



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-308/HSRPEL-2015/23136-23138  
December 7, 2022

**Subject: Decision of the Authority in the matter of Indexation/Adjustment of Insurance Component of Capacity Charge Part of Tariff of Huaneng Shandong Ruyi (Pakistan) Energy Private Limited for 5<sup>th</sup> Agreement Year (October 28, 2021 to October 27, 2022) (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 of Insurance Component of Capacity Charge Part of Tariff of Huaneng Shandong Ruyi (Pakistan) Energy Private Limited for the period October 28, 2021 to October 27, 2022 in Case No. NEPRA/TRF-308/HSRPEL-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.

3. The schedule of Insurance Component of Capacity Charge attached as Annex-I is to be notified in the official Gazette.

Enclosure: As above

  
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( 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.

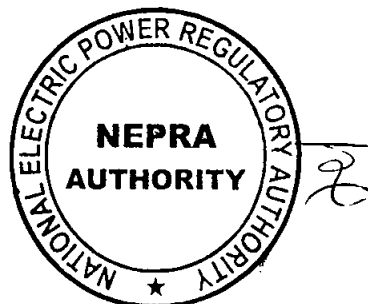
**DECISION OF THE AUTHORITY IN THE MATTER OF ADJUSTMENT OF INSURANCE COMPONENT OF CAPACITY CHARGE PART OF TARIFF OF HUANENG SHANDONG RUYI (PAKISTAN) ENERGY (PRIVATE) LIMITED FOR 5<sup>TH</sup> AGREEMENT YEAR (OCTOBER 28, 2021 TO OCTOBER 27, 2022).**

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 (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.
2. HSRPEL vide letter No. HSR-SW-2022-166 dated October 24, 2022 and revised letter No. HSR-SW-2022-182 dated November 14, 2022 requested to approve insurance component of Rs. 0.1152/kw/h for the 5<sup>th</sup> agreement year. HSRPEL in support of its request provided copies of insurance policies, premium invoices, sales tax invoices, payment instruments, no claim bonus certificates of Adamjee Insurance and EFU General.
3. HSRPEL paid total insurance premium of Rs. 1,254,869,563 including sales tax of Rs. 167,519,824 and the same was requested for calculation of revised insurance component. The detail of requested insurance premium is provided hereunder:

Insurance	Premium (Rs.)
Business Interruption Following Machinery Breakdown	398,908,766
Business Interruption Following Property All Risk	212,756,331
Employers Liability-Chinese	37,220,638
Employer's Liability-Pakistani	3,550,000
General & Product Liability	75,109,342
Group Hospitalization Policy	29,880,203
Machinery Breakdown	190,471,684
Political Violence Insurance and Business Interruption	135,018,226
Property All Risk	168,532,373
Vehicle Insurance-Cars	2,300,000
Vehicle Insurance-Commercial	1,122,000
<b>Total</b>	<b>1,254,869,563</b>

4. Schedule VIII of the Power Purchase Agreement does not provide for health insurance, therefore, in line with other power plants, health insurance of Rs. 29,880,203 has not been considered.
5. HSRPEL has also included Sales tax in the calculation of requested insurance cost component of tariff which is not in line with previous decisions and decisions in other similar cases. Therefore, the sales tax amount of Rs. 167,519,824 has not been considered. However, in case FBR declares sales tax on insurance as non adjustable, the same may 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.
6. Accordingly, the insurance component has been revised on the basis of insurance cost of Rs. 1,057,469,536/- for the 5<sup>th</sup> agreement year. 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, 2021 to October 27, 2022	0.0971



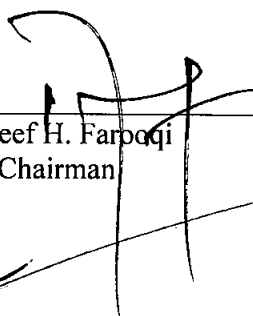
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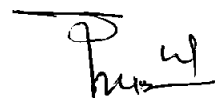
7. The revised tariff schedule attached as **Annex-I** is to be notified in the official gazette, in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
8. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

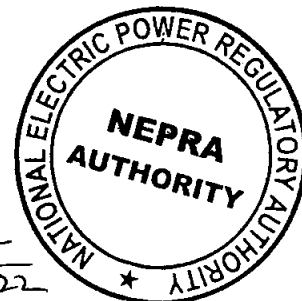
**AUTHORITY**

  
Engr. Maqsood Anwar Khan  
Member

  
Engr. Rafique Ahmed Shaikh  
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, 2021 to October 27, 2022	976,067,995	1,057,469,536	0.0896	0.0971



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