



Registar

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No. NEPRA/DG(Trf)/TRF-600/KAPCO-2023/ 18879-83

September 17, 2026

Subject: **DECISION OF THE AUTHORITY IN THE MATTER OF ANNUAL
ADJUSTMENT IN INSURANCE COMPONENT OF CAPACITY CHARGE
PART OF TARIFF FOR KOT ADDU POWER COMPANY LIMITED**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority alongwith **Annex-I** (total 03 pages) regarding annual adjustment in insurance component of capacity charge part or tariff on account of Actual Insurance Premium for the period **January 01, 2026 to December 31, 2026** for Kot Addu Power Company Limited in Case No. NEPRA/ TRF-600/KAPCO-2023.

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 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.

Enclosure: **As above**


(Wasim Anwar Bhinder)

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

Copy to:

1. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
2. Mr. Shehriyar Abbasi, Deputy Secretary (RA), Cabinet Division, Cabinet Secretariat, Islamabad
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
4. Chief Executive Officer, Kot Addu Power Co. Ltd. (KAPCO) 5-B/3, Gulberg-III, Lahore

**DECISION OF THE AUTHORITY IN THE MATTER OF ANNUAL ADJUSTMENT
IN INSURANCE COMPONENT OF CAPACITY CHARGE PART OF TARIFF FOR
KOT ADDU POWER COMPANY LIMITED**

1. Pursuant to the decision of the Authority dated September 23, 2025, in the matter of approval of reference generation tariff of Kot Addu Power Company Limited (KAPCO), and the decision dated December 09, 2025, in the matter of motion for leave for review against reference tariff, the insurance component of tariff is subject to annual adjustment as per actual cost with maximum cap of 0.90% of the apportioned EPC cost on the basis of prevailing exchange rate as on 1st day of the insurance coverage period.
2. KAPCO requested revised insurance components of Rs. 0.0732/kW/h for RLNG and Rs. 0.0758/kW/h for LSFO, based on an insurance premium of Rs. 317,491,922 for the period from January 01, 2026 to December 31, 2026. KAPCO in support provided copies of insurance policies, premium invoices and payment receipts. The detail of requested insurance cost is hereunder:

Sr.	Insurance Policy	Premium Excl Sales Tax (Rs.)	Premium for Non-Operational Assets (Rs.)	Net Amount for Operational Assets (Rs.)
1.	All Risk & Business Interruption	287,159,650	(2,613,223)	284,546,427
2.	Political Violence	27,222,181	-	27,222,183
3.	Third Party Liability	5,723,312	-	5,723,312
	Total	320,105,144	(2,613,223)	317,491,922

3. It has been observed that, in the case of IPPs, the PPA specifies the list of insurance policies required to be obtained by the power plant. However, in the instant case, the PPA does not specify the list of insurance policies required to be obtained by KAPCO. Article XII of the PPA stipulates the company shall maintain adequate insurance coverage with financially sound insurers in accordance with the Tariff Determination. The insurance policies obtained by KAPCO are in line with those obtained by other power plants and the requested insurance premium is 0.40% of the apportioned EPC cost as against 0.90%.
4. The Authority, in its collective and joint wisdom and considering all aspects decided with consensus as under; which will hereafter called as decision of the Authority in the matter:

“Based on information and documentary evidence(s) provided by KAPCO and considering Article XII of the Tripartite Power Purchase Agreement, the insurance component of capacity charge part of tariff has been revised for the period January 01, 2026 to December 31, 2026 on the basis of insurance premium of Rs. 317,491,922”

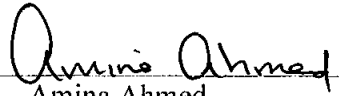
5. The revised applicable insurance cost component of capacity charge part of tariff is indicated hereunder:



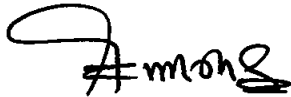
Period	Insurance Component (Rs. /kW/h)			
	Reference		Revised	
	RLNG	LSFO	RLNG	LSFO
January 01, 2026 to December 31, 2026	0.0587	0.0608	0.0732	0.0758

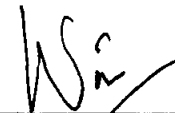
6. KAPCO is directed to conduct competitive bidding for procurement of insurance for future periods, in line with the practice being followed by other IPPs.
7. The revised tariff schedule attached as **Annex-I** is to be notified in the official Gazette, in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
8. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

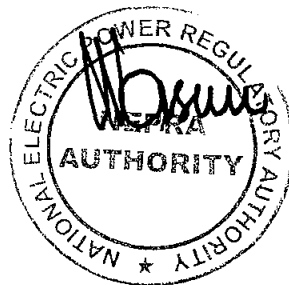
AUTHORITY


Amina Ahmed
Member


Engr. Maqsood Anwar Khan
Member


Ghulamullah Shaikh
Member


Waseem Mukhtar
Chairman





Kot Addu Power Company Limited
Schedule of Insurance Component of Capacity Charge
Adjustment on account of Actual Insurance Premium

Period	Reference Insurance Premium	Revised Insurance Premium	% of Apportioned EPC Cost	Reference Insurance Component		Revised Insurance Component	
				RLNG	RFO	RLNG	RFO
	Rs.	Rs.	%	Rs./kW/Hour		Rs./kW/Hour	
January 01, 2026 to December 31, 2026	254,633,101	317,491,922	0.40%	0.0587	0.0608	0.0732	0.0758

-Based on data declared by Kot Addu Power Company Limited

Aug 27

