



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.

Tel: +92-51-9206500, Fax: +92-51-2600026

Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-600/KAPCO-2023/ 16852-56

October 21, 2025

Chief Executive Officer,
Kot Addu Power Co. Ltd. (KAPCO) 5-B/3,
Gulberg-III, Lahore

Subject: **Decision of the Authority in the matter of Fuel Price Adjustments on RLNG for the month of August 2025 for Kot Addu Power Company Limited**

Enclosed please find herewith the subject Decision of the Authority alongwith **Annex-I** and Additional Note of Mr. Rafique Ahmed Shaikh Member(NEPRA) (total 03 pages) regarding Fuel Price Adjustments on RLNG for the month of **August 2025** for Kot Addu Power Company Limited in Case No. NEPRA/TRF-600/KAPCO-2023.

Enclosure: **As above**

Wasim Anwar Bhinder
(Wasim Anwar Bhinder)

Copy to:

1. Secretary Ministry of Energy (Power Division), 'A' Block, Pak Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
3. Mr. Shehriyar Abbasi, Deputy Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
4. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad

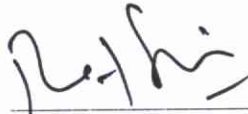
DECISION OF THE AUTHORITY IN THE MATTER OF FUEL PRICE ADJUSTMENT ON RLNG FOR THE MONTH OF AUGUST 2025 FOR KOT ADDU POWER COMPANY LIMITED.

1. Pursuant to the decisions of the Authority dated April 9, 2025 in the matter of provisional tariff request filed by Kot Addu Power Company Limited (hereinafter refer as "KAPCO") and dated September 23, 2025 in the matter of tariff petition filed by KAPCO for reference generation tariff, the fuel portion of energy charge part of tariff is required to be adjusted on account of variation in fuel prices.
2. Oil & Gas Regulatory Authority (OGRA) vide its notification dated August 15, 2025 has determined provisional weighted average RLNG price for SNGPL for the month of August 2025. Based on OGRA's determined provisional weighted average RLNG price and SNGPL's invoices, KAPCO requested for the revision of its Fuel Cost Components (FCCs) on RLNG on the provisional basis for the month of August 2025.
3. KAPCO requested revised FCCs on the basis of references of provisional tariff allowed by the Authority vide decision dated April 9, 2025. However, the Authority vide its determination dated September 23, 2025 revised the reference FCCs and same have been used for calculation of revised FCCs. Further, the revised FCCs shall be subject to adjustment based on actual heat rate test of Block-I & II and in case the actual heat rates are established lower than the benchmark, the FCCs shall be adjusted downward.
4. Based on OGRA's notification, SNGPL invoices and documentary evidences provided by KAPCO and in accordance with the Authority's prescribed mechanism, the fuel cost components on RLNG have been revised. The revision has been made on provisional basis and final fuel cost components shall be made after the notification and determination of actual/final RLNG price(s) by OGRA. The revised RLNG prices along with revised FCCs are indicated hereunder which shall be immediately applicable on the unit delivered basis:

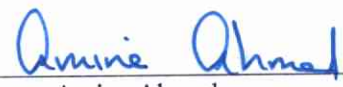
Period	Block	Reference Fuel Cost Component Rs./kWh	Reference Price Rs./MMBTU	Revised Price			Revised Fuel Cost Component
				USD/MMBTU	*Exchange Rate Rs./USD	Rs./MMBTU	Rs./kWh
w.e.f. Aug 16, 2025	I	28.0173	3,442.78	10.9770	282.1211	3,096.8433	25.2021
	II	30.5644					27.4932
w.e.f. Aug 24, 2025	I	28.0173		10.9770	281.9938	3,095.4459	25.1907
	II	30.5644					27.4808

5. The above decision of the Authority along with revised fuel cost components attached as **Annex-I** are 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.
6. CPPA-G to ensure that all payments are consistent with the tariff determination.

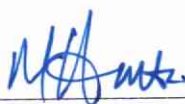
I reiterate my previous position in the matter -



Engr. Rafique Ahmed Shaikh
Member



Amina Ahmed
Member



Engr. Maqsood Anwar Khan
Member



Waseem Mukhtar
Chairman



Kot Addu Power Company Limited
Schedule of Fuel Cost Part of Energy Charge
Adjustment on Account of Fuel Price Variation for RLNG

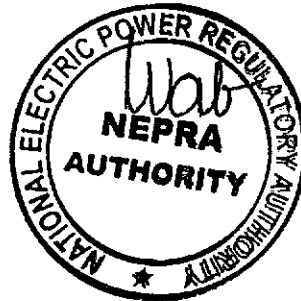
Period	Block	Reference Fuel Cost Component Rs./kWh	Reference Price Rs./MMBTU	Revised Price			Revised Fuel Cost Component
				USD/MMBTU	*Exchange Rate	Rs./MMBTU	Rs./kWh
					Rs./USD		
w.e.f. August 1, 2025	I	28.0173	3,442.78	-	-	-	-
	II	30.5644		-	-	-	-
w.e.f. August 9, 2025	I	28.0173		-	-	-	-
	II	30.5644		-	-	-	-
w.e.f. August 16, 2025	I	28.0173		10.9770	282.1211	3,096.8433	25.2021
	II	30.5644		10.9770	281.9938	3,095.4459	27.4932
w.e.f. August 24, 2025	I	28.0173		10.9770	281.9938	3,095.4459	25.1907
	II	30.5644		10.9770	281.9938	3,095.4459	27.4808

KAPCO did not purchase RLNG in the first and second weeks, therefore, FCCs for first and second weeks have not been mentioned.

*Exchange Rates applied by the Fuel Supplier i.e. SNGPL and communicated by Kot Addu Power Company Limited.

- Based on data declared by Kot Addu Power Company Limited.

Am 7



Additional Note of Member (Technical) – Interim Tariff Request filed by KAPCO

It is a well-established fact that the installed generation capacity in the CPPAG system, as of June 2024, totalling around 42,512 MW, including around 25000 MW of thermal generation, exceeds the current demand. The utilization of thermal generation capacity in the past two financial years, FY 2023 and FY 2024, remained at around 32% and 29%, respectively. Furthermore, a significant portion of this surplus capacity available in pool is more cost-effective than the proposed interim tariff by KAPCO. Additionally, it is important to note that this is not the first time the case for extending the operation of KAPCO power plant has been presented to the Authority. Previously, the Authority approved an extension of 485 days for this plant.

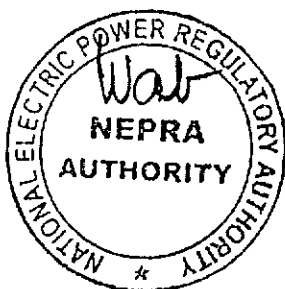
It is important to note that, when renewing the Generation License for KAPCO on September 8, 2022, for a period of three years, the Authority explicitly directed the NTDC and MEPCO to resolve the identified technical issues within this timeframe. These issues were causing KAPCO to operate in violation of the Economic Merit Order (EMO). Unfortunately, despite the clear direction from the Authority, and with only six months remaining in the three-year period, the situation has not improved as required.

It is relevant to highlight that, on one hand, all stakeholders are working diligently to eliminate costly "Take or Pay" generation capacity. On the other hand, the extension for operation of KAPCO's more expensive generation capacity is being proposed on a "Take or Pay" basis, citing transmission and grid constraints. Moreover, it is worth mentioning that the 4,000 MW HVDC line, built to transfer cheaper generation from the south to the north, is operating at a low utilization rate (around 38 % during FY 2024) despite the full capacity payment charges being paid for.

The failure to address these issues has resulted in a situation where the country is unable to optimally utilize its more economical and indigenous energy resources in the South, primarily due to the limitations of the transmission system. Consequently, we find ourselves reinvesting in outdated and inefficient generation capacity, further exacerbating the problem.

These facts highlight significant flaws in both the planning and execution of power generation and transmission system projects. It is unfair to shift the burden of these inefficiencies onto electricity consumers, particularly when these issues stem from inadequate planning and execution by the power transmission company.

In light of the responsibilities outlined for power transmission company, including NTDC and DISCOs in NEPRA Act and Applicable Documents, I am of the considered opinion that the interim tariff should be granted to this company strictly on a "Take and Pay" basis. However, whenever this plant operates in violation of the Economic Merit Order (EMO), the differential cost between the available cheaper generation and the cost of generation from the plant operated in violation of EMO should not be passed on to electricity consumers. Instead, this cost should be borne by the entities responsible for providing a constraints-free transmission system.



12



Wab

3/3