



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-299/PQEPCPL-2015/ 33400-04

September 26, 2023

Subject: **Decision of the Authority in the Matter of request for extension of the O&M Contract for Coal unloading Jetty of Port Qasim Electric Power Company (Private) Ltd. [CASE NO. NEPRA/TRF-299/PQEPCPL-2015]**

Dear Sir,

Please find enclosed herewith the decision of the Authority (total 02 pages) in the matter of request for extension of the O & M contract for Coal unloading Jetty of Port Qasim Coal Fired Power Project in Case No. NEPRA/TRF-299/PQEPCPL-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
(Power Division)
'A' Block, Pak Secretariat
Islamabad


(Engr. Mazhar Iqbal Ranjha)
Pkr

CC:

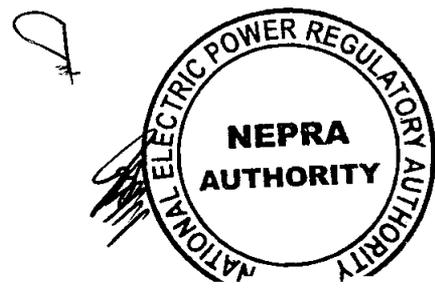
1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Chief Executive Officer, Port Qasim Electric Power Company (Pvt.) Limited
Level 6, West Wing, Serena Business Complex, Sector G-5/1, Islamabad
4. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited
Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad.



**DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FOR
EXTENSION OF THE O&M CONTRACT FOR COAL UNLOADING JETTY OF
PORT QASIM COAL FIRED POWER PROJECT (CASE NO. NEPRA/TRF-
299/PQEPCL-2015)**

Background

1. Port Qasim Electric Power Company Limited (PQEPCL, the "Company") has set up an imported coal based power complex in Port Qasim Karachi with a dedicated coal unloading. The Authority vide its decision dated 13th February 2015 approved upfront imported coal tariff on foreign financing in favour of PQEPCL. The plant achieved COD on 24th April 2018.
2. According to Para 49 of the Decision of the Authority dated 26th June 2014 in the matter of Upfront Coal Tariff, the jetty cost including its O&M cost will be subject to adjustment on the basis of verifiable documentary evidence.
3. PQEPCL vide its letter No. PQEPC/NEPRA/2017-15 dated 3rd August 2017 requested for approval of the O&M cost of the jetty for five years. According to PQEPCL, in order to ensure the timely mobilization and smooth operation & maintenance of the jetty, the Company has conducted an open tendering for the O&M contract. PQEPCL has provided along with its request the Bidding Document (RFP), Tender Documents from the Bidders, Bid Evaluation Report, Jetty O&M Contract and PPIB's NOC to Jetty O&M contractor.
4. The Authority vide its decision dated 23rd February 2018 accorded approval of the O&M contract for coal unloading jetty of Port Qasim coal-fired power project for a period of five years with the following changes:
 - i. The Authority approve the jetty O&M Contract cost of USD 26,277,880 for five years. The average annual O&M cost was USD 5,255,576 comprising of USD 5,026,548 for fixed O&M cost and USD 229,028 for variable O&M cost.
 - ii. At the time of entering into the O&M contract, the price was enhanced by USD 1 million on account of withholding tax which was not approved. Instead, the Authority decided that the actual withholding tax, non-refundable in nature, shall be pass-through item with maximum of USD 200,000 for each year upon submission of verifiable documentary evidence.
 - iii. Mobilization fee was not approved.
 - iv. 90% USD indexation request was reduced to 50% in case of fixed O&M and 60% in case of variable O&M in line with the power plant tariff with no CPI adjustment.
 - v. On the basis of the above, the Authority approved following Jetty O&M components of tariff:



| Component | Tariff | Indexation |
|-------------------------------|--------|-------------------------------|
| Fixed O&M Jetty (Rs./kW/Hour) | 0.0459 | 50% for variation in Rs./US\$ |
| Variable O&M Jetty (Rs./kWh) | 0.0021 | 60% for variation in Rs./US\$ |

REQUEST FOR EXTENSION OF JETTY O&M CONTRACT

5. PQEPCL vide letter dated 5th January 2023 submitted request for extension of the contract with Powerchina Harbour Co. Limited for operation & maintenance of coal unloading jetty for further five years. PQEPCL also submitted copy of the revised contract. PQEPCL referred Clause 42(V) of the decision dated 23rd February 2018 which is reproduced hereunder:

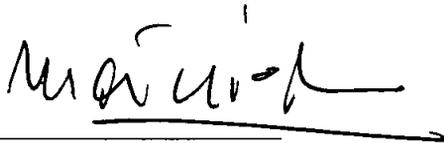
“The Contract shall be applicable for five years. For further extension of the contract, the Authority’s approval shall be mandatory”

6. PQEPCL submitted that the contract has been renegotiated with the original contractor i.e. Powerchina Harbour Co. Limited with the same price as agreed per the initial contract for the first 5 years and without any significant changes to the terms of the initial contract. PQEPCL further submitted that the contract has been approved by the Board of Directors of PQEPCL and shall commence upon the approval of the NEPRA Authority. PQEPCL requested approval/confirmation on the above mentioned extension of the O&M contract.

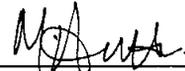
DECISION OF THE AUTHORITY

7. The Authority considered the request of PQEPCL and after detailed deliberations decided to extend the jetty O&M contract for two years. For further extension of the contract beyond two years, the Authority’s approval shall be mandatory.

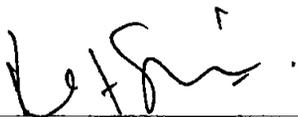
Authority



Mathar Niaz Rana (nsc)
Member



Engr. Maqsood Anwar Khan
Member



Engr. Rafique Ahmed Shaikh
Member



Amina Ahmed
Member