



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.
Tel: +92-51-9206500, Fax: +92-51-2600026
Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

No. NEPRA/ADG(Trf)/PAR-146/KE(FPCL)-2015/5443-48

April 24, 2024

Subject: **Decision of the Authority in the matter Annual Adjustment of Insurance Component for 1st to 5th Agreement Year of FFBL Power Company (Private) Limited [Case # PAR-146/KE(FPCL)-2015]**

Dear Sir,

Please find enclosed herewith Decision of the Authority along with **Annex-I** (total 03 pages) regarding the Adjustment in Insurance Component of Capacity Charge Part of tariff of FFBL Power Company (Private) Limited tariff on account of Actual Insurance Premium for the period from **May 19, 2017 to June 30, 2022** in Case No. NEPRA/PAR-146/KE(FPCL)-2015.

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.

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

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

Copy to:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
3. Chief Executive Officer, K-Electric Limited (KEL), KE House, Punjab Chowrangi, 39-B, Sunset Boulevard, Phase-II, Defence Housing Authority, Karachi
4. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
5. Chief Executive Officer, FFBL Power Company Limited, 73-Harley Street, Rawalpindi

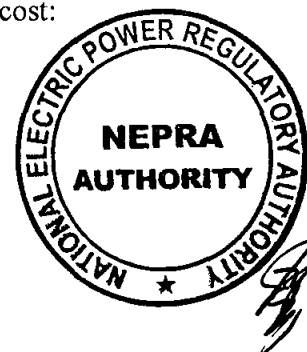
ANNUAL ADJUSTMENT OF INSURANCE COMPONENT FOR 1ST TO 5TH AGREEMENT YEAR OF FFBL POWER COMPANY (PRIVATE) LIMITED.

1. Pursuant to the Authority's decision dated February 9, 2022 notified vide S.R.O. No. 1375(1)/2022 on July 18, 2022 in the matter tariff adjustment at Commercial Operation Date of FFBL Power Company Limited (hereinafter refer as "FPCL"), the insurance component of tariff is subject to annual adjustment as per actual cost with maximum of 1% of EPC cost. FPCL requested to revise the insurance components for the 1st to 5th agreement year. FPCL in support provided copies of premium invoices and payment evidences. The detail of insurance premiums and components claimed by FPCL is reproduced hereunder:

Period	Total Insurance Cost (PKR)	Insurance Cost Allocated to KE (PKR) @34.8356%	Total KWh in the Period	Insurance Cost Component (Rs/KWh)
19 th May 2017 to 18 th May 2018	74,523,096	25,960,550	387,192,000	0.0670
19 th May 2018 to 18 th May 2019	79,094,243	27,552,935	387,192,000	0.0712
19 th May 2019 to 21 st June 2020	178,720,373	2,375,220	36,067,200	0.0659
22 nd June 2019 to 21 st June 2020	171,902,129	59,883,098	388,252,800	0.1542
22 nd June 2020 to 21 st June 2021	146,658,526	51,089,343	387,192,000	0.1319
22 nd June 2021 to 30 th June 2021	4,004,744	1,395,076	9,547,200	0.1461
1 st July 2021 to 30 th June 2022	141,672,111	49,352,297	387,192,000	0.1275

2. It has been noted that FPCL requested insurance cost based on following allocated cost:

Details	As Per FFBL		
	FFBL	KE	Total
Debt	14,716,298,522	7,464,900,000	22,181,198,522
Equity	3,902,441,478	2,488,300,000	6,390,741,478
Total	18,618,740,000	9,953,200,000	28,571,940,000
% Share	65.16%	34.84%	100.00%



3. As per above mentioned share, comparison of total and requested insurance cost is hereunder:

Description	1 st Agreement Year	2 nd Agreement Year	3 rd Agreement Year	4 th Agreement Year	5 th Agreement Year
Total Net of Tax Insurance (Rs.)	74,523,096	79,094,243	178,720,502	146,658,526	145,676,855
Requested by FFBL (Rs.) @34.84%	25,960,550	27,552,935	62,258,317	51,089,343	50,723,683

4. FPCL in support of its request also submitted Schedule 8 of Power Purchase Agreement, Insurance premium invoice and payment evidences. FPCL also justified the insurance period shift explaining that initially, coverage aligned with the agreement year starting from COD. Subsequently, the company chose to join group-level insurance plan, leading to a realignment of its annual period to coincide with the standard i.e. July-June adopted by group insurance policy.
5. The Authority in its collective and joint wisdom considering all aspects decided with consensus as under; which will be hereafter called as decision of the Authority in the matter:-

“Based on the documentary evidences and information provided by FPCL and in accordance with Schedule VIII of Power Purchase Agreement, the insurance component of capacity charge part of tariff for 1st to 5th agreement year have been revised pertaining to coverage period of May 19, 2017 to June 30, 2022.”

6. The revised insurance components of capacity charge part of tariff indicated hereunder shall be immediately applicable:

Period	Revised Insurance Premium	Actual Premium of EPC Against the Allowed limit of 1.00%	Reference Insurance Component (Feb 9, 2022)	Revised Insurance Component
	Rs.		Rs./kWh	Rs./kWh
May 19, 2017 to May 18, 2018	25,960,550	0.29%	0.1592	0.0670
May 19, 2018 to May 18, 2019	27,552,935	0.28%		0.0712
May 19, 2019 to June 21, 2020	62,258,317	0.48%		0.1467
June 22, 2020 to June 21, 2021	51,089,343	0.36%		0.1319
June 22, 2021 to June 30, 2022	50,723,683	0.38%		0.1279

7. The revised tariff schedule attached as **Annex-I** is 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.
8. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

AUTHORITY

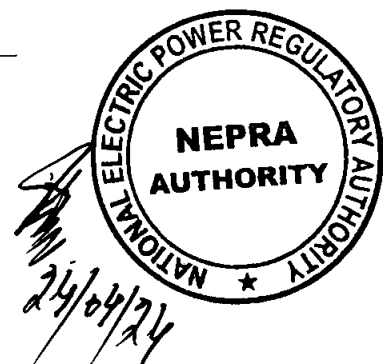
Mathar Niaz Rana (nsc)
Member

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed
Member

Waseem Mukhtar
Chairman



FFBL Power Company Limited
Schedule of Insurance Component of Capacity Charge
Adjustment on account of Actual Insurance Premium

Period	Reference Insurance Premium	Revised Insurance Premium	Actual Premium of EPC Against the Allowed limit of 1.00%	Total No. Units During Period	Reference Insurance Component (Feb 9, 2022)	Revised Insurance Component
	Rs.	Rs.		KWH	Rs./kWh	Rs./kWh
May 19, 2017 to May 18, 2018	61,627,037	25,960,550	0.29%	387,192,000	0.1592	0.0670
May 19, 2018 to May 18, 2019		27,552,935	0.28%	387,192,000		0.0712
May 19, 2019 to June 21, 2020		62,258,317	0.48%	424,320,000		0.1467
June 22, 2020 to June 21, 2021		51,089,343	0.36%	387,192,000		0.1319
June 22, 2021 to June 30, 2022		50,723,683	0.38%	396,739,200		0.1279

-Based on Data Declared by FFBL Power Company Limited

4 7

