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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-369/LEPCL-2015/6431-35

March 17, 2023

Subject: Decision of the Authority in the matter of Quarterly Indexation/Adjustment for January-March 2023 Quarter of Tariff for Lucky Electric Power Company Ltd. (LEPCL) (Case No. NEPRA/TRF-369/LEPCL-2015)

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with Revised Tariff Components (Annex-I) (02 pages) regarding quarterly indexation/adjustment of tariff of Lucky Electric Power Company Ltd. for January-March 2023 quarter on account of US CPI, CPI Local, KIBOR, Exchange Rate, Coal Price(s) and Coal Calorific Value(s) variation in Case No. NEPRA/TRF-369/LEPCL-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),
Government of Pakistan
'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 Officer, Lucky Electric Power Company, 11th Floor, Al-Tijarah Center, 32-1-A, PECHS, Shahr-e-Faisal, Karachi Tele: 021 – 3416 8806-09

DECISION OF THE AUTHORITY IN THE MATTER OF QUARTELY INDEXATION/ADJUSTMENT FOR JANUARY TO MARCH 2023 QUARTER OF TARIFF FOR LUCKY ELECTRIC POWER COMPANY LIMITED (LEPCL).

Pursuant to the decision of the Authority dated October 20, 2016, notified vide S.R.O No. 946(I)/2017 dated September 15, 2017, in the matter of approval of upfront local coal tariff for 660 MW coal power plant of Lucky Electric Power Company Limited (hereinafter "LEPCL"), the relevant tariff components of LEPCL in respect of January to March 2023 quarter have been revised on account of US CPI, CPI Local, KIBOR, Exchange Rate, Coal Price(s) and Coal Calorific value(s) variation in accordance with the requisite indexation/adjustment mechanism stipulated in the decision of the Authority. The revised tariff components are indicated hereunder and shall be immediately applicable:

Tariff Components	Reference Oct 20, 2016	Revised Jan-Mar 2023 Quarter
Capacity Charge (Rs./KWh)		
Fixed O&M - Foreign	0.1435	0.4189
Fixed O&M - Local	0.1435	0.1984
Cost of Working Capital	0.1055	1.0427
Insurance	0.1021	0.1021
Return on Equity (ROE)	1.4575	3.1868
Debt Repayment	0.7955	0.7955
Interest Charges	2.1329	2.8621
Total	4.8805	8.6065
Energy Purchase Price (Rs./KWh)		
Variable O&M - Foreign	0.0684	0.1996
Variable O&M - Local	0.0456	0.0631
Total	0.1140	0.2627

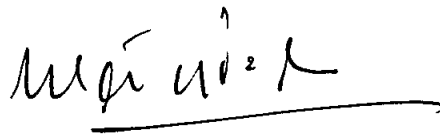
LEPCL has consumed mixed coal i.e. imported & local during the quarter. Accordingly, ROE and cost of working capital components have been adjusted in accordance with the Para 5(II)(xii) and Para 5(II)(xvii) of the decision dated October 20, 2016.

Indexation allowed to LEPCL is purely on provisional basis till finalization of its COD tariff by the Authority and shall be subject to adjustment/refund, if necessary, in the light of final decision of the Authority.

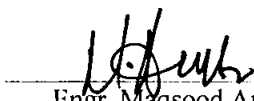
The revised tariff components of LEPCL attached as **Annex-I** are to be notified in the official gazette, in accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

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

AUTHORITY



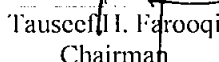
Mathar Niaz Rana (nsc)
Member



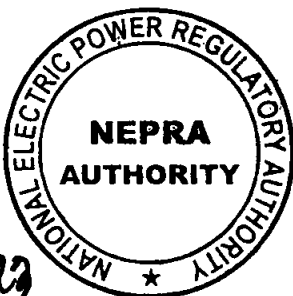
Engr. Maqsood Anwar Khan
Member



Engr. Rafique Ahmed Shaikh
Member



Tauseef H. Farooqi
Chairman




17/3/23

Lucky Electric Power Company Limited
Quarterly Indexation/ Adjustment of Tariff

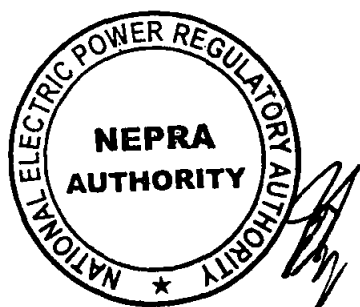
Tariff Components	Reference Oct 20, 2016	Revised Jan- Mar 2023 Quarter	Indexation
Capacity Charge (Rs./KWh)			
Fixed O&M - Foreign	0.1435	0.4189	US CPI & Rs./US\$
Fixed O&M - Local	0.1435	0.1984	CPI
Cost of Working Capital	0.1055	1.0427	KIBOR & Fuel Cost as per respective consumption of Local & Imported Coal.
Insurance	0.1021	0.1021	-
Return on Equity (ROE)	1.4575	3.1868	Rs./US\$ & as per respective consumption of Local & Imported Coal.
Debt Repayment	0.7955	0.7955	-
Interest Charges	2.1329	2.8621	KIBOR
Total	4.8805	8.6065	
Energy Purchase Price (Rs./KWh)			
Variable O&M - Foreign	0.0684	0.1996	US CPI & Rs./US\$
Variable O&M - Local	0.0456	0.0631	CPI
Total	0.1140	0.2627	
Indexation Values			Source
Exchange Rate (Rs./USD)	97.100	226.900	NBP - Revised rate of Dec 30, 2022
US CPI (All Urban Consumers)	238.340	297.711	U.S. Bureau of Labor Statistics - Revised value of Nov 2022
CPI (General) - Local	194.740	269.270	Pakistan Bureau of Statistics - Revised value of Jun 2020
3 Month KIBOR	11.91%	17.00%	SBP - Revised rate of Dec 30, 2022
Local Coal Price (Rs./MT)	10,018.195	12,919.20	Weighted Average Price of Coal Consumed during Oct to Dec 2022.
Imported Coal Price (Rs./MT)	-	20,396.67	Weighted Average Price of Coal Consumed during Oct to Dec 2022.
Imported Coal Calorific Value (BTU/kg)	-	11,007.32	Weighted Average CV of Coal Consumed during Oct to Dec 2022.
Local Coal Calorific Value (BTU/kg)	22,046.000	11,050.12	Weighted Average CV of Coal Consumed during Oct to Dec 2022.
Local Coal Quantity (M.Ton)	-	91,192.94	17.5% of Total Coal Consumed during Oct-Dec 2022.
Imported Coal Quantity (M.Ton)	-	429,792.60	82.5% of Total Coal Consumed during Oct-Dec 2022.
Principal Outstanding (Rs. Million)	-	75,082.68	
Return on Equity (ROE)-Local	-	29.50%	
Return on Equity (ROE)-Imported	-	27.20%	
Hours in Quarter	-	2,160	

- For the purpose of indexation of Local O&M components for Jan-Mar 2023 quarter, CPI for Nov 2022 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, 90 days inventory for imported coal, 30 days inventory for local coal, actual consumption %age for respective coal and actual CV for respective coal.

- Based on the data declared by Lucky Electric Power Company Limited and verified by NEPRA.



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