



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/R/DG(Trf)/TRF-368/TEL-2016/ 20562-66

August 04, 2023

Subject: **Decision of the Authority in the matter of Quarterly Indexation/Adjustment for April to June 2023 Quarter of Tariff for Thar Energy Limited (TEL) [CASE NO. NEPRA/TRF-368/TEL-2016]**

Dear Sir,

Please find enclosed herewith the decision of the Authority along with revised tariff components at **Annex-I** (total 03 pages) regarding quarterly indexation/adjustment of tariff of Thar Energy Ltd. for **April to June 2023** quarter on account of US CPI, CPI Local, KIBOR/LIBOR, Water Charges, Exchange Rate and Coal Price(s) variation in Case No. NEPRA/TRF-368/TEL-2016.

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

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, Thar Energy Limited, 11th Floor, Ocean Tower, Block-9, Main Clifton Road, Karachi

DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/ ADJUSTMENT OF TARIFF FOR APRIL TO JUNE 2023 QUARTER FOR THAR ENERGY LIMITED.

1. Pursuant to the decision of the Authority dated October 18, 2016, notified vide S.R.O. No. 725(I)/2017 on July 27, 2017, in the matter of approval of upfront Thar coal tariff for 330 MW coal power plant of Thar Energy Limited (hereafter "TEL"), the relevant tariff components are required to be indexed/adjusted according to the stipulated mechanism therein.
2. TEL filed request for interim relief through quarterly indexation/adjustment which was considered by the Authority. Accordingly, the relevant tariff components in respect of April to June 2023 quarter have been revised on account of US CPI, CPI Local, KIBOR/LIBOR, water charges, exchange rate and coal price(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:

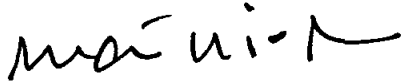
Tariff Components	Reference Tariff Oct 18, 2016	Revised Apr-Jun 2023 Quarter
Capacity Charge (Rs./KWh)		
Fixed O&M – Foreign	0.1535	0.5669
Fixed O&M – Local	0.1535	0.2122
Cost of Working Capital	0.1094	0.2835
Insurance	0.0944	0.0944
ROE	1.4075	4.1181
Interest Charges	0.6620	3.7545
Debt Repayment	1.0933	3.2183
Total	3.6736	12.2479
Energy Purchase Price (Rs./KWh)		
Variable O&M - Foreign	0.0684	0.2526
Variable O&M - Local	0.0456	0.0631
Water Charges (Government of Sindh)	0.2897	0.4131
Total	0.4037	0.7288



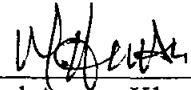
3. TEL also requested quarterly indexation/adjustment with reference components of ash disposal, limestone, water charges (capital cost) and water charges (O&M), as, these are required to be adjusted as per actual, therefore, same has not been considered by the Authority in the instant interim tariff relief.
4. Indexation allowed to TEL is on provisional basis till the finalization of its COD tariff decision by the Authority and shall be subject to adjustment/refund, if necessary, in the light of final decision of the Authority in respect to COD tariff adjustment.

5. 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.
6. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

AUTHORITY



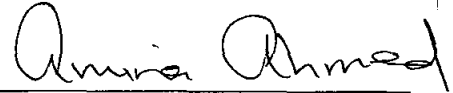
Mathar Niaz Rana (nsc)
Member



Engr. Maqsood Anwar Khan
Member



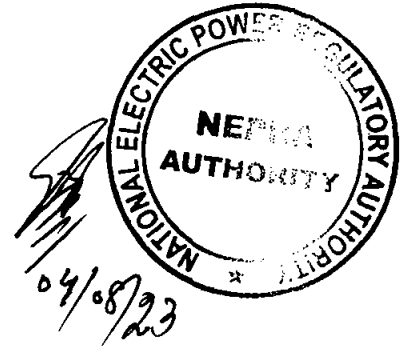
Engr. Rafique Ahmed Shaikh
Member



Amina Ahmed
Member



Tauseef H. Farooqi
Chairman



Thar Energy Limited
Quarterly Indexation/ Adjustment of Tariff

Tariff Components	Reference Tariff Oct 18, 2016	Revised Apr-Jun 2023 Quarter	Indexation
Capacity Charge (Rs./KWh)			
Fixed O&M - Foreign	0.1535	0.5669	US CPI & Rs./US\$
Fixed O&M - Local	0.1535	0.2122	CPI Local
Cost of Working Capital	0.1094	0.2835	KIBOR & Fuel Cost
Insurance	0.0944	0.0944	-
ROE	1.4075	4.1181	Rs./US\$
Interest Charges	0.6620	3.7545	LIBOR & Rs./US\$
Debt Repayment	1.0933	3.2183	Rs./US\$
Total	3.6736	12.2479	
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 Local
Water Charges (Government of Sindh)	0.2897	0.4131	Price of Water
Total	0.4037	0.7288	
Indexation Values			Source
Exchange Rate (Rs./USD)	97.10	284.100	NBP - Revised rate of Mar 31, 2023
US CPI (All Urban Consumers)	238.34	300.840	U.S. Bureau of Labor Statistics - Revised value of Feb 2023
CPI (General) - Local	194.74	269.270	Pakistan Bureau of Statistics - Revised value of Jun 2020
3 Monthly KIBOR	11.91%	21.98%	SBP - Revised rate of Mar 31, 2023
3 Monthly LIBOR	0.45%	5.193%	global-rates.com - Revised rate of Mar 31, 2023
Variable Coal Price (Rs./MT)	1,393.44	3,825.97	Weighted Average Variable Price of Coal Consumed during Jan-Mar 2023
Coal Calorific Value (BTUs/Kg)	11,005	10,710	Weighted Average CV of Coal Consumed during Jan-Mar 2023
Price of Water (GoS) (Rs./1000 Gallons)	320	456.30	Govt. of Sindh notification dated March 30, 2022
Principal Outstanding (USD. Million)	-	358.67	
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.

- Based on the data declared by Thar Energy Limited.

3/3 *Q* *note* *9*

