



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/ADG(Trf)/TRF-308/HSRPEL-2015/4693-97

April 7, 2022

Chief Executive
Huaneng Shandong Ruyi (Pakistan) Energy (Pvt.) Ltd.
House No. 4, A, Street No.20,
F-8/2, Islamabad
Phone: (03000 805869, 0310 7878539)

Subject: **Decision of the Authority in the matter of Fuel Price Adjustment for the month of March 2022 for Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited (HSR) [Case No. NEPRA/R/TRF-308/HSRPEL-2015]**

Enclosed please find herewith the subject decision of the Authority along with Schedule of Fuel Cost Part of Energy Charge (Annex-I), Details of Shipments (Annex-II), Marine Freight Calculation (Annex-III) and Inland Freight Charges (Annex-IV) (06 pages) in the matter of fuel price adjustment on account of Coal price variation for the month of March 2022 in respect of Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited.

Enclosure: As above


(Syed Safeer Hussain)

CC:

1. Secretary Ministry of Energy (Power Division), 'A' Block, Pak Secretariat, Islamabad
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
4. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited, Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad.

**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL PRICE ADJUSTMENT
FOR THE MONTH OF MARCH 2022 FOR HUANENG SHANDONG RUYI (PAKISTAN)
ENERGY PRIVATE LIMITED**

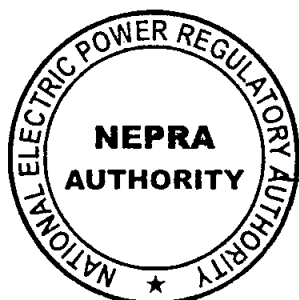
1. Pursuant to the Authority's decision dated March 31, 2015 in the matter of Approval of Upfront Coal Tariff for 2x660 MW coal power plant of Huaneng Shandong Ruyi (Pakistan) Energy Private Limited (HSRPEL), decision dated September 23, 2016 regarding Suo Moto Review Proceedings in the Fuel Price Adjustment Mechanism, decision dated February 15, 2018 regarding inland freight charges, decision dated January 17, 2019 in the matter of tariff adjustment at Commercial Operation Date (COD) of HSRPEL and decisions dated August 22, 2019 & May 6, 2021 in the matter of motion for leave for review regarding fuel price adjustments, the fuel portion of the energy charge part of HSRPEL's tariff has been adjusted for variation in coal price(s). HSRPEL requested weighted average coal price of US\$ 269.36/Ton for coal consumed during the month of March 2022. HSRPEL requested fuel cost component of Rs. 18.0537/kWh for March 2022.
2. It has been observed that Argus/McCloskey's published coal price index also specifies price differentials to API 4. It has been provided in the index report that to calculate a fixed price, apply the differential to the API 4 contract. Following differentials are applicable for the months of January 2022 and February 2022:

Description	Heat kcal/kg	Unit	January Average	February Average
5,700 differential	6,000	US\$/ton	(0.21)	10.63
5,500 differential	5,500	US\$/ton	-	2.42

3. In accordance with the above differentials, the API 4 price for each shipment from Richards Bay has been calculated as under:

Shipment No.	API 4 Price (US\$/ton)	Differential/Premium (US\$/ton)	Fixed Price (US\$/ton)	Heat (kcal/kg)	Actual Heat (kcal/kg)	Heat Adjusted Price (US\$/ton)	Price As Per Commercial Invoice (US\$/ton)	Difference (US\$/ton)
HSR 309	172.41	(0.21)	172.20	6,000	5,847	167.81	168.01	(0.20)
HSR 310	135.82	-	135.82	6,000	5,853	132.49	132.49	-
HSR 311	205.98	-	205.98	6,000	5,863	201.28	201.28	-
HSR 312	205.98	2.42	208.40	5,500	5,673	214.96	194.75	20.20
HSR 313	205.98	10.63	216.61	6,000	5,800	209.39	199.11	10.28

4. Since the coal price as per commercial invoice for shipment Nos. 312 and 313 is less than the calculated coal price as per price differentials, therefore, the coal price as per commercial invoice has been considered.
5. In accordance with the prescribed mechanism, the revised coal prices for each shipment have been worked out and are attached as Annexure to this decision. The revised fuel cost component of energy charge part of HSRPEL's tariff indicated hereunder shall be immediately applicable to units delivered during the month.

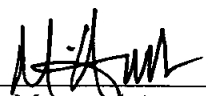


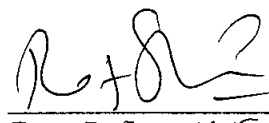
Period	Fuel Cost Component (Rs./kWh)	
	Reference	Revised
March 2022	4.9135	16.8412

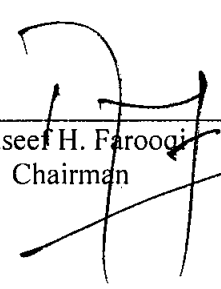


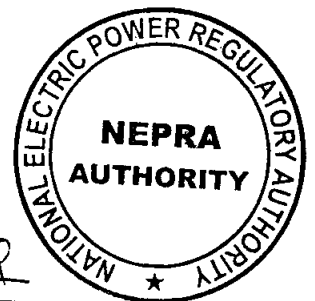

6. As per the coal price adjustment mechanism dated September 23, 2016, coal imports were envisaged only from South Africa, Indonesia and Australia. In case of Columbian coal, the Authority decided that IPP should be allowed to import coal from Colombia, as long as the delivered price to any of the Pakistan Port in terms of US\$/MMBTU is comparable to South Africa coal or Indonesia, whichever is lower at that time.
7. HSR procured one shipment from Russia. Since no mechanism exist for Russian coal, the same has been assessed on the basis of mechanism provided for South African coal in line with Colombian coal.
8. Marine freight has been worked out on the basis of 42,300 tons and 50,000 tons or actual ship quantity whichever is higher for ships unloaded at PQA Marginal Wharf 3&4 and PIBTL/KPT respectively. PDA charges have also been worked out on the same basis of respective quantities. HSRPEL has been including Marine Gas Oil (MGO) consumption in the marine freight while none of other similar coal power plants is requesting the same, therefore, the Authority has decided not to consider MGO consumption in the calculation of marine freight.
9. The above referred revised fuel cost component along with revised coal prices, revised marine freight charges and revised inland freight charges attached as **Annex-I, Annex-II, Annex-III & Annex-IV** respectively are to be notified in the official gazette, in accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.
10. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

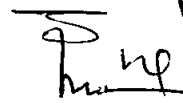
AUTHORITY


Engr. Maqsood Anwar Khan
Member


Engr. Rafique Ahmed Shaikh
Member


Tauseef H. Farooqi
Chairman



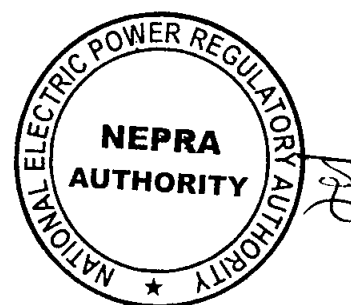

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Huaneng Shandong Ruyi Energy (Private) Company Limited
Schedule of Fuel Cost Part of Energy Charge
Adjustment on Account of Coal Price Variation for the Month of March 2022

Description	Quantity	Net CV	Coal Price		Exchange Rate
	Ton	kCal/Kg	US\$/Ton	Rs/Ton	Rs./US\$
Consumption from Stock:					
Consumption from Shipment No. HSR 309	59,024	5,847	241.77	42,790	176.99
Consumption from Shipment No. HSR 310	43,551	5,853	210.17	37,404	177.97
Consumption from Shipment No. HSR 311	58,320	5,863	282.93	49,836	176.14
Consumption from Shipment No. HSR 312	43,358	5,673	276.69	48,737	176.14
Consumption from Shipment No. HSR 313	15,767	5,800	283.10	49,866	176.14
Total Consumption	220,020	5,815	256.27	45,270	176.65

Description	Unit	Reference	Previous	Revised
Avg. price of stock consumed during the month	Rs./Ton	13,605	38,171	45,270
Avg. net calorific value of stock consumed during the month	kCal/Kg	5,990	5,844	5,815
Avg. net calorific value of stock consumed during the month	BTU/Kg	23,768	23,190	23,074
Net Heat Rates	BTU/kWh	8,584	8,584	8,584
Revised Fuel Cost Component	Rs./kWh	4.9135	14.1295	16.8412

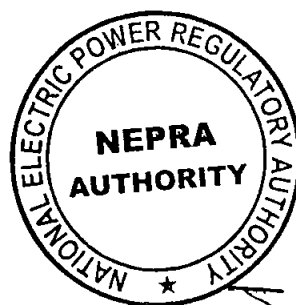
Note: The above adjustment of fuel cost component on coal shall be subject to verification by a consultant/Independent third party to be appointed for the purpose by the Authority. In case the verified delivered coal price is different, the fuel cost component shall be revised accordingly.



Huaneng Shandong Ruyi Energy (Private) Company Limited
Details of Shipmnets

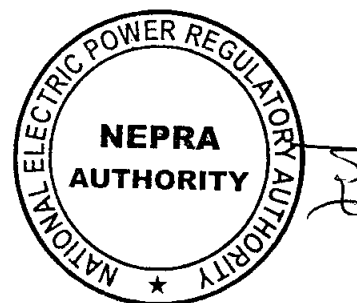
For the Month of March 2022

Shipment Number		HSR 309	HSR 310	HSR 311	HSR 312	HSR 313
Vessel Name		MV Great Pioneer	MV Hanton Trader III	MV Sadlers Wells	MV KM Weipa	MV African Kite
Bill of Lading (B/L) Date		22-Jan-22	11-Dec-21	19-Feb-22	13-Feb-22	10-Feb-22
L/C / TT Number		-	-	-	-	-
Origin		South Africa	South Africa	South Africa	Russia	South Africa
API-4 Index for the month of B/L Date		172.41	135.82	205.98	205.98	205.98
Coal Price Differential to API 4 for the month of B/L		(0.21)	-	-	-	-
Fixed Price		172.20	135.82	205.98	205.98	205.98
Base Calorific Value	kCal/Kg	6,000	6,000	6,000	6,000	6,000
Actual Calorific Value	kCal/Kg	5,847	5,853	5,863	5,673	5,800
Quantity	MT	59,632	44,000	58,915	43,800	43,994
FOB Coal Price API-4 Index as per B/L month Adjusted for CV	US\$/Ton	167.81	132.49	201.28	194.75	199.11
Marine Freight Charges	US\$/Ton	20.51	26.87	25.12	29.72	32.59
Marine Insurance	US\$/Ton	0.17	0.14	0.20	0.19	0.18
CIF Coal Price	US\$/Ton	188.49	159.50	226.59	224.66	231.88
Handling Loss 1% or actual whichever is minimum	US\$/Ton	-	-	-	-	-
CIF Coal Price with losses at Karachi	US\$/Ton	188.49	159.50	226.59	224.66	231.88
Other Charges:	US\$/Ton	24.83	22.71	27.35	23.11	22.23
(i) Port Handling Charges	US\$/Ton	4.33	4.37	4.43	4.23	4.23
(ii) Port Qasim Royalty Charge	US\$/Ton	2.24	2.26	2.30	2.40	2.40
(iii) Customs Duties & Cess	US\$/Ton	12.68	10.44	14.98	14.42	13.55
(iv) L/C / TT Charges	US\$/Ton	0.10	0.10	0.10	0.10	0.10
(v) PDA Charges at Load Port	US\$/Ton	0.46	0.60	0.48	0.64	0.64
(vi) PDA Charges at Discharge Port	US\$/Ton	0.75	0.71	0.76	1.03	1.02
(vii) Freight Forwarding/Custom Clearance	US\$/Ton	0.02	0.02	0.02	0.02	0.02
(viii) Wharfage Charges	US\$/Ton	0.19	0.19	0.19	0.19	0.19
(ix) Commodity & Ash Fusion Temperature Inspection	US\$/Ton	0.08	0.08	0.08	0.08	0.08
(x) Transportation & Loading Charges	US\$/Ton	3.97	3.94	4.01	-	-
Inland Freight Charges	US\$/Ton	26.06	25.89	26.19	26.19	26.19
Delivered Coal Price before adjustment of Handling Loss	US\$/Ton	239.37	208.09	280.13	273.95	280.30
Handling Loss 1% or actual whichever is minimum	US\$/Ton	2.39	2.08	2.80	2.74	2.80
Delivered Coal Price with losses at Power Plant	US\$/Ton	241.77	210.17	282.93	276.69	283.10
Exchange Rate	Rs./US\$	176.99	177.97	176.14	176.14	176.14
Delivered Coal Price with losses at Power Plant	Rs./Ton	42,790.47	37,404.00	49,835.52	48,736.56	49,865.79



Huaneng Shandong Ruyi Energy (Private) Company Limited
Marine Freight Calculation
For the Month of March 2022

Description		HSR 309	HSR 310	HSR 311	HSR 312	HSR 313
		MV Great Pioneer	MV Hanton Trader III	MV Sadlers Wells	MV KM Weipa	MV African Kite
		PIBT	PIBT	PIBT	PQA	PQA
Delivery Days:						
Voyage	Days	27.04	27.04	27.04	27.04	27.04
At Port	Days	4.98	4.33	4.93	6.84	6.87
Total Delivery Days	Days	32.01	31.37	31.97	33.88	33.90
Average Time Charter Rate	US\$/Day	19,237	26,115	25,576	19,072	22,628
Time Charter Cost	US\$	615,833	819,249	817,541	646,112	767,165
Bunker Consumption:						
Bunker during Voyage	Ton	878.72	878.72	878.72	878.72	878.72
Bunker during Port Days	Ton	24.88	21.67	24.64	34.20	34.33
Total	Ton	903.60	900.39	903.36	912.92	913.05
Bunker Price	\$/Ton	672.00	582.00	733.00	718.00	730.00
Bunker Cost	US\$	607,217	524,024	662,161	655,476	666,525
Total Voyage Expense	US\$	1,223,050	1,343,274	1,479,702	1,301,587	1,433,690
Quantity	Tons	59,632	50,000	58,915	43,800	43,994
Marine Freight	US\$/Ton	20.51	26.87	25.12	29.72	32.59
*PDA Charges both at Load and Discharge Ports have been included in Other Charges.						



Huaneng Shandong Ruyi Energy (Private) Company Limited
Inland Freight Charges
For the Month of March 2022

Description	Reference Rs/Ton/km	Revised				
		HSR 309	HSR 310	HSR 311	HSR 312	HSR 313
		MV Great Pioneer	MV Hanton Trader III	MV Sadlers Wells	MV KM Weipa	MV African Kite
Fixed Freight Charges (FFC)	1.77	2.05	2.05	2.05	2.05	2.05
Variable Freight Charges (VFC)	0.81	1.16	1.13	1.16	1.16	1.16
(i) Fuel	0.40	0.69	0.66	0.69	0.69	0.69
(ii) O&M	0.40	0.47	0.47	0.47	0.47	0.47
Other Freight Charges Component	0.72	0.72	0.72	0.72	0.72	0.72
Profit Margin	0.23	0.23	0.23	0.23	0.23	0.23
Total Freight Charges (Rs/Ton/km)	3.53	4.16	4.14	4.16	4.16	4.16
Distance (Km)	1,060	1,060	1,060	1,060	1,060	1,060
Total Freight Charges (Rs/Ton)	3,743	4,412	4,384	4,412	4,412	4,412
Indexation Values:						
Consumer Price Index Base Year 2015-16	131.67	152.51	152.51	152.51	152.51	152.51
HSD Price (Rs./Liter)	87.12	149.04	143.17	149.04	149.04	149.04
Spurline Component:						
Spurline Component (Rs./ton)	189.82	200.04	223.32	200.04	200.04	200.04
Total Quantity Handeled (Tons)	302,087	286,650	256,766	286,650	286,650	286,650
Inland Freight Charges with Spurline (Rs/Ton)	3,933	4,613	4,607	4,613	4,613	4,613
Exchange Rate	-	176.99	177.97	176.14	176.14	176.14
Inland Freight Charges with Spurline (USD/Ton)	-	26.06	25.89	26.19	26.19	26.19
Handling Month	-	Feb-22	Jan-22	Feb-22	Feb-22	Feb-22

