

## National Electric Power Regulatory Authority

### NOTIFICATION



Islamabad, the <sup>st</sup> 01 day of July, 2024

S.R.O. **939** (I)/2024.- In pursuance of Proviso-ii of 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 dated June 04, 2024 along with revised tariff components regarding quarterly indexation/adjustment of tariff for the quarters **January - March 2024 and April – June 2024** on account of Exchange Rate variation, N-CPI Local, US CPI and LIBOR in respect of Karot Power Company (Private) Limited in Case No. NEPRA/TRF-309/KPCL-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.

  
(Engr. Mazhar Iqbal Ranjha)  
Registrar



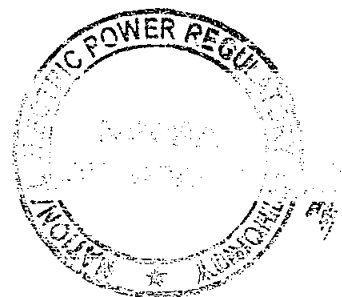


**DECISION OF THE AUTHORITY IN THE MATTER OF QUARTERLY  
INDEXATION/ADJUSTMENT OF THE TARIFF OF 720 MW KAROT  
HYDROPOWER PROJECT OF KAROT POWER COMPANY (Pvt.) Ltd. (KPCL)**

1. Pursuant to the stipulated mechanism in the tariff determination of the Authority dated February 24, 2016, in the matter of the petition filed by KPCL for the determination of EPC Stage Generation Tariff in respect of the 720-MW Karot Hydropower Project, read with the decision of the Authority dated April 27, 2016, in the matter of the Motion for Leave for Review filed by KPCL against the above-referred tariff determination of the Authority, and the decision of the Authority dated March 10, 2021, notified via S.R.O. No. 1041(1)/2023 on August 09, 2023, regarding the change of base year from 2007-2008 to 2015-16 for the Consumer Price Index (CPI) for indexation of fixed and variable O&M (Local) components, the tariff components of KPCL are required to be indexed/adjusted.
2. According to KPCL, it achieved Commercial Operations Date (COD) on June 29, 2022, and submitted its request for a 'One Time Adjustment of Tariff at COD' on September 30, 2022, which is under process. Subsequently, KPCL, via a letter dated October 25, 2022, also submitted a request for interim indexations on tariff components computed on a reduced project cost of USD 1,562 million instead of the approved USD 1,698 million, on account of applicable variations in exchange rate, LIBOR, US CPI, and Local CPI for the period from COD till October-December 2022. Based on the reduced project cost, the relevant tariff components were revised and accordingly, the Authority, via decision dated February 09, 2023, approved the interim indexation from COD till December 2022, subject to adjustment in light of the COD decision of the Authority.
3. Subsequently, the Authority, via decisions dated May 29, 2023, August 11, 2023, and November 03, 2023, also approved KPCL's quarterly indexation requests on revised references on an interim basis till October-December 2023, subject to adjustment in light of the COD decision of the Authority.
4. However, the Authority, while considering KPCL's interim indexation requests for the January-March 2024 and April-June 2024 quarters, observed that it has not complied with the directions of the Authority communicated via letter no. NEPRA/ADG(trf)/TRF-309/KPCL-2015/22156 dated November 17, 2022, which was related to the submission of a project cost audit report as per the approved ToR.
5. Therefore, the Authority in its collective and joint wisdom decided with consensus as under; which will be hereafter called as the decision of the Authority in the matter:

*"Allowed interim indexation of tariff components i.e. O&M, Water Use Charge (WUC), Debt Servicing components and restricted the ROE and ROEDC components*

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*provisionally at the revised reference for the quarter Jan-Mar till Jun 2024 for ensuring the submission of the audit report and other required information by Karot HPP."*

6. Hence the tariff components except ROE/ROEDC have been indexed for Jan-Mar 2024 and April-Jun 2024 quarters on account of exchange rate variation, N-CPI local, US CPI, and LIBOR. The revised tariff indicated in the attached Annex-I shall be immediately applicable.
7. 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.
8. 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. The power purchaser to ensure that all payments are consistent with tariff determination(s).

**AUTHORITY**

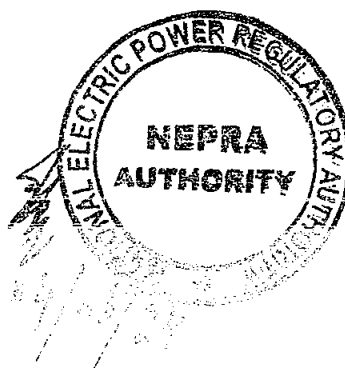
Mathar Niaz Rana (nsc)  
Member

Engr. Maqsood Anwar Khan  
Member

Engr. Rafique Ahmed Shaikh  
Member

Amina Ahmed  
Member

Waseem Mukhtar  
Chairman



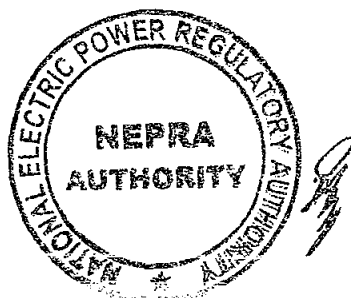
Karot Power Company  
720 MW Karot Hydropower Project  
Quarterly Indexation/Adjustment

| Tariff Components                  | Revised<br>Reference Tariff | Jan - Mar 2024 | April-Jun 2024 | Indexation                        |
|------------------------------------|-----------------------------|----------------|----------------|-----------------------------------|
| <b>Variable Charge (Rs./kWh)</b>   |                             |                |                |                                   |
| V. O&M Local                       | 0.1560                      | 0.3014         | 0.3096         | N-CPI local                       |
| V. O&M Foreign                     | 0.0497                      | 0.1790         | 0.1784         | US CPI & Rs./US\$                 |
| Water Use Charge (WUC)             | 0.1500                      | 0.1946         | 0.1946         | N-CPI local                       |
| <b>Fixed Charge (Rs./kW/Month)</b> |                             |                |                |                                   |
| Fixed O&M Local                    | 99.1983                     | 191.6805       | 196.8748       | N-CPI local                       |
| Fixed O&M Foreign                  | 172.2791                    | 620.3102       | 618.2684       | US CPI & Rs./US\$                 |
| ROE                                | 630.9966                    | 630.9966       | 630.9966       | Rs./ US\$                         |
| ROEDC                              | 278.8558                    | 278.8558       | 278.8558       | Rs./ US\$                         |
| Loan Repayment                     | 907.5283                    | 2,660.5539     | 2,660.5539     | Rs./ US\$                         |
| Interest Charge                    | 789.6485                    | 3,703.0996     | 3,703.0996     | LIBOR & US\$                      |
| Sinosure                           | 105.5500                    | 293.3791       | 293.3791       | Rs./ US\$                         |
| <b>Indexation Values</b>           |                             |                |                | <b>Sources (Websites)</b>         |
| Exchange Rate                      | 101.6                       | 282.40         | 278.50         | NBP                               |
| 6-month LIBOR                      | 0.36%                       | 5.762%         | 5.762%         | Global-rates.com or moneycafe.com |
| Spread on LIBOR                    | 4.50%                       | 4.50%          | 4.50%          |                                   |
| N-CPI Local for O&M Local          | 131.01                      | 253.15         | 260.01         | Pakistan Bureau of Statistics     |
| N-CPI Local for Water Use Charge   | 175.71                      | 227.96         | 227.96         | Pakistan Bureau of Statistics     |
| US CPI                             | 237.031                     | 307.051        | 310.326        | US Bureau of Labor Statistics     |
| Outstanding Loan US\$ in Million   |                             | 1092.9627      | 1092.9627      |                                   |
| Capacity (MW)                      |                             | 712.800        | 712.800        |                                   |

Based on the data declared by Karot Power Company (Pvt.) Limited.

The debt servicing and Sinosure components are subject to indexation biannually and the values indexed for Jan-Mar 2024 will be applicable till Jun 2024. Moreover, WUC is subject to indexation on annual basis, therefore, the reference value is indexed with applicable N-CPI.

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REGISTRAR

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**Islamic Republic of Pakistan**

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No. No. NEPRA/TRF-309/KPCL-2015/ 9825-27


July 01, 2024

The Manager  
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Subject: NOTIFICATION REGARDING DECISION OF THE AUTHORITY ALONG WITH REVISED TARIFF COMPONENTS REGARDING QUARTERLY INDEXATION/ADJUSTMENT OF TARIFF FOR THE QUARTERS JANUARY - MARCH 2024 AND APRIL - JUNE 2024 IN RESPECT OF KAROT POWER COMPANY (PRIVATE) LIMITED

In pursuance of Proviso-ii 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 along with revised tariff components regarding quarterly indexation/adjustment of tariff for the quarters January - March 2024 and April - June 2024 on account of Exchange Rate variation, N-CPI Local, US CPI and LIBOR in respect of Karot Power Company (Private) Limited*" 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 [04 pages]

  
(Engr. Mazhar Iqbal Ranjha)

CC:

1. Chief Executive Officer, Central Power Purchasing Agency (Guarantee) Limited, 73 East, AK Fazl-e-Haq Road, Block H, G-7/2, Blue Area, Islamabad
2. Syed Mateen Ahmed. Section Officer (T&S), Ministry of Energy - Power Division, 'A' Block, Pak Secretariat, Islamabad [w.r.t. NEPRA's Decision issued vide No. 8210-8214 dated June 04, 2024]