



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

No. NEPRA/TRF-125/SECL-2009/3584-3586
April 13, 2012

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 April – June 2012 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.

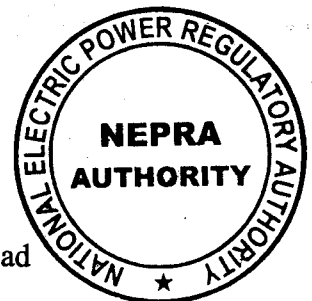
Enclosure: As above

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

CC:

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


(Syed Safeer Hussain)



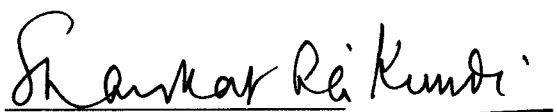
**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/
ADJUSTMENT OF TARIFF FOR SAPPHIRE ELECTRIC COMPANY LIMITED**

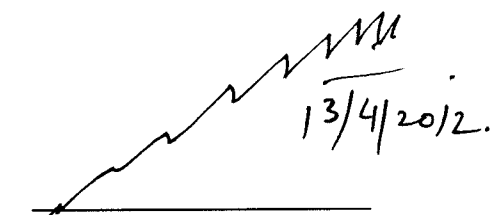
Pursuant to the Paragraph 11(III) of the Authority's decision dated September 21, 2011 in the case of Sapphire Electric Company Limited (hereinafter "SECL"), the tariff of SECL in respect of for April-June 2012 quarter has been revised on account of US CPI, WPI (Local), exchange rate and KIBOR variation in accordance with the requisite indexation/adjustment mechanism stipulated in the decision of the Authority. The revised tariff indicated hereunder shall be immediately applicable:

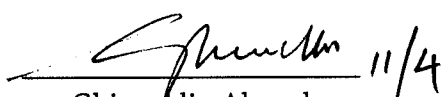
Tariff Components	Reference	Revised Apr-Jun 2012
Capacity Charge(Rs./kW/Hour)		
Fixed O&M – Local	0.0529	0.0762
Fixed O&M - Foreign	0.0965	0.1106
Insurance	0.0876	0.0876
Cost of Working Capital-Gas	0.0449	0.0428
Cost of Working Capital-HSD	0.0961	0.0915
Return on Equity	0.3964	0.4314
Return on Equity During Construction	0.0759	0.0826
Debt Servicing	1.2307	1.1910
Total Capacity Charge (Gas)	1.9849	2.0222
Total Capacity Charge (HSD)	2.0361	2.0709
Variable O&M (Rs./kWh)		
Variable O&M – Foreign -Gas	0.2583	0.2960
Variable O&M – Foreign -HSD	0.3728	0.4272

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


Shaukat Ali Kundi
Member
13.04.2012


Habibullah Khilji
Member
13/4/2012


Ghiasuddin Ahmed
Member / Acting Chairman
11/4



Sapphire Electric Company Limited
Quarterly Indexation/Adjustment of Tariff

Tariff Components	Reference	Revised Apr-Jun 2012
Capacity Charge(Rs./kW/Hour)		
Fixed O&M – Local	0.0529	0.0762
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Variable O&M (Rs./kWh)		
Variable O&M – Foreign -Gas	0.2583	0.2960
Variable O&M – Foreign -HSD	0.3728	0.4272
Indexation Values		
* WPI (Manufactures)	145.360	209.470
US CPI	216.177	227.663
Exchange Rate	83.350	90.700
KIBOR	12.60%	11.91%
Hours in the Quarter		2184

* For the purpose of indexation of local O&M for April-June 2012 quarter, WPI (Manufactures) for February 2012 was required to be used. However, with the revision of base values of WPI 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.

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