



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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E-mail: registrar@nepra.org.pk

No.NEPRA/TRF-201/BSEL-2011/44-46
January 02, 2013

Subject: **Determination of the Authority in the Matter of Tariff Petition filed by Blue Star Energy (Pvt.) Ltd. [Case # NEPRA/TRF-201/BSEPL-2011]**

Dear Sir,

Enclosed please find herewith the Determination of the Authority (03 pages) in the matter of Tariff Petition filed by Blue Star Energy (Pvt.) Ltd. regarding 01 MW Hydro Electric Power Plant at Machai Canal, District Mardan, Khyber Pukhtunkhwa, for information please.

Encl: As above

(Syed Safer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.



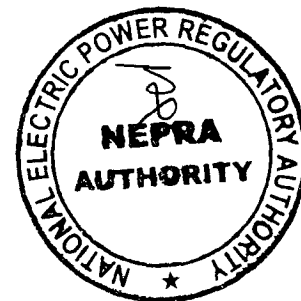
**DETERMINATION OF THE AUTHORITY IN THE MATTER OF TARIFF PETITION FILED
BY BLUE STAR ENERGY (PRIVATE) LIMITED**

1. Blue Star Energy (Private) Limited (hereunder referred to as "BSEPL" or "the Petitioner") filed Tariff Petition ("the Petition") before the National Electric Power Regulatory Authority ("the Authority") on December 07, 2011 under Rule 3 of the NEPRA Tariff Standards & Procedure Rules, 1998 (hereinafter referred to as "Tariff Rules") for determination of generation tariff in respect of its 1 MW Hydro Electric Power Plant at Machai Canal, District Mardan in the province of Khyber Pakhtunkhwa (KPK).

2. In accordance with sub-rule 3 of rule 4 of the Tariff Rules the petition was admitted for hearing on June 28, 2012. Pursuant to the admission of the Petition, Notice of Admission/Public Hearing was published in the daily newspapers on July 28, 2012, for information & invitation to all the stakeholders for their participation in the tariff setting process either through their comments or becoming a party to the case as Interveners. Separate notices were also sent to persons/parties who, in the opinion of the Authority, were likely to be affected or interested in the Petition. No intervention request was received; however National Transmission and Despatch Company (NTDC) and Peshawar Electric Supply Company (PESCO) submitted their comments which were duly noted.

3. The Public Hearing in this regard was held as per schedule on August 15, 2012, wherein the petitioner submitted that it had acquired three adjacent sites on lease from Sarhad Hydel Development Organization (SHYDO) under the Government of Khyber Pakhtunkhwa (KPK) power policy 2006, for development of 3 MW hydropower plant at Machai Canal. It has completed 1MW power plant through equity investment which is operational since 2008, while it has not been able to complete the rest 2 MW power plant due to non availability of funding from the banks. The Petitioner submitted that it has abandon its plan for construction of rest 2 MW power plant and requested the Authority to determine tariff for 1MW power plant only for which it has filed the instant petition.

4. The following technical and financial information in a summarized form, as provided by the petitioner, is given hereunder.

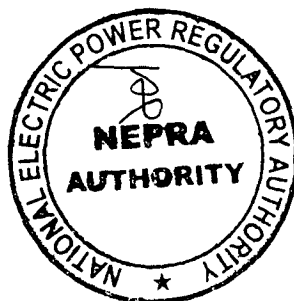


| | |
|----------------------------------|-----------|
| Net Capacity of plant | 1 MW |
| Annual Plant Factor | 88% |
| Annual Energy | 7.709 GWh |
| Project Cost (US\$ million) | 3.7071 |
| Project Cost (Rs. Million) | 324.3684 |
| Reference PKR/US\$ exchange rate | 87.50 |
| Levelized Tariff US cents/kWh | 11.3045 |
| Levelized Tariff Rs/kWh | 9.8914 |

5. The petitioner in the petition as well as in the hearing submitted that its requested total project cost of Rs. 324.368 million has been worked out by escalating the actual project cost on the basis of current (November 2011) Wholesale Price Index (WPI) as allowed under the GOP Power Policy 2002.

6. The Authority observed that the petitioner's understanding about such provisions of GoP Power Policy 2002 is not correct. The Authority further observed that the petitioner's request for approval of project cost and tariff is required to be dealt in line with the mechanism/procedure already approved by the Authority in the case of other power projects which have achieved Commercial Operation Date (COD). The Petitioner was therefore advised to submit the actual audited accounts and other relevant information for verification of actual costs during the project construction period. The same was communicated in writing to the Petitioner vide NEPRA letter No. NEPRA/TRF-201/BSEL-2011/6063 dated September 06, 2012; whereby the Petitioner was issued specific directions to furnish the required documentary evidence regarding all prudently incurred costs during the project construction phase. However, the Petitioner failed to respond to the abovementioned letter, and subsequently a written reminder was sent to the Petitioner vide letter No. NEPRA/TRF-201/BSEL-2011/7473 dated September 18, 2012. In addition, the Petitioner was reminded several times through telephonic conversation to submit the required information.

7. According to the Tariff Rules, the Authority has a stipulated period of four months to decide a Petition which has already expired. In order to provide an ample opportunity to the Petitioner, the Authority has already extended this period for two months. It has, however, been observed by the Authority that the Petitioner has continued to show lack of interest in complying with the directions of the Authority despite the fact that a sufficient time for submission of required essential information was provided to it. The Authority considers that




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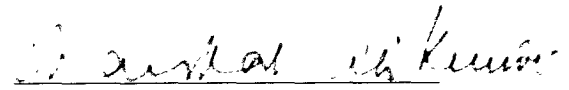
in view of non provision of requisite documentary evidence and other relevant information, it is not possible for it to confirm and approve any cost and tariff for the petitioner. Further the Authority cannot hold its determination indefinitely under the Tariff Rules.

8. In view of above, the instant tariff petition of BSEPL is dismissed by the Authority under Rule 16(2) of the NEPRA Tariff (Standards and Procedure) Rules 1998.

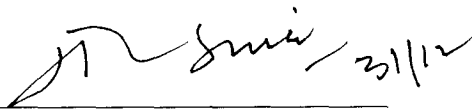
AUTHORITY


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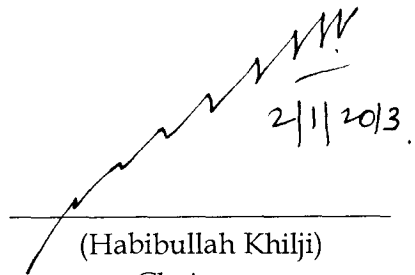
(Khawaja Muhammad Naeem)
Member



(Shaukat Ali Kundi) 31.12.12
Member


31/12

(Major (R) Haroon Rasheed)
Member


2/1/2013

(Habibullah Khilji)
Chairman

