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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/DG(Tariff)/TRF-81/SHYDO-2007/ 8824-28

April 12, 2023

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) (total 02 Pages) regarding quarterly indexation/adjustment of tariff for Malakand-III Hydropower Project of Pakhtunkhwa Energy Development Organization's Malakand-III (PEDO) for the quarter w.e.f. January 1, 2023 to March 31, 2023 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 sent to the Federal Government for intimation and action, if any, by the Federal Government under Proviso (ii) of Section 31(7) of 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

CC:

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, Pakhtunkhwa Energy Development Organization (PEDO) Government of Khyber Pakhtunkhwa, 221-PEDO House, Plot # 38, Sector B/2, Phase-V, Hayatabad, Peshawar Ph: 091-9217446



**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 components for the quarter w.e.f 1st January, 2023 to 31st March 2023 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.

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

Amina Ahmed
Member

Mathar Niaz Rana (nsc)
Member

Engr. Rafique Ahmed Shaikh
Member

Engr. Maqsood Anwar Khan
Member

Tauseef H. Farooqi
Chairman

12/09/23



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

Tariff Components	Reference	w.e.f Jan 01- Mar 31 2023	Indexation
	Rs/kWh	Rs/kWh	
Fixed Charges			
Fixed O&M Local**	0.1218	0.2120	Local CPI
Fixed O&M Foreign	0.2169	1.1713	Rs./ US\$ & US CPI
ROE	1.0651	2.9653	Rs./ US\$
ROEDC	0.8938	2.4884	Rs./ US\$
Variable Charges			
Variable O&M (foreign)	0.1000	0.5400	Rs./ US\$ & US CPI
Water Use Charge**	0.2167	0.3771	Local CPI
Total Tariff	2.6143	7.7540	
Indexation Values			
US(CPI)	208.490	297.7110	US Bureau of Labor Statistics
CPI (General) - Local	154.720	269.2700	Pakistan Bureau of Statistics
Rs/US\$ For O&M	60.000	226.9000	NBP
Rs/US\$ For Equity	81.500	226.9000	NBP
<p>**For the purpose of indexation of Local O&M component w.e.f Jan 01, 2023 to Mar 31, 2023 CPI of November 2022 is required to be used. Similarly Water Usage Charge (WUC) 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 WUC is required to be indexed w-e-f Nov, 2022. 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 CPI of June 2020 for base year 2007-08 has been used for the instant indexation/adjustment. The indexation of Local O&M and WUC are being made on provisional basis, subject to revision upon decision of new reference index value by the Authority.</p> <p>***The Authority vide 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.</p>			

