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No. NEPRA/TRF-308/HSRPEL-2015/ 7639-63

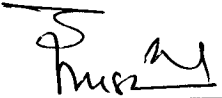
May 9, 2018

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 April 2018 in respect of Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited.

Enclosure: As above


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(Syed Safeer Hussain)

CC:

1. Secretary Ministry of Energy, '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\$ 168.59/ton for coal consumed during the month of April 2018. HSR further requested fuel cost component of Rs. 7.0889/kWh for April 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
April 2018	6.4384

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 cost of spur line has been adjusted as per the actual quantities of coal handled in each month. The revised inland freight charges for each shipment is provided at Annex-IV.

HSR procured one shipment of 34,500 tons from Russia. The Authority vide its decision dated 23rd September 2016 while discussing the import of Columbian coal decided as "IPP should also be allowed to import coal from Columbia, as long as the delivered price to any of the Pakistan Port in terms of US\$/MMBTU is comparable to South Africa coal or Indonesia whichever is lower at that time". In accordance with decision of the Authority, the price of Russian Coal has been worked out in line with the CFR price of South African coal.

In case of Shipment No. HSR 57 and HSR 62, freight has been calculated on the basis 50,000 tons against the actual quantities of 34,500 tons and 38,147 tons. These two shipments were unloaded at PIBTL where the permissible draft limit of PIBTL is 13 m and Supermax vessel can be handled easily with capacity of 50,000 tons.

HSR continuing the practice of requesting PDA charges on estimated basis which needs to be discouraged. It is HSR responsibility to submit the details of actual PDA charges along



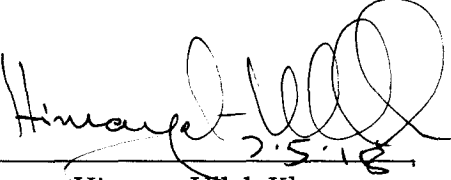
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with documentary evidence. Accordingly, only actual PDA charges supported by documentary evidence have been considered for inclusion in the coal price.

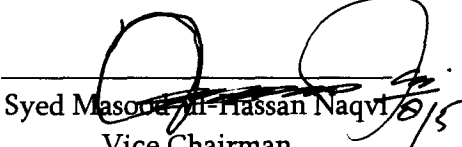
The above referred revised fuel cost component along with revised coal prices, revised marine freight charges and revised inland freight charges attached as Annex-I, Annex-II, Annex-III & Annex-IV respectively are to be notified in the official gazette, in accordance with the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.


AUTHORITY

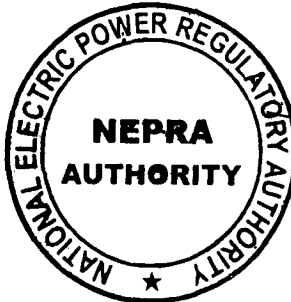

Himayat Ullah Khan
Member

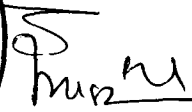

Saif Ullah Chattha
Member 17.5.2018


Rehmatullah
Member


Syed Masood ul Hassan Naqvi
Vice Chairman


Brig (R) Tariq Saddozai
Chairman




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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 April 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 57	34,500	5,598	148.95	16,460	110.51
Consumption from Shipment No. HSR 60	37,271	5,781	153.27	16,938	110.51
Consumption from Shipment No. HSR 61	35,327	5,780	154.12	17,032	110.51
Consumption from Shipment No. HSR 62	38,147	5,854	153.09	16,918	110.51
Consumption from Shipment No. HSR 63	33,886	5,819	155.82	17,219	110.51
Consumption from Shipment No. HSR 64	35,043	5,880	156.26	17,269	110.51
Consumption from Shipment No. HSR 65	37,574	5,801	152.82	16,888	110.51
Consumption from Shipment No. HSR 66	38,891	5,860	150.50	16,850	111.96
Consumption from Shipment No. HSR 68	29,113	5,943	153.91	17,232	111.96
Total consumption	319,752	5,811	153.14	16,971	110.82

Description	Unit	Reference	Previous	Revised
Avg. Price of stock consumed during the month	Rs./ton	12,532	17,164	16,971
Avg. net calorific value of stock consumed during the month	kCal/kg	6,441	5,796	5,811
Avg. net calorific value of stock consumed during the month	BTU/kg	25,556	23,000	23,061
Net Heat Rates	BTU/kWh	8,749	8,749	8,749
Revised fuel cost component for April 2018	Rs./kWh	4.2913	6.5293	6.4384

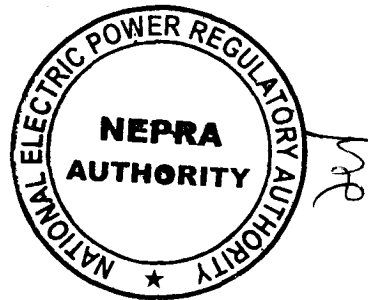
Note: The above adjustment of fuel cost component on coal shall be subject to verification by a consultant/Independent third party to be appointed for the purpose by the Authority. In case the verified delivered coal price is different, the fuel cost component shall be revised accordingly.



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

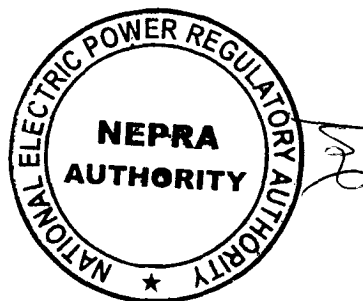
Shipment Number		HSR 57	HSR 60	HSR 61	HSR 62	HSR 64	HSR 65	HSR 66	HSR 68
Vessel Name		AVRA	PARNASSOS	SERENE JUPITER	CARAVOUS LIBERTY	BALTIC PANTHER	NIKOLAS III	IVS BEACHWOOD	PACIFIC TALENT
Bill of Lading (B/L) Date		9-Feb-18	23-Feb-18	21-Feb-18	16-Feb-18	22-Feb-18	24-Feb-18	1-Mar-18	15-Mar-18
L/C Number		ICBC/LHE/RGC/2018033	ICBC/LHE/RGC/201803	ICBC/LHE/RGC/2018032	LC28803B800042	LC28803B800050	ICBC/LHE/RGC/2018032	ICBC/LHE/RGC/2018032	LC28803B800060
API-4 Index for the month of B/L Date		94.53	94.53	94.53	94.53	94.53	94.53	91.40	91.40
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	5,598	5,781	5,780	5,854	5,880	5,801	5,860	5,943
Quantity	MT	34,500	37,271	35,327	38,147	35,043	37,574	38,891	38,513
FOB Coal Price API-4 Index as per B/L month Adjusted for CV	US\$/Ton	88.20	91.08	91.06	92.23	92.64	91.39	89.27	90.53
Discount	US\$/Ton	-	-	-	-	-	(0.09)	-	-
Marine Freight Charges	US\$/Ton	14.24	18.23	18.89	13.36	19.46	18.14	18.55	19.87
Marine Insurance	US\$/Ton	0.10	0.11	0.11	0.11	0.11	0.11	0.11	0.11
CIF Coal Price	US\$/Ton	102.53	109.42	110.07	105.69	112.21	109.55	107.93	110.51
Handling Loss 1% or actual whichever is minimum	US\$/Ton	-	-	-	-	-	-	-	-
CIF Coal Price with losses at Karachi	US\$/Ton	102.53	109.42	110.07	105.69	112.21	109.55	107.93	110.51
Other Charges:	US\$/Ton	14.26	11.69	11.90	15.24	11.90	11.11	11.04	11.87
(i) Port Handling Charges-PIBT	US\$/Ton	4.67	4.06	4.06	4.67	4.06	4.06	4.06	4.06
(ii) Port Qasim Royalty Chrg	US\$/Ton	2.27	2.40	2.40	2.27	2.40	2.40	2.40	2.40
(iii) Customs Duties & Cess	US\$/Ton	4.26	4.54	4.57	4.39	4.66	4.55	4.48	4.59
(iv) L/C Charges	US\$/Ton	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
(iv) PDA Charges at Load Port	US\$/Ton	-	0.59	0.77	-	0.68	-	-	0.72
(v) PDA Charges at Discharge Port	US\$/Ton	-	-	-	0.85	-	-	-	-
(vi) Transportation & Loading charges PIBT to PQA	US\$/Ton	2.96	-	-	2.96	-	-	-	-
Inland Freight Charges	US\$/Ton	32.16	32.16	32.16	32.16	32.16	32.16	31.53	31.53
Delivered Coal Price before adjustment of handling loss	US\$/Ton	148.95	153.27	154.12	153.09	156.26	152.82	150.50	153.91
Handling Loss 1% or actual whichever is minimum	US\$/Ton	-	-	-	-	-	-	-	-
Delivered Coal Price with losses at Power Plant	US\$/Ton	148.95	153.27	154.12	153.09	156.26	152.82	150.50	153.91
Exchange Rate	Rs./US\$	110.51	110.51	110.51	110.51	110.51	110.51	111.96	111.96
Delivered Coal Price with losses at Power Plant	Rs./Ton	16,460.44	16,937.88	17,032.03	16,918.19	17,268.55	16,888.22	16,849.88	17,232.11



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

Description	Unit	AVRA	PARNASSOS	SERENE JUPITER	CARAVOUS LIBERTY	BALTIC PANTHER	NIKOLAS III	IVS BEACHWOOD	PACIFIC TALENT
Delivery Days:									
Voyage	Days	27.04	27.04	27.04	27.04	27.04	27.04	27.04	27.04
At Port	Days	8.132	8.132	8.132	8.132	8.132	8.132	8.132	8.132
Total	Days	35.17	35.17	35.17	35.17	35.17	35.17	35.17	35.17
Average Time Charter Rate	US\$/Day	9,921	9,536	9,412	9,398	9,597	9,597	10,506	12,008
Time Charter Cost	US\$	348,917	335,376	331,015	330,523	337,522	337,522	369,491	422,315
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	40.66	40.66	40.66	40.66	40.66	40.66	40.66	40.66
MGO Consumption	Ton	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Total	Ton	923.28	923.28	923.28	923.28	923.28	923.28	923.28	923.28
Bunker Price	\$/Ton	392.00	371.50	363.00	364.00	371.50	371.50	380.00	370.00
MGO Price	\$/Ton	630.00	675.00	675.00	690.00	690.00	690.00	690.00	690.00
Bunker Cost	US\$	362,853	344,182	336,367	337,345	344,240	344,240	352,055	342,861
Total Voyage Expense	US\$	711,770	679,558	667,382	667,868	681,762	681,762	721,546	765,176
Quantity Minimum	Tons	50,000	37,271	35,327	50,000	35,043	37,574	38,891	38,513
Marine Freight	\$/Ton	14.24	18.23	18.89	13.36	19.46	18.14	18.55	19.87

-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 57	HSR 60	HSR 61	HSR 62	HSR 64	HSR 65	HSR 66	HSR 68
	Rs/Ton/km	Rs/Ton/km	Rs/Ton/km	Rs/Ton/km	Rs/Ton/km	Rs/Ton/km	Rs/Ton/km	Rs/Ton/km	Rs/Ton/km
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	0.78	0.78
(i) Fuel	0.40	0.46	0.46	0.46	0.46	0.46	0.46	0.45	0.45
(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	3.18	3.18
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	98.45	98.45	98.45	98.45	98.45	98.45	96.45	96.45
Spurline Component:									
Spurline Component (Rs./ton)	189.82	176.40	176.40	176.40	176.40	176.40	176.40	162.51	162.51
Reference Quantity (Tons)	302,087	302,087	302,087	302,087	302,087	302,087	302,087	302,087	302,087
Handling Month	-	Mar-18	Mar-18	Mar-18	Mar-18	Mar-18	Mar-18	Apr-18	Apr-18
Total Quantity Handeled (Tons)	-	325,067	325,067	325,067	325,067	325,067	325,067	352,848	352,848

