



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad
Ph: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/R/ADG(Trf)/TRF-358/NPPMCL-2016/20944-20946

November 1, 2022

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 4th Agreement Year (Case No. NEPRA/TRF-358/NPPMCL-2016)**

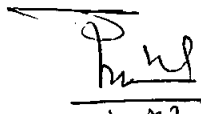
Dear Sir,

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, 2021 to June 30, 2022 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 in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

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

Enclosure: As above


01.11.22
(Syed Safer 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 4TH AGREEMENT YEAR.

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 requested to revise the insurance components of Rs. 0.1197/kW/h & Rs. 0.1364/kW/h on the basis of insurance premium amount of Rs. 1,273,334,197/- for RLNG & HSD, respectively, for 4th agreement year. Subsequently, NPPMCL-HBS vide dated October 14, 2022 revised its request and requested to allow the insurance cost components of Rs. 0.1387/kW/h & Rs. 0.1581/kW/h on the basis of insurance premium of Rs. 1,476,002,059/-for the period of May 9, 2021 to June 30, 2022. NPPMCL-HBS in support provided copies of insurance policies, premium invoices and cheques. The details of insurance premium paid are provided hereunder:

Sr.	Insurance Policy	Premium Excl Sales Tax (PKR)
		From May 9, 2021 to June 30, 2022
1.	Operations All Risk	1,450,111,280
2.	Political Violence	21,521,130
3.	Third Party Liability	4,369,644
Total		1,476,002,059
Total (US\$)		8,322,508



2. 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 PKR 153.10/US\$ and PKR 158.30/US\$ for the period from May 9, 2021 to June 30, 2022, the maximum limit for insurance cost works out PKR 1,053,766,428.
3. The requested insurance premiums works out 1.61% of the approved EPC cost for the period from May 9, 2021 to June 30, 2022 and is 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.
4. 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 components 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, 2021 to June 30, 2022	0.0578	0.0659	0.0864	0.0986



5. 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.
6. 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. Farooq
Chairman

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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 9, 2021 to June 30, 2022	615,107,534	1,053,766,428	RLNG	0.0578	0.0864
			HSD	0.0659	0.0986

