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National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/ADG(Trf)/TRF-309/KPCL-2015/13418-22

May 29, 2023

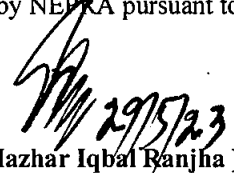
Subject: **Decision of the Authority in the matter of Quarterly Indexation/Adjustment of Tariff of 720 MW Karot Hydropower Project of Karot Power Company (Pvt.) Ltd. (Case No. NEPRA/TRF-309/KPCL-2015)**

Dear Sir,

Please find enclosed herewith the decision of the Authority along with revised tariff components (Annex-I) (02 pages) regarding quarterly indexation/adjustment of tariff for the quarters April-June 2022 to April - June 2023 on account of applicable variations in the Exchange Rate, LIBOR, US CPI and Local CPI in respect of Karot Power Company (Pvt.) Ltd. in Case No. NEPRA/TRF-309/KPCL-2015.

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

Copy to: (alongwith copy of subject Decision):

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, Karot Power Co. Pvt. Ltd., L-6, Serena Business Complex G-5/1, Islamabad



**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY
INDEXATION/ADJUSTMENT OF TARIFF OF 720 MW KAROT HYDROPOWER PROJECT
OF KAROT POWER COMPANY**

Pursuant to the decision of the Authority dated April 27, 2016, in the matter of Motion for Leave for Review filed by Karot Power Company (Pvt.) Ltd. (KPCL) against the Determination of the Authority in the matter of EPC Stage Tariff of 720 MW Karot Hydropower and determination of the Authority in the matter of Petition filed by KPCL for determination of EPC-Stage Generation Tariff in respect of 720-MW Karot Hydropower Project, the tariff components are required to be indexed/ adjusted according to the stipulated mechanism therein.


Accordingly, the tariff components have been revised/ indexed on account of applicable variations in the exchange rate, LIBOR, US CPI and local CPI from the period April – June 2022 to April – June 2023. The revised tariff indicated in the attached **Annex – I** shall be immediately applicable and the instant decision shall supersede the Authority's decision in the matter of Quarterly Indexation/Adjustment of Tariff of 720 MW Karot Hydropower Project of Karot Power Company (Pvt.) Ltd. (Case No. NEPRA/TRF-309/KPCL-20 15) issued vide letter No. NEPRA/ADG(Trf)/TRF-309/KPCL-2015/2219-23, dated February 9, 2023.


The indexation allowed is on an interim basis and shall be subject to adjustments, if necessary, in the light of the final decision of the Authority with respect to KPCL's COD tariff adjustment.

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

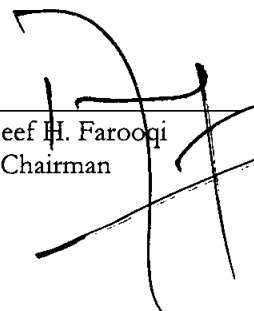
AUTHORITY

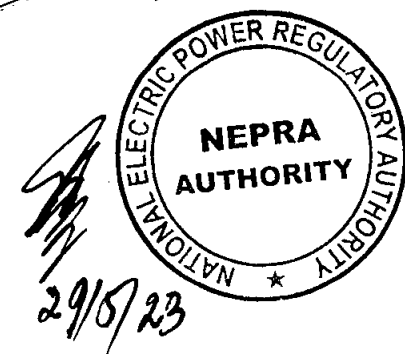

Amina Ahmed
Member


Mathar Niaz Rana (nsc)
Member


Engr. Rafique Ahmed Shaikh
Member


Engr. Maqsood Anwar Khan
Member


Tauseef H. Farooqi
Chairman



Karot Power Company
720 MW Karot Hydropower Project
Quarterly Indexation/Adjustment

Tariff Components	Reference Tariff Determination	Revised Reference Tariff	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Jan - Mar 2023	Apr - Jun 2023	Indexation
Energy Charge (Rs./kWh)	0.3158	0.3158	0.4139	0.4308	0.4471	0.4460	0.5353	
V. O&M Local	0.1161	0.1161	0.1565	0.1565	0.1565	0.1565	0.1565	Local CPI
V. O&M Foreign	0.0497	0.0497	0.1074	0.1243	0.1406	0.1394	0.1764	US CPI & Rs./US\$
Water Use Charge	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.2023	Local CPI
Capacity Charge (Rs./kW/Month)	3,316.0235	3,067.5085	5,162.8908	6,588.9828	6,859.9149	7,845.2382	8,485.6590	
Fixed O&M Local	73.8339	73.8339	99.5755	99.5755	99.5755	99.5755	99.5755	Local CPI
Fixed O&M Foreign	172.2791	172.2791	371.8288	430.7485	487.2027	483.2402	611.4212	US CPI & Rs./US\$
ROE	685.8480	630.9966	1,137.7813	1,279.3829	1,428.1267	1,409.1843	1,764.4305	Rs./ US\$
ROEDC	303.0962	278.8558	502.8187	565.3965	631.1307	622.7596	779.7532	Rs./ US\$
Loan Repayment	986.4181	907.5283	1,589.5144	1,840.0673	1,840.0673	2,026.7537	2,026.7537	Rs./ US\$
Interest Charge	858.2912	789.6485	1,258.2750	2,170.7151	2,170.7151	3,000.6278	3,000.6278	LIBOR & US\$
Sinosure	122.4257	112.6346	203.0970	203.0970	203.0970	203.0970	203.0970	Rs./ US\$
Capacity (MW)			712.8000	712.8000	712.8000	712.8000	712.8000	Authority's decision dated April 27, 2016

Indexation Values

								Sources (Websites)
Exchange Rate	101.6		183.20	206.00	229.95	226.90	284.10	NBP
6-month LIBOR	0.36%		0.3388%	2.9351%	2.9351%	5.1389%	5.1389%	Global-rates.com or moneycafe.com
Local CPI	199.66		269.27	269.27	269.27	269.27	269.27	Pakistan Bureau of Statistics
US CPI	237.031		283.716	292.296	296.171	297.711	300.84	US Bureau of Labor Statistics

The above indexation is on the basis of information provided by Karot and verified by NEPRA. The exchange rates and LIBOR rates of last working day of previous quarter have been applied for calculation.

* For the purpose of indexation of Local O&M and WUC components for April-June 2022, July-September 2022, October-December 2022 quarters, January-March 2023 and April - June 2023, CPIs of February, May, August 2022, November and February 2023 were 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. The Authority vide its decision dated March 10, 2021 replaced CPI Base Year 2007-08 with N-CPI Base Year 2015-16, however, that decision shall be implemented upon Notification in the Official Gazette. 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 & WUC components is being made on provisional basis, subject to revision upon notification of the Authority's decision of revised index.

The instant decision shall supersede the decision of the Authority in the matter of Quarterly Indexation/Adjustment of Tariff of 720 MW Karot Hydropower Project of Karot Power Company (Pvt.) Ltd. (Case No. NEPRA/TRF-309/KPCL-20 15) issued vide letter No. NEPRA/ADG(Trf)/TRF-309/KPCL-2015/2219-23, dated February 9, 2023.

