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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/DG(Trf)/TRF-369/LEPCL-2015/ 13636-40

May 29, 2023

Subject: Decision of the Authority in the matter of Quarterly Indexation/Adjustment of Tariff for Lucky Electric Power Company Limited (LEPCL) for April - June 2023 Quarter (Case No. NEPRA/TRF-369/LEPCL-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 for Lucky Electric Power Company Limited for the quarter April - June 2023 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,
'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, Shahra-e-Faisal, Karachi Tele: 021 – 3416 8806-09



DECISION OF THE AUTHORITY IN THE MATTER OF QUARTELY INDEXATION/ADJUSTMENT FOR APRIL TO JUNE 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 April to June 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 Apr-Jun 2023 Quarter
Capacity Charge (Rs./KWh)		
Fixed O&M - Foreign	0.1435	0.5299
Fixed O&M - Local	0.1435	0.1984
Cost of Working Capital	0.1055	1.0176
Insurance	0.1021	0.1021
Return on Equity (ROE)	1.4575	4.0824
Debt Repayment	0.7955	0.7955
Interest Charges	2.1329	3.5407
Total	4.8805	10.2666
Energy Purchase Price (Rs./KWh)		
Variable O&M - Foreign	0.0684	0.2526
Variable O&M - Local	0.0456	0.0631
Total	0.1140	0.3157

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

Mathar Niaz Rana (nsc)
Member

Engr. Maqsood Anwar Khan

Engr. Maqsood Anwar Khan
Member

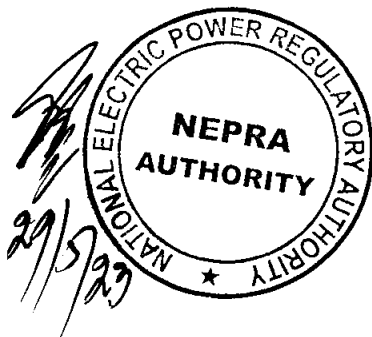
Engr. Rafique Ahmed Shaikh

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed

Amina Ahmed
Member

Tauseef H. Farooqi
Chairman



Tauseef H. Farooqi
Chairman

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Lucky Electric Power Company Limited
Quarterly Indexation/ Adjustment of Tariff

Tariff Components	Reference Oct 20, 2016	Revised Apr-Jun 2023 Quarter	Indexation
Capacity Charge (Rs./KWh)			
Fixed O&M - Foreign	0.1435	0.5299	US CPI & Rs./US\$
Fixed O&M - Local	0.1435	0.1984	CPI
Cost of Working Capital	0.1055	1.0176	KIBOR & Fuel Cost as per respective consumption of Local & Imported Coal
Insurance	0.1021	0.1021	-
Return on Equity (ROE)	1.4575	4.0824	Rs./US\$ & respective consumption of Local & Imported Coal
Debt Repayment	0.7955	0.7955	-
Interest Charges	2.1329	3.5407	KIBOR
Total	4.8805	10.2666	
Energy Purchase Price (Rs./KWh)			
Variable O&M - Foreign	0.0684	0.2526	US CPI & Rs./US\$
Variable O&M - Local	0.0456	0.0631	CPI
Total	0.1140	0.3157	
Indexation Values			Source
Exchange Rate (Rs./USD)	97.100	284.100	NBP - Revised rate of Mar 31, 2023
US CPI (All Urban Consumers)	238.340	300.840	U.S. Bureau of Labor Statistics - Revised value of Feb 2023
CPI (General) - Local	194.740	269.270	Pakistan Bureau of Statistics - Revised value of Jun 2020
3 Month KIBOR	11.91%	21.98%	SBP - Revised rate of Mar 31, 2023
Local Coal Price (Rs./MT)	10,018.195	12,567.51	Weighted Average Price of Coal Consumed during Jan to Mar 2023
Imported Coal Price (Rs./MT)	-	20,234.75	Weighted Average Price of Coal Consumed during Jan to Mar 2023
Imported Coal Calorific Value (BTU/kg)	-	10,994.85	Weighted Average CV of Coal Consumed during Jan to Mar 2023
Local Coal Calorific Value (BTU/kg)	22,046.000	11,176.64	Weighted Average CV of Coal Consumed during Jan to Mar 2023
Local Coal Quantity (M.Ton)	-	322,558.99	45.27% of Total Coal Consumed during Jan to Mar 2023
Imported Coal Quantity (M.Ton)	-	389,892.95	54.73% of Total Coal Consumed during Jan to Mar 2023
Principal Outstanding (Rs. Million)	-	74,085.07	
Return on Equity (ROE)-Local	-	29.50%	
Return on Equity (ROE)-Imported	-	27.20%	
Hours in 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 local & imported 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.

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

