



# 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

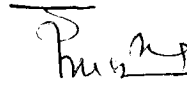
No. NEPRA/TRF-125/SECL-2009/18418-22  
December 31, 2015

Chief Executive Officer  
Sapphire Electric Company Ltd.  
7-A/K, Main Boulevard, Gulberg-II  
Lahore

Subject: **Decision of the Authority in the Matter of Fuel Price Adjustment (RLNG) for Sapphire Electric Company Ltd. on Provisional Basis (Case No. NEPRA/TRF-125/SECL-2009)**

Enclosed please find herewith the subject decision of the Authority (02 pages) in the matter of fuel price adjustment for RLNG in respect of Sapphire Electric Company Ltd. on provisional basis. The notification on the subject decision will follow.

Enclosure: As above

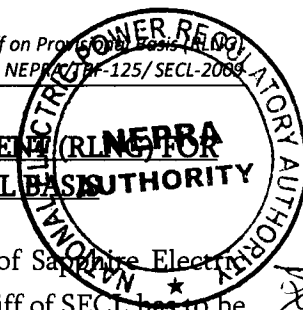
  
31.12.15  
( Syed Safeer Hussain )

CC:

1. Secretary Ministry of Water & Power, Islamabad
2. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Secretary, Ministry of Finance, Islamabad.
4. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited  
6<sup>th</sup> Floor, Shaheed-e-Millat Secretariat, Jinnah Avenue, Blue Area, Islamabad



**DECISION OF THE AUTHORITY IN THE MATTER OF FUEL PRICE ADJUSTMENT (RLNG) FOR  
SAPPHIRE ELECTRIC COMPANY LIMITED (SECL) ON PROVISIONAL BASIS**



1. Pursuant to the decision of the Authority dated September 21, 2011 in the case of Sapphire Electric Company Limited (hereinafter "SECL"), the fuel portion of energy charge part of tariff of SECL has to be adjusted for variation in gas prices.
2. SECL vide letter No. SECL/NEPRA/1412 dated October 12, 2015 submitted its request for revision of its Fuel Cost Component based on the RLNG price.
3. SECL is now procuring the imported Re-gasified Liquefied Natural Gas (RLNG), for which there is no prescribed mechanism for adjustment in the fuel portion of energy charge part of tariff for variation in RLNG prices in the aforementioned determination. Therefore, in order to prescribe adjustment mechanism in this regard, modification in the existing notified mechanism is required in accordance with the NEPRA Tariff Standard and Procedures Rules 1998. Accordingly the Authority decided to treat the request of SECL as a Petition and decided to initiate the proceedings for determination of fuel cost component on the basis of RLNG.
4. Further, while admitting the petition of Sapphire Electric Company Limited for fuel price adjustment on the basis of RLNG, the Authority considered the request of SECL for application of adjustment and further decided to allow the immediate application for adjustment in the Fuel Cost Component on the basis of RLNG Price (provisional), as notified by OGRA, in terms of Rule 4(7) of Tariff Standards & Procedures Rules 1998, subject to the order of refund for the protection of the consumers, while the proceedings for devising fuel price adjustment mechanism on RLNG price are pending before the Authority.
5. Oil & Gas Regulatory Authority's (OGRA) vide its determination dated October 07, 2015 in the matter of RLNG Price has provisionally notified the RLNG price. Based on the provisional price of RLNG notified by OGRA vide para 5.18 & 5.19 of its determination, the Authority has worked out the Fuel Cost Component of SECL on provisional basis, indicated hereunder, which shall be immediately applicable on units delivered basis:

Provisional RLNG Price (USD) HHV	*Exchange Rate	Provisional RLNG price (PKR) HHV	**Provisional RLNG price (PKR) LHV	Reference Gas Price (Sept 21, 2011) LHV	Reference Fuel Cost Component (Sept 21, 2011)	Provisional Fuel Cost Component on RLNG Price w.e.f March 2015
USD./MMBTU	USD/PKR	RS./MMBTU	RS./MMBTU	RS./MMBTU	Rs./kWh	Rs./kWh
8.6368	104.3189	900.9815	997.8848	368.11	2.4538	6.6518

\*Exchange rate as assumed by PSO in its submitted cost break up for the month of Sept, 2015 as per OGRA determination for RLNG Price on Provisional basis

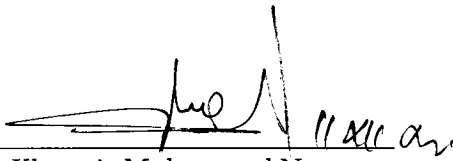
\*\*Provisional RLNG price is adjusted for LHV-HHV factor of 1.107553

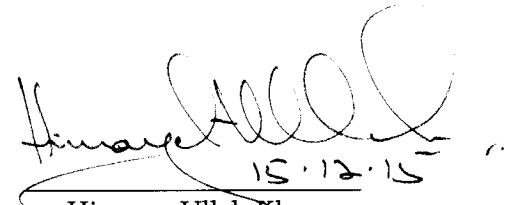
6. Since, at this point there is no clarification regarding the exchange rate to be applicable for the conversion of provisionally notified RLNG price from US dollars to PKR, therefore, the Authority has decided to apply the exchange rate applied by PSO in its submitted cost break up for RLNG for the month of September, 2015 as per Para 2.3 of the OGRA determination of RLNG Price on provisional basis which will be subject to adjustment once the proceedings are finalized



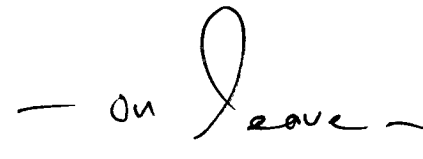
7. In case the IPP uses pipeline quality gas, the Fuel Cost Component shall be adjusted in accordance with the already notified adjustment mechanism.
8. The above referred Provisional fuel cost component is to be notified in the official gazette in accordance with the provision of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

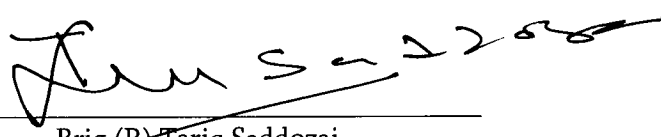
**Authority**

  
Khawaja Muhammad Naeem  
Member

  
15.12.15  
Himayat Ullah Khan  
Member

(DID NOT ATTEND)  
Syed Masood-ul-Hassan Naqvi  
Member

  
— on leave —  
Maj (R) Haroon Rashid  
Vice Chairman

  
Brig (R) Tariq Saddozai  
Chairman  
15/12/15

