



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-358/NPPMCL-2016/31060-31062

July 5, 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 Haveli Bahadar Shah for the 1st, 2nd and 3rd Agreement Years (Case No. NEPRA/TRF-358/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 May 9, 2018 to May 8, 2019, May 9, 2019 to May 8, 2020 and May 9, 2020 to May 8, 2021 in respect of National Power Parks Management Company (Private) Limited's Haveli Bahadar Shah Power Project in Case No. NEPRA/TRF-358/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


05 07 21
(Syed Safeer Hussain)

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

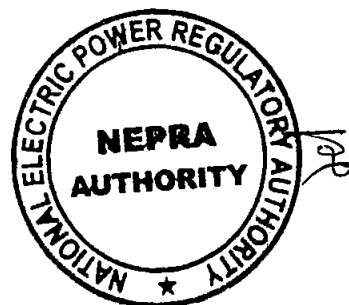
CC:

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 HAVELI BAHADAR SHAH FOR THE 1st, 2nd AND 3rd AGREEMENT YEARS

1. Pursuant to the Authority's decision dated May 20, 2020 notified vide S.R.O. No. 484(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 with maximum of 1% of EPC cost. NPPMCL-HBS vide letters dated July 06, 2020 and April 27, 2021 requested to revise the insurance component for the 1st, 2nd and 3rd agreement years as per following detail:

Period	Insurance Component (Rs./kW/h)	
	RLNG	HSD
1 st Agreement Year	0.0843	0.0961
2 nd Agreement Year	0.1251	0.1426
3 rd Agreement Year	0.1484	0.1692



2. NPPMCL-HBS in support provided copies of insurance policies, premium invoices, cheques, bank statements and payment acknowledgements of insurer. 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.)	3 rd Agreement Year (Rs.)
1.	All Risks	863,889,148	1,304,209,573	1,556,000,868
2.	Political Violence	29,919,256	22,863,921	18,298,221
3.	Third Party Liability	4,234,031	4,205,315	4,680,181
Total		898,042,436	1,331,278,809	1,578,979,270
Total (US\$)		6,638,403	8,357,817	9,819,914


3. As per the approved mechanism, NPPMCL-HBS 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. 1% of the EPC cost is equal to US 5.837 million. On the basis of prevailing exchange rates of Rs. 115.70/US\$, Rs. 141.50/US\$ and Rs. 160.50/US\$ for the 1st, 2nd and 3rd agreement years, the maximum limit for insurance cost works out Rs. 675,345,528, Rs.825,941,160 and Rs. 936,844,920 for the three years respectively.
4. The requested insurance premiums works out 1.33%, 1.61% and 1.69% of the approved EPC cost for the 1st, 2nd and 3rd 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.
5. Accordingly, on the basis of information/documents provided by NPPMCL-HBS 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:

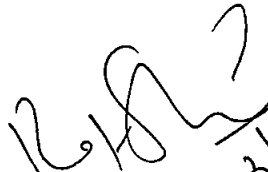
Period	Reference Insurance Component		Revised Insurance Component	
	RLNG	HSD	RLNG	HSD
	Rs./kW/Hour	Rs./kW/Hour	Rs./kW/Hour	Rs./kW/Hour
May 9, 2018 to May 8, 2019	0.0578	0.0659	0.0634	0.0724


Period	Reference Insurance Component		Revised Insurance Component	
	RLNG	HSD	RLNG	HSD
	Rs./kW/Hour	Rs./kW/Hour	Rs./kW/Hour	Rs./kW/Hour
May 9, 2019 to May 8, 2020	0.0578	0.0659	0.0774	0.0883
May 9, 2020 to May 8, 2021	0.0578	0.0659	0.0880	0.1004

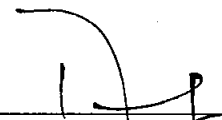
6. The revised tariff schedule attached as **Annex-I** is to be notified in the official Gazette, in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
7. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

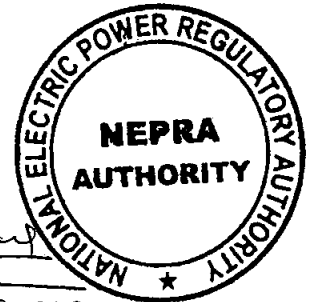
AUTHORITY


28/6/21
Rehmatullah Baloch
Member


28/6/21
Engr. Rafique Ahmed Shaikh
Member


28/08/21
Engr. Maqsood Anwar Khan
Member


Tauseef H. Farooqi
Chairman



National Power Parks Management Company (Pvt) Limited- Haveli Bahadur Shah 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
May 09, 2018 to May 08, 2019	615,107,534	675,345,528	RLNG	0.0578	0.0634
			HSD	0.0659	0.0724
May 09, 2019 to May 08, 2020	615,107,534	825,941,160	RLNG	0.0578	0.0774
			HSD	0.0659	0.0883
May 09, 2020 to May 08, 2021	615,107,534	936,844,920	RLNG	0.0578	0.0880
			HSD	0.0659	0.1004

