



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-591/GAEL-2022/22885-22887  
December 1, 2022

Subject: **Decision of the Authority in the matter of Grant of Immediate Application of the Proposed Tariff of Gul Ahmed Energy Limited for RFO Based Power Plant of 136.17 MW (Gross) at Karachi [Case # NEPRA/TRF-591/GAEL-2022]**

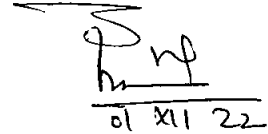
Dear Sir,

Please find enclosed herewith the subject Decision of the Authority (**03 Page**) in the matter of Grant of Immediate Application of the Proposed Tariff of Gul Ahmed Energy Limited for RFO Based Power Plant of 136.17 MW (Gross) at Karachi in Case No. NEPRA/TRF-591/GAEL-2022.

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.

3. The Order of the Authority's Decision shall be notified in the official Gazette.

Enclosure: As above



( Syed Safeer Hussain )

Secretary  
Ministry of Energy (Power Division)  
'A' Block, Pak Secretariat  
Islamabad

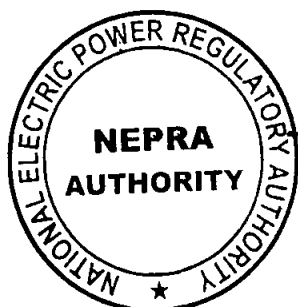
CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

**DECISION OF THE AUTHORITY IN THE MATTER OF GRANT OF IMMEDIATE APPLICATION OF THE PROPOSED TARIFF OF GUL AHMED ENERGY LIMITED FOR RFO BASED POWER PLANT OF 136.17 MW (GROSS) AT KARACHI.**

1. Gul Ahmed Energy Limited (GAEL), has been operating a RFO based power generation facility of 136.17 MW gross (net 127.50 MW) at Korangi Industrial Township, Karachi, Sindh. The project is established under 1994 Power Policy. The Project has been selling electricity to K-Electric. Generation License for the project was granted vide No. JPGL/09/2003 dated 26<sup>th</sup> August 2003. Term of the generation license was extended up to 25<sup>th</sup> August 2029.
2. Contemplating the expiry of the PPA with KE, GAEL, vide letter dated 13.02.2019 submitted Cost-plus Tariff Petition for approval of the Reference Generation Tariff that will apply during the PPA Term Extension between KE and GAEL for term of 5 years. Decision in the matter was issued on 21st November 2019 with term extension for a period of three (3) years w.e.f. 3<sup>rd</sup> November 2019. Review Motion against the said Determination of the Authority was decided on 3<sup>rd</sup> June 2020. The approved tariff was applicable w.e.f 3<sup>rd</sup> November 2019 for a term of three years or till the time CPPA-G/NTDC are willing and capable of supplying equivalent additional power to KE, whichever comes earlier.
3. Now GAEL and KE have agreed to extend the term of the power purchase arrangement for an additional period, which shall commence on 3<sup>rd</sup> November 2022. KE granted its power purchase consent to GAEL for 2 years i.e. till 2<sup>nd</sup> November 2024.
4. GAEL vide letter dated 12<sup>th</sup> September 2022 filed tariff petition for determination of revised generation tariff for sale of electricity to KE for a period of two year extended term of PPA commencing from 3<sup>rd</sup> November 2022. The requested tariff is as under:

Description	Rs. /kWh
<b>Energy Charge:</b>	
Fuel cost component	36.7754
Variable O&M cost component	1.3600
<b>Total</b>	<b>38.1354</b>
<b>Capacity Charge:</b>	
Fixed O&M cost component	1.0445
Cost of working capital	1.5181
Insurance	0.3681
Return on Equity	1.2903
<b>Total</b>	<b>4.2210</b>
<b>Total Tariff</b>	<b>42.3564</b>



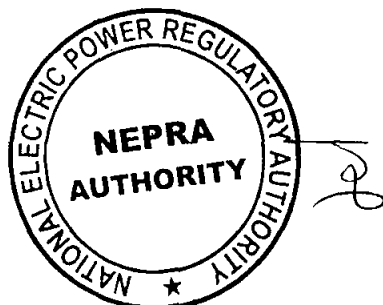
29/9/22

5. Pursuant to Rule 4(7) of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998, GAEL vide letter dated 17<sup>th</sup> October 2022 requested the Authority to exercise its power and grant a provisional approval of tariff based on the reference tariff petition. Such provisional tariff will allow the company to continue the supply of power to KE, during the period between expiry of its existing tariff i.e. 2<sup>nd</sup> November 2022 till the Authority arrives at its final determination with regard to the Company's reference tariff petition.
6. For determination of tariff, a period of four months is provided and during that period the electricity being generated by the subject plant would continue to be supplied to the consumers and in the absence of approved tariff the payment shall keep on accumulating. The non-payment may create serious cash flow problem for the project or in case the power plant stop dispatching the energy to KE after 2<sup>nd</sup> November 2022, there will be a further shortfall of 127.50 MW for consumers of Karachi and will result in increased load shedding. Therefore, the request of immediate application of tariff seems justified. In like cases the Authority has provided interim tariff subject to final decision and an order of refund, if any, for the protection of the consumers while the proceedings are pending before the Authority.
7. In the instant case, the requested tariff is higher than the current applicable tariff of GAEL. Accordingly, the Authority has decided to allow following tariff for immediate application:

Description	Rs. /kWh
<b>Energy Charge:</b>	
Fuel cost component (RFO Price Rs. 153,407/ton)	33.0979
Variable O&M cost component	1.0280
<b>Total</b>	<b>34.1259</b>
<b>Capacity Charge:</b>	
Fixed O&M cost component	0.7357
Cost of working capital	0.8700
Insurance	0.1819
Return on Equity	0.8039
<b>Total</b>	<b>2.5915</b>
<b>Total Tariff</b>	<b>36.7174</b>

### ORDER

8. In exercise of powers conferred under Section 7 read with Section 31 of the NEPRA Act, the Authority hereby determines and approves the following provisional tariff w.e.f 3<sup>rd</sup> November 2022, for immediate application, for Gul Ahmed Energy Limited for sale of



*[Handwritten signature]*

127.50 MW power to KE subject to final decision and an order of refund, if any, for the protection of the consumers while the proceedings are pending before the Authority.

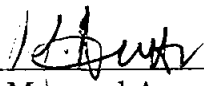
Description	Rs./kWh
<b>Energy Charge:</b>	
Fuel cost component	33.0979
Variable O&M cost component	1.0280
<b>Total</b>	<b>34.1259</b>
<b>Capacity Charge:</b>	
Fixed O&M cost component	0.7357
Cost of working capital	0.8700
Insurance	0.1819
Return on Equity	0.8039
<b>Total</b>	<b>2.5915</b>
<b>Total Tariff</b>	<b>36.7174</b>


9. The application of provisional tariff shall be subject to following conditions:

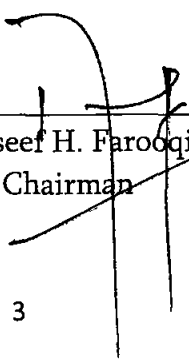
- i- Tariff shall be on Take & Pay basis.
- ii- The fuel cost component has been worked out on the basis of RFO price of Rs. 153,407/ton including transportation charges and LHV calorific value of 38,826.19 Btu/Kg. The fuel cost component shall be subject to adjustment for variation in fuel prices.
- iii- The dispatch shall be strictly in accordance with the KE's economic merit order;

10. The above Order of the Authority shall be notified in the Official Gazette in terms of Section 31(7) of the Regulations of Generation, Transmission and Distribution of Electric Power Act, 1997.

### AUTHORITY

  
(Engr. Maqsood Anwar Khan)  
Member

  
(Rafique Ahmed Shaikh)  
Member

  
(Tauseef H. Farooqi)  
Chairman

