



# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

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No. NEPRA/TRF-122/UCH-II-2008/11559-11561  
July 09, 2019

**Subject: Decision of the Authority in the matter of Adjustment in Insurance Components of Capacity Charge Part of Tariff for Uch-II Power (Private) Ltd. (Uch-II) for Agreement Years Two to Five [Case No. NEPRA/TRF-122/UCH-II-2008 ]**

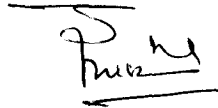
Dear Sir,

Please find enclosed herewith decision of the Authority along with revised Tariff Schedule (Annex-I) (03 pages) regarding Adjustment in Insurance Components of Capacity Charge Part of Tariff on account of Actual Insurance Premium for Agreement Year Two to Five (i.e 4<sup>th</sup> April 2015 to 3<sup>rd</sup> April 2016, 4<sup>th</sup> April 2016 to 3<sup>rd</sup> April 2017, 4<sup>th</sup> April 2017 to 3<sup>rd</sup> April 2018 & 4<sup>th</sup> April 2018 to 3<sup>rd</sup> April 2019) in respect of Uch-II Power (Private) Ltd. (Uch-II) in Case No. NEPRA/TRF-122/UCH-II-2008.

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 (7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

3. The revised tariff Schedule attached as Annex-I is to be notified in the official Gazette.

Enclosure: As above

  
09 07 19  
( Syed Safeer Hussain )

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.

**DECISION OF THE AUTHORITY IN THE MATTER OF ADJUSTMENT IN INSURANCE  
COMPONENTS OF CAPACITY CHARGE PART OF TARIFF FOR UCH-II POWER (PVT.)  
LIMITED FOR AGREEMENT YEARS TWO TO FIVE**

**1. BACKGROUND**

- 1.1. Uch-II Power (Private) Limited (hereinafter "Uch-II") setup a 380.75 MW net (404 MW gross) capacity low Btu Gas-fired Power Plant near Deara-Murad Jamali, Balochistan and achieved Commercial Operation Date (COD) on April 4, 2014. The COD tariff adjustment of Uch-II was issued on July 3, 2017, and Motion for Leave for Review in the matter was decided by the Authority on April 24, 2018, which was notified vide S.R.O. No. 1289(I)/2018 dated October 17, 2018.

**2. INSURANCE ADJUSTMENT MECHANISM**

- 2.1. According to the prescribed mechanism the insurance component of capacity charge part of tariff is subject to adjustment annually on actual basis. The mechanism is provided hereunder:

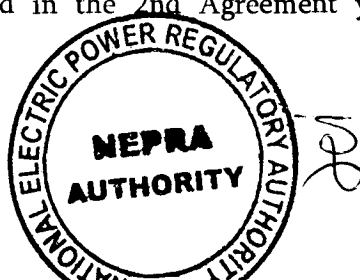
Insurance Component (Rev)	=	Rs. 0.0891 per kW per Hour / 297.178 million) × AP
Where:		
AP	=	Actual Premium or 1.35% of adjusted EPC whichever is lower

**3. REQUEST FOR ADJUSTMENT OF INSURANCE COMPONENT**

- 3.1. Uch-II vide letter No. 1.2.9/NEPRA/ar dated November 6, 2018 submitted request for revision of insurance components of tariff for the Agreement years 2, 3 and 4. Uch-II vide letter No. 1.2.9/NEPRA/ar dated November 26, 2018 also requested for revision of insurance component for Agreement year 5. In support of the request, Uch – II provided complete working and supporting documents. The detail of requested insurance cost components for each agreement year is provided hereunder:

Agreement Years	Period	Reference Insurance Premium	Revised Insurance Premium	Reference Insurance Component	Requested Insurance Component
		Rs.	Rs.	Rs./kW/Hour	Rs./kW/Hour
2	04-April-2015 to 3-April-2016	297,178,000	353,236,000	0.0891	0.1056
3	04-April-2016 to 3-April-2017	297,178,000	253,162,965	0.0891	0.0759
4	04-April-2017 to 3-April-2018	297,178,000	252,011,972	0.0891	0.0756
5	04-April-2018 to 3-April-2019	297,178,000	312,635,474	0.0891	0.0937

- 3.2. While requesting for insurance component for the 2nd agreement year, Uch-II also requested Rs. 13,925,089 on account of Marsh Brokerage Commission pertaining to 1st Agreement year in addition to the brokerage commission for 2nd Agreement year. The Petitioner vide its letter No. 1.2.9/NEPRA/ar dated 22nd March 2019 submitted that Marsh Brokerage Commission pertaining to 1st Agreement year was not claimed from NEPRA and the same was included in the 2nd Agreement year vide application dated 6th



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November 2018 for adjustment of insurance cost component. The Petitioner requested to allow the 1st agreement year's commission as part of insurance component in 2nd agreement year based on actual payment.

#### 4. DECISION

- 4.1. The Authority considered the request of the Petitioner for inclusion of Rs. 13,925,089/- on account of leftover Marsh Brokerage Commission pertaining to 1<sup>st</sup> agreement year. In the opinion of the Authority, the Petitioner availed the opportunity of review on the COD adjustment decision, however, the Petitioner did not claim the same, therefore, there is no justification to include the same in the 2<sup>nd</sup> agreement year and accordingly the same has been disallowed.
- 4.2. In accordance with the prescribed mechanism stipulated in decision dated April 24, 2018, and Schedule VIII of the PPA, the insurance components of capacity charge part of tariff for the agreement year 2 to agreement year 5 have been revised on the basis of actual insurance premium (exclusive of Sales tax on Services). The revised insurance components of capacity charge part of tariff indicated hereunder shall be immediately applicable:

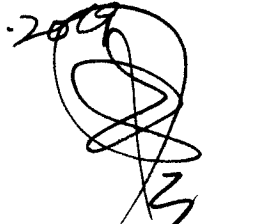
Agreement Year	Period	Revised Insurance Component Rs. /kW/Hour
2	4 <sup>th</sup> April 2015 to 3 <sup>rd</sup> April 2016	0.1015
3	4 <sup>th</sup> April 2016 to 3 <sup>rd</sup> April 2017	0.0759
4	4 <sup>th</sup> April 2017 to 3 <sup>rd</sup> April 2018	0.0756
5	4 <sup>th</sup> April 2018 to 3 <sup>rd</sup> April 2019	0.0937

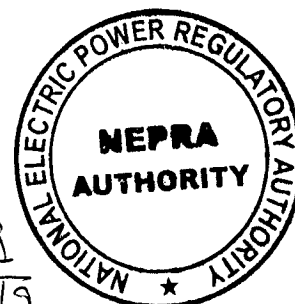
- 4.3. The revised tariff schedule attached as Annex-I is to be notified in the official gazette, in accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

#### AUTHORITY

  
Saif Ullah Chattha  
Member

  
Rafique Ahmed Shaikh  
Member

  
Rehmatullah Baloch  
Member



Uch-II Power (Pvt) Limited  
 Schedule of Insurance Component of Capacity Charge  
 Adjustment on account of Actual Insurance Premium

Period	Reference Insurance Premium	Revised Insurance Premium	Reference Insurance Component	Revised Insurance Component
	Rs.	Rs.	Rs./kW/Hour	Rs./kW/Hour
04-April-2015 to 3-April-2016	297,178,000	339,310,911	0.0891	0.1015
04-April-2016 to 3-April-2017	297,178,000	253,162,965	0.0891	0.0759
04-April-2017 to 3-April-2018	297,178,000	252,011,972	0.0891	0.0756
04-April-2018 to 3-April-2019	297,178,000	312,387,823	0.0891	0.0937

