

**TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN**  
**EXTRA ORDINARY, PART-I**

**National Electric Power Regulatory Authority**

**NOTIFICATION**

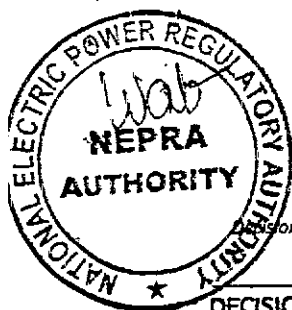


Islamabad, the 19<sup>th</sup> day of September, 2024

**S.R.O. 1535 (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 August 27, 2024 in the matter of Motion for Leave for Review filed by Thar Energy Limited - 330 MW against the Authority's Decision dated August 04, 2023 in the matter of quarterly indexation of tariff for April to June 2023 in Case No. NEPRA/TRF-368/TEL-2016.

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.

**(Syed Zavar Haider)**  
Director



Decision of the Authority in the matter of Motion for Leave for Review filed by Thar Energy Limited – 330 MW Against the Authority's Decision Dated Aug 04, 2023 in the Matter of Quarterly Indexation of Tariff for April to June 2023

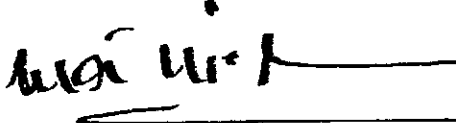
**DECISION IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW FILED BY THAR ENERGY LIMITED – 330 MW AGAINST THE AUTHORITY'S DECISION DATED AUG 04, 2023 IN THE MATTER OF QUARTERLY INDEXATION OF TARIFF FOR APRIL TO JUNE 2023**

1. Thar Energy Limited (herein after referred as the "TEL" or the "Company") was incorporated in Pakistan on May 17, 2016 as a public limited company, under the Companies Ordinance, 1984, for setting up a 330 MW Thar Lignite Coal-Based Mine Mouth Power Plant (the "Project"). The Project is located in Energy Park, Block-II of Thar Coalfields in Sindh. Generation License No. IGSPL/83/2017 was granted to TEL on June 7, 2017. The Authority issued the reference tariff decision on October 18, 2016.
2. TEL achieved COD milestone on Oct 01, 2022 and filed an adjustment request of the relevant tariff components at COD vide its request dated Mar 03, 2023. Subsequently, TEL filed an interim relief request vide letter No NEPRA-08 dated Mar 06, 2023. The Authority granted the interim relief from date of request i.e. Apr 2022 on a provisional basis till the finalization of the COD decision.
3. Being aggrieved with the decision, TEL vide letter dated August 29, 2023 requested the Authority to allow the indexation for ROE and debt servicing for the two quarters Oct-Dec 2022 & Jan-Mar 2023.
4. The Authority admitted the review motion on Feb 22, 2024. Accordingly vide letter dated Mar 22, 2024 TEL was directed to comply by submitting the all requisite documentation as specified in NEPRA review Procedure Regulation, 2009. In response to NEPRA's above letter the TEL submitted the pending documents of review motion till Apr 26, 2024.
5. In order to provide the opportunity for a hearing, the Authority held a hearing on May 17, 2024 at 11:30 a.m. which was attended by the representatives of the company & CPPA-G.
6. During the hearing TEL, submitted that it originally requested interim relief from the date of COD i.e. Oct 01, 2022, as increase in USD exchange rate against PKR and ever-increasing LIBOR/KIBOR rates have posed significant challenges for the Company to manage its cash flows. Given these circumstances, the absence of indexation (for ROE & debt servicing) for the first two quarters (i.e. Oct-Dec 2022 and Jan-Mar 2023 as interim indexation was allowed from April 01, 2023) and delays in payments from power purchaser, could potentially lead to operational difficulties for the Company.
7. TEL also submitted that the Authority has provided interim relief to various Independent Power Producers from the date of COD. In view of the above, the Company humbly requests the Authority to review its application and allow for indexation from the date of COD i.e. October 01, 2022 for interim relief. TEL further submitted that financial impact for indexation of tariff components for two quarters i.e. Oct-Dec 2022 and Jan-Mar 2023 is Rs. 7.23 billion.
8. During the hearing, CPPA-G stated that TEL should be allowed indexation from COD, since the accumulative impact will enhance the financial burden on the end-consumer.
9. The Authority considers that the increasing trend of exchange rate USD/PKR, interest rates on LIBOR rates have directly impact on the company's financial stability and operational viability. TEL was allowed interim relief from Apr 2023, however the Authority also agrees with the comments of CPPA-G that if the indexed tariff for the Qrts (Oct-Dec 2022 & Jan-Mar 2023) is not allowed, it will have cumulative financial impact on the end-consumers. The Authority also noted that the instant matter of interim relief is purely on provisional basis and subject to adjustment at the time of COD.
10. Keeping in view the submission of TEL, comments of CPPA-G and past precedences, the Authority in its collective and joint wisdom considering all aspects decided with consensus to allow interim relief on account of indexation for ROE & Debt servicing as requested by the company for the two quarters in terms of Rule 4(7) of the Tariff Standard and Procedure Rules-1998. Accordingly the Company is entitled for

indexation of the two quarters started from Oct-Dec 2022 & Jan-Mar 2023 to the extent of ROE & Debt servicing.

11. The adjusted/ indexed tariff for two quarters i.e. Oct-Dec 2022 & Jan-Mar 2023 is attached as Annex-I and 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.
12. CPPAG to ensure that all the payments are consistent with tariff determination.

AUTHORITY

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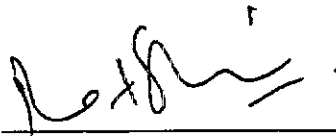
(Mathar Niaz Rana (nsc))

Member



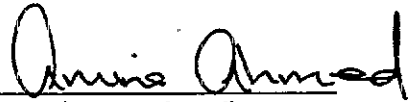
(Engr. Maqsood Anwar Khan)

Member



(Rafique Ahmed Shaikh)

Member



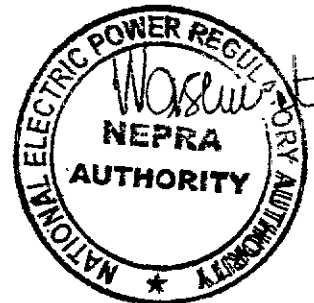
(Amina Ahmed)

Member

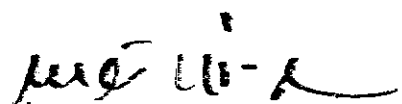


(Waseem Mukhtar)

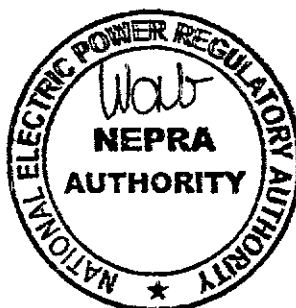
Chairman



\* My Dissent is attached



Thar Energy Limited				
Quarterly Indexation/ Adjustment of Tariff				
Tariff Components	Reference Tariff Oct 16, 2018 & Mar 10, 2021	Revised	Revised	Indexation
		Oct to Dec 2022	Jan to Mar 2023	
		Quarter	Quarter	
<b>Capacity Charge (Rs./KWh)</b>				
ROE	1.4075	3.3332	3.2890	Rs./US\$
Interest Charges	0.6620	2.6719	2.9257	LIBOR & Rs./US\$
Debt Repayment	1.0933	2.5208	2.5741	Rs./US\$
<b>Total</b>	<b>3.1628</b>	<b>8.5259</b>	<b>8.7888</b>	
<b>Indexation Values</b>				
Exchange Rate (Rs./USD)	97.100	229.950	226.900	NBP - Revised rate for the relevant period
3 Monthly LIBOR	0.45%	3.755%	4.767%	glober-rates.com - Revised rate for the relevant period
Principal Outstanding (USD. Million)	-	373.300	366.030	
Hours in the Quarter	-	2,208	2,160	
-Based on data declared by Thar Energy Limited				



## Decision of Member Tariff

Interim reliefs against filed COD adjustments should be granted to IPPs only under exceptional circumstances for their financial sustainability and operations, and only after documenting the reasons, as there is no provision for interim relief of COD in the Tariff Standard and Procedure Rules, 1998.

The Section 4(7) of the Tariff Rules states that:

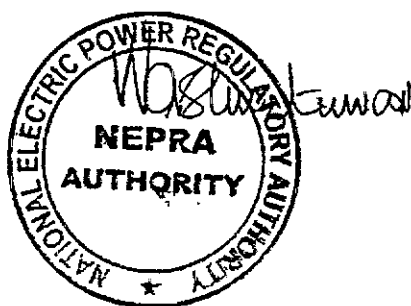
*"(7) The Authority may, while admitting a petition, allow the immediate application of the proposed tariff subject to an order for refund for the protection of consumers, or for satisfactory security to be provided for refund, while the proceedings are pending before the Authority."*

This Section deals with tariff filed initially (i.e reference tariff) and not with COD Stage Tariff. Even for reference tariff the law requires assurance of refund and security to be provided by the IPP for the refund of excessive tariff adjustment at later stage. It is a fact that a number of IPPs are continuing with interim adjustments awarded after filing of COD application, when their COD stage tariff resulted in reduction in interim tariff adjustments awarded after filing of COD application and without securing any sufficient guarantees of refund as required under Section 4(7) of the Tariff Rules. The tariff adjustment are commercial in nature and require balanced vigilance and prudence to protect long term interest of the consumers, government of Pakistan and IPPs.

The record has shown that once full indexation and COD demands are granted as interim relief, IPPs are often reluctant to provide the necessary details to complete COD adjustments and finalize the COD tariff, as this usually results in a reduction of their tariff adjustment against their reference tariff.

In case of Karot Hydropower, the Authority allowed interim indexation of tariff components i.e. O&M, Water Use Charge and debt servicing components and restricted the ROE and ROEDC components at revised reference for the quarter Jan-Mar 2024 till June 2024 for ensuring the submission of audit report and other required information by the Karot HPP.

Given the substantial evidence indicating that IPPs tend to delay the finalization of COD stage tariff adjustments after receiving full interim relief through indexation, particularly when negative adjustments are anticipated, I do not support the provision of complete interim relief. Instead, I recommend that while indexation may be applied from the COD date, it should not be allowed on the Return on Equity (ROE) and Return on Equity During Construction (ROEDC) components to ensure IPPs remain incentivized to complete COD adjustments in a timely manner.



Mathar Niaz Rana (msc)  
Member Tariff



REGISTRAR

**National Electric Power Regulatory Authority**  
**Islamic Republic of Pakistan**

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No. NEPRA/TRF-368/TEL-2016/ 14668-70

September 19, 2024

The Manager  
Printing Corporation of Pakistan Press  
Shahrah-e-Suharwardi  
Islamabad

Subject: **NOTIFICATION REGARDING DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW FILED BY THAR ENERGY LIMITED - 330 MW AGAINST THE AUTHORITY'S DECISION DATED AUGUST 04, 2023 IN THE MATTER OF QUARTERLY INDEXATION OF TARIFF FOR APRIL TO JUNE 2023**

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 in the matter of Motion for Leave for Review filed by Thar Energy Limited - 330 MW against the Authority's Decision dated August 04, 2023 in the matter of quarterly indexation of tariff for April to June 2023*' 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 [05 pages]

(Syed Zawar Haider)

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, Deputy Secretary (T&S), Ministry of Energy – Power Division, 'A' Block, Pak Secretariat, Islamabad [w.r.t. NEPRA's Decision issued vide No. 13765-13769 dated August 27, 2024]