



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/D(Trf)/TRF-308/HSRPEL-2015/42451-42453
November 20, 2020

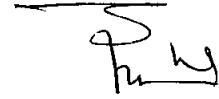
Subject: **Decision of the Authority in the matter of Indexation/Adjustment in Insurance Component of Capacity Charge Part of Tariff for Huaneng Shandong Ruyi (Pakistan) Energy Private Limited (Case No. NEPRA/TRF-308/HSRPEL-2015)**

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with schedule of Insurance Component of Capacity Charge (Annex-I) (03 pages) regarding Indexation/Adjustment in Insurance Component of Capacity Charge Part of Tariff for Huaneng Shandong Ruyi (Pakistan) Energy Private Limited for the period October 28, 2019 to October 27, 2020 in Case No. NEPRA/TRF-308/HSRPEL-2015.

2. The decision is being intimated to the Federal Government for the purpose of notification of adjustment in the approved tariff through the official Gazette pursuant to Section 31 (7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
3. The revised Tariff Schedule attached as Annex-I is to be notified in the official Gazette.

Enclosure: As above


20 11 20

(Syed Safeer Hussain)

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 INDEXATION/
ADJUSTMENT IN INSURANCE COMPONENT OF CAPACITY CHARGE PART
OF TARIFF FOR HUANENG SHANDONG RUYI (PAKISTAN) ENERGY
(PRIVATE) LIMITED**

1. Pursuant to the Decisions of the Authority dated March 31, 2015 in the matter of approval of upfront coal tariff for 2x660 MW coal power plant of Huaneng Shandong Ruyi (Private) Company Limited (hereafter "HSRPEL") and dated January 17, 2019 in the matter of tariff adjustment at Commercial Operation Date (COD), the insurance component of tariff is subject to annual adjustment as per actual cost. HSRPEL vide letter No. HSR-SWL-COMMERCIAL-822 dated September 11, 2020 requested to approve insurance component of Rs. 0.1342/kw/h for the third agreement year. HSRPEL in support of its request provided copies of insurance policies, insurance invoices and payment instruments. The details of requested insurance cost is as under:

Insurance Policy	Premium Excl Sales Tax (Rs.)
Business Interruption Following Machinery Breakdown	315,685,909
Business Interruption Following Property All Risk Insurance	168,369,841
Machinery Breakdown	162,056,104
Property All Risk Insurance	144,693,890
Political Violence Insurance and Business Interruption Insurance	120,689,450
General & Product Liability Insurance	60,652,651
Employers Liability (Chinese Employees)	29,710,919
Premises Pollution Liability Insurance	20,217,564
Employer's Liability (Pakistani Employees)	3,182,459
Workmen's Compensation	973,677
Vehicle Insurance (Cars)	1,614,405
Vehicle Insurance (Commercial)	1,068,605
Personal Accidental Insurance (Chinese Staff Health & Other Insurances)	243,435,403
Group Hospitalization Policy (Pakistani Staff Health Insurance)	25,385,321
Premium Invoices Addition/Deletion of Health Insurance	414,872
Total	1,298,151,070
Sales Tax	164,195,596
G. Total	1,462,346,666


2. Schedule VIII of the Power Purchase Agreement does not provide for health insurances, therefore, the same have not been considered
3. HSRPEL has also included Sales tax in the calculation of requested insurance cost component of tariff which is not in line with previous decision and decision in other similar cases. However, in case FBR declares sales tax on insurance as non adjustable, the same can be claimed as pass-through item under Section 11.3(c) of Schedule I of the PPA from the power purchaser in line with Authority's decision in a similar case.
4. Accordingly, on the basis of remaining insurance cost of Rs. 1,028,915,474 for the third agreement year, the insurance component has been revised. The revised insurance component of capacity charge part of tariff indicated hereunder shall be immediately applicable:




Period	Revised Insurance Component
	Rs./kW/Hour
October 28, 2019 to October 27, 2020	0.0942


5. The revised tariff schedule attached as **Annex-I** is 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).

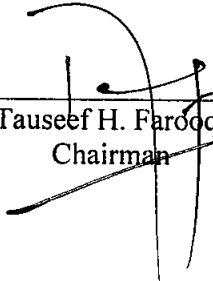
AUTHORITY


Saif Ullah Chattha
Member 16.11.2020


Rehmatullah Baloch
Member 16/11/2020


Engr. Rafique Ahmed Shaikh
Member 16/11/20


Engr. Bahadur Shāh
Member


Tauseef H. Farooqi
Chairman


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Huaneng Shandong Ruyi (Pakistan) Energy Private Limited
Schedule of Insurance Component of Capacity Charge
Adjustment on Account of Actual Insurance Premium

Period	Reference Insurance Premium	Revised Insurance Premium	Reference Insurance Component	Revised Insurance Component
	Rs.	Rs.	Rs./kW/Hour	Rs./kW/Hour
October 28, 2019 to October 27, 2020	976,067,995	1,028,915,474	0.0896	0.0942

