



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/TRF-356/GPPL-2016/8638-8640
June 9, 2016

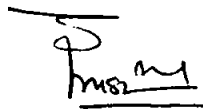
Subject: Approval of National Electric Power Regulatory Authority in the matter of Application of Gulf Powergen (Private) Limited (GPPL) for Unconditional Acceptance of Upfront Tariff for Utilization of Existing Available Capacity Short-Term Independent Power Producers [Case No. NERPA/TRF-356/GPPL-2016]

Dear Sir,

Please find enclosed herewith the subject Approval of the Authority along with Annexure-I (04 pages) in Case No. NERPA/TRF-356/GPPL-2016.

2. The Decision is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
3. Order of the Authority along with Annexure-I needs to be notified in the official Gazette.

Enclosure: As above


09.06.16
(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, 'Q' Block, Pak Secretariat, Islamabad.

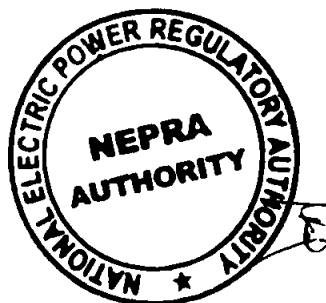


**APPROVAL OF NATIONAL ELECTRIC POWER REGULATORY AUTHORITY IN THE MATTER OF
APPLICATION OF GULF POWERGEN (PRIVATE) LIMITED FOR UNCONDITIONAL ACCEPTANCE
OF UPFRONT TARIFF FOR UTILIZATION OF EXISTING AVAILABLE CAPACITY SHORT-TERM
INDEPENDENT POWER PRODUCERS**

1. The National Electric Power Regulatory Authority (hereinafter referred to as the "Authority"), in exercise of the powers conferred by Regulation 3(1) of Upfront Tariff (Approval & Procedure) Regulations, 2011 (hereinafter referred to as the "Upfront Tariff Regulations") read with Rule 3(1) of the Tariff (Standards & Procedure) Rules, 1998 and Section 7 of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, had determined generation tariff for utilization of existing available generation capacity in pursuance of the GOP policy for Short-term Independent Power Producers (hereinafter referred to as "STIPPs"). The determined generation tariff was notified vide SRO 756(I)/2015 dated 3.8.2015.
2. Gulf Powergen (Private) Limited (hereinafter referred to as "the Applicant") having Generation License No. IGSPL/57/2015 vide letter dated 20.4.2015 submitted an application under the Upfront Tariff Regulations for unconditional acceptance of Upfront Tariff for STIPPs with all the terms, conditions and assumptions provided therein (hereinafter referred to as "Upfront Tariff Determination"), for its 83.835 MW (Gross) RFO based generation power plant located at Eminabad District Gujranwala in the Province of Punjab.
3. The application was processed in accordance with the relevant provisions of the Upfront Tariff Regulations and the Upfront Tariff Determination. The Applicant provided all necessary and relevant information/documents and was considered eligible for the grant of Upfront Tariff Determination. Accordingly, the Authority has decided to grant the Upfront generation tariff of STIPPs to the Applicant as follows:
4. ORDER
- 4.1 In exercise of the powers conferred by Regulation 3(1) of the Upfront Tariff (Approval & Procedure) Regulations, 2011 read with Rule 3(1) of the Tariff (Standards & Procedure) Rules, 1998 and Section 7 of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997, the Authority approves the following upfront generation tariff and indexations for Gulf Powergen (Private) Limited (GPPL); RFO based Short-term Independent Power Producer, for delivery of electricity to the power purchaser on take and pay basis:

Reference Tariff

Tariff Components	Year 1	Year 2	Year-3	Indexation
Fixed Cost Component (PKR/kWh)				
O&M	0.3098	0.3098	0.3098	Local CPI quarterly basis
Cost of Working Capital	0.1725	0.1725	0.1725	KIBOR



(Handwritten mark)



Tariff Components	Year 1	Year 2	Year-3	Indexation
Insurance	0.0261	0.0261	0.0261	-
WACC	0.5177	0.4899	0.4584	-
* Depreciation	0.2103	0.2381	0.2695	-
Total Capacity Charge	1.2363	1.2363	1.2363	
Energy Charge on Operation on RFO Rs./kWh				
Fuel Cost Component	9.1728	9.1728	9.1728	Fuel Price
Variable O&M	0.8707	0.8707	0.8707	Local CPI quarterly basis

Note: i) Component wise proposed tariff for operation on RFO is indicated at Annex-I.

4.2 The following indexation shall be applicable to the reference tariff;

i) Fixed O&M

$$F O\&M_{(REV)} = Rs. 0.3098/kWh \times CPI_{(REV)} / 198.80$$

Where:

$F O\&M_{(REV)}$ = The revised applicable Fixed O&M Local Component of the Fixed Cost Component indexed with Local CPI on quarterly basis

$CPI_{(REV)}$ = The revised Local CPI (General)

ii) Variable O&M

The formula for indexation of variable O&M component will be as under:

$$V O\&M_{(REV)} = Rs. 0.8707/kWh \times CPI_{(REV)} / 198.8$$

Where:

$V O\&M_{(REV)}$ = The revised applicable Variable O&M Component of the Fixed Cost Component indexed with local CPI on quarterly basis.

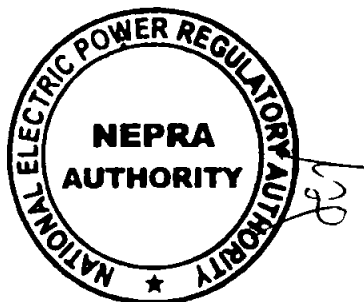
$CPI_{(REV)}$ = The revised local CPI (General)

Terms & Conditions:

- Fuel shall be the responsibility of the power producer;
- Interconnection shall be the responsibility of the power purchaser;
- Merit Order shall be strictly followed by the NPCC;
- Tariff shall be on take and pay basis;
- Tariff, eligibility criteria and terms and conditions laid down by the Authority shall be part of the Power Purchase Agreement.

Eligibility Criteria

- Permissions from the relevant entities for the utilization of plant and machinery, where applicable.
- Incorporation of Special Purpose Company under the laws of Pakistan;





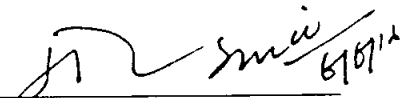
- Project Company shall obtain Generation License from NEPRA
- No objection certificate from NAB for utilization of plant and machinery (in case of defunct rental projects), where applicable;
- Unconditional and irrevocable waiver of claims of arbitration against Government of Pakistan, and its entities (in case of defunct rental projects), where applicable.
- The power producer shall submit the consent from the power purchaser for purchase of electricity along with the power evacuation plan

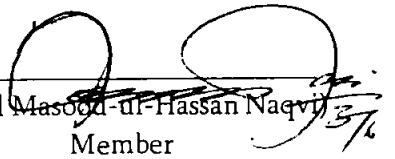
Indexation

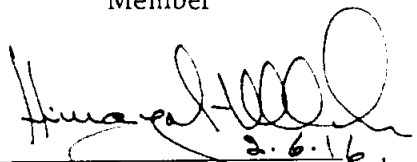
The Authority has decided to allow indexation on account of variable O&M, fixed O&M on quarterly basis with local CPI. In case of cost of working capital the same shall be adjusted on the basis of quarterly KIBOR. The fuel price adjustment shall be made in accordance with the IPPs prescribed mechanism. The power producer shall submit the relevant documents indicating the fuel price, freight etc for adjustment of the fuel price variation and within 7 working days the adjustment on account of fuel price variation will be made.


4.3 The above Order along with Annexure I is intimated to the Federal Government for notification in the official gazette under section 31(4) of the Regulations of Generation, Transmission, and Distribution of Electric Power Act, 1997.

AUTHORITY

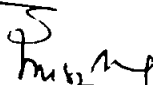

(Major (R) Haroon Rashid)
Member


(Syed Masood-ul-Hassan Naqvi)
Member


(Himayat Ullah Khan)
Vice Chairman


(Brig. (R) Tariq Sadozai)
Chairman




07.06.16

Gulf Powergeneration (Pvt.) Limited
Reference Generation Tariff

Year	Energy Purchase Price (Rs./kWh)			Capacity Purchase Price (Rs./kWh)						Total
	Fuel Component	Var. O&M	EPP	Fixed O&M	Cost of W/C	Ins.	WACC	Depreciation	Total CPP	Tariff Rs./kWh
1	9.1728	0.8707	10.0435	0.3098	0.1725	0.0261	0.5177	0.2103	1.2363	11.2799
2	9.1728	0.8707	10.0435	0.3098	0.1725	0.0261	0.4899	0.2381	1.2363	11.2799
3	9.1728	0.8707	10.0435	0.3098	0.1725	0.0261	0.4584	0.2695	1.2363	11.2799

* The variable & fixed O&M shall be indexed on quarterly basis with the local CPI. The cost of working capital shall be indexed with KIBOR.

** The fuel price shall be adjusted on account of fuel price variation in accordance with the IPPs mechanism.

