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National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-342/CPHGCL-2015/ 11361-65

July 25, 2024

Subject: Decision of the Authority in the matter of the request for Jetty O&M Tariff approval for the Year 2024-27 of China Power Hub Generation Company Private Limited

Dear Sir,

Please find enclosed herewith the Decision of the Authority (total 07 pages) regarding the request for Jetty O&M Tariff approval for the Year 2024-27 of China Power Hub Generation Company Private Limited in Case No. NEPRA/TRF-342/CPHGCL-2015.

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.

Enclosure: As above


(Waseem Anwar Bhinder)

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

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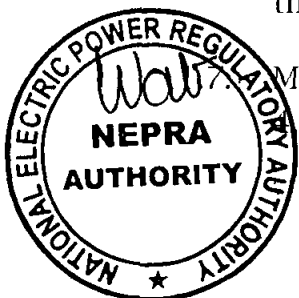
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad.
4. Chief Executive Officer, China Power Hub Generation Company Limited, 10th Floor, Ocean Tower, Block 9, Main Clifton Road, Karachi.

DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FOR JETTY O&M TARIFF APPROVAL FOR THE YEAR 2024-27 OF CHINA POWER HUB GENERATION COMPANY PRIVATE LIMITED.

1. BACKGROUND

- 1.1. China Power Hub Generation Company (Private) Limited (hereinafter referred as "CPHGC" or the "Petitioner") is an imported coal-fired power plant of 1249.10 MW (net) in Hub, Baluchistan. The Authority granted an upfront tariff on February 12, 2016 on foreign financing. The power plant commenced commercial operations on August 16, 2019.
- 1.2. While approving the upfront tariff in the favor of CPHGC, the Authority decided that since the project is based on dedicated coal jetty, the cost of dedicated jetty will be incorporated to the respective components of tariff.
- 1.3. Additionally, as per para 49 of the upfront tariff decision dated June 26, 2014, the Authority decided that the Jetty cost including its Operations and Maintenance (O&M) cost will be subject to adjustment on the basis of verifiable documentary evidence.
- 1.4. Based on bidding process, CPHGC vide letter No. CPHG-NEPRA/ZY/18-0070, dated May 14, 2018 was requested the Authority to approve a five (5) year Jetty O&M tariff totaling US\$ 26.927 million, comprising a fixed cost of US\$ 19.717 million (US\$ 3.94 million/annum) and a variable cost of US\$ 0.19/ton.
- 1.5. CPHGC sought a tariff of Rs. 0.0372/kW/h for the fixed charge and Rs. 0.0074/kWh for the variable charge, with 100% indexation for variation in Rs./US\$ for both fixed and variable charges.
- 1.6. The Authority through its decision dated August 7, 2019 approved jetty O&M cost of US\$ 17,703,509, comprising of US\$ 13,903,509 (US\$ 2.78 million/annum) for fixed O&M and US\$ 3,800,000 (US\$ 0.19 million/annum) for variable O&M. The jetty O&M tariff was approved for five years and for further extension of the contract, the Authority's approval shall be mandatory.

Motion for Leave for Review in the matter was decided on December 2020.





1.8. The following tariff components were approved for Jetty O&M:

Components	Tariff	Indexation
Fixed O&M Jetty (Rs./kW/h)	0.0254	50% variation in Rs./US\$
Variable O&M Jetty (Rs./kWh)	0.0074	60% variation in Rs./US\$

*Reference exchange rate was Rs. 97.1/US\$

2. FILING OF CURRENT REQUEST

2.1. CPHGC through its letters dated December 28, 2023 and January 17, 2024 requested for jetty O&M tariff approval for four (4) years i.e. 2024-27. CPHGC stated that the Authority approved jetty O&M cost for five years and this approved tariff will be expired on 31st December 2023.

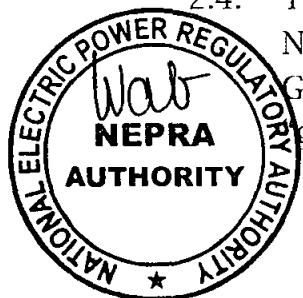
2.2. The petitioner requested for approval of jetty O&M cost, consisting of a fixed cost of US\$ 9,305,012.63 (US\$ 2.33 million/annum) and a variable cost of US\$ 0.076/ton. The requested tariff components are provided hereunder:

Components	Tariff	Indexation Frequency
Fixed O&M Jetty (Rs./kW/h)	0.0608	To be indexed Quarterly through quarterly tariff adjustment application.
Variable O&M Jetty (US\$/Ton)	0.0760	To be indexed quarterly and to be claimed as part of Monthly Fuel Cost Component.

The Petitioner assumed net capacity of 1214 MW for the fixed O&M jetty component.

2.3. CPHGC submitted that 50% of the fixed jetty O&M cost shall be indexed with exchange rate (PKR/USD) variation, while, 60% of the variable jetty O&M cost shall also be indexed with the exchange rate (PKR/US\$) variation, in line with the previous decision of the Authority. Reference exchange rate shall be PKR 277.8972/US\$. The petitioner also requested that the variable jetty O&M component be integrated into the fuel cost component, akin to a variable CTS cost component.

2.4. The petitioner carried out jetty O&M bidding in accordance with the NEPRA (Selection of Operation and Maintenance Contractors by Generation Companies) guidelines, 2021 (hereinafter referred as "guidelines") and appointed M/s OMS Private Limited (hereinafter





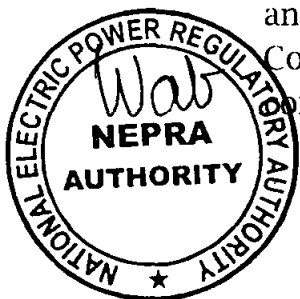
referred as “OMS”) as consultant for conducting the prequalification and bid evaluation of jetty O&M bidding. PPIB provided NOC to CPHGCL vide letter dated February 29, 2024.

3. PRE-QUALIFICATION AND TENDER PROCESS

- 3.1. The Petitioner submitted that the advertisements for pre-qualification notice were published in Dawn, Business Recorder, The News, Express Tribune, Khaleej Times and Straits Times Newspapers. Similarly, on the tendering website i.e. chinabidding.net.
- 3.2. The tender process involved two stages i.e. (i) pre-qualification and (ii) single stage two envelope bidding.
- 3.3. According to the CPHGC, four companies collected the pre-qualification documents and three of them submitted biddings and based on prequalification evaluation two of them were prequalified. The details of bidders are as under:

Company Name	Prequalification		
	Collected	Submitted	Pre-Qualified
Huadian International Port & Shipping (Pvt) Ltd	Yes	Yes	Yes
Scope Logistics (Pvt) Ltd	Yes	No	NA
China Power Hub Operating Company (Pvt) Ltd	Yes	Yes	No
Maritime Silk Road Holding (Qingdao) Co., Ltd	Yes	Yes	Yes

- 3.4. The prequalified bidders were Huadin International Port & Shipping (Private) Limited and Maritime Silk Road Holding (Qingdao) Co., Limited.
- 3.5. OMS conducted evaluation on technical and price bids, resulting in Maritime Silk Road Holding (Qingdao) Co., Ltd being ranked first and Huadian International Port & Shipping (Pvt) Ltd ranked second. Consequently, the 1st ranked bidder was selected as Jetty O&M contractor.



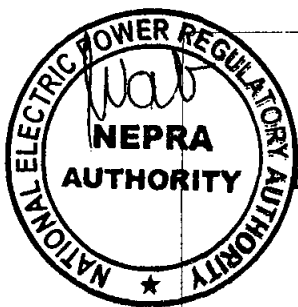


4. BID EVALUATION

4.1. As per information submitted by petitioner, the technical bid evaluation is as under:

Bid Evaluation Category	Maximum Score	Maritime Silk Road Holding (Qingdao) Co. Ltd	Huadian International Port & Shipping (Pvt) Ltd
Technical Bid Scoring	100	85	80
HSE Management Plan & HSE Statistics HSE	8	6	6
Quality Control Measures	15	13	10
O&M Plan	15	14	13
O&M Technical Capabilities for ship unloader	15	12	14
Emergency Plan	8	7	6
Organizational Structure and Personnel allocation	8	7	6
Tools confirmation and spare parts plan	7	5	7
Performance and Experience	10	9	9
Degree of understanding and response to tender documents	7	6	5
Induction of Local Component	7	6	4

4.2. Similarly, financial bid evaluation is as follow:



Bid Evaluation Category	Maximum Score	Maritime Silk Road Holding (Qingdao) Co. Ltd	Huadian International Port & Shipping (Pvt) Ltd
Financial Bid Scoring	100	99.00	94.11
Bid Price	70	70	68.11
Reasonableness of Price	5	4	4
Financial Strength	10	10	7
Conditions of Contract/Deliverables	15	15	15

4.3. According to CPHGC in line with NEPRA guidelines, 40% weightage



was assigned to technical bid and 60% to financial bid. The details are provided hereunder:

Bid Evaluation Category	Maximum Score	Weighted	Maritime Silk Road Holding (Qingdao) Co. Ltd		Huadian International Port & Shipping (Pvt) Ltd	
Financial Bid Scoring	100	60%	99.00	59.40	94.11	56.47
Technical Bid Scoring	100	40%	85.00	34.00	80.00	32.00
Total Score (40% Technical & 60% Financial)				93.4		88.47
Bid Ranking				1st		2nd

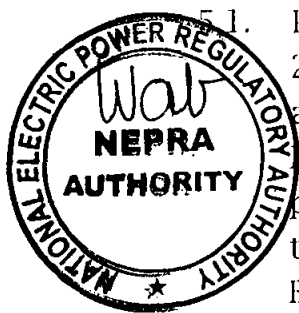
4.4. Detailed break-up of bid prices is provided hereunder:

Sr. No.	Head	Huadian International Port & Shipping	Maritime Silk Road Holding (Qingdao)
		USD	
1	Operation & Maintenance Fee	5,397,696.40	5,090,280.00
2	Tool, Consumable & Material Costs	2,069,326.00	2,440,178.40
3	Spare Part Cost	678,434.20	595,354.23
4	Others cost (if any)	-	-
5	Dredging Cost	1,395,172.00	1,179,200.00
Total Fixed Cost		9,540,628.60	9,305,012.63
6	Variable cost per Metric Ton	0.0850	0.0760

5. ANALYSIS AND DECISION OF THE AUTHORITY

5.1. Pursuant to the paragraph 49 of the Authority's decision dated June 26, 2014 in the matter upfront tariff for imported coal power plants and in accordance with paragraph 106 of the decision dated November 21, 2014 in the matter Review Motion, any coal power project opting to construct a dedicated jetty is required to ensure transparency and competitiveness in its O&M bidding process. Based on this, the petitioner carried out competitive bidding for jetty O&M operation for next four years after the expiry of existing jetty O&M contract.

5.2. The requested jetty O&M cost in dollar term is lower than the earlier cost. The requested indexation is also in line with the existing mechanism. The petitioner requested that the variable jetty O&M



component be integrated into the fuel cost component, akin to a variable CTS cost component.

- 5.3. Further, it is noted that petitioner used 1,214 MW for the calculation of fixed jetty O&M instead of 1,249.10 MW tested at COD stage, therefore, fixed jetty O&M component has been worked out on the basis of 1,249.10 MW.
- 5.4. Considering all above, the Authority has decided to approve requested jetty O&M cost and allow following components of Jetty O&M along with indexation. The approved components shall be effective from January 01, 2024 for the period of four (4) years:

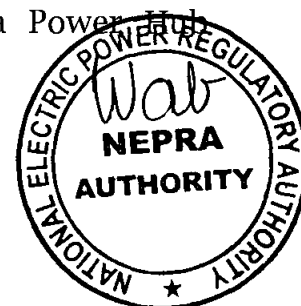
Components	Tariff	Indexation	Indexation Frequency
Fixed O&M Jetty (Rs./kW/h)	0.0591	50% variation in Rs./US\$	Quarterly.
Variable O&M Jetty (USD/ton)	0.0760	60% variation in Rs./US\$	Quarterly.

- 5.5. Variable jetty O&M shall be accounted for calculation of fuel cost component.

6. ORDER

- 6.1. The Authority hereby approves the following tariff for operation and maintenance of coal unloading jetty for China Power Hub Generation Company Private Limited (CPHGC):

Components	Tariff
Fixed O&M Jetty (Rs./kW/h)	0.0591
Variable O&M Jetty (USD/ton)	0.0760



- 6.2. In line with the existing indexation mechanism for jetty O&M for the power plant, 60% of variable jetty O&M and 50% of fixed jetty O&M shall be indexed quarterly with the variation in reference exchange rate of Rs. 277.8972/USD.
- 6.3. The variable part of jetty O&M shall be claimed as part of fuel cost component.
- 6.4. The approved jetty O&M tariff shall be effective from January 1, 2024 for four years. For further extension/revision of the jetty O&M



contract, the Authority's approval shall be mandatory.

7. NOTIFICATION

7.1. The above Order of the Authority shall be notified in the Official Gazette, in accordance with the Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

AUTHORITY

Mathar Niaz Rana (nsc)
Member

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed
Member

Waseem Mukhtar
Chairman

