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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-308/HSRPEL-2015/13091-95

May 25, 2023


Subject: **Decision of the Authority in the matter of Quarterly Indexation/Adjustment of Tariff for Huaneng Shandong Ruyi (Pakistan) Energy Private Limited for April-June 2023 Quarter (Case No. NEPRA/TRF-308/HSRPEL-2015)**

Dear Sir,

Please find enclosed herewith the decision of the Authority along with revised tariff components (Annex-I) (02 pages) regarding quarterly indexation/adjustment of tariff of Huaneng Shandong Ruyi (Pakistan) Energy Private Limited for the **April-June 2023** quarter on account of US CPI, CPI (Local), Exchange Rate, KIBOR, LIBOR, Coal Price(s) and Coal Calorific Value(s) variation in Case No. NEPRA/TRF-308/HSRPEL-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.

Copy to: (alongwith copy of subject Decision):

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

DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION /ADJUSTMENT OF TARIFF FOR HUANENG SHANDONG RUYI (PAKISTAN) ENERGY PRIVATE LIMITED FOR APRIL TO JUNE 2023 QUARTER.

Pursuant to the Decision 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 (Pakistan) Energy Private Limited (hereafter "HSRPEL") and decision of the Authority dated January 17, 2019 in the matter of tariff adjustment at Commercial Operation Date (COD), the relevant tariff components in respect of April to June 2023 quarter have been revised on account of US CPI, CPI Local, Exchange Rate, KIBOR, LIBOR, Coal Price(s) and Coal Calorific Value(s) variation. The revised tariff indicated hereunder shall be immediately applicable:

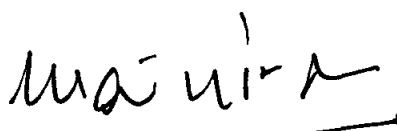
Tariff Components	Reference Jan 17, 2019	Revised Apr to Jun 2023 Quarter
Capacity Charge (Rs./KW/h)		
Fixed O&M - Foreign	0.1601	0.5300
Fixed O&M - Local	0.1606	0.1984
Cost of Working Capital	0.1541	2.1492
Return on Equity	0.9438	2.6678
Principal Outstanding	1.3850	3.7994
Interest Charge	0.4290	1.8813
Total	3.2326	11.2261
Energy Purchase Price (Rs./KWh)		
Variable O&M - Foreign	0.0763	0.2526
Variable O&M - Local	0.0510	0.0630
Total	0.1273	0.3156

HSRPEL has consumed mixed coal i.e. imported & local during the quarter. Accordingly, ROE and cost of working capital components have been adjusted in accordance with the Para 9.2 & 10.2(d) of the decision dated January 17, 2019.

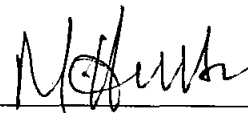
The above referred revised tariff components attached as **Annex-I** are to be notified in the official gazette, in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

CPPA(G) to ensure that all payments are consistent with the tariff determination(s).

AUTHORITY



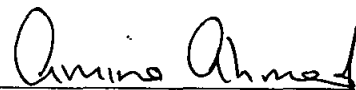
Mathar Niaz Rana (nsc)
Member



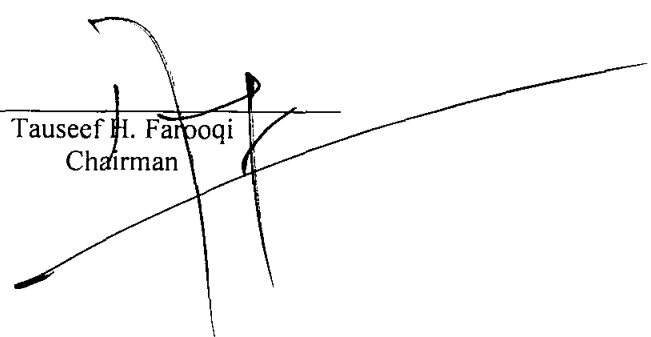
Engr. Maqsood Anwar Khan
Member



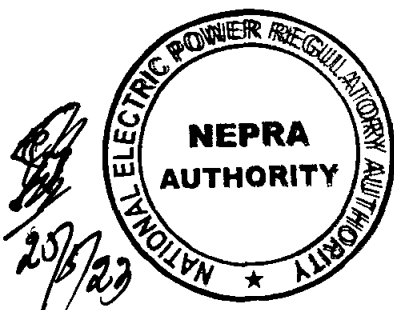
Engr. Rafique Ahmed Shaikh
Member



Amina Ahmed
Member


Tauseef H. Farooqi
Chairman

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Huaneng Shandong Ruyi (Pakistan) Energy (Pvt) Company Ltd.
Quarterly Indexation/Adjustment of Tariff

Tariff Components	Reference Jan 17, 2019	Revised Apr to Jun 2023 Quarter	Indexation
Capacity Charge (Rs./KW/h)			
Fixed O&M - Foreign	0.1601	0.5300	US CPI & Rs./US\$
Fixed O&M - Local	0.1606	0.1984	CPI
Cost of Working Capital	0.1541	2.1492	KIBOR & Fuel Cost as per respective consumption of Local & Imported Coal.
Return on Equity	0.9438	2.6678	Rs./US\$ & respective consumption of Local & Imported Coal.
Principal Outstanding	1.3850	3.7994	Rs./US\$
Interest Charge	0.4290	1.8813	LIBOR & Rs./US\$
Total	3.2326	11.2261	
Energy Purchase Price (Rs./KWh)			
Variable O&M - Foreign	0.0763	0.2526	US CPI & Rs./US\$
Variable O&M - Local	0.0510	0.0630	CPI Local
Total	0.1273	0.3156	
Indexation Values			Source
Exchange Rate (Rs./USD)	104.594	284.100	NBP - Revised rate of Mar 31, 2023
US CPI (All Urban Consumers)	246.819	300.840	U.S. Bureau of Labor Statistics - Revised value of Feb 2023
CPI (General) - Local	217.980	269.270	Pakistan Bureau of Statistics - Revised value of Jun 2020
3 Monthly KIBOR	6.150%	21.980%	SBP - Revised rate of Mar 31, 2023
3 Monthly LIBOR	1.380%	5.193%	www.brecorder.com - Revised rate of Mar 31, 2023
Imported Coal Price (Rs./Ton)	13,605	83,138.70	Weighted Average Price of Coal Consumed during Jan & Feb 2023.
Imported Coal Calorific Value (BTU/Kg)	23,768	22,638.22	Weighted Average CV of Coal Consumed during Jan & Feb 2023.
Local Coal Price (Rs./Ton)	-	74,270.75	Weighted Average Price of Coal Consumed during Jan & Feb 2023.
Local Coal Calorific Value (BTU/Kg)	-	22,447.10	Weighted Average CV of Coal Consumed during Jan & Feb 2023.
Imported Coal Quantity (M. Ton)	-	147,628.89	51.69% of Total Coal Consumed during Jan & Feb 2023.
Local Coal Quantity (M. Ton)	-	137,954.20	48.31% of Total Coal Consumed during Jan & Feb 2023.
Principal Outstanding (USD. Million)	-	742.21	
Return on Equity (ROE)-Local	-	29.50%	
Return on Equity (ROE)-Imported	-	27.20%	
Hours in the quarter	-	2,184	



- For the purpose of indexation of Local O&M components for Apr-Jun 2023 quarter, CPI for Feb 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.

- The cost of working capital is calculated on the basis of 30 days receivable for imported and local coal, 90 days inventory for imported coal whereas 30 days inventory for local coal, actual consumption %age for respective coal and actual CV for respective coal.

- Insurance component is not part of quarterly indexation. It is adjusted annually on actual basis as per mechanism stipulated in the Decision(s) of the Authority.

- Based on the data declared by Huaneng Shandong Ruyi (Pakistan) Energy (Pvt) Company Ltd.