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No. NEPRA/R/DG(Trf)/TRF-125/SECL-2009/ 20544-48

August 04, 2023

Subject: Decision of the Authority in the matter of Quarterly Indexation/Adjustment of Tariff for Sapphire Electric Company Ltd. for July to September 2023 Quarter (Case No. NEPRA/TRF-125/SECL-2009)

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with revised tariff components (Annex-I) (02 pages) regarding quarterly indexation/adjustment of tariff of Sapphire Electric Company Ltd. for the quarter **July to September 2023** on account of US CPI, CPI Local, Exchange Rate and KIBOR variation in Case No. NEPRA/TRF-125/SECL-2009.

2. The decision is being sent to the Federal Government for intimation and action, if any, by the Federal Government under Proviso (ii) of Section 31(7) of NEPRA Act, before its notification by NEPRA pursuant to the said Proviso of Section 31(7) of NEPRA Act, 1997.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

Secretary,
Ministry of Energy,
(Power Division)'A' Block,
Pak Secretariat Islamabad.

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad.
4. Chief Executive Officer, Sapphire Electric Company Ltd., 7-A/K, Main Boulevard, Gulberg-II, Lahore 042-111000100.

**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY INDEXATION/
ADJUSTMENT OF TARIFF FOR SAPPHIRE ELECTRIC COMPANY LIMITED FOR JULY
TO SEPTEMBER 2023 QUARTER.**

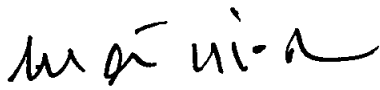
Pursuant to the decisions the Authority dated November 23, 2012 in the matter of Motion for Leave for Review filed against the decision of the Authority at Commercial Operation Date (COD), decision of the Authority dated December 20, 2012 regarding change of index in the case of Sapphire Electric Company Limited (hereinafter "SECL") and decisions of the Authority dated April 2, 2021 and May 7, 2021 in the matter of application filed by CPPA-G for adjustment of ROE and ROEDC components of tariff pursuant to the agreement with SECL, the tariff of SECL in respect of July to September 2023 quarter has been revised on account of US CPI, CPI Local, Exchange Rate and KIBOR variation in accordance with the requisite indexation/adjustment mechanisms stipulated in the above referred decisions of the Authority. The revised tariff indicated hereunder shall be immediately applicable:

| Tariff Components | Reference Nov 23, 2012, Dec 20, 2012, Apr 2, 2021 & May 7, 2021 | Revised Jul-Sep 2023 Quarter |
|-------------------------------------|---|------------------------------------|
| Capacity Charge(Rs./kW/Hour) | | |
| Fixed O&M - Local | 0.0762 | 0.1326 |
| Fixed O&M - Foreign | 0.0965 | 0.4676 |
| Cost of Working Capital - Gas | 0.0449 | 0.0763 |
| Cost of Working Capital - HSD | 0.0961 | 0.1634 |
| ROE - Local | 0.6387 | 0.6387 |
| ROE - Foreign | 0.0632 | 0.2177 |
| ROEDC - Local | 0.1674 | 0.1674 |
| ROEDC - Foreign | 0.0178 | 0.0613 |
| Total (Gas) | 1.1047 | 1.7616 |
| Total (HSD) | 1.1559 | 1.8487 |
| Variable O&M (Rs./kWh) | | |
| Variable O&M – Foreign -Gas | 0.2583 | 1.2517 |
| Variable O&M – Foreign -HSD | 0.3728 | 1.8065 |

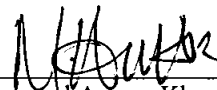
The above referred revised tariff components attached as **Annex-I** are to be notified in the official gazette in accordance with the provision of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

AUTHORITY



Mathar Niaz Rana (nsc)
Member



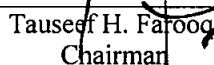
Engr. Maqsood Anwar Khan
Member



Engr. Rafique Ahmed Shaikh
Member



Amina Ahmed
Member

Tauseef H. Farooqi
Chairman

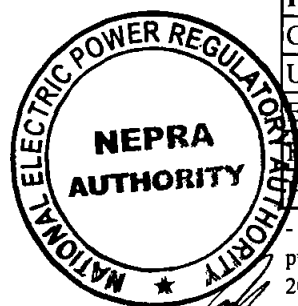
Sapphire Electric Company Limited
Quarterly Indexation/Adjustment of Tariff

| Tariff Components | Reference Nov 23, 2012, Dec 20, 2012, Apr 2, 2021 & May 7, 2021 | Revised Jul-Sep 2023 Quarter | Indexation |
|-------------------------------------|---|------------------------------------|---|
| Capacity Charge(Rs./kW/Hour) | | | |
| Fixed O&M - Local | 0.0762 | 0.1326 | CPI Local |
| Fixed O&M - Foreign | 0.0965 | 0.4676 | US CPI & Rs./US\$ |
| Cost of Working Capital - Gas | 0.0449 | 0.0763 | KIBOR |
| Cost of Working Capital - HSD | 0.0961 | 0.1634 | KIBOR |
| ROE - Local | 0.6387 | 0.6387 | - |
| ROE - Foreign | 0.0632 | 0.2177 | Rs./US\$ |
| ROEDC - Local | 0.1674 | 0.1674 | - |
| ROEDC - Foreign | 0.0178 | 0.0613 | Rs./US\$ |
| Total (Gas) | 1.1047 | 1.7616 | |
| Total (HSD) | 1.1559 | 1.8487 | |
| Variable O&M (Rs./kWh) | | | |
| Variable O&M – Foreign -Gas | 0.2583 | 1.2517 | US CPI & Rs./US\$ |
| Variable O&M – Foreign -HSD | 0.3728 | 1.8065 | US CPI & Rs./US\$ |
| Indexation Values | | | Source |
| CPI (General) | 154.720 | 269.270 | Pakistan Bureau of Statistics - Revised value of Jun 2020 |
| US CPI | 216.177 | 304.127 | U.S. Bureau of Labor Statistics - Revised value of May 2023 |
| Exchange Rate | 83.350 | 287.100 | NBP - Revised rate of June 27, 2023 |
| KIBOR | 12.60% | 22.91% | SBP - Revised rate of June 27, 2023 |
| Hours in the Quarter | - | 2,208 | |

- For the purpose of indexation of Local O&M components for Jul-Sep 2023 quarter, CPI for May 2023 was required to be used. However, Pakistan Bureau of Statistics has discontinued the publication of CPI for base year 2007-08 w.e.f. July 2020 and replaced it with National CPI for new base year 2015-16. As per relevant provision of the PPA, the latest available CPI of June 2020 for base year 2007-08 has been used for the instant indexation/adjustment. The indexation of Local O&M components is being made on provisional basis, subject to revision upon decision of new reference index value by the Authority.

- The Authority vide its decision dated March 10, 2021 replaced CPI Base Year 2007-08 with N-CPI Base Year 2015-16. The decision shall be implemented upon Notification in the Official Gazette.

- Based on the data declared by Sapphire Electric Company Limited.



Q. Malik