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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-590/CPPCL-2022/ 152-70-74

October 02, 2024

Subject: **DECISION OF THE AUTHORITY UNDER NEPRA (REVIEW PROCEDURE) REGULATIONS, 2009 REGARDING DECISION IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW DATED 14TH MAY, 2024 FOR CIHC PAK POWER COMPANY (PVT) LIMITED**

Dear Sir,

Please find enclosed herewith decision of the Authority under NEPRA (Review Procedure) Regulations, 2009 regarding decision in the matter of Motion for Leave for Review dated 14th May, 2024 (total 5 pages) for CIHC Pak Power Company (Pvt.) Limited in Case NEPRA/TRF-590/CPPCL-2022.

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 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.

Enclosure: As above


(Wasim Anwar Bhinder)

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, CIHC Pak Power Company Limited, House No. 12, Street No. 60, Sector F-6/3, Islamabad



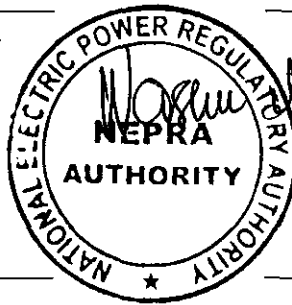
DECISION OF THE AUTHORITY UNDER NEPRA (REVIEW PROCEDURE) REGULATIONS, 2009 REGARDING DECISION IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW DATED 14TH MAY 2024 FOR CIHC PAK POWER COMPANY (PVT) LIMITED

1. An error has been identified in the calculation of cost of working capital in the subject decision dated 14th May 2024 on account of 45 days fuel inventory instead of approved 90 days and load factor of 85% instead of approved 100% on receivable which needs to be rectified. The approved cost of working capital of Rs 0.8413/kW/hour shall stand replaced with Rs. 1.4320/kW/hour in Table under Para 24.3 and tariff table attached as Annex-I. Para 25(V)(iv) shall also stand replaced.
2. In addition to the above, a typo error has been observed in Table under Para 25(v)(iii), wherein CAS was specified as 0.34% instead of 0.26% used in the calculation and mentioned in Para 16.7 and Annex-II. Accordingly 0.34% has been replaced with 0.26%.
3. Accordingly, in pursuance of Section 7(2)(g) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Regulation 3 of NEPRA (Review Procedure) Regulations, 2009, the above errors and omissions have been rectified and pages 23/32, 24/32, 27/32 and Annex-I are being replaced with the attached revised pages and revised Annex-I.
4. The above decision of the Authority is to be notified in the Official Gazette along with decision dated 14th May 2024 in accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

Authority

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member



—
Amina Ahmed
Member

Waseem Mukhtar
Chairman



24. SUMMARY OF THE APPROVED PROJECT COST AND TARIFF

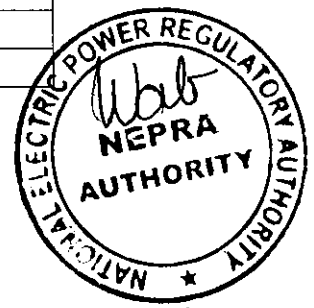
24.1. The summary of the requested and approved projected cost is provided hereunder:

Description	Requested	Approved
	US\$ Million	
EPC:		
Offshore	272.10	217.37
Onshore	130.23	104.04
Total EPC cost	402.33	321.41
Duties & Taxes	13.60	10.87
Non EPC Costs	5.77	5.77
Land	3.25	3.25
Project Development & Sponsor	47.87	10.50
Insurance During Construction	3.02	2.25
O&M Mobilization	4.02	3.21
Pre-Sync Fuel & Start-up	2.74	2.74
Total CAPEX	482.60	360.00
Financial Charges:		
Sinosure Fee	41.57	32.56
Financing Fee & Charges	14.89	6.38
Interest During Construction	68.08	45.55
Total Financial Charges:	124.54	84.50
Total Project Cost	607.14	444.49

24.2. As per previous decision of the Authority, O&M mobilization cost @ 1% of EPC, insurance during construction @ 0.70% of EPC and taxes and duties @ 5% of EPC have been worked out and included in the project cost.

24.3. The summary of requested and approved tariff is provided hereunder:

Description	Requested	Approved
Energy Charge (Rs./kWh):		
Fuel Cost Component	13.1676	15.3862
Variable O&M (foreign)	0.3323	0.2554
Variable O&M (Local)	0.2036	0.1247
Cost of Ash Disposal	-	0.0713
Total EPP	13.7035	15.8376
Capacity Charge (Rs./kW/hour):		
Fixed O&M (Local)	0.5898	0.4196
Fixed O&M (Foreign)	1.2861	0.5732
Cost of working capital	1.2617	1.4320
Insurance	0.3380	0.2619
Return on Equity	3.8942	1.6286



Description	Requested	Approved
Debt Servicing (1-13 years only)	7.5319	5.7229
Avg. Capacity Charge (1-30 Yrs)	10.6336	6.7953
Avg. Total Tariff @ 85% (Rs./kWh)	24.3371	23.8321
Levelized Tariff (Rs./kWh)	28.9819	25.9878
Levelized Tariff (Cents/kWh)	10.0947	9.3314

24.4. As per previous decision of the Authority, annual insurance during operation @ 0.70% of EPC cost has been accounted for in calculation of insurance component of tariff.

25. ORDER

I. The Authority hereby determines and approves the reference generation tariff along with terms & conditions for CIHC Pak Power Company Limited for its 300 MW coal Power Project at Gawadar and adjustments/indexations for delivery of electricity to the power purchaser. Parties to the PPA are directed to make appropriate changes in the PPA and/or other project documents wherever necessary. The schedule of tariff and debt servicing schedule are attached as Annex-I and Annex-II respectively.

II. One Time Adjustments at COD

- a. Since the exact timing of payment to EPC contractor is not known at this point of time, therefore, an adjustment for relevant foreign currency fluctuation for the EPC portion of payment in the foreign currency shall be made against the reference exchange rate of Rs. 278.50/US\$ on the basis of actual payment. The adjustment shall be made only for the currency fluctuation against the reference parity value. The onshore portion shall not be subject to any inflationary adjustment or exchange rate adjustment in the future.
- b. Foreign payments, if any, in respect of project cost items except for onshore EPC payments shall also be subject to exchange rate variation against the reference exchange rate of Rs. 278.50/US\$ at the time of COD tariff true up on the basis of actual payment in dollars.
- c. The revised approved project cost in local currency shall remain fixed and no further indexation/adjustment would be allowed on these costs in future.
- d. Adjustment as per actual with maximum cap of the cost allowed for, bridges, housing colony, site levelling, boundary wall, security cost, project development and company & Sponsor cost, Anti-Corrosion Measures and fuel & startup cost before synchronization.
- e. In case NTDC do not validate the requirement of black start facility, the cost of US\$ 6.9 million on account of black start facility shall be excluded from the project cost at the time of COD adjustment of tariff.

Revised 24/32



L V. O&M(REF)	=	The reference Variable O&M Local Component of Tariff
L F. O&M(REF)	=	The reference Fixed O&M Local Component of Tariff
F F. O&M(REF)	=	The reference Fixed O&M Foreign Component of Tariff
CPI(REV)	=	The revised NCPI (General)
CPI(REF)	=	The reference NCPI (General) of 260.010 for February 2024
US CPI(REV)	=	The revised US CPI (All Urban Consumers)
US CPI(REF)	=	The reference US CPI (All Urban Consumers) of 310.326 for February 2024
ER(REV)	=	The revised TT& OD selling rate of US Dollar
ER(REF)	=	The reference TT& OD selling rate of Rs. 278.50/US\$

iii. Indexation for SOFR Variation

The interest part of capacity charge component will remain unchanged throughout the term except for the adjustment due to variation in interest rate as a result of variation in Daily/Term SOFR along with CAS according to the following formula:

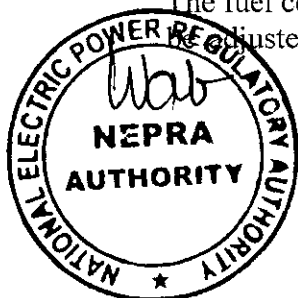
ΔI	=	$P_{(REV)} * ((SOFR + CAS)_{(REV)} - (SOFR + CAS)_{(REF)}) / 4$
Where		
ΔI	=	The variation in interest charges applicable corresponding to variation in Daily/Term SOFR along with CAS. ΔI can be positive or negative depending upon whether $(SOFR + CAS)_{(REV)}$ is $>$ or $<$ 5.60%. The interest payment obligation will be enhanced or reduced to the extent of ΔI for each quarter under adjustment applicable on quarterly basis.
$P_{(Rev)}$	=	The outstanding principal (as indicated in the attached debt service schedule to this order) on a quarterly basis on the relevant period calculation date. Period 1 shall commence on the date on which the 1st installment is due after availing the grace period
$(SOFR + CAS)_{(Rev)}$	=	Revised Daily/Term SOFR along with CAS as at the last date of the preceding quarter
$(SOFR + CAS)_{(Ref)}$	=	Daily SOFR of 5.340% along with CAS of 0.26%

iv. Cost of Working Capital

The cost of working capital shall be adjusted quarterly for variation in KIBOR and fuel price. The Authority may initiate separate proceedings to vary the level of inventory on the basis of operational requirement and adjustment of receivable cost on the basis of actual load factor of the preceding quarter.

v. Fuel Price Adjustment

The fuel cost component of tariff subsequent to adjustment of heat rate test at COD shall be adjusted on account of fuel price variation (API-4 plus applicable published price



Revised 27/32

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4/5

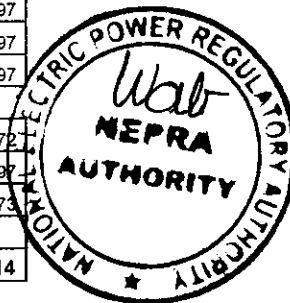
CIHC PAK POWER COMPANY LIMITED
REFERENCE TARIFF TABLE

Year	Energy Purchase Price (Rs./kWh)					Capacity Purchase Price (PKR/kW/Hour)								Capacity Charge@ 85%	Total Tariff	
	Fuel Cost Component	Var. O&M			Total	Fixed O&M		Cost of W/C	Insurance	ROE	Debt Repayment	Interest Charges	Total CPP		Rs. /kWh	Cents/kWh
		Foreign	Local	Ash Disposal		EPP	Local									
1	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	1.8123	3.9106	10.0383	11.8097	27.6473	9.9272
2	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	1.9926	3.7303	10.0383	11.8097	27.6473	9.9272
3	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	2.1909	3.5320	10.0383	11.8097	27.6473	9.9272
4	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	2.4089	3.3140	10.0383	11.8097	27.6473	9.9272
5	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	2.6486	3.0743	10.0383	11.8097	27.6473	9.9272
6	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	2.9122	2.8107	10.0383	11.8097	27.6473	9.9272
7	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	3.2020	2.5209	10.0383	11.8097	27.6473	9.9272
8	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	3.5206	2.2023	10.0383	11.8097	27.6473	9.9272
9	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	3.8709	1.8519	10.0383	11.8097	27.6473	9.9272
10	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	4.2561	1.4667	10.0383	11.8097	27.6473	9.9272
11	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	4.6797	1.0432	10.0383	11.8097	27.6473	9.9272
12	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	5.1454	0.5775	10.0383	11.8097	27.6473	9.9272
13	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	5.5232	0.1996	10.0383	11.8097	27.6473	9.9272
14	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
15	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
16	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
17	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
18	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
19	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
20	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
21	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
22	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
23	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
24	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
25	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
26	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
27	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
28	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
29	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
30	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
Average																
1-13	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	3.3972	2.3257	10.0383	11.8097	27.6473	9.9272
14-30	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	-	-	4.3154	5.0769	20.9146	7.5097
1-30	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	1.4721	1.0078	6.7953	7.9945	23.8321	8.5573
Levelized																
1-30	15.3862	0.2554	0.1247	0.0713	15.8376	0.4196	0.5732	1.4320	0.2619	1.6286	2.2618	2.0505	8.6277	10.1502	25.9878	9.3314

Levelized Tariff =

25.9878 Rs./kWh

9.3314



9/5