



National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-125/SECL-2009/9781-9783

October 17, 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 quarters of October-December, 2010 to July-September 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.

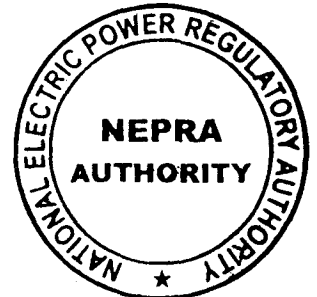
Enclosure: As above


Registrar

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

CC:

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



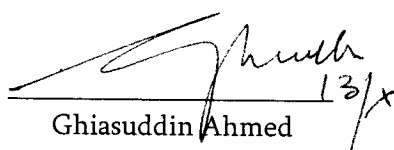
**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY
INDEXATION/ADJUSTMENT OF TARIFF FOR SAPPHIRE ELECTRIC COMPANY LIMITED**

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 2010 to July-September 2011 quarters have 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. 2010 | Revised Jan.-Mar. 2011 | Revised Apr.-Jun. 2011 | Revised Jul.-Sep. 2011 |
|--------------------------------------|---------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Capacity Charge(Rs./kW/Hour) | | | | | |
| Fixed O&M – Local | 0.0529 | 0.0630 | 0.0704 | 0.0753 | 0.0788 |
| Fixed O&M - Foreign | 0.0965 | 0.1008 | 0.1007 | 0.1010 | 0.1041 |
| Insurance | 0.0876 | 0.0876 | 0.0876 | 0.0876 | 0.0876 |
| Cost of Working Capital-Gas | 0.0449 | 0.0464 | 0.0476 | 0.0477 | 0.0477 |
| Cost of Working Capital-HSD | 0.0961 | 0.0993 | 0.1018 | 0.1022 | 0.10220 |
| Return on Equity | 0.3964 | 0.4100 | 0.4085 | 0.4054 | 0.4092 |
| Return on Equity During Construction | 0.0759 | 0.0785 | 0.0782 | 0.0776 | 0.0784 |
| Debt Servicing | 1.2307 | 1.2607 | 1.2840 | 1.2865 | 1.2858 |
| Total Capacity Charge (Gas) | 1.9849 | 2.0470 | 2.0770 | 2.0811 | 2.0916 |
| Total Capacity Charge (HSD) | 2.0361 | 2.0999 | 2.1312 | 2.1356 | 2.1461 |
| Variable O&M (Rs./kWh) | | | | | |
| Variable O&M – Foreign -Gas | 0.2583 | 0.2698 | 0.2694 | 0.2705 | 0.2787 |
| Variable O&M – Foreign -HSD | 0.3728 | 0.3894 | 0.3889 | 0.3904 | 0.4023 |
| Total Variable O&M | 0.6311 | 0.6592 | 0.6583 | 0.6609 | 0.6810 |


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

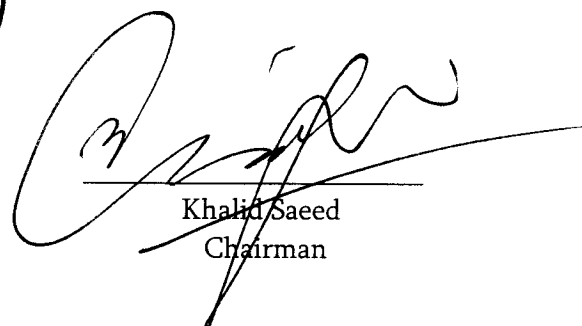
AUTHORITY


Ghiasuddin Ahmed
Member




Maqbool Ahmad Khawaja
Member


Shaukat Ali Kundi
Member/Vice Chairman
14.10.2011


Khalid Saeed
Chairman

Sapphire Electric Company Limited
Quarterly Indexation/Adjustment of Tariff

| Tariff Components | Reference | Revised Oct.-Dec. 2010 | Revised Jan.-Mar. 2011 | Revised Apr.-Jun. 2011 | Revised Jul.-Sep. 2011 |
|--------------------------------------|---------------|---------------------------|---------------------------|---------------------------|---------------------------|
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| Fixed O&M - Foreign | 0.0965 | 0.1008 | 0.1007 | 0.1010 | 0.1041 |
| Insurance | 0.0876 | 0.0876 | 0.0876 | 0.0876 | 0.0876 |
| Cost of Working Capital-Gas | 0.0449 | 0.0464 | 0.0476 | 0.0477 | 0.0477 |
| Cost of Working Capital-HSD | 0.0961 | 0.0993 | 0.1018 | 0.1022 | 0.10220 |
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| Total Capacity Charge (Gas) | 1.9849 | 2.0470 | 2.0770 | 2.0811 | 2.0916 |
| Total Capacity Charge (HSD) | 2.0361 | 2.0999 | 2.1312 | 2.1356 | 2.1461 |
| Variable O&M (Rs./kWh) | | | | | |
| Variable O&M – Foreign -Gas | 0.2583 | 0.2698 | 0.2694 | 0.2705 | 0.2787 |
| Variable O&M – Foreign -HSD | 0.3728 | 0.3894 | 0.3889 | 0.3904 | 0.4023 |
| Total Variable O&M | 0.6311 | 0.6592 | 0.6583 | 0.6609 | 0.6810 |
| Indexation Values | | | | | |
| WPI (Manufactures) | 145.360 | 173.160 | 193.440 | 206.860 | 216.650 |
| US CPI | 216.177 | 218.312 | 218.803 | 221.309 | 225.964 |
| Exchange Rate | 83.350 | 86.200 | 85.900 | 85.250 | 86.050 |
| KIBOR | 12.60% | 13.09% | 13.46% | 13.52% | 13.53% |
| Hours in the Quarter | | 2208 | 2160 | 2184 | 2208 |

