

## National Electric Power Regulatory Authority

### NOTIFICATION



Islamabad, the 21<sup>st</sup> day of November, 2024

**S.R.O. 2024 (I)/2024.**- 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), NEPRA hereby notifies the decision of the Authority dated October 04, 2024 along with schedule of Insurance Component of Capacity Charge regarding Indexation/Adjustment of Insurance Component of Capacity Charge Part of Tariff of Huaneng Shandong Ruyi (Pakistan) Energy Private Limited for 7<sup>th</sup> Agreement Year (**October 28, 2023 to October 27, 2024**) in Case No. NEPRA/TRF-308/HSRPEL-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.

*Wasim Anwar Bhinder*  
(Wasim Anwar Bhinder)  
Registrar



**DECISION OF THE AUTHORITY IN THE MATTER OF ADJUSTMENT OF INSURANCE COMPONENT OF CAPACITY CHARGE PART OF TARIFF FOR 7TH AGREEMENT YEAR (OCTOBER 28, 2023 TO OCTOBER 27, 2024) FOR HUANENG SHANDONG RUYI (PAKISTAN) ENERGY (PRIVATE) LIMITED.**

1. Pursuant to the decisions of the Authority dated March 31, 2015 in the matter of approval of upfront coal tariff for 2x660 MW coal power plant of Huaneng Shandong Ruyi (Private) Company Limited (HSRPEL) and dated January 17, 2019 in the matter of tariff adjustment at Commercial Operation Date (COD), the insurance component of tariff is subject to annual adjustment as per actual cost.
2. HSRPEL requested to approve insurance component of Rs. 0.1755/Kw/h for the 7<sup>th</sup> agreement year i.e. October 28, 2023 to October 27, 2024. HSRPEL in support of its request provided copies of insurance policies, premium invoices, sales tax invoices and payment instruments.
3. HSRPEL paid total insurance premium of Rs. 1,912,092,307/- including sales tax of Rs. 261,044,954/- and the same was requested for calculation of revised insurance component. The detail of requested insurance premium is provided hereunder:

Insurance	Premium (Rs.)
Business Interruption Following Machinery Breakdown	613,838,161
Business Interruption Following Property All Risk	327,388,091
Employers Liability-Chinese	41,278,058
Employer's Liability-Pakistani	3,232,867
General & Product Liability	41,278,058
Group Hospitalization Policy	40,359,683
Machinery Breakdown	293,096,648
Political Violence Insurance and Business Interruption	288,945,166
Property All Risk	259,336,774
Vehicle Insurance-Cars	1,936,300
Vehicle Insurance-Commercial	1,402,500
<b>Total</b>	<b>1,912,092,307</b>

4. Schedule VIII of the Power Purchase Agreement does not provide for health insurance, therefore, in line with other power plants, health insurance of Rs. 40,359,683/- has not been considered.
5. HSRPEL has also included Sales tax in the calculation of requested insurance cost component of tariff which is not in line with previous decisions and decisions in other similar cases. Therefore, the sales tax amount of Rs. 261,044,954/- has not been considered. However, in case FBR declares sales tax on insurance as non-adjustable, the same may be claimed as pass-through item under Section 11.3(c) of Schedule I of the PPA from the power purchaser in line with Authority's decision in a similar case.
6. The Authority in its collective and joint wisdom decided with consensus as under; which will be hereafter called as decision of the Authority in the matter:-

“Based on the information and documentary evidence(s) provided by HSRPEL and in accordance with Schedule VIII of Power Purchase Agreement, the insurance component of capacity charge part of tariff of Rs. 0.1475/kW/h has been revised pertaining to coverage period of 7<sup>th</sup> agreement year i.e. October 28, 2023 to October 27, 2024 on the basis of net of sales tax insurance cost of Rs. 1,610,687,670.”



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*[Handwritten signature]*



7. The above decision of the Authority along with revised tariff schedule attached as **Annex-I** are to be notified in the Official Gazette in accordance with the provisions 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



**Huaneng Shandong Ruyi (Pakistan) Energy Private Limited**  
**Schedule of Insurance Component of Capacity Charge**  
**Adjustment on Account of Actual Insurance Premium**

Period	Reference Insurance Premium	Revised Insurance Premium	Reference Insurance Component	1% of 70% of Capital Cost	Revised Insurance Component
	Rs.	Rs.	Rs./kW/Hour		Rs./kW/Hour
October 28, 2023 to October 27, 2024	976,067,995	1,610,687,670	0.0896	0.56%	0.1475

-Based on data declared by Huaneng Shandong Ruyi (Pakistan) Energy Private Limited





REGISTRAR

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

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No. NEPRA/TRF-308/HSRPEL-2015/ 18003-05

November 21, 2024

The Manager  
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Subject: **NOTIFICATION REGARDING DECISION OF THE AUTHORITY IN THE MATTER OF INDEXATION/ADJUSTMENT OF INSURANCE COMPONENT OF CAPACITY CHARGE PART OF TARIFF OF HUANENG SHANDONG RUYI (PAKISTAN) ENERGY PRIVATE LIMITED FOR 7<sup>TH</sup> AGREEMENT YEAR (OCTOBER 28, 2023 TO OCTOBER 27, 2024)**

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 along with schedule of Insurance Component of Capacity Charge regarding Indexation/Adjustment of Insurance Component of Capacity Charge Part of Tariff of Huaneng Shandong Ruyi (Pakistan) Energy Private Limited for 7<sup>th</sup> Agreement Year (October 28, 2023 to October 27, 2024)*' 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]

*Wasim Anwar Bhinder*  
(Wasim Anwar Bhinder)  
Registrar

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. 15398-15402 dated October 04, 2024*]