


(Syed Safeer Hussain)

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

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY
INDEXATION/ADJUSTMENT OF TARIFF FOR MALAKAND-III POWER PROJECT**

Pursuant to the Authority's Determination in case No. NEPRA/TRF-81/SHYDO-2007 dated 2nd April 2008 and subsequent corrigendum/addendum dated 12th June 2008 notified vide SRO 643(1)/2008 dated 18th June 2008 and the Decision of the Authority dated 27th September 2010 notified vide SRO 1117(1)/2010 dated December 09, 2010 in the matter of adjustment at commercial operation date, the tariff component for the quarter w.e.f Oct 1, 2020 to June 30, 2021 (Three quarters) has been revised on account of US CPI, CPI (Local), US\$/PKR exchange rate variation in accordance with the requisite indexation/adjustment mechanism stipulated in the aforementioned determination/decision of the Authority as indicated in Annex-I

2. 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.

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

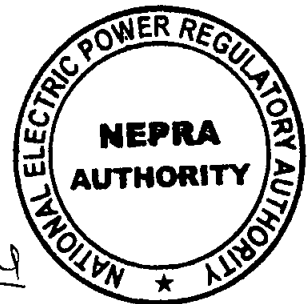
AUTHORITY

Rehmatullah Baloch
Member

Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Tauseef H. Farooqi
Chairman



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Malakand-III Hydro Power Project**Adjustment on Account of Quarterly Indexation**

Tariff Components	Reference	w.e.f Oct 01, 2020	w.e.f Nov 01- Dec 31 2020	w.e.f Jan 01- Mar 30 2021	w.e.f April 01- June 30 2021
	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh	Rs/kWh
Fixed Charges					
Fixed O&M Local	0.1218	0.2120	0.2120	0.2120	0.2120
Fixed O&M Foreign	0.2169	0.7499	0.7499	0.7255	0.7005
ROE	1.0651	2.1746	2.1746	2.1014	2.0074
ROEDC	0.8938	1.8249	1.8249	1.7635	1.6845
Variable Charges					
Variable O&M (foreign)	0.1000	0.3457	0.3457	0.3345	0.3229
Water Use Charge*	0.2167	0.3209	0.3771	0.3771	0.3771
Total Tariff	2.6143	5.6281	5.6843	5.5141	5.3044
Indexation Values					
US(CPI)	208.490	259.918	259.918	260.229	263.014
CPI (General) - Local	154.720	269.270	269.270	269.270	269.270
Rs/US\$ For O&M	60.000	166.400	166.400	160.800	153.600
Rs/US\$ For Equity	81.500	166.400	166.400	160.800	153.600

*Water Usage is subject to adjustment annually with CPI (General)-Local from date of COD. Since Malakand-III commenced its COD in the month of November, accordingly Water Usage Charge has been indexed in Nov, 2020 and the same shall be applicable till Oct 31, 2021.

For the purpose of indexation of Local O&M and WUC components w.e. from October 2020 to June 30, 2021 (three quarters) CPI of the September and December 2020 and March 2021 were required to be used. However, Pakistan Bureau of Statistics has discontinued the publication of CPI for base year 2007-08 w.e.f. July 2020 and replaced it with National CPI for new base year 2015-16. As per relevant provision of the PPA, the latest available CPIs of June 2020 for base year 2007-08 has been used for the instant indexation/adjustment. The indexation of Local O&M and WUC components are being made on provisional basis, subject to revision upon decision of new reference index value by the Authority.

The Authority wide its decision dated March 10, 2021 replaced CPI Base Year 2007-08 with N-CPI Base Year 2015-16. The decision shall be implemented upon Notification in the Official Gazette.

