



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-359/NPPMCL-2016/30822-30824

June 30, 2021

Subject: Decision of the Authority in the matter of Annual Adjustment of Insurance Component of National Power Parks Management Company (Private) Limited for its Power Project at Balloki for the 1st and 2nd Agreement Years (Case No. NEPRA/TRF-359/NPPMCL-2016)


Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with revised schedule of tariff (Annex-I) (03 pages) regarding annual adjustment of insurance component of capacity charge part of tariff on account of Actual Insurance Premium for the period July 29, 2018 to July 28, 2019 and July 29, 2019 to July 28, 2020 in respect of National Power Parks Management Company (Private) Limited's Balloki Power Project in Case No. NEPRA/TRF-359/NPPMCL-2016.

2. The decision is being intimated to the Federal Government for the purpose of notification of adjustment in the approved tariff through the official Gazette pursuant to Section 31 (7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The revised Tariff Schedule attached as Annex-I is to be notified in the official Gazette.

Enclosure: As above


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(Syed Safeer Hussain)

Secretary
Ministry of Energy
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

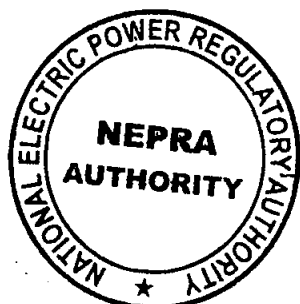
ANNUAL ADJUSTMENT OF INSURANCE COMPONENT OF NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED FOR ITS POWER PROJECT AT BALLOKI FOR THE 1st AND 2nd AGREEMENT YEARS

1. Pursuant to the Authority's decision dated May 20, 2020 notified vide S.R.O. No. 485(1)/2021 in the matter of Review Motion against the COD decision, the insurance component of tariff is subject to annual adjustment as per actual cost. NPPMCL-Balloki vide letters dated July 07, 2020 and July 15, 2020 requested to revise the insurance component on RLNG and HSD fuels as Rs. 0.0855/kW/h and Rs. 0.0942/kW/h respectively for the first agreement year and Rs. 0.1401/kW/h and Rs. 0.1544/kW/h respectively for the second agreement year. NPPMCL-Balloki provided copies of insurance policies, premium invoices, copies of cheque, copies of bank statement and payment acknowledgements of insurer.
2. NPPMCL-Balloki requested insurance premium of Rs. 901,426,542 for the first agreement year, however, as per the payment evidences the total insurance premium works out Rs.894,719,742. The details of insurance premium paid are provided hereunder:

Sr.	Insurance Policy	Premium Excl Sales Tax	
		1 st Agreement Year (Rs.)	2 nd Agreement Year (Rs.)
1.	All Risks	862,738,865	1,448,182,450
2.	Political Violence	27,477,715	25,640,394
3.	Third Party Liability	4,503,162	4,031,399
Total		894,719,742	1,477,854,243
Total (US\$)		6,236,288	9,150,892

3. As per the approved mechanism, NPPMCL-Balloki is allowed to adjust its insurance component annually on the basis of Actual Premium or 1% of the EPC cost at exchange rate prevailing on the 1st day of the insurance coverage period, whichever is lower. Accordingly 1% of the EPC cost of US\$ 5.344 million for the 1st and 2nd agreement years works out Rs. 685,102,082 and Rs.859,316,808 respectively at prevailing exchange rate of Rs. 128.20/US\$ and Rs. 160.80/US\$.
4. The requested insurance premiums works out 1.31% and 1.72% of the approved EPC cost for the 1st and 2nd agreement year respectively and are higher than the approved limit of insurance cost. Therefore, as per the approved mechanism insurance premium as per capped limit is considered for adjusted insurance components of both years.
5. Accordingly, on the basis of information/documents provided by NPPMCL-Balloki and in accordance with the Schedule VIII of Power Purchase Agreement, the insurance component of capacity charge part of tariff has been revised. The revised insurance component of capacity charge part of tariff indicated hereunder shall be immediately applicable:

Period	Reference Insurance Component		Revised Insurance Component	
	RLNG	HSD	RLNG	HSD
	Rs./kW/Hour	Rs./kW/Hour	Rs./kW/Hour	Rs./kW/Hour
July 29, 2018 to July 28, 2019	0.0539	0.0594	0.0649	0.0715
July 29, 2019 to July 28, 2020	0.0539	0.0594	0.0812	0.0895



6. 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.
7. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

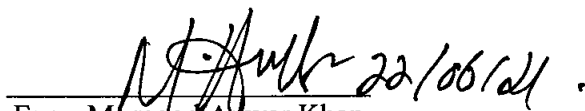
AUTHORITY




Rehmatullah Baloch
Member




Engr. Rafique Ahmed Shaikh
Member



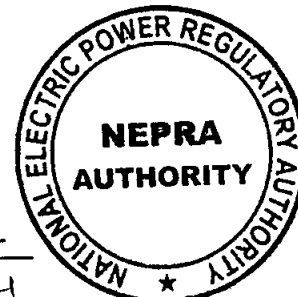
Engr. Maqsood Anwar Khan
Member



Tauseef H. Farooq
Chairman



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National Power Parks Management Company (Pvt) Limited- Balloki Power Project
Schedule of Insurance Component of Capacity Charge
Adjustment on Account of Actual Insurance Premium

Period	Reference Insurance Premium	Revised Insurance Premium	Plant Operation	Reference Insurance Component	Revised Insurance Component
	Rs.	Rs.		Rs./kW/Hour	Rs./kW/Hour
July 29, 2018 to July 28, 2019	568,494,720	685,102,082	RLNG	0.0539	0.0649
			HSD	0.0594	0.0715
July 29, 2019 to July 28, 2020	568,494,720	859,316,808	RLNG	0.0539	0.0812
			HSD	0.0594	0.0895

