



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/R/DG(Trf)/TRF-301/EPTPL-2015/31350-54

August 17, 2023

Subject: **Decision of the Authority in the matter of Quarterly Indexation/Adjustment of Tariff for July-September 2023 Quarter for Engro Powergen Thar (Pvt.) Ltd. [Case # NEPRA/TRF-301/EPTPL-2015]**

Dear Sir,

Please find enclosed herewith the decision of the Authority along with revised tariff components at **Annex-I** (total 03 pages) regarding quarterly indexation/adjustment of tariff of Engro Powergen Thar (Pvt.) Ltd. for the **July-September 2023** quarter on account of US CPI, CPI Local, KIBOR/LIBOR, Water Charges, Exchange Rate and Coal Price(s) variation in Case No. NEPRA/TRF-301/EPTPL-2015.

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, Engro Powergen Thar (Pvt.) Ltd., 16th Floor, The Harbor Front Building, HC-3, Marine Drive, Block-4, Clifton, Karachi
[Tele: 021 – 3529 7875 – 84]

DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/ ADJUSTMENT OF TARIFF FOR JULY TO SEPTEMBER 2023 QUARTER FOR ENGRO POWERGEN THAR (PRIVATE) LIMITED.

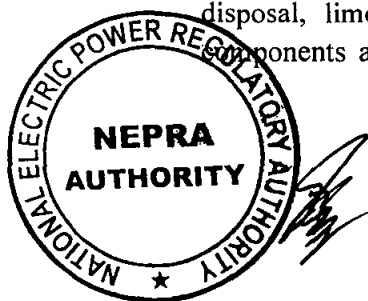
1. Pursuant to the decision of the Authority dated March 13, 2015 in the matter of application of Engro Powergen Thar (Private) Limited (hereafter "EPTPL") for unconditional acceptance of Upfront Thar Coal tariff for 2x330 MW coal power plant, the relevant tariff components in respect of July to September 2023 quarter have been revised on account of US CPI, CPI Local, KIBOR/LIBOR, water charges, exchange rate and coal price(s) variation. The revised tariff indicated hereunder shall be immediately applicable on units delivered basis for relevant quarter:

Tariff Components	Reference Tariff March 13, 2015	Revised Jul-Sep 2023 Quarter
Capacity Charge (Rs./KWh)		
Fixed O&M - Foreign	0.1535	0.5791
Fixed O&M - Local	0.1535	0.2122
Cost of Working Capital	0.1094	0.3166
Insurance	0.0944	0.0944
ROE	1.4075	4.1616
Interest Charges	0.4242	2.6707
Debt Repayment	1.3311	3.8320
Total	3.6736	11.8666
Energy Purchase Price (Rs./KWh)		
Variable O&M - Foreign	0.0684	0.2581
Variable O&M - Local	0.0456	0.0631
Water Charges (Government of Sindh)	0.2897	0.3594
Total	0.4037	0.6806

2. The power plant has achieved its COD on July 10, 2019. The decision in the matter of COD tariff true-up was issued on June 15, 2022 which was challenged in the Appellate Tribunal. The Petitioner also sought suspension of the operation of the subject decision from the Honorable Sindh High Court, Karachi through its Order dated July 20, 2022. Lately, the Appellate Tribunal on October 6, 2022 passed following Order:

"..... Contention heard. Following principle of parity the interim relief dated 07th September 2022 passed in appeal No. 40/NT/2022 (CPGCL appeal) will also be applicable in this case."

3. Accordingly, the Authority has decided to extend the provisional approval of tariff indexation/adjustment of reference tariff dated March 13, 2015 till the final decision of Sindh High Court and/or Appellate Tribunal. The said decision is without prejudice to the stance of NEPRA regarding the maintainability and grant of interim relief by Appellate Tribunal and shall be subject to outcome of legal proceedings pending in this regards.
4. EPTPL also requested quarterly indexation/adjustment with reference components of ash disposal, limestone, water charges (capital cost) and water charges (O&M). These components are required to be adjusted as per actual at the time of COD adjustment,



20/9

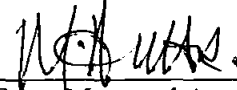
therefore, the same have not been considered by the Authority in the instant quarterly indexation/adjustment.

5. The above referred 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.
6. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).


AUTHORITY



Mathar Niaz Rana (nsc)
Member



Engr. Maqsood Anwar Khan
Member



Engr. Rafique Ahmed Shaikh
Member



Amina Ahmed
Member

—
Tauseef H. Farooqi
Chairman



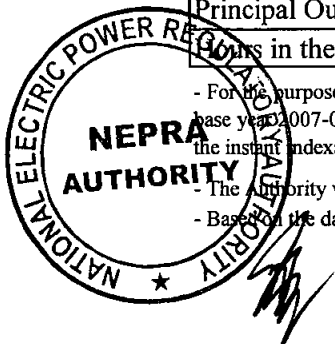
Engro Powergen Thar (Private) Limited
Quarterly Indexation/ Adjustment of Tariff

Tariff Components	Reference Tariff March 13, 2015	Revised Jul-Sep 2023 Quarter	Indexation
Capacity Charge (Rs./KWh)			
Fixed O&M - Foreign	0.1535	0.5791	US CPI & Rs./US\$
Fixed O&M - Local	0.1535	0.2122	CPI Local
Cost of Working Capital	0.1094	0.3166	KIBOR & Fuel Cost as per respective consumption of Local Coal
Insurance	0.0944	0.0944	-
ROE	1.4075	4.1616	Rs./US\$
Interest Charges	0.4242	2.6707	LIBOR & Rs./US\$
Debt Repayment	1.3311	3.8320	Rs./US\$
Total	3.6736	11.8666	
Energy Purchase Price (Rs./KWh)			
Variable O&M - Foreign	0.0684	0.2581	US CPI & Rs./US\$
Variable O&M - Local	0.0456	0.0631	CPI Local
Water Charges (Government of Sindh)	0.2897	0.3594	Water Charges of Irrigation Department of Government of Sindh
Total	0.4037	0.6806	
Indexation Values			Source
Exchange Rate (Rs./USD)	97.10	287.100	NBP - Revised rate of June 27, 2023
US CPI (All Urban Consumers)	238.34	304.127	U.S. Bureau of Labor Statistics - Revised value of May 2023
CPI (General) - Local	194.74	269.270	Pakistan Bureau of Statistics - Revised value of Jun 2020
3 Monthly KIBOR	11.91%	22.91%	SBP - Revised rate of June 27, 2023
3 Monthly LIBOR	0.45%	5.545%	global-rates.com - Revised rate of June 30, 2023
Variable Coal Price (Rs./MT)	1,393.44	4,030.77	Weighted Average Variable Price of Coal Consumed during Apr-Jun 2023
Coal Calorific Value (BTUs/Kg)	11,005	10,710	Weighted Average CV of Coal Consumed during Apr-Jun 2023
Price of Water (GoS) (Rs./1000 Gallons)	320	397.00	Water Charges of Irrigation Department of Government of Sindh
Principal Outstanding (USD. Million)	-	245.55	
Hours in the Quarter	-	2,208	

- For the purpose of indexation of Local O&M components for Jul-Sep 2023 quarter, CPI for May 2023 was required to be used. 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 components is being made on provisional basis, subject to revision upon decision of new reference index value by the Authority.

- 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.

- Based on the data declared by Engro Powergen Thar (Private) Limited.



3/3