



**National Electric Power Regulatory Authority**  
**Islamic Republic of Pakistan**

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No. NEPRA/TRF-258/AEPL-2014/1569-1571  
January 30, 2018

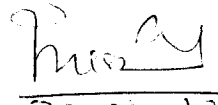
Subject: **Decision of the Authority in the matter of Reconsideration Request under Section 31(4) of NEPRA Act, 1997 filed by the Federal Government regarding Upfront Tariff for Access Electric (Pvt.) Ltd. [Case No. NEPRA/TRF-258/AEPL-2014]**

Enclosed please find herewith the subject Decision of the Authority along with Annex-I and Annex-II (16 pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

3. Order of the Authority along with Annex-I and Annex-II is to be notified in the Official Gazette.

Encl: As above

  
30 01 18  
( Syed Safeer Hussain )

Secretary  
Ministry of Energy  
'A' Block, Pak Secretariat  
Government of Pakistan  
Islamabad

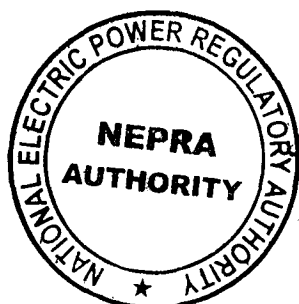
CC:

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 RECONSIDERATION REQUEST**  
**U/S 31(4) OF NEPRA ACT, 1997 FILED BY THE FEDERAL GOVERNMENT REGARDING**  
**UPFRONT TARIFF FOR ACCESS ELECTRIC (PVT.) LIMITED**

**Background**

1. Pursuant to section 7(3)(a) of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (NEPRA Act) read with NEPRA Upfront Tariff (Approval & Procedure) Regulations 2011 (Upfront Tariff Regulations), the National Electric Power Regulatory Authority (NEPRA) had determined upfront tariff (1<sup>st</sup> upfront tariff) for solar power plants on January 21, 2014 and was intimated to the Federal Government for notification in the official gazette in terms of section 31(4) of the NEPRA Act and the same was notified in the official Gazette on March 05, 2014. One of the conditions in 1<sup>st</sup> upfront tariff was that the projects desired to opt the same shall achieve financial close by December 31, 2015.
2. M/s Access Electric Private Limited (AEPL) filed a request for opting the 1<sup>st</sup> upfront tariff for its 10 MW solar power plant and the request was approved by NEPRA on March 28, 2014 and said decision was intimated to the Federal Government for notification in the official Gazette. The decision, however, was not notified in the official Gazette.
3. Subsequently, another upfront tariff (2<sup>nd</sup> upfront tariff) for solar power plants was determined by NEPRA on January 22, 2015 and the same was also intimated to the Federal Government for notification in the official Gazette. It was notified in the official Gazette on 3.3.2015. A number of project companies filed review petitions against 2<sup>nd</sup> upfront tariff which was decided by NEPRA on May 25, 2015. The decision regarding 2<sup>nd</sup> upfront tariff given upon review motion was notified by the Federal Government in the official Gazette on July 1, 2015. The validity period of 2<sup>nd</sup> upfront tariff was for six months from the date of its notification in the official Gazette.
4. AEPL filed a request dated November 19, 2015 before NEPRA for issuance of direction to CPPA-G for execution of the Energy Purchase Agreement (EPA) as well as to allow it to submit application for adoption of 2<sup>nd</sup> upfront tariff without submission of the requisite documents again. Said request was accepted and accordingly AEPL was informed vide letter dated December 17, 2015.
5. Accordingly AEPL applied for unconditional acceptance of 2<sup>nd</sup> upfront tariff on December 18, 2015 which was approved by NEPRA and the decision was intimated to Federal Government on December 30, 2015 for notification in the official Gazette. The decision, however, was not notified by the Federal Government. The projects opting 2<sup>nd</sup> upfront tariff had to achieve financial close within one year of the award of tariff.



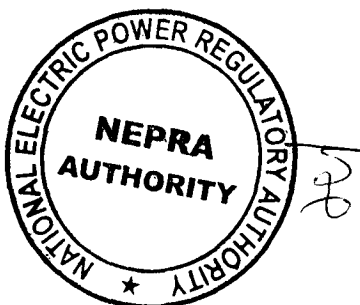
6. Afterwards, NEPRA issued 3<sup>rd</sup> upfront tariff determination (3<sup>rd</sup> upfront tariff) for solar power plants on December 16, 2015 which was notified by the Federal Government on December 17, 2015. The acceptance period of 3<sup>rd</sup> upfront tariff was for six months, i.e. from January 01, 2016 till June 30, 2016. Federal Government notified 3<sup>rd</sup> upfront solar tariff in supersession of notification of 2<sup>nd</sup> upfront tariff. The projects opting 3<sup>rd</sup> upfront tariff had to achieve financial close within one year from the date of award of tariff.
7. AEPL filed a Writ Petition No.4170/2015 before the honourable Islamabad High Court (IHC) on December 23, 2015 against, *inter alia*, non-execution of EPA by Central Power Purchasing Agency (Guarantee) Ltd. (CPPA-G). IHC vide its judgment dated May 9, 2017 at para 19 decided as hereunder:

**"For what has been discussed above, it is declared that valuable rights have accrued in favour of the petitioners for giving effect to the approval of the Authority, vide letter dated 17-12-2015. The Authority, after issuing a notification, shall intimate the same to the Federal Government for publication in the official Gazette. In case the latter decides not to avail the remedy provided under the proviso of section 31(4) then it shall cause the notification to be published in the official Gazette. In the event that it elects to file a petition for reconsideration within the specified time prescribed under the provision of section 31(4), the Authority is then expected to complete the proceedings, having regard to the time mentioned *ibid.* the interested parties, including the Power Purchaser Company, shall be afforded a meaningful participation. On completion of the proceedings under section 31(4) or the proviso thereto, as the case may be, the notification regarding approval of the Authority shall be published in the official Gazette and thereafter the Power Purchase Company shall execute the agreement by incorporating the tariff notified under Section 31(4) of the Act of 1997."**

8. It may be stated that the aforesaid writ petition was filed on December 23, 2015, i.e. prior to issuance and intimation of AEPL's tariff decision by the Authority on December 30, 2015 which may be the reason that honourable IHC, *inter alia*, decided that NEPRA shall intimate its decision to the Federal Government for notification. Accordingly, in pursuance to orders of the IHC, NEPRA vide letter dated June 16, 2017 again intimated the tariff of AEPL to the Federal Government for notification in the official Gazette.

#### **Reconsideration Request**

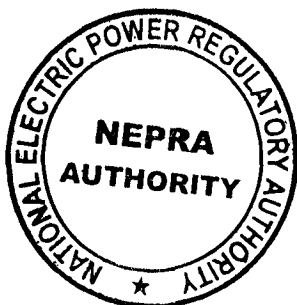
9. The request in hand seeking reconsideration of the Authority's decision dated December 30, 2015 has been filed by the Federal Government through Ministry of Energy, Power Division ("MoE") vide letter dated June 21, 2017. In the request, the Federal Government stated the reasons that why it did not notify the decision of Authority for award of 2<sup>nd</sup> upfront tariff of AEPL and also desired that NEPRA to re-determine the tariff for AEPL a new under NEPRA (Tariff Standards and Procedure) Rules, 1998 ("Tariff Rules"). The brief submissions of the Federal Government for reconsideration are as under:-



- AEPL did not fulfil the conditions given in the upfront tariff regulations such as valid letter of intent or letter of support, consent of power purchaser and generation license etc.
  - AEPL sought applicability of higher tariffs at such times when those tariffs had been superseded by lower tariff through SRO 1243/2015 dated 17.12.2015..
  - It is a trite law that all the executive authorities are bound to enter into contracts for supplies at the least expense to the public exchequer.
10. It was also submitted on behalf of the Federal Government that the upfront tariff was for a specific period of time and contingent upon fulfilment of targets specified therein, which has now lapsed. Based on these arguments, Federal Government desired NEPRA to determine the tariff of AEPL a new under Tariff Rules as no upfront tariff is currently in field.

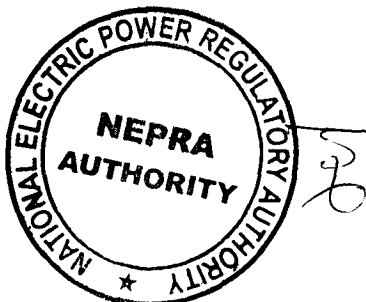
### Proceedings

11. The Authority considered the reconsideration request of the Federal Government and decided to conduct a hearing, which was scheduled for September 14, 2017 (Thursday) at NEPRA Tower, Islamabad. Notices of hearing were served to the Federal Government, CPPA-G, National Transmission and Despatch Co. Ltd. (NTDCL), Alternative Energy Development Board (AEDB) and the project company vide letter dated August 24, 2017. However, the Authority on the request of counsel of CPPA-G dated September 12, 2017 adjourned the hearing.
12. The hearing was again scheduled for October 5, 2017 vide notices dated September 26, 2017, however, no representative appeared on behalf of the Federal Government and CPPA-G, therefore, the case was adjourned again. Later on, the Authority scheduled the hearing for November 7, 2017. Notices of hearing were served to the aforesaid stakeholders while stating that the Authority shall decide the case on the basis of available record in case no representative appeared from the Federal Government. The hearing was held on November 07, 2017 at NEPRA Tower, Islamabad and again there was no representation from the Federal Government, however, the hearing was attended by representative from CPPA-G and the project company.
13. During the hearing, representative of AEPL submitted that the MoE vide its reconsideration request has not challenged the 2<sup>nd</sup> upfront tariff determination. Rather, it has challenged the opting of the 2<sup>nd</sup> upfront tariff by the project company. Further, the project company submitted that the reconsideration request filed by the Federal Government does not adhere to the prescribed time limit of 15 days as specified in NEPRA's legislation as the reconsideration request has been filed after a period of one and half years. AEPL further submitted that even if reckoned from the date of re-intimation by NEPRA, the reconsideration request has been filed on August 21, 2017, i.e. after two months. AEPL further



commented that points discussed before the court may not be discussed during the hearing as in doing so the authority of the court may be undermined.

14. During the hearing, the Authority inquired the project company that how CPPA-G could have executed EPA in the absence of notified tariff. The project company submitted that EPAs were executed by CPPA-G with a number of power projects without notifications of their tariffs. This point was not negated by CPPA-G in its submissions.
15. The Authority inquired CPPA-G the reason for not executing EPA with AEPL as the power purchaser executed EPAs with other comparable projects on 2<sup>nd</sup> upfront tariff. CPPA-G submitted that AEPL proposed a number of changes to EPA and made delays in negotiations and also did not comply with the certain requirements/ terms and conditions that other companies did to get the EPAs signed. AEPL clarified that amendments proposed to CPPA-G for change in EPA were only to the extent to modify project related specifications. The Authority inquired CPPA-G that will it sign EPA if the project company fulfils those requirements. CPPA-G submitted that it will sign the EPA if the terms of EPA as well as the rate at which they are going to be given electricity are in accordance with the requirements of the law.
16. Post hearing, CPPA-G vide its letter dated November 10, 2017 submitted the following comments:
  - CPPA-G submitted that the impugned order passed by IHC in the Writ Petition has been challenged before the Learned Divisional Bench of the IHC in terms of two Intra-Court Appeals. Therefore, the merits of and observations embodied in the Impugned Order are all sub-judice before the Learned Divisional Bench, which is expected to hear the matter and pass judgment thereon. In order to avoid any complication and conflicting determinations, CPPA-G submitted that the learned Authority be pleased to refrain from passing a determination with respect to the reconsideration request, till such time that the Learned Divisional Bench of the IHC has legally determined, inter alia, the legality of the institution of the Writ Petitions, and the substance and merits of the Impugned Order.
  - CPPA-G further submitted that the Impugned Order of IHC recognizes and endorses the Federal Government's right to have AEPL's tariff decision reconsidered as per section 31(4) of the NEPRA Act. In so doing, the Impugned Order treats the reconsideration request as overriding any and all rights and interest that may have accrued in favour of the project company in relation to the tariff decision.
  - CPPA-G also submitted that as per the Section 31(4) of the NEPRA Act, the tariff of the company under the reconsideration request is required to be re-determined 'anew'. While deliberating on the nature and effect of the term 'anew' embodied in section 31(4) of the NEPRA Act, CPPA-G submitted that the honourable IHC has observed in its Judgment dated 22.06.2017, passed in Writ Petition No. 2771/2016, that:

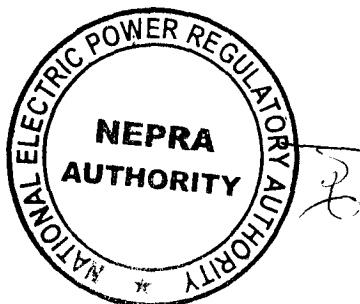


**" ...The referred meaning to the word 'anew' shows that when the petition for redetermination of tariff is made, the matter has to be decided afresh, as if no previous position on the same has been rendered ..."**

- CPPA-G submitted that the project company was awarded 1<sup>st</sup> upfront tariff as per which it had to achieve financial close by December 31, 2015. CPPA-G submitted that as late as September 30, 2015, the project company itself was proposing amendments to the draft EPA. Afterwards, pre-empting its failure to attain financial close on the set timeline, AEPL opted to avail 2<sup>nd</sup> upfront tariff. The Authority was pleased to award 2<sup>nd</sup> upfront tariff to AEPL on December 30, 2015. Under the 2<sup>nd</sup> tariff, AEPL was obliged to attain financial close within one year which the company could not achieve and not filed any application seeking extension of the financial close date. Therefore, at present AEPL does not possess a valid tariff applicable thereto.
  - CPPA-G further submitted that the learned Authority issued 3<sup>rd</sup> upfront tariff on December 16, 2015 which was to remain valid till June 30, 2016. Subsequently, the Authority issued another determination with respect to the tariff applicable to solar power plants on March 03, 2017. Referring the decreasing trend in solar tariffs, CPPA-G submitted that the company is seeking a higher tariff that does not reflect the best effective price and bears no correlation to the costs relevant to the year 2017. In this way, AEPL is seeking unjust enrichment through enforcement of an expired tariff, at the cost, welfare and to the detriment of the ordinary consumer.
  - CPPA-G further submitted that the project company's request to be granted the benefit of the 2<sup>nd</sup> upfront tariff is also inconsistent with a recent decision of the Authority dated October 10, 2017 titled "Decision of the Authority in the matter of Upfront Tariff Applications of Six Solar Power Projects Pursuant to the Judgment of the Honourable Islamabad High Court dated 04.07.2016". Through the said decision, the Authority refused companies right to avail benefit of an upfront tariff, on the ground that the same stood expired. CPPA-G submitted that today in year 2017, the 2<sup>nd</sup> upfront tariff stands expired and therefore, cannot be employed to extend any benefit to the project company.
17. After conclusion of the proceedings, when the case was to be decided, yet another point was deliberated by the Authority which is to the following effect:-
- Whether it would be appropriate and in the interest of consumers to allow AEPL 2<sup>nd</sup> upfront tariff whereas all the cost parameters assumed in the said upfront tariff have considerably declined/changed, or the Authority may determine the tariff anew under Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 which is fair to both the consumers as well as the project company?



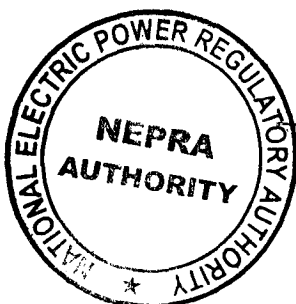
18. Accordingly, it was decided to conduct yet another hearing to consider the above point for which notices were served upon the Federal Government, CPPA-G and AEPL and the hearing was conducted on 25.1.2018 at NEPRA Tower Islamabad which was attended by representatives of CPPA-G and the project company, however, no representative from the Federal Government appeared for the hearing.
19. The project company reiterated that all the basis submitted in the reconsideration request have been argued before the IHC on which the honorable court has decided that vested rights of the company have accrued for 2<sup>nd</sup> upfront tariff. Regarding the framed issue, the project company submitted that Authority in its decision has stated that awarded upfront tariff once accepted shall not be subjected to modification or adjustment except for indexation and adjustment allowed at the time of approval of the application. Regarding the point of consumer's interest, the project company submitted that the impact of its tariff on consumers shall be negligible as the project company shall be supplying around 4 MW in the grid of the country having present capacity around 25000 MW. The project company submitted that it has performed all the actions as per the representation given in the Policy of the GOP. Due to action of any government entity for not performing its function, the project company should not be declined its vested rights on the argument that prices have declined substantially. The project company again reiterated that the point of vested rights has also been affirmed by the honorable IHC. One of the representatives of the project company submitted that in case the Authority decides to determine its tariff anew then the expenses that have been incurred during its prolonged development process should be allowed to the company.
20. CPPA-G submitted that honorable IHC in its decision has stated that under section 31(4) of the NEPRA Act, Federal Government may consider filing reconsideration request. CPPA-G again referred above stated judgment of IHC in which term anew has been defined as if the matter has to be determined afresh by the Authority. CPPA-G further submitted that it is evident from the order passed by the honorable IHC that it has allowed power purchaser to meaningfully participate in the proceedings of reconsideration request to be carried out by NEPRA which transpires that the Authority can again see the merits of the case. CPPA-G submitted that the solar prices have been declining downward and that the honorable Authority has already determined considerably lower tariffs for solar technology post issuance of 2<sup>nd</sup> upfront tariff, therefore, at this particular point of time the interest of consumers and market is of paramount importance. Regarding the claim of vested right of the project company, CPPA-G submitted that according to the order of IHC, the reconsideration request by the Federal Government has the overriding effect on the vested rights of the company for 2<sup>nd</sup> upfront tariff.
21. Arguments heard and record perused.
22. The project company submitted that the reconsideration request has not been filed against upfront tariff determination but against the award of notified upfront tariff to the project company. CPPA-G has



submitted that the reconsideration request has been filed by the Federal Government as per the directions given by the Hon' able IHC. In this regard the Hon' able Court has held as under:

**"19. For what has been discussed above, it is declared that valuable rights have accrued in favour of the petitioners for giving effect to the approval of the Authority, vide letter dated 17-12-2015. The Authority, after issuing a notification, shall intimate the same to the Federal Government for publication in the official Gazette. In case the latter decides not to avail the remedy provided under the proviso of section 31(4) then it shall cause the notification to be published in the official Gazette. In the event that it elects to file a petition for reconsideration within the specified time prescribed under the provision of section 31(4), the Authority is then expected to complete the proceedings, having regard to the time mentioned *ibid*. The interested parties, including the Power Purchase Company, shall be afforded a meaningful participation...."**

23. Therefore it is abundantly clear that the reconsideration request has been filed by the Federal Government in accordance with the direction of the Hon' able IHC. The project company raised another objection that the reconsideration request has been filed after two months of re-intimation of AEPL's tariff. The perusal of record transpires that the Federal Government filed reconsideration request on June 21, 2017, i.e. within five days of the re-intimation of decision of NEPRA regarding opting the 2nd upfront tariff by the project company. Therefore this objection is also not tenable.
24. The Authority considered the submission of CPPA-G that award of upfront tariff to AEPL was dependent upon achieving financial close and as the project company has not been able to achieve financial close on the stipulated time, therefore, as per the aforesaid condition the awarded tariff for AEPL is no more applicable. The Authority also considered that the project company also requested for the extension in the financial close time for 1<sup>st</sup> upfront tariff, however, the Authority did not agree with that request stating that although the company could not achieve the milestone of financial close due to reasons beyond its control but that target was not contingent upon reasons.
25. The Authority has considered the submission put forth by MoE and CPPA-G that giving 2<sup>nd</sup> upfront tariff at this point of time shall result in undue enrichment of the project company. In this regard, the Authority has also deliberated upon the definition of anew determination of tariff under the reconsideration request as given by IHC in its judgement dated June 22, 2017. The Authority feels that approving 2<sup>nd</sup> upfront to AEPL in 2017 under the subject reconsideration request shall not be justified especially due to rapid technological developments and substantial reduction in solar power equipment prices. The Authority considered that 2nd upfront tariff of around US cents 15 per kWh was given considering the market realities at that point in time which are not relevant in the present circumstances, where comparable projects have been given tariff in the range of US cents 5.26 to 5.60 per kWh. This shall not only lead to illegitimate enrichment of the power producer but shall also not be in the interest of consumers.



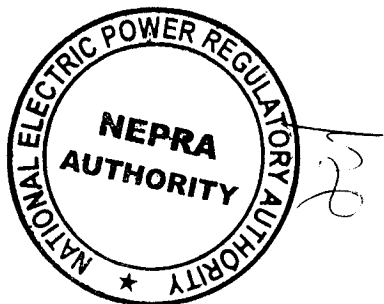
26. Form what has been discussed above, the Authority is of the view that 2<sup>nd</sup> upfront tariff was contingent upon timely completion of milestones i.e. achieving financial close within the stipulated time. In the instant case, financial close could not be achieved on allowed time. The Authority observes that giving 2<sup>nd</sup> upfront tariff to AEPL at this point of time under this reconsideration request shall not be in accordance with the market realities. In view thereof, the Authority has decided to determine the tariff of the project anew under Tariff Rules. During the course of 2<sup>nd</sup> hearing, the project company submitted that if the Authority considers determining its tariff anew then the costs already incurred by it may be duly accounted for as the delay was not on its part. The Authority has considered this point and decided that the compensation of legitimate cost of the project company due to its prolonged development period would be given due deliberations on the basis of verifiable documentary evidence. The project company may consider applying for said expenses at the time of tariff adjustment request at COD or at an earlier date.

**ORDER**

27. The Authority hereby determines and approves the following generation tariff along with terms and conditions for M/s Access Electric (Pvt.) Limited for its 10 MWp power project for delivery of electricity to the power purchaser:

Tariff Components	Rs./kWh	
	Year 1-14	Year 15-25
Operations and Maintenance Cost	0.7999	0.7999
Insurance during Operation	0.2195	0.2195
Return on Equity	1.9748	1.9748
Debt Servicing	3.9982	-
<b>Total</b>	<b>6.9924</b>	<b>2.9942</b>

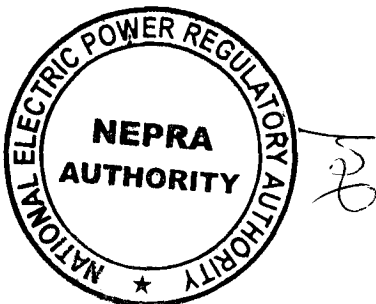
- Levelized tariff works out to be US Cents 5.9419/kWh.
- EPC cost of USD 0.724 million per MW has been considered.
- Project Development including land cost of USD 0.054 million per MW has been taken into account.
- Annual Plant Capacity Factor of 19.78% has been used.
- Annual Degradation Factor of 0.5% has been capitalized in the approved project cost.
- O&M Cost of USD 13,200 per MW per year has been approved.
- The aforementioned tariff is applicable for twenty five (25) years from COD.



- Debt Service shall be paid in the first 14 years of commercial operation of the plant.
- Debt Servicing has been worked out using three months LIBOR (1.694%) + Spread (4.25%).
- Debt to Equity of 75:25 has been used.
- Return on Equity during construction and operation of 15% has been allowed.
- Construction period of eight (08) months has been allowed for the workings of ROEDC and IDC.
- Insurance during Operation has been calculated as 0.50% of the allowed EPC Cost.
- Reference Exchange Rates of 105 PKR/USD has been used.
- Detailed component wise tariff is attached as **Annex-I** of this decision.
- Debt Servicing Schedule is attached as **Annex-II** of this decision.

**A. One Time Adjustments at COD**

- Applicable foreign portion of the allowed EPC cost will be adjusted at COD on account of variation in PKR/USD parity, on production of authentic documentary evidences to the satisfaction of the Authority. The adjustment in approved EPC cost shall be made only for the currency fluctuation against the reference parity values.
- For cost items other than EPC cost, the amounts allowed in USD will be converted in PKR using the reference PKR/USD rate of 105 to calculate the maximum limit of the amount to be allowed at COD.
- Duties and/or taxes, not being of refundable nature, relating to the construction period directly imposed on the company up to COD will be allowed at actual upon production of verifiable documentary evidence to the satisfaction of the Authority.
- IDC will be recomputed at COD on the basis of actual timing of debt draw downs (for the overall debt allowed by the Authority at COD), applicable LIBOR and premium.
- The tariff has been determined on debt : equity ratio of 75 :25. The tariff shall be adjusted on actual debt : equity mix at the time of COD, subject to equity share of not more than 25%. For equity share of more than 25%, allowed IRR shall be neutralized for the additional cost of debt : equity ratio.
- The reference tariff has been worked out on the basis of 3 months LIBOR of 1.694% plus a premium of 425 basis points. In case negotiated spread is less than the said limits, the savings in the spread over LIBOR shall be shared between the power purchaser and the power producer in the ratio of 60:40 respectively.



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- ROEDC will be adjusted at COD on the basis of actual equity injections (within the overall equity allowed by the Authority at COD) during the project construction period of eight months allowed by the Authority.

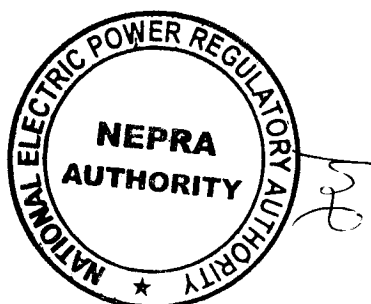
## B. Indexations

### i) Operation and Maintenance Costs

O&M components of tariff shall be adjusted on account of change in local Inflation (CPI), foreign inflation (US CPI) and exchange rate quarterly on 1st July, 1st October, 1st January and 1st April based on the latest available information with respect to CPI notified by the Pakistan Bureau of Statistics (PBS), US CPI issued by US Bureau of Labor Statistics and revised TT & OD selling rate of US Dollar notified by the National Bank of Pakistan as per the following mechanism:

F. O&M <sub>(REV)</sub>	=	F. O&M <sub>(REF)</sub> * US CPI <sub>(REV)</sub> / US CPI <sub>(REF)</sub> * ER <sub>(REV)</sub> /ER <sub>(REF)</sub>
L. O&M <sub>(REV)</sub>	=	L. O&M <sub>(REF)</sub> * CPI <sub>(REV)</sub> / CPI <sub>(REF)</sub>
Where:		
F V. O&M <sub>(REV)</sub>	=	The revised O&M Foreign Component of Tariff
L. O&M <sub>(REV)</sub>	=	The revised O&M Local Component of Tariff
F. O&M <sub>(REF)</sub>	=	The reference O&M Foreign Component of Tariff
L. O&M <sub>(REF)</sub>	=	The reference O&M Local Component of Tariff
US CPI <sub>(REV)</sub>	=	The revised US CPI (All Urban Consumers)
US CPI <sub>(REF)</sub>	=	The reference US CPI (All Urban Consumers) of 246.669 for the month of November, 2017
CPI <sub>(REV)</sub>	=	The revised CPI (General)
CPI <sub>(REF)</sub>	=	The reference CPI (General) of 220.420 for the month of November, 2017
ER <sub>(REV)</sub>	=	The revised TT & OD selling rate of US dollar
ER <sub>(REF)</sub>	=	The reference TT & OD selling rate of RS. 105/USD

Note: The reference indexes shall be revised after making the required adjustments in tariff components at the time of COD.



ii) **Insurance during Operation**

The actual insurance cost for the minimum cover required under contractual obligations with the Power Purchaser, not exceeding 0.5% of the EPC cost, will be treated as pass through. Insurance component of reference tariff shall be adjusted annually as per actual upon production of authentic documentary evidence according to the following formula:

AIC	=	$Ins_{(Ref)} / P_{(Ref)} * P_{(Act)}$
Where		
AIC	=	Adjusted insurance component of tariff
$Ins_{(Ref)}$	=	Reference insurance component of tariff
$P_{(Ref)}$	=	Reference premium @ 0.5% of EPC Cost at Rs. 105
$P_{(Act)}$	=	Actual premium or 0.5% of the EPC Cost converted into Pak Rupees on exchange rate prevailing at the time of insurance premium payment of the insurance coverage period whichever is lower.

iii) **Return on Equity**

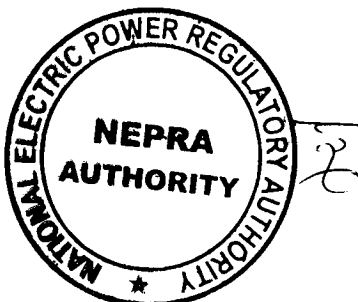
The ROE component of the tariff will be adjusted on quarterly basis on account of change in USD/PKR parity. The variation relating to these components shall be worked out according to the following formula;

$ROE_{(Rev)}$	=	$ROE_{(Ref)} * ER_{(Rev)} / ER_{(Ref)}$
Where;		
$ROE_{(Rev)}$	=	Revised ROE Component of Tariff
$ROE_{(Ref)}$	=	Reference ROE Component of Tariff
$ER_{(Rev)}$	=	The revised TT & OD selling rate of US dollar as notified by the National Bank of Pakistan
$ER_{(Ref)}$	=	The reference TT & OD selling rate of Rs. 105/USD

*Note: The reference tariff component shall be revised after making the required adjustments at the time of COD.*

iv) **Indexations applicable to debt**

Foreign debt and its interest will be adjusted on quarterly basis, on account of revised TT & OD selling rate of US Dollar, as notified by the National Bank of Pakistan as at the last day of the preceding quarter, over the applicable reference exchange rate.



v) **Variations in LIBOR**

The interest part for the tariff shall remain unchanged throughout the term except for the adjustment due to variation in interest rate as a result of variation in LIBOR according to the following formula;

$\Delta I$	=	$P_{(REV)} * (LIBOR_{(REV)} - 1.694\%) / 4$
Where		
$\Delta I$	=	The variation in interest charges applicable corresponding to variation in 3 months LIBOR. $\Delta I$ can be positive or negative depending upon whether 3 months LIBOR <sub>(REV)</sub> per annum > or < 1.694%. The interest payment obligation will be enhanced or reduced to the extent of $\Delta I$ for each quarter under adjustment.
$P_{(REV)}$	=	The outstanding principal (as indicated in the attached debt service schedule to this order), at the relevant quarterly calculations date. Quarter 1 shall commence on the commercial operations date (i.e. the first figure will be used for the purposes of calculation of interest for the first quarter after commercial operations date).
LIBOR <sub>(REV)</sub>	=	Revised 3 months LIBOR as at the last day of the preceding quarter

*Note: The reference tariff component shall be revised after making the required adjustments at the time of COD.*

**Terms and Conditions**

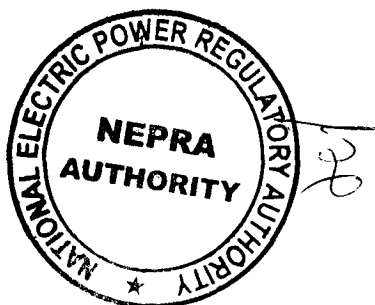
The following terms and conditions shall apply to the determined tariff:

- All plant and equipment shall be new and of acceptable standards. The verification of the plant and equipment will be done by the independent engineer at the time of the commissioning of the plant duly appointed by the power purchaser.
- This tariff will be limited to the extent of net annual energy generation supplied to the power purchaser up to 19.78% net annual plant capacity factor. Net annual energy generation supplied to the power purchaser in a year, in excess of 19.78% net annual plant capacity factor will be charged at the following tariffs:

<b>Net annual plant capacity factor</b>	<b>% of the prevalent tariff</b>
Above 19.78% to 20.78%	80%
Above 20.78% to 21.78%	90%
Above 21.78%	100%



- The risk of solar resource shall be borne by the power producer.
- In the tabulated above tariff no adjustment for certified emission reductions has been accounted for. However, upon actual realization of carbon credits, the same shall be distributed between the power purchaser and the power producer in accordance with the applicable GOP Policy, amended from time to time.
- In case the company shall secure full or certain portion of debt under any concessionary financing including one introduced by State bank of Pakistan, the tariff of the company shall be adjusted at COD on the terms of the said financing.
- Allowed limit of degradation has been made part of the approved project cost. No extra financial compensation shall be provided in the EPA.
- The company will have to achieve financial close within one year from the date of issuance of this tariff determination. The tariff granted to the company will no longer remain applicable/valid, if financial close is not achieved by the company in the abovementioned timeline or its generation license is declined/revoked by NEPRA.
- The targeted maximum construction period after financial close is eight months. No adjustment will be allowed in this tariff to account for financial impact of any delay in project construction. However, the failure of the company to complete construction within eight months will not invalidate the tariff granted to it.
- Pre COD sale of electricity is allowed to the power producer, subject to the terms and conditions of EPA, at 50% of the applicable tariff. However, pre COD sale will not alter the required commercial operations date stipulated in the EPA in any manner.
- In case the company is obligated to pay any tax on its income from generation of electricity, or any duties and/or taxes, not being of refundable nature, are imposed on the company, the exact amount paid by the company on these accounts shall be reimbursed on production of original receipts. This payment shall be considered as a pass-through payment. However, withholding tax on dividend shall not be passed through.
- No provision for the payment of Workers Welfare Fund and Workers Profit Participation has been made in the tariff. In case, the company has to pay any such fund, that will be treated as pass through item in the EPA.
- The approved tariff along with terms & conditions shall be made part of the EPA. General assumptions, which are not covered in this determination, may be dealt with as per the standard terms of the EPA.





28. The Order part along with two Annexures is recommended for notification by the Federal Government in the official gazette in accordance with Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

AUTHORITY

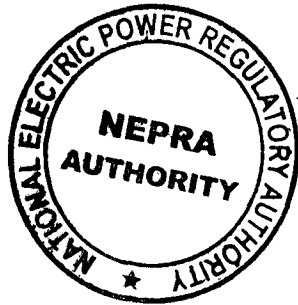
(Himayat Ullah Khan)  
Member

(Syed Masood-ul-Hassan Naqvi)  
Member

(Saif Ullah Chattha)  
Vice Chairman

(Brig (R) Tariq Sadozai)  
Chairman

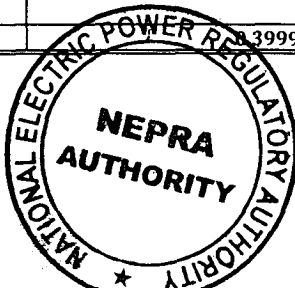
30.1.2018



30.01.18

**ACCESS ELECTRIC (PVT.) LIMITED**  
**Reference Tariff Table**

Year	O&M Local	O&M Foreign	Insurance During Operation	Return on Equity	Loan Repayment	Interest Charges	Tariff
	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh	Rs. / kWh
1	0.3999	0.3999	0.2195	1.9748	1.7896	2.2085	6.9924
2	0.3999	0.3999	0.2195	1.9748	1.8984	2.0997	6.9924
3	0.3999	0.3999	0.2195	1.9748	2.0138	1.9843	6.9924
4	0.3999	0.3999	0.2195	1.9748	2.1362	1.8619	6.9924
5	0.3999	0.3999	0.2195	1.9748	2.2661	1.7321	6.9924
6	0.3999	0.3999	0.2195	1.9748	2.4038	1.5944	6.9924
7	0.3999	0.3999	0.2195	1.9748	2.5499	1.4483	6.9924
8	0.3999	0.3999	0.2195	1.9748	2.7049	1.2933	6.9924
9	0.3999	0.3999	0.2195	1.9748	2.8693	1.1289	6.9924
10	0.3999	0.3999	0.2195	1.9748	3.0437	0.9545	6.9924
11	0.3999	0.3999	0.2195	1.9748	3.2287	0.7695	6.9924
12	0.3999	0.3999	0.2195	1.9748	3.4249	0.5732	6.9924
13	0.3999	0.3999	0.2195	1.9748	3.6331	0.3651	6.9924
14	0.3999	0.3999	0.2195	1.9748	3.8539	0.1442	6.9924
15	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
16	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
17	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
18	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
19	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
20	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
21	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
22	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
23	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
24	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
25	0.3999	0.3999	0.2195	1.9748	-	-	2.9942
Levelized Tariff	0.3999	0.3999	0.2195	1.9748	2.0032	1.2416	6.2390



**ACCESS ELECTRIC (PVT.) LIMITED**  
**Debt Servicing Schedule**

Relevant Quarters	Base amount ( USD)	Principal Repayment (USD)	Interest (USD)	Balance Principal (USD)	Total Debt Service (Million USD)	Annual Principal Repayment Rs./kWh	Annual Interest Rs./kWh
1	7,189,067	83,183	106,835	7,105,885	190,017	1.7896	2.2085
2	7,105,885	84,419	105,598	7,021,466	190,017		
3	7,021,466	85,673	104,344	6,935,793	190,017		
4	6,935,793	86,946	103,071	6,848,846	190,017		
5	6,848,846	88,239	101,779	6,760,608	190,017	1.8984	2.0997
6	6,760,608	89,550	100,467	6,671,058	190,017		
7	6,671,058	90,881	99,137	6,580,177	190,017		
8	6,580,177	92,231	97,786	6,487,946	190,017		
9	6,487,946	93,602	96,415	6,394,345	190,017	2.0138	1.9843
10	6,394,345	94,993	95,024	6,299,352	190,017		
11	6,299,352	96,404	93,613	6,202,947	190,017		
12	6,202,947	97,837	92,180	6,105,110	190,017		
13	6,105,110	99,291	90,726	6,005,819	190,017	2.1362	1.8619
14	6,005,819	100,766	89,251	5,905,053	190,017		
15	5,905,053	102,264	87,753	5,802,789	190,017		
16	5,802,789	103,784	86,234	5,699,005	190,017		
17	5,699,005	105,326	84,691	5,593,679	190,017	2.2661	1.7321
18	5,593,679	106,891	83,126	5,486,788	190,017		
19	5,486,788	108,480	81,538	5,378,309	190,017		
20	5,378,309	110,092	79,925	5,268,217	190,017		
21	5,268,217	111,728	78,289	5,156,489	190,017	2.4038	1.5944
22	5,156,489	113,388	76,629	5,043,101	190,017		
23	5,043,101	115,073	74,944	4,928,028	190,017		
24	4,928,028	116,783	73,234	4,811,244	190,017		
25	4,811,244	118,519	71,498	4,692,726	190,017	2.5499	1.4483
26	4,692,726	120,280	69,737	4,572,446	190,017		
27	4,572,446	122,067	67,950	4,450,378	190,017		
28	4,450,378	123,881	66,136	4,326,497	190,017		
29	4,326,497	125,722	64,295	4,200,774	190,017	2.7049	1.2933
30	4,200,774	127,591	62,426	4,073,184	190,017		
31	4,073,184	129,487	60,530	3,943,697	190,017		
32	3,943,697	131,411	58,606	3,812,286	190,017		
33	3,812,286	133,364	56,653	3,678,922	190,017	2.8693	1.1289
34	3,678,922	135,346	54,671	3,543,576	190,017		
35	3,543,576	137,357	52,660	3,406,219	190,017		
36	3,406,219	139,398	50,619	3,266,821	190,017		
37	3,266,821	141,470	48,547	3,125,351	190,017	3.0437	0.9545
38	3,125,351	143,572	46,445	2,981,778	190,017		
39	2,981,778	145,706	44,311	2,836,072	190,017		
40	2,836,072	147,871	42,146	2,688,201	190,017		
41	2,688,201	150,069	39,949	2,538,133	190,017	3.2287	0.7695
42	2,538,133	152,299	37,718	2,385,834	190,017		
43	2,385,834	154,562	35,455	2,231,272	190,017		
44	2,231,272	156,859	33,158	2,074,413	190,017		
45	2,074,413	159,190	30,827	1,915,223	190,017	3.4249	0.5732
46	1,915,223	161,556	28,462	1,753,667	190,017		
47	1,753,667	163,956	26,061	1,589,711	190,017		
48	1,589,711	166,393	23,624	1,423,318	190,017		
49	1,423,318	168,866	21,152	1,254,452	190,017	3.6331	0.3651
50	1,254,452	171,375	18,642	1,083,077	190,017		
51	1,083,077	173,922	16,095	909,155	190,017		
52	909,155	176,506	13,511	732,649	190,017		
53	732,649	179,130	10,888	553,519	190,017	3.8539	0.1442
54	553,519	181,791	8,226	371,728	190,017		
55	371,728	184,493	5,524	187,235	190,017		
56	187,235	187,235	2,782	(0)	190,017		

