



# National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-125/SECL-2009/10295-10297

November 03, 2011

Subject: **Decision of the Authority in the Matter of Quarterly Indexation/Adjustment of Tariff for Sapphire Electric Company Ltd. (Case No. NEPRA/TRF-125/SECL-2009) - Intimation of Decision of Tariff pursuant to Section 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)**

Dear Sir,

Please find enclosed herewith the decision of the Authority along with revised schedule of tariff (Annex-I) (02 pages) regarding adjustment of tariff for the quarter of October-December, 2011 on account of US CPI, WPI (Local), Exchange Rate and KIBOR variation in respect of Sapphire Electric Company Ltd. in Case No. NEPRA/TRF-125/SECL-2009.

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 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

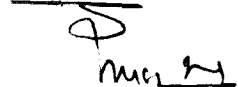
3. Please note that revised tariff schedule to be notified in the official Gazette is attached as Annex-I.

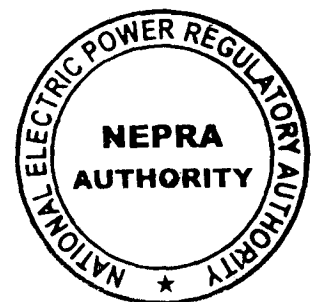
Enclosure: As above

Secretary,  
Ministry of Water & Power,  
Government of Pakistan  
Islamabad.

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, Islamabad.

  
( Syed Safer Hussain )



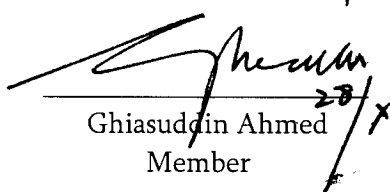
**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/  
ADJUSTMENT OF TARIFF FOR SAPPHIRE ELECTRIC COMPANY LIMITED**

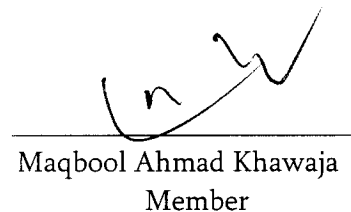
Pursuant to the Paragraph 11(III) of the Authority's decision dated September 21, 2011 in the case of Sapphire Electric Company Limited (hereinafter "SECL"), the tariff of SECL in respect of October-December 2011 quarter has been revised on account of US CPI, WPI (Local), exchange rate and KIBOR variation in accordance with the requisite indexation/adjustment mechanism stipulated in the decision of the Authority. The revised tariff indicated hereunder shall be immediately applicable:

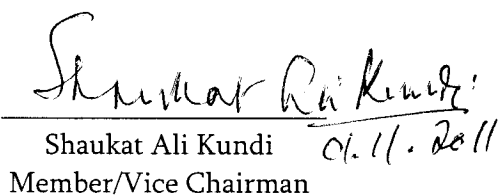
Tariff Components	Reference	Revised Oct.-Dec. 2011
<b>Capacity Charge(Rs./kW/Hour)</b>		
Fixed O&M – Local	0.0529	0.0762
Fixed O&M - Foreign	0.0965	0.1060
Insurance	0.0876	0.0876
Cost of Working Capital-Gas	0.0449	0.0467
Cost of Working Capital-HSD	0.0961	0.1000
Return on Equity	0.3964	0.4157
Return on Equity During Construction	0.0759	0.0796
Debt Servicing	1.2307	1.2658
<b>Total Capacity Charge (Gas)</b>	<b>1.9849</b>	<b>2.0776</b>
<b>Total Capacity Charge (HSD)</b>	<b>2.0361</b>	<b>2.1309</b>
<b>Variable O&amp;M (Rs./kWh)</b>		
Variable O&M – Foreign -Gas	0.2583	0.2838
Variable O&M – Foreign -HSD	0.3728	0.4097
<b>Total Variable O&amp;M</b>	<b>0.6311</b>	<b>0.6935</b>

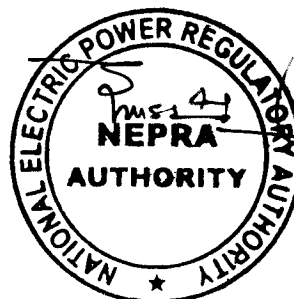
The above referred revised tariff components attached as **Annex-I** is to be notified in the official gazette, in accordance with the provision of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

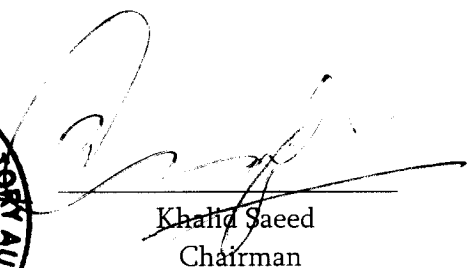
**AUTHORITY**

  
Ghiasuddin Ahmed  
Member

  
Maqbool Ahmad Khawaja  
Member

  
Shaukat Ali Kundi  
Member/Vice Chairman



  
Khalid Saeed  
Chairman

**Sapphire Electric Company Limited**  
**Quarterly Indexation/Adjustment of Tariff**

Tariff Components	Reference	Revised Oct.-Dec. 2011
<b>Capacity Charge(Rs./kW/Hour)</b>		
Fixed O&M – Local	0.0529	0.0762
Fixed O&M - Foreign	0.0965	0.1060
Insurance	0.0876	0.0876
Cost of Working Capital-Gas	0.0449	0.0467
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Variable O&M – Foreign -Gas	0.2583	0.2838
Variable O&M – Foreign -HSD	0.3728	0.4097
<b>Total Variable O&amp;M</b>	<b>0.6311</b>	<b>0.6935</b>
<b>Indexation Values</b>		
* WPI (Manufactures)	145.360	209.470
US CPI	216.177	226.545
Exchange Rate	83.350	87.400
KIBOR	12.60%	13.20%
Hours in the Quarter		2208

\* For the purpose of indexation of local O&M for October-December 2011 quarter, WPI (Manufactures) for August 2011 was required to be used. However, with the revision of base values of WPI from 2000-01 to 2007-08 by Federal Bureau of Statistics, the commodity group of WPI (Manufactures) has now ceased to exist and the latest available WPI (Manufactures) pertaining to July 2011 has been used for the indexation. The local O&M component will be revised, if required, in terms of Para 12.3 of Part V of Schedule 1 of the PPA on determination of new index by the Authority.

