



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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E-mail: registrar@nepra.org.pk

No. NEPRA/TRF-125/SECL-2009/9706-9708
October 24, 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 tariff (Annex-I) (02 pages) regarding quarterly indexation/adjustment of tariff of Sapphire Electric Company Ltd. for the quarter October-December 2012 on account of US CPI, WPI (Local), Exchange Rate and KIBOR variation 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.

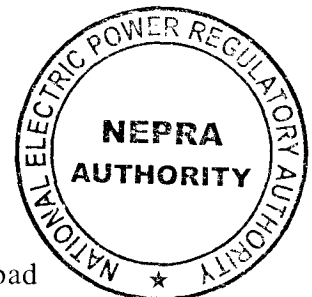
Enclosure: As above

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)



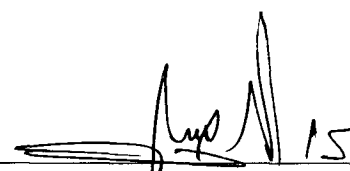
**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/
ADJUSTMENT OF TARIFF FOR SAPPHIRE ELECTRIC COMPANY LIMITED**

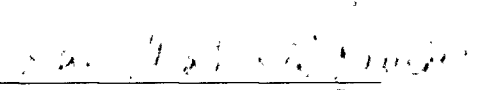
Pursuant to the Paragraph 11(III) of the Authority's decision dated September 21, 2011 in the case of Sapphire Electric Company Limited (hereinafter "SECL"), the tariff of SECL in respect of for October-December 2012 quarter has been revised on account of US CPI, WPI (Local), exchange rate and KIBOR 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:

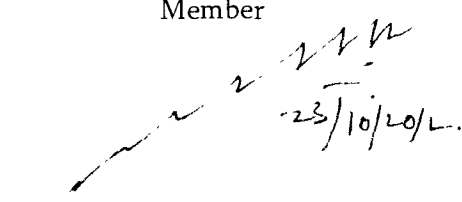
Tariff Components	Reference	Revised Oct-Dec 2012
Capacity Charge(Rs./kW/Hour)		
Fixed O&M – Local	0.0529	0.0762
Fixed O&M - Foreign	0.0965	0.1168
Insurance	0.0876	0.0912
Cost of Working Capital-Gas	0.0449	0.0375
Cost of Working Capital-HSD	0.0961	0.0803
Return on Equity	0.3964	0.4504
Return on Equity During Construction	0.0759	0.0862
Debt Servicing	1.2307	1.0981
Total Capacity Charge (Gas)	1.9849	1.9564
Total Capacity Charge (HSD)	2.0361	1.9992
Variable O&M (Rs./kWh)		
Variable O&M – Foreign -Gas	0.2583	0.3128
Variable O&M – Foreign -HSD	0.3728	0.4514

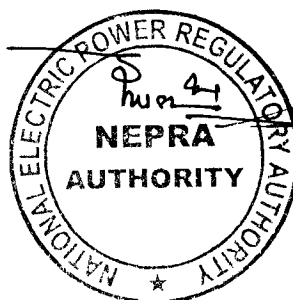
The above referred revised tariff components attached as **Annex-I** is to be notified in the official gazette, in accordance with the provision of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

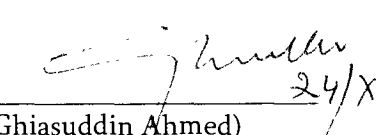
AUTHORITY


(Khawaja Muhammad Naeem)
Member


(Shoukat Ali Kundi)
Member


(Habibullah Khilji)
Member

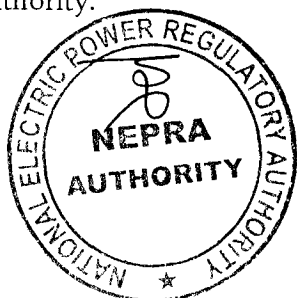



(Ghiasuddin Ahmed)
Acting Chairman

Sapphire Electric Company Limited
Quarterly Indexation/Adjustment of Tariff

Tariff Components	Reference	Revised Oct-Dec 2012
Capacity Charge(Rs./kW/Hour)		
Fixed O&M – Local	0.0529	0.0762
Fixed O&M - Foreign	0.0965	0.1168
Insurance	0.0876	0.0912
Cost of Working Capital-Gas	0.0449	0.0375
Cost of Working Capital-HSD	0.0961	0.0803
Return on Equity	0.3964	0.4504
Return on Equity During Construction	0.0759	0.0862
Debt Servicing	1.2307	1.0981
Total Capacity Charge (Gas)	1.9849	1.9564
Total Capacity Charge (HSD)	2.0361	1.9992
Variable O&M (Rs./kWh)		
Variable O&M – Foreign -Gas	0.2583	0.3128
Variable O&M – Foreign -HSD	0.3728	0.4514
Indexation Values		
* WPI (Manufactures)	145.360	209.470
US CPI	216.177	230.379
Exchange Rate	83.350	94.700
KIBOR	12.60%	10.20%
Hours in the Quarter		2208

* For the purpose of indexation of local O&M for October-December 2012 quarter, WPI (Manufactures) for August 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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