



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/Addl. Dir(Tariff)/TRF-100/Laraib-2009/692-93


January 6, 2021

Chief Executive Laraib Energy Ltd. Gerry's Center, 1-B 3 rd Floor, Service Road West, 7 th Avenue, Sector G-6/1, Islamabad	Chief Executive Officer Central Power Purchasing Agency Guarantee Limited (CPPA-G) Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
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Subject: **Decision of the Authority in the matter of Motion for Leave for Review submitted by Laraib Energy Limited (LEL) against the Decision of the Authority in the matter of Quarterly Indexation / Adjustment of Tariff of Debt Servicing Component (Case No. NEPRA/TRF-100/2009)**

Please find enclosed herewith the subject Decision of the Authority (02 Pages) in the matter of Motion for Leave for Review submitted by Laraib Energy Limited (LEL) against the Decision of the Authority in the matter of Quarterly Indexation / Adjustment of Tariff of Debt Servicing Component for information, record and further necessary action, if any.

Enclosure: As above


060121

(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.

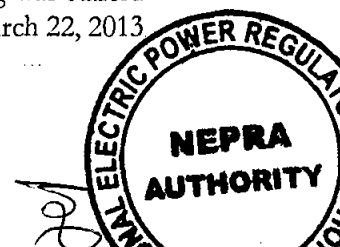
DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW SUBMITTED BY LARAIB ENERGY LIMITED (LEL) AGAINST THE DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/ADJUSTMENT OF TARIFF OF DEBT SERVICING COMPONENT.

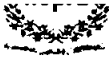
1. Background:

- 1.1 Laraib Energy Limited (hereinafter "LEL") has setup 84 MW hydropower project in Azad Jammu & Kashmir (AJK). LEL successfully achieved its Commercial Operation Date (COD) on 23rd March 2013. The Authority approved LEL's tariff vide its decision dated 14th April 2016 in the matter of adjustment at COD and also revised tariff vide its decision dated 30th June 2016 in the matter of Motion for leave for Review filed by LEL against the Authority's COD tariff adjustment decision.
- 1.2 Since the project is located in AJK which is outside the jurisdiction of the NEPRA Act, the energy delivered from the project into the National Grid is to be considered as import of power and the approval of tariff in this regard was given to the Central Power Purchasing Agency (CPPA) Guarantee Limited under the NEPRA Interim Power Procurement (Procedures and Standards) Regulations, 2005.
- 1.3 In accordance with the Authority's aforementioned decision the quarterly indexation of tariff to Laraib Energy Limited has been allowed from the quarter March-June, 2013. Moreover, the debt servicing component of LEL was revised and made consistent with the approved PPA vide Authority's decision dated November 05, 2019.
- 1.4 LEL being aggrieved with the Authority's decision dated November 05, 2019 submitted a Motion for Leave for Review (MLR) on the following grounds:
 - i. The impugned decision does not allow the full recovery of all debt installments.
 - ii. Retrospective changes in the debt service components is severe financial detriment to the Company.
 - iii. Decision was passed without providing an opportunity of hearing to the petitioner.

2. Proceeding:

- 2.1 The subject Motion for Leave for Review was admitted by the Authority on February 20, 2020. A hearing was held on July 01, 2020 which was attended only by representative(s) of LEL.
- 2.2 During the hearing the representatives of LEL submitted that, LEL acknowledges that the principle and intent behind the Authority's Review Decision No. NEPRA/TRF-100/Laraib-2009/22508-22510 dated 5 November 2019 (the "**Impugned Decision**") is to realign the Debt Servicing Components with semi-annual periods. The Petitioner Company does not object to the extent of such intent/principle, however, the Petitioner Company's main grievance that the Impugned Decision does not allow the full recovery of all debt instalments. Therefore LEL requested the Authority to ensure the full recovery of debt instalments.
- 2.3 The indexation / adjustment of the debt servicing component of Independent Power Producers (IPPs) is made on quarterly/semiannual basis of the calendar year i.e. 1st January, 1st April, 1st July & 1st October as the case may be. The IPP may achieve COD at any date of the subject quarter/biannual period. Similarly the LEL achieved COD on March 22, 2013 and its debt servicing is on the biannual basis. Accordingly the first adjustment for debt servicing was started from March 22 till 30th June 2013 thus the first biannual period from 1st January to March 22, 2013



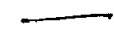



was not taken into account. Therefore, the LEL assertion is true due to the reason that debt servicing component for first semiannual period was started from March 23, 2013 and was ended on June 30, 2013, thereby this period was short of 2 months and 22 days i.e. (Jan, Feb and 22 days of March).


- 2.4 The adjustment of non-recovered amount of the approved debt schedules totaling Rs 440.445 million which comprises of Rs 309.113 million relating to foreign loan and Rs 131.332 million relating to local loan for the missing period of 1st instalment of debt servicing will be done at the end of the respective loan period without any additional interest and exchange rate variation. The same arrangement was also agreed by LEL during the hearing of the instant Review Motion. Therefore, in order to ensure full recovery of LEL's Debt Servicing Component, the Authority hereby clarifies that any short recovery of Debt Servicing to the extent of the amounts mentioned above shall be allowed at the end of the loan tenor for local and foreign components respectively. The review motion is accordingly disposed of.

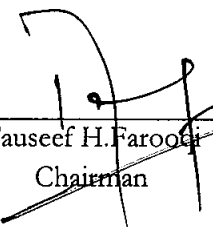
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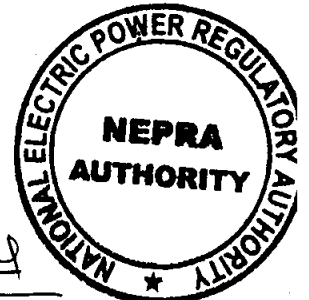

Saif Ullah Chattha
Member 15.10.2020



Engr. Rafique Ahmed Shaikh
Member


Rehmatullah Baloch
Member 15/10/2020


Engr. Bahadur Shah
Member


Tauseef H. Farooqi
Chairman




06/10/21