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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-100/Laraib-2009///05-09

June 24, 2022

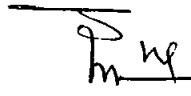
Subject: **Decision of the Authority in the matter of Quarterly Indexation/Adjustment of Tariff for Laraib Energy Limited (Case No. NEPRA/TRF-100/2009)**

Dear Sir,

Please find enclosed herewith the decision of the Authority along with revised tariff components (Annex-I) (02 pages) regarding quarterly indexation/adjustment of tariff of Laraib Energy Limited for the quarter **October – December 2021** on account of KIBOR/LIBOR, US CPI, CPI (General) and Exchange Rate in Case No. NEPRA/TRF-100/2009.

2. The decision is being sent to the Federal Government for intimation and action, if any, by the Federal Government under Proviso (ii) of Section 31(7) of NEPRA Act, before its notification by NEPRA pursuant to the said Proviso of Section 31(7) of NEPRA Act, 1997.

Enclosure: As above


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(Syed Safeer Hussain)

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

CC:


1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak 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, Laraib Energy Ltd., Office No. 12, 2nd Floor, Executive Complex, G-8 Markaz, Islamabad Tele: 051 – 2255 431 – 32

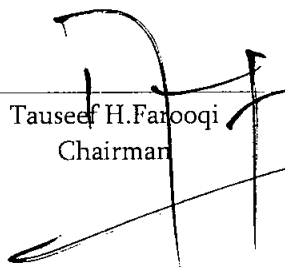
**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY
INDEXATION/ADJUSTMENT OF TARIFF FOR LARAIB ENERGY LIMITED**

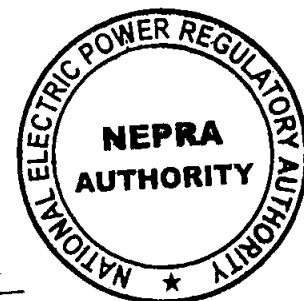
1. Pursuant to the Decisions of the Authority dated 14th April, 2016 in the matter of tariff adjustment at Commercial Operation Date (COD) notified vide S.R.O No 585(1)/2016 dated 28th June 2016, Motion for Recalculation dated 26th May 2016 and Motion for Leave for Review filed by Laraib Energy Limited (LEL) against the Decision of the Authority at COD dated June 30th 2016, the tariff components of LEL on account of KIBOR/LIBOR, US CPI, CPI (General) & Exchange rate for the quarter October to December 2021 are required to be revised in accordance with requisite indexation/adjustment mechanism stipulated in the decisions of the Authority.
2. CPPA-G while requesting the indexation of LEL for the quarter Oct-Dec 2021, stated that the indexation of O&M Component for this quarter is not sought till negotiation on the issue of saving resolved. The Authority considered the request of CPPA-G and noted with concern that CPPA-G is neither concluding negotiation nor requesting indexation of O&M components before the Authority. In the opinion of the Authority, this situation if continued for too long is not sustainable as it will further aggravate the LEL's cash flow problems. In view thereof, the Authority has decided to index the entire tariff components including the O&M components.
3. Based on the above the revised tariff components attached as **Annex-I** is to be notified in the official gazette, in terms of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
4. CPPA-G to ensure that all payments are consistent with the tariff determination(s).

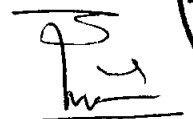
Authority


Engr. Maqsood Anwar Khan
Member


Engr. Rafique Ahmed Shaikh
Member


Tauseef H. Farooqi
Chairman




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Laraib Energy Limited Adjustment on Account of Quarterly Indexation		
Tariff Components	Reference	Oct-Dec 2021
	Rs./KWh	Rs./KWh
Return on Equity	1.9113	3.2788
Return on Equity during Construction	1.2254	2.1022
Special Return on Equity	0.4237	0.7269
Debt Service-Foreign	3.6624	4.5951
Debt Service-Local	1.5454	0.8151
Water usage charges*	0.2657	0.4124
Variable O & M Local*	0.0441	0.0685
Fixed O & M Local*	0.5786	0.8982
Fixed O & M Foreign	0.4410	0.8985
Total	10.0976	13.7956
Indexation Values		
6 Monthly KIBOR	9.57%	7.6900%
6 Monthly LIBOR	0.4479%	0.1595%
Exchange Rate Quarterly	96.13	164.91
Exchange Rate Semi Annual (for debt servicing only)	96.13	157.02
CPI General	172.78	268.21
US CPI	230.38	273.627

NOTE:-

*For the purpose of indexation of WUC, and local O&M components for Oct-Dec 2021 quarter, CPIs of the last quarter i.e. July, Aug, Sep 2021 were required to be used. However, Pakistan Bureau of Statistics has discontinued the publication of CPI for base year 2007-08 w.e.f. July 2020 and replaced it with National CPI for new base year 2015-16. As per relevant provision of the PPA, the latest available CPIs of April, May & June 2020 for base year 2007-08 has been used for the instant indexation/adjustment. The indexation of WUC and local O&M components are being made on provisional basis, subject to revision upon decision of new reference index value by the Authority.

