



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-172/SHPL-2011/1534-1536
February 1, 2023

Subject: **Decision of the Authority in the matter of Adjustment in the Insurance Component for the 147 MW Patrind Hydropower Project (Star Hydro Power Ltd.) (Case No. NEPRA/TRF-172/SHPL-2011)**

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with (Annex-I) (02 pages) regarding adjustment in insurance component of the 147 MW Patrind Hydropower Project of Star Hydro Power Ltd. for the period November 8, 2018 – November 7, 2019, November 8, 2019 – November 7, 2020, November 8, 2020 – November 7, 2021 and November 8, 2021 – November 7, 2022 in Case No. NEPRA/TRF-172/SHPL-2011.

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

3. The revised Tariff Components attached as Annex-I is to be notified in the official Gazette.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

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

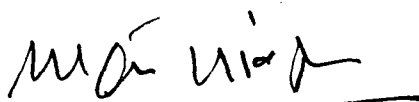
CC:

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

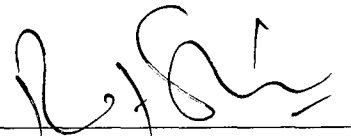
DECISION OF THE AUTHORITY IN THE MATTER OF ADJUSTMENT IN THE INSURANCE COMPONENT FOR THE 147 MW PATRIND HYDROPOWER PROJECT (STAR HYDRO LIMITED)

1. Pursuant to the Authority's Determination in case No.NEPA/R/SA(Tariff)TRF-172/SHPL-2011/19480-19482 dated July 29, 2020, notified vide S.R.O. 962/(I)/2021 dated July 29, 2021, in the matter of adjustment at commercial operation date, the insurance component is required to be adjusted annually as per actual incurred prudent costs, subject to a maximum of 1.35% of the EPC cost, on annual basis upon production of authentic documentary evidence.
2. CPPA (G) forwarded the request of SHPL for indexation of insurance components on annual basis for 04 years falling in the period starting from November 08, 2018, to November 07, 2022.
3. Normally the IPPs submit annual insurance adjustment for each operational year, however, after the COD adjustment tariff adjustment, the IPPs submits annual insurance adjustment request for more than one year due to the reason that COD tariff adjustments decision approval from the Authority is a time taking process. Similarly, SHPL submitted the annual insurance adjustment request after its COD decision for four years. (For Nov 08, 2018-November 07, 2019, November 08, 2019 – November 07, 2020, November 08, 2020 – November 07, 2021, and November 08, 2021 –November 07, 2022).
4. The submitted documents regarding the annual insurance adjustment were reviewed and it was found that SHPL has also claimed the sales tax @ 16% on the insurance premiums as a pass-through for all four years. The sales tax is an adjustable tax and shall be reimbursable by the entity imposing it and the same has not been allowed by the Authority for any IPPs during the operational phase, therefore, the same has been excluded.
5. It was also noted that the marine Hull insurance has been claimed by SHPL as part of operational insurance without any details of the items. According to the scheduled 8 part II (operational period), the scope of the operation period insurance does not include Marine Hull insurance, therefore the same has also been excluded. After excluding the sales tax and Marine Hull insurance, the following components have been revised.
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).

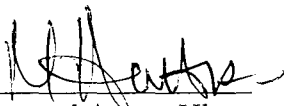
Authority



Mathar Niaz Rana (nsc)
Member



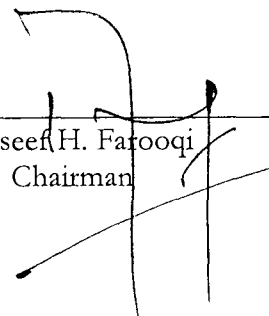
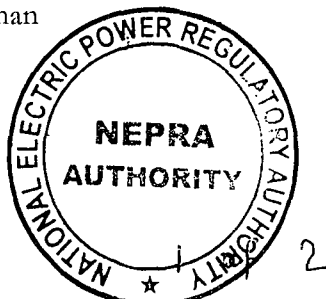
Engr. Rafique Ahmed Shaikh
Member



Engr. Maqsood Anwar Khan
Member



01/02/23



Tauseef H. Farooqi
Chairman

Star Hydropower Limited
Schedule of Adjustment of Insurance Components

Period	Revised Insurance Premium	Revised Insurance Component	Revised Insurance Premium as %age of EPC	Applicable Exchange Rate. Rs./US\$
	Rs.	Rs./kW/M		
Nov 8, 2018 - Nov 7, 2019	329,232,079	186.64	0.92%	138.87
Nov 8, 2019 - Nov 7, 2020	409,159,112	231.95	1.02%	155.28
Nov 8, 2020 - Nov 7, 2021	440,774,501	249.87	1.07%	159.26
Nov 8, 2021 - Nov 7, 2022	520,666,801	295.16	1.14%	176.90

