

National Electric Power Regulatory Authority



NOTIFICATION

Islamabad, the

8^H

day of

Nov

, 2023

S.R.O. 1559 (I)/2023. - In pursuance of Proviso (ii) to Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), NEPRA hereby notifies the Decision of the Authority in the matter of Request for extension of the O&M Contract for Coal unloading Jetty of Port Qasim Electric Power Company (Private) Ltd. in Case No. NEPRA/TRF-299/PQEPCPL-2015.

2. While effecting the Decision, the concerned entities including Central Power Purchasing Agency Guarantee Limited (CPPAGL) shall keep in view and strictly comply with the orders of the courts notwithstanding this Decision.

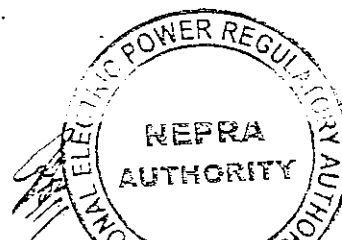
(Iftikhar Ali Khan)
Registrar



**DECISION OF THE AUTHORITY IN THE MATTER OF REQUEST FOR
EXTENSION OF THE O&M CONTRACT FOR COAL UNLOADING JETTY OF
PORT QASIM COAL FIRED POWER PROJECT (CASE NO. NEPRA/TRF-
299/PQEPCL-2015)**

Background

1. Port Qasim Electric Power Company Limited (PQEPCL, the "Company") has set up an imported coal based power complex in Port Qasim Karachi with a dedicated coal unloading. The Authority vide its decision dated 13th February 2015 approved upfront imported coal tariff on foreign financing in favour of PQEPCL. The plant achieved COD on 24th April 2018.
2. According to Para 49 of the Decision of the Authority dated 26th June 2014 in the matter of Upfront Coal Tariff, the jetty cost including its O&M cost will be subject to adjustment on the basis of verifiable documentary evidence.
3. PQEPCL vide its letter No. PQEPC/NEPRA/2017-15 dated 3rd August 2017 requested for approval of the O&M cost of the jetty for five years. According to PQEPCL, in order to ensure the timely mobilization and smooth operation & maintenance of the jetty, the Company has conducted an open tendering for the O&M contract. PQEPCL has provided along with its request the Bidding Document (RFP), Tender Documents from the Bidders, Bid Evaluation Report, Jetty O&M Contract and PPIB's NOC to Jetty O&M contractor.
4. The Authority vide its decision dated 23rd February 2018 accorded approval of the O&M contract for coal unloading jetty of Port Qasim coal-fired power project for a period of five years with the following changes:
 - i. The Authority approve the jetty O&M Contract cost of USD 26,277,880 for five years. The average annual O&M cost was USD 5,255,576 comprising of USD 5,026,548 for fixed O&M cost and USD 229,028 for variable O&M cost.
 - ii. At the time of entering into the O&M contract, the price was enhanced by USD 1 million on account of withholding tax which was not approved. Instead, the Authority decided that the actual withholding tax, non-refundable in nature, shall be pass-through item with maximum of USD 200,000 for each year upon submission of verifiable documentary evidence.
 - iii. Mobilization fee was not approved.
 - iv. 90% USD indexation request was reduced to 50% in case of fixed O&M and 60% in case of variable O&M in line with the power plant tariff with no CPI adjustment.
 - v. On the basis of the above, the Authority approved following Jetty O&M components of tariff:



Component	Tariff	Indexation
Fixed O&M Jetty (Rs./kW/Hour)	0.0459	50% for variation in Rs./US\$
Variable O&M Jetty (Rs./kWh)	0.0021	60% for variation in Rs./US\$

REQUEST FOR EXTENSION OF JETTY O&M CONTRACT

5. PQEPCL vide letter dated 5th January 2023 submitted request for extension of the contract with Powerchina Harbour Co. Limited for operation & maintenance of coal unloading jetty for further five years. PQEPCL also submitted copy of the revised contract. PQEPCL referred Clause 42(V) of the decision dated 23rd February 2018 which is reproduced hereunder:

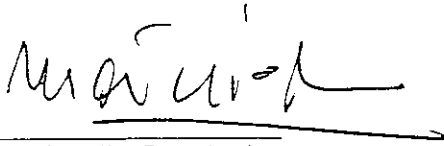
"The Contract shall be applicable for five years. For further extension of the contract, the Authority's approval shall be mandatory"

6. PQEPCL submitted that the contract has been renegotiated with the original contractor i.e. Powerchina Harbour Co. Limited with the same price as agreed per the initial contract for the first 5 years and without any significant changes to the terms of the initial contract. PQEPCL further submitted that the contract has been approved by the Board of Directors of PQEPCL and shall commence upon the approval of the NEPRA Authority. PQEPCL requested approval/confirmation on the above mentioned extension of the O&M contract.

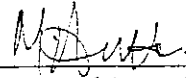
DECISION OF THE AUTHORITY

7. The Authority considered the request of PQEPCL and after detailed deliberations decided to extend the jetty O&M contract for two years. For further extension of the contract beyond two years, the Authority's approval shall be mandatory.

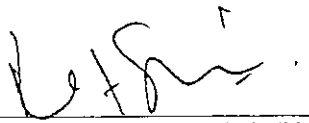
Authority



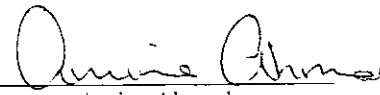
Mathar Niaz Rana (nsc)
Member



Engr. Maqsood Anwar Khan
Member



Engr. Rafique Ahmed Shaikh
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Amina Ahmed
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REGISTRAR

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MATTER OF REQUEST FOR EXTENSION OF THE O&M CONTRACT
FOR COAL UNLOADING JETTY OF PORT QASIM ELECTRIC POWER
COMPANY (PRIVATE) LTD.**

In pursuance of Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), enclosed please find herewith '*Decision of the Authority in the matter of request for extension of the O&M Contract for Coal unloading Jetty of Port Qasim Electric Power Company (Private) Ltd.*' for immediate publication in the official gazette of Pakistan. Please also furnish thirty five (35) copies of the Notification to this Office after its publication.

Encl: Notification [03 pages]


(Iftikhar Ali Khan)

CC:

1. Chief Executive Officer, Central Power Purchasing Agency (Guarantee) Limited, 73 East, AKM Fazl-e-Haq Road, Block II, G-7/2, Blue Area, Islamabad
2. **Syed Mateen Ahmed**, Deputy Secretary (T&S), Ministry of Energy – Power Division, 'A' Block, Pak Secretariat, Islamabad [*w.r.t. NEPRA's Decision issued vide No. 33400-33404 dated September 26, 2023*]