



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/ADG(Trf)/TRF-308/HSRPEL-2015/3291-95

March 07, 2024

Subject: **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 6th Agreement Year (Case No. NEPRA/TRF-308/HSRPEL-2015)**

Dear Sir,

Please find enclosed herewith decision of the Authority along with schedule of Insurance Component of Capacity Charge at **Annex-I** (total 03 pages) regarding adjustment in insurance component of capacity charge part of Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited tariff on account of Actual Insurance Premium for the period from **October 28, 2022 to October 27, 2023** in Case No. 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.

Enclosure: As above

Secretary,
Ministry of Energy (Power Division),
'A' Block, Pak Secretariat,
Islamabad


(Engr. Mazhar Iqbal Ranjha)

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, Huaneng Shandong Ruyi (Pakistan) Energy (Pvt.) Ltd. House No. 4, A, Street No.20, F-8/2, 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 6TH AGREEMENT YEAR.

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 requested to approve insurance component of Rs. 0.1743/Kw/h for the 6th agreement year. HSRPEL in support of its request provided copies of insurance policies, premium invoices, sales tax invoices and payment instruments.
3. HSRPEL paid total insurance premium of Rs. 1,899,212,824 including sales tax of Rs. 255,778,475/- 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	614,800,934
Business Interruption Following Property All Risk	327,900,899
Employers Liability-Chinese	57,191,967
Employer's Liability-Pakistani	3,550,000
General & Product Liability	41,341,718
Group Hospitalization Policy	28,832,072
Machinery Breakdown	293,555,591
Political Violence Insurance and Business Interruption	268,726,459
Property All Risk	259,742,684
Vehicle Insurance-Cars	2,370,500
Vehicle Insurance-Commercial	1,200,000
Total	1,899,212,823

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. 28,832,072/- 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. 255,778,475/- 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. The Authority in its collective and joint wisdom considering all aspects decided with consensus as under; which will hereafter called as decision of the Authority in the matter:-

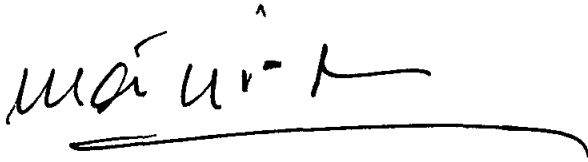
“Based on the information and documentary evidence(s) by HSRPEL and in accordance with Schedule VIII of Power Purchase Agreement, the insurance cost component of capacity charge part of tariff has been revised for the period October 28, 2022 to October 27, 2023 on the basis of insurance cost of Rs. 1,614,602,277/- for the 6th agreement year.”

7. The revised insurance component of capacity charge part of tariff indicated hereunder shall be immediately applicable:

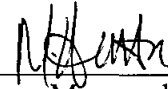
Period	Insurance Component Rs./kW/Hour	
	Reference Jan 17, 2019	Revised
October 28, 2022 to October 27, 2023	0.0896	0.1482

8. 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.
9. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

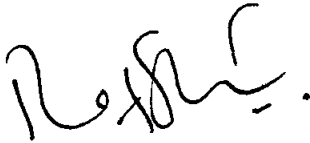
AUTHORITY



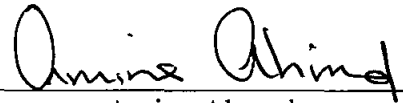
Mathar Niaz Rana (nsc)
Member



Engr. Maqsood Anwar Khan
Member



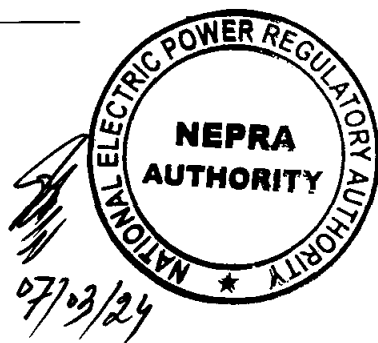
Engr. Rafique Ahmed Shaikh
Member



Amina Ahmed
Member



Waseem Mukhtar
Chairman



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	1% of 70% of Capital Cost	Revised Insurance Component
	Rs.	Rs.	Rs./kW/Hour		Rs./kW/Hour
October 28, 2022 to October 27, 2023	976,067,995	1,614,602,277	0.0896	0.71%	0.1482

-Based on data declared by Huaneng Shandong Ruyi (Pakistan) Energy Private Limited

