



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-122/UCH-II-2008/14582-14584

July 29, 2022

Subject: Decision of the Authority in the matter of Adjustment in Lender's Fee Component of Tariff for Uch-II Power (Private) Ltd. (Uch-II) [Case No. NEPRA/TRF-122/UCH-II-2008]

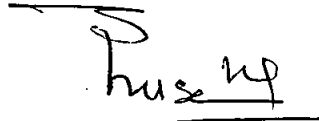
Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with tariff schedule (Annex-I) (03 pages) in the matter of adjustment in Lender's Fee Cost Component of Tariff for the period from April 4, 2019 to April 3, 2020 and April 4, 2020 to April 3, 2021 in respect of Uch-II Power (Private) Ltd. in Case No. NEPRA/TRF-122/UCH-II-2008.

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

3. The revised Lender's Fee Cost Component of Tariff Schedule attached as Annex-I is to be notified in the official Gazette.

Enclosure: As above


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(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.

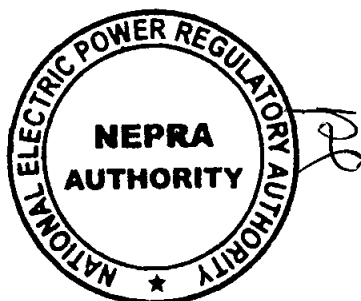
DECISION OF THE AUTHORITY IN THE MATTER OF ADJUSTMENT IN LENDER'S FEE COMPONENT OF TARIFF FOR UCH-II POWER (PVT) LIMITED.

1. Pursuant to the decision of the Authority dated April 24, 2018 in the matter of Motion for Leave for Review filed by Uch-II Power (Pvt.) Limited (Uch-II) against the decision of the Authority at COD dated July 3, 2017, the Letter of Credit (LC) cost with respect to Debt Service Reserve Account (DSRA) during the term of debt shall be treated as Pass-through item at actual on yearly basis. In addition, the lenders' advisors' fees (including technical legal, insurance, Trustees, inter-creditor agents, administrators, supervisors etc.) paid by Uch-II also be treated as Pass-through item during the term of debt at actual, not exceeding US\$ 0.5 million per annum, on yearly basis.
2. Uch-II requested to approve the lender's fees cost component as a pass-through for 6th agreement year of Rs. 0.0284/kW/h on the basis of Rs. 94,969,188/- which also include lenders' technical advisor charges of 47,765,213/- for 1st to 5th agreement years (2015 to 2019). Similarly, Uch-II requested for approval of lenders' fees cost component of Rs. 0.0198/kW/h on the basis of Rs. 65,939,036/- for the 7th agreement year. The details of requested cost is as under:

Sr. No.	Details	6th Agreement Year (PKR)	7th Agreement Year (PKR)
1	DSRA LC	23,810,342	28,256,285
2	Agency Fees	20,823,342	23,662,997
3	Professional Fees	641,872	1,493,149
4	Lender's Technical Advisor	47,765,213	12,526,604
5	Lender's Insurance Advisor	1,928,418	-
Total Amount		94,969,188	65,939,036

3. The Authority considered the request of Uch-II for approval of lenders' technical advisors' charges of 1-5 years. The Authority considered that the lenders' technical advisors' fees are subject to adjustment on yearly basis on production of authentic documentary evidence. Since the adjustment for years 1-5 have already been issued, therefore, the lender's technical advisor fee for years 1-5 is not admissible at this stage.
4. During the verification of documentary evidences, it has been observed that tax rate applied is 30% (rate for non-filer as per the Tenth Schedule of Income Tax Ordinance) instead of normal tax rate of 15% in the professional fees charges. Tax on others charges have been requested on normal rate of 12.5%. The Authority did not allow higher tax rate(s) i.e. double tax rate being not in the active taxpayer list in other similar case(s) and the same has been considered in the instant case. Accordingly, requested cost has been worked out on the normal tax rates.
5. Further, it is noted that lenders' technical advisors' fees of Rs. 12,526,604/- claimed in 7th agreement year also include Rs. 6,229,054/- pertaining to 6th agreement year. The same has been rearranged in the respective years as under:

Sr. No.	Details	6 th Agreement Year (Rs.)	7 th Agreement Year (Rs.)	Total (Rs.)
1	DSRA LC	23,810,344	28,256,285	52,066,629
2	Agency Fees	20,823,342	23,662,997	44,486,339
3	Professional Fees	545,627	1,493,149	2,038,776
4	Lender's Technical Advisor	6,229,054	6,297,550	12,526,604
5	Lender's Insurance Advisor	1,928,418	-	1,928,418
Total Amount		53,336,785	59,709,981	113,046,766




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6. Based on above discussion and decision, the lender's fees cost components of capacity charge part of tariff has been revised for the period from April 4, 2019 to April 3, 2021 as provided hereunder:

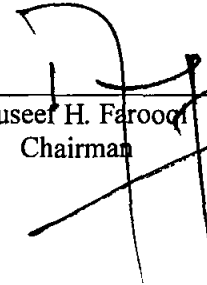
Period	Revised Lender's Fee Cost Component (Rs./kW/Hour)
April 4, 2019 to April 3, 2020	0.0160
April 4, 2020 to April 3, 2021	0.0179

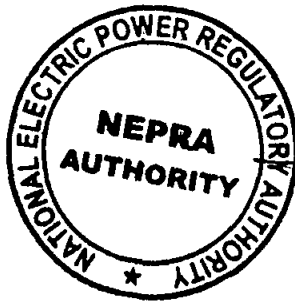
7. The revised Lender's Fee Cost Component of tariff schedule attached as **Annex-I** is to be notified in the official gazette, in accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.
8. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).


AUTHORITY


Engr. Maqsood Anwar Khan
Member


Engr. Rafique Ahmed Shaikh
Member


Tauseef H. Farooqi
Chairman




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Uch-II Power (Pvt) Limited
Adjustment of Lender's Fees

Period	Reference Lender's Fees Cost	Revised Lender's Fees Cost	Reference Lender's Fees Cost Component	Revised Lender's Fees Cost Component
	Rs	Rs	Rs./kW/Hour	Rs./kW/Hour
April 4, 2019 to April 3, 2020	26,725,000	53,336,785	0.0080	0.0160
April 4, 2020 to April 3, 2021		59,709,981		0.0179

