



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-308/HSRPEL-2015/11871-75

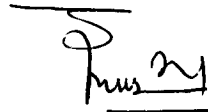
July 20, 2018

Director Commercial,
Huaneng Shandong Ruyi HSR (Pakistan) Energy (Private) Limited (HSR)
House No 105, Street 10, Block H, Phase 5,
DHA, Lahore

Subject: Decision of the Authority in the matter of Fuel Price Adjustment for Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited (HSR) [Case No. NEPRA/TRF-308/HSRPEL-2015]

Enclosed please find herewith the subject decision of the Authority along with Schedule of Fuel Cost Part of Energy Charge (Annex-I), Details of Shipments (Annex-II), Marine Freight Calculation (Annex-III) and Inland Freight Charges (Annex-IV) (06 pages) regarding the fuel price adjustment on account of Coal price variation for the month of June 2018 in respect of Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited.

Enclosure: As above


20 07 18
(Syed Safeer Hussain)

CC:

1. Secretary Ministry of Energy (Power Division), 'A' Block, Pak Secretariat, Islamabad
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
4. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited
ENERCON Building, Sector G-5/2, Islamabad.

DECISION OF THE AUTHORITY IN THE MATTER OF FUEL PRICE ADJUSTMENT FOR HUANENG SHANDONG RUYI (PAKISTAN) ENERGY PRIVATE LIMITED.

Pursuant to the decision of the Authority dated 31st March 2015 in the matter of approval of Upfront Coal tariff for 2x660 MW coal power plant of Huaneng Shandong Ruyi (Pakistan) Energy Private Limited (HSR) and the decision of the Authority dated 23rd September 2016 regarding Suo Moto Review Proceedings in the Fuel Price Adjustment Mechanism determined in Upfront Coal tariff, the fuel portion of the energy charge part of HSR's tariff has been adjusted for variation in coal price(s). HSR requested weighted average coal price of US\$ 167.59/ton for coal consumed during the month of June 2018. HSR further requested fuel cost component of Rs. 7.2958/kWh for June 2018 which was found on higher side. In accordance with the prescribed mechanism, the revised coal prices have been worked out and are attached as Annex-II. The revised fuel cost component of energy charge part of HSR's tariff indicated hereunder shall be immediately applicable to the units delivered during the month.

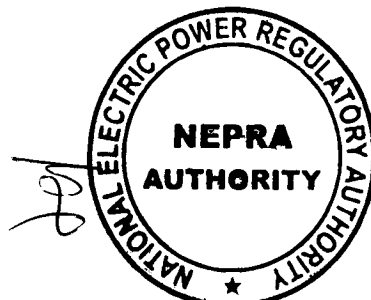
Period	Revised Fuel Cost Component Rs./kWh
June 2018	6.8173

Inland freight charges have been worked out in accordance with the decision of the Authority dated 15th February 2018 in the matter of Inland Coal Transportation Agreement between HSR and Pakistan Railway Freight Transportation Company (Private) Limited (PRFTC) for transportation of coal from Port Qasim Karachi to Sahiwal. The subject decision is still to be notified in the Official Gazette. The freight charges have been included in the coal price on provisional basis and shall be subject to the Notification of the Order of the Authority by Government of Pakistan. The revised inland freight charges for each shipment is provided at Annex-IV.

HSR is importing coal from Richards Bay, South Africa. Supramax vessels having capacity >50,000 tons are being used to transport coal, however, HSR is not utilizing full capacity of ships resulting in higher marine freight cost per ton. HSR used to bring Supramax vessels carrying 40,000~44,000 tons of coal which was further reduced to 34,000~38,000 tons in the recent months resulting in much higher freight cost per ton as compared to other coal power plants.

HSR was directed vide letter dated 4th May 2018 to take corrective measures and utilize full capacity of ships failing which the marine freight shall be calculated on the basis of maximum ship capacity and difference, if any, shall be borne by the company. HSR vide its letter dated 7th May 2018 explained the reasons for non-utilizing full capacity of ships which was not found satisfactory. HSR vide its letter dated 25th May 2018 informed that from beginning of August 2018, HSR will adjust its shipment plan and will make arrangements to call at least half ships of full capacity to PIBT or KPT while the remaining ships that have less than full quantity to PQA Marginal Wharf 3&4.

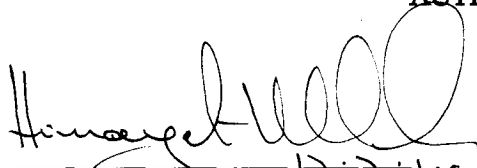
The Implementation Agreement(IA) was signed between Huaneng Fuyun Port & Shipping (Private) Limited (a Joint Venture company formed by one of the Sponsors of HSR, Huaneng Ruyi Science & Technology Group Company Limited with 51% shareholding and Qingdao Old Captain Shipping Company limited with 49% shareholding) and Port Qasim Authority on 10th October 2016 for establishing a state of the art dedicated coal terminal by converting PQA's Berths No. 3&4 of Marginal Wharf on Build Operate and Transfer Basis for self-use. The Scope of work for Phase-I (Schedule 3) include dredging the Berthing Basin/Turning Basin so that its depth is 11 meters and designing, financing, constructing, managing, maintaining and operating the coal terminal that is capable of handling up to four (4) million metric tons of cargo per year. The completion date for Phase-I was 9 months from the date of signing of the contract. The nine months period expired in June 2017. The company has very recently issued a tender for dredging in Express Tribune on 28th June 2018.

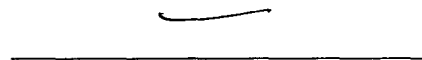



Keeping in view the terms of the IA and failure of the company to complete required work, marine freight has been worked out on the basis of 46,500 tons or actual ship quantity whichever is higher in case ships are unloaded at PQA Marginal Wharf 3&4. In case ships are unloaded at PIBTL, marine freight has been worked out on the basis of 50,000 tons or actual ship quantity whichever is higher as the draught limit at PIBTL is 13 meters. Accordingly PDA charges have also been worked out on the basis of respective quantities.

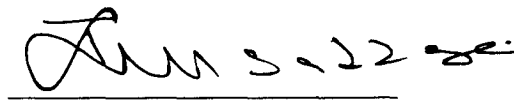
The above referred revised fuel cost component along with revised coal prices, revised marine freight charges and revised inland freight charges attached as Annex-I, Annex-II, Annex-III & Annex-IV respectively are to be notified in the official gazette, in accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

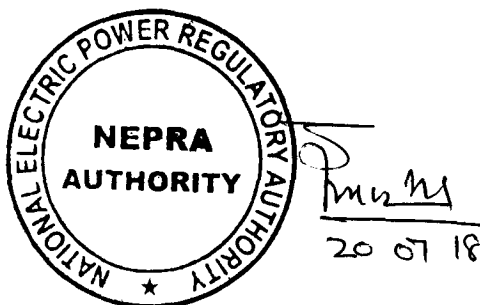
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Himayat Ullah Khan
Member


Saif Ullah Chattha
Member


Rehmatullah Baloch
Vice Chairman


Brig (R) Tariq Sadozai
Chairman

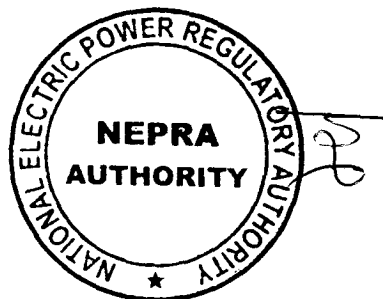


Huaneng Shandong Ruyi Energy (Private) Company Limited
Schedule of Fuel Cost Part of Energy Charge
Adjustment on Account of Coal Price Variation for the Month of June 2018

Description	Quantity	Net CV	Coal Price		Exchange Rate
	Ton	kCal/Kg.	US\$/Ton	Rs/Ton	Rs./US\$
Consumption from previous shipments:					
Consumption from Shipment No. HSR 73	4,062	5,808	154.11	17,812	115.58
Consumption from Shipment No. HSR 74	36,648	5,858	149.35	17,262	115.58
Consumption from Shipment No. HSR 75	37,731	5,817	149.90	17,326	115.58
Consumption from Shipment No. HSR 76	37,012	5,881	155.09	17,925	115.58
Consumption from Shipment No. HSR 77	37,436	5,793	154.00	17,800	115.58
Consumption from Shipment No. HSR 78	37,812	5,782	161.38	18,672	115.70
Consumption from Shipment No. HSR 79	36,918	5,941	160.77	18,601	115.70
Consumption from Shipment No. HSR 81	35,980	5,964	160.07	18,521	115.70
Consumption from Shipment No. HSR 84	26,143	5,810	164.92	19,081	115.70
Total consumption	289,742	5,856	156.58	18,107	115.64

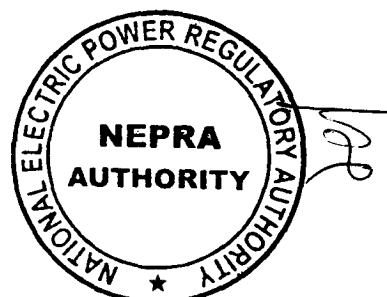
Description	Unit	Reference	Previous	Revised
Avg. Price of stock consumed during the month	Rs./ton	12,532	17,541	18,107
Avg. net calorific value of stock consumed during the month	kCal/kg	6,441	5,868	5,856
Avg. net calorific value of stock consumed during the month	BTU/kg	25,556	23,286	23,238
Net Heat Rates	BTU/kWh	8,749	8,749	8,749
Revised fuel cost component for June 2018	Rs./kWh	4.2913	6.5904	6.8173

Note: The above adjustment of fuel cost component on coal shall be subject to verification by a consultant/Independent third party to be appointed for the purpose by the Authority. In case the verified delivered coal price is different, the fuel cost component shall be revised accordingly.



Huaneng Shandong Ruyi Energy (Private) Company Limited
Details of Shipments

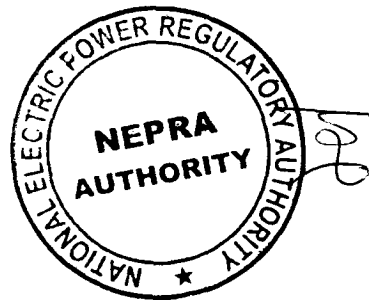
Shipment Number		HSR 74	HSR 75	HSR 76	HSR 77	HSR 78	HSR 79	HSR 81	HSR 84
Vessel Name		Tai Honesty	Alam Mulia	Thor Insuvi	Parnassos	IVS Windsor	Maritime Setoshio	Bravo V	SPRING HAWK
Bill of Lading (B/L) Date		20-Apr-18	24-Apr-18	19-Apr-18	21-Apr-18	7-May-18	3-May-18	8-May-18	20-May-18
L/C Number		LC28830B800071	LC28803B800072	LC28803B800073	LC28830B800074	LC28803B800077	LC28803B800078	LC28803B800080	LC28803B800085
API-4 Index for the month of B/L Date		94.14	94.14	94.14	94.14	102.29	102.29	102.29	102.29
Base Calorific Value	kCal/Kg	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Actual Calorific Value	kCal/Kg	5,858	5,817	5,881	5,793	5,782	5,941	5,964	5,810
Quantity	MT	37,145	38,112	37,421	37,856	38,306	37,375	36,406	43,898
FOB Coal Price API-4 Index as per B/L month Adjusted for CV	US\$/Ton	91.91	91.27	92.27	90.89	98.57	101.28	101.68	99.05
Discount	US\$/Ton	(2.74)	(2.91)	-	-	(1.92)	(2.97)	(2.99)	-
Marine Freight Charges	US\$/Ton	15.21	14.28	14.28	14.56	14.79	14.80	15.78	15.54
Marine Insurance	US\$/Ton	0.10	0.10	0.11	0.11	0.11	0.11	0.11	0.11
CIF Coal Price	US\$/Ton	104.49	102.74	106.65	105.55	111.55	113.22	114.59	114.70
Handling Loss 1% or actual whichever is minimum	US\$/Ton	-	-	-	-	-	-	-	-
CIF Coal Price with losses at Karachi	US\$/Ton	104.49	102.74	106.65	105.55	111.55	113.22	114.59	114.70
Other Charges:	US\$/Ton	12.30	14.60	15.81	15.84	17.19	14.90	12.85	17.44
(i) Port Handling Charges	US\$/Ton	4.06	3.58	4.67	4.67	3.58	3.58	4.06	3.58
(ii) Port Qasim Royalty Charge	US\$/Ton	2.40	2.27	2.27	2.27	2.27	2.27	2.40	2.27
(iii) Customs Duties & Cess	US\$/Ton	4.34	4.26	4.43	4.38	6.86	4.70	4.76	7.04
(iv) L/C Charges	US\$/Ton	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
(v) PDA Charges at Load Port	US\$/Ton	0.63	0.58	0.63	0.56	0.59	0.53	0.60	0.71
(vi) PDA Charges at Discharge Port	US\$/Ton	0.77	0.78	0.69	0.83	0.76	0.70	0.94	0.72
(vii) Transportation & Loading charges PIBT to PQA	US\$/Ton	-	2.96	2.96	2.96	2.96	2.96	-	2.96
(viii) Freight Forwarding	US\$/Ton	-	0.07	0.07	0.07	0.07	0.07	-	0.07
Inland Freight Charges	US\$/Ton	31.08	31.08	31.08	31.08	31.05	31.05	31.05	31.15
Delivered Coal Price before adjustment of handling loss	US\$/Ton	147.87	148.42	153.55	152.48	159.79	159.17	158.49	163.29
Handling Loss 1% or actual whichever is minimum	US\$/Ton	1.48	1.48	1.54	1.52	1.60	1.59	1.58	1.63
Delivered Coal Price with losses at Power Plant	US\$/Ton	149.35	149.90	155.09	154.00	161.38	160.77	160.07	164.92
Exchange Rate	Rs./US\$	115.58	115.58	115.58	115.58	115.70	115.70	115.70	115.70
Delivered Coal Price with losses at Power Plant	Rs./Ton	17,261.90	17,325.67	17,924.74	17,799.60	18,672.22	18,600.52	18,520.51	19,081.37



Huaneng Shandong Ruyi Energy (Private) Company Limited
Marine Freight Calculation

Description	Unit	Tai Honesty	Alam Mulia	Thor Insuvi	Parnassos	IVS Windsor	Maritime Setoshio	Bravo V	SPRING HAWK
Discharge Port Name		PQA	PIBT	PIBT	PIBT	PIBT	PIBT	PQA	PIBT
Delivery Days:									
Voyage	Days	27.04	27.04	27.04	27.04	27.04	27.04	27.04	27.04
At Port	Days	3.357	4.333	4.333	4.333	4.333	4.333	3.357	4.333
Total	Days	30.39	31.37	31.37	31.37	31.37	31.37	30.39	31.37
Average Time Charter Rate	US\$/Day	11,218	11,274	11,274	11,339	11,543	11,519	11,534	11,478
Time Charter Cost	US\$	340,969	353,675	353,675	355,714	362,114	361,361	350,574	360,074
Bunker Consumption:									
Bunker during Voyage	Ton	878.72	878.72	878.72	878.72	878.72	878.72	878.72	878.72
Bunker during Port Days	Ton	16.79	21.67	21.67	21.67	21.67	21.67	16.79	21.67
MGO Consumption	Ton	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Total	Ton	899.41	904.29	904.29	904.29	904.29	904.29	899.41	904.29
Bunker Price	\$/Ton	406.25	397.00	397.00	410.25	416.10	417.35	425.00	460.00
MGO Price	\$/Ton	680.00	675.00	675.00	685.00	690.00	690.00	700.00	725.00
Bunker Cost	US\$	366,451	360,086	360,086	372,055	377,341	378,467	383,320	417,005
Total Voyage Expense	US\$	707,420	713,760	713,760	727,768	739,455	739,827	733,893	777,079
Quantity Minimum	Tons	46,500	50,000	50,000	50,000	50,000	50,000	46,500	50,000
Marine Freight	\$/Ton	15.21	14.28	14.28	14.56	14.79	14.80	15.78	15.54

-PDA Charges both at load and discharge ports have been included in other charges.



Huaneng Shandong Ruyi Energy (Private) Company Limited
Inland Freight Charges

Description	Reference	Revised							
		HSR 74	HSR 75	HSR 76	HSR 77	HSR 78	HSR 79	HSR 81	HSR 84
		Tai Honesty	Alam Mulia	Thor Insuvi	Parnassos	IVS Windsor	Maritime Setoshio	Bravo V	SPRING HAWK
Fixed Freight Charges (FFC)	1.33	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Variable Freight Charges (VFC)	0.71	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.80
(i) Fuel	0.40	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.47
(ii) O&M	0.30	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
Other Freight Charges Component	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
Profit Margin	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Total Freight Charges	2.99	3.19	3.19	3.19	3.19	3.19	3.19	3.19	3.20
Reference Values:									
Consumer Price Index (General)	200.89	218.50	218.50	218.50	218.50	218.50	218.50	218.50	218.50
HSD Price (Rs./Liter)	87.12	98.76	98.76	98.76	98.76	98.76	98.76	98.76	102.035
Spurline Component:									
Spurline Component (Rs./ton)	189.82	213.60	213.60	213.60	213.60	213.60	213.60	213.60	208.88
Total Quantity Handeled (Tons)	302,087	268,451	268,451	268,451	268,451	268,451	268,451	268,451	274,527
Handling Month	-	May-18	May-18	May-18	May-18	May-18	May-18	May-18	Jun-18

